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JAMAICA FROM DEVELOPING TO DEVELOPED

WHOSE RESPONSIBILITY IS IT?

Report to the Nation
For the period January 2017 - March 2017
Presented April 27, 2017



**WHOSE
RESPONSIBILITY
IS IT?**

IMPROVING CITIZEN SECURITY & PUBLIC SAFETY - IT'S OUR COLLECTIVE RESPONSIBILITY



One year ago, the Hon. Andrew Holness, Prime Minister of Jamaica, took the bold decision to appoint the Economic Growth Council (EGC) to consult widely and advise the Cabinet on a collection of broad platform policies and reforms that would facilitate economic growth.

By September 2016, following over 80 consultative meetings with various stakeholders, we recommended eight growth initiatives to the Cabinet in our bid to achieve 5% growth in Gross Domestic Product (GDP) by 2020 - a target set by the EGC.

Some of these recommendations were included as policy actions in the Stand-By Arrangement (SBA)

signed with the International Monetary Fund (IMF) in 2016, which, in turn, defined deliverables and timelines to be monitored by the EGC.

This second quarterly Report to the Nation covers deliverables for the period January - March 2017 and we are pleased to confirm that most of the critical policy actions have been achieved, some ahead of schedule. A few have been delayed, mainly due to the need for increased human resources which the Government is trying to address. New timelines have been set for their implementation which we are closely monitoring.

The cost of crime and violence to our country is one of the most serious constraints to achieving

meaningful, sustainable and inclusive growth. Reducing crime and violence in our country is an imperative! We are not speaking solely about fighting crime, but also about how to create a country where people want to live, work, raise families and do business. Of the 111 specific policy recommendations the EGC made to the Government, almost a half are related to Improving Citizen Security and Public Safety.

In this regard, the EGC has established a Working Committee, chaired by Major General Antony Anderson, National Security Advisor, which is comprised of the heads and senior representatives of the Ministries Department and Agencies (MDAs) involved in addressing this issue. The Working Committee, must be commended for meeting their targets, some ahead of schedule. As at April 2017, 5 of the 9 benchmarks, including 3 with an October 2017 deadline, have been met.

The EGC's Access to Finance Committee, chaired by Milverton Reynolds, Managing Director, Development Bank of Jamaica, also met their targets. Here we must acknowledge the work done by the Bank of Jamaica; Financial Services Commission; Development Bank of Jamaica and the Ministry of Industry, Commerce, Agriculture & Fisheries (MICAF) in this area. The recommendations in this Initiative are crucial to providing MSMEs with more access to financing.

In the areas of Improved Business Climate and reduction of red-tape, a Steering Committee, chaired by the Permanent Secretary of MICAF, has been established to drive this crucial area which we all have identified as representing severe constraints to growth. We note, however, that completion of the Procurement Regulations and Handbook have been delayed for two months. Equally, several of the deliverables under the Asset Utilisation initiative were not met and we are working closely with the MDAs to push for their completion by May.

The EGC continues to work with the various stakeholders. These meetings are now focused on IMPLEMENTATION. We are working with MDAs to help remove roadblocks, towards better coordination and communication among MDAs and to facilitate the timely implementation of the recommendations.

We have completed over 150 consultative meetings and we truly appreciate the cooperation and support of members of the public and private sectors, trade unions and general citizenry as we all work to achieve 5% GDP growth by 2020.

We all have a part to play. This is a collective exercise which needs all hands on deck to achieve success.



Michael Lee-Chin
Chairman, Economic Growth Council

ECONOMIC GROWTH COUNCIL POLICY RECOMMENDATIONS INCLUDED IN THE 3-YEAR IMF STAND-BY ARRANGEMENT (REPORTING PERIOD: JANUARY - MARCH 2017)

REFORM AREA	MEASURES	DUE DATE	RESPONSIBLE MINISTRY/ DEPARTMENT/ AGENCY	STATUS
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CITIZEN SECURITY AND PUBLIC SAFETY

- Submit to Cabinet a plan for the rationalisation of police stations, the redeployment of assets into high crime areas and a more mobile strategy for policing. ✓
- Complete phased implementation of measures to allow witnesses to give evidence via video-link. ✓
- Improve border security and enhance monitoring of Jamaica's air and maritime space through an initial acquisition of surveillance aircraft and marine patrol vessels leading towards the eventual development of a full Domain Awareness Centre. ✓

KEY

- ** Modified Measure ✓
- Completed/On Track ✗
- Target Missed ✗

REFORM AREA

MEASURES

DUE DATE

RESPONSIBLE MINISTRY/ DEPARTMENT/ AGENCY

STATUS



ACCESS TO FINANCE

Expand the size of the partial credit guarantee programme at the Development Bank of Jamaica.

Mar-17

Ministry of Economic Growth and Job Creation (MEGJC)-Development Bank of Jamaica (DBJ)



Commence phased reviews of banking, insurance and pensions regulations that impact access to finance.



(i) Pursue required amendments to legislation to allow for inventory and receivables, intangible property and other non-traditional assets identified under the Secured Interest in Personal Property Act (SIPPA) to be recognised as security under the Bank of Jamaica (BOJ) regulations.

Mar-17

Ministry of Industry Commerce Agriculture and Fisheries (MICAF)

(ii) Pursue amendments to BOJ regulations to allow for capital relief for the portion of an SME loan that has a DBJ guarantee under the Credit Enhancement Facility programme where that guarantee is backed by segregated funds.

Mar-17

Ministry of Finance and Public Service (MOFPS)-BOJ DBJ



(iii) Review the Minimum Capital Test (MCT) requirement for insurance companies.

Mar-17

MOFPS-Financial Services Commission (FSC)



BUSINESS AND CLIMATE AND RED-TAPE

Begin regulatory review of licensing, permitting and regulatory processes in fisheries, veterinary, agricultural, pharmaceutical, health and quality control divisions of government aimed at boosting efficiency and business competitiveness.

Mar-17

MICAF Ministry of Health (MOH)



Complete the Public Procurement Regulations and the Handbook of Public Sector Procurement Procedures.

Mar-17

MOFPS



Tabling in Parliament of the Building Act.

Mar-17

Ministry of Local Government and Community Development (MLGCD)



ASSET UTILISATION

Create framework for public debt reduction through a programme of privatisations and asset sales.

Mar-17

MOFPS



Submit to cabinet a plan to divest up to 20% of assets held by the Urban Development Corporation (UDC) and the Factories Corporation of Jamaica (FCJ).

Mar-17

MEGJC-UDC
FCJ



Improve the scalability and efficiency of the privatisation, asset sale and public/private-partnership processes by:

(i) DBJ making provision in Corporate Plan for additional number of Account Executives who handle such transactions**

Mar-17

MEGJC-DBJ



(ii) Commencing the process to procure or identify dedicated staff at the Attorney General's Chambers and the Ministry of Finance who are exclusively focused on these transactions**

Mar-17

MOJ
MOFPS



KEY

**

Modified Measure



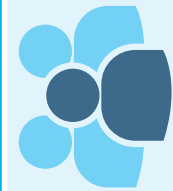
Completed/On Track



Target Missed

REFORM AREA	MEASURES	DUE DATE	RESPONSIBLE MINISTRY/ DEPARTMENT/ AGENCY	STATUS
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	(iii) DBJ providing a protocol for the establishment of Enterprise Teams that handle multiple transactions**	Mar-17	DBJ	✓
	(iv) Submit to cabinet the protocol and framework for the outsourcing of privatisations to for-profit firms	Mar-17	DBJ	✗



DIASPORA INVOLVEMENT

	Prepare draft proposal on institutional framework for promoting, coordinating and organising economic and social investments by the Diaspora**	Mar-17	Ministry of Foreign Affairs and Trade (MFAFT) MOFPS MEGJC	✓
	Begin feasibility study of the creation of a Global Jamaican Immigration Card for issuance to members of the Diaspora	Mar-17	MNS	✗

KEY

- ** Modified Measure
- ✓ Completed/On Track
- ✗ Target Missed

CHAIRPERSONS Working Committees



Access to Finance
Mr. Milverton Reynolds,
Managing Director,
Development Bank of Jamaica



Immigration Policy
Mrs. Helene Davis-Whyte,
President of the Jamaica
Confederation of Trade Unions



**Citizen Security
and Public Safety**
Major General Antony Anderson,
National Security Advisor



Diaspora Involvement
Dr. David Panton,
Chairman and CEO,
Panton Equity Partners

EGC STAKEHOLDER CONSULTATIONS



Hon. Michael Lee-Chin, OJ, (left), Chairman of the Economic Growth Council (EGC) greets Hugh Johnson, President, Small Business Association of Jamaica (SBAJ) at a EGC consultative meeting at Jamaica House on April 12, 2017. At centre is Oswald Smith, former President, SBAJ

EGC STAKEHOLDER CONSULTATIONS



Hon. Michael Lee-Chin, OJ (left), Chairman of the Economic Growth Council (EGC) and Paula Kerr-Jarrett, EGC Member, greet Amb. The Hon. Douglas Saunders, OJ., at a consultative meeting with Permanent Secretaries at Jamaica House.



Hon. Michael Lee-Chin, OJ; EGC Chair (3rd l), addresses a consultative meeting at Jamaica House. (R-L) EGC members Adam Stewart, OD, Paula Kerr-Jarrett, Hon. Hugh Hart, OJ, Hon. Noel Hylton, OJ, JP and Pat Ramsay, OD.



Representatives of The Financial Services Commission pose with members of the Economic Growth Council (EGC) following a consultative meeting at Jamaica House.



Maureen Denton (seated 2nd left), Head of the Economic Growth Council (EGC) Secretariat with a group of Procurement Analysts; Deputy Financial Secretary, representatives of the Ministry of Finance & The Public Sector; the Attorney General's Department, and the Ministry of Industry, Commerce, Agriculture & Fisheries, following a consultative meeting at Jamaica House.



Maureen Denton (seated 2nd left), Head of the Economic Growth Council (EGC) Secretariat with a group of stakeholders including representatives of the Ministry of Economic Growth & Job Creation; Permanent Secretary and representatives of MLGCD, JAMPRO and the Cabinet Office following a consultative meeting at Jamaica House.



Lisa Bell, Managing Director, EXIM Bank, addresses the meeting between the Economic Growth Council (EGC) and the Small Business Association of Jamaica (SBAJ). At her left is Hugh Johnson, President of the SBAJ.

NCU “ENTREPRENEURS” WIN NATIONAL BUSINESS MODEL COMPETITION FOR THE FOURTH TIME

Jamaican youth continue to demonstrate entrepreneurial ability at appreciable levels. The Fourth Annual National Business Model Competition (NBMC), a Development Bank of Jamaica (DBJ) initiative anchored at the Private Sector Organization of Jamaica (PSOJ) recently saw Team “Natsima Nutraceuticals” from the Northern Caribbean University (NCU) emerging as champions for the fourth consecutive year.

The NCU team, which uses plant products to develop natural treatment for sinusitis, beat teams from the Edna Manley College of the Visual & Performing Arts, the University of the West Indies and University of Technology.

The NBMC provides an opportunity for students to put entrepreneurship principles into practice through an integrated learning

experience; provides linkages between budding entrepreneurs and private sector mentors and financiers, encourages potential entrepreneurs and supports economic growth and job creation. With leadership and technical support from the DBJ, the competition benefits from financial support from the Multilateral Investment Fund of the Inter-American Development Bank (IDB) and Jamaica’s corporate community.

“Natsima Nutraceuticals” will now represent Jamaica at the International Business Model Competition (IBMC) at the Computer History Museum, Silicon Valley, California.

Jamaica has consistently done well at the IBMC, placing in the top 10 out of 42 competing universities.



L-R Audrey Richards, Project Consultant, Jamaica Venture Capital Programme, Development Bank of Jamaica (DBJ); Milverton Reynolds, Managing Director, DBJ; Hazel O’Conner, Coordinator, Northern Caribbean University (NCU) - Morris Entrepreneurship Centre; Members of Natsima Nutraceuticals: Finoa Bowley, Oshane Solomon, Shanea Wint, Lancelot Riley and Alston Miller. Dr. Lincoln Edwards, President, NCU is at far right.

REAL SECTOR PERFORMANCE (OCTOBER-DECEMBER 2016) & SHORT-TERM PROSPECTS

- Macroeconomic conditions in Jamaica continued to improve, evidenced by:
 - A reduction in the current account deficit; low and stable inflation and inflation expectations; lowering of public debt to GDP ratio
 - The highest business and consumer confidence levels in fifteen years
 - Increased external demand for some Jamaican exports (tourism)
 - Increased employment levels.
- The latest data from the STATIN indicated real GDP growth of 1.1% for October - December 2016 relative to the similar quarter of 2015. This represented eight consecutive quarters of economic growth. For this quarter,
 - Real value added of the Goods Producing Industry is estimated to have increased by 3.1% due to estimated growth in two of the four industries. The industries for which value added increased were Agriculture, Forestry & Fishing (up 17.1%) and Construction (up 0.6%). The Mining & Quarrying and Manufacturing industries were estimated to have contracted by 11.9% and 0.2% respectively.
 - The Services industry grew by 0.6%, as all industries with the exception of Producers of Government Services recorded increases. Among the industries estimated to have realised an increase in value added were: Electricity & Water Supply (up 2.0%); Finance & Insurance Services (up 1.0%); and Hotels & Restaurants (2.5%).
- For the January - March 2017 quarter, real GDP is expected to grow within the range of 0.8% to 1.8%. This out-turn is predicated on:
 - The continued strengthening of productive activities in both the Goods Producing and Services industries. Within the Goods Producing Industry, the performance of the Construction industry is expected to be bolstered by efforts to accelerate the implementation of major road infrastructure projects under the Major Infrastructure Development Programme (MIDP) and manufacturing will continue to be driven by continued increases in food processing. The performance of the Agriculture, Forestry & Fishing industry, however, was tempered by drought conditions experienced during January - March 2017. For the Services industry, it is anticipated that the Hotels & Restaurants industry will be the main driver of growth, as it continues to benefit from increased visitor arrivals.
- For Financial Year 2016/17, real GDP growth of 1.6% is projected, underpinned

by real value added increases in the Goods Producing and Services industries. The industries expected to be the most significant contributors to growth for Financial Year 2016/17 are Agriculture, Forestry & Fishing; Electricity & Water Supply; and Hotels & Restaurants.

- Growth of 2.3% is projected for Financial Year 2017/18, predicated primarily on improvements in all industries with the exception of Producers of Government Services. It is anticipated that growth will be supported by:

- The expected reopening of the Alpart Alumina Refinery following its sale to a Chinese producer (Jiquan Iron & Steel Company)

- A strengthening of domestic confidence levels
- Growth in the economies of Jamaica's trading partners
- Improved efforts at implementing GOJ-supported growth-inducing projects, ie. more timely disbursements and implementation.

Growth projected for the Jamaican economy is against the background of benefits to be gained from the implementation of the GOJ's macroeconomic programme. This programme is supported by a 3-year IMF-approved SBA, which is focused on macroeconomic stability and job creation.

(Prepared by the PIOJ)

DECLARATION OF INTENT

This Declaration of Intent is entered into between the **GOVERNMENT OF JAMAICA** ("GOJ" or "Government"), executing and implementing through its **MINISTRY OF ECONOMIC GROWTH AND JOB CREATION**, with office at 25 Dominica Drive, Kingston 5 in the parish of Saint Andrew and **THE ECONOMIC GROWTH COUNCIL** (the "Council" or the "EGC"), a body appointed by the Government, each a party and together, the parties.

PREAMBLE

WHEREAS

- (i) Jamaica's economy has stagnated over the last forty years with high levels of debt, unemployment and crime and violence. Jamaica has been on a trajectory of decreasing real GDP growth decade after decade. Over the last twenty (20) years real GDP growth averaged 0.5% per annum and 0.2% per annum over the last ten (10) years. The country consistently ranks among the slowest growing developing countries in the world;
- (ii) Jamaicans have made sacrifices over the past few years in the process of implementing and adhering to a necessary programme of fiscal consolidation. Although this programme created macro-economic stability, expansion in output has lagged and GDP growth has been slow and remains low;
- (iii) The GOJ is committed to enabling sustainable and inclusive economic growth;
- (iv) The GOJ established the Economic Growth Council on 27th April 2016. The Council was mandated to consult widely and to advise the Government on a framework of growth initiatives designed to facilitate and catalyse economic growth. The Council held over eighty (80) consultative meetings with diverse stakeholders including the Opposition, private and public sector entities, Ministries, Departments and Agencies ("MDAs"), the Jamaica Confederation of Trade Unions, members of academia, the media, diplomatic missions and multilateral development agencies. It reviewed the extensive literature and studies on the Jamaican economy, crime and violence and other factors impacting growth and development; and
- (v) On September 12, 2016, the EGC recommended to a meeting of Cabinet eight growth initiatives (the "Growth Initiatives"). The recommended Growth Initiatives reflect the views of the stakeholders consulted and findings reported in studies and reports regarding the major factors that continue to retard Jamaica's economic growth. They are therefore focused on the removal of the major obstacles to growth and the creation of an environment conducive to economic growth and development.

A R T I C L E 1

PURPOSE

- 1.1 The purpose of this Declaration of Intent (the "Declaration") is to record the intention of
 - (vi) the GOJ to implement the Growth Initiatives listed in 2.1.1 below; and
 - (vii) the EGC to fulfill its mandate as set out in its Terms of Reference, dated 27 April 2016 (the "Terms of Reference"). The Terms of Reference is attached hereto as Appendix I. A list of the members appointed by the GOJ to the EGC is also attached as Appendix 2.

A R T I C L E 2

DECLARATION

2.1 The Government

- 2.1.1 The GOJ agrees with the following eight Growth Initiatives recommended by the EGC:
 - (i) MAINTAIN MACRO-ECONOMIC STABILITY AND PURSUE DEBT REDUCTION
 - (ii) IMPROVE CITIZEN SECURITY AND PUBLIC SAFETY
 - (iii) IMPROVE ACCESS TO FINANCE
 - (iv) PURSUE BUREAUCRATIC REFORM TO IMPROVE THE BUSINESS ENVIRONMENT
 - (v) STIMULATE GREATER ASSET UTILISATION
 - (vi) BUILD HUMAN CAPITAL
 - (vii) HARNESS THE POWER OF THE DIASPORA
 - (viii) CATALYSE THE IMPLEMENTATION OF STRATEGIC PROJECTS

2.2 The Economic Growth Council

- 2.2.1 The EGC in accordance with its mandate intends to:
 - (i) Receive reports and periodic briefings from the MDAs on the Growth Initiatives and to monitor their progress in achieving the Growth Initiatives.
 - (ii) Support the MDAs in the implementation of the Growth Initiatives, as required.
 - (iii) Raise with the Prime Minister / Cabinet, any concern which may arise with respect to the implementation of the Growth Initiatives.
 - (iv) Report on a quarterly basis to the Jamaican people on the progress of attainment of the Growth Initiatives.

- (v) Support the GOJ in securing investment for Jamaica.

Declaration upon written notice to the other party.

IN WITNESS WHEREOF, the parties duly sign this Declaration of Intent on 7 November 2016.

2.3 Monitoring, Reporting and Implementation

- 2.3.1 The GOJ and the EGC will agree to a monitoring, evaluation and reporting framework and a mechanism for removing constraints to ensure the timely implementation of the recommendations related to the Growth Initiatives, provided that the framework is to be agreed within fourteen (14) days of the date of this Declaration of Intent or such time as the parties mutually agree. The framework will set out the implementation steps, timelines and responsible party as identified by the GOJ with respect to each recommendation. A system for the collection, dissemination of information and reporting on progress against the deliverables will also be agreed to.
- 2.3.2 The GOJ commits to provide in a timely manner to the EGC such information and access to the relevant MDAs as the EGC requests and needs to efficiently undertake its responsibilities.
- 2.3.3 The GOJ agrees to make good faith efforts to find the resources necessary for the timely implementation of the Growth Initiatives.

For the Government of Jamaica:



The Most Honourable Andrew Holness, ON, MP
Prime Minister & Minister of Economic
Growth and Job Creation

For the Economic Growth Council:



Honourable Michael Lee-Chin, OJ
Chairman

We, the undersigned, agree that we have read and understand this Declaration of Intent. Each of our signatures below indicate the concurrence with and support of our organisation of the Growth Initiatives set out herein and the agreement of our organisation to collaborate with the Government and the EGC, as we deem appropriate, to facilitate the successful implementation of the Growth Initiatives.

The Declaration is open to participation by additional entities at any time upon signature of this Declaration by their authorised representative.

By signing below, we hereby consent to any modifications of the Declaration of Intent mutually agreed to by the Government and the EGC and therefore agree that our signature will not be required for any future modifications.

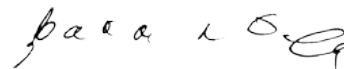
Each party signing below may terminate its association with this Declaration by sending a written notification to the Government and the EGC for its name to be removed from the list of signatories.

For The Jamaica Confederation of Trade Unions:



Helene Davis Whyte
President
November 7, 2016

For The Jamaica Chambers of Commerce:



Warren McDonald
President
November 7, 2016

A R T I C L E 3

GENERAL PROVISIONS

- 3.1 The parties acknowledge that this Declaration does not constitute or create, and shall not be deemed to constitute or create, any legally binding or enforceable obligation on the part of either party to this Declaration, nor does it create an obligation to commitment of funds by any party to this Declaration. Nor shall any third party obtain any legal benefit from this Declaration.
- 3.2 Specifically, the EGC acknowledges that while the GOJ undertakes to identify the human and material resources required to implement the specific recommendations, the parties agree that nothing in this Declaration constitutes, or shall be construed as a statement by the GOJ that it has identified at this time all the resources and financing necessary to implement all the recommendations proposed by the EGC.
- 3.3 The GOJ acknowledges and agrees that neither the EGC nor its members in their individual or corporate capacity shall have any obligation towards the financing of the Growth Initiatives.
- 3.4 The EGC shall not take any step to create any binding obligation for the GOJ unless it has first sought and obtained the written approval of the GOJ subject to, and in addition to, any other requirements set out in the Confidentiality Agreement executed by the members of the EGC.
- 3.5 The EGC shall also notify the Prime Minister / Cabinet of any public announcement to be made and shall obtain the approval of the Prime Minister / Cabinet prior to publishing same.
- 3.6 This Declaration of Intent becomes effective on the date of signing. The Declaration may be amended at any time on the mutual agreement of the parties. The Declaration of Intent may also be amended at any time by the GOJ in keeping with its policy objectives, and may be amended at the request of the EGC subject to the mutual agreement of the parties. It is intended that this Declaration of Intent will expire on the 26th of April 2020. However, either party may earlier terminate this

For the Jamaica Manufacturers' Association Limited:



Metry Seaga
President
November 7, 2016

For The Private Sector Organisation of Jamaica:



Paul B. Scott
President
November 7, 2016

For The Jamaica Exporters' Association:



Michelle Chong
President
January 26, 2017

For The American Chamber of Commerce of Jamaica:



Ron McKay
President
January 26, 2017

For The University of the West Indies:



Sir Hilary Donald Beckles
Vice-Chancellor, The University of the West Indies
January 26, 2017

For The University of the West Indies at Mona:



Professor Archibald McDonald
Pro Vice-Chancellor, The University of the West Indies at Mona
January 26, 2017

NOTES

economic growth council

Hon. Michael Lee-Chin, OJ	Chairman, Economic Growth Council Chairman, National Commercial Bank
Ambassador Dr. Nigel Clarke	Vice Chairman, Economic Growth Council Deputy Chairman & CFO, Musson Group of Companies
Senator Kavan Gayle, OD	Representative from Jamaica Confederation of Trade Unions to the Economic Growth Council President of the Bustamante Industrial Trade Union
Phillip Gore, OD	Founder & Executive Chairman of Gore Developments Limited
Hon. Hugh C. Hart, OJ	Senior Partner, Hart, Muirhead & Fatta Former Minister of Mining, Energy and Tourism
Patrick Hylton, CD	Group Managing Director, National Commercial Bank
Hon. Noel Hylton, OJ, CD, JP	President, Noel Hylton and Associates Former Chairman, President and CEO, Port Authority of Jamaica
Paula Kerr-Jarrett	Director, Barnett Limited
Pat Ramsay, OD	Cultural/Development Consultant
Adam Stewart, OD, CD	Deputy Chairman and CEO, Sandals Resorts International
Maureen Denton	Executive Director/Head of Secretariat

For Further Information, please contact:
Economic Growth Council Secretariat
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