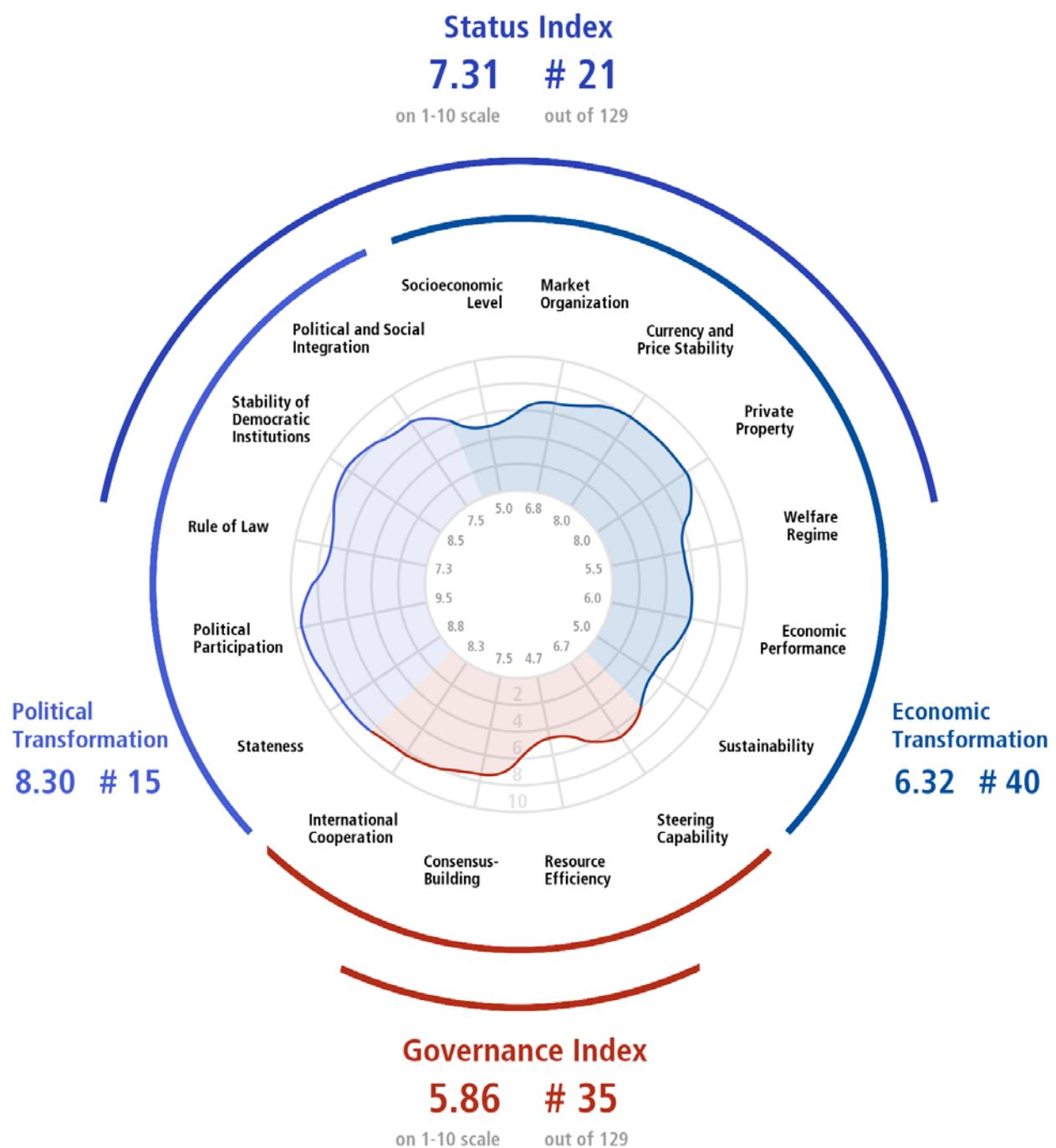


# BTI 2018 Country Report

## Jamaica



This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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### Key Indicators

Population	M	<b>2.9</b>	HDI	<b>0.730</b>	GDP p.c., PPP \$	<b>8835</b>
Pop. growth <sup>1</sup>	% p.a.	<b>0.3</b>	HDI rank of 188	<b>94</b>	Gini Index	<b>45.5</b>
Life expectancy	years	<b>75.8</b>	UN Education Index	<b>0.696</b>	Poverty <sup>3</sup> %	<b>8.9</b>
Urban population	%	<b>55.0</b>	Gender inequality <sup>2</sup>	<b>0.422</b>	Aid per capita \$	<b>19.8</b>

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

## Executive Summary

The Jamaica Labour Party (JLP) returned to government, with Andrew Holness as prime minister, following its victory in the February 2016 national election. The JLP also won the local government elections in November 2016. Constitutional democracy and a democratic tradition based on a bipartisan parliamentary model are stable, and the two main political parties are deeply rooted in the political culture. Voter turnout has declined over recent decades, pointing to a “participation and confidence deficit” in Jamaica’s democracy and governance processes. Public trust in politicians is low, and a large proportion of people state that corruption and violent crime are the main reasons for the country’s prolonged economic hardships.

Developing a more inclusive, democratic form of governance will be essential to the country’s economic development and continued public support for democracy. This will involve expanding the narrow representative nature of the parliamentary system and strengthen participatory arrangements. The main political and economic actors have continued to resist any attempts to provide “space and voice” for the legitimate concerns of marginalized social groups. The lived experiences of these marginalized groups demonstrates that Jamaica’s current governance system has been unable to fully ensure their citizenship rights. Marginalized groups include women, rural residents, the LGBT community, and young, elderly, disabled and poor people.

The presence of a multi-sector civil society forum, a coalition of women’s organizations, other community-based organizations and a traditionally free press provide spaces for more diverse views to be heard. This reaffirms a tradition of civil society participation in public life. However, because of a long-standing laid-back approach to public life, civil society is still too weak to put consistent and effective pressure on the political leadership. There is widespread public concern about the dominance of powerful private sector interests and their ability to influence public policy decisions within the current governance arrangement. Increased efforts by the security forces to

break the nexus between organized crime, big business and political actors has weakened the threat posed by organized crime to the democratic process.

The macroeconomic reforms required by the IMF Precautionary Stand-by Arrangement are progressing. The arrangement focuses on structural adjustments to achieve fiscal consolidation and debt reduction. The resulting macroeconomic stability and early signs of an economic recovery (1.4% growth rate for 2016 estimated) is a welcome change from years of failed IMF tests and annual GDP growth of less than 1%. Successive governments, formed by the two main political parties, have demonstrated their capacity to meet debt obligations, maintain a social safety net and achieve structural goals. Severe fiscal constraints hamper efforts to reduce an unsustainable debt, while developing essential sociopolitical safeguards (e.g., an expanded social safety net) available to a greater proportion of the population.

The government's economic growth agenda has not been satisfactory. However, an increase in employment and poverty relief for a large number of the population are dependent on the government achieving its economic agenda. The tension between reducing the fiscal deficit and promoting economic growth continues to dominate public discourse. Also of public concern is the surviving nexus between leading political and economic actors, and organized crime. The costs associated with the effects of organized crime to the public health care system are substantial (2.44% of GDP) and undermines the efficient use of government resources. Consequently, organized crime severely restricts the government's ability to provide adequate social safety nets and promote economic growth. While fatal shootings by the police slightly increased between 2015 and 2016, most violent crime declined. The high incidence of violent crime, especially the rape of women and girls, and the high unemployment rate are widely perceived as Jamaica's most pressing problems.

## History and Characteristics of Transformation

The historical legacies of slavery and plantations led to an economy and society in which race, gender and class have been strong determinants of access to economic and political power. These determinants remain relevant during the review period. Jamaica's political transformation to democracy has not been a linear development from early representative institutions to today's democracy. Jamaica held its first general election with universal adult suffrage in 1944, when the people elected a council with national legislative power, followed by a phase of internal self-government and, in 1962, full sovereignty. Jamaica is one of the few developing countries to have gained independence during that era, and has also maintained an uninterrupted representative democracy, with 18 changes of government through general elections. Jamaica's two leading political parties, the People's National Party (PNP) and the Jamaica Labour Party (JLP), alternated in having control of the government until the 1990s. The PNP was re-elected for a third and a fourth term in 1997 and 2002 respectively. In 2003, the JLP took control of local government and, in 2007, the national parliament. The PNP won the general election in December 2011, and the local government election in March 2012. The JLP won the general and local government elections

in February 2016 and November 2016, respectively. This “successful electoral” democracy can be viewed as lacking depth, given its narrow representative nature, and given the structural roots of conflicts in persistent, intergenerational poverty, inequality and social exclusion. There are clear signs of a history of poor management of the country by the political parties, with society generally unwilling to challenge the political authority, and therefore, deserving to share the blame. Researchers classify Jamaican democracy as patronage-based, a system in which citizens, especially those in lower-income groups, are integrated into politics through clientelistic relationships with their political parties. Patronage-based democracy results in the breach of democratic rules and freedoms via the dominance of one party in some constituencies, particularly in the capital city. Jamaica’s political system has alternated between high and moderate levels of consensual and tribal politics. Ideological polarization and confrontation were severe between the two parties in the 1970s. The problems peaked in 1980, when approximately 80% of the 800 deaths during that year’s election were from political violence. The polarized political divisions within Jamaica, embodied in the two parties’ ideologies and foreign policies, reflected a wider global conflict. Under the leadership of Michael Manley, the PNP aligned itself with countries of the Non-Aligned Movement and Cuba, while the JLP, under the leadership of Edward Seaga, collaborated with the United States. Reforms of the electoral system in the 1990s and the formation of the independent Electoral Advisory Commission of Jamaica in 2006 removed opportunities for electoral fraud and, therefore, for violence during the elections. The JLP and PNP initially pursued different economic development strategies. In the 1960s, JLP governments relied on modernization theories and tried to industrialize the island with the help of foreign investment. In the 1970s, the PNP based its policies on dependency theories and democratic socialist ideas, as the government sought a dominant role in the economy. Increased indebtedness and fiscal deficits forced the PNP to enter into an IMF agreement in 1977, which, badly handled and in 1980 repudiated, led to an unpopularity that, together with the violence of the period, brought an end to the PNP government. In the 1980s, the JLP went back to the IMF, pursued market-oriented economic policies and implemented a structural adjustment program. Returning to power in 1989, the PNP reversed its previous stand and promoted free-market policies. Thus, the positions of the two parties converged toward the center, reflecting the influence of the dominant trends in the global political economy. The structural adjustment policies of the IMF and other multilateral lending agencies dominated the macroeconomics of the country during the PNP’s 18 years in power and the JLP’s four years, 2007 to 2011. At the same time, the market reforms and structural adjustments had been accompanied by negative growth, large fiscal deficits and an unsustainable debt burden. Dominant IMF policies have also been implemented by the PNP government (2012-2016) and the JLP government (2016-2017). Important structural changes to telecommunications, financial services and tourism sectors have taken place alongside significant growth of the informal economy.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

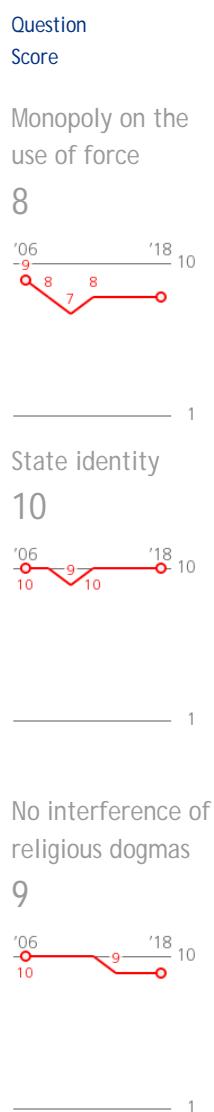
#### 1 | Stateness

The state's monopoly on the use of force is established nationwide in principle, but it is challenged by organized gangs and networks involved in revenge killings, fraud, and drugs and gun smuggling in parts of the capital city, Kingston, two rural parishes in central Jamaica and two rural parishes in western Jamaica.

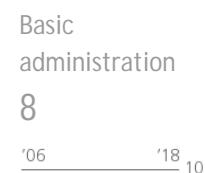
There were targeted killings of police officers in summer 2015, the military has been deployed against drug gangs and murder rates are rising. Meanwhile, the security forces have been accused of human rights violations.

The right to acquire citizenship through birth or descent, without discrimination, is protected under law. The state is sometimes challenged by some vulnerable groups, who report that their ability to exercise their full citizenship rights is constrained. For example, some vulnerable groups have claimed that they are unable to access public health care or legal support from the justice system. These Jamaican citizens include young men and women living in extreme poverty, who are often denied access to certain services and sometimes employment due to their home address or being a member of the lesbian, gay, bisexual and transgender community (LGBT).

The influence of religious dogmas on legal order or political institutions is evident in the approach of the joint select committees of parliament, which are tasked with amending certain laws (e.g., the Sexual Offenses Act or de-criminalizing abortions). Powerful, well-resourced and influential groups of ultra-conservative religious professionals (doctors, lawyers) have stymied the work of these committees, with the result that recommended amendments remain unapproved and are not subjected to public discussion, sometimes for years. Jamaica is a pre-dominantly Christian society with the Adventist denomination comprising the fastest growing religious group. The leadership of important professional groups (lawyers, doctors, accountants, teachers) and political parties do not necessarily support the recommendations of other civil society organizations (e.g., women's and youth organizations) who advocate for policy reform. In this way, they have considerable influence on the decision-making process.



The administrative structures of the state provide most basic public services throughout the country, but their operation is uneven and are much more deficient in some areas. In deep rural areas, roads are either very bad or nonexistent, which limits access to affordable transportation that in turn affects access to health care and education facilities. In 2015, only 82% of the population have access to sanitation and 94% to water. In the last two years during the current IMF program, cuts in government expenditure have seriously impacted the ability of health care facilities to provide good basic health care. Very low salaries and unattractive working conditions leads to brain drain, with large numbers of trained nurses and doctors migrating to the global north. Parish capitals have local courts that are under-resourced, while tax administration offices are not present in all parish capitals. Parish capitals and some outlying rural communities have police stations, but lack personnel and vehicles for the police to carry out their work effectively. Reports of corruption within the police force are widespread, though there has been stricter use of internal investigation procedures, resulting in the arrest and redundancy or incarceration of more police officers in recent times.

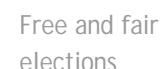


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The telecommunications infrastructure is basically in the hands of the two main private service providers, with the government only playing a regulatory function.

## 2 | Political Participation

Generally, multiparty elections are held, conducted properly and accepted as the means of filling political posts. Elections are accepted as free and fair, and free from fear. The Electoral Commission of Jamaica (ECJa) which is the electoral management body is impartial and effective. Its decisions and supervision of the electoral system along with the Electoral Office of Jamaica are determined by the Representation of the People's Act (ROPA). Together, these two independent bodies are responsible for the registration procedures of voters and candidates, and preparation of voters' lists and polling procedures, including vote count, result verification and complaint resolution. Jamaicans generally agree that these procedures are conducted in a transparent, impartial and correct manner. Polling stations are secure and generally accessible except for difficulties experienced by wheel-chair bound voters where buildings have not been adjusted to enable wheelchair access. The act of voting is secret to ensure effective participation. Increasingly, there are public concerns concerning the regulation of campaign financing and political party registration. While new legislation was passed in parliament in late 2015, this legislation has not yet been enacted.

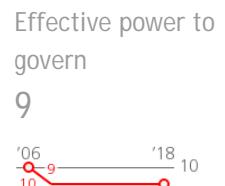


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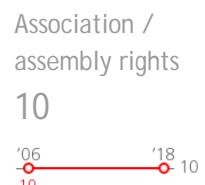
This means that in the February 2016 national election and November 2016 local election, access to information about the sources of campaign finances was not available. It was evident that the then governing party was financially weak, while the then opposition party was well-financed. The then opposition party won the

national election. The better financed party dominated the media landscape, both traditional and social media platforms. Media access was ensured for all candidates and parties, but constrained by the ability to pay. Access by the media to political leaders is generally good except where a politician, for example the former prime minister and now leader of the opposition, chooses to engage journalists or organize press conferences infrequently.

Democratically elected political representatives have the effective power to govern. Though business elites, through their ownership and control of key sectors of the economy, can influence special-interest policies. However, they cannot veto decisions made in parliament.



Association and assembly rights are guaranteed against interference or government restrictions. Trade unionists, human rights organizations and other civil society groups can fully exercise these rights. For example, they can exercise their rights to lead and participate in peaceful demonstrations, as prescribed by Jamaican law.



Groups can operate free from unwarranted state intrusion or interference in their affairs, but some levels of intolerance, discrimination and occasional violence are displayed by some citizens regarding different expressions of sexuality. This leads to interference and attempts to prevent some citizens from fully exercising their rights to freedom of association and assembly.



Freedom of expression is guaranteed against interference and government restriction. Individuals, groups and the press can fully exercise these rights. There is some evidence of self-censorship by sections of the press and libel laws were debated in parliament during 2016. Access to information legislation is in place, is effective and is used increasingly by civil society groups. The structure of the media system provides for a plurality of opinions, although it is recognized that overlapping ownership of key sections of the economy and the larger media houses frequently leads to certain editorial positions and specific information dominating the larger media groups, at the expense of contrary opinions. In the last two years, a merger of the largest TV, radio and print media providers resulted in one super media/communications/advertising group with a dominant presence across all major digital and traditional platforms. Almost 30 small, community-based radio stations contribute to a very dynamic and diverse radio community through which freedom of expression flourishes.



### 3 | Rule of Law

The separation of powers is in place and functioning. Checks and balances are occasionally subject to interference, but a restoration of balance is sought. For example, there are documented cases where state agencies such as the Urban Development Corporation (UDC) or the National Environment Protection Agency (NEPA) disobey national laws that call for environment impact assessments or public consultations before implementation of a project is started. Jamaica Environment Trust, a national NGO, uses the Access to Information Act to force the release of critical information, and then challenges the state agency in court and/or calls for the approved process to be followed. There are a few celebrated cases in which Jamaica Environment Trust has been successful in restoring the balance through court actions brought against the state, and state power has been subjected to the law and court decisions. The Electoral Commission of Jamaica (ECJa) is a statutory agency, established by parliament. The decisions of the commission, which comprises representatives of both political parties and a number of independent members, are fiercely protected by its statute against any undue interference by political parties. The executive is unable to interfere in or influence the final decisions of the commission.

Separation of powers

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The judiciary is independent and free both from unconstitutional intervention by other institutions and from corruption. It is institutionally differentiated, and there are mechanisms for judicial review of legislative or executive acts. There are unsubstantiated reports and attempts to link the disappearance of case files and inordinately long-waiting periods for cases to be heard to acts of corruption. It is well established that there are too few courts, not enough judges and old-fashioned reporting practices, which have all contributed to huge back-log and waiting time for cases to be heard. The judicial system is not adequate for the number of cases, especially criminal cases related to the very high levels of violent crimes and murders in Jamaica.

Independent judiciary

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Ongoing legal education is provided and required, for both judges and attorneys, and channels of appeal do exist. In recent times, various reforms of court administration have been undertaken, including the opening of night courts, the referral of certain non-criminal cases for mediation, and the introduction of technology for the taking of notes and preparation of judges' findings. In addition, there is a certain class bias and lower-class people show less confidence in the justice system.

Prosecution of office abuse

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Office holders who break the law and engage in corruption are not adequately prosecuted, but occasionally attract adverse publicity. During the period under review, the mayor of a rural parish was accused of using her authority to wrongfully award contracts worth millions of Jamaican dollars to various members of her family. The Office of the Contractor General (OCG) initiated an investigation, the matter was

referred to the police and the case is currently in the courts. Despite interventions and investigations by the OCG in other cases, politicians and senior public officials are rarely convicted of corruption. After years, attempts to create one, powerful anti-corruption agency which would include the OCG and other state agencies culminated with the passage of the Integrity Commission Act on 31 January 2017, supported unanimously by both sides of parliament. This will enable the establishment of a single anti-corruption body to investigate, detect, prevent and prosecute acts of corruption in Jamaica, in the public sector and among politicians. Previously, three different state agencies would be involved in this process, none of which had enough legal power, to overcome political, legal or procedural loopholes, and ensure that both public servants and politicians would be held accountable for breaking the law and engaging in corrupt practices. Public contempt is however, increasingly widespread. Conflicts of interest and ethical misconduct are addressed under a legal provision which allows a politician or senior public official to simply declare their role or involvement in any company which may be providing services or goods to a government agency.

Civil rights are protected under law, especially the constitution and the Charter of Rights, but are often not properly respected and protected. Jamaicans for Justice (JFJ) through their legal team receives credible reports, from family members of persons detained at police stations, of the serious physical abuse of detainees while in police custody. Without the intervention and legal action of NGOs like JFJ or state agencies like the Public Defender (when the offending party is a state agency), the rights of detainees are not properly respected and protected, and detainees face threats to their life, safety and fundamental human rights. Mechanisms and institutions to prosecute, punish and redress violations of civil rights exist, but are not consistently effective as the many vulnerable citizens, primarily young black men do not have access to legal services to intervene on their behalf. Discriminatory action on the basis of sexual orientation is given a key reason that LGBT people are afraid to report incidents of assault against them, as they fear further abuse from police officers while in police custody. A 2016 study commissioned by J-FLAG found that many LGBT people continue to suffer in silence, despite the efforts of the police to encourage vulnerable people and marginalized groups to report incidents. Close to 1 in 4 people (24.6% of respondents) feared a homophobic response from the police, while close to 1 in 5 people (19.1% of respondents) felt too ashamed or embarrassed to report harassment. Meanwhile, 18.6% of respondents dealt with the matter themselves, 15% of respondents feared a reprisal attack from the offender and close to 1 in 10 people were discouraged from reporting the matter (8.5% of respondents).

Women who are victims of intimate-partner violence frequently face discrimination from police officers when they try to report cases of assault. Included in this category of domestic violence are increased cases of child abuse, including sexual and physical abuse.

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Civil rights

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#### 4 | Stability of Democratic Institutions

Democratic institutions generally perform their functions, and are free from extensive, counterproductive friction. Democratic institutions, such as national and local governments, and the parliament, normally experience counterproductive friction along partisan lines, when the ruling party is seeking to pass policies or enact bills, but unable to do so because of persistent opposition. The judiciary does not normally get involved in such friction and is free to perform its duties effectively. Institutions such as the two Houses of Parliament are also often inefficient due to the basic Westminster Parliamentary Model. The Westminster model constrains the extent to which consultations outside of the formal parliamentary structure can inform the work of parliamentary committees which comprise only politicians. The work of these committees contributes considerably to the final political decisions made in parliament. These parliamentary committees are obliged to consult with state agencies and public officials from relevant government departments during which friction is sometimes evident. Representatives of the wider public (e.g., women's and youth organizations, faith-based and human rights organizations, and environmental groups) can make presentations at the formal sittings of these committees. Inefficiency arises more from the inability of various public institutions to incorporate into their decision-making processes broader public interests as expressed by civil society organizations. Friction between institutions arises when various state agencies resist or resent interventions from civil society. Traditionally, the judiciary does not get involved in such political decision-making and is free from extensive, counterproductive friction.

All democratic institutions are in general accepted as legitimate by all relevant actors.

Nevertheless, this legitimacy is somewhat questioned in view of the ability and willingness of political elites to engage in dialog which is mutually respectful and meaningful. There are also calls from civil society organizations for more transparent and inclusive decision-making processes that would impact the decisions made by the national parliament and local government authorities, improving the credibility of these institutions.

Some civil society groups such as the Gleaner's Youth Council have criticized the “cumbersome two-party system” based on the first-past-the-post electoral system which would have led to the well-known “fossilization” of the political landscape along the two political “tribes.”

Performance of democratic institutions

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Commitment to democratic institutions

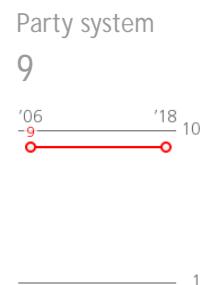
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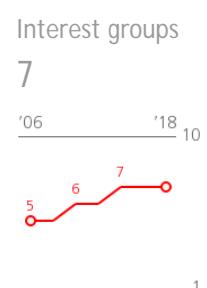
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## 5 | Political and Social Integration

The party system is stable and socially rooted. The two-party system is dominated by two political parties which have each contributed significantly to Jamaica's modern political history. Each party is rooted in a core membership, each contributing almost equally to the results of the last national elections held in February 2016. The Jamaica Labour Party (JLP) received 49.5% of the support of voters and formed a new government. The People's National Party (PNP) received 49.2% of the support of voters and became the opposition. The Electoral Commission of Jamaica (ECJa) reports that the average age of voters was 45 years, while voter turnout was 48.37%. This continues the trend of reduced public interest in voting and in politics generally. However, 42% of young people, who were registered, voted and 46% of seniors, who were registered, voted. While it is not clear from available data whether the youth vote drove the election results, a review of the JLPs election campaign messages and advertisements indicate a deliberate focus which used modern information-communication technologies and a range of social media platforms to attract the youth vote – led in large part by a young 47-year old political leader. This assisted in articulating and aggregating a wider societal interest. Both parties are sufficiently rooted, and supported by clientelism and political patronage that runs deep in the political culture, so that political fragmentation is low, with third political parties historically being unable to take root and survive. Both low voter volatility and low polarization are characteristics of this political system. In recent times, these two parties do not reflect substantial ideological differences, as Jamaica's indebtedness has resulted in the strict application of IMF-driven macroeconomic reform programs. Differences between the two parties have related more to style, age of leadership, and use of technology and social media to “sell” the benefits of adhering to such programs.



There is an average range of interest groups, which reflect most social interests. However, a few strong interests dominate in each sector. The culture and practice has not been to incorporate all (competing) social interests and avoid the dominance of a few strong interest groups. The Jamaica Civil Society Coalition achieved this during its short life, with the objective of influencing public discourse and policy through the multi-sectoral nature of its membership, advocacy and interventions. A few strong interest groups are dominant, typically representing the economic and social elite, empowered by their control of key economic and media sectors. The interests of the lowest income and vulnerable population groups are traditionally under-represented in the political system.



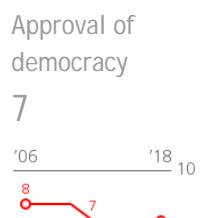
Over the period under review, several civil society organizations, including social interest groups and community-based organizations, have faced serious resource constraints, including human resource, financial and infrastructure. Survival issues have become more dominant in the non-government, civil society sector as traditional

funding sources disappear. Some organizations no longer command a dominant or influential space in public discourse, including the Jamaica Civil Society Coalition (now existing as a public forum). However, a spectrum of interest groups does exist, ranging from community-based organizations with a local focus to non-government organizations with a national focus. Although trade unions have been significantly weakened nationally, they do have a presence in certain sectors of the economy, such as sugar, bauxite, tourism and in the public sector. There is also a spectrum of professional associations for lawyers, doctors, nurses, teachers, engineers and architects.

Dominant environmental interest groups include Jamaica Environment Trust (JET). JET is well-recognized globally, and is able to consistently attract funding for public advocacy and legal challenges when state agencies break laws. Jamaicans for Justice (JFJ) remains the most vocal and respected presence in the human rights sector. J-FLAG remains the strongest advocacy group for members of the LGBT community. Women's Resource and Outreach Centre (WROC) remains a strong, national voice, working against violence against women, and for women's human rights and empowerment. WE-Change is a new entrant in the human rights sector. WE-Change is making its presence felt through its aggressive defense of women's human rights, empowerment and education, and against all forms of discrimination, in particular sexual/violent abuse. After five active years, the 51% Coalition: Women in Partnership for Development and Empowerment which brings together key women's organizations and individual activists is currently searching for ways to continue its collective work, with a significant number of its member organizations struggling to survive. There are regular press reports of diverse youth-led community organizations which use a range of social media platforms to agitate for policy changes, and promote the rights and participation of young people in key decision-making spaces.

Approval of democratic norms and procedures is fairly high. It appears that a reasonable level of support for the notion of democracy continues. Public support is often measured by agreement with the idea of democracy as the best form of government or the most preferred political system, or by participation in national and local government elections. It appears that there is low satisfaction with the performance of democracy as experienced through some institutions outside the formal political party system.

In relation to the national elections in February 2016, the Electoral Office of Jamaica reported that of the about 1.8 million eligible voters, 48.37% voted, five percentage points lower than in the 2011 election. This is seen by some analysts as continuing the trend of a "deficit in participation and confidence" in Jamaica's democracy and governance processes. The reduced participation of voters in national and local elections has been interpreted as an increasing sign of dissatisfaction with the bipartisan political system, and the democratic process which this supports. Among

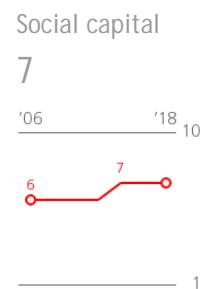


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core supporters of the two main parties, the perceived and often real benefits to be derived from this bipartisan political system contribute to their support for the associated democratic norms and procedures. A JMD 600 million road-cleaning and bushing project was implemented without public announcement and official procurement rules, and originally without the involvement of members of the opposition party. It is believed to have significantly influenced the outcome in key marginal seats in the local elections which were held later in November 2016.

Regarding trust in public institutions, the National Integrity Action (NIA) commissioned a national survey, completed in late 2016, dealing with corruption-related issues. Though not specifically addressing levels of public trust, this survey found that the percentage of survey respondents who believed that the government was doing an effective job as “leader of the anti-corruption drive” declined from 44% in 2014 to 31% in 2016. Yet, over the same period, those satisfied with the performance of the Major Organized Crime and Anti-Corruption Agency (MOCA) increased from 25% to 49%.

There is a substantial number of autonomous, self-organized groups, associations and organizations. These groups are typically found at local and community levels, and are reported to coalesce around sports, music and charitable services targeting underprivileged communities. Increasingly, these groups appear to be led by younger citizens, under 35 years of age, including recent university graduates. Characteristically, the groups appear and carry out their work for a specific period of time, may go dormant and re-appear in response to another identified need in their community. At the community level, trust would manifest itself through collaboration between groups who decide to address particular community challenges. Regular reports of community activities (educational programs, demonstrations and marches protesting violence against women and girls, fund-raising for victims of violence and back-to-school needs) organized and coordinated by more than one group indicate a fairly high level of trust at this level. Outside of the more rigid partisan communities, there is a fairly high level of trust among the population. However, expressions of distrust do occur across class and racial lines.



A number of community-based organizations work together in the context of Corporate Social Responsibility programs that often provide both material benefits and access to services (free dental services, or resources for schools – books, sports gear) for free. This becomes the preferred option for many at the community level who face increasingly difficult personal and organizational financial situations, with fewer resources to keep their autonomous organizations going. This increases the likelihood that such organizations become unevenly distributed and temporary, even while they try to remain autonomous and self-organized.

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Poverty and inequality are pronounced and partly structurally ingrained. Jamaica is rated as a country with a high level of human development. According to the UNDP's Human Development Report 2013, Jamaica scored 0.719 on the HDI, and ranked 99 out of 186 countries. However, this masks the realities of severe social and economic inequalities. The Survey of Living Conditions (SLC) 2013 reported a widening of the gap in mean per capita consumption between the poorest and the wealthiest quintiles. In 2010, consumption in quintile 5 was 6.9 times that in quintile 1. In 2013, the difference was 8.2 times. Also indicating a deepening of inequality was an increase in the Gini coefficient to 0.400 from 0.375 in 2012. During the 2012-13 period, Jamaica saw increases in the rates of poverty and unemployment. The majority of the population is at risk of poverty, as indicated by increasing levels of extreme poverty, both nationally and rurally.

The SLC 2013 reported that Jamaica's poverty rate increased 4.7 percentage points to 24.6%, compared with 2012, with increases of 3.4 percentage points to 20% in cities and 10.0 percentage points to 31.3% in rural areas. Approximately 5.2% of individuals were considered vulnerable or in danger of slipping into poverty, up from 4.2% in 2012. Individuals in extreme poverty were reported to comprise 10.4% of the overall population and 14.1% of the population in rural areas. The poverty gap is significant.

Jamaica scored 0.422 in the Gender Inequality Index (2015), indicating a higher inequality level for women above the mean for countries in the BTI sample. Gender is a key factor in the multiple ways in which households interact with both formal and informal markets. The SLC 2013 reported that the mean per capita consumption was 27.9% higher in male-headed households than in female-headed. In 2012, the difference was 24.7%. Male-headed households registered a higher level of average expenditure in all commodity groups relative to female-headed households.

It is estimated that between 120,000 and 140,000 Jamaicans aged 14 to 24 are neither in education or employment. With low educational attainment, vulnerable young men, like vulnerable female household heads, are both generally marginalized from key social and economic human development activities, and resort to "hustling" in the informal sector, with irregular income and without social-security protection. This is the preferred option to working in the "formal" sector, earning the minimum wage



which cannot support a family. In addition, they are vulnerable to recruitment by organized gangs and criminal networks.

The poorest families with fewer resources find it difficult to access good nutrition, education and health care on a consistent basis, and to cover necessary household and transportation costs. In both rural and urban areas, these basic amenities are not only prohibitively expensive, but often unsafe and unreliable. This is particularly challenging for rural communities and for households headed by single women with larger families to care for. These factors contribute to significant levels of social exclusion, and determine the extent to which large numbers of Jamaicans and their families can take advantage of economic opportunities, as part of a larger process of economic transformation. In addition to social exclusion, these factors contribute to unstable families and communities, intergenerational poverty, and often domestic violence.

The 2015 Economic and Social Survey of Jamaica (ESSJa) reported a 63.1% labor force participation rate nationally, 70.3% for men and 56.3% for women. This suggests that some of the factors listed above (the overall poverty status of women and their families) do affect women's ability to participate in the labor market, on terms which are equitable with men, and are contributing factors to women's exclusion from the labor market.

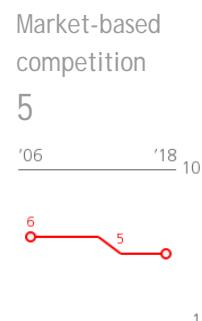
Economic indicators		2013	2014	2015	2016
GDP	\$ M	14276.6	13897.6	14262.0	<b>14027.2</b>
GDP growth	%	0.5	0.7	1.0	<b>1.4</b>
Inflation (CPI)	%	9.3	8.3	3.7	<b>2.3</b>
Unemployment	%	15.3	13.7	13.3	<b>13.3</b>
Foreign direct investment	% of GDP	3.8	4.2	6.5	<b>5.6</b>
Export growth	%	4.8	0.9	4.0	<b>3.9</b>
Import growth	%	2.5	-0.2	-4.4	<b>3.0</b>
Current account balance	\$ M	-1356.8	-1114.4	-430.1	<b>-103.0</b>
Public debt	% of GDP	140.5	137.6	120.2	<b>111.9</b>
External debt	\$ M	12951.0	14077.1	14109.0	<b>14052.6</b>
Total debt service	\$ M	1217.7	1556.5	4069.1	<b>1907.8</b>

Economic indicators		2013	2014	2015	2016
Net lending/borrowing	% of GDP	0.8	-0.3	-0.6	-
Tax revenue	% of GDP	26.6	26.3	26.8	-
Government consumption	% of GDP	15.5	14.5	13.8	<b>13.9</b>
Public education spending	% of GDP	6.3	6.0	5.5	-
Public health spending	% of GDP	3.4	2.8	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.9	0.9	0.8	<b>0.8</b>

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

Market competition operates under a weak institutional framework, with uneven rules for market participants. In the Doing Business Report 2016, Jamaica ranked 64 out of 190 countries, an improvement of seven places, placing Jamaica as the highest ranked Caribbean country and among the most improved countries in 2015. In the Global Competitiveness Report 2015/2016, Jamaica's competitiveness ranking remained unchanged at 86 out of 140 countries. However, negotiating bureaucracy has long been a complaint of investors in Jamaica, with costs more burdensome on small enterprises (the majority of informal sector businesses).



The period under review included a change of government following a general election in February 2016. The policy thrust of the government continued to be guided by the three-year IMF Precautionary Stand-by Arrangement (PSBA) which followed the Extended Fund Facility (EFF) agreement which ended in early 2016. The PSBA was approved in November 2016. Some of the major reforms undertaken included legislative reforms to improve the business environment such as the passage of the Omnibus Incentive legislation and the 2014 Insolvency Act. Corruption, violent crime and inefficient government bureaucracy remain the most critical challenges to the institutional framework.

The informal sector remains large. An ILO 2014 study, based on estimated employment in the informal sector between 2008 and 2012, suggested that although informal employment has declined in absolute terms, it has remained fairly constant as a share of total employment, accounting for 43% of official GDP.

There is considerable state intervention in sectors the government regards as strategically important, but negotiations are underway for the divestment of the Norman Manley International Airport and the remaining government shares in the Jamaica Public Service. The government successfully divested the Kingston

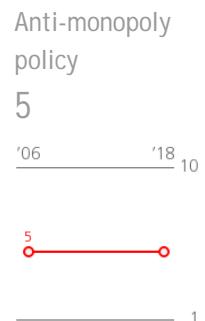
Container Terminal, signaling its support for increased competition in the development of a logistics hub in which the terminal is expected to play a central role. Institutions actively involved in regulatory and monitoring functions include the Fair Trading Commission (FTC), Consumer Affairs Commission (CAC), Bureau of Standards Jamaica (BSJ) and Trade Board (TB).

There are no price controls since the seller is free to sell at whatever price and then add VAT (GCT) at 16.5%. The Jamaican dollar, the official national currency, is not freely convertible outside of Jamaica, as the currency is too weak and does not enjoy stability in relation to the major currencies.

Some regulation to prevent monopolistic structures and conduct exists, but is rarely enforced. Current competition laws do not prevent the formation of monopolistic structures or behavior. A competition law (The Fair Competition Act) exists which is not strictly anti-monopoly, and the Fair Trading Commission (which administers the law) cannot rule in the case of a merger unless the new entity engages in anti-competitive behavior or conduct. So, while there is regulation to prevent anti-competitive conduct, it does not prevent the formation of monopolistic structures. During the period under review, it allowed one major media house (RJR Group) to buy-out the Gleaner Group and assume a dominant market position in the media and communications sector, as the company now provides multiple services through several radio stations, a television station, a major newspaper and advertising services across several social media platforms. A second example is the continued monopoly on energy distribution enjoyed by the foreign-owned Jamaica Public Service Company. There continues to be debate around this matter, with a challenge in court outstanding. The company still has multi-decade, exclusive rights to transmit, distribute and supply electricity to Jamaica. It is to be noted however that the new government has signaled its intention to sell the remaining 20% it owns.

Foreign trade is liberalized in principle, and barriers have been and will be successively reduced. Notwithstanding, some exceptions concerning tariffs (mainly for agricultural products) remain in place which to some degree compromise the openness of the economy. Jamaica is an original and active member of the WTO. Though in principle a proponent of free trade, the country is also a strong supporter of special and differential treatment for developing countries within the WTO and Doha Development Agenda (DDA) negotiations, maintaining that the priorities of small economies must be addressed fully and in all areas of the WTO. Jamaica grants at least most-favored nation treatment to all trading partners. Jamaica imposes no taxes or quantitative restrictions on exports and has a number of tax incentives that attempt to encourage exportation.

The value of exports and imports taken together equals 77% of GDP, indicating the importance of trade to Jamaica's economy, albeit with a considerable merchandise trade deficit. Jamaica applies the Caribbean Community and Common Market (CARICOM) common external tariff (CET) with several (permitted) exceptions.



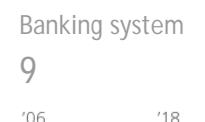
According to the Heritage Foundation in 2017, the average applied tariff rate is 7.3%. According to the WTO, the simple average applied most-favored nation tariff rose from 9.4% in 2010 to 10.4% in 2017 mainly due to increases on some items of CARICOM's CET. On average, tariff protection for agricultural products (20.8%) remains substantially higher than for non-agricultural products (7.9%); about half of the tariff lines are duty-free. When additional stamp duties (mostly on agricultural products) are taken into account, the overall average border protection increases from 10.4% to 12.6%. The contribution of tax revenue remains critical in light of the country's structural fiscal deficit. The total collected from international trade charges was 40% of tax revenues in 2016/2017, with tariffs representing 7.5% of total taxation revenue.

In its fourth Trade Policy Review (TPR 2017), the WTO reported that Jamaica applies few non-tariff barriers, mostly import and export licensing. Since 2011, Jamaica has not initiated any anti-dumping investigations, nor any safeguard cases and it has never taken any countervailing action. In addition, under the Omnibus Incentives Legislation 2014, Jamaica repealed the four incentive schemes that were notified to the WTO as containing export subsidies, namely the Export Industry Encouragement Act, the Industrial Incentives (Factory Construction) Act, the Foreign Sales Corporation Act and the Jamaica Export Free Zones Act.

Along with its CARICOM partners, Jamaican governments have long pursued a policy of non-reciprocal trade agreements. With the implementation of the Economic Partnership Agreement with the European Union, the non-reciprocal element of previous preferential agreements had been abandoned and the phased reduction of tariffs on goods imported from the European Union commenced in December 2012. Jamaica/CARICOM continues to enjoy preferential access to the U.S. market under the Caribbean Basin Initiative, which covers over 90% of Jamaican exports to the United States. Canada/CARICOM trade negotiations to replace CARIBCAN (the 1986 non-reciprocal Caribbean-Canada Trade Agreement) were suspended in 2015. CARICOM has signed trade agreements with five Latin American countries: Colombia, the Bolivarian Republic of Venezuela, the Dominican Republic, Costa Rica and Cuba. Via CARICOM, Jamaica also qualifies for generalized system of preferences (GSP) treatment from a number of other countries.

The government recently completed its review of a foreign trade policy (FTP), which has been ongoing since 2011 involving governments of both the Jamaica Labour Party (JLP) and the former People's National Party administration. The new trade policy is supported by a wider policy framework and development goals identified in Vision 2030, Jamaica's national development plan, and regional trade policies of the Caribbean Community and Common Market (CARICOM), the 2009 National Export Strategy, as well as the WTO framework.

The banking system is solid and oriented toward international standards with functional banking supervision and minimum capital equity requirements. Capital markets are open to domestic and foreign capital with sufficient resilience to cope with sudden stops and capital flow reversals




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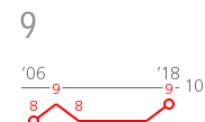
Following on the 2010 Omnibus Banking Law, and the Bank of Jamaica (December 2012) omnibus statute consultative paper to improve consistency and independence of the supervisory functions of the Bank of Jamaica, the 2015 Banking Services Act provided legislation to further strengthen oversight of the deposit-taking financial sector and achieve greater conformity to the Basel Core Principles. This 2015 legislation also served to consolidate into a single piece of legislation three deposit-taking statutes: the Banking Act, the Financial Institutions Act and the Bank of Jamaica (Building Societies) Regulations.

Public outcry against high bank fees, especially those on dormant accounts in a context of enormous bank profits, is forcing the government to regulate in the absence of the banks' ability to regulate themselves. The governor of the Bank of Jamaica recently highlighted that the state no longer squeezes the private sector out of available funds, which are needed for development.

## 8 | Currency and Price Stability

Controlling inflation and an appropriate foreign exchange policy are recognized goals of economic policy, with some recent efforts being made to strengthen the institutional framework. The Bank of Jamaica (BOJ) is not de jure but is de facto independent and responsible for currency and price stability.

Anti-inflation /  
forex policy




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The Economic Programme Oversight Committee (EPOC), a joint public-private sector committee, has been supported by both governing parties. The EPOC monitors the government's performance in critical macroeconomic areas, including exchange rate and monetary policy. The EPOC is now considered to be a part of the institutional framework, and is co-chaired by the governor of the BOJ and a senior figure in the financial sector. It also includes representatives of the main private sector groups, academics and trade unions. It is mandated to publicly report every quarter on progress made (or otherwise) on all structural benchmarks agreed with the IMF, and on developments toward macroeconomic stability. It has been welcomed as a transparency tool to ensure that government actions do not undermine the macroeconomic stability and debt reduction due to populist pressure or decisions.

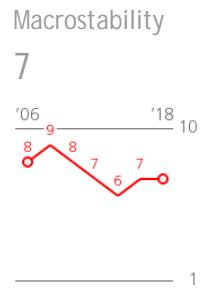
The Statistical Institute (STATIN) reported a calendar year inflation rate of 1.70% (December 2016) and 3.70% (December 2015). These rates are indicative of some volatility over time but still meet the BOJ target of single-digit inflation.

Based on a floating exchange rate regime, the BOJ has persistently sought to reach an exchange rate that was realistic in terms of its relations to Jamaica's main trading partners and appears to have now achieved a stable rate (see also 8.2). At the same time, a net international reserve of \$2.4 billion is also in hand.

The government's fiscal and debt policies generally promote macroeconomic stability, but institutional safeguards are still incipient. To address this potential weakness, structural benchmarks and other commitments under the new IMF Precautionary Stand-by Arrangement (PSBA) are now monitored by three oversight bodies, including the Economic Programme Oversight Committee (EPOC). The Economic Growth Council (EGC) established by the prime minister in September 2016, monitors specific measures relating to eight growth initiatives under a "5% growth in four years" plan. The first growth initiative is identified as: maintain macroeconomic stability and pursue debt reduction strategies. The third oversight body is the Public Sector Transformation Oversight Committee (PSTOC) which monitors measures related to public sector transformation and reform, and the social safety net.

According to a recently tabled debt-management strategy, during the previous IMF Extended Fund Facility (EFF), there were significant improvements in the debt-GDP ratio as growth in the real sector accelerated, and various debt-management strategies were implemented. As a result, the debt decreased from 145.3% in the fiscal year 2012 -2013, to a projected 122.5% at the end of the fiscal year 2016 - 2017. The EPOC reports that the external debt grew by 5% due to the depreciation of the Jamaican dollar.

In response to public concerns about movements in the exchange rate, the bank acted strongly to address these movements by selling foreign currencies in the domestic market, tightening liquidity and adjusting the cash reserve ratio. These actions significantly added to the flow of foreign currency in the system, resulting in some return to order in the foreign exchange market. The EPOC report that, based on available data as of December 2016, Jamaica had met or was on target to meet all 12 quantitative performance criteria and indicative targets under the new IMF Precautionary Stand-by Arrangement (PSBA). Regarding fiscal performance, the central government generated a 7.25% primary balance surplus for the fiscal year to December 2016, which exceeded its target by 42%, as tax revenue exceeded its target and total expenditure was below target by 2.4%.



## 9 | Private Property

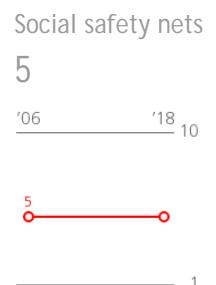
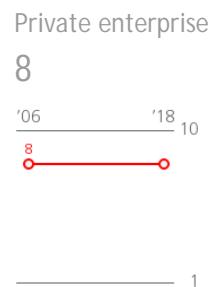
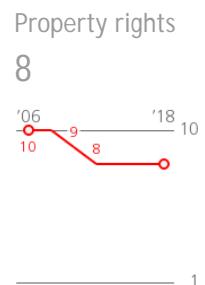
Property rights and regulations on acquisition, benefits, use and sale are defined in the constitution. Enforcement and implementation problems are often related to difficulties in accessing a title (e.g., excessive bureaucratic delays, a high government stamp duty, legal fees and transfer taxes). Out of 138 countries in the Global Competitiveness Index 2016-2017, Jamaica ranked 46 concerning property rights with a score of 4.6 and 47 concerning intellectual property protection with a score of 4.4. The most problematic factor for doing business mentioned by respondents to the World Economic Forum's Executive Opinion Survey is crime and theft (16.5%).

Private companies are viewed institutionally as important engines of economic production and are given legal safeguards, and a policy of privatizing state-owned commercial or productive enterprises has been steadily pursued for several years. But concentration of market power is tolerated as current competition law does not prevent formation of oligopolies nor does it regulate monopolistic behavior. The contractor general is an independent, anti-corruption parliamentary commission. The main objective of this office is to ensure that the public sector procurement process delivers value to the tax-payer, is free from corruption and impropriety, and is transparent, competitive and efficient. Its primary functions are the monitoring and investigation of the award of government contracts, licenses and permits, and to examine and monitor procurement procedures used, for example, in the privatization of state companies. The role of this office is to ensure that government contracts in the case of privatization are awarded and implemented impartially and on merit. Reports suggest that there is inconsistency in the procedures followed in the awards of some such contracts, and market principles are not consistently observed.

## 10 | Welfare Regime

Social safety nets are rudimentary and cover only few risks for a limited number of beneficiaries. The majority of the lower-income population struggle to survive, as indicated by increasing levels of extreme poverty, both nationally and rurally.

Poverty reduction is a cross-cutting issue of the Social Protection Strategy (SPS 2014) reported in the December 2016 National Policy on Poverty. The overall strategy statement on poverty reduction presented in the SPS is to “Promote the attainment of living standards of persons or households above levels that are considered as being in poverty based on accepted national criteria.” The SPS promotes state policies geared toward prevention, promotion, mitigation, protection and transformation. As a result, the social protection system provides a social safety net within the Social Protection Floor from conception to the elderly stage of life, and is guided by the objectives and strategies identified in the Vision 2030 Jamaica Poverty Reduction Strategic Plan.



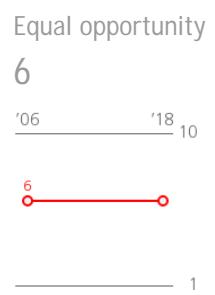
The Programme of Advancement Through Health and Education (PATH), Jamaica's main social safety net, continues to provide social assistance to those most in need through cash transfers, providing financial support for vulnerable families as an incentive for their children to attend school and also attend health clinics for regular checkups. Cumulatively, 57.6% of surveyed households that had applied for support since the start of the program in 2002 had received benefits. Consistent with the higher prevalence of poverty in rural areas, 61.2% of rural households had received transfers through the program since its start compared with 50.1% in the Kingston metropolitan area and 54.0% in other towns. A distribution by quintile underscored that the benefits are appropriately targeted, as 61.4% of beneficiary households were from quintiles 1 and 2, while 3.5% was from quintile 5.

Given the increase in extreme poverty in both urban and rural areas, and continued high unemployment levels, especially among women and youth, there is much public comment and concern about the PATH program in two important aspects. One involves its ability to compensate for the social risks faced only by a limited number of beneficiaries. The second involves its inability to prevent the ongoing social risks faced by increasing number of families from further exacerbating intergenerational poverty, which is now evident in many households.

A mandatory, contributory national insurance scheme exists for all taxpayers (self-employed as well as pay-as-you-earn) and benefits are available on retirement. However, the value and purchasing power of these benefits are undermined by regular increases in inflation and devaluation of the Jamaican dollar. Pensions payable on retirement are taxed, as are interest earnings from investment funds.

The role of non-government entities in funding poverty programs remains pertinent and critical. This includes international development partners, non-government, community-based and faith-based organizations as well as private sector companies, and individuals and volunteers. Funding decisions by these external partners will be guided by the priorities outlined in each component of the government's medium-term poverty reduction program.

Equality of opportunity exists in principle, but is undermined by inequality of access to opportunities that do exist. Laws do exist which provide for the payment of a minimum wage for 40 hours of work, and for equal pay for work of equal value when performed by women and men. But, for example, women who work as household workers and in wholesale and retail outlets face discrimination when they are paid below the national minimum wage, are subjected to dehumanizing working conditions and abuse, and live in fear of being fired if they complain or report said employers to the relevant government authority. Enforcement of such laws is poor and nonexistent in some quarters. Women and members of ethnic or religious groups have equal access to education and public office. However, young women and men of black complexion are frequently denied access to employment opportunities in both the public and private sectors, when their residential addresses and school



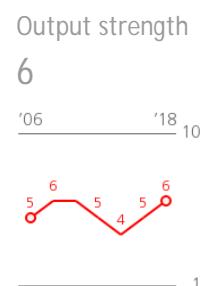
attendance indicate that they live in certain inner-city communities associated with poverty and violence.

Regarding gross enrollment in education, Jamaica does well at primary level (97.2%), less well 68.8% at secondary, while enrollment in tertiary level education is low (27.8%). In addition, in relation to the Gender Parity Index (GPI) which indicates parity between girls and boys, the data for Jamaica highlights the further difficulties faced by boys in the education sector. According to World Bank data for 2014, the GPI was 1.0 for primary education, 1.1 for secondary and 2.3 for tertiary. This indicates that boys have much higher drop-out rate than girls, resulting in highly skewed tertiary education enrollment. While equality of opportunity at tertiary levels does exist structurally for both girls and boys, certain stressors significantly affect boys, making tertiary education an unattractive option. These stressors include gender expectations (e.g., men are providers, capable of taking care of their children), and dominant role models (e.g., dancehall artists), successful informal business activities (e.g., organized crime involving gun and drug smuggling) which provide much faster access to financial gains than a university degree for which the average student will need a school loan.

Discrimination on the basis of sexual orientation and HIV/AIDS status also exists. There are a number of legal provisions against discrimination (e.g., constitution of Jamaica and the Charter of Rights), but their implementation is highly deficient, with gaps in access and consistency of opportunities to exercise their full citizenship rights.

## 11 | Economic Performance

On the whole, economic performance has not been great, but critical indicators are all trending in a positive direction. In its first report for 2017, the EPOC noted some improvements. For the fiscal year to December 2016, the central government generated a primary surplus balance that exceeded its target by 42%. As a result of improved tax compliance, tax revenue intake exceeded its target. Meanwhile, total expenditure fell below its target by 2.4 percentage points. STATIN reported that the Jamaican economy grew 2% year-on-year in the third quarter of 2016, following a 1.4% expansion in the previous period. It is the highest economic growth rate since the second quarter of 2014, boosted by the production of goods and sale of services. Estimated growth for 2016 to 2017 is 1.6%. The debt-management strategy tabled in parliament in early February 2016 reported that over the three and half years of the previous IMF Extended Fund Facility, there was some improvement in the debt-to-gross GDP as growth in the real sectors increased.



Various debt-management strategies have resulted in the debt decreasing from 145.3% in the fiscal year 2012 - 2013 to a projected 122.5% at the end of the fiscal year 2016 - 2017. The rate of inflation slowed, with an inflation rate of 1.70% in 2016 compared with a rate of 3.7% for 2015. Unemployment levels (October 2016) continued to be high (national: 12.9%, male: 8.9%, female: 17.5% and youth: 27.4%).

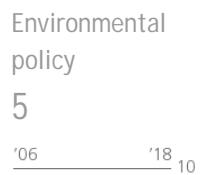
## 12 | Sustainability

Environmental concerns receive only sporadic consideration and are often subordinated to economic growth efforts. Environmental regulation is weak and hardly enforced, while a deeply engrained awareness of the environment and the integration of environmental protection in development projects (e.g., tourism, highways and large-scale housing) is not well developed.

In March 2016, Prime Minister Holness announced the formation of the Ministry of Economic Growth and Job Creation (MEGJC) which brings together seven portfolios including environment, climate change and land. MEGJC was established to be the center of policy development, providing the blueprint to drive economic growth and sustainable development, and to drive the speedy facilitation and implementation of projects involving more than one ministry, government department or agency. This is a component of a climate resilience program funded by the Inter-American Development Bank. Being in operation for one year, it is too early to assess whether this approach will make any difference to the frequent breaches of environmental laws carried out by various departments and agencies. Given the practice to date, concerns do exist that the practice of “breaching” will continue.

There are no reports of government involvement in providing incentives to households and companies to encourage environmentally sound consumption or investment. However, as part of their corporate social responsibility, several corporate bodies support and/or partner with government agencies like schools and those involved in community development to promote environment-friendly practices in schools, households and communities.

The Access to Information Act has made it possible for more information about environmental impact assessments to enter the public domain. However, existing environmental regulations and incentives are weak and inconsistently enforced. Moreover, government agencies are frequently the worst offenders. Aggressive advocacy and public education by Jamaica Environment Trust (JET) with endorsement from a growing number of other environment organizations significantly increased public scrutiny of a major Chinese-led development of Goat Island, a transshipment port, as a central part of a national logistics hub on the country’s south coast. Similarly, JET and other organizations severely criticized the Chinese takeover of the bauxite mining plant Alpart that initially intended to use coal, as a result the prime minister appears inclined to reject the plan. The significant presence of major Chinese investors as “sole source service providers” in road construction and other infrastructure developments continues to make it very difficult to monitor the development of major projects regarding breaches of environmental law.



A climate change policy framework has been developed and is awaiting cabinet approval. The government ratified the Paris Agreement and with significant support from the UNDP has developed several projects, at community levels, for protecting the environment and mitigating climate change impacts. Policies for energy are under discussion.

Education policy ensures a nationwide system of education and training, but the problem of varying resources among schools with concomitant qualitative deficits in primary and secondary education remains a challenge.

Since 2016, the main policy focus of the new JLP administration has been to abolish auxiliary fees at the secondary level and to increase funding by almost 100%, resulting in tuition support per student increasing from JMD 11,500 to JMD 19,000. Other strategies include additional funding to hire part-time teachers, for utility payments and laboratory requirements, and for text books. Under this policy, the maintenance grant for all primary (public) schools was increased by 40%, while additional funds were provided for early childhood intervention programs as well as training and certification of primary school teachers. Wards of the state and students on the PATH Programme received additional subsidies to cover examination fees. The highest level of funding has been provided to schools that accommodate students who have difficulty learning and are from the poorest socioeconomic backgrounds.

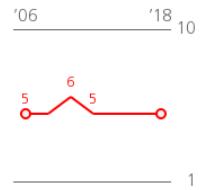
The 2013 Survey of Living Conditions reported an overall enrollment rate for 3 to 24-year-olds of 70.7%. Gross enrollment rates for the youngest age cohorts (3-14 years) continued to indicate that the vast majority of children are in school, with public schools accounting for the large majority of enrollment (85.9%). However, the country still faces challenges in achieving satisfactory enrollment rates at secondary and tertiary levels (see also section 10.2). Wide disparities exist across social groups, while 81.5% of quintile 5 in this age group was enrolled, this fell to 37.0% for quintile 1.

The proportion of total household consumption allocated to education was 4.2%. Low test scores at many levels of the Jamaican education system suggest that there are gaps in the system that negatively impact the learning outcomes of many students, despite average levels of public expenditure on education. According to the World Bank for 2016, public spending on education equaled 6% of GDP. World Bank data for 2015 reported a literacy rate of 88.5%. The problem is not quantity, it is quality.

Data on the amount given to R&D is difficult to obtain but is probably below 1%. Reduced support for public tertiary institutions has resulted in marked reduction in staff and other resources for research at undergraduate and graduate levels. There has been an increase in competitiveness in the tertiary sector with the establishment of several local and foreign private universities, many of which are increasingly offering online study and have smaller campuses in selected rural areas.

Education policy /  
R&D

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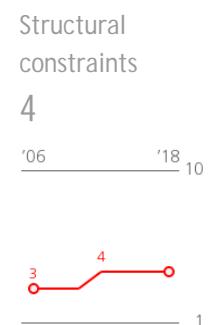


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## Governance

### I. Level of Difficulty

High levels of poverty over decades, a labor force in which insufficient numbers of workers have adequate skills and levels of certification, natural disasters, and social exclusion of large numbers of citizens along the lines of race, class and gender from decision-making centers and wealth-generating institutions are factors which do not result only from the current political leadership's actions and cannot be overcome in the short term. These factors taken together can act as constraints on the governance capacity of political leadership. However, the political leadership across different governments of both main political parties have done very little to remove the constraints on their own management ability which clientelistic and corrupt political actions cause.



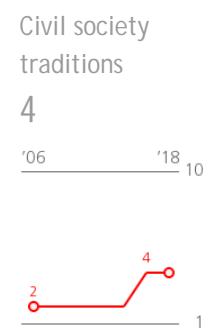
Criminal networks and gangs are an attractive option, especially for young men, when between 120,000 and 140,000 Jamaicans aged 14 to 24 are not in education or employment. Jamaica's crime crisis is long-standing and well-known, with a homicide rate of 50 per 100,000 population.

Most people living in poverty live in rural areas, and the geography of Jamaica (i.e., a small, mountainous, island state) constrains the effective development of governance in rural areas in contrast to urban areas.

The marginalization of the LGBT community and people living with HIV/AIDS remains deeply ingrained, which acts as a constraint on leadership capacity.

Homophobia, driven by strong widespread religious beliefs, is deeply ingrained in the culture.

Traditions of civil society are moderately strong. There is a long-term presence and culture of civil society engagement, although this appears to be less important to some communities of Jamaica's youth population. Numerous and active civil society associations do exist, most with ongoing local community impact, and support community development and the provision of critical services (e.g., sports and homework centers) which the government does not provide. This contributes concretely to building and maintaining social capital at the local level. Fewer civil society associations can maintain a noticeable national impact due to human resource

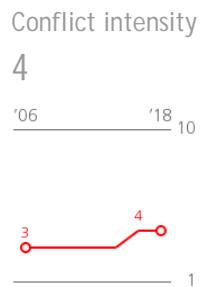


and financial constraints. Evidence of reduced social trust (social capital) exists in certain communities which have been plagued by organized crime and gangs. Organized criminal networks and gangs challenge, undermine and often replace traditional community leadership, and damage the social trust which guides such leadership and civil society traditions.

Society as a whole, but to a certain extent also business and political elites are divided along social, ethnic and class lines, and tensions exist. A range of different religious denominations exist but there is no conflict based on the differences between them. Extremist political actors have limited success in mobilizing along existing cleavages.

After decades of use for political power by political parties led by the middle classes, Jamaican violence has become endemic among poor black communities. Violence is often directed against other members of the same class not for ethnic, religious or political reasons but economic, turf or domestic conflict reasons.

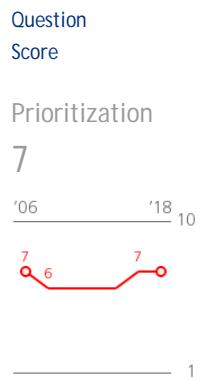
There are numerous violent incidents, reported by the police as occurring primarily between organized gangs, sometimes within a community or between different communities, mostly related to the trafficking of guns and drugs, and fraud. More recently, the abduction, rape and murder of women and girls has reached epidemic proportions.



## II. Governance Performance

### 14 | Steering Capability

This review period coincided with the last year of the People's National Party (PNP) government and first year (February 2016 to January 2017) of the Jamaica Labor Party (JLP) government. Decisions on public policy priorities, strategies and actions were influenced primarily by the two different agreements which Jamaica had with the IMF during this period. For both governments, meeting the structural benchmarks agreed to in these agreements took center stage. It was the PNP government which first introduced the Economic Programme Oversight Committee (EPOC) with the specific task of ensuring that the country reached the agreed benchmarks for each quarter and to report to the public accordingly. The mid-term macroeconomic policy framework pretty much determined which public policies were priority. The Extended Fund Facility implemented by the PNP government was successfully concluded and provided the foundation for the IMF to approve a three-year Precautionary Stand-by Agreement (PSBA) in 2016. Given the size of public debt, and the need to reduce this and maintain the primary surplus at 7.5%, according to a



schedule, the PNP government scored high marks in terms of its capacity to manage the process, and demonstrate its accountability through the formation of the EPOC.

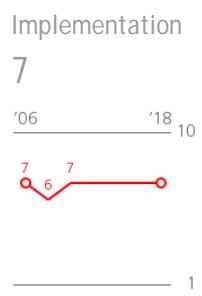
The new JLP government continued on this path, but with the addition of two other oversight committees. The Public Sector Transformation Oversight Committee was established to monitor the implementation of the public sector transformation program, which made little progress under the previous IMF agreement and is now a central demand of the current IMF agreement. It is widely agreed that there is a need to re-orient public resource allocation toward social protection, government security services and infrastructure development, while delivering more efficient public services.

The third component of this oversight process is the Economic Growth Council (EGC), dominated by some of the owners of the main sectors of the economy (tourism, agriculture, housing development) with one trade union representative. The EGC is supposed to take the lead in meeting certain deliverables and growth initiatives included in the PSBA with the IMF. It is reported that for the first time in the history of the IMF such economic growth initiatives have been embedded in a Stand-by Agreement. The first successful deliverable was reported in late January 2017 as “a reduction in the capital requirement for the operation of insurance services, and freeing up some JMD 300 million to fund the productive sector.” The mission of the EGC is to deliver “5% growth in 4 years.” During the period under review, policy measures related to ongoing fiscal consolidation and debt reduction were evident even while both governments maintained their commitment to protecting the poor and most vulnerable groups.

Concerning political transformation, the present administration has finally passed in the lower house a bill that consolidates into one three anti-corruption agencies. However, the regulations required to activate legislation on campaign financing still need to be formulated.

Both the PNP and JLP governments failed to implement some of their policies. Historically, Jamaican political leaders do not have a strong record of successfully implementing government’s policies. Questions of capacity arise for both political leadership and relevant public servants, and incompetence in relation to management processes and styles, as well as slow adaptation to and use of new information technologies contribute to implementation deficits. There have been attempts at a broader governance process by both governments through the establishment of a Partnership for Jamaica, a social partnership model that includes key civil society sectors, the private sector, trade unions and public sector officials. However, there is no evidence that this partnership has had any impact on implementation of policy.

The new prime minister, Andrew Holness, announced the formation of a super-ministry, the Ministry of Economic Growth and Job Creation (MEGJC), which brings together seven critical portfolios, and oversees 48 agencies, departments and



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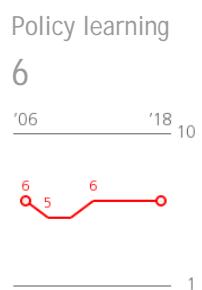
divisions that together are responsible to approximately 68 subject areas. Primarily, the super-ministry was established to be the center of policy development, facilitation and implementation with the overall objective of ensuring a supportive environment to facilitate the private sector and drive economic growth. The assignment of seven portfolio ministers with cabinet rank is intended to identify road blocks (slow procurement policies, bottlenecks in the approval of various permits) within and between ministries, and speed up the overall implementation process.

Under both governments, the strategic priorities were closely aligned to or directed by the structural benchmarks and deliverables agreed within the IMF agreements. For example, major policy priorities included reducing the debt/GDP ratio, reducing the public sector wage bill to 9% of GDP, initiating a public sector reform program and stimulating economic growth. The reduction of the debt/GDP ratio is gradually taking place, but the policy regarding the public sector wage bill has not been achieved due to legal contractual arrangements which had been made with all public sector unions. The same applies to the public sector reform program which is only now taking root, and will result in mergers, some closures and the loss of some jobs in the public sector. The overall objective of the reform program is to improve the efficiency of public sector services and reduce the overall public sector wage bill. Stabilization of the economy through various macroeconomic reforms in the earlier period laid the foundation for modest economic growth in 2017. The continued overhang of a huge debt continues to restrict more robust economic growth.

In the early part of the period under review, the PNP ministers of finance and planning, education, agriculture, and housing, transport and works were perceived as “doers,” visibly seen to be trying to push forward a range of policy reforms within those sectors, with some success. There had been greater effective engagement of key non-government organizations in governance in areas such as the environment, gender and education. For the new JLP government, it is early days yet, but the “doers” are perceived to be the prime minister, and ministers of finance and planning, agriculture, investment and commerce, and education.

Different governments have demonstrated different levels of willingness to engage in policy learning, but flexibility is limited. It continues to be limited by the political culture among elected officials and by some bureaucratic traditions and practices found in the public sector which resist new policy learning and processes. Policy-based lending by some international development partners and the requirement in recent years for senior public sector officials to complete training programs at the Management Institute for National Development (MIND) increased the exposure to learning opportunities in some areas, and could affect the body of knowledge on which policies are based. A part of the culture also means that a new political administration often changes policies for reasons other than “failure.”

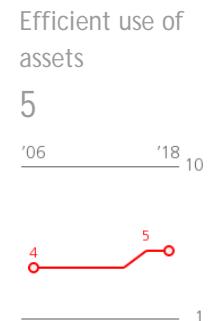
The previous PNP administration in 2015 failed to learn that it had to do something to soften the rigors of the IMF program and therefore lost touch with its own support



base, a failure in participative democracy. These two reasons were in large part why the PNP lost the February 2016 election. The present JLP administration is listening more to civil society, and is seemingly incorporating environmental and violence control advice. In this the JLP administration is displaying a flexibility that is relatively rare for Jamaican governments. The minister of health has instituted measures that show compassion for people attending public hospitals and clinics by extending opening hours. This is important given the lack of funds limits the government's ability to make the substantive changes needed to provide the big changes that the health care sector requires.

## 15 | Resource Efficiency

The government makes efficient use of only some of its available human, financial and organizational resources. Concerns are persistently raised about the inefficient and uneven use of government administrative personnel, and the quality of services provided by government agencies. The executive (cabinet) is seen as too large, with too many ministries, and confusing or competing task overlap, which results in an inefficient use of limited financial resources. A public sector transformation program is finally underway, which will form a benchmark for the IMF program. The overall objective of the program is to enhance the efficiency with which state agencies deliver services. However, at the executive level, the recent creation of a super-ministry, the Ministry of Economic Growth and Job Creation, had contradictory effects. While serving as a super-ministry umbrella, the different portfolios continue to operate as discrete entities without a visible master plan for economic growth and job creation, or enhancing overall efficiency and use of resources.



Vision 2030, a holistic national development plan, designed and endorsed by both political parties remains a public reference point for complementary policy frameworks and strategies across sectors. Some government agencies which have been converted into "executive agencies" continue to fund their operations primarily from revenue earned from fees paid by the public for services provided. These agencies have increasingly used modern technologies to deliver improved services and record data. Some of these agencies have improved the efficiency of service delivery, including the National Land Agency, National Housing Trust and Tax Administration Jamaica.

Since the last two national elections, allegations abound about politically motivated dismissals and appointments of public servants, but access to accurate information on such matters is difficult. The inefficient use of budgetary resources by several government agencies remains a concern, as revealed in the auditor general's annual and publicly reported statements to parliament. The auditor general independently audits government agencies. These audits frequently reveal large discrepancies

between actual budget expenditures and planned budget expenditures, and breaches of government procedures, but with few reports of enforced penalties.

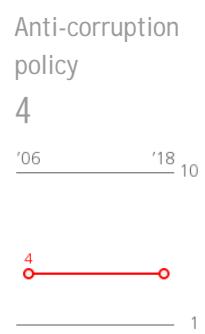
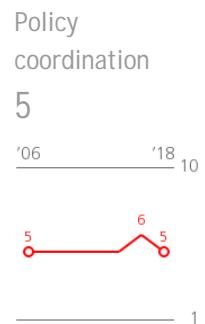
Although local government reform efforts in recent years have provided for some legal and financial autonomy of local government authorities, these offices for the most part still lack effective, professional management skills, and operate under the supervision of a central political authority, which often results in the inefficient use of scarce resources and poor implementation levels.

The government often fails to coordinate between conflicting objectives. This failure is sometimes related to the influence of special interest groups (e.g., large business interests that make contributions to campaign financing) on certain policy decisions which undermine policy objectives in other areas. There are also conflicts between different agencies which are either created by parliament or by provisions of the constitution, when differing interpretations of their respective mandates lead to conflict which affect policy decisions. For example, the Office of the Contractor General (OCG), which is created by a parliamentary statute, carries out investigations into perceived irregularities in the procurement of government contracts, and then recommends whether the Director of Public Prosecutions should pursue criminal proceedings against the persons involved. The Office of Public Prosecutor is a creature of the constitution, and the Director of Public Prosecutions independently assesses the evidence presented and decides whether to prosecute. In a recent highly publicized case, the director did not agree with the findings of the OCG, whose recommendations would have affected the procurement policy actions of the government. For the government to successfully resolve conflicts like these which undermine policy coordination, the mandate under law of one or the other of these public bodies would have to be changed.

There have also been conflicts between the Independent Commission of Investigations, which investigates police misconduct, and the Director of Public Prosecutions and the Jamaica Constabulary Force (JCF). Members of the JCF resent being supervised by a civil society body and the Director of Public Prosecutions supports the JCF.

The government is only partly willing and able to contain corruption. Auditing of state spending is carried out by a respected agency, the auditor general, with reports carried publicly in the media. However, reports rarely lead to any action taken against public servants or political leaders. More than a year ago, parliament approved the draft bill for an election and political party (including campaign) financing bill. Yet, the law is still not in force due to the lack of regulations necessary for its implementation. The draft bill had been presented to parliament by the Electoral Commission of Jamaica, which includes representatives of both major parties.

The country's anti-corruption policy is implemented primarily by the Office of Contractor General (OCG) which has had some success in exposing fraudulent



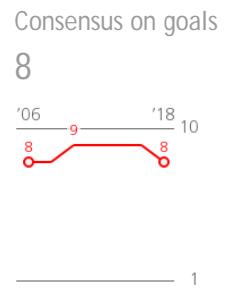
contractors and contracts, and in reforming the list of approved contractors to include only people and organizations that qualify. However, there are frequent complaints about the length of time such assessment and final approval takes, which has resulted in a substantial loss of income for some contractors.

Parliament only recently approved the establishment of one effective anti-corruption agency, to include the OCG, in order to tackle the high levels of corruption by monitoring and implementing the relevant laws and regulations. Over the last year, legislation regarding the integrity commission bill was tabled in parliament.

The country's libel and defamation law was passed but is still seen by some as a restriction on journalists reporting on allegations of economic and political corruption. Public access to information was greatly enhanced by the Access to Information Act which is extensively used by civil society organizations. Officeholders, both public servants and politicians, are supposed to make declarations to a parliamentary commission regarding personal assets and conflict of interest issues related to contracts with government agencies. Occasional media reports of parliamentary sessions refer to the settlement of conflict of interest matters. The majority of politicians are reported to be in breach of these declaration of assets and conflict of interest requirements.

## 16 | Consensus-Building

The majority of Jamaicans defend the notion of democracy in principle, but question certain practices and decisions that seem to undermine this principle, or undermine some aspects of their ability to fully exercise their citizenship rights. The two main political parties have demonstrated a commitment to the bipartisan parliamentary model, which ensures free and peaceful elections every five years – an outcome which most Jamaicans perceive as central to democracy. However, increasing numbers of citizens are questioning (as the numbers of registered voters have decreased) how the majority of the population, mostly poor and vulnerable, can ensure that their voices and concerns are sufficiently incorporated into the decisions that are made on their behalf by the political and financial elite.



There is consensus on the general principles of the market economy, which is seen as necessary to the long-term goal of transformation. There is also little difference between the two main political parties, both of which have been instrumental in ensuring that the macroeconomic reforms associated with the IMF programs are implemented in a timely manner. Differences exist over the strategic priorities that must be identified to develop a market economy while maintaining the necessary sociopolitical safeguards such as social justice, overcoming poverty and gender inequality, and extending freedoms of action and choice to the largest possible share of the population. There is a lack of consensus between the main political actors and the business elite, and sections of civil society and vulnerable groups about how the

burdens of macroeconomic adjustment should be shared. As the gap between the wealthiest and poorest groups widens, poor and vulnerable groups increasingly observe that the interest groups and economic actors with political power benefit more from the developing market economy. The persistence of a fairly large informal economy suggests that the informal economy remains a preferred option to the formal economy. Recent tax reform decisions have led to the full application of general consumption tax, without any exemptions for the basic personal, household and food items that are central to families living in poverty. These decisions are often driven by concerns about ease of tax collection and increase government revenue at less cost, and are seen as a more efficient for government. In the recent past, this approach was modified as a result of a strong representative civil society voice (which did not include the major private sector groups) and the general consumption tax was not imposed on basic items.

Reformers can successfully exclude or co-opt most actors with anti-democratic interests. The increasing challenge comes from organized criminal networks which have access to impressive human and financial resources through global and hemispheric connections. These networks could become anti-democratic and influence political actors at local community levels in the absence of state support and provision of essential resources. Collaboration with civil society, the private sector and faith-based groups at community and national levels has, to date, successfully contained any anti-democratic interests.

The political leadership prevents cleavage-based conflicts from escalating. The political parties have traditionally included in their ranks social groups that cut across race, class and gender divides, generally reflecting the societal makeup but perpetuating leadership along the traditionally stratified lines. In recent times, political tensions along these divides and between parties have decreased, although they do exist. The respective leaderships have distanced themselves from conflict, and encouraged more civil, non-confrontational partisan rivalry, as demonstrated in the recent elections held in the last two years.

The political leadership permits civil society participation, although with limited impact on final outcomes. There is a noticeable difference in the different levels of acceptance and accommodation given to different civil society groups, depending on the social status and economic or business influence of the group. It is well-known that powerful business interests have more influence in agenda-setting and policy formulation than other civil society groups, and would naturally be more involved in high-level deliberations and decision-making. Regarding social and moral issues (e.g., gambling and abortion), the umbrella groups of the main religious organizations are influential. In science and technology, there are signs that scientists and researchers are now more closely involved in policy formulation, for driving the export market for beer and sorrel drink. For example, science and technology has

Anti-democratic  
actors

9



Cleavage /  
conflict  
management

7



Civil society  
participation

6



been applied to the growing of cassava for use in the local production of beer for export, growing of sorrel fruit all year round to create a range of products primarily for export, the use of indigenous plants in some nutraceutical technologies and the use of marijuana for medicinal purposes.

The general concern is that civil society participation in consultations does not sufficiently influence agenda-setting or policy formulation. The Partnership for Jamaica, headed by former Prime Minister Simpson-Miller, facilitated consultations with not only the private sector, but also with representatives of all main civil society groups and trade unions. There is no evidence that this process had any influence in policy formulation. The current prime minister has continued this consultation process. There are early indications that, regarding violence against women which is now a major national concern, the current prime minister is interested in learning about women's rights demands, which may or may not have an impact on policy formulation.

Past injustices, such as human rights violations during the military dictatorships in Chile or Argentina, have not been the case in Jamaica's more recent past. Major historical injustices in Jamaica are associated with slavery, post-emancipation and social and political uprisings in the early 20th century.

Reconciliation  
n/a  
'06 \_\_\_\_\_ '18 10

One more recent outstanding and unresolved issue relates to the deaths of between 70 and 75 people, both citizens and members of the security forces, during the violent confrontation between state security forces and organized criminal gangs in Tivoli Gardens, Kingston, in May 2010. During the period under review, a public inquiry into this confrontation finally took place and depositions (reports) from affected individuals were presented to a panel of commissioners headed by a retired justice. The inquiry provided a better understanding of the events, publicly identified some of the main offenders and made recommendations for appropriate follow-up actions. However, it was not a court of law and could not pronounce guilt (or otherwise) of any individuals.

n/a \_\_\_\_\_ 1

## 17 | International Cooperation

The political leadership tries to use international assistance as part of its own development agenda, but has clear deficits in devising a consistent long-term strategy which could integrate this support more efficiently. Much international assistance is provided through projects (although sometimes programs) with finite, if not sometimes too short, timelines for effective implementation and conclusion. Given the implementation weaknesses that exist, devising a strategy for ensuring the policy coherence of such projects on a long-term basis is challenging. Reference to VISION 2030, which is the country's long-term national development plan with clearly stated goals, objectives, strategies and outcomes is now made more often. However, there is often a disconnect between strategies and the policy prescriptions driven by IMF

Effective use of support

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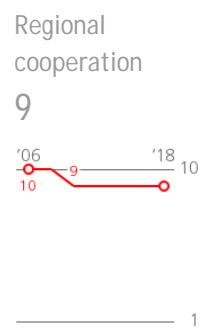
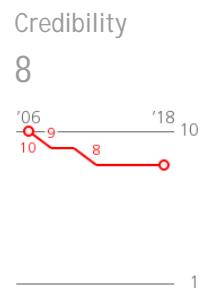
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agreements in the short to medium term. Requirements for international assistance also help to reduce the temptation to rely on short-term expediencies and policy inconsistencies associated with the five-year election cycle. There are increasing signs that the funding requirements of international development partners to principles such as gender equality, transparency and accountability has resulted in the inclusion of these principles in the government policy development strategies. This is particularly so in the case of weaknesses in implementing effective anti-corruption and crime fighting strategies, which have been noted by some international development partners as impediments to the country's development.

The government mostly acts as a credible and reliable partner, but some international actors still express doubts regarding its reliability. Jamaica has overcome its "trust deficit" and now has a working relationship with the IMF. The successful completion of the IMF agreement, and the continued adherence by the current government to fiscal consolidation, debt reduction and maintenance of economic stability resulted in the country getting a three-year IMF Precautionary Stand-by Agreement during 2016. The failure of governments (past and present) to aggressively take on and reduce corruption, which causes a massive loss of financial resources and high levels of violent crime, are noted by international development partners as powerful constraints on economic growth. Statements from several large foreign investors indicate a shared concern. Jamaica has notably engaged in international cooperation efforts.

The Jamaican government has not always been compliant in carrying out its obligations under a number of international covenants regarding human rights, for example, affecting the care of children in state custody or LGBT rights.

The political leadership actively develops cooperative regional and international relationships. A large proportion of these relationships (above all concerning trade agreements) involve CARICOM or other regional initiatives (e.g., the Caribbean Basin Initiative). As different governments prioritize different relationships, the success of these relationships depends on the government in power. The current government has been more assertive in its role in the CARICOM regional integration process, but has also maintained diverse bilateral relations with countries in the Americas, such as the United States (its most important trading partner), and other Caribbean and some Latin American countries (e.g., Cuba and Venezuela). In May 2016, Prime Minister Holness and Venezuelan President Maduro agreed to improve trade relations, especially through arrangements under the PetroCaribe Agreement, and established agreements on energy and culture. Holness also announced an agreement with Cuba to deepen collaboration in the areas of trade, tourism, climate change and disaster mitigation, culture and education. Relations with the United States have generally been close and friendly, and have continued to be so in the Trump era.



## Strategic Outlook

Jamaica is a Small Island Developing State, which is committed to the development of a market economy and democratization. Its ability to accomplish these goals is challenged by its limited resource base, divisive political culture, high levels of social stratification and exclusion, corruption, vulnerability to natural disasters, and small open economy. Jamaica's economic development is taking place in an increasingly globalized environment in which information and communication technologies are advancing rapidly, and tariff and non-tariff barriers of most kinds are gradually being removed from the global trading system.

Jamaica has maintained a stable political and generally democratic environment, and made some progress toward the development of a market economy. The main challenge involves achieving both sustained economic growth and social equity, including reduced poverty, unemployment, violent crime and corruption. In the short-term, strict fiscal discipline and aggressive debt reduction is required by the current IMF Precautionary Stand-by Arrangement. The current government will have to lead a process of social and political consensus-building at a time when there is a significant "participation and confidence deficit" in the overall governance process. An improved process must allow for the meaningful participation of diverse social groups in a dialog which will guide the country toward economic growth and social equity. Strong leadership and political will is required to demonstrate the importance of more equitable sharing of the burdens of fiscal adjustments and that, regardless of the party in power, the policy options are severely limited.

Even limited success in achieving economic development and social equity will require efficient management of the reform process, the coordination of government agency activities, and tackling the corrupting relations between big business, political elites and organized crime. More support needs to be given to rural and urban SMEs to develop sustainable businesses, contribute to employment creation and overall economic growth, and meet gender equality standards and climate change requirements. The educational and training system must ensure the certification of a larger proportion of young Jamaicans, enabling them to take advantage of the opportunities presented by new growth centers in the national and global economies. Initiatives that have begun to reduce the influence of organized crime on political and business decisions, and rates of violent crimes have to be strengthened by the early establishment of one strong anti-corruption agency.

The government must maintain a united leadership, which demonstrates through action a clear commitment to reducing corruption and improving transparency in government affairs. Otherwise, the government's ability to successfully lead the consensus-building process will be challenged, which could undermine fiscal discipline and debt management, both critical to ensuring the development of a market economy with economic growth and social equity. The current opposition party, the People's National Party (PNP), has not demonstrated that it possesses a united leadership with the skills, capacity and commitment to overcome these challenges.