

ANNEX 1- DONOR MATRIX (DMX) for JAMAICA

Prepared for the Compete Caribbean Program

11/23/2012
David Tennant, PhD

1. INTRODUCTION

The World Bank (2011) indicated that in the 2000s, Jamaica's average rate of real GDP growth ranked 180th out of 196 countries, and that its unemployment rate has remained over 10%. It has identified widespread low productivity as the fundamental reason for Jamaica's disappointing economic performance. Such low productivity impacts and is impacted by the extent to which the private sector in the country and its supporting institutions function effectively.

The competitiveness and profitability of Jamaican businesses are dependent both on the internal capacities of such entities, and on the existence of an enabling environment that allows private firms to operate efficiently. An enabling business environment and stable macroeconomic climate are among the most critical pre-requisites of business success. These are, however, also areas in which the Jamaican economy has consistently struggled in its recent past.

It is in this context that the 2012 Donor Matrix (DMX) and Private Sector Assessment Report (PSAR) for Jamaica have been prepared. The preparation of these reports represents an initial step in the development of comprehensive and cohesive private sector development (PSD) policies for the country around which donors, government agencies and private sector stakeholders can unite.

The DMX seeks to capture PSD programs and projects in a country, and includes business climate reforms, macroeconomic support to government, and direct support to the private sector. It is a tool that is to be used by government, stakeholders and the donor community to improve coordination of PSD programs and projects. More specifically, the DMX aims to: (i) provide a complete inventory of programs and projects finished in 2009-2011, projects in execution, and projects in preparation; (ii) facilitate access to stakeholders and representatives of the donor community to the inventory of programs and projects; (iii) classify programs and projects according to the *Private Sector Development Assessment Guide*; (iv) identify duplication and overlapping initiatives to improve efficient private sector support by the donor community; and (v) identify omissions and gaps in donor supported programs that need to be filled to accelerate private sector development.

As suggested in the guidelines for the preparation of DMX, the Jamaican DMX has been prepared at the same time as the PSAR, and has been incorporated into the PSAR as an annex. The 2012 DMX and PSAR for Jamaica have been prepared as part of a larger program for all CARIFORUM countries under the Compete Caribbean program, which is co-financed by the Inter-American Development Bank (IDB), the UK's Department for International Development (DFID), the Canadian International Development Agency (CIDA) and the Caribbean Development Bank (CDB).

This DMX report for Jamaica has been prepared and presented largely in line with the *Compete Caribbean Donor Matrix Guidelines*. Deviations in approach are outlined and justified in the final section of this report that highlights the recommendations and limitations of the study. The recommendations made are based on an analysis of the information presented in the remaining sections of the report. This includes a description of the donor community, local stakeholders,

and information available for PSD analysis, and an analysis of gaps and areas of duplication in donor support to PSD in Jamaica.

2. DESCRIPTION OF THE DONOR COMMUNITY

Jamaica has numerous international development partners (IDPs), including many bilateral and multilateral institutions. Only a subset of these institutions is, however, actively providing support to the country's PSD activities. This section focuses on this subset of IDPs, with a view to summarizing and classifying their PSD activities and the extent of cooperation exhibited in the execution of such activities. An inventory of the PSD projects and programmes undertaken by these IDPs is presented in an appendix to this report.

Canadian International Development Agency (CIDA)

Although CIDA does not maintain a country-to-country development assistance program in Jamaica, it has a bilateral program with the Caribbean region. The region was selected by CIDA in 2009 as an area of focus. Through CIDA, Canada supports the development agenda established by CARICOM to achieve regional integration. CIDA's long-term goal in the Caribbean region is to help build a more prosperous and integrated Caribbean community, one that is able to generate sustainable economic growth, and eventually provide opportunity and security to its citizens.

CIDA's support has been directed at creating an enabling and predictable environment for economic growth through the increased capacity and accountability of public institutions and by fostering a more competitive private sector. CIDA has also continued to advance rule of law and strengthen legal institutions to counter rising crime and to maintain law, order, and personal security. CIDA's objectives for the Caribbean region include assistance for improving the capacities of the governments to manage and respond to natural disasters and to strengthen regional disaster coordination mechanisms.

In the area of PSD, CIDA's primary objectives include:

- Strengthening the productivity of small- and medium-sized enterprises and increasing participation in regional and global markets;
- Promoting public-private partnerships that generate employment and attract investment for growth; and
- Increasing access to employment skills for youth.

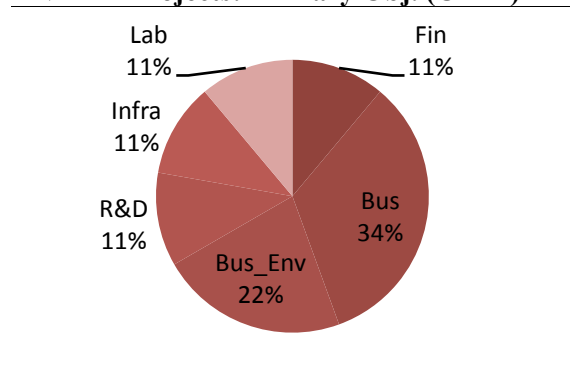
CIDA currently has eight active PSD projects in the region. These projects are all long-term, and all but two have a national focus. The two with a sub-regional focus were, however, allocated the largest budgeted sums, with the project focused on enhanced productivity of Jamaican farmers through improved agricultural practices and technologies receiving the largest allocation. Financing to facilitate the establishment of a microfinance institution to serve clients in inner-

city Kingston and rural communities in Jamaica, was the second largest recipient of CIDA budgetary allocations.

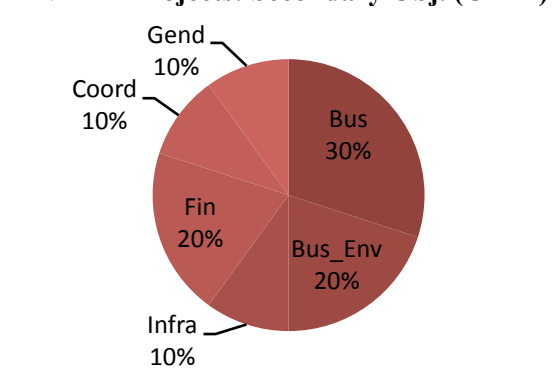
Figures AN1-AN4 highlight CIDA’s major areas of focus in Jamaica, by presenting the classifications of projects by their primary and secondary objectives. The proportions of both the total number of projects and total amount budgeted towards projects are presented. In terms of the number of projects, CIDA clearly places significant emphasis on improving the country’s business supportive institutional infrastructure (Bus) and enhancing the overall business environment (Bus_env). Figures AN1 and AN2 indicate that over half of the projects are classified as having these goals as their primary and/or secondary objectives. When the allocation of budgeted amounts is examined in figures AN3 and AN4, it is, however, clear that CIDA is prepared to funnel significant funding into areas such as investment in research and innovation (through the improvement in agriculture project), and improving access to finance (through the microfinance service project).

In addition to working with CARICOM in the execution of its projects, CIDA also offers projects jointly with the World Bank and IDB. CIDA has joined with these MFIs in jointly offering three projects.

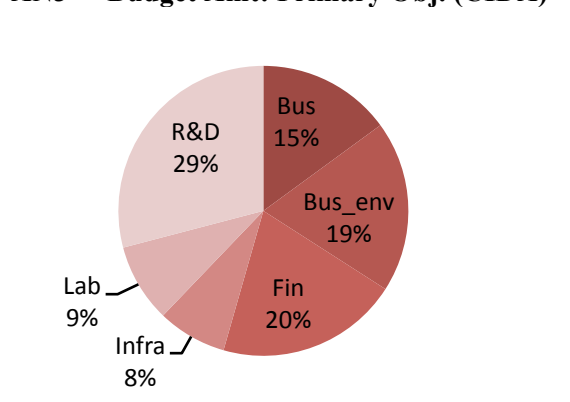
AN1 - # Projects: Primary Obj. (CIDA)



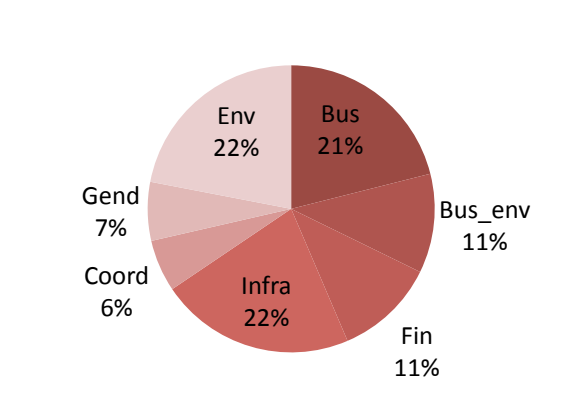
AN2 - # Projects: Secondary Obj. (CIDA)



AN3 - Budget Amt: Primary Obj. (CIDA)



AN4 - Budget Amt: Secondary Obj. (CIDA)



Department for International Development (DFID)

DFID works in Jamaica through its regional programmes for the Caribbean, and direct bi-lateral support to promote economic growth and reduce crime. DFID’s current primary areas of focus are its:

- i. Citizen Security and Justice Programme (offered in partnership with the IDB), which aims to transform 50 of the country’s most violent criminally-controlled communities;
- ii. Support to the Jamaica Constabulary Force aimed at changing the culture of the police force and increasing policing efficiency and accountability; and
- iii. Programmes to help the country prepare for and reduce the risk from climate change and disasters. Although these flagship programmes are not directly classified as PSD, the implications to business productivity of reduced crime and violence and improved climate resilience cannot be overlooked.

In the area of PSD, DFID is contributing from its regional budget to a couple of major programmes designed to create jobs and increase exports across the Caribbean:

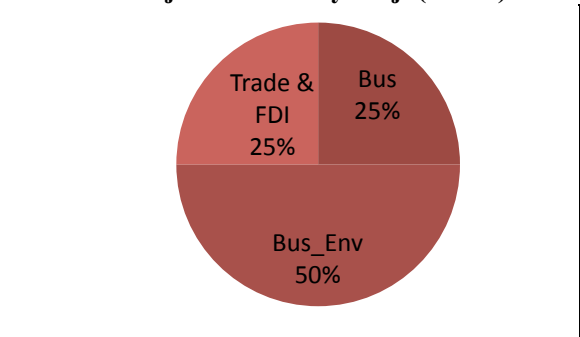
- The Compete Caribbean scheme aims to reduce red tape, streamline regulation, and help local firms break into new markets; and
- The CARTFund is a special fund to help Caribbean countries (through the CSME) take advantage of a trade deal with the European Union. CARTFund helps in testing for product standards and provides support to the tourism, specialty foods and accounting sectors.

DFID also continues to provide significant support to Jamaica’s fiscal administration modernization programme. Although this programme is aimed at supporting the GOJ’s fiscal reform agenda, it is classified as directly contributing to PSD through enhancement of the business environment by seeking to modernize the tax and customs administration.

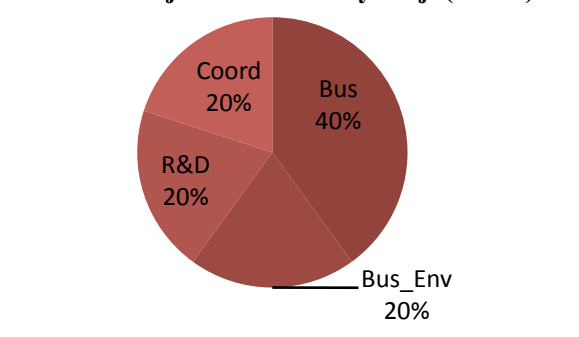
All of DFID’s four active PSD projects have a national reach. Two, however, focus specifically on the services sectors and one on the agricultural sector. Figures AN5 through to AN8 all uniformly show that DFID places significant emphasis on enhancing the overall business environment (Bus_env) in the country, and improving the business supportive institutional infrastructure (Bus).

DFID works either with the CARICOM or one or more of the MFIs in the execution of all of its PSD projects.

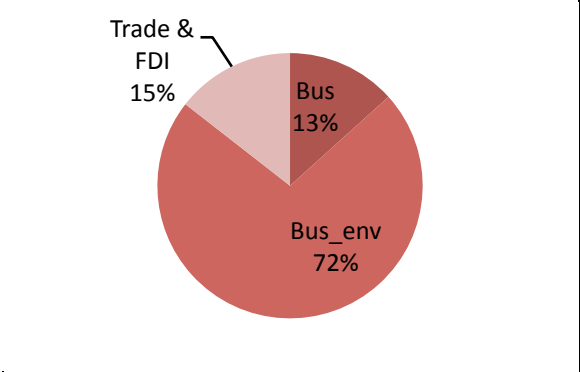
AN5 - # Projects: Primary Obj. (DFID)



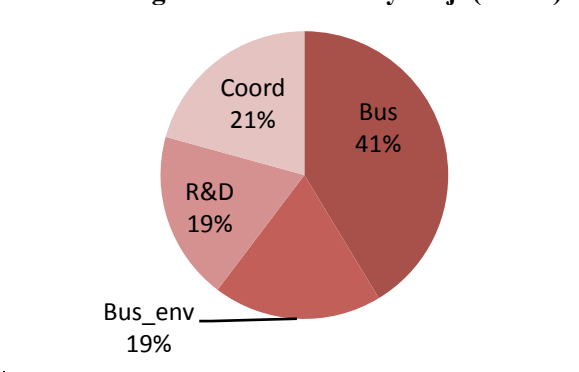
AN6 - # Projects: Secondary Obj. (DFID)



AN7 - Budget Amt: Primary Obj. (DFID)



AN8 - Budget Amt: Secondary Obj. (DFID)



The European Union (EU)

Development cooperation between Jamaica and the EU has a 30-year history, with the EU being Jamaica’s largest grant partner. Under the 9th European Development Fund (EDF) (2002-2007), the EU focused on assisting the private sector, including SMEs, to prepare for competition in a more liberalized global market. The modernization of the country’s road transport system was also targeted as a way to foster the development of the agriculture, tourism and mining

industries.¹ An assessment of this program indicated varying levels of progress, with the private sector development programme suffering from tardy implementation due to the complexity of procedures.

The PSD program under the 10th EDF (2008-2013) is meant to build on the previous programme by empowering private sector organizations and SMEs, strengthening their support organizations, building their capacity for cost-sharing, increasing access to corporate finance, and improving their competitiveness.

The EU also provides assistance to Jamaica that focuses on macroeconomic stability and pro-poor growth. Under the Debt Reduction and Growth Enhancement Programme (DRGEP), the EU seeks to contribute to a marked reversal in existing public debt build-up dynamics. A subsidiary objective in this programme has direct impact on PSD activities, as it seeks to improve the business environment in the country. Jamaica is also a beneficiary of the EU/ACP sugar protocol, which broadly aims to support the GOJ in its implementation of a strategy for the adaptation of the sugar industry, and specifically seeks to improve the competitiveness of the sugar sector.

All EU projects in Jamaica also address cross-cutting issues such as democracy, good governance, human rights, the rights of children and indigenous people, gender, environment and HIV/AIDS.

Of the six currently active EU programmes with expected PSD impacts, four have a national reach, while two are sub-regional. Four of these loans are to the agricultural sector, while one is to industry to support the development of an energy service company. Most of the EU's budgeted funds to Jamaica are allocated through the DRGEP and the Accompanying Measures for Sugar programme, both of which are classified as PSD-projects because they focus on improving the business environment.

Figures AN9 and AN10 thus confirm the primacy of the EU's objective to support the business environment through these large programmes. Figure AN9, however, also illustrates the fact that the EU has begun to concentrate more attention on developing the country's business supportive institutional infrastructure through the 10th EDF. Figures AN11 and AN12 highlight the EU's attempts to address numerous cross-cutting issues through the many secondary objectives of its projects and programmes.

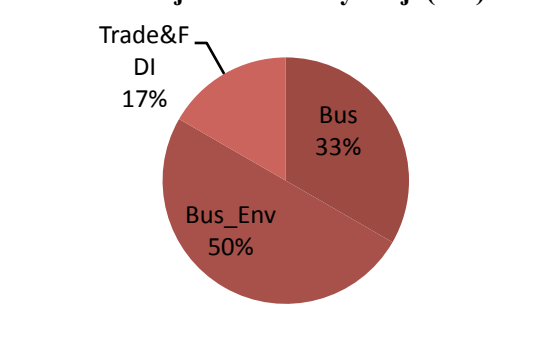
The EU collaborated with a MFI in the execution of one of its PSD projects. It is noteworthy that in its Country Strategy Paper and National Indicative Programme for Jamaica (CSP/NIP 2008-2013) the EU highlights the following important lessons from past experiences in the country:

- 'Clear links need to be established between government priorities and the CSP/NIP;

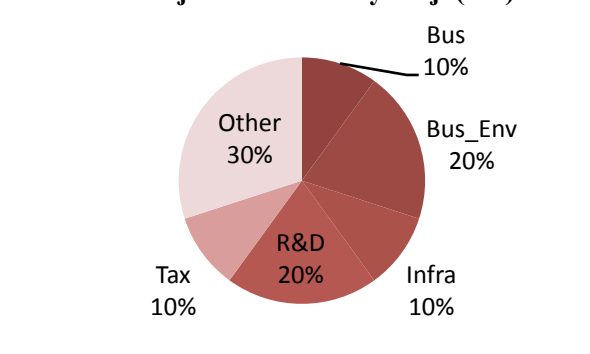
¹¹ Support to the transportation infrastructure continues to be provided in the form of a loan facility from the European Investment Bank (EIB) to support the government's Highway 2000 programme. This project is being financed by the EIB together with six other international financial institutions.

- Synergies between past and present cooperation should be identified to enhance impact;
- Coordination and complementarities between EU, national and international development partner (IDP) initiatives should be included in each project financing agreement; and
- There should be coordination with other IDPs at the level of design and implementation of interventions.’

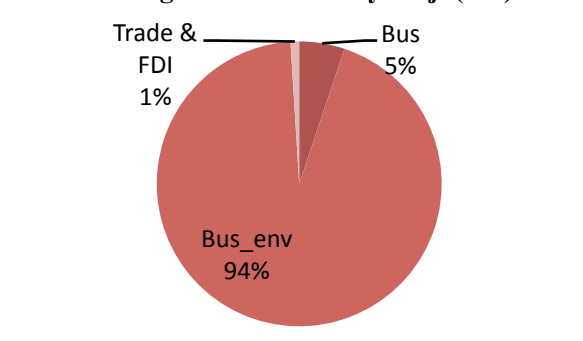
AN9 - # Projects: Primary Obj. (EU)



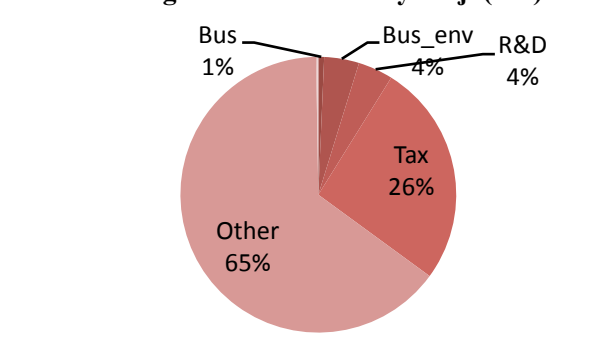
AN10 - # Projects: Secondary Obj. (EU)



AN11 - Budget Amt: Primary Obj. (EU)



AN12 - Budget Amt: Secondary Obj. (EU)



Inter-American Development Bank (IDB)

The IDB is a long-standing and major donor to Jamaica. It currently has by far the largest number of active PSD projects in the country. This is reflective of the fact that the IDB’s first priority in a recent country strategy update is promoting and facilitating private sector development. The other two priority areas were getting better value for public expenditures, and reducing vulnerability to natural disasters. More broadly, the IDB seeks to support the GOJ’s medium-term socio-economic policy framework through efforts to ‘create a stable

macroeconomic environment, reduce public debt and spur private sector development by improving competitiveness and consolidate social gains.’

The specific PSD initiatives that the IDB supports focus on improvements in the incentive framework and the business environment, including reforms that build economic opportunities for the majority through reducing the transaction costs for titling and registering land, increasing access to credit for sole proprietors and small businesses, and improving incentives for informal businesses to become formal.

Of the 25 IDB PSD projects/programmes that have been identified, 18 have a national reach, 5 are sub-regional and 2 are municipal. Nine of these projects are focused in the services sectors, while seven provide support to the agricultural sector. The PSD projects/programmes funded by the IDB are widely ranging, and include:

- A few relatively small projects (US\$50,000 and below) providing support to clearly identified interest groups for very specific purposes (e.g. the study tour of Jamaican farmers to the Dominican Republic, and the project to introduce a gendered perspective to the process of building consensus for the reform of the secured transactions legislation);
- Numerous mid-range projects (US\$100,000 – US\$700,000) providing PSD support in several different areas, sometimes to clearly identified beneficiaries (e.g. through increased beef production in Eastern Jamaica, and improved livelihoods in the Portmore Causeway Fishing village), but often to broader interest groups such as female entrepreneurs, MSMEs and family-owned businesses. Examples of such projects include: the efforts to improve the competitiveness of family-owned businesses through corporate governance; use of intellectual property to improve the competitiveness of MSMEs; efforts to strengthen and promote women’s enterprise in Jamaica; the expansion of financial services for small enterprises; the development of sports business value chains; and studies for agricultural sector priorities; and
- Five multi-million US dollar projects and programmes with widely varied objectives and target beneficiaries. Three of these projects have sought to provide direct financing to private sector businesses (the Island Outpost group of hotels, Transjamaican Highway Limited and regulated financial institutions affected by the global crisis) and have thus been classified as supporting PSD. The remaining two are more broad-based programmes focused on improving competitiveness.

The Competitiveness Enhancement Programme II is the second in a three-part programme seeking to promote sustained long-term economic growth in Jamaica. Policy support is provided in the following areas:

- Developing a competitiveness implementation framework;
- Tax expenditure reform including: reduction of distortions in the tax system; simplification of tax administration; and expenditure rationalization;

- Improving access to finance including: developing a secured transactions framework; implementing a framework for the creation of credit bureaus; and facilitating electronic transactions; and
- Strengthening of land property rights.

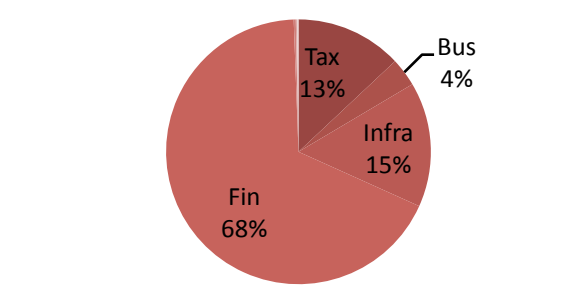
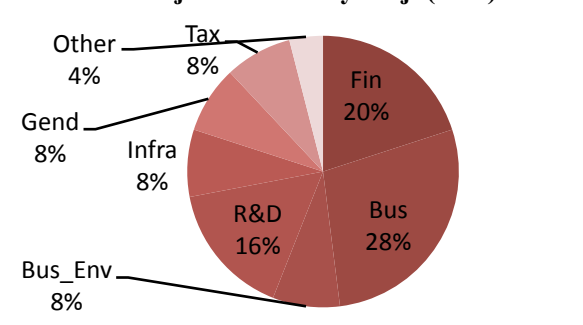
The Agricultural Competitiveness Programme seeks to increase productivity and competitiveness among small and medium size farmers. Specifically the program supports:

- Strengthening of producers’ organizations along clusters;
- Development of public and private partnerships in agribusiness value chains; and
- Strengthening and modernization of the country's agricultural health and food quality management systems.

Figure AN13 illustrates very clearly the wide range of PSD projects supported by the IDB. While there are a relatively large number of projects that primarily focus on the business supportive institutional infrastructure, access to finance, and investment in research and innovation, there is also a good representation of projects that primarily seek to address the business environment, supply of infrastructure, the corporate tax framework, and gender concerns. However, as indicated in figure AN15, because of the aforementioned multi-million US dollar projects that provided direct financing to certain businesses, the allocation of the IDB’s budgeted amounts was much more skewed towards providing access to finance. Figures AN14 and AN16 indicate that irrespective of a project’s primary objective, the IDB was consistent in ensuring that many projects’ secondary objectives included support to improving the country’s business environment.

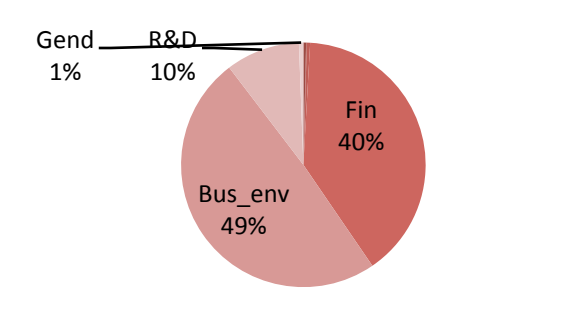
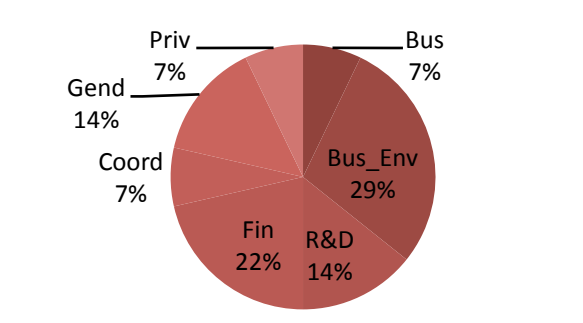
The IDB collaborated with other MFIs on a relatively small proportion of its projects and programmes.

AN13 - # Projects: Primary Obj. (IDB)



AN14 - # Projects: Secondary Obj. (IDB)

AN15 - Budget Amt: Primary Obj. (IDB)



AN16 - Budget Amt: Secondary Obj. (IDB)

Inter-American Investment Corporation (IIC)

The IIC is a member of the IDB Group. Its mission is to promote the economic development of member countries in the LAC region by encouraging the establishment, expansion, and modernization of private enterprises, particularly SMEs. It does so by providing financing (in the form of equity investments, loans, guarantees, and other instruments) and advisory services to private enterprises.

IIC-financed projects seek to, *inter alia*, create jobs, broaden capital ownership, facilitate transfers of resources and technology, generate foreign exchange income, promote the economic integration of the region, spur economic growth, and promote environmental stewardship. The IIC is the only regional multilateral institution providing financing for private businesses that specifically focuses on SMEs. It only invests in for-profit projects and charges competitive rates for its products and services. All projects financed by the IIC are subject to a thorough environmental and labor review process, including but not limited to an assessment of their compliance with applicable domestic environmental legislation, waste management practices, and relevant occupational health and safety issues.

The IIC recently launched its newest flagship programme in Jamaica, the FINPYME *ExportPlus* programme. Already being implemented in eleven countries across the LAC, this programme will provide a series of group and individual technical assistance sessions tailored to Jamaican SMEs over the coming 15 months. It aims to boost the export potential of SMEs. The first workshop on financing for innovative export projects will be held in November 2012.

Outside of this initiative, the IIC is currently providing financing to four Jamaican businesses. Two are in the agricultural sector, one is in services and the other is in industry. The financing was provided to the businesses for working capital support, expansion and upgrading efforts, and improving processing capacity.

The World Bank

The World Bank has worked closely with Jamaica since 1962. In the current Country Partnership Strategy (2010-2013) with Jamaica, the World Bank Group has prioritized the following areas:

- Support to economic stability through fiscal and debt sustainability;
- Promotion of inclusive growth by supporting programs that strengthen human capital, prevent crime and violence and promote rural development; and
- Promotion of sustained growth by improving competitiveness.

The World Bank currently has seven ongoing projects in Jamaica:

- The Inner City Basic Services Project seeks to improve the social, economic and physical conditions of inner city communities.
- The Social Protection Project seeks to strengthen the country's social insurance and social assistance system.
- The Jamaica Second HIV/AIDS Project supports services to prevent new HIV infections and provide treatment and care for people infected and affected by HIV/AIDS.
- The Early Childhood Development Project co-finances the implementation of Jamaica's National Strategic Plan for Early Childhood Development .
- The Education Transformation Capacity Building Project supports the implementation of the national Education System Transformation Program.
- The Energy Security and Efficiency Project supports the implementation of the government's energy policy, particularly the goals of enhancing Jamaica's energy security and efficiency by reducing energy costs and reducing the country's high dependence on imported petroleum products.
- The Rural Economic Development Initiative aims to stimulate rural economic growth through the financing of approximately 110 rural subprojects that support revenue generating activities in agriculture and tourism, as well as the provision of critical infrastructure, marketing and management subprojects in these sectors.

The latter two projects are classified as providing PSD support. The Energy Security and Efficiency Project primarily seeks to increase the supply of energy, but also provides direct financing for private investments in energy efficiency and renewable energy. The Rural Economic Development Initiative aims to improve market access for micro and small scale rural agricultural producers and tourism product and service providers. It does so primarily through the financing of rural projects in agriculture and rural tourism. As a secondary objective it seeks to support the provision of critical infrastructure, marketing and management in the agriculture and tourism sectors.

Equal sums of money are budgeted for these projects. The primary objectives of the World Bank's PSD projects thus focus equally on increasing access to finance and the supply of infrastructure, communications and energy. Both of these projects are offered solely by the World Bank group.

International Finance Corporation (IFC)

The IFC is a member of the World Bank Group. It provides investment and advisory services to clients and partners. In the LAC region, the following strategic priorities have been targeted:

- Improving the business environment;
- Supporting projects that reach under-served people at the base of the economic pyramid;
- Increasing the focus on smaller countries, especially in the Caribbean and Central America;
- Promoting investments in clean technology to mitigate climate change;
- Supporting private sector participation in infrastructure; and
- Increasing access to finance, with an emphasis on MSMEs.

In Jamaica, the IFC has supported public-private partnerships in energy, transport and logistics infrastructure, to help address climate change challenges and reach low-income individuals. It has also supported financial market development by helping MSME owners gain better access to finance, and advising banks to help them reach these underserved segments. Other targeted sectors for investment include tourism, manufacturing, and emerging sectors in health, education and information technology.

The IFC is currently providing financing to eight Jamaican businesses. Five of these firms are involved in the supply of infrastructure and energy, two provide financial services to MSMEs, and one is involved in real estate development.

United Nations Development Programme (UNDP)

The UNDP has been one of Jamaica's development partners for over 30 years. It promotes the advancement of inclusive and sustainable development for Jamaicans. The UNDP is particularly committed to helping Jamaica achieve the MDGs by 2015 as well as the goals and recommended actions in the UN Framework Convention on Climate Change. Support is provided in three thematic areas:

- Democratic Governance;
- Environment, Energy and Disaster Risk Reduction; and
- Poverty Reduction.

Although the UNDP has not traditionally been involved in PSD, it has recently supported two projects in Jamaica that had potential PSD impacts. One sought to build the capacity of a sub-regional association of farmers, enabling it to provide business development services for farmers.

The other aimed at addressing environmental concerns by supporting the use of environmentally friendly and sustainable production techniques in farming communities. Both of these projects were executed solely by the UNDP.

United States Agency for International Development (USAID)

The USAID has worked in Jamaica for the past 50 years to address social issues that contribute to high levels of violent crime and transnational criminal activity. Priority areas have traditionally included reducing corruption, promoting greater transparency and good governance practices, fostering Jamaican participation in regional security, strengthening basic education, and increasing adaptation to climate change. The USAID's current areas of focus are slightly more narrow and include:

- Citizen Security;
- Climate Change;
- Education; and
- HIV/AIDS.

Although not having a heavy PSD focus, the USAID is involved in three projects that have significant potential private sector impacts. Two are aimed at preserving the country's biodiversity. In so doing, one seeks to introduce farmers to best practices in protected agriculture, and the other sought to encourage natural-resource friendly agriculture and tourism enterprise development. The final project seeks to improve the business environment by identifying, amending or eliminating legislation, regulations and processes which constrain the development approval process and hinder investment in Jamaica. These projects were executed solely by the USAID.

The Caribbean Development Bank (CDB)

Jamaica joined the CDB in 1970. In the CDB's 2010-2014 Strategic Plan, the Bank's focus is on assisting borrowing member countries (BMCs) to reduce poverty through sustainable economic growth and strengthening the resilience of BMCs to external shocks. The reduction of income and gender inequities, and improved environmental sustainability are other strategic areas of focus. CDB funding in Jamaica has been used for financing social and economic infrastructure development such as schools, road and water projects, building more disaster-resistant structures, student loans, and support for small and medium-sized enterprises. The CDB has worked extensively with the World Bank and IDB in providing support to Jamaica.

3. DESCRIPTION OF LOCAL STAKEHOLDERS

Numerous public and private sector agencies and institutions are involved to varying degrees in PSD activities. Chapter 1 of the PSAR provides a description of the business supportive institutions structure in Jamaica, as well as the government ministries and agencies responsible

for fostering private sector development. Chapter 2 provides a description of the agencies and institutions involved specifically in supporting innovation and technological adoption in the Jamaican private sector. This section summarizes in a tabular format the information previously provided. Tables AN1 and AN2 provide the summaries for the public and private sectors, respectively.

Table AN1 – Public Sector Stakeholders

Stakeholder	Description	Classification
Ministry of Industry, Investment and Commerce (MIIC)	Has direct portfolio responsibility for fostering private sector development. The MIIC seeks to: provide the framework for an investment-friendly environment; attract and promote new investments, both local and foreign; facilitate Government’s divestment and privatization programmes; spearhead the modernization of industry; facilitate the export of goods and services; promote the development of small and micro enterprises; and promote the technological advancement of the country.	PSD Policy
Jamaica Promotions Corporation (JAMPRO)	As Jamaica’s investment and export promotion agency, it seeks to stimulate, facilitate, and promote the development of trade and industry, and export and investment activities.	Investment and export promotion agency
Jamaica Business Development Corporation (JBDC)	Provider of business support services (BSS) for Jamaican businesses, particularly MSMEs.	Government-sponsored BSS Provider
Ministry of Science, Technology, Energy and Mining	Central government ministry with portfolio responsibility for science and technology.	Science and technology policy
National Commission on Science and Technology (NCST)	National advisory body to the GOJ on policies and strategies relating to science and technology. It comprises representatives from public and private sector institutions and academia. The NCST seeks to coordinate the various arms of the national innovation system.	Science and technology policy advice and coordination
National Foundation for Development of Science and Technology (NFDST)	Provides funds for Science and Technology Innovation Policy Reviews, and national science and technology competitions and seminars. Funds are acquired from the contributions of the Foundation’s members, which include a number of large private sector companies, private financial institutions and a development bank.	Financier of science and technology
Scientific Research	Provider of scientific and technological solutions	Research and

Stakeholder	Description	Classification
Council (SRC)	through product/process research and development, policy advice and facilitating technology transfer. It is involved in the development of new and improved marketable Jamaican value-added products, as well as the commercialization and subsequent sale of products and technologies based on local raw materials.	Development Support Provider
Bureau of Standards Jamaica (BSJ)	Has primary responsibility for the setting, promotion and enforcement of standards. Its mission is to 'promote the international competitiveness of Jamaican producers, facilitate trade and protect consumers by providing standardization, metrology and regulatory services.	Standards and Metrology Regulation
National Certification Body of Jamaica (NCBJ)	Is an independent certification unit falling under the auspices of the BSJ. It offers certification of management systems to both manufacturing and service industries, in the private and public sectors.	Certification Services
Jamaica Intellectual Property Office (JIPO)	Responsible for the registration, monitoring and enforcement of IPRs.	IP protection and enforcement
Copyright Tribunal	Hears and makes rulings on disputes where users and copyright owners cannot agree on the terms of licenses.	IP protection and enforcement
Ministry of Finance and Planning	Central government ministry with overall responsibility for the Government's fiscal and economic policy framework; collection and allocation of public revenues; and financial sector regulation.	Macroeconomic stability, Economic policy, Financial regulation
Planning Institute of Jamaica (PIOJ)	Is the planning agency for the GOJ. It supports the process of policy formulation on economic and social issues. In so doing, it, <i>inter alia</i> : provides technical and research support to the Cabinet; collects, analyses and monitors social status and economic performance data; manages external cooperation agreements and programmes; and collaborates with external funding agencies in the identification and implementation of development projects.	Policy support and IDP coordination
Bank of Jamaica (BOJ)	Central bank responsible for formulation and implementation of monetary and regulatory policies, with the aim of safeguarding the value of the domestic currency and ensuring the soundness and development of the financial system.	Monetary policy formulation and Financial regulator

Stakeholder	Description	Classification
Financial Services Commission (FSC)	Supervisor and regulator of the securities, insurance and private pensions industries.	Financial regulator
Development Bank of Jamaica Limited (DBJ)	Government-owned financier that aims to facilitate the growth and development of all viable enterprises in the productive sectors of the Jamaican economy. It provides medium and long-term financing solutions (through alliances with private financiers) particularly for SMEs, direct lending for large projects in strategic areas, and aids in the management and privatization of national assets and investments.	Government-sponsored Financier
Ministry of Tourism and Entertainment	Policy development for the tourism industry	Tourism policy
Jamaica Tourist Board (JTB)	National tourism agency responsible for worldwide tourism marketing and promotion for the island of Jamaica.	Tourism marketing provider
Tourism Product Development Company (TPDCo)	The central agency mandated by the Government of Jamaica to facilitate the maintenance, development and enhancement of the tourism product. TPDCo is designed to support government and quasi-government agencies in the development of the tourism industry, particularly by coordinating and facilitating prompt action between public and private sector interests.	Tourism product development
Ministry of Agriculture and Fisheries	Central government ministry responsible for the development of an internationally competitive agricultural sector and the sustainable management of the country's fishery resources.	Agriculture policy
Rural Agricultural Development Authority (RADA)	Is the country's chief agricultural extension and rural development agency. RADA, inter alia, provides technical advice to farmers, and assists in the implementation of rural development projects	Agricultural support service provider
Jamaica Agricultural Society (JAS)	An umbrella organization consisting of numerous affiliated organizations, including: the Jamaica Citrus Growers Association, Pimento Growers Association, Cocoa Industry Board, All Island Cane Farmers Association, Coconut Industry Board, All Island Banana Growers Association, Coffee Industry Board, Jamaica Livestock Association, Ministry of Agriculture Export Division and Sugar Industry Board. Although the JAS was previously	Agriculture Support Organization

Stakeholder	Description	Classification
	incorporated as a private voluntary organization, it is now an agency of the Ministry of Agriculture and Fisheries.	

Table AN2 – Private Sector Stakeholders

Stakeholder	Description	Classification
Private Sector Organization of Jamaica (PSOJ)	A national organization of private sector associations, companies and individuals that seeks to promote a competitive and productive private sector. It advocates for the implementation of public policy that enables strong sustainable private sector led economic growth and development.	Business Support Organization - General
Jamaica Exporters' Association (JEA)	An association of exporting firms that was established to promote the growth and development of Jamaica's export sector. Its mission is to enhance the competitiveness and sustain the growth of Jamaica's non-traditional exports.	Business Support Organization - Exporters
Competitiveness Company (CC)	A subsidiary of the JEA created to provide an in-house centre of expertise in competitiveness. They primarily serve MSMEs.	Business Support Organization - MSMEs
Jamaica Employers' Federation (JEF)	A registered Trade Union that represents the views of employers, locally and internationally.	Employers' Union
Small Business Association of Jamaica (SBAJ)	A private non-profit business organization established to foster the growth and development of businesses and professional groups and to represent the small and micro business sector.	Business Support Organization - MSMEs
MSME Alliance	A network of 34 business organizations from a wide range of sectors. By virtue of its wide-spanning network, it claims to represent more than 300,000 MSMEs. The Alliance aims to create strategic alliances and meaningful partnerships that can empower MSMEs.	Business Support Organization - MSMEs
Jamaica Manufacturers' Association Limited (JMA)	A limited liability company which aims to promote the development of the manufacturing sector. The JMA represents manufacturers in all the manufacturing sub-sectors as well as institutions and organizations which provide services to these sectors.	Business Support Organization - Manufacturing
Jamaica Banker's Association (JBA)	Represents commercial and merchant banks in Jamaica. Trust Companies, Finance Houses and other Banking Institutions are also included as associate members. Their mission is to ensure the strength and	Business Support Organization - Finance

Stakeholder	Description	Classification
	continuing success of their member organizations by promoting a safe, vibrant and competitive banking sector through an effective programme of advocacy and education.	
Jamaica Hotel & Tourist Association (JHTA)	Represents Jamaican hotels, other visitor accommodations, and suppliers of goods and services to the tourism industry. Its mission is to promote the development of Jamaica's hospitality industry and to represent the interests of its members in all local, regional and international forums.	Business Support Organization - Tourism
Women Business Owners Jamaica Limited (WBO)	An association of Jamaican female business owners. Its mission is to provide leadership in the development of women business owners through education, research, mentorship and networking.	Business Support Organization - Women
Jamaica Network of Rural Women Producers (JNRWP)	Comprises over 250 rural women members across the island. Its mission is to work along with key partners to foster the economic and social development of rural women in Jamaica.	Business Support Organization - Women
Technology Innovation Centre (TIC)	Located at the University of Technology (UTech), it aims to offer essential business services, training and a flexible working space for young companies, and the transformation of innovations into viable businesses.	Business Incubator
Mona School of Business and Management (MSBM)	Accredited business school operating out of the University of the West Indies (a regional university). Focus is on undergraduate and post-graduate education and research in all areas related to business, management and entrepreneurship. Professional support services are also provided.	Academia
College of Business and Management (COBAM)	The College, operating out of the University of Technology (UTech), comprises the Schools of Business Administration, Hospitality and Tourism Management, Entrepreneurship, Baking and Patisserie and UTech/JIM School of Advanced Management.	Academia
College of Business and Hospitality Management	Operating out of the Northern Caribbean University, it offers degrees in Business Administration and Management Studies, and Hospitality & Tourism Management.	Academia

With 22 public sector stakeholders and 15 private sector stakeholders with active and varied concern for PSD, there are numerous voices representing PSD interests in Jamaica. Also important is that the specializations within this grouping of stakeholders create the opportunity for adequate representation of businesses from the major sectors, of varied sizes, and those with female ownership. The key elements of the institutional structure for PSD in Jamaica are in place. Lacking, however, is the coordination between these stakeholders, and a unified drive to promote the most critical elements needed to foster PSD in the country.

Within the public sector, implementation of policy initiatives for PSD is challenging due to the large number of agencies that must be involved in a truly collaborative process. The existing approach is fragmented, with numerous government agencies involved in different areas critical to the development of the private sector. As an example, Tennant (2008) investigated MSMEs' interactions with government agencies and noted that such businesses identified several problems with government agencies, including 'poor communication and collaboration, the multiplicity of such agencies and departments with partial responsibility for MSME matters and often overlapping functions, and the associated high levels of bureaucracy.' The MSME sector is a subset of the private sector, and so the problems are scaled-up when broader PSD issues are at stake. Such problems all have the potential of stymieing the effectiveness of any policy measures introduced in support of the private sector.

Although representing different interest groups, the private sector stakeholders have often aligned their interests to heighten the efficacy of their lobbying efforts. Some of the major private sector organizations have formed by key partnerships among themselves and have sought to involve critical government stakeholders through the public-private sector Partnership for Transformation (PFT). The PSOs included in these discussions include: the Private Sector Organization of Jamaica, Jamaica Exporters' Association, Jamaica Manufacturer's Association, the Jamaica Chamber of Commerce, and the MSME Alliance. For these organizations, cross institutional collaboration strengthens their political influence.

The PSOs' PSD efforts are, however, not limited to lobbying the government. Many have implemented initiatives, at times with donor support, to deliver direct and tangible benefits to their members. The impact of these initiatives, along with most government-led initiatives in Jamaica, has, however, not been adequately measured. There is a dearth of formal evaluations of PSD projects and programmes in Jamaica. This stymies the learning of critical lessons and the development of best practices. It also heightens the likelihood of past mistakes being repeated.

As an example, Jamaica benefited from the implementation of a major Private Sector Development Program (PSDP) in 2004. The PSDP was a five-year technical assistance programme funded jointly by the European Union and the Government of Jamaica. It ended in 2009, and had a total budget of €28.67 million for the development of MSMEs. There is no evidence of any formal evaluation of the PSDP being conducted immediately after programme-completion. It was only in 2011 that the EU announced that it intended to undertake an evaluation of the PSDP in Jamaica, to 'determine what has been left of the programme and what is sustainable.'² The results of that evaluation have not yet been made public.

²http://www.jamaicaobserver.com/NEWS/EU-to-appraise-Private-Sector-Development-Programme-in-Jamaica_8671288#ixzz1xEPWNbaf

There is also the important issue of policy continuity, as changes in political administrations in Jamaica often signal changes to or the end of initiatives that were previously being implemented. As an example, under the previous administration, the Target Growth Competitiveness Committee (TGCC) was established as a support component to the PSDP, and was intended to continue operating as a statutory body after completion of the programme. The TGCC was comprised of representatives from government, the private sector, trade unions, and academia, and was chaired by the Minister of Industry Investment and Commerce. The Committee focused on: conducting ‘research into competitiveness related issues; policy lobbying initiatives that seek to positively impact the business environment; and public awareness of competitiveness related issues.’³ It is not clear whether the current administration intends to continue with the TGCC. Committee meetings, however, have evidently ceased, and the public record of the research reports commissioned by the committee has been removed from the Internet.

4. DESCRIPTION OF AVAILABLE PSD INFORMATION

Information on the state of development of the Jamaican private sector and PSD activities are not housed in one location. There are numerous cross-country databases that allow access to data on the state of the business environment and economic climate in Jamaica, competitiveness rankings, types and levels of goods exports and imports, financial structure, and performance in environmental protection and gender balance.

There tends to be an increasing amount of time series data points for Jamaica in many of these datasets, thus allowing for better tracking of performance over time. There is, however, significant variation in the frequency with which these datasets are updated, and for some of them the data provided may be quite old. A list of the most popular of these cross-country datasets is provided below, along with an indication of the currency of the Jamaican data provided:

- World Bank’s World Development Indicators – Some data series are not available for 2010. For others, even 2009 data are not available.
- The Financial Structure Dataset – Data only go up to 2009.
- The Product Space Website – Data are available up to 2009.
- Yale University’s Environmental Performance Index – 2012 data are available.
- World Bank’s Enterprise Surveys – Data are available for 2010.
- The UN Comtrade Dataset – 2010 data are available.
- The World Economic Forum’s Global Competitiveness Report – Data are available for 2011-2012.

³ TGCC Annual Report (2009)

- The World Economic Forum’s Travel and Tourism Competitiveness Report – 2011 data are available.
- World Bank’s Doing Business Datasets – 2012 data are available.

A drawback of many of the cross-country datasets is that they often do not provide data that are disaggregated by the sizes of firms, sectors, gender of owner, etc. They also do not provide information on things such as the number of private sector businesses, areas of specialization, number of employees, gender of employees, etc. Some of this type of disaggregated data is provided by the Statistical Institute of Jamaica (STATIN), on their website <http://statinja.gov.jm>. The data provided include labor force, employment and earnings data disaggregated by sex, size of the firm, major industry groupings, age, major occupational groupings, etc.

The Planning Institute of Jamaica (PIOJ) also publishes an annual statistical digest and economic report (Economic and Social Survey Jamaica – ESSJ) using data provided by, *inter alia*, STATIN, the BOJ, and the Ministry of Finance and Planning. This publication provides an overview of domestic and international economic conditions, and official development assistance that has been received. It also provides detailed information on macroeconomic performance and sectoral performance, with a chapter being dedicated to each of the major sectors of the economy. The chapters on each of the sectors provide information that is not readily available elsewhere, for example, the performance of the sector and key sub-sectors, policies and programmes implemented in the past year, incentives given, etc. There is also a chapter on the MSME sector which gives similar types of information, along with data on available financing.

The ESSJ is clearly a valuable source of information on the state of the Jamaica private sector and policies and programmes which impact it. There is, however, a challenge for researchers that hope to use this publication as a means of compiling time series data for analysis, as the publication does not always provide a consistent data series. Missing data and indicators that have been changed from year to year are not uncommon.

The Bank of Jamaica’s Statistical Digest is much more reliable in that respect. The bulk of this annual publication is dedicated to providing annual and sometimes quarterly data on the financial sector, particularly the institutions regulated by the BOJ. There are, however, chapters that provide data on the external sector, price levels, interest rates, production, public finance, and debt. This is a very useful source of time series financial and economic data.

PSD initiatives, however, are often best informed by detailed survey data that capture the characteristics of the business sector. This is particularly important for the MSME sector that is impacted by a high level of informality, and so is not adequately reflected in the official statistics. Because of financial constraints, such surveys are not conducted with regularity in Jamaica, but when they are done, the results are quite valuable. The last set of survey and intensive sector studies were conducted under the PSDP through the TGCC. A very useful set of studies on the various aspects of the Jamaican private sector was compiled, and the reports were posted on the Internet. As previously noted, they have since been removed. A list of the studies that were completed under this program has been included below, with the hope that with adequate and well-placed pressure they can all be retrieved:

- *Competitiveness Assessment*, September 2006 ECORYS Study. This was the TGCC's first Annual Competitiveness Report.
- *Competitiveness in Agro-Processing*, September 2006 ECORYS Study.
- *Competitiveness in Services*, September 2006 ECORYS Study.
- *Legal & Regulatory Issues in Competitiveness*, September 2006 ECORYS Study.
- *Charting the Business Approvals Process in Jamaica*, October 2007. This provides a graphical illustration of the various business approvals processes in Jamaica, complete with timelines, number of procedures and the associated costs. It also highlights the areas of bureaucracy and inefficiencies and posits solutions.
- *Best Practice Countries in the Business Approvals Process: The Case of Australia, New Zealand and Mexico*, October 2007. This highlights key international best practices.
- *A Landscape Assessment of Jamaican MSMEs*, February 2008. This is a report on the findings of an island wide survey of approximately 2,000 micro, small and medium-sized enterprises.
- *Policy Report for the Jamaican MSME Sector: Financing and Human Resources Development and Training (Phase 1)*, March 2008. This study used the results of the above survey, desk research and elite interviews with key stakeholders to formulate policy suggestions on financing and human resource development and training.
- *Intellectual Property Valuation Entity (IPVE)*, April 2009. It is a pre-feasibility study regarding the establishment of an Intellectual Property Valuation Entity (IPVE) in Jamaica that would facilitate greater ease of access by MSMEs. While it discouraged the establishment of a nationally backed IPVE, it proffered strategies to develop and earn revenues from existing low valued intellectual property (IP).
- *Credit Reporting Bureau*, April 2009. The objective is three-part. To provide:
 - A detailed review and analysis of the Doing Business Report for Jamaica 2009, with the aim of promoting a more accurate reflection of Jamaica's performance.
 - An examination of the establishment of a Credit Registry as occurred in Mauritius and Belgium.
 - 23 innovative ways to encourage the development of local MSMEs, in a difficult economic climate.
- *Formalization of the Informal Sector in Jamaica*, June 2009. The study investigates and identifies key policy prescriptions that were successfully employed in formalizing the informal economies around the world. The report also indicates the measures of success as it related to the impact on the respective countries.

- *Survey for the Development Bank of Jamaica*, July 2009. The objective was to execute and report the findings of a survey regarding the issues faced by Approved Financial Institutions (AFIs) in lending to the MSME sector. It reports on key issues such as: training needs; challenges posed by MSMEs; internal challenges; challenges with the DBJ facility; conflict of interest in promoting the funds of a competitor inter alia.
- *Benchmarking Database*, August 2009. A database was developed to allow for the tracking of benchmarking indicators for Jamaica over time.
- *TGCC Exit Strategy*, September 2009. The study presents a strategy to ensure that this ‘voice of competitiveness’ continues after the Programme comes to a close in December 2009. This includes the review of existing forms of competitiveness councils (private, public and mixed) and their impact and, also an assessment of the performance of countries without councils. Additionally, it considers the competitiveness needs of Jamaica and devises an appropriate entity that would best suit same, in view of existing agencies with similar focus.
- *Comprehensive Creative Industries Database*. This study looks at the demographics of the Jamaican Diaspora towards gaining marketing opportunities for Jamaican entrepreneurs.
- *Policy Report for the Jamaican MSME Sector: (Phase 2)*. This study uses the results of the MSME survey, desk research and elite interviews with key stakeholders to formulate policy suggestions in 6 areas. Namely: science, technology, research and development, network and clustering, extension and support services, marketing and legal, administrative and regulatory factors.

5. IDENTIFICATION OF OPPORTUNITIES TO INCREASE EFFICIENT DESIGN AND EXECUTION OF PROGRAMS

There are four bilateral donors, four multilateral donors, and two subsidiaries of the multilaterals currently offering PSD support in Jamaica. Between them approximately 60 donor-supported PSD projects and/or programs are being implemented in Jamaica. There are also 22 public sector stakeholders and 15 private sector stakeholders with varied degrees of involvement in PSD activities. In this context, the potential for duplication of efforts is clear, as is the opportunity to increase efficiency of design and execution of programs and projects through better coordination.

Amongst the donor community, although some programs are jointly offered (typically by bilateral and multilateral donors and in a few instances by a combination of the multilaterals), this is the exception and not the rule. The vast majority of the projects/programmes are individually offered by the donors, and a large number of them have very similar objectives. This does not necessarily suggest that there is duplication of effort, but rather indicates very strongly that the potential exists and that close attention needs to be placed on the prioritization and coordination of these efforts. The EU’s self-assessment of its past experiences in Jamaica is reiterated, as it is particularly instructive:

- ‘Clear links need to be established between government priorities and the CSP/NIP;

- Synergies between past and present cooperation should be identified to enhance impact;
- Coordination and complementarities between EU, national and international development partner (IDP) initiatives should be included in each project financing agreement; and
- There should be coordination with other IDPs at the level of design and implementation of interventions.⁴

The seemingly ad-hoc manner in which donors cooperate with each other on particular projects needs to be replaced with more systematic coordination efforts. Such efforts should begin with the definition of priorities for PSD in Jamaica, which should incorporate the views of the local private and public sector stakeholders. Projects implemented should not only reflect donors' strategic areas of focus, but, more importantly, should be targeted at the most critical PSD priorities for the country.

There is no shortage of Jamaican government agencies and private stakeholders involved in PSD which are enthusiastic about receiving donor funds and publicly launching PSD projects. There is also no doubt that many, if not most, of these projects are quite beneficial. However, in a country facing a fiscal and debt crisis, every dollar spent (or committed to be spent in the future) must be carefully considered. Many of these projects involve the usage of loan funds, and even some of the grant projects may require counterpart funding from the government. Even if no monetary expenditure is required, the public sector human resources needed for execution must also be considered. In a fiscally-constrained country, careful prioritization of projects is paramount.

This is an area in which donor collaboration and coordination can be very useful, but is also an issue that the GOJ needs to take a vested interest in. The PIOJ is responsible for managing the external cooperation agreements and programmes. Its stated functions include collaborating with external funding agencies in the identification and implementation of development projects. The PIOJ needs to take greater responsibility for this function, and exhibit more proactive leadership in guiding the donor agencies to priority areas. There is no sense that the PIOJ or any other government agency has holistically looked at all of the donor-supported projects and programmes to assess the potential benefits versus the expected costs. The Ministry of Finance and Planning is required to comment on each project that is being contemplated, but their assessment is for each project individually. A holistic view so as to prioritize projects is needed.

Also needed is greater emphasis on post-implementation evaluation of PSD projects and programmes. Whereas some donors routinely conduct such evaluations, three improvements are needed:

- Their results need to be widely disseminated amongst and discussed within the donor community and local stakeholders to ensure that the implications are appreciated and lessons shared;

⁴ The EU Country Strategy Paper and National Indicative Programme for Jamaica (CSP/NIP 2008-2013)

- The method of evaluation should include an attempt to measure the extent to which nationally prioritized objectives have been met (rather than solely focusing on narrowly-defined project objectives); and
- A holistic evaluation of the impact of all PSD initiatives implemented in the country should at some point be undertaken. This would address issues such as:
 - Scale: *how many people, enterprises and/or institutions were affected?*
 - Outreach: *to what extent did the effects of the projects spread to specific target groups?*
 - Economic gains or losses among participating firms: *e.g. changes in output, productivity, product range and quality, income, employment – ultimately changes in competitiveness.*

6. IDENTIFICATION OF OPPORTUNITIES TO ADDRESS OMITTED PRIORITY PROBLEMS

The first chapter of the 2012 PSAR for Jamaica identified several problems with the Jamaican business environment that negatively impact on Jamaican businesses' competitiveness and private sector development. The broad categorization of the issues – listed in the general order of issues highlighted by Jamaican firms to be their biggest obstacles in the World Bank's Enterprise Surveys (2010) – has been reproduced below:

- Tax Rates and Administration
- Cost and Supply of Energy
- Access to Finance
- Practices of Informal Sector
- Crime
- Trading Across Borders (Lack of Diversification, Import Dependence & Inefficient Institutions)
- Corruption
- Labor Market Inefficiency and Productivity
- Construction and Ownership of Property
- Protection of Investors

The second chapter of the PSAR focused more directly on factors affecting innovation and technology usage in the Jamaican private sector. Numerous problems were also identified in this area, including:

- A low capacity for innovation
- Low degree of sophistication of the production processes
- Limited breadth of value chains
- Limited use of ICTs by MSMEs
- Low degree to which the GOJ uses ICT to increase efficiency
- Unavailability of venture capital

- Limited spending on R&D
- Low quality of scientists and engineers
- Low coverage achieved by initiatives and agencies to support increased innovation and technology usage by the private sector.

This section analyses the extent to which these critical issues are being addressed in the donor-supported PSD initiatives being implemented in Jamaica, with a view to identifying gaps that need to be filled. Figures AN17 to AN19 assist in the analysis by highlighting the areas that are being paid the least to the most attention in the donor-supported PSD projects and programs. Figures AN17 and AN18 classify and rank the total number of projects by their stated primary and secondary objectives, respectively. Figure 19 indicates the proportion of total budgeted funds that is allocated to each area.

From all three figures it is clear that the critical areas of access to finance and the business environment are being paid due attention in the donor initiatives, both in terms of the number of projects/programmes and the amounts of funds budgeted for these areas. By contrast, the corporate tax framework (tax) does not initially seem to be given the primacy that it deserves, given the large obstacles to business presented by the Jamaican tax rates and administration. One should, however, be careful about the conclusions drawn here, as many of the initiatives seeking to improve the business environment broadly, include elements that focus specifically on tax administration. It is also expected that if initiatives to improve the business environment and reduce the burden of tax compliance are successful, the disincentives to formalization will be reduced and the adverse effects of the practices of the informal sector will be minimized.

A relatively large number of the PSD projects also seek to improve the business supportive institutional infrastructure. Improvements in the capacity of private sector organizations (PSOs) that represent businesses are expected to increase the efficacy with which these groups lobby the government for meaningful improvements to the business environment. It also allows the donor agencies to channel support to businesses through these PSOs, which is arguably more efficient and direct than going through one of the many government agencies with responsibility for PSD.

This, however, highlights key issues that were raised in the previous section of this DMX. The effectiveness and efficiency of PSD programmes is compromised by the extent to which there is a lack of coordination among the donor agencies and between donor agencies and local executing partners. There is plethora of government agencies with partial responsibility for PSD, and an equally large number of private sector stakeholders. If different donors are directly supporting numerous PSOs and working with varied government agencies, the potential for duplication of effort and overlapping functions is high. The need for prioritization of objectives and coordination among donors, between government agencies, and including private sector stakeholders is clear and urgent. Notwithstanding this need, none of the projects/programmes being implemented have coordination and access to donors as their primary objective, and only three projects highlight it as a secondary objective. This is a gap that needs to be filled.

Another gap relates to the problem that is the second most frequently highlighted by Jamaican businesses – the cost and supply of energy. Figure AN17 indicates that relatively few projects (4) have identified the supply of infrastructure, communications and energy (infra) as a primary

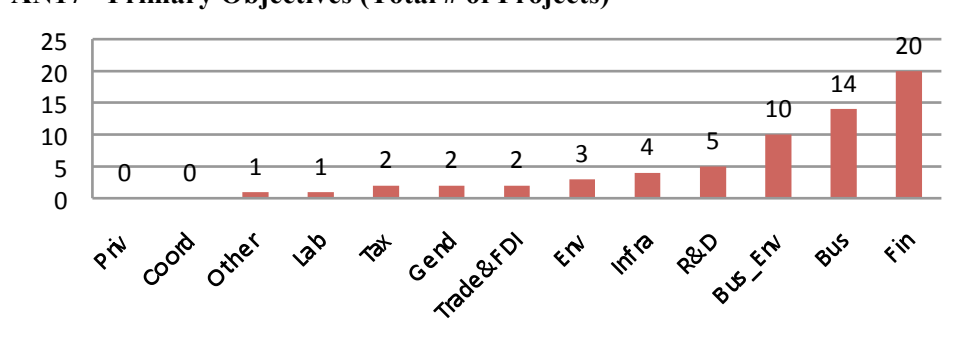
objective. Figure AN19 shows that 8% of the total amount of budgeted funds towards PSD is channeled to this area. Both figures, however, conceal the fact that a significant number of the projects and share of the funds is allocated to transportation infrastructure in the form of the transnational highway, rather than to improving the supply and lowering the cost of energy. This is an important omission, and represents an opportunity for greater cooperation in the future.

The PSAR also indicated that difficulties associated with international trade stymie the competitiveness of Jamaican businesses. Such difficulties include the lack of diversification of the country’s exports, the high dependence on imports, and inefficient institutions that hamper the smooth flow of goods and services. Despite these challenges, there are not many donor-supported initiatives that relate primarily to trade and FDI. Figures AN17 and AN19 indicate that only two of the projects have trade and FDI as a primary objective, but the amount of funding allocated to this area constitutes a negligible share of the total budgeted funds.

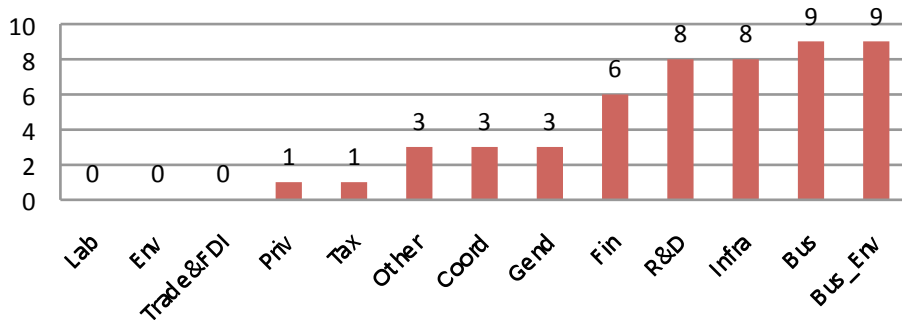
Also attracting a negligible share of funds and being identified as a primary objective for only one project is the issue of labour flexibility. This is so in spite of the fact that labour market inefficiency and productivity was listed as a major factor affecting the competitiveness of Jamaican businesses. There is thus an opportunity for the donor community to focus on this issue, and to broaden the scope of their attention from solely issues relating to labour flexibility, to also including the important goal of improving the productivity of the Jamaican worker.

Improving labour productivity is often highly dependent on the extent to which businesses are willing and able to be innovative and to introduce technological solutions to product and process challenges in their operations. As highlighted in chapter 2 and summarized above, there are numerous challenges to the widespread adoption of innovative and technology-driven business practices in Jamaican firms. At the very foundation of this problem is the limited capacity in the public and private sectors for innovation, and the limited funds spent on research and development. Investment in research and innovation (R&D) is thus a critical area in which the country needs support. Such support from the donor community has, however, been limited. Figure AN17 indicates that only 5 projects have R&D listed as the primary objective. Figure AN19 further shows that the funds allocated to these projects as a share of the total is negligible. Although figure AN18 indicates that 8 projects have R&D as one of their secondary objectives, it is believed that innovation and technology are so important to the competitiveness of Jamaican businesses that more projects should be introduced with this as their primary focus.

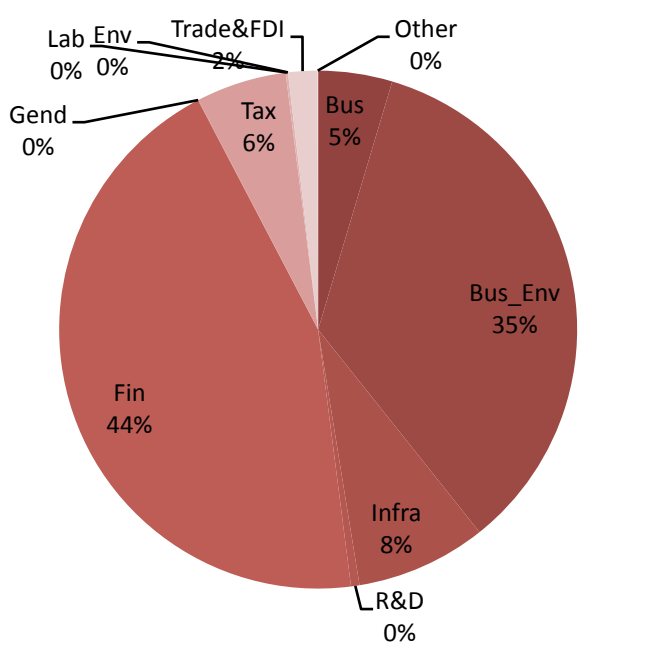
AN17 - Primary Objectives (Total # of Projects)



AN18 - Secondary Objectives (Total # of Projects)



AN19 - Primary Objectives (Total Amount Budgeted)



7. RECOMMENDATIONS AND LIMITATIONS

A major Private Sector Development Program (PSDP) was implemented in 2004 under a five-year technical assistance programme funded jointly by the European Union and the Government of Jamaica. It aimed to ‘promote and impact, on a sustainable basis, Jamaica's overall socio-economic development, by strengthening the country's private sector.’ It ended in 2009, but as at 2012 there remain major crippling challenges to PSD in Jamaica. This is in spite of the fact that since 2009 numerous donor agencies have implemented projects that have sought to build on the work done through the PSDP. There are currently approximately 60 donor-supported PSD projects and/or programs are being implemented in Jamaica.

This DMX has shown that whereas these projects and programmes have undoubtedly created significant benefits for the targeted beneficiaries, difficulties exist which challenge the sustainability and proliferation of such benefits. The recommendations listed below seek to address the difficulties. They are presented in summary form as they have been discussed in previous sections.

Recommendations to Improve Prioritization, Coordination and Evaluation

1. The seemingly ad-hoc manner in which donors cooperate with each other on particular projects needs to be replaced with more systematic coordination efforts.
2. Such efforts should begin with the definition of priorities for PSD in Jamaica, which should incorporate the views of the local private and public sector stakeholders. This is an area in which donor collaboration and coordination can be very useful, but is also an issue that the GOJ needs to take a vested interest in.
3. The PIOJ (or some other government agency) should be tasked with holistically examining all of the donor-supported projects and programmes to assess the potential benefits versus the expected costs.
4. Greater emphasis needs to be placed on post-implementation evaluation of PSD projects and programmes. Specifically:
 - The results of donor evaluations of their projects need to be widely disseminated amongst and discussed within the donor community and local stakeholders to ensure that the implications are appreciated and lessons shared;
 - The method of evaluation should include an attempt to measure the extent to which nationally prioritized objectives have been met (rather than solely focusing on narrowly-defined project objectives); and
 - A holistic evaluation of the impact of all PSD initiatives implemented in the country should at some point be undertaken, and should examine issues relating to the number of people, enterprises and/or institutions affected, the extent to which target groups were reached, and the changes in competitiveness that were derived.

Areas Recommended for Increased Donor Support

1. Projects having as their primary focus, means of improving the prioritization of objectives and coordination among donors, between government agencies, and including private sector stakeholders.
2. Projects focusing on improving the supply and lowering the cost of energy for Jamaican businesses.

3. Projects seeking to address the difficulties associated with international trade that adversely affect the competitiveness of Jamaican businesses. Particular attention should be placed on the lack of diversification of the country's exports, the high dependence on imports, and inefficient institutions that hamper the smooth flow of goods and services.
4. Projects that aim to improve the productivity of the Jamaican worker and reduce labour market inefficiency.
5. Projects that seek to address the challenges to the widespread adoption of innovative and technology-driven business practices in Jamaican firms.

The findings and recommendations made in this study are based on an attempt to apply the Compete Caribbean Donor Matrix Guidelines. These guidelines suggested a reliance on secondary and primary data to inform the study. It was, however, not possible to collate the primary data, as interviews with donor agency representatives and local stakeholders could not be conducted. This is because the IDB office in Jamaica did not issue letters of introduction for the consultant to the prospective interviewees and did not make arrangements for the scheduling of the interviews, as they had agreed to. Reliance was thus placed on secondary sources of information. Great effort was however, exerted to review all available documentation, including project evaluations, press releases, and previous studies.

APPENDIX

Table AN.A1 – CIDA (Summary of PSD Projects and Programmes)

Name	Primary Donor	Amount (USD)	Classification					
			Obj	Status	Time-frame	Geog. Reach	Sector	Loan/Grant
Caribbean-Canada Emerging Leaders' Dialogue	CIDA	106,260	Bus	Conc	Short-term	Nat'l		Grant
Canadian-Caribbean Cooperation Fund	CIDA	1,229,087	Bus/ Bus_env	Act	Long-term	Nat'l		Grant
Entrepreneurship Program for Innovation in the Caribbean	CIDA/ World Bank	1,265,000	Bus/ Fin	Act	Long-term	Nat'l	Serv	
Caribbean Local Economic Development	CIDA	1,977,448	Bus_env/ Bus	Act	Long-term	Nat'l		
Promoting Private Sector Growth - Compete Caribbean	IDB/CIDA	1,350,008	Bus_env/ Bus/ Coord	Act	Long-term	Nat'l		Grant
MicroFin Serv	CIDA	3,542,000	Fin	Act	Long-term	Sub-reg'l	Serv	
Partnership for CARICOM Private Sector Development	World Bank/ CIDA	1,344,614	Infra/ Fin/ Bus_env	Act	Long-term	Nat'l		Grant
CARICOM Education for Employment	CIDA	1,523,114	Lab/ Gend/ Bus	Act	Long-term	Nat'l	Serv	Grant
Improving Agri in Jamaica	CIDA	5,060,000	R&D/ Infra/ Env	Act	Long-term	Sub-reg'l	Agri	

Table AN.A2 – DFID (Summary of PSD Projects and Programmes)

Name	Primary Donor	Amount (USD)	Classification					
			Obj	Status	Time-frame	Geog Reach	Sector	Loan/Grant
Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund)	DFID	16,301,400	Trade&FDI/ Bus	Act	Long-term	Nat'l	Serv	Grant
Agricultural Competitiveness Programme	IDB/DFID	15,000,000	Bus/ R&D/ Bus_env	Act		Nat'l	Agri	Loan
Fiscal Administration Modernization Programme	IDB/DFID	65,000,000	Bus_env	Act		Nat'l	Serv	Loan
Compete Caribbean	IDB/UKAID-DFID/CIDA	16,382,100	Bus_env/ Bus/ Coord	Act	Long-term	Nat'l		Grant

Table AN.A3 – EU (Summary of PSD Projects and Programmes)

Name	Primary Donor	Amount (USD)	Classification					
			Obj	Status	Time-frame	Geog Reach	Sector	Loan/Grant
Agricultural Competitiveness Programme	IDB/EU	15,000,000	Bus/ R&D/ Bus_env	Act		Nat'l	Agri	Loan
Debt Reduction & Growth Enhancem't Prog. (DRGEP)	EU	114,874,800	Bus_env/ Tax/ Other	Act	Long-term	Nat'l		Loan
Developing an Energy Serv Company (ESCO) Ind in Jamaica	EU	570,220	Bus/ Infra/ Env	Act	Long-term	Nat'l	Ind	Loan
EPA Capacity Building (10th EDF)	EU	2,970,900	Trade&FDI/ Bus_env/ Bus/ R&D	Act	Med-term	Nat'l	Agri	Loan
European Banana Support Programme	EU	55,456,800	Bus_env/ Other	Act	Long-term	Sub-reg'l	Agri	Loan
Jamaica Accompanying	EU	113,554,400	Bus_env/ Other	Act	Long-term	Sub-reg'l	Agri	Loan

Measures for Sugar								
--------------------	--	--	--	--	--	--	--	--

Table AN.A4 – IDB (Summary of PSD Projects and Programmes)

Project	Primary Donor	Amount (USD)	Classification					
			Obj	Status	Time-frame	Geog Reach	Sector	Loan/Grant
Competitiveness Enhancement Programme II	IDB	60,000,000	Tax/ Bus_env/ Fin	Conc	Long-term	Nat'l		Loan
Agricultural Competitiveness Programme	IDB	15,000,000	Bus/ R&D/ Bus_env	Act		Nat'l	Agri	Loan
Transjamaican Highway Project	IDB	70,000,000	Infra	Act		Nat'l		Loan
Liquidity Program for Growth Sustainability	IDB	300,000,000	Fin	Conc	Short-term	Nat'l	Serv	Loan
Island Outpost Hotel Expansion	IDB	12,000,000	Fin		Med-term	Sub-reg	Serv	Loan
Improving the Competitiveness of Family Bus through Corporate Governance	IDB	526,050	Bus_env	Act		Nat'l		Grant
Using Intellectual Property to Improve the Competitiveness of Jamaican MSMEs	IDB	149,050	R&D/Bus	Act	Long-term	Nat'l		Grant
Strengthening and Promoting Women's Enterprise in Jamaica	IDB	321,306	Gend	Act		Nat'l		Grant
Increased Beef Production in Eastern Jamaica	IDB	149,350	R&D	Act	Long-term	Sub-reg	Agri	Grant

Project	Primary Donor	Amount (USD)	Classification					
			Obj	Status	Time-frame	Geog Reach	Sector	Loan/Grant
Centralized Information Technology Systems for SMEs	IDB	149,525	R&D	Act		Nat'l	Serv	Grant
Provision of Remittance and Other Financial Serv for the Rural Poor in Jamaica	IDB	210,000	Fin	Act		Sub-reg	Serv	Grant
JNCB - Expansion of Financial Serv for Small Enterprises	IDB	462,000	Fin	Prep		Nat'l	Serv	Grant
Extending Altn'ive Dispute Resolution Serv to SMEs	IDB	150,000	Bus	Act		Nat'l	Serv	Grant
Microfranchise as a tool for Economic Promotion of at Risk Youth	IDB	150,000	Bus/Bus_env			Nat'l	Serv	Grant
Development of Sports Bus Value Chains in Jamaica	IDB	150,000	R&D	Prep		Nat'l	Serv	Grant
Expanding Access to Financial Serv for Rural Microenterprises in Jamaica	IDB	630,000	Fin/ Gend	Act	Long-term	Sub-reg		Loan
Support to Promote Energy Efficiency, Energy Conserv'n & Sustainable Energy	IDB	593,000	Infra	Act		Nat'l		Grant
Improving Fin to Women Entrepreneurs	IDB	30,000	Gend/ Fin	Conc	Med-term	Nat'l		Grant

Project	Primary Donor	Amount (USD)	Classification					
			Obj	Status	Time-frame	Geog Reach	Sector	Loan/Grant
Project to Improve Livelihoods in the Portmore Causeway Fishing Village	IDB	150,000	Bus	Act		Mun	Agri	Grant
Support to Agricultural Competitiveness Program	IDB	350,000	Bus	Conc	Med-term	Nat'l	Agri	Grant
Studies for Agricultural Sector Priorities	IDB	200,000	Tax	Act		Nat'l	Agri	Grant
Study Tour of Jamaican Farmers to Dominican Republic	IDB	10,755	Bus/ R&D	Conc	Short-term	Sub-reg	Agri	Grant
Support for the Privatization of the Norman Manley InterNat'l Airport	IDB	550,000	Other/ Priv	Act		Nat'l	Serv	Grant
Project to Improve Livelihoods in the Portmore Causeway Fishing Village	IDB	265,000	Bus/ Gend/ Bus_env	Prep		Mun	Agri	Grant
Assessment and Implementation of Bus Climate Reforms in Jamaica	IDB	657,231	Bus_env/ Coord/ Fin	Act		Nat'l		Grant

Table AN.A5 – IFC (Summary of PSD Projects and Programmes)

Name	Primary Donor	Amount (USD)	Classification			
			Obj	Geog Reach	Sector	Loan/Grant
First Jamaica	IFC	25,000,000	Fin	Nat'l	Ind	Loan
MBJ Airports Limited	IFC	5,000,000	Fin/ Infra	Nat'l	Serv	Loan

Name	Primary Donor	Amount (USD)	Classification			
			Obj	Geog Reach	Sector	Loan/Grant
Transjamaican Highway Ltd	IFC	85,000,000	Fin/Infra	Nat'l	Ind	Loan
First Global Bank	IFC	20,000,000	Fin	Nat'l	Serv	Loan
JEP 3: WKPP 66MW	IFC	20,000,000 to 30,000,000	Fin/Infra	Nat'l	Ind	Loan
JPS Co. II	IFC	30,000,000	Fin/Infra	Nat'l	Ind	Loan
JN SBLL	IFC	2,500,000	Fin	Nat'l	Serv	Loan
MBJ ROS	IFC	15,000,000	Fin/Infra	Nat'l	Serv	Loan

Table AN.A5 – IIC (Summary of PSD Projects and Programmes)

Name	Primary Donor	Amount (USD)	Classification			
			Obj	Geog Reach	Sector	Loan/Grant
Jamaica Broilers	IIC	7,000,000	Fin	Sub-reg'l	Agri	Loan
Jamaica Broilers II	IIC	2,000,000	Fin/Infra	Sub-reg'l	Agri	Loan
Golden Grove Sugar Company	IIC	4,000,000	Fin	Sub-reg'l	Agri	Loan
Precise Technology	IIC	150,000	Fin	Sub-reg'l	Serv	Loan
Jamaica Teas Limited	IIC	500,000	Fin	Sub-reg'l	Ind	Loan

Table AN.A6 – UNDP (Summary of PSD Projects and Programmes)

Name	Primary Donor	Amount (USD)	Classification					
			Obj	Status	Time-frame	Geog Reach	Sector	Loan/Grant
Renaissance of Farming in the Christiana Area through Diversification and use of Technology	UNDP	40,000	Bus/R&D	Conc	Med-term	Sub-reg'l	Agri	Grant

Reducing Carbon Emissions through the use of Solar Energy in Protected Agri	UNDP	28,000	Env	Conc	Med-term	Sub-reg'l	Agri	Grant
---	------	--------	-----	------	----------	-----------	------	-------

Table AN.A7 – USAID (Summary of PSD Projects and Programmes)

Name	Primary Donor	Classification		
		Obj	Geog Reach	Sector
Jamaica Farmers Access to Regional Markets Project (JA FARMS)	USAID	Env/ Bus/ R&D	Sub-reg'l	Agri
Legs and Regs Development Approvals Process Project	USAID	Bus_env	Nat'l	
Protected Areas and Rural Enterprise Project	USAID	Env/ R&D	Sub-reg'l	Agri/ Serv

Table AN.A8 – World Bank (Summary of PSD Projects and Programmes)

Name	Primary Donor	Amount (USD)	Classification			
			Obj	Geog Reach	Sector	Loan/Grant
Rural Economic Development Initiative	IBRD	15,000,000	Fin/ Bus	Sub-reg'l	Agri & Serv	Loan
Jamaica Energy Security and Efficiency Enhancement Project	IBRD	15,000,000	Infra/ Fin	Nat'l	Ind	Loan