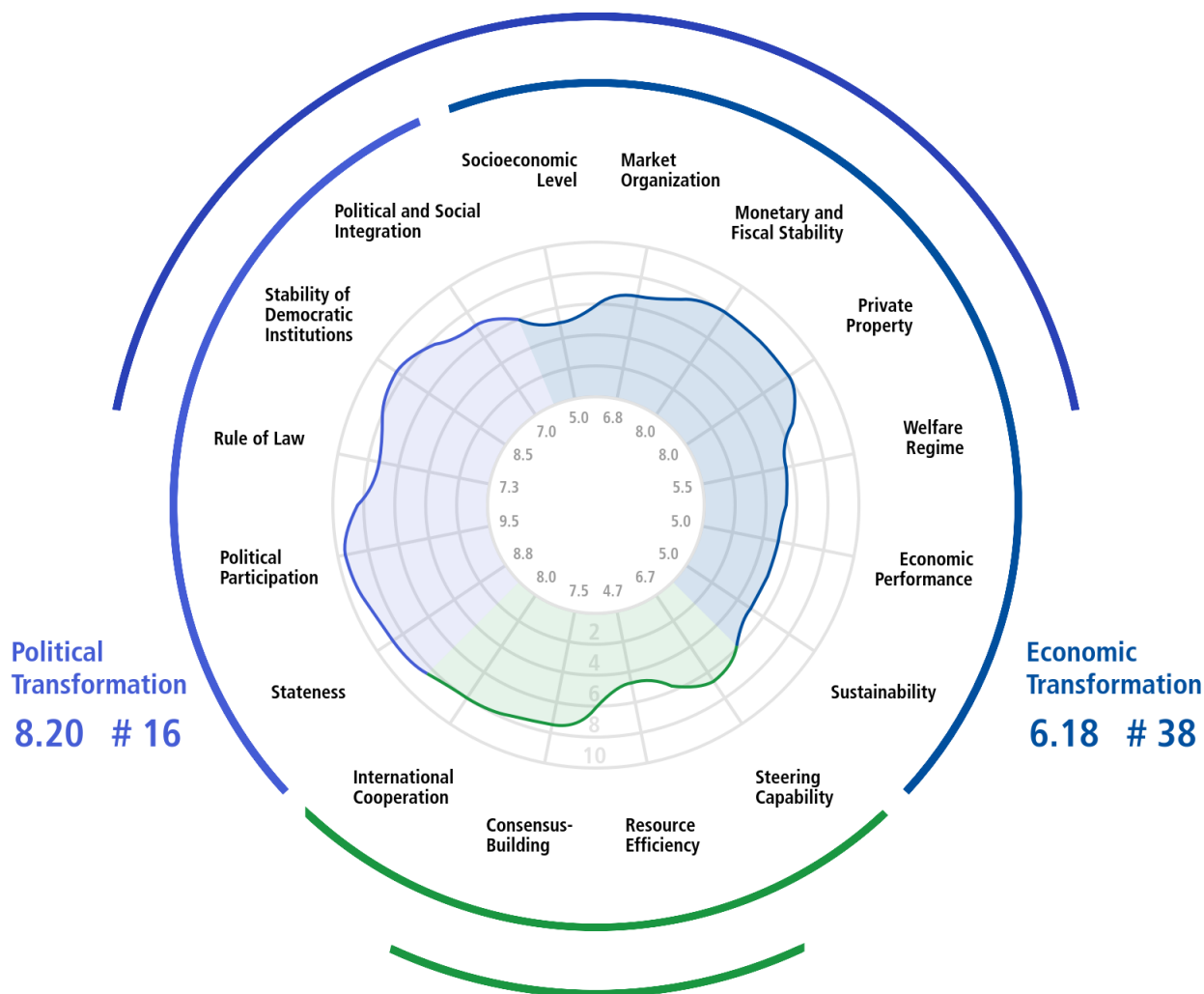


# Jamaica

## Status Index

**7.19 # 20**

on 1-10 scale out of 137



**Political Transformation**  
**8.20 # 16**

**Economic Transformation**  
**6.18 # 38**

## Governance Index

**5.79 # 30**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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**Key Indicators**

Population	M	<b>3.0</b>	HDI	<b>0.734</b>	GDP p.c., PPP \$	<b>9222</b>
Pop. growth <sup>1</sup>	% p.a.	<b>0.4</b>	HDI rank of 189	<b>101</b>	Gini Index	<b>45.5</b>
Life expectancy	years	<b>74.5</b>	UN Education Index	<b>0.689</b>	Poverty <sup>3</sup>	% <b>8.9</b>
Urban population	%	<b>56.3</b>	Gender inequality <sup>2</sup>	<b>0.396</b>	Aid per capita \$	<b>43.1</b>

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. 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), which won a majority in 2016 with Andrew Holness as prime minister, repeated its victory in the September 2020 general election. Constitutional democracy and a democratic tradition based on a bicameral parliamentary model remained stable, and the two dominant political parties are deeply rooted in the political culture. Voter turnout has continued to decline, indicating a deepening “participation and trust deficit” in Jamaica’s democracy and government processes. Popular trust in politicians is low, not least because of corrupt practices and relationships between political and business interests that undermine the efficient use of state resources. Corruption, high unemployment and violent crime, especially homicides and rapes of women and girls, are widely perceived as Jamaica’s most pressing problems.

Economic transformation aimed at deepening a market economy continued, though significant shortcomings are still visible. Macroeconomic reforms required by the IMF in the recent past were successfully completed and laid the foundation for fiscal discipline and the consolidation and reduction of the debt-to-GDP ratio, which have resulted in low growth rates. Successive governments formed by the two main political parties have demonstrated their capacity to meet debt obligations. However, severe fiscal constraints hamper efforts to develop essential sociopolitical safeguards such as an adequate social safety net for the growing number of families experiencing poverty and unemployment as the country’s market economy evolves.

Governance remains hampered by a poor efficiency and weaknesses in demonstrating a more inclusive, democratic form of governance, which is detrimental both to the country’s economic development and continued public support for democracy. The narrowly representative nature of the bipartisan parliamentary system makes it more difficult to strengthen and sustain participatory government initiatives that give meaningful space and voice to the legitimate concerns of marginalized social groups. The tradition of civil society participation in public life is firmly entrenched but unable to exert consistent and effective pressure on political leaders. There is widespread public concern about the dominance of powerful private sector interests and their ability to influence public policy decisions under the current system of government.

The pandemic has delivered a severe, disruptive shock to the social and economic fabric of Jamaica, exposing and exacerbating the deep structural inequalities that the majority of citizens face. However, in terms of infection and death rates, Jamaica did not experience a mild first wave until mid-August 2020, which subsided by November of the same year. As of January 31, 2021, a relatively moderate total of about 16,000 infections (525/100,000) and 352 deaths (11.8/100,000) were reported (later, a much more severe wave with a far higher death rate did occur). The shock to economic performance has been more severe due to measures taken to control the pandemic and the global economic environment, with a 12% drop in GDP. The government set initial measures as early as January 2020 and expanded them after the first cases appeared in mid-March 2020. The priority of addressing the multiple negative impacts of the pandemic on key sectors of the economy and on the most vulnerable groups was maintained, but without adequate additional resources that would lead to long-term recovery.

## 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, which follows from the achievement of political independence in 1962. Jamaica has also maintained an uninterrupted representative democracy, with 19 changes of government through general elections. Jamaica's two leading political parties, the People's National Party (PNP) and the Jamaica Labour Party (JLP), have jointly maintained control of the government beginning with the JLP in leadership at independence in 1962. The PNP last 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. As a "successful electoral" democracy that features smooth transitions from a governing political party to the opposition, Jamaica also has democratic deficits, given its narrowly representative nature, and the structural roots of conflicts in persistent, intergenerational poverty, inequality and social exclusion. Society is generally unwilling to challenge political tribalism and accommodate other political parties in this competitive political process. 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. The business elites are easily integrated into this political process through their financial support for both political parties, which helps to maintain the status quo, discouraging any significant reform of the bipartisan electoral system. 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 structural adjustment policies of the IMF and other multilateral lending agencies dominated the macroeconomics of the country during the tenure of both PNP and JLP governments, except

for the first part of the 1970s during the PNP's first term. In 1977, however, it was the PNP that went to the IMF, which dominated the macroeconomics of the country until early 1980 when the government broke off relations with the IMF. For the most part, the macroeconomic reforms and structural adjustment have been accompanied by negative or low growth, large fiscal deficits, high unemployment and an unsustainable debt burden. In the last two government periods, strictly applied macroeconomic reforms implemented by the PNP (2012-2016) and the JLP have shown some positive developments as fiscal deficit is controlled and the debt-to-GDP ratio is gradually reducing. However, unemployment is still high but trending downwards and minimal economic growth is reported. 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 monopoly of state agencies, the Jamaica Constabulary (Police) Force (JCF), and the Army Jamaica Defense Force (JDF) is established nationwide in principle. Police stations are in control of individual parishes, with senior regional officers supervising parish stations under their command. Joint police/military operations take place regularly, either in zones of special operations (ZOSOs) or under states of emergency (SOEs) authorized by parliament, through a simple majority voted by the members of the governing party. This would be for a limited amount of time, after which the government would have to return to parliament to get approval from the parliamentary opposition for an extension. These operations take place in both rural and urban parishes, where the state's monopoly is challenged by well-organized gangs and networks of gangs, which often spread their criminal activities across more than one parish. Much other violence emanating from youth groups is not directed at the State's monopoly but at other similar groups of youth.

According to InSight Crime, Jamaica recorded 1,301 murders in 2020 and had the highest homicide rate in the region at 46.5 per 100,000, which the United Nations considers to constitute an epidemic. Jamaican and Haitian gangs have reportedly engaged in a deadly trade in which marijuana is exchanged for guns. Boatloads of up to 3,000 pounds of cannabis have made their way from Jamaica to nearby Haiti, where the drug is traded for high-powered handguns and assault rifles.

The legitimacy of the nation-state is rarely questioned. However, some groups are denied full citizenship rights. For example, under Jamaica's charter of rights and constitution, the rights of some citizens and the constitution are breached when they are held in prison without charges for a period of time longer than is prescribed by law. These instances are failures of the state, but do not pose challenges to the state's identity as a state. A number of male prisoners were held at "the pleasure of Head of State" (wording of the law), the Governor General, for more than a year without a trial, as is their right, unless they are deemed unfit to stand trial. This has happened

Question  
Score

Monopoly on the  
use of force

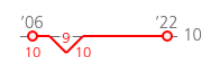
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1

State identity

10



1

to men who may have been deemed mentally unfit to stand trial, and who, literally, no longer exist in the prison records. Access to citizenship and naturalization is not denied to any particular groups.

The state is officially and nominally secular but, because of the historical role of some church groups in helping to bring about emancipation from slavery, religious dogmas have considerable influence on the process by which some laws are formed and reformed in order to ensure that all citizens can exercise their full citizenship rights. In respect to the termination of pregnancy, abortion, which is a criminal act under a law which dates back to colonial Jamaica, has been the subject of parliamentary review for many years. Women's organizations increasingly promote a woman's right to decide what happens to her body, and not face criminal charges for doing so. The rules of parliament provide for civil society groups, including women's organizations and faith-based organizations to submit their recommendations to members of a joint select committee of parliament with supporting documentation. The committee then prepares a report and makes recommendations to parliament. This process increasingly faces well-resourced individuals and some church denominations that use traditional and social media to challenge and reject recommendations of which they do not approve. Recently, the member of parliament who moved the resolution there to revise the law received threats of adverse political campaigns from certain church groups against her, if she did not withdraw the motion. In a strongly Christian country, where there are different views on the right of a woman to exercise her right to choose, the government has not been willing to face the wrath of the numerically dominant and growing part of the church community across several political administrations, meaning that attempts at the parliamentary process and legal reform are stymied. Some denominations of the church have acted similarly against attempts to decriminalize sexual acts between men.

The leadership of the main political parties and the head of state are similarly dominated by Christian beliefs. Many citizens view both households and political parties as being inherently led by men.

The administrative structures of the state provide most basic public services throughout the country. These include courts, tax authorities, law enforcement, transport, water and sewage services. However, the provision of these services is deficient in many regions, including municipalities in rural areas. In deep rural areas, roads are either very bad or nonexistent, which limits access to affordable transportation and in turn affects access to health care and education facilities. Widespread concerns exist about reported corruption in the systems used in the repair and maintenance of the roadways on all parts of the island.

Parliamentary reports of the auditor-general's department in relation to the administration of public transport and basic infrastructure for water, education, and health regularly identify the following deficiencies which affect the provision of these basic public services: inefficient use of resources (both human and financial), low

No interference of religious dogmas

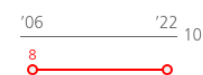
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Basic administration

8



1

levels of accountability for approved budgets, not following government regulations for procurement as well as contracts for services and materials used. Cuts in government expenditure have seriously impacted the ability of health care facilities to provide good basic health care.

It is widely believed that the efficient provision of public services is hampered by corrupt administrative practices.

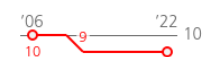
## 2 | Political Participation

National elections were held in September 2020, six months after the first case of COVID-19 was identified in Jamaica. They are generally accepted as free and fair, and free from fear. The Electoral Commission, which is a creature of Parliament, comprises independent members as well as representatives of both major political parties. Under its direction, the Electoral Office is responsible for on-the-ground training, preparation for and holding of free and fair elections. The media did have access to candidates and leaders of political parties, but the use of the media, especially traditional print, radio and TV, as well as the use of social media, twitter feeds etc. did allow for more consistent exposure of campaign messaging and propaganda by the well-resourced governing JLP, while the opposition PNP admittedly was lacking in funding. This resulted in less exposure of its campaign materials, as well as weaker presence on the ground in some marginal seats. In addition to the two main political parties, two other recently formed parties met the registration requirements. One withdrew shortly before elections, citing lack of funds and inability to field a sufficient number of candidates. The second one did participate, but with only one candidate in one constituency, meaning that it was no threat to either of the two main parties. These elections came closest to being “multiparty” of any elections in the historical record, because of the increased number of smaller parties that did register and participate.

Before the elections, the government of Jamaica did bring to an end several states of emergencies that had been declared in several parishes to curtail high levels of violent crime. The rights to freedom of movement and assembly would have been curtailed by the conditions of the SOEs. Before the elections, COVID-19 precautions were also declared as protocols authorized under the Disaster and Risk Management Act and implemented by the Ministry of Health and Wellness.

Free and fair elections

9



1



Democratically elected political representatives have the effective power to govern. There is certainly much influence exercised by the banks and other big business interests, and some influence also by elements in the security forces and in the political class, the political directorate of the JLP government, which was very slow to alter the law inhibiting effective action by the Integrity Commission. However, none of these groups have the power to undermine democratic procedures.

Effective power to govern

9



The constitution guarantees freedom of association and assembly, and laws are generally enforced. Generally, independent political or civic groups can fully exercise their rights of association and assembly, which are guaranteed and protected against interference or government restrictions.

Association / assembly rights

10



During the period under review, COVID-19 related restrictions were enacted. Since March 2020, there have been restrictions on the sizes of certain gatherings and freedom of movement curtailed by curfews between certain hours. During this period, there have been increases in the reported cases of persons with the virus as well as deaths in certain parishes. The restrictions therefore have also changed, reducing the number of persons who can gather at a funeral, a party, or inside a shop or restaurant to ensure that social distancing requirements are met. Some adjustments to the regulations under Disaster Risk Management Act (DRMA) have been made to ensure that the agents of the state (police, army) do have the required authority to enforce. The authorities responsible for enforcing the law have been accused of disproportionately targeting individuals in lower socioeconomic strata. As of January 2021, restrictions were still in place that included nightly curfews with limitations on the size of allowed gatherings in certain areas, which the police force are authorized to enforce. The police report that given the limits to prison capacity, particularly in the context of a pandemic, they regularly issue firm warnings, but generally proceed to detain and arrest only when persons refuse to obey this on-the-spot request to get off the street or close down an entertainment activity, and/or resist arrest.

Freedom of expression is guaranteed against interference or government restrictions. Individuals, groups and the press can fully exercise these rights. The media landscape also provides for the expression of variety of opinions. Jamaica leads the BTI sample in Reporters without Borders' Press Freedom Index 2020, ahead of Costa Rica, Estonia and Uruguay.

Freedom of expression

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The national Press Association of Jamaica (PAJ) is strong and credible in its defense of freedom of the press as guaranteed under the Jamaican constitution. Access to information has not been restricted due to COVID-19, and journalists who report on COVID-19 have not been harassed. The information outlet of the Ministry of Health and Wellness provides daily updates on number of cases reported (positive or negative), number of deaths due to the pandemic and number of persons recovered/in recovery, by age and sex. There are no longer weekly press conferences in which

journalists could ask questions about issues not covered in the presentations made by the minister or medical officials from the Ministry of Health/Wellness. When parliament has presented with updates on developments concerning the pandemic, the sessions have recently been carried live on national TV, and journalists are able to attend parliament for purposes of covering the event.

Unfortunately, the lack of capacity and inadequate numbers of on-the-ground trained personnel make it impossible to fully carry out all-island tests, test persons travelling to Jamaica, monitor the number of persons tested and affected, and perform contact tracing.

### 3 | Rule of Law

There is a clear and functional separation of powers in Jamaica. Checks and balances are occasionally subject to interference, such as when the weight of the executive turns the legislature into a rubber stamp, but a restoration of balance is available and is sought primarily through the judiciary. Aggressive monitoring and advocacy by journalists and NGOs through the use of the Access to Information Act to force the release of critical information provides examples of how court actions brought against the state have been successful in restoring the balance. Such cases show that state power can be subjected to the law and court decisions.

During the period under review, under the Emergency Powers Act (EMA), States of Emergencies (SOEs) were put in place in response to consistently high levels of violence (murder) in specific parishes across the island. In one period, there were SOEs in seven of the country's 14 parishes. An SOE is approved by a simple majority in both houses of parliament for 14 days. For any extension beyond this period, the government must return to parliament to get approval. Given the high levels of violent crime, the People's National Party supported the request for an extension but insisted that the rights of all detainees be upheld, and that such persons should not be held beyond the 72 hours allowed without being charged. It was reported and acknowledged that a Judicial Review Tribunal established under the EMA to consider cases of persons who may have been detained wrongfully during a state of emergency was not performing its role as intended.

In relation to the COVID-19 pandemic, an SOE was not used. Under the Disaster Emergency Management Act (DEMA) the prime minister declared Jamaica to be a disaster zone in March 2020 and curfews were established. They imposed restrictions on the movement of citizens and opening hours of named categories of businesses, shops, churches, restaurants/bars, and events such as funerals, parties and sport competitions to a limited number of hours in a 24-hour period. Questions of proportionality remain unresolved, as do complaints that curfews were more severe in low-income communities in which citizens' lives and livelihoods are dependent on informal commercial activities.

Separation of powers

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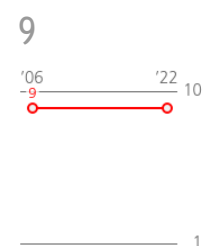
Parliament was not restricted in its oversight role nor in its parliamentary control functions. Parliamentary operations temporarily took place in a conference center while the parliament building was retrofitted according to the government's COVID-19 health protocols, which required physical distancing and the use of face masks/shields.

The judiciary is independent and free both from unconstitutional intervention by other institutions and from corruption. It is institutionally differentiated at four levels, and there are mechanisms for judicial review of legislative or executive acts; an additional provision for appeal is the Judicial Committee of the Privy Council in London. In the period under review, the leadership of a new chief justice whose appointment was made in the previous period in such a way as to suggest dependence on the executive branch and in violation of the separation of powers, an instance that was promptly corrected upon being challenged by legal professionals and civil society, emphasized the importance and acceptance of public accountability on the part of judges as well as the administrative officers of the justice system.

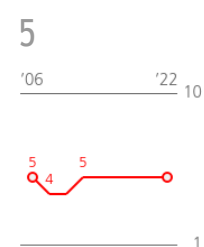
Deficiencies exist in inadequate territorial and functional operability. The latter especially includes the inadequate physical and technical infrastructure of the judiciary and a lack of human resources in light of the large number of criminal cases. This means that a large backlog of cases often delays court proceedings by many years. Corruption is also an issue, especially in lower courts. In addition, there are not enough courts, especially in rural communities, which severely limits the judiciary's ability to function optimally in serving large parts of the country. In addition, there is a perceived class bias among some members of the judiciary, and citizens from lower socioeconomic groups express less confidence in the judicial system.

Public servants and politicians who break the law and engage in corrupt practices are not adequately prosecuted, but occasionally attract adverse publicity. The Integrity Commission, a product of the legislature, is supposed to hold public servants and politicians accountable for the contractual arrangements they authorize for the use of public funds. Its work has been stymied by a lack of political will among both parties in parliament. Parliamentarians are criticized for not acting on the findings and recommendations from reports made by the Auditor-General to Parliament. Weak legislation allows low levels of accountability to be acceptable, as standards set do not easily lead to prosecution under the established laws. Persons are only required to provide detailed reports to the commission, so only summary reports are available to the public and the press, through presentations made in parliament. During this period under review, in a rare case, a minister of the current government, members of his family and the head of a public university were arrested, in a case still before the courts. Several other instances of corruption at the level of ministers of government were met by bland talk and the transfer of those persons "laterally" from their ministries to the Office of the Prime Ministry (a kind of catch-all super-ministry,

#### Independent judiciary



#### Prosecution of office abuse



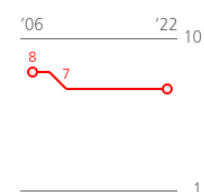
an over-centralization of power in the hands of the prime minister) until the adverse publicity had died down. The vigilance of the press and a public now more aware of the link between the corrupt misuse of public funds and lack of resources for satisfactory basic services in health and education are the driving forces in this process.

Civil rights, including the right to due process, are comprehensively protected under the law, especially by the constitution and the Charter of Rights. However, they are often not properly respected and protected. Mechanisms and institutions to prosecute, punish and redress violations of civil rights are in place, but are not consistently effective. On trying to access some services of the justice system, citizens sometimes face discrimination on the basis of race, class or sexual orientation. LGBTQ+ persons are among those suffering discrimination and abuse. So too are those with mental or physical disabilities. Prison conditions are also a problem. The two largest prisons are centuries old and are not fit for human habitation. Inmates are locked down for 18 to 20 hours of every 24 hours, with three or even four prisoners to a cell fit for only one, sleeping on concrete or a piece of cardboard, fed utterly unpalatable food, denied due parole in many cases, allowed 10-15 minutes of conversation with family once or twice a year or now, under COVID-19 restrictions, not at all. The list of horrific conditions goes on. The condition of police lockups is hardly much better. As the high murder rate of 46.5 per 100,000 people indicates, the right to life and security is affected in some parishes where criminal activity is high, despite establishing Zones of Special Operations (ZOSOs) or States of Emergency (SOEs) authorized by Parliament.

In March 2020, Prime Minister Holness declared the entire island of Jamaica a disaster zone due to the pandemic. This declaration was made under the powers provided to him under the Disaster Risk Management Act (DRMA), and two communities were quarantined immediately under the authority of this legal framework. State agencies such as the police, army and public health officials were deployed to communities under quarantine. These measures were legal and proportionate and limited to a specific time period, which could change, if necessary, guided by results of monitoring and testing of residents in each community. Some restrictions were imposed on worship, assembly and movement of persons, and strict opening hours of local businesses were enforced, with these restrictions being strengthened or reduced in different areas, across the country, in response to reported spikes during 2020 and early 2021.

#### Civil rights

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#### 4 | Stability of Democratic Institutions

In principle, democratic institutions do exist and perform their functions. Generally, political decisions are made at both national parliamentary levels, by the executive (cabinet), as well as in local municipalities. Inefficiency exists due to friction between institutions and is often related to the release of funds from relevant ministries operating nationally to local municipalities which remain dependent on some funding from central government to carry out their functions. Policy decisions implemented by institutions at both levels are reviewed periodically by the Auditor-General's Department (AGD), as required by statute, and reported to the relevant parliamentary committee. This review process is often the source of friction between the responsible public servants in different ministries and agencies of governments, members of parliament and councilors in municipalities.

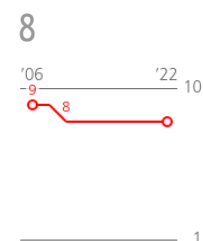
The reports made by parliamentary committees to parliament are not, however, studied by parliament and taken for action by the cabinet, so that the inefficient and/or corrupt practices identified by the AGD continue year after year, with huge financial losses to the state treasury and flawed performance of democratic institutions.

All democratic institutions are accepted as legitimate by most relevant actors, although democratic deficits exist in different parts of the overall democratic system, especially the sluggish commitment to prosecution of office abuse. There are reports and complaints from some vulnerable groups, namely residents of poor, low-income communities, persons with disabilities and members of the LGBTQ+ community who question the legitimacy of some government bodies from which they receive inadequate services and often experience discrimination. There is no evidence (up to January 2021) that the executive has used its additional powers under the Disaster Risk Management Act (DRMA) to undermine oversight and watchdog institutions such as Parliament or the judiciary.

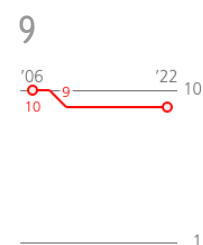
#### 5 | Political and Social Integration

The party system is fairly stable, socially rooted, features a low level of fragmentation and voter volatility, but is severely polarized. The two-party system is deeply rooted although increasing levels of apathy and distrust in the overall political system resulted in the lowest turnout in history in the September 2020 elections, with turnout of 37% of registered voters. These elections were held during the pandemic, which caused some potential voters to choose not to leave home to vote, especially since persons under quarantine or home-isolation were allowed to vote only at certain hours, while wearing masks following physical distancing and sanitization requirements. It is generally reported that the low voter turnout was more related to loss of faith in both political parties and the system which they sustain. The governing

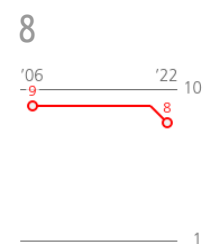
Performance of democratic institutions



Commitment to democratic institutions



Party system



JLP won 49 out of 63 parliamentary seats, gaining 16 additional seats, suggesting that it was able to bring out its diehard partisan members, while the opposition party, PNP, was not. Political analysts report that internal discontent and divisions in the PNP leadership and general membership caused their members in important borderline constituencies to stay home, rather than vote for the JLP.

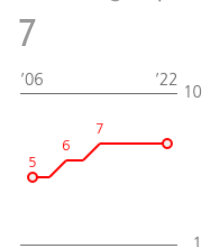
The partisan divide is deeply rooted, does not encourage the formation or sustainability of new parties, and maintains low fragmentation in the political system. The party system is able to articulate and aggregate societal interests along the lines of race, class, age and business interests, the latter contributing substantially to both political parties, and to maintaining the system. Clientelism is evident in many parts of the political system and engenders stability around the two main parties. Also, clientelism is often facilitated through the use of state resources where high levels of poverty and violence are prevalent, and residents, whose needs are real and urgent, are grateful for support and resources of all kinds. This improves the political standing of representatives of the governing party, as there are many ways in which state resources are used to their advantage. Representatives of an opposition party do not have this advantage.

The clientelist use of state resources refers to such activities as road, market or other institutional improvements during the campaigns for by-elections, control of employment to party followers, money bribes on a substantial and wide scale, the employment of state vehicle and other resources, and the deployment of ministers of government and other state officials to support a candidate.

There is a substantial number of interest groups that reflect most social interests. However, a few strong interests still dominate in the main sectors. The culture has not been directed toward avoiding the dominance of a few strong interest groups, and the different competing social interests are not all incorporated. The strong interest groups that are dominant typically represent the economic and social elite, empowered by their control of key economic sectors and the media (e.g., the Private Sector Organization of Jamaica). In addition, dominant religious voices are those of the conservative, right-wing sections of the Christian community, which are well-funded and easily establish a media presence when necessary. The interests of vulnerable people and the lowest income groups are traditionally under-represented in the broader political governance system. While the past decade has witnessed an increase in networking among progressive CSOs and in their links with some private sector bodies, their ability to challenge the partisanship of the government is very limited.

Contrary to this trend, however, the review period also saw an encouraging step toward more cross-cutting cooperation with the special summit on crime in October 2019. Although the government only agreed after three years of pressure from the opposition, civil society, and the private sector, they finally met and agreed on the development of a national consensus on crime, which will be developed across parties

Interest groups



and with broad agreement. The goal is to have a government-wide and national approach that all citizens can agree to, regardless of their status. This represented a qualitative change in the process of promoting meaningful cooperation between different key interest groups. The follow-up process eventually led to a summit in August 2020, where the Jamaica National Consensus on Crime was publicly signed by all major social stakeholders in Jamaica, including the prime minister, the opposition leader, private sector groups including banks, small businesses, and manufacturers, as well as labor unions, major religious groups, women's organizations, youth ambassadors, and university students. However, the sequel was not so positive, as the government was slow to implement its charges and the two parties were also slow to engage in dialogue.

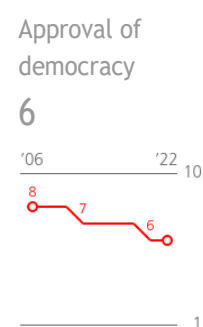
Although the process did not include specific representation from civil society groups and vulnerable communities such as members of LGBTQ+ organizations and persons with disabilities, it does, in principle, provide a space in which key societal interests in Jamaica can mediate and maintain balance among themselves. Whether the process moves forward or remains semi-stalled depends largely on the ruling party, the JLP, which has so far displayed strong partisanship, a characteristic that is likely to be reinforced by the large majority of seats won in the September 2020 elections.

On average, approval of democratic norms and procedures is mixed. The 2017 LAPOP Report records that 55.8% of Jamaicans feel that the democratic system is better than any other form of government, although trust in political parties is very low, at 22.5%. This report also indicates that other institutions such as parliament and the police force which are expected to function in support of a Jamaican democracy have low approval ratings. The police force suffers from significant lack of trust at less than 50%, while the Jamaican view of parliament is associated with the lack of trust in political parties, at only 22.5%.

In terms of performance, the Electoral Commission is highly respected and trusted for its role in preparing, and managing both national and local government elections, which are consistently experienced as fair, and free from fear. This experience is central to the understanding of Jamaica as a democratic society.

The government's responses to COVID-19 have involved both curtailment of movement through curfews and loss of jobs and business closures, with greater impact on some social classes than others. Institutions such as parliament, with parliamentarians making decisions, and the police force, who are responsible for enforcing curfew rules and restrictions, are met with both distrust/anger (negative) and an understanding of the need to contain the spread of the virus (positive).

Democratic approval should take into account not only these major institutions of government but also people's on-the-ground practices. The latter is considerable when one considers the number and conduct of people's organizations, which is huge (see "social capital"). It is there that one sees democracy, i.e., people's desire for it in





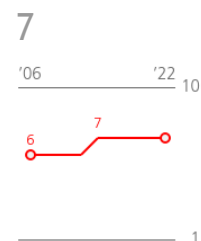
their choice to exercise it, just as though of course much more dramatically and with enormous self-sacrifice the people of Myanmar are demanding democracy against the callous autocracy of the military coup leaders.

There is a fairly high level of trust among the population and a substantial number of autonomous, self-organized groups, associations and organizations. It is important to remember that most of the nearly 800 communities in Jamaica have community associations/councils, most with some level of activity, though some are of course dormant. The formation of community groups began as early as the creation of Jamaica Welfare in 1938 and led to the existence of scores of such groups. Each community council often brings together smaller groups of women, youth, farmers, and church members.

Mitigating factors against civil society’s capacity for trust and solidarity include the “informer fi dead” culture which exists in many communities where rival gangs compete for leadership and political partisan sentiments are strong. In contrast, communities which have well-established primary and secondary schools and churches populated primarily by students from within the communities experience significant levels of trust and solidarity built around voluntary youth and community groups and sporting associations and organizations. During the COVID-19 pandemic, with all schools closed in some communities, and children supposedly contained at home with online studies supervised by parents, these self-organized voluntary groups have been negatively impacted. Family violence in which the abuse and death of women and girls is described as reaching “pandemic” proportions, attract significant support and solidarity from community and youth groups, where they exist.

A high level of trust certainly is to be found within each of the many associations, less so between them. It depends, though, on the issue. Issues such as a missing child, animal theft, robbery from shops and homes, and damage to vehicles and homes from floods or storms always bring out considerable mutual help and solidarity because there is a substrate of trust.

Social capital





## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Poverty and inequality are pronounced and structurally ingrained. Inequalities are pervasive and evident in the lack of access to good public health and educational services and affordable housing experienced by the majority of the population. The pandemic has exposed the extent of the inequalities which are dominant in these sectors. Widespread squatter communities with sub-standard housing and public services are common. These inequalities are related to the levels of poverty facing the majority of Jamaican families. There is a gender wage gap and an absence of decent working conditions across sectors in both urban and rural Jamaica. Structurally, the level of inequality with regard to income and wealth is evident in the gender division of the labor market, where women face higher unemployment levels, part time work and lower wages and work predominantly in sectors of the economy which attract the lowest wages and precarious working conditions. Structurally, a high level of inequality is experienced by female-headed households. Supported primarily by one low income, those with more children and no man present have the largest share of poverty at 53.4%, supporting larger households with children, elderly, ill and persons with disabilities than male-headed households. Individual and household consumption levels in these families fall below the poverty line. (Jamaica Survey of Living Conditions, JSLC 2015).

A recent Inter-American Development Bank (IDB) study revealed that COVID-19 decimated the livelihoods of more than 50% of households, including those where the mother's income is the only consistent one available. Many of these women are either in the informal sector, buying and selling as own-account operators, or are household workers, now without work, and previously earning the minimum wage of JMD 6,200 weekly, before COVID-19. Without an income, or with a greatly reduced one, and with regular curfews across the island, members of these households face further social exclusion due to lack of access to clean water, adequate basic food supplies and basic health care and education for their children.

Before COVID-19, "all of Jamaica's variables, including poverty, were moving in the right direction" (Nigel Clarke, Minister of Finance, June 24, 2020). For 2018, Clarke reported the lowest poverty rate, 12.6%, in 10 years. Statinja.gov.jm reported poverty rates for 2017 of 19.3% for Jamaica, and incidence of household poverty (Jamaica) of 13.3%.

For 2019, Jamaica maintained an HDI of 0.734 and Gender Inequality Index of 0.396, but slipped in its ranking to 101, with overall loss in HDI to 16.6 in 2018 due to social and economic inequalities. The Statistical Institute of Jamaica (STATIN) reported a new Gini coefficient of 37.5 in 2017.

Question  
Score

Socioeconomic  
barriers

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These levels of inequalities are associated, historically, with markers of race as well as discrimination based on social class and gender. In a country with a dominant black population, these markers are evident in places of residence in both urban and rural Jamaica occupied primarily by black Jamaicans, where people are living in poverty in low-income and informal squatter communities. They exist on the margins of the wealth-creating institutions and are excluded from many of the economic opportunities which this market-driven economy does provide.

Economic indicators		2017	2018	2019	2020
GDP	\$ M	14809.0	15730.8	15830.8	<b>13812.4</b>
GDP growth	%	1.0	1.9	0.9	<b>-10.2</b>
Inflation (CPI)	%	4.4	3.7	3.9	<b>5.2</b>
Unemployment	%	11.6	9.1	7.7	<b>8.4</b>
Foreign direct investment	% of GDP	6.0	4.9	4.2	-
Export growth	%	5.1	8.2	3.6	<b>-10.2</b>
Import growth	%	5.8	6.0	4.2	<b>-10.6</b>
Current account balance	\$ M	-396.4	-243.9	-318.5	-
Public debt	% of GDP	101.2	94.4	94.3	<b>107.4</b>
External debt	\$ M	14808.0	18380.7	18576.6	<b>18034.6</b>
Total debt service	\$ M	1415.1	1243.3	2316.7	<b>1872.8</b>
Net lending/borrowing	% of GDP	0.5	1.2	-	-
Tax revenue	% of GDP	26.2	26.8	27.5	-
Government consumption	% of GDP	13.4	13.4	13.6	<b>13.6</b>
Public education spending	% of GDP	5.3	5.4	5.2	<b>5.4</b>
Public health spending	% of GDP	4.1	3.9	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.0	1.3	1.7	<b>1.7</b>

Sources (as of December 2021): 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

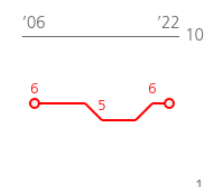
Market competition operates under a weak institutional framework, with uneven rules for market participants. The informal sector is significant. The 2014 ILO/FORLAC study identified 43% GDP as the size of the informal sector. Based on the 2016 Labour Force Survey, STATIN projects that formal workers made up 39% of the labor force, and informal workers 41% in 2019; to these add agricultural (17%) and domestic workers (3%). The highest rates are among the largest employment sectors, wholesale and retail (72%), tourism (hotels and restaurants, 47%) and construction (88%). The spread of informal activity is related to the demand for informal services, including illegal goods and services, in tourism, music, and entertainment, for personal goods and care services from Jamaican households, and for marijuana and other illegal services such as prostitution. The main government concern remains the loss of tax revenue from unregistered/informal businesses. In addition, during the COVID-19 pandemic, thousands of citizens living at or below the poverty line and small/micro businesses were unable to access the COVID CARE cash transfers distributed by government through commercial banks and remittance agencies.

The above situation reflects the difficulties faced by small/micro businesses that are mostly informal in becoming formal, registered entities in the financial sector. In the current institutional framework, they cannot access credit and other opportunities available to formal businesses, and remain excluded from financial and other markets. This indicates an inappropriate institutional framework of economic policy as it does not allow for unrestricted participation in the market or for equal opportunities for all market participants. Price setting is mainly determined by market forces, cross-border labor and capital movement, including currency convertibility, is enabled.

Informality is related to the still relatively high cost of doing (formal) business. The World Bank Ease of Doing Business Report 2020 improved Jamaica's ranking, to 75 out of 190 countries. The procedures identified as most challenging are starting a business, which requires 3 days, 2 procedures, and a cost of 4.2% of GNI p.c.; dealing with construction permits, with a score of 70/100 and a time frame of 141 days; getting electricity with a score of 64/100 and a time frame of 95 days; registering property, with a score of 53/100 and a time frame of 19 days. Led by the Companies Office of Jamaica, it is now possible to access an online service for registering a business using the e-version of the Business Registration Form (EBRF).

Market  
organization

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There is some regulation to prevent anti-competitive behavior and conduct exists, but it is not consistently or effectively enforced. The Jamaica Fair Trading Commission (FTC) is the independent competition authority which implements the Jamaica Fair Competition Act (FCA). This Act was enforced in 1993 to ensure that the benefits of competitive process in Jamaica are not obstructed by anti-competitive behavior. However, there is currently no regulatory framework for merger control to prevent monopolistic structures and conduct. However, in 2017, the Privy Council ruled in *Fair Trading Commission v. Digicel Jamaica Limited & Anor* that Section 17 of the FCA is broad enough to encompass arrangements such as mergers and that it sets out a regime for a class of transactions that includes mergers.

The FCA addresses abuse of dominant positions. The FTC promotes fair competition and competitive markets, as well as improvement in consumer welfare. It also promotes financial inclusion in Jamaica, with the objective of bringing more persons into the bankable sector. The regular publication by the FTC of the prices of goods in supermarkets and other shops is of great help to consumers for determining what and where to do their shopping for the foodstuffs and other goods they wish to purchase, rather than leaving it all up to the dominant forces in the market. For 2020, FTC reports numbers of 24 cases received, 84 investigated and 19 resolved. The most cases investigated are in telecommunications (29) and the automobile industry (19).

The Jamaica Information Service January 2021 provides the following information. The government continued through policy to boost competitiveness and improve customer service by ensuring that key departments and agencies were certified to international standards. These include relevant ISO Certification for EX-IM Bank, Passport, Immigration and Citizenship Agency, (PICA), and the National Food Safety Management System.

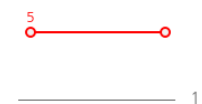
Foreign trade is liberalized in principle, though some exceptions remain, including differentiated tariffs and privileged treatment for key domestic sectors and industries that are identified as critical for Jamaica to achieve its national economic development objectives in the current global political economy. According to the government's 2017 revised National Foreign Trade Policy (NFTP 2017), the overarching goal of Jamaica's foreign trade policy is to increase exports of goods and services while managing import flows in a way that will sustainably benefit the economy. A related objective is stated as ensuring that Jamaican companies have access to strategic markets on the most favorable terms. As a small island developing state (SIDS), foreign trade is critical to its sustained economic growth and development, as it cannot meet its needs primarily from internal production and the domestic market. In this trade liberalization framework, the trade policy instruments used by Jamaica to advance its economic development objectives include tariffs, subsidies and special economic zones (SEZs).

The overarching liberalization framework of the WTO and Jamaica's foreign trade regime is determined by the commitments that Jamaica has made as a member of the World Trade Organization (WTO) since 1995. With the growth of international trade,

#### Competition policy

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#### Liberalization of foreign trade

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almost all sectors impact and are impacted by Jamaica's trade commitments, including services such as health and education. According to WITS data, trade in goods and services amounted to 89% of GDP in 2019, while NFTP 2017 estimates that about 80% of employees depend on the import or export trade to varying degrees.

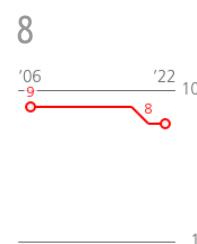
Jamaica gives particular importance to the use of tariffs to meet its economic development objectives. Agriculture is seen by the government as having a special role in food security, nutrition, exports and employment. Here, the CARICOM Common External Tariff (CET) is 40%. The WTO commitment on agricultural trade allows a margin of up to 100%, but this would need to be approved by CARICOM. The simple average MFN applied in 2019 has been 8.6% (19.2% for agricultural and 6.8% for non-agricultural products). In contrast, the role of subsidies is limited, and they are subject to the WTO Agreement on Subsidies and Countervailing Measures (ASCM) and the WTO Agreement on Agriculture.

Given the nature of the current global political economy, and the far-reaching impact of the trade regime on the way the Jamaican economy functions, tools such as tariffs, subsidies and SEZs are perceived as being critical to positive outcomes for business growth and national development. As a result of the 2013 macroeconomic program and Extended Fund Facility of the IMF, along with Jamaica's WTO commitment to remove prohibited subsidies, the Omnibus Incentives Act and far-reaching tax reforms have been pursued since 2015. These include a suite of incentives, entrenched in legislation, which provide fiscal benefits for investors (JAMPRO DoBusiness Jamaica).

The WTO also provides the framework for trade relations with other countries. These include regional arrangements with CARICOM, bilateral agreements with the United States, Canada, Mexico, Cuba, China and Japan, and multilateral arrangements with EU/EPA/CARIFORUM.

There are no reports that the banking sector is affected by a credit crisis as a result of the pandemic, due to non-performing loans from clients not meeting their repayment commitments. However, the Financial System Stability Committee warned that significant risk would loom over the medium to long term, being elevated relative to previous years due to slowly but steadily deteriorating debt profiles of borrowers. Overall, the banking system is solid and in principle oriented toward international standards with functional banking supervision and minimum capital equity requirements. However, while conceding that the architecture of the supervisory framework improved substantially, in its 2018 Financial System Stability Assessment, the IMF stated that although Jamaica's banking system does target Basel standards, the country needs to strengthen the entire regulatory framework by introducing Basel III capital adequacy and liquidity requirements. Capital markets are open to domestic and foreign capital. In its 2020 Financial Stability Report, the Bank of Jamaica (BOJ) reports that the ratio of non-performing loans to total loans increased by 0.6 percentage points to 2.8% at the end of 2020, while the capital to assets ratio declined from 15.0% (end-2019) to 13.6% (end-2020).

Banking system



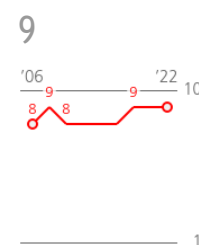
Supervision is guided by the Bank of Jamaica Act (2017) which provides for maintenance of price stability, formulation and implementation of monetary policy, the holding and management of external resources, and development of money and capital markets. It is the financial agent of the government of Jamaica and monitors the operations of deposit-taking institutions. There is sufficient resilience to address sudden stops and capital flow reversals. Guided by adherence to the Fiscal Responsibilities Programme, policy actions (BOJ Report Jan 2021), focus on keeping inflation rates moderate at 4-6%, and interest rates low to stimulate business investment and increased borrowing for start-up businesses, with less frequent interventions in the foreign exchange market over the last three years, to protect the JMD. Under the Bank of Jamaica Act (amended in 2018), the central bank is required to pay over a percentage of its profit to the government of Jamaica Consolidated Fund. As a result, in FY 2021, the Bank of Jamaica paid over JMD 33 million to this fund to support the public health sector, particularly for COVID-19 vaccines and other supplies and services. The FITCH rating agent (March 2021) assessed the Jamaica economy at B+, with a stable outlook, reporting that the banking sector is well capitalized, contributing to a relatively favorable business climate.

## 8 | Monetary and fiscal stability

Monetary stability is a recognized objective of economic policy and is being pursued more consistently by the BOJ monetary authority under its growing institutional independence. BOJ interventions in the foreign exchange market have been directed at reducing excessive volatility rather than to set or determine the exchange rate in relation to the U.S. dollar. In response to temporary shortfalls in the foreign exchange market, the Bank of Jamaica intervened through limited sales of reserves via the B-FFXITT auction mechanism, totaling \$381 million, March 2020-February 2021. Net International Reserves (NIR) remains adequate at \$3 billion, February 2021. The Jamaican dollar depreciated 6.1% in the 2020/2021 calendar year, versus 7.3% recorded for the same period of the previous year. (BOJ Quarterly Monetary Policy Report February 2021). ECLAC reports a real effective exchange rate (2005 = 100) of 83.3 in 2019 and 84.4 in 2020, indicating a slight depreciation throughout the past years (2017: 92.8).

The BOJ carried out additional actions to ensure uninterrupted system-wide liquidity, including removal of limits on the amounts that deposit-taking institutions borrow overnight without being charged at penalty rate. Communications between the BOJ and the main actors in the financial market appear healthy. Frequent advertisements in the traditional and social media are appearing from the main financial institutions, inviting their customers to re-negotiate and reschedule loans and mortgages, as suggested by the BOJ.

### Monetary stability



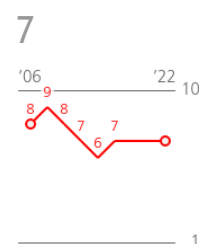
Guided by adherence to the Fiscal Responsibilities Programme, and the objectives of the government's economic policy, policy actions (BOJ Report Jan 2021) focused on keeping inflation rates moderate and between 4-6%. The reported inflation rate of 4.7%, January 2020/2021, was within the consumer price index (CPI) target of 4-6%. The focus was also on keeping interest rates low to stimulate business investment and increased borrowing for start-up businesses, with less frequent interventions in the foreign exchange market over the last three years.

The current government is pursuing a stability-oriented fiscal policy with medium-term objectives and strategies for debt sustainability and fiscal consolidation, with the overall objective of providing for the basic needs of the population and reducing the public debt-to-GDP ratio over time. This policy approach is shaped by the realities of the global pandemic and an intention to mitigate fiscal deficits as well as public debt growth. It is expressed in the Fiscal Policy Paper (2021/22) as the response to Jamaica's dilemma, with an open economy that is heavily dependent and reliant on the global economy for goods and services, including vaccines to deal with COVID-19. Government revenues have declined sharply, with the national economic contraction associated with periods of lockdown, with reduced global demand for Jamaica's tourist products and services and reduced foreign exchange earnings. All sectors declined except the construction industry. COVID-19 generated both health and education crises during FY 2020/21, while revenues are estimated to fall by 11.3% (Ministry of Finance March 9, 2021).

These crises have required that the government increase expenditures to support both the health and education sectors, the country's main social safety net (PATH), the Social and Economic Recovery and Vaccine Programme (SERVE), and economic stimulus packages, which also provided support for vulnerable groups and local businesses. A further package to be implemented in FY2021/2022 also includes an extended physical infrastructure program to create jobs and drive local economic activity.

Debt relief was sought under the IMF Rapid Financing Instrument (RFI), and received in May 2020, with disbursement of \$520 million to address urgent balance-of-payments needs, as a result of increased expenditure required for health, for mitigating the economic impact of the pandemic, and supporting jobs and vulnerable segments of the populations. This resulted in a temporary reduction of the primary surplus and a delay in achieving the goal of the Fiscal Responsibility Law, to reduce public debt by 60% of GDP. This target has been extended to March 2028, as allowed by a suspension of the fiscal rules, taking into account the fiscal impact of the pandemic. The commitment remains to debt sustainability and fiscal consolidation in the medium term. Public debt fell from 114%/GDP in FY2016/2017 to 93.5% for FY2019/2020. The 2020 budget deficit was 3.04%/GDP and 0.91% in 2019 (Bank of Jamaica Report).

Fiscal stability





## 9 | Private Property

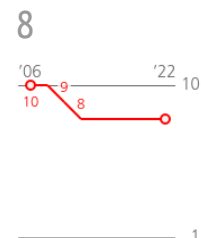
Property rights and regulations on acquisition, benefits, use and sale are defined in the constitution. Problems in enforcement and implementation are often related to difficulties in accessing a title (e.g., excessive bureaucratic delays, a high government stamp duty, legal fees and transfer taxes). Out of 140 countries in the 2018 Global Competitiveness Index, Jamaica is at rank 57 on property rights and 59 for intellectual property protection. For incidence of corruption, which is also a challenge, Jamaica is at rank 59. 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%).

Family property, its titling and its sub-division is a large area that has not been firmly worked out and implemented. Divisions/transactions/ownerships around rural family-owned land pose huge problems of settlement in and out of courts. Mechanisms exist for this and have been in operation for years but are at best extremely slow and tedious in implementation. In urban depressed communities, big-yards where ownership is lost in past history pose parallel problems that are far more urgent if inner-city land use is to be handled to use existing infrastructure effectively (rather than having to create it at great expense in green fields) but with respect for property rights.

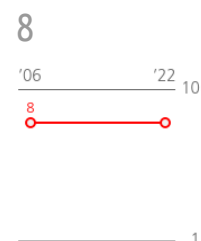
Private companies, national and foreign, are viewed institutionally as important engines of growth and job creation in key sectors of the economy. A policy of privatizing state-owned commercial or productive enterprises has also been steadily pursued for several years. In practice, legal safeguards suffer somewhat from lengthy judicial procedures and the judiciary's dysfunctions. According to Doing Business 2019, Jamaica ranks 127 out of 190 economies with respect to enforcing contracts, mainly because it takes 550 days on average, but also because of the low quality of judicial processes. While Jamaica is one of the easiest countries to start a business globally and to resolve insolvency (rank 33), this applies less to the protection of minority investors (rank 89) and registering property (rank 131).

As a condition of the SBA with the IMF, the government intends to privatize a number of the 55 public enterprises in various sectors, particularly the most inefficient. Jamaican public enterprises are mainly active in agriculture, mining, energy and transport, although they have to compete on an equal footing with private enterprises. Privatization is generally carried out in accordance with market principles. Transactions are usually conducted through public tenders. Foreign investors have won most privatization bids in the last decade. Recent major privatizations include the Kingston Container Terminal Port Facility (2015) and a 25-year concession for the International Airport in Kingston (2018). According to the U.S. 2020 Investment Climate Statements, in 2019 the government divested two of

Property rights



Private enterprise





its major assets through initial public offerings: a 62 megawatt wind farm, through a public offering, which raised almost \$40 million, and a toll highway, which raised almost \$90 million.

## 10 | Welfare Regime

Social safety nets are inadequate and cover only a few risks for a percentage of beneficiaries, living on or under the poverty line. The majority of the population is at risk of poverty.

During 2020, the government augmented its social safety net provisions to compensate for the additional social risks associated with the COVID-19 pandemic through a stimulus package, reported to be the largest in Jamaica's history, with a number of different programs. The government's social protection program, PATH, which provides critical support through cash transfers for 350,000 beneficiaries and is funded by the government and the World Bank, was supplemented by JMD 1.1 billion, allowing it to increase cash grants to beneficiaries. It is generally acknowledged that this program does not reach all families living below the poverty line. A safety net was created for approximately 30,000 elderly persons who are not on PATH, or covered by the National Insurance Scheme, a poor relief or pension plan. A COVID Allocation of Resources for Employees (CARE) program was created to assist affected individuals and small businesses in the informal sector who had lost jobs and for small businesses which were closed. With support from UNICEF, \$40 million was used to provide cash transfers via PATH, for approximately 2,700 families with children with disabilities, as well as pregnant and lactating mothers.

It is difficult to verify how efficient the payment options and facilities that were made available through banks and remittance companies were in ensuring that targeted individuals and families did receive the funds for which they applied. In any case, large numbers of individuals and families in need of these cash transfers were not able to access the funds due to lack of an email account, a national ID, and/or a bank account in their name. The pandemic has created additional risks for persons living in poverty. Access to regular public health care and education is now more difficult. Despite the additional cash transfers during 2020, unemployed and under-employed persons and children remain at risk from poor health due to hunger and malnutrition. Government resources for health remain inadequate to fill these gaps. For 2018, WHO Global Health reports 6.06%/GDP as public expenditure on health and government health expenditure per capita as \$206. During 2020, larger private sector interests contributed substantially to CARE packages (canned foods, personal hygiene products, cleaning items, as well as sanitizing materials) which were delivered to communities living in poverty, under curfews and in lockdown.

Social safety nets

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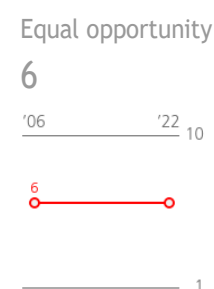
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In respect of access to public health care, the PATH program also provides access to free services at specified community health clinics for children and students of registered families only. Due to increased demand throughout the island on public health facilities for treatment of patients with COVID-19, many health care programs normally available at public clinics and hospitals have become increasingly unavailable. It is reported that a second round of social safety net programs will be again implemented in the budget year 2021/2022.

Equality of opportunity is only partly achieved. At primary and secondary levels of education, gender parity (1.0) exists between male and female students. At tertiary levels, the gender parity index shifts to 1.4, indicating that male students are more disadvantaged than female students. For the gross enrollment ratio, in relation to total enrollment, the figures of 85.1% at both primary and secondary levels indicate that significant opportunity exists at these levels. At the tertiary level, this ratio drops to 27.1% indicating that equality of opportunity at tertiary education levels does not exist for the majority of Jamaicans (2020 World Development Indicators). They do not have the resources, from either private or public sources. The majority of the lowest income earning families fail to qualify for loans from the Student Loan Bureau due to the requirement to provide two appropriate guarantors and fear their inability to repay loans on graduation.

For literacy rates, male students (83.4%) fall behind female students (92.7%). Women do not enjoy near equal access to public office and employment. For public office, women across social classes do not enjoy equal access to power or decision-making at the highest levels. For employment, women continue to face gender division in the employed labor force, in most occupations. The female labor force is reported at 45.9% in 2019. There are a number of legal provisions, including the Charter of Rights, against discrimination on the basis of race, religion, political affiliation and sexual orientation, but their implementation and enforcement is at times insufficient, and equality of opportunity is not a reality for many Jamaican citizens. Discrimination against non-citizens is not generally a problem.

In response to the inequalities in access to primary, secondary and post-secondary education facing families living below the poverty line, grants for registered PATH beneficiaries, including persons with disabilities, are available for students to achieve post-secondary qualifications at a range of tertiary institutions.

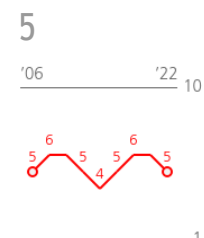


## 11 | Economic Performance

Before the COVID19 pandemic, the country's economic performance was not strong, although some key indicators did show some progress in comparison to previous years. During fiscal year (FY) 2019/2020, Jamaica completed the IMF Precautionary Stand-by Agreement, achieved all quantitative targets while maintaining the stability of most macro-economic indicators. Progress was made in reducing the debt/GDP ratio to 91.5%, achieving a low inflation rate of 5%, the 2019 GDP growth rate was at 0.2% (World Bank 2020), and the October 2019 unemployment rate was 7.2%, down from 8.7% in October 2018 (Ministry of Finance and the Public sector, February 23, 2020). The deficit in the current account balance has been significantly reduced since 2012, from about \$2,063 million to \$244 million in 2018 and \$319 million in 2019.

Fiscal year 2020/21 has been dominated by the COVID19 pandemic, with Jamaica's first case being reported in early March 2020. The fallout in government revenue was unprecedented. With respect to unemployment, 130,000 jobs were lost in the first four months of 2020, as a result of the closure of the economy in March 2020. Key impacts on the economy for FY2020/2021, according to an official report (February 2021), include a decline of foreign exchange inflows by 74%, a forecast of 12% decline in GDP, and an estimated decline of revenues by 11.3%. The report notes that all sectors declined except the construction industry, but remittances increased by 23% in comparison to FY2019/2020. The services sector – by far the largest, accounting for about 70% of GDP – was hit hard by the near-total collapse in tourism between March and June 2020 and a correspondingly sharp decline in the hotel and restaurant sector. For the fourth consecutive fiscal year, the government of Jamaica has announced that there will be no new taxes. A one-off dividend payment of JMD 33 billion by the Bank of Jamaica will be used to help fund the social and economy recovery programs as well as the vaccine program.

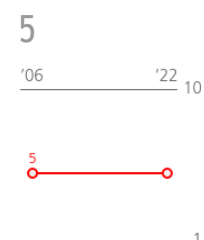
Output strength



## 12 | Sustainability

Environmental concerns receive only sporadic consideration and are often subordinated to growth efforts. Environmental regulation is weak and hardly enforced. Environmental concerns are not adequately addressed through law and/or government actions, resulting in these concerns being subordinated to growth and development efforts. Weak regulation results in the lack of good environment management and conservation, and lack of protection of key public assets such as beaches from destruction and degradation by hotel construction, and prime agricultural land from housing developments. Such developments often deny community members involvement in the decision-making process which invariably not only destroys their livelihoods but also the beaches themselves and the

Environmental policy



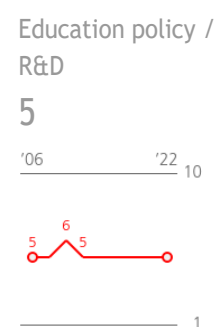
ecosystems which they comprise. A draft beach policy for Jamaica (1997) was revised in 2000 and has been awaiting cabinet approval since 2016. The management of beaches is currently guided by the National Coastal Management and Beach Restoration guidelines (2017), and the Ministry of Tourism.

From a law and advocacy perspective, the development of Cockpit Country has become a national concern. It is the largest remaining natural forest in Jamaica, supplying 40% of the water needs of western Jamaica. Not only is it the source of the largest rivers and underground aquifers in Jamaica, but it also houses significant hydrological and ecological systems, and cultural and heritage sites. It is under threat from bauxite mining and weak environmental regulation. The boundary of the protected area of Cockpit Country remains a bone of contention, especially new mining leases have been granted by the government since 2017 that allows mining too close to the boundary, and the health and well-being of residents are being affected. The leading advocacy/human rights group in this area is the Jamaica Environment Trust (JET), which engages community groups about their legal rights, builds their advocacy with community groups around transparency of agreements, and mobilizes effective public engagement with citizens most affected through the use of social media and online petitions.

Education policy contributes to a system of education and training which does not meet the needs, rights and expectations of the different cohorts of students receiving education from the public sector. There are qualitative and quantitative deficits in secondary and tertiary education and insufficient school enrollment. According to the UN Education Index, Jamaica performs somewhat poorly, with a score of 0.689 (2019) in a regional comparison.

The COVID-19 pandemic exposed many of these deficits. Jamaica Open Data (Ministry of Education, Youth, Information website) reports the 2015 gross enrollment ratio (GER) for primary to tertiary levels as 76.66% for both sexes; for primary to tertiary levels as 70.37% for males, and 83.21% for females. Broken down by sex, World Development Indicators (WDI 2020) reports a gender parity index (GPI) of 1.0 for primary level education, 1.0 for secondary and 1.4 for tertiary, indicating that males are more disadvantaged than females at the tertiary levels, but that gender parity is present at the two lower levels. WDI 2020 also reports 5.4% of public expenditure on education for 2018, and a 2014 total literacy rate of 88.1%, with 83.4% for males and 92.7% for females.

Research and development is inadequate. In September 2020, the government announced that the format for measuring Jamaica's GDP would be amended to include research and development as a subsector. The World Bank 2021 reports expenditure for research and development as a percentage of GDP as .061 in 2002. This does not provide a sound foundation for the sustainable development needs of the country.



## Governance

### I. Level of Difficulty

There are structural constraints on governance capacity of the political leadership, some of which have developed over time. These include ingrained poverty and social inequalities along the lines of race, class, gender and the rural/urban divide. Other structural constraints are evident in the lack of tertiary education and/or advanced training in specialized skills for youth, low productivity of the employed labor force, low average literacy rates, and a gender division in main occupational groups. The digital divide between under-served communities and schools, especially in rural and deep rural areas, has been exacerbated during this pandemic.

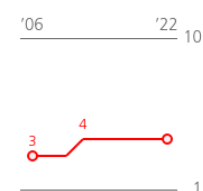
The shock from the COVID-19 pandemic is severe and disruptive. The Overall Clinical Management Summary of January 31, 2021 by the Ministry of Health/Wellness reported 15,778 confirmed cases, 166,909 samples tested with 15,778 positive results, 352 deaths and 12,068 recovered cases. There was no positivity rate reported at this date, January 2021; the March 28, 2021 positivity rate has been reported as 30.1%.

The shock to economic performance is reported by the Minister of Finance (March 2021). For FY2020/21, it is expected that foreign exchange inflows will fall by 74%, with a 12% decline in GDP, given that the economy contracted by 18.4% in the second quarter of 2020. The pandemic has been a severe, disruptive shock to the social and economic fabric of Jamaica, exposing and exacerbating the deep structural inequalities that are faced by the majority of citizens. It has also meant the redirection of resources to support the network of public health institutions, their staff and critical supplies, the frontline workers across this sector, and provide support (cash, food and other supplies) for newly unemployed persons, and small businesses forced to close, and others in need. In addition, high levels of violent crime, homicides and rape are equally crippling, but with only limited budgetary increases to address this national problem have been provided in the 2021/2022 budget.

However, from a governance perspective, the government has not been as participatory and inclusive in its approaches to addressing the structural inequalities, seeming to rely primarily on modeling, data analysis, and the input from multiple experts, with less contact with sectors, communities and their leaderships whose lived experiences and insights would have been instructive and helpful. Political and economic transformation will be affected as the leadership is required to address the

Structural  
constraints

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underlying structural constraints in governance, while managing the economy guided by its macroeconomic policy framework and making sure that severe social and gender inequalities are reduced and not exacerbated over time.

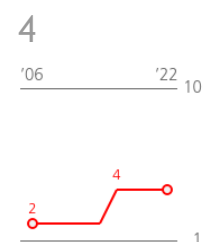
Traditions of civil society are fairly strong, although with reduced funding options, many traditional small to medium civil society organizations have severely reduced activities or have stopped functioning. Substantial funding, however, is accessed by long-standing human rights organizations such as Jamaicans for Justice, the children rights group Children First, the women's rights group Eve for Life, and the environmental advocacy organization Jamaica Environment Trust (JET). Through the use of social media, as well as traditional media, these larger civil society organizations have built networks of engagement which include many smaller civil society organizations in both rural and urban Jamaica, continuing the tradition of public engagement and involvement in civic life. Traditions of civil society continue, through the leadership of local community groups providing support for child-care, and training in the fields of education and advocacy in support of women facing gender-based violence, and of youth leadership. Many have learned to use diverse social media platforms in order to promote their advocacy activities, maintaining a presence in the public domain, and engaging both the government and private sector organizations.

Social exclusion of large numbers of citizens along the lines of race, class and gender from decision-making centers and wealth-generating institutions continues and cannot be overcome in the short term. During the period under review, however, the political leadership, which is in its second term, has not done enough to integrate broad-based, inclusive consultations which would advance a more effective democratic governance process, and remove the constraints on their own management ability which clientelist and corrupt political actions cause.

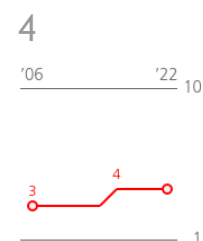
The building of social trust which is a critical component of social capital is affected by the extent to which social exclusion remains a dominant characteristic of Jamaica society.

There are no reported violent incidents targeting citizens along the lines of social class, ethnic or religious communities. Violent incidents on the basis of gender take place with the abduction, rape and murder of women and girls, which has reached epidemic proportions. Human trafficking, which primarily targets young women and girls, is now acknowledged as a national problem. Radical political actors are few and have had no success in taking advantage of existing cleavages in a society where the political and financial elite are divided along social, ethnic, and to a lesser extent, religious lines. The confrontational nature of politics, resulting in violent crimes has been significantly reduced in the last two decades, although a deep political partisan divide exists. However, there are numerous violent incidents mainly between organized gangs, mostly related to the trafficking of weapons, drugs and money.

Civil society traditions



Conflict intensity



The COVID-19 pandemic has had no effect on the confrontational nature of politics, mobilization along existing cleavages, or violent confrontations, although in communities known to contain criminal gangs, persons have been impacted by violence when these gangs take advantage of curfew restrictions.

## II. Governance Performance

### 14 | Steering Capability

The period under review comprises FY 2019/2020 and FY 2020/21, during which the reform drivers have been Prime Minister Holness, Minister of Finance Nigel Clarke, and Minister of National Security Horace Chang. The pandemic started in Jamaica in early March 2020, at the end of financial year 2019/2020, during which Jamaica successfully completed the IMF Precautionary Stand-By Arrangement having achieved all quantitative targets. Strategic priorities included maintaining the stability of the macro-economy, addressing the multiple impacts of the virus on key sectors of the economy, and on the most vulnerable groups, while maintaining the government's commitment to a longer-term macroeconomic and fiscal policy direction.

During 2020, the impact of the pandemic was evident in the large economic contraction caused by to the measures taken by the government to reduce the spread of the virus. General elections were held in September 2020, at the height of the pandemic with attempts to restrict/contain normal political campaign activities while enforcing health protection protocols on election day. Some analysts have suggested that the prime minister called the elections at this time, for short-term political gain from the positive ratings the government was receiving for its management of the pandemic at that time, and for the cash stipends and care packages for which the governing party was popular. There is a view that the prime minister earned this advantage at the expense of spreading the virus further during the island-wide election meetings and motorcades.

The strategic priority to address the diverse negative impacts of the pandemic on key sectors of the economy, and on the most vulnerable groups, was maintained, but without adequate additional resources to lead to long-term recovery. There have been calls from the political opposition and some elements of civil society for the government to further relax its fiscal rules to provide additional support for the long-term recovery programs. This suggests that the government has not been able to balance its prioritization efforts and also strike a balance between its short-term mitigation efforts, and longer-term recovery, as the pandemic both accentuates and aggravates the existing vulnerabilities of poverty, hunger, low employment levels, social exclusion and high levels of crime which large sections of the Jamaican

Question  
Score

Prioritization

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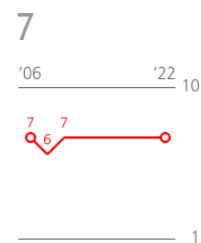
population now face. The government has so far not changed its position on further relaxation of fiscal rules and the level of support it has committed to provide.

The implementation of some major policy priorities identified by the government has been delayed or shelved in reaction to the pandemic. These include some physical infrastructure road works, upgrading of urban communities in the capital, Kingston, and the building of new schools, related to employment generation and economic growth in local communities. On the other hand, it has been effective in focusing on achieving key strategic priorities driven by its macroeconomic policy framework. A 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. Major points include fiscal stability, low-to-medium inflation rates, flexible exchange rate and low interest rates, and making resources available to address the urgent needs of the most vulnerable groups. Though somewhat slow, the government has also embarked on the privatization of mostly inefficient state companies. A problem remains the high level of debt, though it declined from almost 150% of GDP in 2013 to about 90% in 2019.

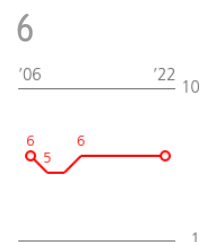
The government demonstrates a general ability for policy learning, but its flexibility is limited. Learning processes inconsistently affect the routines and the knowledge foundation on which policies are based. For example, when it comes to dealing with the murder rate, there has been a consensus on a plan, but the government essentially refuses to give up its preference for declaring states of emergency. As a result, not much progress has been made with regard to acting on the plan. Regarding its overall position on the economy, there is a similar lack of learning or flexibility, which is very disappointing to critics.

Within a few months of confirmation that the virus had arrived in Jamaica in 2020, government measures included an island-wide curfew, community lockdowns, and closure of various business establishments both large and small, which significantly affected small and micro businesses which are prevalent in the informal economy and in poor communities. These measures created a political situation with a severe loss of jobs, greatly decreased workdays and nights, and immediate increases in unemployment resulting in significant loss of income for the most vulnerable people and families. The government saw this as an opportunity to provide support for the people, small businesses, and families that were affected most severely in acknowledgment of how bad the poverty situation is in Jamaica. It was a politically explosive situation. It required a flexible policy approach with the redirection of resources to provide financial support to over 400,000 people through the COVID-19 Allocation of Resources for Employees (CARE) program. This program comprises six components, each one targeting a different cohort of persons and businesses whose livelihoods had either been destroyed or impacted severely by the pandemic and government measures to contain it. Described as a stimulus package of JMD 16 billion, it was designed to cushion the economic impact of the pandemic

#### Implementation



#### Policy learning





with temporary cash transfers to targeted individuals and businesses. Gaps in this program remain, as groups such as small farmers and fisherfolk, household workers, and micro-informal businesses did not benefit.

Early in this process, the inability of the government to easily disburse these payments to individuals through banks or remittance agencies was evident. Large numbers of persons could not access the funds due to a lack of a tax registration number, a bank account, a government-approved national ID, or an email address and internet access. In short order, discussions with the banks and remittance agencies had to be re-visited to facilitate necessary changes to the process as designed. On the part of several government agencies, this was a significant gap in the knowledge and understanding of the conditions in which a majority of Jamaicans live and work. These citizens are out of the reach of and on the margins of important financial organizations and digital service providers. This experience led to some improvement in the institutional learning required for efficient implementation of new, government policies.

## 15 | Resource Efficiency

The government makes efficient use of only some of the available human, financial and organizational resources. Estimates of revenue and expenditure (budget) are presented annually to the Houses of Parliament, and outline the government's social and economic policies, which inform the projects and programs of all government agencies.

For accountability, effective and independent auditing of the performance of government agencies is carried out by the Auditor-General when public bodies report to Parliament, as required by law. The findings of the audits are reported to parliamentary committees in sessions which are open to the press and the public. These audits examine and expose when government agencies are involved in politically motivated dismissals and new appointments of public servants, when recruiting procedures are not competitive and are not protected from political influences, and if personnel expenditure is efficiently used or wasted when services and resources are provided by the state.

In the period under review, most public bodies have failed to report as required under the law. According to the latest annual listing (January 2019) on the cabinet secretary's website, of 164 public entities, only the Bank of Jamaica was up-to-date in meeting its annual transparency and accountability obligations under the Act. The country does not know whether or not public bodies now receiving billions of dollars are using these financial resources efficiently. Annual reports and financial statements remain outstanding for several budget-funded public bodies, which are now receiving very large allocations of funds for the SERVE Jamaica program,

Efficient use of assets

5

'06 '22 10



generating jobs and local economic activity, through road repairs and rehabilitation, in response to the pandemic (Munroe, National Integrity Action, March 2021).

Another major weakness of this process across political administrations is that the official findings and recommendations for action against politicians and/or senior public officials provided by the Auditor-General are not treated seriously. Recommended sanctions are rarely implemented. The accountability required is not forthcoming, and the efficient use of human and financial resources cannot be affirmed.

Public and press scrutiny have increasingly led to multiple allegations of politically motivated dismissals and appointments of public servants, as well as members of boards with responsibility for public agencies. Though hampered by insufficient reporting, the auditor-general's reports over time point to the inefficient and corrupt use of budgetary resources by several government agencies, and frequently reveal corrupt practices and decisions about the use of public funds. The report often also exposes breaches in government procedures and discrepancies between actual budget expenditures and planned expenditures, but penalties are rarely enforced. Though not summarizing the findings in the 2020 Annual Report (FY 2019-2020), a close read of the detailed findings reveals a number of "inconsistencies" in almost every ministry in recent years (e.g., the Ministry of Labour and Social Security, "Tardiness in recording transactions contributed to breakdown in budget control").

The government often fails to coordinate between conflicting objectives. Different parts of the government tend to compete among each other, and some policies have counterproductive effects on other policies. government policy exists to promote and advance agricultural production, in order to drive rural development through increased employment and food security, as well as provide local produce for the tourist industry. Some projects are implemented as part of this policy, and farmers do benefit from them, but the tourism sector enjoys substantial ongoing importation of foods, often duty free, and at the expense of local food production. Similarly, with ongoing bilateral relations with major Chinese investment companies, local architects and contractors face unfair competition as these companies are allowed duty free importation of the main inputs of goods and supplies for the major infrastructure and building projects. In addition, these companies provide significant Chinese labor, at the expense of local labor. These have counterproductive effects on government policies which promote job creation and the design and production of building inputs by the local creative industries.

Policy  
coordination

5

'06 '22 10



1

The government is only partly willing and able to contain corruption, while the few integrity mechanisms implemented are mostly ineffective.

The auditing of state spending and a transparent public procurement system are two integrity mechanisms at the government's disposal, both of which are critical for containing corruption. The Auditor-General issued a Compendium Report which highlighted that for road infrastructure work done over several years, contracts were awarded in a non-competitive process without adequate justification and in breach of procurement law. The law requires that both public officers and private contractors who may have colluded in this process face sanctions. The required actions of Parliamentarians to sanction public officers and private contractors and hold them to account for the illicit use of public funds has not taken place.

The Major Organized Crime and Corruption Agency (MOCA) awaits regulations to allow it to be fully independent of the police force and become effective in tackling the crime-corruption nexus which drives the guns-for-drugs trade and is protected by criminal elements within the security forces. This trade is responsible for the extremely high homicide levels which Jamaica now experiences.

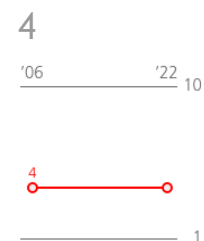
The laws and regulations of the Integrity Commission are largely ineffective in holding parliamentarians and public officials accountable for not declaring personal assets, and breaching conflict of interest rules. A bill on elections and political party financing (including campaign funds) has been in force since 2016 and was first applied in the 2019 by-elections and then in the 2020 national elections. Parties and candidates participating in the latter elections are required to submit their Final Disclosure Reports as of March 2, 2021. (There are no reports fulfillments concerning both elections as of April 2021.)

Public/media access to information is guaranteed by the 2002 Access to Information Act which gives a right to request information from government; it is extensively used, also by civil society organizations. Access to information has not been restricted due to COVID-19.

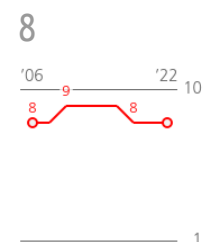
## 16 | Consensus-Building

Among the main political actors, there is a general consensus on both goals. However, this is weakened by significant controversy over strategic priorities. One such priority is re-establishing and maintaining the role of the parliamentary opposition in chairing parliamentary committees that are responsible for monitoring and investigating the performance of ministries, departments and agencies. This is an important feature of the Jamaican parliamentary democracy without which the democratic process itself is vulnerable to any authoritarian attitudes and practices of a governing party. Using its majority in Parliament, the government has made this change despite protestations from the opposition, the private sector, civil society and the legal community.

Anti-corruption policy



Consensus on goals



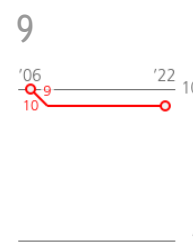
Investigations of the performance of government agencies are carried out by the Auditor-General, whose reports to parliament expose failures to follow rules for procurement and contracts of employment, for payment of emoluments, goods and services, resulting in the misuse and wastage of government resources. Multiple examples of corrupt practices and lack of transparency and accountability on the part of the leadership of several government agencies are frequently exposed, for the information of the media and the public. The fear is that with government members heading all parliamentary committees except one, these practices, which are often a reflection of the corrupt and clientelist use of government resources, will not be exposed to parliamentary examination. Of 12 parliamentary committees, only six have met since the September 2020 elections.

The market economy is identified as a long-term strategic goal by the main political actors. The People’s National Party (PNP), now in opposition, is credited with laying the foundation for the development of a market economy while in government, until losing elections in 2016. During its term in office, the PNP ensured the completion of agreements with the IMF and created the foundation for developing the macroeconomic policy framework on which the current JLP government has continued to build. Powerful private sector interests with political clout are generally in support of this strategic goal.

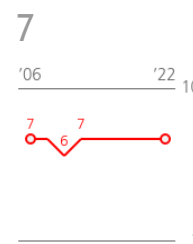
There are no strong actors with anti-democratic interests who might be excluded or co-opted. An increasing challenge still comes from organized criminal networks, which have access to impressive human and financial resources through global and hemispheric connections. These criminal networks, which by definition do not comply with constitutional rules, could implicitly become an anti-democratic force and influence political actors at the local community level 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 successfully contained any anti-democratic interests to date.

The political leadership prevents cleavage-based conflicts from escalating. The deep divisions in society along the lines of race, class, gender and urban/rural areas are not reflected in the political system, as both main political parties have memberships which cut across these societal divisions. This allows the political leadership often with the support of civil society and religious groups to prevent cleavage-based conflicts from escalating.

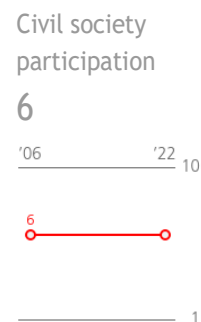
Anti-democratic actors



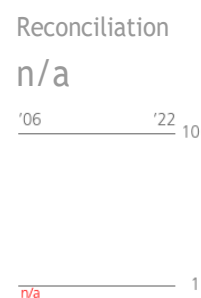
Cleavage / conflict management



The political leadership increasingly neglects meaningful civil society participation in consultations about policy design and implementation which would allow for consideration of wider national interests across the social class divides rather than seeking “rubber-stamping” of policies that have already been arranged. Sectors of the larger private sector interests, such as tourism, banking, agriculture, food manufacturing and export are involved in conversations regarding policy in these sectors of the economy. There are elements of civil society which are involved primarily in care and family services, such as the Red Cross, the Jamaica Cancer Society, and the HEART Foundation. These are charities which provide critical services for vulnerable groups and communities in their own right, without government involvement. In the government responses to the COVID-19 pandemic, members of the Private Sector Organization of Jamaica (PSOJA) and charities like these provided support through supplies of health care and food packages to families under curfew. They often also provided personnel to help in the distribution of care packages to minimize partisan favoritism in certain communities.

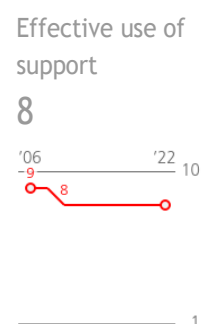


There have been no major historical injustices committed, or reconciliation processes that have been undertaken and/or completed.



### 17 | International Cooperation

The political leadership uses international assistance for its own development agenda, which consists both of the “Vision 2030,” which outlines a comprehensive development strategy oriented to the SDGs, and of the still ongoing financial consolidation strategy in cooperation with the IMF, including reforms of the banking system. However, a major caveat to the consistency of Vision 2030 is the lack of a long-term finance strategy according to a general auditor’s report, which hampers the capability of integrating support effectively. There have also been reports that Jamaica has not been able to provide the local resources and/or technical expertise to enable the successful implementation of large-scale projects in a timely manner in areas where the need was greatest. In addition, organizational weaknesses lead to duplication of effort and waste of resources, so available assistance is not effectively integrated.



Moreover, the dominant agenda throughout the past years has been the IMF Precautionary Stand-by Agreement completed in 2020, which sought to stabilize the Jamaican economy in view of huge fiscal imbalances and an unsustainable public debt. According to the IMF reports and the data reported, Jamaica has used this external support effectively, including institutional reforms which foster a longer-term perspective.

Jamaica has a long history of established relationships with international development partners in support of its own development agenda. These partnerships have provided financial and technical assistance in support of both economic and social development. Areas of focus have included macroeconomic stability, physical infrastructure, rural development, health, education, crime and violence prevention, strengthening the private sector, and more. Partners have included the World Bank, the Caribbean Development Bank, USAID, DIFID, and more recently, CHEC, a development/investment agency of the Chinese government. Relationships with international development partners are guided by the Planning Institute of Jamaica.

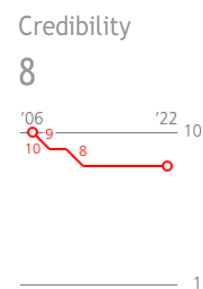
External support to be used in battling the COVID-19 pandemic has included donations from the United States, Japan and Canada of essential supplies, as well as donations of vaccines from India.

The government mostly acts as a credible and reliable partner. In relation to macroeconomic reforms and stabilization, 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 in 2016.

Corruption causes a massive loss of financial resources and of confidence in the bureaucracy, and it is also related to high levels of violent crime. International development partners consider these issues to be powerful constraints on economic growth and also note the failure of governments (past and present) to aggressively take on and reduce corruption. Statements from several large foreign investors indicate that they are also concerned.

Jamaica has a well-established presence in regional and international development cooperation efforts. However, the Jamaican government has not always been compliant in carrying out its obligations under certain international covenants regarding human rights. Examples include obligations related to the care and protection of children in state custody, the care and support of female survivors of rape and incest and supporting members of the LGBT community in exercising their full citizenship rights.

Jamaica has a well-established presence in international cooperation through recognized engagement with less-developed countries, in areas such as UN human rights, advocacy and support for ILO Conventions, WTO trade negotiations for less-developed countries, and advocacy in support of SIDS and Alliance of Small Island States (AOSIS) in relation to disasters and risks from climate change.



Jamaica's 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 and the EU-CARIFORUM Agreement). The current government has played a more assertive role than its predecessor in the CARICOM regional integration process, which is related to the fact that Prime Minister Holness is chairing CARICOM for a stipulated six-month period.

Jamaica has also maintained diverse bilateral relations with countries in the Americas, such as the United States (its most important trading partner), Canada and other Caribbean and some Latin American countries (e.g., Cuba, Dominican Republic and Venezuela). Relations with Venezuela were severely affected by the Trump administration's decision to apply strict sanctions against the Maduro government. Such sanctions have implications for the Jamaica-Venezuela relationship under the Petrocaribe agreement. Collaboration agreements with Cuba in the areas of trade, tourism, health, climate change and disaster mitigation, culture, and education remain in place. In recent times, cooperation efforts have been challenged by a lack of collaboration and consensus between Jamaica and other CARICOM member states regarding relations with Venezuela, Cuba and the United States.

Relations with the United States have generally been close, but during the Trump era, they have become more tense. They have required frequent dialogue to ensure that countries engaged with countries that Trump has imposed penalties on did not likewise suffer. One of those situations arose in relation to bauxite, as this mineral has been the object of substantial Russian investment in Jamaica. Jamaica sided with the United States and a dominant group of states within the Organization of American States (OAS) when it came to supporting Guaidó over Maduro in Venezuela. The current Jamaican government has not been as earnest in support of Cuba as previous administrations have. It appears to have taken a hands-off approach to Haiti, whereas the United States has been actively supporting an illegitimate president whom the Haitian people clearly do not want.

Regional  
cooperation

8



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## Strategic Outlook

Jamaica is a small island developing state that is committed to the development of a market economy and a stable democracy. 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 a small open economy that is significantly dependent on tourism. The main challenges involve achieving both sustained economic growth and social equity, as well as reduced poverty, unemployment, violent crime and corruption. Related challenges include maintaining fiscal discipline and continued debt reduction which are required as central components of an evolving market economy. Jamaica's economic development is taking place in an increasingly globalized environment in which information and communication technologies are advancing rapidly, requiring a new focus on E-commerce. 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 has made some progress toward the development of a market economy. The current government will have to lead an ongoing process of social and political consensus-building at a time when there is a significant "participation and confidence deficit" in the overall governance process. Strong leadership and political will as expressed in the 2020 National Consensus on Crime affirms the importance of this process to ensure the meaningful participation of diverse social groups in a dialogue which will restore trust in the overall governance process. This is required to guide the country toward economic growth and social equity, transforming Jamaica into a safe and secure society in which the burdens of fiscal adjustments are more equitably shared, while acknowledging 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 to ensure policy coherence, the effective coordination of government agency activities, and tackling the corrupt relations between big business, political elites and organized crime.

The pandemic severely disrupted the country's economic and social fabric, as it has exposed and exacerbated the deep structural social and gender inequalities that are dominant features of the society. The contraction of all sectors of the economy, with a related reduction in government revenues, required re-allocation of resources and balancing of budgetary expenses to meet the additional demands. With the loss of a school year by students at all levels of the public education system, these factors, together with persistently high levels of violent crime, threaten to derail government plans for post-COVID-19 economic recovery. This is further complicated by the virtual collapse of tourism, which accounts for nearly a quarter of jobs and about half of foreign exchange revenues and has not recovered by July 2021. In addition, the vaccination program has gotten off to a delayed and slow start, with only 6% of the population having received one dose of a vaccine and barely 4% fully vaccinated by mid-July 2021.