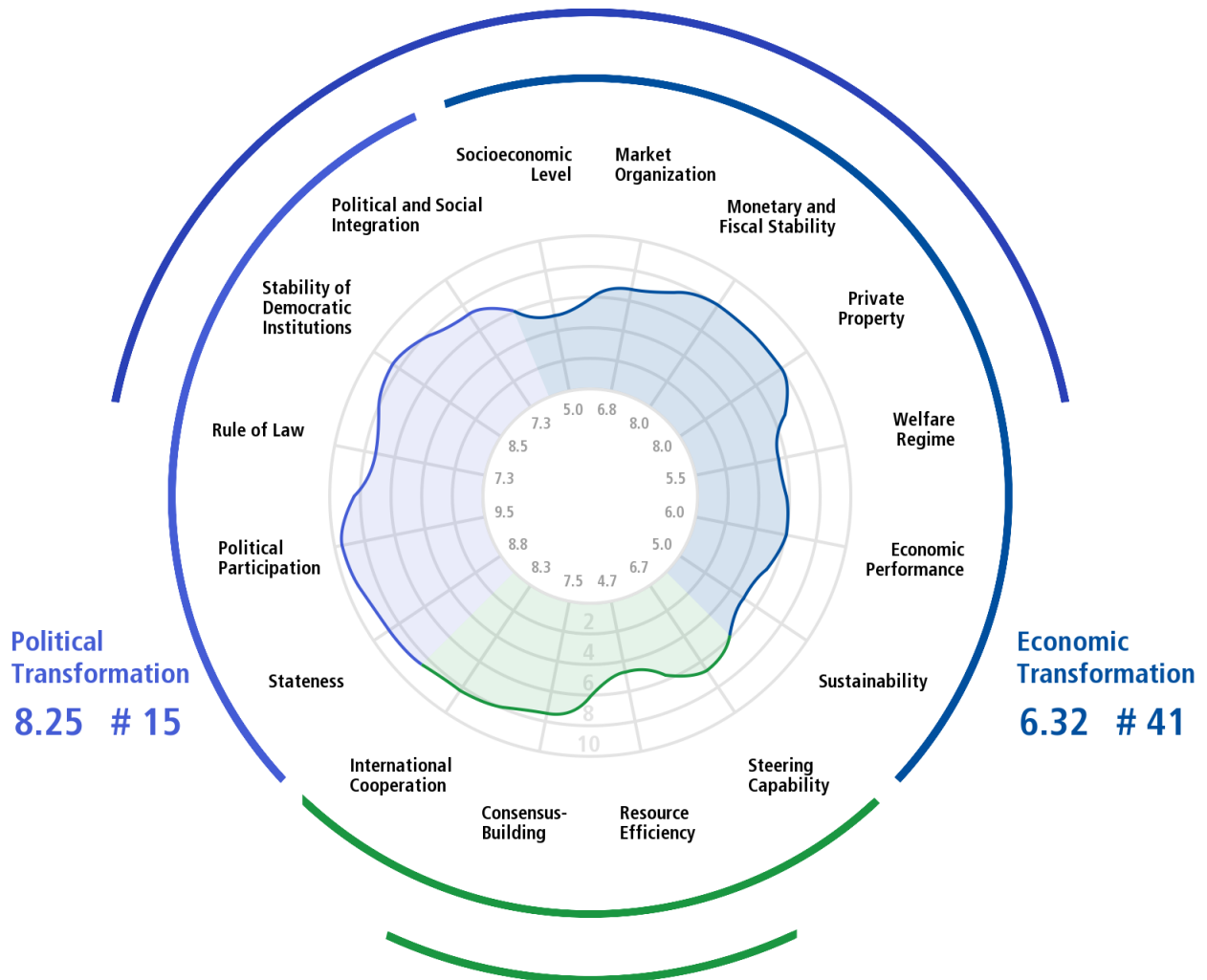


# Jamaica

## Status Index

**7.29 # 19**

on 1-10 scale out of 137



## Governance Index

**5.86 # 34**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. 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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## Contact

Bertelsmann Stiftung  
Carl-Bertelsmann-Strasse 256  
33111 Gütersloh  
Germany

### **Sabine Donner**

Phone +49 5241 81 81501  
[sabine.donner@bertelsmann-stiftung.de](mailto:sabine.donner@bertelsmann-stiftung.de)

### **Hauke Hartmann**

Phone +49 5241 81 81389  
[hauke.hartmann@bertelsmann-stiftung.de](mailto:hauke.hartmann@bertelsmann-stiftung.de)

### **Robert Schwarz**

Phone +49 5241 81 81402  
[robert.schwarz@bertelsmann-stiftung.de](mailto:robert.schwarz@bertelsmann-stiftung.de)

### **Sabine Steinkamp**

Phone +49 5241 81 81507  
[sabine.steinkamp@bertelsmann-stiftung.de](mailto:sabine.steinkamp@bertelsmann-stiftung.de)

**Key Indicators**

Population	M	<b>2.9</b>	HDI	<b>0.726</b>	GDP p.c., PPP \$	<b>9299</b>
Pop. growth <sup>1</sup>	% p.a.	<b>0.5</b>	HDI rank of 189	<b>96</b>	Gini Index	<b>45.5</b>
Life expectancy	years	<b>74.3</b>	UN Education Index	<b>0.692</b>	Poverty <sup>3</sup>	% <b>9.1</b>
Urban population	%	<b>55.7</b>	Gender inequality <sup>2</sup>	<b>0.405</b>	Aid per capita \$	<b>20.1</b>

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. 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

Following its election victory in February 2016, the Jamaica Labour Party (JLP) returned to government, with Andrew Holness as prime minister. The party also won the local government elections in November 2016. Constitutional democracy and a democratic tradition based on a bipartisan parliamentary model are stable, and the two main political parties are deeply rooted in the political culture. However, voter turnout has declined in recent decades, pointing to a “participation and confidence deficit” in Jamaica’s democracy and governance processes. Public trust in politicians is low.

Developing a more inclusive and democratic form of governance will be essential to the country’s economic development and continued public support for democracy. This will involve expanding the narrow representative nature of the parliamentary system while strengthening and sustaining participatory arrangements. Jamaica’s main political and economic actors have continued to resist any attempts to provide “meaningful space and a voice” for the legitimate concerns of marginalized social groups. The lived experiences of these groups demonstrate that Jamaica’s current governance system has been unable to fully ensure their citizenship rights.

Advocacy by diverse non-governmental and community-based organizations, youth clubs, faith-based organizations, networks of both women’s and human rights organizations, and a traditionally free press provide spaces for more diverse views to be heard. The tradition of civil society participation in public life is entrenched, although it is unable to maintain consistent and effective pressure on the political leadership. There is widespread public concern about the dominance of powerful private sector interests and their ability to influence public policy decisions. Increased efforts by the security forces to break the nexus between organized crime, big business and political actors have weakened the threat posed by organized crime to the democratic process, although there is still public concern about it.

The macroeconomic reforms required by the IMF Precautionary Stand-by Arrangement are progressing, and they focus on structural adjustments to achieve fiscal consolidation and debt reduction. While macroeconomic stability and signs of an economic recovery are reported, economic growth has been sluggish overall but especially in agriculture and manufacturing. Successive governments, formed by the two main political parties, have demonstrated their capacity to meet debt obligations and achieve structural benchmarks, but they have not maintained a social security net that adequately provides for the large numbers of Jamaicans living in poverty. Public debt is on a downward trend, but severe fiscal constraints hamper efforts to develop essential sociopolitical safeguards, such as an expanded social security net for the many families experiencing intergenerational poverty, as the market economy evolves. The costs associated with the effects of organized crime on the public health care system are substantial, which undermines the government's ability to use resources efficiently to provide quality health care and education for the majority of Jamaicans. While most violent crimes have declined, real concerns exist about the sustainability of the police's crime-fighting strategies without the necessary social intervention programs. Corruption, the high incidence of violent crimes (especially murder and the rape of women and girls) and the high unemployment rates of women and youth are widely perceived as Jamaica's most pressing problems.

## History and Characteristics of Transformation

The historical legacy of slavery and plantations has 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 remained relevant during the review period. Jamaica's political transformation to democracy has not been a linear development from early representative institutions to today's democracy. Jamaica held its first general election with universal adult suffrage in 1944, followed by a phase of internal self-government and then full sovereignty in 1962. Jamaica is one of the few developing countries to have gained independence during that era, and it has maintained an uninterrupted representative democracy, with 18 changes of government through general elections.

Jamaica's two leading political parties, the People's National Party (PNP) and the Jamaica Labour Party (JLP), have together maintained control of the government. The JLP led the country at independence in 1962, with the PNP dominating through the 1970s, 1990s and early 2000s, before the JLP took control of local government in 2003 and the national parliament in 2007. The PNP won the general election in December 2011 and the local government election in March 2012. Most recently, the JLP won the general and local government elections in February 2016 and November 2016, respectively.

This "successful electoral democracy" is also viewed as having democratic deficits given its narrow representative nature and the structural roots of conflict in persistent intergenerational poverty, inequality and social exclusion. There are clear signs of a history of poor management of the country by both political parties, with society generally unwilling to challenge the 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 clientelist relationships with their political parties. The business elites are easily integrated into politics through their financial support of both political parties, which helps to maintain the status quo and discourages significant reform of the bipartisan electoral system.

Jamaica's political system has alternated between high and moderate levels of consensual and tribal politics. Ideological polarization and confrontation between the two parties were severe in the 1970s and peaked in 1980, when approximately 80% of the nearly 900 deaths during that year's election were from political violence. The polarized political divisions within Jamaica, embodied in the two parties' leaders, ideologies and foreign policies, reflected a wider global conflict. Under the leadership of Michael Manley, the PNP aligned itself with countries of the Non-Aligned Movement and Cuba, while the JLP, under the leadership of Edward Seaga, collaborated with the United States. The near civil war of 1980, with the entire country divided along party and ideological lines, marked the climax of this period. 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, ensuring elections that are free, fair and peaceful.

The JLP and PNP initially pursued different economic development strategies. In the 1960s, the JLP government relied on modernization theories and tried to industrialize the island with the help of foreign investment. In the 1970s, the PNP based its policies on dependency theories and democratic-socialist ideas, as the government sought a dominant role in the economy. Increased indebtedness and fiscal deficits forced the PNP to enter into an IMF agreement in 1977, which was badly handled and then in 1980 repudiated. This led to an unpopularity that, along with the violence of the period, brought an end to the PNP government. In the 1980s, the JLP went back to the IMF and pursued market-oriented economic policies under a structural adjustment program. Returning to power in 1989, the PNP reversed its previous stance and promoted free-market policies.

Such ideological differentiation is no longer present, as the positions of the two parties have converged toward the center, reflecting the influence of the dominant trends in the global political economy. The structural adjustment policies of the IMF and other multilateral lending agencies have dominated the macroeconomics of the country during the tenure of both the PNP and the JLP governments, with differing levels of austerity at different times. For the most part, the macroeconomic reforms and structural adjustments have been accompanied by negative or very low growth, large fiscal deficits, high unemployment and an unsustainable debt burden. In the last two review periods, strictly applied IMF agreements implemented by the PNP (2012-2016) and the JLP (2016-2019) have begun to show some positive developments: the fiscal deficit is controlled, the debt-to-GDP ratio is gradually reducing, unemployment is on a downward trend (although it is still high) and there has been some minimal economic growth. Important structural changes to the telecommunications, financial services and tourism sectors have taken place alongside significant growth of the informal economy.

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

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

The state's monopoly on the use of force is established nationwide in principle, but it is challenged by well-organized criminal enterprises and armed gangs in two parishes in western Jamaica, two parishes in central Jamaica and the capital, Kingston. Although the homicide rate has declined since 2009, it is still one of the highest in the world (the fourth highest in 2016) with 47 deaths per 100,000 inhabitants.

A large majority of the population accepts the nation-state as legitimate. The right to acquire citizenship through birth or descent without discrimination is protected by the law. The state is sometimes challenged by some vulnerable groups who report that their ability to exercise their full citizenship rights is constrained. These Jamaican citizens include young men and women living in extreme poverty, who are often denied access to certain services and sometimes employment due to their home address or being a member of the lesbian, gay, bisexual and transgender (LGBT) community.

The influence of religious dogmas on legal order and political institutions is evident in the approach of the joint select committees of parliament, which are tasked with amending certain laws (e.g., the Sexual Offenses Act or de-criminalizing abortions). Powerful, well-resourced and influential groups of ultra-conservative religious professionals (such as doctors and lawyers) have stymied the work of these committees with the result being that recommended amendments remain unapproved and are not subjected to public discussion, sometimes for years. The issues affected also include buggery, gambling, prostitution, flexi-work (as it affects Sunday, a day of worship) and sex education in schools.

A recent public opinion poll indicated that 60% of the persons polled supported women's right to choose and to access legal abortions, under appropriate medical

Question  
Score

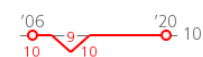
Monopoly on the  
use of force

8



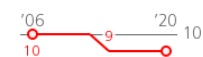
State identity

10



No interference of  
religious dogmas

9



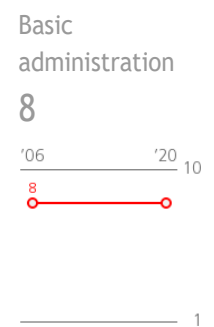
conditions and with counseling. The government recently announced its intention to hold a referendum on the subject, noting that the importance of this issue requires that the final decision is made with the fullest involvement of the Jamaican people. Jamaica is a pre-dominantly Christian society with the Adventist denomination comprising the fastest-growing religious group.

The state's administrative structures provide most basic public services throughout the country, but their operation is uneven and is seriously deficient in some 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 the reported corruption in the systems used in the repair and maintenance of the roadways on all parts of the island.

An island-wide system of highways has improved access to and from the capital, Kingston, and the main tourism-based parishes. In 2015, only 82% of the population had access to sanitation and 94% to water. In the last two years (during the current IMF program), cuts in government expenditure have seriously impacted the ability of health care facilities to provide good basic health care. A recent dengue fever epidemic revealed the inability of both public hospitals and clinics to provide critical emergency services, which resulted in the death of a number of children.

Very low salaries and unattractive working conditions lead to a brain drain, with large numbers of trained nurses and doctors migrating to the Global North. The refurbishment of some local courts in parish capitals has taken place, but high levels of inefficiency are still reported. Tax administration offices are present in only three out of fourteen parish capitals. Parish capitals and some outlying rural communities have police stations, but they lack the personnel and vehicles for the police to carry out their work effectively. Reports of corruption within the police force are widespread, though there has recently been a stricter use of internal investigation procedures, resulting in the arrest and redundancy or incarceration of more police officers than there used to be.

Jamaica's telecommunications infrastructure is basically in the hands of two main private service providers. These, along with the publicly owned provider of water and sewerage services, are subject to the regulatory powers of a government agency.



## 2 | Political Participation

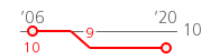
Multiparty general elections are held, conducted properly and accepted as the means of filling political posts. The last national elections took place in 2016, resulting in the return of the Jamaica Labour Party (JLP), with Andrew Holness as prime minister. The JLP also won the local government elections in November 2016. Elections are considered as free and fair, and also free from fear. The Electoral Commission of Jamaica (ECJa), which is the country's electoral management body, is impartial and effective. Its decisions and supervision of the electoral system alongside the Electoral Office of Jamaica are determined by the Representation of the People's Act (ROPA). Together, these two independent bodies are responsible for the registration of voters and candidates as well as the preparation of voters' lists and polling procedures, including counting votes, verifying the results and complaint resolution. Jamaicans generally agree that these procedures are conducted in a transparent, impartial and correct manner. Polling stations are secure and generally accessible except for difficulties experienced by wheelchair users where buildings have not been adjusted to enable wheelchair access. Voting is done in secret to ensure effective participation.

Regulations supporting a 2015 bill for political party registration and for monitoring campaign financing were passed in the parliament in May 2017. The two main political parties have been registered as they are required to be, but there are still public concerns about the regulation of campaign financing – without the required reports, access to information about the sources of campaign finances and levels of spending are not available. It was evident that the then governing party was financially weak, while the then opposition party was well-financed, allowing for greater media access and campaigning across several platforms, including social media. Concerns therefore existed about fairness regarding the use and impact of the media on the outcome of the campaign.

Democratically elected political representatives have the effective power to govern. However, although unable to veto decisions made in parliament, business elites – through their ownership and control of key sectors of the economy – do publicly and privately advocate for and influence some special-interest policies. They are able to succeed in this through corrupt members of the two main political parties, particularly when it is in the latter's interest in their quest to gain or retain political power.

Free and fair elections

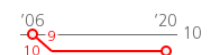
9



1

Effective power to govern

9



1



Trade unions, human rights and women's organizations, other civil society groups and individuals can fully exercise their rights of association and assembly, which are guaranteed and protected against interference or government restrictions. For example, they can exercise their right to lead and participate in peaceful demonstrations as prescribed by Jamaican law.

Groups can operate free from unwarranted state intrusion or interference in their affairs, but some levels of intolerance, discrimination and occasional violence are displayed by some citizens in response to different expressions of sexuality, and by elements of the security forces in their treatment of young men living in poor, low-income communities. This is increasingly recognized as interference and attempts to prevent some persons from exercising their full citizenships rights to freedom of association and assembly.

Freedom of expression, free from interference and government restrictions, is guaranteed. Individuals, groups and the press can fully exercise these rights. Evidence of self-censorship by sections of the press continues, and legislation regulating access to information is in place, although it is resisted by elements of the political and business leadership. It is effective and is used increasingly by civil society groups. The structure of the media system provides for a plurality of opinions, but it is recognized that there are overlapping interests between the owners of key sectors of the economy and the larger media houses. Editorial positions, advertisements and specific information supportive of those sectors continue to dominate the larger media groups at the expense of different opinions that represent diverse and divergent interests. The merged super media/communications/advertising group maintains its dominant presence across all major digital and traditional platforms, especially since the introduction of apps during the last two years, which provide instant access to its programs. Almost 30 small community-based radio stations contribute to a very dynamic and diverse radio community through which freedom of expression flourishes.

The 2018 passage of legislation for the implementation of a National Identification System (NIDS) has been challenged by the Press Association of Jamaica. Sections of this legislation have been interpreted as requiring investigative journalists to reveal their sources in respect to certain categories of information. There are reports of journalists and their videographers being attacked as attempts are made to prevent them from accessing certain worksites and police operations in specific communities with a history of violence.

Association /  
assembly rights

10



1

Freedom of  
expression

10



1

### 3 | Rule of Law

There is a clear separation of powers in Jamaica, which is in place and functioning. Checks and balances are occasionally subject to interference, for example, 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, using 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. The Electoral Commission of Jamaica (ECJa) is a statutory agency, established by parliament. The decisions of the commission, which comprises representatives of both political parties and a number of independent members, are fiercely protected by its statute against any undue interference by political parties. The executive is unable to interfere in or influence the final decisions of the commission.

The judiciary is independent and free from both unconstitutional intervention by other institutions and from corruption. It is institutionally differentiated, and there are mechanisms for judicial review of legislative or executive acts, including pressure from the wider public. In a celebrated public case, the current chief justice was subjected to an “acting appointment” by Prime Minister Holness, for which there is no recorded practice or precedent. The tenure, independent appointment and functioning of the chief justice are fiercely protected by the judiciary, the Jamaica Bar Association and the human rights community.

Amid allegations and fear of interference by the political directorate, the full body of judges publicly protested with significant support from key professional bodies, the opposition party, the private sector, and human rights and civil society organizations. The chief justice was immediately appointed with no stated conditions and with public commitments to non-interference with his efforts to carry out his duties independently.

There are attempts to link the disappearance of case files and inordinately long waiting periods for cases to be heard with acts of corruption, and there are unsubstantiated reports of that happening. It is well-established that there are too few courts, especially in rural parishes, which severely restricts the capacity of the judiciary to function optimally in the service of large sections of the country. The physical and technical infrastructure of the judicial system are inadequate for the large number of criminal cases, as are the available human resources. It is partially restricted by insufficient territorial or functional operability.

Ongoing legal education is provided for judges and attorneys, and up-to-date registration is required. Channels of appeal do exist. In recent times, various reforms of the court administration have been undertaken, including appointing more judges,

Separation of powers

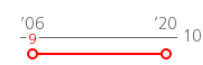
8



1

Independent judiciary

9



1

opening night courts, refurbishing and expanding the capacity of a number of courts in some urban centers in rural Jamaica, referring certain non-criminal cases for mediation, and introducing technology for taking notes and preparing judges' opinions. There is a perceived class bias on the part of some members of the judiciary, and citizens from lower socioeconomic groups express less confidence in the justice system.

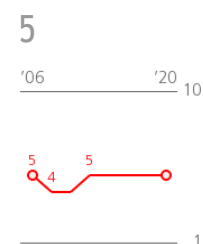
Officeholders who break the law and engage in corruption are not adequately prosecuted, but they occasionally attract adverse publicity. Politicians and senior public officials are rarely convicted of corruption. The Integrity Commission Act was passed on January 31, 2017, supported unanimously by both sides of parliament. This established a single anti-corruption body to investigate, detect, prevent and prosecute acts of corruption by senior public sector officials and politicians in Jamaica. Previously, the three different state agencies, which were involved in this process, did not have the legal power to ensure that public servants and politicians would be held accountable for breaking the law and engaging in corruption.

In January 2019, the chairman of the Integrity Commission of Jamaica (ICJ) disclosed that the annual reports detailing the statutory declarations of all assets, liabilities and incomes of parliamentarians for the years from 2014 to 2016 had been in the possession of the prime minister's office, but no action had been taken. The prime minister is required to table each annual report in the lower house of parliament, but the last report tabled was in 2013. Widespread public complaints, led by National Integrity Action, described this as unacceptable. Conflicts of interest and ethical misconduct are addressed under a legal provision that allows a politician or senior public official to simply declare their role or involvement in any company that may be providing services or goods to a government agency.

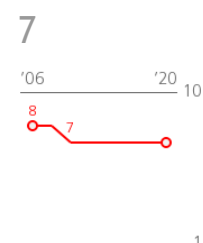
Civil rights are protected under the law, especially by the constitution and the Charter of Rights. However, they are often not properly respected and protected. Through its legal team, Jamaicans for Justice (JFJ) receives credible reports of the serious physical abuse of detainees while in police custody from family members of persons detained at police stations. Without the intervention and legal action of NGOs like JFJ and Jamaica Aids Support for Life, or state agencies like the Public Defender (when the offending party is a state agency), the rights of detainees are not properly respected and protected, and detainees face threats to their life, safety and fundamental human rights. Mechanisms and institutions to prosecute, punish and redress violations of civil rights exist, but they are not consistently effective, as many vulnerable citizens, primarily young black men, do not have access to legal services.

Discrimination on the basis of sexual orientation is given as a key reason that LGBT people are afraid to report incidents of assault against them, as they fear further abuse from police officers while in police custody. A 2016 study commissioned by J-FLAG

#### Prosecution of office abuse



#### Civil rights



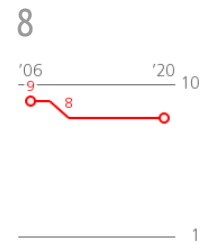
found that many LGBT people continue to suffer in silence, despite the efforts of the police to encourage vulnerable people and marginalized groups to report incidents. Close to one in four (24.6% of respondents) feared a homophobic response from the police, while close to one in five (19.1%) felt too ashamed or embarrassed to report harassment. Meanwhile, 18.6% of respondents dealt with the matter themselves, 15% feared a reprisal attack from the offender and close to one in 10 were discouraged from reporting the matter (8.5% of respondents).

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

#### 4 | Stability of Democratic Institutions

Democratic institutions generally perform their functions, but they are not free from extensive, counterproductive friction. Both national and local governments often experience this friction along partisan lines when the ruling party seeks to pass policies or enact bills but is unable to do so because of persistent opposition. Institutions such as the two houses of parliament are also often inefficient. This is due to the basic Westminster parliamentary model, which constrains the extent to which consultations outside of the formal parliamentary structure can inform the work of parliamentary committees that comprise only politicians. These committees therefore do not benefit from the research, analyses and experiences that would be available through wider interventions and consultations. They are obliged to hold consultations with state agencies and public officials from relevant government departments, during which friction is sometimes evident. Representatives of the wider public (e.g., women's and youth organizations, faith-based and human rights organizations, and environmental groups) can make presentations at the formal sittings of the committees. Inefficiency arises from the inability of various public institutions to incorporate broader public interests as expressed by civil society organizations into their decision-making. Friction between institutions arises when various state agencies resist or resent interventions from civil society. The judiciary does not get involved in such political decision-making and is free from extensive counterproductive friction.

Performance of democratic institutions



Democratic institutions are accepted as legitimate by most relevant actors. However, this legitimacy and long-term commitment is increasingly questioned in view of the inability and unwillingness of the political and economic elites to engage in respectful, meaningful, broad-based and inclusive dialog. There are also calls from the private sector and civil society organizations for more transparent decision-making processes in the national parliament and local government authorities, which would improve the credibility of these institutions. In recent times, the governing party has resisted taking this approach, which would be an important component of a more inclusive and democratic governance process that does not rely primarily on consultations with the dominant economic and business elites and a party's own supporters. Pressure from key civil society groups has had some impact and remains necessary. Strong and persistent advocacy from diverse civil society coalitions is required to guide the government in a direction that acknowledges the value of being genuinely more inclusive in making decisions that have national impact.

Commitment to democratic institutions



## 5 | Political and Social Integration

The party system is stable and socially rooted. It is dominated by two political parties, which have each contributed significantly to Jamaica's modern political history. Each party has a core membership base, each contributing almost equally to the results of the last national elections held in February 2016. The use of digital communication and multiple social media platforms has increased the parties' attempts to attract wider societal interest, especially among the youth population.

Party system



Both parties are well-established. They are supported by clientelism, corruption and political patronage, which run deep in the political culture. These factors mean that political fragmentation is low and other political parties have historically been unable to take root and survive.

Low voter volatility and low polarization are characteristics of this political system. In recent times, the two parties have not reflected substantial ideological differences, as Jamaica's indebtedness has resulted in the strict implementation of IMF-driven macroeconomic reform programs during the administration of both parties. The aggressive use of technology and social media platforms to "sell" the benefits of adhering to such programs is more evident on the part of the current ruling party, as it seeks to aggregate social interest in its own approaches and policy prescriptions.

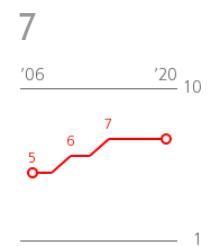
There is a moderate number of interest groups that reflect most social interests. However, a few strong interests dominate in the main sectors. The culture has not been to avoid the dominance of a few strong interest groups, and the different competing social interests are not all incorporated. The strong 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). More recently, the 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. There are no organized social or political groups that aim to undermine democracy or civil society.

During the period under review, several civil society organizations, including social interest groups and community-based organizations, have faced serious resource constraints, including human resources, finances and infrastructure, as traditional funding partners are less accessible. However, a spectrum of interest groups does exist, ranging from community-based organizations with a local and/or rural focus to non-governmental organizations with a national focus. The Jamaica Civil Society Coalition continues as a public forum.

Cooperation between different interest groups tends to take place around specific issues such as the environment, corruption, and violence against women and children. Dominant environmental interest groups include the Jamaica Environment Trust (JET), whose public advocacy against state agencies that break the law enjoys increasing support from other organizations. Jamaicans for Justice (JFJ) is the most vocal and respected presence in the human rights sector and enjoys significant public support. J-FLAG remains the strongest advocacy group for members of the LGBT community. The Women's Resource and Outreach Centre (WROC) and the Jamaica Household Workers' Union are strong national voices, combatting violence against women and promoting women's human rights and empowerment. WE-Change runs a targeted education program in support of women's human rights and empowerment, and against all forms of discrimination and abuse, in particular sexual abuse.

Although trade unions have been significantly weakened nationally, they are present in certain sectors of the economy, such as sugar, bauxite, tourism and the public sector where they represent doctors, nurses, teachers and the police. There is also a spectrum of professional associations for lawyers, engineers and architects.

Interest groups



Approval of democratic norms and procedures is fairly high and a reasonable level of support for the notion of democracy continues. The 2016/17 LAPOP survey reported that 55.8% of Jamaicans support the idea of democracy as the best form of government. The survey also showed that higher levels of support for democracy (68%) exist among the more educated (those with post-secondary level education or higher). The lowest levels of support for democracy (47%) exist among the lowest quintile of wealth. Those with the highest level of wealth recorded higher levels of support for democracy (63%).

One sign of somewhat weaker support for democracy is the decline in voter turnout. In the February 2016 national elections, the Electoral Office of Jamaica reported that 48.37% of the approximately 1.8 million eligible voters voted, five percentage points lower than in the 2011 elections. The reduced participation of voters in national and local elections is interpreted as an increasing sign of dissatisfaction with the bipartisan political system and the democratic process it supports. Beyond the core membership of the two parties, the majority of people in the poorest socioeconomic groups assess that their interests and needs are not being adequately addressed regardless of which of the two parties form the government.

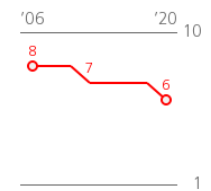
LAPOP 2016/17 reported that 41% of Jamaicans identify with a political party. The perceived and often real benefits the two parties' core supporters derived through their participation in the system and often through clientelism contribute to their identification with a party as well as their support for the associated democratic norms and procedures. LAPOP also reports that only 22.5% of Jamaicans trust political parties. The majority of both parties' core supporters come from the lower socioeconomic groups with less well-educated Jamaicans being more likely to trust political parties than well-educated Jamaicans.

There seems to be low satisfaction with the performance of democracy as experienced through some institutions outside the formal political party system. Regarding the military, the 2016/17 LAPOP survey reported that support for coups in Jamaica had been on the rise since 2010. 59.3% of survey respondents said that a military coup would be justifiable when there are high levels of crime. This is a 7.1 percentage point increase since the 2015 report and the highest percentage in the western hemisphere. The survey also showed decreased trust in elections (31.8%) and in political parties (22.5%).

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

Approval of  
democracy

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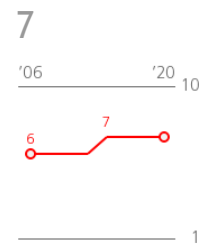


There are a substantial number of autonomous, self-organized groups, associations and organizations in Jamaica. They are typically found at the local and community levels. They generally coalesce around sports, music and charitable services providing food and clothes, and targeting under-privileged communities. Increasingly, these groups appear to be led by younger citizens under 35 years of age, including recent university graduates. Generally, the groups appear and carry out their work for a specific period of time; however, they may then go dormant and later re-appear in response to another identified need in their community, sometimes in collaboration with the church.

At the community level, trust manifests itself through collaboration between groups who decide to address particular community challenges. Press reports of community activities (e.g., educational programs, protests against violence against women and girls, and fundraising for the victims of violence and back-to-school needs) organized by more than one group indicate a fairly high level of trust at this level – outside the more rigid partisan communities, there is a fairly high level of trust among the population. However, expressions of distrust do occur across class and racial lines.

A number of community-based organizations work together in order to benefit from the corporate social responsibility programs of foundations created by the largest private sector organizations, which often provide both material benefits and access to free services (e.g., dental care, medical services or resources for schools such as books and sports gear). Members of the Jamaican diaspora also work through groups of community-based organizations to provide similar services. These types of initiatives have become the preferred option for many at the community level who face increasingly difficult personal and organizational financial challenges with fewer resources to keep their autonomous organizations going. This increases the likelihood that such organizations become unevenly distributed and temporary even while they try to remain autonomous and self-organized.

#### Social capital





## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Poverty and inequality are pronounced and partly structurally ingrained. Jamaica is rated as a country with a high level of human development. Jamaica scored 0.732 on the UNDP's 2018 Human Development Index, ranking 94 out of 188 countries – a relatively high ranking, which continues to mask the realities of severe social and economic inequalities.

The most recent Survey of Living Conditions (SLC) in 2015 reported a reduction of the gap in mean per capita consumption between the poorest and the wealthiest quintiles in Jamaica. While consumption in the fifth quintile was almost seven times that in the first quintile, it was a decrease from 2013, when the difference was 8.2 times. The top 20% of households accounted for 44.8% of national consumption expenditure, while the Gini coefficient remained almost unchanged at 0.380 (compared to 0.379 in 2014). Jamaica scored 0.412 in the Gender Inequality Index (2016 and 2017), meaning the inequality level for women was above the mean for countries in the BTI sample. Gender is a key factor in how households interact with both the formal and informal markets. The SLC 2015 reported that per capita consumption expenditure was 23.9% higher in male-headed households than in female-headed households, a small decrease compared to the 2013 figure of 27.9%. Male-headed households continue to register a higher level of average expenditure in all commodity groups.

Concerning poverty, SLC 2015 reported that 21.2% of Jamaicans live in poverty, a decrease from a poverty rate of 24.6% reported in 2012. Rural areas continued to record a higher level of poverty with an increase to 28.5% from 24.9% in 2012. It was 14.3% in the Kingston metropolitan area, which decreased from 15.3% in 2012. Some 6.9% of individuals were consuming at a level below the individual food poverty line (i.e., they were unable to meet basic nutritional requirements, were living in extreme poverty and were classified as food poor). The majority of the population remains at risk of poverty, as indicated by persistent high levels of extreme poverty both nationally and rurally, and among youth, especially those under 18 years of age. Persons from lower consumption groups who live in communities that are dominated by sub-standard housing and social infrastructure regularly face discrimination on the basis of “their address,” and they are excluded from employment opportunities.

Question  
Score

Socioeconomic  
barriers

5

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1

Economic indicators		2015	2016	2017	2018
GDP	\$ M	14145.5	14072.1	14781.1	<b>15717.9</b>
GDP growth	%	0.9	1.4	1.0	<b>1.9</b>
Inflation (CPI)	%	3.7	2.3	4.4	<b>3.7</b>
Unemployment	%	13.5	13.2	11.7	<b>9.4</b>
Foreign direct investment	% of GDP	6.5	6.6	6.0	<b>4.9</b>
Export growth	%	4.4	0.9	2.6	-
Import growth	%	-2.1	-3.0	5.0	-
Current account balance	\$ M	-430.1	-43.5	-385.6	<b>-463.5</b>
Public debt	% of GDP	121.9	113.6	101.1	<b>94.4</b>
External debt	\$ M	14113.3	14097.2	14722.0	<b>16306.7</b>
Total debt service	\$ M	4073.1	1909.8	1403.1	<b>1242.6</b>
Net lending/borrowing	% of GDP	-0.3	-0.2	0.5	-
Tax revenue	% of GDP	24.8	26.0	26.2	-
Government consumption	% of GDP	13.8	13.8	13.4	-
Public education spending	% of GDP	5.5	5.3	5.3	<b>5.4</b>
Public health spending	% of GDP	3.6	3.7	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.9	1.0	1.0	<b>1.4</b>

Sources (as of December 2019): 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 somewhat stronger institutional framework but still with uneven rules for market participants and a large informal sector. The 2019 Doing Business Report ranked Jamaica 75 out of 190 countries, down from 70th in 2018. However, starting a business improved – it now takes two procedures and three days, and it costs 4.4 % of GNI per capita, resulting in rank 6 out of 190 countries. Corruption, violent crime and inefficient government bureaucracy remain the most critical challenges to the institutional framework. Above all, negotiating the bureaucracy remains a complaint of investors in Jamaica, with costs more burdensome on small enterprises (who make up the majority of informal sector businesses).

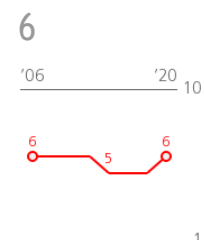
During the period under review, the JLP government continued the policy thrust that it adopted after the February 2016 elections. This is still guided by the three-year IMF Precautionary Stand-By Arrangement (SBA), which was approved in November 2016. In November 2018, the IMF noted that program implementation remains strong after five years of economic reforms. It also said that structural impediments need to be addressed to foster private capital formation, accelerate growth and promote job creation, and that modernizing the central bank would help facilitate the needed move to fully-fledged inflation targeting.

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

There is considerable state intervention in sectors the government regards as strategically important. The divestment of both international airports has taken place, and the sale of the state-owned Wigton Wind Farm is under active consideration. The government still has shares (20%) in the Jamaica Public Service. The government continues to seek local and foreign direct investment and increased competition by developing a logistics hub, which is expected to play a central role in the country's long-term economic development.

There are no price controls in Jamaica – sellers are free to sell at whatever price they want and then add VAT (GCT) at 16.5%. The Jamaican dollar, the official national currency, is not freely convertible outside of Jamaica, as the currency is too weak and is unstable in relation to the major currencies. Access to the main convertible currencies is not restricted. The freedom to launch and withdraw investments continues with no barriers to foreign ownership except in cases where local assets are registered as national heritage sites.

Market organization



Some regulation to prevent monopolistic structures and conduct exists, but it is rarely enforced. Current competition laws do not prevent the formation of monopolistic structures or behavior. A competition law (The Fair Competition Act) exists, but it is not strictly anti-monopoly, and the Fair Trading Commission (which administers the law) cannot rule in the case of a merger unless the new entity engages in anti-competitive behavior or conduct. So, while there is regulation to prevent anti-competitive conduct, it does not prevent the formation of monopolistic structures. The foreign-owned Jamaica Public Service Company's monopoly on energy distribution continues. There continues to be debate on this matter, with a challenge in court outstanding. The company still has multi-decade, exclusive rights to transmit, distribute and supply electricity in Jamaica. It is also worth noting that the current government has signaled its intention to sell the remaining 20% it owns.

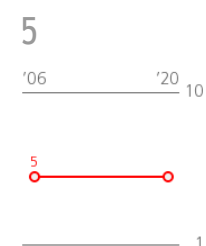
Institutions actively involved in regulatory and monitoring functions include the Fair Trading Commission (FTC), the Consumer Affairs Commission (CAC), the Bureau of Standards Jamaica (BSJ) and the Trade Board (TB).

Jamaica's revised foreign affairs/foreign trade policy was approved in October 2017. Through its implementation, Jamaica is working to be competitive in national, regional and international markets. Foreign trade is liberalized in principle, and barriers have been successively reduced. Jamaica is an original and active member of the WTO. Though in principle a proponent of free trade, the country is also a strong supporter of special and differential treatment for developing countries within WTO negotiations, maintaining that the priorities of small economies must be addressed fully and in all areas of the WTO. Jamaica grants at least most-favored nation treatment to all trading partners. Jamaica imposes no taxes or quantitative restrictions on exports and has a number of tax incentives that attempt to encourage exports.

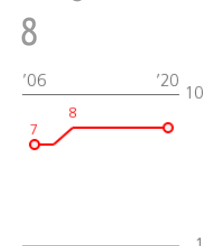
Jamaica applies the Caribbean Community and Common Market (CARICOM) common external tariff (CET) with several (permitted) exceptions. According to the Heritage Foundation, the average applied tariff rate was 10.8% in 2018. The average most-favored nation tariff applied rose from 9.4% in 2010 to 10.4% in 2017, mainly due to increases on some items in CARICOM's CET, but it decreased to 8.5% in 2018. According to Jamaica's fourth Trade Policy Review by the WTO, tariff protection for agricultural products (20.8%) remains substantially higher than for non-agricultural products (7.9%). About half of the tariff lines are duty-free. When additional stamp duties (mostly on agricultural products) are taken into account, the overall average border protection for 2017 increases from 10.4% to 12.6%.

The contribution of tax revenues remains critical in light of the country's structural fiscal deficit. The total collected from international trade charges was 40% of tax revenues in 2016/17, with tariffs representing 7.5% of total taxation revenue. In its fourth Trade Policy Review (TPR 2017), the WTO reported that Jamaica applies few non-tariff barriers. When it does, it is mostly on import and export licensing. In

#### Competition policy



#### Liberalization of foreign trade



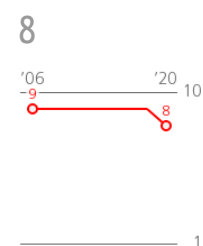
addition, Jamaica repealed the four incentive schemes that were notified to the WTO as containing export subsidies.

The value of exports and imports taken together equals 77% of GDP, indicating the importance of trade to Jamaica's economy. Jamaica continues to experience increasing merchandise trade deficits with its main trading partners – the European Union (EU), the United States of America and the United Kingdom. The Caribbean Single Market and Economy (CSME) is the highest level of trade liberalization to which Jamaica has committed. Jamaica continues to enjoy preferential access to the U.S. market under the Caribbean Basin Initiative, which covers over 90% of Jamaican exports to the United States. CARICOM continues to trade with Canada under the 1986 CARIBCAN agreement. CARICOM has signed trade agreements with five Latin American countries and through CARICOM, Jamaica also qualifies for generalized system of preferences (GSP) treatment from a number of other countries.

The banking system is solid and oriented toward international standards with functional banking supervision and minimum capital equity requirements. However, 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. Nevertheless, the IMF also stated that the architecture of the supervisory framework has substantially improved. Capital markets are open to domestic and foreign capital with sufficient resilience to cope with sudden stops and capital flow reversals. The 2015 Banking Services Act provided legislation to further strengthen oversight of the deposit-taking financial sector and achieve greater conformity to the Basel Core Principles. According to Bank of Jamaica (BOJ) data from March 2018, the capital adequacy ratio has been 14.5% since 2016, and 3.5% of loans are non-performing.

The Bank of Jamaica supervises deposit-taking financial institutions in Jamaica as required by the Bank of Jamaica Act. These financial institutions are licensed under the Banking Services Act, and they include commercial banks, merchant banks and building societies. The Jamaican minister of finance has designated credit unions as "specified financial institutions" under the Bank of Jamaica Act, as a preliminary step toward placing these institutions under the supervisory oversight of the Bank of Jamaica. This specification currently enables the central bank to obtain information on their operations. The Banking Services Act and related regulations provide a standardized legal framework for the operations of the licensed deposit-taking intermediaries and provide the statutory principles on which supervision is conducted. The principal aims of this supervision are to promote the safety and soundness of banks and banking groups as well as the stability of the financial system.

Banking system



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## 8 | Monetary and fiscal stability

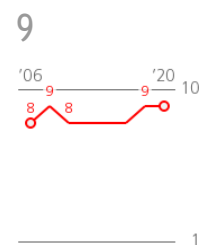
Controlling inflation and an appropriate foreign exchange policy are recognized goals of economic policy, and some recent efforts have been made to strengthen the institutional framework. The Bank of Jamaica (BOJ), which is responsible for currency and price stability, is still not de jure independent – the Bank of Jamaica Act states that monetary policy is to be guided by the minister of finance. However, it has become more independent over time, with critical supervisory functions being transferred from the Ministry of Finance to the governor of the Bank of Jamaica, although government influence persists. In October 2018, the minister of finance presented a bill to amend the Bank of Jamaica Act to grant the bank de jure operational independence in order to pursue a fully-fledged inflation-targeting regime.

The inflation targets under the IMF’s SBA were meant to be adjusted over time. As part of the IMF’s third review under the SBA, the inflation target band for 2018 was revised from 3.0% to 8.0%, to 3.5% to 6.5% and then to 4.0% to 6.0% for 2019. STATIN reports the 2017 inflation rate as 4.4% and the 2018 rate as 3.4%, both within the central bank’s 2019 target range of 4.0% to 6.0%. These rates indicate some volatility over time but still meet the central bank’s target of single-digit inflation.

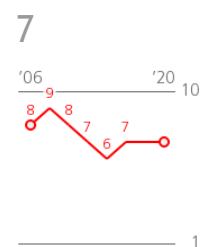
The Bank of Jamaica has persistently sought to achieve an exchange rate that was realistic in terms of its relations to Jamaica’s main trading partners. In July 2017, it introduced the BOJ Foreign Exchange Intervention & Trading Tool (B-FXITT), which intends to facilitate the buying and selling of foreign exchange. In June 2018, Jamaica’s de facto exchange rate arrangement was classified as “floating,” retroactively from September 2017. According to the IMF, the classification is supported by the two-way exchange rate movements that have been a characteristic of the system since the Bank of Jamaica introduced FX auctions in 2017. On the basis of this de-facto floating classification, the IMF considers Jamaica’s current FX reserves as broadly adequate. According to the IMF’s fourth review under the SBA, there was a slight but steady depreciation between FY 2014/15 (-0.2) and FY 2016/17 (-2.6), but an appreciation of 3.2% in 2017/18.

The government’s fiscal and debt policies generally promote macroeconomic stability, and institutional safeguards have been strengthened since 2013. To address any potential weaknesses, structural benchmarks and other commitments under the new IMF Precautionary Stand-by Arrangement (PSBA) are now monitored by three oversight bodies, including the Economic Program Oversight Committee (EPOC). The Economic Growth Council (EGC) monitors specific measures related to eight growth initiatives. The Public Sector Transformation Oversight Committee (PSTOC) monitors measures related to public sector reform. Under the 2016 PSBA agreement, the IMF noted that “considerable progress” has been achieved on macroeconomic

### Monetary stability



### Fiscal stability



policies and outcomes. Fiscal discipline, which is anchored by the 2014 Fiscal Responsibility Law, has contributed to reducing public debt and securing macroeconomic stability.

The government's November 2018 interim report indicated that the macroeconomy registered improvements in most areas in the 2017/18 fiscal year. Central government operations generated a primary surplus of 7.4% of GDP, representing an over-achievement on the 7.0% targeted under the PSBA and resulting in an overall fiscal surplus of 0.5% of GDP (after deficits of 0.5% in 2014/15, 0.3% in 2015/16 and 0.2% in 2016/17). This positive performance was achieved due to stronger revenue flows in 2017/18. Government consumption decreased from 16.3% of GDP in 2012 to a moderate 13.7% in 2017.

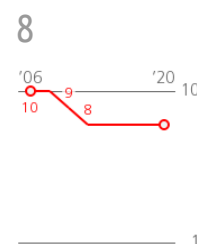
STATIN also reports that Jamaica had net international reserves of \$3.2 billion in December 2017 and \$3.1 billion in April 2018, surpassing the benchmark of \$2.54 billion outlined by the IMF. There have also been significant improvements in the debt-to-GDP ratio, where targets aim to bring it down from historical highs in 2012 (145%) to 60% by 2026. During the review period, growth in the real sector accelerated and various debt-management strategies were implemented. As a result, public debt (including debt to the IMF held by the Bank of Jamaica) decreased from 139.7% of GDP in 2015 to 121.8% in 2017 and 109.1% in 2018, according to IMF's fourth review of the SBA in November 2018.

## 9 | Private Property

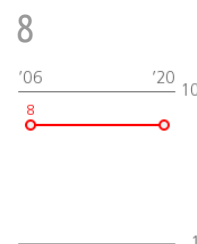
Property rights and regulations on acquisition, benefits, use and sale are defined in the constitution. Problems in enforcement and implementation are often related to difficulties in accessing a title (e.g., excessive bureaucratic delays, a high government stamp duty, legal fees and transfer taxes).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

Private companies are viewed institutionally as the primary engines of economic production and are given legal safeguards. 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

### Property rights



### Private enterprise



insolvency (33rd place), this applies less to the protection of minority investors (89th) and registering property (131st).

As a condition of the SBA with the IMF, the government intends to privatize a number of 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 Kingston International Airport (currently underway).

## 10 | Welfare Regime

Social safety nets, though comprehensively designed, are not well-developed and do not cover all risks for all strata of society. The majority of lower-income people struggle to survive, as indicated by increasing levels of extreme poverty, both nationally and rurally.

The mandatory contributory National Insurance Scheme (NIS) covers all employed persons and offers some financial protection against loss of income arising from injury on the job, sickness, retirement and/or the death of the breadwinner. However, the value and purchasing power of retirement benefits are undermined by regular increases in inflation and the devaluation of the Jamaican dollar. Only 46% of the workforce was contributing to the NIS during the period under review, including many who only qualify for half pensions because they do not meet the minimum 39 weeks of contributions required to receive full benefits. The pension system suffers from a lack of compliance on both the part of employers and employees, as well as from the low participation of persons in the informal sector.

Jamaica's health care system is composed of public and private systems. The public system offers its services free of charge but is severely underfunded and has many institutional and professional deficiencies. The private system fares better, but it is not affordable to most citizens. Public health expenditure was 2.8% of GDP in 2014 (the latest figure available), the fifth lowest in Latin America and the Caribbean. The role of international and non-governmental organizations in funding social and poverty programs remains important.

The National Policy on Poverty (NPP) and National Poverty Reduction Policy (NPRP) are aligned to existing government policies and strategies, such as the Jamaica Social Protection Strategy (SPS) and Vision 2030's Jamaica Poverty Reduction Strategic Plan. The Social Protection Strategy views poverty reduction as a cross-cutting issue, requiring a multidimensional approach to identifying the

Social safety nets

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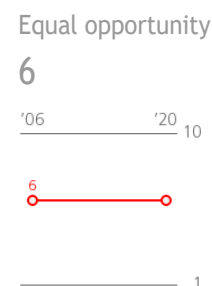
various forms of poverty. The Programme of Advancement Through Health and Education (PATH) is Jamaica's main pro-poor policy. It is a conditional cash transfer program, providing two basic types of grants – a health grant and an education grant – for vulnerable families. The Ministry of Education also provides meals for students from early childhood to grade 13 under its school feeding program, including lunch for PATH beneficiaries.

Despite providing coverage for an average of 45% more people than initially targeted under previous social protection measures, the World Bank (one of the funders of PATH) reports that approximately 50% of the poorest Jamaicans still receive no coverage. Also, PATH needs to be urgently reformed to provide greater and more targeted support to women who are pregnant, in keeping with the National Social Protection Strategy. Further evidence of the state's inability to provide a social protection floor can be inferred from the fact that the \$4.63 billion disbursed under PATH in 2016 represented 0.26% of GDP, which is significantly lower than the 1.9% that the International Labour Organization encourages for countries such as Jamaica.

Equality of opportunity is only partly achieved – there are significant disparities related to gender and social strata. There are laws providing a minimum wage for 40 hours of work and ensuring equal pay for work of equal value. However, women who work as household workers and in wholesale and retail outlets, for example, face discrimination as they are often paid below the national minimum wage, subjected to dehumanizing working conditions and abuse, and living in fear of being fired if they complain or report their employers to the authorities. Enforcement of such laws is poor and sometimes nonexistent, as state organizations do not provide the support and guidance these workers need.

Women and members of minority ethnic or religious groups have equal access to education and public office. However, young women and men of darker complexion are frequently denied access to employment opportunities in both the public and private sectors when their addresses and school attendance indicate that they live in certain inner-city communities associated with poverty and violence. In the two political parties and in private sector boards, women face barriers to accessing positions of power and decision-making at the highest levels.

The 2017 Gender Parity Index was 1.0 for primary education, 1.1 for secondary and 1.7 for the tertiary level. This indicates that boys have much higher drop-out rates than girls and are more disadvantaged, resulting in highly skewed tertiary education enrollment rates. While equality of opportunity at the tertiary level exists structurally for both girls and boys, certain stressors significantly affect boys (such as gender expectations, dominant role models and successful informal business activities), making tertiary education an unattractive option. Women face different stressors, as large numbers drop out of high school because of teenage pregnancy. They face



stigma and discrimination, often from their own families, and find it difficult to complete their high school education.

Discrimination based on sexual orientation and HIV/AIDS status also exists. There are legal provisions against discrimination (e.g., Jamaica's constitution and the Charter of Fundamental Rights and Freedoms), but their implementation is highly deficient and uneven with gaps in access and consistency.

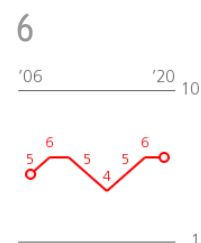
## 11 | Economic Performance

On the whole, economic performance has not been robust; however, the trend for critical indicators is currently moving in a positive direction. The Interim Report Fiscal Policy Paper 2018/2019 recorded that during 2017/18 fiscal year (FY) the macroeconomy improved in most areas. The least promising figure is still GDP growth per capita, which has averaged below 1% for decades. It was 1.0% in 2015/16, 1.4% in 2016/17 and 0.9% in 2017/18, which resulted in an almost stagnant GDP per capita (PPP) of \$8,995 in 2017. Jamaica's relatively low inflation is partly a reflection of this – it was 3.0%, 4.1% and 4.0% for the fiscal years 2015/16, 2016/17 and 2017/18.

Fiscal performance continued to improve during that time. Central government operations in fiscal year 2017/18 generated a primary surplus of 7.4% of GDP, thereby exceeding the target of 7.0% of GDP under the Stand-By Arrangement with the IMF. The central government also recorded a fiscal surplus of 0.5% of GDP. The government's positive performance was achieved within the context of robust revenue flows that facilitated the implementation of significant projects included in the 2017/18 budget. The public sector, comprised of the central government and public agencies, generated an overall balance surplus of 1.3% of GDP relative to the programmed budget deficit of \$3.5 billion. Various debt-management strategies have resulted in the debt decreasing from 139.7% of GDP in 2015 to 121.8% in 2016/17 and 109.1% in 2017/18, dipping below the target of 111%.

STATIN reported an unemployment rate of 8.7% in October 2018, a decline from 10.5% in October 2017. The male unemployment rate decreased by 2.2 percentage points to 5.8% and the female rate by 3.8 percentage points to 11.4%. The youth unemployment rate fell to 19.40% in October 2018, down from 22.40% the year before.

Output strength



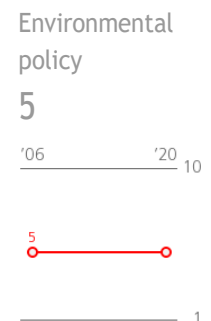
## 12 | Sustainability

Environmental concerns are only considered sporadically and are often subordinated to economic growth efforts. Environmental regulation is weak and frequently not enforced, and a deeply engrained awareness of the environment is not well-developed. The effective integration of environmental protection in large-scale development projects (e.g., tourism, highways and large housing communities) is rare. Subjects such as the environment, climate change, land and sustainable development continue to be addressed through the Ministry of Economic Growth and Job Creation (MEGJC), which is supposed to provide the blueprint to drive economic growth and sustainable development.

In December 2017, the government announced the National Policy on Environmental Management Systems (EMS) to improve environmental performance in support of sustainable development and the development of a green economy. This aims to integrate environmental considerations into economic and social decision-making while addressing both risks and opportunities. There are indeed some examples of EMS implementation in both the public and private sectors, such as some adherence to International Organization for Standardization (ISO) standards, including those that relate to the global environment. However, in the public sector, EMS certification has not been effectively pursued. The 2017 EMS policy document reported that initiatives had been launched to incorporate environmental considerations into the corporate plans of all ministries, departments and agencies. These include the Environmental Guide to Green Procurement and the greening of government projects such as the Public Sector Energy Efficiency and Conservation Program.

It remains unclear whether this approach will make a difference to the frequent breaches of environmental laws by various departments and agencies. There are concerns that these breaches will continue because that has happened until now. However, as part of their corporate social responsibility, several corporate bodies support and/or partner with government institutions like schools and those involved in community development to promote environmentally friendly practices in schools, households and communities.

Aggressive advocacy and public education by the Jamaica Environment Trust (JET), with endorsement from a growing number of other environment organizations, has significantly increased the public scrutiny of major Chinese-led developments. The significant presence of major Chinese investors as “sole source service providers” in major island-wide infrastructure developments and the construction of government buildings (e.g., the Ministry of Foreign Affairs and Foreign Trade) continues to be a concern. It makes it very difficult to monitor major projects’ breaches of environmental law.



Education policy ensures a nationwide system of education and training. However, the problem of varying levels and types of resources between schools, accompanied by qualitative deficits in early childhood, primary and secondary education, remains a challenge. In the United Nations Education Index, Jamaica ranks 51 out of the 133 BTI countries considered, with a score of 0.690, similar to Peru, Turkey and Macedonia.

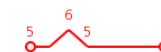
Since 2016, the main policy focus of the JLP administration has been to maintain a no user fee policy for tuition in public schools; however, this has not adequately addressed the serious challenges that families in lower-income groups face when schools charge auxiliary fees to cover the costs of maintaining related services (e.g., libraries, sports and audio-visual equipment). Wealthy schools in wealthy communities benefit from the capacity of parents and former students to raise and contribute the additional financial support needed. Government policy also directs additional government funds to early childhood intervention programs as well as the training and certification of primary school teachers. A complementary social intervention policy provides education grants to vulnerable families through the PATH program. For wards of the state and students on the PATH program, the government pays the full cost of their external exit examinations from high school if their academic profile qualifies them. The highest level of funding has been provided to schools that accommodate students who have difficulty learning and are from the poorest socioeconomic backgrounds. However, the country still faces challenges in achieving satisfactory enrollment rates at secondary and tertiary levels (see also section 10.2). Jamaica's public spending on education was 5.3 % of GDP in 2017, unchanged from the previous year.

Data on the amount given to R&D is difficult to obtain, but the 2018 World Bank Development Indicators report public spending of less than 0.1% of GDP. Reduced support for public tertiary institutions has resulted in a marked reduction in staff and other resources for research at undergraduate and graduate levels. There has been an increase in competitiveness in the tertiary sector with the establishment of several local and foreign private universities, many of which increasingly offer online study and have smaller campuses in selected rural areas.

Education policy /  
R&D

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## Governance

### I. Level of Difficulty

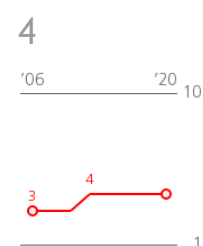
The structural constraints on Jamaica's governance are fairly low, but they are not negligible. They include significant levels of poverty for decades and a labor force in which too few workers have adequate skills and qualifications, especially in the fields of science, innovation and technology, which are now required to take advantage of new opportunities available in the labor market. In addition, the social exclusion of many citizens along the lines of race, class and gender is structurally ingrained. The same is true for Jamaica's long-standing crime crisis with a homicide rate of about 40 per 100,000 population.

Jamaica is a small, mountainous island-state, which creates further constraints on domestic issues (such as infrastructure and poverty) and global development capacities. Natural disasters and extreme weather events associated with climate change have in the past disrupted the normal budgeting process, requiring additional resources for the reconstruction and repair of critical infrastructure and key sectors of the economy.

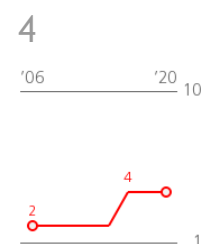
There are also cultural constraints, notably the marginalization of the LGBT community and people living with HIV/AIDS. Homophobia is deeply ingrained, driven by widespread strong religious beliefs. Other deep-seated cultural constraints stem from the legacy of slavery and colonialism. These include a very weak family structure and severe beatings of male children, which are a major contributor to the violence they impose on others. There are also strong feelings of inferiority and dependency, which readily fit in with the clientelism used by politicians to win votes and exercise control.

Traditions of civil society are moderately strong. There is a long-term presence and culture of civil society engagement, although the traditional forms of engagement appear to be less important to some parts of Jamaica's youth population, who now more often use social media for their advocacy and civil society engagement. Many active civil society associations exist, most with ongoing local community impact. They support community development by providing critical services (e.g., sports activities, homework centers and health care) that the government does not adequately provide. This contributes concretely to building and maintaining social capital at the local level.

Structural constraints



Civil society traditions



Fewer civil society associations can maintain a noticeable national impact due to human resource and financial constraints. Evidence of reduced social trust (social capital) exists in certain communities that have been plagued by organized crime and gangs. Organized criminal networks and gangs challenge, undermine and often replace traditional community leaders, and they damage the social trust that guides such leadership and civil society traditions.

Society as a whole, but to a certain extent also business and political elites, is divided along social, ethnic and class lines, and tensions exist. However, exacerbated conflict, politically motivated violence and divisive mass mobilization are rare, and extremist political actors have very limited success in mobilizing along existing cleavages.

Non-political violence is nonetheless an endemic problem due to high rates of crime and murder. Violence involving young men as both perpetrators and victims is now more often directed against other members of the same class. Rather than being for ethnic, religious or political reasons (as it was in the 1970s and 1980s), it is now generally for economic power over turf or for domestic conflict reasons. Nevertheless, some observers see Jamaica as being in fact “two Jamaicas,” the dividing line being one of class with a latent unacknowledged racial factor. Violence and murder therefore also carry an element of rebellion, which surfaces from time to time.

Conflict intensity



## II. Governance Performance

### 14 | Steering Capability

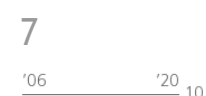
The Jamaica Labor Party (JLP), elected in 2016, has been the governing party for the full two years of this review period. Decisions on public policy priorities, strategies and actions continued to be influenced primarily by the IMF Stand-By Arrangement. The Extended Fund Facility, implemented by the previous PNP government, was successfully concluded and provided the foundation for the IMF to approve a three-year Precautionary Stand-by Agreement (PSBA) in 2016, which is in place at the time of this writing and comes to an end in June 2019.

The PSBA macroeconomic policy framework determines economic priorities. A recent review indicated that the government will meet the PSPA’s targets for the quantitative performance criteria, as well as the indicative targets. Meeting the structural benchmarks agreed to also remained a priority.

It is widely agreed that there is a need to re-orient public resources toward social protection, government security services and infrastructure development, while delivering more efficient public services. During the period under review, Jamaica’s

Question  
Score

Prioritization



fiscal performance continued its positive trend, one of the government's strategic priorities. An independent fiscal council has been formed to direct this process, while the Economic Programme Oversight Committee (EPOC), introduced by the PNP, is responsible for ensuring that the country reaches agreed benchmarks for each quarter and for reporting to the public accordingly. The JLP government also introduced the Public Sector Transformation Oversight Committee to monitor the implementation of the country's public sector transformation program, which is a central demand of the current IMF agreement. However, a longer period of assessment is necessary to determine whether the government is able (or willing) to maintain priorities over extended periods of time outside of a strict agreement with the IMF or whether it would postpone them in favor of short-term political gains.

While economic priorities appear to be mostly in place, a short-term social/socioeconomic goal appears to be prevalent, which could be read as a measure to ensure victory in the next general election. While reducing crime remains one of the government's major priorities, including within the context of its policy program supported by the SBA, its hard-handed approach seems to be guided mostly by the desire for fast success. Rather than tackling the source of the violence and murder, there is a heavy emphasis on tackling the problem through states of emergency (i.e., police and military suppression) instead of targeted social intervention. Last but not least, the JLP government has maintained its commitment to protecting the poor and most vulnerable groups, but only to the extent that resources allow for it.

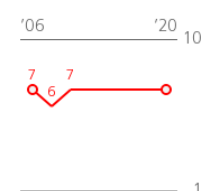
Historically, Jamaican political leaders have not had a strong record of successfully implementing government policies. However, in the period under review, the implementation of economic policies and strategic priorities were closely aligned with the structural benchmarks and deliverables agreed within the IMF agreements.

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. The assignment of seven portfolio ministers with cabinet rank aims to identify roadblocks (e.g., slow procurement policies and bottlenecks in permit approvals) within and between ministries and speed up the overall implementation process. Major policy priorities include reducing the debt-to-GDP ratio, reducing the public sector wage bill to 9% of GDP, initiating a public sector reform program and stimulating economic growth. The reduction of the debt-to-GDP ratio is gradually taking place, but the policy regarding the public sector wage bill has not been achieved due to legal contractual arrangements that had been made with all public sector unions. The same applies to the public sector reform program, which is only now taking root and will result in mergers, some closures and the loss of some jobs in the public sector.

Along with the new minister of finance and planning, the JLP ministers of education, agriculture, housing and foreign affairs/foreign trade are perceived as "doers," visibly seen to be trying to push forward a range of policy reforms within those sectors, with

Implementation

7



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some success. Questions of capacity arise, both for the political leadership and for some senior public servants. Incompetence in relation to management processes and styles, the prevalence of corrupt decisions and practices, and slow adaptation to and use of new information technologies all contribute to implementation deficits. The lack of meaningful and timely actions to deal with established corrupt decisions and practices in many government agencies is widely acknowledged.

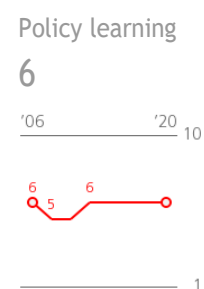
Both parties, during their respective times in government, have attempted a broader governance process through the establishment of the Partnership for Jamaica, a social partnership model that includes key civil society actors, the private sector, trade unions and public sector officials. The current JLP government has shown some resistance to consistently incorporating this model of broader and more democratic governance into its own implementation practices. There is little evidence that this partnership has had any impact on policy implementation.

One important policy that the government has failed to implement is that of acting decisively against corruption. This emerged over the course of 2018 and even into 2019, causing the governing JLP to lose political capital. The prime minister was himself heavily criticized for his handling of the revelations, with their multiple ramifications, and then for taking over the energy portfolio from the disgraced minister and retaining it for many months. However, his decision to take over the ministry, along with the establishment of a so-called super ministry, is part of a centralizing tendency that is in some respects counterproductive to the promised effective government.

Different governments have demonstrated different levels of willingness to engage in policy learning, but flexibility is limited. It continues to be limited by the political culture of elected officials and by some bureaucratic traditions and practices found in the public sector that resist new policy learning and processes. Policy-based lending by some international development partners and policy reforms associated with recent and current IMF agreements are learning spaces. Technical support and policy guidance are normally provided to encourage the successful implementation of the funded programs. This process also limits the options of the government to be flexible if policies fail.

The role the Management Institute for National Development (MIND) in providing advanced education and training for public sector officials continues. It increases exposure to new learning opportunities in some areas, which could affect the body of knowledge on which policies are based. The fact that a part of the culture is affected by corrupt management practices also means that a new political administration often changes policies for reasons other than failure.

The current government's ability to learn and be flexible is uneven, varying according to the ministry, the minister and the issue's relationship to election priorities. Some ministers, such as the new finance minister, pay attention to the findings of research,





learn from previous experiences and try new approaches. The prime minister is himself a keen advocate of employing digital technology in the National Identification System. However, in relation to the issue of violence and murder, the “boots on the ground” approach – employed for 57 years without success – is still being adopted.

## 15 | Resource Efficiency

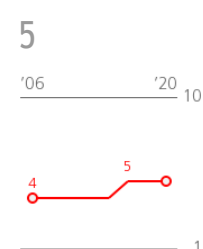
The government makes efficient use of only some of its available human, financial and organizational resources. Concerns are persistently raised about the inefficient and uneven use of government administrative personnel, and the quality of services provided by key government agencies. The executive (cabinet) is seen as too large, with too many ministries and confusing or competing overlap of tasks, which results in an inefficient use of the limited financial resources.

A public sector transformation program is finally underway. It is now a benchmark of the current IMF agreement and is expected to reduce the public sector wage bill. Vision 2030, a holistic national development plan that was designed and endorsed by both political parties, is a public reference point for complementary policy frameworks and strategies across sectors. Some government agencies that have been converted into “executive agencies” now have to submit revenue earned from fees paid by the public for services to the public “Consolidated Fund,” which is administered by the Ministry of Finance and Planning. These agencies are now also required to submit a budget with justification for funds spent in the fulfillment of their objectives. The agencies have increasingly used modern technologies to deliver improved services and record data. Agencies that have improved the efficiency of their service delivery include the National Land Agency, the National Housing Trust, the Registrar General Department and Tax Administration Jamaica.

Since the last national elections, 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. The auditor general’s reports point to the inefficient and corrupt use of budgetary resources by several government agencies. The auditor general independently audits government agencies and frequently reveals corrupt practices and decisions about the use of public funds. This often also reveals breaches of government procedures and the discrepancies between actual budget expenditures and planned expenditures, but penalties are rarely enforced.

Local government reform efforts in recent years have provided local government authorities with some legal and financial autonomy. For the most part, these authorities still lack the effective and professional management skills to deal with the implications of supervision by a central political authority. This often results in the inefficient use of scarce resources and poor implementation levels. Other rather

Efficient use of assets



specific inefficiencies can be seen in the postponement of the privatization of Kingston’s dump site (which presently causes serious respiratory illness for citizens in the local neighborhood) and in the preference for more costly security force repression over social intervention.

The government often fails to coordinate between conflicting objectives. This is sometimes related to the influence of special interest groups (e.g., large business interests that make contributions to campaign financing) on certain policy decisions, which undermines policy objectives in other areas. There are also conflicts between different agencies, which are either created by parliament or by provisions of the constitution, when there are differing interpretations of their respective mandates, thereby affecting policy decisions.

The Integrity Commission Act, passed on January 31, 2017, established a single Integrity Commission to investigate, detect, prevent and prosecute acts of corruption by senior public sector officials and politicians. The act merged the three different state agencies that were previously involved in this process, including the Office of the Contractor General, as they did not have the legal power to ensure that both public servants and politicians would be held accountable. One of the newly created agency’s main objectives is ensuring that the public sector procurement process delivers value to the taxpayer, is free from corruption and impropriety, and is transparent, competitive and efficient. It is not clear what the relationship will be between this new Integrity Commission (which is empowered to make recommendations for criminal proceedings against any persons involved in corruption) and the director of public prosecutions (who will independently assess the evidence presented and decide whether to prosecute). For the government to successfully resolve conflicts, which arise and may undermine policy coordination, the legal mandate of one of these would have to be changed. There have also been conflicts between the Independent Commission of Investigations (INDECOM), which investigates police misconduct, and the director of public prosecutions and the Jamaica Constabulary Force (JCF).

Other areas of incoherence include: the relationship between the projected new “city” on prime agricultural land and the fresh approach to agriculture proclaimed by the minister of agriculture; the connection between the disposal of agricultural produce and the needs of hotels; the question of whether locally manufactured products (e.g., furniture) that are encouraged by the minister of tourism are preferred by hotels over imported items; and the question of how the huge subsidy to the state-owned and -operated bus company can be reduced without some regulation of the current “unlicensed” behavior of many taxis and “coaster” buses. What is unclear is the extent to which decision-making on many of these issues is driven by short-term partisan interests (e.g., not alienating the police, with many police officers privately owning many taxis and minibuses or big business owners with an interest in getting contracts in the planned new “city” on Bernard Lodge lands).

Policy  
coordination

5

'06 '20 10



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The government is only partly willing and able to contain corruption. Auditing of state spending is carried out by a respected agency (the auditor general), with reports shared publicly in the media. However, reports rarely lead to any action taken against public servants or political leaders.

The Integrity Commission Act, which was passed in January 2017, established a single Integrity Commission to investigate, detect, prevent and prosecute acts of corruption by senior public sector officials and politicians. This act merged the three different state agencies that were previously involved in this process, including the Office of the Contractor General, as they did not have the legal power to ensure that both public servants and politicians would be held accountable for breaking the law and corruption.

The Integrity Commission is expected to tackle the high levels of corruption by monitoring and implementing the relevant laws and regulations. Criticism of the Integrity Commission and its accompanying legislation relates to a requirement that states: “Until the tabling in parliament of a report under Section 36, all matters under investigation by the director of investigation or any other person involved in such investigation shall be kept confidential, and no report or public statement shall be made by the commission or any other person in relation to the initiation or conduct of an investigation under this act.” There is a view that this lack of action prevents the public from holding public servants and politicians accountable for breaking the law and corruption when reports from the Integrity Commission’s director of investigation provide the relevant information.

It is public knowledge that reports on parliamentarians’ statutory declarations for 2014, 2015, 2016 and 2017 have been submitted to the prime minister’s office, which is required to submit all such reports to parliament for the public’s attention and discussion. However, these reports have not been submitted to parliament. There is growing concern about this lack of action, especially in the face of public cynicism about the trustworthiness of public officials and politicians and about the consequences that should follow any breaches of relevant laws and regulations.

Occasional media reports of parliamentary sessions refer to the settlement of conflict of interest matters involving parliamentarians. The majority of politicians are reported to be in breach of the requirement for the declaration of assets and conflicts of interest. A bill on elections and political party financing (including campaign funds) is now in force and is expected to be applied in the upcoming 2019 elections. A libel and defamation law was passed, but it is still seen by some as a restriction on journalists reporting on allegations of economic and political corruption. Public access to information is greatly enhanced by the Access to Information Act, which is extensively used by civil society organizations.

Anti-corruption  
policy

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'06 \_\_\_\_\_ '20 10

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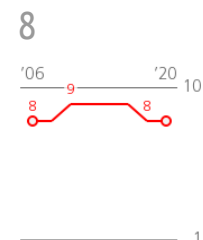
## 16 | Consensus-Building

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

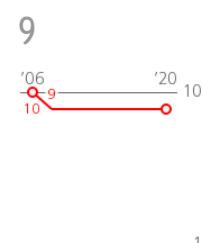
There is consensus on the general principles of the market economy, which is seen as necessary to the long-term goal of transformation. There is also little difference between the two main political parties, both of which have been instrumental in ensuring that the macroeconomic reforms associated with the IMF programs are implemented in a timely manner. There are different views on what the strategic priorities should be to develop a market economy while maintaining necessary sociopolitical safeguards such as social justice, overcoming poverty and gender inequality, and extending the freedoms of action and choice to the largest possible share of the population. There is a lack of consensus between the main political actors and the business elite on the one hand and sections of civil society and vulnerable groups on the other about how the burdens of macroeconomic adjustment should be shared. As the gap between the wealthiest and poorest sections of society widens, poor and vulnerable groups increasingly observe that the interest groups and economic actors with political power benefit more from the developing market economy.

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 to date successfully contained any anti-democratic interests.

Consensus on goals



Anti-democratic actors



Jamaica's political leadership prevents cleavage-based conflicts from escalating. The political parties have traditionally included in their ranks social groups that cut across race, class and gender divides, generally reflecting society's divisions and composition but perpetuating leadership along the traditionally stratified lines. In recent times, political tensions along these divides and between parties have decreased, although they do still exist. The respective party leaderships have distanced themselves from conflict, especially those that result from criminal gang activity, and encouraged more civil and non-confrontational partisan rivalry as demonstrated in the most recent elections.

Cleavage /  
conflict  
management

7



Year	Score
'06	7
'20	7

1

In Jamaica, there is a general concern that civil society participation in consultations does not sufficiently influence agenda setting or policy formulation. The Partnership for Jamaica, headed by former Prime Minister Simpson-Miller, facilitated consultations with not only the private sector, but also with representatives of all main civil society groups and trade unions. There is no evidence that this process had any influence on policy formulation, but the current prime minister has demonstrated a continued interest in this broad-based stakeholder consultation process. Discussions that are part of it are rich, but there is no evidence of their impact on national decision-making. There are also major concerns that, despite high levels of violence against women and girls, the current government has not demonstrated urgency in either finalizing the passage of a long overdue sexual harassment bill or in supporting the efforts of large numbers of women's, civil society and human rights organizations to decriminalize an old abortion bill.

Civil society  
participation

6



Year	Score
'06	6
'20	6

1

Past injustices, such as human rights violations during the military dictatorships in Chile or Argentina, have not been present in Jamaica's more recent past. Major historical injustices in Jamaica are associated with slavery, post-emancipation, and social and political uprisings in the early 20th century. Since independence, there have been two cases where reconciliation might be an issue, but they do not represent hard cases as intended in the BTI indicator question on reconciliation.

Reconciliation

n/a



Year	Score
'06	n/a
'20	n/a

1

The first is connected to the recorded discrimination and physical abuse of large numbers of Rastafarians. The public defender has published a report on the tragic events that took place in April 1963 at Coral Gardens, where eight Rastafarians were killed and two policemen died. In April 2017, Prime Minister Holness acknowledged the report as an important first step in a national effort to reflect on an unfortunate chapter in Jamaica's history. He committed to working with the public defender and members of the Rastafari Coral Gardens Benevolent Society to locate survivors and gather important background information about them and their families. In addition to providing access to other resources, a trust fund of no less than \$10 million will be established for the benefit of survivors of the Coral Gardens incident.

The second unresolved issue is more recent. It relates to the death of between 70 and 75 persons, both citizens and members of the security forces, during the violent confrontation between state security forces and organized criminal gangs in Tivoli

Gardens, Kingston, in May 2010. A public inquiry into this confrontation finally took place (2014-2016) and reports from affected individuals were presented to a panel of commissioners headed by a retired justice. The inquiry provided a better understanding of the events, publicly identified some of the main offenders and made recommendations for appropriate follow-up actions. However, it was not a court of law and could not pronounce the guilt (or otherwise) of any individuals. The inquiry recommended that the government makes an apology and the current prime minister did just that. Recompense for loss of life and material damage was also made on the basis of a careful assessment by state officials and the Office of the Public Defender. However, prosecution of the offending security officers, which is in the hands of the Independent Commission of Enquiry, has not been possible because most of the forensic data on which it would rest was lost or destroyed by the police. The police failed to collect evidence expeditiously, which drew “adverse comments” from the Commission of Enquiry against specific police officers.

## 17 | International Cooperation

Jamaica’s political leadership effectively uses international assistance as part of its own development agenda but has some deficits in accommodating this assistance consistently into its own long-term strategy. These deficits relate to, above all, upholding national labor laws, effectively protecting the environment, and creating an attractive environment for both local and foreign investors.

The country’s international cooperation with China is a case in point. Over the last decade, China has loaned Jamaica funds that account for about 4% of the national debt and have been invested mainly in major infrastructure projects throughout the country. Jamaican construction companies have reported being squeezed out of the domestic market by Chinese firms for three main reasons: Chinese firms are much larger, which affords them economies of scale; access to cheap labor and investment capital from China; and tax waivers on much of their imports. There are genuine concerns about the failure of Chinese firms to abide by Jamaica’s labor laws and about whether or not there is lax implementation of environmental regulation for projects administered by Chinese companies. The longer-term damage both to labor market practices and to sensitive parts of Jamaica’s environment are a concern – the nature of such public-private partnership agreements does not allow for effective public scrutiny or ongoing review of these infrastructure projects.

Much international assistance from funders and development partners is provided through projects (although sometimes programs) with finite – and sometimes too short – timelines for effective implementation and conclusion. Given the existing implementation weaknesses, devising a strategy for ensuring the policy coherence of such projects on a long-term basis is challenging. Vision 2030 is the roadmap for the country’s long-term national development plan with clearly stated goals, objectives,

Effective use of support

8



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sectoral strategies and outcomes. It is now more frequently used as the overall policy framework. However, there is often a disconnect between strategies and the policy prescriptions driven by IMF agreements in the short to medium term, although this support as such is used effectively.

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 as 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’s invitation to attend Group of Seven summits in Canada and Argentina during the period under review is a sign of the country’s international credibility. However, one of the current administration’s stances that shocked friendly observers outside and inside Jamaica was its abstention from a United Nations General Assembly vote calling on U.S. President Donald Trump to reverse his endorsement of Jerusalem as Israel’s capital. This was accompanied by the Jamaican prime minister’s visit to Israel and efforts to obtain Israeli assistance in some areas.

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 been more assertive than its predecessor in its role in the CARICOM regional integration process, related to Prime Minister Holness’s role as chairperson of 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). In 2018, relations with

#### Credibility

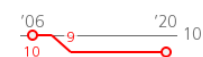
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#### Regional cooperation

9



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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.

Relations with the United States have generally been close, but during the Trump era, they have become more tense. They have required frequent dialog 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.

Another has been Venezuela's investment in an oil refining and distributing company in Jamaica. Jamaica was quite ambivalent toward Venezuela (which had previously provided it with significant aid) during the period under review. On the one hand, Jamaica was represented at the ceremony marking the start of President Maduro's current term in office; however, on the other hand, Jamaica signed a resolution brought to the Organization of American States (OAS) by North American countries condemning Maduro as not being the legitimate president of Venezuela.



## Strategic Outlook

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

Jamaica has maintained a stable political system and a generally democratic environment. It has made some progress toward the development of a market economy. The main challenge involves achieving both sustained economic growth and social equity, including reduced poverty, unemployment, violent crime and corruption. In the short term, strict fiscal discipline and aggressive debt reduction are required by the current IMF Precautionary Stand-by Arrangement. The current government will have to lead a process of social and political consensus-building at a time when there is a significant "participation and confidence deficit" in the overall governance process. An improved process must enable diverse social groups to meaningfully participate in a dialog to guide the country toward economic growth and social equity. Strong leadership and political will are required to demonstrate the importance of more equitable sharing of the burdens of fiscal adjustments and to show 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. This will ensure that there is policy coherence, that there is effective coordination of government agency activities and that the government tackles the corrupt relations between big business, political elites and organized crime. More support needs to be given to rural and urban small- and medium-sized enterprises to help them develop sustainable businesses, contribute to job creation with livable wages, reduce pervasive intergenerational poverty, contribute to overall economic growth, and meet gender equality standards and climate change requirements. The educational and training system must ensure the certification of a larger proportion of young Jamaicans, enabling them to take advantage of the opportunities presented by new growth centers in the national and global economies.

Initiatives that have contributed to a moderate reduction of violent crime rates have to be sustained and strengthened while also respecting the human rights of citizens who live in the most affected communities. While retaining such suppressive measures as are required, the government must recognize that these alone will not do away with violence and murder. Major social interventions are essential – and they should target a combination of issues, particularly the family life in which male children are abused through excessive beatings, the deprivation experienced by high-risk youth and overall community deprivation. Determined steps need to be taken and maintained to reduce the influence of organized crime on political and business decisions. To this end, the police

force must be thoroughly reformed. The recently established Integrity Commission needs to be fully resourced and supported to fulfill its mandate to investigate, detect, prevent and prosecute acts of corruption in Jamaica by senior public sector officials and politicians.

The government must maintain a united leadership, which – by taking action – demonstrates a strong commitment to reducing corruption and improving transparency in government affairs. The ruling party's strong inclination toward acts of brazen partisanship in byelections, especially if accompanied by vote buying, must be brought under control. If it is not, the opposition will be tempted to follow suit. This would challenge the government's ability to successfully lead the required consensus-building process, which could undermine fiscal discipline and debt management, both critical to ensuring the development of a market economy with economic growth and social equity. The current opposition party, the People's National Party (PNP), has not demonstrated that it possesses a united leadership with the skills, capacity and commitment to overcome these challenges.