

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	JAMAICA/CCB - Caribbean Group
▪ TC Name:	Institutional Strengthening of the Office of the Prime Minister
▪ TC Number:	JA-T1145
▪ Team Leader/Members:	LAFUENTE, MARIANO (IFD/ICS) Team Leader; MEJIA GIRALDO, CAMILA (IFD/ICS) Alternate Team Leader; HOFFMAN, NATHALIE ALEXANDRA (IFD/ICS); TAPIA TRONCOSO, WALDO ANDRES (SCL/LMK); REYES-TAGLE, GERARDO (IFD/FMM); IBANEZ CARMONA, FRANZ (IFD/ICS); GONZALEZ, MELISSA MARIA LAURA (IFD/ICS); GUERECA FERNANDEZ, SILVIA FAVIOLA (IFD/ICS); CABRAL BERENFUS, FLORENCIA ALEJANDRA (IFD/ICS); REYES, JAVIER RAMIRO (ICS/CAR); ROJAS GONZALEZ, SONIA AMALIA (IFD/ICS); MOLINA BOLANOS, EVELYN MARIA (IFD/ICS); MUENTE KUNIGAMI, ARTURO (IFD/ICS); PAVON, FERNANDO YITZACK (SCL/LMK); MADRIGAL, LUCIA (SCL/LMK); WATSON, BRODRICK RAYLANDO (CCB/CJA); ALIOUAT, TAOS C (LEG/SGO); BLAIR, SUDANEY (CCB/CJA)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Support to the Public Sector Transformation Programme-JA-L1073 - Preparation
▪ Date of TC Abstract:	03 Mar 2017
▪ Beneficiary:	Ministry of Finance and The Public Service
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	\$ 180,000.00
▪ Local counterpart funding:	\$ 0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	Institutnl Capacity of State
▪ Unit of Disbursement Responsibility:	INSTITUTIONS FOR DEVELOPMENT
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law

II. Objective and Justification

- 2.1 Strengthen the institutional capacity of the Ministry of Finance and the Public Service of Jamaica for the preparation of the Public Sector Transformation Program. The technical cooperation will support the design of measures and activities oriented to enhance the efficiency and quality of public services.
- 2.2 The Government of Jamaica (GoJ) is committed to enhance the efficiency and quality of public services. To achieve this objective, GoJ is in the process of designing and implementing a Public Sector Transformation Program (JA-L1073) with IDB support.
- 2.3 In terms of enhancing efficiency, the program is expected to support measures related to human resources management in the public sector. Jamaica's high wage bill, currently at 10 percent of GDP, has been a chronic problem for many years that creates budgetary rigidities and limits the resources available for needed growth-enhancing capital spending. This level is much higher than the average for the Western Hemisphere region of 8.2 percent, Europe (5.7 percent) and Asia and Pacific

(5.1 percent). Also, central government employees as a share of the total population is 4 percent, which is above the 3 percent average for the region. Around one third of the wage bill comprises allowances. In comparison with private sector workers, government employees have a positive wage premium, which has increased from 10 percent in October 2011 to 23 percent in October 2014, despite a wage freeze. In addition, the limited information about the HR skills mix in the public sector points to relatively high numbers of ancillary and administrative staff compared to professional and technical level staff. In this regard, the program will support institutional strengthening activities in priority sectors.

- 2.4 GoJ is planning several measures to enhance efficiency and improve the HR skills mix that need a very detailed design as well as continuous technical assistance to ensure their success. These include: (i) an early voluntary retirement program, targeting the eligible population; (ii) payroll audits and other reviews of pay and employment across the public service; and (iii) functional and efficiency reviews, aimed at enhancing staffing structure and identifying measures to save costs, among other. The early voluntary retirement program will require the preparation of a detailed action plan with the actions and sequence needed to adequately design the package so as it has appropriate demand, a replacement plan for those positions that need to be replaced to avoid disruptions in service delivery (in a context of hiring freeze), an actuarial analysis of the impact of such program on the pension fund, and a communications strategy, among other technical assistance work.
- 2.5 In terms of improving the quality of public services, the program is expected to support measures that reduce transaction costs (time, costs) for businesses and citizens in priority services, in particular through the modernization and streamlining of processes and organizational changes throughout public sector entities. These measures are expected to focus on services in the agriculture, commerce and telecommunication sectors (firms), and in health and education sectors (citizens).
- 2.6 The proposed TC, which will support the preparation of JA-L1073, builds on the activities of JA-L1046 under implementation, and is closely aligned with Jamaica's country strategy, which has public sector management as the first of its three priority areas. Finally, it is also aligned with the Bank's Updated Institutional Strategy, in particular with the cross-sector objective of institutional development.

III. Description of Activities and Outputs

- 3.1 The technical cooperation will contribute to the preparation of the Public Sector Transformation Program (JA-L1073) through the institutional strengthening of the Ministry of Finance and the Public Service in two main areas: (i) public sector efficiency; and (ii) improvement of priority public services for businesses and citizens.
- 3.2 **Component I: Improving efficiency and skills mix of Human Resources in the public sector.** Strengthening of institutional capacity of the Ministry of Finance and The Public Service for the design and implementation of activities to enhance efficiency and skills mix of human resources in the public sector
- 3.3 **Component II: Improving quality of public services for business and citizens.** Strengthening of institutional capacity of prioritized sectors to streamline and digitize crucial services for business and citizens in the short to medium term

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Improving efficiency and skills mix of Human Resources in the public sector	\$ 130,000.00	\$ 0.00	\$ 130,000.00
Improving quality of public services for business and citizens	\$ 50,000.00	\$ 0.00	\$ 50,000.00

V. Executing Agency and Execution Structure

- 5.1 IDB. Institutional Capacity of the State Division IFD/ICS.
- 5.2 Given the timeline for project preparation, the government has requested the Bank to execute this technical cooperation to ensure a more dynamic execution.

VI. Project Risks and Issues

- 6.1 The main risks are: (i) non-IDB approval of the project; and (ii) that some of its activities are delayed due to the agreements needed with the different stakeholders. Even though the first risk is highly unlikely because of the commitment of Jamaican authorities with the IDB and the IMF program to implement these activities (in particular due to its fiscal impact), the second one could happen. The TC will mitigate this risk through the preparation of a communications strategy and activities to engage key stakeholders in the main activities.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".