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## **JAMAICA**

# **STRENGTHENING FISCAL POLICY AND MANAGEMENT PROGRAMME TO RESPOND TO THE PUBLIC HEALTH CRISIS AND ECONOMIC EFFECTS OF COVID-19 IN JAMAICA II**

**(JA-L1088)**

## **LOAN PROPOSAL**

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OEL#1	<a href="#">Comparative Matrix</a>

ABBREVIATIONS	
AGC	Attorney General's Chambers
BEST Cash	Business Employee Support and Transfer of Cash
CARE	COVID Allocation of Resources for Employees
CBA	Cost-Benefit Analysis
CEA	Cost-Effectiveness Analysis
COVID-19	Coronavirus Disease 2019
CRF	Corporate Results Framework
ECG	Evaluation Cooperation Group
ECLAC	Economic Commission for Latin America and the Caribbean
EFF	Extended Fund Facility
FISPEG	Fiscal Programme for Economic Growth
FRL	Fiscal Responsibility Law
FY	Fiscal Year
GDP	Gross Domestic Product
IDB	Inter-American Development Bank
IDPs	Jamaica's International Development Partners
IMF	International Monetary Fund
JACRA	Jamaica Agricultural Commodities Regulatory Authority
LAC	Latin America and the Caribbean
MDB	Multilateral Development Banks
MFAFT	Ministry of Foreign Affairs and Foreign Trade
MHURECC	Ministry of Housing, Urban Renewal, Environment and Climate Change
MLGRD	Ministry of Local Government and Rural Development
MLSS	the Ministry of Labour and Social Security
MNS	Ministry of National Security
MOEY	Ministry of Education and Youth
MOFPS	Ministry of Finance & the Public Service
MOHW	Ministry of Health and Wellness
MOT	Ministry of Tourism
MSMEs	Micro, Small, and Medium-Sized Enterprises
OECD	Organisation for Economic Co-operation and Development
OVE	Office of Evaluation and Oversight
PATH	Programme Advancement Through Health and Education
PBL	Policy-Based Loan
PBP	Programmatic Policy-Based Loan
PICA	Passport, Immigration and Citizenship Agency
PIOJ	Planning Institute of Jamaica
RFI	Rapid Financing Instrument
SARS-CoV-2	Severe Acute Respiratory Syndrome Coronavirus-2
SBA	Stand-By Arrangement
SCT	Special Consumption Tax
SET Cash	Supporting Employees with Transfer of Cash
TAJ	Tax Administration Jamaica
TC	Technical Cooperation
WHO	World Health Organization

**PROJECT SUMMARY**  
**JAMAICA**  
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**CRISIS AND ECONOMIC EFFECTS OF COVID-19 IN JAMAICA II**  
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Financial Terms and Conditions				
Borrower			Flexible Financing Facility <sup>(a)</sup>	
Jamaica			Amortisation period:	20 years
Executing agency			Disbursement period:	12 months
Ministry of Finance & the Public Service (MOFPS)			Grace period:	5.5 years <sup>(b)</sup>
Source	Amount (US\$)	%	Interest rate:	SOFR-based
IDB (Ordinary Capital):	US\$100,000,000	100	Credit fee:	(c)
			Inspection and supervision fee:	(c)
Total:	US\$100,000,000	100	Weighted average life:	12.45 years
			Currency of approval:	Dollars of the United States of America
The Project at a Glance				
<b>Project objective/description:</b> The general objective of the programme is to strengthen the efficiency and effectiveness of public policy and fiscal management in response to the health and economic crisis caused by COVID-19, through the design and implementation of effective and fiscally responsible policy measures. The specific objectives are: (i) to promote the availability and timely execution of public resources to respond to the health crisis caused by COVID-19; (ii) to strengthen the countercyclical effect of fiscal policy through the brief introduction of measures to protect the income of vulnerable households and increase liquidity for businesses during the health and economic crisis; and (iii) to promote economic and fiscal recovery in the post-pandemic period.				
This operation is the second Programmatic Policy-Based Loan (PBP) of the series, which consists of two technically related and financially/contractually independent operations, as per document “Policy-Based Loans: Guidelines for Preparation and Implementation” (CS-3633-2).				
<b>Special contractual conditions prior to the first and sole disbursement of the second PBP:</b> The first and sole disbursement of loan resources will be subject to the borrower’s fulfilment of the policy conditions identified in the Policy Matrix (Annex II), the <a href="#">Policy Letter</a> , as well as with the conditions outlined in the corresponding loan contract (¶3.4).				
<b>Exceptions to Bank policies:</b> None.				
Strategic Alignment				
Challenges <sup>(d)</sup> :	SI <input checked="" type="checkbox"/>		PI <input type="checkbox"/>	EI <input type="checkbox"/>
Cross-Cutting Issues <sup>(e)</sup> :	GE <input checked="" type="checkbox"/> and DI <input type="checkbox"/>		CC <input checked="" type="checkbox"/> and ES <input type="checkbox"/>	IC <input checked="" type="checkbox"/>

<sup>(a)</sup> Under the Flexible Financing Facility (FN-655-1), the borrower has the option to request modifications to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. In considering such requests, the Bank will take into account operational and risk management considerations.

<sup>(b)</sup> Under the flexible repayment options of the Flexible Financing Facility (FFF), changes in the grace period are possible as long the Original Weighted Average Life (WAL) and the last payment date, as documented in the loan agreement, are not exceeded.

<sup>(c)</sup> The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors during its review of the Bank's lending charges, in accordance with the relevant policies.

<sup>(d)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

<sup>(e)</sup> GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## **I. OBJECTIVES, DESCRIPTION AND RESULTS MONITORING**

### **A. Background, problem addressed, and justification**

- 1.1 This is the second of a series of two operations under the Programmatic Policy-Based Loan (PBP) framework. The “Strengthening Fiscal Policy and Management Programme to Respond to the Public Health Crisis and Economic Effects of COVID-19 in Jamaica” (5236/OC-JA for US\$75 million) was approved in 2021 and focused on supporting policy measures undertaken during the Coronavirus Disease 2019 (COVID-19) pandemic period that promoted the availability and efficient execution of resources during the emergency, supported household income and business liquidity, and began to define an economic and fiscal plan to find a way out of the pandemic.
- 1.2 This second operation continues to support the Government of Jamaica to ensure the availability and timely execution of resources to contain new waves of the pandemic, and to promote economic and fiscal recovery in the medium term by implementing policies that enable a return to growth with equity and fiscal sustainability.

#### **1. Macroeconomic context**

- 1.3 Before the onset of the current pandemic, Jamaica had overcome a difficult period of macroeconomic instability, with high fiscal deficits (5.8% of Gross Domestic Product (GDP) on average between 2003 and 2012), rising debt levels (from 123% to 146% of GDP in the same period), and high current account deficits (-10.8% of GDP on average). The Government of Jamaica implemented macroeconomic and fiscal reform efforts from 2013 to 2019 that stabilized the economy and produced important achievements. These included a reduction of the public debt-to-GDP ratio to 94% (at end-Fiscal Year (FY) 2019/2020); a shift from managed to floating exchange rates; the implementation of a functioning inflation targeting framework in 2017; and, a substantial improvement of external buffers. The reforms were anchored under the Bank’s Fiscal Programme for Economic Growth (FISPEG) (under operations 3148/OC-JA, approved in 2014 for US\$80.000.000; 3511/OC-JA, approved in 2015 for US\$130.000.000 and 3880/OC-JA, approved in 2016 for US\$50.000.000), which supported the government in designing and implementing crucial tax reform, as well as two consecutive International Monetary Fund (IMF)-supported programmes –an Extended Fund Facility (EFF) and a precautionary Stand-By Arrangement (SBA) which ended in September 2016 and November 2019, respectively. Additionally, fiscal institutional reforms undertaken in recent years included the further development and implementation of an enhanced Fiscal Responsibility Law (FRL) in 2014, with quantitative targets for budgetary outcomes and debt reduction, as well as broader improvements in processes, capacity, and legislation.<sup>1</sup> In parallel to these reforms, poverty levels in the country decreased from 24.6% of the population in 2013 to 19.3% in 2017.<sup>2</sup>

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<sup>1</sup> Before the health and economic crisis, the FRL established a debt to GDP ratio of less than 60% by end March 2026. This goal was postponed to March 2028 due to the impact of the pandemic.

<sup>2</sup> [Statistical Institute of Jamaica](#).

- 1.4 The health and economic crisis caused by the COVID-19 pandemic is profoundly impacting all of the world's countries, which has led to a widespread decline in economic activity.<sup>3,4</sup> In Jamaica, the shock to the economy has been substantial, particularly given that nearly a third of both total output and employment are linked to the tourism sector. As a result, economic growth declined by about –10% in 2020 (IMF World Economic Outlook October 2021). While future growth estimates are uncertain under the present circumstances, the most recent projections from the IMF foresee economic growth of about 4.6% for 2021, and of about 2.7% for 2022. However, given the economy's dependence on tourism, emerging uncertainties linked to new variants of COVID-19 and related implications for both local and international travel restrictions imply potential downside risks to current estimates.
- 1.5 The pandemic has implied only a modest shock to public revenues, despite a more pronounced increase of the debt burden. Government revenues contracted by only about one and a half percentage points to 29% of GDP in 2020 versus the previous year, while public expenditure increased by approximately 3 percentage points (to 33% of GDP) over the same period due to pandemic-related spending. As a consequence, the budget balance deteriorated from 0.9% of GDP in 2019, to -3.1% of GDP in 2020 (see Table 1). Against this backdrop, the debt to GDP ratio increased from about 94% of GDP at end-2019, to about 109.7% of GDP at end-2020, with the deterioration driven mostly by the contraction of GDP. It is expected that fiscal consolidation will result in lower debt levels from 2021 onwards, in line with the fiscal responsibility framework's target for public debt reduction to 60% of GDP by March 2028.
- 1.6 Given the magnitude of the shock, the Government of Jamaica requested emergency assistance from the IMF under the Rapid Financing Instrument (RFI) in March of 2020. This assistance—equal to about US\$520 million, or 3.4% of GDP at the time—has not been allocated to financing requirements but has instead been used to reinforce external buffers of the Central Bank. The IMF, however, has agreed to make them available for budget support, in the event of further deterioration.<sup>5</sup> Table 1 summarises the leading macroeconomic indicators for Jamaica:

**Table 1. Selected economic indicators**

Concept	2017	2018	2019	2020	2021	2022
Real GDP growth (% change)	0.7	1.8	-0.1	-11.0	7.9	3.5
Inflation (end of period and in %)	5.2	2.4	4.8	5.2	7.8	5.0
Government revenue (%GDP)	29.1	30.6	30.6	29.25	29.15	29.5
Budgetary expenditure (% GDP)	28.6	29.4	29.7	33.1	29.5	28.7
Primary balance (% GDP)	7.5	7.5	7.1	3.5	6.3	5.9
Budget balance (% GDP)	0.5	1.2	0.9	-3.1	0.1	0.8
Public sector debt (% GDP)	101.2	94.4	94.3	109.7	95.8	87.3
Current account (% GDP)	-2.7	-1.6	-2.3	-0.1	-1.6	-3.7
Net international reserves (USD millions) *	3075	3085	3225	3319	3419	n/a

Notes/Sources: Projections for 2021 and 2022 / October 2021 IMF World Economic Outlook, (\*) Jamaica Fiscal Policy Paper FY 2021/2022.

<sup>3</sup> [G. Gopinath \(2020\)](#).

<sup>4</sup> [W. McKibbin and R. Fernando \(2020\)](#).

<sup>5</sup> [IMF \(2020\)](#).

## 2. The COVID-19 pandemic and the health crisis

- 1.7 The Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) that causes COVID-19 was detected in China in late 2019 and spread very quickly to the rest of the world. On March 11, 2020, the World Health Organization (WHO) declared the disease a pandemic. As of February 15<sup>th</sup>, 2022, there have been over 412.3 million confirmed infections and about 5.8 million deaths worldwide.<sup>6</sup> In Latin America and the Caribbean (LAC), the number of confirmed infections was 61.2 million, with a death toll of 1.6 million.<sup>7</sup> In Jamaica, the number of cases so far has been 127,233 with 2,750 deaths.<sup>8</sup>
- 1.8 The Government of Jamaica's health response was based on the COVID-19 Prevention and Control Plan, which outlined alert and pandemic phases, as well as the actions to be taken in each of the following five strategic areas: (i) planning and coordination; (ii) situation monitoring and assessment; (iii) prevention and containment; (iv) health system response; and (v) communication.<sup>9</sup> Upon confirmation of Jamaica's first case on March 10<sup>th</sup>, 2020, the government swiftly introduced a series of prevention and control measures. These included the imposition of a transitory all-island curfew, the temporary closure of the ports of entry to passengers, the issuance of work-from-home directives to non-essential workers, a stay-at-home order for the elderly, and the temporary closure of primary and secondary schools.<sup>10</sup>
- 1.9 Continuous testing was also an important part of the government's plan, particularly as early diagnosis of infected individuals facilitates containment actions. As of February 9, 2022, a total of 816,101 COVID-19 tests were conducted of which the majority corresponded to PCR tests (516,505).<sup>11</sup> A fast-track system for sample processing was developed at the National Public Health Laboratory, which decreased the time needed to complete the RT-PCR testing from a minimum of 6 hours to about one hour. This system facilitated a turnaround time of less than two hours, as opposed to the usual turnaround time of 24-48 hours.<sup>12</sup> Further measures to expand testing capacity are expected to be implemented in the following months.
- 1.10 Bed capacity in public hospitals was another area where significant improvements were made. In March 2020, there were 112 general beds, 33 Intensive Care Units and 12 high dependency care units functional to isolate inpatients. Following the retrofitting of the facilities at Falmouth Public General Hospital and St. Joseph's Hospital, as of August 2021, there were 564 hospital isolation beds. There are plans to establish 90 additional beds.<sup>13</sup>
- 1.11 The development of vaccines and the rollout of vaccination programmes has helped to contain the pandemic around the world. However, there is still an important gap in the vaccination efforts in some regions and infection figures continue to increase.

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<sup>6</sup> [WHO \(2022\)](#).

<sup>7</sup> [IDB \(2022\)](#).

<sup>8</sup> Ministry of Health and Wellness (MOHW) (2022).

<sup>9</sup> MOHW (2021). "Report on Ministry of Health and Wellness' COVID-19 Response Programme".

<sup>10</sup> COVID-19 Economic Recovery Task Force (2020). "Rebuild Jamaica. Final Report".

<sup>11</sup> MOHW (2021).

<sup>12</sup> Idem.

<sup>13</sup> Idem.



Jamaica entered into international vaccine purchasing agreements with the COVAX Facility and the African Medical Support Platform.<sup>14</sup> The country started vaccination against COVID-19 on March 10<sup>th</sup>, 2021. Since then, more than 1.3 million doses have been administered. As of February 2, 2022, about 22.9% of the population was fully vaccinated and 24.3% had received at least one dose.<sup>15</sup> The government's target is to fully vaccinate 40% of the population by June 2022.<sup>16</sup> Among the main challenges to achieving this goal are vaccine access/availability and hesitancy.<sup>17</sup>

### **3. Public policy and fiscal management challenges during the health crisis**

- 1.12 The emergence of the pandemic created major public policy and fiscal management challenges for governments around the world, such as: (i) ensuring sufficient budgetary resources to respond to the crisis; (ii) safeguarding funds for service delivery units and medical supplies; (iii) ensuring transparency in the use of resources deployed as part of crisis response and reporting;<sup>18</sup> and (iv) establishing institutional coordination mechanisms.
- 1.13 In Jamaica, the first operation of this programme supported the approval by Parliament of the First Supplementary Budget for FY 2020/2021, which had budgetary provisions to meet the urgent needs arising from the health emergency. This included the COVID-19 Preparedness and Response Plan Budget, which was developed and approved to ensure the availability of funding to confront the health crisis. For FY 2020/2021, approximately US\$55 million was allocated for COVID-19 related expenditure and US\$56 million in FY 2021/2022.<sup>19</sup> As of September 2021, about US\$85 million of the allocated budget in these two fiscal years had already been executed, with 35% of this expenditure transferred to the regions to address issues of surveillance, monitoring and containment of SARS-CoV2. Other important expenditure categories included the procurement of medical equipment (6.8% of overall expenditure) and the procurement of drugs, vaccines and medications related to SARS-CoV2 (18.6%). Finally, 8.0% was allocated for the recruitment of additional human resources and COVID-19 incentive payments to health workers.<sup>20</sup>
- 1.14 In terms of institutional coordination, the Government of Jamaica adopted a whole of government approach. The Disaster Risk Management Council (DRMC), established under the Disaster Risk Management Act, is chaired by the Prime Minister and is responsible for national coordination and management of a disaster. The different interventions required coordination from key government agencies,

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<sup>14</sup> Idem.

<sup>15</sup> [MOHW \(2022\)](#).

<sup>16</sup> MOHW (2021).

<sup>17</sup> According to a preliminary survey by the MOHW, up to 40% of the population indicated that they will take the vaccine, around 30% are still undecided, and the remaining portion (30%) are persons with vaccine hesitancy. Various initiatives have been implemented by the government to increase the vaccine uptake. These include: vaccination blitz events; establishing fixed vaccine sites in each parish; operating mobile vaccine sites; a partnership with the Private Sector Vaccine Initiative; contracting private health facilities for the administration of vaccines; and increased public education and health promotion (MOHW, 2021).

<sup>18</sup> Including exploiting the fungibility of resources in treasury single accounts. According to Yaker et al. (2012), proper sole account management can help countries gain access to liquidity. I. F. Yaker and S. Pattanayak (2012).

<sup>19</sup> MOHW (2021).

<sup>20</sup> Idem.

including the MOHW, Ministry of Finance and the Public Service (MOFPS), Ministry of Local Government and Rural Development (MLGRD), Attorney General's Chambers (AGC), Ministry of Education and Youth (MOEY), Ministry of Tourism (MOT), Passport, Immigration and Citizenship Agency (PICA), Ministry of National Security (MNS), Planning Institute of Jamaica (PIOJ), and Ministry of Foreign Affairs and Foreign Trade (MFAFT), among others. Other coordination spaces included the Joint Special Select Committee of Parliament, which was established to examine COVID-19 related matters.<sup>21</sup>

- 1.15 Another important challenge for countries has been ensuring the continuous supply of goods and services critical for dealing with the health crisis, including the introduction of policies to prevent shortages in that regard.<sup>22</sup> In countries where critical goods are mostly imported, as is the case of Jamaica, streamlined customs procedures were essential,<sup>23</sup> as were the reduction in tariffs and non-tariff barriers for such key goods<sup>24</sup> to decrease the cost of these products, thereby contributing to the management of the crisis.<sup>25</sup> Following this rationale, the Government of Jamaica waived the Special Consumption Tax (SCT) on approximately 100,000 litres of alcohol for its use in making (or substituting for) sanitizers, and also waived customs duty on the import of masks, gloves, hand sanitizers, and liquid hand soap.<sup>26</sup> In the case of sanitizers, the relief of the SCT remained in place until it was verified with industry stakeholders that there was a sufficient increase in local capacity to meet the demand.<sup>27</sup>
- 1.16 For this second operation, the focus will be on the allocation of resources to the health sector, in order to continue managing the health consequences of the pandemic, as well as strengthening the capacity of health services to contain potential surges derived from new variants of the virus. Additionally, there will be a review of the SCT relief supported in the first operation to establish if an extension is needed to guarantee adequate supply.

#### **4. The pandemic and its effects on household and business income**

- 1.17 As anticipated before the pandemic, social distancing measures, necessary during the health crisis to save lives, had a negative impact on economic activity. In Jamaica, the effects of the pandemic on the economy were significant (¶1.4) and included higher unemployment and loss of household income due to the decrease in economic activities in key sectors such as the hospitality sector and the services industry. This problem was exacerbated by the high degree of informality. It is estimated that 47% of the labour force works in informality, with a high prevalence

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<sup>21</sup> Idem.

<sup>22</sup> According to the Global Pandemic Supply Chain Network, the main problems that West Africa had to address during the Ebola crisis were the lack of coordination between the public and private sectors, which led to duplicate efforts; limited knowledge of overall supply and demand of essentials; and severe capacity restrictions in the supply chain (storage and distribution).

<sup>23</sup> [World Customs Organization guidelines for the clearance of goods in emergency situations.](#)

<sup>24</sup> Tariffs on medical equipment, supplies, and disinfectants in the region are well above the world average, ranging from 5% to 15%, while nontariff barriers affect 90% of these items.

<sup>25</sup> IDB/INT (2020).

<sup>26</sup> This measure was supported by the first operation of this programme.

<sup>27</sup> MOFPS (2021). No additional approval for relief of the SCT was provided after December 31<sup>st</sup>, 2020. Since then, no shortages have been verified.

in construction, tourism, and wholesale and retail sectors.<sup>28</sup> This implies that a large proportion of workers are not registered in the country's social security system and, therefore, are more exposed than formal workers to the negative effects of the pandemic on the economy.

1.18 To alleviate these issues, the first operation of this programme supported the implementation of the COVID-19 Allocation of Resources for Employees (CARE) Programme, which included several measures aimed to protect the income of vulnerable households during the health and economic crisis:

- a. **Supporting Employees with Transfer of Cash (SET Cash)**, which provided a temporary cash transfer to employees in any sector earning no more than J\$1.5 million annually and who lost their job after March 10<sup>th</sup> and up to December 31<sup>st</sup>, 2020.<sup>29</sup> The programme was renewed for the April to June 2021 period. A total of 40,254 applicants were deemed eligible for this benefit, of which 59% were female and 41% male.<sup>30</sup>
- b. **COVID-19 General Grant**, which provided a one-off grant self-employed individuals in 20 occupational groups affected by COVID-19 measures, including barbers, hairdressers, bar operators, market vendors, craft vendors, taxi and bus operators and other groups. A total of 20,209 applicants were deemed eligible for this component, of which 48% were female and 52% male.<sup>31</sup>
- c. **COVID-19 Compassionate Grant**, which provided a one-off unconditional grant to vulnerable individuals, including those informally employed, unemployed, elderly and tertiary students. This benefit represented the largest component of the CARE Programme in terms of beneficiaries. A total of 388,661 applicants were deemed eligible for this grant, of which 61% were female and 39% male.<sup>32</sup>
- d. **COVID-19 Programme Advancement Through Health and Education (PATH) Grants**, which provided augmented benefits to existing beneficiaries of the PATH programme, by means of a 50% increase in benefits for the April-June 2020 period. The total of beneficiaries was 255,117 individuals, of which 52.8% were female and 47.2% male.<sup>33</sup>
- e. **COVID-19 Student Loan Relief**, which allowed the deferral of student loan principal and interest payments for the months of April, May and June 2020.

1.19 Globally, the health and economic crisis caused by COVID-19 also had a profound impact on businesses. However, some sectors were harder hit than others, including tourism, recreation, and food services, as a consequence of the powerful impact that

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<sup>28</sup> Statistical Institute of Jamaica (2019). The Jamaica Labour Force Survey - 2018 Annual Review.

<sup>29</sup> Originally, this benefit was set to expire on June 30<sup>th</sup>, 2020. However, due to the persistence of the pandemic, the government decided to extend the programme first to September 2020, then December 2020, and, finally, included an additional period between April and June 2021.

<sup>30</sup> Stanberry, D. (2021). "Public Spending Review of the Programmes Related to the CARE Programme in Jamaica".

<sup>31</sup> Idem.

<sup>32</sup> Idem. These figures are consistent with the higher levels of unemployment among women.

<sup>33</sup> Idem.

social distancing and isolation measures have on them. Besides job losses and bankruptcies, the sharp fall in sales also created liquidity problems for businesses, in many cases exacerbated by the destruction of the payment chain. The liquidity problems affected Micro, Small, and Medium-Sized Enterprises (MSMEs) more acutely given their limited access to financing. In Jamaica, it is estimated that MSMEs employ over 84% of the labour force in the country.<sup>34</sup>

1.20 Considering these issues, the first operation of this programme supported the implementation of measures to provide economic relief and increase liquidity for businesses during the pandemic. These included:

- a. **Business Employee Support and Transfer of Cash (BEST Cash)**, a component of the CARE Programme, which provided a temporary cash transfer to businesses in the tourism sector that retained workers earning J\$1.5 million or less annually. The programme covered two periods, the first from March to December 2020, and the second from April to June 2021.<sup>35</sup> A total of 167 businesses were deemed eligible for BEST Cash. The available data indicates that tourism businesses claimed this benefit as reimbursement for some 100,427 retained workers over this period, averaging 14,347 workers per month.<sup>36</sup>
- b. **COVID-19 Small Business Grants**, a component of the CARE Programme, which provided a one-off grant to small businesses with sales of J\$50 million or less who filed tax returns and payroll returns for FY2019/2020. A total of 1,718 businesses were deemed eligible for this component.<sup>37</sup>
- c. **MSMEs income tax credit**, for which draft legislative amendments were prepared. The tax credit introduced is calculated based on the gross revenues or sales for the year of assessment and cannot be credited to other years if not used.
- d. **Reduction of regulatory fees for agricultural commodities**, which became effective in April 2020 and introduced a 50% reduction in fees and charges on the commodities regulated by the Jamaica Agricultural Commodities Regulatory Authority (JACRA). The commodities included coconut, coffee, cocoa and spices.<sup>38</sup>

1.21 For the second operation, the focus will be on completing an evaluative report and a public spending review of the measures supported in the first operation, in order to determine if an extension to those measures is needed. Additionally, based on the results and population coverage of the CARE Programme, measures to strengthen the targeting of social programmes will be introduced (¶1.36). This operation will also support the provision of COVID-19 Tourism Grants to benefit businesses in the tourism sector. Finally, the legislative amendments for the

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<sup>34</sup> [Organisation for Economic Co-operation and Development \(OECD\) \(2018\)](#).

<sup>35</sup> As was the case with SET Cash, this benefit was originally set to expire on June 30<sup>th</sup>, 2020. However, due to the persistence of the pandemic, the government decided to extend the programme.

<sup>36</sup> Stanberry (2021). Employee data for this component is available up to October 2020.

<sup>37</sup> Idem.

<sup>38</sup> JACRA (2021). "Report on the implementation of the fifty percent reduction in fees".

introduction of the MSMEs income tax credit will be submitted to the House of Representatives for approval.

## **5. The economy and public finance during recovery from the pandemic**

- 1.22 The pandemic has taken a heavy toll on countries' economies and public finances. Jamaica has not been an exception (§1.4). To address this issue and support economic and fiscal recovery, the first operation focused on a series of measures designed to provide short-term flexibility while reinforcing medium-term economic growth and fiscal sustainability, including: (i) table the Independent Fiscal Commission Bill in Parliament; (ii) temporarily suspend the fiscal rule and extend the period for achievement of the debt target (60% of GDP) by two years from FY 2025/2026 to FY 2027/2028; (iii) the establishment of a high-level Economic Recovery Task Force, which formulated strategies and recommended responses to guide economic and fiscal recovery efforts; (iv) the design, development and public launch of an InvestmentMap Platform to improve public investment efficiency; (v) the creation of the Ministry of Housing, Urban Renewal, Environment and Climate Change (MHURECC), which leads mitigation and adaptation policy actions<sup>39</sup>; and (vi) table the Sexual Harassment Bill in the House of Representatives,<sup>40</sup> which aims to protect women and men from unwanted sexual behaviour that affects the quality of life in social and workplace environments.<sup>41</sup>
- 1.23 This second operation complements the policies of the first operation, as it continues to support the government efforts to ensure the availability and timely execution of resources to manage the health and social challenges caused by new waves of the COVID-19 pandemic, while putting in place policies to promote economic and fiscal recovery in the medium term. For this operation, however, the focus will shift more heavily towards measures supporting medium-term economic growth and fiscal sustainability. These include the approval of the legislative measures tabled in the first operation (Independent Fiscal Commission Bill and Sexual Harassment Bill), as well as measures to improve revenue collection (online registration for motor vehicles)<sup>42</sup> and customs administration (Draft Customs Reform Bill),<sup>43</sup> strengthen

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<sup>39</sup> On January 10, 2022, the MHURECC was subsumed into/under the Ministry of Economic Growth & Job Creation ([MEGJC](#)).

<sup>40</sup> The Government of Jamaica included the end of sexual harassment in the workplace as one of the key goals in Jamaica's National Policy for Gender Equality.

<sup>41</sup> The literature on sexual harassment suggests that its economic cost can be significant (see [Deloitte, 2019](#); [World Economic Forum, 2017](#)), and its impacts include lower productivity in the workplace. A [survey](#) carried out in July 2020 found strong support among Jamaicans, with as many as 85% of the respondents believing Parliament should pass the Sexual Harassment Bill.

<sup>42</sup> Currently, motor vehicle registration services are only available in person, which increases compliance cost for users. The new service will allow users to pay online and pick up the MVRC and sticker within one to three business days.

<sup>43</sup> Jamaica's current Customs Act was introduced in 1941. The new proposed legislation will aim to modernize customs procedures and facilitate international trade. The new Act incorporates several new provisions geared towards trade facilitation and international best practices. Additionally, the area of risk-based compliance and selectivity in Customs processing or treatment has also been included.

gender inclusion on the Boards of Public Bodies,<sup>44,45</sup> and bolster climate change policy by improving capabilities to track public expenditure on climate change activities.

- 1.24 As the start of the post-pandemic period has been delayed by the emergence of new variants of the COVID-19 virus, there are a series of challenges that will extend beyond the scope of this programmatic series. These include a full economic and fiscal recovery, supported by the end of the pandemic, the return to normal in the tourism sector and the implementation of the fiscal measures contained in this operation. Additionally, there is scope to increase efficiency in social spending, particularly by improving targeting among the most vulnerable population. Progress in those areas will ensure a continuation towards the path of macroeconomic stability and fiscal consolidation, which was being achieved by successful pre-pandemic reforms.

## **6. Bank experience, added value and strategic alignment**

- 1.25 **Bank operational work and technical support in the country.** The Bank has provided support in recent years to the Government of Jamaica to strengthen its public financial management system, modernise the tax and customs administration, strengthen debt management and implement the Central Treasury Management System through the Fiscal Administration Modernization Programme (2658/OC-JA), which expired in December 2018. In addition, the Fiscal Structural Programme for Economic Growth III (FISPEG III) (3880/OC-JA), the third and final consecutive PBP, expired in December 2017 and supported the Government of Jamaica's efforts to achieve a sustainable fiscal path by strengthening the Fiscal Responsibility Framework and enhancing control over budgetary expenditure. The FISPEG III was also instrumental in ensuring the Government of Jamaica implementation of tax reforms aimed at reducing tax distortions and broadening the tax base while enhancing tax and customs administration effectiveness. Furthermore, the Bank has carried out key analytical work in the fiscal area that includes a research paper on the fiscal impact of the performance of public enterprises. Also, the Bank has conducted research on the impact of the tax policy reform of 2013 and its impact on the economic growth in the long run.

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<sup>44</sup> The National Policy for Gender Equality targets a minimum of 30% females and 30% of males on public sector boards. Despite this goal, a lack of proportional representation of women has remained an issue. The regulations supported by this operation establish a regulatory requirement for this minimum to be implemented. The government, in its commitment to public sector reform, good governance and gender equity, has developed Policy Guidelines for the Nomination, Selection and Appointment of Board Members of Public Bodies in Jamaica (MOFPS, 2018). The purpose of these Policy Guidelines is to articulate a comprehensive and transparent process based on best practices and approaches for the nomination, selection and appointment of Board members ([ECLAC, 2019](#)). The low participation of women in leadership positions in government and COVID-19 response committees reduces the possibilities for responses with gender equality. For instance, the COVID-19 Economic Recovery Task Force established in April 2020, which identifies and recommends financial spending priorities for interventions and development planning, had only 4 women out of 22 members in Jamaica ([van Daalen et al, 2020](#)).

<sup>45</sup> This activity will be supported by the technical assistance programme "Gender and Diversity Mainstreaming in the fiscal area in Latin America and the Caribbean" (ATN/OC-18751-RG, approved in 2021, for US\$200,000).



- 1.26 **The Bank's experience and lessons learned in the region.** The IDB Group has provided support to the region during various crises (macroeconomic crises, health crises, and natural disasters) to mitigate their immediate effects and to design reforms for the recovery period. The Bank's support varies depending on the nature of the crisis to be addressed.<sup>46</sup> In the area of fiscal policy and management, this programme has considered lessons learned during the execution and implementation phases from other operations. For instance, in Ecuador (Emergency Programme for Macroeconomic Sustainability and Prosperity 4771/OC-EC, approved in 2019 for US\$500 millions) the Bank supported an integral set of policies, which focused on re-establishing macroeconomic stability, restoring fiscal sustainability, and safeguarding social spending in support of the vulnerable population, aspects which were taken into account in the design of this operation.
- 1.27 Lessons have also been gathered from the Macroeconomic Emergency Programme to Protect Economic and Social Progress (4656/OC-BA, approved in 2018, for US\$100 millions) in Barbados. The project supported the government in re-establishing macroeconomic stability, fostering a sustainable fiscal balance in the short term, medium term, and protecting social spending to safeguard the social progress made. One of the lessons learned is that continuous dialogue and coordinated efforts regarding technical assistance can improve the results when implementing a reform in this area. The Bank has also provided support to countries in their reform processes to improve tax policy and administration, public expenditure quality, and the strengthening of fiscal sustainability.<sup>47</sup> Finally, this operation incorporates in its design the lessons learned from other PBPs approved to support countries during the health and economic crisis caused by COVID-19 in Dominican Republic (5062/OC-DR, approved in 2020 for US\$250 millions), El Salvador (5046/OC-ES, approved in 2020, for US\$250 millions), Paraguay (5028/OC-PR and 5029/KI-PR, approved in 2020, for US\$210 millions), Trinidad and Tobago (5064/OC-TT, approved in 2020, for US\$100 millions), and Uruguay (5034/OC-UR, approved in 2020, for US\$350 millions; and 5420/OC-UR, approved in 2021, for US\$145 millions), such as the importance of coordinating financial support with other multilateral institutions, the fiscal sustainability of transfer programmes that protect households' income and businesses' liquidity (particularly Small and Medium Sized Enterprises (SMEs)), and the creation of task forces that help to prioritize and facilitate government efforts during the pandemic.<sup>48</sup>
- 1.28 **Coordination with other Bank projects and added value.** This programme is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (GN-2996), as it forms part of the Bank's support to its borrowing member countries in the adoption of fiscal policies to mitigate the effects of the health crisis and alleviate the economic impacts. The programme coordinates efforts with other projects in execution including investment loan 4668/OC-JA, "Support for the Health Systems Strengthening for the Prevention and

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<sup>46</sup> The first contingent financing instrument for natural disasters was the Contingent Credit Facility for Natural Disaster Emergencies. Examples include the Dominican Republic ([DR-X1003](#)), Honduras ([HO-X1016](#)), Ecuador ([EC-X1014](#)), and others (RE-496-1).

<sup>47</sup> The most recent policy reform support programmes include the Programme to Deepen Fiscal Reform in Colombia ([4552/OC-CO](#)), the Programme to Support Fiscal Sustainability in Costa Rica ([4819/OC-CR](#)), and the Finances for Sustainable Development Programme in Paraguay ([4667/OC-PR](#)).

<sup>48</sup> This function is key, particularly due to the difficulty in balancing short-term emergency needs and long-term fiscal sustainability goals during the transition created by such an event.

Care Management of Non-Communicable Diseases Programme” (approved in 2018, for US\$50 millions), and PBP 5110/OC-JA, “Support for the Health Systems Strengthening for the Prevention and Care Management of Non-Communicable Diseases Programme II” (approved in 2020, for US\$100 millions), which are health sector loans in execution which have some immediate public health response activities; Technical Cooperation (TC) ATN/ME-17975-JA (approved in 2020, for US\$105,000) is a TC aimed at providing online access to healthcare as a specific response to COVID-19; as well as with other initiatives in preparation involving activities aimed at meeting needs created by the pandemic. The Bank is also providing support through a regional TC (ATN/OC-18057-RG, approved in 2020, for US\$625,000)<sup>49</sup> to strengthen fiscal management. The objective of the TC is to support governments in the Caribbean, both at the national and sub-national levels, in their efforts to strengthen the efficiency, effectiveness and equity of fiscal policy and management in order to respond to the economic and social emergency caused by COVID-19. Through this TC, the Bank supported the preparation of an evaluative report and public spending review of COVID-19 programmes (¶1.36). Also, the Bank has provided support for the implementation of the development of a tagging methodology on climate change expenditure through ATN/MC-17416-RG (approved in 2019, for US\$1 million) (¶1.37).<sup>50</sup> This coordination seeks to leverage synergies to increase the impact of the Bank’s interventions.

- 1.29 **Financial support to respond to the pandemic.** In terms of international financial assistance to address the unprecedented financial demands of COVID-19, the Government of Jamaica’s gross financing need for FY2021/2022 amounts to about US\$865.4 million (6% of GDP). This amount will be partially financed by US\$100 million from the IDB, through this operation; and US\$150 million in budget support from the World Bank.
- 1.30 **Coordination with other donors.** The PIOJ organizes collaborative meetings with Jamaica’s International Development Partners (IDPs), including the IDB, in order to share information and coordinate actions and activities. During the programme’s execution, a collaborative process with multilateral and donor entities will be implemented, which will include technical coordination dialogue and coordination. Furthermore, this operation reinforces the long-term fiscal sustainability objective of previous IMF-supported programmes (¶1.3), as well as the provision of financial support to face the economic and health emergency in line with the RFI approved by the IMF (¶1.6), and budget support to confront the COVID-19 crisis, from the World Bank<sup>51</sup> (¶1.29).
- 1.31 **Strategic alignment.** The programme is consistent with the Second Update to the Institutional Strategy (AB-3190-2) and is aligned with the development challenge of Social Inclusion and Equality, through measures to ensure the maintenance of essential health services in order to overcome the health crisis, and with the cross cutting issues of: (i) Institutional Capacity and Rule of Law, through the strengthening of the fiscal policy and institutional framework to achieve medium-term fiscal

<sup>49</sup> The amount allocated for activities in Jamaica is US\$196,740 (about 31% of this TC).

<sup>50</sup> The amount allocated for this activity was approximately US\$10,000 (equivalent to 1% of this TC).

<sup>51</sup> The World Bank’s active portfolio includes a COVID-19 response and recovery development policy financing. This operation complements the Bank’s effort in: (i) protecting poor and vulnerable population; (ii) supporting sustainable business and growth creation; and (iii) supporting the strengthening of policies and institutions for sustainable recovery.



sustainability by approving the Independent Fiscal Council Bill (¶1.37), as well as through greater transparency and efficiency in the management of public resources by preparing a public spending review of the programmes related to the COVID-19 health emergency (¶1.36 and ¶1.37), a report on the use of the InvestmentMap Platform and the tagging methodology for reporting climate change expenditure (¶1.37); (ii) Gender Equality, by improving equal opportunities for all genders and supporting legislation to prevent sexual harassment (¶1.37), as well as measures to protect the income of households and businesses in sectors where women are particularly at risk (¶1.18 and ¶1.36); and (iii) Climate Change, by developing a tagging methodology for reporting climate change expenditure (¶1.37). According to the [joint MDB approach to climate finance](#), 5.26% of total IDB funding for this operation results in climate change adaptation and mitigation due to one policy dedicated to developing a tagging methodology on climate change expenditure. These resources contribute to the IDB's climate finance goal of 30% of annual approvals in 2022.

- 1.32 The programme will also contribute to the Corporate Results Framework (CRF) 2020-2023 (document GN-2727-12) through the indicators: (i) beneficiaries receiving health services; (ii) beneficiaries of targeted anti-poverty programs; (iii) micro, small, medium enterprises financed; (iv) women beneficiaries of economic empowerment initiatives; and (v) countries with strengthened gender equality and diversity policy frameworks. It is aligned with the public sector management and financing and macro-fiscal management areas of the Sector Strategy: Institutions for Growth and Social Welfare (document GN-2587-2) and is consistent with the Fiscal Policy and Management Sector Framework Document (document GN-2831-8), which emphasizes the importance of institution-strengthening to improve the quality of public expenditure, as well as fiscal equity and social inclusion. It is also consistent with the Gender and Diversity Sectoral Framework (GN-2800-8) by promoting equal opportunities for all genders. The programme is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996). The operation also promotes IDB's subregional initiative of smart and resilient investment for the Caribbean.<sup>52</sup> It is also aligned with the IDB Group Country Strategy with Jamaica (2016-2021) (GN-2868) in the following strategic objectives: (i) attain fiscal sustainability in the medium term; (ii) strengthening public financial management system; and (iii) increase efficiency of public sector. Finally, the operation is included in the Update of the Annex III of the 2021 Operational Program Report (GN-3034-2), as part of the 2022 Indicative Pipeline.

## **B. Objectives, components, and cost**

- 1.33 **Objective.** The general objective of the programme is to strengthen the efficiency and effectiveness of public policy and fiscal management in response to the health and economic crisis caused by COVID-19, through the design and implementation of effective and fiscally responsible policy measures. The specific objectives are: (i) to promote the availability and timely execution of public resources to respond to the health crisis caused by COVID-19; (ii) to strengthen the

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<sup>52</sup> The sub-regional strategy of Vision 2025 for the Caribbean focuses on a delivery-oriented initiative aimed at helping Caribbean countries define Sustainable Development Pathways for their transformation in a smart and resilient manner.

countercyclical effect of fiscal policy through the brief introduction of measures to protect the income of vulnerable households and increase liquidity for businesses during the health and economic crisis; and (iii) to promote economic and fiscal recovery in the post-pandemic period. The programme is organised into the following components:

- 1.34 **Component 1. Macroeconomic stability.** The objective of this component is to ensure a macroeconomic context consistent with the programme objectives as set forth in the policy matrix and the [Policy Letter](#).
- 1.35 **Component 2. Strengthening public policy and fiscal management to respond to the health crisis caused by COVID-19.** The objective of this component is to promote the timely availability and execution of public resources to respond to the effects of the health crisis. This second operation maintains the indicative measures proposed in the first operation. To achieve the timely availability of public resources, this operation focuses on the allocation of resources to the health sector in order to: (i) manage the health consequences of COVID-19; and (ii) attain the required level of health services to contain future potential surges in COVID-19 cases. In relation to promoting the timely execution of public resources, the policy measure is that the Government of Jamaica reviews the SCT relief for alcohol for its use in making (or substituting for) sanitizers to establish if an extension is needed.
- 1.36 **Component 3. Strengthening public policy and fiscal management to respond to the economic crisis.** The objective of this component is to improve the countercyclical effect of public policy through the brief introduction of measures to protect the income of vulnerable households and increase liquidity for businesses during the health and economic crisis. This second operation maintains the indicative measures proposed in the first operation, the policies supporting household income include: (i) complete an evaluative report on the implementation of the COVID-19 emergency measures identified in paragraph 3.1 of the Programmatic Loan I to review their performance and goals achieved;<sup>53</sup> (ii) eliminate COVID-19 measures in paragraph 3.1 of the Programmatic Loan I that are no longer deemed relevant at this stage of the pandemic;<sup>54</sup> (iii) introduce measures to evaluate and improve the targeting of social programmes;<sup>55</sup> and (iv) conduct a public

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<sup>53</sup> The COVID-19 emergency measures are: (i) SET Cash; (ii) COVID-19 General Grant; (iii) COVID-19 Compassionate Grant; (iv) COVID-19 PATH Grants; and (v) COVID-19 Student Loan Relief (¶1.18).

<sup>54</sup> See previous footnote.

<sup>55</sup> This measure refers to the introduction of the National Policy for Senior Citizens, led by the Ministry of Labour and Social Security (MLSS), which defines the government's strategy for the provision of targeted social assistance to senior citizens and establishes monitoring and evaluation framework under the National Council for Senior Citizens.

spending review of the programmes related to the COVID-19 health emergency.<sup>56</sup> In the case of the policies aimed at increasing liquidity for businesses, these include: (i) complete an evaluative report on the implementation of the COVID-19 emergency measures identified in paragraph 3.2 of the Programmatic Loan I to review their performance and goals achieved;<sup>57</sup> (ii) eliminate COVID-19 measures in paragraph 3.2 of the Programmatic Loan I that are no longer deemed relevant at this stage of the pandemic;<sup>58</sup> (iii) provide COVID-19 Tourism Grants to support the recovery efforts of businesses operating in the tourism sector; and (iv) submit legislative amendments to implement a MSMEs tax credit programme to the House of Representatives for tabling.

- 1.37 **Component 4. Economic and fiscal strengthening for the post-pandemic period.** The objective of this component is to promote economic and fiscal recovery in the post pandemic period. To achieve this objective in the second operation, the Government of Jamaica will implement the following measures: (i) approves the Independent Fiscal Commission Act; (ii) implement an online registration for motor vehicles at all revenue centres;<sup>59</sup> (iii) the government tables legislation in Parliament that improves governance and ensures strong representation of all genders on the Boards of Public Bodies; (iv) Draft Customs Reform Bill prepared; (v) report on the utilisation of the InvestmentMap Platform; (vi) develop a tagging methodology for reporting climate change expenditure in the Central Government Expenditure Budget; and (vii) the Government of Jamaica approves the Sexual Harassment Act.

## C. Key results indicators

- 1.38 The expected programme results are included in the Results Matrix (Annex III). The general objectives indicators for measuring the general objective are: (i) population fully vaccinated (% of total population); and (ii) government primary balance (% of GDP). The results indicators for measuring the specific objectives are: (i) budget allocated to vaccines; (ii) individuals benefited from temporary cash transfers provided through the SET Cash programme; (iii) businesses benefited from the

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<sup>56</sup> The main conclusions of this review were: (i) the government demonstrated readiness and agility in the formulation and implementation of the CARE Programme; (ii) the components of the CARE Programme, complemented with other government measures, were successful in mitigating the loss of jobs and provide support to vulnerable populations; (iii) despite the government's best efforts, two aspects that limited coverage of some components of the CARE Programme were informality and limited financial inclusion (the Government of Jamaica is currently pursuing a Financial Inclusion Strategy with its Action Plan and Monitoring and Evaluation), as the lack of business registration and bank account ownership prevented potential beneficiaries from achieving eligibility. Among the lessons learned the report highlights: (i) the usefulness of electronic portals to facilitate the application process and verification of beneficiaries, as well as the pay-out of benefits; (ii) the key role played by inter-agency collaboration within the government, as well as collaboration with banks and remittance agencies, to successfully distribute the benefits; and (iii) the important commitment to transparency through the involvement of the Auditor General to ensure the robustness of internal controls before payments were made.

<sup>57</sup> The COVID-19 emergency measures are: (i) BEST Cash; (ii) COVID-19 Small Business Grants; and (iii) reduction of regulatory fees for agricultural commodities (J\$1.20).

<sup>58</sup> See previous footnote.

<sup>59</sup> This measure was not in the indicative Policy Matrix agreed during the first operation. It replaces the former measure 4.1(ii), which referred to the implementation of an automatic Customer Flow (Queueing) Management System in all Revenue Service Centers and Large Tax Offices Island wide. The government requested this change due to unexpected delays in the implementation of the original policy caused by the emergence of new variants of the COVID-19 virus pandemic. From a technical perspective, both policies target a reduction in taxpayer's compliance costs and, hence, contribute to fiscal recovery through the improvement of revenue collection. This change does not affect the component objectives.

COVID-19 Tourism Grants programme; and (iv) female representation in the Boards of Public Bodies.

- 1.39 **Economic analysis.** Based on the recommendations by the Office of Evaluation and Oversight (OVE) in its 2011 Evaluability Review of Bank Projects<sup>60</sup> and on the findings of the review of evaluation practices and standards for policy-based loans conducted by the Evaluation Cooperation Group (ECG, which comprises the independent evaluation offices of the multilateral development banks),<sup>61</sup> as provided for in paragraph 1.3 of document GN-2489-5 (Review of the Development Effectiveness Matrix for Sovereign Guaranteed and Non-Sovereign Guaranteed Operations), which indicates that an analysis of efficiency in the use of financial resources is unnecessary,<sup>62</sup> it was determined that an economic analysis would not be performed for this type of loan, as reported to the Board of Executive Directors. Accordingly, this loan operation does not include an economic analysis and no such analysis is considered for purposes of measuring the evaluability score in the program's Development Effectiveness Matrix.
- 1.40 **Beneficiaries.** The direct beneficiaries of this second operation in the programmatic series are the citizens of Jamaica, particularly those in the most vulnerable sectors, due to the positive social effects of the policy measures to increase available resources for responding to the health crisis. Additionally, the protection of household income and business liquidity will help reduce the impact of the crisis on the wellbeing of the country's citizens, particularly low-income individuals and women. Finally, the Government of Jamaica will also benefit from this operation, as it will have more resources available to implement public policies to mitigate the impact of the health and economic crisis.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 This is the second operation of a PBP series consisting of two contractually independent but technically linked loans, in line with the guidelines for the preparation and implementation of PBP set forth in document CS-3633-2. The programmatic modality was chosen because: (i) it promotes ongoing policy dialogue between the Bank and the country with the aim of providing continuous support during the pandemic and in the post-pandemic period; (ii) given the uncertainty regarding the length and severity of the crisis caused by the pandemic, this instrument leaves room for adaptation to evolving circumstances and monitoring of the programme's scope; and (iii) it facilitates the development, fine-tuning, and implementation of economic and fiscal recovery plans, with a view to resuming growth with equity and fiscal sustainability in the post-pandemic period.

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<sup>60</sup> Document RE-397-1: Currently, the economic analysis section is computed as the maximum between the Cost-Benefit Analysis (CBA) and the Cost-Effectiveness Analysis (CEA). Yet neither a CBA nor a CEA is applicable to policy-based loans.

<sup>61</sup> Good Practice Standards for the Evaluation of Public Sector Operations. Evaluation Cooperation Group, Working Group on Public Sector Evaluation, 2012 Revised Edition. February 2012.

<sup>62</sup> According to the ECG, policy-based loans should be evaluated for relevance, effectiveness, and sustainability. Efficiency was not included as a criterion, since the size of a policy-based loan is related to a country's financing gap, independent of the project's benefits.

- 2.2 **Dimensioning.** The cost of this operation will be US\$100 million financed from the Bank's Ordinary Capital, which represents 11.6% of the government's gross financing needs for FY2021/2022 (¶1.29). This amount will be disbursed in one single tranche. The cost of the operation is justified by the public sector's financial needs and has no direct relationship to the cost of the programme's reforms, in accordance with document CS-3633-2 (paragraph 3.27 (b)).

**B. Environmental and social safeguard risks**

- 2.3 Based on guideline B.13 of the Environment and Safeguards Compliance Policy (Operational Policy OP-703), this programme does not require ex ante classification of effects. The operation supports the development of policies, standards, management tools, and other institutional strengthening actions. Therefore, no significant or direct adverse environmental and natural impacts are anticipated.

**C. Fiduciary risks**

- 2.4 No fiduciary risks associated with the operation have been identified. The operation's proceeds will go directly to the National Treasury in order to meet the Government of Jamaica financing needs. To that end, the executing agency has the necessary financial management tools and supervision systems. The resources will be disbursed once the policy measures set forth in the loan contract are fulfilled.

**D. Other risks and key issues**

- 2.5 **Economic and financial environment risks (medium-high).** Given the emergence of new variants of the COVID-19 virus, there is uncertainty as to how long the health and economic crisis caused by the pandemic will last. If the pandemic lingers, economic growth may be lower than expected and the impact of the crisis on public finances could be more severe than currently observed. If this scenario occurs, the Bank will continue its dialogue with the government and provide technical assistance to identify additional measures to promote economic recovery and restore fiscal sustainability while protecting the most vulnerable populations.
- 2.6 **Institutional risks (medium-high).** A second risk related to the uncertain length of the pandemic is the ability of the government to fully withdraw the temporary social protection measures supported by this operation. The Government of Jamaica has already taken measures aimed at mitigating this risk, as it withdrew some of the temporary benefits. However, as the extensions of the SET Cash and BEST Cash components of the CARE Programme show (¶1.18 and ¶1.20), there could be a reinstatement of these benefits if the new variants of the virus continue to create economic hardship for households and businesses. If this risk materializes, some of the measures in Component 3 could be affected. While this risk cannot be mitigated within the project, the Bank will maintain a constant dialogue with the government to monitor this issue and provide technical support as needed.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 **Borrower.** The borrower will be the Government of Jamaica, which will execute the programme through the MOFPS.
- 3.2 **Executing agency.** The executing agency will be the MOFPS, which will have technical responsibility for programme execution and agrees to: (i) act, on its own or by means of a designee, as the official liaison with the Bank and submit reports and evidence of fulfilment of the operation's conditions, as well as any other report that the Bank requires, according to the agreed deadlines and terms; (ii) promote actions to achieve the policy objectives defined in the program; and (iii) collect, record, and submit to the Bank all data, indicators, and metrics that help the Government of Jamaica and the Bank monitor, measure, and evaluate the programme's results.
- 3.3 **Coordination mechanism.** Responsibility for fulfilling the programme's measures falls within the MOFPS. The MOFPS will maintain an ongoing dialogue with the MOHW; MLSS; Ministry of Economic Growth and Job Creation (MEGJC); Tax Administration Jamaica (TAJ); as well as other relevant government agencies implementing the programmes supported by the first and second operations of this programme, in order to ensure the adequate availability of resources and facilitate administrative procedures. Additionally, the Bank will coordinate online follow up meetings to provide technical support to the country if needed and to monitor the compliance of the policy measures that were included as part of this programmatic series.
- 3.4 **Special contractual condition prior to the first and sole disbursement of the second PBP. The first and sole disbursement of loan resources will be subject to the borrower's fulfilment of the policy reform conditions in the Policy Matrix (Annex II), the [Policy Letter](#), and any other conditions outlined in the corresponding loan contract.**

#### B. Summary of arrangements for monitoring results

- 3.5 **Monitoring.** Programme monitoring consists of verification of the agreed policy measures ([Monitoring and Evaluation Plan](#)). The executing agency and the Bank will meet regularly to monitor the operation's results and anticipate and resolve technical difficulties related to the operation's execution. The executing agency will submit to the Bank all information required for measuring fulfilment of programme targets and will provide timely information on progress toward those targets.
- 3.6 **Evaluation.** The evaluation strategy will consist of: (i) a before and after analysis of the outcome and impact indicators included in the Results Matrix; (ii) a review of the intervention's theory of change; (iii) a literature review of evidence on the effectiveness of similar interventions in comparable contexts; and (iv) a qualitative evaluation that provides complementary information on how the achieved results can be attributed to the programme. The evaluation's main questions will address whether the policies implemented helped achieve the programme objectives ([Monitoring and Evaluation Plan](#)). Additionally, a programme completion report will

be prepared. Both the ex post evaluation and the programme completion report will be conducted at the end of execution of the programmatic series.

#### **IV. POLICY LETTER**

- 4.1 The [Policy Letter](#) reiterates the country government's commitment to the objectives and actions envisaged in the programme. Additionally, the Bank and the Government of Jamaica agreed on a Policy Matrix that identifies the policy actions under this operation.

Development Effectiveness Matrix		
Summary		JA-L1088
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	<div>-Social Inclusion and Equality</div> <div>-Gender Equality and Diversity</div> <div>-Climate Change</div> <div>-Institutional Capacity and the Rule of Law</div>	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	<div>-Beneficiaries receiving health services (#)</div> <div>-Beneficiaries of targeted anti-poverty programs (#)</div> <div>-Micro / small / medium enterprises financed (#)</div> <div>-Women beneficiaries of economic empowerment initiatives (#)</div> <div>-Countries with strengthened gender equality and diversity policy frameworks (#)</div>	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2868	(i) attain fiscal sustainability in the medium term; (ii) Strengthening public financial management system; and (iii) Increase efficiency of public sector.
Country Program Results Matrix	GN-3034-2	The operation is included in the 2021 Operations Program for the 2022 pipeline.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		9.7
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		3.2
3.3 Results Matrix Quality		4.0
4. Ex ante Economic Analysis		N/A
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		B.13
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Treasury.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	The Bank is also providing support through a regional Technical Cooperation ATN/OC-18057-RG to strengthen fiscal management.

The program is structured as a PBP. This is the second of two operations whose policy actions aim to support the country in the adoption of activities to respond to the main challenges generated by the health and economic crisis due to COVID-19. The operation JA-L1088, for US\$100 million, is part of the Bank's operational response to the COVID-19 Pandemic. The specific objectives are: (i) to promote the availability and timely execution of public resources to respond to the health crisis caused by COVID-19; (ii) to strengthen the countercyclical effect of fiscal policy through the brief introduction of measures to protect the income of vulnerable households and increase liquidity for businesses during the health and economic crisis; and (iii) to promote economic and fiscal recovery in the post-pandemic period. The achievement of these objectives will contribute to the general objective of the programme to strengthen the efficiency and effectiveness of public policy and fiscal management in response to the health and economic crisis caused by COVID-19, through the design and implementation of effective and fiscally responsible policy measures.

The loan proposal presents a solid diagnosis of the problem, as well as a review of international evidence. The proposed solutions are an appropriate response to the problems identified in the proposal and its contributing factors. The results matrix is consistent with the vertical logic of the project, presenting adequate indicators at the level of outcomes and impacts. The outcome indicators are appropriately defined to measure the achievements of the project's specific objectives. The impact indicators reflect the contribution to the final health and fiscal objectives of the operation.

The monitoring and evaluation plan proposes a reflective analysis of the outcome and impact indicators included in the result matrix, complemented by a review of the theory of change, an updated review of international evidence and qualitative studies. The monitoring and evaluation activities will be carried out by the Ministry of Finance and Public Service in coordination with the Bank.



## POLICY MATRIX

**Objective:** The general objective of the programme is to strengthen the efficiency and effectiveness of public policy and fiscal management in response to the health and economic crisis caused by COVID-19, through the design and implementation of effective and fiscally responsible policy measures. The specific objectives are: (i) to promote the availability and timely execution of public resources to respond to the health crisis caused by COVID-19; (ii) to strengthen the countercyclical effect of fiscal policy through the brief introduction of measures to protect the income of vulnerable households and increase liquidity for businesses during the health and economic crisis; and (iii) to promote economic and fiscal recovery in the post-pandemic period.

Components/ Policy Objectives	Policy Conditions for Programmatic Loan I	Policy Conditions for Programmatic Loan II	Status of Fulfilment Conditions for Programmatic Loan II <sup>1</sup>
<b>Component 1. Macroeconomic stability</b>			
Maintain a macroeconomic context consistent with the programme objectives as set forth in the policy matrix and the sector policy letter.	1.1 Maintain an economic framework consistent with the programme's objectives and the guidelines set forth in the sector policy letter.	1.1 Maintain an economic framework consistent with the programme's objectives and the guidelines set forth in the policy letter.	i. Fulfilled.
<b>Component 2. Strengthening public policy and fiscal management to respond to the health crisis caused by COVID-19</b>			
Promote the timely availability of public resources to respond to the health crisis caused by COVID-19.	2.1 The Government of Jamaica implements the following measures: i. First Supplementary Budget for FY2020/2021 approved by Parliament to meet the urgent needs arising from the health emergency.	2.1 The Government of Jamaica allocates resources to the health sector in order to: i. Manage the health consequences of COVID-19. ii. Attain the required level of health services to contain future potential surges in COVID-19 cases.	i. Fulfilled (IV quarter, 2021). ii. Fulfilled (IV quarter, 2021).
Promote the timely execution of public resources to respond to the health crisis caused by COVID-19.	2.2 The Government of Jamaica implements the following measures: i. The SCT on approximately 100,000 litres of alcohol for its use in making (or substituting for) sanitizers is waived.	2.2 The Government of Jamaica reviews SCT relief for alcohol for its use in making (or substituting for) sanitizers to establish if an extension is needed.	i. Fulfilled (IV quarter, 2021).

<sup>1</sup> This information is merely indicative as of the date of this document. In accordance with document CS-3633-2 (Policy-Based Loans: Guidelines for Preparation and Implementation), compliance with any specified disbursement conditions, including maintenance of an appropriate macroeconomic policy framework, will be verified by the Bank when the borrower makes the corresponding disbursement request and will be reflected in a timely manner in the disbursement eligibility memorandum.

Components/ Policy Objectives	Policy Conditions for Programmatic Loan I	Policy Conditions for Programmatic Loan II	Status of Fulfilment Conditions for Programmatic Loan II <sup>1</sup>
	ii. Customs duty on the import of masks, gloves, hand sanitizers, and liquid hand soap is waived for a 90-day period.		
<b>Component 3. Strengthening public policy and fiscal management to respond to the economic crisis</b>			
Strengthen the countercyclical effect of public policy through the temporary introduction of measures to protect the income of vulnerable households during the health and economic crisis.	<p>3.1 The Government of Jamaica implements the following measures under the CARE Programme:</p> <ul style="list-style-type: none"> <li>i. SET Cash which provides a temporary cash transfer to employees in any sector earning no more than J\$1.5 million annually and who lost their job after March 10, 2020.</li> <li>ii. COVID-19 General Grant providing grants to occupational groups affected by COVID-19 measures.<sup>2</sup></li> <li>iii. COVID-19 Compassionate Grant providing unconditional grants to the informally employed, unemployed, elderly and tertiary students.</li> <li>iv. COVID-19 PATH Grants providing PATH beneficiaries with a 50% increase in benefits for the April-June 2020 period.</li> <li>v. COVID-19 Student Loan Relief allowing the deferral of student loan principal and interest payments for the months of April, May, and June 2020.</li> </ul>	<p>3.1 The Government of Jamaica will implement the following measures:</p> <ul style="list-style-type: none"> <li>i. Complete an evaluative report on the implementation of the COVID-19 emergency measures identified in paragraph 3.1 of the Programmatic Loan I to review their performance and goals achieved.<sup>3</sup></li> <li>ii. Eliminate COVID-19 measures in paragraph 3.1 of the Programmatic Loan I that are no longer deemed relevant at this stage of the pandemic.<sup>4</sup></li> <li>iii. Introduce measures to evaluate and improve the targeting of social programmes.<sup>5</sup></li> <li>iv. Conduct a public spending review of the programmes related to the COVID-19 health emergency.</li> </ul>	<ul style="list-style-type: none"> <li>i. Fulfilled (IV quarter, 2021).</li> <li>ii. Fulfilled (IV quarter, 2021).</li> <li>iii. Fulfilled (IV quarter, 2021).</li> <li>iv. Fulfilled (IV quarter, 2021).</li> </ul>

<sup>2</sup> Includes barbers, hairdressers, bar operators, market vendors, craft vendors, taxi and bus operators and other groups.

<sup>3</sup> The COVID-19 emergency measures are: (i) SET Cash; (ii) COVID General Grant; (iii) COVID Compassionate Grant; (iv) COVID PATH Grants; and (v) COVID Student Loan Relief.

<sup>4</sup> See previous footnote.

<sup>5</sup> This measure refers to the introduction of the National Policy for Senior Citizens, led by the Ministry of Labour and Social Security, which defines the government's strategy for the provision of targeted social assistance to senior citizens and establishes monitoring and evaluation framework under the National Council for Senior Citizens.

Components/ Policy Objectives	Policy Conditions for Programmatic Loan I	Policy Conditions for Programmatic Loan II	Status of Fulfilment Conditions for Programmatic Loan II <sup>1</sup>
Strengthen the countercyclical effect of public policy through the temporary introduction of measures to provide targeted economic relief and increase liquidity for businesses during the health and economic crisis.	3.2 The Government of Jamaica implements the following measures: <ul style="list-style-type: none"> <li>i. BEST Cash providing a temporary cash transfer to businesses in the tourism sector that retain workers earning J\$1.5 million or less annually.</li> <li>ii. COVID-19 Small Business Grants targeted at Micro and Small Enterprises with sales of J\$50 million or less who filed tax returns and payroll returns for FY2019/2020.</li> <li>iii. Issue Drafting Instructions to the Chief Parliamentary Counsel for the preparation of legislative amendments to implement a MSMEs tax credit programme to provide cash-flow support.</li> <li>iv. Reduce regulatory fees for coconut, coffee, cocoa and spice Commodity Licensees and by extension farmers to incentivize greater production.</li> </ul>	3.2 The Government of Jamaica implements the following measures: <ul style="list-style-type: none"> <li>i. Complete an evaluative report on the implementation of the COVID-19 emergency measures identified in paragraph 3.2 of the Programmatic Loan I to review their performance and goals achieved.<sup>6</sup></li> <li>ii. Eliminate COVID-19 measures in paragraph 3.2 of the Programmatic Loan I that are no longer deemed relevant at this stage of the pandemic.<sup>7</sup></li> <li>iii. Provide COVID-19 Tourism Grants to support the recovery efforts of businesses operating in the tourism sector.</li> <li>iv. Submit legislative amendments to implement a MSMEs tax credit programme to the House of Representatives for tabling.</li> </ul>	<ul style="list-style-type: none"> <li>i. Fulfilled (IV quarter, 2021).</li> <li>ii. Fulfilled (IV quarter, 2021).</li> <li>iii. Fulfilled (III quarter, 2021).</li> <li>iv. Fulfilled (IV quarter, 2020).</li> </ul>
<b>Component 4. Economic and fiscal strengthening for the post-pandemic period</b>			
Promote economic and fiscal recovery in the post pandemic period.	4.1 The Government of Jamaica takes the following economic and fiscal policy measures: <ul style="list-style-type: none"> <li>i. Tables the Independent Fiscal Commission Bill in Parliament.</li> <li>ii. Amend the Financial Administration and Audit Act to suspend the fiscal rules and extend the period for achievement of the</li> </ul>	4.1 The Government of Jamaica takes the following economic and fiscal policy measures: <ul style="list-style-type: none"> <li>i. Approves the Independent Fiscal Commission Act.</li> <li>ii. Implement an online registration for motor vehicles at all revenue centres.</li> </ul>	<ul style="list-style-type: none"> <li>i. Fulfilled (I quarter, 2021).</li> <li>ii. Fulfilled (I quarter, 2022).</li> </ul>

<sup>6</sup> The COVID-19 emergency measures are: (i) BEST Cash; (ii) COVID Small Business Grants; and (iii) reduction of regulatory fees for agricultural commodities.

<sup>7</sup> See previous footnote.

Components/ Policy Objectives	Policy Conditions for Programmatic Loan I	Policy Conditions for Programmatic Loan II	Status of Fulfilment Conditions for Programmatic Loan II <sup>1</sup>
	<p>debt target (60% of GDP) by two years from end FY2025/2026 to end FY2027/2028.</p> <p>iii. Establish a high-level Economic Recovery Task Force to formulate strategies and recommend robust responses to limit the economic fallout from the crisis and to buttress subsequent economic and fiscal recovery efforts.</p> <p>iv. Improvement of public investment efficiency and transparency through the design, development and public launch of an InvestmentMap Platform.</p> <p>v. Creation of the Ministry of Housing, Urban Renewal, Environment and Climate Change with portfolio responsibility for climate change mitigation and adaptation policy<sup>8</sup>.</p> <p>vi. The Government of Jamaica tables the Sexual Harassment Bill in the House of Representatives.</p>	<p>iii. The Government tables legislation in Parliament that improves governance and ensures strong representation of all genders on the Boards of Public Bodies.</p> <p>iv. Draft Customs Reform Bill prepared.</p> <p>v. Report on the utilisation of the InvestmentMap Platform.</p> <p>vi. Develop a tagging methodology for reporting climate change expenditure in the Central Government Expenditure Budget.</p> <p>vii. The Government of Jamaica approves the Sexual Harassment Act.</p>	<p>iii. Fulfilled (IV quarter, 2021).</p> <p>iv. Fulfilled (III quarter, 2021).</p> <p>v. Fulfilled (IV quarter, 2021).</p> <p>vi. Fulfilled (I quarter, 2022).</p> <p>vii. Fulfilled (IV quarter, 2021).</p>

<sup>8</sup> In January 2022, the Ministry of Housing, Urban Renewal, Environment & Climate Change (MHURECC) was subsumed into/under the Ministry of Economic Growth & Job Creation ([MEGJC](#)). Thus, the portfolio responsibility for climate change mitigation and adaptation policy has been assumed by the MEGJC.

**RESULTS MATRIX**

<b>Program Objective:</b>	The specific objectives are: (i) to promote the availability and timely execution of public resources to respond to the health crisis caused by COVID-19; (ii) to strengthen the countercyclical effect of fiscal policy through the brief introduction of measures to protect the income of vulnerable households and increase liquidity for businesses during the health and economic crisis; and (iii) to promote economic and fiscal recovery in the post-pandemic period. The general objective of the programme is to strengthen the efficiency and effectiveness of public policy and fiscal management in response to the health and economic crisis caused by COVID-19, through the design and implementation of effective and fiscally responsible policy measures.
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**GENERAL DEVELOPMENT OBJECTIVES**

Indicators	Unit of Measure	Baseline	Baseline Year	Final Target	Final Year	Means of Verification	Comments
Population fully vaccinated (% of total population)	Percentage	18%	2021 (December 6 <sup>th</sup> )	40%	June 2022	WHO reports.	Population who has completed their full vaccination as a percentage of the total population.
Government primary balance.	Percentage	3.5	FY2020/2021	5.9	FY2022/2023	MOFPS.	Primary fiscal balance as a percentage of GDP.

**SPECIFIC DEVELOPMENT OBJECTIVES**

Indicators	Unit of Measure	Baseline	Baseline Year	Final Target (2022)	Means of Verification	Comments
<b>SPECIFIC OBJECTIVE 1:</b> Promote the availability and timely execution of public resources to respond to the health crisis caused by COVID-19						
Budget allocated to vaccines (% of total health sector budget).	Percentage	0	FY2020/2021	12%	Official letter of the MOFPS, including the approved detailed health sector budgets for FY2021/2022.	<b>Formula:</b> (Budget allocated to vaccines) / (Total health sector budget)  <u>Baseline (FY2020/2021):</u> Budget allocated to vaccines: J\$0. Total health sector budget: J\$8.5 billion.  Final target: End of FY2021/2022.

Indicators	Unit of Measure	Baseline	Baseline Year	Final Target (2022)	Means of Verification	Comments
<b>SPECIFIC OBJECTIVE 2:</b> Strengthen the countercyclical effect of fiscal policy through the temporary introduction of measures to protect the income of vulnerable households and increase liquidity for businesses during the health and economic crisis						
Individuals benefiting from temporary cash transfers provided through the SET Cash programme.	Percentage	0	2020	80	Official letter of the MOFPS confirming the results of the SET Cash programme and providing the corresponding supporting documents.	<b>Formula:</b> (Benefited individuals) / (Submitted P45s after March 2020, as per rule of J\$1.5 Million)  <u>Baseline (March 2020)<sup>1</sup>:</u> Benefited individuals: 0. Submitted P45s (Tax document submitted as Evidence of layoff) after March 2020, as per rule of J\$1.5 Million: 49,058.
Businesses benefited from the COVID-19 Tourism Grants programme.	Percentage	0	2020	18	Official letter of the MOFPS confirming the results of the COVID-19 Tourism Grants programme and providing the corresponding supporting documents.	<b>Formula:</b> (Benefited businesses) / (Number of entities having a valid Tourism Board Licence at March 2020)  <u>Baseline (2020):</u> Benefited businesses: 0. Number of entities having a valid Tourism Board Licence <sup>2</sup> at March 2020: 857.
<b>SPECIFIC OBJECTIVE 3:</b> Promote economic and fiscal recovery in the post-pandemic period						
Female representation in the Boards of Public Bodies.	Percentage	20	2020	30	Official letter of the MOFPS confirming the representation by gender in the Boards of Public Bodies and providing the corresponding supporting documents.	Pro-Gender Indicator. Percentage of female representatives in the Boards of Public Bodies. <b>Formula:</b> (Female representatives) / (Total representatives)  <u>Baseline (2020):</u> Female representatives: 20%.  Final target year: 2023.

<sup>1</sup> The baseline corresponds to the period before the start of the programme.

<sup>2</sup> The entities have to be registered with the Tourism Product Development Company (TPDCo).

### OUTPUTS

Outputs	Unit of Measure	Baseline	Baseline Year	Final Target (2022)	Means of Verification
<b>Component 2. Strengthening public policy and fiscal management to respond to the health crisis caused by COVID-19</b>					
Budget allocation to the health sector in FY2021/2022 approved by Parliament.	Approved Budget	0	2020	1	Official letter of the MOFPS confirming the Approved Budget for FY2021/2022 and providing the corresponding supporting documents.
Report containing: (i) the allocation of new personnel, supplies, and/or equipment to medical facilities managing the pandemic; and (ii) the current progress in the implementation of the vaccination and testing programmes	Report	0	2020	1	Official letter of the MOFPS confirming: (i) the allocation of new personnel, supplies, and/or equipment to medical facilities managing the pandemic; and (ii) the current progress in the implementation of the vaccination and testing programmes; and providing the corresponding supporting documents.
<b>Component 3. Strengthening public policy and fiscal management to respond to the economic crisis</b>					
Completed evaluative report on the implementation of the COVID-19 emergency measures identified in paragraph 3.1 of the Programmatic Loan I to review their performance and goals achieved.	Report	0	2020	1	Official letter of the MOFPS providing the completed evaluative report.
Policy eliminating COVID-19 measures in paragraph 3.1 of the Programmatic Loan I that are no longer deemed relevant at this stage of the pandemic.	Policy	0	2020	1	Official letter of the MOFPS confirming the assessment and elimination of COVID-19 measures in 3.1 of the Programmatic Loan I that are no longer deemed relevant at this stage of the pandemic and a reference to how each measure was eliminated along with a supporting document, if applicable.
Policy introducing measures to evaluate and improve the targeting of social programmes.	Policy	0	2020	1	Official letter of the MOFPS confirming the measures introduced to evaluate and improve the targeting of social programmes.
Public spending review of the programmes related to the COVID-19 health emergency.	Report	0	2020	1	Official letter of the MOFPS providing the public spending review.
Completed evaluative report on the implementation of the COVID-19 emergency measures identified in paragraph 3.2 of the Programmatic Loan I to review their performance and goals achieved.	Report	0	2020	1	Official letter of the MOFPS providing the completed evaluative report.
Policy eliminating COVID-19 measures in paragraph 3.2 of the Programmatic Loan I that are no longer deemed relevant at this stage of the pandemic.	Policy	0	2020	1	Official letter of the MOFPS confirming the assessment and elimination of COVID-19 measures in 3.2 of the Programmatic Loan I that are no longer deemed relevant at this stage of the pandemic and a reference to how each measure was eliminated along with a supporting document, if applicable.

Outputs	Unit of Measure	Baseline	Baseline Year	Final Target (2022)	Means of Verification
Policy approving the creation and funding of the COVID-19 Tourism Grants programme.	Policy	0	2020	1	Official letter of the MOFPS confirming the approval of the COVID-19 Tourism Grants programme and a description of the results of its implementation.
Tabling of legislative amendments to implement a MSMEs tax credit programme in the House of Representatives.	Act	0	2020	1	Official letter of the MOFPS confirming the enactment of the Income Tax (Amendment) Act 2020, which includes legislative amendments to implement a MSME tax credit programme.
<b>Component 4. Economic and fiscal strengthening for the post-pandemic period</b>					
Independent Fiscal Council Act approved by Parliament.	Act	0	2020	1	Official letter of the MOFPS confirming the approval and publication of the Independent Fiscal Commission Act 2021.
System for online registration for motor vehicles at all revenue centres, implemented.	Online platform	0	2020	1	Official letter of the MOFPS providing a report on the implementation of the online registration for motor vehicles at all service centres.
Tabling of legislation in Parliament that improves governance and ensures strong representation of all genders on the Boards of Public Bodies.	Regulations	0	2020	1	Pro-Gender Indicator. Official letter from the Clerk to the Houses of Parliament confirming the re-tabling of The Public Bodies Management and Accountability (Nomination, Selection and Appointment to Boards) Regulations.
Draft Customs Reform Bill, prepared	Draft Bill	0	2020	1	Official letter of the MOFPS providing a copy of the Draft Customs Reform Bill.
Report on the utilisation of the InvestmentMap Platform.	Report	0	2020	1	Official letter of the MOFPS providing the report on the utilisation of the InvestmentMap Platform.
Tagging methodology for reporting climate change expenditure in the Central Government Expenditure Budget, developed.	Methodology	0	2020	1	Official letter of the MOFPS confirming the development of a tagging methodology for reporting climate change expenditure and providing the corresponding supporting documents.
Sexual Harassment Act, approved.	Act	0	2020	1	Pro-Gender Indicator. Official letter of the MOFPS confirming the approval and publication of the Sexual Harassment Act 2021 and providing the corresponding supporting documents.



DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/22

Jamaica. Loan \_\_\_\_/OC-JA to Jamaica. Strengthening Fiscal Policy and Management Programme to Respond to the Public Health Crisis and Economic Effects of COVID-19 in Jamaica II

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with Jamaica, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Strengthening Fiscal Policy and Management Programme to Respond to the Public Health Crisis and Economic Effects of COVID-19 in Jamaica II. Such financing will be for the amount of up to US\$100,000,000 from the resources of the Bank's Ordinary Capital and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_\_\_ 2022)