



# GOVERNMENT OF JAMAICA

## FISCAL POLICY PAPER FY 2022/23

(As Presented)

10<sup>th</sup> February 2022

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# **PART 1**

## **FISCAL RESPONSIBILITY STATEMENT**

### **Introduction**

The Jamaican economy continued to show strong recovery during 2021 compared to 2020, the year of the emergence of the COVID-19 pandemic. For the period April-September 2021, the economy registered real economic growth of 9.9 percent when compared to the decline of 14.5 percent for the similar period in 2020. It should be noted that the economic recovery could have been stronger, were it not for a fire at JAMALCO in August 2021. Notwithstanding, the economy is projected to grow by 7.9 percent in FY 2021/22.

Central Government data, covering the period April-December 2021 indicate that the fiscal accounts, with respect to Total Revenue & Grants, had a negligible shortfall (minus 0.2 percent) when compared to the Second Supplementary Budget. Total Expenditures (net of amortization) on the other hand, exhibited a significant underperformance of \$9.3bn or 1.8 percent, when compared against the Second Supplementary Budget. The shortfall in expenditure is expected to be reversed as expenditure is ramped up during the last quarter of the fiscal year. As a result both the fiscal and primary balances were significantly better than budgeted. The unemployment rate for October 2021 stood at 7.1 percent, which was 3.7 percentage points lower than the 10.7 percent recorded for October 2020. As the economic recovery continues, the unemployment rate should trend to lower levels.

During FY 2022/23, the government will continue to pursue its development initiatives for the public sector, including the establishment of the Fiscal Commission, finalization of the National Natural Disaster Risk Financing Policy and the full roll-out of the Bank of Jamaica's (BOJ) digital currency.

### **Commitment to Fiscal Responsibility**

Good fiscal management enables a country to reasonably weather economic shocks when they emerge and to recover. It is good fiscal management when a government can respond in a timely manner to help to shield its citizens from the aforementioned shocks and protect, as far as possible, the vulnerable in society. COVID-19 has exposed the structural issues and weaknesses, in our society, that must be addressed as quickly as possible. Included among these weaknesses is the number of unbanked citizens in the country. The process of financial inclusion has begun, and it is anticipated that it will provide some durable solutions to reach these members of our society. It is hoped that with roll-out of the BOJ's digital currency, there will be greater integration of the unbanked into the formal economy through expanded opportunities.

Good fiscal management must also have an appreciation of the various fiscal risks and the required strategies to mitigate same. The economy is in recovery mode and one of the important factors to stimulate

this process, is the avoidance of new revenue measures which may result in increased “withdrawals” from the economy and represent a downside risk to growth. The revenue base must therefore, in this period of economic recovery whilst managing the on-going threat from COVID-19, be protected from the threat of waivers and concessions that appear under the “disguise” of business start-ups or business expansion. Good fiscal management ensures that the requisite fiscal targets are met or exceeded each fiscal year so that the debt target of 60 percent of GDP by end-FY 2027/28 is assured. The GOJ is seized with the importance of good fiscal management and remains committed to operating in a fiscally responsible manner.

**Table 1A: Summary of Economic Performance**

	Unit	FY 2019/20 (Actual)	FY 2020/21 to December 2019	FY 2021/22 (Projection)
Real GDP Growth Rates	%	-0.1	-11.0	7.9
Inflation (Annual Pt to Pt)	%	4.8	5.2	7.8
BOJ Policy Rate (e-o-p)	%	0.50	0.5	
Unemployment Rate (October Labour Force Survey)	%	8.7	10.7	7.1
Exchange Rate (weighted average selling rate)	J\$=US\$1	135.39	146.58	
Treasury Bill (average 6-month)	%	1.80	1.52	
Current Account	% of GDP	-1.3	-1.0	0.4
Net International Reserves (NIR), (e-o-p)	US\$m	3,237.7	3,319.3	3,470.9
Gross Reserves (Goods & Services Imports)	Weeks	34.0	29.6	27.1
<b>Fiscal Accounts</b>				
Central Government Primary Balance	%GDP	7.1	3.5	6.3
Central Government Fiscal Balance	%GDP	0.9	-3.1	0.3
Public Bodies Overall Balance	%GDP	-0.1	-0.7	0.5
Public Sector Balance	%GDP	0.8	-3.8	0.8
Debt Stock	%GDP	94.8%	109.7%	96.3%

Source: MOFPS/BOJ/STATIN

## Notable Fiscal Developments

### *Second & Third Supplementary Estimates*

The Second Supplementary Estimates (SSE) tabled in Parliament on January 11<sup>th</sup> 2022, reflected the movement of funds from the MOFPS Contingency to the MDAs responsible for the (i) CARE component of the SERVE Jamaica Programme and (ii) the payment of the four percent salary increase offered to public sector workers for the period April 2021 to March 2022.

The Third Supplementary Estimates for FY 2021/22 was tabled in Parliament on January 25<sup>th</sup> 2022 and reflected the reallocation of funds in line with the new assignment of subjects announced by the Prime Minister in early January 2022.

## **Public Sector Compensation Restructure**

Beginning in FY 2022/23, the government will be implementing a new compensation structure for the public sector as it seeks to simplify public sector compensation while establishing greater internal equity and improving competitiveness. For years, the public service has been losing talented, qualified staff and has not been able to adequately attract and retain staff. The new compensation structure will reduce the three hundred and twenty five salary levels as well as eliminate most of the one hundred and eighty five allowances while ensuring that no employee is worse off and enhancing the long term benefit to staff.

## ***Fiscal Commission***

An implementation plan for the establishment of the Fiscal Commission has been developed, with emphasis being placed on the recruitment of the Fiscal Commissioner during the upcoming fiscal year.

## ***Disaster Risk Financing Policy***

The technical work on the National Natural Disaster Risk Financing Policy (NNDRFP) has been completed and the policy, once approved, is expected to be tabled in Parliament during the first half of FY 2022/23.

## ***Fiscal Reporting***

The fiscal accounts are compiled on a cash accounting basis.

It is important, however, to note the following:

- (i) The actual Revenue and Grant figures referenced in this FPP represent actual collections by the revenue departments/agencies up to end December 2021. However, the revenue data contained in the Revenue Estimates represent actual transfers from the revenue departments/agencies to the Consolidated Fund. Transfers to the Consolidated Fund will differ from actual revenue collections because of a lag between receipt of revenue and the physical transfer of such revenue to the Consolidated Fund. The fiscal and primary balances shown in Table 1B and the remainder of the FPP are compiled on the basis of actual/projected revenue collections. Additionally, the estimated expenditure outturn for FY 2021/22 shown in Table 1B and upon which fiscal and primary balances are computed is based on actual cash expenditure to December 2021 and projections for the rest of the fiscal year.
- (ii) In compliance with the enhanced fiscal rules, the MOFPS will continue monitoring and reporting on the Specified Public Sector (SPS) in FY 2022/23. Reporting on Central Government operations and on public bodies will continue as required by the FAA Act. Based on assessments done by the MOFPS during FY2019/20 and authenticated by the Auditor

General's Department, no public body meets the criteria to be excluded from the SPS. Thus for the FYs 2020/21– FY 2023/24 forecast, the SPS equates to the Overall Public Sector.

- (iii) Due to the impact of the Covid-19 pandemic, the planned publication of General Government data has been deferred for implementation to FY 2023/24.

**Table 1B: Medium-Term Fiscal & Debt Indicators**

<i>(J\$mn)</i>	Actual	Actual	Est.	Proj.	Proj.	Proj.	Proj.
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<i>Revenue &amp; Grants</i>	<b>649,759.2</b>	<b>575,401.1</b>	<b>717,428.1</b>	<b>749,780.1</b>	<b>820,315.9</b>	<b>863,883.1</b>	<b>915,890.0</b>
<i>of which Tax Revenue</i>	579,397.0	505,686.7	606,239.6	671,536.1	741,671.0	786,932.7	834,424.0
<i>Expenditure</i>	<b>630,354.4</b>	<b>635,911.3</b>	<b>711,771.6</b>	<b>742,945.5</b>	<b>812,050.4</b>	<b>854,152.5</b>	<b>881,623.4</b>
<i>of which Wages &amp; Salaries</i>	195,935.5	208,002.2	223,789.7	267,725.1	303,339.6	329,042.7	348,785.3
<i>of which Interest</i>	131,487.3	129,037.9	136,422.5	138,409.1	134,200.9	131,460.6	118,905.3
<i>Cent Govt Fiscal Balance</i>	<b>19,404.8</b>	<b>-60,510.2</b>	<b>5,656.5</b>	<b>6,834.5</b>	<b>8,265.5</b>	<b>9,730.6</b>	<b>34,266.6</b>
<i>Cent Govt Primary Balance</i>	<b>150,892.1</b>	<b>68,527.7</b>	<b>142,079.0</b>	<b>145,243.6</b>	<b>142,466.4</b>	<b>141,191.1</b>	<b>153,172.0</b>
Domestic Debt	761,804.5	795,225.0	827,207.6	801,801.0	841,277.4	832,123.7	857,380.1
External Debt	1,184,995.0	1,295,272.7	1,321,618.8	1,335,179.8	1,295,421.0	1,301,094.0	1,264,177.6
Net Public Bodies	65,060.7	47,072.9	25,348.1	24,988.2	4,213.1	-24,023.5	-37,265.2
<b>Total Debt</b>	<b>2,011,860.1</b>	<b>2,137,570.7</b>	<b>2,174,174.5</b>	<b>2,161,969.0</b>	<b>2,140,911.5</b>	<b>2,109,194.2</b>	<b>2,084,292.6</b>
<i>(% GDP)</i>							
<i>Revenue &amp; Grants</i>	<b>30.6%</b>	<b>29.5%</b>	<b>31.8%</b>	<b>30.3%</b>	<b>30.7%</b>	<b>30.3%</b>	<b>30.3%</b>
<i>of which Tax Revenue</i>	<b>27.3%</b>	<b>26.0%</b>	<b>26.9%</b>	<b>27.1%</b>	<b>27.8%</b>	<b>27.6%</b>	<b>27.6%</b>
<i>Expenditure</i>	<b>29.7%</b>	<b>32.6%</b>	<b>31.5%</b>	<b>30.0%</b>	<b>30.4%</b>	<b>29.9%</b>	<b>29.1%</b>
<i>of which Wages &amp; Salaries</i>	<b>9.2%</b>	<b>10.7%</b>	<b>9.9%</b>	<b>10.8%</b>	<b>11.4%</b>	<b>11.5%</b>	<b>11.5%</b>
<i>of which Interest</i>	<b>6.2%</b>	<b>6.6%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>5.0%</b>	<b>4.6%</b>	<b>3.9%</b>
<i>Cent Govt Fiscal Balance</i>	<b>0.9%</b>	<b>-3.1%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>1.1%</b>
<i>Cent Govt Primary Balance</i>	<b>7.1%</b>	<b>3.5%</b>	<b>6.3%</b>	<b>5.9%</b>	<b>5.3%</b>	<b>4.9%</b>	<b>5.1%</b>
Domestic Debt	<b>35.9%</b>	<b>40.8%</b>	<b>36.6%</b>	<b>32.4%</b>	<b>31.5%</b>	<b>29.2%</b>	<b>28.3%</b>
External Debt	<b>55.9%</b>	<b>66.5%</b>	<b>58.5%</b>	<b>53.9%</b>	<b>48.5%</b>	<b>45.6%</b>	<b>41.8%</b>
Net Public Bodies	<b>3.1%</b>	<b>2.4%</b>	<b>1.1%</b>	<b>1.0%</b>	<b>0.2%</b>	<b>-0.8%</b>	<b>-1.2%</b>
<b>Total Debt</b>	<b>94.8%</b>	<b>109.7%</b>	<b>96.3%</b>	<b>87.3%</b>	<b>80.1%</b>	<b>73.9%</b>	<b>68.9%</b>

Source: MOFPS

## Fiscal Responsibility during COVID-19

During FY 2020/21, the resilience of the fiscal accounts and the economy in general were severely tested. Had it not been for prudent management of the revenue as well as the foresight to prepare for disasters, the fiscal accounts would have been more significantly impacted by the COVID-19 shock. Emergency resources which had been placed in the Contingencies Fund, between FY 2018/19 and FY 2019/20, acted as a cushion, pending the approval of the First Supplementary Budget in May 2020. The government's response to the crisis was primarily through its Public Health measures, the CARE programme and the provision of additional resources to the Ministry of Health and Wellness.

The pandemic response has continued into FY 2021/22, albeit on a reduced scale. Vaccination rates continue to be low and emergence of the new variant “Omicron” (in December 2021) has led to a spike in infections in Jamaica. The GOJ continues to urge Jamaicans to become vaccinated as well as to observe the safety protocols.

## Conclusion

The GOJ remains focussed on ensuring that Jamaica meets its debt target for FY 2027/28. As the economy recovers, within the continuation of the COVID-19 pandemic, it cannot be “business as usual”, this will not suffice. The pandemic exposed a number of structural weaknesses and inequalities including difficulties in identifying and reaching those among our most vulnerable, unequal access to quality healthcare and reliable internet access for our children. These are being addressed in the form of the implementation of a national identification system, the upgrade of public health infrastructure and the installation of the island wide broadband.

The GOJ’s steadfast fiscal consolidation efforts have underpinned a stable and resilient, macro-economic environment, infusing hope and confidence amongst consumers and businesses. Apart from the positive growth outturns for the first and second quarters of FY 2021/22, tax revenue collections for the April – December period exceeded collections for the FY 2019/20 period and further substantiates the view that Jamaica should be fully recovered by end-FY 2022/23.

As we recover from this pandemic, economic growth must be both inclusive (more equitable) and sustainable whilst recognising that where the equity and growth conflict, the impact of trade-offs should be carefully managed as we seek to make Jamaica, **the place of choice to live, work, raise families and do business.**

In this Fiscal Responsibility Statement, I hereby declare that, in pursuing the policy objectives of the Government, I will adhere to the principles of prudent fiscal management and seek to manage fiscal risks accordingly. In so doing, I hereby attest to the reliability, accuracy and completeness of the information contained in this Fiscal Policy Paper and its compliance with fiscal responsibility principles.

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**Nigel Clarke, DPhil, MP**  
**Minister of Finance and the Public Service**  
**February 10, 2021**

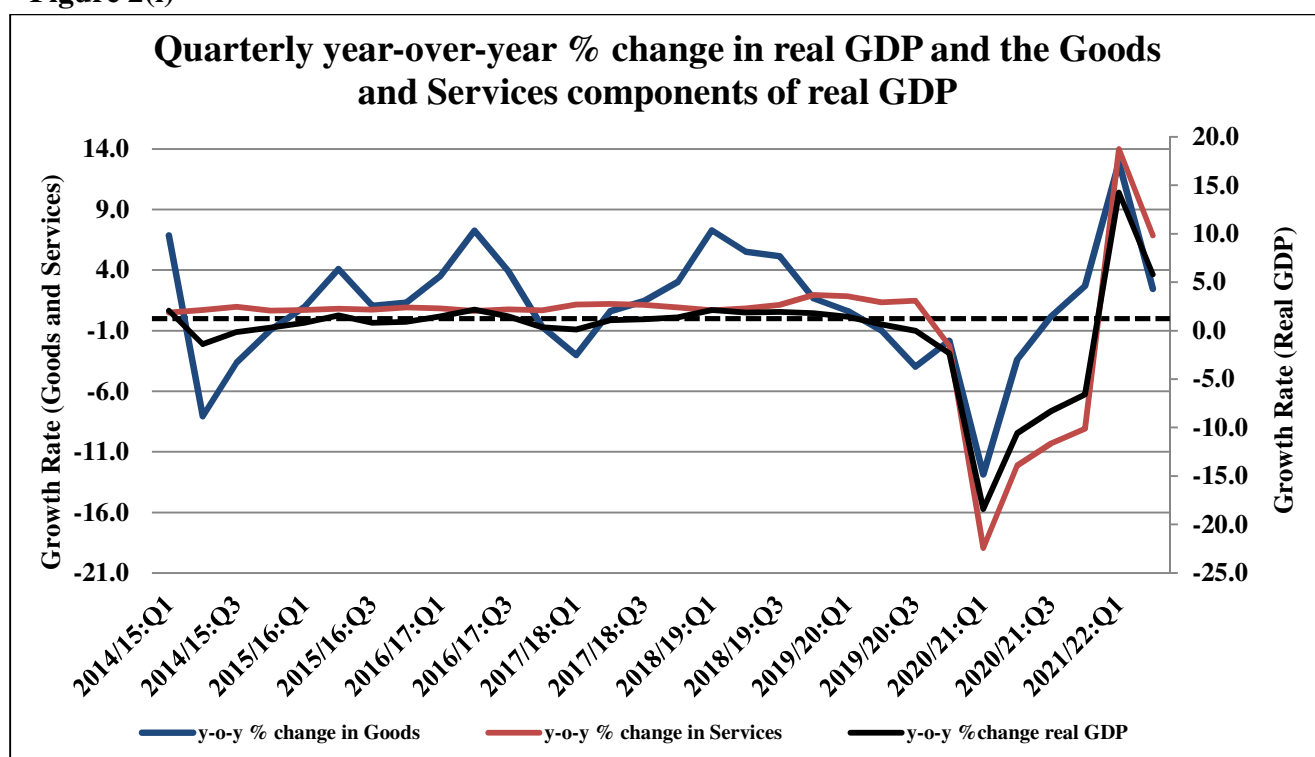
## Part 2

### MACROECONOMIC FRAMEWORK

#### Overview of Macro-economic Developments FY 2021/22

The Jamaican economy is showing signs of recovery, having been negatively impacted by the COVID-19 pandemic since the fourth quarter of FY 2019/20. Strong economic growth was registered for the first half of FY 2021/22, representing a sharp contrast relative to the large economic contraction in real GDP for the corresponding period of FY 2020/21. Economic expansion was recorded for both the first and second quarters. This positive performance reflected growth in both the Goods Producing and Services Industries (see Figure 2(i)).

Figure 2(i)



Source: STATIN

The Services industry was severely affected by the COVID-19 pandemic, particularly due to the closure of Jamaica's international border and the inactivity in the entertainment sector due to restrictions on public gathering. As international travel increased and other containment measures eased, the contribution of the Services industry to economic growth improved. All sectors within the Services

industry recorded increased levels of output. The expansion was led by Hotels & Restaurants, Other Services and Transport, Storage and Communication due to increased passenger and cargo movements.

The Goods Producing industry remained resilient throughout the pandemic and performed positively for the review period. All sectors within the Goods Producing industry grew, with the exception of Mining & Quarrying.

The improvement in the real sector materialized against the backdrop of sharp increases in the price of some international commodities, including fuel, wheat, corn, soy, steel and lumber; as well as higher shipping costs. The Bank of Jamaica (BOJ) has been largely supportive of stimulating economic activity through its broadly accommodative monetary policy stance. However, as a result of increasing inflationary pressures, the Bank tightened its signal rate in 2021, increasing the policy rate by two hundred (200) basis points to 2.5%.

The performance of the external accounts improved, with the current account balance deviating from the trending deficits to record a surplus. This improvement is largely attributed to the increase in stop-over visitor arrivals and higher remittance inflows.

Conditions in the labour market improved during the first half of the fiscal year, with unemployment falling to pre-COVID-19 levels. The unemployment rate for both males and females decreased, with the decline more pronounced among females. During the review period, youth unemployment continued its downward trend. There has been increased employment in most industries, except 'Mining and Quarrying' and 'Information and Communication'.

Up to July 2021, the country's point-to-point inflation rate was within the target band of 4.0%-6.0%. By August 2021, the point-to-point inflation rate exceeded the upper band of the target range, as domestic prices were impacted by significant increases in international prices for grains and fuels as well as by supply chain bottlenecks.

Details of Jamaica's economic performance during FY 2021/22 are provided in subsequent sections of this Macroeconomic Framework, including developments in the real sector, labour market, monetary sector and the external sector. Additionally, the medium-term macroeconomic profile is outlined, as well as an overview of international developments and price movements in the commodities market.

## **Real Sector Developments**

### **Economic Performance for the period April to September 2021**

Real GDP increased by 9.9% for the first half of FY 2021/22 relative to the corresponding period of FY 2020/21. Economic expansion was reported for both the first and second quarters of the current fiscal

year. For the first half of the fiscal year, the Service industries grew by 10.3% and the Goods producing sector increased by 7.5%.

All sectors within the Services industry expanded, led by Hotels & Restaurants (up 187.1%), Other Services (up 16.9%) and Transport, Storage and Communication (up 11.7%). The improvement in real value added for Hotels & Restaurants reflected the sharp increase in visitor arrivals following the reopening of the island's borders. Other Services also benefitted from increased visitor arrivals. The increase in Transport, Storage and Communication was driven by growth in air transport and increased maritime transport activities, as evidenced by the rise in cargo handled at the Port of Kingston.

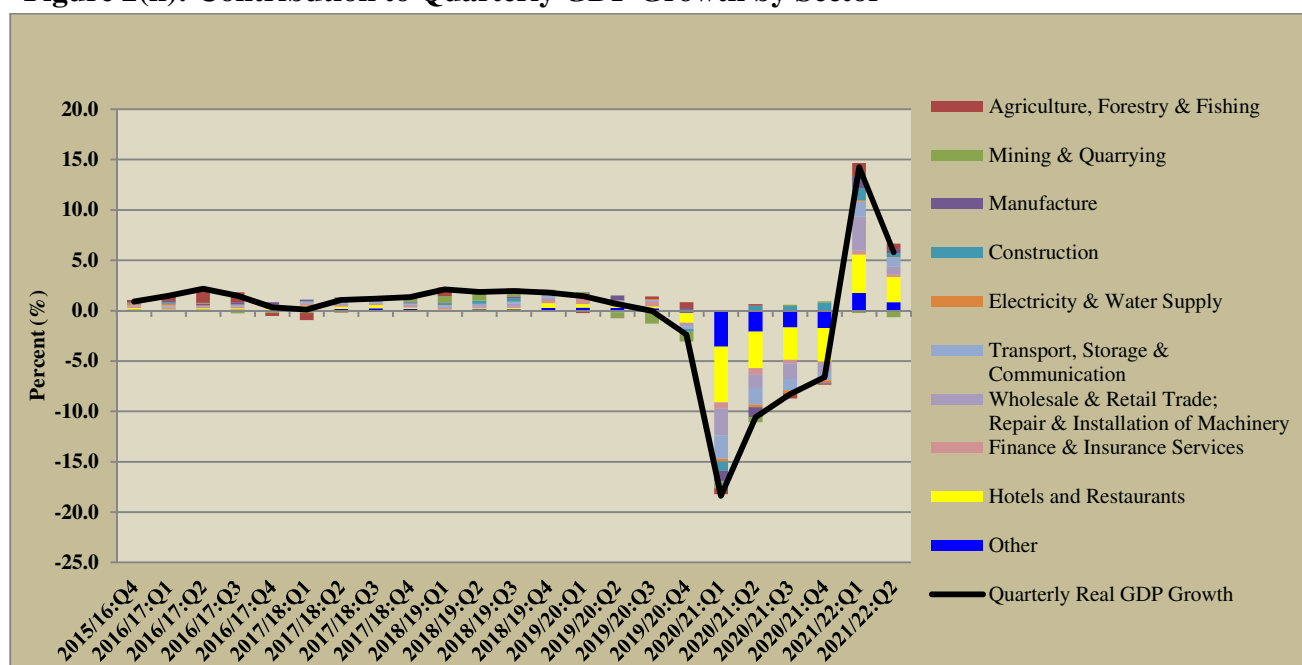
The Goods Producing industry also contributed to the improvement in the country's economic performance. All sectors within the Goods Producing industry grew, with the exception of Mining & Quarrying. The decline in Mining & Quarrying reflected lower output in the Bauxite & Alumina subindustry as a result of the temporary closure of JAMALCO following a fire at the refinery in August 2021. Agriculture, Forestry & Fishing recorded the highest growth (up 11.3%), with positive contributions from Construction (up 10.0%) and Manufacturing (up 8.8%).

The expansion in Agriculture, Forestry & Fishing reflected increased demand from the tourism sector and favorable weather conditions. Additionally, growth in output was aided by the continuation of the Productivity Incentive Programme, which provided fertilizer and seedlings that assisted farmers to rebound following Tropical Storms Elsa and Grace.

The Construction sector maintained its growth momentum throughout the first half of the fiscal year; however, the pace of growth decelerated during the second quarter. The performance was driven by increased residential and non-residential construction activities, particularly commercial construction and renovations, as well as higher capital expenditure on civil engineering activities.

Manufacturing grew by 11.5% due to increased output from Chemical & Chemical Products and Petroleum Products.

**Figure 2(ii): Contribution to Quarterly GDP Growth by Sector**



Source: *STATIN*

### Projected Performance for FY 2020/21

The economy is projected to expand by 7.9% in FY 2021/22. This, predicated on the expected increase of 2.3% in the Goods Producing Industry and 10.0% in the Services Industry. With the exception of Mining & Quarrying, all of the goods producing industries are expected to grow, driven by increased demand as the COVID-19 containment measures are further eased. Growth in the Services industry is expected to be led by Hotels & Restaurants, Other Services and Transport, Storage & Communication.

**Table 2A: Change in Value Added by Industry at Constant (2007) Prices (%)**

	FY 2020/21 April - September (Actual)	FY 2021/22 April - September (Actual)	FY 2020/21 Full Fiscal Year (Actual)	FY 2021/22 Full Fiscal Year (Projection)
<b>GOODS PRODUCING INDUSTRY</b>	<b>-8.2</b>	<b>7.5</b>	<b>-3.4</b>	<b>2.3</b>
Agriculture, Forestry & Fishing	-3.2	11.3	-3.8	7.5
Mining & Quarrying	-22.8	-19.3	-10.9	-38.8
Manufacture	-11.5	8.8	-6.2	5.4
<i>of which: Food, Beverages &amp; Tobacco</i>	-8.8	7.1	-5.1	5.1
<i>Other Manufacturing</i>	-15.4	11.5	-12.0	5.8
Construction	-3.4	10.0	2.9	4.5
<b>SERVICES INDUSTRY</b>	<b>-15.6</b>	<b>10.3</b>	<b>-12.7</b>	<b>10.0</b>
Electricity & Water Supply	-7.9	2.3	-8.0	4.4
Transport, Storage & Communication	-17.9	11.2	-13.5	9.8
Wholesale & Retail Trade; Repair and Installation of Machinery	-12.0	11.7	-9.4	8.6
Finance & Insurance Services	-5.6	2.6	-3.7	2.2
Real Estate, Renting & Business Activities	-4.1	2.9	-2.9	2.7
Producers of Government Services	0.1	0.4	0.1	0.4
Hotels and Restaurants	-76.3	187.1	-65.6	134.1
Other Services	-35.0	16.9	-28.2	17.3
Less Financial Intermediation Services Indirectly Measured (FISIM)	3.8	3.6	3.8	3.8
<b>TOTAL GDP AT BASIC PRICES</b>	<b>-14.5</b>	<b>9.9</b>	<b>-11.0</b>	<b>7.9</b>

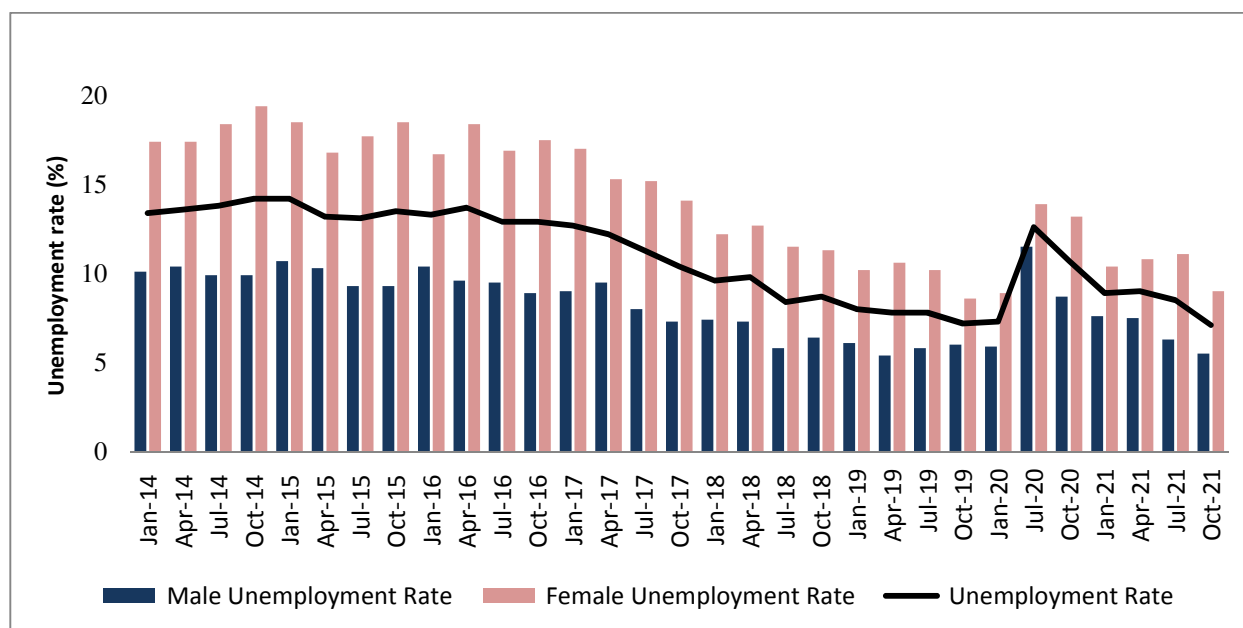
Source: STATIN, PIOJ, BOJ

## Labour Market Developments

The recovery in economic activities within the real sector has positively impacted the labour market, based on the results of the October 2021 Labour Force Survey conducted by the Statistical Institute of Jamaica. The unemployment rate returned to pre-COVID-19 lows, declining to 7.1%, 3.6 percentage points lower than the October 2020 rate. The decline recorded for October 2021 continued the downward trajectory since July 2020, when the unemployment rate rose to 12.6%.

The employment rate improved for both males (up 3.2%) and females (4.2%). Additionally, youth unemployment fell to 18.9% from 28.2%. The number of persons in the working age population (14 years and over) estimated to be outside the labour force decreased by 3.6%, indicating that more persons were employed or actively seeking employment, compared to the corresponding period of 2020.

**Figure 2(iii): Evolution of Unemployment (2014 to 2021)**



Source: STATIN (Due to COVID-19, the Labour Force Survey was not conducted in April 2020.)

The employed labour force and the overall labour force increased by 31,400 persons and 76,600 persons, respectively, when compared to October 2020. Data on the Employed Labour Force by industry group revealed that eleven (11) out of the fifteen (15) industries recorded increased employment. The industry “Real Estate and Other Business Services” recorded the highest increase in employment, with an additional 24,500 persons. The industry group “Information and Communication” recorded the largest reduction in the number of persons employed, declining by 2,200 persons.

Table 2B: Selected Labour Force Indicators

		2020		2021	
		Oct	CY Average	Oct	CY Average
			Up to Oct		Up to Oct
B O T H  S E X E S	<b>TOTAL POPULATION</b>	<b>2,736,400</b>	<b>2,735,367</b>	<b>2,739,500</b>	<b>2,738,375</b>
	Population 14 years and over	2,093,200	2,092,433	2,095,600	2,094,700
	Labour Force	1,297,700	1,317,967	1,329,100	1,324,450
	Employed Labour Force	1,158,200	1,184,167	1,234,800	1,213,775
	Unemployed Labour Force	139,500	133,800	94,300	110,675
	Outside The Labour Force	795,500	774,467	766,500	770,250
	Employment Rate	89.3	90	92.9	92
	Unemployment Rate	10.7	10	7.1	8
	Job Seeking Rate	6.6	6	4.2	5
	Percentage of Population under 14 years	23.5	24	23.5	24
	Percentage of Population 14 years & over	76.5	77	76.5	77
	Percentage of Population 14+ Outside LF	38.0	37	36.6	37
	Labour Force as a % age of Total Population	47.4	48	48.5	48
	Labour Force as a % age of Population 14+	62.0	63	63.4	63
M A L E	<b>TOTAL POPULATION</b>	<b>1,354,000</b>	<b>1,353,500</b>	<b>1,355,600</b>	<b>1,355,000</b>
	Population 14 years and over	1,027,400	1,027,033	1,028,600	1,028,150
	Labour Force	704,600	714,167	715,300	716,500
	Employed Labour Force	643,300	652,400	676,200	668,500
	Unemployed Labour Force	61,300	61,767	39,100	48,000
	Outside The Labour Force	322,800	312,867	313,300	311,650
	Employment Rate	91.3	91	94.5	93
	Unemployment Rate	8.7	9	5.5	7
	Job Seeking Rate	5.4	6	3.5	4
	Percentage of Population under 14 years	24.1	24	24.1	24
	Percentage of Population 14 years & over	75.9	76	75.9	76
	Percentage of Population 14+ Outside LF	31.4	30	30.5	30
	Labour Force as a % age of Total Population	52.0	53	52.8	53
	Labour Force as a % age of Population 14+	68.6	70	69.5	70
F E M A L E	<b>TOTAL POPULATION</b>	<b>1,382,400</b>	<b>1,381,867</b>	<b>1,383,900</b>	<b>1,383,375</b>
	Population 14 years and over	1,065,800	1,065,400	1,067,000	1,066,550
	Labour Force	593,100	603,800	613,800	607,950
	Employed Labour Force	514,900	531,767	558,600	545,275
	Unemployed Labour Force	78,200	72,033	55,200	62,675
	Outside The Labour Force	472,700	461,600	453,200	458,600
	Employment Rate	86.8	88	91	90
	Unemployment Rate	13.2	12	9	10
	Job Seeking Rate	8	7	5.1	6
	Percentage of Population under 14 years	22.9	23	22.9	23
	Percentage of Population 14 years & over	77.1	77	77.1	77
	Percentage of Population 14+ Outside LF	44.4	43	42.5	43
	Labour Force as a % age of Total Population	42.9	44	44.4	44
	Labour Force as a % age of Population 14+	55.6	57	57.5	57

Source: STATIN Labour Force Survey Oct 2020-Oct 2021

**TABLE 2C: EMPLOYED LABOUR FORCE BY INDUSTRY**

INDUSTRY GROUP			
	Oct-20	Oct-21	Change
	BOTHSEXES		
Agriculture, Forestry and Fishing	188,900	192,300	3,400
Mining and Quarrying	5,200	3,800	-1,400
Manufacturing	70,300	72,100	1,800
Electricity Gas and Water Supply	8,900	10,000	1,100
Construction	100,600	113,900	13,300
Wholesale and Retail Trade; Repair of Motor Vehicles and M	226,200	232,700	6,500
Transport and Storage	60,900	61,200	300
Accommodation and Food Service Activities	83,400	95,600	12,200
Information and Communication	16,100	13,600	-2,500
Financial and Insurance Activities	26,400	26,100	-300
Real Estate and Other Business Services	106,000	130,500	24,500
Public Administration and Defence; Compulsory Social Secu	64,100	66,300	2,200
Education, Human Health and Social Work Activities	101,800	104,200	2,400
Arts, Entertainment, Recreation and Other Services	96,700	111,500	14,800
Industry Not Specified (Incl. Extraterritorial Bodies)	2,700	1,000	-1,700
<b>TOTAL EMPLOYED LABOUR FORCE</b>	<b>1,158,200</b>	<b>1,234,800</b>	<b>76,600</b>

*Source: STATIN Labour Force Survey Oct 2020-Oct 2021*

## Monetary Policy and Financial Sector Developments

The Bank of Jamaica (BOJ) estimates that the inflation rate will exceed the target range of 4% to 6% within the short-term. The higher inflation outlook is predicated on recent trends of rising prices of some international commodities and shipping costs, which usually pass through to domestic prices. In addition, internal pressures are expected to emanate from sources such as increases in regulated prices charged by entities, including the Jamaica Public Service Company (JPS). Given BOJ's mandate to maintain a low, stable and predictable inflation rate, the Bank responded by adjusting its broadly accommodative monetary policy stance. The policy rate was increased from 0.5% in September 2021 to 2.5% as at January 2022, which reflects a tightening of the signal rate by two hundred (200) basis points.

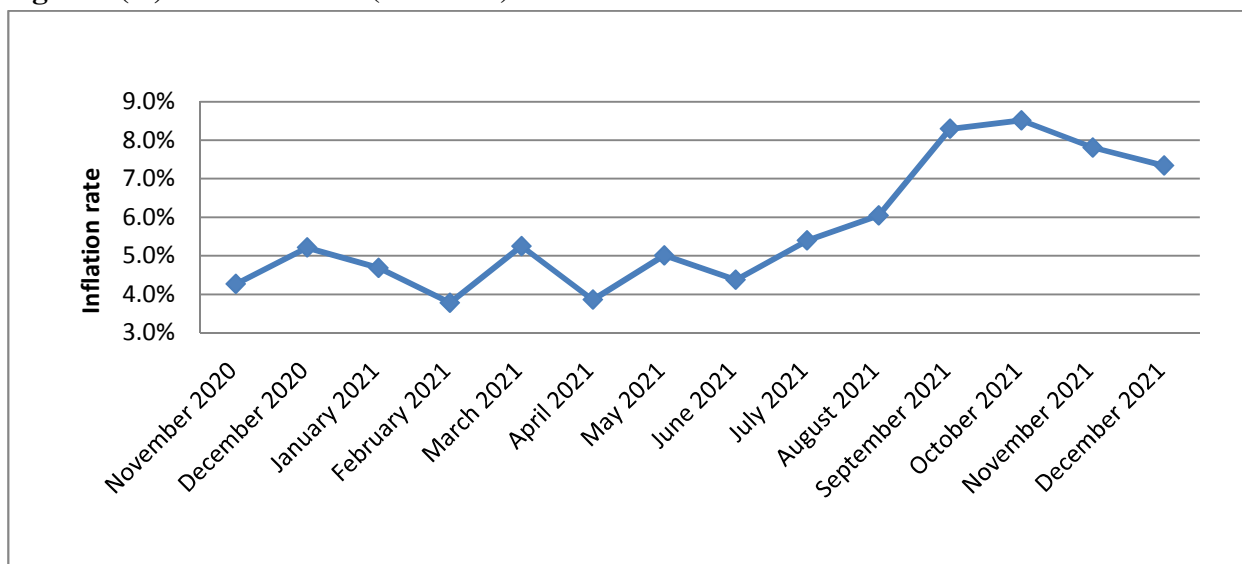
The pace of loan growth continued to slow, in light of the continued impact of the pandemic. Growth in private sector loans weakened, declining from the 12.6% growth rate in the September 2020 to 7.7% in September 2021. This deceleration in the pace of growth is reflected in both business and household credit. Growth in business credit fell to 3.85%, compared to 15.75% in September 2020; while household credit growth declined marginally from 9.25% in September 2020 to 8.65% in September 2021. Non-performing loans remained manageable and appreciably below the threshold for intervention.

The BOJ has re-instituted its Net Open Position (NOP) cap, which was previously temporarily removed due to the COVID-19 pandemic, in an effort to facilitate greater liquidity in the foreign exchange market. Overall the financial system remains well capitalized, with adequate liquidity to preserve the continued stability of the sector.

## Inflation

The All Jamaica ‘All Divisions’ Consumer Price Index increased to 117.0 in December 2021 from 109.0 in December 2020, representing an increase of 7.3% over the twelve-month period.

**Figure 2(vi): Point-to-Point (12-month) Inflation**

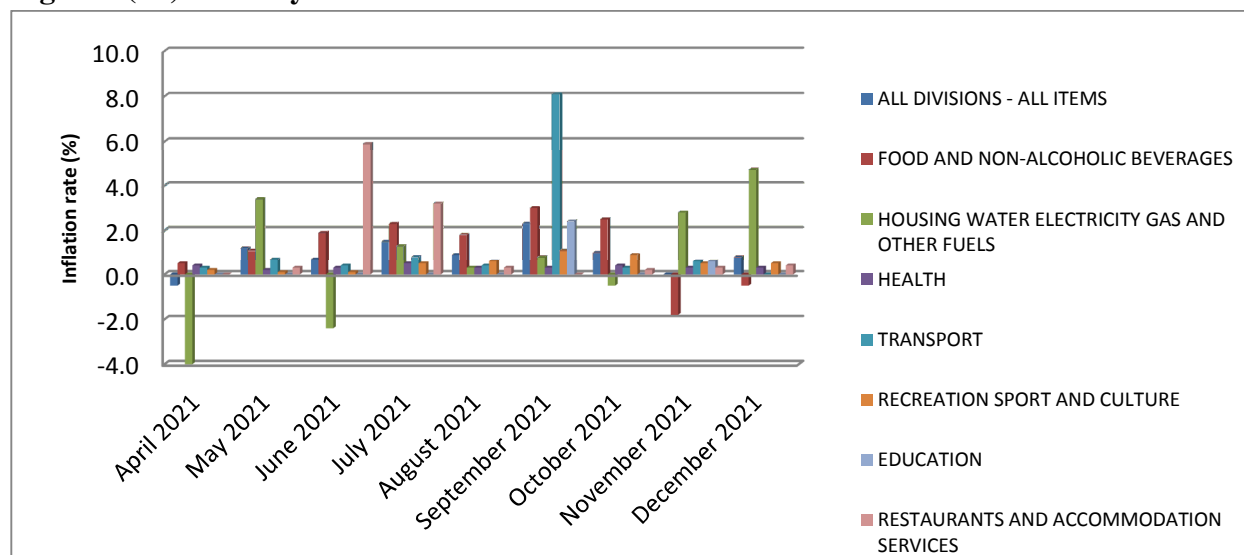


Source: STATIN

The main contributor to this movement was the 4.9% increase in the heavily weighted Food and Non-Alcoholic Beverages division. The rise in the index for that division was mainly attributable to higher prices for items listed within the Food sub-division. Conversely, the Vegetables & Starchy Foods sub-division registered a decline of 10.9%, particularly due to the decrease in prices for starchy foods as vegetable prices increased. Other notable contributors to inflation for the period include the Housing, Water, Electricity, Gas and Other Fuels division, which recorded an increase of 4.2%, due mainly to increased rates for electricity, water and sewage (up 12.0%) and rental for housing (up 11.8%); the

Transport division which grew by 4.5% as a result of higher petrol rates; the Recreation and Culture division, up 14.0%; and the Restaurants and Accommodation Services division, up 5.5%, due to increased demand.

**Figure 2(vii) Monthly Inflation Rate**



Source: STATIN

The inflation rate for FY2021/22 to December 2021 was 8.6%, 3.5 percentage points higher than the 5.1% recorded for the corresponding period of 2020. During the current fiscal year, the point-to-point inflation, reported monthly, frequently breached the upper limit of the 4.0% to 6.0% target band. Since August 2021, the twelve-month inflation rate has remained above the target range. The point-to-point inflation over FY 2021/22 is also expected to be outside of the target range, with the rate projected to be 7.8% at end-March 2022.

## Exchange Rate

At end-December 2021, the weighted average selling rate of the US Dollar was J\$155.09 to US\$1.00, compared to J\$142.65 to US\$1.00 at end-December 2020. This represents a depreciation of 8.7%, which is higher than the 7.6% depreciation reported for the corresponding period of the previous year. The Jamaica dollar vis-a-vis the US dollar displayed strong two way movements during the review period. Strong demand for USD currency by end users continued to place upward pressure on the price of the limited-supply hard currency, especially due to increased portfolio related demand by financial institutions. Towards the latter part of 2021, liquidity conditions improved through interventions by the Bank of Jamaica, inflows from the BPO and hotel sectors, and remittance inflows.

## External Sector Developments

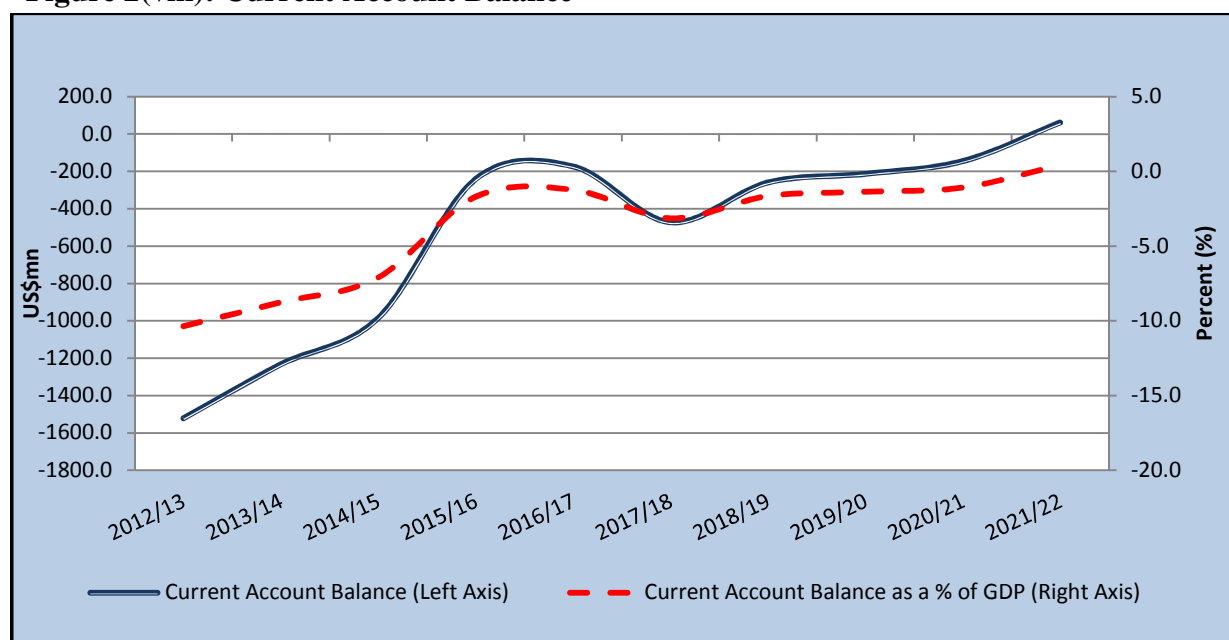
The current account balance (CAB) improved by US\$352.1 million for the first quarter of FY2021/22 when compared to the corresponding period of FY2020/21, recording a surplus of US\$265.3million. This improvement was largely driven by the positive performance of the Goods & Services and Secondary Income sub-accounts. The growth in Secondary Income largely reflected strong remittance inflows. The overall growth in the Goods & Services sub-account was attributable to improvements in the Services balance, tempered by deterioration in the Goods balance. Although export receipts increased significantly (by 64.0%), largely associated with higher inflows for mineral fuel and crude materials, the increase in the value of imports was larger, which resulted in the worsening of the trade deficit. The increase in imports primarily stemmed from an increase in Mineral Fuel, due to higher fuel prices, as well as higher outflows for imported food and manufactured goods.

The current account balance for FY 2021/22 is expected to improve relative to FY 2020/21, with a surplus of 0.4% of GDP projected for the fiscal year compared to the 1.0% deficit recorded last year (figure 2(viii)).

The Financial Account reflected a net borrowing position at the end of the first quarter of FY 2021/22, compared to the net lending position at the end of the corresponding quarter of the previous fiscal year. While there was an increase in Net Portfolio Investments, Net Direct Investment inflows were lower for the quarter, reflecting the continued uncertainty in the global economy.

The stock of Net International Reserves remained healthy, totaling US\$3,999.7mn at end-December 2021.

**Figure 2(viii): Current Account Balance**



**Source: BOJ**

**Table 2C: Balance of Payments for FY 2020/21 and estimate for FY 2021/22**

<b>Balance of Payments (US\$MN)</b>	<b>FY 2020/21</b>	<b>FY 2021/22</b>	<b>Change</b>
<b>Current Account Balance</b>	<b>-86.8</b>	<b>267.2</b>	<b>354.0</b>
<i>Credits</i>	1282.3	2180.3	898.0
<i>Debits</i>	1369.1	1913.1	544.0
Goods & Services	-695.8	-540.8	155.0
<i>Credits</i>	478.0	1146.1	668.1
<i>Debits</i>	1173.8	1686.9	513.1
Goods	-618.4	-691.2	-72.8
<i>Exports</i>	260.6	429.9	169.3
<i>Imports</i>	878.9	1121.1	242.2
Services	-77.4	150.4	227.8
<i>Credits</i>	217.5	716.2	498.7
<i>Debits</i>	294.9	565.8	270.9
Primary Income	-82.0	-104.9	-22.9
<i>Credits</i>	57.4	64.8	7.4
<i>Debits</i>	139.5	169.7	30.2
Secondary Income	691.0	912.9	221.9
<i>Credits</i>	746.8	969.4	222.6
<i>Debits</i>	55.8	56.5	0.7
<b>Capital Account</b>	<b>-9.2</b>	<b>-9.0</b>	<b>0.2</b>
<i>Credits</i>	3.2	3.3	0.1
<i>Debits</i>	12.3	12.3	0.0
<b>Net lending (+) / net borrowing (-) (balance from current and capital account)</b>	<b>-69.7</b>	<b>-318.9</b>	<b>-249.2</b>
<b>Financial Account</b>	<b>-96.0</b>	<b>258.3</b>	<b>354.3</b>
<b>Net lending (+) / net borrowing (-) (balance from financial account)</b>	<b>-267.4</b>	<b>117.8</b>	<b>385.2</b>
Direct Investment	-89.9	-36.6	53.3
<i>Net acquisition of financial assets</i>	0.0	22.8	22.8
<i>Net incurrence of liabilities</i>	89.9	59.4	-30.5
Portfolio Investments	-85.7	-49.9	35.8
<i>Net acquisition of financial assets</i>	113.5	-149.9	-263.4
<i>Net incurrence of liabilities</i>	199.2	-100.0	-299.2
Financial derivatives	7.6	-0.1	-7.7
<i>Net acquisition of financial assets</i>	-2.9	-37.5	-34.6
<i>Net incurrence of liabilities</i>	-10.5	-37.4	-26.9
Other Investments	-315.9	162.0	477.9
<i>Net acquisition of financial assets</i>	62.1	269.7	207.6
<i>Net incurrence of liabilities</i>	378.1	107.7	-270.4
Reserve Assets	216.6	42.4	
Net Errors and Omissions	-171.4	-140.5	

Source: BOJ

## The International Environment

### The Commodities Market

The international commodities market was marked by high prices over the first half of the fiscal year. The World Bank's International Commodity Index registered large increases in the price indices for Fuel (up 105%) and Non-Fuel (up 33.7%). This high inflation environment resulted primarily from supply constraints. Fuel prices have been impacted by sluggish improvements in supply resulting from investment shortfalls in new production due to lingering uncertainty associated with the ongoing COVID-19 pandemic. Increased fuel demand, particularly for electricity generation, has also contributed to the rising price levels as economic recovery picks up globally. Accordingly, crude oil prices per barrel soared by 92.4%. The price of agricultural commodities increased generally during the first half of the year, reflecting tightened supply due to unfavorable weather conditions. Corn, Coffee and Sugar (world market) recorded the highest increase, with prices rising by 61.2%, 41.9% and 45.6%, respectively when compared to the corresponding period of FY 2020/21. Metal prices also increased, as a result of bottlenecks in the supply chain, with aluminum prices surging by 39.1% (Table 2D).

**Table 2D: Selected International Commodity Prices**

Commodity	Unit	Average Percentage Change	
		Apr-Dec FY 2020/21	Apr-Dec FY 2021/22
Non-Fuel Price Index		4.2	33.7
Fuel (Energy) Price Index		-35.1	105.1
<b>Select Commodities</b>			
Cocoa	Cents per Kg.	-2.8	5.2
Coffee, Arabica	Cents per Kg.	16.5	41.9
Soybean meal	\$/mt	17.1	14.9
Maize/Corn	\$/mt	-3.6	61.2
Wheat, US, SRW	\$/mt	6.3	26.7
Sugar, EU, domestic	Cents per Kg.	3.6	1.9
Sugar, World	Cents per Kg.	-0.5	45.6
Crude Oil	US\$ per Barrel	-35.8	92.4
Aluminum	US\$/Tonne	-93.5	39.1

*Source: World Bank Commodity Prices*

## Global Outlook

The economic prospects for the global economy remain positive even as the pandemic lingers. The Global economy is expected to grow by 5.9% in 2021 as reported by the IMF's World Economic Outlook (WEO). Economic activity for advanced economies is projected to increase by 5.0% and Emerging and Developing Economies are expected to grow by 6.5%. The United States, United Kingdom and France are projected to be the economic growth leaders within the advanced economies. The United States is estimated to expand by 5.6%, while the United Kingdom and France are projected to grow by 7.2% and 6.7%, respectively.

The pace of global economic growth is expected to slow in 2022 to 4.4%, with the expectation that advanced economies will grow by 3.9%, 0.6 percentage points lower than the October 2021 forecast. Emerging and Developing Economies are forecast to increase by 4.8%, a downward revision of 0.3 percentage point from the October 2021 estimate. China (up 4.8%) and India (9.0%) are expected to drive the growth for Emerging and Developing Economies. Spain (up 5.8%), the United States (up 4.0%) and United Kingdom (up 4.7%) are projected to grow faster than other advanced economies.

Overall, the rate for global expansion remains uncertain due to the dynamic nature of the coronavirus disease and trade limitations caused by the ongoing global supply chain disruptions in both the goods and labour market. Beyond 2022, global growth is projected to moderate to approximately 3.8% over the medium term.

### Jamaica's Macroeconomic Outlook FY 2022/23 to 2025/26

As the economy continues to rebound from the coronavirus pandemic, economic expansion is expected in FY 2022/23 and throughout the medium term. The Medium-Term Macroeconomic Profile (Table 2E) summarizes the key macroeconomic projections that will underpin the development of the budget. Over the near term, economic output is expected to surpass pre-COVID levels. Over the period of FY 2023/24 to FY 2025/26, annual real GDP is estimated to average 2.2%, as demand for goods and services increase and global supply disruptions ease.

Inflation is expected to stabilize at around 5.0% over the medium term. The current account deficit as a percentage of GDP is projected to decrease, averaging 0.9% over the medium term. This is predicated primarily on the expected improvement in Jamaica's Goods & Services balance, buoyed by the Services sub-account as recovery in the tourism sector continues, in addition to the positive impact of falling fuel prices over the medium term.

**Table 2E: Medium-Term Macroeconomic Profile**

Macroeconomic Variables							
	2019/20 Actual	2020/21 Actual	2021/22 Proj.	2022/23 Proj.	2023/24 Proj.	2024/25 Proj.	2025/26 Proj.
Nominal GDP (J\$bn)	2,121.1	1,948.6	2,257.7	2,477.0	2,672.1	2,853.7	3,026.3
Nominal GDP growth rate(%)	3.3	-8.1	15.9	9.7	7.9	6.8	6.1
Real GDP growth rate (%)	-0.1	-11.0	7.9	3.5	2.7	1.7	1.0
Inflation: Annual Pt to Pt (%)	4.8	5.2	7.8	5.0	5.0	5.0	5.0
Interest Rates:							
180-day Treasury Bill (end-period)	1.8	1.5					
90-day Treasury Bill (end-period)	1.8	1.2					
Average Selling Exchange Rate (J\$=US\$1)	136.1	145.6					
NIR (US\$mn)	3,237.7	3,319.3	3,470.9	3,294.9	3,054.2	3,579.3	3,712.0
Current Account (%GDP)	-1.4	-1.1	0.4	-2.7	-1.1	-0.8	-0.9
Oil Prices (WTI) (Average US\$/barrell)	54.8	42.3	73.3	67.5	60.5	60.8	61.1

*Source: STATIN/BOJ/PIOJ*

## **PART 3**

### **FISCAL MANAGEMENT STRATEGY**

#### **Background**

Jamaica's fiscal performance during FY 2021/22 has been positive, driven by the ongoing recovery from the economic shock arising from the COVID-19 pandemic during FY 2020/21. Fiscal operations to end-December 2021, as measured by the fiscal and primary balances represented better than programmed outturns and a significant improvement over the corresponding period of the prior fiscal year. Macroeconomic progress is evident, with double-digit expansion in real GDP recorded for the first quarter of the fiscal year, followed by further positive growth in the second quarter. Improvement has been recorded in the labour market, and international trade is expanding. However, unpredictability of the coronavirus disease cycle and the possible emergence of more infectious variants of the disease remain a threat to fiscal and economic progress.

The GOJ continues to prioritize spending in critical areas such as social protection, health, and capital investment, underpinned by efficiency and transparency. The fiscal programme for FY 2022/23 and the medium term is designed to achieve the targets as set by the fiscal rules, demonstrating the GOJ's firm commitment to attaining fiscal and economic sustainability in the interest of all Jamaicans.

The Fiscal Management Strategy provides an analysis of the fiscal performance for the April to December period of FY 2021/22, outlines salient features of the upcoming budget, and presents the medium-term trajectory. Specifically, it reports on the following:

- Performance of the central government and public bodies: April – December 2021;
- FY 2021/22 Estimated outturn;
- Public Debt Stock to end-December 2021 and outlook;
- FY 2022/23 Budget; and
- Medium-Term Fiscal Outlook.

## **Central Government Performance: April-December 2021 against Original Budget**

The fiscal performance over the three completed quarters of FY 2021/22 has been positive. The fiscal account balances, namely the fiscal and primary balances, recorded better than programmed outturns and significant improvement relative to the corresponding period of the preceding fiscal year. This performance was underpinned by the ongoing recovery from the severe economic disruption triggered by the COVID-19 pandemic, as evidenced by the sizeable expansion in real GDP for the first half of the fiscal year. This strong performance was mixed, with Tax Revenue collections exceeding pre-pandemic FY 2019/20 levels. On the other hand, the fiscal account balances were below the pre-pandemic FY 2019/20 levels (see Table 3A.1).

Central Government operations during the April to December 2021 period generated a primary surplus of \$82,824.9mn, exceeding budget by 38.6%, and a fiscal deficit of \$9,024.7mn, which was 65.7% better than projected. The positive fiscal performance resulted from higher than projected Revenue and Grants and lower than programmed above-the-line Expenditure.

### **Tax Revenue**

Tax revenue for the review period surpassed the budget target. Total tax inflows of \$416,057.1mn was higher than projected by 4.8% and above collections for the corresponding period of FY 2020/21 by 20.1%. The tax revenue outturn was also higher than receipts for the pre-pandemic April to December 2019 period, by 0.3%.

Over this period, the positive tax revenue performance relative to budget was driven by higher than projected receipts from International Trade, as collections from Income and Profits as well as Production and Consumption were below target (see Table 3A.2).

### *International Trade*

Inflows from International Trade were \$23,788.6mn or 16.3% higher than projected and 37.1% above receipts for the similar period of FY 2020/21. Compared to FY 2019/20, the receipts for the review period were higher by 2.4%. The outturns for all components of International Trade exceeded both the budget and inflows for the first three quarters of the preceding fiscal year. Travel Tax collections posted the strongest performance relative to budget, due to robust visitor arrivals following the relaxation of travel restrictions worldwide. Above-budget collections from the other components largely reflected higher than anticipated import value of goods including energy commodities and motor vehicle parts and accessories. Higher than projected average exchange rate for the period also contribute to an increase in the overall value of imports.

### *Income and Profits*

The Income and Profit tax category performed below projection for the April – December 2021 review period, mainly driven by the under-performance of PAYE collections. Despite improvements in the labour market, PAYE was lower than budget by 2.2%, suggesting that the increase in employment was largely concentrated among individuals earning at or below the income tax threshold of \$1.5mn. Collections were also affected by the late settlement of public sector wage negotiations which delayed the expected payment of salary increases for a large proportion of the sector to December 2021. Settlements for some public sector groups remained outstanding at end-December 2021.

The largest positive contribution to the Income and Profit tax receipts for the review period emanated from Tax on Interest which was 2.2% above target, benefitting from higher Domestic Interest payments relative to budget.

### *Production and Consumption*

Collections from Production and Consumption were 2.6% lower than target, but 14.5% higher than receipts for the corresponding period last year. This performance was primarily driven by lower than budgeted inflows for GCT (Local) and SCT (Local) by 5.1% and 10.3%, respectively. Lower GCT (Local) collections reflected the disruption in economic activity, primarily due to the restrictions imposed during the second quarter of the fiscal year to limit the spread of COVID-19. SCT (Local) was also impacted by the containment measures, as well as lower production at the local refinery which was closed for maintenance in October 2021.

Despite under-performance of the category some tax types such as Accommodation Tax (by 223.2%) and Other Licences (by 48.9%) performed above target. Accommodation Tax benefitted from the vibrant activity within the tourism sector. The performance of Other Licences largely reflected higher than projected receipts from Spectrum Management Authority.

**Table 3A.1: Central Government Summary Accounts – April to December 2021 outturns against FY 2021/22 Original Budget (J\$mn)**

Item	Original Budget				FY 2020/21			FY 2019/20		
	Prov Apr - Dec	Apr - Dec	Diff	Diff %	Apr - Dec	Diff	Diff %	Apr - Dec	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>492,223.4</b>	<b>476,722.7</b>	<b>15,500.7</b>	<b>3.3%</b>	<b>398,261.6</b>	<b>93,961.8</b>	<b>23.6%</b>	<b>469,156.3</b>	<b>23,067.1</b>	<b>4.9%</b>
Tax Revenue	416,057.1	396,863.7	19,193.4	4.8%	346,492.4	69,564.7	20.1%	414,749.6	1,307.5	0.3%
Non-Tax Revenue	67,918.3	76,336.3	-8,418.0	-11.0%	47,772.8	20,145.5	42.2%	49,680.0	18,238.3	36.7%
Bauxite Levy	2,155.4	0.0	2,155.4	-	0.0	2,155.4	-	0.0	2,155.4	-
Capital Revenue	875.8	0.0	875.8	-	22.1	853.6	3856.4%	832.9	42.8	5.1%
Grants	5,216.8	3,522.6	1,694.2	48.1%	3,974.2	1,242.6	31.3%	3,893.8	1,323.0	34.0%
<b>Expenditure</b>	<b>501,248.1</b>	<b>503,067.5</b>	<b>-1,819.4</b>	<b>-0.4%</b>	<b>468,514.9</b>	<b>32,733.1</b>	<b>7.0%</b>	<b>445,024.1</b>	<b>56,224.0</b>	<b>12.6%</b>
Recurrent Expenditure	466,354.9	460,151.0	6,203.9	1.3%	432,084.7	34,270.2	7.9%	404,810.4	61,544.5	15.2%
Programmes	193,510.6	194,721.4	-1,210.8	-0.6%	177,490.3	16,020.3	9.0%	157,715.9	35,794.7	22.7%
Compensation of Employees	180,994.7	179,328.1	1,666.6	0.9%	166,808.0	14,186.7	8.5%	158,516.6	22,478.2	14.2%
Wages & Salaries	166,299.7	165,859.9	439.8	0.3%	155,740.8	10,558.9	6.8%	147,223.2	19,076.5	13.0%
Employers Contribution	14,695.0	13,468.2	1,226.8	9.1%	11,067.2	3,627.9	32.8%	11,293.3	3,401.7	30.1%
Interest	91,849.6	86,101.5	5,748.0	6.7%	87,786.4	4,063.2	4.6%	88,578.0	3,271.6	3.7%
Domestic	39,351.5	36,416.4	2,935.1	8.1%	35,451.0	3,900.6	11.0%	33,505.0	5,846.5	17.4%
External	52,498.0	49,685.1	2,812.9	5.7%	52,335.5	162.6	0.3%	55,073.0	-2,574.9	-4.7%
Capital Expenditure	34,893.1	42,916.5	-8,023.3	-18.7%	36,430.2	-1,537.1	-4.2%	40,213.6	-5,320.5	-13.2%
Capital Programmes	34,893.1	42,916.5	-8,023.3	-18.7%	36,430.2	-1,537.1	-4.2%	40,213.6	-5,320.5	-13.2%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>-9,024.7</b>	<b>-26,344.8</b>	<b>17,320.2</b>	<b>65.7%</b>	<b>-70,253.4</b>	<b>61,228.7</b>	<b>87.2%</b>	<b>24,132.2</b>	<b>-33,156.9</b>	<b>-137.4%</b>
<b>Loan Receipts</b>	<b>97,080.8</b>	<b>102,804.6</b>	<b>-5,723.9</b>	<b>-5.6%</b>	<b>165,277.5</b>	<b>-68,196.7</b>	<b>-41.3%</b>	<b>91,809.1</b>	<b>5,271.7</b>	<b>5.7%</b>
Domestic	70,110.2	64,845.1	5,265.1	8.1%	139,114.0	-69,003.8	-49.6%	52,465.2	17,645.0	33.6%
External	26,970.6	37,959.5	-10,988.9	-28.9%	26,163.5	807.0	3.1%	39,343.8	-12,373.3	-31.4%
Project Loans	19,436.5	15,657.5	3,779.0	24.1%	11,572.1	7,864.4	68.0%	11,468.8	7,967.7	69.5%
Other	7,534.1	22,302.0	-14,767.9	-66.2%	14,591.4	-7,057.3	-48.4%	27,875.0	-20,340.9	-73.0%
<b>Other Inflows (inc'ds PCDF)</b>	<b>2,366.3</b>	<b>2,177.1</b>	<b>189.1</b>	<b>8.7%</b>	<b>2,210.9</b>	<b>155.4</b>	<b>7.0%</b>	<b>82,864.3</b>	<b>-80,498.0</b>	<b>-97.1%</b>
<b>Other Outflows</b>	<b>15,067.9</b>	<b>15,446.7</b>	<b>-378.8</b>	<b>-2.5%</b>	<b>31,903.6</b>	<b>-16,835.7</b>	<b>-52.8%</b>	<b>16,530.9</b>	<b>-1,463.0</b>	<b>-8.9%</b>
<b>Amortization</b>	<b>90,844.7</b>	<b>78,668.1</b>	<b>12,176.7</b>	<b>15.5%</b>	<b>139,649.3</b>	<b>-48,804.5</b>	<b>-34.9%</b>	<b>149,249.6</b>	<b>-58,404.9</b>	<b>-39.1%</b>
Domestic	50,867.2	42,949.6	7,917.6	18.4%	106,966.7	-56,099.5	-52.4%	65,295.9	-14,428.7	-22.1%
External	39,977.5	35,718.5	4,259.0	11.9%	32,682.6	7,294.9	22.3%	83,953.7	-43,976.2	-52.4%
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-15,490.3</b>	<b>-15,477.8</b>	<b>-12.5</b>	<b>-0.1%</b>	<b>-74,317.9</b>	<b>58,827.6</b>	<b>79.2%</b>	<b>33,025.1</b>	<b>-48,515.3</b>	<b>-146.9%</b>
<b>Primary Balance (Surplus + / Deficit -)</b>	<b>82,824.9</b>	<b>59,756.7</b>	<b>23,068.2</b>	<b>38.6%</b>	<b>17,533.0</b>	<b>65,291.8</b>	<b>372.4%</b>	<b>112,710.2</b>	<b>-29,885.3</b>	<b>-26.5%</b>

Source: MOFPS

**Table 3A.2: Details of Revenue – April to December 2021 outturns against FY 2021/22 Original Budget (J\$mn)**

Item	Original Budget				FY 2020/21			FY 2019/20		
	Prov Apr - Dec	Budget Apr - Dec	Diff	Diff %	Apr - Dec	Diff	Diff %	Apr - Dec	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>492,223.4</b>	<b>476,722.7</b>	<b>15,500.7</b>	<b>3.3%</b>	<b>398,261.6</b>	<b>93,961.8</b>	<b>23.6%</b>	<b>469,156.3</b>	<b>23,067.1</b>	<b>4.9%</b>
<b>Tax Revenue</b>	<b>416,057.1</b>	<b>396,863.7</b>	<b>19,193.4</b>	<b>4.8%</b>	<b>346,492.4</b>	<b>69,564.7</b>	<b>20.1%</b>	<b>414,749.6</b>	<b>1,307.5</b>	<b>0.3%</b>
Income and profits	103,305.7	104,140.4	-834.7	-0.8%	97,768.0	5,537.6	5.7%	102,021.0	1,284.7	1.3%
Bauxite/alumina	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Other Companies	34,051.3	34,016.3	35.0	0.1%	31,454.5	2,596.8	8.3%	38,072.8	-4,021.5	-10.6%
PAYE	52,194.7	53,372.4	-1,177.7	-2.2%	47,735.3	4,459.4	9.3%	47,177.4	5,017.3	10.6%
Tax on dividend	1,717.6	1,670.9	46.7	2.8%	2,063.4	-345.8	-16.8%	1,555.6	162.1	10.4%
Individuals	2,443.7	2,455.0	-11.3	-0.5%	2,187.2	256.5	11.7%	2,551.4	-107.7	-4.2%
Tax on interest	12,898.4	12,625.8	272.6	2.2%	14,327.6	-1,429.2	-10.0%	12,663.8	234.6	1.9%
Production and consumption	143,448.0	147,208.4	-3,760.5	-2.6%	125,268.7	18,179.2	14.5%	147,468.8	-4,020.9	-2.7%
Min Business Tax	104.9	0.0	104.9	-	88.0	16.9	19.2%	219.2	-114.2	-52.1%
SCT	21,289.4	23,739.8	-2,450.4	-10.3%	18,628.3	2,661.1	14.3%	22,406.1	-1,116.7	-5.0%
Environmental Levy	463.8	474.7	-10.9	-2.3%	446.3	17.5	3.9%	424.7	39.1	9.2%
Motor vehicle licenses	3,628.0	3,432.2	195.8	5.7%	3,311.7	316.3	9.6%	3,529.6	98.4	2.8%
Other licenses	2,704.7	1,816.9	887.9	48.9%	1,325.1	1,379.7	104.1%	1,182.1	1,522.7	128.8%
Quarry Tax	57.1	47.8	9.3	19.5%	75.0	-17.9	-23.9%	61.1	-3.9	-6.4%
Betting, gaming and lottery	5,384.8	5,273.1	111.7	2.1%	4,571.8	813.0	17.8%	4,669.7	715.1	15.3%
Accommodation Tax	1,527.4	472.6	1,054.8	223.2%	597.3	930.1	155.7%	2,114.4	-587.1	-27.8%
Education Tax	23,624.0	24,246.1	-622.0	-2.6%	21,386.9	2,237.1	10.5%	23,163.3	460.8	2.0%
Telephone Call Tax	2,531.8	2,367.2	164.6	7.0%	2,737.5	-205.7	-7.5%	2,759.6	-227.9	-8.3%
Contractors levy	1,517.7	1,454.9	62.8	4.3%	1,263.9	253.8	20.1%	1,600.5	-82.8	-5.2%
GCT (Local)	76,140.0	80,254.6	-4,114.6	-5.1%	67,175.1	8,964.9	13.3%	81,313.5	-5,173.5	-6.4%
Stamp Duty (Local)	4,474.3	3,628.5	845.7	23.3%	3,661.9	812.4	22.2%	4,025.1	449.2	11.2%
International Trade	169,303.5	145,514.9	23,788.6	16.3%	123,455.7	45,847.8	37.1%	165,259.8	4,043.6	2.4%
Custom Duty	37,380.2	34,337.4	3,042.8	8.9%	29,600.2	7,780.1	26.3%	34,532.3	2,848.0	8.2%
Stamp Duty	2,274.0	1,667.7	606.3	36.4%	1,427.7	846.3	59.3%	2,163.4	110.7	5.1%
Travel Tax	10,858.0	3,580.0	7,278.0	203.3%	3,614.2	7,243.8	200.4%	16,407.0	-5,549.0	-33.8%
GCT (Imports)	74,951.5	67,452.5	7,499.0	11.1%	56,456.3	18,495.2	32.8%	70,638.9	4,312.5	6.1%
SCT (Imports)	40,531.1	35,801.6	4,729.5	13.2%	29,892.6	10,638.5	35.6%	38,771.1	1,760.0	4.5%
Environmental Levy	3,308.6	2,675.7	633.0	23.7%	2,464.6	844.0	34.2%	2,747.1	561.5	20.4%
<b>Non-Tax Revenue</b>	<b>67,918.3</b>	<b>76,336.3</b>	<b>-8,418.0</b>	<b>-11.0%</b>	<b>47,772.8</b>	<b>20,145.5</b>	<b>42.2%</b>	<b>49,680.0</b>	<b>18,238.3</b>	<b>36.7%</b>
<b>Bauxite Levy</b>	<b>2,155.4</b>	<b>0.0</b>	<b>2,155.4</b>	<b>-</b>	<b>0.0</b>	<b>2,155.4</b>	<b>-</b>	<b>0.0</b>	<b>2,155.4</b>	<b>-</b>
<b>Capital Revenue</b>	<b>875.8</b>	<b>0.0</b>	<b>875.8</b>	<b>-</b>	<b>22.1</b>	<b>853.6</b>	<b>3856.4%</b>	<b>832.9</b>	<b>42.8</b>	<b>5.1%</b>
<b>Grants</b>	<b>5,216.8</b>	<b>3,522.6</b>	<b>1,694.2</b>	<b>48.1%</b>	<b>3,974.2</b>	<b>1,242.6</b>	<b>31.3%</b>	<b>3,893.8</b>	<b>1,323.0</b>	<b>34.0%</b>

Source: MOFPS

## **Non-Tax Revenue**

Non-Tax Revenue for the review period fell short of budget by 11.0%, but was 42.2% higher than the inflows for the corresponding period of FY 2020/21. The main contributor to the shortfall was the sub-category miscellaneous receipts, which are largely made up of fees received and transferred by Ministries, Departments and Agencies (MDAs). The under-performance occurred within the context of delays in the verification process for sums received. The increased Non-Tax receipts over the preceding fiscal year primarily reflect the \$32.6bn dividend payment received from the Bank of Jamaica earlier in the fiscal year.

## **Bauxite Levy, Capital Revenue and Grants**

Bauxite Levy amounted to \$2.2bn for the review period and represents an outstanding payment by WINDALCO. Capital Revenue inflows totalled \$875.8mn, reflecting principal payments relating to loans disbursed by the Central Government to Public Bodies. Grants were higher than projected by 48.1%, largely due to the inflow of US\$13.4mn in July 2021 under the Global Risk Financing Facility Grant Agreement between Jamaica and the International Bank for Reconstruction and Development to finance the catastrophe bond premium.

## **Expenditure**

Expenditure for the April to December period totalled \$501,248.1mn consisting of Recurrent Expenditure of \$466,354.9mn, Capital Expenditure of \$34,893.1mn, Amortization of \$90,844.7mn and \$15,067.9mn for Other Outflows. Overall, spending (above-the-line) was 0.4% lower than programmed and 7.0% higher than the corresponding period of FY2020/21. Higher recurrent spending accounted for the increased expenditure year-over-year.

### *Recurrent Expenditure*

Recurrent Programmes fell short of budget by \$1,210.8mn (or 0.6%). This shortfall was due to under-execution of planned expenditure by MDAs.

Interest payments totalled \$91,849.6mn, which was 6.7% higher than budget. This reflects higher than budget payments for both domestic and external interest. Domestic interest payments were influenced by higher than projected Treasury bill rates. The above-budget external interest payment is attributable to the faster than projected pace of depreciation of the local currency.

Compensation of Employees amounted to \$180,994.7mn, reflecting a 0.9% increase over budget. The wages and salaries component was the main contributor to the over-spend. This was mainly due to the payment of salary increases for the FY 2021/22 at levels above that originally budgeted.

Capital Expenditure totalled \$34,893.1mn for the review period, falling short of budget by 18.7% due to the slower than programmed pace of project execution for several of the programmed projects.

### **Debt Financing Flows**

The financing requirement for the review period was \$114,937.3mn, comprising a fiscal deficit of \$9,024.7mn, amortization payments of \$90,844.7mn and Other Outflows of \$15,067.9mn. This was financed through borrowing \$97,080.8mn, Other Inflows of \$2,366.3mn and the utilization of a portion of the Government's cash balances.

Loan receipts for the period were 5.6% below budget and 41.3% lower than FY 2020/21. Domestic loan receipts, which accounted for 72.2% of total loan inflows, were 8.1% higher than budget due to an unscheduled issuance of Benchmark Investment Notes in December 2021. Inflows from external sources were 28.9% below budget, reflecting the rescheduled disbursement of a US\$100mn IDB loan to the last quarter of the fiscal year.

Total Amortization of \$90,844.7mn was above projection by 15.5% percent. This reflects higher domestic payments, which exceeded budget by \$7.9 billion due to the repayment of a Government guaranteed National Water Commission debt, and above-budget external payments, primarily due to depreciation of the local currency.

## Central Government Performance: April-December 2021 against First Supplementary Budget

The Central Government performance against the First Supplementary Budget is outlined in Tables 3B.1 and 3B.2.

**Table 3B.1: Central Government Summary Accounts – April to December 2021 outturns against FY 2021/22 First Supplementary Estimates (J\$mn)**

Item	First Supplementary				FY 2020/21		
	Prov Apr - Dec	Estimates Apr - Dec	Diff	Diff %	Apr - Dec	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>492,223.4</b>	<b>493,456.9</b>	<b>-1,233.6</b>	<b>-0.2%</b>	<b>398,261.6</b>	<b>93,961.8</b>	<b>23.6%</b>
Tax Revenue	416,057.1	415,866.2	191.0	0.0%	346,492.4	69,564.7	20.1%
Non-Tax Revenue	67,918.3	70,952.0	-3,033.8	-4.3%	47,772.8	20,145.5	42.2%
Bauxite Levy	2,155.4	0.0	2,155.4	-	0.0	2,155.4	-
Capital Revenue	875.8	875.8	0.0	0.0%	22.1	853.6	3856.4%
Grants	5,216.8	5,763.0	-546.2	-9.5%	3,974.2	1,242.6	31.3%
<b>Expenditure</b>	<b>501,248.1</b>	<b>510,591.3</b>	<b>-9,343.2</b>	<b>-1.8%</b>	<b>468,514.9</b>	<b>32,733.1</b>	<b>7.0%</b>
Recurrent Expenditure	466,354.9	472,415.3	-6,060.4	-1.3%	432,084.7	34,270.2	7.9%
Programmes	193,510.6	198,265.0	-4,754.4	-2.4%	177,490.3	16,020.3	9.0%
Compensation of Employees	180,994.7	183,917.3	-2,922.6	-1.6%	166,808.0	14,186.7	8.5%
Wages & Salaries	166,299.7	168,972.4	-2,672.7	-1.6%	155,740.8	10,558.9	6.8%
Employers Contribution	14,695.0	14,944.9	-249.8	-1.7%	11,067.2	3,627.9	32.8%
Interest	91,849.6	90,233.0	1,616.5	1.8%	87,786.4	4,063.2	4.6%
Domestic	39,351.5	37,485.5	1,866.1	5.0%	35,451.0	3,900.6	11.0%
External	52,498.0	52,747.6	-249.5	-0.5%	52,335.5	162.6	0.3%
Capital Expenditure	34,893.1	38,176.0	-3,282.8	-8.6%	36,430.2	-1,537.1	-4.2%
Capital Programmes	34,893.1	38,176.0	-3,282.8	-8.6%	36,430.2	-1,537.1	-4.2%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>-9,024.7</b>	<b>-17,134.3</b>	<b>8,109.6</b>	<b>47.3%</b>	<b>-70,253.4</b>	<b>61,228.7</b>	<b>87.2%</b>
<b>Loan Receipts</b>	<b>97,080.8</b>	<b>86,730.5</b>	<b>10,350.3</b>	<b>11.9%</b>	<b>165,277.5</b>	<b>-68,196.7</b>	<b>-41.3%</b>
Domestic	70,110.2	63,348.9	6,761.3	10.7%	139,114.0	-69,003.8	-49.6%
External	26,970.6	23,381.6	3,589.0	15.3%	26,163.5	807.0	3.1%
Project Loans	19,436.5	15,847.5	3,588.9	22.6%	11,572.1	7,864.4	68.0%
Other	7,534.1	7,534.1	0.0	0.0%	14,591.4	-7,057.3	-48.4%
<b>Other Inflows (inc'ds PCDF)</b>	<b>2,366.3</b>	<b>2,205.1</b>	<b>161.2</b>	<b>7.3%</b>	<b>2,210.9</b>	<b>155.4</b>	<b>7.0%</b>
<b>Other Outflows</b>	<b>15,067.9</b>	<b>15,475.0</b>	<b>-407.2</b>	<b>-2.6%</b>	<b>31,903.6</b>	<b>-16,835.7</b>	<b>-52.8%</b>
<b>Amortization</b>	<b>90,844.7</b>	<b>82,679.6</b>	<b>8,165.1</b>	<b>9.9%</b>	<b>139,649.3</b>	<b>-48,804.5</b>	<b>-34.9%</b>
Domestic	50,867.2	42,989.5	7,877.7	18.3%	106,966.7	-56,099.5	-52.4%
External	39,977.5	39,690.1	287.4	0.7%	32,682.6	7,294.9	22.3%
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-15,490.3</b>	<b>-26,353.5</b>	<b>10,863.2</b>	<b>41.2%</b>	<b>-74,317.9</b>	<b>58,827.6</b>	<b>79.2%</b>
<b>Primary Balance (Surplus + / Deficit -)</b>	<b>82,824.9</b>	<b>73,098.7</b>	<b>9,726.2</b>	<b>13.3%</b>	<b>17,533.0</b>	<b>65,291.8</b>	<b>372.4%</b>

Source: MOFPS

**Table 3B.2: Details of Revenue – April to December 2021 outturns against FY 2021/22 First Supplementary Estimates (J\$mn)**

Item	Prov Apr - Dec	First Supplementary Estimates Apr - Dec		Diff	Diff %	FY 2020/21 Apr - Dec		Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>492,223.4</b>	<b>493,456.9</b>	<b>-1,233.6</b>	<b>-0.2%</b>	<b>398,261.6</b>	<b>93,961.8</b>	<b>23.6%</b>		
<b>Tax Revenue</b>	<b>416,057.1</b>	<b>415,866.2</b>	<b>191.0</b>	<b>0.0%</b>	<b>346,492.4</b>	<b>69,564.7</b>	<b>20.1%</b>		
Income and profits	103,305.7	102,668.8	636.9	0.6%	97,768.0	5,537.6	5.7%		
Bauxite/alumina	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%		
Other Companies	34,051.3	33,693.9	357.4	1.1%	31,454.5	2,596.8	8.3%		
PAYE	52,194.7	52,926.0	-731.4	-1.4%	47,735.3	4,459.4	9.3%		
Tax on dividend	1,717.6	1,538.3	179.3	11.7%	2,063.4	-345.8	-16.8%		
Individuals	2,443.7	2,437.8	5.9	0.2%	2,187.2	256.5	11.7%		
Tax on interest	12,898.4	12,072.7	825.7	6.8%	14,327.6	-1,429.2	-10.0%		
Production and consumption	143,448.0	147,419.5	-3,971.6	-2.7%	125,268.7	18,179.2	14.5%		
Min Business Tax	104.9	111.1	-6.2	-5.6%	88.0	16.9	19.2%		
SCT	21,289.4	21,924.2	-634.8	-2.9%	18,628.3	2,661.1	14.3%		
Environmental Levy	463.8	390.9	72.9	18.7%	446.3	17.5	3.9%		
Motor vehicle licenses	3,628.0	3,615.1	12.9	0.4%	3,311.7	316.3	9.6%		
Other licenses	2,704.7	2,668.3	36.4	1.4%	1,325.1	1,379.7	104.1%		
Quarry Tax	57.1	66.3	-9.2	-13.9%	75.0	-17.9	-23.9%		
Betting, gaming and lottery	5,384.8	5,030.2	354.6	7.1%	4,571.8	813.0	17.8%		
Accommodation Tax	1,527.4	1,597.3	-70.0	-4.4%	597.3	930.1	155.7%		
Education Tax	23,624.0	24,142.6	-518.6	-2.1%	21,386.9	2,237.1	10.5%		
Telephone Call Tax	2,531.8	2,313.7	218.1	9.4%	2,737.5	-205.7	-7.5%		
Contractors levy	1,517.7	1,669.6	-151.9	-9.1%	1,263.9	253.8	20.1%		
GCT (Local)	76,140.0	79,688.2	-3,548.2	-4.5%	67,175.1	8,964.9	13.3%		
Stamp Duty (Local)	4,474.3	4,201.9	272.3	6.5%	3,661.9	812.4	22.2%		
International Trade	169,303.5	165,777.8	3,525.6	2.1%	123,455.7	45,847.8	37.1%		
Custom Duty	37,380.2	37,742.0	-361.8	-1.0%	29,600.2	7,780.1	26.3%		
Stamp Duty	2,274.0	2,090.4	183.6	8.8%	1,427.7	846.3	59.3%		
Travel Tax	10,858.0	11,771.5	-913.5	-7.8%	3,614.2	7,243.8	200.4%		
GCT (Imports)	74,951.5	74,970.4	-18.9	0.0%	56,456.3	18,495.2	32.8%		
SCT (Imports)	40,531.1	35,991.1	4,540.0	12.6%	29,892.6	10,638.5	35.6%		
Environmental Levy	3,308.6	3,212.4	96.2	3.0%	2,464.6	844.0	34.2%		
<b>Non-Tax Revenue</b>	<b>67,918.3</b>	<b>70,952.0</b>	<b>-3,033.8</b>	<b>-4.3%</b>	<b>47,772.8</b>	<b>20,145.5</b>	<b>42.2%</b>		
<b>Bauxite Levy</b>	<b>2,155.4</b>	<b>0.0</b>	<b>2,155.4</b>	<b>-</b>	<b>0.0</b>	<b>2,155.4</b>	<b>-</b>		
<b>Capital Revenue</b>	<b>875.8</b>	<b>875.8</b>	<b>0.0</b>	<b>0.0%</b>	<b>22.1</b>	<b>853.6</b>	<b>3856.4%</b>		
<b>Grants</b>	<b>5,216.8</b>	<b>5,763.0</b>	<b>-546.2</b>	<b>-9.5%</b>	<b>3,974.2</b>	<b>1,242.6</b>	<b>31.3%</b>		

Source: MOFPS

## **Central Government Operations: Estimates to March 2022**

As a result of the revision of the macroeconomic forecast for FY 2021/22 and the medium-term, along with the emergence of additional spending requirements, the budget for FY 2021/22 was revised. Subsequent to the First Supplementary Estimates, a Second Supplementary Estimate was prepared reflecting higher Revenue & Grants and increased Central Government expenditure relative to the original budget (Table 3C). Adjustments to the Assignment of Subjects necessitated the tabling of a Third Supplementary Estimates to reflect the reallocation of funds in line with the new assignments. The expenditure level reflected in the Second Supplementary Estimates was maintained in the Third Supplementary Estimates.

**Table 3C: Central Government Summary Accounts FY 2021/22 (J\$mn)**

Item	2 <sup>nd</sup> /3 <sup>rd</sup>				FY 2020/21		
	Supplementary Estimates* Apr - March	Original Budget Apr - March	Diff	Diff %	Apr - March	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>717,428.1</b>	<b>672,668.4</b>	<b>44,759.7</b>	<b>6.7%</b>	<b>575,401.1</b>	<b>142,027.0</b>	<b>24.7%</b>
Tax Revenue	606,239.6	572,461.2	33,778.4	5.9%	505,686.7	100,553.0	19.9%
Non-Tax Revenue	97,079.2	94,185.3	2,893.9	3.1%	62,182.6	34,896.6	56.1%
Bauxite Levy	2,155.4	148.7	2,006.7	1349.5%	0.0	2,155.4	-
Capital Revenue	1,143.3	96.4	1,046.9	1086.0%	352.1	791.2	224.7%
Grants	10,810.5	5,776.8	5,033.7	87.1%	7,179.7	3,630.8	50.6%
<b>Expenditure</b>	<b>711,771.6</b>	<b>667,247.9</b>	<b>44,523.7</b>	<b>6.7%</b>	<b>635,911.3</b>	<b>75,860.4</b>	<b>11.9%</b>
Recurrent Expenditure	657,570.3	613,046.6	44,523.7	7.3%	586,727.2	70,843.2	12.1%
Programmes	277,657.2	247,821.2	29,836.0	12.0%	234,693.0	42,964.2	18.3%
Compensation of Employees	243,490.6	239,238.7	4,251.9	1.8%	222,996.3	20,494.3	9.2%
Wages & Salaries	223,789.7	221,859.5	1,930.2	0.9%	208,002.2	15,787.6	7.6%
Employers Contribution	19,700.9	17,379.2	2,321.7	13.4%	14,994.1	4,706.7	31.4%
Interest	136,422.5	125,986.7	10,435.8	8.3%	129,037.9	7,384.6	5.7%
Domestic	53,825.7	50,346.0	3,479.7	6.9%	50,338.6	3,487.1	6.9%
External	82,596.8	75,640.7	6,956.1	9.2%	78,699.2	3,897.6	5.0%
Capital Expenditure	54,201.3	54,201.3	0.0	0.0%	49,184.1	5,017.2	10.2%
Capital Programmes	54,201.3	54,201.3	0.0	0.0%	49,184.1	5,017.2	10.2%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>5,656.5</b>	<b>5,420.5</b>	<b>235.9</b>	<b>4.4%</b>	<b>-60,510.2</b>	<b>66,166.6</b>	<b>109.3%</b>
<b>Loan Receipts</b>	<b>138,575.6</b>	<b>130,305.6</b>	<b>8,270.0</b>	<b>6.3%</b>	<b>221,924.9</b>	<b>-83,349.3</b>	<b>-37.6%</b>
Domestic	98,557.0	89,979.5	8,577.5	9.5%	166,092.9	-67,535.9	-40.7%
External	40,018.6	40,326.1	-307.5	-0.8%	55,832.0	-15,813.4	-28.3%
Project Loans	17,262.5	18,024.1	-761.6	-4.2%	15,309.6	1,952.9	12.8%
Other	22,756.1	22,302.0	454.1	2.0%	40,522.4	-17,766.3	-43.8%
<b>Amortization</b>	<b>161,285.6</b>	<b>146,258.5</b>	<b>15,027.1</b>	<b>10.3%</b>	<b>159,085.5</b>	<b>2,200.1</b>	<b>1.4%</b>
Domestic	72,322.9	64,411.9	7,911.0	12.3%	112,778.2	-40,455.3	-35.9%
External	88,962.7	81,846.6	7,116.1	8.7%	46,307.3	42,655.4	92.1%
<b>Other Inflows (inc'ds PCDF)</b>	<b>4,446.6</b>	<b>4,348.7</b>	<b>97.9</b>	<b>2.3%</b>	<b>3,338.5</b>	<b>1,108.1</b>	<b>33.2%</b>
<b>Other Outflows</b>	<b>19,990.7</b>	<b>17,274.7</b>	<b>2,716.0</b>	<b>15.7%</b>	<b>36,967.0</b>	<b>-16,976.3</b>	<b>-45.9%</b>
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-32,597.6</b>	<b>-23,458.4</b>	<b>-9,139.2</b>	<b>-39.0%</b>	<b>-31,299.3</b>	<b>-1,298.3</b>	<b>-4.1%</b>
<b>Primary Balance (Surplus +/Deficit -)</b>	<b>142,079.0</b>	<b>131,407.2</b>	<b>10,671.7</b>	<b>8.1%</b>	<b>68,527.7</b>	<b>73,551.3</b>	<b>107.3%</b>
<b>Total Payments</b>	<b>893,047.9</b>	<b>830,781.1</b>	<b>62,266.9</b>	<b>7.5%</b>	<b>831,963.8</b>	<b>61,084.1</b>	<b>7.3%</b>

Source: MOFPS

## Revenue & Grants

Revenue & Grants for FY 2021/22 are currently projected to total \$717,428.1mn, representing a 6.7% increase over the Original Budget (See Table 3C) and 1.6% above the First Supplementary Estimates. Tax Revenue is projected to account for the largest share of the increase, with inflows expected to be higher by 5.9% and 0.7%, respectively (Table 3D).

Non-Tax Revenue is projected to be 3.1% higher than originally budgeted, with a revised projection of \$97,079.2mn. Similarly, Capital Revenue has been revised upwards to \$1,143.3mn, while Grants are projected to increase to \$10,810.5mn. Bauxite Levy is projected to total \$2,155.4mn, up from the \$148.7mn originally projected.

The primary surplus projection for the fiscal year is \$142,079.0mn, equivalent to 6.3% of GDP. The fiscal surplus of 0.3% of GDP remains unchanged.

**Table 3D: Third Supplementary versus First Supplementary Estimates (J\$mn)**

Item	2 <sup>nd</sup> /3 <sup>rd</sup>	First					
	Supplementary Estimates Apr - March	Supplementary Estimates Apr - March	Diff	Diff %	FY 2020/21 Apr - March	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>717,428.1</b>	<b>706,197.1</b>	<b>11,231.0</b>	<b>1.6%</b>	<b>575,401.1</b>	<b>142,027.0</b>	<b>24.7%</b>
Tax Revenue	606,239.6	602,187.9	4,051.8	0.7%	505,686.7	100,553.0	19.9%
Non-Tax Revenue	97,079.2	92,522.4	4,556.8	4.9%	62,182.6	34,896.6	56.1%
Bauxite Levy	2,155.4	152.2	2,003.2	1316.0%	0.0	2,155.4	-
Capital Revenue	1,143.3	1,143.3	0.0	0.0%	352.1	791.2	224.7%
Grants	10,810.5	10,191.3	619.2	6.1%	7,179.7	3,630.8	50.6%
<b>Expenditure</b>	<b>711,771.6</b>	<b>700,206.8</b>	<b>11,564.8</b>	<b>1.7%</b>	<b>635,911.3</b>	<b>75,860.4</b>	<b>11.9%</b>
Recurrent Expenditure	657,570.3	646,005.6	11,564.8	1.8%	586,727.2	70,843.2	12.1%
Programmes	277,657.2	267,922.8	9,734.4	3.6%	234,693.0	42,964.2	18.3%
Compensation of Employees	243,490.6	246,625.9	-3,135.3	-1.3%	222,996.3	20,494.3	9.2%
Wages & Salaries	223,789.7	226,649.2	-2,859.5	-1.3%	208,002.2	15,787.6	7.6%
Employers Contribution	19,700.9	19,976.7	-275.8	-1.4%	14,994.1	4,706.7	31.4%
Interest	136,422.5	131,456.8	4,965.7	3.8%	129,037.9	7,384.6	5.7%
Domestic	53,825.7	51,443.5	2,382.2	4.6%	50,338.6	3,487.1	6.9%
External	82,596.8	80,013.3	2,583.5	3.2%	78,699.2	3,897.6	5.0%
Capital Expenditure	54,201.3	54,201.3	0.0	0.0%	49,184.1	5,017.2	10.2%
Capital Programmes	54,201.3	54,201.3	0.0	0.0%	49,184.1	5,017.2	10.2%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>5,656.5</b>	<b>5,990.3</b>	<b>-333.8</b>	<b>-5.6%</b>	<b>-60,510.2</b>	<b>66,166.6</b>	<b>109.3%</b>
<b>Loan Receipts</b>	<b>138,575.6</b>	<b>133,240.8</b>	<b>5,334.8</b>	<b>4.0%</b>	<b>221,924.9</b>	<b>-83,349.3</b>	<b>-37.6%</b>
Domestic	98,557.0	92,478.9	6,078.1	6.6%	166,092.9	-67,535.9	-40.7%
External	40,018.6	40,761.8	-743.2	-1.8%	55,832.0	-15,813.4	-28.3%
Project Loans	17,262.5	18,005.8	-743.2	-4.1%	15,309.6	1,952.9	12.8%
Other	22,756.1	22,756.1	0.0	0.0%	40,522.4	-17,766.3	-43.8%
<b>Amortization</b>	<b>161,285.6</b>	<b>148,671.2</b>	<b>12,614.4</b>	<b>8.5%</b>	<b>159,085.5</b>	<b>2,200.1</b>	<b>1.4%</b>
Domestic	72,322.9	64,421.5	7,901.4	12.3%	112,778.2	-40,455.3	-35.9%
External	88,962.7	84,249.7	4,713.0	5.6%	46,307.3	42,655.4	92.1%
<b>Other Inflows (inc'ds PCDF)</b>	<b>4,446.6</b>	<b>4,440.6</b>	<b>6.0</b>	<b>0.1%</b>	<b>3,338.5</b>	<b>1,108.1</b>	<b>33.2%</b>
<b>Other Outflows</b>	<b>19,990.7</b>	<b>18,397.9</b>	<b>1,592.8</b>	<b>8.7%</b>	<b>36,967.0</b>	<b>-16,976.3</b>	<b>-45.9%</b>
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-32,597.6</b>	<b>-23,397.4</b>	<b>-9,200.2</b>	<b>-39.3%</b>	<b>-31,299.3</b>	<b>-1,298.3</b>	<b>-4.1%</b>
<b>Primary Balance (Surplus +/-Deficit -)</b>	<b>142,079.0</b>	<b>137,447.1</b>	<b>4,631.9</b>	<b>3.4%</b>	<b>68,527.7</b>	<b>73,551.3</b>	<b>107.3%</b>
<b>Total Payments</b>	<b>893,047.9</b>	<b>867,275.9</b>	<b>25,772.0</b>	<b>3.0%</b>	<b>831,963.8</b>	<b>61,084.1</b>	<b>7.3%</b>

Source: MOFPS

## **Expenditure**

Total above-the-line Expenditure of \$711,771.6mn is currently programmed for FY 2021/22. This comprises Recurrent Expenditure of \$657,570.3mn, and Capital Expenditure of \$54,201.3mn. Spending of \$277,657.2mn is projected for recurrent Programmes, while \$243,490.6mn is programmed for Compensation of Employees.

## **Financing Flows**

The projected Public Debt Service Expenditure for FY 2021/22 is \$297,708.1mn, comprising Interest payments of \$136,422.5mn and Amortization of \$161,285.

## **Public Debt Stock**

At end-December 2021, the stock of Public Debt outstanding was \$2,216,476.9mn, 3.7% more than at end-March 2021 (see table 3E). The year over year change in the total public debt stock was an increase of 6.9%. Overall, the change reflected an increase in Central Government with partially offsetting reductions in net public bodies' debt, over the period.

Central Government debt at end-December 2021 was \$2,182,436.9mn, an increase of 4.4% and 7.8% compared to end-March 2021 and end-December 2020, respectively. The change reflected increases in the main components of Central Government debt over the respective periods.

Central Government domestic debt at end-December 2021 was \$824,074.0mn, 6.1% higher than the previous year. Increases during the first three quarters of FY2021/22 reflected net financing inflows from benchmark investment notes (BINs), while treasury bills remained flat and domestic loans recorded a reduction.

Total Central Government external debt increased 8.8% relative to end-December 2020 and 4.9% relative to end-March 2021. Overall, the increases were mainly due to valuation effects associated with depreciation of the Jamaica dollar. The overall increase in the external portfolio reflected increases in the stock of outstanding global bonds as well as the stock of external loans outstanding in Jamaica dollar terms.

Net public bodies' (PBs) debt decreased to \$34,040.0mn at end-December 2021 from \$47,072.9mn at end-March 2021.

The debt-to-GDP is projected to be 96.3% at end-FY2021/22, representing a 13.4 percentage point reduction over the outturn at end-March 2021. This decline is mainly due to the estimated 15.9% increase in nominal GDP for FY 2021/22. The debt ratio is expected to remain on a downward trajectory toward the debt-to-GDP target of 60.0% or less by FY2027/28.

**Table 3E: Stock of Public Debt (J\$mn)**

	(%) Total SPS Debt			
	Dec-20	Mar-21	Dec-21	Dec-21
<b>Total Specified Public Sector Debt</b>	<b>2,072,505.7</b>	<b>2,137,570.7</b>	<b>2,216,476.9</b>	<b>100.0 %</b>
<b>Total Central Government Debt</b>	<b>2,025,113.1</b>	<b>2,090,497.8</b>	<b>2,182,436.9</b>	<b>98.5 %</b>
<b>Central Government Domestic Debt</b>	<b>776,483.2</b>	<b>795,225.0</b>	<b>824,074.0</b>	<b>37.2 %</b>
<b><u>Marketable Securities</u></b>	<b>776,432.8</b>	<b>795,224.9</b>	<b>824,073.9</b>	<b>37.2 %</b>
Bonds	766,132.8	784,924.9	813,773.9	36.7 %
Treasury Bills	10,300.0	10,300.0	10,300.0	0.5 %
<b><u>Loans</u></b>	<b>50.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0 %</b>
Public Sector	50.2	0.0	0.0	0.0 %
Perpetual Annuities	0.2	0.2	0.2	0.0 %
<b>Central Government External Debt</b>	<b>1,248,629.9</b>	<b>1,295,272.7</b>	<b>1,358,362.9</b>	<b>61.3 %</b>
<b><u>Marketable Securities</u></b>	<b>734,499.8</b>	<b>754,745.3</b>	<b>795,264.3</b>	<b>35.9 %</b>
Bonds	734,499.8	754,745.3	795,264.3	35.9 %
<b><u>Loans</u></b>	<b>514,130.0</b>	<b>540,527.2</b>	<b>563,098.5</b>	<b>25.4 %</b>
<b>Bilateral</b>	<b>103,599.1</b>	<b>99,425.2</b>	<b>108,757.3</b>	<b>4.9 %</b>
OECD	3,436.4	2,969.7	2,211.7	0.1 %
Non-OECD	100,162.6	96,455.5	106,545.6	4.8 %
<b>Multilateral</b>	<b>410,531.0</b>	<b>441,102.0</b>	<b>454,341.2</b>	<b>20.5 %</b>
IDB	224,768.2	238,210.1	244,692.9	11.0 %
IBRD	134,860.6	152,771.5	164,670.7	7.4 %
Other	50,902.1	50,120.4	44,977.6	2.0 %
<b>Non Central Government Debt</b>	<b>47,392.7</b>	<b>47,072.9</b>	<b>34,040.0</b>	<b>1.5 %</b>
Net Public Bodies	47,392.7	47,072.9	34,040.0	1.5 %

Source: MOFPS

## SELF-FINANCING PUBLIC BODIES OPERATIONS - FY 2021/22

Public Bodies<sup>1</sup> continue to contribute to the development of strategic sectors in Jamaica. There are approximately 146 active public bodies and they perform regulatory, advisory, supervisory, research, technical, administrative or quasi-judicial functions of a governmental nature. Approximately 36 deliver public policy objectives while engaging in commercial activities, all of which are a subset of the self-financing public bodies (SFPBs).

### SFPBs Performance

The Group of Self-Financing Public Bodies (SFPBs), continue to rebound from the impact of the COVID – 19 Pandemic and the current balance (operating surplus) estimated for FY 2021/22 is expected to exceed pre-pandemic results (FY 2018/19 and FY 2019/20). Notwithstanding, the Group is projecting an Overall Balance deficit of \$5,900.41mn at end-March 2022, compared with the projected deficit of \$148.82mn. The estimated deficit is consequent on results primarily for the National Housing Trust (NHT). This should be partially offset by reduced capital expenditure chiefly by the National Water Commission (by \$3,002.32mn), Airports Authority of Jamaica (by \$2,512.23mn) and Ports Management and Security Limited (by \$2,152.03mn). In addition, the National Insurance Fund's<sup>2</sup> Overall Balance should improve by a net \$2,911.60mn mainly due to increased contributions.

While most of the public bodies continue to fund their operations from cash reserves, some SFPBs received assistance, in the form of grants/loans/debt settlement, from the Government including the following:

- Jamaica Urban Transit Company
- National Water Commission (NWC)
- Urban Development Corporation
- Ports Security Corps
- Montego Bay Metro
- Jamaica Racing Commission

The primary factors contributing to the outturn of some major public bodies are highlighted below:

**National Housing Trust** – The NHT estimates that inflows from the sale of its mortgage portfolio will be \$11,497.28mn compared with the original target of \$36,814.57mn. This is due to a deferral of the programmed balance pending review. A decision has been taken to dispose of the balance in FY 2022/23. The impact from the reduced inflow in FY 2021/22 will be partially negated by the reduction of \$7,317.84mn in housing expenditure.

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<sup>1</sup> Defined in the Public Bodies Management and Accountability Act as Statutory Bodies, Authorities or Government Companies, but do not include Executive Agencies.

<sup>2</sup> National Insurance Fund is not a public body per the PBMA definition. However, it is included with the SFPBs.

**National Water Commission (NWC)** - NWC will execute \$4,316.21mn (59%) of its \$7,318.53mn budgeted capital programme. The implementation of NWC's capital programme has been impacted significantly by procurement delays resulting from various issues. These include significant increases in the prices of materials being sourced from China which have resulted in significant variances to the initial price quotes.

**Ports Management and Security Limited (PMSL)** - The shortfall of \$2,152.03mn in PMSL's capital spend is expected to be influenced primarily by a delay in the procurement process for the acquisition of x-ray machines and a subsequent change in the type of machines to be acquired.

**Airports Authority of Jamaica (AAJ)** - The overall delay in the implementation of rehabilitation activities at the aerodromes and the shoreline protection project will result in reduced capital expenditure to \$923.66mn compared with budget of \$3,435.89mn.

**The National Insurance Fund (NIF)** – Improved collections compared with budget is the primary factor contributing to the NIF's performance; the impact of an estimated \$9,155.46mn increase in collections should be reduced due to lower (by \$4,071.30mn) non-cash adjustments chiefly related to unrealized gains on investments.

Flows to the GOJ from SFPBs, excluding Special Consumption Tax (SCT) from Petrojam, are estimated at \$24,891.05mn (budget: \$22,013.76mn). This amount includes financial distributions, as well as corporate taxes. SCT of \$36,411.10mn should be collected by Petrojam on GoJ's behalf.

## **MEDIUM-TERM FISCAL PROGRAMME**

The COVID-19 pandemic triggered a sharp disruption in economic activity globally, as restrictions led to reductions in demand and production levels. The impact on the Jamaican economy and the fiscal accounts were severe. The maintenance of macro-fiscal stability throughout the period of the pandemic has ensured that the objective of fiscal and debt sustainability across the medium term has not been derailed. The gains attained through fiscal responsibility allowed the Government to respond to the unprecedented shock, with the implementation of the COVID-19 Allocation of Resources for Employees (CARE) Programme, aimed at protecting vulnerable individuals and providing support to businesses to mitigate the impact of the pandemic on their operations. The macro-fiscal indicators for the fiscal year to December 2021 reflect a turnaround relative to the preceding fiscal year. Economic improvements have been forecasted for FY 2022/23 and the medium term, and the public debt-to-GDP ratio is solidly back on a downward trajectory. Notwithstanding, it is imperative that the Government maintains its steadfast commitment to the principles of sound fiscal governance in order to remain on target to achieve the principal objective of a debt-to-GDP ratio of 60.0%, or less, by end-FY 2027/28. Within this context, the medium-term fiscal programme outlined in Tables 3G and 3H reflects the maintenance of fiscal discipline, while prioritizing social protection and growth enhancing capital expenditure.

The medium-term fiscal profile has been formulated within the context of the legislated targets under the Fiscal Responsibility Framework, and is underpinned by the macroeconomic assumptions provided in the Macroeconomic Framework. The overarching objective is the attainment of a debt-to-GDP ratio of 60.0%, or lower, by the end of FY 2027/28. A Central Government Primary Surplus of 5.9% of GDP is programmed for FY 2022/23, and the primary surplus is expected to average 5.1% over the medium term. Operations of the Central Government are projected to generate a Fiscal Surplus of 0.3% of GDP in FY 2022/23 and through FY 2024/25. For FY 2025/26, a fiscal surplus of 1.1% of GDP is projected, largely reflecting lower interest spending.

### **Revenue Strategy**

The principal objective of the GOJ's revenue strategy is to enhance the existing tax system to make it simpler, more equitable and more efficient. The improved tax system will ensure that Government's expenditure is adequately funded and facilitate a more competitive business environment that is supportive of economic growth and development. Accordingly, strategic policies and administrative actions aimed at achieving the overarching objective will be implemented.

### **Tax Administration Reform**

The principal revenue collection agencies, Tax Administration Jamaica (TAJ) and Jamaica Customs Agency (JCA), will continue to employ strategies aimed at improving the efficiency of the tax system. The following summarises the main initiatives to be undertaken during FY 2022/23, with details provided in Appendix V.

## **Tax Administration Jamaica (TAJ)**

During FY 2022/23 and over the medium term, TAJ will continue to implement key administrative and legislative reforms aimed at meeting the authority's strategic objectives. Initiatives to optimize domestic tax collections will continue, with a focus on improving taxpayer compliance. To this end, TAJ will design and implement programmes specifically to address deficiencies in taxpayer compliance.

The management of its operations through a Results Based Management (RBM) approach is expected to enhance TAJ's strategic planning function, drive greater results analysis and enable better assessments of the appropriateness and/or adequacy of specific indicators and measures. Additionally, improving the authority's digital services will remain a key strategic priority.

## **Jamaica Customs Agency (JCA)**

In support of the GOJ's overarching revenue strategy, and in keeping with the Medium-Term Results Based Budgeting programme, the JCA's medium-term strategic objectives include, inter alia:

- Modernizing customs administration for a sustainable contribution to economic development by 2025;
- Improving trade facilitation and revenue collection. This will involve, inter alia: (i) Improving customs clearance time for commercial and non-commercial goods to 24 hours and 2 hours, respectively, by 2025, (ii) Achieving at least 95% of the annual revenue target forecasted, in contributing to the GOJ budgeting initiatives;
- Improving border control operations: Programmes will be implemented with the aim of reducing, by 20%, cross border movement of contraband incidences of seizures and breaches by 2025.

## **Revenue Profile**

Revenue and Grants are projected to be 30.3% of GDP in FY 2022/23, 1.5 percentage points lower than the 31.8% of GDP estimated for FY 2021/22. Over the medium-term, Revenue & Grants as a percentage of GDP are projected to average 30.4% (Tables 3H). Tax Revenue as a percentage of GDP for FY 2022/23 is projected to be 27.1%, 0.2 percentage point higher than the estimate for FY 2021/22, and is forecasted to increase to 27.6% by FY 2025/26. The Tax Revenue forecast over the medium term reflects an expectation of continued positive economic performance accompanied by improvements in the labour market. Non-tax Revenue is projected to decline to 2.6% of GDP for FY 2022/23, and average 2.4% for the medium term. Grants are forecasted to average 0.2% of GDP over the medium term.

## Expenditure Strategy

The GOJ's commitment to fiscal discipline and the prioritization of enhanced economic growth remains steadfast. Accordingly, above-the-line Expenditure is projected to decline gradually from 30.0% of GDP in FY 2022/23 to 29.1% in FY 2025/26. The declining expenditure ratio is influenced by the projected reduction in interest payments, predicated on the targeted decline in the public debt stock over the medium term.

Capital expenditure is projected to increase from 2.6% of GDP in FY 2022/23 to average 3.3% over the medium term.

## FY 2022/23 BUDGET – CENTRAL GOVERNMENT

The GOJ Budget for FY 2022/23 is designed to achieve the targets outlined in the fiscal rule legislation. The FY 2022/23 fiscal programme aims to support the objective of reducing the public debt stock and debt servicing costs, thereby creating fiscal space to facilitate growth-inducing capital expenditure. Accordingly, the focus will be towards achieving the targeted fiscal balance and the corresponding primary balance which are the operational instruments being utilized to attain a public debt ratio of no more than 60.0% of GDP by the end-March 2028. The fiscal surplus is budgeted at \$6,834.5 mn or 0.3% of GDP, while a primary surplus of \$145,243.6mn, equivalent to 5.9% of GDP is projected for FY 2022/23.

## Revenue and Grants

Revenue and Grants for FY 2022/23 are projected to be \$749,780.1mn, an increase over the Third Supplementary Budget for FY 2021/22 of \$32,352.0mn or 4.5%, largely on account of Tax Revenue which is programmed at \$671,536.1mn (27.1% of GDP). Tax Revenue is projected to account for 89.6% of total Revenue and Grants, compared to 84.5% of the estimated outturn for FY 2021/22.

**Table 3F: FY 2022/23 Revenue Forecast**

	<b>FY 2021/22</b>	<b>FY 2022/23</b>	<b>% Change</b>
	<b>(J\$mn)</b>	<b>(J\$mn)</b>	
<b>Revenue &amp; Grants</b>	717,428.10	749,780.06	4.5%
<b>Tax Revenue</b>	606,239.65	671,536.11	10.8%
<b>Non-tax Revenue</b>	97,079.20	65,398.69	-32.6%
<b>Bauxite Levy</b>	2155.40	4908.26	127.7%
<b>Capital Revenue</b>	1143.35	1477.00	29.2%
<b>Grants</b>	10,810.50	6,460.00	-40.2%

Source: MOFPS

## **Expenditure**

### **Non-Debt Expenditure**

The Central Government Non-Debt (above-the-line) Expenditure Budget is projected at \$604,536.5mn, of which Recurrent Expenditure accounts for \$539,469.1mn or 89.2% and Capital \$65,067.3mn or 10.8%. The FY 2022/23 projection reflects a nominal increase of \$29,187.4mn or 5.1% relative to the FY 2021/22 Non-Debt Third Supplementary Budget.

Total Non-Debt Recurrent Expenditure incorporates (a) Compensation of Employees of \$290,243.1mn and (b) Recurrent Programmes of \$249,226.0mn.

### **Recurrent Programmes**

Recurrent Programmes allocation of \$249,226.0mn accounts for 36.7% of total Non-Debt Recurrent Expenditure, reflecting a nominal reduction of \$28,431.2mn or 10.2% below the Revised Estimates for FY 2021/22. The decline reflects the reallocation of compensation-related allowances to the category Compensation of Employees.

The spending envelope supports the ongoing operational activities of MDAs, including allocations for the acquisition of goods and services; subvention to agencies, including tertiary educational institutions as well as pension payments to public sector employees. Other notable allocations for FY 2022/23 include, among others:

- i. \$119.2bn in total budgetary support to the Ministry of Education and Youth including \$11.8bn support for universities; \$6.3bn for student nutrition support and \$1.0bn for procurement of school textbooks;
- ii. \$10.0bn to the Ministry of Agriculture and Fisheries with an additional sum of \$1.4bn to be funded from Appropriation-in-Aid (AIA), including \$1.0bn for production incentives; \$800.0mn for farm roads and \$406.0mn to support the preparation of public investment projects for the Yallahs West Agricultural Development; Expansion of the Pedro Plains Irrigation Systems; Lucky Hill Pen Agricultural Development Project; and the piloting of the Agribusiness Cold Chain initiative;
- iii. \$9.4bn to the Ministry of Economic Growth and Job Creation (MEGJC), which includes allocation of approximately \$4.0bn for the maintenance of roads; \$500.0mn for social housing and \$275.0mn for zinc fence removal and beautification of communities; and
- iv. \$2.0bn to the Police Department to address critical operational areas.

## **Compensation of Employees**

Compensation of Employees accounts for 53.8% of the Non-Debt Recurrent Budget and represents an increase of \$46.8bn or 19.2% over the FY 2021/22 Third Supplementary Estimates. Contributing to the level of increase against the prior fiscal year is the compensation-related allowances transferred from the Recurrent Programmes category which were not so reflected in the FY 2022/23 budget. The Compensation of Employees provision supports Wages and Salaries of \$268.8bn, including Employers Contribution of \$21.4bn and the government's contribution to the public sector Employees Health Scheme of \$6.4bn and prior-year arrears in respect of the National Housing Trust Employer's contribution of \$1.37bn. Allocations for some compensation-related allowances, previously classified in the Estimates of Expenditure under Recurrent Programmes, are now incorporated into the Wage Bill and reflected under Compensation of Employees.

## **Capital Programmes**

A total of \$65.0bn has been allocated to fund the Central Government's public investment projects (PIPs). Approximately \$21.0bn has been allocated for the South Coast Highway Improvement Project (SCHIP) and \$4.9bn for the Montego Bay Perimeter Road.

Approximately \$4.0bn has been allocated to the Ministry of Agriculture and Fisheries to facilitate completion of two major irrigation projects (Essex Valley and Southern Plains), both of which are funded by grants from the Caribbean Development Bank (CDB).

A Contingency Provision of \$5.3bn is also allocated under the Ministry of Finance and the Public Service to support Public Investment pipeline projects which are at an advanced stage in the appraisal process.

## **Social Programmes**

The allocation for Social Programmes include approximately \$9.2bn for public assistance and support to vulnerable persons, including \$800.0mn for the Social Pension Programme for the Elderly; \$480mn for rehabilitation and social intervention programmes and \$7.9 billion for the PATH.

## **Natural Disaster Risk Management**

In keeping with the GOJ's strategic objective to mitigate the fiscal risk associated with natural disasters, \$1.3bn has been allocated for the 2022 policy year premium payments for the Caribbean Catastrophe Risk Insurance Facility (CCRIF) insurance policy.

## **Debt Servicing**

Debt service costs for FY 2022/23 are projected to be \$307,467.0mn, representing 48.5% of tax revenue compared to the 49.1% estimated for FY 2021/22. The debt service costs comprise amortization payments of \$169,057.9mn, and interest payments of \$138,409.1mn. Over the medium term, debt service costs are expected to decline, falling to \$250,336.0mn in FY 2025/26

## **Public Debt**

Prudent management of the public debt is essential to safeguard the gains made in reducing the public debt and to maintain the current downward trajectory towards the legislated debt-to-GDP target of 60.0% or less by FY 2027/28. Over the medium term, the debt management strategy will continue to focus on raising mainly domestic financing, in order to realign the debt portfolio in favour of local currency and, consequently, mitigate foreign currency risk. A debt-to-GDP ratio of 87.3% is projected for end-FY 2022/23, which is expected to further decline to 68.9% by end-FY 2025/26.

**Table 3G: CENTRAL GOVERNMENT SUMMARY ACCOUNTS (JM\$)**

Item	Act 2018/19	Act 2019/20	Prov 2020/21	Proj 2021/22	Proj 2022/23	Proj 2023/24	Proj 2024/25	Proj 2025/26
<b>Revenue &amp; Grants</b>	<b>628,985.2</b>	<b>649,759.2</b>	<b>575,401.1</b>	<b>717,428.1</b>	<b>749,780.1</b>	<b>820,315.9</b>	<b>863,883.1</b>	<b>915,890.0</b>
Tax Revenue	542,919.4	579,397.0	505,686.7	606,239.6	671,536.1	741,671.0	786,932.7	834,424.0
Non-Tax Revenue	72,850.5	64,505.2	62,182.6	97,079.2	65,398.7	65,228.5	65,784.1	69,793.7
Bauxite Levy	136.5	0.0	0.0	2,155.4	4,908.3	7,966.5	5,615.1	5,782.7
Capital Revenue	2,531.7	1,200.2	352.1	1,143.3	1,477.0	168.3	179.9	190.8
Grants	10,547.0	4,656.8	7,179.7	10,810.5	6,460.0	5,281.5	5,371.3	5,698.7
<b>Expenditure</b>	<b>604,597.5</b>	<b>630,354.4</b>	<b>635,911.3</b>	<b>711,771.6</b>	<b>742,945.5</b>	<b>812,050.4</b>	<b>854,152.5</b>	<b>881,623.4</b>
Recurrent Expenditure	538,393.2	559,961.4	586,727.2	657,570.3	677,878.2	724,840.3	758,883.2	780,963.1
Programmes	209,079.7	216,856.6	234,693.0	277,657.2	249,226.0	263,032.6	272,056.6	285,369.7
Compensation of Employees	200,125.3	211,617.5	222,996.3	243,490.6	290,243.1	327,606.8	355,366.1	376,688.1
Wages & Salaries	183,505.5	195,935.5	208,002.2	223,789.7	268,825.1	303,339.6	329,042.7	348,785.3
Employer's Contribution	16,619.8	15,682.1	14,994.1	19,700.9	21,418.0	24,267.2	26,323.4	27,902.8
Interest	129,188.1	131,487.3	129,037.9	136,422.5	138,409.1	134,200.9	131,460.6	118,905.3
Domestic	51,026.0	47,596.1	50,338.6	53,825.7	61,385.1	57,299.4	57,184.4	47,421.4
External	78,162.1	83,891.2	78,699.2	82,596.8	77,024.0	76,901.6	74,276.1	71,483.9
Capital Expenditure	66,204.3	70,392.9	49,184.1	54,201.3	65,067.3	87,210.2	95,269.3	100,660.3
Capital Programmes	66,204.3	70,392.9	49,184.1	54,201.3	65,067.3	87,210.2	95,269.3	100,660.3
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>24,387.7</b>	<b>19,404.8</b>	<b>-60,510.2</b>	<b>5,656.5</b>	<b>6,834.5</b>	<b>8,265.5</b>	<b>9,730.6</b>	<b>34,266.6</b>
<b>Loan Receipts</b>	<b>114,180.1</b>	<b>126,060.1</b>	<b>221,924.9</b>	<b>138,575.6</b>	<b>124,130.1</b>	<b>86,722.6</b>	<b>230,965.0</b>	<b>82,630.9</b>
Domestic	76,553.2	74,978.7	166,092.9	98,557.0	92,047.6	61,484.1	159,075.2	68,197.2
External	37,626.9	51,081.4	55,832.0	40,018.6	32,082.5	25,238.5	71,889.8	14,433.6
<b>Amortization</b>	<b>132,990.1</b>	<b>169,046.6</b>	<b>159,085.5</b>	<b>161,285.6</b>	<b>169,057.9</b>	<b>122,179.1</b>	<b>268,125.8</b>	<b>131,430.6</b>
Domestic	80,008.1	70,480.6	112,778.2	72,322.9	116,426.5	22,007.7	168,228.9	42,940.8
External	52,982.0	98,565.9	46,307.3	88,962.7	52,631.4	100,171.5	99,896.9	88,489.8
<b>Other Inflows (inc'ds PCDF)</b>	<b>27,894.9</b>	<b>104,174.9</b>	<b>3,338.5</b>	<b>4,446.6</b>	<b>32,514.6</b>	<b>17,551.4</b>	<b>14,533.2</b>	<b>14,533.2</b>
<b>Other Outflows</b>	<b>35,164.5</b>	<b>37,933.2</b>	<b>36,967.0</b>	<b>19,990.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-1,691.9</b>	<b>42,660.0</b>	<b>-31,299.3</b>	<b>-32,597.6</b>	<b>-5,578.6</b>	<b>-9,639.7</b>	<b>-12,897.1</b>	<b>0.0</b>
<b>Primary Balance (Surplus +/-Deficit -)</b>	<b>153,575.8</b>	<b>150,892.1</b>	<b>68,527.7</b>	<b>142,079.0</b>	<b>145,243.6</b>	<b>142,466.4</b>	<b>141,191.1</b>	<b>153,172.0</b>
<b>Total Payments</b>	<b>772,752.1</b>	<b>837,334.1</b>	<b>831,963.8</b>	<b>893,047.9</b>	<b>912,003.4</b>	<b>934,229.6</b>	<b>1,122,278.3</b>	<b>1,013,054.0</b>

Source: MOFPS

**Table 3H: CENTRAL GOVERNMENT SUMMARY ACCOUNTS (% GDP)**

Item	Act 2018/19	Act 2019/20	Prov 2020/21	Proj 2021/22	Proj 2022/23	Proj 2023/24	Proj 2024/25	Proj 2025/26
<b>Revenue &amp; Grants</b>	<b>30.6%</b>	<b>30.6%</b>	<b>29.5%</b>	<b>31.8%</b>	<b>30.3%</b>	<b>30.7%</b>	<b>30.3%</b>	<b>30.3%</b>
Tax Revenue	26.4%	27.3%	25.9%	26.9%	27.1%	27.8%	27.6%	27.6%
Non-Tax Revenue	3.5%	3.0%	3.2%	4.3%	2.6%	2.4%	2.3%	2.3%
Bauxite Levy	0.0%	0.0%	0.0%	0.1%	0.2%	0.3%	0.2%	0.2%
Capital Revenue	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%
Grants	0.5%	0.2%	0.4%	0.5%	0.3%	0.2%	0.2%	0.2%
<b>Expenditure</b>	<b>29.4%</b>	<b>29.7%</b>	<b>32.6%</b>	<b>31.5%</b>	<b>30.0%</b>	<b>30.4%</b>	<b>29.9%</b>	<b>29.1%</b>
Recurrent Expenditure	26.2%	26.4%	30.1%	29.1%	27.4%	27.1%	26.6%	25.8%
Programmes	10.2%	10.2%	12.0%	12.3%	10.1%	9.8%	9.5%	9.4%
Compensation of Employees	9.7%	10.0%	11.4%	10.8%	11.7%	12.3%	12.5%	12.4%
Wages & Salaries	8.9%	9.2%	10.7%	9.9%	10.9%	11.4%	11.5%	11.5%
Employer's Contribution	0.8%	0.7%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%
Interest	6.3%	6.2%	6.6%	6.0%	5.6%	5.0%	4.6%	3.9%
Domestic	2.5%	2.2%	2.6%	2.4%	2.5%	2.1%	2.0%	1.6%
External	3.8%	4.0%	4.0%	3.7%	3.1%	2.9%	2.6%	2.4%
Capital Expenditure	3.2%	3.3%	2.5%	2.4%	2.6%	3.3%	3.3%	3.3%
Capital Programmes	3.2%	3.3%	2.5%	2.4%	2.6%	3.3%	3.3%	3.3%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>1.2%</b>	<b>0.9%</b>	<b>-3.1%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>1.1%</b>
<b>Loan Receipts</b>	<b>5.6%</b>	<b>5.9%</b>	<b>11.4%</b>	<b>6.1%</b>	<b>5.0%</b>	<b>3.2%</b>	<b>8.1%</b>	<b>2.7%</b>
Domestic	3.7%	3.5%	8.5%	4.4%	3.7%	2.3%	5.6%	2.3%
External	1.8%	2.4%	2.9%	1.8%	1.3%	0.9%	2.5%	0.5%
<b>Amortization</b>	<b>6.5%</b>	<b>8.0%</b>	<b>8.2%</b>	<b>7.1%</b>	<b>6.8%</b>	<b>4.6%</b>	<b>9.4%</b>	<b>4.3%</b>
Domestic	3.9%	3.3%	5.8%	3.2%	4.7%	0.8%	5.9%	1.4%
External	2.6%	4.6%	2.4%	3.9%	2.1%	3.7%	3.5%	2.9%
<b>Other Inflows (inc'ds PCDF)</b>	<b>1.4%</b>	<b>4.9%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>1.3%</b>	<b>0.7%</b>	<b>0.5%</b>	<b>0.5%</b>
<b>Other Outflows</b>	<b>1.7%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>0.9%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-0.1%</b>	<b>2.0%</b>	<b>-1.6%</b>	<b>-1.4%</b>	<b>-0.2%</b>	<b>-0.4%</b>	<b>-0.5%</b>	<b>0.0%</b>
<b>Primary Balance (Surplus +/Deficit -)</b>	<b>7.5%</b>	<b>7.1%</b>	<b>3.5%</b>	<b>6.3%</b>	<b>5.9%</b>	<b>5.3%</b>	<b>4.9%</b>	<b>5.1%</b>
<b>GDP</b>	<b>2,053,279.2</b>	<b>2,121,087.3</b>	<b>1,948,913.1</b>	<b>2,257,739.5</b>	<b>2,476,988.2</b>	<b>2,672,056.6</b>	<b>2,853,687.9</b>	<b>3,026,336.0</b>
<b>TOTAL PAYMENTS</b>	<b>37.6%</b>	<b>39.5%</b>	<b>42.7%</b>	<b>39.6%</b>	<b>36.8%</b>	<b>35.0%</b>	<b>39.3%</b>	<b>33.5%</b>

Source: MOFPS

## FY 2022/23 BUDGET – SELF-FINANCING PUBLIC BODIES

The group of SFPBs (now 54<sup>3</sup>) is expected to attain an Overall Balance surplus of \$11,739.18mn in FY 2022/23, an improvement on the estimated deficit of \$5,900.41mn for FY 2021/22 due mainly to reduced capital/housing expenditure by the National Housing Trust (NHT). Consequently, overall capital expenditure by the SFPBs in FY 2022/23 is projected at \$69,569.07mn, which is \$2,877.51mn below the estimate of \$72,446.58mn for FY 2021/22.

The NHT (\$37,583.51mn) and the National Water Commission (NWC - \$8,851.46 million) should account for 67% (\$46,434.97mn) of the planned capital expenditure. The Housing Agency of Jamaica (HAJ - \$5,813.66mn), Port Authority of Jamaica (PAJ - \$3,810.59mn), Petrojam Limited (\$2,101.98mn), Ports Management and Security Limited (PMSL) (\$1,392.02mn) and Airports Authority of Jamaica (AAJ - \$1,046.28mn) will account for \$14,164.53mn (or 20%) of the planned capital expenditure.

### National Housing Trust (NHT)

The NHT will pursue construction of 8,622 housing starts and 5,567 housing deliveries during FY 2022/23. The funding sources for these projects include existing resources and the sale of additional portions of its joint finance mortgage portfolio. Housing spend of \$34,985.82mn is expected to account for 93% of total capital expenditure.

### National Water Commission (NWC)

The NWC will continue the implementation of strategic initiatives and capital projects geared toward improving operational efficiency, expansion of coverage areas as well as service reliability. Continued project focus will include:

- a. replacement of aged meters, metering of un-metered accounts and the installation of more accurate meters;
- b. implementation of projects related to the Spanish Town Road and other mains; and
- c. water and sewerage upgrades required to support the infrastructural development plans for Port Royal.

During the budget year, a few public bodies are expected to receive transfers from the Central Government for budget support, and return of funds held by the Central Government, *inter alia*, totaling approximately \$15,968.74mn. Entities to which allocations are to be made include: the Jamaica Urban Transit Company (budgetary support - \$5,432.05mn), the Universal Service Fund (broad band and Tablet in Schools - \$1,818.67mn) and the Student's Loan Bureau (Grant in aid and tuitions disbursement - \$1,250.00mn)

Table 3I, outlines the financial projection of the group of self-financing public bodies for FY 2022/23.

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<sup>3</sup> The Pesticides Control Authority is now included.

**Table 3I: Summary of Financial Forecast for FY 2022/23 (Selected & Other) Public Bodies (J\$mn)**

				J\$m			
				Actual	Original	Estimated	Projected
				2020/21	2021/22	2021/22	2022/23
Statement 'A' Flow of Funds							
1	Current Revenue			347,938.11	361,589.65	433,251.94	460,219.78
2	Current Expenses			(309,150.75)	(324,798.97)	(363,969.98)	(399,677.42)
3	Current Balance			38,787.36	36,790.68	69,281.96	60,542.36
4	Adjustments			19,222.47	39,626.63	4,873.88	38,075.29
	Change in Accounts				0.00	0.00	0.00
	Receivable/Payable			(4,969.81)	6,095.73	(16,039.89)	19,333.32
	Items not requiring outlay of cash:			0.00	0.00	0.00	0.00
	Depreciation			16,106.93	16,354.59	15,605.14	16,783.13
	Other Non-Cash Items			8,085.35	17,176.31	5,308.63	1,958.84
	Prior Year Adjustment			0.00	0.00	0.00	0.00
5	Operating Balance			58,009.83	76,417.31	74,155.84	98,617.64
6	Capital Account			(21,025.20)	(33,485.56)	(32,880.63)	(35,465.54)
	Revenue			46,935.68	52,922.14	32,061.32	32,491.33
	Expenditure			(61,777.41)	(88,600.02)	(72,439.34)	(69,569.07)
	Investment			(592.65)	(1,328.60)	(556.87)	(1,102.11)
	Change in Inventory			(5,590.82)	3,520.92	8,054.26	2,714.31
7	Transfers from Government			15,029.80	14,826.03	14,126.53	14,718.74
	Loans			0.00	0.00	0.00	0.00
	Equity			0.00	0.00	0.00	0.00
	On-Lending			0.00	0.00	0.00	0.00
	Other			15,029.80	14,826.03	14,126.53	14,718.74
8	Transfers to Government			(53,646.48)	(57,906.59)	(61,302.15)	(66,131.66)
	Dividend			(16,871.57)	(16,685.26)	(17,896.92)	(16,815.56)
	Loan Repayments			(16.92)	0.00	0.00	0.00
	Corporate Taxes			2,116.97	(1,396.91)	(1,185.43)	(1,254.65)
	Other			(38,874.96)	(39,824.43)	(42,219.80)	(48,061.45)
9	OVERALL BALANCE (5+6+7+8)			(1,632.05)	(148.82)	(5,900.41)	11,739.18
10	FINANCING (11+15)			1,632.05	148.82	5,900.41	(11,739.18)
10a	Total			29,001.46	16,412.73	21,942.78	2,438.00
	Capital Revenue			726.97	1,493.49	781.53	4,481.92
	Loans			29,328.18	16,046.36	14,186.80	(1,209.99)
	Equity			0.00	0.00	7,867.38	1,250.00
	On-Lending			557.00	650.00	890.00	2,829.68
	Loan Repayments			(1,610.69)	(1,777.12)	(1,782.93)	(4,913.61)
11	Total Foreign (12+13+14)			(19,504.54)	(18,656.77)	1,265.40	(2,631.54)
12	Government Guaranteed Loans			(4,749.36)	(11,905.94)	(1,106.43)	(3,223.43)
	Disbursement			0.00	178.26	0.00	0.00
	Amortization			(4,749.36)	(12,084.20)	(1,106.43)	(3,223.43)
13	Direct Loans			(14,755.18)	(6,750.83)	2,371.83	591.89
	Long Term:			(19,709.63)	(6,541.19)	1,573.48	1,386.89
		Disbursement		648.00	2,733.33	1,786.00	2,033.00
		Amortisation		(20,357.63)	(9,274.52)	(212.52)	(646.11)
	Short Term:			4,954.45	(209.64)	798.35	(795.00)
		Change in Trade Credits		4,954.45	(209.64)	798.35	(795.00)
14	Change in Deposits Abroad			0.00	0.00	0.00	0.00
15	Total Domestic (16+17+18)			(7,864.87)	2,392.86	(17,307.77)	(11,545.64)
16	Banking System			(7,636.41)	20,256.85	2,705.43	5,970.89
	Loans (Change)			3,246.76	11,061.32	(4,834.57)	3,813.42
	Overdraft (Change)			(112.91)	0.56	115.72	0.00
	Deposits (Change)			(10,770.26)	9,194.97	7,424.28	2,157.47
17	Non-Banks (Change)			0.00	0.00	0.00	0.00
18	Other (Change)			(228.45)	(17,863.99)	(20,013.20)	(17,516.53)

Source: MOFPS

## APPENDIX I

### Central Government Medium-Term Expenditure Profiles

**2022/2023 - 2025/2026**

(\$'000)

*Table IA - Non-Debt Recurrent Expenditure Estimates*

Heads	Revised Estimates 2020/2021	Approved Estimates 2021/2022	Revised Estimates 2021/2022	2021/2022 Provisional Expenditure Apr-Dec	Estimates of Expenditure 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026
His Excellency the Governor-General and Staff	345,091	365,934	439,889	213,645	407,675	394,005	408,994	424,674
Houses of Parliament	1,191,931	1,293,275	1,328,161	886,890	1,341,391	1,383,966	1,428,279	1,466,866
Office of the Public Defender	151,873	157,771	168,612	121,068	190,178	196,028	202,137	208,489
Auditor General	896,283	933,587	962,137	648,915	1,087,007	1,073,373	1,106,301	1,140,820
Office of the Services Commissions	331,735	371,134	380,983	239,122	406,749	408,189	417,947	428,038
Office of the Children's Advocate	190,470	202,377	232,099	147,302	273,004	280,126	288,352	296,954
Independent Commission of Investigations	526,224	545,570	551,415	401,783	612,308	617,315	640,330	637,059
Integrity Commission	923,650	923,650	1,169,976	557,334	1,150,532	1,017,127	1,044,025	1,076,365
Office of the Prime Minister	9,453,991	7,321,402	8,149,002	6,184,368	8,901,323	8,442,664	8,779,055	9,129,843
Office of the Cabinet	763,624	777,675	779,598	499,501	836,032	835,935	858,785	882,425
Ministry of Tourism	10,910,790	10,914,460	11,085,774	7,532,326	11,507,204	12,035,802	12,594,923	13,186,478
Ministry of Economic Growth and Job Creation	10,636,190	10,967,260	14,397,113	11,669,179	12,942,627	11,603,510	12,011,417	12,440,649
Ministry of Finance and Public Service	125,011,682	104,863,677	103,371,071	58,262,149	105,206,314	159,504,949	187,971,838	212,665,889
Ministry of Housing, Urban Renewal, Environment and Climate Change	1,284,752	2,708,849	2,387,535	2,075,057	-	-	-	-
Ministry of National Security	80,940,635	81,502,520	88,230,320	61,611,613	92,424,235	94,486,633	96,922,430	100,193,839
Ministry of Legal and Constitutional Affairs	-	-	90,837	-	572,205	599,363	620,571	642,595
Ministry of Justice	8,468,646	9,103,649	9,947,410	6,890,353	10,388,014	10,714,487	11,221,124	11,393,190
Ministry of Foreign Affairs and Foreign Trade	4,457,129	4,475,380	4,518,457	3,469,232	5,030,141	4,867,203	4,975,845	5,088,486
Ministry of Labour and Social Security	4,035,986	13,652,216	18,657,458	14,309,260	14,219,814	14,025,820	14,240,980	14,465,720
Ministry of Education and Youth	112,921,896	117,393,001	121,156,751	86,697,313	122,361,447	123,473,264	125,511,150	127,619,594
Ministry of Health and Wellness	80,818,201	86,558,648	100,333,883	75,948,009	93,125,480	90,357,980	89,950,519	88,054,297
Ministry of Culture, Gender, Entertainment and Sport	3,819,929	3,649,902	3,882,947	2,485,482	4,407,217	4,030,622	4,162,232	4,299,350
Ministry of Industry, Commerce, Agriculture and Fisheries	5,345,320	-	-	-	-	-	-	-
Ministry of Agriculture and Fisheries	4,431,297	8,358,456	8,906,943	6,581,859	10,224,964	9,692,621	10,022,334	10,366,988
Ministry of Industry, Investment and Commerce	1,462,595	3,388,968	3,777,891	2,482,375	4,299,856	4,203,395	4,350,338	4,505,033
Ministry of Science, Energy and Technology	8,135,043	8,245,077	7,982,559	4,694,118	8,896,116	8,801,824	9,024,068	9,243,737
Ministry of Transport and Mining	12,019,615	11,496,748	11,908,610	8,619,182	12,880,983	12,795,910	13,395,781	14,025,503
Ministry of Local Government and Rural Development	14,019,669	14,163,177	16,341,098	11,277,928	15,776,327	14,797,244	15,272,919	18,174,853
<b>TOTAL RECURRENT</b>	<b>503,494,247</b>	<b>504,334,363</b>	<b>541,138,529</b>	<b>374,505,363</b>	<b>539,469,143</b>	<b>590,639,355</b>	<b>627,422,674</b>	<b>662,057,734</b>

**Table IB - Capital Expenditure Estimates**

(\$'000)

HEADS	Revised Estimates 2020/2021	Approved Estimates 2021/2022	Revised Estimates 2021/2022	2021/2022 Provisional Expenditure Apr-Dec	Estimates of Expenditure 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026
	4,430,563	5,878,657	4,970,247	2,339,519	4,507,458	3,055,990	3,881,700	1,850,000
Office of the Prime Minister								
Office of the Cabinet	91,258	-	-	-	-	-	-	-
Ministry of Economic Growth and Job Creation	14,014,495	20,383,298	28,308,109	19,698,210	29,765,294	36,486,765	17,904,640	15,999,580
Ministry of Finance and Public Service	3,428,153	12,415,683	4,186,615	1,834,291	9,016,960	26,957,362	62,340,217	78,475,746
Ministry of Housing, Urban Renewal, Environment and Climate Change	231,393	309,939	117,072	97,227	-	-	-	-
Ministry of National Security	9,697,819	6,480,397	8,003,269	6,424,727	6,972,057	5,750,000	250,000	-
Ministry of Justice	563,375	520,000	560,000	285,431	95,000	-	-	-
Ministry of Labour and Social Security	13,093,521	81,094	169,930	109,447	-	-	-	-
Ministry of Education and Youth	633,292	1,163,000	768,403	180,710	1,311,500	2,350,000	2,000,000	-
Ministry of Health and Wellness	2,938,452	2,714,648	2,217,624	1,014,928	4,900,454	7,491,886	8,032,739	3,485,000
Ministry of Culture, Gender, Entertainment and Sport	31,784	-	-	-	-	-	-	-
Ministry of Industry, Commerce, Agriculture and Fisheries	578,389	-	-	-	-	-	-	-
Ministry of Agriculture and Fisheries	1,137,154	1,286,052	1,503,542	591,223	4,467,870	1,035,000	860,000	850,000
Ministry of Industry, Investment and Commerce	197,332	349,697	349,697	172,406	710,230	810,230	-	-
Ministry of Science, Energy and Technology	223,732	313,503	741,460	263,088	1,167,666	1,250,000	-	-
Ministry of Local Government and Rural Development	735,705	2,305,350	2,305,350	1,881,893	2,152,838	2,022,938	-	-
<b>TOTAL CAPITAL</b>	<b>52,026,417</b>	<b>54,201,318</b>	<b>54,201,318</b>	<b>34,893,100</b>	<b>65,067,327</b>	<b>87,210,171</b>	<b>95,269,296</b>	<b>100,660,326</b>

**Table IC - Economic Classification of Expenditure (Non- Debt Recurrent)**

(\$'000)

Object Classification	Revised 2020/2021	Revised 2021/2022	Estimates of Expenditure 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026
<b>Compensation of Employees</b>	<b>224,081,746</b>	<b>245,123,300</b>	<b>289,143,108</b>	<b>327,606,768</b>	<b>355,366,116</b>	<b>376,688,083</b>
<b>Recurrent Programmes (of which:)</b>	<b>279,412,501</b>	<b>296,015,229</b>	<b>250,326,035</b>	<b>263,032,586</b>	<b>272,056,558</b>	<b>285,369,651</b>
Travel Expenses and Subsistence	20,348,175	22,484,606	8,649,976	8,369,684	8,345,347	7,936,816
Rental of Property and Machinery	6,347,925	6,060,582	7,324,453	7,639,909	8,243,819	8,719,121
Utilities and Communication Services	10,957,497	11,696,583	11,880,098	11,723,062	11,756,988	11,941,521
Use of Goods and Services	48,991,088	63,776,150	65,505,988	58,100,055	59,277,738	59,967,385
Grants, Contributions and Subsidies	101,837,450	101,749,683	81,879,029	81,022,841	83,094,391	85,394,494
Retirement Benefits	38,127,148	39,074,406	41,009,383	43,033,663	45,163,263	47,397,196
Awards and Social Assistance	10,954,480	24,867,154	22,418,976	22,313,969	22,338,271	22,390,483
Others (Fixed Assets, Land Purchase, etc.)	4,587,938	26,306,065	11,658,132	30,829,403	33,836,741	41,622,635
Below the line expenditure	37,260,800					
<b>TOTAL RECURRENT</b>	<b>503,494,247</b>	<b>541,138,529</b>	<b>539,469,143</b>	<b>590,639,354</b>	<b>627,422,674</b>	<b>662,057,734</b>

**Table 1D: Functional Classification of Expenditure**

(\$'000)

	Revised Estimates 2020/2021	Approved Estimates 2021/2022	Revised Estimates 2021/2022	Estimates of Expenditure 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026
<b>1 General Public Services</b>							
1 Executive and Legislative Services	5,013,268	6,357,499	6,131,481	7,485,780	6,959,015	7,516,224	5,176,514
2 Economic and Fiscal Policies Management	80,439,884	57,705,020	56,305,298	52,163,198	106,722,252	132,231,318	154,107,786
3 Personnel Management	7,634,957	7,718,593	8,033,610	8,190,368	8,694,921	9,158,186	9,659,208
4 Foreign Affairs	4,540,467	4,475,380	4,586,290	5,134,572	4,867,203	4,975,845	5,088,486
5 Economic Planning and Statistical Services	2,944,516	3,890,381	3,547,026	5,460,742	3,420,158	3,224,542	2,727,542
6 Public Works	386,801	368,255	388,558	391,102	400,673	410,482	420,556
7 Public Debt Management Services, Internal Debt	164,943,694	114,757,888	126,148,619	177,811,597	79,307,031	225,413,370	90,362,247
8 Public Debt Management Services, External Debt	129,864,941	157,487,318	171,559,536	129,655,373	177,073,018	174,172,987	159,973,721
99 Other General Public Services	54,093,504	62,877,581	55,939,596	64,944,262	82,508,798	121,383,747	141,326,769
<b>Total General Public Services</b>	<b>449,862,032</b>	<b>415,637,915</b>	<b>432,640,014</b>	<b>451,236,994</b>	<b>469,953,069</b>	<b>678,486,701</b>	<b>568,842,829</b>
<b>2 Defence Affairs and Services</b>							
1 Military Defence	32,004,879	30,636,025	32,177,509	32,673,007	31,735,191	28,902,650	29,583,582
<b>Total Defence Affairs and Services</b>	<b>32,004,879</b>	<b>30,636,025</b>	<b>32,177,509</b>	<b>32,673,007</b>	<b>31,735,191</b>	<b>28,902,650</b>	<b>29,583,582</b>
<b>3 Public Order and Safety</b>							
1 Police Services	49,886,062	48,933,368	55,382,556	57,819,638	59,359,940	58,881,141	60,965,273
3 Law Courts	9,032,008	9,623,649	10,598,247	10,483,014	10,714,487	11,221,124	11,393,190
4 Correctional Services	8,747,513	8,413,524	8,673,524	8,903,647	9,141,502	9,388,639	9,644,984
<b>Total Public Order and Safety</b>	<b>67,665,583</b>	<b>66,970,541</b>	<b>74,654,327</b>	<b>77,206,299</b>	<b>79,215,929</b>	<b>79,490,904</b>	<b>82,003,447</b>
<b>4 Economic Affairs</b>							
1 Industry and Commerce	4,690,036	5,257,287	5,863,025	28,144,286	29,242,625	8,127,987	5,355,033
2 Labour Relations and Employment Services	1,812,525	2,126,717	2,195,855	2,335,660	2,237,372	2,315,173	2,397,427
3 Agriculture, Forestry and Fishing	11,251,599	11,410,737	12,330,651	16,500,883	12,497,365	12,696,105	13,073,164
4 Fuel and Energy	971,625	950,614	1,406,524	1,817,951	1,873,967	690,625	717,007
5 Mining, Manufacturing and Construction	187,815	184,554	189,206	266,703	228,367	234,378	240,634
6 Road Construction and Repairs	16,930,035	24,348,887	34,278,082	10,396,368	14,839,675	16,913,803	19,141,609
7 Road Transport	5,755,112	5,955,105	6,335,643	6,379,700	6,650,202	6,974,464	7,315,098
8 Rail Transport	188,704	254,000	254,000	250,000	260,000	270,000	280,000
9 Shipping, Ports and Lighthouses	205,423	276,636	285,516	300,390	302,580	310,263	318,365
10 Civil Aviation	5,206,501	4,389,946	4,389,946	4,920,000	4,641,000	4,873,050	5,116,703
11 Postal Services	2,195,960	2,234,490	2,436,970	2,415,192	2,392,585	2,456,459	2,520,134
12 Telecommunication Services	4,026,534	4,101,115	3,555,946	4,443,932	4,313,055	4,344,934	4,404,794
13 Tourism	10,970,823	11,033,513	11,165,627	11,586,257	12,115,802	12,678,923	13,272,478
14 Physical Planning and Development	1,077,895	1,294,910	1,411,727	1,634,937	1,931,628	1,913,912	1,020,996
15 Scientific and Technological Services	920,847	1,007,758	1,102,760	1,239,138	1,180,851	1,241,639	1,316,566
99 Other Economic Affairs	7,202	7,439	8,897	7,924	8,122	8,324	8,535
<b>Total Economic Affairs</b>	<b>66,398,636</b>	<b>74,833,708</b>	<b>87,210,375</b>	<b>92,639,321</b>	<b>94,715,196</b>	<b>76,050,039</b>	<b>76,498,543</b>

**Table 1D: Functional Classification of Expenditure (cont'd)**

(\$'000)

	Revised Estimates 2020/2021	Approved Estimates 2021/2022	Revised Estimates 2021/2022	Estimates of Expenditure 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026
<b>5 Environmental Protection and Conservation</b>							
1 Solid Waste Management	1,649,186	1,317,982	1,927,391	3,713,902	2,623,561	811,464	847,351
3 Pollution Abatement	14,828	21,773	29,859	27,670	11,364	12,172	12,894
4 Protection of Biodiversity and Landscape	1,649,040	1,733,862	1,741,948	1,653,764	1,307,922	1,340,427	1,375,417
99 Other Environmental Protection and Conservation	158,636	432,900	256,044	396,248	275,000	360,000	210,000
<b>Total Environmental Protection and Conservation</b>	<b>3,471,690</b>	<b>3,506,517</b>	<b>3,955,242</b>	<b>5,791,584</b>	<b>4,217,847</b>	<b>2,524,063</b>	<b>2,445,662</b>
<b>6 Housing and Community Amenities</b>							
1 Housing Development	953,101	1,423,181	1,449,997	983,823	1,036,943	1,083,659	1,135,772
2 Community Development	8,968,255	10,890,524	11,208,366	9,521,596	9,548,397	9,674,916	12,358,452
3 Water Supply Services	1,003,379	634,867	683,389	654,633	617,074	635,286	653,765
<b>Total Housing and Community Amenities</b>	<b>10,924,735</b>	<b>12,948,572</b>	<b>13,341,752</b>	<b>11,160,052</b>	<b>11,202,414</b>	<b>11,393,861</b>	<b>14,147,989</b>
<b>7 Health Affairs and Services</b>							
1 Health Administration	17,985,452	18,573,794	22,285,563	20,134,454	21,259,114	21,639,317	15,852,506
3 Outpatient Services	-	-	-	-	-	-	-
4 Hospital Services	6,384,945	6,384,945	7,470,065	7,444,785	7,495,539	7,495,085	7,494,608
5 Public Health Services	59,386,256	64,314,557	72,795,879	70,446,695	69,095,213	68,848,856	68,192,183
<b>Total Health Affairs and Services</b>	<b>83,756,653</b>	<b>89,273,296</b>	<b>102,551,507</b>	<b>98,025,934</b>	<b>97,849,866</b>	<b>97,983,258</b>	<b>91,539,297</b>
<b>8 Recreation, Culture and Religion</b>							
1 Recreational and Sporting Services	658,527	585,853	609,773	630,784	585,336	614,568	631,770
2 Art and Cultural Services	1,791,908	1,578,140	1,619,965	1,868,380	1,791,168	1,846,380	1,916,072
3 Broadcasting and Publishing Services	1,105,132	1,112,073	1,142,983	1,201,598	1,233,728	1,270,331	1,309,868
5 Youth Development Services	214,676	238,046	239,246	235,546	244,226	253,205	262,690
<b>Total Recreation, Culture and Religion</b>	<b>3,770,243</b>	<b>3,514,112</b>	<b>3,611,967</b>	<b>3,936,308</b>	<b>3,854,458</b>	<b>3,984,484</b>	<b>4,120,400</b>
<b>9 Education Affairs and Services</b>							
1 Education Administration	11,979,377	10,511,442	10,657,626	10,749,463	10,871,103	10,984,655	10,938,238
2 Pre-Primary Education	3,820,635	4,556,333	4,830,364	5,108,319	5,175,201	5,262,988	5,350,677
3 Primary Education	31,946,626	32,895,364	34,089,819	34,816,235	35,554,184	36,312,442	37,091,565
4 Secondary Education	34,360,728	35,467,008	36,062,030	37,349,335	39,344,113	39,828,113	38,621,242
5 Tertiary Education	20,144,701	20,180,304	22,474,852	20,610,801	19,965,827	20,001,836	20,075,281
6 Education Not Definable by Level	1,374,249	1,507,501	1,702,576	1,536,212	1,309,177	1,300,212	1,319,237
7 Subsidiary Services to Education	6,616,976	10,048,850	8,620,853	10,079,168	10,165,119	10,261,071	10,536,733
<b>Total Education Affairs and Services</b>	<b>110,243,292</b>	<b>115,166,802</b>	<b>118,438,120</b>	<b>120,249,533</b>	<b>122,384,724</b>	<b>123,951,317</b>	<b>123,932,973</b>
<b>10 Social Security and Welfare Services</b>							
1 Sickness and Disabled	301,709	333,203	355,161	325,741	338,659	352,566	367,577
2 Senior Citizens	130,288	931,236	984,111	932,791	939,741	947,351	955,701
3 Survivors Assistance	365,846	284,361	385,066	382,436	283,039	283,661	284,307
4 Family and Children	2,903,664	2,941,915	3,092,384	3,187,868	3,194,314	3,306,628	3,423,931
99 Other Social Security and Welfare Services	18,530,049	13,802,684	19,650,467	14,255,572	14,345,126	14,620,843	14,907,789
<b>Total Social Security and Welfare Services</b>	<b>22,231,556</b>	<b>18,293,399</b>	<b>24,467,189</b>	<b>19,084,408</b>	<b>19,100,879</b>	<b>19,511,049</b>	<b>19,939,305</b>
<b>Total</b>	<b>850,329,299</b>	<b>830,780,887</b>	<b>893,048,002</b>	<b>912,003,440</b>	<b>934,229,573</b>	<b>1,122,278,326</b>	<b>1,013,054,027</b>

## APPENDIX II

### Developments in the Financial Sector

#### Introduction

During the FY 2021/22, the Ministry of Finance and the Public Service (MOFPS) continued to actively pursue key reforms to enhance the resilience and stability of the financial sector, notwithstanding the persistence of the coronavirus pandemic. Notably, the much anticipated Microcredit Act became effective July 30, 2021 which paved the way for the licensing and regulation of microcredit institutions. In addition, other key pieces of legislation have advanced and are at various stages of progress, as detailed below.

The Financial Investigations Division (FID) continued to pursue its mandate of dealing with matters relating to financial crimes, including money laundering; while scaling down continued for the Financial Sector Adjustment Company (FINSAC) Limited and Financial Institutions Services Limited (FIS).

#### Proposed Microcredit Act

The **Microcredit Act** became effective on July 30, 2021 with the passage of the Regulations and Rules. This paves the way for the licensing and regulation of microcredit institutions. Entities have twelve (12) months from the effective date of July 30, 2021 to comply with the provisions of the Microcredit Act and apply to the Bank of Jamaica (BOJ) for a licence.

#### Private Sector Pensions Reform

This second phase of private sector pension reform seeks to ensure that there is an adequate level of pension benefits, foster security of benefits for participants and ensure an effectively regulated private pensions industry by the Financial Services Commission (FSC). The **Pensions (Repeal and Replacement) Bill** and the **Income Tax (Amendment) Bill** is currently with the Chief Parliamentary Counsel (CPC) undergoing revision.

#### Insurance Legislation

The Government is pursuing the creation of a microinsurance legislative framework through amendment of the Insurance Act. The process is at the stage of obtaining Cabinet approval of the policy proposal.

The Insurance (Amendment) Regulations have been through several iterations with the latest draft being received from the CPC in January 2022 and forwarded to the FSC for comments. These regulations pertain to changes in the Minimum Capital Test (MCT), Risk Management Procedures, Capital Requirements for Insurers and Brokers, Insurance Investment and Market Conduct for Insurers & Intermediaries.

## **Financial Services Commission Act**

The **FSC (Amendment) Bill** seeks to facilitate the development of the regime for consolidated supervision of non-deposit taking institutions (non-DTIs). Submission of the Bill to the Legislation Committee of Cabinet is imminent.

## **Proposed Credit Union (Special Provisions) Act**

The **Credit Union (Special Provisions) Bill** seeks to enact legislation to place credit unions under the regulatory purview of the Bank of Jamaica. Submission of the Bill to the Legislation Committee is expected to occur early in the fiscal year.

## **Bank of Jamaica (Amendment) Act (No. 1)**

The process to amend the **Bank of Jamaica Act** in respect of the eligibility criteria for appointments is underway.

## **Bank of Jamaica (Amendment) Act (No. 2)**

The proposal to amend the **Bank of Jamaica Act** to facilitate central bank digital currency commenced in 2021. Submission of the Bill to the Legislation Committee is programmed for early in the new fiscal year.

## **Consumer Protection Framework for deposit taking institutions**

The **Bank of Jamaica (Financial Services Consumer Protection) Bill** seeks to provide for financial consumer protection for customers of deposit taking institutions and other institutions regulated by the BOJ. The Bill is expected to be submitted to the Legislation Committee early in the new fiscal year.

## **Virtual Assets and Virtual Assets Service Providers**

The MOFPS has prepared proposals for a regulatory framework for Virtual Assets and Virtual Assets Service Providers. The MOFPS received comments on the proposal from the Legal Reform Department in September 2021 and will pursue approval for and establishment of the regulatory framework during fiscal year 2022/23.

## **Proposal for the enhancement of the Resolution Framework for Financial Institutions**

During the review period, the MOFPS continued to collaborate with the Technical Working Group to develop the relevant drafting instructions to revise the **Financial Institutions (Special Resolution Framework) Bill**. The proposed legislation for the special resolution regime for financial institutions is intended to enhance the resilience and stability of the financial system in Jamaica by providing a framework to address the resolution of non-viable financial institutions in an orderly way that minimizes the resort to public funds whilst preserving vital economic functions.

## Financial Sector Adjustment Company Ltd and Financial Institutions Services Ltd

FINSAC continued the scaling down of its legacy operations with two members of staff, as follows:

- 1) The audited financial statements for FINSAC and FIS for the year ended March 2021 were completed and submitted to the Ministry of Finance and the Public Service in July 2021. The Annual General Meeting, which was rescheduled twice, as a result of the COVID-19 pandemic was finally held in November 2021.
- 2) FINSAC's 72% shareholding in Ciboney Group Limited remains unsold. However, following the company's advertisement in October 2021, five offers were received and the necessary due diligence is being undertaken to identify a suitable investor to acquire the shares. It is anticipated that this process will be completed by end-March 2022, or shortly thereafter.
- 3) The remaining *bona vacantia* shares will be sold before the end of fiscal year 2021/22 and net proceeds paid over to the Accountant General.
- 4) There remain two significant litigation matters being pursued against FINSAC, both of which are at the Privy Council, namely:
  - a) A case brought by a claimant against an intervened entity for the wrongful withdrawal of funds from its account. The local courts ruled that the amount should be repaid but they differ on whether it should be with simple or compound interest. The amount has been repaid at simple interest. A hearing is set for May 12, 2022 at the Privy Council to consider and rule on this matter.
  - b) In the second matter, a claimant seeks a ruling on the preliminary matter of whether the government should bear his costs. Due to the inordinate delay of the Court of Appeal in delivering its judgment in a hearing, the claimant filed an Application seeking, *inter alia*, to set aside that hearing, for a new hearing to be scheduled and for government to cover all his costs to date. All three judges who heard the appeal have retired.

On hearing the Application, the Judges agreed on the first two counts but made no ruling on the matter of costs. On June 23, 2022, the Privy Council will hear the matter and hand down its decision. Should the Privy Council award costs in favour of the claimant, the matter will be returned to the local Court of Appeal for a fresh appeal to commence, with the government paying his costs.
- 5) FINSAC continued to liaise with Guardian Life Limited with regard to the former Jamaica Mutual Life Staff Superannuation Schemes to locate all remaining beneficiaries. In this regard, the final mandatory advertisement will be done in early March 2022 to locate the approximately 150 remaining beneficiaries or their next of kin. If this proves futile, the funds being held for them will be paid over to the Supreme Court within six months.
- 6) In relation to FIS, there are two remaining lots (a residential lot in Black River, St. Elizabeth and a 16-acre farm land in Saxham, Hanover) to be disposed of. The Writ of Execution was extended for six months, expiring in August 2021, and a planned auction was aborted as no offers were

received. Another extension is being sought and when granted, a submission will be made to Cabinet requesting approval to transfer these lots to the Commissioner of Lands. The hearing was initially set for December 20, 2021 but was vacated as, inadvertently, the matter was not assigned to a judge. Efforts are being made to arrange a new date early in this term.

## **Financial Investigations Division (FID)**

During the review period, the Financial Investigations Division (FID) continued to pursue its mandate under the Financial Investigations Division Act and the Proceeds of Crimes Act (POCA) to take the profit out of crime. Notable achievements of the FID include:

### **1. Preparations for conversion from a Division of Government to a Department**

The organizational assessment and review to transform the FID to a Department of Government was completed and the final report and all pertinent documentation such as the job descriptions were finalized and submitted to the relevant MOFPS arm to be addressed.

### **2. National Risk Assessment (NRA)**

The FID collaborated with the BOJ to conduct the NRA to assess Jamaica's money laundering and terrorism financing threats and vulnerabilities. The World Bank tool was utilized to collate and analyse information from law enforcement and other agencies. The FID successfully completed three (3) Modules: Threat Assessment, National Vulnerability and National Terrorism Financing Threat and Vulnerability. The completed NRA can be accessed on the FID's website [https://www.fid.gov.jm/www/wp-content/uploads/2021/09/Public\\_NRA\\_Final\\_Final\\_31\\_August\\_2021.pdf](https://www.fid.gov.jm/www/wp-content/uploads/2021/09/Public_NRA_Final_Final_31_August_2021.pdf)

### **3. Memoranda of Understanding (MOU)**

During the review period, the FID signed MOUs with several agencies, aimed at strengthening the organisations' response to, among other things, public corruption, money laundering, organised crime, fraud and financial crime. The agencies are the Jamaica Constabulary Force (JCF) the Major Organised Crime and the Anti-Corruption Agency (MOCA) and the Integrity Commission.

### **4. Policy Document**

As a strategic priority, the FID implemented a policy document outlining the benefits of increasing the use of POCA by law enforcement agencies. The overarching aim of the policy is to secure top-level commitment for increased use of the POCA and the laying of money laundering charges.

### **5. goAML**

The goAML platform (a global Anti Money Laundering online reporting solution) was updated in February 2021. This update saw improvements to the system such as, interrogation and analysis of data as well as advanced communication monitoring.

The upgraded goAML platform also facilitates reporting under the United Nations Security Council Resolutions Implementation Act (UNSCRIA). Since September 2021, all reporting entities are required to file reports in fulfillment of their legal obligations under the Act.

6. As of November 30, 2021, 507 entities were registered under goAML and the FID received and processed 66,102 reports as follows:

**Under POCA**

- i. *Suspicious Transaction Report* - 6,828
- ii. *Threshold Transaction Report* - 58,210
- iii. *Authorised Disclosure Reports (Request to Consent )* – 41

**Under TPA**

- iv. *TPA compliance report* - 1023

**7. Privy Council rules in favor of the FID**

The FID, acting on behalf of Inspector Powell, filed an appeal to the Privy Council in July 2015 in the case – [Application by Inspector Pilmar Powell pursuant to Section 79 of the POCA for forfeiture of cash seized from parties Patrick Spence, KurBitron Ltd. and Frederick Graham]. On February 22, 2021 the law lords overturned the decision of the Court of Appeal and ruled that “*the notice and affidavit instead of a plaint and particulars of claim did not constitute a nullity and the notice **should be** treated as a plaint*”. This meant that the cash forfeiture trial(s) could proceed.

This case commenced by ‘*notice and affidavit*’ and became significant in 2015 because then, Jamaica’s Court of Appeal ruled that any cash forfeiture cases which started by ‘*notice and affidavit*’ and not ‘*plaint and particulars*’ had commenced incorrectly and were therefore void. The result of the ruling would see all monies belonging to the defendant(s) being returned without further trial. The FID can now resume several cash seizure/forfeiture cases before the courts which were held in abeyance, some dating back to 2012. The cases all commenced by ‘*notice and affidavit*’.

**8. Asset Recovery Action**

In line with its mandate of taking the profit out of crime, the FID pursued multiple actions that led to the forfeiture and disposal of assets. To sustain the momentum on asset recovery, the FID will continue to collaborate with key stakeholders, including the National Land Agency (NLA) for completion of sale of properties. A total of \$37.2m was received from forfeited cash, forfeited bank accounts as well as receipts from pecuniary penalty orders.

## **Proposed Areas of Focus for FY 2022/23**

Proposed areas of focus for FY2022/23 are:

### **Financial Regulations Division**

- 1) The second phase of private sector pension reform to address issues such as vesting, portability and indexation;
- 2) The enactment of legislation for:
  - i. The supervision of credit unions by the Bank of Jamaica;
  - ii. The development of a special resolution regime for financial institutions;
  - iii. The development of a consumer protection framework for deposit taking institutions;
  - iv. The development of a regulatory framework for virtual assets and virtual asset service providers;
- 3) Legislative amendments to:
  - i. The Financial Services Commission Act for the establishment of group-wide supervision of non-deposit taking financial groups;
  - ii. The Insurance Act to facilitate the creation of a microinsurance legislative framework;
  - iii. The Bank of Jamaica Act to facilitate central bank digital currency and to implement framework for eligibility criteria for appointments.

### **Financial Sector Adjustment Company / Financial Institutions Services Limited**

- 1) For FINSAC, the two staff members will continue to manage the legacy operations with particular focus on:
  - i) Preparation of audited accounts for year ending March 2022;
  - ii) Disposal of remaining assets, including shares in Ciboney Group (if not achieved by March 2022);
  - iii) Liaising with attorneys on the two litigation matters at the Privy Council;
  - iv) Arranging the transfer of residual pension funds to the Supreme Court.
- 2) For FIS, the remaining matters to be pursued are:
  - i) Preparation of audited accounts for year ending March 2022;
  - ii) The transfer of the two unsold properties to the Commissioner of Lands (if not done before March 31, 2022); and
  - iii) Finalising outstanding matters for Jamaica Grande Limited, so that cash may be distributed and thereafter, apply to strike-off the company.

### **Financial Investigations Division**

- 1) A road map will be charted to implement the transition of FID into a Department of the Ministry of

Finance and the Public Service.

- 2) The following legislative and policy directives will be targeted:
  - i. Amendments to the Financial Investigations Division Act, specifically to deal with the issue of the prior approval needed from the Minister to enable the FID to enter into an MOU for the purpose of information sharing.
  - ii. Issue Ministerial orders designating other agencies with which the FID may legally disseminate confidential transaction reports and other reports, in keeping with section 5 of the Financial Investigations Division Act (FIDA).
  - iii. Partner with the Ministry of National Security for legislative changes to POCA especially in respect of the Wealth Order.
- 3) Follow up with Ministry of National Security and the JCF with the implementation of the Policy changes to enhance the use of POCA.
- 4) Enhancement of Cyber Forensics Capabilities, with the acquisition of new equipment and capacity building.

## APPENDIX III

# STRATEGIC HUMAN RESOURCE MANAGEMENT

## ESTABLISHMENT, COMPENSATION AND BENEFITS

### *Compensation Review*

The effective date for restructure of the Public Service Compensation is April 1, 2022. The Government of Jamaica has commenced engagement with public sector unions in respect of the compensation restructure and these meetings will continue across the first quarter of FY 2022/23 as the Government seeks to ensure a full understanding of the new structure by all stakeholders.

### *Wage Negotiations*

Public sector wage negotiations commenced during FY 2021/22 for a one year contract period given the intended implementation of a new compensation structure effective April 1, 2022. At end-January 2022 negotiations were concluded and one-year wage agreements were signed with 84% of employees represented by public sector unions. Negotiations for the FY 2021/22 contract period continue with the remaining public sector groups.

### *Industrial Harmony*

Industrial harmony was maintained at approximately 97% as projected. The continued engagement of all stakeholders remains key to the maintenance of harmony in the Public Sector.

### *Corporate Management & Establishment*

During FY 2021/22 the programme priorities focused on, *inter alia*:

- Support to the Public Sector Transformation programme. This included implementing the staffing and structural recommendations emanating from the Public Sector Transformation Implementation Unit (PSTIU) to give effect to recommendations regarding the merger/divestiture/dissolution (winding up) of certain Public Bodies;
- Organizational reviews, job classification and staffing capacity reviews for Ministries, Departments and Agencies (MDAs), to include:
  - Centralization of Legal Services
  - Establishment of the Jamaica Council for Persons with Disabilities;

- Establishment Management & Control –
  - Publication of *The Civil Service Establishment (General) Order 2021/22*;
- Review and enhancement of the GoJ Job Description Database.

***The priority areas for FY 2022/23 will include –***

- Constitution of new ministries and offices based on the revised Assignment of Subjects and Departments, Agencies and Public Bodies;
- Effecting the new Public Service Classification System based on the Job Evaluation Tool developed under the GoJ Compensation Review; provide support to implementation of the GoJ Compensation Restructure; development of GoJ Job Description Database.
- Continued support to the Public Sector Transformation initiatives regarding the merger/divestiture/dissolution (winding up) of certain Public Bodies, as well as continuous support in the implementation of systems and structure for shared services;
- **Establishment Control –**  
Publication of *The Civil Service Establishment (General) Order 2022/23*

## **PENSION ADMINISTRATION**

### ***Public Sector Pension Reform***

In order to achieve the mandate of disbursing pension benefits in a timely manner, the following activities were undertaken during FY 2021/22:

- Technical support was provided along with training of Human Resource Practitioners in the use of the Public Employees' Pension Administration System (PEPAS). Consequently, there have been significant improvements in the quality and efficiency of the pension applications process.
- Coordination of the streamlining of pension payments in keeping with the Pensions (Public Service) Act. This resulted in the Accountant General's Department assuming responsibility for pension payments for nine (9) statutory bodies whose employees are members of the Pension (Public Service) Scheme.

***Priority areas for FY 2022/23 will include:***

- Conducting audits of pension files in MDAs for officers retiring within the upcoming year with a view to minimizing delays due to inaccurate/incomplete information.
- Strengthening the monitoring and accountability mechanisms to ensure submission of pension files by MDAs at least 6 months prior to the employee's legislated retirement date;
- Developing a training intervention policy for Human Resource Practitioners focusing on the

fundamentals of Pension Documentation and Navigating the PEPAS application;

- The preparation of a draft policy proposing amendments to the *Pensions (Public Service) Act* in view of current trends and international best practice;

## HUMAN CAPITAL DEVELOPMENT

### *Marcus Garvey Public Sector Scholarship Programme*

The Marcus Garvey Public Sector Graduate Scholarship Programme is an initiative of the Government of Jamaica as it strives to ensure that public servants are able to avail themselves of state of the art, technologically advanced education opportunities at the post graduate level thereby enabling them to provide public services contemporary with the global and digitized economy at the highest levels and to drive the country forward to its Vision 2030 goals and beyond.

Subsequent to the launch of the Scholarship Programme in 2020, thirty (30) Public Sector workers were awarded the Scholarship in August 2021. The leading thematic areas being pursued by the awardees are Education, Public Health, Engineering and National Security.

The second cycle of the scholarship intake is expected to commence in February 2022.

## Appendix IV

### TAX PROGRAMME

#### TAX ADMINISTRATION JAMAICA

Tax Administration Jamaica (TAJ/Authority), a semi-autonomous tax authority is responsible for collecting approximately 67% of Jamaica's taxes. TAJ continues to develop and implement a number of compliance risk programmes, to enable the ease and cost effectiveness of tax compliance, as well as manage non-compliance across the four compliance continuums (registration, filing, payment, reporting). These programmes reflect the Authority's mandate to educate taxpayers on compliance matters and to pursue responsible enforcement strategies in keeping with the rule of law.

The Authority continues to be transformed by increased digitization of its processes, with programmes development being augmented by the application of new technology, to strengthen effectiveness and efficiency in promoting voluntary compliance.

As TAJ works to achieve its annual target for tax revenue, for the fiscal year to December, 2021 the agency has achieved an 11% increase in revenue collected when compared to the same period last year. The entity continues to pursue its targeted taxpayer compliance risk level.

#### *PERFORMANCE FY 2021/22 (AS AT DECEMBER 31, 2021)*

##### **Collections**

Total collections for April to December amounted to \$246.8B. This was \$3.3B or 1.3% below target and \$23.7B or 10.6% above the comparative period last year.

##### **Compliance**

Results of the compliance programmes are as follows:

- **Taxpayer registration** saw a 1.5% increase in the taxpayer population moving from 257,659 (end FY 2020/21) to 261,638. These were identified via third-party data.
- **The On-time filing rate** improved from 56.2% to 61.1% over the same period last year. This reflected an increase across all taxpayer segments.
- **The On-time payment rate** examines the value of the tax liability that is paid on time. The YTD payment rate of 94.2% decreased by 1.3% when compared with the payment rate of 95.5% for the

same period last year.

- **Stock of arrears:** For FY 2021/22 approximately 64.4% of targeted arrears were collected (\$10.3B of \$16.0B). Collections by enforcement action accounted for \$9.5B (approximately 98.8%). However, the stock of arrears increased by \$25.6B, moving from \$167.2B at the start of the FY to \$192.8B, which is mainly attributed to outstanding payments on current returns, the time frame to settle waivers, outstanding penalties, and the time to finalize debt write offs.
- **Audit coverage:** From a targeted audit coverage of 10% and 6% for large taxpayers and medium taxpayers respectively; as at December 2021, approximately 55% and 51% were audited for large and medium taxpayers respectively, which translates to 5.5% coverage for the large taxpayers and 3.1% coverage for the medium taxpayers.

### Products and Services

During the third quarter of FY 2021/22, TAJ continued to observe the COVID-19 protocols at its locations, as such, face-to-face interactions with clients remained suspended where possible. TAJ has used the “virtual space” to engage a number of stakeholders mainly through webinars, to keep them informed and address their queries. To mitigate the month-end crowding at Tax Offices, TAJ continues to open select Tax Offices on “month-end Saturdays”. Additionally, the agency has remained focussed on expanding and enhancing its digital services in order to improve its services to its clients. TAJ’s primary system RAIS remains a critical tool during the pandemic, and continues to be upgraded to meet users’ needs.

In November 2021, the St. Andrew Revenue Service Centre was certified as ISO 9001:2015 Quality Management System compliant. This ensured that TAJ strengthened its quality management systems to conform with international standards to meet the requirements and expectations of customers and other stakeholders. Implementation activities are underway to have three additional tax offices ISO 9001:2015 compliant. These activities are 95% completed.

Over the first three quarters of FY 2021/22, TAJ’s public education campaigns focussed on:

- Property Tax payments
- Promotion of tax compliance
- Promotion of TAJ’s digital services
- Reminders regarding filing and payments obligations during the holiday season (December 2021)

During the fourth quarter, it is expected that TAJ’s messaging will predominantly revolve around the continued promotion of eServices and the March 15<sup>th</sup> income tax filing deadline.

### **Structural Improvements (conducive work/customer environment)**

Infrastructure work continues, thereby improving the office environment making it conducive for both staff and the general public. Currently, TAJ has eight offices slated for structural renovation namely, Montego Bay RSC; Mandeville RSC; Kingston RSC (former BNS Building); Browns Town Office; Christiana Office; Portmore Office; Air Jamaica Building (Stamp Duty) and the Nuttall Property. As at end December 2021, the Public Procurement Commission had approved the procurement of consultancy for the Mandeville RSC and the others are still at the preliminary stage, where interactions with stakeholders are ongoing.

Of the ten renovation/upgrading projects earmarked for this fiscal year, four have been completed. The remaining projects are underway.

### **Legal Framework**

In FY 2021/22 TAJs legal services provided support to TAJ's strategic objectives by guiding and providing legal opinions and advice upon request in support of initiatives and programmes alike, which enabled the organization to act within the context of the law. Technical support and guidance was also provided internally and externally, especially in relation to the passage and amendment of legislation.

In relation to treaties in FY 2021/22, Jamaica's Double Taxation Agreement (DTA) with Japan was gazetted and consequential amendments to the treaty were made. Negotiations for the DTA between United Arab Emirates and Jamaica were completed and finalization of the agreement is in progress.

The Organization for Economic Cooperation and Development (OECD) continues to promote the use of a 'whole of government' approach to mitigate against tax evasion and other financial crimes. To better address these issues, Jamaica has signed on to the Base Erosion and Profit Shifting (BEPS) Multilateral Convention Treaty (a Convention that seeks to reduce opportunities for tax avoidance by multinational enterprises). TAJ ensured that all the BEPS standards were met and maintained, which included drafting legislation and conducting reviews in relation to the aforementioned actions. The organization is also a part of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC), which facilitates international cooperation for a better operation of national tax laws, while respecting the fundamental rights of taxpayers. This cooperation ranges from exchange of information, including automatic exchanges, to the recovery of foreign tax claims. The GOJ also signed the Multilateral Competent Authority Agreement (MCAA) - which is a multilateral framework agreement that provides a standardised mechanism to facilitate the automatic exchange of information in accordance with the standard for Automatic Exchange of Financial Information in Tax Matters. The Automatic Exchange of Information legislation and sensitization to enact this agreement was completed and the framework is currently being implemented to facilitate exchanges in FY 2022/23.

### **FY 2022/23 and Beyond**

TAJ will continue to work assiduously to implement key fiscal policies, administrative and legislative

reform actions to augment various measures that have already been implemented.

**Under TAJ's Domestic Tax Administration Programme**, the organization will continue to optimize its domestic tax collections in support of economic growth and development. To this end, the programme will focus mainly on improving the health of the tax system by improving taxpayer compliance in all areas (i.e. registration, filing, payment, reporting). TAJ will design and implement programmes specifically to address deficiencies in taxpayer compliance.

**Under TAJ's Executive Direction and Administration Programme**, TAJ will continue to pursue its mandate through better governance of the Authority as well as improving its office spaces, processes, and human capital.

With regards to the governance of the Authority, TAJ will continue to manage its operations through a Results Based Management (RBM) approach in line with the approach adopted by the MoFPS. The strategic planning function will drive greater results analysis, better assess the appropriateness and/or adequacy of specific indicators and measures, and ensure that the Authority fully gains from the benefits of RBM. Similarly, embedding risk management in the Authority will continue, as it seeks to make it a part of TAJ's culture from which tangible benefits will be achieved.

Improvements to the Authority's digital services will continue to be one of the main strategic priorities, focusing on enhancing its relations with stakeholders through continuous improvements to RAiS and other digital services. The Authority will also be working towards ISO 9001:2015 certification of three selected offices, to ensure service standards are maintained and customer needs are met. TAJ aims to complete its major infrastructure projects in the medium term, transforming the experience for both customers and staff.

## **JAMAICA CUSTOM AGENCY**

### **Introduction**

The Jamaica Customs Agency (JCA) currently collects thirty-eight percent (38.0%) of the government's revenue and as such remains an essential arm of the Government of Jamaica (GOJ).

The JCA's mandate includes collecting the revenue due to the Government of Jamaica, facilitating trade and travel; and border protection management. This mandate contributes to the economic and social development of Jamaica; securing the resources needed by the government to meet its policy and development priorities.

### **Operating Environment**

The JCA strives to secure the national and global trade landscape, thereby making the business environment more stable by streamlining procedures, tackling corruption, enhancing integrity, and facilitating cross-border movement of people and goods.

**Achievements:** April 2021 to December 2021

### **Revenue Collection**

The revenue collection programme of the JCA for the review period has been improving, notwithstanding the disruption of international trade supply chains resulting from the effects of the COVID-19 pandemic. Despite the dynamics of the externalities, the Agency's strategic efforts to support the core mandate of revenue collection have resulted in a positive outturn against the period's target, registering a 2.1% above-target performance. For the period April 1- December 31, 2021, tax revenue collected was \$169.3bn, an increase of \$45.85bn or 37.1% when compared to the corresponding period in 2020. As it relates to non-tax revenue, collections for April 1- December 31, 2021, were \$14.287bn, increasing by \$2.2bn or 17.6% in comparison to April 1- December 31, 2020. Total net revenue (tax and non-tax) collected for April 1- December 31, 2021, was \$183.59bn, recording a growth of \$47.9bn or 35.4% in comparison to April 1- December 31, 2020. This all-round positive performance reflects commencement of the process of recovery post the initial negative impact of the global pandemic.

### **Trade Facilitation**

Trade Facilitation has been challenging with the ongoing impact of the COVID-19 pandemic. The JCA, having assessed the pandemic and the various adjustments required to facilitate business continuity, recognized the need to ramp up its effort towards moving cargo and people faster through the ports. In light of this, the Agency continues to introduce initiatives towards achieving these objectives, some of which are outlined below:

- The phase 1 on-boarding of primary services through the **Jamaica Single Window for Trade (JSWIFT)** for eight (8) of the Border Regulatory Agencies (BRAs) continued. The Certificate of Origin issued by the Trade Board Limited (TBL) was implemented with a mandatory effective date of use on August 23, 2021.
- The country's Instrument of Accession to the International Convention on the Simplification and Harmonization of Customs Procedures (**Revised Kyoto Convention – RKC**) was deposited on May 7, 2021, by the Embassy of Jamaica in Brussels and Mission to the European Union with the World Customs Organization (WCO), resulting in Jamaica being the 128<sup>th</sup> contracting party to the Convention.

The Advance Advice for Classification and Origin e-service to handle matters concerning the classification of goods and applicable rules of origin commenced on August 2, 2021. The service was provisioned through the Automated Customs Management System, ASYCUDA World, available for use by importers, Customs Brokers, and exporters. An Advance Advice is a written statement issued concerning the classification or origin of goods by the Jamaica Customs Agency in advance of the importation or exportation of cargo. For the period April 1 - December 31, 2021, the Agency processed 102,413 commercial declarations of which 93,276 or 91.0% were documentarily processed within 20 hours of submission. Comparatively, for the period April 1 – December 31, 2020, commercial declarations documentarily processed within the same standard timeframe were 73,395 or 78.0% of the 94,042 commercial declarations submitted for the period.

Passenger arrivals totaled 1,375,381 across the two main International Airports, the Donald Sangster International Airport (DSIA) and Norman Manley International Airport (NMIA) passenger terminals for the period April 1 – December 31, 2021. This represented a significant increase of 1,001,771 or approximately 268.0% when compared to 373,670 for the similar period last year. This increase was due to the reopening of the country's borders resulting in increased flights compared to the previous year.

## **Border Protection**

The Jamaica Customs Agency recorded a 30.0% increase in seizures from April to December 2021 over the corresponding period last year. Cash seized by the Agency amounted to US\$189,089.00.

In terms of the modernization of the Non-Intrusive Inspection Programme (NIIP), the Master Plan to guide the improvements of the programme was finalized in November 2021.

## **Legislative Amendments**

Work relating to the legislative modernization programme continued during the review period. The joint Ministry of Finance and the Public Service (MOFPS) and the Jamaica Customs Agency (JCA) Technical Team held a total of twenty-seven (27) meetings during the period. Regarding the principal legislation,

(Customs Bill 2020), four (4) meetings of the Joint Select Committee of Parliament (JSC) were held for the period.

### **Stakeholder Engagement**

The JCA ended the review period with nineteen (19) stakeholder engagements amid the social restrictions resulting from COVID-19 protocols, through leveraging the use of technology to reach its clients. The highlighted events included six (6) Authorized Economic Operators (AEO) sessions held with stakeholders from the manufacturing and producing companies; one (1) sensitization session for the private sector on market access under preferential trade; one (1) town hall session that focused on the clearance of humanitarian relief supplies held on Thursday, July 29, 2021; two (2) inside customs series; two (2) valuation verification sessions with customs brokers and importers; one (1) Customs Business Partnership; two (2) customer service workshops; one (1) session with sufferance wharves and three (3) Quality Assurance Meetings.

### **Strategic Objectives for FY 2022-2023 and the Medium-Term**

The JCA's medium-term strategic objectives and strategies for FY 2022/23 to FY 2025/26 are outlined below:

#### **Customs Management Programme**

- To modernize customs administration for sustainable contribution to economic development by 2024.

#### **Trade Facilitation and Revenue Collection Sub-Programme**

- Improve customs clearance time of commercial goods to 24 hours by 2024;
- Improve customs clearance time of non-commercial goods to 2 hours by 2024;
- Maintain the average customs processing time of 30 seconds and 3minutes respectively for green and red channels at the international airports annually;
- Achieve, at least 95.0% annually, of the revenue target forecasted in contributing to the GoJ budgeting initiatives;
- Reduce, by 5.0% annually, outstanding arrears in optimizing revenue collection.

#### **Border Control Operations Sub-Programme**

- Reduce, by 20%, cross border movement of contraband incidences of seizures and breaches by 2024.

## **Executive Direction and Administration Programme**

- To improve the effectiveness of the implementation of key policies, projects, and administrative services that support organizational strategies to advance the achievement of the organization's goals and objectives.

### **Policy, Planning and Development Sub-Programme**

- Improve the quality of planning, research, and governance mechanisms, as well as the JCA's responsiveness to policy formulation to better respond to sector issues by 2024.

### **Central Administration Sub-Programme**

- Improve operational effectiveness, efficiency, and resource management capacity of the JCA by 2024.

## **Reform Initiatives for FY 2022-2023 and the Medium Term**

### **Trade Facilitation and Revenue Collection Sub-Programme**

#### **ASYCUDA Enhancement Projects – Trade Facilitation and Compliance Modules**

- Develop and Implement a Queen's Warehouse Module to enable timely disposal of overtime goods from transit sheds to support revenue optimization.

#### **Advance Ruling Programme**

- Implement advance ruling to mitigate inconsistent classifications and origin decisions by traders to foster greater compliance and trade facilitation.

### **Border Control Operations Sub-Programme**

#### **Canine Detection Programme**

- Combat trafficking by deploying detection dogs and their handlers to key airports and seaports.

#### **Non- Intrusive Inspection Programme (NIIP)**

- Expand and Enhance Customs Non- Intrusive Inspection Program (NIIP).

### **Policy, Planning and Development Sub-Programme**

### **Revised Customs Regulations and Rules**

- Develop Customs Rules and Regulations aligned to international standards.

### **ISO 9001:2015 Project**

- Establish Quality Management Systems in keeping with national, regional, and international standards.

### **Enterprise Strategic Planning Software/System**

- Streamline and strengthen the strategic planning, monitoring, and evaluation through automation of the planning process and reporting mechanism.

### **Forensic Audit Software**

- Bolster the investigative and analysis capabilities in determining facts during audit proceedings in support of strengthening internal controls.

### **ASYCUDA Enhancement Project – Appeals Process Automation**

- Develop and implement an Appeals and Decision Module to reduce the time taken to resolve issues stemming from transactional conflicts.

## **Central Administration Sub-Programme**

### **Jamaica Single Window for Trade (JSWIFT) System Project**

- Enable cross border traders to submit regulatory documents at a single point to improve coordination between border agencies and trade facilitation.

## Appendix V

### PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)

The Government of Jamaica (GOJ) Public Sector Investment Programme (PSIP) is a rolling five-year plan comprised of Cabinet-approved new and ongoing prioritized public investment projects (PIPs).

The PSIP is a key output of the Public Investment Management System (PIMS) which covers all stages of the project life cycle and applies to all public investment projects within the Specified Public Sector( Central Government, Public bodies and Local Authorities), irrespective of the source of funding, type of procurement and implementation modality.

#### Financing of the PSIP 2022/23-2026/27

The PSIP is financed through a combination of tax revenue; loans and grants (mainly from International Development Partners); as well as from equity provided by Self-Financed Public Bodies. The table below shows the projected expenditure by Central Government and the Public Bodies over the medium term.

#### Summary of PSIP Financing (\$mn)

Financial Year	Loan/Debt	Grant	Consolidated Fund	Equity	Total
2022/23	35,848.288	8,068.002	30,682.240	19,647.374	94,245.904
2023/24	27,009.498	1,512.809	66,510.674	19,507.144	114,540.125
2024/25	11,191.700	1,487.809	86,249.786	17,963.977	116,893.272
2025/26	4,000.000	632.809	96,527.516	22,002.098	123,162.423
2026/27	800.000	0	103,542.738	29,117.722	133,460.460

In fiscal year 2022/23, a combined sum of \$94,245.9mn has been allocated to facilitate the implementation of 123 public investment projects in Central Government (CG) and Public Bodies (PB). Three (3) public private partnerships (PPPs) are included in the investment projects currently under implementation.

The CG will commence/continue 50 investment projects from an allocation of \$65,067mn in FY 2022/23. A Contingency Provision of \$5.3 billion is allocated under the Ministry of Finance and the Public Service to support Pipeline Projects which are at an advanced stage in the appraisal process and have either been recommended to Cabinet for approval to commence implementation during the course of the financial year or will likely gain approval before the end of the current fiscal year. These projects include the procurement of 50 JUTC Buses; construction of the Houses of Parliament building; construction of the St Catherine North divisional Headquarters; and the upgrading and renovation of Justice Centres in Clarendon and Hanover, among others.

Approximately 46% of the budgetary allocation within the CG PSIP has been earmarked for the Ministry of Economic Growth & Job Creation (MEGJC); 13.8% - Ministry of Finance & the Public Service (MOFPS); 10.7% for the Ministry of National Security (MNS); and 7.5% for the Ministry of Health and Wellness.

Public Bodies are scheduled to commence/continue implementation of 73 investment projects utilizing an allocation of \$29,178.6mn. These investment projects will be implemented by nine (9) Public Bodies.

Approximately \$19,647mn (67%) of the funding for projects being implemented by the PBs will be provided from a combination of internal revenues and the Consolidated Fund; \$8,481mn (29%) from loans and the remaining \$1,050mn (4%) from grants.

During FY 2022/23, the National Housing Trust will be spending 33% of the total projected public investment expenditure of PBs; the National Water Commission (NWC) 26%; and the Port Authority of Jamaica (PAJ), 9%.

The information below highlights some of the projects which are included in the 2022/2023 PSIP.

## **NATIONAL SECURITY**

The National Security projects are geared towards the reduction of crime and violence, improving public security and maintain the rule of law; and enhancing the efficiency and effectiveness of the **Jamaica Constabulary Force (JCF)** and **the Jamaica Defence Force (JDF)**. These include projects that involve: 1) the construction/rehabilitation of police buildings; 2) the procurement of equipment and the use of modern technological devices to deter and solve criminal activities; and 3) the establishment of facilities to improve access, coverage, and the response time of the security forces.

***Procurement of Equipment*** – A total of \$6,733.8mn was allocated to the JDF during FY 2021/2022 to continue the procurement of specialized military vehicles, vessels, and other specialized surveillance and operational equipment required to improve the JDF's response to physical threats, cyber-attacks, conduct search and rescue operations and carry out border patrols.

The procurement of specialized equipment will continue during F/Y 2022/2023 and into the medium term (FY 2022/2023 – 2024/2025). An allocation of \$4,943.6mn has been provided in the 2022/2023 budget to continue the procurement of specialized military vessels, other specialized surveillance and operational equipment required to improve the JDF's response to physical threats and cyber-attacks, conduct search and rescue operations and carry out border patrols.

**Construction of the Forensic Pathology Autopsy Suite** – The construction of this government- owned facility is aimed at decreasing the backlog of autopsy cases and reducing the legal implications and associated risks. The facility will also contribute to a reduction in the cost of storage and transportation, and the use of private facilities to conduct autopsy procedures.

Construction of the facility commenced in FY 2021/2022 and will continue during FY 2022/2023 with an allocation of \$319.050mn in the 2022/2023 Estimates of Expenditure. The facility is scheduled to be completed during FY 2023/2024 at which time construction of the building will be completed; specialized equipment procured, installed and commissioned into use;

***Construction of the Westmoreland Police Divisional Headquarters*** - Construction of this facility did commence in FY 2021/2022 as planned. For FY 2022/2023 the sum of \$700mn has been provided to commence construction with the aim of achieving 50% completion by March 2023. The implementation delays experienced to date will extend project completion to FY 2023/24.

**Security Strengthening Project** – This project is geared towards the implementation of initiatives that will contribute to an increase in murder conviction rates through making improvement to operational efficiencies within the JCF. This is to be achieved through: i) procuring the requisite hardware & software for use by the MNS, JCF and related agencies; ii) creating an island wide communication network and internet connectivity between MNS agencies and police stations; iii) providing access to process management software and databases; and iv) the training of JCF officers in the use of new technologies in the conduct of their duties.

During FY 2021/22, this project was allocated \$666.26mn to continue procurements of: a) IT software & hardware; b) the case management and jail management and the station records management systems; and c) networking equipment to facilitate interconnection between agencies;

For FY 2022/2023 the project has been allocated \$1,009.358mn to facilitate: 1) the installation of network equipment to achieve interconnection between various of agencies; 2) the installation of IT software & hardware for the JCF; 3) the procurement of a mobile command centre and fibre optic cables for the JCF; 4) the installation of the case management, jail management and station records management systems; and 5) the installation of the Citizens Service Portal Software.

## **SOCIAL SECTOR**

**Jamaica Social Investment Fund (JSIF)** -The budget for JSIF-managed projects in FY 2021/22 was reduced from \$3,371.157mn to \$3,050.423mn due to slower than programmed implementation of some projects.

For FY 2022/23 a total of \$2,147.194mn has been allocated to facilitate the implementation of three (3) major projects with 31 sub-projects the: ***Integrated Community Development Project II (ICDP II); Jamaica Disaster Vulnerability Reduction Project (DVRP); and the Rural Economic Development Initiative II (REDI II).***

The existing Basic Needs Trust Fund 9 (BNTF9) is slated to end in March 2022 after the completion of 20 rural sub-projects which saw seven schools rehabilitated including Jack's River, Marlie Mount, and Boston Primary; six farm roads repaired including Epworth, Middleton, Windsor, Springfield, Starapple and Common Road; and over 300 small farms equipped with drip irrigation system. A follow-up project, BNTF10, is currently being developed and is expected to be approved for implementation during FY 2022/23.

**Education – In FY 2021/22**, the Ministry of Education and Youth (MOEY) had under implementation, five projects, the largest being the *Primary and Secondary School Infrastructure Project (PSSIP)* which is focused on: the construction of classrooms in eleven (11) high schools, and one All Age School; the construction of an infant school; installation of perimeter security fencing at ten (10) primary schools and one high school; as well as the upgrading of electrical systems in thirteen schools. Other projects within the Ministry's portfolio focused on the construction of additional classrooms, the renovation of MOEY facilities and the construction of sewerage facilities at the College of Agriculture Science & Education (CASE).

For FY 2022/2023, the Ministry is expected to commence the design of new project that will focus on the construction of six (6) new Science, Technology, Engineering & Mathematics (STEM) schools.

## **Health**

The pace of implementation of some projects within the portfolio of the Ministry of Health and Wellness (MOHW), during FY 2021/2022 was reduced due to the impact of the COVID-19 pandemic on the Ministry's operations.

***Redevelopment of the Cornwall Regional Hospital-*** During fiscal year 2021/22, there was a reduction in the rate of the rehabilitation works being carried out at the Cornwall Regional Hospital which resulted in the allocated \$1,300mn being reduced to \$545.37mn. With the completion of Phase 1 of the rehabilitation completed, work has now commenced on Phase 2b and significant progress is expected towards completion the works during the year. The project has been allocated a sum of \$1,141.122mn to facilitate the achievement of this objective.

***Support to the Health System Strengthening for the Prevention and Care Management of Non-Communicable Diseases -*** During fiscal year 2021/2022 the focus of the project was on the completion of working drawings for the rehabilitation and expansion of the three (3) targeted hospitals (Spanish Town, May Pen and St Ann's Bay) and ten (10) health centres which provide primary health care in the catchment areas of the hospitals. Consultants were engaged to carry out geotechnical studies at the sites, prepare the requirements for new medical equipment for the three hospitals and 10 health centres as well as an Electronic Health Record (EHR) platform for the entire public health sector.

For fiscal year 2022/2023, the focus of the project will be on the procurement of four (4) key consultants (Construction Engineer, Medical Equipment Specialist, Quantity Surveyor and Environmental Health Specialist) to assist with the completion of the detail drawings and BQ for the Hospitals and Health Centres, procurement of medical equipment for the health centres and procurement of contractors to commence rehabilitation and expansion works at the Spanish Town Hospital.

***Western Children and Adolescents Hospital –*** During FY 2021/2022 planned activities were delayed due to the impact of the COVID 19 pandemic. The Chinese nationals who were on the project site prior to the fiscal year have still not returned from their home country because of the continued impact of the pandemic.

For FY 2022/2023, the project will focus on the construction of Phase 2 of the car park, the upgrading of the sewage system and the strengthening of the security apparatus for the premises of the proposed hospital.

#### ***Support to the National HIV/AIDS Response in Jamaica***

In fiscal year 2021/2022, the planned activities were delayed due to the nature of the activities (done face to face), however, some activities were redirected online through social media and other medium to reached the vulnerable persons.

For FY 2022/2023, the focus will continue to be on the vulnerable population through increase education campaigns and provision of needed medications.

## **AGRICULTURE**

***Rehabilitation of Research Centres -*** In fiscal year 2021/2022, the project was allocated \$150mn to support the (i) upgrading of the milking system and domestic water supply, (ii) installation of a herd management system and bio-digester, and (iii) renovation of medium and high tech greenhouses.

For FY 2022/2023, \$105mn has been allocated to facilitate the construction of dairy workers housing, installation of domestic water tanks, pond liner and irrigation fittings at fruit tree nursery; and the renovation of the small ruminant house and milk testing laboratory.

***Southern Plains Agricultural Development Project*** – The objective of this project is to provide access to irrigation water on former sugar cane lands in South Clarendon & South St Catherine to increase agricultural productivity through the modernization of the agricultural sector. The focus of the project is on the construction of wells and canal network and the development of agricultural infrastructure in the arable areas in Amity Hall and Bridge Pen in St. Catherine and Parnassus in Clarendon.

During the 2021/2022 fiscal year, the project was allocated \$300mn; however this was reduced to \$201.78mn in the First Supplementary Estimates due to procurement challenges. A surge in the implementation of project activities resulted in an increase to the revised allocation of \$243.98mn. Three (3) wells were drilled and Yield Test completed in the Parnassus area of Clarendon.

For the 2022/2023 financial year, the sum of \$1,371mn has been allocated to the project. The activities scheduled to be implemented include road and drain rehabilitation/construction, rehabilitation of water canals and installation of irrigation pumps and pipelines.

***Essex Valley Irrigation Infrastructure Development Programme*** – The objective of the project is to enhance the production and productivity of farmers in Essex Valley by increasing the area under irrigation and yield of crops in Essex Valley by a minimum of 90% in a socially inclusive gender equitable and climate sensitive manner.

During FY 2021/2022, the project was allocated \$605mn to implement agricultural focused activities. The achievements during the year include: i) well drilling at alternate sites owing to dry wells at three (3) sites; ii) development of designs for global gap certified buildings; iii) training in climate resilience and crop modelling, iv) undertaking Tariff Study for the NIC; and v) development of irrigation network designs and engagement of irrigation network supply/installation contractors. The allocation was increased to \$723.097mn in the Second Supplementary Estimates to support the award of contracts for the supply and installation of irrigation pipes, pumps and meters in the project area.

For the FY 2022/2023, the project has been allocated \$2,677mn which geared towards the: i) installation of irrigation pipelines and appurtenances; ii) supply and installation of pump and meters; iii) supply and installation of renewable energy equipment for powering the irrigation system; and iv) community-engagement to support community-based organizations including gender mainstreaming and support of vulnerable groups.

## **ENHANCING COMPETITIVENESS AND GROWTH**

### ***Jamaica: Foundations for Competitiveness and Growth (FCGP)***

This project commenced implementation in September 2014 with the objective of strengthening the business environment in Jamaica to create an enabling environment for private sector investment which can enhance competitiveness, growth and job creation. Funding for this project is provided by a US\$50.0mn loan from the World Bank of which US\$42.6mn has been disbursed at the end of December 2021. The FCGP has completed over 60 interventions link to enhancing the business environment, provision of strategic private investment and improve SMEs capabilities and finance.

During the 2021/2022 fiscal year, the project continued to provide funding support to several state entities via consultancies which provided transaction advisory services. These include support to Fair Trading Commission/Consumer Affairs Commission (FTC/CAC) in the setup of software and servers as well as consultancy for the enterprise content management system which was 90% completed. Support was also provided for the drafting of a business case for island-wide Non-Revenue Water (NRW) setup and in the drafting of sewage and

water master plans for Falmouth, Kingston and Port Royal which achieved 80% completion. The Downtown Kingston Development plan is also 80% complete.

For fiscal year 2022/23, the sum of \$290.5mn has been allocated to the project with the main focus being continued support to complete implementation of the Enterprise Content Management System at Fair Trading Commission (and Consumer Affairs Commission), digitizing the National Land Agency Land Titling Records, continue processing National Business Portal - Development of IT Platform, develop an implementation plan for Jamaica's National Consumer Protection and Welfare Policy, and facilitating ten (10) commercial applications via the Jamaica Development Application Portal;

***Credit Enhancement Programme for MSMEs*** – The purpose of this project is to provide loan guarantees to Micro, Small & Medium-size Enterprises (MSMEs) which has limited or no access to collateral that is needed to access loans. Funds from this project are used to capitalise the Credit Enhancement Fund (CEF) located at the Development Bank of Jamaica (DBJ). These funds are then used to provide loan guarantees to MSMEs. In FY 2021/22, the project was allocated \$440.95mn, however, the allocation was increased to \$620.5m which was used to capitalise the CEF and provide guarantees to 86 MSMEs. A total of 550 MSMEs have benefitted from loan guarantee under the CEF up to December 31, 2021.

For FY 2022/23 the project has been allocated \$789.70mn, which will be used to further capitalise the CEF and provide an additional 107 loan guarantees to MSME's to enhance their ability to access financing.

#### ***Access to Finance for MSMEs***

The objectives of this project are to: i) support the establishment of an MSME Fund for risk capital financing; ii) contribute to the capitalisation of the CEF; and iii) improve the enabling environment for access to finance and business development services for MSMEs. The project was allocated \$400mn for FY 2021/2022, which was used to help capitalise the CEF from which 260 guarantees were provided to SMEs, support provided to the SME fund and 128 MSMEs supported under the DBJ's Vouchers for Technical Assistance Programme.

For FY 2022/2023, the sum of \$750mn has been allocated to strengthen the capital base of the CEF, continue supporting the SME Fund which provides private equity and access to risk capital through private equity funding for SMEs.

### **ENERGY EFFICIENCY AND CONSERVATION**

***Energy Management and Efficiency Project*** - The objective of this project is to promote energy efficiency in state entities and fuel conservation in road transportation. The focus of the project include the retrofitting of selected government buildings with energy efficient lighting and air conditioning systems and the implementation of an urban traffic management system in the Kingston Metropolitan Area.

For the FY 2021/22, the project was allocated \$313.5mn but was increased to \$704.01mn to support the implementation of the Urban Traffic Management System.

For FY 2022/2023, a total of \$1,167.66mn has been allocated to: (1) commence lighting retrofits in fifty (50) public buildings; (ii) continue installation of the Urban Traffic Management System (UTMS) in the KMA; (iii.) commence deep retrofit of seven hospitals; and (iv) to update the National Energy Policy and Integrated Energy Plan.

## INFRASTRUCTURE

During FY 2021/2022, just over 50% of the capital budget was allocated to infrastructure works including: the Southern Coastal Highway Improvement Project; Montego Bay Perimeter Road; Montego Bay Waterfront Protection Infrastructure (Groynes) Project; Montego Bay Closed Harbour Beach Park Development Project, and the Jamaica Disaster Vulnerability Reduction Project (DVRP). For FY 2022/2023, over 40% of the Capital budget has been allocated to rehabilitation or construction of public infrastructure, in particular roads and bridges.

The three (3) major infrastructural projects which will be under implementation FY 2022/2023 are:

- **The Southern Coastal Highway Improvement Project (SCHIP)** - The objective of the Southern Coastal Highway Improvement Project (SCHIP) is to improve the main south eastern road corridor from Harbour View, St Andrew to Port Antonio, Portland (110Km); Morant Bay to Cedar Valley, St Thomas (26Km); and the construction of a third phase of the East–West Highway (Highway 2000) from May Pen, Clarendon to Williamsfield in Manchester (27km). The improvement/construction of these roadways is expected to reduce travel time, motor vehicle operation and maintenance costs, increase commerce, stimulate economic activities and general development in the eastern and south central sections of the country.

For FY 2021/2022, the project was allocated \$25,567.75mn to facilitate land acquisition, design and supervision, execution of civil works along the south eastern road corridors comprising of Harbour View to Yallahs Bridge - Part B (ii); Yallahs Bridge to Port Antonio - Part B (iii); Morant Bay to Cedar Valley - Part B (iv); and the May Pen to Williamsfield leg of the East-West Highway - Part A (i).

For FY 2022/2023 the project has been allocated \$20,744.5mn to: 1) continue highway construction works along the May Pen to Williamsfield corridor and achieve 65% completion; 2) continue works along the Harbour View to Yallahs corridor; 3) complete ten (10) of fifteen (15) local road works packages along the Yallahs to Port Antonio corridor; and (4) continue land acquisition along Part B (ii), B (iii) and B (iv) works and achieve 90% , 40%, and 20%, completion respectively.

- **Montego Bay Perimeter Road Project** - This project aims to create a safe and reliable alternate route/road for motorist travelling across and within Montego Bay reducing congestion within the city and open up new lands to facilitate structured development. The focus of the project is the construction of 15km of 4 lane carriageway from Iron shore to Bogue in Montego Bay and the rehabilitation/improvement of intersections within the city of Montego Bay over a four-year period. During the 2021/2022 fiscal year the initial allocation was of \$1, 2000mn, however the allocation was reduced to \$600.0mn due to slower than programmed implementation.

For fiscal year 2022/2023, the project has been allocated \$4,889.5mn to continue land acquisition and continue design of the 15km - 4 lane divided carriageway from Ironshore to Bogue, Montego Bay; and to commence the design of a 11km - 4 lane divided carriageway along the Long Hill Bypass corridor.

- **Montego Bay Waterfront Protection Project** – The objective of this project is to reduce the loss of beach front acreage to coastal erosion and protect valuable coastal resources along the Montego Bay Waterfront and the marine ecosystem in that area.

During FY 2021/22 this project received an allocation of \$328.0mn to complete the construction/rehabilitation works on the Northern and Southern Groynes along the Montego Bay coastline. However, the works commence late in the fiscal year and the targeted completion date was not achieved. The project has been allocated \$321.9mn in F/Y 2022/2023 to complete construction/rehabilitation works on both the northern and southern groynes.

## **ENVIRONMENTAL RESILIENCE & CLIMATE CHANGE**

***Jamaica Disaster Vulnerability Reduction Project (DVRP)*** - This project was allocated the sum of \$1,2790.952mn in the 2021/22 budget to undertake: 1) the completion of all three fire stations - Montego Bay, Port Maria and Yallahs; 2) completion of the coastal revetment works; and 3) completion of the National Risk Information Platform and Micro-zonation Study and Coastal Assessments.

For FY 2022/2023 the sum of \$321.905mn has been allocated to facilitate payments for: (a) construction works on the three fire stations (Montego Bay, St. Mary & St. Thomas); (ii) coastal revetment works on sections of Kingston Harbour (Port Royal Street); (iii) training and technical assistance for improved disaster and climate resilience; and (iv) completion of the Building Code editing, and the conduct of training.

***PPCR II - Improving Climate Data and Information Management*** - The objective of this project is to improve the use of climate related data and information for effective planning and action at the local and national levels.

During FY 2021/22 the sum of \$95.92mn was allocated to the project. This was subsequently revised to \$187.55mn to complete the: i) installation of 15 automatic weather stations by the Meteorological Service of Jamaica (MSJ); ii) installation of solar system at the MSJ Radar Station in Coopers Hill, (iii) installation of solar systems for Automatic Weather Stations, (iv) community risk profiling, (v) development of the township level risk profile, (vi) launched the 2019 State of Jamaica Climate Report and training of Municipal Corporations stakeholders; and (vii) conducted training of MSJ, WRA and RADA officers in the use of radar data and products.

For F/Y 2022/2023, the project has been allocated the sum of \$43.39mn will facilitate final payments to contractors/consultancies and execute project closeout activities.

***PPCR II - Adaptation Programme and Financing Mechanisms*** – The objective of this project is to increase Jamaica’s resilience to climate change through enhancing adaptive capacity across priority sectors. The project focuses on: i) mainstreaming climate change into development planning; ii) providing information on novel approaches, including climate financing, to overcome the challenges of climate change; and iii) disseminating lessons learned from adaptation interventions.

The project was allocated the sum of \$244.94mn in the FY 2021/22 budget. The achievements during the period included: i) the construction of 205 check dams; ii) the installation of 50 rainwater harvesting systems and community water systems; iii) Farmer-Field School training; iv) completion of the refurbishing of the post-harvest facility; v) the establishment of three (3) green/shade houses; vi) completion of the Reforestation Programme with 2,020 meters of live barriers (pineapple and sugar cane) planted on selected farms in the Upper Rio Minho Sub-watershed.

For FY 2021/22, the sum of \$60mn has been allocated to execute project management close-out activities and conduct: a) Final Evaluation; b) Post Impact Evaluation and Ex-Post Economic Analysis; and c) Final Audit;

## ***PUBLIC SECTOR TRANSFORMATION/MODERNISATION***

Major achievements under the modernization programme in recent years include enhancement of the Public Investment Management System (PIMS); the establishment of a Public Investment Projects Database (PIPD), the development of a Human Resource Management Enterprise System (MyHR+), the introduction of Shared Corporate Services, the development of an electronic business registration form (EBRF) and improvements in the public procurement process.

For FY 2022/2023, \$2.640mn has been allocated to the two major public investment projects that are leading the public sector modernization/transformation process: - ***Support to the Public Sector Transformation Programme*** and the ***Strategic Public Sector Transformation Project***. Major initiatives to be implemented include, inter alia, continued ‘roll-out’ of shared corporate services, building the capacity of several state agencies to improve overall performance, execution of several training interventions in various state entities, improving the ICT governance framework, complete compensation review consultancy and implementation of work permit system.

### **SELF-FINANCED PUBLIC BODIES (SFPBs)**

Public bodies continue to contribute to the infrastructural and economic development of the Jamaican economy. For FY 2022/23, the Group projects \$21,260.43mn (2021/22: \$15,995.39mn) for Public Sector Investments, with approximately \$16,926.88mn or 80% being financed from the internal resources of the entities. The SFPBs with expected significant contribution to Public Sector Investment are highlighted below:

***National Housing Trust (NHT)*** - The NHT will continue to pursue the increased delivery of housing solutions in the medium term, consistent with Government’s policies effected in 2017. Accordingly, NHT has projected to complete/facilitate the completion of 5,567 housing solutions, (2021/22: 5,943 units). Projects will include housing solutions with small contractors, joint ventures, inner city housing and NHT’s own projects to the value of \$9,710.24mn.

***National Water Commission (NWC)*** - The NWC will continue to undertake significant investments aimed at facilitating required infrastructure rehabilitation. PSIP expenditure should amount to \$7,654.70mn and is targeted at projects to improve the availability of potable water, the accuracy of customer metering and sewerage operations. A total of \$3,500mn is budgeted for customer water meter installation.

***Port Authority of Jamaica (PAJ)*** - The PAJ will continue to pursue projects aimed at facilitating the development of, as well as enhanced security at the ports. Major expenditure is budgeted for final payment towards the acquisition of the the Jamaica III Buoy Tender and to acquire an additional pilot boat during the year. Expansion/development works will continue at the Montego Bay Freeport (\$491.46mn), as well as the Port Royal Cruise Terminal (\$292.74mn). A total of \$163.35mn is projected for expenditure on the Port Community System. Projects included in the PSIP are expected to account for approximately 71% (\$2,691.43mn) of planned capital expenditure of \$3,810.59mn.

***Airports Authority of Jamaica (AAJ)*** - The development efforts of AAJ will focus on continued work in respect of domestic aerodromes (inclusive of the Vernamfield Aerodrome, as well as at the Ian Flemming International Airport) to the value of \$508.32mn. AAJ will also continue the pursuit of projects related to carry over capital development works at the Norman Manley International Airport (NMIA - \$218.93mn) and NMIA shoreline

protection (\$133.86mn). Expenditure in respect of AAJ's PSIP forecast (\$861.11mn) should account for 82% of the budgeted capital expenditure of \$1,046.28mn.

APPENDIX V PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)							
PROJECTS	Funding Agency	Revised Allocation 2021/2022	Estimates 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)	Projection 2026/2027 (\$'000)
<b>OFFICE OF THE PRIME MINISTER</b>							
Implementation of the National Identification System (NIDS) for Economic Growth	IDB	1,661,324	2,360,264	2,095,000	2,500,000	-	-
Jamaica Disaster Vulnerability Reduction Project	IBRD	1,279,952	673,542	-	-	-	-
Jamaica Integrated Community Development Project II	GOJ	455,187	796,200	353,800	-	-	-
Rural Economic Development Initiative (REDI II)	IBRD	188,759	677,452	607,190	1,381,700	1,850,000	-
Youth Employment in Digital and Animation Industries	IBRD	258,500	-	-	-	-	-
Poverty Reduction Project IV	EU	227,626	-	-	-	-	-
Basic Needs Trust Fund (BNTF9)	CDB	698,899	-	-	-	-	-
Jamaica Integrated Community Development Project	IBRD	200,000	-	-	-	-	-
<b>TOTAL OFFICE OF THE PRIME MINISTER</b>		<b>4,970,247</b>	<b>4,507,458</b>	<b>3,055,990</b>	<b>3,881,700</b>	<b>1,850,000</b>	<b>-</b>
<b>MINISTRY OF ECONOMIC GROWTH &amp; JOB CREATION</b>							
Establishment of United Nations (UN) House	GOJ	60,500	103,500	120,000	120,000	-	-
Credit Enhancement Programme for MSMEs	IDB	620,950	789,700	-	-	-	-
Access to Finance for MSMEs	IBRD	400,000	750,000	-	-	-	-
Boosting Innovation, Growth & Entrepreneurship Ecosystem	IDB	270,000	849,975	1,000,000	550,000	850,000	-
Electronic Land Titling Project	GOJ	40,000	900,000	1,173,955	1,129,181	207,770	-
Southern Coastal Highway Improvement Project	GOJ/CEXIM	25,567,750	20,744,525	23,229,000	3,227,649	-	-
Construction of Ministry of Foreign Affairs Head Office	GOJ/PRC	67,833	104,431	-	-	-	-
Montego Bay Perimeter Road	GOJ	600,000	4,889,522	10,686,000	12,600,000	14,664,000	10,500,000
Integrating Water, Land and Ecosystems Management in Caribbean Small Island Developing States (IWEco)	UNEP	150,930	106,736	-	-	-	-
Montego Bay Waterfront Protection Infrastructure (Groynes) Project	GOJ	224,000	321,905	-	-	-	-
Montego Bay Closed Harbour Beach Park Development Project	GOJ	91,954	-	-	-	-	-
Plastic Waste Minimization Project	UNEP	19,900	-	-	-	-	-
Green Climate Fund Readiness Support Project	G/Climat Fund	-	65,000	-	-	-	-
PPCR II - Adaptation Programme & Financing Mechanism	CIF/IDB	149,272	60,000	-	-	-	-
Developing a Comprehensive Bush Fire Warning Index for Effective Bush Fire Management	CDB	1,425	-	-	-	-	-
Conserving Biodiversity and Reducing Land Degradation Using an Integrated Approach	GEF/UNDP /GOJ	43,595	80,000	277,809	277,809	277,809	-
<b>TOTAL MINISTRY OF ECONOMIC GROWTH &amp; JOB CREATION</b>		<b>28,308,109</b>	<b>29,765,294</b>	<b>36,486,764</b>	<b>17,904,639</b>	<b>15,999,579</b>	<b>10,500,000</b>
<b>MINISTRY OF FINANCE &amp; THE PUBLIC SERVICE</b>							
Contingency Provision - Public Investment Management System	GOJ	-	5,317,137	23,847,242	61,350,217	75,265,746	85,992,738
Strategic Public Sector Transformation	IBRD	1,031,824	353,055	285,000	-	-	-
PPCR II - Improving Climate Data & Information Management	CIF/IBRD	187,548	43,322	-	-	-	-
Enhancing the Resilience of the Agri Sector and Coastal Areas	Adaptation Fund	200,000	253,495	-	-	-	-
Strengthening the Institutional Capacity of Financial Services Commission (TC)	IDB	7,750	-	-	-	-	-
Jamaica Foundation for Competitiveness and Growth	IBRD	550,000	290,500	-	-	-	-
Support to the Public Sector Transformation Programme	IDB	1,998,162	2,286,698	1,600,120	-	-	-
A Jamaican Path from Hills to Ocean	EU	35,000	142,753	275,000	360,000	210,000	-
Jamaica Business Environment Reforms Project	GOJ/IBRD	50,000	330,000	950,000	630,000	-	-
Technical Cooperation Facility (TCF) VI	EU	110,831	-	-	-	-	-
Public Sector Transformation - Support to the MoFP Transformation Programme	UNDP	15,500	-	-	-	-	-
<b>TOTAL MINISTRY OF FINANCE &amp; THE PUBLIC SERVICE</b>		<b>4,186,615</b>	<b>9,016,960</b>	<b>26,957,362</b>	<b>62,340,217</b>	<b>75,475,746</b>	<b>85,992,738</b>
<b>MINISTRY OF HOUSING, URBAN RENEWAL, ENVIRONMENT AND CLIMATE CHANGE</b>							
PPCR II - Adaptation Programme & Financing Mechanism	CIF/IDB	95,667	-	-	-	-	-
Developing a Comprehensive Bush Fire Warning Index for Effective Bush Fire Management	CDB	-	-	-	-	-	-
Green Climate Fund Readiness Support Project	Green Climate Fund	21,405	-	-	-	-	-
<b>TOTAL MINISTRY OF HOUSING, URBAN RENEWAL, ENVIRONMENT AND CLIMATE CHANGE</b>		<b>117,072</b>					
<b>MINISTRY OF NATIONAL SECURITY</b>							
Acquisition of Aircraft		2,336,000	-	-	-	-	-
Cyber Security Initiatives	GOJ	1,726,136	2,243,649	1,500,000	-	-	-
Acquisition of Equipment - Coast Guard	GOJ	2,236,704	2,700,000	2,000,000	-	-	-
Development of the Jamaica Defence Force Western Bases	GOJ	419,000	-	-	-	-	-
Construction of the Forensic Pathology Autopsy Suite	GOJ	246,827	319,050	250,000	-	-	-
Construction of the Westmoreland Police Divisional Headquarters	GOJ	180,000	700,000	900,000	250,000	-	-
Acquisition of vehicles - JDF		435,000	-	-	-	-	-
Security Strengthening Project	IDB	423,602	1,009,358	1,100,000	-	-	-
<b>TOTAL MINISTRY OF NATIONAL SECURITY</b>		<b>8,003,269</b>	<b>6,972,057</b>	<b>5,750,000</b>	<b>250,000</b>	<b>-</b>	<b>-</b>

PROJECTS	Funding Agency	Revised Allocation 2021/2022	Estimates 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)	Projection 2026/2027 (\$'000)
<b>MINISTRY OF JUSTICE</b>							
Construction and Improvement of Courthouses	GOJ	320,000	-	-	-	-	-
Establishment of Family Courts	GOJ	200,000	-	-	-	-	-
Renovation and Upgrading Works at the Clarendon Parish Court	GOJ	40,000	95,000	-	-	-	-
<b>TOTAL MINISTRY OF JUSTICE</b>		<b>560,000</b>	<b>95,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MINISTRY OF LABOUR &amp; SOCIAL SECURITY</b>							
Integrated Support to Jamaica Social Protection Strategy	IDB	169,930	-	-	-	-	-
<b>TOTAL MINISTRY OF LABOUR &amp; SOCIAL SECURITY</b>		<b>169,930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MINISTRY OF EDUCATION, YOUTH &amp; INFORMATION</b>							
Education Transformation Programme I	GOJ	40,000	250,000	-	-	-	-
Renovation & Modification of Caenwood and Heroes Circle Premises	GOJ	60,000	-	-	-	-	-
Promoting Quality Education and Advancing the reality of a Child Friendly Environment	UNICEF	1,403	-	-	-	-	-
Primary & Secondary School Infrastructure Project		404,000	899,500	850,000	-	-	-
Establishment of Diagnostic Centres (Special Education)	GOJ	263,000	110,000	-	-	-	-
Education System Transformation Programme (Phase 2)	GOJ	-	52,000	1,500,000	2,000,000	3,000,000	3,500,000
<b>TOTAL MINISTRY OF EDUCATION, YOUTH &amp; INFORMATION</b>		<b>768,403</b>	<b>1,311,500</b>	<b>2,350,000</b>	<b>2,000,000</b>	<b>3,000,000</b>	<b>3,500,000</b>
<b>MINISTRY OF HEALTH</b>							
Redevelopment of the Cornwall Regional Hospital	GOJ	545,370	1,141,122	1,500,000	1,200,000	-	-
Western Adolescence Hospital	GOJ	125,000	83,000	-	-	-	-
Support for the Health Systems Strengthening for the Prevention & Care Management of Non-Communicable Diseases Programme	IDB/EU/G OJ	554,000	2,335,141	3,319,147	3,450,000	-	-
Support to the National HIV/AIDS Response in Jamaica		904,440	1,041,191	872,739	882,739	985,000	-
Technical support to Reduce Teenage Pregnancy	IDB	13,814	-	-	-	-	-
Programme for Reduction of Maternal and Child Mortality (PROMAC)	EU	75,000	-	-	-	-	-
Redevelopment and Modernisation of the University Hospital of the West Indies	GOJ	-	300,000	1,800,000	2,500,000	2,500,000	3,500,000
<b>TOTAL MINISTRY OF HEALTH</b>		<b>2,217,624</b>	<b>4,900,454</b>	<b>7,491,886</b>	<b>8,032,739</b>	<b>3,485,000</b>	<b>3,500,000</b>
<b>MINISTRY OF AGRICULTURE &amp; FISHERIES</b>							
Bodles Redevelopment Project	GOJ	150,000	105,000	-	-	-	-
Promoting Community Based Climate Resilience in the Fisheries Sector	IBRD	77,322	99,642	-	-	-	-
Essex Valley Irrigation Infrastructure Development Prog.	CDB	723,097	2,677,000	200,000	-	-	-
Southern Plain Agricultural Development Project	CDB	243,981	1,371,228	125,000	-	-	-
Soil Fertility Mapping Project	Kingdom of Morocco	28,000	65,000	60,000	10,000	-	-
Agricultural Competitiveness Programme Bridging Project	GOJ	215,429	-	-	-	-	-
Feasibility Studies for GOJ Public Investment Projects - South St.Catherine - South Clarendon Irrigation Feasibility Study	CDB	65,713	-	-	-	-	-
Modernisation of the Agricultural Sector Programme	IDB	-	150,000	650,000	850,000	850,000	850,000
<b>TOTAL MINISTRY OF AGRICULTURE &amp; FISHERIES</b>		<b>1,503,542</b>	<b>4,467,870</b>	<b>1,035,000</b>	<b>860,000</b>	<b>850,000</b>	<b>850,000</b>
<b>MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE</b>							
Global Services Skills Project	IDB	337,858	710,230	810,230	-	-	-
Implementation Support for Skills Development for Global Services	IDB grant	11,839	-	-	-	-	-
<b>TOTAL MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE</b>		<b>349,697</b>	<b>710,230</b>	<b>810,230</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MINISTRY OF SCIENCE, ENERGY &amp; TECHNOLOGY</b>							
Energy Management and Efficiency Programme	IDB	704,010	1,167,666	1,250,000	-	-	-
Upgrade to the International Postal System Project	Universal Postal Union	37,450	-	-	-	-	-
<b>TOTAL MINISTRY OF SCIENCE, ENERGY &amp; TECHNOLOGY</b>		<b>741,460</b>	<b>1,167,666</b>	<b>1,250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MINISTRY LOCAL GOVERNMENT &amp; RURAL DEVELOPMENT</b>							
Improvement of Emergency Communication System in Jamaica	JICA	373,856	300,000	170,000	-	-	-
Fixed Asset Acquisition - Jamaica Fire Brigade	GOJ	1,930,350	-	-	-	-	-
Climate Change Adaptation and Risk Reduction Technology and Strategies to Improve Community Resilience	CDB	1,144	-	-	-	-	-
Acquisition of Compactor Trucks		-	1,852,838	1,852,938	-	-	-
<b>TOTAL MINISTRY LOCAL GOVERNMENT &amp; RURAL DEVELOPMENT</b>		<b>2,305,350</b>	<b>2,152,838</b>	<b>2,022,938</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CENTRAL GOVERNMENT</b>		<b>54,201,318</b>	<b>65,067,327</b>	<b>87,210,170</b>	<b>95,269,295</b>	<b>100,660,325</b>	<b>104,342,738</b>

PUBLIC ENTERPRISES - SELF-FINANCED PUBLIC BODIES							
PROJECTS	Funding Agency	Revised Allocation 2021/2022	Estimates 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)	Projection 2026/2027 (\$'000)
<b>Airport Authority of Jamaica</b>							
NMIA Capital Development Programme (CDP)	AAJ	118.97	218.93	160.22	329.38	276	-
Aerodromes	AAJ	224.26	508.32	350.76	667.50	1,039	741
Shoreline Protection	AAJ	543.64	133.86	32.84	-	170	339
<b>AAJ Sub-Total</b>		<b>886.87</b>	<b>861.11</b>	<b>543.82</b>	<b>996.88</b>	<b>1,484.07</b>	<b>1,080.33</b>
<b>Betting, Gaming and Lotteries Commission</b>							
Gaming Management Information System (GMIS)	BGLC	175	233	62	-	-	-
<b>BGLC Sub-Total</b>		<b>175</b>	<b>233</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Factories Corporation of Jamaica</b>							
Garmex Redevelopment Project	FCJ	248,880	888,260	672,010	85,000	-	-
<b>FCJ Sub-Total</b>		<b>248,880</b>	<b>888,260</b>	<b>672,010</b>	<b>85,000</b>	<b>-</b>	<b>-</b>
<b>Financial Services Commission</b>							
Enterprise Information Management (Integrated Regulatory System)	FSC	60,000	60,000	60,000	-	-	-
<b>FSC Sub-Total</b>		<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>National Housing Trust</b>							
<b>SMALL CONTRACOTRS PROGRAMME</b>							
Windsor	NHT	-	320,000	-	-	-	-
Darliston, Westmoreland	NHT	6,118	-	-	-	-	-
Masemure, Westmoreland	NHT	66,241	-	-	-	-	-
Monymusk 2	NHT	86,736	-	-	-	-	-
Shrewsbury Ph 1, Westmoreland	NHT	-	200,000	105,000	-	-	-
Humming - Sevens, Phase 1	NHT	232,781	70,000	-	-	-	-
Colbeck Castle, Ph 1 & 2	NHT	-	470,000	240,000	-	-	-
Colbeck Castle, Ph 4	NHT	-	350,000	286,000	200,000	200,000	-
Projects to be determined	NHT	-	-	397,840	-	100,000	-
Colbeck Castle, Ph 5	NHT	-	-	-	-	-	167,250
Bromley	NHT	-	-	-	-	250,000	375,000
Negril Spots	NHT	-	-	-	-	150,000	225,000
Minard	NHT	-	-	-	-	100,000	175,500
Colbeck Castle Ph3&4							183,100
<b>Sub-Total</b>		<b>391,876</b>	<b>1,410,000</b>	<b>1,028,840</b>	<b>200,000</b>	<b>800,000</b>	<b>1,125,850.00</b>
<b>DEVELOPERS PROGRAMME</b>							
Ridge Estate, St. Ann	NHT	-	10,200	-	-	396,000	1,988,800.00
Negril Spots	NHT	-	421,900	1,552,000	1,241,600	1,396,800	-
Mount Nelson, Manchester	NHT	-	2,800	-	-	1,017,000	2,796,000.00
Longville Ph 4	NHT	-	3,500	-	-	-	6,400,000.00
Luana	NHT	-	-	2,547,000	-	-	-
Minard	NHT	-	-	-	2,664,000	-	-
Galina	NHT	-	-	-	837,000	-	-
Dry Valley	NHT	-	-	-	-	1,062,000	2,865,600.00
Ruthven Road Ph2	NHT	-	-	-	-	2,457,000	-
Fontabelle	NHT	-	-	-	-	530,870	2,217,790.00
Surbion Apartments	NHT	-	-	-	-	966,000	-
Barrett Hall	NHT	-	-	-	-	761,400	2,370,000.00
Projects to be determined	NHT	-	-	-	-	960,000	1,600,000.00
<b>Sub-Total</b>		<b>-</b>	<b>438,400</b>	<b>4,099,000</b>	<b>4,742,600</b>	<b>9,547,070</b>	<b>20,238,190.00</b>
<b>NHT JOINT VENTURE</b>							
The Villages of Colebeck Castle - Ph 1 & 2, Clarendon (Inf)	NHT	158,485	924,000	1,000,000	413,550	59,500	-
The Villages of Colebeck Castle - Ph 3 & 4, Clarendon (Inf)	NHT	23,164	102,000	400,000	173,790	29,000	-
The Villages of Colebeck Castle - Ph 5, Clarendon (Housing & Inf)	NHT	-	276,500	1,000,000	810,000	800,000	170,000.00
The Villages of Colebeck Castle - Ph 6, Clarendon (Housing & Inf)	NHT	-	11,000	-	-	-	-
Estuary - Phase 2, St. James	NHT	1,718,396	352,100	710,000	-	-	-
Estuary - Phase 1, St. James	NHT	-	1,077,000	-	-	-	-
Penwood, Olympic Gardens	NHT	5,652	360,000	260,000	178,900	6,820	-
Irwin Housing Development	NHT	74,658	8,400	67,020	34,200	-	-
<b>Sub-Total</b>		<b>1,980,356</b>	<b>3,111,000</b>	<b>3,437,020</b>	<b>1,610,440</b>	<b>895,320</b>	<b>170,000.00</b>
<b>NHT PROJECTS - GENERAL</b>							
Albion, Manchester	NHT	-	21,910	71,470	810,020	821,730	828,590.00
Dry Valley, Trelawny	NHT	-	-	-	-	-	1,380,000.00
Dundee, Trelawny	NHT	-	26,000	750,000	720,000	1,250,000	1,400,000.00
Bromley, St. Ann	NHT	-	25,000	387,000	1,190,400	1,936,000	-
Monymusk Country Estate 2, Clarendon Houses	NHT	1,319	605,950	75,000	-	-	-
Monymusk Glades, Clarendon Houses	NHT	418,426	-	-	-	-	-
Friendship - Phase 1, St. Elizabeth	NHT	418,697	382,500	-	-	-	-
Friendship - Phase 2, St. Elizabeth	NHT	-	223,580	734,360	925,410	1,211,970	616,430.00
Passley Gardens, Portland	NHT	-	9,700	276,350	310,400	138,570	20,590.00
Perth 1A, Manchester	NHT	20,117	-	-	-	-	-
Perth 2, Manchester	NHT	4,230,566	1,093,900	300,000	-	-	-
Humming Meadows Phase 1, (Housing) Clarendon	NHT	14,311	-	-	-	-	-
Humming Meadows Phase 2, Clarendon	NHT	1,274,736	1,294,000	300,000	-	-	-
Twickenham Park, Phase 4, St. Catherine	NHT	575,954	39,500	90,000	-	-	-
Ruthven Road, Phase 1, St Andrew	NHT	855,550	50,410	-	-	-	-
Ruthven Road, Phase 2, St Andrew	NHT	-	-	-	-	-	-
Shrewsbury 2, Westmoreland	NHT	-	16,810	33,000	4,000	-	-
Vineyard Town - Central Avenue & Third Avenue	NHT	-	26,230	-	-	-	-
Windsor, Duncans	NHT	38,554	31,300	-	-	-	-
Malvern, St. Elizabeth	NHT	16,939	26,000	-	-	-	-
Industry Cove, Hanover	NHT	14,818	-	-	-	-	-
Projects to be determined	NHT	-	-	-	240,000	256,690	1,563,600.00
Jacksonville	NHT	6,892	-	-	-	-	-
Point, Hanover	NHT	84	-	-	-	-	-
<b>Sub-Total</b>		<b>7,886,964</b>	<b>3,872,790</b>	<b>3,017,180</b>	<b>4,200,230</b>	<b>5,614,960</b>	<b>5,809,210.00</b>

PROJECTS	Funding Agency	Revised Allocation 2021/2022	Estimates 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)	Projection 2026/2027 (\$'000)
<b>INNER CITY HOUSING / COMMUNITY RENEWAL PROG.</b>							
Rasta City	NHT	16,403	311,000	520,000	5/6,000	213,000	-
White Wing	NHT	42,936	95,000	240,000	39,200	-	-
Maxfield Park (Frog City)	NHT	12,453	127,500	327,000	208,200	-	-
Cantebury	NHT	-	186,500	-	-	-	-
St. Paule Lane	NHT	-	49,000	390,000	-	-	-
Bellrock	NHT	-	73,500	15,000	6,400	-	-
81 Bayfarm Road	NHT	-	35,550	330,000	-	-	-
Industry Pen	NHT	-	-	920,000	148,500	-	-
Mona Common	NHT	-	-	710,000	188,400	210,150	175,000.00
Majesty Gardens	NHT	57,407	-	-	-	-	-
Denham Town	NHT	773	-	-	-	-	-
Mount Salem	NHT	-	-	236,250	1,200,000	900,000	-
Leith Hall	NHT	-	-	300,000	-	-	500,000.00
Juno Crescent	NHT	8,723	-	-	-	-	-
Sub-Total		138,694	878,050	3,988,250	2,366,700	1,323,150	675,000.00
<b>NHT Sub-Total</b>		<b>10,397,890</b>	<b>9,710,240</b>	<b>15,570,290</b>	<b>13,119,970</b>	<b>18,180,500</b>	<b>28,018,250.00</b>
<b>National Water Commission</b>							
		-	-	-	-	-	-
KMA Water Supply Programme	IDB	509,210	-	-	-	-	-
Caribbean Regional Fund for Wastewater Management (CReW)	CReW	74,930	-	-	-	-	-
Spanish Town Road Mains Replacement	Loan	1,252,690	730,000	1,600,000	1,600,000	-	-
Other Mains Replacement	Loan	230,390	1,080,700	-	500,000	500,000	-
Greater Mandeville Water Supply	NHT loan	176,590	50,000	200,000	800,000	-	-
Port Royal Mains Replacement and New Sewerage System	Grant	153,620	1,050,000	200,000	600,000	-	-
<b>K FACTOR PROGRAMME</b>							
Customer Water Meter Installation	NWC	-	3,500,000	-	2,800,000	2,100,000	-
Baron Hill/Samuel Prospect Water main	Loan	144,460	-	-	-	-	-
Essex Valley W/S Distribution	Loan	73,100	-	-	-	-	-
Hounslow W/S Hopewell Well to Fort Charles	Loan	-	110,000	-	-	-	-
Western Spanish Town/St John's Road W/S Upgrading	Loan	-	-	-	-	-	-
Kencot Sewerage	Loan	31,200	-	-	-	-	-
Horizon Park WWTP Rehab	Loan	132,380	50,000	-	-	-	-
Eltham Park WWTP Rehabilitation	Loan	-	68,000	-	-	-	-
Greater Portmore WWTP Rehabilitation Phases 1 & 2	NWC	175,820	200,000	-	-	-	-
Seymour/Fairway Sewerage	Loan	-	-	-	-	-	-
Dillsbury/Millsborough Sewerage	Loan	50,710	-	-	-	-	-
Duhaney Park/New Haven Sewerage Force Main replacement & Upgrade	Loan	-	-	-	-	-	-
Bay Farm Road Sewer Extension	Loan	47,350	-	-	-	-	-
Tanks and Pumps	Loan	-	-	-	-	-	-
University Crescent Sewerage	Loan	-	-	-	-	-	-
Mona Heights Sewerage	Loan	60,000	160,000	163,000	160,000	-	-
St Catherine NRW	NWC	-	-	241,000	863,000	797,000	-
<b>Rural Water Projects</b>							
Agualta Vale/Richmond Highgate	Loan	87,400	-	-	-	-	-
Dornoch WTP to Baron Hill Main Replc.	Loan	-	70,000	155,000	-	-	-
Jericho Well to Ewarton/York St Pipe upgrade	Loan	-	50,000	-	-	-	-
Martha Brae WTP intake upgrading	Loan	147,190	220,000	150,000	-	-	-
Moravia WTP Manchester	Loan	-	-	-	-	-	-
Black River Pipeline replacement	Loan	37,800	201,000	-	-	-	-
Shettlewood-Anchovy Water Supply St James	Loan	-	115,000	-	-	-	-
<b>NWC Sub-Total</b>		<b>3,384,840</b>	<b>7,654,700</b>	<b>2,709,000</b>	<b>7,323,000</b>	<b>3,397,000</b>	<b>-</b>
<b>Port Authority of Jamaica</b>							
Port Royal	Loan	264,370	292,740	83,590	-	-	-
Business Process Outsourcing	Loan	90,100	86,110	65,000	-	-	-
MV Buoy Tender JA. II Repl	PAJ	1,260,030	1,368,190	-	-	-	-
Port Community System	PAJ	65,000	163,350	42,050	42,340	46,730	-
Logistics	PAJ	68,380	132,080	-	-	-	-
Montego Freeport	PAJ	-	491,460	1,102,000	300,000	-	-
Ocho Rios Cruise Terminal	PAJ	95,810	157,500	980,790	-	-	-
<b>PAJ Sub-Total</b>		<b>1,843,690</b>	<b>2,691,430</b>	<b>2,273,430</b>	<b>342,340</b>	<b>46,730</b>	<b>-</b>
<b>Spectrum Management Authority</b>							
ASMS/RMDFS Equipment	SMA	-	116,200	-	-	-	-
<b>SMA Sub-Total</b>		<b>-</b>	<b>116,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Urban Development Corporation</b>							
Hellshire Sewage Treat Plant	UDC/NH T	59,030	47,200	-	-	-	-
Dunn's River Falls and Park Renovation		-	91,310	6,690	-	-	-
<b>UDC Sub-Total</b>		<b>59,030</b>	<b>138,510</b>	<b>6,690</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SELF-FINANCED PUBLIC BODIES</b>		<b>15,995,392</b>	<b>21,260,434</b>	<b>21,292,026</b>	<b>20,871,307</b>	<b>21,625,714</b>	<b>28,019,330</b>
<b>TOTAL CENTRAL GOVERNMENT &amp; SELF-FINANCED PUBLIC BODIES</b>		<b>70,196,710</b>	<b>86,327,761</b>	<b>108,502,196</b>	<b>116,140,602</b>	<b>122,286,039</b>	<b>132,362,068</b>
<b>PUBLIC PRIVATE PARTNERSHIPS</b>							
Norman Manley International Airport (NMIA)	PPP	356,546	2,720,490	831,708	752,670	876,384	1,098,392.00
Ministry of Education - Schools Solar	PPP	-	333,900	342,468	-	-	-
National Water Commission- Rio Cobre 15MGD WTP	PPP	-	4,863,753	4,863,753	-	-	-
<b>TOTAL PPPs</b>		<b>356,546</b>	<b>7,918,143</b>	<b>6,037,929</b>	<b>752,670</b>	<b>876,384</b>	<b>1,098,392</b>
<b>TOTAL PSIP</b>		<b>70,553,256</b>	<b>94,245,904</b>	<b>114,540,125</b>	<b>116,893,272</b>	<b>123,162,423</b>	<b>133,460,460</b>

## APPENDIX VI

### FISCAL RISK STATEMENT

#### Introduction

The Jamaican economy is gradually recovering from the severe disruption occasioned by the COVID-19 pandemic. An expansion in real GDP has been achieved for the first half of FY 2021/22, compared to the historic double-digit contraction for the corresponding period of the preceding fiscal year. The realization of this major health and economic risk caused an adverse impact on the fiscal accounts during FY 2020/21. The ability of the GOJ to respond to the crisis without significantly derailing the fiscal and debt sustainability programme emanated from its steadfast commitment to fiscal discipline and prudent management.

Limiting the exposure to fiscal risks requires a comprehensive understanding of the sources of these risks; transparency in their disclosure and the execution of effective risk management practices. This allows the government to safeguard the hard-won fiscal and macro-economic gains. Failure to appreciate and appropriately address fiscal risks will expose the fiscal accounts, which may require the government to undertake unplanned and disruptive policy actions to maintain credibility and long-term sustainability.

This Fiscal Risk Statement outlines and assesses the GOJ's exposure to fiscal risks originating from sources such as: sharp deviations from the macroeconomic assumptions used in preparing the FY 2022/23 budget and medium-term projections; contingent liabilities which may arise from natural disasters, the operations of public bodies, public private partnerships and judicial awards; wage settlements; and monetary policy actions. The statement also highlights measures already taken and underway, as well as those being explored by the GOJ to address and mitigate these risks.

#### Fiscal Risk Sources and Disclosure

The major risks that the GOJ, through the MOFPS, actively monitors and manages are highlighted in **Table VI (a)**.

**Table VI (a): Fiscal Risk Sources**

<b>Risk Factor</b>	<b>Implications for Fiscal Position</b>
<b>Macroeconomic Risks</b>	
Economic Growth	Deviation of actual economic growth from forecast is expected to impact key fiscal variables, including revenue. Slower than budgeted growth will likely lead to a shortfall in revenue.
Inflation	Lower than programmed inflation can have a negative impact on revenue collection and nominal growth, thereby thwarting the achievement of fiscal and debt targets. Higher than programmed inflation could negatively impact the Government's expenditure bill.
Interest Rates	Increasing interest rates are a risk to debt service costs, based on the interest rate composition of the debt stock. That is, the higher the percentage of the portfolio that is contracted on a floating rate basis, the greater the risk from an increase in the interest rate.
Exchange Rates	Jamaica dollar depreciation could contribute to the external debt stock, debt service, and imports increasing in J\$ terms. However, a depreciation of the \$J will have a positive revenue effect through increased earnings primarily from international trade taxes and external grant receipts (in J\$ terms).
Commodity Prices	Oil Prices - Oil prices directly impact both revenue and expenditure. Revenue is impacted through the SCT on petroleum and petroleum products, whereas expenditure is impacted through the Government's housekeeping expenses.
<b>Contingent Liabilities</b>	
Natural Disasters	Jamaica is located in a multi-hazard zone, and is therefore susceptible to natural disasters such as hurricanes, flooding, excess rainfall and earthquakes. Realisation of any of these disasters could lead to significant infrastructural damage and the need for an increase in and/or adjustment of the GOJ's expenditure, as well as lower revenue from economic disruption and fallout.
Public Bodies	Public Entities may require support from the Central Government to cover operating costs or pay debt, adding pressure to the Government's budget.
Public Private Partnerships (PPPs)	PPP Projects have to be carefully designed, taking into account the probability of losses that may have to be assumed by the Government.
Judicial Awards	Court judgements made against the GOJ pose a risk to fiscal targets, through increased unplanned expenditure.
<b>Other</b>	
Wage Settlements	Uncertainty surrounding the final settlements, compounded by the protracted nature of wage negotiations can lead to higher than planned costs to the budget.
Monetary Policy	The Bank of Jamaica Act outlines that the Central Bank should maintain a Reserve Fund consisting of net profits transferred at the end of each fiscal year. When the fund exceeds the Bank's authorised capital, the excess should be transferred to the Consolidated Fund. Likewise, if the Bank realises net losses exceeding the amount held in the Reserve Fund at the end of the Bank's fiscal year, the excess is to be paid to the Bank from the Consolidated Fund. The operations of the Central Bank therefore entail upside and downside risks.
Government Policy Changes	Government policy changes have the potential to adversely impact both revenue and expenditure and ultimately key fiscal targets, in the absence of compensatory measures.

Source: MOFPS

## Macroeconomic Risks

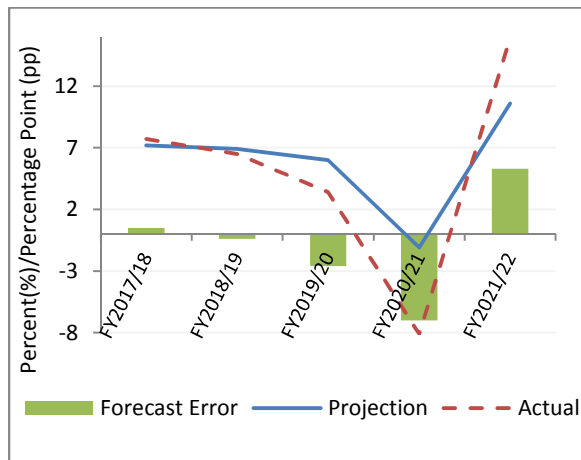
### *Economic Growth*

The main risk to fiscal and debt sustainability in Jamaica is slower-than-projected GDP growth. Deviations from the GDP growth forecast impacts the accuracy of fiscal projections, particularly for tax revenue and may undermine the achievement of key fiscal targets since they are often expressed as a percentage of nominal GDP. **Figure VI (a)** and **Figure VI (b)** below show the difference between the growth projections underlying the original budget<sup>4</sup> and actual outturns for both nominal and real GDP over the period FY 2017/18 to FY 2020/21, and estimated outturns for FY 2021/22. The diagrams illustrate a generally positive forecast bias for both nominal and real GDP, which means that the actual outturns are often below the original forecasts – leading to negative forecast errors. For FY2021/22, nominal and real GDP are expected to exceed projection by 5.3 and 2.7 percentage points respectively. This demonstrates a faster-than-expected recovery from the economic impact of COVID-19, with nominal GDP growth for FY 2021/22 estimated at 15.9 percent, and real GDP growth estimated at 7.9 percent.

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<sup>4</sup> The GDP growth projections used for FY 2020/21 reflect those underlying the First Supplementary Estimates and not the original budget, since there was an early revision of the budget due to the onset of the COVID-19 pandemic.

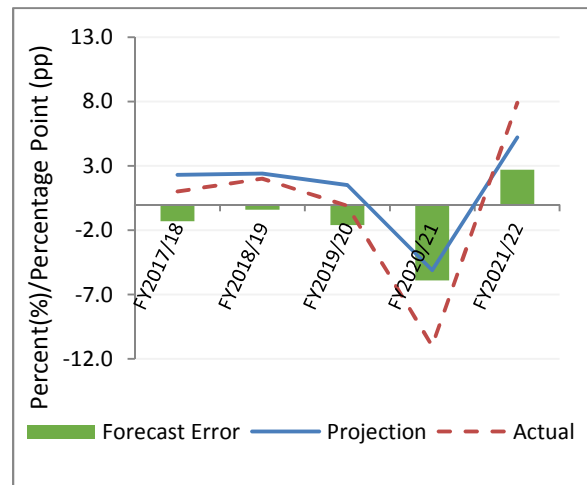
**Figure VI (a): Nominal GDP Projections vs. Actual Outturns**



Source: MOFPS

Note: Projections and actual outturns are read in percentage (%) and forecast errors are read in percentage points (pp).

**Figure VI (b): Real GDP Projections vs. Actual Outturns**

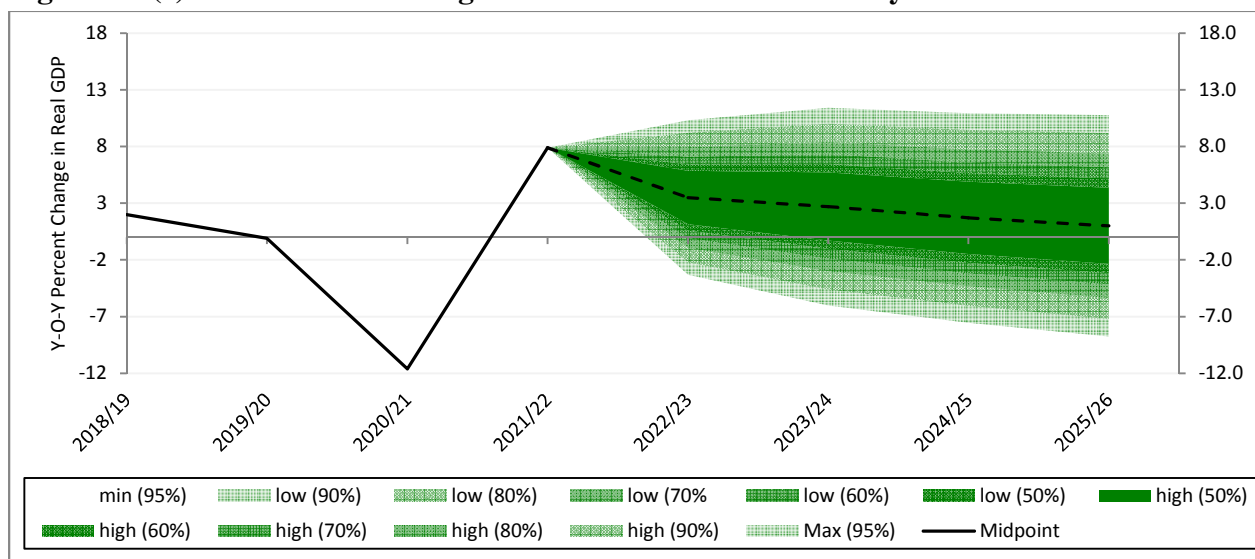


Source: MOFPS

Note: Projections and actual outturns are read in percentage (%) and forecast errors are read in percentage points (pp).

Real GDP growth for FY 2022/23 is projected at 3.5%. The fan chart in **Figure VII(c)** captures the level of uncertainty surrounding the medium-term projections for real GDP growth. For FY 2022/23 there is a 50.0% probability that the real GDP growth outturn will be between 0.6% and 4.7%.

**Figure VI (c): Fan Chart Showing Real GDP Growth Uncertainty**



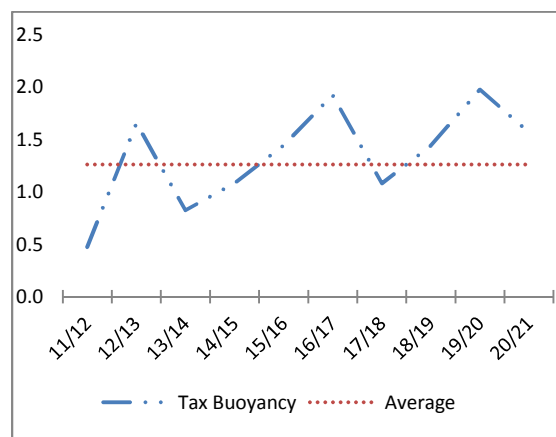
Source: BOJ, MOFPS

### Box VI (a): Depiction of Uncertainty Surrounding Baseline Real GDP Growth Forecast

The solid line in **Figure VI (c)** shows actual fiscal year Real GDP growth for the 3-year period from FY 2018/19 through to FY 2020/21 and the estimated growth for FY 2021/22, while the broken line represents the 4-year medium-term baseline projections (from FY 2022/23 to FY 2025/26). The fan chart utilises the standard deviation of the forecast errors to determine the spread of the fan opening around the projected baseline values at different confidence levels. The blades nearest the centre of the fan chart in dark green define the range of projections corresponding to a 50.0% probability of occurrence, based on historical outturns. As the probability of occurrence increases, the colour is progressively less saturated and the spread between the maximum and minimum values rise.

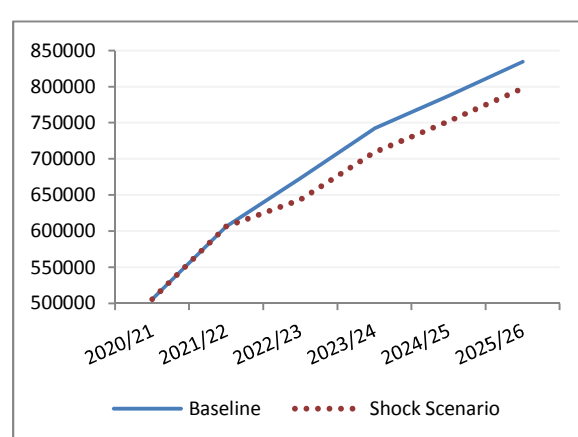
The relationship between tax revenue and nominal GDP can be measured using tax buoyancy, where a buoyancy of 1.0 suggests that a 1.0% increase in GDP would result in a 1.0% increase in tax revenue. Buoyancy greater than 1.0 would result in a more than proportionate increase, whereas buoyancy less than one would lead to a less than proportionate increase in tax revenue. **Figure VI (d)** shows buoyancy estimates for the period FY 2011/12 to FY 2020/21 and the average estimate for the period. The average buoyancy of 1.3 suggests that where nominal GDP increases (decreases) by 1.0%, tax revenue is expected to increase (decrease) by 1.3%. This result was used to inform a shock scenario in which nominal GDP growth for FY 2022/23 is 5.0 percentage points lower than projected (see **Figure VI (e)**). In the year of impact (FY 2022/23) tax revenue would fall by \$29,793.4 million or 4.4% relative to the baseline.

**Figure VI (d) Buoyancy of Total Tax Revenue Relative to Nominal GDP**



Source: MOFPS

**Figure VI (e) Impact of a Shock to Nominal GDP on Tax Revenue**



Source: MOFPS

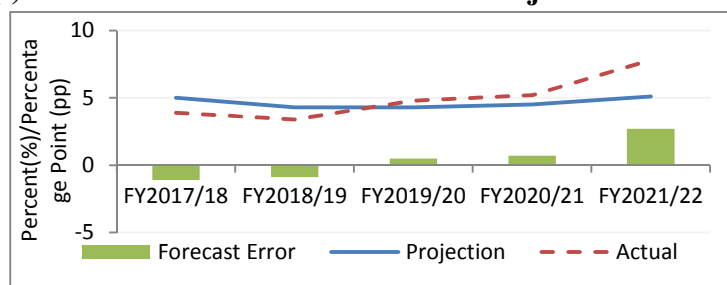
The IMF's January 2022 World Economic Outlook Update projects that global economic growth will moderate from 5.9% in 2021 to 4.4% in 2022. Downside risks to this outlook include the emergence of new variants which could prolong the pandemic, as well as supply chain disruptions and energy price volatility. Jamaica's main trading partner, the United States, is projected to grow by 4.0% in 2022, an improvement over the April 2021 outlook, but 1.2 percentage points lower than the October 2021 outlook. The revision was driven by the withdrawal of monetary policy accommodation and the fiscal stimulus package from baseline assumptions, as well as the inclusion of continued supply shortages. The GOJ will continue to monitor developments in the global economy to gauge possible spill-over effects from trading partners.

### ***Inflation***

Inflation rates impact the GOJ expenditure budget as it relates to general housekeeping expenses as well as the cost for servicing inflation-linked debt. At end-December 2021, inflation-linked debt accounted for 2.7% of total Central Government debt and increased in nominal terms by \$4,372.5 million or 8.2% relative to end-March 2021. This resulted in an increase in interest payments of \$83.3 million, as increases in the nominal value of these debt instruments also increase the associated debt service costs. Inflation might also increase revenue receipts as the general price level in the economy rises, but this is conditional on the sensitivity of demand to price movements.

At end-December 2021, the annual point-to-point inflation rate was 7.3%, a breach of the Bank of Jamaica's (BOJ's) targeted band of 4.0% to 6.0% (see **Section 2: Macroeconomic Overview**). This is expected to increase to 7.8% by the end of FY 2021/22. **Figure VII (f)** highlights the variance between inflation projections and the actual outturns for FY 2017/18 to FY 2020/21 and the estimated outturn for FY 2021/22. For the first two years of analysis, inflation projections have exceeded outturns by as much as 1.1 percentage points. The converse is true for the past three fiscal years, with the actual outturn for FY2021/22 likely to exceed projection by 2.7 percentage points.

**Figure VI (f): Annual Point-to-Point Inflation Projections vs Actual Outturns**



Source: STATIN, BOJ, MOFPS

Note: Projections and actual outturns read in percentage and forecast errors read in percentage point.

### **Interest Rates**

The Government's exposure to changes in interest rates is measured by the share of variable-rate, and near-to-maturity fixed-rate debt in the debt portfolio. In an effort to reduce this risk, the GOJ's debt management strategy features the issuance of mainly fixed-rate debt instruments. At end-December 2021, the share of variable-rate debt in the GOJ's portfolio was 27.2 percent, a 0.7 percentage point increase relative end-March 2021 (see **Table VI (b)**).

**Table VI (b): Variable-Rate Composition of Debt Stock (%)**

	end-March 2021	end-December 2021	Change
<b>Domestic Debt</b>	23.3	22.8	(0.5)
<b>External Debt</b>	28.5	29.8	1.3
<b>Total Debt</b>	<b>26.5</b>	<b>27.2</b>	<b>0.7</b>

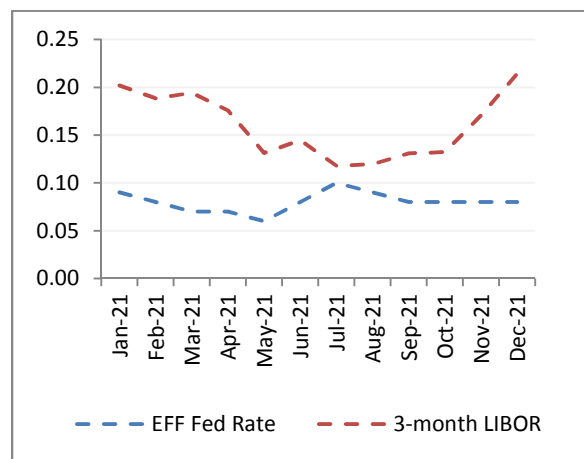
Source: MOFPS

The 3-month Treasury Bill rate and the 3-month USD LIBOR<sup>5</sup> are the reference rates primarily used to reset interest rates on the variable-rate portion of the domestic and external debt portfolios, respectively. For the 2021 calendar year, the US Federal Reserve maintained their accommodative monetary policy stance and held the target range for the Fed Funds rate at 0.00% to 0.25%. As a result, the 3-month USD LIBOR remained low throughout the calendar year and averaged 0.16% (see **Figure VI (g)**). In contrast, the BOJ increased its policy rate by a total of 200 basis points throughout the year to address rising inflation. This resulted in an increase in the cost to service domestic debt, with the 3-month Treasury bill rate increasing by 332 bps year-over-year to 4.09 percent in December 2021 (see **Figure VI (h)**).

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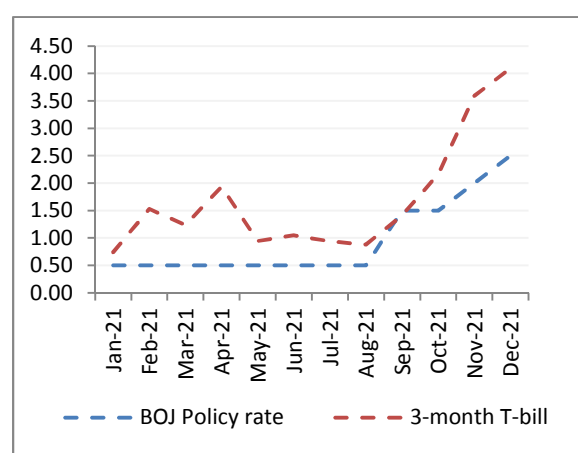
<sup>5</sup> The use of LIBOR as a referencing rate in the GOJ's financial contracts has been discontinued effective January 1, 2022. The rate will be replaced by the Secured Overnight Financing Rate (SOFR).

**Figure VI (g): External Market Reference Rates**



Source: Federal Reserve Bank of St. Louis

**Figure VI (h): Domestic Market Reference Rates**



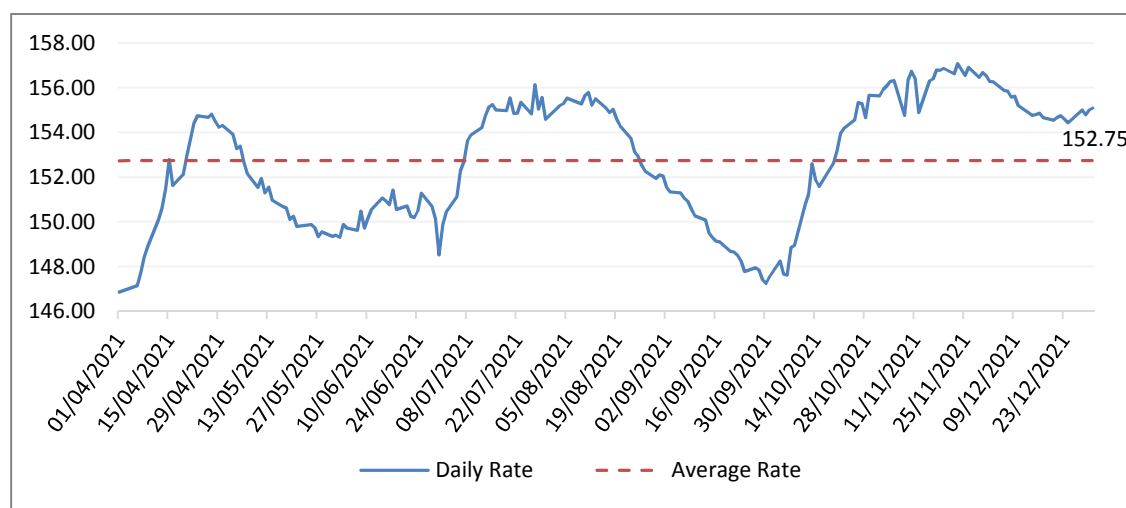
Source: BOJ

### ***Exchange Rates***

The GOJ's fiscal accounts are impacted by changes in the exchange rate on both the revenue and expenditure sides. An increase in the exchange rate beyond what was forecasted poses an upside risk to international trade revenues as imported goods and services, and the taxes applied to them are worth more in Jamaica dollar terms. The Jamaica dollar value of grant receipts denominated in foreign currencies also increases as a result of the increase in the exchange rate. On the expenditure side, foreign currency debt service and housekeeping expenditure become more expensive in Jamaica dollar terms, posing a downside risk.

For the fiscal year to end-December, the Jamaica dollar depreciated by 5.8 percent relative to the US dollar, and the exchange rate averaged J\$152.75:US\$1.00 (see **Figure VI (i)**). At end-December 2021, 61.4% of Central Government debt was denominated in foreign currencies. Depreciation of the Jamaica dollar relative to the US dollar increased the debt stock in Jamaica dollar terms by \$73,576.8 million at end-December 2021 relative to end-FY2020/21. This was partially offset by a US\$58.1 million-dollar reduction in foreign currency-denominated debt. The associated increase in debt service cost was estimated at \$3,989.8 million. Going forward, the GOJ's strategy for managing the risk posed by changes in the exchange rate includes: the issuance of mainly local currency-denominated debt, as well as the conversion of foreign currency-denominated loans to local currency through the Inter-American Development Bank's (IDB's) Flexible Financing Facility.

**Figure VI (i): Daily Exchange Rate Movements of the Jamaica Dollar vis-à-vis the US Dollar**



Source: BOJ

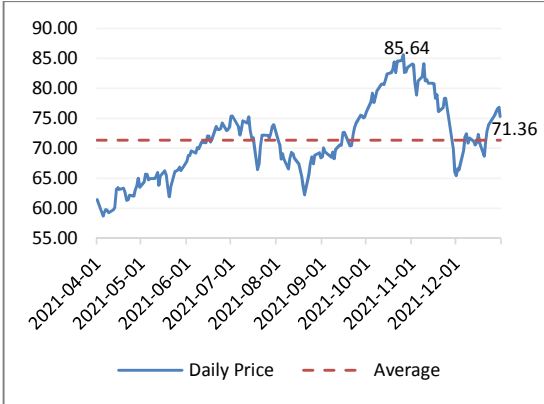
## Oil Prices

Above (below) budget oil prices result in increased (decreased) GOJ housekeeping expenditure in areas such as transportation and energy. On the other hand, revenue from the ad valorem portion of SCT on petroleum and petroleum based products would see positive (negative) effects from an increase (decrease) in oil prices. The SCT is structured in such a way that a fixed portion acts as a buffer to price volatility.

West Texas Intermediate (WTI) crude oil prices rose during FY 2021/22 to end-December 2021, averaging US\$71.36/bbl for the period, and reaching a high of US\$85.64/bbl in October 2021 (see **Figure VI (j)**). The increase in prices resulted mainly from a revival in economic activity as many economies ended lockdowns, spurring renewed demand for fuel. **Figure VI (k)** highlights the difference between oil price projections and actual outturns for FY 2017/18 to FY 2020/21, and the estimated outturn for FY 2021/22. The projected average for FY2021/22 was US\$45.6/bbl, US\$27.7/bbl lower than the estimated outturn of US\$73.3/bbl.

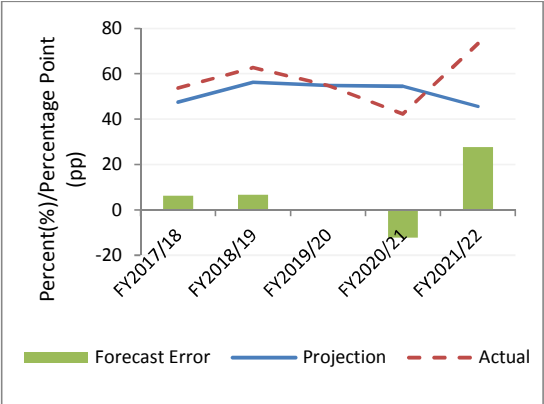
The GOJ continues its Energy Efficiency and Conservation Programme (EECP) and Energy Management and Efficiency Project (EMEP) in an effort to reduce the government's reliance on oil imports and, by extension, its fuel bill. The EECP and EMEP are geared toward promoting energy efficiency in government agencies, and facilitating fuel conservation through traffic management.

**Figure VI (j): Daily Oil (WTI) Prices FY 2020/21 to end-December**



Source: Federal Reserve Bank of St. Louis

**Figure VI (k): Average Oil (WTI) Price Projections vs Actual Outturns**



Source: BOJ/MOFPS

## Contingent Liabilities

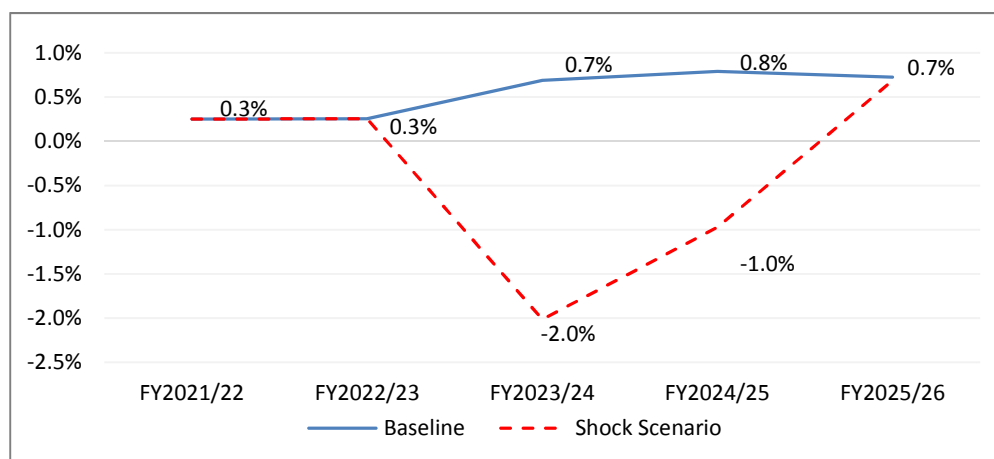
The Public Debt Management Act (PDMA) defines a contingent liability as: “*an obligation (whether explicit or implicit) that materialises if a particular event occurs; or a potential liability that may occur depending on the outcome of an uncertain future event.*” In the case that a financial obligation materialises, fiscal resources could be subject to severe strain as the Government is met with unexpected expenditure requirements over a short period of time. The GOJ’s exposure to contingent liabilities may arise from various sources such as, inter alia: natural disasters (including health shocks), public bodies, public-private partnerships, and judicial awards.

### *Natural Disasters*

Jamaica’s geographic location in a multi-hazard zone means that the country is highly susceptible to the impacts of climate change and natural disasters. These disasters often disrupt economic activity, resulting in a loss of income and revenues, and damage to infrastructure, necessitating increased spending by the Government. Given the fiscal burden that may result from the occurrence of natural disasters, it is imperative that the Government maintains a suite of both ex-ante and ex-post financing instruments to boost its capacity to respond to these disasters.

**Figure VI (I)** shows the modelled impact of a shock to baseline revenue and expenditure, resulting from the occurrence of a natural disaster in FY 2023/24.

**Figure VI (I): Effect of a Natural Disaster Shock on Projected Fiscal Balance as a Percentage of GDP**



Source: MOFPS

The deterioration in the fiscal balance in FY 2023/24 and FY 2024/25 results from below-baseline revenue projection in those years, due to a slowdown in economic activity, and increased expenditure for recovery and reconstruction efforts. In FY 2025/26, it is expected that revenues would exceed expenditure, consistent with output recovery and slowdown or completion of relief and reconstruction activities. This would result in a return to fiscal surplus, which coincides with the baseline projections.

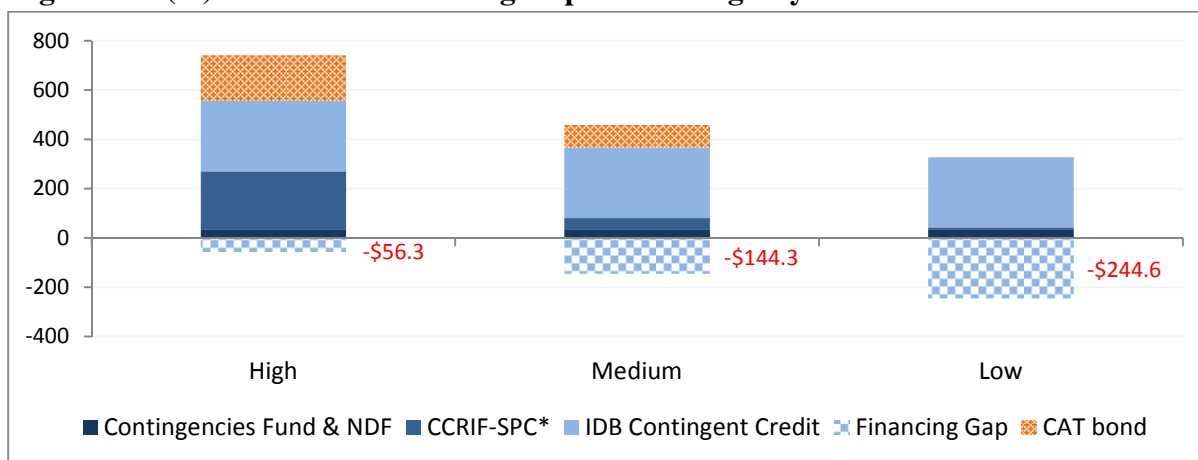
The Government has implemented its risk layering approach to financing risks from natural disasters. This involves establishing adequate funds and reserves to retain the costs associated with high frequency, low severity events such as floods or heavy rainfall, and transferring risks related to low frequency, high severity events such as major hurricanes and earthquakes through insurance facilities. The GOJ maintains a National Disaster Fund (NDF), capitalized at \$378.3 million as at end-December 2021 and may also utilize funds held in the Contingencies Fund which, as at end-December 2021, amounted to \$4,504.2 million. The Government may also access US\$285.0 million from an IDB Contingent Line of Credit in the event that the country is affected by a disaster of a specified magnitude.

The implementation of the Government's multi-layered approach to disaster risk financing was finalized in July 2021, with the historic launch of a Catastrophe Bond (CAT bond). The instrument provides financial protection of up to US\$185 million against losses from named storms for three Atlantic tropical cyclone seasons, ending December 2023. Pay-outs to Jamaica would be triggered if a named storm event meets the parametric criteria for location and severity in accordance with the terms of the bond.

The Government intends to renew the existing insurance policy with the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF-SPC) during FY 2022/23. The policy provides financial protection against Tropical Cyclone (TC), Earthquake (EQ) and Excess Rainfall (XSR) events. Total coverage under the FY 2021/22 policy amounts to US\$238.4mn.

A 2018 assessment conducted by the World Bank Group estimated emergency losses resulting from disasters of varying severities. Financing gaps were estimated for each level of severity, taking into account financing instruments available to the GOJ (see **Figure VII (m)**). Results show that, with the addition of the catastrophe bond, the current suite of disaster risk financing instruments provides adequate protection for emergency losses associated with disasters of low to high severity.

**Figure VII (m): Estimated Financing Gaps for Emergency Losses**



Source: WBG & MOFPS

Notes: High severity – Category 5 hurricane and a major earthquake; Medium severity – Category 3 hurricane; Low severity – Category 1 hurricane.

\*CCRIF payments are estimated and may differ from actual pay-outs.

### *National Natural Disaster Risk Financing Policy*

Amendments to the 4<sup>th</sup> draft National Natural Disaster Risk Financing Policy, which includes the addition of pandemic hazards, have now been finalized. By end-February 2022, the draft policy is expected to be submitted to Cabinet for approval, with tabling in Parliament expected during the first half of FY 2022/23. The policy proposes a risk-layered approach to disaster risk financing. It emphasises the need for an up-to-date GOJ asset register to facilitate the insurance of public assets, as well as the importance of private insurance to limit the implicit liability of the Government in the event of debilitating private losses.

### **Public Bodies**

The operations of public bodies (PBs) can pose a risk to the Central Government budget to the extent that these entities are unable to service debt, whether government guaranteed or otherwise, cover their operating expenses or satisfy their investment needs.

Subject to the Public Bodies Management and Accountability (PBMA) Act, public bodies may only access loans with the approval of the MOFPS. At the same time the Public Debt Management Act (PDMA) legislates that government guaranteed loans (GGLs) should be no more than 8.0%, 5.0% and

3.0% of GDP at end-FY 2016/17, FY 2021/22 and FY 2026/27, respectively. As at end-December 2021, GGLs-to-GDP was recorded at 4.0%, 1.0 percentage point below the 5.0% limit set for FY 2021/22. The MOFPS actively monitors the trajectory of the GGLs-to-GDP ratio to determine its capacity to guarantee public bodies' debt without missing the targets established in the PDMA. In the case where loans to public bodies' are not guaranteed, the Government might incur an implicit liability in the event that the entities are unable to meet debt service costs, or these costs inhibit their performance.

The COVID-19 pandemic has negatively impacted the operations of a number of PBs, contributing to cash flow insufficiency. The primary entities affected were the Jamaica Urban Transit Company, Port Authority of Jamaica (PAJ), National Water Commission (NWC), Urban Development Corporation (UDC) and Ports Security Corps (PSC). While there was a fall-off in the revenues of the Airports Authority of Jamaica, the entity's accumulated reserves were adequate to finance its operations. While the operations of some of the entities have started to rebound, recovery for other entities may take longer as the country continues to navigate the effects of the pandemic. These entities could experience greater fall-out in their operations, requiring further Central Government support. Many public bodies have been able to manage their operations within existing resources, while others have sought and received financial support from the Central Government for general operations or to settle debt and other obligations.

Those that received Central Government support in 2021/22 include:

- NWC - settlement of debt obligations;
- UDC - loan to settle outstanding obligation; and
- PSC - general operational support.

There are also PBs which have received continual support from the Government over the years to supplement the inadequate cash flows generated from their operations. This is particularly so where the entities' operations are geared towards achieving certain economic or social objectives in accordance with GOJ's policy priorities. This group includes the JUTC which continues to provide service at subsidised fares to students and the elderly, while those for adults remain below the economic level. The Jamaica Racing Commission, Montego Bay Metro and the Students' Loan Bureau (SLB) are other such entities. SLB did not receive funding in 2020/21 or 2021/22 as their cash resources were deemed adequate; however, the Bureau should benefit from GOJ support in 2022/23. Proposed transfers to select public bodies for FY 2022/23 and estimates for FY 2021/22 are outlined in **Table VI (c)**.

**Table VI (c): Public Bodies Support from GOJ**

Public Body	FY 2022/23	FY 2021/22
Jamaica Urban Transit Corporation	5,342.00	5,496.54
Students' Loan Bureau	1,250.00	-
Jamaica Agricultural Commodities Regulatory Authority	250.00	-
Montego Bay Metro	245.00	274.32

Source: MOFPS

### *Public Bodies with Arrears*

The GOJ is cognisant that public bodies with significant arrears are a major source of fiscal risk. As such, the Government continues to manage and monitor these arrears, and ensure they are settled within certain parameters. The GOJ will continue to monitor the domestic arrears of Clarendon Alumina Production Limited (CAP), NWC, Housing Agency of Jamaica Limited (HAJ), National Health Fund (NHF), National Road Operating and Constructing Company Limited (NROCC), the UDC and the JUTC, within an established ceiling of \$6,400.00mn. In seeking to manage this risk, the Government may encourage PBs to settle within negotiated terms and/or seek to renegotiate payment schedules.

### *Other Public Body Activities*

The Government continues to monitor the operations of CAP with a view to contain the risks that its participation in the JAMALCo joint venture operation presents to the fiscal operations. In this regard, plans to incorporate the Plant are ongoing. Meanwhile, the GOJ has already extended loans totalling US\$259.17mn to CAP to facilitate settlements of its obligations to the Plant and to Noble.

The fire at the JAMALCo Refinery on August 22, 2021, resulted in the subsequent closure of operations. This has, and will continue to affect the financial outturn for CAP. The extent of the capital expenditure required for FY 2022/23 has not yet been determined, but insurance proceeds are expected to facilitate the defrayal of these costs. The fire at the Plant has exacerbated CAP's ability to honour its obligations; hence, delays in CAP meeting its debt service obligations to the Central Government are expected. CAP estimates resumption of operations at the refinery at 55% capacity by September 2022.

### *Public Private Partnerships<sup>6</sup>*

PPPs represent an important mechanism to undertake infrastructure upgrade and development in

<sup>6</sup> A public private partnership is a long-term procurement contract between the public and private sectors, in which the proficiency of each party is focused in the designing, financing, building and operating an infrastructure project or providing a service, through the appropriate sharing of resources, risks and rewards (GOJ Policy and Institutional Framework for the Implementation of PPPs, 2012).

partnership with the private sector. This mechanism allows the Government to leverage private sector expertise and capital to facilitate the earlier delivery of public infrastructure and services, than would otherwise have occurred. Nonetheless, PPPs may present fiscal risks to Government if not appropriately structured and managed. The enhanced fiscal rules which were adopted through amendments to the FAA and PBMA Acts in March 2014, have put in place the institutional changes required to ensure fiscal responsibility in the development and implementation of PPP projects. The PPP Units of the Development Bank of Jamaica and the Ministry of Finance and the Public Service continue to collaborate in reviewing and assessing PPP transactions.

There are currently five (5) commercial/user-pays concession agreements in operation. These are the agreements for the Norman Manley International Airport (NMIA), Kingston Container Terminal (KCT), Sangster International Airport, the North-South Highway and the Highway 2000 East-West. Given the impact of the COVID-19 pandemic, four (4) of the existing concessionaires have submitted claims or notice of their intent to claim under the provisions of the respective concession agreements.

#### *NMIA and SIA Airports*

On December 14, 2020, Cabinet approved claims submitted by PAC Kingston Airport Limited, operator of the NMIA and MJB Airports Limited, operator of the Sangster International Airport for reliefs under the force majeure clause for the respective concession agreements. Further, on April 12, 2021, Cabinet approved the appointment of a Negotiating Team for the airports concession agreements, consequent on proposals submitted by the concessionaires for economic recovery and long-term sustainability arising from the impact of the COVID-19 pandemic. The negotiating team is currently in the process of engaging a consultant to facilitate a review of the proposals submitted by the concessionaires.

#### *TransJamaica Highway (TJH)*

TJH has submitted a notice of claim under the “Applicable Change in Law” provision of the concession agreement arising from the implications of Disaster Risk Management Act (DRMA). Whilst a provisional amount has been submitted to NROCC, the claim is considered as on-going as the conditions which gave rise to it remain. NROCC is in the process of seeking legal guidance on the validity of claims made by the concessionaire.

#### *Jamaica North South Highway Company (JNSHC)*

The JNSHC has advised NROCC of the occurrence of a Force Majeure event and the remedy of an extension of time to the concession terms provided in the concession agreement. However, the JNSHC has not yet quantified the revenue losses, given that the conditions which gave rise to such losses persist. Once the revenue losses have been quantified, an extension period may be determined.

#### *PPPs In Progress*

The following PPP transactions are currently in progress:

- **Rio Cobre Water Treatment Plant**

The NWC is pursuing the development of a 25-year Water Purchase Agreement for the financing, construction, operation and maintenance of a Water Treatment Plant in Content, St. Catherine with a capacity of 15 million gallons per day (mgd). The Water Purchase Agreement was approved by way of Cabinet Decision No.18/21 dated April 19, 2021, and activities are currently being pursued to achieve financial closure.

- **Schools Energy Efficiency and Solar Project**

The Ministry of Education and Youth through the National Education Trust (NET) is pursuing an energy efficiency and solar energy pilot project in 30 secondary schools by way an Energy Savings Performance Contract (ESPC). Under the arrangement, the private investor is to undertake the financing, installation and maintenance of photovoltaic generation systems and energy efficiency retrofits to reduce the cost of electricity at the schools selected as part of the pilot project. Cabinet, by way of Decision No. 55/20 dated December 14, 2020, gave approval for the terms of the ESPC. The NET is in the process of undertaking activities to facilitate financial closure.

- **Jamaica Ship Registry**

The Maritime Authority of Jamaica (MAJ) is pursuing a PPP for the management, operation and promotion of the Jamaica Ship Registry. Cabinet, by way of Decision No. 6/21 dated February 8, 2021, gave approval for the limited bidding tender methodology to be utilised in the transaction phase of the project. The Request for Proposals was issued, and on the bid submission deadline of June 4, 2021, three (3) bids were received. However, all three (3) bids were deemed non-responsive. A review is currently underway to determine the way forward.

### ***Judicial Awards***

Legal claims against the GOJ might have costly and unexpected implications if judgements are made in the favour of plaintiffs. Judicial awards pose a risk to the Government's fiscal position, as an unplanned increase in expenditure could crowd out planned expenditure, resulting in new revenue measures, or necessitating additional borrowing.

The MOFPS collaborates with the Ministry of Justice (MOJ) to monitor the progress of current and pending cases against the GOJ. Close monitoring ensures that proper expenditure planning is executed, and included in the budget, should there be a ruling against the Government.

## **Other Specific Risks**

### ***Wage Settlements***

The public wage bill can pose a risk to GOJ expenditure in the event that wage settlements exceed budget and/or are not concluded in time for the budget. As such, the Government is seized with the importance of properly managing the attendant wage bill pressures, in order to minimize any potential fiscal risk. The Government's current wage contract with most of the public sector will come to an end in March 2022, after which implementation of a new compensation structure arising from the result of the public sector compensation review is programmed to commence. It is critical that the GOJ completes wage negotiations with unions representing public sector groups that have not yet agreed on a settlement.

### ***Central Bank Operations***

The Bank of Jamaica Act outlines, in Part III - Capital and Reserve, that net profits or losses of the Central Bank are transferrable to the Central Government at the end of each fiscal year. Consequently, the operations of the Central Bank represent a source of fiscal risk. This risk, however, is expected to be mitigated through the implementation of the Bank of Jamaica (Amendment) Act, 2020. The Act became effective in April 2021, entrenching price stability as the Bank's primary objective while strengthening its governance, accountability and financial arrangements.

### ***Government Policy Changes***

While changes in government policy might be necessary in response to changing economic conditions and developments, the GOJ is cognizant that its fiscal position and targets are sensitive to policy changes implemented post-budget. The GOJ will continue to actively monitor possible policy impacts on revenue and expenditure, and stands ready to take the necessary compensatory measures to minimize or prevent fiscal fallout.

