GOVERNMENT OF JAMAICA

FISCAL POLICY PAPER FY 2020/21

11th February 2020

PART 1

FISCAL RESPONSIBILITY STATEMENT

Introduction

Jamaica's economy has been considerably strengthened over the last decade through profound reforms implemented under the aegis of IMF–supported programmes. Macroeconomic stability is entrenched, external viability has been significantly enhanced, and budget credibility and fiscal sustainability are firmly intact as debt continues on a steady downward path. The financial sector remains sound.

Notwithstanding these achievements, much work remains to raise and sustain inclusive growth, reinforce the economy's resilience to shocks, including from natural disasters, and keep Jamaica firmly on course toward economic independence. To this end, the GOJ will build on the achievements to date by prioritizing efforts already underway to, inter alia, strengthen domestic institutions. Key undertakings include: strengthening the Bank of Jamaica's independence and governance framework; establishing an independent Fiscal Council, implementing a National Natural Disaster Risk Financing Policy, and transforming the public sector into a more efficient outfit. Work is also far advanced towards creating a special resolution regime for the financial sector.

Provisional data, over the period April-December 2019 indicates that the Central Government comfortably met key fiscal targets. The economy during 2019, registered a record low unemployment rate of 7.2%, continued positive real growth (1.0% in the April-September period), low inflation, and strong performance of tax revenues, in a year with a tax "give back" of $14bn. On the basis of the positive performance, all three major rating agencies upgraded Jamaica's sovereign rating during 2019. This sustained strong performance of tax revenue augurs well for the generation of fiscal space to support growth-friendly spending, social protection, and public safety, while steering debt towards the 60% of GDP target for March 2026.

Commitment to Fiscal Responsibility

Good fiscal management requires that there not only be strict adherence to targets, but also a willingness to make appropriate and timely fiscal decisions. It also requires an awareness of fiscal risks, such as natural disaster risks, which pose a threat to the sustainability of public finances. GOJ policy decisions must therefore be informed by the expected impact in the current fiscal year, as well as the fiscal implications across the medium term.

Whilst the GOJ remains unequivocally committed to the tenet of fiscal prudence, it nonetheless recognizes that fiscal policy should also be growth friendly, promote inclusion and be supported by a strong tax capacity. In this regard, a key priority objective for FY 2020/21 and beyond is making growth stronger and more broad-based. Amid the competing demands for higher spending and the requirement for fiscal prudence, fiscal policy must focus on the quality of spending while safeguarding revenue. Within this context, the FY 2020/21 budget continues to allocate sizeable portions of the resources toward national security, infrastructure (including roads, ports, housing, water), and social spending, to include health and education.

Economic Programme Update

On November 4, 2019, the Executive Board of the International Monetary fund (IMF) completed the sixth and final review of Jamaica's performance under the Precautionary Stand-By Arrangement (PSBA) which commenced in late 2016. All performance criteria to end June 2019 were met.

Jamaica has improved significantly under the IMF-supported Extended Fund Facility and Precautionary Stand-By programmes. Some of the key achievements over the last 7 years include:

- Public debt has declined from 145% of GDP in FY 2012/13 to an estimated 91.5% in FY 2019/20;
- Nineteen (19) consecutive quarters of real GDP growth;
- Unemployment falling from 16.3% in April 2013 to a record low of 7.2% in October 2019;
- Noteworthy improvement in the execution of capital expenditure from near 70% of budget in FY 2014/15 to near 100% currently.
- Confidence in the economy remains at elevated levels with the Jamaica Stock Exchange registered as the world's best performing stock market in 2018.
- NIR rose from US$884.2mn at end-March 2013 to US$3,162.5mn at end-December 2019.

Table 1A: Summary of Economic Performance

	Unit	FY 2017/18 (Actual)	FY 2018/19 (Actual)	FY 2019/20 (Projection)
Real GDP Growth Rates	%	1.0	2.0	0.6
Inflation (Annual Pt to Pt)	%	3.9	3.4	5.0
BOJ Policy Rate (e-o-p)	%	2.75	1.25	
Unemployment Rate (October Labour Force Survey)	%	10.5	8.7	7.2
Exchange Rate (weighted average selling rate)	J$=US$1	127.97	130.58	
Treasury Bill (average 6-month)	%	3.17	2.17	
Current Account	% of GDP	-3.0	-2.3	-2.9
Net International Reserves (NIR), (e-o-p)	US$mn	3,074.5	3,084.8	3,029.4
Gross Reserves (Goods & Services Imports)	Weeks	23.3	22.9	22.2
Fiscal Accounts				
Central Government Primary Balance	%GDP	7.5	7.5	6.5
Central Government Fiscal Balance	%GDP	0.5	1.2	0.0
Public Bodies Overall Balance	%GDP	-0.3	0.1	0.1
Specified Public Sector Balance	%GDP	0.2	1.3	0.1
Debt Stock	%GDP	101.3	94.4	91.5

Source: MOFP/BOJ

Notable Fiscal Developments

Second Supplementary Estimates

The Second Supplementary Estimates FY 2019/20 was tabled in Parliament in January 2020 and reflected total Central Government expenditure of $859,071.6mn, an increase of $7,966.7mn above the First Supplementary Estimates. The increase in expenditure is entirely on the recurrent side, with Programmes increasing by $5,815.5mn and Compensation by $2,151.2mn. Higher than programmed revenue yields supported the increased expenditure.

FY 2019/20 (April-December 2019)

Central Government operations for April to December 2019 generated a Primary Surplus of $111,980.1mn, which exceeded the $93,845.6mn budget target. The fiscal surplus outturn of $23,402.2mn was better than the budgeted fiscal surplus of $1,961.3mn by $21,440.9mn and reflected the strong overall performance of Revenue and Grants combined with lower than budgeted expenditure (net of amortization). The Fiscal Management Strategy provides a detailed assessment of the fiscal outturn to December 2019 as well as the estimated outturn to end-March 2020, consistent with the Second Supplementary Budget.

FY 2020/21 Budget and the Medium Term

Building on the strong tax capacity over the last five consecutive fiscal years (FY2015/20) and the GOJ's commitment to fiscal prudence, the FY 2020/21 budget has been developed to satisfy the requirement for a 6.5% of GDP primary surplus. The medium term macroeconomic framework which informed the development of the medium term fiscal and debt profile is outlined in Tables 1A and 1B.

Table 1B: Medium Term Fiscal & Debt Indicators

(J$mn)	Actual 2017/18	Actual 2018/19	Est. 2019/20	Proj. 2020/21	Proj. 2021/22	Proj. 2022/23	Proj. 2023/24
Revenue & Grants	**560,773.6**	**628,985.2**	**645,259.1**	**675,093.1**	**700,451.9**	**738,032.8**	**778,726.7**
of which Tax Revenue	496,894.6	542,919.4	577,536.1	603,785.2	639,476.5	675,426.2	713,615.5
Expenditure	**552,050.1**	**604,597.5**	**645,022.3**	**660,225.8**	**670,871.7**	**690,744.7**	**720,379.8**
of which Wages & Salaries	178,366.3	183,505.5	196,109.3	204,282.0	214,496.1	225,220.9	236,482.0
of which Interest	135,181.0	129,188.1	139,131.1	132,654.2	128,011.3	121,982.5	124,247.2
Cent Govt Fiscal Balance	**8,723.4**	**24,387.7**	**236.8**	**14,867.3**	**29,580.2**	**47,288.2**	**58,346.9**
Cent Govt Primary Balance	**143,904.5**	**153,575.8**	**139,367.9**	**147,521.5**	**157,591.5**	**169,270.6**	**182,594.1**
Domestic Debt	756,864.5	755,977.7	763,584.7	763,792.9	790,931.5	761,230.1	788,306.6
External Debt	1,184,846.1	1,172,789.3	1,110,802.5	1,128,032.4	1,108,392.0	1,111,934.9	1,062,238.3
Net Public Bodies	10,437.7	9,246.5	98,655.8	94,725.3	89,410.9	78,654.1	53,577.8
Total Debt	**1,952,148.3**	**1,938,013.5**	**1,973,043.0**	**1,986,550.6**	**1,988,734.4**	**1,951,819.0**	**1,904,122.7**
(% GDP)							
Revenue & Grants	**29.0%**	**30.6%**	**29.9%**	**29.6%**	**28.7%**	**28.1%**	**27.7%**
of which Tax Revenue	*25.7%*	*26.4%*	*26.8%*	*26.5%*	*26.2%*	*25.7%*	*25.4%*
Expenditure	**28.6%**	**29.4%**	**29.9%**	**29.0%**	**27.5%**	**26.3%**	**25.6%**
of which Wages & Salaries	9.2%	8.9%	9.1%	9.0%	8.8%	8.6%	8.4%
of which Interest	7.0%	6.3%	6.5%	5.8%	5.2%	4.6%	4.4%
Cent Govt Fiscal Balance	**0.5%**	**1.2%**	**0.0%**	**0.7%**	**1.2%**	**1.8%**	**2.1%**
Cent Govt Primary Balance	**7.4%**	**7.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**
Domestic Debt	39.3%	36.8%	35.4%	33.5%	32.4%	29.0%	28.1%
External Debt	61.5%	57.1%	51.5%	49.5%	45.4%	42.4%	37.8%
Net Public Bodies	0.5%	0.5%	4.6%	4.2%	3.7%	3.0%	1.9%
Total Debt	**101.3%**	**94.4%**	**91.5%**	**87.2%**	**81.5%**	**74.4%**	**67.8%**

Source: MOFPS

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 to December 2019. However, the revenue data contained in the Revenue Estimates represent 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 2019/20 shown in Table 1B and upon which fiscal and primary balances are computed is based on actual cash expenditure to December 2019 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 2020/21. Reporting on Central Government operations and on public bodies will continue as required by the FAA Act. Based on assessments done by the MOFPS and authenticated by the Auditor General's Department, no public body meets the criteria to be excluded from the SPS. Thus for the FY 2020/21 – FY 2023/24 forecast, the SPS equates to the Overall Public Sector.

(iii) During FY 2020/21, the MOFPS will continue to improve the process of accounting for and reporting on public revenue. This will involve the phased de-earmarking of funds currently classified as Appropriations-in-Aid in the Estimates of Expenditure but are excluded from the Revenue Estimates.

(iv) Presentational changes to the Estimates of Expenditure were introduced in FY 2019/20 as follows:

a) The amalgamation of the Capital A & Capital B Budgets of each Ministry, into a Single Capital Budget Head for each Ministry;

b) The removal of Amortization from the Capital Budget to a new Head: 20017 – Public Debt Service (Amortization), under the Recurrent Budget to allow the Capital Budget to exclusively reflect the Central Government's Public Investment Projects. The inclusion of amortization under the Capital Budget has over the years presented a challenge to some users of the Estimates of Expenditure.

c) The amalgamation of the Budgets of the Courts under a Single Head 28058 - The Judiciary. This will affect the following Courts and Court Management Services, each of which previously appeared as individual Heads of Estimates and received separate budgetary allocations :

i. Head 28023 – Court of Appeal
ii. Head 28027 – Parish Courts
iii. Head 28026 – Family Courts

iv. Head 28028 – Revenue Court
v. Head 28029 – Supreme Court
vi. Head 28054 – Court Management Services

(v) As it relates to the publication of General Government data, this is programmed to be implemented in FY 2021/22.

Fiscal Responsibility with Flexibility

Maintaining a prudent fiscal stance is critical for the achievement of the medium term targets established under the economic reform programme. Any revenue or expenditure measure which poses a risk to the achievement of the targets will not be adopted without the identification and implementation of requisite offsetting measures.

The enhanced fiscal rules are meant to, not only achieve fiscal consolidation and debt sustainability, but also engender '*smart fiscal policy'*. The rules allow for flexibility to deal with economic shocks which can have a bearing on fiscal outcomes, such as cyclical fluctuations in economic activity. Smart fiscal policy should therefore be countercyclical. Shocks can also come in the form of a natural disaster, which disrupts economic activity and creates an unanticipated need for emergency expenditures. Smart fiscal policy should therefore be proactive and encompass strong fiscal levers to mitigate this risk to the fiscal operations. Within this context, the GOJ will continue to take decisive actions to strengthen the economy's resilience. The layered approach to build financial resilience against natural disasters, alongside the increased investment to upgrade the country's infrastructure are key components of this strategy.

Smart fiscal policy should be growth friendly. It must also promote "economic inclusion" through the adoption of targeted transfers (cash or kind) to the socially vulnerable sections of the population. Ultimately, smart fiscal policy should be a key catalyst for social transformation, driven by improvements in access to quality education, health and housing. Smart fiscal policy must be supported by a strong tax capacity. It is this strong tax capacity that will enable a government to address the social side of the "equation", to include income inequality. The continued reduction in the debt- to-GDP ratio has created fiscal room that has allowed the GOJ to increase investment in human capital and physical infrastructure while protecting social spending.

Conclusion

The GOJ has, over the past three (3) and a half years, continued to demonstrate an unwavering commitment to fiscal discipline and prudence. It intends to maintain this commitment to ensure attainment of the country's development objective.

The government will continue to drive the implementation of those remaining structural reforms, including public sector transformation which is deemed necessary to create a public sector which is agile and nimble, ready to facilitate and not frustrate, and able to support stronger economic growth and job creation. The economic growth momentum in the economy has continued, inflation remains in low single-digit territory, unemployment is at its lowest on record and consumer confidence remains elevated.

Jamaica's strong fiscal consolidation efforts under the last two IMF programmes has facilitated a stable macro-economic environment, engendered confidence amongst consumers and businesses and has laid the foundation for increased investments in infrastructure. This entrenched fiscal discipline has also created an environment for sustained debt reduction and the release of sorely needed *fiscal space* to drive investments into building human capital, increasing productivity and ultimately, sustaining inclusive economic expansion.

The prospect of a lower debt burden and increased investments in human capital would allow our citizens to realize the vision of making **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.

Nigel Clarke, DPhil, MP
Minister of Finance and the Public Service
February 11, 2020

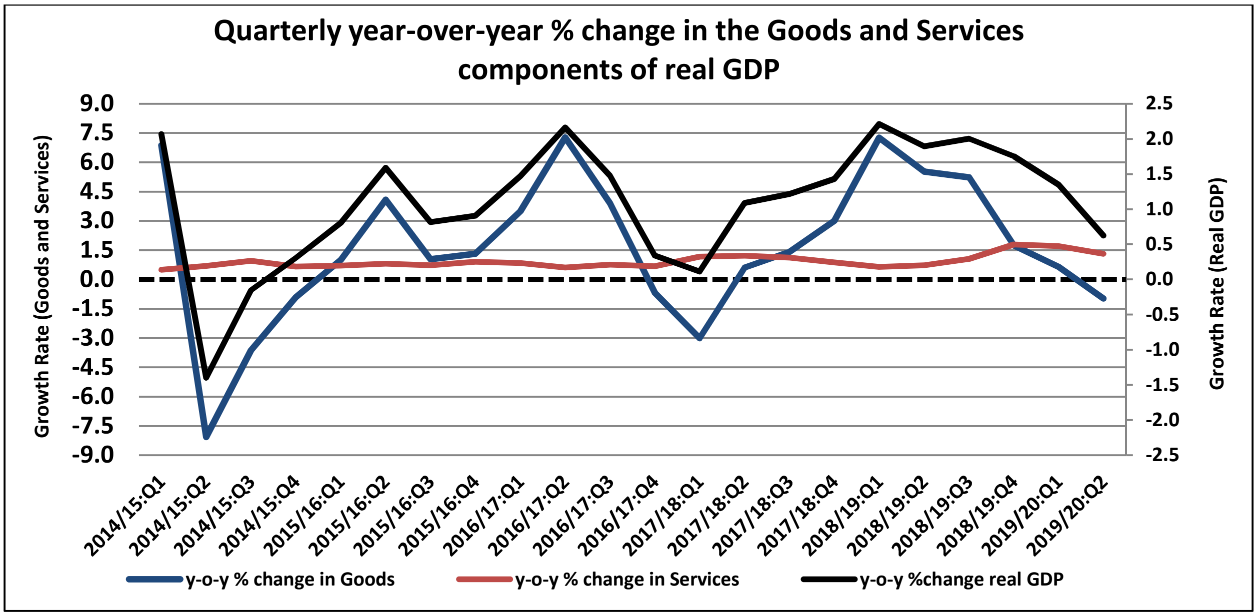
Part 2

MACROECONOMIC FRAMEWORK

Overview of Macroeconomic Developments FY 2019/20

The Jamaican economy expanded by 1.0% during the first half of FY 2019/20, reflecting growth in the Services Industry, as the Goods Producing Industry contracted. The expansion during the September quarter, maintained the trend of successive quarterly growth since the fourth quarter of FY 2014/15 (Figure 2(i)).

Figure 2(i)



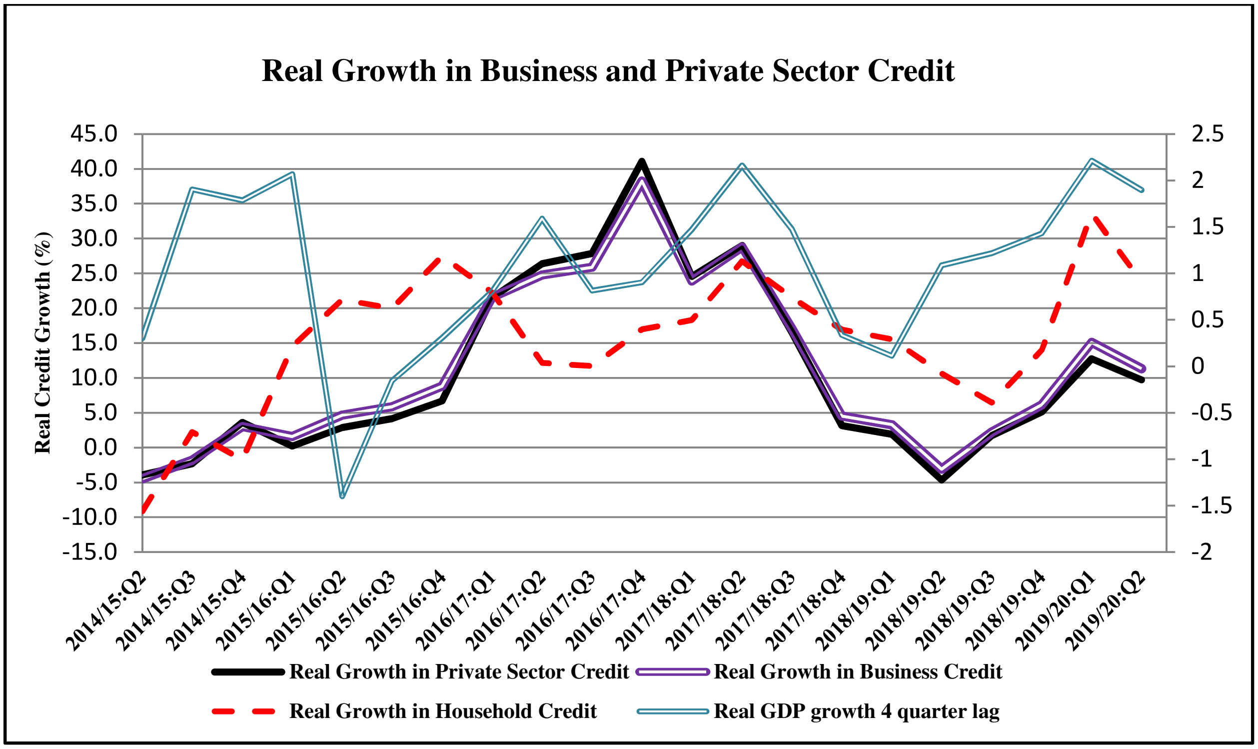
Source: STATIN

Within the Services Industry, growth was recorded in all sectors with 'Hotel & Restaurant' – increased tourist arrivals - and 'Finance & Insurance Services' - higher fees, commissions and net interest income - being the main drivers.

Except for Manufacturing, the sectors within the Goods Producing Industries declined. The closure of the Alpart alumina refinery in September for upgrade, adverse weather conditions, and reduced construction activity associated with completion of several road rehabilitation works were the main contributors to the contraction.

The improvement in the real sector occurred within the context of an accommodative monetary environment. The BOJ twice reduced its signal rate during the first half of the fiscal year aimed at encouraging faster credit growth, accelerating economic activity, and ultimately stabilizing inflation within the 4.0% – 6.0% target range. In response, market interest rates have fallen and Commercial Bank credit to the private sector remains strong. (Figure 2(ii)).

Figure 2(ii)



Source: BOJ

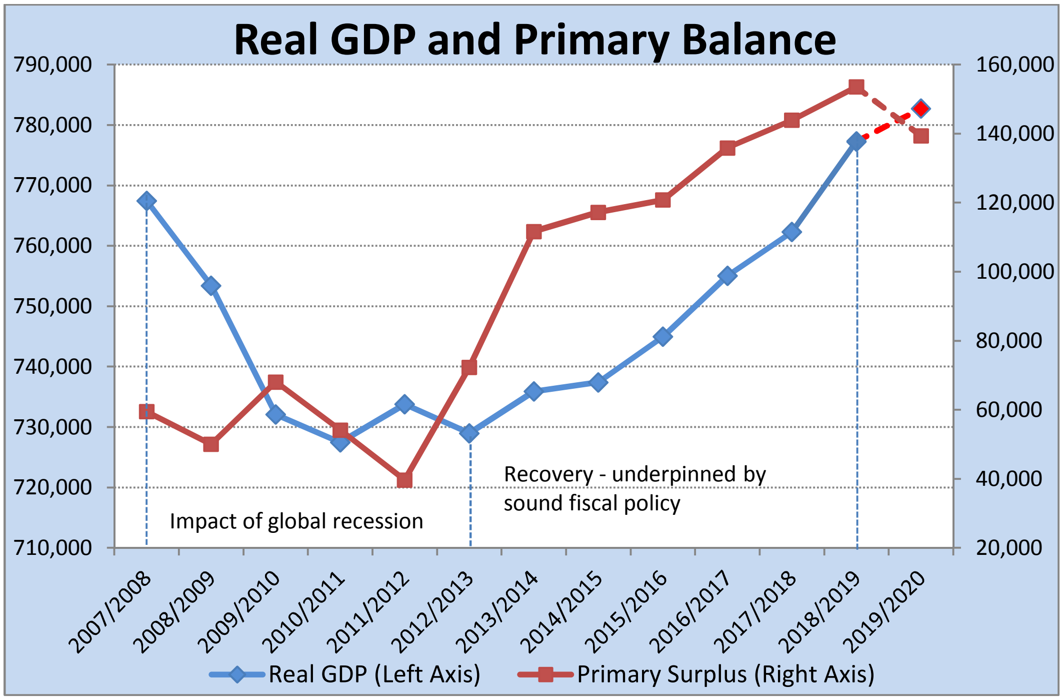
At the same time, the current account deficit for the April to June period registered a small deficit compared to a slight surplus for the similar period in 2018. The NIR, however, remained robust and gross reserves are estimated to end FY 2019/20 at 22 weeks of import coverage.

Regarding labour market developments, unemployment fell to a historic low of 7.2% in October with the decline more pronounced among females. Youth unemployment also decreased, continuing the downward trend previously observed. The labour force participation rate continues to improve, with the number of persons seeking employment increasing. This reflects continued optimism regarding the possibility of finding work, based on employment gains and favourable economic prospects.

For the fiscal year to December 2019 period, the inflation rate was 5.5%, falling within the targeted inflation band of 4.0% to 6.0%. This upward movement was mainly due to significant increases in the prices for agricultural food crops and electricity.
Strong fiscal performance, which has been a key driver of GOJ's economic reform over the past six years, continued throughout FY 2019/20. The entrenched fiscal prudence has fostered macroeconomic stability, engendered confidence to stimulate robust investment and continued economic expansion (Fig

2 (iii)), and sustained debt reduction. Notably, during FY 2019/20 the GOJ executed a Liability Management transaction on the external debt which generated a $34.2 billion or 1.5% reduction of the debt stock.

Figure 2(iii)



Source: PIOJ

Subsequent sections of this Macroeconomic Framework provide further details on developments in the real sector, labour market, monetary sector and external sector. In addition, a medium-term macroeconomic profile is provided, as well as an overview of international developments and changes in international commodity prices.

Real Sector Developments

Economic Performance for the period April to September 2019

Real GDP grew by 1.0% for the first half of FY 2019/20, reflecting a deceleration in the pace of growth relative to the 2.1% achieved for the corresponding period of FY 2018/19 (Table 2A). The economic expansion is attributable to improvements in the Services industries.

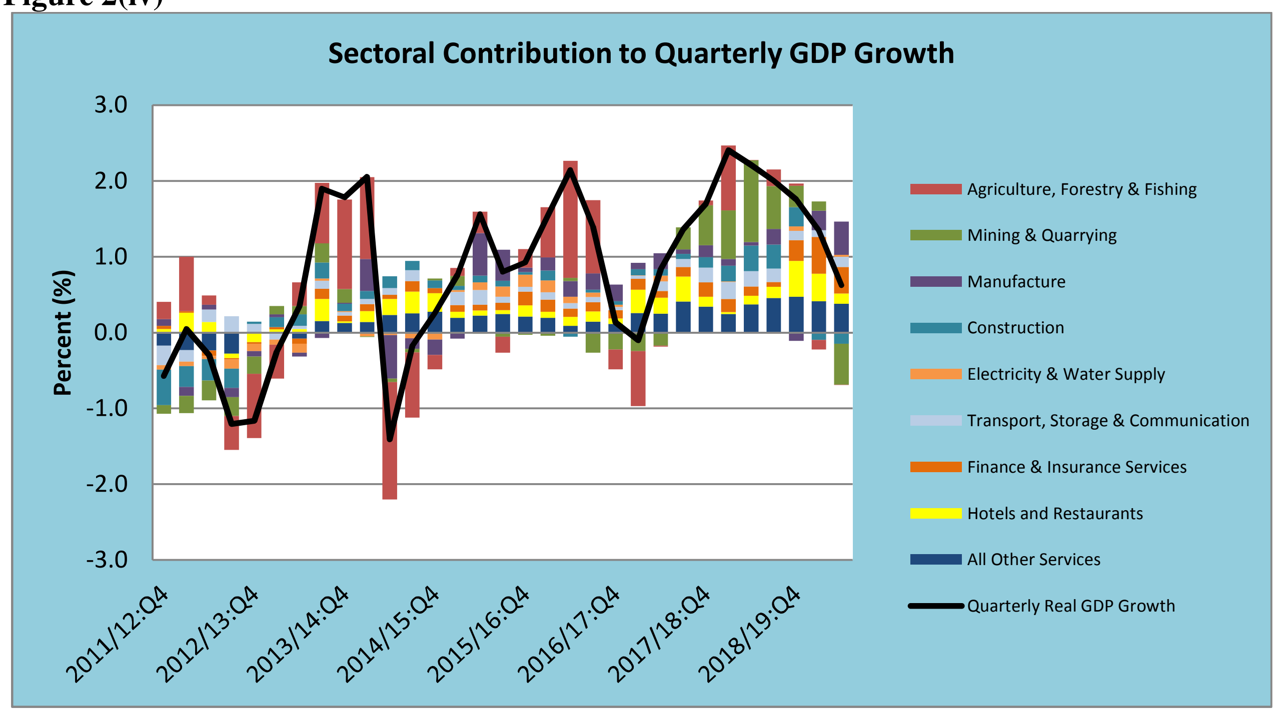
The Goods Producing industries contracted by 0.2%, with lower output recorded for all sub industries except Manufacturing. The Agriculture, Forestry and Fishing industry declined as a result of adverse weather related conditions (drought followed by heavy rains) which affected the island between June and October 2019. Mining & Quarrying also declined on the back of lower alumina and crude bauxite production due to the temporary closure (18-24 months expected) of the JISCO (Alpart) refinery to facilitate plant upgrade and expansion works. Crude bauxite production was also impacted by weakened external demand.

The contraction in the Construction industry reflected declines in civil engineering activities and infrastructural developments related to road rehabilitation, water supply improvement and power plant construction. An increase in construction of residential and non-residential buildings tempered the fallout.

The Manufacturing industry registered growth of 4.1%, led by the *Food, Beverages & Tobacco* (1.2%) and *Other Manufacturing* (8.4%) components. The growth in Food, Beverages & Tobacco reflected higher production of poultry meat, bakery products, dairy products, beer & stout and carbonated beverages. Production of Petroleum Products also increased reflecting the return to full operation of the Petrojam refinery relative to its temporary closure for maintenance in the corresponding period of 2018.

The Services industry recorded growth of 1.5% with Hotels and Restaurants, and Finance & Insurance Services being the lead contributors. Hotels & Restaurants grew by 4.3%, primarily as a result of a 14.1% increase in the number of foreign national visitors, which outweighed a decline in the average length of stay. Regarding Finance & Insurance Services, growth of 3.8% emanated mainly from increases in net interest income on the stock of loans and advances at deposit-taking institutions as well as fees and commission income.

Figure 2(iv)



Source: STATIN

Projected Performance for FY 2019/20[1]

Looking ahead, the economy is projected to grow by 0.6% for FY 2019/20, barring any unforeseen shocks for the remainder of the fiscal year. The Goods Producing Industry is estimated to decline by 1.2%, while growth of 1.4% is expected for the Services Industry. The Goods Producing Industry is expected to be impacted by contraction in *Mining and Quarrying*; while *Hotels & Restaurants* and *Finance and Insurance* are expected to drive growth in the Services Industry.

Upside Potential and Downside Risks to FY2019/20 Projections

The upside potential for stronger growth impetus could come from higher than expected capacity utilization at production plants, especially, within the Mining & Quarrying industry; stronger than projected domestic demand associated with expected increase in employment, reflected in higher consumer confidence, as well as a rise in the access to loans; and stronger than expected external demand, especially within the tourism sector.

On the other hand, downside risks include: plant down-time associated with aged equipment, especially in the Mining & Quarrying and Manufacture industries; weaker than expected global demand; and weather related shocks, which can lead to slower than anticipated growth in the Agriculture, Forestry & Fishing industry.

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

	FY 2018/19 April - September (Actual)	FY 2019/20 April - September (Actual)	FY 2018/19 Full Fiscal Year (Actual)	FY 2019/20 Full Fiscal Year (Projection)
GOODS PRODUCING INDUSTRY	**6.4**	**-0.2**	**4.9**	**-1.2**
Agriculture, Forestry & Fishing	6.2	-0.9	4.0	1.2
Mining & Quarrying	42.5	-7.2	29.0	-22.0
Manufacture	0.2	4.1	0.4	3.1
of which: Food, Beverages & Tobacco	1.6	1.2	1.5	1.6
Other Manufacturing	-1.9	8.4	20.9	5.3
Construction	3.8	-1.8	3.8	-0.6
SERVICES INDUSTRY	**0.7**	**1.5**	**1.1**	**1.4**
Electricity & Water Supply	-0.1	0.3	0.3	1.2
Transport, Storage & Communication	1.3	1.0	1.3	1.0
Wholesale & Retail Trade; Repair and Installation of Machinery	0.9	0.8	1.2	0.7
Finance & Insurance Services	0.8	3.9	1.1	3.4
Real Estate, Renting & Business Activities	0.7	0.9	0.8	0.9
Producers of Government Services	-0.1	0.3	0.0	0.3
Hotels and Restaurants	1.0	4.3	3.1	3.6
Other Services	0.8	1.9	1.2	1.7
Less Financial Intermediation Services Indirectly Measured (FISIM)	1.4	3.8	2.2	3.3
TOTAL GDP AT BASIC PRICES	**2.1**	**1.0**	**2.0**	**0.6**

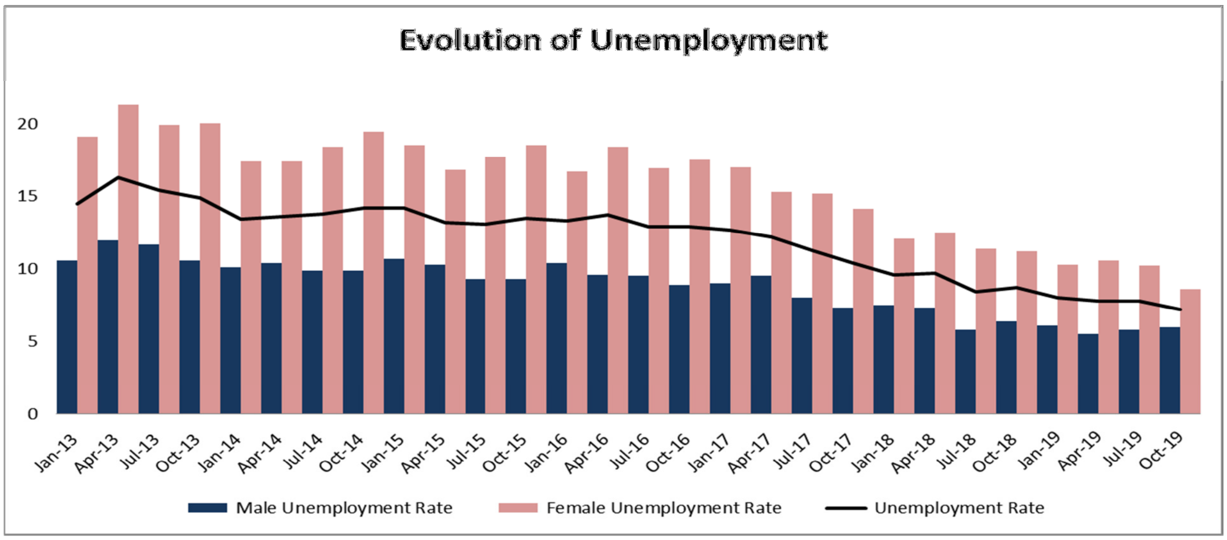
Source: STATIN and PIOJ

[1] This estimate is based on two official quarterly out-turns published by STATIN and two quarterly estimates produced by the PIOJ.

Labour Market Developments

The Labour Market Survey for October 2019 revealed an unemployment rate of 7.2%, compared to 8.7% in October 2018. This represents a historic low for Jamaica (Figure 2(v)). This outturn is reflective of increases in the employed labour force by 29,200 persons, with the overall labour force growing by 10,200 persons. The male labour force increased by 7,600 persons (1.1%) in October 2019, while the female labour force increased by 2,600 persons (0.4%). The unemployment rate for both females (down 2.7%) and males (down 0.4%) improved for the period when compared to the corresponding period last year.

Figure 2(v) Evolution of Unemployment over Calendar Year 2013-2019



Source: STATIN

TABLE 2B: Selected Labour Force Indicators

		2018		2019	
		Oct	CY Average Up to Oct	Oct	CY Average Up to Oct
BOTH SEXES	TOTAL POPULATION	2,728,700	2,728,800	2,727,200	2,727,450
	Population 14 years and over	2,088,100	2,088,100	2,086,600	2,086,825
	Labour Force	1,335,300	1,337,575	1,345,100	1,349,000
	Employed Labour Force	1,219,700	1,215,975	1,248,400	1,244,925
	Unemployed Labour Force	115,600	121,625	96,700	104,075
	Outside The Labour Force	752,800	750,525	741,500	737,825
	Employment Rate	91.3	91	92.8	92
	Unemployment Rate	8.7	9	7.2	8
	Job Seeking Rate	4.8	5	4.6	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	36.1	36	35.5	35
	Labour Force as a % age of Total Population	48.9	49	49.3	49
	Labour Force as a % age of Population 14+	63.9	64	64.5	65
MALE	TOTAL POPULATION	1,350,000	1,350,025	1,349,400	1,349,525
	Population 14 years and over	1,024,700	1,024,700	1,024,100	1,024,200
	Labour Force	718,700	721,100	726,100	727,600
	Employed Labour Force	672,400	672,350	682,800	685,250
	Unemployed Labour Force	46,300	48,725	43,300	42,350
	Outside The Labour Force	306,000	303,600	298,000	296,600
	Employment Rate	93.6	93	94.0	94
	Unemployment Rate	6.4	7	6.0	6
	Job Seeking Rate	3.6	4	3.8	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	29.9	30	29.1	29
	Labour Force as a % age of Total Population	53.2	53	53.8	54
	Labour Force as a % age of Population 14+	70.1	70	70.9	71
FEMALE	TOTAL POPULATION	1,378,700	1,378,775	1,377,800	1,377,925
	Population 14 years and over	1063400	1,063,400	1062500	1,062,625
	Labour Force	616600	616,475	619000	621,400
	Employed Labour Force	547300	543,625	565600	559,675
	Unemployed Labour Force	69300	72,900	53400	61,725
	Outside The Labour Force	446800	446,925	443500	441,225
	Employment Rate	88.8	88	91.4	90
	Unemployment Rate	11.2	12	8.6	10
	Job Seeking Rate	6.1	7	5.6	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	42	42	41.7	42
	Labour Force as a % age of Total Population	44.7	45	44.9	45
	Labour Force as a % age of Population 14+	58	58	58.3	58

Source: STATIN Labour Force Survey Jan 2018-Oct 2019

The growth in the employed labour force was reflected in eleven (11) of the 16 industry groups. The industry group that experienced the largest increase in employment was 'Public Administration & Defence; Compulsory Social Security' which recorded an increase of 10,800 persons (17.9%), followed by the 'Hotel and Restaurant Services' and 'Wholesale & Retail, Repair of Motor Vehicle & Equipment' recording growth of 5,500 persons (5.5%) and 5,200 persons (2.2%), respectively. The occupation groups "Clerks" up 17,700 persons (19.3%), had the largest increase in the number of persons employed followed by "Service Workers and Shop and Market Sales Workers" up 13,900 persons.

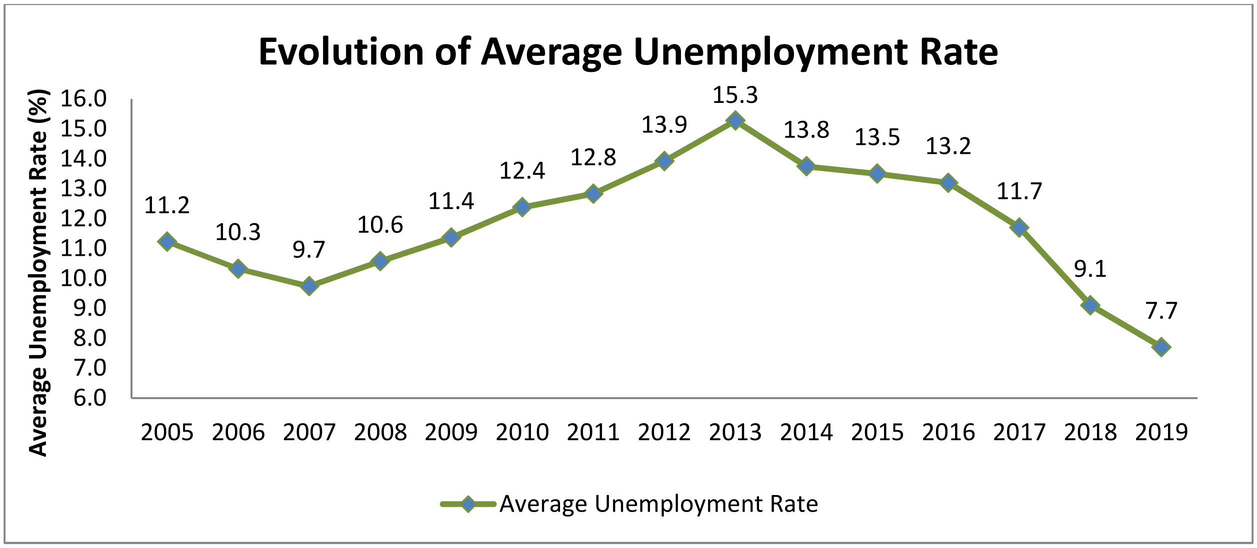
Table 2C: Employed Labour Force by Industry

INDUSTRY GROUP	2018		2019		Absolute Change	
	Oct	CY to Oct Average	Oct	CY to Oct Average	Oct-18 - Oct-19-	Avg-18 - CY to Oct Avg-19 -
	BOTH SEXES					
Agriculture, Hunting, Forestry & Fishing	195,000	197,200	188,500	189,450	-6,500	-7,750
Mining & Quarrying	8,700	6,350	6,300	7,425	-2,400	1,075
Manufacturing	76,600	79,525	75,400	79,000	-1,200	-525
Electricity, Gas and Water Supply	6,700	6,325	6,500	6,625	-200	300
Construction	102,600	103,375	104,300	108,350	1,700	4,975
Wholesale & Retail, Repair of Motor Vehicle & Equipment	241,300	242,525	246,500	244,375	5,200	1,850
Hotels & Restaurants Services	100,500	102,375	106,000	109,300	5,500	6,925
Transport, Storage and Communication	72,000	73,550	73,900	73,800	1,900	250
Financial Intermediation	27,300	25,900	27,800	26,900	500	1,000
Real Estate, Renting & Business Activities	91,100	85,100	95,900	92,400	4,800	7,300
Public Administration & Defence; Compulsory Social Securit	60,300	59,700	71,100	67,725	10,800	8,025
Education	71,900	71,775	73,300	73,675	1,400	1,900
Health & Social Work	33,900	33,525	39,000	34,100	5,100	575
Other Community, Social and Personal Service Activities	72,300	70,100	73,000	73,700	700	3,600
Private Households with Employed Persons	56,200	55,375	60,200	57,025	4,000	1,650
Industry Not Specified (Incl. Extra-Territorial Bodies)	2,800	2,425	700	1,075	-2,100	-1,350
TOTAL EMPLOYED LABOUR FORCE	**1,219,200**	**1,213,767**	**1,248,400**	**1,244,925**	29,200	31,158

Source: STATIN Labour Force Survey Jan 2018-Oct 2019

The average unemployment rate for calendar year 2019 declined by 1.4 percentage points relative to the levels attained for calendar year 2018 and was the lowest average outturn to date (Figure 2(vi)). The average unemployment rate decreased for both males and females during calendar year 2019.

Figure 2(vi)



Source: STATIN

Monetary Policy and Financial Sector Developments

Monetary policy continues to be geared at maintaining inflation within the BOJ's 4%-6% target range. Against the backdrop of downside risk to inflation throughout much of 2019, the BOJ maintained an accommodative monetary stance. The Bank reduced the policy rate four times between January and September 2019, to a historic low of 0.5%. Consistent with the decline in the signal rate, market rates have been trending downwards triggering an uptick in credit growth. In addition, the BOJ also reduced the cash reserve requirement from 12.0% to 9.0% on March 1, 2019, which injected liquidity of $16.8 billion into the banking system.

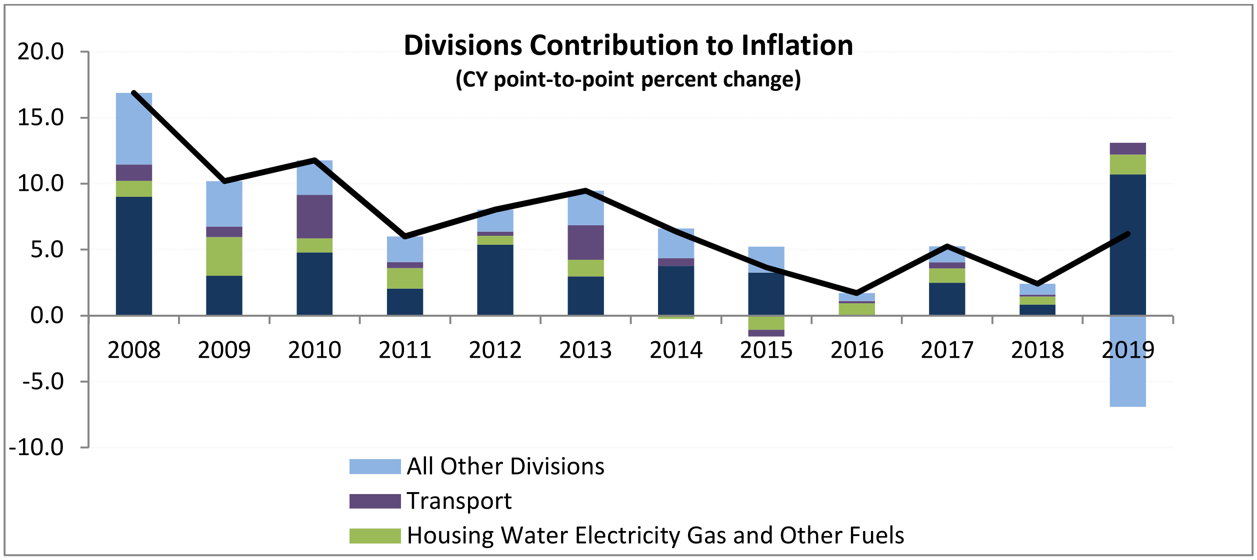
Looking ahead, the BOJ will continue to assess the impact of the monetary loosening and fiscal stimulus from the 2019/20 budget on inflation. Further rate actions will be data-driven and informed by these assessments.

The GOJ is mindful of the importance of an effective mechanism to channel the expanded pool of loanable funds to support small and medium sized firms. In this regard, ongoing efforts to deepen financial inclusion, which is critical to invigorate broad-based growth, will be accelerated (See Appendix III).

Inflation

The 12-month (point-to-point) inflation rate to December 2019 was 6.2% (Table 2D), marginally ahead of the upper band of the target range, and above the rate of 2.4% recorded for CY 2018. The acceleration in headline inflation toward the end of 2019 largely reflected weather-related shocks to agricultural crop production.

Figure 2(vii)



Source: STATIN

The Consumer Price Index (CPI) for all divisions posted increases during CY 2019. However, inflationary pressure was most pronounced within the division 'Food and Non-Alcoholic Beverages', the highest weighted division, which increased by 10.7%. Prices for vegetables and starchy foods rose sharply due to adverse weather conditions (drought followed by heavy rains) between June and October 2019. There were also crop-related diseases affecting some items.

Table 2D: Movements in Consumer Price Indices

All Jamaica 'All Divisions' and Division Indices and Movements (Base period December 2006 = 100)							
	Dec 2018 Index	Mar 2019 Index	Nov 2019 Index	Dec 2019 Index	Monthly % change for Dec 2019	FY 19/20 to Dec 2019 (%change)	CY 2019 to Dec 2019 (%change)
ALL DIVISIONS - ALL ITEMS	254.7	256.5	269.3	270.6	0.5	5.5	6.2
1 Food and Non-Alcoholic Beverages	320.7	324.5	353.3	355.1	0.5	9.4	10.7
2 Alcoholic Beverages and Tobacco	315.2	317.2	322.0	322.3	0.1	3.4	2.3
3 Clothing and Footwear	245.1	246.4	251.2	251.5	0.2	2.1	2.6
4 Housing, Water, Electricity, Gas and Other Fuels	250.2	247.4	250.3	254.0	1.5	-0.8	1.5
5 Furnishings, Household Equipment and Routine Household Maintenance	247.5	248.7	252.5	252.8	0.1	1.6	2.1
6 Health	149.6	150.1	153.3	153.5	0.1	2.3	2.6
7 Transport	212.2	213.6	214	214.1	0.0	0.2	0.9
8 Communication	67.1	67.1	71.8	71.8	0.0	7.0	7.0
9 Recreation and Culture	195.1	196	200.7	201.2	0.2	2.7	3.1
10 Education	200.7	203.7	213.3	213.3	0.0	4.7	6.3
11 Restaurants and Accommodation Services	198.6	199.7	201.6	201.8	0.1	1.1	1.6
12 Miscellaneous Goods and Services	238.1	240.0	245.0	245.3	0.1	2.2	3.0

Source: STATIN

Inflation for FY 2019/20 to end-December 2019 was 5.5%, compared to 2.7% for the corresponding period of FY 2018/19. The outturn for FY 2019/20 is expected to be within the BOJ's target range as the overall risk to the forecast for the remainder of the year is broadly balanced. The upside risks include: adverse weather conditions, stronger than expected domestic demand, and higher than anticipated increases in agricultural commodity prices in the international markets. Among the downside risks are weaker than expected local and global demand conditions as well as favourable weather conditions.

Exchange Rate

At end-December 2019, the selling rate of the US dollar was US$1.00 =J$132.60, a depreciation of 3.8% over the last year, compared to 2.2% during 2018. The domestic currency exhibited significant two-way movements in tandem with general market conditions. However, there were bouts of excess demand for the US currency that threatened the orderly functioning of the market, triggering at least seven (7) foreign exchange interventions by the BOJ to sell at least US$200.0 million during the calendar year.

External Sector Developments

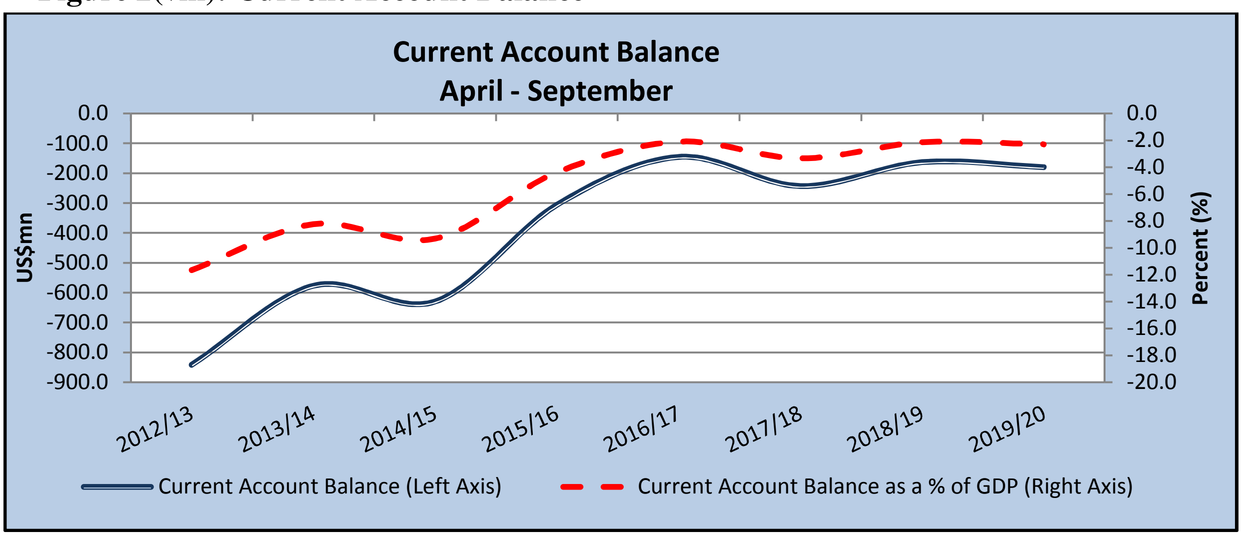
External viability remains a key objective of GOJ reform agenda. In line with continued improvements in macro-fiscal outcomes over the last 6 years, the Current Account deficit has fallen appreciably from about 10.3% of GDP in 2012/13 to 2.3% by 2018/19.

The current account strengthened during the first half of FY 2019/20 primarily due to an improvement in the goods and services sub account, as the balance on the Primary Income sub-account deteriorated (Table 2E). The balance on the Secondary Income sub-account remained broadly stable.

Export earnings fell, as bauxite and alumina export volumes declined relative to the comparable period of last year, largely due to the winding down and eventual suspension of operations at the JISCO (ALPART) refinery. However, there was a sharper reduction in import spending associated with a fall in mining-related imports. Higher external interest payments by the GOJ as well as greater outflows of investment income contributed to the deterioration in the Primary Income balance.

The Capital Account improved, and together with the deficit on the current account yielded a net borrowing on the combined Capital and Current accounts.

Figure 2(viii): Current Account Balance



Source: BOJ

The Financial Account recorded a net borrowing balance for the first half of FY 2019/20, compared to a net lending balance for the corresponding period in 2018. This reflected an increase in the net borrowing position of *Direct Investment* and higher *Other Investment* liabilities. This was partially offset by a reduction in Net Portfolio Investments liabilities.

Flows from official and private sources were insufficient to finance the net deficit on the Current and Capital accounts. As a result, there was a net drawdown of reserves held abroad.

Table 2E: Balance of Payments for the First Half of FY 2019/20: April – September 2019

Balance of Payments (US$MN)	FY 2018/19 April - September	FY 2019/20 April - September	Change
Current Account Balance	**-179.7**	**-163.1**	**16.6**
Credits	4,465.5	4,322.7	-142.8
Debits	4,696.9	4,485.8	-211.0
Goods & Services	-1,227.1	-1,129.7	97.4
Exports	2,871.2	2,791.6	-79.6
Imports	4,098.3	3,921.3	-177.0
Goods	-1,991.6	-1,724.4	267.2
Exports	819.7	985.4	165.7
Imports	2,811.3	2,709.7	-101.6
Services	764.5	594.7	-169.8
Credits	2,051.5	1,806.2	-245.3
Debits	1,287.0	1,211.5	-75.5
Primary Income	-206.4	-286.1	-79.7
Credits	177.5	153.8	-23.7
Debits	383.9	439.9	56.0
Secondary Income	1,253.8	1,252.7	-1.1
Credits	1,393.0	1,377.3	-15.7
Debits	139.2	124.7	-14.6
Capital Account	**-14.6**	**11.3**	**25.9**
Credits	9.8	11.3	1.5
Debits	24.4	0.0	-24.4
Net lending (+) / net borrowing (-) (balance from current and capital account)	**-208.3**	**-151.8**	**56.5**
Financial Account Net lending (+) / net borrowing (-) (balance from financial account)	**121.4**	**-185.5**	**-306.9**
Direct Investment	-124.9	-335.7	-210.8
Net acquisition of financial assets	195.4	8.1	-187.3
Net incurrence of liabilities	320.3	343.9	23.6
Portfolio Investments	-94.9	413.2	508.1
Net acquisition of financial assets	122.9	-209.4	-332.3
Net incurrence of liabilities	217.8	-622.6	-840.4
Financial derivatives	-45.7	2.1	47.8
Net acquisition of financial assets	-46.3	58.5	104.9
Net incurrence of liabilities	-0.6	56.4	57.0
Other Investments	410.2	-177.0	-587.3
Net acquisition of financial assets	215.9	-15.1	-231.0
Net incurrence of liabilities	-194.3	161.9	356.2
Reserve Assets	-23.3	-88.1	
Net Errors and Omissions	**329.7**	**-33.7**	

Source: BOJ

The International Environment

The Commodities Market

International commodity prices saw a general decline over the first three quarters of the fiscal year. The World Bank's International Commodity Price Index registered reduction in the Non-Fuel and Fuel Price Index by 2.8% and 13.3%, respectively (Table 2F). Amid mounting concerns regarding slowing global growth prices, the majority of commodity prices fell over the review period. The global economic slowing and uncertain outlook has weighed heavily on commodity demand. Particularly on energy prices, the impact of weak demand outweighed the effects of lower production output. The fall in the prices of most agricultural commodities were partially due to positive supply shock on key grains, notably rice and wheat, which remained at multi-year highs. Average aluminum price decreased significantly for the review period, as prices waned in the second half of 2019. The fall in prices was led by slowing demand in China, expectations of excess supply, and rising aluminum exports from China due to lower domestic demand.

Table 2F: Selected International Commodity Prices[2]

Commodity	Unit	Average Percentage Change	
		Apr-Dec FY 2018/19	Apr-Dec FY 2019/20
Non-Fuel Price Index		1.1	-2.8
Fuel (Energy) Price Index		30.0	-13.3
Select Commodities			
Cocoa	US$ per Kg	16.0	2.0
Coffee, Arabica	US$ per Kg	-10.0	0.4
Soybean meal	US$/metric tonne	16.9	-14.3
Maize/Corn	US$/metric tonne	8.0	3.8
Wheat, US, HRW	US$/metric tonne	19.3	-8.1
Sugar, EU, domestic	US$ per Kg	1.3	-4.4
Sugar, World	US$ per Kg	-17.7	3.7
Crude Oil	US$ per Barrel	29.4	-11.8
Aluminum	US$/metric tonne	4.3	-15.4

Source: World Bank Commodity Prices

The subdued outlook of global economic activities led to declines in most commodity prices, which are expected to remain near current levels over the medium term. Energy and non-energy commodity price indices are fragile and are dependent on the momentum of global activities.

Looking ahead, uncertainty continues, thereby hampering global economic growth outlook for 2020. According to the World Bank in its January 2020 Global Economic Prospects, the projection for global growth in 2020 has been lowered from 2.7% to 2.5%, cautioning that conditions remain weak. This

[2] Jamaica remains a price taker for a variety of internationally traded primary commodities (Table 2G) and spends considerable foreign exchange on commodities such as oil, soybean, corn/maize and wheat.

follows a deceleration path in global growth from 3.0% in 2018 to an estimated 2.4% in 2019. Moreover, indicators of economic activity have approached their lowest levels since the global financial crisis. The revised global forecast of 2.5% is reflective of:

- Contraction of global trade in goods for a significant part of 2019, while services were moderated;
- De-escalated trade tensions, as the United States and China agreed to a planned partial rollback of tariffs as a ‘Phase One’ agreement. Under the agreement, the US is expected to roll back tariffs on some Chinese goods in exchange for China purchasing more American agricultural, manufactured and energy products;
- Global trade growth is estimated to have slowed sharply from 4 percent in 2018 to 1.4% in 2019 and is anticipated to strengthen to 1.9% in 2020.

Economic activities from both developed and developing countries remain fragile as they tackle domestic and global challenges. The prospective fragility of economic growth in 2020 triggered widespread monetary policy easing by major central banks in 2019, as well as flight to safety flows into advanced-economy bond markets.

Global Outlook

Growth in advanced economies is projected to decelerate to 1.4%, below previous projections of 1.7% and 0.2 percentage point lower than growth estimates for 2019. This downward revision is reflective of lingering weaknesses in manufacturing industries. Economic growth in the United States is expected to be impacted by waning investments and exports, policy uncertainty and rising tariffs leading to increased trade costs. Previous stimuli from tax cuts and changes in government spending are expected to be reduced this year resulting in diminished growth prospects. The economic outlook for the Euro Area has deteriorated, with growth expected to slow to 1.0% in 2020, 0.4 percentage point down from previous projections. Growth is forecast to recover modestly to an average of 1.3% over the period 2021 to 2022. Notably, the European Central Bank has provided monetary stimulus by pushing its policy rate deeper into negative territory, resuming quantitative easing, and providing inexpensive credit to banks.

For emerging markets and developing economies (EMDEs), growth is expected to be 4.1% in 2020, 0.5 percentage point below previous forecasts but higher than the estimate of 3.5% for 2019. The revised outlook is due, in part, to downward revisions to the projections for trade and investment growth. Economic expansion for EMDEs is projected to stabilize at an average of 4.4% in 2021 and 2022, as trade and investment strengthens. The risks to the economic forecast are skewed toward the downside and include weak global growth, resurgence of trade tensions, financial market volatility, heightened geopolitical tensions and higher incidence of extreme weather events for which the Caribbean remains highly vulnerable.

Jamaica's Macroeconomic Outlook FY 2020/21 to 2023/24

Economic activity is expected to accelerate over the medium term, predicated on improvements in most industries. The Medium Term Macroeconomic Profile (Table 2G) summarizes the key macroeconomic projections that will underpin the development of the budget. Notwithstanding the existence of notable risks, the outlook remains positive.

Real GDP is projected to grow by an average of 1.9% over the fiscal years 2020/21 to 2023/24. Growth in both the goods and services industries is expected to drive the expansion. Over the medium term, growth within the goods producing industry is expected to be driven by Agriculture, Forestry & Fishing, bolstered by stronger linkages between the Hotels & Restaurants and Manufacturing (Agro processing) sectors and supported by measures to strengthen resilience of Agriculture through greater utilization of climate smart technology. Mining & Quarrying is also expected to contribute to the expansion in the goods industry, particularly in the latter years, due to the expected increase in production capacity following the resumption of operations at the JISCO (ALPART) refinery. Within the services industry, the largest impact is expected from Hotels & Restaurants, boosted by increasing visitor arrivals. 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 remain relatively low, averaging 1.7% over the medium term. This is predicated on the expectation of improvements in Jamaica's external competitiveness.

Table 2G: Medium Term Macroeconomic Profile

Macroeconomic Variables	2017/18 Actual	2018/19 Actual	2019/20 Proj.	2020/21 Proj.	2021/22 Proj.	2022/23 Proj.	2023/24 Proj.
Nominal GDP (J$bn)	1,927.2	2,053.2	2,155.6	2,278.8	2,441.4	2,624.2	2,809.1
Nominal GDP growth rate(%)	7.7	6.5	5.0	5.7	7.1	7.5	7.0
Real GDP growth rate (%)	1.0	2.0	0.6	1.2	2.0	2.4	2.0
Inflation: Annual Pt to Pt (%)	3.9	3.4	5.0	4.4	5.0	5.0	5.0
Interest Rates:							
180-day Treasure Bill (end-period)	3.17	2.17					
90-day Treasure Bill (end-period)	2.98	2.19					
Average Selling Exchange Rate (J$=US$1)	127.97	130.58					
NIR (US$mn)	3,074.5	3,084.8	3,029.4	3,344.4	3,301.6	3,650.4	3,739.4
Gross International Reserves (In weeks of imports)	23.3	22.9	22.2	22.5	20.9	21.6	21.0
Current Account (%GDP)	-3.0	-2.3	-2.9	-2.0	-2.2	-1.6	-1.4
Oil Prices (WTI) (Average US$/barrell)	53.69	62.77	55.88	54.48	55.26	55.74	56.13

Source: STATIN/BOJ/PIOJ

PART 3

FISCAL MANAGEMENT STRATEGY

Background

Promoting an environment which fosters investment and inclusive growth remains a top priority of the Government of Jamaica (GOJ) in pursuit of the Vision 2030 National Development Plan. Jamaica over the past decade has implemented a raft of profound reforms that have helped to entrench macroeconomic stability, strengthen budget credibility, and markedly improve fiscal outcomes. Strong fiscal performance underpinned Jamaica's successful exit from a borrowing relationship with the IMF in 2019. The continued over-performance of the primary surplus enabled a faster reduction in the public debt. It also created space for increased growth-friendly spending, scaling up of social protection, and reduction of distortionary taxes in FY 2019/20. Within the context of the sustained macroeconomic improvement, Standard and Poor's, Moody's and Fitch all upgraded Jamaica's credit ratings.

The GOJ is mindful that any departure from the solid fiscal discipline that prevailed during the IMF-supported programmes is likely to have dire consequences. Against this backdrop, the GOJ will continue to implement transformative fiscal, macro-financial, and structural reforms aimed at reducing debt to the targeted 60.0% of GDP by March 2026, and generating job-rich growth.

The Fiscal Management Strategy provides an analysis of the fiscal performance in FY 2019/20 and outlines the FY 2020/21 budget, as well as the medium term trajectory. It reports on the following:

- Performance of the central government and public bodies: April – December 2019;
- FY 2019/20 estimated outturn;
- Public Debt Stock to end-December 2019 and outlook;
- FY 2020/21 Budget; and
- Medium Term Fiscal Outlook.

Central Government Performance: April-December 2019 against Original Budget

Central Government operations for the April to December period of FY 2019/20 generated a Primary surplus of $112,703.5mn and a Fiscal Surplus of $24,125.6mn (see Figure 3A). These positive outturns were the result of Revenue and Grants (up $14,600.5mn) over-performing relative to budget, combined with lower than budgeted Above-the-Line Expenditure (down $12,011.5mn). Tax revenue, (up $10,917.9mn) was the main driver behind the revenue buoyancy.

Tax Revenue

Tax Revenue receipts for April to December 2019 amounted to $414,749.7mn, up 2.7% over budget and 6.7% over the similar period in FY 2018/19 (see Table 3A.1). The decomposition of total revenue illustrates that Taxes from *Income and Profits* and *Production and Consumption* surpassed budget, while *International Trade* taxes fell slightly behind target (see Table 3A.2). Nominally, Tax Revenue outpaced FY 2018/19 outturn Revenue inflows were bolstered by, inter alia, continued efforts by the revenue collection agencies to foster and encourage voluntary compliance.

Income and Profits

Income and Profits registered collections of $102,021.0mn for the April to December 2019 period, outpacing budgeted inflows by $3,889.0mn or 4.0%. The over-performance was led by Other Companies (Corporate Tax), which exceeded target by 10.6% and rose 18.4 % over the corresponding period in FY 2018/19. This buoyancy was largely attributable to higher than budgeted receipts of arrears in FY 2019/20 relative to the same period in the previous fiscal year. Arrears for Other Companies were 85.5% better than budgeted with a year-over-year increase of 98.7%.

Inflows from PAYE were broadly in line with the original budget and 13.7% more than the comparable period of the previous year. This performance partially reflects higher arrears payments, which increased 26.4% year-over-year. Going forward, PAYE is expected to benefit from increased employment. The employed labour force increased by 3,900 persons between April and October 2019.

Tax on Dividend ended the period at $1,555.6mn, an increase of $145.6mn or 10.3% above budgeted inflows and 11.6% over previous year. The rise in the average dividend yield per share, coupled with a 7.5% increase in the frequency of dividend pay-outs over the period led to the higher inflows.

Table 3A.1: Central Government Summary Accounts April – December of FY 2019/20 (J$mn)

Item	Prov Apr - Dec	Original Budget Apr - Dec	Diff	Diff %	FY 18/19 Apr - Dec	Diff	Diff %
Revenue & Grants	**469,149.6**	**454,549.1**	**14,600.5**	**3.2%**	**448,772.7**	**20,377.0**	**4.5%**
Tax Revenue	414,749.6	403,831.7	10,917.9	2.7%	388,666.1	26,083.5	6.7%
Non-Tax Revenue	49,680.0	44,778.9	4,901.1	10.9%	50,639.0	-959.0	-1.9%
Bauxite Levy	0.0	0.0	0.0	-	0.0	0.0	-
Capital Revenue	826.3	1,408.3	-582.1	-41.3%	2,511.2	-1,684.9	-67.1%
Grants	3,893.8	4,530.1	-636.4	-14.0%	6,956.4	-3,062.6	-44.0%
Expenditure	**445,024.0**	**457,035.6**	**-12,011.5**	**-2.6%**	**429,580.8**	**15,443.2**	**3.6%**
Recurrent Expenditure	404,810.4	406,607.0	-1,796.6	-0.4%	384,174.9	20,635.5	5.4%
Programmes	157,715.9	152,765.8	4,950.1	3.2%	147,903.1	9,812.9	6.6%
Compensation of Employees	158,516.5	157,389.6	1,126.9	0.7%	147,779.3	10,737.2	7.3%
Wages & Salaries	147,085.8	144,829.7	2,256.2	1.6%	136,616.3	10,469.6	7.7%
Employers Contribution	11,430.7	12,559.9	-1,129.2	-9.0%	11,163.0	267.6	2.4%
Interest	88,578.0	96,451.6	-7,873.7	-8.2%	88,492.6	85.4	0.1%
Domestic	33,505.0	34,432.0	-927.0	-2.7%	34,492.0	-987.0	-2.9%
External	55,073.0	62,019.7	-6,946.7	-11.2%	54,000.6	1,072.4	2.0%
Capital Expenditure	40,213.6	50,428.6	-10,214.9	-20.3%	45,405.9	-5,192.2	-11.4%
Capital Programmes	40,213.6	50,428.6	-10,214.9	-20.3%	45,405.9	-5,192.2	-11.4%
Fiscal Balance (Surplus + / Deficit -)	**24,125.6**	**-2,486.5**	**26,612.1**	**-1070.3%**	**19,191.9**	**4,933.7**	**25.7%**
Loan Receipts	**84,442.4**	**80,307.3**	**4,135.0**	**5.1%**	**100,158.5**	**-15,716.2**	**-15.7%**
Domestic	52,465.2	49,506.7	2,958.5	6.0%	67,680.0	-15,214.8	-22.5%
External	31,977.1	30,800.6	1,176.6	3.8%	32,478.5	-501.4	-1.5%
Project Loans	11,468.8	11,515.6	-46.8	-0.4%	19,101.1	-7,632.3	-40.0%
Other	20,508.3	19,285.0	1,223.3	6.3%	13,377.4	7,130.9	53.3%
Other Inflows (inc'ds PCDF)	**82,864.3**	**11,692.9**	**71,171.4**	**608.7%**	**14,524.5**	**68,339.8**	**470.5%**
Other Outflows (incl'ds BOJ Recapitalization)	**16,530.9**	**26,328.4**	**-9,797.5**	**-37.2%**	**22,488.2**	**-5,957.3**	**-26.5%**
Amortization	**149,249.6**	**118,955.9**	**30,293.7**	**25.5%**	**116,599.5**	**32,650.1**	**28.0%**
Domestic	65,295.9	69,670.5	-4,374.6	-6.3%	74,902.7	-9,606.8	-12.8%
External	83,953.7	49,285.3	34,668.4	70.3%	41,696.9	42,256.8	101.3%
Overall Balance (Surplus + / Deficit -)	**25,651.7**	**-55,770.6**	**81,422.3**	**-146.0%**	**-5,212.9**	**30,864.6**	**-592.1%**
Primary Balance (Surplus + / Deficit -)	**112,703.5**	**93,965.2**	**18,738.4**	**19.9%**	**107,684.4**	**5,019.1**	**4.7%**

Source: MOFPS (discrepancies due to rounding)

Production and Consumption

Receipts from Production and Consumption totalled $147,468.9mn, which was $8,011.1mn or 5.7% higher than budget and $6,602.1mn or 4.7% above the outturn for FY 2018/19. SCT (Local), GCT (Local), Telephone Call Tax, Betting, Gaming and Lotteries and Stamp Duty (Local) were the main contributors to the positive outturn.

SCT (Local) collections increased by $2,856.5.6mn or 14.6% above budget, and 20.0% over FY 2018/19. The higher receipts can in part be attributed to a 36.4% increase in production activities at Petrojam over the last fiscal year.

GCT (Local) performed above expectations (2.9%) and receipts rose 8.9% over the comparable period in FY 2018/19. Robust compliance effort as manifested in the improvement in "*On Time Payment*" (Appendix 5) and greater sales of taxable goods and services contributed to the strong performance.

Telephone Call Tax of $2,759.6mn grew ahead of target by $1,106.8mn or 67.0% and 16.1% over the same period last fiscal year. Receipts in this category which have generally been trending downward over the past four fiscal years, have recovered due in part to an increase in taxable call minutes over the period. Taxable call minutes for April to December 2019, were 12.6% higher than the corresponding period in the previous fiscal year.

Betting, Gaming and Lotteries at $4,669.7mn performed creditably and were $734.0mn or 18.7% over target and 14.8% over FY 2018/19. A major operator in the industry reported an increase in revenue growth in most segments, including lotteries, Sport Betting and Horseracing, when compared to Q2 of FY 2018/19.

Collections for Stamp Duty (Local) of $4,025.1mn were 11.7% higher than anticipated but lower than receipts for the same period in FY 2018/19. The year-over-year reduction is in keeping with the replacement of the ad valorem Stamp Duty payable on instruments with a flat rate.

Other licences increased over the budgeted amount by $339.7mn or 40.3% and were 44.1% higher than the corresponding period of the previous year. This was due largely to increased inflows from Spectrum Management Authority.

The main tax type that registered a shortfall was Contractors Levy, down $496.4mn or 23.7%. The decrease arose from the contraction in the Construction industry related to the winding down of key infrastructural development projects and the completion of major projects within the energy sector.

Table 3A.2: Details of Revenue April – December of FY 2019/20 (J$mn)

Item	Prov Apr - Dec	Original Budget Apr - Dec	Diff	Diff %	FY 18/19 Apr - Dec	Diff	Diff %
Revenue & Grants	**469,149.6**	**454,549.1**	**14,600.5**	**3.2%**	**448,772.7**	**20,377.0**	**4.5%**
Tax Revenue	**414,749.6**	**403,831.7**	**10,917.9**	**2.7%**	**388,666.1**	**26,083.5**	**6.7%**
Income and profits	102,021.0	98,132.0	3,889.0	4.0%	90,772.3	11,248.6	12.4%
Bauxite/alumina	0.0	0.0	0.0	-	0.0	0.0	-
Other Companies	38,072.8	34,411.7	3,661.0	10.6%	32,145.4	5,927.3	18.4%
PAYE	47,177.4	46,541.1	636.3	1.4%	41,498.9	5,678.5	13.7%
Tax on dividend	1,555.6	1,410.0	145.6	10.3%	1,393.6	162.0	11.6%
Individuals	2,551.4	2,508.0	43.5	1.7%	2,109.0	442.5	21.0%
Tax on interest	12,663.8	13,261.2	-597.4	-4.5%	13,625.4	-961.6	-7.1%
Production and consumption	147,468.8	139,457.7	8,011.1	5.7%	140,866.8	6,602.0	4.7%
Min Business Tax	219.2	0.0	219.2	-	927.9	-708.8	-76.4%
SCT	22,406.1	19,549.6	2,856.5	14.6%	18,673.0	3,733.1	20.0%
Environmental Levy	424.7	464.9	-40.2	-8.6%	386.4	38.4	9.9%
Motor vehicle licenses	3,529.6	3,223.8	305.8	9.5%	3,240.7	288.9	8.9%
Other licenses	1,182.1	842.4	339.7	40.3%	820.5	361.6	44.1%
Quarry Tax	61.1	46.4	14.6	31.5%	49.4	11.6	23.5%
Betting, gaming and lottery	4,669.7	3,935.7	734.0	18.7%	4,068.7	600.9	14.8%
Accomodation Tax	2,114.4	2,103.4	11.0	0.5%	1,979.8	134.6	6.8%
Education Tax	23,163.3	22,919.6	243.6	1.1%	21,037.6	2,125.7	10.1%
Telephone Call Tax	2,759.6	1,652.8	1,106.8	67.0%	2,377.2	382.4	16.1%
Contractors levy	1,600.5	2,096.9	-496.3	-23.7%	1,962.0	-361.5	-18.4%
GCT (Local)	81,313.5	79,019.2	2,294.3	2.9%	74,697.7	6,615.8	8.9%
Stamp Duty (Local)	4,025.1	3,603.0	422.1	11.7%	10,645.8	-6,620.7	-62.2%
International Trade	165,259.8	166,242.0	-982.2	-0.6%	157,027.0	8,232.8	5.2%
Custom Duty	34,532.3	34,107.6	424.7	1.2%	32,223.1	2,309.2	7.2%
Stamp Duty	2,163.4	1,834.1	329.3	18.0%	2,090.1	73.3	3.5%
Travel Tax	16,407.0	15,868.2	538.8	3.4%	15,210.3	1,196.7	7.9%
GCT (Imports)	70,638.9	71,326.8	-687.9	-1.0%	66,001.9	4,637.0	7.0%
SCT (Imports)	38,771.1	40,375.9	-1,604.8	-4.0%	38,880.9	-109.8	-0.3%
Environmental Levy	2,747.1	2,729.4	17.7	0.6%	2,620.7	126.4	4.8%
Non-Tax Revenue	**49,680.0**	**44,778.9**	**4,901.1**	**10.9%**	**50,639.0**	**-959.0**	**-1.9%**
Bauxite Levy	**0.0**	**0.0**	**0.0**	**-**	**0.0**	**0.0**	**-**
Capital Revenue	**826.3**	**1,408.3**	**-582.1**	**-41.3%**	**2,511.2**	**-1,684.9**	**-67.1%**
Grants	**3,893.8**	**4,530.1**	**-636.4**	**-14.0%**	**6,956.4**	**-3,062.6**	**-44.0%**

Source: MOFPS (discrepancies due to rounding)

International Trade
Receipts from International Trade were broadly in line with target as shortfalls in SCT (Imports) and GCT (Imports) were moderated by increases in the other tax types.

The lower collections from SCT (Imports) (down $1,604.8mn or 4.0%) were due chiefly to a reduction in refined fuel imports concomitant with increased local refinery activity at Petrojam.

Travel Tax, up $538.8 or 3.4% over budget and 7.9% above last year, benefited from a 6.6% increase in stop over arrivals in FY 2019/20 compared with the same period in 2018. Stamp Duty of $2,163.4mn was ahead of budget by 18.0%. Higher trade volumes and the resultant increase in total Cost, Insurance and Freight (CIF) outweighed the expected reduction from the Stamp Duty reform. Notably, the volume of *duty-paid motor vehicles* increased by 15.0% year over year while CIF for the tariff code *other tiles* doubled compared to the April-December 2018 period on account of increased consumer demand and major renovation and building projects undertaken by two large hotel properties.

Non-Tax Revenue
Non-Tax Revenue of $49,680.0mn for April to December 2019 period was ahead of budget by 9.3%. Collections over the period included De-earmarked Funds amounting to $9,438.0mn; Custom Administration Fee (CAF) of $2,704.8mn; programmed flows from Public Bodies totalling $8,550.0mn; and payments from Executive Agencies of $4,400.0mn. The over performance largely reflects unprogrammed distribution from the Petroleum Corporation of Jamaica following the Wigton divestment.

Capital Revenue and Grants

Capital Revenue collections fell $582.1mn or 41.3% behind target and 67.1% below last year's collection. Grant flows over the period amounted to $3,736.2mn which was $636.4mn or 14.0% below the targeted amount with slower than anticipated execution of some capital projects affecting receipts over the period. Execution of some projects is expected to pick up in the final fiscal quarter.

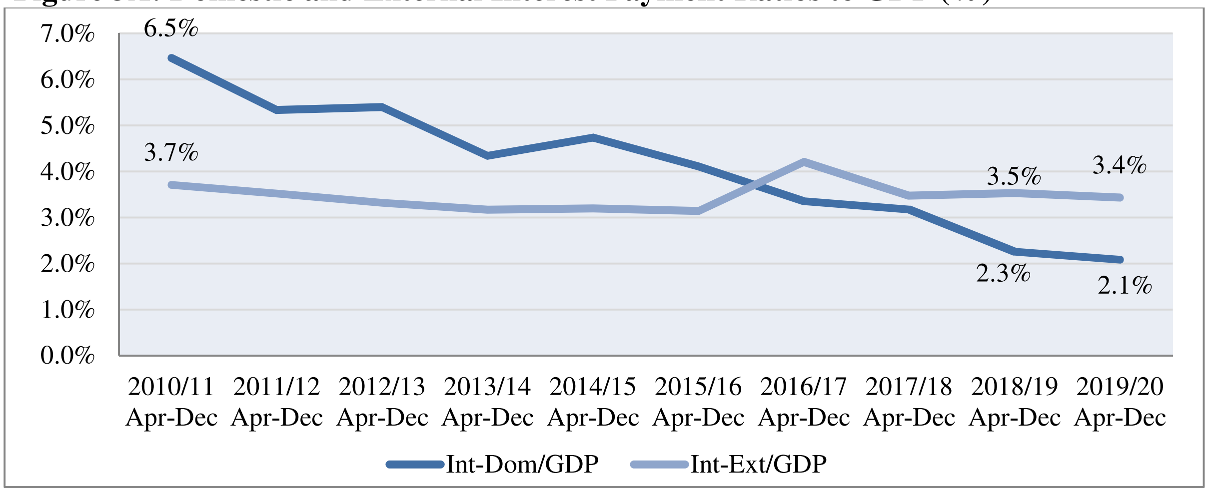
Expenditure

Central Government above-the-line Expenditure over the April to December 2019 period amounted to $445,024.0mn, leaving $12,011.5mn or 2.6% unspent. Overall expenditure during the period was 1.4% higher than anticipated and 7.4% higher than the same period last fiscal year.

Recurrent Expenditure
Spending on recurrent items amounted to $404,810.4mn at the end of the third quarter of the fiscal year, in line with budget and 5.4% more than the corresponding period of 2018/19. A 3.2% increase in Programmes was offset by reductions in Interest Costs, while Compensation remained broadly on track with budget.

Interest Payments totalled $88,578.0mn, representing savings of $7,873.7mn. Domestic and External Interest payments to GDP fell to 2.1% and 3.4%, respectively (see Figure 3A). Lower expenditure was primarily reflected in the external portfolio which recorded a $6,946.7mn or 11.2% reduction against the budget whereas domestic interest payments were lower by $927.0mn or 2.7%. Lower external interest payments stemmed mainly from interest costs savings arising from the liability management exercise. Domestic interest costs were positively impacted by reduced interest rates.

Figure 3A: Domestic and External Interest Payment Ratios to GDP (%)



Source: MOFPS

Capital Expenditure

Capital expenditure of $40,213.6mn fell short of the programmed target by $10,214.9mn or 20.3%, a decrease in year-over-year spending of 11.4%. Expenditures have been impacted by the delayed start-up of some of the major infrastructure projects. Key challenges include delays in procurement and slow mobilisation. This has slowed growth in the Construction industry as several projects are ending or winding-down while some new projects are off to a slow start.

Debt Financing Flows

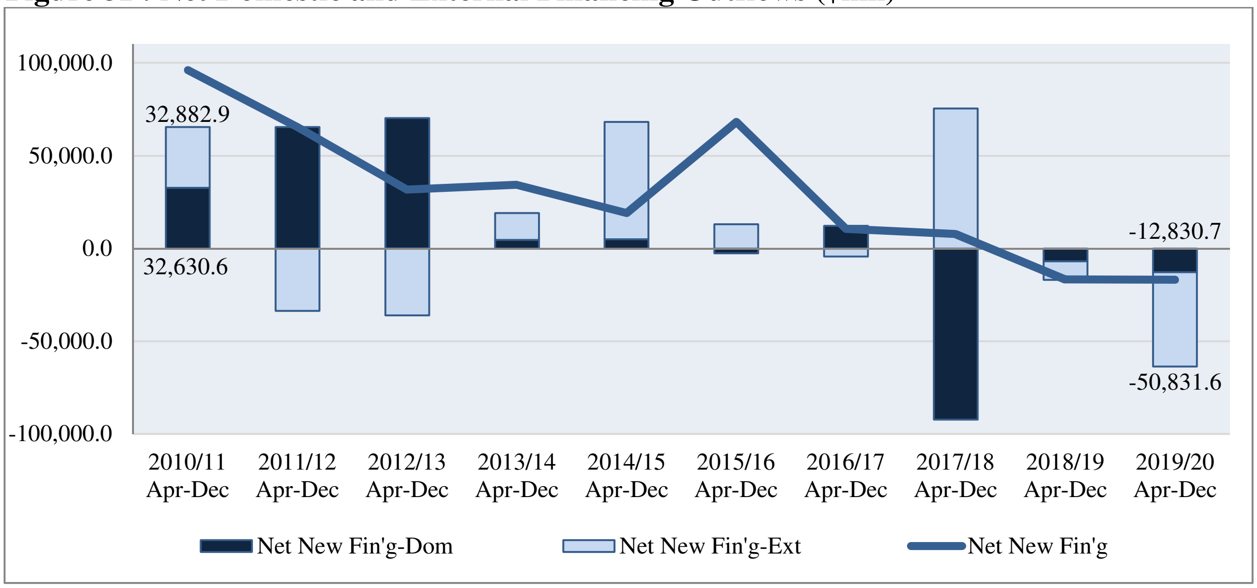
Prudent fiscal and monetary policy reforms have bolstered the GOJs accounts leading to fiscal surpluses over the last three years. Concomitant with these positive balances has been a reduction in the Central Government's borrowing needs.

For the period, Loan Receipts of $84,442.4mn were $4,135.0mn or 5.1% lower than budget and 15.7% lower than FY 2018/19. Domestic Loan receipts, which accounted for 62.1% of the total loan inflows, were $52,465.2mn or 6.0% lower than budget (see Table 3A.1). The reduced inflows stemmed from lower than budgeted Amortization coupled with the improved fiscal balance.

Amortization payments of $148,347.4mn surpassed the budgeted target by $30,293.7mn or 25.5% and were 28.0% higher than the previous fiscal year as higher external outlays outweighed reduced domestic payments. Lower domestic principal costs stemmed from the non-execution of programmed Liability Management Operations (LMOs) during the period while the buy-back of global bonds in September 2019 was the principal driver of the increased external payments.

Total Net Financing outflows amounted to -$64,807.2mn of which the domestic portfolio accounted for $12,830.7mn and the external $51,976.6mn contributing to the reduction in Total Central Government Debt from $1,928,767.0mn at end-March 2019 to $1,909,196.1mn by end-December 2019 (see Figure 3B).

Figure 3B: Net Domestic and External Financing Outflows ($mn)



Source: MOFPS

Central Government Performance: April-December 2019 against First Supplementary Estimates

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

Table 3B.1: Central Government Summary Accounts – April to December of FY 2019/20 against First Supplementary Estimates (J$mn)

Item	Prov Apr - Dec	First Suppl Estimates Apr - Dec	Diff	Diff %	FY 18/19 Apr - Dec	Diff	Diff %
Revenue & Grants	**469,149.6**	**459,253.4**	**9,896.2**	**2.2%**	**448,772.7**	**20,377.0**	**4.5%**
Tax Revenue	414,749.6	407,567.6	7,182.0	1.8%	388,666.1	26,083.5	6.7%
Non-Tax Revenue	49,680.0	46,854.3	2,825.6	6.0%	50,639.0	-959.0	-1.9%
Bauxite Levy	0.0	0.0	0.0	-	0.0	0.0	-
Capital Revenue	826.3	813.3	12.9	1.6%	2,511.2	-1,684.9	-67.1%
Grants	3,893.8	4,018.1	-124.3	-3.1%	6,956.4	-3,062.6	-44.0%
Expenditure	**445,024.0**	**456,792.1**	**-11,768.1**	**-2.6%**	**429,580.8**	**15,443.2**	**3.6%**
Recurrent Expenditure	404,810.4	410,523.2	-5,712.8	-1.4%	384,174.9	20,635.5	5.4%
Programmes	157,715.9	159,309.2	-1,593.3	-1.0%	147,903.1	9,812.9	6.6%
Compensation of Employees	158,516.5	159,329.7	-813.2	-0.5%	147,779.3	10,737.2	7.3%
Wages & Salaries	147,085.8	147,343.7	-257.9	-0.2%	136,616.3	10,469.6	7.7%
Employers Contribution	11,430.7	11,986.0	-555.3	-4.6%	11,163.0	267.6	2.4%
Interest	88,578.0	91,884.3	-3,306.3	-3.6%	88,492.6	85.4	0.1%
Domestic	33,505.0	34,513.5	-1,008.5	-2.9%	34,492.0	-987.0	-2.9%
External	55,073.0	57,370.8	-2,297.8	-4.0%	54,000.6	1,072.4	2.0%
Capital Expenditure	40,213.6	46,268.9	-6,055.3	-13.1%	45,405.9	-5,192.2	-11.4%
Capital Programmes	40,213.6	46,268.9	-6,055.3	-13.1%	45,405.9	-5,192.2	-11.4%
Fiscal Balance (Surplus + / Deficit -)	**24,125.6**	**2,461.3**	**21,664.3**	**880.2%**	**19,191.9**	**4,933.7**	**25.7%**
Loan Receipts	**84,442.4**	**98,349.3**	**-13,906.9**	**-14.1%**	**100,158.5**	**-15,716.2**	**-15.7%**
Domestic	52,465.2	56,603.7	-4,138.4	-7.3%	67,680.0	-15,214.8	-22.5%
External	31,977.1	41,745.6	-9,768.5	-23.4%	32,478.5	-501.4	-1.5%
Project Loans	11,468.8	11,539.9	-71.1	-0.6%	19,101.1	-7,632.3	-40.0%
Other	20,508.3	30,205.7	-9,697.4	-32.1%	13,377.4	7,130.9	53.3%
Other Inflows (inc'ds PCDF)	**82,864.3**	**67,888.5**	**14,975.8**	**22.1%**	**14,524.5**	**68,339.8**	**470.5%**
Other Outflows (incl'ds BOJ Recapitalization)	**16,530.9**	**17,362.0**	**-831.0**	**-4.8%**	**22,488.2**	**-5,957.3**	**-26.5%**
Amortization	**149,249.6**	**155,328.1**	**-6,078.5**	**-3.9%**	**116,599.5**	**32,650.1**	**28.0%**
Domestic	65,295.9	68,295.9	-3,000.0	-4.4%	74,902.7	-9,606.8	-12.8%
External	83,953.7	87,032.2	-3,078.5	-3.5%	41,696.9	42,256.8	101.3%
Overall Balance (Surplus + / Deficit -)	**25,651.7**	**-3,991.0**	**29,642.8**	**-742.7%**	**-5,212.9**	**30,864.6**	**-592.1%**
Primary Balance (Surplus + / Deficit -)	**112,703.5**	**94,345.6**	**18,358.0**	**19.5%**	**107,684.4**	**5,019.1**	**4.7%**

Source: MOFPS (discrepancies due to rounding)

Table 3B.2: Details of Revenue – April to December of FY 2019/20 against First Supplementary Estimates (J$mn)

Item	Prov Apr - Dec	First Suppl Estimates Apr - Dec	Diff	Diff %	FY 18/19 Apr - Dec	Diff	Diff %
Revenue & Grants	**469,149.6**	**459,253.4**	**9,896.2**	**2.2%**	**448,772.7**	**20,377.0**	**4.5%**
Tax Revenue	**414,749.6**	**407,567.6**	**7,182.0**	**1.8%**	**388,666.1**	**26,083.5**	**6.7%**
Income and profits	102,021.0	94,783.0	7,238.0	7.6%	90,772.3	11,248.6	12.4%
Bauxite/alumina	0.0	0.0	0.0	-	0.0	0.0	-
Other Companies	38,072.8	34,090.8	3,982.0	11.7%	32,145.4	5,927.3	18.4%
PAYE	47,177.4	43,386.4	3,791.0	8.7%	41,498.9	5,678.5	13.7%
Tax on dividend	1,555.6	1,644.5	-88.9	-5.4%	1,393.6	162.0	11.6%
Individuals	2,551.4	2,498.2	53.3	2.1%	2,109.0	442.5	21.0%
Tax on interest	12,663.8	13,163.2	-499.4	-3.8%	13,625.4	-961.6	-7.1%
Production and consumption	147,468.8	144,553.0	2,915.8	2.0%	140,866.8	6,602.0	4.7%
Min Business Tax	219.2	113.3	105.9	-	927.9	-708.8	-76.4%
SCT	22,406.1	19,808.5	2,597.6	13.1%	18,673.0	3,733.1	20.0%
Environmental Levy	424.7	450.8	-26.1	-5.8%	386.4	38.4	9.9%
Motor vehicle licenses	3,529.6	3,453.6	75.9	2.2%	3,240.7	288.9	8.9%
Other licenses	1,182.1	1,284.3	-102.2	-8.0%	820.5	361.6	44.1%
Quarry Tax	61.1	59.0	2.1	3.5%	49.4	11.6	23.5%
Betting, gaming and lottery	4,669.7	4,368.8	300.9	6.9%	4,068.7	600.9	14.8%
Accomodation Tax	2,114.4	2,091.0	23.4	1.1%	1,979.8	134.6	6.8%
Education Tax	23,163.3	23,121.2	42.1	0.2%	21,037.6	2,125.7	10.1%
Telephone Call Tax	2,759.6	2,263.3	496.3	21.9%	2,377.2	382.4	16.1%
Contractors levy	1,600.5	1,951.3	-350.7	-18.0%	1,962.0	-361.5	-18.4%
GCT (Local)	81,313.5	81,986.7	-673.2	-0.8%	74,697.7	6,615.8	8.9%
Stamp Duty (Local)	4,025.1	3,601.4	423.7	11.8%	10,645.8	-6,620.7	-62.2%
International Trade	165,259.8	168,231.5	-2,971.7	-1.8%	157,027.0	8,232.8	5.2%
Custom Duty	34,532.3	34,743.3	-211.0	-0.6%	32,223.1	2,309.2	7.2%
Stamp Duty	2,163.4	2,079.2	84.2	4.1%	2,090.1	73.3	3.5%
Travel Tax	16,407.0	16,245.8	161.2	1.0%	15,210.3	1,196.7	7.9%
GCT (Imports)	70,638.9	71,740.4	-1,101.5	-1.5%	66,001.9	4,637.0	7.0%
SCT (Imports)	38,771.1	40,592.1	-1,821.0	-4.5%	38,880.9	-109.8	-0.3%
Environmental Levy	2,747.1	2,830.7	-83.6	-3.0%	2,620.7	126.4	4.8%
Non-Tax Revenue	**49,680.0**	**46,854.3**	**2,825.6**	**6.0%**	**50,639.0**	**-959.0**	**-1.9%**
Bauxite Levy	**0.0**	**0.0**	**0.0**	**-**	**0.0**	**0.0**	**-**
Capital Revenue	**826.3**	**813.3**	**12.9**	**1.6%**	**2,511.2**	**-1,684.9**	**-67.1%**
Grants	**3,893.8**	**4,018.1**	**-124.3**	**-3.1%**	**6,956.4**	**-3,062.6**	**-44.0%**

Source: MOFPS (discrepancies due to rounding)

Central Government Operations: Estimates to March 2020

The on-going economic reform programme underpinned by fiscal prudence has resulted in improvements in the Central Government Accounts and a sustainable reduction in the stock of debt. Better than expected revenue flows supported an increase in expenditure through two revisions to the FY 2019/20 Budget with the most recent being the Second Supplementary Budget passed in February 2020. While still adhering to the primary balance target of 6.5%, the Second Supplementary Budget was designed not only to meet the additional requests of the MDAs but also to facilitate the rationalization of resources that are unlikely to be fully utilised in the current fiscal year.

Table 3C: Central Government Summary Accounts FY 2019/20 (J$mn)

Item	Second Suppl Budget Apr - March	First Suppl Budget Apr - March	Diff	Diff %	FY 18/19 Apr - March	Diff	Diff %
Revenue & Grants	**645,259.1**	**637,937.2**	**7,321.9**	**1.1%**	**628,985.2**	**16,273.9**	**2.6%**
Tax Revenue	577,536.1	570,008.3	7,527.8	1.3%	542,919.4	34,616.7	6.4%
Non-Tax Revenue	61,747.7	61,684.7	63.0	0.1%	72,850.5	-11,102.8	-15.2%
Bauxite Levy	130.9	130.9	0.0	0.0%	136.5	-5.6	-4.1%
Capital Revenue	1,126.3	1,113.3	12.9	1.2%	2,531.7	-1,405.4	-55.5%
Grants	4,718.1	4,999.9	-281.9	-5.6%	10,547.0	-5,829.0	-55.3%
Expenditure	**645,022.3**	**637,055.6**	**7,966.7**	**1.3%**	**604,597.5**	**40,424.8**	**6.7%**
Recurrent Expenditure	572,911.7	564,945.0	7,966.7	1.4%	538,393.2	34,518.5	6.4%
Programmes	220,170.5	214,355.0	5,815.5	2.7%	209,079.7	11,090.8	5.3%
Compensation of Employees	213,610.1	211,458.9	2,151.2	1.0%	200,125.3	13,484.7	6.7%
Wages & Salaries	196,109.3	194,958.1	1,151.2	0.6%	183,505.5	12,603.7	6.9%
Employers Contribution	17,500.8	16,500.8	1,000.0	6.1%	16,619.8	881.0	5.3%
Interest	139,131.1	139,131.1	0.0	0.0%	129,188.1	9,943.0	7.7%
Domestic	49,931.0	49,931.0	0.0	0.0%	51,026.0	-1,095.0	-2.1%
External	89,200.1	89,200.1	0.0	0.0%	78,162.1	11,038.0	14.1%
Capital Expenditure	72,110.6	72,110.6	0.0	0.0%	66,204.3	5,906.3	8.9%
Capital Programmes	72,110.6	72,110.6	0.0	0.0%	66,204.3	5,906.3	8.9%
Fiscal Balance (Surplus + / Deficit -)	**236.8**	**881.6**	**-644.9**	**-73.1%**	**24,387.7**	**-24,150.9**	**-99.0%**
Loan Receipts	**95,810.7**	**122,946.0**	**-27,135.3**	**-22.1%**	**114,180.1**	**-18,369.5**	**-16.1%**
Domestic	59,442.0	70,664.2	-11,222.2	-15.9%	76,553.2	-17,111.2	-22.4%
External	36,368.6	52,281.8	-15,913.2	-30.4%	37,626.9	-1,258.3	-3.3%
Project Loans	15,860.3	15,288.6	571.7	3.7%	24,249.5	-8,389.3	-34.6%
Other	20,508.3	36,993.2	-16,484.9	-44.6%	13,377.4	7,130.9	53.3%
Amortization	**178,526.4**	**178,526.4**	**0.0**	**0.0%**	**132,990.1**	**45,536.3**	**34.2%**
Domestic	77,099.0	77,099.0	0.0	0.0%	80,008.1	-2,909.1	-3.6%
External	101,427.4	101,427.4	0.0	0.0%	52,982.0	48,445.4	91.4%
Other Inflows (inc'ds PCDF)	**87,790.7**	**73,450.2**	**14,340.4**	**19.5%**	**27,894.9**	**59,895.8**	**214.7%**
Other Outflows (incl'ds BOJ Recapitalization)	**35,522.9**	**35,522.9**	**0.0**	**0.0%**	**35,039.7**	**483.2**	**1.4%**
Overall Balance (Surplus + / Deficit -)	**-30,211.2**	**-16,771.4**	**-13,439.8**	**80.1%**	**-1,567.1**	**-28,644.1**	**1827.9%**
Primary Balance (Surplus +/Deficit -)	**139,367.9**	**140,012.7**	**-644.8**	**-0.5%**	**153,575.8**	**-14,208.0**	**-9.3%**
Total Payments	**859,071.6**	**851,104.9**	**7,966.7**	**0.9%**	**772,627.3**	**86,444.3**	**11.2%**

Source: MOFPS (discrepancies due to rounding)

Revenue and Grants

Revenue and Grants for FY 2019/20 are estimated to be 2.6% greater than FY 2018/19 at $645,259.1mn, or 29.9% of GDP (see Tables 3D.1 and 3D.2). This is 1.1% more than estimated in the First Supplementary Budget.

Table 3D.1: FY 2019/20 Revenue Forecast vs. FY 2018/19 Outturn (J$mn)

	2018/19	2019/20 2nd Suppl Budget	% Change
Revenue and Grants	**628,985.2**	**645,259.1**	**2.6%**
Recurrent Revenue	**615,770.0**	**639,283.8**	**3.8%**
Tax Revenue	542,919.4	577,536.1	6.4%
Non-Tax Revenue	72,850.5	61,747.7	-15.2%
Bauxite Levy	**136.5**	**130.9**	**-4.1%**
Capital Revenue	**2,531.7**	**1,126.3**	**-55.5%**
Grants	**10,547.0**	**4,718.1**	**-55.3%**

Source: MOFPS (discrepancies due to rounding)

Table 3D.2: FY 2019/20 Revenue Forecast vs. FY 2018/19 Outturn as a Per cent of GDP

	2018/19	2019/20 2nd Suppl Budget	% Change
Revenue and Grants	**32.5%**	**29.9%**	**-0.7%**
Recurrent Revenue	**31.9%**	**29.7%**	**-0.3%**
Tax Revenue	28.1%	26.8%	0.4%
Non-Tax Revenue	3.8%	2.9%	-0.7%
Bauxite Levy	**0.0%**	**0.01%**	**0.0%**
Capital Revenue	**0.1%**	**0.1%**	**-0.1%**
Grants	**0.5%**	**0.2%**	**-0.3%**

Source: MOFPS (discrepancies due to rounding)

Tax Revenue is estimated at $577,536.1mn, an increase of 6.4% over the FY 2018/19 outturn, despite the removal of a variety of distortionary taxes with an estimated revenue loss of $14,000.0mn (0.7% of GDP). Positive adjustments in macroeconomic variables alongside improved compliance rates and enhanced efficiency at the revenue collection agencies are expected to boost collections.

Expenditure

Central Government above-the-line expenditure is estimated at $645,022.3mn, 6.7% over the actual outturn for FY 2018/19 (see Table 3E.1). This projected increase is driven by an upward adjustment in year-over-year Capital Expenditure by 8.9% and Recurrent Expenditure by 6.4% to $572,911.7mn, of which Primary Recurrent Expenditure is expected to account for $433,780.6mn or 20.1% of GDP (see Table 3E.2). Despite the planned increases, the overall expenditure as a percentage of GDP is only marginally above FY 2018/19.

Table 3E.1: FY 2019/20 Above-the-line Expenditure Budget vs. FY 2018/19 Outturn ($mn)

	2018/19 Actual	2019/20 2nd Suppl Budget	% Change
Expenditure	**604,597.5**	**645,022.3**	**6.7%**
Recurrent Expenditure	**538,393.2**	**572,911.7**	**6.4%**
Primary Recurrent Expenditure	**409,205.0**	**433,780.6**	**6.0%**
Programmes	209,079.7	220,170.5	5.3%
Compensation of Employees	200,125.3	213,610.1	6.7%
Wages and Salaries	183,505.5	196,109.3	6.9%
Interest	**129,188.1**	**139,131.1**	**7.7%**
Capital Expenditure	**66,204.3**	**72,110.6**	**8.9%**
Primary Expenditure (net of interest)	**475,409.4**	**505,891.2**	**6.4%**

Source: MOFPS (discrepancies due to rounding)

Table 3E.2: FY 2019/20 Above-the-line Expenditure Budget vs. FY 2018/19 as a % of GDP

	2018/19 Actual	2019/20 2nd Suppl Budget	%age pt. Δ
Expenditure	**29.4%**	**29.9%**	**0.5%**
Recurrent Expenditure	**26.2%**	**26.6%**	**0.4%**
Primary Recurrent Expenditure	**19.9%**	**20.1%**	**0.2%**
Programmes	10.2%	10.2%	0.0%
Compensation of Employees	9.7%	9.9%	0.2%
Wages and Salaries	8.9%	9.1%	0.2%
Interest	**6.3%**	**6.5%**	**0.2%**
Capital Expenditure	**3.2%**	**3.3%**	**0.1%**
Primary Expenditure (net of interest)	**23.1%**	**23.5%**	**0.3%**

Source: MOFPS (discrepancies due to rounding)

Primary Recurrent Expenditure is programmed to remain relatively flat in real terms, with a nominal increase of 6.0% over FY 2018/19. While the increase over the First Supplementary budget is fully reflected in Recurrent Programmes, pension costs are expected to be less by $2,200.0mn based on current assessments to end-March which anticipates payment on all fully processed pension files. This reduction, coupled with higher revenue flows, has created room to reallocate as well as accommodate additional expenditure. Included in the additional expenditure are the following: $1,000.0mn of arrears due to the NHT; $408.8mn in electricity arrears owed by educational institutions; $1,490.0mn in PAYE and Education Tax arrears owed by the JUTC; $600.0mn in additional subvention to the University of Technology (UTECH) and $600.0mn in additional subvention to the University of the West Indies (UWI).

Compensation of Employees is estimated at $213,610.1mn representing an increase of 6.7% over last year. Of this sum, Wages and Salaries are projected at $196,109.3mn, an increase of 6.9% inclusive of the scheduled wage increase under the 2017-2021 wage pact and the reclassification of some salary groups.

For FY 2019/20, Interest Expenditure is budgeted to increase by 7.7% to $139,131.1mn relative to FY 2018/19. Of this total, domestic creditors are set to receive $49,931.0mn while the balance of $89,200.1mn has been earmarked for external payments. As a share of GDP, interest expenditure is estimated to increase marginally by 0.2 percentage point to 6.5%.

While the provision for Capital Expenditure remains unchanged relative to the First Supplementary Budget, based on the under-performance of some projects over the first three quarters of the fiscal year, there has been some reallocation within the overall capital envelope. Of note, some projects under the Works portfolio of the MEGJC that are able to execute above the programmed amounts under the First Supplementary Estimate have been provided with additional allocations: MIDP - $2,365.0mn to be spent for land acquisition and $1,035.0mn in respect of NWC ancillary works; SCHIP - $1,301.0mn to be spent to finalize designs and to commence civil/road works; and Road Rehabilitation Project II - $453.0mn.

Financing Flows

The FY 2019/20 estimate includes payments under Other Outflows for: BOJ losses/recapitalisation; PetroCaribe obligations to South Jamaica Power Company Limited, Development Bank of Jamaica to finance on-lending to the productive sector and Petrojam; and a bridge loan to NROCC to facilitate transactions related to the TransJamaican Highway transaction. Other Inflows, including flows from the PCDF, have more than tripled year-over-year reflecting the integration of the Fund into the Central Government. As a result of the increase in Other Inflows, estimated loan receipts for FY 2019/20 are lower than that of last fiscal year. Amortization payments are estimated at 34.2% over the last fiscal year partly on account of higher year-over-year maturities, with some contribution from depreciation of the Jamaica dollar.

Public Debt Stock

At end-December 2019, the nominal stock of total public debt was $1,999,491.1mn, $61,477.6mn or 3.2% more than at end-March 2019 (see table 3F). Compared to a year earlier, the public debt stock at December 2019 increased by $47,835.2mn or 2.5%. Overall, the change reflected an increase in net public bodies' debt with partially offsetting reductions in Central Government (CG) domestic and external debt, over the period.

Table 3F: Total Stock of Public Debt (J$mn)

	End-December 2018	End-March 2019	End-December 2019	(%) Total SPS Debt End-December 2019
	J$ millions	J$ millions	J$ millions	%
Total Specified Public Sector Debt	**1,951,655.8**	**1,938,013.5**	**1,999,491.1**	**100.0%**
Total Central Government Debt	**1,944,074.4**	**1,928,767.0**	**1,909,196.4**	**95.5%**
Central Government Domestic Debt	**752,121.0**	**755,977.7**	**743,902.1**	**37.2%**
Marketable Securities	**751,867.1**	**755,776.7**	**743,751.3**	**37.2%**
Bonds	743,011.9	745,976.7	733,451.3	36.7%
Treasury Bills	8,855.2	9,800.0	10,300.0	0.5%
Loans (Commercial Banks, Public Sector)	**253.9**	**201.0**	**150.8**	**0.0%**
Central Government External Debt	**1,191,953.4**	**1,172,789.3**	**1,165,294.3**	**58.3%**
Marketable Securities	**723,927.1**	**716,844.3**	**682,777.3**	**34.1%**
Bonds	723,927.1	716,844.3	682,777.3	34.1%
Loans	**468,026.3**	**455,945.0**	**482,516.9**	**24.1%**
Bilateral	**91,607.0**	**86,820.6**	**103,236.8**	**5.2%**
OECD	6,445.8	5,882.0	4,548.0	0.2%
Non-OECD	85,161.2	80,938.6	98,688.8	4.9%
Multilateral	**371,633.8**	**364,645.0**	**377,884.8**	**18.9%**
IDB	200,457.0	196,943.9	206,679.7	10.3%
IBRD	110,438.8	109,240.6	117,412.3	5.9%
Other	60,738.0	58,460.5	53,792.8	2.7%
Commercial Banks	**4,785.5**	**4,479.4**	**1,395.4**	**0.1%**
Non Central Government Debt	**7,581.4**	**9,246.5**	**90,294.7**	**4.5%**
Net Public Bodies	7,581.4	9,246.5	90,294.7	4.5%

Source: MOFPS (discrepancies due to rounding)

CG domestic debt declined by $12,075.6mn between end-March 2019 and end-December 2019.

The decline of $7,495.0mn on the CG external portfolio was lower than that on the domestic portfolio, primarily due to the impact of the depreciation in the Jamaica dollar relative to the US dollar.

The stock of global bonds also declined, primarily as a result of a liability management operation (LMO) undertaken during the year. The stock of external loans outstanding increased over the review period to $482,516.9mn at end-December 2019, reflecting increases in the multilateral and bilateral loan portfolios.

Net public bodies' (PBs) debt increased from $7,581.4mn at end-December 2018 to $9,246.5mn at end March 2019 and $90,294.7mn at end-December 2019. The increase over the first three quarters of FY 2019/20 was mainly due to a reduction in crossholdings (on the public bodies' balance sheet) consequent to the incorporation of the PCDF into Central Government and an increase in liabilities on NROCCs balance sheet associated with the temporary ownership of TransJamaican Highway (TJH) by

NROCC. The TJH impact on the debt stock is transitory as it is expected to fall away upon completion of the TJH IPO during the last quarter of FY 2019/20.

Table 3G: Stock of Public Sector Debt (J$mn)

	FY 2018/19 Actual	FY 2019/20 Projection
	J$ millions	J$ millions
Central Government Debt	**1,928,766.9**	**1,871,109.20**
Domestic Debt Stock	755,977.7	763,584.7
External Debt Stock	1,172,789.3	1,110,802.5
Net Public Bodies Debt	**9,246.5**	**98,655.79**
Total Debt Stock	**1,938,013.5**	**1,973,042.97**
	(% GDP)	(% GDP)
Central Government Debt	**93.9%**	**86.6%**
Domestic Debt Stock	36.8%	35.4%
External Debt Stock	57.1%	51.5%
Net Public Bodies Debt	**0.4%**	**4.8%**
Total Debt Stock	**94.4%**	**91.5%**
GDP	2,053,891.7	2,155,614.1

Source: MOFPS (discrepancies due to rounding)

Throughout FY 2019/20, financing operations were consistent with GOJ's objective to reduce the debt-to-GDP ratio. The debt-to-GDP is expected to continue trending downward and is projected to be 91.5% at end-FY2019/20, compared to the 94.4% recorded at end-FY 2018/19 (see Table 3G).

With continued commitment to strong fiscal discipline and prudent debt management, the GOJ is expected to achieve further reductions in the debt-to-GDP ratio as the targeted 60.0% or less by FY 2025/26 continues to be pursued.

SELF-FINANCING PUBLIC BODIES OPERATIONS - FY 2019/20

Public Bodies[3] in Jamaica have been established to develop strategic sectors in Jamaica. The number of active entities is approximately 149 and these perform regulatory, advisory, supervisory, research, technical, administrative or quasi-judicial functions of a governmental nature. Approximately 36 Public Bodies that deliver public policy objectives while engaging in commercial activities are a subset of the self-financing public bodies.

SFPBs Performance

The Group of Self-financed Public Bodies (SFPBs) included in the Estimates for 2019/20 is expected to generate an Overall Balance surplus of $1,122.9mn for FY 2019/20 (Budget $3,208.9mn deficit). A major contributor to the estimated outturn is a 12.2% reduction on capital expenditure which is expected to end the year at $63,141.7mn or 87.8% of budget. Major contributors to the underperformance on the Group's capital expenditure are the National Water Commission (NWC) with an estimated outturn of $3,679.8mn compared to budget of $7,151.7mn and Petrojam Limited (Petrojam) estimated at $2,048.1mn compared to budget of $5,014.7mn.

Net Transfers to the Central Government (CG) are estimated at $43,809.4mn compared with the budget of $45,360.6mn. The lower than budgeted net transfer is estimated despite an increase of $4,875.7mn in transfers from the Petroleum Corporation of Jamaica (PCJ) arising from the transfer to CG of proceeds from the sale of GOJ's shares in Wigton Windfarm Limited. Major factors which counteracted the impact of the above include an additional $1,644.3mn in CG transfers to PBs, as well as lower transfers (by $4,670.8mn) to the CG from Petrojam Limited for Special Consumption Tax (SCT) and other taxes due chiefly to a decline in the price of finished products sold to the market consequent on the lower average trading price of crude on the global market. Petrojam has estimated an average selling price for petroleum products to the local market of US$78.08 per barrel (budget: US$89.15/bbl); this has contributed to the reduction in the Ad Valorem portion of the SCT, which is a percentage of the selling price of fuel.

The estimated performance of the SFPBs is shown in Table 3H.

[3] Defined in the Public Bodies Management and Accountability Act as Statutory Bodies, Authorities or Government Companies, but do not include Executive Agencies.

Table 3H: Public Bodies (Selected and Other) Summary of Estimated Outturn for FY 2019/20

		J$m			
		Actual 2018/19	Original 2019/20	Estimated 2019/20	Projected 2020/21
Statement 'A' Flow of Funds					
1	Current Revenue	410,156.69	454,511.99	438,576.60	446,850.39
2	Current Expenses	(334,558.68)	(373,973.59)	(359,991.07)	(371,733.59)
3	Current Balance	75,598.02	80,538.40	78,585.53	75,116.81
4	Adjustments	20,012.08	16,036.88	12,763.97	16,291.78
	Change in Accounts	0.00	0.00	0.00	0.00
	Receivable/Payable	16,514.18	1,992.43	1,394.22	1,930.98
	Items not requiring outlay of cash:	0.00	0.00	0.00	0.00
	Depreciation	14,835.49	16,086.26	14,574.49	16,175.26
	Other Non-Cash Items	(9,432.55)	(2,041.82)	(3,204.74)	(1,814.46)
	Prior Year Adjustment	(1,905.04)	0.00	0.00	0.00
5	Operating Balance	95,610.09	96,575.27	91,349.50	91,408.59
6	Capital Account	(35,234.92)	(54,423.61)	(46,417.24)	(59,286.57)
	Revenue	21,299.08	22,140.19	18,180.38	19,932.80
	Expenditure	(56,895.91)	(71,931.32)	(63,141.68)	(75,087.15)
	Investment	(155.62)	(952.17)	(468.72)	(3,773.61)
	Change in Inventory	517.54	(3,680.32)	(987.23)	(358.61)
7	Transfers from Government	18,794.69	17,209.96	18,854.22	15,807.61
	Loans	0.00	0.00	0.00	0.00
	Equity	2,826.79	2,827.82	2,827.00	2,827.00
	On-Lending	0.00	0.00	0.00	0.00
	Other	15,967.90	14,382.14	16,027.22	12,980.61
8	Transfers to Government	(54,948.17)	(62,570.58)	(62,663.56)	(64,672.92)
	Dividend	(11,841.05)	(12,487.47)	(17,741.79)	(17,350.48)
	Loan Repayments	0.00	0.00	0.00	0.00
	Corporate Taxes	(2,135.88)	(2,029.09)	(1,728.22)	(1,999.41)
	Other	(40,971.24)	(48,054.02)	(43,193.56)	(45,323.02)
9	OVERALL BALANCE (5+6+7+8)	24,221.69	(3,208.96)	1,122.91	(16,743.29)
10	FINANCING (11+15)	(24,221.69)	3,208.96	(1,122.91)	16,743.29
10a	Total	(775.42)	2,206.79	23,729.80	17,585.06
	Capital Revenue	524.61	726.35	1,753.43	2,013.80
	Loans	1,783.33	668.20	16,853.75	14,237.33
	Equity	0.00	0.00	5,165.50	0.00
	On-Lending	0.00	900.00	0.00	1,370.00
	Loan Repayments	(3,083.36)	(87.76)	(42.88)	(36.07)
11	Total Foreign (12+13+14)	(16,894.42)	(12,296.41)	(7,130.44)	802.28
12	Government Guaranteed Loans	(5,456.72)	(7,097.05)	(6,412.82)	(4,174.06)
	Disbursement	1,383.18	1,679.95	2,734.17	2,879.78
	Amortization	(6,839.90)	(8,777.00)	(9,146.99)	(7,053.84)
13	Direct Loans	(11,487.47)	(5,175.87)	(667.49)	5,011.14
	Long Term:	(4,089.63)	(8,336.94)	(3,758.93)	383.44
	Disbursement	348.74	0.00	0.00	1,014.00
	Amortisation	(4,438.38)	(8,336.94)	(3,758.93)	(630.56)
	Short Term:	(7,397.84)	3,161.07	3,091.44	4,627.70
	Change in Trade Cred	(7,397.84)	3,161.07	3,091.44	4,627.70
14	Change in Deposits Abroad	49.77	(23.49)	(50.13)	(34.80)
15	Total Domestic (16+17+18)	(6,551.85)	13,298.58	(17,722.27)	(1,644.06)
16	Banking System	11,829.97	7,514.62	(13,247.98)	(9,499.48)
	Loans (Change)	3,839.32	3,859.37	3,053.72	2,499.61
	Overdraft (Change)	(1,585.72)	0.00	112.86	0.00
	Deposits (Change)	9,576.37	3,655.25	(16,414.56)	(11,999.09)
17	Non-Banks (Change)	0.00	0.00	0.00	0.00
18	Other (Change)	(18,381.82)	5,783.96	(4,474.29)	7,855.43

MEDIUM TERM FISCAL PROGRAMME

Substantial progress has been made in strengthening fiscal resilience in Jamaica over the last decade, and the GOJ remains committed to prudent management of public resources. Effective fiscal management has enabled the government to maintain a primary surplus in excess of 7.0% of GDP since FY 2013/14, which underpinned the significant reduction in the public debt, and contributed to the enhanced macro-economic environment. This steadfast commitment to the principles of sound fiscal governance is essential for maintaining the downward movement in the public debt which is necessary for the achievement of the legislated debt target of 60.0% of GDP, or less, by the end of FY 2025/26. The medium term fiscal programme outlined in Tables 3J and 3K demonstrates adherence to this fiscal discipline, while prioritizing social protection and growth enhancing expenditure.

The medium term fiscal profile has been formulated within the context of the legislated targets under the Fiscal Responsibility Framework, and 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 2025/26. The GOJ's assessment indicates that maintaining a Central Government Primary Surplus of 6.5% of GDP, which is programmed over the medium term, will support achievement of this target.

Specified Public Sector

The consolidated public sector is currently estimated to generate an overall balance surplus of $1.4 billion or 0.1% of GDP in FY 2020/21, a balance that keeps the Government on track with the targeted reduction in debt to GDP and the achievement of sustainability of the fiscal operations over the medium term.

Revenue Strategy

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

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 efficiency of the tax system. The following summarises the main initiatives to be undertaken during FY 2020/21, with details provided in Appendix V.

Tax Administration Jamaica (TAJ)

During FY 2020/21 and over the medium term, TAJ will strengthen the strategies employed in FY 2019/20 by implementing new initiatives that are consistent with its five main strategic objectives. These Strategic objectives include:

- Continuously improving voluntary compliance;
- Engendering a customer centric organization;
- Institutional strengthening of the organization;
- Building human capital synergies and Culture; and
- Enhanced Corporate governance.

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 sustainable contribution to economic development by 2024;
- Improving trade facilitation and revenue collection; and
- Improving border control operations.

Revenue Profile

Revenue and Grants are projected to be 29.6% of GDP in FY 2020/21, 0.5 percentage point lower than estimate for FY 2019/20. Over the medium term, Revenue & Grants as a percentage of GDP are projected to average 28.5% (Tables 3K and 3L). Tax Revenue in FY 2020/21 is projected to be 26.5% of GDP, marginally lower than the estimate of 26.8% for FY 2019/20, and is forecasted to decline to 25.4% by FY 2023/24. The Tax Revenue forecast over the medium term reflects expectation of continued positive economic performance accompanied by sustained improvements in the labour market. Non-tax Revenue is projected to decrease slightly to 2.9% of GDP for FY 2020/21 and is expected to decline further over the medium term, reaching 2.1% by the end of FY 2023/24. The projected decline in Non-Tax Revenue is related to the programmed ending of the NHT distribution at end-March 2021.

Expenditure Strategy

The GOJ remains committed to fiscal discipline and the prioritization of enhanced economic growth. Accordingly, above-the-line Expenditure is projected to decline gradually from 29.0% of GDP in FY 2020/21 to 25.6% in FY 2023/24. The declining expenditure ratio is influenced by the expected reduction in interest payments, predicated on the targeted decline in the public debt stock over the medium term.

Capital expenditure is projected to increase annually at the pace of nominal GDP, thereby maintaining a capital spend-to-GDP ratio of 3.3% over the medium term.

The GOJ remains committed to prioritizing social expenditure. Spending will be prioritized for the following purposes: conditional cash transfers for children and the elderly; basic school subsidy; basic education including early childhood, primary and secondary education; the school feeding programme; poor relief programmes; and assistance to persons with disabilities, among others.

FY 2020/21 BUDGET – CENTRAL GOVERNMENT

The GOJ Budget for FY 2020/21 is designed to achieve the targets entrenched in the fiscal rule legislation. The FY 2020/21 fiscal programme aims to support the objective of reducing the public debt stock and debt service costs, thereby creating fiscal space to facilitate growth -enhancing and socially-enriching expenditure. Accordingly, the focus will be towards achieving the targeted primary balance and the corresponding fiscal balance which are the operational instruments being utilized to attain Public Debt of no more than 60.0% of GDP by the end of FY 2025/26. A primary surplus of $147,521.5mn, equivalent to 6.5% of GDP is projected for FY 2020/21. The fiscal surplus is budgeted at $14,867.3mn or 0.7% of GDP.

Revenue and Grants

Revenue and Grants for FY 2020/21 is projected to be $675,093.1mn, an increase over the Second Supplementary Estimate for FY 2019/20 of $29,834.0mn or 4.6%, largely on account of Tax Revenue which is programmed to increase by 4.5% over the estimate for FY 2019/20. Tax Revenue is projected to account for 89.5% of total Revenue and Grants.

Table 3I: FY 2020/21 Revenue Forecast

	FY 2019/20 (J$mn)	FY 2020/21 (J$mn)	% Change
Revenue & Grants	645,259.08	675,093.12	4.6%
Tax Revenue	577,536.11	603,785.20	4.5%
Non-tax Revenue	61,747.74	66,498.90	7.7%
Bauxite Levy	130.90	135.70	3.7%
Capital Revenue	1,126.28	336.00	-70.2%
Grants	4,718.06	4,337.32	-8.1%

Source: MOFPS (discrepancies due to rounding)

Non-tax Revenue for FY 2020/21 is projected to be $66,498.9mn or 2.9% of GDP. This represents a 7.7% increase compared to the revised estimate for FY 2019/20.

The Non-tax Revenue projection includes:

- Receipts of $6,800.0mn from the Customs Administration Fees
- Transfers of $15,097.3mn from the de-earmarked entities
- Transfers of $11,400.0mn from NHT

Capital Revenue is programmed at $336.0mn, while Grants are projected to total $4,337.3mn for FY 2020/21.

The fiscal profile shows a Wage to GDP ratio of 9.0% of GDP for FY 2020/21, and the GOJ is expected to stay within the legislated ceiling going forward.

Expenditure

Non-Debt Expenditure

The 2020/21 fiscal profile presented in the Interim Fiscal Policy Paper 2019/20 indicated a resource envelope of $515,927.9mn to meet total Central Government non-debt above-the-line expenditure comprising: Compensation of Employees totalling $222,296.6mn, Recurrent Programme in the amount of $218,727.9mn and Capital spending of $74,903.4mn.

The revised fiscal profile for FY 2020/21 and the Medium Term supports a resource envelope of $527,571.6mn for the Central Government's non-debt above-the-line expenditure allocated as follows: Compensation of Employees $221,296.6mn, Recurrent Programmes $232,071.7mn and Capital spending $74,203.3mn.

Compensation of Employees

Compensation of Employees of $221,296.6mn accounts for 42.0% of the non-debt above the line expenditure and represents an increase of $9,080.0mn or 4.3% above the 2019/20 Second Supplementary Estimates. The provision supports Wages and Salaries of $204,282.0mn including the 5% increase in basic salaries due under the 2017/2021 public sector Wage Agreements as well as the annual performance increment which averages 2.5%. The envelope also provides for Employers Contribution of $17,014.6mn inclusive of government's contribution to the public sector Employees Health Scheme as well as a contingency provision of $493.0 million towards the expected increase in government's contribution pending the outcome of an actuarial review currently being undertaken.

Recurrent Programmes

The FY 2020/21 provision for Recurrent Programmes of $232,071.7mn is 44% of total non-debt above the line expenditure. This represents a nominal increase of $10,507.8mn or approximately 4.7% above the 2019/20 Second Supplementary Estimates.

The 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 the cost of travelling allowances and pension payments to public sector employees. Other notable payments for FY 2020/21 include:

i. $2,373.0mn to meet the cost of general and local government election both of which will fall due in FY 2020/21;

ii. $929.0mn to conduct preparatory activities for the national census which is programmed to commence in FY 2021/22;

iii. $2,871.8mn in subvention to UTECH; and

iv. $800.0mn towards premium payments on the new catastrophe bonds, a disaster risk financing mechanism being undertaken by the government.

Capital

A total of $74,203.3mn has been allocated to fund the Central Government's public investment projects. This represents an increase of $2,092.6mn or 3.0% above the 2019/20 Second Supplementary Estimates. Approximately 67.0% of the Capital expenditure will be financed from GOJ resources, 27.0% from loans and the remaining 6.0% from grants.

Included in the FY 2020/21 budget are four new Public Investment Projects which have successfully completed the appraisal process and have received Cabinet approval to commence implementation in FY 2020/21. These are:

a) Boosting Innovation, Growth & Entrepreneurship Ecosystem (BIGEE) - $485.8mn;

b) Rural Economic Development Initiative II - $100.0mn;

c) Rural Road Rehabilitation Project (May Pen – Sour Sop Turn)- $400.0mn;

d) Jamaica Integrated Community Development Project II - $570.0mn;

e) Primary and Secondary Schools Infrastructure Project - $1,000.0mn;

f) Major Rural Farm Road Improvement/Development Programme - $1,200.0mn.

The Southern Coast Highway Improvement Project with an allocation of $12,900.0mn for infrastructural works, land acquisition and utilities relocation; and Construction of Montego Bay

Perimeter Road with an allocation of $3,766.0mn to facilitate design and construction works, utilities relocation and land acquisition are expected to be key drivers of expenditure in FY 2020/21.

Social Programmes

Social programmes for protected groups will continue to receive priority with respect to the allocation of resources. The PATH Cash Grants which are currently provided under the Capital Budget of the Ministry of Labour and Social Security have been increased by approximately $318.0mn in line with projected inflation. Approximately $1,500.0mn in additional social spending has also been included in recurrent programmes, of which $900.0mn will go towards a new social pension programme for the elderly who are not covered by other social protection programmes. The Integrated Support to the Jamaica Social Protection Strategy Project under which funding for PATH is reflected will end in FY 2020/21. Fiscal space for the continuation of the PATH cash grants beyond FY 2020/21 has been allocated in the contingency provision under Head 20000C – Ministry of Finance and the Public Service.

Debt Service

Debt service costs for FY 2020/21 are projected to be $287,843.9mn. This represents a reduction of $29,813.6mn (9.4%) compared to the Second Supplementary Estimates for FY 2019/20. The FY 2020/21 debt service comprises amortization payments of $155,189.7mn, representing a decline of $23,336.7mn (13.1%) and interest payments of $132,654.2mn, falling below the FY 2019/20 estimate by $6,476.9mn (4.7%).

Financing

Gross loan financing for FY 2020/21 is projected to be $143,602.9mn reflecting a 49.9% increase relative to FY 2019/20. The budgeted loan receipts comprise domestic borrowing of $109,224.4mn, up 83.7%, and external inflows of $34,378.5mn, which is down by 5.5% when compared to FY 2019/20.

Public Debt

Prudent management of the public debt is essential to safeguard the gains made in reducing the public debt and maintain the current downward trajectory towards the legislated debt-to-GDP target of 60.0% by FY 2025/26. Over the medium term, the debt management strategy will continue to focus on mainly domestic financing, in order to realign the debt portfolio in favour of local currency and, consequently, reduce foreign currency risk. A debt-to-GDP ratio of 87.2% is projected for the end FY 2020/21, and is forecasted to decline to 67.8% by end-FY 2023/24.

Figure 3C: Debt-to-GDP Trajectory

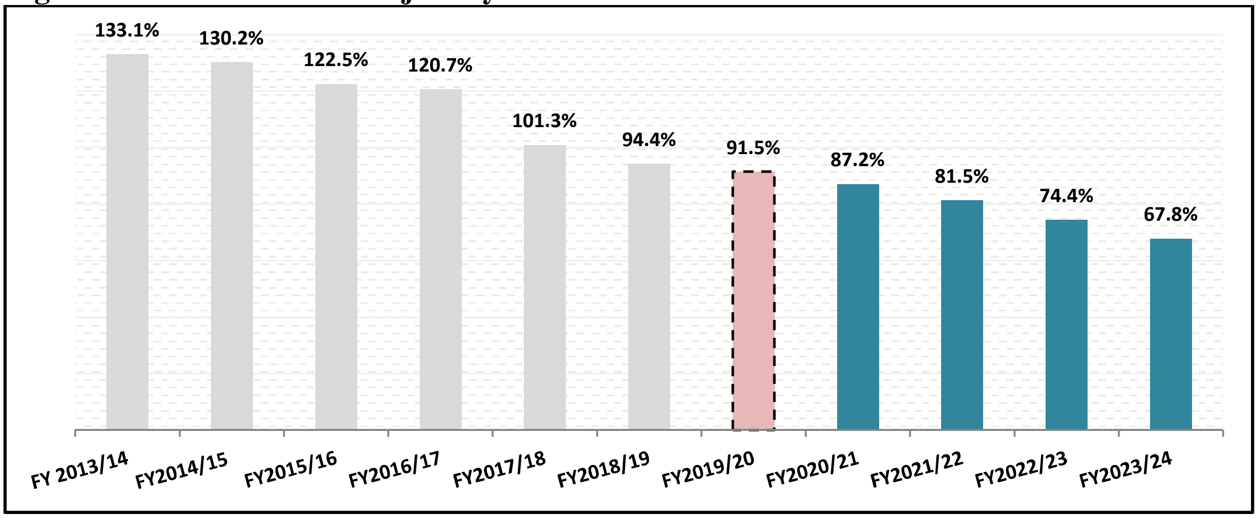


Table 3J: CENTRAL GOVERNMENT SUMMARY ACCOUNTS (J$mn)

Item	Act 2017/18	Act 2018/19	Proj 2019/20	Proj 2020/21	Proj 2021/22	Proj 2022/23	Proj 2023/24
Revenue & Grants	**560,773.6**	**628,985.2**	**645,259.1**	**675,093.1**	**700,451.9**	**738,032.8**	**778,726.7**
Tax Revenue	496,894.6	542,919.4	577,536.1	603,785.2	639,476.5	675,426.2	713,615.5
Non-Tax Revenue	53,249.9	72,850.5	61,747.7	66,498.9	56,387.1	57,514.8	58,665.1
Bauxite Levy	127.5	136.5	130.9	135.7	140.4	140.4	146.5
Capital Revenue	4,887.1	2,531.7	1,126.3	336.0	360.0	623.8	722.9
Grants	5,614.4	10,547.0	4,718.1	4,337.3	4,087.9	4,327.6	5,576.7
Expenditure	**552,050.1**	**604,597.5**	**645,022.3**	**660,225.8**	**670,871.7**	**690,744.7**	**720,379.8**
Recurrent Expenditure	505,244.0	538,393.2	572,911.7	586,022.6	591,305.2	605,395.7	627,678.2
Programmes	176,779.5	209,079.7	220,170.5	232,071.7	229,932.5	238,433.7	246,252.5
Compensation of Employees	193,283.5	200,125.3	213,610.1	221,296.6	233,361.4	244,979.5	257,178.5
Wages & Salaries	178,366.3	183,505.5	196,109.3	204,282.0	214,496.1	225,220.9	236,482.0
Employer's Contribution	14,917.2	16,619.8	17,500.8	17,014.6	18,865.3	19,758.6	20,696.5
Interest	135,181.0	129,188.1	139,131.1	132,654.2	128,011.3	121,982.5	124,247.2
Domestic	63,783.5	51,026.0	49,931.0	55,461.2	50,486.6	48,764.8	46,410.7
External	71,397.5	78,162.1	89,200.1	77,193.0	77,524.7	73,217.7	77,836.5
Capital Expenditure	46,806.1	66,204.3	72,110.6	74,203.3	79,566.5	85,349.0	92,701.6
Capital Programmes	46,806.1	66,204.3	72,110.6	74,203.3	79,566.5	85,349.0	92,701.6
Fiscal Balance (Surplus + / Deficit -)	**8,723.4**	**24,387.7**	**236.8**	**14,867.3**	**29,580.2**	**47,288.2**	**58,346.9**
Loan Receipts	**207,133.0**	**114,180.1**	**95,810.7**	**143,602.9**	**108,180.2**	**73,889.6**	**51,148.5**
Domestic	72,894.2	76,553.2	59,442.0	109,224.4	89,514.6	62,452.6	48,308.2
External	134,238.8	37,626.9	36,368.6	34,378.5	18,665.6	11,437.0	2,840.3
Amortization	**232,289.9**	**132,990.1**	**178,526.4**	**155,189.7**	**142,083.7**	**138,982.7**	**115,634.9**
Domestic	168,627.6	80,008.1	77,099.0	111,019.8	63,550.6	91,167.8	21,181.3
External	63,662.3	52,982.0	101,427.4	44,169.9	78,533.1	47,814.9	94,453.6
Other Inflows (inc'ds PCDF)	**11,400.1**	**27,894.9**	**87,790.7**	**8,193.0**	**4,323.3**	**17,804.9**	**6,139.5**
Other Outflows (incl'ds BOJ Recapitalization)	**14,260.6**	**35,164.5**	**35,522.9**	**37,260.8**	**0.0**	**0.0**	**0.0**
Overall Balance (Surplus + / Deficit -)	**-19,294.1**	**-1,691.9**	**-30,211.2**	**-25,787.3**	**0.0**	**0.0**	**0.0**
Primary Balance (Surplus +/Deficit -)	**143,904.5**	**153,575.8**	**139,367.9**	**147,521.5**	**157,591.5**	**169,270.6**	**182,594.1**
Total Payments	**798,600.7**	**772,752.1**	**859,071.6**	**852,676.3**	**812,955.4**	**829,727.4**	**836,014.7**

Source: MOFPS (discrepancies due to rounding)

Table 3K: CENTRAL GOVERNMENT SUMMARY ACCOUNTS (% GDP)

Item	Act 2017/18	Act 2018/19	Proj 2019/20	Proj 2020/21	Proj 2021/22	Proj 2022/23	Proj 2023/24
Revenue & Grants	**29.1%**	**30.6%**	**29.9%**	**29.6%**	**28.7%**	**28.1%**	**27.7%**
Tax Revenue	25.8%	26.4%	26.8%	26.5%	26.2%	25.7%	25.4%
Non-Tax Revenue	2.8%	3.5%	2.9%	2.9%	2.3%	2.2%	2.1%
Bauxite Levy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Revenue	0.3%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Grants	0.3%	0.5%	0.2%	0.2%	0.2%	0.2%	0.2%
Expenditure	**28.6%**	**29.4%**	**29.9%**	**29.0%**	**27.5%**	**26.3%**	**25.6%**
Recurrent Expenditure	26.2%	26.2%	26.6%	25.7%	24.2%	23.1%	22.3%
Programmes	9.2%	10.2%	10.2%	10.2%	9.4%	9.1%	8.8%
Compensation of Employees	10.0%	9.7%	9.9%	9.7%	9.6%	9.3%	9.2%
Wages & Salaries	9.3%	8.9%	9.1%	9.0%	8.8%	8.6%	8.4%
Employer's Contribution	0.8%	0.8%	0.8%	0.7%	0.8%	0.8%	0.7%
Interest	7.0%	6.3%	6.5%	5.8%	5.2%	4.6%	4.4%
Domestic	3.3%	2.5%	2.3%	2.4%	2.1%	1.9%	1.7%
External	3.7%	3.8%	4.1%	3.4%	3.2%	2.8%	2.8%
Capital Expenditure	2.4%	3.2%	3.3%	3.3%	3.3%	3.3%	3.3%
Capital Programmes	2.4%	3.2%	3.3%	3.3%	3.3%	3.3%	3.3%
Fiscal Balance (Surplus + / Deficit -)	**0.5%**	**1.2%**	**0.0%**	**0.7%**	**1.2%**	**1.8%**	**2.1%**
Loan Receipts	**10.7%**	**5.6%**	**4.4%**	**6.3%**	**4.4%**	**2.8%**	**1.8%**
Domestic	3.8%	3.7%	2.8%	4.8%	3.7%	2.4%	1.7%
External	7.0%	1.8%	1.7%	1.5%	0.8%	0.4%	0.1%
Amortization	**12.1%**	**6.5%**	**8.3%**	**6.8%**	**5.8%**	**5.3%**	**4.1%**
Domestic	8.7%	3.9%	3.6%	4.9%	2.6%	3.5%	0.8%
External	3.3%	2.6%	4.7%	1.9%	3.2%	1.8%	3.4%
Other Inflows (inc'ds PCDF)	**0.6%**	**1.4%**	**4.1%**	**0.4%**	**0.2%**	**0.7%**	**0.2%**
Other Outflows (incl'ds BOJ Recapitalization)	**0.7%**	**1.7%**	**1.6%**	**1.6%**	**0.0%**	**0.0%**	**0.0%**
Overall Balance (Surplus + / Deficit -)	**-1.0%**	**-0.1%**	**-1.4%**	**-1.1%**	**0.0%**	**0.0%**	**0.0%**
Primary Balance (Surplus +/Deficit -)	**7.5%**	**7.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**
GDP	**1,927,201.6**	**2,053,190.9**	**2,155,614.1**	**2,278,835.2**	**2,441,407.8**	**2,624,162.7**	**2,809,140.0**

Source: MOFPS (discrepancies due to rounding)

FY 2020/21 BUDGET – SELF-FINANCING PUBLIC BODIES

The group of SFPBs (now 54[4]) is expected to attain an Overall Balance deficit of $16,743.3mn for FY 2020/21, compared to an estimated surplus of $1,122.91mn for FY 2019/20. This is consequent on increased capital expenditure of $75,087.2mn. Net transfers to the Government are projected at $48,865.3mn, consistent with increased flows from the Airports Authority of Jamaica (by $3,896.0mn) and Petrojam Limited (by $3,911.0mn).

With respect to capital expenditure, the NHT ($42,896.3mn) together with the NWC ($11,461.5mn) is expected to account for 76.0% of the planned expenditure. The Airports Authority of Jamaica (AAJ) ($3,707.7mn), Port Authority of Jamaica ($2,705.6mn) and Petrojam Limited ($2,553.3mn) will account for 43.0% of the remaining capital expenditure.

National Housing Trust (NHT)

NHT plans to complete 20,000 housing solutions (houses and residential lots) between April 1, 2020 and March 31, 2023. Toward this objective, the Trust projects spend of $41,129.4mn ($41,285.5mn estimated for FY 2019/20) on housing activities for FY 2020/21. This represents approximately 96.0% of planned capital expenditure and should facilitate the completion of approximately 6,000 housing solutions, facilitating 9,347 new mortgages.

National Water Commission (NWC)

The NWC continues to pursue the required water and sewage infrastructure rehabilitation. The infrastructure rehabilitation will improve delivery of service to the NWC's customers while also seeking to reduce the level of non-revenue water. Planned capital expenditure of $11,461.5mn includes financing for the replacement of the Spanish Town Road mains ($4,773.4mn), rehabilitation works under the K-factor Programme ($2,870.2mn), and works in respect of the Port Royal distribution and sewerage system ($1,000mn).

Airports Authority of Jamaica (AAJ)

As part of its plans to develop local aviation, the AAJ projects capital expenditure of $3,707.7mn (estimated $1,459.2mn in FY 2019/20). Approximately $950.0mn of the capital spend is allocated for the shoreline protection project, while $746.0mn is allocated for the development of the Vernamfield and Negril Aerodromes, as well as the Ian Flemming International Airport.

Port Authority of Jamaica (PAJ)

The PAJ will continue to pursue projects aimed at facilitating economic growth and development, as well as enhanced security at the ports. PAJ will continue works under Phase 1 of the Port Royal development and has allocated $272.9mn for these activities. The procurement of Jamaica ll vessel

[4] The operations of PCJ are expected to be subsumed into the Ministry of Science, Energy and Technology by March 31, 2020.

used in effecting offshore repairs (US$6.0m), as well as the continued upgrade of the Montego Bay Freeport Terminal will also be pursued.

Petrojam Limited (P'Jam)

Petrojam will continue to undertake major maintenance at the refinery toward improving operating efficiencies. In this regard, P'Jam plans to replace/upgrade/renovate the storage tanks, pumps, pipelines, towers, boilers and other areas of the facility. These activities are projected to cost $2,235.8mn and account for 88.0% of total capital spend.

Net flows from Public Bodies to CG are projected at $48,865.3mn resulting from $64,672.9mn Transfers ***to*** CG and $15,807.6mn Transfers ***from*** CG. The flows from SFPBs to CG include corporate taxes, grants to support special programmes, financial distributions, as well as and SCT and Ad valorem Tax collected by Petrojam Limited for the GOJ. SFPBs that are expected to benefit from CG transfers include the Jamaica Urban Transit Corporation for operational support, and the Students' Loan Bureau (SLB) through support from Education Tax.

Table 3L outlines the financial projection of the group of Public Bodies for FY 2020/21.

Table 3L: Summary of Financial Forecast for FY 2019/20 (Selected & Other) Public Bodies (J$mn)

		SPBs Projected 2020/21	OPBs Projected 2020/21	TOTAL PBs 2020/21
Statement 'A' Flow of Funds				
1	Current Revenue	395,692.22	51,158.17	446,850.39
2	Current Expenses	(325,885.59)	(45,847.99)	(371,733.59)
3	Current Balance	69,806.63	5,310.18	75,116.81
4	Adjustments	11,419.47	4,872.31	16,291.78
	Change in Accounts	0.00	0.00	0.00
	Receivable/Payable	(285.72)	2,216.70	1,930.98
	Items not requiring outlay of cash:	0.00	0.00	0.00
	Depreciation	15,059.31	1,115.95	16,175.26
	Other Non-Cash Items	(3,354.13)	1,539.67	(1,814.46)
	Prior Year Adjustment	0.00	0.00	0.00
5	Operating Balance	81,226.10	10,182.49	91,408.59
6	Capital Account	(52,688.25)	(6,598.31)	(59,286.57)
	Revenue	19,932.80	0.00	19,932.80
	Expenditure	(69,749.42)	(5,337.74)	(75,087.15)
	Investment	(2,429.48)	(1,344.13)	(3,773.61)
	Change in Inventory	(442.16)	83.55	(358.61)
7	Transfers from Government	12,450.30	3,357.31	15,807.61
	Loans	0.00	0.00	0.00
	Equity	0.00	2,827.00	2,827.00
	On-Lending	0.00	0.00	0.00
	Other	12,450.30	530.31	12,980.61
8	Transfers to Government	(62,711.01)	(1,961.91)	(64,672.92)
	Dividend	(16,683.06)	(667.42)	(17,350.48)
	Loan Repayments	0.00	0.00	0.00
	Corporate Taxes	(1,720.36)	(279.06)	(1,999.41)
	Other	(44,307.59)	(1,015.43)	(45,323.02)
9	OVERALL BALANCE (5+6+7+8)	(21,722.87)	4,979.58	(16,743.29)
10	FINANCING (10a +11+15)	21,722.87	(4,979.58)	16,743.29
10a	Total	13,336.54	4,248.52	17,585.06
	Capital Revenue	1,229.21	784.59	2,013.80
	Loans	10,737.33	3,500.00	14,237.33
	Equity	0.00	0.00	0.00
	On-Lending	1,370.00	0.00	1,370.00
	Loan Repayments	0.00	(36.07)	(36.07)
11	Total Foreign (12+13+14)	296.06	506.22	802.28
12	Government Guaranteed Loans	(4,174.06)	0.00	(4,174.06)
	Disbursement	2,879.78	0.00	2,879.78
	Amortization	(7,053.84)	0.00	(7,053.84)
13	Direct Loans	4,504.92	506.22	5,011.14
	Long Term:	(122.78)	506.22	383.44
	Disbursement	0.00	1,014.00	1,014.00
	Amortisation	(122.78)	(507.78)	(630.56)
	Short Term:	4,627.70	0.00	4,627.70
	Change in Trade Credits	4,627.70	0.00	4,627.70
14	Change in Deposits Abroad	(34.80)	0.00	(34.80)
15	Total Domestic (16+17+18)	8,090.26	(9,734.32)	(1,644.06)
16	Banking System	(5,929.28)	(3,570.21)	(9,499.48)
	Loans (Change)	2,499.61	0.00	2,499.61
	Overdraft (Change)	0.00	0.00	0.00
	Deposits (Change)	(8,428.89)	(3,570.21)	(11,999.09)
17	Non-Banks (Change)	0.00	0.00	0.00
18	Other (Change)	14,019.54	(6,164.11)	7,855.43

APPENDIX I

Medium Term Expenditure Profile 2018/2019 - 2023/2024

Table IA - Non-Debt Recurrent Expenditure

$'000

Heads	Revised Estimates 2018/2019	Revised Estimates 2019/2020	Estimates of Expenditure 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024
His Excellency the Governor-General and Staff	337,370	290,111	409,774	419,350	430,507	442,161
Houses of Parliament	1,073,493	1,104,039	1,173,269	1,176,728	1,198,591	1,221,180
Office of the Public Defender	130,643	143,650	131,096	134,095	137,357	140,756
Auditor General	749,862	905,108	1,023,764	930,545	952,977	976,186
Office of the Services Commissions	311,381	330,541	353,172	348,085	354,627	361,372
Office of the Children's Advocate	189,298	201,331	207,234	212,893	218,889	225,180
Independent Commission of Investigations	424,208	478,775	500,715	511,645	524,068	537,026
Integrity Commission	463,809	833,920	766,749	797,885	833,173	872,120
Office of the Prime Minister	8,762,640	7,739,017	10,897,877	8,835,282	9,156,969	9,497,159
Office of the Cabinet	656,362	703,738	783,537	802,756	824,128	853,013
Ministry of Tourism	11,529,503	11,525,361	12,513,319	13,000,719	13,577,521	14,192,156
Ministry of Economic Growth and Job Creation	11,676,560	14,001,493	11,464,201	11,487,135	11,871,706	12,290,800
Ministry of Finance and the Public Service	108,408,892	109,717,820	115,806,949	87,024,761	97,950,452	108,311,777
Ministry of National Security	70,891,260	76,295,278	78,006,354	77,664,706	79,755,757	81,893,197
Ministry of Justice	8,115,735	8,537,441	9,131,208	9,414,133	9,639,123	9,843,442
Ministry of Foreign Affairs and Foreign Trade	4,652,041	4,996,749	4,956,044	5,061,649	5,184,518	5,312,020
Ministry of Labour and Social Security	3,406,163	2,997,379	5,085,367	5,263,168	5,444,633	5,608,458
Ministry of Education, Youth and Information	105,300,382	111,949,146	117,072,996	117,626,184	119,403,483	121,056,349
Ministry of Health	68,440,718	70,276,433	74,140,257	76,210,789	78,332,728	80,789,774
Ministry of Culture, Gender, Entertainment and Sport	3,744,463	4,245,039	4,568,375	4,624,141	4,768,985	4,920,032
Ministry of Industry, Commerce, Agriculture and Fisheries	9,446,154	10,291,973	10,661,824	10,942,949	11,156,426	11,487,559
Ministry of Science and Technology	5,459,354	6,749,403	6,481,666	6,666,548	6,884,283	7,081,073
Ministry of Transport and Mining	10,146,317	12,054,565	11,018,619	11,449,336	11,967,827	12,511,782
Ministry of Local Government and Community Development	11,996,762	12,935,171	13,474,782	12,688,442	12,844,474	13,006,405
GRAND TOTAL RECURRENT	**446,313,370**	**469,303,481**	**490,629,148**	**463,293,924**	**483,413,202**	**503,430,977**

Medium Term Expenditure Profile 2018/2019 - 2023/2024

Table IB - Non-Debt Capital Profile

$'000

HEADS	Revised Estimates 2018/2019	Revised Estimates 2019/2020	Estimates of Expenditure 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024
Office of the Prime Minister	4,363,478	4,967,525	6,566,215	4,152,010	3,583,652	2,702,190
Office of the Cabinet	928,466	818,831	19,575	-	-	-
Ministry of Economic Growth and Job Creation	29,555,964	23,369,321	22,355,858	32,118,698	20,908,974	13,301,875
Ministry of Finance and the Public Service	6,801,167	3,604,972	7,927,818	12,374,140	34,755,968	66,676,913
Ministry of National Security	12,664,446	19,869,874	15,953,840	13,275,091	12,163,615	3,950,000
Ministry of Justice	1,717,629	1,077,366	941,500	-	-	-
Ministry of Labour and Social Security	7,901,764	8,347,410	8,596,012	-	-	-
Ministry of Education, Youth and Information	1,696,103	1,251,483	1,480,478	1,750,000	1,030,000	-
Ministry of Health	1,898,908	3,468,533	3,903,604	8,854,525	7,907,602	3,767,094
Ministry of Culture, Gender, Entertainment and Sport	20,725	25,457	25,184	-	-	-
Ministry of Industry, Commerce, Agriculture and Fisheries	2,252,145	2,703,847	3,519,016	5,099,136	3,831,523	1,053,546
Ministry of Science and Technology	83,278	565,023	696,804	1,192,856	1,167,666	1,250,000
Ministry of Transport and Mining	771	500	-	-	-	-
Ministry of Local Government and Community Development	692,678	2,040,478	2,217,356	750,000	-	-
TOTAL CAPITAL	**70,577,522**	**72,110,620**	**74,203,260**	**79,566,456**	**85,349,000**	**92,701,618**

FUNCTIONAL CLASSIFICATION OF EXPENDITURE
MEDIUM TERM EXPENDITURE PROFILE 2018/2019 - 2023/2024
RECURRENT AND CAPITAL

	Revised Estimates 2018/2019	Revised Estimates 2019/2020	Estimates of Expenditure 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024
1 General Public Services						
1 Executive and Legislative Services	5,508,101.0	5,487,880.0	6,782,286.0	6,958,272.0	6,836,356.0	6,590,034.0
2 Economic and Fiscal Policies Management	30,529,330.0	75,863,703.0	48,006,844.0	41,683,092.0	42,191,875.0	43,601,780.0
3 Personnel Management	8,512,515.0	7,797,939.0	8,099,395.0	8,554,226.0	9,724,282.0	9,827,242.0
4 Foreign Affairs	4,843,243.0	5,094,170.0	5,192,257.0	5,168,879.0	5,295,258.0	5,426,445.0
5 Economic Planning and Statistical Services	3,563,865.0	4,306,336.0	4,581,848.0	4,663,757.0	2,211,530.0	2,276,574.0
6 Public Works	1,391,036.0	2,321,259.0	2,181,736.0	1,602,476.0	1,591,718.0	1,568,660.0
7 Public Debt Management Services, Internal Debt	143,939,689.0	126,276,906.0	166,481,000.0	114,037,198.0	139,932,627.0	67,591,990.0
8 Public Debt Management Services, External Debt	141,732,560.0	148,169,853.0	121,362,911.0	156,057,799.0	121,032,571.0	172,290,160.0
99 Other General Public Services	92,984,278.0	82,176,872.0	64,965,637.0	54,153,939.0	75,960,023.0	99,286,198.0
Total General Public Services	**433,004,617.0**	**457,494,918.0**	**427,653,914.0**	**392,879,638.0**	**404,776,240.0**	**408,459,083.0**
2 Defence Affairs and Services						
1 Military Defence	29,445,061.0	34,931,548.0	33,763,655.0	35,559,749.0	35,522,900.0	29,905,709.0
Total Defence Affairs and Services	**29,445,061.0**	**34,931,548.0**	**33,763,655.0**	**35,559,749.0**	**35,522,900.0**	**29,905,709.0**
3 Public Order and Safety						
1 Police Services	45,783,894.0	53,890,838.0	55,208,490.0	51,370,185.0	52,290,617.0	51,740,464.0
3 Law Courts	10,562,262.0	10,578,050.0	10,474,396.0	9,807,783.0	10,038,066.0	10,222,403.0
4 Correctional Services	7,250,610.0	8,088,649.0	9,021,865.0	8,151,352.0	8,361,926.0	8,573,882.0
Total Public Order and Safety	**63,596,766.0**	**72,557,537.0**	**74,704,751.0**	**69,329,320.0**	**70,690,609.0**	**70,536,749.0**
4 Economic Affairs						
1 Industry and Commerce	6,064,629.0	5,720,449.0	7,259,557.0	7,565,611.0	7,909,660.0	6,795,132.0
2 Labour Relations and Employment Services	1,754,012.0	1,911,332.0	2,209,857.0	2,261,245.0	2,315,438.0	2,365,399.0
3 Agriculture, Forestry and Fishing	11,257,344.0	13,437,905.0	15,392,774.0	16,228,087.0	15,964,255.0	13,927,464.0
4 Fuel and Energy	2,604,039.0	3,246,521.0	1,106,106.0	1,637,765.0	1,706,975.0	1,812,417.0
5 Mining, Manufacturing and Construction	188,264.0	222,522.0	224,274.0	217,451.0	218,327.0	222,105.0
6 Road Construction and Repairs	20,701,717.0	18,964,064.0	22,849,245.0	22,349,940.0	22,231,985.0	33,371,454.0
7 Road Transport	2,958,271.0	5,616,336.0	5,811,982.0	6,054,159.0	6,347,557.0	6,655,495.0
8 Rail Transport	168,882.0	180,704.0	180,704.0	200,862.0	223,460.0	245,600.0
9 Shipping, Ports and Lighthouses	352,518.0	385,563.0	417,892.0	433,650.0	439,044.0	444,440.0
10 Civil Aviation	4,844,880.0	3,655,940.0	4,405,891.0	4,265,671.0	4,463,955.0	4,672,153.0
11 Postal Services	2,844,334.0	2,949,139.0	3,039,937.0	3,123,816.0	3,218,181.0	3,305,345.0
12 Telecommunication Services	824,917.0	2,842,278.0	3,112,928.0	3,232,695.0	3,289,053.0	3,347,454.0
13 Tourism	11,704,375.0	11,822,821.0	12,814,259.0	13,306,242.0	13,887,857.0	14,507,545.0
14 Physical Planning and Development	788,621.0	1,384,255.0	743,148.0	937,777.0	797,732.0	828,392.0
15 Scientific and Technological Services	1,034,520.0	1,067,408.0	1,155,497.0	1,134,736.0	1,184,856.0	1,251,285.0
99 Other Economic Affairs	11,149.0	14,073.0	12,507.0	12,748.0	13,006.0	13,264.0
Total Economic Affairs	**68,102,472.0**	**73,421,310.0**	**80,736,558.0**	**82,962,455.0**	**84,211,341.0**	**93,764,944.0**
5 Environmental Protection and Conservation						
1 Solid Waste Management	1,690,374.0	2,001,006.0	2,182,783.0	1,782,696.0	1,798,047.0	1,810,949.0
3 Pollution Abatement	17,314.0	31,542.0	40,269.0	42,946.0	46,702.0	52,721.0
4 Protection of Biodiversity and Landscape	1,778,801.0	2,062,548.0	1,778,116.0	1,291,338.0	1,213,880.0	1,247,040.0
99 Other Environmental Protection and Conservation	67,794.0	354,532.0	285,908.0	43,900.0	-	-
Total Environmental Protection and Conservation	**3,554,283.0**	**4,449,628.0**	**4,287,076.0**	**3,160,880.0**	**3,058,629.0**	**3,110,710.0**
6 Housing and Community Amenities						
1 Housing Development	592,063.0	636,619.0	1,605,679.0	1,827,642.0	1,905,759.0	1,987,592.0
2 Community Development	7,726,724.0	9,242,111.0	11,129,732.0	9,567,891.0	8,986,023.0	9,157,258.0
3 Water Supply Services	817,271.0	1,362,974.0	1,115,905.0	607,561.0	626,839.0	646,729.0
Total Housing and Community Amenities	**9,136,058.0**	**11,241,704.0**	**13,851,316.0**	**12,003,094.0**	**11,518,621.0**	**11,791,579.0**
7 Health Affairs and Services						
1 Health Administration	10,194,341.0	12,157,953.0	11,249,985.0	16,366,559.0	15,806,896.0	10,931,034.0
3 Outpatient Services	147,830.0	158,886.0	-	-	-	-
4 Hospital Services	5,615,527.0	5,939,484.0	6,384,945.0	6,384,945.0	6,384,945.0	6,384,945.0
5 Public Health Services	54,241,030.0	57,786,325.0	61,152,931.0	62,971,736.0	64,976,415.0	67,373,607.0
Total Health Affairs and Services	**70,198,728.0**	**76,042,648.0**	**78,787,861.0**	**85,723,240.0**	**87,168,256.0**	**84,689,586.0**
8 Recreation, Culture and Religion						
1 Recreational and Sporting Services	764,123.0	897,311.0	929,562.0	985,372.0	1,030,677.0	1,075,794.0
2 Art and Cultural Services	2,160,073.0	2,255,740.0	2,207,156.0	2,238,769.0	2,308,033.0	2,372,974.0
3 Broadcasting and Publishing Services	1,167,096.0	1,238,292.0	1,365,325.0	1,354,463.0	1,389,983.0	1,440,991.0
4 Religious and Other Community Services	795,663.0		-	-	-	-
5 Youth Development Services	419,493.0	447,098.0	232,178.0	232,208.0	232,239.0	248,137.0
Total Recreation, Culture and Religion	**5,306,448.0**	**4,838,441.0**	**4,734,221.0**	**4,810,812.0**	**4,960,932.0**	**5,137,896.0**
9 Education Affairs and Services						
1 Education Administration	6,840,543.0	9,201,667.0	12,434,312.0	11,739,155.0	11,845,443.0	11,959,320.0
2 Pre-Primary Education	3,466,550.0	3,380,396.0	3,830,635.0	3,872,396.0	3,913,684.0	4,045,716.0
3 Primary Education	27,833,263.0	29,022,577.0	32,062,392.0	32,470,317.0	32,828,842.0	33,194,775.0
4 Secondary Education	37,076,524.0	38,209,607.0	35,985,203.0	37,109,201.0	37,010,654.0	36,519,872.0
5 Tertiary Education	19,705,002.0	17,358,368.0	20,165,430.0	19,583,050.0	19,836,326.0	20,199,044.0
6 Education Not Definable by Level	1,183,560.0	1,368,066.0	1,500,023.0	1,377,413.0	1,398,171.0	1,419,304.0
7 Subsidiary Services to Education	9,328,520.0	9,734,507.0	10,095,048.0	10,659,008.0	10,933,129.0	10,916,506.0
Total Education Affairs and Services	**105,433,962.0**	**108,275,188.0**	**116,073,043.0**	**116,810,540.0**	**117,766,249.0**	**118,254,537.0**
10 Social Security and Welfare Services						
1 Sickness and Disabled	214,343.0	257,671.0	327,069.0	333,893.0	336,855.0	346,092.0
2 Senior Citizens	561,481.0	128,047.0	932,788.0	935,643.0	938,617.0	942,208.0
3 Survivors Assistance	282,097.0	284,566.0	305,546.0	310,245.0	315,164.0	320,318.0
4 Family and Children	129,885.0	2,733,919.0	2,961,212.0	3,049,545.0	3,150,140.0	3,255,302.0
99 Other Social Security and Welfare Services	13,596,940.0	12,414,506.0	13,557,309.0	5,086,323.0	5,312,847.0	5,500,032.0
Total Social Security and Welfare Services	**14,784,746.0**	**15,818,709.0**	**18,083,924.0**	**9,715,649.0**	**10,053,623.0**	**10,363,952.0**
99 Unallocated		-	-	-	-	-
Total Unallocated	**-**	**-**	**-**	**-**	**-**	**-**
Total	**802,563,141.0**	**859,071,631.0**	**852,676,319.0**	**812,955,377.0**	**829,727,400.0**	**836,014,745.0**

APPENDIX II

PUBLIC FINANCIAL MANAGEMENT (PFM) REFORM PROGRAMME

Public Financial Management Reform remains a critical pillar of the GOJ's transformation agenda. The strengthening of the PFM Systems has helped to solidify fiscal discipline and enhance fiscal projections, planning and operations, all of which are supporting improvements in the provision of public goods.

The GOJ in recent years has undertaken profound actions to institutionalise key PFM enhancements including:

1. Bolstered the Fiscal Responsibility Framework with stronger Fiscal Rules;
2. Restructured the Accountant General's Department and prioritizing its continued transformation into a modern treasury;
3. Operationalized key ICT infrastructure for revenue management (RAiS and ASCYCUDA World);
4. Reorganized the debt management function in the Ministry of Finance in line with international norm;
5. Implemented a Public Investment Management System (PIMS);
6. Implemented critical upgrades to the Central Treasury Management System and
7. Strengthened Parliamentary oversight of the country's budget.

Looking ahead, the GOJ will determinedly build on these achievements to further strengthen the PFM framework, which will be key to lock-in the recent fiscal gains and sustain the downward debt trajectory.

Public Expenditure and Financial Accountability (PEFA) Assessment
The GOJ undertook a PEFA assessment on the status of its PFM systems in October 2016. The 2016 PEFA results affirmed that Jamaica had a strong public financial management system, with noted improvements since the prior assessment in 2012. Some of the key areas that registered significant progress included: Budget Reliability; Transparency of Public Finances; Management of Assets and Liabilities and Policy-based Fiscal Strategy and Budgeting.

The PEFA assessment nevertheless highlighted weaknesses in aspects of risk management, multi-year budgeting and treasury operations.

The PEFA also highlighted that a performance management framework was not yet developed which would be an important driver for internal efficiency and accountability for results in a situation where the institutions of external oversight are weak.

PFM REFORM ACTION PLAN (PFM RAP) III 2017/18-2020/21

Jamaica's PFM Reform Action Plan II (2017-2021) acknowledged weaknesses in some areas of the GOJ's operations which stemmed from outdated or inadequate systems and software. The 2016 PEFA confirmed that despite significant improvements in various areas, financial management reporting still faced challenges regarding: performance information for service delivery; public access to fiscal information; in-year budget reports; and annual financial reports, among others. In addition, a significant share of reporting was still being done manually, partly due to the lack of an appropriate ICT solution to collect and organise financial and performance information in a central database to support, inter alia, budget preparation, budget execution, and financial reporting.

In September 2017, Cabinet approved the PFM RAP III 2017/18-2020/21. The Plan focused on the following goals for FY 2019/20:

1. Implementation of an Integrated Financial Management Information System (IFMIS).
2. Modernization of the Accountant General's Department
    a. Implementation of the Revenue Management Module at the Account General's Department; and
    b. Transition of positions to the new organizational structure
3. Implementation of the Public Investment Management Information System (PIMIS);
4. Development of an asset management information system; and
5. Implementation of the Enterprise Risk Management (ERM) Programme.

Key components of the Action Plan are highlighted below.

JAMAICA INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM (JIFMIS)

In February 2018, the Cabinet approved the JIFMIS Policy, which is the road map for the implementation of the necessary ICT to ensure the effective and efficient operations of the GOJ's PFM systems.

The Policy has the following objectives:

- To improve financial management reporting in line with IMF GFS guidelines;
- To develop accurate and timely consolidated accounts for the whole of government;
- To enhance transparency through the provision of government accounting records for all stakeholders;
- To attain greater levels of coordination in the development and implementation of ICT systems for PFM.

Critical activities undertaken as at end-December 2019 include:

- The JIFMIS Steering Committee was established in August 2018 comprising senior officers from the Ministry of Finance and the Public Service (MOFPS), Ministry of Science, Energy and

Technology (MSET), Bank of Jamaica (BOJ), eGov Jamaica Ltd and the Accountant General's Department;

- A Project Manager was engaged in April 2019;
- The system requirement specifications were completed in August 2019;and
- Submission of the project to the Public Investment Management Secretariat in November 2019.

MODERNIZATION OF THE ACCOUNTANT GENERAL'S DEPARTMENT

The AGD is in an advanced stage of becoming a modernized treasury in keeping with the modernization thrust for the public sector and PFM reform.

To date, 76% of positions in the AGD have transitioned to the new organizational structure which now includes functional units for risk management and government accounting and reporting.

The implementation of the revenue management module is slated for completion by March 2020.

IMPLEMENTATION OF THE PUBLIC INVESTMENT MANAGEMENT INFORMATION SYSTEM (PIMIS).

The consistent monitoring of projects will be made far more efficient through the use of a Management Information System for the PIMS. An expected outcome of this monitoring and evaluation data system is the enhanced accessibility to real time progress data from conceptualization to post evaluation.

The technical and functional requirements will be completed in March 2020 and the request for bids (RFB) targeted for advertising in April 2020.

DEVELOPMENT OF AN ASSET MANAGEMENT INFORMATION SYSTEM

Strengthening of the asset management process within the GOJ will enable a more efficient method of accounting for the value, quantity and location of its assets.

The process to solicit proposals from firms to develop an Asset Management Systems Requirement Specification (SRS) for the GOJ is underway.

ENTERPRISE RISK MANAGEMENT (ERM)

In June 2018, Cabinet approved the ERM policy and accompanying guidelines, which will assist government entities to meet the requirements of the Financial Administration and Audit (FAA) Act and Financial Management Regulations (2011). The regulations provide for an effective risk management process to guide the identification and treatment of risks in government departments. The regulations also require that Accounting Officers be responsible for formulating strategies for risk management in MDAs and for ensuring there is an effective risk governance and risk management process that monitors and manages the material risks to which these entities may be exposed.

The ERM will be piloted in the MOFPS. The process of selecting proposals from local and international firms was completed and the project will start in the 1st quarter of FY 2020/21. The pilot is expected to be completed within eighteen months. Thereafter, the ERM would be rolled out to select MDAs.

NEAR TERM IMPLEMENTATION OUTLOOK

Going forward, the GOJ through the MOFPS will prioritize the following:

- Rolling out an Enterprise Risk Management Framework across select MDAs;
- Developing a Risk-Based Monitoring Framework for Public Bodies;
- Acquiring an Asset Management System;
- Operationalizing the Revenue Management Module in CTMS;
- Continuing to strengthen cash management and to advance the transitioning of the AGD into a modern Treasury.

APPENDIX III

Developments in the Financial Sector

Introduction

The Ministry of Finance and the Public Service (MoFPS) during FY 2019/20 advanced key reforms to enhance the resilience and stability of the financial system. Significant milestones included the passage of the Pensions (Superannuation Funds & Retirement Schemes) (Investment) (Amendment) Regulations, which is expected to broaden the pool of assets that pension funds can invest in and provide greater access to finance, and the passage of the Banking Services (Financial Holding Companies) (Licensing Application) Supervisory Rules, which extends the licensing and regulatory framework to financial holding companies. The table below summarizes the progress on key legislative and regulatory financial sector reforms.

The Financial Investigations Division (FID) continued to actively pursue its mandate of dealing with matters relating to financial crimes, including money laundering while the Financial Sector Adjustment Company (FINSAC) Limited continued the scaling down of its legacy operations.

KEY LEGISLATIVE and REGULATORY FINANCIAL SECTOR REFORMS		
Act/Regulation/Bill	**Purpose**	**Status**
Investment Regulations under the Pensions (Superannuation Funds & Retirement Schemes) Act	To increase the investment limits and options available to pensions plans	Gazetted in August 2019
Pensions (Superannuation Funds & Retirement Schemes) and Income Tax Acts	To safeguard pension benefits and strengthen regulatory arm of the FSC	MoFPS issued further drafting instructions to CPC in December 2019
Insurance Act	To facilitate the creation of a micro-insurance legislative framework	MOF awaiting comments from AGC on draft Cabinet Submission
Microcredit Act	To introduce legislation for the licensing and regulation of microcredit institutions	Proposed amendments to the Bill tabled in February 2019, informed by stakeholder consultations, to be submitted to Parliament
Credit Union (Special Provisions) Act	To bring credit unions under the regulatory purview of the Bank of Jamaica	MOFPS to issue further drafting instructions to CPC based on recent comments received from the AGC and BOJ
Deposit Insurance Act (DIA)	To facilitate credit unions' participation in the deposit insurance scheme	Draft Cabinet Submission awaiting AGC's comments
Banking Services (Financial Holding Companies) (Licensing Application) Supervisory Rules	To facilitate the development of the regime for licensing and regulation of Financial Holding Companies (FHC) and consolidated supervision under the Banking Services Act	Approved by Parliament in November 2019
Financial Institutions (Special Resolution Framework) Bill	To enhance the resilience and stability of the financial system via a framework to address the orderly resolution of non-viable financial institutions, minimize the resort to public funds, and preserve vital economic functions	The BOJ-led technical working group is reviewing the second Draft Bill
Financial Services Commission Act	To facilitate the development of the regime for consolidated supervision of non-deposit taking institutions	MOFPS issued further drafting instructions to the CPC in January 2020 informed by FSC's comments

National Financial Inclusion Strategy (NFIS)
The Financial Inclusion Steering Committee (FISC) continues to press ahead with efforts to implement the action plans contained in the NFIS. In February 2019, the BOJ began the implementation of the Financial Inclusion Communication Strategy. Key topics covered included the functions and mandate of Bank as a regulator of deposit taking institutions and authorized electronic retail payment service providers, MSME Finance, and consumer protection. The Secretariat held a number of outdoor broadcasts in 2019 in collaboration with key stakeholders.

Financial Investigations
During the review period, the Financial Investigations Division (FID) made progress in pursuing its mandate of taking the profit out of crime. Notable achievements included:

- **Preparations for conversion from a Division to a Department of Government**
  The Division retained a consultant in January 2019 to assist with charting the course toward a department, a conversion that would bring the FID into compliance with its governing statute.

- **Caribbean Financial Action Task Force (CFATF)**
  The FID coordinated the key reforms to Jamaica's Anti-Money Laundering and Countering the Financing of Terrorism framework (AML/CFT), which are critical to address key technical deficiencies and priority actions identified in the Mutual Evaluation Report of Jamaica issued by the CFATF.

- **National Risk Assessment (NRA)**
  A NRA for money laundering and terrorism financing is in progress. FID is collaborating with the BOJ to collate and analyse information from law enforcement agencies. The Division will also partner with other agencies to conduct sectorial risk assessments in keeping with the requirements of FATF.

- **Asset Recovery Interagency Network of the Caribbean (ARIN CARIB)**
  ARIN CARIB provides International Corporation in relation to asset recovery. Jamaica took over the presidency in 2019. FID facilitated the development of the official website of ARIN CARIB, which was launched at the annual general meeting (AGM) in September 2019.

- **goAML**
  In September 2018, the FID launched its goAML reporting platform which allowed financial institutions that are obliged to make reports under the Proceeds of Crimes Act (POCA) to do so electronically. For the period January to December 2019, 385 entities registered on goAML and the FID received and processed 74,919 reports as follows:

  i. Suspicious Transaction Report - 6,527
  ii. Threshold Transaction Report - 68,311
  iii. Authorised Disclosure Reports (Request to Consent) - 81

- **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. The Division secured a number of pecuniary penalty orders against offenders. Under section 5 of POCA, a pecuniary penalty order is granted for a

specific amount after the Court upon hearing evidence concerning a convicted offender's asset and expenditure, is satisfied that the offender has benefitted in the said amount from his or her criminal lifestyle or from any specific crime. To sustain the momentum on asset recovery, the FID will continue to collaborate with key stakeholders, including the National Land Agency (NLA):

Financial Sector Adjustment Company Ltd and Financial Institutions Services Ltd

FINSAC continued the scaling down of its legacy operations. This included disposing of real estate and advancing efforts to dispose of listed shares owned by dissolved companies, including through court orders where warranted. In addition, there are two significant litigation matters involving the former Eagle Financial Network for which an appeal date is being awaited from the Privy Council.

Going forward, FINSAC will continue to manage legacy operations with a downsized staff and will focus on ensuring that audited accounts for year ending March 2020 are prepared, disposal of remaining assets, including shares in Ciboney Group and shares of dissolved companies, de-registration of more companies, liaising with attorneys on litigation matters and responding to pension queries from FSC (and others).

For FIS, the remaining matters to be pursued are: the transfer of the two unsold properties to the Commissioner of Lands; and finalising the audit of Jamaica Grande Limited, liquidating the company, distributing cash balance held, thereafter, applying to the Companies Office of Jamaica to strike the company off the register.

APPENDIX IV

STRATEGIC HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCE POLICY AND INFORMATION MANAGEMENT

Human Resource (HR) Policies

A major focus of the Strategic Human Resources Management Division (SHRMD) during FY 2019/20 was the continuation of consultations with key stakeholders in Ministries, Departments and Agencies (MDAs) to obtain insights and provide input into the review of various HR policies for the public service. These include the proposed *Absence Management Policy* and the *Excess Staff Policy*.

The key HR policy objective for FY 2020/21 is the updating of the *Staff Orders for the Public Service*, to include incorporation of the new *Absence Management Policy*.

ESTABLISHMENT, COMPENSATION AND BENEFITS

Compensation Review

Work continues on the development of GOJ's compensation policy and philosophy. Noteworthy progress includes: (i) a series of stakeholder consultations, (ii) a reboot of the E-census database (iii) data (salaries and allowances) collection on all public service employees and (iv) the engagement of Ernst and Young Consulting Firm to inter alia review the existing compensation structure and make recommendations for a new Compensation Structure for the Public Service.

Wage Negotiations

Wage negotiations for the contract period 2017-2021 continued in FY 2019/20. As at end December 2019, settlements have been reached with approximately 98% of employees paid from the Consolidated Fund. Of note, industrial harmony was maintained at approximately 97%. During FY 2020/21, the GOJ will focus on, inter alia, completing the deliverables under the Cabinet-approved Public Sector Negotiation Framework

Corporate Management & Establishment

During FY 2019/20, in keeping with the GOJ's mandate to create an efficient and effective fit-for-purpose public sector, the SHRMD provided robust support to several MDAs covering technical, structural and business process reviews. Key areas of service-wide support included:

- effecting the recommendations emanating from Public Sector Transformation activities regarding merger, divestiture and dissolution of certain Public Bodies including mergers of: HEART TRUST, JFLL and NYS; NLA and LAMP; and Office of the Contractor General, Integrity Commission and Commission for the Prevention of Corruption into the Integrity Commission.

- Continuing the promulgation of the GOJ Customer Service Framework in Ministries in keeping with Ministry Paper 56 and Vision 2030;

- monitoring and responding to matters emanating from the implementation of service-wide public procurement organizational structures pursuant to the Public Procurement Act;

- improving public sector service delivery through the establishment of posts structures for a number of public institutions.

Priority areas for FY 2020/21 include:

- promulgating an appropriate Risk Management Structural Framework for the Public Service, in particular for all ministries;
- completing the development and implementation of model structures for the Municipal Corporations;
- establishment of the National Commission on Violence Prevention; and
- comprehensive review and strengthening of the Supreme Court and the Parish Courts

Establishment Control

The Civil Service Establishment (General) Order, 2019 and *The Civil Service Establishment (General) (Amendment) Order, 2019* were published as required during FY 2019/20.

Post audit exercises continued in all public sector agencies in an effort to monitor compliance with the utilization of posts and maintenance of the size of the Public Service.

PENSION ADMINISTRTION

Public Sector Pension Reform

During FY 2019/20, SHRMD provided steady support to MDAs to enable the smooth implementation of the *Pension (Public Service) Act*. A review of the *Pensions (Public Service) Act* commenced in

FY 2019/20, as stipulated in the legislation. This exercise is expected to be completed in Q1 of FY 2020/21.

Public Employees' Pension Administration System (PEPAS)

On September 2, 2019, all MDAs on the Public Service Pension Scheme were provided access to the PEPAS through which all pension cases are now processed.

To facilitate a smooth transition and ensure that benefits are processed timely, the Pensions Unit of the SHRMD provided technical support to over 150 HR practitioners in 24 MDAs during the December 2019 quarter. This exercise will continue through to the end of Q2 of FY 2020/21.

HUMAN CAPITAL DEVELOPMENT

A re-design of the Scholarships and Assistance function is in the final stages. The new *Workforce Planning and Improvement* function will be aligned to the national *Vision 2030 – Goal No. 2: Jamaica's society is secure, cohesive and just,* and the Government's Medium Term Priority – *Human Capital Development.*

During FY 2019/20, a Knowledge Retention & Management Strategy was developed and a review of GOJ's Bonding Policy conducted. Approval of the revised policy is expected during FY 2020/21.

Preliminary discussions are in progress with the Ministry of Foreign Affairs and Foreign Trade and key partners with a view to aligning bilateral scholarships with GOJ's priority areas. Exchange programmes are also being discussed as another avenue for national learning and development.

A national workforce framework is being developed for the public sector, which will provide guidelines for the collection, analysis and reporting of available workforce data to support strategic planning in accordance with the whole-of-government business plan. The creation of a public sector workforce profile will also provide useful insights to inform strategic planning in conjunction with the general Public Sector Transformation activities.

APPENDIX V

TAX PROGRAMME

TAX ADMINISTRATION JAMAICA

In keeping with its mission *"to collect the revenue due in an equitable and efficient manner and foster voluntary compliance",* as well as pursuing its vision of becoming *"a World Class Tax Administration",* TAJ continues to contribute toward improving the business environment and supporting economic growth and development.

TAJ has made significant strides in providing convenient and adequate service options to the public, which have aided taxpayers' awareness and understanding of their duties and obligations. Against this backdrop, compliance and collections continue to improve.

FY2019/20 PERFORMANCE TO DECEMBER

Collections

Preliminary revenue collections amounted to $249.7B at the end of the third quarter of FY19/20, 4.3% above target.

Compliance

TAJ continued to design its compliance programmes around taxpayer segments based on declared turnover. This approach allows for a better understanding of each group's compliance risks and enables easier customization of service and enforcement strategies. These programmes are geared at addressing compliance gaps in relation to registration, filing, payment, and accuracy of reporting (Audit), in line with international good practice.

Registration Compliance

Registration Programmes are designed to ensure that TAJ's taxpayer register remains up to date as the GOJ seeks to widen the tax net.

During the period April to December 2019, 10,437 new taxpayers, identified through 3rd party information and data mining activities, were registered. Of note, 9,393 were registered for electronic filing. In addition, 985 taxpayers were deregistered and 10,221 taxpayer records updated.

Filing and Payment Compliance

TAJ employed various methods to tackle filing and payment challenges. Key programmes focused on taking action against taxpayers who fail to file and/or pay. Payment compliance was also enhanced by taxpayer services and education activities geared towards encouraging and facilitating on-time payments.

The on-time-filing rate at end-December 2019 was 51.7%, compared to 45.9% for the similar period in 2018. This improvement was influenced primarily by the de-registration of taxpayers within the small and micro segments for GCT (as per Ministerial Order), which contributed to an increase in the filing rate of these segments (Table 1).

Table 1: Comparative "On Time Filing" rates by segment and tax type (Apr-July)

On Time Filing								
	FY19/20				FY18/19			
	PAYE	GCT	SCT	GART	PAYE	GCT	SCT	GART
Large	80.0%	93.2%	93.9%	86.2%	79.3%	94.6%	84.2%	90.1%
Upper Medium	76.4%	90.9%	88.9%	84.4%	75.1%	87.8%	96.3%	84.6%
Medium	71.9%	86.6%	83.0%	77.3%	70.2%	85.0%	83.3%	79.0%
Small	62.4%	83.2%	84.1%	69.9%	61.6%	73.9%	61.2%	72.1%
Micro	29.6%	63.6%	39.2%	61.6%	29.2%	41.7%	42.9%	63.2%

The on time payment rate improved marginally to 97.6% from 97.2% in FY2018/19.

Table 2: Comparative "On Time Payment" rates by segment and tax type (Apr-July 19)

On Time Payment								
	FY19/20				FY18/19			
	PAYE	GCT	SCT	GART	PAYE	GCT	SCT	GART
Large	96.6%	99.8%	100.0%	100.0%	95.6%	98.2%	100.0%	99.2%
Upper Medium	96.2%	98.8%	100.0%	89.4%	90.6%	95.1%	71.4%	100.0%
Medium	95.0%	98.6%	100.0%	98.0%	96.5%	97.9%	100.0%	99.2%
Small	90.4%	98.1%	100.0%	99.6%	91.6%	97.6%	71.0%	85.4%
Micro	88.0%	95.0%	0.0%	93.7%	84.3%	95.4%	0.0%	97.7%

Arrears Management
The stock of arrears decreased by $2.2B to $146B over the review period. Whereas the debt write-off programme has helped to reduce the stock, interest and penalty charges have negated some of the gains realised.

Accuracy of Reporting (Audit)
The percent Audit coverage for FY 2019/20 is targeted at 10% and 6% for large and medium taxpayers, respectively. At end-December completed audit was at 6.4% for both the large and medium taxpayers. TAJ expects to attain the 10% coverage for large taxpayers during the final fiscal quarter.

Customer Service
TAJ continues to strengthen client engagement through, inter alia, continued enhancement to the Revenue Administration Information System (RAiS) informed by external and internal user feedback. Further, TAJ also offers educational/customer services through various channels, including seminars, workshops, advisory visits, and its flagship programme to assist micro taxpayers, Special Taxpayer Assistance Programme (STAP).

A variety of media channels are used to promote TAJ's major public campaigns to ensure that the messages attain wide reach. Over the April to December period, the campaigns focused primarily on Property Taxes, (April – June), and Reminder regarding filing and payments obligations December 2019;

During the fourth quarter TAJ's messaging will predominantly revolve around:

1. The mandatory e-filing of Individual Income Tax returns;
2. The implementation of the revised Provisional Driver's License procedure;
3. The Changes in the revised Road Traffic Act; and
4. The customary March 15 campaign.

Structural Improvements (conducive work/customer environment)
To further enhance the overall customer service product, the TAJ is pressing ahead with planned improvements to the organization's physical infrastructure. Of note, 11 of the 16 upgrading and renovation projects targeted were completed as at end-December 2019.

Legal Framework

Assisting Trade and Investment

The TAJ concluded negotiations for Double Taxation Treaties (DTA's) with Japan and the United Arab Emirates in FY 2018/19. Both DTA's are expected to be ratified within the current fiscal year. India and Qatar have also expressed an interest in entering into DTA's with Jamaica.

Levelling the Playing Field

The Organization for Economic Co-operation and Development (OECD) has been promoting the use of a "whole of government" approach to address matters such as fighting tax evasion and other financial crimes. Within this context, Jamaica signed onto the Base Erosion and Profit Shifting (BEPS)

Multilateral Convention Treaty (a Convention that seeks to reduce opportunities for tax avoidance by multinational enterprises), as well as the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC) which facilitates international co-operation for a better operation of national tax laws, whilst respecting the fundamental rights of taxpayers. It provides for all possible forms of administrative co-operation between states in the assessment and collection of taxes. This co-operation ranges from exchange of information, including automatic exchanges, to the recovery of foreign tax claims. The instrument of ratification for MAAC was deposited (submitted) to the OECD in November 2018. Jamaica is also due to sign shortly 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.

FY2020/21 and the Medium Term

TAJ will build on the successes achieved to date and implement new initiatives in FY 2020/21 and beyond in line with its five strategic objectives as follows:

1. **Continuously improve voluntary compliance**
   TAJ will continue to focus on improving the robustness of the tax system by bolstering compliance in the areas of registration, filing, payment and reporting.

2. **Engendering a customer centric organization**
   TAJ will continue to improve direct communications with taxpayers with continuous improvements to RAiS based on client/user feedback. Additionally, TAJ will be rolling out a mobile app that will compliment further the range of current e-Services and provide enhanced access to clients.

3. **Institutional strengthening of the organization**
   Focus will continue on enhancing the business processes, technology and physical infrastructure to effect improvements in the quality and delivery of services. Initiatives to strengthen policies/protocols relating to TAJ’s management of its information, assets, static security, digital surveillance, and staff/visitor access are to be developed and implemented during FY2020/21. This will be complemented by the phased implementation of TAJ’s ICT Investment Plan and phased implementation of a 3 year rolling Infrastructure Development Plan.

4. **Building human capital synergies and culture**
   The TAJ will remain focussed on upgrading its human capital, reinforcing its guiding principles, and encouraging the core values that will secure its desired culture. Staff training is continuous and remains key to ensuring that:

   - Staff competencies are strengthened and adaptable to emerging technologies and processes
   - The required capabilities exist broadly within the organization to consistently deliver high quality service.

5. **Corporate governance enhanced**
   The major strategy to be deployed will focus on strengthening the accountability and transparency mechanisms that will establish a defensible risk-based corporate governance framework that can stand up to scrutiny, as the TAJ executes various activities to achieve its vision and mission.

Jamaica Customs Agency

Introduction
The Jamaica Customs Agency's (JCA) mandate embodies collecting the revenue due to the GOJ, facilitating trade and travel, and protecting the country's borders. In this context, the JCA strives to enhance the business environment by streamlining procedures, tackling corruption, promoting integrity, and facilitating efficient cross-border movement of people and goods.

Key Achievements: April 2019 to December 2019

Revenue Collection
Amid a challenging global economic environment, JCA remained focus on its core mandate of revenue collection which continues to record steady growth. Net revenue collected for April 1- December 31, 2019 was $179.1B 6% more than the comparable period in 2018 B.

Trade Facilitation
For the period April 1- December 31, 2019, 102,288 commercial declarations were submitted for processing, of which or 76.5% were processed within 24 hours of submission.
The two main international airports reported increased passenger travel during the review period. At the Norman Manley International Airport (NMIA), passenger arrivals totalled 643,443 an increase of 11% over the previous year. Comparatively, passenger arrivals at the Donald Sangster International Airport (DSIA) totalled 1,520,180 5% more than the previous year.

Border Protection
The JCA remained quite vigilant in protecting the country's borders. The agency seized significant amount of contra-bond and cash over the review period.

Legislative Amendments and Stakeholder Engagement
The JCA is undertaking other critical actions to support execution of its core functions. These include:

- Legislative action - the JCA is in the process of developing the subsidiary laws (Rules and Regulations) to support and facilitate the operationalization of the New Customs Act, which was tabled in Parliament in June 2019; and
- Increased stakeholder engagement through various media broadcasts and seminars.

Strategic Objectives for FY 2020-2021 and the Medium Term
In keeping with the Medium-Term Results Based Budgeting rationalization the JCA's medium term strategic objectives are as follows:
Customs Management Programme:

- To modernise 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 3 minutes respectively for green and red channels at the international airports annually.
- Achieve the annual revenue target.
- Reduce arrears by 5% annually.

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:

- Enhance institutional governance and operational capacity of the JCA

Policy Planning, Development and Research Sub-programme:

- Enhance planning and research activities within the Agency

Central Administration Sub-programme:

- Improve institutional operational performance

Key Reform Initiatives for FY 2020-2021 and the Medium Term

Customs Management Programme

Trade Facilitation and Revenue Collection Sub-programme:

- Launch an Electronic Single Window System Project to
  to improve coordination between border agencies and trade facilitation
- Develop a Customs Mobile Information and Services App to facilitate the provision of simplified services and general information

- Establish a Queens Warehouse Module in ASYCUDA World to Enable timely disposal of overtime goods from transit sheds

- Upgrade the JCA Website to make it more user-friendly and to increase stakeholder awareness through electronic dissemination of information

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

- Revise the Kyoto Convention Accession to promote the streamlining and simplification of Customs procedures

***Border Control Operations Sub-programme*:**

- Implement Canine detection program to Combat trafficking

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

- Procure and integrate a robust risk management system (RMS) with the ASYCUDA World system to enable application of risk techniques on manifest and foster predictability analytics

Executive Direction and Administration Programme

Policy Planning, Development and Research Sub-programme:

- Develop subsidiary laws to the Customs Act aligned to international standards

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

Central Administration Sub-programme:

- Develop a Legal, Registry and Border Protection Unit (BPU) modules within the Case Management System

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

- Develop an Audio-visual Drama Series with scripts recorded and produced for broadcast over-the-air, or internet to increase stakeholder awareness

Appendix VI

PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP) FY 2020/21–FY 2024/25

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

The PSIP is a key output of the enhanced Public Investment Management System (PIMS) which is aimed at improving the implementation efficiency and effectiveness of public investment projects under the wider Public Financial Management reform being undertaken by the GOJ. The processes of the PIMS which covers all stages of the project life cycle - preparation, appraisal, approval, management, monitoring and evaluation – are applicable to all public investment projects within the specified public sector, irrespective of source of funding or procurement and implementation modality.

Financing of the PSIP 2020/21-2024/25

The PSIP is financed through a combination of government funds, loans and grants from International Development Partners, as well as from equity provided by Self- Financed Public Body Entities. The table below shows the projected expenditure by Central Government and the Public Bodies over the medium term.

Summary of PSIP Financing

Financial Year	Loan/Debt (J$mn)	Grant (J$mn)	Revenue/Consolidated Fund (J$mn)	Equity (J$mn)	Total (J$mn)
2020/2021	28,855.1	4,661.4	49,408.7	23,843.6	106,768.8
2021/2022	42,263.0	9,014.8	31,509.6	18,166.3	100,953.7
2022/2023	27,554,.2	7,900.5	53,029.3	14,577.7	103,061.7
2023/2024	20,201.4	2,249.3	73,299.9	13,724.6	109,475.2
2024/2025	4,980.7	360.0	96,944.5	21,121.3	123,406.4

In FY 2020/21, a combined sum of $106,768.8mn has been allocated to facilitate the implementation of 189 public investment projects in Central Government (CG) and Public Bodies (PB). Three (3) Public Private Partnerships (PPPs) projects with a combined allocation of $5,895.7mn are also slated to be implemented.

The CG will commence/continue 88 investment projects from an allocation of $74,203.3mn in FY 2020/21. This allocation includes a contingency provision of $3,498.8mn for new projects that are currently going through the appraisal process and are expected to be approved by Cabinet during the fiscal year. In the CG investment programme, 30.1% of the allocation goes to the Ministry of Economic Growth & Job Creation (MEGJC); 21.5% to the Ministry of National Security (MNS), and 11.6% to the Ministry of Labour and Social Security (MLSS). A disaggregation of the allocation by sources of funding shows that $49,408.0mn or 46.3% of the investment projects will be funded from CG revenues, 27.0% from external loans and 4.4% from external grants.

Twelve (12) Public Bodies are scheduled to commence/continue implementation of 101 investment projects totalling $32,565.5mn. A total of $23,843.6mn (73.2%) of the funding for these projects is to be provided from internal revenues or the Consolidated Fund with the remaining 26.8% from loans.

The National Housing Trust has been allocated 41.1% of the PB investment budget, the National Water Commission (NWC) 34.4%, and the Port Authority of Jamaica (PAJ) 7.1%.

The information below highlights some of the GOJ'S planned investments for FY 2020/21.

NATIONAL SECURITY

In an effort to maintain the rule of law, improve public security and reduce crime, the GOJ is continuing a number of initiatives to enhance and bolster the effectiveness and efficiency of the **JCF** and **JDF** over the medium term. These initiatives include: 1) Renovation of existing police stations, 2) the construction of facilities to improve access, coverage, and response time of the military, and 3) the procurement of machinery and equipment and enhanced use of modern technological devices to deter or solve crime.

***Construction of New JDF Facilities* -** Construction of new JDF facilities during FY 2019/20 focused on the completion of Phase 3 of the Lathbury Barracks, completion of Phase 1 of the Burke Barracks, and the commencement of works on phase 2 of Burke Barracks.

For FY 2020/2021, an allocation of $929.7mn is made for the completion of: (i) Phase 2 of the Burke Barracks; and (ii) works at the Moneague Training Camp including the Military Canine Facility.

***Procurement of Vehicles & Equipment* -** For FY 2019/20, $13,721.2mn was provided to procure motor vehicles, aircrafts and other specialized surveillance and operational equipment to bolster the JDF's and JCF's ability to respond to both physical threats and cyber-attacks.

The procurement of vehicles and specialised equipment will continue during FY 2020/21 and across the medium term (FY 2020/2021 – 2024/2025). FY 2020/21 budget allocates $11,075.8mn to continue the procurement of vehicles and equipment.

***Construction & Improvement of Police Stations & Other Buildings* -** During FY 2019/20, three (3) of the planned activities did not start while the others experience slow implementation.

For FY 2020/21, $2,320.0mn is allocated to facilitate: a) the construction of a government owned autopsy suite; b) continued rehabilitation of police stations islandwide; c) production of designs for the new police headquarters and divisional headquarters in St Catherine and Westmoreland.

***Citizens Security and Justice Programme (CSJP)* -** During FY 2019/20, the CSJP focused on gender-responsive justice services and social intervention, along with efforts to institutionalize areas of the programme in the participating entities.

For FY 2020/21, the decade old programme will continue the institutionalisation efforts by continuing to provide support to the current cohort of beneficiaries with a view to transition the activities into the respective line Ministries by January 2021.

SOCIAL SECTOR

The Programme of Advancement through Health and Education (PATH) - This is a targeted assistance programme of the GOJ. Benefits are accessible in the form of cash grants for children/students ages 0 – 19 years, the adult poor, the disabled, elderly, pregnant and lactating mothers and the destitute. The programme also facilitates the development of human capital via the Steps-to-Work (StW) initiative, which targets working age members of PATH eligible households for referral to relevant support services to enable them to seek and retain employment. PATH benefits were increased by an average of 17.2% in June 2019, informed by the Benefit Review Mechanism. Additionally, the lowest benefit payable within the differentiated payment scheme was adjusted to 15% of the National Food Poverty Line.

For FY 2020/21, the allocation of $8,278.0mn will continue to support: (i) cash grants to approximately 284,000 registered beneficiaries every two months; (ii) 1,700 students with post-secondary grants and (iii) case management for approximately 1,000 families in addition to providing grants where needed. The programme will continue to facilitate the provision of on-the-job training and job placement opportunities for 600 persons, skill training for 800 new clients and continuing education for 350 clients. The impact evaluation of the parenting pilot programme will be completed as well as the process evaluation of the on-the-job training programme. The national policy for senior citizens and a tracer study of PATH beneficiaries and their families will be implemented.

Jamaica Social Investment Fund (JSIF) - The JSIF has been mandated to implement several intervention programmes in the areas of education, human resource and community development, water, sanitation and drainage infrastructure, agriculture and community access.

The JSIF was allocated $4,416.1mn to execute its portfolio of projects during FY 2019/20. However, during the financial year some of projects, most notably the *Poverty Reduction Project IV (PRP IV)* and the *Basic Needs Trust Fund - Nine (BNTF9*) were adversely impacted by various issues which derailed the anticipated performance targets. The underperformance, compounded by procurement and approval challenges on the portfolio, resulted in an overall reduction of the allocation by 16% to $3,698.5mn.

FY 2020/21 budget allocates $4,014.6mn to facilitate the implementation of 36 major sub-projects within the JSIF's portfolio, of which 34 are targeted for completion during the fiscal year. These sub-projects are to be implemented under the following projects; ***Poverty Reduction Project IV, Integrated Community Development Project (ICDP), School Sanitation Programme*, *Basic Needs Trust Fund Nine (BNTF9)*,** *the* ***Disaster Vulnerability Reduction Project (DVRP and the Rural Economic Development Initiative II (REDI II).***

Health

The Ministry of Health and Wellness (MOHW) continues to implement public investment projects aimed at strengthening the quality and level of public health services. For the medium term, the focus will remain on curtailing morbidity and mortality by reducing communicable and non-communicable diseases and by improving health care facilities.

During FY 2019/20 there were two (2) notable changes to the investment programme: (1) The USAID's support to the project ***HIV Prevalence in most At-Risk Population*** which the GOJ ended but support through Civil Society Organisations (CSOs) continued; and (2) the ***Health Services Improvement Programme*** which supports the Ministry's maintenance activities was transferred to the recurrent budget. The newest project, ***Support to the Health System Strengthening for the Prevention and Care Management of Non-Communicable Diseases***, received additional funding from the European Union amounting to US$12.0mn.

For FY 2020/21, $3,903.6mn is allocated to improve several health facilities and continue efforts to curtail the proliferation of communicable and non-communicable diseases. The allocation will also support the continued rehabilitation of the ***Cornwall Regional Hospital*** as well as works on the ***Western Children and Adolescents Hospital***.

Redevelopment of the Cornwall Regional Hospital - The scope of works for the rehabilitation of the Cornwall Regional Hospital (CRH) has been finalized and the planned redevelopment activities are being executed in a phased basis. Phases 1 and 2A were completed in FY 2019/20 at a cost of approximately $900.0mn. Phase 2B is programmed for implementation during FY 2020/21 and the $1,785.0mn allocated will cover demolition and structural works to the entire facility. Phase 3 will entail renovating, outfitting and equipping the hospital and is scheduled to commence in FY 2021/22.

Western Children and Adolescents Hospital - The construction of this 220-bed hospital is being financed by a grant of US$43mn from the Chinese Government. A sum of $250.8mn has been allocated in the 2020/21 budget to conclude site preparatory activities and implement other GOJ obligatory activities as well as to provide support to the execution of the project.

Education

The ***Primary and Secondary School Infrastructure Project*** is the major education sector project scheduled for implementation in FY 2020/21 and accounts for approximately two-thirds of the $1,480.5mn budget. This project will facilitate the removal of more schools from the shift system, construction of additional classrooms and upgrading of other school facilities. The project will be implemented over three years and will target the upgrading of 54 schools. Other projects to be implemented in FY 2020/21 include the buildout of Mount St. Joseph High School in Manchester and the establishment of the third and final diagnostic centre at the College of Agriculture Science & Education (CASE) in Portland.

AGRICULTURE

Agricultural Competitiveness Programme Bridging Project - In FY 2019/20 the project was allocated $325.8mn to support the promotion of food safety and security. Work commenced for the development of an agro park in Spring Garden, Portland, which included the installation of irrigation pipelines and construction of pump houses.

The strawberry industry was also given a boost with the refurbishment of a greenhouse at the Top Mountains Research Station.

For FY 2020/21, $326.0mn has been allocated to support the construction/retrofitting of the packaging facility at the Spring Gardens agro-park, construct river training structures on a nearby river to reduce flooding and soil erosion, and continue the establishment of a nursery at the Bodles Research Station for the mango development programme.

Essex Valley Irrigation Infrastructure Development Programme - This project aims to enhance the production and productivity of farmers in Essex Valley in a socially-inclusive gender-equitable and climate-sensitive manner.

During FY 2019/20, the project was allocated $628.2mn to implement agriculture driven activities including: (i) development of six wells, (ii) design of irrigation network system and global gap buildings and (iii) climate smart agricultural training for farmers. The allocation was reduced to $512.7mn due to challenges with the yields from some of the wells, which further impacted the completion of the irrigation network design.

For FY 2020/21, the project has been allocated $612.4mn to: (i) continue well drilling at alternate sites; (ii) complete the irrigation network system and global gap building designs; and (iii) commence construction of the renewable energy infrastructure and agro processing buildings.

ENHANCING COMPETITIVENESS AND GROWTH

Jamaica: Foundations for Competitiveness and Growth

The objective of this project is to assist in creating an enabling environment where private sector competitiveness can enhance growth and create new jobs in the Jamaican economy. The project is funded by a US$50.0mn loan from the World Bank of which US$39.3mn has been disbursed as at end-January 2020.

During FY 2019/20, the project continued to fund several consultancies, which provided transaction advisory services to several state entities. The overall performance of the project during the year was suboptimal leading to a reduction in the budget allocation during the Second Supplementary Estimates.

The performance of the line of credit (LoC) to Small & Medium-Size Enterprises (SMEs) was below projections with only $125.0m or 48% of the target disbursed as at January 2020. The low uptake was primarily due to the availability of credit at more competitive interest rates from alternative sources. Under the matching grants programme, $117.5m was spent to co-finance training and skills upgrading for SMEs as well as to provide the matching grants to eligible SMEs.

For FY 2020/21, the project intends to: complete the acquisition and installation of the Application Management and Data Automation (AMANDA) broadband network; complete the development of the National Spatial Plan Platform; conduct re-engineering of the border agencies; provide matching grants to SMEs; complete the limestone study; and continue to support the Electronic Land Titling initiative.

Credit Enhancement Programme for MSMEs – The objective of this project is to provide loan guarantees to Micro, Small & Medium-size Enterprises (MSMEs) which lack the collateral needed to access loans. The loan guarantees are funded from a Credit Enhancement Fund (CEF) which was created 10 years ago. In FY 2019/20 the project was allocated $600.0mn which was used to capitalise the CEF and provide guarantees to 219 MSMEs up to December 31, 2019.

For FY 2020/21 the project has been allocated $830.0mn, which will be used to further capitalise the CEF.

Access to Finance for [M]SMEs

This project was designed to: (i) support the establishment of an MSME Fund for risk capital financing; (2) contribute to the capitalisation of the CEF; and (3) improve the environment to enable MSMEs to better access finance and business development services. The project was allocated $400.0mn in the FY 2019/20 and over 30 MSMEs benefitted from loan guarantees from the CEF.

For FY 2020/21 $540.0mn has been allocated to capitalise the CEF and support the establishment of a MSME Fund to provide private equity and access to risk capital through private equity funding for SME's.

ENERGY EFFICIENCY AND CONSERVATION

Energy Efficiency and Conservation Programme (EECP) - This project was slated for completion in March 2020, ending over eight years of an initiative to reduce electricity usage in several state agencies by the installation of solar control films, roof membranes to reduce the effect of radiation on buildings, the replacement of inefficient window and mini-split air conditioning units, and the upgrading/replacement of chill water systems.

For FY 2019/20, $300.0mn was allocated to facilitate completion of air conditioning retrofits at three Jamaica Constabulary Force (JCF) locations, Mobile Reserve, May Pen Police Station, and the National Police College and at the Post and Telecommunication Department (POSTEL). The allocation was later revised to $174.6mn, due to delays in the award of contract for the POSTEL. Air conditioning retrofit works were implemented at the three identified JCF locations. Other activities included acquisition and installation of water chill systems at the Jamaica Cultural Development Commission (JCDC), and training of staff at both the May Pen Hospital and the JCDC in the use of the Building Management System (BMS)

For FY 2020/21, $67.0mn has been allocated to complete the retrofitting of air conditioning units at the aforementioned JCF locations

Energy Management and Efficiency Project - The general objective of this project is to promote energy efficiency within government entities and fuel conservation. This project will continue some activities started under the EECP but the scope of this project includes lighting retrofits and the implementation of an urban traffic management system in the Kingston Metropolitan Area.

For FY 2019/20, the project was allocated $989.8mn; however this was subsequently revised in the Supplementary Estimates to $348.0mn due to delays in the implementation of several energy efficiency activities at various project locations. Activities undertaken during the year included the completion of an investment audit on electricity consumption at seven hospitals and the training of 272 facilities managers in electricity consumption management from thirty state entities including schools, hospitals, and ministries.

For FY 2020/21, $629.8mn has been allocated to (i) complete the deep retrofit of the Falmouth, Mandeville and the KPH/VJ hospitals (ii) complete the procurement and installation of the Urban Traffic Management System (UTMS), (iii) commence deep retrofit of seven additional hospitals and (iv) support electricity planning by undertaking consultancies to update the National Energy Policy and Integrated Energy Plan.

INFRASTRUCTURE

In FY 2019/2020, approximately 82.4% of the $23,369.3mn allocated to the Ministry of Economic Growth and Job Creation was earmarked for works aimed primarily at improving the country's road infrastructure. These included 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, Major Infrastructure Development Programme, Road Rehabilitation Project (Junction Road – Broadgate – Agualta Vale section) and the Construction of the Offices of the Ministry of Foreign Affairs and Foreign Trade. Activities in the latter three projects are nearing completion and the allocation in the FY 2020/21 budget will facilitate 'wrapping-up' activities and the settling of final accounts.

The major infrastructural projects which will be in implementation during FY 2020/21 are:

(a) ***Southern Coastal Highway Improvement Project (SCHIP)*** **-** The SCHIP aims to improve the main south eastern road corridor from Harbour View, St Andrew to Port Antonio, Portland (110Km) and Morant Bay to Cedar Valley (26Km), with a view to increase commerce and stimulate economic activity and development in the eastern section of the country. Also included in this project is construction of the third phase of the East–West Highway (Highway 2000) from May Pen, Clarendon to Williamsfield in Manchester (27km). The project is estimated to cost US$384.0mn and will be implemented over a 5-year period.

For FY 2020/21, the project has been allocated $12,916.6mn to facilitate land acquisition, design and supervision, execution of civil works along the south eastern road corridors and commencement of civil works on the May Pen to Williamsfield leg of the East-West Highway.

(b) ***Montego Bay Perimeter Road*** - The objective of this project is to create an alternate route for motorists travelling across and within Montego Bay thereby reducing congestion within the city and opening up opportunities for structured development. The project entails construction of a 15km 4-lane carriageway from Ironshore to Bogue in Montego Bay and the rehabilitation/improvement of intersections within the city over a four-year period. During FY 2019/20, the project was allocated $350.0mn to commence land acquisition along the proposed road alignment and to continue design works.

For FY 2020/21, the project has been allocated $3,766.0mn to finalize designs, continue land acquisition and commence the rehabilitation of select road intersections in the city.

(c) ***Major Infrastructure Development Programme (MIDP)*** – This project is substantially completed. All the major road works and the upgrading of the NWC water mains and sewerage pipeline infrastructure along the six major thoroughfares - Mandela Highway, Constant Spring Road, Hagley Park Road, Marcus Garvey Drive, Barbican Road, and Ferris to Mackfield in Westmoreland are practically complete.

For FY 2020/21, $350.0mn has been allocated to finalize project accounts and facilitate project closeout with observation of the defects liability period.

ENVIRONMENTAL RESILIENCE & CLIMATE CHANGE

Jamaica Disaster Vulnerability Reduction Project (DVRP) **-** This project was allocated $1,135.8mn in the FY 2019/20 budget, however, procurement delays impacted the award of several contracts. Consequently, the budgetary allocation was reduced to $820.1mn. The contracts for construction of three fire stations were awarded and work has started. The contract to construct coastal revetment along sections of Kingston Harbour was also awarded.

For FY 2020/21, $1,903.3mn has been allocated to facilitate payments for (i) construction works on the three fire stations (Montego Bay, St. Mary & St. Thomas), (ii) acquisition of pumper trucks and associated equipment for the Jamaica Fire Brigade, (iii) coastal revetment works on sections of Kingston Harbour (iv) Training and Technical Assistance for Improved Disaster & Climate Resilience (v) construction works for the expansion of classrooms at the St. Benedict's Primary School, and (vi) the proposed drainage works for the Big Pond/Myton Gully in St Catherine.

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 2019/20, $379.2mn was allocated to: (i) install 3 additional intensity rain gauges and water level sensors for the Water Resource Authority (WRA), (ii) install 35 Automatic Weather Stations for the Meteorological Service of Jamaica (MSJ), (iii) strengthen the technical capacity of the WRA and MSJ; (iv) produce the 2019 State Of Jamaica Climate Report; and (v) award a contract to procure the Doppler weather radar. However, there was a 49.1% reduction in the allocation to this project due to challenges with the procurement of the Doppler Weather Radar.

For FY 2020/21, the project has been allocated $451.2mn to: (i) facilitate payment and installation of the Doppler Weather Radar; (ii) complete the National Vulnerability Assessment and Vulnerability Assessment of the Health Sector; (iii) complete procurement of hydro-met equipment for the WRA and MSJ; (iv) update community risk profiling; (v) complete the Knowledge, Attitude and Practice Survey; and (vi) launch the 2019 State of Jamaica Climate Report.

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.

During FY 2019/20 the main achievements include: (i) the construction of 473 check dams and five aquaponics structures; ii) continuation of the Crop Resilience/Suitability Modelling activities, sediment budget monitoring and completion of technical papers for the National Spatial Plan; iii) continuation of the two financing mechanisms – *Line of Credit* and *Special Climate Change Adaptation Grants* for Micro, Small and Medium-Size Enterprises, non-government organizations and selected public sector entities. The Special Climate Change Adaptation Grants have been used to implement innovative climate smart projects in several communities.

For the FY 2020/21, $346.4mn has been allocated to complete construction of the check dams, rainwater harvesting systems, green/shade houses, reforestation programme and refurbishing of a post-harvest facility in the Upper Rio Minho Sub-watershed. The project will also include training workshops for beneficiaries of the Line of Credit and Special Climate Change Adaptation Grant to ensure the sustainability of climate change adaptation measures.

PUBLIC SECTOR TRANSFORMATION/MODERNISATION

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

For FY 2020/21 budgetary allocation to two major public investment projects which are leading the public sector modernisation/transformation process total $2,503.3mn - *Support to the Public Sector Transformation Programme* and the *Strategic Public Sector Transformation Project.* These projects will continue to focus on the development of human resources, planning, budgeting and performance management tools along with ICT systems, to enhance the delivery of service to the public. Major initiatives to be implemented include: inter alia, continuing the 'roll-out' of shared corporate services; building the capacity of several state agencies to improve overall performance; executing several training interventions in various state entities; improving the ICT governance framework; and procuring the Public Investment Management Information System (PIMIS).

The *Public Sector Efficiency Programme (PSEP)* executed by the Office of the Cabinet is scheduled to end in the first quarter of FY 2020/21.

PUBLIC BODIES CONTRIBUTION TO PUBLIC SECTOR INVESTMENT – FY2020/21

Public bodies continue to implement major projects that support economic growth and development. For FY 2020/21 the portfolio of projects are projected to contribute $32,565.5mn to the PSIP, with approximately $8,721.9mn or 26.8% to be financed by loan inflows. The expected significant contributors are highlighted below.

National Housing Trust (NHT)

The NHT will continue to pursue the increased delivery of housing solutions in the medium term, in line with Government policies. Accordingly, NHT plans to complete/facilitate the completion of 20,000 housing solutions (houses and residential lots) between April 1, 2020 and March 31, 2023. These will include housing facilities with small contractors, joint ventures, inner city housing and NHT's own projects to the value of $13,397.0mn which are included in the PSIP.

National Water Commission (NWC)

The NWC will continue to undertake significant investments aimed at facilitating required infrastructure rehabilitation. The investments are expected to impact positively the level of non-revenue water, as well as operating costs thereby lowering operating losses and generating surpluses in the medium term. Planned PSIP expenditure amounts to $11,211.5mn and includes financing for the Spanish Town Road Pipeline replacement ($4,773.4mn), rehabilitation works under the K-factor Programme ($1,386.0mn) and works on the Port Royal distribution and sewerage system ($1,000mn).

Airports Authority of Jamaica (AAJ)

Financial closure was achieved in respect of the Norman Manley International Airport (NMIA) PPP transaction during FY 2019/20. During FY 2020/21, development efforts will focus on continued work in respect of the NMIA shoreline protection project to the value of $950.0mn. A total of $436.8mn is budgeted to be spent on the Ian Fleming Airport and the Vernamfield and Negril Aerodromes. Expenditure in respect of AAJ's PSIP forecast ($2,079.3mn) should account for 56% of the entity's budgeted capital expenditure of $3,707.7mn.

Port Authority of Jamaica (PAJ)

The PAJ will continue to pursue projects aimed at facilitating economic growth and development, including enhanced security at the ports. Phase 1 development works in Port Royal will continue with plans to expend $272.9mn in this regard; there was a 'soft opening' of the Port Royal Cruise Port on January 20, 2020. Funds will also be expended as deposit on the purchase of a Jamaica 2 replacement vessel (US$6.0m) and for the continued upgrade of the Montego Bay Freeport Terminal. Projects included in the PSIP are expected to account for approximately 86% of planned capital expenditure of $2,705.6mn.

PROJECTS	Funding Agency	Revised Allocation 2019/2020	Proposed 2020/2021	Projection 2021/2022	Projection 2022/2023	Projection 2023/2024	Projection 2024/2025
OFFICE OF THE PRIME MINISTER							
National Identification System (NIDS) Project	IDB	854,803	1,615,000	2,500,000	2,500,000	2,095,000	-
Youth Employment in Digital and Creative Industries	IBRD	414,200	986,653	237,500	-	-	-
Projects Managed by JSIF:		3,698,522	4,014,562	1,414,510	1,083,652	607,190	1,381,700
Jamaica Disaster Vulnerability Reduction Project	IBRD	820,085	1,903,336	-	-	-	-
Poverty Reduction Project IV	EU	373,802	339,706	-	-	-	-
School Sanitation Programme	PDF	20,000	50,000	-	-	-	-
Jamaica Integrated Community Development Project	IBRD	2,164,079	276,204	-	-	-	-
Basic Needs Trust Fund (BNTF9)	CDB	313,375	775,316	-	-	-	-
Jamaica Integrated Community Development Project II	GOJ		570,000	1,000,000	346,200		
REDI II	IBRD	7,181	100,000	414,510	737,452	607,190	1,381,700
TOTAL OFFICE OF THE PRIME MINISTER		4,967,525	6,566,215	4,152,010	3,583,652	2,702,190	1,381,700
OFFICE OF THE CABINET							
Public Sector Transformation and Modernization Programme (PSTMP)	GOJ/IDB	818,831	19,575	-	-	-	-
TOTAL OFFICE OF THE CABINET		818,831	19,575	-	-	-	-
			-				
MINISTRY OF TOURISM			-				
Craft Enhancement Project	OAS	-	-				
TOTAL MINISTRY OF TOURISM		-	-				-
MINISTRY OF ECONOMIC GROWTH & JOB CREATION							
General		*1,172,000*	2,055,800	*1,600,000*	*1,939,700*	*1,000,000*	*550,000*
Establishment of United Nations (UN) House	GOJ	150,000	150,000	-	-	-	-
Third City Planning	GOJ	22,000	50,000	-	-	-	-
Credit Enhancement Programme for MSMEs	IDB	600,000	830,000	650,000	210,000	-	-
Access to Finance for MSMEs	IBRD	400,000	540,000	600,000	279,700	-	-
Boosting Innovation, Growth & Entrepreneurship Ecosystem	IDB		485,800	350,000	1,450,000	1,000,000	550,000
Works		*19,254,024*	17,582,929	*33,255,643*	*18,908,500*	*12,301,875*	-
Southern Coastal Highway Improvement Project	GOJ/ CEXIM	6,228,982	12,916,566	20,732,351	10,870,000	5,263,518	-
Construction of Ministry of Foreign Affairs Head Office	GOJ/PRC	125,681	83,338	-	-	-	-
Palisadoes Shoreline Protection & Rehabilitation Works	GOJ/ CEXIM	5,000	-	-	-	-	-
Road Rehabilitation Project II (Broadgate - Agualta Vale)	GOJ	1,039,355	67,000	-	-	-	-
Major Infrastructure Development Programme	GOJ/CHIN	11,505,006	350,000	-	-	-	-
Montego Bay Perimeter Road	GOJ	350,000	3,766,025	11,500,000	7,460,417	6,950,558	-
Rural Road Rehabilitation Project (May Pen - SourSop Turn)			400,000	1,023,292	578,083	87,799	
Land, Environment and Climate Change		2,086,823	2,189,129	263,055	60,775	-	-
Integrated Management of Yallahs/Hope River Watershed Management Area	GOJ/GEF	271,511	137,690	-	-	-	-
PPCR II - Adaptation Programme & Financing Mechanism	CIF/IDB	856,270	346,446	-	-	-	-
Integrating Water, Land and Ecosystems Management in Caribbean Small Island Developing States (IWEco)	UNEP	57,073	144,657	110,930			
Developing a Comprehensive Bush Fire Warning Index for Effective Bush Fire Management	CDB	50,500	-	-	-	-	-
Green Climate Fund Readiness Support Project	Green Climate	75,557	140,190	108,225	60,775	-	-
Plastic Waste Minimization Project	IDB	36,310	49,987	43,900	-	-	-
Montego Bay Waterfront Protection Infrastructure (Groynes) Project	GOJ	86,602	489,000	-	-	-	-
Montego Bay Closed Harbour Beach Park Development Project	GOJ	653,000	881,159	-	-	-	-
Water		*856,474*	528,000	-	-	-	-
Construction/Maintenance of Water Supply Systems	GOJ	795,300	528,000	-	-	-	-
Payments for Ecosystem Services Scheme	GEF	44,919	-	-	-	-	-
Hermitage Dam Rehabilitation Study	CDB	15,600	-	-	-	-	-
Support to Update the Jamaica Water Resources Development Master Plan	GOJ/IDB	655	-				
TOTAL MINISTRY OF ECONOMIC GROWTH & JOB CREATION		23,369,321	22,355,858	35,118,698	20,908,975	13,301,875	550,000

PROJECTS	*Funding Agency*	Revised Allocation 2019/2020	Proposed 2020/2021	Projection 2021/2022	Projection 2022/2023	Projection 2023/2024	Projection 2024/2025
MINISTRY OF FINANCE & THE PUBLIC SERVICE							
			-				
Strategic Public Sector Transformation	*IBRD*	1,050,608	1,000,000	635,000	-	-	-
Strengthening the Institutional Capacity of Financial Services Commission (TC)	*IDB*	13,400	25,000	-	-	-	-
Development of National Policy and Plan Action on International Migration and Development	*GOJ/ IOM*	34,733	60,000	50,000	-	-	-
PPCR II - Improving Climate Data & Information Management	*CIF/IBRD*	193,180	451,235	95,920	-	-	-
Economic Partnership II (EPA II) Capacity Building Project	*EU*	50,500	-	-	-	-	-
Enhancing the Resilience of the Agri Sector and Coastal Areas	*Adaptation Fund*	51,372	235,921	-	-	-	-
Jamaica Foundation for Competitiveness and Growth	*IBRD*	991,386	972,557	650,000	-	-	-
Technical Cooperation Facility (TCF) V	*EU*	13,709	-	-	-	-	-
Technical Cooperation Facility (TCF) VI	*EU*	66,776	87,000	39,777	-	-	-
Support to the Public Sector Transformation Programme	*IDB*	845,801	1,503,307	1,288,440	1,186,698	1,600,120	-
Construction of Tax Offices	*GOJ*	40,000	94,000	-	-	-	-
			-				
TOTAL MINISTRY OF FINANCE & THE PUBLIC SERVICE		3,351,465	4,429,020	2,759,137	1,186,698	1,600,120	-
MINISTRY OF NATIONAL SECURITY							
Acquisition of Aircraft JDF	*GOJ*	3,449,157	3,031,151	2,510,128	4,437,196	2,500,000	500,000
Acquisition of Vehicles - JDF	*GOJ*	824,092	617,780	2,185,000	1,000,000	1,000,000	-
Purchase of Vehicles - DCS	*GOJ*	64,000	151,000	-	-	-	-
Acquisition of Vehicles - JCF	*GOJ*	1,300,000	1,200,000	1,000,000	1,000,000	-	-
Cyber Security Initiatives (JDF)	*GOJ*	930,000	930,000	1,290,000	469,200	450,000	-
Cyber Security Initiatives (JCF)		1,500,000	930,000	-	-	-	-
Acquisition of Equipment - Coast Guard		3,551,637	2,881,000	3,302,000	4,373,856	-	-
Purchase of Telecommunications Equipment - JDF	*GOJ*	834,000	124,880	-	-	-	-
Purchase of Telecommunications Equipment - JCF	*GOJ*	1,268,300	1,210,000	271,312	250,000	-	-
Construction and Improvement - JDF	*GOJ*	2,980,908	1,529,745	1,708,865	-	-	-
Constrution and Improvement of Police Buildings	*GOJ*	1,200,000	2,320,000	-	-	-	-
Construction and Improvement of Correctional Facilities - DCS	*GOJ*	223,123	393,000	-	-	-	-
Justice, Security Accountability and Transparency Project	*EU*	107,924	-	-	-	-	-
Rehabiliation and Reintegration of local offenders and deported persons	*BFCO*		-	-	-	-	-
Reintegration and Rehabilitation of Involuntary Returned Migrants Jamaica	*UNDP*	10,000	-	-	-	-	-
Security Strengthening Project	*IDB*	226,733	400,000	1,007,786	633,363	-	-
Citizens Security and Justice Programme III	*GOJ/DFATD/ IDB/DFID*	1,600,000	235,284	-	-	-	-
TOTAL MINISTRY OF NATIONAL SECURITY		19,869,874	15,953,840	13,275,091	12,163,615	3,950,000	500,000
MINISTRY OF JUSTICE							
			-				
Construction and Improvement of Courthouses	*GOJ*	530,000	453,500	-	-	-	-
Justice Sector Reform Programme	*GOJ*	242,871	255,200	-	-	-	-
Citizens Security and Justice Programme III	*GOJ/ DFATD IDB/DFID*	190,443	232,800	-	-	-	-
Justice, Security Accountability and Transparency Project	*EU*	80,141	-	-	-	-	-
Justice Undertakings for Social Transformation	*CIDA*	33,911	-	-	-	-	-
TOTAL MINISTRY OF JUSTICE		1,077,366	941,500	-	-	-	-

PROJECTS	*Funding Agency*	Revised Allocation 2019/2020	Proposed 2020/2021	Projection 2021/2022	Projection 2022/2023	Projection 2023/2024	Projection 2024/2025
MINISTRY OF LABOUR & SOCIAL SECURITY							
Integrated Support to Jamaica Social Protection Strategy	*IDB*	8,347,410	8,596,012	-	-	-	-
TOTAL MINISTRY OF LABOUR & SOCIAL SECURITY		8,347,410	8,596,012	-	-	-	-
MINISTRY OF EDUCATION, YOUTH & INFORMATION							
Establishment of Diagnostic Centres (Special Education)	*GOJ*	21,000	143,000	-	-	-	-
Construction, Renovation and Improvements (CASE)	*GOJ*	1,500	-				
Sanitary Block Project (Renovation/Refurbishing of Primary Schools)	*GOJ*	24,600	-	-	-	-	-
Education Transformation Programme I	*GOJ*	435,118	90,000	250,000	230,000	-	-
Early Childhood Institutions Projects	*GOJ*	11,000	-	-	-	-	-
National Education Trust Solar School Project	*GOJ*	20,000	60,000	-	-	-	-
Renovation & Modification of Caenwood Office	*GOJ*	68,443	70,000	-	-	-	-
Electrical Upgrading Project	*GOJ*	8,300	-				
Education System Transformation Programme	*IBRD/IDB/ GOJ*	338,340	-	-	-	-	-
Early Childhood Development Project	*IBRD*	-	-				
Promoting Quality Education and Advancing the reality of a Child Friendly Environment	*UNICEF*	26,000	21,500	-	-	-	-
			-	-	-	-	-
School Renovation and Construction - Japanese Grassroots Project	*JAPAN/ GOJ*	79,610	61,717	-	-	-	-
USAID/ MOEYI Partnership for Improved Safety and Security in Schools	*USAID*	177,006	-	-	-	-	-
Support for Sustainability of Education Sector Reform	*IDB*	40,566	34,261	-	-	-	-
Primary & Secondary School Infrastructure Project			1,000,000	1,500,000	800,000		
TOTAL MINISTRY OF EDUCATION, YOUTH & INFORMATION		1,251,483	1,480,478	1,750,000	1,030,000	-	-
MINISTRY OF HEALTH							
Health Services Improvement						525,208	
Redevelopment of the Cornwall Regional Hospital	*GOJ*	3,000,000	1,785,005	2,283,009	1,141,122	-	-
Western Adolescence Hospital	*GOJ*	235,000	250,791	3,327,600	3,368,600	-	-
HIV Prevalence in most-at-risk population reduced	*USAID*	521,481	-	-	-	-	-
Programme for Reduction of Maternal and Child Mortality (PROMAC)	*EU*	869,440	620,220	-	-	-	-
Support for the Health Systems Strengthening for the Prevention & Care Management of Non-Communicable Diseases Programme	*IDB/GOJ*	216,000	453,957	2,391,177	2,535,141	2,369,147	-
Support to the National HIV/AIDS Response in Jamaica (formerly New Funding Mechanism)	*Global Fund*	765,862	784,329	852,739	862,739	872,739	882,739
Technical support to Reduce Teenage Pregnancy	*IDB*	22,750	9,302	-	-	-	-
TOTAL MINISTRY OF HEALTH		3,468,533	3,903,604	8,854,525	7,907,602	3,767,094	882,739
MINISTRY OF CULTURE, GENDER, ENTERTAINMENT & SPORT							
Santa Cruz Outreach Centre	*GOJ*	25,000	25,184	-	-	-	-
Advancing Jamaican Biodiversity data products and information services	*EU*	457	-	-	-	-	-
TOTAL MINISTRY OF CULTURE, GENDER, ENTERTAINMENT & SPORT		25,457	25,184	-	-	-	-

PROJECTS	*Funding Agency*	Revised Allocation 2019/2020	Proposed 2020/2021	Projection 2021/2022	Projection 2022/2023	Projection 2023/2024	Projection 2024/2025
MINISTRY OF INDUSTRY, COMMERCE, AGRICULTURE & FISHERIES							
Major Rural Farm Roads Rehabilitation/Devt Programme	*GOJ*	752,000	1,250,000	752,000	-	-	-
Bodles Redevelopment Project	*GOJ*	295,600	320,580	250,900	105,000	-	-
Agricultural Competitiveness Programme Bridging Project	*GOJ*	325,800	326,000	-	-	-	-
Sugar Transformation Programme	*GOJ*	110,000	-				
Enhancing the Resilience of the Agricultural Sector and Coastal Areas	*Adaptation Fund*	14,317	-				
Promoting Community Based Climate Resilience in the Fisheries Sector	*IBRD*	95,406	90,000	102,322	99,642	-	-
Rehabilitation of Irrigation Infrastructure (NIC)	*GOJ*	248,000	250,000	-	-	-	-
Essex Valley Irrigation Infrastructure Development Prog.	*CDB*	512,695	612,378	2,300,000	2,177,000	-	-
Feasibility Studies for GOJ Public Investment Projects - Pedro Plains Irrigation Feasibility Study	*Govt of France*	96,011	15,000	-	-	-	-
Feasibility Studies for GOJ Public Investment Projects - South St.Catherine - South Clarendon Irrigation Feasibility Study	*CDB*	15,485	87,000	76,030	-	-	-
Southern Plain Agricultural Development Project		30,617	250,565	879,317	871,228	819,905	-
Implementation Support for Skills Development for Global Services	*IDB*	27,254	8,857	-	-	-	-
Enhancing Institutional and Regulatory Framenwork for Jamaica ICT/BPO Industry	*CDB*	15,480	-				
Global Services Skills Project	*IDB*	165,182	308,636	738,567	578,652	233,641	-
TOTAL MINISTRY OF INDUSTRY, COMMERCE, AGRICULTURE & FISHERIES		2,703,847	3,519,016	5,099,136	3,831,522	1,053,546	-
MINISTRY OF SCIENCE, ENERGY & TECHNOLOGY							
			-	-	-	-	-
Upgrade to the International Postal System	*ITU*	35,872	-	-	-	-	-
Energy Efficiency & Conservation Programme	*GOJ*	174,637	67,000				
Support to the Energy Management and Effciency Programme	*IADB*	6,514	-				
Energy Management and Effciency Programme	*IDB*	348,000	629,804	1,192,856	1,167,666	1,250,000	-
TOTAL MINISTRY OF SCIENCE, ENERGY & TECHNOLOGY		565,023	696,804	1,192,856	1,167,666	1,250,000	-
MINISTRY OF TRANSPORT & MINING							
Trifold National Transport Repository Project	*GOJ*	500	-	-	-	-	-
TOTAL MINISTRY OF TRANSPORT & MINING		500	-	-	-	-	-
MINISTRY LOCAL GOVERNMENT & COMMUNITY DEVELOPMENT							
Acquisition of Garbage Trucks - NSWMA	*GOJ*	320,000	-	-	-	-	-
Fixed Asset Acquisition - Jamaica Fire Brigade	*GOJ*	1,575,000	1,915,073	-	-	-	-
Improvement of Emergency Communication System in Jamaica	*JICA*	46,100	239,000	750,000	-	-	-
Drop-in-Centres - homeless people	*GOJ*	28,000	28,000	-	-	-	-
Local Government Adaptation to Climate Change	*EU*	24,640	-	-	-	-	-
Fisheries Ecosystem adpatation strategies and Technologies			-				
Strengthening the Disaster Risk Management Capacity of Portmore	*CDB*	23,156	35,283	-	-	-	-
Climate Change Adaptation and Risk ReductionTechnology and Strategies to Improve Community Resilience	*CDB*	23,582	-	-	-	-	-
TOTAL MINISTRY OF LOCAL GOVERNMENT & COMMUNITY DEVELOPMENT		2,040,478	2,217,356	750,000	-	-	-
Contingency Provision - Public Investment Management System	*GOJ*	253,507	3,498,798	6,615,003	33,569,270	65,076,793	95,921,721
				-	-	-	-
TOTAL CENTRAL GOVERNMENT		72,110,620	74,203,260	79,566,456	85,349,000	92,701,618	99,236,160

PUBLIC ENTERPRISES - SELF-FINANCED PUBLIC BODIES

PROJECTS	*Funding Agency*	Revised Estimates 2019/2020	Proposed 2020/2021	Projection 2021/2022	Projection 2022/2023	Projection 2023/2024	Projection 2024/2025
Airport Authority of Jamaica							
NMIA Capital Development Programme (CDP) Phase 1b	AAJ	205,690	250,828	210,000	-	-	-
NMIA Capital Development Programme (CDP) Phase 2a	AAJ	519,706	441,635	70,000	-	-	-
Shoreline Protection	AAJ	-	950,000	50,000	-	-	-
Ian Fleming Airport	AAJ	261,525	86,800	1,120,000	1,470,000	980,000	-
Vernamfield Aerodrome	AAJ	204,901	252,000	280,000	280,000	168,000	-
Negril Aerodrome	AAJ	40,200	98,000	98,000	42,560	-	-
AAJ SubTotal		**1,232,022**	**2,079,263**	**1,828,000**	**1,792,560**	**1,148,000**	**-**
Betting, Gaming and Lotteries Commission							
Gaming Management Information System (GMIS)	BGLC	-	139,000	25,000	10,000	10,000	-
BGLC Sub-Total		**-**	**139,000**	**25,000**	**10,000**	**10,000**	**-**
Factories Corporation of Jamaica							
Garmex Redevelopment Project	FCJ	300,000	630,000	1,000,000	1,000,000	-	-
Morant Bay Urban Development Centre	FCJ	-	438,000	-	-	-	-
FCJ Sub-Total		**300,000**	**1,068,000**	**1,000,000**	**1,000,000**	**-**	**-**
Jamaica Deposit Insurance Corporation							
Additional Office Accommodation	JDIC	-	-	450,000	300,000	-	-
JDIC Sub-Total		**-**	**-**	**450,000**	**300,000**	**-**	**-**
Jamaica Urban Transit Company Limited							
Bus Refurbishing	GOJ	252,000	252,000	270,000	-	-	-
Bus Information and Tracking System	GOJ	-	440,000	-	-	-	-
Diesel and Electric Buses	GOJ	-	-	2,681,830	-	-	-
JUTC Sub-Total		**252,000**	**692,000**	**2,951,830**	**-**	**-**	**-**
				-	-	-	
National Housing Trust							
Small Contractors Programme	NHT						
Masemure, Westmoreland	NHT	107,020	198,800	-	-	-	-
Yeast Plant, Westmoreland	NHT	44,120	32,500	-	-	-	-
Cashew Grove, St. James	NHT	68,810	102,700	-	-	-	-
Monymusk Phase 2	NHT	54,700	194,200	-	-	-	-
Hummingbird - Sevens Phase 1	NHT	235,890	195,900	-	-	-	-
Hummingbird - Sevens Phase 2	NHT	-	-	56,290	-	-	-
Windsor	NHT	30,500	152,000	-	-	-	-
Colbeck Castle Ph 1 & 2	NHT	39,000	260,700	-	-	-	-
Colbeck Castle Ph 3 & 4	NHT	22,500	274,900	6,620	-	-	-
Perth Phase 2	NHT	-	6,000	94,380	-	-	-
Friendship Phase 1	NHT	2,400	161,400	39,730	-	-	-
Latium	NHT	-	6,000	56,100	-	-	-
Maryfield, St. Catherine	NHT	111,020	-	-	-	-	-
Darliston, Westmoreland	NHT	255,330	-	-	-	-	-
Shrewsbury Ph 1, Westmoreland	NHT	154,850	-	-	-	-	-
Sub-Total		1,126,140	1,585,100	253,120	-	-	-
NHT Joint Venture	NHT						
The Villages of Colebeck Castle - Ph 1 & 2, Clarendon	NHT	1,281,220	540,230	-	557,290	-	-
The Villages of Colebeck Castle - Ph 1 & 2, Clarendon (Housing)	NHT	430	910,080	723,712	-	491,080	250,000.00
The Villages of Colebeck Castle - Ph 3 & 4, Clarendon (Inf)	NHT	-	57,500	-	-	-	-
The Villages of Colebeck Castle - Ph 4, Clarendon (Housing)	NHT	377,050	317,000	284,800	259,100	60,000	354,589.00
The Villages of Colebeck Castle - Ph 5, Clarendon	NHT	30,000	481,400	987,460	800,950	2,515,220	-
Hague, Trelawny	NHT	6,500	30,500	218,460	81,190	50,000	-
Irwin, St. James	NHT	305,000	350,000	197,880	31,050	-	-
Estuary - Phase 1, St. James	NHT	1,298,340	-	-	-	-	
Estuary - Phase 2, St. James	NHT	485,460	499,000	480,000	308,200	-	-
Fontabelle, Westmoreland	NHT	-	510,000	393,600	276,000	-	-
Penwood, Olympic Gardens, Kingston	NHT	-	21,400	78,640	1,610	-	
Twin Palms	NHT	-	643,500	25,920	82,800	289,700	81,300.00
Sub-Total		3,784,000	4,360,610	3,390,472	2,398,190	3,406,000	685,889.00

PROJECTS	*Funding Agency*	Revised Estimates 2019/2020	Proposed 2020/2021	Projection 2021/2022	Projection 2022/2023	Projection 2023/2024	Projection 2024/2025
NHT Projects - General	NHT						
Monymusk Country Estate, Clarendon	NHT	20,900	33,000	135,000	-	-	-
Monymusk Country Estate, Clarendon (Housing)	NHT	466,240	593,960	23,750	-	-	-
Anchovy, St. James	NHT	-	350,000	666,406	-	-	-
Barett Hall, St. James	NHT	170	131,500	245,000	666,406	719,719	2,665,625.00
Dry Valley - Phase 1, Trelawny	NHT	30,000	180,000	30,000	462,500	405,000	1,800,000.00
Friendship - Phase 1, St. Elizabeth	NHT	451,020	305,000	237,500	-	6,750	-
Friendship - Phase 1, St. Elizabeth (Housing)	NHT	1,000	460,000	462,500	47,500	27,000	-
Friendship - Phase 2, St. Elizabeth	NHT	-	380,000	-	362,500	20,250	-
Hellshire Phase 2, St. Catherine (Service Lots)	NHT	65,390	34,000	-	-	-	-
Hellshire Phase 3, St. Catherine	NHT	445,080	53,500	-	-	-	-
Industry Cove, Hanover	NHT	404,250	105,000	12,500	6,250	4,050	-
Longville - Phase 2A, Clarendon	NHT	7,520	-	-	-	-	-
Longville - Phase 3A, Clarendon (Housing)	NHT	2,910	-	-	-	-	-
Perth 1a, Manchester	NHT	286,200	83,000	102,500	13,750	4,050	-
Perth 2, Manchester	NHT	1,492,490	1,690,000	1,587,500	250,000	54,000	-
Humming Meadows Phase 1, Clarendon (Housing)	NHT	402,000	110,000	3,000	-	-	-
Humming Meadows Phase 2, Clarendon	NHT	748,690	560,000	312,500	112,500	13,500	-
Twickenham Park, Phase 4, St. Catherine	NHT	349,690	479,000	110,000	8,750	5,400	5,000.00
Windsor - Duncans, Trelawny	NHT	131,140	257,000	138,514	25,500	-	-
Ruthven Road, Phase 1, St. Andrew	NHT	475,560	307,760	15,000	-	-	-
Ruthven Road, Phase 2, St. Andrew	NHT	10,000	68,000	450,000	500,000	486,000	542,000.00
Vineyard Town - Central Avenue & Third Avenue	NHT	29,830	6,500	1,500	-	-	-
Latium, St. James	NHT	200,000	400,000	345,000	175,000	40,500	-
Albion, Manchester	NHT	3,500	22,000	41,255	240,000	1,083,150	3,950,000.00
Passley Gardens, Portland	NHT	3,500	12,000	137,500	187,500	94,500	125,000.00
Minard, St. Ann	NHT	12,250	156,850	317,500	376,018	43,200	25,000.00
Mount Nelson, Manchester	NHT	2,000	25,730	656,240	1,564,020	1,526,265	-
Negril Spots, Westmoreland	NHT	16,500	27,000	155,000	225,000	675,000	1,000,000.00
Dundee, Trelawny	NHT	-	33,000	5,000	375,000	1,071,900	5,200,000.00
Bromley, St. Ann	NHT	3,500	22,000	30,000	236,950	1,125,090	3,848,750.00
Malvern, St. Elizabeth	NHT	20,280	70,980	1,625	-	-	-
Hectors River	NHT	-	11,000	63,750	7,500	-	-
Salt Springs, St. James	NHT	-	86,000	75,000	47,250	-	-
Jacksonville	NHT	28,380	-	-	-	-	-
Sub-Total		6,109,990	7,053,780	6,361,040	5,889,894	7,405,324	19,161,375.00
Inner City Housing /Community Renewal Programme	NHT		-	628,000	186,500	1,100,000	-
Magesty Gardens	NHT	112,510	38,000	-	-	-	-
Metcalfe Street	NHT	-	40,000	-	-	-	-
Maxfield Park (Frog City)	NHT	20,630	75,000	95,000	36,960	53,000	-
Rasta City	NHT	5,000	5,000	105,500	36,000	-	-
Cantebury	NHT	5,000	20,000	168,800	17,628	-	-
White Wing	NHT	108,150	-	93,500	12,600	-	-
Mona Commons	NHT	2,000	-	147,200	78,944	132,000	-
St. Paul	NHT	10,000	-	-	-	-	-
Juno Crescent	NHT	89,140	-	18,000	4,368	-	-
Sub-Total		352,430	178,000	628,000	186,500	185,000	-
		-	-				-
Sugar Housing Programme	NHT		-	-	-	-	-
Shewsbury, Westmoreland	NHT	-	143,000	21,000	4,298	-	-
Jacksonville, (Housing) Clarendon	NHT	50,000	46,500	9,000	850	-	-
Jacksonville, Clarendon	NHT	-	30,000	8,000	850	-	-
Sub-Total		50,000	219,500	38,000	5,998	-	-
NHT Sub-Total		**11,422,560**	**13,396,990**	**10,670,632**	**8,480,582**	**10,996,324**	**19,847,264.00**
National Water Commission			-	-			
Rural Water Supply Improvement	NWC	-	-	-	-	-	-
KMA Water Supply Improvement – Rio Cobre (Content) water Treatment Plant	IDB	1,012,110	853,750	-	-	-	-
Caribbean Regional Fund for Wastewater Management (CReW)	CReW	644,850	-	-	-	-	-
K-Factor Projects	Bond	707,740	1,386,000	-	-	-	-
In-House Capital Projects	NWC	38,080	740,580	-	-	-	-
Metering Programme	Bond	215,280	508,700	3,049,000	3,049,000	3,049,000	3,049,000.00
Renewable Energy	NWC	-	379,090	390,000	390,000	390,000	130,000.00
ICT Upgrade	Loan	-	800,000	-	-	-	-
Ferry to Downtown Pipeline Replacement	GOJ	-	4,773,350	-	-	-	-
Greater Mandeville Water Supply	NHT/NWC	-	400,000	172,000	86,000		-
Greater Portmore Waste Water Treatment Plant Rehabilitation	Bond	509,350	370,000	-			-
Northern Parishes Water Supply		-	-	585,000	1,157,000	1,144,000	1,144,000.00
Port Royal Distribution and Sewerage		-	1,000,000				
NWC Sub-Total		**3,127,410**	**11,211,470**	**4,196,000**	**4,682,000**	**4,583,000**	**4,323,000**

PROJECTS	*Funding Agency*	Revised Estimates 2019/2020	Proposed 2020/2021	Projection 2021/2022	Projection 2022/2023	Projection 2023/2024	Projection 2024/2025
Port Authority of Jamaica				-	-	-	
Upgrade & Renovation of Reynolds Pier (O/Rios)	PAJ	130,510	137,610	-	-	-	-
Fisherman Village Beach Nourishment	PAJ	15,500	40,460	-	-	-	-
BPO Portmore Informix centre	Loan/MOFPS	864,270	282,220	-	-	-	-
Port Royal Anch Sys Seawalk	PAJ	1,078,990	-	-	-		-
Port Royal Project	Loan	2,331,900	272,930	-	385,260	-	-
Logistics Project	PAJ	804,530	170,080	-	-	-	-
MV Jamaica 2 replacement	PAJ	94,080	880,110	-	1,014,560	-	-
Pilot Boats	PAJ	241,710	-	-	-	-	-
Montego Bay Dredging	PAJ	-	-	-	-	-	-
Construction of Berth 1 & 2	PAJ	230,710	38,000	-	-	-	-
Pavement of Berths 1 & 2	PAJ	-	200,000	-	-	-	-
Pipeline Works	PAJ	-	106,130	-	-	-	-
Hampden Wharf	PAJ	358,640	-	-	-	-	-
Port Community System	PAJ	279,890	190,860	-	-	-	-
PAJ Sub-Total		**6,430,730**	**2,318,400**	**-**	**1,399,820**	**-**	**-**
Petrojam Limited					-	-	
Refinery Upgrade Project - Phase 1 (VDU)		-	-	-	-	-	
Postal Corporation of Jamaica							
Counter Automation System	PostCorp	-	69,600	62,350	36,250	36,250	-
PostCorp Sub-Total			**69,600**	**62,350**	**36,250**	**36,250**	**-**
Spectrum Management Authority							
Montego Bay Office	SMA	-	21,800	-	-	-	-
ASMS/RMDFS Equipment	SMA	-	226,490	-	-	-	-
Server Room Upgrade	SMA	-	10,330	-	-	-	-
SMA Sub-Total		**-**	**258,620**	**-**	**-**	**-**	**-**
Students' Loan Bureau							
Enterprise Management Information System (EMIS)	SLB	11,150	469,390	106,060	-	-	-
SLB Sub-Total		**11,150**	**469,390**	**106,060**	-	-	-
Urban Development Corporation				-		-	
Dunns River Beach Replenishment- Groyne	UDC	-	114,710	450	-	-	-
Dunns River Jetty	UDC	-	60,060	-	-	-	-
Ocho Rios Bay Beach Upgrade	UDC	-	180,240	75,420	11,470	-	-
Hellshire Sewage Treatment Plant	UDC	-	507,800	21,530	-	-	-
UDC Sub-Total		**-**	**862,810**	**97,400**	**11,470**	**-**	**-**
TOTAL SELF-FINANCED PUBLIC BODIES		**22,775,872**	**32,565,543**	**21,387,272**	**17,712,682**	**16,773,574**	**24,170,264**
TOTAL CENTRAL GOVERNMENT & PUBLIC BODIES			**106,768,803**	**100,953,728**	**103,061,682**	**109,475,192**	**123,406,424**
PUBLIC PRIVATE PARTNERSHIPS							
Norman Manley International Airport (NMIA)	PPP	2,143,797	2,157,153	3,901,730	4,775,435	1,230,738	1,696,017.00
Ministry of Education - Schools Solar	PPP	-	271,998	281,381	-	-	-
Kingston Container Terminal	PPP	2,075,471	-	-	-	-	-
National Water Commission- Rio Cobre 15MGD WTP	PPP	-	3,466,551	3,466,551	-	-	-
TOTAL PPPs		**4,219,268**	**5,895,702**	**7,649,662**	**4,775,435**	**1,230,738**	**1,696,017**
TOTAL PUBLIC BODIES		26,995,140	38,461,245	29,036,934	22,488,117	18,004,312	25,866,281
TOTAL PSIP		99,105,760	112,664,505	108,603,390	107,837,117	110,705,930	125,102,441

APPENDIX VII

FISCAL RISK STATEMENT

Introduction

Underpinned by steadfast implementation of sound macroeconomic and structural reforms, Jamaica's economy continues to perform creditably. Inflation remains low with expectations well-anchored and international reserves are strong. Employment continues to rise, with the unemployment rate falling to a record low of 7.2% in October 2019. The debt-to-GDP ratio continues on a steady downward trajectory and is estimated to end FY 2019/20 at 91.5%, driven by sustained large primary surpluses over the last few fiscal years. Debt service as a share of the budget has fallen appreciably, thereby creating space for increased spending on capital projects and social programmes.

Yet, growth continues to disappoint and debt, while falling, is still high. In this context, the GOJ remains unyieldingly committed to maintaining fiscal discipline to support the achievement of long-term stability of public finances and anchor debt toward the targeted ratio of 60% of GDP or less by end-March 2026. However, Jamaica is vulnerable to various risks with potential to compromise achievement of this target.

This Fiscal Risk Statement outlines and assesses the GOJ's exposure to fiscal risks originating from sources such as: deviations from the macroeconomic assumptions used in preparing the FY 2020/21 budget and medium term projections; contingent liabilities which may arise from the operation of state owned enterprises, public private partnerships and judicial awards; weather-related shocks; wage settlements; and monetary policy. 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 VII (a)**.

Table VII (a)

Risk Factor	Implications for Fiscal Position
Macroeconomic Risks	
Economic Growth	Deviation of actual economic growth from planned is expected to impact key fiscal variables, including revenue. Slower than budgeted growth will likely lead to a shortfall in revenue, which could stymie government's efforts to adequately provide public goods and services.
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.
Contingent Liabilities	
State Owned Enterprises	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.
Natural Disasters & Climate Change Risk	
Natural Disasters & Climate Change	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.
Other	
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

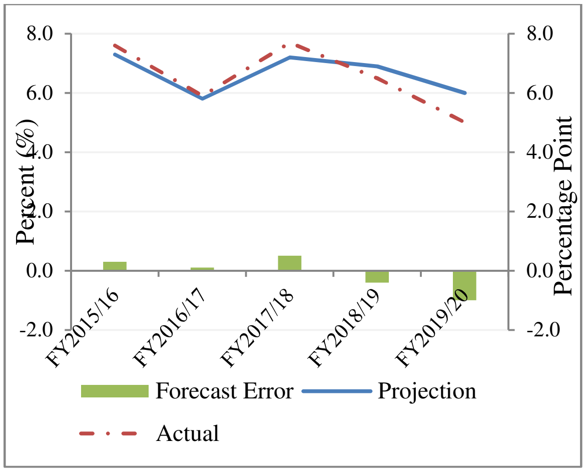
Macroeconomic Risks

Economic Growth

GDP growth is one of the key macroeconomic indicators that inform revenue forecasting. As such, growth deviations from expectations can have significant effects on baseline revenue and by extension, fiscal outcomes. Adverse deviations from the projected nominal GDP growth pose a significant risk to Jamaica's key fiscal targets such as debt-to-GDP, wage-to-GDP, and primary balance-to GDP. **Figure VII (a)** and **Figure VII (b)** below show the difference between growth projections and actual outturns for both nominal and real GDP over the period FY 2015/16 to FY 2019/20[5].

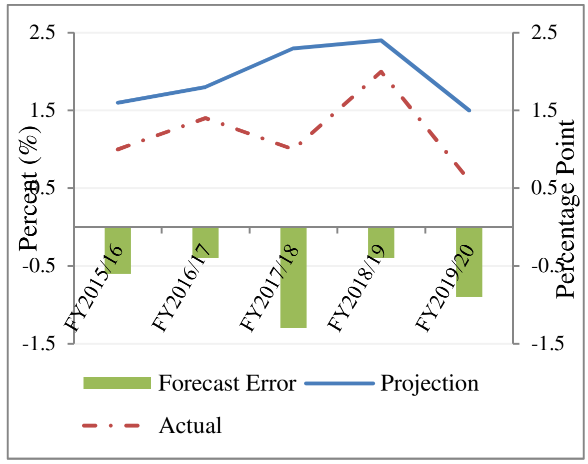
[5] FY 2019/20 uses estimates rather than actual outturns.

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



Source: MOFPS
Note: LHS - Projections and actual outturns; RHS - Forecast errors

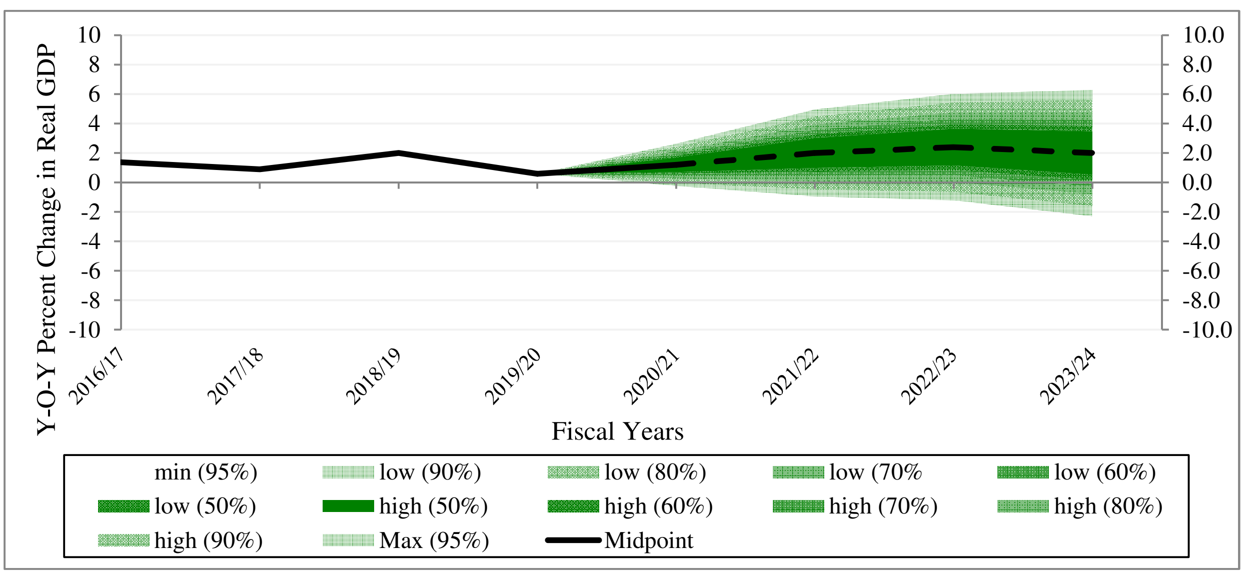
Figure VII (b): Real GDP Projections vs. Actual Outturns



Source: MOFPS
Note: LHS - Projections and actual outturns; RHS – Forecast errors

There is some amount of uncertainty surrounding medium-term real GDP growth projections (see **Figure VII (c)**). For FY 2020/21, the fan chart shows that there is a 50.0% probability that real GDP growth outturn will be between 1.0% and 2.0%.

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



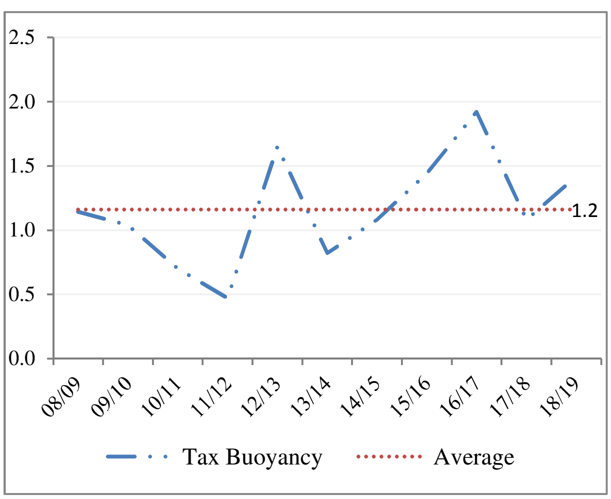
Source: STATIN/PIOJ/MOFPS

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

> The solid line in **Figure VII(c)** shows actual fiscal year Real GDP growth for the 3-year period from FY 2016/17 through to FY 2018/19 and the estimated growth for FY 2019/20, while the broken line represents the 4-year medium-term baseline projections (from FY 2020/21 to FY 2023/24). 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 minimum and maximum values rise**.**

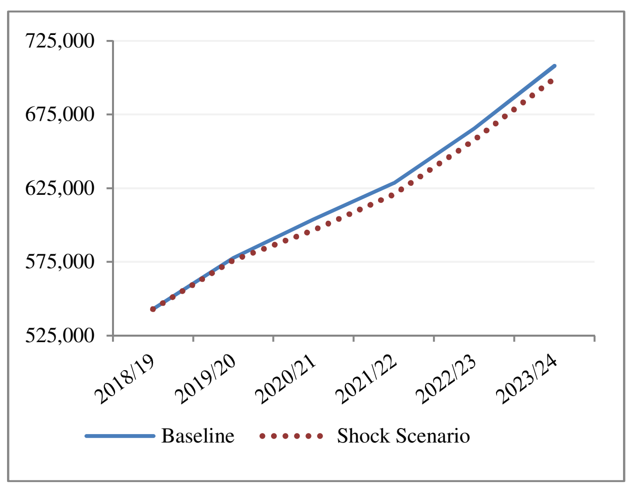
One important measure of the relationship between Jamaica's nominal GDP growth and tax revenue is tax buoyancy. A buoyancy of one (1) suggests that a 1.0% increase in GDP would result in a 1.0% increase in tax revenue while for a buoyancy greater than (less than) one (1), revenue would more than proportionately increase (or decrease) with GDP. **Figure VII (d)** plots total tax revenue buoyancy for the ten year period FY 2008/09 to FY 2018/19, which generates an average buoyancy of 1.2. With this outcome, a shock was applied to the tax revenue projections for FY 2020/21 to simulate the impact of a 1.0 percentage point fallout in nominal GDP (see **Figure VII (e)**). In the year of impact, tax revenue would decrease by $7,245.42 million relative to the baseline.

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



Source: MOFPS

Figure VII (e) Impact of a Nominal GDP Shock on Tax Revenue



Source: MOFPS

The GOJ also tracks developments in the global landscape to gauge potential impacts on international trade revenue and spillover to the domestic economy. According to the World Bank in its January 2020 Global Economic Prospects, the global economy is expected to record growth of 2.5% in 2020, a marginal improvement over the 2019 estimate of 2.4%, but a downward revision from the June 2019 projection of 2.7%. There are risks to this growth outlook such as exacerbated geopolitical tensions and worsening trade relations between the United States (US) and China. The US, Jamaica's main trading partner, is expected to realise growth of 1.8% in 2020, albeit at a slower rate than the 2.3% estimated for 2019. This weakened momentum poses a threat to Jamaica's medium-term growth prospects.

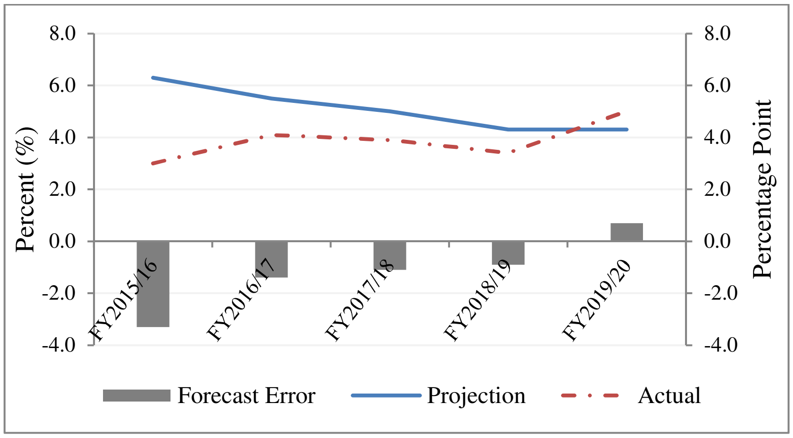
Inflation

The 12-month point-to-point inflation rate to December 2019 was 6.2%, slightly outside the upper band of the BOJ's target range, **Figure VII (f)** highlights forecast errors for the inflation rate from FY 2015/16 to FY 2019/20[6]. The negative forecast errors from FY 2015/16 to FY 2018/19 suggest an upward forecast bias, however the errors have been falling. For FY 2019/20, inflation is expected to return to within the 4%-6% target range.

Inflation impacts the fiscal accounts through both the revenue and expenditure channels with potential counter-balancing effects. The net outcome will depend on which impact is stronger. A less than budgeted inflation rate implies lower overall value for taxable goods and services and could trigger revenue shortfall. At the same time, a lower inflation outturn can yield fiscal savings on the purchase of goods and services and on inflation-linked debt. Lower inflation may also be a signal of weakening domestic demand and an attendant slowdown in economic activity. The reverse effects are likely with higher than programmed inflation, though the outcomes are not necessarily symmetric. Going forward, the MOFPS will undertake a deeper analysis of varying inflation rates on the fiscal accounts.

[6] FY 2019/20 uses estimates rather than actual outturns.

Figure VII (f): Annual Point to Point Inflation Projections vs Actual Outturns



Source: STATIN, BOJ, MOFPS

Interest Rates

Interest rates directly impact the cost of servicing debt. The Government's risk exposure is measured by the share of variable rate, and near to maturity fixed rate debt in the debt portfolio. To mitigate risks arising from changing interest rates, the GOJ has tailored its strategy toward greater use of fixed-rate debt. At end-December 2019, the share of variable-rate debt in the GOJ's portfolio was 33.1%, broadly unchanged from end-March 2019 (see **Table VII (b)**).

Table VII (b): Interest Rate Composition of Debt Stock

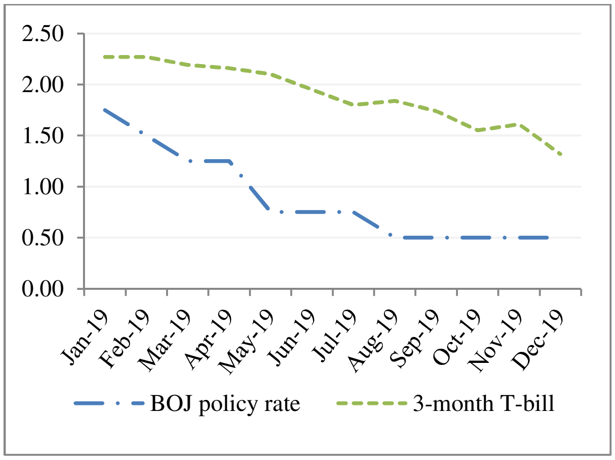
Interest Rate Composition of Debt Stock (%)			
	end-December 2018	**end-March 2019**	**end-December 2019**
Total Debt			
Fixed-Rate	67.8	67.9	66.9
Variable-Rate	32.2	32.1	33.1
Domestic Debt			
Fixed-Rate	62.3	62.5	63.0
Variable-Rate	37.7	37.5	37.0
External Debt			
Fixed-Rate	71.1	71.1	69.2
Variable-Rate	28.9	28.9	30.8

Source: MOFPS

The benchmark rates used to reset interest rates on the variable rate portion of the debt portfolio are primarily the 3-month Treasury Bill rate on the domestic portfolio, and the 3-month USD LIBOR on the external side. Since January 2019, the US Federal Reserve (Fed) has decreased the federal funds rate by 75 basis points, with the range being 1.50%-1.75% at end-December 2019. These reductions have influenced a decline in 3-month USD LIBOR rates (see **Figure VII (h)**). At the same time, the cost to service domestic debt has decreased over CY 2019, with the 3-month Treasury bill rate falling from 2.27% in January to 1.32% in December (see **Figure VII (g)**).

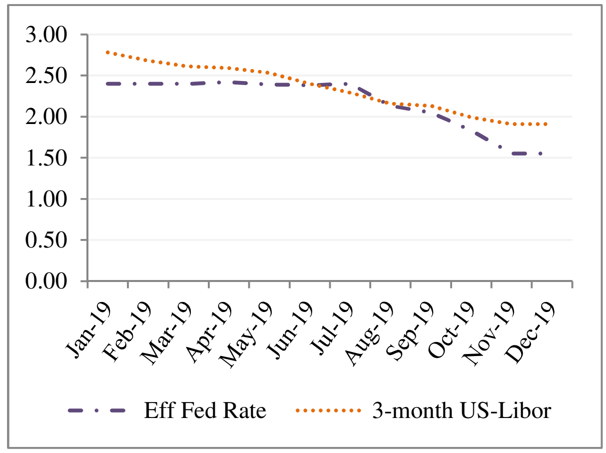
However, with BOJ's signal rates nearing the zero bound, the room for further rate reductions and associated gains from variable rates is limited. In this regard, the strategy of locking in debt service costs at prevailing low rates with more fixed rate tenors is appropriate.

Figure VII (g): Domestic Market Reference Rates



Source: MOFPS

Figure VII (h): External Market Reference Rates

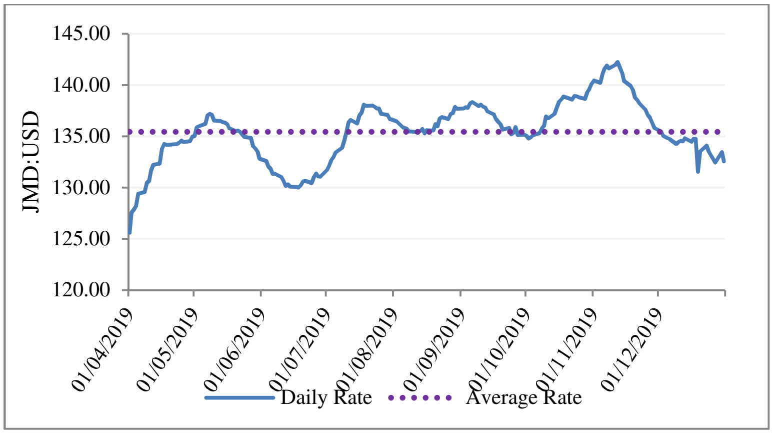


Source: MOFPS

Exchange Rates

Changing exchange rates impact the GOJ's fiscal position through the impact on debt servicing costs, as well as revenue and housekeeping expenditure. During the fiscal year to end-December, the Jamaica dollar depreciated by 4.8% to US$1.00 to J$132.57, and averaging J$135.44: US$1.00 (see **Figure VII (i)**). The depreciation led to an increase in the Jamaica dollar value of the stock of debt denominated in foreign currency, as well as the associated costs.

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



Source: BOJ

At end-December 2019, 60.7% of total debt was denominated in foreign currencies. Liability management operations executed during the fiscal year reduced the foreign currency debt by US$34.2 million, generated annual interest savings of US$18.2 million, and helped to contain the exchange rate risk exposure. Going forward, the GOJ will seek to further reduce risk exposure by maintaining its strategy of issuing mostly local currency debt.

The depreciation (appreciation) of the Jamaica dollar increases (decreases) the value of foreign currency grants and international trade tax revenues. The net revenue impact will depend on the import elasticity of demand.

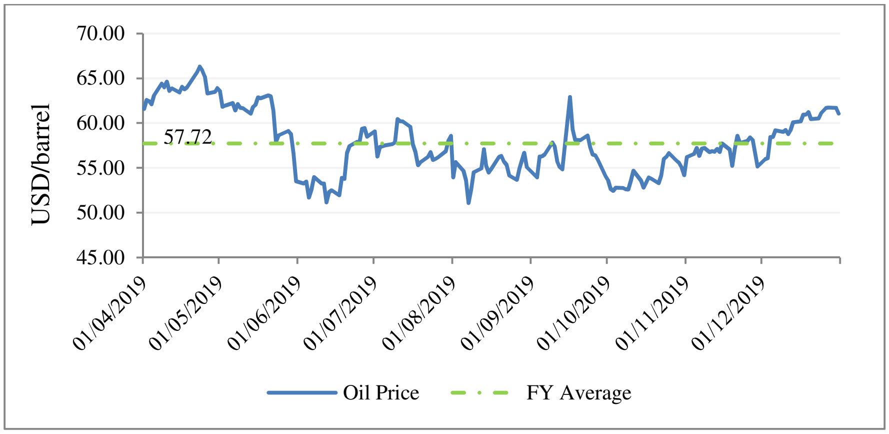
The implementation of the BOJ Foreign Exchange Intervention & Trading Tool (B-FXITT) has increased the predictability of the Central Bank's participation in the foreign exchange market, and resulted in exchange rate movements that are more reflective of market conditions. A key near-term reform will involve the Bank's introduction of a FX Trading Platform. This mechanism will foster price discovery, help to curb unwarranted exchange rate volatility, and ultimately limit fiscal risks.

Commodity Prices

Oil Prices

West Texas Intermediate (WTI) crude oil prices rose to a high of US$66.30/bbl during the fiscal year to end-December, averaging US$57.72/bbl over the period (see **Figure VII (j)**). This outturn exceeds the average used in the FY 2019/20 budget by US$2.80, and the revised estimate by US$1.84. On balance, crude oil prices are projected to fall to an average of US$54.5/bbl in FY 2020/21.

Figure VII (j): Daily Oil (WTI) Prices FY 2019/20 to end-December



Source: Markets Insider

Increasing (falling) oil prices would fuel an overall increase (decrease) in domestic prices, with implications for GOJ expenditure on transportation, energy, and general "housekeeping" expenses. At the same time, higher (lower) oil prices would contribute to an increase (reduction) in *ad valorem*[7] SCT on petroleum and petroleum-based products. However, the structure of the SCT is such that a fixed (specific) portion provides a buffer to such impacts.

As a part of its public sector investment programme, the GOJ has embarked on the Energy Efficiency and Conservation Programme (EECP) and the Energy Management and Efficiency Project (EMEP) to place specific focus on reducing the Government's fuel bill. The EECP and EMEP are geared towards promoting energy efficiency in government entities, and facilitating fuel conservation through improved traffic management. Against this backdrop, the GOJ has conducted activities islandwide to include:

a) retrofitting of inefficient air conditioning systems;
b) implementation of an urban traffic management system in the Kingston Metropolitan Area (KMA); and
c) staff training in energy efficiency at 30 government facilities.

[7] An ad valorem tax is calculated as a proportion or percentage of the price of a good or service.

Contingent Liabilities

A contingent liability, as defined by the Public Debt Management Act (PDMA), is *"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 state-owned enterprises, public-private partnerships and legal cases, among others.

State Owned Enterprises

The MOFPS monitors the operations of State Owned Enterprises (SOEs) closely given the significant risks they pose to fiscal sustainability. Risks may materialize from the inability of an entity to service its loans, including Government guaranteed loans (GGLs), cover its operating expenses, or meet its investment needs.

The PDMA legislates that the government guaranteed debt-to-GDP ratio should be limited to 8.0%, 5.0% and 3.0% by end-FY 2016/17, FY 2021/22 and FY 2026/27 respectively. The stock of GGLs-to-GDP has been on a downward trajectory standing at 4.4% as at end-December 2019.

The Public Bodies Management and Accountability (PBMA) Act legislates that public bodies may only access loans subject to the approval of the GOJ. Whereas these loans might not be guaranteed by the Government, the debt service cost could affect the performance of the entity, necessitating transfers from the Government to provide significant financial support/capital injection to the concerned entities.

The Government may also be required to provide significant financial support to public bodies to supplement the cash flows that they generate. This situation obtains where the entities' operations are geared towards achieving certain economic or social objectives in accordance with GOJ's policy priorities and the prices for their products or services are not market-determined. **Table VII (c)** shows transfers to select public bodies.

Table VII (c) Public Bodies Support from GOJ

Public Body	FY 20/21 Prop. $mn	FY 19/20 Est. $mn	FY 19/20 Proj. $mn
Jamaica Urban Transit Company (JUTC)	5,346.3	6,631.5	4,986.8
Students' Loan Bureau (SLB)*	2,827.0	2,827.0	2,827.8
Montego Bay Metro	54.84	118.2	125.2

Excludes $150 million in both years for Grant in Aid to very needy students
Source: MOFPS

In the case of the JUTC, the company continues to provide subsidised fares to students and the elderly, while those for adults remain below the economic level. The GOJ has therefore committed to replacing the Company's rolling stock and infrastructure as necessary. However, in some cases, government subvention is required for other reasons such as supplementing operating expenses, and settling arrears. For FY 2019/20, estimated transfers to the JUTC exceeded the amount budgeted by $1,644.7 million, or 33.0% (see **Table VII (c)**). The increased allocation to pay statutory deduction arrears was provided in the Second Supplementary Estimates.

Public Bodies with Arrears

The GOJ is cognisant that public bodies with significant arrears remain a major source of fiscal risk. In this regard, the GOJ will continue to monitor and manage the domestic arrears of seven large public bodies within an established ceiling of $6,400.0 million. These public bodies are Clarendon Alumina Production Limited (CAP), National Water Commission (NWC), Housing Agency of Jamaica (HAJ) Limited, National Health Fund (NHF), National Road Operating and Construction Company (NROCC) Limited, the Urban Development Corporation (UDC) and the JUTC.

In FY 2016/17, the GOJ on-lent US$27.0 million to CAP to settle its arrears to the Jamalco Joint Venture. The loan was repaid in full in FY 2018/19. However, the Government will continue to review the operations of CAP with a view to contain the risks arising from its participation in the joint venture.

Rationalisation of Public Bodies

The ongoing consolidation of SOEs – mergers, closures, divestment, re-integration - is expected to temper risks to the Central Government's budget, through inter alia, curtailing losses and minimizing overlapping functions. As at October 2019, the public bodies' rationalisation programme had resulted in savings for the Government amounting to approximately $1,000.0 million. The following provides an update of the GOJ's rationalisation efforts for FY 2019/20:

- <u>Wigton Windfarm Limited (WFL) Divestment</u>

The GOJ opened its initial public offering (IPO) to dispose of its shares in WFL in the first quarter of FY 2019/20 to off-load full ownership of the company, which was at the time a subsidiary of the Petroleum Corporation of Jamaica (PCJ), for $5,500.0mn. The IPO was oversubscribed, and shares allocated on a "bottom up" basis, ensuring priority in filling smaller applications. The company has since been listed on the Jamaica Stock Exchange (JSE).

- <u>Petrocaribe Development Fund (PCDF) Integration</u>

At the start of FY 2019/20, PCDF was integrated into the MOFPS, resulting in the Fund's financial assets being transferred to the Consolidated Fund. This was entrenched in law through passage of the Petroleum (Amendment) Act, 2019 in June 2019.

- Petroleum Corporation of Jamaica (PCJ) Integration and National Energy Solutions Limited (NESoL) Closure

In the second quarter of FY 2019/20, Cabinet made a decision to integrate the core functions of PCJ into the Ministry of Science, Energy and Technology. The decision was made to enhance cost efficiency and to ensure complete oversight of the energy sector. The integration is expected to be completed by end-March 2020. Operations at NESoL were wound up in October 2019.

Public Private Partnerships (PPPs)[8]

PPPs are a popular means of executing major investment projects as they often result in long term and up-front cost savings for the Government, and facilitate shared risks. While the private party in a PPP transaction is required to take on a portion of the project risk, the GOJ might also face significant fiscal risks if a PPP is not appropriately designed and monitored. As a result, the enhanced fiscal rules adopted under the Financial Administration and Audit (FAA) and PBMA Acts in March 2014 have established the requisite institutional architecture to strengthen the financial and risk analysis of projects, risk sharing arrangements and project assessment.

The Development Bank of Jamaica (DBJ) and the PPP Unit within the MOFPS assess transactions consistent with the PPP criteria established in the PPP Policy; that is, project viability, value for money, marketability, and fiscal responsibility, such that any risks to the GOJ will not undermine its fiscal position. Sensitivity analyses are conducted for all transactions to determine worst case scenarios, and the GOJ's capacity to absorb losses without destabilising impacts.

PPP transactions may be subject to contract renegotiation in the event that either partner desires adjustments. This could be a source of fiscal risk, as in the absence of competitive pressure the private parties might seek to improve their positions to the detriment of the Government. Against this backdrop, the GOJ limits renegotiations to cases in which it is likely to benefit from improved value for money, consulting specialised advisors, and establishing competent and experienced teams to guide the renegotiation process.

The Economist Intelligence Unit[9] has developed INFRASCOPE, a system of assessing PPP performance in countries around the world. For 2019, the survey ranked 21 countries in Latin America and the Caribbean (LAC), and 69 countries worldwide based on their capacity to mobilise private investment in infrastructure through PPPs[10]. As at November 2019, Jamaica's PPP programme was ranked 4th in the LAC region and 8th worldwide. This represents an improvement from the February 2018 regional ranking (5th), but a decline in the worldwide ranking (5th). Jamaica's score improved from 69/100 in 2018 to 73/100 for 2019. The methodology divides the project life cycle into five

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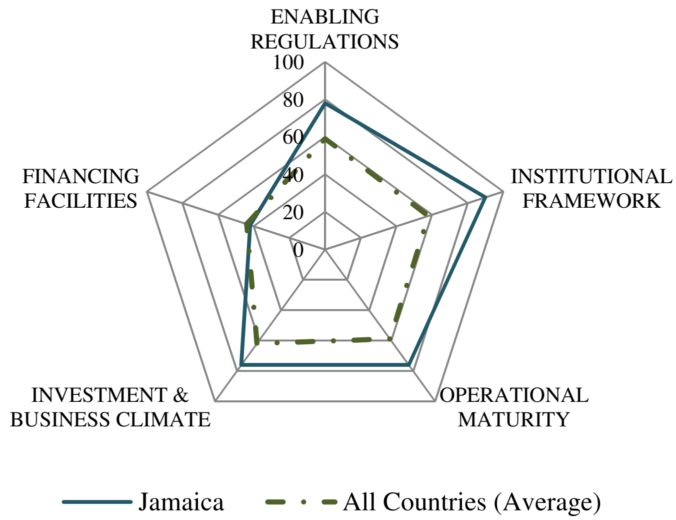
[8] A public private partnership is a long-term procurement contract between the public and private sectors, in which the proficiency of each party is focused in the designing, financing, building and operating an infrastructure project or providing a service, through the appropriate sharing of resources,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

[9] The Economist Intelligence Unit is a member of the Economist Group which publishes country risk and industry analysis.

[10] The 2018 survey included 19 countries in the region, and 40 worldwide.

categories: enabling laws and regulations; the institutional framework; operational maturity; investment and business climate; and financing facilities for infrastructure projects. Jamaica's PPP programme performed above the average for all countries in all categories, except financing, but showed improvements relative to 2018 with a score of 42/100. This is 8 points higher than the 2018 score, and only 2 points below the all-country average (see **Figure VII (k)**).

Figure VII (k): INFRASCOPE Assessment of Jamaica's PPP Programme Relative to the All Country Average (2019)



Source: Economist Intelligence Unit

The following provides an update on the status of PPPs finalized during FY 2019/20, and those in progress.

PPPs in Progress

The following PPP transactions are currently in progress:

- Rio Cobre Water Treatment Plant

The National Water Commission (NWC) is pursuing the development of a 25-year Water Purchase Agreement (WPA) for the financing, construction, operation and maintenance of a 15 MIGD[11] Water Treatment Plant in Content, St. Catherine via a PPP modality. The finalisation of the WPA and the requisite approvals will be sought by the NWC.

- Schools Energy Efficiency and Solar Project

A preferred bidder has been identified for the Schools Solar Project. The private investor is to

[11] MIGD – million gallons of water per day

undertake the financing, installation and maintenance of photovoltaic generation systems and energy efficiency retrofits in 30 select secondary schools as part of a pilot project. It is expected that negotiations will be concluded during FY 2019/20 to facilitate commencement of the project during FY 2020/21.

- Jamaica Ship Registry

The Maritime Authority of Jamaica (MAJ) is to develop the Jamaica Ship Registry (JSR) and its related activities. Cabinet gave approval for the MAJ to proceed to the transaction phase for the management, operation and promotion of the JSR by way of a restricted bidding tender methodology. The transaction phase is expected to commence by the second quarter of FY 2020/21.

PPPs Finalised

The Norman Manley International Airport (NMIA) PPP transaction achieved financial closure during the third quarter of the FY 2019/20, with operations of the Airport being handed over to PAC Kingston Airports Limited (a wholly-owned subsidiary of Grupo Aeroportuario del Pacifico S.A.B De C.V) in October 2019. PAC Kingston Airports Limited will finance and complete the planned modernization and expansion of NMIA at an estimated capital cost of US$110 million under a 25-year concession agreement.

Judicial Awards

Legal claims against the GOJ might have costly and unexpected implications if judgements are made in the favour of plaintiffs. Unfavourable 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.

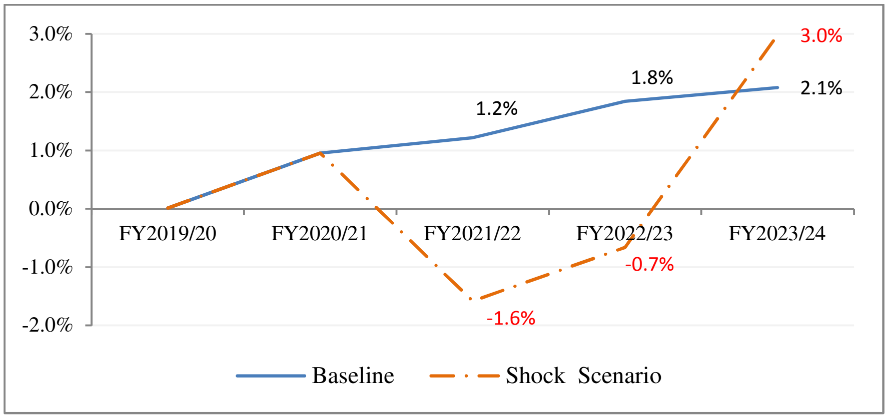
The MOFPS collaborates with the Ministry of Justice (MOJ) to monitor the progress of current and pending cases against the GOJ. Close monitoring ensures that proper expenditure planning is executed, and included in the budget should there be a ruling against the Government.

Natural Disasters

Jamaica's geographical location makes it highly vulnerable to natural disasters and the effects of climate change. These disasters pose a risk to the Government's fiscal position, through increased expenditure for emergency response before, during and following a disaster, as well as for recovery and reconstruction efforts. Natural disasters also tend to disrupt and slow down economic activity, resulting in a loss in national income and fallout in revenue collection. Balance of payments and exchange rate pressures could also arise from a resulting surge in imports and disruption to export sectors.

A natural disaster shock was performed on baseline projections of the fiscal balance as a percentage of GDP to end-FY 2023/24. The shock assumes a natural disaster occurrence during FY 2021/22, which adversely impacted growth, revenue and expenditure in that fiscal year and beyond. The results showed a deterioration in the fiscal balance of 2.8 and 2.5 percentage points in FY 2021/22 and FY 2022/23[12], respectively, with an improvement relative to the baseline of 0.9 percentage point in FY 2023/24 (see **Figure VII (l)**).

Figure VII (l): Effect of Natural Disaster Shock on Projected Fiscal Balance as a Percentage of GDP



Source: MOFPS, IMF

The deterioration in the fiscal balance would result from lower than budgeted revenue collection and higher than budgeted expenditure for relief and reconstruction efforts. In FY 2023/24, revenues would exceed budget, as nominal growth outpaces projection in that year, consistent with the economy's recovery. However, expenditure would fall below baseline projections as recovery expenditure slows or seizes, and the Government reduces borrowing to restore debt on a sustainable path.

While Jamaica has attained important macroeconomic milestones over the last decade, a single catastrophic event could erase all these gains. This underscores the criticality of the GOJ taking proactive steps to strengthen both ex-post and ex-ante resilience building. The required strategy should incorporate building resilience into the macroeconomic and public financial management frameworks. To this end, the GOJ has been taking a multi-faceted approach to strengthen financial resilience, improve the country's infrastructure – the Jamaica Disaster Vulnerability Reduction Project is illustrative of this endeavour - and to enforce the building code.

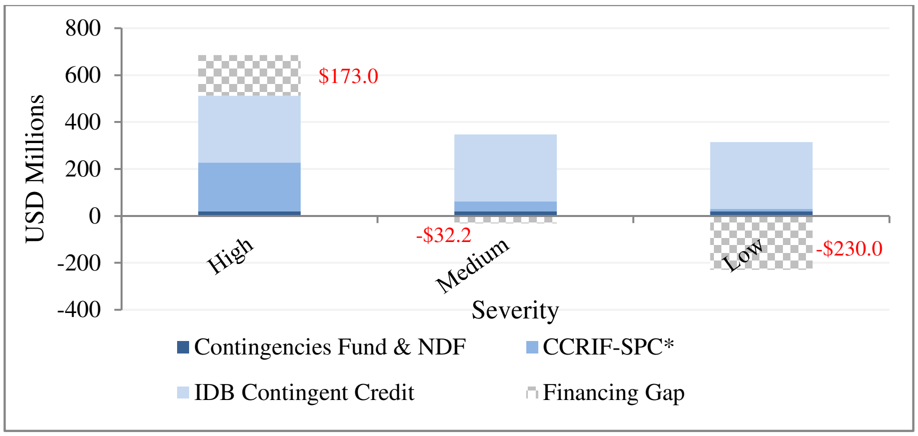
The GOJ maintains a National Disaster Fund (NDF) valued at roughly $512.0 million at end-December 2019; and in the case of a disaster, may access funds from the Contingencies Fund which, as at end-December 2019, is valued at approximately $2,094.0 million. In June 2019, the Government renewed insurance coverage through the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF-SPC) at a premium of US$7.1 million. The CCRIF-SPC policy provides pay-outs as a proportion of emergency losses in the event of Tropical Cyclone (TC), Earthquake (EQ) and

[12] A shock to fiscal operations of this magnitude (more than 1.5% of GDP) would trigger suspension of the fiscal rules in accordance with the FAA Act.

Excess Rainfall (XSR). The Government also has access to a contingent line of credit from the IDB valued at US$285.0 million, which would facilitate quick disbursement in the aftermath of a disaster.

An assessment conducted by the World Bank Group in the third quarter of FY 2018/19 estimated emergency losses in the event of high, medium and low severity disasters. Based on the GOJ's current financing arrangements, financing gaps were estimated for each level of severity. The results summarised in **Figure VII (m)** indicate that the GOJ's current financing arrangements are sufficient to cover emergency losses resulting from low and medium severity disasters, as evidenced by the negative financing gaps. However, a gap of US$173.0 million emerges for a high severity disaster.

Figure VII (m) Estimated Financing Gaps for Emergency Losses



Source: WBG & MOFPS

[1]Category 5 hurricane and a major earthquake

[2]Category 3 hurricane

[3]Category 1 hurricane

Exchange Rate: J$134.16 to US$1

**CCRIF payouts are estimated based on the 2019/20 policy year and may differ from actual events.*

The Government has partnered with the World Bank to develop a catastrophe bond for issuance in the international capital markets. The catastrophe bond will serve as a form of insurance whereby the Government will be required to pay "premiums" in exchange for a pay-out in the event of a natural disaster. Such an instrument should go a far way to address the existing gap for high severity disasters. Additionally, in the third quarter of FY 2019/20, the Green Climate Fund approved a grant valued at approximately US$0.5 million to assist the GOJ in the development of a sovereign green bond to raise funds for environmentally friendly projects on the stock market.

The GOJ is actively seeking additional instruments to ensure that adequate financing is available for disaster response. The absence of such instruments could result in a reallocation of resources, thereby hindering growth and development, or costly borrowing which would compromise the downward debt trajectory towards the targeted debt-to-GDP of 60.0% or less by end-FY 2025/26.

National Natural Disaster Risk Financing Policy[13]

All in all, the GOJ is committed to creating a national policy to guide disaster risk financing in Jamaica to ensure that there are sufficient mechanisms available for disaster relief, recovery and reconstruction, without significant recourse to the national budget. The draft policy, which is slated to be tabled in Parliament within the first half of FY 2020/21, proposes a risk-layered approach to disaster risk financing and also places focus on 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.

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. With a target of maintaining a wage-to-GDP ceiling of 9.0%, it is critical that the Government is able to finalise its wage bill within affordable limits and in a timely manner.

With the current wage contract coming to a close in the upcoming fiscal year, the GOJ is mindful that arrangements need to be made for the period to follow, in order to avoid any settlements contrary to budgeted wage allocations. In the third quarter of FY 2019/20, the Government contracted a consulting firm to undertake a review of public sector compensation in order to determine the way forward. The compensation review project is expected to be completed by December 2020.

Monetary Policy

The Bank of Jamaica Act currently in effect outlines in Part III "Capital and Reserve" that profits or losses of the Central Bank are transferrable to the Central Government at the end of each fiscal year. The result of this has generally been that the Central Government ultimately assumes the Bank's losses.

A Bill to amend the BOJ Act was tabled in Parliament in the third quarter of FY 2018/19. A Joint Select Committee was established to review the Bill which is expected to be passed in FY 2020/21 and will grant the Bank legislative independence. The GOJ has been recapitalizing the Bank to enhance its capacity to conduct monetary policy in a manner that limits risks to the Central Government's budget.

[13] This policy has been referred to in the previous FPP as the "Public Financial Management Policy for Natural Disaster Risk"

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 any 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.