



**GOVERNMENT OF JAMAICA**

**FISCAL POLICY PAPER**  
**FY 2021/22**

**(As Approved)**

**18<sup>th</sup> February 2021**

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# **PART 1**

## **FISCAL RESPONSIBILITY STATEMENT**

### **Introduction**

Jamaica's economy is facing its worst contraction in history, due to the advent of the COVID-19 pandemic which was identified in Jamaica on March 10, 2020 and continues to present unprecedented challenges. This crisis serves as a reminder to the country, of the importance of being prepared for natural disasters or any other event which could cause disruption to the economy and the macro-fiscal accounts.

Cash buffers accumulated over the last two fiscal years were used to finance the COVID Allocation of Resources for Employees (CARE) Programme which negated the need to utilize emergency borrowing. Provisional data, over the period April-December 2020 indicate that the Central Government fiscal accounts, with respect to Total Revenue & Grants, were broadly in line with the Second Supplementary Budget. Total Expenditures (net of amortization) were lower than the Second Supplementary Budget by \$3.6bn or 0.8 percent. The real economy declined by 14.6 percent during the period April-September 2020 as compared to growth of 1.0 percent during the same period in 2019. Unemployment as at October 2020 stood at 10.7 percent as compared to 12.6 percent in July 2020, indicating that recovery is underway.

The GOJ will continue to support the development of an efficient and agile public sector by prioritizing efforts already underway. Some of the key undertakings include: establishing the independent Fiscal Commission, finalizing a National Natural Disaster Risk Financing Policy, and creating the necessary legislative framework to support a digital currency. Work continues on establishing a special resolution regime for the financial sector.

### **Commitment to Fiscal Responsibility**

Prudent fiscal management requires that there not only be a strict adherence to targets, but also the flexibility and willingness to make timely fiscal decisions. It also requires an appreciation of fiscal risks, such as natural disaster, which can and do pose a real threat to fiscal sustainability. Policy decisions must therefore be guided by the likely impact of these identified risks, as well as the fiscal implications for the near term. The GOJ remains committed to the tenet of fiscal prudence, however fiscal policy needs to be growth friendly, promote inclusion and be supported by a strong tax capacity.

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

	Unit	FY 2018/19 (Actual)	FY 2019/20 Actual	FY 2020/21 (Projection)
Real GDP Growth Rates	%	1.9	-0.1	-11.6
Inflation (Annual Pt to Pt)	%	3.4	4.8	6.3
BOJ Policy Rate (e-o-p)	%	1.25	0.5	
Unemployment Rate (October Labour Force Survey)	%	8.7	7.2	10.7
Exchange Rate (weighted average selling rate)	J\$=US\$1	130.58	136.09	
Treasury Bill (eop 6-month)	%	2.17	1.80	
Current Account	% of GDP	-1.9	-1.6	-1.7
Net International Reserves (NIR), (e-o-p)	US\$mn	3,084.8	3,237.7	2,942.4
<b>Fiscal Accounts</b>				
Central Government Primary Balance	%GDP	7.5	7.1	3.0
Central Government Fiscal Balance	%GDP	1.2	0.9	-4.0
Public Bodies Overall Balance	%GDP	0.1	-0.1	-0.7
Public Sector Balance	%GDP	1.3	0.8	-4.7
Debt Stock	%GDP	94.4	94.8	110.1

Source: MOFPS/BOJ/STATIN

## Notable Fiscal Developments

### *Third Supplementary Estimates*

The Third Supplementary Estimates FY 2020/21 were (?) tabled in Parliament in January 2021 and reflected total Central Government expenditure of \$850,329.3mn, a reduction of \$3,501.6mn below the Second Supplementary Estimates. The decrease in expenditure is partly on the recurrent side, with Programmes decreasing by \$1,541.9mn, Compensation by \$471.8mn and Capital by \$1,487.9mn. The reductions in expenditure were mainly attributable to lower than programmed revenue yields.

### *Fiscal Commission*

The Bill to establish an Independent Fiscal Commission was tabled in December 2020, passed in the Lower House in February 2021 and is now before the Senate for debate. The Bill is expected to be passed and enacted before the end of this financial year. The Independent Fiscal Commission's mandate will be to provide the public with an informed and independent opinion on the soundness and sustainability of Jamaica's fiscal policies and positions in keeping with Jamaica's Fiscal Responsibility Framework. The Commission will monitor compliance with Jamaica's fiscal rules. It will also keep the public informed on economic matters, and will provide independent analyses on fiscal policy developments.

### *Disaster Risk Financing Policy*

Technical work resumed on the Natural Disaster Risk Financing Policy (NDRFP) in September 2020 and has been expanded to include pandemics as a fiscal risk based on Jamaica's experience with COVID-19. The technical work has been bolstered by support from the World Bank, which hired a



consultant to work with the team at the Ministry of Finance. The updated draft of the policy is expected to be submitted to a Cabinet Sub-Committee by end March 2021. The policy aims to provide a framework for the Government to better plan for and finance damage and losses resulting from natural disasters such as hurricanes and drought.

### **CCRIF SPC**

Jamaica received its first payment, in the sum of US\$3.5mn, from CCRIF in December 2020 as a result of the impact of excess rainfall arising from the passage of Tropical Cyclones “ETA” and “ZETA” as well as an earlier period of substantial rainfall. Significant damage was done to road-ways and bridges and there was also loss of lives.

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

<i>(J\$mn)</i>	Actual	Actual	Est.	Proj.	Proj.	Proj.	Proj.
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<i>Revenue &amp; Grants</i>	628,985.2	649,759.2	576,491.7	672,668.3	711,146.0	766,472.9	820,654.2
<i>of which Tax Revenue</i>	542,919.4	579,397.0	508,887.7	572,461.2	638,468.1	687,958.5	736,692.3
<i>Expenditure</i>	604,597.5	630,354.4	654,512.9	667,247.9	705,106.1	759,953.3	813,613.9
<i>of which Wages &amp; Salaries</i>	183,505.5	195,935.5	207,912.6	221,859.5	238,652.1	256,841.9	274,816.8
<i>of which Interest</i>	129,188.1	131,487.3	136,253.0	125,986.7	129,294.9	127,001.8	122,970.5
<i>Cent Govt Fiscal Balance</i>	24,387.7	19,404.8	-78,021.2	5,420.4	6,040.0	6,519.6	7,040.2
<i>Cent Govt Primary Balance</i>	153,575.8	150,892.1	58,231.8	131,407.1	135,334.9	133,521.4	130,010.7
Domestic Debt	755,977.7	761,804.5	787,346.1	835,785.1	812,679.9	860,798.3	868,009.1
External Debt	1,172,789.3	1,184,995.0	1,307,984.3	1,294,075.8	1,309,395.0	1,270,913.0	1,278,022.4
Net Public Bodies	9,246.5	65,060.7	49,123.0	38,597.4	23,601.4	-1,325.0	-5,404.3
<b>Total Debt</b>	<b>1,938,013.5</b>	<b>2,011,860.1</b>	<b>2,144,453.5</b>	<b>2,168,458.4</b>	<b>2,145,676.3</b>	<b>2,130,386.4</b>	<b>2,140,627.2</b>
<i>(% GDP)</i>							
<i>Revenue &amp; Grants</i>	30.6%	30.6%	29.6%	31.2%	29.6%	29.4%	29.4%
<i>of which Tax Revenue</i>	26.4%	27.3%	26.1%	26.6%	26.6%	26.4%	26.4%
<i>Expenditure</i>	29.4%	29.7%	33.6%	31.0%	29.3%	29.2%	29.2%
<i>of which Wages &amp; Salaries</i>	8.9%	9.2%	10.7%	10.3%	9.9%	9.9%	9.9%
<i>of which Interest</i>	6.3%	6.2%	7.0%	5.8%	5.4%	4.9%	4.4%
<i>Cent Govt Fiscal Balance</i>	1.2%	0.9%	-4.0%	0.3%	0.3%	0.3%	0.3%
<i>Cent Govt Primary Balance</i>	7.5%	7.1%	3.0%	6.1%	5.6%	5.1%	4.7%
Domestic Debt	36.8%	35.9%	40.4%	38.8%	33.8%	33.1%	31.1%
External Debt	57.1%	55.9%	67.1%	60.1%	54.5%	48.8%	45.8%
Net Public Bodies	0.5%	3.1%	2.5%	1.8%	1.0%	-0.1%	-0.2%
<b>Total Debt</b>	<b>94.4%</b>	<b>94.8%</b>	<b>110.1%</b>	<b>100.7%</b>	<b>89.3%</b>	<b>81.8%</b>	<b>76.8%</b>

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 up to end December 2020. However, the revenue data contained in the Revenue Estimates represent actual transfers from the revenue departments/agencies to the Consolidated Fund. Transfers to the Consolidated Fund will differ from actual revenue collections because of a lag between receipt of revenue and the physical transfer of such revenue to the Consolidated Fund. The fiscal and primary balances shown in Table 1B and the remainder of the FPP are compiled on the basis of actual/projected revenue collections. Additionally, the estimated expenditure outturn for FY 2020/21 shown in Table 1B and upon which fiscal and primary balances are computed is based on actual cash expenditure to December 2020 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 2021/22. Reporting on Central Government operations and on public bodies will continue as required by the FAA Act. Based on assessments done by the MOFPS during FY2019/20 and authenticated by the Auditor General's Department, no public body meets the criteria to be excluded from the SPS. Thus for the FY 2020/21– FY 2023/24 forecast, the SPS equates to the Overall Public Sector.
- (iii) During FY 2021/22, 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) Due to the impact of the Covid-19 pandemic, the planned publication of General Government data has been deferred for implementation to FY 2023/24

## **Fiscal Responsibility with Flexibility**

Prudent fiscal management is a necessary condition that helps to ensure the achievement of in-year fiscal targets as well as those over the medium term. Where slippages occur, due to a crisis, such as the COVID-19 pandemic, prudent fiscal management will help to steer the fiscal accounts back on the path of sustainability. Any new expenditure measure must always be assessed against (a) its impact on the fiscal accounts (b) the duration of the proposed spending (c) its sustainability.

Jamaica's economic and fiscal resilience was tested during FY 2020/21, with a shortfall of \$78bn or 3% of GDP in tax revenues, due to the impact of the pandemic. The government had a two-fold challenge on its hands; (1) significant loss of revenues (2) the overnight need to respond to increased health expenditures and the socio-economic challenges posed by the pandemic, as thousands of jobs were lost in the tourism sector as well as MSMEs; tour operators and many others. The government responded to the crisis with the CARE programme and for the upcoming fiscal year, will once more be allocating resources to social protection as well as additional resources to the Ministry of Health and Wellness to aid in the fight against COVID-19.

Consequent upon the disruption in the macroeconomic outlook, which therefore forced the government to recast its revenues and table a revised expenditure budget (which took account of the lower revenue envelope and the emerging socioeconomic challenges), the fiscal rules were relaxed. Amendments to the FAA Act addressed (i) the conditions for the rules to be relaxed (ii) the extension of the achievement of the debt target, by another two years to FY 2027/28 (iii) the extension of the timeline to correct for deviations in the fiscal balance, from two years to three and four years, depending upon the level of deviation as well as the pace of correction, being reduced from 1.5% of GDP to be a minimum of 1 percent of GDP per year.

The GOJ continues to take decisive measures to strengthen the economy's resilience. In the upcoming fiscal year, the GOJ intends to launch its first Catastrophe Bond, which will become the pinnacle of its natural disaster risk layering strategy. Notwithstanding the foregoing, the GOJ will continually assess the range of instruments on offer and seek to optimize its choice of instruments.

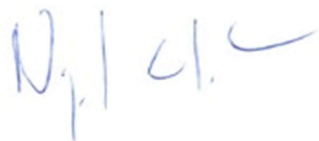
## **Conclusion**

The GOJ continues to demonstrate a strong commitment to fiscal discipline and prudence. As Jamaica seeks to rebuild its economy, whilst simultaneously fight the COVID-19 pandemic, it is imperative that each citizen does his or her part to stem the spread of the virus. This is a time for all hands to be on deck.

The strong fiscal consolidation efforts have facilitated a stable, yet resilient, macro-economic environment, fostering confidence amongst consumers and businesses, that has laid the foundation for increased business activity. This crisis has revealed society's weaknesses that need to be addressed frontally and squarely in order for Jamaica to be able to be COVID-19 resilient. It is clear that the government will need to continue its social support initiatives so that those among us, least able to cope, can find in their government, that important "back-stop".

As the country moves forward, the focus will continue to be on a future of lower debt ratios and increased developments in human capital which will allow our people 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.

A handwritten signature in blue ink, appearing to read 'Nigel Clarke'.

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**Nigel Clarke, DPhil, MP**  
**Minister of Finance and the Public Service**  
**February 18, 2021**

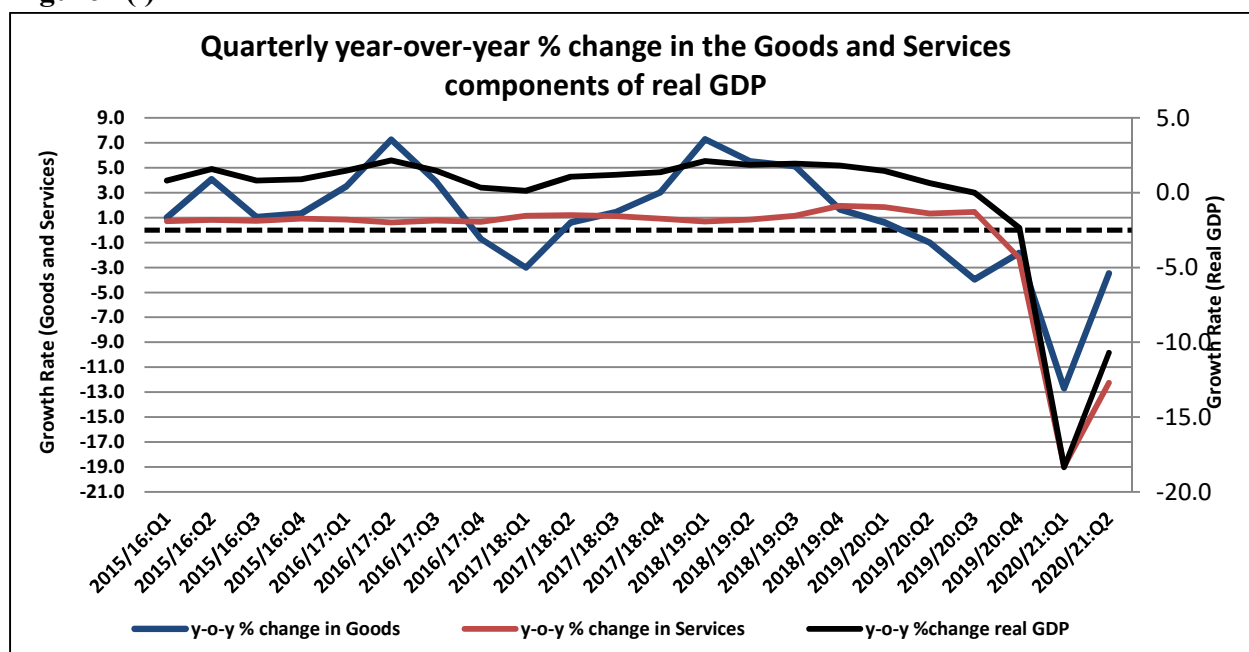
## Part 2

### MACROECONOMIC FRAMEWORK

#### Overview of Macroeconomic Developments FY 2020/21

Economic activities in Jamaica have been severely impacted by the global COVID-19 pandemic. Following six consecutive years of expansion, the economy contracted in FY 2019/20 as a result of the adverse economic shock induced by the outbreak of the disease which first beset the country during the last quarter of the fiscal year. The spread of the coronavirus accelerated during FY 2020/21, necessitating the continuation and tightening of containment measures which were implemented during the latter part of the previous fiscal year. These measures, including the closure of Jamaica's international borders, precipitated further economic disruptions which resulted in a significant fallout in the economy for the first quarter of FY 2020/21 (figure 2(i)). The easing of restrictions, including the lifting of the international travel ban in June 2020 and shortening of curfew periods, contributed to a deceleration in the pace of economic decline for the second quarter of the fiscal year. The improvement was also reflected in real GDP expansion for the second quarter, relative to the first.

Figure 2(i)



Source: STATIN

The Goods Producing industry accounted predominantly for the improvement in economic performance. 'Construction' and 'Agriculture, Forestry and Fishing' were among the resilient industries in the second quarter. Despite the improvement in the second quarter, all sectors in the goods

producing industries contracted for the first half of the current fiscal year. Mining & Quarrying and Manufacturing were the most impacted by the downturn within the goods producing industries.

All the sectors within the Service industries, except Producers of Government Services, recorded decreased levels in economic output. ‘Hotel & Restaurant’ and ‘Other Services’ were hit the hardest as the country’s borders were temporarily closed and entertainment activities curtailed due to restrictions on public gatherings, as part of efforts to minimize the spread of the virus.

The Bank of Jamaica (BOJ) remained supportive during the period, which has been characterized by elevated uncertainty. The BOJ continued its broadly accommodative policy, as it maintained its signal rate at 0.5% during the first half of the fiscal year. Additionally, the BOJ implemented several measures aimed at enhancing monetary conditions to facilitate economic recovery.

The external accounts continued to demonstrate relative stability, despite an increase in the current account deficit for the April to June period of the fiscal year.

For the first half of the 2020 calendar year, as the real sector tightened, so did labour market conditions. The unemployment rate increased to double digits, according to the July and October 2020 Labour Force Survey. The employed labour force shrunk and so did the overall labour force. Females were heavily impacted by these job losses. Youth unemployment also increased.

The inflation rate was maintained within the target range of 4.0% to 6.0% generally, with the upper limit surpassed only once - June 2020, when a point-to-point inflation rate of 6.3% was recorded. Upward pressure was particularly pronounced from the heaviest weighted division ‘Food and Non-Alcoholic Beverages’ due to volatility in agricultural prices. For the first nine months of FY2020/21, the rate of price increases slowed in comparison to the corresponding period of FY2019/20.

In light of the positive performance of the fiscal operations in recent years and the Government’s strong commitment to fiscal responsibility, the Government of Jamaica was able to implement policies (CARE package) to alleviate the pressure on individuals, small businesses and entities within the tourism sector that was brought on by the COVID-19 containment measures.

Uncertainty surrounds the short to medium term outlook, particularly due to the changing realities relating to the COVID-19 disease and doubts concerning the duration of its adverse impact on the economy. This health hazard, coupled with Jamaica’s vulnerability to natural disasters, raises the country’s overall risk profile. However, an upside risk could materialize if the economy recovers expeditiously.

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 2020**

Total value added contracted by 14.6% for the first half of FY 2020/21 when compared to the corresponding period of FY2019/20. The decline in Real GDP is attributable to containment measures implemented locally and internationally to minimize the spread of the virus. The economic contraction was driven by declines of 14.7% in the Services industry and 8.1% in the Goods Producing industry.

Within the Services industry, seven of the eight sectors recorded negative outturns for the period. The exception, Producers of Government Services, recorded a marginal improvement of 0.1%. The sub-industries which recorded the largest reductions included: Hotels and Restaurants (down 76.3%); Transport, Storage and Communications (down 17.9%); Wholesale & Retail Trade, Repairs, Installation of Machinery & Equipment (down 12.0%) and Other Services (down 35.6%).

The decline in sectors such as ‘Hotels & Restaurants’, ‘Transport, Storage & Communication’ and ‘Other Services’ were negatively impacted by international travel and social gathering restrictions associated with COVID-19. These sectors, normally bolstered by the previously thriving tourism industry, struggled due to the decline in stop over arrivals by 90.7% for the first half of the fiscal year, relative to the corresponding period of FY 2019/20. No cruise passengers were recorded for the period. All sectors in the Goods Producing industry contracted. The largest decline was recorded in Mining & Quarrying (down 23.0%), followed by Manufacturing (down 11.3%) and Construction (down 3.4%). The performance of the Agriculture, Forestry & Fishing industry was volatile over the first half of the fiscal year; contracting in the first quarter and registering positive growth in the second (figure 2(ii)). While drought negatively impacted production in the first quarter, the second quarter benefitted from favourable weather conditions, along with growth initiatives implemented by the Government. These initiatives include: the Productivity Incentive Programme, which provided fertilizer and seedlings to farmers; and the Agriculture Excess Buy-Back Programme, which provided an outlet for farmers’ produce in light of the oversupply that resulted from reduced demand caused by COVID-19.

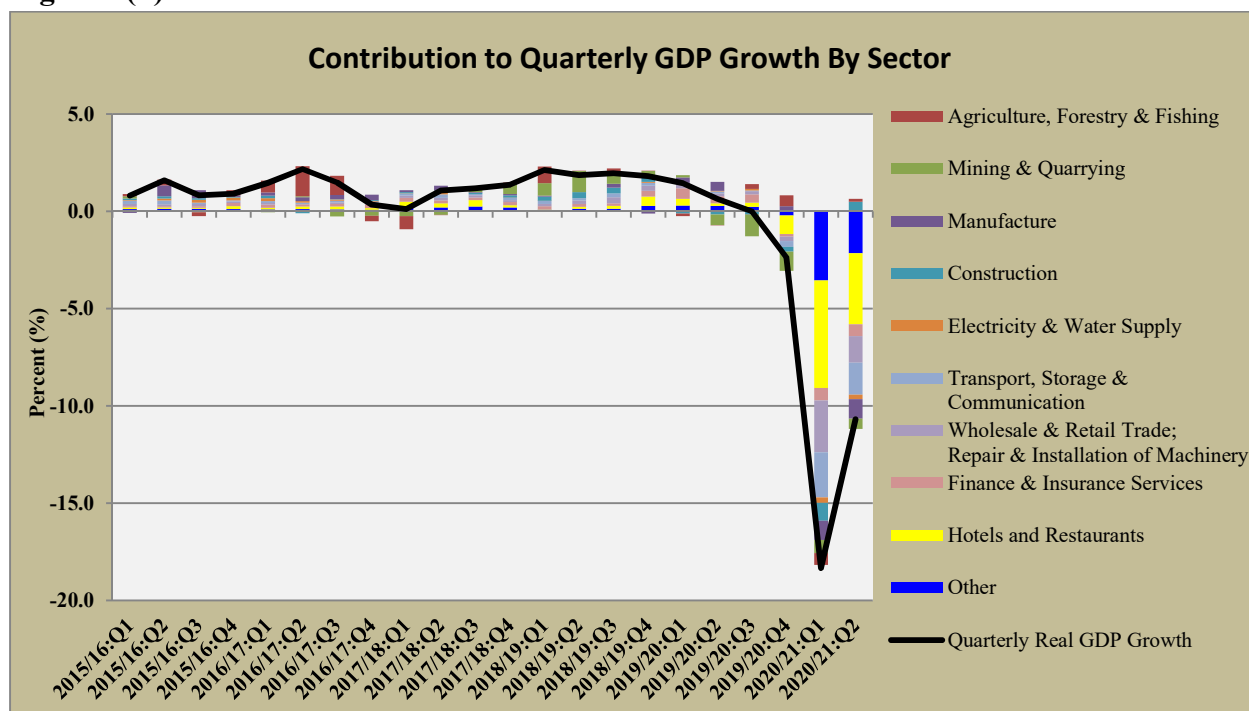
The Construction sector also gained positive momentum in the second quarter of the fiscal year. This is largely due to the growth recorded in the ‘Other Construction’ sub industry, driven by increased sales of construction related inputs and increase in capital expenditure on civil engineering activities.

The Mining and Quarrying industry suffered due to lower production of alumina, primarily due to the continued closure of the Jiuquan Iron and Steel Company (JISCO) Alpart refinery from September 2019, and the reduced demand for crude bauxite, particularly from China.

The Manufacturing industry recorded declines within both sub-industries: Food, Beverages & Tobacco (down 8.4%) and Other Manufacturing (down 15.4%). The decline in Food, Beverages & Tobacco

reflected lower production of poultry meat, bakery products, and dairy products. Production of Petroleum Products was lower due to a reduction in operations at the local refinery.

**Figure 2(ii)**



**Source:** *STATIN*

### **Projected Performance for FY 2020/21**

The economy is projected to contract by 11.6% for FY 2020/21 as the COVID-19 pandemic continues to impact economic activities. The Goods Producing Industry is estimated to decline by 6.0%, while a 12.8% decline is projected for the Services Industry. The Goods Producing Industry is expected to be negatively impacted by contractions in Mining and Quarrying and Agriculture, Forestry & Fishing; while the decline in Hotels & Restaurants is expected to be the main contributor to the contraction in the Services Industry.



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

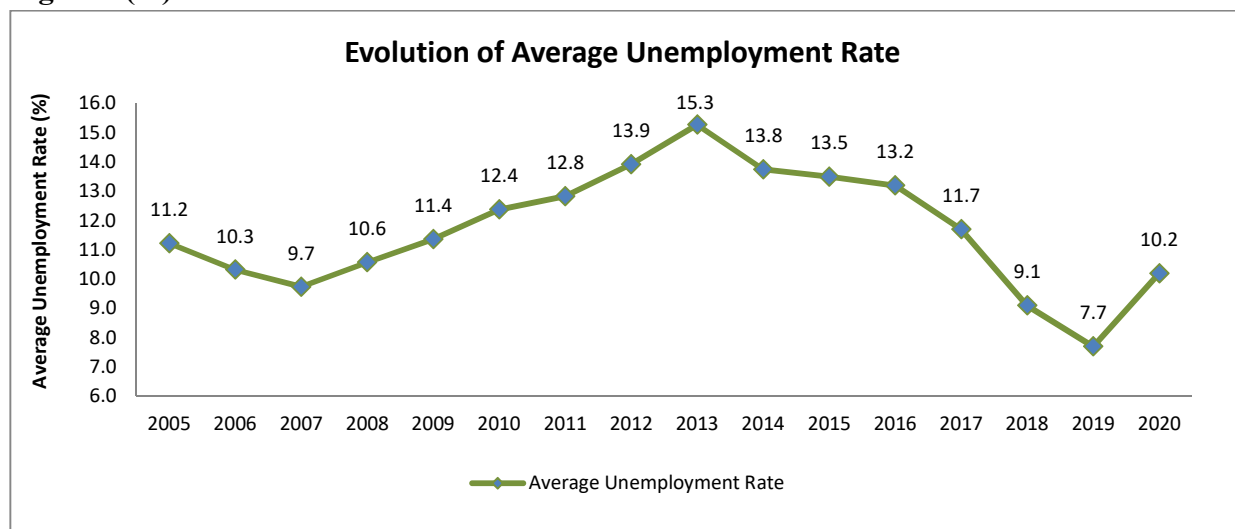
	FY 2019/20 April - September (Actual)	FY 2020/21 April - September (Actual)	FY 2019/20 Full Fiscal Year (Actual)	FY 2020/21 Full Fiscal Year (Projection)
<b>GOODS PRODUCING INDUSTRY</b>	<b>-0.2</b>	<b>-8.1</b>	<b>-1.6</b>	<b>-6.0</b>
Agriculture, Forestry & Fishing	-1.0	-3.2	2.4	-6.7
Mining & Quarrying	-7.0	-23.0	-22.5	-11.5
Manufacture	4.3	-11.3	2.7	-9.0
<i>of which: Food, Beverages &amp; Tobacco</i>	1.2	-8.4	1.0	-7.0
<i>Other Manufacturing</i>	9.0	-15.4	5.2	-11.8
Construction	-2.0	-3.4	-2.4	0.0
<b>SERVICES INDUSTRY</b>	<b>1.6</b>	<b>-15.6</b>	<b>0.6</b>	<b>-12.8</b>
Electricity & Water Supply	0.4	-7.9	1.4	-7.4
Transport, Storage & Communication	0.8	-17.9	-0.2	-13.2
Wholesale & Retail Trade; Repair and Installation of Machinery	1.1	-12.0	0.4	-9.2
Finance & Insurance Services	4.2	-5.6	2.7	-5.0
Real Estate, Renting & Business Activities	0.8	-4.1	0.6	-2.8
Producers of Government Services	0.5	0.1	0.4	0.1
Hotels and Restaurants	4.2	-76.3	-1.1	-68.4
Other Services	1.9	-35.6	0.4	-27.1
Less Financial Intermediation Services Indirectly Measured (FISIM)	3.9	3.8	3.5	-1.1
<b>TOTAL GDP AT BASIC PRICES</b>	<b>1.0</b>	<b>-14.6</b>	<b>-0.1</b>	<b>-11.6</b>

Source: STATIN, PIOJ, BOJ

## Labour Market Developments

The fallout in economic activity within the real sector also negatively impacted the labour market, based on the results of the October 2020 Labour Force Survey conducted by the Statistical Institute of Jamaica. An unemployment rate of 10.7% was recorded, representing an increase of 3.5 percentage points relative to October 2019. However, relative to July 2020, the unemployment rate declined by 1.9 percentage points. This outturn for October 2020 reflects a decline in both the employed labour force by 92,600 persons, compared to October 2019, and a decline in the overall labour force by 51,500 persons.

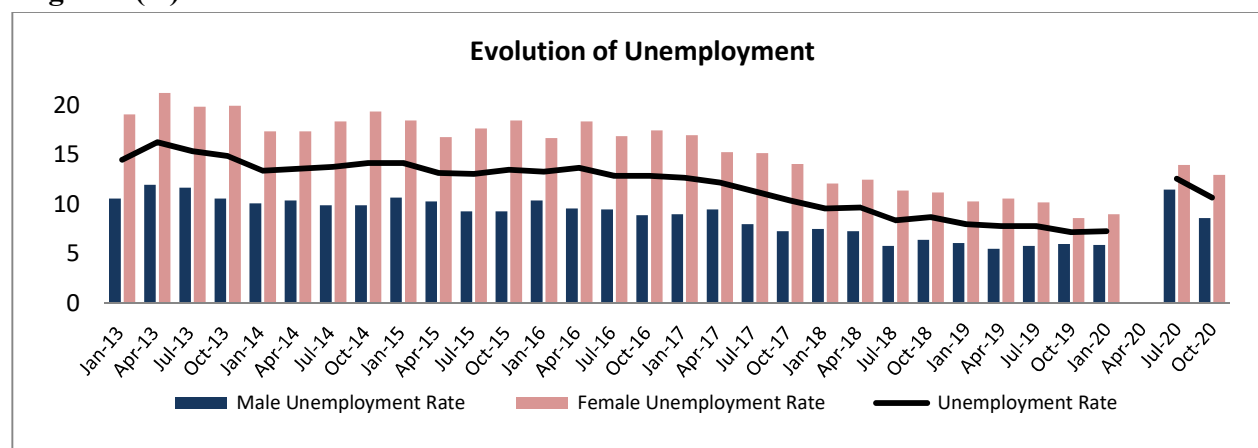
**Figure 2(iii)**



Source: STATIN

The male labour force decreased by 24,100 (-3.3%) to 702,600 in October 2020 and the female labour force decreased by 27,400 (-4.4%) to 591,600. The unemployment rate for both female and males worsened for the period reporting unemployment rate of 13.0% and 8.6%, respectively (figure 2(iv)). The unemployment rate for youth aged between fourteen and twenty-four years was 27.8%. This represented an increase of 6.7 percentage points relative to the 21.1% in October 2019.

**Figure 2(iv)**



Source: STATIN (Due to COVID-19, no Labour Force Survey was conducted in April 2020.)

The data for the Employed Labour Force by industry revealed that 5 out of 16 industries recorded increased employment levels relative to October 2019. The industries which recorded the highest increase in employment for the period were 'Real Estate and Other Business Services' (up 15,300), 'Agriculture, Forestry and Fishing' (up 4,100 persons) and 'Information and Communication' (up 3,000). The increase in employment within the industry groups 'Real Estate and Other Business Services' were led by males, whilst 'Agriculture, Forestry and Fishing' and 'Information and Communication' were led by females. The industry groups 'Arts, Entertainment, Recreation and Other

Services' (down 28,800) and 'Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles' (down 14,000) recorded significant job losses. These declines in employment primarily affected females.

**Table 2B: Selected Labour Force Indicators**

		2019		2020	
		Oct	CY Average Up to Oct	Oct	CY Average Up to Oct
B O T H S E X E S	<b>TOTAL POPULATION</b>	<b>2,727,200</b>	<b>2,727,450</b>	<b>2,725,500</b>	<b>2,726,467</b>
	Population 14 years and over	<b>2,086,600</b>	<b>2,086,825</b>	<b>2,085,200</b>	<b>2,086,000</b>
	Labour Force	<b>1,345,100</b>	<b>1,349,000</b>	<b>1,293,600</b>	<b>1,314,233</b>
	Employed Labour Force	<b>1,248,400</b>	<b>1,244,925</b>	<b>1,155,800</b>	<b>1,181,067</b>
	Unemployed Labour Force	<b>96,700</b>	<b>104,075</b>	<b>137,800</b>	<b>133,167</b>
	Outside The Labour Force	<b>741,500</b>	<b>737,825</b>	<b>791,600</b>	<b>771,733</b>
	Employment Rate	<b>92.8</b>	<b>92</b>	<b>89.3</b>	<b>90</b>
	Unemployment Rate	<b>7.2</b>	<b>8</b>	<b>10.7</b>	<b>10</b>
	Job Seeking Rate	<b>4.6</b>	<b>5</b>	<b>6.5</b>	<b>6</b>
	Percentage of Population under 14 years	<b>23.5</b>	<b>24</b>	<b>23.5</b>	<b>24</b>
	Percentage of Population 14 years & over	<b>76.5</b>	<b>77</b>	<b>76.5</b>	<b>77</b>
	Percentage of Population 14+ Outside LF	<b>35.5</b>	<b>35</b>	<b>38.0</b>	<b>37</b>
	Labour Force as a % age of Total Population	<b>49.3</b>	<b>49</b>	<b>47.5</b>	<b>48</b>
	Labour Force as a % age of Population 14+	<b>64.5</b>	<b>65</b>	<b>62.0</b>	<b>63</b>
M A L E	<b>TOTAL POPULATION</b>	<b>1,349,400</b>	<b>1,349,525</b>	<b>1,348,800</b>	<b>1,349,167</b>
	Population 14 years and over	<b>1,024,100</b>	<b>1,024,200</b>	<b>1,023,600</b>	<b>1,023,900</b>
	Labour Force	<b>726,100</b>	<b>727,600</b>	<b>702,000</b>	<b>712,100</b>
	Employed Labour Force	<b>682,800</b>	<b>685,250</b>	<b>641,300</b>	<b>650,567</b>
	Unemployed Labour Force	<b>43,300</b>	<b>42,350</b>	<b>60,700</b>	<b>61,533</b>
	Outside The Labour Force	<b>298,000</b>	<b>296,600</b>	<b>321,600</b>	<b>311,767</b>
	Employment Rate	<b>94.0</b>	<b>94</b>	<b>91.4</b>	<b>91</b>
	Unemployment Rate	<b>6.0</b>	<b>6</b>	<b>8.6</b>	<b>9</b>
	Job Seeking Rate	<b>3.8</b>	<b>4</b>	<b>5.4</b>	<b>6</b>
	Percentage of Population under 14 years	<b>24.1</b>	<b>24</b>	<b>24.1</b>	<b>24</b>
	Percentage of Population 14 years & over	<b>75.9</b>	<b>76</b>	<b>75.9</b>	<b>76</b>
	Percentage of Population 14+ Outside LF	<b>29.1</b>	<b>29</b>	<b>31.4</b>	<b>30</b>
	Labour Force as a % age of Total Population	<b>53.8</b>	<b>54</b>	<b>52.0</b>	<b>53</b>
	Labour Force as a % age of Population 14+	<b>70.9</b>	<b>71</b>	<b>68.6</b>	<b>70</b>
F E M A L E	<b>TOTAL POPULATION</b>	<b>1,377,800</b>	<b>1,377,925</b>	<b>1,376,700</b>	<b>1,377,300</b>
	Population 14 years and over	<b>1,062,500</b>	<b>1,062,625</b>	<b>1,061,600</b>	<b>1,062,100</b>
	Labour Force	<b>619,000</b>	<b>621,400</b>	<b>591,600</b>	<b>602,133</b>
	Employed Labour Force	<b>565,600</b>	<b>559,675</b>	<b>514,500</b>	<b>530,500</b>
	Unemployed Labour Force	<b>53,400</b>	<b>61,725</b>	<b>77,100</b>	<b>71,633</b>
	Outside The Labour Force	<b>443,500</b>	<b>441,225</b>	<b>470,000</b>	<b>459,967</b>
	Employment Rate	<b>91.4</b>	<b>90</b>	<b>87</b>	<b>88</b>
	Unemployment Rate	<b>8.6</b>	<b>10</b>	<b>13</b>	<b>12</b>
	Job Seeking Rate	<b>5.6</b>	<b>6</b>	<b>7.9</b>	<b>7</b>
	Percentage of Population under 14 years	<b>22.9</b>	<b>23</b>	<b>22.9</b>	<b>23</b>
	Percentage of Population 14 years & over	<b>77.1</b>	<b>77</b>	<b>77.1</b>	<b>77</b>
	Percentage of Population 14+ Outside LF	<b>41.7</b>	<b>42</b>	<b>44.3</b>	<b>43</b>
	Labour Force as a % age of Total Population	<b>44.9</b>	<b>45</b>	<b>43</b>	<b>44</b>
	Labour Force as a % age of Population 14+	<b>58.3</b>	<b>58</b>	<b>55.7</b>	<b>57</b>

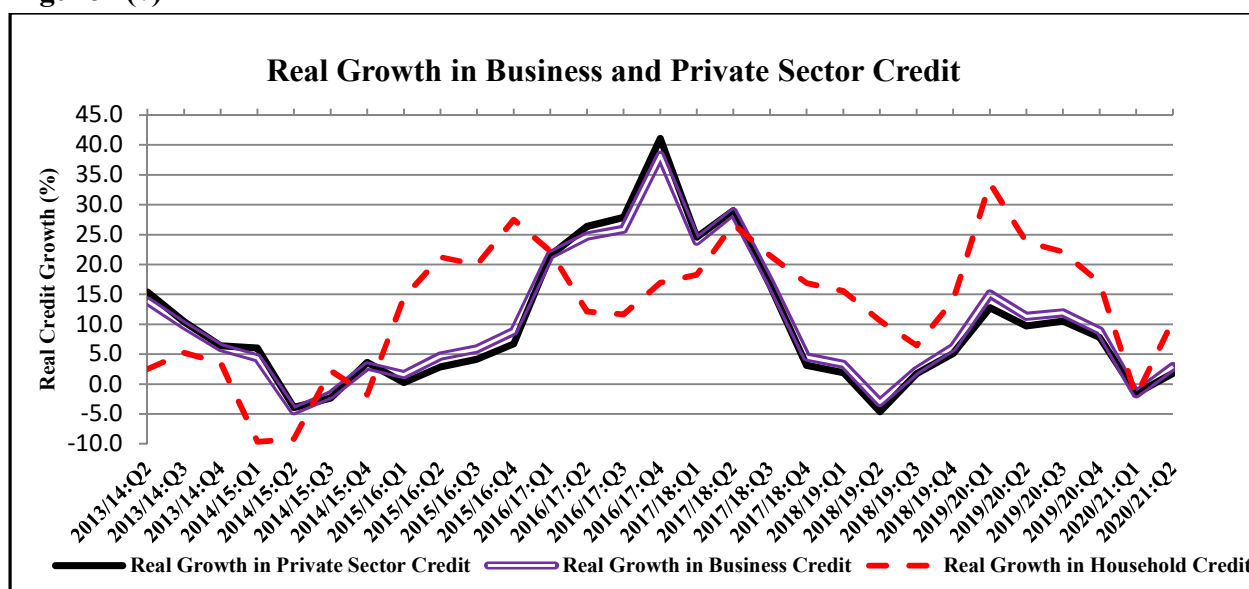
Source: STATIN Labour Force Survey Oct 2019-Oct 2020

## Monetary Policy and Financial Sector Developments

The Bank of Jamaica continues to maintain an accommodative monetary policy aimed at supporting recovery in economic activities. This is achieved by maintaining the policy rate at the historic low of 0.5%. This action is guided by the Bank's confidence that inflation will be contained within the target range of 4.0% to 6.0%. Other initiatives aimed at supporting economic recovery include: injecting liquidity into the system by purchasing bonds from financial institutions; reducing the local and foreign currency cash reserve ratio for Deposit taking institutions (DTIs); supporting the foreign exchange needs of businesses in the real sector; and providing other forms of (local and foreign currency) liquidity support.

The BOJ has maintained the policy stance of 0.5% for 16 months to facilitate a low interest rate environment in order to stimulate economic activity. However, COVID-19 negatively impacted loan demand, particularly household loans. The pace of growth for household loans slowed from 16.8% in February 2020 to 9.2% in September 2020 (figure 2(v)). Credit to businesses remained strong despite a slight fall in the pace of growth from 18.3% in February 2020 to 15.7% in September 2020. There is also a slight increase in non-performing loans since the onset of the pandemic. However, the financial system remains well capitalized, with adequate liquidity to preserve the continued stability of the sector.

Figure 2(v)

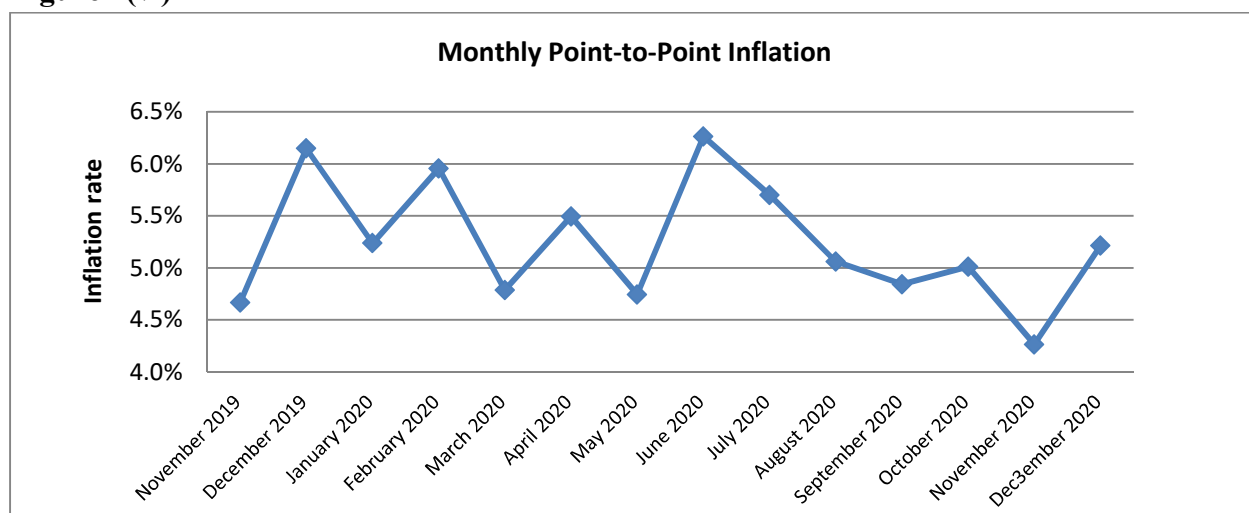


Source: BOJ

## Inflation

The All Jamaica 'All Divisions' Consumer Price Index grew by 5.2% for the 2020 calendar year. Relative to 6.1% recorded for the twelve-month period up to end-December 2019, which was marginally above the upper limit of the target band, this inflation rate is 0.9 percentage points lower.

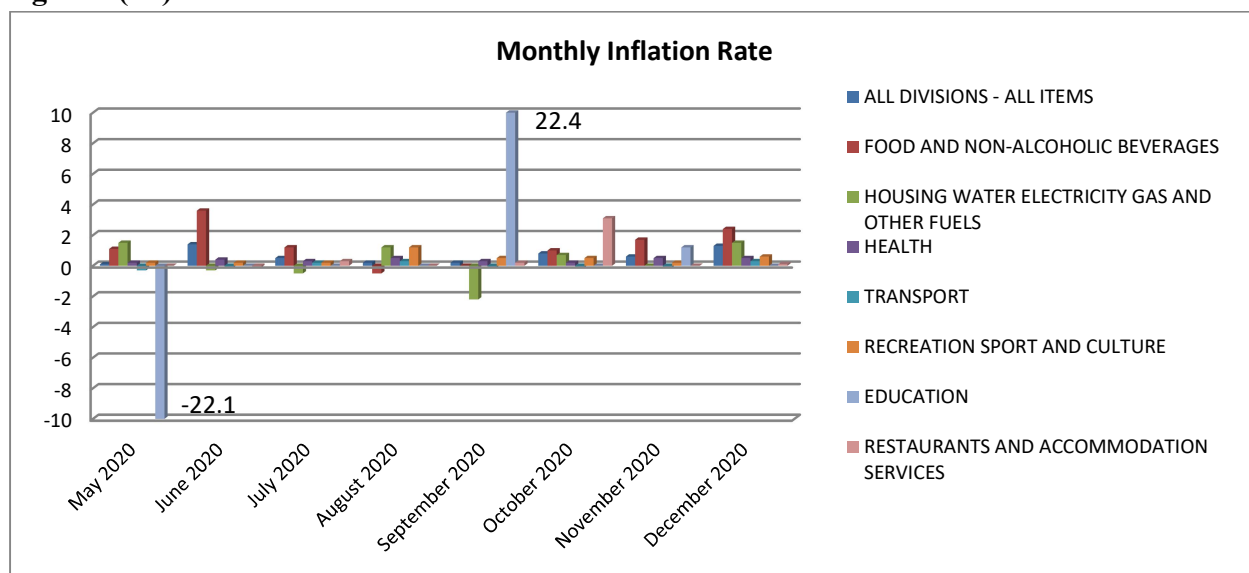
**Figure 2(vi)**



Source: STATIN

The 'Food and Non-Alcoholic Beverages' division registered the largest increase over the period. The overall price increase in the 'Housing Water Electricity Gas and Other Fuels' division was tempered by the decline registered in the 'Water Supply and Miscellaneous Services Relating to the Dwelling' sub-category. The increase in 'Food and Non-Alcoholic Beverages' largely reflected increases in the class 'Vegetables' influenced by weather related shocks. The increase in 'Housing, Water, Electricity, Gas and Other Fuels' division was as a result of higher rates in the Electricity, Gas and Other Fuels class.

**Figure 2(vii)**



Source: STATIN

The inflation rate for FY2020/21 to end December 2020 was reported at 5.1%, 0.03 percentage points lower than the 5.4% recorded for the equivalent period of 2019. Except for January and June 2020,

which registered 3.7% and 6.3%, respectively, point to point inflation was within the target band of 4.0% to 6.0% throughout the calendar year.

Inflation for FY 2020/21 is expected to be within the 4.0% to 6.0% range. This forecast was mainly predicated on expectations for an uptick in agricultural food prices, higher international commodity prices and projections for increases in some regulated utility prices. Core inflation was expected to remain relatively low given the weak demand conditions in Jamaica.

## **Exchange Rate**

The nominal exchange rate depreciated during the review period, relative to December 2019. The weighted average selling rate at end-December 2020 was US\$1.00=142.65. This represents an accelerated depreciation of 7.6% relative to the 3.8% recorded for the corresponding period in the previous year. The selling rate of the Jamaica Dollar vis-à-vis the US dollar faced tremendous pressure, due to increased end user demand, particularly from the manufacturing and distributive trade and the significant reduction of the US dollar inflows, due to the substantially lower tourist arrivals. However, upward pressure was tempered by reduced demand for capital investments and strong remittance inflows. Additionally, the Bank of Jamaica implemented measures to ensure the orderly functioning of the market. The BOJ has sold more than US\$242 million via Bank of Jamaica Foreign Exchange Intervention Trading Tool (B-FXITT) between March and December 2020.

## **External Sector Developments**

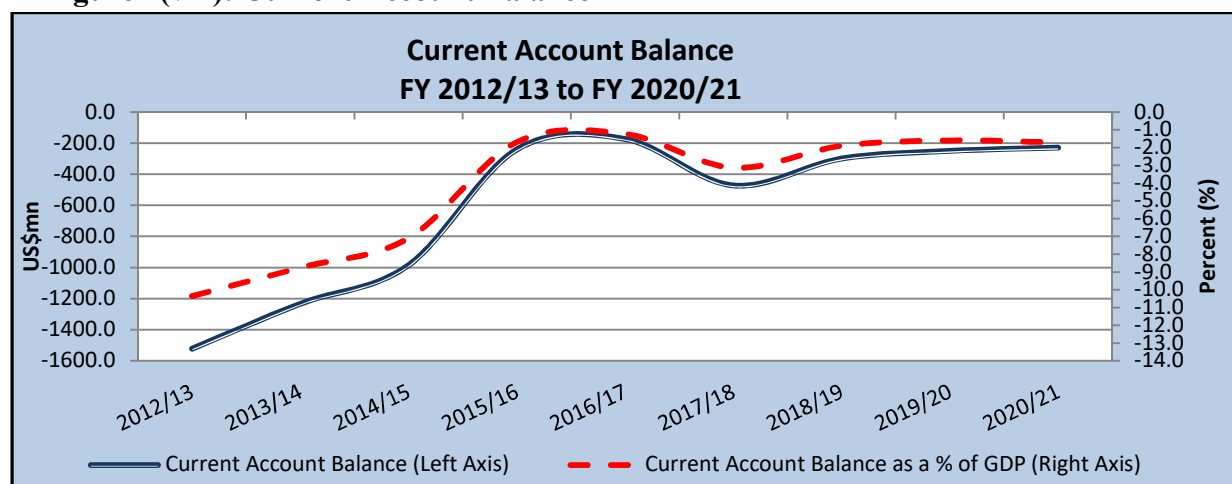
The current account deficit (CAD), for the first quarter of FY 2020/21 amounted to US\$105.9 million (0.7% of GDP), US\$44.7 million worse than the CAD recorded for the previous corresponding quarter. This deterioration was reflected in the services and primary income sub-accounts, partly offset by improvements in the goods and secondary income sub-accounts. The improvements in the goods sub account reflect lower imports relative to the previous period, whilst the growth in remittance contributed to the increase in the secondary sub account.

The Financial Account worsened during the review period. Direct Investment and Other Investments declined during the period. These declines were partially offset by a build-up of Net Portfolio Investment and Net Financial Derivative.

Flows from official and private sources were not sufficient to finance the net deficit on the Current and Capital accounts. As a result, the Net International Reserves (NIR) deteriorated.

The current account deficit for FY 2020/21 is not expected to deviate significantly from the FY 2019/20 outturn of 1.6% of GDP, with a deficit of 1.7% of GDP projected for the fiscal year (Figure 2(vi)).

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



**Source: BOJ**

**Table 2C: Balance of Payments for FY 2019/20 and estimate for FY 2020/21**

<b>Balance of Payments (US\$M)</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>	<b>Change</b>
<b>Current Account Balance</b>	<b>-61.2</b>	<b>-105.9</b>	<b>-44.7</b>
<i>Credits</i>	2205.7	1286.7	-919.0
<i>Debits</i>	2266.9	1392.7	-874.3
Goods & Services	-600.6	-667.6	-67.0
<i>Credits</i>	1475.7	482.4	-993.2
<i>Debits</i>	2076.3	1150.0	-926.3
Goods	-1017.8	-594.9	423.0
<i>Exports</i>	436.6	260.5	-176.1
<i>Imports</i>	1454.5	855.4	-599.1
Services	417.2	-72.7	-489.9
<i>Credits</i>	1039.1	222.0	-817.1
<i>Debits</i>	621.8	294.6	-327.2
Primary Income	-45.0	-129.4	-84.4
<i>Credits</i>	72.3	57.4	-14.8
<i>Debits</i>	117.3	186.8	69.5
Secondary Income	584.4	691.0	106.6
<i>Credits</i>	657.8	746.8	89.0
<i>Debits</i>	73.4	55.8	-17.6
<b>Capital Account</b>	<b>-8.5</b>	<b>-9.2</b>	<b>-0.7</b>
<i>Credits</i>	3.7	3.2	-0.6
<i>Debits</i>	12.2	12.3	0.1
<b>Net lending (+) / net borrowing (-) (balance from current and capital account)</b>	<b>-69.7</b>	<b>-318.9</b>	<b>-249.2</b>
<b>Financial Account</b>	<b>-69.7</b>	<b>-115.1</b>	<b>-45.4</b>
<b>Net lending (+) / net borrowing (-) (balance from financial account)</b>	<b>-14.7</b>	<b>-179.5</b>	<b>-164.8</b>
Direct Investment	40.1	-89.9	-130.0
<i>Net acquisition of financial assets</i>	191.4	0.0	-191.4
<i>Net incurrence of liabilities</i>	151.3	89.9	-61.4
Portfolio Investments	-250.1	2.2	252.3
<i>Net acquisition of financial assets</i>	18.6	113.5	94.9
<i>Net incurrence of liabilities</i>	268.7	111.3	-157.4
Financial derivatives	-91.8	7.6	99.4
<i>Net acquisition of financial assets</i>	-70.7	-2.9	67.8
<i>Net incurrence of liabilities</i>	21.0	-10.5	-31.5
Other Investments	355.0	-315.9	-671.0
<i>Net acquisition of financial assets</i>	224.7	62.1	-162.5
<i>Net incurrence of liabilities</i>	-130.4	378.1	508.4
Reserve Assets	-67.9	216.6	
Net Errors and Omissions	55.0	-64.4	

Source: BOJ



## The International Environment

### The Commodities Market

The International commodity market was marked by volatility in prices over the first half of the fiscal year. The World Bank's International Commodity Price Index registered an increase in the Non-Fuel Index of 4.2% and a decline of 35.1% for the Fuel Price Index (Table 2D). The outbreak of COVID-19 triggered declines in the price of several commodities, varying in magnitude for different commodities.

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

Commodity	Unit	Average Percentage Change	
		Apr-Dec FY 2019/20	Apr-Dec FY 2020/21
Non-Fuel Price Index		-3.2	4.2
Fuel (Energy) Price Index		-14.7	-35.1
<b>Select Commodities</b>			
Cocoa	Cents per Kg	2.0	-2.8
Coffee, Arabica	Cents per Kg	0.4	16.5
Soybean meal	\$/mt	-14.3	17.1
Maize/Corn	\$/mt	3.8	-3.6
Wheat, US, HRW	\$/mt	-8.1	4.7
Sugar, EU, domestic	Cents per Kg	-4.4	3.4
Sugar, World	Cents per Kg	3.7	-0.4
Crude Oil	US\$ per Barrel	-11.8	-35.8
Aluminum	US\$/Tonne	-15.4	-93.5

*Source: World Bank Commodity Prices*

The price of some agricultural commodities increased during the review period, with expectation of further increases in 2021. Commodities such as Coffee, Wheat, and Sugar (in the EU) rose during the review period. However, Cocoa, Corn and Sugar (world market) declined. Average Aluminum prices fell significantly during the review period; accelerating the trend observed prior to the COVID-19 outbreak. Fuel prices are expected to be below pre-COVID-19 prices. The outlook for commodity prices remain largely uncertain as it depends on the duration and severity of the pandemic, with the main downside risks being protracted COVID-19 impacts that result in depressed demand, weak global trade, and anemic global growth.

### Global Outlook

The global economy is estimated to contract by 3.5% in 2020, 0.9 percentage point less than the 4.4% contraction previously projected in October 2020. The improvement is largely reflective of progress with coronavirus vaccines, which has enhanced business and consumer confidence globally. Advanced

Economies are expected to contract by 4.9% in 2020, whilst a contraction of 2.4% is projected for Emerging and Developing Economies. China, contrary to other Emerging and Developing Economies, is demonstrating positive growth momentum with a projected outturn of 2.3% for 2020. The economy of the United States is estimated to contract by 3.4% in 2020, while other advanced economies are projected to experience more severe economic declines. These include the Euro Area (down 7.2%), United Kingdom (down 10.2%), and Canada (down 5.5%).

The global economy is estimated to rebound to growth of 5.5% in 2021, 0.3 percentage points higher than the 5.2% projected in October 2020, with Advanced Economies and Emerging and Developing Economies growing at 4.3% and 6.3% respectively. This is an upward outlook to the October 2020 projection of 3.9% for Advanced Economies and 6.0% for Emerging and Developing Economies. The United States is expected to lead in growth for the period. The growth outturn within the Emerging and Developing Economies is expected to be led by the countries within Emerging and Developing Asia. The improved outlook for 2021 is predicated on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis. Notwithstanding an expected slowdown in the pace of growth, global output is expected to increase by 4.2% in 2022, reflecting continued improvements in business activities as the impact of COVID-19 continue to subside.

### **Jamaica's Macroeconomic Outlook FY 2021/22 to 2024/25**

The economy is expected to return to positive growth in FY 2021/22 and continue throughout the medium term. The recovery is predicated on the expected decreasing economic impact of the COVID-19 pandemic, as global vaccination against the disease is undertaken. The Medium Term Macroeconomic Profile (Table 2E) summarizes the key macroeconomic projections that will underpin the development of the budget. Notwithstanding the existence of notable risks, the outlook is positive. Real GDP is projected to grow by an average of 4.1% over fiscal years 2021/22 to 2024/25. Output growth of 5.2% is projected for FY 2021/22, as the demand for goods and services increase over their FY 2020/21 levels. The expansion will be mainly driven by Hotels & Restaurants; Transport, Storage & Communications; and Other Services, buoyed by an increase in the number of tourist arrivals as well as a gradual return to normalcy given the sharp decline in economic activity in FY2020/21. Over the medium term, growth within the goods producing industry is expected to be driven by Agriculture, Forestry & Fishing based on the continued stabilization of the supply chain, associated with irrigation projects (e.g. Essex Valley Irrigation Infrastructure Development Programme), as well as increased demand associated with the increase in Tourism. Mining & Quarrying is also expected to contribute positively, due to the expected increase in production capacity following the resumption of operations at the JISCO (ALPART) refinery during FY 2022/23. 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 increase, averaging 3.6% over the medium term. This is predicated

primarily on the expected deterioration in Jamaica's trade balance, as imports increase at a faster rate than exports.

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

Macroeconomic Variables	2018/19 Actual	2019/20 Actual	2020/21 Est.	2021/22 Proj.	2022/23 Proj.	2023/24 Proj.	2024/25 Proj.
Nominal GDP (J\$bn)	2,051.3	2,121.2	1,948.0	2,154.0	2,403.6	2,603.2	2,788.8
Nominal GDP growth rate(%)	6.4	3.4	-8.2	10.6	11.6	8.3	7.1
Real GDP growth rate (%)	1.9	-0.1	-11.6	5.2	6.2	3.1	2.0
Inflation: Annual Pt to Pt (%)	3.4	4.8	6.3	5.1	5.0	5.0	5.0
Interest Rates:							
180-day Treasury Bill (end-period)	2.2	1.8					
90-day Treasury Bill (end-period)	2.2	1.8					
Average Selling Exchange Rate (J\$=US\$1)	130.6	136.1					
NIR (US\$m)	3,084.8	3,237.7	2,942.4	2,582.6	2,921.2	2,626.9	2,870.8
Current Account (%GDP)	-1.9	-1.6	-1.7	-3.3	-4.3	-3.9	-2.7
Oil Prices (WTI) (Average US\$/barrell)	62.8	54.9	37.8	45.6	53.3	56.3	56.7

Source: STATIN/BOJ/PIOJ

## PART 3

### FISCAL MANAGEMENT STRATEGY

#### Background

The on-going Coronavirus Disease 2019 (COVID-19) pandemic continues to disrupt global economic markets. Notwithstanding the disruption, the Government of Jamaica (GOJ) continues to protect hard won reforms and make the necessary structural adjustments to ensure a strong and sustained recovery. Over the first quarter of FY2020/21, the economy was impacted by containment measures implemented locally and internationally to manage the spread of the infectious COVID-19 disease. By the end of the first quarter, the government introduced controlled re-entry protocols with pre-testing requirements, continued curfew hours to restrict movement and reinforced physical/social distancing requirements in preparation to reopen the economy. Since the reopening, the second quarter has recorded a year-over-year contraction of 10.7% as weakened demand and lower Business and Consumer Confidence have continued to impact economic activity.

Fiscal discipline and the achievement of a sustainable debt level remains a cornerstone of the GOJ's fiscal programme. With the need to increase social security spending through the COVID-19 Allocation of Resources for Employees (CARE) Programme and a contraction of revenues due to reduced business activity, the Fiscal Rule was suspended. This suspension has resulted in the extension of the legislated requirement to reduce debt to below 60.0% or less of GDP by two years to March 2028. The GOJ has committed to make the necessary adjustments over the medium-term to return to the trajectory to achieve the legislated target.

The Fiscal Management Strategy provides an analysis of the fiscal performance for FY 2020/21, outlines salient features of the upcoming budget, and presents the medium term trajectory. It reports on the following:

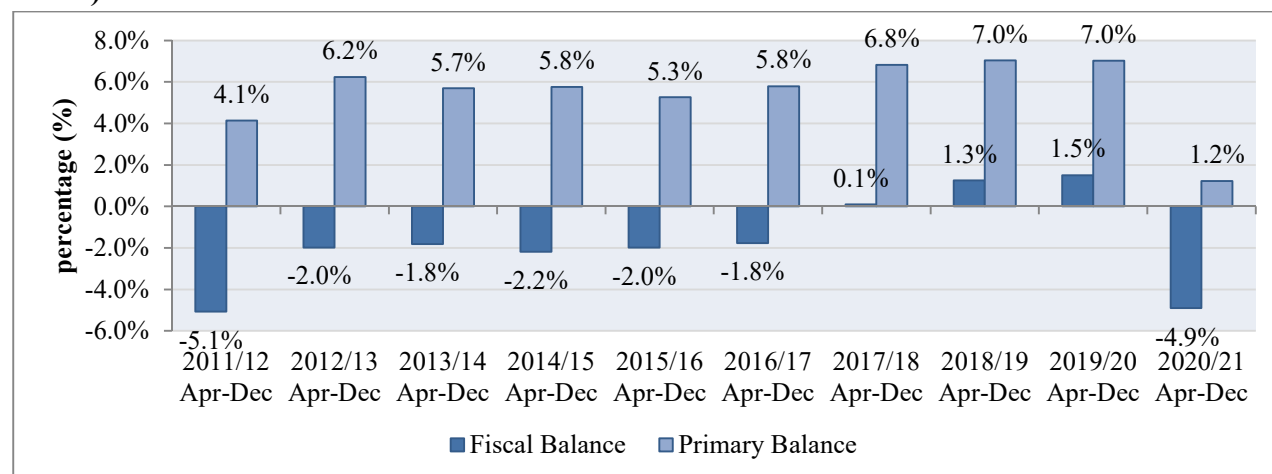
- Performance of the central government and public bodies: April – December 2020;
- FY 2020/21 Estimated outturn;
- Public Debt Stock to end-December 2020 and outlook;
- FY 2021/22 Budget; and
- Medium Term Fiscal Outlook.

#### Central Government Performance: April-December 2020 against First Supplementary Estimates

The Central Government performance is examined in relation to the first supplementary estimates rather than the original budget given that first supplementary is the point at which the expected impact of the pandemic was incorporated into the annual budget. Central Government Performance for the April to December period of FY 2020/21 generated a Primary balance of \$17,533.0mn and a Fiscal deficit of \$67,896.6mn. This Fiscal deficit was 15.0% better than projected while the Primary surplus

was 97.6% better than targeted. An improvement in flows for Revenue and Grants (up \$5,343.8mn) relative to budget coupled with lower than budgeted Above-the-Line Expenditure (down \$7,096.7mn) positively impacted both outturns.

**Figure 3A: Primary & Fiscal Balance as a per cent of GDP (April to December 2011/12-FY 2020/21)<sup>1</sup>**

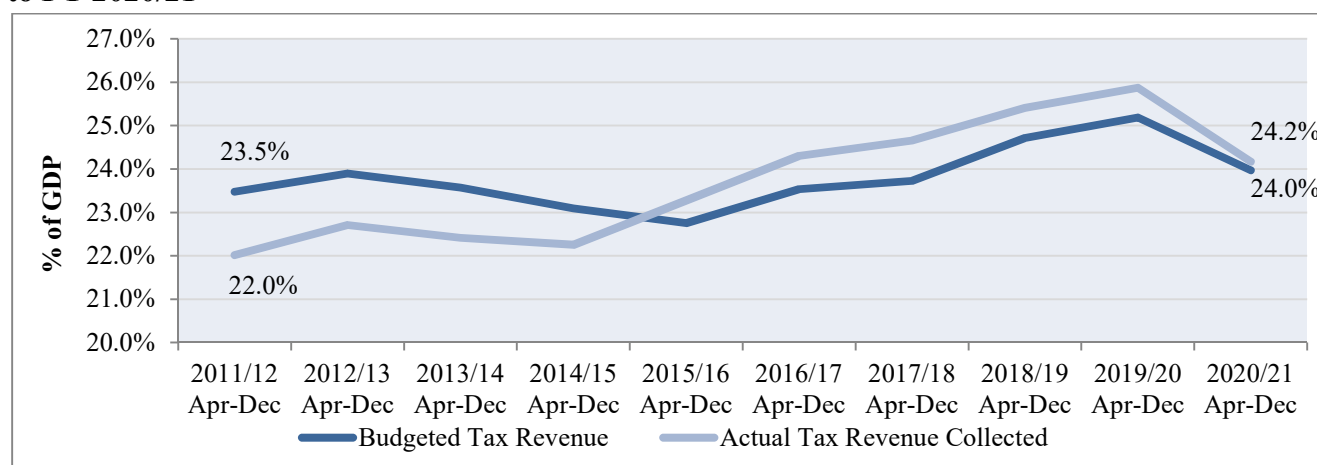


Source: MOFPS

## Tax Revenue

Despite lower year-over-year collections, the estimated Actual Tax Revenue-to-GDP remained above budget for the April to December period for the sixth consecutive year (see Figure 3B).

**Figure 3B: April to December Actual vs. Budgeted Tax Revenue Performance from FY 2011/12 to FY 2020/21**



Source: MOFPS

<sup>1</sup> The GDP estimate for the April to December period of FY 2020/21 is based on two official quarterly outturns published by Statin and one quarterly estimate by the Bank of Jamaica (BOJ).

Receipts from Tax Revenue over the period April to December 2020 amounted to \$346,492.4mn, 0.8% over budget but 16.5% below the similar period in FY 2019/20 (see Table 3A.1). Revenue inflows relative to budget were positively driven by improved receipts from *Income and Profits*, while *Production and Consumption* and *International Trade* taxes fell slightly behind target, tempering the increase (see Table 3A.2).

### *Income and Profits*

Income & Profits of \$97,768.0mn were 7.0% better than budgeted on account of higher inflows from all tax types within the group with the exception of Bauxite/Alumina which recorded no receipts. The improved flows were led by ‘Tax on Interest’ up \$1,857.3mn or 14.9% which benefitted from higher Domestic Interest payments relative to budget. Notwithstanding an increase in the unemployment rate from the record low of 7.2% recorded in October 2019, to 10.7% in October 2020, ‘PAYE’ increased by \$1,838.1mn or 4.0%. Collections were bolstered by taxes paid on redundancy payments directly related to layoffs resulting from COVID-19 and retroactive payments from negotiated salary increases for previous periods.

Notably, ‘Tax on Dividend’ also recorded a significant increase in receipts, being \$1,552.5mn or 303.9% more than budgeted in the context of a conservative forecast based on the temporary suspension of dividend payments from local financial holding companies. The decision to suspend dividend payments was made by the BOJ against the background of possible negative impacts of the COVID-19 pandemic on the domestic financial system. Notwithstanding the anticipated lower performance, higher inflows were recorded on account of the payment of arrears by one entity in November 2020.

### *Production and Consumption*

Collections from Production and Consumption of \$125,268.7mn were 1.8% lower than budgeted and 15.1% lower than the corresponding period last year. This lower than projected outturn was primarily the result of lower than budgeted inflows for ‘GCT (Local)’ down \$7,193.8mn or 9.7% due to a greater than anticipated decrease in business activities impacting a wide cross-section of the economy, leading to a reduction in the sales of taxable goods.

The underperformance of the category was moderated by increased flows from ‘SCT (Local)’ which were \$1,728.9mn or 10.2% higher than budgeted but 16.9% lower than the previous year. The year-over-year change can be attributed to a 37.3% decline in production at the local refinery and a decline in alcohol production for the hotel and entertainment industries. ‘Education Tax’ also fared better over the period being \$760.1mn or 3.7% better than budgeted but 7.7% lower than last year. The increase in the unemployment rate negatively impacted these year-over-year flows.

Of note, 'Accommodation Tax' performed 292.8% higher than budgeted but 71.8% lower than the corresponding period last year. The lower inflows are consistent with the fallout in the Tourism industry from COVID-19 with the local and global restrictions on movement and travel.

**Table 3A.1: Central Government Summary Accounts April – December of FY 2020/21 (J\$mn)**

Item	Prov Apr - Dec	First Suppl. Budget Apr - Dec	Diff	Diff %	FY 19/20 Apr - Dec	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>398,261.6</b>	<b>392,917.8</b>	<b>5,343.8</b>	<b>1.4%</b>	<b>469,156.3</b>	<b>-70,894.8</b>	<b>-15.1%</b>
Tax Revenue	346,492.4	343,622.9	2,869.6	0.8%	414,749.6	-68,257.2	-16.5%
Non-Tax Revenue	47,772.8	45,715.2	2,057.5	4.5%	49,680.0	-1,907.2	-3.8%
Bauxite Levy	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Capital Revenue	22.1	0.0	22.1	0.0%	832.9	-810.8	-97.3%
Grants	3,974.2	3,579.7	394.5	11.0%	3,893.8	80.4	2.1%
<b>Expenditure</b>	<b>468,514.9</b>	<b>475,611.6</b>	<b>-7,096.7</b>	<b>-1.5%</b>	<b>445,024.1</b>	<b>23,490.9</b>	<b>5.3%</b>
Recurrent Expenditure	432,084.7	442,181.8	-10,097.1	-2.3%	404,810.4	27,274.3	6.7%
Programmes	177,490.3	183,694.4	-6,204.1	-3.4%	157,715.9	19,774.4	12.5%
Compensation of Employees	166,808.0	166,919.4	-111.4	-0.1%	158,516.6	8,291.4	5.2%
Wages & Salaries	155,740.8	155,285.6	455.2	0.3%	147,223.2	8,517.6	5.8%
Employers Contribution	11,067.2	11,633.8	-566.6	-4.9%	11,293.3	-226.2	-2.0%
Interest	87,786.4	91,568.1	-3,781.6	-4.1%	88,578.0	-791.5	-0.9%
Domestic	35,451.0	37,956.5	-2,505.5	-6.6%	33,505.0	1,946.0	5.8%
External	52,335.5	53,611.6	-1,276.1	-2.4%	55,073.0	-2,737.5	-5.0%
Capital Expenditure	36,430.2	33,429.8	3,000.4	9.0%	40,213.6	-3,783.4	-9.4%
Capital Programmes	36,430.2	33,429.8	3,000.4	9.0%	40,213.6	-3,783.4	-9.4%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>-70,253.4</b>	<b>-82,693.8</b>	<b>12,440.4</b>	<b>15.0%</b>	<b>24,132.2</b>	<b>-94,385.6</b>	<b>-391.1%</b>
<b>Loan Receipts</b>	<b>165,277.5</b>	<b>120,861.7</b>	<b>44,415.8</b>	<b>36.7%</b>	<b>91,809.0</b>	<b>73,468.5</b>	<b>80.0%</b>
Domestic	139,114.0	95,473.2	43,640.8	45.7%	52,465.2	86,648.8	165.2%
External	26,163.5	25,388.5	775.0	3.1%	39,343.8	-13,180.3	-33.5%
Project Loans	11,572.1	14,530.8	-2,958.8	-20.4%	11,468.8	103.3	0.9%
Other	14,591.4	10,857.7	3,733.8	34.4%	27,875.0	-13,283.6	-47.7%
<b>Other Inflows (inc'ds PCDF)</b>	<b>2,210.9</b>	<b>21,052.6</b>	<b>-18,841.7</b>	<b>-89.5%</b>	<b>82,864.3</b>	<b>-80,653.4</b>	<b>-97.3%</b>
<b>Other Outflows</b>	<b>31,903.6</b>	<b>34,547.4</b>	<b>-2,643.8</b>	<b>-7.7%</b>	<b>16,530.9</b>	<b>15,372.7</b>	<b>93.0%</b>
<b>Amortization</b>	<b>139,649.3</b>	<b>140,875.3</b>	<b>-1,226.0</b>	<b>-0.9%</b>	<b>149,249.6</b>	<b>-9,600.3</b>	<b>-6.4%</b>
Domestic	106,966.7	106,798.2	168.5	0.2%	65,295.9	41,670.8	63.8%
External	32,682.6	34,077.1	-1,394.5	-4.1%	83,953.7	-51,271.1	-61.1%
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-74,317.9</b>	<b>-116,202.2</b>	<b>41,884.3</b>	<b>36.0%</b>	<b>33,025.0</b>	<b>-107,342.9</b>	<b>-325.0%</b>
<b>Primary Balance (Surplus + / Deficit -)</b>	<b>17,533.0</b>	<b>8,874.2</b>	<b>8,658.8</b>	<b>97.6%</b>	<b>112,710.2</b>	<b>-95,177.1</b>	<b>-84.4%</b>

Source: MOFPS (discrepancies due to rounding)

**Table 3A.2: Details of Revenue April – December of FY 2020/21 (J\$mn)**

Item	Prov	First Suppl. Budget	FY 19/20				
	Apr - Dec	Apr - Dec	Diff	Diff %	Apr - Dec	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>398,261.6</b>	<b>392,917.8</b>	<b>5,343.8</b>	<b>1.4%</b>	<b>469,156.3</b>	<b>-70,894.8</b>	<b>-15.1%</b>
<b>Tax Revenue</b>	<b>346,492.4</b>	<b>343,622.9</b>	<b>2,869.6</b>	<b>0.8%</b>	<b>414,749.6</b>	<b>-68,257.2</b>	<b>-16.5%</b>
Income and profits	97,768.0	91,400.6	6,367.4	7.0%	102,021.0	-4,252.9	-4.2%
Bauxite/alumina	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Other Companies	31,454.5	30,529.0	925.5	3.0%	38,072.8	-6,618.3	-17.4%
PAYE	47,735.3	45,897.2	1,838.1	4.0%	47,177.4	557.9	1.2%
Tax on dividend	2,063.4	510.9	1,552.5	303.9%	1,555.6	507.8	32.6%
Individuals	2,187.2	1,993.3	193.9	9.7%	2,551.4	-364.2	-14.3%
Tax on interest	14,327.6	12,470.3	1,857.3	14.9%	12,663.8	1,663.8	13.1%
Production and consumption	125,268.7	127,536.8	-2,268.1	-1.8%	147,468.8	-22,200.1	-15.1%
Min Business Tax	88.0	0.0	88.0	0.0%	219.2	-131.2	-59.8%
SCT	18,628.3	16,899.4	1,728.9	10.2%	22,406.1	-3,777.8	-16.9%
Environmental Levy	446.3	426.0	20.3	4.8%	424.7	21.6	5.1%
Motor vehicle licenses	3,311.7	2,935.4	376.3	12.8%	3,529.6	-217.9	-6.2%
Other licenses	1,325.1	760.5	564.5	74.2%	1,182.1	143.0	12.1%
Quarry Tax	75.0	58.2	16.8	28.9%	61.1	14.0	22.9%
Betting, gaming and lottery	4,571.8	4,170.8	401.1	9.6%	4,669.7	-97.9	-2.1%
Accommodation Tax	597.3	152.1	445.2	292.8%	2,114.4	-1,517.1	-71.8%
Education Tax	21,386.9	20,626.8	760.1	3.7%	23,163.3	-1,776.4	-7.7%
Telephone Call Tax	2,737.5	2,091.7	645.7	30.9%	2,759.6	-22.2	-0.8%
Contractors levy	1,263.9	1,305.5	-41.6	-3.2%	1,600.5	-336.7	-21.0%
GCT (Local)	67,175.1	74,368.9	-7,193.8	-9.7%	81,313.5	-14,138.3	-17.4%
Stamp Duty (Local)	3,661.9	3,741.5	-79.7	-2.1%	4,025.1	-363.2	-9.0%
International Trade	123,455.7	124,685.4	-1,229.7	-1.0%	165,259.8	-41,804.2	-25.3%
Custom Duty	29,600.2	29,589.7	10.4	0.0%	34,532.3	-4,932.1	-14.3%
Stamp Duty	1,427.7	1,844.1	-416.4	-22.6%	2,163.4	-735.6	-34.0%
Travel Tax	3,614.2	1,434.5	2,179.7	152.0%	16,407.0	-12,792.8	-78.0%
GCT (Imports)	56,456.3	54,723.4	1,732.9	3.2%	70,638.9	-14,182.7	-20.1%
SCT (Imports)	29,892.6	34,898.3	-5,005.7	-14.3%	38,771.1	-8,878.5	-22.9%
Environmental Levy	2,464.6	2,195.3	269.3	12.3%	2,747.1	-282.5	-10.3%
<b>Non-Tax Revenue</b>	<b>47,772.8</b>	<b>45,715.2</b>	<b>2,057.5</b>	<b>4.5%</b>	<b>49,680.0</b>	<b>-1,907.2</b>	<b>-3.8%</b>
<b>Bauxite Levy</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Capital Revenue</b>	<b>22.1</b>	<b>0.0</b>	<b>22.1</b>	<b>0.0%</b>	<b>832.9</b>	<b>-810.8</b>	<b>-97.3%</b>
<b>Grants</b>	<b>3,974.2</b>	<b>3,579.7</b>	<b>394.5</b>	<b>11.0%</b>	<b>3,893.8</b>	<b>80.4</b>	<b>2.1%</b>

Source: MOFPS (discrepancies due to rounding)



## *International Trade*

Relative to budget, International Trade tax collections were \$1,229.7mn or 1.0% lower than anticipated and 25.3% lower than the receipts for the same period in FY 2019/20. The year-over-year reduction is consistent with the closure of the air and sea borders during the first quarter of the fiscal year; and the overall reduction in business activity on account of the COVID-19 pandemic. Higher collections from ‘GCT (Imports)’ and ‘Customs Duty’, up \$2,943.0mn and \$1,914.7mn respectively, tempered the lower inflows from ‘SCT (Imports)’. Receipts from SCT (Imports) were negatively impacted by a reduction in the importation of motor vehicles and petroleum products.

## **Non-Tax Revenue**

Non-Tax Revenue was ahead of budget by \$2,057.5mn or 4.5% but below the last year’s collection by 3.8%. Collections over the period included De-earmarked Funds amounting to \$3,008.8mn; programmed flows from Public Bodies totalling \$19,499.8mn (of which \$3,456.0mn is related to the sale of TransJamaican Highway Limited Preference Shares by NROCC Limited); payments from Executive Agencies of \$1,400.0mn; and CCRIF-SPC pay-out of \$500.0mn.

## **Capital Revenue and Grants**

Capital Revenue inflows for the review period were in line with budget but 97.3% lower than receipts for the same period in the previous fiscal year. This was primarily due to lower than budgeted loan repayments. Grants were marginally higher than anticipated by \$394.5mn or 11.0% and 2.1% higher than last fiscal year’s inflows.

## **Expenditure**

Expenditure for the April to December period totalled \$468,514.9mn consisting of Recurrent Expenditure of \$432,084.7mn, Capital Expenditure of \$36,430.2mn, Amortization of \$139,649.3mn and \$31,903.6mn for Other Outflows. Overall, spending was 1.5% lower than programmed and 5.3% higher than the corresponding period of FY2019/20. Greater spending for Programmes and Other Outflows accounted for the higher additional spend year-over-year.

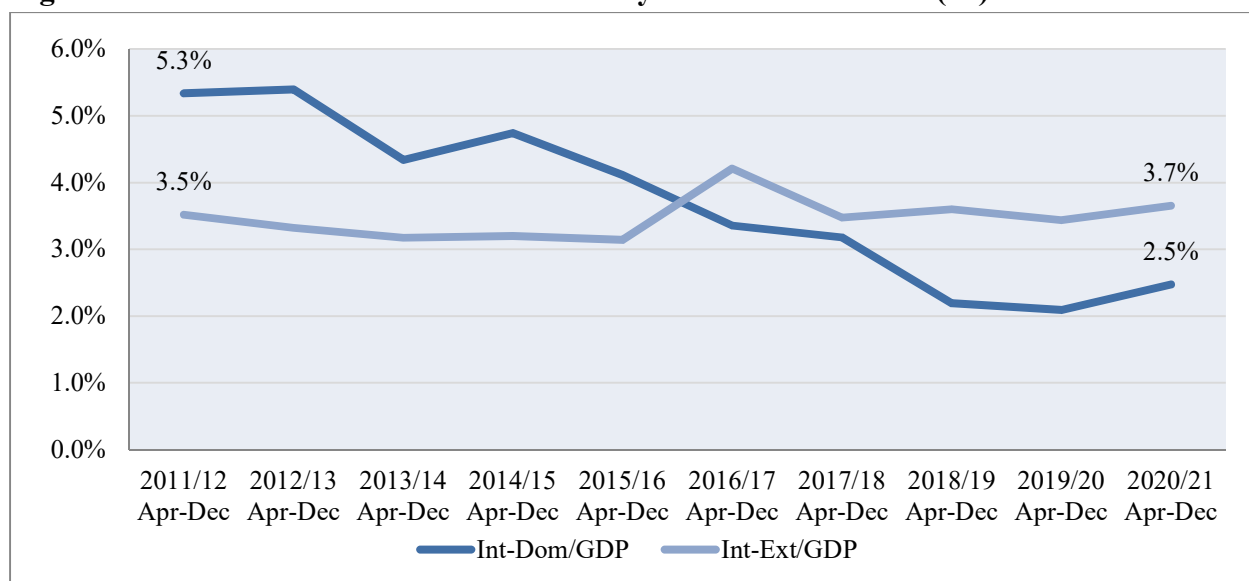
## *Recurrent Expenditure*

Spending on recurrent items amounted to \$432,084.7mn at the end of the third quarter of the fiscal year, marginally below budget and 6.7% more than the corresponding period of FY 2019/20. Programmes recorded lower spending of 3.4% relative to budget and 12.5% more than the similar period last fiscal year. The year-over-year increase represents the allocation of resources to key social assistance programmes such as the CARE Programme as well as COVID-19 related expenditures by the Ministry of Health and Wellness. Delays in expenditure under the CARE programme

and procurement of goods and services by the MDAs account for the underperformance relative to budget.

Interest Payments totalled \$87,786.4mn, representing savings of \$3,781.7mn. Domestic and External Interest payments to GDP grew to 2.5% and 3.7%, respectively (see Figure 3C). Lower interest expenditure was primarily reflected in the domestic portfolio which recorded a \$2,505.5mn or 6.6% reduction against the budget whereas external interest payments were lower by \$1,276.2mn or 2.4%.

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



Source: MOFPS

### Debt Financing Flows

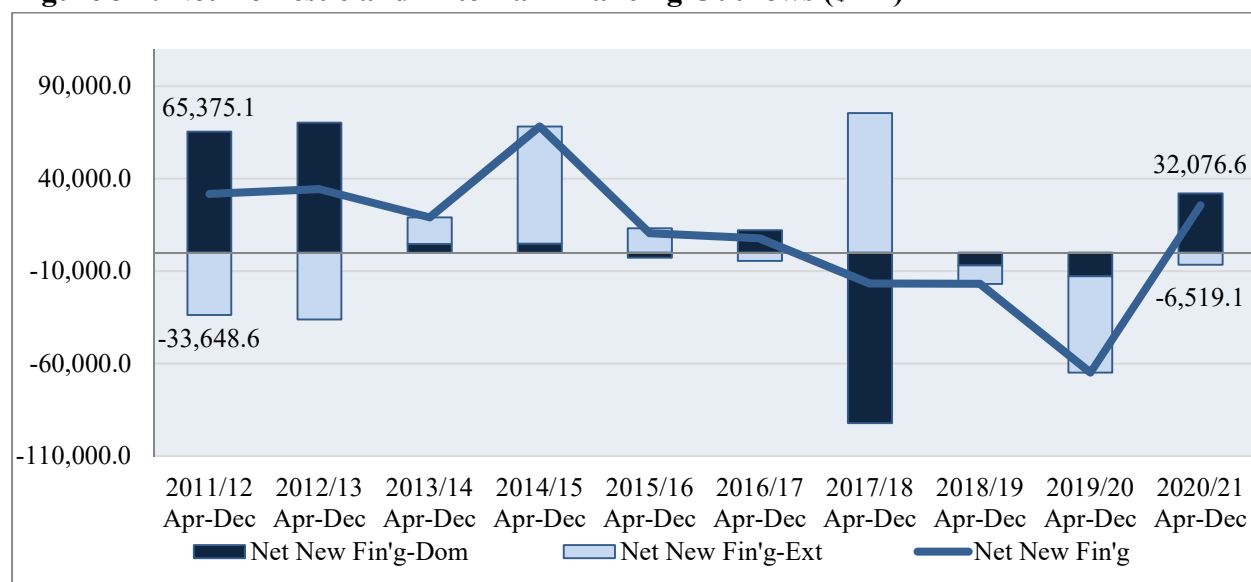
With a Fiscal Deficit of \$70,253.4mn and Amortization payments of \$139,649.3mn, the financing requirement for the review period was \$209,902.7mn. This was financed by borrowing \$165,277.6mn with the remainder financed through the utilization of a portion of the Government's cash balances.

Loan Receipts for the period were \$44,415.9mn or 36.7% higher than budget and 80.0% higher than FY 2019/20. Domestic Loan receipts, which accounted for 84.2% of total loan inflows, were 45.7% higher than budget while inflows from external sources remained broadly in line with budget (see Table 3A.1). The increase in Domestic inflows stemmed primarily from the higher than targeted Benchmark Investment Note issuance in October 2020.

Amortization payments remained largely in line with the budgeted target, and were 6.4% lower than the previous fiscal year.

Total Net Financing outflows amounted to \$25,628.3mn of which the domestic portfolio accounted for \$32,147.4mn moderated by external flows of \$6,519.1mn. This contributed to the increase in Total Central Government Debt from \$1,946,799.5mn at end-March 2020 to \$2,025,113.1mn at end-December 2020 (see Figure 3D and Table 3E).

**Figure 3D: Net Domestic and External Financing Outflows (\$mn)**



Source: MOFPS

## Central Government Performance: April-December 2020 against Second Supplementary Budget

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

**Table 3B.1: Central Government Summary Accounts – April to December of FY 2020/21 against Second Supplementary Budget (J\$mn)**

Item	Second Suppl				FY 19/20		
	Prov Apr - Dec	Budget Apr - Dec	Diff	Diff %	Apr - Dec	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>398,261.6</b>	<b>397,883.4</b>	<b>378.2</b>	<b>0.1%</b>	<b>469,156.3</b>	<b>-70,894.8</b>	<b>-15.1%</b>
Tax Revenue	346,492.4	347,237.0	-744.6	-0.2%	414,749.6	-68,257.2	-16.5%
Non-Tax Revenue	47,772.8	47,178.1	594.7	1.3%	49,680.0	-1,907.2	-3.8%
Bauxite Levy	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Capital Revenue	22.1	22.1	0.0	0.0%	832.9	-810.8	-97.3%
Grants	3,974.2	3,446.1	528.1	15.3%	3,893.8	80.4	2.1%
<b>Expenditure</b>	<b>468,514.9</b>	<b>472,122.9</b>	<b>-3,607.9</b>	<b>-0.8%</b>	<b>445,024.1</b>	<b>23,490.9</b>	<b>5.3%</b>
Recurrent Expenditure	432,084.7	433,588.1	-1,503.4	-0.3%	404,810.4	27,274.3	6.7%
Programmes	177,490.3	180,058.5	-2,568.2	-1.4%	157,715.9	19,774.4	12.5%
Compensation of Employees	166,808.0	167,211.4	-403.4	-0.2%	158,516.6	8,291.4	5.2%
Wages & Salaries	155,740.8	155,804.2	-63.4	0.0%	147,223.2	8,517.6	5.8%
Employers Contribution	11,067.2	11,407.2	-340.0	-3.0%	11,293.3	-226.2	-2.0%
Interest	87,786.4	86,318.2	1,468.3	1.7%	88,578.0	-791.5	-0.9%
Domestic	35,451.0	32,542.7	2,908.3	8.9%	33,505.0	1,946.0	5.8%
External	52,335.5	53,775.5	-1,440.0	-2.7%	55,073.0	-2,737.5	-5.0%
Capital Expenditure	36,430.2	38,534.8	-2,104.6	-5.5%	40,213.6	-3,783.4	-9.4%
Capital Programmes	36,430.2	38,534.8	-2,104.6	-5.5%	40,213.6	-3,783.4	-9.4%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>-70,253.4</b>	<b>-74,239.5</b>	<b>3,986.1</b>	<b>5.4%</b>	<b>24,132.2</b>	<b>-94,385.6</b>	<b>-391.1%</b>
<b>Loan Receipts</b>	<b>165,277.5</b>	<b>132,934.3</b>	<b>32,343.2</b>	<b>24.3%</b>	<b>91,809.0</b>	<b>73,468.5</b>	<b>80.0%</b>
Domestic	139,114.0	106,264.9	32,849.1	30.9%	52,465.2	86,648.8	165.2%
External	26,163.5	26,669.4	-505.9	-1.9%	39,343.8	-13,180.3	-33.5%
Project Loans	11,572.1	12,038.0	-465.9	-3.9%	11,468.8	103.3	0.9%
Other	14,591.4	14,631.4	-40.0	-0.3%	27,875.0	-13,283.6	-47.7%
<b>Other Inflows (inc'ds PCDF)</b>	<b>2,210.9</b>	<b>6,123.7</b>	<b>-3,912.8</b>	<b>-63.9%</b>	<b>82,864.3</b>	<b>-80,653.4</b>	<b>-97.3%</b>
<b>Other Outflows</b>	<b>31,903.6</b>	<b>32,197.4</b>	<b>-293.8</b>	<b>-0.9%</b>	<b>16,530.9</b>	<b>15,372.7</b>	<b>93.0%</b>
<b>Amortization</b>	<b>139,649.3</b>	<b>140,985.3</b>	<b>-1,336.1</b>	<b>-0.9%</b>	<b>149,249.6</b>	<b>-9,600.3</b>	<b>-6.4%</b>
Domestic	106,966.7	106,956.1	10.6	0.0%	65,295.9	41,670.8	63.8%
External	32,682.6	34,029.3	-1,346.7	-4.0%	83,953.7	-51,271.1	-61.1%
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-74,317.9</b>	<b>-108,364.3</b>	<b>34,046.4</b>	<b>31.4%</b>	<b>33,025.0</b>	<b>-107,342.9</b>	<b>-325.0%</b>
<b>Primary Balance (Surplus + / Deficit -)</b>	<b>17,533.0</b>	<b>12,078.7</b>	<b>5,454.4</b>	<b>45.2%</b>	<b>112,710.2</b>	<b>-95,177.1</b>	<b>-84.4%</b>

Source: MOFPS (discrepancies due to rounding)

**Table 3B.2: Details of Revenue – April to December of FY 2020/21 against Second Supplementary Budget (J\$mn)**

Item	Second Suppl				FY 19/20		
	Prov Apr - Dec	Budget Apr - Dec	Diff	Diff %	Apr - Dec	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>398,261.6</b>	<b>397,883.4</b>	<b>378.2</b>	<b>0.1%</b>	<b>469,156.3</b>	<b>-70,894.8</b>	<b>-15.1%</b>
<b>Tax Revenue</b>	<b>346,492.4</b>	<b>347,237.0</b>	<b>-744.6</b>	<b>-0.2%</b>	<b>414,749.6</b>	<b>-68,257.2</b>	<b>-16.5%</b>
Income and profits	97,768.0	95,997.1	1,771.0	1.8%	102,021.0	-4,252.9	-4.2%
Bauxite/alumina	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Other Companies	31,454.5	33,617.1	-2,162.5	-6.4%	38,072.8	-6,618.3	-17.4%
PAYE	47,735.3	47,089.1	646.2	1.4%	47,177.4	557.9	1.2%
Tax on dividend	2,063.4	969.8	1,093.6	112.8%	1,555.6	507.8	32.6%
Individuals	2,187.2	2,315.2	-128.0	-5.5%	2,551.4	-364.2	-14.3%
Tax on interest	14,327.6	12,005.8	2,321.8	19.3%	12,663.8	1,663.8	13.1%
Production and consumption	125,268.7	131,003.3	-5,734.5	-4.4%	147,468.8	-22,200.1	-15.1%
Min Business Tax	88.0	45.8	42.2	92.1%	219.2	-131.2	-59.8%
SCT	18,628.3	19,142.4	-514.2	-2.7%	22,406.1	-3,777.8	-16.9%
Environmental Levy	446.3	422.0	24.3	5.8%	424.7	21.6	5.1%
Motor vehicle licenses	3,311.7	3,264.1	47.6	1.5%	3,529.6	-217.9	-6.2%
Other licenses	1,325.1	1,304.4	20.6	1.6%	1,182.1	143.0	12.1%
Quarry Tax	75.0	67.3	7.7	11.5%	61.1	14.0	22.9%
Betting, gaming and lottery	4,571.8	4,871.6	-299.8	-6.2%	4,669.7	-97.9	-2.1%
Accommodation Tax	597.3	555.1	42.2	7.6%	2,114.4	-1,517.1	-71.8%
Education Tax	21,386.9	22,137.3	-750.5	-3.4%	23,163.3	-1,776.4	-7.7%
Telephone Call Tax	2,737.5	2,344.7	392.8	16.8%	2,759.6	-22.2	-0.8%
Contractors levy	1,263.9	1,364.5	-100.6	-7.4%	1,600.5	-336.7	-21.0%
GCT (Local)	67,175.1	71,998.7	-4,823.6	-6.7%	81,313.5	-14,138.3	-17.4%
Stamp Duty (Local)	3,661.9	3,485.2	176.7	5.1%	4,025.1	-363.2	-9.0%
International Trade	123,455.7	120,236.7	3,218.9	2.7%	165,259.8	-41,804.2	-25.3%
Custom Duty	29,600.2	27,685.5	1,914.7	6.9%	34,532.3	-4,932.1	-14.3%
Stamp Duty	1,427.7	1,263.5	164.2	13.0%	2,163.4	-735.6	-34.0%
Travel Tax	3,614.2	3,593.0	21.2	0.6%	16,407.0	-12,792.8	-78.0%
GCT (Imports)	56,456.3	53,513.2	2,943.0	5.5%	70,638.9	-14,182.7	-20.1%
SCT (Imports)	29,892.6	31,857.2	-1,964.6	-6.2%	38,771.1	-8,878.5	-22.9%
Environmental Levy	2,464.6	2,324.3	140.4	6.0%	2,747.1	-282.5	-10.3%
<b>Non-Tax Revenue</b>	<b>47,772.8</b>	<b>47,178.1</b>	<b>594.7</b>	<b>1.3%</b>	<b>49,680.0</b>	<b>-1,907.2</b>	<b>-3.8%</b>
<b>Bauxite Levy</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Capital Revenue</b>	<b>22.1</b>	<b>22.1</b>	<b>0.0</b>	<b>0.0%</b>	<b>832.9</b>	<b>-810.8</b>	<b>-97.3%</b>
<b>Grants</b>	<b>3,974.2</b>	<b>3,446.1</b>	<b>528.1</b>	<b>15.3%</b>	<b>3,893.8</b>	<b>80.4</b>	<b>2.1%</b>

Source: MOFPS (discrepancies due to rounding)

## Central Government Performance: April-December 2020 against Original Budget

The Central Government performance against the Original Budget is outlined in Tables 3B.3.

**Table 3B.3: Central Government Summary Accounts – April to December of FY 2020/21 against Original Budget (J\$mn)**

Item	Prov Apr - Dec	Original Budget Apr - Dec	Diff	Diff %	FY 2019/20		
					Apr - Dec	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>398,261.6</b>	<b>479,637.2</b>	<b>-81,375.6</b>	<b>-17.0%</b>	<b>469,156.3</b>	<b>-70,894.8</b>	<b>-15.1%</b>
Tax Revenue	346,492.4	421,671.3	-75,178.9	-17.8%	414,749.6	-68,257.2	-16.5%
Non-Tax Revenue	47,772.8	54,139.8	-6,367.0	-11.8%	49,680.0	-1,907.2	-3.8%
Bauxite Levy	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Capital Revenue	22.1	246.5	-224.4	-91.0%	832.9	-810.8	-97.3%
Grants	3,974.2	3,579.6	394.6	11.0%	3,893.8	80.4	2.1%
<b>Expenditure</b>	<b>468,514.9</b>	<b>484,534.9</b>	<b>-16,020.0</b>	<b>-3.3%</b>	<b>445,024.1</b>	<b>23,490.9</b>	<b>5.3%</b>
Recurrent Expenditure	432,084.7	428,916.9	3,167.8	0.7%	404,810.4	27,274.3	6.7%
Programmes	177,490.3	177,649.7	-159.4	-0.1%	157,715.9	19,774.4	12.5%
Compensation of Employees	166,808.0	166,961.6	-153.6	-0.1%	158,516.6	8,291.4	5.2%
Wages & Salaries	155,740.8	155,374.4	366.4	0.2%	147,223.2	8,517.6	5.8%
Employers Contribution	11,067.2	11,587.2	-520.0	-4.5%	11,293.3	-226.2	-2.0%
Interest	87,786.4	84,305.6	3,480.8	4.1%	88,578.0	-791.5	-0.9%
Domestic	35,451.0	33,725.9	1,725.1	5.1%	33,505.0	1,946.0	5.8%
External	52,335.5	50,579.7	1,755.8	3.5%	55,073.0	-2,737.5	-5.0%
Capital Expenditure	36,430.2	55,618.0	-19,187.8	-34.5%	40,213.6	-3,783.4	-9.4%
Capital Programmes	36,430.2	55,618.0	-19,187.8	-34.5%	40,213.6	-3,783.4	-9.4%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>-70,253.4</b>	<b>-4,897.7</b>	<b>-65,355.7</b>	<b>-1334.4%</b>	<b>24,132.2</b>	<b>-94,385.6</b>	<b>-391.1%</b>

Source: MOFPS (discrepancies due to rounding)

## Central Government Operations: Estimates to March 2021

The ongoing economic impact of the COVID-19 pandemic required the revision of the macroeconomic forecast for FY 2020/21 and the medium-term. In keeping with these adjustments, a Third Supplementary Budget was crafted with lower Revenue & Grants and a commensurate downward adjustment to Central Government expenditure.

**Table 3C: Central Government Summary Accounts FY 2020/21 (J\$mn)**

Item	Third Suppl Budget	Second Suppl Budget	FY 2019/20				Diff	Diff %
	Apr - March	Apr - March	Diff	Diff %	Apr - March	Diff		
<b>Revenue &amp; Grants</b>	<b>576,491.7</b>	<b>585,100.0</b>	<b>-8,608.3</b>	<b>-1.5%</b>	<b>649,759.2</b>	<b>-73,267.5</b>	<b>-11.3%</b>	
Tax Revenue	508,887.7	515,580.1	-6,692.4	-1.3%	579,397.0	-70,509.4	-12.2%	
Non-Tax Revenue	62,395.2	65,069.0	-2,673.8	-4.1%	64,505.2	-2,110.0	-3.3%	
Bauxite Levy	145.3	146.1	-0.8	-0.5%	0.0	145.3	0.0%	
Capital Revenue	48.0	310.6	-262.6	-84.5%	1,200.2	-1,152.2	-96.0%	
Grants	5,015.5	3,994.2	1,021.3	25.6%	4,656.8	358.7	7.7%	
<b>Expenditure</b>	<b>654,512.9</b>	<b>658,014.5</b>	<b>-3,501.6</b>	<b>-0.5%</b>	<b>630,354.4</b>	<b>24,158.4</b>	<b>3.8%</b>	
Recurrent Expenditure	602,486.4	604,500.1	-2,013.7	-0.3%	559,961.5	42,525.0	7.6%	
Programmes	241,436.7	242,978.6	-1,541.9	-0.6%	216,856.6	24,580.2	11.3%	
Compensation of Employees	224,796.7	225,268.5	-471.8	-0.2%	211,617.6	13,179.1	6.2%	
Wages & Salaries	207,912.6	208,350.0	-437.4	-0.2%	195,936.2	11,976.4	6.1%	
Employers Contribution	16,884.1	16,918.5	-34.4	-0.2%	15,681.4	1,202.7	7.7%	
Interest	136,253.0	136,253.0	0.0	0.0%	131,487.3	4,765.7	3.6%	
Domestic	53,765.7	53,765.7	0.0	0.0%	47,596.1	6,169.6	13.0%	
External	82,487.3	82,487.3	0.0	0.0%	83,891.2	-1,403.9	-1.7%	
Capital Expenditure	52,026.4	53,514.4	-1,487.9	-2.8%	70,392.9	-18,366.5	-26.1%	
Capital Programmes	52,026.4	53,514.4	-1,487.9	-2.8%	70,392.9	-18,366.5	-26.1%	
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>-78,021.2</b>	<b>-72,914.5</b>	<b>-5,106.6</b>	<b>-7.0%</b>	<b>19,404.8</b>	<b>-97,425.9</b>	<b>-502.1%</b>	
<b>Loan Receipts</b>	<b>215,528.9</b>	<b>188,624.4</b>	<b>26,904.5</b>	<b>14.3%</b>	<b>126,060.1</b>	<b>89,468.8</b>	<b>71.0%</b>	
Domestic	154,870.2	111,224.4	43,645.8	39.2%	74,978.7	79,891.5	106.6%	
External	60,658.7	77,400.0	-16,741.3	-21.6%	51,081.4	9,577.3	18.7%	
Project Loans	17,751.3	18,217.2	-465.9	-2.6%	13,706.7	4,044.7	29.5%	
Other	42,907.4	59,182.8	-16,275.4	-27.5%	37,374.7	5,532.6	14.8%	
<b>Amortization</b>	<b>158,555.6</b>	<b>158,048.2</b>	<b>507.4</b>	<b>0.3%</b>	<b>169,046.6</b>	<b>-10,491.0</b>	<b>-6.2%</b>	
Domestic	111,178.0	111,019.8	158.2	0.1%	70,480.6	40,697.4	57.7%	
External	47,377.6	47,028.4	349.2	0.7%	98,565.9	-51,188.3	-51.9%	
<b>Other Inflows (inc'ds PCDF)</b>	<b>6,243.1</b>	<b>22,805.8</b>	<b>-16,562.7</b>	<b>-72.6%</b>	<b>104,174.9</b>	<b>-97,931.8</b>	<b>-94.0%</b>	
<b>Other Outflows</b>	<b>37,260.8</b>	<b>37,260.8</b>	<b>0.0</b>	<b>0.0%</b>	<b>37,933.2</b>	<b>-672.4</b>	<b>-1.8%</b>	
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-52,065.5</b>	<b>-56,793.3</b>	<b>4,727.8</b>	<b>8.3%</b>	<b>42,660.0</b>	<b>-94,725.5</b>	<b>-222.0%</b>	
<b>Primary Balance (Surplus +/-Deficit -)</b>	<b>58,231.8</b>	<b>63,338.5</b>	<b>-5,106.6</b>	<b>-8.1%</b>	<b>150,892.1</b>	<b>-92,660.3</b>	<b>-61.4%</b>	
<b>Total Payments</b>	<b>850,329.3</b>	<b>853,323.5</b>	<b>-2,994.2</b>	<b>-0.4%</b>	<b>837,334.2</b>	<b>12,995.1</b>	<b>1.6%</b>	

Source: MOFPS (discrepancies due to rounding)

## Revenue & Grants

Revenue & Grants for FY 2020/21 are currently projected to total \$576,491.7mn, representing a decrease of \$8,608.3mn or 1.5% over the Second Supplementary Estimates (See Table 3C). Tax Revenue is projected to account for the largest share of the reduction, with inflows expected to be lower by \$6,692.4mn. These projections have been formulated within the context of a more severe economic impact from the COVID-19 pandemic than previously anticipated.

**Table 3D: Central Government Summary Accounts FY 2020/21 (as a per cent of GDP)**

Item	Third Suppl Budget Apr - March	Second Suppl Budget Apr - March	%age pt. Δ	FY 2019/20 Apr - March	Second Suppl Budget Apr - March
<b>Revenue &amp; Grants</b>	<b>29.6%</b>	<b>28.3%</b>	<b>1.3%</b>	<b>30.5%</b>	<b>-3.8%</b>
Tax Revenue	26.1%	24.9%	-0.3%	27.2%	-3.6%
Non-Tax Revenue	3.2%	3.1%	-0.1%	3.0%	-0.1%
Bauxite Levy	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Revenue	0.0%	0.0%	0.0%	0.1%	-0.1%
Grants	0.3%	0.2%	0.1%	0.2%	0.0%
<b>Expenditure</b>	<b>33.6%</b>	<b>31.8%</b>	<b>-0.2%</b>	<b>29.6%</b>	<b>1.2%</b>
Recurrent Expenditure	30.9%	29.2%	-0.1%	26.3%	2.2%
Programmes	12.4%	11.7%	-0.1%	10.2%	1.3%
Compensation of Employees	11.5%	10.9%	0.0%	9.9%	0.7%
Wages & Salaries	10.7%	10.1%	0.0%	9.2%	0.6%
Employers Contribution	0.9%	0.8%	0.0%	0.7%	0.1%
Interest	7.0%	6.6%	0.0%	6.2%	0.2%
Domestic	2.8%	2.6%	0.0%	2.2%	0.3%
External	4.2%	4.0%	0.0%	3.9%	-0.1%
Capital Expenditure	2.7%	2.6%	-0.1%	3.3%	-0.9%
Capital Programmes	2.7%	2.6%	-0.1%	3.3%	-0.9%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>-4.0%</b>	<b>-3.5%</b>	<b>-0.3%</b>	<b>0.9%</b>	<b>-5.0%</b>
<b>Loan Receipts</b>	<b>11.1%</b>	<b>9.1%</b>	<b>1.4%</b>	<b>5.9%</b>	<b>4.6%</b>
Domestic	8.0%	5.4%	2.2%	3.5%	4.1%
External	3.1%	3.7%	-0.9%	2.4%	0.5%
Project Loans	0.9%	0.9%	0.0%	0.6%	0.2%
Other	2.2%	2.9%	-0.8%	1.8%	0.3%
<b>Amortization</b>	<b>8.1%</b>	<b>7.6%</b>	<b>0.0%</b>	<b>7.9%</b>	<b>-0.5%</b>
Domestic	5.7%	5.4%	0.0%	3.3%	2.1%
External	2.4%	2.3%	0.0%	4.6%	-2.6%
<b>Other Inflows (inc'ds PCDF)</b>	<b>0.3%</b>	<b>1.1%</b>	<b>-0.9%</b>	<b>4.9%</b>	<b>-5.0%</b>
<b>Other Outflows</b>	<b>1.9%</b>	<b>1.8%</b>	<b>0.0%</b>	<b>1.8%</b>	<b>0.0%</b>
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-2.7%</b>	<b>-2.7%</b>	<b>0.2%</b>	<b>2.0%</b>	<b>-4.9%</b>
<b>Primary Balance (Surplus +/Deficit -)</b>	<b>3.0%</b>	<b>3.1%</b>	<b>-0.3%</b>	<b>7.1%</b>	<b>-4.8%</b>
<b>Total Payments</b>	<b>43.7%</b>	<b>41.2%</b>	<b>-0.2%</b>	<b>39.3%</b>	<b>0.7%</b>

Source: MOFPS (discrepancies due to rounding)



Non-Tax Revenue is projected to be \$2,673.8mn lower than the Second Supplementary budget, with a revised projection of \$62,395.2mn. Similarly, Capital Revenue has been revised downwards to \$48.0mn, from the Second Supplementary estimates of \$310.6mn. On the other hand, Grants are projected to be higher by \$1,021.3mn, while Bauxite Levy remains broadly unchanged.

The primary surplus projection for the fiscal year is \$58,231.8mn, equivalent to 3.0% of GDP (See Table 3D). The current projection is \$5,106.6mn (8.1%) lower than the Second Supplementary estimates of \$63,338.5mn, which represented 3.1% of GDP. The fiscal deficit is also projected to worsen by the same amount, with current projection of a \$78,021.2mn deficit.

## **Expenditure**

Consequent on the lower revenue profile which was underpinned by the downward revision to the macroeconomic outlook for FY 2020/21, total Expenditure programmed for FY 2020/21 has been reduced. The projection for total expenditure (net of amortization) has been revised to \$654,512.9mn, reflecting a reduction of \$3,501.6mn (0.5%) relative to the Second Supplementary Estimates. This comprises Recurrent Expenditure of \$602,486.4mn (down \$2,013.7mn or 0.3%), and Capital Expenditure of \$52,026.4mn (down \$1,487.9mn or 2.8%). The reduction in Recurrent Expenditure reflects lower Programmes spending and Compensation of Employees by \$1,541.9mn and \$471.8mn, respectively.

## **Financing Flows**

The projected Public Debt Service Expenditure of \$294,808.6mn outlined in the Second Supplementary Estimates has been maintained in the Third Supplementary Estimates. This comprises total Interest payments of \$136,253.0mn (Domestic - \$53,765.7mn; External - \$82,487.3mn) and total Amortization of \$158,555.6mn (Domestic - \$111,178.0mn; External - \$47,377.6mn).

## **Public Debt Stock**

At end-December 2020, the stock of total public debt outstanding was \$2,072,505.7mn, \$60,645.6mn or 3.0 percent more than the \$2,011,860.1mn recorded at end-March 2020 (see table 3E). The year over year change in the total public debt stock recorded an increase of \$90,646.3mn or 4.6 percent compared to the \$1,981,859.3mn recorded at end-December 2019. Overall, the change reflected an increase in Central Government with partially offsetting reductions in net public bodies' debt, over the period.

Total Central Government debt at end-December 2020 was \$2,025,113.1mn, an increase of \$78,313.6mn and \$115,916.5mn compared to end-March 2020 and end-December 2019, respectively. The change reflected increases in the main components of Central Government debt over the respective periods.

Central Government domestic debt at end-December 2020 was \$776,483.2mn, \$32,681mn or 4.4% higher than the previous year. Special distributions of BINs to the BOJ during the last quarter of FY2019/20 accounted for 54.9% of the overall year-to-date increase in total Central Government domestic debt. Increases during the first three quarters of FY2020/21 reflected net financing inflows from BINs, while treasury bills remained flat and domestic loans recorded a nominal reduction.

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

				(%) Total SPS Debt
	Dec-19	Mar-20	Dec-20	Dec-20
<b>Total Specified Public Sector Debt</b>	<b>1,981,859.3</b>	<b>2,011,860.1</b>	<b>2,072,505.7</b>	<b>100.0%</b>
<b>Total Central Government Debt</b>	<b>1,909,196.4</b>	<b>1,946,799.5</b>	<b>2,025,113.1</b>	<b>97.7%</b>
<b>Central Government Domestic Debt</b>	<b>743,902.1</b>	<b>761,804.6</b>	<b>776,483.2</b>	<b>37.5%</b>
<b>Marketable Securities</b>	<b>743,751.3</b>	<b>761,653.7</b>	<b>776,432.8</b>	<b>37.5%</b>
Bonds	733,451.3	751,353.7	766,132.8	37.0%
Treasury Bills	10,300.0	10,300.0	10,300.0	0.5%
<b>Loans</b>	<b>150.8</b>	<b>150.8</b>	<b>50.4</b>	<b>0.0%</b>
Public Sector	<b>150.6</b>	<b>150.6</b>	<b>50.2</b>	<b>0.0%</b>
Perpetual Annuities	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0%</b>
<b>Central Government External Debt</b>	<b>1,165,294.3</b>	<b>1,184,994.9</b>	<b>1,248,629.9</b>	<b>60.2%</b>
<b>Marketable Securities</b>	<b>682,777.3</b>	<b>697,217.9</b>	<b>734,499.8</b>	<b>35.4%</b>
Bonds	682,777.3	697,217.9	734,499.8	35.4%
<b>Loans</b>	<b>485,516.9</b>	<b>487,777.0</b>	<b>514,130.0</b>	<b>24.8%</b>
<b>Bilateral</b>	<b>103,236.8</b>	<b>98,591.6</b>	<b>103,599.1</b>	<b>5.0%</b>
OECD	4,548.0	4,271.6	3,436.4	0.2%
Non-OECD	98,688.8	94,320.0	100,162.6	4.8%
<b>Multilateral</b>	<b>377,884.8</b>	<b>387,763.8</b>	<b>410,531.0</b>	<b>19.8%</b>
IDB	206,679.7	207,799.2	224,768.2	10.8%
IBRD	117,412.3	129,287.4	134,860.6	6.5%
Other	53,792.8	50,677.3	50,902.1	2.5%
<b>Commercial Banks</b>	<b>1,395.4</b>	<b>1,421.6</b>	<b>0.0</b>	<b>0.0%</b>
<b>Non Central Government Debt</b>	<b>72,662.9</b>	<b>65,060.7</b>	<b>47,392.7</b>	<b>2.3%</b>
Net Public Bodies	72,662.9	65,060.7	47,392.7	2.3%

Source: MOFPS (discrepancies due to rounding)

Total Central Government external debt increased from \$1,165,294.3mn at end-December 2019 to \$1,184,994.9mn and \$1,248,629.9mn at end-March 2020 and end-December 2020, respectively. Overall, the increases were mainly due to valuation effects associated with depreciation in the Jamaica dollar, which more than offset a reduction in the stock in US dollar terms over the respective periods.

The overall increase in the external portfolio was due mainly to increases in the stock of global bonds outstanding. The stock of outstanding “globals” increased from \$682,777.3mn at end-December 2019 to \$697,217.9mn and \$734,499.8mn at end-March 2020 and end-December 2020, respectively. The stock of external loans outstanding increased from US\$482,516.9mn at end-December 2019 to US\$487,777.0mn at end-March 2020, before increasing to US\$514,130.0mn at end-December 2020,

mainly due to net inflows from the Inter-American Development Bank (IDB) and the International Bank for Reconstruction and Development (IBRD).

Net public bodies' (PBs) debt decreased from \$72,662.9mn at end-December 2019 to \$65,060.7mn at end-March 2020 and \$47,392.7mn at end-December 2020. The decrease over the first three quarters of FY2020/21 was mainly due to an increase in crossholdings (on the public bodies' balance sheet).

The onset and spread of COVID-19 necessitated increased spending on health and social expenditures as well as support measures for businesses and individuals most severely impacted by the pandemic. Coupled with an associated sharp reduction in revenues and an increase in the overall fiscal deficit, the Government's financing requirements had to be adjusted upwards. The debt-to-GDP is projected at 110.0% at end-FY2020/21, representing a 15.3 percentage point increase over the outturn at end-March 2020. This increase is mainly due to the estimated 11.6% decline in real GDP during FY 2020/21. Notwithstanding, it is projected that improvements in the macro-fiscal position in subsequent years will restore the downward trend in the debt ratio, consistent with meeting the revised debt-to-GDP target of 60.0% or less by FY2027/28.

## SELF-FINANCING PUBLIC BODIES OPERATIONS - FY 2020/21

Public Bodies<sup>2</sup> have been established to develop strategic sectors in Jamaica. The number of active entities is approximately 150 and these perform regulatory, advisory, supervisory, research, technical, administrative or quasi-judicial functions of a governmental nature. Approximately 36 deliver public policy objectives while engaging in commercial activities, all of which are a subset of the self-financing public bodies (SFPBs).

### SFPBs Performance

The COVID-19 pandemic has impacted significantly the operations of the SFPBs, particularly those in the tourism and transportation industries. This has resulted in reduced revenue flows relative to comparative periods for previous years. The SFPBs that have generated adequate cash reserves over the years have been able to fund the shortfall in revenues from accumulated internal resources. The SFPBs significantly impacted and that have benefitted from budgetary support include the:

- National Water Commission (NWC)
- Urban Development Corporation
- Port Security Corps
- Bureau of Standard Jamaica
- Montego Bay Metro

The Port Authority of Jamaica's (PAJ) operations were also significantly impacted given the discontinuation of cruise activities and reduced international trade. The Airports Authority of Jamaica (AAJ) has also been impacted by the reduction in international travel.

Consequent on the expected impact of the COVID-19 pandemic, the 2020/21 projections for the group of 54 SFPBs were revised in May 2020. At November 30, 2020, the Group realized an Overall Balance surplus of \$3,871.56mn (revised budget; deficit \$37,730.53mn). It is anticipated that the Group will continue to perform above the revised budget; the Group is expected to generate an Overall Balance deficit of \$13,474.80mn (Budget \$41,667.30mn deficit), representing an improvement of \$28,192.51mn. This is predicated chiefly on the National Housing Trust (NHT) realising approximately \$26,178.02mn in capital revenue arising from the disposal of a portion of its joint finance mortgage portfolio valued at \$38,593.02mn. The full impact of the proceeds from the sale should be reduced given that housing expenditure is estimated to increase by \$16,030.92mn, contributing to a net increase of \$8,575.39mn in NHT's Overall Balance.

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<sup>2</sup> Defined in the Public Bodies Management and Accountability Act as Statutory Bodies, Authorities or Government Companies, but do not include Executive Agencies.

Other major contributors to the estimated outturn should be:

- i. **The National Insurance Fund (NIF)** – The NIF projects improved performance by \$6,144.66mn which should result chiefly from an increase of \$7,242.15mn in revenue due to higher contributions collected (by \$6,166.09mn) above budget. The NIF projected conservatively given uncertainty relating to the impact of the pandemic.
- ii. **NWC** – The continued impact of COVID-19 has caused an overall reduction in the Commission’s revenues, particularly from commercial customers (eg. hotels and schools). An overall delay in procurement and contracting should result in NWC’s capital programme and related expenditure lagging behind budget by \$2,139.51mn. This, coupled with increased adjustments for net foreign exchange losses (by \$2,136.97mn) should result in the NWC recording an Overall Balance surplus of \$1,275.71mn, an improvement of \$3,034.09mn on that projected.
- iii. **Factories Corporation of Jamaica (FCJ)** - The FCJ’s estimated deficit of \$412.09.09mn should be \$1,815.71mn lower than budget. This should result from delays on payments to suppliers and reduced capital investment chiefly in relation to lagging activities on the Garmex and Morant Bay Projects respectively. In addition, transfer to government of \$624.53mn which should have flowed from the sale of properties is not expected to materialise given that transactions are being finalised for only two properties (\$63million).

Flows to the GOJ by SFPBs, excluding SCT from Petrojam, are estimated at \$25,044.00mn (budget: \$28,032.55mn). This amount includes financial distributions as well as corporate taxes. The Special Consumption Tax of \$28,628.56mn collected by Petrojam on GOJ’s behalf, are expected to be \$2,842.78mn higher than budget consequent on higher sales volume and prices.

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

## **MEDIUM TERM FISCAL PROGRAMME**

Prior to the outbreak of the COVID-19 pandemic, significant progress had been made in stabilising the economy, managing the debt on a steady downward trajectory, and improving economic growth. In addition, through its commitment to prudent fiscal policy, the fiscal operations of the GOJ generated positive balances in the fiscal accounts. However, the impact of the health shock on the economy and the fiscal accounts has been severe, and the debt-to-GDP ratio is expected to increase at end-FY 2020/21 relative to last fiscal year. In response to the economic shock, the Government implemented a COVID-19 Allocation of Resources for Employees (CARE) Programme aimed at protecting the vulnerable individuals who lost jobs and livelihoods. The initiative also provided support to businesses to mitigate the impact of the disease on their operations. Notwithstanding the projection of economic improvements for FY 2021/22 and the medium term, it is imperative that the Government maintains its steadfast commitment to the principles of sound fiscal governance in order to return the public debt to a downward trajectory, which is necessary for the achievement of the legislated debt target of 60.0% of GDP, or less, by the revised end-FY 2027/28 target date. Within this context, the medium term fiscal programme outlined in Tables 3G and 3H reflects a continuation of 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 2027/28. A Central Government Primary Surplus of 6.1% of GDP is programmed for FY 2021/22, and the primary surplus is expected to average 5.4% over the medium term. Operations of the Central Government are projected to generate a Fiscal Surplus of 0.3% of GDP in FY 2021/22, and be maintained thereafter through FY 2024/25.

### **Revenue Strategy**

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

### **Tax Administration Reform**

The principal revenue collection agencies, Tax Administration Jamaica (TAJ) and Jamaica Customs Agency (JCA), will continue to employ strategies aimed at improving efficiency of the tax system. The following summarises the main initiatives to be undertaken during FY 2021/22, with details provided in Appendix V.

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

During FY 2021/22 and over the medium term, TAJ will strengthen the strategies employed in FY 2020/21 by implementing new initiatives that are consistent with its five main strategic objectives. These strategic objectives include:

Continue improving voluntary compliance: The authority will continue to implement programmes designed to address gaps in compliance with respect to registration; filing; payment and accuracy of reporting (audit), in line with international best practice.

Engender a customer centric organization: TAJ will continue to put taxpayer needs at the centre of its strategy, by providing taxpayers with enhanced tools to better meet their tax and business obligations. This will be accomplished through continuous improvements to RAiS and other eServices including a mobile app that provides easier access to clients (on the go) to select products and services.

Institutional strengthening of the organization: TAJ will continue to focus on enhancing its business processes, technology and physical infrastructure to effect improvements in the quality and delivery of services. Initiatives to treat with strengthening policies relating to how TAJ manages its information, assets, static security, digital surveillance, as well as staff and visitor access are to be developed and implemented during FY 2021/22.

Corporate governance: TAJ will continue to focus on strengthening its corporate governance by improving accountability and transparency throughout the Authority.

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

## Revenue Profile

Revenue and Grants are projected to be 31.2% of GDP in FY 2021/22, 1.6 percentage points higher than the 29.6% of GDP forecast for FY 2020/21. Over the medium term, Revenue & Grants as a percentage of GDP are projected to average 29.9% (Tables 3K and 3L). Tax Revenue as a percentage of GDP for FY 2021/22 is projected to be 26.6%, 0.5 percentage point higher than the estimate of 26.1% for FY 2020/21, and is forecasted to decline to 26.4% by FY 2024/25. The Tax Revenue forecast over the medium term reflects expectation of positive economic performance accompanied by improvements in the labour market. Non-tax Revenue is projected to increase to 4.4% of GDP for FY 2021/22, but is expected to decline to an average of 2.8% for the medium term. Grants are forecasted to average 0.2% of GDP over the medium term.

## 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 31.0% of GDP in FY 2021/22 to 29.2% in FY 2024/25. The declining expenditure ratio is influenced by the projected reduction in interest payments, predicated on the targeted decline in the public debt stock over the medium term.

Capital expenditure is projected to increase gradually from 2.5% of GDP in FY 2021/22 to 3.3% by FY 2024/25.

The GOJ, in consideration of the likely impact on the poor and vulnerable, as it implements the necessary fiscal consolidation strategies, alongside supporting structural reforms, remains committed to prioritizing social expenditure.

## FY 2021/22 BUDGET – CENTRAL GOVERNMENT

The GOJ Budget for FY 2021/22 is designed to achieve the targets outlined in the fiscal rule legislation. The FY 2021/22 fiscal programme aims to support the objective of reducing the public debt stock and debt servicing costs, thereby creating fiscal space to facilitate growth-inducing expenditure. Accordingly, the focus will be towards achieving the targeted fiscal balance and the corresponding primary balance which are the operational instruments being utilized to attain a Public Debt of no more than 60.0% of GDP by the end of FY 2027/28. The fiscal surplus is budgeted at \$5,420.4mn or 0.3% of GDP, while a primary surplus of \$131,407.1mn, equivalent to 6.1% of GDP is projected for FY 2021/22.



## Revenue and Grants

Revenue and Grants for FY 2021/22 is projected to be \$672,668.3mn, an increase over the Third Supplementary Estimate for FY 2020/21 of \$96,176.6mn or 16.7%, largely on account of Tax Revenue which is programmed at \$572,461.2mn (26.6% of GDP), a 12.5% increase over the estimate for FY 2020/21. Tax Revenue is projected to account for 85.1% of total Revenue and Grants, compared to 88.3% of the estimated outturn for FY 2020/21.

**Table 3F: FY 2021/22 Revenue Forecast**

	<b>FY 2021/22</b> <b>(J\$mn)</b>	<b>FY 2021/22</b> <b>(J\$mn)</b>	<b>% Change</b>
<b>Revenue &amp; Grants</b>	576,491.70	672,668.28	16.7%
<b>Tax Revenue</b>	508,887.68	572,461.23	12.5%
<b>Non-tax Revenue</b>	62,395.20	94,185.15	50.9%
<b>Bauxite Levy</b>	145.32	148.70	2.3%
<b>Capital Revenue</b>	48.00	96.40	100.8%
<b>Grants</b>	5,015.50	5,776.80	15.2%

Source: MOFPS (discrepancies due to rounding)

Non-tax Revenue for FY 2021/22 is projected to be \$94,185.2mn or 4.4% of GDP. This represents a 50.9% increase compared to the revised estimate for FY 2020/21.

Capital Revenue is programmed to be \$96.4mn, representing a 100.8% increase relative to the Third Supplementary Estimates for FY 2020/21.

Grants are projected to total \$5,776.8mn for FY 2021/22, equivalent to 0.3% of GDP. This reflects an increase of 15.2%.

## Expenditure

### Non-Debt Expenditure

The Central Government Non-Debt Expenditure Budget is projected at \$541,261.3mn, of which Recurrent Expenditure accounts for \$487,059.0mn or 90.0% and Capital \$54,201.3mn or 10.0%. The FY 2021/22 projection reflects a nominal increase of \$23,001.5mn or 4.4% increase relative to the FY 2020/21 Non-Debt Third Supplementary Estimate of \$518,259.8mn.

Total Non-Debt Recurrent Expenditure incorporates (a) Compensation of Employees of \$239,238.7mn and (b) Recurrent Programmes of \$247,821.2mn.

### Compensation of Employees

Compensation of Employees accounts for 49.1% of the Non-Debt Recurrent Budget and represents an increase of \$14,442.0mn or 6.4% over the FY 2020/21 Third Supplementary Estimates. The allocation

includes: (a) a provision of \$7,674.15mn towards an expected adjustment in public sector wages during FY 2021/22; and (b) \$1,757.2mn for the National Housing Trust towards settlement of arrears in Employers Contribution.

## **Recurrent Programmes**

Recurrent Programmes allocation of \$247,821.3mn accounts for 50.9% of total Recurrent Expenditure, reflecting a nominal increase of \$6,384.5mn or 2.6% above the Revised Estimates for FY 2020/21 of \$241,436.7mn.

Among the allocations included in Recurrent Programmes are: \$2,918.9mn under the Ministry of Finance and the Public Service, representing a grant to the Local Government Municipal Corporations to cover the annual cost of Street Lights; \$1,032.3mn to the Statistical Institute to carry out preparatory activities for undertaking a national census in 2022; approximately \$8,798.7mn under the Ministry of Health and Wellness to acquire pharmaceuticals and medical supplies for the users of health facilities in the four (4) Regional Health Authorities; \$4,214.2mn under the Ministry of Economic Growth and Job Creation for the maintenance of roads, and other physical infrastructure including \$500.0mn for the Length-man Programme; \$1,000.0mn to the Ministry of Agriculture and Fisheries for Production Incentives to farmers and \$650.0mn for the continued rehabilitation of roads in rural farming communities.

## **Pensions**

Approximately \$38,106.5mn has been included in Recurrent Programmes to address pension benefits for retired Central Government employees and to provide the annual increase in benefits to existing pensioners. Also included in this sum is \$648.7mn, representing amounts transferred from nine (9) Budget-Funded Statutory Bodies in keeping with the government's pension reform arrangements in which the Accountant General's Department (AGD) is becoming the sole paying agent for retiring benefits and other awards paid under the Central Government. The Statutory Bodies are: Jamaica Library Service, \$116.8mn; National Library of Jamaica, \$5.0mn; Jamaica Cultural Development Commission, \$27.7mn; Institute of Jamaica, \$27.6mn; Jamaica National Heritage Trust, \$32.2mn; Jamaica 4H Clubs, \$17.1mn; Social Development Commission, \$140.1mn; Electoral Office of Jamaica, \$43.0mn and the Jamaica Tourist Board, \$239.0mn.

## **COVID-19 Response**

Approximately \$8,655.1mn is allocated under the Ministry of Health and Wellness to provide continued support to the government's COVID-19 Response Programme. This includes \$6.0bn for procuring and administering COVID vaccines, of which \$2.99bn is to facilitate Phase 1 of the agreement with the Caribbean Public Health Agency (CARPHA); and approximately \$2,000.0mn for

the acquisition of Personal Protective Equipment (PPE), drugs and supplies to support testing for the COVID-19 virus.

GOJ's response to the COVID-19 pandemic in FY 2021/22 will continue to focus on the allocation of resources to initiatives which will contribute to economic recovery and alleviate hardships on the most vulnerable. In this regard, \$1,800.0mn is being made available to the Universal Service Fund to facilitate implementation of Information Communication Technology initiatives that will support the country's digital transformation.

A total of \$942.0mn has been allocated as budgetary support from the Central Government to three Self-Financed Public Bodies whose earnings have been negatively affected by the downturn in the economy: (a) Urban Development Corporation (UDC) - \$700.0mn; (b) Montego-Bay Metro - \$200.0mn and (c) Port Security Corps - \$42.0mn.

### **Social Programmes**

A total of \$14,868.6mn has been allocated within the Non Debt Recurrent Expenditure to the Programme of Advancement through Health and Education (PATH), a Conditional Cash Transfer programme targeting vulnerable households within the population. The PATH also supports a number of supplementary interventions/sub-programmes, implemented in response to beneficiary needs.

Approximately \$8,596.0mn of the total PATH allocation of \$14,868.6mn falls within the Recurrent Estimates of the Ministry of Labour and Social Security (MLSS) and is to support activities which were previously executed through the Ministry's Capital Budget. These activities, which were previously implemented under a public investment project supported by loan funds from multilateral institutions, have now been institutionalised within the recurrent operations of the MLSS and are now being solely funded by GOJ resources. The provision under the MLSS' Recurrent Budget will continue to support persons in vulnerable groups - the elderly, disabled pregnant and lactating women and children attending schools - through cash transfers, post-secondary and tertiary education grants and on the job training.

Approximately \$6,272.6mn is allocated under the Ministry of Education Youth and Information for the PATH School Feeding Programme (\$5,922.6mn) and the PATH Rural School Transportation Programme (\$350.0mn).

In addition to the PATH School Feeding Programme, \$1,297.7mn is also allocated under the Ministry of Education, Youth and Information to support other student nutrition programmes carried out by Nutrition Products Ltd and through school canteens.

An allocation of \$409.0mn is provided under the Ministry of Labour and Social Security to facilitate implementation of Social Pensions for the Elderly, a new social intervention program.

Approximately \$794.0mn has been allocated to support Social Housing (\$500.0mn) and Community Renewal (\$293.7mn) in the Ministries of Economic Growth and Job Creation and Housing, Urban Renewal, Environment and Climate Change, respectively.

### **Natural Disaster Risk Management**

A total of \$2,279.1mn has been allocated under Recurrent Programmes to support natural disaster risk management within the Central Government, approximately \$2,279.0mn of which is reflected in the budget of the Ministry of Finance and the Public Service. This constitutes: \$1,050.0mn for issue of Catastrophe Bonds (Cat-Bonds); \$979.0mn to meet premium payments to the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and \$200.0mn to be transferred to the Contingencies Fund in keeping the requirements of the Financial Administration and Audit (Amendment) Act 2014, Third Schedule, Section 4. The balance of \$50.0mn is allocated to the National Disaster Fund in the Ministry of Local Government and Rural Development.

### **Capital Expenditure**

Total Capital Expenditure projected for FY 2021/22 of \$54,201.3mn is 10.0% of the total Central Government Non-Debt Budget and reflects a nominal increase of \$23,001.3mn or 4.2% above the FY 2020/21 the Third Supplementary Estimate of \$52,026.4mn. The allocation in FY 2021/22 reflects the transfer of the PATH Programme from the Ministry of Labour's Capital Budget to the Ministry's Recurrent Budget Estimates. Since its inception in 2002, the PATH Cash Grants have been provided though the Capital Budget and financed mainly by loan resources. The programme is now being institutionalised in the MLSS's operations and will continue to provide cash grants and other social intervention support to the most vulnerable in the society.

Approximately \$17,408.0mn has been allocated to the Southern Coastal Highway Improvement Project (SCHIP) which is being executed under the Ministry of Economic Growth and Job Creation. Under the SCHIP, infrastructural improvements are to be undertaken on roadways between Harbour View and Yallahs and the construction of a Toll Road between May Pen in Clarendon to Williamsfield in Manchester.

Other allocations include: \$2,300.0mn to the Implementation of the National Identification System (NIDS); \$3,371.1mn for Jamaica Social Investment Fund (JSIF) managed projects; \$3,229.9mn to the two public sector transformation projects being executed by the Ministry of Finance and the Public Service; \$6,480.3mn to projects within the Ministry of National Security, including \$0.984mn for infrastructural works; \$1,163.0mn to projects within the Ministry of Education Youth and Information; \$2,714.6mn to projects being implemented by the Ministry of Health and Wellness including \$1,300.0mn for the Redevelopment of the Cornwall Regional Hospital; \$1,286.0mn to support agricultural projects including \$905.0mn for irrigation projects; and \$1,930.3mn to complete payment on thirty (30) fire (pumper) trucks being procured by the Ministry of Local Government and Community and Rural Development.

There is an allocation of \$8.0bn under the Ministry of Finance and the Public Service to the Contingency for Public Investment Management, to support the development and implementation of a new Infrastructure Project which will commence during FY 2021/22.

Further details of the Capital Projects to be implemented by the Central Government and the Self-Financed Public Bodies in FY 2021/22 and the Medium Term are provided in the GOJ's Consolidated Five Year Public Sector Investment Programme at Appendix V.

### **Below-the-Line Expenditure**

Approximately \$17,274.5mn in Below-the-Line Expenditure is reflected under the Ministry of Finance and the Public Service representing loans to be provided by the Central Government to three (3) Self-Financing Public Bodies: Clarendon Alumina Partners (CAP), \$8,846.46mn; Development Bank of Jamaica, \$5,000mn; and National Water Commission, \$3,428.0mn.

### **Debt Servicing**

Debt service costs for FY 2021/22 are projected to be \$272,245.2mn. This represents a reduction of \$22,563.4mn (7.7%) compared to the Third Supplementary Estimates for FY 2020/21. The FY 2021/22 debt service is comprised of amortization payments of \$146,258.5mn, representing a decline of \$12,297.1mn (7.8%) and interest payments of \$125,986.7mn, falling below the FY 2020/21 estimate by \$10,266.3mn (7.5%).

### **Financing**

Loan financing for FY 2021/22 is projected to be \$130,305.6mn reflecting a reduction of 39.5% relative to FY 2020/21. The budgeted loan receipts comprise domestic borrowing of \$89,979.5mn, down 41.9%, and external inflows of \$40,326.1mn, which is down by 33.5% when compared to FY 2020/21. The overall decline in loan receipts reflects the lower borrowing requirement due to a significant improvement in the fiscal balance and reduced amortization costs for FY 2021/22.

### **Public Debt**

Prudent management of the public debt is essential to safeguard the gains made in reducing the public debt and to maintain the current downward trajectory towards the legislated debt-to-GDP target of 60.0% or less by FY 2027/28. Over the medium term, the debt management strategy will continue to focus on 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 100.7% is projected for the end-FY 2021/22, and is forecasted to decline to 76.8% by end-FY 2024/25.

**Table 3G: CENTRAL GOVERNMENT SUMMARY ACCOUNTS (JMS)**

Item	Act 2017/18	Act 2018/19	Prov 2019/20	Proj 2020/21	Proj 2021/22	Proj 2022/23	Proj 2023/24	Proj 2024/25
<b>Revenue &amp; Grants</b>	<b>560,773.6</b>	<b>628,985.2</b>	<b>649,759.2</b>	<b>576,491.7</b>	<b>672,668.3</b>	<b>711,146.0</b>	<b>766,472.9</b>	<b>820,654.2</b>
Tax Revenue	496,894.6	542,919.4	579,397.0	508,887.7	572,461.2	638,468.1	687,958.5	736,692.3
Non-Tax Revenue	53,249.9	72,850.5	64,505.2	62,395.2	94,185.2	68,102.8	73,756.4	79,014.8
Bauxite Levy	127.5	136.5	0.0	145.3	148.7	152.7	156.8	161.0
Capital Revenue	4,887.1	2,531.7	1,200.2	48.0	96.4	107.6	116.5	124.8
Grants	5,614.4	10,547.0	4,656.8	5,015.5	5,776.8	4,314.9	4,484.7	4,661.3
<b>Expenditure</b>	<b>552,050.1</b>	<b>604,597.5</b>	<b>630,354.4</b>	<b>654,512.9</b>	<b>667,247.9</b>	<b>705,106.1</b>	<b>759,953.3</b>	<b>813,613.9</b>
Recurrent Expenditure	505,244.0	538,393.2	559,961.4	602,486.4	613,046.6	642,015.8	686,200.9	720,729.0
Programmes	176,779.5	209,079.7	216,856.6	241,436.7	247,821.2	254,288.4	281,101.0	300,196.7
Compensation of Employees	193,283.5	200,125.3	211,617.5	224,796.7	239,238.7	258,432.4	278,098.1	297,561.9
Wages & Salaries	178,366.3	183,505.5	195,935.5	207,912.6	221,859.5	238,652.1	256,841.9	274,816.8
Employer's Contribution	14,917.2	16,619.8	15,682.1	16,884.1	17,379.2	19,780.3	21,256.3	22,745.2
Interest	135,181.0	129,188.1	131,487.3	136,253.0	125,986.7	129,294.9	127,001.8	122,970.5
Domestic	63,783.5	51,026.0	47,596.1	53,765.7	50,346.0	54,659.0	51,916.1	50,764.8
External	71,397.5	78,162.1	83,891.2	82,487.3	75,640.7	74,635.9	75,085.7	72,205.7
Capital Expenditure	46,806.1	66,204.3	70,392.9	52,026.4	54,201.3	63,090.3	73,752.4	92,884.9
Capital Programmes	46,806.1	66,204.3	70,392.9	52,026.4	54,201.3	63,090.3	73,752.4	92,884.9
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>8,723.4</b>	<b>24,387.7</b>	<b>19,404.8</b>	<b>-78,021.2</b>	<b>5,420.4</b>	<b>6,040.0</b>	<b>6,519.6</b>	<b>7,040.2</b>
<b>Loan Receipts</b>	<b>207,133.0</b>	<b>114,180.1</b>	<b>126,060.1</b>	<b>215,528.9</b>	<b>130,305.6</b>	<b>128,677.4</b>	<b>95,874.1</b>	<b>246,533.3</b>
Domestic	72,894.2	76,553.2	74,978.7	154,870.2	89,979.5	93,405.7	70,052.3	174,643.6
External	134,238.8	37,626.9	51,081.4	60,658.7	40,326.1	35,271.7	25,821.9	71,889.8
<b>Amortization</b>	<b>232,289.9</b>	<b>132,990.1</b>	<b>169,046.6</b>	<b>158,555.6</b>	<b>146,258.5</b>	<b>167,145.7</b>	<b>119,630.8</b>	<b>263,931.9</b>
Domestic	168,627.6	80,008.1	70,480.6	111,178.0	64,411.9	116,510.9	21,933.9	167,432.8
External	63,662.3	52,982.0	98,565.9	47,377.6	81,846.6	50,634.8	97,696.9	96,499.1
<b>Other Inflows (inc'ds PCDF)</b>	<b>11,400.1</b>	<b>27,894.9</b>	<b>104,174.9</b>	<b>6,243.1</b>	<b>4,348.7</b>	<b>32,428.3</b>	<b>17,237.0</b>	<b>10,358.3</b>
<b>Other Outflows (incl'ds BOJ Recapitalization)</b>	<b>14,260.6</b>	<b>35,164.5</b>	<b>37,933.2</b>	<b>37,260.8</b>	<b>17,274.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-19,294.1</b>	<b>-1,691.9</b>	<b>42,660.0</b>	<b>-52,065.6</b>	<b>-23,458.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Primary Balance (Surplus +/Deficit -)</b>	<b>143,904.5</b>	<b>153,575.8</b>	<b>150,892.1</b>	<b>58,231.8</b>	<b>131,407.1</b>	<b>135,334.9</b>	<b>133,521.4</b>	<b>130,010.7</b>
<b>Total Payments</b>	<b>798,600.7</b>	<b>772,752.1</b>	<b>837,334.1</b>	<b>850,329.3</b>	<b>830,780.9</b>	<b>872,251.8</b>	<b>879,584.1</b>	<b>1,077,545.8</b>

Source: MOFPS (discrepancies due to rounding)

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

Item	Act 2017/18	Act 2018/19	Act 2019/20	Est 2020/21	Proj 2021/22	Proj 2022/23	Proj 2023/24	Proj 2024/25
<b>Revenue &amp; Grants</b>	<b>29.1%</b>	<b>30.6%</b>	<b>30.6%</b>	<b>29.6%</b>	<b>31.2%</b>	<b>29.6%</b>	<b>29.4%</b>	<b>29.4%</b>
Tax Revenue	25.8%	26.4%	27.3%	26.1%	26.6%	26.6%	26.4%	26.4%
Non-Tax Revenue	2.8%	3.5%	3.0%	3.2%	4.4%	2.8%	2.8%	2.8%
Bauxite Levy	0.0%	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%	0.0%
Grants	0.3%	0.5%	0.2%	0.3%	0.3%	0.2%	0.2%	0.2%
<b>Expenditure</b>	<b>28.6%</b>	<b>29.4%</b>	<b>29.7%</b>	<b>33.6%</b>	<b>31.0%</b>	<b>29.3%</b>	<b>29.2%</b>	<b>29.2%</b>
Recurrent Expenditure	26.2%	26.2%	26.4%	30.9%	28.5%	26.7%	26.4%	25.8%
Programmes	9.2%	10.2%	10.2%	12.4%	11.5%	10.6%	10.8%	10.8%
Compensation of Employees	10.0%	9.7%	10.0%	11.5%	11.1%	10.8%	10.7%	10.7%
Wages & Salaries	9.2%	8.9%	9.2%	10.7%	10.3%	9.9%	9.9%	9.9%
Employer's Contribution	0.8%	0.8%	0.7%	0.9%	0.8%	0.8%	0.8%	0.8%
Interest	7.0%	6.3%	6.2%	7.0%	5.8%	5.4%	4.9%	4.4%
Domestic	3.3%	2.5%	2.2%	2.8%	2.3%	2.3%	2.0%	1.8%
External	3.7%	3.8%	4.0%	4.2%	3.5%	3.1%	2.9%	2.6%
Capital Expenditure	2.4%	3.2%	3.3%	2.7%	2.5%	2.6%	2.8%	3.3%
Capital Programmes	2.4%	3.2%	3.3%	2.7%	2.5%	2.6%	2.8%	3.3%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>0.5%</b>	<b>1.2%</b>	<b>0.9%</b>	<b>-4.0%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>
<b>Loan Receipts</b>	<b>10.7%</b>	<b>5.6%</b>	<b>5.9%</b>	<b>11.1%</b>	<b>6.0%</b>	<b>5.4%</b>	<b>3.7%</b>	<b>8.8%</b>
Domestic	3.8%	3.7%	3.5%	8.0%	4.2%	3.9%	2.7%	6.3%
External	7.0%	1.8%	2.4%	3.1%	1.9%	1.5%	1.0%	2.6%
<b>Amortization</b>	<b>12.0%</b>	<b>6.5%</b>	<b>8.0%</b>	<b>8.1%</b>	<b>6.8%</b>	<b>7.0%</b>	<b>4.6%</b>	<b>9.5%</b>
Domestic	8.7%	3.9%	3.3%	5.7%	3.0%	4.8%	0.8%	6.0%
External	3.3%	2.6%	4.6%	2.4%	3.8%	2.1%	3.8%	3.5%
<b>Other Inflows (inc'ds PCDF)</b>	<b>0.6%</b>	<b>1.4%</b>	<b>4.9%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>1.3%</b>	<b>0.7%</b>	<b>0.4%</b>
<b>Other Outflows (incl'ds BOJ Recapitalization)</b>	<b>0.7%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>0.8%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-1.0%</b>	<b>-0.1%</b>	<b>2.0%</b>	<b>-2.7%</b>	<b>-1.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Primary Balance (Surplus +/Deficit -)</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.1%</b>	<b>3.0%</b>	<b>6.1%</b>	<b>5.6%</b>	<b>5.1%</b>	<b>4.7%</b>
<b>GDP</b>	<b>1,928,478.2</b>	<b>2,053,279.2</b>	<b>2,121,125.1</b>	<b>1,948,019.2</b>	<b>2,154,021.9</b>	<b>2,403,647.9</b>	<b>2,603,185.6</b>	<b>2,788,778.0</b>
<b>TOTAL PAYMENTS</b>	<b>41.4%</b>	<b>37.6%</b>	<b>39.5%</b>	<b>43.7%</b>	<b>38.6%</b>	<b>36.3%</b>	<b>33.8%</b>	<b>38.6%</b>

Source: MOFPS (discrepancies due to rounding)



## **FY 2021/22 BUDGET – SELF-FINANCING PUBLIC BODIES**

The group of SFPBs (now 53<sup>3</sup>) is expected to attain an Overall Balance deficit of \$148.82mn for FY 2021/22 (estimated \$13,474.8mn deficit for FY 2020/21). This \$13,325.97mn improvement should flow from expected improvements in the operating outcomes of the SFPBs. Capital expenditure is projected to increase by \$19,449.51mn, relative to the estimate of \$88,600.02mn for FY 2020/21.

With respect to capital expenditure, both the NHT (\$59,763.17mn) and NWC (\$7,318.53mn) should account for \$67,081.70mn (76.0%) of the planned expenditure. The Airports Authority of Jamaica (AAJ) (\$3,435.89mn), Port Authority of Jamaica (\$2,762.10mn), Housing Agency of Jamaica (HAJ) (\$2,685.29mn), Ports Management Security Limited (PMSL) (\$2,478.55mn) and Petrojam (\$1,845.12mn) will account for \$13,206.95mn (61.0%) of the remaining capital expenditure.

### **National Housing Trust (NHT)**

In its effort to support the GOJ's medium term housing plan to develop 70,000 new housing solutions over five years, the NHT plans to increase its housing expenditure from \$51,991.78 million in FY 2020/21 to \$71,833.58 million in FY 2024/25. The NHT's medium term housing programme consists of plans to commence construction on 26,500 new housing solutions and to deliver 22,800 solutions, comprising a mix of houses and residential lots, by March 31, 2024. To this end, the NHT plans to spend \$57,723.20 million on housing activities during FY 2021/22. This should facilitate commencement of 8,513 solutions, completion of 7,043 units and 12,083 new mortgages.

Given the significant increase in housing solutions to be delivered and the associated costs, the NHT plans to utilise its assets to finance the planned increase in delivery of housing solutions during the fiscal year. In this regard, NHT forecasts capital revenue inflows of approximately \$36,814.57mn (estimated \$26,178.02mn for FY 2020/21).

### **National Water Commission (NWC)**

The continued pursuit of water and sewage infrastructure rehabilitation will improve NWC's service delivery to its customers. Included in these activities will be continued efforts towards reduction of the level of non-revenue water. Planned capital expenditure of \$7,318.53mn includes financing for the replacement of mains (including that for Spanish Town Road), sewage rehabilitation/extension works and installation of meters.

### **Airports Authority of Jamaica (AAJ)**

As part of its plans to develop local aviation, the AAJ projects capital expenditure of \$3,435.89mn (FY 2020/21: \$1,594.68mn). Approximately \$1,400.33mn is allocated to facilitate rehabilitative works

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<sup>3</sup> The operations of the Micro Investment Development Agency are expected to be subsumed into the National Export Import Bank of Jamaica.



at domestic aerodromes (inclusive of the Vernamfield Aerodrome), as well as at the Ian Flemming International Airport. Approximately \$1,008.22mn of the capital spend is allocated for the NMIA shoreline protection project.

#### Port Authority of Jamaica (PAJ)

The PAJ will continue to pursue projects aimed at enhancing efficiency and security at the ports. The main components of the projected capital expenditure of \$2,762.10mn includes \$1,275.79mn to facilitate the acquisition of the Jamaica II Buoy Tender vessel to effect offshore repairs, as well as \$440.0mn to fund ongoing works at the Port Royal cruise terminal.

#### Petrojam Limited

Petrojam will continue to undertake major maintenance at the refinery toward improving operating efficiencies. In this regard, the Entity plans to replace/upgrade/renovate the storage tanks, pumps, pipelines, office and laboratory equipment, as well as other areas of the facility. These activities are projected to cost \$1,824.30mn and account for 99.0% of total capital expenditure.

#### Ports Management Security Limited (PMSL)

PMSL, a joint venture between the PAJ and Kingston Wharves Limited, will continue its efforts to increase the level of security at the Island's Ports through the provision of specialised equipment. During FY 2021/22, PMSL plans to purchase closed-circuit televisions (CCTVs) valued at \$472.45mn and two (2) pallet scanners at amounts totalling \$1,612.90mn, for use at the Kingston Wharf and Kingston Container Terminal (KCT) Ports.

Flows from Public Bodies to GOJ (net of Petrojam amounts collected for and paid to GOJ) are projected at \$22,013.76mn and should include corporate taxes and financial distributions. The SCT and Ad Valorem Tax collected by Petrojam Limited for the GOJ should total \$35,892.84mn. Meanwhile, SFPBs that should benefit from GOJ transfers of \$14,816.03mn include the Jamaica Urban Transit Corporation for operational support (\$5,346.30mn) and the National Road Operating and Constructing Company – support for the entity's debt servicing and other obligations (\$4,843.17mn).

Table 3I, outlines the financial projection of the group of self-financing public bodies for FY 2021/22.

**Table 3I: Summary of Financial Forecast for FY 2021/22 (Selected & Other) Public Bodies (J\$mn)**

		J\$m		
		Actual 2019/20	Original 2020/21	Estimated 2020/21
				Projected 2021/22
<b>Statement 'A' Flow of Funds</b>				
1	Current Revenue	420,668.90	283,883.59	313,429.11
2	Current Expenses	(359,319.84)	(268,882.04)	(292,537.56)
3	Current Balance	61,349.05	15,001.54	20,891.55
4	Adjustments	23,752.57	16,739.76	26,508.86
	Change in Accounts		0.00	0.00
	Receivable/Payable	1,292.38	(1,727.38)	(10,943.97)
	Items not requiring outlay of cash:	0.00	0.00	0.00
	Depreciation	15,179.01	15,647.20	15,230.26
	Other Non-Cash Items	7,281.17	2,819.93	22,222.57
	Prior Year Adjustment	0.00	0.00	0.00
5	Operating Balance	85,101.62	31,741.30	47,400.41
6	Capital Account	(42,287.23)	(39,798.88)	(18,666.23)
	Revenue	23,019.00	21,164.93	45,351.94
	Expenditure	(60,507.26)	(63,864.81)	(69,150.51)
	Investment	(182.64)	(1,744.21)	(502.82)
	Change in Inventory	(4,616.34)	4,645.21	5,635.16
7	Transfers from Government	17,780.39	13,523.23	11,463.59
	Loans	0.00	0.00	0.00
	Equity	0.00	0.00	0.00
	On-Lending	0.00	0.00	0.00
	Other	17,780.39	13,523.23	11,463.59
8	Transfers to Government	(62,380.83)	(47,132.95)	(53,672.57)
	Dividend	(12,743.37)	(17,113.61)	(16,745.51)
	Loan Repayments	0.00	0.00	0.00
	Corporate Taxes	(3,437.51)	(393.72)	(522.88)
	Other	(46,199.95)	(29,625.62)	(36,404.18)
9	OVERALL BALANCE (5+6+7+8)	(1,786.05)	(41,667.30)	(13,474.80)
10	FINANCING (11+15)	1,786.05	41,667.30	13,474.80
10a	Total	21,174.20	41,803.36	34,817.07
	Capital Revenue	203.16	982.58	608.05
	Loans	17,726.89	40,326.78	33,293.68
	Equity	1,000.00	0.00	1,550.00
	On-Lending	2,162.00	1,370.00	750.00
	Loan Repayments	82.15	(876.00)	(1,384.66)
11	Total Foreign (12+13+14)	(20,160.04)	(30,814.32)	(29,484.32)
12	Government Guaranteed Loans	(7,144.36)	(5,682.04)	(6,449.76)
	Disbursement	1,225.58	0.00	251.42
	Amortization	(8,369.94)	(5,682.04)	(6,701.18)
13	Direct Loans	(12,954.38)	(26,170.89)	(23,034.56)
	Long Term:	(4,616.52)	(18,528.45)	(20,071.28)
	Disbursement	3,536.55	2,735.83	333.33
	Amortisation	(8,153.07)	(21,264.28)	(20,404.61)
	Short Term:	(8,337.87)	(7,642.44)	(2,963.28)
	Change in Trade Credits	(8,337.87)	(7,642.44)	(2,963.28)
14	Change in Deposits Abroad	(61.30)	1,038.61	0.00
15	Total Domestic (16+17+18)	771.90	30,678.26	8,142.05
16	Banking System	9,505.83	22,006.63	4,105.78
	Loans (Change)	6,594.41	2,271.11	(411.05)
	Overdraft (Change)	(6.15)	(21.79)	204.80
	Deposits (Change)	2,917.57	19,757.31	4,312.03
17	Non-Banks (Change)	(37.15)	0.00	0.00
18	Other (Change)	(8,696.78)	8,671.64	4,036.27

Source: MOFPS

# APPENDIX I

## Central Government Medium Term Expenditure Profiles

### 2019/2020 - 2024/2025 (\$'000)

**Table IA - Non-Debt Recurrent Expenditure Estimates**

Heads	Revised Estimates 2019/20	Revised Expenditure 2020/21	Provisional Expenditure Apr-Dec 2020/21	Estimates of Expenditure 2021/22	Projected Expenditure 2022/23	Projected Expenditure 2023/24	Projected Expenditure 2024/25
His Excellency the Governor-General and Staff	290,111	345,091	191,192	365,934	381,184	397,202	414,031
Houses of Parliament	1,104,039	1,191,931	848,500	1,293,275	1,305,604	1,332,764	1,360,851
Office of the Public Defender	143,650	151,873	99,558	157,771	160,718	163,789	166,990
Auditor General	905,108	896,283	605,671	933,587	939,766	964,263	989,713
Office of the Services Commissions	292,111	331,735	217,853	371,134	344,856	351,813	358,985
Office of the Children's Advocate	201,331	190,470	120,470	202,377	212,959	218,491	224,286
Independent Commission of Investigations	478,775	526,224	374,184	545,570	530,701	543,830	557,510
Integrity Commission	712,950	923,650	396,892	923,650	874,630	903,287	933,400
Office of the Prime Minister	7,739,017	9,453,991	7,585,293	7,321,402	7,392,742	7,693,550	7,982,626
Office of the Cabinet	703,738	763,624	534,203	777,675	797,264	818,122	841,309
Ministry of Tourism	11,525,361	10,910,790	8,370,830	10,914,460	11,556,768	12,168,547	12,797,628
Ministry of Economic Growth and Job Creation	13,841,258	10,636,190	8,938,929	10,967,260	8,757,851	9,098,234	9,459,887
Ministry of Finance and Public Service	71,811,448	87,750,882	62,790,779	87,589,217	110,483,958	147,392,320	184,884,215
Ministry of Housing, Urban Renewal, Environment and Climate Change	-	1,284,752	383,472	2,708,849	2,636,106	2,704,423	2,819,464
Ministry of National Security	76,948,278	80,940,635	60,953,640	81,502,520	81,870,503	84,017,073	86,252,019
Ministry of Justice	8,405,288	8,468,646	5,891,393	9,103,649	9,182,371	9,474,381	9,716,831
Ministry of Foreign Affairs and Foreign Trade	4,996,749	4,457,129	3,293,115	4,475,380	4,582,080	4,693,903	4,810,611
Ministry of Labour and Social Security	2,997,379	4,035,986	2,730,696	13,652,216	14,500,019	15,837,211	16,064,863
Ministry of Education, Youth and Information	112,229,146	112,921,896	84,917,900	117,393,001	119,585,897	121,527,355	123,545,461
Ministry of Health and Wellness	70,276,433	80,818,201	60,834,510	86,558,648	88,118,164	88,919,996	82,631,492
Ministry of Culture, Gender, Entertainment and Sport	4,245,039	3,819,929	2,379,991	3,649,902	3,784,543	3,921,920	4,069,039
Ministry of Industry, Commerce, Agriculture and Fisheries	10,291,973	5,345,320	5,415,631	-	-	-	-
Ministry of Agriculture and Fisheries	-	4,431,297	2,195,636	8,358,456	8,648,429	8,952,488	9,271,306
Ministry of Industry, Investment and Commerce	-	1,462,595	656,663	3,388,968	3,235,113	3,353,271	3,480,259
Ministry of Science, Energy and Technology	6,466,610	8,135,043	4,109,844	8,245,077	6,954,960	6,952,949	7,308,494
Ministry of Transport and Mining	12,194,816	12,019,615	9,027,237	11,496,748	12,208,961	12,847,072	13,519,907
Ministry of Local Government and Rural Development	13,401,673	14,019,669	10,434,456	14,163,177	13,674,675	13,950,866	13,297,392
<b>Total Above-The -Line Recurrent</b>	<b>432,202,281</b>	<b>466,233,447</b>	<b>344,298,537</b>	<b>487,059,903</b>	<b>512,720,822</b>	<b>559,199,120</b>	<b>597,758,569</b>
<b>Below -The - Line Recurrent</b>	<b>37,933,200</b>	<b>37,260,800</b>		<b>17,274,460</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>470,135,481</b>	<b>503,494,247</b>	<b>344,298,537</b>	<b>504,334,363</b>	<b>512,720,822</b>	<b>559,199,120</b>	<b>597,758,569</b>

**Table IB - Capital Expenditure Estimates**

HEADS	Revised Estimates 2019/2020	Revised Estimates 2020/2021	Provisional Expenditure Apr-Dec	Estimates of Expenditure 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
Office of the Prime Minister	4,114,058	4,430,563	1,711,077	5,878,657	3,833,652	3,055,990	1,381,700
Office of the Cabinet	691,390	91,258	46,869	-	-	-	-
Ministry of Economic Growth and Job Creation	23,912,756	14,014,495	10,265,017	20,383,298	29,864,774	19,124,513	1,679,182
Ministry of Finance and Public Service	2,821,843	3,428,153	1,716,857	12,415,683	7,825,118	37,502,054	88,441,297
Ministry of Housing, Urban Renewal, Environment and Climate Change	-	231,393	49,336	309,939	65,000	-	-
Ministry of National Security	19,556,576	9,697,819	7,545,611	6,480,397	5,713,415	3,500,000	500,000
Ministry of Justice	960,419	563,375	266,940	520,000	-	-	-
Ministry of Labour and Social Security	8,146,307	13,093,521	11,343,574	81,094	-	-	-
Ministry of Education, Youth and Information	1,216,223	633,292	376,748	1,163,000	1,350,000	-	-
Ministry of Health and Wellness	5,154,497	2,938,452	1,627,581	2,714,648	7,907,602	6,144,686	882,739
Ministry of Culture, Gender, Entertainment and Sport	25,457	31,784	25,184	-	-	-	-
Ministry of Industry, Commerce, Agriculture and Fisheries	2,279,340	578,389	565,125	-	-	-	-
Ministry of Agriculture and Fisheries	-	1,137,154	278,935	1,286,052	4,252,870	2,364,905	-
Ministry of Industry, Investment and Commerce	-	197,332	60,339	349,697	810,230	810,230	-
Ministry of Science, Energy and Technology	358,776	223,732	26,331	313,503	1,167,666	1,250,000	-
Ministry of Transport and Mining	500	-	-	-	-	-	-
Ministry of Local Government and Rural Development	2,040,478	735,705	524,691	2,305,350	300,000	-	-
<b>TOTAL CAPITAL</b>	<b>71,278,620</b>	<b>52,026,417</b>	<b>36,430,214</b>	<b>54,201,318</b>	<b>63,090,327</b>	<b>73,752,378</b>	<b>92,884,918</b>
<b>Total Above-The -Line Recurrent</b>	<b>432,202,281</b>	<b>466,233,447</b>	<b>344,298,537</b>	<b>487,059,903</b>	<b>512,720,822</b>	<b>559,199,120</b>	<b>597,758,569</b>
<b>Below The Line Expenditure</b>	<b>37,933,200</b>	<b>37,260,800</b>		<b>17,274,460</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL RECURRENT &amp; CAPITAL EXPENDITURE</b>	<b>541,414,101</b>	<b>555,520,664</b>	<b>380,728,750</b>	<b>558,535,681</b>	<b>575,811,149</b>	<b>632,951,498</b>	<b>690,643,487</b>

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

Object Classification	Revised Estimates 2019/2020	Revised Estimates 2020/2021	Estimates of Expenditure 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
Compensation of Employees	212,134,167	224,796,700	239,238,693	258,432,419	278,098,150	297,561,912
Recurrent Programmes (of which:)	220,068,225	241,436,747	247,821,210	254,288,403	281,100,970	300,196,657
<i>Travel Expenses and Subsistence</i>	19,593,188	20,480,601	21,220,491	21,543,461	21,813,132	21,973,375
<i>Rental of Property and Machinery</i>	5,098,631	6,347,925	5,770,216	6,043,138	6,367,130	6,670,934
<i>Utilities and Communication Services</i>	9,955,939	10,957,497	10,845,545	10,818,928	11,668,021	12,718,678
<i>Use of Goods and Services</i>	47,979,700	48,858,662	56,334,828	55,983,873	56,691,597	50,724,343
<i>Grants, Contributions and Subsidies</i>	80,850,733	101,122,496	79,738,502	82,501,309	85,077,106	87,701,838
<i>Retirement Benefits</i>	36,896,944	38,127,148	39,038,057	43,388,653	45,398,695	46,524,720
<i>Awards and Social Assistance</i>	12,037,960	10,954,480	21,876,995	22,032,682	23,288,011	23,488,644
Others	7,655,130	4,587,938	12,996,576	11,976,359	30,797,278	50,394,125
<b>Total Above-The -Line Recurrent</b>	<b>432,202,392</b>	<b>466,233,447</b>	<b>487,059,903</b>	<b>512,720,822</b>	<b>559,199,120</b>	<b>597,758,569</b>
Below The Line Expenditure	37,933,089	37,260,800	17,274,460	-	-	-
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>470,135,481</b>	<b>503,494,247</b>	<b>504,334,363</b>	<b>512,720,822</b>	<b>559,199,120</b>	<b>597,758,569</b>

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

	Revised Estimates 2019/2020	Revised Estimates 2020/2021	Estimates of Expenditure 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
<b>1 General Public Services</b>						
1 Executive and Legislative Services	4,893,576	5,013,268	6,357,499	6,435,974	6,172,403	4,185,068
2 Economic and Fiscal Policies Management	65,235,201	80,439,884	57,705,020	58,318,820	92,633,032	128,360,646
3 Personnel Management	7,672,011	7,634,957	7,718,593	8,211,815	8,762,829	9,358,059
4 Foreign Affairs	5,122,430	4,540,467	4,475,380	4,582,080	4,693,903	4,810,611
5 Economic Planning and Statistical Services	3,370,419	2,944,516	3,890,381	2,261,950	2,198,874	2,256,118
6 Public Works	1,113,619	386,801	368,255	377,198	386,366	395,761
7 Public Debt Management Services, Internal Debt	127,029,983	164,943,694	114,757,888	171,169,958	73,850,033	218,197,554
8 Public Debt Management Services, External Debt	190,627,547	129,864,941	157,487,318	125,270,682	172,782,548	168,704,794
99 Other General Public Services	53,784,047	54,093,504	62,877,581	62,624,443	94,667,872	147,522,586
<b>Total General Public Services</b>	<b>458,848,833</b>	<b>449,862,032</b>	<b>415,637,915</b>	<b>439,252,920</b>	<b>456,147,860</b>	<b>683,791,197</b>
<b>2 Defence Affairs and Services</b>						
1 Military Defence	37,037,549	32,004,879	30,636,025	30,173,336	31,164,678	29,046,290
<b>Total Defence Affairs and Services</b>	<b>37,037,549</b>	<b>32,004,879</b>	<b>30,636,025</b>	<b>30,173,336</b>	<b>31,164,678</b>	<b>29,046,290</b>
<b>3 Public Order and Safety</b>						
1 Police Services	50,974,954	49,886,062	48,933,368	48,777,075	47,490,053	48,605,289
3 Law Courts	9,614,807	9,032,008	9,623,649	9,182,371	9,474,381	9,716,831
4 Correctional Services	8,152,649	8,747,513	8,413,524	8,633,507	8,862,342	9,100,440
<b>Total Public Order and Safety</b>	<b>68,742,410</b>	<b>67,665,583</b>	<b>66,970,541</b>	<b>66,592,953</b>	<b>65,826,776</b>	<b>67,422,560</b>
<b>4 Economic Affairs</b>						
1 Industry and Commerce	5,224,778	4,690,036	5,257,287	6,330,251	5,520,565	4,399,811
2 Labour Relations and Employment Services	1,344,757	1,812,525	2,126,717	2,443,865	2,540,790	2,624,061
3 Agriculture, Forestry and Fishing	10,458,407	11,251,599	11,410,737	14,566,901	13,028,145	11,072,428
4 Fuel and Energy	1,830,998	971,625	950,614	1,809,839	1,932,812	685,908
5 Mining, Manufacturing and Construction	205,813	187,815	184,554	224,008	196,032	199,750
6 Road Construction and Repairs	26,315,144	16,930,035	24,348,887	30,715,313	21,139,076	4,371,125
7 Road Transport	7,081,157	5,755,112	5,955,105	6,258,020	6,589,279	6,938,638
8 Rail Transport	180,704	188,704	254,000	263,398	273,143	283,250
9 Shipping, Ports and Lighthouses	190,869	205,423	276,636	239,976	245,436	251,020
10 Civil Aviation	3,864,740	5,206,501	4,389,946	4,780,000	5,041,750	5,317,288
11 Postal Services	2,224,676	2,195,960	2,234,490	2,296,585	2,360,934	2,427,630
12 Telecommunication Services	2,070,693	4,026,534	4,101,115	2,627,220	2,517,490	2,763,389
13 Tourism	11,810,655	10,970,823	11,033,513	11,676,175	12,283,697	12,913,150
14 Physical Planning and Development	928,275	1,077,895	1,294,910	1,683,943	1,642,245	1,609,446
15 Scientific and Technological Services	1,077,281	920,847	1,007,758	1,085,954	1,087,194	1,126,889
99 Other Economic Affairs	14,073	7,202	7,439	7,623	7,813	7,960
<b>Total Economic Affairs</b>	<b>74,823,020</b>	<b>66,398,636</b>	<b>74,833,708</b>	<b>87,009,071</b>	<b>76,406,401</b>	<b>56,991,743</b>
<b>5 Environmental Protection and Conservation</b>						
1 Solid Waste Management	1,403,326	1,649,186	1,317,982	726,803	726,803	736,803
3 Pollution Abatement	25,724	14,828	21,773	7,918	8,070	8,226
4 Protection of Biodiversity and Landscape	2,316,199	1,649,040	1,733,862	1,121,163	1,088,913	1,124,120
99 Other Environmental Protection and Conservation	135,904	158,636	432,900	223,833	-	-
<b>Total Environmental Protection and</b>	<b>3,881,153</b>	<b>3,471,690</b>	<b>3,506,517</b>	<b>2,079,717</b>	<b>1,823,786</b>	<b>1,869,149</b>
<b>6 Housing and Community Amenities</b>						
1 Housing Development	636,619	953,101	1,423,181	1,510,347	1,563,935	1,620,782
2 Community Development	9,995,645	8,968,255	10,890,524	9,059,176	8,936,862	8,177,209
3 Water Supply Services	1,284,238	1,003,379	634,867	487,426	501,739	516,722
<b>Total Housing and Community Amenities</b>	<b>11,916,502</b>	<b>10,924,735</b>	<b>12,948,572</b>	<b>11,056,949</b>	<b>11,002,536</b>	<b>10,314,713</b>
<b>7 Health Affairs and Services</b>						
1 Health Administration	10,602,197	17,985,452	18,573,794	25,730,888	22,564,320	8,665,763
3 Outpatient Services	218,886	-	-	-	-	-
4 Hospital Services	5,939,484	6,384,945	6,384,945	6,384,945	6,384,945	6,384,945
5 Public Health Services	56,984,399	59,386,256	64,314,557	63,909,933	66,115,417	68,463,523
<b>Total Health Affairs and Services</b>	<b>73,744,966</b>	<b>83,756,653</b>	<b>89,273,296</b>	<b>96,025,766</b>	<b>95,064,682</b>	<b>83,514,231</b>

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

	Revised Estimates 2019/2020	Revised Estimates 2020/2021	Estimates of Expenditure 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
<b>8 Recreation, Culture and Religion</b>						
1 Recreational and Sporting Services	735,107	658,527	585,853	584,042	633,273	656,483
2 Art and Cultural Services	2,050,558	1,791,908	1,578,140	1,669,267	1,731,062	1,803,282
3 Broadcasting and Publishing Services	1,198,448	1,105,132	1,112,073	1,149,021	1,337,833	1,218,056
4 Religious and Other Community Services	-	-	-	-	-	-
5 Youth Development Services	453,407	214,676	238,046	249,435	253,972	259,264
<b>Total Recreation, Culture and Religion</b>	<b>4,437,520</b>	<b>3,770,243</b>	<b>3,514,112</b>	<b>3,651,765</b>	<b>3,956,140</b>	<b>3,937,085</b>
<b>9 Education Affairs and Services</b>						
1 Education Administration	4,589,043	11,979,377	10,511,442	10,442,752	10,647,734	10,854,694
2 Pre-Primary Education	3,697,660	3,820,635	4,556,333	4,818,214	4,547,918	4,636,430
3 Primary Education	30,567,516	31,946,626	32,895,364	33,128,606	33,970,307	34,814,599
4 Secondary Education	39,187,392	34,360,728	35,467,008	36,724,713	36,036,066	36,622,326
5 Tertiary Education	20,732,553	20,144,701	20,180,304	20,295,140	20,544,045	21,015,235
6 Education Not Definable by Level	1,417,909	1,374,249	1,507,501	1,409,470	1,433,821	1,457,893
7 Subsidiary Services to Education	9,853,037	6,616,976	10,048,850	10,597,597	10,547,682	10,357,405
<b>Total Education Affairs and Services</b>	<b>110,045,110</b>	<b>110,243,292</b>	<b>115,166,802</b>	<b>117,416,492</b>	<b>117,727,573</b>	<b>119,758,582</b>
<b>10 Social Security and Welfare Services</b>						
1 Sickness and Disabled	201,671	301,709	333,203	371,997	384,338	391,920
2 Senior Citizens	70,047	130,288	931,236	945,500	981,161	1,044,067
3 Survivors Assistance	24,566	365,846	284,361	287,885	288,870	289,897
4 Family and Children	2,779,558	2,903,664	2,941,915	3,055,351	3,171,386	3,299,332
99 Other Social Security and Welfare Services	12,518,726	18,530,049	13,802,684	14,332,087	15,637,892	15,875,069
<b>Total Social Security and Welfare Services</b>	<b>15,594,568</b>	<b>22,231,556</b>	<b>18,293,399</b>	<b>18,992,820</b>	<b>20,463,647</b>	<b>20,900,285</b>
99 Unallocated		-	-	-	-	-
<b>Total Unallocated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURE (with Public Debt)</b>	<b>859,071,631</b>	<b>850,329,299</b>	<b>830,780,887</b>	<b>872,251,789</b>	<b>879,584,079</b>	<b>1,077,545,835</b>



## APPENDIX II

### Developments in the Financial Sector

#### Introduction

Despite the effects of COVID-19, the Ministry of Finance and the Public Service (MoFPS) continued to pursue key reforms to enhance the resilience and stability of the financial sector, during Fiscal Year 2020/21. Cabinet's approval was sought for the continuation of legislative matters being processed prior to the General Elections held in September 2020 and the resulting formation of a new administration. The MOFPS achieved two significant milestones with the passage of the Microcredit Bill in Parliament at the end of January 2021 and the approval of the order to increase the deposit insurance coverage limit to \$1.2 million under the Deposit Insurance Act (DIA), effective August 31, 2020. The Bill was passed in the Lower House on Tuesday November 17, 2020 and in the Senate on Friday, December 4, 2020. The Bill was approved for tabling in the Houses of Parliament by the Cabinet on November 2, 2020 in keeping with the recommendation of the Legislation Committee. Advances have also been made to other key pieces of legislation, which are at different stages of progress, as detailed below.

#### Private Sector Pensions Reform

The **Income Tax (Amendment) Bill** and the **Pensions (Superannuation Funds & Retirement Schemes) (Amendment) Bill** continued through their iterative processes, with the latest drafts received from the Chief Parliamentary Counsel (CPC) on September 1, 2020 and September 16, 2020, respectively. The Financial Services Commission (FSC) commented on the Pensions (Amendment) Bill and the Tax Administration Jamaica (TAJ) commented on both Bills. The second phase of private sector pension reform seeks to ensure that there is an adequate level of pension benefits, foster security of benefits for participants and ensure an effectively regulated private pensions industry by the Financial Services Commission.

#### Insurance (Amendment) Act

During the review period, the MOFPS received additional proposals from the Financial Services Commission and the Attorney General's Chambers provided their feedback. The **Insurance (Amendment) Bill** seeks to, among other things, facilitate the creation of a micro-insurance legislative framework.

#### Proposed Microcredit Act

Following consultations with major stakeholders and several redrafts, the revised Bill was approved by the Legislation Committee and then by the Cabinet for tabling in the Houses of Parliament. The Bill



was passed in the House of Representatives on January 19, 2021 and in the Senate on January 22, 2021. The **Microcredit Act** provides for the licensing and regulation of microcredit institutions.

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

The latest draft **Bill** was circulated to stakeholders, including the Attorney General's Chambers and the BOJ. Further instructions were sent to the Chief Parliamentary Counsel (CPC) to have the Bill revised in January 2021. The next step is to finalize the Bill for submission to the Legislation Committee, once the key issues are settled. The **Credit Union (Special Provisions) Bill** seeks to enact legislation to place the Credit Unions under the regulatory purview of the Bank of Jamaica.

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

The MOFPS issued additional drafting instructions to the (CPC) to revise the **Financial Institutions (Special Resolution Framework) Bill** in September and November 2020. The proposed legislation for the special resolution regime for financial institutions is intended to enhance the resilience and stability of the financial system in Jamaica by providing a framework to address the resolution of non-viable financial institutions in an orderly way that minimizes the resort to public funds whilst preserving vital economic functions.

### **Proposed Amendment to the Financial Services Commission (FSC) Act**

The **FSC (Amendment) Bill** went through several iterations, and the next step is to finalize the Bill for submission to the Legislation Committee of the Cabinet, once the Attorney General's Chambers provides their non-objection on the Bill. The **FSC (Amendment) Bill** seeks to facilitate the development of the regime for consolidated supervision of non-deposit taking institutions (non-DTIs) groups.

### **Deposit Insurance Coverage Limit**

Subsequent to receiving a proposal from the JDIC to increase the deposit insurance coverage limit, the Order was approved in the House of Representatives on July 28, 2020 and in the Senate on August 12, 2020. The coverage limit was increased to \$1.2 million and took effect on August 31, 2020, after publication in the Gazette.

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

The Consumer Protection Framework for deposit taking institutions (DTIs) was submitted to the Cabinet which approved the policy. Drafting instructions are being finalised, pending clarification of certain issues by the Bank of Jamaica. The proposed new legislation seeks to provide for consumer protection for deposit taking institutions and other institutions regulated by the Bank of Jamaica.

## **Regulatory Framework for Virtual Assets and Virtual Asset Service Providers**

The MOFPS received from the FSC a revised draft proposal for a Regulatory Framework for Virtual Assets and Virtual Asset Service Providers. The MOFPS shared the relevant policy proposal with major stakeholders for comments. Next step is for the policy proposal to be submitted to Cabinet by March 2021.

## **Financial Investigations Division MOFPS**

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

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

The Consultant retained to chart the way toward Department status completed his final report on March 30, 2020, which was submitted to the Ministry for the necessary approvals. This conversion will bring the FID into compliance with its governing statute.

### **❖ Constabulary Financial Unit (CFU)**

For the period under review, the CFU was successful in obtaining **10** convictions, including, joining with MOCA to obtain a conviction in respect of the largest fraud case prosecuted in Jamaica.

### **❖ National Risk Assessment (NRA)**

The FID collaborated with the BOJ to conduct the NRA to assess Jamaica's money laundering and terrorism financing threats and vulnerabilities. The World Bank tool was utilized to collate and analyse information from law enforcement and other agencies. FID successfully completed three (3) Modules namely:

- Threat Assessment (module 1)
- National Vulnerability (module 2) and
- National Terrorism Financing Threat and Vulnerability (Module 8)

For 2020, FID conducted interviews, administered questionnaires and collected data from over 40 entities in both the public and private sectors. These engagements enabled completion of the assessment process.

❖ **goAML**

During the year, the goAML platform was upgraded to accept reports under the Terrorism Prevention Act (TPA) and in September 2020 entities commenced filing compliance returns under the TPA. For the period to December 2020, 554 entities were registered and the FID received and processed 66,509 reports as follows:

**Under POCA**

- i. *Suspicious Transaction Report* - 7,478
- ii. *Threshold Transaction Report* - 58,684
- iii. *Authorised Disclosure Reports (Request to Consent)* – 54

**Under TPA**

- iv. *TPA compliance report* - 290
- v. *Authorised disclosure* - 3

❖ **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. An Auction was held for forfeited properties, the successful bidders will be vetted to complete the sale. A total of \$12.4m cash and a bank account were forfeited during the period.

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

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

Despite the effects of Covid-19, the audited financial statements for the year ended March 2020 for FIS and FINSAC were completed within schedule and submitted to the Ministry of Finance on July 29, 2020.

- 1) There are two significant litigation matters being pursued in the Courts against FINSAC, namely:
  - a) A case inherited by FINSAC against the former Eagle Commercial Bank for allegedly withholding \$15M from its customer's account and the claim for resultant loss of business/profit. Judgment was handed down in favour of the claimant in 2014 requiring FINSAC to pay \$15M plus interest compounded monthly from October 1992, and costs. This decision was reversed on appeal now requiring FINSAC to pay \$9M plus simple

interest instead of compound, with both parties paying some costs. The claimant has received final leave to appeal the matter to the Privy Council and has filed the relevant documents, to which FINSAC has filed an objection that the appeal be dismissed. A date is awaited for the hearing.

- b) In the second matter, due to the inordinate delay of four years by the Court of Appeal to deliver its judgment in a hearing, the claimant filed an application seeking, *inter alia*, to set aside that hearing, for a new hearing to be scheduled and for the Government to cover all costs to date. All three judges who heard the appeal had proceeded on retirement.

When the application was heard, the Judges ruled that the hearing was a nullity and that a date be set for a fresh appeal, but made no order for costs. The claimant obtained final leave to appeal to the Privy Council on the matter of costs and a date is awaited for that hearing. The claimant died in May 2020 and his son was substituted as the appellant in September 2020, however no further action has been taken. In the meantime, a claim has been filed against the deceased estate in Florida.

For FIS, the remaining matters to be pursued are:

- i) Preparation of audited accounts for year ending March 2021;
- ii) The transfer of the two unsold properties to the Commissioner of Lands (if not completed before March 31, 2021); and
- iii) Finalising outstanding matters for Jamaica Grande Limited so that cash may be distributed and thereafter apply to strike-off the company from the list of companies under FIS control.

## APPENDIX III

### STRATEGIC HUMAN RESOURCE MANAGEMENT

#### HR POLICY AND INFORMATION MANAGEMENT

##### *Human Resource Policies*

During FY 2020/21 priority was redirected to the development of a *Public Sector Flexi-Work Policy* to provide a reference point for public sector entities, with respect to the implementation of flexible work arrangements guided by the protocols of the COVID-19 pandemic.

#### ESTABLISHMENT, COMPENSATION AND BENEFITS

##### *HR Transformation*

The HR Transformation agenda continues apace. The programme consists of the roll out of the HR Operating Model including HR Shared Services; the development of a new compensation structure utilizing a standardized Job Evaluation tool and a review and restructure of HR processes to support the roll out of the new HR Operating Model.

The HR Shared Services which is one arm of the HR Operating Model, has progressed steadily and is now at the pilot stage of execution during Q4 of FY 2020/2021. The HR Shared Services will execute the administrative functions of HR on behalf of Ministries and Departments, thereby enabling more focus on Strategic Human Resource Management and Development within the Ministries and Departments.

Work has started to transform the Strategic Human Resource Management Division (SHRMD) and the Office of the Services Commissions (OSC) into centres of Excellence and the HR Departments into strategic partners. The first phase entails the review and restructure of HR processes to support the thrust of the centres of excellence and this is expected to conclude by March 31 2021.

##### *Compensation Review*

The compensation review of the public sector was completed and recommendations regarding a unified factor based job evaluation scheme and corresponding pay ranges have been approved by the Cabinet. Public sector unions are being advised of the results of the compensation review which is expected to inform negotiations for the comprehensive restructure of public sector compensation.

## ***Wage Negotiations***

Public Sector wage negotiations for the contract period 2017-2021 continued in FY 2020/2021. At end -December 2020, settlements were reached with approximately 98% of employees paid from the Consolidated Fund. The Government continues to engage the remaining 2% in an effort to conclude settlements for the contract period.

During FY 2020/21, industrial harmony was maintained at approximately 97% as projected. Negotiations for the new contract period will commence in FY 2021/22 and the Government is expected to receive over 35 claims from Trade Unions and Staff Associations representing Public Sector Workers.

## ***Corporate Management & Establishment***

The Corporate Management and Establishment function was adversely impacted by the Covid-19 Pandemic. The primary areas impacted were the targeted number of post audits and organization reviews. Despite these set-backs, significant priority targets for 2020/21 were accomplished.

## ***Constitution of Offices – Establishment of MDAs***

In keeping with the mandate to facilitate an efficient and effective fit-for-purpose Public Sector structure, a number of MDAs and Offices were established and/or reviewed in compliance with the decisions of the Cabinet, promulgated legislation or other GOJ policy, which included the need for capacity to tackle the Covid-19 pandemic.

- The following ministries were reorganized/constituted based on the revised List of Subjects following the 2020 general elections:
  - Ministry of Housing, Urban Renewal, Environment and Climate Change
  - Ministry of Economic Growth & Job Creation
  - Ministry of Agriculture and Fisheries
  - Ministry of Industry, Investment & Commerce

## ***Supporting Public Sector Transformation Initiatives***

- Continuing robust support to effect rationalization of the public sector. This included implementing the staffing and structural recommendations emanating from the Public Sector Transformation & Implementation Unit (PSTIU) to give effect to the merger/divestiture/dissolution (winding up) of certain Public Bodies.
- Working with the GOJ Compensation Review & Classification Review Panel to provide clarity on the existing compensation structure.

- Participating in the processes that led to receiving approval for new/enhanced/adjusted organizational arrangements necessary to support GOJ's mandate to create a more robust, agile, effective and responsive Public Service:

### *Establishment Control*

- Establishment (Amendment) Order 2020 drafted, passed by Parliament and distributed.
- Performed Post-audits in approximately 10% of MDAs

### *Priorities for Fiscal Year 2021/22*

- Continuing support to the Public Sector Transformation initiatives regarding the merger/divestiture/dissolution (winding up) of certain Public Bodies.
- Continuing GOJ collection of public sector job descriptions (JDs) and development of the database.
- Responding to organization review and job evaluation requests.
- Preparing to implement the new Public Service Classification System based on the Cabinet's Decision with respect to the outcome of the GOJ Compensation Review.
- Preparing the Establishment (General) Order 2021 and Establishment (Amendment) Order 2021 for tabling in Parliament.

## **PENSION ADMINISTRATION**

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

Implementation of the new pension arrangements continued during FY 2020/2021. This included the commencement of activities to streamline the payment of pensions to allow the Accountant General's Department (AGD) to become the sole paying agency for retiring benefits in keeping with the Pensions (Public Service) Act. Currently, nine (9) Statutory Bodies and all Local Authorities (Municipal Corporations) make pension payments to retirees on behalf of the Government of Jamaica.

The first phase of the exercise is expected to be completed during Q1 of FY 2021/2022. This will result in the AGD assuming responsibility for the payment of pensions for the Statutory Bodies. Implementation with respect to the Local Authorities will commence during Phase 2 of the exercise. This is due to the peculiarities of these organizations and the requirement for legislative changes. It is envisioned that this activity will be completed by end - FY 2022/23.

The review of the *Pensions (Public Service) Act* was completed as scheduled. However, a further review is being conducted based on new developments emerging within the Public Sector.

### ***Public Employees Pension Administration System (PEPAS)***

Due to restrictions imposed by the COVID-19 pandemic during Q1 and Q2 of FY 2020/2021, mandatory site visits and hands-on training of HR practitioners in MDAs in navigating the PEPAS

system was severely impacted. As an alternative, a virtual training programme was held; however, this did not yield the desired results. The training protocol was subsequently amended, taking into account the required safety measures. During FY 2021/22, efforts to enhance the capacity of HR practitioners in MDAs and Local Authorities in the use of the system will be bolstered.

## HUMAN CAPITAL DEVELOPMENT

### *Marcus Garvey Public Sector Scholarship Programme*

During FY 2020/21, the *Marcus Garvey Public Sector Graduate Scholarship Programme* was launched by the Ministry of Finance & the Public Service (MFPS). The Programme will offer a total of 150 graduate scholarships to qualified public sector employees over the next five years at an estimated cost of \$1 billion.

The programme will enable the development of a public-sector-wide talent resource pool by providing full financial support to successful candidates to pursue post graduate studies under certain thematic areas.

The Scholarships & Assistance Unit (The Technical Secretariat) in the Strategic Human Resource Management Division, MFPS, will set the strategic direction for continued development of the programme. The Secretariat is also responsible for the operations management of the programme.



## APPENDIX IV

### TAX PROGRAMME

#### TAX ADMINISTRATION JAMAICA

Tax Administration Jamaica (TAJ), is responsible for collecting Jamaica's domestic taxes which account for approximately 66.5% of Jamaica's annual tax revenues. TAJ continues to pivot like most businesses, adjusting operations to the new norms required to continue operations, including implementing flexible work arrangements for staff members. The authority implemented a weekly rotation programme for critical functions to ensure continuity of operations. Special attention has been placed on directing the tax paying public to use online service channels, where available.

TAJ will continue to explore and find creative ways to extend its online services to clients as efficiently as possible, in keeping with its mission *'to collect the revenue due in an equitable and cost effective manner, foster voluntary compliance, and provide excellent service to our customers, through an engaged and empowered staff'*, as well as continuing to pursue its vision of becoming *'A World Class Tax Administration'*.

#### ***PERFORMANCE FY20/21 (AS AT DECEMBER 31, 2020)***

##### **Collections**

At the end of the third quarter of FY20/21, net revenue collections stood at \$222.8bn, which is 98.2% of the target of \$227.0bn or \$4.2bn below the targeted amount.

##### **Compliance**

For FY 2020/21, TAJ continued to design its compliance programmes around taxpayer segments based on declared turnover. These programmes are designed to address gaps in compliance with respect to registration; filing; payment and accuracy of reporting (audit), in line with international best practice. The restrictions imposed on the business community due to COVID-19 also meant suspension of the usual methods of contacting non-compliant taxpayers (which tend to be more personal, i.e. face-to-face). As such, most (if not all) communication between TAJ and delinquent taxpayers, was restricted to communication by telephone or internet. Despite this however, the following results were achieved:

##### Registration Compliance

Registration programmes are intended to address related compliance gaps and issues identified by the administration, to ensure the integrity of the registered taxpayer database. These programmes ensure the accuracy and reliability of taxpayer information through frequent updates, and registering and

deregistering of taxpayers accordingly. The Registration Programmes are also designed to ensure that TAJ is knowledgeable about its potential taxpayers.

During the period April to December 2020, 9,135 new taxpayers were registered against a targeted 9,000 for the period. These were identified via third-party information, data mining activities and street surveys. Additionally, 1,753 taxpayers were deregistered, and 70,751 taxpayer records updated.

### Filing and Payment Compliance

The on-time-filing rate at the end of December 2020 was 56.2%. This represents an improvement over the previous year's on-time-filing rate at the end of December 2019, which was 51.7%. This was influenced primarily by the deregistration of numerous taxpayers within the small and micro segments for GCT.

The negative impact of COVID-19 on the business sector meant payment compliance was at greater risk. At the start of the fiscal year, in addition to revenue measures, the Minister also announced a number of programmes and measures targeted at businesses, to mitigate against the impact of the pandemic. One of the policy measures announced was the suspension of compliance actions for businesses.

The YTD on-time payment rate at end December 2020 was 95.5%, a decrease of 1.6% when compared with the payment rate of 97.1% for the same period of FY19/20.

### Arrears Management

The stock of arrears increased from \$143.21B at the start of the FY to \$159.92B; an increase of \$16.71B. The stock of arrears continues to be impacted by:

- Measures instituted to restrict enforcement and compliance actions in light of the continued negative impact of the COVID-19 pandemic.
- Some collection cases given a moratorium as it relates to the agreed monthly payment towards their arrears.

At least \$11.1bn of arrears was collected as at end December 2020.

### Accuracy of Reporting (Audit)

Given the number of taxpayers exhibiting particular reporting risks, as well as the consequential revenue leakages arising, this year's audit programme focused on: extending the review of Income Tax Returns; PAYE Threshold Abuse and the Fiscal Incentives Act Programmes; taxpayers who submit returns with declared "Tax Losses" for three (3) consecutive years and "nil" Income Tax returns.

The targeted audit coverage for large taxpayers is 10% and 6% for medium taxpayers. As at end-December 2020, 7% coverage had been achieved for large taxpayers and 4.7% for medium taxpayers. The majority of the taxpayers audited to date have been from the PAYE Threshold Abuse and the Fiscal Incentives Act programme.

## **Customer Service**

The impact of the pandemic is most noticeable at the tax offices, where steps have had to be taken to implement recommended Ministry of Health & Wellness measures, to mitigate the spread of the COVID-19 virus. These measures have led to less persons accessing tax offices ‘in person’, as well as adjusted delivery of services. TAJ has suspended face-to-face taxpayer education activities. Outreach programmes have been scaled back and are now carried out primarily through online channels and/or telephone.

The pandemic has also caused TAJ to aggressively push the use of its online services and prioritize resources to focus on projects that will further enhance and improve these channels of customer service. TAJ’s primary system RAiS, has become critical in the face of the pandemic, and continues to be upgraded.

For this FY 2020/21 TAJ has:

- Completed critical activities for the enhancement of TAJ’s Direct Banking procedure.
- Launched its Mobile App for Property Tax; Motor Vehicle Fitness Certificate and payment of Traffic Tickets.
- Launched an online payment option for the renewal of Driver’s Licence (allowing customers to drop off applications inclusive of a passport size picture, and collect at a later date.
- Launched an online payment option for retail and corporate bank customers.

To further improve customer centricity, TAJ has successfully passed the stage 1 audit for the ISO 9001: 2015 Quality Management System certification for the St. Andrew Revenue Service Centre. TAJ has strengthened its quality management systems to conform to international standards that consistently meet the requirements and expectations of customers, and other stakeholders, in the most efficient manner possible. Implementation activities are underway for three additional tax offices to be ISO 9001: 2015 certified by the third quarter of FY 2021/22.

The primary focus of TAJ’s major public education campaigns over the first three quarters of FY 2020/21 have been:

- Property Tax issues (April – June 2020)
- Promotion of tax compliance
- Reminders regarding filing and payments obligations during December 2020.

During the fourth quarter, TAJ's messaging will centre around promotion of e-Services and the March 15<sup>th</sup> income tax deadline.

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

Infrastructure work continues, with 5 offices slated for structural renovation namely, Montego Bay RSC; Browns Town; Christiana; Portmore and the Nuttall Property.

### ***Legal Framework***

In FY 2020/21, Jamaica's Double Taxation Agreement (DTAs) with Japan was ratified, while the legislative procedures required for ratification of the DTA with the United Arab Emirates continued. Prior to FY 2020/21, India and Qatar also expressed interest in entering into DTA's with Jamaica, however with the advent of the COVID-19 pandemic, treaty negotiations have been put on hold. As expected, most countries are focusing on rebuilding economically and reengineering policies, procedures and legislation, to enable greater efficacy in the new normal.

The Organization for Economic Cooperation and Development (OECD), has provided a forum for all countries to address matters such as Base Erosion and Profit Shifting (BEPS). Jamaica, in keeping with the global standard has positioned itself so that it is constantly abreast of the changing realities and has worked to ensure that the domestic legislation has been amended to target BEPS. Jamaica has also signed onto the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC), a multilateral agreement which seeks to reduce opportunities for tax avoidance by multinational enterprises.

## **FY2021/22 and the Medium Term**

Despite the challenges posed by the COVID-19 pandemic TAJ will continue to pursue its five strategic objectives, namely:

### **1. Continuously improve voluntary compliance**

TAJ will continue to focus on improving the health of the tax system by addressing the shortfalls in tax compliance with respect to registration, filing, payment and accuracy of reporting (audit).

### **2. Engendering a customer centric organization**

TAJ will continue to put taxpayer needs at the centre of its strategy, by providing taxpayers with enhanced tools to better meet their tax and business obligations. This will be accomplished through continuous improvements to RAiS and other eServices including a mobile app that provides easier access to clients (on the go) to select products and services.

### **3. Institutional strengthening of the organization**

TAJ will continue to focus on enhancing its business processes, technology and physical infrastructure to effect improvements in the quality and delivery of services. Initiatives to strengthen policies/protocols relating to how TAJ manages its information, assets, static security, digital surveillance, and staff/visitor access are to be developed and implemented during FY 2021/22.

### **4. Building human capital synergies and culture**

TAJ will continue to build the capacity of its human capital, reinforce its guiding principles and encourage the core values that will lead to its desired culture.

### **5. Enhancing Corporate governance**

TAJ will continue to focus on strengthening its corporate governance by improving accountability and transparency throughout the Authority.

## **Jamaica Customs Agency**

### **Introduction**

The Jamaica Customs Agency's (JCA) mandate is to collect border revenue due to the Government of Jamaica, facilitate trade and travel and provide border protection management. This mandate contributes to the economic and social development of Jamaica by making the business environment more stable through streamlining procedures, tackling corruption, enhancing integrity, and facilitating the cross-border movement of people and goods.

**Achievements:** April 2020 to December 2020

### **Revenue Collection**

The revenue collection programme of the JCA has been challenged by the downturn in importation stemming from the disruption of domestic and international activities resulting from the effects of the global COVID-19 pandemic. Despite the dynamics of the externalities, the Agency managed to stabilize its efforts with respect to the core mandate of revenue collection which was above the period's adjusted target by 4%. Net revenue collected for April 1- December 31, 2020, was \$135.588B which represented a decline of \$43.640B or 24% in comparison to April 1- December 31, 2019.

### **Trade Facilitation**

The JCA, taking note of the global pandemic and the necessary adjustments required to facilitate the continuation of business, , recognized the need to ramp up its effort towards creating greater levels of trade facilitation geared towards moving cargo and people through the ports faster. In light of this, the Agency introduced several initiatives towards achieving these objectives; some of which included:

- Implementation of full automation where semi-automated processing was being practiced. This included expansion of the **Express Clearance Process (ECCP)** which essentially removed the involvement of the Customs Officer from the preparation of the simplified declaration resulting in faster throughput and facilitating greater levels of social distancing.
- Introduction of **Online Application for Refunds Preprocessing**: this new approach facilitated online application and submission of requests for refunds.
- **Rolling out e-Services** to reduce or eliminate walk-in clients in some areas such as Customs House, the Returning Residents Unit and the Valuation Verification Unit. Customers are now required to make appointments and conduct interviews online.

- The **Jamaica Single Window for Trade (JSWIFT)** for Trade Board Limited (TBL) went live on June 22, 2020, with mandatory use of the services for the Export Regime. This included online applications for a license as an approved exporter of Scrap Metal, payment, and approval by TBL. Electronic applications are now being accepted for export permits. These are reviewed, and approved by both the Customs Site Inspection Officer and the Trade Board Assessor in a sequential workflow involving both agencies.

For the period April 1 - December 31, 2020, \$89,388 commercial declarations were submitted for processing; of which 70,290 or approximately 79% were documentarily processed within 20 hours of submission.

Passenger arrivals plunged across the two main international airports, Donald Sangster International Airport (DSIA) and Norman Manley International Airport (NMIA) for the April 1 – December 31, 2020 period. This was due to the closure of the country’s borders to incoming travelers between March 2020 and July 15, 2020 and the other restrictive measures imposed to prevent the spread of COVID-19. Passenger arrivals totaled 373,670 representing a significant decrease of 1,288,601 or approximately 78% when compared to the previous year’s total of 1,662,271. Overall, the average passenger processing time netted 4.35 minutes for the red channel and 26 seconds for the green channel.

## **Border Protection**

The Jamaica Customs Agency recorded a 42% increase in seizures from April to December 2020 over April to December 2019. Cash detained or seized amounted to US\$622,452.19.

## **Legislative Amendments**

754. The Bill introducing The Customs Act 2020 was tabled on December 15, 2020 and is now before the Joint Select Committee of Parliament for review. This represented a re-tabling as The Customs Act 2019 Bill had been tabled prior to the general elections of 2020. Proposals relating to the legislation for the Jamaica Single Window for Trade (JSWIFT) were reviewed to ensure alignment with the Act and the proposed new regulations are under consideration.

## **Human Resource Management and Development**

For the review period April 1- December 31, 2020, the staff complement stood at one thousand, three hundred and twenty-six (1326).

## **Stakeholder Engagement**

Between June and July 2020, the Agency’s Jamaica Single Window for Trade (JSWIFT) project team held engagement sessions with exporters and importers ahead of the piloting of the online application

process for re-applying for permits and licenses from the Trade Board Limited. Two (2) Customs Business Partnership Fora, were held in partnership with the Trade Board Limited and the Jamaica Manufacturers and Exporters Association (JMEA) under the theme Trade in Focus on May 28, 2020, and the other in August 2020, with the focus on the World Trade Organization (WTO) “ePing” Platform. For the period, five (5) Quality Assurance stakeholder engagements were held with the various parties that provide services for the International Trade Supply Chain.

### **Strategic Objectives for FY 2021-2022 and the Medium-Term**

The JCA’s medium-term strategic objectives and strategies for FY 2021/22 to FY 2024/25 are outlined below:

#### ***Customs Management Programme***

- To modernize customs administration for sustainable contribution to economic development by 2025

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

- Improve customs clearance time of commercial goods to 24 hours by 2025.
- Improve customs clearance time of non-commercial goods to 2 hours by 2025.
- Maintain the average customs processing time of 30 seconds and 3minutes respectively for green and red channels at the international airports annually.
- Achieve, at least 95% annually, the revenue target forecasted in contributing to the GoJ budgeting initiatives.
- Reduce, by 5% annually, outstanding arrears to optimize revenue collection

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

- Reduce, by 20%, cross border movement of contraband incidences of seizures and breaches by 2025

#### ***Executive Direction and Administration Programme***

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

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

- To improve the quality of planning, research, and governance mechanisms, as well as the JCA’s responsiveness to policy formulation to better respond to sector issues by 2025



### *Central Administration Sub-Programme*

- To improve operational effectiveness, efficiency, and resource management capacity of the JCA by 2025.

## **Major Reform Initiatives for FY 2021-2022 and the Medium Term**

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

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

- Develop and Implement a Queen's Warehouse Module to enable timely disposal of overtime goods from transit sheds to support revenue optimization
- Develop and Implement a Post Clearance Audit Case Management Module to improve efficiency with the automation of Customs post-audit cases
- Develop and Implement a Valuation (ASYVAL) Module to improve compliance in the valuation of goods and calculation of customs duties with greater monitoring through automation

### *Advance Ruling Programme*

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

### *Border Control Operations Sub-Programme*

- Implement *Canine Detection Programme 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 the application of risk techniques on manifest and foster predictability analytics

#### **ASYCUDA Enhancement Projects – Border Protection Modules**

- Develop and Implement an Enforcement Module to improve intra-agency information and intelligence sharing
- Develop and Implement an Advance Passenger Information System (APIS) Module to improve the efficiency of risk assessment in passenger processing
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## **Policy, Planning and Development Sub-Programme**

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

- To develop Customs Rules and Regulations aligned to international standards

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

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

### **Case Management System**

- Development of Legal, Registry, and Border Protection Unit (BPU) modules within the system

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

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

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

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

## **Central Administration Sub-Programme**

### **Electronic Single Window System Project**

- Enable cross border traders to submit regulatory documents at a single point to improve coordination between border agencies and trade facilitation
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### **Customs Mobile Information and Services App**

- Develop an application to provide simplified services and general information

## Appendix V

### PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)

The Government of Jamaica (GOJ) Public Sector Investment Programme (PSIP) is a rolling Five-Year Plan of Cabinet-approved new and on-going prioritized public investment projects.

The PSIP is a critical output of the Public Investment Management System (PIMS) which seeks to improve the implementation efficiency and effectiveness of public investment projects. The PIMS processes, which cover all stages of the project life cycle,<sup>4</sup> are applicable to all public investment projects within the Specified Public Sector,<sup>5</sup> irrespective of source of funding or procurement and implementation modality.

The PSIP is financed through a combination of government funds; loans and grants from International Development Partners (IDPs); as well as from equity provided by Self- Financed Public Bodies.

In fiscal year 2021/22, a combined sum of \$86,259.5mn of projected expenditure will facilitate the implementation of 123 public investment projects in Central Government (CG) and Public Bodies (PBs). Three (3) Public Private Partnerships (PPPs) with a combined allocation of \$6,308.5mn are also slated for implementation during the year.

In FY 2021/22 the CG will commence/continue 59 investment projects from an allocation of \$54,201.3mn. This allocation includes a contingency provision of \$8,000.0mn for a new public infrastructure project that is expected to commence implementation during the current fiscal year. In the CG investment programme, 37.6% of the allocation has been earmarked for the Ministry of Economic Growth & Job Creation (MEGJC); 11.9% for the Ministry of National Security (MNS), and 10.8% for Office of the Prime Minister (OPM).

Ten (10) Public Bodies are scheduled to commence/continue implementation of 65 investment projects with a total allocation of \$32,058.19mn. A total of \$26,089mn or 81.4% of the funding for projects being implemented by the PBs will be provided from internal revenues or from the Consolidated Fund, \$5,041.76mn or 15.7% from loans and the remaining \$927.3mn (2.9%) from grants. The National Housing Trust has been allocated 58.8% of the PB investment budget, the National Water Commission (NWC) 21.9% and the Airports Authority of Jamaica, 9.2%.

Included in the PSIP each year, is a provision identified under the Ministry of Finance and the Public Service as Contingency Provision - Public Investment Management System. This allocation represents the fiscal space available within the Central Government Expenditure Budget to support implementation of new public investment projects, approved by Cabinet following the screening and appraisal process required by the Financial Administration and Audit Act. The allocation for FY 2021/22 is to support a new public investment project, implementation of which is expected to commence during the financial year.

Highlights of planned investments in key areas of the public sector are indicated below.

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<sup>4</sup> Preparation; Appraisal; Approval; Execution and Management; Monitoring and Evaluation

<sup>5</sup> The public sector excluding any public body certified by the Auditor General as primarily carrying out functions that are commercial in nature

## NATIONAL SECURITY

The drive to reduce crime and violence, improve public security and maintain the rule of law has been strengthened by the implementation of several projects which are geared at enhancing the efficiency and effectiveness of the JCF and JDF. The projects included involve: 1) construction/rehabilitation of police buildings; 2) procurement of security vehicles; and 3) construction/procurement of facilities/equipment to improve access, coverage, and response of the military.

***Construction of New JDF Facilities*** - During FY 2020/21, an allocation of \$1,149.601mn was provided to: i) complete construction of Phase II of Burke Barracks in the western end of the island; ii) renovate the New Castle Training Facility; and iii) complete works at the Moneague Training Camp, including construction of a Military Canine Facility.

For FY 2021/22, \$375.0mn has been allocated to complete construction of Burke Barracks Phase II, which consists of office and accommodation buildings.

***Procurement of Vehicles & Equipment*** – During FY 2020/21 a total of \$5,571.0mn was allocated to procure motor vehicles, aircrafts, ships and other specialized surveillance and operational equipment, to replace aged and unserviceable units and to strengthen the JDF's and JCF's ability to respond to physical threats, cyber-attacks and conduct border patrol.

Procurement of specialised equipment will continue during FY 2021/22 and into the medium term (FY 2021/22 – 2024/25). An allocation of \$4,930.0mn has been provided in the FY 2021/22 budget to improve the JDF's response to physical threats and cyber-attacks as well as to conduct search and rescue operations and border patrols.

***Construction of the Forensic Pathology Autopsy Suite*** – An allocation of \$309.0mn has been made in the FY 2021/22 Estimates of Expenditure to commence civil works activities on the government owned Forensic Pathology Autopsy Suite.

The facility will reduce the severe backlog of autopsy cases and reduce/eliminate any legal implications and associated risks. The Ministry of National Security (MNS) will also see a reduction in the cost for storage, transportation and use of private facilities to conduct autopsy procedures. Construction is projected over two financial years, FY 2021/22 & FY 2022/23, with acquisition of the relevant equipment and fixtures for the facility also taking place during this period.

***Construction of the Westmoreland Police Divisional Headquarters*** - For FY 2021/22, the sum of \$200.0mn has been allocated to commence the construction of new police divisional headquarters in the western parish of Westmoreland. The project duration is 24 months and the facility is expected to be completed by the end of FY 2022/23.

***Security Strengthening Project*** – This project aims to undertake and implement initiatives geared at increasing the conviction rate for murders in Jamaica by improving operational efficiencies in the JCF. This is being done by: (i) the procurement of hardware & software for use by the MNS, JCF and related agencies; (ii) creating an island-wide communication network and internet connectivity between MNS agencies and police stations; (iii)

providing access to process management software and databases; and (iv) the provision of training for JCF officers in the use of new technologies in the conduct of their duties.

During FY 2020/21, this project was allocated \$270.9mn to support procurement of: (a) Information Technology (IT) software and hardware; (b) case management system, jail management system, station records management system; and (c) network equipment to facilitate inter-connection between agencies.

For FY 2021/22 the project has been allocated \$666.3mn to continue the procurement process and to take delivery of the IT software & hardware as well as the continued development of the case management system, the jail management system and the station records management system.

## **SOCIAL SECTOR**

***Integrated Support to Jamaica Social Protection Strategy*** - The loan agreement which supported partial funding of this project, was granted a second extension of time to complete the procurement of a client management system, upgrading the customer service centre, and conducting of a tracer study on PATH beneficiaries. These activities were scheduled to be carried out during FY 2020/21 but were impacted by the COVID 19 pandemic.

The PATH component which provides cash grants to children/students ages 0 – 19 years, the adult poor, the disabled, elderly, pregnant and lactating mothers and the destitute has been transferred to the Recurrent Budget of the Ministry of Labour and Social Security and will be funded solely by GOJ resources.

***Jamaica Social Investment Fund (JSIF)*** - The JSIF manages the implementation of projects aimed at addressing socio-economic needs and the provision of social services at the community level across the country. The budget for FY 2020/21 was revised due to the slower than programmed achievement of planned construction and training activities.

For FY 2021/22, an allocation of \$3,371.2mn has been provided to facilitate the implementation of 45 major sub-projects within the JSIF's portfolio. These sub-projects are to be implemented under the following projects: ***Integrated Community Development Project (ICDP), Basic Needs Trust Fund Nine (BNTF9), and the Rural Economic Development Initiative II (REDI II)***. The Poverty Reduction Programme IV is slated to end in April 2021, after completion of 16 sub-projects (two road sections repaired, five health centres and seven police stations rehabilitated, one school expanded and a community centre constructed).

**Education** – During FY 2020/21, the largest project in the ministry's portfolio, ***Primary and Secondary School Infrastructure Project*** focused on the completion of preliminary works and obtaining the requisite approvals to commence construction. The project is to be implemented over three fiscal years and will target the construction of classrooms at twenty (20) schools and electrical upgrade at thirteen (13). The plan for FY 2021/22 is to complete construction of classroom blocks at fourteen (14) schools and electrical upgrading at seven (7).

The other projects under the Ministry's portfolio will facilitate the building of additional classrooms and office spaces at the Mount St. Joseph High School (\$210.0m); as well as the construction of waste water systems to support the newly constructed abattoir at the College of Agriculture Science & Education (CASE) in Portland (\$120.0m).

## **Health**

With the onset of the COVID-19 disease in Jamaica in March 2020, the Ministry of Health and Wellness (MOHW) had to change its focus, to deal with the pandemic, resulting in delays in the execution of the Ministry's investment projects.

***Redevelopment of the Cornwall Regional Hospital*** - During fiscal year 2020/21, the Redevelopment of the Cornwall Regional Hospital achieved completion of Phase 1 of the works and substantial completion of Phase 2. The architectural drawings and designs for Phase 3 of the works are at an advanced stage of completion.

For FY 2021/22, the target is to complete the architectural drawings and designs for Phase 3 and procurement of the works. Actual construction works under this phase is expected to commence in the fourth quarter of fiscal year 2021/22. This phase will entail additional renovation, outfitting and equipping the hospital with modern equipment. This phase will be the most extensive of the redevelopment works to be carried out under the project. An allocation of \$1,300.0mn has been provided for FY 2021/22.

***Support to the Health System Strengthening for the Prevention and Care Management of Non-Communicable Diseases*** - In fiscal year 2020/21, the focus of the project was on the preparation of rehabilitation and expansion drawings and implementation of geotechnical studies at the site of the three (3) targeted hospitals (Spanish Town, May Pen and St Ann's Bay) and 10 health centres. Consultants were also engaged to prepare the requirements for new medical equipment for the three hospitals and 10 health centres as well as an Electronic Health Record (EHR) platform for the entire public health sector.

For fiscal year 2021/22, the focus of the project will be on the procurement of contractors, commencement of construction at the health facilities, and the procurement of medical equipment for the hospitals and health centres.

***Western Children and Adolescents Hospital*** – During FY 2020/21 activities carried out included Phase 1 construction of a car park and drainage infrastructure in the vicinity of the proposed site of the hospital.

For FY 2021/22, the project will focus on Phase 2 construction of the car park, upgrading of the sewage system, and strengthening the security apparatus for the proposed hospital.

## **AGRICULTURE**

***Agricultural Competitiveness Programme Bridging Project*** - In fiscal year 2020/21, the project was allocated \$326.0mn to support the promotion of food safety and food security. The allocation was later reduced to \$210.3mn at the onset of the COVID-19 disease. The main focus of the project during the fiscal year was the continuation of infrastructure works for the development of an agro-park in Spring Garden, Portland. The activities included the rehabilitation of an existing packing facility, construction of on-farm access roads and drains, and the installation of pumping facilities in Spring Plains; rehabilitation of two (2) Shade Houses at Bodles Research Station to produce mango seedlings for the revitalisation of the mango sub-sector.

For FY 2021/22, \$128.7mn has been allocated to: complete rehabilitation works on the packaging facility at the Spring Gardens agro-park; complete on-farm access roads and drains; and facilitate final payment for the installation of pumping works in Spring Plains.

***Southern Plains Agricultural Development Project*** –The objective of this project is to increase agricultural production and productivity by providing access to irrigation water on fallow sugar cane lands. The focus is on the construction of wells and canal networks, and the development of agricultural infrastructure in the arable areas in Amity Hall and Bridge Pen in St. Catherine, and Parnassus in Clarendon.

During FY 2020/21, the project was allocated \$250.56mn; however this was reduced to \$129.78mn in the First Supplementary Estimates. The focus of the project during the fiscal year was on well drilling and land surveying in the Parnassus area of Clarendon.

For FY 2021/22, the sum of \$300.0mn has been allocated to the project. The activities scheduled to be implemented include: the completion of well drilling; commencement of road and drain rehabilitation/construction; rehabilitation of water canals; and installation of irrigation pumps and pipelines.

***Essex Valley Irrigation Infrastructure Development Programme*** – The objective of the project is to enhance food production and increase productivity of farmers in a socially-inclusive, gender-equitable and climate-sensitive manner in the Essex Valley, an arable area in the parish of St. Elizabeth.

During FY 2020/21, the project was allocated \$612.4mn to implement agricultural driven activities including: (a) development of five (5) wells; (b) design of irrigation network system and Global Good Agricultural Practice (GlobalGAP) buildings; and (c) conducting climate smart agricultural training for farmers. The allocation was reduced to \$442.4mn due to the underperformance of programmed activities.

For FY 2021/22, the project has been allocated \$605.0mn to: (i) continue well drilling at alternate sites; (ii) complete designs for GlobalGAP certified buildings; (iii) continue training in climate resilience and crop modelling; (iv) complete a Tariff Study of National Irrigation Commission (NIC); and (v) complete irrigation network designs and commence procurement of irrigation network installation contractors.

## **ECONOMIC GROWTH AND COMPETITIVENESS**

***Jamaica: Foundations for Competitiveness and Growth*** - This project commenced implementation in September 2014 with the objective of strengthening the business environment in Jamaica to create an enabling environment for private sector investment to enhance competitiveness, growth and job creation. Funding for this project is provided by a US\$50.0mn loan from the World Bank of which US\$40.99mn has been disbursed at the end of January 2021.

During the 2020/2021 fiscal year, the project continued to provide funding support to several state entities via consultancies which provided Transaction Advisory services. The most active consultancies included the support to the Application Management and Data Automation (AMANDA) System; continued development of the National Spatial Plan Platform; support for pre-investment activities for the Electronic Land Titling programme; and the provision of matching grants to Small and Medium Enterprises (SMEs) under a programme administered by the Development Bank of Jamaica (DBJ).

For fiscal year 2021/2022 the sum of \$650.0mn has been allocated to the project with the main focus being continued support to the provision of matching grants to eligible SMEs; commencement of Phase 3 of the National Business Portal; digitization of land titling records; and the procurement of uninterrupted power supply (UPS) for the AMANDA platform.



***Credit Enhancement Programme for MSMEs*** – The objective of this project is to provide loan guarantees to Micro, Small & Medium-size Enterprises (MSMEs) which have limited or no access to collateral that is needed to access loans. Under this project, the Credit Enhancement Fund (CEF) at the Development Bank of Jamaica (DBJ) is capitalised with funding from the project. Funds from the CEF are then used to provide loan guarantees to MSMEs. In FY 2020/21, the project was allocated \$830.0mn, however the allocation was revised to \$401.8mn which was used to capitalise the CEF and provide guarantees to 70 MSMEs. A total of 289 MSMEs have benefitted up to December 31, 2020.

For FY 2021/22 the project has been allocated \$440.95mn, which will be used to further capitalise the CEF and provide loan guarantees to MSME's to enhance their ability to access financing.

***Access to Finance for SMEs*** - The objectives of this project are to i) support the establishment of an MSME Fund for risk capital financing; ii) contribute to the capitalisation of the CEF; and iii) improve the enabling environment for access to finance and business development services for MSMEs. In FY 2020/21, the project was allocated \$540.0mn; however, this was later revised to \$283.11mn. One Hundred and Eighty Nine (189) MSMEs benefitted from loan guarantees from the CEF and 120 MSMEs were supported under the DBJ's Vouchers for Technical Assistance Programme.

For FY 2021/22, the sum of \$400.0mn has been allocated to increase the capital base of the CEF and provide continued support to the SME Fund which provides private equity and access to risk capital through private equity funding for SMEs.

## **ENERGY EFFICIENCY AND CONSERVATION**

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

For FY 2020/21, the project was allocated \$629.8mn; however, this amount was subsequently revised to \$134.7mn due to slower than programmed execution.

For FY 2021/22, a total of \$313.5mn has been allocated to (i) commence lighting retrofits in 50 public buildings; (ii) complete the procurement and installation of the Urban Traffic Management System (UTMS); (iii) commence deep retrofit of seven hospitals; and (iv) support electricity planning by updating the National Energy Policy and Integrated Energy Plan.

## **INFRASTRUCTURE**

A significant percentage of the Capital budget has traditionally been allocated to the rehabilitation or construction of public infrastructure, particularly roads and bridges. During FY 2020/21, just over 25% of the capital budget was allocated for infrastructure works. Prominent infrastructure projects 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 Jamaica Disaster Vulnerability Reduction Project (DVRP).



Three of the major infrastructural projects to be implemented in FY 2021/2022 are:

***Southern Coastal Highway Improvement Project (SCHIP)*** - The objectives of the Southern Coastal Highway Improvement Project (SCHIP) are: a) improvement of the main south eastern road corridor from Harbour View, St Andrew to Port Antonio, Portland (110km), Morant Bay to Cedar Valley, St Thomas (26km); and b) construction of a third phase of the East–West Highway (Highway 2000) from May Pen, Clarendon to Williamsfield in Manchester (27km). Improvement/construction of these roads is expected to increase commerce, stimulate economic activities and general development in the Eastern and South-Central sections of the country.

For FY 2021/22, the project has been allocated \$17,408.1mn to facilitate land acquisition, design and supervision, execution of civil works along the south eastern road corridors comprising Harbour View to Yallahs Bridge - Part B(ii); Yallahs Bridge to Port Antonio - Part B(iii); Morant Bay to Cedar Valley - Part B(iv); and the May Pen to Williamsfield leg of the East-West Highway - Part A(i).

- (a) ***Montego Bay Perimeter Road*** - This project aims to create a safe alternate route for motorist travelling across and within the city of Montego Bay, thereby reducing congestion and opening up new lands in adjacent communities to facilitate structured development. The focus of the project is the construction of 15km of a four (4) lane carriageway from Ironshore to Bogue in St James, and the rehabilitation/improvement of intersections within the city of Montego Bay over a four-year period.

For fiscal year 2021/2022, the project has been allocated \$1,200.0mn to facilitate the finalisation of designs; continue land acquisition and commence utility relocation.

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

During FY 2020/21 this project received an allocation of \$111.3mn to commence the rehabilitation of the northern and southern groynes along the Montego Bay coastline. However, the actual works involved the removal of corals in the vicinity of the existing groynes and replanting them in a different location.

For FY 2021/22, the sum of \$328.0mn has been allocated to carry out rehabilitative works on both northern and southern groynes.

## **ENVIRONMENTAL RESILIENCE & CLIMATE CHANGE**

***Jamaica Disaster Vulnerability Reduction Project (DVRP)*** - This project was allocated the sum of \$1,903.0mn in the FY 2020/21 budget, however the sum was reduced to \$973.4mn due to the effects of the COVID-19 pandemic and failure of the project to meet desired construction targets.

Planned activities such as the construction works for the expansion of classrooms at the St. Benedict's Primary School, and the proposed drainage works for the Big Pond/Myton Gully in St. Catherine were cancelled as: (a) construction of a new St. Benedict's Primary school was deemed to be desired rather than expansion; and (b) more assessments on the Big Pond/Myton Gully in St Catherine were necessary in order to conclusively determine the construction requirements and the associated resettlement.

For FY 2021/22 the sum of \$1, 279.0mn has been allocated to facilitate payments for (i) construction works on three (3) fire stations (Montego Bay, Port Maria and Yallahs); (ii) coastal revetment works on sections of Kingston Harbour (Port Royal Street); (iii) training and technical assistance for improving disaster and climate resilience; and (iv) completing the building code and training.

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

During FY 2020/21 the project was allocated the sum of \$451.2mn to: (i) commence the installation of a Doppler Weather Radar; (ii) complete the National Vulnerability Assessment and Vulnerability Assessment of the Health Sector, and (iii) complete the Knowledge, Attitude and Practice Survey.

For FY 2021/22, the project has been allocated the sum of \$95.9mn which will be used to: (i) complete the installation of 15 automatic weather stations by the Meteorological Service of Jamaica (MSJ); (ii) install a solar system at the MSJ Radar Station in Coopers Hill and at the Automatic Weather Stations; (iii) complete community risk profiling; (iv) develop a township level risk profile and launch the 2019 State of Jamaica Climate Report; (v) train Municipal Corporations stakeholders; and (vi) conduct training of MSJ, Water Resources Authority (WRA) and Rural Agricultural Development Authority (RADA) officers in the use of radar data and products.

***PPCR II - Adaptation Programme and Financing Mechanisms*** – The objective of this project is to generate information on approaches to address climate change challenges and help mainstream climate change into development planning and processes, and to disseminate the result to various sectors. The project focuses on: (i) mainstreaming climate change into development planning processes; (ii) providing information on novel approaches, including climate financing, to overcome the challenges of climate change; and (iii) disseminating lessons learned from adaptation interventions.

The project was allocated the sum of \$346.5mn in the FY 2020/21 budget; however, due to procurement delays, the award of several contracts was delayed and the budgetary allocation subsequently reduced to \$214.3mn. Achievements included: a) completion of the construction of 1,112 micro check dams and green/shade houses; b) completion of a reforestation programme; c) planting of 2,020 metres of live barriers (pineapple and sugar cane) on selected farms; and d) commencement of the refurbishing of a post-harvest facility in the Upper Rio Minho Sub-watershed.

For FY 2021/22, the sum of \$244.9mn has been allocated to complete construction of the 205 micro check dams; installation of 250 rainwater harvesting systems and community water systems; conduct of Farmer Field School training; and completion of the refurbishing of the post-harvest facility in the Upper Rio Minho Sub-watershed.

## ***PUBLIC SECTOR TRANSFORMATION***

There are two major projects currently contributing to public sector transformation within the Government. These are the *Public Sector Transformation Implementation Project (PSTIP)* and *Strategic Public Sector Transformation Project (SPSTP)*. Both projects aim to enhance the delivery of public services and the management of public resources within the public sector. Major activities under implementation include: (i) the development of a Human Resource Management Enterprise System (MyHR+); (ii) introduction of a Shared

Corporate Services pilot platform; and (iii) the development of a Public Investment Management Information System (PIMIS).

The Strategic Public Sector Transformation Project is in the final year of implementation and, for FY 2021/22, has been allocated the sum of \$1,131.0mn to facilitate completion of the following major targets: (i) implementation of the Public Investment Management Information System (PIMIS); (ii) strengthening of regulatory and governance arrangements to support the Public Investment Management System (PIMS); (iii) implementation of recommendations for the rationalization of public bodies; and (iv) supporting legislative changes for the separation of regulatory functions of the Bureau of Standards Jamaica.

The Public Sector Transformation Implementation Project has been allocated \$2,098.0mn in FY 2021/22 and will seek to: complete the Data Centre upgrades; develop a national Information and Communications Technology (ICT) Strategy; implement a new Work Permit system in the Ministry of Labour and Social Security (MLSS); implement a licensing and registration system for the National Fisheries Authority; and institute Shared Corporate Services for several Ministries, Departments and Agencies (MDAs).

### ***SELF-FINANCED PUBLIC BODIES***

Public Bodies (PBs) continue to contribute to the infrastructural and economic development of the Jamaican economy. For FY 2021/22, expenditure on public investment projects of SFPBs within the PSIP amount to \$32,058.19mn (\$22,666.18mn for FY2020/21), with approximately \$26,089.13mn or 81.0% being financed from the internal resources of the entities. The SFPBs with expected significant contribution to Public Sector Investment are highlighted below:

#### **National Housing Trust (NHT)**

The NHT will continue to pursue the increased delivery of housing solutions in the medium term, consistent with Government's policies effected in 2017. Accordingly, NHT has projected to complete/facilitate the completion of 22,800 housing solutions (houses and residential lots) between April 1, 2021 and March 31, 2024. Projects will include housing solutions with small contractors, joint ventures, inner city housing and NHT's own projects to the value of \$18,853.89mn, 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 reduce the level of non-revenue water, as well as improve operational efficiency and service delivery. PSIP expenditures should amount to \$7,017.26mn and are targeted at projects to improve the availability of potable water and those related to sewerage rehabilitation/extension works.

#### **Airports Authority of Jamaica (AAJ)**

The development efforts of AAJ will focus on continued works in respect of domestic aerodromes, (inclusive of the Vernamfield Aerodrome), as well as at the Ian Flemming International Airport, to the value of \$1,400.3mn. An additional \$1,008.2mn is projected for expenditure on the NMIA shoreline protection project. Expenditure in

respect of AAJ's PSIP forecast (\$2,950.2mn) should account for 86.0% of the budgeted capital expenditure of \$3,435.9mn.

### **Port Authority of Jamaica (PAJ)**

The PAJ will continue to pursue projects aimed at facilitating the development of, as well as enhanced security at the ports. Major expenditure is expected in relation to the Port Royal Development (\$440mn) and the Montego Bay Freeport (\$250mn). Projects included in the PSIP are expected to account for approximately \$1,243.5mn (45%) of planned capital expenditure of \$2,762.1mn.

The Table below identifies the public investment projects within the consolidated GOJ Five –Year, Public Sector Investment Programme (PSIP), 2021/22 - 2025/26:

## APPENDIX V

## PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)

PROJECTS	Funding Agency	Revised Allocation 2020/2021 (\$'000)	Estimates - 2021/2022 (\$'000)	Projection 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)
<b>OFFICE OF THE PRIME MINISTER</b>							
Implementation of the National Identification System (NIDS) for Economic Growth	<i>IDB</i>	961,885	2,300,000	2,500,000	2,095,000	-	-
Youth Employment in Digital and Animation Industries	<i>IBRD</i>	311,653	207,500	-	-	-	-
<b>Projects Managed by JSIF:</b>		3,207,025	3,371,157	1,333,652	960,990	1,381,700	1,850,000
Jamaica Disaster Vulnerability Reduction Project	<i>IBRD</i>	973,408	1,279,952	250,000	-	-	-
Poverty Reduction Project IV	<i>EU</i>	764,390	66,000	-	-	-	-
School Sanitation Programme	<i>PDF</i>	50,000	-	-	-	-	-
Jamaica Integrated Community Development Project	<i>IBRD</i>	626,132	200,000	-	-	-	-
Basic Needs Trust Fund (BNTF9)	<i>CDB</i>	350,316	684,449	-	-	-	-
Jamaica Integrated Community Development Project II	<i>GOJ</i>	350,000	726,246	346,200	353,800		
Rural Economic Development Initiative (REDI II)	<i>IBRD</i>	92,779	414,510	737,452	607,190	1,381,700	1,850,000
<b>TOTAL OFFICE OF THE PRIME MINISTER</b>		4,430,563	5,878,657	3,833,652	3,055,990	1,381,700	1,850,000
<b>OFFICE OF THE CABINET</b>							
Public Sector Transformation and Modernization Programme (PSTMP)	<i>GOJ/IDB</i>	91,258		-	-	-	-
<b>TOTAL OFFICE OF THE CABINET</b>		91,258		-	-	-	-
<b>MINISTRY OF ECONOMIC GROWTH &amp; JOB CREATION</b>							
<b>General</b>		840,328	1,251,450	3,166,911	2,173,955	1,679,181	1,057,770
Establishment of United Nations (UN) House	<i>GOJ</i>	25,258	500	-	-	-	-
Third City Planning	<i>GOJ</i>	24,000	-	-	-	-	-
Credit Enhancement Programme for MSMEs	<i>IDB</i>	410,750	440,950	210,000	-	-	-
Access to Finance for MSMEs	<i>IBRD</i>	280,320	400,000	279,700	-	-	-
Boosting Innovation, Growth & Entrepreneurship Ecosystem	<i>IDB</i>	100,000	350,000	1,450,000	1,000,000	550,000	850,000
Electronic Land Titling Project	<i>GOJ</i>		60,000	1,227,211	1,173,955	1,129,181	207,770
<b>Works</b>		11,789,324	18,608,064	26,697,863	16,950,558	-	-
Southern Coastal Highway Improvement Project	<i>GOJ/CEXIM</i>	10,951,116	17,408,064	20,000,000	10,000,000	-	-
Construction of Ministry of Foreign Affairs Head Office	<i>GOJ/PR</i>	83,338	-	-	-	-	-
Road Rehabilitation Project II (Broadgate - Agualta Vale)	<i>GOJ</i>	388,400	-	-	-	-	-
Major Infrastructure Development Programme	<i>GOJ/CH</i>	350,800	-	-	-	-	-
Montego Bay Perimeter Road	<i>GOJ</i>	15,670	1,200,000	6,697,863	6,950,558	-	-
<b>Land, Environment and Climate Change</b>		1,107,443	523,784	-	-	-	-
Integrated Management of Yallahs/Hope River Watershed Management Area	<i>GOJ/GE</i>	173,586	-	-	-	-	-
PPCR II - Adaptation Programme & Financing Mechanism	<i>CLE/IDB</i>	79,442	-	-	-	-	-
Integrating Water, Land and Ecosystems Management in Caribbean Small Island Developing States (IWEco)	<i>UNEP</i>	66,826	70,930				
Green Climate Fund Readiness Support Project	<i>Green Climate</i>	19,700	-	-	-	-	-
Plastic Waste Minimization Project	<i>UNEP</i>	42,385	32,900	-	-	-	-
Montego Bay Waterfront Protection Infrastructure (Groynes) Project	<i>GOJ</i>	111,345	328,000	-	-	-	-
Montego Bay Closed Harbour Beach Park Development Project	<i>GOJ</i>	614,159	91,954	-	-	-	-
<b>Water</b>		277,400	-	-	-	-	-
Construction/Maintenance of Water Supply Systems	<i>GOJ</i>	277,400	-	-	-	-	-
<b>TOTAL MINISTRY OF ECONOMIC GROWTH &amp; JOB CREATION</b>		14,014,495	20,383,298	29,864,774	19,124,513	1,679,181	

PROJECTS	Funding Agency	Revised Allocation 2020/2021 (\$'000)	Estimates - 2021/2022 (\$'000)	Projection 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)
<b>MINISTRY OF FINANCE &amp; THE PUBLIC SERVICE</b>							
Contingency Provision - Public Investment Management System	GOJ	-	8,000,000	4,604,587	35,901,934	88,441,298	97,501,330
Strategic Public Sector Transformation	IBRD	899,738	1,131,824	-	-	-	-
Strengthening the Institutional Capacity of Financial Services Commission (TC)	IDB	10,000	-	-	-	-	-
Development of National Policy and Plan Action on International Migration and Development	GOJ/IOM	41,937	-	-	-	-	-
PPCR II - Improving Climate Data & Information Management	CIF/IBRD	451,235	95,920	-	-	-	-
Enhancing the Resilience of the Agri Sector and Coastal Areas	Adaptation Fund	85,251	400,000	223,833	-	-	-
Jamaica Foundation for Competitiveness and Growth	IBRD	550,863	650,000	110,000	-	-	-
Technical Cooperation Facility (TCF) V	EU	-	-	-	-	-	-
Technical Cooperation Facility (TCF) VI	EU	33,840	39,777	-	-	-	-
Support to the Public Sector Transformation Programme	IDB	1,312,789	2,098,162	2,886,698	1,600,120	-	-
Construction of Tax Offices	GOJ	28,000	-	-	-	-	-
Public Sector Transformation - Support to the MoFP Transformation Programme	UNDP	14,500	-				
<b>TOTAL MINISTRY OF FINANCE &amp; THE PUBLIC SERVICE</b>		3,428,153	12,415,683	7,825,118	37,502,054	88,441,298	97,501,330
<b>MINISTRY OF NATIONAL SECURITY</b>							
Acquisition of Aircraft JDF	GOJ	3,031,151	2,336,000	1,437,196	2,500,000	500,000	-
Acquisition of Vehicles - JDF	GOJ	617,780	450,000	560,000	1,000,000	-	-
Purchase of Vehicles - DCS	GOJ	87,749		-	-	-	-
Acquisition of Vehicles - JCF	GOJ	544,000		-	-	-	-
Cyber Security Initiatives (JCF)		508,144		-	-	-	-
Cyber Security Initiatives			1,004,136				
Acquisition of Equipment - Coast Guard		1,291,000	1,140,000	1,373,856	-	-	-
Purchase of Telecommunications Equipment - JDF	GOJ	124,880		-	-	-	-
Purchase of Telecommunications Equipment - JCF	GOJ	811,167		-	-	-	-
Construction and Improvement - JDF	GOJ	1,149,601		-	-	-	-
Development of the Jamaica Defence Force Western Bases			375,000				
Construction and Improvement of Police Buildings	GOJ	821,830		-	-	-	-
Construction of the Forensic Pathology Autopsy Suite	GOJ		309,000	309,000			
Construction of the Westmoreland Police Divisional Headquarters	GOJ		200,000	400,000			
Construction and Improvement of Correctional Facilities - DCS	GOJ	103,400		-	-	-	-
Justice, Security Accountability and Transparency Project	EU	18,000		-	-	-	-
Security Strengthening Project	IDB	270,833	666,261	1,633,363	-	-	-
Citizens Security and Justice Programme III	GOJ/DFA	318,284					
	IDB	156,279		-	-	-	-
	DFID	111,135		-	-	-	-
	GOJ	50,870		-	-	-	-
<b>TOTAL MINISTRY OF NATIONAL SECURITY</b>		9,697,819	6,480,397	5,713,415	3,500,000	500,000	-

PROJECTS	Funding Agency	Revised Allocation 2020/2021 (\$'000)	Estimates - 2021/2022 (\$'000)	Projection 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)
<b>MINISTRY OF JUSTICE</b>							
Construction and Improvement of Courthouses	GOJ	266,800	320,000	-	-	-	-
Justice Sector Reform Programme	GOJ	73,318	-	-	-	-	-
Establishment of Family Courts	GOJ		200,000	-	-	-	-
Citizens Security and Justice Programme III	GOJ/DFATD	223,257		-	-	-	-
Justice, Security Accountability and Transparency Project	EU			-	-	-	-
<b>TOTAL MINISTRY OF JUSTICE</b>		563,375	520,000	-	-	-	-
<b>MINISTRY OF LABOUR &amp; SOCIAL SECURITY</b>		563,375					
Integrated Support to Jamaica Social Protection Strategy	IDB	13,093,521	81,094	-	-	-	-
<b>TOTAL MINISTRY OF LABOUR &amp; SOCIAL SECURITY</b>		13,093,521	81,094	-	-	-	-
<b>MINISTRY OF EDUCATION, YOUTH &amp; INFORMATION</b>							
Establishment of Diagnostic Centres (Special Education)	GOJ	23,500	120,000	-	-	-	-
Education Transformation Programme I	GOJ	65,000	210,000	250,000	-	-	-
National Education Trust Solar School Project	GOJ	1,200	-	-	-	-	-
Renovation & Modification of Caenwood and Heroes Circle Premises	GOJ	68,500	20,000	-	-	-	-
Promoting Quality Education and Advancing the reality of a Child Friendly Environment	UNICEF	17,500	-	-	-	-	-
School Renovation and Construction - Japanese Grassroots Project	JAPAN/GOJ	45,951	-	-	-	-	-
Support for Sustainability of Education Sector Reform	IDB	49,261	-	-	-	-	-
Primary & Secondary School Infrastructure Project		362,380	813,000	1,100,000			
<b>TOTAL MINISTRY OF EDUCATION, YOUTH &amp; INFORMATION</b>		633,292	1,163,000	1,350,000	-	-	-
<b>MINISTRY OF HEALTH</b>							
Redevelopment of the Cornwall Regional Hospital	GOJ	1,115,100	1,300,000	1,141,122	-	-	-
Western Adolescence Hospital	GOJ	85,791	125,000	3,368,600	2,902,800	-	-
Programme for Reduction of Maternal and Child Mortality (PROMAC)	EU	579,693	75,000	-	-	-	-
Support for the Health Systems Strengthening for the Prevention & Care Management of Non-Communicable Diseases Programme	IDB/GOJ	441,237	554,000	2,535,141	2,369,147	-	-
Support to the National HIV/AIDS Response in Jamaica (formerly New Funding Mechanism)	Global Fund	707,329	652,739	862,739	872,739	882,739	-
Technical support to Reduce Teenage Pregnancy	IDB	9,302	7,909	-	-	-	-
<b>TOTAL MINISTRY OF HEALTH</b>		2,938,452	2,714,648	7,907,602	6,144,686	882,739	-
<b>MINISTRY OF HOUSING, URBAN RENEWAL, ENVIRONMENT AND CLIMATE CHANGE</b>							
PPCR II - Adaptation Programme & Financing Mechanism	CIF/IDB	134,903	244,939	-			
Developing a Comprehensive Bush Fire Warning Index for Effective Bush Fire Management	CDB	31,000	-	-			
<b>TOTAL MINISTRY OF HOUSING, URBAN RENEWAL, ENVIRONMENT AND CLIMATE CHANGE</b>		231,393	309,939	65,000			



PROJECTS	Funding Agency	Revised Allocation 2020/2021 (\$'000)	Estimates - 2021/2022 (\$'000)	Projection 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)
<b>MINISTRY OF CULTURE, GENDER, ENTERTAINMENT &amp; SPORT</b>							
Santa Cruz Outreach Centre	GOJ	31,784		-	-	-	-
<b>TOTAL MINISTRY OF CULTURE, GENDER, ENTERTAINMENT &amp; SPORT</b>	-	31,784		-	-	-	-
<b>MINISTRY OF INDUSTRY, COMMERCE, AGRICULTURE &amp; FISHERIES</b>							
Major Rural Farm Roads Rehabilitation/Devt Programme	GOJ	100,000		-	-	-	-
Bodies Redevelopment Project	GOJ	82,255		-	-	-	-
Agricultural Competitiveness Programme Bridging Project	GOJ	96,755		-	-	-	-
Promoting Community Based Climate Resilience in the Fisheries Sector	IBRD	56,953		-	-	-	-
Rehabilitation of Irrigation Infrastructure (NIC)	GOJ	56,000		-	-	-	-
Essex Valley Irrigation Infrastructure Development Prog.	CDB	104,168		-	-	-	-
Feasibility Studies for GOJ Public Investment Projects -Pedro Plains Irrigation Feasibility Study	Govt of France	1,000		-	-	-	-
Feasibility Studies for GOJ Public Investment Projects - South St.Catherine - South Clarendon Irrigation Feasibility Study	CDB	10,218		-	-	-	-
Southern Plain Agricultural Development Project		30,783		-	-	-	-
Implementation Support for Skills Development for Global Services	IDB	8,024		-	-	-	-
Global Services Skills Project	IDB	32,233		-	-	-	-
<b>TOTAL MINISTRY OF INDUSTRY, COMMERCE, AGRICULTURE &amp; FISHERIES</b>		578,389		-	-	-	-
<b>MINISTRY OF AGRICULTURE &amp; FISHERIES</b>							
Major Rural Farm Roads Rehabilitation/Devt Programme	GOJ	275,000	-	-			
Bodies Redevelopment Project	GOJ	126,288	150,000	105,000	-		
Agricultural Competitiveness Programme Bridging Project	GOJ	113,545	128,730	-	-		
Promoting Community Based Climate Resilience in the Fisheries Sector	IBRD	33,047	102,322	99,642	-		
Rehabilitation of Irrigation Infrastructure (NIC)	GOJ	21,000	-	-	-		
Essex Valley Irrigation Infrastructure Development Prog.	CDB	338,210	605,000	2,677,000	1,450,000		
Feasibility Studies for GOJ Public Investment Projects -Pedro Plains Irrigation Feasibility Study	Govt of France	7,500	-	-	-		
Feasibility Studies for GOJ Public Investment Projects - South St.Catherine - South Clarendon Irrigation Feasibility Study	CDB	92,782	-	-	-		
Southern Plain Agricultural Development Project	CDB	129,782	300,000	1,371,228	914,905		
<b>TOTAL MINISTRY OF AGRICULTURE &amp; FISHERIES</b>		1,137,154	1,286,052	4,252,870	2,364,905		
<b>MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE</b>							
Global Services Skills Project	IDB	196,499	338,567	810,230	810,230		
Implementation Support for Skills Development for Global Services	IDB grant	833	11,130	-			
<b>TOTAL MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE</b>		197,332	349,697	810,230	810,230	-	-
<b>MINISTRY OF SCIENCE, ENERGY &amp; TECHNOLOGY</b>							
Energy Efficiency & Conservation Programme	GOJ	89,000	-				
Energy Management and Efficiency Programme	IDB	134,732	313,503	1,167,666	1,250,000	-	-
<b>TOTAL MINISTRY OF SCIENCE, ENERGY &amp; TECHNOLOGY</b>		223,732	313,503	1,167,666	1,250,000	-	-



PROJECTS	Funding Agency	Revised Allocation 2020/2021 (\$'000)	Estimates - 2021/2022 (\$'000)	Projection 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)
<b>MINISTRY LOCAL GOVERNMENT &amp; RURAL DEVELOPMENT</b>							
Acquisition of Garbage Trucks - NSWMA	GOJ	230,739		-	-	-	-
Fixed Asset Acquisition - Jamaica Fire Brigade	GOJ	91,862	1,930,350	-	-	-	-
Improvement of Emergency Communication System in Jamaica	JICA	62,000	375,000	300,000	-	-	-
Drop-in-Centres - homeless people	GOJ	28,000	-	-	-	-	-
Strengthening the Disaster Risk Management Capacity of	CDB	22,504	-	-	-	-	-
Climate Change Adaptation and Risk Reduction Technology and Strategies to Improve Community Resilience	CDB	50,000	-	-	-	-	-
Construction/Maintenance of Water Supply Systems	GOJ	250,600	-				
<b>TOTAL MINISTRY LOCAL GOVT &amp; RURAL DEVT</b>		735,705	2,305,350	300,000	-	-	-
<b>TOTAL CENTRAL GOVERNMENT</b>		52,026,417	54,201,318	63,090,327	73,752,378	92,884,918	100,409,100

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
<b>Airport Authority of Jamaica</b>							
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	-	-
<b>AAJ SubTotal</b>		<b>1,232,022</b>	<b>2,079,263</b>	<b>1,828,000</b>	<b>1,792,560</b>	<b>1,148,000</b>	<b>-</b>
<b>Betting, Gaming and Lotteries Commission</b>							
Gaming Management Information System (GMIS)	BGLC	-	139,000	25,000	10,000	10,000	-
<b>BGLC Sub-Total</b>		<b>-</b>	<b>139,000</b>	<b>25,000</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>
<b>Factories Corporation of Jamaica</b>							
Garmex Redevelopment Project	FCJ	300,000	630,000	1,000,000	1,000,000	-	-
Morant Bay Urban Development Centre	FCJ	-	438,000	-	-	-	-
<b>FCJ Sub-Total</b>		<b>300,000</b>	<b>1,068,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>
<b>Jamaica Deposit Insurance Corporation</b>							
Additional Office Accommodation	JDIC	-	-	450,000	300,000	-	-
<b>JDIC Sub-Total</b>		<b>-</b>	<b>-</b>	<b>450,000</b>	<b>300,000</b>	<b>-</b>	<b>-</b>
<b>Jamaica Urban Transit Company Limited</b>							
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	-	-	-
<b>JUTC Sub-Total</b>		<b>252,000</b>	<b>692,000</b>	<b>2,951,830</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>National Housing Trust</b>							
<i>Small Contractors Programme</i>	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	-	-	-	-	-
<b>Sub-Total</b>		<b>1,126,140</b>	<b>1,585,100</b>	<b>253,120</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NHT Joint Venture</b>							
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	-
Irvin, 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
<b>Sub-Total</b>		<b>3,784,000</b>	<b>4,360,610</b>	<b>3,390,472</b>	<b>2,398,190</b>	<b>3,406,000</b>	<b>685,889.00</b>

PROJECTS	Funding Agency	Revised Estimates 2019/2020	Proposed 2020/2021	Projection 2021/2022	Projection 2022/2023	Projection 2023/2024	Projection 2024/2025
<i>NHT Projects - General</i>	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	-	-	-	-	-
<b>Sub-Total</b>		<b>6,109,990</b>	<b>7,053,780</b>	<b>6,361,040</b>	<b>5,889,894</b>	<b>7,405,324</b>	<b>19,161,375.00</b>
<i>Inner City Housing /Community Renewal Programme</i>	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	-	-
<b>Sub-Total</b>		<b>352,430</b>	<b>178,000</b>	<b>628,000</b>	<b>186,500</b>	<b>185,000</b>	<b>-</b>
<i>Sugar Housing Programme</i>	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	-	-
<b>Sub-Total</b>		<b>50,000</b>	<b>219,500</b>	<b>38,000</b>	<b>5,998</b>	<b>-</b>	<b>-</b>
<b>NHT Sub-Total</b>		<b>11,422,560</b>	<b>13,396,990</b>	<b>10,670,632</b>	<b>8,480,582</b>	<b>10,996,324</b>	<b>19,847,264.00</b>
<b>National Water Commission</b>			-	-	-	-	-
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	-	-	-	-
<b>NWC Sub-Total</b>		<b>3,127,410</b>	<b>11,211,470</b>	<b>4,196,000</b>	<b>4,682,000</b>	<b>4,583,000</b>	<b>4,323,000</b>

PROJECTS	Funding Agency	Revised Estimates 2019/2020	Proposed 2020/2021	Projection 2021/2022	Projection 2022/2023	Projection 2023/2024	Projection 2024/2025
<b>Port Authority of Jamaica</b>				-	-	-	
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	-	-	-	-
<b>PAJ Sub-Total</b>		<b>6,430,730</b>	<b>2,318,400</b>	<b>-</b>	<b>1,399,820</b>	<b>-</b>	<b>-</b>
<b>Petrojam Limited</b>					-	-	
Refinery Upgrade Project - Phase 1 (VDU)		-	-	-	-	-	
<b>Postal Corporation of Jamaica</b>							
Counter Automation System	PostCorp	-	69,600	62,350	36,250	36,250	-
<b>PostCorp Sub-Total</b>			<b>69,600</b>	<b>62,350</b>	<b>36,250</b>	<b>36,250</b>	<b>-</b>
<b>Spectrum Management Authority</b>							
Montego Bay Office	SMA	-	21,800	-	-	-	-
ASMS/RMDFS Equipment	SMA	-	226,490	-	-	-	-
Server Room Upgrade	SMA	-	10,330	-	-	-	-
<b>SMA Sub-Total</b>		<b>-</b>	<b>258,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Students' Loan Bureau</b>							
Enterprise Management Information System (EMIS)	SLB	11,150	469,390	106,060	-	-	-
<b>SLB Sub-Total</b>		<b>11,150</b>	<b>469,390</b>	<b>106,060</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Urban Development Corporation</b>							
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	-	-	-
<b>UDC Sub-Total</b>		<b>-</b>	<b>862,810</b>	<b>97,400</b>	<b>11,470</b>	<b>-</b>	<b>-</b>
<b>TOTAL SELF-FINANCED PUBLIC BODIES</b>		<b>22,775,872</b>	<b>32,565,543</b>	<b>21,387,272</b>	<b>17,712,682</b>	<b>16,773,574</b>	<b>24,170,264</b>
<b>TOTAL CENTRAL GOVERNMENT &amp; PUBLIC BODIES</b>			<b>106,768,803</b>	<b>100,953,728</b>	<b>103,061,682</b>	<b>109,475,192</b>	<b>123,406,424</b>
<b>PUBLIC PRIVATE PARTNERSHIPS</b>							
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	-	-	-
<b>TOTAL PPPs</b>		<b>4,219,268</b>	<b>5,895,702</b>	<b>7,649,662</b>	<b>4,775,435</b>	<b>1,230,738</b>	<b>1,696,017</b>
<b>TOTAL PUBLIC BODIES</b>		<b>26,995,140</b>	<b>38,461,245</b>	<b>29,036,934</b>	<b>22,488,117</b>	<b>18,004,312</b>	<b>25,866,281</b>
<b>TOTAL PSIP</b>		<b>99,105,760</b>	<b>112,664,505</b>	<b>108,603,390</b>	<b>107,837,117</b>	<b>110,705,930</b>	<b>125,102,441</b>

## APPENDIX VI

### FISCAL RISK STATEMENT

#### Introduction

The COVID-19 pandemic has had detrimental effects on the GOJ's fiscal and macroeconomic outlook. Prior to the onset of the pandemic, debt-to-GDP was on a downward trajectory, on track to meet the end-FY 2025/26 target of 60.0% or less, the Government was recording consistent fiscal surpluses, and unemployment was at a record low of 7.2%<sup>6</sup>. Fiscal prudence on the part of the GOJ has ensured a creditable response to the shock of the pandemic. While debt-to-GDP is expected to increase to 110.1% at end-FY 2020/21, 15.3 percentage points higher than the end-FY 2019/20 outturn, the ratio is expected to return to a downward trajectory in the upcoming fiscal year. The fiscal rule requiring the Government to record a fiscal balance consistent with the FY 2025/26 debt target was suspended as Jamaica was declared a disaster area and the impact of the pandemic was estimated to be in excess of 1.5% of GDP. This has led to the establishment of a new target date of end-FY 2027/28. As the GOJ works towards the achievement of this new fiscal target, it is crucial to monitor the various risks with the potential to compromise this and other targets.

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 2021/22 budget and medium term projections; contingent liabilities which may arise from natural disasters, the operation of public bodies, public private partnerships and judicial awards; 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)**.

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<sup>6</sup> Unemployment rate at October 2019



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

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

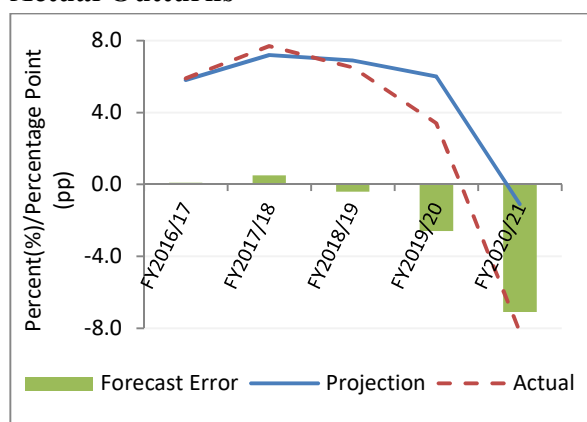
Monetary Policy	The Bank of Jamaica Act outlines that the Central Bank should maintain a Reserve Fund consisting of net profits transferred at the end of each fiscal year. When the fund exceeds the Bank's authorised capital, the excess should be transferred to the Consolidated Fund. Likewise, if the Bank realises net losses exceeding the amount held in the Reserve Fund at the end of the Bank's fiscal year, the excess is to be paid to the Bank from the Consolidated Fund. The operations of the Central Bank therefore entail upside and downside risks.
Government Policy Changes	Government policy changes have the potential to adversely impact both revenue and expenditure and ultimately key fiscal targets, in the absence of compensatory measures.

Source: MOFPS

### ***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. **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 2016/17 to FY 2019/20, and estimated outturns for FY 2020/21. Actual GDP growth has generally fallen short of projections as suggested by the various negative forecast errors. For FY 2020/21 nominal GDP growth and real GDP growth are estimated at -8.2% and -11.6% respectively, resulting in forecast errors of -7.1 and -6.5 percentage points. This significant deviation was as a result of the onset of the COVID-19 pandemic in March 2020, which resulted in a slowdown of economic activity from the closure of industries such as tourism and entertainment.

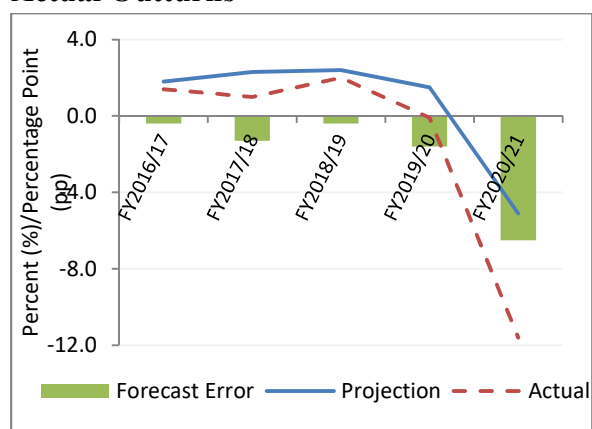
**Figure VII (a): Nominal GDP Projections vs. Actual Outturns**



Source: MOFPS

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

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



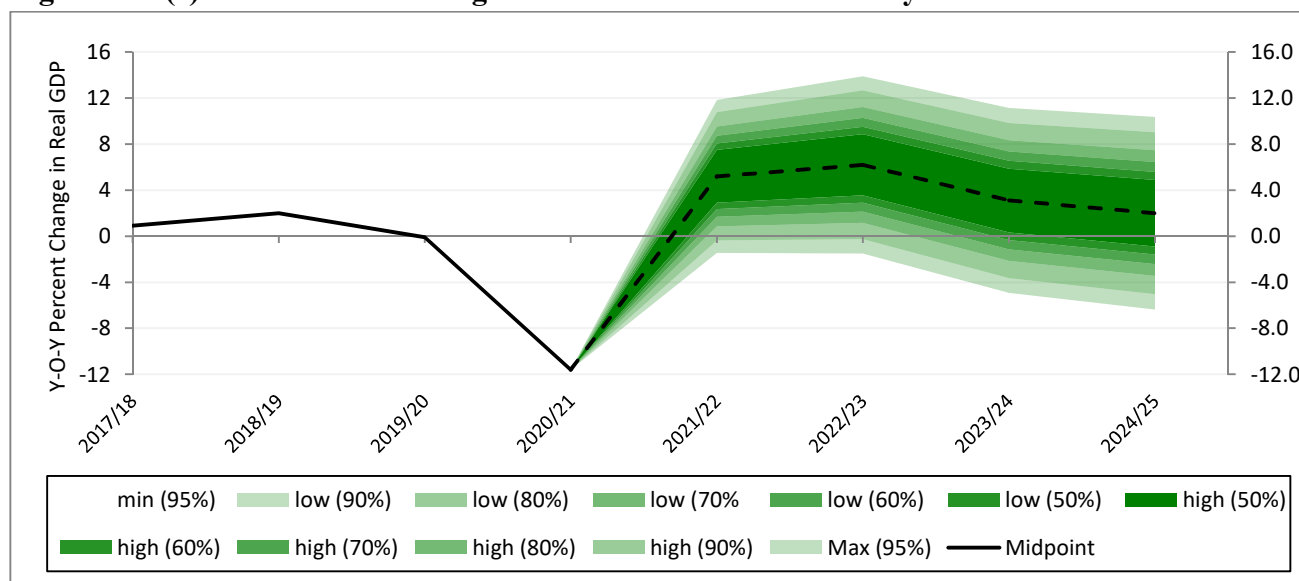
Source: MOFPS

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

Real GDP growth for FY 2021/22 is projected at 5.2%. The fan chart in **Figure VII(c)** captures the level of uncertainty surrounding the medium term projections for real GDP growth. For

FY 2021/22 there is a 50.0% probability that the real GDP growth outturn will be between 2.9% and 7.5%.

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



Source: BOJ, MOFPS

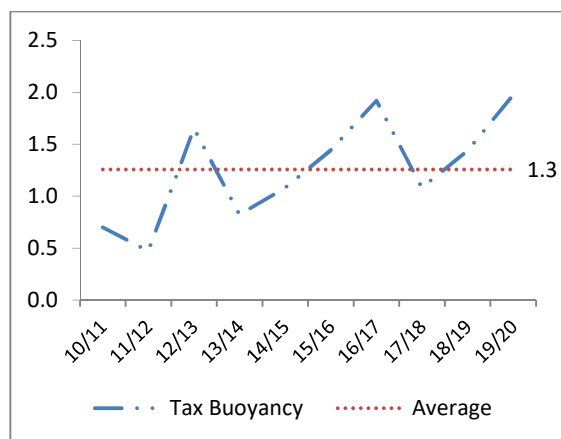
**Box VII (a): Depiction of Uncertainty Surrounding Baseline Real GDP Growth Forecast**

The solid line in **Figure VII (c)** shows actual fiscal year Real GDP growth for the 3-year period from FY 2017/18 through to FY 2019/20 and the estimated growth for FY 2020/21, while the broken line represents the 4-year medium-term baseline projections (from FY 2021/22 to FY 2024/25). The fan chart utilises the standard deviation of the forecast errors to determine the spread of the fan opening around the projected baseline values at different confidence levels. The blades nearest the centre of the fan chart in dark green define the range of projections corresponding to a 50.0% probability of occurrence, based on historical outturns. As the probability of occurrence increases, the colour is progressively less saturated and the spread between the maximum and minimum values rise.

The relationship between tax revenue and nominal GDP can be measured using tax buoyancy, where a buoyancy of 1.0 suggests that a 1.0% increase in GDP would result in a 1.0% increase in tax revenue. Buoyancy greater than 1.0 would result in a more than proportionate increase, whereas buoyancy less than one would lead to a less than proportionate increase in tax revenue. **Figure VII (d)** shows buoyancy estimates for the period FY 2010/11 to FY 2019/20 and the average estimate for the period. The average buoyancy of 1.3 suggests that where nominal GDP increases (decreases) by 1.0%, tax revenue is expected to increase (decrease) by 1.3%. This result was used to inform a shock scenario in which nominal GDP growth for FY 2021/22 is 2.0 percentage points lower than projected (see **Figure VII (e)**). In the year of impact (FY 2021/22) tax revenue would fall by \$13,231.07 million or 2.3% relative to the baseline.

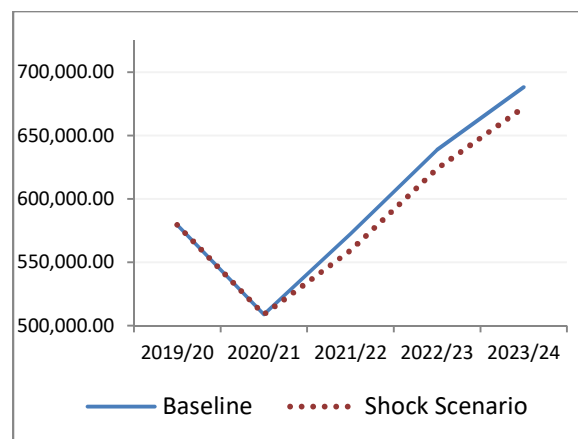


**Figure VII (d) Buoyancy of Total Tax Revenue Relative to Nominal GDP**



Source: MOFPS

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



Source: MOFPS

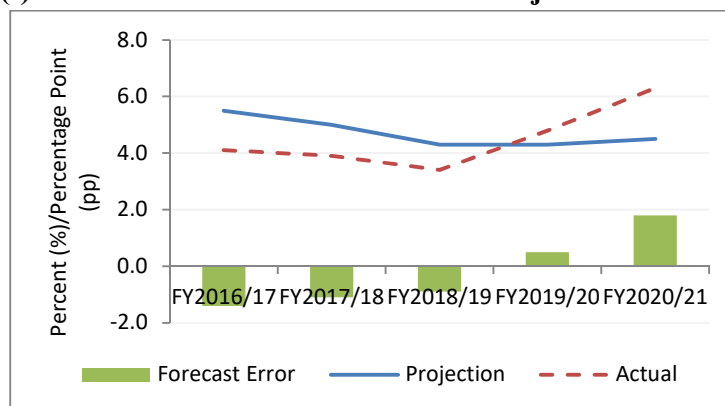
Developments in the global economy may also have impacts on growth prospects. The IMF's World Economic Outlook projects global economic growth of 5.5% in 2021, a 0.3 percentage point increase over the previous projection. The growth projection is contingent on vaccine-led improvements in economic activity, as well as additional policy support for some industries. Downside risks to this outlook include: slower than expected vaccine rollouts, new waves and variants of the virus and the withdrawal of policy support as Governments face spending pressures. The United States (US), which is Jamaica's main trading partner, is projected to grow by 5.1% in 2021. This revised outlook is 2.0 percentage points higher than previous estimates. The GOJ will continue to monitor developments in the global economy in an effort to gauge possible spill-over effects from trading partners.

### ***Inflation***

Inflation rates impact the GOJ expenditure budget as it relates to general housekeeping expenses as well as the cost for servicing inflation linked debt. At end-December 2020, inflation linked debt accounted for 2.6% of total Central Government debt, and increased in nominal terms by \$2,217.2 million relative to end-March 2020. When the nominal value of these debt instruments increases, so do the associated debt service costs. While inflation might also increase revenue receipts as the general price level in the economy is higher, it is unclear if the revenue effect outweighs the expenditure effect or vice versa.

At end-December 2020, the annual point-to-point inflation rate was 5.2%. This is expected to increase to 6.3% at end -FY 2020/21. **Figure VII (f)** highlights the variance between inflation projections and the actual outturns for FY 2016/17 to FY 2019/20 and the estimated outturn for FY 2020/21. For the first three years of analysis, inflation projections have exceeded outturns by as much as 1.4 percentage points. The converse is true for the past two fiscal years, with the actual outturn for FY2020/21 likely to exceed projection by 1.8 percentage points, falling outside of the targeted band of 4.0% - 6.0%.

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



Source: STATIN, BOJ, MOFPS

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

### ***Interest Rates***

The Government's exposure to changes in interest rates is measured by the share of variable rate, and near to maturity fixed rate debt in the debt portfolio. In an effort to reduce this risk, the GOJ's debt management strategy features the issuance of mainly fixed-rate debt instruments. At end-December 2020, the share of variable-rate debt in the GOJ's portfolio was 27.2 percent, a 4.2 percentage point reduction from end-March 2020 (see **Table VII (b)**).

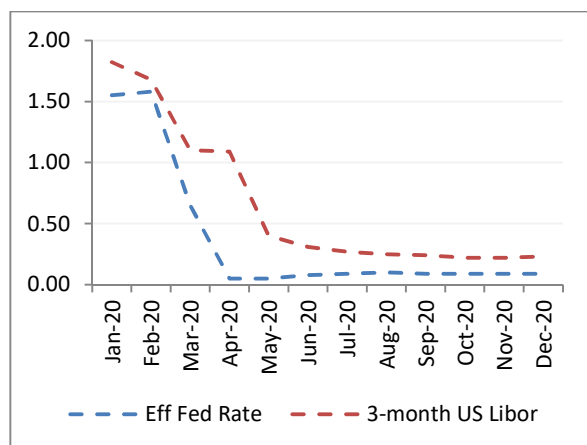
**Table VII (b): Interest Rate Composition of Debt Stock**

	end-March 2020	end-December 2020	Change
<b>Domestic Debt</b>	36.1	23.9	(12.2)
<b>External Debt</b>	28.5	29.1	0.6
<b>Total Debt</b>	<b>31.4</b>	<b>27.2</b>	<b>(4.2)</b>

Source: MOFPS

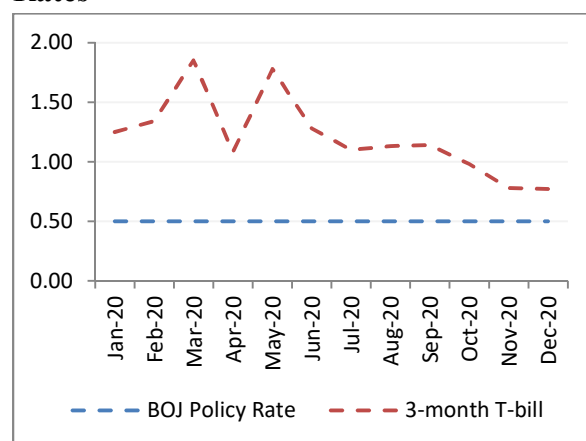
The 3-month Treasury Bill rate and the 3-month USD LIBOR are the reference rates primarily used to reset interest rates on the variable rate portion of the domestic and external debt portfolios, respectively. The onset of the COVID-19 pandemic has led to the US Federal Reserve (Fed) reducing the federal funds rate by a total of 150 basis points during the 2020 calendar year, in an effort to stimulate economic activity. This accommodative monetary policy action has influenced a decline in the 3-month USD LIBOR rates which fell by 87 basis points to end the calendar year at 0.23 percent (see **Figure VII (g)**). In the domestic market, the Bank of Jamaica (BOJ) has maintained its policy rate at 0.50 percent since August 2019. This has supported a reduction in the cost to service domestic debt, with the 3-month Treasury bill rate falling from 1.25 percent in January 2020 to 0.77 percent in December 2020 (see **Figure VII (h)**).

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



Source: Federal Reserve Bank of St. Louis

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



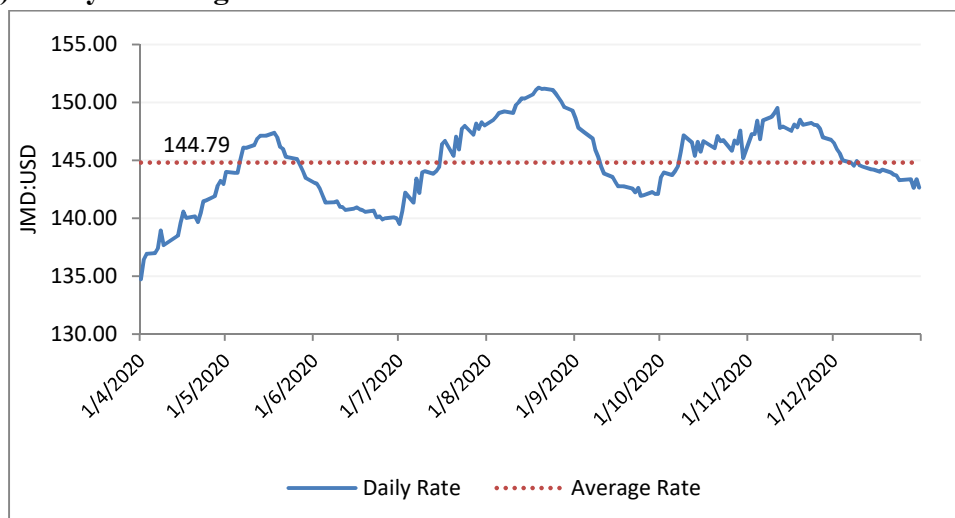
Source: BOJ

### **Exchange Rates**

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

At end-December 2020, 61.1% of Central Government debt was denominated in foreign currency. This represented an increase relative to end-FY 2019/20 when the share of foreign currency-denominated debt in total debt was 60.5%. This increase was partially due to an increase in the Jamaica dollar value of foreign currency debt resulting from exchange rate movements. For the fiscal year to end-December, the Jamaica dollar depreciated by 5.4 percent relative to the US dollar, and the exchange rate averaged J\$144.79:US\$1.00 (see **Figure VII (i)**). In May 2020, the BOJ announced that its intervention in the foreign exchange market, which amounted to US\$338.0 million since the onset of the pandemic, would be tempered, as continuous Central Bank interventions could result in the depletion of the country's Net International Reserves (NIR). Going forward, the GOJ will maintain its strategy of issuing mainly local currency debt in the domestic market as a means of limiting the Government's exposure to movements in the exchange rate.

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



Source: BOJ

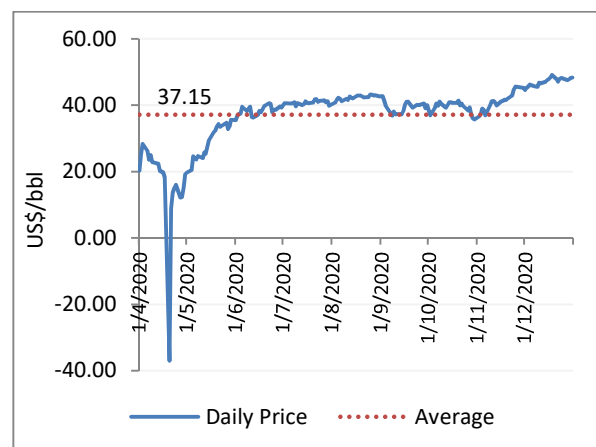
### ***Oil Prices***

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

Oil prices fell during the period April 2020 to end-December 2020, relative to the corresponding period of FY 2019/20. This resulted from weakened global demand, in the face of lockdowns to limit the spread of COVID-19. In April 2020, West Texas Intermediate (WTI) oil prices fell to US\$36.98/bbl, the lowest price level recorded for the period. In May 2020, a cut in global output, as well as a reopening of some economies resulted in a rebound in prices, reaching a period high of US\$49.04/bbl in December 2020 (see **Figure VII (j)**). Over the period, oil prices averaged

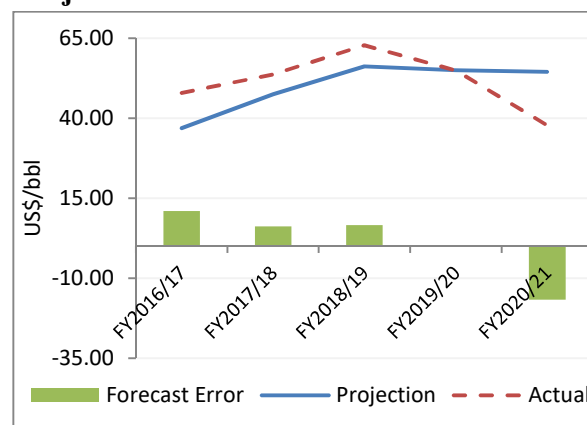
US\$37.15/bbl, with an expected average of US\$37.80/bbl for the fiscal year. **Figure VII (k)** highlights the difference between oil price projections and actual outturns for FY 2016/17 to FY 2019/20, and the estimated outturn for FY 2020/21. The large forecast error for FY 2020/21 reflects the unanticipated decline in prices which resulted from the pandemic.

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



Source: Federal Reserve Bank of St. Louis

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



Source: BOJ/MOFPS

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

## Contingent Liabilities

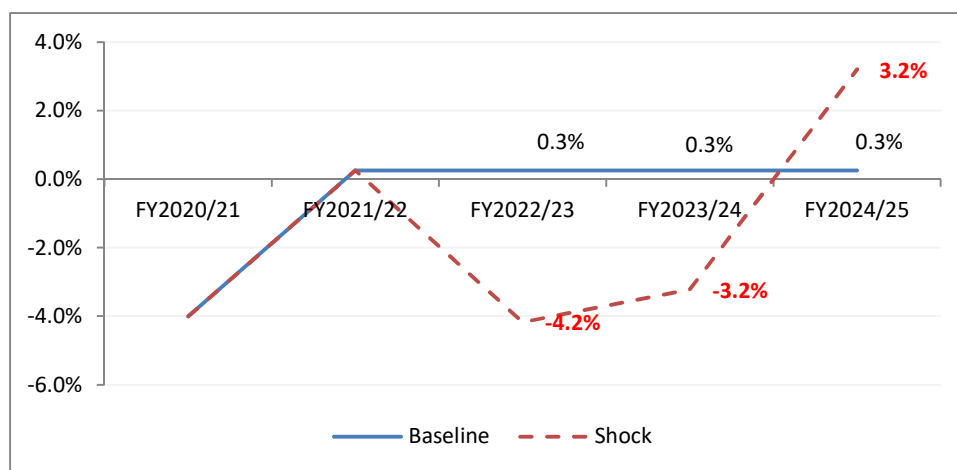
The Public Debt Management Act (PDMA) defines a contingent liability as: “an obligation (whether explicit or implicit) that materialises if a particular event occurs; or a potential liability that may occur depending on the outcome of an uncertain future event.” In the case that a financial obligation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

### Natural Disasters

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

**Figure VII (I)** shows the results of a shock to baseline revenue and expenditure, resulting from the occurrence of a natural disaster in FY 2022/23.

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



Source: MOFPS

The deterioration in the fiscal balance in FY 2022/23 and FY 2023/24 results from below-baseline revenue projection in those years, resulting from a slowdown in economic activity, and increased expenditure for recovery and reconstruction efforts. In FY 2024/25, it is expected that revenues would exceed expenditure, consistent with the output recovery, and reconstruction and relief expenditure slows or ceases. This would result in a fiscal surplus in excess of baseline assumptions by 2.9

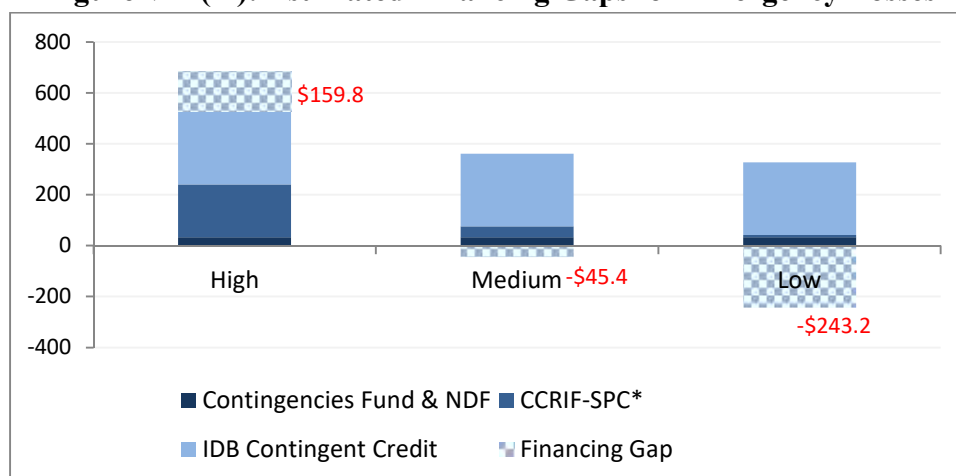
percentage points.

The Government has embarked on a risk layering approach to financing risks from natural disasters. This involves establishing adequate funds and reserves to retain the cost of high frequency, low severity events such as floods or heavy rainfall, and transferring risks related to low frequency, high severity events such as major hurricanes and earthquakes through insurance facilities. The GOJ maintains a National Disaster Fund (NDF) capitalized at \$512.0 million as at end-December 2020, and may also utilize funds held in a Contingencies Fund which, as at end-December 2020 is valued at \$4,504.2 million. The Government may also access US\$285.0 million from a Contingent Line of Credit in the event that the country is affected by a disaster of a specified magnitude.

In June 2020, the Government renewed an insurance policy with the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF-SPC). The policy, if triggered provides pay-outs in the event of Tropical Cyclone (TC), Earthquake (EQ) and Excess Rainfall (XSR). In December 2020, the GOJ received a payment of US\$3.5 million (\$500.0 million) in respect of the CCRIF-SPC XSR policy. The pay-out was related to intense rainfall associated with Tropical Storms Zeta and Eta which affected the island in October and November 2020, respectively as well as a period of rainfall immediately prior to the storms.

An assessment conducted by the World Bank Group estimated emergency losses resulting from disasters of varying severities. Financing gaps were estimated for each level of severity, taking into account financing instruments available to the GOJ (see **Figure VII (m)**). Results show that current financing instruments are sufficient for disasters of medium and low severities. However, for a high severity event, there is a financing gap of US\$159.8 million. To address such gaps, the Government, in partnership with the World Bank has been developing a catastrophe bond for issuance in the international capital markets (ICM). A catastrophe bond acts as a form of insurance, whereby the government will pay “premiums” in exchange for a pay-out in the event of a disaster. The bond was scheduled for issuance in April 2020, but was delayed due to the onset of the pandemic. The Government will continue to monitor the international financial environment in order to determine a suitable time for issuance, as well as other available financing instruments.

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



Source: WBG & MOFPS

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

\*CCRIF payments are estimated and may differ from actual events.

### *National Natural Disaster Risk Financing Policy*

Committed to ensuring that there are sufficient mechanisms available for disaster relief, recovery and reconstruction without significant recourse to the national budget, the GOJ is crafting a national policy to guide disaster risk financing. The draft policy, which is slated to be tabled in Parliament within the first half of FY 2021/22, 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.

### *Public Bodies*

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

Subject to the Public Bodies Management and Accountability (PBMA) Act, public bodies may only access loans with the approval of the GOJ. At the same time the Public Debt Management Act (PDMA) legislates that government guaranteed loans (GGLs) should be no more than 8.0%, 5.0% and 3.0% of GDP at end-FY 2016/17, FY 2021/22 and FY 2026/27, respectively. As at end-December 2020, GGLs-to-GDP was recorded at 4.7%, 0.3 percentage point below the 5.0% limit set for FY 2021/22. While the nominal value of GGLs has been decreasing, shocks to GDP growth could compromise the achievement of these targets. Additionally, given the severe economic impact of the COVID-19 pandemic, public bodies may be required to seek guarantees in order to borrow. The GOJ



actively monitors the trajectory of the GGLs-to-GDP ratio to determine its capacity to guarantee public bodies' debt without missing the targets established in the PDMA. In the case where loans to public bodies' are not guaranteed, the Government might incur an implicit liability in the event that the entities are unable to meet debt service costs, or these costs inhibit their performance.

The COVID-19 pandemic has negatively affected the operations of a number of public bodies, contributing to cash flow insufficiency. The primary entities affected were the Jamaica Urban Transit Company, Port Authority of Jamaica (PAJ), National Water Commission (NWC), Urban Development Corporation (UDC) and Ports Security Corps (PSC). While there was a significant fall-off in the revenues of the Airports Authority of Jamaica, the entity's accumulated reserves were adequate to finance its operations. Notably, if the pandemic should be protracted, these entities could experience greater fall-out in their operations, requiring further Central Government support. Many public bodies have been able to manage their operations within existing resources, while others have sought and received financial support from the Central Government. Those that sought and received Central Government support include the NWC, UDC and PSC.

The Government is often required to provide significant financial support to some public bodies to supplement their cash flows. The operations of these entities are geared towards achieving certain social or economic objectives, and as such, offer products and services at below market prices. Proposed transfers to select public bodies for FY 2021/22 and estimates for FY 2020/21 are outlined in **Table VII (c)**.

**Table VII (c) Public Bodies Support from GOJ\***

Public Body	FY 2021/22 Prop. \$mn	FY 2020/21 Est. \$mn
Jamaica Urban Transit Company	5000.0	5,346.3
Montego Bay Metro	200.0	72.34
Ports Security Corps	42.0	78.0
Public Accountancy Board	10.0	7.0

\*Excludes loan funding and fees

Source: MOFPS

#### Jamaica Urban Transit Company (JUTC)

The JUTC provides subsidised fares to students and the elderly, and regular adult rates have remained below the economic level. As such, the Government has committed to replacing the Company's rolling stock and infrastructure as needed. While the JUTC has often been in a tenuous financial position, the challenges have been amplified by the COVID-19 pandemic. In April 2020, the Company began offering free rides to first responders including doctors, nurses, interns, porters, hospital staff, firemen, ambulance drivers, police officers and soldiers. Additionally, the closure of schools in March 2020, the

work-from-home culture made popular by the pandemic, and the implementation of nightly curfews has resulted in a decline in ridership with revenues falling by as much as 40.0% as at October 2020. The Company has also been impacted by the restriction on large gatherings, which has resulted in significantly reduced revenues from charter services. Despite the fallout, the JUTC has maintained its full staff complement, but has sought other methods of saving on operational costs such as a move to biodiesel as a means of lowering the company's fuel bill, closing some offices and allowing some staff to work from home.

The Auditor General's report on the governance, procurement and operations of the JUTC was tabled in the House of Representatives in July 2020. Some of the findings of the report were:

- The Company had an unapproved staff capacity costing \$1.15 billion;
- Management exceeded their overtime budget by \$728.6 million;
- The Company's maintenance programme was ineffective, resulting in poor service delivery; and
- Outsourcing of maintenance and repairs amounting to \$419.0 million, despite having excess mechanics on staff and funds allocated for training.

These highlighted inefficiencies in the JUTC's operations compromise the entity's financial performance, and increase the likelihood of necessary government support. As such, the Company is working towards addressing these inefficiencies under the guidance of the Ministry of Transport and Mining.

#### *Public Bodies with Arrears*

The GOJ is cognisant that public bodies with significant arrears remain a major source of fiscal risk. In recognition of these risks, the Government will continue to monitor/manage the domestic arrears of seven (7) large public bodies, within an established ceiling of \$6,400.0mn, on the accumulation of new debts by these entities. These public bodies are Clarendon Alumina Production Limited, National Water Commission (NWC), Housing Agency of Jamaica (HAJ), JUTC, National Health Fund (NHF), National Road Operating and Constructing Company Limited (NROCC) and the UDC.

#### *Other Public Body Activities*

The Government continues to monitor the operations of CAP with a view to contain the risks that its participation in the JAMALCo joint venture operation presents to the fiscal operations. In this regard, plans to incorporate the Plant are ongoing. Meanwhile, the GOJ has already extended loans totalling US\$202.17 million to CAP to facilitate settlements of its obligations to the Plant and to Noble.

## *Rationalisation of Public Bodies*

The GOJ continues the Public Bodies' Rationalisation programme aimed at reducing the number of public bodies. The consolidation of public bodies, which may take the form of mergers, closures, divestment or reintegration, is expected to reduce risks to the Central Government budget through, *inter alia*, curtailing losses, reducing operational costs and minimizing overlapping functions. As at September 2020, the programme resulted in savings for the Government in excess of \$1,000.0 million.

## ***Public Private Partnerships<sup>7</sup>***

PPPs are often a preferred means of executing major investment projects, as the Government partners with a private entity which takes on a portion of the project cost and risk. Nonetheless, if PPPs are not appropriately designed and monitored, the GOJ might face unplanned costs. This concern has been addressed by the enhanced fiscal rules which were adopted under the Financial Administration and Audit (FAA) Act, and the PBMA Act in 2014.

The Development Bank of Jamaica (DBJ) and the PPP Unit within the MOFPS are charged with ensuring that PPP transactions are consistent with the criteria established in the PPP Policy. PPPs are assessed on project viability, value for money, marketability and fiscal responsibility to ensure that project operations will not undermine the GOJ's fiscal position. Transactions are also subject to sensitivity analysis to test the Government's capacity to absorb worst case scenario losses, without derailing the fiscal programme.

In the event that either party desires adjustments to a PPP contract, the transaction may enter a renegotiation stage in the absence of competitive pressure. This could result in private parties seeking to improve their positions in a way that worsens the Government's position. To treat with this, the GOJ: limits renegotiations to cases in which there will likely be improved value for money, consults specialised advisors, and establishes competent and experienced teams to lead the process of renegotiation.

## *PPPs in Progress*

The following PPP transactions are currently in progress:

- Rio Cobre Water Treatment Plant

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<sup>7</sup> A public private partnership is a long-term procurement contract between the public and private sectors, in which the proficiency of each party is focused in the designing, financing, building and operating of 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).

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 MGD<sup>8</sup> Water Treatment Plant in Content, St. Catherine.

- Schools Energy Efficiency and Solar Project

Cabinet approved the final terms of the Energy Savings Contract with the preferred bidder and financial closure for the project is anticipated by the second quarter of financial year 2021/22. The private investor is to 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. The installation of the panels is expected to commence as soon as financial closure is achieved.

- 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.

### ***Judicial Awards***

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

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

### **Other Specific Risks**

#### ***Wage Settlements***

The public wage bill can pose a risk to GOJ expenditure in the event that wage settlements exceed budget and/or are not concluded in time for the budget. The Government's current wage contract will come to an end in March 2021. As such, it is critical that the GOJ completes wage negotiations 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 review has been completed and recommendations have been made. The Government is currently in discussion with the unions.

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<sup>8</sup> MGD – million gallons of water per day

## ***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 assumes the Bank’s losses. The GOJ has recapitalized the Bank, in keeping with an amended Act tabled in the Houses of Parliament in the third quarter of FY 2018/19, and passed in December 2020, which will give the Central Bank legislative independence. This is in an effort to enhance its capacity to conduct monetary policy in a manner that limits risks to the Central Government’s budget.

## ***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.

