

Report No.: 19356 JM

**Jamaica: Country Assistance Note**

December 21, 1998

Operations Evaluation Department

## Acronyms

ACP	African, Caribbean and Pacific countries
ARP	Administrative Reform Program
ASAL	Agricultural Sector Adjustment Loan
BOJ	Bank of Jamaica
CAS	Country Assistance Strategy
CARICOM	Caribbean Community and Common Market
CEM	Country Economic Memorandum
CET	Common External Tariff
CGCED	Caribbean Group for Cooperation in Economic Development
CNB	Century National Bank
EFF	Extended Fund Facility
FINSAC	Financial Sector Adjustment Corporation
FIS	Financial Interest Service
GCT	General consumption tax
HRDP	Human Resources Development Program
ICR	Implementation Completion Report
IDB	Inter-American Development Bank
IFI	International Financial Institution
KMA	Kingston Metropolitan Area
JAMPRO	Jamaican Investment Promotion Corporation
JCTC	Jamaica Commodity Trading Co.
JLP	Jamaica Labor Party
JPS	Jamaica Public Service Co.
LAC	Latin America and the Caribbean
MTFP	Medium Term Policy Framework Paper
OED	Operations Evaluation Department
PE	Public Enterprise
PESAL	Public Enterprise Sector Adjustment Loan
PIOJ	Planning Institute of Jamaica
PNP	People's National Party
PSDAL	Private Sector Development Adjustment Loan
QAG	Quality Assurance Group
SAL	Structural Adjustment Loan
SAP	Structural Adjustment Program
SECAL	Sectoral Adjustment Loan
STATIN	Statistical Institute of Jamaica
TAL	Technical Assistance Loan
TFSAL	Trade and Financial Sector Adjustment Loan
XGNFS	Exports of Goods and Non-Factor Services

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December 21, 1998

**MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT****JAMAICA: Country Assistance Note**

Attached is a *Country Assistance Note* (CAN) on Jamaica prepared by the Operations Evaluation Department.

Jamaica has had negative per capita growth of GDP for much of the last 25 years, despite active Bank (and IMF) involvement. Macroeconomic imbalances recently worsened, and CODE members asked OED to review the history of lending to Jamaica with a view to understanding the reasons for its lack of success and drawing lessons for the future.

The election in 1980 of a Government that supported free markets and a strong private sector led to a large inflow of external assistance; during 1981-1985, Bank commitments to Jamaica were the highest in Latin America and the Caribbean, on a per capita basis. With hindsight, it is clear that the Bank had overestimated both the institutional capacity and the degree of government ownership and social consensus over the kinds of reforms promoted by the three structural adjustment loans extended during the first half of the 1980s. As a result of high levels of borrowing from the Bank and elsewhere, Jamaica became burdened with heavy debt, so that whatever domestic support for adjustment existed evaporated given the lack of supply response, rising unemployment and deteriorating living standards. SAL conditionality was weak, often involving studies rather than actions, while fundamental reforms were left out. Even the relatively weak conditionality was not always enforced.

Rejection by the Government of proposed conditionality in the mid-1980s led to a pause in borrowing from the Bank. Adjustment lending resumed in 1987 with a series of five sectoral adjustment loans. These loans, the last of which was approved in 1993, accomplished a number of objectives, but these were often modest, and their impact limited. In the end, the economy achieved neither growth nor poverty reduction. The design of the program of adjustment lending in Jamaica was of limited relevance, and its efficacy was at best modest. Given the poor overall results, and the sizable resources that went into the program, its efficiency must be judged to have been unsatisfactory as well.

Investment lending to Jamaica has had a lower than average rate of satisfactory outcomes, a result consistent with Bank experience that investment projects in environments with weak fundamentals are more likely to fail. Problems affecting investment projects have included over-ambitious designs and insufficient attention to the resulting risks in the funding and management of projects. Lending for technical assistance and administrative reform did not strengthen implementation capacity. Bank resources devoted to economic and sector work and to the lending program have been below average, and the quality of country relations has left a lot to be desired.

The 1993 CAS identified three key goals: the pursuit of macroeconomic stability; enhancement of private sector confidence and increased investment; and development of the economic and social infrastructure, including attention to basic poverty issues. The subsequent lending program included loans geared toward increased autonomy and accountability for government agencies, reform of tax administration, development of information systems and training, reform of the incentives environment,

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infrastructure improvement and privatization, credit to promote investment for exports, and support for education, health and monitoring of poverty and social conditions. While the objectives are relevant, over half of the current portfolio (by commitment value) is considered by QAG to be at risk, and no operations have been approved since September 1996. Thus, taken as a whole, the Bank's assistance program over the past decade has had an unsatisfactory outcome. Bank and Borrower performance, which contributed to this result, have also been unsatisfactory.

The 1993 CAS did not assess realistically government and civil society support for a shift in macroeconomic and structural policies (as reflected in recent setbacks to the privatization program). Pay and employment conditions in the civil service have frustrated government attempts to contain the public deficit. Reform of the financial sector is now of critical concern. The conditions for adjustment lending are not in place, but a Learning and Innovation Loan might be an appropriate instrument for strengthening the financial sector. Given the disappointing outcome of traditional project lending, a participatory approach, focusing on building domestic capacity through adaptable lending might be explored, especially in the social sectors. In this way, the Bank would disburse only as long as the overall framework remained adequate. Of course only sustained growth can lead to substantial reductions in poverty over the longer term; meanwhile continued monitoring of the social impact of stabilization and adjustment will be necessary. Strengthening of Jamaica's institutions and human resources will take time, and any lending must take into account existing capacity and Jamaica's felt needs.

The Government received an earlier draft of this report, and a summary of their views is attached as Annex 1, along with a letter expressing their views on the final version.

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by several loops and a final vertical stroke.

# Contents

<b>Abstract</b>	i
<b>1. Background</b>	1
Jamaica's Macroeconomic Situation	2
The Social Setting	4
<b>2. The Record of Bank Assistance</b>	6
Bank Lending for Adjustment: A History of Failure	6
Technical Assistance and Administrative Reform: No Lasting Impact	10
Investment Lending: Mixed Results	10
Economic and Sector Work	11
The Efficiency of the Bank Assistance Program	12
IFC Operations	12
A Regional Approach	13
Aid Coordination	13
<b>3. Country Strategy and Current Portfolio</b>	14
<b>4. Implications for the Future</b>	15
<b>Annexes:</b>	
1. Government Response to the CAN	18
2. Chronology: Political and Economic Events	22
3. Bibliography	25
<b>Statistical Tables:</b>	
1. Jamaica: IMF Credit, IBRD Debt Outstanding and Disbursed, Debt Service and Net Transfers, 1980-97	26
2. Jamaica: Economic Indicators, 1992/93-1998/99	27
3. Jamaica: Government Revenues, Expenditures on Wages and Interest, 1992/93-1998/99	28
4. Jamaica: Balance of Payments, FY1992/93-1997/98	29
5. Social Statistics for Jamaica and Selected Countries, 1995	30
6. Jamaica: Social Indicators of Development, 1990-95	31
7. Jamaica: Ratings Compared to LAC and Bank-wide	32
8. Jamaica: Evaluated Operations by Sector (through August 26, 1998)	33
9. Jamaica: External Debt, 1980-96	36
10. Jamaica: Summary Indicators of Efficiency of Bank Assistance, FY88-97	37
11. Jamaica: Efficiency of Bank Assistance, FY88-97	38
12. Jamaica: IBRD Yearly Commitments and Disbursements, FY80-99	39
13. Jamaica: Active Loans as of November 1998	40

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## Abstract

*Jamaica has had negative per capita GDP growth for much of the last quarter of a century, despite active involvement of the World Bank. Three structural adjustment and five sectoral adjustment loans since 1981, accompanied by a series of IMF operations, have increased Jamaica's debt burden and left the country no better off in terms of growth or poverty reduction. Investment lending in this environment has also had a lower than average success rate. Unrealistic assessment of the Government's commitment to the vision articulated by the Bretton Woods agencies; overeagerness to lend; weak appreciation of social and governance constraints; and readiness to ignore implementation risks and underestimate the economic impact of depressed markets for Jamaica's exports underlie the Bank's failure to promote a strong economic framework, its support for an adjustment program with limited relevance, and its reluctance to make use of its remedies when the program derailed. Taken as a whole, the Bank's assistance strategy has had an unsatisfactory outcome, and Bank and Borrower performance, which contributed to this result, have also been unsatisfactory. Based on past experience, the future dialogue and lending program should focus on supporting measures to promote macroeconomic and financial stability; building government capacity and commitment, with monitorable indicators of progress; strengthening of institutional and human resources; and enhanced monitoring of the social impact of adjustment. The efficacy of such an agenda depends on restoring trust and effective communication between Jamaica and the Bank.*

# 1. Background

1.1 Jamaica has had negative per capita GDP growth for all but a short period during the last 25 years, despite active involvement by the World Bank and the IMF. How this happened provides useful lessons for both the Bank and the Government of Jamaica. This section provides the historical, economic and social context for the evolving country assistance strategy.<sup>1</sup> Section 2 reviews the record of Bank assistance to Jamaica since the early 1980s, and evaluates its impact. Section 3 discusses the present country strategy and lending program. Section 4 presents the implications for the future.

1.2 Jamaica is a volcanic island with ample fertile, hilly land. For three centuries, it was a British colony, its economy based largely on sugar plantations, farmed by slave labor. The abolition of slavery in 1854 led to a decline in plantations and the emergence of a large class of small farmers, who sold their labor on existing farms, while being involved in small scale mixed farming on marginal lands. Around the turn of the century, many turned to banana growing for export. The opening of bauxite mines in the early 1950s transformed the economy; within 10 years, Jamaica had become the world's largest bauxite producer, accounting in 1962 for one-quarter of world output. By the late 1960s, bauxite and alumina made up one-half of Jamaica's exports. Imports rose as well, providing inputs and machinery for new industries, and contributing a growing share of food consumption.

1.3 Competition from imports, together with new job opportunities in the cities and abroad, led to massive migration out of agriculture. Between 1950 and 1968, emigration abroad was nearly one-third the natural population increase. After Britain restricted immigration in 1962, emigrants from rural areas congregated increasingly in Jamaica's cities, where many became casual workers.

1.4 Jamaica's pre-independence government relied on the private sector as a vehicle for growth, and during the mid-1950s, fueled by bauxite production, Jamaica grew faster than any other British Caribbean territory. Following independence in 1962, growth continued, with GDP rising at an annual rate of over 5 percent during the decade, based on foreign investment in bauxite/alumina and tourism, combined with domestic financial stability. Growth slowed toward the end of the 1960s, as state control over the economy increased and investment turned toward relatively inefficient import substituting industries.

1.5 World demand for Jamaican bauxite fell in the 1970s, and agricultural production for export fell at the same time. The Government adopted costly social welfare programs, nationalized some enterprises and created others, and set up a state trading corporation. These actions led to capital flight, a growing budget deficit, and a rapid depletion of foreign exchange reserves. The Government increased external borrowing and introduced extensive import restrictions, which in turn aggravated the problems of the manufacturing sector. By the end of the 1970s, the economy was experiencing negative growth, unemployment of 28 percent, low capacity utilization, large scale emigration of skilled workers, external debt arrears, a critical shortage of foreign exchange, inflation approaching 30 percent, and a crumbling public

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<sup>1</sup> Annex 2 presents a chronology of important events in Jamaica's history.

administration. Growing disparities between the middle class and the underemployed urban poor led to rising social discontent.

1.6 Two major political parties have alternated in power approximately every ten years, but despite differences in rhetoric, the two parties differed little in the economic policy reform measures they were ready, willing and able to implement. The new Government elected by an overwhelming majority in 1980 espoused free markets and a strong role for the private sector, attracting strong donor support. Jamaica became the second highest per capita recipient of economic assistance from the United States. During 1981-1985, Bank commitments to Jamaica were the highest in Latin America and the Caribbean (LAC) on a per capita basis, and by the end of 1985, Jamaica's use of IMF credit in relation to its quota was the highest of any Fund member. By this time, however, it was becoming clear that promised market-oriented reforms were not being implemented, and performance during the 1980s failed to meet expectations. A sharp drop in bauxite/alumina exports and high oil prices contributed to the weak outcome.

1.7 Lending declined in the 1990s, and from 1990 to 1996, despite a series of debt reschedulings, Jamaica made sizable financial transfers to the donor community. Net transfers from the Bank have been negative since 1986 (Table 1). The decline in donor contributions was partly offset by an increase in short term borrowing. The share of short term loans in total lending rose from 5 percent at end-1987 to 14 percent at end-1996 and increased further in 1997.

#### **Jamaica's Macroeconomic Situation**

1.8 Since 1983, the Jamaican dollar has depreciated by steps to its present level of J\$36.48 per US\$<sup>2</sup> (Figure 1.1). After each devaluation, the monetary authorities attempted to maintain the parity with the US dollar for as long as possible. Massive inflows of aid, along with remittances from abroad, supported the exchange rate. Since 1991, the currency has been floating, but the Central Bank has intervened heavily to stabilize parity with the US dollar. The 1990s were characterized by a series of devaluations which proved unsuccessful because their inflationary effects could not be contained. The consumer price index, which had increased by only 15 percent from 1986 to 1988, jumped by 168 percent from 1990 to 1992. Labor unions reacted violently, demanding that wage increases for the two coming years be proportional to the inflation rate of the two previous years.<sup>3</sup> Wages of government employees rose by 158 percent in 1993. During the last five years, real wages in the formal sector have increased substantially, the real effective exchange rate has gradually appreciated, and the real economy has contracted (Table 2 and Figure 1.1).

1.9 Many domestic financial institutions became technically bankrupt, but the Government kept them afloat. The rescue operation caused a large expansion in the money base, fueling inflation. With the financial crisis in Mexico, the Jamaican authorities became concerned about the possibility of an attack on their currency. This led to a drastic change in monetary policies, formalized by the adoption of an anti-inflation package in November 1995. The three pillars of

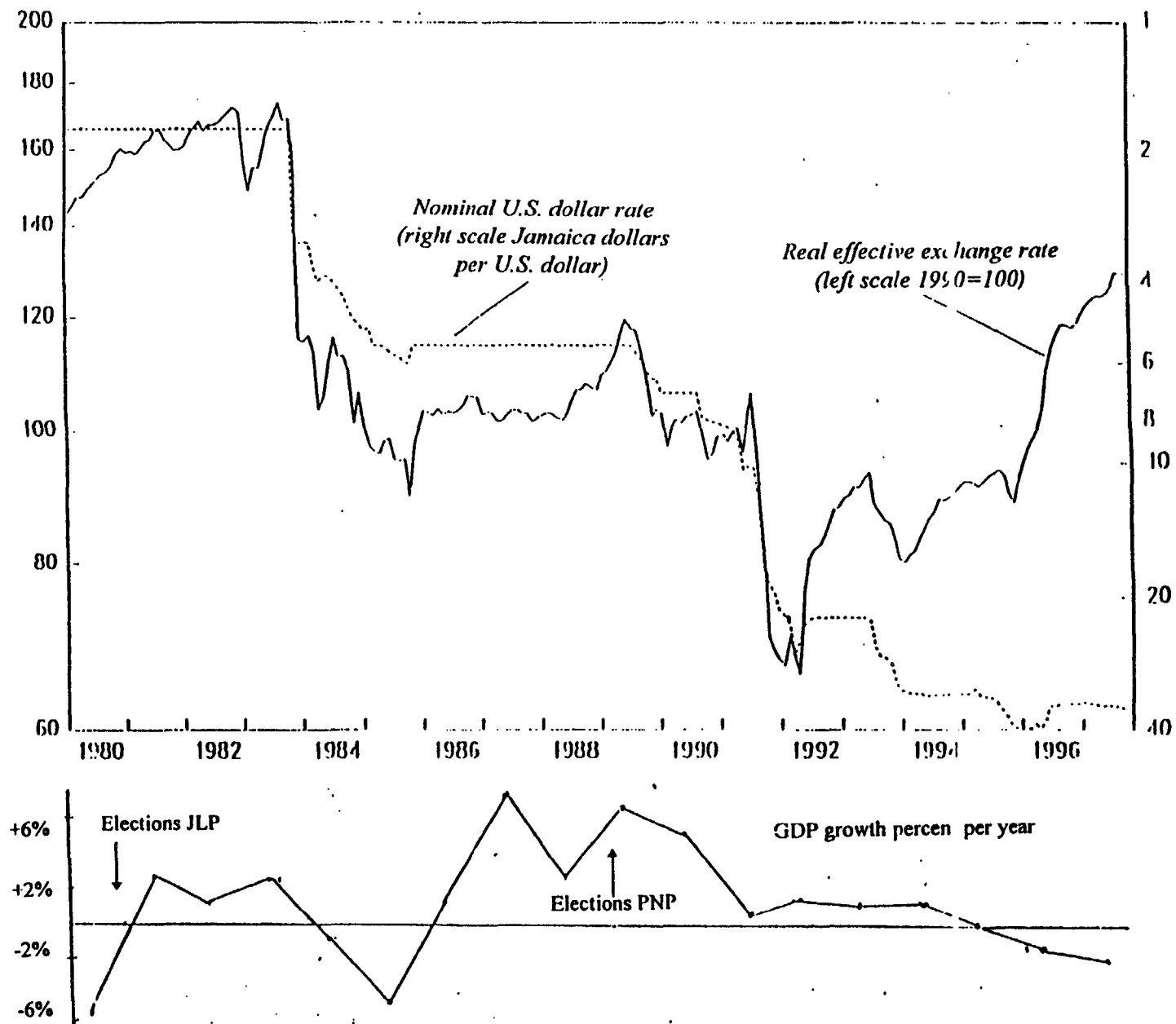
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<sup>2</sup> Average rate for April-June 1998.

<sup>3</sup> Jamaica's two largest unions, each affiliated with one of the two main political parties, are very powerful. The link between politics and unions has led to a wage setting system that makes it very difficult for the Government to control the budget deficit: wage adjustments are negotiated with the trade unions for a two-year period, with the amount of wage increase dictated by past inflation. This system also contributes to the Government's reluctance to devalue in the light of the inevitable inflationary wage settlements that follow.



**Figure 1.1: Exchange Rate Developments and GDP Growth**  
(1990=100)



1/ Trade-weighted index of nominal exchange rates deflated by seasonally adjusted relative consumer prices. An increase indicates appreciation.  
Source: IMF, Information Notice System.

the new package were tight money, high interest rates to attract foreign currencies inflows and fiscal restraint. The new policy succeeded in reducing the annual inflation rate to under 10 percent and raising international reserves by about US\$150 million in 1996/97. However, it aggravated the recession and did not prevent large increases in the fiscal and external current account deficits.

1.10 By 1995/96, the third and last year of the last EFF program, the developments in the financial sector had seriously undermined the original objectives. The public wage bill reached 8.3 percent of GDP against a 4.4 percent target. Inflation averaged 31 percent against a 6 percent target. The external current account deficit was 5 percent of GDP, while a 1.2 percent surplus had been targeted. Instead of rising by 3.5 percent, GDP remained stagnant. The IMF's tutelage officially ended in March 1996.

1.11 The public wage bill and interest due on the domestic debt increased from one third of government revenues and grants in 1992/93 to three quarters in 1996/97, and the most recent IMF projections indicate that, without policy changes, these items will absorb 96 percent of government revenue and grants by 1998/99 (Table 3 and Figure 1.2). The public sector balance shifted from a surplus equivalent to 3 percent of GDP in 1995/96 to a 7.6 percent deficit in 1997/98 (Table 2 and Figure 1.3). The situation was further aggravated by the Government's decision to guarantee all deposits in the banking system and to support financial institutions in difficulties. Unsustainable fiscal deficits led to serious balance of payments problems (Table 4).

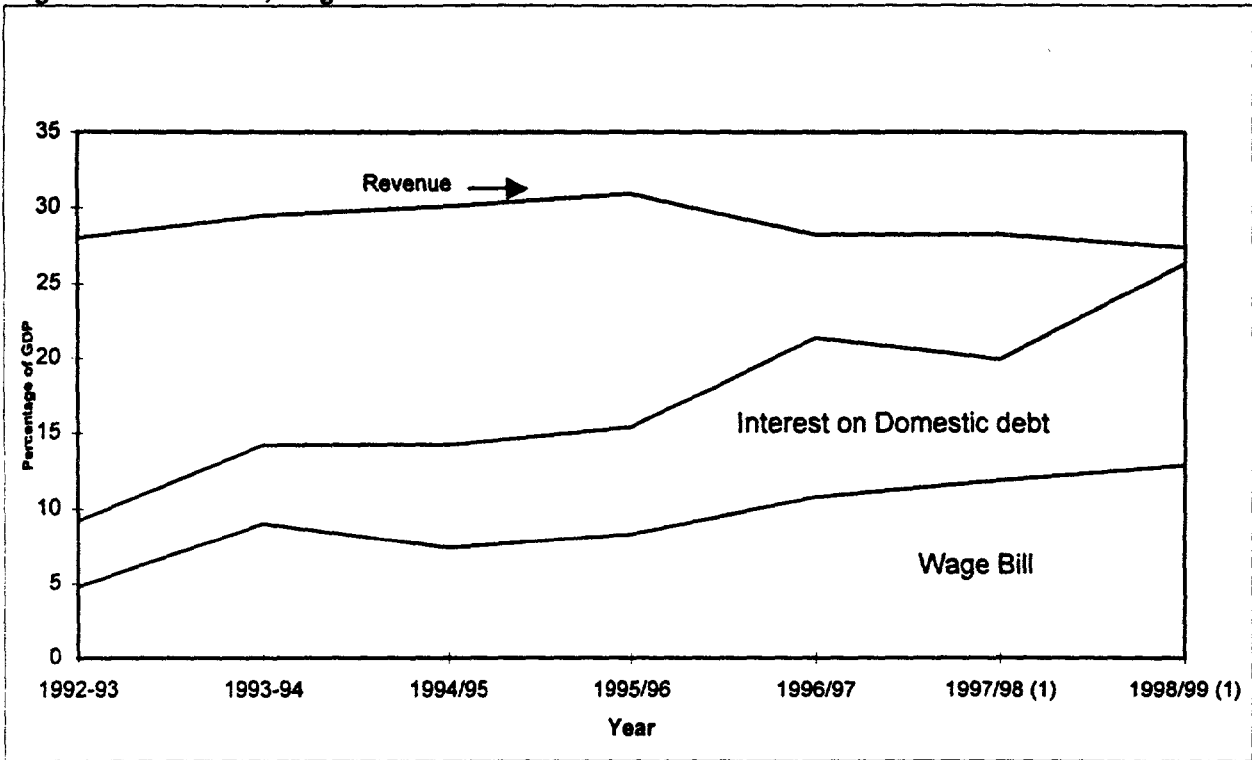
1.12 The current account deficit before private transfers has to be financed by private transfers, capital inflows and foreign exchange reserves. Remittances from workers abroad are an important financing item. Net official capital inflows are affected by the response of the donor community to the Jamaican adjustment efforts and by the Government's ability to borrow on the international capital market. Official inflows increased in 1997/98, because the Government succeeded in floating bonds worth US\$200 million in July and in borrowing US\$100 million from Citibank in December. In early 1998, Jamaica obtained a Moody's rating of BA3, which has facilitated additional borrowing.

### **The Social Setting**

1.13 Jamaica's social indicators compare favorably with those of other Latin American countries with similar incomes (Table 5). However, popular expectations exceed the capacity of the state to fund and deliver social services and supporting infrastructure. Given budgetary constraints, secondary school enrollment has not increased, population per physician has more than doubled, and less than half the rural population has access to safe water (Table 6).

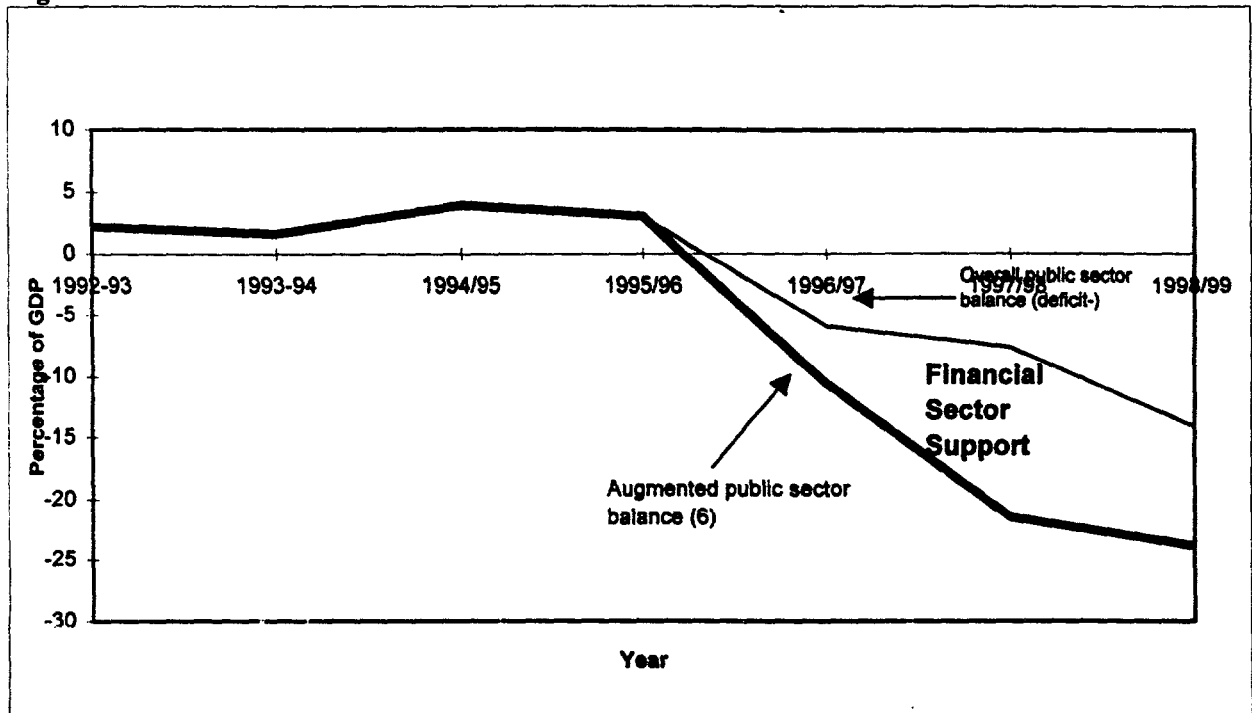
1.14 Violence, often drug related, has undermined social cohesion. It has escalated steadily since independence: by the late 1980s, the homicide rate was twice as high as in the United States (Moser and Holland, 1997). The impact can be seen in some communities in the reluctance of businesses to invest, a lack of labor mobility as people are afraid to venture too far from home, difficulties for children in getting to school, and unwillingness of communities to invest in local infrastructure, as well as a dampening effect on tourism.

**Figure 1.2: Revenues, Wage Bill and Interest on Domestic Debt**



Source: Table 3.

**Figure 1.3: Public Sector Deficit**



Source: Table 2.

## 2. The Record Of Bank Assistance<sup>4</sup>

2.1 Bank commitments to Jamaica have amounted to US\$1,326 million, for 62 projects since 1965. Fifty-one of these projects, totaling US\$1033 million, have been rated by OED. They rank low in all three indicators—outcome, sustainability and institutional development impact—compared to averages for both the LAC region and Bank-wide (Table 7).<sup>5</sup> Adjustment lending made up nearly 40 percent of the total, and less than half of it had a satisfactory outcome, while the outcome of about half of investment lending was given a satisfactory rating (Table 8). Loans for technical assistance and administrative reform also performed quite badly. In comparison, the outcomes of three-quarters of all Bank projects are rated satisfactory. This section discusses these three types of loans, then continues with a brief review of economic and sector work, Bank budgetary performance, regional approaches, and aid coordination.

### Bank Lending For Adjustment: A History Of Failure

2.2 Adjustment lending can be broken down into two periods: FY82-85, when three structural adjustment loans (SALs), amounting to US\$191.4 million, were disbursed in quick succession, and FY87-96, during which five sectoral adjustment loans (SECALs) were disbursed, for a total of US\$190 million.<sup>6</sup> OED rated the outcomes of all three SALs as unsatisfactory, and those of the five SECALs satisfactory. However, in retrospect, the SECALs, too, left basic structural problems unresolved.

2.3 The newly-elected Government in 1980 adopted a structural adjustment program (SAP), whose goals were to foster export-led development and strengthen the role of market forces. The Bank supported the SAP with three structural adjustment loans. However, the Bank established conditionality under all three SALs that was weak, and often too vague to be easily monitored, for example, conditions calling for “satisfactory progress.” Many conditions were for studies or preparatory work, rather than actions; examples include the preparation of action programs to improve the performance of selected public enterprises, an examination of ways to increase the efficiency of the import licensing system and of a phased substitution of tariffs for quantitative restrictions, and studies of soil conservation, water management, tax reform and export marketing organizations. The absence of a call for decisive action was particularly notable in the critical area of trade reform and reduction of effective protection, despite the extensive economic and sector work that had been done in the Bank.<sup>7</sup> In the area of public enterprises, the Jamaica Commodity Trading Company (JCTC, the state-owned monopoly on foreign trade) was

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<sup>4</sup> This section draws on audits and ICRs for projects, as well as interviews with staff familiar with the projects and project and general files. See the Bibliography, Annex 3, for a list of the audits.

<sup>5</sup> This result is consistent with the analysis in the 1997 “Annual Review of Development Effectiveness” (World Bank, 1997), which found that countries ranking low in both policy performance and institutional quality had an average project performance rating well below the Bank-wide average. Jamaica, in fact, has an average project performance rating even lower than would be predicted by its scores on the two variables.

<sup>6</sup> Three earlier loans—two program loans and an export development fund project—were classified as adjustment loans, but these were essentially balance of payments support, with no policy adjustment. During the period of adjustment lending, Jamaica also had a series of agreements with the IMF (see Chronology, Annex 2).

<sup>7</sup> As early as 1979, the Government had asked the Bank for help in this area.

practically ignored, despite its great importance for public finance, income distribution and resource allocation. The bauxite and alumina sector, which contributed sharp drops in export earnings and government revenues, was also left out. Compliance, even with the relatively weak conditionality, was mixed; in some cases the Bank agreed to modify conditions, extend their completion dates, or incorporate them in future loans.

2.4 The macroeconomic framework prepared by Jamaica, and incorporated into the IMF programs, had been assumed by the Bank to be a reliable foundation for the adjustment program. However, the adjustment program was not sufficient to correct the fiscal imbalance; it relied more on increased foreign borrowing than on fiscal adjustment. Moreover, Bank supervision missions did not address slippage from critical fiscal aspects of the program because they were not part of Bank conditionality. (Meanwhile, the IMF waived a number of conditions and canceled an EFF—see Annex 2.) The Bank did not ask for major reforms in the key productive sectors. The most basic change in relative prices which a major devaluation would have achieved was undermined by excessive foreign capital inflows (including the substantial Bank lending). What is more, the Bank did not have a clear idea of the welfare implications of a partial implementation of the reform agenda.

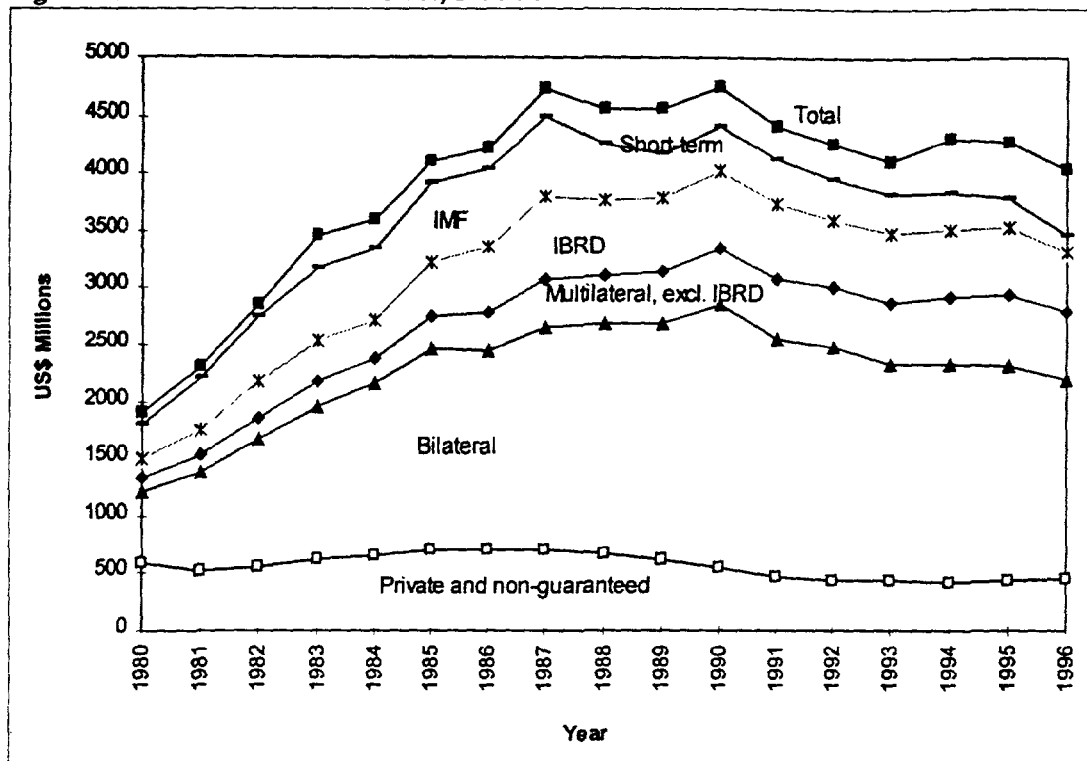
2.5 By 1985, following completion of the three SALs, some progress was evident: the import regime was less subject to discretionary decisions, the tax system was becoming simpler and more equitable, and the exchange rate had at last been drastically adjusted, generating growth in tourism and in non-traditional exports. However, during what was to be the last period of positive net transfers from the Bank (Table 1), fundamental structural problems had not been resolved. Government interventions and subsidies continued to distort relative prices and resource allocation. Hundreds of statutory bodies remained active throughout the economy, and the bureaucracy had been only marginally reduced. Special interests received discriminatory concessions. Effective protection remained nearly as high as at the beginning of the adjustment process.<sup>8</sup> Capital markets remained segmented, private sector access to credit was sharply limited by the Government's crowding out, and capital flows were still highly regulated. Reform of the markets for sugar and bananas, the major traditional agricultural export crops, had largely failed to materialize.

2.6 In some important ways and under the influence of sharply falling earnings for bauxite/alumina, the economy was worse off than it had been five years earlier. Total output was lower in 1985 than in 1979: per capita GDP had fallen by 14 percent. The current account deficit rose from 5 percent of GDP in 1979 to 15 percent in 1985. Unemployment increased by almost one-fourth (despite massive emigration), the delivery of health and social services by the Government had been cut back, and living standards of the poor had deteriorated. As a result of the high level of borrowing, the external public debt and debt service payments rose sharply, as did the Bank's exposure (Table 9 and Figure 2.1). Disenchanted with the limited progress in transforming the economy, other donors were reassessing their own exposure.

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<sup>8</sup> Within days of the release of the second tranche of SAL III, the Government sharply increased some stamp duties, while granting widespread exemptions, thereby creating wide disparities in the rates of effective protection across the economy.

Figure 2.1: Jamaica's External Debt, 1980-96



Source: Table 9.

2.7 *In sum, the three SALs were of only modest relevance to Jamaica's needs. Their efficacy and impact were low, and, in view of the poor outcome, their efficiency was clearly low also.*

2.8 The Government, saddled with high debt, and having achieved little adjustment, suggested that a team of people with "fresh eyes" review the situation. A mission known as the "Fresh Look Team," led jointly by the IMF, the World Bank and USAID, submitted its report in mid-1986. When the Government rejected the substantial reforms recommended by the report, the IMF canceled its ongoing Standby Agreement, and the Bank held up new loan commitments. The Government none-the-less implemented some of the recommendations, particularly on fiscal austerity, as the external economic environment improved. A new stabilization program was concluded with the IMF in early 1987, followed by debt rescheduling with commercial banks and the Paris Club. (Other reschedulings and debt forgiveness by bilaterals followed.)

2.9 Bank lending resumed with two sectoral adjustment loans in June 1987, along with three investment projects. Altogether five Bank SECALs were implemented during the next eight years. Although focused on specific sectors, the SECALs continued many of the earlier adjustment reforms, carrying them over from one loan to the next.

2.10 The SECALs achieved a number of their objectives. For a time, Jamaica led the countries of the Caribbean Common Market in reducing the Common External Tariff (CET). It eventually eliminated the monopoly power of JCTC. Directed lending at subsidized interest rates to small farmers was also eliminated. (This took place, however, at a time of high nominal lending rates, and the Government blamed both the high rates and the subsequent decline in lending on the Bank.) Price controls were dismantled, customs procedures streamlined, and the

tax system improved. The sugar sector was deregulated, sugar mills sold, and a number of enterprises privatized or brought to point of sale.

2.11 Given the size of the commitments involved, the SECALs, like the SALs, had exceedingly modest objectives. They failed to evoke a momentum for deeper reform and did not build significant domestic capacity. Although their outcomes were rated satisfactory, these ratings reflected in part their limited goals. Moreover, despite weak conditionality, the Bank granted a number of waivers. For example, even though the Trade and Financial Sector Adjustment Loan (TFSAL, FY87) included only the first steps of reforms to be phased over four years, four waivers were needed for the release of the second tranche. Two important second tranche conditions under the Public Enterprise Sector Adjustment Loan (PESAL, FY87) were waived: the enactment of a law defining the relationship between the Government and the PEs, and a study of pricing and food subsidies by JCTC, a belated first attempt to reduce the monopoly powers of this enterprise. The Bank granted waivers under TFSAL II (FY91) allowing continued protection of some agricultural items, and under the Private Sector Development Adjustment Loan (PSDAL, FY93) on the elimination of stamp duties on agricultural products and on regulations to increase competition in the stock market.

2.12 The combination of modest objectives and mixed implementation limited the loans' achievements. For example, the TFSAL left wide disparities in effective protection and a continued monopoly by JCTC over the import of major goods. In 1997 Jamaica did not implement the continued reduction in the CET, citing fiscal concerns. The PESAL had a primarily short term goal—to improve the financial performance of 15 PEs in order to reduce their burden on the budget—and its results were short lived. Hundreds of public enterprises remained, most with negative or negligible profitability. The Agricultural Sector Adjustment Loan (ASAL, FY90) left tariffs still relatively high and JCTC intact; it also failed to meet its targets for divestiture of public enterprises. TFSAL II did not complete some key reforms in customs and the financial sector; the remaining weaknesses (failure to equalize cash reserve requirements or strengthen banking supervision) contributed significantly to the financial sector crisis a few years later.

2.13 The PSDAL had an excessive number of detailed conditions, many carried over from previous loans, and all given equal weight in the tranche release decision, regardless of their importance. This led to government complaints and delayed second tranche release considerably. The Government still has a de facto monopoly in petroleum and is an active shareholder in many “privatized” companies. Moreover, the Government never accepted the view that privatization should be carried out transparently, preferring to negotiate directly with investors. This has resulted in costly concessions to some local investors and charges that the Government has sold off its assets too cheaply.

2.14 The Bank failed in the SECALs to achieve an effective dialogue with Jamaican authorities with regard to the appropriate role of the public sector, distortions created by public enterprises in a market-oriented economy, rigidities in capital and labor markets, and weaknesses in governance and public administration. Like the three SALs, the SECALs contained no specific macroeconomic targets, calling only for “satisfactory macroeconomic performance” or “macroeconomic policies consistent with efficient development.” These conditions were vague and unenforceable, and when macroeconomic conditions deteriorated, the Bank had no recourse; tranche release sometimes took place with no reference to macroeconomic policy issues. Meanwhile, the impact of the loans was limited by the weaknesses in the macroeconomic

framework. The economy achieved neither stability nor growth nor structural reform. Real per capita income in 1996 was lower than in the early 1970s, the public sector deficit has grown to unsustainable levels, and the financial system is in crisis. Despite recommendations from a Committee on Labor Market Reform in 1995 and efforts to implement a Social Pact during the last two years, no progress has been made on reforms in this critical area.

2.15 *In retrospect, the sectoral adjustment loans, viewed as a continuous program, had only modest relevance, and low efficacy, efficiency and impact.*

#### **Technical Assistance and Administrative Reform: No Lasting Impact**

2.16 Both the Government and the Bank recognized that Jamaica would need help to formulate and implement a comprehensive adjustment program; this was attempted through three technical assistance projects.<sup>9</sup> TAL I accomplished some of its objectives, but brought no lasting institutional improvements, and the Public Administration Reform project and TAL II failed to carry out some of their most important activities, including reform of the customs information system, improvements in human resources management, and implementation of a performance budgeting system. The outcomes of the latter two projects were rated unsatisfactory, and the Government became highly reluctant to borrow for technical assistance. The resulting lack of institutional support weakened the effectiveness of the subsequent sectoral adjustment lending. Meanwhile, it had become clear that without a dramatic reform of public institutions and human resource policies, the SAP had little chance of success. Moreover, without substantial changes in the conditions of pay and employment, the sustainability of any administrative and institutional efforts was unlikely.

2.17 The failure to complete fundamental reforms in human resources continues to plague the country. For example, while the central objectives of the PSDAL were well understood and supported by the Government, neither the Government nor the Bank fully recognized the high level of technical effort and administrative coordination that would be required to achieve the objectives. The Government pointed out that the Bank should have been aware from experience of its weak implementation capacity and accounted for it in project design. In two critical areas, shortages of skilled personnel interfered with the computerization of customs and with the strengthening of banking supervision.

#### **Investment Lending: Mixed Results**

2.18 Only 47 percent of the value of investment loans has been rated satisfactory. This finding is consistent with the conclusion of the 1997 Annual Review of Development Effectiveness (World Bank, 1997) that "investment projects in environments with persistently weak fundamentals are more likely to be unsuccessful." The average, however, masks a wide range of outcomes across sectors. The record is worst for population, health and urban development (no satisfactory projects), transportation (26 percent satisfactory by value), and agriculture (32 percent). The best performing sectors have been water supply and sanitation (71 percent), education (74 percent), finance (77 percent) and power, oil and gas and mining (100 percent satisfactory), but together they comprise less than one-fifth of total evaluated lending. Problems affecting the outcomes of the more recent projects reflect to some extent the

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<sup>9</sup> Technical Assistance Loan I and II (TALs I, FY82 and II, FY85) and the Public Administration Reform Project (FY84).



same constraints as for adjustment lending: overambitious designs that did not reflect implementation capacity, and insufficient attention to risks in the funding and management of projects. Shortages of counterpart funds have also hampered project implementation, and the Government has pointed out that cuts in capital projects were often the only way to meet mid-year adjustments to IMF fiscal targets.

2.19 Recent lending in the agricultural sector illustrates some of the constraints. The Second Sugar Rehabilitation project (FY87) attempted to raise sugar production and exports, while improving the efficiency and viability of the industry. Faulty preparation of the project, compounded by overambitious targets, hurricane damage, and a shortage of counterpart funds, eventually necessitated the informal revision of project design. Two sugar companies were privatized in the context of the PSDAL, but irrigation of sugar cane proved uneconomic, output of the two factories did not increase, and the re-estimated economic rate of return was negative. The main lessons from the project were that project design must be based on realistic projections and prompt action should be taken to revise or cancel unwise investments. The only subsequent operation in the sector, the ASAL, failed to revive the agricultural sector.

2.20 The education sector has performed better, but shows some of the weaknesses identified elsewhere. The Education Program Preparation and Student Loan project (FY88) improved the secondary curriculum, but a pilot for a new secondary program failed to promote school reform, and the student loan program had few positive results. Lack of thorough preparation, inadequate stakeholders' commitment, and weak administrative capability were identified as critical constraints. An ongoing Reform of Secondary Education project (FY93) has had significant disbursement delays, and the country's financial resources cannot sustain the costly improvements still needed at the school and classroom levels.

2.21 The outcomes of two other recent social sector projects were both rated unsatisfactory. The Population and Health project (FY87) had an excessively complex design. Fiscal constraints, poor management and inadequate human resources limited the achievement of physical and institutional objectives, and an absence of indicators and monitoring make it difficult to judge the achievement of developmental objectives. The Social Sectors Development project (FY90) aimed to improve the efficiency, delivery, and management of primary health care and education, but its unrealistic objectives and insufficient risk assessment were compounded by lack of counterpart funding, weak management and insufficient private resources for carrying out civil works. Falling relative allocations of public expenditures for the social sectors, exacerbated by the uncertain macroeconomic environment, indicate that the funding difficulties that pervaded project implementation have still to be resolved.

2.22 Infrastructure projects in Jamaica also have a mixed record. The outcomes of two recent transport projects were both rated unsatisfactory, with problems stemming from some weaknesses in Bank supervision, shortages of counterpart funds and human resources, inadequate public transport reforms and an inappropriate institutional framework. Two recent projects in the energy sector achieved substantial physical results, but failed to improve operating efficiency or financial performance or to implement planned structural reforms.

### **Economic and Sector Work**

2.23 The Region recently commissioned a comprehensive survey of Bank economic and sector work on Jamaica (ESW; Desai, 1997). The report noted that in the 1970s, economic

reports took a comprehensive macroeconomic view, using a wealth of local empirical material. Simple theory and easily understood logic connected facts with policy conclusions. In the 1980s, the logical links were replaced by overly general presumptions which underlay adjustment programs in many countries. The ratio of policy conclusions drawn to the analysis justifying them increased, attention to local conditions that might affect outcomes decreased, and consideration of alternatives also declined, to the extent that the justification of the recommended policies would have appeared insufficient to those who did not read the more general Bank literature on structural adjustment. The lack of adequate social impact analysis and participatory processes to secure social consensus may also explain the lack of domestic ownership of the structural adjustment program.

2.24 The 1990s have seen a growing preference for short, narrowly focused ESW. Of particular note are a health sector review in 1994, a public expenditure review in 1995, and several reports on poverty and on violence in the mid-1990s (Desai, 1997). The joint World Bank/IMF/IDB financial sector mission in 1996 responded quickly to emerging problems. The Living Standards Measurement Survey has been undertaken annually in Jamaica for a decade, and is now carried out by the Government, in collaboration with the University of the West Indies.

#### **The Efficiency of the Bank Assistance Program**

2.25 The average cost of an ESW product and the average completion cost per project from pre-appraisal to Board approval over the ten year period FY88-97 have been lower in Jamaica than in the LAC Region and comparator countries or in the Bank as a whole (Tables 10 and 11). The average cost of taking a project to the Board for Jamaica was 1.9 staff years, compared to an average of 2.1 for LAC and 2.3 Bank-wide. Similarly, the average cost of a formal report was 0.7 staff years for Jamaica, compared to 1.0 for LAC and 1.2 Bank-wide. Including time spent on activities other than direct project work or ESW, the total cost of country programs was 6.8 staff years per project for Jamaica, compared to 8.1 for LAC as a whole. These numbers do not necessarily indicate that the work on Jamaica was more efficient, however; they could equally well be interpreted as meaning that the work on Jamaica was not carried out or disseminated as thoroughly as elsewhere. This interpretation would be consistent with the lower than average rate of satisfactory outcomes for projects in Jamaica.

#### **IFC Operations**

2.26 An improved climate for private investment will be very important for renewed growth in Jamaica. Since FY90, IFC has approved US\$44.1 million in facilities for four projects. IFC currently has two outstanding investments totaling US\$27 million. These facilities are in the cement manufacturing and power generation sectors. In addition, IFC has had discussions with several financial institutions regarding credit lines and other transactions. Unfortunately, due to the general weakness in the financial sector, no transactions have been completed. IFC has also had discussions regarding privatization in the power sector. IFC continues to look for opportunities in Jamaica, with IFC's regional capital market division planning a mission in early 1999 to review the financial sector. In the immediate future, Jamaica is one of the countries to participate in a joint IFC-Scotiabank US\$50 million facility to provide financing for small and medium-sized export-oriented enterprises undertaking greenfield, expansion and restructuring projects. The Foreign Investment Advisory Service (a joint IFC/World Bank facility) recently

undertook its first assignment in Jamaica, reviewing foreign investment data sources, definitions and classifications, and making recommendations to strengthen the statistical system

### **A Regional Approach**

2.27 The Caribbean Community (CARICOM) was established in 1973. The Bank for a time adopted a regional approach in dealing with the challenges facing the Caribbean economies; between 1975 and 1984 it produced three Regional Program Papers, and the Caribbean Group for Cooperation in Economic Development (CGCED) was established in 1977 under the chair of the Bank. This group has had some success in mobilizing external financial resources, including concessionary foreign aid. However, the attempt to take a regional approach to Bank lending required too much coordination, from both the donors and the borrowers, and it was abandoned in 1984.

2.28 In a review of Bank assistance to the Caribbean region, OED concluded that the Caribbean countries constitute a region more in logistical than in substantive terms, and that the benefits of integration are limited by the fact that their factor endowments are very similar (World Bank, 1994a). While regional markets may offer some stimulus to trade between the CARICOM members, this should not be achieved at the price of reducing trade with the countries outside of the region. In fact, OED concluded in its audit of the first Trade and Financial Sector Adjustment Loan that CARICOM may act as a restraint on movement to a more open economy for Jamaica (World Bank, 1991).

### **Aid Coordination**

2.29 Active coordination with other donors has been the norm in Jamaica, as evidenced in the first instance by joint missions—the Fresh Look mission in 1985 and the Tripartite financial sector mission in 1996. Reform in the 1990s has been supported by the IMF, through an EFF, the IDB through an investment sector loan, the Bank with SECALs, and the Paris Club with debt rescheduling; the three IFIs are in agreement that the economic performance under the reform program has been mixed. As bilateral aid fell in the 1990s, the multilaterals—particularly the Bank and the IDB—became the key players in Jamaica. The Bank, the IMF, and the IDB have seen eye-to-eye on most issues. Bank staff participated in most IMF missions during the 1990s, focusing on public sector investment reviews and structural aspects, and the two institutions have had only rare differences on policy issues. Vis-a-vis the IDB, there has been an understanding that the Bank would focus on public sector reform, including tax administration and information systems, privatization of power and water, secondary education, poverty surveys, urban poverty and poverty reduction, and strengthening the analytical work in the environment, while IDB would concentrate on roads and bridges, health, primary education, tourism, waste management and urban transport. The two organizations have collaborated on transportation, a private sector energy fund, the social investment fund, and financing of education. On balance, it would appear that aid coordination, while broadly satisfactory, failed to create the conditions of a genuine partnership between Jamaica and the development assistance community.

### **3. Country Strategy And Current Portfolio**

3.1 The last Country Assistance Strategy (CAS) was presented to the Board in March 1993. The CAS was cautiously optimistic, noting that the Government had made substantial progress in creating an appropriate policy framework for growth, but pointing out that adequate private investment had not yet materialized. The CAS projected that, with a deepening of reforms, economic performance would improve on a sustained basis, with real annual growth of GDP rising from 2 to 5 percent over four years.

3.2 The CAS identified the key issues for the Government as: (a) the enhancement of macroeconomic stability (through strong fiscal management, along with a reduction in the size of the public sector) to provide a consistent framework for focusing on micro issues; (b) enhancement of private sector confidence to increase investment; and (c) restoration and development of the economic and social infrastructure, attention to basic poverty issues, and promotion of environmentally sound development policies.

3.3 The Bank's assistance strategy concentrated on: (a) consolidating stabilization through public sector reform and institutional strengthening; (b) encouraging export-oriented private production through trade liberalization, regulatory reform, provision of infrastructure, and reduced public participation; and (c) increasing the flow of resources to health and education, and improving delivery of these services, especially to the poor. Commitment levels were to increase from an average of US\$60 million to about US\$100 million in each of the following few years, but the increase would depend on continued reforms by the Government, particularly in the fiscal area. The main risk was identified as changes in the external environment and the domestic economy that could slow progress in adjustment.

3.4 Given the history of adjustment in Jamaica, the CAS should have been based on more intensive participation involving Jamaican authorities and the civil society, based on the criteria set out in Johnson and Wasty (1993). The CAS could then have suggested steps to nurture ownership of Bank operations. The critical and contentious issue of wage setting was not addressed until the 1996 CEM, and has not been reflected in the lending program. In addition, with hindsight, it is clear that the Bank should have focused on reform of the financial sector. In the years following the CAS, GDP growth declined, becoming negative in 1996, and other indicators deteriorated as well. Reflecting these problems, the average level of commitments during FY93-97 was only slightly over US\$60 million (Table 12).

3.5 The current Bank portfolio in Jamaica consists of seven projects, representing commitments of US\$217 million (Table 13). In line with the Government's wishes, the lending program shifted from adjustment to investment lending, with a focus on infrastructure, human resource development and poverty alleviation. One of the projects is in the energy sector, with the objectives of increased capacity, deregulation, increased private sector participation, and improved resource allocation through tariff reforms; set-backs have occurred in the privatization component, but there is an increased private presence in the sector, the supply and quality of power to consumers have improved, and substantial improvements have been made in the regulatory framework for the power sector. Two education projects focus on human resources: one concentrates on lower secondary education, especially for the poor, and the other applies the lessons learned in an earlier project to a student loan program for low-income students.

3.6 Institutional strengthening is occurring in most on-going projects. The central Government's financial and personnel management systems and customs and tax administrations are being strengthened, and a number of public entities and departments are being restructured and granted greater autonomy. Under the Social Investment Fund project, local governments are being given responsibility for small-scale community based projects. Other efforts include the strengthening of the student loan bureau, preparation of an education strategy, curriculum development and teacher training; strengthening of the regulatory framework for the power sector; and assistance with the drafting of an environmental action plan.

3.7 The Government has taken steps to improve the project cycle management, particularly during the implementation stage. These include quarterly project review meetings among managers, responsible agencies and the Bank, to resolve problems affecting project implementation.

3.8 As noted above, poverty and violence remain major social issues in Jamaica. The CAS acknowledged that about one-third of Jamaican households were below the poverty line, but it discussed the poverty agenda only briefly. It did not deal with violence, nor did it address gender issues. However, the 1994 CEM contained a substantial discussion of poverty, based on extensive sector work, an analysis of urban violence was recently undertaken (Moser and Holland, 1997), and the ongoing Social Investment Fund project supports social services and infrastructure for the poor.

3.9 Two of the seven ongoing projects are rated as problem projects, representing 40 percent of the total commitments in Jamaica. This compares to an average of 17 percent of commitments at risk for the Region as a whole, and 22 percent Bank-wide. Factors contributing to this assessment include poor compliance with legal covenants, project management problems, poor financial performance, disbursement delays, and weak macroeconomic management.

3.10 Following the sharp deterioration of the fiscal accounts and financial sector in 1996, the Government requested assistance from the international financial institutions. Two joint missions by the World Bank, the IMF and the IDB in the fall of 1996 provided a detailed financial sector strategic plan. The Bank has not approved any operations since September 1996. Several projects in the pipeline were halted pending an agreement with the Government on next steps.

## 4. Implications For The Future

4.1 This review of Bank assistance to Jamaica has highlighted a number of issues that should be taken into consideration in any future lending program. In the first place, Jamaica's experience confirms that a strong macroeconomic framework, supported by a social consensus for reform, is critical for successful adjustment lending. Both of these elements have been missing in Jamaica. Although some aspects of the adjustment agenda were eventually accomplished, and Jamaica was never able to achieve sustained macroeconomic stability. This has negatively affected Jamaica's ability to carry out structural adjustment, as well as its implementation of investment projects. *Measures designed to support macroeconomic stability must be a significant element of any future lending strategy.*

4.2 The Government has on various occasions indicated the shortcomings in the policy advice advanced by the Bank. In their view, many Bank loans and projects have been poorly designed, with conditionality that was illogical and contradictory. While Bank advice has had its weaknesses, it is also the case that the quality of the policy dialogue has not been sufficiently high to convince the Government of the need to address the relevant issues. The Government agreed to the adjustment conditionality, but never truly owned the reforms. It viewed the Bank as partly responsible when positive results did not materialize. Repeated failures to achieve sustained improvements in the economy and the standard of living have weakened what support there may have been in the country for adjustment. A similar lack of congruence between the Bank, Jamaican authorities and the civil society undermined some investment lending. *Looking ahead, greater focus on consensus building, capacity development and social capital creation seems justified. Given the disappointing outcome of traditional project lending, a participatory approach, focusing on building domestic capacity through adaptable lending, might be explored, especially in the social sectors. In this way, the Bank would disburse only as long as the overall framework remained adequate.<sup>10</sup> If adjustment lending were to be resumed—although the Government has decided not to pursue any further adjustment loans—this should take place only in response to a truly shared vision of reform reflected in concrete up front actions that would be difficult to reverse.*

4.3 The failure to contain public expenditures has been a major barrier to economic stability in Jamaica. The Government notes that it recognizes this problem and is pursuing a program to limit fiscal deficits. A key element in past deficits has been the existing wage setting mechanism, which makes it very difficult to break the vicious cycle of inflation followed by wage increases that more than compensate for the inflation. *Reform of the conditions of pay and employment in the civil service may be necessary if Jamaica is to achieve sustainable adjustment and growth, and approaches to this reform should be part of any continued dialogue between the country and the Bank.*

4.4 Given the serious problems in Jamaica's financial sector, *one of the critical steps toward the resumption of sustainable growth would be to restructure and strengthen the financial sector.* The Bank has proposed that a financial sector strategy (in collaboration with the IDB) be a first priority when it resumes lending to Jamaica; a Learning and Innovation Loan might be an appropriate instrument for helping to strengthen the financial sector. Meanwhile, the Government is taking steps to address the problems in the financial sector, including the equalization of cash reserves, strengthening of bank supervision, and reorganization of financial institutions.

4.5 Another stumbling block to progress in Jamaica has been inadequate institutions and human resources to undertake major reforms. Jamaica has suffered the loss of skilled public servants to the private sector and to emigration, and the absorptive capacity for technical assistance is weak. The past lending program paid insufficient attention to institution building, and although the Government and the Bank both recognize the problem, and several current projects address this issue, it is not one that will be resolved quickly. *Any future lending program should make special efforts to build up institutions and human resources, and, in the meantime, project design in all sectors should be scaled to existing capacity.*

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<sup>10</sup> The Region believes that adaptable lending is not an appropriate model for Jamaica, without greater evidence of government ownership of the reform agenda.

4.6 Poverty is a major concern to both the Government and the Bank, and several projects in the current portfolio address poverty issues (others in the pipeline were halted when new lending was suspended). However, *only sustained growth can lead to substantial reductions in poverty over the longer term. This will require a long term agenda of reform and capacity building reflecting a social consensus within Jamaica and coherent support by the development assistance community. It will also require a sound macroeconomic policy framework, effective monitoring of the social impact of any stabilization and structural adjustment measures that are adopted, and focusing of Bank lending on the construction of social safety nets.*

## **Government Response to the CAN**



## Summary of Government Response to the CAN<sup>1</sup>

The Government of Jamaica concurs with OED's assessment that the SALs and SECALs were of modest relevance to Jamaica's needs. It disagrees, however, with the report's explanation of their lack of impact, faulting in substantial part the "Washington consensus" for underestimating the complications and upheavals incurred in adjusting from a regulated economy to a stable market economy. The ongoing financial crisis has raised similar concerns in many developing countries and transition economies.

During the period under review, Jamaica was in successive agreements with the IMF and sought structural adjustment in line with agreements with the World Bank and the IDB. The centerpiece of Jamaica's macroeconomic adjustment program was the adjustment to relative prices that would be achieved by a sharp real devaluation of the Jamaican dollar. By 1985, Jamaica had achieved a devaluation of approximately 36 percent relative to 1980, and adjusted its trade, taxation and investment policies. The private sector response was, however, far weaker than was expected or warranted by the sizable increase in external debt. This lackluster response was due in part to the macroeconomic instability spawned by exchange rate led adjustment without sufficient fiscal and institutional safeguards. The initial windfall to exporters was quickly eroded and further undermined by the incorporation of inflationary expectations into new contracts. Investors turned from exports to speculation.

The Government has adopted a macroeconomic framework which features monetary stability, public sector reform and industrial policy. The success of this approach has been manifested over the past two years in a sharp reduction in inflation and in inflationary expectations. Continued stability will be safeguarded by legislation to protect the autonomy of the central bank and provide a minimum reserve backing for the domestic currency. The Government believes that it can sustain an adequate macroeconomic framework without the support of an IMF program.

Adjustment loans often underplayed the social effect of sharp reductions in real wages and of inflation, as well as the critical role of fiscal policy in cementing macroeconomic stability. Thus while some blame may rightfully be attached to the domestic authorities in delaying the pace of agreed adjustments, much of the limited impact of adjustment lending stemmed from supporting a macroeconomic framework which was not sustainable. Jamaica's need for foreign exchange from the 1970s to the early 1990s led the Government to enter into agreements which inevitably failed.

Critical factors in the weak outcomes identified by the CAN were the difficulties resulting from globalization for a small, open, highly indebted economy; the impact of rapid and deep reform on the private sector, where shifts in policy and the resulting volatility caused reluctance to invest; and the liberalization of the exchange rate market and removal of capital controls without an appropriate framework in place, under pressure from multilateral institutions. The latter actions led to the most severe bout of inflation in Jamaica's history, derailing many other aspects of the reform program and causing a lasting impact on the society and the behavior of trade unions.

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<sup>1</sup> This annex summarizes the response of the Government to an earlier draft of the CAN. The Government also made a number of more specific comments, which have been taken into account in the present report.



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PLANNING  
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November 9, 1998

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*Mr. Ruben Lamdany*  
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*Country Evaluations and Regional Relations*  
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*Dear Mr. Lamdany:*


***Jamaica: Country Assistance Note - Revised Draft***

*Thank you for sending me a copy of the revised draft of the Country Assistance Note on Jamaica. I am pleased that you have sought to incorporate some of our specific comments in the revised text and have attached a summary to the document. The revisions have addressed a number of weaknesses which existed in the original draft, and I note in particular, the amendments to Section 4 of the document.*

*Nevertheless, we regret that in the general approach to the review, there was no attempt to further incorporate some of our fundamental suggestions which would have significantly improved the document. In this regard, I refer to our suggestions to include the following in the review: the context in which the management of the economy took place; the complications and nuances of the adjustment process and its general effect on various groups; the impact of factors relating to operations of the Bank which influenced outcomes of policies and programmes over time; and the effect of structural weaknesses and exogenous developments which influenced outcomes, particularly with respect to macro-economic performance.*

*We believe that any review of Bank lending over the period, which fails to address these issues in a comprehensive manner, would inevitably exclude some of the complex factors which lead to the outcomes which were disappointing to both the Bank and the Government. Such an approach would also identify useful lessons which would serve not only to guide future Bank/GOJ operations, but also those between the Bank and other member countries.*

*Sincerely,*

  
*Omar Davies*  
*Minister of Finance and Planning*

## **Chronology: Political and Economic Events**

1962	Independence
1972	Elections: Michael Manley, People's National Party, elected
1977	PNP re-elected
July 1977	Standby from IMF
Dec. 1977	World Bank first program loan
1978	Devaluation, unification of exchange rates
May 1978	3 year Extended Fund Facility (EFF) called for phasing out price controls and subsidies, raising taxes, cutting expenditures, tightening domestic credit.
May 1979	World Bank second program loan, to support increase in exports of non-traditional manufactured goods.
March 1980	Negotiations with IMF broken off.
Oct. 1980	Elections: Edward Seaga, JLP, elected. New Government adopted a structural adjustment program.
April 1981	3 year EFF agreement called for modest fiscal effort, exchange rate adjustment and partial removal of import and price controls.
Feb. 1982	SAL I: Initiated rationalization of import restrictions and export controls.
1981-82	Economic conditions improved from the inflow of imports facilitated by massive foreign borrowing. GDP grew 3.3%. Fiscal deficit stayed high.
1983	Foreign Exchange Auction Market introduced.
March 1983	IMF waiver, as Government failed to meet fiscal targets. Foreign deficit widened to almost 30% of GDP.
June 1983	SAL II: Modest steps to correct distortions and excessive government intervention.
Sept. 1983	EFF canceled; Government unable to meet tighter program for 1983-4.
June 1984	Stand-by arrangement, following large effective devaluation.
Nov. 1984	SAL III: highly detailed actions of secondary importance.

- Dec. 1984** IMF waiver to conditions on reduction of external arrears and foreign reserves build up (due partly to delay in 2nd tranche SAL III); conditioned on adoption of further austerity measures, which led to riots in January.
- April 1985** IMF waiver
- May 1985** SAL III release of 2nd tranche; some conditions waived.
- June 1985** Stand-by completed, first IMF program fully disbursed in more than a decade.
- July 1985** New 21 month Stand-by.
- 1985** Bauxite performance much worse than even Bank's lower commodity forecast. GDP dropped 14% per capita from 1979. External debt increased from 61% to 180% GDP. Current account deficit rose from 5% GDP in 1979 to 15% in 1985. Bank stopped lending for 2 years, for non-creditworthiness.
- Sept. 1985** PM Seaga asked for joint IMF, IBRD, USAID team to examine the situation.
- May 1986** Report of Tripartite Mission concluded that most adjustment was still to be carried out before sustainable growth would be possible. The Government rejected the conclusions of the report, particularly the speed of fiscal adjustment, devaluation, and the phasing out the import monopoly institution JCTC. Stand-by canceled; rescheduling with commercial banks stopped; Bank lending suspended.
- Fall 1986** Dialogue resumed. The Government implemented some of the Tripartite Mission recommendations, especially on fiscal austerity.
- 1987** Bank and Government agreed on Medium Term Economic Framework Paper, which became the basis for TFSAL I, PESAL and ASAL
- Jan. 1987** 15 month Stand-by; debt rescheduling with Paris Club and commercial banks.
- June 1987** Bank lending resumed: PESAL, TFSAL, Second Sugar Rehabilitation, Population and Health, Fourth Power.
- Sept. 1988** Hurricane Gilbert caused extensive damage, hurt all segments of economy, and led to rapid expansion of budget deficit.  
IMF Standby
- Dec. 1988** Emergency Reconstruction Import Loan
- Feb. 1989** Elections: Manley, PNP, returned to power.  
Fiscal deficit increased.
- May 1989** IMF Standby suspended.
- March 1990** ASAL; Stand-by; debt rescheduling.

March 1991	TFSAL II
Sept. 1991	Exchange rate effectively floated. Devaluation of more than 60% in 1991.
Oct. 1991	General consumption tax (GCT) replaces array of other taxes.
1992	PM Manley retired for health reasons, replaced by Percival J. Patterson.
May 1992	Medium Term Policy Framework Paper
Dec. 1992	EFF
1993	Elections: PM Patterson reelected.
Feb. 1993	100% wage increase, only two months after EFF. New taxes were introduced to maintain targeted overall surplus.
March 1993	CAS
June 1993	PSDAL
Mid-1995	Financial sector difficulties and upsurge of inflation threatened macro stability.
Dec. 1995	Final review of EFF left incomplete; 2 month extension of closing sought. Monthly inflation 4.3%.
Jan. 1996	Agreement with IMF on tighter fiscal policy, phased payment of wage increases, ceasing BOJ intervention in foreign exchange market, and ending advances to troubled banks below market rates.
March 1996	EFF concluded
Sept/Oct.1996	Joint WB/IMF/IDB missions (financial sector diagnostic).
Jan. 1997	Finsac established to clean up financial institutions
July 1997	Government borrowed US\$200 million from international capital markets
Dec. 1997	Elections: PM Patterson, PNP, reelected
Dec. 1997	Government borrowed US\$100 million from Citibank

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**Table 1: Jamaica: IMF Credit, IBRD Debt Outstanding and Disbursed, Debt Service and Net Transfers, 1980-97 a**  
(in millions of US\$)

<i>Calendar Year</i>	<i>(0) IMF Credit [a]</i>	<i>IBRD</i>					
		<i>(1) Debt</i>	<i>(2) Amort.</i>	<i>(3) Inter.</i>	<i>(4) Gross Disb.</i>	<i>(4)-(2) Net Disb.</i>	<i>(4)-(2)-(3) Net Transfers</i>
1980	309	176	6	13	55	50	37
1981	470	212	7	14	43	36	22
1982	583	322	11	18	121	110	92
1983	627	368	13	26	60	47	21
1984	629	326	18	31	49	31	0
1985	693	468	18	34	75	57	23
1986	678	573	30	48	23	-7	-55
1987	679	735	42	56	64	22	-34
1988	483	671	53	61	55	2	-59
1989	383	650	54	55	52	-2	-57
1990	391	672	62	58	35	-27	-85
1991	391	664	62	54	43	-19	-73
1992	357	594	78	59	27	-51	-110
1993	335	607	73	49	77	4	-45
1994	318	595	76	48	22	-54	-102
1995	240	594	85	47	61	-24	-71
1996	161	515	80	41	41	-39	-80
1997	-	590[b]	-	-	-	-	-

a. Use of IMF credit started in FY73.

b. November 30, 1997.

Source: World Bank Debt File.



**Table 2: Jamaica: Economic Indicators, 1992/93-1998/99 (a)**  
(in percentage per year)

	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98(a)	1998/99(a)
Real GDP growth	1.5	1.3	1	0	-1.4	-2	-2
Real GDP growth per capita	0.5	0.4	-0.1	-1.2	-2.4	-3	-3
Consumer price inflation (b)	21.1	37.1	21.2	30.8	9.5	10	6
Wage increase							
Large establishments (c),(d)	51	59	42.4	34.3	25.2	15	
Government(cash basis)	2.7	157.9	8.2	41.8	50.2	15	20
Broad money growth (b),(e)	56	32.5	38.3	23.2	24.2	8	10
Volume of Exports							
(in percentage of GDP)	1.8	11.4	5.6	3.7	1.7	0	
Overall public sector balance(deficit-)	2.2	1.6	3.9	3	-5.9	-7.6	-14.1
Augmented public sector balance (f)	2.2	1.6	3.9	3	-10.6	-21.5	-23.9
External current account	-0.1	-1.4	0.3	-5	-2.8	-4.9	-5.2
External current account less							
private transfers (in millions of US\$)	-7.8	-11.9	-10.7	-14.5	-13.1	-14.7	
Change in international reserves (increase+)							
(in J\$ per US\$)	170	137	394	47	152	-108	
Exchange rate (period average)							
(Index 1990=100)	22.8	27.8	33.2	36.8	35.9	36	36.5
Real Effective exchange rate (g)	78.1	87.9	85.9	91.4	108.9	129.3	

a. For fiscal years, which begin on April 1. Projection made in January 1998, assuming no policy changes.

b. Calculated at end of period.

c. Calendar year.

d. Annual wage guidelines applied to private sector increases were related to "ability to pay" in FYs 85 and 86, and were 10% in FYs 87, 88, 89.

e. M3, defined as currency plus all domestic currency deposits in banks.

f. Including support to financial sector.

g. Based on calendar year as of August 1997.

Source: IMF, revised January 1998.

**Table 3: Jamaica: Government Revenues, Expenditures on Wages and Interest, 1992/93-1998/99**  
(in percentages of GDP)

	1992-93	1993-94	1994/95	1995/96	1996/97	1997/98(a)	1998/99(a)
Revenue and Grants	28	29.5	30.1	30.9	28.2	28.2	27.4
Expenditures of which							
Wage Bill	4.8	9	7.4	8.3	10.8	11.9	12.9
Interest	8.2	8.7	10	10	13.1	10.3	16(b)
of which:							
on domestic debt	4.4	5.2	6.8	7.1	10.5	8	13.4(b)
Wage bill plus interest on domestic debt	9.2	14.2	14.2	15.4	21.3	19.9	26.3

a. IMF Projections January 1998.

b. Including interest due on FINSAC and FIS.

Source: IMF.

**Table 4: Jamaica: Balance of Payments, FY1992/93-1997/98**  
(in US\$ millions)

	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98 (a)
Trade	-782	-1130	-1047	-1489	-1585	-1738
Services	416	574	530	683	718	707
Official Transfers	77	64	35	62	53	38
<b>Current Account (excl. priv. transfers)</b>	<b>-289</b>	<b>-492</b>	<b>-482</b>	<b>-744</b>	<b>-814</b>	<b>-993</b>
Private Transfers	284	436	497	472	641	660
<b>Current Account (incl. private transfers)</b>	<b>-5</b>	<b>-56</b>	<b>15</b>	<b>-272</b>	<b>-173</b>	<b>-333</b>
Official Capital (b)	-89	-53	-108	-128	39	196
Private Capital	264	246	487	447	286	26
<b>Capital (b)</b>	<b>175</b>	<b>193</b>	<b>379</b>	<b>319</b>	<b>325</b>	<b>222</b>
<b>Overall</b>	<b>170</b>	<b>137</b>	<b>394</b>	<b>47</b>	<b>152</b>	<b>-106</b>

a. Projection January 1998.

b. Including Errors and Omissions.

Source: IMF.

**Table 5: Social Statistics for Jamaica and Selected Countries, 1995**

	<i>Jamaica</i>	<i>El Salvador</i>	<i>Dominican Republic</i>	<i>Trinidad &amp; Tobago</i>	<i>Colombia</i>
GNP per capita (US\$ million)	1,510	1,610	1,460	3,770	1,910
Population Growth Rate (% p.a. 1985-95)	0.9	1.8	2.0	0.9	1.8
Share of population below \$1 a day	5	n.a.	20	n.a.	7
Life expectancy (years)	74	67	71	72	70
Infant mortality rate ('000)	13	36	37	13	26
Child malnutrition (% underweight under 5, 1989-95)	10	22	10	n.a.	10
Gross female primary enrollment* (%)	108	80	99	94	120
Adult illiteracy (%)	15	29	18	2	9

\*1993.

Source: World Bank Atlas, 1997; World Bank, "From Plan to Market", World Development Report, 1996.

**Table 6: Jamaica: Social Indicators of Development, 1990-95**

	<i>Jamaica</i>		<i>Latin America &amp; The Caribbean</i>
	<i>(most recent estimates)</i>	<i>(15-20 years ago)</i>	<i>(most recent estimates)</i>
<b>Demographic</b>			
Area (square kilometer)	10,830	...	20,063,940
Population (millions)	2.5	2.2	477.9
Density (population per square kilometer)	232.9	...	...
Population annual growth rate (%)	1.0	1.4	1.7
of which: Urban	2.3	2.6	2.4
Crude birth rate (per '000 population)	21.9	27.6	23.6
Crude death rate (per '000 population)	6.0	6.7	6.6
Fertility rate (births per women)	2.4	3.7	2.8
<b>Labor force</b>			
Economic active population (millions)	1.3	1.0	196.8
Agriculture (% of labor force)	24.3	31.2	25.5
<b>Health</b>			
Infant mortality (per '000 live births)	12.6	21.2	...
Life expectancy at birth	74.2	70.8	69.1
Population per physician	6,420	2,772	1,458
Immunized in percent of children under 12			
Measles	82.0	...	83.7
DPT	93.0	39.0	...
Access to safe water	70.0	...	80.0
Urban	92.0	...	89.5
Rural	48.0	...	57.0
<b>Nutrition</b>			
Food production index (1989-91=100)	113.0	86.0	113.7
Prevalence of malnutrition under 5 years of age (% of age group)	9.9	15.0	...
<b>Education</b>			
Gross enrollment ratios (% of school age group)			
Primary	109.0	103.0	109.7
Secondary	66.0	67.0	51.3
Pupil/teacher ratio (pupils per teacher)			
Primary	40.1	41.4	...
Secondary	...	...	...
Illiteracy rate (percentage of population over 15 years)	15.0	...	...
Newspaper circulation (per '000 of population)	67.0	51.0	86.3
<b>Women</b>			
Gross enrollment ratio (% of school age group)			
Primary	108.0	104.0	...
Secondary	70.0	71.0	...
Illiteracy rate (% of population over 15 years)	10.9	...	...
Life expectancy (years)	76.5	73.1	72.5
Labor force (% of total)	45.1	46.3	33.4

Source: World Bank Social Indicators of Development; and Planning Institute of Jamaica.

**Table 7: Jamaica: Ratings Compared to LAC and Bank-wide**

Country	Total Approved Projects \$ million (***)	FY 99 Actual Commit. \$ million (***)	OED Rated Projects					Projects Under Supervision (as of 11/15/98)(*)				Past Disconnect (**)	
			Number of Projects	Value \$ million	Satis. Outcome (%)	Likely Sustain. (%)	Subst. *Instit. Devt. (%)	Total Number of Projects	Total Value \$ million	Satisfact. Development Objectives (%)	Satisfactory Implement. Progress (%)	Since FY80 (%)	Last 5 FYs (%)
Jamaica	1,326	-	51	1,033	49	44	29	7	217	59	72	40	44
LAC	106,638	910	968	60,821	69	58	37	340	31,070	94	90	22	9
Bank-wide	439,375	8,528	4,757	229,739	74	56	36	1,608	132,002	88	87	18	11

(\*) Totals for number/value of projects; percentages based on rated projects only.

(\*\*) Based on projects evaluated by OED through August 26, 1998. The disconnect (based on ARPP FY exit) is the difference between the share of projects rated satisfactory during their last supervision year and the share of the same projects rated satisfactory after completion. Thus, it is an indication of the optimism in supervision ratings.

(\*\*\*) Through October 1998.

**Table 8: Jamaica - Evaluated Operations by Sector (through August 26, 1998)**

<i>OED ID</i>	<i>Eval yr</i>	<i>Project Name</i>	<i>Approval date</i>	<i>Net commit. (US\$M)</i>	<i>Outcome</i>	<i>Sust</i>	<i>Inst</i>	<i>Latest Report Type</i>	<i>Latest Report Number</i>	<i>Latest Report Date</i>
<b>Adjustment (8)</b>										
L2105	1985	Structural adjustment loan	23-Mar-82	76.2	U			PAR	05762	28-Jun-85
L2315	1989	Second structural adjustment	14-Jun-83	60.2	U	UNC	MOD	PAR	08018	11-Aug-89
L2478	1989	Third structural adjustment	20-Nov-84	55.0	U	UNC	MOD	PAR	08018	11-Aug-89
L2848	1991	Trade and financial sector adjustment loan	17-Jun-87	40.0	S	LIK	MOD	PAR	10074	19-Nov-91
L2849	1992	Public Enterprises Sector Adjust.	17-Jun-87	20.0	S	UNC	MOD	PAR	10836	30-Jun-92
L3174	1992	Agricultural sector adjust.	06-Mar-90	25.0	S	UNC	MOD	PAR	11679	22-Feb-93
L3303	1994	Second trade and financial sector adjustment	21-Mar-91	30.0	S	LIK	SUB	PAR	13237	30-Jun-94
L3622	1997	Private Sector Development	15-Jun-93	75.0	S	LIK	SUB	EVM		10-Mar-97
		<i>Subtotal:</i>		<i>381.4</i>						
<b>Agriculture (7)</b>										
L0719	1978	Agricultural credit project	22-Dec-70	3.7	S			PAR	01898	10-Feb-78
L1004	1981	Second agricultural credit project	28-May-74	4.4	U			PAR	03521	26-Jun-81
L1464	1987	First rural development project	23-Jun-77	15.0	U			PAR	06858	30-Jun-87
L1517	1987	Sugar rehabilitation project	07-Feb-78	17.7	U			PAR	06858	30-Jun-87
L1716	1987	Forestry project	31-May-79	12.0	S			PAR	06858	30-Jun-87
L2414	1991	Export Crops	17-May-84	14.9	S	LIK	MOD	PAR	10656	22-May-92
L2850	1997	Sugar Rehabilitation 2	17-Jun-87	29.0	U	UNL	MOD	EVM		13-May-97
		<i>Subtotal:</i>		<i>96.7</i>						
<b>Education (4)</b>										
L0468	1974	Education project	20-Sep-66	9.5	U			PAR	00649	04-Mar-75
L0727	1982	Second education project	02-Mar-71	13.5	S			PAR	04161	01-Nov-82
L2070	1990	Third education (technical and vocational)	15-Dec-81	6.8	S	LIK	SUB	PAR	09602	28-May-91
L2899	1996	Education Prog. & Student Loan	12-Jan-88	7.0	S	UNL	MOD	PAR	16805	13-Jun-97
		<i>Subtotal:</i>		<i>36.8</i>						

**Table 8: Jamaica - Evaluated Operations by Sector (through August 26, 1998)**

<i>OED ID</i>	<i>Eval yr</i>	<i>Project Name</i>	<i>Approval date</i>	<i>Net commit. (US\$M)</i>	<i>Outcome</i>	<i>Sust</i>	<i>Inst</i>	<i>Latest Report Type</i>	<i>Latest Report Number</i>	<i>Latest Report Date</i>
<b>Electric Power &amp; Other Energy (3)</b>										
L1516	1987	Second power project	07-Feb-78	19.4 <sup>*</sup>	S			PCR	06637	17-Feb-87
L2188	1992	Power 3	24-Jun-82	30.3	S	LIK	MOD	PCR	10252	22-Apr-92
L2869	1996	Power 4	04-Aug-87	18.0	U	LIK	NEG	PAR	18117	25-Jun-98
				<i>Subtotal:</i>						67.7
<b>Finance (3)</b>										
L1609	1984	Small-scale enterprise devt.	06-Jul-78	6.8	U			PCR	05374	27-Dec-84
L2107	1994	Kingston free zone project	23-Mar-82	7.6	S	LIK	MOD	PCR	13265	30-Jun-94
L2294	1993	Industrial credit project	26-May-83	14.8	S	LIK	SUB	PAR	13264	30-Jun-94
				<i>Subtotal:</i>						29.2
<b>Mining (1)</b>										
L3062	1995	Clarendon Aluminum	16-May-89	9.2	S	LIK	SUB	EVM	15503	29-Dec-95
				<i>Subtotal:</i>						9.2
<b>Multisector (5)</b>										
L1500	1980	Program loan	13-Dec-77	30.0	S			PAR	03112	28-Aug-80
L1715	1989	Second program loan	31-May-79	31.3	U	UNC	NEG	PAR	07850	19-Jun-89
L1978	1989	Second export development fund	30-Apr-81	33.0	U	UNC	NEG	PAR	07850	19-Jun-89
L2320	1989	Third export development fund	16-Jun-83	0.0	NRAT	NAVL	NAVL	PAR	07850	19-Jun-89
L3012	1991	Emergency reconst. import loan	22-Dec-88	30.0	S	NAPL	NAPL	PCR	09819	16-Aug-91
				<i>Subtotal:</i>						124.4
<b>Oil &amp; Gas (1)</b>										
L2017	1989	Petroleum exploration project	16-Jun-81	3.8	S	UNC	SUB	PCR	08096	28-Sep-89
				<i>Subtotal:</i>						3.8
<b>Population, Health &amp; Nutrition (4)</b>										
L0690	1979	Population project	16-Jun-70	2.0	U			PAR	02580	29-Jun-79
L1284	1985	Second population project	08-Jun-76	6.0	U			PAR	05589	09-Apr-85
L2851	1997	Population & Health	17-Jun-87	6.2	U	UNC	MOD	EVM		30-Jun-97
L3111	1997	Social Sector Development	11-Jul-89	30.0	U	UNC	MOD	EVM		11-Sep-97
				<i>Subtotal:</i>						44.2



**Table 8: Jamaica - Evaluated Operations by Sector (through August 26, 1998)**

OED ID	Eval yr	Project Name	Approval date	Net commit. (US\$M)	Outcome	Sust	Inst	Latest Report Type	Latest Report Number	Latest Report Date
<b>Public Sector Management (4)</b>										
L2106	1992	Technical Assistance	23-Mar-82	5.7	S	UNC	NAVL	PAR	10837	30-Jun-92
L2423	1995	Public Administration Reform	22-May-84	4.4	U	UNL	NEG	PCR	14595	14-Jun-95
L2507	1993	Second technical assistance	19-Mar-85	9.0	U	UNC	MOD	PAR	13236	01-Jul-94
L3502	1998	Energy Sector Dereg. & Privat.	02-Jul-92	60.0	S	LIK	SUB	PAR	18117	25-Jun-98
				<i>Subtotal:</i>						79.1
<b>Transportation (8)</b>										
L0408	1975	Highway project	30-Mar-65	5.5	S			PAR	00807	17-Jul-75
L0899	1984	Second highway (road improve. & maint.)	29-May-73	9.3	S			PAR	05192	29-Jun-84
L1032	1984	Third highway project	05-Jul-74	13.5	U			PAR	05192	29-Jun-84
L1043	1985	Airport development project	05-Sep-74	12.5	U			PAR	05423	29-Jan-85
L1740	1985	Fourth highway project	21-Jun-79	15.5	S			PCR	05504	27-Feb-85
L2293	1992	Highway Maintenance	26-May-83	15.0	U	UNC	MOD	PCR	11128	17-Sep-92
L2389	1996	Kingston Urban Transport	13-Mar-84	11.4	U	UNL	MOD	PAR	17599	27-Mar-98
L3275	1997	Road Infrastructure Planning	04-Dec-90	35.0	U	UNL	NEG	EVM		10-Sep-97
				<i>Subtotal:</i>						117.7
<b>Urban Development (1)</b>										
L1003	1985	Sites and services project	07-May-74	14.7	U			PAR	05862	26-Sep-85
				<i>Subtotal:</i>						14.7
<b>Water Supply &amp; Sanitation (3)</b>										
L0598	1977	Kingston water supply project	29-Apr-69	4.8	S			PAR	01822	13-Dec-77
L1146	1986	Kingston sewerage and water supply	26-Jun-75	15.0	S			PCR	06186	13-May-86
L2422	1995	Water Supply & Sewerage Tech Assist.	22-May-84	8.3	U	UNL	MOD	PCR	14579	07-Jun-95
				<i>Subtotal:</i>						28.1
				<b>Total Evaluated Projects (52):*</b>	1032.8	26 S 25 U	11 LIK 12 UNC 6 UNL	7 SUB 16 MOD 5 NEG		

\*Includes one evaluated operation which was fully cancelled and was not rated.

Note: 2 early projects were not evaluated.

Source: OED.

**Table 9: Jamaica: External Debt, 1980-96 (a)**  
(in millions of US\$)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>Total</b>	1,913	2,313	2,859	3,455	3,595	4,103	4,221	4,724	4,552	4,560	<b>4,756</b>	4,409	4,262	4,110	4,315	4,273	4,041
<b>IMF</b>	309	470	583	627	629	<b>693</b>	679	679	483	383	391	391	357	335	318	240	161
<b>Short-term debt</b>	98	94	104	287	251	190	189	237	295	391	346	281	311	289	483	496	<b>574</b>
<b>Long-term debt</b>	1,505	1,750	2,173	2,541	2,715	3,220	3,354	3,808	3,774	3,785	<b>4,019</b>	3,737	3,594	3,486	3,515	3,536	3,306
<b>Multilateral</b>																	
<b>IBRD</b>	176	212	322	368	326	468	573	<b>735</b>	671	650	672	664	594	607	594	595	515
<b>Other Multilateral</b>	108	149	179	210	228	278	327	416	412	442	496	517	523	545	587	<b>620</b>	589
<b>Bilateral</b>	636	867	1,113	1,331	1,504	1,768	1,748	1,942	2,022	2,064	<b>2,288</b>	2,087	2,038	1,901	1,909	1,876	1,742
<b>Private</b>	510	496	509	558	586	640	642	<b>657</b>	619	587	528	442	411	405	346	317	337
<b>Non-guaranteed</b>	75	25	50	75	70	66	64	58	51	42	34	28	28	28	78	<b>128</b>	123

a. Valued at end of calendar years. Peak values in bold.

Source: World Debt Tables.

**Table 10: Jamaica: Summary Indicators of Efficiency of Bank Assistance, FY88-97<sup>a</sup>**

	<i>Total SYs per Project<sup>b</sup></i>	<i>SYs per ESW Report</i>	<i>Lending Completion Cost, SYs per Project</i>
Jamaica	6.8	0.7	1.86
Bank-wide	-	1.2	2.30
LAC Region	8.1	1.0	2.11
Dominican Republic	9.1	1.0	1.91
El Salvador	5.9	0.9	1.95

a. Data from earlier years are not reliable.

b. Total SYs include those not directly related to country programs.

Source: PBD.

**Table 11: Jamaica: Efficiency of Bank Assistance, FY88-FY97**

	<i>FY88</i>	<i>FY89</i>	<i>FY90</i>	<i>FY91</i>	<i>FY92</i>	<i>FY93</i>	<i>FY94</i>	<i>FY95</i>	<i>FY96</i>	<i>FY97</i>	<i>Average</i>
<b>Average Lending Completion Cost</b>											
<i>(SY/Project)</i>											
Bank-wide (IBRD/IDA)	2.34	2.23	2.25	2.53	2.37	2.21	2.50	2.33	2.28	1.95	2.30
LAC Region	2.29	1.94	1.92	2.39	2.38	2.29	2.35	1.99	2.07	1.61	2.11
Jamaica	1.97	1.18	2.36	2.09	-	2.26	1.28	-	1.35	1.76	1.86
Dominican Republic	2.85	0.95	-	1.79	-	-	-	3.50	1.52	1.02	1.91
El Salvador	2.23	-	-	1.85	0.83	2.99	2.07	-	1.74	2.56	1.95
<b>Jamaica: Supervision Intensity</b>											
<i>(SY/project)</i>											
Bank-wide	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	n.a.
LAC Region	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	n.a.
Jamaica	0.2	0.1	0.1	0.2	0.2	0.3	0.3	0.2	0.2	0.3	n.a.
Dominican Republic	0.2	0.3	0.4	0.2	0.3	0.2	0.3	0.2	0.1	0.1	n.a.
El Salvador	0.6	0.4	0.6	0.2	0.3	0.5	0.5	0.3	0.3	0.4	n.a.
<b>Formal Reports (SW/project)<sup>a</sup></b>											
Bank-wide	60	56	62	57	52	62	75	67	65	72	1.2
LAC Region	41	45	47	44	44	58	73	68	45	48	1.0
Jamaica	34	27	26	-	66	18	52	25	35	64	0.7
Dominican Republic	-	-	52	104	43	11	80	46	-	-	1.0
El Salvador	-	106	8	-	-	-	58	23	114	10	0.9

a. Average is SY/Report.

Source: PBD.

**Table 12: Jamaica: IBRD Yearly Commitments and Disbursements, FY80-99**

FY	Commitments			Gross Disbursements
	Adjustment	Other	Total	
<i>(in millions of US\$)</i>				
1980	-	-	-	n.a.
1981	37.0	7.5	44.5	n.a.
1982	76.2	56.9	133.1	n.a.
1983	90.3	30.1	120.4	n.a.
1984	-	44.6	44.6	464.3 [a]
1985	55.0	9.0	64.0	75.4
1986	-	-	-	23.7
1987	60.0	44.0	104.0	52.8
1988	-	26.3	26.3	63.9
1989	-	45.0	45.0	55.1
1990	25.0	30.0	55.0	34.6
1991	30.0	46.5	76.5	45.7
1992	-	-	-	25.7
1993	75.0	92.0	167.0	47.7
1994	-	48.2	48.2	47.1
1995	-	-	-	24.4
1996	-	21.0	21.0	68.5
1997	-	76.9	76.9	35.3
1998	-	-	-	25.5
1999[b]	-	-	-	11.6
<b>Total</b>	<b>448.5</b>	<b>578.0</b>	<b>1026.5</b>	<b>1101.3</b>

a. No breakdown available before FY84; amount is cumulative.

b. Through October 31, 1998.

Source: FDB, World Bank.

**Table 13: Jamaica: Active Loans as of November 1998**

Project ID	Fiscal Year of Approval	Name of Project	Commitment Amount	Undisbursed (in millions of US\$)	Difference between expected and actual disbursements <sup>a</sup>	Last ARPP Supervision Rating <sup>b</sup>		Project At Risk
						Devt. Obj.	Imp. Prog.	
JM-PE-7479	1993	Reform of Secondary Education	32.00	16.58	10.10	S	S	Non-risky
JM-PE-7476	1993	Energy Sector Deregulation and Privatization	60.00	42.49	42.51	U	U	Actual
JM-PE-7489	1994	Tax Administration Reform	13.20	7.91	5.70	S	S	Non-risky
JM-PE-7485	1994	Private Investment and Export Development Project	35.00	12.70	3.38	S	S	Non-risky
JM-PE-9029	1997	Social Investment Fund	20.00	12.86	2.85	S	S	Non-risky
JM-PE-8700	1997	Student Loan Project	28.50	18.31	4.64	U	S	Actual
JM-PE-7490	1997	Public Sector Modernization	28.40	25.26	5.88	S	S	Non-risky
<b>Total</b>			<b>217.10</b>	<b>136.11</b>	<b>75.06</b>			

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

b. S = Satisfactory; U = Unsatisfactory. Ratings as of November 15, 1998.

Sources: OPR (CAS Annex B8) & QAG.