



1. Operation Information

Operation ID

P174531

Operation Name

Jamaica COVID-19 Recovery DPF

Country

Jamaica

Practice Area (Lead)

Macroeconomics, Trade and Investment

Non-Programmatic DPF

L/C/TF Number(s)

IBRD-92160

Closing Date (Original)

31-Mar-2022

Total Financing (USD)

150,000,000.00

Bank Approval Date

18-Mar-2021

Closing Date (Actual)

31-Mar-2022

IBRD/IDA (USD)

Co-financing (USD)

Original Commitment

150,000,000.00

0.00

Revised Commitment

150,000,000.00

0.00

Actual

150,000,000.00

0.00

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2. Program Objectives and Pillars/Policy Areas

a. Objectives

This stand-alone COVID-19 Response and Recovery Development Policy Financing operation for US\$150 million had the development objective of assisting the Government of Jamaica's response to the COVID-19 crisis by: (i) protecting poor and vulnerable people; (ii) supporting sustainable business growth and job



creation; and (iii) strengthening policies and institutions for resilient and sustainable recovery (Program Document [PD], p. 3).

For the purposes of this ICR Review, the objectives of the operation (against which outcomes will be assessed) are taken to be the following:

Objective 1: Protecting poor and vulnerable people

Objective 2: Supporting sustainable business growth and job creation

Objective 3: Strengthening policies and institutions for resilient and sustainable recovery

b. Pillars/Policy Areas

The three pillars of the operation were identical to the objectives above (Loan Agreement, p. 5-7; PD, p. 19), and had the following ten prior actions (PAs).

Pillar 1, "Protecting poor and vulnerable people," had three PAs:

Prior Action 1: To provide emergency support to affected individuals impacted by the COVID-19 pandemic, the Borrower, through the Cabinet, has approved emergency measures including the provision of: (i) temporary cash transfers through the Supporting Employees with Transfer of Cash (SET) program to individuals who lost employment between March 10, 2020 and December 31, 2020 and who had an annual taxable income less than or equal to J\$1.5 million; (ii) COVID-19 General Grants to selected occupational groups who are registered with a state or municipal authority; and (iii) Compassionate Grants to individuals with a valid tax payer registration number, not formally employed and not recipients or not intending to be recipients of any other benefit under the COVID-19 Allocation of Resources for Employees (CARE) Programme.

Prior Action 2: To mitigate the impact of the COVID-19 pandemic on the poor, the Borrower, through the Cabinet, has approved: (i) one additional payment to Programme of Advancement through Health and Education (PATH) beneficiary households through a PATH CARE grant and top-ups to PATH beneficiary households with school-enrolled children; and (ii) a Social Pension for elderly individuals aged 75 years or more, who are not in receipt of other pensions, including National Insurance Scheme pension, PATH, or Poor Relief payments.

Prior Action 3: To ensure the safe re-opening of the economy, the Borrower, through the Cabinet, has approved an interim National Deployment and Vaccination Plan for the COVID-19 Vaccine including priority groups, such as health workers and non-health frontline workers, recommended for vaccination during the first phase of vaccine deployment.

Pillar 2, "Supporting sustainable business growth and job creation," had four PAs:

Prior Action 4: To help small businesses, in particular in the tourism sector, to cope with the economic impacts of COVID-19, the Borrower, through the Cabinet, has approved emergency liquidity support to small businesses including: (i) the Business Employee Support and Transfer of Cash (BEST) Cash Program, to provide temporary cash transfers to businesses in the tourism sector based on the number of workers they have kept employed and with an annual income of J\$1.5 million or less; (ii) one-time COVID-19 Small



Business Grants to small businesses with annual sales of J\$50 million or less; and (iii) one-time COVID-19 Tourism Grants to operators in the tourism sector.

Prior Action 5: To promote the growth of microcredit institutions and support responsible lending to micro, small, and medium enterprises (MSMEs) by sector, the Borrower has tabled a Bill shortly entitled “the Microcredit Act, 2021” which licenses and regulates microcredit institutions and strengthens borrower protection.

Prior Action 6: To foster fintech and digital payment products and promote financial inclusion, the Borrower, through the Bank of Jamaica, has issued guidelines for the operation of a Fintech Regulatory Sandbox including application requirements, eligibility criteria, and Fit and Proper requirements.

Prior Action 7: To modernize the trade infrastructure, promote export competitiveness, and improve the efficiency of border clearance processes, the Borrower, through the Jamaica Customs Agency, has: (i) allowed electronic processing of export manifests by shipping agents through the online Port Community System and ceased the processing of the dock receipt for export shipments; and (ii) launched the Trade Board Limited on the Jamaica Electronic Single Window for Trade platform for imports and exports.

Objective 3, "Strengthening policies and institutions for resilient and sustainable recovery," had three PAs:

Prior Action 8: To strengthen the fiscal responsibility framework, the Borrower has tabled the legal framework to establish the Independent Fiscal Commission.

Prior Action 9: To reinforce the independence of the Bank of Jamaica (BoJ) and its inflation targeting regime, the Borrower has approved amendments to the Bank of Jamaica Act which include provisions to enhance Bank of Jamaica's governance, clarify its mandate, and improve its operational independence.

Prior Action 10: To strengthen climate resilience and sustainability of growth, the Borrower, through the Cabinet, has adopted the revised Nationally Determined Contributions including target greenhouse gas emissions lower than planned in the previous Nationally Determined Contributions and climate resilience considerations.

c. Comments on Program Cost, Financing and Dates

The COVID-19 Response and Recovery DPF (P174531) was approved on March 18, 2021 and became effective on March 29, 2021. It provided US\$150 million to the government and closed as planned on March 31, 2022. There was no discrepancy between the approved and disbursed amount (ICR, pp. 1-2).

3. Relevance of Design

a. Relevance of Objectives

The objectives were pertinent to the country context at the time of preparation and approval.

Over the 2013-19 period, Jamaica was able to stabilize the economy, generate primary surpluses that allowed a 50 percentage-point reduction in debt from 144 percent of gross domestic product (GDP) to 94 percent of



GDP, and ensure positive growth rates. Reforms aimed at managing macroeconomic risks and strengthening macroeconomic fundamentals spanned two political administrations and involved broad-based participation of domestic stakeholders. The conclusion of the International Monetary Fund's (IMF's) Stand-by Arrangement (SBA) in 2019 was followed just six months later by the onset of the COVID-19 crisis (PD, pp. 5-6). The country, which is tourism-dependent (the sector accounts for 30 percent of GDP and a third of employment), went into lock-down. GDP contracted in 2020 - for the first time since 2013 - by 10 percent (real local currency units) compared to a pre-COVID forecast of -0.1 percent (PD, p.10). At the time of preparation of the ICR, tourist arrivals were down by 49 percent relative to pre-pandemic times. The government took fiscal measures to protect the poor and vulnerable through the launch of the COVID-19 Allocation of Resources for Employees (CARE) program and other business support measures. The World Bank estimated at that time that 400,000 persons could fall into poverty in the absence of mitigation (PD, p. 6). The pandemic also could have worsened gender disparities. The hardest-hit hospitality, retail, and service-oriented sectors are female-dominated in Jamaica. Loss in tourism led to an external financing gap of 6 percent of GDP. Further job losses were expected in domestic services. MSMEs, responsible for 80 percent of the country's employment, were the hardest hit by the pandemic. These negative effects on households and small business were further exacerbated by the ongoing impacts of climate change through rising sea levels, frequent tropical storms and hurricanes, and floods on climate-sensitive tourism and agriculture.

All three objectives were relevant to the country context at preparation. Pillar 1 aimed to support the government's response to the pandemic to protect the poor and vulnerable by strengthening social assistance and facilitating emergency health and financial resources. Pillar 2 supported business growth and jobs through measures to support firm liquidity, financial inclusion, and cross-border trade, combining elements of crisis mitigation with building back better. Pillar 3 targeted a robust and sustainable recovery through measures to support fiscal responsibility and climate resilience. While the ICR notes that the third pillar focused on longer-term reforms that might have been better addressed through a different instrument, the objectives were aligned with the World Bank Group's COVID-19 Crisis Response Approach Paper (2020), which includes a pillar on "resilient recovery." The operation leveraged reforms under the ongoing Economic Resilience Development Policy Loan series (ERDPL). However, a stand-alone crisis response DPL was deemed necessary given that the government wished to maintain the ERDPL reform program intact, and that the new crisis response and recovery DPL would allow the Bank to support the government's pandemic response in a focused and targeted manner.

The objectives were aligned to the FY2014-17 Country Partnership Strategy (CPS), which was extended to cover FY2019.

A new Country Partnership Framework (CPF) was to be prepared after the planned completion of a somewhat delayed Systematic Country Diagnostic (SCD) in FY22, but it has not yet been approved. The main focus area of the CPS (FY14-19) was establishing the necessary conditions for broad-based private sector-led growth while improving public sector efficiency and reducing vulnerability. After the pandemic, the country program adjusted to better address pandemic needs, particularly supporting MSMEs and recovery of tourism and agriculture, strengthening social protection, and enhancing fiscal and environmental sustainability, while improving financial inclusion and trade competitiveness.

The objectives were also well aligned to government strategy.

The objectives were anchored in the government's stated commitment to structural reforms as outlined in the medium-term socio-economic policy framework (MTF) and in the overall goals of Vision 2030 Jamaica (the National Development Plan). These goals are consensus-based, aligned with the Sustainable Development



Goals (SDGs), and include: (i) undertaking fundamental reforms to consolidate macroeconomic gains; (ii) strengthening international competitiveness; (iii) protecting the most vulnerable; and (iv) strengthening the resilience of the built and natural environment. Vision 2030 highlights the need for continuity in the development model, addressing macroeconomic stability and fiscal risks from natural disasters, and broadening the economic base through greater private sector participation facilitated by an improved business environment. The government's pandemic response and stimulus package represented an adjustment to the ongoing MTF 2018-2021 in the direction of greater focus on protecting lives and livelihoods, fortifying the financial sector, and addressing capacity constraints.

It is noted that while no SCD was available, the PD does reference country-specific analytics and diagnostics including the Public Expenditure Review of Social Protection in Jamaica (World Bank, 2019); Jamaica Financial Sector Assessment Program, SME Finance Development Module (World Bank, 2015); Jamaica Financial Stability Assessment (IMF and World Bank, 2018); and the findings of various technical assistance projects pertaining to nationally determined contributions and trade logistics. External partners' diagnostics are also referenced, for example *COVID-19, the Caribbean Crisis: Results from an Online Socioeconomic Survey* (Inter-American Development Bank, 2020) (PD, pp. 5, 18, 20). Annex 5 in the PD maps the analytical work to the prior actions.

b. Relevance of Prior Actions

Rationale

Objective 1, "Protecting poor and vulnerable people," had three PAs:

PA1 supported the government's CARE program and provided emergency support to affected individuals impacted by the COVID-19 pandemic.

Rationale: COVID-19 put lives and livelihoods at risk, disproportionately affecting workers (formal and informal) in hospitality, retail, and services, and poor households. In Jamaica, GDP contracted by 11 percent over FY20-21 (ICR, p. 5) as the government took early and aggressive action to counteract the spread of COVID-19, leading to loss of work for many poor and vulnerable employees. The government instituted its COVID-19 Allocation of Resources for Employees CARE and Supporting Employees with Transfer of Cash (SET) programs to mitigate loss of income. PA1 supported CARE, which provided short-term cash grants to low-income employees, and vulnerable self-employed (required to be registered with local authorities as working in a pandemic-affected sector at any point over the preceding two years), building on existing targeting mechanisms. It credibly contributed to Objective 1, and the design of the prior action is consistent with the recommendations of the WBG's COVID-19 Crisis Response Approach Paper, particularly pillars 2 and 3. Given the emergency nature of the pandemic, the short duration of the support, and the use of tax data, existing social protection programs, and employee data to target beneficiaries, PA1 was relevant. The CARE program's SET Cash grant provided J\$18,000 per month to individuals who lost employment after March 10, 2020 and before December 31, 2020. This was only applicable for individuals for whom statutory deductions were paid on their behalf and who earned below the annual income tax threshold of J\$1.5 million.

Rating: Satisfactory



PA2 provided for (i) one additional payment to beneficiary households under the existing social assistance program with provision for top-ups to households with school-enrolled children; and (ii) a Social Pension for individuals aged 75 years or more, who were not in receipt of other benefits.

Rationale: Jamaica's social protection system is anchored in the National Insurance Scheme (NIS); a flagship conditional cash transfer (CCT) program to poor households (PATH) with children of school-going age; a School Feeding Program providing free or subsidized meals to students; and other benefits and services to smooth consumption and protect households from shocks. While the system is progressive, significant gaps remain, and these gaps were exacerbated by the pandemic.

PATH's importance in the face of shocks was critical, given the relatively greater impact of such shocks on poorer households, in which women and children are disproportionately represented. PATH beneficiaries also primarily reside in rural areas, helping foster resilience among those vulnerable to climate risks stemming from reliance on agriculture as a source of income. However, as noted elsewhere, while PATH had been identified by the Bank as a progressive program, and coverage had improved in recent years, gaps remained. Although PATH households accounted for 70 percent of persons in the poorest quintile at the time of appraisal, only 22 percent of PATH household members had a direct transfer assigned to them. PATH benefits were also lower than the average for CCTs in the Latin America and the Caribbean (LAC) region, with an average annual benefit of approximately 15.3 percent of the national per capita food poverty line, compared to 21 percent of the average income in the poorest quintile for LAC CCT programs. A COVID-19 PATH grant under the CARE program was approved by the Cabinet to provide the usual bi-monthly payment in April-June 2020 with an additional payment in May 2020 to all registered PATH households, which effectively doubled the PATH benefit size during this payment period and was supplemented by various top-ups to PATH households with school-aged children to compensate for the loss of school feeding programs.

In addition, while Jamaica had well-targeted social assistance programs, only 28 percent of seniors received either social assistance or a pension in Jamaica, in part because of low contributions into NIS and partly because PATH was designed as a conditional cash transfer and is more likely to capture poor households with children, rather than the elderly poor. Jamaica also did not have a social pension scheme for the elderly poor with no other source of income at the onset of the pandemic. The government therefore approved the introduction of a Social Pension program for elderly citizens 75 years of age and above who were not in receipt of social assistance or other pensions. The Social Pension benefit was J\$3,400 per month (half of the NIS minimum pension) and 30 percent higher than the PATH elderly benefit. Elderly PATH beneficiaries were expected to transition to the Social Pension at 75 years of age.

PA2 complemented PA1 by further providing income support meant to smooth consumption of the poorest households and the vulnerable elderly and address gaps in the social protection system that were exacerbated by the pandemic. PA2 leveraged existing programs supported by the World Bank through the Economic Resilience Development Policy Loan or ERDPL, targeting benefits and contributing credibly to outcomes under Objective 1.

However the ICR notes that most senior citizens who would be eligible for the social pension would not be readily identifiable in Jamaica since they are unlikely to have birth certificates or other proof of eligibility. The overall rating for the PA therefore could not be rated above moderately satisfactory.

Rating: Moderately Satisfactory



PA3 supported the safe re-opening of the economy through an interim National Deployment and Vaccination Plan for the COVID-19 vaccine including priority groups, such as health workers and non-health frontline workers.

Rationale: At the onset of the pandemic, the government took swift measures to limit the spread of COVID-19, including social distancing, school closing, laboratory testing, and a public health campaign, all of which were essential until the development of vaccines. Once vaccines were developed, the safe re-opening of the economy became a priority. PA3 supported the implementation of an interim National Vaccine Development and Deployment Plan, a comprehensive plan to manage, store, and roll out vaccines to 16 percent of the population that was prioritized: health care workers, frontline workers, persons over 60, and institutionalized persons. The Plan detailed the actions that the government would take to prepare for the procurement of 935,676 doses of the vaccine under the COVID-19 Vaccines Global Access (COVAX) facility and the introduction of the COVID-19 vaccine into Jamaica. In preparing and implementing the Plan, the Ministry of Health and Wellness used the COVID-19 Vaccine Introduction Readiness Assessment Tool (VIRAT), developed by the World Health Organization. The tool measures readiness for vaccine deployment across key areas such as planning and coordination, budgeting, regulation, prioritization of vaccinations, surveillance, monitoring and evaluation, cold chain logistics, and demand generation and communication. PA3 required Cabinet approval of the plan rather than actual implementation of the roll-out, but it did represent meaningful progress against Objective 1. There was every expectation that the plan would be implemented, but at the time of appraisal the Government was waiting for the arrival of vaccines from COVAX and the finalization of liability and indemnity agreements with vaccine manufacturers.

Rating: Satisfactory

Objective 2, "Supporting sustainable business growth and job creation," had four PAs:

PA4 supported small businesses, in particular in the tourism sector, through emergency liquidity support including: (i) the BEST Cash Program, to provide temporary cash transfers to businesses in the tourism sector based on the number of workers they kept employed and with an annual income of J\$1.5 million or less; (ii) one-time COVID-19 Small Business Grants to small businesses with annual sales of J\$50 million or less; and (iii) one-time COVID-19 Tourism Grants to operators in the tourism sector.

Rationale: Jamaica depends on tourism, which accounts for 30 percent of GDP and a third of employment. The pandemic severely disrupted the sector, leading to a sharp fall in growth and rise in the external deficit. While borders were reopened for citizens on June 1 and non-citizens on June 15, 2020, Jamaica witnessed a near 90 percent contraction in activity in hotels and restaurants during April-June 2020, compared to the previous year. Cruise ship arrivals were halted in March 2020, and stopover arrivals remain subdued and declined by 65 percent from January to September 2020, compared to the similar period in 2019. This sharp contraction posed large risks for the preservation of jobs and livelihoods. An immediate priority from the perspective of supporting business growth and jobs was therefore to provide liquidity support to the sector.

PA4 credibly supported Objective 2 by targeting liquidity support at firms in the sector and linking a part of this support to the preservation of jobs of lower income workers. Financial support of SMEs was conditional on the number of workers kept employed. The one-off grants targeted operators who would have been affected by the crisis but were more likely to be self-employed or informal. These measures complemented other measures implemented by the Bank of Jamaica such as easing of credit conditions and a request to banks to ease lending terms and covenants on a temporary and case-by-case basis.



However, as noted in the ICR, the BEST scheme did not capture the largely informal tourism sector adequately.

Rating: Moderately Satisfactory

PA5 supported business through reforms embodied in the "Microcredit Act, 2021," which licenses and regulates microcredit institutions and strengthens borrower protection.

Rationale: Small and microenterprises in Jamaica, which are estimated at between 200,000 – 400,000, face access to finance constraints that limit their ability to invest, grow, create jobs, and contribute to the economy.

According to the latest World Bank Enterprise Survey, close to half of the MSME respondents (47 percent) cited access to finance as a constraint, compared to the average of 32 percent in LAC. This was further exacerbated by the COVID-19 crisis, when small businesses were facing severe financial stress because of lockdown and social distancing measures and turning to loans to cope with emergencies (PD, p. 28). Improved licensing and regulation of the microfinance sector was expected to attract stronger players into the market and support the growth of micro-loans. Small, unregulated lenders dominated the sector, many of which were financially unsustainable. The Microcredit Act was to be the legislative basis for responsible growth of micro-finance. Global evidence cited in the project document (PD, paragraph 61) suggested that this growth could be especially beneficial for female borrowers. PA5 strengthened the institutional framework for micro-finance and therefore had the potential to contribute towards achievement of Objective 2 in the medium term. While the contribution of the PA to Objective 2 was credibly outlined in the PD, more detail on the underlying country-specific analytical work informing PA selection and design would have been helpful. The 2015 Financial System Stability Assessment, as quoted in Annex 5 of the PD, did highlight that regulation would support the growth of the micro-finance sector by encouraging investment in the sector as well as strengthening consumer trust in it, suggesting that the prior action does contribute to progress towards the objective.

Rating: Moderately Satisfactory

PA6 promoted financial inclusion through the issuance by the Central Bank of guidelines for the operation of a Fintech Regulatory Sandbox including application requirements, eligibility criteria, and Fit and Proper requirements.

Rationale: A regulatory sandbox is a regulation-driven environment for testing financial innovation in a live market environment, which lowers regulatory costs, encourages partnerships, and manages risks related to consumer protection, among others. This model has been successful in other countries and was identified by the Bank, based on evidence from other countries cited in the project document (PD, pp. 29-30), as potentially beneficial in stimulating recovery by improving the uptake of digital financial services and fintech solutions and thereby easing financing constraints on businesses. The PD suggested that this could be helpful during COVID-19 related lockdowns; however, the ICR notes that this regulatory innovation is more likely to support medium-term recovery, and IEG agrees with this assessment, given the timeline of reform implementation. This PA does have the potential to credibly contribute to the achievement of Objective 2 in the medium to long term. However, while there is citation of relevant global experience, country-specific analytical work clarifying the expected contribution of the PA to business growth and job creation through improved digital financial inclusion specifically in Jamaica was not detailed. Rather, the presentation of this PA suggested that the measure was designed to encourage financial innovation in the medium term. The description of the PA's contribution to Objective 2 is therefore only partly convincing. The key findings reported in Annex 5 of the PD do not indicate causal links to sustainable business growth. In the absence of further data, it is not clear that this prior action would make a significant contribution towards the objective.



Rating: Moderately Unsatisfactory

PA7 supported the modernization of trade infrastructure and aimed to improve export competitiveness and the efficiency of border clearance processes.

Rationale: Trade competitiveness depends on logistics costs to a large extent. Jamaica performed less favorably than comparators and regional peers on this score according to the World Bank's Logistics Performance Index, with a score of 2.52 (out of 5), below the regional average of 2.66 and the average for middle-income countries of 2.76, suggesting a need to undertake reforms aimed at facilitating trade and modernizing trade infrastructure. A strong link with underlying country-specific analytical work highlighting the criticality of introducing the measures supported by PA7 is also present. Annex 5 of the PD reported key findings of the Technical Assistance Project on Trade Logistics in the Caribbean (P591347), namely that the high cost of trade and delays in Jamaica are attributable to several factors deriving from policy and structural inefficiencies, including high level of inspections, high and multiple fees and charges, lack of coordination among agencies, multiplicity of licenses, permits, and certificates, absence of an integrated and harmonized framework for border agencies, prevalence of manual processes, and low capacity at the firm level to implement international requirements. It is therefore credible that the improvements in procedures supported by the PA would reduce costs of trade and strengthen competitiveness and growth in the medium term.

Rating: Satisfactory

Objective 3, "Strengthening policies and institutions for resilient and sustainable recovery," had three PAs:

PA8 supported the fiscal responsibility framework through the preparation of the legal framework to establish the Independent Fiscal Commission.

Rationale: PA8 supported the government's decision to strengthen the fiscal responsibility framework with a view to consolidating gains made on improved fiscal management since 2013 and help the country get back on track on debt sustainability following a deterioration in the fiscal balance (which fell by 4.4 percentage points of GDP in FY20-21, according to Table 2 of the PD) and a sharp increase in public debt (by nearly 16 percentage points of GDP) due to crisis impacts. The government decided to establish an independent fiscal commission, which would support compliance with fiscal rules through its mandate to keep the public informed on the soundness and stability of Jamaica's fiscal position, supporting an IMF-type function, as noted in the ICR. The PA supported the government's presentation of the legislation to Parliament rather than its approval, with a view to operationalizing the fiscal commission by March 2022. While the measure had the potential to contribute to Objective 3, there were several steps that needed to follow the tabling of the legislation for there to be any impact. For example, the Fiscal Commission would have had to be established, be operationally independent, have adequate technical capacity, and be adequately resourced.

Rating: Moderately Satisfactory

PA9 supported the independence of the Bank of Jamaica and its inflation targeting regime with a view to further strengthening the macroeconomic policy framework.

Rationale: Operational independence and strengthened governance of the Bank of Jamaica (BoJ) would allow for the implementation of an inflation-targeting regime, which would strengthen the macroeconomic policy framework, thereby contributing to achievement of Objective 3. In particular, in concert with PA8 above, the PD emphasized that PA9 would strengthen the transparency and credibility of macroeconomic policy in the eyes of



lenders and investors, thereby laying the foundations for sustainable recovery and growth in the medium term. However, as noted in the ICR, while supporting Central Bank independence and anchoring inflation expectations are critical for a sound macroeconomic policy framework, it is not clear that that inflationary expectations were the main challenge facing a sustainable recovery following a significant decline in growth. At the time of the operation's preparation, the FY20/21-FY23/34 inflation forecast averaged approximately 5.4 percent per annum, relative to 4.6 percent per annum over the two years preceding the pandemic. Transparency of monetary policy through the implementation of an inflation targeting regime does, however, credibly contribute to sustainable growth and recovery.

Rating: Moderately Satisfactory

PA10 supported climate resilience and sustainability of growth through approval of revised Nationally Determined Contributions (NDCs) that lower emission targets.

Rationale: The NDCs were predicated on the implementation of the National Energy Policy 2009-2030 and associated Action Plans. Jamaica committed to the reduction of the equivalent of 1.1 million metric tons of carbon dioxide per year by 2030, representing a reduction of 7.8 percent. Jamaica's NDC included a conditional commitment to a reduction of greenhouse gas emissions of 10 percent, subject to the provision of international support. This would be done mainly through investment in renewable energy and reforestation, and was meant to signal Jamaica's commitment to mitigating the impact of climate change in the medium to long run. While this good faith gesture is noteworthy, Jamaica is an insignificant contributor to global emissions. Even on a per capita basis, emissions in Jamaica are just over a fifth those in the United States, for example. It is not clear why reducing emissions further would contribute to sustainable growth in the long run for Jamaica. On the other hand, Jamaica is vulnerable to the impacts of climate change, given its island nation status and heavy dependence on tourism. Agriculture employs a significant share of the bottom 40 and is a climate-sensitive sector. Overall, however, there was no clear and credible results chain from strengthened climate change action to supporting policies and institutions for sustainable growth. In the absence of additional information, this prior action does not appear to make a significant or credible contribution to the achievement of the PDO, even though it is noted that the NDCs incorporate commitments that in the long run might support a significant shift towards renewable energy and thereby a reduction in energy costs - currently the highest in the LAC region.

Rating: Unsatisfactory

Rating

Moderately Satisfactory

4. Relevance of Results Indicators

Rationale

Results Indicators (RIs) are presented in Table 1 along with mapping, progress, and ratings. There were a total of 12 RIs.



Table 1: Results Indicators: Relevance and Achievement Ratings

Indicator Name	PA	RI relevance	Unit of Measure	Baseline	Target (31-3-2022)	Actual achieved at completion (31-05-2022)	Actual Change in RI Relative to Targeted Change (in percent)	RI achievement rating
Objective 1: Protecting the poor and vulnerable								
RI1: Number of beneficiaries (female) receiving the CARE cash transfers	PA1	Satisfactory	Number	0 (31-3-22)	430,000 (260,000)	458,295 (274,969)	107	High
RI2i: Number of PATH beneficiaries receiving the CARE program's COVID-19 PATH grant	PA2	Satisfactory	Number	0 (31-3-20)	266,100	266,100	100	High
RI2ii: Number of beneficiaries accessing the social pension for the elderly	PA2	Moderately Satisfactory	Number	0 (31-3-20)	50,000	10,000	20	Negligible
RI3: Percentage of priority groups vaccinated against Covid-19 under phase 1	PA3	Highly Satisfactory	Percent	0 (31-3-20)	40	70	175	High
Objective 2: Supporting sustainable business growth and job creation								
RI4i: Number of businesses accessing the BEST cash transfers and grants	PA4	Moderately Satisfactory	Number	0 (31-3-20)	1800	1885	105	High
RI4ii: Share of tourism sector employees retained under the BEST Cash program	PA4	Moderately Satisfactory	Percent	0 (31-3-20)	13	6	46.1	Modest



RI5: Number of microcredit institutions having submitted a complete application for a license under the new legal framework	PA5	Moderately Unsatisfactory	Number	0 (31-3-20)	3	7	233	Substantial
RI6: Number of Fintech products admitted for testing in the regulatory sandbox	PA6	Moderately Unsatisfactory	Number	0 (31-3-20)	4	5	125	Substantial
RI7: Number of days taken by the Trade Board Limited to process trade licenses for imports and export	PA7	Satisfactory	Days	5 (31-3-20)	3	3	100	High
Objective 3: Strengthening policies and institutions for resilient and sustainable recovery								
RI8: Number of fiscal assessment reports (that include debt sustainability analysis) issued by the Fiscal commission	PA8	Moderately Unsatisfactory	Number	0 (31-3-20)	1	0	0	Negligible
RI9: Number of statements published on the performance of BOJ with respect to its monetary policy and achievements in relation to its inflation target	PA9	Moderately Unsatisfactory	Number	0 (31-3-22)	1	9	900	Substantial
RI10: NDC implementation plan approved by GOJ	PA10	Unsatisfactory	Yes/No	No (31-3-20)	Yes	Yes	N/A	Substantial

RI1: Number of beneficiaries (male/female) receiving the CARE cash transfers



This indicator captured fully the impact of the prior action (various targeted grants under Jamaica's CARE program) on progress towards protecting the poor and vulnerable, namely Objective 1, and was associated with well-defined baseline and gender-disaggregated targets and data sources. Under CARE, grants to self-employed persons were targeted based on sectors most affected by the pandemic. CARE's SET cash was provided to formally employed workers below a threshold level of taxable income. PATH beneficiaries who were unemployed received one-off compassionate grants under CARE as well. Relevance is rated as Satisfactory.

RI2i: Number of PATH beneficiaries receiving the CARE program's COVID-19 PATH grant

This RI captured fully and adequately the impact of the prior action on progress towards Objective 1 and was associated with well-defined baselines, targets, and data sources. Targeting was under the country's flagship conditional cash transfers program (PATH) and allowed for a further top-up for poor households with school-going children. Relevance is rated as Satisfactory.

RI2ii: Number of beneficiaries accessing the social pension for the elderly

This RI captures the impact of the prior action - payment of social pensions to persons aged 75 or older - on progress towards achieving Objective 1. However, while the PD notes (p. 23) that PATH, as a conditional cash transfer scheme designed to encourage school enrollment, did not adequately target the elderly poor, thereby necessitating an additional social pension, the ICR notes (p. 17) that data sources may not have been well-defined since many elderly poor lacked identification or birth certificates and could not demonstrate eligibility. Relevance is rated as Moderately Satisfactory.

RI3: Percentage of priority groups vaccinated against COVID-19 under phase 1

This RI captured fully the impact of the associated PA - implementation of the National Deployment and Vaccination Plan - towards Objective 1 and was associated with well-defined data sources, baselines, and targets. Relevance is rated as Highly Satisfactory.

RI4i: Number of businesses accessing the BEST cash transfers and grants

The BEST grants targeted formal businesses, including in the hotels, tours, and attractions sectors that were registered with the Tourism Product Development Company, that are tax compliant and have incomes below a well-defined threshold based on the number of workers retained. The grants therefore target small albeit formal sector, businesses. This RI is rated as Moderately Satisfactory, since it captured progress towards the objective of supporting small business without further breaking down beneficiaries in the tourism sector. Neither the ICR nor the PD provide information on the sectoral breakdown of BEST grant recipients and how they were likely impacted by the pandemic.

RI4ii: Number of tourism sector employees retained under the BEST Cash program

This RI captured progress towards Objective 2 though, as noted earlier, the BEST portal captures only formal sector businesses, and the majority of employment in the sector is informal. Relevance is rated Moderately Satisfactory.

RI5: Number of microcredit institutions having submitted a complete application for a license under the new legal framework



This output-oriented RI captured implementation of a part of the PA - the tabling of legislation that licenses and regulates microcredit organizations and strengthens borrower protection - and had well-defined baseline and targets, though it would have been useful to put the target in perspective by indicating the percentage of the sector covered. The number of institutions that have submitted an application for a license may indicate some progress towards supporting growth of micro-credit institutions and responsible lending to MSMEs, but the link through a credible results chain of achieving Objective 2 -- sustainable business growth and job-creation -- is not clear, nor is it clear that the license would lead to the development of microfinance products aimed at MSMEs or enhance borrower protection. Relevance is rated as Moderately Unsatisfactory.

RI6: Number of fintech products admitted for testing in the regulatory sandbox

This output-oriented RI captured implementation of the PA, which was to foster fintech and digital payment products and promote financial inclusion, and partly captured the impact of the PA. However, the RI measured potential financial innovation rather than having a direct link with Objective 2 through a credible results chain. The RI was well-defined and measurable, and baseline and targets were clearly specified. The indicator did not clearly explain how the number of tested financial products could, in conjunction with what other factors, lead to improved financial access and business growth, and over what time period. Relevance is rated as Moderately unsatisfactory.

RI7: Number of days taken by the Trade Board Limited to process trade licenses for imports and exports

This RI captured fully the impact of the PA on achievement of Objective 3 and was associated with well-defined data sources, baselines, and targets. The RI measured improved efficiency of border clearance processes and of trade infrastructure and had a credible link to export competitiveness and sustainable economic recovery. Relevance is rated as Satisfactory.

RI8: Number of fiscal assessment reports (that include debt sustainability analysis) issued by the Fiscal Commission

This RI partly captured the impact of the PA - strengthening the fiscal responsibility framework through improved oversight - but did not capture quality of dissemination and exactly how this would support fiscal consolidation (Objective 3). Relevance is rated as Moderately Unsatisfactory.

RI9: Number of statements published on the performance of BoJ with respect to its monetary policy and achievements in relation to its inflation target

This RI did not adequately capture progress on ensuring BoJ independence and effective inflation targeting – at best it is a measure of improved transparency of monetary policy and of the BoJ's inflation targeting regime. Moreover, the measure did not provide for regular monitoring of progress, which would be important if the goal was to anchor inflationary expectations. A stronger measure could have been to require regular reporting and ensure that a report was published by the time of the ICR preparation. This RI is rated Moderately Unsatisfactory.

RI10: NDC implementation plan approved by the government

The approval of the NDC implementation plan captured the implementation of the PA in a literal sense. However, it is not clear that the implementation of the PA was sufficient for ensuring sustainable recovery of the economy via strengthened climate resilience, given that Jamaica's economic vulnerability is unlikely



to be addressed through a further reduction in Jamaica's already low emissions and that the PA's relevance was rated as unsatisfactory. This RI is therefore rated Unsatisfactory.

Most RIs were rated as Satisfactory and Moderately Satisfactory. RIs under the same pillar complemented each other, and, for most indicators, baselines and targets were well defined. Overall rating therefore is Moderately Satisfactory.

Rating

Moderately Satisfactory

5. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Protecting poor and vulnerable people

Rationale

Objective 1, "Protecting poor and vulnerable people," had three PAs:

PA1 supported the government's CARE program and provided emergency support to affected individuals impacted by the COVID-19 pandemic. PA2 provided for (i) one additional payment to beneficiary households under the existing social assistance program with provision for top-ups to households with school-enrolled children; and (ii) a Social Pension for individuals aged 75 years or more, who were not in receipt of other benefits. PA2 complemented PA1 by further providing income support meant to smooth consumption of the poorest households and the vulnerable elderly and address gaps in the social protection system that were exacerbated by the pandemic. However the ICR notes that most senior citizens who would be eligible for the social pension would not be readily identifiable in Jamaica since they are unlikely to have birth certificates or other proof of eligibility. The overall rating for the PA therefore could not be rated above moderately satisfactory. PA3 supported the safe re-opening of the economy through an interim National Deployment and Vaccination Plan for the COVID-19 vaccine including priority groups, such as health workers and non-health frontline workers. PA3 required Cabinet approval of the plan rather than actual implementation of the roll-out, but it did represent meaningful progress against Objective 1. There was every expectation that the plan would be implemented, but at the time of appraisal the Government was waiting for arrival of vaccines from COVAX and the finalization of liability and indemnity agreements with vaccine manufacturers.

Progress against this objective was captured by 4 RIs:

RI1, with satisfactory relevance, was rated as High.

RI2i, with satisfactory relevance, was rated as High.

RI2ii, with MS relevance, was significantly under-achieved and rated as negligible.



RI3, with HS relevance, was rated as High.

Overall achievement rating for Objective 1 is MS given that one of the sub-ratings is negligible.

In all cases there was clear line of sight from the prior actions and corresponding results indicators to the Objective, and though the target on elderly pensioners could not be achieved, progress was ongoing at the time of ICR preparation. Overall rating is therefore Moderately Satisfactory.

Rating

Moderately Satisfactory

OBJECTIVE 2

Objective

Supporting sustainable business growth and job creation

Rationale

Objective 2, "Supporting sustainable business growth and job creation," was supported by four PAs.

PA4 supported small businesses, in particular in the tourism sector, through emergency liquidity support, targeted at firms in the tourism sector and at job preservation for lower income workers. One-off grants targeting informal and self-employed operators supplemented this support. While the scheme did not adequately capture the largely informal tourism sector, SMEs received support and in a timely manner and significant contribution was made towards the objective.

PA5-6-7-8 were medium-term to long term reforms meant to support recovery and sustained post-crisis growth, thereby complementing in a broad sense the emergency worker and firm support under PA4. Specifically, PA5 supported business through reforms embodied in the "Microcredit Act, 2021," which licensed and regulated microcredit institutions and strengthened borrower protection. While the contribution of the PA to Objective 2 was credibly outlined in the PD, more detail on the underlying country-specific analytical work informing PA selection and design would have been helpful. The 2015 Financial System Stability Assessment, as quoted in Annex 5 of the PD, did highlight that regulation would support the growth of the micro-finance sector by encouraging investment in the sector as well as strengthening consumer trust in it, suggesting that the prior action does contribute to progress towards the objective.

PA6 promoted financial inclusion through the issuance by the Central Bank of guidelines for the operation of a Fintech Regulatory Sandbox including application requirements, eligibility criteria, and Fit and Proper requirements. While there is citation of relevant global experience, country-specific analytical work clarifying the expected contribution of the PA to business growth and job creation through improved digital financial inclusion specifically in Jamaica is not detailed. Rather, the presentation of this PA would suggest that the measure is designed to encourage financial innovation in the medium term. The description of the PA's contribution to Objective 2 is therefore only partly convincing.

PA7 supported the modernization of trade infrastructure and aimed to improve export competitiveness and the efficiency of border clearance processes, and addressed important constraints identified by country-



specific analytics and technical assistance. It is therefore credible that the improvements in procedures supported by the PA would reduce costs of trade and could strengthen competitiveness and growth in the medium term.

Progress against Objective 2 was measured by 5 RIs:

RI4i, with MS relevance, was overachieved, and rated as High.

RI4ii, with MS relevance, was partially achieved, and rated as Modest.

RI5, with MU relevance, was over-achieved but downgraded to Substantial due to less than satisfactory relevance.

RI6, with MU relevance, was over-achieved but downgraded to Substantial due to less than satisfactory relevance.

RI7, with satisfactory relevance, was fully achieved and rated as High.

Overall, results chains could have been stronger with RI5 and RI6 in particular not being deemed adequately relevant to measuring progress on the Objective. Prior actions were largely relevant but no ratings of negligible were assigned based on achievement (Table 1). Objective 2 efficacy is therefore rated as Satisfactory.

Rating

Satisfactory

OBJECTIVE 3

Objective

Strengthening policies and institutions for resilient and sustainable recovery

Rationale

Objective 3, "Strengthening policies and institutions for resilient and sustainable recovery," was supported by three PAs, all of which were focused on longer run institutional reforms.

PA8 supported the fiscal responsibility framework through the preparation of the legal framework to establish the Independent Fiscal Commission. While the measure had the potential to contribute to Objective 3, there were several steps that needed to follow the tabling of the legislation for there to be any impact. For example, the Fiscal Commission would have to be established, be operationally independent, have adequate technical capacity, and be adequately resourced, none of which appeared to be supported by this operation.

PA9 supported the independence of the Bank of Jamaica and its inflation targeting regime with a view to further strengthening the macroeconomic policy framework. However, as noted above, it was not clear that inflationary expectations were the main challenge facing a sustainable recovery following a significant decline



in growth. Transparency of monetary policy through the implementation of an inflation targeting regime does, however, credibly contribute to sustainable growth and recovery.

PA10 supported climate resilience and sustainability of growth through approval of revised Nationally Determined Contributions (NDCs) that lower emission targets. However Jamaica, though facing significant risks from climate change that call for investment in adaptation and resilience, is a marginal emitter. This PA does not seem to contribute to long run sustainable growth.

Progress against Objective 3 was measured by 3 RIs:

RI8, rated at MU relevance, was underachieved, and rated at Negligible.

RI9, rated at MU relevance, was over-achieved, and downgraded to Substantial, due to less than satisfactory relevance.

RI10, rated at unsatisfactory relevance, was achieved, and downgraded to Substantial, due to less than satisfactory relevance.

Overall rating for Objective 3 was Moderately Satisfactory given that RI8 was scored as negligible and the RI relevance was less than satisfactory. While the PAs and RIs did contribute towards the objective, results chains could have been strengthened.

Rating

Moderately Satisfactory

Overall Achievement of Objectives (Efficacy)

Rationale

Based on the above, overall efficacy is rated Moderately Satisfactory.

Overall Efficacy Rating

Moderately Satisfactory

6. Outcome

Rationale



With Moderately Satisfactory relevance of prior actions and Moderately Satisfactory efficacy, overall outcome is rated Moderately Satisfactory.

a. Rating

Moderately Satisfactory

7. Risk to Development Outcome

The risks to the sustainability of development outcomes are low. Several measures supported by this operation were intended to be short-run; the remainder are medium-term measures that are likely to support financial innovation and inclusion, modernized trade infrastructure, strengthened fiscal responsibility, and an independent Central Bank, thereby supporting the institutional basis for sustaining reforms. The pipeline World Bank program is also expected to help mitigate further risks to the sustainability of outcomes supported by the project. This mitigation is expected through a social protection project, which is under preparation and aims to strengthen the resilience and opportunity functions of Jamaica's social protection system. This will address issues of unemployment insurance, increasing the system's ability to respond to shocks. A new budget support operation is also under preparation and is intended to advance reforms in the areas of fiscal sustainability, trade facilitation, and resilience to climate change that build on progress made in under this operation.

8. Assessment of Bank Performance

a. Bank Performance – Design

Rationale

Given pandemic-induced constraints and limited time to design and implement the operation, the Bank team made good use of ongoing technical assistance, policy dialogue, and country-specific analytical work to design a DPO that effectively supported rapid response to the COVID-19 crisis, especially critical in a tourism-dependent economy such as Jamaica. The team leveraged cross-GP country knowledge to support reforms in social protection, health, trade, climate, macroeconomic policy and the financial sector (ICR, p. 21; PD, Annex 5). In particular, reforms aimed at Objective 1 were informed by the Social Protection Public Expenditure Review and lessons learned from the First Economic Resilience DPL (2019). Microcredit reforms were informed by ongoing technical assistance and by the Jamaica Financial Sector Assessment 2015. The Joint World Bank-IMF Financial Stability Assessment for Jamaica in 2018 underpinned PA9. Trade facilitation was backed by IFC advisory services. Macroeconomic stability and financial assistance to the vulnerable were prioritized, with some reforms supporting longer run growth.

While progress was made on achieving the overall PDO, more thought could have gone into the formulation of some of the results chains linking prior actions to outcomes. The results chains associated with the medium-run measures supporting financial innovation and the enabling environment for micro-credit growth as well as the operationalization of the fiscal commission were not clear, and the lack of readily available data on elderly beneficiaries and MSMEs in the tourism sector should have been



foreseen. There is no information in the PD or ICR on coordination with development partners on specific prior actions; the PD refers to close coordination with the IMF on the broader macroeconomic policy dialogue and COVID-19 response but few specifics are given.

Risks were identified as low, with reason. The majority of outcomes were short-term and the result of the emergency response, while medium term outcomes were well supporting by ongoing projects and technical assistance.

Rating

Moderately Satisfactory

b. Bank Performance – Implementation

Rationale

Ongoing technical assistance supported PAs 1, 3, 7 and 10. The implementation period was short for an emergency operation, and the mix of short-term and medium-term measures suggests that significant investment would have been necessary to follow up on progress. This was achieved despite significant operational changes that were necessary due to the “stay at home” and “physical distancing” protocols.

Rating

Moderately Satisfactory

c. Overall Bank Performance

Rationale

The Bank team designed and implemented the operation in a relatively short period of time. Risks to achievement of the objectives were well-articulated (ICR, p. 21) and low, and partly mitigated through effective use of technical assistance, program design, and leveraging of country knowledge and cross-sectoral policy dialogue. Many of the outcomes were only intended to be short-term, as an emergency response to the pandemic. The underlying social protection system is well-established and gradually expanding. The reforms to the BOJ are designed to reinforce the sustainability of its performance. The new microcredit Act, 2021 brings the previously unsupervised microcredit sector under the oversight of the BOJ, and as such, it would enable more sustainable operation and growth of microcredit institutions in Jamaica. The reforms in trade facilitation are part of a medium-term program to which the authorities remain fully committed. The Fiscal Commission remains enshrined in law and there is no reason to doubt the authorities' intentions to implement it once the urgency of the pandemic has subsided.

Some weaknesses were identified in the results framework (see Sections 4 and 5 above).



Overall the team responded in a short period of time with a multi-sector operation that leveraged well existing analytical work, ongoing technical assistance and policy dialogue and the complementary ERDPL

Overall Bank Performance Rating

Moderately Satisfactory

9. Other Impacts

a. Social and Poverty

The ICR reports expected impact of the PAs in terms of anticipated poverty mitigation and protection from job loss, but no actual impacts given that no new data were available at the time of ICR preparation.

b. Environmental

None observed.

c. Gender

None observed beyond actual targeted outcomes achieved.

d. Other

None observed. The ICR reports only anticipated impact on institutions of the operationalization of the fiscal commission and strengthened independence of the Bank of Jamaica.

10. Quality of ICR

Rationale

The ICR presents an adequate and robust evidence base to support its ratings, and this ICR Review concurs with the ratings of the ICR. The ICR is very well written, with clear detailing of results chain. The lessons outlined in the ICR are evidence based and operationally relevant. All guidelines were followed, and the exposition is concise and coherent.



a. Rating

High

11. Ratings

Ratings	ICR	IEG	Reason for Disagreement/Comments
Outcome	Moderately Satisfactory	Moderately Satisfactory	Weaknesses in design of some of the prior actions and weak or lack of relevance of some RIs.
Bank Performance	Satisfactory	Moderately Satisfactory	
Relevance of Results Indicators	---	Moderately Satisfactory	
Quality of ICR	---	High	

12. Lessons

This ICRR concurs with the lessons identified in the ICR (pp. 21-22). In particular, four main lessons should be carried forward. First, the design and implementation of this multi-sector operation benefited from a long-standing engagement with the client (country-specific analytical work, DPF, and policy dialogue) and strong coordination with the IMF. Second, close coordination with the government's own strategy and leverage of country knowledge to support flexibility and rapid response is especially beneficial during a crisis. Third, while reform ambition is helpful, clarity on sectoral data sources and on sector context would improve the credibility of specific results chains. Finally, technical assistance was provided during DPF preparation and implementation by the sectors involved in the PAs pertaining to the financial sector, social protection, and health, and was important for ensuring achievement of project outcomes.

13. Project Performance Assessment Report (PPAR) Recommended?

No