## I. Introduction and Context

### Country Context

Jamaica, despite being rich in endowments such as political stability, location, and natural resources, continues to struggle in the recovery from a global crisis that seriously affected its economy and which has had impacts that are likely to persist over the medium term. Today, Jamaica faces a high foreign debt estimated at 136.7% of GDP which systematically hinders its government’s ability to provide quality services and foster economic growth and development. This reality, coupled with the relatively low growth rate expected to be at 1-2% over the medium term, presents a serious development challenge for the Government of Jamaica.

Since the 1980s, growth has eluded Jamaica and debt started to accumulate. A financial crisis in 1996 brought a significant increase in public debt as the economy lost almost 40% of GDP. Weak governance prevented growth-oriented reforms to address the large public sector and weak institutional structure, debt management practices, and fiscal management. Crime and corruption...
also flourished due to poor performance of the legal system and enforcement agencies.

Unemployment and high levels of crime affect all sectors of the population, but disproportionately affect youth, especially in a context like Jamaica where youth account for 30% of the population. The Planning Institute of Jamaica (PIOJ) calculates the unemployment rate in Jamaica at 16.3%, with youth unemployment reaching 38% in 2013. High levels of youth unemployment in Jamaica have produced worrying social outcomes, including violent behavior and criminal activities.

In spite of what may at first appear as a grim scenario, consultations held with a broad spectrum of national and international stakeholders over the last two years have pointed to a number of opportunities for growth and job creation in Jamaica, particularly in the ICT sector and the creative industries. Initiatives such as Digital Jam and KingstOOn have demonstrated a strong interest by private sector companies in the development of the digital and animation industries. In particular, the animation industry and the new online labor markets have the potential to generate significant employment opportunities for youth (in traditional and non-traditional formats), and given the low entry barriers they can attract young people from less privileged communities.

**Sectoral and Institutional Context**

Notwithstanding the recent global crisis, the “app economy”, the “virtual labor market”, and the animation industry have been growing and continue to grow substantially. Jamaica has a comparative advantage in both the digital and creative industries vis-à-vis other global competitors. It is close to major markets, it can operate in the same time-zone, English is the working language, and cultural norms and tastes are close to those of consumers in the large markets of the Western hemisphere. For Jamaica, capturing a share of the pie commensurate with its size and scale would nevertheless provide significant economic benefits in absolute terms for the country. Finally, the large youth population presents a great potential, especially given the high levels of creativity they have demonstrated in multiple fields.

**Opportunities in the virtual global economy and the digital industry**

The virtual economy offers new opportunities for unemployed and underemployed youths in Jamaica. Youths can enter the global labor market using internet and earn an income by performing high-skilled or low-skilled paid tasks in the virtual economy. Such opportunities have been growing in the form of “microwork” (tasks are broken into component parts and then outsourced online), “e-lancing” (professional services offered via online portals for clients around the world), and “crowdsourcing” (online collaboration to find solutions for large projects launched by companies and other entities). In the US alone, micro-work has employed more than 6 million people since 2006.

In addition, apps development for mobile and web-based technology is also expanding. From its inception in 2007 the “app economy” has created 460,000 jobs in the US alone. It’s also estimated that apps market will continue to grow, reaching US$ 25 billion in 2015, up from US$ 4.5 billion in 2009.

Jamaica has seen an increase in landline and mobile connectivity as well as internet penetration. This coupled with the growing trends in both ICT-related products and services (e.g. apps) and in the animation industry, presents a promising opportunity for investing in ICT and animation to foster youth employability in Jamaica. By taking advantage of new opportunities in the virtual global economy, and leveraging its strengths, Jamaican youth can bypass limitations of national labor market boundaries and access the global market place.
Opportunities in the animation industry

At a growth rate of roughly 9%, the global animation industry is valued currently at roughly US $220 billion. As animation skills are transportable, any individual with animation skills can service clients remotely. Leading companies in the industry (Disney, Nickelodeon, Sony Imageworks, Film Roman, and Bento Box) focus on Pre-Production (script, character development and storyboarding) and Post-Production (music, final editing) phases of the pipeline, while the Production phase (animation) is outsourced to countries like India, Philippines and Korea. The growing middle class in these countries demands more and more locally developed IP content and products. The local animation industry has consequently shifted its attention to the development of local content to the detriment of production outsourcing for large overseas clients. This provides an opportunity for countries like Jamaica - with its language, cultural affinity and close proximity to western markets - to fill this gap and assume a dominant role in the outsourcing of animation.

Animation is labor intensive. A typical 22 minutes production requires about 100 staff over a six month period in as many as 40 different skills areas. Data from the Overseas Examinations Commission reveals that between 2008 and 2012 over 2,500 students in Jamaica have received grades in the Visual Arts that would qualify them as entry level potential trainees for animation studios. Extending the age range to include persons up to 30, the number swells to close to 8,000 people.

In June 2013 the KingstOOn initiative has brought to the fore the full potential of the animation industry in Jamaica. Such potential has been recognized by a multiplicity of partners in the national and international private sector, the financial sector, and the media world. Important initiatives have followed the realization of KingstOOn and are delivering concrete results on the ground in terms of new contracts, training opportunities, collaboration with international players, and new jobs for youths.

Opportunities in the “startup ecosystem”

The startup ecosystem in Jamaica is in its early stages of development and it is predominantly linked to the digital world. Companies such as Connectimass and Slashroots have been pioneering this field by organizing periodic events such as Kingston Beta, Caribbean Beta, and more recently Startup Weekends. With Digital Jam 2.0, that community has become significantly bigger (at Digital Jam alone 450 youths submitted concepts for the mobile app competition), and is increasingly incorporating non-“techies”.

At present, the Government of Jamaica is elaborating a “Startup Jamaica” strategy to help Jamaican innovators and entrepreneurs to grow from ideas to products to markets, thus contributing to economic growth, increasing employment, and generating foreign exchange. The strategy aims to transform Jamaicans from being “technology consumers” to “technology creators” over the next few years, and to position Jamaica as the hub for entrepreneurship and innovation in the Caribbean.

With the “Get Up, Start Up” approach, the Government of Jamaica in collaboration with private sector entities wants to establish a viable ecosystem to attract and support early stage entrepreneurs and innovators who are utilising ICTs. The intent is to get Tech entrepreneurs prepared to
successfully pitch their ideas and/or developments to potential investors, and generate – over time – a “brand Jamaica” in the IT space.

**Relationship to CAS**

The Jamaica CPS FY10-13 is closely aligned with the government’s development priorities to reduce poverty and foster economic growth. The CPS focuses on three main pillars (i) Support economic stability through fiscal and debt sustainability, (ii) Private Sector Led Growth through improved investment climate, Promote inclusive growth by, and (iii) Promote sustained growth by improving competitiveness. The proposed operation directly supports the second pillar of the CPS and is aligned with its corresponding Result Area 2 - namely the Strengthening Human Capital in Jamaica.

Similarly, the operation will have strong linkages with the forthcoming Jamaica CPS FY14-17. The CPS FY14-17 has a focus on strengthening globally competitive industries and the development of an enabling environment for growth with an important role to be played by the private sector; it identifies empowerment and employment of youth as a key target population, and places a particular focus on the Creative Industries and ICT as potential key drivers of growth. Additionally, the CPS aims to support the government’s National Development Plan, “Vision 2030”, which consists of four main goals: (i) Jamaicans are empowered to achieve their fullest potential; (ii) the Jamaican society is safe, cohesive and just; (iii) Jamaica’s economy is prosperous; and (iv) Jamaica has a healthy natural environment. The proposed operation directly supports the first, second and third goals, ensuring strong alignment with that it will also be aligned with the strategy under preparation.

This operation will also be closely linked with the Growth and Competitiveness project being prepared by the FPD team, the InfoDEV/EPIC team activities, and the Inner Cities Basic Services project being prepared by the Urban team.

Finally, by focusing on the growing digital and animation sectors with the ultimate goal of empowering and employing youth, the proposed operation also contributes to the Bank’s dual goals of ending extreme poverty globally within a generation, and promoting shared prosperity.

**II. Proposed Development Objective(s)**

**Proposed Development Objective(s) (From PCN)**

The Proposed Development Objective for this operation is to create an enabling environment in the digital and animation industries in Jamaica for: a) youth employment in the virtual Global Economy, b) youth entrepreneurship and self-employment.

**Key Results (From PCN)**

The proposed operation will directly support measurable results in terms of youth employment in the digital and creative industries, as well as in terms of the organic growth of an entrepreneurship ecosystem for startup companies in those fields. Key expected results would include:

- Result 1: Increased number of youth employed in the digital and creative industries per year.
- Result 2: Increased number of digital and animation companies with operations in Jamaica.
- Result 3: New startup companies established, registered and funded via activities attributable to the project per year.
- Result 4: Percentage improvement for the “bottom 40%”

Core sector indicators that will be considered as part of the monitoring framework will include:
• Youth empowerment and employment in the digital and animation industries:
  o Number of youth receiving trainings;
  o Number of youth participating in internships, exchanges or mobility programs;
  o Number of youth participating in entrepreneurship trainings;
  o Number of youth finding employment;
  o Number of mentors engaged to support and guide youth participants;
  o Number of highly skilled Jamaican migrants involved in virtual return or mobility program
to mentor Jamaican youths or transfer skills;
• Social inclusion of vulnerable, minority or excluded groups as well as impact on gender;
  o Number of youths engaged in the activities of the project or finding employment coming
from inner city communities, from vulnerable areas of Kingston or backgrounds of vulnerability and
marginalization;
  o Number of girls participating in the activities of the program;
  o Number of youths with a disability participating in the activities of the program;
• Contribution to improved growth and competitiveness in the Digital and Animation
industries:
  o Number of existing entrepreneurs transitioning to the formal sector;
  o Number of companies expanding or establishing their operations in Jamaica;
  o Number of new companies in business after 1 year, 2 and 4 years since establishment;
  o Number of new products and services offered and new business deals;
  o Number of new major business deals involving existing or new companies;
  o Number of investment grants and loans issued.

III. Preliminary Description

Concept Description

In order to address the pressing unemployment rates Jamaica is experiencing, the proposed
operation will be implementing a double-strategy of: 1) improving skills for accessing opportunities
in the virtual global economy to foster employability and entrepreneurship, and 2) build a favorable
ecosystem for the emergence and growth of youth-led startup enterprises with a focus on the digital
and animation to generate new jobs in the local market. Employment, in the context of this
operation, will be thus defined as more than “jobs,” thus including various forms of online work (e.
g. by task) as well as self-employment.

The proposed operation will be designed in an innovative manner, leveraging significant private
sector participation during the preparation and implementation phases of the project. In addition to
the Bank team, the operation will also use crowd-design methodologies to leverage knowledge and
experiences from global experts. Details are spelled out in the components below.

Component 1. Skills and capacity to enhance employability, innovation and entrepreneurship (4.5
million). This component will include the following activities:

A. Training programs for accessing online work opportunities via micro-work and e-lancing
platforms. This will consist of specialized workshops to provide an experiential learning opportunity
for young people to test various platforms available to earn an income online.
B. Training and capacity building for early stage companies and startups with a focus on
helping them to move “from ideas to products to markets”. Such programs will differ from standard
business skills offered by regular educational institutions. Key areas of training will include aspects of branding, investment readiness, accessing global markets, accessing crowdfunding and crowdfunding opportunities, monetizing content (including online), innovative marketing solutions (including social media-based solutions), etc. Trainers will be identified through Jamaican diaspora networks, national and international private sector companies and partnerships with other global incubators and accelerators programs.

C. Training and capacity building activities for animators and animation studios for expansion. Activities under this component will include: 1) strengthening of the animation training program at the University of the West Indies (UWI), through the increased participation of the private sector; 2) development of a 2-year curriculum program for a degree in animation at UWI, in collaboration with international animation companies and colleges, and which includes an internship component or hiring program; 3) design of joint degree programs and student exchange programs with key international animation colleges; 4) support the “acceleration” of existing businesses through business trainings, presentations at international festivals (Ottawa, Kidscreen in NYC, MIPCOM in Cannes), attracting international companies and investors for outsourcing of contracts, and competitions for development of new IP products for local, regional and international markets; 5) trainings on business skills for aspiring entrepreneurs in the animation industry.

D. Organization of yearly events such as Digital Jam and KingstOOn to identify talented youth in the digital and animation sectors that can be further trained for jobs and/or build startup companies. Participation will be free and open to all, with a particular effort to reach out to lower income communities via collaboration with partners operating there (e.g. JSIF, SDC, USAID).

E. Scholarship fund for facilitating the participation of bottom 40% of youth population in the trainings and programs mentioned above as well as for participating in international training programs (e.g. Tech Crunch, Startup Weekends abroad).

In all sub-components above (A to E) the project will seek to establish strong partnerships with national and international private sector companies for the provision of mentors, connections with key networks, and provision of concrete “problem statements” for the development of possible products and services.

Component 2. Establishment of the Caribbean Digital and Animation industries hub in Kingston (USD 10 million).

This component envisions the establishment of a physical hub as a critical catalyzing factor in the strengthening of a viable ecosystem to support the growth of the digital and animation industries in Jamaica and the Caribbean. Creation of new companies and expansion of existing ones will be crucial for job creation and employment generation among youths. At present the digital and animation industries are very fragmented and this prevents capturing the economies of scale and the creation of a strong brand. Resources will be used to refurbish an existing building to provide a multi-functional and modern space to house incubators and accelerator programs, training labs for digital and animation skills development, venture capital and angel investor forums, events organization attracting Caribbean audiences, as well as working space for private sector companies, startup companies, and animation studios. The physical building will be Government property with no need to acquire space or resettle people. The hub will be designed as a “smart” and “energy efficient” building and will ensure accessibility for people with physical disabilities.

The hub will be designed in close collaboration with key stakeholders to ensure the initiative responds directly to their demands and needs. Collaboration with the IFC, InfoDEV and the Growth
and Competitiveness project will bring to the table a significant experience in financing similar industries, and provide critical inputs to improve the investment climate, legal and policy frameworks on key aspects for the broader ecosystem for supporting SMEs in the design of this component.

While the hub will be physically established in Jamaica, participation will be open to other Caribbean and global companies. Experience worldwide, in fact, has shown that a critical factor in the success of such initiatives is the global dimension brought in by international entrepreneurs and by the creation of networks. This will also provide an opportunity for Jamaica to be recognized as a regional leader in the industry, and attract talent from other countries in the region.

There is strong evidence to support the establishment of a physical hub. It has been shown that collaboration and creativity are more frequent and more successful when tenants are physically located under the same roof. Moreover, the geographical proximity in contexts such as incubators can influence the frequency of contact and thus the development of (social) networks; the environment is conducive to the cross-fertilization of ideas, advice and networking.

The Digital and Animation hub will be a critical component in the consolidation of the “Brand Jamaica” in those two industries. This would be an important contribution to the “Startup Jamaica” initiative that the Government of Jamaica is launching and also the venture capital and angel investor strategic plan that the Development Bank of Jamaica has recently completed. The facility will be operated by a private sector partner and owned by the Government of Jamaica.

Component 3. Impact fund to facilitate Youth Empowerment and Employment in the digital and animation industries (USD 4 million).

This component will be designed and implemented jointly with one or more Banks operating in Jamaica and in the Caribbean region to constitute an impact fund. Scope of the impact fund is to leverage additional resources from other sources (matching grants, angel investors, crowdfunding platforms, etc.) to support startups. This component will be designed in close collaboration with private sector operators that have been successful in those spaces (e.g. 500Startups, Startup Chile, etc.) and will include a blend of financial and non-financial services (mentorships, B2B coaching, etc.) to ensure sound use of these resources.

Component 4. Project Management (administration, M&E, analytical work - USD 1.5 million). The activities of this component will focus on ensuring the strategic and efficient management of the project and the continuous monitoring and evaluation of results. Resources will also fund a solid communication strategy that will target the private sector, youth, as well as the relevant stakeholders. Both Digital Jam 2.0 and KingstOOn have demonstrated the importance of a targeted and well-articulated communication campaign using traditional and new media. Resources will also be set aside for analytical studies or activities to cover areas where gaps may be identified and policy issues need to be better understood.

Collaboration with stakeholders

The operation will be designed and implemented in close collaboration with internal and external stakeholders. Internal stakeholders include the FPD team preparing the Growth and
Competitiveness project, the Urban team preparing the Inner Cities Basic Services project and the InfoDEV/EPIC team.

Externally, a large number of national and international private sector partners have expressed interest in continuing collaboration with the World Bank in the development of the digital and creative industries in Jamaica. These include FLOW and Columbus Solutions, LIME, Jamaica National Building Society, Microsoft, 500Startups, ToonBoom, Mattel, Disney, RIM Blackberry, Freelancer, GSW Reelrock, TV Jamaica, the RJR Group, among others. In addition, interest in collaborating has been expressed by other incubators and accelerators such as the Ruta-N program, the Startup Chile program, the Appinventor program at MIT and the SEED program in Stanford.

Additionally, the team will seek to establish partnerships with other development partners that have expressed an interest in collaborating with the World Bank on these initiatives. These include the Government of Canada, USAID, the Caribbean Development Bank and the Caribbean Export Development Agency (CEDA).

To ensure sustainability, the proposed operation will be based on a strong set of linkages and partnerships with the private sector, both nationally and internationally. Private sector participation will be ensured through:

- Establishing partnerships with national and international private sector companies for the provision of specialized and world-class training to Jamaican youth;
- Establish partnerships with international incubators and accelerators and/or networks;
- Establishing a “private sector sounding board;”
- Establishing direct linkages with diaspora organizations in the US, Canada and the UK;
- Establishing linkages with key initiatives that have been or are in the process of being developed in Jamaica in the creative and digital industries.

IV. Safeguard Policies that might apply

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V. Financing (in USD Million)

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VI. Contact point

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