

MINISTRY PAPER NO 35 P 114

THIRD QUARTERLY REVIEW OF THE EXTENDED FUND FACILITY WITH THE INTERNATIONAL MONETARY FUND

1. The matter for tabling in the Honourable House of Representatives is the Letter of Intent (LOI), and Supplementary Memorandum of Economic and Financial Policies (MEFP) submitted to the International Monetary Fund (IMF) within the context of the third quarterly review of Jamaica's performance under the Extended Fund Facility (EFF) by the IMF Staff.
2. The IMF staff review confirmed that the country met all quantitative targets and structural benchmarks for the period April 2013 through December 2013 and is currently on track to achieve future targets. The IMF Board on March 19, 2014 completed the third review of Jamaica's performance under the programme. Deputy Managing Director and Acting Chair of the Board, Mr. Nayouki Shinohara, noted that implementation of the programme remains strong and that the current account has improved markedly with international reserves increasing in line with the programme requirements. Mr. Shinohara further stated that the execution of the 2013/14 budget has remained broadly on track. Of note, Mr. Shinohara also remarked that the recent improvement in competitiveness and steadfast implementation of the macroeconomic programme are expected to spur investor confidence.
3. Completion of the third review enables Jamaica to access the fourth drawdown under the EFF programme of approximately US\$71.4 million, which would bring the total disbursement under the EFF to approximately US\$345.8 million.
4. The Supplementary MEFP provides additional details on the near term structural benchmarks and commitments and incorporates minor adjustments to the original programme conditionalities.



Peter D. Phillips, Ph.D, MP
Minister of Finance and Planning
March 25, 2014



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MINISTRY OF FINANCE AND PLANNING
30 NATIONAL HEROES CIRCLE
P.O. BOX 512
KINGSTON
JAMAICA

March 4, 2014

Ms. Christine Lagarde
Managing Director
International Monetary Fund
Washington, DC 20431

Dear Ms. Lagarde,

Jamaica has made a strong start in implementing its EFF-supported economic reform programme aimed at overcoming the long-standing problems of low growth and high debt. All quantitative fiscal and monetary performance criteria at end-June, end-September and end-December 2013 were met, as were the associated indicative targets. The Government has also implemented all of the structural benchmarks that were included in the programme. While economic growth remains weak and unemployment much too high, we are confident that the benefits of our strategy will become increasingly evident over time, as a more stable macroeconomic environment, a credible return to debt sustainability and an improved business climate will attract new investments and result in durable job creation and increased prosperity.

The Government remains fully committed to meeting the objectives of the programme, as well as the specific targets set out in the April 2013 Memorandum of Economic and Financial Policies (MEFP), and its September 2013 and December 2013 supplements. In the fiscal area, the Government will press ahead with implementing comprehensive tax reform, prepare and legislate the fiscal rule, and adopt a range of measures to strengthen public financial management. In the financial sector, the Government is moving forward with reforms to facilitate the transition by securities dealers towards a more robust business model.

Appendix 1 to this letter is a further supplement to the MEFP, presenting performance under the EFF-supported programme so far, and updating some specific policies to meet the programme's ultimate objectives, including the associated quantitative targets and structural benchmarks. Appendix 2 is the updated Technical Memorandum of Understanding.

Ms. Christine Lagarde
Managing Director
International Monetary Fund

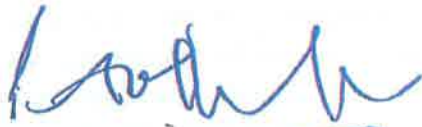
On the basis of our performance under the programme thus far, as well as our sincere commitment to the continued implementation of the program, including its proposed revisions, the Government requests that the Executive Board of the IMF complete the third review of the extended arrangement under the Extended Fund Facility, modify the availability dates for the purchases associated with the remaining reviews, approve the proposed revisions of performance criteria as well as new performance criteria for December 2014, and approve the fourth purchase under the arrangement of SDR 45.95 million.

The Government believes that the policies described in the MEFP of April 17, 2013, the MEFP supplements of September 13, 2013, and December 3, 2013 and the attached supplement are adequate to achieve the programme's objectives. However, if necessary, the Government stands ready to take any additional measures that may be required. The Government will consult with the Fund on the adoption of these measures and in advance of revisions to the policies contained in the MEFP, in accordance with the Fund's policies on such consultation.

The Government will also provide the Fund staff with all the relevant information required to complete programme reviews and monitor performance on a timely basis. The Government will observe the standard performance criteria against imposing or intensifying exchange restrictions, introducing or modifying multiple currency practices, concluding bilateral payment agreements that are inconsistent with Article VIII of the Fund's Articles of Agreement and imposing or intensifying import restrictions for balance of payments reasons.

As part of our communication policy, we intend to publish this letter on the websites of the Ministry of Finance and Planning and the Bank of Jamaica to keep domestic and international agents informed about our policy actions and intentions. In that regard, we authorize the Fund to publish this letter and its attachments.

Very truly yours,



Peter D. Phillips,
Minister of Finance and Planning
Jamaica



Brian Wynter
Governor, Bank of Jamaica
Jamaica

Attachment 1. Jamaica—Supplementary Memorandum of Economic and Financial Policies

BACKGROUND AND RECENT DEVELOPMENTS

1. **On May 1, 2013 the Fund's Executive Board approved a four-year extended arrangement under the EFF in support of Jamaica's economic reform programme.** This programme includes critical steps and policy reforms to significantly improve the fiscal and debt positions and growth-enhancing structural reforms. The First Review of the program was completed on September 30, 2013, and the Second Review on December 18, 2013.

2. **Economic performance during the first half year of the programme period has been mixed, reflecting a challenging economic environment.**

- **Economic Growth.** Real GDP is estimated to have increased slightly in the first half of FY2013/14, with growth in the October to December quarter estimated at 1.4 percent, supported by growth in tourism, mining and agriculture. Growth for 2013/14 is projected at 0.9 percent.
- **Inflation.** Consumer price inflation reached 9.3 percent (year-on-year) in January 2014, reflecting increased administered prices and the pass-through of nominal depreciation into domestic prices.
- **Balance of Payments.** The current account deficit is now projected at 9.6 percent of GDP in 2013/14, down from 12.5 percent in 2012/13, supported by nominal exchange rate depreciation and fiscal consolidation. Net international reserves (NIR) increased to US\$1,045 million (at programme exchange rates) by end-December 2013, in compliance with the programme's NIR target. As of end-February, reserves amounted to US\$1,077 million.
- **Public Finances.** Fiscal performance in the first three quarters of the year was satisfactory. Tax revenues were weaker than budgeted by about 4.9 percent due to lower international trade taxes and PAYE receipts. However, higher than budgeted grant receipts mitigated the impact of the lower tax collection, reducing the overall revenue shortfall relative to the budget to 3.8 percent. Total expenditures were about 5 percent below the amount budgeted, with capital expenditure contributing most of the containment in spending. The primary balance was 0.1 percentage point better than targeted while the fiscal deficit was 21 percent below budget due to lower interest payments. As a result, all end-December fiscal performance criteria were met including the primary balance target, the overall public sector balance target, and the indicative targets on revenues and social expenditure.

PERFORMANCE UNDER THE PROGRAMME

3. **Overall policy implementation under the programme remains strong and structural reforms are progressing.** All quantitative performance targets and indicative targets for end-

December were met (Table 1). All structural benchmarks due in the last quarter of calendar year 2013 were also met in a timely manner.

POLICIES FOR THE REMAINDER OF 2013/14 AND BEYOND

4. The government remains fully committed to the reform strategy and the supporting policies outlined in the April 2013 MEFP and its September 2013 and December 2013 supplements. Unless modified below, that strategy and those policies remain valid in full. The quantitative targets that serve as performance criteria and indicative targets under the programme have been updated and extended through December 2014. These updated targets are presented in Table 1. The structural conditionality under the programme, incorporating several modifications discussed below, is presented in Table 2.

5. The Government remains committed to implementing the budget for 2013/14 and meeting the associated programme conditions. A supplementary budget will be tabled in parliament by early March with a view to aligning expenditures with an expected shortfall in revenue and ensure that the programme target for the primary balance of the central government is met. The performance of the public bodies will be monitored closely to ensure that the target for the overall balance of the public sector is also met and price adjustments and other measures will be implemented as needed to ensure cost-recovery.

Tax Reforms

6. Comprehensive tax reform is a key plank of our economic reform programme. The government has finalized a blueprint of all the key elements of the 2013/14 reform in February 2014. The December 2013 MEFP supplement provided an overview of the proposed reforms in tax policy and this supplement provides additional details and updates. The tax reform is expected to result in a reduction of tax expenditures from around 6 percent of GDP in recent years to 2½ percent by 2015/16. The new system will be effective at the start of FY2014/15.

7. The new Charities Act is now in effect. The government has ceased the granting of waivers to charities other than under the new Act and, effective December 1, 2013, all new applications (organizations/individuals) must be registered under the new regime, in order to be eligible for exemptions granted under the Act. A transitional period of six months has been provided under the Act to existing charities to facilitate registration at the end of which, if not registered as per the new regime, these entities would no longer qualify to benefit from requisite exemptions. This transition period ends on June 24, 2014.

8. The Fiscal Incentives Legislative Instruments adopted by Parliament in December 2013 has put in place a rule-based regime for limited tax incentives to replace the existing (mostly sectoral) schemes.¹ Incentives outside the Fiscal Incentives Legislative Instruments were explicitly

¹ These instruments comprise the Income Tax Relief (Large Scale Projects and Pioneer Industries) Act, 2013 and the Fiscal Incentives (Miscellaneous Provision) Act, 2013.

cancelled by the Instruments, which has become the only source of such incentives, except in the instances stated below. New incentives take the form of tax credits for personal and corporate income taxes only and incentives are defined as the amount credited against the Corporate Income tax (CIT) or Personal Income Tax (PIT) payable in any fiscal year. There will be no ministerial discretion in granting tax incentives.² Incentives provided under the Urban Renewal Programme have been maintained at this stage, as have the existing incentives for venture capital investment under the income tax act and income tax incentives provided for companies listed on the Junior Market of the Jamaica Stock Exchange, which will be retained until December 31, 2016. The existing incentives under the Bauxite and Alumina Industries Acts have also been retained. For pioneer or "mega" projects that are growth-enhancing, specific tax credits can be provided in the context of the budget, with parliamentary approval, up to an overall annual cap of 0.25 percent of GDP on this tax expenditure. The existing regime for the establishment and operation of Export Free Zones from which limited licensed activities can be conducted under strict conditions has been maintained at this stage. This regime will be subject to a review to ensure compliance with commitments to the WTO and to ensure that the covered enterprises will be subject to CIT on profits.

9. The reformed CIT regime replaces sectoral incentives by credits and allowances based on employment and use of capital, as described in the December 2013 MEFP supplement. The Employment Tax Credit (ETC) may reduce the rate of effective CIT to as low as 17.5 percent, which is critical to enhance Jamaica's competitiveness. It also provides important incentives to increase employment, which is very important in light of high unemployment. Increased Initial Capital Allowances (ICAs) apply to specified newly acquired (i.e. new and used) plants, equipment and industrial buildings. Further reforms to the Income Tax legislation include the amalgamation of statutory payroll deductions.³ The minimum business tax initially announced in FY2012/13 will be implemented by way of provisional order starting April 2014 and has been included in the revenue estimates for the 2014/15 budget under a new revenue line. Permanent legislation will be passed by September 2014.

10. An amendment to the Customs Act was also adopted by parliament in December 2013. The tariff structure was simplified and opportunities for misclassification were diminished. To reduce tariff dispersion, high rates were substantially reduced, generally converging to a standard maximum rate of 20 percent and subject to CARICOM requirements (while the tariff levied on a number of goods was increased from zero to 5 percent). In addition, while maintaining compliance with the CARICOM tariff regime, import duties on essential inputs for domestic producers are subject to a zero rate. The process to minimize abuse is being strengthened through revised and newly established lists of eligible inputs, strong administrative controls and appropriate penalties. The lists presenting such inputs will be subject to parliamentary review. The Government also intends to

² Accordingly, the allowances (within caps) under the program for granting discretionary waivers on the basis of existing legal and contractual obligations or for charitable organizations and charitable purposes are removed. The *de minimis* cap will be retained as specified in the TMU in light of legal imperatives.

³ The SO3 form will be finalized and gazetted by end-March 2014. Annual return of the SO4 form is to be completed by end-December 2014.

continue reforming the tariff structure and to promote amendments to the CARICOM regime with the objective of reducing tariff dispersion further.

11. Amendments to the GCT Act are expected to be tabled by June 2014 (structural benchmark). The main objectives of the reform of the General Consumption Tax (GCT) are to broaden the tax base and improve its administration. Key elements are:

- The zero-rating for government purchases will be eliminated effective FY2014/15 by way of Provisional Order and has been included in the revenue and expenditure estimates for the 2014/15 budget;
- Broadening the application of GCT and SCT on motor vehicles, including (a) amending the GCT Act to allow for the payment of GCT on vehicles over 10 years (initially by way of a Provisional Order) and (b) curtailing the availability of a reduced rate of SCT on selected motor vehicle imports by limiting the CIF value to US\$35,000.00 afforded to pickup trucks used for agricultural activity;
- Elimination of the exempt status of electricity for independent private power producers;
- And startup companies will be allowed, as of July 1, 2014, to claim GCT refunds for excess credit immediately (by an amendment in the GCT Act).

12. Important follow-up actions will still be needed as part of the tax reform. A study will be conducted by March 2014 on the scope for imposing GCT on petroleum products; its conclusions will guide possible implementation in FY2015/16, while noting that no net increase in petroleum taxation is foreseen. In the context of the new tax incentives legislation, an expeditious transition by grandfathered entities to the new regime will be important for achieving the expected decline in tax expenditures. In this context, the Government will conduct an entity by entity review of all grandfathered entities and of their regime by end-FY2014/15, with technical assistance (*structural benchmark for January 2015*), to serve as a basis for discussion to speed up transition to the new regime by mutual agreement between authorities and entities. Over the medium term, a convergence of personal and corporate income tax rates to a uniform standard headline rate is also envisaged, subject to available fiscal space and the attainment of revenue targets.

13. Property tax reform is envisaged to be ready for implementation by the start of FY2015/16. This will include amendments to the Property Tax Act and the Land Valuation Act to provide for the publication of names, valuation numbers, addresses and amounts outstanding of delinquent property owners in the public media, subject to court proceedings, as well as provisions to allow for a wide array of media for the posting of Assessment Notices. It will also include amendments to the Land Valuation Act to provide for interim adjustment of land values in periods of no more than two years, to take account of changes in economic conditions and/or change in the use of properties.

14. Reforms to strengthen tax and customs administration are proceeding. In October 2013, we put in place the necessary regulations to implement a write-off programme. Further steps

to improve tax and customs administration will be guided by the revenue administration action plan prepared in collaboration with the IMF and IDB. In this context, next steps include:

- Ensuring the effectiveness of the expanded LTO through training, infrastructure and improved management. Particular targets for end-March 2015 are to: (i) increase the number of staff by a further 50 auditors; (ii) increase annual audit coverage by 150 percent; (iii) achieve 100 percent e-filing and e-payment; (iv) seek to achieve 100 percent on-time filing and payment; and (v) write-off all (LTO) uncollectible debt.
- Further revisions to the Revenue Administration Act and the Tax Collection Act to strengthen the powers of the Tax Administration Jamaica (TAJ) and the Jamaica Customs Agency (JCA) to collect outstanding arrears (including powers to seize and sell taxpayers' property, harmonized penalties and fines where appropriate and mandatory income tax filing for every business), facilitate write-off of uncollectible customs debt and other provisions in line with IMF (FAD) TA, to be in place by June 2014.
- Concluding discussions with banks to seek reduction in excessive charges for processing tax and customs revenue receipts by end-April 2014, based on a review that has recently been commissioned by the Government. More generally, an improved payment regime will be implemented before end-2014.
- Establishing concrete steps to increase electronic filing, based on the recent amendment to the RAA. In particular, by end-March 2014, e-filing will be mandatory for LTO clients with respect to the GCT and CIT (structural benchmark) and with respect to payroll taxes for employers with more than 20 employees.
- Preparing an estimate of the revenue compliance gap for the GCT by February 2015, to provide a basis for measuring the impact of administrative reforms.
- Setting up a modernization programme office in the TAJ before end-September 2014.
- Amending the Customs Act by September 2014 to facilitate implementation of ASYCUDA-World and support trade facilitation.
- Implementing the GenTax integrated tax software package by April 2016. Phase I operations (Registration, GCT, SCT, GART, Telephone) will be completed by December 2014.
- Implementing the ASYCUDA-World integrated customs software package by March 2016. A pilot for the Kingston port will begin by December 2014.
- Utilization of RTGS as an alternative channel for payment of duties and taxes on commercial imports for by March 2014. Phase I was implemented January 2013, for travel tax and passenger levy payments. Phase II is to include duties and other taxes, which is scheduled to begin March 2014.
- The continued improvement of JCA and TAJ accounting and financial systems, through the introduction of ACCPAC (Accrual Accounting System) by March 2014 for the JCA and June 2014 for the TAJ, in compliance with the Executive Agency Regulatory Framework.

- Establishing the Revenue Appeals Department as a separate, independent entity, with IFC support.

A Fiscal Rule

15. A fiscal rule will be established to enhance fiscal transparency and lock in the gains of fiscal consolidation. In particular, the fiscal policy framework will be revised to limit the annual budgeted overall fiscal balance of the public sector as defined under the rule, to achieve a reduction in public debt to no more than 60 percent of GDP by the end of FY 2025/26. Key elements of the fiscal rule are:

- **Coverage** of fiscal activities associated with the public sector defined to include central and sub-national governments, public bodies and corporations. Commercial entities that do not primarily provide public services associated with government and that do not engage in significant fiscal operations could be excluded. The Auditor General (OAG) will establish if any entities fall in the latter category through an independent interpretation and application of classification rules to individual entities, which may include indicators assessing managerial independence, subsidies and transfers, governance structure, profitability and financial sustainability. This classification will be updated whenever the path of overall balance floor is re-calibrated (see below).
- **Public debt**, for the purpose of the fiscal rule, will be defined as the consolidated debt of the public sector (as defined above), netting out cross-holdings of public debt.
- A **periodic review** and recalibration of the overall balance floor will be conducted every three years to ensure its ongoing consistency with observing the ceiling by the target date and maintain a stable anchor for fiscal policy.
- The rule will establish an **automatic correction mechanism** that would be triggered if cumulative deviations from the overall balance floor exceed either a lower threshold of 1.5 percent of GDP or an upper threshold of 3.5 percent of GDP—with the latter requiring a larger annual correction of 1.5 percent of GDP, compared with 0.75 percent of GDP for exceeding only the lower threshold. The additional fiscal adjustment would be required in subsequent fiscal years to correct for these deviations to bring fiscal performance back in line with the fiscal rule.
- The rule will also include an **escape clause**, limited to major adverse shocks and triggered only with parliamentary approval. The clause will apply to a pre-defined list of events or shocks that could have a serious adverse impact on public finances (natural disasters, severe economic contraction, financial or banking crisis, state of emergency) and the projected fiscal impact of the adverse shock event would need to exceed 1.5 percent of GDP before the escape clause can be activated by Parliament. Independent validation by the OAG of the event or shock and its expected fiscal impact will be a pre-requisite for Parliamentary

activation of the escape clause and execution by the Ministry of Finance and Planning. Activating the escape clause would suspend the fiscal rule in the current fiscal year. Parliament may decide to extend the suspension, using the escape clause, for a second fiscal year but no more than two fiscal years. In any year that an escape clause is being exited, the key parameters of the rule-based framework could be reset.

- There will be a **transition period** spanning the duration of the current EFF arrangement. During this period, the coverage of the public debt and overall balance would remain consistent with the definitions in the authorities' Fund-supported programme, and the numerical targets of the fiscal rule would be aligned with the overall balance floor of the public sector as set out in the programme. In this way, the fiscal rule would be fully consistent with the programme during the transition period. The floor on the overall balance would need to be recalibrated when the transition period ends to ensure the debt target can be met by the target date. The automatic correction mechanism and escape clause may only be implemented after the transition period expires.
- The total loan value of **user-funded PPPs** will be subject to a separate cumulative ceiling. For the transition period, this ceiling will amount to 3 percent of GDP.⁴ After the transition period, this cumulative PPP ceiling will gradually rise to the sum of 8 percent of GDP by 2025/2 and the room, if any, under the 60 percent of GDP debt ceiling at the most recent periodic review. In case the OAG has established that a PPP involves only minimal fiscal contingent liabilities (including the absence of debt guarantees, demand or price guarantees or termination clauses that could imply a transfer of liabilities to the government) the project could be exempted from the PPP ceiling. After the transition period, guarantees offered by the general government for debt issued by entities outside this sector will also be covered by this PPP ceiling. A user-funded PPP would not count towards the debt ceiling unless that PPP or the associated loan values were to be included as part of government debt, which will occur only if these liabilities have become probable. Government-funded PPPs will be considered part of government (and thus public) debt and recorded in line with IPSAS 32.
- The effectiveness of the current **enforcement and compliance regime** will be further enhanced to encourage greater ex-ante compliance with the new rules-based framework. Measures will include transparency and accountability. The Minister of Finance and Planning will be required to explain deviations from the fiscal rule in a mid-term budget review in parliament and outline corrective steps to get back on track with the annual fiscal rule target.

16. The next steps leading to implementation of the fiscal rule are now being put in place, to ensure that the fiscal rule can take effect starting with the next (2014/15) fiscal year:

⁴ This ceiling does not cover any currently outstanding loans for user-funded PPPs that are already in place.

- **The government has initiated a broad public information campaign on the objectives and features of a new fiscal rule before its legal implementation.**
- **The rule will be embedded in an effective legal framework.** The relevant existing legislation (in the Financial Administration and Audit (FAA) Act and the Public Bodies Management and Accountability (PBMA) Act) will be amended to implement the fiscal rule. As experience is gained under the rules-based framework, consultations with public stakeholders will continue on possible steps for further strengthening the legal foundations of the fiscal rule. The classification rules for determining which entities could be deemed commercial and, on that basis, could be excluded from the coverage of the fiscal rule, will be developed in consultation with Fund staff.
- **The government will develop mechanisms to closely monitor possible fiscal costs and contingencies associated with possible PPPs.** In particular, the Ministry of Finance and Planning will develop the capacity to: (i) analyze PPP contracts, which includes the proper identification of direct fiscal impacts and valuation of contingent obligations to ensure consistency with the fiscal rule; (ii) disclose fiscal risks (both explicit and implicit); and (iii) conduct value-for-money analyses.
- **The capacity of the Office of the Auditor General (OAG) will be augmented** to allow it to provide an independent assessment of the macroeconomic and budget forecasts underpinning the budget, as well as the quality of adjustment measures and the proper treatment of PPPs. Additional resources will be provided to the OAG so that it can recruit additional experts in public finance and macroeconomics.
- **The government will also consider legal options for strengthening the sanctions regime to enhance the credibility of the fiscal rules.** Possible avenues include clarifying the legal possibility of the non-renewal or dismissal of public officials for non-compliance; strengthening the oversight role of Parliament in reviewing Ministerial actions on recommendations by the Attorney General and the Auditor General; reviewing the low cap on money penalties; and aligning the sanctions process for government departments and public bodies for a more equitable (and streamlined) process.
- **The government will develop an improved annual risk statement.** The government will ensure that, starting with the 2015/16 budget, a comprehensive and candid risk statement is presented, covering all significant contingent liabilities including those related to commercial public sector entities and PPPs. Technical assistance will be requested to support this effort.

Reforms to Public Financial Management and the Budget Process

17. In line with the programme, the government has updated its action plan for public financial management reform. The government is committed to its implementation, in collaboration with its development partners. In this context:

- The central treasury management system (CTMS), which has been established ahead of schedule (existing end-March 2014 structural benchmark), will be strengthened by including modules for the tracking of expenditures, that will be effective by June 2014.

- The Accountant General's Department (AGD) is the Treasurer of the single treasury account and the process for transitioning of the AGD into a modern treasury department by March 2016 commenced in April 2013 with a consultancy to develop a strategy to guide the transition.
- The adjusted Chart of Accounts will be implemented by November 2014.
- The GOJ will strengthen the efficiency and quality of the GOJ procurement process, thereby improving the ease of doing business and reducing costs. A GOJ Public Procurement Page is published in the print media starting in December 2013. Next steps include:
 - A contract for implementing the Electronic Tendering System will be awarded by March 31, 2014 and be implemented in five pilot entities during the financial year 2014/15.
 - Amendments to the Procurement Act will be tabled by July 2014, with a view to its effectiveness by September 2014.
 - A new procurement manual will be prepared by December 2014, with IDB assistance.

18. In addition, the government will prioritize reforms that are needed to underpin the forthcoming fiscal rule:

- A budget for FY2014/15 that is consistent with and supports our economic programme will be tabled by end-April 2014 (*structural benchmark*).
- In line with the improved Public Investment Management System (PIMS), designed with World Bank support, a comprehensive Public Sector Investment Programme (PSIP) will be tabled in parliament by end-April 2014 (*structural benchmark*), as a rolling five-year plan, comprised of Cabinet-approved, prioritized investment projects, to be reviewed on a regular basis. The improved PIMS will be supported by a high-level Public Investment Management Committee and the creation of a web-based public investment management information system by April 2014, Phase 1 of which will be operational by April 2014.
- Key elements of a government work plan to strengthen budget preparation include: (i) establishing a permanent binding budget calendar (envisaging budget approval prior to the fiscal year, starting with the budget for FY2015/16, to be included in legislation by end-March 2014), (ii) early and accurate budget envelopes and priorities and (iii) a policy to limit the use of virements (authorizing the transfer of funds within the budget and of ex-post regularization of unbudgeted spending through supplementary budgets (to be completed and approved by June 2014). A further priority will be to strengthen the development of realistic budget apportionment plans.
- The government has also prepared a workplan to strengthen procedures for budget execution and cash management. In order to improve the Commitment Planning and Control system in central government, an automated Purchase Order Module will be added to the FinMan PFM system. In addition the Commitment Planning and Control Module will be activated. The Upgraded Commitment Control System and the Purchase Order Module has now been

developed and tested and was piloted in the Ministry of Finance and Planning in January 2014. The new system will be implemented in all MDAs by April 1, 2014.

- Improving the revenue forecasting to avoid continuous deficit bias will be a policy priority. For this purpose, we have requested technical assistance, with funding from CIDA.
- Improving cash and debt management is a priority and technical assistance will support reforms in these areas: a) improve cash flow forecasting techniques and develop reliable forecasts of cash flows and more timely monitoring through the Treasury Single Account (TSA) system; b) enhance the TSA in terms of coverage and procedures; c) develop debt management actions based on the established debt strategy, which is linked to fiscal strategy and train staff in the middle office of the debt management branch.

Debt Reduction

19. The scheduled reduction in public debt through debt-asset swaps and asset sales and a reduction in guarantees has progressed in line with the programme. The government has established the legal and administrative processes involved as well as a workplan for their completion—to reduce guaranteed debt and other public debt by at least 1.0 percent of GDP, each. In designing these transactions, the government will seek to ensure sound public sector governance. Furthermore, the government remains committed to ensuring that any new debt guarantees will be consistent with the applicable limits under the Public Debt Management Act.

Public Sector Reform

20. The government remains committed to improving the efficiency, quality and cost effectiveness of the public sector. The Fiscal Responsibility Framework sets a target for reducing the size of the wage bill to 9 percent of GDP by March 2016.

- The terms of reference for technical assistance for the review of public sector employment and remuneration has now been completed and a consultant from the IDB has been contracted and the review is expected to be finalized by end-March 2014 (*unchanged structural benchmark*).
- To support a rationalization of public sector employment, we will improve the public service databases in e-Census by ensuring that it is up to date and covers all Ministries, Departments and Agencies (MDAs) by end-March 2014.
- The procurement of the human resources software system (the HCMES system; including Payroll) is progressing and the vendor is expected to be contracted by end-August 2014. To ensure a timely start to implementation of the system for the wider public sector, with IDB support, a dedicated project management team will be in place by July 2014 and a project plan will be prepared by September 2014. The start of the implementation of the HCMES/Payroll system for the first entity, eGov Jamaica Ltd, is expected to commence in

October 2014. Implementation for the remaining five entities (including TAJ and JCA) in Phase one of the project is expected to commence in January 2015.

21. A White Paper on public pension reform was tabled in parliament in December 2013.

The reform has been developed with World Bank support and is aimed at ensuring that the system is sustainable in the long run, with more efficient management of public pensions and improved monitoring arrangements. Key elements of the proposed reform are:

- Retention of a Defined Benefits (DB) system is expected while parametric reform will be undertaken, as follows:
- It is proposed that all workers will contribute 5 percent of their salary towards their pension;
- The accrual rate at which employee's benefits accumulate in the DB scheme is proposed to be amended as follows: (1) all past service will be preserved at a 2.2 percent accrual rate; (2) existing workers 55 years and older will continue to see their pension benefit build up at a rate of 2.2 percent; (3) workers 54 and younger will receive an accrual rate of 2.0 percent; and (4) new employees as of the date of implementation of the reform will have their pension calculated at an accrual rate of 1.8 percent;
- In the new system, it is proposed that pension benefits will be computed using an average of the final five years of salary;
- And it is proposed that the normal retirement age will be increased from 60 to 65 years, by one year each year starting in April 2016.

Software is being developed to move from the current paper-based system to electronic submission of data on the career history of an employee and the provisions of the revised pension system will be incorporated into a single piece of legislation. The new public sector pension system is expected to be implemented by April 2016 (the start of FY2016/17). Changes in legislation are expected to be tabled by June 2015.

FINANCIAL SECTOR REFORMS

22. Important work needs to be completed to mitigate the risks inherent in Jamaica's highly interconnected financial system. To allow for more effective supervision of the financial sector, the government will table an Omnibus Banking Law, consistent with Fund staff advice, that will harmonize the prudential standards across deposit takers, facilitate consolidated supervision of financial conglomerates, strengthen the corrective, sanctioning and resolution regime and ensure that the Bank of Jamaica has operational independence for supervision (revised structural benchmark, March 2014). Passage of the law is envisaged by May 2014. In addition, the government will amend the Financial Services Commission Act in order to strengthen the Financial Services Commission's enforcement powers and the BOJ Act in order to vest the BOJ with overall responsibility for financial stability. The government will also table legislative changes regarding unlawful financial operations, consistent with Fund TA provided in 2010 (revised structural benchmark for March 2014). This legislation will enable the BOJ and the FSC to investigate and

impose administrative and civil remedies on unlawful financial organizations that engage in fraudulent or otherwise unlawful activities (for example, Ponzi schemes).⁵

23. Steps have now been taken to make less risky business models available to securities dealers. In December 2013, (i) the Securities Act and attendant regulations were amended to establish a comprehensive framework for the regulation of Collective Investment Schemes (CIS); (ii) the income tax law was amended to remove the double taxation of CIS; and (iii) the Companies Act was amended to exempt CIS from the need to register unit-holders in the companies' registry. In addition, a timetable was published for raising the cap for CIS on investments in foreign assets from 5 percent of assets to at least 25 percent by end-2015, with a first step to be effective as of July 1, 2014. This cap will be removed altogether by end-2016 unless extraordinary circumstances require a reassessment. Furthermore, during the first half of 2014, the Bank of Jamaica intends to enter into consultations with representatives of regulated entities in the insurance and pensions sectors and the FSC with the aim of establishing the scope and extent to which current limits on permissible investments in foreign assets can be lifted over time. The remaining tax obstacles to CIS, in particular those arising from the stamp duty and the transaction tax, will be removed by end-June 2014.

24. Detailed steps for the securities dealers sector reforms are being prepared in collaboration with Fund staff, to reduce the risks of the retail repo product until it is phased out. We are continuing to develop a concrete and comprehensive plan of action with specific deadlines, covering: (i) legal and regulatory reforms (e.g. to the prudential framework for securities dealers and regulation for a master retail repo agreement, among others); (ii) effective monitoring and additional reporting to address post-NDX vulnerabilities by the Financial Services Commission (FSC), as well as enhanced stress testing by the FSC and Bank of Jamaica (BOJ); (iii) sequencing and timing of reforms; and (iv) in consultation with the Fund, contingency planning, including improving the insolvency regime that deals with failures of securities dealers.

25. In consultation with Fund staff, the government will establish a distinct treatment for retail repo client interests in the legal and regulatory framework in order to protect their interests prior to and in the event of the insolvency of a securities dealer, and the government will ensure the establishment of a single, local master retail repurchase agreement for retail repo transactions that defines the parameters for client disclosure and for dealer substitution of underlying collateral. In line with the structural benchmark, we intend to mitigate the risks to retail repos clients by establishing a Trust to hold the underlying securities on their behalf during the transition period for the phasing out of the retail repo business model and will submit the legal and regulatory framework to the industry for consultation by end-March 2014 (new structural benchmark, March 2014). The framework will comprise the (1) standardized legal documentation for the retail repo transactions, including a master retail repurchase agreement and trust deed;

⁵ Given that Amendments to the FSC Act are contemplated in connection with reforms to address unlawful financial operations (structural benchmark for end-March 2014) and reforms to protect retail repo client interests (structural benchmarks for end-March and end-June 2014) the later date will govern. Amendments to the Securities Act were adopted in December 2013.

(2) reporting and other regulatory requirements for the securities dealers who are parties to retail repurchase agreements; (3) reporting and other regulatory requirements for the Jamaica Stock Exchange entities that will serve as custodian and trustee with respect to the Trust arrangement; and (4) definitive legal treatment for the retail repo client interests in the event of a dealer's insolvency. The Trust will be responsible for the custody of the securities underlying retail repo transactions. It will also facilitate the taking of appropriate actions in the event of a transaction failure or default. A key function of the Trust arrangement will be to ensure that the interests of each retail repo client in the underlying securities are clearly and uniquely identified for the increased protection of the clients, and also to ensure that such securities would be held apart from the dealer's estate in the event of its insolvency. The Trust arrangement is intended to ensure that funds and securities flow in accordance with the terms of the retail repo agreement. The legal and regulatory framework to facilitate the migration of the retail repos to the Trust will be in place by end-June 2014 (reset structural benchmark). The transition to the new operational framework will start at end-September the latest.

26. A gradual tightening of prudential standards envisaged over the medium term will facilitate fundamental reform of the securities dealers sector. This could include a gradual tapering of the intermediation ratio, as well as tightening of capital adequacy ratios, implementing a minimum transaction size for retail repos, and regulating the ability of investors to close down their retail repo positions early, prior to the contractual maturity date.

MONETARY AND EXCHANGE RATE POLICY

27. Monetary policy remains aimed at achieving single digit inflation within a flexible exchange rate regime. For FY2013/14, the BOJ's forecast for inflation remains in the range of 8.5 percent to 10.5 percent. Over the medium term, we envisage inflation to come down to a range of 6 percent to 8 percent, while over the longer term, the objective is to achieve a gradual reduction of inflation to a rate that is consistent with that of our main trading partners.

28. The BOJ will continue to ensure that liquidity in the financial system is appropriate. Following the National Debt Exchange (NDX), the implementation of CTMS and the BOJ's open market policies, the financial system faced liquidity pressures. To counter these developments, starting mid-September 2013, the BOJ has been conducting repo operations to inject liquidity into the financial system. Further, in December 2013, the Bank established a Standing Liquidity Facility (SLF) under which deposit taking institutions have automatic access to overnight liquidity from the BOJ. Access to the SLF is by overnight repurchase agreement. The BOJ will refine this instrument in consultation with Fund staff, to enhance its effectiveness. The BOJ will continue monitoring developments in the money markets and take the necessary actions to ensure that financial institutions operate with appropriate levels of liquid resources.

29. The BOJ is committed to initiating preparations to allow a move towards full-fledged inflation targeting (FFIT) over the medium term. The adoption of FFIT requires strengthened fiscal and external positions and greater financial market development. Consistent with the objectives of the EFF programme, Jamaica is expected to substantially improve its fiscal and external

position and reduce its debt from a very high level. In this regard, the BOJ has developed a timetable for establishing the basic requirements for implementing FFIT. This agenda was finalized in January 2014 and key actions include: (i) initiating a communication and education strategy; (ii) improving the governance structure of the BOJ; (iii) strengthening the monetary policy implementation framework; (iv) designing and implementing a strategy for market deepening, particularly the foreign exchange market; and (v) commencing annual assessments of the necessary pre-conditions for FFIT (such as fiscal and external stability) by March 2015.

30. Key recommendations of the updated safeguards assessment are now being implemented. In December 2013, the government and the BOJ finalized a Memorandum of Understanding to clarify the treatment of past BOJ cash losses and to formalize the policy of not distributing unrealized valuation gains to the government. In February, the MOU was amended to recognize plans to settle an outstanding balance relating to prior years and to formalize the policy of not distributing unrealized profits to the government. As a result, the recoverable cash losses from the Government of Jamaica as at December 2012 will be settled by cash transfers in four tranches spread over the next four fiscal years. Amendments to the Bank of Jamaica Act to strengthen the governance and the autonomy of the Bank are currently being considered and a Cabinet decision on the way forward is envisaged by June 2014. This will strengthen the institutional framework for monetary policy.

Growth Enhancing Reforms

31. Actions for improving the business climate are on track and additional steps have been prioritized in light of the imperative of promoting growth :

- The Government is examining the process for construction permit approval with a view to reducing the time for issuing construction permits to 90 days, to be included in the next MEFP.
- The Automated Management of Document Access system (AMANDA) will allow the government to track approval of construction permits across all parish councils in Jamaica and is expected to be implemented with support from the World Bank. Implementation of the system has started, including for Kingston and the system is expected to be implemented in all parish councils by December 2014 (*new structural benchmark*) after which the Government will focus on implementing the system in the commenting agencies to make it fully operational.
- With IDB support, land titling is being expanded under the Land Administration and Management Programme (LAMP). Under this programme, around 3,000 new titles were issued between 2011 and 2013. LAMP is expected to issue another 1,000 new titles during 2014/2015.
- Legislation to create a Secured Interest in Personal Property (SIPP) was passed in parliament in December, 2013. This paved the way for meeting the end-December benchmark on establishing a central collateral registry. Training of financial sector stakeholders has begun and a public relations and education campaign will support its use.
- Actions toward parliamentary passage of an Insolvency Act are proceeding as planned, with the legislation tabled in parliament in December 2013. The Act is expected to be passed by June

2014 and enabling regulations are being prepared without delay. Training and PR will be supported by the World Bank.

- A multi-purpose registration instrument to streamline the business registration process has been introduced. Furthermore, an on-line system for business registration will be in place by end-June 2014, with IDB support.
- Urgent actions will be taken to reduce the time needed for entrepreneurs to get an electricity connection. These actions will shorten both the time needed for an inspection by the Government Electricity Inspectorate (GEI) and the time for installation by the power company. The government plans to hire a consultant for proposing a simplified GEI process within 6 months and sign a contract for re-engineering the system (for scheduling, inspecting, approving and certifying) within one year, with IDB support.
- Plans to establish a Port Community System (PCS) to electronically integrate and streamline export and import procedures are underway, with negotiations with the preferred bidder expected to be completed in April 2014. A phased roll-out of the PCS is expected to start in June 2014, with complete implementation by June 2016.
- A Special Economic Zone Act is expected to be passed by June 2015 that will ensure compatibility with WTO requirements and based on a White Paper forthcoming by end-2014.

32. Strategic investments to establish Jamaica as a logistics hub are well underway. The expansion of the Panama Canal which is now expected to be completed in 2016 provides a reordering of maritime traffic in East West trade between the Far East, Europe and the Americas. Jamaica is desirous of taking advantage of this opportunity and is seeking to establish Jamaica as a Logistics Hub. A number of projects to support this initiative are well underway. Work is proceeding on the privatization of both Norman Manley International Airport (NMIA) and the Kingston Container Terminal. The Transaction Structure to guide the privatization process has been developed for NMIA and is awaiting Cabinet approval to proceed. In the case of the Kingston Container Terminal, the Request for Proposal (RfP) has been issued to the pre-qualified bidders and is expected to be returned in the latter half of May 2014. Regarding the development of a transshipment port and industrial and commercial zones in the Portland Bight area by China Harbour Engineering Company (CHEC), a Non-Binding Framework Agreement will be submitted to Cabinet for approval before the end of March 2014. Thereafter, CHEC will begin discussions with the National Environment and Planning Agency (NEPA) regarding the completion of a technical feasibility study and will seek agreement on the prerequisite Terms of Reference (TOR) for the Environmental Impact Assessment (EIA) of the project. The project will be executed in phases with the first phase projected to be completed in the last quarter of 2016.

33. Reducing the cost of electricity is critical to improve competitiveness. Several projects and initiatives to achieve fuel-source diversification, facilitate energy conservation, liberalize the electricity market and reduce the cost of energy are moving ahead. Electricity costs are targeted to be reduced by one-third by 2017. Construction of a new 381 Megawatt Plant—the centerpiece of the medium-term energy strategy—is slated to start in the first quarter of this year. Completion of this facility in early 2016 is expected to reduce the cost of electricity and thereby address a major

obstacle to growth. In addition, with World Bank support, we have prepared updates to the Electricity Act that clarify and codify the roles and responsibilities of the main actors in the sector, including the government, the regulator, the utilities and the independent power producers. These are expected to be submitted to parliament by end-September 2014 (*new structural benchmark*).

34. An increase in financing to and support for micro, small and medium-sized enterprises (MSMEs) will also support growth. The roll-out of the mobile money initiative, aimed at providing greater access to financial services to underserved entities including MSMEs is expected to be completed by September 2014. In addition, two credit bureaus have commenced operations. The Development Bank of Jamaica is rapidly expanding its credit to MSMEs and the Jamaica Business Development Corporation is increasing its business development support in various ways, including training and incubator services.

35. The new Agro Parks are now contributing to an increase in agricultural production. Three have already been established with the help of the European Union; four more will be in operation by March 2014 (with IDB support), with the remaining two expected to start production during FY2014/15. Establishing better links between the agricultural sector and the tourism industry is an important priority and is actively supported by the Agriculture-Tourism technical working group, which is in the process of establishing concrete targets for linkages.

36. Labor market reforms are progressing. Based on a White Paper that was tabled in September 2013, legislation supporting flexible work arrangements is expected to be tabled in parliament by end-2013/14. Based on drafting instructions issued to the Chief Parliamentary Council (CPC), the necessary amendments to legislation will be enacted by September 2014 to remove impediments to the implementation of flexible work arrangements. A public education campaign is planned to promote the use of these arrangements. Ways to reduce the impact of high separation costs are under consideration in the context of the recently launched Comprehensive Labor Market Reform Agenda.

Reform of Social Spending

37. Efforts to strengthen the social protection framework are progressing. A graduation strategy for PATH households was discussed at Cabinet in December 2013 and January 2014. It is expected to be adopted by Cabinet in March 2014. This strategy also covers the strengthening of agency networks and broad institutional strengthening to support the Steps-to-Work programme which is an integral part of the graduation strategy. The field work for the recertification exercise was conducted on 34,000 PATH households and the analysis is expected to be completed by March 2014. Within the context of Effective Social Protection articulated in Vision 2030 Jamaica–National Development Plan, progress continued towards the development of a comprehensive Social Protection Strategy. The draft of this strategy was completed and is expected to be submitted to Cabinet in March 2014.

Table 1. Jamaica: Quantitative Performance Criteria 1/7/
(in billions of Jamaican dollars)

	2013		2013		2014		2014	
	End-Dec Prog.	End-Dec Actual 3/	End-Dec Stock 4/	End-Mgr. PC	End-Jun. PC	End-Sep. PC	End-Dec. Proposed PC	
Fiscal targets								
1. Primary balance of the central government (floor) 5/	61.6	61.7	...	111.5	15.5	38.4	66.0	
2. Tax Revenues (floor) 5/10/	232.7	242.7	...	357.5	80.0	166.0	253.4	
3. Overall balance of the public sector (floor) 5/	-37.3	-27.3	...	-7.4	-19.3	-30.2	-37.0	
4. Central government direct debt (ceiling) 5/6/	92.9	53.7	167.0	70.3	15.7	23.2	26.5	
5. Central government guaranteed debt (ceiling) 5/	-13.0	-13.0	...	-14.0	4.0	2.7	0.1	
6. Central government accumulation of domestic arrears (ceiling) 7/13/14/	0.0	-0.3	21.6	0.0	0.0	0.0	0.0	
7. Central government accumulation of tax refund arrears (ceiling) 8/13/14/	0.0	-2.7	24.6	0.0	0.0	0.0	0.0	
8. Consolidated government accumulation of external debt payment arrears (ceiling) 7/13/	
9. Social spending (floor) 10/11/	14.4	16.6	...	20.1	4.2	8.9	14.8	
Monetary targets								
10. Cumulative change in net international reserves (floor) 9/12/15/	-220.5	-81.8	1045.2	194.4	194.8	187.8	210.32	
11. Cumulative change in net domestic assets (ceiling) 12/15/	26.4	13.7	-7.6	-21.4	-21.6	-17.2	-11.9	

1/ Targets as defined in the Technical Memorandum of Understanding.

2/ Including modified performance criteria.

4/ Based on the original program exchange rates.

3/ Based on the revised program exchange rates (see the TMU).

5/ Cumulative flows from April 1 through March 31.

6/ Excludes government guaranteed debt. The central government direct debt excludes IMF credits.

7/ Includes debt payments, supplies and other committed spending as per contractual obligations.

8/ Includes tax refund arrears as stipulated by law.

9/ In millions of U.S. dollars.

10/ Indicative target.

11/ Defined as a minimum annual expenditure on specified social protection initiatives and programmes.

12/ Cumulative change from end-December 2013 except the end December 2013 PC, which is cumulative change from end-December 2012.

13/ Continuous performance criterion.

14/ The data for the stock are as of end-March 2013 rather than end-December 2013.

15/ The end-December 2012 NIR and NDA were US\$1138.5 million and J\$-9.5 billion respectively.

Table 2. Jamaica: Structural Program Conditionality

Measure	Status/Timing	
	Structural Benchmarks	Implementation status
Institutional fiscal reforms		
1.a. Government to present to Fund staff a conceptual proposal for the design of a fiscal rule.	August 31, 2013	Met
1.b. Revise the relevant legislation for the adoption of a fiscal rule to ensure a sustainable budgetary balance, to be incorporated in the annual budget, starting with the 2014/15 budget.	March 31, 2014	
2. Government to finalize a review of public sector employment and remuneration that serves to inform policy reform.	March 31, 2014	
3. Cabinet to approve a detailed budget calendar consistent with top-down expenditure ceilings, for the 2014/15 budget.	November 30, 2013	Met
4. Government to ensure there is: (i) no financing of Clarendon Alimnia Production (CAP) by the government or any public body, including Petro Caribe; and (ii) no new government guarantee for CAP or use of public assets (other than shares in CAP and assets owned by CAP) as collateral for third-party financing of CAP.	Continuous	Met
5. Government to table in parliament a budget for 2014/15 consistent with the program.	April 30, 2014	
6. Government to table in parliament a comprehensive Public Sector Investment Program (MEFP paragraph 17).	April 30, 2014	
Tax Reform		
7. Government to implement the Cabinet decision stipulating the immediate cessation of granting of discretionary waivers as stipulated in the TMU.	Continuous	Met
8. Parliament to adopt amendments to the relevant tax acts to harmonize the tax treatment for charities across tax types and remove ministerial discretion to grant waivers for charities and charitable purposes as described in paragraph 34 of the April 17, 2013 MEFP.	May 31, 2013	Met
8.a. Government to table a Charities Bill in the House of Representatives, guided by TA provided by the IDB and in consultation with Fund staff.	September 30, 2013	Met
8.b. Government to cease the granting of waivers to charities other than under the Charities Bill.	November 30, 2013	Met
10.a. Government to table Omnibus Tax Incentive Act in the House of Representatives, guided by TA provided by the IDB and in consultation with Fund staff, to eliminate ministerial discretionary power to grant or validate any tax relief, and put in place a transparent regime for limited tax incentives.	September 30, 2013	Met with delay
10.b. Government to cease the granting of tax incentives under the regime prior to the Fiscal Incentives Legislation.	December 31, 2013	Met
11. Broad tax reforms to become effective, including the modernization of taxes, with limited exemptions, and lower tax rates (paragraphs 6, 7, 8, and 9 of the December 2013 MEFP) and as stipulated in the current MEFP.	March 31, 2014	
12. Government to table in parliament amendments to the OCT as stipulated in paragraph 11 of the MEFP.	June 30, 2014	Proposed new structural benchmark
13. Government to conduct an entity-by-entity review of all grandfathered entities and of their specific tax incentives in the context of the new tax incentives legislation by end-2014/15.	January 31, 2015	
Tax Administration		
14. Government to make e-filing mandatory for LTO clients with respect to General Consumption Tax (GCT) and Corporate Income Tax (CIT).	March 31, 2014	
Financial sector		
15. Government to Establish and Operate a Central Collateral Registry.	December 31, 2013	Met
16. Government to implement a legal and regulatory framework conducive to Collective Investment Schemes (Paragraph 46 of the MEFP of April 17, 2013) in consultation with Fund staff.	December 31, 2013	Met
17. Government to table legislative changes regarding unlawful financial operations, consistent with Fund TA advice provided in July 2013.	March 31, 2014	Revised structural benchmark
18. Government to submit proposals for a distinct treatment for retail repo client interests in the legal and regulatory framework to the relevant financial industry for consultation (MEFP Paragraph 25) in consultation with Fund staff.	March 31, 2014	Proposed new structural benchmark
19. Government to establish a distinct treatment for retail repo client interests in the legal and regulatory framework (MEFP Paragraph 25) in consultation with Fund staff.	June 30, 2014	Reset from March 31, 2014
20. Government to table the Omnibus Banking Law consistent with Fund Staff advice to facilitate effective supervision of the financial sector.	March 31, 2014	Revised structural benchmark
Growth-enhancing structural reforms		
21. Government to implement a new (AMANDA) tracking system to track approval of construction permits across all parish councils.	December 30, 2014	Proposed new structural benchmark
21. Government to table in parliament the electricity Act.	September 30, 2014	Proposed new structural benchmark

Attachment 2. Jamaica—Technical Memorandum of Understanding

1. This Technical Memorandum of Understanding (TMU) sets out the understandings between the Jamaican authorities and the IMF regarding the definitions of quantitative performance criteria and indicative targets for the programme supported by the arrangement under the EFF. It also describes the methods to be used in assessing the programme performance and the information requirements to ensure adequate monitoring of the targets. In addition, the TMU specifies the requirements under the continuous structural benchmark concerning discretionary tax waivers.
2. For programme purposes, all foreign currency-related assets, liabilities and flows will be evaluated at “programme exchange rates” as defined below, with the exception of items affecting government fiscal balances, which will be measured at current exchange rates. The updated programme exchange rates are those that prevailed on December 31, 2013. Accordingly, the exchange rates for the purposes of the programme are show in Table 1.

Jamaican dollar to the US dollar	106.38
Jamaican dollar to the SDR	163.83
Jamaican dollar to the euro	139.97
Jamaican dollar to the Canadian dollar	99.72
Jamaican dollar to the British pound	175.84
1/ Average daily selling rates at the end of December 2013	

QUANTITATIVE PERFORMANCE CRITERIA: DEFINITION OF VARIABLES

3. **Definitions:** The central government for the purposes of the programme consists of the set of institutions currently covered under the state budget. The central government includes public bodies that are financed through the Consolidated Fund.
4. The fiscal year starts on April 1 in each calendar year and ends on March 31 of the following year.

A. Cumulative Floor of the Central Government Primary Balance

5. **Definitions:** The primary balance of the central government is defined as total revenues minus primary expenditure and covers non-interest government activities as specified in the budget.
6. Revenues are recorded when the funds are transferred to a government revenue account. Revenues will also include grants. Capital revenues will not include any revenues from asset sales proceeding from divestment operations. Central government primary expenditure is recorded on

a cash basis and includes compensation payments, other recurrent expenditures and capital spending. Primary expenditure also includes transfers to other public bodies which are not self-financed. Costs associated with divestment operations or liquidation of public entities, such as cancellation of existing contracts or severance payments to workers will be allocated to current and capital expenditures, accordingly.

7. All primary expenditures directly settled with bonds or any other form of non-cash liability will be recorded as spending above-the-line, financed with debt issuance and will therefore affect the primary balance.
8. **Reporting:** Data will be provided to the Fund with a lag of no more than four weeks after the test date.

B. Cumulative Floor on Overall Balance of the Public Sector

9. **Definitions:** The public sector consists of the central government and public bodies. Public bodies are institutional units that are themselves government units or are controlled, directly or indirectly, by one or more government units. Whether an institution belongs to the public or private sector is determined according to who controls the unit, as specified in the government Financial Statistics (GFS) Manual 2001—Coverage and Sectorization of the Public Sector. For the purposes of the programme, the assessment of whether an entity belongs to the public or the private sector will be based on the guidance provided by the GFS criteria.

10. Public bodies consist of all self-financed public bodies, including the 18 "Selected Public Bodies" and "Other Public Bodies". The 18 "Selected Public Bodies" include: Airport Authority of Jamaica (AAJ); Human Employment and Resource Training Trust (HEART); Jamaica Mortgage Bank (JMB); Housing Agency of Jamaica (HAJ); National Housing Trust (NHT); National Insurance Fund (NIF); Development Bank of Jamaica (DBJ); National Water Commission (NWC); Petrojam; Petroleum Corporation of Jamaica (PCJ); Ports Authority of Jamaica (PAJ); Urban Development Corporation (UDC); Jamaica Urban Transit Company Ltd. (JUTC); Caymanas Track Ltd. (CTL); Wallenford Coffee Company Ltd. (WCC); National Road Operating and Constructing Company Ltd. (NROCC); Petro-Ethanol; Clarendon Aluminum Production (CAP). "Other Public Bodies" include: Bauxite and Alumina Trading Company of Jamaica Ltd.; Road Maintenance Fund; Jamaica Bauxite Mining Ltd.; Jamaica Bauxite Institute; Petroleum Company of Jamaica Ltd. (Petcom); Wigton Windfarm Ltd.; Broadcasting Commission of Jamaica; The Office of Utilities Regulation; The Office of the Registrar of Companies, Runaway Bay Water Company, Jamaica National Agency for Accreditation, Spectrum Management Authority; Sports Development Foundation; Bureau of Standards Jamaica; Factories Corporation of Jamaica Ltd.; Kingston Freezone Company Ltd.; Micro Investment Development Agency Ltd.; Montego Bay Freezone Company Ltd.; Postal Corporation of Jamaica Ltd.; Self Start Fund; Betting Gaming and Lotteries Commission; Culture, Health, Arts, Sports and Education Fund; Financial Services Commission; Jamaica Deposit Insurance Corporation, Jamaica Racing Commission, National Export-Import Bank of Jamaica Ltd.; PetroCaribe Development Fund; Tourism Enhancement Fund,

The Public Accountancy Board; Students' Loan Bureau; National Health Fund; Agricultural Development Corporation; Agricultural Marketing Corporation, Cocoa Industry Board; Coffee Industry Board; Sugar Industry Authority; Overseas Examination Commission; Aeronautical Telecommunications Ltd.; Jamaica Civil Aviation Authority; Jamaica Ultimate Tire Company Ltd.; Jamaica Railway Corporation Ltd.; The Firearm Licensing Authority; Ports Management Security Corps Ltd.; Transport Authority.

11. The overall balance of public bodies will be calculated from the Statement A's provided by the Public Enterprises Division of the Ministry of Finance and the Planning (MoFP) for each of the selected public bodies and the group of the other public bodies as defined above. The definition of overall balance used is operational balance, plus capital account net of revenues (investment returns, minus capital expenditure, plus change in inventories), minus dividends and corporate taxes transferred to government, plus net other transfers from government. For the particular case of the National Housing Trust and the House Agency of Jamaica, capital account revenues will not be netted out since they do not refer to flows arising from assets sales but rather to contribution revenue and therefore will be included among recurrent revenue such as is done for pension funds. The definitions of "Selected Public Bodies" and "Other Public Bodies" will be adjusted as the process of public bodies' rationalization, including divestments and mergers, advances. However, this process will not affect the performance criterion unless specifically stated. All newly created entities, including from the merging of existing entities, will be incorporated in either of these two groups.

12. The overall balance of the public sector is calculated as the sum of central government overall balance and the overall balance of the public bodies.

13. **Reporting:** Data will be provided to the Fund with a lag of no more than 6 weeks after the test date.

14. **Adjuster:** The floor for the overall public sector balance (cumulative since the beginning of the fiscal year) will be adjusted downward (upward) by an amount equivalent to the shortfall (excess) of PetroJam's overall balance (relative to baseline projections in Table 2), with the value of the adjustment at the end of any quarter capped at J\$3.5 billion.

Table 2. Overall Balance of Petrojam (Baseline Projection)	
In billions of Jamaican dollars	
End-December 2013	-3.0
End-March 2014	3.3
End-June 2014	2.9
End-September 2014	...
End-December 2014	...

C. Ceiling on the Stock of Central Government Direct Debt

15. **Definitions:** Central government direct debt includes all domestic and external bonds and any other form of central government debt, such as supplier loans. It excludes IMF debt. It includes loan disbursements from the PetroCaribe Development Fund to finance central government operations. The target will be set in Jamaican dollars with foreign currency debt converted using the programme exchange rate. The change in the stock of debt will be measured "below the line" as all debt issuance minus repayments on all central government debt.
16. For the purposes of computing the debt target, debt inflows are to be recorded at the moment the funds are credited to any central government account.
17. **Reporting:** Data will be provided to the Fund with a lag of no more than four weeks after the test date.
18. **Adjusters:** The target will be adjusted upwards if explicit government guarantees (defined as the stock of existing guarantees as of end March 2012 plus new guarantees allowed to be issued under the programme) are called. The target will be adjusted downwards if net divestment revenues (i.e. net of divestment expenses) take place. The debt target will be adjusted for cross-currency parity changes; and pre-financing, as reflected by the increase in central government deposits.
19. The target will be adjusted downward by 20 percent of the value of the bonds converted through the February 2013 debt exchange into "Fixed Rate Accreting Bonds" (FRAN).

D. Ceiling on Net Increase in Central Government Guaranteed Debt

20. **Definitions:** Net increase in central government guaranteed debt is calculated as issuance minus repayments of central government guaranteed debt, in billions of Jamaican dollars, including domestic and external bonds, loans and all other types of debt. Foreign currency debt will be converted to Jamaican dollars at the programme exchange rate. Central government guaranteed debt does not cover loans to public entities from the PetroCaribe Development Fund. The cumulative targets are computed as the difference between the stock of government guaranteed debt as of end-March of each year and the stock of government guaranteed debt as of the target date.
21. The cumulative net increase in central government guaranteed debt will be monitored on a continuous basis.
22. **Reporting:** Data will be provided to the Fund with a lag of no more than four weeks after the test date.

23. **Adjuster:** In the case where the central government debt guarantees are called, the stock of central government guaranteed debt will be adjusted downwards to preserve the performance criteria.

E. Ceiling on Central Government Accumulation of Domestic Arrears

24. **Definition:** Domestic arrears are defined as payments to residents determined by contractual obligations that remain unpaid 90 days after the due date. Under this definition, the due date refers to the date in which domestic debt payments are due according to the relevant contractual agreement, taking into account any contractual grace periods. Central government domestic arrears include arrears on domestic central government direct debt, including to suppliers and all recurrent and capital expenditure commitments.

25. The ceiling on central government accumulation of domestic arrears will be monitored on a continuous basis.

26. **Reporting:** Data will be provided to the Fund with a lag of no more than four weeks after the test date.

F. Performance Criterion on Non-Accumulation of External Debt Payments Arrears

27. **Definitions:** Consolidated government includes the central government and the public bodies, as defined in sections A and B, respectively.

28. **Definitions:** external debt is determined according to the residency criterion.

29. **Definitions:** The term "debt"¹ will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:

- i. Loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

¹ As defined in Guidelines on Performance Criteria with Respect to External Debt in Fund Arrangements, Decision No. 6230-(79/140), as amended.

- ii. Suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and
 - iii. Leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property. For the purpose of the programme, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair or maintenance of the property.
30. **Definitions:** under the definition of debt set out above, arrears, penalties and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.
31. **Definitions:** Under this definition of debt set out above, external payments arrears consist of arrears of external debt obligations (principal and interest) falling due after March 29, 2013 that have not been paid at the time due, taking into account the grace periods specified in contractual agreements. Arrears resulting from nonpayment of debt service for which a clearance framework has been agreed or rescheduling agreement is being sought are excluded from this definition.
32. The consolidated government and the BOJ will accumulate no external debt payment arrears during the programme period. For the purpose of this performance criterion, an external debt payment arrear will be defined as a payment by the consolidated government and the BOJ, which has not been made within seven days after falling due.
33. The stock of external arrears of the consolidated government and the BOJ will be calculated based on the schedule of external payments obligations reported by the MoFP. Data on external arrears will be reconciled with the relevant creditors and any necessary adjustments will be incorporated in these targets as they occur.
34. This performance criterion does not cover arrears on trade credits.
35. The performance criterion will apply on a continuous basis.
36. **Reporting:** The MoFP will provide the final data on the stock of external arrears of the consolidated government and the BOJ to the Fund, with a lag of not more than two weeks after the test date.

G. Ceiling on Central Government Accumulation of Tax Refund Arrears

37. **Definition:** Tax refund arrears are defined as obligations on tax refunds in accordance with tax legislation that remain unpaid 90 days after the due date.
38. The central government accumulation of tax refund arrears will be monitored on a continuous basis.
39. **Reporting:** Data will be provided to the Fund with a lag of no more than four weeks after the test date.

H. Floor on Accumulation of BOJ Net International Reserves

40. **Definitions:** Net international reserves (NIR) of the BOJ are defined as the U.S. dollar value of gross foreign assets of the BOJ minus gross foreign liabilities with maturity of less than one year. Non-U.S. dollar denominated foreign assets and liabilities will be converted into U.S. dollar at the programme exchange rates. Gross foreign assets are defined consistently with the Sixth Edition of the Balance of Payments Manual and International Investment Position Manual (BPM6) as readily available claims on nonresidents denominated in foreign convertible currencies. They include the BOJ's holdings of monetary gold, SDR holdings, foreign currency cash, foreign currency securities, liquid balances abroad and the country's reserve position at the Fund. Excluded from reserve assets are any assets that are pledged, collateralized or otherwise encumbered, claims on residents, claims in foreign exchange arising from derivatives in foreign currency vis-à-vis domestic currency (such as futures, forwards, swaps and options), precious metals other than gold, assets in nonconvertible currencies and illiquid assets.
41. Gross foreign liabilities are defined consistently with the definition of NIR for programme purposes and include all foreign exchange liabilities to nonresidents, including commitments to sell foreign exchange arising from derivatives (such as futures, forwards, swaps and options) and all credit outstanding from the Fund (including credit used for financing of the FSSF, but excluding credit transferred by the Fund into a Treasury account to meet the government's financing needs directly. In deriving NIR, credit outstanding from the Fund is subtracted from foreign assets of the BOJ regardless of its maturity.
42. **Reporting:** Data will be provided by the BOJ to the Fund with a lag of no more than five days past the test date.
43. **Adjusters:** NIR targets will be adjusted upward (downward) by the surplus (shortfall) in programme loan disbursements from multilateral institutions (the IBRD, IDB and CDB) relative to the baseline projection reported in Table 3. Programme loan disbursements are defined as external loan disbursements from official creditors that are usable for the financing of the consolidated government. NIR targets will also be adjusted upward (downward) by the surplus

(shortfall) in disbursements of budget support grants relative to the baseline projection reported in Table 3.

Table 3. External Program Disbursements (baseline projection)	
Cumulative flows from the beginning of the fiscal year	(In millions of US\$)
External loans from multilateral sources	
End-December 2013	190
End-March 2014	426
End-June 2014	10
End-September 2014	46
End December 2014	126
Budget support grants	
End-December 2013	58
End-March 2014	67
End-June 2014	3
End-September 2014	14
End-December 2014	34

The NIR target will be adjusted upwards (downwards) by the amount by which, at a test date, the cumulative changes from end-December 2012 in BOJ's foreign exchange liabilities to residents with a maturity of less than one year (including banks' foreign currency deposits in BOJ) are higher (lower) than the baseline projection for this change reported in Table 4.

Table 4. Reserve Liabilities Items for NIR Target Purposes	
	(In millions of US\$) 1/
BOJ's foreign liabilities to residents	
Outstanding stock	
End-December 2013	282.2
Cumulative change from end-December 2013	
End-March 2014	31.5
End-June 2014	38.2
End-September 2014	44.9
End-December 2014	51.6
1/ Converted at the programme exchange rates.	

I. Ceiling on Net Domestic Assets of the Bank of Jamaica

44. **Definition:** The Bank of Jamaica's net domestic assets (NDA) are defined as the difference between the monetary base and NIR. The monetary base includes currency in the hands of the non-bank public plus vault cash held in the banking system, statutory cash reserve

requirements against prescribed liabilities in Jamaica Dollars held by commercial banks at the Bank of Jamaica and the current account of commercial banks comprising of credit balances held at the central bank.

45. **Reporting:** Data will be provided to the Fund with a lag of no more than three weeks after the test date.

QUANTITATIVE INDICATIVE TARGETS: DEFINITION OF VARIABLES

J. Cumulative Floor on Central Government Tax Revenues

46. **Definition:** Tax revenues refer to revenues from tax collection. It excludes all revenues from asset sales, grants, bauxite levy and non tax revenues. To gauge the impact of the tax policy reforms and improvements in tax administration, the programme will have a floor on central government tax revenues (indicative target). The revenue target is calculated as the cumulative flow from the beginning to the end of the fiscal year (April 1 to March 31).

47. **Reporting:** Data will be provided to the Fund with a lag of no more than four weeks after the test date.

K. Floor on Central Government Social Spending

48. **Definition:** Social spending is computed as the sum of central government spending on social protection programmes as articulated in the central government budget for a particular fiscal year. These programmes are funded by GOJ resources only and comprise conditional cash transfers to children 0–18 years and the elderly; youth employment programmes; the poor relief programme for both indoor and outdoor poor; the school feeding programme; and the basic school subsidy.

49. In particular, this target comprises spending on specific capital and recurrent programmes. On capital expenditure the following specific programmes must be included in the target:

- *Youth employment programmes* comprising on the job training, summer employment and employment internship programme.
- *Conditional cash transfers* comprising children health grant, children education grants, tertiary level, pregnant and lactation grants, disabled adult grants, adult under 65 grants and adults over 65 grants.
- *Poor relief programme.*

50. On recurrent expenditure, the following specific programmes must be included in the floor on social expenditure:

- School feeding programmes including operating costs;

- Poor relief (both indoor and outdoor) including operating costs;
- Golden Age Homes;
- Children's home, places of safety and foster care including operating cost;
- Career Advancement Programme; and
- National Youth Service Programme.

51. **Reporting:** Data will be provided to the Fund with a lag of no more than four weeks after the test date.

CONDITIONALITY ON TAX WAIVER REFORM

52. Under the continuous structural benchmark regarding the application of discretionary tax waivers, the granting of new discretionary waivers is subject to a *de minimis* cap' of J\$10 million in any month.

53. For the purpose of this condition, discretionary waivers are defined as: any reduction in tax or customs duty payable, effected through the direct exercise by the Minister of Finance of his powers under the various tax statutes; in circumstances where there is no express provision for exemption in any statute.

54. The amounts covered under the *de minimis* cap would exclude tax measures related to international treaties not yet ratified and provisions for CARICOM suspensions which are binding international legal obligations.

Information Requirements

55. To ensure adequate monitoring of economic variables and reforms, the authorities will provide the following information:

Daily

- Net international reserves; nominal exchange rates; interest rates on BOJ repurchase agreements; total currency issued by the BOJ, deposits held by financial institutions at the BOJ; required and excess reserves of the banking sector in local and foreign currency, total liquidity assistance to banks through normal BOJ operations, including overdrafts; overnight interest rates; GOJ bond yields.
- Disbursements from the Financial System Support Fund, by institutions.
- Liquidity assistance to institutions from the BOJ, by institution.
- Bank of Jamaica purchases and sales of foreign currency, by transaction type (surrenders, public sector entities facility and outright purchases or sales including interventions).
- Amounts offered, demanded and placed in Bank of Jamaica open market operations, including rates on offer for each tenor and amounts maturing for each tenor.

- Amounts offered, demanded and placed in government of Jamaica auctions and primary issues; including minimum maximum and average bid rates.
- Daily foreign currency government of Jamaica debt payments (domestic and external).

Weekly

- Balance sheets of the core securities dealers (covering at least 70 percent of the market), including indicators of liquidity (net rollovers and rollover rate for repos and a 10 day maturity gap analysis), capital positions, details on sources of funding, including from external borrowing on margin and clarity on the status of loans (secured vs. unsecured). Weekly reports will be submitted within 10 days of the end of the period. Deposits in the banking system and total currency in circulation.

Monthly

- Central government operations including monthly cash flow to the end of the current fiscal year, with a lag of no more than four weeks after the closing of each month.
- Public entities' Statement A: consolidated and by institution for the "Selected Public Bodies" and consolidated for the "Other Public Bodies" with a lag of no more than six weeks after the closing of each month.
- Central government debt amortization and repayments, by instrument (J\$-denominated and US\$-denominated bonds, treasury bills, Eurobonds, domestic loans, external commercial and external official loans). Includes government direct, government guaranteed and total. In the case of issuance of government guaranteed debt, include the name of the guaranteed individual/institution. The reporting lag should not exceed four weeks after the closing of each month.
- Balances of the Consolidated Fund and main revenue accounts needed to determine the cash position of the government.
- Stock of central government expenditure arrears.
- Stock of central government tax refund arrears.
- Stock of central government domestic and external debt arrears and BOJ external debt arrears.
- Central government spending on social protection programmes as defined for the indicative target on social spending.
- Central government debt stock by currency, as at end month, including by (i) creditor (official, commercial domestic, commercial external; (ii) instrument (J\$-denominated and

US\$-denominated bonds, treasury bills, Eurobonds, domestic loans, external commercial and external official loans); (iii) direct and guaranteed. The reporting lag should not exceed four weeks after the closing of each month.

- The maturity structure of Government debt (domestic and external). The reporting lag should not exceed four weeks after the closing of each month. Legal measures that affect the revenue of the central government (tax rates, import tariffs, exemptions, etc.).
- Balance sheet of the Bank of Jamaica within three weeks of month end.
- A summary of monetary accounts providing detailed information on the accounts of the Bank of Jamaica, commercial banks and the overall banking system. Including Bank of Jamaica outstanding open market operations by currency and maturity and a detailed decomposition on Bank of Jamaica and commercial bank net claims on the central government, selected public bodies and other public bodies.² This information should be received with a lag of no more than six weeks after the closing of each month.
- Profits of the Bank of Jamaica on a cash and accrual basis, including a detailed decomposition of cash profits and profits from foreign exchange operations with a lag of no more than three weeks from month end.
- Deposits in the banking system: current accounts, savings and time deposits within six weeks after month end. Average monthly interest rates on loans and deposits within two weeks of month end; weighted average deposit and loan rates within six weeks after month end.
- Financial statements of core securities dealers and insurance companies within six weeks of month end.
- The maturity profile of assets and liabilities of core securities dealers in buckets within six weeks of month end.
- Data on reserve liabilities items for NIR target purposes (Table 9) within three weeks after month end.
- A full set of monthly FSIs regularly calculated by the BOJ, including liquidity ratios, within eight weeks of month end.
- Monthly balance sheet data of deposit taking institutions, as reported to the BOJ, within four weeks of month end.

²Selected public bodies and other public bodies are defined as outlined in Section IV (B).

- Imports and exports of goods, in US\$ million within twelve weeks after month end. Tourism indicators within four weeks after month end. Remittances' flows within four weeks after month end.
- Consumer price inflation, including by sub-components of the CPI index within four weeks after month end.
- The balance sheet of the PetroCaribe Development Fund with a lag of no more than six weeks after the closing of each month.
- Data on discretionary waivers, specifying those under the 'de minimis' cap, those under the broader cap and those covered by the exceptions from these caps.
- Data on tax waivers for charities and charitable giving.

Quarterly

- Holdings of government bonds (J\$-denominated and US\$-denominated) by holder category. The reporting lag should not exceed four weeks after the closing of each month (this would not be applicable to external and non-financial institutional holdings of GOJ global bonds as this information is not available to GOJ).
- Use of the PetroCaribe Development Fund, including loan portfolio by debtor and allocation of the liquidity funds in reserve within six weeks after month end.
- The stock of public entities non-guaranteed debt.
- Summary balance of payments within three months after quarter end. Revised outturn for the preceding quarters and quarterly projections for the forthcoming year, with a lag of no more than one month following receipt of the outturn for the quarter.
- Gross domestic product growth by sector, in real and nominal terms, including revised outturn for the preceding quarters within three months after quarter end; and projections for the next four quarters, with a lag no more than one month following receipt of the outturn for the quarter.
- Updated set of macroeconomic assumptions and programme indicators for the preceding and forthcoming four quarters within three months of quarter end. Main indicators to be included are: real/nominal GDP, inflation, interest rates, exchange rates, foreign reserves (gross and net), money (base money and M3), credit to the private sector, open market operations and public sector financing (demand and identified financing).
- BOJ's Quarterly Financial Stability Report.

JAMAICA

- Quarterly income statement data of deposit taking institutions, as reported to the BOJ within eight weeks of the quarter end.
- Summary review of the securities dealer sector, within eight weeks of quarter end.
- Summary report of the insurance sector (based on current FSC quarterly report), within eight weeks of quarter end.
- Capital adequacy and profitability ratios (against regulatory minima) for DTI's and non-bank financial institutions within eight weeks of quarter end.
- FSC status report detailing compliance (and any remedial measures introduced to address any non compliance) with the agreed guidelines for the operation of client holding accounts at the Jam Clear@ CSD and FSC independent verification of daily reconciliations using data provided by Jam Clear@ CSD. Reports are due within four weeks of end quarter.

Annual

- Financial statements of pension funds within six months of year end.
- Number of public sector workers paid by the consolidated fund by major categories.

JAMAICA

- Quarterly income statement data of deposit taking institutions, as reported to the BOJ within eight weeks of the quarter end.
- Summary review of the securities dealer sector, within eight weeks of quarter end.
- Summary report of the insurance sector (based on current FSC quarterly report), within eight weeks of quarter end.
- Capital adequacy and profitability ratios (against regulatory minima) for DTI's and non-bank financial institutions within eight weeks of quarter end.
- FSC status report detailing compliance (and any remedial measures introduced to address any non compliance) with the agreed guidelines for the operation of client holding accounts at the Jam Clear@ CSD and FSC independent verification of daily reconciliations using data provided by Jam Clear@ CSD. Reports are due within four weeks of end quarter.

Annual

- Financial statements of pension funds within six months of year end.
- Number of public sector workers paid by the consolidated fund by major categories.