



Brussels, 15.12.2017
C(2017) 8835 final

COMMISSION DECISION

of 15.12.2017

**2017 Annual Action Programme in favour of Jamaica to be financed from the
11th European Development Fund**

COMMISSION DECISION

of 15.12.2017

2017 Annual Action Programme in favour of Jamaica to be financed from the 11th European Development Fund

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) No 322/2015 of 2 March 2015 on the implementation of the 11th European Development Fund¹, and in particular Article 9(1) thereof,

Having regard to Council Regulation (EU) No 323/2015 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund², and in particular Article 26 thereof,

Whereas:

- (1) The Commission has adopted National Indicative Programme for Jamaica for the period 2014-2020³, points 3.2, 3.3 and 4 which provides for the following priorities: Environment and Climate Change; Public Financial Management; and Measures in favour of civil society.
- (2) The objectives pursued by the Annual Action Programme to be financed under the 11th European Development Fund (EDF) Internal Agreement ('Internal Agreement')⁴ are to assist the Government of Jamaica in: - its efforts to improve fiscal discipline and strategic allocation of resources by strengthening policy-based budgeting and expenditure management, and enhancing the transparency and efficiency of tax administration; and to ensure the efficient and effective utilisation of EU development assistance in support of the implementation of the Government's development strategies and policies; - in implementing the Forest Policy of 2017 (and supporting the National Forest Management and Conservation Plan (NFMCP 2016-2026)), to sustainably manage and utilise Jamaica's forest resources to enhance social and economic development and contribute to building the country's climate resilience.
- (3) The action entitled "Addressing Environmental and Climate Change challenges through Improved Forest Management in Jamaica" has the following objectives: (i) Reverse forest degradation, deforestation and the loss of forest biodiversity, through conservation and sustainable forest management, as well as strengthening the legislative, policy and institutional framework of the sector; (ii) Enhance economic, social and environmental benefits of forests through the sustainable utilization of

¹ OJ L 58, 3.3.2015, p. 1

² OJ L 58, 3.3.2015, p. 17

³ C(2014) 3919, 18.06.2014

⁴ Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement, and on the allocation of financial assistance for the OCTs to which Part Four of the EC Treaty applies, OJ L 210, 6.8.2013;

forest resources. It will be implemented via direct management and through the procurement by international tender, through grants following a call for proposals, and through budget support (sector reform contract).

- (4) The action entitled "Support to the Public Finance Management (PFM) Reform Programme in Jamaica" has the following objectives: (i) To strengthen the financial management system; (ii) To strengthen civil society participation in good governance and PFM sector including a focus on gender. It will be implemented via direct management and through the procurement by international tender and through budget support (sector reform contract).
- (5) It is necessary to adopt a financing decision the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012⁵ applicable in accordance with Article 2(1) and Article 26 of Regulation (EU) 2015/323.
- (6) It is necessary to adopt a work programme for grants the detailed rules on which are set out in Article 128(1) of Regulation (EU, Euratom) No 966/2012 and in Article 188(1) of Delegated Regulation (EU) No 1268/2012, applicable in accordance with Article 2(1) and Article 37(1) of Regulation (EU) 2015/323. The work programme is constituted by the Annex 1.
- (7) It is necessary to allow the payment of interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012, applicable in accordance with Article 2(1) and Article 29(1) of Regulation (EU) 2015/323.
- (8) Pursuant to Article 94(4) of Delegated Regulation (EU) No 1268/2012, applicable in accordance with Article 2(1) and Article 26 of Regulation (EU) 2015/323, any substantial change to a financing decision that has already been adopted should follow the same procedure as the initial decision. It is therefore appropriate that the Commission defines the changes to this Decision that are considered non substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.
- (9) The programme provided for in this Decision is in accordance with the opinion of the European Development Fund Committee set up by Article 8 of the Internal Agreement.

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the programme

The 2017 Annual Action Programme in favour of Jamaica to be financed from the 11th European Development Fund, as set out in the Annexes, is adopted.

The programme shall include the following actions:

- Annex 1: Addressing Environmental and Climate Change challenges through Improved Forest Management in Jamaica;
- Annex 2: Support to the Public Finance Management (PFM) Reform Programme in Jamaica

⁵ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

Article 2

Financial contribution

The maximum contribution of the European Union for the implementation of the programme referred to in Article 1 is set at EUR 20 200 000 and shall be financed from the 11th European Development Fund.

The financial contribution provided for in the first paragraph may also cover interest due for late payment.

Article 3

Implementation modalities

The elements required by Article 94(2) of Delegated Regulation (EU) No 1268/2012 are set out in the Annexes to this Decision.

Grants may be awarded without a call for proposals by the authorising officer responsible in accordance with Article 190 of Delegated Regulation (EU) No 1268/2012, applicable in accordance with Article 2(1) and Article 37(1) of Regulation (EU) 2015/323.

Article 4

Non-substantial changes

Increases or decreases of up to EUR 10 000 000 not exceeding 20 % of the contribution set by the first paragraph of Article 2, or cumulated changes to the allocations of specific actions not exceeding 20 % of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 94(4) of Delegated Regulation (EU) No 1268/2012, applicable in accordance with Article 2(1) and Article 26 of Regulation (EU) 2015/323, provided that they do not significantly affect the nature and objectives of the actions.

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 15.12.2017

For the Commission

Neven MIMICA

Member of the Commission



EN

ANNEX 1

of the Commission Decision on the 2017 Annual Action Programme in favour of Jamaica to be financed from the 11th European Development Fund

Action Document for Addressing Environmental and Climate Change challenges through Improved Forest Management in Jamaica

1. Title/basic act/ CRIS number	Addressing Environmental and Climate Change challenges through Improved Forest Management in Jamaica (IFMJ) CRIS number: FED/2015/039228 Financed under 11 th European Development Fund (11 th EDF)
2. Zone benefiting from the action/location	Caribbean Region - Jamaica The action shall be carried out at the following location: Jamaica
3. Programming document	Jamaica European Union National Indicative Programme for the period 2014-2020 (11 th EDF)
4. Sector of concentration/ thematic area	National Indicative Programme (NIP) Focal Sector 2 - Environment and Climate Change Sector
5. Amounts concerned	Total estimated cost: EUR 16 695 000 Total amount of EDF contribution: EUR 16 550 000 of which: 1) EUR 14 000 000 for budget support; 2) EUR 900 000 for complementary support (TA-supply, projects); 3) EUR 1 300 000 for grants to civil society organisations (Non State Actors – NSAs); and 4) EUR 350 000 for communication, visibility, evaluation and audit
6. Aid modality(ies) and implementation modality(ies)	Sector Reform Contract a) Budget Support b) Complementary Aid Grants – call for proposals – direct management Service Contracts – direct management

7. DAC code(s)	Sub-Code 31210 « Forest Policy and Administrative Management »			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	⊗	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	⊗
	Gender equality (including Women In Development)	<input type="checkbox"/>	⊗	<input type="checkbox"/>
	Trade Development	⊗	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	⊗	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input type="checkbox"/>	⊗	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	⊗	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	⊗	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	⊗
9. Global Public Goods and Challenges (GPGC) thematic flagship	Not applicable.			
10. Sustainable Development Goals (SDGs)	<p>Goal 6: Ensure availability and sustainable management of water and sanitation for all.</p> <p>Goal 12: Ensure sustainable consumption and production patterns.</p> <p>Goal 13: Take urgent action to combat climate change and its impacts.</p> <p>Goal 14: Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.</p> <p>Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>			

SUMMARY

The Overall Objective of the *Improved Forest Management for Jamaica (IFMJ)* Action, between the EU and Jamaica is to assist the Government of Jamaica (GoJ) in implementing the Forest Policy of 2017 (and supporting the National Forest Management and Conservation Plan (NFMCP 2016-2026)), to sustainably manage and utilise Jamaica's forest resources to enhance social and economic development and contribute to building the country's climate resilience. Two Specific Objectives (SOs) and five Expected Results (ERs) are as follows:

SO1: Reverse forest degradation, deforestation and the loss of forest biodiversity, through conservation and sustainable forest management, as well as strengthening the legislative, policy and institutional framework of the sector.

ER 1.1 Strengthened governance, policy and legislative framework to ensure sustainable development of the forest sector;

ER 1.2 Improved participatory planning to protect, conserve and manage Jamaica's forests.

SO2: Enhance economic, social and environmental benefits of forests through the sustainable utilization of forest resources

ER 2.1 Strengthened institutional capacity for improved availability of data and capacity for monitoring and knowledge management;

ER 2.2: Improved availability of spatial data for sustainable forest management practices, promoting investment, and assessing vulnerabilities and risks in the forest sector;

ER 2.3 Forest communities, the general public as well as targeted groups of professionals have increased knowledge/capacity and participate in sustainable forest practices.

The Action is in line with the EU's Agenda and Change and with Vision 2030 Jamaica National Development Plan calling for supporting good governance, and the 11th EDF National Indicative Programme (NIP) which prioritises environment and climate change as an area of intervention. The proposed Action aims to support the Government of Jamaica (GoJ) in implementing the Forest Policy (2017).

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Jamaica's economic growth relies on the natural environment. This has been a contributing factor to the degradation of the natural ecosystems currently being experienced which results in an increased vulnerability to environmental threats including climate change which impacts on growth prospects and social progress. The Government has made several attempts to mitigate the degradation of these systems through policies, plans, projects, etc. However, these efforts have not been able to build the level of resilience needed and the environment has suffered as a result. This situation has been exacerbated by the country's vulnerability to natural hazards. To address this concern, the 11th EDF National Indicative Programme (NIP – 2014-2020) between Jamaica and the European Union (EU) has defined two mutually reinforcing objectives that seek to promote the integration of sustainable use of the environment, and ecosystem services and climate change where forests play a key role in Jamaica's sustainable gender-transformative development.

Jamaica possesses an estimated 40 % forest cover (2015). The national forests provide vital ecosystem services such as watershed management, protection against accelerated rates of terrestrial flooding and coastal erosion (through mangroves) whilst maintaining freshwater quality for local and downstream communities. For the period 1998–2013, there has been a net gain of forest cover in the order of 0.4 % per annum. Despite this, only small fragments of the original closed broad leaf forests remain relatively undisturbed (e.g. Dolphin Head Forest Reserve), which themselves cover around 7.7 % of the total land area. Forest reserves amount to approximately 99 504 ha or just under 10 % of the total land-cover. With regards to the role of forests in climate mitigation, the largest component of land-use change and forestry (LUCF) emissions arise not from a change in the total forested area, but more often due to

changes in the way forests are managed. The increase in the biomass held in the forest land cover gives rise to a substantial CO₂ sink¹.

1.1.1 Public Policy Assessment and EU Policy Framework

Policy framework

A major achievement towards setting a sustainable long term platform to develop forest conservation and management in Jamaica has been the recent creation and approval of the Forest Policy (FP) for Jamaica, 2017. The FP is clearly aligned to the Vision 2030 Jamaica - National Development Plan. It establishes three (3) overarching goals as follows: **Goal I:** Improved governance arrangements in relation to the management of the islands forests: **Goal II:** Increased forest ecological system conservation and protection: **Goal III:** Incorporation of socio-economic considerations into forest conservation and preservation, which in turn cover ten (10) separate objectives. It was formulated and developed with the assistance of the African, Caribbean, Pacific Forest Law Enforcement, Governance and Trade Programme (ACP-FLEGT) and, following national consultations, was approved by Parliament in March 2017.

In addition to the Forest Policy (FP), a second main recent achievement is the preparation and launching (in 2017) of the updated **National Forest Management and Conservation Plan (NFMCP)** which serves to implement the Forest Policy 2017. Prepared by the Forestry Department, an Executive Agency, this Plan includes the implementation of a number of strategic activities by a number of partner organisations and stakeholders, along with the Agency. The list of activities all contribute towards supporting the main goal of the NFMCP (2017) which is to sustainably manage, protect, conserve, restore and utilize Jamaica's forest resources to enhance social and economic development and the building of climate resilience for current and future generations. It is important to note that the NFMCP (2017) includes a very important **“Performance Monitoring, Evaluation and Reporting (PMER) Strategic Framework (2017) Annex** along with a focused corresponding PMER Action Plan. It represents a sound basis which can be developed a complete Policy Framework Assessment (PAF).

Policy Relevance

The Government of Jamaica has developed national strategies and coherent policies to promote more resilient development planning. The 11th EDF NIP for Jamaica is a key document of relevance to this Budget Support as it clearly prioritizes environment and climate change as areas of intervention. The FP contributes to this national approach for sustainable and inclusive growth as it is in line with the EU's Agenda for Change and Vision 2030 Jamaica, calling for supporting good governance.

Answering to the goals of Vision 2030, the Climate Change Policy Framework is intended to reduce the risks posed by climate change to all of Jamaica's sectors and development goals². In line with the strategy, the Nationally Determined Contribution of Jamaica (NDC) is

¹ UNFCCC, Biennial Update Report of Jamaica to the UNFCCC, November 2016, pp.6 and pp. 112 http://unfccc.int/files/national_reports/nonannex_i_parties/biennial_update_reports/application/pdf/jambur1.pdf

² Prepared under a GoJ/EU/UNEP Climate Change Adaptation and Disaster Risk Reduction (CCADRR) Project

identifying forests as one of the five most vulnerable sectors. Among priority activities, the Intended Nationally Determined Contributions (INDC) identifies the need for the development of sectoral climate change strategies and action plans and the integration of climate change considerations in national policies and sectoral and local development plans and programmes. Other identified priorities are data-gathering in all national climate change related proposals or projects and their wide dissemination.

The FP is guided by, builds on and will help to strengthen a number of existing Acts, Policies and Plans that Jamaica has in place that are geared towards improving forestry and broader environmental management, in addition to enhancing the country's capacity in hazard mitigation and management and moving towards a low carbon economy. The FP 2017 and the NFMCP (2016-2026) are consistent both with Vision 2030 Jamaica as well as being both aligned with the SDGs Roadmap and Jamaica's Nationally Determined Contributions (NDCs) in particular, the specific adaptation targets to develop sectoral climate change strategies and action plans (forestry focus) which this Action directly supports. It is also closely aligned with the Climate Change Policy Framework (2015), Medium Term Socio- Economic Policy Framework, Protected Areas System Master Plan (PASMP) and to the draft Water Sector Policy (in preparation).

The 2011 European Commission Communication entitled "The Future Approach to EU Budget Support to Third Countries" stresses commitment to the fundamental values of human rights, democracy and the rule of law. Furthermore, the Cotonou Partnership Agreement defined governance as a key principle of cooperation between the EU and the ACP, and to date governance remains a central aspect of the EUs co-operation strategies with the 77 ACP countries. This Action also compliments the EU Gender Policy (EU GAP II) (particularly the objectives 13, 14 and 20) and broader EU Policy Framework.

Policy Credibility

Despite recent ministerial change, the budget allocated to the forestry sector have been especially **consistent** in recent years and have a credible projection into the next decades with an annual average of more than EUR 20 million. The Forestry Department has the role of administering and coordinating implementation and has an average annual operational capacity of EUR 4.57 million (mainly employee salaries and transport, utilities, etc.). The budgetary analysis shows financial capacity to implement activities within the sector. Additionally, the other national agencies responsible for the implementation of the NFMCP have provided general cost estimates allocated for forestry related activities, including the NFMCP, as reflected in the following figures (information sourced directly from Ministry of Finance and the Public Service).

Institution	Ministry Name	Budget Expenditure (in EUR) 2014-2015	Budget Expenditure (in EUR) 2015-2016	Budget Expenditure (in EUR) 2016 2017
Meteorological Service of Jamaica (MSJ)	MEGJC (from 2016)	N/A	118 707	1 165 828
	Pre MEGJC (before 2016)	1 059 807	969 878	N/A

Climate Change Division (MEGJC/CCD)	MEGJC (from 2016)	N/A	38 342	198 257
	Pre MEGJC (before 2016)	151 035	141 092	N/A
Ministry of Transport and Mining	MTM (from 2016)	N/A	N/A	1,152,550
Mines and Geology Division	Pre MTM (before 2016 - MSTEM)	1 208 007	988 692	N/A
National Environment and Planning Agency	NEPA	5 416 028	5 950 042	6 135 885
National Land Agency	NLA/ LDUC	9 778 550	11 603 300	11 179 971
Office of Disaster Preparedness and Emergency Management	Office of the Prime Minister	2 043 821	2 267 635	2 387 464
	Contributions made by CDEMA	54 507	224 250	54 507
Water Resources Authority (WRA)	MEGJC (from 2016)	-	84 992	1 176 678
	Pre MEGJC (before 2016)	1 044 192	1 017 671	
Total		20 755 957	23 404 607	23 451 143

The costing exercise has been applied following an incremental logic and the track records of recent years are consistent and the credibility of the cost estimates and intra sectoral allocations is positive. Ideally, a cost driver exercise will improve efficiency of budgetary expenditures. The comprehensiveness of the budget is complemented with the Capital “B” expenditures from donor contributions. This financial ODA support amounted to EUR 15.20 million in 2016/2017. All donor contributions, (USAID, GEF, GCF, UNDP, UNESCO, WB, IADB, and others) have been aligned to the implementation of the NFMCP strategy giving an additional financial availability to implement the NFMCP and forecasted in the next 4 years as follows:

Year	2017	2018	2019	2020	2021	Total
Financial Commitments in Mill Euros (to date)	15.20	13.01	10.42	5.08	5.00	48.71

Additionally, the Government of Jamaica parastatals, including the National Housing Trust (NHT) and the Environmental Foundation of Jamaica have committed another EUR 3.6 million towards the funding of the NFCMP. **The policy is considered sufficiently relevant and credible for budget support programme objectives to be largely achieved.**

1.1.2 Stakeholder analysis

In general terms, the Delegation's relations with the Government of Jamaica, civil society and other donors are very strong. In particular, cooperation with the Government of Jamaica follows a partnership approach, characterised by a joint shared analysis and the recognition that Vision 2030 Jamaica is a sound basis for future action. The institutional capacity of the FD is assessed as quite solid. The administrative structure of the FD supports a determined drive towards greater efficiency, effectiveness, productivity and accountability. The FD will be supported by a series of supporting partner organisations and the private sector (forest estate management in particular), which have responsibilities for executing certain key activities as well as delivering important outputs towards achieving NFMCP outcomes.

Stakeholder	Role	Impact
National Environment and Planning Agency (NEPA)	NEPA's mission is to promote sustainable development by ensuring protection of the environment. They are legally responsible for mangrove management and implementing the Draft Watershed policy (2003 – being updated).	High
National Lands Agency (NLA)	NLA's mission is to ensure that Jamaica has an efficient and transparent land titling system, a national land valuation database and makes optimal use of government-owned land.	High
Meteorological Service of Jamaica (MSJ)	MSJ's mission is to take full advantage of man's present knowledge of weather and climate; to take steps to foresee and prevent potential man-made changes in climate that might hamper national well-being.	Medium
Ministry of Economic Growth and Job Creation (MEGJC)	MEGJC is the portfolio ministry for FD, NEPA, NLA and MSJ. It provides policy direction for its agencies towards achieving, economic growth and sustainable development.	High
Ministry of Finance and the Public Service (MoFPS)	Develops the GoJ's fiscal and economic policy framework; collects and allocates public revenues; and plays an important role in the socio-economic development of the country.	Medium
Ministry of Industry, Commerce, Agriculture and Fisheries (MICAFA)	Leads in the development of policies that will, among other things: enable sustainable management of agriculture and fishery resources	Medium
Ministry of Local Government and Community Development (MLGCD)	National portfolio responsibility for disaster management via Office of Disaster Preparedness and Emergency Management (ODPEM).	Medium/low
Ministry of Transport and Mining (MTM)	MTMs leads the policy decision in the area of mining on government lands Responsible also for the development and access to the Restoration Fund.	Low
Bureau of Gender Affairs (BGA)	BGA focuses at the policy level to ensure that gender analysis is integrated into all GoJs policies and programmes. It seeks to support the delivery of the policies set out within the National Policy for Gender Equality (NPGE 2011). An increased role is possible should MEGJC "certify" with them in the future to help deliver the NPGE on gender equality issues	Low
Jamaica National Heritage Trust (JNHT)	JNHT aims to foster a sense of national pride and identity through heritage education;	Low
UWI Life Sciences Department	UWI Life Sciences Department research encompasses work on coastal forest nursery propagation to generate best practice manuals for nursery set up and management and the production of "head-started" coastal forest species for planting island wide.	Low/medium
Private landowners of large blocks of forested lands	Owners of the majority of forested lands within the island. Responsible for engaging in sustainable forest management practices and supporting enforcement. Currently, no gender disaggregated statistics exist on private landowners.	High/medium
Civil Society Organizations/NGOs	Project beneficiaries, advocates and champions, watchdogs for forestry policy implementation and for public finance management in general, partners in project delivery	High
Womens Groups and Local Forest Management Committees	Specific groupings of women, of different age groups, exist in rural communities, though not in any formal group or under any umbrella organisation. A total of eighteen (18) Local Forest Management Committees (LFMCs) have been established by the FD to date. These LFMCs have been established in and around forested areas managed by the FD the aim of which is to have an integrated approach to forest management.	High

Private Sector/Business	Users of environmental resources and are subject to environmental laws and regulations. Stakeholders in environmental quality.	Medium
--------------------------------	--	--------

1.1.3 Priority areas for support/problem analysis

Forest Regulations

The FD, *inter alia*, aims to maintain the forest cover at not less than 40 % of the country's land mass. However, a large percentage of Jamaica's forests are in degraded states (Forest Policy 2017). In fact, the 2013 Land-use Change Assessment for Jamaica recognized that approximately seven point seven percent (7.7 %) of the island can be properly described as closed broadleaf forest, that is, forest with little evidence of human disturbance. Additionally, over 70 % of Jamaica's forests are privately owned and exacerbates the management challenge. To assist with this challenge, the Agency intends to undertake consultations to develop additional incentives that will encourage these private land owners to protect and conserve their lands. As per the Forest Policy, specific areas that are now classified as Forest Reserves or Forest Management areas may be reclassified based on their current use. Therefore, the **current Forest Act (1996) and its accompanying Forest Regulations (2001) require revision** to not only provide the FD with the remit to maintain forest cover through encouraging conservation incentives to private landowners, but also to legislatively streamline the multiplicity of different forest classifications which introduces ambiguities with regards to management goals, responsibilities, and permitted activities.

Baseline data

Regarding land use cover maps (GIS shapefiles) and assessment reports of forest cover in 2013, dated (2010) satellite imagery had to be used. This lack of up to date imagery generates management challenges especially with regards to accurately monitoring forest cover. New field surveys also need to be conducted to verify boundaries identified. To this end, the creation and maintenance of a National Forest Database is required especially to better embrace information on private forest estates. There is also a need to add to/enhance the established National Forest Monitoring System (using Permanent Sample Plots - PSPs) and a Carbon Stock Monitoring (CSM) system to help the FD investigate and determine how forested ecosystems (all forest types) are being impacted by climate change and to develop adaptation strategies over time. Existing software and hardware requires an upgrade to better implement the required processes needed to embark on the national forest inventory.. The data will help in monitoring the trends in forest cover and help in those measures that will ensure the sustainable management of forests and the protection of closed protected forests, as envisaged in the Forest Policy and its commitment to conserve the 7.7 % of the island's closed broadleaf forest.

Forest management including watershed management

The FD has the responsibility to protect and preserve Forest Reserves and Forest Management Areas in the upper reaches of the 26 watershed management units that fall within 10 hydrological basins (regions). Without strong management plan implementation (including improved forest fire management and the update and relaunch of existing plans such as the Dolphin Head Forest Management Plan (FMP), forested areas within key watershed areas will

continue to be significantly impacted by anthropogenic interventions and climate change. Mangroves and swamp wetlands (Morass) for example, have experienced a loss of approximately 95 % or 2 100 hectares through a combination of both these issues. Improved **Mangrove and Swamp Ecosystem Management Plan implementation**, in close partnership with the National Environment and Planning Agency (NEPA), the Water Resources Authority (WRA) and the donor community, is required to better assess and map highly vulnerable mangrove and swamp forests ecosystems.

Innovative sustainable forest-based livelihoods alternatives

The management of the forest resources is often linked to the livelihoods of dependent forest communities. It is recognized that there are numerous forest industries (e.g.: the use of timber and non-timber forests products (NTFP's) for art, craft and furniture making; agro-forestry; and ecotourism etc.), though these must be sustainable and embraced fully by local forest communities if they are to be sustainable in the long term. An improved regulatory oversight of livelihood alternatives is needed to help increase the likelihood of the utilization of environmentally friendly and gender-inclusive practices in harvesting or accessing these natural resources. It is evident that current practices are not sustainable on the long term and there is a need to study and encourage alternative gender transformative possibilities. Also, there is a need to upscale existing project work completed from the EU "Climate Change Adaptation & Disaster Risk Reduction" Project (2013) and the "Jamaica Rural Economy and Ecosystem Adapting to Climate Change" (Ja-REEACH) which supported a range of alternative livelihood projects (e.g.: pineapples/intercropping cash crops etc).

Public awareness

Environmental and climate change matters, including forests and their sustainable management, are not one of the more popular topics at many levels of the public opinion. However, the importance of the services provided by forests to the social and economic fabric of Jamaica is very much dependent on the implementation of an informative yet stimulating public education and awareness programme. These must encourage all Jamaicans (both men and women from the very young to the aged), to actively participate in the decision-making process about forested areas. Enhancing the implementation of existing general public awareness, private forest owners and school education programmes will help to develop a more mature perception of Jamaican forest resources by all citizens. Good work already exists on outreach programmes, though weaknesses are apparent especially with regards to forest fire-related public awareness and specific outreach programmes for private forest owners. Public awareness on the conservation of the environment and the impacts of climate change are also identified as a priority in the Nationally Determined Contribution (NDC).

1.2 For budget support only

1.2.1 Fundamental values

Jamaica has a long tradition as a stable, participatory democracy with respect to the rule of law, fundamental human rights and freedoms, including freedom of the Press. The Government of Jamaica respects the rights of its citizens; there are, however, some areas of concern related to security and justice, in particular for vulnerable groups. The EU is currently supporting these areas of concern, through the Justice, Security, Accountability and Transparency Programme (JSAT, 10th EDF) and a new Sector Reform Contract supporting the Justice sector under 11th EDF. The Delegation will continue to support and promote

human rights issues including the gender issues at stake as mentioned in the recent Gender Analysis³ and will monitor and lobby for improvements relating to human rights, specifically through dialogue with civil society and political dialogue with the Government of Jamaica.

1.2.2 Macroeconomic policy

Throughout most of the past three decades, Jamaica has suffered from very low growth and high public debt, however, its performance and commitment to economic reforms has been remarkable over the last three years. Macroeconomic fundamentals have seen a continued upward trend in the past years, included in FY2016/17. Real GDP has steadily increased after decades of marginal growth; data for the December 2016 quarter indicate a 1% increase compared to the corresponding quarter a year before and marked the eight consecutive quarter of increase.

Over the medium-term, growth is expected to reach 2 % against the background of recovery in key industries and stronger FDI inflows and continued growth in credit to the private sector. Inflation is expected to stabilise within the narrow margin of 5 % to 5.5 % and current account deficit is projected to remain relatively low based on Jamaica's improved external competitiveness. After a moderate GDP growth in FY2015/16 of 0.8 %, IMF projects growth at 1.7 % for FY2016/17 as result of a sustained growth in business process outsourcing (BPO), tourism and trade and a constant recovery in the agricultural and manufacturing industries. The unemployment rate declined to 12.2 % in April 2017 from 13.3 % in January 2016 and from 14.2 % in January 2015, with strong employment growth in tourism and in the BPO sector. Gender-discrimination is however one of the reasons for inefficient allocation of human resources which leads to segregation of the labour market and under-performance at macro-economic level⁴.

1.2.3 Public Financial Management (PFM)

Jamaica's PFM Reform Action Plan II (2015-2017) acknowledged significant weaknesses in many areas of the operations of the MOFPS which stem from outdated or inadequate systems and software. The 2016 PEFA confirmed that despite significant improvements in various areas, challenges still remain in financial management reporting , risk management multi – year budgeting and treasury operations. While the PEFA has been carried out using the 2016 methodology, it was possible to score against the 2011 methodology which was used in the 2012 PEFA. Across the 69 individual dimensions, there has been an improvement in 25 dimensions a deterioration in 10 (not including dimensions likely to have been incorrectly scored in 2012) and no change in the remaining 34.

Recent achievements under ongoing GOJ PFM reforms include:

- Implementation of a new Treasury-linked accounting and reporting system and the establishment of a Treasury Single Account (TSA) to facilitate the centralization of government cash management function. A key focus going forward is the strengthening of this cash management function and the modernization of the Accountant General's Department;

³ April 2017: Gender Analysis – Jamaica; Justice, Environment & Climate Change and Public Finance Management (p. 16-22)

⁴ See Gender Analysis of Jamaica, 2017, Ibid, chapter 2.

- Implementation of a Budget Preparation and Management System (BPMS) which was procured and is now being configured and tested so that medium term results based budgeting can be developed;
- Full implementation of new revenue administration systems at both Tax Administration Jamaica – TAJ (RAiS) and Jamaica Customs Agency – JCA (ASYCUDA);
- Introduction of an Electronic Content Management System (ECMS) to allow digitisation of records of the JCA, the Accountant General’s Department (AGD) and the TAJ;
- Strengthening and modernization of the physical ICT infrastructure through upgrading and replacing IT equipment where necessary for the AGD, the Financial Systems Unit of MoFPS as well as JCA;
- An e-tendering system is now in place and the Public Procurement Act was passed in October 2015. The e-procurement webpage <https://www.gojep.gov.jm/epps/home.do> has been launched to ensure that the availability of procurement opportunities is presented to potential suppliers, media and the general public boosting the transparency of public procurement;
- Continued strengthening of the budget planning, preparation and execution capacity.
- Continuous improvement of statistical data from all sectors of the economy (Caribbean Regional Technical Assistance Centre – CARTAC) mission on the sector accounts and balance sheets⁵) and increased transparency on main macroeconomic and financial indicators through the National Summary Data Page⁶ (NSDP) launched in February 2017.

With assistance from the CARTAC, a new Public Financial Management Reform Action Plan (PFMRAP III) was developed so as to reflect the findings of the 2016 PEFA Assessment and to offer a more programmatic approach to rolling out the reforms within the Ministry of Finance and the Public Service (MOFPS). The overall objective of the reform programme remains to ensure that the PFM system is fulfilling the key goals of:

- Aggregate fiscal discipline;
- Strategic allocation of resources;
- Effective and efficient delivery of services.

A proposed major reform under the new PFM RAP continues to be the development and implementation of a modern Integrated Financial Management Information System⁷ (IFMIS). The implementation of PFM Reforms by the Government of Jamaica is closely monitored by active International Development Partners (IDPs) among which are, the IMF, the World Bank, the Inter-American Development Bank (IDB), DFID and the EU.

⁵ <http://www.imf.org/en/Publications/CR/Issues/2017/04/18/Jamaica-Technical-Assistance-Report-Cartac-Report-on-the-Sector-Accounts-and-Balance-Sheets-44802?cid=em-COM-123-35073>

⁶ http://boj.org.jm/bank/National_Summary_Data_Page.php

⁷ IFMIS is a set of automation solutions that enable governments to plan, execute, and monitor the budget by assisting in the prioritization, execution, and reporting of expenditures, as well as the custodianship and reporting of revenues (Financial Management Information Systems 25 Years of World Bank Experience on What Works and What Doesn’t - World Bank 2011).

1.2.4 Transparency and oversight of the budget

Budget transparency and oversight in Jamaica is being improved as part of the ongoing PFM reforms. A permanent binding budget calendar, approved by Cabinet at the end of 2013, required that budgets should be adopted before the start of the fiscal year (rather than several months later) and the Fiscal Policy Paper and the related Office of the Auditor General assessment are presented to the Parliament by end-September to inform the policy debate. Consequently, for the first time, the FY2015/16 budget was approved one week before the start of budget year. However, the general elections on 25th of February 2016 which resulted in a power shift from the People's National Party (PNP) towards Jamaica Labour Party (JLP) delayed the approval of the current FY2017/18 budget normally due on 31st March the budget and supporting documents, by being tabled only on 14th of April and approved at the end of May 2016.

External audit is ensured by the Auditor General, who conducts a review of the accounts at the end of each fiscal year on March 31 and presents a report to Parliament by December 31 of the same year. The Auditor General is also required to issue a statement during the phases of approval of the budget on the assumptions contained in the Fiscal Policy Paper. Parliamentary Commissions are involved in budget preparation, as well as in the monitoring of its implementation and on the follow-up to the recommendations of the Auditor General.

The Government of Jamaica has committed to further strengthening the budgetary transparency and oversight. Transparency is also enhanced by (a) an improved reporting on tax expenditures and on their estimated fiscal costs to future budgets and (b) the publication of the names, valuation numbers, addresses and amounts outstanding of delinquent property owners in the Jamaica Gazette, daily newspapers, broadcast media or Government's website for widely posting assessment notices. With regards to gender transparency, there is a need to continue efforts of the BGA to sensitise the government to the importance of adopting gender responsible budgeting nominating. Gender Focal Points (GFPs) within MEGJC may assist in improving coordination of gender issues (with support from the BGA).

2 RISKS AND ASSUMPTIONS

Risks	Risk level	Mitigating measures
Weak coordination among administrative bodies /	M	Foster broad agency ownership and cooperation and to develop capacity from the onset and at all levels. Broad sectoral engagement and incorporation of partners' goals and aspirations at all levels is thus a risk mitigation strategy that is inherent to the proposed Action. The existing gender-coordination mechanism will be strengthened to ensure gender-inclusiveness.
Government turnover leading to changes in political direction /	M	Sustain government engagement through a combination of high level, public, and working level meetings in order to leverage maximum political commitment. All major agreements and key

		discussions will be clearly documented and signed off by any relevant government partner agencies.
Capacity gaps and low absorption levels/	M	Encourage development of sound and well-designed gender-transformative capacity development programme based on an assessment of existing gaps and taking stock of lessons learned from prior initiatives (use of complimentary support (Technical Assistance).
Low ownership and buy-in at local levels	M	Designing the IFMJ Action in a participatory and gender inclusive style so that all stakeholder expectations can be adequately incorporated into the Action.
Sustainability of the project interventions beyond the project horizon	M	Prepare a medium term expenditure framework for the sector plus separate focus on financing strategies, aiming at fiscal incentives to increase private investments; grants for community engagement; smallholder access to (micro) finance schemes etc.
Extreme weather events/	H	Scheduling of critical activities to take advantage of appropriate seasons Climatic extreme events affect the forests and the mangroves in terms of extension and status
Assumptions		
Strong commitment and support of the country's leadership and all beneficiaries to development of the forest sector and prioritization of reforms in support of this Action		
Continued close dialogue between the Government and the EU and agreement on common values and specific reforms in the forest sector		
Timely allocation of adequate resources to the beneficiary institutions		
Government staff available for participation in the activities of the Action		
Jamaica's public finance management system and governance system remains on track and is stable		
Good Quality Technical Assistance to be actively involved in the implementation of the programme, with a gender equality perspective contributing actively from a technical perspective to the policy dialogue, invigorating the discussions, unlocking situations, proposing constructive solutions to detected problems.		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Donor alignment within the sector is manifesting itself in positive financial donor contributions (IDB, Caribbean Development Bank, Green Climate Fund, GEF, UNDP, CIDA etc.) with a projection of more than USD 48 million over the next 6 years (see Annex 2). There still remains the need for institutional coordination within this sector as despite these positive contributions, improved streamlining of effort to maximise impact within the forestry sectors is required.

The IFMJ Action complements the EU's long-standing efforts to address sustainable development and use of natural resources in tandem with climate change adaptation and mitigation. The GoJ/EU/UNEP Climate Change Adaptation & Disaster Risk Reduction (CCADDR) project (completed in 2014 – EUR4.13m funded directly by EU) for example planted 405 ha of forest in watershed areas and produced over 436 000 local native tree seedlings with growth success rates exceeding 85 %. The EU has also been supporting

governance, social security and environment in Jamaica through the Security Sector Reform (Budget Support), the JSAT, Banana Support Programme and successive phases of the Poverty Reduction Programme (PRP) as well as through support to civil society under the European Instrument for Democracy and Human Rights (EIDHR). Jamaica's National Policy on Gender Equality and the Gender Sector Plan of the Vision 2030- National Development Plan. These all support Goal 5 of the Sustainable Development Goal which is to achieve gender equality and empower all women and girls. In fact, whilst there is no formal donor coordination mechanism on gender issues, the EU Gender Analysis – Jamaica (April 2017) Justice, Environment & Climate Change and Public Finance Management represents a key document (alongside the GAP of the Green Climate Fund) that is fundamental towards advancing the importance of gender inclusiveness within the NFCMP (2016-2026) and Forest Policy (2017).

The Action also compliments those of other international development partners active in Jamaica, reflecting donor coordination and policy dialogue. Apart from the EU, the main IDPs actively working in the forest sector are presented in Annex II). Support provided by the USAID has resulted in the preparation of the NFMCP (2016-2026) which represents a key document for this Action. Additional 'capacity development' support provided for FD staff included study trips to the US to conduct a series of Forest Fire Prevention courses, along with representatives of the Jamaica Fire Brigade.

3.2 Complementarity, synergy and donor coordination

Donor alignment within the sector is manifesting itself in positive financial donor contributions (IDB, Caribbean Development Bank, Green Climate Fund, GEF, UNDP, CIDA etc.) with a projection of more than USD 48 million over the next 6 years (see Annex 2). There still remains the need for institutional coordination within this sector as despite these positive contributions, improved streamlining of effort to maximise impact within the forestry sectors is required.

The Action also compliments those of other international development partners active in Jamaica, reflecting donor coordination and policy dialogue. Apart from the EU, the main IDPs actively working in the forest sector are presented in Annex 2). Support provided by the USAID has resulted in the preparation of the NFMCP (2016-2026) which represents a key document for this Action. Additional 'capacity development' support provided for FD staff included study trips to the US to conduct a series of Forest Fire Prevention courses, along with representatives of the Jamaica Fire Brigade of various parishes.

3.3 Cross-cutting issues

The main cross cutting issues that are relevant to this programme include:

- a) Conflict Sensitivity – This is an over-arching guiding principle for all development interventions, particularly given the fact that the effects of climate change can increase the likelihood of disputes over access to resources, especially land.
- b) Gender and Youth (Gender Quality Assessment) – A Gender Analysis of Jamaica has been implemented in 2017, which includes a series of recommendations on “Gender, Environment and Climate Change”, which have been taken into consideration in this

AD. Rural women of all ages will be targeted for training and employment through the agro-forestry related activities in order to ensure gender-inclusiveness of all activities at all levels in all phases of the programme. The forestry activities are expected to provide employment opportunities for rural women, such as in nurseries and early tree maintenance programmes, and small groups of youth/women could be encouraged to form forestry production groups. Participatory approach and dialogue to address amongst others the social and environmental aspects of its implementation will be encouraged by all Action activities (in compliance with National Policy for Gender Equality (NPGE) and the EU GAP II. MEGJC shall be encouraged to become certified with the Bureau of Gender Affairs (BGA) so that a formal Gender Focal Point (GFP) can be established within the FD to ensure gender mainstreaming is carried out.

Civil society - The programme is intended to improve civil society participation in the good governance and PFM sector including a specific focus on gender. The guidelines for the call of proposals will adhere to the recommendations of the gender analysis in Jamaica. Therefore, it is expected to have a positive impact on gender equality and improve both the quality and targeting of service delivery.

- c) Rights Based Approach Assessment – All the activities within this programme will ensure that the human rights of Jamaican citizens are protected in accordance with the constitution of Jamaica.
- d) Good governance and environmental sustainability - Good governance and environmental sustainability are at the core of the Action, which aims to improve the forest sector governance, combat illegal practices and curb any related trade in illegally harvested timber. The mitigation measures will consider, among others, the alteration of hydrological cycles, the risks of flood inundation and compensation of destroyed forests/natural vegetation.
- e) Climate change: Assessment of the impacts of climate change on forests and mangroves revealed that many impacts from climate-related phenomena and weather patterns were already affecting forest resources. These impacts are reducing the resilience of forests in the Caribbean to adapt to the continued cumulative impacts of climate change and other threats. Reported changes included: i. forest thinning; ii. changes in plant flowering seasons; iii. changes in forest composition; iv. more landslides are occurring with heavy rainfall events and flooding and v. receding mangrove forest as sea levels increase⁸. Monitoring of forests will help in identifying key issues and mainstreaming mitigating measures in forest management plans. Monitoring of forest will permit also to estimate and promote their role as carbon sinks, in alignment with the requirements of the UNFCCC for participating in REDD+ activities.
- f) Biodiversity - Forests are important for Jamaica's biodiversity, as they are home to about 3 200 known species of flowering plants, 600 species of ferns, and 256 known species of birds, together with other faunal groups like bats, lizards and butterflies. A high proportion of these species are endemic (27.9 % of plant species) and a growing number are listed as vulnerable to extinction, critically endangered, or rare. Many are dependent on forest or woodland habitats thus conservation of these habitats is essential for their survival. The conservation of undisturbed forests, together with the promotion of sustainable management and regeneration of degraded forests, will have

⁸ CANARI, 2010. Assessing the impacts of climate change on community-based sustainable use of forest resources in the Caribbean.

a direct positive impact on forest biodiversity. Similarly, the proper management and protection of mangroves will have a positive impact on marine and estuarine ecosystems.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The **Overall Objective** of the IFMJ Action, between the EU and Jamaica, is to assist the Government of Jamaica in implementing the Forest Policy of 2017 (and supporting NFMCP (2016-2026)), to sustainably manage and utilise Jamaica's forest resources to enhance social and economic development while contributing to building the country's climate resilience.

The **Specific Objectives (SOs)** and **Expected Results (ERs)** are defined as follows:

SO1: Reverse forest degradation, deforestation and the loss of forest biodiversity, through conservation and sustainable forest management, as well as strengthening the legislative, policy and institutional framework of the sector.

- *ER 1.1 Strengthened governance, policy and legislative framework so to ensure sustainable development of the forest sector;*
- *ER 1.2 Improved participatory planning to protect, conserve and manage Jamaica's forests.*

SO2: Enhance economic, social and environmental benefits of forests through the sustainable utilization of forest resources

- *ER 2.1 Strengthened institutional capacity including improved availability of data and capacity for monitoring and management;*
- *ER 2.2: Improved availability of spatial data for sustainable forest management practices, promoting investment, and assessing vulnerabilities and risks in the forest sector;*
- *ER 2.3 Forest communities, the general public as well as targeted groups of professionals have increased knowledge/capacity and participate in sustainable forest practices.*

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG 15 (Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss), but also promotes progress towards Goal 13 (Take urgent action to combat climate change and its impacts). This does not imply a commitment by Jamaica.

4.2 Main activities

4.2.1 Budget support

The main activities in this respect will include:

- Amending the Forest Act (1996);
- Institutional arrangement support to transfer forested Crown Lands (by Commissioner of Lands) to the FD;
- Support to strengthen the enforcement capacity of the FD;

- Develop and implement sustainable reforestation programme within selected Watershed Management Units (WMU);
- Update, relaunch and improve participatory planning of the Dolphin Head Forest Management Plan (FMP) to help protect and conserve critical forested areas;
- Address Rio Convention targets to improve biodiversity conservation related objectives and/or results through detailed mapping of mangrove and swamp forests leading to the production of Mangrove Management Plan;
- Upscaling existing alternative livelihood projects to support forest communities (e.g apiary, eco-tourism related projects, trainings etc);
- Update and reinforce the existing GIS system and database, including acquisition of new Landsat imagery;
- Revise the current methodology manual for biophysical assessment and monitoring to include CSM (Manual);
- Conduct “above ground” Pilot Carbon Stock Assessment project within a Forest estate using Permanent Sample Plots (Pilot);
- Conduct research on the verification status of critical forest estates in support of the current Boundary Verification Programme (research on forest estates);
- Conducting field assessments to verify boundaries identified and subsequent updating of geospatial information on boundary extent;
- Improve existing National Forest Database to include private forest land owners;
- Strengthen and deliver existing general public awareness/education, forest fire-related, school education and outreach programmes for private forest owners improving these (where appropriate) to better embrace gender-transformative modules.

4.2.2 Complementary support

EUR 0.9 million is set aside for complementary support. Technical Assistance (TA) shall be identified to help the FD with capacity related support to help address specific administrative, financial and technical and training requirements needed for the Budget Support delivery.

4.3 Intervention logic

The intervention logic is based on the accepted 3 Forest Policy Goals. Firstly, providing support towards improving the governance of the forestry sector; secondly, strengthening the basis for a longer term vision implementation through improved baseline data collection and knowledge management systems to support carbon stock monitoring and forest plan implementation (supporting studies etc) and thirdly; by providing local forest communities the opportunities for gender sensitive livelihood alternatives in timber/non timber activities. This approach will enable the FD, supporting agencies, private and public forest estate managers to address multiple short-term objectives as defined within the NFMCP, whilst at the same time building diversified and climate resilient forests and communities for the future. The intervention logic is also in line with the goals of the NDC, identifying the forest sector as one of the most vulnerable and environmentally relevant for increasing resilience to climate variability and extreme events.

There will be strong complementarity between the programme’s two strategic objectives SO 1 (governance) and SO2 (data gathering, monitoring and conservation) with the former expected to be designed to service and support the implementation of the latter. Gender

sensitive strategies, supported by improved public and stakeholder education shall be promoted within the IFMJ approach. It shall also establish collaboration with World Bank (through the mangrove programme) and GCF Project Preparation Funding Application (PPFA) project entitled “Jamaica REDD+ to Reef Landscape Project – JRRLP).

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is **48 months** from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

5.3 Implementation of the budget support component

5.3.1 Rationale for the amounts allocated to budget support

The amount allocated for budget support component is EUR 14 million covering almost all actions described in Section 4, and for complementary support is EUR 0.9 million. Technical Assistance (TA) will be provided to MEGJC and other sector entities involved in the NFMCP (2016-2026) for the duration of the programme to transfer know-how on sector coordination, policy development, analysis and monitoring etc, building on the lessons learned from the EU’s previous budget support to the sector.

5.3.2 Criteria for disbursement of budget support

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Forest Policy, continued ownership and continued credibility and relevance thereof;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the PFM Reform Action Plan;
- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

Specific disbursement indicators that may be used for variable tranches are as follows:

Relation between Specific Objective (SO) of the IFMJ	Performance Indicator No.	Indicator (to be further elaborated in the TAPs)
SO1: Reverse forest degradation, deforestation and the loss of forest biodiversity, through conservation and sustainable forest management, as well as strengthening the legislative, policy and institutional framework of the sector.	Disbursement Indicator 1	Strengthening the policy and legislative framework for the forest sector
	Disbursement Indicator 2	Improving watershed management planning (adaptation to climate change) within targeted forest estates
	Disbursement	A completed National Mangrove Management

	Indicator 3	Plan to help deliver effective climate change adaptive planning prepared
SO2: Enhance economic, social and environmental benefits of forests through the sustainable utilization of forest resources	Disbursement Indicator 4	Upscaling gender sensitive alternative livelihoods to support the sustainable utilization of forest resources for local communities
	Disbursement Indicator 5	Improving the biophysical assessment programme to include carbon stock monitoring (CSM) (climate change mitigation)
	Disbursement Indicator 6	Accelerating the Boundary Verification Programme for Sustainable Forest Management
	Disbursement Indicator 7	Improving the National Forest Database (NFD) to target privately owned close broad leaf and mangrove forests.
	Disbursement Indicator 8	Strengthening public education and awareness programmes to increase climate change and forest conservation for all Jamaicans

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, MEGJC may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties. In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement. The amount of disbursed tranches is provided as direct untargeted support to the national Treasury. The crediting of the euro transfers disbursed into Jamaican Dollars will be undertaken at the appropriate exchange rates in line with the relevant provisions of the Financing Agreement.

5.3.3 Budget support details

The EUR 14 million budget support component will consist of 6 tranche payments. This includes 3 fixed tranches in Years 1, 2 and 3 supported by 3 variable tranches in Years 2, 3 and 4.

The performance indicators established for the disbursement of the variable tranches will be agreed upon with the corresponding sector institutions and will apply for the duration of the programme. However, in duly justified circumstances, the Government of Jamaica may submit a request to the Commission for the targets and indicators to be changed. The purpose of the agreed non-binding indicators is to contribute to the progress assessment of the Forest Policy (2017) implementation. In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the Financing Agreement.

The amount of disbursed tranches is provided as direct untargeted support to the national Treasury. The crediting of the euro transfers disbursed into Jamaican Dollars will be undertaken at the appropriate exchange rates in line with the relevant provisions of the Financing Agreement.

5.4 Implementation modalities for complementary support of budget support

5.4.1.1 Grants: call for proposals (direct management)

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results
The objective is to promote the participation of Civil Society in the forestry sector, notably in forestry management and conservation service, as well as to increase the involvement of civil society in the monitoring of Jamaica's budgetary processes and public finance management including a specific focus on gender. The guidelines for the call of proposals will adhere to the recommendations of the gender analysis in Jamaica. Therefore, it is expected to have a positive impact on gender equality and improve both the quality and targeting of service delivery.

(b) Eligibility conditions

Potential applicants are civil society and non-governmental organisations legally established in Jamaica, local authorities of Jamaica and international organisations. Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is EUR 200 000 (for public financial management monitoring) and EUR 300 000 (for involvement in forestry) and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is 24 months.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 90 %, as the auto-financing capacity of the Jamaican civil society organisations has proven to be weak. This will be even more true for the targeted beneficiaries of this particular call, notably grass-roots organisations working in local forestry management.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call: First semester 2019.

5.4.1.3 Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure

Technical assistance (international tender)	Service	1 contract	Q1 2019
Communication and Visibility	Service	1 contract	Q1 2019
Audit and evaluation	Service	2 contracts	Q1 2022

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

5.6 Indicative budget

	EU contribution (in EUR)	Third party contribution
Budget Support Sector Reform Contract	14 000 000	N/A
Call for Proposals (direct management)	1 300 500	144 500
Procurement (direct management)	900 000	N/A
Evaluation and audit	80 000	N/A
Communication and Visibility	270 000	N/A
TOTAL	16 550 500	144 500

5.7 Organisational set-up and responsibilities

The budget support will be implemented under the leadership of the MEGJC working in close collaboration with the Forestry Department and the Ministry of Finance and the Public Service. A Steering Committee will be established to oversee and validate the overall direction and policy of the programme. The Steering Committee shall meet whenever necessary, but at least three times per annum.

The Steering Committee shall be chaired by the Permanent Secretary MEGJC or her representative and whose members shall include representatives of the Ministry of Finance, Forestry Department, and Planning Institute of Jamaica. The EU will be a member of the Committee with an observer status. The disbursement requests will be submitted to the EU by the National Authorising Office (NAO) represented by the Planning Institute of Jamaica (PIOJ).

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action,

difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

5.10 Communication and visibility

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. In addition, where the communication and visibility measures are implemented by way of procurement (beyond the procurement foreseen in Section 1.1) include the overall budget allocation, indicative number and type of contacts (including use of framework contracts, if any) and the indicative trimester of the launch of the procedure. The same type of information has to be provided as is required for Section 1.1.

APPENDIX - INDICATIVE LIST OF RESULT INDICATORS (FOR BUDGET SUPPORT)⁹

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators. Note also that indicators should be disaggregated by sex whenever relevant.

Specific objective(s): Outcome(s)	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
Overall Strategic Objective	Assist the Government of Jamaica (GoJ) in implementing the Forest Policy of 2017 (and supporting NFMCP (2016-2026)) to sustainably manage and utilise Jamaica's forest resources to enhance social and economic development and contribute to building the country's climate resilience.	No net loss in forest cover **	40 % (2013)	No net loss in forests cover over 2013 baseline	Land Use Cover Assessment (LUCA) Report.

⁹ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

Strategic Objective 1 (SO1)					
Reverse forest degradation, deforestation and the loss of forest biodiversity, through conservation and sustainable forest management, as well as strengthening the legislative, policy and institutional framework of the sector.	ER1.1 Strengthened governance, policy and legislative framework to ensure sustainable development of the forest sector	Review of Drafting instructions and submit findings to MEGJC to support revision of the Forest Act 1996.	Existing Forest Act 1996 / Forest Regulations 2001 Act No amendments formally submitted to CPC	Draft Bill submitted to Legislation Committee by end of FY2. Cabinet approval of Drafting Instruction by end of FY3. Tabling of Bill in Parliament by end of Yr4	Comments from Chief Parliamentary Council (CPC) & MEGJC on the Drafting Instructions (before you receive the Bill), Public Consultations on the Drafting Instruction, Comments on the Draft Bill from relevant Ministries, Attorney Generals, Legislation Committee, records of Parliament, Jamaica Gazette, MOJ Records, Parliament website, Forestry Department Website.
		Number of Legal and Enforcement staff /persons trained (sex-disaggregated)	At least 44 staff (disaggregated information not available) have received training in map reading and use of GPS, Dendrology, Wood Science, Self Defence & Forest Law Enforcement & Governance to build enforcement capacity (2015-2017)	20 staff (appropriately apportioned split between male/female based on baseline percentage of men to women in the division) from baseline trained in Law and enforcement issues by end of Yr2 At least 30 staff (appropriately apportioned split between male/female based on baseline percentage of men to women in the division) from baseline trained in Law and enforcement issues by end of Yr3	Training reports and Records, Training evaluation reports

	ER 1.2 Improved participatory planning to protect, conserve and manage Jamaica’s forests.	Number of hectares reforested to reverse loss of biodiversity	100 ha planted; 218 ha maintained (at the end of Financial year March 2017)	250 additional ha reforested to reverse loss of forest cover & biodiversity by end of Yr4	Performance Reports from responsible entities. Document review and verification of reports and records
		Number of FMP updates completed	Total of *9 FMP (7 forest estates, 2 on private lands) approved up to 2014.	Implementation of targeted reforestation and livelihood activities from Stephney-Johns Vale FMP	FD Approved FMP documents
		Area (Hectares) of mangrove and swamp forests assessed/mapped; Mangrove Plan completed	zero ha mangrove mapped (up to March 2017) No National Mangrove Plan	2500 additional Hectares of mangrove and swamp forests assessed/mapped from baseline situation by end of Yr3 National Mangrove Plan completed and approved by FD by end of Yr4	Mangrove and Swamp Forests assessment. Reports from FD. Document review and verification of reports and records; Director approved Mangrove Plan completed and approved by FD.
Strategic Objective 2 (SO2)					
Enhance economic, social and environmental benefits of forests through the sustainable utilization of forest resources	ER 2.1 Strengthened institutional capacity for improved availability of data and capacity for monitoring and knowledge management	Number of persons sensitized, number of consultations	EU_CCA&DR-Four community meetings- 184 persons attended	Additional 350 persons sensitized (from baseline situation) that are gender disaggregated by end of Yr2,	Performance Reports from : FD Annual reports
		Number of persons trained (sex-disaggregated) on alternative forest livelihood topics;	Ja Reece (2015)-285 trained, 9 training sessions;5 communities, 7 demonstration plots); EU-CCADRR (2013)-400 trained; 5 communities; 5 demonstration plots; 5 training sessions.	Additional 350 persons trained on alternative forest livelihood topics (from baseline situation) that are gender disaggregated by end of Yr4.	Performance Reports from : FD Annual reports Pre and post training evaluations

		Number of Grants received and awarded to assist livelihood project upscaling	JMD 400 000 per annum (FD support from Recurrent Budget for LFMC activities)	<p>Fourteen (14) grants (valuing a cap of JMD 95 million) that relate to alternative forest livelihood activities including training on alternative forest livelihood topics awarded and activities completed by end of Yr2.</p> <p>Ten (10) grants (valuing a cap of JMD 67 million that relate to alternative forest livelihood activities including training on alternative forest livelihood topics awarded and activities completed by end of Yr3.</p> <p>Sixteen (16) grants (valuing a cap of JMD 108 million) that relate to alternative forest livelihood activities including training on alternative forest livelihood topics awarded and activities completed by end of Yr4</p>	CfP Annual Reports
	ER 2.2: Improved availability of spatial data for sustainable forest management practices, promoting investment, and assessing vulnerabilities and risks in the forest sector	Biophysical Manual updated to include CSM is completed and approved by the CEO & Conservator of Forest	Methodology Manual for Biophysical Assessment & Monitoring (1998)	Completion of manual and approved by the CEO & Conservator of Forest	Bio-physical inventory manual revised to include CSM
		Pilot CSM project calculated Tonnes of carbon per hectare within existing or newly defined PSPs	PSPs established and recorded though zero carbon stock monitoring assessment undertaken	<p>Within one (1) forest estate, a calculation of tonnes of carbon (per hectare) is completed by the end of Yr2.</p> <p>Within an additional three (3) forest estates (to the Yr2 situation), a calculation of tonnes of carbon (per hectare) is completed by the end of Yr3.</p> <p>Within an additional five (5) forest estates (to the Yr3 situation), a calculation of tonnes of carbon (per hectare) is completed by the end of Yr4 plus production of Final Assessment report detailing Carbon values for the nine (9) forest estates (completed & approved).</p>	Scientific Assessment Report

		Completion of research on forest estate boundaries and subsequent use towards designing field work;	No research undertaken as of March 2017	3 000 hectares of forest estates with boundaries verified in the field and updated into the GIS by end of Yr2. Additional 3 500 hectares of forest estates with boundaries (from yr2 baseline figure) verified in the field and updated into the GIS by end of Yr3. Additional 3 500 hectares of forest estates with boundaries (from yr3 baseline figure) verified in the field and updated into the GIS by end of Yr4	Boundary Verification Reports by FD
		Number of identified private forest landowners included in the National Forest Database. (sex-disaggregated)	111 “parcels” representing 4 414 ha currently identified (as of March 2017)	Additional 1 000 parcels (from the baseline situation) of privately owned forest lands, that are included within the database (NFD) by end of Yr2. Database on Private land owners Additional 1 000 parcels (from the yr2 situation) of privately owned forest lands included within the database (NFD) by end of Yr3. Additional 1 000 parcels (from the yr3situation) of privately owned forest lands that are included within the database (NFD) by end of Yr4.	Verification of records in database (NFD)
	ER 2.3 Forest communities, the general public as well as targeted groups of professionals have increased knowledge/capacity and participate in sustainable forest practices	Number of participants exposed to general public, forest fire awareness (including schools) education/awareness events /expos (sex-disaggregated)	- Expos: 63 (March 2017) -Community mtgs: 12 (8 general) (March 2017) -281 school visits engaging 19 836 students (FY 16/17)	9500 recorded participants (from the baseline situation and equally disaggregated by gender) exposed to public education/awareness events /expos by end of Yr 2. 9500 recorded participants (from the baseline situation and equally disaggregated by gender) exposed to public education/awareness events /expos by end of Yr 3. 7000 recorded participants (from the baseline situation and equally disaggregated by gender) exposed to public education/awareness events /expos by end of Yr 4	FD Annual Performance Reports, PR&CC Branch Reports (Monthly & quarterly), Interagency reports on PR activities, school visit forms, Fire Brigade visit reports.
		Number of private forest land owners participating in outreach programmes (sex-	Baseline exists based on Technical Transfer Meeting with private farmers	250 participants under the private forestry programme participating in outreach programmes from the baseline situation by the end of Yr2. 250 participants under the private forestry programme	Performance report FD, Report of private forest owners programme, Satisfaction survey reports

		disaggregated)	held in FY 16/17. Thirty (30) persons trained. Baseline of total registered farmers in private forestry programme as at (March 2017) – 5 651 Private Planters registered.	participating in outreach programmes from the baseline situation 200 participants under the private forestry programme participating in outreach programmes from the baseline situation by the end of Yr4by the end of Yr3.	on programme provided by FD
--	--	----------------	---	---	-----------------------------

Appendix II Table of Donor contributions

NAME OF PROJECT	OBJECTIVE	FUNDING AGENCY	IMPLEMENTING AGENCY	PROJECT DURATION	Grant (USD million)	<u>FUNDING TYPE/PROJECT COST</u>	
						Grant (EUR million)	Loan (USD M)
Community Disaster Risk Reduction Programme	To assist government and other stakeholders to test innovative ideas for reducing the risk of natural disasters through supporting projects in local communities.	GAC	Caribbean Development Bank CDB	2012-2017	USD 1.80	EUR1.5	
Caribbean Disaster Risk Management Programme	To increase capacity of regional organisations, national governments and local communities to respond to and manage natural disaster, reducing their impact on people.	GAC	Caribbean Disaster Emergency Management Agency	2007-2020	USD 1.10	EUR 0.92	–
Caribbean Disaster Risk Management Programme - Enhancing knowledge and Application of Disaster	To establish an effective and collaborative mechanism for managing and sharing comprehensive disaster management knowledge to be used for decision making for governments, local communities	GAC	University of the West Indies	2014-2018	USD 0.20	EUR 0.16	–
Jamaica Rural Economy And Ecosystems Adapting to Climate Change (JA_REEACH) Project II	To increase climate change resilience of targeted livelihoods and ecosystems focusing on three result areas:	USAID	USAID & ACDI/VOCA	2015-2019	USD 12.00	EUR 10	–
	1. Increased investment in climate-smart agriculture;						
	2. Increased adoption of natural resource management best practices; and						
	3. Improved Global Climate Change policy and planning and coordination structures.						

Climate Economic Analysis for Development, Investment, and Resilience (CEADIR)	The Climate Economic Analysis for Development, Investment and Resilience project will provide support, inter alia, to capacity building for climate economic modelling and analysis as well as developing a climate change monitoring and evaluation framework and plan.	USAID	USAID	2015-2018	USD 1.50	EUR 1.25	–
National Biodiversity Planning to Support the implementation of the Convention on Biological Diversity (CBD) 2011-2020 Strategic Plan	To address the country's need to integrate Jamaica's obligations under the UN Convention on Biological Diversity	GEF (Administered by UNDP)	NEPA	2014-2017	USD 0.25	EUR 0.21	–
Preparation of the Third National Communication and Biennial Update Report for submission to the UN Framework for Climate Change	The project is aimed at supporting the preparation of its Third National Communication (TNC) and First Biennial Update Report (BUR) for the implementation of the obligations under the United Nations Framework Convention for Climate Change	GEF (administered by UNDP)	MEGJC	2014-2017	USD 1.10	EUR 0.92	
Fast Track to Biosphere Reserve nomination	To prepare Jamaica as a SID country for biosphere reserve status	UNESCO	Jamaica National Commission for UNESCO (Man and Biosphere Committee)	2016-2017	USD 0.03	EUR 0.02	
Securing a reliable water supply system in the community of Jacob's Ladder while improving the members' adaptive capacity to climate change impacts	To construct new on-site water catchment/storage facilities, establish a completed refurbish the system for extracting water from near-by wells and expand the agro-forestry system to include drought-resistance species.	GEF SFG		2015-2017	USD 0.20	EUR 0.16	

Promoting Biodiversity conservation through medicinal Plant production for Knowledge Management and Alternative Livelihoods	To promote biodiversity conservation through integrated community- based participatory planning and the use traditional knowledge to identify medicinal plants to enhance alternative livelihood strategies.	GEF SFG	National Association of Parish Development Committees	On-going since 2014	USD 0.23	EUR 0.19	–
Improving Climate Resilience for Sustainable Management of Natural Resources and Disaster Risk Reduction in Mocho The Mocho Mountain Range provides valuable environmental services, including the watershed area of Pindar River which delivers underground and surface water.	To empower local community members to improve resilience in managing natural resources in a sustainable way, through an integrated community-based planning that fosters sustainable land management practices, resulting in greater food security and efficient use of the natural resources.	GEF SFG	Clarendon Parish Development Committee	2014-2017	USD 0.30	EUR 0.25	
Jamaica Disaster Vulnerability Reduction Project	is to enhance Jamaica's resilience to disaster and climate risk, through improvement in the collection and generation of risk information, its analysis and use in monitoring systems and decision-making, retrofitting and/or construction of key infrastructure assets, and strengthening institutional capacities for climate and disaster risk management.	World Bank	Jamaica Social Investment Fund	2016-2022			30
Adaptation Programme and Financing Mechanism for the PPCR Jamaica	To increase Jamaica's resilience to climate change through enhancing adaptive capacity across priority sectors, including a focus on mainstreaming climate change into development planning.	IDB	MWLECC/MEG&JC	2014-2020			10

PPCR-Improving Climate Data and Information Management Project	To improve the quality and use of climate related data and information for effective planning and action at local and national levels. the first component being upgrading hydro-meteorological data collection, processing and forecasting systems. climate change scenario modelling, risk analysis and warning systems, and knowledge sharing. The second component is the Climate Resilient Planning and Hydro-meteorological Information.	World Bank	Planning Institute of Jamaica	2014-2018	USD 6.80	EUR 5.7	–
Strengthening Jamaica's Social Protection System for Disaster	To provide technical assistance to support Jamaica to assess its readiness and responsiveness of Social Protection delivery systems for disasters; improve instruments for disaster responsive social protection service delivery; and strengthen coordination and communication mechanisms in support of the Disaster Vulnerability Reduction Project.	World Bank	Jamaica Social Investment Fund	2016-2018	USD 0.43	EUR 0.36	
Developing Disaster Risk Management Strategy in Jamaica's Education Sector	To provide technical assistance to support Jamaica to assess its readiness and responsiveness of Social Protection delivery systems for disasters; improve instruments for disaster responsive social protection service delivery; and strengthen coordination and communication mechanisms in support of the Disaster Vulnerability Reduction Project.	World Bank	Jamaica Social Investment Fund	2016-2017	USD 0.50	EUR 0.41	
Building Capacity in Post Disaster Needs Assessment	To strengthen the capacity of relevant ministries, departments and agencies and other key stakeholders in conducting post-disaster impact assessments to lay the basis for mobilizing resources for the recovery and reconstruction stages of the disaster management cycle and to facilitate more accurate and comprehensive reporting of the impacts of disasters on the environment, economic and social sectors.	CDB	Planning Institute of Jamaica	2017	USD 0.05	EUR 0.04	

Integrated Management of the Yallahs-Hope Watershed Management Area	To improve the conservation and management of biodiversity and the provision of ecosystem services in the Yallahs and Hope Watersheds.	IDB	NEPA	2014-2019	USD 3.90	EUR 3.26	-
Sub-total					USD 30.38	EUR 25.35	USD 40.00



EN

ANNEX 2

of the Commission Decision on the 2017 Annual Action Programme in favour of Jamaica to be financed from the 11th European Development Fund

Action Document for Supporting the Public Finance Management Reform Programme in Jamaica

1. Title/basic act/ CRIS number	Support to the Public Finance Management (PFM) Reform Programme in Jamaica CRIS number: 2016/039-229 financed under the 11 th European Development Fund (EDF)	
2. Zone benefiting from the action/location	Caribbean, Jamaica The action shall be carried out at the following location: Jamaica	
3. Programming document	11 th EDF National Indicative Programme for cooperation between the European Union and Jamaica (2014-2020)	
4. Sector of concentration/ thematic area	Public Finance Management	DEV. Aid: YES
5. Amounts concerned	Total estimated cost: EUR 3 650 000 Total amount of EDF contribution EUR 3 650 000 of which: 1) EUR 2 950 000 for budget support (Sector Reform Contract); 2) EUR 650 000 for complementary support: (technical assistance), 3) EUR 50 000 for evaluation	
6. Aid modality(ies) and implementation modality(ies)	Direct management: i. Budget support ii. Procurement of services (technical assistance and evaluation)	
7 a) DAC code(s)	15111 – Public Finance Management	
b) Main Delivery Channel	10000 – Public sector institutions	

8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			
10. Sustainable Development Goals (SDGs)	SDG 16: To promote just, peaceful and inclusive societies SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all SDG 17: Partnership for the goals.			

SUMMARY

In line with the EU's Agenda for Change and Jamaica's National Development Plan - Vision 2030 calling for supporting good governance, the 11th EDF National Indicative Programme (NIP) for Jamaica prioritises the public finance management system. The proposed action aims to improve public governance, transparency, accountability and delivery of public services by strengthening the financial management system. This programme is therefore in line with the Addis Ababa Agenda of Action, the EU's "Collect More – Spend Better" message and the EU flagship Domestic Revenue Mobilisation Initiative that will assist countries in achieving the Sustainable Development Goals (SDGs) in a sustainable manner. It is also in line with the EU's Gender Action Plan 2016 – 2020 as it will begin to build the foundations for gender-responsive budgeting.

The 2016 Public Expenditure and Financial Accountability (PEFA) concluded that Jamaica has a strong financial management system and has made significant improvements since the last assessment in 2012. However weaknesses persist in some areas, such as management of expenditure and revenue arrears, control of contractual commitments, medium term programme budgeting, financial reporting and overall treasury operations.

Jamaica is committed to continue the process of improvement of PFM systems and updated the PFM Reform Action Plan (PFM RAP) to address weaknesses identified and undertake remedial activities. A proposed major reform under the new PFM RAP continues to be the development and implementation of a modern Integrated Financial Management Information

System¹ (IFMIS). As the government collects and stores vast amounts of data pertaining to its role as basic service provider to all of its citizens, an integrated data management system is necessary to manage and process the data from individual items into useful information and business intelligence. This integrated system will be able to collect and organise financial and performance information in a central database to support budget preparation, execution, financial reporting and fiscal outcomes.

The current programme aims to complement Government and international development partners in efforts towards building the institutional structures and systems to facilitate the creation and implementation of a modern Jamaica Integrated Financial Management System (JIFMIS).

1 CONTEXT

Public Policy Assessment and EU Policy Framework

The 11th EDF National Indicative Programme 2014-2020 for cooperation between the EU and Jamaica draws on the country's first long-term strategic development plan, Vision 2030, which aims to transform Jamaica into a developed country by 2030. One of its priorities is effective governance which entails to strengthen and modernise public institutions to deliver efficient and effective public goods and services.

Public sector modernization and public financial management reforms are important areas of focus for Jamaica, in particular due to their impact on fiscal and budget-management practices and policies as well as to facilitate growth.

The Government of Jamaica (GoJ) has been implementing PFM reforms over a number of years which are aimed at strengthening management of its systems with strong commitment in strengthening core functions, namely in: accounting and cash/treasury management, budget management, revenue administration and procurement. These different GOJ initiatives are gradually building up from an input oriented into a more systemic and results oriented approach that could lead to a more comprehensive and well sequenced reform process. The most recent achievements are the following:

- Implementation of a new Treasury-linked accounting and reporting system and the establishment of a Treasury Single Account (TSA) to facilitate the centralization of government cash management function. A key focus going forward is the strengthening of this cash management function and the modernization of the Accountant General's department;
- Implementation of a Budget Preparation and Management System (BPMS) which was procured and is now being configured and tested so that medium term results based budgeting can be developed;

¹ IFMIS is a set of automation solutions that enable governments to plan, execute, and monitor the budget by assisting in the prioritization, execution, and reporting of expenditures, as well as the custodianship and reporting of revenues (Financial Management Information Systems 25 Years of World Bank Experience on What Works and What Doesn't - World Bank 2011).

- Full implementation of new revenue administration systems at both Tax Administration Jamaica – TAJ (RAiS) and Jamaica Customs Agency – JCA (ASYCUDA);
- Introduction of an Electronic Content Management System (ECMS) to allow digitisation of records of the JCA, the Accountant General’s Department (AGD) and taxation reform (TAJ);
- Strengthening and modernization of the physical ICT infrastructure through upgrading and replacing IT equipment where necessary for the AGD, the Financial Systems Unit of the Ministry of Finance and the Public Service (MoFPS) as well as Jamaica Customs Agency (JCA);
- An e-tendering system is now in place and the Public Procurement Act was passed in October 2015. The e-procurement webpage <https://www.gojep.gov.jm/epps/home.do> has been launched to ensure that the availability of procurement opportunities is presented to potential suppliers, media and general public boosting transparency over the public procurement;
- Continued strengthening of the budget planning, preparation and execution capacity.
- Continuous improvement of statistical data from all sectors of the economy (CARTAC mission on the sector accounts and balance sheets²) and increased transparency on main macroeconomic and financial indicators through the National Summary Data Page³ (NSDP) launched in February 2017;

The status of the PFM systems has been recently assessed with support from the Caribbean Regional Technical Assistance Centre (CARTAC) to which the EU is a major contributor. The PEFA assessment⁴ performed in October 2016 provided an update of progress since the last assessment in 2012 and established a new PEFA baseline using the 2016 methodology. The overall assessment showed an improved public financial management system, but revealed also some weaknesses in aspects of risk management, multi-year budgeting and treasury operations as well as in financial reporting.

The Fiscal Policy Paper for 2017/18 presented in Parliament together with the draft budget on 9th of February 2017 confirmed the GoJ's commitment to the comprehensive reforms of its public financial management system during the current fiscal year and across the medium term. The overall objective of the reform programme remains to ensure that the PFM system is fulfilling the key goals of:

- Aggregate fiscal discipline;
- Strategic allocation of resources;
- Effective and efficient delivery of services.

With further support from CARTAC, the Government of Jamaica is currently finalising the PFM - RAP which includes the key elements of a relevant reform strategy in response to the results of the third Public Expenditure and Financial Accountability (PEFA) assessment. It is sufficiently relevant as the PFMRAP III adequately addresses the key weaknesses highlighted in PFM diagnostics. Credibility is also confirmed by strong political commitment and by significant positive achievements in the previous and recent 2016 PEFA assessments.

² <http://www.imf.org/en/Publications/CR/Issues/2017/04/18/Jamaica-Technical-Assistance-Report-Cartac-Report-on-the-Sector-Accounts-and-Balance-Sheets-44802?cid=em-COM-123-35073>

³ http://boj.org.jm/bank/National_Summary_Data_Page.php

⁴ <https://pefa.org/country/jamaica>

Stakeholder analysis

The direct stakeholders in this programme are government institutions and the general public:

- The Government: Ministry of Finance and the Public Service (MoFPS), champion of PFM reforms, is responsible of formulating policies for and supervising the finances of the Government. The Accountant General's Department and the Treasury (in charge of recording and executing warrants and certain payments, Internal Audit, Tax Administration Jamaica and Jamaica Customs Agency (the main revenue agencies), Auditor General Department (external audit function) are the units which will be in the forefront of implementation and whose activity will be positively impacted by this action.
- The general public: the general public will benefit from improved transparency, quality and efficiency in delivery of public services.

Priority areas for support/problem analysis

The proposed sector reform contract is intended to build on previous actions implemented by the government, EU and other international development partners.

Jamaica's PFM Reform Action Plan II (2015-2017) acknowledged significant weaknesses in many areas of the Ministry of Finance and the Public Service (MoFPS) operations which stem from outdated or inadequate systems and software. The 2016 PEFA confirmed that despite significant improvements in various areas, challenges still remain in financial management reporting and scored low in several related indicators (PI-8: Performance information for service delivery, PI-9: Public access to fiscal information, PI-28: In-year budget reports, PI-29: Annual financial reports, etc.). In addition, there is still a significant share of reporting done manually which may be also a source of inconsistencies. All this is partly due to the lack of an appropriate information and communications technology (ICT) solution that can collect and organise financial and performance information in a central database to support budget preparation, budget execution, financial reporting and other fiscal outcomes.

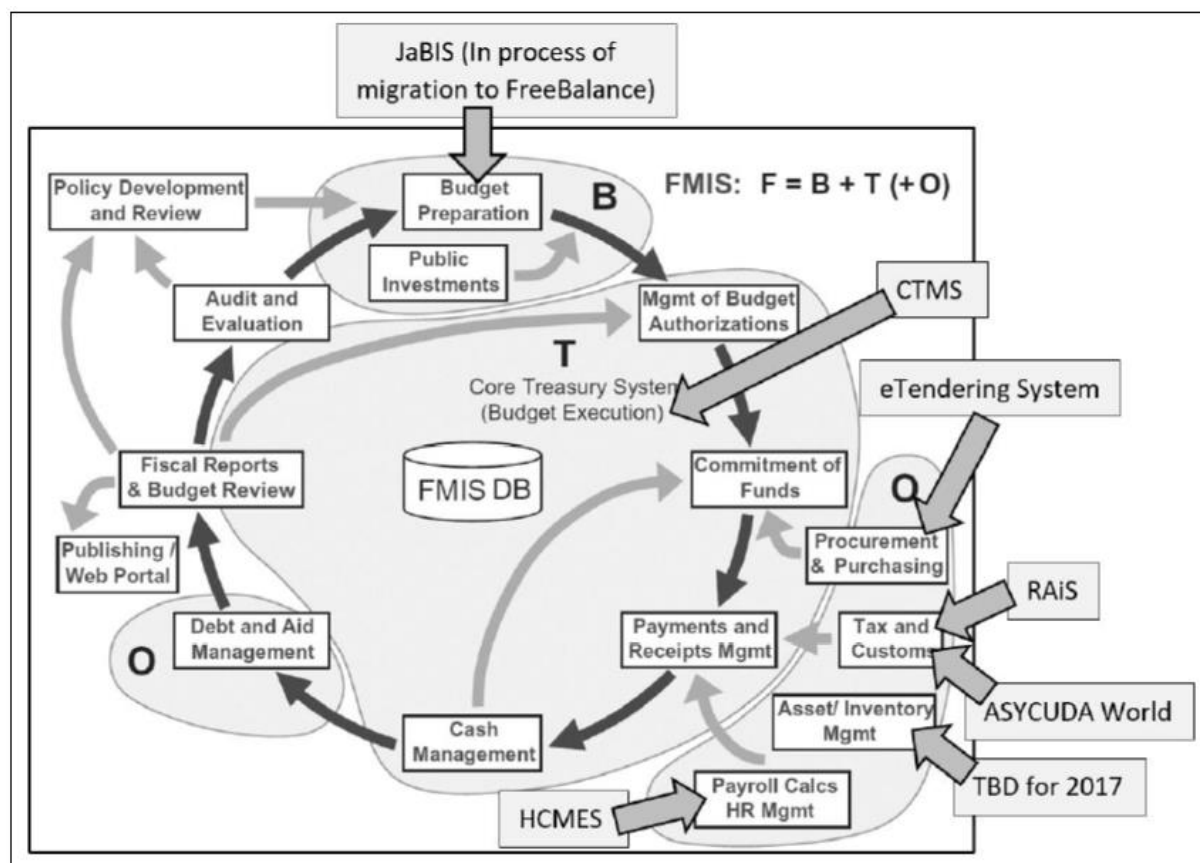
Policy dialogue in PFM has been taking place in the framework of the PFM donor coordination meetings where the status of the PFM functions and related projects is monitored, as well as in the IMF review meetings. However, bilateral exchanges EUD – MoFPS on specific topics are the most frequent. The dialogue with MoFPS – Technical Coordination/PFM Secretariat and discussions in the context of the PFM meeting with international donors (latest on 3rd of April 2017) indicated that one of the PFM priorities for the near future is building the institutional structures and systems to facilitate the creation of a modern Integrated Financial Management System (IFMIS). The PFM RAP 2017/18-2020/21 confirms that development of IFMIS remains a priority reform action for the government.

Designing and implementing a fully integrated FMIS is a complex and costly process. However, Jamaica is implementing a phased implementation approach by prioritising certain core functionalities and made some progress in this sense with some JIFMIS modules currently at different stages of design and implementation⁵.

⁵ These are: i) Jamaica Budget Information System (JaBIS), which is being replaced with the Budget Preparation and Management System (BPMS) / FreeBalance; ii) Electronic Tendering System (e-PPS); iii)

The EU 11th EDF – PFM will build on the work performed so far on the JIFMIS project by the World Bank and the Inter-American Development Bank (IADB) and will support building capacity (human resources, organisational/structural, institutional, etc.) and focus on operationalising and interconnecting the core budget and treasury modules which is an important step towards a fully integrated financial management system.

Figure 1: JIFMIS architecture



Source: "Considerations for the medium and long term transition to JIFMIS: From conceptual Design to implementation" (World Bank, 11th August 2017)

1.1 Other areas of assessment

Fundamental values

Jamaica has a long tradition as a stable democracy with respect for the rule of law and fundamental human rights and freedoms. Overall, the Jamaican Government respects the human rights of its citizens. Human rights, freedom of speech for individuals and of the press are generally upheld.

There are however some areas of concern, including extra-judicial killings committed by members of the security forces, poor prison and jail conditions, a perception of low levels of

Revenue Administration Information System (RAiS); iv) Automated System for Customs Data (ASYCUDA); v) Human Capital Management Enterprise System (HCMES); and vi) Asset Management Shared Services system. The Government of Jamaica expects to successfully complete the acquisition of an asset management system during 2017

prosecution of security forces suspected of involvement in crime, an overburdened judicial system and frequent lengthy delays in trials, human trafficking, violence against women and children.

The justice system is further weakened by the pressures from high criminality, inefficient processes and limited resources. For this reason, the Government of Jamaica has made justice sector reform a national priority and has "developed and adopted new management and governance patterns for citizen security which have helped to move the focus from implementing crime control measures to increased investment in violence prevention through a social intervention programmes, albeit with only a modest amount of the national security budget allocated to it.

Macroeconomic policy

Macroeconomic fundamentals have seen a continued upward trend in the past years, included in FY2016/17. Real GDP has steadily increased after decades of marginal growth; data for December 2016 quarter indicate a 1 % increase compared to the corresponding quarter a year before and marked the eight consecutive quarter of increase. The sustained improvement in economy is reflected also in a lower unemployment rate of 12.7 % in January 2017 compared to 13.3 % a year ago. Inflation rate averaged a low 1.7 % in 2016 calendar year reflecting lower oil price. According to the new definition effective on 1st of April 2017, public debt is estimated at 115 % of GDP end of 2016/2017 fiscal year while projections for the FY2017/18 indicate a further contraction to 108.6 % of GDP.

A better economic stance is reflected as well in a higher business and consumer confidence indices which are at their highest level since the survey was put in place, 15 years ago. This indicates that both businesses and consumers have high expectations relative to the growth impact as well as in the policies pursued by the government. In addition, Jamaica received 3 positive ratings during FY2016/17: Moody's upgraded the country sovereign rating from Caa2 to B3 in November 2016 while Standard and Poor's and Fitch confirmed the B rating in September 2016 and February 2017.

Over the medium-term, growth is expected to continue improving to over 2 % against the background of recovery in key industries and higher foreign and domestic investments, reflected by strong FDI inflows and continued growth in credit to the private sector, inflation shall stabilise within the narrow margin of 5 % to 5.5 % and current account deficit is projected to remain relatively low based on Jamaica's improved external competitiveness.

Jamaica's performance and commitment to pursuing the economic reform supported by the IMF Extended Fund Facility (IMF-EFF) agreement in place during May 2013- October 2016 has been remarkable. Given the outstanding performance under the IMF programme and the strong Government commitment to reducing the debt, social protection enhancement and growing the economy, Jamaica is increasingly being touted as best example for the IMF – country partnership. Despite significant improvements mirrored in an improved macroeconomic stability and a public debt on a clear downward path, important challenges still persist, such as slow growth, high unemployment and poverty levels. In this context, the authorities requested the cancellation of the EFF in favour of a new three-year Stand-By Arrangement (SBA) with the IMF that was approved in November 2016 to support the authorities' continued economic reform agenda focused on higher growth and job creation. Under the new SBA arrangement the total drawdown amounts to USD 1.64 billion (SDR 1,195.3 million), equivalent to 312 % of Jamaica's quota in the IMF. The Government intends to view the agreement as precautionary, i.e. to use the related financial allocation as

insurance policy against exogenous shocks that could put the balance of payments under pressure.

Linked to improving domestic revenue mobilization, the Government of Jamaica continued to implement measures to widen the revenue base by strengthening the administration of current sources and through more efficient management, increased compliance and reduction of tax expenditures. An important step was taken in 2016 with the adoption of a tax reform package that rebalances from direct to more growth-friendly indirect taxes.

Following the IMF recommendations, the government has been enhancing tax compliance by a further shift from direct (and hard-to-collect taxes) to indirect taxes (consumption taxes), in the same time with strengthening the social safety net to lessen the burden on the poor. The first phase of that process was introduced in July 2016 with the threshold rising from JMD 592 800 to JMD 1 million. This was funded through tax increases on petrol, introduction of a new tax on liquefied natural gas and a revision of the heavy fuel oil regime, on cigarettes and tobacco, departure tax from USD 14 to USD 35. As expected, the implementation of the first phase resulted in higher revenue collection through increased consumer spending power, JMD 5.3 billion (+7.8 % increase over the budgeted figure for April-December 2016). The second phase became effective on 1st of April 2017 and raised the threshold further to the 1.5 million. As was done last year, the second phase of the personal income tax plan is funded from further tax increases on fuel, alcoholic beverages, cigarettes and tobacco, health insurance, motor vehicle license and fees and insurance premiums paid overseas.

The tax to GDP ratio is estimated to maintain at around 25 % in FY2017/18 (it changed very little during the last decade) despite the fact that new tax measures have been introduced. This suggests perhaps that non-compliance remains the greatest obstacle to tackle in order to break the cycle of introducing new revenue measures on an annual basis in order to fill the government fiscal deficits.

Revenue mobilisation trends

(% of GDP)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	<i>Actual</i>	<i>Estimate</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Revenue & Grants	27 %	28.2 %	27.9 %	27.6 %	27.9 %	27.7 %
Of which Tax Revenues	24.4 %	25.7 %	25.4 %	25.9 %	26.3 %	26.2 %

Source: Ministry of Finance and Public Sector

The government should continue implementing tax reforms oriented to secure a better distribution of the tax burden and thereby reduce inequality. Property taxes which have been shown to be both progressive and efficient could be further strengthened. As a first step, recalibrated property tax rates and bands using the 2013 valuation was approved by Cabinet and introduced with some adjustments in the current FY 2017/2018 budget. For the medium term the authorities are also examining the structure of the financial sector taxation with a view to reducing distortionary transaction taxes.

Public Financial Management (PFM)

The Government of Jamaica continues to show strong commitment to PFM reform and made significant progress in FY2016/17 in strengthening core functions, namely in: accounting and cash/treasury management, budget management, revenue administration and procurement. As

part of the ongoing reforms, the capacity within the Ministry of Finance was strengthened so that the Ministry was appropriately staffed to give technical leadership to the process. In addition, the Government has adapted and strengthened the institutional framework for the PFM, and the Action Plan is overseen by a PFM Programme Steering Committee.

The most recent PEFA assessment performed in October 2016 with support from the Caribbean Regional Technical Assistance Centre (CARTAC) provided an update of PFM progress in Jamaica since the last assessment in 2012 and established a new PEFA baseline using the 2016 PEFA methodology. Overall, the results of the PEFA showed a public financial management system in Jamaica that is improved, but there are notable weaknesses in aspects of risk management, multi-year budgeting, financial reporting and treasury operations. While the PEFA has been carried out using the 2016 methodology, it was possible to score against the 2011 methodology which was used in the 2012 PEFA. Across the 69 individual dimensions, there has been an improvement in 25 dimensions a deterioration in 10 (not including dimensions likely to have been incorrectly scored in 2012) and no change in the remaining 34.

Budget credibility has improved as revenues are now not over estimated and there are improvements in revenue administration. The Chart of Accounts has been modernized to comply with GFS standards. The reporting of expenditures and revenues by public bodies is both comprehensive and timely. There have also been improvements in the budget calendar, payroll and internal audit. External audit has also strengthened so the benefits of scrutiny resulting from audit are apparent which will eventually impact on service delivery and the allocation of sources once a medium term and strategic approach to budget planning is enacted.

On the basis of findings of the 2016 PEFA, the Government of Jamaica has started the process of updating the Public Financial Management Reform Action Plan (PFM-RAP 2017/18-2020/21) to tackle the main weaknesses identified and to coordinate the various development partners in their PFM interventions. In doing so, the Government has received further support from CARTAC and a final plan has been completed.

Transparency and oversight of the budget

Budget transparency and oversight in Jamaica has strengthened as part of the ongoing PFM reforms. The enhanced fiscal rules adopted through amendments to the Financial Administration and Audit (FAA) and the Public Bodies Management and Accountability (PBMA) require among other things, that the annual Estimates of Revenue and Expenditure and the accompanying Fiscal Policy Paper (FPP) be tabled simultaneously in February of each year to allow for the passage of the budget prior to the start of the fiscal year in April.

The FAA established calendar strengthened the rules governing the budget preparation and approval. The budget for FY2017/18 complied with the calendar and on 9th of February 2017 the Estimates of Expenditure were simultaneously tabled with the Estimates of Revenues. On 9th of March, Minister of Finance, through his budget speech marked the start of the budget debate; this was followed by interventions by the Opposition Spokesman on finance and planning (14/03), by the Leader of the Opposition (16/03), by the Prime Minister (21/03) and ended with the Minister of Finance closing budget speech (22/03). The Parliamentary sessions in which the budget was discussed were broadcasted on public TV and the budget documents are publicly available on Ministry of Finance and Public Service website: <http://www.mof.gov.jm/budgets/the-budget.html>.

The oversight and scrutiny function over the budget is performed by both the Auditor General and Parliamentary Commissions.

The Auditor General conducts a review of the financial transactions and financial statements for the financial year ending 31st of March and presents a report to Parliament by 31st December of the same year. Under the Financial Administration and Audit (FAA) Act, the Auditor General is also required to examine the components of the Fiscal Policy Paper (FPP) and provide a report to the Parliament indicating whether the conventions and assumptions underlying the preparation of FPP comply with prudent financial principles. Parliamentary Commissions are involved in the preparation of the budget, as well as in the monitoring of its implementation and on the follow-up to the recommendations of the Auditor General.

Despite improvements in the budget process, there are still a number of weaknesses to be addressed, such as: public access to key fiscal information, timeliness of in-year budget reports, quality and timeliness of annual financial reports, legislative procedures for budget scrutiny and timing of budget approval and independence of Auditor General. The EU, through the 11th EDF PFM action will be supporting the improvement process alongside other International Development Partners (IDPs).

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Lack of political will to implement PFM reform activities	L	EUD will increase its engagement with policy makers through regular meetings, including gender-responsiveness in policy dialogue
Changes in PFM reform leadership	M	Business continuity plan in place
Reform fatigue	M	PFM remains high on the agenda of the government, IDPs, including IMF and the EU.
Slow implementation of PFM RAP	H	Regular monitoring of competitiveness will provide early warning of need to take action.
Assumptions		
<ol style="list-style-type: none"> 1. Effective leadership and continued commitment to PFM reforms by MoFPS 2. PFM RAP 2017-2021 will be ready by mid-2017 and implementation commenced 3. Continued macroeconomic stability 4. Civil society will improve its scrutiny on the budgetary process and will collaborate closely with MoFPS 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Lessons have been learnt from previous PFM projects, assessments such as PEFAs, and implementation of previous PFM Action Plans, a few of them are mentioned below:

a). Strong programme ownership

PFM reforms have the full support of the Cabinet and the relevant committees of Parliament (Public Accounts Committee and Public Administration and Appropriations Committee) providing a strong ownership of PFM reform implementation.

b). Simplification of PFM RAP

The previous PFM Reform Action Plan 2015-2017 had proven to be too detailed to monitor as it contained 115 activities under 45 programme initiatives. Only a few departments responsible for implementation provided regular progress reports and the detailed content meant that it had been difficult for the PFM Secretariat to monitor progress regularly and update the plan periodically. Based on this experience, the updated plan is significantly simpler with fewer activities and initiatives, among which IFMIS is included.

c). Ensuring complementarity and coordination among national and international partners

The implementation of PFM and macroeconomic reforms are more likely to be successful when complementarities and coordination between the government and international donors is best exploited. The current context with a new IMF – Stand-By Agreement since November 2016 safeguarding the implementation of the economic reforms together with the support from international development partners in different areas, create favourable conditions for continued implementing PFM reforms. The new IMF - SBA agreement identifies PFM as an important area in orientating fiscal policy to better support growth and reduce poverty while the Memorandum of Economic and Financial Policies includes a series of time-bound measures the Government of Jamaica is committed to implement in order to improve public financial management, in particular in areas such as: TSA expansion, AGD capacity, MoFPS staffing and procurement.

d). Strong project portfolio management oversight of PFM Projects

Interventions being undertaken by the implementing partners to support the achievement of key objectives and targets benefited from the creation of specific projects to deliver the reforms. This will also enable the IDPs to better target their support in the areas of Budget Reform, Custom Reform and Tax Administration Reform. This approach of developing projects in specific areas of the Reform will be continued in order to accelerate the achievement of specific outcomes of the updated action plan.

3.2 Complementarity, synergy and donor coordination

The EU is the main grant donor supporting the PFM reform process in Jamaica. On a bilateral basis, the EU support is currently focused on modernising the public procurement processes and improving the budget control and oversight; the EUR 5 million Contribution Agreement with the IDB (part of a USD 31 million Public Sector Efficiency Programme) aims at strengthening the Auditor General's capacity for performance and IT audits, the Internal Audit System, enhancing the Parliament oversight role and improving transparency and value for money in public procurement. To this adds the EU support to the NAO to achieve a more effective and accountable PFM system. At regional level, the EU has been contributing to CARTAC since its inception in 2001 (by an approximate 6 % of total budget), that recently entered its Phase V (2017-2022).

The Government of Jamaica obtained assistance from other International Development Partners to support the PFM reform agenda, in particular through the provision of technical assistance and policy advice, such as:

- IMF technical assistance to MoFPS on debt management, cash management (AGD) and taxation reform (TAJ); a pilot Tax Administration Diagnostic Assessment Tool (TADAT) exercise was undertaken by the IMF's Fiscal Affairs Department in October 2015;
- World Bank through development policy loans reinforces institutional reforms, public sector governance, and programmatic support to oversight agencies (risk and debt management, revenue mobilisation, fiscal frameworks, budget execution, oversight and transparency, civil service reform);
- IDB loans aim at policy and advisory technical assistance on budgeting reforms and hardware/software purchases;
- Financial Management in the Caribbean (FMC) managed by IMF HQ: Treasury focused
- CARTAC⁶ and SEMCAR⁷, provide considerable assistance both at regional level and country specific level, on many PFM matters, such as internal audit, awareness-raising, training on the PEFA indicators, advisory on FMIS and ICT, Chart of accounts, IT related solutions, etc.

The current EU PFM sector reform contract will complement and build on the actions mentioned above, in particular on the work performed by WB to develop and implement the Public Investment Management Information System and the new Asset Management as well as of IADB which contributed to the development of the Central Treasury Management System (CTMS), implementation of new Budget Preparation and Management System (BPMS) and to the e-Procurement Management System.

In addition, it builds also on the WB consultancy provided to MOFPS during 21st February – 10th of May 2017, whose main focus was the review of organisational frameworks and processes, including making recommendations to improve institutional capability and capacity in financial management alongside the necessary procedural and organisational changes needed for the implementation of IFMIS⁸.

Donor coordination has been good on PFM Reforms with quarterly meetings organised by Ministry of Finance and Public Service aimed at informing the international partners on the status of PFM RAP implementation. Regular meetings have been also held in the context of IMF agreements (in which PFM is an important pillar) on quarterly basis under the 2013-2016 Extended Fund Facility) and on semi-annual basis under the current Stand By agreement.

In addition, MoFPS – PFM Secretariat and Deputy Financial Secretary responsible for public financial management is currently receiving Technical Assistance funded by the EU TCF V. A PFM Advisor is, among other tasks, providing support to MoFPS to develop Technical

⁶ Financed by its 20 member countries, IMF, EU, Canada, UK, CDB and IDB.

⁷ Financed by the Canadian Department of Foreign Affairs, Trade and Development (DFATD) and implemented through a partnership between the World Bank, International Monetary fund and participating governments.

⁸ Jamaica strengthening Public Investment Management System and Budget Processes Single Donor Trust Fund (TF072272)

Assistance plans and requests to be sent to Donor Partners, and ensuring that PFM initiatives developed by the PFM IP are consistent with the agreed reform strategy. The assignment is has started on 20th of September 2017 and the implementation period will last maximum 24 months.

3.3 Cross-cutting issues

Good governance: The sector reform contract will strengthen the PFM system, in particular financial reporting. It will also strengthen national institutions involved in collecting, processing and reporting on financial and fiscal data and improve capacity and empower local institutions including NGOs to demand accountability from government and improve transparency of public expenditure. In this way, the programme will contribute towards sustainability of the PFM reform efforts, but also support the anti-corruption efforts of the countries, which are a pre-requisite for an improved PFM.

Gender: The area of gender in public financial management has not been fully explored in Jamaica and provides opportunities for the EU to add value.

Climate change and environmental sustainability: This programme does not specifically address environmental issues, in particular as the NIP EU Jamaica for 2014-2020 has a specific focal sector related to environment and climate change (30 % of the 11th EDF Jamaica financial envelope). It indirectly will support the Government to better provide timely reports on all aspects of the budget.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The **overall objective** of the Sector Reform Contract is to improve public governance, transparency, accountability and delivery of public services in Jamaica.

Specific objective of this Public Finance Management Sector Reform Contract are:

1. To strengthen the financial management system

The **expected results** of the budget support are:

1. Aggregate Budget Outturn kept within 95 – 105 %;
2. Ratio of Total Revenue Arrears to Total Revenue collections remain below 30 %;
3. The Budget is prepared using new multi-year format in new Budget Preparation and Management System (BPMS);
4. The web-enabled Central Treasury Management Systems (CTMS) is operational and used to make payments;
5. The CTMS and BPMS are integrated and used for budget execution reporting;
6. JIFMIS Policy and regulations are developed and approved

The **expected result** of the complementary support is:

1. Improved the capacity of the Ministry of Finance through the provision of technical assistance for support and training

This programme is relevant for the Agenda 2030 as it contributes primarily to the progressive achievement of SDG 16: To promote just, peaceful and inclusive societies but also promotes progress towards SDG 8: Promote inclusive and sustainable economic growth and SDG 17: Partnership for the goals to revitalise the global partnership for sustainable development. This does not imply a commitment by the Government of Jamaica benefiting from this programme.

4.2 Main activities

4.2.1 Component 1 Sector Reform Contract:

- Transfer of EUR 2.95 million over the period FY2018/19-FY2020/21;
- Continued political and policy dialogue with the Government to facilitate the implementation of PFM activities as set in the PFM RAP 2017/18-2020/21, particularly through activities supporting the above-mentioned results;
- A continued effort to reinforce Government's capacities in the area of PFM in the context of existing complementary support programmes;
- Continued dialogue between the EU Delegation and other donors to coordinate and further align the development cooperation with a view to avoiding duplication of activities and relieving the Government from multiple reporting duties;
- Regular monitoring of budget support eligibility criteria: achievements of the PFM reform objectives agreed with the Government, macro-economic stability and budget transparency.

4.2.2 Component 2 Complementary support:

Support to MOFPS (Procurement)

- Technical assistance focused on strengthening the specific institutional and human resource capacities at MOFPS to drive, coordinate and monitor activities linked to a successful JIFMIS rollout.

4.3 Intervention logic

The sector budget support provided through the 11th EDF will enable the Government of Jamaica to take an important step in developing of JIFMIS and preparing the institutional framework for the full roll out of the system.

This programme will build on previous efforts done by the Government of Jamaica and international donors in this area and will aim at operationalising the budget and cash modules which are at the core of JIFMIS, while the complementary support will provide the assistance in strengthening the institutional and human resource capacities at MOFPS to drive, coordinate and monitor activities linked to a successful JIFMIS rollout.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 36 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

5.3 Implementation of the budget support component

5.3.1 Rationale for the amounts allocated to budget support

The amount allocated for budget support component is EUR 2 950 000 to be disbursed in 1 fixed tranche and 2 variable tranches. The amount for complementary support is EUR 650 000 for Technical Assistance to MOFPS and EUR 50 000 for evaluation.

The amount distribution is based mainly on the financial allocation made available to Jamaica under the 11th EDF NIP and the need expressed by the Government of Jamaica for technical assistance.

5.3.2 Criteria for disbursement of budget support

- a) The general conditions for disbursement of all tranches are as follows:
- Satisfactory progress in the implementation of the PFM and continued credibility and relevance thereof;
 - Implementation of a credible stability-oriented macroeconomic policy;
 - Satisfactory progress in the implementation of PFM reform action plan;
 - Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.
- b) The specific conditions for disbursement that may be used for variable tranches are linked to the key performance indicators as per PFM RAP 2017/18-2020/21 and consist of:
1. Aggregate Budget Outturn; grant
 2. Ratio of Total Revenue Arrears to Total Revenue collections;
 3. Status of Budget prepared using new multi-year format in new Budget Preparation and Management System (BPMS);
 4. Status of Web-enabled Central Treasury Management Systems (CTMS) used to make payments;
 5. Status of integration of CTMS and BPMS for budget execution reporting;
 6. Status of JIFMIS Policy;
 7. Status of JIFMIS regulations

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, Government of Jamaica, National Authorising Officer may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

5.3.3 Budget support details

The operational implementation phase of 36 months (signature on the FA) will be followed by a 24 months closure phase. The disbursement schedule is aligned with the Jamaica financial year from April to March. The budget support will consist of 3 annual tranches, a single fixed tranche in FY 2018/19, a variable tranche in 2019/20 and a second variable tranche in 2020/21 as indicated below.

Indicative schedule of budget support disbursements (EUR million)

	FY 2018/19				FY 2019/20				FY 2020/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fixed tranche disbursement			0.95									
Variable tranche disbursement							1				1	
Total			0.95				1				1	

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into Jamaican dollar (JMD) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

5.4 Implementation modalities for complementary support of Budget Support and other procurement

5.4.1. Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Evaluation	Services	1	Q1 FY2021/22
Technical assistance	Services	2	Q1 FY 2018/19

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1) (b) of Annex IV to the ACP-EU Partnership Agreement.

5.6 Indicative budget

	EU contribution (EUR)
1. Budget support - Sector Reform Contract	2 950 000
2. Complementary support (direct management):	650 000
2.1 Call for tender: Procurement – Technical Assistance	650 000
3. Evaluation and audit (direct management)	50 000
Total	3 650 000

5.7 Organisational set-up and responsibilities

The Budget Support component shall be implemented under the leadership of the Ministry of Finance and Public Service through the PFM Steering Committee, PFM Secretariat and PFM Working Groups in close cooperation with the other PFM Implementing Partners representing critical components of PFM.

The PFM Steering Committee (composed of senior officers in MoFPS) is tasked with overseeing the implementation of PFM RAP and providing strategic guidance and direction on the reforms and actions implemented by the various donors. The PFM Secretariat will provide the PFM Steering Committee with administrative support, coordinate and monitor the reform agenda, ensuring the successful delivery and sustainability of the programme. The PFM Working Groups will oversee specific PFM thematic areas (IFMIS, budgeting, etc.).

In addition to the internal organisational structure, a formal donor coordination mechanism is in place to monitor the progress of the PFM RAP, including JIFMIS design and implementation; as WB and IADB alongside EU are part of the mechanism, it will avoid duplication of efforts and will ensure that progress, scope and timeliness efforts are consistent across development partners. Meetings are scheduled on semi-annual basis.

The Planning Institute of Jamaica (PIOJ) - Deputy National Authorising Officer (DNAO), will submit to the EU Delegation the disbursement requests for the release of the budget support tranches, including a review of the general and specific conditions and confirmation of meeting the eligibility criteria. This will include the submission of appropriate analytical data, statistics, budgetary data, reports and other documents which will provide the European Union with sufficient documented information to assess the eligibility and compliance with agreed disbursement conditions.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of the action as well as the projects resulting from a call for proposals will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (semi-annual) and final reports. Every report shall provide an

accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission for accountability and learning purposes at various levels including for policy revision.

The Commission shall inform the implementing partner at least three (3) months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one (1) contract for evaluation services shall be concluded under a framework contract in the first quarter of FY2021/22.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The visibility and communication plan will be implemented and financed through a (one) service contract for the Sector Reform Programmes mentioned in the Annual Action Programme: Forestry and Public Finance Management.

APPENDIX - INDICATIVE LIST OF RESULT INDICATORS (FOR BUDGET SUPPORT)⁹

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
Overall objective: Impact	The overall objective of the PFM Reform Programme is to improve public governance, transparency, accountability and delivery of public services in Jamaica	Main socio-economic indicators: a). Economic growth b). Debt to GDP ratio c). Tax revenue to GDP d). Unemployment rate	FY2016/17 a). 1.7% b). 122.5% c). 25.4% d). 12.7%	Improvement in all indicators	MoFPS reports, statistics
Specific objective(s): Outcome(s)	O 1 Aggregate fiscal discipline	Indicator 1 for VT disbursement: Level of Aggregate Budget Outturn (KPI ¹⁰ A.1.a)	PEFA 2016, PI-1 A	Maintain PEFA PI-1Score A	Fiscal Policy Papers, PEFA 2020/21
		Indicator 2 for VT disbursement: Ratio of Total Revenue Arrears to Total Revenue collections (KPI A.3.d)	PEFA 2016, PI-19.4 Score D	PEFA PI-19.4 Score C	Fiscal Policy Papers, PEFA 2020/21
	O 2 Strategic allocation of resources	Status of publication of Information , KPIs and objectives (KPI B.1.a)	PEFA 2016 PI-8.1Score D	PEFA PI-8.1 Score C	Reports on the introduction of the Medium Term Results Based Budgeting (MTRBB), PEFA 2020/21

⁹ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

¹⁰ In order to ensure that the reform actions would be closely linked to the weaknesses identified by 2016 PEFA, the PFM Reform Action Plan 2017/18-2020/21 defined a set of Key Performance Indicators (KPI) to mirror PEFA indicators criteria in full or in part

		Status of Annual budget (KPI B.2.a)	PEFA 2016 PI-16.1 Score D	PEFA PI-16.1 Score A	Reports on the introduction of the Medium Term Results Based Budgeting (MTRBB), PEFA 2020/21
	O 3: Efficiency in resource use	Status of reflection of payment requirements by Cash forecasts (rather than funds for commitment) (KPI C.1.a)	PEFA 2016, PI-21.2 Score C	PEFA PI-21.2 Improvement by at least 1 score	PFM RAP implementation reports, Fiscal Policy Papers, MoFPS reports
	O 4: External accountability	Status of Consolidated monthly budget execution reports including both recurrent and capital expenditure (KPI D 1.a) (*indicator 1.1.1 NIP 2014-2020)	PEFA 2016 PI-28.2 Score D	PEFA PI-28.2 Score B	Fiscal Policy Papers, PFM RAP implementation reports
		The timing of completion of Annual consolidated financial statements are (KPI D.1.b)	PEFA 2016 PI-29.2 Score D	PEFA PI-29.2 Score B	
		Status of Citizen's budget	PEFA 2016 PI-9 (8) Score D, no citizen's budget published	PEFA PI-9 (8) Score A Citizen budget published	Government website, PEFA 2020/21
		Indicator 3 for VT disbursement: Status of usage of the new multi-year format for preparing the Budget in new Budget Preparation and Management System (BPMS)	budget not prepared using BPMS	Multi-year Budget produced from the BPMS tabled in parliament with forward estimates	MOFPS Website/ Parliament Reports

		Indicator 4 for VT disbursement: Status of Web-enabling Central Treasury Management Systems (CTMS) used to make payments	CTMS not web-enabled	Roll out of Web Enabled CTMS in all budget supported MDAs with RMM operational	Monthly Budget Execution reports from CTMS produced/Revenue receipt reports produced by CTMS/Certification letter from FS MOFPS
		Indicator 5 for VT disbursement: Status of integration of CTMS and BPMS	CTMS not integrated with BMPS	Integrated reports for Budget Management and Execution	Reports produced by the BPMS
		Indicator 6 for VT disbursement: Status of JIFMIS policy	No JIFMIS policy	JIFMIS Policy developed and approved by Cabinet	Letter from Cabinet certifying submission
		Indicator 7 for VT disbursement: Status of JIFMIS regulations	No JIFMIS regulations	JIFMIS regulations developed and approved by MOFPS	Letter from Financial Secretary MOFPS detailing regulations for development of JIFMIS

Induced outputs	Improve PFM pillars performance	a). Budget credibility b). Revenue collection c). Budget formulation and execution d). Horizon in MDAs budgeting e). Cash management f). Public access to fiscal information g). Reporting to Parliament	PEFA 2016 scores for the relevant PFM indicators	a). Budget credibility maintained b). Revenue collection strengthened c). Budget formulation and execution linked to government economic and social policies d). Extended horizon in MDAs budgeting e). Cash management improved f). Public access to fiscal information g). Reporting to Parliament improved	PFM RAP 2017/18-2020/21, PFM RAP implementation reports, PEFA 2020/21, MOFPS reports, IMF reports
Direct outputs	Increased budget to implement PFM reform	Amount of money to implement the PFM Reform Plan (2017/18-2020/21)	USD 25 million (2017 data)	Y in 2020	PFM RAP implementation reports, MOFPS reports