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**Evaluation of the Commission's Support Strategy
Country Level Evaluation
Jamaica**

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List of Acronyms

ACP	African Caribbean and Pacific
ACP-EU	African, Caribbean, Pacific-European Union
AIDS	Acquired Immune Deficiency Syndrome
BDS	Business Development Services
BECO	Banana Exporting Company
BOJ	Bank of Jamaica
BS	Benevolent Society
CARIBCAN	Caribbean-Canada Trade Agreement
CARICOM	Caribbean Community and Common Market
CARIFORUM	Forum of the Caribbean ACP States
CB	Caribbean Bank
CBI	Caribbean Basin Initiative
CBC	Community based contracting
CBO	Community based organisation
CCI	Cross Cutting Issues
CDB	Caribbean Development Bank
CDE	Centre for the Development of Enterprise
CIDA	Canadian International Development Agency
CRIP	Caribbean Regional Indicative Programme
CRIS	Common RELEX Information System
CSME	Caribbean Single Market and Economy
CSMSE	Credit Scheme for Micro and Small Enterprises
CSP	EC Country strategy
CTPSDP	Caribbean Trade and Private Sector Development Programme
DAC	Development Assistance Committee
DBJ	Development Bank of Jamaica
DfID	Department for International Development (UK)
DNAO	Directorate of the National Authoring Officer
EBAS	Europe-ACP Business Assistance Scheme
EC	European Commission
EDF	European Development Fund
EIB	European Investment Bank
EPA	Economic Partnership Agreement
EU	European Union
EUBSP	European Union Banana Support Program
FA	Financing Agreement
FAO	Food and Agricultural Organization
FDI	Foreign Direct Investment
FINSAC	Financial Sector Adjustment Company
FJSIF	Finance Jamaica Social Investment Fund
FTAA	Free Trade Agreement of the Americas
FY	Fiscal Year
GCI	Growth Competitiveness Index
GDP	Gross Domestic Product
GoJ	Government of Jamaica
GoN	Government of the Netherlands
HIV	Human Immunodeficiency Virus
HRDIS	Human Resource Development and Institutional Strengthening

IADB	Inter-American Development Bank
ICT	Information and communication technology
IDP	International Development Partner
IMF	International Monetary Fund
IMF/SMP	International Monetary Fund Structural Management Program
ISDNAO	Institutional Strengthening of the Deputy National Authorising Officer
ISPIOJ	Institutional Strengthening of the Planning Institute of Jamaica
IT	Information technology
JAMPRO	Jamaica Promotion Corporation
JBDC	Jamaica Business Development Centre
JCCP	Jamaica Cluster Competitiveness Programme
JEA	Jamaica Exporter Association
JMA	Jamaica Manufacturers Association
JVF	Jamaica Venture Fund
JSIF	Jamaica Social Investment Fund
MDG	Millennium Development Goals
MGC	Mutual Guarantee Company
MoTRN	Ministry of Transport & Works Road Network
MoU	Memorandum of Understanding
MSE	Micro and Small Enterprises
MSME	Medium, Small and Micro Enterprises
MTF	Medium Term Framework
MTSEPF	Medium Term Socio-Economic Policy Framework
NCH	National Coastal Highway
NAO	National Authorising Officer
NEPA	National Environmental Protection Agency
NIP	National Indicative Programme
NGO	Non-governmental organisation
NPEP	National Poverty Eradication Programme
NSA	Non-state actors
NWA	National Works Agency
PCM	Project Cycle Management
PE	Programme Estimate
PIOJ	Planning Institute of Jamaica
PMC	Project Management Committee
PMU	Programme Management Unit
PRP	Poverty Reduction Programme
PSD	Private Sector Development
PSDP	Private Sector Development Programme
PSMP	Public Sector Modernisation Programme
PSO	Private Sector Organisation
PSOJ	Private Sector Organisation of Jamaica
REER	Real Effective Exchange Rate
RRISP	Rural Road Rehabilitation and Institutional Strengthening Project
RSP	EC Regional Strategy
RWS	Road Work Sanitation Project
SBAJ	Small Businesses Association of Jamaica
SERP	Support to the Economic Reform Program (SERP III) - HRDIS
SFA	Strategic Framework of Assistance
SME	Small and Medium Size Enterprises
SRC	Scientific Research Council

SWAp	Sector Wide Approach
TA	Technical Assistance
TEP	Target Europe Project
TDP	Trade Development Programme
TIC	Technical Innovation Centre
TOR	Terms of Teference
TWG	Thematic Working Group
UFW	Unaccounted for Water
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	World Bank
WTO	World Trade Organization

EXECUTIVE SUMMARY

1. Evaluation Objectives

The evaluation was designed to fulfil the following objectives ¹:

- to make available an overall independent evaluation of the Commission's past and current assistance to Jamaica to the Government of Jamaica (through the National Authorising Officer - NAO), relevant EC external cooperation services and the wider public. It also set out to provide Commission policy-makers and managers with a valuable aid for both implementation of the current Strategy and Indicative Programmes and for future programming;
- to identify key lessons from the Commission's past cooperation;
- to present a general overall judgment of the extent to which the Commission's strategy and activities have contributed to progress towards the country's development objectives.
- to improve the relevance and effectiveness of EC external cooperation.

2. Scope of the Evaluation

The evaluation, as defined in the Terms of Reference (TOR), covered the following aspects:

- the efficiency, effectiveness and relevance of various aspects of the current EC Country Strategy (CSP)² and its implementation in Jamaica, in particular focusing on progress (in terms of strategy and implementation) during the two previous programming cycles (7th and 8th EDF) and the current one (9th EDF). The **main areas evaluated** were: **private sector development, infrastructure** (road transport and water supply), **poverty alleviation, macroeconomic reform** and **institutional strengthening of the NAO**.
- the coherence between actions undertaken at national level and those supported in relevant regional initiatives affecting the country, with special regard to the capacity of regional institutions and to economic integration and trade.
- the coordination, coherence, and complementarity (the so-called 3 Cs) of EC cooperation with other donors, member states and United Nations (UN) agencies in Jamaica.

The main objective of the evaluation, however, was analysis of the 9th European Development Fund (EDF), in particular assessment of the strategic concept guiding the current strategy (period 2002-2007).

3. The Methodological Approach

The evaluation employed a dual approach:

The first approach, working from a *policy and strategy perspective*, mainly focused on assessment of the current CSP and National Indicative Programme (NIP). The current Country Strategy's design and components were studied, as well as their pertinence to the country's

¹ TOR, section 3.1 and 3.2.

² Previous relevant evaluations, both country level and global thematic evaluations relating to Jamaica, are important reference material to be taken into account.

needs and programmes. The most important issues currently affecting achievement of the CSP's objectives are set out in this report. The team approached the evaluation by formulating three main questions, which were implicitly incorporated into all the Evaluation Questions (EQ). These three questions were: (i) what is going wrong and why?; (ii) what is going well and why? – lessons to be learned in each case; and (iii) what can be done, modified or changed in the future to improve the impact, effectiveness, relevance and coherence of cooperation? The outcome of this analysis is contributing to preparation of the 10th EDF and the next programming cycle.

The evaluation's second approach was from a *sector and project perspective*. The three sectors identified in the CSP as focal sectors were assessed against the results obtained so far and against their stated objectives. Each sector component was reviewed and the logic and tools used to carry out the projects studied. A range of sample of projects was defined in each sector. A number of criteria were applied to select the projects, and these were discussed by the Delegation and the NAO. The sample projects also reflected a full overview of the programming and identification cycle in each sector, from conception to completion.

4. The Current Strategy under the 9th EDF

The EC response strategy to support Jamaica was defined in the formulation of the CSP/NIP – 2002-2007 programme. For the current CSP and time period, the EC has committed €100 million, of which €73 million is for actions to be carried out under the A- envelope, and €27 million for actions under the B- envelope.

The A- envelope is designed to cover long-term development activities identified in the response strategy, with two sectors identified as **Focal sectors**: (i) Private sector development, and (ii) Sector-based approach for transport. In addition, funds are allocated to assist the Macroeconomic Reform Programme. The **Non-Focal sector** includes initiatives such as economic growth and poverty alleviation through community empowerment. The B-Envelope's funds are allocated to meet unforeseen needs such as emergency assistance, instances where support cannot be financed from the Community budget, contributions to internationally agreed debt relief initiatives, and support to mitigate any adverse effects of instability in export earnings³.

5 Main Conclusions

5.1 Relevance

1. The objectives of the CSP reflect the objectives of the country and are in line with the Commission's development policy goals. The logic set out and the interventions selected by the 9th EDF are well suited to make contributions towards Jamaica's economic development.
2. The logic and conceptual approach presented, linking the macroeconomic environment with private sector development and improvements in the country's infrastructure capacity, are relevant to reaching the EC's policy goals
3. The EC has been consistently supporting Jamaica's development plan through the provision of funds under several EDFs, as well as by means of other instruments and

³ The National Indicative Programme of Jamaica. Section 6.2: Financing instruments.

budget lines linked to promote economic, social and cultural development, and to foster regional integration.

4. The assessment reveals that the EC has shown coherence and continuity in its cooperation assistance and continues to contribute to the proposed objectives through the various EDFs implemented
5. The programme and its projects have taken into account lessons learned from previous exercises, the activities of other donors and the comparative advantages of the Commission's assistance. The participation of some local institutions was sought during the identification process and their contributions were included to improve the relevance of actions.

5.2 Efficiency

6. The current structure and organisation of the EC and NAO have been properly set up to manage the programmes efficiently, and to provide necessary assistance for efficient implementation of activities.
7. However, the procedures, norms and rules of the 9th EDF being too rigid and inflexible have not contributed to efficient delivery of human, material or financial resources. Resources have not been supplied within the planned timeframe.
8. A review of relevant documents and interviews conducted with all CSP participants, including beneficiaries, revealed dissatisfaction with the norms and procedures applied under the 9th EDF. Examples of how the programme is being affected can be seen in the number of requested riders, extensions, work variations, and transfer delays.

5.3 Effectiveness

9. The results produced under the 9th EDF are still very modest compared to those planned. However, they are significant in terms of process and operational aspects. However, there was insufficient hard evidence to conclusively prove that the current CSP and its mix of projects are contributing to poverty reduction in Jamaica. The slow development of actions does not provide that kind of evidence, and secondly the CSP itself does not provide with a set of internal indicators to measure its contributions in addressing the issue of poverty reduction, or employment generation.
10. Activities implemented under the Commission's support to Jamaica for infrastructure are not yet visible, but as a result of the interventions designed in the CSP, many areas related to management, technical and infrastructure capacity are expected to improve.

5.4 Impact

11. The EC cooperation programme has been consistent throughout all the EDFs and has made important contributions to the selected sectors. However, due to the early stage of implementation the generation of positive impacts to the country, under the current CSP, are still to be seen. Nevertheless, the EC overall programme (7th, 8th, and 9th EDF) displays

continuity in many areas, and the accumulation of activities in the target sectors is generating positive impacts.

12. The generation of positive impacts has also been influenced by a number of external events, for example the 9/11 terrorist attack and its negative effect on tourism and thus revenue, the flood rains and passage of Hurricane Ivan in 2004, and two other hurricanes in 2005.
13. Jamaica's participation in regional negotiations has increased. The country is committed to the integration process, particularly within Caribbean Forum (CARIFORUM), where the integration in the Common Single Market and Economy initiative is a priority, and where the EC plays an active and significant role. However, not enough links were found between the CSP and RSP programmes.

5.5 Sustainability

14. Enough human and material resources have been allocated to ensure the continuity of actions, and there is commitment from both central and local government to achieving sustainability of the EC-supported structures. Throughout the different EDFs, the EC has developed capacity and structures to duplicate successful programmes and projects.
15. The CSP of the 9th (and previous) EDFs rightly avoids the creation of new institutions for the implementation of its activities and, in this way, has minimised the risk of developing new structures that cannot be maintained once the programme or projects are terminated. The strategy has thus relied to a great extent on previously existing institutions. [Q6.1]
16. At the technical and project levels some instruments under execution have also been identified as positive promoters of sustainability. The projects reviewed include components that reinforce previous processes or results, and therefore promote sustainable practices.

5.6 Coordination and Complementarity

17. There are projects with a regional dimension working to complement a number of national activities, and some degree of complementary is observed. Similarly, there are important attempts to coordinate activities between other donors, but the level of coordination among the international cooperation community is still pending improvement.
18. At donor level (United Nations Development Programme (UNDP), Canadian International Development Agency (CIDA), Department for International Development (DFID), United States Agency for International Development (USAID)) there is also a coordinating mechanism in place. These structures, once fully operational, should help to improve coordination and complementarities in order to achieve synergies between the interventions.

6 RECOMMENDATIONS

- At strategy level [C 1 to 6]

1. Additional attention should be focused on the social and human dimension of the programme's interventions in order to enhance its strategic relevance. It is well documented that the local population's top priorities are to reduce crime and increase employment. A clear link should be sought between these priorities and the CSP programme. [C1,2,3,4].
2. The programme should also be directed more towards defining a mix of projects and instruments with strong strategies in areas such as institutional capacity building at both local and central level, the development of new, government-level managerial skills, and environmentally friendly practices. These actions could complement the macro dimension of the strategy with local interventions whereby the community also participates in the reduction of social tensions or in the creation of a friendly social, economic and natural environment.
3. The EC should consider balancing its current macroeconomic budget support system, where macroeconomic stability is the dominant feature, with a decentralised mechanism at sector level, where the links between sector and problem are more direct, and the generation of results and benefits more easily perceived by the population.
4. Given the country's increasing levels of injustice, social unrest, unemployment and the high migration rate, an intervention logic leading to a strategy and interventions addressing social, institutional, and human development issues could also help to stabilize the country's social situation and it will be in tune with the EC policy objectives

- At operational level [C 7 to 20]

5. The preparation of a new action plan, which would identify and resolve the critical factors hampering execution among all the direct participants, including the NAO, HQ, EC Delegation, Project Management Unit (PMU) and beneficiaries, should be considered in order to satisfactorily complete all current EDF's activities. .
6. Additional training and capacity building at the Institute of Planning, NAO, Economic and Planning Ministries and the Ministry of Transport and Communications should be considered in order to increase efficiency in management, organisation and coordination.
7. The EC should prioritise the preparation and signing of the Poverty Reduction Programme (PRP) II in order to avoid unnecessary delays and generate the expected benefits. The ongoing delays and slow progress registered by some projects are affecting the overall timetable, target population and the programme's efficiency in the country.
8. Within the CSP, each sector and project should consider incorporating functional indicators to measure and monitor its linkages and degree of contribution to the overall objective of poverty reduction. These indicators would facilitate future project performance, as well as providing valuable help if project redefinition is required at any time.

- On coordination and complementarities [C 21 to 24]

9. The search for coordination and complementarities between EC, national and regional initiatives, or with initiatives derived from special budget lines (i.e. banana, sugar, etc)

should be fully incorporated and clearly specified in each project's Financing Agreement (FA). The search for synergies between past and present actions would enhance project impact.

10. Coordination with other donors present in the country should be reinforced, especially at intervention design and implementation level. The current structures set up in Jamaica for coordinating activities should be reinforced with additional Technical Assistance (TA) and training.

2 EVALUATION FRAMEWORK

The European Commission (EC) is keen to have a more in-depth analysis of the results achieved by the implementation of its cooperation programmes. To this end, it has prioritised systematic and timely evaluations of its expenditure programmes in order to account for the management of allocated funds and promote a lesson-learning culture throughout the organisation. Of great importance also, particularly in terms of programmes within the so-called Relex Family of the Directorates-General⁴, is the increased focus on impact, in the context of greater concentration on a results-oriented approach to external cooperation.

Under this operational principle, the General Directorate, DEV unit D.1 and the Delegation, has decided to conduct an Evaluation of the European Commission's support to Jamaica. This goes back to the decision of DG DEV Management, at its meeting on 31 January 2005, to launch an evaluation exercise for 12 ACP countries in addition to the country evaluations already scheduled by the Evaluation Unit in AIDCO. The main objective of these is to provide the Commission and the ACP Countries with key findings and lessons from past and current cooperation with selected ACP Countries, to be used in preparing the new Country Strategy Papers to be implemented under the upcoming 10th EDF⁵.

2.1 Evaluation Objectives

The evaluation was designed to fulfil the following objectives⁶:

- to provide an overall independent evaluation of the Commission's past and current assistance to Jamaica to the Government of Jamaica (through the National Authorising Officer - NAO), relevant EC external co-operation services and the wider public. It also set out to provide Commission policy-makers and managers with a valuable aid for both implementation of the current Strategy and Indicative Programmes and for future programming;
- to identify key lessons from the Commission's past cooperation;
- to present a general overall judgment of the extent to which the Commission's strategy and activities have contributed to progress towards the country's development objectives.
- to improve the relevance and effectiveness of EC external cooperation.

2.2 Scope of the Evaluation

The evaluation, as defined in the TOR, covered the following aspects:

- the efficiency, effectiveness and relevance of various aspects of the current EC Country Strategy (CSP)⁷ and its implementation in Jamaica, in particular focusing on progress (in

⁴ Directorates General of External Relations, (RELEX), Development (DEV), Enlargement (ELARG), Trade (TRADE) and the EuropeAid Cooperation Office (AIDCO).

⁵ Statements announced in the Terms of Reference of this Evaluation. Section 1: Mandate. See Annex VII for the full version of the ToR.

⁶ TOR, section 3.1 and 3.2.

⁷ Previous relevant evaluations, both country level and global thematic evaluations relating to Jamaica, are important reference materials to be taken into account.

terms of strategy and implementation) during the two previous programming cycles (7th and 8th EDF) and the current one (9th EDF). The **main areas evaluated** were: **private sector development, infrastructure** (road transport and water supply), **poverty alleviation, macroeconomic reform** and **institutional strengthening of the NAO**.

- the coherence between actions undertaken at national level and those supported in relevant regional initiatives affecting the country, with special regard to the capacity of regional institutions and to economic integration and trade.
- the coordination, coherence, and complementarity (the so-called 3 Cs) of EC cooperation with other donors, member states, and UN agencies in Jamaica.

During the course of the evaluation at the briefing meeting with the EC Delegation and NAO officials in Jamaica it was decided, however, that the main focus should be analysis of the 9th EDF. As such, the team paid particular attention to actions executed under the 9th EDF and, above all, to the strategic concept guiding the current strategy for the period 2002-2007.

2.3 Evaluation Organisation and Methodology

The evaluation was conducted according to the three phases set out in the TOR: Desk Phase; Field Phase; and Final Report-Writing Phase

- The Desk Phase

During this phase the following actions took place:

- i. A briefing meeting in Brussels with the task manager and members of the Reference Group
- ii. Compilation and analysis of preliminary information gathered through direct (Brussels HQ, EC Delegation) and indirect (publications, relevant studies and Internet articles) sources.
- iii. The preparation of a single report to cover the Inception Report and the Desk Report. The main purpose of this report was to set out the conceptual approach, intervention logic and methodology to be used, as well as a preliminary version of the Evaluation Questions. The Inception/Desk Report was presented to Brussels and Jamaica on March 26⁸.

- Implementation of the Field Phase

The fieldwork was implemented according to the framework set out in the Desk Phase Report, and the following activities were carried out:

- i. A briefing at the Delegation and NAO during which the EC officers stressed the need for the evaluation to focus primarily on analysis of the 9th EDF.
- ii. A de-briefing for the EC Delegation and NAO by the team on their preliminary findings following the field study.

- Report writing

This last phase, which is the subject of this report, presents the main findings, conclusions and recommendations, as required by the TOR. In addition, the final report will be presented to the Delegation, the NAO and other relevant stakeholders at *a seminar* in Jamaica. The

⁸ See Inception/Desk Report, section 6, page 41.

purpose of the seminar is to disseminate and present (for discussion) the main findings of the report to interested national stakeholders and other donors, with particular emphasis on its conclusions and recommendations.

2.3.1 The Methodological Approach

The team approached the evaluation from a dual perspective:

- *A policy and strategy perspective* mainly focusing on an assessment of the current CSP, as well as the NIP. In order to help determine the pertinence and coherence of the current EC cooperation programme in Jamaica, some strategic actions of the 7th and 8th EDFs were also analysed. The definition of the Country Strategy and its components were studied, as well as their relevance to the country's needs and programmes. An analysis of the policy and strategy laid out in the CSP was also carried out in order to fulfil the EC's request for an evaluation that would help with future programming activities and preparation of the 10th EDF. The most important issues currently affecting the fulfilment of specific objectives have been indicated in this assessment.
- Assessment was also carried out from a sector and project perspective. The two sectors identified in the CSP as focal sectors were assessed against the results obtained so far and against their stated objectives. Each sector component was reviewed and the logic and tools employed to carry out the projects studied. Since each sector comprises a number of projects, a range of sample projects was defined. A number of criteria were used to select the projects, which were presented to the Delegation and NAO for discussion. The criteria were formulated according to the projects' importance to the country and to the EC, their size according to budget or geographical coverage, their implementation period and current status (finished, being implemented or to be implemented). This sample of projects also provided a full overview of the programming and identification cycle in each sector, from conception to completion. The selected projects were the following:

Focal Sectors

-Private sector development.

- | | | |
|--------------------------------|----------|----------|
| 1. CSMSE (5 th EDF) | Finished | |
| 2. TEP (7 th EDF). | | Finished |
| 3. TDP (7 th EDF). | | Finished |
| 4. PSDP (9 th EDF). | | Ongoing |

- Infrastructure

I. Poverty Alleviation

- | | |
|--------------------------------|----------------------|
| 1. WATER Rural Water Supply II | Completion year 2003 |
|--------------------------------|----------------------|

II. Infrastructure

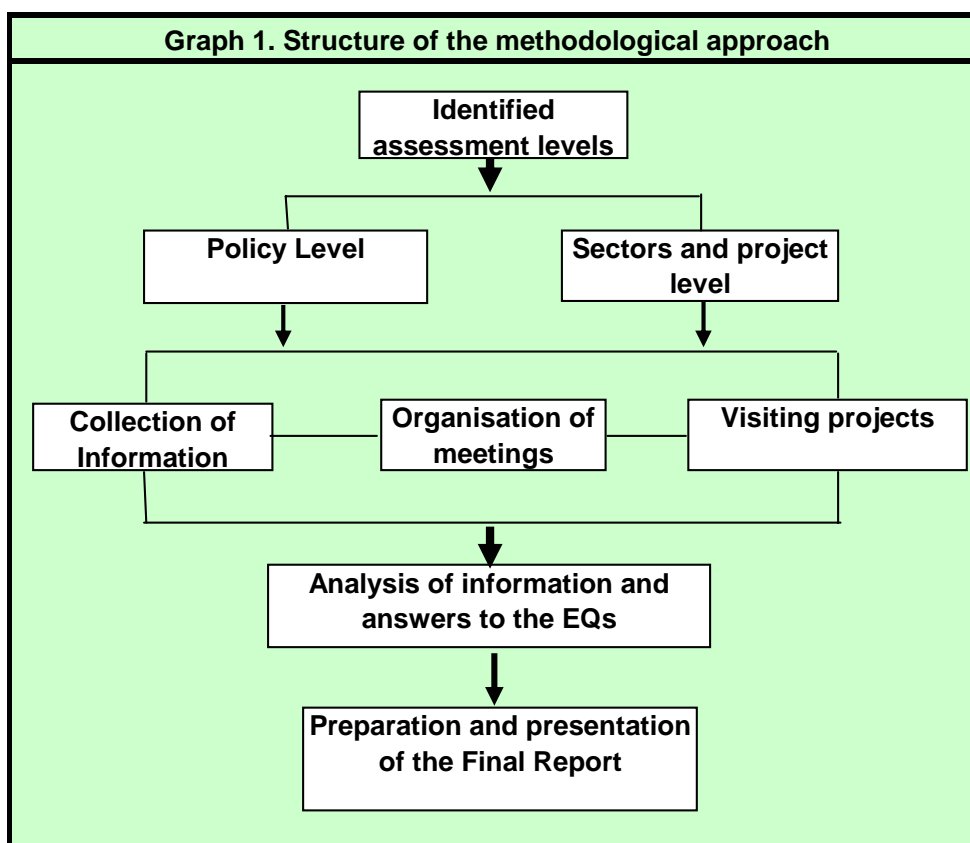
- | | |
|--|----------------------|
| 2. WATER Negril-Ocho Rios Waste Water Project | Completion year 2001 |
| 3. WATER Negril Stabilisation Ponds Study | Completion year 2001 |
| 4. ROAD Rehabilitation Programme | Completion year 2001 |
| 5. ROAD Northern Coastal Highway | Completion year 2006 |
| 6. ROAD Study to Secure Finance for Road Maintenance | Completion year 2001 |

Non focal sectors:

- | | |
|---|---------|
| 1. Poverty Reduction Programme (PRP). | Ongoing |
| 2. Macroeconomic stability
(Budget support and SERP III - HRDIS component. | Ongoing |
| 3. Institutional Strengthening of ISDNAO. | Ongoing |

The approach employed, which contrasted policy and strategy with sector performance and reviewed specific projects and particular cases, provided the evaluation team with a global overview of EC cooperation in Jamaica, as well as allowing it to assess the performance of the CSP's policy and projects in their specific implementation contexts (macroeconomics, private sector development, etc.)

Graph 1 summarises the overall evaluation approach.



2.3.2 Evaluation questions

The evaluation questions were the subject of intense discussion among members of the evaluation team, and were later presented to the reference group, the task manager in Brussels, the EC Delegation and the NAO for comments and reviews. All comments on the EQs made by these parties were incorporated into the final version. The EQs are closely linked to the intervention logic as laid out in several diagrams in the Inception/Desk Report.

The first two are related to relevance and are aimed at analysing the process of identifying interventions, as well as looking at the quality of the underlying analysis. Questions 3 and 4

aim to assess the strategy's efficiency in terms of both the mix of resources and instruments as well as the flexibility and management of implementation. Question 5 addresses effectiveness in terms of the delivery of expected results and the use made of these by the various partners. Question 6 looks at impact measured against the strategic objectives of capacity building among institutions working within the areas of the construction and strengthening of Jamaica. Question 7 assesses the sustainability of the operations carried out. Question 8 evaluates how the CSP takes into account cross cutting issues and the "3 Cs" (Coherence, Complementarity and Coordination).

3 THE GENERAL CONTEXT

3.1 Overall Political and Social Situation in Jamaica

A significant political event took place on March 30, 2006, with Ms. Portia Simpson Miller becoming Prime Minister of Jamaica, replacing Mr. Percival James Patterson who retired from government and political affairs. Ms Simpson, a former Minister of Local Government, Community Development and Sport, was designated by the ruling People's National Party (PNP) to replace Mr. Patterson until new elections, which are scheduled to take place in June 2007.

Although Ms. Simpson's programme had not been officially presented at the time of this evaluation, she has indicated in several public meetings that her agenda will continue with the objectives and activities set out by the former Prime Minister and approved by the PNP. It has been reported, however, that her programme will place greater emphasis on education and community development in order to generate employment, reduce crime and social injustice, and to improve the country's competitiveness. Jamaicans have many expectations about Ms. Simpson for two main reasons: firstly she is the first woman in the history of Jamaica to hold the highest position in the land, and secondly, because she was well known for her active participation, management skills and sensitivity towards the people during her time in Central Government. She enjoys popular support, and her concerns about employment and education are in tune with the people's needs and desires.

Other significant events have also marked the political and social situation in Jamaica. These are described in detail in the European Union (EU)-Jamaica Joint Annual Report 2005, and include the following, relevant to this evaluation: General and local government elections (in 2002 and 2003) took place during the execution period of the CSP/NIP. More recently, in 2005, the Caribbean Court of Justice Act (original jurisdiction) was passed. The Act allows the arbitration of disputes between member states of Caribbean Community and Common Market (CARICOM) relating to such areas as trade, and labour related matters. Several national security bills were also passed⁹. The Private Sector Organisation of Jamaica (PSOJ) called for the passing of several bills which would also be integral to national security. Similarly important was the presentation to Parliament of the Money Laundering and Corruption Prevention Act. This Act is still pending approval and further amendments are to be included.

- Crime and Violence: major challenges to social and economic progress

Jamaica has not yet been able to effectively reduce its levels of crime and violence in spite of efforts made to this effect, and these issues threaten economic progress and social stability.

⁹ For full reference see the EU-Jamaica Joint Annual Report 2005. EC Delegation in Jamaica

Crime and violence, both drugs- and gang-related, as well as random violence within communities and households, continue to pose an overwhelming challenge to social and economic progress.

- Emigration: the brain drain

There is also much concern in Jamaica about the social impact of the country's high emigration rate. According to a recent International Monetary Fund (IMF) working paper, 85% of those educated at tertiary level have already left Jamaica. The migration rate is particularly high among the highly-skilled. The IMF paper stresses that these migration rates have had serious impacts on local labour markets and the welfare of those who stay behind. The total losses due to skilled migration - which includes the "emigration loss," externality effects, and government expenditure on educating migrants - outweigh the recorded remittances for the Caribbean region on average, and for almost all the individual Caribbean Countries.

3.2 The Overall Economic Situation

- Small and vulnerable

Jamaica's economy is small and highly vulnerable because of limited diversification and high dependence on external markets. The economy is dominated by the services sector (particularly tourism), which contributed 67.2% of Gross Domestic Product (GDP) in 2003, while its industrial production share represents half of the contributions generated by the service sector (29.8%). Its production capability is highly concentrated in two products, alumina and bauxite, which also correspond to the major share and the largest export items of the country (47.6%). The manufacturing sector accounts for 13.8% of GDP, while the contribution of the agricultural sector accounted for 6.3% of GDP in 2003. In terms of imports, the largest products imported were energy and capital goods (including food). Emigrants' remittances constituted approximately 15% of GDP in 2002. The informal economy was estimated to be equal to approximately 40% of GDP in 2003 and represents a major loss of tax revenues.

- The hope for economic reforms

Economic reforms introduced in the late 1980s included import liberalisation, domestic financial sector liberalisation, removal of capital controls, wide ranging privatisation of government owned enterprises, and tax and labour market reforms. After initial difficulties, such as import substitution and rising inflation, these reforms generated positive macroeconomic results. Net international reserves became positive after 1993. Inflation, averaging 39% per annum between 1990 and 1995, took a downturn.

However, the economic gains achieved in the early 1990s were set back by the financial sector crisis of 1996, when the collapse of several financial institutions and subsequent bail-out by the Government resulted in a dramatic increase in the level of public debt. Subsequent government borrowing and rising interest rates resulted in a crowding out of the private sector and weak economic growth performance in the second half of the 1990s. Growth rates have been positive again since 1999 (1% in 2002 and 2.3% in 2003), but the high level of debt and the sustainability of growth remain a concern.

Fiscal Year (FY) 2004/2005 was the sixth consecutive year of slow growth at an average rate of 1% per year. While most of the macroeconomic targets for FY 2004/05 were not met, confidence among international capital markets and investors remained high during the FY,

which was characterised by strong growth in the Net International Reserves. The passage of Hurricane Ivan in September 2004 was mainly responsible for higher inflation, debt/GDP ratio, fiscal imbalance and lower than projected growth figures.

According to the IMF¹⁰, real GDP growth is expected to rebound and the public debt ratio to decline to 125–130 percent of GDP in FY 2005/06 in the context of decelerating inflation and broadly stable international reserves. The authorities predict a pick-up in economic growth to 3.5–4.0 percent, underpinned by accelerated expansion in tourism, mining and construction, together with a full recovery in agriculture. On the inflation front, the authorities expect to contain 12-month inflation below 10 percent, including the impact of higher consumption taxes. Towards these objectives, and to achieve a further decline in the public debt ratio, the authorities intend to balance the budget and maintain base money growth broadly unchanged from last year, while continuing to manage the exchange rate to avoid wide swings and protect competitiveness.

- The competitiveness factor

Despite Government and private sector efforts to increase the country's competitive capacity, Jamaica still remains in a fragile competitive position. Indicators reflecting the complexity of the development process have been used to help understand the factors behind current levels of economic prosperity and growth. According to the Growth Competitiveness Index (GCI)¹¹ in 2002 Jamaica ranked 60 among 80 surveyed countries (Haiti ranked 80 and the USA ranked one), falling five places from 2001 (when it ranked 55). The following table summarises Jamaica's competitive position measured by four indexes.

Table 1. Rankings on growth competitiveness component indexes

Country	GCI ranking (1)	Technology (2)	Public Institutions (3)	Macroeconomic environment (4)
USA	1	1	16	2
Chile	20	33	19	13
Trinidad & Tobago	37	42	43	25
Costa Rica	43	37	46	43
Dominican Republic	52	48	60	41
Jamaica	60	46	51	74
Haiti	80	80	80	68

Source: Global Competitiveness Report 2002-2003. New York, Oxford University Press 2003

The Growth Competitiveness Index [GCI-(1)] is based on three broad categories of variables that are found to drive economic growth in the medium and long term: technology (2), public institutions (3), and the macroeconomic environment (4). Without technological progress, countries may achieve a higher standard of living, for example, through a higher rate of capital accumulation, but they will not be able to enjoy continuously high economic growth, which is the case in Jamaica. On the other hand, institutions play a crucial role in ensuring efficient and transparent management, the protection of property rights, the objective resolution of contracts and other legal disputes, and efficiency in government spending. In this respect Jamaica still has to streamline its public institutions. Monetary and fiscal policies and

¹⁰ IMF Country Report No. 05/219, June 2005.

¹¹ The Global Competitiveness Report 2002-2003. World Economic Forum, identifies three indexes: technology, public institutions and macro-economic stability.

the stability of financial institutions have an important effect on short-term economic dynamics as well as long-term growth capacity, and Jamaica has been able to stabilise its economy and financial sector. These drivers play a critical role at all stages of economic development, and Jamaica's position is unsafe compared to that of other Caribbean countries such as Trinidad and Tobago and the Dominican Republic, and well behind that of Costa Rica in Central America (even El Salvador ranked 57) or Chile in South America.

- Jamaica: active participation to achieve regional integration¹²

Regional and bilateral trade initiatives continue to form an important element of trade policy, particularly as these arrangements provide the basis for product and market diversification and increased competitiveness within the local export industry. As such, Jamaica's trade policy is designed and implemented within the framework of CARIFORUM and the country applies, provisionally, the Revised Treaty of Chaguaramas, which is aimed at consolidating the Caribbean Single Market and Economy (CSME). During the course of 2006, Jamaica will formally sign a protocol, along with Barbados, Belize, Guyana, Suriname and Trinidad & Tobago, to establish a single market. One of the most significant developments for the Caribbean Single Market and Economy (CSME) included the establishment of the Caribbean Court of Justice (CCJ), which was inaugurated on the 16th April 2005 in Trinidad & Tobago.

Some progress has been made regarding the regional-integration phase of negotiations for the Economic Partnership Agreements (EPAs). Joint technical meetings have been held on regional market access issues, services and investment, and trade-related areas. Progress was reviewed during a meeting in Brussels on 20 May 2005 and in St Lucia on 28 September 2005. These meetings were preceded by meetings of the Regional Preparatory Task Force. The St Lucia Ministerial Meeting considered a review of phase II of the negotiations, a report on activities of the Regional Preparatory Task Force, an orientation towards the scope and treatment of Phase III issues, preparations for the 6th World Trade Organization (WTO) Ministerial Conference in Hong Kong, and recent EC policy developments affecting sugar, bananas and rum.

The active participation of Jamaica in the construction of regional integration at the CARIFORUM level has been consistent and the benefits obtained so far go beyond the areas of trade or economy. Multiple benefits have also accrued through social, cultural and educational activities. Jamaica, as a full and active member of CARIFORUM, is also looking forward to continuing negotiations with the EU on the EPA venue.

3.3 Challenges facing Jamaica

It is essential for Jamaica to achieve sustainable growth to recover from its present economic problems and to address social and environmental issues. The question is, however, how this growth will be generated and distributed. These questions must be addressed from an international perspective, as Jamaica is becoming increasingly integrated into regional and global markets (EPA with EU, CARIFORUM, Free Trade Agreement of the Americas (FTAA)).

Given Jamaica's small market, exports must provide the growth needed to achieve development, according to the National Industrial Policy. The successful realisation of export-led growth requires improved competitiveness, which can be achieved by increasing productivity, although this may imply cost reduction and the use of proper technology.

¹² Information provided by the EC Delegation in Jamaica.

Production, distribution and trade all require an adequate and efficient infrastructure system, which in Jamaica's case must be improved. In order to promote competitiveness at the economic and institutional levels, foreign and local investment will be required. Sound macroeconomic and financial systems are needed in order to attract investment, which will in turn create a strong private sector, which will generate employment, increasing income, and thus the purchasing power of the population. Meanwhile, the government needs to put in place policies to improve distribution and to develop a sustainable framework to improve and preserve the environment.

This rationale, set out in the policy agenda for development in Jamaica, has been built upon a set of policies designed to meet the strategic objective of poverty reduction, and to generate sustainable economic and social growth. The main features of the programme are summarised in the following areas, which also represent the country's major challenges¹³:

- i. To develop a sound and efficient macroeconomic programme
- ii. To promote competition and effective trade
- iii. To strengthen development of the private sector
- iv. To modernise and provide innovation in the infrastructure and transport sectors
- v. To protect the environment
- vi. To promote social development and alleviate poverty
- vii. To introduce good justice and home affairs policies

4 SCOPE OF EC INTERVENTION IN JAMAICA

4.1 Commission objectives

- Commission objectives

The overall objectives of the Commission's interventions in Jamaica correspond to those of the Commission's development policy and successive ACP agreements, namely those of poverty reduction, sustainable development and integration into the world economy. As such, EC support to Jamaica is in accordance with the global principles of EC cooperation with third world countries, as stated in Art.177 of the EC Treaty.

The objectives of the above-mentioned article were confirmed and strengthened by the ACP-EU Partnership Agreement signed in Cotonou on June 23 of 2000. Furthermore, EC support to Jamaica also incorporates its conviction, know-how and experience in terms of promoting regional integration as a vehicle for development and integration into the world economy¹⁴.

4.2 A Global Overview of EC Development Co-operation in Jamaica

The bulk of EU aid is comprised of successive five-year National Indicative Programmes (NIP) embracing a number of key projects in areas essential to the country's human and economic development. Total financial assistance to Jamaica from the European Union since the beginning of the Lomé Convention in 1975 is estimated at €666 million, which does not take into account bilateral cooperation by EU member states or benefits from regional programmes or of the Lomé trade preferences or protocols.

¹³ These areas are covered in the CSP under the heading "The Policy Agenda for Jamaica".

¹⁴ See also COM (95) 212: EC support to regional integration initiatives in developing countries.

Apart from EDF funding, other instruments of EU cooperation have contributed significantly to Jamaica's development. Since Lomé I, the European Investment Bank (EIB) has funded loans from its own resources and risk capital to the amount of €144.2 million in Jamaica. Projects have been focused on development banks, the port and free zone of Montego Bay, the Kingston container terminal and the Telecommunication Company of Jamaica (now Cable & Wireless).

In addition, various EC budget lines have helped to finance projects in the areas of cooperation with Non-governmental organisations (NGOs), environmental protection, human rights, gender issues and decentralised cooperation. Jamaica has also benefited from a total allocation of nearly €31 million since 1995 under the Special System of Assistance to ACP banana producers, which aims to increase the industry's competitiveness on the international market and/or the diversification of economic activities.

Jamaica is also benefiting from important regional funding in the sectors of telecommunications, regional trade and tourism promotion, as well as human resources development (especially the University of the West Indies), and several other cultural and educational activities.

4.3 CSP/NIP 2002-2007. Rationale and Intervention Logic

The EC response strategy to support Jamaica was defined in the formulation of the CSP/NIP – 2002-2007 programme. For this CSP and time period the EC has committed €100 million, of which €73 million is for actions to be executed under the A- envelope, and €27 million for actions under the B- envelope.

The A- envelope is designed to cover long-term development activities identified in the response strategy. Two of the sectors receiving such funds are **Focal sectors**: Private Sector Development and the Infrastructure Sector.

In addition, funds are allocated to support the Macroeconomic Stability and Economic Reform Programme of Jamaica.

The **Non-Focal sector** covers initiatives such as economic growth and poverty alleviation through community empowerment.

Funds from the B- Envelope (€27 million) are allocated in response to unforeseen needs such as emergency assistance, where support cannot be financed from the Community budget, contributions to internationally agreed debt relief initiatives and support to mitigate the adverse effects of instability in export earnings¹⁵.

The following table summarises the intervention logic of the EC strategy as presented in the 9th EDF.

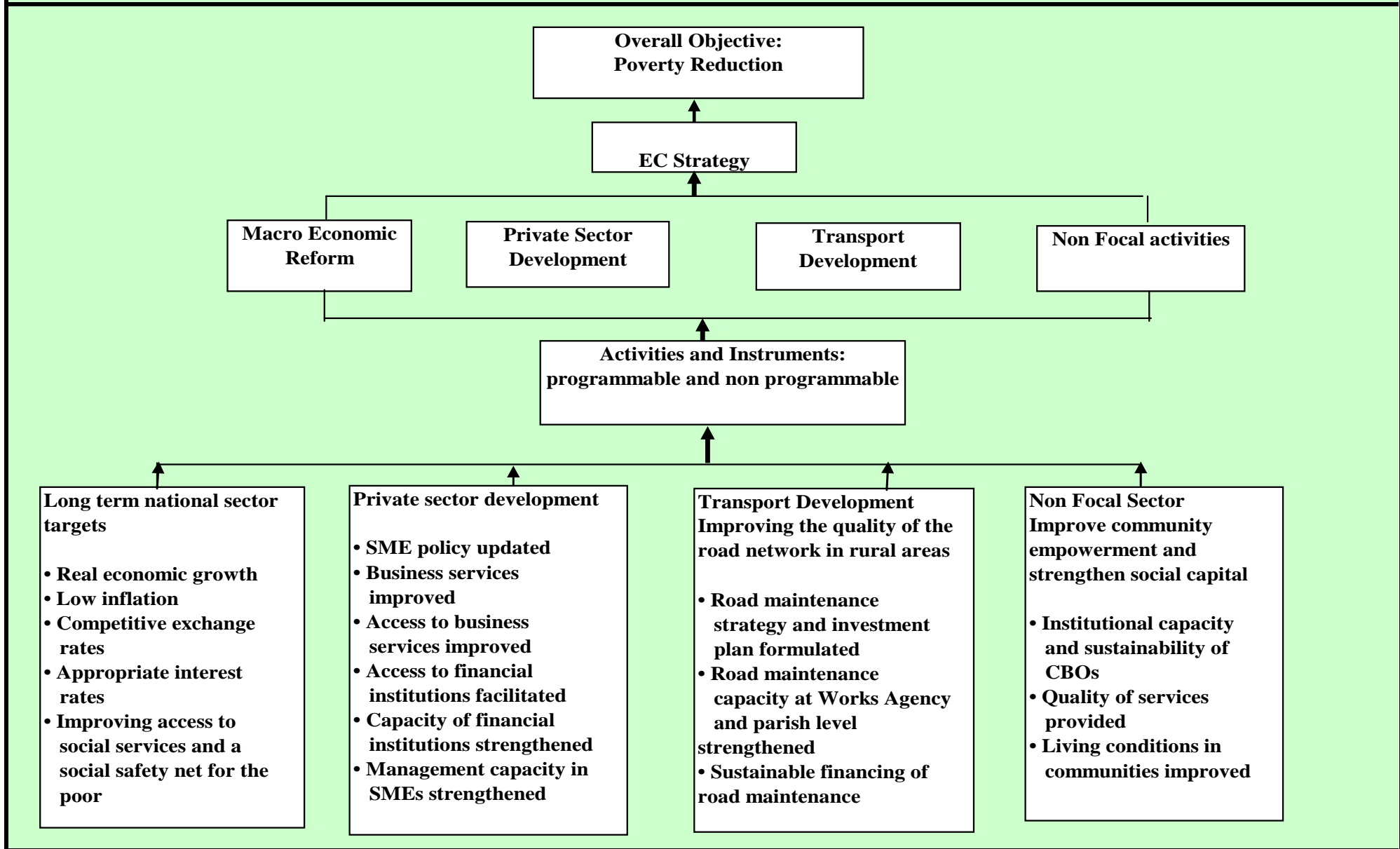
¹⁵ The National Indicative Programme of Jamaica. Section 6.2: Financing instruments.

Table 3. 9th EDF for Jamaica. Focal and non focal programmes

Private sector development	Transport development	Non-focal programmes	
		Macroeconomic support	Other Non-focal programme
Long term national sector targets: <ul style="list-style-type: none"> Increasing production for export and domestic markets. Creation of employment. 	Long term national sector targets: <ol style="list-style-type: none"> Economic growth and poverty reduction Better access to increase production and access to social services 	Long term national sector targets: <ul style="list-style-type: none"> Economic growth and poverty alleviation through community empowerment 	Long term national sector targets: <ul style="list-style-type: none"> Real economic growth, Low inflation Competitive exchange rates Appropriate interest rates Improving access to social services and a social safety net for the poor.
Intervention objective Achieving sustainable development;	Intervention objective Improving the quality of the road network in rural areas.	Intervention objective Boosting community empowerment and strengthening social capital in communities.	Intervention objective Strengthening government's capacity to effectively implement a growth-oriented and poverty-focused macro-economic policy.
Results <ul style="list-style-type: none"> SME policy updated Business services improved Access to business services improved Access to financial institutions facilitated Financial institutions strengthened Management capacity strengthened 	Results <ul style="list-style-type: none"> Road maintenance strategy and investment plan formulated; Road maintenance capacity at Works Agency and within parishes strengthened Financing of road maintenance activities secured in a sustainable manner 	Results <ul style="list-style-type: none"> Institutional capacity and sustainability of Community based organisation's (CBOs) improved; Quality of services provided by Community based organisation's (CBOs) improved Living conditions in communities improved. 	Results <ul style="list-style-type: none"> External and internal debt reduced Key social services sufficiently funded Good governance-related expenditures effectively realised

Source: Jamaica CSP and NIP 2002-2007, p 36

Graph 2. EC Intervention Logic of the 9th EDF to support Development in Jamaica



4.4 Design and Implementation of the CSP

The CSP was formulated based in the following principle: “*The response strategy supports the government strategy of macroeconomic reforms, as well as policies to promote investment and human and social development. The overriding concern of the suggested EC response strategy is to contribute to the alleviation of poverty*” [CSP, page 26, section 5, point 5.1]. It also requires that the components of the strategy are *strongly inter-linked and mutually enforcing* [idem]. These principles have been incorporated into each of the selected sectors of the CSP.

The strategy in principle is well formulated and represents the views of the Government of Jamaica (GoJ) and the cooperation policies of the EC. The sectors to be covered by the resources allocated for the 2002-2007 CSP were jointly selected by the Government authorities and by the EC and reflect, for the most part, concern to tackle the macroeconomic stability, the development of the private sector and the improvement of infrastructure. These priorities also display continuity with actions financed by previous EDFs.

Although there are no critical questions about the validity of the selection of the priorities and thus of the strategy as whole, there are some reflections to be made about the linkages of the selected sectors of the CSP with the overall and specific objectives of the GoJ.

4.4.1 The Macroeconomic Reform Programme.

The EC provides assistance to the government’s economic reform programme, aiming to stabilise the macroeconomic environment and achieve the government’s policy aims in terms of poverty reduction and its targets for social sectors such as health, education and social safety-net programmes. The programme also aims to assist the GoJ in its efforts to strengthen public finance management.

- The debt factor

The macroeconomic stability has been, in fact, a major source of concern for the GoJ authorities. Jamaica has had very high public debt for a long time –some progress in reducing debt in the early 1990s was reversed by the banking crisis that ensued in 1996, following which the Government absorbed an additional 40 per cent of the GDP in debt. Since then, Jamaica has been grappling with legacy of public debt averaging between 130 – 145 percent of the GDP. This debt has rendered the economy vulnerable and contributed to high and volatile inflation as well as low economic growth. The debt has also severely constrained the flexibility of macroeconomic policy making and required the development of a sophisticated debt management strategy.

Moreover, the potential to improve growth is also hampered by the hanging debt. According to an IMF study¹⁶ total public debt was 144 percent of GDP during FY 2003/2004, placing Jamaica among the most indebted countries in the world. Its share of

¹⁶ Jamaica: The difficult quest for growth. Rodolphe Blavy. IMF May 2006.

domestic debt (67 percent of GDP) was unusually large, with external debt totalling 77 percent of GDP. Combined with high unemployment, emigration, and rising crime rates, macroeconomic uncertainty created by the large debt overhang likely had negative feedback effects and may have damped further output growth.

- In search for growth

With respect to debt reduction, Jamaica has encountered some adverse effects that have limited the country's capacity to resume growth, and that has affected reducing debt to the desired levels. In spite of the international favourable environment, GDP growth in Jamaica has been low. The growth potential in Jamaica is strong. The country has a solid endowment in natural beauty and mining resources and in human capital with a well educated, English speaking workforce. However, growth in Jamaica has underperformed other Caribbean countries and was substantially below growth rates experienced by other emerging economies. Jamaica, like other Caribbean countries, faces special challenges, notably, its small size and extreme vulnerability to external events, particularly natural disasters, which have caused high volatility in national income and impair growth process¹⁷.

As a World Bank study suggests in its document "Jamaica: The road to sustained growth" (April 2006), *..... macroeconomic stability is a fundamental component to it but there is not always a straight correlation between (macroeconomic) stability and growth....* Sustained growth will be fundamental to further declines in poverty and Jamaica's realizing its potential. In addition there is a paradox in Jamaica where it has experienced persistent low growth despite high rates of investment. Real GDP grew, on average, by 1.6 percent from 1980 to 2004 while investment rose from 15 percent of GDP to 33 percent over the same period. Understanding this puzzle of high investment and low growth is key to addressing the constraints to lifting economic growth, improving debt sustainability and alleviating poverty¹⁸.

In regards to employment, whatever growth has occurred has not created much employment, largely of the loss of competitiveness in the 1990s that hurt tradable goods production and thereby formal private sector employment. Employment rose less than 0.3 percent per year from 1991-2001. Between 1996 -2001, only public sector employment rose, while informal sector was stable; both rose as a share of total employment. Currently, poor employment prospects, along with high crime, have encouraged high rates of migration, and the equivalent of 80 percent of tertiary graduates is estimated to have migrated¹⁹.

¹⁷ See IMF Country Report No 06/.. May 2006. Jamaica Selected Issues.

¹⁸ Jamaica: The difficult quest for growth. IMF, May 2006. Prepared by Rodolphe Blavy.

¹⁹ Idem.

- The EC Response Strategy.

The EC has been aware of Jamaica's need to streamline its public debt, to stabilise its macroeconomic structure and to improve its capacity to generate growth, and it has been consistent in its commitment to provide Jamaica with a sound macroeconomic environment, with three consecutive EC Support for Economic Reform Programmes (SERP I, II and III) since 2000 providing direct budget support to the Government. The results obtained by the SERP I and II, are highly visible and, according to the GoJ, have contributed effectively in achieving its goals.

- The Developments of SERP III

SERP III is the current programme of the 2002-2007 CSP. The Financing Agreement (FA) was signed on 19 February 2003, with a budget of €30 million. Budgetary support is planned to be for €27 million to be disbursed in three tranches up to FY 2005/06. The remaining €3 million are earmarked for human resources development and institutional capacity building. Budget support provided under SERP III will be released in fixed (40%) and variable (60%) tranches on the basis of the GoJ's adherence to the Medium Term Framework (MTF, formerly called Medium Term Socio-Economic Policy Framework) and an agreed set of social sector and public finance performance indicators. In order to determine the amount of the variable component of each tranche to be disbursed, progress will be evaluated against the above performance indicators under the leadership of the GoJ. Based on these conditions, the disbursement of two tranches has already taken place.

The Technical and Administrative Provisions for Implementation of the FA require the programme to obtain the following specific results from Government Policy:

- To bring down public debt (elimination of fiscal deficit, maintaining macro economic stability, and social expenditure)
- To reduce pressure on social expenditure
- To lower interest rates, leading to less crowding out of the private sector
- To create an environment conducive to private sector growth and poverty reduction

These results are reasonable to expect but mostly in the long term, with only a few, such as interest rates or debt reduction, which can be monitored yearly. Thus, the EC contribution has to be seen not as a contribution that in fact will act directly over the debt or it will make possible to restore growth and generate employment, but as a contribution to improve the institutional and technical capacity to manage the debt. After all, the amounts disburse to reduce the debt problem or to act directly over employment or growth are not sufficient enough to create a direct impact over the quantity of the debt, employment or growth problems. Its contribution are more related to helping the GoJ in managing and institutionalizing a system and a structure that can allow the authorities to plan and to make sound decisions over the efforts in bringing down the current debt and to reinstall conditions for economic growth.

- **The SERP III Implementation and contributions**

While SERP III was conceived under “normal” conditions for its implementation, a series of events took place making it necessary to adjust its activities in the short term leading to new tasks and the generation of new results by the SERP III intervention. For example, the macroeconomic situation suddenly worsened considerably between the last quarter of 2002 and the first semester of 2003. In March 2003 the International Monetary Fund Structural Management Program (IMF/SMP) was discontinued, and as a result the EC considered that Jamaica was no longer eligible for the budgetary support programme. To reverse this situation the GoJ and the EC agreed to use the Medium Term Socio-Economic Policy Framework (MTSEPF) as the economic reform programme. The objective was twofold: (i) to identify a reform programme aimed at addressing key issues for the country: the way to return to macroeconomic stability (looking at debt management policy and fiscal consolidation); policy orientation regarding private sector development as a way to achieve economic growth; and social development, and (ii) to recreate conditions for the release of the first tranche of the EC budgetary support programme. To this end, the EC provided valuable TA for the identification of indicators, that are currently operating in the country. Around July 2004 the GoJ prepared a relevant MTSEPF, and the International Development Partners (IDPs) expressed satisfaction with the programme. The GoJ also presented objective macroeconomic indicators and adopted the document, committing itself to an ongoing process of refinement, including the provision of a MTF.

The GoJ, with assistance from the EC and international agencies, constructed the MTF and agreed to abide by this in order to carry out the following tasks:

- For the GoJ/PIOJ/Ministries the MTF is expected to set objectives, implement and monitor a coherent development policy, rally IDP support for priorities, reduce transaction costs by engaging IDPs and to promote inter-GoJ coordination, including coordination with non-state actors to involve them in the dialogue process and to contribute expertise. It is also important to note the importance of the MTF to the GoJ’s national strategic direction, its implementation under the auspices of the relevant ministries, and the monitoring framework using the Thematic Working Groups (TWG).
- For IDPs, the MTF is expected to provide a structure for policy dialogue (budget planning, definition of policies and priorities), cooperation coordination structure for the alignment of IDP support, and to monitor results and discuss them with the GoJ.

As both parties are engage in bringing in a sound structural system and to contribute to stabilize the macroeconomic situation, the government efforts and the support provided by the EC to make this structure work some important achievements have been produced: (i) the MTF matrix has been improved; (ii) indicators and targets have been set by key ministries; and (iii) the dialogue process with IDPs has been improved. With regards to the operational aspect of the MTF, further progress has also been made: the MTF structure has been set up, TORs for Thematic Working Groups (TWG) have been prepared and the first TWG already started.

It is expected that in the remaining implementation period the MTF structure will continue to be central to GoJ socioeconomic policy as a tool for planning, monitoring and engaging IDPs (policy dialogue) and sourcing their funding. Similarly, according to the GoJ the commitment to the MTF will be reflected in the GoJ budget, and has already proven to be a useful structure to improve efficiency in managing the planning and allocation processes. It has also been observed that most IDPs operating in Jamaica are establishing their country programmes in the context of the MTF (i.e. USAID, Department for International development (DFID)), and their interventions are derived from TWGs discussions (e.g. Sector Wide Approach (SWAP)).

The MTF and the contributions made by the SERP III initiative, have produced immediate and direct results over the managing and planning process and, on the other hand, has made contributions to improve the IDPs coordination of its interventions in Jamaica. These contributions, along with the TA provided for the definition of the indicators and transfer of know how, is highly appreciated by the government authorities and its relevance, as well as the capacity of the program to adjust to the given situation has making the SERP III program to be an important tool supporting the government's effort to achieve its debt reduction, to stabilize the macroeconomic environment and potentially to regenerate growth and employment for the Jamaican people.

4.4.2 Focal Sector: Private Sector Development

This component is in line with the policies of the GoJ and with the overall rationale presented in the CSP: “along with the macroeconomic stability component of the strategy, a strong private sector and well-organised infrastructure will attract foreign investment to generate employment and improve the quality of life in Jamaica”. The rationale for the development of the private sector postulates that the private sector will enjoy more investment, locally and internationally, as a result of the reduction of interest rates (generated by a sound macroeconomic environment). The sectors in which the strongest supply response is expected include agriculture, agro-processing, selected labour intensive manufacturing, tourism, IT and other business services. The main objective of this component is to achieve sustainable private sector growth and employment generation.

In 1996, the Jamaican Government designed a National Industrial Policy meant to meet the challenges of globalisation. In its first stage, in 1996, the National Industrial Policy was intended to focus on the reduction of inflation and to stabilise the exchange rate. The National Industrial Policy also targeted sectors to be supported in order to improve Jamaica's competitive insertion in the markets:

- a) Information & Communications Technology (specifically call centres, shared services, telecommunications service providers and software developers);

- b) General manufacturing (specifically food processing and plastics);
- c) Mining and Chemicals (especially mining products and chemicals);
- d) Tourism (specifically hotel chains, small hotels and attractions); and
- e) Apparel, textiles and sewn products.

More recently, the Government's main private sector strategies were formulated in the MTF and include the following areas:

- a stable macroeconomic framework;
- a positive enabling environment including the availability of skilled manpower, improved infrastructures, and tackling crime and extortion;
- a competitive Real Effective Exchange Rate (REER)

The Partnership for Progress Initiative set up in 2003, based on Ireland's Social Partnership model and coordinated by the Private Sector Organisation of Jamaica, was expected to provide the key platform for a coordinated private sector growth strategy. However, trade union support has been disappointing. In the meantime, public sector unions agreed on March 31 2006 to a two-year pay freeze in exchange for job security.

Some sectors have received support from the government's credit policies. The recent tendency has been to focus on Information and Community Technology (ICT) and knowledge-based industries. Unfortunately, development in Jamaica so far has centred mostly on the lower end of the ICT sector – i.e. call centres and data entry (Montego Bay Free Zone and Kingston)²¹.

Jamaica Promotion Corporation's (JAMPRO) competitiveness vision is very general: "... to create a business environment which facilitates the ability of companies operating in Jamaica to consistently achieve high levels of productivity and efficiency resulting in consistent economic growth"²². It can sometimes also be far more hard-hitting (Jampro's vision for 2012): "Jamaica as a Global Hub for Creative Industries attracting high levels of investment in sustainable projects and selling our products and services to diverse markets"²³. However, Jamaica's competitiveness strategy is still more focused on factor competitiveness than on innovation-driven competitiveness.

Considering its small population and number of companies, Jamaica has many sources of Business Development Services (BDS) and financial support, to such an extent that Jampro set up a website listing all the support available in particular areas²⁴. The Mission put the site to the test, requesting all types of available support for a small agro-processing company – and received the following answer: more than 30 windows for finances (equity/loan/guarantee), six windows for cost sharing services (in fact one – EFASP – no longer exists) and three for technical assistance (there is now one more:

²¹ See <http://www.investjamaica.com/sectors/it/index.php>

²² Presentation by Patricia Francis, President of Jampro, PSDP Retreat, March 6. 2006, Kingston

²³ idem

²⁴ See <http://www.funding oasis.com/newLook/fundingFrame.html>

from Holland, equivalent to the British Executive Service Overseas)²⁵. According to the Small Businesses Association of Jamaica (SBAJ), the Business Development Services (BDS) market is characterised by good quality, but overly expensive, supply.

- The PSD intervention

The EC's support to Private Sector Development (PSD) is significant, and the mix of projects, resources and instruments proposed to address priority needs and contribute to the proposed objectives is being developed throughout several EDFs, where continuity and consistency in its actions is observed:

- Credit Scheme for Micro and Small Enterprises (CSMSE) running from the 5th to the 8th EDF,
- Target Europe Project (TEP), running from the 8th to the 9th EDF
- Trade Development Programme (TDP) running from the 7th to the 8th EDF,
- Private Sector Development Programme (PSDP) launched under the 9th EDF

These actions represent an EC contribution of €36 million. In addition, the business development services programme under the PSDP is supplemented by an EIB programme of financing for investments and a loan for Small and Medium Size Enterprises (SMEs).

The review of the logic and programme components also reveals that the current strategy's greatest limitation is that the meso and micro levels of intervention were heavily stressed in its design, without taking full account of the Communication on PSD development in ACP countries (COM1998/667): "*The constraints on private enterprise in developing countries are primarily connected with the role of the public sector*" (page 22). This probably stems from the lack of a detailed analysis of the investment climate in the CSP, in the pre-feasibility study for the PSDP, and consequently in the FA. This analysis is supposed instead to be carried out by the PSDP as one of the activities of the Competitiveness Committee.

According to FA and the current CSP ("The sectors in which the strongest supply response is expected include agriculture, agro-processing, selected labour-intensive manufacturing, tourism, IT and other business services"), the PSDP is supposed to focus on some sectors indicated in the NIP. However, it does not do this, except under the activity of delivery of Consortia Business Development Services.

The programme also partially tackles the MTF strategy for private sector development (MTF, Page 25), especially the last postulate "...improve the operating environment with respect to the availability of appropriate skilled manpower and with a reliable and cost effective infrastructure". However, the PSDP does not address specifically this last objective given that the brain drain has become a major obstacle to the stated strategy of

²⁵ See Annexes

²⁸ Idem.

building a knowledge-based economy (almost 85% of those educated to tertiary level have already left Jamaica).

4.4.3 Focal Sector Infrastructure

- GoJ strategy for transport development

The logic behind the GoJ's plans to implement its strategy for promoting private sector development and agriculture is based on execution of the following programmes:

- Improving infrastructure, particularly in transportation. This is aimed at reducing isolation in rural communities. Poor road infrastructure conditions have been repeatedly identified as a major handicap for the Jamaican productive sector, with negative effects on poverty and isolation of rural communities.
- Modernisation and harmonisation of legislation dealing with incentives to industry, aimed at improving efficiency through proper legislation
- Supporting Competitive Sectors including Agriculture, Tourism, IT and other business services, in order to increase productivity, irrigation, efficiency and standardisation/certification for exports
- Reduced interest loans to private firms in the productive and export sectors, aimed at enhancing production capacity.

In parallel with "land transportation", the CSP deals with protection and care for the environment, affording this the same high level of importance. Its strategy focuses on: *"rationalising the institutional framework through amalgamation and harmonisation of physical planning and environmental management functions. The implementation of integrated Coastal Zone management and watershed management initiatives, and the further institutionalising of Pollution Control and Waste Management measures will also remain high priorities."*²⁸

To deal with this programme, the following priorities were identified:

- developing environmental management systems
- waste management (incentives for recycling, fees for pollution)
- extending sewage treatment facilities
- land resources planning and management
- forestry and watershed management
- sustainable agricultural and tourism development, and
- protection of ocean, sea and coastal resources

From the above, it can be clearly seen that sustainable development objectives, linked to infrastructure, are in general a strategic priority for the GoJ.

- Intervention logic

The EC recognises the importance placed by the GoJ upon the development of proper infrastructure and has identified this sector as a strategic priority in the CSP, particularly improvements in the transportation network, as a key component for realising growth in the private, agriculture, tourism and mining sectors. The current state of available transport (both road and rail) infrastructure is hampering growth: poor road maintenance and management, insufficient funding and lack of an adequate government plan and policy are some factors that need to be dealt with. In fact, the CSP analysis of this sector reports that:

- 50% of the entire road network is in bad or very bad condition
- The worst affected sections are the secondary and tertiary roads
- 90% of the local roads providing sole access to the hinterlands, where agricultural production takes place, are in bad condition

The poor state of road maintenance limits access to markets for rural products and to social services for vulnerable groups. Similarly, the CSP also mentions the sustainability of growth as an important issue, related to wastewater treatment, solid waste disposal and coastal protection. The government has also indicated its commitment to ensuring that growth and development are pursued with the utmost respect for, and protection of, the environment, which, given the level of economic dependence on natural resources, is essential for sustainable long term economic growth²⁹.

- The EC response strategy

The EC response strategy³⁰ is derived from economic and social analysis, government strategy and the activities of other development cooperation partners, taking into account the views of civil society. The overriding aim of the strategy is to contribute to the alleviation of poverty. As such, “the road maintenance programme” has been given highest priority, and will build upon lessons learned in past road programmes supported by the EC, the Rural Road Rehabilitation and Institutional Strengthening Project (RRISP), the study to “secure financing for road maintenance in Jamaica” (ACP JM 047, Project N°7). The road programme will, furthermore, complement other EC-funded programmes which also addresses road improvement in rural communities and the ACP banana programme.

The objective of poverty alleviation through better access to markets and social services for rural areas is *per se* a good starting point. Road maintenance is tightly linked to this, and the EC and other international agencies and institutions have paid great attention to the matter of transport infrastructure, often boosting transport efficiency while stressing the need to optimise and integrate existing facilities. Related issues are the reduction of

²⁹ CSP 2002 - 2007. Infrastructure.

³⁰ The CSP 2002 – 2007 point 5. page 25.

environmental pollution and the promotion of integration of transport systems from the end of the last century.

Regarding transport efficiency, reference is made to the content of the Commission Communication to the Council and the European Parliament (06.07.2000) promoting sustainable transport in development cooperation, namely Point 2.5.1 *Avoid supply-led policies that produce oversized transport systems* and Point 3.2.3 *Transport efficiency depends on optimising and integrating existing facilities*. The contents of this communication make clear the position on an integrated and diversified transport network from the early 2000s.

In the CSP 2002-2007, the overall objective of road transport development is improving access to markets and social services. The expected results are identified as follows:

- (i) develop a coherent and comprehensive road maintenance strategy
- (ii) improved ability to implement a comprehensive road maintenance programme
- (iii) improved funding for road maintenance

In terms of sustainability, the CSP says this will be assured by a realistic investment plan created on the basis of existing needs and available revenues, by targeting institutional strengthening measures and reducing travel costs, which, in turn, will improve the relative competitiveness of areas outside Kingston, thereby generating economic activity and employment with poverty-reducing impacts.

- Assessing the sector

The previous and current EC response strategy in the transport sector is closely linked to the GoJ infrastructure development plan, The EC strategy supporting the road sector has been in alignment with the previous CSP and Sysmin and a consequence of the emphasis placed on this area by the GoJ.

Upon studying the development of this sector there are some aspects linked to the design and implementation activities. The decision adopted for the National Coastal Highway (NCH), taken by previous CSPs has been kept all long till the last CSP notwithstanding the fact that important process of gradual change has taken place over the years. To day planners and decision makers could consider it not fitting with Poverty Alleviation, Environmental Protection, Improvement of Socio-Economic Conditions, Improvement in Market Access and Social Services. To day a programme identification exercise should provide adequate arguments for supporting the activities aimed at strengthening only the road sector by constructing the 107Km NCH.

In the light of the Scott Mc Donald Final Report (2003), which clearly outlines the objectives to be achieved within the Jamaican road sector policy and strategy, to day more than in 2003, the study to be carried out should be “predicated on the drafting of a National Transport Policy”. This policy should contain “the broad strategic thrust of the

Government of Jamaica in the road, rail, maritime and air sectors. It should contain cross-sectoral policy objectives and demonstrate a commitment for integrated policy and planning to meet overall social and economic objectives. It should also contain clear policy advice for the road sector, and underline key themes which must be reflected in this study. These will include, but not be restricted to, sustainability, feasibility and relevance.”

The CSP 2002-07 seems to have taken on board the **road system** as a key area for improving the infrastructure capacity of Jamaica. The CSP 2002-2007 (Annex 5, page 17), refers to the fact that - according to the Road Transportation Network and its reported poor quality - the Ministry of Transport & Works Road Network has listed and classified 4,924km roads in total, broken down as follows:

- Main roads Class A (arterial)	801km (16.3%)
- Secondary Class B (arterial)	684km (13.9%)
- Tertiary Class C (arterial)	3,192km (64.8%)
- URBAN A,B,C	247km (0.5%)

Moreover, according to the Ministry of Agriculture, parishes and others local institutions, Jamaica has a total of 11,013km of roads, which can be divided as follows:

- Parish Tertiary roads	9,660km (87.7%)
- Urban streets	993km (09.1%)
- Agricultural/others	360km (03.2%)

Meanwhile, Statistics on Road Utilisation (source: Kocks Study), shows the breakdown by road class and vehicle type:

Vehicle category	A,B,C inter-urban roads	Urban Roads
Cars	56.9%	71.7%
Utility Vehicles	13.7%	22.9%
Minibuses	21.7%	09.2%
Medium & Large Buses	01.4%	00.3%
Trucks (all types)	06.3%	02.2%

Drawing from the Kocks Study statistical data (see Annex 5. to CSP), it is worth highlighting that trucks account for 06.3% of all types of road utilisation on the ABC inter-urban network, with cars accounting for 56.9% and minibuses and medium large buses for a further 23.1%.

From the above it can be concluded that the CSP 2002-2007 has carried on with the road/maintenance sector already programmed and funded within previous CSPs and Sysmin in order to go on promoting development. The sector’s contribution to the fulfilment of overall objectives has been limited in its ability to properly address the

impact both at social level and at environmental level. Finally, the CSP 2002–07 unfortunately did not have the opportunity to adequately consider carrying out studies to analyse the importance, significance and relevance of the rail option in improving the overall transport infrastructure in Jamaica. Studying and assessing the option of developing the rail system and its connection with the country's overall development, i.e. revitalisation of the railway, encouraging private sector participation in the provision of services, regulation of the revitalised railway, obtaining a greater share of the freight market, optimising the use of railway assets, establishing a railway safety regime and integrating rail, port and ground transportation systems could have made significant contributions to the country.

4.4.4 Non-Focal Sector and Interventions

Under the 9th EDF, the CSP considers non-focal support as *a set of supplementary interventions* to the focal sectors: (a) a non-focal programme of decentralised cooperation focusing on poverty alleviation, implemented through participatory decentralised cooperation, addressing crosscutting issues such as environment, competitiveness, capacity building, human rights and good governance; (b) studies to address issues related to empowerment, and (c) support for capacity building and institutional strengthening in order to facilitate the implementation of the NIP. In addition, as the implementation of the NIP under the 9th EDF got underway, another *de facto* activity was added to the non-focal interventions: support for justice and national security³¹. These activities, presented as supplementary interventions, indeed cover a number of extremely important issues, balancing the core programme with social, institutional, environmental and human right issues. However, the presentation of non-focal intervention is still very general and appears designed to justify the presence of non-target activities.

- The programme under review

The "non-focal programme area" is made up of three projects: the Decentralised Co-operation Programme or Poverty Reduction Programme II (**PRP II**), currently being prepared, the Institutional Strengthening of the Deputy National Authorising Officer (**ISDNAO**), being implemented, and the **SERP III-HRDIS** project, currently under execution. This last project is financed partly by the overall SERP III programme and partly by the ISDNAO project (focal intervention).

The Decentralised Cooperation Programme (PRP II) is a programme focusing on poverty alleviation, implemented through participatory decentralised cooperation in order to strengthen community involvement in development. It is cross-sector, as it involves intervention in different areas of social infrastructure (education, health and sanitation, etc.). The PRP focuses on poverty alleviation via the provision of specific infrastructure to communities (sanitation, roads, schools, etc.) and via community empowerment. It is as such relevant to the GoJ's objectives, as reflected in the National Poverty Eradication Programme (NPEP, 1997). Moreover, the PRP is implemented through participatory decentralised cooperation. This implementing method is fully in line with the

³¹ See below.

community-based approach and enhances the relevance of GoJ intervention, also reflected in the NPEP.

The focus on poverty alleviation is also in line with the main objective of EC cooperation with ACP countries: the reduction and elimination of poverty. Considering the high relevance of the programme to both GoJ policy and the main objective of the EC cooperation, the decision to make this intervention non-focal under the 9th EDF, especially as it was considered a focal priority area in the 8th EDF, is curious.

The second project, **support to the NAO**, has also been designed in accordance with the Lomé Convention and Cotonou Agreement, which expresses the desire of the Community and ACP countries to establish joint management of European development funds by each ACP country and the Commission.

Support for improvement of the NAO service's ability to manage EC funds is pertinent and relevant, since it directly contributes to improved management of EDF aid and, therefore, to a better use of development funds. This objective has also been consistently addressed by the EC over a long period. The first intervention under the 7th EDF helped reinforce the NAO's internal capacity with respect to overall EU project management. The second - and current - intervention addresses new needs deriving from the new programming period: management of the SERP III programme and coordination of the partnership between the Government and Non-State Actors.

Support to the NAO is greatly appreciated by direct users. Appreciation could have been even higher if additional training would have been provided, particularly in PCM and EDF procedures, further strengthening the NAO's office and improving the role of the NAO's office as a coordinator of external aid. Furthermore, in its activities there was no clear separation between the current intervention and the SERP III, whose PMU is being recruited under the ISDNAO budget.

- Justice, national security and crime

The 9th EDF deals with the crime and security issues through the SERP III - HRDIS project, currently under implementation. This project is financed partly by the overall SERP III programme (programme estimates for a maximum amount of €2.35 million) and partly by the ISDNAO project (PMU). However valuable this initiative may be, it is not enough to confront the huge issue of violence, which is hampering economic, social and personal development in Jamaica.

5 ANSWERS TO THE EVALUATION QUESTIONS

Answers to the evaluation questions are based on an important assumption, namely that the Commission's strategy in Jamaica throughout successive EDFs has been to pursue the goal of helping the country to improve its quality of life, integrate itself into the world economy, and achieve competitiveness through the development of its human resources, productive infrastructures and private sector. As explained earlier, the objective and the strategy to achieve it have evolved over time, so this is a dynamic process that is to be evaluated as having moved from functional cooperation towards an increasingly strategic approach. On this basis, the evaluation has concentrated essentially on the relevance, efficiency, effectiveness, impact and sustainability of the Commission's programme for the 9th EDF.

5.1 Relevance

EQ1: To what extent is the Commission's cooperation strategy designed to support the needs and priorities of Jamaica?

EQ1.1. The objectives of the CSP reflect the objectives of the country, and are in line with the Commission's development policy goals.

The general objectives defined in the CSP are in tune with the objectives of the country. Jamaica, in its effort to reduce poverty levels, has set out a plan and a strategy with a number of actions and interventions aimed at improving the quality of life for people in the country. While the objectives identified for the development of the country are valid, achieving these will require long term commitments. The EC has consistently supported Jamaica's development plan through the provision of funds under several EDFs, as well as through the use of other instruments and budget lines linked to the promotion of economic, social and cultural development and the fostering of regional integration. All these actions, developed through several EDFs, were implemented to meet the objectives of the country.

The EC policy goals regarding the war on poverty, the promotion of integration and the construction of sustainable social and economic development, as laid out in Article 117 of the Treaty Establishing the European Commission, are present in the CSP. The logic and conceptual approach presented, linking the macroeconomic environment with private sector development and improvement of the country's infrastructure capacity, for example, are relevant to achieving the EC policy goals. Although the EC policy goals are obtainable in the medium and long term, the CSP addresses these goals with a variety of actions that have direct and indirect effects on the achievement of these goals in the short term.

EQ1.2 The logic set out and the interventions selected by the 9th EDF are well suited to make contributions towards Jamaica's economic development

The interventions of the 9th EDF are based on an improved transport infrastructure network aimed at reducing the isolation of rural communities and thereby alleviating poverty, and on the creation of an environment conducive to business development. Given the extent of

the EC's involvement and funding under previous EDFs, improved transport infrastructure appears to be the overriding concern of the suggested EC response strategy. Transport has been a very specific hurdle to economic development. Macroeconomic stability is also a requisite to private sector development, growth and the reduction of poverty. In this context, the selection of PSD is also relevant to the main objective of EC cooperation with ACP countries, namely the reduction and elimination of poverty.

EQ1.3 The CSP has built an intervention logic based on providing a sound macroeconomic environment and less direct attention has been found to the country's institutional, social and human capacity.

The CSP has built an intervention logic resting heavily on a system oriented towards attracting investments and promoting growth through the development of a sustainable macroeconomic environment, infrastructure and a competitive private sector, with less attention given to boosting the country's institutional, social and human capacity. **There is no question about the relevance of the CSP strategy.** From today's perspective one might include a social and human component to balance out between structural and social issues. For example, one could give consideration to the use of a budgetary support system under the sector approach, or the use of mechanisms such as employment generation schemes in the urban or rural sectors as a way to promote growth and employment.

As it has been recently reported by the local press, and by several studies produced by the World Bank and the IMF, and also acknowledge by the EC Delegation Reports (Annual Reports since 2002) social tensions in Jamaica are growing, the living conditions of the poor and most vulnerable are deteriorating, and private sector development is slow and suffering from competitive, human and technological capacity problems. These conditions are reflected in high unemployment and an unsafe and unsecured business environment. The CSP could have anticipated this development at the time of identification and could have addressed it accordingly; unfortunately this was not the case.

Although the CSP has contributed in the production of a set of indicators to measure progress over the macroeconomic policy in the different economic and social sectors, there has not been designed at the level of CSP a set of specific indicators to assess the degree of the EC contributions over the main and specific goals of the strategy. The lack of *ad hoc* long and short-term indicators to review concrete progress and achievements **resulting from the EC's interventions** in the areas of poverty, structural debt reduction and improvements in the private sector or social conditions, make it difficult to comment upon the degree to which EC funds have contributed to tackling these issues.

EQ2: Have the Commission's sector projects and interventions been properly identified and designed to support the country's needs and strategy?

EQ2.1. During implementation of the EC cooperation programme, the mix of projects, resources and instruments proposed have been designed to address priority needs and contribute to the stated objectives

There is evidence that the mix of projects is contributing, to a certain extent, towards the achievement of development objectives in Jamaica. The assessment reveals that the EC has shown coherence and continuity in its cooperation assistance and continues to contribute to the proposed objectives through the various EDFs implemented. Under the current EDF, in the majority of cases, activities being carried out in the selected focal and non-focal areas were designed previously, although new and complementary actions have been incorporated.

In the case of the ***Private Sector Development*** (PSD) focal area, the Credit Scheme for Micro and Small Enterprises (CSMSE) has run from the 5th to the 8th EDF; the Target Europe Project (TEP), from the 7th to the 8th EDF; the Trade Development Programme (TDP) from the 7th to the 8th EDF, and the Private Sector Development Programme (PSDP), currently being executed, was launched under the 9th EDF. The total EC contribution represents €36 million. The business development services programme under the PSDP is supplemented by an EIB programme to finance investments and a loan for SMEs. The EC has been also consistent in its commitment to providing Jamaica with a sound macroeconomic environment, and since 2000 three consecutive EC Support for Economic Reform Programmes (SERP I, II and III) have transferred direct budget support to the Government.

There has also been continuity of actions under the ***Infrastructure*** focal area. The Road Work Sanitation Project II project (RWS)) is the continuation of the RWS I project, which ran from the 6th EDF and was successfully completed in 1998 (amount committed: €10 million), while the National Coastal Highway (NCH) project, with its long history, is designed to sustainably improve a key section of the country's primary road infrastructure. The project should reduce overall costs of road provision and use and also improve vehicular and pedestrian safety. These actions will be supplemented with an initiative to be executed under the Poverty Reduction Programme (PRP), entering into its second generation under the 9th EDF, to provide basic infrastructure in the poorest communities.

As regards the Non-Focal area, the mix of projects is contributing to the objective of improving some key institutions and joint management areas. The first project to support the NAO, Institutional Strengthening of the Planning Institute of Jamaica (ISPIOJ), helped to reinforce the NAO's internal capacity with respect to overall EU project management. The second - and current - project addresses new needs deriving from the new programming period (management of the SERP III programme and coordination of the partnership between the Government and Non-State Actors).

The current EC portfolio of projects also includes the Banana Support Programme, which is very relevant as this crop is the second largest agricultural export for the island and employs between five and 10 per cent of the labour force. The Strategic Framework of Assistance (SFA) for Traditional ACP Suppliers was created in the context of the WTO decision against the European banana regime and of falling banana prices on the world

market. In Jamaica, the SFA provides annual allocations of funds for financial and technical assistance to promote an efficient banana industry able to compete in a liberalised world market on a sustainable basis. The programme has been broadened since SFA 2001 and now also seeks to promote sustainable development in the traditional banana-growing areas of Jamaica (diversification component). This contributes to poverty alleviation as 16,000-20,000 rural family members will benefit both directly and indirectly from both the Banana Improvement and the Rural Diversification Component of the programme before its completion date in 2010.

EQ2.2 While these contributions are significant for Jamaica, there was insufficient justification for the selection of some instruments

Under the PSD initiative, for example, the project design stressed the meso and micro levels of intervention and did not fully take into account the Communication on PSD development in ACP countries (COM1998/667): *“The constraints on private enterprise in developing countries are primarily connected with the role of the public sector. However, all studies and analyses point to the macroeconomic situation and the institutional and legal framework as major hindrances to national and foreign investment.”* (Page 22).

The PSDP, according to FA, is supposed to focus on sectors indicated in the NIP³⁴. This is reflected only under the activity of delivery of Consortia Business Development Services.

Support provided to the NAO achieves the proposed objectives in a very limited way. For example, the ISDNAO project has been used as an instrument to increase *de facto* the budget of another project - as the PMU of SERPIII is being recruited under the ISDNAO budget - and not as an instrument to institutionally strengthen the NAO's office overall. In addition, important instruments such as more training (in PCM and EDF procedures, for example), as well as improving the role of the NAO's office as coordinator of external aid, is insufficiently presented in the CSP³⁵.

EQ2.3 The proposed interventions take into account the lessons learned from previous exercises and the activities of other donors as well as the comparative advantages of the Commission's assistance

The CSP has been built on the basis of previous experiences in the majority of cases. The PSDP was meant to build upon and take into account lessons learned under the Trade Development Programme (TDP- 8th EDF) and Target Europe, which facilitated the provision of business development services. The TDP added capacity building to private sector and support organisations. The PSDP added a third component, improving the

³⁴ “The sectors in which the strongest supply response is expected include agriculture, agro-processing, selected labour-intensive manufacturing, tourism, IT and other business services”

³⁵ A self-assessment of the organisational structure of PIOJ regarding external assistance, financed by Canadian International Development Agency (CIDA) funds, will be carried out in the near future.

ability of SMEs to access corporate finance. The proposed intervention also took into account the comparative advantage of supporting SMEs with the financing capacities of the EIB. This was planned under the CSP and a €20 million loan (“Financing for small and medium-scale ventures”) was implemented through the First Caribbean International Bank, Bank of Nova Scotia Jamaica, and Trafalgar Development Bank. A similar case has been observed for the European Union Banana Support Program (EUBSP). It added a diversification objective under SFA 2001, taking into account the lessons learned since 1995 under the SSA and under SFA 1999 and SFA 2000.

In the case of the Infrastructure sector, the RWS II project duplicated the successful implementation of the RWS I. The NCH project is also built upon previously-conducted transport feasibility studies, and focuses more and more on the road sector. However, the NCH appears not to be implementing those key components which are particularly important in terms of social and environmental impact.

While the Poverty Reduction Program I is being considered as very successful (decentralised cooperation focusing on poverty alleviation under the 8th EDF), the Financing Proposal for PRP II was not yet available for assessment. However, the Delegation and NAO have indicated that PRP II intervention under 9th EDF takes full account of previously-acquired experience. Finally, three SERP interventions have been implemented with direct budgetary support and assistance for institutional strengthening and capacity building, notably in the Ministry of Finance and Planning, in order to support the Macroeconomic Stability programme.

EQ2.4 The participation of local institutions has been sought and their contributions were included to improve the relevance of actions

In all cases reviewed, central and local institutions had been consulted and participated in the preparation of the CSP. Important and relevant agencies such as NAO/ PIOJ, ministries and private business organisations were fully aware of the programming and design cycles. Local participation is also reflected at project level. For the RWS II, for example, local institutions had been included starting with preparation of the feasibility study, and are currently participating in the implementation of the project. Other indicators of local community involvement are the land acquisition exercise, the tariff policy to guarantee sustainability of projects regarding poorer consumer groups, and the establishment and implementation of community hygiene and awareness programmes. This practice has been a key strategic component as it increases the sense of ownership among direct beneficiaries and also helps to make the actions and the identified needs more relevant.

Further evidence of the consultation process is to be found under the Private Sector component. For example, PSD programme stakeholders stated during interviews that they were duly consulted when the PSDP was designed. The roles of the key executing private sector organisations and support institutions are defined in a Memorandum of Understanding (MoU) signed by the NAO and representative institutions (Jampro, Private Sector Organisation of Jamaica, Jamaica Business Development Centre) and are also endorsed by the Jamaica Exporters’ Association, the Jamaica Manufacturers’

Association and the Small Business Association of Jamaica. These are all represented on the Steering Committee. Some of them are also beneficiaries of component number one³⁶. For the remaining actions (SERP III, HRDIS, PRP II, etc), active participation has been reported during the design and implementation phases.

EQ2.5 The interventions were designed and are being implemented in accordance with each sector strategy

There is evidence that consultation has taken place with the main public and private institutions, as well as with some local communities, during the identification and design process of the CSP. EC actions are, for the most part, in line with the proposed strategies in the macroeconomic component and in the PSD sectors. In other sectors inclusion of each sector's strategy into the CSP unfortunately proved to be very difficult. There either does not exist any sector strategy (i.e. policy and strategy for SMEs) or the sector strategy is still under preparation as in the case of infrastructure.

The absence of sector strategies and operational plans raises some difficulties in assessing the degree of integration between the CSP and each sector component. Actions to support private sector development, for example, are not fully coordinated with GoJ policy towards this sector. In this case, the CSP has minimised the relevance of the fact that the Jamaican economy functions mostly with micro and small scale enterprises, and that the informal economy represents around 40% of the business in Jamaica. The PSDP, however, targets Medium, Small and Micro Enterprises (MSMEs). The same observation can be made in terms of the lack of a proper assessment of government institutional capacity. In Jamaica there is a particular need to streamline ministries and local governments in order to properly tackle the task of reducing poverty, for example. However, the CSP's project approach is heavily oriented towards the implementation of immediate actions, without reference to medium or long term strategies and goals; this is also reflected in the presentation of overly ambitious objectives. Perhaps an exception is the SERP III, where there is clear definition of objectives and targets to be met in a given period.

EQ2.6 The division of labour between Commission services in Headquarters and the Delegation increases efficiency in the management and monitoring of intervention implementation

Although the division of labour between the Commission services in Headquarters and the Delegation has, for the most part, contributed to coordination of the programme, interviews carried out and revision of documents indicate that some serious problems have affected the start-up of projects and programme efficiency. The process of decision making in programme design and implementation has taken longer than expected and the devolution process is still suffering some managerial and administrative ambiguities (the division of labour is not yet clear). In addition, there are long internal discussions over contents and concepts (i.e. definition of indicators), transfers of funds have taken too long due to procedural requests (presentation of guarantees), the learning curve required to

³⁶ However, the Chamber of Commerce, an important player in the business community, was not aware of the activity of setting up the Corporate Finance Broker.

³⁸ According to the NAO, the partnership under Cotonou should include the consultation on procedures

master EDF operational aspects has also taken more time than expected. Agreements from Headquarters with the Delegation or with the NAO or stakeholders to modify or adapt the project have also delayed the normal implementation cycle (i.e. riders to projects, or over programme/projects activities, or over the preparation and definition of performance indicators). These factors were not addressed sufficiently; as a result, the implementation process is behind schedule.

5.2 Efficiency

EQ3. The human resources available (NAO and EC Delegation) to conduct the implementation and management of the CSP have been able to efficiently contribute to the realisation of activities and achievement of objectives

EQ3.1 The current structure and organisation within the EC and NAO have been designed to manage programmes efficiently; however, the provision of assistance could be improved in order to efficiently implement activities

The review of current structures controlling the implementation and monitoring activities of the 9th EDF programme reveals, on one hand, good practices and efficient management capabilities, especially in the macroeconomic and political components. However, there is less evidence that the current structure set up at the Delegation and at Planning Institute of Jamaica (PIOJ) and NAO reflects the complexities encountered in the infrastructure, PSD and social areas.

The PIOJ has a very limited staff: two officers plus the Alternate Director, who can dedicate only one quarter of his/ her time to EU projects as this post also handles other donors' cooperation. Still, the NAO has the capacity to properly manage the PSDP, as the officer in charge was already taking care of TDP. At the level of the EC Delegation the task manager in charge of the private sector is only in charge of the PSDP and the TA assistance component of SERP III, and since the current task manager arrived only in January 2006, the learning curve was still in progress. This may also be a result of the complexities caused by the many delays and ongoing implementation difficulties of both projects (Finding adequate TA, administrative and opening accounts issues, etc.). There is also an unusual high turnover for managing the private sector; the current task manager is the third since the programme started in 2004. These issues have affected the normal implementation process of the CSP.

In terms of Infrastructure, some limitations are affecting the efficient management of interventions. As in the PSD programme, the PIOJ has a very limited staff. At the Delegation level, the sector task manager takes care of the TA assistance component and is able to monitor progress by countersigning the certificate of payment. Given the scale and the size of the ongoing programmes (RWS II + NCH) and the growing importance of the EC Delegation in the region, the current structure is insufficient to deal efficiently with the infrastructure sector. Some delays have been experienced in this sector, for example, the NCH project received insufficient TA support at the identification stage, for carrying out an adequate full environmental impact assessment, reviewing and monitoring bridge construction, economic sustainability, impact on the private sector,

etc. These complex tasks are in need of further assistance to improve efficiency levels to satisfactory standards.

On the counterparts' side the structures have been set up correctly. However, as in the case in the Delegation, not enough staff have been assigned to follow up and monitor programme development. This shortage of staff means less time is dedicated to properly identifying programmes in response to the country's real needs or to monitoring ongoing activities, leading in turn to decreased efficiency in programme execution.

EQ3.2 The procedures, norms and rules of the 9th EDF have not contributed to an efficient delivery of human, material, or financial resources

A review of documents and interviews carried out with all CSP participants, including beneficiaries, revealed dissatisfaction with the current norms and procedures applied under the 9th EDF. The PSDP, like most 9th EDF projects in Jamaica, has suffered from slow implementation due to EDF procedures. The PSDP was designed under the 8th EDF, when current 9th EDF rules were unknown, and some of the procurement procedures had to be modified. The supply of funds was delayed because JAMPRO took around one year to set up the requested guarantee to proceed with the requested transfer of funds³⁸.

This situation regarding new norms and procedures is seriously affecting the EUBSP intervention as well. New EC Budget procedures do not allow the Banana Exporting Company (BECO), a private company, to continue as the implementing agency. As a consequence, the EUBSP has been, since April 2005, officially implemented directly by the Ministry of Agriculture, with Banana Exporting Company (BECO) being contracted by the Ministry for the first component only. According to Banana Exporting Company (BECO), the EC's procedures are too lengthy and time-consuming. Following the 2005 hurricane, €2 million in emergency support (spray oil and fertilisers) was granted to banana growers, but was expected to arrive too late for many farmers since the tender had not been launched at the time of the evaluation. Banana Exporting Company (BECO) had to provide bridge funds for salaries and investment due to the late transfer of funds. Also, dual procurement rules between the EU and the GoJ affect programme efficiency. For instance, under Jamaican rules, if it is not possible to conduct the offers on the first Friday of each month, they must wait until the next month; EU rules in this regard are more flexible.

Similar observations have been made in the Infrastructure sector. In this case, EDF procedures are considered to hamper project implementation both at preparatory and implementation stage. For example, the preparation of the Tender Dossier for the works and supply of RSW II experienced significant delays due to, among other things, cancelling the tender process launched in 2000, additional time needed for reviewing the tender dossier, delays in approval of the tender dossier by the EC and delays in preparation of the asset management plan. This has resulted in the GoJ having to request an extension of the Agreement to Dec. 2007.

EQ3.3 Resources have not been supplied within the envisaged time frame, and the provision of TA has not efficiently contributed to the realisation of interventions.

The TA component of the various projects being implemented has played an important role in the implementation process. However, the time cycle from the request for TA to actual delivery left much to be desired. TA for the preparation of indicators or setting up the MTF structure, or for strengthening the NAO was appreciated by the stakeholders, but earlier assistance would have been preferred to avoid misunderstandings and delays, especially in the phases of approval and consultation with national authorities (i.e. ministries) and local institutions. This was not the case with the TA provided for the PRP I of the 8th EDF for example, where earlier and close contact with communities was very valuable in the execution of project activities, although it has been without TA for the past six months. Under the PSD program, due to a year's delay in implementation, only modest TA has been provided so far. However, most stakeholders consulted consider that the programme has been designed with adequate assistance.

Projects in the non-focal sector are also experiencing considerable delays, caused by various factors. Recruitment processes have proved to be a major obstacle. The Project Management (PM) for SERP III – HRDIS, for example, was recruited in February 2005 after the failure of two tenders. The contract was terminated on 9 July 2005 on the grounds of non-performance. The selection process for the second TA - currently working on the project - also affected implementation. The recruitment of the second TA has not taken place yet due to discussion between the PIOJ and the EC Delegation regarding the form and nature of this assistance. Regarding the Non-State Actors component of support to the Directorate of the National Authorising Officer (DNAO), assistance is still pending due to delay in the implementation of the PRP II. A short-term participatory planning expert also still needs to be recruited.

5.3 Effectiveness

EQ4. To what extent were the Commission's focal and non-focal sectors, identified in the CSP, able to generate expected results and contribute to fulfilling the specific objectives?

EQ4.1 The results (outputs) produced from the implementation of the EC cooperation programmes are contributing to meeting some of the general and specific objectives

A review of the various EDFs and NIPs (7th, 8th and 9th EDFs) show that the activities implemented are generating some of the expected results. For example, SERP I, II, and III activities are contributing, to a certain degree, to the macroeconomic stability of the country, to the management capacity of the institutions dealing with macroeconomic issues, and to the harmonisation and coordination of the foreign aid received by Jamaica from the international donor community. Similarly, the implementation of projects under the PRP I, PSDP and the infrastructure sector are generating results, particularly in the case of water supply.

EQ4.2 Although the current CSP is at an intermediate level of implementation, it was possible to observe some preliminary results

The programme as a whole is behind schedule and in many cases activities have not even started. These activities, once in motion and fully operational, should produce the expected results or, at least, should make clearer the degree and quality of contributions. Currently, this is not possible to measure. However, it is possible to observe some intermediate results as a result of actions conducted so far.

The results produced under the SERP III programme, are significant in terms of process and operational aspects. The EC has played a significant role, for example, in establishing a structure to support the macroeconomic reform programme, and has supplied assistance to the Medium Term Framework (MTF, formerly called Medium Term Socio-Economic Policy Framework), as a result of which the MTF, among its other specific responsibilities for policy coordination, has also become a reference group to monitor macroeconomic performance. Based on the results obtained (preparation of a final list of targets and indicators) an agreement was reached between Brussels, the Delegation and the NAO for the disbursement of the second tranche of the allocated funds (€30M).

In the focal area of Support to the Private Sector (€20M) the results are not achieved due to a one-year delay, because of procedural difficulties. However, some preparatory activities have been carried out to strengthen some institutions in private sector organisations (PSOs), business development services and Small and Medium Enterprises' (SMEs) access to corporate finance. It appears that these activities, as well as the setting up of the Competitiveness Committee, the hiring of TA to support implementation, and the launch of calls for proposals for the cost-sharing capacity building scheme, will provide the grounds to carry out activities and to get results. Other preliminary actions are also already in motion, for example feasibility studies and the establishment of a Corporate Finance Broker Unit to provide financial assistance to SMEs. However, due to the considerable delays in the completion of activities, the generation of final results is also still pending.

In reference to Infrastructure Development, some preliminary activities are also under way, but without results as yet. In the road transport sub-sector, for example, the contract for the Northern Coastal Highway (€70M + €10M) was awarded, and the EC provided a consultant to support the preparation of GoJ Road Policy, but the approval of the Road Maintenance Master Plan has not yet taken place. As a result, the launch of the €10M budgetary support programme transfer to this sector has not happened yet.

Under the programmes outside focal sectors, the Poverty Reduction Programme II, with an allocation of €8 million, has not yet started. This project, which is still at the formulation stage, is supposed to be the continuation of the previous programme funded under the 8th EDF. Also, whereas the activities related to strengthening the NAO's office under the first intervention seem to have generated the expected results, the second programme has, so far, generated very modest outputs.

EQ4.3 The results generated by the projects to date are being used by the beneficiaries

The SERP III programme, as well as support to the NAO, or activities under the private sector focal area, for example, has generated intermediate results and benefits that are being used by the beneficiaries. However, some problems have been identified at the design and operational levels that could affect the generation of benefits. PSDP, unlike the TDP, for example, includes micro enterprises as beneficiaries. However, according to Jamaica Business Development Centre (JBDC) and the Chamber of Commerce, most of them will not be able to use the Business Development Services (BDS) as they do not have the technical capacity to produce a sound and viable business plan yet. The Help Desk that is due to be set up should address this issue. Additionally, the Chamber of Commerce expresses same concern over the capacity of the program to support the informal sector which represents about 40 to 43% of the Jamaican economy. Although the program is designed to support the “formal” economy a component dealing with this critical issue would have reflected the reality of the SME sector in Jamaica. Finally, it has been reported by some enterprises interviewed that even the formal micro enterprises targeted by the PSDP have limited capacity and insufficient skills to provide the information required in forms designed to offer access to programme activities.

In terms of the benefits produced under the non-focal area, support to Human Resource Development and Institutional Strengthening (HRDIS) is expected to produce results by the end of this year, while the PRP II project has not started yet. However, if this project is a continuation of the previous initiative the generation of benefits can be expected. Written evidence and field visits show that the beneficiaries are making use of the results generated so far by PRP I. For example, in the Bybrook community, the inhabitants will have access to clean drinking water once the water supply project is finished. In the Boston Bay community, 79 children are currently using the two classrooms that were built thanks to the PRP programme. It is expected that the PRP II will replicate its predecessor and even improve benefits to the target population.

EQ4.4 It was not possible to evaluate if the activities implemented within the Commission’s support to Jamaica are contributing to poverty reduction

At the time of the evaluation mission, for two reasons it was not possible to evaluate if the current CSP and its mix of projects are contributing to poverty reduction in Jamaica. Firstly, the slow development of actions does not provide that kind of evidence at this moment, and secondly the programme itself does not provide a set of internal CSP indicators to measure its contributions to poverty reduction.

Poverty reduction is a very long-term objective, and implies the use of multiple mechanisms and actions. The current CSP has approached this issue from a different perspective; its contributions are significant and link in an indirect way. Under the macroeconomic component a link could be found between the EC’s contribution to macroeconomic stability and its impact on poverty reduction through providing a structure that supports better management of the macroeconomic and social imbalances. This structure is suppose to improve the design of policies that would be apply to improve the socioeconomic conditions of the population and to, eventually, generate

growth an employment. Similarly, the initiatives under the private sector development component are oriented to provide the private sector with additional means and tools to improve the management and competitive capacity of the sector which, in turn, should be translated in the consolidation of a more efficient, competitive and labour creating sector.

There is also a recognition that the infrastructure sector, by improving the road system has the capacity to provide with more commercial activity and more access to markets, therefore increasing the production, transportation and commercial capacity of Jamaica. This should translate into creating more jobs and more revenue impacting positively on the quality of life of the inhabitants.

Once the CSP program is fully operational and the activities are translated into results, the level of poverty should have been reduced and the quality of life improved. At this stage of the implementation process these observations were not possible to be made.

EQ4.5 Activities implemented under the Commission's support to Jamaica for infrastructure are not yet visible, but as a result of the interventions designed in the CSP, many areas related to management, technical and infrastructure capacity are expected to be improved.

Although current projects in this sector have not yet produced visible results, it can be concluded from its design and previous activities that EC support will considerably improve Jamaica's infrastructure capacity. For example, the RWS II leading on from the previous RWS I will provide sustainable water supply schemes for 28,000 people in four rural areas. Similarly, the reduction of Unaccounted for Water (UFW) to 30% from the current 80% will be a major contribution. In reference to the National Coastal Highway (NCH) project, in addition to the considerable funds allocated (€80 million = +/- 60% of the total from the 7th and 8th EDFs) the expected results will significantly improve the Jamaican road network. Moreover, in the EC logic the road transport network has been considered as strategic for development and an engine for PSD.

EQ4.6 Delays in the EC support to increase the capacity of the private sector has not allowed to see its full capacity to make contributions.

As with the case of infrastructure, EC support is a continuation of the previous program and the current action are suppose to increase, even further, private sector capacity. Long delays in implementation mean it is not yet to see the degree, quality and quantity of this contribution. However, from its design and conception some contributions are expected. Under the previous EDFs the SME, Target Europe and TDP initiatives made important contributions in the private sector, whereas the PSDP has so far shown no results, due to long delays in implementation. The first programme estimate (Jan – Dec 2005) had to be extended by six months, and the duration of the implementation phase until Dec 2009. The first programme estimate (PE) was signed in February 2005. However, payment of the advance was delayed as there was some difficulty in obtaining the Government guarantee; as a result the PE was extended to June 2006. Once these constrains are overcome the PSD component of the strategy should bring in new initiatives to

strengthening the private sector competitive capacity, new business would be up-graded and new employment is expected to rise out of a stronger SME sector.

EQ4.7 Activities implemented under EC support have contributed to strengthening the institutional capacity of the NAO

The NAO recognises and values the EC contribution as very positive. The TA provided has helped the NAO to streamline its operational capacity, organisational structure, and its coordinating roles. Although the NAO still suffers from a shortage of manpower, activities implemented as a result of EC support have indeed strengthened its managerial capacity, particularly in dealing with the EC portfolio of programmes. The NAO has also acquired a much better understanding of the 9th EDF norms and procedures, facilitating the execution of EC interventions. It has also been reported that the level of dialogue and communication with the EC has increased. The NAO now plays an active role at every stage of the project cycle, from programming to execution, consistently supports other government offices in issues related to implementation and coordination, and has become the reference institution for the activities of all other international agencies cooperating with Jamaica.

5.4 Impacts

EQ5. To what extent have the areas of intervention of the EC strategy in Jamaica, including the Regional Integration process, generated a stream of impacts?

EQ5.1 The European Commission cooperation programme has been consistent throughout all the EDFs, and has made an important contribution to the selected sectors. Due to the early stage of implementation under the current CSP, the generation of positive impacts to the country are still to be seen

The current CSP is supposed to generate a stream of impacts in the country once all projects are fully implemented. Evidence of this, although still to be verified, has been observed and linked to the results obtained from the implementation of past EDFs. It has been observed that EC programmes display continuity in many areas, and that the accumulation of activities in the target sectors is generating positive impacts. Past interventions in the PSD sector (Credit Scheme for Micro and Small Enterprises (CSMSE), Target Europe, TDP), for example, have generated positive impacts, contributing to private sector development and thus to the capacity of Jamaica to participate in the regional integration process. The PSDP started late, but is expected to reinforce the results of the previous programmes.

There is evidence that the EC's past interventions have generated positive impacts in the country, including in its support to the regional integration process. Extensive contacts with other communities, politicians, contractors and suppliers during the projects' implementation phase, as well as successful management of completed projects, have led to increased self-confidence among community members. The setting up of benevolent societies, which was a prerequisite of the Community based contracting (CBC), has enabled communities to establish a framework to consolidate their role. Thanks to the

PRP, Jamaica Social Investment Fund (JSIF) has had the chance to develop and implement a new methodology Community based contracting (CBC). The Community based contracting (CBC) approach is now used by JSIF for projects financed in Jamaica by sources other than EU. JSIF has also been contacted by Social Investment Funds throughout the Caribbean (St Vincent, St Lucia and Belize) to advice on Caribbean Bank (CB) project management.

Such impacts are very important not only for the country but also for the EU, as the EU/EC enjoys a solid reputation in the country, its visibility is very high, and EC interventions are highly valued by the Jamaican authorities, beneficiaries and the international donor community.

EQ5.2 Jamaica's participation in the region's negotiation capacity has also been increased. However, under the current CSP not enough initiatives were designed to support or complement the integration process

Jamaica is committed to the integration process, particularly within CARIFORUM, where integration in the Common Single Market and Economy initiative is a priority, and where the EC plays an active and significant role. The country is also committed to getting agreements with the EC under the EPA negotiations, and looks forward to a successful and long lasting cooperation derived from upcoming negotiations with the EC. Jamaica, which has an open economy, has expressed its desire to obtain a wide range of agreements (commercial, political, cultural, institutional, etc.) with the EU and the negotiating machinery in the country is fully prepared to do this.

Some past interventions have dealt with the integration and negotiation processes in a positive way. For example, the PSDP supports some initiatives through the promotion of public-private sector dialogue on trade policy (creation of the Competitiveness Committee). The PSDP is expected to contribute to Jamaica's gradual integration into the world economy and to the preparation of various trade negotiations, including the EPA negotiations and formulation.

Although the CSP mentions the importance of the regional integration process, mostly promoted under the regional programme, where special funds are allocated with their own regulations, there are not enough direct activities in support of this process under the existing CSP. This limitation could be seen as a problem of coherence and of strategic misconception. The EC firmly believes that regional integration is a tool for development and its promotion is a priority in the region. As a result, close coordination between the CSP and RSP programmes which address integration from the regional and country perspective could have been expected. Issues such as education in the regional integration process at university or government levels, for example, are absent from the strategy. Similarly, there are no interventions dealing with regional institutions or managing integration. These few examples indicate that the strategy has not properly considered the strategic importance of the integration model for the country, the region and the EU itself.

5.5 Sustainability

EQ6. To what extent are the results achieved by the assistance likely to be sustained without further EU support?

EQ6.1 The structures developed with Commission support and assistance are set to continue after the end of the assistance period

The 9th EDF's CSP has correctly avoided the creation of new institutions to implement its activities and, in this way, has minimised the risk of developing new structures that cannot be maintained once the programme or projects are concluded. The strategy has relied mostly on already existing institutions. For example, JAMPRO, with continued support since TDP, is a key institution in the transition towards a more competitive economy, receiving full support from the GoJ and the private sector. Likewise, the Commission's assistance was not used to support the development of any specific new institutions under the poverty component. The implementing institution, JSIF, existed long before PRP I was executed.

The need to monitor management of the Budgetary Support Mechanism has required the setting up of a new structure (the MTF) by the GoJ. While this was a prerequisite for receiving further funds under this programme, its future sustainability depends on the capacity and commitment of the government to maintain this structure. Moreover, according to PIOJ, the monitoring regime, which is currently being established, involves a system and structure for monitoring some 53 indicators for seven sectors, of which only 12 are SERP III indicators. This regime therefore has a much broader basis than SERP and involves issues and considerations which go beyond the SERP's remit, demonstrating ownership on the part of the GoJ. There is therefore a good chance that the system will be sustainable beyond the term of the current budget support programme.

EQ6.2 Key instruments were identified in each focal sector that positively influence the sustainability of the interventions

At the technical and project levels, some instruments under execution have also identified as positive promoters of sustainability. The projects reviewed incorporate components that reinforce the process or previous results, and therefore work to promote sustainable practices. At the PSD and under the Credit Scheme for Micro and Small Enterprises (CSMSE) programme the credits provided did not decrease after the end of the programme as the GoJ decided to set up a similar MSEM programme with the same operational rules. However, for the Business Development Services (BDS), sustainability requires the strengthening of market conditions. This was not the case for Trade Development Project. The design and implementation of the PSDP does not indicate how the programme will ensure a sustainable supply of BDS.

The Poverty Reduction Programme (PRP) is a clearer example of where the sustainability issue has been addressed. The approach developed by the PRP ensures high institutional sustainability and a sense of ownership by local communities. Given the increased capacity and the work that community members have put into completing their projects, it is very likely that the beneficiaries will continue to keep and maintain the

infrastructures and services after external support has terminated. Community members have been trained and motivated to maintain buildings, roads and water supply systems once single projects are completed. Moreover, the design of sub-projects has taken into account the need for continuous and sustainable works maintenance.

Elements promoting sustainability can also be found in the Infrastructure focal sector. Under the RWS II, the budget pipeline has funded activities to provide technical, administrative and maintenance training, maintenance equipment, adequate salaries, and institutional and management capacity building. These are key components for future sustainability of the sub-sector. It is also important to note that in the Road Work Sanitation Project II (RWS II) the FA states net surplus revenue over the costs after depreciation. The Internal Rate of Return amounts to 5.6% and this depends on the rate of Unaccounted for Water (UFW) reduction. Overall financial sustainability will be adversely affected if the UFW remains at present high levels. The sustainability of the NCH is addressed in the design of the project but is highly dependent on many unclear factors: a) the new budget pipeline for maintenance is not yet available; b) the institutional strengthening programme for maintenance has not started yet; c) the environmental mitigation actions to be prepared by the GoJ are still pending. These factors could affect the chances of long-term sustainability being achieved.

The RWS II Project has a training component and a TA for setting up a database of all piped dwellings in rural areas. The database will also make a significant contribution to providing the institution with more technical tools. The preparation of an adequate tariff policy, or asset management and skilled maintenance, will also contribute to sustainability of the sub-sector. Equally important will be the maintenance training component by the National Works Agency (NWA) project, providing the sector with long-lasting know-how. Raising funds for maintenance will be a key issue for both the permanent updating in maintenance training and for the maintenance work itself.

In the case of the EU Banana Support Programme (EUBSP), sustainability of the first component is not yet certain as the farmers are not yet bearing any of the service costs. All stakeholders agree on the need to progressively transfer part of the cost of the BIP component to the farmers. Sustainability is at risk over the long term due to the lack of a long-term tariff against non-ACP bananas and the decline of world prices caused by the entry of new players. If this scenario materialises, Jamaica Producers Group, presently exporting 90% of Jamaican bananas, could seek alternative sources (Jamaica already accounts for only 35% of the Group's banana sales in the United Kingdom) and focus part of its production on the local market, which would the decline of small farmers³⁹.

³⁹ See 2005 3rd Quarter Results of Jamaica Producers Group: "It is possible that the trade arrangement that is introduced could adversely affect our banana production in Jamaica and require adjustments to our banana sourcing strategy in the UK."

EQ6.3 The GoJ has also shown its commitment to achieving sustainability by retaining know-how and the capacity built through activities implemented

Government authorities consulted in this process voiced their strong support for the EC interventions and showed themselves committed to the continuation of most actions. Support to the identified focal sectors, for example, may change in the next programming cycle or in the upcoming 10th EDF, but the continuation of credit schemes, maintenance of roads, training and transfer of knowledge will remain government priorities. Although sustainability is recognised as fundamental in each case, there is also concern about how some of the activities can continue without EC or other donors' cooperation, or how a lack of funds could affect the generation or continuation of benefits produced under the previous initiatives. This is a legitimate concern, since many EC projects refer to sustainability as a precondition. However, no concrete actions are laid out to achieve this.

EQ6.4 Capacity and structures to duplicate successful programmes and projects were also found

Some of the benefits gained as a result of the programme's implementation have been duplicated on the back of the successful results of previous structures (PSDP, PRP, road network, PIOJ, NAO, etc). In other cases, past experiences have not only been duplicated, but innovative aspects have also been introduced. For example, Finance Jamaica Social Investment Fund (FJSIF) has benefited from the enhanced operating procedures and innovative approaches engendered by PRP. It has, moreover, developed and implemented a new methodology (CBC). The Community based contracting (CBC) approach is now duplicated in other projects managed by JSIF. JSIF has also acquired regional expertise and has been contacted by Social Investment Funds throughout the region (St Vincent, St Lucia and Belize) to advise on CB projects management.

EQ6.5 The NAO's institutional and human capacity achievements can be maintained

There is evidence that it will be possible to maintain the progress gained in institutional and professional development at the NAO as a result of EC support. The NAO has increased its capacity through human development and innovation in processes, methods, structures and management. All these factors have been addressed with different levels of emphasis by the projects. However, it was clear that there was insufficient training and education, particularly in the area of EU member states, where the Commission has a lot to offer. This issue was not properly considered in projects supported by the EC. Instead, the EC has focused mainly on the development of structures and know-how capacity designed to deal with EC interventions and only to a lesser degree on the country's needs and institutional development. This absence of proper human capacity building activities could affect the sustainability of the benefits of the EC support.

5.6 Cross Cutting Issues

EQ7. To what extent were cross cutting issues taken into account in the programming and implementation of specific interventions implemented in the context of the Commission's support to Jamaica?

EQ7.1 The Commission's programming practices in Jamaica take cross cutting issues into account (gender, environment, human rights, etc.)

Consultation on cross cutting issues was carried out with many local and central institutions, as well as with public and private organisations, during the programming cycle of preparation for the CSP. However, there is insufficient evidence that gender and human rights were taken into account during the programming and designing process of the CSP. Under the PSD initiative, for example, there is mention of gender and environment issues, institutional development and capacity building, but this is not reflected in the presentation of concrete objectives, indicators and/or baseline information. As regards gender, the only practical evidence was a gender breakdown in TDP monitoring. Perhaps the best example of the gender issue being having been taken into account is in the EUBSP, where more than 1,800 women are directly employed in the banana industry, and so the programme impacts positively on women.

5.7 Coordination and Complementarities

EQ8. To what extent has the Commission's strategy in Jamaica been designed so as to complement its actions with other donors' programmes or with other EU member state initiatives? To what extent have the Commission's strategy in Jamaica, and realisation of this strategy, been affected by other EU policies?

EQ8.1 The complementarities between programmes and regional and national programme interventions is still very modest, but efforts are being made to improve it

Some projects with a regional dimension are working to complement some of the national activities, but only at a very modest level. Under the PSD focal sector, for example, some all-country programmes (Europe-ACP Business Assistance Scheme (EBAS) (finished), Centre for the Development of Enterprise (CDE), Pro-Invest and Caribbean Trade and Private Sector Development Programme (CTPSDP) (ongoing)) have proposed, or are proposing, support similar to that provided by bilateral programmes such as TEP, TDP and PSDP. This probably explains the limited use of these programmes. The all-ACP Pro-Invest Programme is not very active in Jamaica, where it has only two applications. The all-ACP programme offering assistance to micro-credit institutions, actively promoted by the Delegation, received 12 proposals, but none was accepted. The reason could be that many other ACP countries, far less experienced in micro-credit, were favoured over Jamaica. The Director of Caribbean Export, implementing the Caribbean Trade and Private Sector Development Programme (CTPSDP), visited Jamaica this March and came to an agreement with the PSDP for sharing information on programme activities and beneficiaries.

Similarly, under the infrastructure component there are some joint initiatives that complement EC interventions. Some EU members, Inter-American Development bank (IADB), Caribbean Development Bank (CDB), and Food and Agricultural Organization (FAO) are supporting Agricultural Production and Productivity activities that complement the RWS II overall objective of improving living standards in rural areas

through the provision of sustainable water supply systems. Complementarities are also evident in the NCH project. Japanese cooperation financed segment 1, the IADB financed segment 2, and the EC has undertaken part three.

As regards the non-focal sector, the war on crime is also present in the Caribbean Regional Indicative Programme (CRIP) for the 9th EDF in the form of drugs control. Its goal of reducing the demand for, and supply of, drugs through institutional strengthening and capacity building is fully in line with the national programme, developed under the SERP-HRDIS initiative (Activity 2, The Drug Court & Rehabilitation of Offenders). However, it was not possible to establish how these two initiatives are working together or developing complementarities.

EQ8.2 Coordination in the execution of Commission-supported activities in Jamaica with those of other donors, including member states, has improved.

Despite several efforts and numerous meetings held in an attempt to coordinate activities with other donors, the level of coordination among the international cooperation community is still in need for some improvement. Perhaps the most serious attempt can be seen in the coordination at macroeconomic level, where the government has been requested and obliged to set up a coordinating mechanism (MTF) to make itself eligible for funds or TA. This is particularly the case of the SERP III and the Budgetary Support funds, where the EC operates along with the World Bank.

In terms of decentralised cooperation, international donor agencies (World Bank (WB), USAID, OPEC, etc.) as well as NGOs are widely represented in this area. However, despite the existence of a roadmap for coordination, real and effective coordination is still weak, although when funds are channelled through JSIF, they are coordinated *de facto* by JSIF.

There is no evidence of structured coordination in the PSD sector, which is hampered as in many other countries by bilateral interests such as donor visibility or business-to-business cooperation with Jamaican companies. On one hand, the USAID “Road Map” project (legislation, regulation and process improvement), aimed at improving the investment climate, is most welcome and complements the EU intervention. However, the soon-to-start USAID “Commit” programme has a strong Business Development Services (BDS) component with potential overlaps with the PSDP. JAMPRO considers that USAID delivery procedures are faster and easier, and could divert some MSMEs from the PSDP. JAMPRO has started an information exchange with USAID. If it turns out that the targets are similar, the two programmes should adopt some common criteria, for example exchanging beneficiary lists, and if both programmes adopt a sector approach, could usefully complement each other. For MS, the coordination takes place in regular meetings, supported by a monthly economic update including highlights in the EU-Jamaica programme.

The Delegation also liaises with WB, IDB, Department for International Development (DFID), USAID, Canadian International Development Agency (CIDA) (Canada) and UNDP, and holds regular meetings to coordinate activities. Coordination among the

IDPs has also been reported to take place at the level of the different sector task forces, monitored and coordinated by the government.

Finally, the area of Justice is a fairly new sector of intervention for all donors in Jamaica⁴², including the EC. There are a certain number of coordination forums in this area⁴³: two of them are Government-led (the Justice Thematic Working Group and the National Security Thematic Working Group); while the donor-led group is called IDP Security & Justice Working Group and includes IDB, WB, UNICEF, UNDP, Canadian International Development Agency (CIDA), Department for International development (DFID), USAID and the EC Delegation. These structures, once fully operational, should help to improve coordination and complementarities, so achieving synergies between the interventions.

6 CONCLUSIONS

6.1 Relevance

1. The objectives of the CSP reflect the objectives of the country and are in line with the Commission's development policy goals. The logic set out and the interventions selected by the 9th EDF are well suited to make contributions towards Jamaica's economic development. The logic also shows some limitations to address the institutional, social and human capacity of the country. [Q1]
2. The EC has been consistently supporting Jamaica's development plan through the provision of funds under several EDFs, as well as by means of other instruments and budget lines linked to promote economic, social and cultural development, and to foster regional integration. The logic and conceptual approach presented, linking the macroeconomic environment with private sector development and improvements in the country's infrastructure capacity, are relevant to reaching the EC's policy goals.[Q1.1, Q1.2].
3. There is evidence that the mix of projects is contributing, to a certain extent, towards the achievement of development objectives in Jamaica. The assessment reveals that

⁴² For an interesting approach to community-based projects in the area of crime, see Annex "Linking Social Stability and Economic Opportunity: Revitalising Inner-City Communities in Jamaica: the examples of Grants Pen and Standpipe".

⁴³ These forums are a few months old and, according to the consultants, they so far represent more of an opportunity for discussion between donors and the Government than an area of real coordination and synergies. However, they can be considered as a positive move towards coordination.

the EC has shown coherence and continuity in its cooperation assistance and continues to contribute to the proposed objectives through the various EDFs implemented. [Q 2,. 1.4]

4. The programme and its projects have taken into account lessons learned from previous exercises, the activities of other donors and the comparative advantages of the Commission's assistance. The participation of some local institutions was sought during the identification process and their contributions were included to improve the relevance of actions. The interventions were designed and are being implemented in accordance with each sector strategy. [Q.2 .. 2.5.]
5. While these contributions are significant for Jamaica and the CSP has been largely built on the basis of previous experiences, some instruments were selected with insufficient justification. Under the Infrastructure priority area, for example, alternative transport systems such as rail, sea and air have not been considered as key, strategic components for development, poverty reduction or environmental protection. [Q2.2, 2.3]

6.2 Efficiency

6. The current structure and organisation of the EC and NAO have been properly set up to manage the programmes efficiently, and to provide necessary assistance for efficient implementation of activities. However, the procedures, norms and rules of the 9th EDF being too rigid and inflexible have not contributed to efficient delivery of human, material or financial resources. Resources have not been supplied within the planned timeframe. [Q3]
7. The review of the current structures controlling the 9th EDF's implementation and monitoring activities reveals, on one hand, good practices and efficient management capabilities. On the other hand, however, there is less evidence that the current staff is sufficient to deal with the complexities encountered in areas such as infrastructure, PSD and social areas. [Q.3].
8. A review of relevant documents and interviews conducted with all CSP participants, including beneficiaries, revealed dissatisfaction with the norms and procedures applied under the 9th EDF. Examples of how the programme is being affected can be seen in the number of requested riders, extensions, work variations, and transfer delays. Delays were also attributed to the long learning period required by some of the stakeholders (EC, NAO, JSIF, communities) to understand and implement the norms and procedures to be applied in different projects [Q 3.2, 3.3.]
9. Some internal problems have also influenced the start-up of projects and have affected the programme's efficiency. Decision making in the area of design and implementation has taken longer than expected, devolution of activities is still suffering some managerial and administrative ambiguities, there have been lengthy

internal discussions over contents and concepts, the transfer of funds has taken too long due to procedural issues, and the learning period required to master EDF procedures has also been greater than expected. The TA component has played an important role in the implementation process.. [Q3.2, Q3.3]

6.3 Effectiveness

10. The results produced under the 9th EDF are still very modest compared to those planned. However, they are significant in terms of process and operational aspects. The EC has played a considerable role in establishing a structure to support the macroeconomic reform programme. Some preparatory activities have been carried out to strengthen some private sector organisation institutions (PSOs), business development services and Small and Medium Enterprises (SMEs) in the area of Support to the Private Sector. In the Infrastructure Development area, some preliminary activities are also underway, but with no results to date. Under the programmes outside focal sectors, the Poverty Reduction Programme II has not yet started, while the HRDIS initiative is due to produce some results by the end of 2006 [Q4, 4.2].
11. There are some useful results generated so far. However, at the time of the evaluation mission, for two reasons it was not possible to evaluate if the current CSP and its mix of projects are contributing to poverty reduction in Jamaica. Firstly, the slow development of actions does not provide that kind of evidence at this moment, and secondly the programme itself does not provide a set of internal CSP indicators to measure its contributions in addressing the achievement of this objective. [Q 4.4.]
12. Similarly, activities implemented under the Commission's support to Jamaica for infrastructure are not yet visible, but as a result of the interventions designed in the CSP, many areas related to management, technical and infrastructure capacity are expected to improve. On the other hand, delays in the EC support to increase the capacity of the private sector have not allowed to see its full capacity to make contributions. However, from its design and conception, and from the experience acquired through the execution of previous programs, positive results are expected to be generated once the actions are fully operational. [Q4.5..6.]

6.4 Impact

13. The EC cooperation programme has been consistent throughout all the EDFs and has made important contributions to the selected sectors, however, due to the early stage of implementation the generation of positive impacts to the country are still to be seen. The current CSP is supposed to generate a stream of impacts in the country once all projects are fully implemented. Evidence of this, although still to be verified, has been observed and linked to the results obtained from the implementation of past

EDFs. It has been observed that EC programmes display continuity in many areas, and that the accumulation of activities in the target sectors is generating positive impacts [Q 5.1.]

14. The EC overall programme (7th, 8th, and 9th EDF) displays continuity in many areas, and the accumulation of activities in the target sectors is generating positive impacts. Past interventions in the PSD sector (Credit Scheme for Micro and Small Enterprises (CSMSE), Target Europe, TDP), for example, have generated positive impacts contributing to private sector development and Jamaica's capacity to participate in the regional integration process. Extensive contacts with other communities, politicians, contractors and suppliers during the projects' implementation phase, as well as successful management of completed projects, have led to increased self-confidence at community level. [Q5..5.2]
15. The generation of positive impacts has also been influenced by a number of external events, for example the 9/11 terrorist attack and its negative effect on tourism and thus revenue, the flood rains and passage of Hurricane Ivan in 2004, and two other hurricanes in 2005. These natural disasters required significant unplanned Government expenditure, which diverted resources from the Government's development programme. Together, these factors have served to diminish the impact of the GoJ's wider development strategy and by extension have affected the impact of the EC Support Strategy. [Q 5.]
16. Jamaica's participation in regional negotiations has increased. The country is committed to the integration process, particularly within CARIFORUM, where the integration in the Common Single Market and Economy initiative is a priority, and where the EC plays an active and significant role. The country, through its participation in CARIFORUM, is also committed to forging agreements with the EC under the EPA negotiations. At the integration process level, Jamaica's participation in regional negotiations has been increased. [Q5.2]
17. The CSP mentions the importance of the regional integration process and direct activities support this process under the existing CSP. The EC firmly believes that regional integration is a tool for development and its promotion is a priority in the region. However, not enough links were found between the CSP and RSP programmes. The CSP does not properly consider the strategic importance of the regional dimension model for the country, the region and the EU itself. [Q 5.1.]

6.5 Sustainability

18. Enough human and material resources have been allocated to ensure the continuity of actions, and there is commitment from both central and local government to achieving sustainability of the EC-supported structures. Institutional and human capacity achievements within the NAO can be maintained. EC actions are also strengthening and empowering some community organisations. Throughout the different EDFs, the

EC has developed capacity and structures to duplicate successful programmes and projects. [Q6.1, 6.2]

19. The CSP of the 9th (and previous) EDFs rightly avoids the creation of new institutions for the implementation of its activities and, in this way, has minimised the risk of developing new structures that cannot be maintained once the programme or projects are terminated. The strategy has thus relied to a great extent on previously existing institutions. [Q6.1]
20. At the technical and project levels some instruments under execution have also been identified as positive promoters of sustainability. The projects reviewed include components that reinforce previous processes or results, and therefore promote sustainable practices. The PRP is a clear example of the sustainability issue having been addressed. Its approach ensures a high level of institutional sustainability and a sense of ownership by local communities. [Q6.2.]

6.6 Cross Cutting Issues

21. There is insufficient evidence to conclude that gender, human rights or the environment were taken into account during the CSP's programming and design process. Under the PSD initiative, for example, mention is made of gender and environment issues, institutional development and capacity building, but this concern is not reflected in concrete objectives, indicators and/or baseline information. Perhaps the best example of the gender issue being duly incorporated is in the EUBSP, where more than 1,800 women are directly employed in the banana industry. However, the lack of concrete indicators that could regularly monitor developments in the areas of gender, environment, and human rights makes it difficult to assess how and where EC interventions are affecting these issues. [Q7]

6.7 Coordination and Complementarity

22. Some projects with a regional dimension are working to complement a number of national activities. Under the PSD focal sector, for example, some all-country programmes (Europe-ACP Business Assistance Scheme (EBAS) (finished), Centre for the Development of Enterprise (CDE), Pro-Invest and Caribbean Trade and Private Sector Development Programme (CTPSDP) (ongoing)) have proposed, or are proposing, support similar to that provided by bilateral programmes such as TEP, TDP and PSDP. Similarly, some joint initiatives under the infrastructure component complement EC interventions. Some EU members, IADB, Caribbean development Bank (CDB), and FAO are supporting Agricultural Production and Productivity activities that complement the Road Work Sanitation Project II [Q8.1]
23. Important attempts to coordinate activities between other donors are being made, but the level of coordination among the international cooperation community is still

pending improvement. Perhaps the most serious attempt is in coordination at macroeconomic level, where the government has been requested and obliged to set up a coordinating mechanism (MTF), in which the EC operates along with the World Bank. In terms of decentralised cooperation, international donor agencies (WB, USAID, OPEC, etc.) as well as NGOs are widely represented in this area. However, despite of the existence of a roadmap for coordination, real and effective coordination is still weak [Q8.2].

24. At donor level (UNDP, CIDA, DFID, USAID) there is also a coordinating mechanism in place. These structures, once fully operational, should help to improve coordination and complementarities in order to achieve synergies between the interventions. [Q8.2]

7 RECOMMENDATIONS

The following recommendations have been prepared in order to address three specific areas of the evaluation and to provide the EC and GoJ with areas to consider in identification and preparation for the upcoming 10th EDF. These recommendations are the following:

- At strategy level [C 1 to 6]

- 1 To enhance the programme's strategic relevance, more attention should be focused on the social and human dimensions of its interventions. It is well documented that the top priorities of the population at large are to reduce crime and increase employment. A clear link should be sought between these priorities and the CSP programme. The identification of realistic indicators (within the CSP) to measure the EC's contributions would also help to monitor the extent to which the EC actions are achieving their objectives. [C1,2,3,4]
- 2 The programme should be orientated more towards defining a mix of projects and instruments that reinforce local and central institutional capacity building, employment generation as a source of growth and the adoption of environmentally friendly practices, with clear activities, plans and an operational budget being set out. These actions could complement the macro dimension of the strategy with local interventions whereby the community also participates in the reduction of social tensions or in the creation of a friendly social, economic and natural environment. [C 1...5]
- 3 The EC should consider balancing its current macroeconomic budget support system, where macroeconomic stability is the dominant feature, with a decentralised mechanism at sector level, where the links between sector and problem are more direct, and the generation of results and benefits more easily perceived by the population. [C 1 5]

- 4 Given the country's increasing levels of injustice, social unrest, unemployment and the high migration rate, an intervention logic leading to a strategy and interventions dominated by social, institutional, and human development issues could also address the country's current needs and priorities and it would be in tune with the EC policy objectives. [C 1.....7]

- At operational level [C 7 to 20]

- 5 The preparation of a new action plan, which would identify and resolve the critical factors hampering execution among all the direct participants, including the NAO, HQ, EC Delegation, PMU and beneficiaries, should be considered. This would help to avoid further delays and disruptions in implementation, and should also incorporate a new timetable, considering the relatively short time left for completing all the current EDF's activities.
- 6 Additional training and capacity building at the Institute of Planning, NAO, Economic and Planning Ministries, and the Ministry of Transport and Communications should be considered in order to increase management, organisation and coordination efficiency. Additional assistance should be considered to strengthen statistical capacity and know-how in the preparation of indicators, and in the handling and management of monitoring systems. Although indicators have been prepared, the existence of a statistical system to collect information, to analyse and to disseminate in a centralized way, will make the use of the indicators more efficient for managing and planning activities.
- 7 The NAO and Planning Institute should coordinate the preparation and gathering of information, as well as the assessment of information collected, which should involve additional training from the EC.
- 8 The preparation and signing of the PRP II should be dealt with as a priority by the EC to avoid unnecessary delays and to ensure generation of the expected benefits. Similarly, interventions under the infrastructure sector should start immediately after the preparation of the National Policy for Transport.
- 9 Each sector and project of the EC should consider incorporating functional indicators to measure and monitor their linkages and degree of contribution to overall poverty reduction objectives. These indicators would facilitate project performance on a continuous basis and help with redefining implementation, should this be required at any time.

- On coordination and complementarities [C 21 to 24]

- 10 Coordination and complementarities should be sought between EC, national and regional initiatives, or with initiatives derived from special budget lines (i.e. banana,

sugar, etc). These should be fully incorporated and clearly specified in each project FA. The search for synergies between past and present actions would enhance project impact.

- 11 Coordination with other donors present in the country should be reinforced, especially at the level of intervention design and implementation. The current structures set up in Jamaica for coordinating activities should be reinforced with additional TA and training.
- 12 In addition, important instruments such as more training (in PCM and EDF procedures, for example), as well as boosting the role of the NAO's office as a coordinator of external aid, should also be reinforced