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PRIDE JAMAICA SEMI-ANNUAL REPORT

October 2010 – March 2011

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TASK ORDER II



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Acronyms

AID/W	Agency for International Development/Washington D.C.
ACRE	Access Communication Reform Efficiency
CADR	Commercial Alternative Dispute Resolution
CDB	Caribbean Development Bank
CO	Cabinet Office
COMET	Community Empowerment and Transformation Project
COTR	Contracting Officer's Technical Representative
CPC	Chief Parliamentary Council
DAC	Development Assistance Center
DAP	Development Approval Process
DBJ	Development Bank of Jamaica
DG	Director General
ERA	Environmental Regulatory Authority
GOJ	Government of Jamaica
HPM	Honorable Prime Minister
ICT	Information and Communication Technology
IT	Information Technology
IDB/IADB	Inter-American Development Bank
ILS	International Land Systems
IMF	International Monetary Fund
JBA	Jamaica Bar Association
JCC	Jamaica Chamber of Commerce
JDA	Jamaica Developers Association
JNBS	Jamaica National Building Society
Legs and Regs	Legislation Regulations and Process Improvement
MFI	Microfinance Institution
MoFPS	Ministry of Finance and the Public Service
MIP	Modernization Implementation Plan
MSME	Micro, Small and Medium Enterprise
NEPA	National Environment and Planning Agency
NLA	National Land Agency
NPS	National Planning Summit (Vision 2030)
OPM	Office of the Prime Minister
OTA	Office of Technical Assistance (US Treasury)
PMEP	Performance Monitoring and Evaluation Plan
PPP	Public Private Partnership
PSMD	Public Sector Modernization Division
PSOJ	Private Sector Organization of Jamaica
RCO	Regional Contracting Officer
RFP	Request for Proposal
SME	Small and Medium Enterprise
SOW	Scope of Work
SUNY	State University of New York
TAJ	Tax Administration Jamaica
TCSP	Trade Community System Partnership
TOR	Terms of Reference
TRIT	Tax Reform Implementation Team
TRN	Taxpayer Registration Number
UNDP	United Nations Development Program
USAID	United States Agency for International Development
UWI	University of the West Indies

SEMI-ANNUAL REPORT – October 2010 – March 2011

PROMOTE RENEW INVIGORATE DEVELOP ENERGIZE (PRIDE) JAMAICA

SECTION I

EXECUTIVE SUMMARY

PRIDE Jamaica began the new program year with a rigorous schedule of implementation activities across the project's component areas. In addition, PRIDE Jamaica finalized its performance indicators and submitted the Performance Monitoring and Evaluation Plan (PEMP) to USAID. Responding to a new request from USAID, PRIDE Jamaica executed a \$400,000 Grant Agreement with the Private Sector Organisation of Jamaica (PSOJ) to address workforce development issues among the vulnerable, unemployed youth segment of the population. As indicated by the Results Summary Table incorporated as Annex B to this report, PRIDE Jamaica is well on its way toward meeting its Year 2 targets, and the first six months of the program year are contributing substantially to this outcome. Some of PRIDE Jamaica's results during this reporting period include¹:

- Preparing a structure, staffing pattern and processes for a new Budget and Analytics unit within Tax Administration Jamaica (TAJ)² that will consolidate and integrate financial management operations within a semi-autonomous revenue authority;
- Completing reengineered business processes for tax operations in the areas of taxpayer service assistance, returns processing and revenue accounting, audit, and collection that will be incorporated into a procurement for a new IT system and enable easier compliance by taxpayers and support improved TAJ operating efficiencies;
- Preparing the first budget submission for the new, integrated Tax Administration Jamaica;
- Drafting a proposed, new Tax Administration Act that will rationalize, strengthen, and simplify the administrative provisions of the taxation statutory framework to support more functional and effective collections of tax revenue;
- Reviewing the pilot operations of the Development Assistance Center and providing revised operating procedures to reduce the time to obtain permitting approvals;
- Working with a public-private partnership to complete the 'as is' process mapping of import-export processes in order to re-engineer business processes

¹ This semi-annual reporting period represents the first six months of program Year 2, from October 2010 through March 2011. Activities are based on the 18 month work plan which covers the period March 2010 through September 30, 2011. In order to align project timelines with the US Government fiscal year, Year 1 included the six month period April through September 2010. Year 2 includes the period October 2010 through September 2011. PEMP indicators were finalized during this semi-annual reporting period, and the PEMP Results Reporting Table reflects the indicators that are part of the approved PEMP.

² Tax Administration Jamaica (TAJ) is the name the organization will use when it establishes itself as a new entity. The old name, Jamaica Tax Administration, will no longer be used.

to reduce time, increase transparency, and promote border security in the movement of goods across Jamaica's borders;

- Identifying opportunities to support implementation of appropriate customs and enforcement policies to ensure effective and transparent revenue collection processes that promote economic prosperity and support government operations;
- Advancing the initiative to establish mobile commerce in Jamaica through a public-private partnership; and,
- Working with microfinance institutions and practitioners to establish a microfinance self-regulatory framework to improve operating efficiencies and enable additional on-lending to the micro-enterprise sector.

PRIDE Jamaica has strengthened its ongoing relationships with partners in the public and private sectors, across component areas. In addition to implementing activities included in the work plan, the project also incorporated new initiatives including the previously mentioned workforce development grant with PSOJ, and an initiative to track legislation as it moves through the development and approval process. PRIDE Jamaica was advised late in the reporting period that USAID/Jamaica wants to undertake several key initiatives in Land Policy and Administration, and PRIDE Jamaica began discussions with stakeholders. An important aspect of maintaining the momentum of program activities will continue to be the level and timing of resources to ensure that implementation activities occur sufficiently early in order to achieve results.

Annex B to this report includes the updated Results Summary Table from the PRIDE Jamaica PMEP through the period ending March 31, 2011. The first six months of PRIDE Jamaica's implementation program for Year 2 has contributed substantially toward meeting Year 2 targets.

SECTION II

PROJECT OVERVIEW

A. BACKGROUND

In March 2010, the CARANA consortium, including Crown Agents, SUNY, Duke University and International Land Systems (ILS) began implementation of USAID/Jamaica's program Promote, Renew, Invigorate, Develop and Energize (PRIDE) Jamaica. This three and one half year, US\$8.1 million project³ is designed to reduce and eliminate administrative barriers and improve the policy framework to establish an improved business operating environment to support private sector growth.

PRIDE Jamaica implements activities that are aimed toward eliminating the administrative constraints of doing business, including operational, policy, regulatory and legislative changes that are conducive to private sector economic growth and

³ The ceiling price for this Task Order is US\$8,125,080.00. The estimated completion date is August 31, 2013, with an option period that would extend the completion date to October 31, 2014.

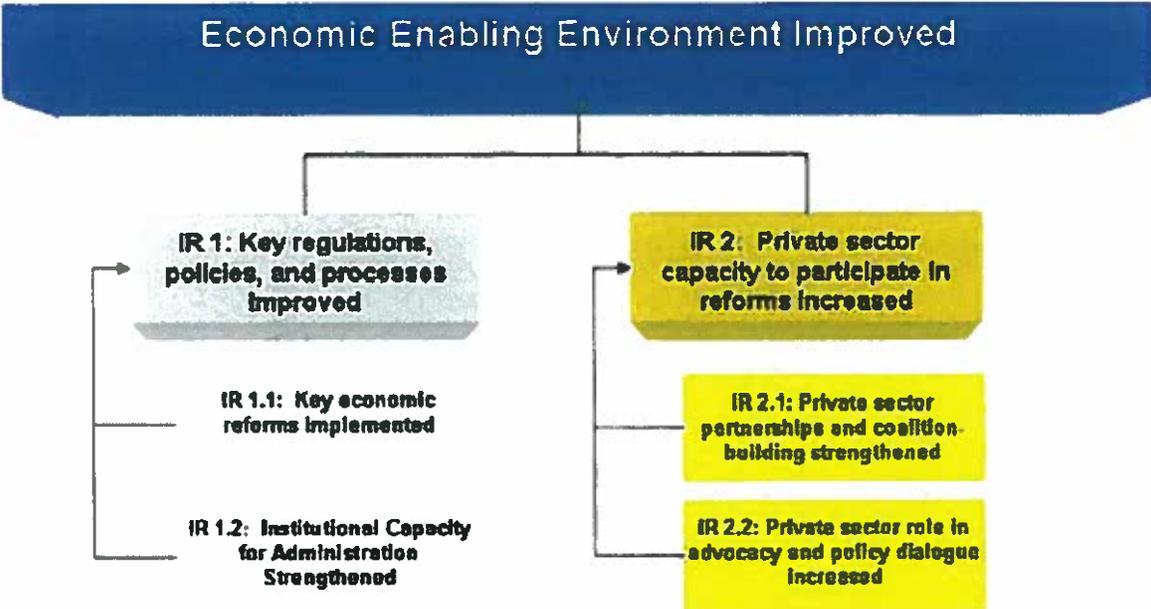
those that support needed fiscal and macroeconomic reforms. These activities will contribute to creating an enabling environment that will improve Jamaica's international competitive position as a place to do business.

PRIDE Jamaica's component areas include:

- Tax Policy and Administration;
- Licensing and Other Competitiveness Areas;
- Access to Credit for Micro, Small and Medium-Sized Enterprises;
- Legislative Process; and,
- Land Policy and Administration.

The USAID/Jamaica Results Framework for Assistance Objective 3, 'Economic Enabling Environment Improved,' is outlined below.

Assistance Objective 3



PRIDE Jamaica's activities are designed to achieve results within the scope of Intermediate Result 1: Key Regulations, Policies and Processes Improved, and Intermediate Result 2: Private Sector Capacity to Participate in Reforms Increased. The project tracks the outcomes of activities at the sub-intermediate results level, ensuring that implementation activities within the project components can be tracked and measured according to the requirements of the Results Framework.

During the reporting period PRIDE Jamaica worked with USAID/Jamaica to finalize the Project Monitoring and Evaluation Plan (PMEP) in accord with updated guidance

regarding the sub-intermediate results and new indicators from AID/Washington. PRIDE Jamaica submitted the final PMEPP to USAID/Jamaica on November 22, 2010.

Based on PRIDE Jamaica's work over the life of the project, results are expected to improve Jamaica's economic enabling environment, resulting from a more unified private sector advocating for and participating in Jamaica's economic development. The improved enabling environment will support the country's competitive position in regional and global markets, with Jamaica viewed to be a more attractive location for both domestic and foreign business investment.⁴

SECTION III

TECHNICAL ACTIVITIES

A. Component 1: Tax Policy and Administration

The Tax Policy and Administration component continues to be USAID/Jamaica's highest priority for PRIDE Jamaica's implementation work. PRIDE Jamaica's activities in this component support broadening the tax base by improving tax administration, streamlining processes to make it easier and simpler for taxpayers to comply, and harmonizing tax policy and legislation. These objectives should be achieved within the scope of understanding the impact that changes to policy may have on Government revenue and expenditure.

In line with the April 2010 IMF report that outlined a series of benchmarks and general guidance for the Government of Jamaica (GOJ) in the area of modernizing tax administration, PRIDE Jamaica has supported a number of initiatives during the reporting period to enable Tax Administration Jamaica (TAJ)⁵ to meet these benchmarks. Most of these activities are derived from the fully costed modernization implementation plan required by the IMF in August 2010, and which PRIDE Jamaica prepared with TAJ and in conjunction with advisors from the US Treasury Office of Technical Assistance (OTA). PRIDE Jamaica's work during this reporting period is assisting TAJ to stand up a fully-fledged, integrated domestic tax administration on April 1st, 2011, and to establish modernized processes for the new organization to simplify taxpayers' ability to pay taxes.

One of the key organizational changes that TAJ is moving toward in its reform is to establish itself as a semi-autonomous revenue authority (SARA). This was one of the major recommendations in the April 2010 IMF report, and this type of tax administration organization is utilized by a variety of tax regimes throughout the world. Specifically, implementation of semi autonomous authority would provide TAJ with the ability to craft legislation that incorporates current benefits of an executive agency,

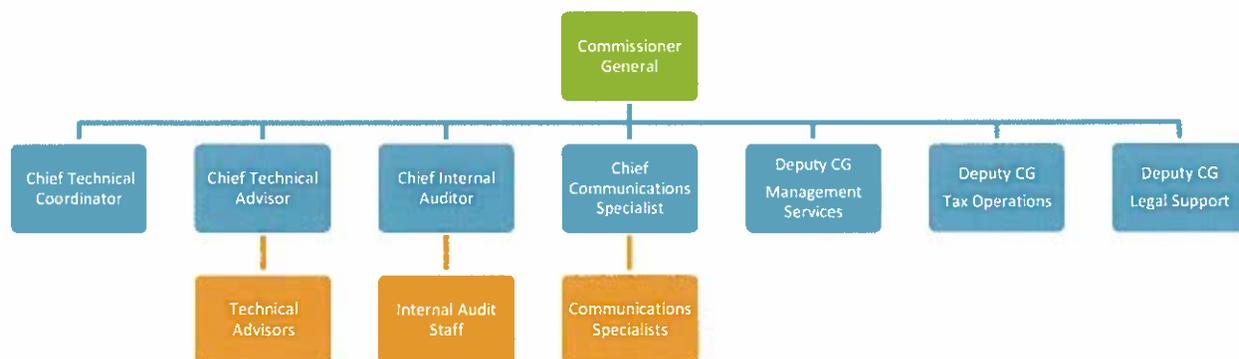
⁴ PMEPP targets were developed on the basis that the contract will be fully funded, and that the timing of funding will enable activities to be implemented with sufficient lead time for proposed outcomes to occur. If the level and timing of funding is revised, there may be a need to revise program targets.

⁵ Prior PRIDE Jamaica reports refer to JTA – Jamaica Tax Administration. As the April 1, 2011 timeframe approaches to establish a new organization, JTA is adopting a new name: Tax Administration Jamaica (TAJ). PRIDE Jamaica reports will now incorporate this new name into reports.

with additional provisions proven to be effective in improving governance, transparency, accountability, and organizational flexibility.

The TAJ's new organizational structure will incorporate three of the existing four separate operating units – Taxpayer Audit and Assessment Department (TAAD), Taxpayer Administration Services Department (TASD), Inland Revenue Department (IRD), under the direction of the Commissioner General, as outlined below.

Tax Administration Jamaica Headquarters Structure:



Taxpayer Appeals will be separated from tax administration and will be located elsewhere within the Ministry of Finance and the Public Service (MoFPS). The rationale for this separation is to avoid perceived conflict of interest in regard to one tax administration department (Taxpayer Appeals) having to potentially make a judgment against another department (Tax Operations).

Budget and Analytics Unit and Budget Submission

TAJ's new operating structure will require consolidating and integrating internal financial management operations and building the capacity to operate in a semi-autonomous environment. Currently, there are three separate budgeting operations in the three departments. This fragmentation complicates coordination and makes it more difficult to ensure scarce funds are spent for corporate priorities, and the departments are staffed primarily with paraprofessional technicians who perform exclusively budget execution and accounting activities. As a result, budget formulation is largely a mechanical exercise that consists of costing the current on board staffing and using formulas for estimating resource requirements.

In its transition to a semi-autonomous revenue authority, TAJ will need to establish an integrated financial management organizational unit to both formulate its budget requests and execute the budgets that are eventually voted by Parliament. To fully exploit the opportunities presented by semi-autonomous authority, the new organization will need to bolster its analytical capacity and provide vigorous planning and analytical support. Budget formulation will need to be tightly linked to strategic planning and presently there is limited capacity for either supporting the departments to conduct benefit/cost analysis for new initiatives that require additional funding, or to identify the “opportunity cost” trade-offs of funding new initiatives by redeploying scarce funds from existing programs.

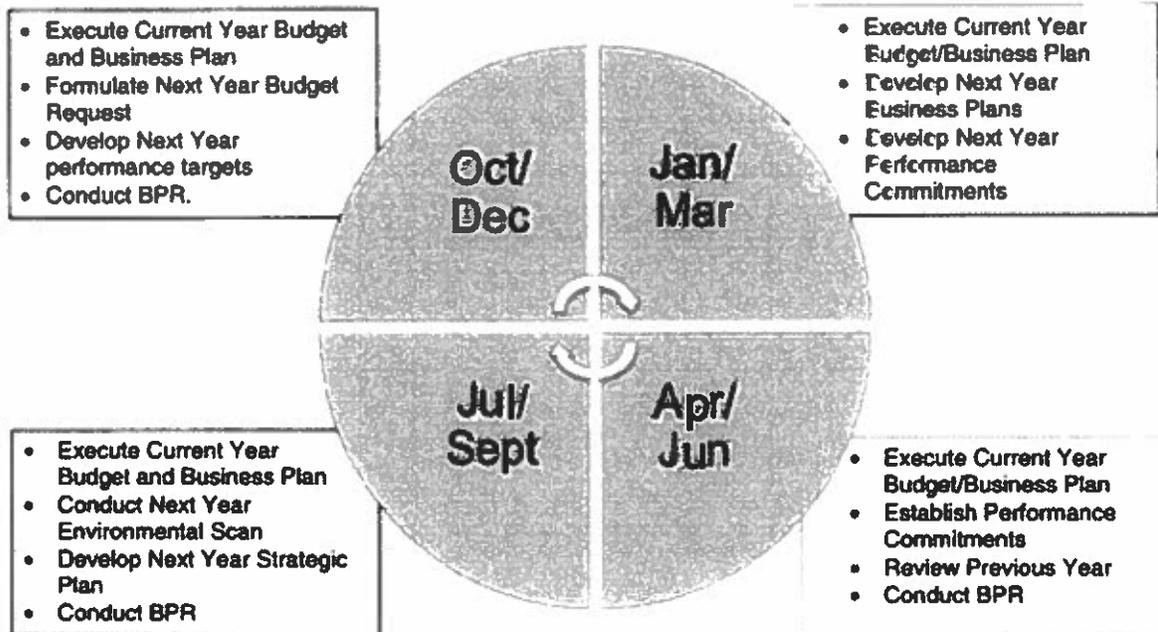
Along with SARA resource flexibility comes a commensurate responsibility for producing results; however, the current capacity for establishing an accountability framework is constrained as there are inadequate analytical support resources to establish clear and measurable performance metrics and monitor performance against results during the execution year. Current operations do not permit any capacity for ensuring proper financial management and reporting of the tax revenues received by TAJ and reported to the central government. It is important to have a small staff of professionals outside of tax operations to issue revenue policy and procedures, ensure compliance with financial requirements, conduct operational reviews, ensure systems integrity, and provide financial modernization development support.

PRIDE Jamaica collaborated with TAJ on a two-phased activity to remedy these issues and strengthen TAJ's SARA position. During phase one PRIDE Jamaica developed a structure for a new budget and analytics unit that will enable TAJ to maintain tight budget and accounting controls during budget execution, while also building the analytical capacity needed for effective strategic planning, performance based budgeting, and revenue financial management. The unit will operate within the Management Services Division of the new organization. The organizational units and the positions for these units can be funded from the anticipated savings from the consolidation of existing budget and accounting activities.

In phase two of this activity PRIDE Jamaica shifted its focus from budget organization structure to budget processes. PRIDE Jamaica worked with TAJ to map processes to ensure that budget execution and accounting controls will be maintained during the transition period to SARA, and also mapped processes that will be performed by the budget analytics unit once the new organization is established. These processes will ensure a common process is in place for basic activities, including: requisitioning goods and services; making payments; processing new hires, resignations, retirements, and transfers; making salary adjustments; and processing payroll. The mapping process captured, to the extent possible, the resource costs for each process steps per unit of volume. TAJ can use this data to determine staffing requirements for budget execution and accounting, and can also use the data to identify staffing surpluses which can be redeployed to fund the new positions needed for meeting new responsibilities. PRIDE Jamaica and TAJ designed a new process for periodic budget performance review and an accountability framework that should become operational when the new fiscal year begins.

The diagram below illustrates the annual planning and budgeting cycle that TAJ can utilize to maximize the benefits that operating as a SARA will offer.

Planning and Budgeting Cycle
Business Performance Reviews



The Planning and Budgeting Cycle demonstrates readiness for Semi-Autonomous status by:

- Linking strategic planning and budgeting; planning must drive budgeting and every budget initiative must track to a strategic objective.
- Developing employee performance commitments based on the budget performance targets.
- Using structured Business Performance Reviews (BPRs) to keep the focus on achieving the performance targets.
- Developing measurable budget performance targets.
- Developing Business and Financial Plans that implement the strategic plan and budget.

Historically each of the TAJ operating units (TAAD, TASD, IRD, and TAD) has prepared and submitted its own budget request directly to MoFPS. The TAJ's budget submission for the 2011/2012 budget year was the first time that one, integrated budget had to be prepared and submitted to represent the budget requirements across all units of the organization. In addition, the MoFPS was selected as one of the organizations to pilot a new three year budget submission process.⁶ TAJ was required to prepare an integrated budget submission for all of its units, and a three year submission was required as part of the MoFPS pilot effort, and TAJ requested support from PRIDE Jamaica to prepare the submission. One of the key risks that TAJ's reform effort continues to face is the potential lack of financing it requires from the GOJ in order to implement actions in the modernization implementation plan. The assistance from PRIDE Jamaica supported TAJ's efforts to incorporate in its budget submission the financing requirements across the organization, and to account for the items outlined in the modernization implementation plan. The assumptions used to prepare the three year budget submission are included in Annex D of this report.

⁶ Standard practice is for ministries to prepare and submit one year operating budgets.



Preparing the integrated three-year budget submission for TAJ.

Tax Operations

TAJ is well on its way toward standing up its new integrated domestic tax administration organization by March 31, 2011. One of the key components of the new organization will be the new mode of how it conducts its operations. In order to adopt international best practices in its business model, TAJ undertook to review its existing business processes, and to revise its business practices to incorporate international best practice to improve taxpayer compliance and strengthen tax collections. To support this effort, PRIDE Jamaica provided assistance to re-engineer business processes in the four, core tax operations areas:

Operational Area	Objective
Taxpayer Service	The primary mission of taxpayer service is to promote voluntary compliance through education and assistance to taxpayers. The most effective means of accomplishing this is to provide Quality Customer Service.
Returns Processing and Revenue Accounting	The mission of the returns processing and revenue accounting function is to provide quality service to the taxpayers of Jamaica through the timely and quality processing of the tax returns (invoices) and the matching of the payments to these returns. This function also has the responsibility to rapidly balance the accounts for every taxpayer and to issue tax balance due notices and tax refunds in a timely manner.

Audit	The mission of the audit function is to provide quality examination of the tax returns of citizens, individual entrepreneurs and legal entities of Jamaica to ensure correct application of the tax law.
Collection	The mission of the collection function is to collect the revenue due the government and secure missing tax returns, while ensuring that the rights of taxpayers are protected. Collection function employees will actively assist taxpayers in meeting their filing and paying requirements; however enforcement actions will be taken where necessary to resolve delinquencies.

TAJ completed the initial, high level mapping of the tax operations areas with initial support from US Treasury’s Office of Technical Assistance (OTA). The objective was to complete a full decomposition of business processes in tax operations to outline process flows in the key tax types. TAJ will incorporate the completed process flows and descriptions into an RFP to procure its new Commercial Off the Shelf (COTS) IT system to support the reengineered business processes. The documents can also be used as the basis to prepare a procedure narrative or desk guide. PRIDE Jamaica also detailed the initial interfaces that will be required between the COTS system and Jamaica Customs, the cashiering system, and the Tax Registration Number (TRN) system.

To effectively document the business processes TAJ established work groups consisting of technical and subject matter experts, IT personnel, and managers. The groups met to design the flow charts and complete the necessary documentation for inclusion in the RFP. The flow charts and associated documentation will form the basis of new procedures for the four functions to discharge their responsibilities to the government and the taxpayers. PRIDE Jamaica introduced an updated business design tool, QPR, to document the new business processes and incorporate the associated narrative information. As part of this activity PRIDE Jamaica trained TAJ personnel on the use of QPR, and TAJ personnel assumed the IT support role in the flow-charting process.



Training on QPR software for TAJ business process mapping

The reengineered business processes will enable TAJ to more specifically define within the scope of its Request For Proposal (RFP) what it requires, and, as a result should reduce potential costs of the procurement. During the upcoming period senior TAJ's senior management will review and provide input to the new business processes prior to finalizing them. As TAJ implements the new organization/operations, business processes and IT system over the next 18 months, TAJ should be able to expand the tax base and more effectively and efficiently support compliance.

Project Management

Since June 2010, PRIDE Jamaica has worked closely with TAJ and the US Treasury Office of Technical Assistance (OTA) to provide assistance to support TAJ's tax reform program. One of the areas in which OTA has provided support is to serve as project managers with TAJ counterparts to ensure that the MIP activities are being implemented, and to provide best practice guidance and advice during the process. OTA is concluding the bulk of its work in Jamaica by the end of March 2011.

While TAJ will have achieved an important benchmark by March 31, 2011 – to stand up its new domestic tax administration – many of the reform activities will just be getting started. The period between April, 2011, and March, 2012, is a critical one for TAJ. It represents a year during which a number of the legislative changes that TAJ

requires are to be implemented; it will see the beginning of the TAJ restructure its organizational units and complete the reengineering of its business processes. TAJ is likely to see a major influx of donor funding support to procure a new IT system in order to improve operating efficiencies and make it easier for tax payers to comply with the tax system. In order to ensure that TAJ maintains progress on tax reform during this critical period and that it has access to ongoing international best practice support, PRIDE Jamaica will provide project management support to TAJ. PRIDE Jamaica and OTA began the transition process during the reporting period to provide overlap between OTA concluding its activities and PRIDE Jamaica's continuing.

Legal and Regulatory

One of the long standing complaints regarding Jamaica's tax administration provisions is that they are difficult for taxpayers to understand and comply with. This complaint is echoed by tax administration officials who also state that Jamaica's codified tax administration provisions are outdated, do not provide for sufficient assessment, collections and enforcement authorities present in most countries, and the authorities that do exist are not harmonised among the various "stove-pipe" tax laws. At the request of TAJ's legal department, PRIDE Jamaica began support to improve the legal and regulatory framework for assessment, collections and enforcement, both to strengthen the framework, and reduce its complexity, from the aspect of both taxpayers and tax administrators.

Working with TAJ, PRIDE Jamaica is providing a rationalization of the administrative provisions of a wide range of existing taxation acts, including, among others, the Income Tax Act, General Consumption Tax Act, and the Revenue Authority Act, to establish a single body of law that provides for common procedures, rights and remedies, penalties, and sanctions in the form of a separate, new Tax Administration Act. This broad-based, unified tax administration act will simplify and incorporate international best practices in administration and allow for operating effectiveness and efficiencies, while making it far easier for taxpayers to understand and comply with, and for tax administration officials to understand and apply more uniformly.



Workshop with Tax Administration Jamaica, Ministry of Finance and the Public Service and Jamaica Customs to review legal framework for assessment, collections and enforcement.

The Tax Administration Act will provide a single body of law that outlines common procedures, rights and remedies, clarification of taxpayer rights, and certain tax related crimes and sanctions regardless of the type of tax at issue. This Act will also seek to achieve a balance between the rights of the tax body and those of taxpayers by establishing a transparent, equitable and fair relationship. It will support increased taxpayer compliance as it will allow and require tax officials to improve and expand taxpayer services and reduce compliance costs, and streamline methods and procedures.

The first phase of this work was completed during the reporting period. This included garnering input from within the TAJ and other units of the MoFPS involved with assessment, collections and enforcement, in addition to input from the private sector, to prepare a first draft of a proposed new act, along with supporting commentary for all of the provisions. The second phase of this work will include a review of the draft by internal stakeholders to incorporate any revisions prior to the draft being circulated for a wider review with external stakeholders.

Leveraging Assistance from Other Donors

The activities outlined above are derived primarily from the fully costed modernization implementation plan (MIP) completed during August 2010. The MIP, developed to meet an IMF benchmark, is also being used by TAJ to establish a basis for donors to

support tax reform activities. During the reporting period USAID hosted meetings with donors and interfaced with senior levels of Jamaica's political directorate to garner support for TAJ's reform program. The IDB has indicated a strong interest to fund many aspects of the TAJ program, the largest cost of which is the procurement of a new IT system. Although TAJ can implement aspects of the reform program, doing so without a new IT system will not enable TAJ to complete some of the more important aspects of its modernization program. IDB conducted its first appraisal mission in March 2011, and PRIDE Jamaica and OTA are working with TAJ to provide IDB with the range of information IDB requires to advance the loan request, which is expected to culminate in a loan package submitted to the IDB Board of Directors during August/September 2011.⁷

Also during March the IMF conducted a review of the reform activities that TAJ completed over the last year, and their report will be issued in the next quarter. During this review process TAJ recognized the need to produce a variety of standardized, regular reports to provide senior management with performance measurement tools in order to address operations issues and take corrective actions to improve TAJ's performance. PRIDE Jamaica will be providing support to TAJ to develop the management reports needed. The IMF report is expected to include additional recommendations to strengthen TAJ's operations and improve tax collections. PRIDE Jamaica will work with TAJ to prioritize the initiatives and support implementation.

During its review, the IMF invited input from the donor community regarding interest to support TAJ's ongoing reform efforts. In addition to USAID and IDB, the EU indicated its interest in seeing progress in tax reform. In this regard, the EU is interested in providing support to the GOJ for reform in tax administration to continue. PRIDE Jamaica outlined activities that will need to be implemented over the next fifteen month period, including passage of the legislation to implement SARA, populating the new organization below the Deputy Commissioner General levels, and strengthening the tax administration framework legislation to support compliance and enforcement. The EU will be considering these initiatives as it develops its program of support.

Tax Policy

To support more informed decision making in tax policy, PRIDE Jamaica began working with the Director General (DG) from the Ministry of Finance and the Public Service (MoFPS), the Director General of the Tax Policy Division, and the Corporate Services Department of the MoFPS to address aspects of the tax policy and research units within the Tax Policy Division. The Corporate Services Department completed an internal assessment of the Tax Policy Division, but an additional review needs to incorporate how this division's functions and requirements interface with the Economic Management Unit of the MoFPS. PRIDE Jamaica is completing an assessment of the roles, structure and requirements of these units to recommend a potential restructuring of either or both of the units to better align operational units with the research and analysis needs of the MoFPS. The MoFPS is expected to utilize the results of this activity to finalize a structure for the Tax Policy Division and incorporate

⁷ The total loan requested by the GOJ was US\$75 million. This includes \$50 million for TAJ, \$20 million for Jamaica Customs, and \$5 million for a Central Treasury Management System.

recommendations regarding the functions and operations of the unit, and that of the Economic Management Unit.

Issues of Note

The TAJ requires substantial resources to fully implement its reform program over the next three year period. These resources will require a commitment from the GOJ, as well as from external funding sources. Should resources not be available, it will severely hamper tax reform. Should the IDB approve the loan to the GOJ, funds are expected to be disbursed over a five year period. There is generally a ramping up of disbursements such that the first eighteen months of the loan period result in a lower disbursement level, with years two and three of the loan demonstrating higher disbursement amounts. This timing will likely affect TAJ's modernization program.

In order for TAJ to effectively staff the new organization, legislation to establish SARA must be in process and arrangements must be concluded with the executive level management. Both of these items require strong support from senior levels in the Ministry of Finance and the Public Service and the political directorate.

TAJ has not received the resources it requires to establish a separate, dedicated reform project unit. As a result, senior managers are required to implement reform activities, manage their respective divisions, and, in some cases, respond to operational issues. This makes it extremely difficult for the organization to manage both daily operations and the change taking place. This situation is likely to continue until a separate project reform unit can be supported.

Component Activities Over the Next Six Month Period:

During the next six month period PRIDE Jamaica expects to support a range of activities in support of TAJ's reform program. These are likely to include, among others⁸:

- ***Finalizing amendments to the assessment, collections and enforcement legal framework by establishing a new Tax Procedures Act:*** TAJ should complete its review of the draft act and PRIDE Jamaica will incorporate revisions based on stakeholder input. TAJ can utilize the final draft version of the act to conduct consultations with external stakeholders prior to beginning the legislative approval process.
- ***Develop technical elements of RFP to procure a new COTS IT system:*** The new IT system to support the modernized tax organization is the single largest expense that TAJ will incur during its reform program. In anticipation of funding becoming available from the IDB during the second half of 2011, PRIDE Jamaica can assist TAJ to prepare the technical requirement aspects of the RFP document.
- ***Provide training in data mining functions to increase tax revenues:*** OTA has provided some of this training, particularly in the area of some of the larger sectors, such as banks and hotels, that can potentially contribute significant receipts to the Government. Additional training is needed, and review of efforts

⁸ The level and scope of support will be dependent on timing and level of available resources across all component areas.

completed should be assessed to measure results and recommend further improvements.

- **Assume project management function for implementation of JTA reform activities:** With OTA project management support completed, PRIDE Jamaica has incorporated the project management activities into the project's portfolio. Providing this support to TAJ is a critical element to ensure that tax reform work remains on target, and to integrate other resources that will become available.
- **Leverage resources:** PRIDE Jamaica will continue to work with TAJ and other donors to leverage support for a number of the TAJ reform activities. The IDB appraisal teams will conduct additional appraisal missions to prepare Jamaica's loan request to the Board of Directors of IDB for an August/September submission. PRIDE Jamaica will also coordinate activities with the IMF to support high priority areas of Jamaica's tax reform program.
- **Develop a tax administration Performance Management System:** PRIDE Jamaica will support TAJ's performance management objectives to identify, secure, and analyze selected key tax administration performance data that can be used by management for ongoing performance improvements. This can include identifying the data sources available for providing performance information, and developing a proposed performance management system that can be linked with the Integrated Tax Administration System (ITAS).
- **Risk management system for selection of taxpayer entities for audit (examination of tax returns):** PRIDE Jamaica can conduct a review and analysis of TAJ's present risk management system for selecting taxpayer entities for audit (Examination of Tax Returns). This would include identifying the data sources used to determine the level of potential for additional tax assessments, the outcome of which will provide a new risk management model for TAJ. Interface with Jamaica Customs will be considered.
- **Risk management system for identifying and prioritizing tax debt arrears for collection:** PRIDE Jamaica can conduct a review and analysis of the current methodology used by TAJ to identify, select and assign tax debt arrears cases to tax officers. Based on the review results, PRIDE Jamaica can recommend and develop a tax debt arrears risk management system.

PRIDE Jamaica's activities in this component support Jamaica's efforts to expand the tax base and improve revenue collection. Results are expected to improve Jamaica's ranking on the World Bank *Doing Business Survey* indicator 'Paying Taxes.'

B. Component 2: Licensing and Other Competitiveness Areas

While Jamaica has made some gains in the time required to obtain construction permits, most recently evidenced by Jamaica's improved ranking from 74 in 2007 to 48 of 183 economies in the 2009 World Bank *Doing Business Survey*, "Dealing with Licenses" category, the cost to obtain approval for building and construction permits remains comparatively high in relation to service delivery. Other competitiveness areas that negatively affect the country's economic growth prospects include the time to import and export goods, and the time and cost to resolve contract disputes. The Government of Jamaica has been working with Jamaica's private sector to implement reform activities in licensing and competitiveness areas, with the intention that these reforms will continue to have a positive impact on Jamaica's overall rank in annual World Bank *Doing Business Surveys*. The expected outcome is that these

improvements will increase Jamaica's competitiveness to attract investment, as the overall ease of doing business improves.

The objective of Component 2 – Licensing and other Competitiveness Areas – is to support the Government of Jamaica in its efforts to enhance the business environment by improving regulatory efficiency utilizing legal and administrative reforms and facilitating the implementation of key solutions.

B1. Development Approval Process:

The Development Assistance Centre continues to operate as a pilot project under a public-private partnership between the Government of Jamaica (GOJ) and the private sector. Ministry Paper 22/2010 established guidelines for the one year pilot operation. The pilot is supported by the Office of the Prime Minister (OPM), the Cabinet Office, and the Jamaica Chamber of Commerce-Legs & Regs Committee (JCC) with funding support by the United States Agency for International Development (USAID) through the Promote, Renew, Invigorate, Develop, and Energize (PRIDE) Jamaica Project and the Government of Jamaica. The ACRE Task Force continued activities that provided for monitoring operations at the DAC in order to identify and recommend those areas that require improvement, as well as to advocate for Government of Jamaica support for policy decisions that can serve to strengthen the role and functions of the DAC.

The DAC operates structurally and institutionally under the general umbrella of the National Environment and Planning Agency (NEPA) and directly under the Office of the CEO, NEPA. As the newest element of NEPA's structure it is physically located on the ground floor of NEPA's offices at 11 Caledonia Avenue, Kingston 5.

The main purpose of the pilot DAC is to assist developers of "large projects" to adequately prepare their projects to achieve approval within the GOJ 90-day process target after formal application. The intent of the pilot is that only major projects (including subdivision applications over 10 lots) would be routed through the DAC for pre-consultation (assessment, advice and assistance) and facilitation with various commenting agencies.

Operations at the DAC were slated to officially begin March 2010. The actual work of receiving customer enquiries began July 2010, with the pilot phase of the DAC being completed at the end of March 2011.

Two of the DAC's key functions are to provide pre-consultation and facilitation assistance to clients with development projects prior to applications for approvals being made to NEPA or other Local Planning Authorities (LPAs). The goal of the DAC is to have a turnaround time of 20 days or less on 100% on all submissions. Between start-up of operations in July 2010 through to February 2011, of the 96 projects that sought pre-consultative and facilitation assistance a total of 75 projects have achieved this benchmark. Seven projects took a little over 20 days. There have been follow-up meetings held with the remaining 14 projects from which the DAC is awaiting additional submissions by the clients.

An official event held on March 16 to launch the DAC was attended by the Hon. Prime Minister of Jamaica, the United States Ambassador to Jamaica, USAID/Jamaica's Mission Director, Ministers of Government, other GOJ officials, and private sector leaders. The launch which took place at the DAC was hosted by the Jamaica Chamber of Commerce.



USAID Mission Director Dr. Karen Hilliard and US Ambassador Pamela Bridgewater join Prime Minister Bruce Golding in ribbon cutting ceremony at the Development Assistance Centre. Looking on (l-r) is Tony Chang of the JCC, and Peter Knight, CEO NEPA.

The DAC facilitation process is offering efficacy to the entire process of development approvals by acting as a filter for submissions that should not pass to other commenting agencies or into the approvals system until the pre-requisites have been met. This is instructive to pursuing a recommendation that a clear policy be set and effected that requires proponents of developments to routinely visit the DAC for pre-consultation and preparation before applications are formally submitted for approval. This will support increased pre-screening of development applications and improve the efficiency of the post-application processing for developments (saving time and costs associated with a protracted process).

A perceptive index of how effective the DAC has been, can be drawn from the results of a DAC customer service evaluation survey involving 84 respondents. Results indicate a 99% satisfaction level with the service of the DAC. In the case of the "dissatisfied" 1%, the services being requested by the client were not within the remit of the DAC and so the DAC did not have the capacity to respond to the needs of the individual. The team at the DAC advises that they are assisting processes that had not been contemplated. In this regard, DAC staff are not only being asked to consult "development" and "construction" projects but from time to time are consulted for information relating to "permitting" and "legal" guidelines. This broadens the scope of the DAC, and the very process suggests the gradual expansion of services to incorporate other elements of the approval process beyond the pre-consultation and facilitation role. The DAC may well represent a mechanism to transition a One Stop Shop for Development Approvals.



Client taking advantage of pre-consultation and facilitation support from a member of the Development Assistance Center's technical team for a large development project

USAID/Jamaica through the PRIDE Jamaica project is supporting an activity which the Government of Jamaica has expressed a desire to institute and to implement, and also one which has been guided by recommendations made by the JCC Legs and Regs Project. This activity is the development of a Legal Opinion for statutory enabling of a Two Tier System of development approvals. The Legal Opinion will be developed in consultation with various stakeholders to include Office of the Prime Minister, Office of the Cabinet, NEPA, Solicitor General's Department, other Regulatory and Commenting Agencies, UWI and UTECH Law Faculties. On completion, the Legal Opinion will be presented to the Government of Jamaica to assist policy recommendations/decisions toward a One Stop Shop for development approvals.

Under the stewardship of PRIDE Jamaica's ACRE Task Force several initiatives regarding DAC systems and processes were addressed during the period as set out in the table below.

Operational Area	Objective
Pre-consultation & Facilitation Processes:	The workflow processes to support pre-consultation and facilitation services to clients were streamlined and better defined. These will assist with improved customer focus, linkage and incorporation into AMANDA (NEPA's central application management system used for storage and tracking of projects in the approval process).
DAC-AMANDA System	The process for the DAC-AMANDA (ICT) system was refined and rolled out in November 2010.
Enterprise Geographic Information System Portal	The Enterprise Geographic Information System Portal was launched by NEPA during the period. The EGISP supports the work of the DAC by providing geographic mapping and locations data during assessments of

	client proposals
Operational Policies	Operations policy documents were drafted for four operational areas namely: Leadership & Management, Information & Document Management, Process Management and Customer Management. These are 95% complete.
Forms and Templates	Revisions have been made to the format and content of the Development Project Brief, Client Cover Letter, Technical Information Document, Meeting Summary Template and Meeting Schedule Template. These support a quality DAC process and improved documentation for analysis and reporting.

Annex E provides additional information regarding outcomes of the ACRE Task Force monitoring initiatives.

Issues of Note

There exists an urgent need for buy-in from all commenting and regulatory agencies involved with development approvals to ensure efficiency of the entire approval process. Additionally, support is required from the GOJ Public Relations machinery (such as JIS and other “time available for government broadcasts” opportunities), to actively and vigilantly promote the services of the DAC while supporting stakeholder buy-in.

In order to increase compliance and to ensure consistency, transparency and track performance, use of the electronic tracking system (AMANDA) is to be strictly enforced across the various commenting/approval agencies involved in the development approvals process.

Sub-Component Activities Over the Next Six Month Period:

Development Approvals Process:

Unless otherwise advised, PRIDE Jamaica does not anticipate being involved in activities that will provide direct support to development approval reform beyond the term of this report. Throughout the March 2011 reporting period PRIDE Jamaica will prepare a Legal Opinion outlining the legislative framework and regulatory opportunities for a two-tier system of development approval in keeping with its work program agenda. After preparation of the Legal Opinion PRIDE Jamaica will conclude direct support to the DAP reform effort at the end of March 2011. This was the deadline designated by the Government of Jamaica and the ACRE Task Force for the pilot phase of the Development Assistance Center (DAC). PRIDE Jamaica looks forward to the 2012 Doing Business Report to learn whether evidence of the reform activities undertaken by the Government of Jamaica in this area will reflect in Jamaica’s ranking for Dealing with Construction Permits. PRIDE Jamaica will forward quantitative details from its involvement to the World Bank for consideration.

Recommendations Proposed to Government of Jamaica

Based on operations and deliberations with DAC clients the PRIDE Jamaica ACRE Task Force makes the following recommendations which are essential to ensure

continued improvement, efficacy and reform sustainability of the entire development approvals process. The recommendations are to be formally submitted to the Government of Jamaica via NEPA.

- **Standardize Application Documents.** Recommendation is made that all application forms and application checklists at all approval Authorities be further standardized for layout and information. The only difference on the form for respective Authorities should be the name, address, etc., of the authority.
- **Route all Applicants to the DAC.** Recommendation is made that a clear policy be set and effected that requires proponents of developments to routinely visit the DAC for pre-consultation and preparation before applications are formally submitted for approval. This will support increased pre-screening of development applications and hence improve the efficiency of the post-application processing for the developments.
- **Online Access for Application Documents.** Recommendation is made for a policy that requires all approval Authorities to have websites that provide online access to all application documents. This will support easier and more efficient document access and hence improved customer service.
- **Digital Submission of Application Documents.** Recommendation is made for a policy to allow digital submission of application documents in addition to normal “hard” version of the documents. This will support faster and more efficient receipt and processing of applications.
- **Steering Committee:** Recommendation is made that the Task Force continue its work and function as a Steering Committee in order to provide ongoing monitoring and oversight support to operations at the DAC, and to the overall development approvals process.

B2. Import/Export Processes:

Import/Export Mapping Report

As part of its modernization drive, the Government of Jamaica (GOJ) has expressed its commitment towards improving the efficiency of the trade facilitation process in Jamaica. In response to this effort, PRIDE Jamaica, working alongside the public-private Trade Community System Partnership (TCSP), commissioned an ‘AS IS’ Process Mapping Study as the first step toward process improvement and assisting the Government of Jamaica with establishing a ‘national trade facilitation portal’ or E-Trade platform. The USAID funded PRIDE Jamaica program is likely to support activities of the government and the trading community that will assist the process to procure an integrated automated solution to improve trade processes in Jamaica.

The goal is to improve the trade facilitation process by streamlining and automating the procedural regime thereby increasing the trading communities’ operational

efficiency, revenue collection and reducing the transaction costs of doing business in Jamaica.



Jamaica Customs and other members of the Trade Community System Partnership (TCSP) in discussions on matters concerning Jamaica's trade facilitation processes

One critical element of this project is to support Jamaica's trading community's ability to network, communicate and share relevant information among government entities, the port community, customs brokers, importers and exporters. It is widely recognized that automation is an important tool as it enhances transparency, encourages consistency and supports the simplification of trade processes thereby speeding up the clearance process, all of which will ultimately result in a reduction of the transaction costs of doing business in Jamaica. An appropriate integrated automated solution can be utilized to improve the operations of all structures.

The mapping assessment was conducted through interviews with at least thirty (30) trading community professionals and the processes were mapped according to their respective experiences.

The report aims to identify the import and export business processes across relevant agencies and customers, using process maps and flow diagrams to demonstrate interactions between the stakeholders within the Jamaican trading community. It also provides a snapshot of the current situation as it relates to information systems within the port community and regulatory agencies. Some recommendations for an automated, integrated business process solution are also provided.

A comparative analysis was conducted that was intended to enable a gap analysis of the current 'AS IS' processes and the 'TO BE' processes, however as the mapping activity evolved, PRIDE Jamaica learned that the "AS IS" Import/Export processes are closely aligned with the practical experiences of the stakeholders with whom the

project consultants interfaced during the mapping activity. Consequently there were no real gaps identified between the defined “as is” process and the applied practices of stakeholders, thus eliminating the need for a separate gap analysis.

Work flow in the import and export process in Jamaica is predominantly manual and partly computerized. Historically, Jamaican government entities held the view that the automation of business processes will solve operational problems and issues. Several stand-alone automated systems were developed by the government-owned IT-company, Fiscal Services Limited, or otherwise purchased, customized and implemented. This resulted in inefficient manual processes being automated which created greater inefficiencies, frustration and duplication of processes and delays. This view is changing and the shift is now toward improvement of business processes before automation. Business process automation can potentially contribute to achieving success if the processes are first improved and all other aspects of a business process management project are addressed.

Jamaica Customs and the port community currently practice continuous improvement of their processes. Monthly quality assurance meetings are held between port and customs authorities, shipping agents, brokers etc. Each authority interviewed during this assessment referred to those meetings and their efforts to implement recommendations made by the users of their systems, their clients, etc. The private sector confirmed the implementation of several recommendations made. The communication process seems to have improved and it is apparent that there is continuous dialogue between the public and private sector entities as the private sector play an active role in process improvement.

Continuous improvement does not necessarily mean that the organizations are ready to automate. There are clear indications that the authorities have allowed their managers the alacrity to be in control of their business in terms of recommending and implementing changes. However, it was noted that most of their time was spent on dealing with symptoms of problems and not on dealing with the causes and prevention of those problems. This requires timely, easy sharing and control of information on critical business processes which could be facilitated by providing the appropriate supporting tools for the processes and people. Solutions could include an appropriate integrated e-solution which focuses on automating import/export processes across the supply chain rather than in functional silos. This approach would provide a seamless, efficient and effective importer/export experience for the trading communities' customers and would present an experience that will translate into the reduction of transaction costs and increased benefits to consumer and country at large. However, in the short term, it is understood that improvements could be achieved without automation.

Jamaica Customs and the port operators, Kingston Container Terminal Ltd. and Kingston Wharves Ltd., are integrally linked in the import and export supply chain core process with supporting processes from the ministries, departments and agencies as it relates to inspections, permits, licenses and approvals for goods entering and leaving Jamaica. There is a high volume of similar and repetitive transactions and a clear flow of high-volume transactions that need to be passed from one organization to another (each adding value along the way). The need to monitor the status of those transactions by various parties at all times (real-time monitoring) and of course,

processing time, is of critical importance. Many calculations are completed and payments to various entities are required at various stages of the import/export process, in addition to transactions/files that need to be accessible by many parties at the same time.

There is a clear need for a true end-to-end perspective of the import and export process to provide visibility and integration to importers and exporters. Process standardization could be achieved, gaps in the end-to-end process filled and a greater understanding of the process demonstrated by parties who perform parts of the process. With the appropriate strategy, process-centric public authorities within the trading community will emerge with an understanding of the impact of their processes on traders and partners.

To achieve this, the process mapping study was commissioned to assess the existing trade procedures from the public and private sectors' viewpoints. Based on findings, this study is intended to highlight some concerns of the users of the systems, the issues and constraints to trade facilitation, and suggest solutions and next steps. These next step recommendations are outlined in the table below with supporting narrative within the following pages.

The TCSP have conducted internal workshops to review the Import/Export mapping report in order to validate and finalize the report. Following validation, the report will be circulated to the wider trade community. The TCSP will be guided by recommendations presented in the report, attached as Annex F to this report, and will incorporate these recommendations for decisions to guide "next step" activities.

Sub-Component Activities Over the Next Six Month Period:

B2. Import/Export Processes

PRIDE Jamaica expects that activities in support of import/export reform will include the following activities, among others, to improve the import/export process:

- ***Validate process maps with stakeholders:*** Complete follow-up meetings with stakeholders/process owners to review maps to ensure that understanding of the processes is correct
- ***List of priority areas for process improvements***
- ***Develop initial process requirements for new models and systems:*** Arising from the mapping exercise, PRIDE Jamaica will work with the TCSP community, including Customs and private sector users, to reengineer items to reduce time and improve public-private systems interface. The TCSP will utilize the reengineered processes to solicit offers for a new IT system.
- ***Develop new process models and documentation***
- ***Support development of RFP for new ICT system:*** The TCSP will integrate all stakeholders in the shipping, transport, freight and port industry, through a new IT platform. PRIDE Jamaica will provide support to the TCSP to prepare the procurement document. PRIDE Jamaica will work with the TCSP to leverage resources from other donors to support the procurement of the new IT system.

- **Provide technical assistance for vendor selection:** PRIDE Jamaica's proposed activities in the area of import/export processes should contribute to reducing the time required to import and export goods across Jamaica's borders. These activities should support improvement in Jamaica's ranking on the World Bank *Doing Business Survey's* sub-indicator 'Trading across Borders.' These improvements should also enable manufacturers to more reliably meet the needs of their customers, both domestically and internationally, further improving Jamaica's competitive position in the international market.

B3. Jamaica Customs Modernization

In support of activities under the Caribbean Basin Security Initiative (CBSI), PRIDE Jamaica will be working with Jamaica Customs to improve Jamaica's capability to improve border protection, and improve transparency and accountability by customs officials.

The Jamaica Customs Department is currently in the process of being transformed into an Executive Agency. The transition period is slated to begin in April 2011 with full implementation by April 2012. The JCD has made significant progress since its first modernization in 2002; however there are greater scopes to be achieved with its current modernization plan going forward. The move to become an Executive Agency is expected to deliver a more modern customs administration which will provide excellent service, foster tax compliance and contribute to national development and the protection of Jamaican society.

The Modernization Plan represents a significant body of work which is required to be implemented within a limited timeframe. The provision of extensive technical assistance will be a key requirement to support the Jamaica Customs Department in the successful and timely completion of the Plan.

When it becomes an Agency, Jamaica Customs will adopt a risk based approach which will be underpinned by the use of intelligence and an increased focus on enforcement. In tandem with development of the Agency's risk management capacity, it will be necessary to conduct a detailed review of all business processes to incorporate a risk based approach. The detailed business process review of all business processes to incorporate a risk based approach. The detailed business process review will generate additional ideas to those contained in the original Modernization Plan on how business processes should operate, and is necessary to inform the gathering of detailed requirements for the design of the risk management, intelligence and the other core operational ICT vision for the new Agency. Furthermore, the detailed business process review presents an opportunity to identify where anti-corruption measures can be included in each business process, in line with recommendations from the World Customs Organization, thus contributing to the overall strengthening of integrity across the new agency.

PRIDE Jamaica anticipates that working in collaboration with colleagues at Jamaica Customs, it will provide support to Modernization Plan pre-implementation activities as the department transitions to an Executive Agency.

PRIDE Jamaica has been involved in discussions with colleagues at Jamaica Customs at intervals during the reporting period. These discussions, along with the internal needs assessment conducted by Jamaica Customs and the recommendations arising, have helped to identify some of the critical areas that may require technical assistance to support implementation of the Jamaica Customs' Modernization Plan. A few of these are outlined as Program Management/Project Management; Audit Procedures and Techniques; Risk Management Theory and Techniques; Investigation and Intelligence gathering; Border Control and Security, among others.

PRIDE Jamaica is aware that Jamaica Customs is in process of applying for funds through an IDB loan to support procurement of a new ICT system as part of the modernization plan activities. There are a number of other opportunities whereby PRIDE Jamaica may be in a position to support aspects of the Jamaica Customs' Modernization Plan. To this end, PRIDE Jamaica has examined the program related to Risk Management Theory and Techniques that will play a critical role in strengthening the capacity of Jamaica Customs to deliver its services, improve the level of staff performance and commitment, and improve border protection. This activity can proceed independently from an ICT procurement that may take place at a future time.

PRIDE Jamaica has since proposed to work with Jamaica Custom to support the Risk Management activity and awaits feedback from Jamaica Customs that this is an activity with which the department wishes to proceed. PRIDE Jamaica will thereafter develop an appropriate Scope of Work in conjunction with colleagues at Jamaica Customs to implement this activity in support of the reform and modernization program.

Sub-Component Activities Over the Next Six Month Period:

Jamaica Customs Modernization

It is the general view that Customs has a good corporate and operational planning system, and linked to this a performance appraisal system. It also has good internal audit function so these areas can be covered with minimal adjustment at this stage. However, there remain other areas that will need to be put in place over the next three to six months along with the finalization of staffing arrangements.

The Risk Management Unit is responsible for the planning, organizing and implementation of long-term and short-term strategic risk plans and programs that will allow for identification of imports and exports that represent the greatest risk of non-compliance. This allows for the detection of high risk traders while facilitating the speedy clearance of low risk traders.

- ***Risk Management Theory and Techniques:*** PRIDE Jamaica has proposed that in order to assist Jamaica Customs to meet the outstanding transition requirements, PRIDE Jamaica will provide support to an improved and strengthened performance at Customs with the use of management information in planning, to achieve a more refined service delivery through greater use of risk based approaches. In order to do this effectively, technical support may be

provided to an agreed Risk Management training program, and will include interface with TAJ.

- **Customer Service:** PRIDE Jamaica will examine support from other donors, including the IDB, and will determine whether additional technical assistance may be required to support the capacity building efforts for improving customer service at Jamaica Customs. The focus on improving customer service in the last two years has had a positive impact. However, anecdotal evidence suggests that there is still some way to go before public trust will be fully restored. Improving levels of customer service for the informed stakeholders, impacts positively on trade facilitation, however this impact does not naturally impact the overall external image of the organization as the public views are based largely upon perception. PRIDE Jamaica will examine support to Jamaica Customs for employing measures to change the perception of the public so that efforts to improve systems, processes and customer service at operational levels will more likely be successful.

B4. Commercial Alternative Dispute Resolution (Commercial ADR):

The Private Sector Organisation of Jamaica (PSOJ) approached PRIDE Jamaica to support its efforts to expedite the resolution of commercial disputes. With only one commercial court there is an enormous backlog of commercial cases waiting to be heard. The PSOJ had begun efforts to establish a Commercial Alternative Dispute Resolution (CADR) Center. The CADR Center will be targeted to meet the needs of the small and medium enterprise community in an attempt to alleviate some of the backlog of disputes, and to reduce the time required to bring these disputes to final resolution.

PRIDE Jamaica agreed to support legislative drafting that is necessary to update the legislative framework for arbitration of commercial matters. The drafting professional would act under Drafting Instructions from Jamaica's Chief Parliamentary Counsel (CPC) to update the legislative framework for commercial dispute resolution in Jamaica. PRIDE Jamaica also agreed to assist the PSOJ by supporting a public awareness campaign designed to demonstrate the benefits of utilizing the CADR, and encourage utilization of the center's services by targeted stakeholder groups. PRIDE Jamaica's resources, as well as resources from the private sector (PSOJ, JCC) leveraged US\$300,000 of IDB funding for this activity. PSOJ retained the services of a project manager for the project and one of its members has provided a location for the CADR as part of the counterpart contributions.

Working with the Ministry of Justice to champion the effort, the PSOJ prepared the necessary Cabinet Submission to seek and obtain approval from Cabinet for conducting a review of legislation governing CADR. This step is the precursor to securing Drafting Instructions by the Chief Parliamentary Counsel (CPC) to allow for legislative drafting to begin. The Ministry of Justice had initially supported PSOJ's efforts, but ongoing discussions now indicate that PSOJ is not able to secure the requisite level of commitment from the Government of Jamaica to support the legislative changes required. This legislative change initiative represented the primary consideration for PRIDE Jamaica's initial support to the CADRC program, as this element focuses on improving the business enabling environment.

To this end, PRIDE Jamaica recommended to USAID/Jamaica that funding assistance is deferred until there is substantive evidence that the legislative change element of the CADRC program will be implemented. If/when this requirement is satisfied, funding support may be revisited. PRIDE Jamaica held subsequent discussions with PSOJ and has advised the organization that the project will consider support of this activity when the legislative element of the program can be advanced. Given PRIDE Jamaica's limited resources, the project must focus on activities that are within the core program areas. Without this legislative element, the CADRC program would not fall within PRIDE Jamaica's core activity areas. While the marketing/public awareness element may be useful, this would not have been recommended as a stand-alone activity. USAID/Jamaica agreed to this corrective action.

Sub-Component Activities Over the Next Six Month Period:

Commercial Alternative Dispute Resolution: Pending the establishment of a clear program for legislative changes that will represent a core activity for PRIDE Jamaica, no further activities for this sub-component are envisioned during the remainder of the program year.

B5. Workforce Development – Youth Upliftment Through Employment (YUTE)

The PSOJ is working through partnerships at all levels to design and support interventions which will impact directly on the lives of young persons who live in inner city communities. PRIDE Jamaica worked with PSOJ to finalize and execute a US\$400,000 Grant Agreement to PSOJ to support the YUTE program which is designed as one such intervention. Through the executed Agreement between PRIDE Jamaica and the PSOJ, USAID has become the first international development partner to commit to the YUTE program. The program also represents the largest Global Development Alliance (GDA) project in which USAID has participated over the agency's 50 years in Jamaica. Leveraging of funds to support and sustain the program is anticipated through the creation of a symbiotic relationship between Jamaica's private sector, the Government of Jamaica, Non-Governmental Organizations and international development partners.

In response to the sustained levels of antisocial behavior, violence and crime within inner-city communities and consistent with the national agenda to roll out an aggressive program of inner-city renewal, a PSOJ-led Coalition of private sector bodies has committed to work with young persons in inner city communities. The Coalition has committed to focus on building technical and social skills, increasing employability, and providing long and short term economic and entrepreneurship opportunities for 2,200 young persons. The program, Youth Upliftment Through Employment – **YUTE** – will be rolled out in eight inner-city communities during the first phase (February 2011- January 2013).

YUTE, as a unique intervention:

- Provides a total solution, supporting NGOs and government agencies that will work with participants from entry through to job placement, through to the final desired outcome - a young person who is integrated into the social and

economic fabric of the society. YUTE addresses both the demand and supply needs for economic empowerment.

- Recognizes the potential risk of a high dropout rate and seeks to reduce one of the highest risk elements in programs designed for young persons at risk, in particular unattached young persons.
- Ensures that 1,290 of its participants, 53%, will participate in the formal economy and the remaining participants will at the end of the first phase be in a learning environment.
- Has been designed to be a part of a solution and is consistent with the national agenda as expressed first through the National 2030 Vision document and more recently through the PIOJ's Community Renewal Plan.

Expected Impact of the Program

During the first year of **YUTE**, some 2,750 young persons from eight communities will have been invited to attend a **YUTE** Enlist Orientation Session, and a minimum of 2,200 of these young persons are expected to enroll as a **YUTE** participant. At the end of the two year period, a minimum of 1,290 of these young persons should be in permanent jobs or have had significant work and apprenticeship experiences:

- 1026 young persons will have had an opportunity at full or part time work;
- a further 126 are expected to establish enterprises; and
- 162 will complete the U-Turn program.



Participants completing registration at YUTE Orientation Session

Investment Requirements

The total investment for YUTE is US\$10.5 million, of which US\$4.624 million represents the value of long-term jobs, work experience and apprenticeship opportunities provided by the private sector. An additional US\$2.168 million

represents the cost of access to existing Government of Jamaica programs, and US\$2.7 million represents cash contributions that will be raised from private corporations, international development partners and Jamaicans at home and overseas, and US\$1 million represents in-kind contributions. The grant from PRIDE Jamaica represents four per cent (4%) of the total cost of the project.

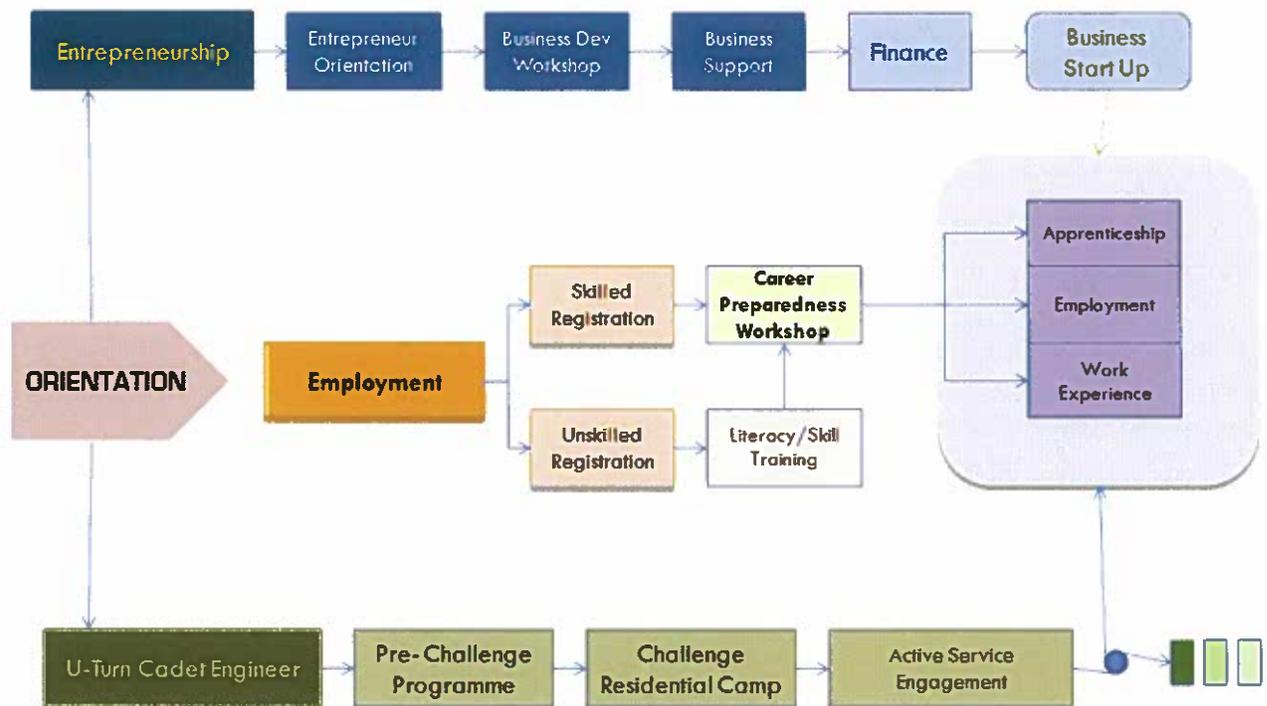
YUTE Blueprint

YUTE will be implemented in Phases, and will initially be launched in 8 communities - Trench Town, Tivoli Gardens, Rockfort, Denham Town, Parade Garden, Jones Town, Mountain View and Olympic Gardens. The communities were selected on the basis of being:

- Within and adjacent to the industrial belt of Kingston
- Within and adjacent to the Central Business District (CBD) of Kingston
- Along and in close proximity to the corridors of access to the Norman Manley International Airport –the Mountain View Corridor and the Windward Road Corridor

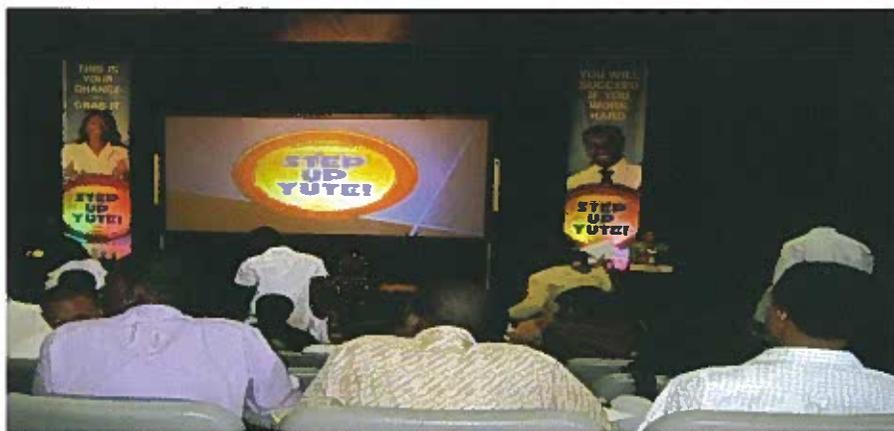
These communities reflect certain traditional variables that define the degree of social exclusion – poverty, high unemployment, poor housing stock, designated on several occasions to be 'hot spots'. They were also selected was also on the basis of quantifiable and qualitative evidence of:

- i. Unemployment among the target group being above 25%
- ii. Evidence of education or training achievement levels of the target group that make them eligible for some level of employment or consideration for enterprise start up
- iii. High levels of anti-social behavior, violence and crime and where agencies such as the PMI and CSI are on the ground
- iv. Existing program initiatives that are executing one or more elements of any given YUTE stream and can therefore support and increase the impact of YUTE.



YUTE BLUEPRINT diagram

During the project initiation phase which ended in January 2011, eligible participants were invited to attend a YUTE orientation session at selected locations. Private sector leaders were featured as special speakers at each of these YUTE Orientation events. Following a presentation on YUTE opportunities and requirements, young persons who were committed to following one of the three streams were asked to register for one of the three YUTE program streams.



Potential YUTE Program beneficiaries viewing video presentation during orientation session



Young participants role-play to communicate the benefits of the YUTE program to attendees at the Orientation Session

Sub-Component Activities Over the Next Six Month Period:

Workforce Development – YUTE Program

PRIDE Jamaica will provide ongoing monitoring and support to PSOJ as it implements activities under the grant agreement. During the upcoming period funding support from PRIDE Jamaica will contribute directly to the following activities:

- Begin skills training and upgrading for approximately 500 YUTE Participants. 50% of these should be job ready by October 2011.
- Entrepreneur - Business Development Workshops: 120 YUTE Entrepreneurs will complete 2 Week Workshops. 80% are expected to continue on to Junior Achievement and complete the process.
- 15 Community Business Aides will be involved in the delivery of the Junior Achievement Modules to YUTE Entrepreneurs.

C. Component 3: Access to Credit for Micro, Small and Medium Enterprises

Microfinance Institution Regulatory Framework

The micro, small and medium enterprise sectors (MSME), including youth borrowers, are affected by the impediments that affect all borrowers in Jamaica, but they face additional obstacles to accessing credit. In general, the commercial banking sector does not lend to microenterprises. Microfinance institutions (MFI) that do serve the sector are not governed by any regulatory authority, there is a lack of standardization in the way they track and report information on their operations, and they offer a limited range of services. The lack of a regulatory framework has been identified as a constraint both by wholesalers of funds, and the micro lenders themselves. A major concern is the lack of open and widely distributed data about the Jamaican microfinance sector. The lack of standardized reporting makes it difficult for wholesale lenders to assess the financial and operational strength of MFIs, and reduces options for on-lending to the sector. High operating costs and a large number of small loans

reduces the profitability of MFIs.

It is important to find cost-effective ways to improve the standards of many of the MFIs that are operating in Jamaica, while at the same time avoiding restrictions that would impair their efficiency or effectiveness. There are no plans in the near future by the Bank of Jamaica to issue regulations for the microfinance sector. Therefore, the remaining option at this time is for the MFIs to establish a self regulatory system. The regulation and supervision of non regulated MFIs must include systems and procedures to protect investors, to promote sound business practices, and to address risk issues.

During the reporting period PRIDE Jamaica began working with the Development Bank of Jamaica (DBJ) and the MFI sector to assess what type of regulatory framework would be appropriate to strengthen MFIs' ability to access additional funds for on-lending and to improve their operating profitability. Arising from an industry assessment that PRIDE Jamaica completed in October 2010, PRIDE Jamaica is working with a public/private working group to establish a self-regulatory network of MFIs and micro-finance practitioners as a first step toward introducing international best practices within the sector. The most important precondition to establishing a regulatory framework is to determine whether the MFIs are really ready to share standardized data.

Given the present status of the sector, PRIDE Jamaica is working with DBJ and the industry to determine what is the optimal degree of self regulation for MFIs now, and what direction should the industry be moving toward. Arising from stakeholder input there are five objectives that the MFI sector is presently interested in:

- Creating a network of MFIs;
- Building a database with standardized information;
- Supervision and monitoring of the performance standards and dissemination of the information;
- Access to a Credit Bureau; and
- Rating or qualification of the MFIs belonging to the network.

PRIDE Jamaica and DBJ are working with the MFIs to determine the most appropriate way to establish an MFI network. During the reporting period PRIDE Jamaica and DBJ put forward a draft Memorandum of Understanding (MOU) to the two associations representing MFI interests in Jamaica. Arising from a workshop where representatives from both associations were present, the two groups are completing discussions to establish a mutually acceptable basis on which to work toward an industry wide network.

The long term objective is to improve financial viability of MFIs and expand and improve service delivery to their clients.

Mobile Financial Services

Mobile financial services has the capacity to improve operating efficiencies of MFIs, extend the coverage of financial activities to a broader range of borrowers among the

poor and lower income groups, increase the number of micro-enterprises that can access financing, and improve the financial viability of MFIs. Importantly, mobile commerce holds the potential to improve the way in which microcredit is made available to the relevant sector. A key to maximizing the potential that mobile financial services can offer is to provide a stable platform that lowers and equalizes entry costs to the owners and operators of financial services.

During the reporting period, PRIDE Jamaica continued its work with the public-private partnership (PPP), which includes the University of the West Indies (UWI), the private sector, the Development Bank of Jamaica (DBJ) and donors to consider a framework for mobile commerce in Jamaica. The PPP acknowledged that it needed answers to a variety of questions that included, among others:

- Who are the potential owners of this platform?
- What did the regulatory framework look like: including banking, mobile banking, utilities and international aspects?
- What are the set of relevant technical solutions to establishing the mobile platform and at a level that all can use it as well as customize it to suit individual businesses?
- What are the commercial dimensions, including settlement, benchmarking and pricing?
- What are the macro and micro economic impacts?
- What are the concrete strategies for implementation?



Minister of Finance and the Public Service, the Honorable Audley Shaw, addressing the Mobile Financial Services Conference, December 2010.

To arrive at some initial answers, the PPP sponsored a conference in December with more than 100 participants from the telecommunications, financial, regulatory and MFI sector. Presenters provided information on relevant aspects of mobile commerce, including the regulatory framework, alternative platform configurations and implications, and commercial and economic considerations.⁹

One of the major outcomes arising from the conference was the decision to produce a document to outline alternative scenarios for the introduction of mobile commerce in Jamaica, providing a cost benefit analysis of each scenario. Work on the implementation plan began during the reporting period and will be completed during the next six month period. The PPP will utilize this document to advance the discussion to introduce mobile commerce with stakeholders. In addition to the cost benefit analysis for each potential scenario, the implementation plan will detail the type of regulatory framework that will be necessary to support the various options. Arising from this analysis, PRIDE Jamaica and other members of the PPP will be able to determine where support needs to be directed in order to advance the mobile commerce option most appropriate for Jamaica.

PRIDE Jamaica's activities in this component are working toward ensuring that there are viable financial institutions able to provide credit to the micro and small enterprise borrower. PRIDE is addressing this by working with public and private sector partners to reduce costs of lending through information sharing about borrowers, introducing services to reduce transactions costs (mobile banking), and standardizing the way microfinance institutions collect information, thereby making it easier for second tier financial institutions to consider on-lending through microfinance institutions. The impact of these activities should have a positive result toward improving the financial viability of MFIs; bringing some of the unbanked population into the formal banking system; and graduating some of the smaller businesses into the commercial banking sector as their financial needs expand.

Component Activities Over the Next Six Month Period:

During the next six month period PRIDE Jamaica expects to support a range of activities in this component which are likely to include, among others:

- ***Information sharing agreement among MFIs:*** Work with the DBJ, MFI associations and other stakeholders to establish a framework for MFIs to develop a variety of standardized reporting platforms to improve information sharing among MFIs. This is a first initiative to improve transparency and facilitate easier assessment for second tier lenders to consider additional funding to MFIs.
- ***Implement aspects of the mobile commerce implementation plan:*** The plan will be completed and PRIDE Jamaica will agree with stakeholders which

⁹ The Mobile Commerce Conference Booklet is included as Annex G to this report.

activities PRIDE Jamaica will provide implementation support to in line with PRIDE Jamaica funding and objectives.

D. Component 4: Legislative Process

The Government of Jamaica (GOJ) is working to implement a wide-ranging legislative agenda to support business reform, eliminate corruption, and reduce crime, all of which have an impact on establishing a business and investor friendly environment. In order to monitor the progress of its initiatives, provide information to civil society, and work with the international community, the GOJ has found it difficult to readily know the status of legislative items as they move through the development and approval process. In this regard, there is a need to review what processes are in place to track legislation as it moves from the stage of development, through to passage, and determine if revisions to the existing system are needed. If a tracking system is lacking, identify models from regional and/or international best practices that Jamaica can apply for its use.

The Government of Jamaica and Jamaica's private sector are all too aware of the substantial delays to implement the country's reform agenda. One of the constraints is the difficulty in tracking the status of proposed legislation as it moves its way through the legislative approval process. This was recently demonstrated when the GOJ and donors were unable to easily track the status of several high priority legislative items. Incorporating an accessible legislative tracking system that is available to all members of society enables transparency, and promotes public-private and civil society dialogue in the policy development and implementation process. Although Jamaica does have a clear legislative process, it is not clear whether the legislative tracking system is in place; and, if there is a system, does it meet the needs of Government and civil society.

PRIDE Jamaica has begun discussions with the Office of the Chief Parliamentary Counsel to conduct a review of:

- The extent to which a legislative tracking system exists;
- Where it is located, its upkeep, and its functionality;
- What may be required to improve its usefulness and accessibility; and
- To the extent that a system does not exist, consider existing regional and international models that may be appropriate for Jamaica.

The CPC has agreed to prepare a formal proposal to PRIDE Jamaica that will outline other areas where support for interventions is most needed. PRIDE Jamaica has suggested that USAID/Jamaica re-engage with the Office of the Prime Minister in order to garner support for this activity. Work with stakeholders is expected to improve the ability to track legislation through the development and approval process, and to reduce the time required to draft legislation.

Component Activities Over the Next Six Month Period:

During the next six month period PRIDE Jamaica expects to implement the following activities:

- **Prepare and present a Legal Opinion on existing legislation that will enable a two-tier system of development approval in Jamaica:** to allow for the separation and treatment of large development projects, from smaller projects in order to improve efficiency and reduce the time that it takes for smaller projects to receive application approval.
- **Review systems and procedures:** Detail what, if any, processes are currently in place to facilitate the tracking of legislation in Jamaica. Assess whether these existing, isolated processes can/should be expanded to encompass a wider tracking of legislation throughout the system, or whether a new tracking system should be designed and implemented. If a new system should be designed and implemented, provide specific requirements as to what the system should incorporate and where it should be located.
- **Perform a regional and international best practice analysis:** Provide recommendations for whether/how these features can/should be applied within the context of Jamaica's legislative tracking process.
- **Prepare a legislative process map:** Illustrate each step in the process and the responsible party(s).

E. Component 5: Land Policy and Administration

Over the last decade a number of donor funded initiatives were advanced in the area of Land Policy and Administration in Jamaica. Additionally, the Government of Jamaica through the National Land Agency and the LAMP programs has made inroads to address some of the underlying issues regarding land titling and registration. During work planning discussions with USAID/Jamaica, PRIDE Jamaica was advised that the mission would work with AID/W to conduct a comprehensive review of previous donor activities on land reform and administration in Jamaica. Given scarce project resources, USAID/Jamaica wants to ensure that any investment of PRIDE Jamaica resources in this component area will add value and achieve results.

AID/W completed the review and provided recommendations to USAID/Jamaica for program interventions. Toward the end of this reporting period USAID/Jamaica requested that PRIDE Jamaica engage with stakeholders to confirm implementation opportunities that could be initiated within the scope of available program resources. PRIDE Jamaica began discussions with stakeholders and will finalize several implementation options.

Component Activities Over the Next Six Month Period:

- **Identify and implement enabling environment activity:** Based on resources available, finalize with stakeholders the priority activity to implement with support from PRIDE Jamaica and begin implementation.

SECTION IV

RESULTS

PRIDE Jamaica has demonstrated substantial achievement toward meeting results for this program year. Annex A provides information about counterpart contributions for this program year. Annex B provides updated results information for PRIDE Jamaica's PMEP targets, and Annex C provides detailed information by indicator for each of the results.

In the areas of tax administration, the fully costed modernization implementation plan that PRIDE Jamaica completed with TAJ during the last program year has provided the basis for many of the activities that PRIDE Jamaica is implementing in the area of tax reform.

In order to support TAJ's move toward a modern, integrated tax administration organization, PRIDE Jamaica worked with TAJ to re-engineer business processes in the four core operations, and corresponding sub-processes. These include:

CORE PROCESS	SUB-PROCESSES
Taxpayer Service	<ul style="list-style-type: none">• Taxpayer Education• Taxpayer Inquiries (Walk-in service; correspondence control; telephone call-in service)• Registration (Changes in Registration; Deregistration)
Returns Processing and Revenue Accounting	<ul style="list-style-type: none">• Returns Processing• Payments Processing• Revenue Accounting• Tax Accounting
Audit	<ul style="list-style-type: none">• Risk Assessment• Audit Planning• Audit Case Processing• Objections
Collection	<ul style="list-style-type: none">• Refunds and Offsets• Delinquent Filers

Two additional cross-functional processes were identified – Refunds and Offsets, and Build and Refine Risk Models – and mapped. PRIDE Jamaica introduced an updated software tool, QPR, and provided training to TAJ counterparts to map the business processes. Recognizing that a new TAJ IT system will have to interface with a variety of other systems, PRIDE Jamaica defined the initial requirements for system interfaces with Jamaica Customs, the cashiering function and the Taxpayer Registration Number (TRN) system. TAJ will provide the re-engineered business

processes to its senior management for final review, prior to these being incorporated into the RFP to procure a new IT system.

PRIDE Jamaica continued to work closely with USAID/Jamaica, TAJ, and OTA to garner support from other donors to secure the resources that TAJ requires to achieve the reform objectives. These efforts are beginning to see results. IDB has completed two appraisal missions to prepare a loan package to its Board of Directors. Additional appraisal missions will be completed in the next several months, with the loan expected to go before the Board in September. If approved, the funding will finance most of the external costs included in the fully costed MIP.

PRIDE Jamaica began a major effort to improve the underlying framework legislation for tax administration in Jamaica. Working with colleagues across TAJ as part of the process to improve the assessment, collections, and enforcement aspects of various pieces of Jamaica's tax laws, key elements of these laws are being extracted, overhauled and modernized in a proposed Tax Administration Act. The new act will standardize the way assessments are calculated across tax types, include a taxpayer bill of rights, and provide transparent guidelines for enforcement.

In implementing tax administration activities, PRIDE Jamaica has worked closely with OTA to ensure that resources from both PRIDE Jamaica and OTA are utilized effectively to maximize support to TAJ's reform work. As OTA's work in tax administration is coming to an end, PRIDE Jamaica is assuming the project management function to support TAJ's activities during the next year. The next year in the tax reform efforts are critical toward establishing a new tax administration organization, implementing SARA, putting in place best practice management systems, and implementing new systems to facilitate compliance. TAJ requires substantial support for these initiatives to progress. With funding from IDB not likely to be available before January 2012, support from PRIDE Jamaica is essential.

Ongoing support by PRIDE Jamaica to reform activities in licensing and competitiveness areas has had positive impact on maintaining the joint public-private partnerships that are essential for the successful implementation of reform measures to take effect. In the area of Development Approvals, PRIDE Jamaica's support contributed toward reaching a significant milestone for the DAC. March 16, 2011, marked the official launch of the DAC. The event was attended by the Honorable Prime Minister of Jamaica, the United States Ambassador to Jamaica, USAID/Jamaica's Mission Director, Ministers of Government, other GOJ officials, and private sector leaders. The event was hosted by the Jamaica Chamber of Commerce (JCC), and represented a culmination of the work of the JCC "Legs and Regs" Committee. "Legs and Regs" was responsible for establishing the public-private partnership for the Development Approvals Process Project under a Cooperative Agreement with USAID. The establishment of the DAC is the manifestation of recommendations by the "Legs and Regs" project.

With support from PRIDE Jamaica, the "Legs and Regs" public-private partnership transitioned to the ACRE Task Force which provided the monitoring and oversight of the DAC pilot operations. The DAC provides full pre-consultative and facilitation services to development and construction clients, with a complete response being

provided in 20 days or less. The DAC plans to use this matrix and model to push the entire approval and review process to under 90 days. Currently approximately 67% of projects submitted are achieving this benchmark.



(Foreground) Prime Minister Bruce Golding (4th left) cuts ribbon to officially open DAC. Looking on (l-r) are Milton Samuda (Pres. JCC), Karen Hilliard (USAID Mission Director), Pamela Bridgewater (US Ambassador to Jamaica), partially hidden (far right) Peter Knight (CEO NEPA)

Using funding from CBSI monies, PRIDE Jamaica completed a comprehensive mapping exercise to detail the numerous processes required throughout the import/export process. Working with the Trade Community System Partnership (TCSP), which represents a joint public/private stakeholder consortium from among the port community focusing on improving transparency, reducing corruption, and reducing the time and costs to move goods into and out of Jamaica, the mapping involved users, suppliers and facilitators of import/export services. The TCSP considers re-engineered processes, improved technology and multi-user interface as critical mechanisms through which agencies and private sector users will see results. The TCSP is completing its review of the report, and PRIDE Jamaica will support the TCSP to implement improvements to the import/export system.

Jamaica Customs has confirmed its interest in working with PRIDE Jamaica to implement activities from its modernization plan in preparation for its Executive Agency status. Using funding from CBSI, PRIDE Jamaica will focus on risk management activities that are designed to strengthen the capacity of Jamaica Customs to deliver its services, improve the level of staff performance and commitment, and improve border protection.

The table below provides additional reporting information for specific outputs during the reporting period resulting from PRIDE Jamaica activities with Jamaica Customs, funded with CBSI funds:

Output	Number Completed	Details
Number of customs policy reforms/regulations/administrative procedures/processes presented for stakeholder consultations as a result of USG assistance with CBSI funds	4	<ol style="list-style-type: none"> 1. Prioritize areas for process improvements and re-engineer business processes. 2. Prepare new process models and documentation for re-engineered business processes. 3. Automate the E-system. 4. Develop and implement a Trade Facilitation Reform Agenda.
Number of Trade and Investment capacity building diagnostics conducted as a result of CBSI funding	1	<ol style="list-style-type: none"> 1. Import/Export Mapping Activity

PRIDE Jamaica is supporting workforce development through a US\$400,000 grant to the PSOJ for the YUTE Program. Also funded with CBSI funding, YUTE provides training, job placement, and entrepreneurship support to 2200 at-risk youth from vulnerable communities. YUTE's agenda is supported by a broadly based public – private partnership. The support from PRIDE Jamaica is just getting underway.

PRIDE Jamaica's work with the public-private partnerships with MFI stakeholders and mobile commerce partners is making progress toward increasing transparency, sharing information and establishing standardized processes that should ultimately provide new opportunities to expand credit to the micro and small business sectors, at lower costs to borrowers and lenders.

PRIDE Jamaica expects to undertake initiatives during the remainder of this program year to improve the legislative tracking process and have an impact in land policy and administration.

The timing and level of resources made available to PRIDE Jamaica will affect the rate and scale of implementation activities, and, potentially, results. The end of this program year will be close to the midway point of the project, with well less than half of potential funding obligated. The ongoing uncertainty of funding levels and types of funding provided will need to be considered, and potential corrections made to implementation activities planned in light of these issues.

PRIDE Jamaica continues to enjoy strong working relationships with all of its partners throughout the project's component areas. As stated previously, it is due to the strength of these relationships that PRIDE Jamaica is able to implement its broadly based program across a wide range of component areas and achieve results. PRIDE Jamaica will continue to build on these relationships to maximize results across all implementation areas.

ANNEX A: Counterpart Contributions October 2010 – March 2011

COMPONENT	USD AMOUNT	NOTES
Tax Policy and Administration	1,062,016	<ul style="list-style-type: none"> Assumes proportionate amounts of TAJ internal costs from TAJ Modernization Implementation Plan for the period October 2010 through March 2011. Includes \$20,508 counterpart contribution toward Tax Policy Division Structure Assessment
Business Licensing and Other Competitiveness Areas		
<ul style="list-style-type: none"> Import/Export Processes 	45,000	Provided by the Trade Community Partnership from estimates of activities related to the Import/Export Mapping exercise, involving SAJ, Kingston Wharves, Kingston Container Service Ltd, Port Authority of Jamaica, Jamaica Customs.
<ul style="list-style-type: none"> Jamaica Customs Reform 	58,823	Represents funding support from the Cabinet Office toward mobilization.
<ul style="list-style-type: none"> Development Approvals Process (DAC Operations) 	100,626	Includes salaries and allowances for permanent staff, telephone, utilities, office space, in-kind contributions and other goods and services
<ul style="list-style-type: none"> Youth Upliftment Through Employment 	22,000	Includes in-kind and cash contributions from private sector partner organizations
Access to Credit:		
<ul style="list-style-type: none"> MFI Regulatory Framework 	13,850	Development Bank of Jamaica costs
<ul style="list-style-type: none"> Mobile Financial Services Conference 	83,000	UWI, private sector, other donors
TOTAL	1,385,315	

ANNEX B RESULTS REPORTING TABLE
PRIDE Jamaica
March 31, 2011

Performance Based Management System

Results and Related Performance Indicators ¹	Baseline	2010 Target ²	2010 Results	2011 Target	2011 Results	2012 Target	2012 Results	2013 Target	2013 Results	2014 Target (Option Year)	2014 Results (Option Year)	LOP Target ³	Results Total
IR1: Key Policies, Regulations and Processes Improved													
Sub-intermediate Result 1.1 Key Economic Reforms Implemented													
Number of policy reforms/regulations/administrative procedures drafted and presented for public/stakeholder consultations as a result of USG assistance		1	2 ⁴	5	6 ⁵	5	3	2	16				
Number of institutions/organizations undergoing capacity/competency assessments as a result of USG assistance		1	1 ⁶	4	5 ⁷	3	2	1	4 ⁸				
Sub-intermediate Result 1.2 Institutional Capacity for Administration Strengthened													

¹ Indicators and targets do not include activities for Land Policy and Administration. Indicators and targets will be adjusted when PRIDE Jamaica identifies component activities that it will implement.

² Represents the period March 11 – September 30, 2010, Year 1 of the project. Project Year 2 (2011) began October 1, 2010.

³ LOP (Life of Project) Targets reflect targets achieved if option year is exercised. If option year is not exercised, LOP Targets would include results achieved through 2013.

⁴ Outputs include Tax Administration Jamaica (TAJ) fully costed modernization implementation plan, and analysis and recommendation to support procurement of a commercial off the shelf (COTS) information technology solution.

⁵ Outputs include reengineered business processes for TAJ Taxpayer Services, Returns Processing and Revenue Accounting, Audit, and Collection; new structure and processes for Budget and Analytics Unit; draft of a new Tax Procedures Act.

⁶ Includes ACRE Task Force assessment of pilot operations of the DAC.

⁷ Includes Tax Administration Jamaica (TAJ), the Tax Policy Division and the Economic Management Division of the Ministry of Finance and the Public Service, ACRE Task Force assessment of pilot operations of the DAC, and CBSI funding of the Import/Export Mapping work with Jamaica Customs.

⁸ Represents total number of organizations that will undergo assessments. Some organizations will undergo more than one assessment during implementation activities, but are counted only one time in the LOP total.

Results and Related Performance Indicators ¹	Baseline	2010 Target ²	2010 Results	2011 Target	2011 Results	2012 Target	2012 Results	2013 Target	2013 Results	2014 Target (Option Year)	2014 Results (Option Year)	LOP Target ³	Results Total
Number of institutions/organizations undergoing capacity/competency assessments as a result of USG assistance		1	1 ⁹	4	5 ¹⁰	3		2		1		4 ¹¹	
Number of Trade and Investment capacity building diagnostics conducted as a result of USG assistance		---	---	4	4 ¹²	2		1				7	
IR2: Private Sector Capacity to Participate in Reforms Increased													
Sub-intermediate Result 2.1 Private sector partnerships and collation-building strengthened													
Number of Public-Private Dialogue mechanisms utilized as a result of USG assistance		3	3 ¹³	5	5 ¹⁴	4		2		2		5 ¹⁵	
Number of microfinance institutions supported by USG financial or technical assistance		---	---	5	8 ¹⁶	9		12		14		14 ¹⁷	
Sub-intermediate Result 2.2 Private sector role in advocacy and policy dialogue increased													

⁹ Includes ACRE Task Force assessment of pilot operations of the DAC.

¹⁰ Includes Tax Administration Jamaica (TAJ), the Tax Policy Division and the Economic Management Division of the Ministry of Finance and the Public Service, ACRE Task Force assessment of pilot operations of the DAC, and CBSI funding of Jamaica Customs under the Import/Export Mapping.

¹¹ Represents total number of organizations that will undergo assessments. Some organizations will undergo more than one assessment during implementation activities, but are counted only one time in LOP total.

¹² Includes review of Assessment, Collections, and Enforcement framework for TAJ, ACRE Task Force for Development Approvals, CBSI funding of the Mapping of the Import/Export Process with the Trade Community System Partnership, and Assessment for a Microfinance Institution Regulatory Framework.

¹³ Includes ACRE Task Force for Development Approvals, Trade Community System Partnership for Import/Export, and Mobile Banking Public-Private Partnership.

¹⁴ Includes ACRE Task Force for Development Approvals, Trade Community System Partnership for Import/Export, Youth Upliftment for Employment (YUTE), MFI/DBJ self regulatory mechanism, and Mobile Banking Public-Private Partnership.

¹⁵ Represents total number of public-private dialogue mechanisms PRIDE Jamaica will engage with over the life of project.

¹⁶ Includes Jamaica National Small Business, Bank of Nova Scotia Foundation, First Union, COPE, Micro-Credit Limited, Nation's Growth, and Micro-Enterprise Finance Limited. Members of the Jamaica Microfinance Alliance also receiving assistance through their organization.

¹⁷ Represents total number of microfinance institutions expected to receive financial or technical assistance through project activities.

Results and Related Performance Indicators ¹	Baseline	2010 Target ²	2010 Results	2011 Target	2011 Results	2012 Target	2012 Results	2013 Target	2013 Results	2014 Target (Option Year)	2014 Results (Option Year)	LOP Target ³	Results Total
Number of Public-Private Dialogue mechanisms utilized as a result of USG assistance		3	3 ¹⁸	5	5 ¹⁹	4		2		2		5 ²⁰	
Number of changes made to business enabling environment		---	---	4 ²¹	1 ²²	3		2		1		10	

¹⁸ Includes ACRE Task Force for Development Approvals, Trade Community System Partnership for Import/Export, and Mobile Banking Public-Private Partnership.

¹⁹ Includes ACRE Task Force for Development Approvals, Trade Community System Partnership for Import/Export, Youth Upliftment for Employment (YUTE), Mobile Banking Public-Private Partnership, MFI/DBJ self regulatory mechanism.

²⁰ Represents total number of public-private dialogue mechanisms PRIDE Jamaica will engage with over the life of project.

²¹ This target included a revised legal framework for Commercial Alternative Dispute Resolution (CADR). After the PMEPP was finalized PRIDE Jamaica was advised that the Minister of Justice was not prepared to proceed with the legislative changes in the near future. This target also included a Rules Engine for Development Approvals. After the PMEPP was finalized USAID/Jamaica provided guidance to PRIDE Jamaica to complete activities on Development Approvals by March 31, 2011. These two items will have an impact on achieving the overall target during the program year.

²² Includes revised operating procedures to the DAC provided by ACRE Task Force.

ANNEX C

PRIDE Jamaica October 2010 – March 2011

Year 2 First Six Months Results

Indicator 1: Number of policy reforms/regulations/administrative procedures drafted and presented for public/stakeholder consultations as a result of USG assistance

Target for Year 2: 5

Actual to date for Year 2: 6

Component 1: Tax Policy and Administration

1. Re-engineered business processes for four core tax operations:

- Taxpayer Services¹⁰: The primary mission of taxpayer service is to promote voluntary compliance through education and assistance to taxpayers. The most effective means of accomplishing this is to provide Quality Customer Service.
- Returns Processing and Revenue Accounting¹¹: The mission of the Returns Processing and Revenue Accounting function is to provide quality service to the taxpayers of Jamaica through the timely and quality processing of the tax returns (invoices) and the matching of the payments to these returns. The Returns Processing and Revenue Accounting function also has the responsibility to rapidly balance the accounts for every taxpayer and to issue tax balance due notices and tax refunds in a timely manner.
- Audit: The mission of the audit function is to provide quality examination of the tax returns of citizens, individual entrepreneurs and legal entities of Jamaica to ensure correct application of the tax law.
- Collection¹²: The mission of the collection function is to collect the revenue due the government and secure missing tax returns while ensuring that the rights of taxpayers are protected. Collection function employees will actively assist taxpayers in meeting their filing and paying requirements, however we will also take enforcement actions where necessary to resolve delinquencies.

2. Design of a new Budget and Analytics Unit and Process Mapping

PRIDE Jamaica collaborated with TAJ to develop a new budget organization structure that will enable TAJ to maintain tight budget and accounting controls during budget execution, while also building the analytical capacity needed for effective strategic planning, performance based budgeting, and revenue financial management. The unit will operate within the Management Services Division of the new organization.

¹⁰ Includes complete mapping for four sub-processes.

¹¹ Includes complete mapping for three sub-processes.

¹² Includes complete mapping for two sub-processes.

PRIDE Jamaica worked with TAJ to map processes to ensure that budget execution and accounting controls will be maintained during the transition period to SARA, and also mapped processes that will be performed by the budget execution and accounting unit once the new organization is established. These processes will ensure a common process is in place for basic activities, including: requisitioning goods and services; making payments; processing new hires, resignations, retirements, and transfers; making salary adjustments; and processing payroll.

3. Completed draft of a proposed Tax Procedures Act

PRIDE Jamaica completed a first draft for review of a new Tax Administration Act. The new act will rationalize the administrative provisions of a wide range of existing taxation acts, including, among others, the Income Tax Act, General Consumption Tax Act, and the Revenue Authority Act, to establish a single body of law that provides for common procedures, rights and remedies, penalties, and sanctions in the form of a separate, new Tax Administration Act. This broad-based, unified tax administration act will simplify and incorporate international best practices in administration and allow for improved operating effectiveness and efficiencies by TAJ, incorporate a taxpayer bill of rights, and apply standardized procedures for enforcement.

Indicator 2: Number of institutions/organizations undergoing capacity/competency assessments as a result of USG assistance

Target for Year 2: 4

Actual to date for Year 2: 5

Component 1: Tax Policy and Administration

1. Tax Administration Jamaica

PRIDE Jamaica is providing ongoing review of TAJ to implement activities from the Modernization Implementation Plan to reform tax administration operations. Activities include review and assessment of: organizational structure, tax operations, allocation of resources and process improvements to improve operating efficiencies, improve taxpayer compliance and expand revenue collection efforts. The assessment has resulted in activities to re-engineer business processes for tax operations, designing a budget and analytics unit and associated processes, and completing a draft of a Tax Procedures Act.

2. Assessment of Tax Policy Division and Economic Management Unit Structures and Functions

PRIDE Jamaica completed an assessment of the roles, structure and requirements of the Tax Policy Division and the Economic Management Unit of the MoFPS and recommended changes to the structure, functions and operating requirements to improve the ability of both units to meet their mandates.

Component 2: Licensing and Other Competitiveness Areas

Development Approvals Process

1. ACRE Task Force Monitoring of DAC Pilot Operations

Through the public-private partnership ACRE Task Force, PRIDE Jamaica facilitated monitoring and oversight of pilot operations at the DAC to provide process improvements to improve operations. The DAC continues to enjoy a high approval rating from proponents (99% favorable) and will continue to be supported by professionals in the construction sector to enable the achievement of a timeline of 90 days or less to receive approval for building and construction projects. Currently the DAC provides full pre-consultative and facilitation services to clients with a complete response in 20 days or less. The DAC plans to use this matrix and model to push the entire approval and review process to under 90 days. Currently approximately 67% of projects submitted are achieving this benchmark, and these results are supporting DAC sustainability.

2. Import/Export (Funded with CBSI funding)

Working with the private-public partnership TCSP, PRIDE Jamaica completed the first phase of work to improve the import/export process. The major facet of this activity included the mapping of 'as is' business processes utilized by Jamaica Customs and its customers to enable the transit of goods into and out of Jamaica. The TCSP will utilize the results to improve processes and define a best practices IT solution to increase transparency, improve border safety, and expedite the movement of goods across Jamaica's borders.

Indicator 3: Number of trade and investment capacity building diagnostics conducted as a result of USG assistance

Target for Year 2: 4

Actual to date for Year 2: 4

1. Draft of a proposed Tax Procedures Act

PRIDE Jamaica completed a first draft for review of a new Tax Administration Act. The new act will rationalize the administrative provisions of a wide range of existing taxation acts, including, among others, the Income Tax Act, General Consumption Tax Act, and the Revenue Authority Act, to establish a single body of law that provides for common procedures, rights and remedies, penalties, and sanctions in the form of a separate, new Tax Administration Act. This broad-based, unified tax administration act will simplify and incorporate international best practices in administration and allow for operating effectiveness and efficiencies, while making it far easier for taxpayers to understand and comply with, and for tax administration officials to understand and apply more uniformly. It will simplify Jamaica's tax administration regime and, provide a regulatory framework that will be more easily understood by domestic and foreign investors.

2. Review of DAC Pilot Operations

Through the public-private partnership ACRE Task Force, PRIDE Jamaica facilitated monitoring and oversight of pilot operations at the DAC to provide process improvements to improve operations. The DAC continues to enjoy a high approval rating from proponents (99% favorable) and will continue to be supported by professionals in the construction sector to enable the achievement of a timeline of 90 days or less to receive approval for building and construction projects. Currently the DAC provide full pre-consultative and facilitation services to clients with a complete response in 20 days or less. The DAC plans to use this matrix and model to push the entire approval and review process to under 90 days. Currently approximately 67% of projects submitted are achieving this benchmark, and these results are supporting DAC sustainability.

3. Import/Export Process Mapping (Funded with CBSI Funding)¹³

PRIDE Jamaica completed the mapping of import and export procedures on behalf of the Trade Community System Partnership (TCSP), a public-private partnership. This significant first-step will support a re-engineering to reduce the time, improve transparency, and reduce corruption in the movement of goods across Jamaica's borders. The new business processes will be automated through a procurement of a new IT system for customs, with interfaces for the private sector. This will increase Jamaica's competitiveness by streamlining and simplifying processes to import and export goods.

4. Assessment for a Regulatory Framework for Microfinance Institutions

PRIDE Jamaica completed its assessment to determine the options to establish a regulatory framework for the MFI sector. As an outcome of the assessment results, which confirmed that there are no plans in the near future by the Bank of Jamaica or other regulatory bodies to issue regulations for the microfinance sector, PRIDE Jamaica is working with the Development Bank of Jamaica (DBJ) to garner support among two key MFI organizations as the starting point to establish standardized reporting and information sharing among MFIs to promote transparency and increase access to second-tier lenders for additional on-lending to the micro and small business sector.

Indicator 4: Number of Public-Private Dialogue mechanisms utilized as a result of USG assistance

Target for Year 2: 4

Actual to date for Year 2: 4

1. ACRE Task Force

Building on the successful public/private coalition model created by the GOJ and the Jamaica Chamber of Commerce (JCC), PRIDE Jamaica has successfully transitioned a Task Force comprised of a group of public/private stakeholders who have been directly involved with development approval reform activities. This approach is pursued in order to continue the support to those reform initiatives already in progress

¹³ This activity is also referenced in Indicator 2, above.

in the area of construction and building approvals. This public/private coalition is recognized as the PRIDE Jamaica Access Communication Reform Efficiency (ACRE) Task Force.

PRIDE Jamaica's ACRE Task Force comprises Government of Jamaica Ministries, Regulatory Agencies and Authorities, as well as Professional Associations and Organizations (architects, engineers, planners, developers, attorneys) involved with development applications and approvals processes, who bring their collective technical expertise, strength in advocacy, and commitment to reform, to structured efforts that will improve Jamaica's competitiveness in the area of construction permitting and licensing. As a group, this collaboration represents one of Jamaica's most successful efforts at a public/private partnership, having worked together under various structures consistently for a period of over 4 years.

PRIDE Jamaica's ACRE Task Force will continue to employ efforts to reform building applications processes in order to streamline the approvals process by making the process more transparent and predictable, while reducing the time to build and the costs associated with undue delays of construction projects.

2. Trade Community System Partnership (TCSP)

The port community's Trade Community System Partnership (TCSP) is a public/private port community stakeholder group that has demonstrated a commitment to improving Jamaica's competitiveness in trade and investment specifically by streamlining and simplifying processes and procedures involved with the importing and exporting of goods. The TCSP involves a diverse group of stakeholders to include haulage contractors, shipping lines and agents, manufacturers, port operators, customs department, and recognizing the various interest that they may have individually, the group has agreed to allow reform activities to be guided by modernization activities at Jamaica Customs, to, as best as possible, ensure that the goals and objectives of the partnership are in concert with the GOJ's plans (activities) and timelines for import/export reform activities, while creating a process that engages the business community.

The TCSP is conducting a detailed and thorough review of the import/export mapping report and processes in order to arrive at consensus on an approach for the development of procurement solicitation documentation that will present a system that reduces the cost and time to import and export.

Through its participation with the TCSP group, PRIDE Jamaica has made recommendations to the TCSP to as best as possible, ensure that reform efforts are appropriately targeted and engaged toward specific, achievable objectives.

3. Workforce Development – YUTE

Through partnerships at all levels, the PSOJ is supporting the implementation of interventions which will impact directly on the lives of young persons who live in inner city communities. The organization is currently working with other private sector bodies through a coalition of the private sector (PS Coalition) and in partnership with non government and governmental organizations to include HEART/Trust NTA, to

develop, fund and execute innovative programs. The alliance will build on the good practices of Government and Civil Society.

While there are a variety of initiatives being undertaken by NGOs, Community Based Organizations (CBOs), individual and collective private sector firms, and the government to address the economic, social and physical challenges which have resulted in the social and economic exclusion of residents of many of our inner city communities, the PS Coalition will increase the value of ongoing interventions, and will focus specifically on increasing the employability and the access to employment and entrepreneurship opportunities for young persons in inner city communities.

4. Microfinance Regulatory Framework

Working with MFIs, MFI practitioners and the Development Bank of Jamaica, PRIDE Jamaica is supporting the development of a framework to establish standardized reporting and information sharing formats among the MFI community. The findings of the PRIDE Jamaica microfinance regulatory assessment confirmed that none of the regulatory bodies plan to establish regulatory guidelines in the near term for the MFI sector. This is largely due to the dispersed nature of operators in the sector and the lack of standardized reporting by MFIs. This private-public partnership is intending to improve transparency within the MFI lending sector, enable easier assessment of MFIs by second tier lenders to increase funds for on-lending, and improve financial viability of MFIs by working with a credit bureau to reduce lender risk.

5. Mobile Banking

This public-private partnership, led by the University of the West Indies, and joined by members of the local banking sector, along with representatives from the Development Bank of Jamaica, PRIDE Jamaica, and IDB among others, is working together to identify the legal, regulatory, technology and policy issues that Jamaica will need to address to establish fully operational mobile banking. It is well recognized that mobile banking offers a number of opportunities to reduce the costs of financial transactions, bring more people into the formal banking system, and potentially expand credit options to micro-entrepreneurs. These are only some of the issues that have brought together a public - private partnership to advance the development and implementation of mobile banking in Jamaica.

Following on the outcome of a stakeholder conference in December, PRIDE Jamaica is working with the PPP to prepare an implementation plan that will outline actions in the next phase of activities to introduce mobile banking in Jamaica.

Indicator 5: Number of microfinance institutions supported by USG financial or technical assistance

Target for Year 2: 5

Actual for Year 2: 8

PRIDE Jamaica completed an assessment with the MFI community to review the options to establish a regulatory framework for MFIs. Within the scope of this

assessment, PRIDE Jamaica interfaced with eight microfinance institutions, in addition to other microfinance industry practitioners and two industry associations to outline a plan for the MFI industry to move toward a self-regulatory framework. PRIDE Jamaica is working with a public-private partnership to establish a self-regulatory network of MFIs and micro-finance practitioners as a first step toward introducing international best practices within the sector. Representatives from the industry associations are conducting initial discussions to present a plan to their membership to move forward with this initiative.

Indicator 6: Number of changes made to business enabling environment

Target for Year 2: 4

Actual for Year 2: 1¹⁴

Development Approvals Process

1. ACRE Task Force Monitoring of DAC Pilot Operations

Through the public-private partnership ACRE Task Force, PRIDE Jamaica facilitated monitoring and oversight of the pilot DAC in order to assess ways by which to improve processes and operations. The DAC continues to enjoy a high approval rating from proponents (99% favorable), and will continue to be supported by professionals in the construction sector with the ultimate goal being the achievement of a timeline of 90 days or less to receive approval for building and construction projects. Currently the DAC provides full pre-consultative and facilitation services to clients with close to 80% receiving a complete response from the DAC within 20 days. The DAC plans to use this matrix and model to push the response time across the entire approval and review process to under 90 days. Currently approximately 67% of projects submitted by way of the DAC are achieving this benchmark, however this is measured against the less than 10 projects that have satisfied completed application requirements for approval submission. Notwithstanding, these results are encouraging and supportive of the DACs sustainability. During the DAC launch event, Prime Minister Bruce Golding suggested that a detailed evaluation will be conducted at the end of the pilot to outline what has been learned and how further improvements can be made. The Prime Minister also indicated that measures will be considered to allow the DAC to impose minimal fees for its services for sustainability, and hinted at plans to institutionalize the DAC.

¹⁴ When this target was developed it included legislative changes for Commercial Alternative Dispute Resolution and development of a Rules Engine for Development Approvals. As indicated earlier in the report, the Minister of Justice is not prepared to amend the legislation for Commercial Alternative Dispute Resolution at this. Also noted is USAID/Jamaica's guidance to complete activities for Development Approvals at the end of March 2011. The Rules Engine was slated for the second half of the program year. These two changes will have an impact on meeting the overall target for the year.

ANNEX D

Budget Assumptions for TAJ Fiscal Years 2010/2011¹⁵-2013/2014

This proposal outlines the actions taken thus far, as well as necessary actions to be taken in the three (3) fiscal years, beginning April 1, 2011, to implement TAJ as a unified domestic tax department. TAJ will transition into a semi-autonomous revenue authority (SARA) on April 1, 2011. SARA implementation will take place in conjunction with the development of the Integrated Tax Administration System (ITAS) including new business processes. The new business processes will require new as well as different skill sets which will, in turn, require flexibility in hiring and dismissing staff not available within the framework of civil service regulations.

ACTIONS

FY 2010/11

1. Governance Structure (*process owners*), Executive Steering Committee, Project Management staff, and work groups established and operational.
2. Commissioner General, and three (3) Deputy Commissioner Generals (Operations, Legal and Management Services) on board December 1, 2010.
3. Required legislation for implementing SARA in place by March 31, 2011.
4. Funding mechanism and authorities for SARA to be incorporated in legislation.
5. Mapping of new operational and support business processes underway and to be completed by March 31, 2011.
6. Initial development work on Request for Proposal (RFP) for improved Integrated Tax Administration System (ITAS) and functional applications in progress.
7. Communications and taxpayer service activities initiated to announce introduction of universal income tax filing requirements. These activities will continue throughout the three year phase-in of universal filing.

FY 2011/12

Full Stand-up of TAJ April 1, 2011. All on board staff of pre-TAJ organizational structures transferred to TAJ.

A. Staff

1. Hiring by waiver (*only*) through March 31, 2012.
2. Finalize TAJ organizational chart and pay scale.
3. Identify initial positions for redundancy /re-deployment.
4. Complete internal /external change management activities.
5. All recruitment and selection activities completed by January 31, 2012.
6. Conduct bulk of change management training and orientation activities.

¹⁵ The budget submission covers the period FY 2011/2012 through FY 2013/2014. Reference to FY 2010/2011 is included to provide a framework for items in the future fiscal years. The GOJ fiscal year covers the period April 1 through March 31.

7. Communications and taxpayer service activities related to universal filing of income tax returns continue.

B. Legislation: Legislation required for improved business processes should be developed and reflected in the ITAS RFP. Legislation should take effect by March 31, 2012.

C. Information Technology: The RFP for new Integrated Tax Administration System (ITAS) issued by June 1, 2011 and contract awarded by September 30, 2011.

D. Budget: Cost savings through attrition will be utilized to fund infrastructure and facilities improvements, and space rationalization. Additional resources will be requested for infrastructure and facilities improvements.

FY 2012/13

1. TAJ Management Services staff rationalized and organization streamlined by April 1, 2012.
2. Staff reduction in Management Services results in redeployment to Operations and/or cost savings.
3. Universal filing (Income Tax) will require increase in Returns Processing, Taxpayer Service, and Collection staff and related costs.
4. Continue hiring by waiver (only) through March 31, 2013.
5. Pilot new integrated systems and begin roll out by module.
6. Begin rationalization of Operations staffing. Slight staff savings in pilot offices resulting from implementation of new business processes.
7. Re-program any remaining savings from staff reduction to supplement necessary budget increases for infrastructure and facilities/space improvements.
8. FSL will purchase all necessary hardware to support the modernization of the cashier function and be reimbursed by TAJ. FSL will develop all necessary software without a charge back to TAJ.
9. Complete orientation training; begin training in pilot offices and initial roll-out for operations under ITAS.
10. Communications and taxpayer service activities related to universal filing of income tax returns continue.

FY 2013/14

1. New Integrated Tax Administration System (ITAS) in place island wide.
2. Refinement of organization structure as a result of implementing ITAS and new business processes.
3. Complete rationalization of Operations staffing (concurrent with implementation of all new business processes island wide) results in more significant cost savings.
4. Conduct bulk of ITAS operational training island-wide.
5. Communications and taxpayer service activities related to universal filing of income tax returns continue.
6. Additional Returns Processing, Taxpayer Service, and Collection staff will be provided as necessary to support universal income tax filing. Additional staff for

auditing income tax returns required as a result of universal filing will also be provided as necessary.

7. Continue re-programming any savings from staff reductions to supplement necessary budget increases for infrastructure and facilities improvements.
8. Full implementation of ITAS results in significant revenue increases and continued reduction in costs of collection.

ANNEX E

DEVELOPMENT ASSISTANCE CENTRE QUARTERLY EVALUATION AND PERFORMANCE UPDATE

Enquiries/Pre-Consultation & Facilitation

Two of the DAC's key functions are to provide Pre-consultation and Facilitation assistance to clients with development projects prior to applications for approvals being made to NEPA or other Local Planning Authorities. The DAC team continued to undertake assessments, with the support of officers from Technical Branches of NEPA, and support by officers from other Government Agencies via Facilitation meetings and teleconferences.

In addition to its key mandate for large projects the DAC also provides information to proponents of small projects and simple enquiries who walk-in or call for information and assistance having been referred by others. These proponents are typically directed back to the appropriate local authority.

Table 1¹⁶

Category	Amount
1. Phone/Email Enquiries	955
2. Walk-in Enquiries	191
3. Pre-consultation (project briefs received) (soft idea stage - 66; Hard concept stage - 30)	96

Table 2¹⁷

Category	Amount
1. Pre-consultation meetings (with clients)	63
2. Facilitation meetings (with Agencies & clients)	4
Total	67

Figure 1 is a graphical representation of the services accessed by DAC clients for the period July 2010 to February 2011.

¹⁶ Table 1 shows the number and categories of enquiries and projects that have been received up to February 2011.

¹⁷ Table 2 shows a summary of Meetings held with clients up to February 2011.

Chart Showing Services Accessed by DAC Clients

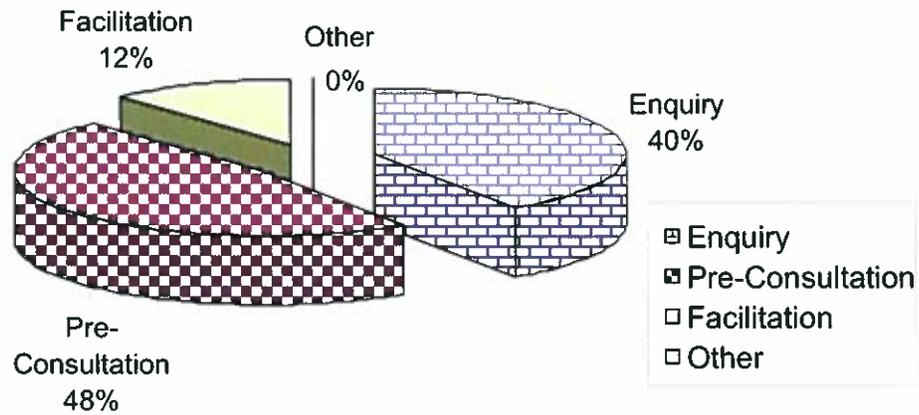


Fig. 1

Figure 2 is a graph showing the number of projects reviewed at the DAC for the period July 2010 to February 2011.

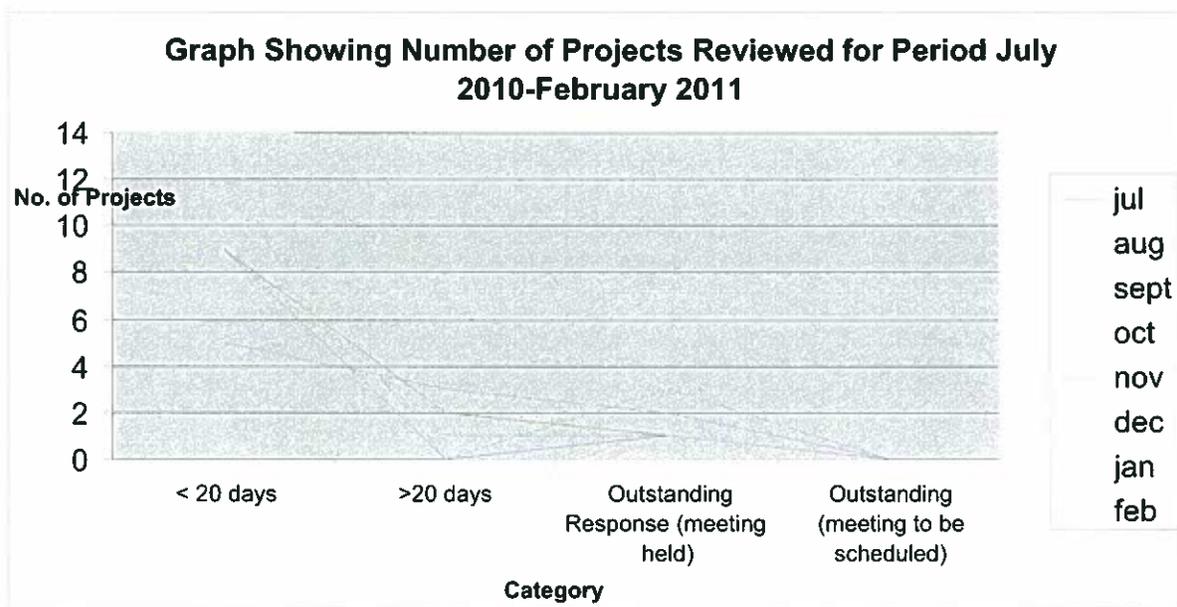


Fig. 2

Table 3 shows the response time for projects reviewed by the DAC between July 2010 and February 2011.

Table 3

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Total
< 20 days	9	11	11	9	5	9	12	9	75
>20 days	0	0	0	1	3	2	0	1	7
Outstanding Response (meeting held)	1	0	3	3	2	1	3	1	14
Outstanding (meeting to be scheduled)	0	0	0	0	0	0	0	0	0
Total	10	11	14	13	10	12	15	11	96

Figure 3 is a pie-chart showing the category percentage of response times for projects reviewed at the DAC between July 2010 and February 2011.

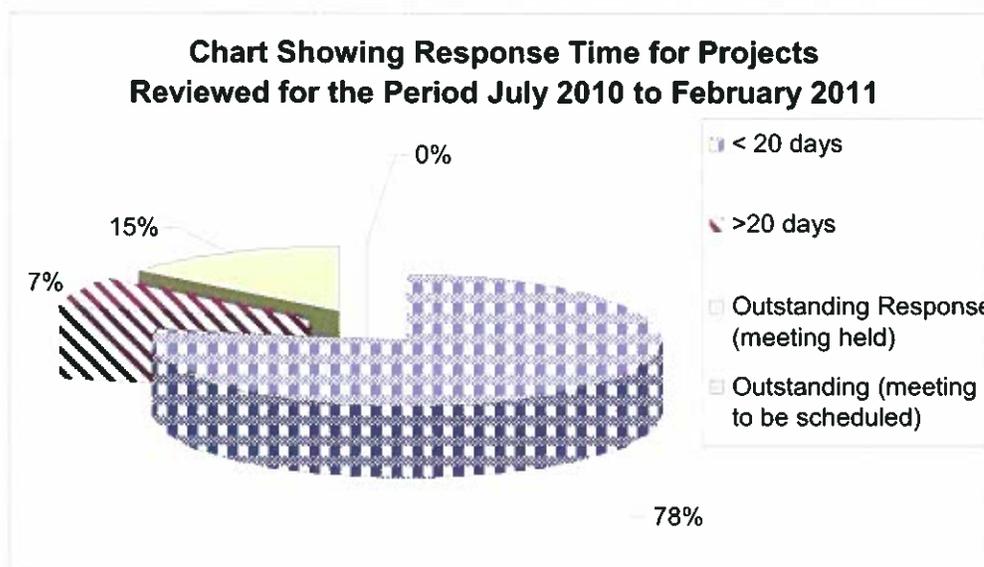


Fig. 3

Monitoring & Tracking, Performance Reporting & Recommendations

Sixty seven (67) proposed developments received at the DAC have been either at the idea, hard concept or preliminary design stage. Of the 67 projects, five projects were made ready for application submission by the DAC. The Proponents of all five subsequently applied for requisite approval. Two achieved approval within 90 days and one in 123 days due to discretionary changes made by the proponent. Two are in process for approval within 90 days.

Customer Service

Customer Service Evaluation

As a part of its thrust for continuous improvement the DAC has endeavored to evaluate various elements of its customer service delivery. To this end a customer

service evaluation tool was designed and issued to clients attending the DAC on an ongoing basis since September 2010.

The results of 84 respondents who completed the evaluation form between September 2010 and February 2011 are shown in Figure 4. The evaluations indicate a 99% satisfaction level with the service of the DAC by respondents. The 1% that registered “below expectations” feedback was due to a particular customer not being able to secure the “desired” response as the query presented was outside the purview of the DAC.

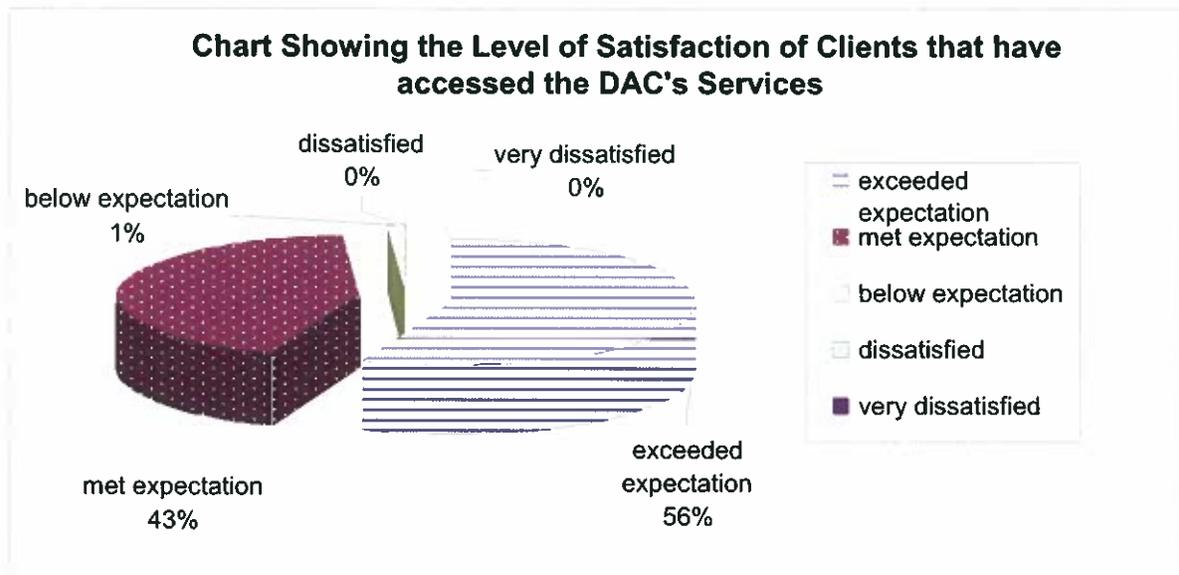


Fig. 4

The opinions of the respondents regarding service delivery as shown in Figure 5 are also extremely encouraging.

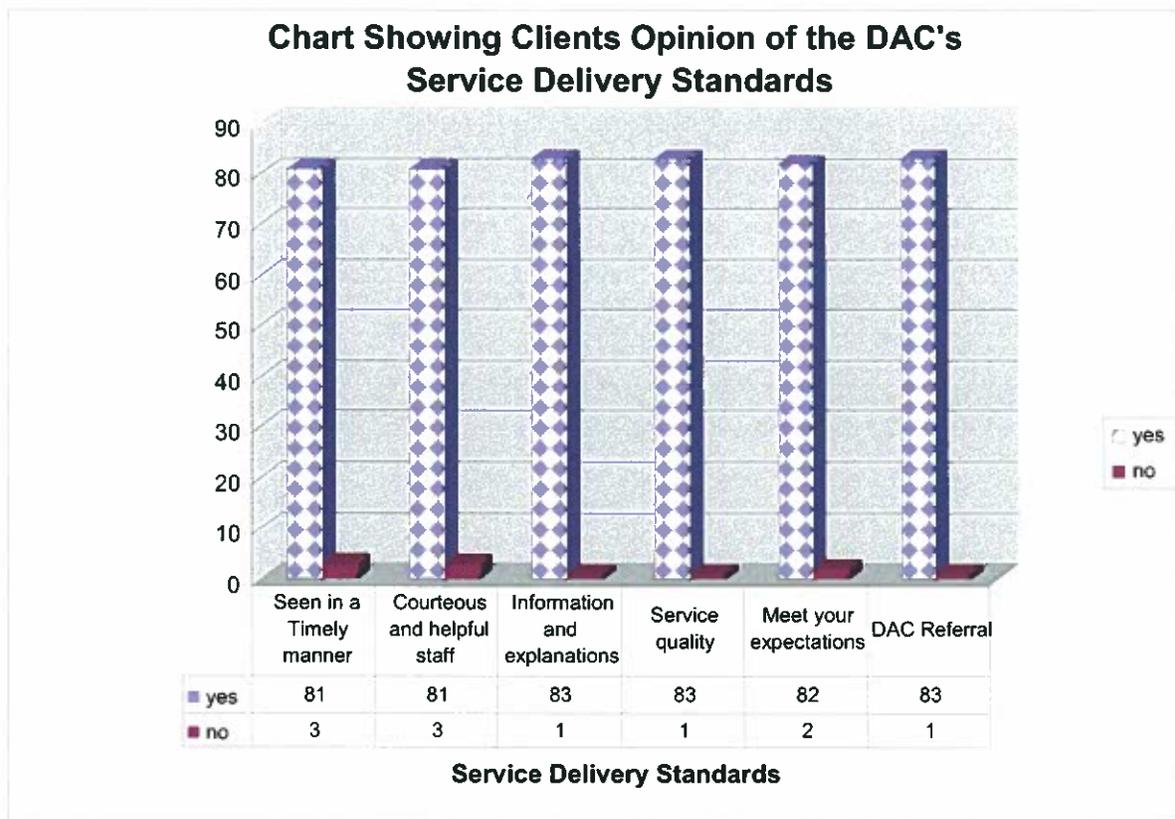


Fig. 5

Public Relations

The following initiatives were undertaken by the DAC to develop and support good public relations:

- **Web site:** The DAC website (dac.nepa.gov.jm) was launched in September 2010 for improved communication with clients and for publishing data relevant to the DAC operations. The site is also accessed from NEPA's main website. It provides links to application documents and to other GOJ agencies.
- **Signage:** One external and three internal DAC signs were installed.
- **GOJ Agency Contact/Orientation:** Letters of invitation to tour the DAC were sent to 17 major GOJ agencies. Orientation and sensitization tours have been done to date by Urban Development Corporation (UDC), Jamaica Civil Aviation Authority (JCAA), JAMPRO-Business Facilitation Unit, Ministry of Health (MOH)-Standards & Regulations Branch and National Irrigation Commission (NIC).
- **Professional Organizations Contact:** A presentation was made to the Land Surveyors Association at its Annual General Meeting in January 2011.
- **National Competitiveness Council Meeting.** The PRIDE Jamaica ACRE Task Force supported the DAC in a presentation at a special meeting of the

National Competiveness Council put on by the Ministry of Industry & Commerce on 6 October 2010.

The following initiatives for the DAC are to be developed and implemented with support from the Cabinet Office: i) Design & print DAC brochures ii) carry out two public education fora.

Staff Resources:

The DAC staffing during the period was as follows:

- **Director:** (Full time - Effective August 2010 on short-term contract)
- **Process Manager:** (Full time - assigned from substantive post at NEPA)
- **Snr Customer Service Officer:** (Full time - assigned from substantive post at NEPA)
- **Administrative Assistant:** (Full time - assigned from substantive post at NEPA)
- **Technical Service Officer (Environmental):** (Part time - 1 day per week. Assigned from substantive post at NEPA)

NOTE: The DAC officers assigned from substantive posts in other NEPA Branches are still committed to give at least 40% of their time to the work in their substantive posts as these posts are fully funded by NEPA. Since October 2010 the Director's post is funded by NEPA.

Training

Eleven (11) internal training sessions for DAC staff were carried out over the period. Training was carried out by the Director, the Process Manager and other NEPA Officers and focused on updating and informing of new and revised DAC policies and processes, teamwork and quality and use of the DAC-AMANDA system.

Infrastructure/Facilities

The DAC is basically resourced with facilities that allow it to carry out operations though it still requires additional equipment to support more effective operations.

The Jamaica Chamber of Commerce has indicated commitment to supplying additional equipment as well as further build-out and structural modification to improve the functionality of the center.

Annex F

Recommendations from Import/Export Mapping Report

	ACTIVITY	DETAILS
1	Finalize Report	Follow-up meetings with stakeholders/process owners to review maps to ensure that understanding of the processes is correct Validation Workshop
2	Trade Process Improvements	<ol style="list-style-type: none"> 1. Detail Process Mapping of each agency to be integrated and which form part of the program. This would include detailed workflow procedures as they relate to the forms and determination of business rules for developing an IT system 2. Process gap analysis 3. List priority areas for process improvements 4. Develop initial process requirements for new models and systems 5. Develop Project Plan for Process Improvement Phase Develop new process models and documentation
3	Automation/E-system	Develop RFP for new ICT system Select vendor Contract developer/purchase solution Development/Customization of E-system Implementation
4	Develop and implement a practical and realistic Trade Facilitation Reform Agenda.	Plan of action for implementing process improvements, automated solutions and necessary legislative and policy changes.
5	Establish governance structure for development and implementation of program	Trade Facilitation Public Private Partnership (TCSP - Advisory Council); Trade Facilitation Taskforce; GOJ agencies
6	Develop National Program for Automation and Integration of Trade Processes	Diagnostic Studies; Reform Proposal and Implementation

Finalize Report

The report provides an assessment of the procedural steps with some general recommendations. A specific recommendation for simplification and elimination of steps that do not add value or are redundant is needed. This requires working with each agency on a one-to-one basis to apply a guillotine approach to process streamlining. Once the new procedures are identified new procedures should be implemented with the understanding that the new system will be automated. Additional areas of research should be identified.

In the immediate future, the report recommends the following activities which PRIDE Jamaica is informed, are currently being undertaken by the TCSP:

- Follow-up meetings with stakeholders/process owners to review maps to ensure that understanding of the processes is correct
- Validation Workshop

Additionally, the Import/Export Mapping report contains recommendation for the following items/actions to be conducted:

1. Trade Process Improvements:

- a. Detail Process Mapping of each agency to be integrated and which form part of the program. This would include detailed workflow procedures as they relate to the forms and determination of business rules for developing an IT system
- b. Process gap analysis
- c. List priority areas for process improvements
- d. Develop initial process requirements for new models and systems
- e. Develop Project Plan for Process Improvement Phase
- f. Develop new process models and documentation

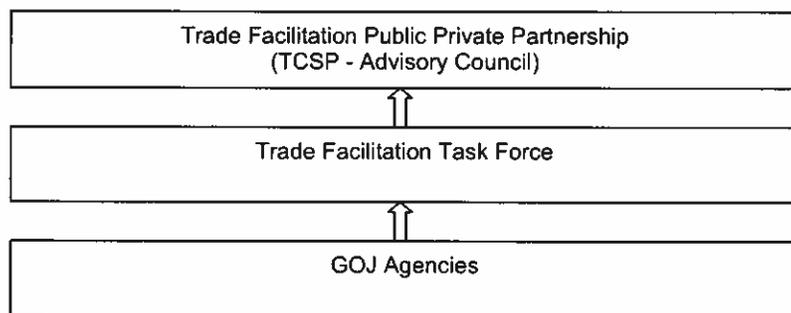
2. Automation/E-system

- a. Develop RFP for new ICT system
- b. Select vendor
- c. Contract developer/purchase solution
- d. Development/Customization of E-system
- e. Implementation

3. Develop and implement a practical and realistic Trade Facilitation Reform Agenda.

This should form part of the National Program and based on recent diagnostic assessments and recommendations and an established budget if possible. This should be evolving and synchronized with the priority areas for reform. The program would develop a plan of action for implementing business process improvements, automated solutions and necessary legislative and policy changes. It should include the reduction in fees, application forms, steps and duplication of information and documentation. A cross-agency understanding of the entire trade facilitation process and improved process flow can be worked into the system.

4. Establish governance structure for development and implementation of program



Governance Structure

The Trade Community System Partnership (TCSP) may form a high-level Steering Committee, to include critical participation by Government of Jamaica (GOJ) partner

Ministries and agencies, to oversee the implementation of this Program. Government of Jamaica agencies and other committees to include Jamaica Trade Point Steering Committee, a public-private sector partnership which was established to implement a system to integrate the various trade-related agencies, can assist the reform process by ensuring that the technical partners are fully involved in the implementation of this Program. High level technical officers of partner ministries should comprise a Trade Facilitation Taskforce which would comprise a working team. Each member would be given specific tasks to perform and would therefore need to devote some time to the program, particularly in the initial design stage. Detailed terms of reference should be drafted.

5. Develop National Program for Process Improvement and Automation and Integration of Trade Processes

This program should include Diagnostic Studies; Reform Proposal and Implementation.



MOBILE FINANCIAL SERVICES CONFERENCE

Exploring a shared services approach to the delivery of mobile financial services in Jamaica



CONFERENCE REPORT

Partner institutions:

- Development Bank of Jamaica Limited (DBJ)
- Inter-American Development Bank (IADB)
- The Mona School of Business, (MSB), UWI
- The Private Sector Organisation of Jamaica (PSOJ)
- Tropical Medicine Research Institute (TMRI), UWI
- United States Agency for International Development (USAID)
- The University of the West Indies (UWI)

CONTENTS

**Mobile Financial Services Conference Report
Terra Nova All Suite Hotel
Kingston, Jamaica
December 10, 2010**

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CONFERENCE PROGRAMME

The conference programme was designed to deliver, over the course of a single day, a comprehensive examination of the important issues and considerations required for the large-scale introduction of mobile financial services. The deliberate use of the title "Mobile Financial Services " emphasized a scope that went well beyond mobile banking and contemplated the full spectrum of financial service delivery over the mobile phone including remittances, mobile payments for goods and services, in addition to the traditional banking applications. The Conference Agenda and topic coverage is outlined as follows:

Chairman - Professor Evan Duggan, PhD

Executive Director, Mona School of Business,
University of the West Indies (UWI)

Welcome and Overview	Professor Terrence Forrester, Director Tropical Medicine Research Institute, UWI
Remarks	Mr Joseph Matalon, CD, President, The Private Sector Organisation of Jamaica
Address	Hon. Audley Shaw, MP Minister of Finance & the Public Service
Platform & Technical Issues	Mr Carl Rosenquist, Chartered IT Professional- British Computer Society
Economic Implications	Dr Dawn Elliott, Department of Economics, Texas Christian University Mr Joshua Haynes, Development Technologist, Development Alternatives Inc.
Regulatory Framework	Menekse Gencer, Chief Executive Officer mPay Connect, Inc. Ms Camille Busette, Affiliate mPay Connect, Inc. (via teleconference) Mr Hugo Daley, Co-founder, CEO, Transcel Ltd.
Commercial Dimensions	Mr Edmundo Jenez, General Manager, J.E.T.S Ltd., operators of Jamaica's Multi-Link debit network
Research Agenda	Dr J P Shim, Professor and John Grisham Master Teacher, Management and Information Systems, Mississippi State University Dr Hopeton Dunn, Director Mona School of Business, University of The West Indies
Strategies for Implementation	Dr Maurice McNaughton, Director, Centre of Excellence, Mona School of Business, University of the West Indies. Mr Carl Rosenquist
Closing Remarks	Professor the Hon. Gordon Shirley, OJ Principal, University of the West Indies, Mona Campus

CONFERENCE REPORT

Executive Summary

The Mobile Financial Services Conference was held at the Terra Nova All Suite Hotel in Kingston on Friday December 10, 2010 under the theme: **“Exploring a shared services approach to the delivery of mobile financial services in Jamaica.”**

Over 100 practitioners and policy-makers from the public and private sectors, and academia attended the conference which featured Minister of Finance & the Public Service, the Hon. Audley Shaw as the Keynote speaker, and an impressive array of local and international experts with wide-ranging expertise and experience in the concepts, design and deployment of mobile financial services. Participating Organizations included:

Public Sector:

Bank of Jamaica
Financial Services Commission
Planning Institute of Jamaica
Office of Utilities Regulation
Development Bank of Jamaica

Financial Sector:

NCB, BNS, RBTT
Capital & Credit Merchant Bank
Citibank Jamaica, First Caribbean Bank
Pan-Caribbean Bank, Sagicor Life
Jamaica MoneyGram International
Jamaica National Building Society
Paymaster Jamaica
Grace-Kennedy Remittances
Jamaica Co-op. Credit Union League
J.E.T.S. Limited

Telecomms Sector:

Digicel, LIME, CLARO, Transcel

Academia:

The University of the West Indies
University of Technology
Mississippi State University
Texas Christian University

Multi-lateral Agencies:

United States Agency for
International Development (USAID)
The Inter-American Development Bank
(IADB)

Origin & Purpose

The idea for the conference was conceived in July 2010 by Solutions for Society, a Think Tank in the Tropical Medicine Research Institute (TMRI) and the Mona School of Business (MSB), at The University of the West Indies (UWI), in association with the multi-lateral agencies of the United States Agency for International Development, the Inter-American Development Bank and the Development Bank of Jamaica (DBJ). The underlying rationale was the enormous scope and significant potential impact, associated with the use of Jamaica's world-class mobile telecommunications infrastructure to enable increased transaction efficiencies and coverage of financial activities especially among the poor and lower income groups in the economy that have been traditionally excluded.

The purpose of the Conference was therefore to:

- a) Engage the best international expertise and experience, together with key stakeholders and practitioners from the local Banking and Telecommunications sectors, to make public presentations on relevant aspects of mobile commerce including, regulatory, alternative platform configurations and implications, commercial, and economic considerations;
- b) Leverage the UWI's non-compete positioning in the related sectors to provide a neutral space that could facilitate discussion among sectors and entities that do not currently have an ongoing conversation; with the ultimate collective vision of establishing the most effective approach for the delivery of mobile commerce/mobile financial services in Jamaica.

Preamble

The conference itself was preceded by an extensive range of consultations with key stakeholders: policy-makers, regulators and practitioners from the Banking and Telecommunications sectors to determine the prevailing landscape, approaches and opinions on the prospects for mobile financial services. These discussions provided the basis for a 1-day Pre-conference on Thursday December 9th, with the International presenters to inform and contextualize the presentations for the public conference as appropriate.

Synopsis of Presentations

Professors Evan Duggan and Terrence Forrester provided the context and rationale for the Conference in their opening comments. There was a compelling consistency and resonance in the ensuing comments from the leadership of the Private and Public sectors that set the tone for the remainder of the conference.

Joseph Matalon president of The Private Sector Organisation of Jamaica pointed to the potential and promise of the technology in providing significant cost economies in the delivery of financial services at all levels that would ultimately contribute to improving the cost structures and competitiveness of local financial service providers. He emphasized that its introduction would support the increased availability of financial services to the micro, small and medium size enterprises of the private sector.

Minister Audley Shaw asserted that the expansion of access to financial services was a key pillar to sustainable development in any country and emphasized that the primary goal for mobile banking in Jamaica should be to increase the delivery of financial services for the un-banked segment of the Jamaican economy rather than simply provide another convenient channel for "persons who already have bank accounts".

The Minister pointed to the possibility of being able to utilize the mobile channel to deliver payments for the Path Programme and Pension Fund to over 300,000 beneficiaries of the Government's Social Safety Net in a more cost-effective, efficient and people-friendly means, as an example of the kinds of services anticipated. He called the Regulators to action in leading the development of the sector by "ensuring that we create the appropriate balance in our regulatory framework that encourages innovation, while at the same time, mitigating any risks and concerns."

Carl Rosenquist's presentation offered the perspective of his wide-ranging experience and research pertaining to issues of Platform Ownership models, Technical Solutions and Strategies for Implementation. He delineated the differences between bank-led vs telecoms-led vs 3rd-party business models and underscored the advantages of interoperability and industry-standard interfaces with existing Banking infrastructure (i.e. ACH and RTGS) as well as the merits of Mobile Operator (MNO)-integration. He used the benefit of his own personal involvement with two of the benchmark mobile financial services deployments i.e. mPesa in Kenya and GCash in the Philippines, to illustrate various concepts, best practice and lessons learned.

Dr. Dawn Elliot underscored the economic development imperatives and opportunities implicit in the deployment of mobile financial services. Using the broader framework of the desirable attributes of Open Access societies

(education, health, financial services), she hypothesized that Open Access to financial services through mobile technology encourages increased economic/political opportunities and the potential for development. Dr. Elliot used several evidence-based examples to illustrate the positive macro and micro-economic development impact of mobile financial services. She highlighted a number of Policy Considerations and Recommendations, most notably the importance of Agent-Friendly Regulation that supports the development of an extensive Agency Network that is likely to be pro-growth; pro-employment and pro-income generation.

Joshua Haynes similarly examined, the macro, micro and meso-economic (firm-level) impact of mobile financial services, using Kenya and the Philippines as case illustrations. In the case of Kenya, he highlighted the important economic spillover effects of m-Pesa in creating new jobs (15,000 additional M-Pesa agents), new industries (over 20 new financial products/services in Kenya) and a burgeoning software industry that is positioning Kenya to becoming the Silicon valley of Africa.

Menekse Gencer & Camille Busett presented the findings of a recently conducted detailed study of the Jamaican Regulatory environment on behalf of the IADB, that benchmarked banking and other regulatory best practices outside of Jamaica.

They surmised that Jamaica was in the enviable position of being able to design ex ante a framework for mobile payments, which benefits greatly from the experiences of first movers in Africa and Asia. As a result, Jamaican regulators have the opportunity to position Jamaica globally as an innovator and standard setter for responsible, consumer-friendly, and well-supervised mobile payments. Their recommendations included: a clear definition of e-money to regulate its issuance and transfer; Support the development of proportional approaches to KYC/CFT; Articulate which entities (Agents) will enable banks to expand their account opening and/or transactional reach.

Hugo Daley's presentation derived from collaboration with the Development Bank of Jamaica on the conduct of an extensive assessment of the appropriate regulatory policies and services required for an effective intervention in the micro-finance sector that could enhance its capacity as an instrument for poverty alleviation and increased resilience to economic stress. Mr. Daley pointed to some of the endemic constraints in the sector that resulted in the comparatively high interest rates on microloans, and positioned mobile microfinance as a vehicle for enabling low-value transaction customers and overcoming the difficulty in accessing rural populations. He emphasized the importance of an integrated approach to Financial and Telecommunications Industry regulations to mitigate the likelihood of prejudicial charges for transactions traversing mobile or banking networks, and enabling fair access rules for independent service

providers/consumers on the mobile financial services networks.

Edmundo Jenez used the vantage point of the J.E.T.S. implementation and operating experience to raise several key implementation issues in contemplating a Shared Platform approach to Mobile Payments. These include: formulating a compelling vision with clear articulation of the buy In and benefits to participating stakeholders; establishing the appropriate organization & regulatory framework to assure effective design and transparency in the governance, collaboration & settlement mechanisms; incorporating industry standards & interoperability in the system design and structure; due attention to accessibility, reliability & security for customers. Mr. Jenez also underscored the importance of adequately modeling Transaction Costs to ensure that all the cost components are accounted for, especially when evaluating alternative deployment approaches, including: Allocated Costs, Payment Transaction Fees, Account Service Costs, Inter connection costs and Regulatory oversight costs.

Professor Hopeton Dunn reiterated the significant potential of increasing economic activity through mobile financial services but cautioned against wholesale adoption of international approaches (Kenya, Philippines) that may not reflect the prevailing Jamaican conditions: (eg. size, number of unbanked, culture, etc.)

He pointed to the importance of a significant research and policy analysis agenda, to locate main implications of MFS for Jamaica and identified some of the key Research questions including:

- How are regulatory demarcation lines to be determined between financial and telecom services providers?
- How will number portability impact on the delivery of MFS?
- How will mandatory registration of subscriber information (MRSI) affect MFS?

He underscored the importance of consumer protection, public education, security and trust as being central to the success of MFS in Jamaica.

Dr. JP Shim used the examples of South Korea, Finland and Japan to highlight some of the technology advances leading the forefront of mobile banking services. Progressing beyond SMS-based mobile banking services, the deployment of IC chip-based mobile banking service in Korea now enables mobile devices to contain multiple forms of data, including personal identification, bank account numbers and balances and credit card numbers. Dr. Shim presented the empirical findings of recent research that examines the influence of multi-dimensional trust and multi-faceted risk in initial consumer acceptance of mobile banking services. Among the key implications for practitioners is the finding that performance expectancy, or the expected utility of mobile banking, is the most important factor that directly enhances the adoption intention. Banks could therefore effectively increase the adoption intention through actively

disseminating the benefits of Mobile Banking to potential consumers.

Panel Discussion The abbreviated panel discussion at the end of the conference examined a number of key strategic implementation issues including:

- (i) Incremental Regulation: Given the importance of Regulation as a critical enabler, and for the moment a constraint on the development of mobile financial services, what is the scope for an incremental approach that is progressive and proportional?

How could this proceed? What are the key considerations towards such an approach. How has this manifested in other countries? (Kenya, Phillipines, etc.)

- (ii) Property Rights: Considering issues of Ownership versus Implementation versus Operational Responsibility.
- (iii) Implementation Timelines: What is a useful practical sequence & timing to consider the roll-out of a suite of mobile financial services.

Professor Gordon Shirley closed the conference by re-iterating the enormous development and economic opportunity implicit in finding the right approach to deploying mobile financial services. He reinforced the university's commitment to play a leading role in facilitating the dialogue and appropriate research necessary to inform policy-makers and commercial interests in pursuing this as a national development initiative.

Conclusions & Next Steps

The organizers of the Mobile Financial Services conference consider it, by all measures, to be a successful event.

- a) The conference enjoyed a consistently high quality of presentations from the local and international speakers;
- b) The event attracted the participation of the majority of key stakeholders and practitioners from the local Banking and Telecommunications sectors, Regulators and Policy-makers;
- c) The UWI's neutral space positioning has facilitated a broad-based level of dialogue and discourse among sector interests leading up to and during the conference;
- d) The organization, logistics and accommodations at the conference venue were very well planned and executed.

Initial reactions from conference participants supported this assessment. Nevertheless, the conference was not an isolated event, nor the end in itself, but part of a process that will serve as an important catalyst for ongoing dialogue with the key stakeholders, government and the regulators. The UWI team

will, over the course of the next 8 – 12 weeks be working in consultation and collaboration with policy-makers, the private sector and multi-lateral agencies to develop a comprehensive guide to assist in conceptualizing and designing the appropriate framework for the broad-based introduction of mobile financial services in Jamaica. It is expected that this guide will go beyond concept and will be oriented towards providing alternative solutions and implementation guidelines. This effort will be supported by focused short-term research initiatives and analyses to inform the strategy recommendations.

The conference organizers acknowledge the generous contributions of the following sponsors:

- Tropical Medicine Research Institute (TMRI), UWI
- The Mona School of Business, UWI
- Inter-American Development Bank (IADB)
- United States Agency for International Development (USAID)
- Development Bank of Jamaica (DBJ)
- The Private Sector Organisation of Jamaica (PSOJ)
- Jamaica National Building Society

PROFILE OF PRESENTERS



The Hon. Audley Shaw

Minister of Finance & the Public Service

Audley Shaw attended Knox College and Holmwood Technical High School in North East Manchester. In 1981 Mr. Shaw graduated from Northern Illinois University (NIU) with the Bachelor of Arts and Master of Arts Degrees in Journalism with graduate studies in Marketing, Finance and Public Relations. Mr. Shaw joined the Chicago Office of Burson-Marseller (a Public Relations Consultancy firm) in 1981 as Client Executive, and then joined the Jamaica National Investment Promotion Limited (JNIP) later renamed JAMPRO, as Director for Public Relations and Advertising. This gave him responsibility worldwide with offices in the United States, Canada, Japan, Hong Kong and the United Kingdom.

In 1986 Mr. Shaw resigned his position with Government and became a Merchant and Marketing Consultant. He

joined the Jamaica Labour Party in 1987 and two years later, he was appointed by the Leader of the Opposition to the Senate and served as Shadow Minister of Information and Culture, Shadow Minister of Public Utilities and Transport as well as Shadow Minister of Industry and Commerce. In 1993 he was elected Member of Parliament for North East Manchester.

In 1995 he was appointed Chairman of the Public Accounts Committee (PAC) of Parliament – the watchdog of expenditure of public funds by Government Ministries and Agencies. In the 1997 General Elections, Mr. Shaw was re-elected to serve a second term as Member of Parliament. He was subsequently appointed Shadow Minister of Finance and was re-elected in 2002 and 2007 as Member of Parliament for the North East Manchester constituency. Mr. Shaw served as General Secretary of the Jamaica Labour Party and has been a Deputy Leader of the JLP since 1999. In September 2007 Mr. Shaw was appointed Minister of Finance and the Public Service in the new Government of the Jamaica Labour Party.

Mr. Shaw is the recipient of the Donald R. Grubb NIU distinguished Alumni Award.

PICTORIAL HIGHLIGHTS



Ms. Debra Wahlberg, Carl Rosenquist and Dr. J P Shim



Dr. Dawn Elliott, Mr. Joshua Haynes and Mr. Earl Jarrett



Mr. Patrick Hylton and Prof. Evan Duggan



Mr. Carl Rosenquist, Dr. J.P. Shim, and Prof. Terrence Forrester



Mr. Hugo Daley and Mr. Reginald Budhan



Mrs. Sandra Glasgow, Prof. Gordon Shirley and Mr. Joseph Matalon



Hon. Prof. Gordon Shirley, O.J. Mr. Carl Rosenquist, Dr. J P Shim and Dr. Maurice McNaughton



Mr. Joseph Matalon, Prof. Terrence Forrester, Mr. Patrick Hylton, Prof. Evan Duggan



The Hon. Audley Shaw, Mr. Joseph Matalon, CD, Mr. Leon Mitchell and Prof. Evan Duggan



Mr. Earl Jarrett and Ms. Minna Israel



Dr. Hopeton Dunn, Mr. Jimmy Burrowes and the Hon. Audley Shaw

PROFILE OF PRESENTERS (cont'd)



Mr Joseph Matalon, CD

President

The Private Sector Organisation of Jamaica

Mr. Matalon is Chairman of ICD Group Limited, and Chairman of a number of ICD Group company boards, including CGM Gallagher Group Limited and British Caribbean Insurance Company Limited. Since 2007, he has also served as Chairman of the Development Bank of Jamaica, the Government of Jamaica's principal development finance institution.



Mr Carl Rosenquist

Chartered IT Professional
British Computer Society

Carl Johan Rosenquist is a highly respected strategic business and IT consultant with extensive international line management, project management, project director

and technical advisor experience working in the Financial Services, Central Banking, Securities and Stock Exchange Domain, virtual-Commerce, Energy and Government sectors.

In his career, which spans more than 30 years in the IT industry, he has held senior project and Technical Advisor positions with a number of leading international companies and charities including Logica, ICL, CACI, Sema Group, SchlumbergerSema, Tandem, Compaq, HP, GFG Group, Pacific Century Cyber Works (PCCW), Montran Corporation, SIA (Italy), Unisys, the World Bank, International Monetary Fund and The Consultative Group to Assist the Poor (CGAP).

Carl Johan was a catalyst for the development of the first major commercially successful mobile phone payments system SmartMoney in the Philippines. Since the first success of mobile payments, he has been involved with the conception and development of Mobile Phone Payment Systems in several countries in the World including: MobiCom Mongolia, InfoLink Services Trinidad and Tobago, Keesaa (Maldives Interoperable Payment System), ETISALAT mobile Services UAE.

Carl Johan is currently engaged as Technical Advisor on several mobile payments systems including the Iraq Financial Services Development programme, Regulatory Review in Kenya and Ghana. He has successfully completed numerous key assignments in the payment business domain for the following institutions:

Central Bank of Egypt, Bank Indonesia (the national bank), Central Bank of Oman, National Bank of Yemen, National Bank of Romania, Bank of Mongolia (the national bank), National Bank of the Kyrgyz Republic, Central Bank of Iraq, Central Bank of Bahamas and the Monetary Authority of Maldives.

His comprehensive knowledge of advanced technologies and modern methodologies has resulted in his frequent contribution as speaker on advanced topics at major international events.



Ms Menekse Gencer
Chief Executive Officer
mPay Connect, Inc

Menekse Gencer founded mPay Connect, a consulting service for clients seeking to launch mobile payments. Her consulting service advises banks, mobile network operators, governments, development agencies, and third parties on regulations, go-to-market-strategy, product design, business case, and business development. She is also a Managing Partner at Arc Spring Group which advises clients in industries such as Healthcare, Agriculture, and Clean Technology on how to leverage Mobile

Financial Services to improve their outcomes. Her market expertise extends from North America to emerging markets such as Jamaica, Bangladesh and sub-Saharan Africa. Prior to founding mPay Connect, Menekse led PayPal Mobile's Business Development efforts in North America for two years during which time she closed PayPal's first mobile network operator deal to launch PayPal Send Money on Sprint.

Menekse has an MBA from Wharton and a BA in Macroeconomics from Harvard University and was previously featured on the cover of Fortune Small Business Magazine for her innovative startup in emerging technology. She is the founder of the Mobile Payments Series(TM) initiative which hosts panel discussions and networking events for professionals in the mobile money industry and has over 570 members in her LinkedIn Group: Mobile Payments Series – mPay Connect. She is a recognized expert in the mobile money field and has lectured on mobile money at events for The State Department, Harvard Business School, Wharton MBA, Haas, and Columbia University and is a frequent guest speaker at mobile money conferences globally. Menekse is an Open Council Advisor to IntraHealth and a board advisor to several startups in this space. She advises angel investors, venture capitalists, and hedge funds on the mobile money industry and has 17 years of experience as a consultant and industry leader in high tech, mobile, and financial services. Her most recent publication on the intersections between mHealth and Mobile Financial Services will be published by The World Economic Forum for the Davos Global Summit in January 2011.



Ms Camille Busette, PhD

Affiliate
mPay Connect, Inc.

Camille M. Busette is an affiliate of mPay Connect, Inc. and is Vice President of EARN, the nation's leading provider of micro-savings. In addition to her general leadership role there, she also leads EARN's policy and research functions. Prior to joining EARN, Camille served as the Deputy Director of Government Relations for PayPal, where she managed PayPal's financial services legislative and regulatory advocacy efforts for the Americas and anti-money laundering regulatory efforts globally. In addition to U.S state and federal legislative advocacy, in this role, she worked closely with international central banks and regulators, and U.S federal regulators on financial services, payments, and economic inclusion issues. Before her tenure at PayPal, she headed the consumer privacy function at Intuit, and prior to that, the consumer and market research division at NextCard.

Camille is a former Ford Foundation Post-doctoral Research Fellow, and holds a PhD in Political Science from the University of Chicago.



Mrs. Dawn Richards Elliott, Ph.D

Department of Economics
Texas Christian University

Dawn Richards Elliott is Associate Professor in the Department of Economics at Texas Christian University. She completed her undergraduate training at The University of the West Indies (UWI) Mona. This laid the foundation for her specialization in economics, in particular, development economics.

Dawn's research interests include issues related to Caribbean Development and her most recent publications may be found in the Studies in Comparative International Development; Forum of Social Economics; Journal of International Trade and Economic Development; International Journal of Development Issues; Applied Economics; Journal of Economic Issues; and the Journal of International Women's Studies.



Mr Joshua Haynes

Development Technologist
Development Alternatives Inc.

Joshua Haynes is a Development Technologist at Development Alternatives Inc. (DAI), a large international development consulting firm, with particular expertise in using technology for economic growth. Joshua has been involved in technology implementation projects in Germany, the United Kingdom, The Netherlands, the United States, and Spain; as well as international development-focused ICT projects in Morocco, Niger, Kenya, Mexico, Mozambique, Haiti, and Bangladesh, focusing on mobile money, banking, tax, agriculture, literacy, election monitoring, microfinance, community-based savings, community development, applications for development, and the mobile gender gap.

Mr. Haynes speaks a number of languages and holds a master's degree in international business from The Fletcher School of Law and Diplomacy at Tufts University.



Mr Hugo Daley

Co-founder & Chief Executive Officer
Transcel Ltd.

Mr. Hugo Daley is co-founder and CEO of Transcel Limited, a technology services company focused on the interoperability services required to support complex mobile financial service partnerships. His company currently advises the Development Bank of Jamaica on Mobile Money policy and strategy and is launching service operations in the Caribbean region.

Mr. Daley's prior senior corporate positions include CEO for Isadra, Inc. and Vice President for Advanced Technology, Verticalnet, Inc. Following the 1999 \$50 million acquisition of his Silicon Valley technology company, Isadra, by Verticalnet, Mr. Daley headed the strategy for the deployment of his advanced supply-chain products into the Global 1000 marketplace. In recent years, Mr. Daley has brought his extensive background in technology ventures to a management consulting practice in technology strategy and innovation marketing.

In that capacity, Mr. Daley has served in the role of CTO of the start-up company SecureCard Technologies, was Senior Advisor to the "Sustainable Environments" company, SE Corporation, and has provided consulting services to companies developing new cross-border financial services. He is co-founder and currently serves on the Board of Directors of Effective Metrix Inc., a software company focused on optimization in the manufacturing value chain.

Mr. Daley has authored white papers and technical articles on innovation diffusion, Internet commerce and technology impacts on economic development. Mr. Daley holds the M.S. in Telecom Economics and Systems Planning from Syracuse University and completed doctoral work in Information and Computer Science at Stanford University before leaving to pursue his career in high-technology ventures.



Mr Edmundo Jenez

General Manager
J.E.T.S. Ltd.

Edmundo Jenez holds a bachelor's degree in Electrical Engineering (BSc. UWI) and a Masters in Business Administration (MBA,

Barry). He began his professional career at the Posts & Telecommunications Department of the Government of Jamaica where he served as the Senior Telecommunications Engineer, responsible for Telecommunications Systems of the Department and Radio Frequency Spectrum Management.

In 1987, Mr. Jenez moved to Citibank as Head of the Technology Department, where he was engaged in several large-scale projects including the efforts to successfully integrate the systems of some 17 countries into a single regional system. Since 1995 Mr. Jenez has been the General Manager of J.E.T.S. Limited, which was established to provide common shared platforms for Electronic Banking Services by Jamaica's leading Financial Institutions.

Mr. Jenez headed the team that delivered the company's first service, the MultiLink ABM sharing network, in June 1997. This was later followed by introduction of the Debit/Point of Sale network in April 1999. These two services today now feature a shared network of over 550 ABM and over 20,000 POS terminals, dispensing over JMD\$78 Billion dollars per annum.

Mr. Jenez participated in the development and introduction of the Automated Clearing House (ACH) system in 2002, which has reduced cheque clearing time by 50% with equally significant elimination of processing costs. The ACH system currently handles approximaely JMD\$2.5 Trillion per annum.

Since 1999 Mr. Jenez has been working on the development of a Credit Bureau Service for the Jamaican financial services sector.

His contributions includes work on the initial drafts of what is now the Credit Reporting Act 2010 and the design of a credit reporting system architecture specific to the needs of countries like Jamaica.



Dr. J. P. Shim

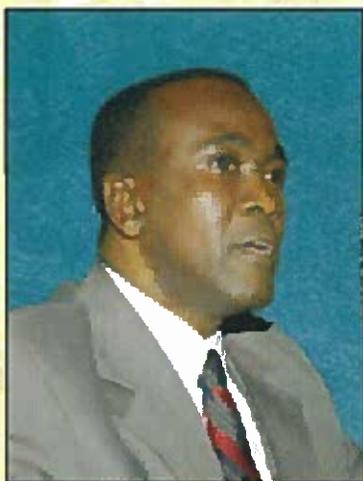
John Grisham Faculty Master Teacher
Professor of
Management Information Systems (MIS)
Larry and Tonya Favreau Notable Scholar
Mississippi State University

Dr. J. P. Shim is John Grisham Professor (tenured) of MIS and Director of the International Business Strategy Program at Mississippi State University. He received his PhD. from the University of Nebraska, his MBA from Seoul National University, and completed Harvard Business Executive Education. He taught Information Systems at Georgia State University, New York University and the Chinese University of Hong Kong as an invited Visiting Professor. He has

received numerous grants and awards, including National Science Foundation, Microsoft, Mississippi Institution of Higher Learning, Japan Foundation and Korea Foundation. He is a fifteen-time recipient of outstanding faculty, research and service awards, StatePride Award, and the University's Ralph E. Power Research Excellence Award. Dr. Shim's coauthored research paper in DSS has been cited as top in Social Science Citation Index citations, Google Scholar citations, Elsevier citations, SCOPUS citations, and downloads in DSS.

He has co-authored five books and 150 articles and is Senior Editor, Associate Editor, Departmental Editor, and Editorial Board for numerous journals. He served as a Keynote Speaker and Programme Chair at several international conferences and is currently Programme Chair and Fellow Chair of an international wireless telecommunication professional organization (WTS).

Over the past two decades, Dr. Shim's grant efforts helped support research, service, and teaching. Dr. Shim is a member of numerous university and college committees and has chaired more than 20 doctoral dissertations. Professor Shim currently directs MSU Global Leadership Programme.



Professor Hopeton Dunn

Director, Telecommunications &
Policy Management
Mona School of Business
The University of the West Indies

Professor Hopeton S. Dunn is a communications scholar, researcher and policy analyst. He is director of the Telecommunications Policy and Management Programme (TPM) at the Mona School of Business, The University of the West Indies.

Professor Dunn is the current Chairman of the Broadcasting Commission Of Jamaica which has regulatory responsibility for the electronic media, broadcast radio and television, as well as subscriber television.

He is also the Secretary General of the International Association for Media and Communication research (IAMCR), which is the largest global association of research scholars in media, communication and development.



Mr. Maurice McNaughton, PhD

Director, Center of Excellence,
Mona School of Business, UWI

During his professional career, Dr. Maurice McNaughton has had over 15 years senior management and leadership experience in the planning and direction of enterprise-level Information Technology in organizations. He had extended tenures at Alcan Jamaica Co., Jamaica Telephone Co. and was Chief Information Officer at the Jamaica Public Service Co., and Paymaster Jamaica Ltd. He is currently Director of the Centre of Excellence at the Mona School of Business, where he is evolving an Application-oriented Research Agenda around the use of ICTs to enable Business Innovation in the Small Medium Enterprise sector in Jamaica and the Caribbean.

Dr McNaughton graduated from the University of the West Indies with a BSc. Degree in Electrical Engineering and completed a Masters degree in Electronic Engineering at the Phillips International Institute of Technology in the Netherlands where he specialized in Computer Networks. He completed his PhD studies in Decision Sciences at Georgia State University, Atlanta, USA.



Professor the Hon. Gordon Shirley, OJ

Pro Vice Chancellor & Pricipal,
The UWI Mona Campus

Professor the Hon. Gordon Shirley was appointed Pro Vice Chancellor and Principal of The University of the West Indies (UWI), Mona Campus on August 1, 2007.

Professor Shirley has had a distinguished career as a diplomat, educator and as an administrator in higher education. He is a graduate of The UWI, St. Augustine Campus graduating with a BSc in Engineering in 1977. In 1982 he received a Master of Business Administration (Hons.) in Operations and Finance and in 1987 his Doctorate in Business Administration in Operations Management, both from Harvard University, USA.

Professor Shirley started his professional career with Alcan Jamaica Company Limited as a Mechanical Engineer in the late 1970s to early 1980s. After completing his doctorate in 1987 he served as Assistant Professor of Operations Management at the University of California Los Angeles (UCLA) until 1991 when he returned to Jamaica.

Professor Shirley joined the staff of

The UWI in 1991, first as the Carlton Alexander Professor of Management and Head of the Department of Management Studies then as Executive Director, Mona School of Business in 2001. Professor Shirley also served concurrently as Executive Chairman of the Jamaica Public Service Company Limited from 1997 – 2001. In 2001 he was seconded to the Government of Jamaica as Jamaica's Ambassador to the United States of America and Permanent Representative to the Organization of American States (OAS).

He has also chaired the Permanent Executive Committee of the Inter-American Council for Integral Development, the arm of the OAS responsible for the funding of development activities and for the Award of OAS Scholarships.

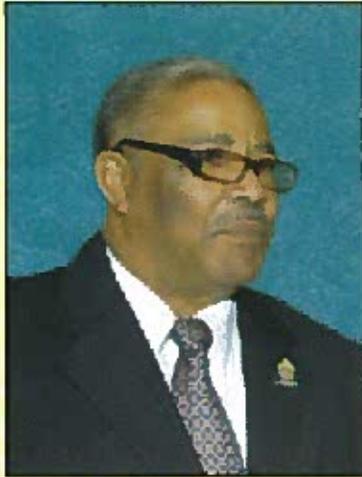


Professor Terrence Forrester

Director, Tropical Medicine Research Institute
The University of the West Indies

Professor Terrence Forrester, Founding Director of the Tropical Medicine Research Institute is a career Medical Research Scientist who has focused on cardiovascular disease in populations of African origin. He heads the new Think Tank associated with the TMRI, Solutions for Society.

This new Think Tank has collaborated with the Mona School of Business to bring together the technical expertise to address key issues concerning the introduction of mobile commerce into Jamaica. Professor Forrester is a Research Scientist who has significant experience in the private sector through board appointments and collaborative projects.



Professor Evan Duggan

Executive Director, Mona School Of Business
The University of the West Indies

Evan Duggan joined the Mona School of Business in 2006 as Professor of Management Information Systems after eight years at the Culverhouse College of Commerce & Business Administration, University of Alabama, USA. In 2007, he was appointed Associate Dean for Research and Graduate Studies in the Faculty of Social Sciences and, in August 2008, Executive Director of the Mona School of Business. Professor Duggan obtained the Ph.D. and MBA degrees from Georgia State University with concentrations in Decision Sciences and Computer Information Systems and the B.Sc. from the University of the West Indies, Mona.

He worked at Alcan Jamaica Company (now Windalco) for 25 years in all areas

of IT, up to the position of Manager of the Information Services Department, and served a short stint as Chief Systems Analyst at Alcan's Head Office in Montreal Canada, where he led a team in the development of a common IS project management methodology for use by the organization worldwide. Professor Duggan's research interests include the management of information systems (I/S), with particular reference to IS quality, and systems delivery methodologies. He has published extensively in I/S and allied journals such as Information Technology & Management, Human-Computer Interactions and Electronic Journal of Information Systems in Developing Countries. His book (with co-editor, Han Reichgelt) Measuring Information Systems Delivery Quality (published by Idea Group Inc.) is in the libraries of leading Business and Engineering schools. He is a Section Editor for the African Journal of Information Systems, Associate Editor for Communications of the Association for Information System, and he is on the editorial boards of several international journals, scholarly publishing companies and book series.

Professor Duggan has taught MIS and Decision Sciences courses in several US institutions and at UWI to masters and doctoral students. He is a faculty mentor for the US-based KPMG Information Systems Doctoral Students Association and was the Chairman of the Doctoral Students Affairs Committee for the International Decision Sciences Institute (2006-2007) and faculty advisor at the Doctoral Consortium of the Information Resources Management Association International Conference (2004-2006). Professor Duggan was honoured by his inclusion in Marquis Who's Who in Science and Engineering, 2005-2006.

