



Canadian International
Development Agency

Agence canadienne de
développement international

JAMAÏCA - COUNTRY STUDY

Canadian International Development Agency
200 Promenade du Portage
Gatineau, Quebec
K1A 0G4
Tel: (819) 997-5006
Toll free: 1-800-230-6349
Fax: (819) 953-6088
(For the hearing and speech impaired only (TDD/TTY): (819) 953-5023
Toll free for the hearing and speech impaired only: 1-800-331-5018)
E-mail: info@acdi-cida.gc.ca

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Summary

JAMAICA - COUNTRY STUDY

A- Importance of the Study

- i. The Performance Review Branch (**PRB**) of the Canadian International Development Agency (**CIDA**) is engaged in a Private Sector Development Performance Review (**PSD Review**). The PSD Review will be one of a series of comprehensive performance reviews to be conducted. But first, the PRB is carrying out an Evaluation Assessment Phase which will cover PSD category interventions as well as those specific to three countries (Haiti, Jamaica and the Philippines). This report presents the main results of the assessment phase conducted for the Jamaica Country Study.

B- Policy Framework

- ii. Two official strategies or policy statements describe the Government of Canada's major orientations in Official Development Assistance: **Sharing Our Future**, CIDA, 1987 and **Canada in the World**, Government Statement, 1995. Comparing program priorities of the two statements, it is obvious that while PSD was not a priority in 1987, it has become one of six development priorities in 1995.
- iii. Two draft statements of CIDA's PSD policy were proposed during the 1990s: **CIDA's Policy on Private Sector Development in Developing Countries** in 1994, and **CIDA's Draft Policy for Private Sector Development in Developing Countries**, in 1999. While the last draft is a more refined statement of CIDA's PSD policy, the goal and major orientations of the policy are quite similar in the two statements. For the review study, only the 1994 draft policy is relevant. CIDA's overall priorities in PSD are to help establish an *enabling environment*, develop a strategic approach to *poverty reduction*, and develop *partnerships* with community development partners.
- iv. Private Sector Development (**PSD**) refers to promoting sustained and equitable economic growth, which makes an effective contribution to poverty reduction by supporting PSD in developing countries. The CIDA analysis framework includes the following five categories: "Enabling environment", "Capacity, skills and productivity enhancement", "Canadian and developing country private sector linkages", "Local enterprise", and "Economic integration".
- v. Over the last decade, the GOJ has published at least four economic policy documents, including: *Jamaica Five Year Development Plan 1990-1995*; *Medium-Term Policy Framework and Public Sector Investment Program 1994/95- 1996/97*; *National Industrial Policy : A Strategic Plan for Growth and Development* ; *Fostering Stability, Growth and Employment Creation: A First Look at Jamaica's Medium Term Strategy 1998 to 2000/01*.

C- Bilateral Program

- vi. Over the last fifteen years, CIDA has developed three country/region program frameworks orienting its activities in Jamaica: the Country Program Review (**CPR**) Jamaica 1985-1990, the Jamaica Program, Country Policy Framework 1992-1997 (**CDPF**), and the Caribbean Program, Regional Development Policy Framework 1993 (**RDPF**).
- vii. Economic development and competitiveness has been a major goal of all programs throughout the period. Sustainability and environmental management have been added as important goals of the country program of 1992, while good governance and civil society were supplementary goals of the post-1997 program. Consequently, a major change in the country programs during the period has been the reduction of the resources allocated to economic growth to the benefit of environmental and social issues.
- viii. Financial resources allocated to Jamaica have been decreasing substantially throughout the period. CIDA bilateral and multilateral disbursements for Jamaica went from 55.9 million dollars in 1988-89 to 6.7 million in 1997-98.
- ix. Nearly \$17 M were allocated by CIDA to PSD over the 10 year period. The main objectives of the program, as showed by the classification of the projects by sub-category, were respectively: to **enhance capacity, skills and productivity (0502)** with 46.9% of total spending through five projects; to **strengthen the enabling environment for the private sector (0501)** with 20.6% of spending allocated to two projects; and to support **economic integration (0505)** through one project representing alone 25.2% of the total PSD program. Sub-category 0504 (local enterprises) represents 7.4% of the program. Only two projects were achieved under this heading, one through the provision of credit to "pre-micro enterprises" and the other through direct assistance to a small experimental project.

D- Findings on Key Points and Issues

- x. Information on **developmental results** of the projects of the PSD Program in Jamaica is unsystematic. We must therefore be cautious when making any assessment. This being said, we may state that: (i) the program obtained on average satisfactory results at the **output** level; (ii) the records show less convincing results at the **outcome** level; (iii) it is impossible to state that the projects generated **impacts** contributing to the attainment of their respective goals; (iv) targets in terms of **institutional strengthening** capacity have generally succeeded to reinforce some functional activities of beneficiary institutions but the results were incomplete; (v) targets on **trained clientele** have generally been attained or exceeded; (vi) the projects have been quite disappointing in their capacity to develop sustainable **relationships between Canadian and Jamaican organizations or institutions**, the exception being the Central Bank; (vii) perceptions of stakeholders appear to be a good indicator of the success of a project; (viii) projects have generally been **cost-effective**, when cost-effectiveness is understood as a comparison between actual and

planned cost of projects; (ix) the planned duration of projects was largely underestimated in the case of institutional strengthening projects.

- xi. Encountered difficulties during the CANEXPORT project illustrate problems which have limited most of the projects from attaining satisfactory results: (i) institutional strengthening is often a very difficult process, one that requires strong prior commitment from management, an accurate diagnostic study that forms the basis for a strategy, a clear definition of objectives, and a realistic time schedule for implementation; (ii) project duration must be sufficient to guarantee sustainability of results.
- xii. In general, the intended goal of the projects could be related, in one way or another, to the issues of human resource development, competitiveness, or to the development of small businesses. The explicit goal of “poverty reduction” or “growth with equity” was not expressly mentioned but was deduced from job creation stemming from small, micro and pre-micro enterprises development. Consequently, **the thrust of the Program was consistent with the Canadian foreign policy, the RDPF, the CDPF and CIDA’s PSD Policy.**
- xiii. Moreover, the goals of the PSD projects were also consistent with the needs of the targeted beneficiaries and were in line with the GOJ priorities regarding private sector development. For instance, there is strong evidence of interest and support by GOJ and donors for the small business sector in Jamaica.
- xiv. Project assessments are mixed on the **sustainability of results** issue. The main factors limiting the sustainability of results have been: (i) sustainability was not an issue at the planning stage; (ii) insufficient local control of project activities with commitment for results; (iii) insufficient resources to maintain benefits/results; (iv) inadequate institutional capacity; (v) high turnover in staff and reshuffle of organizations; (vi) evolution of the domestic environment.
- xv. The CIDA was fully committed to establishing a consistent **working relationship** with beneficiary organizations and, in some projects, has relied on a local executing agency. However, establishing such an efficient working relationship between local and Canadian institutions is not always easy, as many problems, even conflicting relationships, in some projects testify. The reasons put forward in explaining these less successful results were cultural differences and lack of institutional commitment and sharing of project goals.

xvi. A major weakness of the Jamaica PSD program is **project design**. Among the numerous problems identified, we find: (i) insufficiency/deficiency of planning; (ii) delay between identification and inception; (iii) underestimation of client needs; (iv) overestimation of the absorptive capacity of local institutions or clients; (v) insufficient attention given to critical assumptions, the evolution of the general socio-economic situation, and the local context.

xvii. A recurrent theme of the most successful PSD projects concerns the use of **high quality human resources**, either national or Canadian. This relates directly to the issue of flexible management of human resources in projects. In contrast, the evaluation explained poor results of some projects by the fact that (i) advisors spent too much time on activities unrelated to the project objectives; (ii) promoter (or beneficiary staff in general) turnover was too high; and (iii) CEA personnel was inadequate.

xviii. The review shows that the “**informed and timely action**” experience over different projects was highly variable, ranging from very poor to very good. However, two general observations emerge: (i) as occurred in some projects, rapid reaction to solve problems underlines the importance of flexibility in management planning; (ii) the most successful projects were those for which the information flow was generally on time and relevant for decision-making. Poor performances on “informed and timely action” were related to: (i) inadequate planning of monitoring activities at the inception stage; (ii) problems at the level of steering committees; and (iii) information retention at the institutional level.

xix. Although **external factors** are certainly not the most important in explaining the level of results at the project and the program level, they certainly had a depressing influence on overall performance. Jamaica experienced deep cultural, political (Consolidation of the democratic life), technological and economic mutations over the past decade. Social violence, economic insecurity, openness of the economy unbacked by institutional support, and negative growth for four consecutive years have brought degradation of everyday socioeconomic conditions, an increase in poverty and generally a heavy toll on Jamaicans.

E- Main Lessons and Recommendations

FOR PSD POLICY

Lesson # 1:

The CIDA’s draft PSD Policy is unrestrictive, pursuing too many general objectives. Constraints on the PSD program orientation and project selection tend to stem from other cross-cutting issues or policies. Future PSD Policy statement should be more restrictive and should pursue precise objectives.

FOR COUNTRY/REGIONAL PROGRAMS

Lesson # 2:

While the CIDA invested considerable resources at the beginning of the period on drafting policy framework documents (including a long description of the country's socio-economic situation), few resources have been allocated at the end of period for the drafting of a new country program. Sufficient resources must be allocated to program design.

FOR PSD PROGRAM

Lesson # 3:

In the case of Jamaica, no formal or explicit PSD program was available for the entire period assessed. While it is possible to "design", ex-post, an implicit program, it would have been much easier to have had an explicit program with explicit goals and purposes at the country level. This PSD Program should have established clear links to the corporate draft PSD Policy. A PSD Program for Jamaica should be designed at the outset. This program should specify goal, objectives, outcomes, results and outputs related to previously identified PSD strategy.

Lesson # 4:

Assessing outcomes and impacts of a PSD program is a tremendous task if it is performed ex post without a clear and measurable reference framework. The strategy for implementing, monitoring and evaluating the national PSD Program should be carried out simultaneously with its design.

Lesson # 5:

Program and project goals and purposes cannot be achieved over the short or even the medium term. As such, the PSD Program should demonstrate a long-term commitment to consistency in action and policy dialogue.

Lesson # 6:

In terms of programming orientation, the major lesson of the experience of the last decade in Jamaica is that more interesting results have been derived from intervening directly with the private sector than from promoting PSD indirectly through strengthening public institutions. We therefore highly recommend that the CIDA select projects relevant to category 504 "Local Enterprises" and 505 "Economic Integration" rather than category 501 "Enabling Environment" and 502 "Capacity, Skills and Productivity".

That is not to say that "Enabling Environment" projects are not warranted. Rather it means that, for them to be successful, necessary conditions should be met among which:

1-credible commitment towards reforms by the Government of Jamaica should be observed;

2-IFI and donor actions in that field should be coordinated.

FOR PROJECTS

Lesson # 7:

At times when different donors support the same organization, formal and regular meetings would help to provide greater focus and commitment to the overall goal of institutional (or organizational) strengthening and to ensure the co-ordination of all activities.

Lesson # 8:

Reference to benchmarks have rarely been used at the project planning or evaluation stages. Benchmarking should be used systematically in all CIDA projects.

Lesson # 9:

The main lessons of CIDA's Jamaican experience in the area of poverty reduction are that: (i) reaching the targeted clientele is a difficult and costly process; (ii) institutional strengthening is a central issue in this area; and (iii) only a small part of a project's expenses reached the targeted end-users.

Lesson # 10:

Three important lessons on the economic competitiveness issue were derived from the CANEXPORT project. These are: (i) choosing the more dynamic small enterprises from a well specified sector of activity was an excellent strategic decision for an export promotion project; (ii) economic competitiveness is global (production as well as marketing issues are important) and this should be reflected at the planning level of the project. For instance, sustainability of results in the case of CANEXPORT project was not fully achieved because of the difficulty for the Jamaican producers to supply the Canadian market on a regular basis. This reflects the absence of proper attention given to the productive activities of targeted enterprises supported by the project; (iii) CIDA should be concerned with sustaining and even furthering the positive results from its projects once they have been terminated. The Agency should either plan follow-up projects to ensure sustainability or redirect beneficiaries to alternative appropriate mechanisms.

Lesson # 11:

Management of internal risk factors varied from project to project: as expected, management which stressed flexibility of utilization of resources, good description of tasks and responsibilities of stakeholders, and adequate monitoring of activities and results were the most successful.

Lesson # 12:

The main lessons of CIDA's experience in Jamaica in the area of gender equity are: (i) that projects do not need to target women as such to succeed in reaching them but rather, in order to be successful, need to choose a sector of economic activities where they are already well represented. Doing so, projects will empower women and give them the opportunity to increase mastery of their trade in traditional activities; (ii) if women are to be a specific target within a project, specific results should be identified at the planning stage and specific means used at the implementation stage; and (iii) in the case of Jamaica, one wonders if targeting women should be an issue at all, at least concerning PSD activity. The marginalization of young men in the inner-city is becoming a heavy burden on Jamaica as a whole. This problem must be addressed accordingly.

THE PSD REVIEW

In the future, if CIDA wants to conduct another exercise of this type (many projects in the same country), the following principles should be applied: (i) focus on countries where explicit strategy in support of private sector development has been put in place; (ii) focus on countries that supply a sufficient number of projects implemented after RBM was introduced; (iii) be more selective on the sample of projects, for instance by excluding projects with less than two years of activities in the field, those non-performing (if the reasons are known) and those that are not well-documented; (iv) there is no need to include projects of the five PSD categories; (v) focus on issues relevant to the country hosting the projects rather than on issues prior to the national exercise; (vi) ideally, for each relevant issue, a set of indicators should be identified at the outset by CIDA. This will facilitate the comparison between countries; and (vii) because there seems to be an absence of a mechanism establishing the link between policy principles and objectives on one hand, and field operations on the other hand, it is recommended that this issue be given proper attention in order to guarantee a successful implementation of the new PSD Policy.