



**FINAL  
DRAFT**

# **VISION 2030 JAMAICA**

## **SERVICES**

### **SECTOR PLAN 2009 - 2030**

**Services Task Force**

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## 1. Introduction

### 1.1 Vision 2030 Jamaica – National Development Plan



In 2006, the Government of Jamaica (GOJ) mandated the Planning Institute of Jamaica (PIOJ) to lead the preparation of a comprehensive long-term National Development Plan (NDP) which would seek to place Jamaica in a position to achieve developed country status by 2030. Development of the Plan began in January 2007 and thirty-one Task Forces (TFs), including the Services Task Force, were established thereafter. The TFs represent sectors and areas critical to the achievement of the national goals and have been charged with responsibility for developing the relevant long-term sector plans.

The Services Task Force commenced the plan preparation exercise in April 2007, leading to the completion and submission of a 1<sup>st</sup> draft report for the long-term development of the Services Sector in Jamaica. Following review and stakeholder consultation, and preparation of an action plan for the sector, the Services Sector Plan for Vision 2030 Jamaica was completed in 2009.

This Sector Plan for Services is one of the strategic priority areas of the *Vision 2030 Jamaica - National Development Plan*. It is one of thirty-one sector plans that form the foundation for Vision 2030 Jamaica – a 21-year plan based on a fundamental vision to make “*Jamaica the place of choice to live, work, raise families, and do business,*” and on guiding principles which put the Jamaican people at the centre of the nation’s transformation.

Services have emerged as the driving force in modern economies, and represent the largest component of the Jamaican economy, with financial services, business services and distribution showing the highest relative growth of all economic sectors since Independence. Under Vision 2030 Jamaica, the Services Sector Plan will develop high quality, knowledge-based financial, business, and distribution services with an educated, skilled, and innovative work force. These will use appropriate technology and environmentally sustainable practices within a supporting business and regulatory framework, that are able to evolve and expand to achieve and maintain global competitiveness through 2030.

The preparation of the Plan was supported by a quantitative systems dynamics computer model – Threshold 21 Jamaica (T21 Jamaica) – which supports comprehensive, integrated planning that enables the consideration of a broad range of interconnected economic, social and environmental factors. The T21 Jamaica model is used to project future consequences of different strategies across a wide range of indicators, and enables planners to trace causes of changes in any variable or indicator back to the relevant assumptions and policy choices.

This Sector Plan was developed using the following processes:

- Participation of Task Force Members<sup>1</sup> through Task Force Meetings<sup>2</sup> that were used to solicit ideas and views on Services issues and challenges facing Jamaica as well as identifying a vision for Services in Jamaica, and determining key goals, objectives and strategies for the sector
- Research on international best practices in Services that could be adapted to the Jamaican context
- Review of relevant documentation on the Services Sector
- Development of a detailed Action Plan with responsible agencies and time-frames for implementation.

This Sector Plan for Services is structured in the following main chapters:

- Situational Analysis
- SWOT Analysis
- Strategic Vision and Planning Framework
- Implementation, Monitoring & Evaluation Framework
- Action Plan

## ***1.2 Services and National Development***

Services have emerged as the driving force in modern economies, and include the advanced tertiary sectors in which knowledge becomes the basis for the creation of value. This sector plan focuses specifically on distributive trade, business and financial services. The manner in which these three key services operate will have implications for other services and sectors such as transport, tourism, urban and regional planning, agriculture and mining. During the period 2004-2008 services represented on average 74.9% of Jamaica's Gross Domestic Product (GDP). Within this total, Financing & Insurance Services, Real Estate & Business Services and Distributive Trade represented on average 37.7% of GDP from 2004-2008.<sup>3</sup>

The broad classifications of the services industries by the World Trade Organization (WTO) and the Statistical Institute of Jamaica (STATIN) are provided in Appendix 4. It is important to note that the Services Sector addressed in this Sector Plan is represented by the Financing & Insurance Services, Real Estate & Business Services and Distributive Trade, as classified by STATIN for the purposes of National Accounting. However, it is important to note that STATIN carried out a revision of the System of National Accounts and a revision of the National Accounts Classification of Industry in 2008, which had the effect of increasing the contribution to GDP of the services industries. The revisions also had the effect of changing the names for the service industries addressed in this Sector Plan as outlined below:

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<sup>1</sup> See Appendix 1 for List of Members of the Services Task Force.

<sup>2</sup> See Appendix 2 for Listing of Task Force Meetings.

<sup>3</sup> Based on Contribution to Total Goods and Services Production in Basic Values at constant (2003) prices (PIOJ).

Previous Name

Financing & Insurance Services  
Real Estate & Business Services  
Distributive Trade

New Name

Finance & Insurance Services  
Real Estate, Renting & Business Activities  
Wholesale and Retail Trade; Repair and  
Installation of Machinery

For the purposes of this Services Sector Plan the previous names of the industries are retained. However the new names of these industries will be used in the monitoring and evaluation of the implementation of the Sector Plan over time.



## 2. Situational Analysis – Jamaica’s Services Sector

### 2.1 International Overview and Context

#### 2.1.1 Growth of Services

Globally, the Services Sectors represent a critical component of most countries in terms of their impact on national development.<sup>4,5</sup> According to the World Trade Organization (WTO), trade in services has grown faster than merchandise trade over the past two decades.<sup>6</sup> Services provided a total of 69% of global GDP in 2006, and in many countries the services sectors provide a much larger share of employment than the goods producing sectors. Among OECD countries, the share of GDP attributed to services has doubled in the past 25-30 years. Services contributed 72% of GDP in high-income countries in 2006, compared to 54% in low- and middle-income countries in the same year.<sup>7</sup>

Forward linkages with downstream industries are estimated to be stronger with the services sector than with manufacturing.<sup>8</sup> Since many industries use financial, business and distribution services as inputs to their production processes, access to an efficient services sector is essential for economy-wide productivity growth.

Knowledge-intensive services require four key supporting factors: (1) supply capacity relating to skills enhancement, infrastructure and ICT, for example; (2) a regulatory framework pertaining to firm structure (such as monopolies) or the attraction and operation of offshore schools or films; (3) active participation in international trade negotiations to signal openness and forward-looking commitments to the international community, and (4) adequate private sector institutions that can help with the education of their members about international conditions in the services sector and the adoption of standards and codes of conduct, and that can assist the government in assessing the capacity and needs of the sector. Generally, business services can be categorized as: (a) knowledge-intensive services that include, *inter alia*, professional and consulting services;

<sup>4</sup> The services sector addresses both the provision of services to businesses as well as to end users. Goods may also be transformed in the process of providing a service, as happens in the restaurant industry or in equipment repair; however, the focus in this sector plan is on service providers interacting with the customer rather than on the transformation of physical goods.

<sup>5</sup> The sector can be further broken down into the “soft” services and social services. In the soft-sector employment, people use time to deploy knowledge assets, collaboration assets, and process-engagement to create productivity (effectiveness), performance improvement potential (potential) and sustainability. Typically the output of this time is content (information), service, attention, advice, experiences, and/or discussion (also known as “intangible goods”).

<sup>6</sup> GATS – Fact and Fiction from [www.wto.org](http://www.wto.org).

<sup>7</sup> World Bank (2008). *2008 World Development Indicators*. Washington, DC.

<sup>8</sup> This is particularly the case for Australia, France, Belgium, the United Kingdom and Sweden.

and (b) operational services that pertain to, for example, janitorial, security and secretarial services. It is estimated that the business services sector contributes 12-13% of GDP in France and the US.<sup>9</sup>

### 2.1.2 Out-Sourcing and Off-Shoring

Improvements in technology, standardization or service quality, infrastructure growth and decreasing data transmission costs have all facilitated the sourcing of services from abroad and the marketing of domestic services to firms and consumers abroad. These technological innovations have facilitated the growth of international outsourcing<sup>10</sup> and off-shoring<sup>11</sup> which involves the sourcing of inputs internationally through arm's-length relationships with other firms as well as within firms. Increasingly, manufacturers and other companies are finding it more cost effective to hire both local and international firms that specialize in providing services, particularly those that are knowledge-intensive such as consulting, advertising and financial services.<sup>12</sup> This globalization in the production of services is expected to increase productivity growth due to competition and lead to higher levels of efficiency, since firms will ultimately only provide the services that they are able to produce efficiently, which will increase the range of services provided in the long-run as overall productivity increases.<sup>13</sup> As a result, cost structures, efficiency and quality become key issues that service providers of any kind have to control. This ability to outsource services allows manufacturers to focus on the quality and development of their physical product while accessing services from firms/specialists that have a comparative advantage in providing these services. With the advent of the Internet and the expansion of the reach of knowledge globally, each service provider faces more direct competition with competitors around the globe since this increases the ease with which these services can be provided across borders.

Concerns about the possible consequences of outsourcing and off-shoring in developed and developing countries have focused on the employment impacts of globalization since the off-shoring of services implies that not only typical low-skilled manufacturing jobs are affected, but also high-skilled service jobs. In general, the process of globalization will have a variety of effects in different directions: positive (i.e. benefits) as well as negative (i.e. costs); dispersed as well as concentrated; short term as well as long term. But the visible, short term costs often gain most attention, as these are more easily measured, while the long term direct and indirect benefits may be much harder to calculate. Furthermore, some jobs might be lost due to productivity enhancements and technological change, which are not necessarily caused by off-shoring.

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<sup>9</sup> Summary Report of the Study on Globalization and Innovation in the Business Services Sector (2007), pp. 6.

<sup>10</sup> Outsourcing refers to the use of goods and services produced outside the enterprise and can occur within or outside the country where the enterprise is located.

<sup>11</sup> The term off-shoring is used to designate outsourcing abroad and includes two situations: (1) production of goods or services effected or partially or totally transferred abroad within the same enterprise and (2) the partial or total transfer of the production of goods or services abroad to a non-affiliated enterprise. *Off-shoring and Employment: Trends and Impact* OECD 2007.

<sup>12</sup> For example, in the US and UK, the purchase of advertising, marketing and management consulting services has become comparable to total spending on scientific R&D and software.

<sup>13</sup> Although these benefits are not perceptible at the macroeconomic level, there is evidence at the firm level of an impact of increased penetration of business services on productivity.

Off-shoring may actually help preserve jobs, as it allows firms to focus on their core activities. By transferring the more labour intensive part of a production process abroad or to a supplier some firms will use this as an opportunity to expand higher value-added activities and skill intensive employment at home. Therefore, the policy challenge in many countries is not about how to support overall employment, as this is typically not affected by globalization, but how to reintegrate specific groups of workers into the labour market. Globalization also offers an important channel for flows of foreign technology that provide a source of significant innovation which is estimated to account for the majority of productivity growth especially for small countries.<sup>14</sup> This process of technology transfer can occur when multinationals locate in a foreign country. Since on average they are more labour productive, more responsive to improved technology and have a higher level of technology in their productive process than the host country they can positively impact domestic productivity and create technology spillovers. Further, when domestic firms are forced to operate globally they are likely to become more engaged in innovative activities which benefit their country

In the past, most services that are currently being outsourced or offshored were performed within the business because they were perceived to be sensitive and strategic areas of business operations. Increased competition and the need to maintain quality at the lowest possible price have forced firms to recognize the benefit of purchasing knowledge-intensive services from other firms that have the advantage in that area. In fact, firms are increasingly off-shoring a range of business functions to countries with relatively lower labour costs and a talented educated workforce. For example, due to the wage-cost advantage and the large pool of English-speaking skilled labour, India in particular has become a prime location for IT and ICT-enabled services off-shoring in recent years.

### **2.1.3 Trade in Services**

Rapid advances in ICT have also increased the tradability of many service activities across national borders and have created new kinds of tradable services, both tangible and intangible. In particular, ‘knowledge work’ such as data entry and information processing services and research and consultancy services can easily be carried out via the Internet, e-mail, teleconferencing and videoconferencing. International trade in services also has increased due to verifiable electronic payment methods using digital clearing houses. Trade in services is likely to be a catalyst in the current move of developing countries to diversify away from traditional sectors. However, this requires a nontrivial and significant change in the psyche and mental preparation of the workforce.

A vibrant services sector has been linked to improved employment, productivity and innovation and significant improvement in the economic performance of countries (see OECD (2005)). In an international trading arena where preferential trading agreements for agricultural and manufactured goods are eroding, increased offerings by the services sector aids in reducing the reliance of the country on these sectors in which they no longer have a comparative advantage or in which they cannot benefit from economies of scale.

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<sup>14</sup> Moving up the Value Chain: Staying Competitive in the Global Economy, OECD (2007).



Qureshi and te Velde (2007) propose that small initiatives in the right direction and at reasonable levels of investment in knowledge-intensive services can have a large and quick impact on the social and economic structure of the economy. They suggest that the most effective way that small states can overcome cost disadvantages is to ensure that they benefit from migration and remittances, they promote unique products and most importantly they have to develop their human capital.

The lack of a legal framework within which trade in services was facilitated reduced the realization of the economic potential of the services sector, as investors and consumers lacked an agreed framework for the boundaries within which they could invest and trade in different countries around the world. As a result, the General Agreement on Trade in Services (GATS)<sup>15</sup> program was developed in 1995. The GATS and its related agreements on Trade Related Aspects of Intellectual Property Rights (TRIPs) and Trade Related Aspects of Investment Measures (TRIMs) provide a framework for liberalization of trade in services between countries, while allowing for exceptions related to specific national conditions and sectors.

The GATS identifies four categories or modes of trade in services: (1) cross-border supply where services are supplied from one country to another; (2) consumption abroad where consumers from one country use services that are provided in another country; (3) the establishment of commercial presence; and (4) the movement of natural persons. As noted in the WTO document, an efficient services infrastructure is a precondition for economic success which requires “the spur of competition” to induce service providers to excel. This can be done by providing access to world-class services which helps exporters and producers in developing countries such as Jamaica to capitalize on their competitive strength, whatever the goods and services they are selling.

#### **2.1.4 Development of Services**

Small states<sup>16</sup> like Jamaica will have to train its citizens to be more flexible and retrainable in order to improve their ability to adapt to inevitable changes in technology and the accompanying emergence of new opportunities in the services sectors.<sup>17</sup> The need for this realignment is even more pronounced given the current reduction of preferential trading agreements and the emergence of new large competitors. A recent report from the Overseas Development Institute (2007) notes that the more developed a country, the more

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<sup>15</sup> The GATS covers all services with two exceptions: services provided in the exercise of governmental authority and, in the air transport sector, air traffic rights and all services directly related to the exercise of traffic rights.

<sup>16</sup> Small states are typically characterized by a poor investment climate, weak institutions and remoteness which are generally argued to limit industrial development and other activities that require economies of scale. Further, a lack of competition in these countries typically results in a misallocation of resources, inefficiencies in production and no incentive for innovation. High production costs are compounded by high transportation costs due to remoteness and insularity. Altogether, these prescribe high final prices and, thereby, low competitiveness.

<sup>17</sup> Small states generally have several of the following eight characteristics: remoteness and insularity, high levels of openness, susceptibility to natural disasters, limited institutional capacity, limited diversification, less access to external capital, high levels of poverty and inequality and income volatility. For Caribbean countries, in particular, there is also an issue about the migration of workers who have been trained up to the tertiary level at the expense of the taxpayers in these countries.

likely that it is engaged in knowledge-based services. Given the national aim for Jamaica to be a developed country by 2030, the country's stakeholders will need to reposition themselves substantially by taking advantage of the relatively large labour force that is available and move into knowledge-based and service industries. In contrast to some small states, Jamaica has a number of clear advantages, including its proximity to the majority of the western world, access to the eastern world via the Panama Canal and the availability of a population bonus by 2015 that can be harnessed to facilitate growth in services and, in particular, in knowledge-intensive services that can be offered anywhere in the world.

Public sector involvement in the development of the services sector has been successful in creating a business-friendly climate in Singapore and the United Arab Emirates. The involvement of the public sector has enabled the knowledge-based services sector in these countries to become world class leaders in financial services. One clear factor in the process of achieving leadership in provision of services is the need for strong and consistent leadership in the development and implementation of a vision for the sector.

As countries increase the access of service providers to their domestic market, the need for innovation will increase and the methods through which these innovations impact the provision of services will become more complex. Businesses that provide services to other firms can play one of three roles in the innovation process, they can be: (1) a source of innovation; (2) facilitators of innovation; or (3) carriers of innovation. Data on innovation density among European firms reveal that innovation is highest among firms that provide business services. In order for businesses to play either or all of these roles they will need access to a labor force that is able to facilitate and or initiate this process. This underscores the importance of increasing the skill and knowledge levels of the labor force in the domestic country in order to facilitate technology transfer and to open avenues for local skilled-labor to become part of the innovation process.

In order for a country or a domestic firm to benefit fully from opening their local markets or entering other markets, there are several issues that need to be considered and facilitated. There has to be a mechanism through which the businesses or government can ensure that:

- Intellectual property developed during the innovation process is adequately, but not prohibitively, protected in order to balance the incentives to innovate with considerations about promoting access to knowledge
- Widely accepted and balanced standards must be established and conveyed in order to increase market transparency and competition, thereby facilitating the ability of the business consumer of the service to switch providers

Governments will have to play a key role, within this framework, in providing an enabling environment with mechanisms that are relevant to their own development objectives and priorities, in order to encourage firms within their country to either be a source, facilitator or carrier of innovation and to provide the necessary regulation or enforcement capabilities to ensure that incoming service providers operate in an acceptable manner. Appropriate involvement by the government will ensure that: (1) spillovers and transfers of technology take place to the benefit of their country; (2) necessary infrastructure is available; and (3) administrative or bureaucratic procedures necessary to do business in the country are not so onerous as to prevent trade in services.

Based on the current trends in globalization, if developing countries such as Jamaica are to become and remain competitive in the global economy, they will have to rely more on knowledge, technology and intangible assets, as opposed to the historical paradigm of reliance on physical, natural and tangible resources. Investment in knowledge is therefore a crucial factor for sustained economic growth, job creation and improved living standards. In the context of a small developing country, in order to be able to attract investments that rely on either low- or high-skilled labour, it becomes imperative therefore for Jamaica to address any skill or retraining deficiencies that may be present in its education and training systems.

## 2.2 Jamaica - Services Sectors

The structure of the Jamaican economy has undergone profound transformation over the decades since Independence. The most significant change has been the overall growth of the services sectors, which represented 53.9% of GDP in 1962 but increased to 65.6% in 1982 and to 68.1% of GDP by 2007 (see Table 1 below).<sup>18</sup> By contrast the contribution of the goods-producing sectors has declined from 46.1% of GDP in 1962 to 34.4% in 1982 and to 31.9% of GDP by 2007. Within the services sectors the financing, insurance, distributive trade, real estate and business services sectors have shown the greatest relative growth, increasing from a combined 19.9% of GDP in 1962 to 33.1% in 2007.

**Table 1: Services Sectors Contribution to GDP 1962 - 2007**

Sector	% of Total GDP		
	1962	1982	2007
Financing & Insurance Services	4.1	5.9	7.8
Real Estate & Business Services (1)		11.6	4.9
Distributive Trade	15.8	15.8	20.4
Sub-Total: Selected Services Sectors	19.9	33.3	33.1
Services as % of GDP	53.9	65.6	68.1
Goods Production % of GDP	46.1	34.4	31.9
Total GDP	100.0	100.0	100.0

Source: PIOJ (Contribution to Total Goods and Services Production (at constant 1996 prices))

Note: (1) Real Estate & Business Services are included in Financing & Insurance Services for 1962

The planning for Vision 2030 Jamaica has taken place within the context of a global economic recession which commenced in US credit markets in 2007, and spread during 2008-2009 to affect the economies of developed and developing countries alike. The consequences for Jamaica are likely to include: reduced flows of direct investment; greater difficulty in sourcing financing from global capital markets; reduction in demand for Jamaica's exports; and a downturn in tourism earnings. The impact will limit the prospects for growth in our economy, including service industries, and reduce funds

<sup>18</sup> All calculations of GDP % contribution by sector in this paper are based on contribution to total goods and services production (i.e. GDP share excluding imputed bank service charges).

available for spending on social services in the initial years of implementation of the National Development Plan, until recovery takes place.

### **2.3 Financial Services**

The financial services sector comprises deposit-taking institutions including commercial banks, building societies, credit unions and FIA institutions,<sup>19</sup> as well as non-deposit-taking institutions including insurance companies, development banks and securities dealers. In 2008 there were 129 licensed financial institutions in Jamaica including 7 commercial banks, 46 credit unions, 17 insurance companies and 48 securities dealers, as well as 4 building societies, 3 FIA institutions and 4 development banks. Consistent with the current trend in developing countries, there are also a large number of foreign exchange cambios, remittance and money transfer companies and bill payment companies that facilitate transactions between the domestic and international markets.

There has been a reduction in the total number of institutions operating in the financial sector over the past decade, from 189 in 1996 to 129 in 2008 (see Table 2). The lower numbers reflect closures, mergers and downsizing, with the effect of the most efficient institutions emerging. Commercial banks are the largest sub-group within the financial sector. In 2008, assets of commercial banks accounted for approximately 76.0 per cent of total assets of the financial system, with Building Societies at 19.0 per cent and FIAs at 5.0 per cent.

**Table 2: Institutions in the Jamaican Financial System 1996 -2008**

	1996	1999	2002	2008
<b>Deposit-Taking Institutions</b>				
Commercial Banks	11	6	6	7
FIA Institutions	30	14	10	3
Building Societies	25	5	4	4
Credit Unions	88	65	56	46
<b>Non-Deposit-Taking Institutions</b>				
Insurance Companies	29	25	21	17
Development Banks	6	6	5	4
Securities Dealers	n/a	n/a	58	48
Total	189	121	160	129

Source: ESSJ 1996 - 2008

The financial services sector has had a complex history in Jamaica over the past two decades. The sector expanded rapidly between 1990 and 1995 riding the wave of

<sup>19</sup> FIA institutions are licensed under the Financial Institutions Act.

liberalization in the foreign exchange and credit markets.<sup>20</sup> However, as has been well-documented<sup>21</sup> the sector experienced traumatic adjustment in the period that followed from 1995-1997 which resulted in a reduction in both the total number of financial institutions to 135 and the contribution of the financial sector to GDP fall from 7.8% in 1995 to 7.0% in 1998. The Financial Sector Adjustment Company (FINSAC) was established to intervene in insolvent institutions replacing non-performing loans with government-backed securities, and selling the restructured institutions. The total cost of this intervention has been estimated to be equivalent to 40% of GDP with a resultant increase in the public debt (See IMF, 2006).

In response to the crisis, there was an improvement in the regulatory framework. The Financial Services Commission (FSC) was established in 2001 and there were several substantial amendments to the Bank of Jamaica Act, Banking Act, Money Laundering Act<sup>22</sup> and Financial Institutions Act. The regulatory framework for the supervision of pension funds and credit unions also has been strengthened. The Jamaica Deposit Insurance Corporation (JDIC) was incorporated in August 1998 to provide insurance against the risk of loss of deposits held in insured financial institutions. The JDIC receives premiums from insured financial institutions at a rate of 0.15% of their total insurable deposits and the funds are invested to build the Deposit Insurance Fund.<sup>23</sup>

Following this restructuring the financial sector has regained some buoyancy which has seen its share of GDP climb to 10.8% to GDP in 2008 and the total assets of deposit-taking institutions in the financial sector increase from J\$238.9 billion in 1999 to J\$715.8 billion in 2008. However, much of this financial activity has been fueled by the explosion of domestic debt, which also has seen the increased growth of the Jamaican money market as an intermediary between individual holders of capital and the government securities market (approximately half of the dealers' funds under management are with retail clients). This has reduced the ability of the sector to provide the capital needed by the private sector for productive investments. As the sector restructures and the market becomes more competitive, financial institutions continue to refocus their attention to their core functions, as evidenced by increased loans to the productive sectors. Table 3 gives the stock of loans and advances of commercial banks and FIA institutions from 2000-2008. During this period the total stock of loans and advances increased by 587 per cent and 308 per cent, for commercial banks and FIA institutions, respectively. Concurrently, the volume of government debt held by these institutions decreased. The stock of government securities held by financial institutions peaked at \$97,187,046 at the

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<sup>20</sup> The number of financial institutions stood at a total of 162 in 1995, including 11 commercial banks, 25 merchant banks, 10 life insurance companies, 80 credit unions and 25 building societies (up from only 6 building societies in 1990). In 2005 there were a total of 131 licensed financial institutions in Jamaica, with 6 commercial banks, 47 credit unions, 17 insurance companies and 47 securities dealers, as well as 4 building societies, 5 FIA institutions and 5 development banks. Commercial bank loans and advances to the private sector increased from J\$8.6 billion in 1990 to J\$44.4 billion in 1995.

<sup>21</sup> See, for example, Wint in *PIOJ Jamaica Human Development Report 2005*.

<sup>22</sup> In 2005 the definition of financial institution was amended to include insurance intermediaries under the Money Laundering Act. The supervision of financial institutions by BOJ will be further extended to include credit unions.

<sup>23</sup> The level of basic coverage provided by the JDIC is J\$600,000 per depositor, a limit which covers over 90% of depositors in insured institutions.

end of 2000, approximately 37.0% more than the figure recorded as at December 2005. The proportion of the stock of commercial bank loans and advances that goes to consumption has increased from 31% in 2000 to 37% by 2008. As confidence in the financial system strengthens, institutions continue to look beyond expanding their loan portfolios and offer related financial services, in particular asset management.

**Table 3: Stock of Loans & Advances (\$'000) 2000 - 2008**

	Commercial Banks			FIA Institutions		
	2000	2003	2008	2000	2003	2008
Goods Producing	6,717,341	12,032,444	27,493,719	779,870	1,142,418	2,954,038
Services (1)	18,194,790	61,152,530	127,810,309	803,172	1,982,200	4,591,741
Consumption	10,933,620	25,965,017	90,863,496	1,066,486	280,6501	3,272,135
<b>TOTAL</b>	<b>35,845,751</b>	<b>99,149,991</b>	<b>246,167,524</b>	<b>2,649,528</b>	<b>5,931,119</b>	<b>10,817,914</b>

Source: ESSJ

(1) Includes Government Services

Productivity data from the Jamaica Productivity Centre indicate that labour productivity in the financial and business services sectors has reflected the overall decline in labour productivity in the Jamaican economy over the past two decades. Based on the relationship between real value-added GDP and employed labour force in the financial and business services sectors, unit labour productivity has fallen by 23.2% between 1991 and 2007.<sup>24</sup>

The sector is dominated by conglomerates (e.g. Scotia Group).<sup>25</sup> This structure has a number of potential consequences. Firstly, it increases the risks of multiple gearing of capital, connected lending, abuses of conflicts of interest and the opportunities for regulatory arbitrage. These risks would be reduced by the strengthening of the regulatory framework described above. Secondly, the potential reduction in competition among the domestic firms has been used to explain the large spreads between deposit and lending rates of 12% in 2005 compared to spreads of 5-7% in other highly indebted Caribbean countries such as St. Kitts and Grenada (See IMF, 2006).<sup>26</sup>

In the past, the government's policy of tending towards a low interest rate has led deposit-taking institutions to diversify their income sources by offering a wider range of financial products and services, increasing fee-based income and reducing their relative holdings of government securities.<sup>27</sup> Correspondingly, the share of total assets of commercial banks accounted for by loans to the private sector has increased from 16.2% of total assets in 2001 to 39.2% in 2008, while the share accounted for by government securities has fallen from 27.4% to 10.5% over the same period. Tourism has benefited from commercial

<sup>24</sup> Data provided by the Jamaica Productivity Centre (constant prices with 2000 as base year).

<sup>25</sup> Conglomerates control some 80% of the financial system's assets (IMF, 2006).

<sup>26</sup> See IMF International Financial Statistics Yearbook (2006).

<sup>27</sup> Based on government's macro-economic policies nominal and real interest rates have fallen in recent years, with average rates on government Treasury Bills falling from 25.7% in 1998 to 13.4% in 2005, and average lending rates falling from 31.6% to 17.4% over the same period.

lending more than any other productive sector, with distribution, transport, construction and manufacturing also being favoured. Table 4 below gives some additional data about trends in the financial sector over the past decade.

**Table 4: Selected Key Indicators of Financial Sector Performance 1998 - 2008**

	1998	2000	2002	2004	2006	2008
GDP Growth Rate (%)	-6.2	4.1	6.3	2.4	1.7	1.7
Contribution to Real GDP (%)	9.1	9.8	10.8	11.2	11.0	11.4
Total Assets (\$m)	221,178	267,905	340,154	472,054	578,556	715,840
Total Deposits (\$m)	164,601	204,908	230,584	298,418	370,528	441,764
Total Loans (\$m)	52,412	52,202	97,719	149,501	208,632	333,084
Capital Base (\$m)	21,662	27,416	30,112	40,757	54,946	70,057
Loan Arrears/Total Loans (%)	12.8	6.8	4.6	3.0	2.6	2.9
Pre Tax Profit Margin (%)	-1.7	16	21.5	22.1	25.2	27.2

Source: ESSJ

There has also been an increase in credit windows to small businesses and microfinancing, including the Pan-Caribbean Financial Services Credit Scheme for MSEs, Micro Investment Development Agency (MIDA), Micro Enterprise Financing Limited (MEFL), Jamaica National Small Business Loan Limited, GOJ/GON Micro Enterprise Loan Fund, the Credit Organization for Pre-Micro Enterprises (COPE), as well as programmes offered by Mayberry Investments Limited and Scotiabank Jamaica. However, MSEs continue to receive a very small fraction of total annual loan financing in Jamaica.

The broader capital market also includes the stock market which functions as a source of equity financing for local companies. The Jamaica Stock Exchange (JSE) was established in 1968 with a total of 34 listed companies, and while little trading took place during the decade of the 1970s the market experienced steady growth in trading and market capitalization over the following 25 years. The stock market index rose from 2,592 points in 1989 to over 100,000 points in 2003, while total market capitalization rose from \$7.2 billion in 1990 to over \$512 billion in 2003. In 2008 the JSE recorded a total of 30,323 transactions representing 2.0 billion units valued at over \$67.0 billion, while the index closed at 80,152.03, reflecting a total market capitalization of \$597.3 billion for 45 listed companies.<sup>28</sup> The development of the local stock market also has included establishment of the Jamaica Central Securities Depository (JCSD) in 1998, introduction of a fully automated trading system in 2000, and cross-listing of stocks in other Caribbean exchanges. However, the number of companies listed has remained relatively small and the long-term growth of the stock market will involve addressing a number of challenges including relatively low liquidity and a traditional preference for debt financing over equity on the part of local companies. Steps may also be required to facilitate listing and trading of small capitalization companies.

Recent years also have seen the emergence of a number of unregulated financial operations e.g. Cash Plus and Olint Corporation. This represents risk to individuals with large amounts invested as well as a source of pressure on the sector resulting from the failure of these investment schemes. On the other hand, the large take-up of these

<sup>28</sup> JSE.

investments indicates that there is a market for risk to which the formal sector has not adequately responded. Internationally, this market has been partially met by higher-risk hedge funds and venture capital funds, for example, which also have been drivers of innovation. In Jamaica these developments require adequate policy and regulatory responses by the BOJ and FSC.

Several international financial institutions have recently expressed interest in operating in Jamaica such as the Royal Bank of Canada. This is an indication of some amount of saturation in the US and UK markets which may drive such institutions to look to other parts of the world such as Jamaica for their growth. These developments, which could serve to deepen and widen the financial sector, also will require appropriate responses to facilitate the approach of international banks and mortgagors to the Jamaican market, such as the current move to offer title insurance<sup>29</sup> in Jamaica.

## **2.4 Business Services**

For the purposes of this plan, business services include real estate, consulting and professional services and information technology services. This part of the sector is important in the Jamaican economy, accounting for 9.3% of GDP in 2008.<sup>30</sup> The main developments affecting this sector in recent years have included the liberalization of global and regional markets facilitated by the growth in technology, interconnectedness and the increase in knowledge which has allowed easier entry into the Jamaican market. Most professional business services such as consulting have also benefited from information technology and the increased move of competition from backward integration of companies offering in-house consulting services, and opportunities offered to developing countries including Jamaica by increased outsourcing of business services from developed countries. The passage of the Real Estate Act in 1987 allowed for the registration and regulation of real estate dealers and developers in Jamaica, while the progressive liberalization of the telecommunications regime in Jamaica has supported the growth of firms providing a wide range of information technology services including software and hardware systems design, e-commerce, website design and maintenance, telecommunications and electronic data systems. The e-commerce law is an important enabler for this sector that allows businesses to issue electronic signatures and accepting electronic documents.

As the sector largely depends on the provision of business-related services to productive enterprises in other sectors such as tourism, manufacturing, construction and financial services, its long-term development will be influenced strongly by the overall economic growth of the economy, as well as by measures to enhance the business environment and competitiveness of firms in the sector. The growth of urban centres also typically provides expanded markets for business and personal services.

A major trend over the past decade has been the globalization of the business services sector due to the liberalization of global and regional markets and the growth of

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<sup>29</sup> Guarantees the existence of a title for real estate property.

<sup>30</sup> The sector includes a large numbers of enterprises ranging from accounting and business consulting firms, real estate brokers and managers, lawyers, architects, engineers, to information technology consultants and service providers.



international telecommunications and travel infrastructure, which facilitate the export of business services by Jamaican providers as well as the entry of international and regional firms to the domestic market. The pending creation of the Caribbean Single Market and Economy (CSME) under CARICOM in particular will enable free movement of skilled labour, including business service providers, between English-speaking Caribbean islands.

A recently completed study of the services sectors in Jamaica<sup>31</sup> reviews the use of the four main modes of trading services as identified under the GATS, viz:

- Mode 1: Cross border supply – exporting using email, courier, fax, mail, video, telephone, internet
- Mode 2: Consumption abroad - consumer comes to Jamaica or foreign company/person operating in Jamaica consumes service
- Mode 3: Commercial presence – set up a branch or subsidiary overseas
- Mode 4: Movement of natural persons – temporary entry into another country to provide services

The study confirmed that service providers in Jamaica primarily use the first two modes where service providers deliver services abroad by using Jamaica's advanced telecommunications system or provide services to foreign clients who travel to Jamaica. The modes that require Jamaican service providers to leave the country are the least used modes. The main challenges identified for the export of services included relatively low levels of awareness of export modes and opportunities among local service providers, unavailability of affordable financing options, inefficiencies in bureaucratic processes, and competitive advantages to foreigners who do not have to pay GCT and other local taxes on services sold in Jamaica.

## ***2.5 Distributive Trade/ Wholesale & Retail Trade; Repair and Installation of Machinery***

Distributive trade is the single largest sector in the Jamaican economy, accounting for 18.1% of GDP in 2008, including the wholesale and retail trade. The distributive trade sector is also a major employer of persons in the local economy, estimated at 171,600 persons employed in 2008 or 14.8% of the total employed labour force. Some 63% of the total sales by the distributive trades in 2008 were accounted for by the following five (5) categories of goods: food, beverages and tobacco; minerals, fuels, lubricants and petroleum products; hardware, building supplies and electrical goods; chemicals, pharmaceuticals and cosmetics; and automobiles, commercial and transport equipment. In addition, the category of other manufactured goods accounted for 33% of total sales in the distributive trade sector in 2008. The structure of the distributive trade sector is highly concentrated, as medium and large enterprises (with average annual sales in excess of US\$1 million) only represent 11.0% of the total number of enterprises in the sector but accounted for 87% of total sales by the sector in 2008, while micro and small enterprises which represent 89% of the total number of enterprises only accounted for 13% of total sales by the sector in the same year.

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<sup>31</sup> A-Z Information Jamaica Limited (2006) Services Sector Study - Final Report.

The distributive trade sector represents a key component in the efficient operation of the local market for goods, with particularly strong linkages to the tourism, agriculture and construction sectors, and also includes a relatively high import content. The sector has shown growth in labour productivity with the value added per worker increasing from J\$488,028 in 2004 to J\$562,292 in 2008 (as measured in constant 2003 prices).<sup>32</sup> There are opportunities for increased value added and efficiency in distribution through application of technology, economies of scale, improved supply chain and inventory management, and consolidation of delivery services

The vibrant nature of the sector is reflected in the increasing number of shopping complexes, stores and supermarkets. Real sales in the distributive trade sector has increased by an annual average of 1.1% over the past five (5) years from 2004 – 2008.<sup>33</sup> The sector is likely to be further boosted by the Electronic Transaction Act of 2006. The Act makes valid electronic information, thus enabling the sale of goods and services over the Internet. While these developments will facilitate the growth of e-commerce in Jamaica, the increase in credit and debit cards and the availability of international mailboxes also have increased the amount of online purchasing by Jamaican consumers. This may have implications for the demand for goods in the local market since the Jamaican consumer increasingly has access to goods produced and warehoused anywhere in the world.

The Jamaican distributive trade sector also has seen a number of trends that have been evident internationally, including mergers and consolidation among distribution chains, backward integration into own-label production and expansion of marketing channels. While there has been growth in the size of the largest firms in the sector, particularly in the categories of general groceries, gasoline distribution and furniture, the distributive trade sector remains open to competitive forces through the entry of new companies and by growth of small enterprises. In addition, the level of information available to buyers and sellers in the sector has increased through labeling requirements, expansion of advertising media and growth of information technology (e.g. the internet). There are also qualitative differences in the nature of distribution facilities in upscale urban areas and those in low-income and rural areas. Nevertheless, downtown Kingston contains the most dense centre of wholesale and retail trade in the island.

The main regulatory agencies for the distributive trade sector are the Fair Trading Commission (FTC), Consumer Affairs Commission (CAC) and the Bureau of Standards, which fall under the responsibility of the Ministry of Industry and Commerce. Given the rise in the sophistication of trade fraud, increased attention has been given to consumer education and protection. The main aim of the Consumer Protection Act, which became effective June 2005, is to protect the rights of the consumer. The Consumer Affairs Commission, which administers the Act, continuously carries out education campaigns to inform consumers about their rights and responsibilities. Additionally, the CAC secures funds in compensation for consumers. In 2008, the CAC secured \$19.8 million in compensation to consumers, relative to \$33.6 million in 2007.

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<sup>32</sup> ESSJ 2008.

<sup>33</sup> Estimated based on data from Taxpayer Audit & Assessment Department.

## **2.6 Issues and Challenges**

### **2.6.1 Financial Services**

#### 1. International and Regional Competitiveness

The financial sector in Jamaica is exposed to international and regional competition as are the goods-producing sectors. However, the high level of foreign ownership in the sector particularly in commercial banking and insurance indicates that these financial institutions will have access to international levels of technology, business practices and capital that may be required to maintain international competitiveness. It is of course well-documented that the firms with foreign ownership were the ones which survived the financial crisis of the 1990s without requiring assistance from the government. The challenge therefore for locally-owned institutions will be to remain internationally competitive through similar levels of access to technology and capital and through development of diversified products to meet the evolving requirements of domestic and international markets.

#### 2. Supervision and Regulation

The supervisory and regulatory framework of the financial sector has been strengthened significantly since the financial crisis of 1995-1997, with adoption of international best practices in many areas. However a number of aspects of the supervisory and regulatory framework will require attention, including the following:

- Despite progress made including separation of deposit-taking and non-banking activities, the consolidated approach to supervision of financial conglomerates requires further strengthening, including increased reporting requirements and inter-agency cooperation
- Strengthening anti-money laundering regulatory and institutional regime
- The rapid growth of securities dealers (e.g. JMMB) has increased the amount of funds available to the government at the expense of funds for private sector investments
- Strengthening regulatory framework and prudential standards for credit unions while maintaining access to credit for small savers and borrowers
- Enhancing capabilities for monitoring the equity and real estate markets and their impact on the financial system
- Strengthening resources and capacities of regulatory institutions including increased on-site inspections, monitoring risk management practices, review and monitoring of reinsurance coverage, enforcement of penalties for noncompliance
- Enhancement and enforcement of margin requirements
- Rationalization and improvement of tax regimes and regulations governing collective investment vehicles including mutual funds and pension funds
- Strengthening the supervisory independence of the Bank of Jamaica
- Measures to ensure increased compliance with Basel Committee Core Principles for Effective Banking Supervision
- Lack of dispute settlement mechanisms for commercial issues
- Need for legislation to allow financial institutions to offer unit trusts, venture capital and hedge funds.

It should be noted that it is intended that many of the issues in the existing supervisory and regulatory framework for banks will be addressed in the Omnibus Banking Bill which is currently under preparation.

### 3. Access to Credit

Increased access to credit will play an important role in the island's long-term economic development, particularly given the effect of public sector borrowing on the availability of capital for private sector investment, with the following considerations being relevant:

- An important challenge for the financial sector will be to continue to shift the structure of their assets in favour of loans and advances to the productive sectors and away from non-productive investment in government paper, including increased small business loans and microfinancing
- Establishment of a credit information bureau to provide greater information on borrowers and reduce lending risks while respecting privacy and confidentiality concerns
- Other measures to improve credit supply conditions include modernizing insolvency procedures and increasing efficiency of procedures to enforce secured rights
- Geographic spread of formal institutions is limited

### 4. Payment and Settlement Systems

The financial sector relies on two payment systems, namely the Customer Inquiry and Funds Transfer System (CIFTS) operated by the BOJ and the privately operated electronic automated clearing house (ACH), as well as an electronic retail banking system for ATMs and electronic funds transfers. The efficient and secure functioning of the financial system will also benefit from steps to improve the payment and settlement systems, including:

- Strengthening the legal framework to resolve issues of finality of payments and protection of the payments system in case of bankruptcy of participants
- Addressing the absence of fully secure back-up systems
- Expansion of the Jamaica Central Securities Depository to include handling of fixed-income securities (as already provided for equities)
- Provision of electronic trading system to replace over-the-counter foreign exchange market and foster local forward foreign exchange market

### 5. Long-Term Diversification

The long-term development of the financial sector will also require consideration of diversification options for the sector. For example, Jamaica may choose to evaluate the feasibility of developing an off-shore banking industry such as have been developed by regional competitors, including the Bahamas, Barbados, Belize, British Virgin Islands, the Cayman Islands, Dominica, Montserrat, St. Kitts and Nevis, and the Turks and Caicos Islands. Other possible diversification options include the development of ethical or social banking, virtual banking and community banking. The broader diversification of the capital market will also include the expansion of the role of the stock exchange in mobilizing equity financing and development of additional financial instruments such as municipal and corporate bonds. The future of the stock exchange may even include the possibility of acquisition by an international stock exchange.

## 6. Regional Capital Market

The implementation of the CSME will involve creation of an integrated regional capital market for CARICOM member states, and will face a number of challenges including:

- Relatively high transaction costs in regional capital markets
- Low liquidity in some markets including Jamaica
- Relatively small number of listed companies with a few securities dominating trading
- Varying legislation and rules across member states in the region

## 7. Environment and Hazard Mitigation

While the financial sector does not directly generate significant environmental pressures the following issues are relevant:

- Generation of increasing levels of e-waste associated with increased use of information and communication technology
- Need for back-up systems in the event of natural disasters that cripple the technological infrastructure
- Application of environmental assessment requirements in loan financing processes

### **2.6.2 Real Estate and Business Services**

In addition to the challenges in the overall macro-economic and business environment the challenges facing the long-term development of the real estate and business services also will include the following:

#### 1. Certification, Accreditation and Standards

While the categories of professionals in the sector requiring accreditation currently include accountants and auditors, real estate dealers and developers, lawyers, architects and engineers, the range of certification of professionals may be required to increase to include other occupations, based on international trends as well as the requirements of regional accreditation under the implementation of the CSME. There is a need to strengthen the standards that govern services and the capacity of monitoring institutions to complement self-regulation, including establishment of mechanisms to ensure confidentiality and accountability on the part of service providers.

#### 2. Trade Liberalization and Regional Integration

The long-term competition from international and regional firms will continue to be driven by the liberalization of global and regional markets and the absence of any significant barriers to entry. In particular, the creation of the CSME will enable free movement of skilled labour between English-speaking Caribbean islands including providers of real estate and business services, a trend which also offers opportunities for export of business services from Jamaica

#### 3. Migration of Skilled Labour

The development of the sector has been negatively impacted by the net outward migration of skilled labour particularly in conditions where Jamaica suffers a “brain

drain” of up to 34%-59% of its tertiary educational graduates.<sup>34</sup> This is a trend which will have to be countered over the long term.

#### 4. Technology

The prospects of the sector will be influenced profoundly by the ongoing development of technology, including the rollout of broadband internet infrastructure, wireless telecommunications, and information and communications technology (ICT) applications as the technological platform for the continued evolution and delivery of modern business services in Jamaica. The sector also requires reduction in the costs of telecommunications services including the cost of internet outbound connectivity to support international competitiveness.

#### 5. Business Environment

The business services sector is also affected by constraints in the business environment, including trade procedures, costs and delays in land approval and transfer processes, high cost of capital and operating inputs, high levels of crime and violence, and inefficient tax payment processes. It will be necessary also to establish mechanisms to strengthen the capacity of the high number of SMEs in the sector and to encourage the formalization of business service enterprises in the informal sector.

### **2.6.3 Distributive Trade**

The distributive trade sector is affected by many of the factors in the general business environment that affect the productive sectors including customs and cargo handling, business regulations, and the cost of financing, energy and security. In addition, the factors below are relevant to the long term development of the sector.

#### 1. Trade Policy

Due to its high import content the distributive trade sector is affected by Jamaica’s international and regional trade policies, which can affect the supply and price of traded goods through the levels of restrictions, regulations and tariffs involved. In this regard, the current Doha Round of WTO negotiations as well as CARICOM regional and bilateral agreements including the Economic Partnership Agreement (EPA) negotiations with the European Union will be the most relevant in their potential impact on the sector, including the long-term removal of tariffs and special treatment between CARICOM members under the CSME. It should also be noted in this context that the interests of the distributive trade sector, which may benefit from trade liberalization and improved market access, may not coincide with the interests of domestic producers who may feel threatened by greater access of foreign goods to the local market.

#### 2. Transport and Storage

The distributive trade sector is also dependent on the transport and storage infrastructure in the island, in particular the road transport system, seaports and airports. Transport constraints for the distributive trade sector include the limited capacity of highways to accommodate container haulage vehicles, temporary

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<sup>34</sup> Knight, Pauline, Easton Williams and Steven Kerr (PIOJ 2006) (unpublished).

contraction in air cargo movements consequent on the construction work at both international airports and the restructuring of Air Jamaica, inadequate levels of storage facilities, and lack of an intra-island coastal marine cargo system.

### 3. Environmental Issues

Among the environmental issues related to the distribution trade are solid waste generated by the packaging of traded goods (e.g. PET bottles), handling of hazardous materials, and contribution to energy consumption and air pollution from road transport vehicles employed in the distributive trades.

### 4. Disposable Income and Economic Growth

The growth of the sector generally will be dependent on the overall growth of the economy and the disposable income of the population, as well as growth in linkage sectors such as tourism and construction. This will be particularly important for those sub-sectors of the distributive trade sector whose products represent discretionary expenditure e.g. jewellery and electronics. In addition, both the supply and demand for traded goods may be vulnerable to business cycles and shocks caused by international market crises or natural disasters.

### 5. Business Environment

The distributive trade sector is also affected by constraints in the business environment, including delays in import and export procedures, high cost of capital and operating inputs, high levels of crime and violence, inefficient tax payment processes and the high level of informality among enterprises in the distributive trades.

### 6. Sector Information

Due to the large number of small, micro and informal enterprises in the distributive trade sector, it is difficult to obtain comprehensive and reliable information on the sector to provide a basis for planning and monitoring. This problem is not amenable to resolution in the short term, but the sources of information may improve over time as more enterprises enter the formal sector.

### 7. International Competitiveness

While the distributive trade sector currently has relatively low levels of foreign ownership, local distributors have to ensure that they strive for international levels of competitiveness and customer service, in order to prepare for the potential entry of foreign competitors, as well to be able to take advantage of opportunities for expansion into regional and international markets.

### 8. Long-Term Evolution of Sector

Even as the distributive trade sector in Jamaica grows in absolute terms (e.g. sales growth), it may expect to see its share of the national economy and GDP fall, in line with the experience of other developing and developed countries, as the impact of economies of scale within the distributive trade sector diminish relative to other sectors of the economy.<sup>35</sup> The industry also will have to consider how to increase the effective use of evolving applications of technology including e-commerce to maintain growth.

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<sup>35</sup> See Anderson, James H. and Roger R. Betancourt. (1999).

### 3. SWOT Analysis

**S**ervices are an essential component in the sustainable development of nations. A standard tool of strategic analysis is SWOT Analysis, which seeks to identify the main strengths, weaknesses, opportunities and threats for a given entity, ranging from a nation to a sector to an individual enterprise. For the Financial, Business and Distribution Services Sectors in Jamaica the identification of strengths and weaknesses represents the internal assessment of the sector while the consideration of opportunities and threats represents the analysis of the external environment for these sectors.



The SWOT Analysis, along with the Situational Analysis presented above, form the basis for identifying goals, objectives and strategies that may be employed to apply the strengths and address the weaknesses of the sector, and capitalize on the opportunities and mitigate the threats to the long-term development of the sector. The SWOT Analysis for Jamaica’s Financial, Business and Distribution Services Sectors is presented below.

**Table 5: SWOT Analysis – Services Sector**

INTERNAL ANALYSIS	
STRENGTHS	WEAKNESSES
<p><b><u>Financial Services</u></b></p> <ul style="list-style-type: none"> <li>• Supervisory and regulatory framework of the financial sector with adoption of best practices</li> <li>• Credit unions – their ability to provide credit for small savers and borrowers</li> <li>• Established range of financial services</li> <li>• General confidence in formal financial institutions</li> </ul>	<p><b><u>Financial Services</u></b></p> <ul style="list-style-type: none"> <li>• Underdeveloped capital market</li> <li>• Lack of diversification of income sources of deposit-taking institutions i.e. a heavy concentration on government paper</li> <li>• Limited credit administration experience in financial institutions</li> <li>• The structure of the financial sector (dominated by conglomerates) increases risk of multiple gearing of capital, connected lending, potential conflicts of interest</li> <li>• High cost of doing business</li> <li>• Regulatory inflexibility</li> <li>• Twin peak regulation (sector monitored by both BOJ and FSC)</li> <li>• Limited competitiveness in market structure of financial sector</li> <li>• Absence of a credit bureau</li> <li>• Lack of transparency in bank charges</li> <li>• Limited industry-level strategic planning</li> </ul>



<p><b><u>Business Services</u></b></p> <ul style="list-style-type: none"> <li>• Qualified competent professionals</li> <li>• ICT-ready supporting environment</li> <li>• Intellectual property framework</li> <li>• Available air and sea transportation</li> <li>• Self-regulatory framework</li> <li>• English-speaking</li> <li>• Health system and healthy population</li> <li>• Adequate office and commercial space</li> </ul>	<p><b><u>Business Services</u></b></p> <ul style="list-style-type: none"> <li>• Limited scale of service providers</li> <li>• Lack of expertise in exporting business services</li> <li>• Shortages of certain professional and business skills</li> <li>• Cost of telecommunications services</li> <li>• Limited supporting scientific and technical skills and facilities</li> <li>• Lack of a culture of trust, collaboration and coordination amongst services providers</li> <li>• Lack of a strong enough capital base or specially designated funding sources (such as the EXIM Bank and venture capital) for service providers</li> <li>• Lack of bilingual skills</li> </ul>
<p><b><u>Distribution Services</u></b></p> <ul style="list-style-type: none"> <li>• Geographic location of Jamaica</li> <li>• Efficient network to facilitate the distribution of goods and services</li> <li>• Culture of logistics and distribution management</li> <li>• Improved primary road network</li> </ul>	<p><b><u>Distribution Services</u></b></p> <ul style="list-style-type: none"> <li>• The large number of small, micro and informal enterprises in the sector makes it difficult to obtain comprehensive information on the sector, thereby reducing the ability to properly plan for the sector and to effectively monitor it</li> <li>• Inefficient tax system and business environment which encourage some distributors to operate in the informal economy</li> <li>• Low penetration of technology and efficient modern practices</li> <li>• Focused on local markets</li> <li>• No defined quality standards for customer service</li> </ul>

<b>EXTERNAL ANALYSIS</b>	
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<p><b><u>Financial Services</u></b></p> <ul style="list-style-type: none"> <li>• High level of foreign ownership in the sector particularly in commercial banking and insurance offers potential to leverage international levels of technology, business opportunities and capital for Jamaica</li> <li>• Potential establishment of fully automated financial trading system, including cross listing of stocks in other Caribbean exchanges</li> <li>• Offshore Banking (International Financial Corporations)</li> <li>• Existing and pending changes in the Pension Laws provide opportunities for expansion of role of sector in pension planning and services locally and regionally</li> <li>• Favourable environment for e-commerce provided by E-Commerce Law (Electronic Transactions Act 2006)</li> <li>• Existing capital invested in government securities which can be used to expand investment and business opportunities in productive sectors</li> <li>• Potential for sourcing of equity financing for small companies from the Stock Exchange</li> </ul>	<p><b><u>Financial Services</u></b></p> <ul style="list-style-type: none"> <li>• Low levels of financial literacy in domestic market</li> <li>• Unstable macroeconomic environment (e.g. unstable exchange rate, high debt burden)</li> <li>• Potential obstacle of emerging Trade Laws</li> <li>• Crime and the high cost of security</li> <li>• Potential impact of alternative unregulated financial schemes</li> <li>• Global economic downturn (which may reduce the demand for financial services)</li> </ul>
<p><b><u>Business Services</u></b></p> <ul style="list-style-type: none"> <li>• Favourable environment for services provided by Real Estate Act 1987 and Electronic Transactions Act</li> <li>• Liberalization of the telecommunications regime</li> <li>• Highly developed port infrastructure</li> <li>• Special treatment for CARICOM Members under the CSME allowing local providers of business services to attain preferential market access in other Caribbean countries</li> </ul>	<p><b><u>Business Services</u></b></p> <ul style="list-style-type: none"> <li>• Liberalization of regional and global markets allowing greater ease of entry by foreign business services firms to the Jamaican market</li> <li>• Inefficiencies and complexities of bureaucracy that hinder compliance and increase transaction costs</li> </ul>

<p><b><u>Distribution Services</u></b></p> <ul style="list-style-type: none"> <li>• Highway 2000 and North Coast Highway</li> <li>• Available low cost technologies and improved inventory and trading systems</li> <li>• Highly developed port infrastructure to accept incoming components of the distributive trade</li> <li>• Growth and potential growth in the tourism, agriculture and construction sectors</li> <li>• Special treatment for CARICOM Members under the CSME allowing local distributors to attain preferential market access in other Caribbean countries</li> <li>• Increased consumer advocacy</li> <li>• Continued reduction in interest rates</li> </ul>	<p><b><u>Distribution Services</u></b></p> <ul style="list-style-type: none"> <li>• Shocks affecting transportation of goods – such as exchange rate movements</li> <li>• Taxes that negatively affect the disposable income of the population or the cost of goods to be traded by the sector</li> <li>• State of rural road network</li> <li>• Limited capacity of roads to accommodate container haulage vehicles</li> <li>• Absence of railway network</li> <li>• Jamaica’s international and regional trade policies</li> <li>• Lack of venture capital for sector</li> <li>• Crime and the high cost of security</li> <li>• Potential entry of foreign distribution competitors</li> <li>• Unreliability and costs of energy supply</li> </ul>
<p><b><u>Other</u></b></p> <ul style="list-style-type: none"> <li>• Strong “Brand Jamaica” in the international market which provides a marketing advantage to some services providers</li> <li>• Large Diaspora of overseas Jamaicans which are favourably inclined toward Jamaican services providers</li> <li>• Potential to collaborate with members of the Diaspora to access mainstream and other ethnic markets in countries such as the USA, UK and Canada</li> <li>• Opportunities to use information technology to deliver services and to identify the services needs of foreigners</li> <li>• Potential to combine services offerings with existing leading exports of Jamaican goods including agricultural products</li> <li>• Opportunities under the skilled migrant programmes offered by developed countries (e.g. USA, Canada, or UK’s Home Office ‘Highly Skilled Migrant Programme’ for service providers in the engineering and health care sub-sectors due to a shortage of labour)</li> </ul>	<p><b><u>Other</u></b></p> <ul style="list-style-type: none"> <li>• Vulnerability to natural and man-made hazards</li> <li>• Potential incidents that create negative perceptions about Jamaica</li> </ul>

## 4. Strategic Vision and Planning Framework

The long-term process of planning for the Services Sector is guided by a Vision that describes a future for the sector that is desirable for its stakeholders and that can be achieved through their own efforts within a realistic time frame. The Sector Plan contains an overall Vision for the Services Sector, which reflects the contributions of the stakeholders represented on the Services Task Force during the Vision 2030 Jamaica planning process.

### 4.1 Vision Statement

The Vision Statement for the Services Sector for Vision 2030 Jamaica is:

**“Globally Competitive, High Quality, Knowledge-Based Financial, Business, and Distribution Services meeting World Class Standards, with Highly Educated, Skilled, Innovative, Trained Work Force, using Appropriate Technology, Relevant Research and Development, and Environmentally Sustainable Practices, within a Supporting Business and Regulatory Framework”**

#### 4.1.1 Strategic Vision

The long-term strategic vision for the Services Sector in Jamaica is built on a number of fundamental elements, including the following:

- i) A Services Sector that is competitive in Jamaica and in regional and international markets;
- ii) A Services Sector that is driven by private sector investment within a policy and regulatory framework that fosters competition and transparency;
- iii) A Services Sector that contributes to the long-term socio-economic development of Jamaica;
- iv) A Services Sector that is environmentally sustainable with increased use of renewable energy sources and minimal harmful environmental impacts;
- v) A Services Sector that is knowledge-driven based on widespread use of appropriate technology and supported by relevant research and development.

This strategic vision is expressed in the strategic framework for the Services Sector for Vision 2030 Jamaica presented below.

## **4.2 Strategic Planning Framework**

### **4.2.1 Strategic Approach**

The strategic planning for Jamaica's Services sector is based on the premise that financial and business services and distribution will be central to the growth and dynamism of the Jamaican economy throughout the timeframe covered by Vision 2030 Jamaica. The Plan seeks to increase the international competitiveness of these industries and their access to regional and international markets. The Plan does not seek to target specific areas within these industries for preferential treatment, but provides for an efficient and enabling business environment and infrastructure which can support the development of value-added production in a range of service industries where competitive advantages already exist or may be built in the future.

The Services Sector Plan recognizes that people are the fundamental resource of service industries, and places emphasis on strengthening the human resources of the sector through certification and accreditation of service providers to international standards; improved education and training; and deepening the research and development capacities of service enterprises.

To improve the productivity and competitiveness of the services sector, the Plan focuses on improving all aspects of the supporting environment for service enterprises in Jamaica, and includes strategies to develop a policy and regulatory framework and a streamlined bureaucracy that facilitate the establishment and operation of service industries and enterprises. The Plan seeks to improve the transport and telecommunications infrastructure for services as well as the access to capital. It also provides for strengthening the capacity and role of industry associations in lobbying and in delivery of supporting services to their members in service industries.

The Services Sector Plan seeks to strengthen the marketing and export of services through a range of strategies and key initiatives, including the implementation of the National Export Strategy, the Strategic Plan for the Promotion of Professional Service Exports in Jamaica, and the establishment of the Jamaica Coalition of Service Industries (JCSI).

Finally, the Plan addresses the long-term environmental sustainability of the services sector through strategies to reduce its main environmental impacts and improve its resilience against natural and man-made hazards, and to ensure that service industries play a central role in the development of the green economy of the future.

### **4.2.2 Goals and Outcomes**

The four (4) main goals and associated outcomes of the Services Sector Plan are presented below. The Sector Goals represent the ultimate desired state of the Services Sector through which we realize the Sector Vision. The Sector Outcomes represent the desired results which we seek to achieve under each goal. A range of indicators and targets

aligned to the Sector Outcomes provide quantitative milestones against which progress in implementing the Services Sector Plan over time may be measured.

**Table 6: Services Sector Goals and Outcomes**

<b>GOALS</b>	<b>OUTCOMES</b>
<b>1:- A globally competitive services sector</b>	<b>1.1:- Service providers who meet relevant international and domestic standards and accreditation</b>
	<b>1.2:- Strong participation in global and domestic markets</b>
	<b>1.3:- Services sector with high levels of productivity</b>
<b>2:- Human resources that meet the labour force needs of the services sector</b>	<b>2.1:- The dynamic labour force needs of the services sector are met by education and training institutions</b>
	<b>2.2:- Improved human resource development in the services sector</b>
<b>3:- A business environment and responsive infrastructure which can adequately support the growth of the services sector</b>	<b>3.1:- A supportive policy and regulatory framework</b>
	<b>3.2:- Modernized and responsive infrastructure</b>
	<b>3.3:- Improved personal, property and data security</b>
	<b>3.4:- Improved provision of and access to capital</b>
	<b>3.5:- Streamlined and facilitatory bureaucracy</b>
	<b>3.6:- Strengthened industry associations</b>
<b>4:- Environmentally sustainable sector</b>	<b>4.1:- Reduction of main environmental impacts of services sector</b>
	<b>4.2:- Improved resilience against natural and man-made hazards</b>
	<b>4.3:- Services established as central component in development of green economy</b>

#### **4.2.3 Integration with the National Development Plan**

Under Vision 2030 Jamaica, each Sector Plan is integrated with the strategic framework of the National Development Plan. The Services Sector Plan is aligned with the National Development Plan under the following National Goal and National Outcome:

National Goal #3: Jamaica’s Economy is Prosperous  
 National Outcome #12: Internationally Competitive Industry Structures

Consequently, the implementation of the Services Sector Plan will contribute primarily to the achievement of National Goal #3 and National Outcome #12 of the National Development Plan.

### 4.3 Sector Indicators and Targets

The proposed indicators and targets for the Services Sector Plan over the period 2009 - 2030 are presented in Table 7 below.

**Table 7: Services Sector Plan – Proposed Indicators and Targets**

Services Sector Plan					
PROPOSED OUTCOME INDICATORS	BASELINE	PROPOSED TARGETS			COMMENTS
		2012	2015	2030	
	2007 or Most current				
Change in growth rate of services (Financing and Insurance and Real Estate and Business Services)	3.4%	≥2.25%	≥2.25%	≥4.02%	The average growth rate of these two sectors between 2001 and 2007 was 2.25%. The target is to maintain this rate through 2015 while pushing to achieve the highest rate during the period 2001-2007 (4.02%) by 2030.
% change in gross sales of registered firms in distributive trade sector	2.60%	≥ 3%	≥ 5%	≥6.5%	The average growth rate for the last 5 years was 1.34%. However, the target is set at the projected growth rates for overall GDP, so as to also capture transfer of firms from the informal to the formal economy.
% change in the growth rate of the services sector - financing, insurance and real estate and business services	3.40%	2.25%	2.25%	4.02%	
% change in gross sales of registered firms in distributive trade sector	2.60%	≥ 3%	≥ 5%	6.50%	
All Jamaica Composite Index	107968				
Loan Arrears/Total Loans (%)	2.30%				
% change in total deposits	14.08%				

## 5. Implementation, Monitoring & Evaluation Framework for the Services Sector

### 5.1 Implementation Framework

The implementation of the Services Sector Plan is an essential component of the implementation, monitoring and evaluation framework for the Vision 2030 Jamaica – National Development Plan. The Plan is implemented at the sectoral level by ministries, departments and agencies (MDAs) of Government as well as non-state stakeholders including the private sector, NGOs and CBOs. The involvement of stakeholders is fundamental to the successful implementation of the National Development Plan and the Services Sector Plan.

#### Components of Vision 2030 Jamaica

The Vision 2030 Jamaica National Development Plan has three (3) components:

**1. Integrated National Development Plan:**

The integrated National Development Plan presents the overall plan for Vision 2030 Jamaica, integrating all 31 sector plans into a single comprehensive plan for long-term national development. The integrated National Development Plan presents the National Vision, the four National Goals and fifteen National Outcomes, and the National Strategies required to achieve the national goals and outcomes.

**2. Medium Term Socio-Economic Policy Framework (MTF):**

The Medium Term Socio-Economic Policy Framework (MTF) is a 3-yearly plan which summarizes the national priorities and targets for the country and identifies the key actions to achieve those targets over each 3-year period from FY2009/2010 to FY2029/2030.

**3. Thirty-one (31) Sector Plans:**

At the sectoral level Vision 2030 Jamaica will be implemented through the strategic frameworks and action plans for each sector as contained in the respective sector plans. Vision 2030 Jamaica includes a total of thirty-one (31) sector plans covering the main economic, social, environmental and governance sectors relevant to national development.

#### 5.1.1 Accountability for Implementation and Coordination

The Cabinet, as the principal body with responsibility for policy and the direction of the Government, has ultimate responsibility for implementation of the National Development Plan. Each ministry and agency will be accountable for implementing the National Development Plan (NDP) through various policies, programmes and interventions that are aligned with the strategies and actions of the NDP and the sector plans. A robust results-



based monitoring and evaluation system will be established to ensure that goals and outcomes of the Plan are achieved. This system will build on existing national and sectoral monitoring and evaluation frameworks and will be highly participatory.

### **5.1.2 Resource Allocation for Implementation**

Vision 2030 Jamaica places great emphasis on ensuring that resource allocation mechanisms are successfully aligned and integrated with the implementation phase of the National Development Plan and sector plans. The requirements to ensure resource allocation for implementation will include alignment of organizational plans in the public sector, private sector and civil society with the National Development Plan, MTF and sector plans; coherence between the various agency plans with the National Budget; rationalization of the prioritisation process for public sector expenditure; and increased coordination between corporate planners, project managers and financial officers across ministries and agencies.

## ***5.2 Monitoring and Evaluation Framework***

### **5.2.1 Institutional Arrangements**

A number of institutions and agencies, including the following, will be involved in the monitoring and evaluation framework for the National Development Plan and the Services Sector Plan:

1. **Parliament:** The Vision 2030 Jamaica Annual Progress Report will be presented to the Parliament for deliberations and discussion.
2. The **Economic Development Committee (EDC)** is a committee of Cabinet chaired by the Prime Minister. The EDC will review progress and emerging policy implications on the implementation of Vision 2030 Jamaica and the relevant sector plans.
3. The **Vision 2030 Jamaica Technical Monitoring Committee (TMC)**, or Steering Committee, is to be chaired by the Office of the Prime Minister and will provide oversight for the technical coordination and monitoring of the Plan and reporting on the progress of implementation.
4. The **Vision 2030 Jamaica Technical Secretariat** to be institutionalized within the PIOJ will play a leading role in coordinating implementation, analyzing social and economic data and information, consolidating sectoral information into comprehensive reports on Vision 2030 Jamaica's achievements and results, maintaining liaisons with sectoral focal points in MDAs, and supporting the establishment and operation of Thematic Working Groups.
5. **Ministries, Departments and Agencies (MDAs)** represent very important bodies within the implementation, monitoring and evaluation system. They are the

Sectoral Focal Points that will provide data/information on a timely basis on the selected sector indicators and action plans, and be responsible for the timely preparation of sector reports that will feed into the Vision 2030 Jamaica Annual Progress Report. For the Services Sector Plan, the main MDAs comprising the relevant Sectoral Focal Point will include the Ministry of Industry, Investment and Commerce, the Ministry of Finance and the Public Service, and Jamaica Trade and Invest.

6. **Thematic Working Groups (TWGs)** are consultative bodies aimed at providing multi-stakeholder participation in improving the coordination, planning, implementation and monitoring of programmes and projects relevant to the NDP and sector plans, including the Services Sector Plan. TWGs will be chaired by Permanent Secretaries or senior Government officials and shall comprise technical representatives of MDAs, National Focal Points, the private sector, Civil Society Organizations and International Development Partners. TWGs will meet a minimum of twice annually.

### **5.2.2 Indicator Framework and Data Sources**

Appropriate indicators are the basic building blocks of monitoring and evaluation systems. A series of results-based monitoring policy matrices will be used to monitor and track progress towards achieving the targets for the NDP and sector plans, including the Services Sector Plan. The performance monitoring and evaluation framework will be heavily dependent on line/sector ministries for quality and timely sectoral data and monitoring progress.

The results-based performance matrices at the national and sector levels comprise:

- At the national level, 60 proposed indicators aligned to the 15 National Outcomes
- At the sector level, a range of proposed indicators aligned to the sector goals and outcomes
- Baseline values for 2007 or the most recent past year
- Targets which outline the proposed values for the national and sector indicators for the years 2012, 2015 and 2030
- Data sources which identify the MDAs or institutions that are primarily responsible for the collection of data to measure and report on national and sector indicators
- Sources of targets
- Links to existing local and international monitoring frameworks such as the MDGs

Some gaps still exist within the performance matrix and a process of review to validate the proposed indicators and targets is being undertaken. This process is very technical and time consuming and requires significant cooperation and support from stakeholders and partners. The performance monitoring and evaluation framework will be heavily dependent on ministries for quality and timely sectoral data and monitoring progress. The system will benefit from our existing and relatively large and reliable statistical databases within the Statistical Institute of Jamaica (STATIN) and the PIOJ.

### 5.2.3 Reporting

The timely preparation and submission of progress reports and other monitoring and evaluation outputs form an integral part of the monitoring process.

The main reports/outputs of the performance monitoring system are listed below.

1. **The Vision 2030 Jamaica Annual Progress Report** will be the main output of the performance monitoring and evaluation system.
2. **The annual sectoral reports** compiled by the Sectoral Focal Points for submission to the Vision 2030 Jamaica Technical Monitoring Committee. These will be integrated into the Annual Progress Report.
3. **Other products** of the performance monitoring system include issues/sector briefs and research reports.

### 5.2.4 Capacity Development

There is recognition that building and strengthening technical and institutional capacity for the effective implementation, monitoring and evaluation of the NDP and the Services Sector Plan is critical for success. This calls for substantial resources, partnership and long-term commitment to training MDA staff. Training needs will have to be identified at all levels of the system; a reorientation of work processes, instruments, procedures and systems development will have to be undertaken; and staffing and institutional arrangements will need to be put in place. Partnership with the Management Institute for National Development (MIND) and other institutions also will be required to provide training to public sector staff and others in critical areas such as results-based project management and analysis, monitoring and evaluation, and data management.

## 5.3 *The Way Forward*

The Services Sector Plan will represent the basis for implementation of the Vision 2030 Jamaica – National Development Plan in the Services sector. Some key steps in the implementation process for the Services Sector Plan include:

1. Undertake consultations with stakeholders in the sector to present and review the Services Sector Plan for Vision 2030 Jamaica;
2. Engage with key stakeholders including relevant Ministries, Departments and Agencies (MDAs) to finalize sector-level indicators and targets for the Services Sector Plan for 2012, 2015 and 2030;
3. Mainstream the Services Sector Strategic Framework and Action Plan into the Corporate/Business and Operational Plans of the relevant MDAs as the mechanism for implementation in the public sector;

4. Ensure participation by key Services sector stakeholders in the establishment and ongoing operation of the implementation, monitoring and evaluation framework for Vision 2030 Jamaica, including the Sectoral Focal Point and Thematic Working Group for the Services Sector Plan.

## **6. Action Plan for the Services Sector**

The Action Plan represents the main framework for the implementation of the Services Sector Plan for Vision 2030 Jamaica. The tracking of implementation of the Services Sector Plan will take place through the Action Plan as well as the framework of sector indicators and targets.

The Action Plan contains the following elements:

- i. Sector Goals
- ii. Sector Outcomes
- iii. Sector Strategies
- iv. Sector Actions
- v. Responsible Agencies
- vi. Time-Frame

**VISION 2030 JAMAICA NATIONAL DEVELOPMENT PLAN  
SERVICES SECTOR PLAN  
REVISED DRAFT STRATEGIC FRAMEWORK AND ACTION PLAN**

<b>Outcomes</b>	<b>Strategies</b>	<b>Actions</b>	<b>Responsible Agencies and Stakeholders</b>	<b>Time-Frame</b>
<b>Goal # 1: A globally competitive services sector</b>				
<b>1.1:- Service providers who meet relevant international and domestic standards and accreditation</b>	<b>1.1.1:-</b> Develop capacity of service providers to meet international standards of certification and practice	1.1.1.1 Promote formation of services industries associations in industries where none exist	Private Sector, PSOs, Professional Associations, JCSI	Years 1-3 Ongoing
		1.1.1.2 Develop international and domestic services standards based on best practice	Private Sector, PSOs, Professional Associations, JCSI	Years 1-3 Ongoing
		1.1.1.3 Develop and strengthen processes of accreditation	Private Sector, Professional Associations, BSJ, MFAFT	Years 1-3 Ongoing
	<b>1.1.2:-</b> Strengthen capacity of institutions involved in certification, accreditation and monitoring of standards for services	1.1.2.1 Introduce certification into all services industries	HEART/NTA, Private Sector, PSOs, Professional Associations, JCSI	Years 1-3 Ongoing
		1.1.2.2 Appoint relevant institutions as certifying bodies	HEART/NTA, Private Sector, PSOs, Professional Associations, JCSI	Years 1-3 Ongoing
		1.1.2.3 Carry out training of staff in institutions involved in certification, accreditation and monitoring of standards	HEART/NTA, Private Sector, PSOs, Professional Associations, JCSI	Years 1-3 Ongoing

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		1.1.2.4 Improve government institutional capacity to provide for the certification of training institutions in keeping with national and international standards	HEART/NTA, Private Sector, PSOs, Professional Associations, JCSI	Years 1-3 Ongoing
	<b>1.1.3:-</b> Harmonize standards for services with regional and international standards	1.1.3.1 Develop Mutual Recognition Agreements under the Economic Partnership Agreement (EPA) between the EU and CARIFORUM	MFAFT, CRNM, PSOs, local and regional JCSIs	Years 1-3
<b>1.2:- Strong participation in global and domestic markets</b>	<b>1.2.1:-</b> Strengthen marketing of services	1.2.1.1 Enhance the use of the national brand in marketing of services	JTI, MFAFT, JIPO, JEA, JBDC, BSJ	Years 1-3 Ongoing
		1.2.1.2 Leverage relationships with diaspora to improve access to foreign markets	MFAFT, Jamaica Diaspora Foundation, JTI, JEA, voluntary bilateral associations / chambers, Professional Associations, Tertiary Institutions	Years 1-3 Ongoing
		1.2.1.3 Expand use of ICT in marketing services	Private Sector, JEA, JTI, overseas missions	Years 1-3 Ongoing

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		1.2.1.4 Combine marketing of services with goods	Private Sector, JEA, JTI, PSOs, Professional Associations, JCSI	Years 1-3 Ongoing
	<b>1.2.2:-</b> Develop, expand and promote e-commerce	1.2.2.1 Implement a system of measurement to track the development of e-commerce	CITO, Private Sector	Years 1-3
		1.2.2.2 Provide online settlement of transactions	Private Sector, OPM, CITO, JBA, PSOJ, MIIC	Ongoing
		1.2.2.3 Increase the number of government involved transactions that can be done using e-commerce	FSL, CITO, OPM, MFPS, MIIC, Private Sector	Years 1-3 Ongoing
		1.2.2.4 Increase capacity of service providers in e-commerce and e-business	Private Sector, OPM, CITO, MIIC	Ongoing
	<b>1.2.3:-</b> Improve all required infrastructure so as to facilitate participation in global markets	1.2.3.1 Provide supporting services for development of logistics hub in Jamaica	Private Sector, MTW, OPM, CITO, MIIC	Years 1-3 Ongoing
		1.2.3.2 Develop adequate national ICT backbone infrastructure including bandwidth, scalability, mobile broadband, at competitive cost	GOJ, OPM, Private Sector	Years 1-3 Ongoing
	<b>1.2.4:-</b> Increase provision, accessibility and use of information	1.2.4.1 Develop and strengthen export market and supply/demand database for	JEA, STATIN, JTI, Jamaica Customs	Years 1-3 Ongoing

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
	and data on markets for services industries	services industries		
		1.2.4.2 Develop and distribute National Export Strategy Exporters Guide	JTI, JEA	Years 1-3 Ongoing
		1.2.4.3 Strengthen distribution of booklets and web-based information on business environment and export opportunities for service industries in Jamaica	JTI, JEA	Years 1-3 Ongoing
	<b>1.2.5:-</b> Expand use of full range of modes of delivery of export services (Modes 1-4)	1.2.5.1 Provide relevant export development services to existing and potential exporters	MIIC, JTI, JEA, JBDC	Years 1-3 Ongoing
		1.2.5.2 Establish Jamaica Coalition of Service Industries (JCSI)	MIIC, JTI, PSOs, JCSI, MFAFT	Year 1 (Incubation & Establishment) Years 1-3 Ongoing
		1.2.5.3 Implement the Strategic Plan for the Promotion of Professional Service Exports in Jamaica	MIIC, JTI, JEA, Private Sector, JCSI, MFAFT	Years 1-5
		1.2.5.4 Implement the National Export Strategy (NES) for services: <ul style="list-style-type: none"> <li>• Creative Industries</li> <li>• ICT</li> <li>• Education</li> </ul>	MIIC, JTI, JEA, Private Sector	Years 1-5



Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		1.2.5.5 Strengthen use of Modes 3-4 for export of services	MIIC, JTI, JEA	Years 1-3 Ongoing
		1.2.5.6 Increase public awareness on modes and opportunities for export of services	MIIC, JTI, JEA	Years 1-3 Ongoing
	<b>1.2.6:-</b> Strengthen customer service standards of services sector	1.2.6.1 Strengthen customer service orientation and standards of service providers	Private Sector, JTI, HEART, JCSI	Years 1-6 Ongoing
		1.2.6.2 Strengthen after sales service and response to consumer concerns	Private Sector, Consumer Affairs Commission	Years 1-6 Ongoing
		1.2.6.3 Expand development and availability of new service businesses in rural areas	Private Sector, JTI	Ongoing
<b>1.3:- Services sector with high levels of productivity</b>	<b>1.3.1:-</b> Improve capacity of service providers in production efficiency	1.3.1.1 Facilitate knowledge transfer of world class practices via hosting seminars, mentoring,	JTI, JCC, JEA, SBAJ, JBDC, PSOJ, BSJ	Years 1-6 Ongoing
		1.3.1.2 Develop networks to disseminate information on available technology suppliers	JCC, JEA, JTI, SRC, universities, individual service enterprises	Years 1-6 Ongoing
		1.3.1.3 Develop capacity of service providers in supply chain and inventory management	Private Sector, JTI, JCSI	Years 1-6 Ongoing
		1.3.1.4 Expand the use of productivity-linked incentive schemes for managers and staff	Private Sector, Trade Unions, MLSS	Years 1-6 Ongoing
	<b>1.3.2:-</b> Promote collaboration	1.3.2.1 Encourage collaboration and pseudo-group buying of	JTI, PSOs, Private Sector cluster	Years 1-3 Ongoing

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
	between service providers to develop economies of scale in production and marketing of services	inputs to obtain lower unit cost of supplies	groups	
		1.3.2.2 Encourage greater capacity utilization including through partnering between service providers	JTI, PSOs, Private Sector cluster groups	Years 1-3 Ongoing
	<b>1.3.3:-</b> Develop and promote the value chain concept for the sector	1.3.3.1 Undertake analysis of value chain of selected service industries including the informal sector	JTI, STATIN, PIOJ, MIIC, JTB	Years 1-6
		1.3.3.2 Promulgate opportunities for linkages identified by value chain analysis	JTI, MIIC, Private Sector, PSOs,	Years 1-6 Ongoing
		1.3.3.3 Use cluster concept to build competitiveness in specific sub-sectors	JTI, MIIC, Private Sector, PSOs,	Years 1-6 Ongoing
	<b>1.3.4:-</b> Develop forward linkages to provide services to other sectors	1.3.4.1 Establish appropriate marketing and information systems to bring together producers in services industries and purchasers in linkage sectors	MIIC, JCC, JEA, JAS, JTI, Private Sector, PSOs,	Years 1-3 Ongoing
		1.3.4.2 Work with relevant sector associations and agencies to increase range and strengthen demand for local services	MIIC, JCC, JEA, JAS, JTI, Private Sector, JCSI, PSOs,	Years 1-3 Ongoing

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
	<b>1.3.5:-</b> Benchmark production costs and efficiencies for service industries to international standards	1.3.5.1 Establish internal and external benchmarks for key productivity indicators (e.g. costs of production, best practices, quality) (local, regional, international)	Jamaica Productivity Centre, JCC, Private Sector, STATIN	Years 1-3 Ongoing
	<b>1.3.6:-</b> Strengthen the technology and innovation capacity of service providers	1.3.6.1 Leverage access to technology from foreign firms	Private Sector, JTI	Years 1-3 Ongoing
		1.3.6.2 Develop and implement ICT projects in service enterprises	Private Sector, JTI	Years 1-3 Ongoing
<b>Goal # 2: Human resources that meet the labour force needs of the services sector</b>				
<b>2.1:- The dynamic labour force needs of the services sector are met by education and training institutions</b>	<b>2.1.1:-</b> Increase exposure of students and teachers at secondary and tertiary levels to the services industries	2.1.1.1 Develop co-op programme to systematically blend work and school in 4 month/semester blocks	MOE, Universities, Private Sector, JCC, JEA, SBAJ	Years 1-9 Ongoing
		2.1.1.2 Develop internship programmes and project assignments for tertiary students related to services industries	MOE, Universities, Private Sector, JCC, JEA, SBAJ, JTI	Years 1-6 Ongoing
		2.1.1.3 Develop symbiotic links between work place and school to build work experience and expose students to services industries	MOE, Universities, Private Sector, JCC, JEA, SBAJ	Years 1-6 Ongoing

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		2.1.1.4 Expose students in teacher training colleges to services industries	Teacher Training Colleges, Private Sector, JCC, JEA, SBAJ	Years 1-3 Ongoing
	<b>2.1.2:-</b> Establish framework and mechanisms through which the services sector can influence both the quantity and quality of the skills necessary to meet national and global demands including foreign language skills	2.1.2.1 Strengthen linkages and develop regular schedule of dialogue between services sector associations, government and relevant faculties at universities	MOE, Universities, MIIC, JCC, JEA, SBAJ, PSOs,	Years 1-3
		2.1.2.2 Strengthen links between natural science faculties (UWI, UTECH, etc) and business schools	Tertiary Institutions, Private Sector	Years 1-3
		2.1.2.3 Build social contract among businesses, educational institutions and GOJ	Universities, MOE, MIIC, JCC, JEA, SBAJ	Years 1-3
	<b>2.1.3:-</b> Improve the scope for teaching the research and innovative skills required by the Private Sector at the earliest possible stage	2.1.3.1 Strengthen research and development capacities of services institutions and enterprises	Private Sector, Tertiary Institutions	Ongoing
		2.1.3.2 Encourage the development of private training institutions for services	Private Sector, PSOs, JTI	Years 1-3 Ongoing
	<b>2.1.5:-</b> Promote partnerships between private and public education and training institutions	2.1.5.1 Encourage private endowments to existing training institutions by stakeholders and the private sector	MFPS, MOE, MIIC, Tertiary Institutions, HEART/NTA, MIND, Private Sector, PSOs	Years 1-3 Ongoing

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		2.1.5.2 Improve linkages between training programmes in private sector institutions and the national training institutions	MOE, MIIC, Tertiary Institutions, HEART/NTA, MIND, Private Sector, PSOs	Years 1-3 Ongoing
<b>2.2:- Improved human resource development in the services sector</b>	<b>2.2.1:-</b> Improve levels of training by services enterprises for managers and staff	2.2.1.1 Develop and strengthen links with academic and training institutions to certify training programmes	MOE, HEART/NTA, NCTVET, MIND, JCC, JEA, SBAJ, Private Sector	Years 1-6 Ongoing
		2.2.1.2 Ensure HEART certification to be assessed and revised in conjunction with businesses / service providers	MOE, HEART/NTA, NCTVET, MIND, JCC, JEA, SBAJ, Private Sector	Years 1-3 Ongoing
		2.2.1.3 Provide certification for continuing /on-the job training	HEART/NTA, MIND	Years 1-6 Ongoing
		2.2.1.4 Provide tax credits for on-the-job training (worker development, building competitiveness, productivity, etc.)	MFPS, MIIC, HEART/NTA	Years 1-6 Ongoing
	<b>2.2.2:-</b> Encourage participatory decision-making and team building for staff	2.2.2.1 Provide training and exposure for managers to modern approaches and good practices in team building, decision making,	Private Sector, JCC, JEF, SBAJ, PSOs	Years 1-6 Ongoing

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		management		
	<b>2.2.3:-</b> Ensure conformance to occupational safety and health legislation and regulations	2.2.3.1 Participate in the review, revision and promulgation of the Draft Occupational Health & Safety Act	MLSS, Private Sector, JCC, JEF, SBAJ, PSOs	Years 1-3
		2.2.3.2 Ensure compliance with provisions of health and safety policy and operating procedures necessary for safe, healthy and injury-free environment	MLSS, MIIC, Private Sector, PSOs	Ongoing
<b>Goal # 3: A business environment and responsive infrastructure which can adequately support the growth of the services sector</b>				
<b>3.1:- A supportive policy and regulatory framework</b>	<b>3.1.1:-</b> Strengthen and develop the required legal and policy framework	3.1.1.1 Foster and encourage research into best practices of efficient business development for economic growth	MIIC, Private Sector, PSOs	Years 1-6 Ongoing
		3.1.2.1 Participate in evaluating and enhancing institutional best practices for the regulation of the financial sector	MFPS, BOJ, FSC, JBA, Private Sector, PSOs	Years 1-6 Ongoing
	<b>3.1.2:-</b> Strengthen regulatory framework for financial sector	3.1.2.2 Participate in strengthening the regulatory and oversight architecture for the payments and settlement systems	MFPS, BOJ, FSC, JBA, Private Sector, PSOs	Years 1-6 Ongoing

<b>Outcomes</b>	<b>Strategies</b>	<b>Actions</b>	<b>Responsible Agencies and Stakeholders</b>	<b>Time-Frame</b>
	<b>3.1.3:-</b> Strengthen legal and regulatory framework for e-commerce	3.1.3.1 Develop and strengthen the e-regulatory framework to support e-commerce	OPM, CITO, MIIC	Years 1-3
	<b>3.1.4:-</b> Strengthen framework for protection of intellectual property rights	3.1.4.1 Ensure adequate intellectual property rights to protect innovations in services	MIIC, JIPO, PSOs	Years 1-3 Ongoing
	<b>3.1.5:-</b> Improve trade relations and facilitation for trade and investment in services	3.1.5.1 Increase participation of services sector to in global, regional and bi-lateral trade negotiations	MIIC, MFAFT, JTI, JEA, JCSI, PIOJ, JTAT, PSOs	Years 1-3 Ongoing
		3.1.5.2 Develop partnerships for promotion and facilitation of Jamaica as trade and investment location for services sector	MIIC, MFAFT, JTI, JEA, JCSI, PIOJ, JTAT, PSOs, Foreign Missions, JTB	Years 1-3 Ongoing
		3.1.5.3 Support trade relations that provide fair access to international and domestic markets	MIIC, MFAFT, JTI, JEA, JCSI, PIOJ, JTAT, PSOs, Foreign Missions	Years 1-3 Ongoing
	<b>3.1.6:-</b> Support framework for international dispute settlement	3.1.6.1 Support application of best practices in the settlement of international commercial disputes	MIIC, MFAFT, JEA, PSOs, CCJ	Years 1-3 Ongoing
	<b>3.1.7:-</b> Encourage formalization of service enterprises operating in the informal sector	3.1.7.1 Enhance and streamline processes for formalization of informal enterprises and individuals	MIIC, MFPS, JTI, JBDC, Companies Office of Jamaica, JBS, PSOs	Years 1-3 Ongoing

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		3.1.7.2 Highlight and enhance the benefits of formalization	MIIC, MFPS, JTI, JBDC, Companies Office of Jamaica, JBS, PSOs	Years 1-3 Ongoing
		3.1.7.3 Increase and strengthen acquisition, analysis and application of data and information on informal sector	MIIC, MFPS, JTI, JBDC, STATIN, PIOJ	Years 1-3 Ongoing
		3.1.7.4 Strengthen enforcement of regulations for service industries	MIIC, MFPS, JBS, KSAC	Years 1-3 Ongoing
	<b>3.1.8:-</b> Encourage and participate in development and implementation of tax reform consistent with changes in global trends and best practices	3.1.8.1 Encourage and participate in simplifying tax payment processes	MFPS, PSOs	Years 1-3 Ongoing
	<b>3.1.9:-</b> Improve data and statistics on services sector to inform business and policy decisions	3.1.9.1 Improve mechanisms for collection, archiving and dissemination of data on services sector	MIIC, MFPS, JTI, JBDC, STATIN, PIOJ	Years 1-3 Ongoing
		3.1.9.2 Strengthen use of data and information in planning and decision-making for sector	MIIC, MFPS, JTI, JBDC, STATIN, PIOJ	Years 1-3 Ongoing



Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
<b>3.2:- Modernized and Responsive Infrastructure</b>	<b>3.2.1:-</b> Develop capacity of service providers in application of ICTs in their businesses	3.2.1.1 Expand ICT training for service providers	Private Sector	Ongoing
		3.2.1.2 Establish a national IT Governance training and development program for senior executives	MIND, OPM, Cabinet Office	Years 1-3
	<b>3.2.2:-</b> Expand the liberalization of the ICT sector	3.2.2.1 Promote deployment of Free and Open Source Software (FOSS) in the public and private sectors	CITO, OPM	Years 1-3
		3.2.2.2 Provide framework to private sector for expansion and diversification of wired and wireless ICT networks with specific emphasis on last mile connectivity, at affordable rates	OUR, SMA, BCJ, OPM	Years 1-6
		3.2.2.3 Collaborate with providers in development of advanced ICT network and applications for services	Private Sector, JTI, OPM	Years 1-6 Ongoing
	<b>3.2.4:-</b> Establish fully-automated financial trading system	3.2.4.1 Encourage and coordinate private sector investment in implementation of a fully-automated financial trading system	MFPS, JTI, BOJ, JBA, Private Sector	Years 1-3
	<b>3.2.5:-</b> Improve the transport infrastructure and	3.2.5.1 Develop the opportunities for sea transport including short-sea shipping and transshipment	MTW, Private Sector, JTI	Years 1-10

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
	network for distribution services	3.2.5.2 Encourage private sector participation in the improvement of key arterial roads	MTW, Private Sector, JTI	Years 1-10
	<b>3.2.6:-</b> Strengthen the capacity of education and research institutions to provide relevant research and innovation for services	3.2.6.1 Collaborate with education and research institutions to improve the quality of researchers and research facilities	MOE, MIIC, Tertiary Institutions, Private Sector, PSOs	Years 1-3 Ongoing
		3.2.6.2 Support development of networking between local, regional and international research institutions	MOE, MIIC, Tertiary Institutions, Private Sector, PSOs	Years 1-3 Ongoing
		3.2.6.3 Develop partnerships between public and private sector and academia to establish and implement relevant research agendas for services sector	MOE, MIIC, Tertiary Institutions, Private Sector, PSOs	Years 1-3 Ongoing
		3.2.6.4 Increase private sector funding for research in services sector	MOE, MIIC, Tertiary Institutions, Private Sector, PSOs	Years 1-3 Ongoing
<b>3.3:- Improved personal, property and data security</b>	<b>3.3.1.:-</b> Participate in the development and implementation of national security policies, strategies and plans	3.3.1.1 Ensure that data security is incorporated in the National Security Plan	MNS, MIIC, JCSI, PSOs	Years 1-3
		3.3.1.2 Encourage data security policy framework	MNS, MIIC, JCSI, PSOs	Years 1-3

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
	<b>3.3.2:-</b> Participate in initiatives at community and national levels to reduce crime and improve security	3.3.2.1 Strengthen participation in national anti-crime initiatives including Crime Stop and Kingfish	Private Sector, PSOs	Years 1-3 Ongoing
		3.3.2.2 Support community-level peace and anti-crime initiatives and projects including community policing	Private Sector, PSOs	Years 1-3 Ongoing
	<b>3.3.3:-</b> Develop capacity of service enterprises to establish and operate appropriate personal, property and data security measures	3.3.3.1 Ensure application of best practice for security measures by service industries	Private Sector, PSOs, Private security firms	Ongoing
		3.3.3.2 Carry out training and sensitization of service industries on best practices for security measures	Private Sector, PSOs, Private security firms, JCF	Ongoing
<b>3.4:- Improved provision of and access to capital</b>	<b>3.4.1:-</b> Develop and implement measures for expansion of the domestic capital market	3.4.1.1 Institute credit bureau to facilitate and fast track access to capital	MFPS, Jamaica Bankers Association, Private Sector	Years 1-3
		3.4.1.2 Implement fixed-income securities depository	MFPS, BOJ, Jamaica Central Securities Depository	Years 1-3
		3.4.1.3 Implement real time gross settlement system	MFPS, BOJ, Jamaica Bankers Association, Private Sector	Years 1-3

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		3.4.1.4 Strengthen credit administration capacity of financial institutions	Jamaica Bankers Association, Private Sector	Years 1-3 Ongoing
	<b>3.4.2-</b> Improve access to regional and international capital markets	3.4.2.1 Develop integrated regional capital market under CSME	MFPS, MFAFT, BOJ, CRNM, Jamaica Bankers Association, Private Sector	Years 1-6
	<b>3.4.3-</b> Diversify the range of financial institutions and products	3.4.3.1 Increase access to license for the creation of banks and other financial institutions	MFPS, BOJ, Jamaica Bankers Association, Private Sector	Years 1-3 Ongoing
		3.4.3.2 Develop a venture capital market	MFPS, BOJ, JBA, Private Sector	Years 1-6
	<b>3.4.4-</b> Expand credit facilities for MSMEs	3.4.4.1 Increase loan disbursement through network of Community Development Funds (CDFs)	MIIC	Years 1-3
		3.4.4.2 Increase trade financing for MSMEs	Ex-Im Bank, JBDC, MIIC	Years 1-3 Ongoing
		3.4.4.3 Explore alternative forms of collateral and more flexible documentation for loans to MSMEs	MIIC, MOF, BOJ, Jamaica Bankers Association, Private Sector	Years 1-3
		3.4.4.4 Develop mutual guarantee fund	JTI, MIIC	Years 1-3
		3.4.4.5 Develop and apply models for Angel Fund based on international best practice	TGCC/JTI	Years 1-3
		3.4.4.6 Expand DBJ Micro, Small and Medium Enterprises	DBJ, MIIC	Years 1-3

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		Line of Credit		
	<b>3.4.5:-</b> Develop capacity of service enterprises in record keeping, financial reporting, business performance reporting and loan applications	3.4.5.1 Implement training programmes on business skills for local service enterprises	MIIC, Tertiary Institutions, HEART/NTA, Private Sector, PSOs	Ongoing
		3.4.5.2 Develop and disseminate information on business skills through a range of media channels including electronic and print media	MIIC, Tertiary Institutions, HEART/NTA, Private Sector, PSOs	Ongoing
		3.4.5.3 Establish service to assist service enterprises with tax compliance, record keeping, financial reporting, business performance reporting and loan applications	MIIC, Tertiary Institutions, HEART/NTA, Private Sector, PSOs	Years 1-3
	<b>3.4.6:-</b> Develop public awareness on financial literacy	3.4.5.4 Develop and implement public awareness programmes on financial literacy	MIIC, JIS, Private Sector, PSOs	Years 1-3 Ongoing
	<b>3.4.7:-</b> Develop offshore banking	3.4.7.1 Evaluate the International Financial Centre (IFC) for Jamaica as recommended by the Eric Crawford committee	MFPS, MIIC, JTI, Jamaica Bankers Association, Private Sector	Year 1
		3.4.7.2 Complete feasibility and planning studies and legislative framework to establish Jamaica as an International Financial	MFPS, JTI, BOJ, Private Sector	Year 1

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		Centre		
	<b>3.4.8:-</b> Improve land ownership and titling process to enhance use of land in accessing capital	3.4.8.1 Improve on the Land Administration Management Programme (LAMP) and expand nationally	Cabinet Office, OPM, NLA	Years 1-3
		3.4.8.2 Strengthen coordination among agencies for land titling	Cabinet Office, OPM, NLA	Years 1-3 Ongoing
	<b>3.4.9:-</b> Establish fully-automated financial trading system	3.4.9.1 Encourage and coordinate private sector investment in implementation of a fully-automated financial trading system	MFPS, MIIC, JTI, Jamaica Bankers Association, Private Sector	Years 1-3
<b>3.5 Streamlined and Facilitatory Bureaucracy</b>	<b>3.5.1:-</b> Collaborate with public sector in improving aspects of bureaucracy that impact the sector	3.5.1.1 Undertake lobbying on key reforms of bureaucracy for service industries	Private Sector, PSOs, JCSI	Years 1-3 Ongoing
	<b>3.5.2:-</b> Build capacity of service enterprises in knowledge of and efficient use of bureaucratic processes	2.5.3.1 Implement training programmes on bureaucratic processes for service enterprises	MIIC, JBDC, Private Sector, PSOs	Years 1-3 Ongoing
		2.5.3.2 Develop and disseminate information on bureaucratic processes through a range of media channels including electronic and print media	MIIC, JBDC, Private Sector, PSOs	Years 1-3 Ongoing
<b>3.6 Strengthened Industry Associations</b>	<b>3.6.1:-</b> Strengthen relevant industry and professional associations	3.6.1.1 Encourage the utilization of existing and new funding and capacity building programmes	PSOs, JTI, JCSI	Years 1-3 Ongoing

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		3.6.1.2 Support adoption of best practices for industry and professional association development and operations	PSOs, JTI, JCSI	Years 1-3 Ongoing
		3.6.1.3 Develop and maintain membership requirements for industry and professional associations	PSOs, JTI, JCSI	Years 1-3 Ongoing
		3.6.1.4 Develop strategic partnerships & collaborative relationships in keeping with JTI's Stakeholder Strategy	MIIC, PSOs, JTI, JCSI	Years 1-3 Ongoing
	<b>3.6.2:-</b> Strengthen and rationalize the framework for the sector to participate in the discussion of policy and macro-economic issues	3.6.2.1 Rationalize the processes for development of the services industries under Vision 2030 Jamaica, the National Export Strategy, the Strategic Plan for the Promotion of Professional Service Exports in Jamaica, and the Jamaica Coalition of Service Industries (JCSI)	MIIC, JTI, JCSI, PIOJ, PSOs, Private Sector	Years 1-3
	<b>3.6.3:-</b> Promote corporate social responsibility and ethical codes of practice among industry association members	3.6.3.1 Encourage service enterprises to operate with integrity and ethical codes of practice	PSOs, Private Sector	Years 1-3 Ongoing
		3.6.3.2 Develop programmes to recognize best service enterprises operating with corporate social responsibility	PSOs, Private Sector	Years 1-3 Ongoing

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		3.6.3.3 Undertake programmes to strengthen communities in collaboration with public sector and civil society partners	PSOs, Private Sector	Years 1-3 Ongoing
	<b>3.6.4:-</b> Encourage relationships with other sector associations	3.6.4.1 Strengthen collaboration and communication between various associations	PSOs, Private Sector, JCSI, PSOJ Council of Presidents	Years 1-6 Ongoing
	<b>3.6.5:-</b> Facilitate relationships with regional and international associations	3.6.5.1 Increase participation in Caribbean Association of Industry and Commerce (CAIC)	PSOs, Private Sector, JCSI, CAIC	Years 1-3 Ongoing
		3.6.5.2 Establish Caribbean Coalition of service Industries focused on: <ul style="list-style-type: none"> <li>• Trade</li> <li>• Best practices</li> <li>• Standards and certification</li> </ul>	MIIC, MFAFT, PSOs, Private Sector, JCSI, CAIC	Years 1-3
		3.6.5.3 Participate in Diaspora conferences and exhibitions	PSOs, Private Sector, JCSI	Years 1-6 Ongoing
<b>Goal # 4: Environmentally sustainable sector</b>				
<b>4.1:- Reduction of main environmental impacts of services sector</b>	<b>4.1.1:-</b> Encourage energy efficiency and conservation by service providers	4.1.1.1 Promote regular environmental and energy audits by service enterprises	PSOs, Private Sector, NEPA, PCJ	Years 1-9 Ongoing
		4.1.1.2 Promote clean energy usage	PSOs, Private Sector, NEPA, PCJ	Years 1-6 Ongoing



Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
	<b>4.1.2:-</b> Promote use of renewable energy sources	4.1.2.1 Provide incentives for the usage of renewable energy	MFPS, MEM, PCJ, PSOs, Private Sector, NEPA	Years 1-6 Ongoing
		4.1.2.2 Seek funding support from international development partners for introduction of renewable energy technologies	MFPS, MEM, PCJ, PSOs, Private Sector, NEPA, PIOJ	Years 1-6 Ongoing
	<b>4.1.3:-</b> Develop and implement appropriate management plans for solid waste, emissions and effluents	4.1.3.1 Implement collection, recycling, management and disposal systems for solid waste in services sector	PSOs, Private Sector, NSWMA, NEPA	Years 1-9 Ongoing
		4.1.3.2 Ensure proper treatment of hazardous waste materials	PSOs, Private Sector, NSWMA, NEPA	Years 1-9 Ongoing
		4.1.3.3 Ensure proper treatment and recycling of ICT-related waste (e-waste)	PSOs, Private Sector, NSWMA, NEPA	Years 1-9 Ongoing
		4.1.3.4 Promote use of environmentally sustainable packaging	PSOs, Private Sector, NEPA, JBS	Years 1-9 Ongoing
	<b>4.1.4:-</b> Promote and encourage compliance with relevant environmental regulations and standards	4.1.4.1 Encourage increasing levels of self-regulation within sector	PSOs, Private Sector, NEPA	Years 1-6 Ongoing
		4.1.4.2 Strengthen consultation and participation by service enterprises in reviewing and improvement of environmental regulations and standards	OPM, MIIC, PSOs, Private Sector, NEPA	Years 1-6 Ongoing
		4.1.4.3 Use environmental	PSOs, Private	Years 1-6

Outcomes	Strategies	Actions	Responsible Agencies and Stakeholders	Time-Frame
		conformance assessments as marketing and corporate social responsibility levers	Sector, NEPA, MIIC	Ongoing
<b>4.2:- Improved resilience against natural and man-made hazards</b>	<b>4.2.1:-</b> Encourage adoption of hazard mitigation and emergency management practices by service enterprises	4.2.1.1 Promote the development and adoption of robust business continuity plans by service enterprises	PSOs, Private Sector	Years 1-6 Ongoing
	<b>4.2.2:-</b> Strengthen relationship of sector with national disaster preparedness and emergency management system	4.2.2.1 Strengthen linkages between umbrella organizations and national disaster preparedness and emergency management system, including throughout the prevention, preparation, response and recovery phases	PSOs, Private Sector, ODPEM	Years 1-3 Ongoing
		4.2.2.2 Encourage collaboration between service enterprises and community-level disaster committees	PSOs, Private Sector, ODPEM	Years 1-6 Ongoing
<b>4.3:- Services established as central component in development of green economy</b>	<b>4.3.1:-</b> Integrate environmental sustainability into development of service industries and enterprises	4.3.1.1 Incorporate environmental criteria in loan approval processes	Private Sector, PSOs, Jamaica Bankers Association, NEPA	Years 1-6 Ongoing
		4.3.1.2 Encourage service enterprises to achieve relevant environmental standards and certification	Private Sector, PSOs, Professional Associations, JCSI, MIIC	Years 1-6 Ongoing

<b>Outcomes</b>	<b>Strategies</b>	<b>Actions</b>	<b>Responsible Agencies and Stakeholders</b>	<b>Time-Frame</b>
		4.3.1.3 Support integration of environmental considerations into all functional management areas	Private Sector, PSOs, Professional Associations, NEPA	Ongoing
		4.3.1.4 Develop environmentally friendly products and services	Private Sector, PSOs, Professional Associations, NEPA	Years 1-6 Ongoing

## **7. Appendices**

### **7.1 Appendix 1 – List of Task Force Members**

Mr. Earl Jarrett	General Manager, Jamaica National Building Society (JNBS) (Task Force Chairperson)
Dr. Winston Davidson	President, Professional Societies Association of Jamaica
Mr. John Leiba	President, Jamaica Bar Association
Dr. Alverston Bailey	Medical Association of Jamaica
Mr. Leighton McKnight	President, Institute of Chartered Accountants of Jamaica
Mr. Christopher L. Samuda	President, Jamaica Co-operative Credit Union League Limited
Mr. Dennis Chung	Consultant, 35 a Upper Waterloo Road
Mr. Wayne Chen	Chief Executive Officer, Super Plus Foods
Mr. Reginald Budhan	Divisional Director, Ministry of Industry and Commerce
Mrs. Beverly Rose-Forbes	Divisional Director, Min of Industry, Investment & Commerce
Mrs. Andreen Collings	Director of Commerce, Ministry of Industry and Commerce
Ms. Joan Harris	Corporate Planner, Ministry of Industry and Commerce
Mr. Mark Myers	President, Jamaica Chamber of Commerce
Mr. Carlton Stewart	Past President, National Consumers League
Mr. Steve Malcolm	President, National Consumers' League
Ms. Lisa Lawrence	National Consumers' League
Mr. Glenworth Francis	Jamaica Co-op Credit Union League
Ms. Denise Garfield	Jamaica Co-op Credit Union League
Ms. Claudine Blackwood	Consultant - Export Development, Jamaica Trade and Invest (JTI)
Mrs. Lisa Bell	Jamaica Trade & Invest (JTI)
Ms. Natalie Grandison	Jamaica Trade & Invest (JTI)
Mr. Andrew Levy	Jamaica International Insurance Company Limited (JIIC)
Mr. Orville Johnson	Insurance Association of Jamaica

Note: Positions of Task Force Members are given as at the time of their appointment to the Services Task Force.

### **7.2 Appendix 2 – Listing of Task Force Meetings**

- April 19, 2007
- May 8, 2007
- May 14, 2007
- August 16, 2007
- September 10, 2007
- October 3, 2007
- October 19, 2007
- September 18, 2008
- September 26, 2008
- July 6, 2009

### 7.3 Appendix 3 – List of Acronyms and Abbreviations

BOJ	Bank of Jamaica
CAIC	Caribbean Association of Industry and Commerce
CITO	Central Information Technology Office
CRNM	Caribbean Regional Negotiating Mechanism
DBJ	Development Bank of Jamaica
EU	European Union
FSC	Financial Services Commission
FSL	Fiscal Services Limited
GDP	Gross Domestic Product
GOJ	Government of Jamaica
GON	Government of the Netherlands
HEART/NTA	Heart Trust/National Training Agency
JBA	Jamaica Bankers' Association
JBDC	Jamaica Business Development Centre
JBS	Jamaica Bureau of Standards
JCC	Jamaica Chamber of Commerce
JCSI	Jamaica Coalition of Service Industries
JEA	Jamaica Exporters' Association
JEF	Jamaica Employers' Federation
JIPO	Jamaica Intellectual Property Office
JTAT	Jamaica Trade Adjustment Team
JTB	Jamaica Tourist Board
JTI	Jamaica Trade and Invest
JDIC	Jamaica Deposit Insurance Corporation
MEM	Ministry of Energy and Mining
MFAFT	Ministry of Foreign Affairs and Foreign Trade
MFPS	Ministry of Finance and the Public Service
MIIC	Ministry of Industry, Investment and Commerce
MIND	Management Institute for National Development
MLSS	Ministry of Labour and Social Security
MOE	Ministry of Education
MSMEs	Micro-, Small and Medium-Sized Enterprises
MTW	Ministry of Transport and Works
NCTVET	National Council on Technical Vocational Education and Training
NEPA	National Environment and Planning Agency
NSWMA	National Solid Waste Management Authority
ODPEM	Office of Disaster Preparedness and Emergency Management
OPM	Office of the Prime Minister
PIOJ	Planning Institute of Jamaica
PSO	Private Sector Organization
PSOJ	Private Sector Organization of Jamaica

SBAJ	Small Business Association of Jamaica
SMA	Spectrum Management Authority
SRC	Scientific Research Council
STATIN	Statistical Institute of Jamaica
TGCC	Target Growth Competitiveness Committee
USAID	United States Agency for International Development
WTO	World Trade Organization

## **7.4 Appendix 4 – Classifications of Services**

### **WORLD TRADE ORGANIZATION (WTO) SERVICES SECTORAL CLASSIFICATION LIST**

1. BUSINESS SERVICES
  - a. Professional Services
  - b. Computer & Related Services
  - c. Research & Development Services
  - d. Real Estate Services
  - e. Rental/Leasing Services without Operators
  - f. Other Business Services
  
2. COMMUNICATION SERVICES
  - a. Postal Services
  - b. Courier Services
  - c. Telecommunication Services
  - d. Audiovisual Services
  - e. Other
  
3. CONSTRUCTION & RELATED ENGINEERING SERVICES
  - a. General Construction work for Buildings
  - b. General construction work for civil engineering
  - c. Installation and assembly work
  - d. Building completion and finishing work
  - e. Other
  
4. DISTRIBUTION SERVICES
  - a. Commission agents' Services
  - b. Wholesale trade Services
  - c. Retailing Services
  - d. Franchising
  - e. Other
  
5. EDUCATIONAL SERVICES
  - a. Primary Education Services
  - b. Secondary Education Services

- c. Higher Education Services
  - d. Adult Education
  - e. Other Education Services
6. ENVIRONMENTAL SERVICES
- a. Sewerage Services
  - b. Refuse Disposal Services
  - c. Sanitation and similar Services
  - d. Other
7. FINANCIAL SERVICES
- a. All Insurance and insurance related Services
  - b. Banking and other financial Services
  - c. Other
8. HEALTH RELATED SOCIAL SERVICES
- a. Hospital Services
  - b. Other Human Health Services
  - c. Social Services
  - d. Other
9. TOURISM & TRAVEL RELATED SERVICES
- a. Hotels and Restaurants (incl. catering)
  - b. Travel agencies and tour operators Services
  - c. Tourist guides Services
  - d. Other
10. RECREATIONAL, CULTURAL & SPORTING SERVICES
- a. Entertainment Services
  - b. News agency services
  - c. Libraries, archives, museums and other cultural Services
  - d. Sporting and other recreational Services
  - e. Other
11. TRANSPORT SERVICES
- a. Maritime Transport Services
  - b. Internal Waterways Transport
  - c. Air Transport Services
  - d. Space Transport
  - e. Rail Transport Services
  - f. Road Transport Services
  - g. Transport
  - h. Services auxiliary to all modes of transport
  - i. Other Transport Services
12. OTHER SERVICES NOT INCLUDED ELSEWHERE

## **CLASSIFICATION OF SERVICES ACCORDING TO NATIONAL ACCOUNTING METHOD EMPLOYED BY STATIN**

### **ELECTRICITY & WATER**

- Electric Light & Power
- Water & Sanitation Services

### **CONSTRUCTION & INSTALLATION**

### **DISTRIBUTIVE TRADE**

(Wholesale & Retail)

### **TRANSPORT, STORAGE & COMMUNICATION**

- Railway, Road, Water & Air Transport  
(incl. Services Allied to Transport)
- Storage & Warehousing
- Communication

### **FINANCING & INSURANCE SERVICES**

- Banking Institutions (incl. Central Bank)
- Other Financial Institutions & Financial Services
- Insurance

### **REAL ESTATE & BUSINESS SERVICES**

- Rental of Dwelling
- Rental of Other Building Structures
- Owner-Occupied Dwellings
- Other Real Estate (incl. Machinery Rental)
- Other Professional Services (incl. Legal Services)

### **PRODUCERS OF GOVERNMENT SERVICES**

- Central Government (excl. Enterprises)
- Local Government

### **MISCELLANEOUS SERVICES**

- Private Education (incl. U.W.I.)
- Medical, Dental & Other Health Services
- Recreational & Cultural Services
- Hotels, Restaurants & Clubs
- Personal & Household Services

### **HOUSEHOLD & PRIVATE NON-PROFIT INSTITUTIONS**

- Domestic Services
- Private Non-Profit Institution



## 7.5 Appendix 5 – References and Selected Bibliography

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