

Financing Development in Jamaica

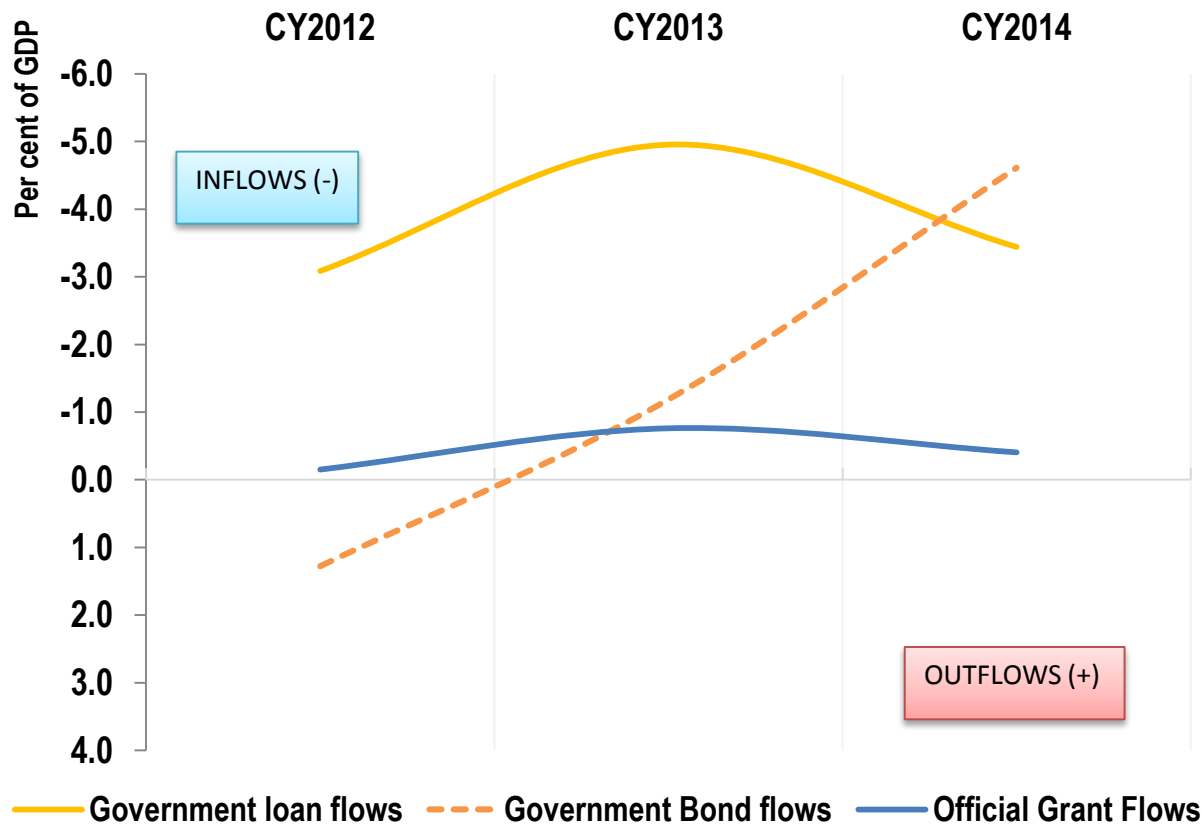
A Panoramic View:

*Opportunities, Challenges and New
Paradigms*

Jide Lewis, CFA, FRM

Official External Sources of Development Financing

Official Sources of External Financing (Annual Profile)

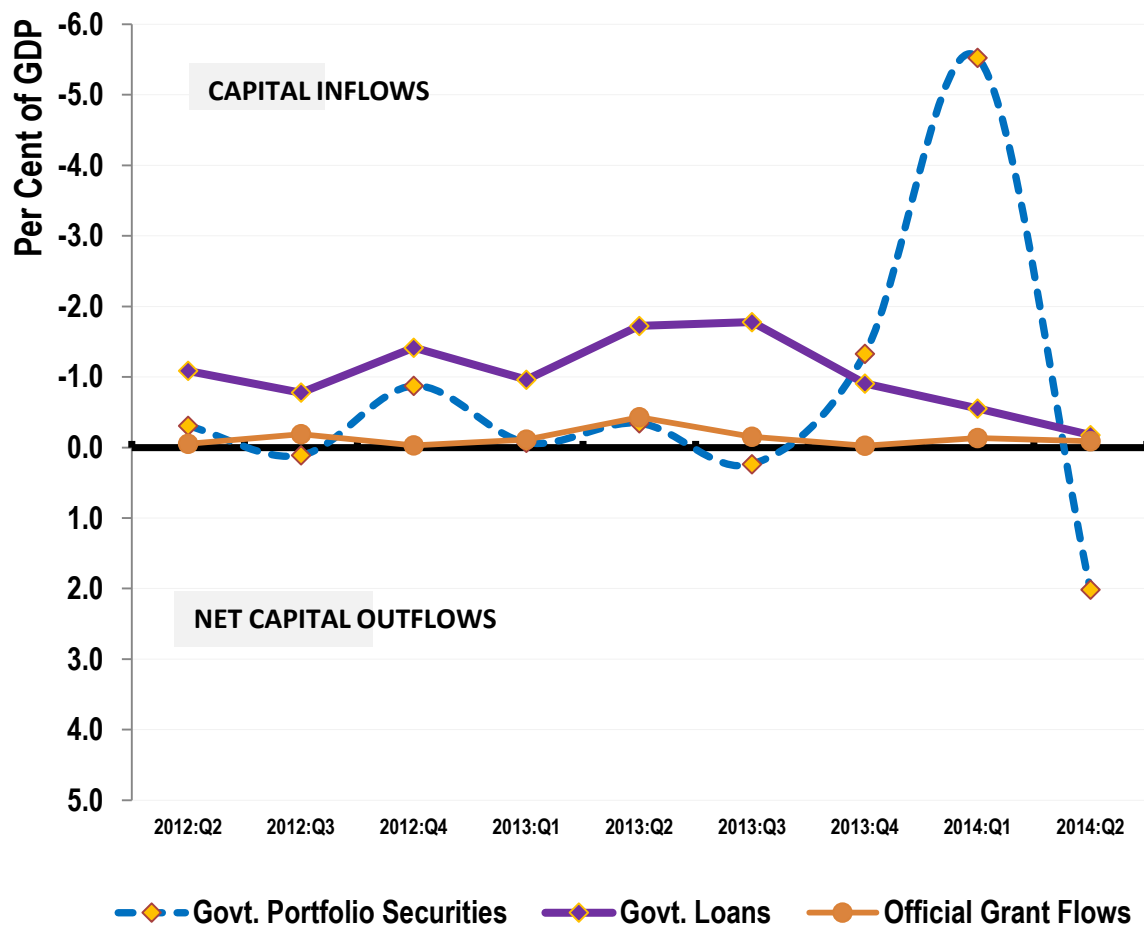


Three main sources of official external financing [**Loans, Bond and Grants**] have played an integral role in Jamaica's development agenda.

Loan flows, with the exception of 2014, have represented the largest source of official financing.

Bond flows has re-emerged as a main source of financing in 2014

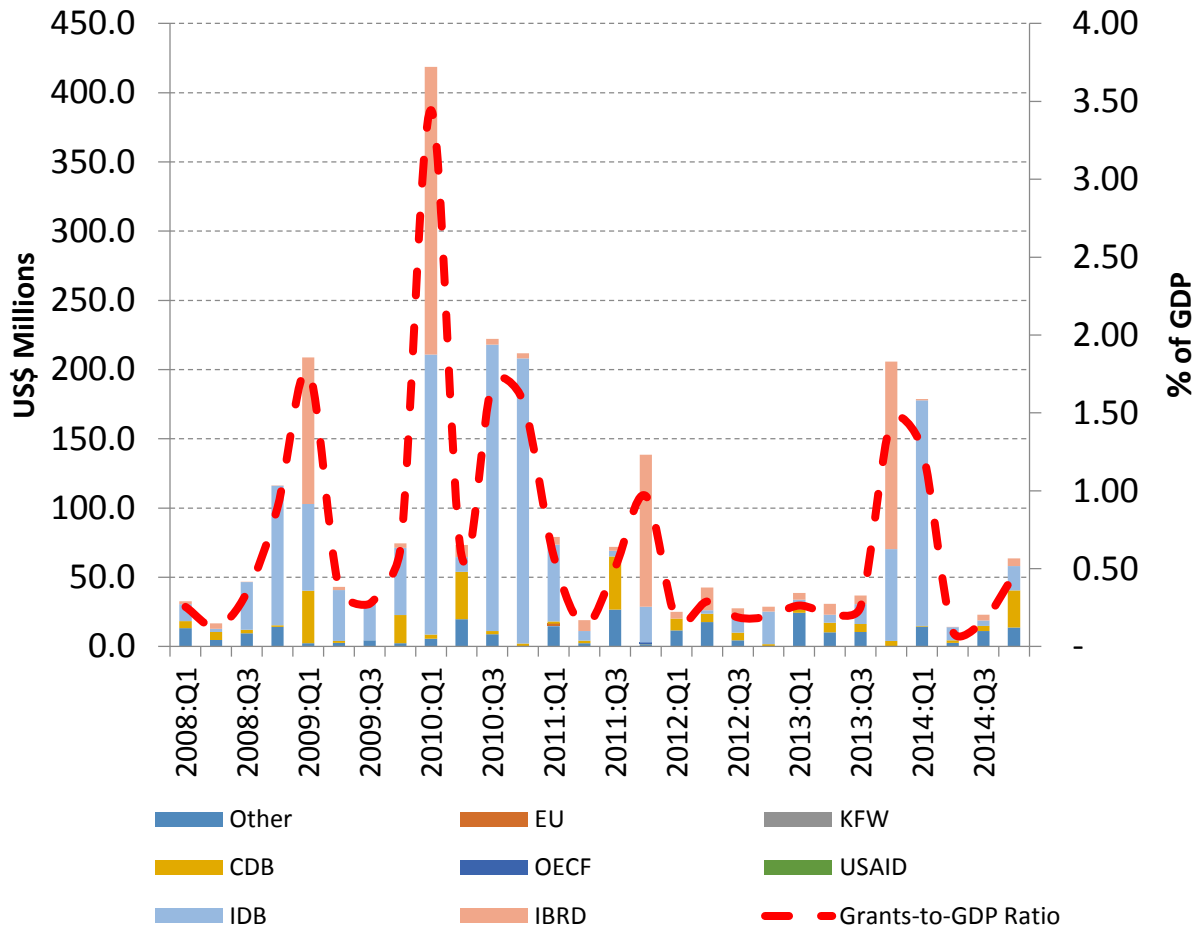
Official Sources of External Financing (Quarterly Profile)



Bond flows, however, has exhibited much volatility in the aftermath of the global financial crisis.

Loans flows and **Grant flows** from Multilateral Financial Institutions have been much more stable over the last two years.

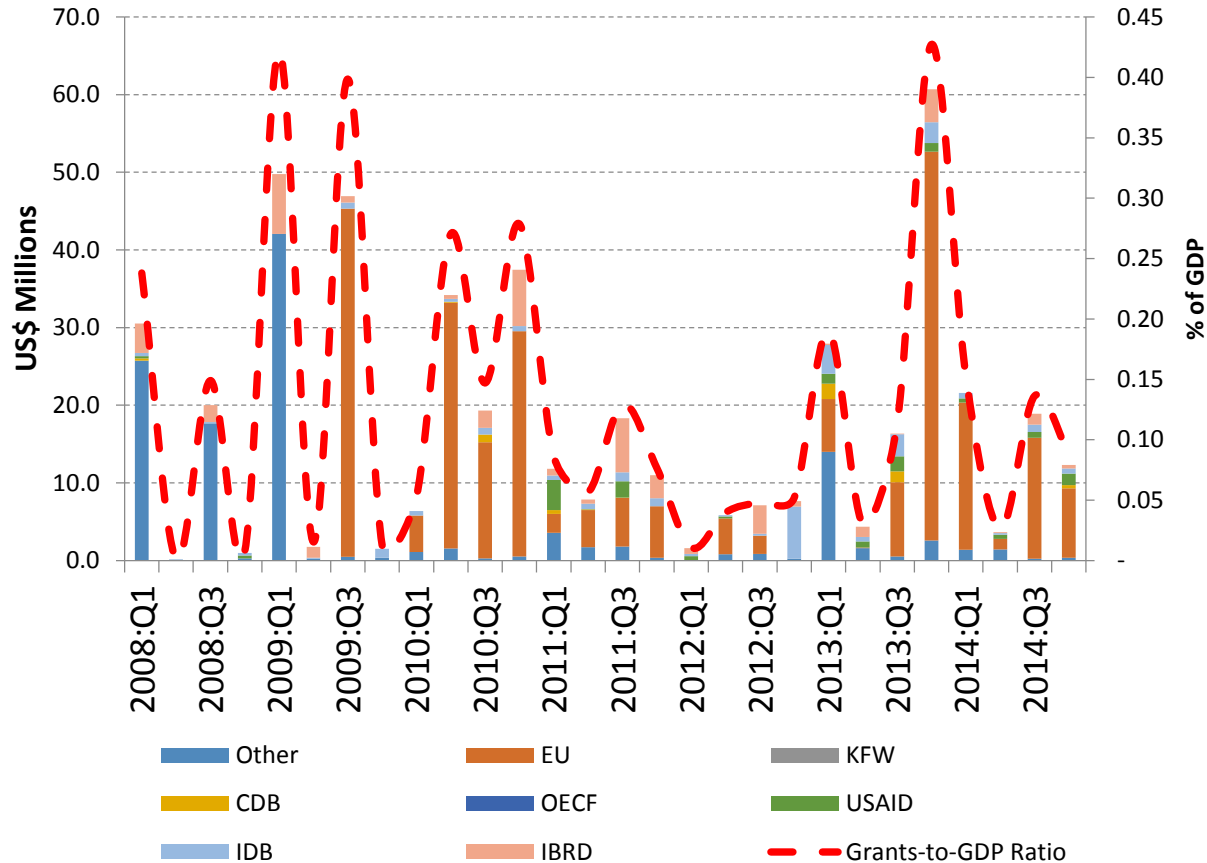
Official Loan Flows by Multi-Lateral Financial Institution (MFIs)



Jamaica has partnered with a wide range of multi-lateral financial institutions since the height of the global financial crisis. Supporting liquidity when global capital markets were exhibiting low levels of liquidity.

These partners have included the IBRD, IDB and the CDB, among others.

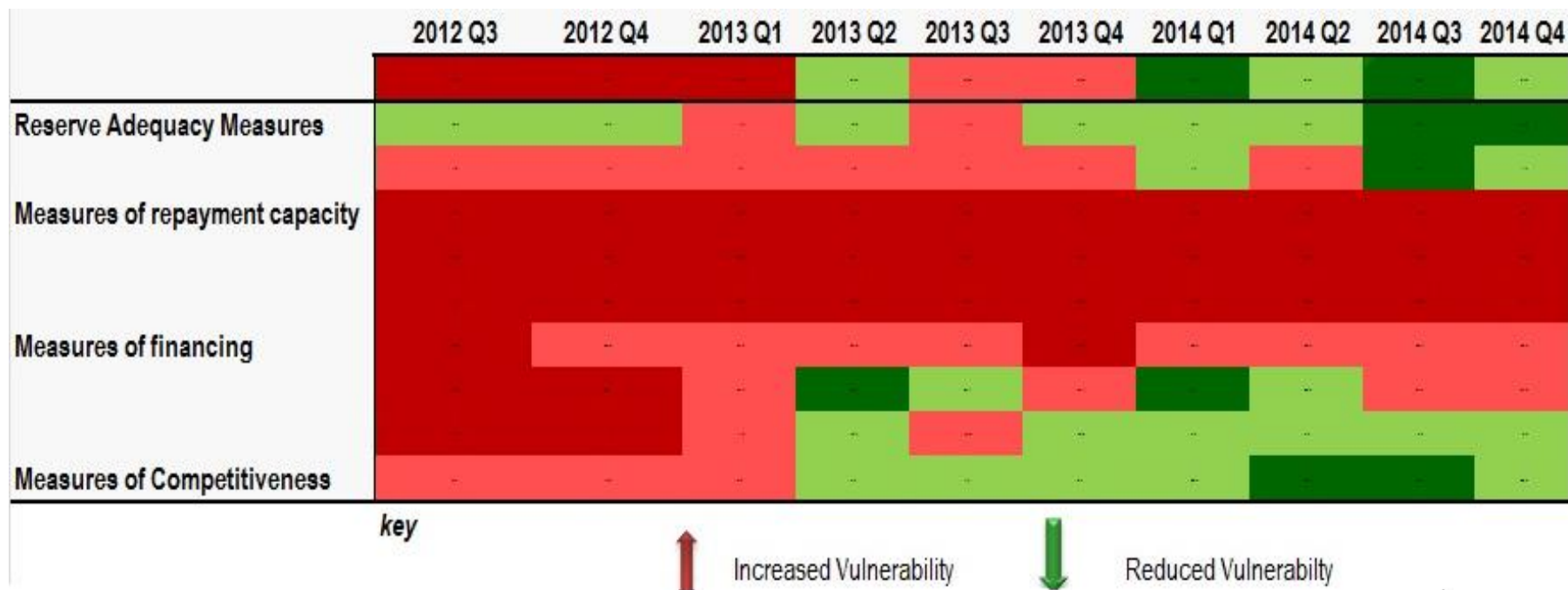
Official Transfers\Grants



Though grant flows from MFIs have typically represented lower proportion relative to GDP. These flows have catalysed the developmental process via:

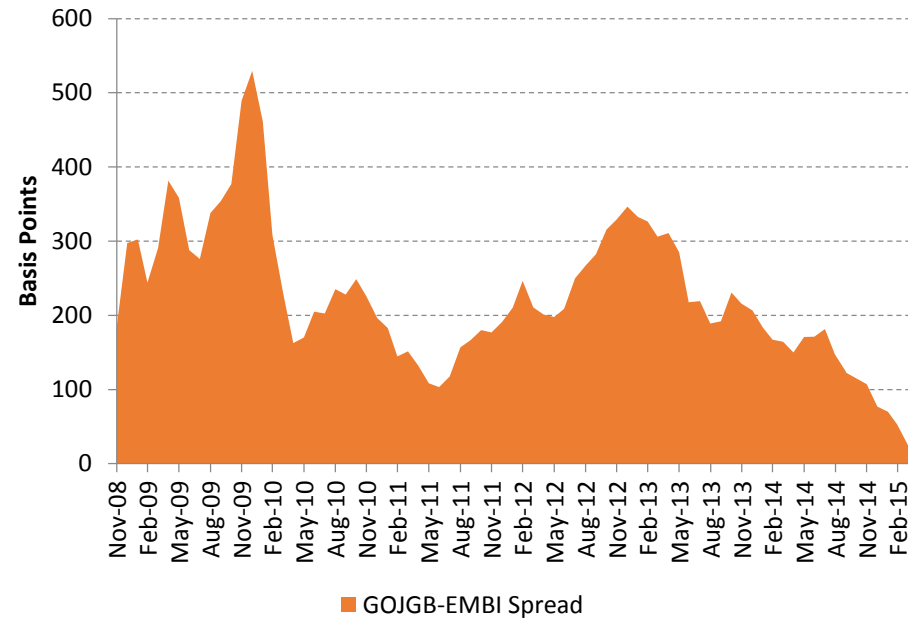
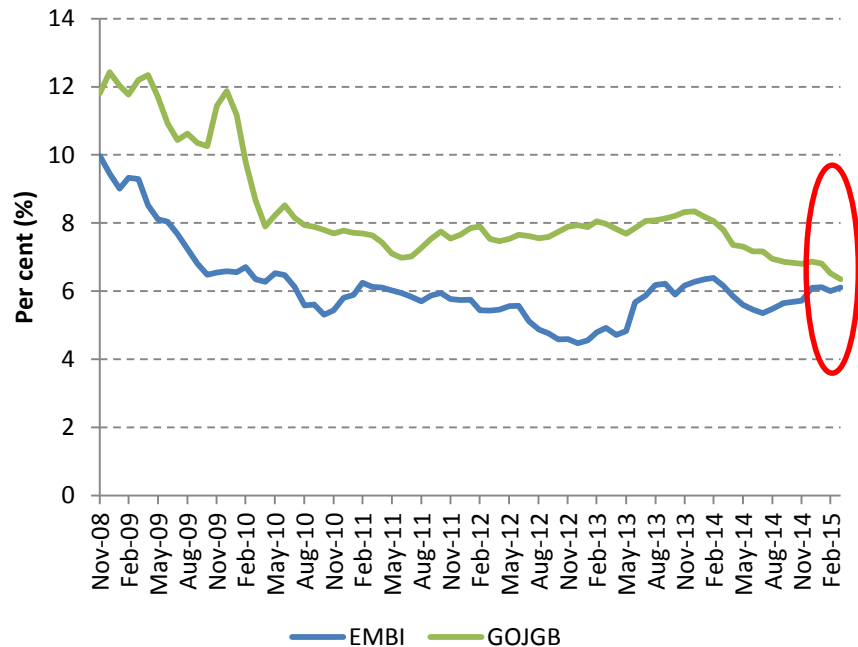
- Provision of Technical Expertise
- Application of International Benchmark standards
- Accountability along key stages of project implementation from design to implementation.

Improving Access to Global Capital Markets...



Jamaica has increasingly focused on creating the necessary supporting policy and institutional environment to promote and enhance the effectiveness of development initiatives.

Global Bond Markets

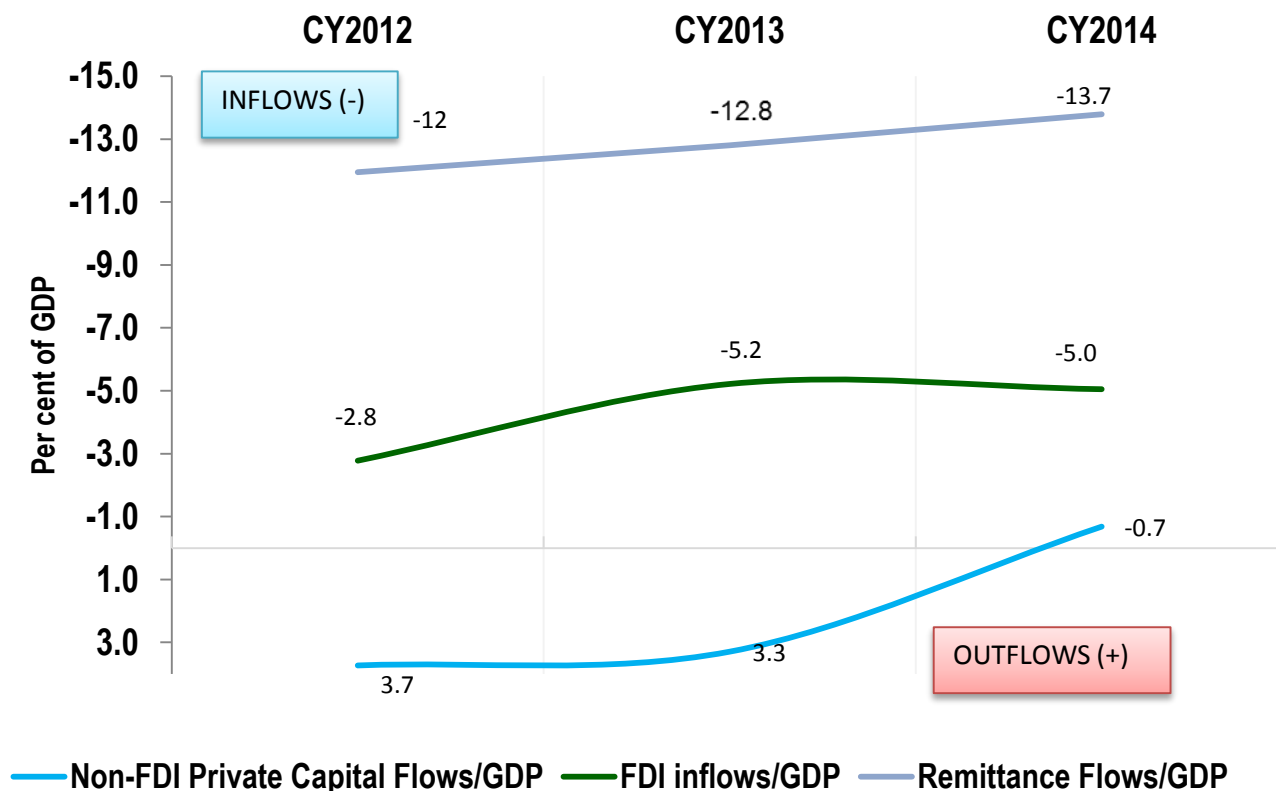


These efforts have resulted in a notable narrowing of the spread between yields on GOJ Global Bonds and the Emerging Market Bond Index.

Jamaica is one of twenty middle income countries (MIC) which has access to global capital markets.

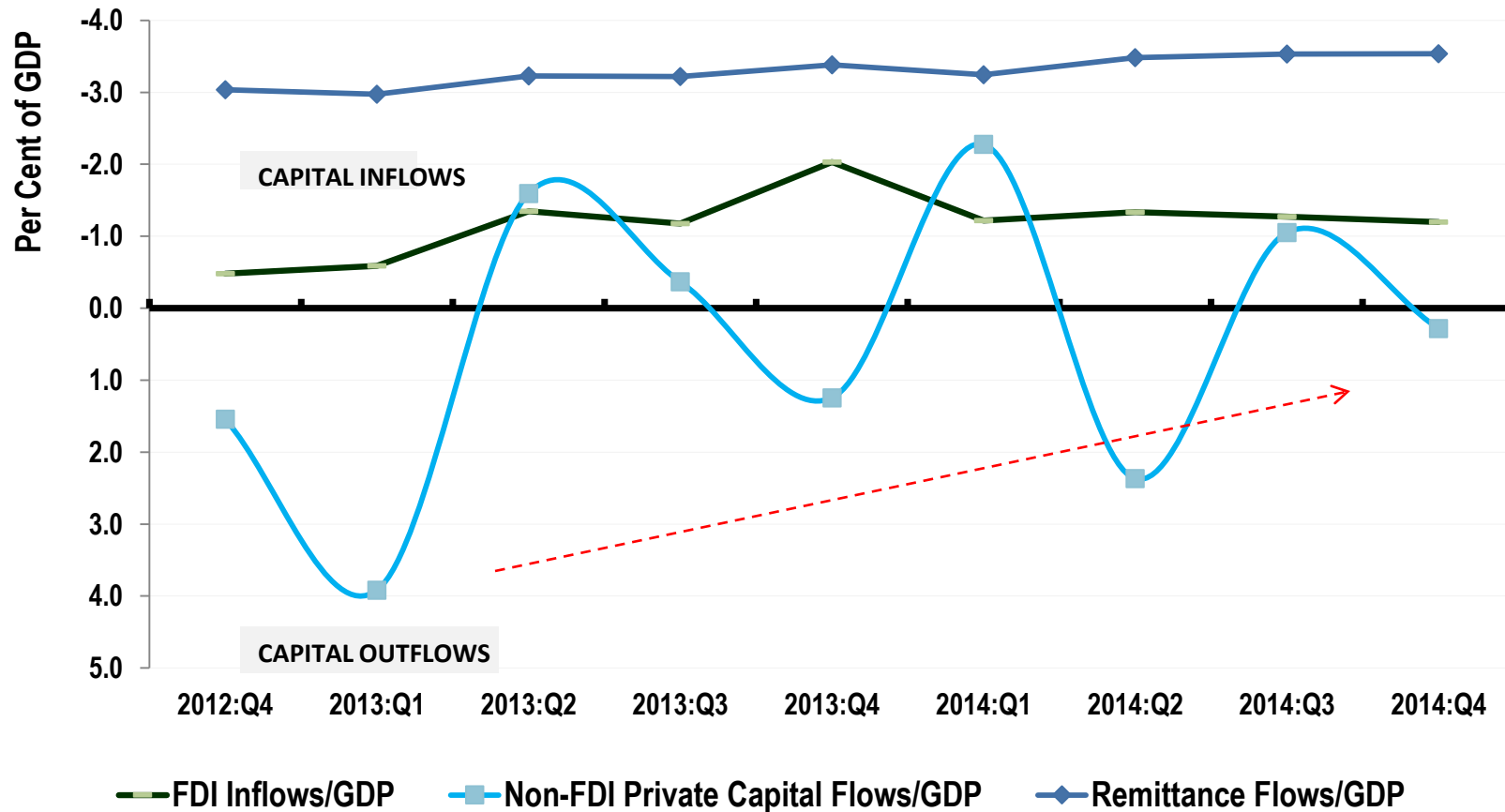
Other External Sources of Development Financing

Private Sources of External Financing (Annual Profile)



Three other sources of external financing have been **Remittances**, **Foreign Direct Investment** and **Private Capital Flows**.

Other Sources of External Financing for Development



While Foreign Direct Investment and Remittance inflows have been stable and robust, Private Capital Flows, though improving, have been very volatile.

Other External Sources of Development Financing: Remittances

Remittances: Who are the recipients?

75% of Recipients
are women



Education:



85% have at least
Secondary-level
education
25% have
Tertiary-level
education

Household
Size: **4**

Modal Age:
25 – 40



USD 222 per Month

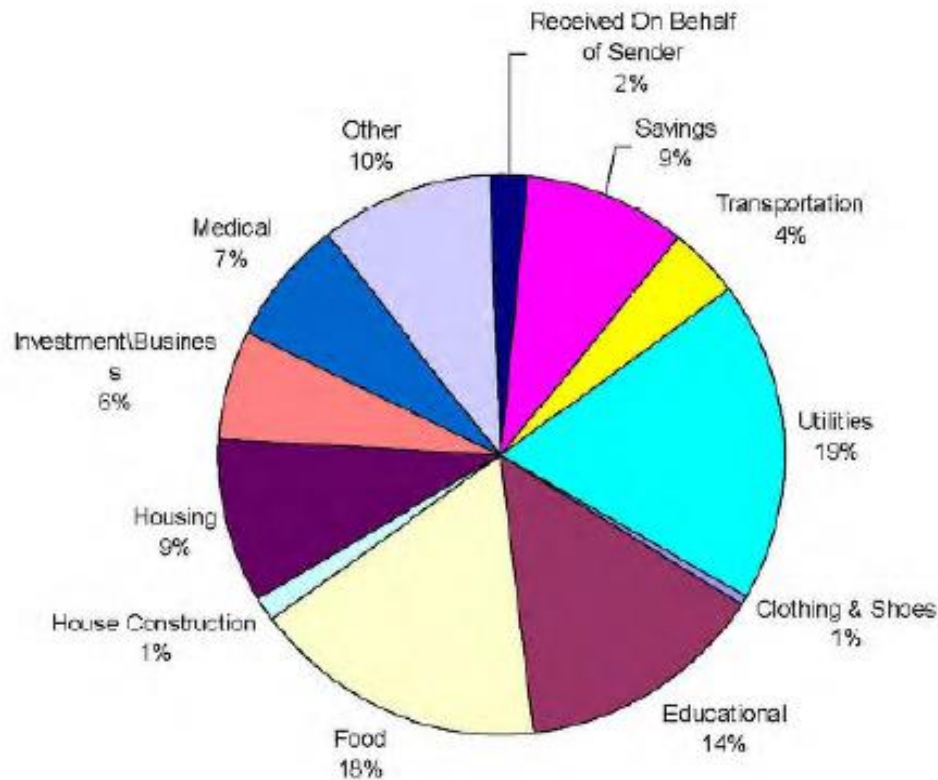


680,000 Persons

In terms of other
sources of income

- **40 per cent** of recipients were employed full-time
- **11 per cent** were self-employed
- **25 per cent** were unemployed
- **13 per cent** were not seeking a job

Usage of Remittances for Frequent Recipients



14 per cent



9 per cent



6 per cent



7 per cent



19 per cent



Tuesday, 20:12

Smart Phone



Other External Sources of Development Financing: Foreign Direct Investment

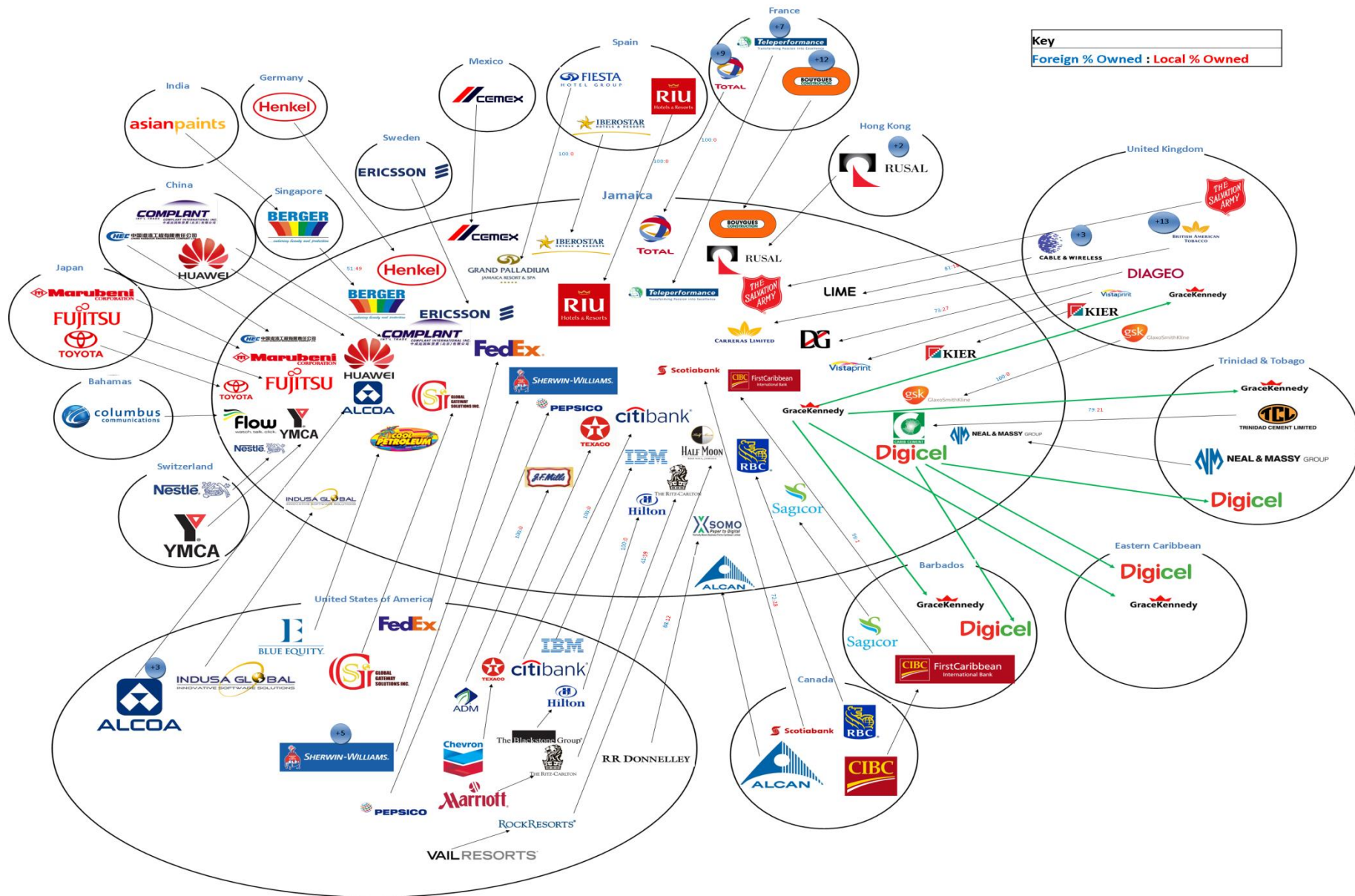


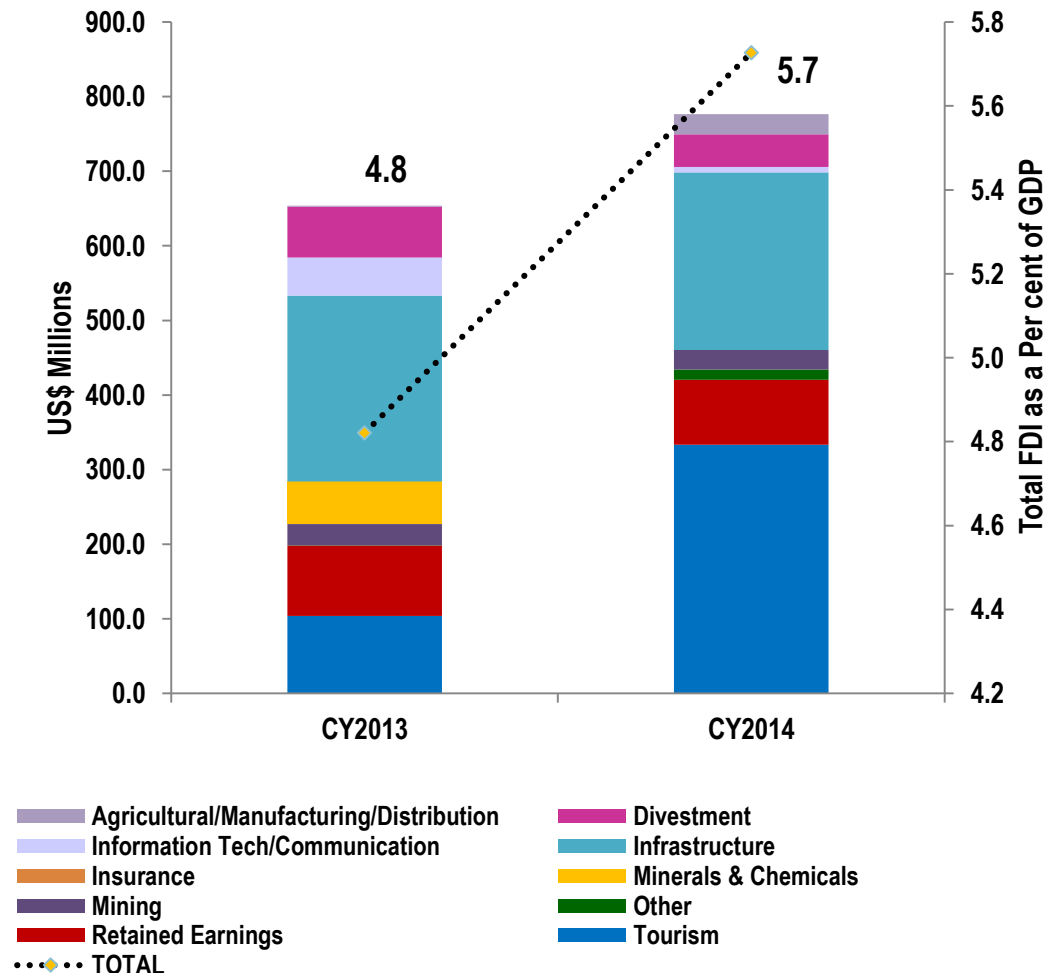
Diagram Showing Foreign Direct Investments between Jamaica and Foreign Countries

Annual Foreign Direct Investment by Economic Sector

China is playing an increasingly important role particularly in the development of infrastructure in Jamaica.

Tourism investments particularly from Spain has also buoyed FDI inflows.

There have also been ongoing investments in the areas of telecommunications, mining and agriculture and distribution.

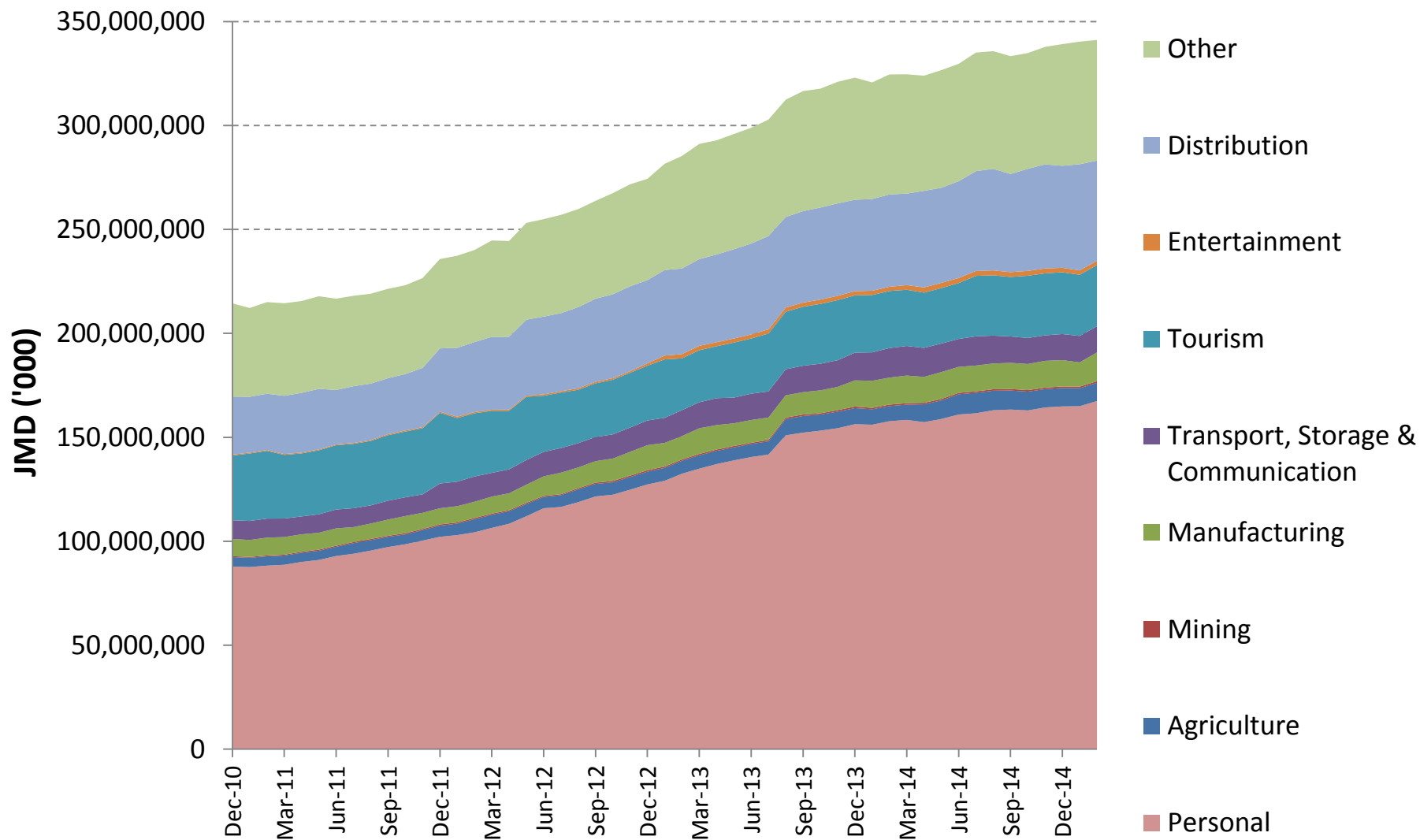


Making “Doing Business” in Jamaica Easier

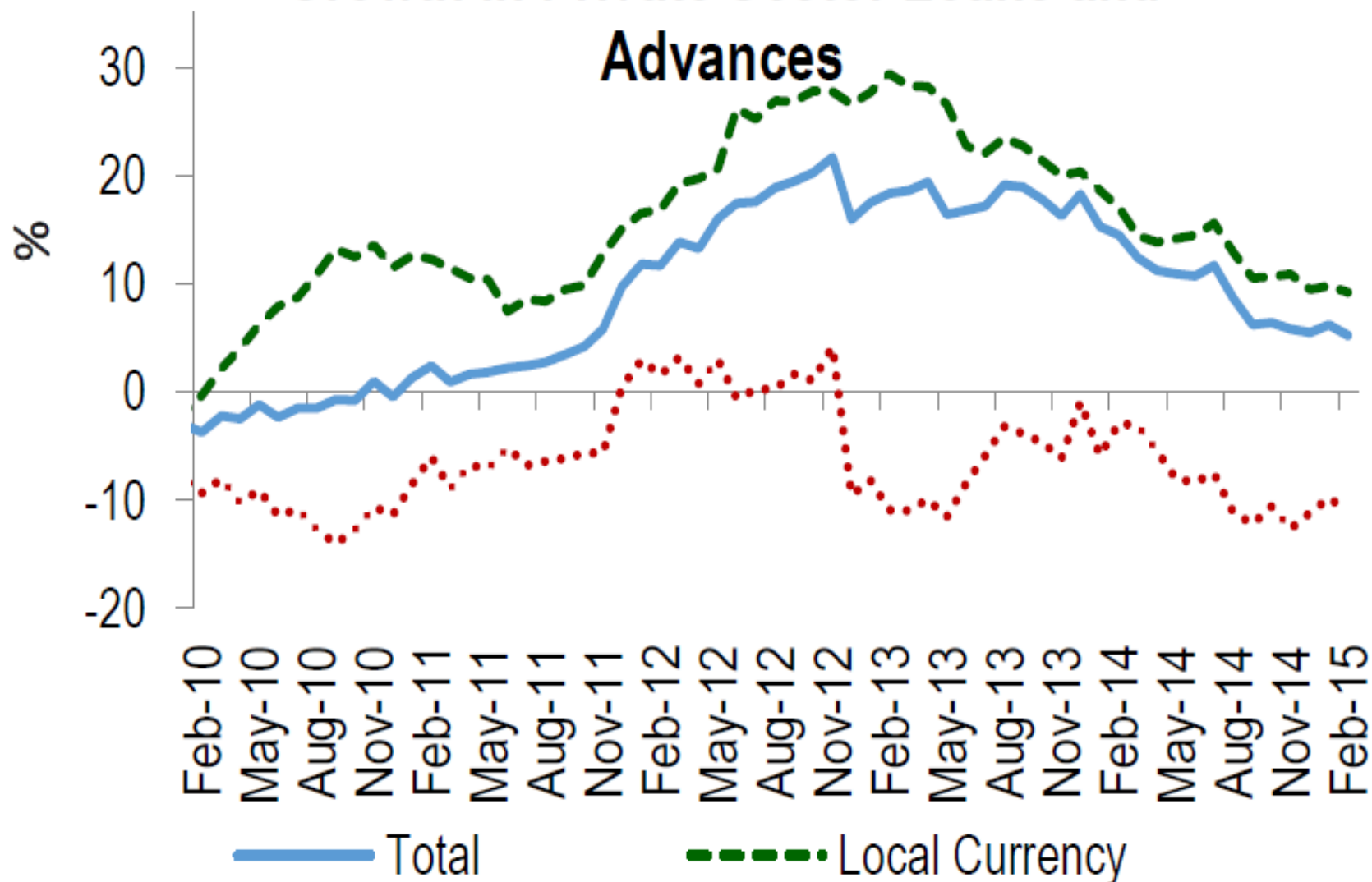
- Reducing regulatory complexity and cost and strengthened legal institutions
- Making it easier to start a business : Simplified preregistration formalities (publication, notarization, inspection, other requirements)
- Cut or simplified post registration procedures (tax registration, social security registration, licensing)
- Ease of getting electricity Improved regulation of connection processes and costs
- Jamaica made getting electricity less expensive by reducing the cost of external connection works.
- Jamaica made starting a business easier by consolidating forms, but also made it more time-consuming as a result of delays in the implementation of the electronic interface with different agencies.

Domestic Sources of Private Sector Development Financing

Distribution of Private Sector Loans by Economic Sector (2010 – 2015)



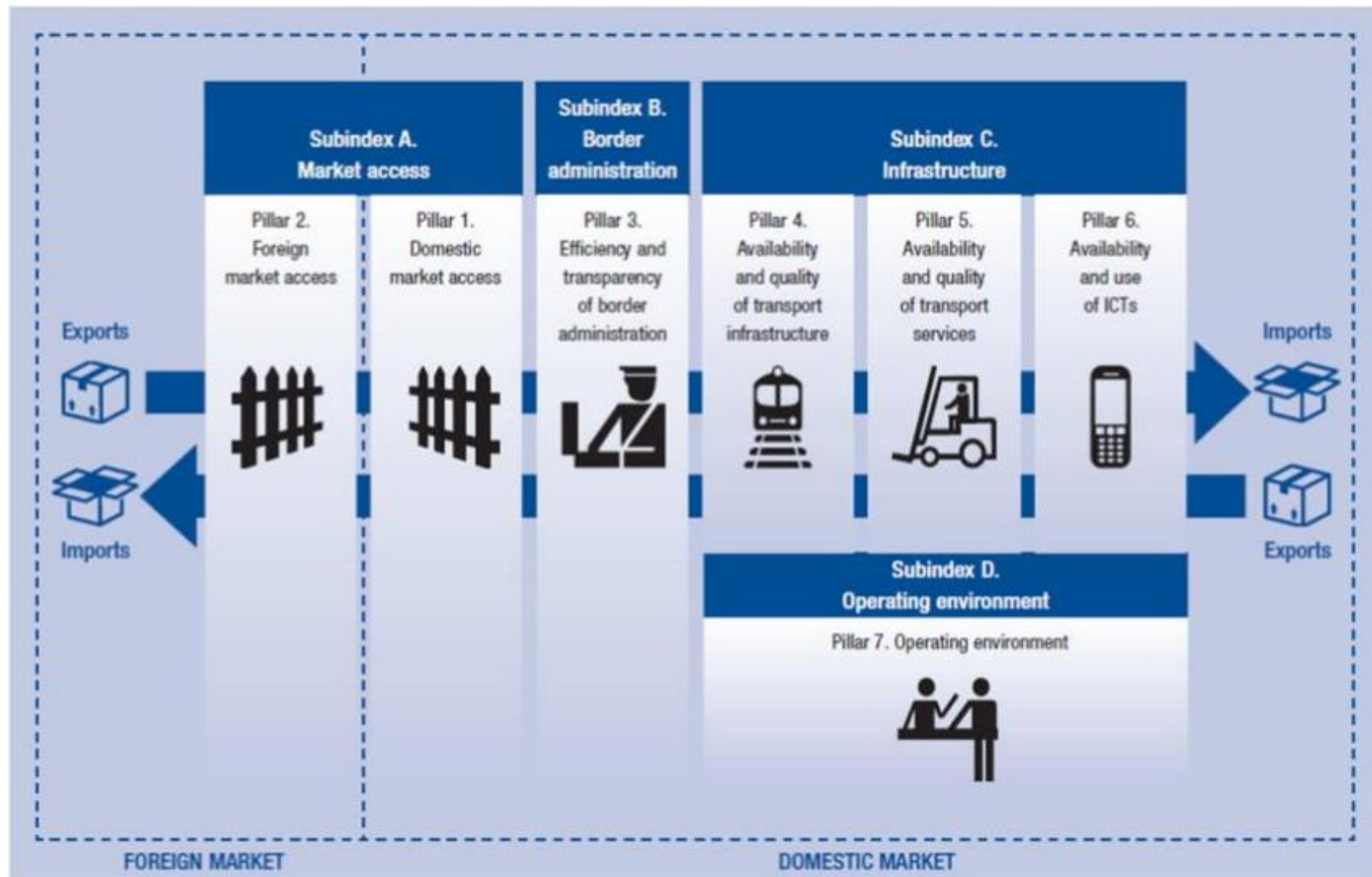
Growth in Private Sector Loans and Advances

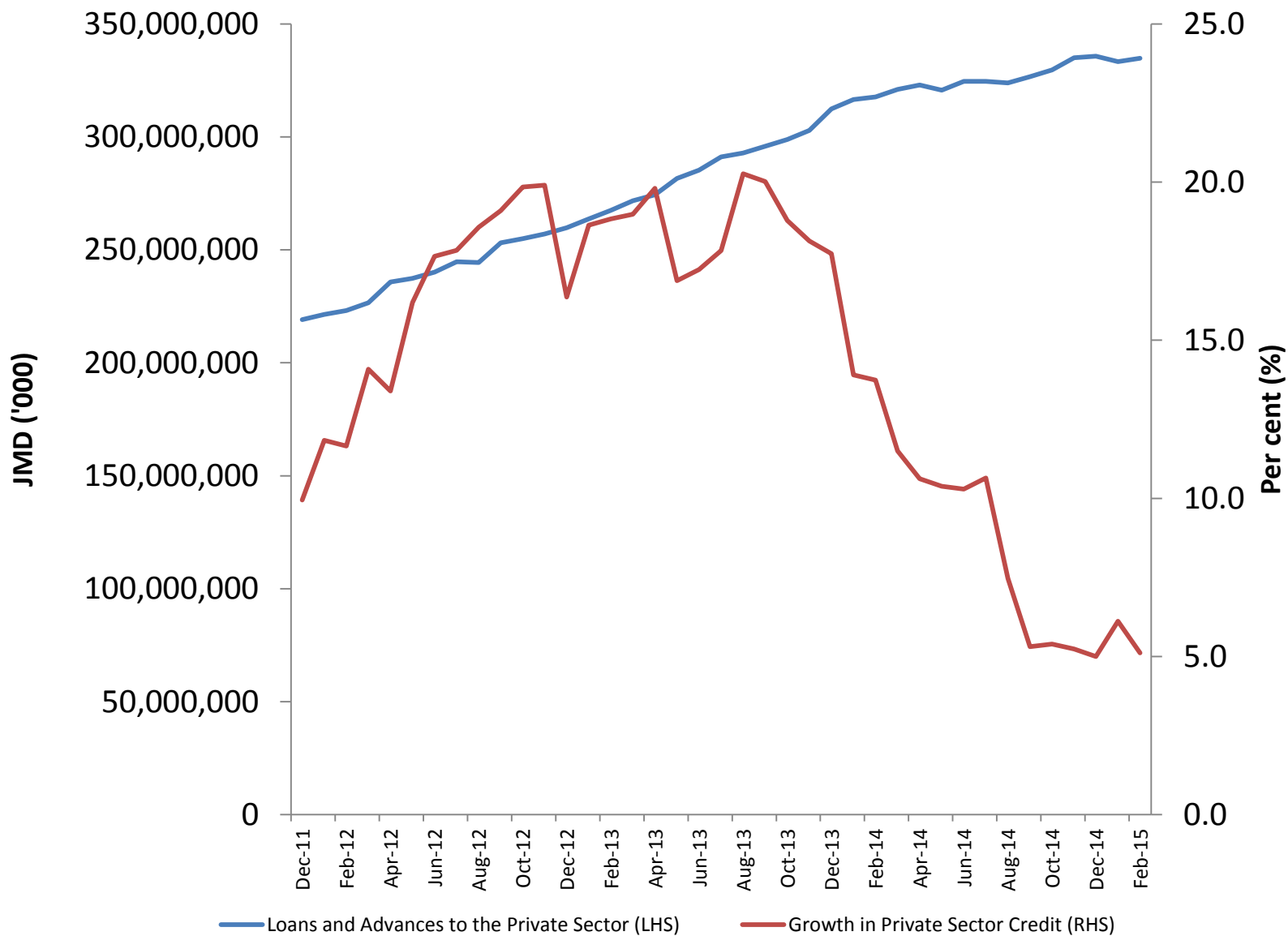


Credit Reporting Activity

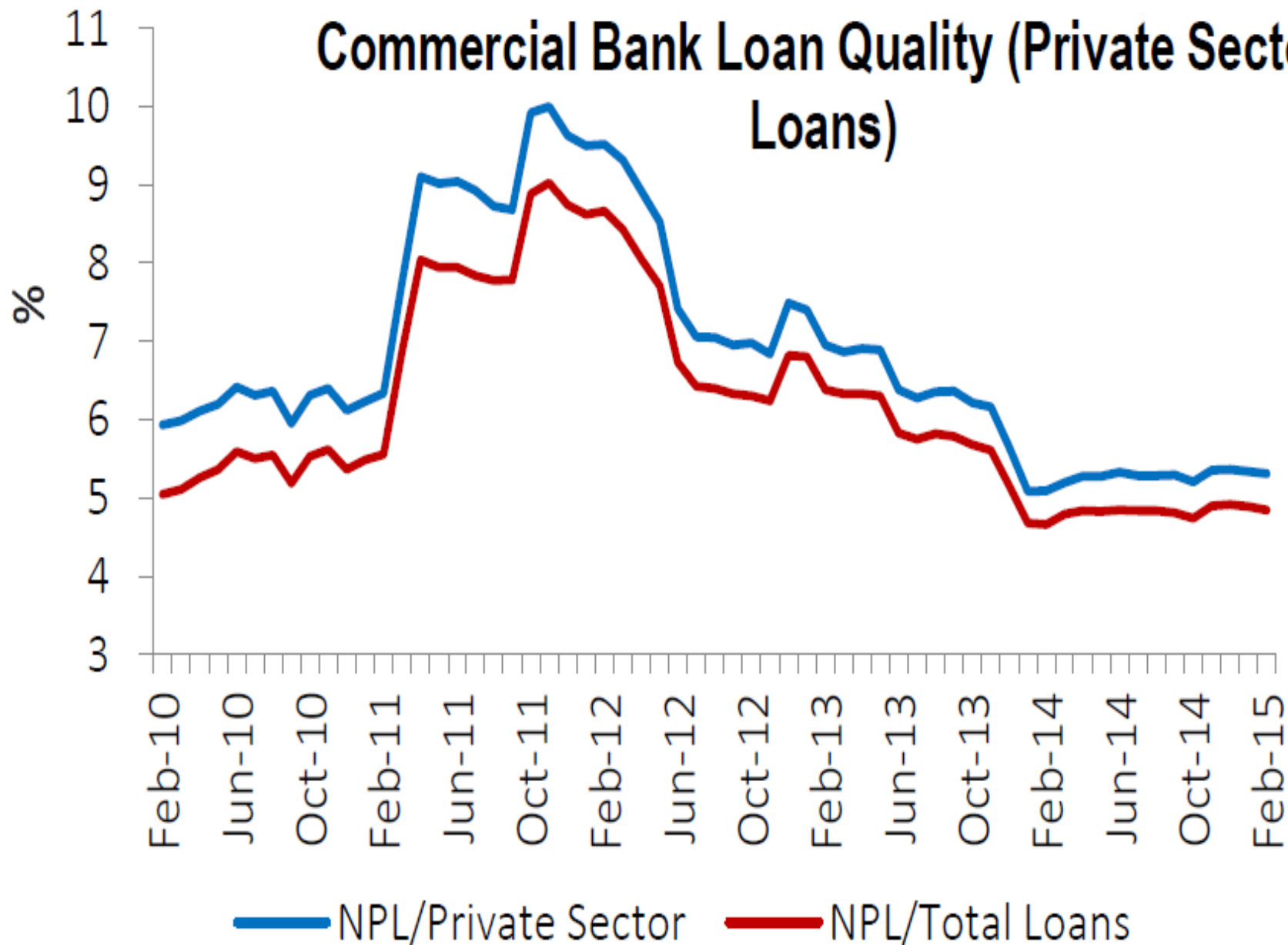
CREDIT REPORTING STATISTICS		
Activity Indicators	2013	2014
No. of reports issued since inception	1 722	69 939
No. of signed credit information providers*	36	54
No. of signed credit information providers submitting data	10	18

Access to Trade Finance – Enabling Trade Index

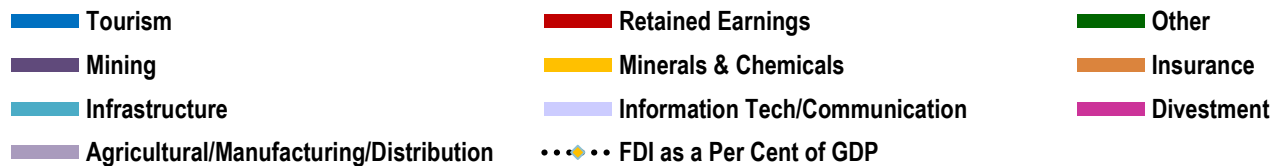
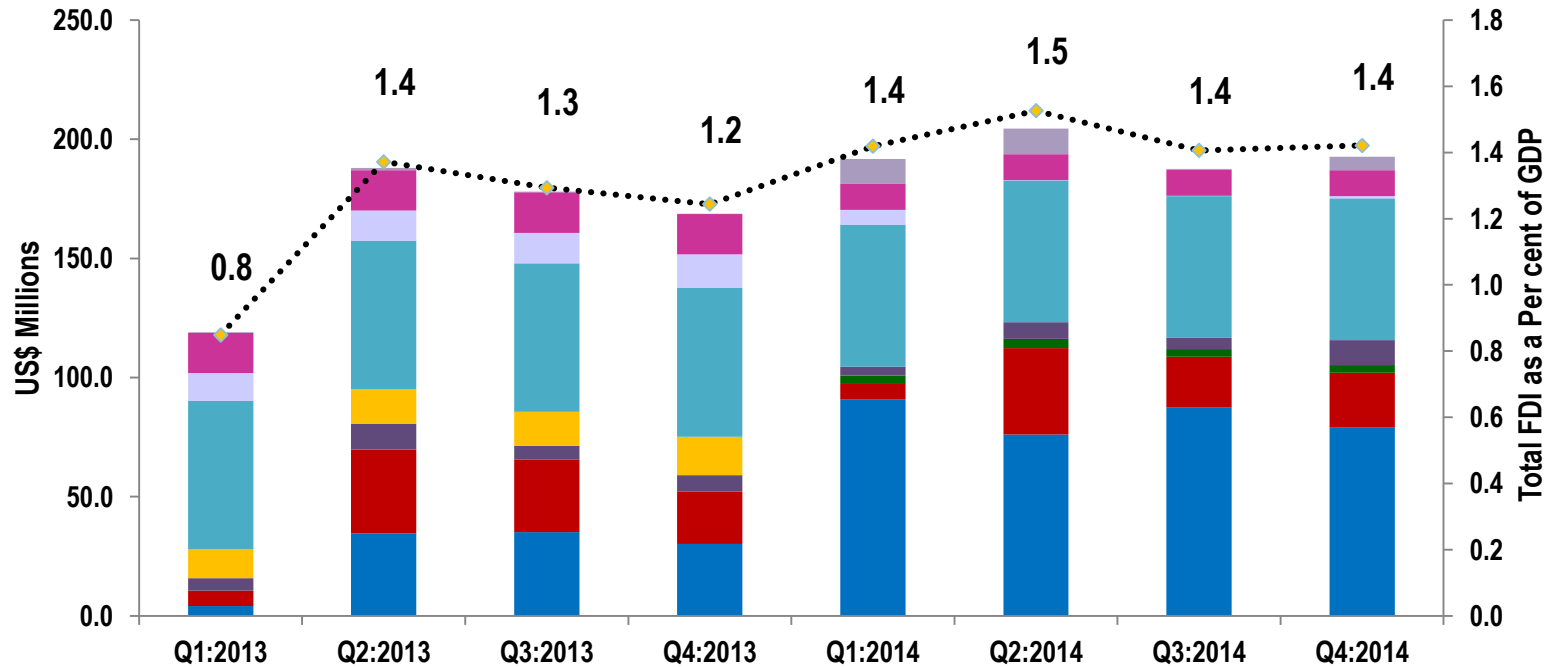




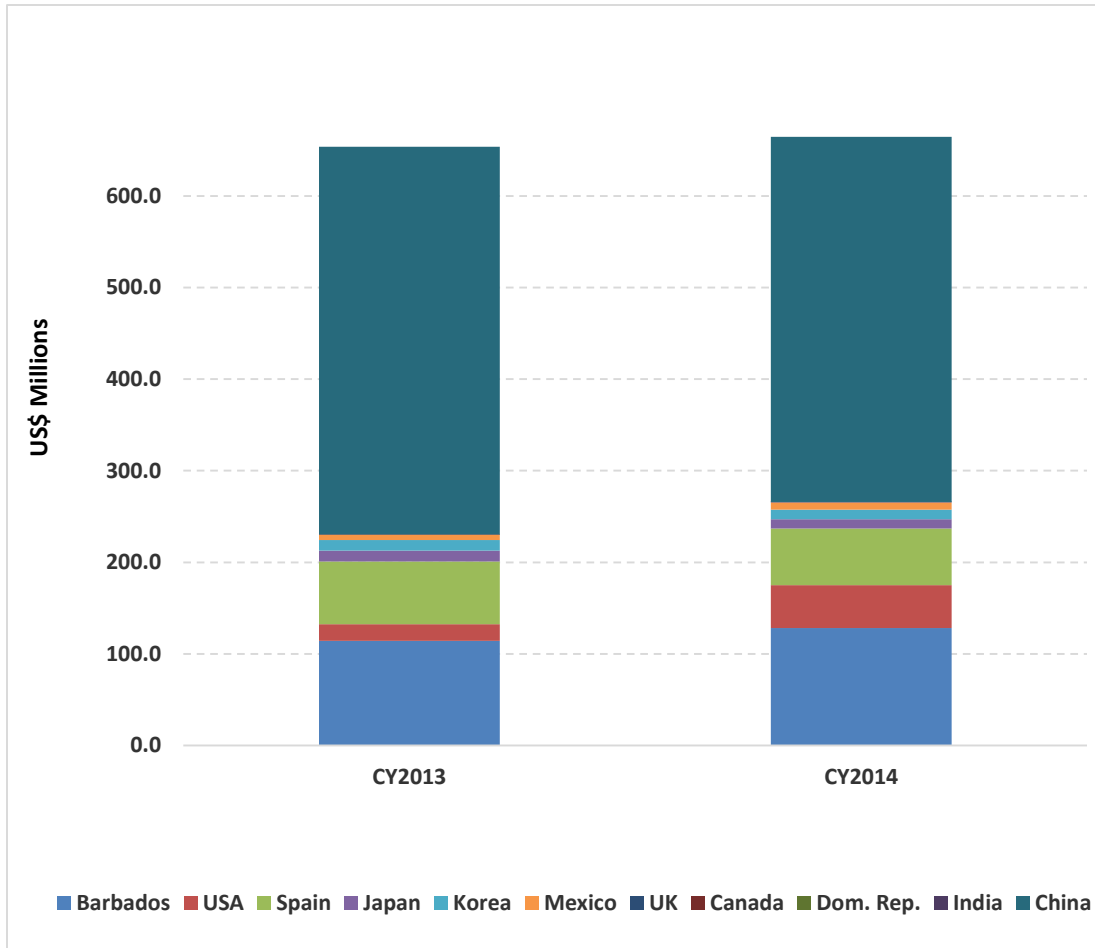
Commercial Bank Loan Quality (Private Sector Loans)



Quarterly Direct Investment by Sector (US\$MN)



FDI Inflows by Source Country



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