

PRIVATE SECTOR ORGANISATION
OF JAMAICA (PSOJ)/
JAMAICA CHAMBER OF COMMERCE (JCC)

CONFIDENTIAL

Partnership for Progress -
Jamaica

UNITED STATES AGENCY FOR
INTERNATIONAL DEVELOPMENT
(USAID)

Letter of Proposal

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1. INTRODUCTION

The objective of the proposed project is to create a societal consensus that bridges our strong political divides on the necessary measures to break Jamaica out of the many vicious economic and social circles from which it has suffered over the past several decades. This project will be different from past efforts in that its principal goal will be to achieve concrete mechanisms by which a unified civil society representing the major interest groups can achieve the highest level of transparency, accountability and monitoring of measures to obtain this objective. The major private sector organizations, major unions and other major civil society organizations will spearhead the effort. The purpose in seeking U.S.AID's involvement will be to help Jamaicans help themselves to move Jamaica forward both economically and socially, and graduate to the rank of a developed country.

2. SITUATION AND OVERVIEW

Situation

For decades, Jamaica's growth has trailed its peers, its neighbours and, indeed, the world. Today the country finds itself with unmanageable interest rates, a suffocating debt burden, and a declining standard of living. The controversial budget debate in April 2003 and the subsequent currency slide in May brought heightened concern over Jamaica's already difficult economic situation. Whilst the situation has recently improved, our very high debt service ratio's show a country under continued extreme fiscal pressure, and we believe the only way out of our current debt situation is to substantially increase our sustainable growth rate, as we cannot inflate our way out as the majority of our debt is either in U.S. dollars or highly market sensitive local floating rate debt.

Jamaica has historically played its part on the world stage and at one time was given the prestigious designation as 'the gem of the Caribbean.' However, in the last two decades Jamaica has "fallen off the radar screen" of many overseas interests and investments. This can be attributed to a number of reasons – social unrest, debt repayment, high inflation, high interest rates and loss of confidence in both the private and public sectors.

Leaders from across Jamaica recognize that this must not continue. As a consequence, these past months have seen the coming together of the Jamaica Chamber of Commerce (JCC), the Private Sector Organisation of Jamaica (PSOJ) and the Jamaica Exporter's Association in an attempt to build a broad-based Partnership for Progress that intends to design and implement tangible measures to move the economy forward.

3. PROJECT OBJECTIVES AND DESCRIPTION

Objectives

The PSOJ and the JCC have been working for over a year to establish a Partnership for Progress (The Partnership), i.e. a group of individuals representing the private sector, trade unions, academia and other relevant NGOs. The key objectives of this partnership entail:

- Formulation of a strategy to lobby the government to cut expenditure
- Lower interest rates
- Implement other necessary measure to create a more nurturing environment for private sector enterprise in Jamaica and ultimately stimulate economic growth

Description

It is envisaged that the Partnership will be an outcome of the current discussions between the various Private Sector entities and the Unions. The Partnership will be led by the PSOJ in collaboration with the JCC and the major Unions. This partnership will then pursue a bottom-up approach in the development and implementation of a “Program for National Recovery”, with the main target of the Program being a step change in the economic growth rate to 5-6% of GDP per annum, with a minimum tangible goal of doubling national income in 15 years.

As part of the project, economic research will be undertaken into the current state of the Jamaican economy. In particular, the current monetary, exchange rate and debt management policy will be reviewed, with particular emphasis on the most appropriate monetary regime for Jamaican economy in achieving this growth objective. One of the first areas of economic research will be to further model our debt dynamics, and assess the vulnerability of our financial system to shocks.

As requested by U.S. AID, this project will also be treated as a continuation of a number of other ongoing PSOJ/JCC and Jamaica Exporter’s Association projects currently funded by U.S. AID all aimed at promoting economic growth. These include the Jamaica Cluster Competitiveness Project (JCCP), the FTAA related trade project, “The Briefing Room”, the “Conference Board”, the “Legs and Regs” project and the initiative to develop downtown Kingston. It is expected that ultimately the research capability of the project will be folded into the umbrella structure of a combined PSOJ so as to strengthen its research and policy making capability.

4. WORKPLAN AND DELIVERABLES

Workplan

It is proposed that The Partnership should last 3 years, through to June 2007 and is envisioned in three phases:

Phase I – Planning and partnership formation

The first phase has already been completed, and has involved convening key private sector representatives, labor leaders and Government representatives. During this phase, the Partnership began analyzing other successful country strategies. Ireland was used as the principal model/case study initially in view of its outstanding success from very similar beginnings, and as a continuation of the recent Economic Seminar put on by the PSOJ on May 21st, 2003. To better

understand the successful Irish experience, a delegation from the Jamaica Private sector, union, academic, government and opposition members recently traveled to Ireland at the end of 2003 to have a face-to-face dialogue with their Irish counterparts. The trip to Ireland allowed the key participants to gain a visceral feel for how their collaboration can work in practice. The trip was also a great opportunity to hear first-hand the best practices used successfully by Ireland when its precarious economic situation mirrored modern-day Jamaica. Ireland provides a gateway opportunity for Jamaica to follow its lead in developing and implementing a plan to create economic stability, growth and prosperity.

Phase II – Contracting party obligation

This phase will see the signing of a Memorandum of Understanding (MOU) (including a Vision for Jamaica) with the Government (and hopefully the Opposition) as the prelude to forming a social partnership. It is hoped that the signing of the MOU with the Government of Jamaica (GOJ) will be achieved by the beginning of June 2004. At this point the Partnership will seek to make the results of the dialogue public through television and radio appearances, and to have a joint scoping session to outline a joint communication plan with the government for an agreed vision for Jamaica.

Phase III – Implementation and ongoing progress assessment

This will entail the development of the practical and detailed work plan and implementation of initiatives necessary to make the changes envisioned by the partners a reality. This will include much thought regarding realistic sequencing of priorities and steps. As each step is taken, it will be shared with the partners for their continued commitment, as well as the public when appropriate. Essential to the process will be the partners' continued buy-in to a process that will require long-term vision, as well as continued short-term sacrifice.

This phase will not be about creating another economic report, of which there are already many in existence. Rather, it will be the pulling together of the specific steps needed to achieve each objective, the methodologies for transparency, accountability and monitoring, and a concrete project plan to achieve these objectives. The number of steps involved in this process will be significant and the burden of coordination by a neutral party, as well as ongoing needs for independent data collection, will be extremely high.

For example, the Partnership is seeking to assist the Government to meet its own fiscal target. Most importantly, the group must outline the critical changes necessary to move from the current state to the desired reality. Which issues are

most pressing, what barriers are most intractable, and what goals are achievable in the short, medium, and long-term.

The Partnership will produce a document to be tentatively titled “The Way Forward” that will outline the consensus of the Partnership on the changes to be implemented by the wider social partnership. The Partnership will submit “The Way Forward” for discussions with the wider society in the form of seminars and workshops and incorporate comments into the document.

Phase III will be institutionalized with a 12 to 24 month structured process, but is designed to build a partnership that can last indefinitely.

Phases I-III – Communications Program

A crucial component of The Partnership is the involvement of all stakeholders in the economy. Central to this entire process therefore is a communication strategy to include seminars and workshops to gain feedback from as many stakeholders as possible. Additionally, the Partnership intends to build a web site to generate feedback both nationwide and internationally on the Program and to raise funds from both local and overseas private donors.

Public Relations, Publicity and Promotion

- Bring international business/economic journalists to cover the partnership
- Generate interest and coverage in Canada, UK and the United States, particularly amongst the overseas Jamaican community
- Organise interviews with the Irish Delegation and other principals, with newspapers, television and radio
- Media relations during the event, post-event and follow-up
- Feature writing and event planning as required

Deliverables

Over the period of the 3 years, the Partnership is expected to effect changes in public policies that will stimulate economic growth, and begin to see annual GDP growth of 5-6%. This will be accomplished through several initiatives in conjunction with the Partnership, but the main thrust of the Partnership will be to lobby the government to institute economic policies that will be more nurturing to private enterprise including:

- the reduction of interest rates
- the promotion of trade
- the reduction of tax rates
- the reduction of public expenditure that exacerbates the high interest rates and high taxation

5. RESOURCE REQUIREMENTS

The following is a list of major resources required for the project:

- A full-time Project Manager who will primarily operate from within the umbrella PSOJ, and an Administrative Secretary to staff the project. Initially, so as not to delay the project further, the administrative Secretary may be appointed awaiting the appointment of a final project manager. The project manager will be required to have a strong economic background.
- As required, specialist short-term consultants will be engaged to assist in economic strategy, and legal draftsmanship.
- Equipment will comprise two computers and a printer. The PSOJ and the JCC will provide office and other related facilities.
- Internet resources, including a web site and web development skills.
- Resources to facilitate workshops and seminars to communicate to the wider public.

6. PROPOSED BUDGET

The Partnership is looking to raise approximately an additional US\$250,000 for this project in cash and kind predominantly from the private sector (including the Economic Seminar last May we estimate the Private Sector has already spent well over US\$100,000 and will very soon be spending significantly more through the resources of its members, and the general public. In addition the Chamber is seeking matching funding of US\$300,000 from the United States Agency for International Development. Table 1 details the breakdown of expected contributions.

Table 1: Budget Heads (US\$ '000)

Source	PHASE 1			PHASE 2			PHASE 3			TOTAL		
	Private	Coalition	Grant	Private	Coalition	Grant	Private	Coalition	Grant	Private	Coalition	Grant
Staff	10	5		10	5	50	10	5	150	30	15	200
Technical Consultancy	10	25		10		50			15	20	25	65
Communications Programme	5	25		20	20	35	5	20		30	65	35
Equipment	10	10		20	10		40	20		70	40	0
Facilities	5	5		10	5		20	10		35	20	0
TOTAL	40	70	0	70	40	135	75	55	165	185	165	300

7. CONCLUSION

The proposed Program for National Recovery will be of great interest to a huge constituency outside of Jamaica. Amongst these are investors (from a cross section of industries); Jamaicans who wish to return to Jamaica, intellectuals and of course the media.

The time is ripe for such a partnership to succeed in Jamaica. We believe that change requires five pre-conditions, all of which are currently in evidence: tension, receptivity to change, moral purpose, insight, and leadership. Among these five, we believe that two are different than at any other time in Jamaica's history: the economic *tension* and receptivity of the population is probably as high as its ever been. Most important to the success of this endeavor will be *leadership* that will need to be demonstrated by the social partners. To let such a rare opportunity slip by would be a tragedy indeed.

We also believe the pro-growth, pro free trade ideas, discussions and resolutions that ensue from this Programme would also be of great benefit to the wider Caribbean and the proposed Free Trade Agreement of the America's, particularly if they were shared with members of the region as well as the United States. The support of the United States at this crucial time is very much appreciated, particularly in view of its long-standing relationship of trade, aid, investment, security and exchanges with the Caribbean.

APPENDIX A. SURVEY FIELD RESEARCH FOR PARTNERSHIP

This could include the population at large, trade union membership and the private sector.

- A baseline sample of 1- 2,000 for the general population, and samples of 200 -400 each for trade union members and the private sector. The surveys will take an average of 12-15 minutes to administer, and will consist of about 40 structured response and open ended question.
- Focus groups – Focus groups are an invaluable way of expanding on the information gained from survey interviews, and would be most effective with trade union members and members of the private sector. One should plan on a minimum of three focus groups for union members, and up to six private sector focus groups.
- Individual In – Depth Interviews – Certain opinion leaders whose views we are probably going to want to elicit will probably be reticent about speaking in a focus group environment (either with or without their self –perceived peers) and can best be handled with individual , one – on –one in depth interviews that would probably last a total of about 30 minutes each.