



Jamaica and the IMF *

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*The first part of this presentation is derived from the communication toolkit of the IMF's Communications Department.

Outline

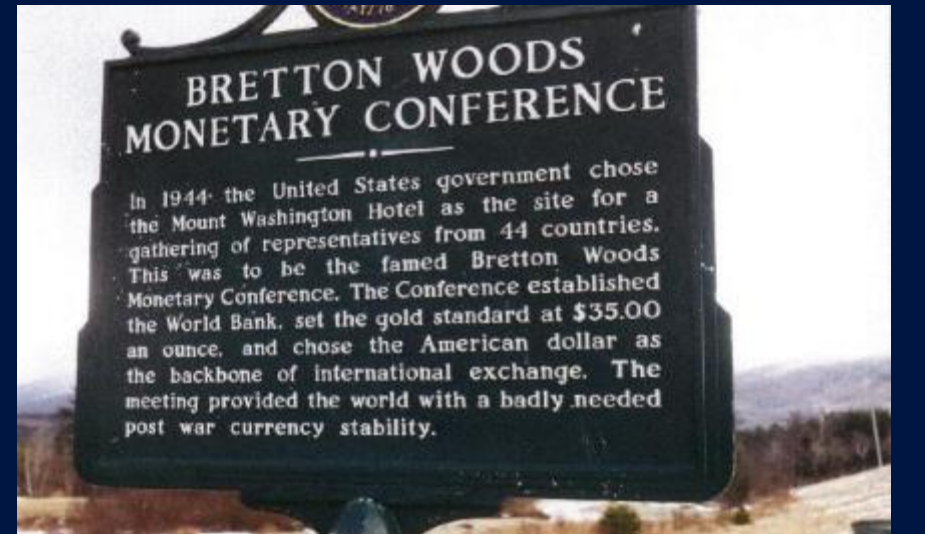
Part I: Overview of the IMF

Part II: The History of Jamaica with the IMF

- Prior to 2013
- The Extended Fund Facility (EFF; 2013–2016)
- The ongoing precautionary Stand-By Arrangement (SBA) (since Nov. 2016)

Part I: Overview of the IMF

The genesis of the IMF





IMF Today

Over 2,600 Staff

From 148 countries

Global Membership

189 countries
represented

Non-members include: Cuba,
North Korea, Andorra,
Monaco, Liechtenstein



How the IMF Works

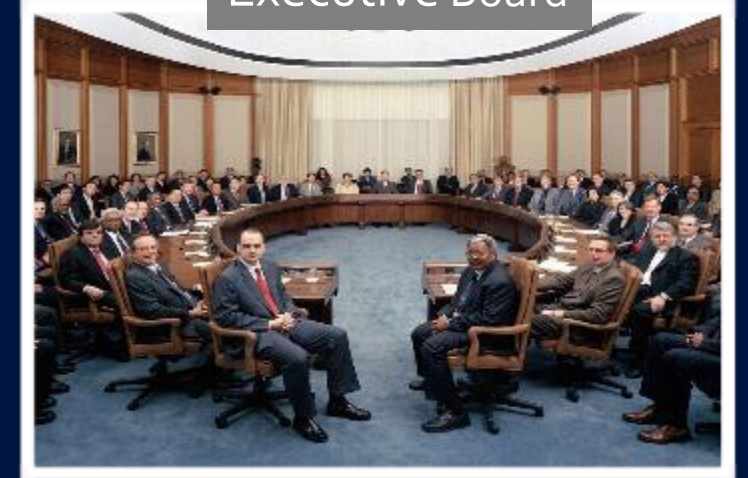
Board of Governors



IMFC



Executive Board



Management



Staff



Management



A photograph of Christine Lagarde, the Managing Director of the International Monetary Fund (IMF), speaking at a podium. She is shown in profile, facing right, wearing a dark blue jacket, glasses, and a blue earring. The background is dark with some blurred lights.

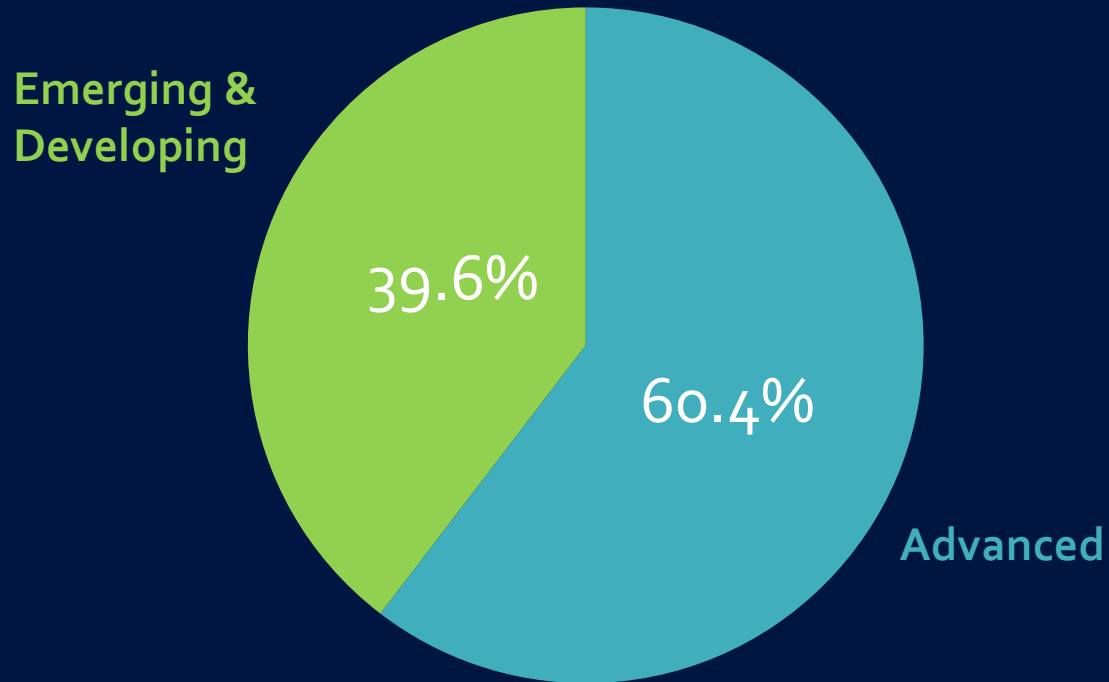
Role of the IMF

“Our key mandate is to **promote global economic and financial stability.**”

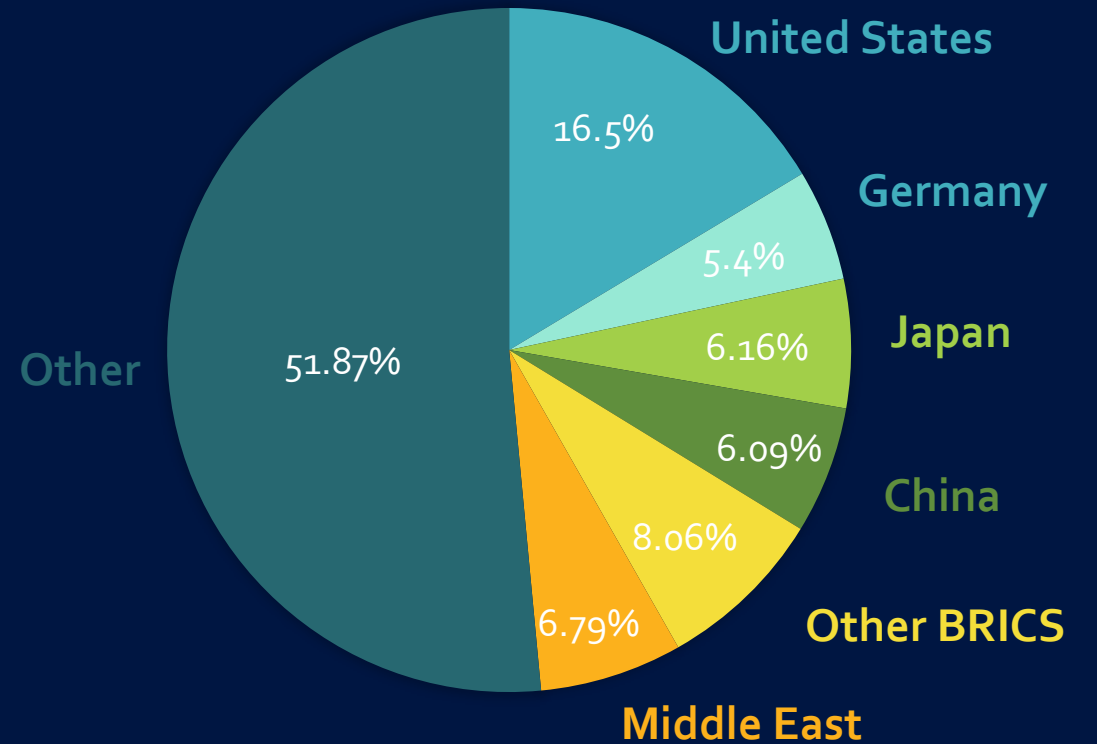
- Christine Lagarde

Where the IMF Gets Its Money

ECONOMIC DEVELOPMENT



VOTING SHARE



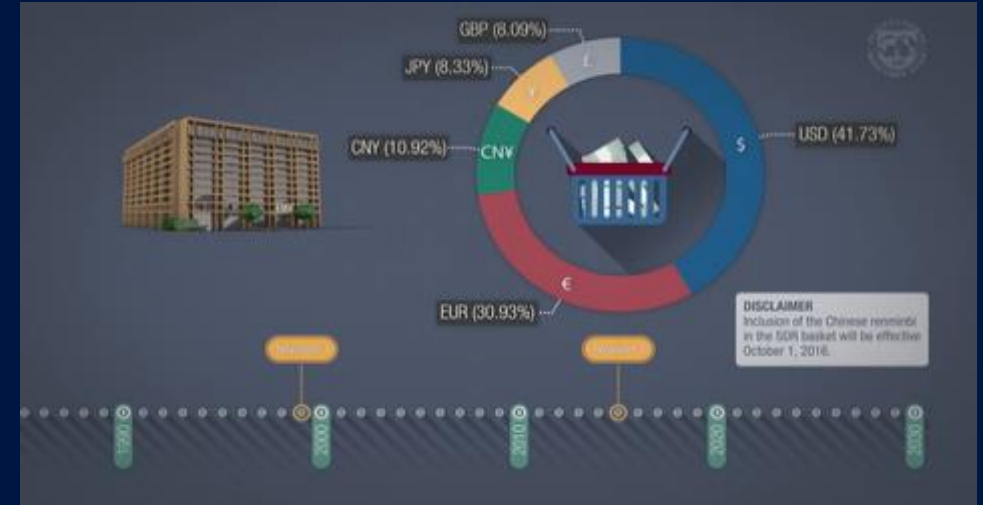
Governance



6% Shift of voting shares to emerging market and developing countries

BRICS now in top 10 shareholders

SDR Basket



Inclusion of the Chinese renminbi (RMB) as the fifth currency (effective October 1, 2016).

Role of the IMF

1. Surveillance

- Bilateral, Regional, Global
- Evenhanded approach
- Spillover and cross-country analysis



Role of the IMF

2. Lending

- **Non-Concessional** → Crisis management & prevention (e.g. Greece)
- **Concessional** → Tailored to country needs (e.g. Ebola)
- **Conditionality** → Flexible, focused, social, macro-critical



Role of the IMF

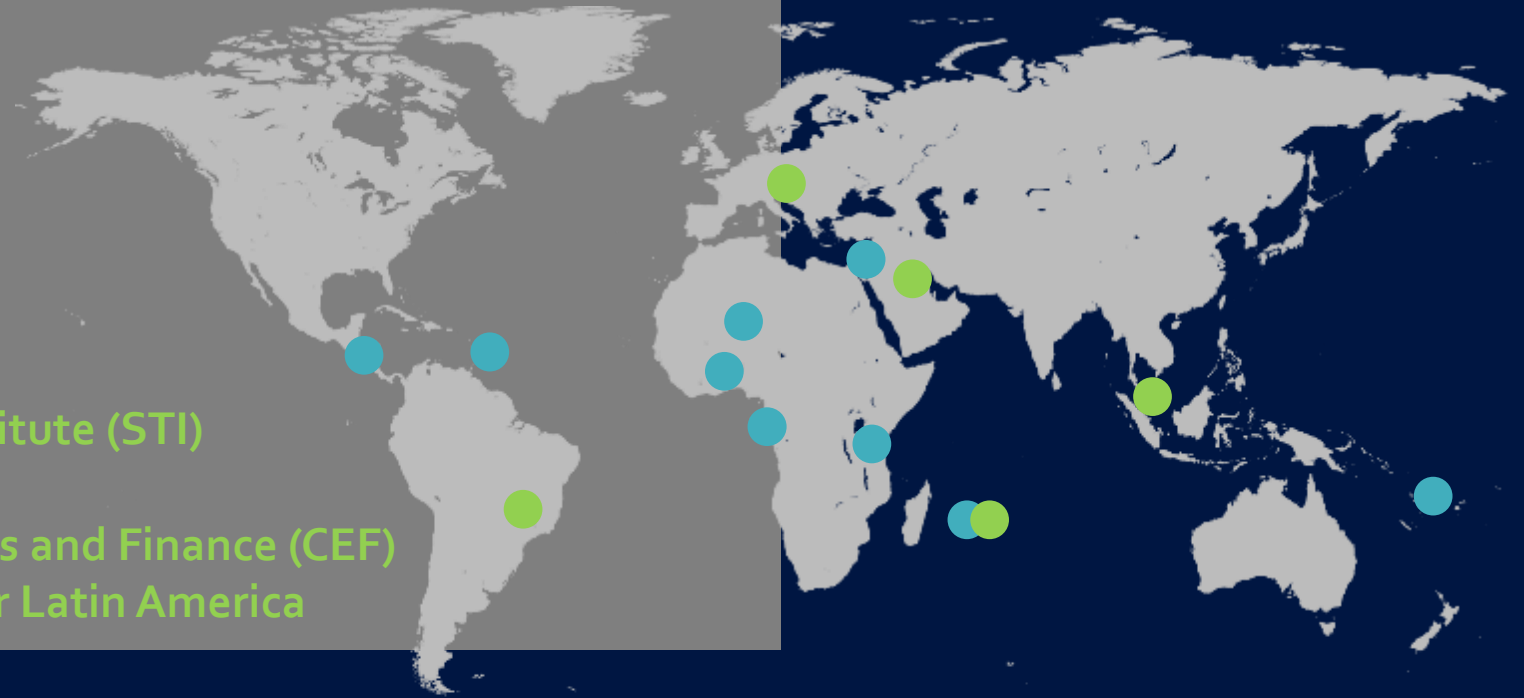
3. Capacity Development

Regional technical assistance centers:

- Fiji
- Lebanon
- Tanzania
- Mauritius
- Gabon
- Ghana
- Mali
- Barbados
- Guatemala

Regional training centers:

- Africa Training Institute (ATI)
- IMF-Singapore Regional Training Institute (STI)
- Joint Vienna Institute (JVI)
- IMF-Middle East Center for Economics and Finance (CEF)
- The Joint Regional Training Center for Latin America





Role of the IMF:

Traditional Areas of Work

- Monetary policy
- Fiscal policy
- Financial Stability

New Areas of Work

- Inequality, jobs and inclusive growth
- Climate change and energy pricing
- Female labor force participation
- Corruption

Inequality



- Staff guidance on Jobs and Growth: Helping countries achieve inclusive growth
- Growth that is more equitable is also more sustainable
- IMF research: Little evidence that fiscal redistribution has negative impact on growth

Climate Change



- Fiscal instruments can play a key role (e.g. carbon tax; removing energy subsidies)
- Policy design is critical—policies must:
 1. be targeted
 2. be cost effective
 3. strike a balance between environmental benefits and economic costs

Female Labor Force Participation



- Increasing women's labor force participation has a positive impact on growth (e.g. Japan)
- Law: Almost 90 percent of countries have at least one gender-based restriction; equity in law = more women in labor force
- Gender inclusion can reduce income inequality
- IMF research on gender budgeting as a fiscal policy tool to promote gender equality, and girls' and women's development

Corruption



- Weakens the state's capacity to raise revenue
- Undermines quantity and quality of public spending
- Distorts budget allocations
- Further weakens financial oversight and stability

Fund's work on corruption

- Transparency; Rule of Law; Economic Liberalization and Regulation; Building institutions.

Engagement with Stakeholders

Whom do we engage with?

- Parliamentarians
- Civil Society Organizations
- National and International Trade Unions
- Think Tanks/Academics
- Youth

Why?

- Information exchange
- Finger on the pulse of country
- Policy dialogue
- Effectiveness of policy advice



Summarizing the work of the IMF



Part II: History of Jamaica with the IMF

Mixed program experience prior to 2013...

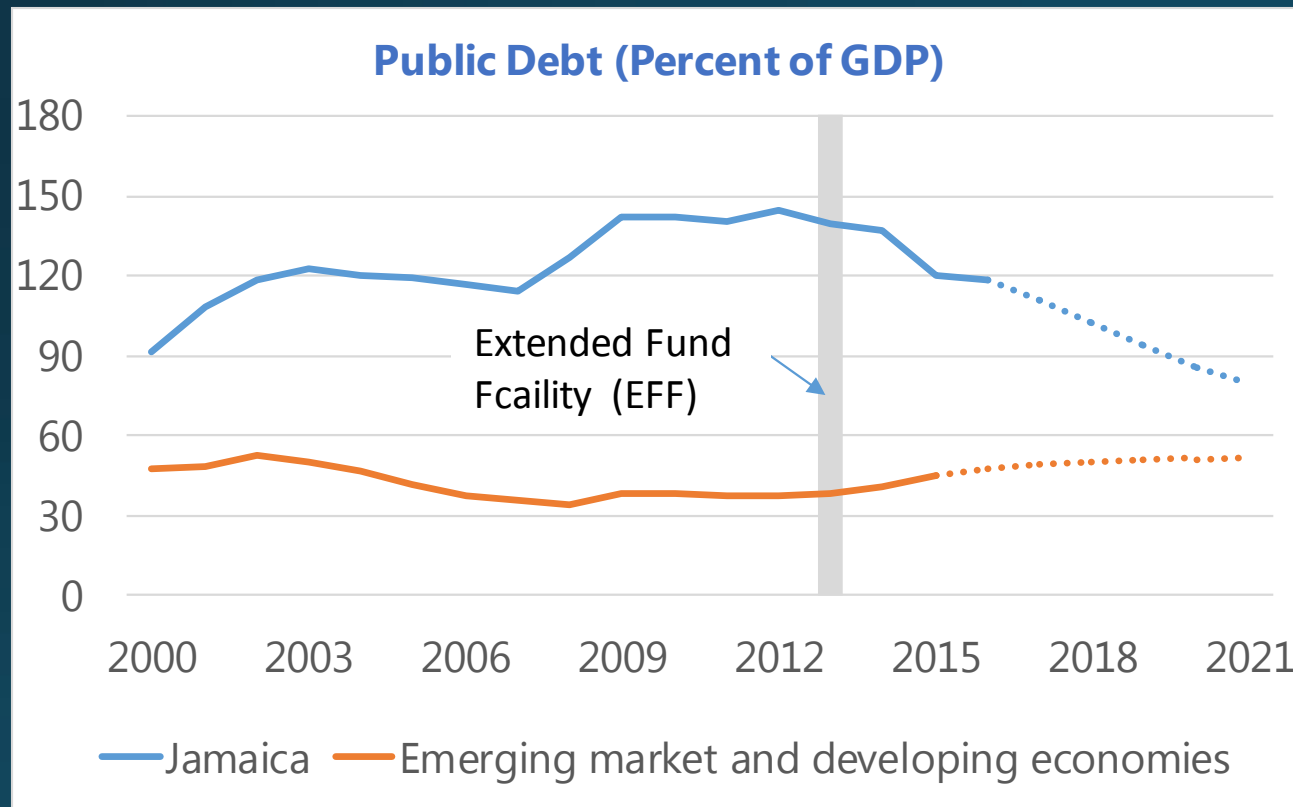
- The first economic program of Jamaica with the IMF was signed in June 1964, in the amount of US\$20 million
- The Stand-By Agreement of Feb. 2010 was the 14th IMF-supported program in Jamaica. It went off-track in 2011, after only after 3 reviews.

...Then came the Extended Fund Facility (EFF): 2013–2016 (about US\$1 billion)



Unprecedented debt reduction

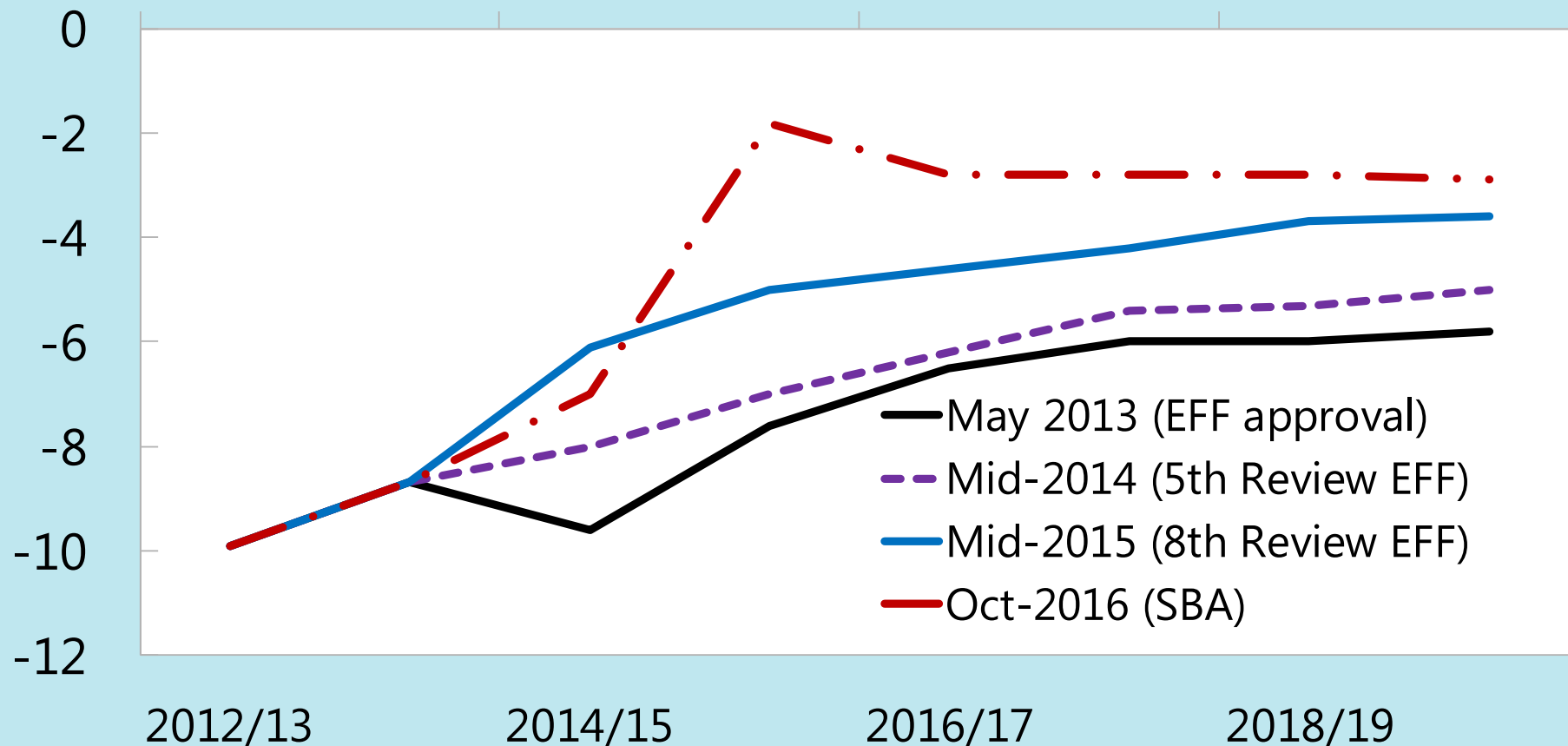
Public debt on a firm downward path... ...Underpinned by



- Strong fiscal adjustment
- Entrenched in a fiscal rule legislated in 2014
- PetroCaribe debt buyback
- Relatively limited realization of contingent liabilities

Important external adjustment, helped also by low global oil prices

Jamaica: Current Account Balance



Sources: BOJ and IMF Staff calculations

Other achievements included...

- Sizable reduction in inflation
- Important build-up of net international reserves (from below US\$1 billion to about US\$2.5 billion)
- Major tax policy reform to limit discretionary waivers
- Strides in the structural reform agenda, incl. in revenue administration and public financial management.

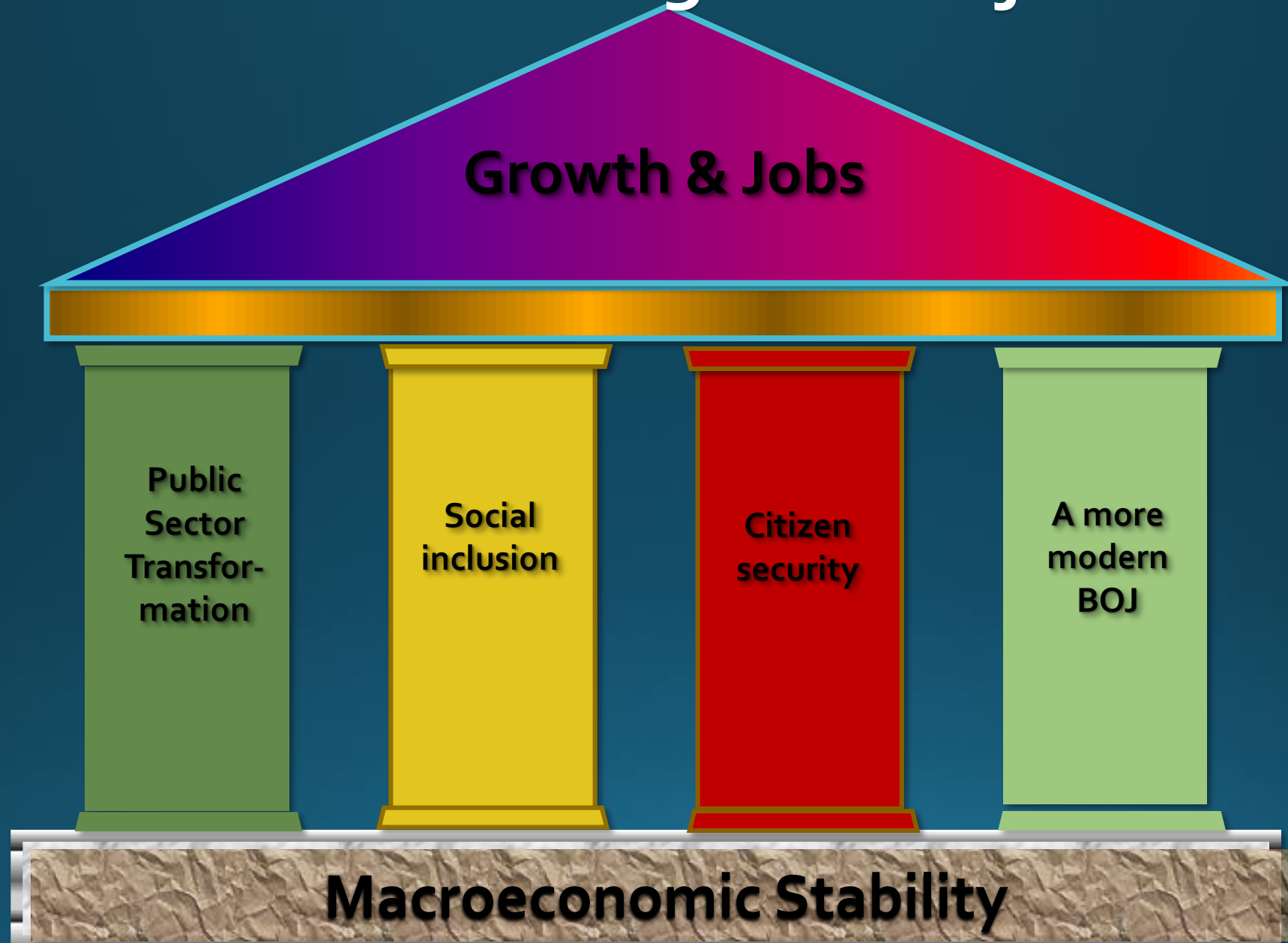
...But some challenges remained

- Sluggish growth and high unemployment, especially among the Youth
- Government spending tilted towards wages-related expenses and interest payments on debt (about 67 cents out of each dollar earned by the government)

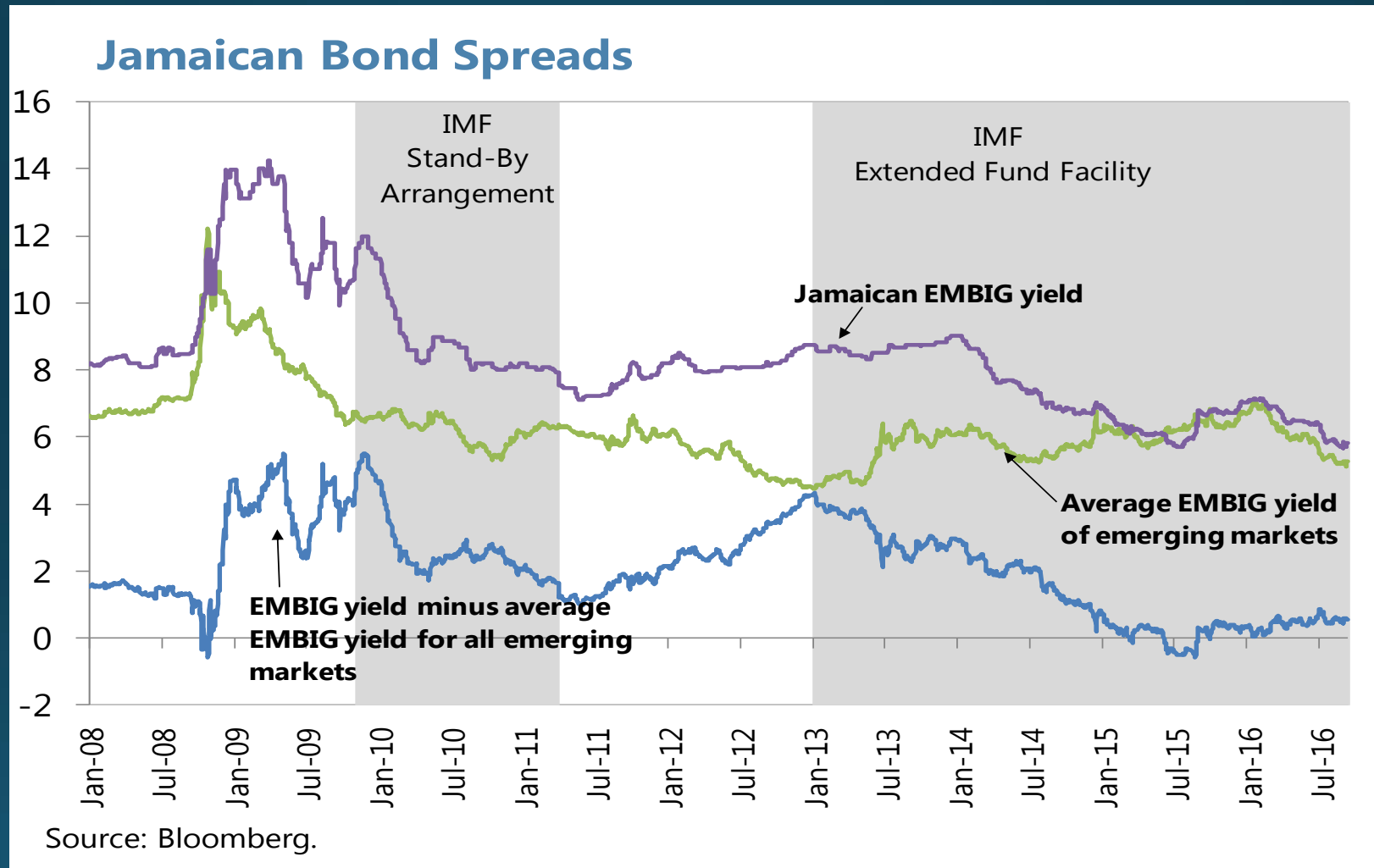
...and now the

**“Precautionary” Stand-By
Arrangement (SBA)**
(credit line of US\$1.64 billion)

Renewed focus on growth & jobs



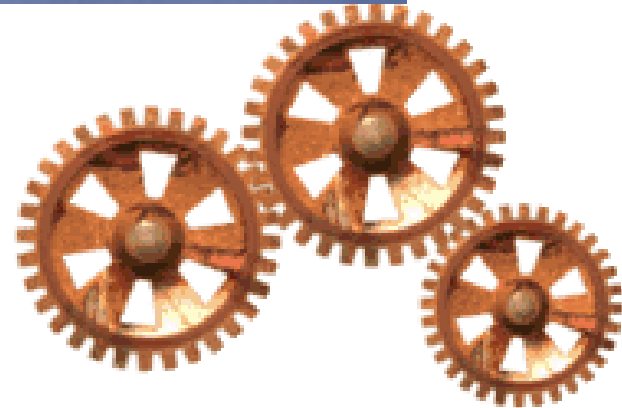
...Leveraging the success of the EFF



Pillar 1: Public sector transformation– Passing the baton



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Pillar 2: Social inclusion



Pillar 2: Social inclusion



Pillar 3: Citizen safety



Pillar 3: Citizen safety



Pillar 4: A more modern central bank...towards Inflation Targeting



Pillar 4: A more modern central bank...towards Inflation Targeting



Growth & jobs



...restraint today for a bright future,
including for young Jamaicans...



THANK YOU