EVOLVING PROSPECTS FOR ECONOMIC GROWTH & DEVELOPMENT IN JAMAICA

Mariame McIntosh Robinson, President & CEO
First Global Bank

Thursday September 27, 2018
Jamaica has enjoyed anaemic growth over last few decades.
However some firms have thrived...

Robust Profits

- GraceKennedy
- Scotiabank
- National Commercial Bank Jamaica Limited
- Sutherland Global Services
- Carreras Limited
- Digicel
- LASCO
- Sandals
- Sagicor
- The JAMC Group
In region, DR growing fastest...

Dominican Republic is the fastest growing economy in the Americas
...with robust growth over the years

GDP Growth in The Dominican Republic

What are main reasons for sustainable growth?
What is required for growth?

**Key Enablers**

1. Education System that works for all

2. Financing for businesses (all types, sizes)

3. Strong macro-environment & country leadership
Education: current state

Snapshot: CSEC performance, Jamaica

<table>
<thead>
<tr>
<th>Year</th>
<th>% Math Passes</th>
<th>% English Passes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>30.5</td>
<td>64.9</td>
</tr>
<tr>
<td>2011</td>
<td>33.2</td>
<td>63.9</td>
</tr>
<tr>
<td>2012</td>
<td>31.7</td>
<td>46.2</td>
</tr>
<tr>
<td>2013</td>
<td>42.0</td>
<td>64.0</td>
</tr>
<tr>
<td>2014</td>
<td>56.0</td>
<td>66.0</td>
</tr>
<tr>
<td>2015</td>
<td>62.0</td>
<td>66.0</td>
</tr>
<tr>
<td>2016</td>
<td>47.7</td>
<td>71.2</td>
</tr>
<tr>
<td>2017</td>
<td>50.2</td>
<td>70.8</td>
</tr>
<tr>
<td>2018</td>
<td>57.8</td>
<td>75.4</td>
</tr>
</tbody>
</table>

Opportunities

- Case study: Gnowbe
  - Micro app mobile learning

- Skills based/vocational based learning

- Artificial Intelligence and the advent of 4th Industrial Revolution
# Financing: current state

<table>
<thead>
<tr>
<th>Source</th>
<th>Description</th>
<th>Pros</th>
<th>Cons</th>
<th>Easy in JA?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal funds</td>
<td>• Savings, credit cards</td>
<td>• Easy access</td>
<td>• Increases personal liability and risk profile</td>
<td>![Green][1]</td>
</tr>
<tr>
<td>Family/friends</td>
<td>• Cash from relatives, friends</td>
<td>• Easy access with favorable terms</td>
<td>• May damage personal relationships</td>
<td>![Green][1]</td>
</tr>
<tr>
<td>High Net Worth Individuals</td>
<td>• Cash from individuals with net worth &gt; US$1M</td>
<td>• Larger check size</td>
<td>• Onerous terms</td>
<td>![Yellow][2]</td>
</tr>
<tr>
<td>Bank loan</td>
<td>• Loan from commercial or development bank</td>
<td>• Lower cost financing than equity</td>
<td>• Lengthy process</td>
<td>![Green][1]</td>
</tr>
<tr>
<td>Trade partner</td>
<td>• Supplier financing</td>
<td>• Better cash flow management in early period</td>
<td>• May negatively affect negotiations in longer-term</td>
<td>![Yellow][2]</td>
</tr>
<tr>
<td>Venture capital</td>
<td>• Cash from VC fund for equity</td>
<td>• Business growth assistance</td>
<td>• Dilution; onerous terms</td>
<td>![Yellow][2]</td>
</tr>
<tr>
<td>Private equity</td>
<td>• Cash from PE fund for equity</td>
<td>• Business growth assistance</td>
<td>• Dilution; onerous terms</td>
<td>![Yellow][2]</td>
</tr>
</tbody>
</table>
Macro environment: current state

- Debt to GDP Ratio: 103%
- GDP Growth: 0.4%
- Unemployment Rate: 9.7%
- Interest Rate: 2%
- Exchange Rate: JMD135 to USD 1
- Inflation Rate: 3.9%

Source: Focus Economics
As at September 2018*
Prospects for economic growth

Growth areas:
- Technology
- Logistics
- Agriculture e.g. agro processing, cannabis
- Renewable energy
- Non-Traditional Tourism – eco, medical, volunteer
- Knowledge Process Outsourcing
Thank You!