



EUROPEAN UNION – JAMAICA PROJECT SHEET

Project Title	Debt Reduction and Growth Enhancement Programme (DRGEP)
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Sector	Macroeconomic budget support	Budget (€)	Total project cost: J \$ 10.5 bln EU contribution : J \$ 10.5 bln
Location	Jamaica	Budget (€equiv.)	Total project cost: €87 mln EU contribution : €87 mln
Start Date (Est.)	Fiscal Year 2008/09	End date (Est.)	Fiscal Year 2012/13

Implemented by	EU Delegation and Planning Institute of Jamaica
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Objective	<p>The <i>overall objective</i> (goal) is to contribute to improving the welfare of the Jamaican people by addressing the causes of large public debt stock, removing other public governance obstacles to sustained high economic growth rates and free up resources for GoJ's social expenditure in compliance with the longer-term objective of poverty reduction.</p> <p>The <i>specific objective</i> is to contribute to a marked reversal in existing public debt build-up dynamics, by strengthening public finance and debt management, divesting the State from debt-creating entities and improve business environment therefore making financial resources available for non-debt public expenditure. In particular DRGEP will provide an incentive to pursue: (a) debt containment, fiscal accountability mechanisms and implementation of PFM reforms as recommended by several studies and assessments. (b) State divestiture from debt-creating and non-core public service entities; (c) business administrative and tax reforms. (d) improvement in the allocation of the budget for Education</p>
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Description
<p>DRGEP is a macroeconomic budget support programme that addresses the root causes of public debt stock build-up and some of the constraints affecting private businesses and ultimately the country's economic growth. A set of indicators have been mutually agreed between the European Commission and the Government of Jamaica. Disbursements take place in 8 tranches upon positive assessment on the achievement of the agreed objectives. The money is disbursed into the central treasury account of Jamaica and is fully fungible.</p> <p>Indicators cover the following areas: (1) Budget preparation, execution and monitoring; (2) Public Finance responsibility; (3) Management of Public Debt; (4) Commitment to discontinue deferred financing; (5) Procurement by MDAs and Public Bodies; (6) Screening and Divestment of public entities; (7) Simplification of business procedures; (8) Reform of the tax system; (9) Review of Public spending on education. Some conditions include more than one activity.</p>

Results
<p>So far 5 fixed tranches and 2 variable tranches for a total of €73.15 mln have been disbursed. The third variable tranche is expected in 2012 if the conditions are met. Reforms supported under the programme thus far include the divestment of loss-making state-owned companies, the development of a simpler and fairer tax system, improvements to the administration of public finances and more transparent and effective public procurement rules</p> <p>A budget increase and an extension of the duration are currently being considered.</p>

Contact Details (incl. email and website)
<p>Alberto Menghini; Project Manager Economics, Trade, Politics and Information Delegation of the European Commission to Jamaica, Belize, The Bahamas Turks and Caicos Islands and Cayman Islands 8 Olivier Rd. P.O. Box 463, Kingston 8, Jamaica, West Indies Tel. (1-876) 924.6333 Fax (1-876) 924.6339 http://eeas.europa.eu/delegations/jamaica/index_en.htm</p>

E-Mail: delegation-jamaica@eeas.europa.eu Website: http://eeas.europa.eu/delegations/jamaica/index_en.htm	Last Updated	January 2012
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