

Jamaica's
implementation
of the SDGs
and the role of
taxation

Introduction

- The National Development Plan, Vision 2030 commenced in 2009/ 2010. This plan was the first long term and strategic national development plan in the history of Jamaica.
- It was aimed at advancing the achievement of developed country status and thereby ensuring a secure and proper future for all Jamaicans.
- In 2017 Vision 2030 and its Medium Term Socio- Economic Policy Framework (MTF) , was identified by the GOJ as the the mechanism for implementing the SDGs and a Roadmap towards implementation was approved.



Introduction

- Accordingly, the 17 SDG goals have been aligned with the 4 goals and 15 national outcomes of Vision2030.
- The targets of the MTF became the mechanism through which the goals will be realized.
- The MTF will be supported by consistent monitoring and evaluation, expanding and strengthening of financial mechanisms for plan implementation, improving policy coherence , capacity building of policy makers in policy integration, and continued public engagement



Introduction

► **List of some of the achievements:**

- Approval of Medium Term Socio – Economic Policy Framework
- Quarterly reports on the Vision 2030 plan
- Engagement of entities in capacity dev.
- Advancing the achievement of the SDG through Vision 2030 project supported by UNDP in 2019, engaged the municipality corporations in training to support the alignment of Vision 2030 and the SDGs.



Introduction

- ❑ Online monitoring platform for Vision 2030 to monitor the contributions of development partner support to advancing Vision 2030 and the SDGs
- ❑ In 2019 there was gain is macroeconomic stability
- ❑ Reduction in unemployment
- ❑ Increased use of non-fossil fuel
- ❑ Effective governance
- ❑ Economic growth in tourism, agriculture, quarrying



Introduction

- ❑ Jamaica co- chairs with Canada, The Group of Friends for Financing
- ❑ Co-chairs with Belgium, Group of Friends of Decent Work for Sustainable Development
- ❑ Co- chairs Group of Friends of Children and SDGs
- ❑ Member of Groups of Friends for Ocean and Seas, Sports for Development and Peace
- ❑ Co- Leading role with France and Qatar in an initiative to accelerate climate finance investments



Introduction

➤ **Financing the SDGs**

- ❑ In keeping with the Addis Ababa Action Agenda, for financing the 2030 Agenda, the financing and development framework includes both external and domestic financing .
- ❑ Currently external financing is provided through ODAs , multilateral institutions, bilateral agreements .



Introduction

- This presentation examines Jamaica's implementation of the SDGs and highlights the role of taxation in financing the SDGs. The presentation is divided into 4 parts.
- ❑ The Road to adoption of Vision 2030 and the SDGs, including the developmental context.
- ❑ The Roadmap, including gaps between the Vision 2030 goals and the SDGs
- ❑ Role of Taxation
- ❑ Recommendations



Overview of Jamaica's developmental context

- ❑ 3rd largest island in Caribbean and largest among the Anglophone Caribbean countries at 4243 sq miles
- ❑ Official language is English
- ❑ Divided into 14 Parishes
- ❑ Has enjoyed stable democracy since independence in 1962



Jamaica's developmental context

- ❑ 2 major airports and home to the 7th largest natural harbour in the world

Economic Factors

- ❑ Principal drivers are :tourism, manufacturing, agribusiness business processing outsourcing, bauxite/ alumina
- ❑ Low annual growth over past 20 years, gradual improvement in the past 5 years
- ❑ Weak domestic consumption



Jamaica's developmental context

- ❑ FDI steadily improving in spite of strong regional competition
- ❑ Predominantly a service economy
- ❑ Labour market characterized by large informal economy
- ❑ Unemployment now at 8.9%
- ❑ High migration among skilled persons and university graduates



Jamaica's developmental context

- ❑ High levels of remittances
- ❑ Tax System is worldwide with 7 major tax types
- ❑ Threshold is 1.5 mil JA ,tax rate of 25 % between 1.5 -6 mil per annum
- ❑ 30% over 6 mil per annum
- ❑ Corporate rates are 25 % and 33 1/3 for Regulated companies.
- ❑ Tax revenues(inclusive of customs) form 25 % of GDP



Jamaica's developmental context

Social Factors

- ❑ Poverty rate -17 %
- ❑ Education -93 % of children have access to primary and secondary high schools, however quality education is some circumstances dependent on economic status, government resources.
- ❑ Attendance for boys from inner city, fall dramatically by age 15
- ❑ University education is typically accessed by women outnumbering men with a ratio of 70-30



Jamaica's developmental context

- ❑ 8 out of 10 university graduates migrate
- ❑ Health
- ❑ Universal health care, but under- resourced
- ❑ Main causes of health problems are Non- communicable disease, such as diabetes, high blood pressure, heart and kidney issues.
- ❑ Funding comes from National Health Fund which receives disbursements from consumption tax on tobacco and alcohol.



Jamaica's developmental context

Environmental Factors

- ❑ Wide range of microclimates, endemic species of plants and birds
- ❑ Diverse marine environment
- ❑ Main sources of water for Kingston and Montego Bay are Blue Mountain and Cockpit Country forest reserve
- ❑ Scenic beauty and good coastal quality is beneficial to the tourist industry, and there are spillover employment benefits.



Road to adoption of Vision 2030 and the SDGs

- Financial crash of 2008, one of the catalysts for Vision 2030
- Full scale recession in Jamaica
- Country already burdened by debt, poverty , debt to GDP ratio of 127%, no growth for over 20 years
- Introduction of Vision 2030 in 2009-2010
- National Development Plan underpinned Vision 2030



Road to adoption of Vision 2030 and SDGs

- Hailed as “historic”
- 4 Broad “synergistic, and interdependent social, economic and environmental development goals”
- **Goal1: Jamaican’s are empowered to achieve their fullest potential**




Road to adoption of Vision 2030 and SDGs

- **Goal 2: Jamaican Society is Secure, Cohesive and Just**
- **Goal 3: Jamaica's Economy is Prosperous**
- **Goal 4: Jamaica has a healthy natural environment**
- The Goals were linked to 15 National outcomes as indicators



Road to adoption of Vision 2030 and SDGs

- 2010-Debt to GDP climbs, Govt. turns to debt exchange
- 2011- Attempt to enter IMF Extended Fund Facility(EFF) ends in failure. Change in Government
- 2012–Debt to GDP rises to 147 %.Economic meltdown looms, no/ limited access to capital markets
- 2013- Govt. turns to IMF and enters into EFF



Road to adoption of Vision 2030 and SDGs

IMF Agreement characterized by radical tax reform which included :

- ❑ repeal of Sector Specific Tax Incentives
- ❑ introduction of Employment Tax Credit
- ❑ revision of Customs Act to allow for Production Input Relief (PIR) stimulation for key sectors such as tourism, manufacturing, creative industries.



Road to adoption of Vision 2030 and SDGs

- ❑ establishment of Tax Admin Jamaica as a statutory body, and specifically vested with power aimed at retaining staff with expertise
- ❑ introduction of Charities Act to streamline tax treatment of charities
- ❑ power of Commissioner General to access information of tax payers
- ❑ data mining capacity
- ❑ introduction of Transfer Pricing legislation



Road to adoption of Vision 2030 and SDGs

- Result of 2013 IMF EFF Agreement and 2016 Stand-By Arrangement
- An Article entitled ***Jamaica and the IMF : Power of Partnerships Ownership*** dated May 2019, notes the following:
 - ❑ Fiscal and external sustainability restored
 - ❑ Reduction of unemployment and gradual growth.



Road to adoption of Vision 2030 and SDGS

- ❑ Rise in capital and social spending
- ❑ Reform in Financial Sector
- In 2020, the Central Bank was made autonomous



Road to adoption of Vision 2030 and SDGs

- Jamaica ran the most austere budget in the world between 2013-2016 , maintaining a primary surplus of more than 7.5 percent of GDP.
- Period of fiscal consolidation included wage freezes, reduced expenditure, increase in tax revenues.
- While the IMF agreement may not have specially been linked to Vision 2030 and SDGs, it laid the groundwork for Goals 8 and 17 and arguably the achievement of all the SDGs.

Road to adoption Vision 2030 and SDGs

- 2015- Jamaica joined in Addis Ababa Action Agenda and adoption of UN Resolution on 17 SDGs and 169 targets, arranged around the broad themes of people, planet, prosperity, peace, partnership.
- By way of the Resolution, countries are expected to integrate the goals into domestic laws and systems
- Jamaica played major role in shaping the 2030 Agenda
- Planning Institute tasked with spearheading Implementation



Road to adoption of Vision 2030 and SDGs

- Other key stakeholders are Ministry of Foreign Affairs and the Statistical Institute
- Inter- ministerial working group , consultations led to seamless alignment of National Development Plan and SDGs
- 2016- inter-sectoral consultation to review ability to track global SDG indicators
- PIOJ contacts UNDP for technical support to advance implementation of SDGs
- Roadmap developed with input from ministries and agencies, civil society, private sector, international development partners, academia



Roadmap*

(April 2017 A Road Map for SDG Implementation in Jamaica, UNDP)

- 2017-Roadmap receives Cabinet Decision
- Offers critical steps towards achieving the goals
- Steps are: alignment with national priorities, acceleration, financing data requirements, institutional coordination and advocacy.
- In interest of time, this presentation will only speak to the alignment



Roadmap

- Alignment of National Outcomes of Vision 2030 with SDGs
- This involves aligning plans with targets and choosing actions to meet the SDG
- 115 of the 169 SDG targets were identified as relevant for Jamaica and there have been full or partial alignment with 91.3 % of of the SDGs.

Table 1. Percentage of alignment to SDGs of all planning documents analysed














SDG	# Targets considered	# Targets aligned	# Aligned targets with indicators	% Alignment [(Targets aligned/targets considered) *100]
No Poverty	4	4	4	100%
Zero Hunger	5	5	3	100%
Good Health and Well-being	9	9	6	100%
Quality Education	7	7	4	100%
Gender Equality	5	5	4	100%
Clean Water and Sanitation	6	6	3	100%
Affordable and Clean Energy	3	3	3	100%
Decent Work and Economic Development	9	9	7	100%
Industry, Innovation and Infrastructure	5	5	5	100%
Reduced Inequalities	5	4	3	80%
Sustainable Cities and Communities	7	7	6	100%
Responsible Consumption and Production	7	7	3	100%
Climate Action	3	3	2	100%
Life below Water	7	4	1	57%
Life on Land	9	7	4	78%
Peace, Justice and Strong Institutions	10	9	8	90%
Partnerships for the Goals	14	11	2	79%
TOTAL	115	105	62	91.3%

Table 2. Percentage of alignment to SDG thematic area of all planning documents analysed

Area	# Targets considered	# Targets aligned	% Alignment
People	30	30	100%
Planet	32	27	84%
Prosperity	29	28	97%
Peace	10	9	90%
Partnership	14	11	79%

TOTAL	115	105	91.3%
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Title: ALIGNMENT OF VISION 2030 JAMAICA with 2030 AGENDA SUSTAINABLE DEVELOPMENT GOALS

Vision 2030 Jamaica Goals	National Outcomes	2030 Agenda Sustainable Development Goals
	A healthy and stable population	
GOAL 1: Jamaicans are Empowered to Achieve their Fullest Potential	World class education and training	
	Effective social protection	
	Authentic and transformative culture	With Agenda 2030, culture is viewed as a cross cutting theme.
GOAL 2: Jamaican Society is Secure, Cohesive and Just	Security and safety	
	Effective governance	
GOAL 3: Jamaica's Economy is Prosperous	A stable macro-economy	
	Enabling business environment	
	Strong economic infrastructure	
	Energy security and efficiency	
	A technology-enabled society	
	Internationally competitive industry structures	
	GOAL 4: Jamaica has a Healthy Natural Environment	Sustainable management and use of environmental and natural resources
Hazard risk reduction and adaptation to climate change		
Sustainable urban and rural development		

Source: Vision 2030 Jamaica Secretariat, 2016



Roadmap

- Notwithstanding the alignment, the UNDP analysis identified gaps between the National Outcomes and the SDGs. Some of these gaps in the National targets are:
- **PEOPLE**
- ❑ Goal 2, Target 2.2 -Reference to ending all forms of malnutrition, stunting and wasting in children under 5 years and addressing the nutritional needs of adolescents and lactating mothers
- ❑ Goal 3, Target 3.3 -Ending AIDS epidemic, tuberculosis, malaria, neglected tropical diseases, water- borne diseases and other communicable diseases



Roadmap

- Gender
- Goal 5, Target 5.4- recognizing and valuing unpaid care and domestic work
- **PLANET**
- ❑ Goal 14, Target 14.1- preventing and significantly reducing marine pollution of all kinds.
- ❑ Goal 14, Target 14.7- increasing economic benefits from the sustainable use of marine resources, including through sustainable management of fisheries aquaculture and tourism



Roadmap

► PROSPERITY

- ❑ Goal 8, Target 8.7 – Eradicating forced labour, end modern slavery, human trafficking and child labour
- ❑ Goal 8, Target 8.10- Strengthening the capacity of domestic, financial institutions to encourage and expand access to banking, insurance and financial services to all



Roadmap

► PARTNERSHIPS

- ❑ Goal 17, Target 17.6- No language on promoting cooperation on and access to science , technology and innovation
- ❑ Goal 17, Target 17.9- No language on multi-stakeholder partnership for SDG achievement



Role of Taxation

- The Roadmap identifies the following areas of financing:
 - ❑ Taxation
 - ❑ Green fees- investments in environmental conservation
 - ❑ Development Finance Assessments
 - ❑ Debt- for- Nature Swaps
 - ❑ Blue economy investments



Role of Taxation

- Taxation generates the funds needed to:
 - ❑ finance the delivery of goods and services by the state,
 - ❑ significantly impact economic growth,
 - ❑ be used to target certain types of consumption behavior.



Role of Taxation

- Taxation is a significant factor in financing the SDGS. For most developing countries, it will be the major source of DRM and is intrinsically linked to the attainment of the SDGS. whether directly or indirectly
- There is a greater level of stability to taxation as a financing source when compared with ODAS and other external sources of financing.



Role of Taxation

- The Report identifies limited fiscal space as a major impediment to successful implementation of the Roadmap.
- Mentions only Transfer Pricing as a specific tax measure .
- The inference therefore , is that where MNEs as well as local corporate groups carry out intra group transactions at arms length, this would assist with creating the much needed and elusive fiscal space to enable relevant SDGs.



Role of taxation

- Jamaica introduced TP rules in 2015 to address the main base erosion issues of MNE , such as management fees, relocation of headquarters in low tax jurisdictions, royalty and interest payments.
- Rules were amendment to Income Tax Act, based primarily on OECD rules
- 3 year capacity building programme of varying levels of staff
- TIWB expertise



Role of Taxation

- To date Jamaica has concluded a few TP audits and there has been no take up of APAs.
- Although there has been a less than robust leverage of the TP regime, it is felt that the rules can be an effective tool in fighting tax evasion .
- Audits continue to indicate aggressive tax planning using intra- group trading.



Recommendations

➤ Recommendations

- ❑ There should be a separate Roadmap focusing on Financing the SDGs which should include a focus on financing the SDG
- ❑ Governance structure
- ❑ The Ministry of Finance and TAJ should be added to the list of Government authorities now steering the SDG implementation.
- ❑ Working Group convened by Ministry of Finance to include Corporate Jamaica



Role of Taxation

➤ Policy Directives

- ❑ Development of Corporate Responsibility Framework to address specific targets of financing goals, decent work , capacity building of lower level staff
- ❑ data driven and targeted tax policy development including a recognition that Jamaica has a small tax base and a large informal economy measured at 40 % of the Jamaica .
- ❑ most employed persons earn below income tax threshold



Role of Taxation

- Policy should target the health (Goal 3) and education (Goal 4) as recipients of percentage of tax revenue and non- tax revenue such as social contributions .
- Provide for more streamlined use of timely dispute prevention and resolution measures
- Include defined international tax policy



Role of Taxation

Recognition that many of the BEPS issues faced by developing countries have not been fulsomely addressed by the BEPS measures, some of these are:

- withholding taxes by source countries
- complexities of the Transfer Pricing methods and the unavailability of comparables
- lack of focus on domestic profit shifting issues



Role of Taxation

- ❑ digitilization of the economy negotiations highlighted divide between the source and resident countries
- ❑ consensus to sign is agreement to cooperate, not commitment to implement
- ❑ many outstanding issues remain, such as substance carve outs , tax certainty, minimum tax rate



Role of taxation

- ❑ development of guidance on links among trade ,tax and investments
- ❑ regional partnership (Goal 17)to develop common position on Caricom DTA
- ❑ regional program similar to ATAF model to develop tax capacity and research