**Means of Verification**

| **Policy Objectives** | **First Operation** | **Verification Tools** |
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| **Maintain a macroeconomic environment consistent with the program objectives and with the Policy Letter.** | The macroeconomic environment of the borrower allows the achievement of the program objectives and is consistent with the Policy Letter. | An independent macroeconomic assessment (IAMC) evaluates Jamaica’s macroeconomic policies and performance in order to support the preparation of the policy based loan. A Policy Letter is sent by the authorities to the Bank. |
| **Strengthening of the financial system regulation and supervision.** | Enhance the autonomy of the Bank of Jamaica and its responsibility for the overall financial sector stability.  Improve financial Deposit Taking Institutions (DTI) regulation and supervision by:  (i) Harmonizing prudential standards across DTI; (ii) facilitating consolidated supervision of financial conglomerates; (iii) improving the sanctioning regime; and (iv) promoting the Bank of Jamaica’s (BOJ) operational independence in its supervision function.  Develop the regulations of the Banking Services Act (BSA) including regulations on capital adequacy, the licensing fees to deposit-taking institutions and application procedures to obtain the licenses.  Develop a draft of the regulations for Credit Union in order to improve their supervisory and prudential regulation framework. | Amendments to the BoJ Act entered into effect and published in the Official Gazette incorporating the provisions on the matter of Financial Stability to the BOJ.  Copy of the BSA approved, published in the Official Gazette and entered into effect.  Copy of regulations of the BSA, including capital adequacy, licensing fees and application procedures approved and published in the Official Gazette.  Letter from the BOJ informing that the draft of the regulation has been submitted to Chief Parliament Counsel (CPC). |
| **Enhancing the securities, pension and insurance regulation and supervision** | Improve investor security in the securities sector enhancing the regulatory framework for the retail repo market through: (i) creating a new trust based system for clearing and settlement; and (ii) defining the new transaction structure.  Improve protection for the private pension plan members by drafting amendments to the pension funds regulation in order to regulate: (i) vesting and portability; (ii) solvency requirements; and (iii) conduct of business.  Improve supervision and protection for insurance policy holders by amending the legislation in the insurance sector in order to improve risk management practices and insolvency procedures. | Copy of the Securities (Retail Repurchase Agreement Regulation) approved, by Parliament, published in the Official Gazette and entered into effect.  Copy of the concept note drafted by the FSC with the proposal to amend the Pension (Superannuation Fund and Retirement Schemes) Act and letter from the FSC with evidence that it has been submitted to the Ministry of Finance and Planning (MOFP).  Copy of the amendment to the Insurance Act approved by the lower house and published on the Parliament’s website. |
| **Strengthening Financial Transparency** | Improve financial transparency regulation and supervision following Financial Action Task Force (FATF) principles by:   1. Approving the National Risk Assessment (NRA) draft by the NRA Steering Committee. 2. Enhancing Anti-Money Laundry (AML) supervision by putting in place a dedicated AML Unit in the Financial Services Commission (FSC) and incorporating AML surveillance in situ inspections. | 1. Letter from the MOF indicating the approval of the NRA draft, providing a summary of the NRA. 2. Memorandum from the Executive Director of FSC confirming the implementation of the AML Unit, including the appointment of the personnel dedicated to the AML Unit |
| **Strengthen financial crisis management** | Establish a Financial Crisis Management Steering Committee (FCMST) integrated by the major financial regulation authorities.  Develop a first draft of a Financial Crisis Management Plan for the Securities Sector. | Letter of the MOF informing of the creation of the FCMST and copy of a Concept Paper on the Financial Crisis Resolution Plan for the Securities Sector. |
| **Strengthen the institutional and policy framework for financial inclusion** | Develop and approve a National Financial Inclusion Strategy (NFIS) including the following areas: consumer protection and financial literacy; MSME Finance; Rural and Agricultural Finance and Payment Systems.  Establish the National Financial Inclusion Council (NFIC) as an overall policy coordinator with budgetary and monetary responsibilities. | Letter from MOF confirming that the NFIS has been approved by the BOJ and MOFP and providing a copy of the final version of the NFIS.  Letter from MOF confirming the establishment of the NFIC. |
| **Enhancing consumer protection** | Establish a consumer protection and financial literacy action plan in the in the National Inclusion Strategy in order to enhance code of conduct for consumer relations, consumer protection supervision, and financial education. | Letter from the MEF providing a copy of the Consumer Protection Action Plan incorporated in the NFIS. |
| **Improving MSMEs, Rural, and Agricultural Access Finance** | Incentivize lending by incorporating a MSMEs, Rural, and Agricultural Access Finance action plan in the National Inclusion Strategy.  Improve the functioning of the Credit Enhancement Fund managed by the Development Bank of Jamaica through: (i) broadening the solvent financial institutions eligible; (ii) increasing the tenor and the guarantee amount of the facility; and (iii) incentivizing agricultural guarantees.  Increase MSME supply-side data availability by drafting regulations on MSME specific data reporting in order to enhance prudential reporting from deposit institutions and establish a data baseline for better MSME financial access monitoring activities.  Improve coordination and efficiency within public agencies directed to provide financial and non‑financial services to MSMEs by Industry Investment and Commerce (MIIC) by:   1. Creating a Single Board for SelfStart, Micro Investment Development Agency (MIDA) and Jamaican Business Development Corporation (JBDC). 2. Drafting an action plan to consolidate financial and non-financial services to MSMEs. | Letter from the MEF providing a copy of the MSME, Rural, and Agricultural Finance Action Plan incorporated in the NFIS.  Copy of the amendments to the Credit Enhancement Fund approved by the DBJ.  Copy of the BOJ draft proposal to regulate MSME specific data reporting.  Letter from the MIIC informing the creation of the Single Board for three agencies in place and an action plan for consolidation of services completed. |
| **Strengthening long term financing regulations and instruments** | Develop a more flexible and agile PPP transaction framework by amending the PPP policy, including: (i) avoiding unnecessary duplications; and (ii) clarifying the role of the different agencies involved at different stages.  Establish alternative financing mechanisms to enhance long term financing via:   * Venture Capital, (financing provided to emerging growth companies via equity) * Angel financing (private investors make equity investment in ideas and companies) and * IGNITE- Innovation Grant- New Ideas to Entrepreneurship (grant financing for innovative ideas and business development services for entrepreneurs) | Copy of draft Amendment reviewed by the DBJ and the MEF.  Venture Capital: Copy of DBJ’s Board of Directors decision determining investment in the Venture Capital Fund and report on the status of the funds in operation to date.  Angel financing: DBJ’s Board of Directors decision allowing DBJ to facilitate Angel Financing and report on the status of the two networks (First Angel Jamaica and Alpha Angels) in operation.  Copy of the DBJ’s Board of Directors decision approving the Operating Manual for the roll out of the IGNITE- Innovation Grant- New Ideas to Entrepreneurship  Copy of the IGNITE - Innovation Grant- New Ideas to Entrepreneurship Operating Manual and copy of progress report issued by DBJ with the IGNITE current status. |
| **Improving legal rights of creditors and contract enforcement** | Improve usage of Secured Interest in Personal Property (SIPPA) framework to enhance credit access by SMEs by developing an action plan to increase the use of SIPPA collaterals, including manners to improve the secondary market and proposal to amend the regulatory guidelines.  Enhance creditor’s legal rights by promoting the implementation of the Insolvency Act including: (i) operationalization of the Office of Supervisor of Insolvency; and (ii) training and awareness campaign initiated to sensitize the public on the new insolvency regime.  Expedite conflict resolution for commercial disputes and reduce the backlog of commercial judicial cases by drafting amendments to the Resident Magistrates’ Courts rule, including mandatory mediation for commercial claims over five hundred thousand Jamaican dollars | Copy of the action plan drafted by MIIC to improve the use of SIPPA collaterals.  (i) Copy of report sent by the Ministry of Industry, Investment and Commerce (MIIC) demonstrating that the Office of Supervisor of Insolvency has been operationalized. (ii) Copy of training plan drafted by MIIC and attendance list confirming that seminars have taken place to sensitize the public on the new insolvency regime.  Copy of draft order of the Resident Magistrates’ Courts rule sent to Office of the Parliamentary Counsel by the Ministry of Justice. |
| **Reducing the cost and time of Doing Business** | Reduce the time and cost of obtaining a construction permit by simplifying the procedures for its approval through the amendments of the National Building Act and the Town and Country Planning Act.  Reduce the time and cost of registering a business by simplifying the business registration and incorporation procedures, including:   1. amendment of the Companies Act to allow mandatory search for business names. 2. Rolling out of Phase I of electronic business forms (electronic registration of business names), 3. Initiating a training and Awareness Campaign for electronic business registration | Letter from Ministry of Local Government and Community Development confirming that the drafting instructions to amend the National Building Act and the Town and Country Planning Act, simplifying the procedure for approval of construction permits, were submitted to the Chief Parliamentary Council (CPC).  Copy of presentation with the proposed amendments to the Town and Country Planning Act made by the Ministry of Local Government and Community Development to local planning authorities for consultation.  (i) Copy of Draft Bill amending the Companies Act to allow mandatory search for business names sent to Chief Parliamentary Council incorporating comments from MIIC.  (ii) Copy of report from the project manager of the Company’s Office, demonstrating that the online filing process for business names has been implemented.  (iii) Copy of training plan for business registration drafted by the Company’s Office.  (iv) Copy of the material related to the awareness campaign for business registration submitted by the Company’s Office. |