

Performance Measurement of our Progress Towards
Breaking the Link Between Organised Crime and Politics
by Douglas Orane
at the PSOJ Chairman's Club Breakfast
at 7:30 a.m. on Tuesday, July 26, 2011
at the Jamaica Pegasus Hotel

Just over a year ago, I was deeply troubled, like most Jamaicans, about the events which started on May 24 when armed thugs had openly challenged the authority of the State and were burning police stations and attacking the police. The State's response to these events included the eventual extradition of Christopher "Dudus" Coke.

I made a speech soon after, in June 2010, in which I had stated that - as members of civil society - we have the power to effect the necessary changes that will make our country a better place in which to live. At that time, I set out a series of specific measures in this regard.

In the business community, when we set objectives, we ensure that they are achieved by having regular periodic reviews, coupled with a process of self examination in which we score ourselves to see how we are doing. This methodology of performance measurement helps us to move towards not only the execution of our objectives but also our wider objective of becoming world-class. It occurred to me that with one year having elapsed since the events of May 2010, it is an opportune time to carry out a process to examine ourselves as a society, and measure what progress we have made in the past year in this regard. The benefit of doing this is that it is a fact-based process and therefore prods us to take the necessary actions in the future.

I am making my assessment against the background of the Government's National Development Plan which it has labeled Vision 2030. The plan has as its national Vision Statement "Jamaica, the place of choice to live, work, raise a family and do business. "

I have scored our performance as a society, acting as a whole, on a scale of 0-10, 10 representing outstanding achievement, for each of the proposals I had made in June 2010. Where there are high scores, we can commend ourselves as displaying the attributes of good governance in our democracy. Where there are low scores, it is a wakeup call for all of us, not only those with primary responsibility for implementation, but for each individual to spur our leadership at all levels into timely action, and to hold them accountable.

I made the point a year ago that I believe that all well-thinking Jamaicans agree that, in order to begin regaining control of our country, we must break the link between organised crime and politics, which is at the root of the issue. I had made the following recommendations.

Firstly, I had said at the time that we have to stop the flow of money to corrupt entities and individuals through the award of state contracts. We need to bring a level of probity to the process to require that persons who receive state contracts and subcontracts are subjected to a fit and proper test. This would be done in much the same way as persons associated with financial institutions are vetted by the Bank of Jamaica or the Financial Services Commission. The accompanying proposal that I had made was to support the Contractor-General in his initiative for the establishment of a National Independent Anti-Corruption Agency. The proposal has been amended so that instead of three Government agencies being merged, as proposed by the Contractor-General, only two are being joined together to form the new special prosecutor's office. What is being pursued is a Special Prosecutors Bill which will pull together an anti-corruption framework, including a Commission Against Corruption. This Bill has been

passed by the Senate and is now in the House of Representatives, and I have been assured that this should go through by August of this year, but this is looking increasingly doubtful. Despite the fact that only a partial solution is being pursued, there is fierce resistance in Parliament which is delaying implementation. The reality is that one year has elapsed and specific measures are not yet in place.

The Ministry of Finance and the Public Service advises that, at present, there are no fit and proper requirements for contractors. This is currently being considered by the National Contracts Commission, as part of the terms of reference for the review of the contractor registration regime to be done shortly.

While the award of State contracts is receiving some attention, a major issue is how to deal with sub-contractors. As it stands now, when a contractor wins a bid, he is the one who is accountable. The challenge is how to ensure that the sub-contractor is fit and proper. There is nothing in place to oblige the Government to exclude sub-contractors from meeting the fit-and-proper criteria because of shady dealings. The issue we're dealing with here goes well beyond the usual financial basis for a fit-and-proper test. I understand that there are a number of pieces of legislation in the pipeline, and efforts are being made in the Prime Minister's Office to address this matter. The National Contracts Committee since October 2010 has instituted 100% verification and authentication in the contractor registration process, and is exploring the route of pre-qualification of subcontractors on a project specific basis

I would score ourselves at 4 out of 10 on progress on this proposal.

The next recommendation I made was on the matter of political party financing. My personal position stated a year ago was that we needed full transparency, where all donations and donors are made public. In addition it would be essential that upper limits be set as to the maximum that any one donor could give to a political party and a maximum that any party

could spend in the course of an election campaign. The ECJ submitted a very detailed report in 2010 with specific recommendations on party financing and progress is being made to implement despite strong resistance from some quarters within the political arena.

The ECJ admits that candidates for political office need to access funds from other than their own resources, in order to contend elections. However, how campaigns are funded have serious implications, not only for the fairness of elections, but also the governance of the country, as unregulated flow of funds into campaign coffers has very negative consequences.

The ECJ subsequently issued a second report in June 2011, on campaign financing, which conceded that there is no perfect legislation that can be formulated to address this issue. The prevailing wisdom is that workable and effective measures to deal with campaign financing should include, at a minimum, elements dealing with disclosure, state funding, monitoring and enforcement, as well as source of funds and permissible donors. This topic of campaign funding has been raised by resolution in Parliament since 2002, and to date it has not been addressed. I am told that the ECJ report has gone back to the parties, in the face of much resistance from some quarters.

It is imperative that this matter is attended to well before the next general elections. **I would score ourselves 5 out of 10 on our progress on this.**

One recent success story is the production by both political parties, for the first time, of audited financial statements. This was catalysed by the actions of a small group within civil society, that insisted that financial reports should be produced on an annual basis. Both parties released their first annual audited accounts in 2010. This is a good example of what can result from pressure from civil society. **In this respect, I am pleased to give a performance rating of 8 out of 10.**

My next recommendation was the establishment of a system of integrity testing for persons who offer themselves for political office and who already hold political office as incumbents. In this regard, the PNP announced in 2010 that they had established an Integrity Committee to screen candidates offering themselves for electoral office. The Chairman of that Committee has advised that his team has been putting quite a bit of time into this matter. Already, they have interviewed and processed over 50 of the 63 candidates. With regard to the JLP, they have advised that they have a Selection Committee which vets their candidates, and are well advanced towards selecting all candidates within the next couple of months. The implementation of integrity testing, going beyond the simple test of, for example, the individual having a record of conviction, is in this arena a relatively new concept for us as a society. We need to encourage our political parties in this direction of internal screening. . The purpose is to achieve what I believe all well thinking Jamaicans want, which is a clean slate of leadership who are not corrupt, without connections to organized crime, and are in politics to give public service, rather than for personal enrichment.

One initiative that would be of great immediate benefit is for each party to disclose now what criteria they use for determining the fit and proper status of their candidates for the upcoming elections. Otherwise, voters will be unaware of the height of the hurdles that the candidates in their constituencies were required to clear. **I would give us, as a society, a rating of 2 out of 10 on this matter.** The effectiveness of these initiatives needs to be publicly demonstrated for us to score ourselves higher.

My next suggestion was that we benchmark the frequency with which our Parliament meets, relative to other commonwealth countries. Until recently our Parliament was meeting on average 35 times per year. In 2009 Parliament met 47 times and in 2010 49 times compared to information received for the year 2009 at which time the UK House of Commons which in 2009

met 136 times and in 2010, 60 times, and the Canadian House of Commons which in 2009 met 129 times and in 2010, 123 times, a steady increase by our Parliament, but still only meeting about half as often as comparable Parliaments.

There is a direct correlation between the number of times that Parliament meets and the number of Bills it is able to pass. It is therefore not surprising that we have numbers like: 16 Bills being passed in 2008; 14 in 2009; while for 2010, we saw an appreciable jump to 33. Up to March of this year, Parliament passed 11 bills. I congratulate our members of Parliament for this improvement in their productivity. Nevertheless, the facts speak for themselves as we are still nowhere close to where other houses of parliament are in terms of frequency of meetings.

I score ourselves 5 out of 10 on the progress on this proposal.

The next set of proposals that I had made was for the Private Sector, including foundations and NGOs, service clubs and individual Jamaicans from all walks of life, in addition to Government agencies to demonstrate that we care about our brothers and sisters living in depressed communities and that we would no longer abide their marginalisation. This would be manifested by an increase in voluntarism, an increase in financial contributions to social programmes, an increase in the number of these programmes and an increase in the number of people served by these programmes. There are several measures that we can use in assessing ourselves on this range of proposals. There have been new programmes which have been launched particularly focusing on our young people - to name just a few:

The PSOJ has launched its youth programme called YUTE with the objective of assisting young people to prepare themselves for employment or starting their own businesses in collaboration with the appointment of mentors to help these youngsters. I understand from Sandra Glasgow that the programme has set a target of 800 mentors, but has managed to secure only about a half of this number. The PSOJ is seeking corporate assistance to put some more muscle into

this programme, including the provision of two-day internships for participants, as they need to earn while they are in training.

The Peace Management Initiative has been doing excellent work, particularly in St. James and Kingston. The State's programmes have increased; examples are the Citizens Security and Justice Programme which provides opportunities for employment internship, scholarships for youth, and skills training and certification. The Jamaica Social Investment Fund is creating solutions in blighted communities to facilitate those communities' renewals. The PIOJ is encouraging community renewal programmes in 100 of the most depressed inner city communities, with a view to reforming them. The Ministry of Labour in collaboration with HEART are providing training and locating employment opportunities locally and abroad for young people.

Our own Grace and Staff Community Development Foundation is having quite an impact in a number of inner-city communities around our facilities, in downtown Kingston, Majesty Gardens, Barbican and Spanish Town. It is involved in :

- the relief of poverty, suffering and distress among the poor and unemployed
- education of the dependents of the destitute
- supporting activities which promote community development

Particularly important is our belief that the way forward is investment in young people whose future, under the normal circumstances of community violence and crime is usually short-lived, or at best – blighted.

Generally speaking, I am disappointed by reports from agencies such as the CVSS and United Way which suggest that voluntarism is on the decline, that the current crop of volunteers is aging and that one encounters the same small group of persons trying to do their best to ease

the mammoth burden of social ills in Jamaica. Many people have said that when people are asked to volunteer, many ask what level of remuneration is involved. And, as Don Robotham pointed out in a GraceKennedy Foundation lecture some time ago, while many may not ask for financial rewards for voluntary activity, they are so motivated by the desire for publicity that this overshadows any good work which they might be accomplishing.

International agencies are recognising the power of voluntarism in national development because one of the criteria for students to get financial assistance to pursue tertiary education is that they must do voluntary work.

A very encouraging development in the past year is the stepping forward of many influential persons, such as teachers and pastors as well as passionate educated young people, into leadership roles in community organisations, to fill the vacuum created by the retreat of community dons and to balance the influence of politicians.

Based on the statistics available and anecdotal evidence, I would rate ourselves at 7 out of 10 on this set of proposals

I spoke last year about the issue of violent crime and the extent to which it is eating away at our social fabric. This may be credited to a sub-culture of violence and what Professor Anthony Harriott describes as an increased tolerance of some categories to violent crime. Professor Harriott describes a normal rate of violent crime as a situation where the number of violent crimes does not exceed the number of property crimes. An examination of the situation, based on figures provided by the Planning Institute of Jamaica, reveals the following picture:

2009 violent crimes vs property crimes 7,515 vs 4,286

2010 violent crimes vs property crimes 6,996 vs 4,094

While the numbers are trending down both are still high, and figures for violent crimes continue to lead by a significant margin.

The high rate of homicides is a particularly worrying issue, . According to a 2007 World Bank study if Jamaica was able to reduce its homicide rate from 60 per 100,000 to 8 per 100,000 the economy would grow at an additional 5.8% per annum.

The challenge now is to build on recent gains, prevent retrogression, and further reduce the levels of serious crime

Fortuitously, the combination of events over the last year combined with the most exemplary efforts by the police in rooting out violent crimes, and in particular the dismantling of gangs, have resulted in a dramatic decline in our murder rate. Though Jamaica's homicide rate has fallen by 38.1% for the period January to June of this year, compared to the same period last year, it is still too high. From 847 homicides for the first six months of 2010 to 524 for the same time period this year, it is now down to about 40/100,000 comparable to the 2010 homicide rates in Trinidad and Colombia. But it remains well ahead of Brazil and Mexico with homicide rates of 22 and 15/100,000 respectively.

We have a long way to go. Instead of being in the top three in the world in terms of our homicide rate we have dropped to 6th or 7th position, not good enough, but at least we are heading in the right direction. **Regarding the progress on this matter I would score ourselves 7 out of 10.**

Every government needs money in the form of taxes to perform civil operations and to administer the running of the State. But our country's record of tax compliance is dismal. Here are some disturbing facts. In the fiscal year ending March 2009, of the 546,084 tax returns expected to be filed by active taxpayers on record, 196,620 or 36% were not filed. In the fiscal year ending March 2010 of the 610,066 tax returns expected to be filed, 252,866 or 41% were not filed. Clearly a bad situation getting worse, and not even taking into account the many thousands not within the tax net. This calls for drastic measures, as our society cannot function effectively and fairly with this chronic situation.

In this respect, I was pleased to see in the media that Tax Administration Jamaica is rolling out a number of measures to ensure that persons and companies become tax compliant, including a compulsory filing programme, to be introduced next year.

I rate ourselves as a society in improving tax compliance at 3 out of 10

While the country suffers from insufficient financial resources to meet the needs of the many, there are a few who have used ill-gotten gains to finance a lifestyle that is way beyond lavish. I am pleased to learn from the Financial Investigations Division of the Ministry of Finance that it has been actively investigating persons who they suspect to be gaining their wealth through criminal means. I understand that they have been having particular success with confiscating large amounts of cash. We have not heard much about this work, because the Ministry has opted not to publicise its activities in this area. **I score ourselves at 4 out of 10 on this issue.** The score would be higher if the public had information similar to that regularly released in other countries.

We as a society are excellent at talking about our problems, analysing them, pointing to others as to what they should do to solve our own problems. My personal experience in life has been that when we take the approach of accepting responsibility for our own performance, being honest with ourselves, not only in our successes but most importantly in our failures, identifying the gaps and determining how to close these gaps; then we are truly on the route to success. Ironically, in our own company, GraceKennedy Limited, the middle of the year is the time when we are all engaged in our interim performance appraisals where each and every person is given feedback as to how they are doing so that by the end of the year we will all be able to meet our goals together.

With facts I have shared and the assessments I have made I hope that they will act as a catalyst for all of us to take the steps to do what needs to be done to make Jamaica a better place, and that we do this in a timely manner, certainly before the next performance appraisal! You may score differently – let's not quibble about that. Until we all agree that we score 10 out of 10 for each item, we have much work to do – together.

In the meantime, every incremental step taken to put the country on a more positive path is to be celebrated. For that reason, I welcome the PSOJ's initiative to introduce the Commercial Alternative Dispute Resolution Centre and the series of sensitisation sessions which have been planned. In particular, I welcome the presence of Mr. James South, and encourage full participation in his sessions, as he seeks to help us improve the climate for business relations and investments in Jamaica.

GOVERNANCE SCORECARD		
1	Fit and proper test for contractors and Special Prosecutor put in place	4
2	Transparent political party and campaign financing	5
3	Audited financial statements for political parties	8
4	Integrity testing for political candidates and incumbents	2
5	Frequency of Parliamentary sittings and number of Bills passed	5
6	Increase in voluntarism and community interventions	7
7	Reduction in homicide rate	7
8	Tax compliance	3
9	Seizure of assets derived from criminal activities	4