

ESSJ 2003 OVERVIEW

INTRODUCTION

The Jamaican economy recorded real Gross Domestic Product (GDP) growth of 2.1 per cent, with all the major sectors recording higher levels of output, with the exception of Manufacturing and Producers of Government Services. The Goods-producing sector grew by 1.6 per cent due largely to the performance in the Agriculture and Mining & Quarrying sector. The 2.4 per cent growth in the Services sector was largely attributed to the performance of Finance & Insurance and Miscellaneous services (where most of tourism is accounted for).

There were, however, some challenges within the macroeconomic environment, including:

- an increase in the point-to-point inflation rate of 14.1 per cent, up from 7.3 in 2002. The main inflationary impulses emanated from the impact of higher international commodity prices, exchange rate depreciation and the new tax measures introduced;
- increased interest rates, despite a general reduction in the latter half of the year; and
- a deterioration in the fiscal deficit by \$1.4 billion to \$34.8 billion, during April - December 2003.

Developments within the social sectors were highlighted by:

- a 2.0 percentage point decline in the average unemployment rate;
- increased expenditure for the construction of 16 new schools, providing 15 150 additional spaces;
- the launch of the National Health Fund; and
- the establishment of the National Intelligence Bureau, in the fight against crime.

OVERVIEW OF DOMESTIC POLICIES

During 2003, Government policies focused on creating an enabling environment that will facilitate private sector-led growth. This was to be achieved through the maintaining of macroeconomic stability, infrastructure development and implementation of sector specific measures aimed at improving international competitiveness.

The main objectives of the macroeconomic programme for FY 2003/04 were:

- real GDP growth within the range of 2.0 per cent – 3.0 per cent;

- containment of inflation within the range of 7.0 per cent – 8.0 per cent; and
- a reduction of the fiscal deficit within the range of 5.0 per cent - 6.0 per cent.

To achieve these targets, the Government sought to control key elements of expenditure through wage restraint, reduction of interest payments and a prioritization of capital projects. Efforts aimed at maximizing revenues included reviews of the tax policy and the incentive structure. Major infrastructural development included continued work on Phase I of the Highway 2000 project, Phase II of the Northern Coastal Highway Improvement project and other road improvements. Initiatives geared at stimulating investment and growth in the real sectors was reflected in the 25.0 per cent increase in the alumina plant capacity at JAMALCO. Additionally, three hotel construction projects were initiated in Mamee Bay, Runaway Bay and Rose Hall, respectively.

With respect to the social infrastructure, Government policies continued to focus on the areas of Health and National Security as well as the implementation of initiatives geared at improving the general social welfare. This took the form of several legislative and institutional reforms.

INTERNATIONAL ECONOMY

The world economy grew by an estimated 3.2 per cent during 2003, due primarily to the acceleration recorded during the second half of the year. All the major regions recorded growth. Advanced economies¹ grew by an estimated 1.8 per cent, while Developing countries recorded an estimated 5.0 per cent growth. Growth recorded by developed countries was pushed mainly by the performance of the United States of America (USA), while growth for developing countries was influenced mainly by Developing Asia². The improvement in economic activity led to a strengthening of prices of most primary non-fuel commodities. Within industrialized economies, low inventory levels and tight supply conditions kept oil prices high during the year. The average level of inflation in Advanced countries increased but remained below 2.0 per cent for the second consecutive year. Interest rates for Advanced countries also recorded a downturn during the year. The general easing of monetary conditions created a more accommodating environment for increased capital flows to emerging market economies.

With regard to trade negotiations, the fifth World Trade Organization (WTO) Ministerial ended with the failure of the meeting to arrive at an agreement on the main agenda items. Within the Caribbean Community (CARICOM), work continued on preparations for the launch of the Caribbean Single Market and Economy (CSME) by January 2005, in the three largest member states: Jamaica, Trinidad & Tobago and Barbados. Preparatory work also continued under the Free Trade Area of The Americas (FTAA) negotiations, with the establishment of the Hemispheric Cooperation Programme (HCP).

¹ Comprises USA, UK, Canada, Japan, Euro Area and other advanced economies.

² Comprises China, Indonesia, Malaysia, Thailand and "other Asia".

OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

ODA in the form of loans, grants and technical assistance, continued to support Jamaica's development agenda. However, the year 2003 was marked by a number of challenges, resulting in the level of new ODA declining by 53.1 per cent compared with 2002. This was mainly due to the government's decision to restrict new borrowing because of fiscal restraint. Traditionally, the largest quantum of financial assistance was provided by the Multilateral Financial Institutions (MFIs)³ in the form of concessional loans, but fiscal challenges resulted in only one loan amounting to US\$28.7 million (\$1.7 billion) being approved in 2003, the lowest in five years. Grants on the other hand amounted to US\$88.9 million, a 73.2 per cent increase compared with 2002 and largely due to US\$68.8 million (\$4.0 billion) provided by the European Union, the largest provider of grant resources to Jamaica. New development assistance was channelled to private sector development, budgetary support, security and justice, environment, economic infrastructure, information technology, administration and social infrastructure.

The level of new ODA amounted to US\$117.7 million (\$6.8 billion) with the MFIs providing the largest assistance of US\$100.4 million (\$4.2 billion). Grants accounted for 75.6 per cent of total ODA. Bilateral Cooperation and Multilateral Technical Cooperation contributed US\$10.7 million (\$623.2 million) and US\$6.6 million (\$384.4 million), respectively.

Disbursements for the year amounted to US\$111.2 million (\$6.5 billion), reflecting a 63.1 per cent decline compared with 2002. This decline was mainly attributable to the delay in the release of funds amounting to US\$29.5 million (\$1.7 billion) from the Inter-American Development Bank (IDB) for the Social Safety Net (SSN) Programme and fiscal constraints, which restricted the flow of resources to projects and programmes.

Disbursements by the MFIs amounted to US\$75.1 million (\$4.4 billion), a reduction of 71.3 per cent, relative to 2002. Disbursements by Bilateral Cooperation and Multilateral Technical Cooperation amounted to US\$31.1 million (\$1.8 billion) and US\$5.0 million (\$291.2 million), respectively.

During 2003, the Government embarked on an initiative for Donor Coordination and Harmonization aimed primarily at reducing transaction costs and promoting more efficient utilization of development finance. ODA will continue to play a critical role in financing development projects and programmes despite the fiscal challenges. The strategies undertaken by the Government will involve the prioritization of ongoing projects. Pipeline projects amounting to US\$191.1 million (\$11.1 billion) are being developed with the MFIs. Projects in the critical areas of tourism, agriculture, water and sanitation, and education are among those being prepared for likely approval in 2004/05.

MACROECONOMIC PERFORMANCE

3 Inter-American Development Bank, World Bank, Caribbean Development Bank and European Union.

Real GDP grew by 2.1 per cent representing the fifth consecutive year of growth and the strongest growth performance since 1990. Growth was broad-based with the Goods-producing sector up by 1.6 per cent and the Services sector up by 2.4 per cent.

Point-to-point⁴ inflation for calendar year 2003 was 14.1 per cent, up from 7.3 per cent in 2002. For the period April – December 2003 inflation was 14.6 per cent. The main inflationary impulses resulted from exchange rate depreciation, increases in international commodity prices and new tax measures introduced in the April – June quarter.

The nominal exchange rate depreciated by 18.9 per cent to \$60.62:US\$1, which translates into a real depreciation of 6.7 per cent. Exchange rate depreciation started as early as January 2003. The monetary authority, Bank of Jamaica (BOJ), sought to maintain orderly movements in the foreign exchange market by the introduction of a “Special Deposit” requirement for institutions licensed under the Financial Institutions Act and the Banking Act; and increasing interest rates on the open market instruments within the range of 205 – 2 145 basis points between January and March. There were subsequent reductions in the interest rates on these instruments, however, indicative interest rates were higher at the end of 2003, than at the end of 2002.

The fiscal budget was formulated within the context of maximizing revenues and expenditure restraint. Central Government operations generated a fiscal deficit of \$34 820.8 million for the period April - December 2003, compared with \$33 414.6 million for the corresponding period of 2002. The fiscal deficit generated was the result of a \$22 995.0 million increase in expenditure, which outweighed the \$21 588.8 million increases in revenue inflows. The fiscal deficit generated for April - December 2003/04 was financed by \$99 871.2 million in loan receipts. Amortization payments amounted to \$72 167.2 million, an increase of \$13 614.8 million compared with 2002/03. Despite Loan Receipts having been \$27 704.0 million higher than Amortization payments, it was not sufficient to offset the fiscal deficit, resulting in an overall deficit of \$7 116.8 million. The debt stock at December 2003 was \$671 957.0 million compared with \$572 696.7 million at December 2002.

SECTORAL PERFORMANCE

Goods-producing Sector

The Goods-producing sector grew by an estimated 1.6 per cent, largely reflecting the result of the performance in Mining & Quarrying and Agriculture. Real GDP in Agriculture, Forestry and Fishing, grew by 5.7 per cent over 2002. The growth was facilitated by (a) improved weather conditions during 2003 in contrast to 2002 when island-wide flood rains severely affected the Agriculture sector; and (b) the government’s flood relief assistance in the form of agricultural inputs to farmers who had incurred losses due to the flood rains.

⁴ Point-to-point inflation refers to the change in the Consumer Price Index between December 2002 and December 2003.

Based on the Planning Institute of Jamaica's (PIOJ's) Agricultural Production Index, the change in GDP translates into a 9.7 per cent increase in the gross output. Gross output for Domestic Crops and Meat & Poultry increased by 17.1 per cent and 9.8 per cent, respectively. Fishing and Export Crops, however, declined by 12.9 per cent and 0.6 per cent, respectively. Earnings from total agricultural exports for the period January - August 2003 was US\$104.3 million, compared with US\$96.7 million in the corresponding period of 2002. The value of Traditional Agricultural Exports increased by 2.3 per cent to US\$41.0 million, while Non-traditional Agricultural Exports increased by 11.7 per cent to US\$63.3 million.

Mining & Quarrying grew by an estimated 4.8 per cent, reflecting record levels of output in the local Mining and Quarrying Industry during 2003. This outcome was primarily due to the increased activity in the Mining sub-sector, which is the major component in the sector. There were higher production levels at the alumina plants due to the refineries operating at near full capacity throughout the year. The alumina capacity increased as a result of the completion of expansion work at the JAMALCO plant in November and ongoing work at Alpart. There was a reduction in both the production and export levels of crude bauxite. Total export earnings grew in 2003 compared with 2002 due to the combined effect of an increase in the volume of alumina exported and a rise in the price of aluminium, to which the price of alumina is linked.

World production and consumption of aluminium were higher in 2003 compared with 2002. China continued to show strong growth in both supply and demand of aluminium. The world capacity level for aluminium increased with utilization rate remaining relatively unchanged in 2003 compared with 2002.

The output in the Quarrying sub-sector increased in 2003 relative to 2002. Production levels for all minerals, with the exception of marble, increased. The positive performance of this sub-sector continued to be influenced by the increased construction activities.

Real GDP for the Construction and Installation Industry grew by 1.1 per cent relative to 2002. This was the fourth consecutive year of growth in the sector following the decline in 1999, a year which marked the bottoming out of the financial sector distress of the mid to late 1990's⁵. The growth was mainly as a result of:

increases in non-residential activities, particularly in road work associated with projects such as the Highway 2000 and Segment II of the Northern Coastal Highway Improvement (NCHIP); and

higher levels of work-in-progress in the residential sub-category of the sector relative to 2002, as Housing Starts⁶ and Completions registered declines.

⁵ An important factor in the Financial sector distress was over-investment in real estate assets by financial institutions. Lending by financial institutions fell during the financial distress and banks shifted their asset portfolios to fixed income assets.

⁶ Housing Starts are recorded when land is cleared for putting in infrastructure in the case of Serviced Lots and from the project preparation phase of a housing unit. Completion refers to (a) Serviced Lots in which infrastructure has been installed (b) and/or a habitable room with roof and sanitary facilities.

Contributing to the final output in construction were increases in:

- Cement Production of 0.2 per cent⁷;
- the number and value of mortgages by 7.1 per cent and 25.7 per cent, respectively;
- the stock of Commercial Bank Loans to the sector, up 101.3 per cent at December 2003;
- and
- the production of selected aggregates used in the building construction sub-category of the Construction sector.

The Manufacturing sector declined by 1.0 per cent reflecting lower output levels in both the Food, Beverage & Tobacco and the Other Manufacturing sub-groups. The production of Food, Processing & Tobacco declined by 0.6 per cent and that of Other Manufacturing fell by 1.5 per cent.

Services Sector

The Services sector grew by an estimated 2.4 per cent reflecting improved performance in Finance & Insurance, Miscellaneous and Electricity & Water. Real GDP for the Financial Services sector grew by an estimated 4.9 per cent, relative to 2002. This performance reflected continued expansion in lending by deposit-taking entities and increased earnings associated with deposit and lending activities as well as with investments in fixed income securities. In addition, the performance of the sector was bolstered by increased activities in the stock market, the insurance industry and managed funds. During the year, the Pension Bill was tabled in Parliament and Guidance Notes on money laundering were issued to financial institutions by the BOJ.

Miscellaneous Services recorded real GDP growth of 4.9 per cent. The main contributor to this performance was Hotels, Restaurants & Clubs (where most of Tourism activities are accounted for) which grew by 6.0 per cent. Total visitor arrivals amounted to 2 482 881, an increase of 16.5 per cent, relative to 2002, surpassing the previous record in 2000 by 11.3 per cent. The cruise passenger sub-category, which benefited from the arrival of 14 new cruise vessels, grew by 30.9 per cent relative to 2002 while stopovers totalled 1 350 285, an increase of 6.6 per cent. Arrivals from the USA grew by 4.8 per cent and European arrivals by 22.0 per cent, the latter benefiting from the increase in airlifts out of that market to Jamaica. Projected visitor expenditure was US\$1 325.0 million, increasing by US\$116.0 million relative to 2002. The average length of stay per stopover remained the same at 10.2 nights.

⁷ Data on the total sale of cement and other construction material inputs were not available.

Electricity & Water grew by 4.7 per cent relative to 2002, fuelled by higher electricity generation and increased water production. Total electricity generation grew by 4.9 per cent to reach 3 696.0 million kilowatt hours (kWh). The growth in output was facilitated by a 8.8 per cent increase in generation from the Jamaica Public Service Company (JPSCo.). Output from non-JPSCo. sources fell 4.2 per cent to 1 022.4 million kWh. Sales grew to 2 998.3 million kWh from the 2 896.5 million kWh recorded in 2002. Reflecting the higher volume of sales and increased electricity user charges, sales revenue grew by 27.9 per cent to \$26.5 billion.

Water production by the National Water Commission (NWC) increased by 5.1 per cent to approximately 290 720.0 megalitres of water. This represented respective increases of 7.7 per cent and 3.9 per cent in Kingston & St. Andrew and Other Parishes. Island-wide consumption for the period went up by 6.3 per cent to reach 101 088 megalitres. The number of active accounts increased by 1.1 per cent. Revenue grew by 16.6 per cent to total \$5 772.3 million, the net effect of changes in the consumption level and the increase in the Price Adjustment Mechanism.

Real GDP for the Transportation, Storage and Communication sector grew by an estimated 3.0 per cent relative to 2002. The growth in 2003 was influenced mainly by increased activities at the island's sea and airports. The improvement in performance was reflected in a number of indicators including the number of ship calls to the island's ports, which went up 3.0 per cent to 3 865; the volume of cargo handled increased by 3.0 per cent to reach 17.5 million tonnes; and passenger movements at the island's international airports, rose by 3.7 per cent to 4 667 606. Declines were recorded, in the number of vehicles certified fit to operate on the island's road.

The Telecommunications sub-sector continued to grow, propelled mainly by the improved performance of the mobile industry. At the end of 2003, there was an estimated 1.4 million customers compared with 1.2 million at the end of 2002. The number of telecommunications licences approved totalled 125. This brought the total number of licences issued to 350 since the liberalization process, which began in 2000. The volume of mail handled by the Post & Telecommunications Department grew by 0.9 per cent and revenue collection went up 17.2 per cent.

Economic activity in the entertainment industry showed signs of improvement relative to 2002. This was reflected in:

- increased exports however imports declined; and
- larger returns for companies involved in (a) record production; (b) theatrical production; (c) dance studios; and (d) cinemas.

Jamaica hosted, for the second time since 1971, the World Netball Championship in July 2003. At the end of the Championship, Jamaica's world netball ranking had improved

from fourth to third position. The CHASE⁸ Fund Limited, which was established in November 2002, became effective in January 2003. The Fund was financed from the proceeds collected by the Government from the Gaming and Lottery industry and is used to finance activities related to culture, sports and the arts.

There was increased spending on sporting infrastructure and higher levels of disbursements to sports associations in 2003 by the Sports Development Foundation. During the year, the Urban Development Corporation continued to oversee major infrastructural work at the Independence Park complex⁹.

The Distributive Trade sector grew by an estimated 1.3 per cent in 2003. The main factors influencing this performance included:

- increased credit accessed by firms and consumers;
- increased funds available through remittances;
- growth in sectors closely linked to distribution; and
- the expansion of existing distribution chains.

For the review period, distributors recorded an overall increase in gross sales primarily as a result of the expansion in sales by wholesale firms. The wholesale and retail sub-sectors recorded contrasting performances, with wholesale firms reporting an increase of 10.6 per cent in sales and retail firms a 5.0 per cent decline. The sector continued to be the largest contributor to GDP, accounting for approximately 22.1 per cent.

The development of a vibrant Micro and Small Enterprises (MSEs) sector continued to be integral to growth in the economy. Data from the Employed Labour Force by Employment Status showed that the Own Account category accounted for 33.9 per cent of the total employed labour force in 2003. Since a large share of employment for MSEs is captured in the 'Own Account Worker' category the statistics gives some measure of the importance of MSEs to employment creation.

During calendar year 2003, \$936.6 million (an increase of 17.2 per cent relative to 2002), was disbursed to the MSE sector in the form of loans from wholesale lending agencies and non-traditional government credit sources. Data from General Consumption Tax (GCT) returns are often used to estimate the total sales attributable to MSEs and also as a proxy for the value of gross output. The sales for the year was \$145.3 million or 27.5 per cent of total sales reported from GCT returns. This compares with \$140.2 million and 27.1 per cent of total sales in 2002.

Sustainable Development (SD)

⁸ CHASE is the acronym for Culture, Health, Arts, Sports and Early Childhood Education.

⁹ The Independence Park complex includes the National Stadium, the National Arena, the National Swimming Pool and the indoor and outdoor netball courts.

For sustainable development, focus was on the major issues of global and national priorities related to commitments to implement the Millennium Development Goals (MDGs) the Beijing Platform for Action (particularly as it relates to advancing gender equality as a cornerstone for SD) and the thematic areas outlined in the Barbados Programme of Action (BPOA) for Small Island Developing States (SIDS). Within that focus, four policies were designed to facilitate co-ordinated transition to sustainability. These policies related to Hazard Mitigation, National Transport, Environmental Stewardship, and Sustainable Rural Development.

In managing freshwater ecosystems, water quantity and quality at more than 300 ground water and over 100 surface water points were monitored monthly, and standards for bottled water were established. Activities to support the commitment to manage land and biodiversity resources included: distribution for planting of more than 91 000 seedlings, to induce reforestation; bringing into forest reserves almost 99 additional hectares; and completion of biophysical inventories for three watersheds. The National Biodiversity Strategy and Action Plan was completed and priority projects to be implemented were highlighted.

In support of institutional capacity building for sustainability, key public sector stakeholders collaborated to prepare a Governance Framework for Sustainable Development, with the ultimate aim of designing a coordinated approach to an appropriate strategy to further Jamaica's sustainability goals. In pursuit of good governance, the Government of Jamaica (GOJ) commissioned a study to review national and international best practices in developing a Public Sector Code of Consultation to provide minimum rules for consultation and stakeholder participation in the development of policies, programmes and plans of Government Ministries and agencies. Further, a Working Group was established to guide identification of SD indicators covering economic, social and environmental concerns to provide a basis for measuring progress towards sustainable development.

Through the collaboration among primarily public sector members of the Land Information Council of Jamaica (LICJ), Geographic Information System impacted the sustainable development process through: capacity building, the establishment of a Global Positioning Systems/Virtual Reference Station (GPS/VRS); and the development of GIS applications to support decision making. Capacity building extended to health and education policy makers, teachers, students, executives, managers, and technicians in Parish Council offices. Some 22 government agencies acquired software and hardware which contributed to efficiency and effectiveness in service delivery and improved customer relations.

THE SOCIAL SECTOR

Population

The population at the end of 2003 was estimated at 2 641 600 with a growth rate of 0.6 per cent. The rate of natural increase was 12.9 per 1 000 with estimated births and deaths at 51 000 and 16 900, respectively, with a loss of 17 700 to net external movements.

Migration continued to impact on the growth rate, which is currently on target with the National Population Policy. The majority of migrants from Jamaica go to the USA.

Jamaica is currently experiencing the effects of an ageing population structure, with a declining 0-14 age group; an increasing working age (15-64); and dependent elderly (65+) age group. The elderly (60+) is the fastest growing segment of the population due to the declining fertility and mortality rates, and increase in life expectancy. Age Dependency Ratios are declining and will continue to decline up to 2020.

In making preparations for the 10-Year review and appraisal of the Programme of Action of the International Conference on Population and Development, Jamaica conducted a Field Inquiry and prepared progress reports. Progress has been made in a number of areas including: population and development integration; reproductive health initiatives for adolescents; formulation of policies and programmes for children, youth, elderly and persons with disabilities; and the revision of the National Population Policy.

The Vital Statistics Commission was established in 2003 with specific focus on enhancing the vital statistics and registration system in Jamaica. This Commission will ensure the production of valid and reliable statistics which will be properly disseminated and consistently used.

Science and Technology (S&T)

In light of the imminent ratification of the various international trade agreements and the associated challenges, greater emphasis on adhering to international standards, strengthening the national infrastructure for assured quality of goods and services and improving efficiency through adopting cleaner technologies was heightened. There was a sharper focus on realizing the potential of S&T to positively impact the quality of life for all Jamaicans.

In order to become more relevant and to optimize the use of resources needed to drive the development process great, emphasis was placed on forging partnerships and strengthening and/or formalizing strategic linkages involving:

- public and private sectors;
- universities; and
- regional and international partners.

Activities regarding technology transfer, technical assistance and scientific research for sustainable development continued with some success. There was further promotion and implementation of the efficient system of treating wastewater through the application of anaerobic technologies with the additional benefit of producing usable energy. Consequently, Jamaica is positioned as the regional expert in anaerobic technologies and associated systems for the treatment of waste and wastewater.

A national collaborative drive at establishing a nutraceutical industry in Jamaica was initiated. The identification of important actives from traditional medicinal and other plants and the flavour extraction project made incremental progress. Emphasis was also placed on increasing import substitution of some raw materials in the Agro-processing sub-sector which led to farm-based training of farmers, implementation of projects in tree crop production, animal breeding, forage crops and the development of a flexofactory. In addition, activities in effective resuscitation and utilization of mined-out bauxite lands for crop and livestock production and value-added products from farm waste were implemented.

Labour Market

The number of persons in the labour force declined by 2.3 per cent to 1 098 800 in 2003. As a result, the labour force participation rate declined by 1.6 percentage points to 62.0 per cent. The male labour force participation rate was 71.4 per cent, while the female rate was 53.2 per cent.

The number of employed persons in the labour force increased by 300 persons to total 954 600. This was due to an increase of 700 persons in the female employed labour force to 402 300, and a decline of 400 persons in the male employed labour force to 552 300. The number of employed youth (14-24 years) declined by 3.7 per cent to 176 700 and the number of employed adults (25 years and over) increased by 0.9 per cent to 778 000. The unemployed labour force declined by 15.2 per cent to 144 200 persons in 2003. The average unemployment rate was 13.1 per cent, a decline of 2.0 percentage points over 2002. The male unemployment rate was 9.7 per cent, and the female rate was 17.6 per cent.

Employment in the Goods-producing sector increased by 0.7 per cent to 350 900, but declined by 0.1 per cent to 602 300 in the Service sector. The Service sector accounted for 63.1 per cent of total employment in 2003. Employment in Mining & Quarrying increased by 27.5 per cent to 5 100, while employment in the Transport, Storage and Communication declined by 7.2 per cent to 60 500. Community, Social and Personal Services continued to provide the largest employment by industry with 259 700 persons.

The number of work permits issued to expatriates increased by 23.1 per cent to 3 843. Professionals, Senior Officials and Technicians were the main beneficiaries of work permits. Asia continued to receive the largest proportion of work permits (43.5 per cent).

There were several major developments in the Labour Market in 2003. The National Minimum Wage increased by 11.1 per cent to \$2 000 per week or \$50 per hour in November 2003. The new Minimum Wage rate for industrial security guards increased by 13.2 per cent to \$80 per hour or \$3 200 for a 40-hour work week. Under the Caribbean Labour Market Information System project, the Key Indicators of Labour Market productivity indicators were compiled for the total economy, and for the Manufacturing and Tourism sub-sectors. The Jamaica Standard Occupational Classification for Service workers, Shop and Market Sales workers was revised and occupational definitions

prepared. A National Plan of Action on flexibility in working time in Jamaica was developed and placed before the Labour Advisory Committee for discussion.

Education and Training

The priority issue for the education and training system was Early Childhood Education (ECE) with increased spending on the improvement of Basic Schools. The GOJ spent some \$3.49 billion on its school building project, designed to build 16 new schools and provide some 15 150 additional spaces. A consensus in education was signed between the Government and the Opposition incorporating a Five-Year Plan which included increased expenditure in the sector, improvement in teacher quality and a shifting of resources to the lower tiers of the education system. The GOJ further undertook a review of all initiatives undertaken in education and training for the past 20 years. Overseas employment continued to have a negative impact on the pool of quality teachers available to the education and training system.

The total number of students enrolled in the public education system at the pre-primary, primary and secondary levels declined by 1.2 per cent to 673 679. There were improvements in the gross enrolment rates for the pre-primary, secondary and tertiary levels. The average daily attendance rates in schools at the primary and secondary levels was negatively affected by three periods of extended flooding in various sections of the island. There was a 8.3 per cent increase in the number of graduates in the category, Professional, Senior Officials and Technicians to total 9 709. Those graduating in the Skilled and Semi-Skilled category totalled 21 738.

Health

The provision of quality and affordable health care continued to be the focus of the Government during the year. There was increased emphasis on promoting healthy lifestyle practices among the population through a campaign launched by the Ministry of Health. The National Health Fund was launched, and over 40 000 persons have been registered for benefits. The fund will assist with the cost of specific medications, particularly those related to chronic illnesses, and persons of all ages are eligible for benefits.

Violence prevention efforts by the Ministry led to hospital-based interventions at three major hospitals namely, Cornwall Regional, Savanna-La-Mar, and the Bustamante Hospital for Children. The vaccine immunization programme was expanded to provide additional protection against two other diseases, Hepatitis B and Haemophilus Influenza Type B. HIV/AIDS remained top priority and received additional funding for specific areas of the programme from both local and international partners. Programmatic interventions were heightened and various research projects provided new insight on the epidemiology of the disease.

National Security and Justice

The review period saw various strategies either introduced or strengthened to create greater efficiencies in the fight against criminal activities and the illegal drug trade, while several pieces of new or revised legislation were advanced. International Development

Partners, non-governmental organizations, and civil society entities, including volunteers, gave significant contribution to the sector.

Compared with the previous year, 2003 saw an increase in the overall crime rate to 1 195 per 100 000 population, from 1 129 per 100 000. This increase was influenced largely by the increases in breaches of the Dangerous Drugs Law. However, major crimes against the person declined by some 6.3 per cent while the murder rate declined by 11.1 per cent to 36 per 100 000. Of those arrested for major crimes during the year, 51.5 per cent were in the age group 16-25 years, and 99.1 per cent were males. Where victims were concerned, 58.6 per cent were males.

The Jamaica Constabulary Force (JCF) increased its strength to 7 936 and undertook human resource development initiatives including several training courses in areas such as crime scene management, crime pattern analysis, law enforcement, and fugitive and financial investigations. Major restructuring took place at several levels of the JCF and the Island Special Constabulary Force, to create greater synergies, and more decentralized decision making.

The National Intelligence Bureau was established and piloted in St. James, and has central responsibility for the sharing of criminal intelligence locally, regionally and internationally. Community-based policing and mediation were two major strategic thrusts that were maintained over the period.

A total of 3 940 deportees, mainly from the UK and the US were received during the year, with the most frequent offences having been immigration violations and drug offences. Road traffic accidents claimed 4 432 casualties, 391 of which were fatalities. The majority of fatalities involved pedestrians, drivers and passengers of private motor cars.

The Jamaica Defence Force (JDF) also benefited from regional and international partnerships and was involved in law enforcement and rescue operations. Capacity within the JDF was also enhanced through training, networking, and the acquisition of vehicles and equipment.

The Department of Correctional Services (DCS) had its largest inmate population in 13 years with a growing number of young persons being represented in the correctional institutions. As part of efforts to strengthen the rehabilitation process, the DCS recommended the reintroduction of a new rehabilitation regime and reduced the length of time for processing parole applications.

Social Development, Welfare and Culture

There were important developments in the areas of Social Development and Welfare with respect to legislative, institutional and policy reforms. Chief among these were the passing of the Early Childhood Commission Act, the review of the Child Care and Protection Bill, inter sectoral consultations on a Sexual Harassment Bill, the

establishment of the Early Childhood Commission, and the Child Development Agency, and the revision of the National Youth Policy.

Other developments which will have far reaching impact on vulnerable groups, included: upgrading of the skills of early childhood practitioners; completion of the Review of the Management and Operations of Children's Homes and Places of Safety; introduction of strategies to speed up responses to cases of suspected child abuse; and ratification of the International Labour Organization (ILO) Conventions on the worst forms of child labour.

Stakeholders of the social protection system benefited from a number of developments in the sector including: the introduction of NI Gold, a health insurance plan for pensioners; a 50.0 per cent increase in NIS benefits; and island-wide implementation of the Programme for Advancement Through Health and Education (PATH) which completed its first full-year of operation.

In order to facilitate youth empowerment and participation especially in the labour market, there were initiatives such as the revival of the National Student Council Movement and the provision of entrepreneurship seminars held in five regions across the island. A total of 4 452 youths benefitted from the National Summer Employment Programme and youth organizations island wide were strengthened.

A National Advisory Committee on Gender was established and the Fifth Periodic Report under the Convention for the Elimination of all forms of Discrimination Against Women (CEDAW) was completed. Representatives of the National Council for Senior Citizens participated in regional consultations to develop a Regional Strategy for implementation of the Madrid International Plan of Action on Ageing. The Social Development Commission facilitated the production of Community Development Plans and trained 600 community leaders in community planning.

The Inner-City Renewal Programme was boosted with the launch of the Kingston City Centre Improvement Company(KCCIC) a non-profit organization established to solicit financing on the bond market and manage the development of the designated Business Improvement District (BID) in downtown Kingston. KCCIC began operation with equity of \$37.0 million provided by three local companies. A \$5.0 billion housing development project, to be undertaken by the National Housing Trust, was launched to provide 5 000 new low income houses and upgrade the existing housing stock within selected urban communities of the KMA. Other highlights included the completion of 73 Jamaica Social Investment Fund (JSIF) - funded projects in poor communities at a cost of \$273.7 million and the investment by Micro Investment Development Agency (MIDA) and the Self Start Fund of \$184.8 million towards micro enterprise development among the poor.

Local Government Reform was advanced with emphasis on revenue enhancement, building capacity at the institutional levels, and strengthening the legislative framework. The National Registry on Volunteers was launched and a National Policy on Culture was presented to the Human Resource Council.