

# Economic and Social Survey Jamaica 2004

## OVERVIEW

### Introduction

**R**eal Gross Domestic Product (GDP) growth of 1.2 per cent was recorded during 2004. This represents a slowing in the growth momentum, as the first six months grew by 2.7 per cent and 1.8 per cent for the first nine months of 2004. This slow-down was primarily a reflection of the impact of Hurricane Ivan on infrastructure and productive assets. The total cost of the damages as a result of Hurricane Ivan was estimated<sup>1</sup> at \$36.8 billion, comprised as follows:

	\$ Million	Per Cent
Destruction and damage to assets	23 182	63
Production losses	9 984	27
Increased operational expenses and revenue losses	<u>3 720</u>	<u>10</u>
	36 886	100

Hurricane Ivan's impact on the economy was widespread as most sectors, with the exception of Construction & Installation, were adversely affected during the October – December quarter of 2004. The performance of the Construction & Installation sector was positively impacted by the repairs and reconstruction activities following Hurricane Ivan. For 2004 the Goods-producing sector grew by 1.3 per cent with growth in all sectors except Agriculture, Forestry & Fishing. The Services sector recorded growth of 1.1 per cent.

The effects of Hurricane Ivan, as well as the impact of increased crude oil prices, adversely affected developments within the macro-economy during the year. This was reflected in:

- point-to-point inflation rate of 13.7 per cent for 2004;
- a \$2.2 billion more than programmed fiscal deficit for April – December 2004;
- a deterioration in the merchandise trade balance.

Developments within the social sectors were highlighted by:

- the introduction of several initiatives to improve the quality of and access to education;
- the implementation of several new strategies to enhance the fight against crime and violence;
- continued efforts by Government, civil society and international development partners, to

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<sup>1</sup> PIOJ,ECLAC, UNDP, Macro-Socio-Economic and Environmental Assessment of the Damage Done by Hurricane Ivan, September 10 - 12, 2004

create a better society for the development and protection of children & youth, and to improve the quality of life of vulnerable groups.

### **Overview of Domestic Policies**

The macroeconomic programme was guided by the policy objectives established in the Medium Term Socio-Economic Policy Framework. For fiscal year (FY) 2004/05, the objectives included the maintenance of a stable macroeconomic environment to foster economic growth; enhancing international competitiveness; and the lowering of the fiscal deficit. The original short-term targets for 2004/5 were:

- Real GDP growth of 2.5 per cent;
- Inflation rate of 9.0 per cent;
- Fiscal deficit of 3.0 per cent - 4.0 per cent of GDP; and
- Net International Reserves of US\$1 290 million.

The devastation caused by Hurricane Ivan on productive assets led to a subsequent revision of these targets for 2004/5. Real GDP growth projection was revised downwards to 1.0 per cent primarily reflecting the downturn in the main productive sectors in the aftermath of Ivan. The inflation rate was revised to 11.7 per cent, due largely to higher food and energy prices. The fiscal deficit was revised to 4.5 per cent of GDP reflecting the impact of increased expenditure associated with the hurricane.

The debt management strategy for FY 2004/05 focused on the core debt objectives of achieving the lowest possible borrowing cost while mitigating the associated risks. The policies pursued in FY2004/05 incorporated a response to domestic and external market developments by: the maintenance of a mix of fixed-rate and variable rate debt; the continuation of increased transparency and predictability of primary market debt issuance; and the extension and smoothing of the maturity profile of the debt to better manage refinancing risk.

Initiatives geared at fostering growth in the Goods-producing and Services sectors included; a general reduction in interest rates to encourage greater investment in productive activities; the continuation of several financing schemes for manufacturers and small business operators; programmes to improve efficiency and productivity in the Agriculture, Manufacturing, Energy and other key sectors.

### **International Economy**

The global economy grew by an estimated 5.0 per cent during 2004, the highest level of growth recorded in over a decade. This performance was supported by the growth recorded by China and the United States of America (USA). The strengthening in global output was accompanied by increased trade. There was a downturn in capital flows globally, however, flows to Emerging Asia increased by over 50.0 per cent.

With respect to trade negotiations developments, the World Trade Organization (WTO) Dispute Settlement Body (DSB) ruled that the European Union (EU)/African Caribbean & Pacific states sugar protocol was discriminatory and in violation of WTO rules. The second phase of negotiations to establish the Economic Partnership Agreement (EPA) between the EU and Caribbean Forum (CARIFORUM) was launched. Within the Caribbean Community (CARICOM), work continued on the completion of preparations for the establishment of the CARICOM Single Market and Economy (CSME). A Free Trade Agreement between Costa Rica and CARICOM was finalized during the year.

#### **Official Development Assistance (ODA)**

ODA provided through multilateral and bilateral agencies continued to be an important source of funding for the government's development objectives, providing resources for projects and programmes aimed at improving and sustaining economic and social well-being. Increased focus was placed on the efficiency with which development assistance was delivered and utilized, given the impact of the government's tight budgetary constraints and the country's middle income classification, on the availability of aid. Accordingly, efforts were intensified to propel the harmonization agenda and to encourage the International Development Partners to align their development assistance to the government's priorities as enunciated in the Medium Term Socio-Economic Policy Framework.

New ODA totalled US\$196.1 million (\$12.0 billion), comprising loans of US\$ 87.4 million (\$5.3 billion) and grants of US\$108.7 million (\$6.7 billion). Multilateral Financial Institutions<sup>2</sup> (MFIs) contributed US\$131.0 million (\$8.0 billion) representing 66.8 per cent of new ODA. Bilateral Cooperation and Multilateral Technical<sup>3</sup> Cooperation contributed US\$36.1 million (\$2.2 billion) and US\$29.0 million (\$1.8 billion), respectively, in grant resources. The treatment and prevention of HIV/AIDS, hurricane reconstruction and the provision of water for irrigation in selected rural areas, were some of the areas to which new ODA was targetted.

Disbursements to new and on-going projects amounted to US\$214.0 million (\$13.1 billion), an increase of 91.0 per cent compared with the previous year. This increase was due mainly to the Hurricane Ivan reconstruction effort to which the donors responded by disbursing US\$42.9 million (\$2.6 billion) for *inter alia* the rebuilding of schools and community centres.

#### **MACROECONOMIC PERFORMANCE**

The economy recorded its sixth consecutive year of real GDP growth during 2004. Real GDP grew by an estimated 1.2 per cent. This was below projected growth of 2.5 per cent for the calendar year and was largely due to the impact of Hurricane Ivan in the latter half of the year. The 1.3 per cent growth recorded in the Goods-producing sector reflected improvements in all sub-sectors except Agriculture. The Services sector grew by 1.1 per cent reflecting growth in all sub-sectors with the exception of Electricity & Water, and Finance & Insurance.

The point-to-point inflation for 2004 was 13.7 per cent, down from the 14.1 per cent recorded in 2003. The main inflationary impulses emanated from:

- a shortage of locally produced food due to drought conditions in the first half of the year and the flood damage from Hurricanes Charley and Ivan in the latter half of the year;
- an increase in commodity prices, particularly oil and grain; and
- higher user fees for electricity and water.

Interest rates trended downwards with the 30-day reverse repo rate at 13.80 per cent at the end of 2004, representing the lowest rate since December 2002. The nominal exchange rate depreciated by 1.6 per cent, which translates to real appreciation of 5.5 per cent.

Central Government's operations generated a fiscal deficit<sup>2</sup> of \$29.6 billion for the period, April - December 2004, compared with \$34.8 billion for the corresponding period of 2003. The lowering of the fiscal deficit was the result of a \$21.2 billion improvement in revenue inflows, which was more than the \$16.0 billion increase in expenditure. This out-turn was 8.1 per cent higher than budgeted due largely to a decline in revenue inflows and increased expenditure during the post-Ivan period. The Primary Surplus at \$43.6 billion was \$5.4 billion less than the programmed level for April - December 2004, but \$11.0 billion more than the comparable period in FY 2003/04.

At the end of 2004, the merchandize trade deficit stood at US\$2 515.8 million, an increase of 1.3 per cent relative to 2003. For the first nine-months of 2004, there was an improvement in the merchandize trade deficit, reflective of the 0.6 per cent decline in imports and a 17.4 per cent increase in exports. However, the calendar year out-turn reflected a 6.8 per cent increase in imports and an 18.0 per cent rise in exports. The increased level of imports in the last quarter of the year was due to the importation of food and building supplies in the post-Hurricane Ivan period; as well as an increase in the importation of refined fuel products due to the fire at the local oil refinery.

## SECTORAL PERFORMANCE

### Goods-producing Sector

#### *Agriculture*

Real Gross Domestic Product (GDP) for Agriculture, Forestry and Fishing in 2004 declined by 10.4 per cent compared with 2003. The decline in production was due to drought conditions in the first half of the year and the effects of Hurricanes Charley in August and Ivan in September. Damage to the Agriculture sector by Hurricane Charley was estimated at \$90.4 million and Hurricane Ivan at \$8 550.0 million.

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<sup>2</sup>The fiscal surplus/deficit refers to Total Revenue & Grants (excluding Loan Receipts) less Expenditure (excluding Amortization).

The change in GDP reflected a 9.7 per cent decline in the volume of gross output as measured by the Planning Institute of Jamaica's (PIOJ's) Agricultural Production Index. Gross output for Domestic Crops, Export Crops and Meat & Poultry declined by 15.6 per cent, 5.5 per cent and 1.8 per cent, respectively. However, gross output in the Fisheries sub-sector increased by 13.2 per cent. Export earnings from agricultural commodities for 2004 amounted to US\$147.0 million compared with US\$150.4 million in 2003. Earnings from Non-traditional commodities declined by 4.3 per cent to US\$90.4 million, while the value of Traditional Crops increased by 1.2 per cent to US\$56.6 million.

### ***Manufacturing and Processing***

The Manufacturing and Processing sector grew by 3.6 per cent in 2004 compared with 2003. The main sub-categories contributing to this growth were: Food Processing, Beverages & Tobacco, Chemicals & Chemical Products and Non-Metallic Minerals. For the first six months of 2004, real GDP growth of 5.7 per cent was recorded for Manufacturing & Processing sector. However, the adverse impact of Hurricane Ivan, as well as the fire at the Petroleum refinery, stymied growth during the latter half of the year.

Various programmes geared towards building international competitiveness and encouraging export expansion, including the facilitation of technological upgrading of plant, equipment and operations, continued throughout 2004. Total manufactured exports increased by 28.0 per cent during 2004.

### ***Mining and Quarrying***

The Mining and Quarrying sector increased by 3.1 per cent in 2004 and was reflective of increased activity in the Bauxite/Alumina sub-sector. Alumina plants recorded their highest ever production level of 4 022.7 kilo tonnes mainly due to the commissioning of additional capacity at JAMALCO and Alpart. Growth performance in the sector was affected by Hurricane Ivan in September and infrastructural damage at Port Rhodes in the fourth quarter. Total Export Earnings and Foreign Exchange inflows increased during the year. The growth in Foreign Exchange Earnings was attributed to an increase in the volume of alumina exports and higher international prices. Foreign Exchange Inflows increased partly as a result of increased spending related to Hurricane Ivan reconstruction activities.

World production and consumption of aluminium increased in 2004 compared with 2003. China continued to drive global demand, which was higher than world supply. World capacity utilization remained flat at 89.4 per cent compared to 2003.

Output of most minerals in the Quarrying sub-sector declined with the exception of gypsum and sand & gravel. Growth in the production of these minerals resulted mainly from increased demand both locally and abroad.

### ***Construction & Installation***

For 2004 real GDP for the Construction & Installation Industry grew by 4.7 per cent. This represented the largest growth rate and the fifth consecutive year of growth since the decline of

1.7 per cent recorded in 1999. This performance resulted mainly from:

- reconstruction activities following the passage of Hurricane Ivan in September;
- increases in the number of housing completions; and
- increases in non- residential activities, particularly infrastructural development (i.e. construction of docks and berths by the Port Authority of Jamaica and expenditure on the Northern Coastal Highway Improvement Project).

The increased level of activities in the sector resulted in a rise in the:

- production of cement and cement sales ;
- number and the value of mortgages; and
- number of Electrical Inspections.

## **Services Sector**

### ***Energy, Electricity & Water***

Real GDP for the Electricity & Water sub-sector declined by 0.1 per cent due mainly to the decline in water production as electricity generation increased. Relative to 2003, total electricity generation (net generation from JPSCo plus purchases from non-JPSCo sources) in 2004, increased by 0.6 per cent to reach 3 717 million kWh. Of this amount, non JPSCo. sources contributed 25.6 per cent compared with 27.7 per cent in 2003. Output from non-JPSCo. sources fell by 6.8 per cent, marking two consecutive year of decline. Generation by JPSCo went up 3.4 per cent, facilitated by a 39.9 per cent increase in output from the company's Gas Turbines. This reflected the full effect of the commissioning of the new Bogue Plant.

Electricity sales amounted to 2 974.0 million kWh, down 0.8 per cent, due mainly to the effects of Hurricane Ivan. The categories recording declines were Large Power; General Service and Residential. Revenue earned by the JPSCo moved up 15.0 per cent to reach \$30.5 billion.

Total water produced by the National Water Commission (NWC) fell by 4.5 per cent to approximately 280 308 megalitres. This was due mainly to a 14.5 per cent fall-off in production in Kingston & St. Andrew. The island-wide reduction was caused by drought conditions and the effects of Hurricane Ivan. Island-wide consumption fell 1.7 per cent, due mainly to declines 0.8 per cent in Kingston & St. Andrew and 2.1 per cent in Other Parishes.

### ***Transportation, Storage & Communication***

The Transportation, Storage and Communication sector is estimated to have grown by 0.7 per cent in 2004 relative to 2003. The growth was influenced mainly by higher level of activities at the island's airports, as evidenced by the increase in stopover arrivals.

In the area of telecommunications, the number of mobile customers continued to grow, reaching an estimated 2.2 million at the end of 2004 compared with 1.4 million at the end of 2003. However, the number of working land lines fell by 12.9 per cent, reflecting the impact of customers switching from land lines to cellular telephones. The number of telecommunications licences approved during the year totalled 74. The volume of mail handled by the Post & Telecommunications Department grew by 0.1 per cent and revenue collection grew by 10.0 per cent.

### ***Financial***

Real GDP in the Financial Services sector declined by 0.9 per cent, relative to 2003. This performance was influenced among other things, by a reduction in net interest income and higher operational costs. Additionally, there was a decline in income earned from foreign assets owing to the normalization of activity in the foreign exchange market during the period January-June 2004, relative to the comparable period in 2003. These factors outweighed the improvement in the output of the non-banking institutions.

During the year, there was further consolidation within the sector as a number of financial institutions merged. Relatively lower interest rates on fixed income securities made the stock market a more viable investment option. Accordingly, the stock market registered record performance relative to 2003.

The Legislative framework was augmented to include the Pensions Act and amendments to the Financial Institutions Act, the Banking act and Building Societies Act.

### ***Distribution***

For 2004, the Distributive Trade sector grew by an estimated 1.4 per cent. This performance was due to higher sales and increased credit.

The increase in sales was primarily in four major categories which together accounted for 60.3 per cent of the overall sales. These categories were Textiles, Clothing & Shoes (21.5 per cent); Minerals, Fuels, Lubricants & Petroleum Products (12.6 per cent), Hardware, Building & Electrical Goods (11.4 per cent) and Other Manufactured Goods (1.6 per cent).

The sector benefited from increased credit accessed by firms, the expansion of existing distributive chains and the introduction of new distributive firms.

### ***Tourism***

For 2004, real GDP for Hotels, Restaurants & Club grew by an estimated 4.9 per cent compared with the 5.6 per cent growth recorded in 2003. This slowing in the rate of growth

was attributed to the impact of Hurricane Ivan on the industry during September. The hurricane affected cruise passenger arrivals, which fell by 10.8 per cent in the September - December 2004 period. This was in contrast with the 1.2 per cent growth recorded in the pre-hurricane period of January - August 2004. In addition, stopover arrivals also recorded a decline of 4.3 per cent in the post-hurricane months. This contrasts with the 8.5 per cent growth recorded in the pre-hurricane period.

Despite this slow-down in the rate of growth during the last four months of the year, most major indicators in the industry recorded improved performance relative to 2003. In the review period, the highest annual number of visitors to the island was recorded, expending a total of US\$1 437.0 million. Declines were recorded in cruise passenger arrivals, non-resident Jamaicans and average length of nights stay.

#### ***Micro & Small Enterprises***

During 2004, the government continued to encourage the development, promotion and facilitation of competitive and dynamic small enterprises that can contribute to wealth creation and job generation. Accordingly, most of the credit initiatives and business development programmes, which existed in previous years, continued. The sector also benefited from financing totalling \$1 008 million from a number of wholesale financial institutions.

The Micro and Small Enterprises (MSE) continued to show signs of vibrancy and has remained a major source of employment in Jamaica, with 34.2 per cent of the total employed labour force being employed in the sector. Sales by MSEs as reflected in data collected from General Consumption Tax (GCT) was 12.2 per cent of all sales reported in 2004. Wholesaling and retailing remained the primary activities among MSEs. Financing to the sector continued to be channeled through Approved Financial Institutions such as the Micro Investment Development Agency (MIDA), Development Options Limited (DOL), Pan Caribbean Financial Services (PCFS) and the Self Start Fund. Non-Financial (business development) services were offered mainly through the Jamaica Business Development Centre (JBDC).

#### ***Sustainable Development (SD)***

The year 2004 was an active one for natural hazard events both nationally and internationally. Locally, the country's resources and capacity were challenged by the impact of two major hurricanes, Charley and Ivan. The former though confined to a limited geographical space resulted in damage of approximately \$90.8 million to the agricultural sector. The latter affected all facets of Jamaican life resulting in dislocation for an estimated 370 000 persons, 17 deaths and financial losses of approximately \$36.9 billion. A relatively high proportion of Ivan-related damage and losses was concentrated in the southern parishes of Manchester, St. Elizabeth, Clarendon and St. Catherine, where the action of winds, storm surge, rains and floods were strongest. Major damage was seen in the Housing sub-sector, which accounted for 48.2 per cent of direct losses and 30.3 per cent of overall loss and damage.



Activities aimed at achieving sustainable development nationally, focused on selected elements of the Barbados Plan of Action (BPOA), namely: freshwater; coastal & marine, and land resources; waste management; climate change; natural and man-made hazards; and technology. In relation to freshwater resources the first draft of the Water Resources Master Plan was completed. Work continued on the development of a management plan for the Rio Cobre Watershed Management unit. These were consistent with the national emphasis of improving access to safe water and facilitating optimal allocation to competing sectors.

In the area of land resources, a draft Sustainable Rural Development Policy was completed, and work commenced on the preparation of two studies to inform orderly spatial development, *viz.*, the Highway 2000 Corridor Development Plan, and the Tourism/Bauxite Expansion Framework Programme of Action. Work also continued on the preparation of sustainable development plans for Kingston and St. Andrew (KSA) and St. James.

Other achievements, during the year included the Public Sector Code of Consultation to facilitate citizen participation in national decision making; and the “coming into full effect” of the Access to Information Act, 2002. Public sector modernization activities also commenced in four ministries and agencies.

Geographic Information Systems (GIS) played a major role in support of disaster management and response initiatives. Main GIS based activities, however, focused largely on the creation of spatial databases. The development of these was facilitated by the availability of large-scale 1: 4 800 Orthophoto maps of the island. Among the major mapping and related activities undertaken was the acquisition by STATIN’s Cartography Unit of IKONOS satellite imagery for the island, and the conversion of the 2001 parish enumeration district (ED) boundary maps into digital format for six parishes.

### ***Science and Technology (S&T)***

Science and Technology (S&T) continued to be used as important tools for improving efficiency and productivity as well as for managing information in all sectors. As organizations prepared for the Caribbean Single Market and Economy (CSME), several enabling activities in S&T, aimed at improving competitiveness were undertaken. These included expansion and upgrading of production facilities in private sector organizations such as Carib Cement Company and the Walkerswood plant in St. Ann.

Significant developments were noted in the sugar and bauxite industries, while incremental strides were made in the area of nutraceuticals and alternative energy. Breakthroughs were recorded with respect to improvements in several crops and livestock and a number of protocols developed for the safe processing and storage of foods. The main tertiary institutions heightened efforts to demonstrate the value of “research and technology” for development, and at least one US patent is pending to the University of the West Indies (UWI) for an innovative computerized cardiac simulator.

The ravages of Hurricanes Charley and Ivan generally resulted in delays and setbacks to the sector. However, the upgrading of the International Satellite Communication System (ISCS) by the Meteorological Services and the installation of an automatic weather station at the Pedro Bank were timely initiatives.

The public S&T agencies and institutions continued to supplement budgetary allocations through income earning activities. Due to the level of income generated, the Bureau of Standards, Jamaica (BSJ), was declared to be fully self-financing thereby easing the burden on the Government's resources.

In other developments, the contribution of some Jamaican S&T institutions to the local and regional communities was recognized. Jamaica was selected as the regional coordinator for the Cleaner Development Mechanism (CDM) activities in the Caribbean. The island also secured the alternate seat on the CDM Executive Board as the Latin American and Caribbean Group (GRULAC) representative. At the national level the Scientific Research Council (SRC) received the prestigious Gleaner award in the category - Science and Technology for 2004.

## **THE SOCIAL SECTOR**

### ***Population***

The population at the end of 2004 was estimated at 2 650 900 with a growth rate of 0.5 per cent. The rate of natural increase was 11.5 per 1 000, with estimated births and deaths at 46 500 and 16 000, respectively, and net external movements at 17 900. Migration continued to impact the growth rate with the majority of migrants from Jamaica going to the USA.

Jamaica's ageing population was reflected in three distinct characteristics: a declining 0-14 age group; an increasing working age group, particularly among persons 30-59 years; and an increasing elderly (60+) population. Age dependency ratios were declining and will continue to decline beyond 2020.

Concerted efforts were made to integrate population factors into development, monitoring and evaluation of policies, plans and programmes. This was evident in programmes for the elderly; children; youth; reproductive health; Highway 2000 Corridor Development Plan; the 10-year review of the International Conference on Population and Development (ICPD) Programme of Action (PoA); and Vital Statistics among others.

### ***Labour Market***

The number of persons in the labour force increased by 0.4 per cent to 1 194 800 in 2004. The labour force participation rate remained stable at 64.3 per cent. The male labour force participation rate was 73.3 per cent, while the female rate was 55.8 per cent.

The number of employed persons in the labour force increased by 1 100 persons to total 1 055 200. This was due to an increase of 1 900 persons in the female employed labour force to 444 300, and a decline of 800 persons in the male employed labour force to 610 900. The unemployed labour force increased by 2.9 per cent to 139 600 persons in 2004. Youth (14-24 years) had an unemployment rate of 30.6 per cent, and for adults (25 years and over) it was 6.9 per cent. The average unemployment rate was 11.7 per cent, an increase of 0.3 percentage points over 2003. The male unemployment rate was 7.9 per cent, and the female rate was 16.4 per cent.

Employment in the Service sector increased by 2.2 per cent to 676 500, while employment in the Goods-producing sector declined by 3.4 per cent to 377 300. The Service sector accounted for 64.2 per cent of total employment in 2004. By industry, Community, Social and Personal Services continued to provide the largest employment with 289 200 persons.

A total of 13 569 Jamaicans participated in the Overseas Employment Programme, a decline of 2.8 per cent compared with 2003. Remittances from participants employed in the USA increased by 15.4 per cent to US\$12.6 million, while remittances from persons employed in Canada increased by 35.5 per cent to C\$9.5 million.

The number of work permits issued to expatriates increased by 0.5 per cent to 3 863. Professionals, Senior Officials and Technicians were the main beneficiaries of work permits (78.1 per cent). Approximately 50.0 per cent of the work permits were approved for persons employed in the Wholesale and Retail, Hotels and Restaurant Services Industry. In terms of region of origin, Asia continued to receive the largest proportion of work permits (50.2 per cent).

The number of industrial disputes declined from 164 to 129, and the number of work stoppages declined from 29 to 16. The largest proportion of industrial disputes and work stoppages occurred in "Community, Social and Personal Services". The number of man-days lost, as a result of work stoppages, declined from 65 976 in 2003 to 1 553, and the number of workers involved declined from 25 568 to 863.

Other developments which took place in the Labour Market in 2004 included: the signing of a Memorandum of Understanding (MOU) between the Government of Jamaica (GOJ) and the Jamaica Confederation of Trade Unions (JCTU) in February; the launch of the Jamaica Productivity Centre in March; and the completion of the Caribbean Labour Market Information System project in October.

### ***Education and Training***

The focus for 2004 was a major examination of the education system. This was undertaken by a 14-member Task Force on Educational Reform established by the Honourable Prime Minister with a mandate to prepare and present an action plan for the creation of a world class education system. The final report was submitted in November. Several initiatives were introduced in keeping with the government's policy of improving quality, access and

equity. To improve the quality of academic performance, an Inner City Schools' Initiative Programme was established in 20 schools at the primary and secondary levels island-wide and a new E-Learning Project was developed to equip all new high schools with computer laboratories. In addition to these initiatives, as part of its public sector modernization programme, the first phase of a Teacher Performance Evaluation (TPE) system was introduced in 32 schools randomly selected from five Regions. Access was increased with the opening of the new Frome Technical High School in Westmoreland which, will provide an additional 1 400 spaces at the secondary level. To improve equity, some \$77.0 million was allocated under the Secondary School Enhancement Programme (SEP) to implement School Improvement Plans at 21 newly upgraded high schools.

A number of activities were implemented aimed at addressing violence in schools. The MOEYC collaborated with the Jamaica Constabulary Force (JCF) to introduce a 'Safe School' programme aimed at helping schools cope with violence, anti-social behaviour, truancy and children at risk. Attendance in the system declined because of incidences of crime and violence in some inner-city communities and two major hurricanes, which damaged schools and tertiary institutions islandwide. Hurricane Ivan caused damage valued at \$339.2 million to some 751 educational institutions. Some 70.1 per cent of the 3-24 age cohort were enrolled in schools. The gross enrolment rates for the pre-primary, primary levels and secondary was 97.7 per cent, 93.1 per cent and 80.0 per cent, respectively. Enrolment at the tertiary level, which stood at 48 189, with a gross enrolment rate of 21.2 per cent, continued to surpass the target of 15.0 per cent gross enrolment rate for tertiary students established by the Caribbean Community (CARICOM) Heads of State. There was a 30.0 per cent increase in the number of persons trained in the category, Professional, Senior Officials and Technicians to total 12 623. Those trained in the Skilled and Semi-Skilled category totalled 34 267, an increase of 57.6 per cent.

### ***Health***

The Health sector continued to pursue its mandate of providing quality and affordable health care in 2004 with specific focus on addressing Trauma and violence related injuries (VRIs), HIV/AIDS and promoting 'healthy lifestyles'. Hurricane Ivan damaged infrastructure and equipment at some health facilities across the island which disrupted service delivery. The influx of Haitian refugees placed increased demand on the sector as staff and other resources had to be relocated to effectively address their presence. There was a noted increase in cases of imported malaria, the majority of which was attributable to the refugees.

Results from various surveys revealed improvements in aspects of health status as the ministry achieved its target for total fertility of 2.5, down from 2.7 in 1997. There are indications also that the prevalence of malnutrition has declined. Immunization coverage fell during the year, however, plans are in place to start a mop-up campaign in 2005.

In the area of financing, collection of user fees met and in some health regions exceeded the projections for the period. There was also an increase in Government allocation to the sector, but approximately 83.0 per cent of this increase went towards paying accumulated

outstanding statutory deductions. The deficit at the end of the Financial year 2004/05 is thus projected to fall to \$800.0 million.

### ***National Security and Justice***

In 2004, several new/ improved strategies were employed to enhance the fight against crime and violence. Among these were the introduction of initiatives such as Operation Kingfish, a new Border Control Strategy and the upgrading of the technological capability of the Jamaica Defence Force. Developments with respect to Justice included the passing of several key pieces of legislation and the amendment of others. New legislation included the Child Care and protection Act, Family Property (Rights of Spouses) Act, the Finger Prints Act and the Domestic Violence Act. Efforts to address crime and violence and to make improvement in the area of Justice were facilitated by collaboration with local and international partners and key civil society groups.

Reported crimes increased by 14.4 per cent resulting in an overall crime rate of 1 351 per 100 000 population compared with 1 195 in 2003. The increase countered a declining trend in crimes between 1997 and 2002 with major crimes against the person increasing by 26.9 per cent in 2004. The murder rate also increased by 52.9 per cent to 55 per 100 000. Among those arrested for major crimes 50.0 per cent were from the age group 16- 25 years.

At December 2004, the strength of the Jamaica Constabulary Force (JCF) stood at 95.3 per cent of the establishment with the police to citizenry ratio being 1:327. The strength represents a 13.1 per cent increase since 1999. In addition to increased numbers, the general competence of JCF personnel at all levels was enhanced with several training courses offered under the Reform and Modernization Programme, as well as with the acquisition of new motor vehicles/bikes to improve the mobility and presence of the police.

Deportations to the island increased steadily since 2001 and in 2004 there was a 7.2 per cent increase to 4 226 individuals. A large percentage (47.2 per cent ) of the deportees were sent from the United Kingdom, followed by the United States of America with 44.3 per cent. The largest proportion (45.4 per cent) of those returned to the island were for drug related offences. Road traffic accidents accounted for 4 248 casualties, 360 of which were fatalities. The majority of fatalities involved pedestrians, drivers and passengers of private motor cars.

The Jamaica Defence Force continued to partner with the JCF in law enforcement operations and provided security services to the Department of Correctional Services (DCS). The Force also benefited from regional and international partnerships and was involved in several search and rescue operations. The population in Adult Correctional Centres declined by 1.5 per cent compared with 2003 but was 46.2 per cent over the ideal capacity. There were 2 160 new admissions, with 29.3 per cent being recidivists. The number of recidivists increased by 14.8 per cent in 2004 and 99.2 per cent of the re-offenders were males. Young persons 17 - 25 years represent 30.5 per cent of the total new admissions.

### ***Social Development, Welfare and Culture***

Within the social sector, efforts continued to be made by Government, civil society and international development partners, to create a better society for the development and protection of children and youth, and to improve the quality of life of vulnerable groups.

Three important pieces of legislation were introduced/amended to: promote and protect the rights of children (The Child Care and Protection Act); provide enhanced protection for victims of domestic violence and abuse (the Domestic Violence (Amendment) Act); and protect the property rights of men and women in the event of a breakdown in a marriage or union after five years (The Property (Rights of Spouse) Act). Progress was made on the drafting of the National Assistance Bill to replace the Poor Relief Act and the Disability Bill to strengthen implementation of the National Policy for Persons with Disabilities.

Cabinet approved the National Youth Policy, and the mandate and composition of the Gender Advisory Committee. There was progress in work towards the achievement of gender equity with initiatives in public education, and awareness and capacity building.

There was a 37.5 per cent increase in the number of young persons trained and placed under the National Youth Service Programme, and 1200 volunteered their services in reconstruction initiatives after Hurricane Ivan which occurred in September. The National Summer Employment Programme provided employment for 4 155 secondary and tertiary students.

Reform and strengthening of the social protection system continued including ongoing implementation of PATH, which provided cash benefits for poor families with children/pregnant and lactating women/the elderly/persons with disabilities, and also for destitute persons. Relief was provided to thousands affected by Hurricane Ivan involving disbursements to PATH beneficiaries and NIS pensioners, and grants to assist those with damaged housing.

The Kingston City Centre Improvement Company, which is to see to the redevelopment of downtown Kingston, was registered as a limited not for profit company and a Chief Executive Officer was appointed.