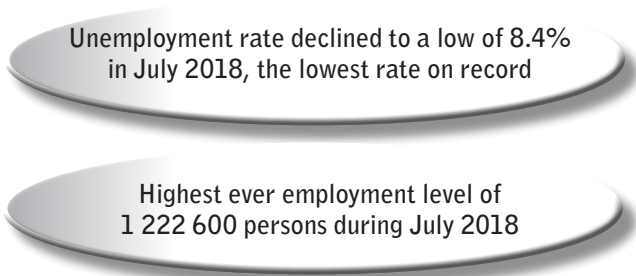


OVERVIEW 2018

INTRODUCTION

The year 2018 represented a watershed year for Jamaica as all the key performance targets were met and several all-time best performances were achieved. With respect to the economy, some of the major achievements include the out-turn for the following indicators:



LABOUR FORCE



At the end of December 2018 the debt-to-GDP ratio reached 96.1 per cent, representing the lowest rate recorded since 2008



Interest Rates – the weighted average interest rate of 14.09 per cent for 2018 was the lowest on record since 1996.

The overall improvement in the macro-economy and the strengthening of the growth momentum was supported by the positive movement in the Business and Consumer confidence; increased private sector credit; and relatively low inflation. In addition, the World Bank's Doing Business 2019 report indicated that Jamaica remained one of the best performing countries in the Latin America & the Caribbean region with an improvement in the Ease of Doing Business.



FROM THE IMF

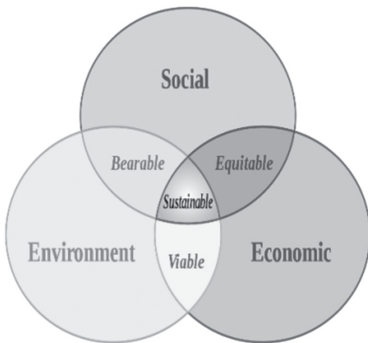
The country successfully completed the two scheduled reviews under the three-year Precautionary Stand-By Arrangement with the International Monetary Fund (IMF). This brought the total Special Drawing Rights available to Jamaica as at the end of 2018, to approximately US\$1.2 billion. In addition to the focus on fiscal and growth enhancing reforms, the Arrangement with the IMF also placed

emphasis on various social reforms aimed at protecting the most vulnerable in the society. This was underscored by the high proportion of the new Official Development Assistance (ODA) allocated for social reforms. Of the total new ODA flows for 2018, approximately 73.0 per cent was directed towards the Social Infrastructure sector.

Official Development Assistance (ODA) took the form of loans, grants and technical assistance which were aimed at supporting development plans, programmes and projects. Of the total ODA, US\$220.7 million (\$28.6 billion) represented new ODA compared with US\$787.2 million (\$101.0 billion) in the previous year.

Official Development Assistance increased by 8.7% to US\$2.5 billion (\$324.3 billion)

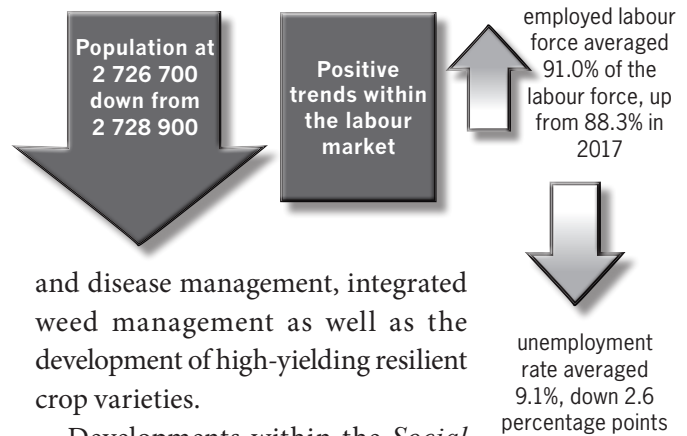
Developments in the area of *Sustainable Development* focused on strengthening the policy framework and improving capacity in disaster risk management and adaptation to climate change. There was the approval of several new pieces of legislations and amendments to existing Acts to improve regulation and management of the sector. Other areas of focus included improved land management and spatial planning as well as capacity building for key stakeholders.



There was significant investment in the use of *Science, Technology & Innovation* (STI) to drive competitiveness and product development and expansion during the year. An estimated \$5.7 billion was expended on STI initiatives, including the Cannabis Product Development

\$5.7 BILLION SPENT ON STI ACTIVITIES

Programme, where activities focused on the development of medicinal, therapeutic and scientific marijuana as well as conduct of trace element analysis. Other activities included research on pest



and disease management, integrated weed management as well as the development of high-yielding resilient crop varieties.

Developments within the *Social Sectors* pointed to several challenges and opportunities which must be effectively managed to support the achievement of Jamaica’s long-term development goals. At the end of 2018, the population stood at 2 726 700, down from 2 728 900 in 2017, representing the second consecutive year of negative population growth. This out-turn reflected the tradeoff among births of 33 100, deaths of 18 900, and net external movements of negative 15 900. The Jamaican population is now categorized at the advanced stage of the demographic transition, with an ageing population structure. This is characterized by a declining child population, a relatively large working age group and an increase in the dependent elderly population. This development creates the potential to reap a ‘demographic dividend’, providing that appropriate investments are made in human resources for social and economic development. This ‘demographic dividend’ is achievable as 69.7 per cent of the population are persons of working age.

The *Education and Training* sector continued to record improved out-turns at the national level. An estimated 73.7 per cent (up from 73.2 per cent) of persons in the school-age cohort (3–24 years old) was enrolled in educational institutions. A major focus of the *Health* sector was on developing proposals on the feasibility and sustainability of health financing. During the year, an estimated 86.2 per cent of Jamaicans reported being in good health, with better health reported among males and younger age groups. However, the sector continued to face several challenges, including incomplete infrastructural repairs at the Cornwall Regional Hospital, inadequate supportive diagnostic services and a persistent shortage of health professionals in health

facilities islandwide.

In the area of *Social Development*, efforts were focused on inclusive social protection and concentrated on addressing various needs within vulnerable population groups, and expanding the delivery and reach of social services. This also included a focus on child development and related issues. *National Security and Justice* remained a key area of priority with a 19.0 per cent increase in the budgetary allocation to this area. Some successes were recorded as a result of the strategies employed with a reduction in the number of crimes reported, particularly murder, which declined by 22.0 per cent.



results. Emphasis also was placed on communicating the Plan to a range of stakeholder groups, including the general public. The main highlights for the year include:

- Preparation and finalization of the Medium Term Socio-Economic Policy Framework (MTF) 2018–2021
- Continue the implementation of a robust monitoring and evaluation system which includes:
 - Preparation of Jamaica’s Development Results 2009/10–2017/18
 - Thematic Working Groups (TWGs)
- Sharing the Vision – The Vision 2030 Jamaica Communications and Corporate Social Responsibility Programme.

Preparation and Finalization of the Medium Term Socio-Economic Policy Framework (MTF) 2018–2021

VISION 2030 JAMAICA – NATIONAL DEVELOPMENT PLAN

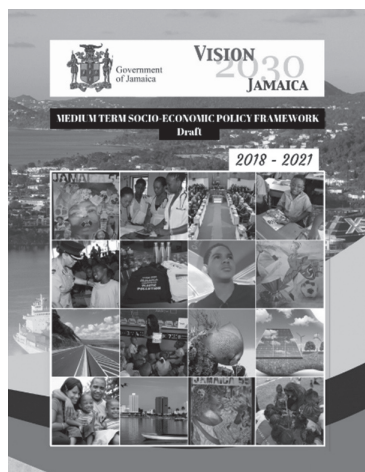
Vision 2030 Jamaica – National Development Plan is the country’s first long-term strategic development plan designed to enable Jamaica to achieve developed country status by 2030; and provides a comprehensive planning framework in which the economic, social, environmental and governance dimensions of national development are integrated. The Plan, which was approved in Parliament in 2009, is based on the vision statement: “*Jamaica, the place of choice to live, work, raise families and do business*”.

Vision 2030 Jamaica is built on a results-based management framework, comprising 4 National Goals, 15 National Outcomes and a strategic and operational framework geared towards the achievement of the goals and outcomes.

During 2018, the Vision 2030 Jamaica Secretariat continued to monitor and evaluate the implementation of the Plan and report on the country’s development

During the reporting period, much of the work of the





Vision 2030 Jamaica Secretariat focused on the preparation of the 4th Medium Term Socio-Economic Policy Framework (MTF), which is the implementation framework of Vision 2030 Jamaica – National Development Plan and covers the period 2018–2021. The

MTF is aligned to the overall vision, goals and national outcomes of Vision 2030 Jamaica and allows for a stage by stage operationalization of the long-term National Development Plan.

A total of 50 workshops and meetings were held with over 800 stakeholders from the public and private sector, trade unions, civil society, academia, the international development community, youth and children. During the preparation process of the MTF, a SWOT analysis was also undertaken. The team also conducted an assessment of the key achievements under the 15 National Outcomes for the period 2015–2018.

MTF 2018–2021 process took into account other planning documents and frameworks such as: Cabinet Priorities, the Economic Growth Council’s “Call to Action”, Whole of Government Business Plan, the corporate and operational plans of government ministries, departments and agencies (MDAs); Agenda 2030 Sustainable Development Goals and the associated targets under each goal as well as the defined SDG accelerators contained in “Jamaica’s Road Map for the Implementation of the SDGs”.

The Medium-Term National Strategic Priorities to be addressed under MTF 2018–2021 are:

- Human Capital Development
- Social Protection and Social Inclusion
- Values and Attitudes
- Rule of Law and Timely Justice
- Public Sector Efficiency and Effectiveness
- Economic Stability, Growth and Employment
- International Competitiveness
- Environmental Sustainability and Climate Change Response

Monitoring and Evaluation

In keeping with its mandate to monitor and evaluate the implementation of the National Development Plan, as well as to prepare and submit timely progress reports to stakeholders, the Vision 2030 Jamaica Secretariat, published Jamaica’s Development Results 2009/10 – 2017/18.

An Assessment of Our Country’s Performance

For MTF 2015–2018, 67 indicators were used to assess progress in meeting the medium term targets and advancement towards the 2030 targets and goals. Measurement of the national development results is against 2018 targets for indicators with 2016, 2017 and 2018 data and against 2015 targets for indicators with pre-2016 data. Based on the latest available data as at end December 2018, the overall progress of implementation of Vision 2030 Jamaica – National Development Plan under successive MTFs (2009–2012, 2012–2015 and 2015–2018) has been mixed. Over the period 2015–2018, Jamaica saw development gains in several areas:

- Human capital development
- Macroeconomic stability
- Reduction in unemployment
- Increases in the use of non-fossil fuel based energy such as alternatives and renewables
- Governance particularly in control and corruption and government effectiveness
- Key economic industries particularly tourism and agriculture
- Infrastructural development

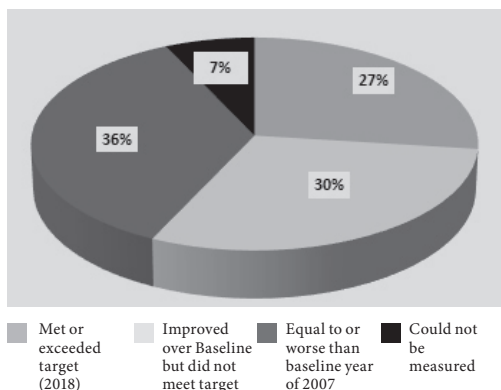
However, the period also saw increases in crime rates, low levels of economic growth, a general increase in the number of communicable diseases, a fall in environmental sustainability, and poverty, particularly rural poverty remains at undesirable levels.

Report on Jamaica’s Development Results 2009/10 – 2017/18

The overall progress of implementation of Vision 2030 Jamaica – National Development Plan under successive MTFs (2009–2012, 2012–2015 and 2015–2018) has been mixed. A summary of the progress made under the

framework of national outcome indicators and targets for the Vision 2030 Jamaica – National Development Plan indicates that of a total of 67 indicators, 56.8 per cent have shown improvement over the baseline year 2007 based on results to 2017/18, while 35.8 per cent showed no improvement or worsened relative to the baseline year of 2007. Seven point five per cent of the indicators could not be compared in this way due to a lack of agreed targets for the relevant period.

JAMAICA'S DEVELOPMENT RESULTS 2009/10 TO DECEMBER 2018



Thematic Working Groups (TWGs)

The Thematic Working Groups consisting of membership from the public and private sectors, civil society and international development partners, were established as part of the monitoring and evaluation framework, for Vision 2030 Jamaica. The work of the 13 existing TWGs continued with over 25 TWG meetings being held during the year. A main highlight from the TWGs¹, for the reporting period, was the preparation of a draft National STI Policy.

The Alignment of Vision 2030 Jamaica with the Sustainable Development Goals (SDGs)

Vision 2030 Jamaica serves as the axis around which efforts to achieve the Sustainable Development Goals will be organized. The Sustainable Development Goals (SDGs) are an interdependent set of 17 development goals

with 169 targets to advance - People, Planet, Prosperity, Peace and Partnership. This is not dissimilar to the overarching vision for Jamaica and our national goals and outcomes as well as our country's guiding principles.

Given the relatively close alignment between the SDGs and Vision 2030 Jamaica, work commenced on the planning process for a new project called "Advancing the SDGs through Vision 2030 Jamaica Project" for implementation between January–December 2019.

INTERNATIONAL ECONOMY



During 2018, global output was estimated to have increased by 3.7 per cent facilitated by accommodative monetary policies, domestic investment expenditure, improved labour market conditions, and increased domestic consumption. The expansion of the United States of America (US) economy drove the growth of Advanced Economies, while growth in China pushed the growth of the Emerging Market & Developing Economies. Within the Emerging Market & Developing Economies group, the Caribbean also experienced growth, which was driven by tourism, as the region recovered from natural disasters.

The rise in global growth is linked to the rise in global trade (exports plus imports). The increase in trade occurred despite mounting trade tensions arising from new and increased trade barriers and strained geopolitical relationships. Trade was also impacted by supply disruptions resulting from unfavourable weather conditions affecting grain production and strengthened environmental regulations interrupting the production of fertilizer and alumina.

1. Health, Population, Education and Training, National Social Protection Committee (NSPC – TWG proxy), National Security, Governance, Justice, Strong Economic Infrastructure, Energy and Minerals Development, Science, Technology and Innovation (STI), Tourism, Environment and Natural Resources Management, and Hazard Risk Reduction and Adaptation to Climate Change.

These events also impacted prices globally. Increased prices were registered for Energy, Grains, Fertilizers and Base Metals, while there was a decline in prices for Beverages and Other Foods. Inflation, measured by the change in consumer prices, rose above the 2017 rates for Advanced Economies and Emerging Market & Developing Economies. The rise in inflation was generally supported by higher crude oil prices. For Emerging Market & Developing Economies, the increase in the inflation rate was also attributed to currency depreciation.

Global Foreign Direct Investment (FDI) inflows fell, in response to the US corporate income tax reform which reduced the incentive for US multinational companies to hold profits abroad. However, inflows to Developing Economies increased although some regions and countries in the group, such as Latin America & the Caribbean, Nigeria and Angola, registered decreases.

The intensity of trade relations escalated throughout the year as the future of the World Trade Organization Appellate Body remained uncertain and the US implemented new barriers and sanctions. Further contributing to trade uncertainty, the United Kingdom (UK) continued to plan how to exact its departure from the European Union. Among the global tension, progress was made in maintaining some trade agreements. Negotiations began for the successor to the Cotonou Agreement; talks regarding the CARIFORUM-UK Economic Partnership Agreement developed; and the renegotiation of the North American Free Trade Agreement culminated with the signing of the United States-Mexico-Canada Agreement (USMCA). The USMCA which includes chapters on intellectual property and digital trade, modernised the predecessor agreement.

OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

Assistance from International Development Partners (IDPs) was guided by the strategic objectives in the Vision 2030 Jamaica–National Development Plan and the Medium Term Socio-Economic Policy Framework (MTF) 2015–2018. In 2018, total ODA and Government

counterpart resources in the form of loans, grants and technical assistance was US\$2.5 billion (\$324.3 billion), an 8.7 per cent increase compared with 2017. Of the total ODA, US\$220.7 million (\$28.6 billion) was approved for new ODA compared with US\$787.2 million (\$101.0 billion) in 2017. This reduction was attributed primarily to lower levels of assistance from bilateral partners, specifically from the People’s Republic of China from which the Government of Jamaica sought no new loans and fewer grants during the period.

Assistance from the Multilateral Financing Institutions (MFIs) accounted for 75.5 per cent of new resources. New ODA focused on the Social Infrastructure sector in the amount of US\$160.6 million (\$20.8 billion), of which the health sector received the largest share. Support was also provided as budget support for public financial management, fiscal consolidation, education reform, as well as investment loans to support social protection, expand road infrastructure, and grants to assist with the development of irrigation networks.

**LOAN
DISBURSEMENTS
UP US\$96.8
MILLION**



Loan approvals amounted to US\$130.0 million (\$16.9 billion), a decrease of 80.9 per cent compared with 2017 as the Government did

not negotiate any new loans with the People’s Republic of China. New grants totalled US\$90.7 million (\$11.8 billion), a decrease of 15.9 per cent.

Total loan disbursements from the GOJ’s main lending partners² recorded an increase from US\$189.7 million (\$24.6 billion) to US\$286.5 million (\$37.2 billion). This increase resulted from disbursements of US\$105.0 million (\$13.6 billion) under two IDB budget support programmes during the year. There was a marginal increase from US\$301.9 million (\$39.2 million) to US\$302.7 million (\$39.3 billion) for repayments of principal, interest and other charges. As a result, the GOJ maintained a negative net flow position in the amount of US\$16.2 million (\$2.1 billion) for 2018.

Going forward, the areas which are expected to

2. Caribbean Development Bank, Government of the People’s Republic of China, Inter-American Development Bank and the International Bank for Reconstruction and Development (IBRD) - The World Bank

benefit from ODA, include security, social protection, rural water, agriculture, community tourism, disaster risk reduction & climate change adaptation.



SUSTAINABLE DEVELOPMENT & SCIENCE, TECHNOLOGY AND INNOVATION

SUSTAINABLE DEVELOPMENT (SD)

Much of the activities within the sector were centred on strengthening the policy framework and improving capacity in disaster risk management and adaptation to climate change. These activities were supported by budgetary allocations of \$16.7 billion, which represented 1.0 per cent of the total GOJ budget.

In the policy arena, Cabinet approved The Trade (Plastic Packaging Materials Prohibition) Order, 2018 and The Natural Resources Conservation Authority (Plastic Packaging Materials Prohibition) Order 2018, which outline restrictions on the importation and or distribution of certain types of single-use plastics, straws and expanded polystyrene products. The Fisheries Act, 2018; The Building Act, 2018; the Road Traffic Act, 2018 and the Ballast Water Management Act, 2018 were also approved in the House of Representatives to guide the sustainable development of fisheries, transportation and the built environment.

Capacity building activities to support disaster risk management and climate resilience planning were advanced with the upgrading of the seismograph network and the development of a new seismic station to enhance monitoring and response to seismic

activity. A total of 35 Automatic Weather Stations were installed to support improved climate data collection and monitoring; the real-time hydromet network was upgraded and a Situation Room established at the Water Resources Authority (WRA) towards more accurate, timely and reliable management of hydromet data and improved forecasting and assessments. A number of persons received training in SD related activities throughout the year, including over 200 farmers who were trained in climate smart agricultural techniques, crop nutrition and land husbandry. Over 100 Voluntary Observers and Automatic Weather Station partners received training in the use of rain gauges and automatic weather stations.

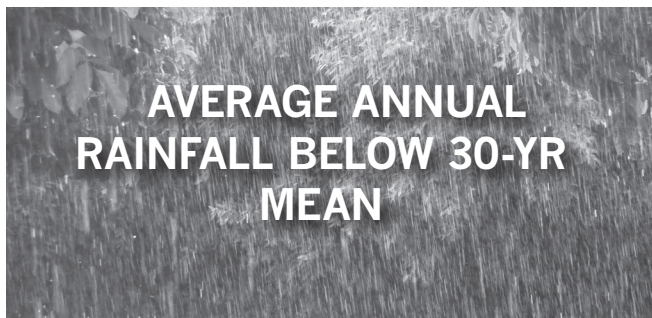
Other highlights in the sector included the launch of a national climate change Information Education and Behaviour Change campaign under the slogan “*Smart and Steady get Climate Ready*” and signing of a €16.6million budget support programme between the GOJ and the EU towards the sustainable management of the island’s forests.

The thrust towards improved land management and spatial planning was bolstered by the attainment of all-island coverage of Development Orders with the completion of four Provisional Development Orders. With respect to the development approval process, a total of 5 230 building/planning applications, valued³ at an estimated \$71.8 billion, were submitted to Municipal Corporations during the year. The majority (87.3 per cent) were in the residential category followed by commercial (6.0 per cent). Some 4 387 applications valued at approximately \$45.4 billion were approved, 88.7 per cent of which were approved within 90 days.

Indicators of environmental health showed mixed results. On the positive side, over 250ha of denuded lands were reforested and over 2 000 red mangrove seedlings planted. Per capita solid waste generation declined, as did reported incidents of pollution. However, the island continued to face challenges with marine water quality and the management of marine ecosystems. The health of coral reefs, as measured by the Coral Reef Health Index, was ranked poor for the fourth consecutive year, and the average biomass of herbivorous and commercially

3. Based on an estimation of the contribution of building construction and subdivisions to the economic/investment profile of a parish.

imported fish declined with their volumes ranked as critical.



Average annual rainfall was below the 30-year mean for most parishes, and the entire island experienced normal drought conditions during the June/July period. Assessed by month and parish, there were 27 incidents of normal drought (20 more than the previous year), 10 severe (eight more than the previous year) and one incident of extreme drought during the year. Heavy rains and associated flooding in January and May resulted in the loss of one life and damages and losses of over \$500.0 million. In terms of fires, 39 fire-related deaths and 97 injuries were recorded during the year, the majority of victims (84.7 per cent) were males.

SCIENCE, TECHNOLOGY AND INNOVATION (STI)

Science, technology and innovation (STI) continued to play a role in driving development toward a technology-enabled, innovation-driven society and increasing Jamaica's global competitiveness. Expansion in the use of biotechnology, particularly in agriculture and health; increased production and use of renewable energy; and the ramping up of ICT based service delivery in the public sector also served to advance the STI agenda.

Investments in STI related activities for FY2018/19 totalled \$5 763.2 million or 0.7 per cent of the total national budget. Among other things, the investments facilitated business and product development and enhancing the policy framework in support of micro, small and medium enterprises (MSMEs). Special emphasis was placed on fostering industry through research and development (R&D). Under the Cannabis Product Development Programme, approximately \$172.0 million was allocated towards the development of medicinal, therapeutic and scientific marijuana as well as

conduct of trace element analysis for different varieties.

Other R&D activities featured pest and disease management (including use of bio-control agents), integrated weed management as well as the development of high-yielding resilient crop varieties. The crop research included experimental trials and/or evaluations of 30 varieties of coffee; eight onion varieties; 10 cassava varieties and other crops such as sugarcane, citrus, irish potato, ginger and sweet yams. In animal husbandry, there was focus on breeding issues and improving livestock nutrition. The results from experimentation with formulations from local fodder sources using total mixed ration (TMR) technology indicated potential for commercial production of a TMR product that could increase livestock productivity and herd size in the context of changing climatic conditions. The application of an extract from a naturally sourced anti-parasitic agent (*Azadirachita indica*) to treat gastrointestinal infestation in livestock proved positive. This led to commencement of work to commercialize the low-cost veterinary nutraceuticals.

The thrust toward energy diversification, efficiency and security advanced with the conduct of vehicular trials using B5, a 5.0 per cent castor oil biofuel blend; completion of a 45-day data collection exercise as part of oil and gas exploration in one of 20 available offshore blocks; and commencement of a feasibility study to evaluate the viability of developing an offshore wind facility. At the same time, public sector energy efficiency was enhanced through the implementation of 27 projects financed by the GOJ in the sum of \$500.0 million. These included upgrades to the energy infrastructure at selected hospitals, schools and other public facilities. Other notable developments in the sector included:

- installation under the JPS Smart Streetlight Programme of over 5 000 smart LED streetlights
- completion by the UWI of a co-generation facility to meet its electricity needs and produce excess for sale
- upgrading of the Solar Park initiative by the CMU.

Capacity building activities throughout the STI landscape continued to strengthen human capital for development. These included various training, workshops and seminars. Enrolment in STI related undergraduate degrees at the UWI, UTech Jamaica and

E-Government Development Index	<ul style="list-style-type: none"> Jamaica's score in the bi-annual index increased to 0.47 from 0.45, however its rank fell by six places to 118 of the 193 countries surveyed.
Global Competitiveness Index	<ul style="list-style-type: none"> Despite a fall in rank by one place to 79 of 140 countries, Jamaica improved its score to 57.9 from 57.4.
Global Innovation Index	<ul style="list-style-type: none"> Jamaica was ranked 81 with a score of 30.39, resulting in a three place movement above the 2017 ranking.
Teledensity Indicator & Internet Access	<ul style="list-style-type: none"> There was an improvement in access to telephones, 130.1 per 100 individuals, up from 124.2 per 100 individuals in 2017. Community access to the internet increased with the commissioning of 21 additional community access points.

Northern Caribbean University increased by 1.4 per cent relative to 2017 and the number of graduates was 2 337 with 75.3 per cent being female. STI education across higher education institutions was enhanced through the offering of 20 new and/or improved STI related courses.

Jamaica recorded improved performance in STI indicators.

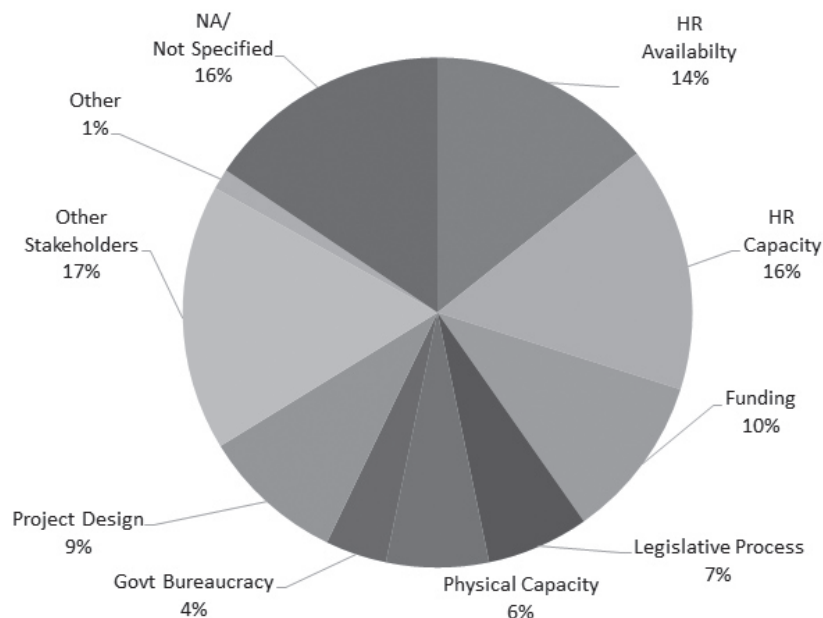
GROWTH INDUCEMENT INITIATIVES

Launched in 2012, the Growth Inducement Strategy for Jamaica (GIS) represented a comprehensive agenda to drive significant, sustainable and inclusive economic growth in the Short and Medium Term. During 2018, a study to assess and evaluate the progress and the outcomes of 42 key initiatives implemented since its

inception as well as to propose the best way forward, was completed. The general findings included:

- The constraints to growth were accurately identified and the initiatives recommended to address the weaknesses were adequate, however, only limited impact on growth was observed. This was attributed to:
 - Delays in project implementation: 50.0 per cent of the projects experienced delays in implementation.
 - Ineffective implementation of projects: More than 30.0 per cent of the initiatives were assessed as being either ineffectively implemented or only somewhat effectively implemented.
 - Weak Monitoring & Evaluation framework: The Monitoring & Evaluation (M&E) frameworks employed appear to be ineffective and need to be built into the design of initiatives. Limited resources, especially human resource and capacity (i.e. inability to execute required tasks based on skills/ wrong type of staff on projects) were identified as the main cause for the delays and ineffective implementation and monitoring.
 - Project impacts were being limited due to scale. Consideration needs to be given to whether initiatives reach the

Reasons for Implementation Delays



- intended beneficiaries on a scale that allows them to have a national impact.
- Need to continue the broad-based reform efforts that are fundamental to inducing growth, including:
 - Crime which continues to be an impediment to investment and a significant cost to doing business in Jamaica, and adversely affects real GDP growth.
 - Disaster risk reduction and climate change adaptation, given the forecast for increased frequency and intensity of extreme weather events (such as drought, floods, and hurricanes).
 - Deficiencies in the country’s educational system related to human resource capacity issues and business innovation issues. Reform of early childhood, primary and secondary level education has been identified as a key priorities.

During the year, efforts aimed at strengthening the Business Environment and driving growth involved the following key initiatives:

- National Financial Inclusion Strategy (NFIS): commenced work on the rollout of 53 action plans led by a steering committee and four technical Working Groups.
- MSME and Entrepreneurial Policy: In June 2018 the updated policy was tabled as a White Paper and advanced through the implementation of steering committees and TWGs as well as the development of action plans.
- Continued implementation of the Foundations for Competitiveness and Growth Project (FCGP): this is a US\$50 million, six-year project financed by the World Bank designed to strengthen the business environment and increase private sector investment pursued under three components:
 - Component 1: Enhancing competition in the business environment
 - Component 2: Facilitating Strategic Private Investments
 - Component 3: SME Productivity Improvement
- The work of the National Competitiveness Council (NCC): work focused on the development of online registration of companies and decreasing the time

and steps involved in getting electricity.

- Revision of the Development Approval Review Process (DARP): An Action Plan was formulated to clear a backlog of development applications and decrease the approval steps to 90 days or less (where no Environmental Impact Assessment (EIA) is required). It is expected that this streamlining could generate 1.0 to 2.0 per cent GDP growth. Key activities undertaken included:
 - work on the audit and development of the Jamaica Development Approval Portal (JDAP) to include online submissions, electronic payment and tracking using the AMANDA software to be launched in 2019
 - the creation of Development Orders for most parishes and submission for approval
 - Broadband connectivity and UPS systems for Municipal Corporations.

Key growth-related legislation passed in 2018 included:

- The Building Act 2018 – provisions include ensuring public safety and welfare, ensuring the accessibility and safety for individuals with disabilities, promoting sustainable development, and militating against informal settlements. The Act also establishes Municipalities as the authorities responsible for certifying, inspecting and taking the necessary actions to change existing structures, approve new buildings, and destroy structures deemed to be dangerous.
- Protection of Geographical Indications Bill 2018 – provisions include stronger protection of local goods originating in the territory of a region or locality where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin, thereby protecting Jamaica’s brand, reputation and innovations.
- The Public Procurement (Amendment) Act 2018 – makes provisions to enhance the potential for micro, small and medium-sized enterprises (MSMEs) to compete for Government contracts; increase the efficiency of public entities in delivering timely services, thereby increasing public

confidence in Government; harmonise documentation; and allow for electronic submission of bids.

- The Jamaica Agricultural Commodities Regulatory Authority (JACRA) – Pursuant to the Jamaica Agricultural Regulatory Authority Act of 2017, the JACRA was established in 2018 for the regulation, promotion, standardization and development of the agricultural commodities industry, including cocoa, coffee, coconut and spices such as nutmeg, pimento, ginger and turmeric.

THE ECONOMY

MACROECONOMIC POLICIES AND PERFORMANCE

Macroeconomic Policies

The macroeconomic policy framework remains focused on sustaining economic stability, engendering robust economic growth, boosting employment and reducing the incidence of poverty. These policy outcomes are consistent with the objectives of Vision 2030 Jamaica - National Development Plan which is being implemented through a series of three-year strategic Medium Term Socio-Economic Policy Framework (MTF). The macroeconomic framework is also supported by the three-year precautionary Stand-By Arrangement with the International Monetary Fund (IMF). For FY2018/19, the key quantitative macroeconomic targets included:

- real GDP growth of 2.4 per cent
- inflation of 4.3 per cent
- total debt as a share of GDP of 96.2 per cent
- fiscal surplus as a share of GDP of 0.2 per cent
- primary surplus as a share of GDP of 7.0 per cent.

Economic Performance

Jamaica's economic performance strengthened during the year with most economic variables recording improved outcomes relative to the previous year. *Real Gross Domestic Product (GDP)* is estimated to have

grown by 1.9 per cent. The Goods Producing Industry grew by 5.0 per cent while the Services Industry recorded growth of 0.9 per cent. The performance during 2018 represented the sixth consecutive year of economic growth; the first time since the financial crisis of 2008 that real GDP levels exceeded the pre-crisis level; and the strongest growth rate on record since 2006.

Point-to-Point Inflation for the year was 2.4 per cent. This was driven by inflationary impulses emanating mainly from increased prices for agricultural items and higher international crude oil prices. The *weighted average selling rate* of the Jamaican dollar at the end of 2018 was \$127.72 per US\$1.00, representing a nominal depreciation of 2.2 per cent, which in real terms translated to a depreciation rate of 1.6 per cent. The core objective of the Central Bank is price stability and a target band of 4.0 per cent to 6.0 per cent was established. The *inflation* fluctuated in and out of the band throughout the year, which prompted the Bank of Jamaica to adopt an accommodative monetary policy. As a result the Central Bank reduced its Overnight Policy Rate by a total of 150 basis points throughout the year from 3.25 per cent to 1.75 per cent.

Central Government operations generated a *fiscal surplus* of \$19.2 billion for April–December 2018 compared with a budgeted deficit of \$3.9 billion. This reflected the combined effect of a 2.6 per cent higher than planned Revenue & Grants and a 2.6 per cent lower than programmed Expenditure (excluding Amortization). The primary balance generated for the review period was a surplus of \$107.7 billion, which was \$21.0 billion higher than programmed.

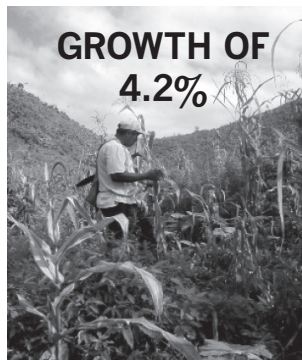
Against the background of growth in global output and trade, Jamaica's external sector reported increased total trade but a deterioration of the *trade balance*. The trade deficit worsened by US\$77.0 million to US\$4.2 billion, reflecting a US\$592.5 million rise in value of imports to US\$6.1 billion which outpaced the US\$515.5 million rise in the value of exports to US\$1.9 billion. Export earnings were boosted by the exports of Alumina, Bauxite and Mineral Fuels, which together accounted for 77.0 per cent of the value of exports. Increased expenditure on the imports of Mineral Fuels; Machinery & Transport Equipment; Chemicals; Manufactured Goods; and Food were mainly responsible for the rise in the value of Merchandise Imports.

The Current Account deficit widened by US\$385.6 million to US\$463.5 million despite improvements in the Goods & Service and Secondary sub-accounts. In addition to the increased earnings from exports, the Goods & Services account balance improved due to increased tourist expenditure. The Capital Account broadened by US\$13.1 million to US\$20.2 million, while the Financial Account moved from a net borrowing position of US\$1.5 billion to US\$1.4 billion.

SECTORAL PERFORMANCE

GOODS PRODUCING INDUSTRY

Agriculture, Forestry & Fishing



The Agriculture, Forestry & Fishing industry grew by 4.2 per cent relative to 2017 and accounted for 7.2 per cent of Total Real Value Added. The growth in the industry was attributed mainly to favourable weather conditions, as well as the strengthening

of government programmes, which offered farmers support in the areas of extension service, irrigation and marketing in an effort to improve efficiency. In 2017, above-normal rainfall led to widespread flooding across the island that resulted in damage to crops and livestock, and consequently, a contraction in output.

The Planning Institute of Jamaica's (PIOJ) Agriculture Production Index (API) indicated that gross output increased for the sub-industries Other Agricultural Crops (7.2 per cent), Animal Farming (2.3 per cent) and Traditional Export Crops (0.8 per cent). Post Harvest Activities declined by 27.9 per cent and Fishing by 23.6 per cent.

Export earnings from traditional agricultural commodities were valued at US\$18.6 million compared with US\$23.6 million in 2017. The decline in the value of exports was due mainly to reduced earnings from Coffee, which fell by 24.6 per cent to US\$14.6 million. Coffee accounted for 78.8 per cent of earnings relative to 82.3 per cent of earnings in 2017.

Mining and Quarrying

Real Value Added for the Mining & Quarrying industry grew by 33.5 per cent relative to 2017, the first increase since 2015, and the largest growth rate since 1989 (35.6 per cent). The growth in the industry was due to an increase in Alumina output, as Crude Bauxite

GREW BY 33.5%



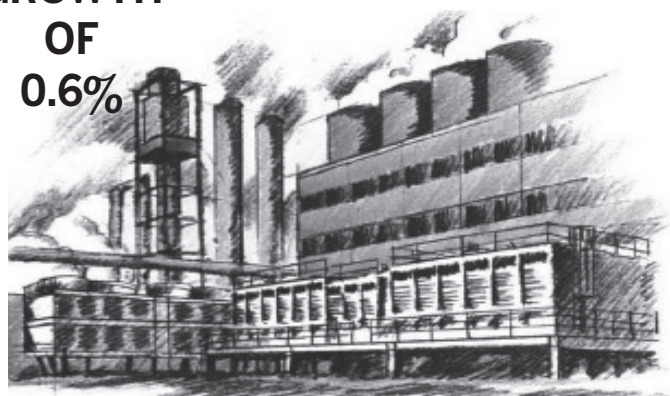
output declined. The increase in Alumina production was due mainly to ALPART's refinery being in operations for 12 months in 2018 compared with three months in 2017. Preliminary data revealed total export earnings grew by 84.5 per cent to US\$1 239.1 million, the highest level since 2008. This out-turn reflected an increase in the export value of Alumina and Crude Bauxite.

The performance of the Quarrying sub-industry was mixed, with four of the nine minerals reporting growth. Increase activities was associated with the expansion in the Construction industry.

Manufacturing

The Ministry of Industry, Commerce, Agriculture & Fisheries (MICAFA) and other public organizations focused on initiatives that aligned with the Vision 2030 Jamaica–National Development Plan, the Medium Term Socio-Economic Policy Framework (MTF) (2015-2018) and the Government of Jamaica's (GOJ) Economic Growth Agenda. Policies and activities were geared at streamlining business approval processes and rectifying

**GROWTH
OF
0.6%**



bureaucratic inefficiencies, industrial development and export promotion, as well as more targeted interventions that promote business opportunities and support the development of the productive sector. Supporting these initiatives were the work of organizations such as the Jamaica Manufacturers and Exporters Association (JMEA)⁴ which provided additional training, marketing and other technical assistance.

Real Value Added for the Manufacturing industry grew by 0.6 per cent representing the fourth consecutive year of growth and accounted for approximately 8.5 per cent of total Real Value Added in 2018. This outcome resulted from growth in the Food, Beverages & Tobacco and the Other Manufacturing sub-industries, both of which increased by an estimated 0.6 per cent each. At the end of 2018, the stock of outstanding Loans & Advances at Commercial Banks to the Manufacturing industry was 35.4 per cent (real increase of 32.2 per cent) higher than the stock of loans at the end of 2017. The average annual employment for the Manufacturing industry also increased relative to 2017.

Construction

UP 2.8%



Real value added for the Construction industry grew by 2.8 per cent during the year, representing the sixth consecutive year of growth, and contributed 0.3 per cent to the total Real Value Added growth. This performance reflected the general improvement in the economy and emanated from increased activities in both the

Building Construction and Other Construction sub-categories. Other Construction reflected increased civil engineering activities associated with major road construction and rehabilitation works, while the Building Construction component was influenced by increased non-residential activities associated with build

out of commercial properties and hotel construction and expansion as well as residential activities.

The growth in the industry was reflected in the performance of various inputs used, such as cement, asphalt, and labour. The supply of cement to the domestic market increased by 7.3 per cent to 963 789 tonnes and the average number of persons employed in the industry increased by 5 625 persons to 103 450 persons.

SERVICES INDUSTRIES

Energy, Electricity and Water



The Electricity & Water Supply industry grew by 0.4 per cent relative to 2017, driven by higher electricity consumption and water production. This performance was a reflection of higher demand, as shown by an increase in economic activities (Goods Producing and Services industries) and an expansion in building stock.

Electricity generation declined by 0.2 per cent to 4 355.5 GWh compared with 2017. This resulted from a contraction of 1.8 per cent to 1 795.1 GWh in generation from non-Jamaica Public Service (JPS) sources, which outweighed a rise of 1.0 per cent to 2 560.4 GWh in output by JPS. Electricity sales grew by 0.1 per cent to 3 201.8 GWh, due to higher demand. The company's revenue expanded by 11.2 per cent to \$117.0 billion, driven by increases in the customer base and rates charged to customers.

The National Water Commission produced approximately 326 978.6 megalitres of water, an increase of 1.6 per cent compared with 2017. This reflected higher output from the category Other Parishes, which outweighed lower production from Kingston, St. Andrew and St. Thomas. Water consumption fell by 1.2 per cent

4. The Jamaica Manufacturers Association and the Jamaica Exporters Association merged in 2018 to form the Jamaica Manufacturers and Exporters Association (JMEA).

to 85 768.1 megalitres. Non-revenue water represented 73.8 per cent of total production, an increase from 73.0 per cent in 2017. The number of connections increased by 9 592 to 500 953, while revenue increased to \$32 396.4 million from \$29 574.41 million in 2017.

Transport, Storage and Communication

**INCREASED
BY 1.6%**

Relative to 2017, the Transport, Storage & Communication industry expanded by 1.6 per cent. The increased Real Value Added resulted mainly from growth in the Transport & Storage segment of the industry, supported by heightened activities at the island’s sea and airports. The Communication segment recorded a decline, caused by a fall in telephone services.

Indicators for the Transport & Storage segment showed:

- A 5.0 per cent increase to 6 225 922 in passenger traffic, reflecting higher movement at two of the three international airports. Supporting this out-turn were the introduction of new air service initiatives; expansion in services by



some airlines, improved passenger load factor and growth in room stock of the local tourism industry. Additionally, ongoing infrastructure works; strategic actions to increase passenger traffic; as well as travelling associated with a number of events hosted in Jamaica, also

facilitated the expansion in passenger traffic.

- Growth in the volume of cargo handled at the island’s sea ports, up 25.1 per cent to 29 958 thousand tonnes, due to higher volumes handled of domestic cargo (by 18.1 per cent to 17 126 thousand tonnes) and trans-shipment cargo (by 35.8 per cent to 12 831 thousand tonnes).

Within the Communications segment, the total number of mobile subscribers grew by 4.7 per cent to 3.5 million, reflecting expansion in both fixed and mobile lines. The number of fixed lines increased to 364 033 from 297 028, while mobile lines were at 3 183 741 relative to 3 091 222 in 2017. The volume of mail handled at the Post & Telecommunications Department declined from 45 073 pieces of mail to 39 436. The 2018 out-turn reflected the fall-off in the Letters category, by 13.0 per cent to 39 254 pieces. Both the department’s revenue and expenditure declined by 5.0 per cent to \$1.3 million and by 3.1 per cent to \$2.2 million. This translated in a higher deficit of \$886.0 million, an increase of 17.4 per cent.

Finance & Insurance Services

**\$ GROWTH
OF
1.0%**

Real Value Added growth for the Finance and Insurance Services industry was 1.0 per cent relative to 2017, representing the sixth consecutive year of growth. The primary drivers of growth were increases in Loans & Advances, and net interest income and earnings from fees and commissions at deposit-taking institutions. Increased economic activity, declining interest rates, higher employment and stable macroeconomic conditions facilitated expansion of the industry’s growth.

Hotels & Restaurants

Real value added for the Hotels & Restaurants⁵ industry increased by an estimated 1.8 per cent and contributed 0.1 percentage points to overall growth for 2018. This growth



5. This industry captures approximately 54.0 per cent of tourism’s direct contribution to Total Value Added.

was due mainly to a larger number of Foreign National arrivals from the United States of America. The island benefited from the introduction of new flights; greater frequency of flights by some airlines; and an increase in the room stock stemming from the expansion of existing hotels and the opening of new hotels.

At the regional level, the Caribbean Tourism Organization reported that tourist arrivals to the Caribbean declined. However, the United Nations World Tourism Organization estimated that global tourist arrivals increased during 2018.

Cruise passenger arrivals declined by 4.0 per cent to 1 845 873 persons, reflecting lower arrivals to the ports of Falmouth and Montego Bay which outweighed the increase in arrivals to the Ocho Rios port. The number of cruise ships that called on the island’s ports moved from 605 to 551 ships in 2018.

Provisional visitor expenditure totalled US\$3 214.2 million, an increase of US\$236.3 million relative to 2017. Stopover visitors expenditure increased by 8.5 per cent to US\$3 037.9 million, while cruise passenger expenditure fell by 0.4 per cent to US\$176.3 million. The average annual employment in the Hotels & Restaurants industry moved from 99 225 persons to 102 325 persons in 2018, accounting for approximately 8.3 per cent of the employed labour force. The average number of males employed within the industry totalled 41 500, relative to 39 100 persons in 2017. The average number of females employed within the industry was 60 825 persons compared with 60 175 persons in 2017.

Wholesale & Retail Trade; Repair & Installation of Machinery



The Wholesale & Retail Trade; Repair and Installation of Machinery (WRTRIM) industry recorded growth of 0.9 per cent in Real Value Added and accounted for 17.2 per cent of overall Gross Domestic Product, maintaining its position as the largest industry. Growth within the industry

was spurred by an improvement in the related Goods Producing industries; an increase in the stock of Loans & Advances to consumers and distributors from Commercial Banks institutions licensed under the

Financial Institutions Act (FIA); an improvement in the annual average employment; and increases in the annual average Consumer and Business Confidence indices. A constraining factor to the industry’s growth was a real decline in remittances of 2.3 per cent. Analysis of preliminary General Consumption Tax (GCT) data revealed that there was a real increase in sales of 3.9 per cent compared with 2017. This reflected increased sales for seven of the eight goods categories led by Minerals, Fuels, Lubricants & Petroleum Products (11.1 per cent); Hardware, Building Supplies and Electrical Goods & Machinery (6.6 per cent); and Textiles, Clothing, Shoes & Jewellery (4.8 per cent).

Entertainment & Sports

The Other Services Industry – of which the Recreational, Cultural and Sporting Activities (RCS) sub-industry accounts for the largest share – recorded an



increase of 0.9 per cent in Real Value Added. Growth within the RCS sub-industry was driven by increases in tourist-related activities and Betting & Gaming activities. Improvements were also recorded for several indicators which are used to track the annual performance of the sub-industry.

Investments by JAMPRO in Creative Industries increased by 27.8 per cent to \$408.3 million. Revenue earned by the Palace Amusement Company grew by \$172.9 million to \$1 163.0 million. The stock of Loans and Advances to the Entertainment Industry at Commercial Banks fell by \$1 889.6 million to \$2 490.9 million.

THE SOCIAL SECTOR

DEMOGRAPHICS AND THE LABOUR MARKET

Population

Jamaica’s population was estimated at 2 726 700 at the end of 2018. This was the second consecutive



year of negative population growth recorded. This was a direct result of the tradeoff between births (33 100) and deaths (18 900), and net external movements of negative 15 900.

Jamaica is now a country at the advanced stage of the demographic transition, with a median age of 31.0⁶ years. The effects of the ageing population structure continue to be reflected in a declining child population (0–14 years); a relatively large working age group (15–64 years) and an increase in the dependent elderly population (the 65+ years). The country has the potential to reap a ‘demographic dividend’ providing appropriate investments are made in human resources for social and economic development. This is achievable as the majority of the population (1 900 619) or 69.7 per cent of the population was persons of working age. Urbanization continues to play a major role in the distribution of the population.

The process for the revision of the National Population Policy and Plan of Action, 1995 was far advanced. A Population Situation Analysis and Draft Revised Policy were prepared and steps were being taken to finalize same for submission to Cabinet in 2019. Jamaica contributed significantly in the negotiations on the United Nations (UN) Global Compact for Safe, Orderly and Regular Migration (GCM) which was adopted in December. Jamaica prepared and presented to the UN the Voluntary National Reports on: the Implementation of the Sustainable Development Goals for the period up to 2018 and the Implementation of the Montevideo Consensus on Population and Development for Latin America and the Caribbean. Jamaica was also engaged in the process of the continued mainstreaming of international migration into national development strategies.

The government advanced the process of free birth certificate issuance, by registering adults who were not formally registered, as well as, initiating the process of removal of deceased persons from the voters list to enhance both national identification and vital statistics.

Labour Market

The Jamaican labour market made advancements with gains in key indicators against a backdrop of global economic uncertainty and the slow pace of growth. Despite economic tensions, global unemployment showed improvement.

The labour force contracted by 1.6 per cent to 1 337 575, with males (53.9 per cent) outnumbering females. Average annual employment improved by 1.3 per cent to a record 1 215 975 persons. Unemployment rates continued to trend down to 9.1 per cent from 11.7 per cent.

Both the Goods Producing and Services Industries exhibited increases in employment by 0.6 per cent and 1.7 per cent, respectively. Of all Goods Producing industries, the Agriculture, Hunting, Forestry & Fishing industry experienced a decline, by 2.4 per cent. The Service industry was responsible for 65.0 per cent of total employment with increases in seven of eleven sub-industries.

HUMAN DEVELOPMENT, WELFARE AND CULTURE

Education and Training

The major activities in the education and training sectors were focused primarily on improving quality, access and relevance. These activities were driven by the goals, outcomes, targets and strategic roadmap for development established under the National Education Strategic Plan, Vision 2030 Jamaica – National Development Plan, and the Agenda 2030 for Sustainable Development. The MOEYI in 2018 adopted a K–13 Strategy to cater for the 0–18 population in school. The programme provided for age-appropriate strategic teaching and learning interventions for students aged three months to 18 years. There was increased financial support for students at the primary and secondary levels, with special focus for vulnerable students including those on the Programme for Advancement through Health and Education (PATH) and wards of the state.

6. A population with a median age below 20 may be described as young while over 30 years is considered old. Populations between 20 and 29 years are referred to as intermediate.

The major legislative changes in 2018 included the approval by Cabinet of the Jamaica Teaching Council (JTC) Bill and the preparation of the requisite regulations. Amendments were finalised for the University Council of Jamaica (UCJ) Act, 1987; the Education Act, 1965; and Code of Regulations, 1980.

An estimated 73.7 per cent (737 818 persons) in the school-age cohort (3–24 years old) was enrolled in educational institutions. The total number of students enrolled in the public and private education system at the pre-primary, primary and secondary levels was 551 148, with gross enrolment rates of 98.0 per cent, 99.9 per cent, and 88.5 per cent, respectively. At the tertiary level, gross enrolment was 32.9 per cent. The number of persons trained in the category, Professional, Senior Officials and Technicians was 17 551 (68.2 per cent female) with 81 624 persons (58.0 per cent female) trained as skilled and semi-skilled personnel.

HEALTH

Health-related services were delivered by the public and private sectors as well as NGOs. The year's strategic priorities for the health sector were underpinned by the 10-Year Strategic Plan (draft); Vision 2030 Jamaica – National Development Plan, Agenda 2030 for Sustainable Development and other related international agreements.

An estimated 86.2 per cent of Jamaicans reported being in good health, with better health reported among males and younger age groups. Some 7.4 per cent reported illness/injuries. Although much emphasis was placed on reducing the high burden of illnesses due to non-communicable diseases (the leading cause of deaths nationally) re-emerging diseases such as the Dengue outbreaks required emergency public health interventions during the year. The sector faced other challenges including incomplete infrastructural repairs at the Cornwall Regional Hospital, inadequate supportive diagnostic services and a persistent shortage of health professionals in health facilities island-wide. Main plans and programmes pursued during the year



to address these issues included: completion of the 10-Year Strategic Plan for the health sector, health systems support for strengthening and improving prevention and care for persons with chronic non-communicable diseases and formulation of the framework for information systems for health.

Major focus was also placed on developing a proposal on the feasibility and sustainability of health financing. The proposal outlined possible health financing options as well as technological requirements to be taken into account for establishing a National Health Insurance Scheme.

Social Development, Social Protection & Culture

Social development, inclusive of social protection efforts, was concentrated on addressing various needs within vulnerable population groups, and expanding the delivery and reach of social services. Guided by Vision 2030 Jamaica and the Sustainable Development Goals; Government and partners in non-government organizations; private sector; civil society and development agencies; advanced legislative and policy reform agendas; enhanced delivery systems for social programmes facilitated opportunities for greater social inclusion of vulnerable groups. Child development and related issues remained a priority, with several advances made to the legislative environment and quality of services. The Child Diversion Act, 2018, was passed and represented an important step in addressing delinquent behaviours without resorting to criminal proceedings. Other notable achievements included the completion of two internationally-funded social protection projects that supported safety nets and human capital development; approval of the draft National Policy for Senior Citizens as a Green Paper; launch of the National Policy on Poverty and National Poverty Reduction Programme; and tabling of legislation to absolve national heroes of criminal liabilities.

National Security and Justice

Safety and security continued to be one of the priority areas for the

**NATIONAL
SECURITY RECEIVES
19.0%
INCREASE IN
BUDGETARY
ALLOCATION**

Government of Jamaica. This was evidenced by the over 19.0 per cent increase in the budgetary allocation for the Ministry of National Security and its agencies. Plan Secure Jamaica was the framework under which a whole of government approach to crime fighting was undertaken. The Zones of Special Operations continued in two communities, while States of Emergency were declared in three areas. Additionally, the Public Safety and traffic Enforcement Branch was established in the Jamaica Constabulary Force to assist in the restoration of public order and promote safety in public areas. The mix of strategies were employed during the year and this resulted in a reduction in the number of crimes reported, especially murder, which declined by 22.0 per cent.

Improving security, while ensuring the safety of persons in its care, was the focus for the Department of Correctional Services and as a result a number of activities were undertaken. These included the upgrading

of security cameras and installation of fire alarm systems in all juvenile facilities. The rehabilitation programme also continued and key function as 47.3 per cent of those incarcerated during the year would be released within 12 months.

The justice sector reform programme continued with activities aimed at improving justice delivery and reducing the backlog of cases in the courts. There was an 11.3 per cent reduction in the number of backlogged cases in the island's courts. A number of courthouses were refurbished and outfitted with information and communication technology systems. As part of the thrust to increase the use of alternative dispute resolution techniques, three parish justice centres were opened, and a number of persons trained and sensitised about restorative justice. ■