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**AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT**



**COUNTRY DEVELOPMENT  
STRATEGY STATEMENT**

**FY 1981**

**JAMAICA**

**DEPARTMENT  
OF  
STATE**

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## PART I ANALYSIS

### A. Analytical Description and Characteristics of the Poor

#### 1. Definition

We attempt to define the poor in terms of four concepts:

a. In terms of some minimum household income essential to provide the bare necessities, generally determined on the basis of a minimum nutritional level and the cost of purchasing basic foodstuffs and other essentials.

b. In terms of available income distribution data, with those earning significantly less than their proportional share of total household income being classified as poor.

c. In terms of some physical indicator that generally bears a high degree of correlation with poverty, such as the availability of running water or the proportion of households with no private toilet facilities. Unfortunately, regarding the latter, the same standard cannot be applied to both urban and rural areas.

d. In terms of those who are unemployed or earn less than the minimum wage.

#### a. Minimum Household Budget

The minimum household budget to support a family of four living in urban areas in 1972 was estimated in a thorough study of the Kingston Metropolitan poor by Orlando Patterson\* at J\$33.80 per week, then equal to US\$37.18 at the official rate. Reflecting the increase in consumer prices and the change in the exchange rate between 1972 and mid 1978, the figure would rise to US\$60. On the basis of income distribution data available in 1972, Patterson concluded

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\*Orlando Patterson, The Condition of the Low Income Population in the Kingston Metropolitan Area, 1972, mimeographed draft, page 11.

that between 70 and 72% of the urban population had incomes below this minimum requirement during the period 1971-73\*\*. Today, the proportion of Jamaican households earnings less than US\$60 would be at least as large. Moreover, this figure is substantially above the average wage paid in large manufacturing establishments. Thus, this standard may be too high to define the urban poor in Jamaica; it is certainly too high for application to the population as a whole.

b. Income Distribution

There are no reliable up-to-date data on income distribution in Jamaica. Data from the study by F.M. Audie for the Central Planning Unit in 1966, based on 1963-64 statistics, are presented in Table 3. The study disclosed extremely uneven distribution of income with the lowest 20% of the population commanding only 2.5% of total household incomes while, at the top of the scale, the richest 5% commanded 27% of total household incomes. According to estimates in the GOJ Development Plan for 1978-82, there has been no improvement in the distribution in recent years.

The lowest 40% of total households, commanding only 10% of the total household income, can definitely be classified as poor. We may also be justified to include the next 20% since, according to the distribution in Table 3, this group earns only 12.5% of total household incomes, which is significantly less than its proportional share. Thus, on the basis of the income distribution data presented in Table 3, 60% of the Jamaican population might be classified as poor.

e. A Specific Physical Standard: Availability of Running Water or Private Toilet Facilities

Piped water and water closets are good indices of social and economic

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\*\*Ibid., page 12.

conditions. They correlate highly with living standards, especially in the urban areas. The 1970 census of Jamaica indicated that in the Kingston Metropolitan Area only some 49% of the dwellings had piped water (43% public water supply and 6% private - see Table 4). Similarly, 59% of all dwellings in the Kingston Metropolitan area had toilet facilities shared by more than one family. For the country as a whole, the proportion was a lower, but still substantial, 37% (Table 4).

d. Open Unemployment and Weekly Wages of Less Than J\$20 (US\$16 in 1977)

In October 1977, unemployment was 218,700, 24% of the total labor force. Another 209,400 (23%) earned less than the minimum weekly wage of J\$20, only US\$16 at the special rate then in force. Their wage today, in U.S. dollar terms, would be even lower. Thus, almost half of the total labor force was either unemployed or earned less than the minimum weekly wage of US\$16. In terms of households, the group in this category with income below the minimum wage could represent 50% to 60% of the population.

None of the above criteria provides a wholly satisfactory measure of the proportion of the Jamaican population that can be classified as poor. However, altogether, they strongly suggest that, in spite of Jamaica's relatively high per capita income (about US\$1,100 in 1977), the distribution of income is so uneven that a very substantial proportion of the population can be classified as poor and this proportion may be as high as 60%.

2. Characteristics of the Poor

Statistics released by the National Planning Agency in its Five-Year Development Plan for 1978-82 confirm the conclusion that poverty is widespread in Jamaica. They also provide an interesting profile of the poor.

In the area of nutrition, the overall country per capita average indicates satisfactory levels of protein and energy availabilities (as of 1973). However, the per capita energy intake of the poorest 70% of the population was estimated to meet only 74% of the recommended dietary allowance; as for protein intake, the poorest 70% received only 86% of the requirement. Malnutrition is even more serious in children: 14 % of children under 4 years of age fail to meet minimum daily nutrition requirements; 25% of children under 3 are underweight for their age.

The infant mortality rate in 1976 was 22 compared with 16.5 in the U.S. For the poorer 50% of the Jamaican population, our estimate is 27%. The average number of people per physician in 1976 was 5,314, compared with a recommended ratio by the PAHO of 910; there were 22,000 people per dentist compared with a PAHO recommended ratio of 2,857; while the proportion of registered nurses per population is up to standard, the proportion of assistant nurses to population is only 1 to 1,798 as against a recommended ratio of 1 to 385.

Other statistics describing the poor indicate that 40% of the adult population are functionally illiterate; 45% of urban households and 26% of rural households were accommodated in one-room dwellings. A "Rank Profile of Socio-Economic Indicators" for the Kingston Metropolitan Area developed from data from the 1970 Commonwealth Caribbean Population Census (see Table 5) confirms the expected high correlation between districts of low socio-economic status and over-crowding of housing facilities, absence of toilet and sewerage facilities, access to water supply, high unemployment rates, low occupational training, poor education, high fertility rates and high proportion living in rented dwellings.

### 3. Scope of the Unemployment Problem

Jamaica has a high open unemployment rate - 24% according to official

estimates. It is probably closer to 30%. The official rate has not changed significantly in recent years. It declined from 23% in 1972 to 21% during 1974-75, then rose again to 24% in 1976 and 1977.

Unemployment is heavily concentrated among women and youth. The female unemployment rate stood at 35% in April of 1977, while unemployment for both sexes in the 14-24 age group was 45%. Unemployment is predictably heavily concentrated in Kingston and in the north coast areas of Port Antonio, Ocho Rios and Montego Bay. The high unemployment rate in these north coast areas is partly attributable to the slump in the tourism, banana and bauxite industries.

There is also considerable under-employment in Jamaica. While there are no official data, estimates place it at 15 to 20%. Thus, at least 40% of the labor force is estimated to be either unemployed or under-employed.

## B. Macro Economic Situation and Trends

### 1. GDP and Per Capita Income

Jamaica's economic situation has seriously deteriorated in recent years. The country's real GDP has fallen by 15% during 1972-77, while per capita GDP has declined by about 22% (Table 6). Preliminary GOJ estimates for 1978 are that real GDP has declined another 20%. GDP decline has been accompanied by a sharp drop in real investment spending (gross fixed capital formation), while exports of goods and services increased less rapidly than imports. Significant declines occurred in mining, construction, retail and household trade; while relatively small declines occurred in manufacturing, real estate rentals and services. Agriculture held its own.

Data on major commodities show a significant decline since 1974 in the production of bauxite and alumina which is attributed to world recession and to the imposition of the bauxite levy which reduced the competitiveness of Jamaica's

bauxite. Sugar production declined as a result of the sugar smut disease and severe drought which began in 1975 and continued until 1977. Other problems in sugar production included strikes and rising labor costs while prices plummeted in 1976. Banana production has been adversely affected by drought in 1975 and 1976, the shortage of labor in this relatively low wage industry and the problem of theft in the fields.

The investment decline resulted from several factors, including: the fact that the bauxite-alumina and tourism boom which occurred in the 1960s and early 70s could not be indefinitely sustained; the high bauxite levy imposed on the industry in 1974; outbreaks of violence and crime, particularly in the Kingston area; difficulty in obtaining foreign exchange for essential raw materials and parts; the government's socialist rhetoric and moves to acquire a controlling interest in certain key industries which generated uncertainty and undermined the confidence of the private sector.

The government has since reassured the private sector by guaranteeing the right to repatriate foreign-owned capital and profits, promulgating an investment code and announcing its commitment to a mixed economy.

## 2. The Balance of Payments

The country's balance of payments situation and the resulting acute shortage of foreign exchange were major elements of an uninterrupted crisis since 1975. The data in Table 7 show that Jamaica's balance of payments has been in deficit every year since 1972, with the exception of 1974. The overall deficit rose from US\$74 million in 1975 to over US\$250 million in 1976, then declined to US\$74 million in 1977. However, much of the improvement in 1977 was obtained through a tight squeeze on imports by means of import licensing and foreign exchange controls. Imports declined by 19% in 1976 and by 17%

in 1977 in current dollars. The decline in real dollars is much larger. This took a substantial toll in output, consumption, investment and employment. The real GDP declined by 10% between 1975 and 1977.

Many factors have contributed to the country's difficult balance of payments situation. These include the quintupling in the price of oil since 1973; the undiversified nature of the export economy which relies very heavily on the exportation of bauxite and alumina (these two items accounted for 70% of total commodity exports in 1977); failure of the country's export earnings to keep up with the rise in the price of its imports; the nearly 40% decline in net tourism receipts since 1974 as a result of crime, poor publicity and, over 1975-76, recession in the United States; the unsustainable level of consumption in Jamaica; and the substitution, since 1975, of a significant net private capital outflow for the traditional capital inflow, partly as a result of government policies.

### 3. Government Revenues and Expenditures

Partly due to a relatively inelastic revenue system, but mostly as a result of rapid increases in both recurrent and capital expenditures, the government's budgetary deficit increased substantially between 1972 and 1978. On current operations, the government's J\$32 million surplus in 1972 became a J\$202 million deficit in 1978 (see Table 8). The overall deficit in the budget (recurrent plus capital expenditures) increased from J\$53 million in 1972 to J\$587 million in 1978. This deficit was financed largely by the domestic commercial banking system which contributed to the expansion of money supply, consumption and inflation.

Between 1972 and 1978, total recurrent expenditures increased from J\$212 million to J\$834 million (Table 8), or by 293%. During the same interval

capital expenditures increased from J\$90 million to J\$405 million or by 30%. The increase in capital expenditures over this period is mainly accounted for by amortization of the public debt, increased outlays for education and social welfare, housing, public works and communications, and agriculture. Thus, the increase in the public investment program is distributed over a number of sectors.

#### 4. Inflation

Prices rose substantially in 1978. During 1977, the Jamaica Consumer Price Index had increased by 14%. In the first half of 1978 alone, the Jamaica Consumer Price Index increased at an annual rate of 59%. Major causes of the inflation include the substantial devaluations that were undertaken (as part of the GOJ-IMF Agreement) to bring the Jamaican price level in line with that of its major trading partners; and the increase in money supply largely as a result of bank credit channeled to the public sector to finance budgetary deficits.

Between June 1973 and June 1978, the money supply increased by 167% while net domestic credit to the government increased by 950%.

#### 5. Government's Efforts to Cope: Resort to IMF Standby and EFF

To confront its balance of payments and other problems, the GOJ has embarked on a program involving exchange, trade and incomes measures, and has negotiated substantial foreign economic assistance.

In January 1977, the government intensified its exchange and trade restrictions. The Jamaican dollar was substantially devalued and a dual exchange rate system was instituted in April of 1977. Subsequent devaluations occurred in October 1977, and in January and May 1978. In May, the two rates were unified at US\$1.00 equals J\$1.55. Further devaluations at the rate of 1 to 1.5 percent a month were announced, which would raise the value of the U.S.

dollar in relation to the Jamaican dollar by another 15 percent between June 1978 and June 1979.

In mid 1977, the Government of Jamaica negotiated a standby agreement with the International Monetary Fund involving a credit of SDR 64 million (about US\$75 million). The agreement was suspended in January 1978 because of the GOJ's failure to meet some of the agreed-upon targets.

A new agreement between the Government of Jamaica and the IMF was negotiated in May, 1978 which provided for an IMF credit facility of SDR 200 million over a three-year period (equivalent to about US\$250 million). Another \$250 to \$300 million in bank loans, credit lines and loans from international agencies may be projected to become available as a result of the conclusion of the Extended Fund Facility arrangement.

The primary interest of the GOJ-IMF program is to establish equilibrium in the balance of payments and in the recurrent budget by cutting back effective demand, particularly private consumption, increasing exports and raising taxes. The program calls for substantial additional taxes designed to increase total revenue collections by J\$180 million (or 37 percent of actual FY 1978 tax collections); another significant (25 percent) devaluation of the Jamaican dollar; strict controls on credit expansion; and the limiting of wage increases to a maximum of 15 percent, while the price level is projected to increase by 40 percent in 1978 and 30 percent in 1979. While the GOJ-IMF agreement also aims at restoring private sector confidence, improving the investment climate and promoting resumption of economic growth, the Mission's analysis shows that the program is most unlikely to succeed.

A program that drastically deflates real incomes and consumption is unlikely to lead to growth. Investment is unlikely to expand by some 126

percent in real terms (as assumed in the program) in the face of a reduction in consumption, especially in view of the presence of substantial excess capacity in the manufacturing industry, the increases in taxes and production costs, the scarcity of foreign exchange availabilities for the purchase of essential raw materials and parts, and a generally unsettled if not unfavourable investment climate. Exports cannot be developed overnight. Jamaica lacks the managerial and technical capabilities, the marketing organization, familiarity with export procedures, and a competitive labor productivity, all conditions essential to a successful export drive. These conditions will require years to develop.

There is also some question as to whether it will be politically feasible to achieve a further significant reduction in consumption following a 22 percent cut in the real per capita GDP between 1972 and 1977. Given the strength of the labor movement in Jamaica, the possibility must be faced that the strict wage guidelines cannot be maintained in the face of the much more rapid increase in the price level occurring in 1978 and 1979. The outcome may be an inflationary wage-price spiral.

For these various reasons, the Mission has serious reservations about the realism of the GOJ-IMF program; and has advocated a course of action that would avoid a further significant reduction in per capita consumption and be more stimulative to growth (see KINGSTON 10053). Such a course would require further significant concessions to free enterprise in order to reverse the outflow of capital and skilled manpower; a reduced government budget with greater resources made available to the private sector; and an expanded level of external economic assistance. While the prospects that these corrective steps will be undertaken are uncertain, the likely outcome of the present course of action is

continuing stagnation and a high rate of unemployment, even if the financial targets of the GOJ-IMF Agreement are met.

6. Infrastructure

In comparison with other LDC's, the country's physical infrastructure is reasonably adequate. There is a paved road network linking the capital with the major tourist centers; and the Jamaica Public Service Company has sufficient electricity generating capacity to satisfy demand over the next five years.

Still, there are important deficiencies in the power transmission and distribution systems, telephone communications, bus facilities and in the equipment of Air Jamaica and the Jamaica Railway Corporation. Substantial amounts are programmed in the Five-Year Plan to remedy these deficiencies in the country's physical infrastructure.

7. Population and Migration

With a population density of over 500 per square mile, Jamaica is one of the most densely populated countries in the Western Hemisphere. Moreover, its natural rate of population growth is high: 2.7% annually during the decade of the 1960s.

However, this intense population pressure has been substantially relieved through emigration. Between 1960 and 1970, the annual net outward movement reached 28,000, a figure that greatly exceeded losses due to mortality, and was equivalent to 53% of the total natural increase in population recorded during the decade\*. This outward emigration reduced the average annual growth rate to 1.3%.

Until the early 1970s, this migration probably had a positive effect on

\*Department of Statistics, Statistical Yearbook of Jamaica, 1977, pages 89-90.

the island's development. It consisted mostly of people at the lower end of the educational-income spectrum. In recent years, however, the composition of the migrants changed significantly and increasingly included people in the skilled, professional and managerial categories. There are now grave shortages of doctors, dentists, managers, entrepreneurs, technicians and skilled personnel. There is a recognized need for additional training facilities. Foreign doctors, managers and technicians are being imported, sometimes at considerable expense, to provide essential services.

C. Causes of Poverty

1. Historical Legacy

In the government's view, poverty in Jamaica is mostly a legacy of the past. In colonial times, Jamaica was basically a plantation economy revolving around the production and export of sugar, rum and bananas. The land was highly concentrated in the hands of a few. By 1943, farms of over 200 acres still accounted for some 66% of all the land and farms, but only 1.4% of the total number of farms; while at the other end of the spectrum, holdings of less than 25 acres in size accounted for 92% of the total number of farms but comprised only 21% of the farmland\*.

Demands for land reform were resisted by plantation owners and the colonial government. Moreover, no efforts were made to promote industrial development. "Absence of comprehensive land reform and of government support for integrated agricultural and industrial development led to a growing structural labor surplus, manifested by growing underemployment and unemployment".\*\* There ensued substantial emigration of labor to work on the construction of the Panama Canal, on

\*Government of Jamaica, National Planning Agency, Five Year Development Plan, 1978-82, First Draft of Main Report, March 1978, page 23.

\*\*Ibid., page 22.

the banana plantations of Central America and the sugar plantations of Cuba.

In the post World War II period, the GOJ attempted to stimulate industrialization through industrial incentive laws and establishment of the Jamaica Industrial Development Corporation (JIDC) in 1952. The discovery of bauxite stimulated a substantial amount of direct foreign investment. In addition, the tourism industry enjoyed a boom during the 1950s and 60s. Several large resort hotels were constructed and earnings from tourism came to exceed those of agricultural exports as a source of gross foreign exchange receipts. Manufacturing enterprises were established under the impetus of the general economic expansion and government inducements to industry. Construction also prospered. Between 1946 and 1972, Jamaica's exports in current dollars grew seventeen fold, from J\$17 million to J\$293 million; while in current dollars, the gross domestic product increased from J\$65 million to J\$1,207 million over 1943-72. In real terms, per capita income is estimated to have grown at a rate of 4 and 5% annually between 1953 and 1972\*.

Still, a large part of the Jamaican population did not participate to any significant extent in the growth of the national income. Small farmers remained trapped in a vicious circle of poverty due to poor and inadequate land, lack of water and indifferent credit and market facilities. In the government's view, the maldistribution of income worsened during the post-war period. "While the statistics of economic growth were impressive, the actual growth of output and productivity was limited to the so-called 'modern' sectors of the economy, and the growth of personal incomes was concentrated amongst the owners, managers, professionals and skilled workers in these activities".\*\*

\*Ibid., page 27-28.

\*\*Ibid., page 29.

## 2. A Deficient Economic Structure

Land distribution is still largely inequitable (see Table 9).

Farms of 500 acres and over account for 45% of the total acreage but constitute only 0.15% of the total number of farms. At the other end of the scale, farms of less than 5 acres constitute only 15% of acreage but account for 78% of farms. The Five-Year Plan notes that in spite of pressure on land, more than 35,000 acres of agricultural lands on farms of over 100 acres were idle in 1977, while fragmentation and poor practices at the lower end have led to the destruction of land and low yields.

Land reform is constrained by constitutional guarantees for property rights, but the government has initiated a policy of leasing the lands to which it holds title to small farmers for intensive cultivation of food crops. It has also launched a program of land terracing to bring unutilized but cultivable hillside land into production.

In the government's view, other structural deficiencies resulting from Jamaica's historical legacy include the high ratio of both exports and imports to the GDP, dependence on a very small number of export products, absence of self-sufficiency in foodstuffs, growth of the importance of food in the country's total import pattern, increasing dependence of manufacturing industry on imported inputs, and increased reliance on imported energy and on direct foreign investment in the bauxite-alumina and tourism industries. The government is also concerned about the concentration of economic power in a small group of foreign enterprises and their local partners in mining, tourism, manufacturing, finance, construction, real estate and services\*.

\* Ibid., pages 29-31

### 3. Other Causes of Poverty

There is little doubt that Jamaica's historical legacy bears a substantial share of the blame for its backwardness. However, there are other significant contributing factors, including the country's limited supply of agricultural land and of natural resources other than bauxite, a high population density and birth rate, and an educational system that, until recently, at least, was essentially elitist in its orientation and was not geared to provide the majority of the population with the types of skills required. The labor force is not disciplined or particularly industrious. At the same time, the development of powerful labor unions able to negotiate significant wage increases along with the rapid expansion of social welfare activities and the increasing politicization of Jamaican society acted to inhibit certain elements of the production sector.

While the government has pursued a set of policies that have undermined the confidence of the private sector in recent years, it has also taken a number of actions designed to directly benefit the poor majority. These will be reviewed in the section on Progress and Commitment (Section F).

#### D. Appropriateness of Government Policy with Respect to Factor Pricing

This section reviews the impact on private sector employment of government policies with respect to interest rates, tariffs, exchange rates, minimum wages and labor unions - the areas in which distortions promoting the displacement of labor by capital may occur.

##### 1. Interest Rate Policy

Table 10 shows that Jamaica's interest rate structure has been significantly above that of the U.S. since 1974. Given the shortage of capital in

recent years, it may be argued that Jamaica's interest rates should have been higher still. However, it appears fair to state that, through 1977 at least, the GOJ has not followed a policy of deliberately subsidizing interest rates.

## 2. Tariffs

Tariffs on capital goods have been relatively low in Jamaica, as in most developing countries. Thus, for example, the duty on excavating, leveling, boring, extracting machinery for earth, minerals or ores is in the range of 5% to 7½%. The same rate applies to harvesting and threshing machinery, ploughs, harrows, and cultivators. In addition, there is an Industrial Incentives Law and an Export Industry Encouragement Law which provide for complete tax exemptions from duties on imported equipment and raw materials for a period of up to ten years.

## 3. Exchange Rates

During the period 1972 to April 1977, the exchange rate remained fixed at J\$1.00 equals US\$1.10. During this same period, the Jamaica Consumer Price Index increased considerably faster than that of the United States: 99% for Jamaica versus 43% for the U.S. As a result, the Jamaican dollar was considerably overvalued, particularly in 1975-76 and the first part of 1977. Imports, including the use of capital goods, were artificially stimulated. This distortion has since been corrected by several substantial devaluations in 1977 and 1978.

## 4. Minimum Wages

On November 1, 1975, the government introduced a national minimum wage of J\$20 per week (then equal to US\$22). While this rate does not seem high, the government estimated at the time that more than 100,000 workers were earning

less than this minimum. With the work force at 865,000, the proportion earning less than the minimum was 11.5%. Workers in the manufacturing industry (other than textiles), construction, transport and utilities, and commerce were, for the most part, earning substantially above that figure. Still, in industries occupying a large number of unskilled labor, particularly in agriculture, household services and textiles, the establishment of the minimum wage may have contributed to unemployment.

#### 5. Labor Unions

Labor unions are a potent force in the Jamaican economy. They are believed to have had a greater impact on the actual wage level, and hence on the extent of unemployment, than the increase in the minimum wage. While it is difficult to measure the role of unions in raising wages, it may be significant that wages in unionized areas are substantially above wages in non-unionized activities. Thus, 59% of workers employed in agriculture in 1977 realized an income of less than J\$20 per week, while in commerce and other services, both only partially unionized, the corresponding figures were 26% and 18% respectively. On the other hand, in manufacturing and construction, activities that are heavily unionized, the proportion of those making less than J\$20 per week was 10% and 8%, respectively\*.

The highest wages by far prevail in the highly organized bauxite and alumina industry. In December of 1977, average weekly earnings in the bauxite and alumina industry were J\$173, compared with only J\$60 in all of manufacturing, J\$37 in wearing apparel and J\$89 in the service sector\*\*. Admittedly, some factors other than unionization have contributed to these differences (e.g. large capitalization and presence of multinational companies in the bauxite

\*Department of Statistics, The Labor Force 1977, pages 70-71.

\*\*Department of Statistics, Employment, Earnings and Hours in Larger Establishments - 1977, pages 24-25

industry), but unionization is believed to have been an important factor.

In conclusion: Production techniques employed in manufacturing and construction are not particularly labor intensive. They are, of course, considerably more labor intensive than those used in the U.S., but not nearly as much as may be desirable given the substantial proportion of the labor force that is unemployed and underemployed in Jamaica. This situation has prevailed for a number of years. The reasons are partly explained by the distortions reviewed above (i.e. overvalued exchange rates, wage increases in excess of productivity gains and union power). Other factors include the absence of a serious foreign exchange problem prior to 1975; the desire of the newly established manufacturing sector to introduce modern machinery and techniques; the fact that Jamaica's technicians are trained in the developed countries, particularly in Britain and the United States; the unavailability of an adequate number of skilled and supervisory personnel and the undisciplined nature of the country's labor force which encouraged employers to minimize their reliance on labor by mechanizing their operations.

E. Host Country Development Plan and Budget

The National Planning Agency has prepared a Five-Year Development Plan for the period 1978-82. A second draft has just been issued which incorporates the major objectives and strategies and provides some very preliminary estimates of investment requirements. The job is not complete. Tasks remaining include the finalization of the investment program, the projection of available resources, both internal and external, development of priorities and the reconciliation of objectives and investment requirements with available resources. Most of the projects under the public investment program remain to be developed.

The Plan's major socio-economic objectives follow:

1. Provide an adequate supply and an equitable distribution of the

necessities to the poor - food, housing, clothing, employment, medical care and education.

2. Reduce the economy's dependence on the rest of the world with respect to both imports and foreign investment.

3. Generate employment for the lowest income groups and make more efficient use of government resources, i.e. gradually shift funds from make-work projects to activities that support the productive sectors (e.g. agriculture and manufacturing industry).

4. Promote social and economic egalitarianism and participatory forms of social, economic and political organization. The attainment of social justice remains the primary objective of government policy.

5. Pursue a policy of non-alignment and expand Jamaica's relations with socialist and Third World countries; strengthen relations with the CARICOM countries.

Examples of sectoral objectives include the following:

1. In health, provide primary health care services for the whole population through the development of an integrated national health system. Special emphasis will be given to environmental control programs such as water-quality control, sanitary disposal of wastes, maternal and health care programs, and family planning.

2. In nutrition, the goal is to reduce by 50% the extent of malnutrition among young children and of anemia in pregnant and nursing mothers; and expand clinic coverage to 86% for children under three.

3. In agriculture, the goal is to make the rural environment so attractive as to reduce migration of people to the town and cities; maximize the production of food and agricultural raw materials; reduce reliance on imports; ensure that all agricultural land is retained in agriculture; improve rural

amenities and raise rural incomes and employment opportunities.

The Plan contains a preliminary investment program of J\$1.8 billion for the period 1979-81. The government has indicated that emphasis on agriculture and human resource development will be expanded at the expense of infrastructure. The Plan's investment requirements over the full five-year period are likely to be significantly higher. But it is also likely that the Plan's target and investment requirements will be cut back significantly after resource availabilities have been considered.

The major constraints to achieving the Plan's targets include: (a) the chronic shortage of foreign exchange; (b) shortages in skills, technical personnel, managers and entrepreneurs; (c) shortcomings in the government's ability to prepare and implement projects; and (d) the possibility that the private sector may not sufficiently expand its investment outlays, given its reaction to the government. The agreement negotiated by the GOJ with the IMF in May of 1978 set the stage for substantial economic assistance by the IMF, other international organizations and friendly countries, which should relieve somewhat the foreign exchange shortage that has become particularly acute in 1977 and 1978. However, this assistance will not be nearly sufficient to provide the resources required to carry out the GOJ plan on the scale presently envisaged.

With respect to the government's implementing capacity, the Plan recognizes the need to improve the capabilities of the ministries and agencies responsible for the development of agriculture and human resources, and has indicated that special training programs will be provided. To ensure that the private sector will perform the role laid out for it in the Plan, it may well be necessary to invite the private sector to actively participate in the development of the Plan's objectives and policy framework. Restoration of private sector confidence is crucial if the outflow of private capital, entrepreneurs and skilled

personnel is to be arrested and reversed.

F. Progress and Commitment

The pursuit of social justice - meaning equality of opportunity for all members of society - is the major objective of government policy. Other related key objectives include self-reliance, a democratic form of government, and people's participation in the management of their economic affairs. "The philosophy of an egalitarian society is a non-negotiable item" wrote the Prime Minister\*. These objectives appear in all official planning documents and policy statements and constitute the keystone of the People's National Party (PNP) program. Accordingly, the strategy of the Five-Year Plan is to concentrate production growth in those economic activities that provide the basic necessities of the people, such as food, shelter, clothing, health and educational materials. The basic priorities of the government include "employment for all adults in the society, housing for all families, adequate food, nutrition and health care for all adults and children, and adequate education and training for all"\*\*.

Between 1972 and 1978, the government undertook many programs to achieve its social justice and participation objectives.

Examples:

- a. provision of day-care centers and school-feeding programs;
- b. establishment of a National Youth Service to provide employment opportunities for young people; and a Pioneer Corps to settle young farmers on agricultural land and provide them with credit and other facilities to start production;

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\*Politics of Change, 1974, Page 75.

\*\*National Planning Agency, Five-Year Development Plan, 1978-82, First Draft, Page 41.

- c. free instruction to all children through the age of 16.
- d. special employment programs for the adult unemployed, including the Crash Program in Kingston (mostly street cleaning);
- e. minimum wage legislation and establishment of worker participation programs;
- f. establishment of worker-owned cooperatives in the sugar industry;
- g. provision of land for landless farmers, through Project Land-Lease, involving the leasing of public lands to small farmers and related support programs, including farm road construction and rural electrification programs;
- h. establishment of a National Housing Trust, a National Housing Corporation and a Sites and Services project to promote the construction of low-priced housing for the poor;
- i. expansion and institutionalization of a national literacy program for adult illiterates.

As shown by the breakdown of the employed labor force shown in Table 11, the number of paid government employees increased substantially between 1972 and 1977, by 58,300 or 74%. However, to a large extent, this increase in government employment just took the place of private sector employment which experienced a decline (Table 11, line 3).

Analysis of budgetary allocations to the ministries whose activities impact most heavily on the poor (Agriculture, Health, Education and Housing) shows a sharp increase in current dollars between FY 73/74 and FY 78/79 - from J\$222 million to J\$662 million (Table 12). However, when these expenditures are adjusted for inflation, the real increase is a modest 16% (Table 12).

What has been the impact of the government's economic policy on the lot of the poor since 1970? Data measuring trends in the welfare of the poor in recent years are scarce. Tables 13 and 14 present information on real per capita

GDP, mortality and birth rates, and on the state of education of the labor force during the period 1969 to 1977. For some of these indicators, data were available for only part of this period. Moreover, there are no data on trends in income distribution.

Available data reveal the following:

1. Real per capita GDP increased through 1972, then declined continuously through 1977. (It declined further in 1978.) Between 1972 and 1977, the decline was 18%. According to official estimates, the real per capita GDP in 1977 was even slightly below the 1969 level.

2. On the other hand, other indicators show an improvement in recent years. Thus, the death rate declined by 7% between 1969 and 1976. A particularly dramatic decline of 39% was registered in the infant mortality rate. The live birth rate declined by 16% reflecting some progress in the area of reducing fertility. With respect to education, the proportion of the labor force without any formal education declined from 6.5% to 2.1% between 1972 and 1977, while the proportion that received post primary education rose from 10 to 17%.

Conclusion: High Commitment; Mixed Progress

A number of government programs have been undertaken to generate employment in both urban and rural areas, provide access to land by poor farmers, increase real incomes, raise literacy rates and improve the health of the population. Available data on mortality rates and the proportion of the labor force that obtained access to formal education indicate that the government's programs have been successful in these areas.

However, it cannot be claimed that the GOJ has succeeded in raising the living standard of the poor in either the rural or urban areas. The continuing decline in per capita GDP since 1972 suggests that the living standard of the poor is also likely to have suffered, unless it can be claimed substantial im-

provement in income distribution has taken place over the past five years. The government makes no such claim.

The downward trend in per capita income since 1972 is due in part to factors over which the government had no control, such as the quintupling in oil prices, the deterioration in the income terms of trade\*, the U.S. recession in 1976-77 which depressed tourism and purchases of bauxite and alumina and the drastic drop in sugar prices since 1975.

The deteriorating balance of payments situation was aggravated by certain government policies and failures to resolve some of the country's pressing social problems. Thus, the government's socialist rhetoric, the take-over of some key industries, the establishment of a high tax on bauxite and the establishment of tight controls on imports, foreign exchange allocations and prices created an unfavourable investment climate which led to capital flight and depressed investment, output and employment. The government's failure to control crime, particularly in Kingston, also had an adverse impact on investment and the tourism industry. These factors reduced employment in the private economy and counteracted the stimulative effect of increased government expenditures during the period.

G. Absorptive Capacity

With its substantial physical and institutional infrastructure, Jamaica has a better base than most developing countries to absorb and make effective use of external assistance. The existence of fairly adequate transportation and communications systems permits aid physically to reach the entire population, and the level of education and institutional sophistication is such that programs

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\*The income terms of trade are obtained by dividing the value of exports by the price of imports, both expressed as index numbers, and measures the quantity of imports that the country can buy with its exports over a period of time. The income terms of trade for Jamaica declined from 100 in 1974 to 74 in 1976.

to assist the disadvantaged can be implemented with considerable actual benefit to the target group. Both the private and public sectors are capable of functioning with sufficient efficiency to absorb high levels of external capital and assistance.

However, the private sector and the educated middle classes have been discouraged by economic decline, crime, and the socialist rhetoric of the GOJ. As a result, large numbers of professional, managerial and technical people who could do the most for Jamaica have migrated (if only temporarily, since most Jamaicans love their homeland and would probably return could they feel safe and wanted). Likewise, the undisciplined and often leftist influenced labor force has diminished absorptive capacity through frequent strikes, slow downs, sick outs and similar disruptive activities.

Partly as a result of the above problems and partly because planning has not yet been given adequate priority by the GOJ, the Five-Year Plan was delayed well beyond its original target date for publication and is still incomplete, particularly with regard to a detailed implementation plan. Furthermore, Jamaica's current tight financial condition is resulting in counterpart shortages.

Thus, although Jamaica's capacity to absorb external development resources is better than that of most countries, a turn around in some of the above limiting factors will be required to improve upon that capacity.

#### H. Other Donor Assistance

Jamaica's economic difficulties over the past few years have led to a dramatic increase in both the level of other donor assistance and the number of bilateral and multilateral donors (see Table 15). The assistance has been reasonably well related to Jamaica's needs and priorities. The bulk of it has been fast disbursing lines of credit for balance of payments support. Project loan and grant assistance has been concentrated in the priority sectors of

agriculture, health, education, and energy.

Coordination of this assistance is difficult. Many of the donors have similar mandates emphasizing the rural poor leading to the presence of several donors in the same sectors. Dealing with a multiplicity of donors, with their varying procedures, places an extra burden on the already heavily strained management resources of the GOJ. Prior to establishment of the Caribbean Group in 1978, coordination among the donors, while reasonably effective, was entirely ad hoc. There is a need for further division of labor and more careful coordination among the donors which the Caribbean Group may provide. The GOJ will be hard put to improve its performance and there is no indication that the local UNDP office intends to play a more active role in this area.

The prospect is for continuation of substantial other donor assistance although more is likely to be channeled through the multilateral donors and less through the bilateral. The IFIs have pledged to try to double the level of their assistance to the Caribbean while the bilateral donors are likely to reduce their inputs as Jamaica emerges from its crisis conditions.

The largest amount of external aid for projects has been channeled to the agriculture sector. Both the IBRD and IDB are supporting rural development programs in the western and southern regions of the country. The programs emphasize rural infrastructure more than does USAID's Integrated Rural Development project in the central region, but the programs are directed at the small farmer. A number of bilateral donors are active in the sector with programs that tend to focus on specific commodities (such as rice, bananas, pork and beef, dairy industry, ocean fisheries) and are less specifically directed at the small farmer. The number of donors in agriculture strains the planning and implementation resources of the Ministry of Agriculture.

In education, the IBRD has been the largest donor with most of its

assistance going to formal education infrastructure. Cuba and Canada have also helped with school construction. AID is taking the lead with assistance to non-formal education. There are other contributors to this area and careful coordination will be needed.

In health, seven multilateral organizations, nine countries (including the U.S.) and six private non-governmental organizations have development assistance programs. All support the GOJ's goals of increased participation of the poor in development and promotion of integrated accessible health services with an emphasis on primary health care delivery. In fact, with the exception of Project Hope, which provides assistance principally in the form of manpower for education and training, all assistance is earmarked for primary health care with limited support for secondary and tertiary services or facilities. This results in a relative imbalance of emphasis by both the GOJ and donors which could hamper successful implementation of primary health care delivery based as it is on a referral system, requiring adequate supervision, management, and direction from the top down.

The IBRD has been the largest multilateral donor in the sector since 1970 with an emphasis on facilities construction and equipment/supplies. PAHO/WHO's country-specific program in Jamaica, combined with its Caribbean regional assistance programs, make it the largest donor of grant funds. PAHO/WHO has also been the major and almost exclusive source of technical assistance to the GOJ in the health sector and its program plans over the next several years call for increased support for health planning and management. Both the IDB and IBRD are the principal donors in environmental health, with several substantial loans for upgrading sewage and water supply systems. UNICEF, whose program of cooperation has been primarily on a regional basis through regional institutions, approved in 1978 an \$8 million, 4 year Basic Services for Children bilateral project, with

UNICEF providing about \$700,000 and the remainder to be contributed by the GOJ.

USAID is by far the major donor in family planning, being the sole source of condoms and major source of oral contraceptives for the national family planning program. UNFPA and IBRD are the only multilaterals, and the Federal Republic of Germany, which provides support for the UWI Center for Advanced Training and Research in Fertility Management, is the only other bilateral donor. The remainder of support in family planning comes from private non-governmental organizations which provide contraceptive commodities and finance pilot-scale programs in areas such as adolescent fertility and male sterilization. All this assistance supports the GOJ objective of establishing an extensive public and commercial system of services and information integrated into the country's basic health services and public school system.

In nutrition, the majority of aid has been donated in the form of food assistance by AID, CIDA, WFP, EEC, and New Zealand. PAHO/WHO's involvement in nutrition activities in Jamaica has been extensive due to the location in Kingston of the main office of the Caribbean Food and Nutrition Institute, a multinational PAHO institution. UNICEF has been providing funds to CFNI since 1970 and currently supports the nutrition educator on the staff. The existing IBRD health sector loan includes a nutrition education and communications program to improve child and maternal nutrition. Most donor assistance to support the GOJ's goal of improved maternal and child nutrition is channeled through health programs rather than through support of direct nutrition interventions or multisectoral nutrition planning efforts.

PART II STRATEGYA. Objectives

In mid 1977 the USG decided to undertake a major assistance program in Jamaica. This policy change reflected several considerations including our increasing interest in the Caribbean and heightened concern for a geographically close, troubled neighbor, which shares our language, legal and moral heritage, and commitment to economic and social justice and human rights.

The objectives of current and proposed assistance are to help Jamaica:

- recover from the present economic crisis,
- correct structural weaknesses that contributed to that crisis, and
- eliminate the principal constraints to sustained, equity-based

development and growth.

B. AID Assistance Strategy

Our strategy proceeds from the recognition that management of Jamaica's balance of payments crisis is indispensable to returning to conditions which would allow a reversal of stagnation and decline and the resumption of growth and development. Thus, during the three year GOJ-IMF program, ending in 1981, we plan to provide significant balance of payments and fiscal relief while at the same time continuing to work on basic development constraints. This strategy calls for fast disbursing assistance which should be contingent upon GOJ measures to balance its budget, adjust its exchange rate, reduce consumption, improve the investment climate and increase production under its program with the IMF. In addition to arranging for such assistance to benefit the poor majority more directly than the traditional untargetted program loans, the GOJ's strong commitment to equity will assure that our target group will be served.

The techniques for providing fast disbursing assistance include commodity import and production and employment loans, P. L. 480 Title I, HIGs, the

Caribbean Development Facility, and sector or projects loans designed to move funds quickly. The effectiveness of these techniques, of course, varies. Loans for imports of essential commodities (with generated local currencies used for production and employment programs) provide the most rapid impact on the balance of payments. PL 480 Title I is equally effective. HIGs and the Caribbean Development Facility (which currently supports local costs of IFI programs) are also effective when funds can be advanced or can be used to reimburse for past expenditures. Finally sector or project loans, which ordinarily disburse slowly, can have rapid favorable balance of payments effects if traditional disbursement techniques are modified.

We have programmed significant levels of fast disbursing assistance through at least FY 1981 when the GOJ-IMF stabilization program is scheduled to be completed. If, as appears possible, there is slippage in meeting the GOJ-IMF program goals, we should be prepared to continue providing such assistance beyond FY 1981, contingent upon reasonable self-help performance and the expectation that the GOJ-IMF goals will be met soon thereafter. While the IMF and IBRD should be encouraged to cover as much as possible of the requirements for rapidly disbursing assistance, we believe it is important that the U.S. share in meeting the need in order to help close gaps critical to development, to act as a catalyst for other donors and private capital sources, and to sustain the capability of, and our influence in, the Caribbean Group.

We propose a Production and Employment Loan of about \$10 million for FY 1981 which would include a high proportion of local cost financing

in order to accelerate employment generating investment, and provide balance of payments support. We would seek to finance fast disbursing programs in order to maximize balance of payments impact. We foresee no further such assistance unless there is serious slippage in the GOJ-IMF program despite responsible GOJ efforts. We propose PL 480 Title I assistance at levels of about \$10 to \$15 million per year through FY 1981 or FY 1982. We project a second tranche of \$15 million in the existing HIG program in FY 1980. In addition, the sector and project assistance we project through about FY 1982 will be designed, to the extent possible, for early disbursement in order to provide further help to the balance of payments.

As part of both our short and long-range strategies, we will continue to tackle structural problems and key development constraints. Our proposed future program directions include continued strong emphasis on agriculture which employs about 30% of the labor force, contains 60% of the population, but produces less than 10% of GNP; continued emphasis on family planning because Jamaica's population growth rate is still excessive; and emphasis on several new initiatives such as health delivery, management training, energy, environment, urban development, and export development because these are the areas where Jamaica's principal structural problems and development constraints lie.

1. Agriculture

The GOJ's agricultural sector goals in its five-year plan are to:

(a) produce food and raw materials to meet requirements for domestic food consumption at satisfactory nutritional levels; (b) increase the number of agro-industries; and (c) expand exports while reducing dependence on imports. In achieving these primary goals, the GOJ plan also includes goals for the optimal utilization of land, an increase in rural income, improvement in rural standards of living, and expansion of employment opportunities.

USAID/Jamaica's objective will be to help achieve sustained increases in production on farms of 1-10 acres in size. Focus on agricultural productivity and planning will be particularly important. By 1985, AID's assistance is planned to help the GOJ to: (a) analyze and respond to changing problems of the small farmer; (b) ensure that productivity gains generated by AID's assistance are maintained; and (c) develop technological innovations and policies in response to evolving conditions in the rural sector. Productivity gains will be measured in terms of increases of output per unit of land on target farms. The output will include crops grown both for the domestic and export markets. To accomplish the goal of sustained productivity increases, the AID program from FY 1981-85 will build upon existing and planned projects for FY 1979 and FY 1980 concentrating upon eight sub-sectors or aspects of the agricultural sector in Jamaica. These sub-sectors are interrelated. They are: administrative capability, research, soil conservation, inputs, marketing, extension, education, and credit.

Since 1970 the contribution of agriculture to GDP in constant 1974 Jamaican dollars has not substantially changed, as shown below:

YEAR	1970	1971	1972	1973	1974	1975	1976	1977
% GDP	7.4	8.1	7.5	7.1	7.2	7.3	7.9	8.8
Value (Million)	149.8	167.5	170.6	159.4	162.6	164.9	166.3	176.6
Per capita J\$	80	88	88	81	81	81	80	84

Agriculture's share of total employment has decreased from 38% in 1969 to 35% in 1977. Lack of growth in agriculture over the past decade has been a major cause of Jamaica's increasing unemployment, high inflation rates, foreign exchange shortage, high rural to urban migration, lowering living standards, and emerging nutritional

problem among the poor, especially lactating mothers, young children and the elderly. If Jamaica is to overcome the problems these trends reflect, the rural sector must be revitalized.

We have selected our target group on the basis of farm size. The rationale for excluding farms under one acre is to ensure the farm has sufficient resources to be a viable economic unit with at least 50% of income generated by agriculture. The rationale for the 10 acre cut-off is to ensure the farm is small enough to require outside assistance for the adoption of new innovations and for benefitting from a variety of needed inputs.

In 1968, the latest year for which agricultural census data are available, the target group represented 62% of all farmers and 81% of farmers of over one acre size. Controlling only 25% of all land farmed, the target group accounts for most of the domestic food crop and over 25% of agricultural exports. The target group owns most of the goats, sheep, pigs, mules and donkeys on the island and small percentages of the chicken, beef and dairy cattle. The average small farmer is estimated to be around fifty-two years old and has a family size of about five persons. Research indicates that, despite his small land resource base, he has even less capital which is spread too thinly over his land. Island-wide, the land resources base is shrinking due to erosion. Eighty percent of small farmers are found on increasingly marginal hillside land of slopes from 5 to 35°.

AID's strategy is to improve the productivity and income of the target group through addressing constraints in the following categories (coordination and timing of current and proposed AID assistance is reflected in Table 2):

(1) Administrative Capability; Inadequate management capability within the Ministry of Agriculture (MOA) impacts negatively upon the total structure of the agriculture sector from policy to budgeting to project implementation. It is reflected in slow disbursement of AID and other donor project funds and limited capacity to absorb additional assistance despite the identification of problems

and probable solutions. Deficiencies include: poor management techniques and skills, no structured management information systems or information feedback mechanism to the central ministry, bureaucratic red tape, little inter-ministry coordination, out migration of trained manpower, poor promotion potential within the MOA, and no plan to maintain or upgrade the professional skills within the Ministry. A report prepared for the MOA and AID on training needs for management and technical skills contains supporting documentation and analysis of this problem. AID's strategy includes strengthening the management capacity of the MOA directly through development and implementation of a master training program at the central ministry, and large components of technical assistance and training in individual projects during their implementation.

(2) Research: The GOJ's research capacity is inadequate to deal with the agronomic problems of the island. What little research exists is conducted by the Ministry of Agriculture and the statutory boards. It is poorly organized and has historically focused on export crops and livestock. The MOA has one hundred professional and sub-professional positions in research of which only twelve are devoted to agronomic problems. Little coordination exists in agriculture research and there are few linkages between extension and research activities. The Jamaican campus of the University of the West Indies does not have an agricultural college and does a very limited amount of agricultural research. There is no research which focuses directly or uniquely upon the problems or constraints of the target group.

(3) Soil Conservation: The problem of land use as it relates to the target group has been alluded to above. Unless replicable solutions are found, there is little hope of achieving sustained productivity increases for the target group. In fact, without improved techniques of hillside farming, indications are that productivity will suffer serious declines for the foreseeable future.

(4) Inputs: The need for inputs is primarily an immediate short run constraint until the GOJ works itself out of its current foreign exchange crunch. All agriculture inputs from machetes to fertilizer are currently in short supply. For example in 1973, fertilizer consumption in Jamaica was 68,248 short tons; in 1977 consumption was down to 48,775; 1978 consumption to date indicates no improvement with 36,721 short tons as of September. It is the small farmer that suffers the most from such shortages. The food consumer also eventually suffers the consequence in less food at higher prices. A major commodity (agriculture inputs) loan with rapid disbursement tied directly to specific project activities would be an effective AID response to alleviate this critical but hopefully short-run constraint in increasing agricultural productivity of small farmers.

(5) Marketing: The marketing function in Jamaica is performed in large part by what is referred to as the "higgler system." The higgler system works after a fashion. It basically is individual small retailers interacting with individual small producers. The higglers buy at the farm gate and bear the risks associated with middlemen. In addition to the higgler system, the GOJ has the Agricultural Marketing Corporation (AMC) which operates 207 buying stations and several retail outlets to provide a single floor price for agricultural commodities, to distribute food to institutions, to distribute nutritious food to the needy at subsidized prices, to move food from surplus to deficit areas, and in general to hold down the cost of food to consumers. Finally, all export commodities are eventually marketed through one of the marketing boards for export; e.g., the Banana Board, Coffee Board, the Pimento Board, etc. Produce is either sold directly by the producer or indirectly through a higgler or the AMC. It is estimated that 85% of all domestic food output and a significant portion of export commodities grown by the small farmer are marketed via

the higgler system. The marketing function is not efficiently performed in Jamaica. In general most produce comes into Kingston and is then redistributed throughout the island. Except for export crops, there are no grading standards and producers gain no product differentiation benefits. In addition, there is no system of market information and dissemination to producers who, to the extent they are not also higglers, bargain for prices with insufficient knowledge. AMC operates with high overheads and is subsidized by the government (J\$3 million in 1978). With all of these complex marketing activities, farmers still have little assurance of either bringing their produce to market or receiving a sufficient share of the final price paid by the consumer. What is needed is an approach which takes the best of the higgler system and combines it with regional markets, recognized quality standards, and storage facilities to reduce post harvest inefficiencies.

(6) Extension: The GOJ extension field staff has 479 positions to serve over 200,000 farmers or approximately one extension agent per 500 farmers. Their training comes almost exclusively from the Jamaica School of Agriculture (JSA) and is theoretically oriented. A significant percentage are from non-rural backgrounds which, combined with the lack of applied training, limits their effectiveness in dealing with agricultural problems. More serious still is a lack of transportation, in spite of a good road system, due to a restriction on importation of vehicles and spare parts. With new emphasis on integrated rural development programs, the demand for extension agents is growing.

(7) Credit: Although some credit schemes exist for small farmers in Jamaica, they have a very poor repayment rate (25 to 40%), and have had little success in encouraging small farmers to adopt innovations or make capital investments. Under existing farming techniques, it is not clear that credit availability is a serious constraint. But if rural farmers are to undertake major new

efforts such as soil conservation or construction of fresh water fish ponds, then credit might be a serious problem. If so, close attention must be given to appropriate interest rates, penalties for non repayment, and disbursement procedures tailored to specific needs.

(8) Education: The educational curriculum for people trained for the agriculture sector needs revision and perhaps a restructuring of priorities. The primary agricultural educational institution is the JSA. JSA is currently under the Ministry of Education which views JSA mainly as an institution to train secondary level agricultural teachers. Previously JSA had been under the MOA. Under neither Ministry has the school provided appropriate training. USAID is currently examining the problem of agricultural education under a Title XII program.

## 2. Health

The main goal in the health sector of the GOJ's Five Year Plan is to provide health care services for all through the development of an integrated and comprehensive national health system which emphasizes primary health care delivery. The Ministry of Health will give priority to the strengthening of its training, statistical, epidemiological, planning and evaluation programs. The Ministry will also strengthen and expand its links with communities by working closely with community councils and health committees and by organizing and integrating field services at the parish level. The result will be greater emphasis given to the needs of the rural poor.

The principal constraints in Jamaica's health sector are the absence of an effective planning and management process and a functional health management information system. Thus, USAID's strategy in the health sector will focus on forms of assistance which are supportive of human, technological, and analytical infrastructure. National and local institutions in such areas as planning,

training, data gathering and analysis, information system development, and management will be supported. We will also be exploring, in coordination with other donors, possible cooperation with the GOJ in improved water/sanitation programs.

While proposed health and nutrition assistance will involve some physical infrastructure, commodities and equipment, we anticipate that other donors will play the major role in responding to these needs.

### 3. Nutrition

The Five Year Plan has set two nutrition goals: (1) reduction of malnutrition among young children and anemia in pregnant and nursing mothers; and (2) expansion of clinic coverage of the under 3 year old population. The Ministry of Health's program includes:

- (1) surveillance of the nutritional status of all children below the age of 5 years;
- (2) nutrition education through clinics, health centers and mass media;
- (3) supplementary feeding.

Nutrition activities suffer from basically the same constraints as do health activities, namely, the absence of both an effective planning and management process and a functional health management information system. Assistance to the health sector in those areas, therefore, will also benefit nutrition activities.

Our approach to nutrition will reflect the following: 1) nutrition is a high priority of the GOJ; 2) the current food situation and balance of payments problem place Jamaica in a precarious position from a nutritional point of view; 3) external assistance from other donors in this area is limited; 4) development activities in other sectors, especially agriculture, may have a major impact, either negative or positive on nutritional status; 5) GOJ policies and goals in the "sector" represent a sound basis for USAID-GOJ cooperation.

USAID will attempt to assist the GOJ in three major areas:

- Combatting malnutrition, both undernutrition due to inadequate and sub-optimal intakes of food and also diet-related diseases such as diabetes and obesity.
- Meeting basic food and nutritional needs from local resources.
- Ensuring sustained improvement in the food and nutritional status of the Jamaican population.

USAID's strategy will have two major components:

- In addition to considering new program areas in food and nutrition, USAID will examine its current and planned project portfolio to see what impact these may have on the food and nutrition problems in Jamaica. A variety of sectoral programs, while not explicitly recognized as nutrition projects, may have a significant nutrition impact.

USAID will assist the GOJ in carrying out its nutrition policies and goals by supporting: 1) intersectoral development projects which may have a significant positive nutrition impact on the general population; 2) investigative studies needed to plan, design, implement and evaluate such projects; and 3) the establishment of an institutional infrastructure for optimum interministerial coordination and cooperation to ensure sustained progress.

#### 4. Family Planning

USAID's long-range population objective is to assist Jamaica to reduce fertility to levels compatible with sustained social and economic development. While it is true that fertility control alone will not solve Jamaica's development problems, it is also true that there is no hope for their resolution without an effective population program. Already almost one-half of the population is under 16 years of age and the dependency ratio is growing. Out-migration considerably reduces the population growth rate, but the loss is disproportionately high in skilled management, scientific and technical people that the economy

cannot afford to lose. Our strategy therefore points toward achievement of the single goal of reduction of excess fertility. In quantitative terms, the goal is to achieve a crude birth rate of 25 per thousand by 1981 and 20 per thousand, or less, by 1985.

Activities to carry out this strategy fall into three major categories: those activities which have a direct impact on reduction of fertility, those which have a secondary or indirect impact, and support activities.

Direct impact activities support public and private educational and clinical family planning services. Major elements consist of:

(1) Development and maintenance of a comprehensive family planning clinic service program available islandwide through the Ministry of Health's integrated basic health services system.

(2) Development and maintenance of an extensive commercial contraception distribution system as a back-up to the clinic program.

(3) Development and maintenance of an extensive public family planning information and sex education program:

- integrated into the public school curriculum
- available through the mass media
- operating by means of face to face contact with outreach workers, health educators, etc.

(4) Special programs in areas of critical importance such as:

- adolescent educational and service programs
- male and female voluntary surgical contraceptive programs.

Indirect impact activities are designed to influence family size preferences. They deal primarily with motivational factors rather than accessibility factors emphasized above. It has been well documented that reduction of family size usually accompanies improvement in economic levels, educational attainment, social status as

well as health care. Thus, Mission activities described elsewhere in this document -- particularly in agriculture and human resource development -- should have an indirect impact on reducing family size preferences. However, the intervening variables are so many and so complex that it is impossible to develop meaningful fertility targets for these activities. Nevertheless, the Mission will ensure that the goal of motivation for smaller families is taken into account in the development of all project activities, including incorporation of direct family planning educational and service components in non-population projects where feasible. The Mission will also continue to support current and future research into factors affecting family size preferences.

Support activities, though not primary contributors to fertility reduction, are essential to provide the tools necessary to reach that goal. They consist of such activities as:

- assistance in developing a viable country vital registration system, as well as a working client information system.
- special surveys and studies on contraceptive prevalence, clinic drop-outs, method use preferences and other operational research.

The GOJ has made the basic policy commitment and developed much of the service infrastructure needed to carry out an effective population program. Major constraints still are lack of resources, both human and material. Lack of planning and management expertise is particularly serious. USAID support to the GOJ population program will therefore be needed well into the mid 1980's to bring about the management improvements as well as to insure sufficient income from the commercial distribution of contraceptives program and other sources, both of which are required before the GOJ can assume full financial and administrative responsibility for the program.

##### 5. Human Resources

In the education sector, the GOJ has been and will continue placing principal

emphasis on expansion of primary education, teacher training, and agricultural education. With the Canadians giving assistance to school construction and the IBRD considering assistance in teacher education, AID strategy is to implement its current Rural Education program and to plan future assistance in agricultural education. Studies are underway and planned to determine specific needs and we expect assistance to agricultural education to form part of future agriculture sector lending.

In the manpower area, the goal in the GOJ's Five Year Plan is to reduce unemployment from 25% to 15%. Among the constraints to achieving this goal are numerous deficiencies in data collection, analysis and planning and in training and placement. USAID is financing a project directed at the gathering, evaluation, distribution, and feedback of basic employment data. Specific manpower needs will be identified. Future AID assistance would assist the GOJ in developing and implementing training programs to meet these manpower needs. In addition to manpower training, there is a desperate need for both short and long-term training to upgrade the skills of middle-level management in development-related fields. Jamaica suffers from the traditional LDC gap in middle-level management personnel -- a gap that has been exacerbated by the substantial out-migration of professional and skilled personnel. We propose assistance through about FY 1984 or FY 1985 to help the GOJ meet this gap.

#### 6. Energy

Jamaica is one of the most intensive energy users in the developing world and is more than 90% dependent on imported commercial energy (petroleum). Since the OPEC price increases, Jamaica's annual import bill has more than quadrupled -- from approximately \$50 million in 1972 (9% of the total value of imports) to over US\$200 million in 1977 (approximately 25% of the total value of imports). Recently announced OPEC price increases will add even more to Jamaica's import bill

in 1979. The escalating cost of energy imports has already severely inhibited economic growth. Energy imports and debt service combined now pre-empt about two-thirds of Jamaica's total foreign exchange earnings, leaving precious little foreign exchange for other needed import items essential for economic growth. The GOJ's 5-year National Energy Plan gives priority to 3 areas: the identification and development of local energy resources, including non-conventional sources of energy; the implementation of measures aimed at inducing energy conservation and energy economy; and the establishment of institutional support for effective implementation of energy development and conservation.

Because of energy's critical role in Jamaica's future development, USAID is envisioning a significant assistance program over the FY 1981-85 period. The precise nature of that assistance will depend upon a series of energy studies USAID will be carrying out in FY 1979 at the request of the GOJ. These studies, by short-term US energy experts in cooperation with the GOJ, will focus on: conservation of present energy availabilities, improved maintenance of the present energy system, exploration of alternative sources of renewable energy (solar, wind, alcohol and biogas), and the conversion of some industrial plants from petroleum to coal. One study will involve a detailed assessment of the 5 year energy plan.

These studies will produce recommendations and suggestions for possible USAID funded projects. Future USAID support will be coordinated with other donors. Based upon the FY 1979 studies, we will grant fund pilot projects involving non-conventional, renewable energy sources (solar, wind, alcohol, biogas). These projects will examine the technical/economic feasibility of alternative energy sources, with a special attention to rural areas. Future assistance would help to replicate throughout Jamaica those pilot projects which proved feasible.

During the FY 1981-1985 period USAID will also facilitate contact and communication between the energy communities in the US and Jamaica so that Jamaica

can benefit from the US experience in this area. This activity may require perhaps \$100,000 per year to finance seminars, workshops, scientific exchanges, short-term training and observation tours for Jamaicans in the US. This type of interchange may lend itself to a Caribbean regional approach, which if pursued, may reduce the financial requirements of individual USAIDs.

7. Export Development

Absolutely indispensable to Jamaica's efforts to renew and sustain growth will be its ability to expand and diversify its exports. Our preliminary analysis of this area indicates the following: (a) one of the key constraints to increased exports is found in the procedures and systems involved in the administration of foreign exchange controls -- we intend to explore training, workshop, and seminar approaches to deal with this constraint; (b) exports could be increased considerably if production, particularly of non-traditional exports, fruits and vegetables, spices, coffee and cocoa, were increased -- we intend to develop our agricultural program for FY 81-85 with this possibility in mind; (c) some assistance activities in the export sector probably lend themselves to regional approaches -- we will be exploring with AID/W and RDO/Barbados the possibility of developing regional projects in this area; (d) there are a number of Jamaican institutions -- both public and private -- which are attempting to develop strategies for encouraging exports -- we will explore with them ways in which USAID might assist. In some perhaps many instances, USAID can probably be helpful without requiring heavy funding. We have already been instrumental in bringing together the World Trade Institute (WTI) in New York (a private, profit-making firm) with the chief GOJ export organization, the Jamaica National Export Corporation. As a result, the GOJ has requested and will finance WTI's assistance in a number of areas. We hope to continue this role as a part of our strategy for FY 1981-1985. We may also seek TDY or contract assistance for further analysis of constraints to export, as well as help in program

and project design.

#### 8. Urban Development

Approximately 50% of Jamaica's population now resides in urban areas and the rural to urban migration is causing increasing problems for city dwellers. Most urban dwellers are among the poorest Jamaicans. The slums and ghettos of Kingston, where probably 300-500,000 of Jamaica's 2 million people live, are as bad as those of any major city in Latin America or the Caribbean. As a result, USAID intends to look into the possibilities of an urban development program for the FY 1981-1985 period.

In FY 1979-1980, we plan to undertake studies and pilot activities under our SDAF and OPG programs. These will be helpful in developing an overall strategy for the sector.

We plan to continue our HIG program. The HIGs would continue to focus on squatter settlement improvements and tenement upgrading, plus a rural home improvement component. These programs will continue to incorporate into their design essential, though minimal, community facilities and social services for the neighborhoods being upgraded, with the cost of these facilities and services being folded into the overall dwelling improvement costs charged against the occupants and owners of the premises benefitted.

An urban development loan would provide a range of essential services, complementing the minimal services provided in the HIG program and extending services to lower income areas not included in HIG projects. The primary social services contemplated for loan financing will be oriented towards community development and income generation and will include occupational training, small business development, community activities, child care and pre-school education. Under the loan program, we would also provide technical advisory services and participant training to the GOJ in urban planning. The program will probably focus on the Kingston and Montego

Bay urban centers.

9. Environment

With a few significant exceptions, environmental problems in Jamaica have not reached the crisis stage as they have in some LDCs. The principal problems involve urban sewage (particularly in Kingston where the harbour continues to degenerate because of the influx of poisonous and corrosive waste), waste from the bauxite industry, and erosion of certain of the beaches on the North Coast, the principal tourist area for Jamaica. The proposed USAID strategy will be one of assisting in carrying out specific environmental studies and in institutional development.

Recently the GOJ brought together into one office all of the Governmental organizations which have some responsibility for environmental concerns. The Natural Resources Conservation Department (NRCD) was established in the Ministry of Mining and Natural Resources only two years ago and is now the GOJ focal point for environmental concerns. USAID has recently been approached by that organization inquiring as to how we might be of assistance. Discussions are in the preliminary stage, although we expect specific requests to be forthcoming in FY 1979. We believe the primary need is for institutional strengthening of NRCD through training and perhaps the provision of technical advisory services.

Our strategy will also include paying careful attention to the environmental aspects of all assistance activities we undertake to make certain our projects are designed to be environmentally sound. This will be particularly important in our energy and agricultural projects. To the extent possible, we will build into our education and training projects an environmental component to increase the awareness of environmental matters in Jamaica.

10. Appropriate Technology

USAID's strategy is to assure that, in all of our projects, technology is

appropriate to Jamaica. We will collaborate with Jamaican institutions which have major programs in the appropriate technology area. We also plan to explore with the newly established A.T. International the possibility of cooperative projects which either complement our on-going program or which might serve as lead-ins to new projects we are considering. Given the extremely high cost of imported energy in Jamaica, we expect as pointed out above, to be carrying out a series of prototype studies which will test energy systems that can use indigenous materials and are more appropriate to the Jamaican developmental process. These prototype studies could be followed by AID-loan funded projects. We will also be examining possible regional activities in this area.

PART III ASSISTANCE PLANNING LEVELDevelopment Loans and Grants

The Proposed Assistance Planning Levels Table (Table 1) shows an increase in the level of loans and grants to \$30 million in FY 1981. This declines slightly in subsequent years, leveling off at about \$16 - 18 million in the years FY 1983-85. The higher level at the beginning of the period reflects both the final stages of support for Jamaica's economic recovery as well as the longer range strategy of addressing basic structural and developmental problems. The proposed level at the end of the period assumes:

- resolution of Jamaica's foreign exchange crisis and a resumption of economic growth;
- high levels of assistance, but on less concessional terms, from IBRD, IDB and other donors, as well as resumption of financing from commercial sources;
- continued GOJ progress in ameliorating conditions of the target group and achieving the basis for self-sustaining development, with our program emphasis gradually shifting to such areas as energy, environment, and urban development.

We regard the levels proposed as the minimum necessary to achieve the short and long range objectives we have set for our program. We also believe that the levels proposed are the minimum needed to express U.S. policy with respect to Jamaica and the Caribbean, and to maintain our influence with respect to Jamaica's economic and social development.

The proposed program reflects current A.I.D. policies and our understanding of past Congressional preferences as to how A.I.D. resources are to be made available. Should these policies be modified and the legislative environment permit more flexibility, we would be proposing higher assistance levels and techniques which would more directly respond to growth and balance of payments requirements. Such a program would make it possible to carry out U.S. policy in Jamaica more efficiently.

To achieve our assistance goals in Jamaica, proposed loans and grants should for the most part be negotiated and implemented bilaterally rather than regionally. Although there are important and valuable development requirements in the Caribbean, including Jamaica, which can best be approached with regional projects, the regional project technique should not be relied on as the primary assistance instrument to meet Jamaica's economic and development problems for the next several years. Most of Jamaica's problems require policies and resources addressed to national structural constraints and to foreign exchange and domestic financial problems. Under these circumstances, regional projects which encompass Jamaica along with other countries are less relevant and less efficient, as well as less desirable to the countries involved, than bilateral projects.

#### PL 480 Assistance

Both PL 480 Title I and Title II form an important part of USAID's proposed strategy. PL 480 Title I is programmed at \$10 to \$15 million per year through FY 1981 or FY 1982 as an essential element of the strategy to help Jamaica achieve stabilization and renewed growth. Title I imports will permit Jamaica to save scarce foreign exchange for other

needed raw material and capital imports and will help sustain a minimum essential flow of basic food commodities such as wheat which Jamaica does not produce and corn and rice which Jamaica will not be able to produce in sufficient quantities during the next few years.

In March 1978, the GOJ and U.S. signed a Memorandum of Understanding for use of local currencies generated under existing and future PL 480 and commodity import program agreements. It was agreed that such local currencies would be utilized in the sectors of agriculture, nutrition, health and population, education, and housing, placing emphasis on improving the lives of the least privileged segments of the population in Jamaica and on improving their capacity to participate in the development of the country. Priority in assignment of the local currency would go:

first, to support of ongoing projects being assisted by USAID; second, to support of activities which would facilitate programs being considered for USAID assistance; third, to support activities which would complement such ongoing or proposed programs; and fourth, to support other high priority development projects for Jamaica as agreed between USAID and the GOJ. A tentative list of activities to be supported totaling J\$70 million was attached to the Memorandum. It was agreed that programming of the local currency would be reviewed on a quarterly basis. Generations under proposed future P. L. 480 Title I programs would fall under this agreement.

A portion of Title I imported commodities would continue to be used in urban and rural school and maternal child health feeding programs serving 120,000 urban students, 41,000 rural students, and 126,000 MCH beneficiaries. We believe Jamaica is the only country which has agreed to move such programs to a Title I basis. Included under Title I since 1974, these feeding programs will require Title I support for approximately the next two to three years until local sources of blended foods or other alternatives can be substituted.

An emergency, pilot P. L. 480 Title II program is underway in response to the food requirements of the neediest segment of the population of Western Kingston. This program will reach 60,000 beneficiaries for a period of six months. We are exploring possibilities for a new Title II program with explicit developmental objectives which will also have the effect of responding to the urgent food requirements of the poorer segments of the population in West Kingston.

#### Housing Investment Guaranties

Housing Investment Guaranties (HIGs) make an important contribution to our overall strategy: because 90% of the cost of housing construction consists of local materials and labor, the HIG transfers substantial foreign exchange; since the unskilled and semi-unskilled labor component of housing construction is approxi-

mately 40% - 60%, the HIG helps cut hard core unemployment at least during the construction period; and because urban blight has such a debilitating effect on the health, morale and aspirations of both adults and youth, the HIG can be an important stimulant to development in its attack upon such blight. The HIG, of course, represents a major resource for any urban development approach. The \$15 million second tranche of the ongoing HIG program is expected to be authorized in FY 80, with two \$25 million programs projected for FY 82, and FY 84 respectively. As is the case in the ongoing program, these HIGs would focus on tenement rehabilitation and reconstruction, squatter settlement improvement, and rural housing upgrading. All of the proposed HIGs would thus direct their benefits to the poor majority. It should be noted, however, that the step from "shelter" to "community" remains a vital one, and although some small amount of HIG resources can be used for community programs, funds obtained at commercial interest rates are not particularly well suited for that purpose. This underlines the importance of our proposed urban development programs as a complement to the HIGs.

#### Staffing Implications

Staffing ceilings recently assigned to USAID for FY 1979 are 18 US direct hire, 26 foreign nationals, and 2 IDI's. These levels are inadequate for present programs, as well as for the proposed levels of assistance.

Program design requirements are and will continue to be substantial as our program gears up and moves into new areas such as health, energy, export development and urban development. Management requirements will not just continue at current levels but will grow as more of these new programs move into the implementation stage. Moreover, the growing regional program will require extensive support from bilateral missions, adding to their staffing needs.

Table 1

PROPOSED ASSISTANCE PLANNING LEVELS (PAPL)  
(US\$ millions)

<u>Categories</u>	<u>FY1981</u>	<u>FY1982</u>	<u>FY1983</u>	<u>FY1984</u>	<u>FY1985</u>	<u>Total</u>
<u>Agriculture (see also Table 2)</u>						
Loans	7.0	10.0	5.0	5.0	5.0	32.0
Project Grants	1.0	.4	.4	.4	.4	2.6
OPG's	.2	.1	.1	.1	.1	.6
<u>Manpower Training</u>						
Loan	1.0					1.0
Project Grants	.2					.2
<u>Management Training</u>						
Loans		7.0		5.0		12.0
Project Grants	.1	.1	.1	.1	.1	.5
OPG's			.1	.1	.1	.3
<u>Health and Nutrition</u>						
Loan			5.0			5.0
Project Grants	.1	.1	.1	.1		.4
OPG's		.1		.1	.1	.3
<u>Family Planning</u>						
Project Grants	.6	.6	.6	.6	.6	3.0
<u>Urban Development</u>						
Loans	5.0		5.0		4.0	14.0
Project Grants	.1		.1		.1	.3
OPG's	.1		.1	.1		.3
<u>Production &amp; Employment/ Export Development</u>						
Loan	10.0	5.0				15.0
Project Grants	.1	.2	.1	.1		.5
<u>Energy</u>						
Loans	2.0				5.0	7.0
<u>Appropriate Technology</u>						
Loans	2.0			4.0		6.0
Project Grants	.2	.1	.1	.1	.2	.7
<u>Environment</u>						
Loan					2.0	2.0
Project Grants					.1	.1
<u>PD&amp;S and SDA</u>						
	.3	.3	.2	.2	.2	1.2
<b>TOTAL</b>	<b>30.0</b>	<b>24.0</b>	<b>17.0</b>	<b>16.0</b>	<b>18.0</b>	<b>105.0</b>

Table 2 is available in LAC/CAR.

TABLE 3

DISTRIBUTION OF FAMILY INCOMES,

JAMAICA 1963/1964

<u>% of Families</u>	<u>Percent of Income</u>		
	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
1st 20%	4.0	2.0	2.5
2nd 20%	9.0	7.0	7.5
3rd 20%	14.0	12.0	12.5
4th 20%	21.0	22.0	21.3
5th 20%	52.0	57.0	56.0
Top 5%	25.0	29.0	27.0

Source: F. M. Audie, "Distribution and Redistribution of Family Incomes in Jamaica 1963-1964", Central Planning Unit 1966, page 5

TABLE 4

DWELLINGS CLASSIFIED BY TYPE OF WATER SUPPLY

Area	Total Dwellings	Type of Water Supply						Other	Not Stated
		Public Supply		Private Supply		Public Stand Pipe	Public Tank		
		Piped into Dwelling	Piped into Yard	Piped into Dwelling	Catchment not piped				
JAMAICA	420,159	69,827	102,507	20,893	29,023	114,332	22,480	58,023	3,074
% of total	100%	16.6	24.4	5	6.9	27.2	5.3	13.8	.7
K.M.A	120,328	51,400	52,532	7,429	215	6,870	51	712	1,119
% of total	100%	42.7	43.6	6.2	.1	5.7	.04	.6	.9

Source: Census of Jamaica, 1970, Bulletin 2, Table 12, page 29

DWELLINGS CLASSIFIED BY USE OF TOILET FACILITIES

Area	Total Dwellings	Use of Toilet Facilities		
		Shared	Not Shared	None
JAMAICA	420,159	154,703	251,665	13,791
% of total	100%	36.8	59.9	3.3
K.M.A.	120,328	71,445	48,527	356
% of total	100%	59.4	40.3	.3

Source: Census of Jamaica, 1970  
Bulletin 2, Table 16, p

Table 5

## RANK PROFILE OF SOCIO-ECONOMIC INDICATORS IN KINGSTON METROPOLITAN AREA (median values)

RANK	1 OVERCROWDING	2 TOILET FACILITIES	3 SEWERAGE	4 WATER SUPPLY	5 DENSITY OF POPULATION	9 UNEMPLOYMENT	4 OCCUPATIONAL TRAINING	8 EDUCATION	6 OCCUPATIONAL STATUS	10 TENURE	11 FERTILITY	12 UNION STATUS
Rich	6.95	12.70	0.345	0	2.745	4.87	48.245	27.95	1.45	61.20	1.55	2.20
Well-to-do	10.95	18.70	5.45	1.70	5.75	6.95	44.45	38.95	3.25	51.45	1.73	8.20
Upper Middle	11.61	19.70	16.95	4.65	5.06	7.80	40.95	40.45	3.40	53.45	1.92	22.74
Middle	19.45	47.95	6.25	2.25	9.83	13.45	30.70	62.95	4.70	74.95	2.45	14.20
Lower Middle	18.95	62.45	9.70	2.45	17.70	15.51	25.70	72.20	4.45	76.95	2.15	20.45
Poor	23.80	76.70	12.45	1.45	18.05	24.45	20.45	83.45	5.45	74.95	2.25	20.75
Poorest	35.45	79.45	36.45	28.95	19.45	35.45	21.70	85.95	8.45	79.95	3.35	26.45

1 Percent households with more than 4 persons per room.

2 Percent households sharing toilet facilities.

3 Percent dwellings without water closets.

4 Percent dwellings without water supply.

5 Persons per acre.

6 Percent labor force unemployed.

7 Percent population with occupational training.

8 Percent population with only primary education.

9 Own account workers (without paid help) as percent of working population.

10 Percent households living in rented dwellings.

11 Number of children born to women 15-64.

12 Common law as percentage of total unions.

SOURCE: Department of Statistics, Commonwealth Caribbean Population Census, 1970.

TABLE 6

## PER CAPITA GDP IN CONSTANT 1974 DOLLARS

Year	(1) GDP (in millions of 1974 J\$)	(2) Population at mid- year (in '000)	(3) Per capita GDP (in constant '74 J\$)	(4) Col. (3) con- verted at J\$1 = US\$1.10
1969	1,792.0	1,843.8	971.9	1,069.1
70	2,019.5	1,869.1	1,080.5	1,188.6
71	2,068.9	1,901.1	1,088.3	1,197.1
72	2,260.4	1,932.4	1,169.7	1,286.7
73	2,258.9	1,975.7	1,143.3	1,257.6
74	2,265.4	2,025.0	1,118.7	1,230.6
75	2,243.7	2,060.3	1,089.0	1,197.9
76	2,094.2	2,072.3	1,010.6	1,111.7
77	2,011.1	2,103.5	956.0	1,051.7
78 PE	1,967.0	2,135.0	921.3	1,013.4

PE Preliminary Estimate

Sources: For GDP, Department of Statistics, National Income and Product, 1977, page 23. For Population, Statistical Yearbook of Jamaica, 1977, page 125.

TABLE 7

THE BALANCE OF PAYMENTS  
(millions of current US\$)

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977<sup>E</sup></u>
1. Balance of Trade	-195.6	-283.7	-242.1	-313.1	-253.1	- .4
a. Exports	332.6	392.9	693.8	810.4	659.7	760.2
b. Imports (c.i.f.)	528.2	676.6	935.9	1123.5	912.8	760.6
2. Services (net)	<u>42.0</u>	<u>76.6</u>	<u>51.6</u>	<u>4.2</u>	<u>-55.6</u>	<u>-87.7</u>
a. Foreign Travel	82.0	99.4	97.5	76.2	46.9	60.1
b. Investment Income	-47.5	-58.1	-67.7	-102.9	-115.6	-138.2
c. Other	7.5	35.3	21.8	30.9	13.1	- 9.6
3. Transfers (net)	<u>24.6</u>	<u>26.4</u>	<u>23.5</u>	<u>26.2</u>	<u>6.0</u>	<u>20.0</u>
a. Private	30.5	33.8	32.6	21.0	2.0	15.0
b. Official	- 5.9	- 7.4	-9.1	5.2	4.0	5.0
4. Current Account Balance	-129.0	-180.7	-167.0	-282.7	-302.8	-68.1
5. Net Capital Movements (Excluding Special Inflows)	<u>65.8</u>	<u>137.1</u>	<u>243.2</u>	<u>208.9</u>	<u>51.7</u>	<u>- 5.4</u>
a. Official	20.5	36.7	90.1	124.2	79.2	-16.3
b. Private	45.3	100.4	153.1	84.7	-27.5	10.9
6. Overall Balance	-63.2	-43.6	76.2	-73.8	-251.1	-73.5
7. Errors & Omissions	10.1	13.1	-16.7	- 7.2	-	-
8. Special Inflows	-	-	-	-	-	10.4
9. Change in Reserves (Increase = Minus)	53.1	30.5	-59.5	81.0	251.1	63.1

E = Estimate

Sources: For 1972-75, Bank of Jamaica, Balance of Payments of Jamaica, 1976, with figures converted into U.S. dollars at the old official exchange rate. For 1976-77, unpublished estimates from the Bank of Jamaica.

TABLE 8

SUMMARY OF REVENUES AND EXPENDITURESOF THE CENTRAL GOVERNMENT

(in millions of J\$)

	Fiscal Year Ended March 31			
	<u>1972</u>	<u>1976</u>	<u>1977</u>	<u>1978 (Actual)</u>
Total recurrent revenues	244.4	517.6	520.4	522.1
Transfer from Capital Development Fund	-	125.0	80.0	110.0
Total recurrent expenditures	<u>212.5</u>	<u>615.6</u>	<u>764.7</u>	<u>834.2</u>
Surplus (Deficit) on current account	31.9	27.0	(164.3)	(202.1)
Capital receipts (excluding receipts of loans)	4.6	9.1	11.6	19.8
Capital Expenditures	<u>89.9</u>	<u>364.1</u>	<u>524.8</u>	<u>404.5</u>
Overall Net Deficit	<u>53.4</u>	<u>328.0</u>	<u>677.5</u>	<u>586.8</u>
Financing of Overall Net Deficit				
Loan receipts	51.9	331.9	641.0	579.3
(Surplus) Deficit after loans	<u>1.5</u>	<u>- 3.9</u>	<u>36.5</u>	<u>7.5</u>

Source: Bank of Jamaica, mimeographed draft report of June 1977 and Statistical Digest, May 1978, Table 34

TABLE 9

SIZE DISTRIBUTION OF FARMS  
(1968)

	<u>As % Total</u> <u>Acreage</u>	<u>As % of Total</u> <u>No. of Farms</u>
0 to under 5 acres	14.9%	78%
5 to under 25 acres	22.1%	N/A
25 to under 100 acres	8.3%	N/A
100 to under 500 acres	9.8%	N/A
500 acres and over	44.9%	0.15%
	<hr/>	
	<u>TOTAL ACRES</u>	<u>100.0%</u>

Source: Census data cited in Five-Year Development Plan, 1978-82,  
Second Draft, Part i page 37.

TABLE 10

INTEREST RATES IN JAMAICA AND IN THE U.S.(at end of year)

	<u>Commercial Bank</u> <u>Prime Lending Rate</u>		<u>Treasury</u> <u>Bills</u>		<u>Bank Rate (Ja.) &amp; Federal</u> <u>Reserve Discount Rate(US)</u>	
	<u>Jamaica</u>	<u>U.S.</u>	<u>Jamaica</u>	<u>U.S.</u>	<u>Jamaica</u>	<u>U.S.</u>
1972	8.0	5.82	4.97	5.11	6.00	4.50
1973	9.0	8.30	7.18	7.35	7.00	7.50
1974	11.0	11.28	7.20	7.11	9.00	7.75
1975	10.0	8.65	6.98	5.21	8.00	6.00
1976	11.0	7.52	7.27	4.30	9.00	5.25
1977	11.0	7.75	7.29	6.15	9.00	6.00
1978 (May)	11.0	8.27	8.33	6.66	9.00	6.84

Source: Research Department, Bank of Jamaica, Statistical Digest, August 1978, tables 23, 25. Also Council of Economic Advisers, Economic Report of the President, January 1978, Table B-65, and Federal Reserve Bulletin, July 1978, Table A-26

TABLE 11

EMPLOYED LABOR FORCE BY EMPLOYMENT STATUS IN

OCTOBER OF EACH YEAR

(In Thousands)

	<u>1972</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>% Change</u> <u>1972-77</u>
Total	624.4	684.3	679.1	699.2	11.98
Paid government employees	78.7	116.8	126.0	137.0	74.08
Paid non-govt. employees	275.9	266.8	248.3	239.3	-34.40
Unpaid workers *	28.0	36.3	37.5	40.4	44.29
Employers	8.4	9.5	7.8	4.5	-46.43
Workers on own account	227.5	248.5	255.6	272.6	25.27
Other	5.9	6.4	3.9	5.4	- 8.47

\* Including close relatives working in the family business, e.g., wife or children working in father's bakery

Source: Department of Statistics, The Labour Force, 1974 and 1977 issues, pages 77 and 47 respectively

TABLE 12

Government Allocations (Recurrent Plus Capital) to  
Selected Ministries (In millions of J\$)

<u>Ministry</u>	<u>1973/74</u>	<u>1978/79</u>	<u>1978/79 (in constant 1973 J\$)</u>	<u>% Increase in Real Terms 1973-78</u>
Agriculture*	43.8	140.3	54.5	24.4
Housing	9.6	44.6	17.3	80.2
Education	73.1	210.0	81.6	11.6
Youth & Sports	7.0	33.1	12.9	84.3
Labour	3.2	3.3	1.3	-59.3
Health	40.3	111.6	43.3	7.4
Local Government	45.5	119.0	46.2	1.5
Total of Above	222.5	661.9	257.1	15.6
Overall Budget	462.1	1,824.8	708.9	53.4
Total of above as % of overall budget	48.1	36.3	36.3	-

\* For agriculture, we included allocations that were actually made to other ministries (e.g. Ministry of Works and Mining) but which affect the agricultural sector. Examples are farm-to-market roads and irrigation works.

Sources: For 1973/74, Ministry of Finance, Estimates of Expenditures for the Year Ending 31st March, 1976; For 1977/78 and 1978/79, Ministry of Finance, Estimates of Expenditures for the Year Ending 31st March, 1979 as presented to the House of Representatives on the 16th May, 1978.

TABLE 13

## TRENDS IN SELECTED WELFARE INDICATORS, 1969-76

Year	Per Capita GDP in constant '74 U.S. dollars*	Mortality Rate (per '000 pop.)	Infant Mortality Rate (per '000 live births)	Live Birth Rate per '000 population
1969	1,069.1	7.60	33.4	35.1
70	1,188.6	7.53	32.2	34.4
71	1,197.1	7.40	27.1	34.9
72	1,286.7	7.23	30.9	34.3
73	1,257.6	7.17	26.2	31.4
74	1,230.6	7.10	26.2	30.6
75	1,197.9	6.80	23.4	30.1
76	1,111.7	7.08	20.3	29.3
77	1,051.7	-	-	-
78 PE	1,013.4	-	-	-
% change 1969-76	- 5.2**	- 6.8	-39.2	-16.5

PE Preliminary Estimate

\* Converted into U.S. dollars at the rate of J\$1 = US\$1.10

\*\* For per capita GDP, the percent change is for the period 1969-1978.

Source: For GDP, Department of Statistics, National Income and Product, 1977, page 23; for other data, Statistical Yearbook of Jamaica, 1977, page 124.

**TABLE 14**

**LABOR FORCE BY EDUCATION OBTAINED, 1972-77**

(October of each year)

Year	(1) Total Labor Force	(2) Labor Force with- out Formal Edu- cation	(3) Completed Primary School	(4) Completed Post Primary School	(5) as % (2) of (1)	(6) as % (3) of (1)	(7) as % (4) of (1)
1972	808,900	53,200	666,100	82,400	6.5	82.3	10.2
73	801,200	59,600	648,500	85,200	7.4	80.9	10.6
74	820,100	34,400	674,400	92,200	4.2	82.2	11.2
75	865,600	38,000	695,100	122,400	4.4	80.3	14.1
76	895,500	26,800	706,400	147,200	3.0	78.9	16.4
77	917,900	19,600	722,000	160,900	2.1	78.7	17.5

Source: The Labour Force, 1974 and 1977 issues, pages 54 and 34, respectively

TABLE 13

## TRENDS IN SELECTED WELFARE INDICATORS, 1969-76

Year	Per Capita GDP in constant '74 U.S. dollars*	Mortality Rate (per '000 pop.)	Infant Mortality Rate (per '000 live births)	Live Birth Rate per '000 population
1969	1,069.1	7.60	33.4	35.1
70	1,188.6	7.53	32.2	34.4
71	1,197.1	7.40	27.1	34.9
72	1,286.7	7.23	30.9	34.3
73	1,257.6	7.17	26.2	31.4
74	1,230.6	7.10	26.2	30.6
75	1,197.9	6.80	23.4	30.1
76	1,111.7	7.08	20.3	29.3
77	1,051.7	-	-	-
78 PE	1,013.4	-	-	-
% change 1969-76	- 5.2**	- 6.8	-39.2	-16.5

PE Preliminary Estimate

\* Converted into U.S. dollars at the rate of J\$1 = US\$1.10

\*\* For per capita GDP, the percent change is for the period 1969-1978.

Source: For GDP, Department of Statistics, National Income and Product, 1977, page 23; for other data, Statistical Yearbook of Jamaica, 1977, page 124.

TABLE 14

LABOR FORCE BY EDUCATION OBTAINED, 1972-77  
(October of each year)

Year	(1) Total Labor Force	(2) Labor Force with- out Formal Edu- cation	(3) Completed Primary School	(4) Completed Post Primary School	(5) (2) as % of (1)	(6) (3) as % of (1)	(7) (4) as % of (1)
1972	808,900	53,200	666,100	82,400	6.5	82.3	10.2
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76	895,500	26,800	706,400	147,200	3.0	78.9	16.4
77	917,900	19,600	722,000	160,900	2.1	78.7	17.5

Source: The Labour Force, 1974 and 1977 issues, pages 54 and 34, respectively

TABLE 15

## OTHER DONOR LOAN ASSISTANCE

(In millions of US\$)

Purpose or Sector	IBRD	IDB	EEC	Canada	Venezuela	Germany	Holland	Hungary	Peoples Rep. of China	U.K.	Norway	Mexico
<u>1976</u>												
Pre-Investment studies		2.6										
Education		9.3										
Health	6.8											
Industry		8.0										
Balance of Payments				25.0								
Total:	6.8	19.9		25.0								
<u>1977</u>												
Rural Development	1.5	18.5										
Rural Electrification		2.5										
Irrigation			5.7									
Balance of Payments	30.0				20.0	2.5	8.2	8.0			7.5	
Total:	31.5	21.0	5.7		20.0	2.5	8.2	8.0			7.5	
<u>1978</u>												
Sugar Production	18.5											
Electric Power	20.0											
Export Development	7.0											
Water Supply System		10.8										
Technical & Vocational Training												
Water Supply System				2.5								
Textile Factory												
Balance of Payments	45.5	10.8		10.0			8.1	10.4 <sup>1</sup>	4.8	48.1 <sup>2</sup>	21.8	3.1
Total:	45.5	10.8		10.0			8.1	10.4	4.8	48.1	21.8	3.1

1. Primarily finances medical supplies and consumer goods

2. Covers purchases from the U.K. since November 1, 1976