

USAID/Jamaica

Annual Report

FY 2005

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Please Note:

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Jamaica

Performance:

Background: Jamaica, located just 550 miles south of Miami and attracting more than one million visitors each year from the United States, is part of the critical "Third Border" of the United States. Despite its relatively strong democratic traditions, the country continues to struggle to ensure good governance and the rule of law. As a result, the government is challenged to fulfill even its most basic role -- that of ensuring citizen security. Jamaica's homicide rate -- the third highest in the world in 2003 -- is evidence of the magnitude of that challenge.

Jamaica's violent crime and reputation for corruption deter investment and increase the cost of doing business. Thus, efforts to improve good governance and ensure transparency and accountability are not only critical to social and political stability, but figure prominently in Jamaica's ability to achieve economic competitiveness in the region and around the world.

Unfortunately, Jamaica's journey toward open markets and global competitiveness was made even more difficult by the passage of Hurricane Ivan across the island in early September 2004, bringing significant human suffering and economic loss. A preliminary damage assessment puts Ivan's impact at \$580 million and forecasts that GDP growth will drop from 4% to 2% in 2005.

Despite its many challenges, Jamaica has social indicators that compare favorably to other developing countries. For example Jamaica has achieved very high rates of primary education enrollment with over 97% of six to eleven year olds in school. However, this comparison masks severe problems, especially for its youth. These problems include early sexual initiation, trafficking of minors for sexual exploitation, and high rates of sexual violence and coercion. These factors help contribute to the spread of HIV/AIDS throughout the island. The number of reported new HIV infections in adolescents has doubled each year since 1995, taking a toll on the island's already at-risk youth and having significant implications for the future of the Jamaican workforce. Despite universal primary education, many children, especially boys, leave school illiterate and unprepared for the labor market and often move on to engage in criminal activity.

Jamaica is at a critical juncture in its economic development. In 2004, Hurricane Ivan, along with significant fiscal and other macroeconomic challenges, raised the bar even higher for Jamaica's achievement of sustained economic growth. Only transformational change that places Jamaica on an entirely different economic path and trajectory will enable it to compete effectively in increasingly competitive regional and global environments.

U.S. Strategic Interests and Goals: U.S. strategic goals in Jamaica derive from its geographic proximity to the United States; homeland security concerns and the threat from transnational crime and drugs that have found a home base in Jamaica; the benefits of a democratically stable and prosperous partner in the region, close to the U.S. border; and the dangers to the U.S. (particularly given the volume of U.S. tourists to Jamaica) of an HIV/AIDS pandemic in Jamaica.

Bilateral relations with Jamaica are generally good, with collaboration motivated by common national interests and shared values. Jamaica has the potential to strengthen its democracy and its market economy in support of U.S. national interests. However, its ability to do so will depend on (1) successfully addressing the negative cross-border issues referred to above; (2) developing and implementing a long-term strategy to resolve the issues of excessive debt, an overvalued currency, high interest rates, and high inflation; (3) reducing barriers to trade and investment; (4) encouraging increased productivity; and (5) promoting good governance, enhancing security, and reducing corruption. Supporting Jamaica in its

efforts to address these challenges will contribute to U.S. security, regional stability, and a vibrant free trade environment in the region.

Donor Relations: Bilateral donor agencies and multilateral organizations are implementing a wide range of complementary programs. However, the government's fiscal constraints that hamper its ability to meet counterpart requirements and diminish its appetite for additional debt have slowed donor disbursements and program progress and/or curtailed activities. Over the past year, the donor community has encouraged the Government of Jamaica to finalize preparation of a Medium Term Social and Economic Policy Framework (MTSEPF), which establishes development priorities and objectives and serves as a useful tool for donor coordination, management, and planning. The MTSEPF is largely complete with the establishment of performance benchmarks as a key final step.

USAID is collaborating with its donor colleagues throughout the portfolio. The HIV/AIDS program is working with the World Bank and the Global Fund for HIV/AIDS to support implementation of Jamaica's national HIV/AIDS strategic plan. We have joined with UNICEF to fund the Transitions Project for improved school readiness and enhanced performance of children ages 4-8 in pre-schools and primary schools. We are also coordinating closely with Britain's Department for International Development (DFID) on programs related to competitiveness and with the Canadian International Development Agency (CIDA) on inner city development.

Challenges: Although Jamaica has been on a generally positive economic trend since 2000, its precarious macro-economic climate is threatened by a widening fiscal deficit and high levels of external and domestic debt. High interest rates paid to financial institutions on the government's domestic debt stifle financing of more productive activity. These economic challenges have been exacerbated by Hurricane Ivan's effects on the island's fragile agriculture sector, which suffered the most from the storm, with damages estimated at over \$150 million. Traditional agriculture is no longer competitive, and poverty rates in rural areas are increasing.

Hurricane Ivan also exposed the serious challenges that the island is facing to deter environmental degradation and resource depletion in order to ensure sustainability of the fragile natural resource base that is the foundation of Jamaica's economy. Much thought and effort must be dedicated to promoting private sector and community level environmentally sustainable practices.

Improving good governance and reducing corruption are not only critical to social and political stability, but figure prominently in Jamaica's ability to achieve economic competitiveness. Efforts to strengthen good governance must address several key issues, including (1) significant alienation between the police and citizens, especially in troubled inner-city communities; (2) inefficiencies and significant delays in the court system, which create skepticism about timely and effective justice and contribute to vigilante justice; (3) loss of confidence in the government's ability to meet citizens' needs; and (4) widespread perception that corruption is commonplace in Jamaica and not easily amenable to reduction.

The youth-at-risk problems - early sexual initiation, HIV/AIDS, sexual and physical abuse, school drop-outs, unemployment, substance abuse and drug dealing, and social exclusion - are a reflection of a plethora of problems emanating from poor performance of the education system which in turn adversely affect the quality of the human resource base that is needed to create an effective workforce.

Key Achievements: FY 2004 was a year filled with significant accomplishments. The Mission continued to capitalize on its strong partnerships with the GOJ, the private sector, civil society, and other donors to reduce business constraints and help create an environment more supportive of economic growth, increased community-level support for environmental management, fostered improvements in reproductive health services for youth and addressed to the HIV/AIDS epidemic, and helped empower citizens to assume greater civic responsibility and achieve more government accountability.

Improved Business Environment: Under this SO, USAID supported increased growth in Jamaica's private sector by reducing regulatory constraints to doing business, improving the skills of select Jamaican businesses to enable them to compete more effectively in the regional and global markets, and promoting

increased private sector financing for the micro and small business sectors. In 2004, USAID's microenterprise lending program expanded to reach all 14 Jamaican parishes and, to date, more than 43,900 loans, valued at more than \$22 million, have been made. Great strides were also made in establishing competitive clusters in the agribusiness and tourism sectors, with more than 200 firms now involved in this effort. In terms of reducing business constraints, USAID successfully facilitated a one-stop system through which tax compliance certificates can be obtained via an electronic application and a case and workflow management system to help the Anti-Dumping and Subsidies Commission process complaints and apply trade remedies in a timely manner.

Improved Quality of Natural Resources: USAID's environmental program reflects the concept that Jamaica's natural resources must be protected from the mountain ridge to the ocean reef in light of the impact of upland activities on the watershed and coastal areas. With USAID's assistance in 2004, of 22 sites tested for faecal coliform levels, 100% fell within the EPA standard up from only 78% in 2001. This achievement resulted in five Jamaican beaches being accepted into the International Blue Flag certification program, which makes them much more attractive tourist destinations for environmentally conscience travelers from around the globe. USAID's assistance also facilitated the transfer of environmentally friendly production technologies and best practices in land management to Jamaica's farmers. As a result, farmers are now using erosion control techniques and other cutting-edge technologies to better protect their precious farmlands.

Improved Reproductive Health of Youth: This program targets Jamaica's high-risk adolescent population. USAID assistance is increasing the availability of and access to and use of youth-friendly HIV/STI and reproductive health services; developing and disseminating educational materials and innovative approaches to encourage changes in high-risk behaviors; improving the clinical and interpersonal skills of health workers who work with youth; and strengthening reproductive health policies. Over the course of this program, there has been a steady decline in HIV seroprevalence rates among sexually transmitted disease clinic attendees, from 6.51% in 2001 to 4.2% in 2004, as well as a dramatic 30% decline in fertility among Jamaican youth 15-19 years old (79 live births per thousand in 2002 compared to 112 per thousand in 1997), along with a 24% decline (124 per thousand compared to 163 per thousand) in young women ages 20 to 24. USAID's tripartite approach of expanding the use of youth friendly health practices, advocacy for youth reproductive health rights, and access to care has resulted in a much-needed increase in the island's overall awareness of reproductive health issues by health providers and young people.

Increased Literacy and Numeracy: USAID's education program is supporting sustainable improvements in literacy and numeracy among primary school students and out-of-school youth. The program targets students in 72 of Jamaica's poorest performing primary schools and at-risk youth served by 12 non-governmental organizations (NGOs) across Jamaica. USAID's assistance is improving the quality of education in these institutions by training teachers in the use of innovative teaching practices; introducing technology in teaching methodologies; improving management of schools by training parents and school board members; and improving the NGOs' teaching standards and methodologies. Although not meeting higher-level program targets, over the last three years, students in USAID's target schools have exceed the performance levels of students in non-project schools in language arts and mathematics. In 2004, 466 at-risk youth were successfully returned to the formal education system after participation in USAID's program.

Improved Citizen Security and Participation: This program works to broaden and deepen civil society's role in issues of governance, improve the efficiency of the justice system, and strengthen the relationship between the police and citizens in targeted inner city communities. In 2004, the 16 civil society organizations (CSOs) participating in USAID's civil society program actively engaged in influencing 27 policy initiatives, resulting in tangible improvements that strengthen grassroots governance across the island. CSOs are increasingly becoming engaged in public debate and in ensuring that legislation and policy decisions are representative of the public interest and do not in any way compromise civil or human rights. Through USAID assistance, CSOs are observing tangible benefits and enhanced impact that can be derived from collaboration, information sharing, and networking. USAID is also working to enhance the role of the media as a civil society development tool. As a result of USAID's assistance, the public

can now easily access the laws of Jamaica on-line, which results in a better understanding and utilization of the legal system. With assistance from USAID's high-profile community policing program, the tough inner city community of Grants Pen has seen a dramatic decrease in the incidence of violent crime, moving from an average of 1.6 murders per month in July 2003 to 0.8 in September 2004.

Improved Economic and Social Conditions in the Inner City: This activity is working in close coordination with the Mission's democracy and governance program to reduce crime and violence, institute peaceful ways of conflict resolution, and create employment and entrepreneurship opportunities for inner city residents. As the program has drawn to a close in 2004, more than 400 community members have received skills training and have been placed in jobs. With USAID's assistance, nearly 6,000 people participated in conflict resolution training programs and 82 have gone on to become conflict mediators. In an effort to improve the economic climate, USAID has provided support for training and credit opportunities to over 140 businesses within the community. As a result of USAID's multi-sectoral interventions, the traditions of territorial, political, and drug-related disputes have been eroded, and a community with proud and empowered residents is beginning to emerge.

Results Framework

532-002 Improved Quality of Key Natural Resources in Selected Areas that are both Environmentally and Economically Significant

SO Level Indicator(s):

- Faecal coliform levels in coastal water at targeted sites
- Percentage of land under sustainable management in targeted areas

IR1 Increased adoption of environmentally sound practices

IR2 Increased adoption of policies for improved environmental management

IR3 Improved management of wastewater treatment plants in targeted sites

532-003 Improved Reproductive Health of Youth

SO Level Indicator(s):

- Improved reproductive health of youth

IR3.1 Increased use of quality quality RH and HIV/STI services and preventive practices

IR3.1.1 Increased access to quality reproductive health and HIV/STI services

IR3.1.2 Improved knowledge and skills related to reproductive health and HIV/AIDS/STIs

IR3.1.3 National Policies and guidelines implemented in support of reproductive health (focus of youth)

532-004 Increased Literacy and Numeracy among Targeted Jamaican Youth

SO Level Indicator(s):

- Language arts scores, grades 6
- Mathematics scores, grades 6

IR1 Improved quality of teaching

IR2 Increased school attendance

IR3 Improved management of schools

532-006 Improve Business Environment for Developing the Small, Medium, and Micro Enterprise Sectors

SO Level Indicator(s):

- Number of new businesses registered

IR1 Key business processes reduced while fostering competition

IR2 Business skills of companies improved

IR3 Private financing for the micro and small sectors increased

532-007 Improved Economic and Social Conditions in Targeted Inner City Communities

IR1 Increased employment and entrepreneurship opportunities

IR2 Improved community capacity for conflict resolution

532-008 Improved Citizen Security and Participation in Democratic Processes

SO Level Indicator(s):

- Number of complaints filed at community policing station
- Number of key policies related to crime and violence that have been influenced by CSOs
- Reduction in number of backlogged cases in magistrate courts

IR1 Improved capacity of civil society to engage in democratic processes

IR2 Improved community/police relations

IR3 Improved capacity of the justice system

532-009 Increased Trade Competitiveness in Target Industries

SO Level Indicator(s):

- US\$ change in private investment in target clusters

- US\$ value of exports in targeted clusters

IR9.1 Competitive clusters developed

IR9.2 Business environment improved

532-010 Natural Assets Managed for rural Development and Sustainable Economic Growth

SO Level Indicator(s):

Degradation in targeted ecosystems (watershed, deforestation, water)
Hectares of targeted areas under effective management
Income change in target parishes

IR10.1 Improved management of targeted eco-systems

IR10.2 Institutional capacity to manage natural assets increased

IR10.3 More environmentally sustainable rural enterprises

532-011 Improved Health Status among Youth and Most Vulnerable Groups

SO Level Indicator(s):

Contraceptive prevalence rate
Health status composite indicator
Median age at sexual debut

IR11.1 Healthy behaviors among youth increased

IR11.2 HIV/AIDS impact mitigated in youth and most at-risk populations

532-012 Improved Education of Targeted Jamaican Youth

SO Level Indicator(s):

GSAT scores for overall outcomes disaggregated by subject & school
Number of schools showing improvement on performance rating
Percentage change in boys drop-out rate

IR12.1 Improved literacy and numeracy in targeted schools

IR12.2 Improved quality of teaching for at-risk and out of school youth

IR12.3 Increased support by parents, communities & private sector

532-013 Improved Accountability and Citizen Security and Participation

SO Level Indicator(s):

No. of complaints filed at pilot Community Policing stations
No. of key policies related to crime and violence influenced by CSOs
Percentage change in CSO membership

IR13.1 Civic responsibility and empowerment strengthened

IR13.2 Increased public safety in targeted communities

IR13.3 Increased accountability to control corruption

532-014 More Secure Lives and Livelihoods for Jamaicans Affected by Hurricane Ivan

532-x10 532-WWW (Natural Assets/Rural Livelihood Program)

532-x11 532-XXX (Healthy Lifestyles Program)

532-x12 532-YYY (Better Educated Program)

532-x13 532-ZZZ (Legal/Political Reform Program)

532-xx9 532-VVV (Competitiveness Program)