**OVERVIEW 2015**

**INTRODUCTION**

During 2015, Jamaica recorded improvements in most of the indicators of economic and social development. These improvements reflected the early signals of the positive impact from the widespread implementation of reforms and policy initiatives aimed at reducing the debt, strengthening the mechanisms for social development, facilitating stronger rates of economic growth and creating an environment for the sustainable development of the country. The policy thrust of the GOJ continued to be guided by the Vision 2030 Jamaica – National Development Plan with its four National Goals, namely:

- Jamaicans are Empowered to Achieve their Fullest Potential
- The Jamaican Society is Secure, Cohesive and Just
- Jamaica’s Economy is Prosperous
- Jamaica has a Healthy Natural Environment.

The medium term strategies which support the attainment of the National Goals are outlined in the Medium Term Socio Economic Policy Framework (MTF) and form the basis of the Extended Fund Facility (EFF) agreement with the International Monetary Fund (IMF). This year represents the third of the four-year EFF agreement. Jamaica successfully completed all four reviews undertaken during the year, satisfying all quantitative and benchmark targets. As a consequence, the country received total disbursements of US$158.80 million during the year, bringing the total disbursements since the start of the Agreement to US$705.50 million. Some of the major reforms and initiatives targeted under the EFF programme which have already been and are being implemented and are expected to improve the business environment included:

a. **Legislative reforms** to improve the business environment including the passage of the Omnibus Incentive legislation and the new Insolvency Act, 2014

b. **improvements in social protection and human capital development** programmes including enhanced benefits for households under PATH, approval of a comprehensive Social Protection Strategy by Cabinet and passage of legislation for Flexible Work Arrangements

c. the development and operationalization of a **Business Registration Superform** to simplify the process of registering a business using one form that will serve the purposes of multiple agencies and is submitted once

d. **Port Community System** – electronically integrate and streamline export and import procedures

e. Expanding the **access to credit for businesses**, including increased availability to MSMEs and the establishment of a Venture Capital (VC) Framework and eco-system

f. **Labour Market Reform** – including a review of existing policies and practices in the areas of education and training, productivity, technology and innovation, labour policies, and legislation among other issues

g. **Energy Sector Reform** – within the Energy sector, several projects and initiatives to achieve fuel-source diversification, facilitate energy conservation, liberalize the electricity market and reduce the cost of energy are underway.

The impact of reforms completed to date is reflected in the improvements recorded in key indicators of the business environment and other developmental indicators. The Doing Business Report, 2016 indicated that Jamaica recorded a seven point improvement in its ranking to 64th position, placing Jamaica as the highest ranked Caribbean country and among the most improved countries in 2015. Transparency International reported a three-point improvement by Jamaica in the 2015 Corruption Perception Index, ranking the country at 69th position. Jamaica’s competitiveness ranking remained unchanged in the Global Competitiveness Report 2016, at 86th position. As at the end of 2015, Jamaica’s per capita GDP expressed in United States dollar was US$5,114.23\(^{1}\), representing an improvement from US$5,101.12 recorded in 2014. Additionally, the debt to GDP ratio which stood at 135.6 per cent at the end of March 2015 is projected to have improved by 8.8 percentage points as at the end of Fiscal Year 2015/2016.

Jamaica recorded real value added growth of 0.8 per cent in 2015, the 3rd consecutive year of growth. This out-turn was driven by improved performances of both the Goods Producing and Services Industries. The growth recorded was facilitated by improved macroeconomic stability (low inflation, moderate currency depreciation, reduction in interest rate, successful completion of the four quarterly reviews by the IMF); increased business and consumer confidence; and higher employments levels. Stronger growth performance was stymied by:

- drought conditions which negatively impacted the Agriculture industry
- the oversupply of aluminium on the global market which lowered prices and the relative competitiveness of some domestic Bauxite and Alumina plants.

The Vision 2030 Jamaica – National Development Plan has completed its 7th year of implementation and continued to achieve progress in several critical areas, including the:

- completion of the 3rd Medium Term Socio-Economic Policy Framework (MTF) 2015/2016 – 2017/2018 in September 2016. The MTF utilizes a results-based management approach and is designed to achieve realistic,
specific, high priority national outcomes and targets
— update and relaunch of the e-Dashboard of Indicators to strengthen the Monitoring and Evaluation Framework. Revisions to the e-Dashboard included the inclusion of two additional indicators, updating time series data, and greater flexibility in organizing the data.

**Official Development Assistance (ODA)** played a pivotal role in supporting the achievement of goals and objectives outlined in the MTF 2012–2015. New and ongoing projects funded by loans, grants and technical assistance from International Development Partners (IDPs) totalled US$2.6 billion ($305.0 billion). Newly approved ODA in 2015 totalled US$358.9 million ($42.1 billion) and supported priority areas of macro-economic and social stability, citizen security and justice, and climate change resilience.

The primary areas of focus of **Sustainable Development** initiatives were the management of environmental and natural resources; waste management; climate change adaptation and mitigation; local sustainable development planning; and the management and raising awareness of geospatial information.

**Science, Technology and Innovation** continued to be utilized to confront important developmental challenges, including the inefficient use of resources, changing environmental conditions, food insecurity and uncompetitive industry structures. Additionally, the strengthening of the governance and enforcement capabilities as well as increased efficiency in the use of modern technology was facilitated by the legislative reforms undertaken.

The **Jamaican population** was estimated at 2,728,900 in 2015. The rate of natural increase was 7.3 per 1,000 persons which resulted in 37,600 births and 17,600 deaths and net external movements of 20,000. The child population (0–14 years) continued to demonstrate evidence of decline, while the working age population (15–64 years) and dependent elderly (65+ years) expanded.

The **Education and Training** sector continued to focus on efforts to achieve one of its core mandates of improving access at all levels of the education system. To this end, the Ministry of Education completed school expansion projects at 30 primary and secondary schools; built two infant schools; merged two schools; and upgraded 25 early childhood institutions. Additionally, approximately 300 small basic schools were merged to create over 100 publicly-funded infant schools. With respect to the main targets, the outcomes reflected improvement in quality at both the student and teacher’s level. Numeracy at the Grade Four Level improved from 49.0 per cent in 2011 to 65.8 per cent in 2015. Similarly, the Millennium Development Goals target of 85.0 per cent literacy by 2015 at the Grade Four level was surpassed, as the country recorded 86.0 per cent mastery in Literacy during the year.

The focus of the **Health Sector** was on primary health care renewal which included the upgrade of health centres, training of staff in specialised areas, nutrition, and maternal and child health. Against this background, major investment in maternal and child care continued during the year. With respect to training, 35 specialist nurses completed training in the area of Neonatology.

**Social Development** programmes and initiatives focused on the empowerment of youth through education and training; addressing gender inequities in economic and social participation; advancing the care and protection of children; strengthening the social and economic inclusion of the elderly and persons with disabilities; and deepening the impact of social assistance programmes.

In the area of **National Security** emphasis was placed on the implementation of a number of strategic priorities to reduce the incidence of crime. The organizational review of the Jamaica Constabulary Force (JCF) continued with a focus on capacity building and the preparation of the JCF Corporate Plan 2015–2018. A strategic review of the Major Organised Crime and Anti-Corruption Task Force was also conducted. Efforts at managing emerging threats to safety and security included the formation of the Counter-Terrorism and Organized Crime Investigation Branch, the launch of the National Cyber Security Strategy and the establishment of a Cyber Incident Response Team. With respect to legislative developments there was an amendment to the Dangerous Drugs Act, 1987 which resulted in a 7.82 per cent decline in the number of breaches under this legislation. Additionally, there was an overall reduction in the number of reported crimes reflected in a 39.4 per cent reduction in total crime and a 14.1 per cent reduction in Category 1 crimes. However, murders increased by 20.1 per cent.

**VISION 2030 JAMAICA—NATIONAL DEVELOPMENT PLAN**

In 2015, the implementation of Vision 2030 Jamaica – National Development Plan advanced in a number of critical areas. The 3rd Medium Term Socio-Economic Policy Framework (MTF) 2015/2016 – 2017/2018 was completed and approved by Cabinet in September 2016. The MTF, underpinned by a results-based management approach, is an operational document designed to achieve realistic, specific, high priority national outcomes and targets towards the achievement of longer-term goals.

MTF 2015–2018 will consolidate the gains made in the previous MTFs for 2009–2012 and 2012–2015, and will strengthen the foundations for achieving the country’s long term results, taking into account the current developmental challenges and the global context. MTF 2015–2018 is based on four broad strategic areas or Medium Term Themes, which are aligned to the four National Goals of Vision 2030 Jamaica. These four themes will move Jamaica towards “achieving inclusive growth and sustainable development”.

The main strategic policy frameworks that guided the development of MTF 2015–2018 included the GOJ Medium Term Economic Programme for FY2015/16 – FY2017/18; the Whole of Government Business Plan 2015–2018; and the Growth Agenda. The MTF also was informed by the international context, including Jamaica’s relationship with the International Monetary Fund (IMF) and the 2030 Agenda for Sustainable Development.

The overall progress of implementation of Vision 2030 Jamaica under MTF 2012–2015 was mixed. Implementation took place within the context of gradual recovery from the global economic downturn of 2008–2009. During the period, Jamaica made gains in several areas, including human capital development, reduction in crime rates and macroeconomic stability. However, the period also saw increases in the rates of unemployment and poverty, and economic growth was marginal.

The assessment of the 47 national indicators used to monitor progress under MTF 2012-2015 indicates that:
— 23.0 per cent of the Vision 2030 Jamaica targets for 2015 had already been met
— 32.0 per cent of indicators showed some improvement
towards achieving the targets

— 43.0 per cent of indicators showed no improvement or worsened under MTF 2012–2015
— 2.0 per cent could not be compared in this way due to lack of agreed targets for the relevant period.

Two progress reports were completed in 2015: the three-Year Progress Report for MTF 2009–2012; and the three-Year Progress Report (2012/13 – 2014/15) under MTF 2012–2015. The multi-stakeholder Thematic Working Groups (TWGs) continued to fulfil their role in promoting and monitoring the implementation of priority activities and progress towards achieving the outcomes under Vision 2030 Jamaica with eight of the 13 TWGs engaged in 20 meetings for January – December 2015.

The Monitoring and Evaluation Framework was also bolstered with the Indicator Framework and the e-Dashboard of Indicators. The e-Dashboard of Indicators first launched in December 2013 was updated and relaunched in November 2015. The e-Dashboard is an open source on-line interactive monitoring tool that allows for any user to view and examine progress in achieving the national development targets under Vision 2030 Jamaica. The indicators and targets are indicative of the achievement of the Four National Goals and specifically, the 15 National Outcomes.

INTERNATIONAL ECONOMY

The value of global economic output was estimated to have increased by 3.1 per cent, driven by growth in investment and trade. Within Advanced Economies, the pace of growth was higher reflecting the receding legacies of recent crises combined with prolonged monetary policy support and improved labour market conditions. Recovery was most advanced in the United States of America (USA) and the United Kingdom, while being more tentative in the Euro Area and Japan. Emerging Market & Developing Economies (EMDEs) continued to experience record growth rates, though at a decelerating pace, due mainly to the performance of Emerging & Developing Asia.

Despite the improved performance, the pace of growth was weaker than initially expected. The slower than anticipated growth reflected mainly the impact of: the gradual slow-down in China which had adverse repercussions for countries dependent on exports to that country; and structural bottlenecks and geopolitical strife which created inefficiencies and limitations in the production processes of some countries. The speculation surrounding a policy rate increase in the USA led to tighter external financial conditions and currency depreciation for some EMDEs. The impact of these developments resulted in downward revisions for global growth by the International Monetary Fund.

Commodity prices continued to decline, a trend started in mid-2014. With respect to energy prices, the fall reflected higher production levels in both Organization of Petroleum Exporting Countries (OPEC) and non-OPEC producing countries. Lower non-energy commodity prices were due to favourable weather conditions in the case of agricultural products; and high inventory levels combined with lower production costs for metals.

OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

Official Development Assistance (ODA) continued to support the strategic priorities outlined in the Medium Term Socio-Economic Policy Framework (MTF) 2012-2015. New and ongoing projects funded by loans, grants and technical assistance from International Development Partners (IDPs) totalled US$2.6 billion ($305.0 billion) in 2015. Focal areas which received assistance during the period included, inter alia, macro-economic and social stability, citizen security and justice, and climate change resilience.

Newly approved ODA totalled US$358.9 million ($42.1 billion), a decline of 30 per cent relative to 2014. Multilateral Financial Institutions (MFIs) were the sole providers of new loan financing totalling US$280.0 million ($32.8 billion), while Bilateral Institutions represented 57 per cent of new grant resources, totalling US$451.1 million ($5.3 billion). Of total new loan resources from MFIs, US$230.0 million ($27.0 billion) was committed in the form of budget support, reflecting Jamaica’s commitment to macroeconomic stability.

New grant resources from IDPs amounted to US$78.9 million ($9.3 billion) of total new ODA, an overall decrease of 29.4 per cent compared with the previous year. This decline was mainly attributable to an estimated 378.0 per cent reduction in grant resources from MFIs, mainly the European Union, Jamaica’s largest provider of grant resources. Nevertheless, grant approvals from Bilateral Cooperation and Multilateral Technical Cooperation (MTC) agencies registered increases, totalling US$45.1 million ($5.3 billion) and US$17.9 million ($2.1 billion), respectively.

The allocation of new ODA continued to reflect an emphasis on the Administrative sector which accounted for US$230.7 million ($27.6 billion) or 64.0 per cent of total new ODA. These funds were mainly aimed at budget support programmes. The allocation to the Social Infrastructure sector was US$79.5 million ($9.3 billion). Allocations to the Environment and Climate Change, Economic Infrastructure, and Directly Productive sectors were: US$28.7 million ($3.4

2. ODA is concessionary loans, grants and technical assistance to developing countries for the promotion of their economic development and welfare as its main objective.

3. Amounts include GOJ counterpart and are rounded to one decimal point.

4. The average annual exchange rate of US$1 = J$117.31 is used.

5. Macroeconomic stability is a condition for budget support.

6. Administrative – Public Sector Reform, Budgetary Support, Governance

7. Social Infrastructure – Health, Education, Housing, Safety Net


9. Administrative – Public Sector Reform, Budgetary Support
there was evidence of improvement in the country’s management of environmental resources as reflected in a 54th place ranking (out of 180 countries) on the Environmental Performance Index (EPI), 2016. This represented an improvement in the overall score to 77.02 compared with 2014. However, the country’s coastal and marine ecosystems were categorized as “poor” based on the Coral Reef Health Index (CRHI). In addition, an assessment of 36 sites across the island showed that there was an average beach loss of 9.2 per cent or 2.5m relative to 2014. The environment was also adversely affected by an increased number of pollution incidents including a fire at the Riverton City Dump which resulted in over 3,000 persons seeking medical attention, and the rescheduling of the GSAT examinations for 39,000 primary school children. Overall, the human impact of fires was greater than in the previous year with 22 persons, including eight children, losing their lives; 87 persons being injured; and 2,136 persons rendered homeless.

Drought conditions driven primarily by the presence of the El Niño phenomenon had a negative impact on the water and agriculture sectors. Most parishes were affected, especially Clarendon and St Thomas, which each recorded drought for nine of the 12 months.

Relatively good performance was recorded in some quality of life indicators as indicated by high gross enrolment rates at the primary and pre-primary levels and the country’s placement in the High Human Development category of the 2015 Human Development Index. This was accomplished with a score of 0.719 and a rank of 99 out of 188 countries and territories.

SCIENCE, TECHNOLOGY AND INNOVATION (STI)

The application of science technology and innovation (STI) to address developmental challenges associated with inter alia inefficient use of resources, changing environmental conditions, food insecurity and uncompetitive industry structures led to advances in sectors such as agriculture, manufacture and health. Legislative reform was undertaken to support better governance, improve enforcement capabilities, and create an enabling framework for optimal use of modern technologies. New or updated legislation passed during the year included the Nuclear Safety and Radiation Protection Act 2015; Electricity Act, 2015; Dangerous Drugs (Amendments) Act, 2015; Deoxyribonucleic Acid Evidence Act, 2015; and the Cybercrimes Act 2015.

Investments in research and development, as well as the implementation of activities linked to human and institutional capacity building and technology transfer led to knowledge-enhanced processes and the commercialization of new products. During the period, 16 contracts were completed for the development of value-added food products. In addition, a suite of sauces and beverages were brought to market, with the support of the Scientific Research Council. Technologies such as tissue culture were utilized to support the propagation of clean planting material and establish additional acreages of newly introduced crop varieties, including the Beaufregard sweet potato, in two Agro Parks. Expansion was also seen in the Apiculture industry with the addition of 260 apiaries and 3,657 new beehives islandwide. Proof of concept for a
new methodology to establish provenance of ganja (*cannabis sativa*) using instrumental neutron analysis was executed in support of the development of a scientific framework of analysis and testing for cannabis. This was consistent with the move to fully exploit local genetic resources and to take advantage of the regulatory changes to create a local cannabis industry based on the potential medicinal, therapeutic and scientific uses of the plant.

Policy focus on Information and Communication Technologies (ICTs) as a growth enabler resulted in improved performance in benchmark indices such as the Doing Business Report 2015–2016 and Global Competitiveness Report 2016. Jamaica improved its ranking on the Ease of Doing Business index, moving seven places to 64. This was largely due to initiatives to reduce complexity in processes related to starting a business and paying taxes. Improvements in ICT-related indicators such as teledensity, broadband access and internet access in schools enabled the country to retain its ranking of 86 on the Global Competitiveness Report 2016.

**THE ECONOMY**

**MACROECONOMIC POLICIES AND PERFORMANCE**

The Jamaican macroeconomic environment continued to operate within the ambit of the Vision 2030 Jamaica – National Development Plan which seeks to put the country on a path to achieve developed country status. For Fiscal Year 2015/16, the macroeconomic policies were guided by the strategies outlined in the Medium Term Socio-Economic Policy Framework (MTF) as well as other key supporting policies, namely, the Fiscal Policy Paper (FPP 2015/16) and the Growth Agenda Policy Paper (2015). These policies and strategies formed the basis of the medium term Growth Strategy and included core components of:

- Fiscal Consolidation
- Reforms to improve Business Environment Competitiveness
- Implementation of Strategic Investment Projects to spur growth in the short-term
- Initiatives to strengthen Human Capital Development and Social Protection, as well as Human and Community Security
- Strengthening the environmental resilience with a focus on the built and natural environment.

The GOJ’s Economic Reform Programme (ERP) is also a critical component of the macroeconomic policy thrust with a strategic focus of attaining fiscal prudence so as to engender stronger economic growth. Specifically, the ERP seeks to achieve the objectives of: reducing the public debt; maintaining macroeconomic stability; facilitating job creation; and improving labour force productivity. Accordingly, during the year, work focused on advancing the following:

- Tax Reform
- Public Financial Management Reform
- Public Sector Reform (Transformation)
- Financial Sector Reform
- Growth Enhancing Reform.

Elements of the ERP and the Growth Agenda are reflected in the Memorandum of Economic and Financial Policies (MEFP), which underpin the IMF-supported EFF Arrangement. The key macroeconomic targets for FY2015/16 included:

- GDP growth of 1.6 per cent – predicated on improved conditions in both the domestic and international markets, which would support increased production and export of goods and services
- inflation of 6.3 per cent – this was lower than the out-turn for FY 2014/15 and was predicated on a continued declining trend in energy and non-energy prices
- current account balance of 2.3 per cent of GDP – this was contingent on Jamaica’s improved external competitiveness and expected declines in energy prices
- fiscal deficit of 0.3 per cent of GDP – this target was based on anticipated enhanced expenditure management as well as improved tax compliance and ongoing reforms.

**Economic Performance**

Jamaica recorded real value added growth of 0.8 per cent relative to 2014. This out-turn reflected respective increases of 1.3 per cent and 0.6 per cent in the real value added of the Goods Producing and Services Industries. Within the Goods Producing Industry, growth was recorded in three of the four industries as Agriculture, Forestry & Fishing recorded a decline. For the Services Industry, with the exception of Producers of Government Services, all other Services Industries recorded increased real value added. The per capita GDP is estimated to have increased to $599 950.17, representing an increase of 5.7 per cent. The improved growth performance was supported by:

- improved out-turns in the economies of Jamaica’s main trading partners which facilitated increased external demand for some Jamaican goods and services such as alumina, tourism and transport-related activities
- improved domestic labour market conditions, evidenced by an increase in the average employed labour force and a reduction in the unemployment rate
- sustained low inflation, largely reflecting the downward trend in international commodity prices. Specifically, the sustained decline in crude oil prices facilitated an increase in real household incomes and lower production costs for firms
- improved business and consumer confidence, stemming from increased optimism about current economic conditions and expectations of improved business conditions and job prospects.

Central Government operations generated a fiscal deficit of $24.9 billion compared with a programmed deficit of $30.8 billion during April–December 2015. This out-turn resulted from Expenditure (excluding amortization) being 1.0 per cent less than programmed and Revenue & Grants being 0.8 per cent higher than programmed. The primary surplus generated for April–December 2015 was $66.0 billion compared with a programmed target of $65.0 billion.

The inflation out-turn for the year was 3.7 per cent, which was 2.7 percentage points lower than the rate recorded for 2014. This relatively low rate of inflation was largely a reflection of the lower international commodity prices and weak domestic demand conditions. The main source of inflationary impulses during 2015 stemmed from:

- drought conditions across the island which resulted in higher prices for domestically produced vegetables and
starchy foods
— increases in some administrative fees
— some pass-through of the depreciation of the Jamaican Dollar.

The *merchandise trade deficit* with the rest of the world was US$3 733.3 million for 2015, which represented an improvement of $665.5 million relative to 2014. The lower deficit was due to a US$851.4 million reduction in the import bill, which outweighed the impact of a reduction in export earnings of US$185.9 million. The lower expenditure on imports largely reflected reduced spending on Mineral Fuels, etcetera—the primary import category—which fell by US$824.9 million relative to 2014. This was primarily as a result of the sharp decline registered for international crude oil prices, evidenced by a 47.2 per cent decline in the average spot crude oil price to US$50.80 per barrel. The decline in export receipts reflected a fall-off in earnings by all 10 categories led by Mineral Fuels, etcetera and Beverages & Tobacco.

Total *remittance inflows* was US$2 226.0 million, representing an increase of US$69.0 million. The USA continued to be the largest source market, accounting for 63.0 per cent of total remittances, followed by the United Kingdom 15.0 per cent and Canada 10.0 per cent. At the end of 2015, the *exchange rate* was $120.42 per US$1.00, representing a nominal depreciation of 4.8 per cent compared with the rate at the end of 2014. This translated into real depreciation of the Jamaican dollar relative to the United States dollar of 2.1 per cent.

**SECTORAL PERFORMANCE**

**GOODS PRODUCING INDUSTRY**

**Agriculture, Forestry & Fishing**

Real value added for the Agriculture, Forestry & Fishing industry contracted by 0.1 per cent and accounted for 6.6 per cent of Gross Domestic Product during 2015. For the first half of the year, the industry declined by 0.2 per cent which offset a 0.1 per cent growth recorded in the second half of the year. The decline in output was largely attributed to drought conditions experienced across the island which reduced crop yields and curtailed planting activities. For the 12 months of the year, below average rainfall levels were experienced in 10.

Although increased gross output was recorded for the sub-industries Traditional Export Crops, Animal farming, Fishing and Post Harvest Activities, this was outweighed by the decline of Other Agricultural Crops, which is the heaviest susceptible to drought conditions. As a result, seven of the nine domestic crop groups declined in production. The impact of Agro Parks became more pronounced during the year due to irrigation facilities and the increased level of operations at the nine Agro Parks. This was reflected in a 212.9 per cent increase in crop output from these parks compared with 2014.

Export earnings from selected traditional agricultural commodities (Coffee, Banana, Citrus, Cocoa, Pimento) were valued at US$28.5 million compared with US$18.7 million in 2014. The improved earnings were pushed by increased earnings from Coffee and Banana. Earnings from Pimento, Citrus and Cocoa declined.

**Mining and Quarrying**

Real value added for the Mining and Quarrying industry increased by 0.6 per cent relative to 2014. This performance reflected increased output of Alumina by 0.7 per cent to 1 864.6 kilo tonnes. Crude Bauxite production remained relatively flat at 4 816.6 kilo tonnes and reflected the combined effect of:
— weak demand for the commodity by refineries in the United States of America (USA)
— the temporary closure of one overseas refinery to facilitate plant upgrading
— the recommissioning of Alpart plant in St. Elizabeth which mitigated a decline in output of this commodity.

There was a 5.4 per cent increase in earnings from the Bauxite/Alumina sub-industry which was due to an increase in the export price of both commodities relative to 2014, and a higher export volume of Alumina. The exported volume of crude bauxite declined during the review period and reflected a decline in the demand for the commodity by Jamaica’s shipment destinations in the USA. The performance of the industrial minerals sub-industry declined as seven of the 10 quarry materials recorded a reduction in output relative to 2014.

**Manufacture**

Real value added for the Manufacture industry grew by 3.1 per cent and accounted for 8.6 per cent of Gross Domestic Product. This improvement resulted from increased production in the Food, Beverages & Tobacco and Other Manufacturing sub-industries. The performance of the industry was impacted positively by the resumption of normal production activities at the Petrojam Refinery and improved demand for some commodities. The higher output of the industry was facilitated by the reduced cost of electricity as a result of lower crude oil prices on the international market. Additionally, growth in the industry was impacted positively by an increase in the country’s employed labour force and greater financing. However, the value of manufactured exports declined, reflecting lower earnings for both Traditional and Non-Traditional Exports.

The Ministry of Industry, Investment & Commerce (MIIC), under the framework of the Vision 2030 Jamaica – National Development Plan and the Medium Term Socio-Economic Policy Framework (MTF) [2012–2015] & [2015–2018], implemented policies and programmes for the Manufacture industry. These policies and programmes were geared towards enhancing the business environment; providing institutional support and capacity building; and increasing competitiveness to facilitate higher production and exports. Through the affiliated agencies of the MIIC, work focused on training and development, particularly with respect to international standards; attracting investments; and the continued implementation of initiatives to expand and create new linkages between the Manufacture industry and the Tourism industry.

**Construction**

The Construction industry recorded real value added of 0.9 per cent which reflected an increase in activities related to Other Construction and Building Construction categories. Growth in the Other Construction component was attributed to an increase in capital expenditure on Civil Engineering activities in the Telecommunications sub-sector and on road infrastructure. Ongoing projects in the Non-Residential building component associated with the construction and renovation of hotels as well as the expansion of office spaces for Business Process Outsourcing (BPO) activities were responsible for the increase in the Building Construction category.

Consistent with an improvement in the industry was the higher quantities of some inputs such as cement, which were
made available for use in the production process. The supply of cement to the domestic market grew by 8.4 per cent to 782 732 tonnes. The average employed labour force participating in the industry increased to 82 575 persons from 80 925 persons in 2014.

SERVICES INDUSTRIES

Energy, Electricity and Water

The Electricity & Water Supply industry grew by 1.4 per cent compared with 2014, reflecting higher electricity consumption which outweighed a decline in water production. The increase in electricity consumption was driven by higher demand, resulting from the decline in international oil prices, while the lower water production was caused mainly by less than favourable weather conditions.

Electricity generation increased by 2.5 per cent to 4 209.3 GWh relative to 2014. This stemmed from a 3.2 per cent rise to 2 529.9 GWh in generation from Jamaica Public Service (JPS) and a 1.4 per cent expansion to 1 679.4 GWh in generation from non-JPS sources. The increase in electricity generation was supported by the reduction in international crude oil prices. The lower oil prices made production by JPS more economical (even more than non-JPS sources) as the utility uses a cheaper grade of fuel, making it more cost efficient as oil prices fell. Electricity sales grew by 2.1 per cent to 3 062.2 GWh due to higher demand. However, the company’s revenue declined by 22.0 per cent to $87.8 billion, caused mainly by the lower cost of electricity to customers resulting from the pass-through effect associated with the decline in world oil prices.

The National Water Commission produced approximately 292 588.9 megalitres of water, a reduction of 1.2 per cent relative to 2014. This reflected lower output from Kingston, St. Andrew and St. Thomas which outweighed increased output in Other parishes. Water consumption, however, increased by 1.1 per cent to 83 704.0 megalitres and may be attributed to several projects implemented during the year which improved the NWC’s efficiency of operation. Non-revenue water represented 71.4 per cent of total production, a decline from 72.0 per cent in 2014. The number of connections increased by 1.5 per cent to 473 752, while revenue fell from $26 272.9 million in 2014 to $25 145.5 million in 2015.

Transport, Storage and Communication

Relative to 2014, the Transport, Storage & Communication industry grew by 1.1 per cent. This emanated from higher real value added in both the Transport & Storage and Communication segments of the industry. Growth in the former was supported mainly by increased activities at the island’s airports, as evidenced by increases in passenger movement. Expansion in the Communication segment was triggered by growth in the telecommunications subcategory, reflecting continued competition and product innovation.

For the Transport & Storage segment, selected indicators showed:

- growth in passenger traffic, up 4.6 per cent to 5 328 602, reflecting increased movement at all three international airports, given the expansion in all passenger categories.

This out-turn was supported by, among other things, the introduction of new air service initiatives; benefits and economic spin-offs linked to the reduction in international crude oil prices; the lowering of the Air Passenger Duty (APD) to the Caribbean from the United Kingdom; and the boost in economic performance of Jamaica’s principal markets.

Within the Communications segment, the total number of mobile subscribers grew by 3.9 per cent to 3.3 million, pushed by expansion in the number of fixed lines (up 0.7 per cent to 256 269) and mobile lines (up 4.2 per cent to 3.0 million). The volume of mail handled at the Post & Telecommunications Department fell by 3.7 per cent to 45.3 million pieces, mirroring declines in all categories of mail handled. While the department’s revenue declined (down 10.9 per cent to $1 336 million), expenditure increased (up 4.9 per cent to $1 999 million), translating into a deficit of $663.0 million, up 62.5 per cent.

Finance & Insurance Services

The Finance and Insurance Services industry grew by 0.3 per cent relative to 2014, the 4th consecutive year of growth. This resulted from an increase in net income, higher revenue earned from fees and commission at deposit-taking institutions; an increase in earnings at general insurance companies; and a rise in returns on investments. In addition, increased profitability at commercial banks, life and general insurance companies, and an increase in the index of the Jamaica Stock Exchange, positively contributed to the industry’s performance.

Hotels & Restaurants

The United Nations World Tourism Organization estimated that global tourist arrivals increased during 2015. Similarly, the Caribbean Tourism Organization reported growth in tourist arrivals for most countries at the regional level. The Ministry of Tourism & Entertainment continued to implement policy initiatives and programmes that were focused on strengthening the linkages between tourism and other sectors, as well as facilitating increased investments and visitor arrivals.

Real value added for the Hotels & Restaurants industry grew by an estimated 2.0 per cent and contributed 0.1 per cent to growth in real value added during 2015. This was due to an increase in stopover arrivals. The increase in stopover arrivals was attributed to a higher number of visitors from the United States of America and Europe. The improved performance was a result of the introduction of new flights and increased airlift from these regions.

Cruise passenger arrivals grew by 10.2 per cent to 1 568 702 persons reflecting increased activities at the ports.
of Ocho Rios and Montego Bay. Similarly, the number of cruise ship calls increased to 458 from 412 in 2014.

Provisional visitor expenditure was US$2 380.8 million, 6.1 per cent more than in 2014. Of the total, stopover visitors expended US$2 248.2 million, while cruise passengers spent US$132.6 million. The average annual employment in the Hotels & Restaurants industry grew by 7 700 persons to 88 200 persons relative to 2014. This represented approximately 7.7 per cent of the employed labour force for 2015 and 7.1 per cent for 2014. The average number of males employed within the industry totalled 34 175 relative to 31 925 in 2014. For females, the average number employed was 54 025 compared with 48 575 in 2014.

Wholesale & Retail Trade; Repair & Installation of Machinery

The WTRIM industry grew by 0.4 per cent and remained the largest contributor to GDP, accounting for 17.6 per cent. The industry’s performance was supported by an increase in the stock of Loans & Advances to both consumers and distributors along with a real increase in the value of Automated Banking Machine (ABM) and Point of Sale (POS) transactions. A real increase in remittances and improvements in the Business and Consumer index also contributed to the growth of the industry. A decline in the value of imports, weak domestic demand, and reduced capital expenditure stymied the industry’s growth. Analysis of preliminary General Consumption Tax (GCT) data showed that six of the eight goods categories recorded higher sales. The goods categories that recorded the largest increases were: Motor Vehicles, Auto Repairs & Accessories; Hardware, Building Supplies, Electrical Goods & Machinery; and Pharmaceuticals, Medical Goods & Cosmetics.

Activities of the distributive trade continued to be governed by the Bureau of Standards Jamaica, the Consumer Affairs Commission, Fair Trading Commission, and the Trade Board aimed at a modern commercial system and environment with competitive markets, protection of consumers’ rights and adherence to regulatory standards.

Entertainment & Sports

The Other Services Industry—of which the Recreational, Cultural and Sporting (RCS) sub-industry accounts for the largest share—recorded growth of 0.8 per cent in real value added for 2015. Improvements within the sub-industry resulted from increases in tourist-related activities, Betting & Gaming activities as well as Radio & Television Broadcasting. The improved economic activity was evidenced by higher gross sales from entertainment categories; increases in the number of amusement licences issued and revenue collected from their issuance; as well as growth in financial support to sporting activities.

THE SOCIAL SECTOR

DEMOGRAPHICS AND THE LABOUR MARKET

Population

The population at the end of 2015 was estimated at 2 728 900. The rate of natural increase was 7.3 per 1 000 persons which resulted in 37 600 births and 17 600 deaths and net external movements of 20 000. High levels of emigration continued to be the demographic process creating the greatest impact on the population size and structure.

As Jamaica progresses through the intermediate stage of the demographic transition, the child population (0–14 years) continued to demonstrate evidence of decline, while the working age population (15–64 years) and dependent elderly (65+ years) expanded. These features are indicative of population ageing. The changes in the age structure of the population provide an opportunity for increased economic growth and investment in human capital.

Fertility rates continued to decline in keeping with goals and targets reflected in the Population Sector Plan of Vision 2030 Jamaica. During the year, several initiatives relating to fertility and reproductive health were undertaken, which sought to build capacity though the training of various stakeholders in quality family planning; improve multisectoral partnerships; and identify gaps within Sexual Reproductive Health (SRH) Research.

The changes in the demographic transition continued to create shifts in mortality and morbidity patterns as reflected in the epidemiological transition. Non-communicable deaths remained the leading causes of death for both males and females.

Population and development highlights at the global and regional levels were marked by the adoption of the comprehensive and inclusive 2030 Agenda for Sustainable Development with the mantra “Leave no one behind’ and the formulation of a programme of action on population and development for Latin America and the Caribbean region. These have served to reinforce the position that people form a vital part in placing the country on the path to achieving sustainable development. There was continued effort to incorporate population dynamics into the core of national development planning through the following initiatives: mainstreaming migration into development; 8th Global Forum on Migration and Development; 6th Biennial Jamaica Diaspora Conference; and the continued implementation of the modernization programme of the Civil Registration and Vital Statistics System.

Labour Market

The Jamaican labour market continued to show signs of recovery compared with a slower pace of recovery and increased unemployment globally. The labour force grew by 0.6 per cent to 1 316 575 with males (54.7 per cent) outnumbering females. Average annual employment improved by 1.0 per cent to 1 138 700 persons in 2015. Unemployment declined to 13.5 per cent (177 875) from 13.7 per cent (179 650) persons. Unemployment rates trended down among adults and youth from 10.1 per cent and 34.2 per cent to 10.0 per cent and 32.8 per cent, respectively, with female unemployment remaining higher at 17.8 per cent.

The Services Industry exhibited a 2.0 per cent increase in employment to 772 325. This increase was countered with a decline in the Goods Producing Industry of 1.2 per cent to 363 425. The Agriculture, Hunting, Forestry & Fishing and the Mining & Quarrying sub-industries experienced declines by 2.7 per cent and 5.7 per cent, respectively. The Service Industry was responsible for 67.8 per cent of total employment with increases in seven of 11 sub-industries.

As a policy intervention, labour market reform commenced with the Labour Market Reform Commission
examining current labour market conditions along the lines of social protection; education and training; labour policies and legislation; industrial relations; and technology, innovation and productivity. An initial list of recommendations started to take shape with consultations with major stakeholders scheduled to commence in 2016.

HUMAN DEVELOPMENT, WELFARE AND CULTURE

Education and Training

In fulfilling the mandate of improving access at all levels of the education system, the MOE completed school expansion projects at 30 primary and secondary high schools, merged two schools, upgraded approximately 25 Early Childhood Institutions (ECIs) and built two infant schools. Some 300 small basic schools were also merged to create over 100 publicly-funded infant schools.

There were improvements in the quality of outcomes at both the student and teacher level. Students at the Grade-Four level surpassed the Millennium Development Goal (85.0 per cent) literacy targets established 15 years ago with an 86.0 per cent mastery of literacy. The country also achieved significant advancement in numeracy at Grade Four, moving from 49.0 per cent in 2011 to 65.8 per cent in 2015. There were improved performances at the Caribbean Secondary Education Certificate (CSEC) and the Caribbean Advanced Proficiency Examination (CAPE).

An estimated 71.4 per cent (764 276 persons) in the school-age cohort (3–24 years old) was enrolled in educational institutions with the primary level accounting for 33.7 per cent. The total number of students enrolled in the public and private education system at the pre-primary, primary and secondary levels was 613 136, with gross enrolment rates of 99.8 per cent, 99.4 per cent, and 97.3 per cent, respectively. At the tertiary level, gross enrolment was 28.3 per cent. The number of persons trained in the category, Professional, Senior Officials and Technicians was 15 004 (72.1 per cent female). Available data showed that a total of 68 580 persons (59.5 per cent female) were trained as skilled and semi-skilled personnel.

Health
Health care delivery was administered through a network of primary, secondary and tertiary level facilities. Major health concerns remained the Non-Communicable Diseases (NCDs), new and emerging diseases and prevention and control of HIV/AIDS and injuries. Monitoring of the performance of health service delivery and the general health status of the population was done through the Ministry of Health Strategic Business Plan 2015–2018, MTF 2015–2018, the MDGs and other international agreements.

As implementation of the MDGs came to a close programmes and policies were developed to accelerate the achievement of the health-related targets. Major investment in maternal and child care continued through the European Union Funded Programme for the Reduction of Maternal and Child Mortality. A major output this year was completion of the training of 35 specialist nurses in Neonatology.

Focus remained on primary health care renewal which included upgrade of health centres, training of staff in specialised areas such as health promotion in mental health, nutrition, and maternal and child health. Bed complement in secondary care facilities decreased by 4.3 per cent with a 74.7 per cent bed occupancy. Inpatient discharges decreased, however, average length of stay remained unchanged compared with 2014. Death rates in hospitals increased to 48.9 deaths per 1 000 discharges from 46.5 deaths per 1 000 in 2014. An audit of the secondary care institutions revealed inadequate infection control practices and major recommendations included infrastructure improvements, and training of health care professionals and support staff in infection control. Health systems strengthening were supported through funding of a 10-year development plan for health and a new grant agreement for the prevention and control of HIV/AIDS.

The NCDs remained among the top five causes of death. Several interventions were introduced to reduce the effects of NCDs including the food-based dietary guidelines and the workplace physical activity policy. The number of Jamaicans accessing pharmacy services increased; however, there was a reduction in the number of items that were dispensed, reflecting a decrease in the availability of a range of pharmaceutical items. The National Health Fund (NHF) improved the implementation of a Vital Essential Necessary Drug list to guide the sector in dispensing, procuring and distribution of pharmaceuticals. This also included the addition of Sickle Cell Diseases to the list of chronic conditions covered by the NHF.

Social Development, Social Protection & Culture
As the final year targeted for the achievement of the MDGs (2000–2015) progressed, the country channelled technical resources into providing input to the new development agenda, through local, regional and international engagements. The process for articulating national and global goals for the 2030 Agenda for Sustainable Development served to reinforce several social development themes and ongoing imperatives, including poverty reduction, social security, women’s empowerment, and survival and protection of children. Work was advanced in the formulation or revision of national policies and legislative frameworks, in areas such as youth, child protection, poverty reduction and culture.

Social development focused on the empowerment of youth through education and training; addressing gender inequities in economic and social participation; advancing the care and protection of children; strengthening the social and economic inclusion of the elderly and persons with disabilities; and deepening the impact of social assistance programmes. Social infrastructure and community organization were integral to addressing the needs of communities for improved access to public services and the combatting of social negatives. The focus for local governance systems was on improving public service delivery and creating responsive public institutions at the parish level. In the area of culture, focus was placed on promoting and sustaining historic legacies through several agencies, while harnessing creative energies and talents. The efforts of the government were actively supported by non-governmental organizations, private entities, and the international development community.

National Security and Justice
Implementation of a number of strategic priorities led to an overall reduction in the number of reported crimes. Reported total crime declined by 39.4 per cent and Category I
crimes declined by 14.1 per cent, however, murders increased by 20.1 per cent. An amendment to the Dangerous Drugs Act, 1987 resulted in a 78.2 per cent decline in the number of breaches of said legislation. During 2015, Jamaica recorded its first conviction for human trafficking.

In recognition of the need to manage emerging threats to safety and security, the Counter-Terrorism and Organized Crime Investigation Branch (C-TOC) was formed, the National Cyber Security Strategy launched and a Cyber Incident Response Team established. Capacity building of the Jamaica Constabulary Force (JCF) continued with an organizational review and the preparation of the JCF Corporate Plan 2015–2018. A strategic review of the Major Organised Crime and Anti-Corruption Task Force was undertaken as a preparatory step to enabling it to operate as an independent body.

The need for adequate physical infrastructure and rehabilitation for incarcerated persons were also identified as strategies priorities. As a result, a National Rehabilitation Strategy was developed and construction of an additional block commenced at one of the island’s penal institutions. Additionally, some 559 inmates were transferred from maximum security to medium/low security institutions as part of the reclassification and transfer exercise that aims to reduce the population in high security correctional facilities.

Justice sector reform continued to be a major priority for the government, and to this end, the Justice Reform Implementation Plan was developed. This Plan will be implemented over a five-year period and will guide activities in the sector.