

**Jamaica – European Union
ACP Partnership**

Annual Report 2003

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1. Executive Summary

The ACP-EU¹ Partnership Agreement, signed in Cotonou on 23 June 2000, foresees a constant review process of the financial cooperation between the ACP countries and the EU. For this purpose the National Authorising Officer and the Head of Delegation of the European Commission in the partner country undertake an Annual Operational Review of the **Country Support Strategy and National Indicative Programme (CSS/NIP)**².

To date, two rounds of annual operational reviews have been organised during 2002 and 2003. These were based on an annual report prepared jointly by the National Authorising Officer (NAO) and the Head of Delegation. In 2004 the Joint Annual Report 2003 provides the basis for the **Mid-Term Review** of cooperation under the CSS/NIP. The Cotonou Agreement foresees that in some ACP countries the Mid-Term Review may lead to a change in the strategy (change in the focal sectors) under the CSS/NIP and/or to a revision of the funds allocated to the country.

The present Report forms the basis for the 2004 Mid-Term Review with Jamaica. The report starts off with a presentation of the policy agenda of Jamaica in key areas, summarising the country's national development strategies and goes on to provide an update on the political, economic and social situation for the period covered by the report.

Subsequently a review and analysis of co-operation under the 7th, 8th and 9th European Development Fund (EDF) is presented, scrutinising results and **activities in the focal and non-focal areas of co-operation and macroeconomic support** under the corresponding National Indicative Programmes (NIPs).

Thereafter the **other instruments of EU co-operation** in Jamaica are highlighted. They include notably projects funded by the European Investment Bank (EIB), activities financed under STABEX, SYSMIN, as well as the Caribbean Regional Indicative Programme (CRIP), and Budget-line funding from the Budget of the European Commission, with a special focus on the Banana Support Programme (BSP).

The report provides an **update of programming** under the 9th European Development Fund, combined with an outlook. Finally, the conclusions detail the outcome of the Mid-Term Review with Jamaica and the implications for the CSS/NIP and the country allocation.

National Policy Agenda and Update

During 2003, the Government of Jamaica (GOJ) continued to implement the economic growth strategy outlined in the National Industrial Policy, the Medium Term Policy Framework (MTPF) 2002/03-2004/05 and the National Poverty Eradication Programme (NPEP).

In the area of **poverty reduction** there has been over the last years a noticeable decline of the percentage of the population living below the poverty line: 27.5% in 1995, 18.7% in 2000 and 16.9% in 2001³. This has occurred despite slow economic growth. A 2003 report on progress in achieving the UN Millennium Development Goals, states that Jamaica has made good progress in attaining the goals by 2015.

The rate of **economic growth** increased and was at 2.1% in 2003. Growth was led largely by an increase in production and in exports of alumina/bauxite and the tourism sector. Agricultural production and exports also increased in comparison to 2002.

At 14% inflation was high above projections. This was partly due to a 20% devaluation of the Jamaican currency in the first half of the year. The fiscal deficit in fiscal years 2002/03 and 2003/04⁴ was higher than targeted: 7.2% against a target of 4.2% and 6.9% (estimated) against a target of 5 – 6%, respectively.

¹ The Agreement was signed by the Group of African Caribbean States, by the European Community and its Member States.

² The National Indicative Programme and Country Support Strategy with Jamaica for 2002 – 2007 was signed on 27 February 2002.

³ However, poverty has risen again to 19.7% in 2002. Figures for 2003 were not available during the time of the preparation of the Report.

⁴ The Jamaican fiscal year runs from April 1 to March 31.

A downward trend can, however, be noted for the fiscal deficit, while the public debt to GDP ratio is expected to decline to 143.3% from 151.8%.

In the fall of 2003 Jamaica started work on a new **Medium-Term Socio-Economic Policy Framework**. This initiative, which is funded by the EU and coordinated with the International Development Partners, was prompted by the discontinuation of IMF Staff Monitored Programmes. In order to be eligible for EU budget support on the present programme, Jamaica must have in place and implement an economic reform plan, which has to be supported (not necessarily with financial means) by the key International Development Partners. The MTSEF is expected to be finalised in the first quarter of 2004.

In the area of **Trade**, GOJ continued its thrust for export-led economic growth, seeking to increase the orientation of the domestic economy to competitive markets while expanding external markets for Jamaican exports. Jamaica participates in the creation of a Caribbean Single Market and Economy (**CSME**) by December 2004. Negotiations on the Free Trade Agreement of the Americas (**FTAA**) advanced to the launch of market access negotiations in February 2003 and Phase I of the Economic Partnership Agreement (**EPA**) negotiations with the EU, which was launched in 2002 was completed in September 2003. Jamaica has participated at the **WTO** Ministerial Conference in Cancun in September 2003, where it advanced and supported proposals that would take account of the country's development objectives, promote food security, and safeguard market access for exports. Given the participation in a multitude of fora on trade negotiations, a persistent concern is that of capacity building.

Focal Areas of Co-operation

In 2003, the focal areas of co-operation under the 7th, 8th and 9th European Development Fund were Private Sector Development, Infrastructure Development and Poverty Alleviation. The results achieved in the focal area of **Private Sector Development** include a successful consultation of stakeholders and Development Partners on the new EU Private Sector Development Programme, which is expected to start up in early 2004 and the submission of the new Company Act to Parliament. In the area of **Infrastructure Development** some progress has been made on the indicators and targets included in the intervention framework for **transport** of the CSS/NIP. A National Transport Policy has, however, not yet been approved. The Road Maintenance Fund has been set up and become operative, but resources for sustainable funding of the Fund have so far not been identified. In the area of **water** work on the asset management plan started with EU technical assistance. The Rural Water Supply Project (Phase II) was launched and contracts for the design, procurement of materials and implementation/supervision signed. In the focal area of **Poverty Alleviation** the National Poverty Eradication Programme (NPEP) continued and a decrease of the percentage of the population living below the poverty line was witnessed. The EU's participatory and decentralised Poverty Reduction Programme, which is implemented by the Jamaica Social Investment Fund (JSIF) has overcome initial hurdles (participation of beneficiaries, implementation modalities) and is increasing its pace of implementation.

In the area of **Macroeconomic Support** the Financing Agreement for the Support for the Economic Reform Programme (SERP) III was signed in May 2003. The disbursement of budget support could, however, not commence in the same year as after the cessation of the Staff Monitored Programme (SMP) with the IMF, Jamaica lost its eligibility for EU budget support. EU budget support requires the existence of an economic reform programme, supported by the principal development partners. In order to become eligible again for this type of support, GOJ has started work on a Medium Term Socio-Economic Framework, as mentioned in the previous section.

Co-operation outside the focal areas

Projects and programmes financed under the NIPs outside the focal areas included: the Public Sector Modernisation Project (PSMP), Institutional Strengthening of Planning Institute of Jamaica (ISPIOJ) and the Integrated Drug Abuse Prevention Project (IDAPP).

The PSMP and the ISPIOJ, both aimed at strengthening the Planning Institute of Jamaica, in its capacity as the NAO were concluded in 2003. A new capacity building programme for assisting the Office of the NAO in the implementation of activities under the 9th EDF was approved at the end of 2003.

Other Instruments

The **European Investment Bank** (EIB) has a portfolio of 18 loans in the amount of 150 million euro. During 2003 the first loans to Jamaican enterprises were approved under the € 20 million credit line created with commercial banks.

Programmes being implemented in Jamaica under the ambit of the **Caribbean Regional Indicative Programme** (CRIP) included: the Caribbean University Level Programme, the Caribbean Tourism Sector Programme, the CARIFORUM Cultural Centres Programme, the University of Technology Programme, the Caribbean Maritime Institute Project, the Integrated Caribbean Regional Agriculture and Fisheries Development programme, the Caribbean Regional Environment Programme and the Integrated Development Programme for the Caribbean Rum Sector.

The amounts awarded to Jamaica in 1999 and 2000 for losses in the area of banana exports under **STABEX**, were € 2,2 million and € 6,6 million, respectively. The resources have been earmarked for the rehabilitation of parochial and farms access roads. These efforts were continued in 2003.

Jamaica benefited from the following **European Commission budget lines**: Operational Support, Disaster Preparedness and Humanitarian Operations (ECHO), Decentralised Co-operation, Schemes concerning Developing Countries carried out by NGOs, Tropical Forests, Human Rights and Democracy and Developing Countries and Environment. The Special Framework of Assistance for the Banana Support Programme (BSP) is designed to help traditional ACP Banana suppliers to adapt to the new market conditions resulting from the EU's common import regime, and to the changes resulting from the WTO's ruling.

Programming of the 9th EDF

The Country Support Strategy/National Indicative Programme (CSS/NIP), 2002-2007 was signed in February 2002. In this document the Government of Jamaica and the European Commission agreed on the following areas of intervention: continuation of co-operation on Jamaica's **macro-economic reform programme** (€ 30 million euro), **private sector development** (€ 20 million) and **road maintenance** (€ 30 million) as focal sectors of co-operation and a **non-focal programme** for community-based initiatives focusing on **poverty alleviation and institutional strengthening** of the office of the NAO (€ 10 million).

Under the 9th EDF Jamaica was allocated **€ 73 million euro** of programmable resources ("A-envelope"), which meant that the envelope was over-programmed by 23%. Jamaica's allocation for unforeseen needs ("B-envelope"), such as emergency assistance, is **€ 27 million**.

At the end of 2003, 72% of available A-Envelope funds had been committed. The global commitments taken include the Support to the Economic Reform Programme (SERP - € 30 million) III, the Private Sector Development Programme (PSDP - € 20 million), Institutional Support to the office of the NAO (€ 0.5 million), Technical Assistance in the Area of Road Transport Development (€ 0.75 million) and the Technical Cooperation Facility (€ 0.96 million), designed to provide funds for technical assistance related to the implementation of the 9th EDF CSS/NIP.

The Financing Decision for the project for decentralised community driven project for **Poverty Reduction** (€ 8 million) is foreseen for March 2005. The Financing Decision on technical assistance for strengthening the **National Water Commission** (€ 1.1 million) and the **Negril Ocho Rios Waste Water project completion** (€ 2.2 million) are expected for July 2004

The second focal area **Road Transport Development** should be programmed at € 12,225 million for the coming years.

A Financing Decision on implementing the **B-Envelope** emergency assistance funds (€ 25 million) in the context of budget support under SERP III has been submitted at the end of 2003.

2. National Development Strategy

The government's national development strategy is outlined in the National Industrial Policy (NIP) 1996 - 2010, the Medium Term Social and Economic Policy Framework (MTSEPF) 2002/03-04/05, and the National Poverty Eradication Programme (NPEP), which was adopted in 1998. The NIP embodies short to long-term strategies for industrial development, over a fifteen-year time horizon. It seeks to promote the growth of competitive industries such as Agro-Processing, Information and Communication Technology, Manufacturing, Mining, Tourism, etc.

The strategic objectives of the MTSEPF have been the reduction of inflation, gradual fiscal improvements, financial system stability, human capital development and expansion in the stock of and improvements to economic infrastructure. The Framework is a three-year rolling programme, which is subject to annual reviews. The preparation of both the NIP and the Medium Term Social and Economic Framework have benefited from consultations with non-state actors particularly in the private sector. The National Poverty Eradication Programme is a comprehensive programme, which commenced in 1998 and which supports the government strategy of reducing poverty and developing human capital.

In the last quarter of 2003, the Government started the preparation of a successor Medium-Term Socio-Economic Policy Framework for the period 2004-2007, aimed at providing a consistent and comprehensive strategic policy document, which would trigger EC budget support under SERP III. This policy framework, which is being prepared in consultation with the International Development Partners (IDPs), will focus on the reduction of public debt, increased economic growth and keeping social outcomes at the high levels already reached whilst pursuing progress towards achieving the Millennium Development Goals.

The Government's development strategy continued to support the broad goal of achieving sustained economic growth in order to create employment and reduce levels of poverty. It stressed the creation of a stable macroeconomic environment, promotion of export-led growth and private sector development while safeguarding sustainability. The strategy is being implemented against the background of continued liberalization and external trade negotiations, and targets increased production, as well as improvements in the competitiveness of major economic sectors. In support of these objectives, the development of private sector, particularly SMEs, and infrastructure improvement are major areas of focus.

In the following sections of chapter 2, the global Government's socio-economic policy objectives for 2003 are presented. Chapter 3 then specifies policies implemented and achievements attained in 2003.

2.1 Economic Policy

Macroeconomic/financial policy

As outlined in the Minister of Finance's 2003 budget presentation, the Government's main macro/financial objectives are the reduction of the fiscal deficit and of public debt, and to further increase the primary surplus. The Government remains committed to the broad objectives outlined in the Medium Term Policy Framework and the NIP, with special importance now being attached to the correction of fiscal imbalance and the stimulation of a more favourable investment climate. Adjustments and improved debt management aimed at enhancing the fiscal balance and reducing the public debt have become an urgent priority in the short term. At the same time, improvements in infrastructure and access to quality social services remain critical to increased productivity and continued economic growth.

Trade policy

Jamaica's trade policy provides a framework for negotiations and adjustment to the global trading environment. It supports a thrust towards export-led economic growth and increased orientation of

domestic producers to a competitive market environment and to export markets. An important element of the policy is the facilitation by Government of capacity development in the private sector to produce goods and services that make intensive use of domestic capital. The policy also recognises the need to facilitate the movement of people and increase the flow of income from overseas assets. In pursuit of these objectives, Jamaica is actively involved in negotiations and agreements at the regional, hemispheric and international levels, including: (a) CARICOM Single Market and Economy (CSME) (b) Free Trade Area of the Americas (FTAA) (c) Economic Partnership Agreements with the European Union and (d) World Trade Organisation (WTO). To meet the challenges of globalisation and its impact on trade, Jamaica has introduced fiscal and economic reforms to encourage foreign investment. The liberalisation of the foreign exchange market and measures to reduce domestic inflation continues to be emphasised by the government. The new trade policy (2001) established the Jamaica Trade and Adjustment Team (JTAT) in 2001 comprising of a wide cross section of the Jamaican society. The JTAT will assist with the formulation and implementing of trade policy.

Jamaica's trade policy is therefore designed to improve competitiveness of Jamaican producers, with a view to ensuring their more effective integration global markets. Several initiatives are in place to support the export trading capacity of the private sector at the sector level as well as the level of individual firms, including assistance to improve technology and to improve compliance with international. Increasing the competitiveness of Jamaican enterprises in an increasingly liberalised trading environment is one of the key objectives of the new € 20 million **Private Sector Development Programme** funded by the EU under the 9th European Development Fund (EDF)⁵.

Private sector development

Government policies focus on lifting obstacles to private sector development. This involves economic liberalization, including the liberalization of foreign exchange markets, reducing bureaucracy associated with doing business and continuing a programme of privatisation of public enterprises. Support to small and medium sized enterprises, through improved access to credit, technical assistance and investment services, is an important part of the GOJ's strategy of promoting private sector development. This also includes the promotion of industrial harmony, the reform of labour legislation and an ongoing modernisation programme.

2.2 Social Policy and Poverty Alleviation

The Social Development policies of the Government are aimed at providing equitable access to quality social services in keeping with Millennium Development Goals (MDG). Ensuring adequate development of children is a special priority, while in health care; Government continues to pursue its vision of "health for all" with major initiatives in addressing the problem of HIV/AIDS. The Government is committed to maintaining an adequate budgetary allocation to the education sector for the medium term, with a view to improving early childhood, primary and secondary education and upgrading teachers.

The National Poverty Eradication Programme (NPEP), started in 1997 is a comprehensive programme by which the Government seeks to address poverty in Jamaica. The objectives of the NPEP are to promote economic and social development; to reduce the number of persons below the poverty line; and to eradicate absolute poverty (as measured by criteria which assess the individual's ability to meet basic human needs). These objectives are being met through an integrated policy and community development process.

2.3 Rural development policy/Food Security

The Government of Jamaica is committed to ensuring the access of the population to adequate food supplies by promoting domestic food crop production and improving agricultural productivity, as well as ensuring adequate level of international reserves to purchase supplies in emergencies. Major projects that

⁵ See also section 4.1.1 of this report.

target production and support services in the Agricultural sector, supported by international development agencies include, among other things, the EU-financed Banana Support Programme.

2.4 Transport/construction policy

In the transport and construction sector, Government's overall objective is to improve access to markets and social services by improving the quality of road networks in rural areas, in this way complementing other efforts aimed at increasing output and reducing poverty. A National Transport Policy was drafted in 2003, aiming at the creation of an effective, efficient, reliable and safe transportation system. The specific objective of the Road Transport Development intervention being developed with EU support is to improve the quality of the road network and to promote adequate capacity for maintenance on a sustainable basis.

2.5 Governance

The main thrusts of policies to improve governance include initiatives to promote participation and decentralisation in local Government, strengthening of the Security and Justice System and increasing the efficiency of the Public Sector.

Criminal violence is an issue of concern to the Government and people of Jamaica. The impact of crime is multi-faceted and necessitates a multi-sectoral approach in addressing the problem. Reducing the level of crime is a major focus of the National Crime Strategy which stresses crime prevention through citizen involvement, utilising mechanisms such as the Police Community Consultative committees, community policing and social upliftment programmes; in addition, the crime-management capacity of the Police force is being strengthened through increased training and greater use of technology. Government also seeks to safeguard citizens' rights by strengthening and expanding institutions such as the Office of Professional Responsibility (OPR), the Public Defender and the Police Public Complaints Authority (PPCA).

2.6 Sustainable development/crosscutting policies

Government's medium term strategy for sustainable development recognises the importance of a comprehensive approach, in which economic, social and environmental impacts are simultaneously considered. The strategy calls for careful attention to: forestry and watershed management, air and water pollution, waste management, coastal zone management, environmental awareness and capacity building. Social and economic policies take account of the demographic, equity, gender and related issues. Sustainability also embraces such issues as governance, partnerships between government, business, community, NGO's and the wider civil society and participation.

3. Update on the Social, Political and Economic Situation

3.1 Social Situation

The **National Poverty Eradication Programme (NPEP)** was established by the GOJ in 1995, to honour its commitment to the eradication of poverty which was agreed at the World Summit for Social Development that year. Since the implementation of the NPEP, the **incidence of poverty** has declined by 7.8% from 27.5% in 1995, to 19.7% in 2002⁶.

GOJ has agreed with the EC to monitor the developments of the national poverty level in the context of the macro-economic support programme under the 9th EDF. In the intervention programme for macro-economic support (see Annex I) the national poverty index is mentioned as an indicator. Since GOJ does not prepare projections on this index, it has suggested its replacement by an alternative measure in order to monitor progress.

The following table provides data on the **10 Millennium Development Goals (MDG) indicators** proposed by the EU for systematic measuring of progress towards poverty reduction in the framework of the Country Support Strategies. The data provided shows developments for the indicators from 2000 to 2003. Since the GOJ does not make projections on the MDGs for the medium term, the table does not include forecasts.

The table shows that the proportion of population living on below \$1 per day is negligible.⁷ The proportion of children immunized against measles increased slightly between 2000 and 2003. Infant mortality has not shown any increase in recent years. Maternal mortality rates remain very high, but show a decrease, as compared to 2002. The Jamaican population continues to enjoy good access to primary education, as net enrolment is above 90%. Females are well represented at all levels of education system, while males are relatively under-represented at upper secondary and higher levels.

Table 1: Progress towards Achievement of Millennium Development Goals

Indicators ^{8,9}	2000	2001	2002	2003
1. Percentage of population living on less than US\$1 per day ¹⁰	2.0	3.0	3.96	n/a
2. Percentage of under-nourished children 0-59 months	5.1	6.4	3.6	n/a
3. Infant ¹¹ mortality per 1000 live births ¹²	24.5	24.5	24.5	24.5
4. Maternal Mortality Rate per 1000 live births	111.0	111.0	106.2	106.2
5. Percentage of children 12-59 months immunised against measles	91.3	91.7	88.3	n/a
6. Net ¹³ enrolment rates in primary education-Public Schools (%)	95.4	92.8	91.9	94.3
7. Percentage of pupils starting Grade 1 who reach Grade 5 ¹⁴	83.6	92.3	93.8	n/a
8. Net Enrolment Rates Primary Level	94.0	90.7	89.6	93.0

⁶ Percentage of population below the poverty line; in 2002 the poverty line was at an annual consumption level per individual of J\$ 47,128.70 (around € 630). Figures for 2003 were not available during the time of the preparation of the Report.

⁷ Figures for the percentage of population living on less than US\$ 1 per day are not available. A related measure, the percentage of population living in poverty, shows a decline from 27.5% in 1995, to 18.7% in 2000 and to 16.9% in 2001. However, poverty has risen again to 19.7% in 2002.

⁸ Sources: Planning Institute of Jamaica: *Economic and Social Survey of Jamaica (ESSJ)* 2000, 2001, draft 2002; *Jamaica Survey of Living conditions (JSLC)* 2000, 2001; Education Statistics 1994/95-2001/02; Ministry of Health, National AIDS Programme

⁹ The incompleteness of the above table reflects a general difficulty in synchronizing the national cycle of data collection and the timing of the drafting of the Joint Annual Reports. In addition, not all data is collected on an annual basis. While there is information at the institutional level, these are validated periodically at the national level. This is the case with the data on infant mortality and maternal mortality. A revision of the current set of social indicators for this Joint Annual Report will be done to determine a more suitable set of indicators for which data is available early in the calendar year and/or the identification of alternative data sources.

¹⁰ This partially reflects the effects of exchange rate depreciation.

¹¹ Under 12 months

¹² As a result of problems with under-registration, the GOJ has decided to use the figure of 24.5% based on a Ministry of Health 1993 Infant Mortality Study, until another study is conducted.

(%) Females				
Secondary level (grades 7-9)	77.1	72.8	87.9	78.2
(%) Females				
Tertiary level (total enrolment)	65.3	66.4	63.8	65.3
(%) Females				
9. HIV seroprevalence rate among pregnant women				
15-19 year old	0.73	0.46 ¹⁶	0.73	1.3
20-24 year old	1.62	0.97	1.68	2.11
10. Sustainable access to potable water ¹⁵ (%) (urban and rural)	79.8	84.0	76.67	n/a

A report on Jamaica's progress towards the achievement of the MDG was completed by a team of researchers for the Planning Institute of Jamaica in October 2003. According to the Report, the World Bank classifies Jamaica as a "country in green", reflecting good progress to attain the target value in the specified time period (2015). The Report indicates that a general reduction in poverty levels has taken place since 1990, despite slow economic growth. This may be explained in terms of impact of the NPEP on reducing public poverty, control of inflation, growth of the informal economy and the increasing role of remittances (which in 2002 stood at 15.6% of GDP). The NPEP coordinates several projects and programmes which target the poor, especially poor communities, including the Jamaica Social Investment Fund (JSIF), which implements the EU-funded Poverty Reduction Project.

In the area of social policy, the GOJ is executing a number of key programmes to reform the Education and Health sectors, including the Enhancement of Basic Schools Project, funded by the Caribbean Development Bank (CDB), New Horizons for Primary Schools, funded by USAID, the primary Education Support Project and the Health Sector Reform Programme, funded by IDB and the Reform of Secondary Education, funded by the World Bank. A National Health Fund, aimed at guaranteeing health care to the population, was launched in 2003, and initiatives to lower the cost of drugs to persons with HIV/AIDS are ongoing.

3.2 Political Situation

Local Government Elections were held as scheduled in 2003, resulting in the victory of the Opposition party in most of the Parish Councils. The system of governance is now characterised by a dynamic partnership of Government and opposition in central and local arenas of government, respectively.

A high crime rate, which continues to challenge social and economic development, given its far-reaching effects across many sectors, has received priority attention within the Government's policy framework. National Security and Justice remains the second highest non-debt allocation in the budget, after Education. The budget allocation to National Security and Justice was J\$ 2.9 billion in 2003¹⁷, representing 3.8 % of total public expenditure, compared with 6.9 % in 2002.

The police force continued to undergo extensive restructuring and expansion: during 2003, an intensive recruitment drive led to an increase in the force by 1000 men, and restructuring has created a more decentralised command. Improved equipment such as ion scan machines have contributed significantly to the reduced smuggling of drugs to the United Kingdom. Notwithstanding the increased recruitment, the force is still below its full complement of about 8000. For the year 2003, major successes were achieved in the fight against drug trafficking, and the number of reported murders declined by 8 %. Complaints about police misconduct and allegations of extra-judicial killings have for some time caught the attention of local citizens' rights groups, international NGOs, like Amnesty International, as well as the United Nations, whose Special Rapporteur on summary and extra-judicial executions visited the Island at the beginning of 2003.

¹³ All students of the required age cohort enrolled expressed as a percentage of that age cohort.

¹⁴ Data on Education refer to the twelve month period September to September.

¹⁵ This includes Indoor Tap/Pipe, Outdoor Tap/Pipe and Public Standpipes.

¹⁶ Data from the four parishes implementing the Mother to Child Transmission Prevention Programme were excluded.

¹⁷ Estimates of Expenditure, 2003

Allegations of police misconduct were reported to and dealt with by the Office of Professional Responsibility and the Police Public Complaints Division, two bodies responsible for investigating such cases. The Office of the Public Defender also dealt with complaints from citizens against the police. In 2003 13 police officers were dismissed, and between 2001 and 2003, 170 were under suspension or interdiction for disciplinary reasons. A further important development in 2003 was the indictment of police officers suspected of murdering seven young men during a police operation in 2001 ("Braeton Seven"). The judicial proceedings started in November 2003. Local citizens' rights groups, as well as Amnesty International welcomed this development. In May 2003 the Police's "Crime Management Unit", the entity involved in this incident, was disbanded after a similar operation in which four suspects were killed.

The Social Conflict and Legal Reform project of the Ministry of Justice sought to lessen the number of cases coming before the courts by equipping communities with mediation and conflict management capabilities. Conflict prevention and resolution were assisted by the efforts of the Dispute Resolution Foundation (DRF) and the Peace Management Initiative (PMI), the latter making interventions to settle inter-community disputes and reduce violence in specific communities. Other programmes implemented in the area of governance/justice include the Local Government Reform Programme, the Public Sector Modernization Programme and the Citizens Security and Justice Programme as well as the Financial Management Information System (FMIS), the Human Resource Management Information System (HRMIS) and the Jamaica Social Policy Evaluation (JASPEV) project. To increase transparency and reduce the risk of corruption, legislation such as the Access to Information Act and the Corruption Prevention Act, have been adopted, and institutions such as the National Contracts Commission and the Corruption Prevention Commission have been established.

3.3 Economic situation

The following table provides an overview on recent economic performance and a medium-term outlook:

Table 2: Main macro-financial indicators

Indicator	FY 2000/01	FY 2001/02	FY 2002/03	FY 2003/04 (proj.)	FY 2004/05	FY 2005/06	FY 2006/07
Real GDP Growth	1.0	1.3	1.9	2.2	2.0 - 3.0	2.0 - 3.0	2.5 - 3.5
Inflation (e.o.p)	6.4	7.6	6.2	15.0	9.0	7.0	6.0
Budget deficit/ GDP	+1.3	5.6	7.3	6.9	3.0 - 4.0	0.0	+0.5
Total actual expend. educ. ¹⁸	1.1	1.4	1.5	1.2	n.a	n.a.	n.a.
Total actual expend. Health ¹⁹	1.9	2.1	2.9	2.1	n.a	n.a	n.a
Gross reserves (US\$m)	969.5	1840.7	1597.0	1165.0	n.a.	n.a.	n.a.
Total debt/GDP	113.2	136.1	151.8	143.3	n.a.	n.a.	n.a.

In fiscal year (FY)²⁰ 2003/04, real GDP growth is projected at 2.2%, which translates into a continued upward trend since FY 2000/01. The fiscal deficit in FY 2003/04 is expected to decrease to 6.9% of GDP, from 7.3% the year before. Similarly, the debt/GDP ratio in FY 2003/04 is expected to decline to 143%, from over 150% the previous year. Inflation is projected at 15% in FY 2003/04 (14.1% for calendar year 2003), compared to 7% during FY 2002/03.

Growth in 2003 was largely dominated by Agriculture, Mining, Transport and Communications, Financial Services and Tourism. Agriculture, reflecting increased production of domestic crops due to

¹⁸ In billions of J\$

¹⁹ In billions of J\$

²⁰ The fiscal year runs from April 1 to March 31

improved weather conditions, grew by an estimated 4.3%, Mining and Quarrying by 4.9%. Transport and Communications grew by 2.5 %, influenced mainly by activities at the island's sea and airports. Public Sector activity via investments in road infrastructure and port expansion played a significant role in overall performance of this sector. Notable achievements in 2003 included the partial completion and opening for toll traffic of the first segment of Highway 2000²¹, the completion of major road construction and other infrastructure programmes and the successful privatisation of one International Airport. Financial Services expanded by 6.5%, reflecting restructuring and reforms, and in particular the continued recovery of the insurance sub sector. Tourism services of Hotels Restaurants and Clubs grew by 6.0%.

In response to the GOJ's main policy objective to reduce the budget deficit, the Government in 2003 instituted a number of measures aimed at increasing revenue, including the expansion in the General Consumption Tax (GCT) base, removals of special concessions and increases in tax on specific consumer items, as well as the initiation of efforts to include the informal sector in the tax net. In continuing to address deficiencies in the financial system, the Government during the year sought to draft legislation related to pension reform. As regards public spending, the Education, Health and National Security sectors consumed 30% of the recurrent budget, demonstrating GOJ's commitment to social spending. This was significant when viewed against the fact that interest payments accounted for 50% of the recurrent budget, leaving only 20% for all other.

Inflation in 2003 has increased significantly, due to tax measures introduced in the budget as well as movements of administrative prices such as electricity and public transportation. Total debt/GDP is also expected to be lower than the previous year, due to GDP growth and higher inflation.

In the area of **Trade**, GOJ continued its thrust for export-led economic growth, seeking to increase the orientation of the domestic economy to competitive markets while expanding external markets for Jamaican exports. Jamaica was represented at the WTO Ministerial Conference in **Cancun** in September 2003. At this meeting Jamaica advanced and supported proposals that would take account of the country's development objectives, promote food security, and safeguard market access for exports.

Progress continued in the implementation of the **CSME**, with the commitment by Jamaica, along with Barbados and Trinidad and Tobago, to complete its implementation programme by December 2004. Negotiations for the **FTAA** advanced to the launch of the market access negotiations in February 2003. National strategies on **Trade Capacity Building** were officially presented for consideration by donors under the Hemispheric Cooperation Programme. A CARICOM/Donor follow-up roundtable meeting will be held in early 2004 at which donors are expected to indicate the type of assistance to be provided based on the National Trade Capacity Building Strategies. At the 8th FTAA Ministerial Meeting in November 2003 Ministers reaffirmed the conclusion date for the FTAA as "no later than January 2005". At this meeting the "vision of the FTAA" was elaborated allowing for a **more flexible FTAA Agreement**.

Phase I of the **Economic Partnership Agreement (EPA)** negotiations which was launched in 2002 was completed in September 2003. This phase, the all ACP-EU phase, was concluded by the Joint Ministerial committee in October while establishing the schedule for the 2nd phase, the regional level negotiations. CARICOM Heads of Government agreed at their 9th Special Meeting of Conference, held in St. Lucia in November 2003, that the negotiations for a Regional Economic Partnership Agreement (REPA) should be launched in 2004. Negotiations will include the Dominican Republic, which has signalled at the highest level its intention to negotiate with CARICOM. Finalization of the Impact Assessment Studies to support the discussions and decisions in phase II has been delayed. The "Caribbean Guidelines for Phase II EPAs" have been drafted and sets out various proposals for negotiating positions with the EU. Under the € 20 million EPA facility for **capacity building and training** for these trade negotiations, a trade expert was seconded to the Ministry of Foreign Affairs and Foreign Trade for a year.

4. Overview of past and ongoing co-operation

²¹ The first phase consisted of 72 km. But approximately 12 km has been completed to date.

The National Indicative Programme (NIP) for Jamaica under the 7th European Development Fund (EDF) was signed on 20 March 1991. The NIP identified **Rural/Agricultural Development**²² and **Infrastructure Development** as focal areas of cooperation. Jamaica's NIP under the 8th EDF was signed on 28 February 1997. Focal sectors agreed in this NIP were **Poverty Alleviation** and again **Infrastructure Development**. The Cotonou Agreement signed on 23 June 2000 by the ACP States and the EU has superseded the Lome Convention and created the concept of Country Support Strategies (CSS) to complement the NIPs. The first CSS/NIP for Jamaica was signed on 27 February 2002 and covers the period 2002 to 2007. Under the CSS/NIP²³ for the 9th EDF Jamaica and the EC agreed two focal sectors of cooperation: **Private Sector Development** and **Road Transport Development**. The focal sectors are complemented by a **Macro-Economic Support programme** and a non-focal programme. Under the non-focal programme decentralised cooperation for **Poverty Reduction**, as well as **Capacity Building** for the Office of the National Authorising Officer and Non-State Actors are envisaged.

The purpose of chapter 4 is to assess results achieved at sector level under the ongoing EDFs (7th, 8th, 9th) as well as the specific activities of projects and programmes financed by the EU in 2003. The assessment starts off with the focal sectors and macro-economic support, then proceeds to examine projects and programmes outside the focal sectors, the utilisation of resources for non-state actors, the use of the so-called B-envelope funds set aside for unforeseen needs and finally at cooperation under other instruments, such as the European Investment Bank (EIB).

4.1. Focal Sectors and Macro-economic Support

The assessment of achievements in the focal sectors is an important element of the Annual Report and of the periodic reviews of the CSS/NIP (annual, mid-term and end of term review). During 2003 cooperation under the 7th, 8th and 9th EDF took place in the following focal sectors:

- Private Sector Development
- Infrastructure Development
- Poverty Alleviation

Macro-economic support was started under the 8th EDF and continues under the EDF 9.

4.1.1 Private Sector Development

a) Results

Annex I contains the Intervention Framework for the focal sector of Private Sector Development as established by the 9th EDF CSS/NIP and revised in the context of the 2003 Annual Review (see Annual Report for 2002).

As further elaborated in sections 3 and 4.1.4 of this report, the fiscal deficit was higher than the target set by GOJ, while the public debt to GDP ratio has decreased. Inflation in 2003 was at 14% and thus within the target range of 13%-14% set in the intervention framework. This, however, represented a significant increase over 2002 of 7.3 percentage points. Bank credit to the private sector increased by 45.5% over 2002, well above target of 34.7%. The target of increasing non-traditional exports by 2% was not achieved in 2003.

In terms of the policy commitments mentioned in the intervention framework, a number of important activities have been brought to a positive conclusion: The new 9th EDF Private Sector Programme underwent broad consultation with stakeholders and development partners. A regional CARICOM conference for SMEs was held in Jamaica, concluding on the necessity of a coordinated approach for

²² Under the 7th EDF the Morant Yallahs Agricultural Development Programme was implemented and ended in 2001. It was succeeded by the Eastern Jamaican Agricultural Support Programme in the context of the focal sector of Poverty Alleviation under the 8th EDF

²³ The CSS/NIP can be viewed at: http://europa.eu.int/comm/development/strat_papers/index_country_fr.htm.

SME policies within the region. The new Company Act was submitted to Parliament and was expected to be passed early in 2004.

b) Activities

9 JM 001 - Private Sector Development Programme PSDP (20,000,000€)

The main objectives of the new private sector development programme under the 9th EDF is to strengthen the competitiveness of Jamaican SMEs. The Financing Proposal for the PSDP was developed between spring and summer 2003 in a consultative approach, involving the main stakeholders and development partners. Total project costs are estimated at 28.7 million euro, of which euro 20 million will be provided by the EDF. The Commission adopted its Financing Decision approving the project in December 2003 and the project is expected to start in the first half of 2004. The PSDP will support activities essentially in three areas: strengthening of intermediary organisations, increasing enterprise competitiveness through business development services and improving access to sources of corporate finance.

8 JM 004 - Trade Development Programme (6,000,000€)

The Trade Development Programme (TDP) is a business development scheme that aims to create sustainable trade and production growth through enhanced international competitiveness of Jamaican private sector companies. The Financing Agreement was signed in 1999 and will expire in the end of 2005. The TDP is in its final phase of implementation, with the final Programme Estimate being implemented in 2004. In many ways the new Private Sector Development Programme will build on the successes and lessons learnt in the TDP. A total of € 4.8 million was provided for technical assistance and Business Development (BD) to private firms, while € 1.2 million was provided for technical assistance to services providers such as the Jamaica Bureau of Standards.

Through the TDP, quantifiable improvements have been noted for participating firms with respect to their productive performance, understanding of the international market place, foreign exchange earnings and penetration of new markets. In the area of sales performance the Programme has made significant impact on its “clients”, with trends surpassing or contrary to the national averages. For the period January - June 2003, “clients” who have benefited from the Programme since its inception, demonstrated an annualised growth rate of 29.5% compared to a 17.21% growth rate for the same period in 2002.

At 30 September 2003 the following achievements can be high-lighted as follows:

Indicator	Target	Results
Number of enquires	200	631
Service Providers assisted	15-20	15
Diagnostics completed	25-35	34
Companies implementing business Plans	20-30	56
Disbursement under the TA and CSgs	6 m euro or J\$212.5 m	Total of J\$183.7 m or 86.47% at September 03

Assistance provided by the programme to date includes management & staff training/development, productivity improvement, product development, quality management, marketing & promotion, technology transfer, promotion of business collaboration, joint venture facilitation and financial advice.

The programme has also provided assistance to private and public sector service providers that offer support services to the Jamaican business/export sectors. Areas of assistance include capacity building and institutional strengthening.

c) Degree of integration of cross-cutting themes (gender issues, environmental issues, institutional development and capacity building)

Similar to its predecessor, the TDP, the PSDP targets a wide range of businesses, empowering people in both urban and rural areas. Its sustainability will be enhanced through networking, cluster and sector initiatives. Support institutions (e.c. Competitiveness Committee) will be put in place to provide additional support. Capacity building has been provided to companies and services providers under the TDP and is foreseen for each of the three main areas of intervention under the PSDP.

4.1.2 Infrastructure Development

Assessment of progress in the area infrastructure development is divided into two sections: **transport sector** (4.1.2.1) and **water sector** (4.1.2.2)²⁴. The degree of integration of crosscutting themes for both sectors is addressed in section 4.1.2.3.

4.1.2.1 Transport Sector

Transport is a focal sector under the 7th, 8th and 9th EDF. The assessment of results will start off with ascertaining to which degree the general targets already defined in the 7th and 8th EDF NIPs have been achieved. Thereafter the 15 indicators identified in the intervention framework for the 9th EDF (see Annex I) are scrutinised. The policy commitment of setting aside sufficient resources for consistent road maintenance work was already agreed under the 8th EDF NIP and is reflected again in the 9th EDF CSS/NIP intervention framework.

a) Results

a1) Assessment of achievement of targets and sector commitments as defined in the 7th and 8th EDF NIPs

- *Formulation of National Transport Policy and Road Maintenance Policy:*

The GOJ is committed to the provision of adequate infrastructure to facilitate increased levels of private sector investment and improved living standards for the general population. During 2003, the Government continued the implementation of several major road infrastructure projects, including Segment 2 of the Northern Coastal Highway Project, and Highway 2000. These and other initiatives contribute to the modernization of the country's infrastructure, but have so far not been articulated as a part of a comprehensive national strategy. In this regard, the drafting of the National Transport Policy (NTP) was advanced, and a workshop of the relevant stakeholders held in December to discuss the draft NTP. The document is being revised, in keeping with the comments of the EC and other stakeholders. It is expected to be presented to the Minister of Transport and Works for his review, and subsequently submitted to Cabinet for its approval by mid 2004.

- *Allocation of sufficient budgetary resources:*

The adequate financing of road maintenance is one of the more challenging problems facing infrastructure development in Jamaica, given the high density of the island's road network and the government's severe fiscal limitations. This situation jeopardizes the considerable investments in road infrastructure made by the GOJ and the EDF in recent years. In order to address the problem the Jamaican Parliament approved a Road Maintenance Fund Bill in September 2002. This facilitated the creation of the Road Maintenance Fund, which officially commenced operations in July 2003. With its main activities at this time being the financing of the road maintenance projects generated by the NWA, the Fund disbursed J\$29.0 million to the NWA since July 2003.

The creation of the Road Maintenance Fund is an important step towards ensuring the sustainability of GOJ's road maintenance programme. Its viability is threatened, however, by apparent under funding.

²⁴ Some of the targets for the water sector were identified under the focal area of Poverty Alleviation under the 8th EDF NIP (see section 4.1.3). The assessment of these targets was integrated into the present chapter on infrastructure to improve the consistency of the assessment.

The study "Securing road maintenance in Jamaica", funded by the EU in 2001, pointed to the necessity of identifying sustainable sources of funding. It also suggested that the operations of the Fund could be enhanced by widening its board to involve users, private sector representatives and other stakeholders. This might help in the communication with the general public on the need for supplementary financial resources.

a2) Assessment of achievement of targets in road transport development as defined in the intervention framework for the 9th EDF CSS/NIP

In general the GOJ demonstrated some progress in most of the targets set under the Road Transport Development Intervention Framework. Of the fifteen targets identified, three are linked to the technical assistance to develop the Road Policy and Road Master Plan, and as such recorded no activities during 2003. These included staff /contractor training programmes in required construction and maintenance quality standards, the coordination of Main Road Network (MRN) & Parish Council (PC) maintenance programmes and the training of 20% of staff and private sector contractors in standardized project management techniques. There was no information available on the programme for increased on-site inspection of on-going works, and the programme for on-site inspection and testing of construction materials. Some further detail is provided on some of the indicators as follows:

The Road Fund Act (Maintenance Bill) was passed in September 2002, and the Road Maintenance Fund operationalised in July 2003. Present funding is derived from 30% of all vehicle registration fees, and a proposal was submitted to the Road Fund Board for a gradual introduction of a fuel levy to supplement revenue inflows. A decision on the proposal had not yet been reached. Since commencing operations the Road Maintenance Fund has disbursed J\$29.0 million to the NWA.

The road roughness condition survey not conducted as planned. The GOJ purchased a new laser guided Road Profiler for J\$10.0 m to replace old automated profiler. Testing of the equipment will be done in January 2004, and island wide surveying is set to begin March 2004.

As at the 2nd quarter in FY 2003/04, approximately J\$330 was disbursed under the National Road Improvement Project (NRIP) and 100 roads (km unknown) completed. At that time thirty two (32) completion certificates were issued, with an additional twenty five (25) to be issued by the end of December 2003.

Full implementation of the National Road Services Improvement Programme (NRSIP) was delayed as a result of constraints in counterpart funding. However, the staff for the Project Coordination Unit was appointed, and the TOR/Short List for consultants (Transport Economist/Planner, and Environmentalist) was approved by the IDB. The weight scales have been purchased and are being calibrated by the Jamaica Bureau of Standards.

b) Activities

8 JM 025 - Preparation of the 9th EDF support to the road sector in Jamaica (€ 80,000)

In 2003, the Ministry of Transport and Works received technical assistance to design the 9th EDF support to the road sector in Jamaica. The T.A. prepared the guidelines and Terms of References for the design of the Road Sector Policy and Road Master-Plan and the definition of the institutional and financial support to be provided. The final report was submitted by the consultant in March 2003.

9 JM 007 - TA for the preparation of Jamaica's road policy and road master-plan (€ 750,000)

On the basis of the guidelines and TOR prepared for the Road Sector Policy and Road Master Plan, the tender dossier to recruit the required TA was completed. The Road Policy and Master-Plan will be instrumental in establishing priorities, and in targeting scarce financial resources available for road maintenance. On the basis of these priorities, it is envisaged that a joint GOJ/EDF road maintenance programme could be financed. The award of the contract is predicated on the GOJ's approval of the National Transport Policy.

7 JM 042 (Sysmin)/8 JM 001 (NIP) - Northern Coastal Highway (€ 70,00,000/€ 10,000,000)

The commencement of civil works for the NCHIP, originally expected to commence in September 2000, was delayed as a result of financial constraints being experienced by the Government of Jamaica, limiting GOJs ability to finance the necessary land acquisitions. In 2001, the GOJ decided, on proposal of the European Commission, to reduce the scope of works and accordingly, additional services were contracted to undertake the re-design of the Segment III of the NCHIP and the preparation of the tender dossier. The new design and tender dossier were finalized in July 2003, although the preparation suffered delays as a result of the inclusion, in the tender, of the relocation of water pipes. A complementary study regarding the economical viability of the project was completed in June 2003. The study updated the economical analysis carried out in 1995 and in 1997, which were used for the preparation of the financing proposal.

The launch of the international tender for the civil works was conducted in September 2003, and the deadline for the opening of the bids was February 2004. In accordance with the rider to the F.A. signed in December 2003, the Government is committed to completing the land acquisition by the 1st of January 2004, at the same time the Rider relieves the EDF from financing supplementary costs caused by possible shortcomings of the tender documentation. The GOJ is also in the process of undertaking the necessary relocation of electricity and telephone services interfering with the road works.

7 JM 006/8 JM 012 - Road Rehabilitation/Institutional Strengthening RRISP (13,500,000€/2,700,000€)

The RRISP project (7 JM 006) involved the rehabilitation of 100 km of tertiary roads in the parishes of St. Andrew, Portland and St. Mary. The project started in April 1999 and was completed in November 2002 when the final acceptances were granted for the four lots in which the project was split. The cost of the project increased from €13.5 million up to €16.2 million after price revision and expansion in the scope of the works. The GOJ and the Contractors are in legal dispute regarding the application of the revision of prices. The European Commission has given its final view regarding the final account. The Government is to establish the final account once a settlement is reached.

4.1.2.2 Water Sector

Activities in the Water Sector were agreed under the focal sectors of infrastructure (EDF 7) and poverty alleviation (EDF 8). With a view to increasing the consistency of the presentation, the sectoral policy commitments for water agreed under poverty alleviation are included here for assessment. The project "Rural Water Supply", which was started under poverty alleviation, is equally included in the presentation of "activities" in the water section.

a) Results

Assessment of achievement of targets and sector commitments as defined in the 7th and 8th EDF NIPs

- *Reforms to ensure sustainability in maintenance and management of infrastructure services. In particular careful monitoring of tariff structures and rates of public utilities towards sound cost recovery practices; Re-organisation of National Water Commission; Reformulation and Review of policies on water²⁵*

The Water Sector Policy was adopted by Cabinet in 1999, and the Water Strategy and Action Plan was completed in 2000.

With the support of EU financing during the first quarter of 2003 technical assistance has been provided to the National Water Commission (NWC) in order to design the asset management system (AMS) to be used to operate the NWC's water supply network. This is the first step to be followed by the enforcement

²⁵ This GOJ commitment was formulated under Poverty Alleviation (8th EDF NIP)

of the AMS and the identification of the relevant financial resources to maintain the existing infrastructure. Following the Financing Agreement no. JM 6003 (Rural Water Supply Phase II - RWSII March 2000) the Government should “*identify the necessary resources for the implementation of a structured and comprehensive countrywide water supply, water asset record system*”. The RWSII started in December 2003 with the award of the design and supervision contract.

A financing proposal for the Institutional Strengthening of NWC is being prepared in order to support its reform. This action is aimed in improving NWC’s efficiency and financial viability. The EU support should be accompanied by a certain number of steps to be undertaken by the NWC. Among the key steps identified is the launch of a redundancy program, aimed at to reducing the NWC’s operating costs²⁶.

b) Activities

7 JM 023/024/8 JM 017 - Negril-Ocho Rios Wastewater Project/Waste Stabilization Ponds (€ 15,00,000/€ 24,823,049/€ 149,000)

The civil works related to the Negril-Ocho Rios Wastewater Project (7 JM 023/024) were completed in December 1999. The project included the construction of 26 km of sewers, 11 pumping stations and stabilization ponds in Negril, and the construction of 20km of sewers, 7 pumping stations, oxidation ditch treatment plant and a sea outfall in Ocho Rios. Advisory and Monitoring Wastewater Committees involving local communities were established in order to secure sustainability and ownership. After a long legal dispute with the Contractor, a final settlement was reached in February 2003. The closure of the project has been requested and the balance left (~€2.2 million) will be carried over to the 9th EDF.

Because of settlements of the embankments of the stabilization ponds in Negril, a study was launched in November 2001 in order to assess the problem and to prepare the design of the possible works to restore the original characteristics of the ponds in terms of capability and capacity in waste water treatment. The design and final report related to the rehabilitation of the ponds were completed in March 2003, implementation of the remedial works commenced. There were delays in the implementation of the recommendations of the study as a result of the slow execution of bore-holes and laboratory tests financed by NWC.

8 JM 011 Rural Water Supply – Phase II (€ 10,000,000)

According to the Financing Agreement, the start of this project was conditioned on the preparation by GOJ of an Asset Management Plan for the National Water Commission (see next paragraph). Following a delay of over two years, due in part to a re-tendering exercise and to above-mentioned condition, the contract for the design/procurement of materials, and implementation/supervision for the RWS II was awarded only in October 2003. The Inception Report was due in December 2003.

8 JM 023 - Preparation of the Asset Management Plan for National Water Commission (€79,990)

In March 2000, the Government of Jamaica and the European Commission signed the Financing Agreement for the Rural Water Supply Project (Phase II). One of the special conditions of the FA, is that the GOJ “*will define a program and identify the necessary resources (financial and man power resources) for the implementation of a structured and comprehensive country wide water supply asset record and management system*” That same year, the National Water Commission drafted its first formal Asset Management Plan (AMP 2000). In 2002, further progress in the development of the AMP was facilitated with the assistance of an engineering consultancy firm funded by the EU. In February 2003, the firm completed its report on the creation of an Asset Management System (AMS), which would be used by the NWC to aid the development of a more comprehensive AMP. A progress report on the implementation of the Asset Management Programme will be submitted by the NWC in early 2004.

4.1.2.3 Degree of integration of cross cutting themes in infrastructure development

Road sector

²⁶ Labour costs constitute 41% of the NWC’s total operating costs, which is well above standard rates.

After the public rail transport ceased in 1992 road transport became the only one land transportation mode. Notwithstanding economical difficulties the number of vehicles circulating in Jamaica increased in 2001/2002 by 1.2%.

Because of the difficult economical situation, the resources affected to the road sector have been drastically reduced during last years (the ratio between recurrent + capital expenditures in the road sector/net total recurrent + capital fell from 0.28% to 0.087% between 2001/2002 and 2002/2003).

It is evident that an adequate policy supporting the road sector, planning the scarce resources available and a maintained road network are basic factors to improve competitiveness and productivity of the economic system and will foster the development of the private sector (1st focal area – 9th EDF).

Water sector

The identification of the RWS II schemes has been carried out also considering the poor living conditions characterizing the concerned areas.

Improvement of the efficiency of NWC and implementation of rural supply projects will entail better conditions of water supply particularly in poor and rural areas. Often because of lack of correct maintenance certain areas (mainly poor areas) remain without water for some days. Lack of water supply is sometimes the cause of riots in rural communities. In rural areas the women are in charge of collecting water which often is unsafe. This entails physical stress for women, health risks particularly for children.

Improving the NWC efficiency in managing maintenance and the implementation of rural water supply project will ensure more constant supply of water in rural areas, improving particularly the living conditions for children and women.

4.1.3 Poverty Alleviation

Poverty alleviation was agreed as a focal sector under the 8th EDF NIP.

a) Results

Assessment of progress in poverty alleviation is based on the indicators and targets agreed in the NIPs for the 8th EDF (see chapter 3 for an assessment of progress towards achievement of the Millennium Development Goals).

i. Start implementation of National Poverty Eradication Programme (NPEP)

The NPEP was established by the GOJ in 1995, to honour its commitment to the eradication of poverty which was agreed on at the World Summit for Social Development that year. Since the implementation of the NPEP, the incidence of poverty has declined by 9.3 percentage points moving from 27.5% in 1995, to 18.2% in 2002. The data for 2003 was not available at the time the report was prepared.

ii. Allocation of sufficient budgetary resources

It is estimated that by the end of fiscal year 2002/03 approximately J\$39.1 billion would have been spent on NPEP projects/programmes since its inception. Of this amount, approximately \$4.84 billion was allocated in FY 2003/2004.

iii. Formulate and review policy for water

This indicator is addressed in the section on water under infrastructure (section 4.1.1.2).

iv. Implementation of support to reduce poverty in rural areas improving the livelihoods of small-scale farmers

The EU/Eastern Jamaica Agricultural Support Project (EJASP), the successor to the EU/Morant Yallahs Agricultural Development Project (MYADP) is in its third year of implementation. The project continues promoting sustainable and environmentally positive production methods and improved marketing.

v. Facilitating the work of decentralized partners, notably NGO's involved in field

A participatory approach to development planning is increasingly being adopted by GOJ. In the context of the Poverty Reduction Programme (see activities below), which is implemented by the Jamaica Social Investment Fund, CBOs are increasingly involved in the identification, design and implementation of projects.

b) Activities

6 JM 038/040/7 JM 054/055/8 JM 016 - Poverty Reduction Programme PRP (€ 6,000,000)

The overall objective of the Poverty Reduction Programme (PRP) is to contribute to improve living conditions in poor communities as defined in the Government's National Poverty Eradication Programme (NPEP), by providing improved access to basic infrastructure and services, especially in the field of sanitation, water and health. In the process it should increase participation and ownership of community members in the choice and implementation of projects to ensure that they better respond to their needs and to enhance the sustainability of the investments. The PRP is implemented by the Jamaica Social Investment Fund on the basis of a **Capital Fund** to finance the community-based projects and **Annual Work Programmes** for funding capacity building and related activities.

Activities under the PRP had a slow start in 2001 due to the need to agree between the Delegation and the Office of the NAO the modalities for putting in place the Capital Fund and for Community Participation, including the contribution of 25% of project costs (in cash or kind) of the beneficiaries, as required by EDF-rules on micro-projects. The 25% requirement implied that JSIF had to implement changes to its procedures. This was finally achieved in 2003.

During 2003 spending on the 2nd Work Programme was lower than projected, in part due to over-ambitious planning of training activities. Progress was, however, made in the Capital Fund with the start of the implementation of the fully community driven Whitfield Town Sanitation project. The largest PRP project started about two years ago with the establishment of the Community Development Council (CDC) and the preparation of technical documents, which were all developed by a person from the community with proper skills and professional experience. The project is fully managed by a project committee from the CDC and works are carried out through labourers from the project area or from the wider Inner City community if special skills are required. So far, 12 projects have been approved by the PRP Steering Committee of a total cost of approximately 150 million JMD.

The implementation of sub-projects has so far been slow since it takes a considerable amount of time to build the capacity of community organisations, as well as ensuring full involvement of the community members in all stages of the project cycle. The project has introduced new concepts and procedures for community-based project development and implementation. It is hoped that the initial high start-up costs (in terms of time invested in agreeing appropriate procedures, training, etc.) will bear fruit in the long run through effective implementation of worthwhile projects and improvements in capacity and empowerment in the under-privileged communities.

8 JM 005 - Eastern Jamaica Agriculture Support EJASP (6,900,000€)

The overall objective of EJASP is to improve the standards of living of small scale farming households in the four eastern parishes of Jamaica (St. Mary, Portland, St. Thomas and rural St. Andrew). The Financing Agreement (FA) was signed on 13 December 1999 and ends no later than December 31, 2004.

The 3rd Annual Work Programme (April 2002-June 2003) and 4th Annual Work Programmes (July 2003-September 2004) focus on institutional strengthening of the group-based sub-projects and capacity building, specifically in business management which is required for achieving sustainability of the sub-projects, and in the areas of record keeping and financial management. The EJASP Project Management

Unit continued during 2003 to work closely with the implementing agency, Rural Agricultural Development Authority (RADA) of the Ministry of Agriculture to achieve the project activities sustainability. The Data Bank & Evaluation Department of the Ministry of Agriculture will continue its stewardship of EJASP's monitoring and evaluations activities under the 4th AWP. Participation in the four parishes is high, this being ensured by the bottom-up approach adopted by the EJASP. The current adaptation to assist Associations and Groups that lead projects allows the potential for assistance to be given to many more individuals and is proving effective.

Since the onset of the project, EJASP received 120 sub-project proposals and subsequently approved 79 sub-projects. These cover a very wide range of activities, as follows: goat improvement and production (22); small-scale irrigation (5); road rehabilitation (9); environmental and improved land husbandry (4); land titling (1); agro-processing (4); milk production (1); improved bee keeping (2); fruit tree rehabilitation (2); grape revitalisation and expansion (1); coffee rehabilitation and production (5); and production and marketing of ginger (12), mini set yam (5), Scotch Bonnet peppers (4) and plantains (1). Nearly three-quarters of all these sub-projects had been financially completed by the end of September 2003. The remaining ones shall conclude their activities by March 2004. A total of €6,323,142 (92%) of funds have been assigned with €4,944,420 (72%) disbursed. The annexed project sheet details more information on the project activities under the 3rd and 4th AWP.

c) Degree of integration of cross cutting themes (gender issues, environmental issues and institutional development and capacity building)

EJASP is targeted, among others, at small farmers and their families and aims to lessen gender income disparity. Women comprise approximately 20% of all farmers and are receiving special attention. The marketing focus of EJASP is particularly suited to women's participation, since there is a tradition of women managing agro-processing, small trading and marketing ventures. As all projects, sub-projects are market-driven; women play a key role in the selection and implementation of the project activities.

The main environmental concern is the threat of soil erosion and land degradation, a result of poor farming practises, deforestation, bush burning, poor road construction, etc. EJASP is implementing measures to address these environmental issues, namely better land management practices, appropriate road construction techniques and community education. The project is thus having a positive effect on the environment.

The Rural Agricultural Development Authority of the Ministry of Agriculture is the implementing agency of EJASP. In this regard, EJASP provides additional resources to enable RADA to fulfil its role. One of the challenges for RADA will be to adequately identify existing NGOs and private organisations to develop partnerships for the sub-projects, as the rural communities are unlikely to be able to afford to finance extension services.

The objective of the **PRP** is to alleviate poverty in the most vulnerable areas of Jamaica by ensuring that there are adequate water supply and sanitation facilities in the targeted areas. The sub-projects are being implemented with great emphasis placed on environmental matters and there has been considerable institutional development and capacity building in both the implementation agency and community-based organisations.

4.1.4 Macroeconomic Support: Support for Economic Reform Programme (SERP)

a) Results

According to the macro-financial indicators of the Intervention Framework in annex I, real GDP growth in fiscal year (FY)²⁷ 2003/04 is projected at 2.2%, which translates into a continued up-ward trend since FY 2000/01. The fiscal deficit in FY 2003/04 is expected to decrease to 6.9% of GDP, from 7.3% the year

²⁷ The fiscal year runs from April 1 to March 31

before. Similarly, the debt/GDP ratio in FY 2003/04 is expected to decline to 143%, from 150% the previous year. However, inflation is projected at 15% in FY 2003/04, compared to 7% the year before.

While macro-economic performance over the past years shows positive trends (except for inflation), most targets set for fiscal year 2003/04 are, however, projected to be not achieved: the real GDP growth target of 2.7% is projected at 2.2%, the budget deficit is expected to be at 6.9% of GDP as opposed to a target of 5.0-6.0%, and inflation is expected at 15.0% (14% for calendar year 2003) against a target of 7%. However, the debt/GDP ratio is expected to stay below the targeted 150.1% at 143.3%.

The weaker than targeted fiscal performance in 2003 is essentially due to higher than budgeted expenditures (due to high domestic interest payments, wages and salaries), combined with a fallout in revenues. Actual expenditures for FY 2003/04 (April-January) were 7.2% higher than budgeted, while revenues/grants were 1.4% below budget. The macroeconomic programme faces difficult challenges in terms of fiscal and debt management in view of the need to promote more rapid economic growth while maintaining social objectives under the Medium Term Framework. Government has already embarked on discussions with the labour unions and the Private Sector, as part of an effort to re-launch a social partnership, and some initiatives have emerged toward a national consensus.

As regards the National Poverty Index, no target has been set for 2003. Since this indicator is not compiled by the Jamaican authorities, GOJ suggests to replace it by an alternative indicator (which identification is on-going) in order to monitor progress in the social sectors²⁸.

In the area of Public Finance Management, only 3 of the targeted 23 Ministries/Departments submitted their Corporate/Operational Plan. While the MOFP acknowledges the timely submission of these reports, the major issue is that these reports are not submitted within the budget ceiling. On the other hand, 36 out of 56 Ministries/Departments submitted expenditure reports, thus clearly surpassing the target of 25 out of 55. The actual no. of non-salary in-year requests per Ministry/Department for additional funds is 65, against a set target of 8 due to tight budgetary constraints.

The expenditure target for social and poverty reduction programmes in FY 2003/04 of JMD 5,728.31 million has been achieved, with actual expenditure (Dec. 2003) amounting at JMD 5,728.01 million. The targeted level of monthly transfers to the poor by beneficiary of JMD 375.00 has not been achieved due to budgetary constraints of the Government, the actual transfer amounting to JMD 300.00.

As regards the performance in the area of Justice and Security, the target of 460 officials to be trained in the area of human rights has been surpassed by 121. On the other hand, the target of 940 homicides has not been achieved, with an actual 975. Also, the targeted reduction in the overall incidence of crime to 26,463 was not achieved, as the incidence increased to 31,298. However, this increase was the result of successes in the GOJ's drug interdiction efforts which resulted in an increase in the number of recorded offences against the Dangerous Drug Law.

The Government proposes to replace the indicators reduction in the number of homicides and reduction in the overall incidence of crime, as they represent events over which there can be only marginal control under the best of circumstances. In addition, as this years result for the reduction in the overall incidence of crime demonstrate, even a successful implementation of a crime strategy can be reflected in a negative way via an increase in the crime statistics. The new indicators proposed are:

- the number of police personnel trained in community policing which is directly related to the Community Policing Component of the GOJ/DFID Jamaica Constabulary Force Reform and Modernization Programme
- the number of court reporters trained in Cat Real-time Court Reporting which represent efforts on the part of the GOJ to reduce the delays in court proceedings and improve the outcome of criminal trials.

²⁸ Targets for 2004-2006 will be provided by GOJ upon identification of the alternative indicator.

Targets for these indicators for the coming years have been included annex I.

b) Activities

8 JM 009 (SAF)/010 (NIP) - Support to Economic Reform Programme SERP I (€ 25,000,000/ € 9,000,000)

In 2003, the contracts for a debt specialist and a programme specialist expired. The duties of the programme specialist, have been assumed by an officer in the Public Expenditure Division of the Ministry of Finance and Planning. The sustainability of the work of the debt specialist has been assured through a strengthened Debt Management Unit within the MOFP. Two short-term TAs to the Planning Institute were contracted in 2003 in the areas of Rural Development and Strategic Planning. Both contracts will be concluded early 2004. The 3rd and Final Work Programme was signed in March 2003 and will end on 31st March 2004, in keeping with the expiry date of the Financing Agreement.

8 JM 020 (SAF)/021 (NIP) - Support to Economic Reform Programme SERP II (€ 18,000,000/ € 3,700,000)

The Financing Agreement for SERP II expired on 31st December 2003. Two individual commitments were made to finance the development of an Electronic Records Management System at the MOFP, and the Business Process Re-Engineering of the Statistical Institute of Jamaica. Both contracts ended at the end of 2003. A final review/audit of SERP II is scheduled for May/June 2004, to which end a new individual commitment amounting to € 70,000 will be opened in the first quarter of 2004.

8 JM 026 - Support to Economic Reform Programme SERP III (30,000,000€)

The Financing Agreement for SERP III was signed by the EC in February 2003. It was anticipated that the release of the 1st tranche of €12.0 million would have occurred early in FY 2003/04. However, the cessation of IMF Staff Monitored Programmes in April 2003 necessitated the preparation by GOJ of an economic reform programme supported by the principal international development partners. A consultancy was contracted under SERP III funds to assist GOJ in developing this Medium Term Socio-Economic Framework (MTSEF). Work on the framework commenced in September 2003 and at the end of December a draft framework was provided. At the end of the year, the completion of the framework awaited the monetary and financial programmes from GOJ. The submission of the draft programmes coincided with vital discussions between the GOJ and the Trade Unions on proposed measures to cut wage costs, given the severe fiscal limitations of the national budget.

It is expected that the MTSEF will be completed in the first quarter of 2004, and that its submission to the EC would trigger the release of the 1st tranche before the end of FY 2003/04.

The recruitment of the Project Manager for the Human Resources Development and Institutional Strengthening (HRDIS) component was advanced with a call for Expressions of Interest, and the approval of the Terms of Reference and Shortlist by the EC. The preparation of the tender dossier by the EC, and the completion of the recruitment exercise are expected to be completed early 2004. The 1st Annual Programme estimate for 2004 was drafted and revised in keeping with the new guidelines for implementation, the signing of the document will occur subsequent to the contracting of the Project Manager.

c) Degree of integration of cross-cutting themes

Capacity building and institutional strengthening are key components of the SERP. The intention is to go beyond the provision of budget support by simultaneously enhancing the capacity of the GOJ in areas related to SERP implementation.

4.2. Projects and Programmes outside focal sectors

8 JM 007 - Integrated Drug Abuse Prevention Project IDAPP (€ 1,200,000)

The IDAPP is jointly implemented by the National Council on Drug Abuse (NCDA), a Government Agency and Addiction Alert Organisation (AAO), an NGO. The AAO submitted a final report on their component in January 2003. NCDA's component of the project is currently implementing activities through a Third Annual Work Programme and Cost Estimate which was extended to November 2003 in order to facilitate finalisation of some activities as well as to implement the recommendations of the monitoring mission of October 2002. With respect to the Community Based Action Committees (CODAC), there has been leadership training, small business development, youth at risk skills training programme, preparatory work for legalisation, writing of a CODAC sustainability manual, Finance Committee training, management support for small businesses as well as annual audits of the CODAC accounts. The Healthy Lifestyle training has been completed and promotional materials for NCDA were produced and printed. There were also a number of workshops and training sessions conducted by the Ministry of Education, Youth and Culture.

7 JM 041 - Public Sector Modernisation Project PSMP (€ 1,950,000)

The public sector modernisation project aims at institutional development and capacity building and is a critical component of GOJ's overall thrust towards good governance and sustainable development. The EU funding of the PSMP was part of the first stage of the Jamaica Public Sector Modernisation Project, which started in March 1997. Other contributors were the World Bank (loan of € 25.8 million) and the UK Department for International Development (DFID) (grant of 2.7 million euro). The Jamaican Government was to provide counterpart funding of up to 23.6 million euro and approve the restructuring plans. In the context of the EU intervention, which provided a modernisation plan for the PIOJ, a consultancy was carried out during the period August 2002 to September 2003 in order to assess main modernisation needs of the PIOJ. The implementation of the most urgent measures in this respect was prepared during a follow-up consultancy in December 2003. Aside the technical assistance several items of equipment and supplies were provided to the PIOJ. The project ended on 31st December 2003.

7 JM 043/044 Institutional Strengthening of Planning Institute of Jamaica ISPIOJ (total 435,000 €)

Article 224(I) of the Lomé IV Convention provides assistance for the human and material resources necessary for efficient and effective administration and supervision by the NAOs of interventions financed by the European Development Fund. In this context the Planning Institute of Jamaica (PIOJ), in its role as the office of the National Authorising Officer, received support under ISPIOJ to facilitate the efficient implementation of EU-Jamaica co-operation.

A project officer and a project engineer have effectively contributed to EU-Jamaica co-operation within the PIOJ from 1998 to March 2003. Material resources in terms of a vehicle and IT equipment have been during the implementation period. In order to ensure sustainability, the PIOJ in 2002 decided to appoint the two project officers to permanent positions within the agency. One of the officials concerned concluded her contract with the PIOJ later during 2003.

The final Annual Work Programme (AWP) for 2002 was extended until March 2003 to take into account the contracts of the project officers and to allow for finalisation of project activities. An audit and an end of project evaluation were carried out by a consultant from COWI, Denmark with assistance by an independent Jamaican consultant. The final report was approved in November 2003 and focussed on the issue of sustainability.

4.3 Utilisation of resources for Non-State Actors

Non-state actors (NSA) were involved in the consultative process for preparation of the Country Support Strategy (CSS) and National Indicative Programme (NIP) for the 9th EDF. Under the € 10 million non-focal programme of the 9th EDF CSS/NIP a portion will be used for supporting activities of NSA. The activities under the non-focal programme will include community-based initiatives focusing on poverty reduction.

The specific objective of the NSA programme is to improve community empowerment and strengthen social capital in communities. It will be implemented by a participatory decentralised manner, through

capacity building measures related to the community empowerment and the delivery of services to communities.

The preparation of the CSS benefited significantly from the input of state and non-state stakeholders. The process involved individual meetings with key Government agencies, as well as two workshops attended by a grouping of state and non-state participants representing a broad spectrum of interests. The fora provided a means through which a combined response could be made to the CSS and served to foster, at all levels, a sense of ownership of the process and its output. The non-state representatives, who were drawn from the private sector and civil society, reflect a core to be engaged by the Government, in fulfilling the mandate of the Cotonou Agreement.

While the involvement of the private sector and civil society in the preparation and monitoring of the CSS/NIP is valued, concerns remain regarding the modality for the provision of NIP resources to non-state actors. The concerns relate to the large number of NGOs, which exist across varying interests and their relatively low levels of institutional capacity. These issues raise further questions about the eligibility criteria for NGOs to benefit from NIP resources, the parties which will sign ensuing Financing Agreements and be held accountable for the proper utilisation of the resources and whether the performance of the non-state sector will have an impact on the overall performance of the NIP, thereby affecting Jamaica's allocations. It has been agreed in 2003 that an EDF-funded Non-State Actor consultant shall be attached to PIOJ for 2-3 years.

4.4 B-Envelope

In May/June 2002, Jamaica was affected by heavy flood rains that caused damage notably to the road network and agriculture. A study carried out by ECLAC²⁹ in July 2002 has estimated total damage at around JMD 2.46 billion (€32.5 million). Since the unforeseen rehabilitation and reconstruction expenditure have put a significant additional burden on the country's already strained financial situation, the Government of Jamaica (GOJ) appealed to the community of international development partners for assistance. Consequently, the Inter-American Development Bank (IADB) and the Caribbean Development Bank (CDB) made available in 2002 USD 26.0 million (€20.8 million) as emergency rehabilitation loans; USD 1.04 million (€0.83 million) were given as emergency relief and technical assistance by other international multi- and bilateral donors.

Despite the emergency assistance provided by International Development Partners, the GOJ faced persistent need for financial resources to cover urgent rehabilitation and reconstruction works related to the damage caused by the flood rains. Against this background, the GOJ approached the European Commission (EC) in October 2002 with a request to mobilise funds under the 9th EDF B-Envelope³⁰ allocation of Jamaica's National Indicative Programme for emergency assistance in the form of direct budgetary support. Taking into consideration the severe economic and fiscal shock resulting from the flood rains, reflected by significant unforeseen additional expenditure and reduced revenue mainly due to lower agricultural production, the EC approved €25 million under the B-Envelope as emergency assistance in the form of direct budgetary support. The EC budget support is foreseen to be disbursed in the second quarter of 2004, thus helping ease the GOJ's financing gap of €606 million identified for FY 2004/05.

For this purpose, the FA for SERP III will be changed by Rider to increase the amount of direct budgetary support by €25 million. Given the emergency nature of the intervention, this amount will be released into the Government's Consolidated Fund as a single tranche in FY 2004/05. Progress in the rehabilitation efforts, notably for roads, will be detailed in a report the GOJ will prepare within six months after the disbursement of the single tranche.

A draft Financing Proposal (FP) for emergency budget support under the B-Envelope has been jointly prepared by the NAO and the Delegation in December 2003 and sent to Brussels for finalisation and

²⁹ United Nations Economic Commission for Latin America and the Caribbean.

³⁰ The indicative 9th EDF allocation for Jamaica under the B-Envelope is €27 million.

launching of the internal approval procedure. The Delegation has reiterated during the process of the preparation of the FP its request to the GOJ to provide additional information, notably on how the impacts of the flood rains are reflected in the GOJ's budgets, in order to finalise the document. It is foreseen that the single tranche of €25 million will be disbursed by mid-2004.

4.5 Other Instruments

4.5.1 European Investment Bank

In conformity with Article 18 of the Bank's Statute, the European Investment Bank (EIB) contributes to European development co-operation policy outside the European Union. The EU is continuously building up co-operation or association agreements with countries in different regions in the world. Such agreements lay down the conditions for EIB activities in the third countries concerned. EIB support to Jamaica dates back to the First Lomé Convention and the Bank has been mainly active in the industrial sector, infrastructure, telecommunications and tourism. The total active loans in Jamaica currently outstanding under the different Conventions at the end of 2003 of € 154 million. No new loan agreements were signed in 2003. With the formal entry into force of the Cotonou Agreement, the Investment Facility provided under that Agreement has become operative. Under the IF funds from Cotonou are provided to the EIB for creating instruments for improving access of businesses to credit.

4.5.2 Regional Indicative Programme for the Caribbean (CRIP)

Fifteen independent countries in the Caribbean region are signatories to the ACP-EU Conventions³¹, having established in October 1992 the Forum of the Caribbean ACP States (CARIFORUM) with the aim of enhancing co-ordination and monitoring of the EDF support to regional co-operation in the Caribbean. Three EU Member States, the UK and the Netherlands with overseas countries and territories (OCT)³² and France with overseas departments (DOM)³³, have constitutional links with a number of countries and territories in the region.

The relations between the Caribbean Region and the EU have developed essentially in the context of the Lomé Conventions, particularly in the areas of technical and financial co-operation and trade. Initial steps have been made to upgrade this relationship and to institute permanent mechanisms of EU-Caribbean political dialogue, namely through the organisation of regular meetings between the European members of the Joint Assembly and Parliamentary Members of the Caribbean region on specific items of interest to both regions. The 8th EDF Regional Indicative Programme for the Caribbean Region (CRIP) signed in February 1997, provides for the strengthening and facilitation of the co-operation between the EU and the Caribbean Region, by way of annual meetings between CARIFORUM and the Commission. The meeting for 2002 took place in St. Vincent and the Grenadines in late October 2002 during which various aspects of the EU/Caribbean regional co-operation were thoroughly reviewed and the work plan for the year 2003 was agreed.

The 9th EDF Regional Support Strategy and Indicative programme was signed on May 6, 2003. The overall aim of the Regional Support Strategy is the integration of the Caribbean region into the world economy through a global repositioning aimed at achieving sustainable economic growth, regional cohesion and stability and continued improvements in living conditions. Support to regional integration aims the establishment of a harmonised economic space that will contribute to achieving greater competitiveness. This will facilitate the Caribbean to engage in a structural transformation and repositioning of its economy, to enter into advantageous international trade negotiations, and ultimately to achieve Cotonou's central objective.

³¹ Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname, and Trinidad and Tobago. Cuba is an official observer.

³² Anguilla, British Virgin Islands, Cayman Islands, Montserrat, Turks and Caicos Islands, Netherlands Antilles, Aruba.

³³ Guadeloupe, Martinique and French Guyana.

4.5.3 STABEX

Stabex 2000 (€ 2,229,930)

Under the Lome Conventions the STABEX system, which was designed to increase stability in export earnings, the EC granted the Government of Jamaica on 27 December 2000 a repayment of €2,229,930 to compensate for losses experienced in the exports of fresh banana to the EU in 1999. The total amount of this “2000 Stabex Repayment” is being used in conformity with the ongoing rural poverty reduction programme of the 8th NIP under the Eastern Jamaica Agricultural Support Project (EJASP, Project No. 8 ACP JM 005). The resources are used to improve the production and marketing of agricultural produce through the rehabilitation of parochial and farm access roads in the traditional banana growing parishes of Jamaica. By December 2003 the Project had spent \$38,541,166 of the STABEX budget.

In December 2003, the project was revised mainly to transfer the day-to-day management of the Final Programme Estimate from the Project Management Unit (PMU) of the EU-funded EJASP to the Technical Support Unit (TSU) of the Ministry of Local Government, Community Development and Sport (MLGCDs). There were also revisions to some of the Project’s targets against those specified in original FMO, which are a result of an increase in prices: the number of roads is reduced from 10 to 8 and from 28 km to 20.19 Km.

Stabex 1999 (€ 6,577,053)

The Memorandum of Understanding for the STABEX 1999 transfer, which was signed in December 2002 provides assistance to the Government of Jamaica in the form of targeted budget support. The total amount of the fund is being used for rehabilitation of parochial and farm access roads, damaged by flood rains in May/June 2002 in seven parishes. The first tranche € 2.65 million was transferred to GoJ in mid-2003. The release of the second and last tranche of € 4 million euro was requested in the beginning of December 2003 and was expected to be released in early 2004.

4.5.4 SYSMIN

The Sysmin facility compensates ACP countries for losses experienced in the mining sector. Due to steady decline in export earnings Jamaica benefited from Sysmin funds under the 5th EDF (Negril Ocho Rios Waste Water Project). It was again eligible for Sysmin support under the 7th EDF where it received an allocation of 70 million euro. As mentioned in section 4.1.2 above, the resources were allocated to the Northern Coastal Highway Improvement Project.

4.5.5 Budget Line Funding

In addition to the European Development Fund, the European Commission offers direct support to Jamaica through various lines from its annual budget. In the following, the purpose of the different budget lines is explained and descriptions of the various projects being implemented under these in Jamaica are provided. Details of the projects funded from the Budget can be found in annex VI.

4.5.6 Budget line Assistance: Special Framework of Assistance Banana Support Programme

Global context and objectives

In 1999, the EU established the ‘Special Framework of Assistance for Traditional ACP Suppliers of Bananas’ (SFA)³⁴ against a background of falling banana prices on the world market and following the WTO decision against the European banana regime. Through successive annual allocations of funds, Jamaica continues to receive financial and technical assistance in order to promote an efficient banana industry that is able to compete in a liberalised world market on a sustainable and competitive basis. It is important to note that the programme has progressively broadened since its inception and indeed, now

³⁴ Council Regulation (EC) No. 856/1999 and Commission Regulation (EC) No. 1609/1999.

seeks to promote sustainable development in the traditional banana-growing areas of Jamaica, maintaining the living standards of banana and plantain farmers as well as estate and Banana wharf workers in the port town of Port Antonio in the short term and improving them in the long term.

To date, Jamaica has been granted €24.7 million under the five SFA's from 1999 to 2003. It is envisaged that 16,000 to 20,000 rural family members will benefit both directly and indirectly through both the Banana Improvement and the Rural Diversification components of the programme before its completion date in 2009.

Progress in activities

In keeping with the broader focus of the programme, the technical units of the Banana Improvement component (BIP) expanded their activities to include domestic as well as export banana and plantain farmers. Working in close collaboration, the *Research Department of the programme* continued with its applied research into banana and plantain production technologies, disease control and fungicide sensitivity. The *Disease Management Unit* expanded its Sigatoka and nematode control service to farmers, providing advice and equipment to the farmer spray teams. Due to the need to achieve long-term and sustainable results, this Unit also introduced a pilot programme in 2003 in which farmers partly paid for these services. The *Technology Transfer Unit* continued to train extension officers and farmer groups in improved agricultural practices, conducting seminars to raise awareness of appropriate chemical use, rational fertiliser application and new technologies. This Unit also expanded its Banana Certification Programme in order to keep abreast with the changing market-driven requirements for traceability of fruit. The *Water Management Unit* continued to support small- and medium-farmers with their efforts to (re-construct irrigation and drainage structures. Through such investments, these farmers were not adversely affected by the heavy rains and flooding of May 2003.

The *Banana Investment Fund* invested approximately €2 million in order to build and/or upgrade existing infrastructure for both the large estates and smaller farms. The *Workers Education and Training Programme* met with considerable success in providing basic literacy to banana estate workers, celebrating its first graduation of more than 250 students. Similar training was being created for small and medium-farmers, with an additional component of business skills.

In-depth discussions were also held with the main stakeholders of the programme in order to advance the programming phase of the Rural Diversification component (RDP). This will support demand-driven sub-projects and so promote new farming activities for banana and plantain farmers. More specifically, farmer-marketing groups will be established and strengthened through training in all aspects of the supply chain for their crops. Additionally, a *Diversification Fund* will be established to assist these farmers with their investments into necessary infrastructure and inputs.

Cross cutting issues

The adoption of appropriate technologies continues to be intrinsic to the programme's support to the large estates and small- and medium- farmers, with priority given to the use of local materials and skills wherever possible. Particular consideration is given to sustainable use of the resource base, with all the technical units providing training and awareness-raising in soil conservation, safe application and disposal of chemicals as well as integrated and non-chemical pest control.

Through the ongoing and direct support to export and domestic banana and plantain industries, the programme has acted as an effective and stable socio-economic buffer for small and medium farmers in these eastern parishes of Jamaica. With more than 1,800 women directly employed in the banana industry, the programme has the potential to impact very positively on the existing gender-based income disparity. Furthermore, these women continue to benefit significantly from the Workers Education and Training Programme.

It is envisaged that these positive effects on rural livelihoods will be further magnified through the Rural Diversification component. Again, the marketing focus of this is particularly suited to women's participation since there is a tradition of women managing agro-processing, small trading and marketing ventures.

5. Programming Perspectives for the following years

5.1 Integration of new EC/EU policy initiatives and commitments

For Jamaica new initiatives and commitments in the areas of water and irrigation would appear of particular importance. A migration profile for Jamaica has been established and annexed to this report, as has been a Country Environmental Profile (CEP). The new commitments on water should be taken into account in activities in the water sector. The implications of migration on Country Support Strategy should be further reflected.

The question of adequate consideration of other possibly relevant initiatives and commitments should be kept on the agenda of the regular meetings between the Delegation and GOJ and, if necessary, discussed in upcoming review meetings.

5.2 Proposal on a review and adaptation of the CSP

The Country Support Strategy/National Indicative Programme (CSS/NIP), 2002-2007 was signed in February 2002. In this document the Government of Jamaica and the European Commission agreed on the following areas of intervention: continuation of co-operation on Jamaica's **macro-economic reform programme** (€ 30 million euro), **private sector development** € (20 million) and **road maintenance** (€ 30 million) as focal sectors of co-operation and a **non-focal programme** for community-based initiatives focusing on **poverty alleviation and institutional strengthening** of the office of the NAO (€ 10 million).

Under the 9th EDF Jamaica was allocated 73 million euro of programmable resources ("A-envelope"), which meant that the envelope was over-programmed by 23% with a view to a possible increase in the context of the Mid-Term Review. Jamaica's allocation for unforeseen needs ("B-envelope"), such as emergency assistance, is 27 million euro.

Update on programming of A-Envelope

At the end of 2003, 72% of available A-Envelope funds of the 9th EDF had been committed (see table below). The global commitments taken include the Support to the Economic Reform Programme (SERP) III, the Private Sector Development Programme (PSDP), Institutional Support to the office of the NAO, Technical Assistance in the Area of Road Transport Development and the Technical Cooperation Facility, designed to provide funds for technical assistance related to the implementation of the 9th EDF CSS/NIP.

Title of Project	Amount (€)	Date
Macro-economic support programme	30,000,000	December 2002
Private Sector Development Programme	20,000,000	December 2003
Institutional Support (Office of DNAO)	494,500	December 2003
TA for preparation of Road Sub-sector Policy and Master Plan	750,000	December 2003
Technical Cooperation Facility	960,000	January 2004
Total	52,204,500	
	(i.e. 72% of A-Env.)	

The updated **Chronogramme of Activities** in Annex II takes into account the issue of over-programming mentioned above and the fact that 72% of the A-Envelope have already been committed (notably for budget support and private sector development).

The Financing Decision for the project for decentralised community driven project for **Poverty Reduction** (€ 8 million) is foreseen for March 2005. The Financing Decision on technical assistance for strengthening the **National Water Commission** (€ 1.1 million) and the **Negril Ocho Rios Waste Water project completion** are expected for July 2004

In view of the over-programming and in the absence at the time of preparation of the Annual Report of a decision on a possible increase in Jamaica's A-Envelope, it is proposed to programme the second focal area **Road Transport Development** at € 12,225 million for the coming years: a Financing Decision on a capacity building and training programme (€ 2,225 million) is expected for September 2004 and the Financing Decision on financial support to road maintenance (€ 10 million) could be achieved by July 2005.

Update on B-Envelope

As outlined in section 4.4 a Financing Decision on the implementation of emergency assistance (€ 25 million) in the context of budget support under SERP III is expected in the first semester of 2004.

Proposal on a review and adaptation of the CSS/NIP

The NAO and Head of Delegation propose to leave the Country Support Strategy and National Indicative Programme **unchanged**. An updated chronogramme of activities is provided at annex.

As was elaborated above, the A-Envelope was over-programmed by 23% (€ 17 million). Since work on the Financing Agreements for Budget Support and Private Sector Development advanced more quickly and Financing Decisions have been taken, the amounts available for the focal sector of Road Transport Development have been de facto reduced from € 30 million to 13 million.

The over-programming of the A-Envelope was agreed with a view to Jamaica striving to achieve an increase in its A-Envelope allocation in the context of the Mid-Term Review. It is, therefore, recommended that with a view to the needs, based on an assessment of performance and on the availability of supplementary resources, an **increase of the country allocation by € 17 million** should be considered. These funds could be implemented in the context of the Budget Support programme in order to fill the financing gap that would emerge in 2007, the final year of the CSS/NIP, as the present programme covers only up to fiscal year 2005/06.

6. Conclusions of the joint Annual Report

The MTR and the Joint Annual Report 2003 process took place in accordance with the stipulations in the Cotonou Partnership Agreement. A final meeting with the NAO took place on 17 March 2005.

The Medium Term Review conclusions propose:

- **to maintain the Strategy for Jamaica as contained in the CSP and NIP;**
 - **to maintain the funds under envelope A;**
 - **to increase the allocation under the B envelope by €2 million**
 - **to re-allocate €10 million earmarked for Support to Road maintenance to budgetary support**
- *Key results of the consultation with Non-State Actors and how they have been incorporated in the implementation of cooperation and programming perspectives;*

Non-state actors (NSAs) were involved in the consultative process for preparation of the CSS/NIP for the 9th EDF. NSAs were also involved in the preparation of the JAR 2003, having reviewed the report during a workshop in February. There are concerns regarding the modality under which the 9th EDF resources to non-state actors will be disbursed, and how the accountability for the proper utilization of

resources will be addressed. The large number of NGOs, their wide range of interests and their relatively low levels of institutional capacity are other areas of concern. It was agreed in 2003 that an EDF-funded non-state actor consultant would be attached to PIOJ for 2-3 years.

- *Whether a change of strategy was proposed and agreed, or whether the choice of the focal sectors was confirmed;*

The choice of focal sectors, Macroeconomic reform, Infrastructure development and Private Sector development was confirmed.

- *Position taken on the integration of the new EC/EU initiatives and commitments;*

For Jamaica, water and irrigation initiatives would appear to be of particular importance. A migration profile and a CEP have been established. The implications of migration for Country Support Strategy should be further reflected, and new commitments on water should be taken into account in activities in the water sector. Special attention will be given to trade, particularly in the area of competitiveness through the private sector development programme and possibly the technical cooperation facility to complement at national level the actions undertaken at regional.

- *Overall assessment of the country in terms of financial performance, sectoral performance and 'special considerations' such as progress in institutional reforms and towards poverty reduction;*

Financial performance

Status as at 31 December 2003, calculated on the performance over the last five years:
On the basis of 5-year average figures, Jamaica has shown a fairly good financial performance.

Macroeconomic and Sectoral performance

Given the adverse external conditions – large negative domestic shocks, macroeconomic vulnerability caused by high debt level and a structurally low rate of economic growth – achieving a positive growth rate, running high budgetary primary surpluses, containing inflation and responding to the emerging crisis of early 2003 represents **adequate** macroeconomic stabilisation on the whole. Jamaica has a relatively strong and improving public finance management system. Although the overall composition of expenditure has somewhat worsened under the effect of rising interest payments and wage costs, social spending has been largely protected. The overall performance can therefore be judged as **good** although resolute tackling of the reasons underlying the current budgetary tension is needed to avoid further deterioration in the composition of expenditure. With regard to poverty outcomes, the picture is quite positive, reflecting both Jamaica's relative income level and the authorities' capacity to improve social indicators despite a long period of disappointing economic growth. While persisting budgetary tensions may jeopardise this, the authorities' performance in the period under consideration can be judged as **adequate**.

The figures for assignments and payments would be better had budget support under SERP III not been delayed due to the absence of an economic reform programme, supported by the principal development partners in 2003. In the past there have also been delays in commitments and assignments beyond the control of GOJ.

Several efforts were made to support the institutional strengthening of the private sector. The CARICOM conference held in Jamaica led to the recognition that a more coordinated regional effort on SME policies was needed. Jamaica passed the Company Act in February 2004 and prepared to introduce the PSDP to the private sector. In terms of trade development, from FY 2002/2003 to FY 2003/2004, bank credit to the private sector increased by 7.9%. Non-traditional exports, however, did not increase as expected (the

Comment: Compare Section 4.3.

targeted 2% for 2003) due to the damage caused by the hurricanes in the agricultural sector. Nonetheless, bearing in mind the improvements in capacity building and institutional strengthening, private sector development is rated as good.

(a) The net contribution of the Road Transport Sector to GDP has increased from 12.9% in 2002 to 13.80% in 2003, and is therefore considered **good**. (b) An assessment on road network quality in rural areas is not feasible based on the indicators provided. (c) While the road maintenance fund commenced operation in July 2003, the amount disbursed to the NWA remains insufficient and the fund remains unsustainable; full implementation of the National Road Services Improvement Project (NRSIP, co-financed by IDB) was delayed because of a lack of GOJ counterpart-funding. Even if the preparations are advancing satisfactorily, the current assessment for the implementation of the road maintenance program is **not adequate**. (d) With respect to capacity building, the RMMS software was fully installed and 28 persons across the island trained in its use. Engagement of NRSIP - Institutional Strengthening consultants was still behind schedule, but the TOR/shortlist for consultants was approved by the IDB. Since some surveys indicated in the updated JAR were not carried out, capacity building is cautiously rated **adequate**. (e) Due to budget constraints, the National Road Improvement Project (NRIP) incurred some delays. The preparation of the National Transport Policy is also incurring delays. A draft NTP was presented at an EC-funded workshop in December 2003 and, according to GOJ, the NTP is currently being revised on the basis of EC comments. While it should be recognised that the Road Fund Maintenance Bill was passed in September 2002 and put into operation in July 2003, the strategy and policy framework is still **not adequate**. Considering that the NTP has not been adopted, the indicators for road network quality and maintenance are underprovided, and the evaluation of the limited available data does not suggest a good performance, **the overall assessment of this sector both in terms of sectoral policy and road sector performance is assessed as not adequate**.

Special considerations

Jamaica has managed to run relatively high public sector primary surpluses even though significant slippages began to accumulate in the second half of 2001 when flood damage and the effect of September 11 on tourism put the budgetary accounts under strain. Against this background, expected savings in interest payments failed to materialise. The mounting pressure on the public accounts undermined confidence in the national currency, and this spilled over to the foreign exchange market. Over 2003/04, however, the authorities tightened fiscal and monetary policies successfully avoiding destabilisation of the economy.

Overall, Jamaica has also shown a positive trend in reaching the MDG.

- *Community position/decision on the revision of the country allocation;*

The EC response strategy remains pertinent to the GOJ's national development policy and the existing challenges to the country's economy. Within **the A-envelope allocation**, it is proposed to **re-allocate** the €10 m. earmarked for Support to Road maintenance to the budgetary support programme (SERP III) because of lack of progress by GOJ in the sector. Appropriate conditionality for the road sector will be added to the existing conditionality under the SERP III Programme.

In order to assist Jamaica in addressing the needs stemming from the impact of Hurricane Ivan, it is proposed to **increase the amount of the B envelope by €2 million**.

- *Possible differences in opinion between NAO and Commission which came out during the review process (if applicable);*

The NAO has made the following statements:

- On the basis of need, financial and sectoral performance over the last five years, the country's

allocation should be increased by €17.0 million.

- Financial Performance
The Private Sector Development Programme should have been included in the financial assessment, which would have contributed to Jamaica receiving a higher rating in this area.
- Transport
The policy framework should not have been judged so negatively, as at the time of the completion of the JAR 2003 the National Transport Policy had been drafted and discussed with stakeholders at a workshop in November. Subsequently, the document had undergone several modifications in keeping with the consultative process required for all policy documents of the GOJ.

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ANNEX I – Assessment of Achievements in Focal Sectors and Macro-Economic Support

A. Private Sector Development

INTERVENTION FRAMEWORK 9TH EDF

PRIVATE SECTOR:	PERFORMANCE INDICATORS	STATUS 2002	TARGET 2003	STATUS 2003	TARGET 2004	TARGET 2005	TARGET 2006	Source of Information	Assumptions
NATIONAL SECTOR TARGET: To achieve export-led sustainable growth with increase in production for export and domestic markets and creation of employment	- stable inflation rate maintained - containment of public sector deficit - Increase in bank credit to private sector	Fiscal Year ³⁵ 2002/03 6.2 % inflation rate 151.8% Debt:GDP ³⁶ -7.3% deficit/Surplus of GDP 37.6%	Fiscal Year 2003/04 13-14% inflation ³⁷ 150.1 % Debt:GDP -6.9% deficit/Surplus of GDP ³⁴ 34.7%	Fiscal Year 2003/04 ³⁸ Calendar year 14% inflation * . . % Debt:GDP -6.9% deficit/Surplus of GDP calendar year 45.5%	Fiscal Year 2004/05 9% inflation -3.0- -4.0% deficit/surplus of GDP ³¹ 11.9%	Fiscal Year 2005/06 7% inflation 0.0 %deficit/surplus of GDP ³² 10.9%	Fiscal Year 2006/07 6% inflation 0.5 %deficit/surplus of GDP % N.A. ³⁹	STATIN-Consumer Price Indices; Ministry of Finance-Fiscal Accounts; Bank of Jamaica-Monetary Statistics	Sound political, social and macro-economic framework
INTERVENTIONS: Improve the competitiveness of both private sector organizations and private sector enterprises within the challenging context of globalization	- Increase in non-traditional Exports - Increase membership in private sector organizations (PSO).	Non-traditional exports was affected mainly by the decline in the apparel sector; various Government initiatives and incentives are in place to modernize industries, increase efficiency and accountability within the sector	2% Increase in non-traditional exports Introduce assistance programme to PSOs	0% Increase in non-traditional exports An increase for the fiscal year is projected - The PSDP was introduced to key stakeholders within the private sector during the preparation of the assistance programme in April/May 2004	2% Increase in non-traditional exports Start implementation of PSO assistance programme	2% Increase in non-traditional exports 5% increase in membership	2% Increase in non-traditional exports 5% increase in membership	JAMPRO, PSOJ, Annual Reports and STATIN External Trade Statistics.	Continued Government Commitment to Macro Economic Reforms; Exchange Rate Policy Conducive to Maintaining Competitiveness; Simplification of Investment Incentive Systems; Reform Labour Legislation; Stable Industrial Relation. No exogenous shocks to the non-traditional export markets

³⁵ Government Fiscal Year – April to March of the following year

³⁶ The impact on the private sector of the containment of the debt is better reflected by the ratio of fiscal deficit/surplus to GDP

³⁷ Targets not yet finalized under review for the 2004/05 budget exercise

³⁸ Information for Fiscal year 2003/04 not available, hence calendar year information reported where available

³⁹ N.A. – not available

PRIVATE SECTOR:	PERFORMANCE INDICATORS	STATUS 2002	TARGET 2003	STATUS 2003	TARGET 2004	TARGET 2005	TARGET 2006	Source of Information	Assumptions
<p>RESULTS:</p> <ul style="list-style-type: none"> - Improved Business Dev. Services; - Access to Financial Services enhanced; - Management Capacity of enterprises and Business associations Strengthened - Policy Framework for SME updated 	<ul style="list-style-type: none"> - Private Sector advisory and Competitiveness Committee established - Private Sector Organizations strengthened - Firms assisted through cost sharing scheme - Access to information for exporting and business establishment and operation improved 	<p>Policy framework for SMEs under review</p>	<ul style="list-style-type: none"> - Introduce Competitiveness Committee to private sector - Introduce assistance programme to PSOs 	<p>The Ministry of Development through JAMPRO and the JEA⁴⁰ spearheaded an initiative bringing together major stakeholder s involved in export, with the goal of increasing Jamaica's competitive ness on the global market.</p> <p>Regional CARICOM conference for SMEs held in Jamaica. Delegates recognized importance of a coordinated approach within the region for SME policies. In Jamaica the 2004 Company Act makes provision for the</p>	<ul style="list-style-type: none"> - Competitiveness Committee formed with regular meetings - 1 survey undertaken - 2 PSO strengthened - 15 firms assisted under cost sharing scheme 	<ul style="list-style-type: none"> - (4) surveys undertaken (3) PSO strengthened 20 firms assisted under cost sharing scheme - 500 firms receiving assistance through information centres 	<ul style="list-style-type: none"> - (4) surveys undertaken (3) PSO strengthened 20 firms assisted under cost sharing scheme - 500 firms receiving assistance through information centres 	<p>Project Management Unit Reports, JAMPRO, Ministry of Industry & Tourism reports, OPM Minister of Development Reports</p>	<p>Government and Private Sector willingness to establish Committee</p>

⁴⁰ JEA - Jamaica Exporters Association

PRIVATE SECTOR:	PERFORMANCE INDICATORS	STATUS 2002	TARGET 2003	STATUS 2003	TARGET 2004	TARGET 2005	TARGET 2006	Source of Information	Assumptions
				SME Sector. The Act was passed in February 2004					

B. Road Transport Development

SECTOR: ROAD TRANSPORT DEVELOPMENT	PERFORMANCE INDICATORS	STATUS 2002	TARGETS 2003/04	STATUS 2003/04	TARGETS 2004/05	SOURCES OF VERIFICATION	ASSUMPTIONS
Long Term National Sector Targets: Economic growth and poverty reduction through better access to communities, facilitating increased production and access to social services	1. Net contribution to GDP from transport ⁴¹ sector	12.9 %	n/a	13.8%	n/a	Statistics: National Accounts and Statistics	
	2. Mean per capita Consumption in rural areas (parameter to be identified)	\$7 049 (in 1988 prices) \$59 138 current prices* * Figures are for 2001	n/a	n/a	n/a	PIOJ: Survey of Living Conditions	
Intervention Objective: Improving the quality of the road network in rural areas	3. Road quality indicators (road roughness IRI: Good <4.5 Fair 4.5 -7 Bad >7)	n/a	1. Conduct road roughness condition survey to determine roughness of network 2. Complete 800km under National Road Improvement Project (NRIP) 3. Commence Stage 1 & 2 road maintenance under National Road Services Improvement Programme (NRSIP) 4. Implementation	Road roughness condition survey not done. In 2003 GOJ purchased a new laser guided Road Profiler for J\$10.0 m. Testing of the equipment will be done in Jan.04, and island wide surveying is set to begin March 2004. As at the 2 nd quarter in FY 2003/04, approximately J\$330 was disbursed and 100 roads completed. At that time thirty two (32) completion certificates were issued, with an additional twenty five (25) to be issued by the end of December 2003. Full implementation of the programme was delayed as result of constraints in counterpart funding. However, the staff for the Project Coordination Unit was appointed, and the TOR/Short List for consultants (Transport Economist/Planner, and Environmentalist) was approved by the IDB. The weight scales have been purchased and are being calibrated by the Jamaica Bureau of Standards.	1. Complete 200km under Kuwaiti Programme. 2. Complete 75km Segment 2 NCHIP. 3. Commence designs under NRSIP. 4. Continue with NRSIP maintenance programme. 5. Commence 9 th EDF Transport Sector. 6. Commence Segment 3 NCHIP. 7. Identification of additional revenue sources for the Maintenance Road Fund.	Ministry of Transport & Works/National Works Agency– Quarterly Performance Reports and Road Condition Survey Results	Appropriate level of stable funding is available to support: a) Enhanced routine and periodic maintenance programme. b) Enhanced training programme for NWA Staff and Private Sector Contractors c) Implementation of ISO requirement within the road sector by NWA and Private Sector Contractors

⁴¹ Represents the GDP of transport/Communications and Storage

			of the Road Fund Act and the operation of the Road Fund.	Road Fund Maintenance Bill passed September 2002. Road Fund Operationalized July 2003.			
SECTOR: ROAD TRANSPORT DEVELOPMENT	PERFORMANCE INDICATORS	STATUS 2002	TARGETS 2003/04	STATUS 2003/04	TARGETS 2004/05	SOURCES OF VERIFICATION	ASSUMPTIONS
			<p>5. Identification of alternative sources stable funding for 5 year periodic maintenance programme.</p> <p>6. Implementation of the Staff/Contractor training programme in required construction and maintenance quality standards.</p> <p>7. Implementation of programme for increased on-site inspection of on-going works</p> <p>8. Implementation of programme for on-site inspection and testing of construction materials</p>	<p>Present funding is derived from 30% of all vehicle registration fees. Proposal submitted to the Road Fund Board for a gradual introduction of a fuel levy. A decision on the proposal has not yet been taken.</p> <p><u>Note yet begun.</u> To be executed under the 9th EDF Road Transport Development Programme.</p> <p>n/a</p> <p>n/a</p>			
Results: <ul style="list-style-type: none"> Road Maintenance Strategy and Investment Plan formulated Road maintenance capacity at NWA and in Parishes strengthened 	<p>4. Road Master Plan adopted</p> <p>5. Road Maintenance Management System adopted.</p> <p>6. % of Staff & contractors</p>	<p>To be executed under the 9th EDF Road Transport Development Programme.</p> <p>To be developed under the 9th EDF Road Transport Development Programme.</p>	<p>9. Operation of the Road Maintenance Fund to support maintenance works.</p> <p>10. Utilization of the RMMS for prioritization of works</p>	<p>Since commencing operations in July 2003, the Road Maintenance Fund has disbursed J\$29.0 million to the NWA.</p> <p>At the end of December 2003, the software was fully installed, and twenty eight (28) persons across the island trained in its use. The package was used to evaluate the selection of contractors under the NRSIP</p>	<p>1. Implementation of periodic maintenance programme.</p> <p>2. Full integration of all project management, financial, operating and HR applications so as to provide "one-</p>		

<ul style="list-style-type: none"> Financing of road maintenance activities secured in a sustainable manner 	<p>trained.</p> <p>7. Financial, audit and procurement procedures in place.</p> <p>8. Funding mechanisms in place.</p> <p>9. Length of roads for which routine maintenance has been carried out on:</p> <ul style="list-style-type: none"> - Primary (844km) - Secondary (717km) - Tertiary roads (3,224km) - Urban (282km) 	<p>Linked to the 9th EDF Road Transport Development Programme.</p> <p>Financial Administration and Audit Act (FAAA) governs operations</p> <p>Maintenance by contract for all roads started in 1999.</p>	<p>programme in Stage 1.</p> <p>11. Engagement of NRSIP – Institutional Strengthening consultants.</p> <p>12. Development of fully integrated IT/IS infrastructure strategic plan for NWA.</p> <p>13. Coordination Main Road Network (MRN) & Parish Council (PC) maintenance programmes.</p> <p>14. MOU with NWC signed</p> <p>15. 15. 20% of Staff and private sector contractors trained in standardized project management techniques.</p>	<p>and is expected to generate reports on the progress of implementation under the contracts</p> <p>Behind schedule, the TOR/Short List for consultants (Transport Economist/Planner, and Environmentalist) was approved by the IDB.</p> <p>Behind schedule.</p> <p>Coordination strategy to be developed under the 9th EDF Road Transport Development Programme.</p> <p>MOU signed on 5th November 2003</p> <p>Linked to the 9th EDF Road Transport Development Programme.</p>	<p>stop” information within NWA.</p> <p>3. Implementation of the NRSIP Institutional Strengthening Consultancy recommendations.</p> <p>4. Implementation of Stage 2 NSRIP maintenance activities.</p> <p>5. Increased coordination of NWC & NWA work programmes and reinstatement of road surface.</p> <p>6. Improved MRN & PC programme planning and execution.</p> <p>7. MOU with JPS Co and CWJ signed.</p> <p>8. 50% of Staff and private sector contracts trained in standardized project management techniques (overall total 70%).</p>		
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C. Macro-Economic Support

Results	Performance Indicators ⁴²	Actual FY 2000/01	Actual FY 2001/02	Actual FY 2002/03	Target FY 2003/04	Projections ⁴³ FY 2003/04	Target FY 2004/05	Target FY 2005/06	Target FY 2006/07	Sources of information	Assumptions
National Sector Target To achieve export-led sustainable growth with low inflation, to improve the fiscal situation and reduce public debt and to maintain progress in the social sectors	1. Real GDP growth (%)	1.0	1.3	1.9	2.7	2.2	2.0 - 3.0	2.0 - 3.0	2.5 - 3.5	STATIN: national account statistics	An economic programme implemented on the basis of arrangements with the donor, in the absence of a medium term programme implemented cooperatively with the EC and other donors.
	2. National Poverty Index (%) 2.a ... (identification by GOJ of appropriate alternative indicator on-going)	18.7 (2000)	16.8 (2001)	18.2 (2002)	---	n.a.	---	---	---		
Intervention Objective: To support the Government of Jamaica in the implementation over the medium term of a growth-oriented and poverty-focused macro-economic policy, aimed at a reduction of - fiscal deficit - public debt - inflation	3. Ratio of fiscal deficit to GDP	1.3	-5.6	-7.3	-5.0 to -6.0	-6.9	-3.0 to -4.0	0.0	+0.5	MINOFP	Continued government commitment pursuing macro-economic reform, fiscal restraint, reduction of structural economic reform.
	4. Ratio of debt to GDP ⁴⁴ (%)	113.2	136.1	151.8	150.1	143.3	138.8	122.8	n.a.	MINOFP	
	5. Inflation rate (%)	6.4	7.6	6.2	7.0	15.0	9.0	7.0	6.0	STATIN	

⁴² Indicators 6-10 are have been identified for monitoring under the Support to the Economic Reform Programme (SERP) III, signed on May 15 2003. In addition six indicators

in the area of Health and Education are monitored under SERP III.

⁴³ Based on the latest GOJ estimates of February 2003; given that at the time of the preparation of the Annual Report the FY 2003/04 was still ongoing (until end-March 2004, figures for this FY are projections).

⁴⁴ Figures in current market prices. Given that the forecasts are based on the MOF's budget speech of 2003, the figures indicated will be subject to possible revision within the framework of the current preparation of the budget 2004/05.

Results	Performance Indicators	Actual 2000	Actual 2001	Actual 2002	Target 2003	Actual 2003	Target FY 2004	Target FY 2005	Target FY 2006	Sources of verification	Assumptions
a. Improvements in PFM	6. Proportion of Ministries/ unattached Departmts. submitting Corporate/ Operational Plans within indicative ceilings set by MOFP for recurrent budget			23	23	3	3	3	3	MOFP	Government succeeds in attracting sufficient donor support for debt reduction and budget support;
	7. Proportion of Ministries/ Departments submitting accurate & timely monthly/ quarterly/ annual expenditure reports in required format ⁹		14 out of 54	16 out of 55	25 out of 55	36 out of 56	40 out of 56	45 out of 56	50 out of 56	MOFP (PEX Division)	Complementary technical assistance in the fields of debt and public expenditure management available;
	8. Average number of non-salary in-year requests per M/D for additional funds		5	<1	8	65	77	53	n.a.	MOFP (PEX Division)	Adequate financial management practices in place; Absence of major external shocks such as natural disasters.
• Expenditure in social and poverty reduction programmes maintained in real terms	9. Total GOJ expenditure on selected social & poverty reduction programmes	J\$ 5,548.77 million	J\$ 5,728.31 million (revised budget figure)	J\$ 6,703.03 million (J\$ 6,311.00 in constant 2001/02 prices)	J\$ 5,728.31 million (in constant 2001/02 prices; budget estimate is J\$ 6,898.09	J\$ 5,728.01 (Dec. 2003)	n.a.	n.a.	n.a.	Financial Statements, MOFP (PEX Division)	

<i>Results</i>	<i>Performance Indicators</i>	<i>Actual 2000</i>	<i>Actual 2001</i>	<i>Actual 2002</i>	<i>Target 2003</i>	<i>Actual 2003</i>	<i>Target FY 2004</i>	<i>Target FY 2005</i>	<i>Target FY 2006</i>	<i>Sources of verification</i>	<i>Assumptions</i>
<ul style="list-style-type: none"> Capacities in the areas of Justice and Security improved 	10. Level of monthly transfer to the poor by beneficiary	J\$ 110.0	J\$ 110.0	J\$ 300.0	J\$ 375.0	J\$ 300.0	J\$ 400.0	J\$ 500.0	n.a.	Economic and Social Survey (ESSJ)	
	11. Number of officials trained in the area of human rights	265	261	432	460	581	610	641	n.a.	Ministry of National Security (MNS)	
	12. Reduction in the no. of homicides	887	1139	1045	940	975	n.a.	n.a.	n.a.	MNS	
	12.a No. of police personnel trained in community policing	n.a.	1168	1087	2232	2455	2700	2970	n.a.	ESSJ	
	13. Reduction in the overall incidence of crime	39,188	33,595	29,412	26,463	31,298	n.a.	n.a.	n.a.	MNS	
	13.a No. of Court Reporters trained in Cat Real Time Court Reporting	n.a.	17	n.a.	20	20	20	20	20	20	ESSJ

ANNEX II – Chronogramme of activities

Titles	Amount (€)	Identification	Appraisal	Financing decision
I. Programmable Resources (A-envelope)				
I.1 Road Transport Development (focal sector)				
TA for capacity building and training of Jamaican Institutions in charge of road maintenance ⁴⁵	2,225,000	September 2004	December 2004	April 2005
Infrastructure development: financial support to road maintenance ⁴⁶	10,000,000	January 2005	March 2005	July 2005
I.2 Non-focal Programme				
Decentralised programme implementation for poverty reduction	8,000,000	August 2004	October 2004	March 2005
Negril Ocho Rios waste water project completion	2,200,000	June 2004	August 2004	February 2005
Technical assistance for strengthening of National Water Commission ⁴⁷	1,100,000	March 2004	May 2004	July 2004
II. Resources for unforeseen needs (B-envelope)				
Emergency assistance	27,000,000	February 2004	March 2004	May 2004

Financing Decisions taken under the 9th EDF by 1.1.2004

Title of Project	Amount (€)	Date
Macro-economic support programme	30,000,000	December 2002
Private Sector Development Programme	20,000,000	December 2003
Institutional Support (Office of DNAO)	494,500	December 2003
TA for preparation of Road Sub-sector Policy and Master Plan	750,000	December 2003
Technical Cooperation Facility	960,000	January 2004
Total	52,204,500 i.e. 72% of A-Envelope	

NB: The overall amount of the 9th EDF NIP is € 100 M (A-envelope :€ 73 M and B-envelope € 27 M). The CSS/NIP signed in February 2002 intentionally foresaw an overprogramming of 23% beyond the available amount. Given the financing decisions that have already been taken, some € 20 M remain in at the beginning of January 2004 for programming activities in the focal sector of road transport development (€ 30 M originally earmarked) and the non-focal programme of decentralised cooperation for poverty reduction and capacity building for NAO (€ 10 million originally earmarked).

⁴⁵ Pre-condition: the National Transport Policy must be in place

⁴⁶ Pre-condition: the National Transport Policy must be in place

⁴⁷ To be financed from balances to be carried over from the 7th and 8th EDF

ANNEX III – Timetable for Commitments and Disbursements

Project No.	Project Title	g or l	Global	Individual	Individual	Available Uncommitted (RAC)	Payments up to 01-01-2003	Payments up to 31-12-2003	Committe d Unpaid (RAP)
			Commitmen ts 31-12-2003	Commitment s 01-01-2003	Commitments 31-12-2003				
6th EDF									
6 JM 038	Poverty Reduction Programme	g	147,039	136,000	136,000	11,039	0	74,779	61,221
6 JM 040	Poverty Reduction Programme	g	229,163	229,000	229,000	163	0	0	229,000
	Total 6th EDF		376,201	365,000	365,000	11,201	0	74,779	290,221
7th EDF									
7 JM 006	Road Rehabilitation/Inst.Strengthening (RRISP) Negril-Ocho Rios	g	13,500,000	13,488,953	13,488,953	11,047	13,371,081	13,371,081	117,872
7 JM 023	Wastewater Project Negril-Ocho Rios	g	12,762,874	15,000,000	12,762,874	0	12,762,874	12,762,874	0
7 JM 024	Wastewater Project Public Sector	l	24,823,049	22,798,741	24,823,049	0	22,798,741	24,823,049	0
7 JM 041	Modernisation Project North Coast Highway (Sysmin)	g	1,950,000	1,545,626	1,646,426	303,574	297,000	1,530,867	115,559
7 JM 042	Institutional Strengthening PIOJ	g	70,000,000	4,332,703	4,332,703	65,667,297	160,000	1,376,047	2,956,656
7 JM 043	Institutional Strengthening PIOJ	g	153,496	153,496	153,496	0	153,496	153,496	0
7 JM 044	Poverty Reduction Programme	g	281,504	234,380	278,526	2,978	0	268,631	9,895
7 JM 054	Poverty Reduction Programme	g	429,536	278,000	415,001	14,535	0	278,238	136,763
7 JM 055	Study to Prepare Private Sector Development	g	272,959	0	0	272,959	0	0	0
7 JM 056		g	155,000	154,975	154,975	25	0	0	154,975
	Total 7th EDF		124,328,417	57,986,874	58,056,002	66,272,415	49,543,192	54,564,282	3,491,720
8th EDF									
8 JM 001	Northern Coastal Highway (NIP)	g	10,000,000	0	0	10,000,000	0	0	0
8 JM 004	Trade Development Project	g	6,000,000	5,999,129	5,998,690	1,310	4,125,005	5,737,253	261,437
8 JM 005	Eastern Jamaica Agriculture Support	g	6,900,000	6,354,329	6,854,326	45,674	2,395,582	5,431,250	1,423,076
8 JM 007	Integrated Drug Abuse Prevention Project	g	1,200,000	1,164,160	1,168,480	31,520	268,331	1,127,487	40,993

8 JM 009	Support Economic Reform Process (SAF)	g	25,000,000	25,000,000	25,000,000	0	25,000,000	25,000,000	0
8 JM 010	Support Economic Reform Process	g	9,000,000	8,713,925	8,972,691	27,309	7,282,608	8,007,443	965,248
8 JM 011	Rural Water Supply II Road Rehabilitation/Inst.Strengthening Inc	g	10,000,000	0	1,407,200	8,592,800	0	0	1,407,200
8 JM 012	Poverty Reduction Programme	g	2,700,000	2,700,000	2,700,000	0	2,467,704	2,467,704	232,296
8 JM 016	Negril Waste Stabilisation Ponds Study	g	4,921,305	4,850,200	4,870,100	51,205	872,729	872,729	3,997,371
8 JM 017	Support Economic Reform Process II (SAF)	g	149,000	138,000	101,068	47,932	0	101,068	0
8 JM 020	Support Economic Reform Process II (SAF)	g	18,000,000	18,000,000	18,000,000	0	0	18,000,000	0
8 JM 021	Support Economic Reform Process II (NIP)	g	3,700,000	3,700,000	3,637,000	63,000	3,423,431	3,506,010	130,990
8 JM 023	Preparation of Asset Management Plan	g	79,990	79,990	77,230	2,760	60,634	77,230	0
8 JM 025	Preparation of 9th EDF Support to Road Sec	g	79,620	79,620	68,920	10,700		68,920	0
8 JM 026	Support Economic Reform Process III (9th EDF)	g	30,000,000	0	27,089,355	2,910,645		53,613	27,035,742
Total 8th EDF			127,729,915	76,779,353	105,945,060	21,784,856	45,896,025	70,450,707	35,494,352
9th EDF									
9 JM 001	Private Sector Dev. Prog. - "Competitive Jamaica" Stakeholder Workshop for	g	20,000,000		0	20,000,000		0	0
9 JM 002	Transport Policy Institutional Strength. Of	g	4,000		3,610	390		2,405	1,205
9 JM 005	the Office of the DNAO TA for Prep of Jamaica Road sub-sector Policy Mstr	g	494,500		0	494,500		0	0
9 JM 007	Technical Cooperation Facility (TCF)	g	750,000		0	750,000		0	0
		g	960,000		0	960,000		0	0
Total 9th EDF			22,208,500	0	3,610	22,204,890	0	2,405	1,205
Total 6th, 7th, 8th & 9th EDF (open projects only)			274,643,034	135,131,227	164,369,672	110,273,362	95,439,217	125,092,173	39,277,499

ANNEX IV – Financial Situation

Overview 6th, 7th and 8th EDF

National Indicative Programme 6th EDF		40,000,910
Balances 4th EDF	+	11,580,987
<u>Committed at 31.12.2003</u>	-	<u>51,570,696</u>
Available balance	=	11,201
National Indicative Programme 7th EDF		49,700,000
Transfer from other funds	+	8,102,094
Structural Adjustment Facility	+	2,500,000
Resources non-programmables (Sysmin)	+	95,113,141
<u>Committed at 31.12.03</u>	-	<u>125,869,945</u>
Available	=	29,545,290
National Indicative Programme 8th EDF		55,400,399
8th EDF Transitional Resources for 9th EDF		30,000,000
Structural Adjustment Facility (SAF)		43,000,000
Resources non-programmables (STABEX)		8,806,983
<u>Committed at 30.12.03</u>		<u>127,729,915</u>
Available 8th EDF		9,477,467
National Indicative Programme 9th EDF		1,248,500
<u>Committed at 30.12.03</u>		
Available 9th EDF		1,248,500

Projects - Commitments and Disbursements

(EURO)									
Project No.	Project Title	g o r l	Global	Individual	Individual	Available	Payments	Payments	Committed
			Commitments	Commitments	Commitments	Uncommitted (RAC)	up to	up to	Unpaid (RAP)
			31-12-2003	01-01-2003	31-12-2003		01-01-2003	31-12-2003	
6th EDF									
6 JM 038	Poverty Reduction Programme	g	147,039	136,000	136,000	11,039	0	74,779	61,221
6 JM 040	Poverty Reduction Programme	g	229,163	229,000	229,000	163	0	0	229,000
	Total 6th EDF		376,201	365,000	365,000	11,201	0	74,779	290,221
7th EDF									
7 JM 006	Road Rehabilitation/Inst.Strengthening (RRISP)	g	13,500,000	13,488,953	13,488,953	11,047	13,371,081	13,371,081	117,872
7 JM 023	Negril-Ocho Rios Wastewater Project	g	12,762,874	15,000,000	12,762,874	0	12,762,874	12,762,874	0
7 JM 024	Negril-Ocho Rios Wastewater Project	l	24,823,049	22,798,741	24,823,049	0	22,798,741	24,823,049	0
7 JM 041	Public Sector Modernisation Project	g	1,950,000	1,545,626	1,646,426	303,574	297,000	1,530,867	115,559
7 JM 042	North Coast Highway (Sysmin)	g	70,000,000	4,332,703	4,332,703	65,667,297	160,000	1,376,047	2,956,656
7 JM 043	Institutional Strengthening PIOJ	g	153,496	153,496	153,496	0	153,496	153,496	0
7 JM 044	Institutional Strengthening PIOJ	g	281,504	234,380	278,526	2,978	0	268,631	9,895
7 JM 054	Poverty Reduction Programme	g	429,536	278,000	415,001	14,535	0	278,238	136,763
7 JM 055	Poverty Reduction Programme	g	272,959	0	0	272,959	0	0	0
7 JM 056	Study to Prepare Private Sector Development	g	155,000	154,975	154,975	25	0	0	154,975
	Total 7th EDF		124,328,417	57,986,874	58,056,002	66,272,415	49,543,192	54,564,282	3,491,720
8th EDF									
8 JM 001	Northern Coastal Highway (NIP)	g	10,000,000	0	0	10,000,000	0	0	0
8 JM 004	Trade Development Project	g	6,000,000	5,999,129	5,998,690	1,310	4,125,005	5,737,253	261,437
8 JM 005	Eastern Jamaica Agriculture Support	g	6,900,000	6,354,329	6,854,326	45,674	2,395,582	5,431,250	1,423,076
8 JM 007	Integrated Drug Abuse Prevention Project	g	1,200,000	1,164,160	1,168,480	31,520	268,331	1,127,487	40,993
8 JM 009	Support Economic Reform Process (SAF)	g	25,000,000	25,000,000	25,000,000	0	25,000,000	25,000,000	0
8 JM 010	Support Economic Reform Process	g	9,000,000	8,713,925	8,972,691	27,309	7,282,608	8,007,443	965,248
8 JM 011	Rural Water Supply II	g	10,000,000	0	1,407,200	8,592,800	0	0	1,407,200
8 JM 012	Road Rehabilitation/Inst.Strengthening Inc	g	2,700,000	2,700,000	2,700,000	0	2,467,704	2,467,704	232,296
8 JM 016	Poverty Reduction Programme	g	4,921,305	4,850,200	4,870,100	51,205	872,729	872,729	3,997,371

8 JM 017	Negril Waste Stabilisation Ponds Study	g	149,000	138,000	101,068	47,932	0	101,068	0
8 JM 020	Support Economic Reform Process II (SAF)	g	18,000,000	18,000,000	18,000,000	0	0	18,000,000	0
8 JM 021	Support Economic Reform Process II (NIP)	g	3,700,000	3,700,000	3,637,000	63,000	3,423,431	3,506,010	130,990
8 JM 023	Preparation of Asset Management Plan	g	79,990	79,990	77,230	2,760	60,634	77,230	0
8 JM 025	Preparation of 9th EDF Support to Road Sec	g	79,620	79,620	68,920	10,700		68,920	0
8 JM 026	Support Economic Reform Process III (9th EDF)	g	30,000,000	0	27,089,355	2,910,645		53,613	27,035,742
Total 8th EDF			127,729,915	76,779,353	105,945,060	21,784,856	45,896,025	70,450,707	35,494,352
9th EDF									
9 JM 001	Private Sector Dev. Prog. - "Competitive Jamaica"	g	20,000,000		0	20,000,000		0	0
9 JM 002	Stakeholder Workshop for Transport Policy	g	4,000		3,610	390		2,405	1,205
9 JM 005	Institutional Strength. Of the Office of the DNAO	g	494,500		0	494,500		0	0
9 JM 007	TA for Prep of Jamaica Road sub-sector Policy Mstr	g	750,000		0	750,000		0	0
	Technical Cooperation Facility (TCF)	g	960,000		0	960,000		0	0
Total 9th EDF			22,208,500	0	3,610	22,204,890	0	2,405	1,205
Total 6th, 7th, 8th & 9th EDF (open projects only)			274,643,034	135,131,227	164,369,672	110,273,362	95,439,217	125,092,173	39,277,499

RAC = Global Commitment Dec 31 2003 less Individual Commitment Dec 31 2003.

RAP = Individual Commitment Dec 31, 2003 less Payments Dec 31 2003.

RAL= Global Commitment Dec 31 2003 less Payments Dec 31 2003 or RAC+RAP.

ANNEX V - Projects financed under the Caribbean Regional Indicative Programme (CRIP)

The European Commission Delegation in Jamaica chiefly leads the process for projects within the Human Development and Capacity Building Sector although Jamaica benefits from a number of other regional programmes managed by other Delegations in the region. The most important regional projects from which Jamaica benefits substantially are:

(i) Caribbean University Level Programme (CULP) - EDF 7

The overall aim of the CULP (24.7 million euro) is to promote integration and sustainable social and economic development in the Caribbean Region. The Human Resource Development Sector, at tertiary level, was identified under the 7th National Indicative Programme as a key element in achieving the above objectives given the future demand for trained development professionals with a distinct regional focus. The Programme complements other Caribbean Regional actions under the Lomé IV Caribbean Regional Indicative Programme in the trade, tourism, agriculture, environmental and telecommunication fields. The main purpose of the programme is to establish a regional capability to supply competent professionals to public and private sector organisations in the region. As a result, masters courses were developed in key applied disciplines namely, economic development and reform, public sector management, international business, agricultural diversification, natural resource management, tropical architecture and monument conservation. In addition to the seven masters programmes, the project also provides for the improvement of distance education, language training and information systems at select universities within the region as well as the construction of a building for the Caribbean School of Architecture at the University of Technology.

The programme has provided scholarships for students from Guyana, Trinidad & Tobago, Jamaica, Barbados, Dominican Republic, Haiti, Suriname, St. Lucia, Belize and The Bahamas totalling 379 graduates in three cohorts. An extension was granted to June 2003 to facilitate a fourth cohort of students. The project amount was increased by 3.7 million euro and an additional 111 students followed courses at the three campuses of the University of the West Indies and at the three participating universities in the Dominican Republic. The Third Annual Work Programme was extended for one month to January 2003 to facilitate preparation of an addendum to carry the programme through to the end in June 2003. A final evaluation of the project will be undertaken in early 2004.

(ii) University of Technology Programme (UTECH) - EDF 8

The objective of the UTECH project (2.67 million euro) is to enable the University of Technology, Jamaica to pursue development strategies to significantly increase the institution's capacity to provide high-quality, cost-effective manpower training to meet the growing need for highly skilled professional and technical personnel to contribute to the economic and social development of Caribbean nations. The University was formerly called the College of Arts, Science and Technology and in 1997, the Government of Jamaica granted it university status. As a result, the University is in need of staff upgrading as well as equipment upgrading to allow it to deliver quality programmes befitting its university status.

The activities under this project are: staff development, equipment and material for an open learning centre, campus area network augmentation, upgrading of instructional laboratories, upgrading of IT resources of the library, implementation of an integrated management information system and technical assistance.

The First Annual Work Programme (AWP) ended in July 2003 and The Second AWP commenced in August 2003. There were a number of staff members who enrolled in distance education programmes as well as residency programmes at the University of the West Indies as well as universities in Europe. There were also short visits by lecturers and other administrative staff to universities in Europe to better acquaint themselves with the modus operandi of different systems abroad. In 2003 the European Commission gave its approval for the University to purchase Hardware instead of Software for the upgrading of the Library Information Systems as the University was having

difficulties in procuring a software system in EU/ACP countries that is compatible with its existing system. There were two project Steering Committee Meetings held in May and December 2003, respectively. (see attached project sheet for details).

(iii) Caribbean Maritime Institute Project (CMI) - EDF 8

The objective of this project (1.96 million euro) is the upgrading and strengthening of the institutional capacity of the Caribbean Maritime Institute (formerly the Jamaica Maritime Institute) to allow them to offer courses approved by the International Maritime Organisation under the new Standards of Training Certification and Watch keeping 1995 (STCW 95) international standards. The project will also strive to give the maritime sector in the Caribbean access to state of the art training and qualifications.

The activities under this project are: identification and prioritisation of necessary equipment to meet the requirements of the STCW 95, procurement of computers and related equipment, provision of simulators and related equipment, provision of necessary safety apparatus, training of trainers and incorporation of distance teaching systems as well as the building of two class rooms.

The Second Annual Work Programme ended in April 2003 and the Third AWP commenced activities in May 2003. The new simulators were installed and students and staff trained in April 2003. Construction commenced on the new classrooms in 2003 and by December they were 85% completed. Tenders for additional equipment such as Self-contained Breathing Apparatus and a Microfiche Processor were launched in 2003 and the equipment should be delivered in early 2004. The open international tender for the purchase of a lifeboat was also approved in 2003. Training of staff members under the Human Resources Development Component is ongoing. The Institute is well on its way to receiving the required certification and is now looking at ways to increase its student and staff complements and is also looking at ways to forge partnerships with additional shipping companies for the placement of their cadets. (see attached project sheet for details).

ANNEX VI – Projects funded from the Budget of the European Community

B7 – 2190 OPERATIONAL SUPPORT, DISASTER PREPAREDNESS AND HUMANITARIAN OPERATIONS (ECHO)

This budget appropriation is intended to support disaster preparedness in the Caribbean. The European Commission Humanitarian Office (ECHO) is the agency responsible for implementation of projects financed by this budget line.

RADAR EARLY WARNING SYSTEM IN THE CARIBBEAN – ECHO/TPS/219/2003/02007

The Grant Agreement was signed with UNDP in June 2003. The total cost of the project is €372,992 with the European Commission contributing €298,338 for actions in Jamaica, the Dominican Republic and Haiti. The project will establish and strengthen the operational linkages as well as the flows of information and communication between the National Meteorological Offices, the National Disaster Offices and development stakeholders. It also aims to improve the dissemination of information between National Disaster Offices and vulnerable populations. The project's main objective is to ensure that the National Disaster Offices have the support and technical assistance from their corresponding Meteorological Offices in order to communicate on time to the population, flood and hurricane warnings and, if required, evacuation orders for the target areas. An amount of €149,169 has already been disbursed.

COMMUNITY BASED DISASTER PREPAREDNESS IN THE CARIBBEAN - ECHO/TPS/219/2003/02009

The Grant Agreement was signed with the International Federation of Red Cross and Red Crescent Societies in June 2003. The total cost of the project €345,589 with the European Commission funding 80% of the eligible costs amounting to €276,471 for actions in Jamaica, St. Kitts & Nevis and St. Vincent & the Grenadines. The overall objective of the project is to reduce the effects of natural disasters on the poorest and most vulnerable communities in four countries. The project will build on the institutional strengths, experience and comparative advantage of the Red Cross Movement to enhance community-level disaster preparedness in 22 communities through the application of Vulnerability and Capacity Assessment (VCA) techniques. A pilot project will be used to for the retrofitting of roofs with straps to prevent high wind damage and provide for its replication. Additionally, the project aims to strengthen a series of institutional linkages, which are vital to effective disaster response. An amount of €138,235.50 has already been disbursed.

B7-6000 SCHEMES CONCERNING DEVELOPING COUNTRIES CARRIED OUT BY NON-GOVERNMENTAL ORGANISATIONS

This appropriation is intended to cover financing of social or economic operations carried out by NGOs of the European Union to help the poorest sections of the population in developing countries, in particular to support local social and economic development in rural and urban areas, the development of human resources by means of training and institutional support for local partners. The following project is funded from this budget line:

A MULTI-SECTORAL RESPONSE TO REDUCE THE VULNERABILITY OF YOUNG PEOPLE TO HIV/AIDS IN JAMAICA - B7-6000/01-25

This project is being implemented by Save the Children Fund (UK) and the local NGO, Children First (CF) over a period of three years. The Commission's contribution is €555,909. The project aims at developing and implementing a programme of education and sensitisation of young people in St. Catherine on the ways of preventing and controlling HIV/AIDS as well as to increase the capacity of partner NGOs in order that the project can be sustained on completion and to have facilitated the strengthening of the National NGO Network responsible for HIV/AIDS. The overall aim of the project is to promote a healthy life style, including safe sex, and minimise the factors that put young people out of school at risk of HIV/AIDS in Jamaica.

The project started on the planned date of April 1, 2002 and Children First has received training in management, finance, accounting systems, human resources development and technical courses to build the capacity and capability of the staff. During 2003, the following benefits were achieved; launch of the project's web-page: <http://www.wellnesscentreja.com>; four participants from year one of the project secured employment as peer educators/youth workers at Children First; one participant has secured employment at Youth Now; 30% of the graduates are currently enrolled in various educational institutions; there have been numerous requests from agencies both locally and internationally for an outlay of the project model; There are currently 150 youngsters awaiting placement in the Children First Programme due to the great demand, CF is offering a two shift programme serving three groups of 82 youngsters in total; ninety-six persons aged 16 –22 years from youth organisations in St. Catherine were trained in peer education. The project is now officially linked to the Ministry of Health-National HIV/STI Control Programme and sustainability and duplication issues are being explored and at an international level, working relationships were developed with organisations addressing similar issues of ARH and HIV/AIDS.

The problem with the relocation of the agency's offices continues as there is still the expectation of extortion fees and frequent visits to the agency's offices by extortionists. Additional security measures had to be implemented during the April to June quarter.

A total amount of €192,145 has already been disbursed.

B7 – 701/B7 -7020 Human Rights and Democracy in Developing Countries

This appropriation is intended to support the transition to democracy and vulnerable groups, as well as to strengthen the rule of law and the fabric of civil society in ACP countries. The following projects have been funded from this budget line:

EDUCATION AND ADVOCACY FOR HUMAN RIGHTS AND DEMOCRACY - INDEPENDENT JAMAICAN COUNCIL FOR HUMAN RIGHTS (IJCHR)

The aim of the project is to strengthen the rule of law and protect human rights in Jamaica, promote respect for international and constitutional human rights norms, sensitise the public to their rights and freedoms and through representation and advice to defend the human rights of all Jamaicans, particularly those who are least able to defend themselves.

The main activities will comprise the creation and publication of literature, the holding of meetings and workshops, the use of the print and electronic media to propagate information on human rights matters and the provision of legal advice and representation.

During 2003, with respect to Human Rights Education, the project held two workshops with teachers and a revision of resource material used by teachers was carried out. A colouring book on A Child's Rights and Responsibilities was also produced and several talks and seminars with teachers, students and trainee teachers were held. The IJCHR spoke on radio and television concerning current issues during the year and conducted seminars and for a for the benefit of the general public and used several brochures and magazine booklets to educate the public on their rights and obligations. Seminars were also conducted with Justices of the Peace, Police and Correctional Officers. The Council regularly visits prisons and assists inmates with medical problems, mistreatment and parole matters. Assistance is also given to solicitors in the UK for death-row inmates. Several mentally ill inmates incarcerated as unfit to plead were released during 2003 through the efforts of the IJCHR. A manual for death row prisoners was produced and handed over to the Correctional Department on July 29, 2003. The IJCHR deals with complaints of abuses of their rights on a daily basis and several important cases were handled throughout 2003. During 2003, the IJCHR made presentations to several Parliamentary Committees on various pieces of important legislation.

The total contribution of the Commission is €447,674.42 of which €165,769.00 has already been disbursed.

PROJECTS FINANCED WITHIN ALL ACP PROGRAMMES

A Financing Agreement was signed in September 2002 between the European Commission and the ACP States for a programme in Sexual and Reproductive Health (SRH). The European Commission has provided €32,000,000 in grants funds for activities in 22 ACP countries. A grant agreement between the European Commission, UNFPA and the Government of Jamaica was signed in October 2003, which sees Jamaica receiving €1,803,931 over the next three years for sexual and reproductive health activities. The project is being implemented by the UNFPA with the assistance of a number of NGOs and Government agencies and it aims to improve the knowledge of and provide tools for behaviour change in order to fully exercise one's sexual and reproductive rights by three of the most vulnerable segments of the population, namely, adolescents, persons with disabilities and males. Additionally, the project will build institutional capacity to deliver high quality SRH services to the three vulnerable groups through partnerships between public sector and civil society groups. Increasing accessibility and quality of SRH services are expected to improve the status of adolescents, and males in the long term while reducing the vulnerability of women and girls to unwanted pregnancy, STIs and HIV/AIDS.

ANNEX VII – European Investment Bank

Region / Country	Project Name	Status	Convention	Contract number	Amount signed (m)		Date of Signature	Amount outstanding (m)		Beginning Repayment	Comments
					OR	RC		OR	RC		
Caribbean											
Jamaica	JAMAICA - NATIONAL DEVELOPMENT BANK	Disbursed	Lome - 2	70307		5.00	30/11/82		1.65	15/10/91	
	KINGSTON CONTAINER TERMINAL	Disbursed	Lome - 3	14107	16.00		26/7/89	10.63		20/1/95	
	TDBJ	Disbursed	Lome - 3	70811		1.00	5/4/90		0.73	31/3/11	
	NDB III (LOME III)	Disbursed	Lome - 3	15404	3.00		22/8/91	1.32		15/12/95	
	NDB/VCC VENTURE CAPITAL (LOME III)	Disbursed	Lome - 3	70845		1.00	22/8/91		0.88	15/6/07	
	NDB III (LOME III)	Disbursed	Lome - 4	15713	12.00		30/12/91	5.91		15/6/96	
	JAMAICA POWER	Disbursed	Lome - 4	16530	9.00		31/3/93	5.39		25/9/98	
	TDB II GLOBAL LOAN	Disbursed	Lome - 4	16806	5.00		22/9/93	0.97		20/3/98	
		Signed	Lome - 4	70921		3.00	22/9/93		1.52	31/12/07	
	JVF II	Disbursed	Lome - 4	70967		2.00	9/9/94		1.12	31/8/09	
	MONTEGO BAY FREE ZONE	Disbursed	Lome - 4	17931	7.00		16/5/95	4.28		5/11/00	
	NDB - GL IV	Disbursed	Lome - 4	17933	12.00		16/5/95	8.97		5/11/00	
	TELECOMMUNICATIONS OF JAMAICA	Disbursed	Lome - 4	18871	40.00		25/7/96	19.36		20/7/98	
	KINGSTON CONTAINER TERMINAL II	Disbursed	Lome - 4	18902	20.00		8/8/96	21.60		15/1/02	
	KINGSTON CONTAINER TERMINAL III	Signed	Lome - 4 - Bis	20553	30.00		12/4/00	19.64		15/9/05	
	KINGSTON CONTAINER TERMINAL III (RC)	Signed	Lome - 4 - Bis	20729		12.00	8/8/00		10.55	15/7/06	

	PORT ANTONIO WATER AND SEWERAGE	Signed	Lome 4b-ress.add.(comm.)	21613		15.00	25/6/02		0.00		
	JAMAICA FINANCIAL SECTOR OPERATION	Signed	Lome 4b-ress.add.(comm.)	21887		20.00	20/12/02		0.00		
	Total					154.00	59.00		98.07	16.44	
Total						154,000,000.00	59.00		98,073,914.69	16.44	

ANNEX VIII– Project Sheets ⁴⁸

1 Focal Sectors and Macroeconomic Support

- a. Private Sector Development
 - 8 JM 004 – Trade Development Programme
- b. Infrastructure Development
 - 8 JM 025 – Preparation of the 9th EDF support to the road sector in Jamaica
 - 7 JM 042 (Sysmin)/8 JM 001 (NIP) – Northern Coastal Highway
 - 7 JM 006/8 JM 012 – Road Rehabilitation/Institutional Strengthening
 - 7 JM 023/024/8 JM 017 – Negril-Ocho Rios Wastewater Project/Waste Stabilisation Ponds
 - 8 JM 011 – Rural Water Supply Phase II
 - 8 JM 023 – Preparation of the Asset Management Plan for National Water Commission
- c. Poverty Alleviation
 - 6 JM 038/040/7 JM 054/055/8 JM 016 – Poverty Reduction Programme
 - 8 JM 005 – Eastern Jamaica Agriculture Support
- d. Macroeconomic Support: Support to the Economic Reform Programme
 - 8 JM 009 (SAF)/010 (NIP) – Support to Economic Reform Programme SERP I
 - 8 JM 020 (SAF)/021 (NIP) – Support to Economic Reform Programme SERP II
 - 8 JM 026 – Support to Economic Reform Programme SERP III

2 Projects and Programmes outside Focal Sectors

- 8 JM 007 – Integrated Drug Abuse Prevention Project
- 7 JM 041 – Public Sector Modernisation Project
- 7 JM 043/044 – Institutional Strengthening of PIOJ

3 STABEX

- STABEX 2000
- STABEX 1999

⁴⁸ This annex covers only projects showing activities in 2003, while the main body of the report may also refer to projects/activities foreseen for 2004.

1 Focal Sectors and Macroeconomic Support
a. Private Sector Development

Project 8 JM 004 – Trade Development Programme

Project Authority: Ministry of Industry and Investment
Jamaica Promotions Corporation (Implementing Agency)

Time Frame: Financing Agreement: June 1999
Project end (provisional): December 2005

Accounting Situation (EURO):

Account No	8 JM 004	Total
Decided	6,000,000	6,000,000
Contracted	5,998,690	5,998,690
Disbursed	5,737,253	5,737,253

SUMMARY OF THE STATUS OF PROGRESS

The Trade Development Project (TDP) started in 2000. Its objective is to increase the competitiveness of Jamaican private sector firms with a view to enhancing their ability to export. The interest expressed by private firms has by far exceeded expectations. Having disbursed most of its funds and with a performance well in line with its targets, the programme is expected to deplete its available EDF resources in the first semester of 2004.

CONTEXT AND OBJECTIVES

This programme was created to support the private sector and had two specific and inter-related project purposes. Firstly, to increase the international competitiveness of private sector exporters. This was to be achieved by carrying out detailed company diagnostics and encouraging companies to implement medium to long term business development plans. The second project purpose was to develop export and tourism related services; it will be achieved by encouraging companies and associations to invest in local business development services as a means of improving competitiveness and secondly, encouraging local service providers to develop their supply of specialised skills.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

Project started in January 2000 and was implanted by JAMPRO on the basis of Annual Work Programmes. Technical assistance was provided during the first two years of project implementation. The main focus of activity of the TDP was

- company diagnostics, business plans and targeted activities to enhance business operations (i.e. marketing strategy for new product) on a cost-share basis;
- sector specific initiatives benefiting a larger number of companies (i.e. participation in trade fairs;
- support to business services providers.

The project has received more than 600 enquiries. It has assisted 74 companies under a cost sharing grant scheme to implement medium to long term business plans, assisted 45 companies in developing business plans and assisted more than a dozen business services providers. It has emerged that companies participating in the scheme have on average increased their exports substantially above the national average.

b. Infrastructure Development

Project 8 JM 025 – Preparation of the 9th EDF support to the road sector in Jamaica

Project Authority: Planning Institute of Jamaica (PIOJ)

Time Frame: Global Commitment Authorisation Decision: June 2002
Project end: March 2003

Accounting Situation (EURO):

Account No	8 JM 025	Total
Decided	80,000	80,000
Contracted	80,000	80,000
Disbursed	68,920	68,920

SUMMARY OF THE STATUS OF PROGRESS

In June 2002 EC and NAO agreed about the necessity of launching a TA support to the Ministry of Works and Transport to design the 9th EDF support to the road sector. A restricted tender was launched in July 2002 and the Consultant was selected in September 2002. The study was completed in February 2003.

CONTEXT AND OBJECTIVES

The Government of Jamaica does not have a clearly defined and updated policy neither in the transport sector nor in the road sub-sector and therefore cannot respond in an effective manner to any development objectives. In order to prepare the design on the 9th Edf support to the road sector in Jamaica (the amount of this support is between 10 and 15 million EUR) a technical assistance to the Ministry of Transport and Works was launched. The objective of the study was to assist the Government in designing the 9th EDF support to the road sector. This technical assistance support helped the Government in the identification of activities to be carried out, in the definition of the use of the financial resources available under 9th EDF, the design of a capacity building support to the Ministry of Transport and Works in order to enforce the strategy and policy identified and make it sustainable.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

The study started in October 2002 and was completed in February 2003. On the basis of the results of the study, the preparation of the following step started: the launch of the technical assistance to prepare the Jamaica's road policy and road master plan. The tender to select the consultant that will assist in the preparation of the road policy will be launched in 2004. The EDF financed in December 2003 a workshop, gathering together stakeholders interested in the preparation of the National Transport Plan which will be the reference document for the preparation of sub-sector policy documents.

Project: 7 JM 042 (Sysmin)/8 JM 001 (NIP) - Northern Coastal Highway

Project Authority: Ministry of Transport and Works (MTW)/National Works Agency (NWA)

Time Frame: Financing Agreements: June/August 1998
Project end (provisional): June 2009

Accounting Situation (EURO):

Account No	7 JM 042	8 JM 001	Total
Decided	70,000,000	10,000,000	80,000,000
Contracted	4,448,703	0	4,448,703
Disbursed	1,497,780	0	1,497,780

SUMMARY OF THE STATUS OF PROGRESS

The Financing Agreements for segment 3 of Northern Coastal Highway were signed on June-July 1998. The design for the rehabilitation of the road was prepared separately from this EDF project by Stanley Consultants International (SCI). A design review, which started in October 1999, was done by Wallace Evans Jamaica Ltd (WEJL) in 2000. An environmental inventory was also carried out in 2001 as suggested by the design review, as well as a design study of commercial lay-byes.

In view of the Government of Jamaica's difficulties to finance the land acquisition, resettlement and relocation of utilities on the initially foreseen major realignments, a downscaling of the project to the existing alignment was agreed upon in May 2001, which considerably reduced the necessities for land acquisition and relocation. Subsequently, a contract for the re-design following the downscaling was awarded in November 2001. The re-design was entrusted to the same consultant already selected for the works tender administration and works supervision contract. In May 2002 it was agreed to include in the works the relocation of water lines interfering with the rehabilitation works. The relocation of electricity and telephone utilities is under GoJ responsibility. The preparation of re-design was completed in July 2003. The tender for the selection of the future Contractor was launched in September 2003. Bids will be submitted in February 2004.

CONTEXT AND OBJECTIVES

The preparation of the Northern Coastal Highway Improvement Project (NCHIP) started in 1990. The highway runs from the West End of Negril to Port Antonio and Fair Prospect in the East of the island (~280km). The first two segments (segment 1 Negril to Montego Bay and segment 2 Montego Bay to Ocho Rios) are financed respectively by JICA (Japan) and the IDB. The works along segment 1 have been completed in 2002. Segment 3 from Ocho Rios to Fairmont Prospect (~120 km) is rehabilitated through this EDF project. The goal of the project is to foster economic diversification and growth through improving conditions for investment in and consolidation of the tourism industry in the Ocho Rios – Fair Prospect corridor.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

During 2003 the preparation of the re-design was completed and the works tender was launched. A rider to the financing agreements was established in December 2003, in order to extend the validity of the F.A. up to 2009 and in order to relieve the EDF from financing supplementary costs due to shortcoming of the tender dossier and claims from the contractor.

Project: 7 JM 006/8 JM 012 – Road Rehabilitation/Institutional Strengthening

Project Authority: Ministry of Transport and Works (MTW)/National Works Agency (NWA)

Time Frame: Financing Agreement: September 1995
Project end (legal dispute in progress): November 2002

Accounting Situation (EURO):

Account No	7 JM 006	8 JM 012	Total
Decided	13,500,000	2,700,000	16,200,000
Contracted	13,488,953	2,700,000	16,188,953
Disbursed	13,371,081	2,467,704	15,838,785

SUMMARY OF THE STATUS OF PROGRESS

A first open international tender for civil works was annulled in April 1998. Works contracts tendered under an accelerated procedure on the basis of a breakdown into four lots were finally signed with three local and international firms in April 1999. The works experienced cost overruns, explained by:

- Underestimated bills of quantities in terms of civil works and drainage.
- Deterioration of the roads between the time of the drawings (May 1995) and the beginning of the works (drainage, slope stability).
- Supply and laying of 28 km of watermain not foreseen in the contract.
- Important increase in the price of major items (such as fuel).

A 20% increase of the project's ceiling was thus approved in May 2000. Provisional acceptances were granted in July and August 2000.

An extension to the Financing Agreement until September 2002 was granted to finalize the project.

The final acceptance was granted in November 2002.

The delayed routine maintenance of the roads by the Government is a concern.

CONTEXT AND OBJECTIVES

The project aimed at rehabilitating road sections in the parishes of Portland, St. Thomas and St. Mary, and also contributing to the strengthening of the Ministry of Transport and Works (MTW) through an Institutional Strengthening Programme. The project consisted in:

- Rehabilitation and upgrading of territory road sections (approximately 100 km).
- Supervision of the works through technical assistance consulting.
- Institutional Strengthening through training and equipment in the areas of survey, design and implementation of road rehabilitation and maintenance works.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

The Financing Agreement has been extended until September 2002. The final acceptance on the four lots was granted in November 2002. A dispute is still in progress with the Contractors, regarding the application of the revision of prices. The EC gave in October 2003 its final point of view regarding the dispute.

Project: 7 JM 023/024/8 JM 017 – Negril-Ocho Rios Wastewater Project/Waste Stabilisation Ponds

Project Authority: National Water Commission

Time Frame: Financing Agreement: April 1994
Project end: February 2003

Accounting Situation (EURO):

Account No	7 JM 023	7 JM 024	8 JM 017	Total
Decided	15,000,000	25,000,000	149,000	40,149,000
Contracted	15,000,000	24,998,740	138,000	40,136,740
Disbursed	12,762,874	24,823,049	101,068	37,686,991

SUMMARY OF THE STATUS OF PROGRESS

For the Negril-Ocho Rios waste water project, first feasibility studies were submitted in 1991, and the Financing Agreement for the physical implementation of the works was signed in May 1994. The project aimed at providing centralized sewage systems and treatment facilities for two resorts areas of Jamaica, Negril and Ocho Rios. Construction works started in 1994 and lasted until 1999 when the certificates of provisional acceptance were signed. Outstanding claims were the subject of a settlement agreement that was signed in February 2003.

CONTEXT AND OBJECTIVES

The overall objective of the project was to provide sewerage and sewage systems to two resort areas, Negril and Ocho Rios. The specific purpose was to protect the resident and tourist population of Negril and Ocho Rios from water borne diseases related to the inadequate collection, treatment and disposal of wastewater and to protect the environment, notably the sea and coral reefs, by the provision of sustainable and effective wastewater disposal systems.

To achieve this purpose, the following activities were foreseen: in Negril, the construction of 26 km of sewers, 11 pumping stations and stabilisation ponds designed to serve a population of 35,000 in 2015. In Ocho Rios: the construction of 20km of sewers, 7 pumping stations, oxidation ditch treatment plant and a sea outfall to serve a population of 29,500 in 2015.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

A dispute was in progress with the Contractor. A settlement was proposed and accepted by all parties at the end of 2002. The signature of the settlement took place in February 2003.

Additional works need to be done to complete the scheme:

- the supply of two surge vessels for Pumping Station 1 in both plants Negril and Ocho Rios.
- a study (project 8 JM 017) has been carried out regarding the rehabilitation of the waste stabilisation ponds in Negril about the settlement of their embankment. The study started in October 2001 and suffered some delays due to the slow implementation of bore-holes for sampling and laboratory tests financed by NWC. The study was completed in March 2003. NWC should implement the works identified.

Project: 8 JM 011 – Rural Water Supply Phase II

Project Authority: National Water Commission

Time Frame: Financing Agreement: March 2000
Project end: December 2007

Accounting Situation (EURO):

Account No	8 JM 011	Total
Decided	10,000,000	10,000,000
Contracted	1,407,000	1,407,000
Disbursed	0	0

SUMMARY OF THE STATUS OF PROGRESS

In March 2000 the F.A. regarding the RWSII was signed. A first tender to select a Consultant for the RWSII design and supervision activity was launched in 2000. All bidders were considered not responsive (the acceptable bids overtook the maximal amount allocated).

Because of lack of progress in the preparation of the asset management system (one of the pre-conditions to be met by the Government) the launch of a new tender suffered delays during the period 2000-2002. Finally a technical assistance financed by EDF helped NWC in preparing the design of the Asset Management System, which was finalized in February 2003. A new tender to select the design-supervision consultant was launched in January 2003. The contract was awarded in November 2003. The delay in awarding the contract was caused by the Commission’s decision to cancel the project, which was subsequently withdrawn.

CONTEXT AND OBJECTIVES

Under the second focal area (infrastructure development) of the 8th EDF NIP, 10 Million euro have been earmarked for the new Rural Water Supply Project, which will continue the 6th EDF Rural Water Supply Project. The overall objective of the project is to improve the standard of living and alleviate poverty in the rural areas of Jamaica, through the implementation of new potable water supply systems and the refurbishment and rehabilitation of existing systems.

On the basis of a feasibility study achieved in July 1999, 4 schemes to be implemented were prioritized and included in the RWS II. It is expected that approximately 32,800 people in the communities of Milk River (Clarendon Parish), Hope Bay (Portland), Christiana (Manchester) and Shettlewood (St James) will have access to an adequate piped water supply at the end of the project.

An Unaccounted for Water (UFW) Programme will also be implemented through a works contract targeting each of the 4 scheme areas, with NWC staff receiving training in techniques for network management and leakage detection and reduction.

The design and works supervision contract was awarded following restricted international tender, whereas the supply contract will be awarded following open international tender and the works contracts following open regional tender.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

The tender for design and supervision was launched in January 2003 and the relevant contract awarded in November 2003. A rider to the FA has been agreed in order to extend the validity up to December 2007.

Project: 8 JM 023 – Preparation of the Asset Management Plan for the National Water Commission

Project Authority: PIOJ

Time Frame: Global Commitment Authorisation Decision: June 2002
Project end: March 2003

Accounting Situation (EURO):

Account No	8 ACP JM 023	Total
Decided	80,000	80,000
Contracted	80,000	80,000
Disbursed	77,229	77,229

SUMMARY OF THE STATUS OF PROGRESS

In June 2002 EC and NAO agreed about the necessity of launching a TA support to the National Water Commission (NWC) in order to provide an help in preparing the design of the NWC's Asset Management System. A restricted tender was launched in June 2002 and the Consultant was selected in July 2002. The study was completed in February 2003.

CONTEXT AND OBJECTIVES

The inventory of the assets and the survey of the working conditions of the installations are imperative steps to enable NWC's management to plan maintenance and rehabilitation activities and identify the resources required. In March 2000 the Government of Jamaica and the European Commission signed the Financing Agreement regarding the implementation of the Rural Water Supply phase II project. This project involves the construction of four (4) schemes, each in a rural area in Jamaica (Milk River, Shettlewood, Hope Bay, Christiana-Spalding).

Because the preparation of the AMP was considered a critical issue to be addressed by both parties in the special conditions of the FA it was agreed that "the Government will define a program and identify the necessary resources (financial and man power resources) for the implementation of a structured and comprehensive country wide water supply asset record and management system. This is a precondition for the award of the design and supervision contract".

In this context the European Commission (EC) and the NAO have agreed to launch a TA support in order to help the NWC in the preparation of the AMP design. On the basis of diagnostic to be carried out on the NWC's activity the Consultant, in collaboration with NWC's management, established the guidelines of the AMP, developed the design of the different components and defined the detailed needs in terms of means, human resources and financial resources for the implementation. NWC has to enforce and implement the designed plan.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

The study started in October 2002 and was completed in February 2003.

c. Poverty Alleviation

Project: 6 JM 038/040/7 JM 054/055/8 JM 016 – Poverty Reduction Programme

Project Authority: PIOJ
Jamaica Social Investment Fund (Implementing Agency)

Time Frame: Financing Agreement: 11 December 2000
Project end (provisional): December 2005

Accounting Situation (EURO):

Account No	6 JM 038/040/7 JM 054/055/8 JM 016	Total
Decided	6,000,000.00	6,000,000.00
Contracted	5,513,100.00	5,513,100.00
Disbursed	1,212,883.52	1,212,883.52

SUMMARY OF THE STATE OF PROGRESS

The PRP project has taken a considerable amount of time for implementation of activities to start, as it was important to inform the implementing agency about EDF procedures and ensuring that they are followed and to convey the significance of community involvement to the success of micro-projects. They have now included this in their project cycle and other donor/lenders have also followed suit. The first sub-project has taken much longer than anticipated to implement as the project area is volatile and therefore the implementing agency has to proceed with caution and use community contracting as much as possible. The PRP Steering Committee has already approved nine sub-projects for co-funding. The projects are in various stages of implementation with some nearing completion and some are still at the formulation stage.

CONTEXT AND OBJECTIVES

The overall objective of the project is to contribute to improving living conditions in poor communities as defined in the Government's National Poverty Eradication Programme (NPEP) of 1997. PRP will improve living conditions by providing access in poor communities to quality basic infrastructure and services, especially in the field of sanitation, water and health. Additionally, there will be increased and sustained involvement of poor communities in the design and implementation of development projects as well as increased financial and administrative capacity of the Jamaica Social Investment Fund (JSIF) and Community Based Organisations (CBOs) to respond to the needs of poor communities. PRP will match grants to finance micro-projects undertaken at the initiative and with the active participation of community-based organisations; provide for one external specialist to offer technical assistance to enhance JSIF's absorption capacity to manage works programmes and to supervise operations of the Capital Fund for micro-projects.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

The Second Annual Work Programme commenced activities in February 2003. Three workshops on community-based contracting were carried out. A consultant was contracted to investigate different forms of community contribution and the final report will be submitted in early 2004. Implementation of the Whitfield Town Sanitation Project (the first subproject under the capital fund component) commenced in November 2002. In 2003, the PRP Steering Committee approved nine sub-projects for co-funding. These projects span a number of sectors such as water and sanitation, roads and schools.

Project: 8 JM 005 – Eastern Jamaica Agriculture Support

Project Authority: Ministry of Agriculture

Time Frame: Financing Agreement: December 1999
Project end (provisional): December 2004

Accounting Situation (EURO):

Account No	6 JM 005	Total
Decided	6,900,000	6,900,000
Contracted	6,354,329.29	6,354,329.29
Disbursed	5,431,742.99	5,431,742.99

SUMMARY OF THE STATE OF PROGRESS

The project is in the last year of implementation. The Government of Jamaica, through the Ministry of Agriculture and RADA, has covered the RADA staffing and running costs and provided suitable office accommodation for the Project Management Unit (PMU). The PMU, funded by the project, is being progressively downsized and the Project Manager will continue until the end of the project. No extension is foreseen. During early 2005 the project will be handed over to the Government of Jamaica.

CONTEXT AND OBJECTIVES

EJASP overall objective is to reduce poverty in rural communities while having regard to the sustainable use of the resource base. The project purpose is to improve the livelihood of small-scale farm households through sustainable and environmentally positive production methods and improved marketing. EJASP covers the parishes of St Andrew, St Thomas, Portland and St Mary, and intends thus to devise, test and replicate sustainable group-based and market-led methods for increasing the income of small-scale farm households.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

EJASP is characterised by a series of activities covering the following main areas: Extension and Training; Market Information Systems and Marketing; Selection and Implementation of some 70 group-based, market-led sub-projects; Monitoring and Evaluation / Project Management. Out of 120 sub-project proposals, 79 have been approved. By the end of September 2003, 58 were completed. The remaining 21 are expected to be completed by March 2004. Among others the following categories of sub-projects have been funded through EJASP: Goat Improvement and Production, Ginger Production and Development, Small Scale Irrigation, Yam Production and Marketing, Road Rehabilitation, Coffee Rehabilitation and Production.

d. Macroeconomic Support: Support to Economic Reform Programme

Project: 8 JM 009 (SAF)/010 (NIP) - Support to Economic Reform Programme SERP I

Project Authority: Ministry of Finance and Planning

Time Frame: Financing Agreement: 1 April 2000
Project end: 31 March 2003

Accounting Situation (EURO):

Account No	8 JM 009	8 JM 010	Total
Decided	25,000,000	9,000,000	34,000,000
Contracted	25,000,000	8,762,604	33,762,604
Disbursed	25,000,000	7,778,272	32,778,272

SUMMARY OF THE STATUS OF PROGRESS

Budgetary assistance of € 31 million was fully disbursed to the government's budget in 2000 and 2001. The human resources development and institutional strengthening component (HRDIS) of the project, providing long and short term technical assistance to the Ministry of Finance and Planning, the Planning Institute of Jamaica and other key institutions, will continue until the end of March 2004.

CONTEXT AND OBJECTIVES

SERP is a programme of direct untargeted budget support. The main objective of this programme was to take pressure off the discretionary budget, thereby assisting government to maintain levels of social and capital spending, and supporting deficit reduction measures. Hence, EU budgetary support will assist government in its key task of reducing its debt below the level it would otherwise be and thereby reduce the interest expenditure. A further key result is capacity building within the responsible institutions and an enhanced policy dialogue between the EU and the government of Jamaica.

A Medium Term Policy Framework was agreed in 1999 to justify the provision of EC direct budget support. This framework was complemented in 2002 by an IMF Staff Monitored Programme (SMP) that was extended twice until 31 March 2003 when it expired. Since, no other IMF supported programme has been concluded with GOJ.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

The disbursement of the three tranches of budget support took place during the fiscal years 2000-01 (1st & 2nd) and 2001-02 (3rd), upon fulfilment of the corresponding conditions in the Medium Term Policy Framework, agreed upon by the Ministry of Finance. The € 3 million human resources development and institutional strengthening component (HRDIS) has provided since 2001 long and short term technical assistance, training and support to policy development. It has significantly contributed to enhancing the capacity of the institutions responsible for economic management.

Project: 8 JM 020 (SAF)/021 (NIP) - Support to Economic Reform Programme SERP II

Project Authority: Ministry of Finance and Planning

Time Frame: Financing Agreement: December 2001
Project end: December 2003

Accounting Situation (EURO):

Account No	8 JM 020	8 JM 021	Total
Decided	3,700,000	18,000,000	21,700,000
Contracted	3,637,000	18,000,000	21,637,000
Disbursed	3,506,009	18,000,000	21,506,009

SUMMARY OF THE STATUS OF PROGRESS

This programme of direct untargeted budget support is a continuation of SERP I. The objectives of the programme are the same as those of SERP I. Budgetary assistance of € 21.4 million was fully disbursed as foreseen to the GOJ's budget in 2001 and 2002. The human resources development and institutional strengthening component (HRDIS) of SERP I is complemented by € 300,000 under SERP II.

CONTEXT AND OBJECTIVES

The objectives of SERP II are equivalent to those of SERP I: the main purpose of this programme was to take pressure off the discretionary budget, thereby assisting government to maintain levels of social and capital spending, and it to support deficit reduction measures. A further key result is capacity building within the responsible institutions and an enhanced policy dialogue between the EU and the government of Jamaica.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

The disbursement of the SERP II tranches of € 15 million and 6.4 million of budget support took place during the fiscal years 2000-01 (1st) and 2002/2003 (2nd), respectively. The disbursement of the funds was contingent on the achievement of specific conditions related to macro-economic performance, maintenance of public expenditure in the area of social development and budget management indicators. The additional € 300.000 million for human resources development and institutional strengthening component (HRDIS) will complement the resources already provided under SERP I and I expected to be implemented by end 2003.

Project: 8 JM 026 - Support to Economic Reform Programme SERP III

Project Authority: Ministry of Finance and Planning

Time Frame: Financing Agreement: May 2003
Project end (provisional): June 2006

Accounting Situation (EURO):

Account No	8 JM 026	Total
Decided	30,000,000	30,000,000
Contracted	89,355	89,355
Disbursed	53,613	53,613

SUMMARY OF THE STATUS OF PROGRESS

This programme of direct untargeted budget support is a continuation of SERP I & II. The Financing Agreement for SERP III was signed by the EC in February 2003. It was anticipated that the release of the 1st tranche of € 12.0 million would have occurred early in FY 2003/04. However, the cessation of IMF Staff Monitored Programme in April 2003 necessitated the drafting of an economic reform programme for agreement with the EC, supported by IDPs, in keeping with the conditions of the FA. The consultancy to develop this Medium Term Socio-Economic Framework (MTSEF) commenced in September 2003 and at the end of December had produced an inception report and two draft MTSEFs. The completion of the framework awaits the monetary and financial programmes from the GOJ. The delay in the submission of the programmes was due in part to the protracted discussions between the GOJ and its social partners, namely the private sector and Trade Unions on proposed measures to address the severe fiscal limitations of the national budget.

CONTEXT AND OBJECTIVES

Under SERP III, the EC will provide a total amount of € 30 million. Of this € 27 million will be provided as direct untargeted budget support in three tranches. Each tranche is composed of a fixed (40%) and a variable (60%) component, the former linked to the adherence by the GOJ to an agreed economic reform programme. The variable component will be disbursed upon assessment of achievement of agreed performance targets in the areas of health, education and public finance management.

There is consensus with the GOJ that improvements in governance and enhanced economic development leading to poverty reduction require a satisfactory level of security, based on an effective judiciary and a police force respecting citizens' rights in law enforcement. An amount € 2.35 million under this programme will thus be used primarily for a new human resources development and institutional strengthening component for capacity building in the Ministries for Justice and Security.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

It is expected that the MTSEF will be completed by the end of February 2004, and that its submission to the EC would trigger the release of the 1st tranche before the end of FY 2003/04. A work programme for capacity building of the Ministries of Justice and Security has been prepared in late 2003 and is expected to be approved in the first quarter of 2004. Activities will focus on renovation of court houses, providing equipments for courts, technical assistance for improvements of functioning of justice system, respect of human rights, legal reform (including juvenile justice), activities aimed at re-integration of youths.

2. Projects and Programmes outside Focal Sectors

Project: 8 JM 007 – Integrated Drug Abuse Prevention Programme

Project Authority: PIOJ
National Council on Drug Abuse (Implementing Agency)
Addiction Alert Organisation (Implementing Agency)

Time Frame: Financing Agreement: September 1999
Project end: December 2003

Accounting Situation (EURO):

Account No	8 JM 007	Total
Decided	1,200,000.00	1,200,000.00
Contracted	1,168,479.55	1,168,479.55
Disbursed	1,127,486.91	1,127,486.91

SUMMARY OF THE STATUS OF PROGRESS

The Addiction Alert Organisation used Adolescent Facilitators and Peer Counsellors to bring their messages to schools in the inner city areas of Kingston. A Telephone Lifeline was also used to counsel persons who needed counselling and information. They completed training of 40 Adolescent Facilitators and Peer Educators. The Contract with Addiction Alert ended in December 2002 and the final report was submitted in June 2003. The NCDA component of the project was implemented under three annual Work Plans in addition to two riders to extend the 2nd and 3rd work plans. The significant activities of the NCDA part of the IDAPP involved (a) the conduct of surveys to assess the current situation of drug abuse and other unhealthy behaviour (b) the strengthening of the Community-based Development Action Committee (CODAC) concept and the establishment of six new ones (c) the training of educators to enhance the schools programme (d) the preparation and printing of materials in support of the main activities and, (e) the provision of equipment to facilitate achievement of the expected results.

CONTEXT AND OBJECTIVES

The overall objective of the programme is to reduce the incidence of drug abuse and other unhealthy behaviour among youth. The project purpose is to strengthen drug abuse prevention for youth through an integrated, community based and long term peer approach, as well as to extend support to regional efforts (Barbados Plan of Action). The programme is being implemented by the National Council on Drug Abuse (NCDA) and by the NGO Addiction Alert Organisation (AAO).

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

NCDA Component: With respect to Community-based Action Committees (CODACs), there has been leadership training, small business development, youth at risk skills training programme, preparatory work for legalisation, writing of a CODAC sustainability manual, Finance Committee Training, management support for small businesses as well as annual audits of the CODAC accounts. The Healthy Lifestyle training has been completed and promotional materials for NCDA were produced and printed. There were a number of workshops and training sessions conducted by the Ministry of Education, Youth and Culture and a dissemination workshop for the Prevention Education Programme (PEP) in schools was held in October 2003 and the policy document for PEP was completed. There were also focus group discussions conducted by MoEYC and a Research Conference held to inform about materials produced. The web site is updated on a regular basis for the benefit of the general public.

Project: 7 JM 041 – Public Sector Modernisation Project

Project Authority: Office of the Prime Minister
PIOJ (Implementing Agency)

Time Frame: Financing Agreement: June 1997
Project end: December 2003

Accounting Situation (EURO):

Account No	7 JM 041	Total
Decided	1,950,000	1,950,000
Contracted	1,749,233	1,749,233
Disbursed	1,525,550	1,525,550

SUMMARY OF THE STATUS OF PROGRESS

Under this project a modernisation plan for the Planning Institute of Jamaica was designed and implemented. The final Annual Work Programme of this capacity building project that was started in 1998 expired in March 2003. After the completion of the final audit and evaluation, the project will be closed.

CONTEXT AND OBJECTIVES

The programme is part of an important four-year project of the government which commenced in March 1997. It is funded by a loan from the World Bank (€ 25.8 million) and grants from the United Kingdom (€ 2.7 million) and the European Union (€ 1.95 million). Government was to provide counterpart funding up to € 23.6 million and approve the restructuring plans for the concerned ministries and agencies. The objective of the project is to raise the quality, efficiency and transparency of the public service in general and of the targeted entities in particular.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

The EU component of the programme was limited to two operational entities: the Planning Institute of Jamaica (PIOJ) and the Works Division of the Ministry of Transport & Works (now: National Works Agency). The EU funded the consultancies to establish Modernisation Plans for both entities and the technical assistance, training and equipment components for the implementation of the modernisation of the PIOJ (Phase II of the project). A consultancy proposed and implemented a programme of modernisation measures at the PIOJ between August 2002 and December 2003.

Project: 7 JM 043/044 – Institutional Strengthening of PIOJ

Project Authority: PIOJ (Implementing Agency)

Time Frame: Financing Agreement: November 1997
Project end: February 2003

Accounting Situation (EURO):

Account No	7 JM 043	7 JM 044	Total
Decided	153,496	281,504	435,000
Contracted	153,496	278,526	432,022
Disbursed	153,496	268,630	422,126

SUMMARY OF THE STATUS OF PROGRESS

The final Annual Work Programme of this capacity building project started in 1998 and expired in March 2003. After the final audit and evaluation of results achieved, the project will be closed.

CONTEXT AND OBJECTIVES

Article 224(I) of the Lomé Convention foresees that assistance can be provided to the human and material resources supplementary to those borne by the ACP States, which are strictly necessary for efficient and effective administration and supervision of interventions financed by the European Development Fund. In this context this project was designed to help the office of the National Authorising Officer, the PIOJ, increase its efficiency in the implementation of EU co-operation.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

This project, which started in 1998, consisted of the provision of an engineer, a project officer and operating equipment. The final Work Programme was extended until end March 2003 to take into account the two contracts of the project officers, which were subsequently employed by the PIOJ. An evaluation was carried out during the latter part of 2003.

2. STABEX

Project: STABEX 2000 (Rehabilitation of Parochial and Farm Access Roads in Eastern Jamaica) - Transfer Agreement No. STABEX/22/REP.LIV 2nd Pr./JM

Project Authority: Ministry of Agriculture
Eastern Jamaica Agriculture Support Programme (Implementing Agency)

Time Frame: Framework of Mutual Obligations: 6 March 2002
End of project implementation: 31 December 2004

Accounting Situation (EURO):

Account No	Total
Decided	2,229,930
Contracted	2,229,930
Disbursed	2,209,930

SUMMARY OF THE STATUS OF PROGRESS

The designs of the eight parochial and farm access roads selected for rehabilitation under this project were concluded during the initial months of the year. Construction works commenced only on the two roads in St. Thomas, but came to a complete halt on one road following the May rains and progressed slowly on the other. Completion of ongoing works and rehabilitation of the remaining six roads in the parishes of Portland and St. Mary should be finalised during the first half of 2004. Seven farmer groups were established in the vicinity of these roads and trained in group formation and management. In particular, the groups received training in record keeping and in conducting their own road repairs. The farmers shall also be trained in group-based agricultural marketing so that they may enter into successful marketing contracts with relevant exporters, processors and wholesalers.

CONTEXT AND OBJECTIVES

The overall objective of this project is to promote sustainable development and poverty alleviation in the traditional banana growing parishes of Eastern Jamaica. More specifically, it aims to maintain the living standards of farmers in these areas in the short term and to improve them in the long term. Indeed, the rehabilitation of 20.19 km of parochial and farm-access roads should overcome constraints in the production and marketing of non-traditional export and domestic food crops for up to 380 small-scale farm households, organised into seven farmer groups. This improved access will increase their market opportunities and stimulate agricultural production and/or diversification.

ACTIVITIES CARRIED OUT AND RESULTS ACHIEVED

The rehabilitation works that were underway on the Cedar Valley to Moy Hall road (St. Thomas) were completely washed away in the May flood rains, and activities ground to a complete thereafter. The works on the Bath to Mount Mansfield and Hayfield roads (St. Thomas) commenced in the second half of the year, and progress has been steady but somewhat slow.

The seven farmer groups have received their full complement of training only in group formation and management (8 days). During the course of 2004, they shall therefore receive training in record keeping (4 days), in road repair (28 days) and in group-based agriculture produce marketing (15 days).

Project: STABEX 1999

Project Authority: Ministry of Local Government, Community Development and Sport

Time Frame: Framework of Mutual Obligations (FMO) - December 2002

The transfer of the 1999 STABEX amount, plus accrued interest, is made available directly to the GOJ's Consolidated Fund as public revenue. The first transfer was completed on 4 June 2003. The transfer is to be used in support of specific budget lines in the Jamaican budget for rehabilitation of parochial and farm roads, equal to at least the equivalent of the value of the transfer. A list of the roads to be rehabilitated by the Jamaican Government is attached to the FMO.

Accounting Situation (EURO):

Transfer of 1 st tranche, 4 th June, 2003	2,651,102.75
Remains to be transferred (situation 31.12 2003)	3,925,950.25 ⁴⁹
Total	6,577,053.00 ⁵⁰

SUMMARY OF THE STATE OF PROGRESS

The road rehabilitation works that are guaranteed by the 1999 STABEX Transfer are administered by the Ministry of Local Government. Considerable progress has been achieved during 2003 and implementation of the rehabilitation works is well advanced. At the end of the year, accrued interest amounted to € 550,844.48 which meant an increase of the total STABEX 1999 support to € 7,127,897.48. A request for the transfer of the second tranche, i.e. € 3,964,469.26, was made in December 2003.

A Steering Committee (SC) chaired by the Ministry of Local Government, Community Development and Sport has in 2003 had quarterly meetings, during which the progress concerning the rehabilitation works concerned have been reported and accounted for. The SC includes, among others, representatives from the National Authorising Officer of the EDF (Planning Institute of Jamaica), Delegation of the EC and Ministry of Finance and Planning.

CONTEXT AND OBJECTIVES

The overall objectives to which this FMO will contribute are sustainable development and poverty alleviation in Jamaica, while contributing to the achievement of fiscal balances and macro-economic stabilisation targets consistent with the scenario supported by the EDF Support to Economic Reform Programme (SERP).

The expected result of the STABEX transfer is that access by farmers to main roads in areas affected by the rains/floods are restored, thus protecting and supporting their economic activities. This should also help to sustain incomes that have been threatened over the last years due to the difficulties that the sector has been experiencing.

⁴⁹ Excluding accrued interest

⁵⁰ Excluding accrued interest

ATTACHMENTS

- Appendix 1 Country Environment Profile
- Appendix 2 Country Migration Profile
- Appendix 3 Donor Matrix Jamaica