

CHAPTER 1:

CONTEXT FOR VISION 2030 JAMAICA- NATIONAL DEVELOPMENT PLAN

THE ROAD TO SUSTAINABLE PROSPERITY

Nationhood

Jamaica, the largest English-speaking island in the Caribbean, is approximately 1 million hectares in size – 82 km wide by 234 km long – and is more than 2,256 metres at its highest point, Blue Mountain Peak. Its varied topography and climate allow for a diversity of habitats and growing conditions. The population is approximately 2.7 million with an average annual growth rate of 0.5 per cent and is projected to reach 2.9 million by 2030. A commonly held view is that the size of the populace of Jamaicans living in the Diaspora approximates that of the resident population.

Jamaica is known worldwide for its strong sense of identity, expressed through its music, sport and rich cultural mix, which enables the country's influence to extend far beyond its shores.

Our island is home to a warm-hearted, talented and diverse people, who are known worldwide for their strong sense of identity, expressed through music, sport and rich cultural mix, which enables Jamaica's influence to extend far beyond its shores. Our island is also

known for its beauty, political stability and abundant natural resources such as bauxite, limestone and good potable water supply. It boasts of a climate which is favourable to tourism and agricultural production. Its geographic location, in close proximity to the largest developed country, proves advantageous for sustained capital investments and trade.

On August 6, 1962, Jamaica celebrated the culmination of decades of advocacy for independence. On that day, the Jamaica National Flag was first raised, signifying the birth of our nation. We watched as the vestiges of colonial rule, the Royal Air Force and the British Navy and Army, gave way to a Jamaican defense force, including an air wing and a coast guard.

Our prayerful National Anthem reverberated throughout the hallways of schools and public buildings. Our nation was filled with hope and pride as we became the first in the English-speaking Caribbean to gain independence from Britain and to begin the journey of nationhood. Our vision then, was to stand as a proud and successful country in the United Nations with a happy, free and prosperous population under a unifying national motto, "*Out Of Many, One People*".

Overview of Socio-Economic Development

In retrospect, Jamaica's development has been characterized by paradoxes and potential. During the decade following Independence (1962-1972), economic sectors such as mining, manufacturing and construction, and the tourism industry had strong growth. This resulted in Jamaica being one of the leading countries in the Caribbean in economic development. However, resource constraints and the challenges of economic dependence, including marked inequalities in wealth and opportunity, prevented the economy from reaching its full growth potential.

The steady economic growth experienced between 1962 and 1972 occurred alongside many unresolved social issues of inequity, including limited access by the broad base of society to public goods and services such as education and health care. Economic infrastructure, such as roads, water, and electricity, was less than satisfactory. Labour market conditions and industrial relations were at best volatile. Institutional reform and the legislative framework were fledgling and there was weak social cohesion in some areas. Despite these challenges, the society was relatively peaceful, orderly and secure.

Since 1972, Jamaica has experienced periods of poor economic performance followed by relatively short periods of economic growth. Major social and political reforms characterized this period, particularly in the areas of education and industrial relations. Structural adjustment processes were implemented, including liberalization of

“...the challenges of economic dependence, including marked inequalities in wealth and opportunity, and resource constraints prevented the development of the economy from reaching its full potential.”

the trade and foreign exchange regimes and privatization of Government assets in key services including tourism, telecommunications and banking.⁵ The rapid liberalization of trade and foreign exchange regimes along with inadequate oversight and regulation of the financial services sector contributed to inflationary pressures in the early 1990s, and a full-blown crisis in the financial services sector from 1995 to 1997. After 1997, the financial services sector recovered, though at a substantial cost to the Government as reflected in increased public debt. An important and positive outcome was a strengthened regulatory framework for the financial services sector.

Economic development also was constrained by a series of natural disasters and external shocks including: hurricanes in 2001, 2004, 2005 and 2007; the terrorism attack in the USA in September 2001; international recessions in 2000 and again in 2007; and steep rises in oil prices particularly from 2004 to 2008. Nonetheless, there has been

⁵ In the 1970s, the Government acquired the oil refinery and assets in the bauxite industry, consequent on the decision of foreign companies to cease operating in Jamaica.

consolidation of previous structural adjustment and liberalization processes, reduction in poverty levels, and dynamic expansion in the tourism, telecommunications, and entertainment industries, and in the financial services and distribution sectors.

Jamaica has succeeded in raising the overall standard of living as measured by some of its key social indicators, and is on track to achieve some of the Millennium Development Goals (MDGs) by 2015. Life expectancy, which was 72 years in 2007, is comparable to that of high income countries. The percentage of households with access to piped water increased to 70.2 per cent in 2007 from 66.6 per cent in 2000.⁶ The proportion of the population living below the poverty line has moved to one in 10 in 2007, from one in four in 1990.⁷ Enrolment in primary and junior secondary education is near universal.

UNITED NATIONS MILLENNIUM DEVELOPMENT GOALS

1. Eradicate Extreme Poverty and Hunger
2. Achieve Universal Primary Education
3. Promote Gender Equality and Empower Women
4. Reduce Child Mortality
5. Improve Maternal Health
6. Combat HIV/AIDS, Malaria and other Diseases
7. Ensure Environmental Sustainability
8. Develop a Global Partnership for Development

The target for universal primary schooling has been achieved with net rates of over 90 per cent for both boys and girls. Universal quality education for our children is still unsatisfactory with student performance below average in major assessments at the primary and secondary levels.

Several of Jamaica's health indicators have improved substantially over the last two decades, reflecting the epidemiological transition observed in other Caribbean countries. However, HIV/AIDS, a communicable disease, has become a serious public health concern, and there has been an increased prevalence of lifestyle-related chronic diseases, such as cardiovascular diseases, diabetes and obesity.⁸ There are lingering concerns on the slow rate of improvement in the infant and maternal mortality rates.

Where We Are Now

Forty-seven years after Independence, we stand at a crossroads in our development, with disappointing economic growth, a lack of national consensus on critical issues, and high incidence of violent crimes that threaten our country's stability. Jamaica now has one of the highest murder rates in the world, reaching 60 per 100,000 population in 2008. Other challenges we continue to face include: high public debt; low productivity in most sectors; fiscal imbalance; anaemic export performance; weak infrastructure; poor educational performance; unemployment among youth (ages 15-24 years) as high as 23.6 per cent;⁹ weak institutions; inadequate transparency and

⁶ Jamaica Survey of Living Conditions, 2007.

⁷ Proportion of persons living below the poverty declined to 9.9 % in 2007 from 16.8 % in 2004 - Jamaica Survey of Living Conditions, 2007.

⁸ Food and Agricultural Organization, 2002.

⁹ Jamaica Survey of Living Conditions, 2007.

accountability in governance; and a high perception of corruption permeating public and private sectors.

The Human Development Index¹⁰ considers Jamaica as a medium level developing country, with an HDI score of 0.736 ranking 101st out of 177 countries in 2008. This was below the level of Barbados, the Bahamas, St. Kitts and Nevis, Antigua and Barbuda, and Trinidad and Tobago, which ranked 31st, 49th, 54th, 57th and 59th respectively.

In 2007, Jamaica's GDP per capita stood at US\$4,147 (103rd among 210 nations and territories of the world). By contrast GDP per capita in the developed countries was in the range of US\$20,000 – US\$120,000, while regional counterparts Trinidad and Tobago and Barbados enjoyed GDP per capita levels of US\$15,457 (58th) and US\$12,687 (63rd), respectively.¹¹

The 2008-2009 Global Competitiveness Index (GCI) ranks Jamaica 86th out of 134 countries, whereas Puerto Rico, Barbados and Trinidad and Tobago rank 41st, 47th and 92nd respectively. The GCI report characterizes Jamaica as a country in the *efficiency-driven* stage of development,¹² which means that although we have some elements of the

pillars of competitiveness, in most cases they are not efficiently or effectively supporting Jamaica's transition to an *innovation-driven* economy.

Governance has been an area of particular concern, with erosion of social capital and trust, an inefficient justice system, political polarization, and weak accountability mechanisms in the public sector. Transparency International reported that Jamaica's rank in transparent and good governance slipped from 57th in 2003 to 84th out of 132 countries in 2007. In order to correct this, Government introduced measures to strengthen the required levels of accountability and to enable scrutiny by the public, particularly in the contracting and procurement processes.¹³

Jamaica ranked 54th out of 147 countries in the 2008 Environmental Performance Index (EPI), outperforming many developed countries and, along with the Dominican Republic and Cuba, leads in the Caribbean with respect to environmental protection and sustainability. Despite the improvements in environmental management, Jamaica was ranked as extremely vulnerable in the 2008 Environmental Vulnerability Index (EVI). We need to halt the deterioration of the natural resources,

¹⁰ Human Development Report 2007/2008, UNDP (based on 2005 data).

¹¹ GDP per capita in current dollars is based on the United Nations Statistics Division National Accounts Main Aggregates Database. The range of developed countries is based on the IMF list of advanced economies.

¹² The GCI report utilizes three main categories to characterize a country. A factor-driven economy competes on the basis of factor endowments, unskilled labour, natural resources and price. Countries in the second tier are efficiency-driven and have to begin to improve both their productivity and product quality in order to increase their competitiveness. This requires that they invest more in higher education and training, promote more efficiency in goods and labour markets, increase the sophistication of their financial markets and increase their application of existing technologies. At the highest level, countries characterized as innovation-driven economies are able to sustain higher wages and standards of living by offering new and unique products. This is only possible through innovation and increasing the extent to which they add value to basic products. See Porter and Schwab, The Global Competitiveness Report 2008-2009 (2008).

¹³ In 2002, the Government instituted the Access to Information Act to facilitate public access to official documents.

SUSTAINABLE PROSPERITY

- A state of development where individuals, families and communities enjoy a high standard of living and a high quality of life, while respecting and preserving the natural environment
- A new balance of economic competition with economic cooperation that promotes the efficient use and sharing of natural resources, technologies, knowledge and capital at the local, national and global levels
- The highest expression of a free-enterprise system, which affords social, economic, political, cultural and artistic freedoms, side by side with individual responsibility, mutual respect and special consideration for people truly in need

the pollution of the Kingston Harbour, and the declining conditions of our beaches and coral reefs.

One profound impact of these economic, social, environmental and governance challenges has been the sustained outward migration of many Jamaicans, including the highly educated, who have made other countries the places of choice to live and unfold their talents.

Currently, we are facing a global economic crisis that exceeds the scope of previous downturns experienced since Independence and, if not addressed, could affect the implementation of the Plan. Since 2007, the global economy has been experiencing instability and decline evidenced by: volatility in global stock markets; sub-prime mortgage crisis and declining real estate markets in North America and Europe; rising levels of unemployment; and the failure of several international investment banks and companies.

The impact of the global economic crisis on Jamaica is likely to limit, in the near term, access to capital markets, reduce the profitability of local businesses, stymie economic growth, reduce employment in critical sectors of the economy, and worsen our balance of payments. The unfolding situation also has negative implications for the advancement of our social development agenda as well as for the timely achievement of the Millennium Development Goals.

The choice for Jamaica to become a developed society requires us to forge an irreversible path to sustainable prosperity by strategically addressing those deficiencies which impede improvement in our productivity and constrain international competitiveness. These deficiencies include inadequacies in the fundamental operations of our institutions, poorly maintained infrastructure, macroeconomic instability, and sub-optimal quality of public goods and services such as health care and primary education.

Jamaica – SWOT Analysis

A summary of the context for our path to sustainable prosperity, based on our

country’s main strengths and weaknesses, as well as the opportunities and threats we face, is presented below.

Table 3: Jamaica – SWOT Analysis¹⁴

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Diverse and talented people • Expanding labour force • Unique cultural assets • Strong Nation Brand • Long tradition of political stability • High life expectancy • Strategic geographic location • Abundant natural resources – agricultural lands, mineral resources, tourism attractions, water resources • Well-developed maritime and telecommunications infrastructure • High mobile phone penetration • Available renewable energy resources • High levels of biodiversity and endemism • Vibrant civil society 	<ul style="list-style-type: none"> • High rate of violent crimes and murders • High debt to GDP ratio • Relatively low per capita incomes • Poor student outcomes • Low productivity across economic sectors and industries • High proportion of untrained workforce • Low levels of social capital and trust • Inefficiencies and inequities in justice system • Weak compliance with and enforcement of laws • High dependence on imported petroleum • High energy costs • Weak public transport system • Complex and cumbersome tax system • Constraints in business environment • High cost of capital • Weak system of spatial planning and environmental management • Degradation of key ecosystems • Vulnerability to natural and man-made hazards
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Increasing access to regional and world markets • Demographic dividend • Growth in economic value of global cultural industries and markets • Expansion of the Panama Canal and regional cargo traffic • Global advances in science, technology and innovation • Development of the Green Economy • Large Diaspora • Strong relationship with international development partners • Implementation of the CSME 	<ul style="list-style-type: none"> • Impact of fluctuations in global economy and global capital, currency and commodity markets • Instabilities in supply and price of imported oil • Brain drain of trained and educated Jamaicans • Impact of global climate change • Increased likelihood of natural hazards • Impact of globalization and regional integration on uncompetitive sectors and industries • Regional and hemispheric illegal drugs and gun trades • International terrorism • Inadequate political will or social partnerships to implement transformation

¹⁴ The analysis of strengths, weaknesses, opportunities and threats (SWOT Analysis) is a common tool in strategic planning.

Development Planning in Jamaica

Development planning has had a long tradition in Jamaica. The first national development plan was prepared as early as 1947; the most recent for the period 1990-1995. Other national development planning exercises have included the National Industrial Policy (1996), and a series of Medium Term Socio-Economic Policy Frameworks (MTFs), the most recent of which was for the period 2004-2007.

After decades of engaging in short- and medium-term plans, Jamaica's development objectives have not been fully realized. While capacity to generate medium- and long-term planning in the public sector has grown, review of this development planning tradition has identified weaknesses. These include: a relatively short-term planning horizon which did not have a strategic focus on long-term development; lack of continuity; inadequate resources to support implementation; an inadequate monitoring and evaluation framework; limited involvement of the private sector, other non-state actors and the wider society; and weak synergies between targets, indicators and the budget.

Jamaica's Road to Sustainable Prosperity - The New Paradigm

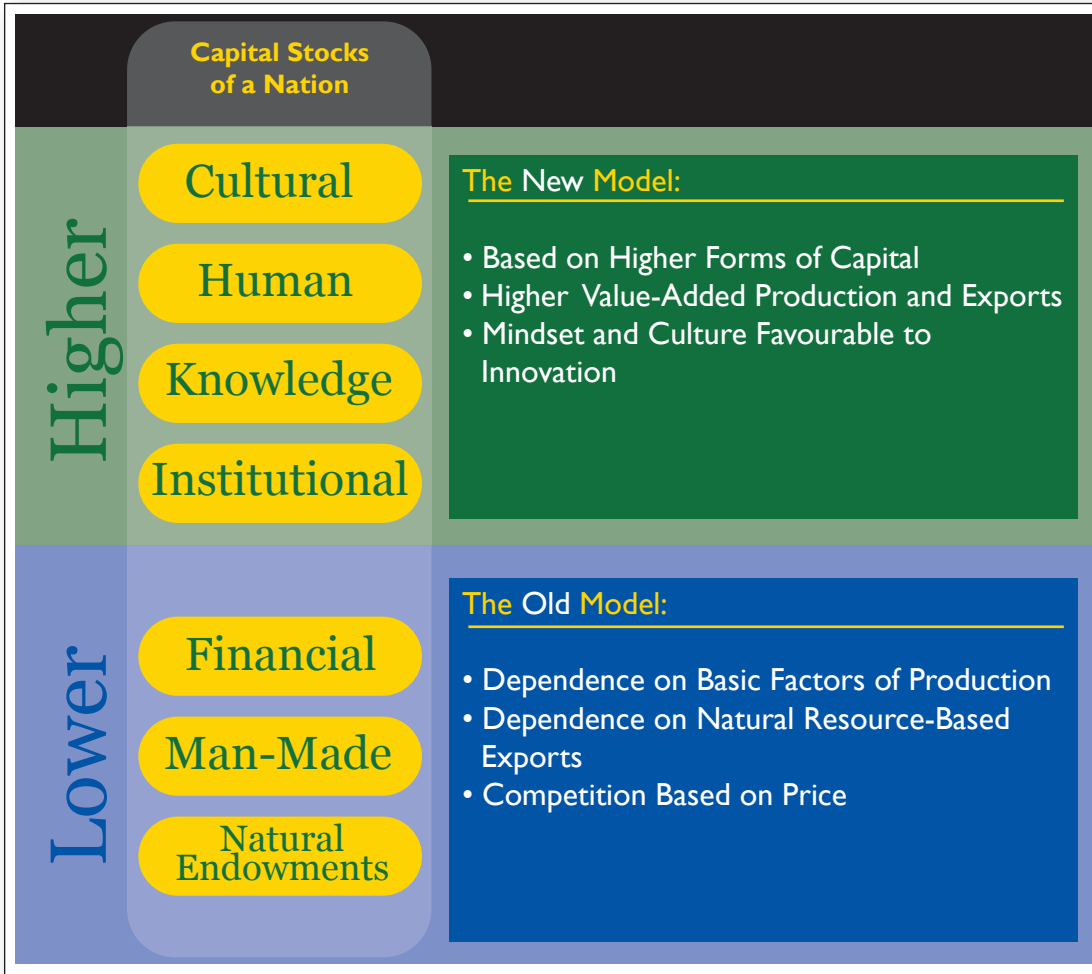
The present state of our national development reflects the accumulation of choices we have made in the past. The sum of a nation's capital stocks, and how they are used, determine that nation's level of prosperity. The old paradigm we pursued for generating prosperity focused on exploiting the lower forms of

capital, for example, our sun and sand tourism, sub-soil assets and basic agricultural commodities. These "basic factors" represent the more easily imitated advantages on which a nation can compete, and cannot create the levels of prosperity required for sustained economic and social development. Continuing along this path will simply produce more of the same. This is unsatisfactory. Although the use of the lower forms of capital provides the foundation for development, sustained levels of prosperity will only be generated when we begin to effectively develop and use the higher forms of capital.¹⁵ We have to make new choices.

Vision 2030 Jamaica introduces a new paradigm which redefines the strategic direction for Jamaica. It puts us on a different path – a path that will lead to sustainable prosperity. The central challenge for our country's national development is to create the conditions in which our productive enterprises are able to generate greater levels of wealth and in which the social and environmental conditions and the general well-being of the society are enhanced. We must, as a nation, make an urgent yet bold choice to exploit the country's higher forms of capital – our cultural, human, knowledge and institutional capital stocks - and move towards an innovation-driven stage of development. This implies that, as a country, we will sustain higher wages and standards of living through higher levels of productivity, develop new and unique products and services, and add value to the lower forms of capital by the application of science, technology and innovation.

¹⁵ This model posits seven (7) forms of capital, namely: the natural, man-made, financial, knowledge, human, institutional and cultural forms of capital – of which the last four comprise social capital (see for example Fairbanks in Harrison and Huntington, 2000).

Figure 4: Forms of Capital - A Model for Jamaica’s Road to Prosperity



Guiding Principles

Vision 2030 Jamaica is the nation’s first long-term national development plan which will enable Jamaica to achieve developed country status by 2030. It is based on seven guiding principles which put people at the centre of Jamaica’s development. These are: transformational leadership; partnership; transparency and accountability; social cohesion; equity; sustainability; and urban and rural development. They give priority attention to elements that are essential to delivering a world-class quality of life for all Jamaicans, and reflect the key pillars of change needed to realize the Vision for our nation.

➔ **Transformational Leadership**

Making this choice requires strong and decisive leadership at all levels of the society to champion the transformation to developed country status. Champions of change and accountability within the various institutions of Government in partnership with the private sector, civil society and IDPs must assist in achieving the desired result. Ownership of Vision 2030 Jamaica and the development planning process must reverberate at every level of the society. We all must have a sense of our roles and take responsibility for the successful implementation of the Plan.

➔ **Partnership**

The new world of opportunities envisaged under Vision 2030 Jamaica requires the promotion of the common good over vested interests and significant technical and financial resources, both of which are beyond the scope of the Government alone. We enter the Plan implementation period heavily indebted and with limited scope for borrowing to finance the investments which must drive the planned development. An alternative strategy is needed to bridge the resource gap and remove obstacles that could stymie the success of this National Development Plan.

A number of countries have looked to partnership – the coming together of two or more groups or organizations – to achieve some common objective as a development strategy.¹⁶ The success of these countries highly recommends the partnership approach to a country such as Jamaica which has huge needs in technology and resources. The success of the Plan is predicated on the conscious collaboration of the Government (central and local), citizens, and the private sector (local and external), and the pooling and use of their expertise and resources in public private partnerships in pursuit of the objectives of the Plan. Opportunities for such partnerships will include: the input of the voluntary sector and faith-based organizations in facilitating change in the mindset and reinforcing positive core values of our society; private sector capital investments in social and economic infrastructure; and citizen monitoring to ensure accountability and value-for-money from public investments.

¹⁶ For example see Bernard in Caribbean Journal of Public Sector Management Vol. 1 No.2, May 2000.

There has been a relatively successful precedent towards social partnership in Jamaica in the form of three successive Memoranda of Understanding between the Government of Jamaica and the island's main Trade Unions. A Social Partnership Consultative Committee has been established to advance a more inclusive collaboration between the Government, the Opposition, private sector, trade unions, academia, and other civil society bodies, to reach consensus on the measures required to address the country's fiscal deficit and to navigate us through the global economic crisis.

Vision 2030 Jamaica calls for every citizen to participate in both the responsibilities and benefits of national development and hinges this on partnership as both a fundamental value and a strategy.

➔ **Transparency and Accountability**

The new paradigm recognizes that transparency and accountability are essential for the efficient functioning of our economy and for fostering social well-being. As we embark on this journey, we will ensure timely access to information that can be used to measure performance and hold officials accountable for their actions.

➔ **Social Cohesion**

This guiding principle will engender a sense of belonging in our citizens and generate the trust required to take us through both good and challenging times as we journey towards sustainable prosperity. It will ensure that our citizens coalesce around a set of shared values and responsibilities and a common sense of nationhood.

➔ **Equity**

This guiding principle will facilitate and ensure equality of opportunity and equal rights for all citizens including access to public goods and services such as education and health care. The new paradigm will promote the human rights of our people, including the poor, and the most vulnerable and marginalized groups. It will identify and address gender biases that are often inherent in macroeconomic and sectoral policies.

➔ **Sustainability**

Sustainable prosperity for our nation requires us to effectively integrate economic, social and environmental issues to enable us to make the wisest use of our capital stocks to meet the needs of current and future generations. We recognize that economic, social and environmental problems and solutions are all inter-connected and that an integrated approach, underpinned by good governance, to addressing these issues will ensure that our development is sustainable.

➔ **Urban and Rural Development**

This principle will encourage us to promote development in both urban and rural areas. It will allow for decentralization of power and decision making at the local level, optimal use of resources in all areas, and facilitate the development of multi-sectoral and spatial linkages.

Developed Country Status

There is no single definition of a developed country. The generally accepted concept refers to countries that:

- have achieved relatively high levels of per capita income;¹⁷
- possess advanced productive sectors;
- enjoy high quality infrastructure and social services;
- undertake relatively high levels of research and innovation.

In addition to these broad characteristics, the Human Development Index (HDI) combines measures of life expectancy, literacy, school enrolment and per capita GDP into a single index to measure relative human development among nations.

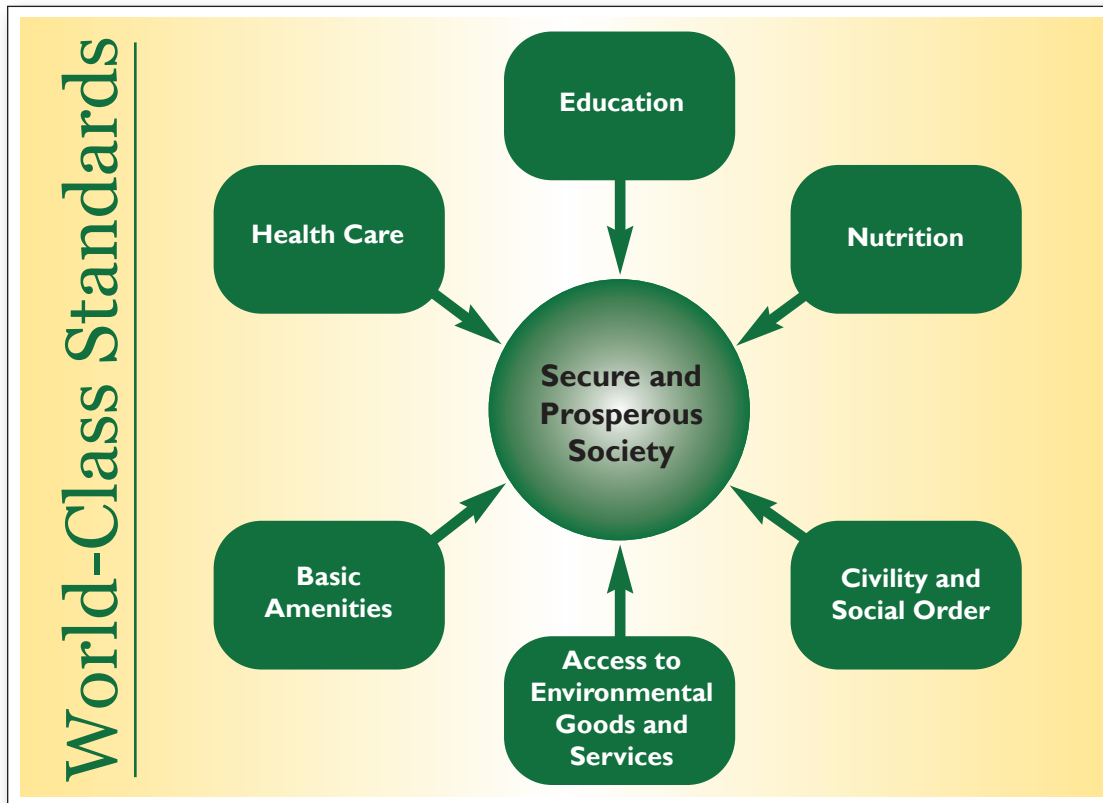
What does Developed Country Status mean for Jamaica?

In the Jamaican context, essential elements needed to enhance the quality of life for all Jamaicans and for which Jamaica can achieve world-class standards, as depicted by Figure 5, include: education; health care; nutrition; basic amenities; access to environmental goods and services; civility and social order. These elements are fundamental to the achievement of progress towards a more sustainable society with high human development, which integrates and balances the economic, social, environmental and governance components of national development. This sustainable approach has been defined as development that “meets the needs of the present without compromising the ability of future generations to meet their own needs.”¹⁸ However, in the initial period of implementation, deliberate steps must be taken to change the mindset of our nation.

¹⁷ The World Bank defines high-income countries as those with per capita Gross National Income (GNI) of US\$11,456 or more in 2007 as calculated using the World Bank Atlas method.

¹⁸ World Commission on Environment and Development: Our Common Future. Oxford: Oxford University Press, 1987.

Figure 5: Defining a Secure and Prosperous Society for Jamaica



Changing the Mindset

At the heart of this vision for Jamaica is the transformation of the society. This transformation will only take place if there is a change in the mindset of the nation which addresses those traits that are likely to inhibit progress towards development. This change is vital if we are to significantly reduce crime and violence, improve education and training outcomes, advance the development of our infrastructure, increase productivity and manage our national debt.

We must recapture the respect for and give prominence to positive societal values and attitudes.¹⁹ Core values such as respect, honesty and truthfulness, forgiveness and tolerance are the *sine qua non* of any civilized society. Attitudinal values such as trust, honour, discipline, responsibility, cooperation,

integrity, good work ethic and punctuality are essential for transforming this society into a prosperous one.

The Jamaican economy must be recast through the adoption and infusion of transformative values to change the attitude of workers and employers, to improve their abilities to work together and increase productivity. These values are found to be strongly correlated with higher levels of productivity and income.

As a nation, we must choose the path for sustainable prosperity to ensure a more promising future. The challenges are great. The choice is clear – sustainable prosperity for our people – as embodied in our new vision:

“Jamaica, the place of choice to live, work, raise families and do business”.

¹⁹ Amartya Sen (2001) identifies the major contribution that culture, values and attitudes make to the development of a country.

CONTEXT FOR VISION 2030 JAMAICA



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