

**Fiscal Expenditure on Services for Children in Jamaica,**  
**2003/4 - 2005/6**

**Prepared for GOJ and UNICEF**

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## Glossary of Acronyms

1. GoJ – Government of Jamaica
2. CRC – Convention on the Rights of the Child
3. MTSEPF - Medium Term Social and Economic Policy Framework
4. NFAC - National Framework of Action for Children
5. GDP – Gross Domestic Product
6. MOU – Memorandum of Understanding, between the GoJ and the JCTU
7. JCTU - Jamaica Confederation of Trade Unions
8. FDI – Foreign Direct Investment
9. IDB – InterAmerican Development Bank
10. NIR – Net International Reserves
11. BoJ – Bank of Jamaica
12. CBR – Crude Birth Rate
13. CDR – Crude Death Rate
14. IMR – Infant Mortality Rate
15. AFR – Adolescent Fertility Rate
16. CXC - Caribbean Examinations Council
17. CDA – Child Development Agency
18. MoH – Ministry of Health
19. MEYC – Ministry of Education, Youth and Culture
20. ILO – International Labour Organization
21. PIOJ – Planning Institute of Jamaica
22. MLSS – Ministry of Labour and Social Security
23. MoJ – Ministry of Justice
24. MLGCDS – Ministry of Local Government, Community Development, and Sport
25. JSLC – Jamaica Survey of Living Conditions
26. CEDAW – Convention on the Elimination of All Forms of Discrimination against Women
27. MTSEPF - Medium Term Social and Economic Policy Framework
28. NIP - National Industrial Policy
29. MDGs - Millennium Development Goals
30. PSIP - Public Sector Investment Programme
31. CHASE – Culture, Health, Arts, Sports, Education Fund
32. JSIF – Jamaica Social Investment Fund
33. ESSJ – Economic and Social Survey of Jamaica
34. MFP – Ministry of Finance and Planning
35. MinAg- Ministry of Agriculture
36. MNS – Ministry of National Security
37. OPM– Office of the Prime Minister
38. MOU – Memorandum of Understanding between the GoJ and the JCTU
39. ICRC – International Convention on the Rights of the Child

## **I. Executive Summary**

This study has been commissioned by the Government of Jamaica and UNICEF to determine the share of the budget of the Government of Jamaica that benefits children directly, and indirectly through women in their roles as care-givers. It has been based on a review of relevant studies and reports, data extracted from the government's budget, and interviews with government officers with appropriate expertise. The data has been presented in an array that highlights the expenditure on children, and forms the basis for the calculation of indicators of expenditure on children.

The study has reviewed the allocation of fiscal resources to provide services to and for children in the years 2003/4-2005/6. In doing so, it has situated the assessment in the context of the fiscal resource constraints that result from the relatively low level of GDP, the persistent low rate of economic growth, and the pre-empting of the major share of the fiscal resources for repayment of the national debt.

The trends in the principal macroeconomic indicators have been generally pointing to positive changes in the performance of the economy. The trade regime has been considerably liberalized, and the reform processes are continuing. Foreign investment inflows have been robust in recent years. The foreign exchange market has been quite orderly with gradual and predictable depreciation of the exchange rate to maintain the price competitiveness of exports. Inflation has abated, and this has allowed the government to facilitate the decline in interest rates.

Yet, apart from Tourism that has been on a secular growth path, the development of new exports to fill the earnings gaps left by the receding banana and sugar industries has been very slow. The economy has grown slowly despite the liberalization of trade and investment flows, while becoming increasingly vulnerable to sudden shifts in international economic conditions as well as natural hazards.

While unemployment rates are not as high as they were a decade or two ago, it is partly because of the rise in self-employment and the withdrawal from the formal labour markets to informal economic activities. Poverty rates too have declined over the past two decades, owing in large part to the vibrancy of the informal economic activities and the robustness of inflows of remittances.

The slow growth of the formal economy underpins the slow growth of the fiscal revenues. The repayment of the national debt leaves little resources to fund programmes for human and infrastructural development.

The rate of natural increase of the Jamaican population has been declining over the past decade, and largely for this reason, the population is ageing. In 1975, children accounted for a little more than a half of the population; thirty years later, the share of children in the population fell to a little more than a third.

Children in Jamaica face many challenges throughout their lifecycle, birth to eighteen (18) years of age. At birth, their chances of survival for more than 70 years are very good, but there are significant risks that they face in their journeys through life. Their immunization coverage is below the average for the region and appears to have been declining. They are particularly vulnerable to HIV/AIDS both by contracting the disease, usually from a parent, and from being orphaned when the disease attacks their parents and/or guardians.

About a fifth of Jamaican children live in poverty, and the chances of being poor are greater for those who live in the rural communities. Poverty drives some children to work to support themselves and their families at the cost of their attendance at school, and at the risk of physical and psychological abuse.

As the most vulnerable social group in a society plagued by violence, there has been an increasing incidence of children as victims of violence as well as perpetrators of violence. While this study was being prepared, there was a spate of murders of children and women that elicited national outrage and re-focused public attention on the scourge of violent crime that has been plaguing Jamaica for too many years now.

The chances of a child being enrolled in educational institutions from the early childhood to the secondary levels are also good, but the quality of their education is less than children receive in other Caribbean countries that spend relatively less money on education. Further, the modern Jamaican labour force requires much more and much better training than the average school-leaver brings to the labour market.

The Government of Jamaica has made considerable progress in establishing a policy framework with the requisite legislation to protect children and to promote their development. The policy framework has been driven partly by the international commitments under the Convention on the Rights of the Child (CRC) and the companion Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). These initial international stimuli have been reinforced by the national commitment to the Millennium Development Goals (MDGs), most of which are either directly or indirectly relevant to the welfare of children.

The policy framework for children is also rooted in domestic development strategies and policies, the most recent of which is the Medium Term Social and Economic Policy Framework (MTSEPF). There is now a National Framework of Action for Children (NFAC), a Childcare and Protection Act that provides the legal basis for policy implementation, and a Children's Advocate with responsibilities mandated by the Act. It is arguable, that the preoccupation of policy-makers with economic stability and growth – in many respects, requiring contradictory policy measures – is ultimately essential for generating the resources to address the demands for human development in general and the welfare of children in particular. However, without market-based income distribution processes that enhance equity, effective publicly funded social safety net programmes will be necessary to ensure that some of the benefits of economic growth will reach the children that are at greatest risk of being poor.

The study found that despite the pressures to service the national debt, the Government of Jamaica (GoJ) has been able to maintain relatively high levels of recurrent expenditure for social services, but that capital expenditure has been drastically reduced over the past decade and a half. The bulk of the recurrent expenditure has been on the salaries of service providers, such as education and health workers and security personnel.

In constant (1996) Jamaican dollars, total expenditure has risen sharply over the past decade, largely because of repayment of the national debt. On the other hand, the trends in real social expenditures have been at best flat, and probably marginally decreasing.

As a percentage (%) of GDP, recurrent expenditure has been rising, driven by the rising interest payments. There is also an increasing trend of wages as a percent of GDP, but much slower than the rate of increase of interest payments. On the other hand, expenditure on programmes as a percent of GDP has been constant.

Expenditure on children was dominated by spending on education and health services. The estimate in this study included expenditure on social welfare, social protection, culture and sports, and programmes for women because of their role as care-givers for children. In all, expenditure on children during the review period accounted for approximately 16-17% of recurrent expenditure, 1% of capital expenditure, or the equivalent of 10-11% of total expenditure. Alternately, expenditure on children was 6-7% as percentage of (as a proportion to) GDP.

The three (3) year period is too short to detect trends, and the data compared over the years were not identical. The study had data on actual expenditure for 2003/4, but only proposed expenditure for 2005/6. Even so, if there is a discernible change in the share of expenditure allocated to children over these years, the expenditure on children would appear to be decreasing. Not surprising, the bulk of the expenditure on children is on education services followed by health services.

In light of the significant share of fiscal resources (after repayment of the national debt) committed to supplying services to children, the study concludes that more attention should now be paid to the quality of those services and the impact of expenditure, given the resource constraints the GoJ is likely to face for many years to come. As the efficiency of administrative processes is increased, resources, particularly human resources, will be released and can be reallocated to the processes that deliver services to children. In addition, the reorganization of these services themselves will make them more effective.

There should also be room to attract some of the interest income paid to holders of the national debt into bonds floated to fund services for child development, and to encourage individual wealth holders to bequeath legacies to fund child development. Appropriate information systems need to be put in place to provide policy-makers with the data and analysis of the implementation of government programmes to meet the national and international commitments to children. Finally, there is need for research into privately funded formal and informal service delivery for child development to complement the information on publicly funded programmes.

## II. Introduction

### *A. Background*

The Government of Jamaica (GoJ) has committed itself internationally under the Convention on the rights of the Child (CRC), as well as nationally under the Medium Term Social and Economic Policy Framework (MTSEPF) and the National Framework of Action for Children (NFAC) to guarantee the rights of the child and to provide the enabling services. An international benchmark for the requisite social investment to meet these commitments was established in the 20/20 Initiative which was “endorsed by the 1995 World Summit for Social Development in Copenhagen and reaffirmed later that year in Beijing [China] at the Fourth World Conference on Women.”<sup>1</sup>

In order to monitor how well the national commitments under the Convention on the rights of the Child (CRC) are honoured in Jamaica, and to support the lobbying efforts in this regard, the Government of Jamaica (GoJ) with the assistance of UNICEF has undertaken several studies over the last decade on the services provided to children and the characteristics of their situation. “Between 1995 and 1999, the Jamaica Coalition on the Rights of the Child (JCRC) led discussions and analyses of the Jamaican National Budget in an effort to ascertain the GOJ’s allocation towards improving the welfare of children. This was continued in 2003/04 with a look at budget allocations for children in the 1999-2004 budgets.”<sup>2</sup>

This study has been commissioned to determine the share of the budget of the Government of Jamaica that benefits children directly, and indirectly through women in their roles as care-givers for the years 2003/4 to 2005/6. As such this is the latest in the series of studies in recent years on the public expenditure on children in Jamaica, and is another contribution to the volume of studies on the various aspects of the overall situation of children.

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<sup>1</sup> GoJ/UNICEF Country Programme of Cooperation, Terms of Reference for Short Term Consultancy – Budget Analysis, P.1  
<sup>2</sup> Ibid, P.1

## **B. TOR**

The analysis will include:

1. An overview of the macro-economic and social situation during the period under review;
2. An analysis of budgetary allocation to Basic Social Services (including education, health and nutrition, water and sanitation), protection and care, and juvenile justice, and;
3. An analysis of expenditure on children issues including those for women that are beneficiary to children (especially related to capacity building and protection of women).

The analysis should incorporate the following:

- Expenditure for “negative social services” such as prisons and policing;
- Social safety net expenditures including those benefiting families broadly;
- Emergency expenditure and spending by quasi-government agencies, including GOJ write-offs or subsidies, that benefit children and their families;

## **C. Methodology**

The methodology informing this study consisted of a *literature review* of relevant studies and reports, *data extraction* from the government’s budget, the *presentation of this data in an array* that highlighted the expenditure on children and women, *interviews* with government officers with appropriate expertise, and the calculation of *indicators* of expenditure on children.

The types of *documents reviewed* were:

1. previous studies of the expenditure on children, primarily in Jamaica but in other countries as well. Apart from the historical background that the Jamaican studies provided, the international studies suggested both methodological approaches as well as comparative indicators of child welfare and development.
2. studies relevant to the situation of children in Jamaica. In addition to situation analyses, academic and professional studies conducted on various aspects of child welfare and development, such as education, health, violence, and various aspects of social protection provided a lot of data and information.

3. official reports from government and international agencies on various services provided for children as well as the principal aspects of the situation of children. These include annual and other periodic reports as well as special reports commissioned from time to time by the government.
4. reports on the development of public policy toward and on behalf of children. It was assumed that the emergence and development of a framework of policy targeted to children's welfare and development was essential to completing the context in which expenditure on children was analyzed.
5. studies of the formation of economic policy, the budget process, and the performance of the economy
6. the medium term economic programme of the GoJ as adopted and revised during the period covered by the study. This is the principal and immediate context that determines the parameters of the fiscal budget, and by extension, the expenditure on children

*Expenditure data was extracted* from the Estimates of Expenditure, 2005/6, as presented to the House of Representatives for the years 2003/4 – 2005/6. The approach adopted was to:

1. Select all programmes targeted explicitly to/at children and women
2. For programmes oriented to all age groups, estimate the value of expenditure that benefited children.
3. Develop a method for imputing Health expenditure to children. This required special attention since Health expenditure is the second largest share of public expenditure on children.

The *data was then arrayed* in a table by service, by programme, by Ministry/agency, by year. As with data on the general social situation of children and the economic context for the study, charts displaying trends over time and comparative magnitudes were used where they could provide insight into the data.

To interpret some of the data, and to estimate some categories of expenditure on children, it was necessary to *conduct interviews* with the relevant government officers. Chief among these were:

1. Budget officers in the Ministry of Finance and Planning
2. Relevant officers who manage the budget in line ministries and agencies

The study computed the following *indicators of public expenditure* on children for each of the years in the review period:

1. the shares of individual services in total recurrent, total capital and total (recurrent plus capital) expenditure
2. the share of total expenditure on children in total recurrent, total capital and total expenditure
3. the value of expenditures in constant (1996) Jamaican dollars. This is also referred to as the real value of expenditure..
4. total expenditure on children as a percentage of GDP

### **III. The Economic Context**

#### **Economic Performance and Fiscal Resources**

The size of the budget of the Government of Jamaica (GoJ) is ultimately determined by the performance of the economy, the government's ability to collect taxes on incomes, transactions and asset values generated in the economy, and its creditworthiness internationally and locally. In turn, the budget affects the performance of the economy by way of the spending power of the public that the government taxes away, and by way of the government's expenditure of both the taxes it collects and the resources it borrows.

Two major features of the past two decades are the slow growth of government revenue resulting from the slow growth of the economy and the incomes it generated, and the increasing share of this revenue that is used to pay debt, and therefore not available to promote human development. In this situation, the policy-makers are forced to pay closer attention to accurate targeting of the balance of resources to social needs, after debt obligations have been met, and to maximize the effectiveness of this expenditure.

#### ***A. Macroeconomic Indicators***

##### **Economic Growth**

Economic growth has long been a principal policy objective of the Jamaican government as the material basis for economic development, and the source of the benefits that were expected to "trickle down" to enhance economic welfare for the masses of the population. Almost every account of the performance of the Jamaican economy during the past three decades comments on the slow growth of the economy as measured by the low rates of growth of real GDP and per capita real GDP. This record of poor economic performance, particularly since 1980 begs explanation since the reason for undertaking the austerity measures associated with stabilization, structural adjustment and various programmes of sacrifice for the majority of the population was precisely to create the conditions for economic growth.

**Table III.1 [see End]** shows that from 1981 to 2001 the real GDP grew at an annual average rate of 1.5%, and the real GDP per capita grew at an annual average rate of 0.5%. In the three year period reviewed by this study, the government of Jamaica has continued the decades-long efforts to stimulate the growth of the economy, but has

met with little success as measured by the rate of growth of the GDP. For the five (5) years, 1999-2003 preceding the review period of this study, the economy grew at an annual average of 1.3%, and per capita GDP grew at 0.8%, not much different than the trends for the two decades 1981-2001 cited above. The economy grew fastest, 2.3%, in 2003, the last year of the period.

In 2004, the targeted rate of growth of the GDP was 2.0 -3.0% under the terms of the Memorandum of Understanding (MOU) signed between the government and the Jamaica Confederation of Trade Unions (JCTU) representing the public sector workers. The economy was on track to achieve the target rate of growth during the first half of the year until the island of Jamaica was hit by Hurricane Ivan, which reduced the growth rate for 2004 to 1.2%, about the same rate that the economy had averaged over the previous five years. The following year, 2005, the recovery of the economy was again stymied by powerful external shocks arising from the negative impacts of Hurricanes Katrina and Rita, particularly in the form of reduced tourist arrivals and high oil prices. Once again the projected rate of growth for 2005 was only 1.2%.

In recent years, the immediate rationale for stimulating economic growth was to ease the burden of debt – 145% of GDP in 2004 - on the economy. Of relevance to this study is the high percentage of government resources – 65-70% of expenditure - that has been absorbed in debt repayment.

The persistent low growth rates of the Jamaican economy, despite extensive liberalization of international trade, deregulation of the domestic economy, and reduction of state intervention in the economy has puzzled analysts from the international financial institutions. In the last five years, there have been strong inflows of FDI and international market conditions have been favourable to growth. “Foreign Direct Investment (FDI) moved from US\$129.7 million in 1994, to US\$722 million in 2001, making Jamaica the second largest earner in the Caribbean, and number five in the wider Latin American region. Additionally, in terms of FDI inflows, Jamaica has been ranked an “overachiever” since 1988 and was ranked 26<sup>th</sup> among the 140-country grouping of the United Nations”<sup>3</sup>. Consumer expenditure on telephones, cars, and clothes appear to be higher than warranted by the low growth rates of GDP. Another indicator that appears to contradict the slow rate of growth as

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<sup>3</sup> Ministry of Foreign Affairs and Foreign Trade, News Release, February 17, 2003

measured by official national income statistics is the rapid decline in the poverty rate over the past decade and a half.

Two common explanations for the apparently high consumer expenditures and declining poverty rates are the vibrancy of the informal economy estimated in 2002 by the IDB to be approximately 43% of GDP and the high and rapidly rising inflows of remittances, the single largest private inflows into the economy.

With strong inflows of FDI, increasing business confidence in the economy, international financial institutions' approval of government policy, a stable industrial relations climate under the MOU, predictable exchange rates, declining interest rates, a declining fiscal deficit, improved regulation of the financial sector, the factors conducive to strong economic growth are in place. Except of course, there is always the risk of external shocks from natural forces, like hurricanes, that impact on the region and/or its markets, and international economic shocks like high oil prices and precipitous losses of export market access, as in the case of sugar and bananas.

When the economy does begin to grow, the uneven distribution of benefits will come in for critical attention. Children from poor households will benefit from economic growth to the extent that their households find gainful employment and public programmes redistribute incomes in the form of services such as education, health, social welfare and protection. The volume of resources available to the State, the share of these targeted to children, and the effectiveness of the service delivery they finance are all germane to the well-being of children. It is the second of these issues that this study addresses.

### **Employment**

Despite the weak growth record, the national unemployment rate was almost halved, declining from 27% to 15%, over the two decades, 1980-2000 [see **Table III.1** at the end]. For 2001-2004, the average annual unemployment rates for the labour force as a whole, for males, for females, and for youths (14-24 years old) were 14.4%, 10.2%, 19.8%, 30.3% respectively. Typically, the unemployment rate for youth is twice the national rate, and the unemployment rate for women is often twice the rate for men.

The unemployment rate (for the whole labour force) in 2003 was 13.1%, the lowest in three decades. However, the number of persons of working age (674,100) who opted out of the labour force (1,098,800) for one reason or another was equivalent to approximately 65% of the labour force in the same year. Further, problems of disguised unemployment, underemployment, insecure job tenure, and low incomes

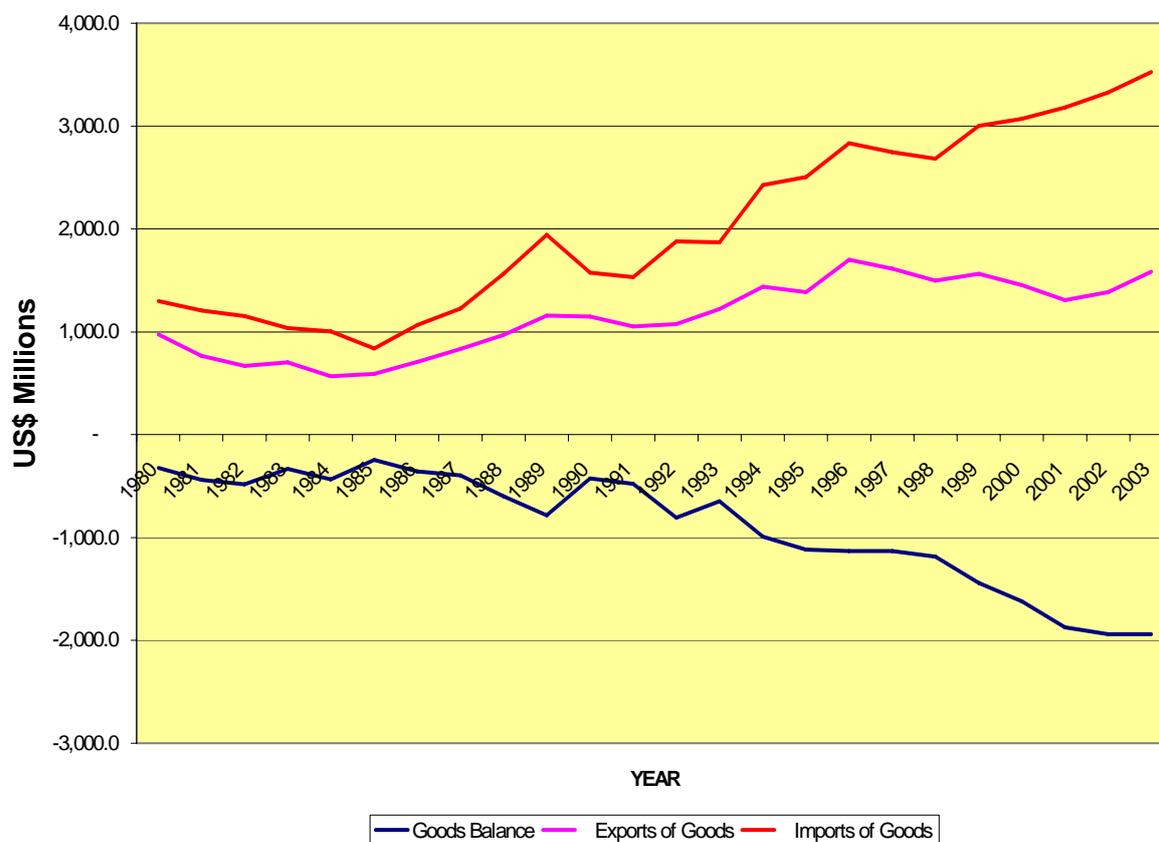
persist. Beyond labour statistics, these problems have implications for the livelihoods of families and in particular the children of families whose breadwinners depend on low wage insecure employment.

### Balance of Payments

It has been 25 years now since Jamaica's government officially adopted private sector led export-oriented economic growth as the basis for the economic development strategy. Like the economy as a whole, the growth of exports of goods has been disappointing. On the other hand, the growth of the export of services, particularly tourism and to a lesser extent business services, has been quite robust. Just as the sectoral profile of the Jamaican economy has steadily changed since Independence until services currently contribute 70% of the GDP, so too the composition of the export basket has changed and services have become dominant.

**Table III.2** [see End] profiles the balance of payments for 1981-2004. The traditional trade deficit has grown rapidly in the last 5 years because the growth of imports has

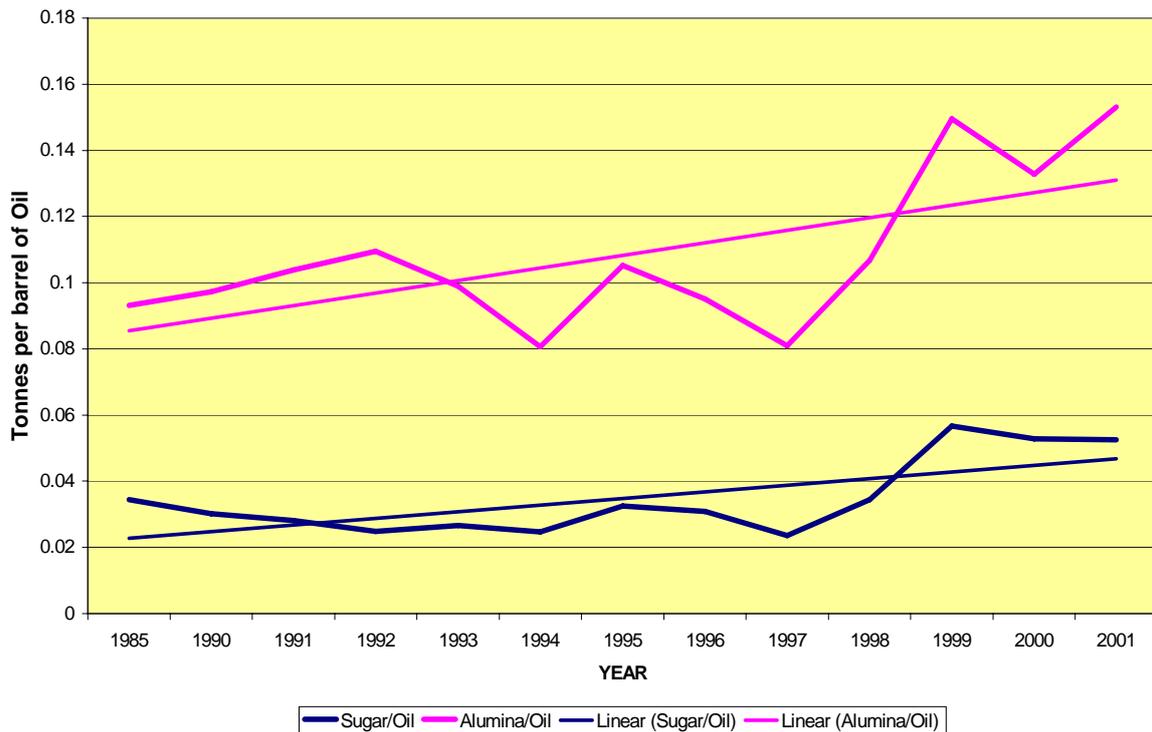
**Chart III.1: Merchandise Account - Exports and Imports of Goods**



outpaced exports. By 2001, the trade deficit was greater than total export earnings, or alternatively, imports were twice exports in value. **Chart III.1** shows the trends of the relevant data in Table III.2.

A major factor driving the growth of imports was the rise in oil prices. **Chart III.2** shows the adverse movement of the terms of trade between Jamaica’s two main export goods, Alumina and Sugar, on the one hand, and (imported) oil on the other.

**Chart III.2: Oil terms of trade-Tonnes sugar per Barrel of Oil, and Tonnes Alumina per Barrel of Oil**

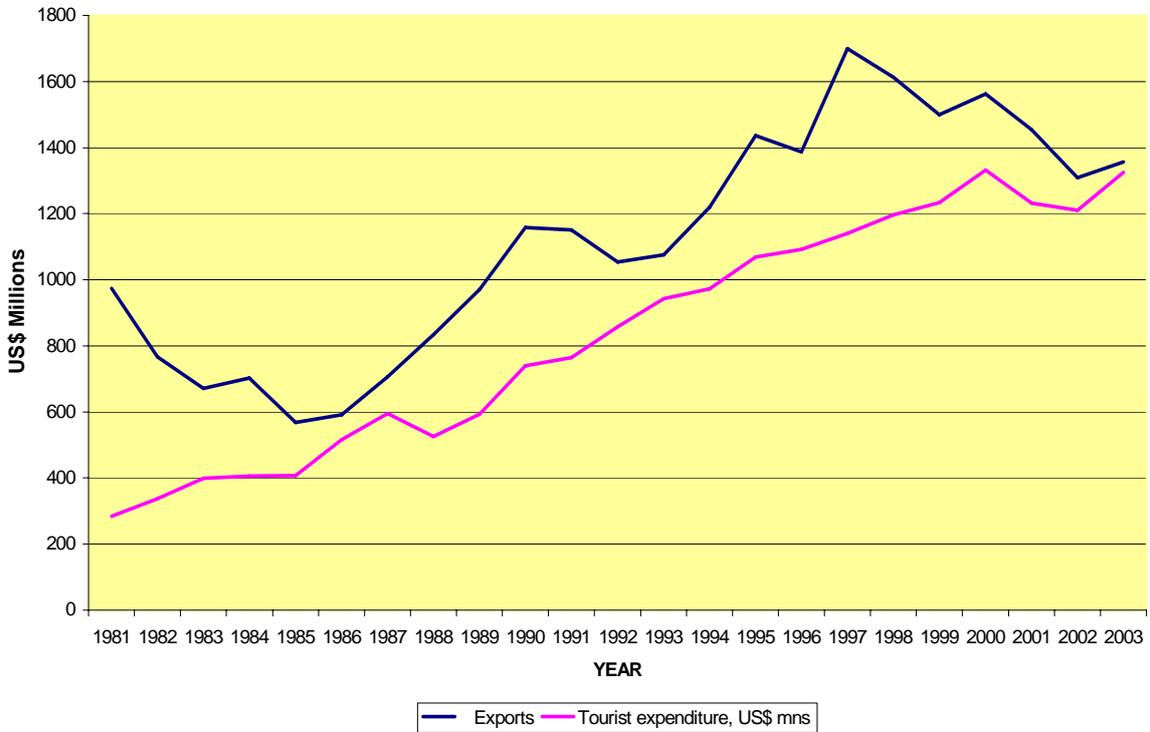


Source: Computed by author from data in Economic and Social Survey of Jamaica, annual, and BoJ, Balance of Payments, annual

The upward sloping curves indicate that the amount of alumina or sugar needed to purchase a barrel of oil has been increasing over the past two decades.

Gross earnings from tourism in relation to total exports of goods are shown in **Chart III.3** for the years 1981 – 2002. The Tourism industry’s contribution to gross earnings of foreign exchange has been growing steadily and Tourism alone is approaching the level of earnings of total exports of goods. Tourism is a fragile industry that is vulnerable to natural hazards, weak demand from foreigners, and crime and political instability in Jamaica itself. Together with the loss of preferential access for banana and sugar exports, the vulnerability of the Tourism industry contributes significantly to the vulnerability of the economy as a whole.

**Chart III.3: Tourist Expenditure and Export Earnings, US\$ Millions**

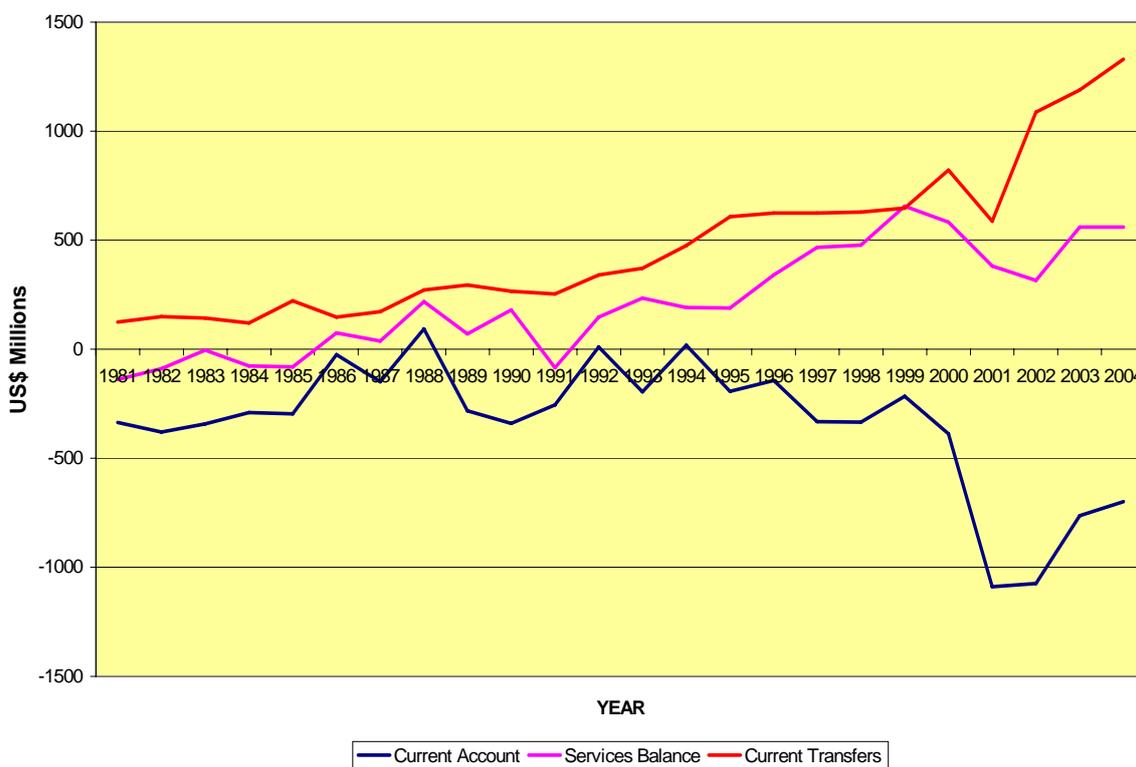


Source: Computed by the author from data in **Table III.2**

- *Inflows of Foreign Direct Investment*

On the import side of the (the debit side) service account, the most significant outflows are repatriated profits to foreign investors, and interest payments on the national debt. In the two decades under review, both the surplus on the services account and the current transfers, particularly the inflow of remittances, have been growing, but together they have not become sufficiently large to offset the burgeoning trade deficit. As a result, the current account has been in a growing deficit since the middle of the 1990s, as **Chart III.4** shows.

Chart III.4: Current Account, Services Account, Current Transfers, US\$ Millions



Source: Computed by author from data in **Table III.2**

Note that a major reason for the inflow of remittances is to provide support for children left behind by migrants.

These deficits have been partly financed by a correspondingly rapid growth of private investment inflows (primarily in bauxite mining and alumina processing, information technology and communications, and agriculture, manufacturing and distribution<sup>4</sup>) as FDI, and as portfolio investment in search of interest rate differentials. In many of the years of the last decade, the inflows of private capital have been so robust that the government has been able to build up its foreign exchange reserves. Note that the high interest rates that attract capital inflows discourage investment in productive activity, especially the production of exports.

In retrospect, the Jamaican economy has become less of an export platform and more of a node in international financial flows. Since it is in the financial services that information and communication technology has been most widely implemented, this kind of economic activity tends to create a small number of relatively high-skilled well-paid urban-based jobs.

<sup>4</sup> WTO, 2004, P.16

### **Inflation**

Between 1997 and 2002, the average annual inflation rate was 7.7%. In 2003 – 2005, the inflation rate averaged 13.6% breaching the targets set under the MOU that would have returned the rate to single digits. Despite the tight monetary policy of the Bank of Jamaica (BoJ), external shocks – mainly hurricanes and increases in the international oil price– defeated the anti-inflationary efforts of the government. From the perspective of this study’s concern with children, it should be noted that the bad weather reduced the supply of food from the domestic agricultural sector resulting in sharp increases in food prices.

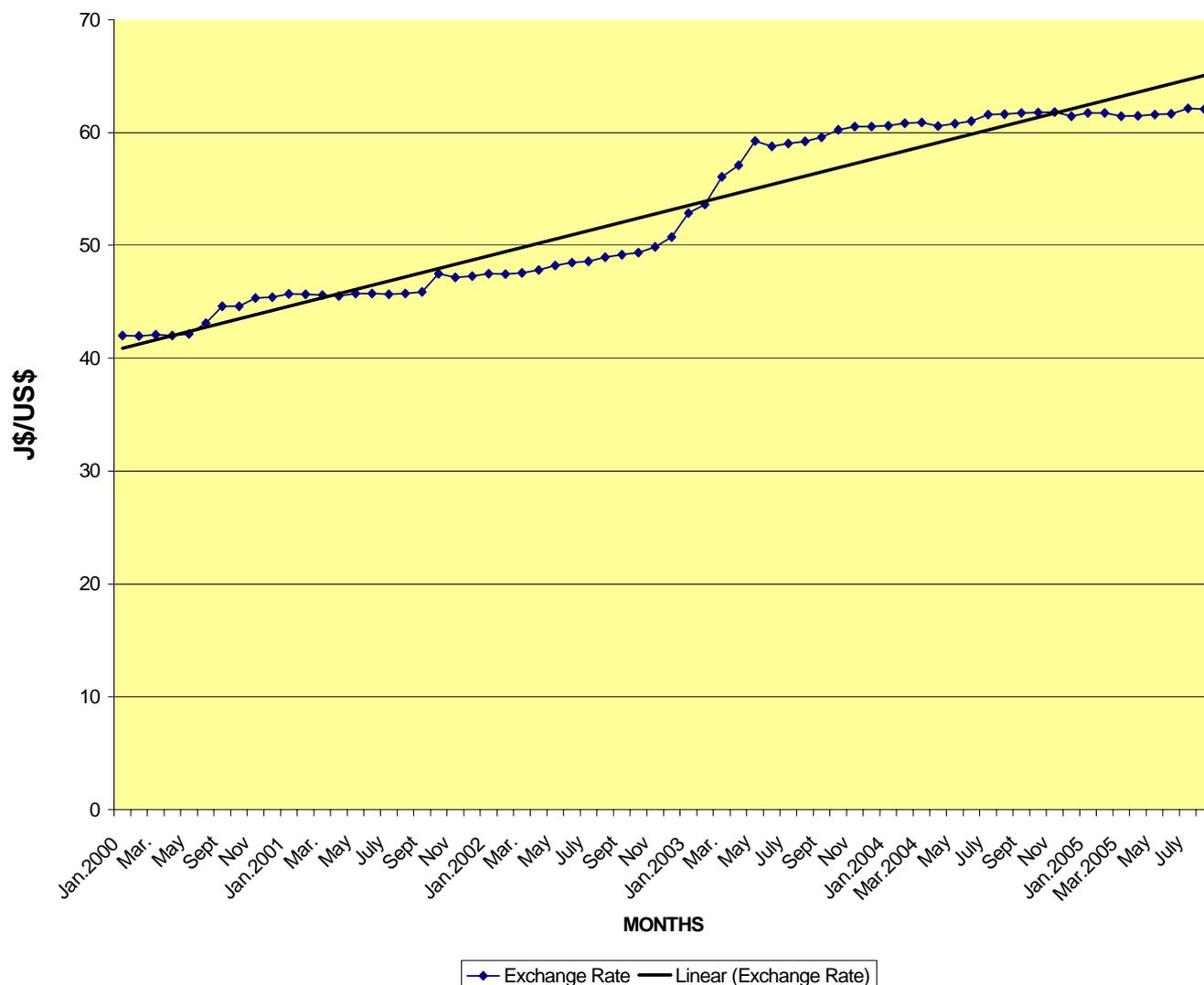
Nevertheless, it still appears that the expectations of inflation, as opposed to short-lived price increases arising from temporary shortages, have receded and mitigated the tendency for some groups to speculate against the Jamaican dollar as a way of protecting their wealth. If the rate of inflation again falls to single digits, it will be easier for the government to maintain a low interest rate policy, and thereby shift the emphasis of policy toward growth and away from economic stabilization. While growth promises at least potential resources to benefit children, stabilization brings austerity that bears most heavily on the weakest sections of the population which includes many of the children.

### **Exchange Rate**

The stability of domestic prices, the abatement, however temporary, of the tendency to speculate against the Jamaican dollar, together with the large foreign exchange holdings in the Net International Reserves (NIR) of the BoJ, have eased the pressure off the exchange rate, and allowed for a more orderly and gradual depreciation of the Jamaican dollar to keep the economy price competitive.

Despite the shocks to the economy in 2005, the exchange rate has been depreciating more slowly than the trend rate for recent years – see **Chart III.5**– as a result of the strong inflows of FDI and remittances.

Chart III.5: Exchange rate, January 2000-August 2005



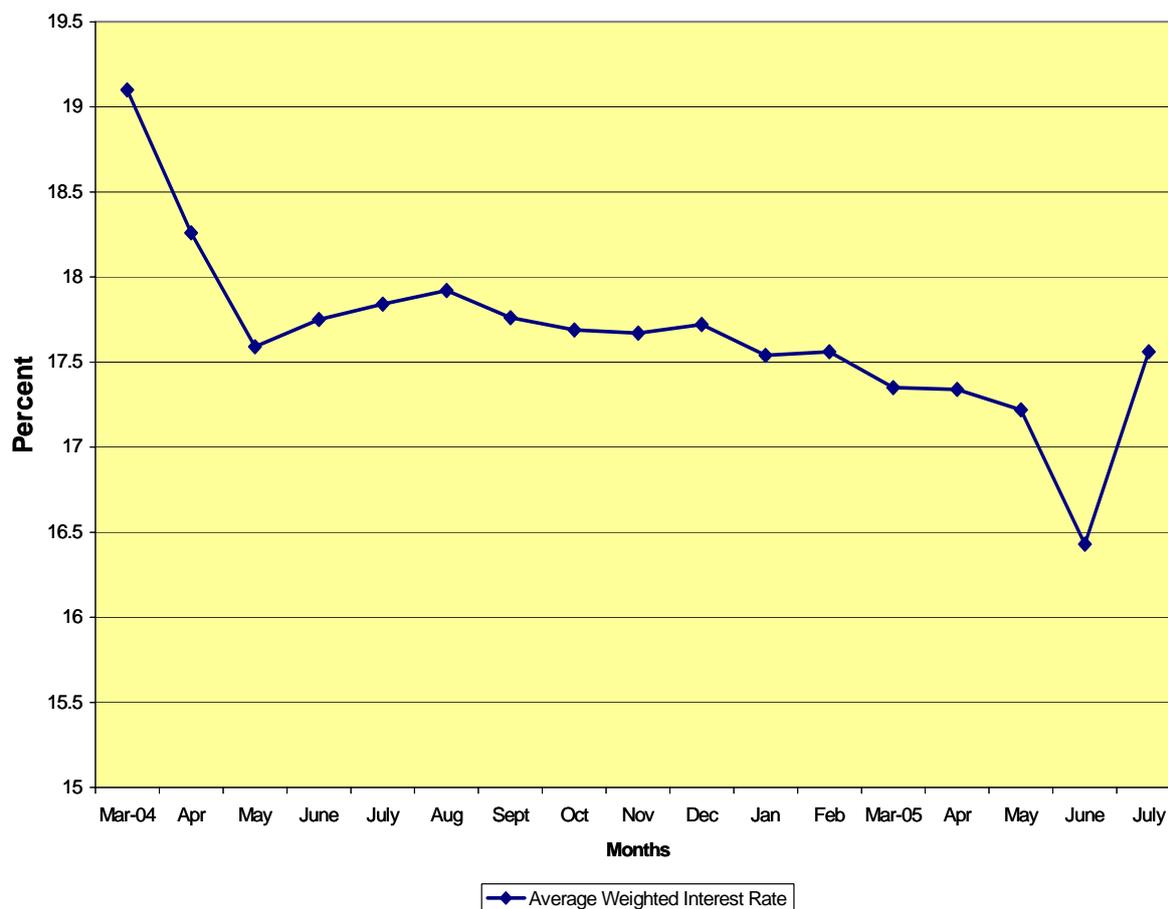
Source: BoJ web site, [http://www.boj.org.jm/economic\\_data.php?report\\_id=74](http://www.boj.org.jm/economic_data.php?report_id=74)

### Interest rates

Throughout the 1990s, the government has been caught in the dilemma of promoting economic stability or economic growth. High interest rates were used to mop up excess liquidity and thereby choke off excess demand for foreign exchange. In this way, the pressure on the foreign exchange rate was managed to afford a more orderly depreciation to maintain competitiveness. On the other hand, high interest rates undermined efforts to promote economic growth since investors could do very well by holding financial assets guaranteed against risk by the government.

As confidence in the economy returned, and inflation subsided, the government has encouraged the secular decline of interest rates, so as to facilitate investment in productive activity, and hence promote economic growth. **Chart III.6** shows the declining trend of interest rates

**Chart III.6: Average Weighted Interest Rate**



Source: BoJ web site, [http://www.boj.org.jm/economic\\_data.php?report\\_id=40](http://www.boj.org.jm/economic_data.php?report_id=40)

### Fiscal Balance

Perhaps the most important macroeconomic indicator for this study is the fiscal balance. In the fiscal years reviewed by this study – 2003/4, 2004/5, 2005/6 - the GoJ continued its efforts to reverse the deterioration of the fiscal accounts that arose from its efforts to manage the financial crisis in the mid-1990s and to honour its commitments to bring public sector wages to 80% of market rates<sup>5</sup>. **Table III.3** shows the fiscal targets for all three years and the actual out-turns for the two that have passed.

<sup>5</sup> See WB, 2004, P.70

**Table III.3: Fiscal Targets and Out-Turns**

	2003/4		2004/5		2005/6
	Target	Out-Turn	Target	Out-Turn	Target
As a % of GDP					
Fiscal balance	-5.0 to -6.0	-5.5	-3.7	-4.8	0.0
Primary Surplus	12.4	12.3	13.7	11.8	13.8
Debt	n.a.	140.0	135.0	136.6	125.7

Source: Ministry of Finance, <http://www.mof.gov.jm/jabudget.shtml>

External shocks from Hurricanes Ivan directly and Katrina indirectly through the impact on tourist arrivals and the much higher-than-programmed oil prices contributed to the failure to achieve the fiscal targets. The damage to the infrastructure has prompted the GoJ to postpone its goal of achieving a balanced budget to 2007/8.

Under the current development strategy, the urgent priority of economic growth requires the reduction of the debt, and that in turn implies limits on expenditure that is not ear-marked for debt-repayment. This imposes a tight constraint on social expenditures, and hence expenditures on services that benefit children. The macroeconomic challenges of faster economic growth, reduced burden of the national debt, stability of prices, and competitive exchange rates are all pertinent to the availability of resources to fund services for children. Beyond that, policy priorities will determine the allocation of available resources, and improved management of programmes and efficiency in the delivery of services will enhance the effectiveness of the expenditure.

## IV. Children in Jamaican Society

### *Children in the Jamaican population*

Children, defined as persons less than 18 years old, comprise a little more than a third of the population of the island (35.2% in 2003 and 2004). In 2004, children were being born at the rate of 17.6 per 1000 persons. This crude birth rate (CBR) had been declining since 1995 when it was 25.6 per 1000 persons [see **Table IV.1**]. In 2004 the crude death rate (CDR) – number of deaths per 1000 persons – was 6.1. With the CBR falling faster than the CDR, the rate of natural increase of the population has also been declining. Whereas it was 19.4 per 1000 in 1995, it was estimated to be 11.5 per 1000 in 2004.

PAHO<sup>6</sup> estimates that in 2005, both the crude birth rate and the crude death rate rose again to 19.6 and 7.7 respectively. At these levels the crude birth rate was significantly above the average of 17.9 for the non-Latin Caribbean and the crude death rate was equal to the average for this sub-region.

Some indication of the contribution of child mothers to the crude birth rate is given by the Adolescent Fertility Rate (AFR) – the number of births per 1000 females in the age group 15-19 years – which was 19.4 in 2004 [See **Table IV.1**]. For the years 1997-2003 (excluding 2002 for which no data was available), the average AFR was 19.5. This is a rough indication of the contribution of children to motherhood since the data refers to the age group, 15 -19 years, and it is likely that the fertility rate is higher for girls at the older end of the age group.

**Table IV.1: Demographic Indicators**

<i>Per 1000 population</i>	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>CBR</b>	25.6	22.9	23.4	22.3	20.8	20.9	20.6	18.4	18.5	17.6	19.6
<b>CDR</b>	6.2	6.3	6.0	6.3	6.8	6.3	6.2	5.7	5.7	6.1	7.7
<b>AFR</b>	20.3	n.a	20.9	19.8	20.5	18.3	17.9	n.a	19.5	19.4	n.a

Source: Economic and Social Survey of Jamaica, 2004; Jamaica Demographic Statistics, 2003

The child population is declining relatively. As a percentage of the total population, “the proportion of children from birth to 18 years fell from 53% in 1975 to 39% in

<sup>6</sup> PAHO, 2005

2000 ---and is projected to fall ---by 2020 --- to less than 30% of the population.”<sup>7</sup> Conversely, the population of Jamaica is ageing, a phenomenon that challenges developed countries to support a growing dependent population with characteristic health needs. For a developing country like Jamaica, the ageing population will present severe strains on the allocation of fiscal resources. As a socially weak group, it is likely that children will lose out in the competition for resources unless the advocacy for their interests is particularly strong.

### ***Migration***

There is annual net migration of children out of Jamaica, primarily to the USA, Canada, and the UK. As a percentage of migrants<sup>8</sup>:

- a. children under 15 constituted 29.5% of the migrants to the USA
- b. persons under 19 comprised 37.3% of the migrants to Canada for the years 2001-2004. For this period the share has declined from a high of 39.6% in 2001 to 32.9% in 2004
- c. children under 18 years comprised 14.4% of migrants to the UK for the years 2000-2004

This rate of emigration reinforces the trend of relative decline of the children and youth population.

### ***Health status***

- *Life Expectancy*

When a child is born in Jamaica, it has a chance of 97.5%<sup>9</sup> of surviving infancy, and its mother's chance of survival is 99.9%<sup>10</sup>. On average the male child can expect to live for 73<sup>11</sup> years, and the female for 75 years. These indicators suggest conditions for birth and for life expectancy in Jamaica compare well with those of advanced countries. PAHO's estimates are significantly lower, 69.2 years for males and 72.7 years for women, but they compare well with PAHO's averages for the non-Latin Caribbean, 68.2 for males and 73.1 for females<sup>12</sup>.

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<sup>7</sup> PIOJ/UNICEF, P.22

<sup>8</sup> See Economic and Social Survey of Jamaica, 2003, 2004, Tables 20.3b (US) and 20.3c (Canada) on P. 20.5, 20.6

<sup>9</sup> The Infant Mortality Rate was 24.5% per 1000 live births in 2003. See ESSJ, 2003, P. 23.11

<sup>10</sup> The Maternal Mortality Rate was 100-112 per 100,000 live births in 2002. See ESSJ, 2003, P. 23.11

<sup>11</sup> Data for 2002, ESSJ 2003, P.23.11

<sup>12</sup> PAHO, 2005

- *Nutrition*

Malnutrition is not a major problem in Jamaica. While there are several qualifications to the reliability of the data, the most recent indicators are presented in **Table IV.2**.

**Table IV.2: Indicators of Child Nutrition**

<i>Per cent</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
<i>Moderate Nutrition</i>	n.a.	n.a.	5.1	4.0	4.0	4.0	3.8	3.4
<i>Severe Nutrition</i>	n.a.	n.a.	0.3	0.2	0.15	0.1	0.1	0.08
<i>Prevalence of underweight children under 5 years</i>	6.1	n.a.	4.3	5.2	3.9	5.1	6.4	3.6
<i>Wasting, moderate and severe</i>	1.3	n.a.	2.5	2.6	3.6	2.2	2.8	n.a.
<i>Stunting, moderate and severe</i>	3.9	n.a.	5.5	5.7	3.4	4.2	5.9	n.a.

Source: Ministry of Health, Jamaica Survey of Living Conditions, annual; JamStats

Except for the last – stunting – all the indicators have been low and declining. Wasting has also been fairly constant, but again, quite low.

PAHO estimated that 10% of Jamaican newborns in 2000-2004 had low birth weight, while the average for the non-Latin Caribbean was 10.5%.

- *Immunization*

The immunization rate for children reversed its upward trend and began to decline rapidly in 2002 as shown in **Table IV.3**.

**Table IV.3: Immunization Rate, %**

	BCG	OPV	DPT	MMR	Hepatitis B	Heamo B
2000	93.6	86.1	86.4	88.1	n.a.	n.a.
2001	96.4	91.0	90.4	84.6	n.a.	n.a.
2002	97.8	93.0	93.7	85.8	n.a.	n.a.
2003	90.2	82.2	83.1	79.2	20.4	19.9
2004	84.7	71.3	76.8	80.4	76.9	77.4

BCG – Bacille Calmette Guerin, OPV – Oral Polio Vaccine

DPT – Diptheria, Pertussis and Tetanus, MMR – Mumps, measles and Rubella

Source: Economic and Social Survey of Jamaica, 2004, Table 23.7, P.23.12

In 2003, the Ministry of Health (MoH) introduced the pentavalent vaccine to increase the coverage of diseases. Reported rates for 2004 are particularly low, but there are

indications that the coverage in 2005 will be better<sup>13</sup>. Nevertheless, immunization rates remain high, but below the average for the non-Latin American Caribbean, and for the Americas in general as reported by PAHO. The coverage in Jamaica was 91%, 87%, 97%, and 93% respectively of the average for the non-Latin Caribbean in DPT, OPV, BCG, and MMR. In fact, coverage in Jamaica was the lowest of all countries in the sub-region.<sup>14</sup>

- *HIV/AIDS*

The *HIV/AIDS/STI National Strategic Plan 2002-2006* identified HIV/AIDS as the second leading cause of death in children aged 1 to 4 years, and the *National Plan of Action for Orphans and other Children made vulnerable by HIV/AIDS in Jamaica* estimated in 2003 that between 10,000 and 20,000 children were at risk of the loss of one or both parents to HIV/AIDS. Further, it reported that the “HIV infection prevalence rates among pregnant women in the parishes range from 0.5% to 2.6%, with the highest infection prevalence rates recorded in the 15-19 and 25-29 years age groups”<sup>15</sup>. The Strategic Plan takes note of the fact that boys of 13 years and girls of 14 years are sexually active, and therefore vulnerable.

A major objective of the Plan is to reduce mother to child transmission by 50% by 2005. Within the programme for *Behaviour Change Intervention and Communication*, one of the primary vulnerable groups to be targeted is Girls 15-19 years, “particularly in transactional or coercive relationships”. Two Secondary vulnerable groups to be targeted are Young people in the inner cities and Youth 15-24, both of which have a high percentage of children under 17 years old.

Accordingly, a “Key Intervention setting” will be schools.

The Ministry of Education, Youth and Culture (MEYC) articulated an action plan for implementing the national strategy in schools, and indeed, had already published a handbook for the management of HIV/AIDS in schools in 2001. The Ministry of Local Government, Community Development and Sport (MLGCDS) included youth who were not in schools in its plan.

The most recent data has been presented in the report of the United Nations Theme Group on HIV/AIDS. The highlights of the findings of children and HIV/AIDS are:

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<sup>13</sup> This point was made by one of the reviewers of this paper.

<sup>14</sup> PAHO, 2005

<sup>15</sup> National Strategic Plan, 2002-6, P.7

- “In 2004, the number of paediatric AIDS cases remained relatively unchanged with 61 paediatric AIDS cases compared to 67 cases in the previous year. There was a spike in the number of cases in 2002, with 81 cases reported. In 2001, there were 65 cases.
- HIV/AIDS was the second leading cause of death for children ages 1-4 in 2003
- An estimated 5,125 children under the age of 15 years are orphaned by the loss of a mother or both parents in Jamaica. In 2004 alone, 230 children under the age of 18 years were orphaned.”<sup>16</sup>

Children are victims of HIV/AIDS both directly as infected persons, invariably passed on to them by their mothers and other family members, and indirectly when they are orphaned by the disease.

## Social Conditions

### Poverty

The likelihood of a child being poor varies by geographical area. **Table IV.4** below shows that for Jamaica as a whole, 22.1% of children lived in poverty in 2003. For the years 1999-2003, the poverty rate for children fluctuated around an average of 22.2%. In 2003, as in previous years, the rate is highest for rural children (27.3%), and lowest for children in the Kingston Metropolitan Area (10.9%), with an intermediate rate (18.9%) in Other Towns of the island.

**Table IV.4: Poverty Rate of Children, %**

	KMA	Other Towns	Rural	Jamaica
1999	13.4	16.5	26.0	20.7
2000	12.3	23.8	29.0	23.1
2001	9.8	18.6	29.1	21.5
2002	12.7	22.8	28.8	23.4
2003	10.9	18.9	27.3	22.1

Source: JamStats, citing Jamaica Survey of Living Conditions, 2004

### Violence

One of the conclusions drawn from a survey of a sample of 5-6 year olds in 1999 was: “Children were exposed to high levels of community violence at an early age. A half had heard guns being shot, a third had seen someone stabbed, and a quarter had seen someone shot. A third had seen a dead body, the majority of which were relatives and close friends. Children also witnessed domestic violence with a third reporting this

<sup>16</sup> UN CCA Theme Group Report, P.7

experience in their homes.”<sup>17</sup> It is likely that these findings would be even stronger for children interviewed in 2006 because of the sharp escalation of violence in Jamaica since 1999.

In recent years, Jamaica has suffered from an epidemic<sup>18</sup> of violence against the person that has left many persons dead, and many more wounded and physically disabled as a result. The *National Policy for the Promotion of Healthy Lifestyle* in Jamaica reported that:

- Adolescents, 10-19 years, mostly male, account for 26% of the total visits to accident and emergency units at all hospitals for:
  - Stab wounds (2%)
  - Gun shot wounds (41%)
  - Blunt injury (10%)
  - 27% were from intentional laceration
- Injury due to sexual assault was the principal for treatment of women
- Children and youth are the most vulnerable victims of violence and injury”<sup>19</sup>

The frequency of children as victims and as perpetrators of violence prompted the preparation of a *National Plan of Action for an Integrated Response to Children and Violence* which was completed in 2005 following three years of research and consultations. The Plan recognized the many activities of agencies of government, and civil society organizations that had been initiated to address the issues surrounding children and violence. It adopted five broad sets of goals with a view to preventing children from exposure to violence, protecting those who were affected by violence, educating the public on children’s rights, and cooperating with and strengthening the capacities of the various stakeholders to address the problem, over the period 2005-2009.

### ***Education***

It is convenient to classify the educational services offered to children in the broad categories – early childhood, primary, secondary, and special education. For the purposes of this study, tertiary education is not considered since with few exceptions, these students are above eighteen (18) years of age. Special education refers to services provided for children with learning challenges and/or disabilities, and the study assumes that very few students over 18 years of age access these services.

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<sup>17</sup> Samms-Vaughan, 2004, P. 151

<sup>18</sup> The term epidemic connotes the aspect of violence as a public health issue. See the National Policy for Healthy Lifestyle, P.15

<sup>19</sup> Ibid, P.15

### 1. Early Childhood Education

The World Bank reported that enrolment in early childhood programmes expanded from “75 to (88 percent in the poorest quintile) 91 percent over 1992-2001”,<sup>20</sup> approaching the goal of 100% enrolment set by the MEYC. **Table IV.5** summarizes the enrolment over the 5-year period 1999/2000-2003/4 in the various kinds of institutions providing early childhood education for children between the ages of 3 and 5 years.

**Table IV.5: Enrolment in Early Childhood Education Institutions**

	Infant School		Infant Department		Basic School Recognized		Basic School Unrecognized		Total
	No.	Enrolment	No.	Enrolment	No.	Enrolment	No.	Enrolment	
1999/2000	29	9817	86	7232	1651	108236	262	10633	135918
2000/1	29	9449	83	7776	1693	108872	142	8695	134792
2001/2	29	9286	83	6584	1894	119191	183	6166	141227
2002/3	29	8749	83	6273	1921	112627	147	5006	132655
2003/4	29	8571	83	6023	1921	102242	147	6695	123531

Source: Economic and Social Survey of Jamaica, 2004, Table 22.2, P.22.6

There was a marginal decline in the enrolment in “Infant Schools”, and the decline of about 44% of the enrolment in “unrecognized Basic Schools” was offset by the increase in enrolment in the “recognized Basic schools”. This reflected the reclassification of schools that were in a process of upgrading and satisfied the standards set by the MEYC. Even so, over the 5 years, 1999/2000-2003/4, the number of students enrolled in these institutions declined by about 9%, while the enrolment rate estimated from the JSLC rose from 91.4% to 97.7%.<sup>21,22</sup>

Per capita expenditure on students was much greater in Infant schools than in Basic schools as **Table IV.6** shows.

<sup>20</sup> World Bank, 2004, P.111

<sup>21</sup> See Economic and Social Survey of Jamaica, 2000-2004.

<sup>22</sup> Estimates by the PIOJ of the gross enrolment rate differ because of the enrolment data supplied by the Ministry of Education Youth and Culture and adjustments in the population estimates by STATIN. Nevertheless, the trend for the years 2002/3 to 2004/5 was increasing, and the estimate for 2004/5 was 99.5%. This information was provided through direct communication with the PIOJ.

Year	(\$ Per Capita Expenditure (Total))	(\$ Per Capita Expenditure (Recognised Basic Schools))	(\$ Per Capita Expenditure (Infant Schools))
1999-2000	5155	2947	13831
2000-2001	5316	3723	n.a.
2001-2002	7304	5122	17094
2002-2003	8796	6673	18377
2003-2004	10022	6900	23947

Source: Economic and Social Survey of Jamaica, 2000-2004

Over the review period, 1999-2004, the gap between the two narrowed as the per capita expenditure in Infant schools fell from approximately 4.5 times to 1.5 times per capita expenditure on children in Basic schools. The average per capita expenditure for all early childhood education grew by 80% over the period, representing a growth in real expenditure per child.

## *2. Primary education*

In 2004, the Survey of Living Conditions estimated that 93.1% of those eligible for primary education were enrolled, with 91.3% in public schools and the rest in private schools<sup>23</sup>. **Table IV.7** below shows enrolment rates for public schools and attendance rates by type of primary level school by gender. For the brief period under review, it appears that both of these rates were falling.

<sup>23</sup> Economic and Social Survey of Jamaica, 2004, P.22.3

Table IV.7: Primary Level: Enrolment and Attendance rates %						
Enrolment Rate, %						
		1999/2000	2000/1	2001/2	2002/3	2003/4
Public Schools	Gross Enrolment rate, %	99.7	99.1	97.1	94.0	93.1
	Net Enrolment rate, %	n.a.	92.8	91.9	89.4	84.9
Attendance Rate, %						
Primary	M	n.a.	81.3	n.a.	79.3	n.a.
	F	84.1	85.9	n.a.	81.5	n.a.
	Avg	83.1	82.9	n.a.	80.4	n.a.
Primary/ Junior	M	n.a.	n.a.	n.a.	75.8	n.a.
	F	83.9	n.a.	n.a.	78.1	n.a.
	Avg	82.3	n.a.	n.a.	76.9	n.a.
All Age	M		n.a.	n.a.	73.5	n.a.
	F	79.6	n.a.	n.a.	76.7	n.a.
	Avg	78.4	n.a.	n.a.	75.0	n.a.
Total for Primary Level	Average	M	80.1	n.a.	n.a.	n.a.
		F	84.1	n.a.	n.a.	n.a.
		Avg	81.2	82.9	71.7	78.5

Source: Economic and Social Survey of Jamaica, 2000-2004

The ESSJ repeats the observation in successive volumes, that net enrolment rate for males is higher than for females at the primary level, but that this is the last level of the education system for which this is true. On the other hand, attendance rates for females are uniformly higher.

The teachers at this level account for 45.6% of all teachers in the public schools. Females comprise 89.3% of teachers at the primary level.

In 2003, per capita expenditure on primary education was three times per capita expenditure for early childhood education and expenditure on primary education accounted for 33% of total expenditure on education.

### 3. Secondary education

Enrolment ratios at the upper grades of the secondary level of the education system were smaller (75.5%) than at the lower grades (92.4%). “The JSLC 2004 estimates that some 80.5% of students enrolled had full attendance”<sup>24</sup>, based on the results reported in its survey reference period. This was higher than the estimate for 2002 (74%).

<sup>24</sup> Economic and Social Survey of Jamaica, 2004, P. 22.9

Performance in Mathematics and English in the Caribbean Secondary Examinations Council (CXC) terminal examinations has for several years been low, and is reported to have declined in 2004 compared with 2003. The pass rates were 25.8% in Mathematics and 39.7% in English in 2004, which were 10.2% and 5.3% respectively lower compared with 2003. These are critical indicators that point to the poor quality of output from the secondary system.

Per capita expenditure on secondary education was about 50% higher than at the primary level for 22% less students.

Teachers at the secondary level accounted for 51.8% of the teachers in the school system, and like the primary level, the majority, 66.9%, of these teachers were females.

#### *4. Special Education*

Special education services are provided through government owned institutions or private institutions operated by voluntary organizations and partially funded by the GoJ. For the most part, these institutions offer educational services to children who are challenged physically and mentally. Perhaps more so than the rest of the school system, the curricula are in need of upgrading and modernization, and could benefit from the appropriate information and communication technologies. Further, the term special education recognizes that children have different learning styles, but the mainstream/traditional educational institutions offer little opportunities for these leaning styles to be utilized. This may well be an inescapable issue in addressing the weak performance of male students, and the consequential development challenges that they face.

A child born today in Jamaica has a very good chance of getting into an institution at each level of the education system up to the secondary level. There is much greater probability for poor children to access public institutions where the quality of education has been traditionally lower than in the private schools. For the system as a whole, the quality of the education needs to be improved when measured by the performance of students at each level of testing up to and including the external examinations offered by the CXC.

## **Provision of Alternative Care and special protection services**

### ***Children's Homes and Places of Safety***

The Child Development agency (CDA) came into existence in April 2003 as the amalgamation of the Children's Services Division, the Adoption Board and the Child Support Unit, all bodies within the Ministry of Health (MoH). The CDA is responsible for the development of policies and programmes and specifically to manage and/or regulate the Places of Safety and Children's Homes that house children in the care of the State. The responsibilities of the CDA include :

- Maintaining children within their families wherever possible
- Supporting families to meet their children's essential social care needs;
- Providing quality care and promoting the welfare of children who have had to be separated from their families;
- Safeguarding children from abuse through advocacy and education;
- Advising on policy and legal issues relating to children.
- Regulating and operating institutions

In March 2003, there were 12 Places of safety and 45 Children's Homes with 2402 children. In 2004, these institutions had 2486 children, as well as 2812 children in Foster Care, at "Home on trial", under "Supervision orders" and "Other" reasons<sup>25</sup>.

### ***Correctional institutions***

In 2004, 3% of persons arrested for major crimes – murder, shooting, robbery, rape, breaking and entering, carnal abuse – were 12-15 years old, and 10% of the victims of such major crimes were 15 years old or less<sup>26</sup>. The age group 16-18 years was responsible for 21% of the major crimes, and were themselves 5% of the victims of such crimes.

In 2004, three (3) Juvenile correctional institutions took in 128 persons to bring the total number of youth in the care of the State to 274. The admissions were less than the previous two years and less than the average, 134, for the years 1999-2004.

The GoJ also operates a Juvenile remand centre.

## ***Economic Activity***

### ***Labour Force***

The labour force is defined to include persons over 14 years of age who are actively seeking employment. Persons in the age group, 14-19, accounted for 5.3% (male –

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<sup>25</sup> Economic and Social Survey of Jamaica, 2004

<sup>26</sup> See ESSJ, 2004, P.24.5, Tables 24.6, 24.6 , where data from the Jamaica Constabulary Force, Police Statistics Department is cited

3.3%, female – 2%) of the labour force in 2003 and 4.1% (male – 2.4%, female – 1.7%) in 2004.

### *Child Labour*

Like many other countries, there are children in Jamaica who engage in a wide range of economic activity to earn incomes, and are accordingly called working children. A survey of street and working children prepared for the Ministry of Health in 2002 presented its results as a complement to earlier studies that had been done on street children. In this survey, ‘the typical street child’ was described as a “thirteen year old boy from a female-headed household of five, where his guardian is marginally employed as a vendor, domestic helper, self-employed or unskilled worker. Boys outnumber girls by a proportion of 70:30. Children are engaged in child labour on the streets, at home or in commercial establishments from as young as three or four years old, but the vast majority (83%) are in the 11-17 age group.”<sup>27</sup>

In the sample that was surveyed, 80.3% were “street children”<sup>28</sup>. They were primarily engaged in selling activities – goods, 42%, and services, 15%.

Based on the estimate that 43.2% of the sample spent their earnings on food and clothes and another 31.6% gave some or all of their earnings to their family, the study concluded that poverty drove the children to work. When asked about their fears, almost 50% feared violent encounters (e.g. with gunmen, bullies, police, soldier, bad men) and almost 10% feared persons who would rob them.

The ILO’s Programme for the Elimination of Child Labour spent \$10 million to withdraw “600 children from hazardous work and prevent[ing] an additional 300 from engaging in the workforce”<sup>29</sup>. The ESSJ reported that 503 children were withdrawn from child labour and 853 were prevented from engaging in any form of child labour.

The most recent study on child labour estimated that “2.2% of children 5-17 years – were involved in an economic activity ---Of these, 75 percent were males – [and] the percentage of working children was slightly lower in KMA (1.8%) when compared with Other Towns (2.4%) and Rural Areas (2.3%)<sup>30</sup>. The study noted that these

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<sup>27</sup> R. Cooke, 2002, P.11

<sup>28</sup> The study distinguished between “children on the street” who go home to sleep and “children of the street” who both work and live on the street.

<sup>29</sup> Economic and Social Survey of Jamaica, 2004, P.25.4

<sup>30</sup> K. Fox, 2004

estimates were low for developing countries, but probably reflected the lack of opportunity<sup>31</sup>.

***Youth***

*The National Youth Policy defines youth as persons in the age group 15-24 years. It provided a vision and a framework for addressing the special development needs of the youth population. Several government programmes provide services to the two groups, the oldest children and the youngest youth. In most instances, this study has not been able to separate out the resources spent on each. Where these programmes have been included with those that are targeted specifically to children, a special note of explanation is offered.*

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<sup>31</sup> Ibid. P.ix

## V. Public Policy for Children

Jamaica's ratification of the Convention on the Rights of the Child (CRC) in 1991 marked the beginning of the modernization of public policy toward children. According to the PIOJ/UNICEF,<sup>32</sup> the Convention complements the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), which had already been ratified by the GoJ. Both conventions "reaffirm that children and women are subjects of rights. Rather than objects of charity, children and women must be viewed as claim-holders."<sup>33</sup>

Four years later, the Cabinet endorsed the *National Plan of Action for the Survival, Protection and Development of Children* to cover the period 1996-2000. The plan set itself goals for improving the educational and health services for children, "reintegrating street children with their family and/or community life", and "develop[ing] a comprehensive national policy statement on children"<sup>34</sup>. The following year a National Policy on children was presented to Cabinet, and Cabinet approved the drafting of the *Child Care and Protection Act* to provide legal protection for children. The Act was designed to streamline the protection offered to children in several pieces of legislation, such as the Juveniles Act, the Adoption Law, and the Offences against the Person Act.

In its annual report for 2001, one of the strategic objectives that the MoH set for itself was to: "Promote the integrated development of all children and improve the social circumstances of children, particularly those at risk". The second of its six vision statements was "Individuals will practice a healthy lifestyle". Three years later the Ministry published its *National Policy on Healthy Lifestyle* that set itself the objectives of creating a "healthy workplace", "healthy schools", and "healthy communities", all of which were relevant to the strategic objective of improving the social circumstances of children.

**Box V.1** below presents the milestones of the recent history of formulation of strategy and policy for child development. This constitutes the context for the current efforts to modernize legislation and to implement projects that promote current policy.

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<sup>32</sup> PIOJ/UNICEF, 1999, P.15

<sup>33</sup> Ibid, P.15

<sup>34</sup> Economic and Social Survey of Jamaica, 1996, P. 24.4

**Box V.1: Milestones of Strategy and Policy for Child Development**

1989, November 20: Adoption of the Convention on the Rights of a Child  
1989: Jamaica Coalition on the Rights of the Child established to promote the International Convention on the rights of the child  
1990: World Summit for Children – World Declaration on the survival, protection and development of the child  
1991: Jamaica ratifies Convention on the rights of the child  
1995: Cabinet endorses National Plan of Action for the survival, protection and development of children, 1996-2000  
1997: National Children Policy  
2000: National Centre for Youth Development (NCYD) established  
2003: Early Childhood Commission established in March  
: Child Development Agency established in April

As **Box V.1** shows, the past decade and a half has seen an almost continuous process of filling out the strategy and policy space to guide the protection and development of children. The relevance of the current exercise is to contribute to the information base to assess the amount of fiscal resources allocated to implementing the international and national commitments.

*MTSEPF*

The Medium Term Social and Economic Policy Framework (MTSEPF) was articulated for the period 2004-2007, with the intention to review and update it annually. In its own words, it “builds on the overarching policy framework established in the 1996 National Industrial Policy (NIP), which was designed to provide a systematic, holistic and comprehensive approach to the development of the country into the 21<sup>st</sup> century.”<sup>35</sup>

The MTSEPF committed the GoJ to the following policy preparation goals for children, and during the period under review, several of these were met.

- “Continue to promote and protect the rights of children, and ensure their survival, development, education and participation in keeping with the Convention on the Rights of the Child. It will continue to strengthen the

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<sup>35</sup> MTSEPF, P.6

policy, legislative and institutional environments to achieve this overall goal”<sup>36</sup>

- Completion and Implementation of the National Framework of Action for Children
- Implement the recommendations of the Committee of the Rights of the Child
- Public education on the Child Care and Protection Act, the Early Childhood Commission Act and the Early Childhood Bill
- Finalisation of the Child Care and Protection Act, the Early Childhood Commission Act and the early Childhood Bill
- Strengthen the Child Development Agency
- “The Early Childhood Commission will see to the implementation of policies, standards, and regulations related to the education, care and development of the child, and strengthening of early childhood development programmes”

### **2003/4-2005/6**

**Box V.2** below lists the policy achievements during the review period. It is clear that progress has been made on many of the goals of the MTSEPF.

**Box V.2: Policy and plans for children during the Review Period,  
2003/4-2005/6**

*2003/4*

1. Revision of National Youth Policy
2. Early Childhood Commission Act passed and commission established
3. Child Development Agency established
4. National Plan of Action for Orphans and other Children made vulnerable by HIV/AIDS launched
5. Review of the management of children's homes
6. Bureau of Women's Affairs completed the Fifth periodic report under the Convention on the Elimination of all forms of Discrimination against Women
7. Second Periodic Report under the International Convention on the Rights of the Child

*2004/5*

1. Child Care and Protection Act passed
2. The Early Childhood Commission prepared a Policy and Standards document to regulate the provision of care in the early childhood sector
3. Report of the National Task Force on Educational Reform
4. Draft national Framework of Action for Children prepared
5. National plan of Action for Juvenile Justice was costed
6. Draft National Plan of Action for an Integrated Response to Children and Violence completed
7. Preparation of Street Children Policy Brief
8. Cabinet approval of National Youth Policy
9. Cabinet approval of Gender Advisory Committee

Many initiatives that had been started within the last ten years culminated in the strategies and policies adopted and/or implemented in the period under review in this

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<sup>36</sup> MTSEPF, P.44

study. There is now a well-developed policy framework to promote the development of the child.

“The Child Care and Protection Act was passed in 2004 and fully incorporates the principles of the Convention of the Rights of the Child ratified by Jamaica in 1991.”<sup>37</sup>

On January 1, 2006 a Children’s Advocate was appointed as mandated in the Childcare and Protection Act with responsibilities, among other things,” to protect the rights and best interests of children, give advice and make recommendations to Parliament or any Minister or relevant authority on matters concerning rights and best interests of children, review and recommend changes to laws and practices affecting the rights of children.”<sup>38</sup> The scope of the Advocate’s responsibilities is quite wide, and if effectively pursued, the work of this office will advance the efforts of the GoJ to achieve its goals for child development.

*Millennium Development Goals (MDGs)*

In addition, the government is committed to the Millennium Development Goals, three of which are directly relevant to children, two directly relevant to women, and therefore indirectly relevant to children, and the other three<sup>39</sup> are relevant to all people. The three goals that are directly relevant to children are:

- i. Eradicate extreme poverty and Hunger
- ii. Achieve universal primary education
- iii. Reduce child mortality

The two goals that are directly relevant to women, and for this study, indirectly relevant to children are:

- i. Promote gender equality and empower women
- ii. Improve maternal health (maternal mortality)

A progress report prepared on behalf of the PIOJ in 2004 adjudged that Jamaica was:

- On Track for two goals – the eradication of extreme poverty and hunger, and ensuring environmental sustainability
- Had Achieved – universal primary education and control of malaria
- Was lagging - in the promotion of gender equality and the empowerment of women, and the combat of HIV/AIDS
- Was Far Behind – in reducing child mortality and improving maternal health

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<sup>37</sup> MTSEPF, P.30

<sup>38</sup> Dunkley, February 6, 2006

<sup>39</sup> These three are: Combat HIV/AIDS, malaria and other diseases; Ensure environmental sustainability; and Develop a global partnership for development

While the report concluded that Jamaica's achievements were mixed, it did show that some progress had been made in these child-relevant policy goals to which the GoJ has made international commitments. To be fair to the GoJ, many of these goals had long been adopted as central to human development strategies. However, it seems that the international consensus on child development that emerged in the last two decades of the twentieth century helped to accelerate the pace of change in Jamaica. As with other areas of social development, the challenges of implementation of policy are formidable. Resources are limited, public institutional capabilities are themselves in need of development, decision-making processes have to be appropriately sensitized, data to inform decision-making has to be collected, stored, processed and analyzed, public officers have to be trained, and the general public has to be educated on the rights of the child and the responsibilities of the State toward children. In addition, the State has to forge the requisite partnerships with private sector organizations, civil society organizations, and families for the implementation of strategies and policies to be effective. While much has been achieved, there is much more to be done.

## **VI. The Expenditure Budget of the GoJ, 2003/4 – 2005/6**

### **A. Structure**

The government's budget is comprised of two sub-budgets known as the Recurrent and Capital budgets. Recurrent expenditure refers to those payments for goods and services that are made on a regular and continual basis to cover the "house-keeping" expenses of the government. Payments of wages and salaries, rent, utilities, interest on debt, and basic supplies are some of the payments made from Recurrent expenditure. Capital expenditure refers to those payments made for projects, such as the construction of buildings and physical infrastructure, and the acquisition of equipment. The Capital Budget itself is divided into Capital A and Capital B. Capital A expenditure is funded entirely from GoJ resources, whereas Capital B expenditure is funded with external (loan and grant) resources with some GoJ funds as counterpart.

For the years 2003/4 to 2005/6, the average shares of the total expenditure for the Recurrent, Capital A and Capital B expenditures were 57.8%, 40.6% and 1.6% respectively. For these years, an average of 98.6% of Capital A expenditures was repayment of the (principal of the) national debt.

For several years, the growth of expenditure on social services in the budget of the GoJ has been contained to facilitate the re-payment of the public debt. Indeed, for several years Jamaica has sustained record primary surpluses – revenue minus non-debt expenditure – as a part of its debt management strategy.

Studies<sup>40</sup> done on the budget of the Jamaican government identify the following major trends over the past two decades. **Table VI.1 [see End]** presents the basic fiscal data.

1. As a percentage of GDP, total central government expenditure declined from a high of 40.2% in 1984/5 to a low of 23.6% in 1992/3. Thereafter it began to rise again until it was almost back to the same levels that obtained at the start of the 1980s, 37.6% in 2002/3.
2. The two main reasons for the increasing trend have been rising interest payments and an increasing public sector wage bill. Interest costs began to

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<sup>40</sup> Henry-Lee and Alleyne, 1998, and World Bank, 2004

rise sharply as a result of the government assumption of the costs of the financial crisis in the mid-1990s. The wage bill rose both because of increased wage rates in line with the commitment to bring public sector wages to 80% of private sector wages, and the increase in the size of the public sector work force. In its review of the fiscal performance of the government of Jamaica, the World Bank noted that it was interest payments that almost doubled from 8.0% of GDP in 1992/3 to 15.7% in 2002/3, with capital expenditures declining at an even faster rate, from 5.4% of GDP in 1992/3 to 2.0% in 2002/3. All other expenditures varied slightly around an average of 5.7% of GDP for the decade that was reviewed.

3. The budget was in surplus, but declining, in the early 1990s (1992/3-1995/6). Following the financial crisis of the mid-1990s, the budget went into deficit which averaged 6.9% of GDP for 1996/7-1998/99, and then declined to less than 1% in 2000/01. In 2002/3, the deficit again rose rapidly to 8% of GDP. This was the basis for the rapid build up of government debt to 150% of GDP by 2002/3.
4. To contain the growth of the deficit in the context of sluggish revenues, the government has compressed capital expenditures from 5% of GDP to 2% of GDP, or a decline from “17% of total expenditure in the first half of the decade to only 5% currently”<sup>41</sup>.
5. Whereas the primary surplus averaged 11.6% of GDP for 1992/3-1995/6, it averaged 4.2% for the middle years of the decade, 1996/7-1998/9, and then rose again to average 9.3% for the years 1999/2000-2002/3. This was still below the targeted levels and demanded an urgent response from the government.

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<sup>41</sup> World Bank, 2004, P.71

Charts VI.1 and VI.2 display the data on the shares of total expenditure by major categories for the past decade that is presented in Table VI.4 [see End].

Chart VI.1: Public Debt Payments as a % of Total Expenditure

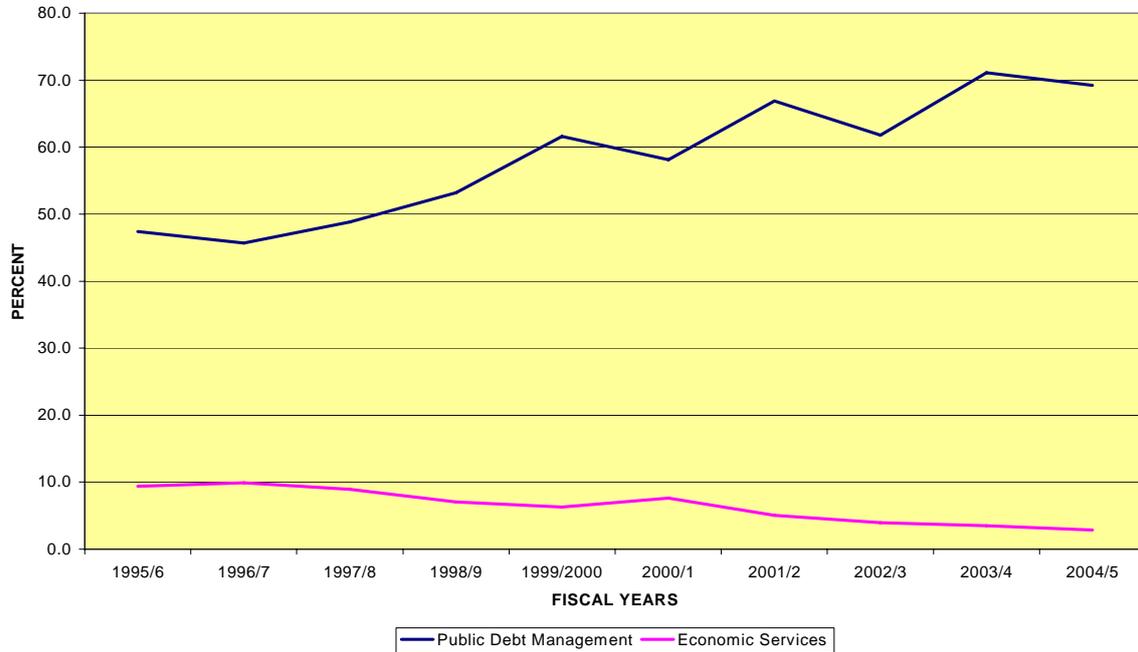
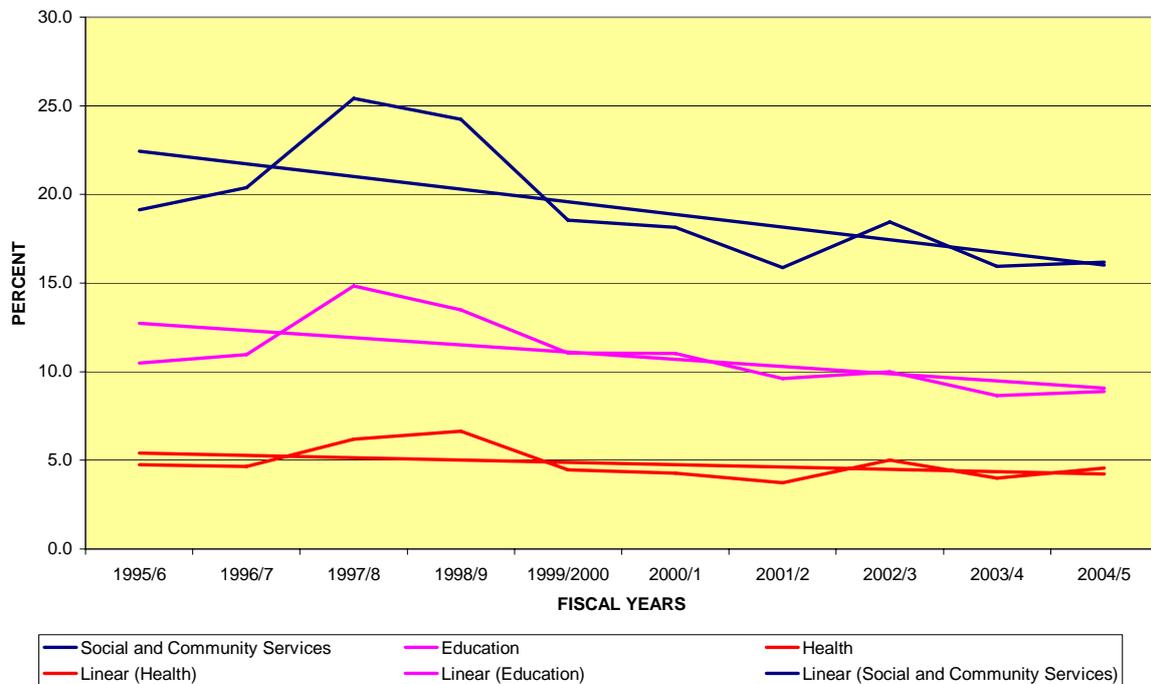


Chart VI.2: Social Expenditure as a % of Total Expenditure



It is clear that as a share of total expenditure public debt payments have risen sharply while expenditure on social and community services has declined at almost the same rate. Within this latter group, the share of education has been falling even faster than the share of health. The steepest decline has been in the allocation of expenditure to economic services, falling from 9.4% in 1994/5 to 3.5% in 2003/4. The changing pattern of expenditure indicates that the priority of the GoJ has been shifted from playing a leading role in stimulating economic growth and employment and funding human development. The fiscal resources are increasingly allocated to servicing the national debt while maintaining basic social services and some social safety net programmes.

**Table VI.2** profiles the Public Sector Investment Programme (PSIP) by major categories. The priorities of the PSIP reflect a greater orientation to economic development than social services, though over the 4-year period reviewed the gap between their shares of the PSIP all but disappeared.

**Table VI.2: Public Sector Investment Programme – Profile, %**

	2000/1	2001/2	2002/3	2003/4
Directly Productive	3.2	4.3	4.3	3.5
Economic Infrastructure	52.6	58.8	39.9	27.6
Social Infrastructure	24.8	25.6	30.0	26.9
<i>Education</i>	5.4	5.9	8.1	4.8
<i>Health</i>	1.4	0.8	1.7	1.3
<i>Housing</i>	7.5	8.2	8.6	10.6
<i>Other</i>	10.4	10.7	11.7	10.2
Administration	18.9	10.2	23.4	40.5
Total	100.0	100.0	100.0	100.0

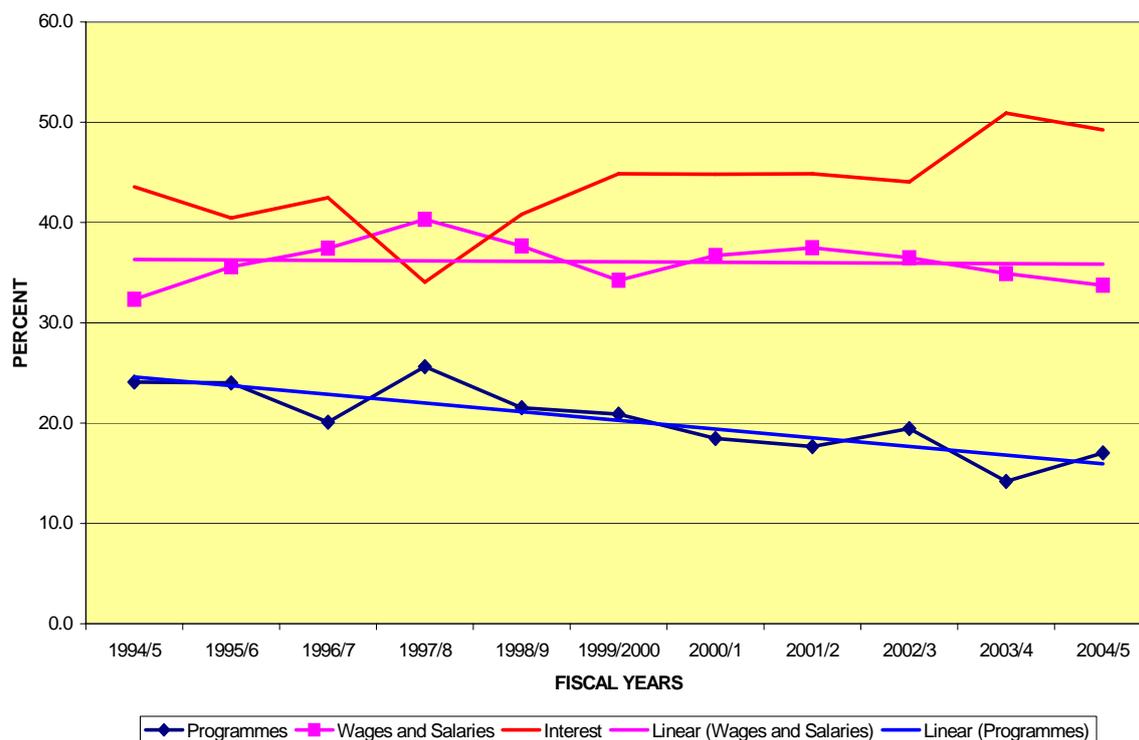
Source: Adapted from World Bank, 2004, Table 3.4, P.78

In 2000/1, expenditure on economic infrastructure claimed the largest share of the PSIP but it was declining sharply. In 2000/1, it was more than twice expenditure on social infrastructure, but by 2003/4 the difference was marginal.

The share of finance for direct participation in productive activity is marginal. Funds for housing are the single largest category in the social infrastructure category. The category, “Other”, includes funds for the “Lift Up Jamaica Programme” and the “Social and Economic Support Programme”, both of which address the employment and social welfare needs at the community level.

The largest element of the category, “Administration”, is re-payment of debt.

Chart VI.3: Programmes, Wage Bill, Interest as a % of Recurrent Expenditure



Source: Computed by author from data in **Table VI.4** at the End

Similarly, **Chart VI.3** shows that the shares of programmes and wages and salaries in total recurrent expenditure have been declining, though it is evident that the decline is faster for programmes than for wages and salaries.

Against this background, **Table VI.3** shows the main categories of expenditure for the fiscal years of this review.

Table VI.3: Main Components of Fiscal Expenditure

	2003/4 Actual	2004/5 Approved	2005/6 Approved
<i>As a % of Recurrent Expenditure</i>			
Programmes	14.2	17.0	20.4
Wages and Salaries	34.9	33.7	32.8
Repayment of debt	50.9	49.3	46.8
<i>As a % of Total Expenditure</i>			
Social and Community services	16.0	16.3	16.8
Education	8.6	8.9	10.8
Health	4.0	4.5	3.8
Other	3.4	2.9	2.2
Security services	6.1	5.1	5.6
Economic Services	3.5	2.9	5.4
General Administration services, including loan repayment	74.4	75.7	71.7

Source: Economic and Social Survey of Jamaica, 2003, 2004

As a share of total expenditure, social and community services accounted for a little more than 16% for fiscal years 2003/4 and 2004/5, about a half of which was for education services and a little more than a quarter for health services. The rest of the services classified under this heading, including social security and general welfare, comprised the balance. Notice that security, including justice and corrections, was classified separately, and accounted for more than health, but a little less than education as a share of expenditure. Some of this expenditure was for services provided to/for children, however indirectly.

In the estimates of expenditure for 2005/6, the share of Social and Community services in total expenditure has been increased to almost 17%. Within this category, the share of Education increased by more than 20%, while the shares of Health and “Other” services declined, compared to 2004/5. The GoJ also projected a reduction in the share allocated to “General administration” from 75.7% in 2004/5 to 71.7% in 2005/6, of which 65.9% was loan repayment. Some of the reduction was reallocated to “Economic Services”.

A major target of stabilization policy for the government has been to reverse the fiscal balance from a deficit to a surplus. The GoJ was firmly committed to a balanced budget for 2005/6 as a principal element of its undertaking with the international financial institutions. Progress toward this goal was halted in the last two fiscal years by the same external shocks that derailed the economy from its growth path. Relief expenditures for hurricane victims, rehabilitation of damaged infrastructure and unrealized revenue expectations combined to push the deficit above the targeted levels. The fiscal deficit was 5.5% of GDP in 2003/4 and 4.8% in 2004/5, in both instances higher than the targeted rates. In February of 2006, the government announced that it was postponing its balanced budget goal to 2007/8 to allow for the extensive repairs to the countries physical infrastructure that had been damaged by hurricanes and floods

It should be noted here that the MOU between the government and the public sector workers has already assisted greatly in containing expenditures. Indeed, it can be shown that the public sector workers received a larger cut in their real wages – 10% in 2004/5, and upwards of 12% in 2005/6 - than they anticipated – 5-6% in 2004/5, and 3-4% in 2005/6 - when they signed the two year agreement in March 2004/5. The reason for this is that nominal wage increases were no greater than the targeted 3%

whereas inflation in 2004/5 was 13.2% as opposed to the target of 8-9%, and was 12.9% in 2005/6 as opposed to the target of 6-7%. With nominal wage increases in the private sector above 10%, the inequality of wages between the private and public sectors undoubtedly increased during the life of the MOU.

With the government irrevocably committed to servicing the debt, any cuts in expenditure are likely to fall on non-debt expenditures, and particularly social and community services.

## ***B. Profile of Expenditure, with special reference to social services***

### ***Share of the Budget***

The principal social services provided by the government are education and health with expenditure on education being at least twice the latter in recent years. [see **Chart VI.2 above**] In 2003/4, 8.8% of the total budget was allocated to education. “Of this allocation, approximately 96% was devoted to recurrent expenditure of which 73% was ear-marked for salaries.”<sup>42</sup> Similarly, “Approximately 80% of government allocation to the MOH and Regional Health Authorities (RHAs) go toward compensation of staff and purchasing of necessary medication.”<sup>43</sup> In effect, the GoJ pays education and health professionals, support staff and utilities. The capital budgets are very small as shown above, which means that very little growth and development of the infrastructure for the delivery of these services has been taking place. How effectively these resource-strapped services are delivered is therefore an important consideration.

While this study is concerned with the allocation of the GoJ’s fiscal resources, it is important to take note of the non-state resources that fund these services. Expenditure by the quasi-state institutions,<sup>44</sup> CHASE and JSIF, augments the budget of GoJ by contributing to the funding of capital projects for education, health, culture, sport and physical infrastructure for communities.

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<sup>42</sup> Economic and Social Survey of Jamaica, 2003, P. 22.2

<sup>43</sup> Ibid P. 23.2

<sup>44</sup> HEART and the National Health Fund (NHF) also can be included here. Though HEART’s curriculum is used in secondary schools, the expenditure of HEART’s resources on persons under 18 years is marginal and insignificant according to the executive director. No data was available on the NHF.

Educational and health institutions also charge fees to beneficiaries of services and private institutions, such as corporations and NGOs, and international programmes for development assistance are also important suppliers of resources. Public austerity measures have been cushioned by the availability and accessibility of non-state resources to fund social services.

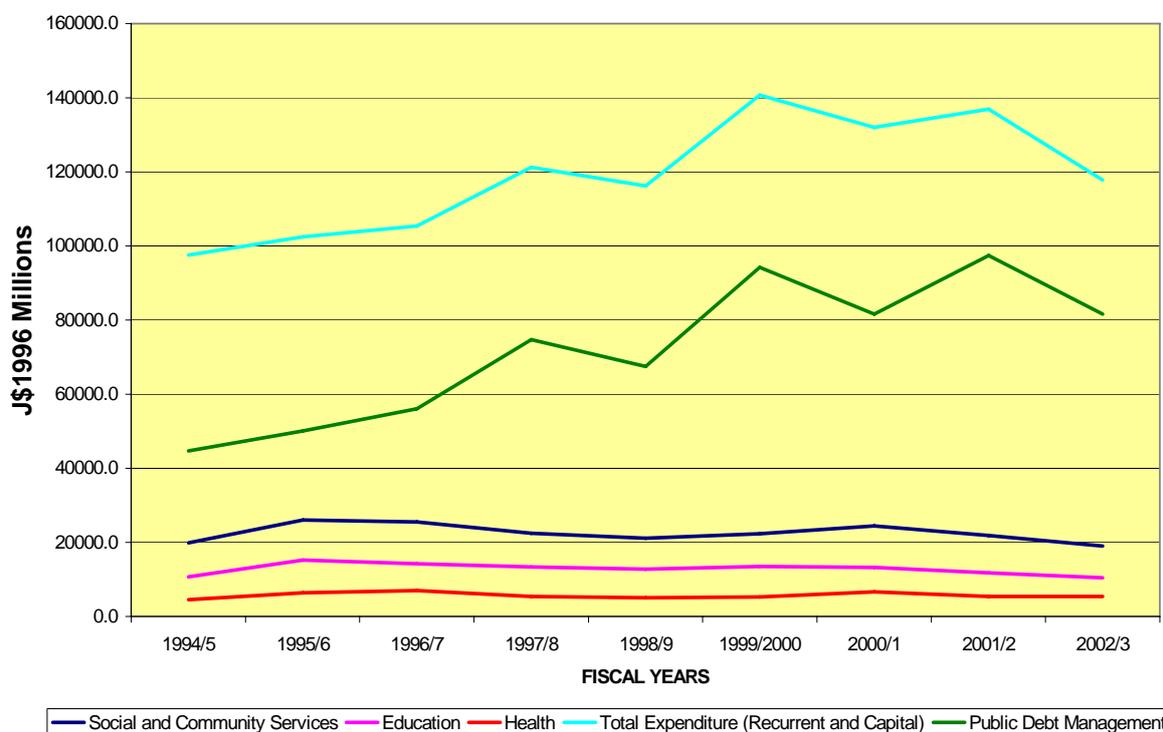
The ESSJ classifies housing and water in the social and community services category of the budget. Together with social security and welfare, these categories of expenditure comprise about 1% of the total budget since 1994/5. [See **Table VI.4** at the **End**] Note that housing finance through the National Housing Trust, the National Housing Corporation and the Jamaica Mortgage Bank also provide some government resources, but these institutions do not fall within the budget of the central government.

This study is also concerned with the “negative” social services of security and justice for children. Total security services account for an average of 6.3% for the review decade. Of these services, the most relevant ones are Justice, Police and Correctional Services that together account for a little more than 4% of the budget.

### ***Real Expenditure***

**Chart VI.4** highlights the trends in real expenditure on the social services. It is clear that in constant (1996) Jamaican dollars, total expenditure has risen sharply over the past decade. Total expenditure follows the identical pattern of the increase of expenditure on public debt management – repayment of the debt. The same chart shows that the trends in real social expenditures have been at best flat, and probably marginally decreasing.

**Chart VI.4: Real Expenditure of Social Services,  
J\$ (1996) Millions**

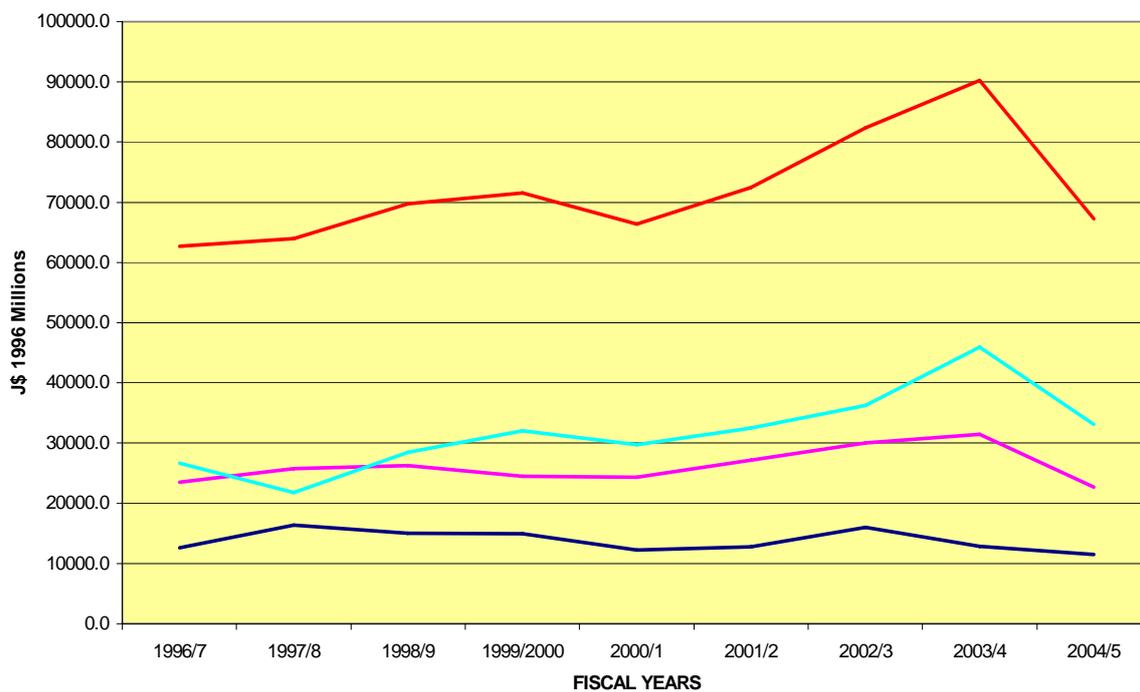


Source: Computed by author from data in **Table VI.4** at the End

In the case of recurrent expenditure alone, **Chart VI.5** suggests that the trend of growth of interest payments determined the trend in recurrent expenditure. Real wages have also been increasing, but at a slower rate.

# GoJ-UNICEF: Fiscal Expenditure on Children

Chart VI.5: Real Recurrent Expenditure, Programmes, Wages, J\$ (1996) Millions



Source:



Computed by

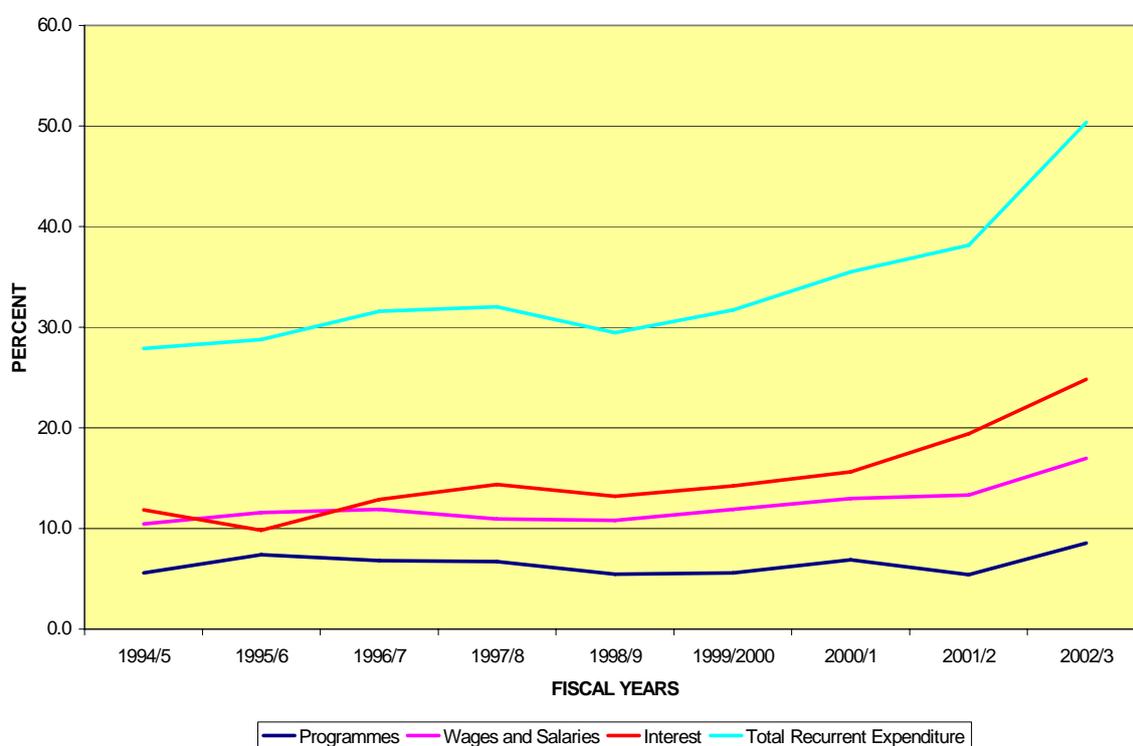
author

from data in **Table VI.4** at the End

*As % of GDP*

**Chart VI.6** shows recurrent expenditure and its main components as a proportion to GDP (% of GDP). Notice that recurrent expenditure has been rising, driven by the rising interest payments. There is also an increasing trend of wages as a percent of GDP, but much slower than the rate of increase of interest payments. On the other hand, expenditure on programmes as a percent of GDP has been constant.

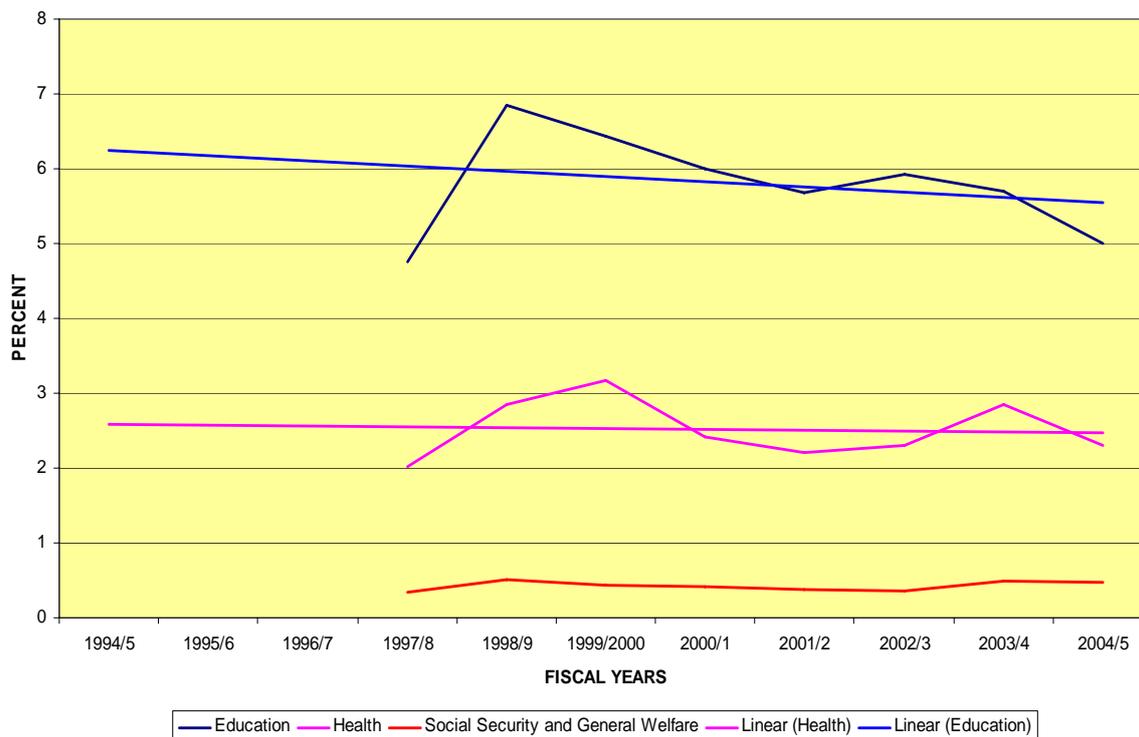
**Chart VI.6: Programmes, Wages, Interest, Recurrent Expenditure as a % of GDP**



Source: Computed by author from data in **Table VI.4** at the End

The main social services – education, health and social security – present a different picture when viewed as a percentage of GDP. [see **Chart VI.7**] Education is in decline, but the others are constant.

Chart VI.7: Education, Health, Social Welfare as a % of GDP



Source: Computed by author from data in **Table VI.4** at the End

By all three indicators, total government expenditure has been increasing in importance over the past decade, largely as a result of repayment of the national debt, and to a much lesser extent increased payment to public sector employees. With regard to the latter, some 70% of the total wage bill in 2004/5 was ear-marked for education, health and national security<sup>45</sup>.

<sup>45</sup> Economic and Social Survey of Jamaica, 2004, P.6.3

## **VII. Expenditure on Services for Children**

### ***A. Basic Assumptions***

#### ***Direct Benefits to Children***

It is not possible to separate accurately the expenditure of the GoJ on children from the rest of the budget as it is presented in the Estimates of Expenditure prepared by the Ministry of Finance and Planning (MFP). Some programmes, such as Early Childhood education and paediatric care, are clearly designed exclusively for children, and some – Adult education – are definitely not for children. There are many that cater to both children and young adults, such as the National Youth service, libraries, cultural programmes, accident and emergency (hospital) services, and so on. Without a detailed audit/decomposition of these programmes, it will not be possible to estimate the share of expenditure on such programmes that is spent on children.

Further, programmes share common administrative – executive, human resources, audit and accounting, for example – services. Calculating the share of these services that support programmes for children cannot be done accurately with the information aggregated at the level that it appears in the Estimates. Nor is the data on expenditure decomposed at the level of the line Ministry into components that allow for the ready separation of the portion that supports services for children.

#### ***Indirect Benefits to Children: Expenditure on women***

This study assumes that expenditure on women benefits children indirectly, because of the role of women as care-givers for children, regardless of the stage of their life. Thus, expenditure on pregnant women and lactating mothers as well as expenditure on women beyond child bearing age is included to capture the instances of the grandmother as care-giver, a common feature in Jamaican families.

This is consistent with the practice to date of treating the CEDAW and the CRC as complementary conventions.

### ***B. Analysis of expenditure on children***

**Table VII.1** [see End] shows the categories of services provided to and for children, with the institutional sources of funding for these services, for the fiscal years in the focus of this review. An alternative view of the data is presented in **Table VII.2** [see End] which presents expenditure on children by Ministries and other agencies of GoJ.

The advantage of this second view is that it shows where the resources ear-marked for children are concentrated within the government.

**Table VII.3** below summarizes the expenditure on children and compares the “Provisional/Actual” expenditure for 2003/4, the “Revised” estimates for 2004/5, and the “Approved” estimates for 2005/6<sup>46</sup>. Expenditure on children:

- varied between 16.55% and 17.12% of the Recurrent budget
- was a marginal share of the Capital A budget – 0.51% in 2003/4 and 0.64% in 2004/5, but a higher share, 2.22%, of the “Approved” estimates of expenditure for 2005/6. It is worth noting the increase in 2005/6, but it is neither that significant nor guaranteed that this expenditure will actually be made. It may well be only a signal of intention by GoJ. Note that Capital A expenditures averaged 40.6% of total expenditure for the period. Almost all of this component of expenditure was repayment of the national debt.
- accounted for a significant share of the Capital B budget – 21.81% for 2003/4 and 23.36% for 2004/5, but slightly less, 17.66% was “Approved” for 2005/6. Note that Capital B expenditures averaged 1.6% of total expenditure for the period.
- varied between 10.13% and 10.87% of the total expenditure (Recurrent and Capital)

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<sup>46</sup> “Approved” estimates are those presented to and approved by the House of Representatives at the start of the fiscal year. “Revised” estimates are usually presented with the “Supplemental” estimates toward the end of the fiscal year. “Provisional/Actual” estimates refer to the out-turn of the previous fiscal year.

**Table VII.3: Indicators of Expenditure on Children**

	<b>2003/4 Provisional /Actual</b>	<b>2004/5 Revised</b>	<b>2005/6<sup>47</sup> Approved</b>
<i>Expenditure on children as a % of</i>			
Recurrent	16.94	16.55	17.12
Capital A	0.51	0.64	2.22
Capital B	21.81	23.36	17.66
Total = Recurrent + Capital A+B	10.87	10.13	10.68
Of which:			
Education	7.80	6.40	7.72
Health	2.64	3.00	2.40
Other expenditure on children	0.44	0.73	0.56
<i>As a % of GDP</i>			
Recurrent Expenditure on children	6.820	6.290	4.930
Capital A expenditure on children	0.123	0.171	0.510
Capital B expenditure on children	0.147	0.268	0.190
Total = Recurrent + Capital A+B	7.090	6.729	5.630
<i>In J\$1996 mns</i>			
Recurrent Expenditure on children	16049.7	14930.7	11985.2
Capital A expenditure on children	288.9	406.5	1241.9
Capital B expenditure on children	345.4	635.6	470.3
Total = Recurrent + Capital A+B	16684.0	15972.8	13697.4

Source: Computed by author from **Table VII.1**

As a percentage of GDP, recurrent expenditure on children was 6.8% in 2003/4, whereas the revised estimate for 2004/5 was 6.3%. This indicator shows that the Revised estimate for capital expenditure on children for 2004/5 was bigger than the Provisional/Actual estimate for 2003/4. The total expenditure (recurrent + capital) on children for 2003/4 was marginally less than the total for 2004/5.

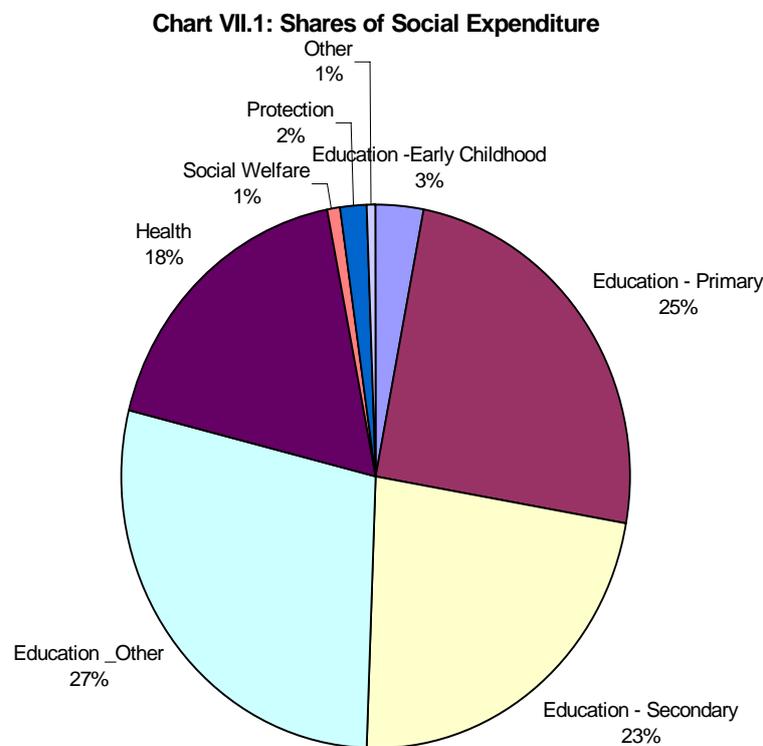
Measured in 1996 Jamaican dollars, real recurrent expenditure on children declined by almost 7% between 2003/4 and 2004/5, and another 20% between 2004/5 and 2005/6. Capital A expenditures grew rapidly, but on a very small base. Between 2003/4 and 2005/6, it tripled. Capital B expenditures also grew over the three year period, also from its small base. Whereas in 2003/4 it was bigger than Capital A expenditures, in 2005/6, it was programmed to be much smaller in real terms.

<sup>47</sup> For fiscal year 2005/6, the growth rate of GDP was estimated to be 2.5% and the inflation rate was estimated to be 13%.

## GoJ-UNICEF: Fiscal Expenditure on Children

Overall, the increases in capital expenditures were not sufficient to offset the decline in recurrent expenditure. For the period, 2003/4 to 2005/6, total expenditure on children, measured in 1996 Jamaican dollars, declined by 18%. This should be compared to the 6% decline in the real value of the total budget for the same period. All three indicators point to a reduction in expenditure on children between 2003/4 and 2005/6.

**Chart VII.1** below profiles the distribution of expenditure on children by service, with education broken down into the categories “Early Childhood”, Primary”, Secondary”, and “Other”, because of the dominance of its share of expenditure. Education and Health account for almost 96% of services to children. **Chart VII.1** is based on the data presented in **Table VII.1**.



■ Education -Early Childhood ■ Education - Primary □ Education - Secondary □ Education \_Other ■ Health ■ Social Welfare ■ Protection □ Other

- *Education*

**Table VII.4** [see End] presents the budget of the Ministry of Education Youth and Culture. By far, education received the largest share of the expenditure on children. Expenditure on education for children accounted for 77.1% of the actual recurrent expenditure of the MEYC in 2003/4, but declined to 68% in the following year's revised estimates. The bulk of recurrent expenditures was shared fairly evenly between primary (35.5%) and secondary education (33.3%) with primary getting a marginally higher share. Since the enrolment at the primary level is significantly higher than at the secondary level, it is clear that per capita expenditure at the secondary level was much higher. For 2004/5, per capita expenditure at the secondary level (\$46,568) was about 50% higher than per capita expenditure at the primary level (\$30,193).

Whereas upwards of 30% of the education recurrent budget was spent on primary and secondary education respectively, a little more than 4% was spent on early childhood education, and about 1% went to Special education.

As a percentage of the total recurrent budget of the government, expenditure on the education of children accounted for 12.4% of actual expenditure in 2003/4, and 10.7% of the revised estimate of the following year.

As a percent (%) of GDP, education averaged a little less than 6% of GDP for the period 1996/7 to 2004/5.[see **Table VI.4**, End] The World Bank noted that Jamaica spends “ --- more than most of its neighbours [on education] ---Yet, its outcomes are low ---”<sup>48</sup> The majority of recurrent expenditure was for salaries of teachers, other education workers, and support staff. This is yet another indicator of the need for greater effectiveness of expenditure, and for more attention to the quality of services delivered per dollar spent.

Expenditure on children also dominated the Ministry's Capital A budget – 68% in 2003/4 and 78.8% in 2004/5 – and absorbed a 100% of the Capital B budget. The Capital B projects consisted of one each for basic schools and secondary education, and three for the primary level.

In addition to the budget of the MEYC, education benefited significantly from infrastructural projects funded by CHASE and JSIF. In the case of CHASE, early

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<sup>48</sup> World Bank, 2004, P.29

childhood education benefited from 11% of total project funding in 2003/4 and 32% in 2004/5. Almost all of JSIF project funds for children were spent on, or ear-marked for, schools, especially repairs of hurricane damage.

- *Health*

Health services are next to education in order of magnitude of fiscal expenditure. The presentation of the budget of the Ministry of Health (MoH) is at an aggregate level in categories that relate to all age groups. As a result, it is impossible to isolate the share spent on children from the budget alone. This study has devised a crude technique to estimate the share of expenditure by the MoH that benefits children. The procedure is presented in **Box VII.1** below.

**Box VII.1: Method of estimating the share of the expenditure on health that benefits children**

1. Let **A** = total number of admissions to hospitals
2. Sum the admissions to the hospitals for paediatrics and obstetrics and gynaecology. Assume that these are strictly children and women. Call this **B**
3. Compute the percentage of children that attended Accident and Emergency facilities. Call this **C**.
4. Take this percentage of the balance of hospital admissions after admissions to paediatrics and obstetrics and gynaecology have been removed. Compute  $C/100*(A-B)$
5. Sum the admissions to paediatrics and obstetrics and gynaecology to the number of admissions computed in 4.  $[C/100*(A-B)]+B$ . This is the estimate of the number of children admissions to hospitals.
6. Compute the percentage of total admissions that are children.  $D = \{[C/100*(A-B)]+B\}/A*100$
7. Apply steps 1. through 6. for each region to compute **D** for each region.
8. Compute the weighted average of regional estimates where the weights are the shares of the regions in the total budget assigned to the regions.
9. Apply this percentage, the weighted average, to the total expenditure of the MoH. Assume that this is the percentage of total MoH expenditure that benefits children and women.

This study believes that this estimate is low, since some of the public health education programmes that are funded centrally, as opposed to regionally, are directed to

children. By applying the ratio of children benefits from hospitals to the total MoH budget, some of this is being captured.

This study has had access to the admissions data for the Accident and Emergency departments of the hospitals in all regions for the years 2003, 2004, and the first six (6) months of 2005, with the exception of the University Hospital of the West Indies. Financial data collected by the MoH cannot be readily related to the services offered. For example, there is data on salaries paid to the various categories of medical personnel, but there is no indication of the specific services that they perform. Similarly, in the financial data reviewed, expenditure on utilities and supplies are not related to particular services. Accordingly, it was not possible to reconstruct the data along the lines of services that benefit children (directly and indirectly) as distinct from those that do not.

With these provisos, the preliminary estimate of the expenditure on health for children is shown in **Table VII.1** [see End]. Expenditure on health services for children account for:

- 70% of the total budget of the Ministry of Health
- an average of 4.8% of the total budget of the GoJ between 1995/6 and 2004/5 [see **Table VI.4**]. This share has been declining gradually over the last decade as **Chart VI.2** shows
- an average of 2.5% of GDP 1995/6 and 2004/5 [see **Table VI.4**]. This share has been fluctuating around a fairly constant average over the last decade as **Chart VI.7** shows

**Chart VI.4** shows that real expenditure on health has been constant for the decade, Based on the crude estimation of the share of the health budget spent on children, it follows that the real value of expenditure on children health is also constant.

In addition, to the MoH's capital budget, CHASE funded projects that benefited children directly to the equivalent of 40% and 23% of the MoH's capital budget in 2003/4 and 2004/5.

As with education, the majority of recurrent expenditure by the Ministry of Health is on salaries. In 2004/5, it was estimated that 80% of recurrent expenditure was for salaries of health workers and support staff.

- *Social Welfare*

Social Security and General Welfare benefits have averaged slightly less than 1% of total fiscal expenditure and slightly less than 0.5% of GDP for the decade 1995/6 2004/5.

Three traditional programmes have been consolidated into the PATH programme. It is a conditional cash transfer programme that rewards beneficiaries who comply with educational and health conditionalities that are designed to build the quality of human resources while assisting persons in need. Since 2002/3, the PATH programme based in the Ministry of Labour and Social Security (MLSS) has been the principal vehicle funded by the GoJ for social welfare.

PATH provides benefits for all stages of the life cycle of the person. The programme's target is 168,000 children under 17 years, and 11,000 pregnant and lactating women out of a total target population of 236,000<sup>49</sup>. Alternately, 76% of the total target population are children and new mothers. **Table VII.5** shows the programme benefits, excluding administrative costs, for the years of its existence.

**Table VII.5: PATH Benefits to Children and New Mothers, J\$ mns**

J\$ mns	2002/3	2003/4	2004/5	April – October 2005/6
Benefits to children, pregnant, and lactating mothers = 76% of Total benefits	99.3	317.2	660.3	370.3

Source: Ministry of Labour and Social Security

The programme is funded primarily by the World Bank through the budget of the central government. The sustainability of this funding must be a cause for concern after the current extension of the project ends.

A recent study of the distribution system used the opportunity to get feed-back about the programme from beneficiaries and social workers employed to the programme. The responses were overwhelmingly positive, with minor complaints about bureaucratic procedures. Nevertheless, there are problems of compliance and of monitoring the rate of non-compliance.

<sup>49</sup> The other beneficiaries were 33,000 elderly poor, 19,000 disabled persons and 5,000 indigent persons.

- *Culture and Sports*

Most schools have programmes for culture and sports in their curricula. For schools that emphasize competitive sports the majority of funding is raised privately to supplement the school's budget. It is not possible to separate out the component of the MEYC's subventions to schools for culture and sports. Indeed, this is difficult even at the level of the school in many instances.

Apart from the MEYC, the main channels of central government expenditure for cultural and sport activities and services that benefit children are the Ministry of Local Government, Community Development and Sport (MLGCDS), which acts primarily through the Social Development Commission (SDC) and the Institute of Sports, and to a lesser extent the Office of the Prime Minister. CHASE and JSIF are principal sources of capital funding for the development, repair and maintenance of physical infrastructure, such as sports facilities.

Expenditure on sports facilities benefits a wide range of age groups, including children. This study has included only those expenditures that are specifically designed to benefit children, and in that sense the estimate for culture and sports is conservative.

- *Social Protection*

Social protection refers to a range of services including juvenile correctional institutions operated by the Ministry of National Security (MNS), children's homes regulated by the Child Development agency on behalf of the MoH, and the family court operated by the Ministry of Justice (MoJ).

- *Transport*

There is a small grant to fund a school bus service in Montego Bay that is provided from the budget of the Ministry of Transport and Works (MTW).

- *Women*

The Terms of Reference of this study required that central government expenditure on women be included as a part of the global expenditure benefiting children because of the importance of the role of women as care-givers to/for children. **Table VII.1** [see End] shows the two main channels of resources ear-marked for women are the MLGCDS and the Cabinet Office. Not shown explicitly but mentioned above were the resources targeted to pregnant women and lactating mothers under the PATH

programme. Excluding the PATH expenditures, the expenditures ear-marked for women are equivalent to approximately 0.5% of the resources for funding education. The vast majority of teachers, a large percentage of the health workers, and many other public servants are women. For completeness, the public expenditure on their services should be included in the public resources that are allocated to women, with the distinction that these resources are exchanged for services rendered to and on behalf of the government. Salaries to women are not included by this study in the estimate of public expenditure spent on children. Public expenditure on children would be much larger if salaries paid to women were included.

*Other Services*

This study has identified funding for the Jamaica Combined Cadet force through the MNS and the grant for the Youth Development Services through the 4H clubs under MinAg as activities that benefit children, but has not been able to separate out the share that goes to children from the share that goes to youth over 18 years old. Notice that it the total expenditure is of the same order of magnitude as the expenditure on women, approximately 0.5% of the expenditure on education.

## **VIII. Scope for Additional Resources for Children's Services**

There is a large, and possibly growing, unsatisfied demand for social services in Jamaica. This certainly was the case before Independence in 1962, and in the first decade after Independence, as evidenced by the popular discontent with the failures to meet the expectations for improvements in living standards. There were bold attempts to provide basic social services for the majority of the people in the first half of the 1970s. Chief among these were the policy and programme commitments to free education and health services, and ambitious housing and settlement programmes. By the middle of the decade of the 1970s, the fiscal crisis of the State led to austerity, and the radical cut-backs in the social programmes. For the next two decades, the governments of Jamaica were pre-occupied with stabilizing the economy as a basis for economic growth. Reducing the fiscal deficit in the context of servicing a very high national debt, and the slow growth of revenues, meant that the government had to contain the growth of non-debt repayment expenditure, including social services.

In the previous section, it was shown that despite the resource constraints, the governments have been able to maintain fairly high relative levels of recurrent expenditure on the basic social services. Yet some of the unsatisfied demand persists, and some has been met by services funded by non-government sources. All the institutions that offer services to/for children can easily draft extensive shopping lists of equipment and supply needs, and requirements for additional personnel. The school system's capital needs range from basic classroom space and furniture to information and communications technology. It is well known that certain populations, such as children with special learning needs, are severely underserved. To a lesser degree, there is unsatisfied demand for quality Science and Mathematics teachers.

As modern medical care becomes more capital intensive at an increasingly rapid rate, the health service facilities in Jamaica are falling behind. Here again, there are technological possibilities for remote access for underserved populations, but investment is required to establish and maintain the relevant infrastructure. In addition, Jamaica loses education and health personnel through annual routine recruitment by overseas institutions to more attractive opportunities.

A recent review of the conditions of Places of Safety and Children's Homes, and their services called for major improvements and the maintenance of standards, which will only be feasible with more resources. Similarly, the challenges of protecting and serving children at risk are well known but demand resources that are not available in sufficient quantities from the government's budget.

*Reorganization of the budget*

Tapping interest income

The scope for reallocation of the expenditure of the budget to fund services for children is limited to the non-debt repayment expenditure, given the constitutional requirement and the policy commitment to service the national debt. However, the government should consider approaching interest earners, particularly Jamaican nationals,

- to invest in special long-term bonds to fund infrastructure for child development services
- to bequeath a share of their estates to fund child development facilities and programmes

Reallocating non-debt repayment expenditure

Reallocating non-debt repayment expenditure to children can only be at the expense of expenditure on youth and adults. Each trade-off will entail costs that have to be assessed by some criteria of relevance to the government's development priorities. For example, there is a long-standing view that resources should be reallocated from the tertiary level to the other levels of the education system, and particularly to the early childhood and primary schools. Data on the highly unequal per capita expenditure across the levels of the education system was presented in the previous section. The short-run loss of tertiary graduates that would result would have to be assessed against the potential gains in the preparation of students at the pre-tertiary levels.

In the case of health, the demands for services from an ageing population are likely to conflict with the demands from children. Similarly, the PATH programme deliberately favours the promotion of education and health of children with a view to improving the human resources that eventually enter the labour market. As the population ages, alternative means will have to be found to address the indigent aged population.

It is conceivable that reorganization of bureaucratic processes can release posts from paper-work for re-allocation to the provision of services. For example, if the Ministry of Education, Youth and Culture were re-organized for greater efficiency, some of the administrative posts could be assigned to teachers and other persons working directly in the schools or in special programmes to support the schools. Similarly, the PATH programme would benefit from more social workers, which would be more affordable if a smaller administrative staff could manage the requirements of the programme.

*Enhancing the Impact of expenditure*

With tight resource constraints, policy-makers have to pay more attention to the effectiveness of public expenditure and to increasing the impact per dollar spent. This will require careful analysis of the current processes of service delivery, and on that basis, the re-organization of these processes to improve the quality of outcomes. This is especially important with regard to education. The World Bank has assembled comparative data<sup>50</sup> to show that Jamaica is getting a lower quality graduate from the secondary school system per dollar spent than the rest of the Caribbean.

It is also important that programmes of rehabilitation and training run by institutions offering social protection increase their success rate. Similarly, the benefits of the PATH programme are distributed to children on the condition that they attend school and regularly scheduled health clinics. The impact of the PATH programme's expenditure will be increased as the compliance rate is increased.

*Increasing the Capital budget*

The consequence of years of restraining non-debt repayment capital expenditure in order to reduce the budget deficit has been the deterioration of physical infrastructure, such as roads, buildings and other structures, and the obsolescence and disrepair of plant and equipment. In recognition of the poor state of infrastructure, the government has postponed achieving a balanced budget from 2005/6 to 2007/8 in order to fund rehabilitative work on infrastructure that is vital to production and hence economic growth. Even with a major increase in revenues, which cannot be foreseen at this time, the government still has to devise creative strategies with its development partners to fund infrastructural works. The recently constructed toll road exemplifies the alternative to public investment of allowing private investors to build infrastructure and earn a return from fees charged to users.

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<sup>50</sup> World Bank, 2004, P. 102

Modern instructional techniques and effective learning practices by committed students will require complementary capital investment. A major area of investment will continue to be information and communication technologies, but properly implemented to maximize the returns from these investments.

*Forging and cultivating Partnerships with international, private sector, households, diasporic organizations*

The government will have to continue to build and maintain partnerships with international development agencies, the local private sector, ordinary households, and organizations in the Jamaican diaspora to augment the resources that it can mobilize from fiscal revenues. Providing services for children is one of several demands on government resources, but one with perhaps the best chance of support from the existing and potential partners.

## IX. Conclusion and Recommendations

### *Conclusions*

Based on the crude estimates in the previous section, more than 16% of recurrent expenditure and a little less than 1% of total capital<sup>51</sup> expenditures are targeted to children at the various stages of their life-cycle primarily in the forms of educational and health services. This is equivalent to 10-11% of the total fiscal resources. Based on the review of fiscal years 2003/4-2005/6, it appears that the expenditure allocated on children was declining as a share of total expenditure, as a share of GDP, and as measured in 1996 Jamaican dollars.

For the period 1996/7 – 2004/5, the PIOJ's estimates of the share of Social and Community services in total expenditure averaged 19.2%. In the context of the increasing burden of debt servicing from fiscal revenue, the GOJ is due much credit for sustaining these relatively high levels of expenditure on social services and particularly on services for children.

It is obvious that some other expenditures that have long run implications for the economy, and hence for the material circumstances of children, have been squeezed out in the annual trade-off between repayment of the debt and the provision of social services. Specifically, the financing of physical infrastructure and economic services has declined to marginal levels. How long high enrolment levels can be sustained in school buildings that are starved of maintenance funds, and paediatric services provided in deteriorating structures are questions that beg for answers. More indirectly, it is frequently argued that one of the impediments to economic growth in Jamaica is the poor state of physical infrastructure for economic activities – roads, ports, transport, for example – that have been neglected by under-funded public investment programmes.

### *Recommendations*

Refining these estimates of expenditure on children to get a more accurate picture will be very costly in terms of accounting expertise, especially within the MoH. This study does not believe that any significant differences in the estimates will result from greater efforts in this direction. Instead, the study points to the shift of attention toward assessing the *quality of the services* funded by the GoJ bearing in mind the

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<sup>51</sup> Capital A accounts for approximately 40% of total expenditure and Capital B accounts for approximately 2%.

poor outcomes by regional and international standards for education and some critical health indicators, like immunization rates. Recommendations for improving the quality of services should be guided by these assessments.

The series of studies of public expenditure on children done at the macro level will be all the more useful if they are complemented by appropriately designed micro studies. A study that *tracks a sample of a cohort of children* throughout its life cycle and logs the public benefits accessed by them should be very insightful from the consumption side of the transaction between the GoJ and the children of Jamaica. Properly done, the consumption of public benefits could be extrapolated to the whole cohort as a check against the supply side estimates of a macro study such as this one.

Since the bulk of public expenditure is on education, a *periodic focus on the education benefits accessed by a cross-section of a given cohort* should provide a more detailed view of the quantity of benefits, the distribution of the benefits, and the quality of benefits.

As the role of the government in the economy is reduced, and as a greater share of its expenditure is allocated to repayment of the national debt, an increasing share of social services, especially to children, is funded by the private sector, civil society organizations, and families. All services are provided both formally and informally. There are registered and unregistered educational and health facilities. The SLC in 1999 estimated the average household in Jamaica spent the equivalent of 22.3% of the mean annual expenditure on education on “extra lessons”, most of which was provided informally by teachers outside of their official capacities. Unregistered Day Care centres, medical practitioners, and practitioners of alternative medicine are very important service providers in Jamaica. Documenting the *supply of resources from non-public sources* is necessary to get a total picture of benefits accessed by children in the society.

Systems that deliberately record *data* for the purpose of *monitoring the implementation of policies* for child development must be designed and instituted. Where systems exist, they need to be enhanced and integrated with the systems for collecting financial data so as to be able to track the allocation and use of financial resources. Without this, the GoJ will not be able to assess accurately the impact of each dollar spent on advancing the interests of children.

## **Appendix – The Budget Process in Jamaica**

The following description of the budget process is extracted at length from: “Fiscal Policy Issues in Jamaica: Budgetary Institutions, the Tax System and Public Debt Management”, by Daniel Artana and Fernando Navajas, prepared for the Inter-American Development Bank, September 2002. This study in turn cited a World Bank Country Financial Accountability Assessment of 2001.

“The role of the MOFP through its divisions is central to the budget cycle (with the fiscal year running from April to March) with stages of formulation, allocation, authorization, implementation and monitoring.<sup>52</sup> The *formulation* starts (usually in September of the previous year) from a macroeconomic framework and policy targets and priorities for sectoral allocations. From this blueprint the MOFP issues a budget call to ministries and departments, subject to the payment of statutory expenditures (where public debt service is the major item, from section 116 of the Constitution) and to expenditure ceilings that are established on given priorities and on a historical basis. Ministries and departments are given about two months to reply to this budget call. In a separate way, public entities submit their proposal through a corporate plan and, in particular, public enterprises observe parameters for their expenses at this stage.

The *allocation* of expenditures follows a separation between recurrent and capital expenditures, which observes different allocation criteria. In practice allocation is constrained by statutory obligations on debt service cum macroeconomic policy considerations, resulting in effective ceilings. Recurrent expenditures (where interests, wages and operating expenses or programs are major items) are determined by commitments to statutory expenses (debt service) and by expenditure ceilings based on current macroeconomic policy and government priorities. Capital expenditure allocation depends on projections for the public sector investment program, counterpart multilateral funding and commitments to projects already started.

The budget *authorization* stage starts with a discussion period after receiving submissions from ministries and departments. This discussion within the MOFP (Budget Division and other divisions and agencies) and with other ministries results in a draft budget with details, evaluation and recommendations that is submitted to the Cabinet. After approval this is then submitted to Congress<sup>53</sup> [sic] (in March), where the Standing Finance Committee studies the Budget. The Minister of Finance opens the debate and the resulting Appropriation Bill, which authorizes expenditures, is discussed and approved between 2 to 4 months within the fiscal year. Meanwhile a carry on budget that operates like an advance for on going activities is in place. Another point concerning budget authorization is that the budget of Public Enterprises is not debated because they are self-financed. The World Bank (2001) CFAA report notices the delay in the budget estimates for public enterprises and suggests a partial coverage and follow up of public enterprises by the MOFP due to lack of human resources. In fact, non central government accounts are not reported in the budget

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<sup>52</sup> The basic description of this process is taken from a recent World Bank (2001) Country Financial Accountability Assessment (CFAA) report. Comments and analysis for the purpose of this report are included and are of course our own responsibility.

<sup>53</sup> This is properly referred to as the House of Representatives.

memorandum and this reduces the visibility of public sector operations and performance. Furthermore, the problem with the argument that the budget of public enterprises is self financed is that it may not act as an effective budget constraint if the central government can be made responsible for debt or other hidden liabilities that give rise to write-offs. ---

The issue of amendments to the Budget in the process of authorization has been the concern of study [sic] of budgetary institutions. This has been detected as the weakest grades of Jamaica (together with the above mentioned case of debt restrictions, in an otherwise high index of budgetary institutions reviewed before) when a question is posed on the existence of restrictions on the contents of amendments. Nevertheless, the absence of hard restrictions is the result of Jamaica being a parliamentary democracy, and the rule of Congress, and therefore should not be taken as a necessary handicap. Beyond approval, and passing into the *implementation* stage, restrictions do exist for revisions or so called “virements” in the sense that they require approval by the MOFP. In this context, the survey on budget institutions reviewed before assign a high grade to Jamaica on the flexibility to change budget approval and the executive ability to cut spending unilaterally after passage of the budget.

The *monitoring* of the budget process is overseen by the MOFP. The Budget Division (which has participated from the beginning in the formulation stage) interacts with ministries and departments overseeing budgets. Cash management and investment programs are thoroughly monitored. In this post-approval process, the release of funds, through the so-called warrant system, constitutes a key element of centralized control of the budgetary process. We have seen, from section 117 of the Constitution, that no expenditure can be made without a warrant issued by the MOFP. This has two major consequences for the budgetary process. First, it contributes to the management of the Consolidated Fund guaranteeing a correspondence between flows of revenues and expenditures. Second, the issue of a warrant is a process in itself that takes several steps and assures a financial management in accordance with the FAA such that [it] reinforces the control of expenditures. The post approval process is completed with the General Auditor<sup>54</sup> and the Public Accounts Committee of Parliament.”

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<sup>54</sup> Properly referred to as the Auditor General

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