

**The Planning Institute of Jamaica  
(PIOJ)**



***‘A Historical Perspective on Poverty’***

**Contributing to**

A Series of Panel Discussions  
Organized by the Office of the Prime Minister (OPM)

(Published in  
*The Transforming Landscape of Jamaica*  
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Office of the Prime Minister  
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**November 10, 2005**

## **A Century of pro-poor policies**

Poverty is not a novel phenomenon in Jamaica. It is a part of our history as a nation. As far back as 1886, the first national effort was made to recognize the existence of poverty in Jamaica and address it. This effort was the Poor Relief Act of 1886, which has governed poverty mitigation efforts up to the current times. This Act spoke to three main areas of indigence: institutional care (housing and medical); a monthly dole (financial); and assistance with basic needs (aid-in-kind, for example food and clothing). There was, however, a stigma associated with this type of ameliorative assistance as only the poorest-of-the-poor – paupers – were thought to benefit from this type of intervention. As such, indigents who fit this criterion were actually registered as poor. This marked the beginning of the welfare emphasis in Jamaica.

Between 1886 and 1981, Jamaica, the welfare state, indulged in three main forms of public spending that targeted the poor. There were: public assistance programmes; general food subsidies; and school feeding. These interventions suggested that both the Crown Colony Government and its successor, the Government of Jamaica (GOJ), had a social conscience. Nonetheless, these programmes incurred high costs to the central

government and were not sustainable. They were programmes which encouraged dependence. “Give a man a fish and you will feed him for a day. Teach him how to fish and you will feed him for his life.” The programmes targeted the poor but did not target poverty, itself, to ameliorate or alleviate it.

In 1981, the International Monetary Fund (IMF) introduced the structural adjustment programme (SAP) to Jamaica. This injection of fiscal and monetary restraints meant that Government’s expenditure on social benefits had to be considerably reduced. This involved removal of both price controls and general subsidies. Although the IMF’s SAP engineered the immediate demise of such policies, the truth is that the measures while being socially-sensitive were not sustainable. The Jamaican Government, thus, had to engage in less costly and more targeted forms of social assistance.

## **The decade of the 80s**

The Food Stamp Programme was introduced in 1984. This program was a targeted programme which focussed on pregnant and lactating women, children, the elderly, the handicapped and large families. It was not a broad-based programme, however, in terms of the benefits. Only a few staple food items were covered. In 1990, this programme was reviewed and coverage was expanded to include not only the recipients but also the benefits. The number of food commodities for which food stamps could be exchanged was increased from three – rice, cornmeal and milk powder – to seven – to include meat, flour, sugar and vegetables in the food stamp basket. By 1995, kerosene oil also attracted the stamp – kerosene stamp – to reflect two larger issues: (1) the removal of the subsidy that previously decreased the burden on the poor and (2) the high reliance of the poor on kerosene as an energy source. The Food Stamp Programme, although it widened the social safety net, was not sufficient given the negative social effects of the SAP.

By 1989, it was recognized that there was critical need to protect expenditure in the social sectors, particularly in areas that were of benefit to the poor. The Human Resource Development Programme (HRDP) was a reaction to the increasingly stringent restraints being placed on public

expenditure, particularly in the areas of health and education. The HRDP introduced “policy reforms and investments”<sup>1</sup> to counter this onslaught. The HRDP also shifted the focus from poverty alleviation as a welfare concern to poverty alleviation as a developmental concern. The anticipated outcome was not just a reduction in the poverty gap but an actual reduction in the incidence of poverty and inequality.

Consistent with its commitments, the reforms provided for general improvements in health and education, and more importantly, advocated an explicit shift in the deployment of resources to benefit the poor as opposed to a nominally “all inclusive” approach of the past. In a sense, this shift represented the start of a systematic assault on the base of poverty and inequality.<sup>2</sup>

This transformation reflected the acknowledgement that poverty alleviation cannot benefit those who are poor as well as those who are not. If that is the case, then leakages will occur and the poor will not benefit as they should.

Leakage occurs when undeserving persons receive benefits that should otherwise target the poor and very poor. Undeserving persons are categorized as the “top three quintiles” socio-economically. Because of the extensive review undertaken by the Social Safety Net Reform Programme, a new approach has been adopted. The approach is: “to have a single

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<sup>1</sup> Knight, Dr. Pauline. 2003. *Poverty Alleviation Programmes in Jamaica: Lessons Learned*. Presented at Policy Dialogue – Technical Meeting on Poverty Alleviation and Food Security in the Caribbean on 19-21 November 2003; Kingston, Jamaica: 4.

<sup>2</sup> Knight 2003: 5.

scientific method of determining eligibility for state assistance”<sup>3</sup> in the form of the Beneficiary Identification System (BIS). Any policy which targets everyone cannot effectively fight poverty.

This change in the policy direction saw the introduction of twelve policy interventions between 1991 and 1996.

### **A new policy direction for the decade of the 90s**

In 1991, the Micro Investment Development Agency (MIDA) was launched to facilitate income generation initiatives by providing credit to the poor for micro-enterprise creation. This was followed by the Social and Economic Support Programme (SESP) in 1993. This programme was also a reaction to SAP and offered three main avenues of assistance. They were: (1) training and credit for youths; (2) financial assistance to students; (3) employment opportunities via infrastructural development in communities, etc.

The two year period 1995-1996 saw the inception of ten programmes. Five were implemented in 1995 and another five in 1996. The five programmes that came on stream in 1995 were:

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<sup>3</sup> Knight 2003: 15.

- Skills 2000
- Secondary School Fee Assistance Programme (SSAFP)
- Operation Pride
- Integrated Community Development Programme
- Special Training and Employment Programme (STEP)

These five programmes provided training and skills assistance, education, formal housing as opposed to squatter settlements, and community development assistance as a means of combating or alleviating poverty.

In 1996, the other five programmes were introduced. These were a little different in the means by which they sought to alleviate poverty. The five programmes were:

- Jamaica Drugs for the Elderly Programme (JADEP)
- Bauxite Community Development Programme
- Strategy to Rehabilitate Inner-City Communities through Viable Enterprises (STRIVE)
- Jamaica Social Investment Fund (JSIF)
- National Poverty Eradication Programme (NPEP)

The first four initiatives targeted, specifically, the elderly, bauxite communities, inner city communities, and infrastructure in quartile four (or the poorest) communities. The 1996 interventions were more narrowly-targeted than the 1995 interventions.

In addition to these four policy initiatives, the NPEP was institutionalized to provide a space or framework within which comprehensive or overall poverty reduction measures in Jamaica would fall. It was conceptualized in 1996 but was not implemented until 1997. It encompasses approximately sixty (60) projects whose primary objective was not poverty reduction. Unfortunately, the NPEP was not successful as a coordinating mechanism.

### **Consolidating welfare assistance**

In 2000, a closer look was taken at the welfare component of the poverty reduction initiatives of the Government. The Social Safety Net Assessment and Review looked at six specific areas and developed a reform programme to reconfigure the network of welfare assistance available to the poor. The areas which were evaluated were:

- Institutional and administrative framework
- Life cycle needs
- Persons with disabilities
- Poor housing and homelessness
- Drug abuse
- Persons with HIV/AIDS

The outcomes of this review process are contemporary as the Social Safety Net Reform Programme is currently ongoing, and is coordinated by the PIOJ.

The first outcome was consolidation of the three main welfare programmes that existed in Jamaica into the Programme for Advancement through Health and Education (PATH 2002/2003). These three programmes were: Outdoor Poor Relief, the Food Stamp Programme and Old Age/Incapacity Allowances. The second outcome was a reduction in administrative overheads. After all, the administrative costs should not eclipse the benefits to the poor or take up most of the program budget. It was clear that a high ratio of staff to beneficiaries did not augur well for poverty alleviation and that some other delivery mechanism had to be created.

The third outcome is manifest in the Beneficiary Identification System (BIS). This is an “objective transparent proxy means test for screening welfare applicants.”<sup>4</sup> It is the single determinant of poverty common to all poverty alleviation programmes and facilitates transparency. The fourth outcome was improved targeting. The fourth outcome is directly linked to the third outcome: transparent objective screening. Leakages were a major failure of previous poverty alleviation programmes. Limited resources needed to benefit the *really needy*. The fifth outcome which is a central database with MIS linkages between agencies, allows the BIS to function

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<sup>4</sup> Knight 2003: 12.

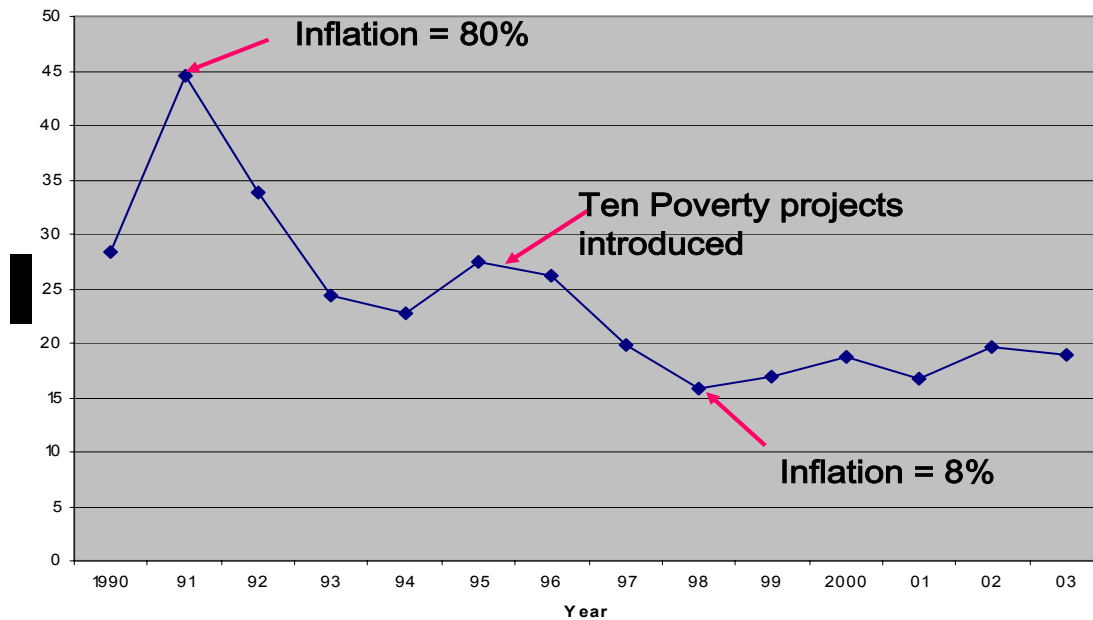
efficiently and effectively and supports integration of safety net programmes so that they may function as a real network for the poor.

In 1989, the Human Resource Development Programme (HRDP) sought to protect budget allocations to health and education. In 2000, the Social Safety Net Assessment and Review, once again, sought to institutionalize this protection. These were two areas which were thought to pose particular vulnerabilities for the poor. By far, though, the most radical review which occurred under the Social Safety Net Assessment and Review related to the Poor Relief Act of 1886, which still held precedence for poverty alleviation initiatives in Jamaica. Modern legislation – the National Assistance Act – was introduced to modernize poverty alleviation administration and legislation in Jamaica.

### **Assessing the intervention**

The proliferation of interventions since 1991 have, undoubtedly, contributed to the progress made in arresting the high incidence of poverty in Jamaica. In 1991, the poverty level was at an all-time high of 45% of the population, combined with an inflation rate of 80%. By 1992, the poverty level had fallen to below 35%. Between 1995 and 1996 when the ten poverty projects

were introduced, the poverty level was between 25 and 30%. By 1997, the poverty level had fallen to 20%. Between 1997 and 2003, the poverty level has not surpassed 20%. The poverty level reached its lowest level, since 1991, of approximately 15% in 1998, with an inflation rate of 8%. Since 1998, the poverty level has fluctuated between 15% and 20%.



The reductions in poverty over the period 1990-2003 are due to various factors:

1. control of inflation – moving from 80% to 8%;
2. prices were kept stable over a period of time;
3. increased remittances;
4. growth in the informal sector;
5. a relatively stable exchange rate;
6. growth of real wages (wages kept ahead of inflation).

The bottom line, however, is that we cannot expect these changes to continue in the 2000 era. Inflation and prices have undergone significant increase. There is no certainty that remittances will continue to increase. The growth of the informal sector is declining. The exchange rate has undergone devaluation. In terms of real wages, no significant increase can be expected there because wage restraint is what public sector reform and the Memorandum of Understanding is premised on. So, the factors that facilitated poverty alleviation are no longer current. What is needed for poverty alleviation to be sustainable is growth in the economy. If economic growth is not forthcoming, the reduction in poverty levels cannot be maintained.

Poverty reduction has to occur within a framework of defined and measurable indicators. Dr. Knight of the PIOJ has identified the following criteria which should govern poverty reduction measures in Jamaica so as to further reduce the poverty level in Jamaica. These critical areas in poverty reduction/alleviation are outlined below:

- Targeting
- Coverage
  - Population groups
  - Geographic areas
- Efficiency
- Effectiveness

- Co-ordination
- Case management
- Community capacity
- Institutional capacity

If all these critical issues are incorporated and institutionalized in future poverty policy interventions in Jamaica, and sustained economic growth occurs, we could well live to see a time when the poverty level in Jamaica is below 10%.