

Social Protection



Jamaica, as with many economies worldwide, was significantly affected by the outbreak of the COVID-19 pandemic. As an economy with a huge reliance on the tourist industry, estimated to be around 20 per cent of GDP, the restrictions put in place on travel were detrimental to most Jamaicans working in the sector. Restrictions in global travel and border closures caused visitor arrivals to decline by almost 70 per cent, causing widespread job losses across the sector.

The UNDP (2021) [Social Protection in Jamaica](#) report, highlighted that “the most significant [challenge] faced by the labour market is informality, which represents approximately 60 per cent of total employment”. This estimate includes ground transportation and craft vendors, who were particularly affected by job losses, and in many cases were out of the reach of conventional social safety nets. During a crisis like this, the need for adequate social security has never been more evident. However, it is critical to note that in 2021, Jamaica recorded a government debt of 91.5 per cent of its overall gross domestic product, emphasising the government’s limitations.

In an interview with [IMF Country Focus](#), Jamaica’s Minister of Finance and the Public Service, Dr. Hon. Nigel Clarke MP, explained that the government “established a special task force to effectively respond to the economic impact of the crisis.” The government responded through several economic efforts, including the COVID-19 Allocation of Resources for Employees (CARE) Programme.

We asked panellists for their views on social protection in Jamaica before the outbreak of COVID-19 and its capabilities to adapt to the increased needs that were caused by the pandemic. Many panellists felt that the social protection already in place was relatively capable of dealing with the heightened demand. One panellist highlighted the success of the CARE programme whilst also emphasising the challenges Jamaica’s informal sector still poses in ensuring inclusive social protection measures. Dr Kevin Williams, Senior Research Fellow at the Sir Arthur Lewis Institute of Social and Economic Studies, explained that while social protection measures cushioned the most “vulnerable citizens from the worst effects of COVID-19” they were not entirely sufficient. It is [important to note that “shocks disproportionately affect the poor,”](#) as the “sources of resilience available to the poor are more limited,

and therefore they are often less equipped to anticipate, absorb, and recover from shocks.”

In terms of the areas of social protection that have become more adaptable since the outbreak of COVID-19, cash transfers were overwhelmingly voted the most adaptable area, followed by unemployment support packages.

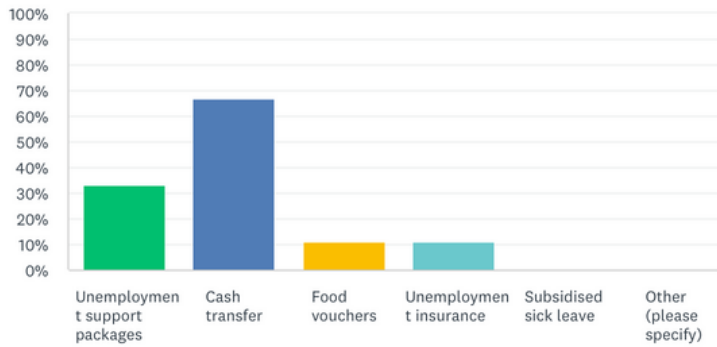
Keenan Falconer, Economist, explained that the “cash transfer component of the CARE programme has been the most adaptable as this was the first occasion in Jamaica that benefits were distributed electronically in the midst of a crisis which enabled a faster emergency response. Further, there was an opportunity for benefits to be disbursed through less traditional financial institutions. This, nonetheless, represents a step in the right direction digitally to ensure greater inclusion.”

In addition, panellists felt that the government-implemented social and economic support programmes, such as the CARE programme, were the most beneficial in reducing the impact of the COVID-19 pandemic on Jamaican society.

Panellists were asked if there were elements of these programmes that could have been bolstered or complemented by other interventions or social protection solutions. 80 per cent of panellists felt that there was a need for additional social protection measures.

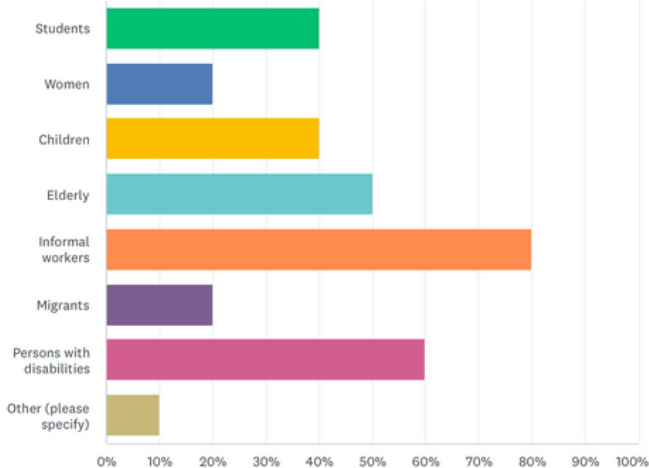
Dr Karsten Müller, Assistant Professor of Finance, explained that “COVID-19 could have been used to pivot to more instrumental development aspects such as a major industrial policy push towards boosting the Jamaican tech sector.”

Areas that need more adaptability



Although the response of the panellists' was largely positive regarding social protection measures during and after COVID-19, they felt that the support could go further for some groups. Informal workers and persons with disabilities were identified as the two groups that received the least support. In the aforementioned UNDP report, Manuel Mera explained that the number of informal workers remains so high due to the contributory structure in Jamaica, which acts "as the potential barrier to formality and the cross-subsidy as an incentive to remain informal." In addition to this, a global report by UNICEF and the International Labour Organization (ILO) identified that the number of children without critical social protection is increasing. The outbreak of the coronavirus led to an increase of 15 per cent of children living in multidimensional poverty and reversed "previous progress in reducing child poverty and highlighting the urgent need for social protection."

Groups that did not benefit from social protection

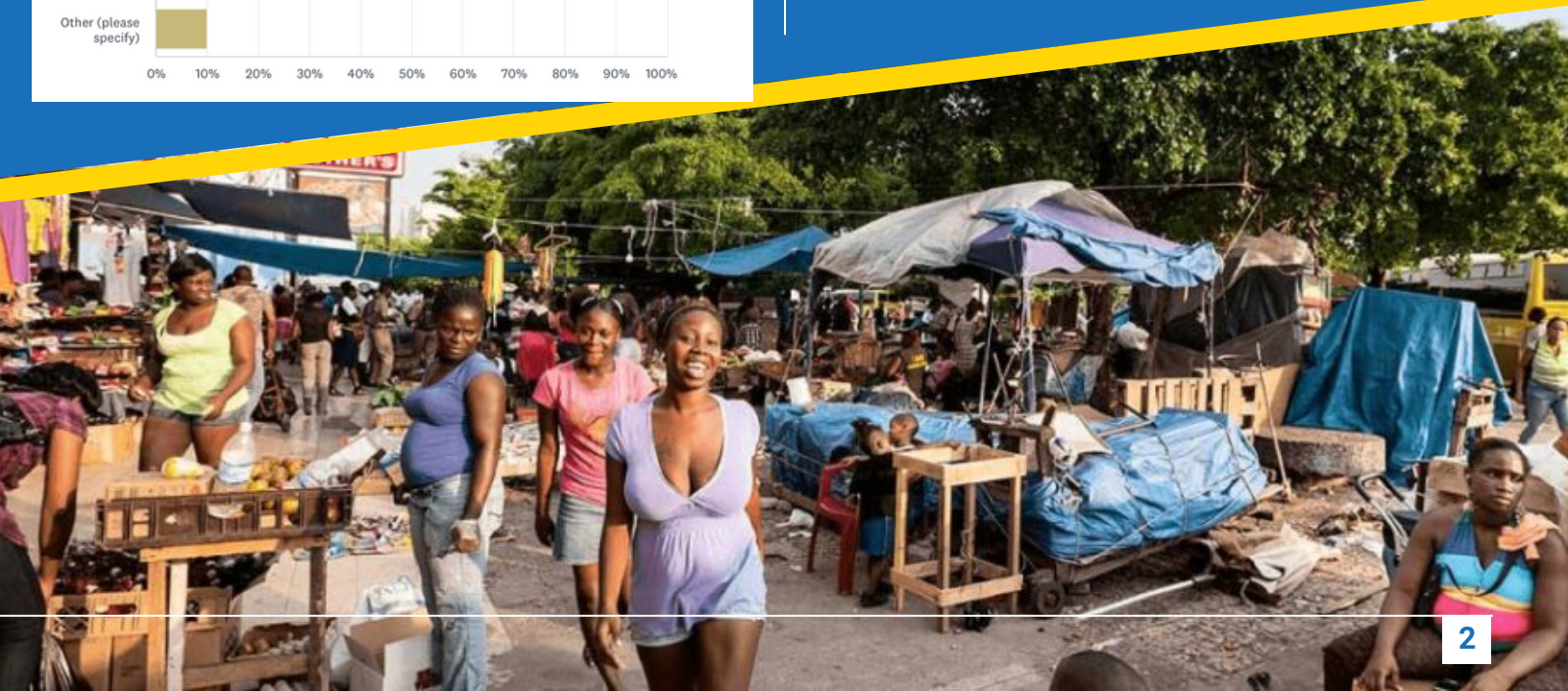


One World Bank Paper emphasises the vulnerability of the Caribbean to different types of shocks, "ranging from climate change and disasters to external economic stresses and epidemics like the ongoing COVID-19 pandemic." It is undeniable that Jamaica will come up against another type of shock. Most panellists felt that new or existing pressures on disposable incomes would come in the form of a climate crisis. [The WorldRiskIndex 2022](#) ranks Jamaica twentieth worldwide in vulnerability to natural risks and disaster, emphasising the vulnerability of the small island developing state.

The WFP's Caribbean Food Security & Livelihoods Survey: *Impacts of COVID-19 and the Cost of Living Crisis* (2022), emphasised that the war has resulted in supply chain disruptions that have "decelerated that positive economic development." This has caused an increase in global food prices "driving up local food prices" which is a grave concern as people find it increasingly difficult to meet their basic needs. WFP published the areas that should be considered moving forward and panellists were asked to identify, from these, the best solutions to ease the impact of the pandemic and cost-of-living crisis on the people of Jamaica. Panellists identified two main priorities. The first one to "Strengthen food systems and expand initiatives to boost local/regional food production, transformation and consumption" and the second to "strengthen social protection and expand coverage through both temporary and long-term programmes." Evidently, improved investment in social protection programmes is critical.

When considering improvements to social protection, it is critical to consider how people can gain better access to it. The pandemic showed the importance of digitalisation and highlighted the advantages of digital financial products. To increase preparedness for the next undeniable shock, we must consider the barriers that currently hinder the adoption of technologies such as digital financial products.

Panellists felt that it was important to improve levels of financial literacy and address any concerns of scepticism towards the financial sector in the hope that this would increase uptake of digital financial products. The World Bank explained that "established information systems have digitalised and electronic registries, high confidence among the users and the public regarding the data quality, as well as strong security mechanisms," which would result in more adequate and timely distribution of social protection during a time of crisis.



Lastly, panellists were asked about the key challenges confronting retailers, banks, mobile network operators and government entities in fostering a wider adoption of digital financial services among Jamaica's population. Panellists felt that the major challenge is the restrictive regulatory environment i.e. stringent regulations. Although Jamaica has made some progress in this sphere, it is evident that there is still progress to be made in order for real digital transformation to occur.

To improve social security measures, the World Bank suggests the adoption of adaptive social protection, which is "concerned with how SP programs, services and systems can contribute to addressing covariate shocks through preventive, preparedness, and response actions: that is, adapting and using the capacity of the SP sector, typically developed for addressing idiosyncratic shocks, to enhance the resilience of households and of the poor in particular." Furthermore, to improve disaster preparedness and ensure this sort of adaptive social protection can be adequately delivered to the most vulnerable members of Jamaican society, WFP report explained that "a [coherent] approach between government and non-government stakeholders in coordinating response mechanisms through digitalised approaches and supply chain management should facilitate efficiency during the response and promote resilience in the recovery phase."

As flagged by the most recent August 2022 Food Security and Livelihoods Impact Survey, the main worries of Jamaica respondents focused on an inability to cover their essential needs, particularly their food needs, and a higher growing proportion of respondents going without or eating less than usual. With an increasing proportion of survey respondents adopting coping strategies like cutting expenditures on education and health; drawing down on savings and selling off productive assets to meet their food needs, the motivation for strengthening social protection in Jamaica is clear as evidently these strategies are not desirable nor sustainable.



DR. STUART DAVIES
Senior Economist

Nadine McCloud, further highlights the need to revitalise the current system in Jamaica:

The needs of our most socioeconomically vulnerable are heterogeneous and numerous. Yet, the government and private sector can strategically join forces and leverage resources to yield long-lasting socioeconomic gains. For example, by using multiple social protection instruments - including microfinance provision - in a targeted manner, our society can ensure that Jamaica's most challenged groups monetize their skillset to help chart their social and economic development.



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Conclusion

In conclusion, the pandemic has highlighted some of the areas of preparedness that need addressing before the next shock inevitably hits. This should be done through enhanced social protection measures and a move towards a more digital society.

