

Social Protection Responses to Rising Food Prices: Jamaica

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Case study overview: Jamaica

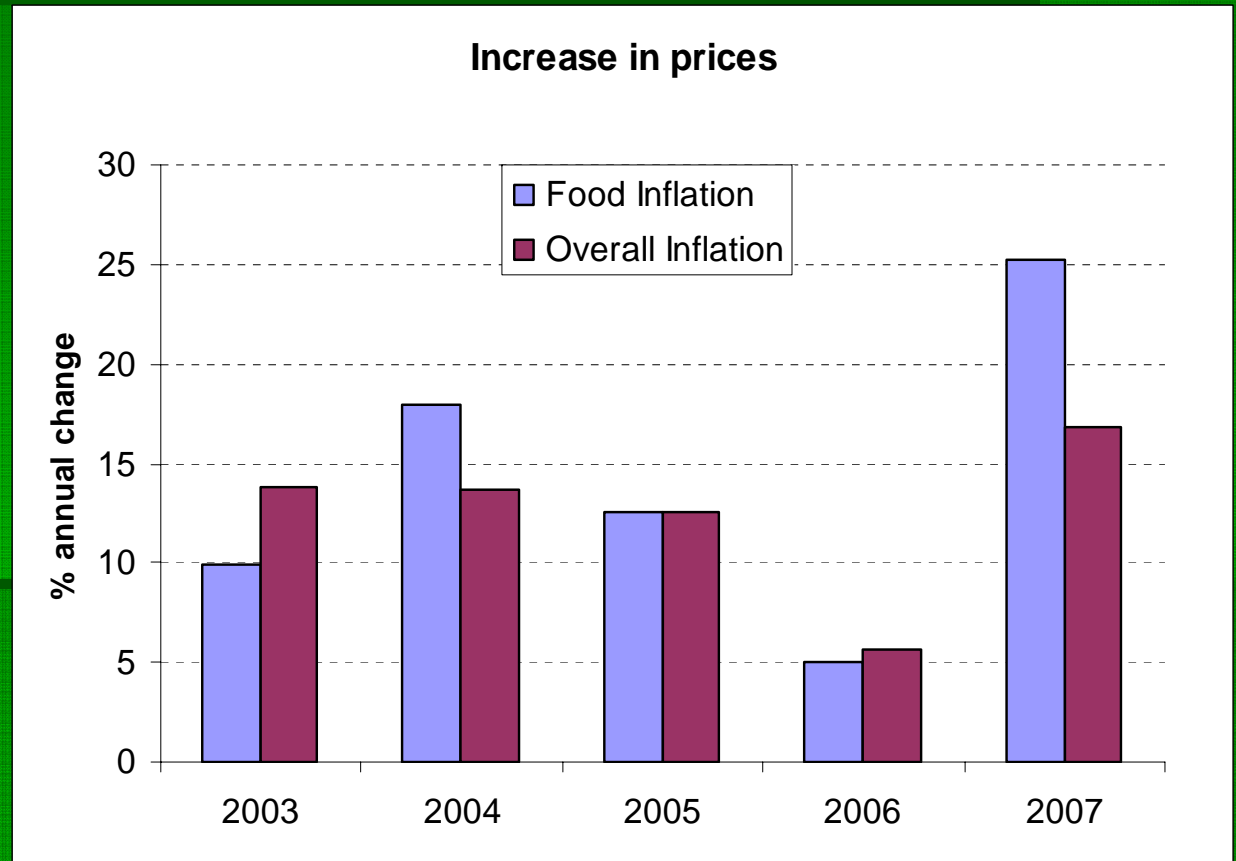
- Country context
- SP responses
- Bank instruments

Jamaica: Country Context

- Population: 2.7 million
- GDP per capita: PPP \$ 4110
- Significant gains in reducing poverty from 30.4% in 1989 to 14.3% in 2006
- Low level of child malnutrition (4%)
- Highly indebted (debt to GDP ratio of 135% in 2006)

The food crisis

- Prices of food increased 12% in first 5 months in 2008 (9.4 overall inflation)
- Proportion of food expenditure in the consumption basket of the poor - 54%
- Contribution of food to overall inflation 54% (2007)
- CPI calculated using consumption pattern of the poor in 2007 was 20.2%, compared to the overall CPI of 16.8 %



Government first response

- Initial response –subsidies for staple foods and fertilizers
 - J\$500 million (equiv of to \$7 million) subsidize 5 commodities: flour, bulk rice, cooking oil and milk powder from December 2007 to March 2008
 - Additional J\$70 (equiv of \$1 million) to subsidize the price of fertilizer to farmers by 10%
- Response motivated by pressure from opposition and social unrest and food riots in the world
- Gov came under some criticism for not using existing SSN to target the benefits – fear of going back to the policies used in the 70s

Jamaica Social Protection

- Comprehensive: social insurance and social assistance
- Long tradition: poor relief programs dating back to 1886
- Substantial coverage of the poor (46% of the poor receiving any type of social assistance, 13% receiving social insurance)
- Main pillars:
 - Social Assistance
 - CCTs (PATH)
 - Poor relief (residential care for elderly and infirm and temporary support for indigent)
 - School feeding
 - Community based programs (JSIF)
 - Social Insurance
 - National Insurance Scheme
 - Drugs for the elderly
 - Help for persons with selected chronic disease

SP response

- Using PATH—best targeted program, appropriate in scale and scope, cost effective—to help households directly:
 - Increase in PATH base benefit level by 24% effective April 1, 2008
 - Increase in coverage of PATH by 40% to reach about 14% of the population by Sep. 2008
 - Increase in benefit level for secondary school students and additional bonuses for boys to compensate for higher opportunity cost of staying in school (starting October 2008)
 - Additional cost: 0.3% of GDP up to a total of 0.5% of GDP
 - Under consideration mechanism for indexation of benefits
- Precedent of using PATH in emergency situations: during hurricane Ivan for making a one time double payment

Other measures taken before the crisis that helped mitigate its impact

- **Education:**
 - **Elimination of secondary school fees**
 - **Free school lunches for students on PATH**
- **Health: Removal of user fees**
- **ECD: focus on school readiness screening, early identification of developmental problems through well baby clinics**

Remaining challenges

- Measures under consideration to protect:
 - Elderly
 - NIS Pension indexation
 - One time compensation for all/certain categories
 - Children 0 to 2 years old and pregnant and lactating mothers
 - Expand PATH to include most poor families with children
 - Improved nutrition surveillance
 - Micronutrients/ food supplements

Jamaica: Bank SP Instruments

- Social Safety Net project that supports PATH and safety net reform (\$40million, closing March 2009)
- Social Protection Project (\$40million), signed June 2008; supports further strengthening of PATH and increasing employment opportunities for poor
- ECD project (\$15 million signed June 2008)- entry point for improved nutrition/ developmental screening for children 0-5