



Discussion Paper

Mapping the Global Partnership for Development

Jamaica: Riding the Waves of Globalization

March 2009

United Nations Development Programme

POVERTY REDUCTION





MAPPING THE GLOBAL PARTNERSHIP FOR DEVELOPMENT

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Riding the Waves of Globalization



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Aim of the Initiative

A country's development prospects depend in large part on its climate and physical geography, its resource endowments, the policy choices it makes, and its institutional capacities and governance. But in a globalizing world a country's development prospects are shaped increasingly by a number of global issues such as trade, migration and climate change that are driven and governed in part by the policies and actions of players situated outside that country's borders.

If developing countries are to make faster progress towards the Millennium Development Goals and sustainable human development more broadly, they need to respond effectively to the challenges and opportunities that globalization presents. And developed countries need to ensure — in line with their commitments to build a global partnership for development — that their policies on a range of global issues, including those that go beyond ODA, are coherent and supportive of development.

The aim of the Mapping the Global Partnership for Development initiative is to explore the ways in which a range of global issues impact on poverty in particular country contexts. A country-level mapping will capture information about the global issues that matter for a particular country and about how those issues play out in their specific context. Each mapping will consider a number of issues 'in the round' and their inter-linkages, mirroring the challenge faced by policy makers in all countries.

Country-level mappings aim to stimulate discussion on two broad questions:

- How might particular developing countries respond to the global issues that matter for them, including through their participation in regional and multilateral institutions and processes?
- What can developed countries do to support developing countries in responding to those issues, as well as making their own policies on a particular global issue more 'development friendly'?

The primary audience is intended to be national stakeholders, both in government and outside. Government policy makers might use the mapping to inform decisions about what policies to put in place to respond to the global issues that matter for their country. Civil society organizations might use the mapping to inform their domestic and international policy advocacy.

Policy makers in developed countries might also use the mapping to inform their bilateral relations with, and the support they provide to, a particular developing country. And once a number of country-level mappings have been completed, the evidence generated might be used to inform policy discussions in developed countries and at the global level on what would constitute 'development friendly' policy in relation to a number of global issues.

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Summary

Jamaica's prospects for growth and development do not lie solely in its own hands. Jamaica is dependent to a considerable degree on forces beyond its shores — many of which represent the explicit choices of other countries or groups of countries.

But neither is Jamaica helpless, resigned only to accept the external situation presented to it. As countries become increasingly interconnected, Jamaica will need to put in place strategies, policies and institutions that allow it to ride the waves of globalization in a way that safeguards its population and allows it to take advantage of the opportunities that a smaller world presents.

This report explores a number of cross-border issues where Jamaica's response must be placed within the context of the policies and actions of other countries — trade, migration, climate change, ODA and debt, as well as transnational crime and insecurity.

The analysis in the short term is shaped by the almost unprecedented context of the global economic and financial crisis, which will create significant challenges for Jamaica in the areas of access to credit, exports, remittances and tourism. In the longer term, Jamaica's prospects will depend crucially on its ability to diversify economically, and also the extent to which it prepares for the changes in climate that are now unpreventable. Many of the inter-linkages between these issues are explored in the report, with a common theme being that high levels of debt — combined with limited tax generation — are preventing Jamaica from investing in the skills and productive capacity that will support its economic diversification and its ability to combat climate change.

Building on Jamaica's groundbreaking Vision 2030 National Development Plan, the people and leaders of Jamaica will need to make important and difficult policy decisions in the coming years to safeguard the country's future. They will have to focus their political, financial and human resources on the most pressing challenges. As they do so, they can expect to draw on the support and assistance of the international community which has consistently reiterated its commitment to build a Global Partnership for Development. This report tries to shed some light on what the key external challenges facing Jamaica are, as well as the options it might explore in terms of its response. In doing so, it seeks to make the case that there will be no one-size-fits all Global Partnership for Development. The support and policies that the country requires must be shaped by the specificities and context of Jamaica.

Introduction

The last twelve months have provided a stark illustration of how the countries of the world are increasingly interconnected and interdependent. The food crisis that rose to public consciousness in 2008 — and had serious consequences in Jamaica — was the result of a number of factors, all contributed from different parts of the world: systemic droughts in key agricultural producers, higher demand in rapidly industrializing China and India, a switch to bio-fuel production in key markets, and higher transportation costs due to high oil prices. The rapid rise in food prices caused problems for all countries, although the poorest countries bore the brunt as seen through the riots that ensued.

Later in the year, a financial crisis that had started in the housing markets and financial sectors of some industrialized countries signaled the start of a global economic crisis. The credit crunch and growth slowdown is reducing finance to developing countries, threatens the demand for their exports, and means that less money is being sent back home in the form of remittances. Volatility in the prices of key commodities — including fuel, food and minerals — continues to make a large swathe of developing countries very vulnerable.

This interdependence is the natural consequence of globalization. If marshaled properly the process of globalization presents unprecedented opportunities to link people and countries together through communication and transport networks and markets. These linkages in turn can support growth and sustainable human development in all countries, whilst giving them access to the finance and technologies that will be required to address long term challenges such as climate change.

Yet the reality is not this simple. Different countries are able to respond to these global forces to differing degrees, and correspondingly face different shares of the costs and benefits. Developing countries are by definition characterized by lower income and human development levels, fewer resources and political leverage. They are less able to affect global policy and actions, yet are more susceptible to their consequences.

In 2000, the international community agreed a compact for countries that were committed to making progress towards the Millennium Development Goals (MDGs). Goals 1–7 set out targets for reducing poverty in some of its key dimensions — lack of income, hunger, and access to health and education — whilst Goal 8 pledged a ‘Global Partnership for Development’ on ODA, trade, debt relief, and access to medicines and technology.

This report explores whether the Global Partnership for Development is being put in place for Jamaica through looking not only at the formal components of Goal 8, but also other key areas where the policies and actions of the rest of the world have an impact on the country, such as migration, climate change, and crime and insecurity. Where possible it draws linkages between each of these issues to gauge to what extent the policies of the international community are coherent with one another. Is the international community supporting Jamaica in some ways but undermining it in others? Are rich countries extending the support of aid but withholding the opportunities of trade?

The spirit of the Global Partnership implies that, on the whole, countries that are more developed will provide additional and coherent support to developing countries as they seek to achieve the MDGs. In doing so, it would be counterproductive and inefficient to give with one hand but take away with the other. Therefore, industrialized countries should seek to ensure that the policies and actions they export to the rest of the world are as supportive of development — or ‘development friendly’ — as possible.

Jamaica provides a case study of a country which is significantly affected by the policies and actions of the rest of the world. An upper-middle-income country, Jamaica receives relatively little ODA but is faced by large public spending constraints because of its persistently high debt burden. Jamaica has so far been excluded from the debt relief schemes designed to assist heavily indebted countries, as the countries who are offering debt relief have restricted it to those they deem most in need. As an island economy Jamaica needs to trade with the rest of the world to acquire goods

and services it can't produce on its own, but also has much to offer the rest of the world by way of exports, including its tourism. The terms of trade become crucial to how much Jamaica benefits from trade, and hence the trade policies agreed bilaterally, regionally or in the WTO need to be appraised carefully for their development impacts. When there are problems at home, such as a lack of jobs, Jamaican migrants can often find ready employment in the United States, Canada or UK. But this in turn reduces the human capital at home: either for entrepreneurship or to deliver essential services. A cheap nurse for the UK can leave a costly hole in Jamaica. The rising sea levels that will result from climate change threaten Jamaica's coastline infrastructure, crucial for the livelihoods of those that depend on tourism. But Jamaica's share of emissions has been negligible, and it will need significant support from the international community in the coming years if it is to adapt successfully to the rise in temperature that is already inevitable. Finally, Jamaica's geographic position means that it is inevitably drawn into the destabilizing hemispheric trade of drugs and guns, with both demand and supply driven by forces outside of its borders.

In addition to exploring how the rest of the world shapes Jamaica's future, the report looks at how Jamaica itself responds. The policy choices that Jamaica makes can augment the positive impacts of interdependence, or mitigate negative ones. The institutions that it puts in place — not only the organizations to which it belongs but also the agreements it enters into with others — can influence the profile of costs and benefits it faces, including the extent to which these costs and benefits are shared with its partners. Furthermore, they can act as a buffer to future shocks — a defence against the waves of globalization that will continue to strengthen around the island of Jamaica.

International Trade

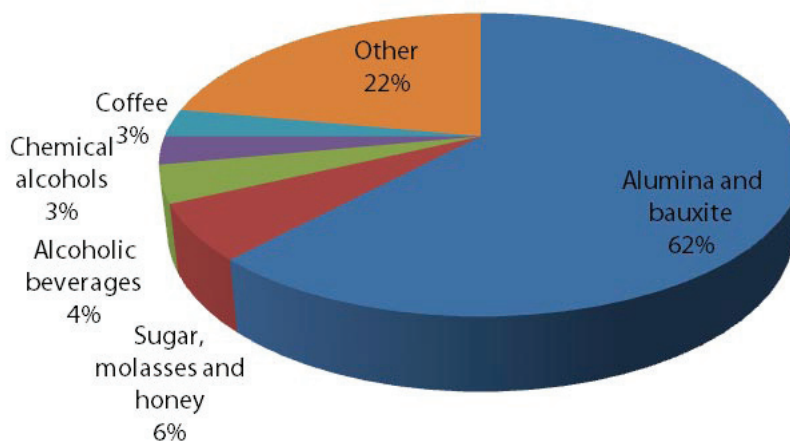
Jamaica's position as an island nation in the Caribbean means that trade has always played a central role in the economy. Jamaica's openness to trade is synonymous with its history as an importer of capital goods, finished products and an exporter of primary commodities such as bauxite, alumina, sugar, bananas, cocoa and coffee. Jamaica's trade has increased significantly in recent years, but these gains remain fragile. Jamaica has a low degree of export diversification, with heavy reliance on a few markets and preferential agreements for exports of primary agricultural commodities and trade in services.

Petroleum oils account for a fifth of Jamaica's merchandise imports, making it vulnerable to fluctuations in world prices, and further complicating the planning and budgeting process. Jamaica also relies heavily on food imports and will face growing food security concerns if prices remain high in the medium term.

Export vulnerabilities

Jamaica's main exports derive from its natural and cultural resources. The average value of total merchandise exports between 2000 and 2004 was US\$1.25 billion, equivalent to approximately 15% of GDP. By 2006 this had climbed to roughly one-fifth of GDP, placing it in the mid-range of its CARICOM neighbours.¹ Over three-quarters of Jamaica's exports are made up by a relatively small number of products, with aluminium ores being by far the most important.

Figure 1: The Importance of Bauxite for Jamaica



Jamaica is therefore very vulnerable to price fluctuations of bauxite and aluminium on the world market. Global prices for aluminium have dipped since the middle of 2008 on the back of broader global economic and financial concerns, although they have been rising in the past decade. Most analysts predict that without significant new refining capacity the price of bauxite will continue to rise in the longer term, largely because of the explosive growth in Chinese demand for aluminium. Jamaica's total bauxite reserves are estimated at approximately 2 billion tones, with only half of that readily accessible — enough to last 50 years under current rates of production.²

¹ The merchandise exports of Trinidad and Tobago, Guyana and Suriname make up a significantly higher share of GDP (all in excess of 50 percent). The only other CARICOM country whose merchandise exports are greater than 20 percent is Belize.

² Policy on Strategic Environmental Assessment, Government of Jamaica, November 2004.

Although important in terms of export earnings, only 3,570 people were employed in the bauxite sector in 2007 because of its higher degree of mechanization. By contrast, other exports are more important in terms of the jobs they sustain: there are 38,000 people employed in the sugar industry and an estimated 12,000 coffee farmers (Statistical Institute of Jamaica). Tourism — discussed in more detail below — is the dominant component of trade in services, and also a significant source of employment.

In addition to being dependent on a small number of primary merchandise exports, Jamaica also relies heavily on exporting to a small number of markets. Five countries — the USA, Canada, United Kingdom, The Netherlands and Norway — absorb over three-quarters of Jamaica's exports, with the United States alone accounting for almost one-third. Partly because of this market concentration, but also because of the policies these countries put in place, the international community shapes the prospects for Jamaica's trade dramatically. Jamaica's main trade agreements are set out in table 1 below. Whereas in the past Jamaica has benefited from preferential access for its most important exports, these schemes are now being withdrawn to ensure consistency with WTO rules. Chaplin and Matthews (2006) estimate that Jamaica will lose nearly €23 million as a result of the EU sugar reforms — equivalent to 0.3% of GDP, or alternatively the average annual income of over 8,600 Jamaicans. The value of the Caribbean Basin Initiative (CBI), which previously gave Caribbean countries preferential access to the US market, has also been eroded by the introduction of the North American Free Trade Agreement. While some countries and trading blocs — especially the EU — are providing assistance to Jamaica to cope to this loss in preferences, the adjustment is likely to be painful and have a regressive impact on poverty through the unemployment of low and semi-skilled workers in the sector.

In order to help Jamaica adjust to the loss in preferential access, the EU is financing implementation of the 'Country Strategy for the Adaptation of the Sugar Industry 2006–2015', the European Union Banana Support Programme, and the Private Sector Development Programme. Support provided to the 18 ACP sugar-producing countries in the first year (2006/7) totaled €40 million, with the country allocation for Jamaica standing at just over €5.2 million. The support mechanism is expected to continue up to 2013. Since 1999, more than €40 million has been allocated to Jamaica in order to strengthen the competitiveness of the banana sector and support diversification where appropriate. While these investments are welcome, they are likely to be insufficient to cope with the full economic and social impacts of preference withdrawal. In contrast, the EU compensation package offered to European beet sugar producers has been estimated at amounting to some €7.5 billion in support up to 2015.

While the landscape for Jamaica's trading prospects is largely determined outside of Jamaica, its domestic trade strategies, policies and institutions are generally well developed and seek to position the country so that it maximizes market access while regulating the importation of certain products. The Ministry of Foreign Affairs and Foreign Trade is responsible for negotiating trade agreements. Their role is supplemented by the Caribbean Regional Negotiating Machinery (CRNM), created in 1997 by CARICOM governments to coordinate an overall negotiating strategy for various external trade agreements in which the region is involved — CRNM is involved in negotiations on behalf of CARICOM at the WTO, EU, Canada, United States, Costa Rica and the Dominican Republic. The Customs Department is responsible for the collection of tariff revenues and trade facilitation, while exports are promoted through Jamaica Trade and Invest. Finally, the Jamaica Bureau of Standards, the Trade Board, and the Ministry of Agriculture are responsible for the regulation of imports through setting standards or the issuance of permits or licenses for key products such as motor vehicles, agricultural products such as milk powder and sugar, and imports of animal and plant origins. Despite this rich architecture of trade institutions, it is still difficult to track and promote Jamaica's best interests given the multiplicity of overlapping trade and economic agreements, and their complex legal underpinnings.

Table 1: Jamaica's main trading and economic arrangements

World Trade Organization (WTO): Jamaica acceded to the WTO in 1995. In the Uruguay Round, Jamaica bound all its industrial tariffs at a uniform ceiling rate of 50% and its agricultural lines at 100%, while other duties and charges were bound at 15% with few exceptions (WTO, 1998). In terms of positioning within the WTO, Jamaica is a member of the G33 (also known as the Alliance for Special Products and a Special Safeguard Mechanism), the ACP Group (part of the G90), the Group of Small Island Developing States (SIDS), and an observer in the Like-Minded Group (LMG).³

Caribbean Community / CARICOM Single Market and Economy: Established in 1973, its objectives include convergence and sustained economic development within the community, and greater trading leverage with countries outside through enhanced productivity, competitiveness, coordination, and market size. The single market and economy within CARICOM was established in 1989.

Caribbean Basin Initiative (CBI): The CBI initially became operational in 1983 but was amended in 1990 and 2000 to increase market access to the United States. The latter amendment, through the US–Caribbean Basin Trade Partnership Act (CBTPA) provided preferential access for a number of products previously excluded from the CBI. The CBI now provides duty-free access to the US market for most goods from the Caribbean, including Jamaica, but the competitive benefits that it provided over nearby Mexico have been eroded significantly through the broader North American Free Trade Agreement (NAFTA).

European Union–Caribbean Economic Partnership Agreement (EPA): The EPA between the EU and CARIFORUM (CARICOM and the Dominican Republic) was initiated at the end of 2007 but not ratified until October 2008. The EPA is a comprehensive free trade agreement encompassing all goods, services, investment, government procurement and intellectual property. The EPA provides for CARIFORUM goods to enter the EU market on a duty free–quota free (DFQF) basis. Sugar will enjoy DFQF benefits in 2009 when the Sugar Protocol comes to an end.

Caribbean–Canada Agreement (CARIBCAN): CARIBCAN was introduced by the Canadian Government in 1986 to facilitate trade, investment and industrial cooperation with CARICOM. Products excluded from CARIBCAN include textiles, clothing and footwear, certain luggage and handbag products, leather garments, lubricating oils and methanol. Other items are eligible for duty-free status if they can be certified as being either grown or produced within the region. The goods must also be exported directly from the Caribbean to Canada with no other work carried out at foreign transshipment points. The Caribbean and Canada are currently negotiating a reciprocal free trade agreement to replace CARIBCAN.

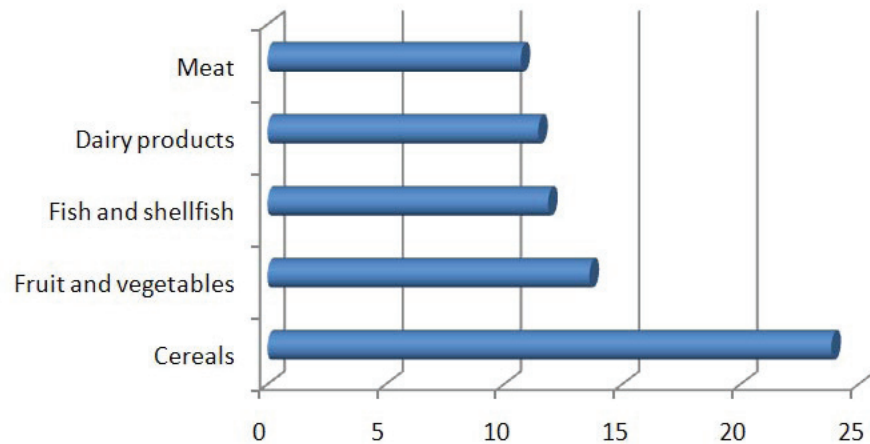
Petro Caribe Agreement: In 2005, Venezuela initiated an agreement with Jamaica, eleven other members of CARICOM, Cuba and the Dominican Republic to allow for the purchase of oil from Venezuela on a preferential basis. These countries can buy up to 185,000 barrels of oil a day from Venezuela at market value, but with the majority of payments spread over 25 years at an interest rate of 1%. Part of the payment for oil can also be met through exports to Jamaica of other products such as bananas, sugar and rice.

³ How Regional Economic Communities can Facilitate Participation in the WTO: The Experience of Mauritius and Zambia: www.wto.org/english/res_e/booksp_e/casestudies_e/case27_e.htm.

Protecting against food insecurity

Jamaica's food requirements are currently met from both domestically produced crops and imported foods. The local agricultural sector is dualistic, catering to both the home and export markets. Traditional export crops include sugar cane, bananas, pimento, cocoa and coffee. Domestically consumed products include poultry, pork, vegetables, legumes, fruits, roots and tubers, cereals and condiments. Food imports averaged \$482 million in the period 2000–2004, of which the single largest food crop is cereal and cereal preparations, which consists of mainly of rice, maize and wheat.

Figure 2: Percentage of Food Imports



As Jamaica relies heavily on food imports it has been hit hard by recent rising prices, especially of cereals. Prices have risen due to a confluence of factors outside of Jamaica's control, ranging from weather conditions and declining stock levels, to changing patterns of demand and competing land uses. Whilst subsidies on food production in Europe and the US may have eased the current situation somewhat, as they are passed onto the poor in Jamaica via lower food prices, these same subsidies have been responsible for undermining Jamaica's production capacity in the past, especially in the dairy sector. In assessing the impact of opening up Jamaica to cheap subsidized milk imports, the Food and Agricultural Organization (FAO) found that: "Trade liberalization in the early 1990s resulted in domestically produced fresh milk being pushed out of the market by subsidized European milk powder as the major input for the Jamaican dairy processing industry. The volume of subsidized EU milk powder exports to Jamaica more than doubled during the 1990s. This had devastating consequences for local milk producers, many of whom are women running their own businesses."⁴ A study by the Jamaica Dairy Development Board in 2004 reported a one third decrease in employment on dairy farms between 1990 and 2004, with the declining incomes of farmers and their employees leading to a reduction in household consumption.⁵

Food insecurity, like poverty, is greater in the rural areas. In 2006, 381,000 persons or 14.3% of Jamaicans lived below the poverty line (measured at \$2 a day).⁶ Two in every three of these people lived in rural areas, with the next significant grouping living in urban slums. A study conducted by the Caribbean Food and Nutrition Institute (CFNI) in collaboration with the FAO between 2006 and 2007 analyzed food security in the four most vulnerable groups in

4 Food and Agricultural Organization (2005), Overview of Reported Cases of Import Surges from the Standpoint of Analytical Content.

5 See also: Jennings, P.G., Miller, R.C., French, D.L. and Price, M. (2004), Current Demographics of the Jamaican Dairy Farming Sector — Analysis of a 2004 Survey.

6 2006 Survey of Living Conditions, Planning Institute of Jamaica.

society: fisher folk, sugar cane workers, subsistence farmers, and the inner city poor. Over 60% of subsistence farmers were food insecure, despite being able to consume food produced on their plots. This figure rose to over 70% for fisher folk and the inner city poor, and to 77% for sugar cane workers.⁷

Persistent and long term increases in the cost of food without a commensurate increase in wages or inadequate social safety net programmes can result in chronic food insecurity. As food prices are expected to remain high in the medium term there is a risk that a greater number of Jamaicans will slip into poverty and food insecurity. Over the past few years Jamaica has put in place a more comprehensive Social Safety Net programme — including the Program of Advancement through Health and Education (PATH) — but the government recognizes that further reforms are necessary. In May 2008, the government signed a US\$40 million loan agreement with the World Bank to progress further social protection reforms.

Tourism in Jamaica

Tourism is worth more to Jamaica than all of its exported goods — in 2007 'travel services' accounted for over \$1.3 billion of foreign exchange earnings. Jamaica has been one of the best-known resort vacation destinations for decades and has a diverse visitor accommodation sector, and also benefits from the cruise ship industry. The sector has grown rapidly: in 1962 visitor arrivals numbered 300,000; by 2007 they had grown to 2.88 million, larger than the population of the island itself. Jamaica experienced a 9.5% increase in tourist arrivals over the first five months of 2008 when compared with the same period in 2007. The total employment attributable to employment in Jamaica in 1997 was 160,762 — representing 17% of total employment — and this is likely to have increased in the past decade (PIOJ, 2007).

While the tourism industry in Jamaica has blossomed because of the island's natural beauty and cultural heritage, it also faces a number of short and long term challenges which are shaped by the rest of the world and are largely outside of its control.

Most of Jamaica's visitors originate from the markets with which it has strong trading relations, and as such Jamaica is vulnerable to changes in the economic situation and policies of these countries. While generally resilient, the UN has warned that the tourism sector is starting to suffer from the global economic crisis, with the slower growth rates experienced since the middle of 2008 expected to continue into 2009 (UNWTO). This may be alleviated somewhat by the fact that oil prices have fallen to a level well below their peak in the summer.

The impacts felt will vary between regions and across countries, depending on their distance from key markets, local economies, and the state of consumer confidence. Jamaicans living overseas constitute a key share of tourist arrivals and although they will also be affected by the slowing of growth in these economies, their choice of destination may be less price-sensitive.

Beyond the current economic slowdown, Jamaica's tourism industry is based along its coast and is vulnerable to the short term impacts of hurricanes and the long term impacts of climate change. Jamaica will need to climate-proof its existing and new tourism investments so as to maintain high-quality and resilient infrastructure, including protecting against the projected sea level rises.

Strengthening the capacity to trade

Jamaica's capacity to integrate into the global economy, diversify its exports, and make itself less vulnerable is a function of both domestic policy choices and international support. Jamaica's trade and industrial policies have been oriented so as to promote the development of national productivity.

⁷ Ballayram (2008), Livelihoods that are Vulnerable to Food Insecurity.

Jamaica's Trade Policy, in place since 2001, has three key objectives: creating new diversified exports by facilitating the growth of domestic capital; displacing imports; and increasing the flow of net positive returns from overseas assets. The National Development Policy (1996) was developed to focus on issues of investment, productivity and growth. It sought to achieve GDP growth between 6% and 7.5% per annum, reduce unemployment, and to triple the value of exports (WTO, 1998). Five strategic clusters where Jamaica has a comparative advantage were targeted: tourism, shipping and berthing, agro-processing, apparel, and bauxite and alumina. These were to be promoted through investment in human resources, infrastructure, technology, machinery and equipment.

Despite these admirable policies, Jamaica's ability to invest in export diversification has been severely curtailed by the country's heavy indebtedness since the mid-1990s financial crisis. Jamaica also receives relatively little international support in the form of 'aid for trade' — between 2002 and 2005 Jamaica received under \$30 million per year, mostly in the form of loans, to invest across the areas identified.

Food for thought: Policy implications for Jamaica and the rest of the world

Jamaica has done well to increase its share of global trade in recent years. However, in the short to medium term the global economic crisis is casting a shadow over these gains, and the longer term broader policy environment looks challenging. Liberalization of markets for traditional exports, increasing competition from other countries, and insufficient investment in supply-side capacity all pose near-term challenges to Jamaica's trading prospects. In the much longer term, bauxite depletion threatens to hollow out Jamaica's merchandise exports and climate change may change the nature and profitability of the tourism industry. Because of the large number of people involved directly or indirectly in Jamaica's trade, employment is expected to fall with concomitant social impacts.

Economic diversification remains the only viable long-term strategy to strengthen domestic growth and employment prospects, and also to reduce trading vulnerabilities. The government, with its international partners, could explore whether gaps exist in the provision of (or access to) tertiary and business skills training to support the development of additional industries. The government could also consider providing additional 'infrastructure for diversification', such as small business parks, as well as improving access to appropriate financial services.

The size and proximity of the US and Canadian markets suggests that an additional emphasis on these territories could be warranted. In particular, can diasporas in these territories be incentivized to build on their existing considerable remittance flows, and invest in business creation trade links between Jamaica and the US?

Adjusting to less distorted markets for some of Jamaica's traditional primary exports will take time and will carry significant economic and social costs. Jamaica's development partners have already recognized the part they have played in trade-distorting practices, albeit with best intentions. They should continue to assess the nature of the assistance they are providing for adjustment support on a bi-annual basis, to ensure that is of commensurate magnitude and that it is meeting its objectives.

Migration and Development

International migration shapes the prospects for poverty reduction in developing countries in three main ways: through emigration; through the receipt of financial and other remittances; and, through immigration, including the return of migrants. The number of emigrants and their skill levels, the volume and use made of remittances, and the number and skill level of immigrants including returning migrants are important factors shaping the developmental impact of migration. Policies in migrant-receiving countries and in migrant-sending countries, and a range of contextual factors such as the demographic or skills profile of a migrant-sending country and the extent to which remittances can be invested productively and profitably, play important roles in shaping the volume, nature and impact of these migration-related flows.

Migration has played a crucial role in Jamaica's development, from European settlement in the 16th century and the associated influx of African slaves to work on European-owned plantations, to the mid-20th century migration of many Jamaicans to the UK and North America. Migration continues to be an important driver of Jamaica's development — for the country as a whole and for individual Jamaican families and communities — with high volumes of emigration and large quantities of remittances dominating the picture.

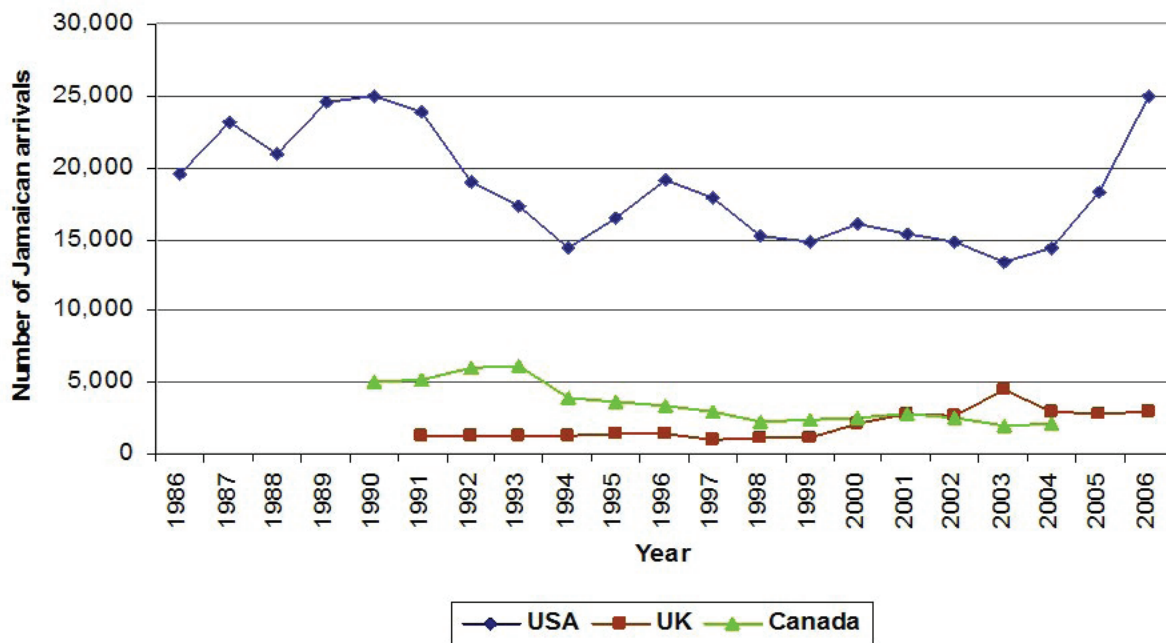
In search of opportunity: Emigration from Jamaica

Jamaica has experienced various waves of migration, as people have responded to hardships at home and opportunities abroad, leaving the island in search of better employment and higher wages. In addition to the millions of people with Jamaican ancestry, more than a million first-generation Jamaicans currently live overseas. The country's stock of emigrants, as a percentage of its total resident population of 3 million, amounts to 39% (World Bank, Migration and Remittances Factbook). This compares to emigrant stocks amounting to 28% for Trinidad and Tobago, 4% for Ghana, 7% for the UK and 0.8% for the USA. At a household level, recent research reports that 15% of households have an absent migrant and 28% a returned migrant (ippr, 2008).

Geographical patterns of migration from Jamaica have been shaped by economic opportunities, the proximity of other countries, and historical and linguistic ties. From the passing of the British Nationality Act in 1948 to the passing of the Commonwealth Immigration Act of 1962, Jamaicans — along with other Commonwealth citizens — had the right to live and work in the UK (Foner, 2005, p.133). Large numbers of Jamaicans were recruited to work in the UK, with many finding jobs in factories, hospitals, schools and the transport sector. Migration to the UK peaked in the 1960s, with North America becoming the destination of choice.

Between 1970 and 2007 approximately 828,000 Jamaicans migrated to the USA, Canada and the UK — the three top destinations — at a reasonably constant rate of around 20,000 per year (see figure 3). In recent years the USA has consolidated its position as the preferred destination, with 9 out of 10 Jamaicans who move to the USA, Canada or the UK opting for the USA (Planning Institute of Jamaica, Economic and Social Survey of Jamaica, various years). Behind the USA, Canada and the UK, a number of Caribbean nations — the Cayman Islands, Cuba, the Bahamas, and Antigua and Barbuda — attract smaller numbers of Jamaican migrants (World Bank, Migration and Remittances Factbook).

Figure 3: Jamaican migration to the US, UK and Canada

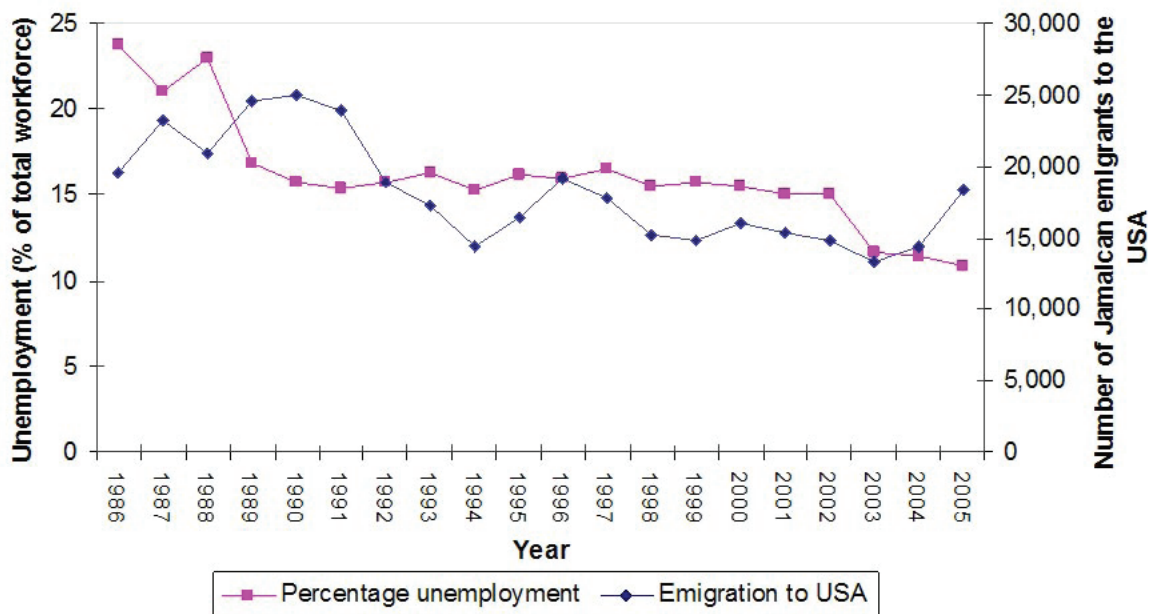


Source: Migration policy institute, MPI Data Hub.

Census data from the USA, show that Jamaican migrants tend to be young; drawn from the 20–44 age range. Overall, the data suggest that Jamaican migrants do not tend to be highly educated (US Census, 2000), but as is the case for several neighbouring Caribbean countries, college-educated Jamaicans have a particularly high propensity to migrate. World Bank data report that fully 82.5% of tertiary-educated Jamaicans move overseas. This compares to corresponding graduate migration figures of 78% for Trinidad and Tobago, 43% for Ghana, 17% for the UK and 0.5% for the USA. The fact that 569 physicians, or 16.7% of the physicians trained in the country, migrated in 2000 — compared to 0.2% of the USA's stock of physicians — provides further evidence of the rate at which Jamaica is losing its skilled personnel in one particular sector with a major bearing on health and poverty reduction (World Bank, Migration and Remittances Factbook).

Migratory flows respond to push and pull factors. For Jamaica, migratory outflows have been driven by a lack of economic opportunities at home, with emigration rates appearing to be closely correlated with unemployment rates (see figure 4). Migration is also shaped by the immigration controls that countries put in place. Historically, this can be seen in relation to the UK, Canada and the USA. As regards the UK, the volume of migration from Jamaica reduced from the 1960s, as a result of the UK's 1962 Commonwealth Immigration Act and a subsequent White Paper on immigration which limited the rights of Commonwealth citizens to move to the UK (Thomas-Hope, 2006). For Canada, legislative change in the early 1960s led to increased Jamaican migration. And for the USA, the impact of legislative change has been apparent from the restrictions placed on immigration in the early 1950s, through the Hart-Cellar immigration reforms of 1965 — the so-called "Brothers and Sisters Act" which facilitated family reunification (Foner, 2005, p.133) — to the 1990 Immigration Act with its annual limits for immigration, and to additional restrictions placed on migration to the USA post-9/11.

Figure 4: Jamaican unemployment and emigration rates



Source: World Development Indicators online; Migration policy institute, MPI Data Hub.

The introduction of points-based and selective immigration controls plays an important role in shaping not only the volume of migration but also the profile of migrants. Such controls sometimes favour highly-educated and skilled migrants but in some instances they can provide gateways for the temporary migration of low-skilled Jamaicans. For Jamaica, this can be seen in the Canadian Seasonal Agricultural Workers Program, the USA Farm Worker Program, the USA Hospitality Program and the Canadian Farm and Factory Work Program. On the other hand, the activities of recruitment agencies that visit Jamaican campuses to make lucrative job offers to students serve to increase the outward flow of highly-educated Jamaicans.

The Canadian Seasonal Agricultural Workers Program

Jamaica has been involved in the Canadian Seasonal Agricultural Workers Program for four decades. The Program is designed to meet the short-term needs of Canada’s agricultural sector and in 2004 involved approximately 8000 agricultural workers from the Caribbean. An evaluation conducted by Canada’s North-South Institute in 2004 demonstrated that Jamaica’s participation in the Program has brought major benefits in terms of employment opportunities, remittances and the acquisition of skills that the individuals involved can make use of on their return to Jamaica (Russell, 2006; North-South Institute, 2006)

Emigration and the “brain drain” of the best and brightest is widely recognised as a major challenge for Jamaica (Adams/World Bank, 2003, p.16), with the loss of teachers and health workers in particular likely to have a severe impact on the delivery of services in sectors that should be in the frontline of the fight against poverty. The World Health Organisation estimates that Jamaica has 0.85 doctors per thousand people; this compares to 2.2 and 2.3 doctors per 1000 population in the UK and the USA respectively (World Development Indicators). However, with economic opportunities in Jamaica remaining limited, and with the Government’s ability to improve working conditions or wage

rates in the public sector limited by its high levels of debt, the Government has been unable to put in place effective policies to regulate the outward flow of migrants, including doctors, nurses and teachers. A Commonwealth Code of Practice for the International Recruitment of Health Workers and a similar Protocol for the recruitment of teachers have been established, but with many Jamaicans preferring to move not to Commonwealth countries but to the USA, this initiative has little direct purchase on migration from Jamaica.

Emigration to the USA between 1970 and 2000 has had the effect of reducing the Jamaican labour force by more than 10% (Mishra/IMF, 2006). Data is lacking but it seems likely that this has resulted in lower levels of unemployment than would otherwise be the case, but also a reduction in government revenues gained through taxation. Jamaica now has an age-dependency ratio of 0.62. This compares with ratios of 0.4 for Trinidad and Tobago, 0.52 for Guyana and 0.49 for the USA (World Development Indicators), reflecting the fact that large numbers of Jamaicans of working age have left the island.

Domestically, emigration, and particularly the emigration of women who in Jamaican society tend to have the responsibility for bringing up children, has a major negative impact on family stability (Crawford-Brown, 1999). On the positive side, emigration plays an important role in establishing networks for tourism, trade and investment and expanding markets for the export of Jamaican products to North America and Europe.

Immigration, return migration and the “return of talent”

The volume of immigration to Jamaica is low, with the stock of immigrants amounting to 0.7% of the population. This compares to 2.9% for Trinidad and Tobago and 12.9% for the USA. The top five source countries for immigration are the UK, Cuba, China, the USA and India (World Bank, Migration and Remittances Factbook). Data from the Planning Institute of Jamaica suggest that return migration has declined significantly since the early 1990s.

In an effort to stimulate return migration, the Return of Talent programme, established by the International Organisation for Migration, provided salary subsidies and allowances to find highly qualified Jamaicans to fill vacant positions in the public sector for a minimum period of two years. Sixty people were recruited. A second programme, the Returning Residents Programme, is administered by the Ministry of Foreign Affairs and Foreign Trade and operates by providing potential returnees with information about employment and investment opportunities.

In recent years, as well as periodic influxes of Haitian refugees, Jamaica has also had to contend with increasing numbers of criminal deportees. These people return to Jamaica more closely linked into transnational criminal networks, with serious implications for crime and security on the island.

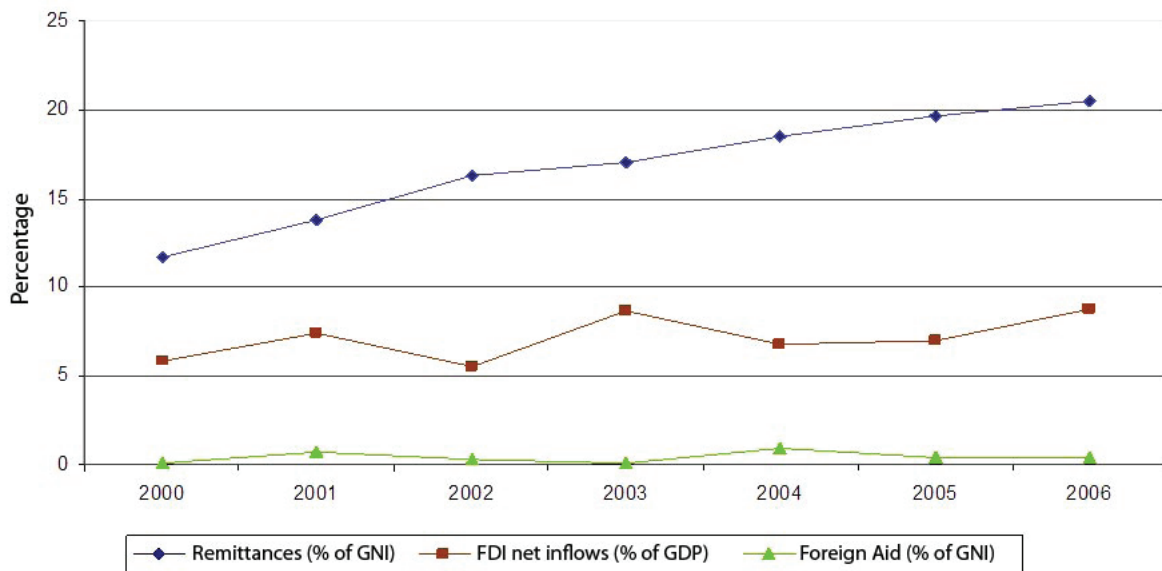
Supporting the family: Sending remittances home

When Jamaicans move abroad, they remain very much part of the extended family, keeping in touch and helping to support those who have remained on the island. Remittances are private transfers and as such cannot easily be invested in the provision of public services, but there is no doubt that they provide a hugely important flow of resources into the Jamaican economy. The volume of officially recorded remittance inflows has increased rapidly over recent years, from \$892 million in 2000 to more than \$2 billion in recent years. By 2007, officially-recorded remittances amounted to a little under 20% of the country’s entire Gross Domestic Product. This compares to 0.5% for Trinidad and Tobago, 0.8% for Ghana, 0.3% for the UK and 0.02% for the USA. (World Bank, Migration and Remittances Factbook). Remittance inflows

exceed flows of aid and of foreign direct investment by a wide margin (see figure 5), and amount to nearly 90% of the value of Jamaica's exports (UN, 2008 – Economic Survey of the Caribbean and World Bank).

In addition to remittances that are officially recorded, Jamaicans living abroad remit considerable volumes of financial remittances through informal channels as well as non-cash remittances of food, consumer goods and clothing. Remittance flows mirror the pattern of outward migration; as such, North America, and especially the USA, are the primary sources of remittances. The most recent estimates suggest that 67% of remittances come from the USA, with the UK and Canada accounting for 19% and 7% respectively (Planning Institute of Jamaica, 2006).

Figure 5: Remittances, aid, and foreign direct investment



Source: World Development Indicators; World Bank's Migration and Remittances Factbook.

The primary drivers of Jamaica's remittances are the number of Jamaicans who have been able to move overseas and find jobs that pay well enough for them to be able to send money home. As such, the volume of remittances might be expected to be particularly sensitive to economic and labour market conditions in North America. A secondary factor which might be expected to shape the volume of remittances to Jamaica — or at least the volume of remittances sent through formal channels — is the cost of sending money home. Caribbean countries stand to gain from an increasingly competitive remittance market as remittance costs remain relatively high in the region (UN, 2008, p.30). Indeed, the evidence suggests that the costs of remitting from the US have already fallen from around 10% in 2000 to less than 5% in 2008 (Orozco, 2006; World Bank, 2008b).

The elimination of foreign exchange controls in the early 1990s, carried out as part of a wider liberalisation agenda, certainly played a role in facilitating the flow of remittances. But in contrast to countries such as Mexico, Jamaica has put in place few policies to encourage the flow of remittances, for instance through establishing remittance-matching schemes. One example is however provided by the Savings Plan Initiative, which requires participants in the Canadian Seasonal Agricultural Workers Program to deposit 23% of their overseas earnings with the Jamaican Government so that they can then access them when they have completed their contracts and returned to Jamaica. This scheme is limited in scope and has been criticized (UNDP, 2008), but nevertheless it does constitute an innovative approach to maximising the benefits to Jamaica of emigration.

Remittances have a major impact on the Jamaican economy. At the macro level they constitute an important source of foreign exchange earnings that can be used to alleviate balance of payments constraints, and, by reducing the present value of external debt as compared with resource inflows may improve the country's credit rating and access to capital markets (Ratha, 2005). At a micro level, recent data suggest that Jamaica is the second-highest recipient of remittances in Latin America and the Caribbean, with remittances amounting to \$642 per person (Remittances.EU website). Around a third of families receive cash remittances on a monthly basis. Just over two-thirds of remittance flows are used for day-to-day expenditure with an additional 19% spent on health and education (Planning Institute of Jamaica, Jamaica Survey of Living Conditions, 2006). Remittance inflows also provide an important source of start-up capital for small businesses, particularly in rural areas (Chevannes and Ricketts, 1997).

While remittances are no doubt welcomed by the families that receive them, there is some evidence drawn from household surveys that suggests that increased remittance flows to Jamaica have led households to reduce their supply of labour and that this might lead to increasing wages which would reduce the competitiveness of the country's manufacturing sector (Bussolo and Medvedev, 2007). In addition, dependence on remittances does make the country as a whole, as well as families and communities, vulnerable to changing conditions in the economies and labour markets of North America in particular. This raises serious concerns about the impact of the unfolding global economic recession on Jamaica, a country that is highly dependent on the inflow of remittances. Remittances are also likely to have an uneven impact, favouring those who have family members abroad at the expense of those who do not. Indeed, with remittances used to support the costs of education, and the ability to find a well-paid job abroad dependent in large part on one's level of education, remittance inflows could set in train a cycle of continuing inequality.

Food for thought: Policy implications for Jamaica and the rest of the world

The key features of migration for Jamaica are firstly the large volume of out-migration, with the highly-educated having a particularly high propensity to migrate, and secondly the large volume of remittances. If migration is to be made to work better for poverty reduction in Jamaica, it is these issues that need to be addressed. In the long-term, economic development in Jamaica may, by providing more opportunities at home, lead to fewer people moving overseas. Development would also encourage Jamaicans living overseas to return and provide an environment in which remittances can be productively invested.

In the short-term, the Government needs to put in place policies that deal with the fact that a large proportion of Jamaica's most qualified and skilled individuals move away, taking with them the investments made in them through the Jamaican education system. Migration in search of enhanced opportunities is natural, but with a high proportion of Jamaican graduates leaving the island, the Government should — to take account of the interests of Jamaicans who do not migrate — consider carefully what proportion of its education budget to invest in tertiary education. In addition, the Government could seek to devise ways of recouping its investment in tertiary education. Specifically, the Government could consider establishing: first, a requirement for Jamaican graduates to work in Jamaica for a number of years to pay back the investment in their education; and second, an explicit policy of educating and training more graduates and professionals in areas such as teaching and healthcare than are required by the Jamaican economy so that emigration does not lead to critical shortages in key sectors.

For their part, countries such as the USA could follow the lead of the Commonwealth and consider the introduction of Codes of Conduct for the recruitment of teachers and health-workers, and could consider establishing additional schemes for the temporary migration, not only of low-skilled workers but of high-skilled workers too. In the longer term serious thought should be given to the establishment of so-called "brain taxes" whereby the countries that reap the benefits of Jamaica's education system compensate the Jamaican Government in return. In a world where

human capital crosses borders, but investments in that capital are made in particular places, including in developing countries, innovative approaches to sharing the costs and benefits of investment are surely needed.

In order to encourage the flow of remittances and return migration, the Government of Jamaica should build on its efforts to strengthen links with the diaspora to enable its members to contribute to the nation's development and, in time, to consider returning to Jamaica. The Government could also explore a number of possibilities for leveraging the value of remittances. At the macro level this might be through remittance-backed bond issues or venture capital initiatives (UN, 2008, p.30). At the micro-level, this might be through lending money to families that are able to use remittance flows as collateral, or through encouraging the investment of remittances in health and education.

Official Development Assistance and Debt

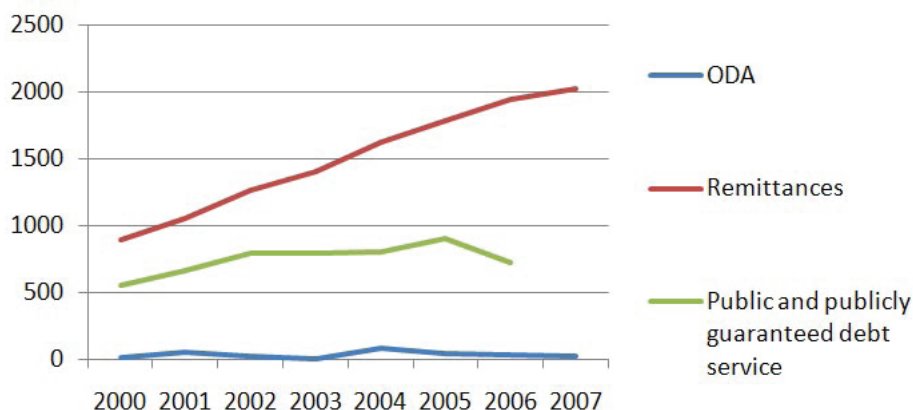
Official Development Assistance (ODA) is no longer a central source of development finance for Jamaica, although some of the investments it supports are strategic in nature and in line with what the country wants to achieve. Aid to Jamaica is likely to decline further as more donors reallocate to countries that are poorer, more vulnerable, or deemed geopolitically important. Even as aid flows have declined, Jamaica continues to face a large and draining debt burden. This is the combined result of earlier significant borrowing, external commodity price shocks, and a financial sector crisis in the mid-1990s. Low aid receipts and high debt servicing commitments, together with gaps in domestic resource mobilization, limit the ability of the government to invest in economic growth and social development.

Still on the donor map, but ODA as technical assistance rather than financial support

For some developing countries ODA represents an important source of finance that can support investment in national priorities. Since 2000, many donors have committed to increasing their aid spending — promises that have been welcomed by aid recipients. In addition to commitments on aid quantity, donors and aid recipients have also been pursuing an agenda to make aid more effective. In part this is reflected in the Paris Declaration of the OECD / DAC which seeks to align aid with nationally defined priorities, increase predictability, use country systems for procurement and public financial management, and untie aid from the purchase of goods and services from the donor country. Broader efforts to improve the quality of aid have also included calls, primarily by civil society, to reduce donor reliance on policy conditionality which can reduce national ownership and policy space.

Jamaica is classified as an upper-MIC by the World Bank. Partly because of this, the role of ODA in financing Jamaica’s development is increasingly insignificant, although it sometimes provides the vehicle for technical assistance in some sectors. Jamaica has not ranked above 82nd out of 175 countries in terms of aid receipts per capita in the last five years. Whereas remittances exceeded \$2 billion for the first time in 2007, ODA to Jamaica according to the OECD/ DAC stood at a little over \$26 million.

Figure 6: Aid to Jamaica, in contrast with remittances and debt service



Source: OECD / DAC; World Bank Remittances Factbook; World Development Indicators.

Official Development Assistance and Debt

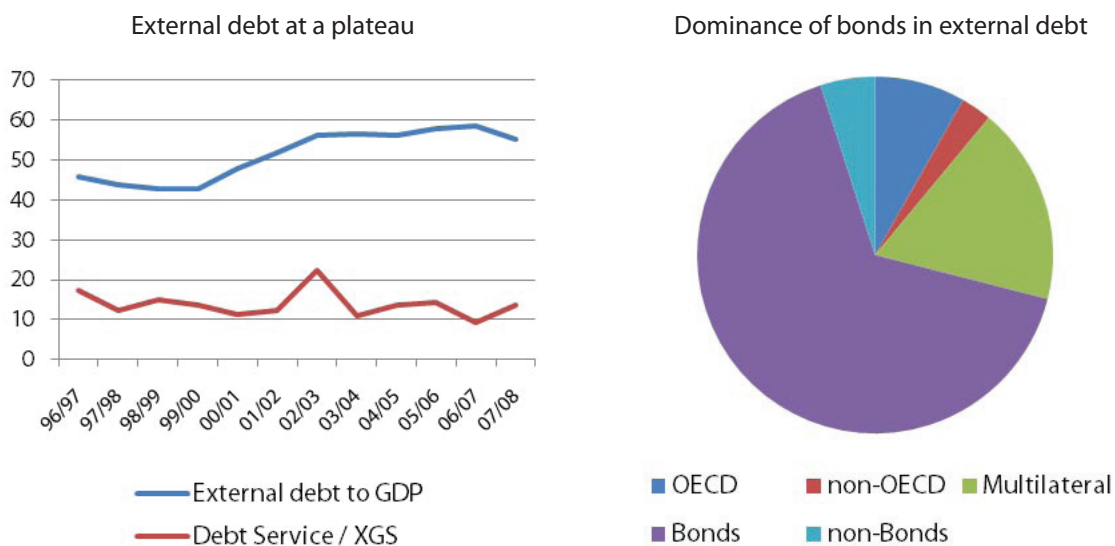
Jamaica receives most of its ODA from multilateral sources, the largest donors being the European Community, Caribbean Development Bank and the Global Fund for AIDS, TB and Malaria. Flows of bilateral ODA to Jamaica have been largest from the UK and Canada. According to the Planning Institute of Jamaica, aid has been directed to transport infrastructure, water and sanitation, agriculture, information technology, tourism and the security and justice sector.

The Government of Jamaica has stated its intention to improve the alignment of development assistance with the strategic goals and priorities identified in its Medium Term Socio-Economic Policy Framework (MTF). New funds will be allocated to addressing financial and tax reform, education, health, social protection, debt reduction, and defence and security. Within the government, the Planning Institute of Jamaica is the lead institution that initiates discussions with donors on potential programmes.

Trapped in debt

Jamaica is a heavily indebted middle income country — currently the fourth most indebted country in the world.⁸ At the end of October 2008, Jamaica's Total Public Debt stood at approximately US\$14bn — 44% of which was external debt and 56% internal debt. Jamaica's external debt has increased significantly since the mid-1990s when a financial crisis led the government to absorb onto its books the debts of some public enterprises, notably Air Jamaica and the National Water Commission. International bonds have grown to be the largest component of external debt, with the central government as the main borrower.

Figure 7: External debt



Source: Government of Jamaica, Debt Management Unit. Composition of external debt is for November 2008

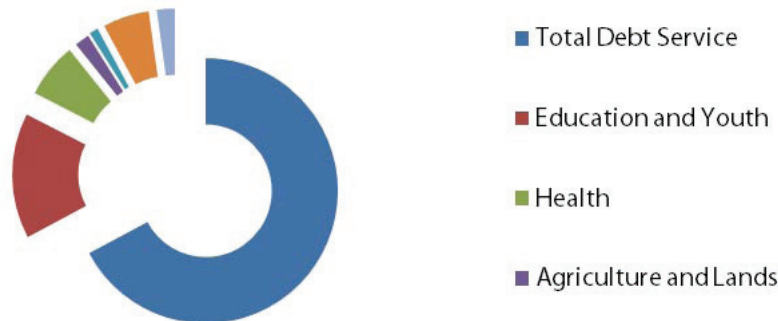
The Government of Jamaica has also come to rely heavily on domestic borrowing, the portfolio of which reflects a sophisticated array of instruments at different maturities and in different currencies. Jamaica's capacity to manage its public debt is strong. As an indicator of this, each year the Debt Management Unit in the Ministry of Finance publishes a strategy that outlines its objectives on debt structure, including maturity profiles, currency composition, risk

⁸ Measured by either debt / GDP or debt per capita.

management, and transparency. As the bilateral and multilateral shares of external debt have decreased, and domestic borrowing has grown in importance, the opportunity for Jamaica to seek assistance through external debt relief has diminished. Jamaica visited the Paris Club seven times between July 1984 and January 1993, on the last occasion accessing Houston terms,⁹ but has not been since. The United Kingdom and the Netherlands have continued to write off bilateral debt obligations since 2000/01, but overall these efforts have been small and piecemeal. As a middle income country, Jamaica is not eligible for the debt relief schemes that have been initiated to help 'poor' countries deal with their debt burdens: the 1996 Heavily Indebted Poor Countries Initiative (and its enhancement in 1999), and the Multilateral Debt Relief Initiative in 2006.

Public borrowing enables the government to plug its fiscal deficit, but the servicing requirements also represent a significant cost in terms of expenditures that could otherwise be made in infrastructure or service delivery. In 2007/08, external debt service exceeded US\$1 billion, of which US\$466 million represented interest payments. Servicing costs were even greater for domestic debt, standing at the equivalent of US\$1,951 million, half of which was interest. Combined, they accounted for over 80% of total revenue collected by the government; essentially meaning that the central government is simply borrowing to finance old loans. Total debt service was more than double the budgetary allocations in 2007/08 to the government ministries responsible for education and youth; health; agriculture; industry, technology and energy; housing, transport, water and works; and local government and the environment.¹⁰ In terms of future growth and challenges, the debt burden prevents Jamaica investing in programmes that would diversify and expand trade, and prepare it for the effects of climate change.

Figure 8: Total debt service dwarfs allocations to key government ministries



Source: Government of Jamaica, Ministry of Finance, Budget Estimates 2007/08

In March 2008, the Caribbean Policy Research Institute (CaPRI) published a report entitled: 'Taking Responsibility: Jamaica's Debt'. In addition to monitoring contingent liabilities and hedging against the risks they pose, the authors recommend that the Government should pursue a policy of growth and tax reform so that in time Jamaica can grow out of its debt. With this strategy, the financial modeling behind the paper suggests that the budget could be balanced within seven years "in the absence of policy shifts and external shocks". Nothing is plain sailing however, and in the second half of 2008 a major external shock erupted.

⁹ www.clubdeparis.org/sections/termes-de-traitement/termes-de-traitements/60-les-termes-de-houston/switchLanguage/en.

¹⁰ Both recurrent and capital expenditures. Source: Government of Jamaica, Ministry of Finance, Budget estimates 2007/08.

The financial crisis that started in a small number of industrialized countries has now become a full-blown economic crisis that threatens growth in both developed and developing countries, and poses particular challenges to Jamaica because of its debt situation. Economic growth in Jamaica, previously projected to be 2% in 2008 and 2009 by the IMF, is now expected to be flat in 2008 and only 0.5% in 2009. Remittances are expected to slow, and receipts from tourism are also at risk. The spreads on Jamaica's sovereign and corporate debt have increased, making it more expensive to roll over old loans, and foreign exchange reserves have come under pressure.

Food for thought: Policy implications for Jamaica and the rest of the world

The Government of Jamaica is already actively pursuing a strategy of minimizing risk and reducing the overall burden of its debt obligations. 'Taking responsibility' will, in the long run, be the only sustainable path. But the financial and economic crisis means that it may now take over a decade for Jamaica to grow its way out of its situation of indebtedness. Jamaica did not contribute to causing the financial crisis, yet it will continue to be buffeted on its waves. And in the meantime, high debt servicing requirements will continue to translate into lower than optimal investment in growth, jobs, and social sector investments that can promote achievement of the MDGs.

In addition to the valuable technical assistance provided by bilateral donors, and notwithstanding the fact that ODA grant resources are increasingly being directed towards countries with lower GNI per capita, Jamaica's main development partners could consider using a portion of their ODA budgets to retire some more expensive or riskier components of the country's debt profile.

The rationale for doing so, which would need to be tested through a detailed cost benefit analysis, is that an investment at this time to speed Jamaica's exit from its debt trap is likely to yield long-term benefits by freeing up government resources, supporting growth and positive feedback effects. The schedule for this retirement would need to be agreed and announced in advance to alert market participants.

Climate Change and the Environment

Jamaica's development is based in large part on its natural resources and environment. Tourists visit Jamaica primarily for its beaches and the productivity of Jamaica's agricultural sector depends on the country's climate. This makes the country particularly vulnerable to climate change and a number of other environmental challenges. Driven by unsustainable consumption practices and associated carbon emissions, primarily in the developed world, many of these challenges have an important global dimension. The challenges for Jamaica include climate change as well as the loss of biodiversity, through deforestation and coastal degradation.

Climate change

Climate change, the most global environmental issue, is set to be the biggest challenge for Jamaica. The country bears little responsibility for human-induced climate change, but as an island nation, and lacking the resources to adapt sufficiently quickly, it will bear the costs of climate change disproportionately.

Climate change will have a direct impact on Jamaica in four main ways. First, temperatures are predicted to rise by between 1°C and 1.6°C by 2050. Second, sea levels will rise, with even the most conservative predictions that take no account of likely ice-sheet melting suggesting that sea levels will rise by between 0.2 and 0.5 metres above the 1999 level — enough to cut off the causeway to Kingston's international airport — by 2090. Third, rainfall will become more variable both from year to year, and from season to season, increasing the frequency and magnitude of drought and floods. And fourth, there will be increased tropical storm activity, with more intense and possibly more frequent hurricanes (CBA Country Programme Strategy Template and Guidelines, draft strategy, 2007). In recent history, the most damaging hurricanes to hit Jamaica have been hurricane Gilbert in 1988, Ivan in 2004 and Dean in 2007.

The coastal zone is in the front-line of Jamaica's struggle to adapt to climate change. Sea-level rise is predicted to increase coastal erosion and the saline contamination of coastal aquifers, reducing fresh water sources. Higher sea-levels may also magnify the destructiveness of extreme weather events such as hurricanes while higher temperatures — air and sea surface temperatures — will also have negative impacts on coastal ecosystems and marine biodiversity (CBA Country Programme Strategy Template and Guidelines, draft strategy, 2007).

Jamaica is a signatory to the UN Framework Convention on Climate Change and has produced national communication documents that are required by the agreement. However, little progress has been made at a national level on planning for climate change, in terms of adaptation, ecosystem management or land-use regulation (Mahlung et al, 2001). Nevertheless, a number of initiatives are underway at various levels.

At a community level, Jamaica has been chosen as one of 10 pilot countries for UNDP's Community-based Adaptation projects initiative. Under this initiative, each country will support a portfolio of between 8 and 20 projects with each individual project receiving up to US \$50,000 in support from the Global Environment Facility. The budget allocated to Jamaica amounts to US \$4,525,000. Projects will be community-driven and aligned with country programme strategies on key climate change adaptation priorities. For Jamaica these concern the vulnerable coastal zone and the impact of climate change on the country's agricultural sector (Community Based Adaptation Country Programme Strategy Template and Guidelines, draft strategy; CBA website).

At the national level, the Office of Disaster Preparedness and Emergency Management (ODPEM) aims to prevent or reduce the impact of natural hazards, including hurricanes, on the country's population, natural resources and economy by identifying, reducing and mitigating risks. Of particular importance is the ODPEM-led Jamaican disaster management programme, developed to function at the levels of the community, parish and nation. Jamaican commentators suggest that OPDEM has become more effective over time, with, for instance, its response to Hurricane

Dean in 2007 more effective than its response to Hurricane Gilbert in 1988. However, an absence of regulation has meant that many people live in areas that are prone to flooding and landslides.

At the Caribbean level, the Mainstreaming Adaptation to Climate Change (MACC) project is managed by the CARICOM Secretariat with financial support from the World Bank's Global Environment Facility amounting to US\$5 million. The overall goal of the programme is to mainstream climate change adaptation strategies into the sustainable development agendas of the small islands and low-lying states of CARICOM. Also, in 2005, a research institute and policy advisory hub to CARICOM on climate change — the Caribbean Community Climate Change Centre — was established.

At the international level, Jamaica is a member of the Alliance of Small Island States (AOSIS), an ad hoc grouping of countries that share similar development challenges including vulnerability to climate change. AOSIS functions as an ad hoc lobby and negotiating voice for small island developing states within the UN system, including in relation to climate change.

Insuring against disaster

Despite some increase in the level of household disaster insurance coverage (Auffret, 2003) many low and middle-income Caribbean households tend not to insure personal property (Clarke and Wallsten, 2003), taking the view that there are other priorities. Governments have tended to take the same view, but after the devastation caused to Grenada by hurricane Ivan in 2004 a number of CARICOM countries approached the World Bank to ask for its assistance in accessing disaster insurance. The World Bank's response was to develop the Caribbean Catastrophic Risk Insurance Facility (CCRIF).

The CCRIF pools risk amongst CARICOM members that pay into the insurance scheme, guaranteeing to meet their short-term liquidity needs in the aftermath of a natural disaster so that response to and recovery from disasters can be more effective. For countries such as Jamaica that are vulnerable to natural disasters and that — in part as a result of high levels of indebtedness — are lacking in economic resilience, the facility is an important innovation in the cross-border sharing of risk. The World Bank played a key role in establishing the facility with other donors pledging additional support in 2007.

With a large proportion of Jamaica's national income generated from tourism, and with much of the country's agricultural and commercial activities taking place near to the coast, the coastal environment is vital to the success of Jamaica's economy (Singh 1991; IPCC, 2007; CRFM, 2008). The deforestation of mangroves, sand-mining, unsustainable agricultural practices and the over-extraction of ground water, amongst other contextual factors, will compound the impacts of climate change (UNDP, CBA Priorities presentation).¹¹

The major impacts of climate change on agriculture, in the coastal zone and towards Jamaica's interior, are predicted to be three-fold. First, a predicted decrease in rainfall will have severe effects on crop survival and yield, particularly as most of Jamaica's agriculture is rain-fed. Second, the increase in temperature will — as well as increasing the demand for irrigation — lead to an increase in the use of herbicides and pesticides with likely negative impacts in terms of land degradation. Third, the increase in extreme weather events will, as recent experience has demonstrated, have damaging impacts on soil stability and agriculture crop yield (CBA Country Programme Strategy Template and Guidelines, draft strategy). Beyond agriculture and food security, climate change will impact on Jamaican livelihoods by negatively affecting fisheries, tourism, infrastructure and health.

¹¹ http://sdnhq.undp.org/gef-adaptation/projects/websites/docs/_CBA_Jamaica_presentation_2007.ppt #590, 1, The UNDP/GEF Community-Based Adaptation (CBA) Programme.

Table 2: Summary of damage and losses caused by hurricanes Ivan and Dean (millions of J\$)

Sector	Hurricane Ivan (2004)	Hurricane Dean (2007)
Productive sectors (Agriculture, food processing, manufacturing, tourism etc.)	11,376	11,591
Infrastructure (Electricity, water supply, transport, telecoms)	6,988	3,520
Social sectors (Housing, education, health, public buildings)	13,685	7,055
Environment	2,561	120
Emergency expenditures	278	603
Total	36,886	22,890

Source: Planning Institute of Jamaica, Economic and Social Survey, 2005 and 2008.

In 1992, the cost of protecting Jamaica from one metre of sea level rise was estimated at US\$462 million (Mahlung et al, 2001). The damage and losses incurred as a result of Hurricane Ivan in 2004 amounted to 8% of the country's GDP. Recent estimates put the costs of climate change for Jamaica at approximately 13.9% of Jamaica's current GDP of US\$8.8 billion by the year 2025 and 27.9% by the year 2050.¹² Just as the costs of climate change are borne by those developing countries that lack the resources to adapt, so too within Jamaica, the costs will be borne disproportionately by the poor.

Biodiversity loss, deforestation and coastal degradation

Jamaica's economy is primarily founded on its rich natural resources, but in some sectors these are being unsustainably exploited. The impacts can be seen in terms of deforestation, the loss of wetlands and the pollution of water resources and the marine environment.

Approximately 30% of Jamaica's total surface cover is classified as forests, which host a variety of flora and fauna endemic to the island. Since the 1960s around two-thirds of native forests have been destroyed (Emanuel, 2004). Approximately 14 animal species and 200 plant species unique to Jamaica are classified as vulnerable to extinction. Jamaican forest cover has been exploited for the production of yam sticks, charcoal, resort and residential development, timber extraction, livestock food supply, and farm lands, with the bauxite industry the single largest source of deforestation in the island. Large-scale deforestation has resulted in soil erosion, nutrient loss, the contamination of surface water supplies and the reduction of the water retention capacity in the island's watersheds (PIOJ, 2007).

Jamaica's Forestry Policy provides a framework for conservation along with a National Forest and Conservation Plan (PIOJ, 2007). The purpose of this plan is to promote and improve the preservation and sustainable utilization of forest assets (National Environment Planning Agency, 2003). However, a lack of community awareness, the shortage of financial resources and human expertise have resulted in little or no resource conservation (PIOJ, 2007).

In the coastal zone, mangroves, wetlands and sea grass beds are being removed for coastal housing and commercial developments, with serious consequences for biodiversity. Wetlands once accounted for approximately 2% of Jamaica's total surface cover, but nearly a third of mangrove forests have been lost, leaving a mere 106 square kilometres of mangrove forests (PIOJ, 2007). The practice of draining land for agriculture has further reduced the supply

¹² The low-impact scenario damage estimates for the island for the years 2025 and 2050 are 3.4% and 6% of current GDP respectively, while the high-impact damage estimates are 17.3% for the year 2025 and 33.9% for the year 2050.

of wetland. Adding to the pressures on the coastal zone, the recreational coastal and marine water supplies are ravaged by the negative impacts from sewage, industrial and agricultural waste. Jamaica has a number of watersheds, but most are polluted from the silting of rivers, streams, reservoirs and other waterways. In Kingston, it is estimated that over 60% of available groundwater is contaminated by high levels of nitrates (Emanuel, 2004).

Efforts have been made to establish a number of policy frameworks to conserve natural resources in the coastal zone. These include: an as yet incomplete mangrove and coastal wetlands protection policy; a National Plan of Action to deal with the activities and sources of marine and coastal pollution (PIOJ, 2007); a National Beach Policy; the Jamaican Coral Reef Action Plan; a National Policy for the Conservation of Sea Grasses; and, at the CARICOM level, a Fisheries Resources Assessment and Management Programme. There is little evidence to suggest that these plans, the overarching National Biodiversity Strategy and Action Plan, or more localised frameworks to establish marine parks and protected areas, have — in the face of massive externally-driven pressures on Jamaica's environment — been effective in terms of conservation.

Food for thought: Policy implications for Jamaica and the rest of the world

The government recognises the country's dependence on natural resources and has put in place a number of strategies to encourage sustainable resource use. However it has not been able to effectively implement these strategies. If effective strategies to conserve the country's natural resources, and to adapt to climate change, are not put in place and implemented, the costs for the Jamaican economy — and particularly for the poor — will be huge. A small rise in sea-levels would have a devastating effect on Jamaica's infrastructure, including the tourist facilities that provide 31% of the country's income and 27% of its employment (World Travel and Tourism Council, 2008, Jamaica country report).

As the Planning Institute of Jamaica recognises, there is an urgent need to ensure that the Government's various pieces of legislation and policies on environmental issues are enforced. This might best be achieved through the Vision 2030 National Plan. The Government also needs to give a higher priority to preparing for and adapting to climate change, for instance through encouraging insurance coverage, through stricter building codes and land-use regulations, and through building the capacity of ODPEM for disaster preparedness and response. Finally, to make progress on addressing the challenges of a changing environment, the Government needs to continue to build public awareness, bringing individuals, communities and firms along as it seeks to improve Jamaica's response. This might include efforts to encourage the use of remittances to provide insurance for Jamaica's vulnerable communities as well as additional efforts to stimulate the growth of eco-tourism so that the vicious circle of environmentally unsustainable tourism leading to its own demise is broken.

For their part — beyond their responsibility to limit the emissions that are contributing to climate change — Development Partners have an important role to play in building the institutional capacity, at a national and Caribbean level, to plan for and respond to environmental and climate change. At this level, as at the level of the Jamaican Government, there is a need to ensure that the roles of institutions are clear, that duplication is avoided and that individual institutions have the resources needed to play their roles effectively. For a country such as Jamaica, it should be clear that environmental challenges are development challenges too; Jamaica and its Development Partners cannot wait until the country is richer before addressing its environmental challenges. With Jamaica's development in large part based on its environmental resources, if that is the option taken, the consequences will be disastrous.

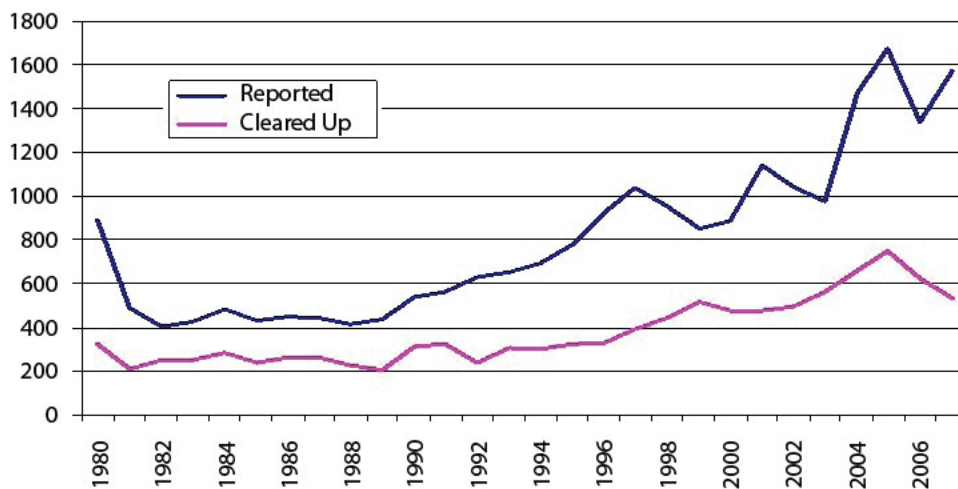
Crime, Violence, and Insecurity

Tackling crime and violence is — alongside reducing poverty — a priority for the people of Jamaica and their government. It is also an important issue for governments in the developed world seeking to control the networks of transnational crime and drug trafficking that make use of Jamaica. In this section, we outline the nature of crime and violence in Jamaica, explore its drivers and impacts in the context of Jamaica and offer a number of policy recommendations. The reader should bear in mind that reliable data on the hidden economies of crime, drug trafficking and gun running are, for understandable reasons, in short supply.

Crime and violence in Jamaica

In a recent report on crime, violence and development in the Caribbean the UN Office on Drugs and Crime (UNODC), together with the World Bank, noted that: “Crime and violence present one of the paramount challenges to development in the Caribbean” (UNODC, 2007, p.i). In Jamaica, violent crimes have risen markedly over the last two decades, fuelled in large part by the fact that Jamaica, situated between the drug-producing economies of the south and the drug-consuming economies of the north, has become a key location for drugs trafficking and associated cross-border criminal activity (UN Economic Commission for Latin America and the Caribbean, 2008, p.3).

Figure 9: Murder trends in Jamaica, 1980–2007



Source: Jamaica Economic and Social Survey 2006.

Perhaps the clearest indication of trends in crime and violence in Jamaica is provided by data on murders (see figure 9). The Economic and Social Survey of Jamaica shows that, with the exception of a fall immediately after the particularly violent 1980 elections, the number of murders in Jamaica has been on an upward trend since the early 1980s reaching a peak of approximately 1700 murders per year in 2005. Data collected by the UN estimate Jamaica’s murder rate to be between 34 and 55 per 100,000 per year. This puts the country in a top five for intentional homicide, along with South Africa, Colombia, Cote d’Ivoire and El Salvador and compares unfavourably with the UK (2 per 100,000), the US (6 per 100,000) and, in terms of Jamaica’s neighbours, Costa Rica (7 per 100,000) and Trinidad and Tobago (17 per 100,000).¹³

¹³ See www.unodc.org/documents/data-and-analysis/IHS%20rates.pdf.

Drugs, guns and people

The international trade in illegal drugs is the primary driver of crime and violence in Jamaica, with the country a key node in highly profitable global distribution networks that stretch from producers in south America to consumers in north America and Europe. It is estimated that 40% of cocaine consumed in Europe transits through the Caribbean, along with 12% of that destined for the USA (UN ECLAC, 2008, p.7). Drug trafficking drives crime in Jamaica in a number of ways: through violence related to trafficking, by normalising illegal behaviour, by diverting resources from other crime-fighting activities, by encouraging property crime by addicts to finance their habits, by contributing to the breakdown of families and the corruption of social institutions, and by increasing the availability of firearms (UNODC, 2007, p.i). The crime picture in Jamaica is not of course limited to violent crimes, nor to crimes that relate to drugs and other global issues — domestic violence, for instance, remains a major problem — but there is no doubt that global issues have played a major role in the escalation of crime and violence in recent years, with gangs accused of being responsible for as much as 80 per cent of all major crimes in Jamaica.¹⁴

As illegal drugs flow in and out of Jamaica to satisfy the demands of consumers in north America and Europe, there is a corresponding flow of firearms into Jamaica driven by the producers of weapons and their consumers in the gangs that control the drugs trade in Jamaica and beyond. In the absence of an effective international regime for the regulation of arms exports, and with lenient US controls on the export of firearms, the flow of guns into Jamaica faces little restriction.

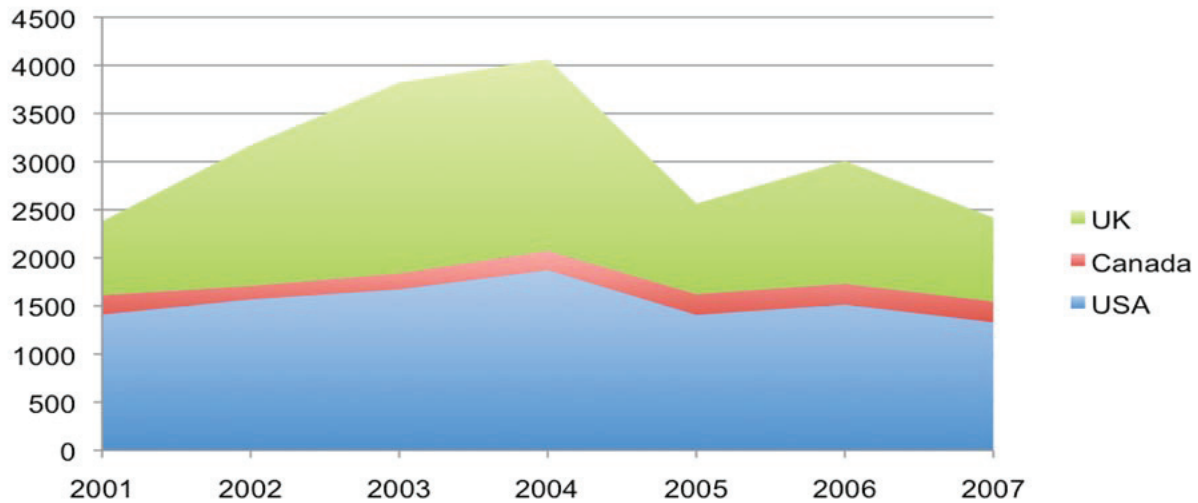
A further set of flows that contribute to crime and violence in Jamaica is that associated with migration, the movements to and from Jamaica that have been central to the island's development for centuries. In terms of outward flows, the restrictive immigration regimes put in place by developed countries push many Jamaicans, desperate to move out of poverty, into illegal migration and into the arms of transnational criminal networks.

Moving the other way, there is a strong feeling in Jamaica and in a number of Caribbean countries that the deportation of criminals from the USA, the UK and Canada has played a major role in the escalation of crime and violence (UN ECLAC, 2008, p.3). The argument is that while in the developed world, Jamaican criminals develop strong links with transnational criminal networks and adopt certain patterns of behaviour, including increased violence, and that these learned behaviours are then played out on the streets of Kingston and beyond. A period of time overseas can provide a Jamaican criminal with the contacts and skills needed to move up the organisational hierarchy. The fact that deportations are often carried out with little notice for the receiving country and no processes in place to re-integrate deportees back into society and the legal economy exacerbates the problem.

The number of criminal deportees from the USA to the Caribbean more than doubled between 1994 and 2004 as a result of changes to US policy and practice; the enactment of the Illegal Immigration Reform and Immigrant Responsibility Act and greater efforts and resources being put into deporting criminals (UNODC, 2007, pp. 84–85). A similar policy shift has been seen in the UK, resulting in a massive increase in the number of deportations. In recent years, the number of deportations from the US, the UK and Canada — the three prime destinations for Jamaican migrants — has, on an annual basis, been well in excess of 50% of Jamaica's domestic prison population (UNODC, 2007, p. 85). One might reasonably expect such an influx to lead to increased crime and violence in Jamaica.

14 Leslie, G. (2010) *Confronting the Don: The Political Economy of Gang Violence in Jamaica*. Geneva: Small Arms Survey. Available at www.smallarmssurvey.org/fileadmin/docs/B-Occasional-papers/SAS-OP26-Jamaica-gangs.pdf.

Figure 10: Deportations of criminals to Jamaica from the UK, Canada and the USA, 2001–2007



Source: *Economic and Social Survey of Jamaica 2000–2007*

Evidence suggests that the average deportee will not be involved in crime in Jamaica on his (or, on occasion, her) return but — particularly if they play a leadership role in criminal gangs and provide perverse role models — a small number of offenders can have a large impact. And, with their transnational connections and criminal experience, deportees are particularly suited to getting involved in drugs trafficking (UNODC, 2007, p.90).

Country context: Vulnerabilities and response

Jamaica is vulnerable to the flows associated with transnational crime for a number of reasons. In terms of its physical geography, its location between the drug producing and consuming regions of the world, together with its long shoreline and extensive territorial waters that are difficult to police make it an attractive location for drug trafficking. Widespread poverty and inequality and a lack of economic opportunities — along with the island's exposure to and connections with more wealthy societies — provide incentives for Jamaicans to get involved in criminal activity to boost their incomes and provide a pool of Jamaicans that are vulnerable to becoming enmeshed in existing criminal networks. The political economy of Jamaica, with a state that has lost control of some urban areas to garrisons, gangsters and widespread corruption, and an economy that is dominated by the informal sector, contribute too to an environment of vulnerability.

The Jamaican Government has, at various times, sought to put in place plans to tackle crime and violence and its transnational dimensions. The National Security Policy for Jamaica, established in 2007, aims to cohesively integrate the country's major security policies, goals, responsibilities and actions into an overall master strategy for the fulfillment of the vision of national security for Jamaica.¹⁵ The policy recognises fully the impact that transnational criminal networks have on the country, and the importance of working domestically and internationally to enhance Jamaica's security. Support for the formulation of the National Security Policy has come from international players including the USA, the UK, and Canada in the form of financial and technical assistance. The USA, the UK and Canada provide technical and

¹⁵ Available at www.cabinet.gov.jm/files/uploaded_images/nspannet.pdf.

financial support to the Government of Jamaica in its efforts to combat organised crime, with Operation Kingfish — in existence since 2004 — enjoying considerable success.

Security and safety is one of the national outcomes set out in the Vision 2030 plan being developed by the Planning Institute of Jamaica. Vision 2030 includes policies designed to address garrisons and corruption; crime and punishment; organised and transnational crime; the challenges faced by vulnerable groups; gender-based violence; and, to modernise the country's law enforcement infrastructure (Planning Institute of Jamaica, 2007). Regrettably, as is the case in many areas, Jamaica lacks the resources to implement policies effectively and as the UN Office on Drugs and Crime notes, there is a need for a stronger evidence-base to inform policy (UNODC, 2007, p.ii).

The costs of crime and violence

Crime and violence inflict widespread costs, generate a climate of fear for all citizens and diminish economic growth. The direct monetary costs of crime and violence include medical and legal costs, as well as additional spending on policing, prisons and foster care. Non-monetary costs include lower levels of well-being and satisfaction, the erosion of social capital, the inter-generational transmission of violence and higher mortality and morbidity rates (UN ECLAC, 2008 p.1).

With crime and violence having wide-ranging impacts that are felt directly and indirectly, in the short term and in the longer term, it is not easy to calculate their impact. A 2001 estimate — a conservative estimate — suggested that the total costs of crime in Jamaica amounted to J\$12.4 billion or 3.7% of GDP (UNODC, 2007, pp. 51–52). Such an estimate is broadly in line with the results of cross-country regression analysis by the United Nations Office on Drugs and Crime that suggest that if Jamaica could reduce its murder rate to that of Costa Rica, it would enjoy an increase of 5.4% in its annual growth rate (UNODC, 2007, pp. 57–59).

The diversion of government spending to tackle crime rather than address other social and economic challenges means that all Jamaicans are in effect the victims of crime. In Jamaica, a greater proportion of government spending goes on national security than on social welfare, with social welfare spending in recent years never exceeding 2.5% of GDP, with national security spending never falling below 2.5% of GDP (UN ECLAC, 2008, pp. 26–27).

The reallocation of resources to security affects the private sector too, restricting profitability and stifling potential investment. This is perhaps felt most keenly in the tourism sector where crime and violence, or the fear of crime and violence, has played its part in dampening the growth of tourism in Jamaica and increasingly focusing it in all-inclusive resorts where the tourists are reassured that the criminals can't get in, but as a result the dollars rarely make their way into the domestic economy. The absence of backward linkages from tourism into the domestic economy is just one of the ways in which crime and violence stifles the economic growth of Jamaica. Similarly, if crime is seen to pay and offer greater opportunities for personal enrichment then that can undermine individual incentives for work.

Food for thought: Policy implications for Jamaica and the rest of the world

With many of the drivers of crime in Jamaica located beyond the country's borders, and with some of the impacts of Jamaican crime also felt beyond the country itself, tackling crime and its underlying causes will require a concerted and coordinated international response. The recent report by the UN Office on Drugs and Crime outlined a series of policy recommendations. These included recommendations on: the generation and use of more reliable data; criminal justice reform; social development to prevent crime and in particular to target youth violence; deportees; drug trafficking and guns; as well as strengthened regional and international cooperation. CARICOM, with a new Management Framework for Crime and Security established in 2005, has an important role to play in this regard but will require considerable support from more developed countries (UNODC, 2007, p. xiii).

For many issues relating to crime and violence, it is clear that Jamaica will have little impact on its own. As the UN Office on Drugs and Crime put it: “Some of the factors that make the Caribbean most vulnerable to crime and violence — the drug trade and the trafficking of weapons are two important examples — require a response that transcends national and even regional boundaries” (UNODC, 2007, preface). Indeed, a number of the issues pose quite starkly — as is the case for climate change — the question of how the responsibility for addressing global challenges should be shared between countries.

On drugs, given that Jamaica is a transit country rather than a major producer or consumer of cocaine, interdiction needs to be complemented by other strategies including demand reduction in the north and eradication coupled with support for alternative livelihoods in producer countries. In Jamaica, policies should focus on limiting the availability of firearms and on providing meaningful alternatives to youth. With Jamaica, as with other Caribbean countries, having limited resources to tackle the global drugs trade, it would be reasonable to expect significant support for interdiction to come from the developed world (UNODC, 2007, p.ii).

On deportations, there is a need to improve the process so that information is shared and so that plans can be put in place to promote the re-integration of deported criminals; lessons might be learnt from the experience of the Office for the Resettlement of Deportees in St. Kitts and Nevis. Efforts should be made, both by Jamaica and by CARICOM, to persuade developed countries that financing the costs of carefully monitored deportee re-integration programmes would be a cost-effective way of supporting development as well as being in their self-interest (UNODC, 2007, p.ii and p.92). Leaving aside questions of ethics, given the porosity of borders, it is not possible, as the UN Office on Drugs and Crime puts it, for countries to simply export their crime problems south.

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Globalisation, risk and vulnerability

The current worldwide financial crisis demonstrates on a global scale something that Jamaicans have known for decades, if not centuries; that the fortunes of a country and its people can be shaped by issues and policies that are beyond its control. Globalisation has entailed a significant increase in the volume and impact of cross-border flows, including flows of money, of goods and of people. This has created unprecedented opportunities for some but for people and countries without the capacity and resources to respond effectively to these global flows it risks further impoverishment.

Jamaica is a small and poor island nation in north America's backyard. The country is highly exposed to a number of global issues that are to a very large extent beyond its control and is vulnerable to their impacts. For Jamaica, successfully riding the waves of globalisation is a major challenge. Some of the key global issues for Jamaica include trade, migration, aid and debt, climate change, and crime and violence. Forces beyond Jamaica's shores drive these issues and the flows associated with them. But their influence is mediated by the country context — including the country's policy response — and their impacts felt in terms of poverty or prosperity in families and communities across Jamaica.

Jamaica's global issues

Trade is the lifeblood of the Jamaican economy, with exports equivalent to approximately 50% of GDP. Jamaica remains reliant on primary exports — particularly alumina and bauxite — and a small number of export markets. Trade liberalisation has provided opportunities for enhanced trade but has accelerated the decline of sectors that have been reliant on preferential trade agreements, with negative impacts for employment and livelihoods in those sectors. The pattern of vulnerability to outside influences extends into tourism which now provides 31% of the country's income and 27% of the country's employment. The faltering economies in the US and Europe provide an immediate drag on tourism receipts, while in the longer term climate change threatens the country's tourism infrastructure concentrated on the coastline. Jamaica is also vulnerable to price volatility of key imports, notably food and petroleum.

Migration too leads to heightened interdependence between Jamaica and the rest of the world, bringing both opportunities — for individuals and for the economies of sending and receiving countries — and challenges. Migration is a major issue with the stock of Jamaican emigrants amounting to 39% of Jamaica's current population. The vast majority of Jamaican migrants move to the USA and fully 82.5% of Jamaican graduates and large numbers of doctors, nurses and teachers leave the island. Jamaica has been unable to stem this exodus of human capital, with migratory flows driven primarily by perceived economic opportunities overseas and shaped by developed countries' immigration regimes and the recruitment activities of employers. Perhaps more positively for Jamaica, high volumes of emigration coupled with a strong sense of family ties have led to large volumes of remittances, which now amount to around 20% of GDP. This is more than double the value of aid and foreign direct investment combined, and more than 90% of the value of Jamaica's exports. However, there are some concerns that volumes of remittances will fall sharply in the wake of the global financial crisis and a downturn in US economic activity, with major implications for the families and communities in Jamaica that have grown to rely on the funds that their relatives send home.

Aid makes a relatively minor contribution to Jamaica's resource inflows, with remittances — which flow to individuals rather than to the government — almost eight times greater than aid in 2007. Debt, however, is hugely important for Jamaica, with the country's public debt servicing commitments absorbing 80% of the government's revenues. This leaves few resources for investment in economic growth and social development. Jamaica will need to take long term domestic policy actions to grow out of its severe and restricting levels of debt, which are being

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exacerbated by the current financial and economic crisis. At the same time, industrialized countries, who had otherwise committed to dealing “comprehensively with the debt problems of developing countries”, have excluded Jamaica from large-scale debt relief programmes such as HIPC and MDRI. The ability to maintain debt sustainability does not follow a simplistic split between low and middle-income countries, and greater flexibility should be shown in debt relief initiatives.

Climate change — perhaps the most global of issues — will hit Jamaica hard, through increases in temperature, sea-level rise, increased variability of rainfall and, as seems likely, more frequent and possibly more extreme hurricanes. Combined with the ongoing loss of bio-diversity, deforestation and coastal degradation this will place Jamaica’s natural environment severe stress, with knock-on effects for tourism, agriculture and food security. Estimates suggest that unless major investments are made in adaptation, the costs of climate change could amount to 14% of GDP by 2015 and 30% of GDP by 2050. More graphically, a small rise in sea levels would cause major damage to the country’s infrastructure including much of the infrastructure — the ports, airports and the tourist resorts — that links Jamaica to the rest of the world.

Recent years have seen a rapid rise in violent crime in Jamaica, with the country in the top five countries for intentional homicide. Violent crime is linked to cross-border flows of drugs, guns and illegal earnings. The major markets for drugs are in north America and Europe, but the country’s location, along with poverty-related corruption and the involvement of some Jamaicans have made Jamaica an important trans-shipment point for drugs, guns and money. Jamaica bears the brunt too of weak regimes for regulating arms exports and deportation policies and procedures that seek to pass the burden of dealing with the problem to a country that lacks the resources to do so effectively. Similarly with flows of guns; Jamaica does not produce the weapons but finds itself embroiled in networks of violence and gun-running that are beyond its control. Crime and violence diverts scarce resources away from social spending and investment and costs around 4% of GDP every year. It is estimated that if Jamaica were able to reduce its murder rate to that of Costa Rica, it would enjoy an increase of 5.4% in its annual growth rate.

Connections and capacity to respond

Jamaica’s global issues play out ‘in the round’ within its unique context. Therefore, efforts to respond effectively to the challenges and opportunities that the global issues present — whether these efforts are made by the Jamaican government or by its development partners — need to take account of these inter-connections. Indeed, it may be that treating the issues in the round will generate innovative ideas about how best to respond to the challenges and opportunities. This perhaps is what policy coherence for development means for policy-makers in the developing world.

As regards trade, migration has led to the growth of new export markets for Jamaican goods, while high levels of debt have hindered Jamaica’s ability to invest in its capacity to trade. For tourism in particular, climate change and the fear of crime and violence constitute major challenges. As regards migration, fiscal pressures due in large part to debt servicing costs have made it impossible for the government to stem the loss of human capital from schools and hospitals by raising salaries or improving working conditions, while insecurity and a lack of employment opportunities have also contributed to migratory flows. As regards climate change and environmental degradation, Jamaica finds itself subject to something of a vicious cycle with tourism dependent on an attractive natural environment but much tourism having a negative impact on the quality of the natural environment and wider climate change issues threatening that environment too. As regards crime and violence, migration — particularly illegal migration that makes people vulnerable to organized crime networks — can ultimately lead to deportations, with some evidence that this can further heighten criminality and violence.

The impacts that global issues have on a country depend in part on the ability and capacity of the country and its people to take advantage of opportunities and to deal with any downsides. The Jamaican case study illustrates

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that successive Jamaican governments have failed to adequately respond to the challenges that globalization brings and not capitalized on its opportunities. In many instances this has been because of a lack of capacity at many levels: financial, institutional and skills. In some cases this has arguably been due to a lack of willingness to tackle politically difficult and sensitive issues.

On trade, the importance of diversification has been clear for many years, but the country has been slow to diversify and to adapt to an evolving environment and the loss of preferential trading agreements. On migration, the country has been unable to stem the outflow of migrants and — in contrast to some other developing countries has failed to put in place policies and initiatives to strengthen links with the diaspora, to encourage the flow of remittances and to maximize their benefits. On debt, Jamaica is beginning to take responsibility for dealing with the issue, but effectively working its way out of debt will take at least ten years. This places major constraints on the ability of the government to make investments in the country's capacity to respond to other global issues. On climate change and environmental degradation, a number of policies have been established but as in other areas implementation and enforcement has been poor. On climate change in particular this risks disaster. The country cannot afford to wait until it is richer; unless major investments are made in adaptation now, with the support of development partners, it will be too late. On crime and violence, policies have been established, but again — with some exceptions — there has been little implementation.

Building a global partnership for development from the bottom up

Developing countries such as Jamaica lack the capacity to respond effectively to the challenges and opportunities that globalisation brings. Rather than riding the waves of globalisation, there is a risk that Jamaica will be over-whelmed by changes to international trade regimes, by the loss of scarce human capital, by its debt burden, by climate change and by transnational criminal networks; all issues over which Jamaica has little control. Building a global partnership for development requires that developed countries take account of the impact that their policies have on developing countries, and that they work with governments and others in developing countries to help to build their capacity to respond effectively to globalisation and the challenges of development. In the language of climate change negotiations this is about burden-sharing, but also benefit-sharing, through capacity development. Aid, in this scenario, should be used to help to build the institutional capacity to enable the country to engage effectively with global issues, maximizing the benefits and minimizing the costs, extending the idea of "aid for trade" to a range of other issues.

For Jamaica, some steps have been taken towards building a global partnership for development, at national, regional and on occasion at global levels, but much remains to be done. On trade, Jamaica's hand is strengthened somewhat by its participation in CARICOM and the Regional Negotiating Machinery but the country is yet to make real progress with diversifying its manufacturing sector. Jamaica will require additional assistance from the international community if it is to take advantage of the opportunities that liberalisation brings and adjust to the loss of preferential trade agreements. On migration, there is considerable scope for Jamaica to put in place innovative approaches to strengthening links with the diaspora and to harnessing and leveraging the value of remittances and other diaspora resources (such as entrepreneurship and investment). In the medium term, Jamaica may wish to explore whether temporary migration schemes have the potential to contribute to their development goals, and they could also reconsider the extent of government subsidies for tertiary education for soon-departing migrants — including whether it can incentivize both migrants and receiving countries to share more fully in the cost of education. On aid and debt, Jamaica currently has little option but to take responsibility for its debt through tax reform and growth. Development partners for their part might consider whether extending debt relief to Jamaica would yield long-term benefits. On climate change, adaptation is key and is something that will require regional initiatives through CARICOM, the support of Development Partners — for instance through schemes such as the Caribbean Catastrophic Risk Insurance Facility — and reductions in emissions on a global scale. Finally, on crime and violence, Jamaica needs to work better with its

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neighbours to improve deportation procedures, to stem the flow of guns, and to challenge the power of transnational organized crime. Developed countries have a shared interest in helping Jamaica to tackle organized crime; given the porosity of borders problems of crime cannot simply be exported away.

The country-level perspective taken in this report provides useful information about how global issues play out in the context of Jamaica and a bottom-up Jamaica-specific perspective on building a global partnership for development. With the active support of development partners, such perspectives can — particularly through cross-country learning — play an important role in generating locally-owned policy responses that take full account of a country's context, needs and priorities and therefore have a greater chance of being implemented effectively and sustainably. This will be essential if countries such as Jamaica are to ride the waves of globalization successfully.

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