

10 REDUCED INEQUALITIES



GOAL 10

Reduce inequalities within and among countries

Context

Reducing inequalities is an imperative in creating just and inclusive societies. SDG 10 calls for a reduction in inequalities by 2030, recognizing rough interlinkages across various development outcomes and differentials in education, health, housing and social protection, as well as access to justice and information. The ethos of the SDGs is to leave no one behind and requires recognition of the structural issues that create and perpetuate inequalities, and action to address the vulnerabilities faced by particular populations. Improving access to services and the means to create and sustain livelihoods and ensure quality of life for all citizens has been a priority of the GoJ through efforts to promote inclusive growth and through its social protection and poverty reduction policies and programmes that target the most vulnerable in society.

The review for the period 2018-2022 summarizes key achievements, issues and challenges concerning inequality.



FIGURE 58 HIGHLIGHTS, REDUCED INEQUALITIES (2018-2022)

Discussion

Target 10. 1 By 2030 progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

Jamaica uses a consumption-based¹⁰⁶ Gini coefficient¹⁰⁷ to measure inequality. It is calculated from the consumption expenditure data collected through the JSLC, an annual household survey. This monetary measure allows the categorization of the population into poorest to richest quintiles and deciles for comparison and analysis. In 2019,¹⁰⁸ some 50.6 per cent of national consumption expenditure was expended by individuals in the richest 20.0 per cent of the population compared with 5.2 per cent by those belonging to the poorest 20.0 per cent. Moreover, the richest 10.0 per cent of individuals registered an average consumption expenditure of almost 11 times that of the poorest 10.0 per cent. In 2019, Jamaica registered a Gini coefficient of 0.3671, a decline from 0.3782 in 2017.¹⁰⁹

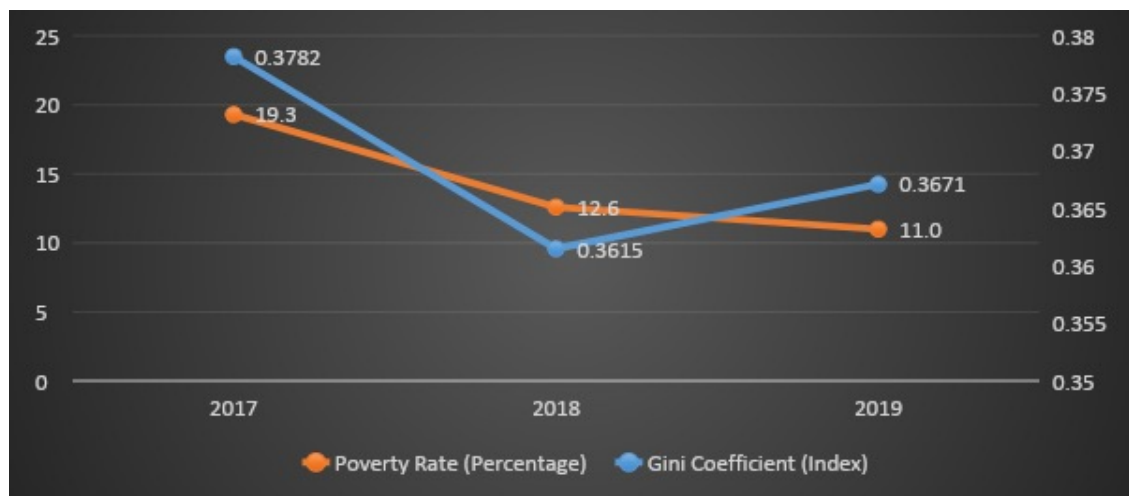


FIGURE 59 POVERTY RATE AND GINI COEFFICIENT, JAMAICA (2017–2019)
SOURCE: Jamaica Survey of Living Conditions

The reduction in the poverty rate and the Gini coefficient between 2017 and 2019 can be partly attributed to favourable economic conditions (Figure 59). In 2019, the Jamaican economy continued to show improvements evidenced by the 0.9 per cent growth in the country's real gross domestic product (GDP). This performance was supported by continued stability in the macroeconomic environment.¹¹⁰

106 Consumption data is used as a proxy for income.

107 The Gini provides a summary statistic for inequality, ranging from 0 (for perfect equality) to 1 (for perfect inequality).

108 Most recent data available.

109 Data for prior years are being revised due to updates in the survey methodology of the Jamaica Survey of Living Conditions, so no analysis is given for years prior to 2017.

110 Planning Institute of Jamaica. 2021. Economic & Social Survey Jamaica 2019. Kingston: PIOJ

Notably, though Jamaica experienced GDP/economic growth in 2018 and 2019, the Gini coefficient did not decline over the period.¹¹¹ This implies that while there has been some progress through taxation and social assistance measures, increasing the spending capacities of the poorest has not yet been adequately addressed. Nevertheless, the utilisation of the multidimensional poverty index¹¹² to create a more comprehensive picture of the deprivations faced by the vulnerable population will provide data to inform the design of more adequate human and social development interventions that are targeted to reducing the levels of inequalities. Experts from the Oxford Poverty and Human Development Initiative (OPHI) have been engaged to provide technical assistance to develop this index for Jamaica and the team expects the task to be completed by the end of 2022.

The containment measures associated with the COVID-19 pandemic contributed to sharp reductions in output due to the contractions in supply and demand and the increased joblessness associated with the temporary closure of some businesses. This has resulted in deepening existing inequalities, hitting the poorest and most vulnerable communities hardest as they lacked the resources and tools to cope with the economic downturn.¹¹³ Jamaica's response included a multi-billion-dollar economic response and direct cash transfers to the most vulnerable. Through the COVID Allocation of Resources for Employees (CARE) Programme—a temporary cash transfer programme—the government sought to cushion the economic impact of the pandemic on individuals and businesses. The programme included 10 components and is targeted toward the poor and vulnerable in the society, the unemployed, the informally employed and the elderly.

Target 10.2 By 2030, empower and promote the social, economic, and political inclusion of all

Within the framework of the Vision 2030 Jamaica—National Development Plan and the country's ongoing commitment to achieving the SDGs, efforts were focused on expanding social inclusion and improving the delivery of social services to vulnerable groups in the area of social development, social protection and culture. Programmatic and policy responses were implemented in response to addressing the immediate socio-economic impact of the pandemic. The social protection landscape benefited from the support of IDPs in the areas of infrastructure and capacity improvements. The care and protection of the nation's children remained a priority, evidenced by the full implementation of plans and programmes addressing the developmental needs of children. Programmes targeted youth were aimed at improving access to training and certification, job placement and volunteerism.

Economic and social inclusion of persons with disabilities were advanced through legislative and policy frameworks,¹¹⁴ which sought to remove the barriers to inclusion for persons living with disabilities¹¹⁵ and strengthening service delivery, in areas such as economic empowerment and welfare. In 2020, the JCPD partnered with institutions to finalize two Codes of Practice¹¹⁶ to support the implementation and monitoring of the Disabilities Act. The Disabilities Act, though passed in 2014 to make provisions to safeguard and enhance the welfare of persons with disabilities in Jamaica, came into effect on February 14, 2022, as part of a legislative framework that is aimed at improving the wellbeing of

111 The change between 2018 and 2019 was not statistically significant.

112 The multidimensional poverty index is a measure that considers a number of deprivations and is designed to address the heterogeneous nature of poverty.

113 Planning Institute of Jamaica. 2020. Post Disaster Needs Assessment of the Impact of COVID-19 on Jamaica: Draft Phase 1 Report (March to June 2020). Kingston, Jamaica

114 Planning Institute of Jamaica. Economic & Social Survey Jamaica 2020. Kingston: PIOJ, 2021.

115 Please see section on Goal 1 for an extensive write up about persons living with disabilities in Jamaica.

116 Planning Institute of Jamaica. Economic & Social Survey Jamaica 2020. Kingston: PIOJ, 2021.

persons living with disabilities.¹¹⁷ The legislation will protect and promote equal rights for persons with disabilities and prohibits discrimination.¹¹⁸ To date, work has been completed on three Codes of Practice—namely, Education and Training, Healthcare and Employment—with another initiated in October 2021 on Public Transportation. The supportive legislation will impact the lives and social and economic prospects of persons living with disabilities. Although advances have been made, there is still work to be done to address the issues faced by children and youth with disabilities and to expand the opportunities for education and training as well as meaningful employment. Social inclusion through communication, such as sign language, has improved in public media but is not mainstreamed in the local sphere. Throughout the COVID-19 pandemic, PWDs received assistance from the JCPD who partnered with other entities and the private sector to deliver services to PWDs. Public education messages on how to support PWDs were crafted and disseminated. However, the COVID-19 experience has highlighted that many persons with disabilities are not registered with the JCPD, and are unbanked as well.

Target 10.3 Adopt policies especially fiscal, wage and social protection policies and progressively achieve greater equality

Measures aimed at reducing income inequality through wage and social protection policies were undertaken by the GOJ. As an important strategic goal under the government's 'Partnership for Economic Growth' and an integral part of the overall reform, to further shift from a system of direct taxation of personal income and a move toward indirect taxation, the government introduced a revised personal income tax threshold. The income tax thresholds for all Pay as You Earn (PAYE) workers were increased from \$592 800.00 to \$1.5 million dollars in 2016. This new threshold was implemented in two phases:¹¹⁹

- Phase 1: threshold moved to \$1 000 272.00 effective July 1, 2016
- Phase 2: threshold moved to \$1.5 million effective April 1, 2017.

The revised threshold led to increases in the levels of disposable income for over 400 000 Jamaicans, who are in the lower-income bracket to be exempted from paying PAYE taxes, leading to greater purchasing capacities.

Social protection covers a wide range of policies and programmes that are aimed at reducing the lifelong consequences of poverty and social exclusion. In Jamaica, the MLSS through policies and programmes offer various forms of assistance to the most vulnerable. The PATH, introduced island-wide in 2002, is a conditional cash transfer programme that provides cash grants to the most needy and vulnerable in society from five broad categories:

- Children: from birth to completion of secondary education
- Elderly: 60 years and over, not in receipt of a pension
- Persons with Disabilities
- Pregnant and Lactating Women
- Poor Adults 18–59 years.

117 Retrieved from: <https://jis.gov.jm/disabilities-act-to-take-effect-february-14-2022/>

118 Retrieved from: <https://jcpdja.com/the-disabilities-act>

119 //efaidnbmnnnibpcajpcgclefindmkaj/viewer.html? pdfurl=https%3A%2F%2Fjis.gov.jm%2Fmedia%2FBulletin-May-16-2016-1.pdf&clen=4900295&chunk=true

PATH has four main objectives:¹²⁰

- to alleviate poverty by increasing the value of transfers to the poor
- to increase educational attainment and improve health outcomes of the poor by breaking the intergenerational cycle of poverty
- to reduce child labour, by requiring children to have minimum attendance in school
- to prevent families from falling further into poverty in the event of an adverse shock.

In addition, the recently announced increase in the country's minimum wage that will take effect on April 1, 2022, will see the rate moving from \$7 000 to \$9 000 per 40-hour work and for industrial security guards, an increase from \$9 700 to \$10 500 per 40-hour workweek. The increase in the minimum wage was based on the recommendations from the National Minimum Wage Advisory Commission.

Target 10.6 Ensure enhanced representation and voice for developing countries in decision-making in global institutions

Jamaica participates at the Global level in dialogue on major global issues through representation on in areas such as financing, climate change, sustainable use of marine resources, *inter alia*. In its role as Co-Chair alongside Canada, Jamaica has been instrumental in maintaining the global focus on the importance of financing for development broadly, ensuring that adequate, responsive financing is available to address the many priorities of UN Member States in their efforts to achieve the SDGs. A cross-sectoral and multidisciplinary approach has been taken to isolate and examine many of the issues affecting states and determine a menu of viable options to address these challenges and accelerate Member States' recovery.

Jamaica, therefore, continues to place a high priority on the ongoing work under the Financing for Development Initiative in the Era of COVID-19 and beyond, for which the Jamaican Prime Minister is one of the co-convenors. Jamaica continues to promote policy options that will greatly assist the international community to take the decisive actions needed to shape the COVID-19 response and recovery, in particular for Small Island Developing States (SIDs) and Middle-Income Countries (MICs).

Jamaica is also a member of the Like-minded Group of Countries Supporters of MICs at the UN in New York, which also advocates the issues of access to financing for MICs on criteria other than GDP.

Target 10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of managed migration policies

The National Policy and Plan of Action on International Migration and Development was approved by the Cabinet and tabled in Parliament in 2018. Through this policy, Jamaica seeks to ensure the safe, orderly and regular migration in and out of Jamaica, and better integrate migration policy into the broader framework of development policies. The policy also respects the right to freedom of movement and is grounded in a set of guiding principles which form the basis for mainstreaming and implementing the policy actions. These principles are

120 <https://efaidnbmnnnibpcjpcglclefindmkaj/viewer.html?pdfurl=https%3A%2F%2Fcdn.odi.org%2Fmedia%2Fdocuments%2F1694.pdf&clen=678341&chunk=true>

1. Respect for Human Rights
2. Fairness and Equity for Migrants
3. Mutual Benefits for Migrants, Countries of Origin
4. Partnership and Inclusion Policies
5. Public Awareness and Sensitization
6. Knowledge, Data and Information Sharing

Additionally, the 2030 Agenda for Sustainable Development enforces the importance of Jamaica's IMD Policy and recognizes migration as a critical development driver which impacts the economic, social and environmental pillars of development.

Work continued with the implementation of the National IMD Policy to ensure that international migration contributes positively to national development goals and enhances the well-being of migrants; several concrete steps have been taken. These steps are centred on direct and cross-cutting connections to:

- Migration engagements and governance
- Human trafficking and exploitation
- Labour migration and employment
- Remittances
- Migration data and information systems.

Target 10.B Encourage official development assistance and financial flows to where the need is greatest¹²¹

ODA is provided by IDPs in the form of new and ongoing projects and programmes to assist Jamaica to reach its development goals.¹²² This assistance supported the implementation of the country's medium-term strategic priorities. For the government's response to the COVID-19 pandemic, a total of US\$18.6 million (\$2.7 billion) in grant resources were provided, of which US\$17.3 million (\$2.5 billion) was new resources while US\$1.3 million (\$186.3 million) was reprogrammed funds under on-going projects. These grant resources were concentrated in the areas of Health, Governance, Social Protection, Education and Research, as well as Agriculture.

Target 10.C By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5.0 per cent

Remittances received account for approximately 14.0 per cent of Jamaica's gross domestic product, larger than foreign direct investments and are more than two times the value of ODA¹²³ Remittances serve to foster poverty reduction,

121 See write-up on Goal 17

122 Planning Institute of Jamaica. Economic & Social Survey Jamaica 2020. Kingston: PIOJ, 2021.

123 International Organization for Migration. Migration in Jamaica: A Country Profile. 2018.

increase productivity and investments, promote economic development, augment national savings, and ease foreign exchange constraints within the migrants' country of origin.¹²⁴

With high levels of emigration, the risk of losing critical skills within a country is significant. However, these emigrants tend to send their earnings to their country of origin, thus creating a source of foreign exchange. In 2019, remittance inflows in Jamaica rose to US\$2 405.6 million compared with US\$2 345.8 million in 2018—an increase of US\$59.8 million.¹²⁵ The provisional remittance inflows for 2020 and 2021 stood at US\$2 905.0 million and US\$3 497.1 million, respectively.¹²⁶ With the onset of the pandemic, remittance inflows have been increasing in Jamaica which may be a result of responding to the needs resulting from the fallout of the pandemic (Figure 60).

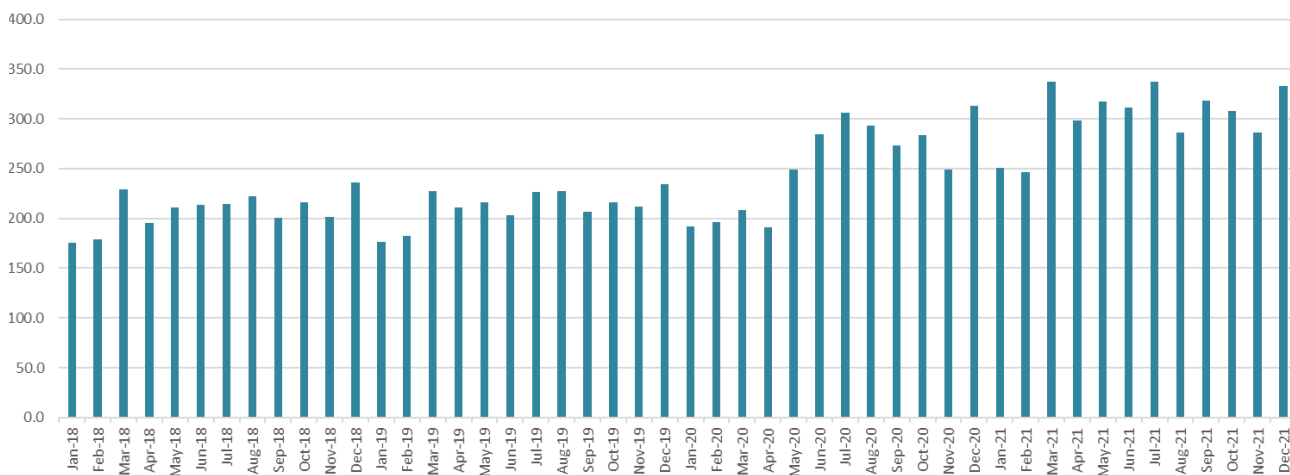


FIGURE 60 MONTHLY REMITTANCE INFLOWS IN USD MILLIONS (2018–2021)
SOURCE: BANK OF JAMAICA

Sending remittances attracts fees and reducing the cost of transfers and increasing the speed and efficiency can optimize remittance flows. It is also recognized that the reality of a large Diaspora population in global markets, with a ready appetite and affinity for Jamaican culture, products and services offers a ready market for Jamaican businesses and entrepreneurs. Diaspora capital markets can contribute significantly to national development by mobilizing savings for investments and providing long-term alternatives to facilitate wealth creation. The average total cost in percentage terms over the third quarter of 2021 for a US\$200, CA\$200 and UK£120, the largest sources of remittances to Jamaica, was 7.9 per cent, 6.3 per cent and 5.5 per cent, respectively.^{127,128} This is currently above the global UN target of 3.0 per cent by 2030 for all major currencies. However, the remittance costs for the UK and Canada reached three-year lows of 7.3 per cent and 6.9 per cent in 2020, respectively (Figure 61).

124 International Organization for Migration. Migration in Jamaica: A Country Profile, 2018.

125 http://www.boj.org.jm/uploads/pdf/rem_updates/rem_updates_jan2021.pdf

126 https://e2gobqetsqs.exactdn.com/wp-content/uploads/2022/02/Remittance-Bulletin-December-2021_Update.pdf

127 <https://remittanceprices.worldbank.org/en/corridor>

128 Data for the fourth quarter of 2021 was not available at the time of writing.

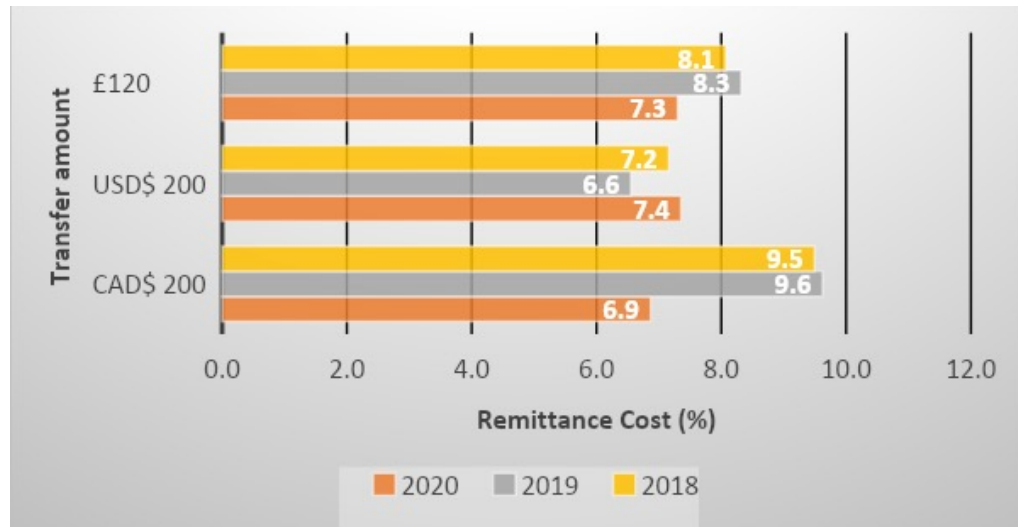


FIGURE 61 REMITTANCE COST (%) (2018–2020)
SOURCE: WORLD BANK

Lessons Learnt

1. Despite efforts to reach the poorest of the poor, it is important to recognize address the systemic issues and barriers (lack of access to basic social amenities, access to the internet and education in general, crime and violence and its psychosocial impact) to improving well-being of the most vulnerable.
2. There is need for timely, disaggregated data to inform targeted responses to the needs of the most vulnerable.