

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

JAMAICA

INTEGRATED SUPPORT TO JAMAICA SOCIAL PROTECTION STRATEGY

(JA-L1053)

PROJECT PROFILE

The project team consisting of prepared this document: Pablo Ibarraran (SCL/SPH); Donna Harris (SPH/CJA); Clara Alemann (SCL/SPH); Florencia Lopez-Boo (SCL/SPH); Graham Williams (FMP/CJA); Janet Quarrie (CCB/CJA); Javier Jimenez (LEG/SGO); and Martha Guerra (SCL/SPH).

PROJECT PROFILE

JAMAICA

I. BASIC DATA

Project Name:	Integrated Support to Jamaica Social Protection Strategy		
Project Number:	JA-L1053		
Project Team:	Pablo Ibarraran (SCL/SPH); Donna Harris (SPH/CJA); Clara Alemann (SCL/SPH); Florencia Lopez-Boo (SCL/SPH); Graham Williams (FMP/CJA); Janet Quarrie (CCB/CJA); Javier Jimenez (LEG/SGO); and Martha Guerra (SCL/SPH).		
Borrower:	Jamaica		
Executing Agency:	Ministry of Labour and Social Security (MLSS)		
Financial Plan:	IDB OC ¹ :	US\$25,000,000	
	Total:	US\$25,000,000	
Safeguards:	Policies triggered:	N/A	
	Classification:	C	

II. GENERAL JUSTIFICATION AND OBJECTIVES

A. Justification

- 2.1 **Macroeconomic Conditions.** The Jamaican economy has made major strides since 2013, as it has performed strongly under the International Monetary Fund (IMF) supported Extended Fund Facility (EFF). As of June 2015, Jamaica passed eight reviews successfully showing that the program is on track and policy implementation remains strong.² The country is making progress in correcting its macroeconomic fundamentals as prerequisite to break the high-debt low-growth trap. Jamaica's outlook continues to improve despite ongoing challenges, including a drought in 2014 that slowed economic growth to 0.4% in FY2014/15. However, the potential for sustained low oil prices, a strong recovery in main trading partners and improved investor and consumer confidence the outlook is positive and economic growth is expected at 2.1% for FY2015/16.
- 2.2 **Poverty Trends.** The reduction in poverty from 19.7% in 2002 to 9.9% in 2007 has been eroded by exogenous shocks, macroeconomic instability, and the poor economic performance of the last several years. According to the 2012 Survey of Living Conditions (SLC), overall poverty reached 19.9%. Between 2007 and 2014 unemployment increased from 9.9% to an average of 13.8%, with the perspective that it will decline only slowly as the economic recovery accelerates.³ Youth unemployment is pervasively high, reaching 33% among the 20-24 age group. The necessary and successful fiscal consolidation adversely affects the poorest Jamaicans, who face significant challenges in terms of consumption and

¹ Resources with be sought to finance additional US\$25 million with funds administered by the IDB.

² IMF Country Report No. 15/95, <http://www.imf.org/external/pubs/ft/scr/2015/cr1595.pdf>

³ Unemployment figures are from <http://statinja.gov.jm/LabourForce/NewLFS.aspx>

accumulation of human capital, which is necessary for them to access the jobs that should be created under the recovery. Although low by regional standards (2012 Gini is 0.38 vs 0.51 for Latin America), inequality is high when comparing across per capita consumption quintiles.

- 2.3 **Demographics and Health.** Poor households are larger (4.5 persons vs 2.1 in Q1⁴ and Q5), have larger dependency ratios (1.7 children in Q1 vs 0.3 in Q5) and more likely to be headed by females (54% in Q1 vs 37% in Q5). Also, female headed households are larger, even within Q1 (5.0 vs 3.9 for male-headed households). They have more children and seniors, increasing the need for care. In terms of health, Jamaica is facing an increase in risk factors for prevalence of chronic diseases. Also, vaccination rates are consistently lower for Q1 (for example, the vaccination rate against Hepatitis B is 69.2% in Q1 vs 87.5% in Q5).
- 2.4 **Early Childhood.** Jamaica has one of the highest attendances for children 3-5 years, and it is a regional pioneer regarding the development of a comprehensive framework for the implementation and monitoring of early childhood development (ECD) interventions for children 0-8.⁵ Also, the SLC provides uniquely rich data on ECD. In Jamaica less than 40% of children live with both birth parents and in Q1 42.6% had no father figure at home (vs 34.6% in Q5). In terms of adults engaging with children in developmentally appropriate activities, the share of children that had stories told to them were 50.8% vs 72.0% in Q1 and Q5, and in the case of counting or naming things the figures were 41.9% vs 73.8%. About 18% of children 0-3 had toys that helped them identify colors, shapes and sizes in Q1, vs 67.4% in Q5. Self-reported parenting practices show excessive use of corporal and psychologically aggressive methods in general. Based on the body of evidence regarding the importance of the first years, proper stimulation and reducing maltreatment of children are areas to be included in the parenting programs.⁶
- 2.5 **Education.** Jamaica has achieved universal coverage (more than 99%) for all children ages 3-14. However, gaps between Q1 and Q5 arise at age 15-16 (90.3% vs 98.5%) and by 17-18 and 19-24 the gaps are substantial (37.3% vs 74.1% and 4.3% vs 32.3%). Attendance is also lower in Q1 (80% vs 95% in Q5 for attending 17 or more of the last 20 days), as is the case of having all the required textbooks (48.1% vs 84.9%). Non-attendance of Q1 was due to money problems in 60% of the cases, vs 13.1% in Q5. Also, 88.8% of the prime working age population (25-59) in Q1 lacked any certification, vs 58.4% in Q5. Given the relationship between educational achievement and labor earnings,⁷ children from poor households are on average at a disadvantage when joining the labor market.

⁴ Q1 refers to the first quintile of individuals (defined by per capita household consumption). As poverty rate is close to 20%, Q1 and poverty are used equivalently. The source for this section is the 2012 SLC.

⁵ The entity in charge of regulating all ECD interventions against very clear quality standards is the Early Childhood Commission (ECC) that has been in place since 2003.

⁶ Walker et al., 2001 provide evidence on the importance of the early years. The results of the parenting pilot funded with RGT1894 could help design interventions (at health centers and with home visits).

⁷ The returns of an additional year of education based on a simple Mincer equation are around 7%.

- 2.6 **Social Safety Net (SSN).** The Government of Jamaica (GOJ) has established a SSN aimed to alleviate poverty and foster the human capital development of the poor. Its main elements are the conditional cash transfer (CCT) Program of Advancement through Health and Education (PATH) and the School Feeding Program (SFP), each representing about 0.2% of GDP. The Steps-to-Work (STW) is a smaller program recently launched to promote the welfare to work transition of PATH households. PATH and STW are implemented by the MLSS, while SFP is implemented by the Ministry of Education.
- 2.7 **PATH.** Since the early 2000s Jamaica has reformed social protection policies to promote advancement of the poor through PATH, which is supported by evidence of positive impacts of CCTs regionally, globally and in Jamaica. PATH is making improvements that puts it in a second wave of CCTs: adapting conditionalities to issues related to the accumulation of human capital of the poor in the Jamaican context (by substituting a health visit that was not required by the health ministry with a parenting program for parents of children 2-5 year old); using technology to communicate with beneficiaries and to improve the efficiency of payment mechanisms, and adopting comprehensive recertification and graduation strategies to improve its targeting efficiency (as shown by the recently approved Graduation Strategy). These efforts are underway and the Bank's support will contribute to their full implementation.
- 2.8 With support of the Bank, the **SFP**, has improved targeting and enacted a policy to extend the subsidy to pre-primary children. SFP has strengthened its information management, monitoring and evaluation systems towards improving school attendance particularly among PATH beneficiaries. Currently, the SFP is working to enhance efficiency by implementing a national school feeding policy and guidelines and mechanisms to improve nutritional content, food safety and hygiene. **STW** is a supplemental set of services offered to PATH families and is an integral part of its graduation strategy. Services include skills and literacy training, microenterprise support and a youth summer camp. STW is working to strengthen links to the private sector to provide effective intermediation services.
- 2.9 **Social Protection Strategy.** The GOJ has advanced with the consolidation and modernization of its social protection system, as set forth in the 2014 Social Protection Strategy (SPS). The SPS takes elements from the rights-based, social risk management, and social protection floor approaches to provide a complete framework. The SPS emphasizes the importance of income support to the poorest so as to support consumption and protect as well as to promote human capital accumulation; the importance that children of poor households are exposed to parenting practices that promote their emotional and cognitive development; and the need to promote effective school-to-work and welfare-to-work transitions.
- 2.10 **Bank support to social protection in Jamaica.** This operation is a continuation of the support by the IDB to the reform of Jamaica's SSN. Since 2000, in partnership with the World Bank (WB) the IDB invested in the SSN to achieve greater equity, efficiency and effectiveness. This assistance was followed by an

investment loan in 2009 (1559/OC-JA-1) to mitigate the adverse effects of the food price crisis on the most vulnerable. In 2010 and 2011, in response to the international financial crisis, the Bank supported GOJ's renewed commitment to social protection with programmatic loans to protect social spending. In 2012 an investment loan was approved to support social protection and labor policies to promote human capital accumulation and the transition to the labor market of the poor (the results of this loan are mentioned in paragraphs 2.7 and 2.8). A lesson of the multi-sector nature of social protection in general and of PATH in particular was the need for a respected coordinating agency playing a lead role. As Chair of the National Social Protection Committee, the Planning Institute of Jamaica (PIOJ) assumed this lead role providing an umbrella for all social protection policies and programs. Another lesson is the need to consolidate PATH within the MLSS and to modernize the MLSS structure to execute its functions under the recently approved SPS and strengthen project implementation capacity.

- 2.11 **Country Strategy and GCI-9.** The proposed operation is aligned to the second pillar of the Country Strategy with Jamaica 2012-2014 (GN-2694-2), Social Protection and Safety and to the result of strengthening PATH, and with the 2015-2019 Country Strategy currently under preparation. This operation is also aligned to GOJ poverty reduction and social welfare strategy outlined in its National Strategic Plan Vision 2030 and to its 2014 SPS. The program is also consistent with the Bank's Strategy for Social Policy for Equity and Productivity (GN-2588-4), and will contribute to the IDB-9 (AB-2764) priority for poverty reduction in particular to the number of individuals receiving targeted anti-poverty programs. The project draws lessons from the Poverty and Social Protection Strategic Framework Document (GN-2784-3) and is aligned with its action areas regarding strengthening redistributive programs such as PATH while enhancing their impact on human capital accumulation, as well as promoting social inclusion services for the poor and vulnerable. The MLSS and the PIOJ will ensure effective coordination of support from the IDB and the WB.

B. Objectives and components

- 2.12 The objective of the program is to support consumption and to protect and promote human capital accumulation of poor families that are beneficiaries of PATH. To meet this objective the project has two components:
- 2.13 **Component 1. Cash Transfers (US\$22 million)** will finance cash transfers to eligible beneficiaries of PATH: children and pregnant women. These transfers directly support consumption of the poor, increase their resilience to shocks and protect and promote the human capital accumulation of children in poor households that are fulfilling the conditionalities set forth in PATH.
- 2.14 **Component 2. Modernization of Social Services (US\$2.3 million)** will finance the strengthening of the MLSS to consolidate its ability to oversee a network of social services as set forth in the SPS. It will support ongoing work related to the parenting conditionality that will include aspects to promote paternal involvement in child care, as well as investments to enhance efficiency of the SFP and the scaling of the STW.

- 2.15 **Administration and Evaluation (US\$0.7 million)** will support implementation, monitoring and evaluation activities.

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 **Instrument and Execution.** The proposed operation is an investment loan and the executing agency will be the MLSS, through its Public Assistance Division. As chair of the National Social Protection Committee, PIOJ will monitor targets and provide oversight to facilitate interagency coordination.
- 3.2 **Retroactive Financing.** It is proposed that up to 20% of the total amount of Bank financing be recognized as retroactive financing in order to reimburse expenditures (cash transfers) incurred by the Borrower prior to the approval of the Loan Proposal by the Board of Executive Directors and after the approval of the Project Profile. This will allow for continuity of the cash grants which are important for poor families to cope with the costs of the fiscal adjustment program.
- 3.3 **Risks.** Given the strong performance of Jamaica under the IMF's EFF, macroeconomic risks are deemed to be moderate. MLSS has been identified as the most suitable executing agency with the risk that implementation progress could be slow given their track record in implementing the existing loan. Mitigation measures will be incorporated in program activities to strengthen executing capacity and modernize the MLSS service delivery organization structure.
- 3.4 **Complementary Activities.** To support the social protection reform, the GOJ and the Bank are implementing a technical cooperation operation (ATN/OC-12199-JA) that provides results of social protection analytical work.

IV. SAFEGUARDS AND FIDUCIARY SCREENING

- 4.1 The safeguard policy filter report (classification "C") concludes that no issues or potential issues were identified. The operation does not require a social and environmental safeguard classification or an environmental strategy.

V. OTHER ISSUES

- 5.1 Jamaica faces serious fiscal constraints, however the GOJ and the IMF have signaled the importance of PATH as a mechanism to lessen the impacts of the fiscal adjustment on the poor, and the financial commitment required for the program has been incorporated in the targets of the IMF program.

VI. RESOURCES AND TIMETABLE

- 6.1 Program preparation costs are US\$76,861 from administrative funds (see Annex V). Approval by the Operations and Policy Committee (OPC) is expected by August 31st and Board approval by September 30, 2015.

CONFIDENTIAL

¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.

SAFEGUARD POLICY FILTER REPORT

PROJECT DETAILS	
IDB Sector	SOCIAL INVESTMENT-POVERTY ALLEVIATION
Type of Operation	Other Lending or Financing Instrument
Additional Operation Details	
Investment Checklist	Generic Checklist
Team Leader	Ibarraran, Pablo (PIBARRARAN@iadb.org)
Project Title	Integrated Support to Jamaica Social Protection Strategy
Project Number	JA-L1053
Safeguard Screening Assessor(s)	Guerra, Martha M. (MARTHAG@iadb.org)
Assessment Date	2015-04-27

SAFEGUARD POLICY FILTER RESULTS		
Type of Operation	Loan Operation	
Safeguard Policy Items Identified (Yes)	The Bank will make available to the public the relevant Project documents.	(B.01) Access to Information Policy– OP-102
	The operation is in compliance with environmental, specific women's rights, gender, and indigenous laws and regulations of the country where the operation is being implemented (including national obligations established under ratified Multilateral Environmental Agreements).	(B.02)
Potential Safeguard Policy Items(?)	No potential issues identified	
Recommended Action:	Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PP (or equivalent) and Safeguard Screening Form to ESR.	
Additional Comments:		

ASSESSOR DETAILS	
Name of person who completed screening:	Guerra, Martha M. (MARTHAG@iadb.org)
Title:	
Date:	2015-04-27

COMMENTS
No Comments

SAFEGUARD SCREENING FORM

PROJECT DETAILS	
IDB Sector	SOCIAL INVESTMENT-POVERTY ALLEVIATION
Type of Operation	Other Lending or Financing Instrument
Additional Operation Details	
Country	JAMAICA
Project Status	
Investment Checklist	Generic Checklist
Team Leader	Ibarraran, Pablo (PIBARRARAN@iadb.org)
Project Title	Integrated Support to Jamaica Social Protection Strategy
Project Number	JA-L1053
Safeguard Screening Assessor(s)	Guerra, Martha M. (MARTHAG@iadb.org)
Assessment Date	2015-04-27

PROJECT CLASSIFICATION SUMMARY		
Project Category: C	Override Rating:	Override Justification:
Conditions/ Recommendations		Comments:
	<ul style="list-style-type: none"> No environmental assessment studies or consultations are required for Category "C" operations. Some Category "C" operations may require specific safeguard or monitoring requirements (Policy Directive B.3). Where relevant, these operations will establish safeguard, or monitoring requirements to address environmental and other risks (social, disaster, cultural, health and safety etc.). The Project Team must send the PP (or equivalent) containing the Environmental and Social Strategy (the requirements for an ESS are described in the Environment Policy Guideline: Directive B.3) as well as the Safeguard Policy Filter and Safeguard Screening Form Reports. 	

SUMMARY OF IMPACTS/RISKS AND POTENTIAL SOLUTIONS	
Identified Impacts/Risks	Potential Solutions

DISASTER RISK SUMMARY	
Disaster Risk Category: Low	
Disaster/Recommendations	<ul style="list-style-type: none"> No specific disaster risk management measures are required.

ASSESSOR DETAILS	
Name of person who completed screening:	Guerra, Martha M. (MARTHAG@iadb.org)
Title:	
Date:	2015-04-27

COMMENTS
No Comments

ENVIRONMENTAL AND SOCIAL STRATEGY

A. Environnement

- 1.1 Following the guidance provided by the Bank’s Environment and Safeguards Compliance Policy (OP-703) and applying the Safeguard Policy Filter, this Operation is categorized as “C” based on a consistent application of OP-703. However, the program intends to improve the effectiveness of Jamaica’s existing and well established safety net system. Most of the intervention would focus on cash transfers and on institutional strengthening activities that, upon further analysis, could require the need for minor infrastructure upgrade. In this scenario, the team would reassess the classification and determine the potential environmental impact of any proposed infrastructure works and, if necessary, revisit the ESR screening.

B Social Impact

- 1.2 This operation represents a continuation of Bank intervention in reforming and strengthening Jamaica’s social protection system. It is intended to support the GOJ efforts to enhance the effectiveness of investments in key social protection programs - the conditional cash transfer program, Program for the Advancement Through Health and Education (PATH), and the School Feeding Program (SFP). The overall goal is to support consumption of the poor in the face of macroeconomic and fiscal adjustment and at the same time promote human capital development. In this regard, the program will not support any activity that would have direct or indirect negative impact on any population group. On the contrary, positive social impacts would be generated primarily in terms of: (i) improved consumption for PATH beneficiary households; (ii) improved education attainment of school age beneficiaries; and (iii) improvement in health outcomes of children 1-6 years.

Index of Completed and Proposed Work

Activity	Description	Estimated date
Contract consultant the develop monitoring and evaluation plan	This work involves developing the M&E framework for the program in accordance with Bank guidelines.	July 2015
Contract Cost Benefit Analysis Consultant	This activity will involve an analytical exercise where costs and benefits of a program are identified and measured in monetary terms to determine the net economic impact of a program.	July 2015
Contract consultant to perform statistical analysis	The consultant will support analysis of latest social and economic reports (eg. Jamaica Survey of Living Conditions, Labour Force Survey and national budgets) to generate analytical data for justification of the project, and will also analyze administrative data to study non/compliance of 15/18 year olds to school as well as the educational performance of PATH beneficiaries.	August 2015
Contract consultant to perform assessment of PATH's operational processes	The consultant will perform an analysis of the operational processes of PATH and identify areas for improvement.	August 2015

CONFIDENTIAL

¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.