

GLOBAL DEVELOPMENT STUDIES

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Volume Two

Winter 1999-Spring 2000

Nos. 1-2.

POVERTY ALLEVIATION IN THE ENGLISH- SPEAKING CARIBBEAN WITH SPECIFIC REFERENCE TO GUYANA AND JAMAICA: SOME REFLECTIONS ON WHAT IS TO BE DONE

Judith Louis-Prince
Project Officer
CARICOM Secretariat
Georgetown, Guyana

Debbie Mohammed
Senior Research Associate
Institute of International Relations
University of the West Indies
Trinidad and Tobago

ABSTRACT

This article seeks to provide an overview of the problem of poverty in the Commonwealth Caribbean relative to its causes and its socio-economic impact. It uses the cases of Jamaica and Guyana over the last thirty years. From a people-centered perspective, an attempt is made to identify some practical solutions to the problem of poverty, particularly for policymakers and development planners, which can be applied over the short to medium-term both at the international and national levels.

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Judith Louis-Prince, CARICOM Secretariat
and Debbie Mohammed, The University of
the West Indies

1. Introduction

The eradication of poverty has become an important priority in most Caribbean countries. The Caribbean Community (CARICOM) has in the last decade placed an increasing emphasis on the need for poverty alleviation. As recently as 1996, a Directional Plan of Action for Poverty Eradication in the Caribbean was adopted by a Caribbean Ministerial Meeting on Poverty Eradication, which was held in Port-of-Spain, Trinidad and Tobago. Additionally, several multilateral agencies including the United Nations Development Program have increased their allocation of resources towards poverty measurement and poverty alleviation programs. The Social Development Assessment Committee (SDAC) also provides a forum where governments, non-governmental organizations (NGOs) and regional institutions undertaken periodic assessments of the efforts of Member States regarding their commitments to poverty alleviation programs.

It is only recently, however, that attention has been given to an analysis of the causes of poverty and attempts made at detailed measurements and assessments of poverty in the Caribbean. Caribbean governments are now confronted with several critical issues that can have profound implications for the region's socio-economic development. The impact of globalization, trade liberalization and its implications for local businesses, and the removal of preferential trading arrangements for the region's sugar, bananas and rum exports bring the issue of poverty into greater focus.

The tasks of measuring and assessing the impact of these developments are now considered to be of major importance for the region, as evidenced by the number of regional studies being undertaken by (NGOs), as well as by the CARICOM Secretariat in collaboration with international and regional organizations. Poverty alleviation has become a major policy issue for regional governments.

This article seeks to build on the existing literature by addressing poverty alleviation issues relative to the Caribbean countries of Jamaica and Guyana. Reference is made to Trinidad and Tobago where appropriate. These two Caribbean states, as was evidenced in other Caribbean countries, achieved a significant improvement in the standards of living of their populations since the achievement of political independence in the 1960s. Yet despite a reasonable economic growth rate in both countries, much of the tangible benefits of such growth have not trickled down to the poor.

Statistics compiled by the Caribbean Group for Cooperation in Economic Development (CGCED) revealed that both Guyana and Jamaica were well below the poverty benchmarks set for certain categories. Guyana registered 0.591 on the Integrated Poverty Index, whose benchmark for severe poverty is 0.40 and greater. Jamaica registered 0.688 in this category. While this pattern is similar in other English-speaking Caribbean countries, Guyana and Jamaica appear to exhibit a greater level of poverty.

2. The Picture of Poverty

2. 1. Guyana

The 1996 study conducted by the CGCED provides a comprehensive approach to issues of measurement and definition of poverty as they apply to the Caribbean. The findings of the study on Guyana revealed that based on a head-count ratio, 43 percent of the total population was below the poverty line. This was highest among the rural communities where about two-thirds of households were reported to have one or more basic needs unfulfilled. Approximately 35 percent of the total population fell below the critical poverty line. One group, the Amerindian population that is located mainly in the rural districts, appeared to be more adversely affected. Approximately 87.5 percent of the Amerindian population experienced the highest incidence of poverty.

In more specific terms, available surveys for the early 1990s showed consumption patterns where the poorest 20 percent of the population spent 67 percent of their incomes on food, while the richest 20 percent spent 55 percent of their incomes on food. For the public sector, this income, measured by the minimum monthly wage in Guyanese dollars, was \$7,337.00 in 1996—US\$ 52.00 average. The labor force participation rate was 59.5 percent (over age 15) in 1997.

This scenario is interesting when compared to one of the wealthier economies of the region, namely Trinidad and Tobago. Unlike Guyana and Jamaica, Trinidad and Tobago is an oil-based economy with a large and diversified manufacturing sector. The country has been experienc-

ing a sustained moderate gross domestic product (GDP) growth since 1994, the result of heavy investments in the energy sector. Unemployment levels have maintained a steady decline from 18.4 percent in 1994 to 14.2 percent in 1998. Yet, poverty in Trinidad and Tobago is on the increase. Preliminary results from an ongoing study on poverty which is being conducted by the Ministry of Social Development in collaboration with the National Insurance Board suggest that the pattern of poverty has shifted to include a growing proportion of the working sector.

Evidence of this is reflected in the fact that much of the labor absorption has been in the construction sector, which helps to disguise the real employment figures. This sector provides low-paying jobs for the unskilled, while offering very little permanent employment. What has been emerging is a sector of urban underemployed.

The government has attempted to address this problem in a number of ways: (1) it has removed the tax burden on persons earning an annual income of TT\$ 20,000.00 (1 US\$= 6TT\$) or less. Based on World Bank studies, it has adopted a base poverty line rate of TT\$ 623.00 per individual, per month, and has increased old age pensions to this amount. Given the rate of inflation since 1992 when the base level was introduced, the actual poverty line is more likely to be approximately TT\$ 800.00 per month.

The point to be underscored is that these initiatives are only scratching the surface of an issue that is plaguing the entire Caribbean region. If the problem of poverty is becoming a major socio-political issue in a comparatively "rich" country such as Trinidad and Tobago, the implications for countries such as Guyana and Jamaica are tremendous.

In the case of Guyana, at the macro level, rising debt service costs were reduced by an inflow of funds from the international community in the early 1990s. However, inflation accelerated sharply after the June 1990 and 1991 devaluations. Efforts in monetary policy have since led to a reduced rate of inflation. Despite international donor support, the financial resources available for domestic use is affected by the fact that an average of 70 percent of recurrent expenditures go to public sector wages and salaries. In the overall country ranking of the Human Development Index for the Caribbean, Guyana ranks the lowest. Selected data for Guyana reveals the following: (a) Infant mortality per 1000 is 28 percent; (b) Physicians per 10,000 are 3.8; (c) Nurses per 10,000 are 8; and (d) Hospital beds per 10,000 are 35.9.

Generally, the chronic poor include the elderly, children (street children), the disabled, and single headed households in urban areas. In the rural areas, they include small-scale farmers, unskilled workers, and the indigenous population of Amerindians.

2. 2. Jamaica

The situation in Jamaica shows similar characteristics with 34 percent of the population in the poverty bracket and 70 percent of the total poor living in rural areas. In the urban areas, 53 percent of the population were under the poverty line with single headed households constituting 43.7 percent of this population. There is, consequently, a heavy dependence on private transfer receipts amounting to US\$ 479.8 million in 1994 (11.3 percent of GDP). In terms of standards of living, the integrated poverty index points to a situation of severe poverty, 0.688 in Jamaica. For example, records show that on average one physician serves 6,419 persons.

At the macro level, a strongly overvalued exchange rate (1US\$ = 40J\$), coupled with real interest rates approaching record levels, has pushed the economy into recession. Consumer price inflation rose from 19.8 percent in 1995 to 26.6 percent in 1996. Additionally, international debt servicing represents 94 percent of Jamaica's gross national product (GNP).

The immediate causes of rural poverty that are common to both Guyana and Jamaica are numerous. Limited availability of land, land degradation, low agricultural productivity, low-wage employment or lack of employment opportunities, poor physical infrastructure, and inadequate social services all combine to create a situation of persistent poverty. Low levels of technical training, access to educational opportunities, or the inadequate preparation of the education sector to meet the demands of private enterprises further aggravate this situation. Among the urban poor of Jamaica, the immediate causes of poverty also include crowded conditions, economic pressure, crime and violence.

3. Poverty Alleviation Strategies

3. 1. International

Various countries at the international and regional levels have endorsed several documents outlining recommendations and positions on poverty eradication. Two major international references are: (1) *Sustainability, Poverty and Policy Adjustment: From Legacy to Vision-Decision-Makers Summary*, International Conference, 1993, International Institute for Sustainable Development; and (2) *Action to Reduce Poverty- Commonwealth Consultation on Rural Poverty Alleviation, 1992*, Commonwealth Secretariat. Reference has already been made to the Caribbean region's Directional Plan of Action for Poverty Alleviation, which reflects the recommendations adopted at the international level while

focusing on specific activities to be taken at the national level. It appears doubtful, however, that the international references have influenced Caribbean governments or their relations with donor agencies in the planning and implementation of poverty-related projects. Some financial institutions such as the World Bank and donor agencies have sought to re-orient their programs towards more direct support for such strategies.

3. 2. National

(a) Guyana

Various ameliorative measures have been adopted in Guyana, despite immense difficulties of implementation. During the period under study, the main strategy has been the Structural Amelioration Program (SIMAP) introduced in 1988 to cushion the negative effects of structural adjustment efforts on vulnerable groups and to encourage them in self-sustaining activities. Much of the activity under this program has involved the construction of schools, the issuing of grants to community groups, and financing youth training programs. Other safety net programs which were created included school-feeding for children, youth training, public works, small business development, pension grants for the elderly, and the National Insurance Schemes and residential care for the disabled.

These programs, though positive in their objectives, have had limited impact—particularly in the rural and interior areas. Some of the factors which appear to hinder the effectiveness of these programs include: the overlapping of responsibilities among different agencies; frustration and fatigue among beneficiaries over administrative and logistical delays and bottlenecks; and some measure of alienation of staff engaged in the execution of the programs. In addition, the substitution of solid project work with public relations exercises, combined with a high level of cynicism in the population at large about the objectives of these programs and the likelihood of success, have further stymied the effectiveness of these programs. There have also been complaints of a heavy focus on construction projects which do not always optimize the use of the available resources.

(b) Jamaica

During the period under study, a variety or mix of programs geared towards poverty alleviation have been adopted in Jamaica. Programs targeted to support children and low-income families cover school feeding, travel and book allowances, and social assistance grants in the form of cash. Youth training and small business development projects for

the unemployed have been conducted in various areas. The elderly and disabled benefit from pension, the National Insurance (NIS) schemes, and social assistance and residential care. The current government has maintained a blanket tax rate of 28 percent of income across the board. While some may argue that this penalizes the poor, the intention, according to some observers, is to "level the playing field" in order to encourage savings among income earners at all levels while at the same time fostering a sense of equity in the tax system.

In some cases, however, the effectiveness of public assistance programs suffers from the loose definition of the targeted groups—involving subjective rather than objective criteria often linked to political partisanship and perceptions of "deserving" and "undeserving." In the case of youth training programs, the unemployment situation remains serious since there is not enough work placement to absorb the number of graduates. More positive results have been experienced in relation to the Small Business Development programs, though the criteria for accessing benefits exclude the "very poor" who lack any form of collateral.

Pension schemes provide very low coverage and are not sufficient for poverty reduction—an indirect result of this is evidenced by a growing number of homeless elderly persons. Generally, social assistance programs exclude the informal sector workers, those who have never worked, and the self-employed; but they do help to provide support where wages are too low to maintain the household.

In health, though, the problem of access to inexpensive health facilities by the poorest groups in society is worsening. Improvement in the quality of life of all is generally held to be the *raison d'être* of economic and social development. Among economic planners and in regional trade and economic forums, it is uncertain that the issue of poverty alleviation is given the priority that it deserves. For instance, the Directional Plan is the outcome of deliberations among officials and entities responsible in the areas of health, education, and youth—that is, Caribbean social planners. The transfer of these recommendations to other government departments and trade/business related entities is not likely to have occurred, nor has it been publicized to the extent that other regional plans, such as the CARICOM Single Market and Economy (CSME), has been publicized.

The levels of coordination and cooperation between these various elements of development must be recognized by all planners. Although Caribbean representation may have been negligible at international fora where recommendations on poverty alleviation were adopted, these recommendations can be easily accessed by all relevant decision makers and actors.

4. Recommendations

Some recommendations for poverty alleviation that should concern the region's social partners, and those in Jamaica and Guyana are here highlighted because of their potential for practical and short to medium-term application or adoption.

4. 1. Policy

Where poverty is seen in terms of a social debt, one's attention is drawn to the issue of income and resource distribution. In the countries under survey, as has been the general occurrence in many Third World countries, poverty alleviation strategies have been limited by patterns of uneven resource distribution and limited access of communities to their own internal resources. Any intervention, therefore, requires a greater understanding of the needs of the poor, which should be derived from a network of linkages between the various levels of society, the social creditors and policymakers. In practical terms, this would translate into a shift from a focus on efforts at construction and road building, for example, to job support measures such as centers for low cost meals, health extension programs, and low cost housing. Community co-operative projects for assisting the ownership of land by the poor in rural areas is an important measure that could be adopted. Too often, regional governments seek to tackle the problem of poverty from a single perspective, without making amendments to other areas which have a direct impact upon poverty alleviation strategies. One such example is the penchant to increase old-age pensions and poor relief allowances marginally while there is no corresponding control of living costs associated with food, transportation, rent, health services, and medicines.

Similarly, there is need for the social partners to play a more collaborative role in the fight against poverty. In Trinidad and Tobago, for instance, the government has maintained several poverty alleviation programs aimed at empowering youths and persons not having completed the requisite primary and secondary school training. While these programs are making valuable contributions to the education and training sectors, private sector organizations must play a greater supporting role in these initiatives—possibly through apprenticeship programs such as the successful Youth Link program introduced by the Republic Bank, or through job placement programs with the various training agencies. This collaborative approach to poverty alleviation needs to be more fully utilized in the wider Caribbean, including Guyana and Jamaica.

Another aspect of policy formulation should be the need to focus empowerment at the community level. Much more skills training pro-

grams must be implemented at the community levels. Small enterprise workshops, marketing and distribution of products, and realistic lines of credit need to be explored. In this manner, poverty would be confronted directly at its roots by addressing the constraints that give rise to it rather than merely treating the symptoms of poverty through welfare transfers. The poor should be potential actors in solving their own problems rather than as objects of state or agency programs. At the level of the policy-makers, greater transparency and accountability in the development and implementation of policies and allocation of funds is necessary.

4. 2. Credit

In both Jamaica and Guyana, there are very few if any credit services for the poor who, because of their lack of business skill and motivation, cannot utilize normal credit facilities based on complex loan procedures. Often the collateral required to access lines of credit are beyond the means of the poor or small scale entrepreneurs, and so defeats the purpose for which they were intended.

Credit services for the poor must be accompanied by training, information, and access to various types of practical resources. Local credit unions utilizing internal community resources have been successful in other countries, for instance, in providing housing support. Government managed small business development and agricultural development agencies in Trinidad and Tobago, for instance, have attempted to address these problems by offering workshops and walk-in advice to potential clients on matters such as feasibility studies, preparing project proposals for loan consideration, and general accounting practices. Practical training exercises such as these can go a long way in equipping persons with the basic business tools to manage their operations.

4. 3. Environment

In the case of Guyana, it is important that development programs be designed which take into consideration environmental protection—for example, protection against flooding due to heavy rainfall, rising sea levels, or droughts which have negative effects for the farming community and may result in disease, loss of homes, possessions and materials—if further impoverishment is to be avoided. Specific measures should be taken to incorporate principles of sustainable development into traditional development strategies.

4. 4. Employment

An innovative measure that can be adopted involves the choice of production patterns and direct economic activities to reflect, *inter alia*, the

role of the informal sector in providing employment and production alternatives. In both Jamaica and Guyana where this sector is considerable in size, involving traders, pavement sellers, domestics and gardeners, to list a few, formation of companies and cottage industries, for example, can ease the pressure of subsistence or resource dependent primary production.

4. 5. Debt Reduction

As previously mentioned, both countries under survey have very huge international debt problems. It is recommended that efforts to reduce fiscal crises must be sensitive to issues of poverty. This requires analysis of the human costs of reductions in government expenditures. The problem of measurement becomes relevant given the shortage of statistical data. In the case of Guyana, geographical spread and cultural differences (e.g. living habits, saving patterns), unwillingness to disclose receipt of remittances and household income sources, make efforts to assess such socio-economic phenomena difficult. A regularly updated database, ongoing analysis, interpretation and reporting are some of the components required to inform planners and managers about the design of meaningful strategies.

The avoidance of inefficient across-the-board reductions in social spending is also recommended, along with timely measures for those left unemployed by reforms. Targeted assistance to those in greatest need of employment, income, nutrition, education, and health care must take priority over social services rendered based on race, political affiliation, or geographic location.

5. Conclusion

At the international level, there is a widespread consensus that economic development strategies must be people-centered, equitable, and sustainable. Major donor countries and agencies have been emphasizing, in the allocation of development aid, the requirements of good governance, democracy, human rights and accountability, and all that these requirements imply for promoting human welfare. On the other hand, however, international trade and financial institutions such as the International Monetary Fund and the World Trade Organization have adopted regulations and policies which indirectly place developing countries and small economies at a disadvantage in dealing effectively with social their ills. The conditionalities attached to loan by international lending agencies often require substantial reduction in expenditures on

social services such as health, education, and food subsidies to the poor. Many developing nations including those in the Caribbean are now faced with a dilemma of mounting social problems and the impending removal of preferential arrangements for their principal exports to the European Union. This is compounded by the increasing incidence of narco-trafficking and money laundering, which threaten the political stability of these small, vulnerable Caribbean nations. The challenge then must be to remove this contradiction between international policy prescriptions and the implementation of policies at the national level.

At the national level, population pressures on the physical infrastructure caused by rural to urban drifts, poor project design and implementation, and obstacles to the latter caused by the local power structures and vested interests are problems that must be stemmed or remedied if any progress is to be made. The main efforts and resources must, however, be directed to reducing poverty levels within national borders in the most effective manner.

Importantly, policymakers need to consider that time spans needed for substantial poverty reduction are much longer than the electoral cycle. The commitment at the governmental level must, therefore, transcend political decisions, political cycles, as well as accounting time scales.

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