

JAMAICA

REPORT OF THE MACRO SOCIO-ECONOMIC EFFECTS OF THE EVENTS IN WESTERN KINGSTON AREA, 22 MAY – 7 JUNE 2010





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PREFACE

This report was prepared on the request of the Government of Jamaica following the declaration of the state of emergency in the parishes of Kingston and St. Andrew. The Planning Institute of Jamaica (PIOJ) recognized the need to have an objective analysis of the total effect of the event, and, so, be in a better position to identify possible programmes and projects which may contribute to the redevelopment of the affected area.

The assessment was carried out using the Economic Commission for Latin America and the Caribbean (ECLAC) Damage and Loss Assessment (DaLA) methodology.

Baseline data for the conduct of the macro socio-economic assessment are drawn from among official government data sets including: the Population and Housing Census 2001, the Survey of Living Conditions 2009, the Community Profiles produced by the Social Development Commission (SDC), the data sets from the Statistical Institute of Jamaica (STATIN), and other relevant data sets from the Ministry of Finance, PIOJ and the Bank of Jamaica.

Data on the damage and losses were gathered from the Ministry of Labour and Social Security, the Kingston and St Andrew Corporation (KSAC), the Jamaica Defence Force (JDF), the Jamaica Constabulary Force (JCF), the Ministry of Health, Office of the Children's Advocate, Office of the Public Defender and other government, private sector and civil society sources, including residents from the affected communities.

Mission components

The ECLAC mission was supported by the United Nations Development Programme (UNDP) Jamaica Office and PIOJ.

The mission was undertaken from 28 June to 7 July 2010 and comprised the following ECLAC team:

- Ms. Asha Kambon, PhD, Regional Adviser, ECLAC - Coordinator and Social Sector Specialist
- Mr. Michael Hendrickson, Macroeconomist, ECLAC
- Mr. Lancelot Busby, Micro-economist, Tourism and Commerce

The report was made possible by the cooperation, coordination and support provided by the relevant government authorities. The national counterparts were coordinated by Ms. Claire Bernard, Director of the Sustainable Development and Regional Planning Division, PIOJ. Logistics and ground support were coordinated by Mr. Hopeton Peterson, Sustainable Development Officer and Ms. Nadine Brown, GIS Analyst, both of the Sustainable Development and Regional Planning Division and Mr. James Stewart in the Economic Policy Division, PIOJ. Additional technical assistance was provided by Mr. Maurice Mason, of the University of the West Indies (UWI), Mona Campus, Jamaica.

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EXECUTIVE SUMMARY

On 17 May through a broadcast to the nation, the Prime Minister of Jamaica, the Honourable Bruce Golding, indicated that the Minister of Justice would sign the authorization so that the extradition process of Christopher ‘Dudus’ Coke could begin. That process expanded into civil unrest manifested through demonstrations by women, the blockade of roads, the burning of tyres, the burnings of police stations, the Coronation Market and the declaration of a state of emergency by the Governor General. These events of late May/early June 2010, resulted in some 180 persons being treated for moderate to severe injuries and another 72 persons being treated for minor injuries. The final number of deaths was still to be determined and could range from a low of 76 persons to a high of 90, including two members of the Jamaica Constabulary Force (JCF).

The total cost of the fall-out from the civil unrest was determined by, among other factors, the severity and duration of losses to affected sectors and activities, the cost of physical assets damaged and the extent of contingency spending occasioned by its impact. Influenced by these factors, the total effect of the unrest on the economy of Jamaica was estimated at J\$22,515.8 million, equivalent to US\$258.8 million. The total impact represented some 2.1% of 2009 current GDP and 50.0% of tourism GDP.

The primary affected population was found in the parishes of Kingston and St. Andrew, in an area collectively defined as the Western Kingston Area comprising Denham Town, Central Downtown, Tivoli Gardens, Fletchers Land, Hanna Town and West Downtown. Together these communities possessed a population of some 39,332 persons. Some 41% of that population could have been found in the community of Tivoli Gardens, which was the home of Christopher ‘Dudus’ Coke. The report identifies the magnitude of the primary affected population which accounts for only 2% of the total population of Jamaica. The secondary population was defined as those who formed part of the employed labour force who worked in the parishes of Kingston and St. Andrew and who accounted for 11 % of the population. The report concludes, therefore, that 349,674 or some 13% of the Jamaica population may have been directly affected by the events.

It is important to note that while Western Kingston was the locus of the event, several other communities were severely affected in terms of livelihoods lost and dried up liquidity due to their symbiotic relationship with Western Kingston.

Other segments of the population were affected as well, such as farmers in rural communities whose sale of goods through Coronation Market were disrupted. Students at the secondary and primary levels of education were another group. Because of the timing of the event a significant number of students undertaking Caribbean Advanced Proficiency Examination and Caribbean Secondary Education Certificate had their education disrupted and a number of significant national standardized tests across the country also had to be postponed. Approximately 2,500 children from ages one to four years old in the communities of Tivoli Gardens, Denham Town, Fletchers Land and Hannah Town would have witnessed the events in Western Kingston and may have been exposed to some degree of psycho social trauma and required appropriate counselling.

Another group affected by the event was the tourist who stayed away from the country and cancelled reservations for fear regarding their safety. On 24 May 2010 Air Jamaica announced the cancellations of three flights (two out of Kingston to Fort Lauderdale and New York and one from Fort Lauderdale to Kingston). The civil unrest and the intermittent blockage of access roads to the Norman Manley Airport were cited as reasons for cancellation.

Travel advisories/alerts were issued for the island from the foreign affairs departments of the Canadian, United States, United Kingdom and Australian Governments. Many of these advisories were still in place at the time of the assessment, albeit under revised terms. These advisories were revised between 23 June and 10 August. Potential revenue from tourism was also lost due to the moving from Jamaica to Trinidad of the West Indies’ fifth one-day and first test against South Africa because of the security situation in Kingston.

The sectoral composition of the impact indicate that the productive sectors suffered the bulk of the impact (93%), with tourism suffering most of the losses due largely to loss of business and the outlay on marketing and advertising to encourage visitors to return. The distribution sector suffered 3.5% of impact, nevertheless, the social fall-out in the sector would have been considerable, as a number of independent vendors were badly affected. The infrastructure sector suffered 4.8% of the total impact, with the bulk of the fall-out in transportation, reflecting in part the disruption of operators on the route from Kingston to a number of areas. Productivity losses represented 0.9% of the total and stemmed from morbidity and loss of life, social distancing resulting in lost labour productivity. Costs to the health sector were also contained (US\$ 1 million), while the fall-out in communication services amounted to US\$2.6 million. The initial estimate for the cost of security operations was US\$2.7 million, made up of US\$1.5 million for the Jamaica Constabulary Force and over US\$1 million for the Jamaica Defence Force and US\$0.16 million for Office of the Public Defender.

The report concludes that the events that unfolded in West Kingston are not new to Jamaican society, however, arriving at the overall effect of the event in terms of its impact on growth and development is new. The report suggests that knowledge about the socio-economic cost of violence and unrest should influence development policy and shape the reconstruction efforts for West Kingston.

In this regard the report proffers conclusions and recommendations.

Its main conclusion is that there is the need for a medium to long-term rehabilitation and revitalization programme for the affected communities to functionally integrate them into the Jamaica society and that the central focus of any programme of renewal should be to create the institutions and incentives for persons in the communities to generate wealth from productive activity.

The report, therefore, recommends that:

- (a) A benchmarking analysis should be undertaken of the assets and resources in the communities and any major development deficits to inform the programme of action
- (b) Given the specific competitive advantage of the area, an integrated cluster could be developed around food and dry goods vending, music and sport
- (c) Special social welfare programmes for supporting livelihoods' development may be necessary
- (d) Micro-credit facility for Female Headed Households should be introduced
- (e) A campaign for the reduction of stigma/discrimination, which had resulted in social exclusion, should be implemented; and
- (f) A regeneration plan for Western Kingston area which utilizes the creativity of the people to generate cultural heritage products that can be offered as additional tourism products utilizing the creativity of the population in dance, theatre, food and the music history of the communities should be the outcome of the process of revitalization.

I. BACKGROUND

A. DESCRIPTION OF THE CRISIS: CIVIL UNREST – KINGSTON AND ST. ANDREW

On Tuesday 17 May 2010, the Honourable, Prime Minister of Jamaica, Bruce Golding and Member of Parliament for Western Kingston area, delivered a national broadcast. The Honourable Prime Minister expressed his regret for the public mistrust which had developed in the matter of the extradition of Christopher ‘Dudus’ Coke and the destabilizing effect it was having on the nation’s business. The Honourable Prime Minister also indicated that he accepted responsibility for the situation and expressed his remorse to the nation. He said, “Accordingly, the Minister of Justice, in consideration of all the factors, will sign the authorization for the extradition process to commence.” By 23 May Cabinet took the decision to advise the Governor General to issue a proclamation declaring a state of public emergency for the parishes of Kingston and St. Andrew effective 6:00 pm that day, for a period of 30 days. That decision was taken on the advice of the security forces that action had been taken and further action was likely to be taken that could endanger public safety.¹

The state of emergency had been declared in response to blockades and disruption to the movement of pedestrians, vehicular traffic and normal police law enforcement operations in the Western Kingston area. Between mid-May and early June when a state of normalcy had been regained, Jamaicans were gripped by the unfolding spectacle of civil unrest. Table 1 sets out a chronology of those brief, yet critical, events which were the backdrop for not only the loss of life and injury but the social distancing which occurred both by visitors to the shores of Jamaica and by Jamaicans, themselves, who stayed away from participation in normal economic activity. Map 1 designates the area of Jamaica that is the Western Kingston area that was affected by the event.



Street blockade during event
Source: AP

The effect of those events on the economy and the society is the subject of this report.

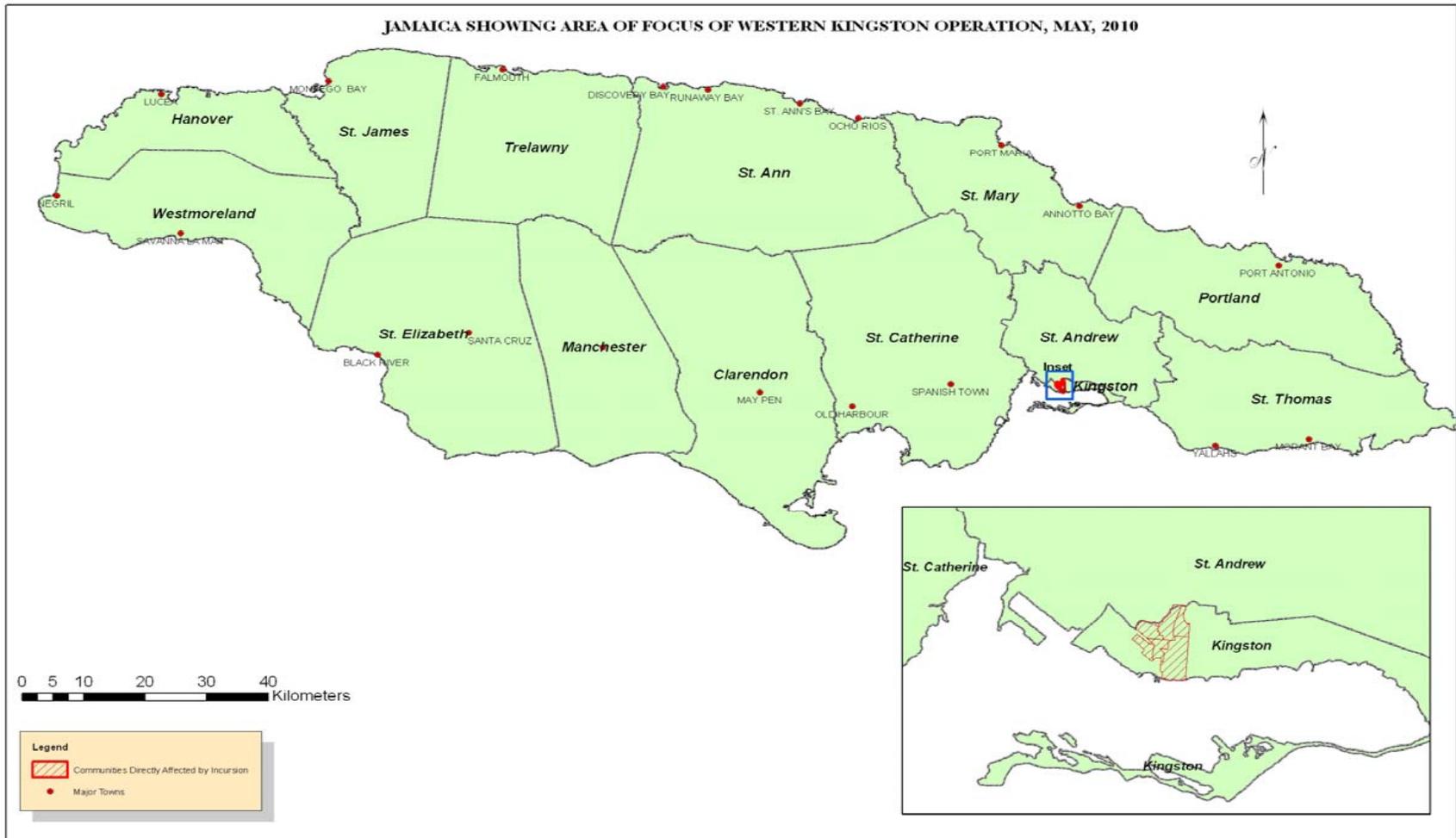
On 2 June 2010, ECLAC Subregional Headquarters for the Caribbean was invited by the Government of Jamaica, through PIOJ, to provide technical assistance in the conduct of a comprehensive impact assessment of the Western Kingston conflict using the ECLAC DaLA methodology. PIOJ was of the opinion that the DaLA methodology which ECLAC had developed and applied for over 40 years to the effects of natural disasters could be applied to the events in Western Kingston. PIOJ had a long relationship with ECLAC, and much experience in the use of the DaLA for evaluating the effects of hurricanes such as Ivan (2004), Emily (2005), Dean (2007), and Gustav (2008), to name a few. In addition staff from PIOJ had been exposed to training in the use of DaLA and had participated with ECLAC in undertaking assessments in the Caribbean.

ECLAC, in the past five years, had applied DaLA methodology to undertake an assessment of the effects of the SARs virus in South East Asia and the A H1N1 pandemic in Mexico and Central America². These applications gave ECLAC the necessary experience to consider the application of DaLA to the situation as it occurred in Western Kingston.

¹ Media report for the Joint Police/Military Operation in West Kingston, received 2 July 2010

² Additional information is available on www.eclac.cl.

Map 1



Source: Planning Institute of Jamaica

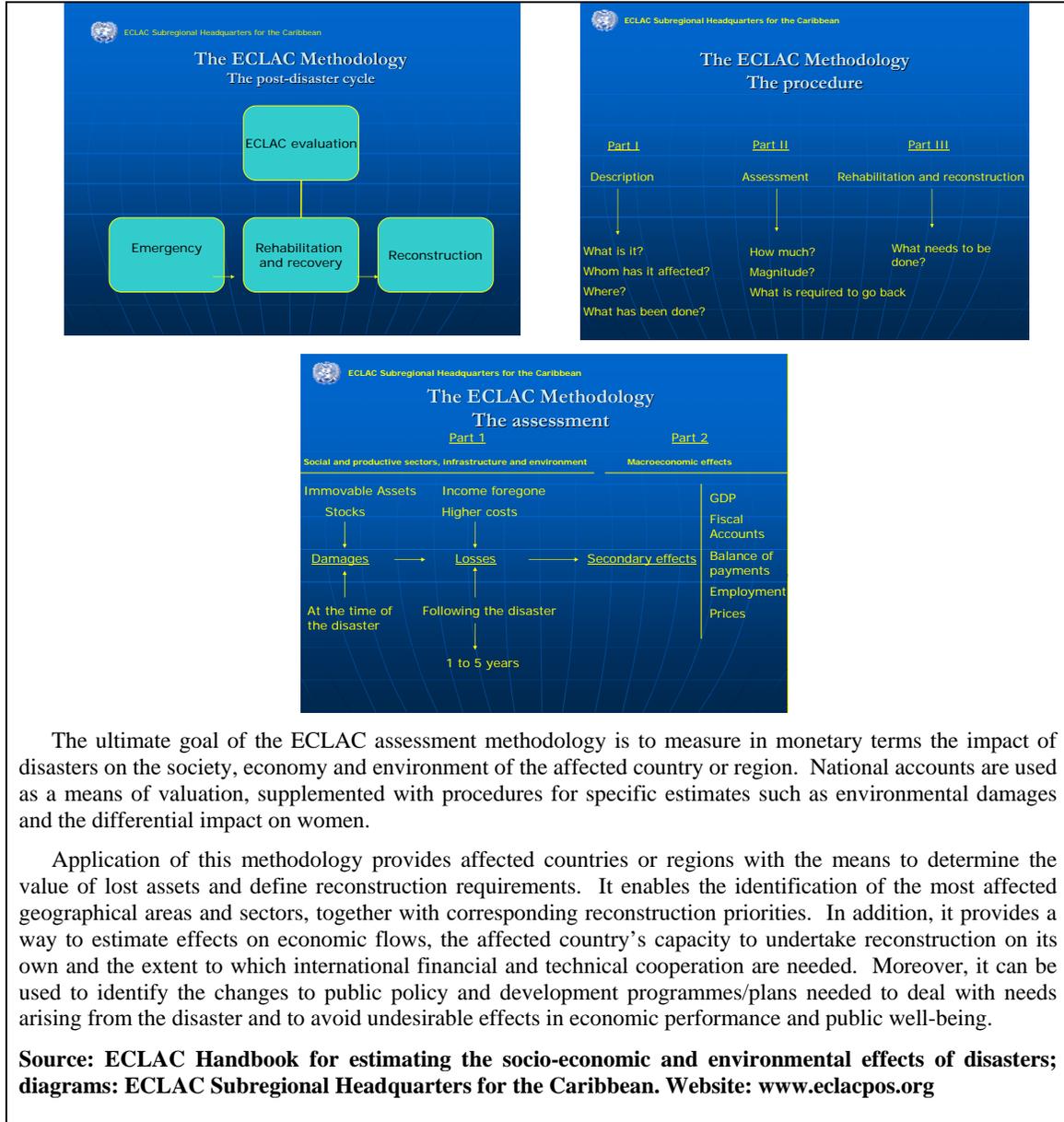
Table 1: Chronology of events

Day	Date	Key activity	Impact on labour	Additional Information
Tuesday	17 May	Prime Minister makes national broadcast		
Wednesday	18-May	Extradition order signed		
Thursday	20 May	Women demonstrate		
Friday	21 May			
Saturday	22 May	Blockage of roads in Western Kingston area		Burnings of tyres in Western Kingston Area
Sunday	23 May	Cabinet advised Governor General to declare a State of Emergency in the parishes of Kingston and St. Andrew		Burning of Hanna Town Police Station
Monday	24 May	Operations by the security forces	Public holiday/Labour day; Population stay home	Employed labour force at home; Ministry of Health activates National Emergency Operations Centre
Tuesday	25 May	Government establishes Media Centre at Hilton Hotel Kingston	Members of employed labour force stayed home	Ministry of Health Head Office closed
Wednesday	26 May	Some people returned to work	Most business established in affected areas allowed person to return home after 1/2 day work	Food distribution by ODPEM/Red Cross to affected communities
Thursday	27 May	Returned to work	Many workers in the KMA sent home early	Medical Clinic in WK mounted; Red Cross distribute water to holding areas
Friday	28 May		Workforce in Downtown Kingston stay home	Red Cross food distribution in Tivoli Gardens
Saturday	29 May			
Sunday	30 May			
Monday	31 May	Full operations of Ministry of Health Head Office	All members of employed labour force return to work	People from areas in which event occurred now return to livelihoods
Tuesday	1 June			
Wednesday	2 June	Kingston Public Hospital resumes full service		
Thursday	3 June			
Friday	4 June	UWI Hospital resumes full service; 35 bodies identified	Labour force returns to normalcy	Absence from work ends
Saturday	5 June			
Sunday	6 June			
Monday	7 June	Classes resume	School re-opens at Denham Town High, Denham Town Primary, and Tivoli Gardens Comprehensive	

Source: ECLAC constructed based on official Government of Jamaica data.

B. THE METHODOLOGY

ECLAC methodology is based on a stock-flow analysis of the difference before and after an event. Through a sectoral approach, it provides guidelines for the aggregation of value (damage and losses), to be used in the evaluation following an event. It is a basic accounting approach based on the national account framework and impact multipliers in the economy.



In treating with the event in Western Kingston, ECLAC approached the event as any other shock which could have occurred to the economy and society and sought to ascertain to what extent the event caused any damage or losses and the effect of such on the key macro socio-economic variables.

Because of the nature of the event, and ECLAC experience in the assessment of disasters, extensive damage to the country's stock of assets as would be the norm in the event of a natural disaster was not expected. Instead significant losses were expected.

In that regard, the following structure was pursued for the investigation:

- (a) An exploration of the direct health costs
- (b) Expenditure on security
- (c) Loss to the productive sectors with particular emphasis on tourism, wholesale and retail trade and light manufacturing
- (d) Damage and losses to infrastructure; and
- (e) Lost productivity as a result of death, injury and social distancing.

Once the elements of the damage and loss were identified and aggregated, the secondary effects on the economy and society were analyzed.

ECLAC is aware that the accounting approach has its limitations as it is generally limited to the current costs which can be more easily identified, rather than longer-term impacts. The assessors were also aware that there may have been limitations to the results of the assessment, due to data constraints. It was presumed that much needed data would not have been collected nor organized in such a manner as to be ready for use in a rapid assessment process such as DaLA demands, due to the nature of the event.