Saint Lucia National Report of Living Conditions 2016

Summary Report

CONSULTANTS LTD. An integrated approach to development.

14 Cochrane Street, Tunapuna, Trinidad and Tobago Tel: 868-663-2677 Fax: 868-663-1442 Mail: mail@kairi.com Website: www.kairi.com

Consultancy to Prepare National Report of Living Conditions and Programme of Action for addressing critical issues identified in the 2016 Survey of Living Conditions - Household Budget Survey (SLC/HBS 2016) for Saint Lucia

Summary Report

The project involved the preparation of a National Report of Living Conditions and Programme of Action for Addressing Critical Issues and Priorities Identified in the 2016 Survey of Living Conditions and Household Budgetary Survey (SLC-HBS) for Saint Lucia. It was initiated in December 2017. The main objectives of the consultancy were to:

- 1. Prepare a National Report which presents a detailed analysis of the living conditions in Saint Lucia;
- Develop a Programme of Action which sets out strategic options targeting impoverished population groups and for addressing critical issues/priorities emerging from the research and presents proposals for improving existing social development programmes, as well as investment projects to strengthen or enhance the effectiveness of Government, NGOs, and CBOs efforts to sustainably reduce poverty.

The project embraced a new approach on the part of the Caribbean Development Bank (CDB) in its partnership with the Organisation of Eastern Caribbean States (OECS) Commission in the implementation of Enhanced Country Poverty Assessments (CPAs).

The survey in 2016 has to be seen in the context of the macro-economic and social evolution of Saint Lucia after the Great Depression in the 1930s, and into the last half of the 20th century and then over the beginning of the present millennium, which included the Great Recession of 2008/09. The colony that was formed under British control in the imperial age, secured self-Government and then independence in 1979. Its independent Governments pursued strategies for diversification and, for a while, there was success as the export of bananas was supplemented by the export of light manufactures and the growth of tourism services in earning the country foreign exchange and in creating employment in this tripod of export industries.

However, changes in the terms of trade and in the new rules-based system in international trade left Saint Lucia in the lurch, relatively uncompetitive in its exports except for tourism which has come to be the main source of foreign exchange earnings in an economy in which exports are a critical driver of economic activity. The Great Recession of 2008/09 exacerbated a trend that was already evident in 2006 when the previous SLC was conducted.

The country has only recently shown signs of growth, enough to reverse unemployment that soared to over 25 percent at one stage. The return to growth in tourism, an increase in the room

stock and an associated increase in construction activity have been the main factors explaining this improvement.

The key poverty estimates by geographic region are highlighted in Table 1 below and presented pictorially in Figure 1. Based on the more recent survey data, the poverty level fell over the period 2006 and 2016 from 28.8% to 25.0%. This decline was most pronounced in the rural areas of Saint Lucia with a reduction in poverty levels from 41% to 32.9%. Indigence or food poverty – not having adequate food to maintain bodily health – fell to 1.3 percent in 2016 from 1.6 percent in 2006: it was 7.1 percent in 1995.

The poverty gap fell nationally by 1.5 percent between 2006 and 2016 to 7.5 percent: the poverty gap measures the quantum of disposable income of the country that would have been necessary to raise all of the poor above the poverty line. Figure 2 shows the changes in the gap over the period.

In the application of the traditional approach, poverty in 2016 was almost half of the level in urban areas compared to rural areas. This would have encouraged rural urban migration, since the urban areas offered the chance of better prospects in 2016. The data reveal a number of other notable trends. While poverty levels fell, and median earnings improved between the two surveys, unemployment increased substantially over the period, and with that female unemployment and youth unemployment in particular, ballooned. As the economy stagnated, youth entering the labour market faced rough times. Conditions in the rural sector were such as to encourage rural-urban drift. The poor were disproportionately impacted by unemployment: the disparity was far more pronounced in 2016, between poor and non-poor.

	Po	verty Headcount Rat	te
	SLC-HBS 2006	SLC-HBS 2016	Change
Region			
Urban	23.1	21.8	-1.3
Rural	41.0	32.9	-8.0
District			
Castries City	13.1	27.6	14.5
Castries Sub-Urban	22.2	19.0	-3.2
Anse La Raye/ Canaries	44.9	38.0	-6.9
Soufriere	42.5	25.5	-16.9
Choiseul	38.4	16.9	-21.6
Laborie	42.1	23.4	-18.7
Vieux Fort	23.1	34.6	11.5
Micoud	43.6	31.2	-12.4
Dennery	34.2	45.0	10.9
Gros-Islet	24.4	11.8	-12.6
Total	28.8	25.0	-3.8

 Table 1: Key Poverty Estimates by Geographic Regions

MAIN FINDINGS

The findings of the 2016 SLC-HBS data points to these key situations noted in Saint Lucia.

Area	Summary
Poverty	abla The annualized poverty line for St. Lucia was \$6,443 EC Dollars in 2016
estimates	abla The indigence line was 2,123 EC Dollars in 2016
	∇ The head count poverty level fell during the 10-year period 2006 and 2016 from 28.8 percent to 25.0 percent, based on the money metric measure.
	∇ Decline most pronounced in the rural areas of Saint Lucia where a decline in poverty levels from 41 percent to 32.9 percent occurred.
	∇ Poverty gap fell nationally by 1.5 percent between 2006 and 2016 to 7.5 percent.
	∇ The Gini coefficient of inequality did not change really - 43.1 in 2006 to 43.2 in 2016.
	∇ On basis of an international poverty line set at US \$1.90 per day, 0.7 percent of the population was poor.
	∇ At US \$4.00 purchasing power parity, 4.4 percent of the population was poor. Using the multidimensional approach, 24.2 percent of the population was considered poor.
	∇ In applying the multidimensional approach, 24.2 percent of the population was found to be poor.
Child Poverty and Vulnerability	∇ In 2016, around 16,800 children on the island were poor - a poverty rate of 34.5 percent or 13.2 percentage points higher than the equivalent adult rate of 21.3 percent
	∇ the child proportion of the poor population - 38.9 percent – was greater than their share of the total population - 28.3 percent: just over one in three children were poor compared to one in five adults.
	▽ Between 2006 and 2016, the child poverty rate in Saint Lucia fell from 36.7 percent in 2006 to 34.5 percent in 2016, a decrease of around 2.3 percentage points Allied to demographic change, the number of poor children in Saint Lucia decreased from 22,400 in 2006 to 16,700 in n 2016 – a reduction of 25 percent.
	∇ The child poverty rate was appreciably higher in rural areas - 41.4 percent compared to 32 percent in urban areas.
	∇ The child poverty rate increases sharply with the number of children in the household: in 2016, the child poverty rate in households with 4 or more children was 66 percent, almost double the rate of all children, and 8 percentage points higher than it was in 2006. These households account for 43 percent of all poor children.
	∇ Children living in extended family households are twice as likely to be poor than if they live in a nuclear family – 44 percent compared to 21 percent. In single parent households, the child poverty rate is 34 percent.
	∇ Given that the majority of the population lives in urban areas, the majority of poor children – almost 69 percent – live in urban areas.
	∇ Notwithstanding the higher poverty rate in female-headed households (42.3 percent) and the increase in the share of poor children living in female-

Area	Summary
	headed households from 48.6 percent in 2006, to 58.2 percent in 2016, over 40 percent of poor children continue to live in male-headed households.
	∇ The child poverty rates increase sharply with the number of children in the household: the child poverty rate in households with 4 or more children rose by 8 percent, comparing to 2006 and exceeded 66 percent ten years later.
	▽ The availability of the School Feeding Programme (SFP is high for the 5 to 11-year age group at around 80 percent; there is little difference between poor and non-poor children. The SFP has had a small pro-poor focus: 76 percent of poor children had access compared 69 percent of the non-poor.
	∇ The SFP has had a small pro-poor focus: 76 percent of poor children had access compared 69 percent of the non-poor.
	∇ The MPI for children is 67.2% which differs little from the MPI for adults. The primary reason for this lack of variation is that several of the MPI component indicators are independent of the presence of children in the household. While the two approaches to poverty measurement (the income poverty and the MPI deprivation) give consistent results, as the great majority of income poor children are also MPI deprived, the MPI deprivation is also a more allembracing concept 'casting a wider net' which includes a sizeable proportion (39%) of children who are not income poor.
Labour Market	▽ The percentage of wage and salary workers fell between 2006 and 2016, reflecting the underlying weakness in the economy and in the competitiveness in particular sectors.
	▽ The increase in the percentage engaged in own account agriculture and in Wholesale and Retail Trade mirrors an increase in informal sector activity as some workers sought to eke out a living in the face of an increase in overall unemployment.
	∇ Unemployment increased substantially over the period and with that, female unemployment and youth unemployment.
	∇ There was upgrading in educational levels in the work-force, with the universalising of secondary education and an increase in access to post-secondary and tertiary education: yet, over 33 percent of work-force had achieved only primary level education, although this was still an advance on 45 percent in 2006.
	∇ Poverty in urban areas being almost half of the level in rural areas, would have encouraged rural-urban migration.
The Gender Dimension	∇ Their higher life expectancy guaranteed that women were more likely to be left as widows than men as widowers
	∇ Female heads of households with no education, were a larger percentage of female heads than were male heads with no education.
	∇ Rural households headed by males were on average 2.8 persons compared to those headed by females at 3.1 persons, and among poor households, male-headed households were 3.4 persons on average compared to female headed with 4.8 persons.
	∇ Overall, households in St. Lucia have three members on average and are headed by females in two out of every five cases.
	∇ Males experienced a larger increase in median earnings than females.

Area	Summary
	∇ lower labour force participation rates among women pervade – 81.8 percent vs 68.1 percent, which two latter statistics mirror the share of the population not in the labour force. For the most part, higher unemployment rates obtain for women also – 16.9 percent for men and 17.5 percent for women.
	∇ There remain substantial differentials in participation by industry and by occupation between men and women. A higher percentage of men were in Agriculture, Hunting, Forestry and Fishing, Transport, Storage and Communication, and of course Construction. While the service industries attracted a higher percentage among women in generally – Accommodation and Food Service, Educational and Public Services.
	A higher percentage of women were involved as professionals, clerical support workers, and in sales and services. Men were more heavily involved as skilled agricultural workers, in craft and related trades and in plant and machine operations.
	abla Invariably, earnings of women were lower in almost every case.
	∇ The Gini coefficient for male wage and salary workers was 0.359 while for female wage and salary workers it was 0.4, suggesting that there was greater disparity between the highest paid female workers and the lowest paid among them.
	∇ The share of the working poor in total employment fell for men but not for women in whatever age group, again indicative of the inferior labour market experience for women in both survey years.
Household Asset	∇ The majority owned the homes in which they lived, and likewise owned the land on which the dwelling was located.
Ownership	∇ Poor households were ten percentage points less likely than their rich peers to hold title.
	∇ The proportion of households living in housing with concrete outer walls and sheet metal roofing increased with wealth status.
	abla Just over half of the housing stock was constructed between 1980 and 2004.
	∇ Ownership of household assets – furniture, basic appliances, including stove and refrigerator and a mobile phone - was widespread at above 8.0 percent nationally.
Health (self- reported)	∇ Diabetes was prevalent across all quintiles, and the poor and non-poor were equally represented with the incidence of diabetes.
	∇ The poor reported a higher percentage with heart disease, 30.3 percent relative to 25 percent among the non-poor.
Crime and	abla The poorest were exposed to greater violence than the better-off.
Violence	abla Fear of crime was more pronounced among the non-poor households.
Environment	∇ Some 94 percent reported access to a piped main water supply.
	∇ The poorest 20 percent of households were the most disadvantaged in terms of water provision, in terms of a seven-day supply of water.
	∇ There was little difference between rural and urban areas, in access to electricity, reflecting success at universal service.

Area	Summary
	∇ Cooking fuel was almost universally provided by gas although five per cent of Saint Lucian households still burned coal or wood.
	∇ At 38.9 percent, pit latrines were the sanitation facility among poor households, while one in every 20 households reported no toilet facilities.
	∇ On the basis of the MPI, 65.4 percent of the population in Saint Lucia were deprived because they lived in homes not covered by homeowner insurance.
	∇ Some 7.8 percent of households were affected significantly by three key climatic events in the past five years – the Christmas Eve Trough (December 2013), Hurricane Tomas (October/November 2010), and the Drought of 2009/2010.
	∇ Both poor and non-poor households were affected (8.8%) compared to richer households (7.6%) by the events.
	∇ Survey data suggest that non-poor households may have greater potential to adapt to anticipated impacts of climate change and natural disasters.

The findings also highlighted in the changes in living conditions that occurred in Saint Lucia over the last 11 years (2006-2016), as measured by the poverty headcount rate, poverty gap, Gini Coefficient, distribution of population across quintiles at the district level and multidimensional poverty (Figure 1-7).

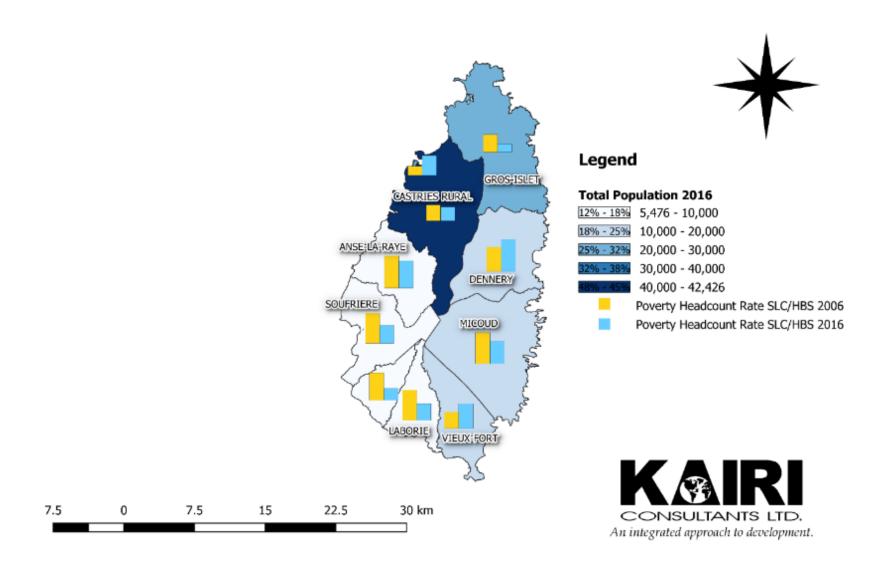


Figure 1: Poverty Headcount Rate 2006 versus 2016

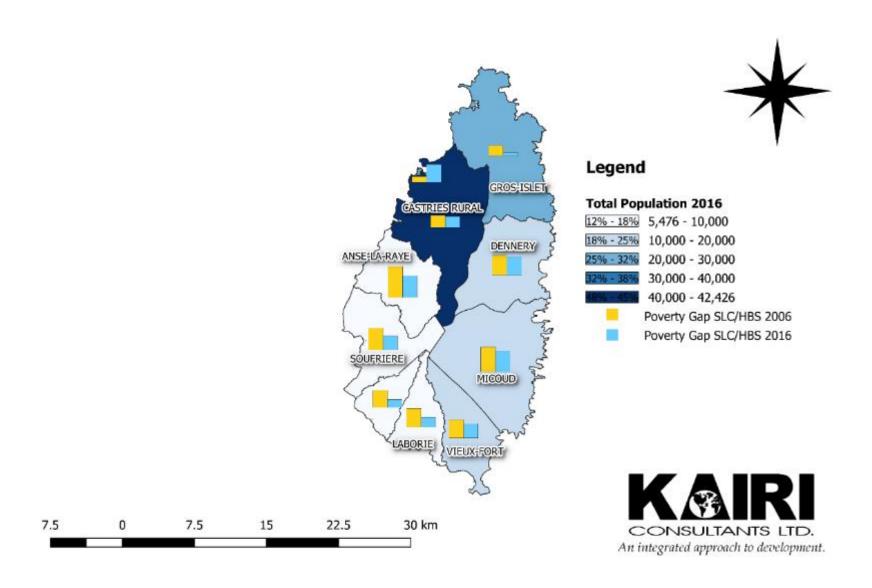


Figure 2: Poverty Gap 2006 versus 2016

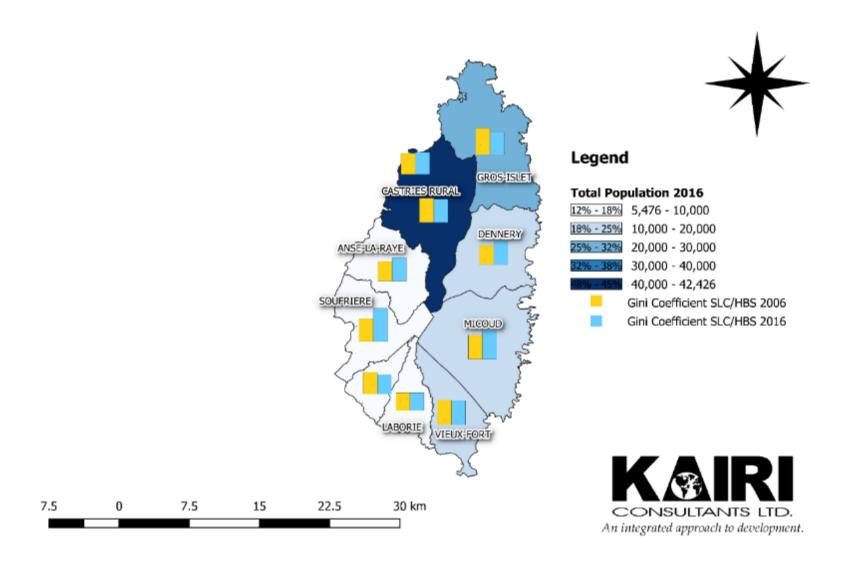


Figure 3: Gini Coefficient 2006 versus 2016

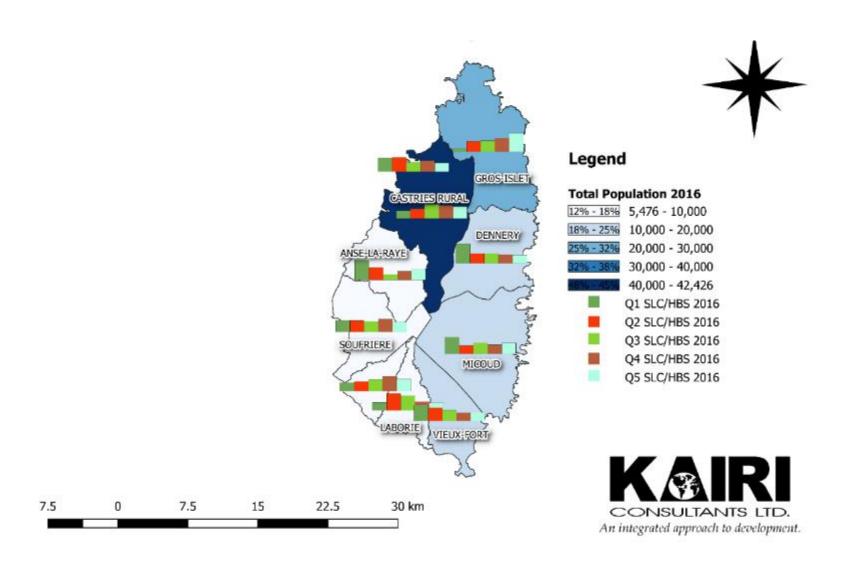
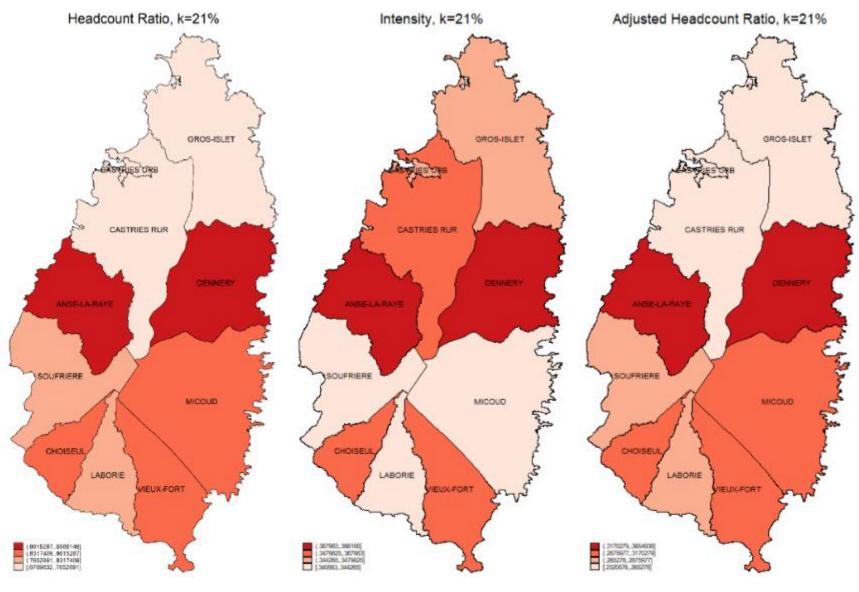
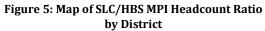


Figure 4: Distribution of Population across quintiles by Subnational Regions in 2016





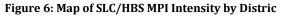
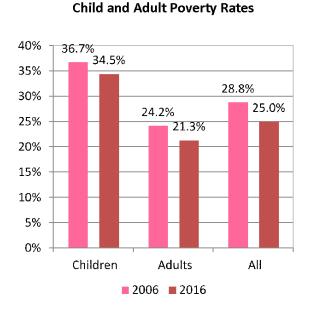
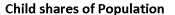


Figure 7: Map of SLC/HBS MPI Adjusted Headcount Ratio by District

Child Poverty in Focus

The survey design allows for an examination of age cohorts and of gender issues. Just over one in three Saint Lucian children were poor compared to one in five adults. In absolute numbers, nearly 17,000 children were poor and they accounted for 39% of the poor population. This is a pattern found almost universally in both developed and developing countries. Reasons for child poverty rates being higher than those for adults could include: (i) the additional costs of supporting children (feeding, clothing, educating, etc.); and (ii) reduced house incomes as the primary carer usually stops working or reduces their working hours. Nevertheless, the majority of children are not poor and adults constitute the majority of the poor population. In 2016, there were slightly under 1,000 indigent (severely poor) children. This represents a low indigence rate of 2% and means that around 1 in 17 poor children are indigent. There has been a decrease in the child poverty rate since 2006, from 36.7% to 34.5% ten years later. Although this decline is not large, allied to the change in the demographic structure of the population, the number of poor and indigent children in Saint Lucia has decreased substantially by around one third and one quarter respectively.





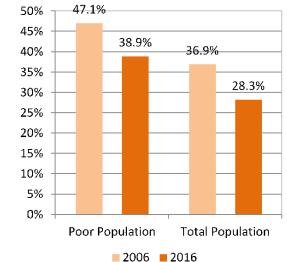


Figure 8: Child Poverty in Saint Lucia 2006 and 2016

The number of children in the population has decreased. Allied to the decrease in poverty rates, this has entrained a decrease in the number of poor children. Although the adult poverty rate has also decreased, the increase in population means that there has been a small increase in the number of poor adults. The overall effect of these changes has been a reduction in the poor population in Saint Lucia.

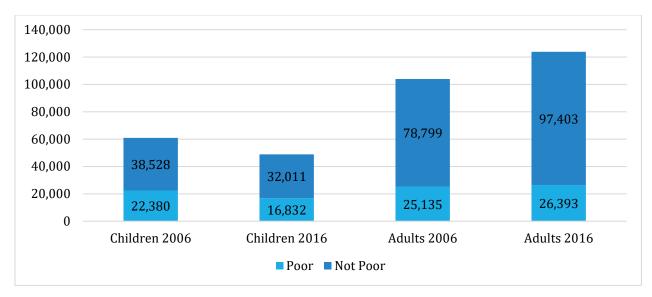


Figure 9: Actual Changes in Poverty 2006 - 2016, Children and Adults

POVERTY REDUCTION IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT OF SAINT LUCIA

Poverty reduction measures that emerged from the last report led to a five-point platform comprised of:

- Development of people to participate fully in the knowledge economy of the 21st century;
- Mobilisation of financial resources from nationals resident abroad;
- Coherent and systematic physical planning in the management of land resources for agriculture, industry, and tourism including eco-tourism and for housing;
- The development of the safety net to provide social protection with clear guidelines for graduation out of the system for those no longer in need of transfers; and
- The reorganisation of Community Development to assist in social integration in the face of rapid rural urban flight, leading to urban concentration and rural depopulation.

A number of specific measures derived from this platform. Many of them were expected to be adopted in keeping with a revised poverty reduction strategy. The following table recounts these measures and the status of implementation.

Measure	Status
Workforce upgrade	Bee-keepers programme, programme for taxi-drivers and tour operators at Sir Arthur Lewis Community College and Programme in Agriculture at Sir Arthur Lewis Community College
Special Provisions for educational and training upgrade for Mothers for entry into labour market	No evidence available
Macro-economic adjustment and industrial policy	Ongoing but diversification component weak
Renewed effort at agricultural diversification with support systems	Limited response

Recommended Measures from the 2005/06 CPA and their Status as at 2018

Status
Ongoing, with Enhanced Poverty Reduction Framework being elaborated
No evidence
Intermittent interest apparently
OECS code being adopted
Addressed in some communities like Anse la Raye, and George Charles Boulevard
No evidence of this, and introduction of CIP might have negative impacts on national population
Successor agency involved in promoting collaboration and social registry being developed to rationalise on transfers to households and individuals
Village tourism being promoted as an element of this
Some commitment evident
Limited response
No evidence available

RECOMMENDATIONS IN 2018: STRATEGIES, POLICIES AND MEASURES

The national development planning thrust of the country has made significant strides in the last decade, culminating most recently with 6 pillars for long term national development:

- 1. Building Productive Capacity and Expanding Growth Opportunities
- 2. Strong Institutions that are a Platform for Growth and Development
- 3. Infrastructure, Connectivity & Energy Key for Growth and Competitiveness
- 4. Adaptation for Environmental Sustainability and Climate Change
- 5. Social Transformation, Building Social Resilience and Social Capital
- 6. Enhancing the Labour Force Through: Education, Training and Workforce Development.

These six pillars have been integrated with the SDG framework and now form the basis for the main recommendations and strategies being put forward in keeping three of the sustainable development goals. These fall under the rubric of:

- Environmental strategies, policies and measures;
- Economic strategies, policies and measures;
- Social strategies, policies and measures.

In respect of the first, the following are recommended:

Element	Key Strategies
Element 1:	Key Strategies
Economic	∇ Adopt a fiscal policy framework which ensures the development of a robust and competitive economy while at the same time controlling inflation and debt escalation
	∇ Diversify exports beyond improving banana production, other agriculture, horticulture, manufacturing, and food processing
	∇ Concentrate on the development of Medium, Small, and Micro Enterprises MSMEs, recognising the importance of MSMEs in job creation, value chain development, and poverty reduction
	∇ Promote Foreign Direct Investment but with complementary support for the domestic small-scale sector e.g. agro- processing
	∇ Adopt Quality Standards for tourism services to help improve and maintain the quality of its products and services and to promote competitiveness within the industry.
	∇ Explore and strengthen the French Connection with France itself and from Germany, as source market in Europe.
	∇ Develop other tourism services such as entertainment, festivals, French connection, community tourism, all inclusive, backward linkages to agriculture, fishing, and creative industries
	∇ Renew efforts at agricultural diversification paying special attention to the needs of farmers, marketing, agro- processing, infrastructure, support mechanisms, including access to credit
	∇ Develop stronger backward and forward linkages between key sectors – agriculture, tourism, manufacturing and emerging sectors
	∇ Upgrade the farming community through: technical training of farmers and support for them with technical and extension services
	∇ Institutionalise labour force upgrading with opportunities for engagement in life-long learning
Element 2:	Key Strategies
Human Capital	 <i>Promote gender sensitivity across socio-economic programmes;</i> Strengthen and expand quality post-secondary and tertiary education opportunities and access for all Develop initiatives to deal with education inequity and inequality with special focus on the needs of vulnerable groups such as at-risk youth, young mothers, single mothers, unemployed persons and persons with disabilities Facilitate the adoption of flexible working arrangements and expansion of child-care facilities like nurseries and after-school-care to afford greater participation of women in labour market and in educational and training programmes including in those offered on evenings;

Element	Key Strategies
	∇ Revisit training programmes to Improve gender equity in education and training, as the basis for removal of gender segmentation of the labour market;
	 Review operations of agencies involved in the supply of credit, supply of land for agriculture, technical assistance to micro-enterprises and in entrepreneurial training with the objective of ensuring gender equity; Promote individuals' commitment to life-long learning and self-upgrading and provide easy access through free Wi-Fi to close the knowledge gap between the Saint Lucian workforce and competitors in the rest of the world
	∇ Inculcate from early in life individual responsibility for good body health through exercise and diet
Element 3:	Key Strategies
Social	∇ Strengthen existing, and introduce new interventions to enhance the existing social protection system to ensure that the needs of the poor and the vulnerable are adequately met and strengthen and directly address child poverty, and unemployment persons
Element 4:	Key Strategies
Environment	∇ Extend and improve water infrastructure and servicing provisioning efforts that would result in more indoor delivery and a regular and safe supply, including in existing under-provisioned areas
	Pay greater attention and provide direct resources to the construction, upgrading and maintenance of home sanitation facilities that meet basic sanitation standards, particularly among poor households
	abla Increase community environmental (public) health education
	abla Encourage the development of household water storage and safe rainwater harvesting
	Adopt and implement the 2015 OECS Building Code with a supporting robust legislative framework and strengthening the operation of the Development Control Authority
	∇ Conduct vulnerability assessment of communities prone to climate change and to different natural hazards and to earthquakes in the nation at large
	∇ Introduce social protection measures which target low income households to enhance adaptive capacity and build resilience to climate change and natural hazards
	∇ Develop and invest in initiatives that result in the reconstruction/renovation existing homes and infrastructure
	∇ Address property rights and encourage investments in squatter communities
	∇ Increase collaboration and work between the State and players in the financial and insurance market in developing and promoting products that can result in greater pick up rates of insurance
	∇ Continue climate change and natural disaster building awareness and knowledge, particularly in at risk communities, to the health-related impacts of climate hazards

The Government of Saint Lucia, through its various agencies, has maintained poverty reduction at centre of socio-economic policy. Its commitment to the fulfilment of the Millennium Development Goals ensured that in the elaboration of policy in the first decade of the 21st century, state and non-state actors employed measures founded on the evidence provided by the SLC 2006. The country has recommitted to poverty reduction within the framework set by the SDGs.

Over the last two decades, it has reorganised its institutional structures specifically designed to treat with poverty. In spite of slow growth or even decline in the economy, there was a reduction in poverty and indigence over the period since the SLC 2006, possibly because of the better performance of the institutions engaged in poverty monitoring and alleviation.

As a SID, Saint Lucia has to continue to address the problems of economic transformation compounded by burden of the impact of climate change and natural hazards on its physical infrastructure.

The most recent SLC provides a solid base for redoubling efforts with a poverty reduction strategy, that tweaks proposals made before and acted upon – human resource development – or implements some of those measures that remain relevant but have not been acted upon – land titling project.

This report, in identifying measures to be adopted, has sought to allow the lessons of experience and an assessment of deficiencies in previous approaches, to guide policy- making as the country tackles the problems of poverty reduction over the next seven twelve years of the SDG framework. The challenge is daunting as Saint Lucia adjusts to a changing international economy that conditions much of what transpires on the domestic front, and all in the context of undeniable climate change in an island at risk of serious seismic visitations.

The SLC-HBS 2016 has laid a solid data-base on which to plan and to assess the country's performance in combatting poverty as a continuing development challenge into the third decade of the 21st century. The country is about to enter on the fifth decade in its efforts at transforming a social and economic construct created in the colonial period of the last millennium, into a viable independent nation-state providing a high quality of life to its citizenry. It has made strides, but there is still much to be accomplished.