

THE CHANGING NATURE OF POVERTY AND INEQUALITY IN THE CARIBBEAN: NEW ISSUES, NEW SOLUTIONS



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## Foreword

Given the multi-dimensional causes of poverty, the fight against it has been on several fronts. Notably, the Caribbean Development Bank (CDB) has been leading regional efforts to conduct poverty assessments in its Borrowing Member Countries and assisting with the design and implementation of poverty-reduction strategies (PRSs) since 1995. However, the persistence of poverty in the Caribbean despite these efforts, compels a critical rethink of the traditional approaches to poverty reduction.

Moreover, there are new and emerging issues. Some of these issues include: the World Bank's redefinition of the global poverty line to USD1.90 per day (in 2011 prices) from USD1.25 per day (in 2005 prices); technological advances; climate change; disaster risk management and reduction; aging population; increasing population that is vulnerable to poverty, rising inequality, and the phenomenon of the "new working poor". All of these issues have the potential to affect the poverty discourse, its measurement and characterisation and, fundamentally, the lives of Caribbean citizens.

In essence, not only has poverty persisted, but its nature and face in the Caribbean are changing. It is therefore important to fashion more relevant and holistic approaches to adequately address the existing and new dimensions of poverty in the Region. Poverty reduction is the first of the 17 Sustainable Development Goals (SDGs) – it is therefore both a global and a regional priority. A renewed focus on poverty reduction in the Caribbean is, therefore, consistent with the broader global development agenda, as well as CDB's mandate to reduce poverty and foster inclusive sustainable development.

We at CDB pursue this mandate by providing development assistance, as well as by offering knowledge products that focus analytical, policy and public attention on important development challenges. This publication, **"The Changing Nature of Poverty and Inequality in the Caribbean: New Issues, New Solutions" is in keeping with the knowledge-building thrust.** 

Our hope is that policymakers and other development stakeholders will find much value in this research. We hope also that it will stimulate real action to accelerate the pace of poverty reduction and boost the prospect of inclusive prosperity in the Caribbean.

W<sup>m</sup> Warren Smith, Ph.D. President Caribbean Development Bank May, 2016

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The study was conducted under the stewardship of Justin Ram (Director, Economics Department), while Kari Grenade (Senior Economist, Economics Department) was responsible for its coordination and technical supervision.

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The Changing Nature of Poverty and Inequality in the Caribbean: *New Issues, New Solutions* 

# **Table of Contents**

Foreword	3
Acknowledgements	4
Acronyms and Abbreviations	11
Executive Summary	13
Chapter 1: Introduction	19
1.1 Study Objective, Motivation and Significance	20
1.2 Study Synopsis	20
Chapter 2: Poverty, Vulnerability and Inequality in the Caribbean: An Introduction	21
2.1 Introduction	22
2.2 Absolute and Relative Dimensions of Poverty	22
2.3 Poverty and Inequality Nexus	23
2.4 Trends in Poverty and Inequality in the Caribbean	24
2.5 Poverty Reduction Initiatives and Approaches	27
Chapter 3: Poverty, Vulnerability and Inequality: The Characteristics and Causes	29
3.1 Introduction	30
3.2 Methodology	30
3.2.1 Modelling the Probability of Being Poor	30
3.3 Characteristics of the Poor and Vulnerable	31
3.3.1 Household Demographics	31
3.3.2 Household Size	41
3.3.3 Dependency Ratios: Child and Elderly Dependents	42
3.3.4. Social Capital	46
3.3.5 Living Conditions	46
3.4 Has the Nature of Poverty Changed Over Time?	48
3.5 Summary	49

Chapter 4: Framework for Evaluating Traditional Approaches to Poverty	52
Reduction Strategies in the Caribbean	
4.1 Introduction	52
4.2 Traditional Approaches to Poverty Reduction	52
4.2.1 Social Protection	57
4.2.2 Social Safety Nets	58
4.3 Traditional Approaches for Assessing the Effectiveness of Poverty	62
Reduction Efforts	
4.4 Challenges in Assessing the Effectiveness of Poverty Reduction Efforts	66
4.4.1 Decentralisation Challenges	68
4.4.2 Harmonisation	68
4.4.3 Institutional Capacity	68
4.4.4 Data Management	69
4.4.5 Issues of Targeting	69
4.4.6 Programme Design	70
4.5 A Proposed Framework to Enhance Poverty Reduction Assessments	70
4.5.1 Guiding Principles of the Proposed Framework	71
4.5.2 Objective of the Proposed Framework	71
4.5.3 Expected Results of the Proposed Framework	72
4.5.4 Application of the Proposed Framework: Towards an Enhanced-	
Poverty Impact Assessment	72
4.6 Summary	75
Chapter 5: New Perspective on Poverty and Inequality both Globally and	77
Regionally – Multidimensional Deprivations	
5.1 Introduction	78
5.2 The Multidimensional Poverty Approach	78
5.3 The Global Multidimensional Poverty Index	78
5.4 Multidimensional Poor – The Case of Jamaica	83
5.5 Probability of Multidimensional, Consumption Poor and Poor on Both Fronts	85
5.5.1 Demographics	86

5.5.2 Labour Market	88
5.5.3 Living Standards	90
5.6 Impact Probabilities on Wellbeing Groups of Different Households	90
5.6.1 Multidimensional Poor	95
5.6.2 Poor on Both Fronts	95
5.6.3 Consumption Poor	96
5.6.4 Non-poor Households' Wellbeing	96
5.7 Triangulating Asset Wellbeing with Multidimensional and Consumption	97
Poverty	
5.7.1 Asset Poor	99
5.8 Addressing Multidimensional Deprivation through Social Protection	99
5.9 Summary	102
Chapter 6: Transformative Shifts in Policy, Approaches and Institutions for	103
Accelerated Poverty Reduction and Inclusive Prosperity	
6.1 Introduction	104
6.2 Global Lens on Sustainable Poverty Reduction and Inclusive Prosperity	104
6.3 Reducing Poverty and Inequality in the Caribbean: General Imperatives	106
6.3.1 Strengthening Social Protection and Social Safety Nets	107
6.3.2 Empowering Girls and Women and Achieving Gender Equality	110
6.3.4 Creating Jobs, Sustainable Livelihoods, and Equitable Growth	112
6.3.5 Creating a Global Enabling Environment and Catalysing Long-Term	113
Finance	
6.4 Specific Recommendations to Reduce Poverty and Inequality and	114
Promote Inclusive Prosperity in the Caribbean	
6.4.1 Recommendations for Action by Regional and International Organisations	114
6.4.2 Recommendations for Action by Governments	115
6.4.3 Recommendations for Action by the Poor and Vulnerable Themselves	116
References	117

# **Tables**

8

Table 2.1:	Regional Comparison of Poverty, Vulnerability and Inequality	25
Table 3.1	Changing Likelihoods of Being Poor	49
Table 4.1	Social Assistance Programmes in Select Caribbean Countries	55
Table 4.2	Donor Interventions in Poverty and Human Development	65
Table 5.1	Inside the Miltidimensional Poverty Index - Dimensions, Indicators' Thresholds and Weights	81
Table 5.2	Dimension Indicators and Cut-Off Jamaica Survey of Living Conditions 2012	83
Table 5.3	Distribution of Deprived Individuals and Percentage Both Multidimensional Poverty Index and Consumption Poor	84
Table 5.4	Multidimensional and Consumption Poor	85
Table 5.5	Top Five Variables that Influence the Marginal and Impact Probabilities of Being Poor	99
Table 5.6	Vulnerabilities, Risks and Shocks	101



Figure 2.1	Quintiles' Share in Consumption Distribution	26
Figure 3.1	Likelihood of Being Poor in Jamaica	34
Figure 3.2	Likelihood of Being Poor in Saint Lucia	34
Figure 3.3	Likelihood of Being Poor in St. Kitts and Nevis	35
Figure 3.4	Likelihood of Being Poor in Dominica	35
Figure 3.5	The Odds of Being Poor Relative to Quintile 5 in Select Caribbean Countries	36
Figure 3.6	The Odds of Being Poor Relative to Quintile 2 in Select Caribbean Countries	36
Figure 3.7	Distribution of Educational Achievement of Head of Household in Dominica, Saint Lucia and Jamaica	37
Figure 3.8	Distribution of Occupational Groups of Head of Household in Dominica and Jamaica	38
Figure 3.9	Distribution of Households by Industrial Classification in Dominica, 2009	39
Figure 3.10	Distribution of Households by Industrial Classification in Saint Lucia, 2005	39
Figure 3.11	Distribution of Households by Industrial Classification in Jamaica, 2012	40
Figure 3.12	Child Labour (Percent 5-14 Years) (2005-2013)	43
Figure 4.1	Monitoring Framework Resulting from the Support of Poverty Assessment and Reduction in the Caribbean Initiative	63
Figure 4.2	Poverty Impact Assessment Framework	74
Figure 4.3	Implementation Framework	75
Figure 5.1	Multidimensional Deprived	83
Figure 5.2	Probit Marginal and Impact Effects: The Probability of Being Poor Based on Multidimensional Poverty Index, Consumption and Both Methods	86

Figure 5.3	Probit Marginal and Impact Effects: The Probability of Multidimensional Poverty Index Poor, Consumption Poor and Poor Both Methods (Adjusted for Scales)	86
Figure 5.4	Probability of Multidimensional Deprivation Relative to Being Poor on Both Fronts (25 Percentile Threshold)	91
Figure 5.5	Probability of Multidimensional Poverty Relative to Being Poor on Both Fronts (40 Percentile Threshold)	91
Figure 5.6	Probability of Being Multidimensional Deprived and Consumption Poor	92
Figure 5.7	Probability of Being Multidimensional Deprived and Consumption Poor Fronts (Adjusted for Scales)	92
Figure 5.8	Probability of Consumption Poor Relative to Poor on Both Fronts	93
Figure 5.9	Probability of Consumption Poor Relative to Being Poor on Both Fronts	93
Figure 5.10	Probability of Consumption Poor Relative to Being Poor on Both Fronts (Adjusted for Scales)	94
Figure 5.11	Probability of Non-Poor Relative to Being Poor on Both Fronts	94
Figure 5.12	Multinomial Logit Marginal and Impact Effect: The Probability of Being Asset Poor	98
Figure 5.13	Multinomial Logit Marginal and Impact Effect: The Probability of Being Asset Not Poor	98

The Changing Nature of Poverty and Inequality in the Caribbean: New Issues, New Solutions



BMCs BNA BNTF BVI CARICOM CDB CGA CPAs CWIQ DAC DFID ECLAC EU FHH GDP HDR HH HOH ICT IDB IMF JFSP JMD	Borrowing Member Countries Basic Needs Approach Basic Needs Trust Fund British Virgin Islands Caribbean Community Caribbean Development Bank Country Gender Assessments Country Poverty Assessments Country Poverty Assessments Core Welfare Indicator Questionnaire Development Assistance Committee Department for International Development Economic Commission for Latin America and the Caribbean European Union Female Headed Households Gross Domestic Product Human Development Report Household Household Head Information and Communications Technology Inter-American Development Bank International Monetary Fund Jamaica's Food Stamp Programme Jamaica Food Stamp Programme
M&E MDGs	Monitoring and Evaluation Millennium Development Goals
MECOVI MHH MIS	Programa para el Mejoramiento de las Encuestas y la Medición de Concdiciones de Vida Male-Headed Household Management Information System
MfDR MPA	Managing for Development Results Multidimensional Poverty Approach
MPI MSME	Multidimensional Poverty Index Micro, Small and Medium Enterprises
MTE	Mid-Term Evaluations
ODI	Overseas Development Institute
OECD OECS	Organisation for Economic Cooperation andDevelopment Organisation of Eastern Caribbean States
OPHI	Oxford Poverty and Human Development Initiative
PATH	The Programme of Advancement Through Health and Education
PCR	Project Completion Reports
PET	PRODEV Evaluation Tool

PIA	Poverty Impact Assessment
PIOJ	Planning Institute of Jamaica
POVNET	Network on Poverty Reduction
PPAs	Participatory Poverty Assessments
PPPs	Public-Private Partnership
PRAs	Poverty Reduction Approaches
PRSs	Poverty Reduction Strategies
PRSPs	Poverty Reduction Strategy Papers
PSIA	Poverty Social Impact Assessment
SDF	Special Development Fund
SDGs	Sustainable Development Goals
SD	Social Development
SI	Social Impact
SIBS	Social Impact Bonds
SIDS	Small Island Developing States
SLC	Survey of Living Conditions
SMART	Smart, Measurable, Achievable, Realistic and Time-bound
SME	Small and Medium Enterprises
SPARC	Support to Poverty Assessment and Reduction in the Caribbean
SSN	Social Safety Net
StW	Steps to Work
TVET	Technical and Vocational Education and Training
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
USD	United States dollars
WB	World Bank

# **Executive Summary**

#### Background

A number of initiatives have been pursued in the Region with support from both bilateral and multilateral donor partners to reduce poverty, vulnerability and inequality. Despite laudable efforts at reducing poverty and inequality in the Caribbean, high rates of poverty and inequality remain a pressing development challenge. Not only have high rates persisted, but the nature and face of poverty and inequality in the Caribbean are changing. In many cases, the situation has worsened with the onset of the global financial crisis. This study is motivated by the need to understand the changing characteristics of the poor and vulnerable in the Caribbean both within current and new and emerging perspectives on poverty and inequality. In the context of the new and emerging issues related to poverty and inequality in the Caribbean, the study provides fresh thinking on the transformative shifts in policies, approaches/strategies and institutions that are required to not only speed up the pace of poverty reduction in the Caribbean, but also to expand opportunities for the most vulnerable by promoting inclusive prosperity.

#### **Study Synopsis**

The study comprises six chapters. The first chapter provides the background, motivation and context for the study, while the second chapter conceptualises poverty and inequality within the context of the extant global and regional literatures. It also defines the evolution of the concept of poverty and the approaches used in its measurement globally and within the context of the Caribbean. Chapter 3 examines characteristics of the poor and vulnerable and the changing nature of their circumstances. Chapter 4 proposes a framework for assessing the effectiveness of traditional approaches to poverty reduction in the Caribbean, while Chapter 5 explores new perspectives on poverty and inequality in relation to multidimensional poverty. Drawing on the findings of the potential factors perpetuating poverty and inequality in the Caribbean, as well as lessons learnt in relation to past successes and failures in addressing poverty reduction in the Region and other relevant lessons distilled from global experiences, Chapter 6 proposes a

number of recommendations to accelerate the pace of poverty reduction and promote inclusive prosperity in the Caribbean.

#### Salient Findings

#### Poverty, Vulnerability and Inequality: Potential Drivers

The incidence of poverty remains fairly high in the Region, despite some gains and a reduction in the level of indigence. Inequality measured by the Gini Coefficient remains stable but there are some gains evident in the distribution of consumption with the poorest quintiles



experiencing increased shares in Jamaica, Dominica, and Saint Lucia. Consistent with established theory, female-headed households (FHHs) are more likely to be poor but the union status of household (HH) heads is also important. The wellbeing of FHHs not in a union has changed and they are more likely to be poor in the latter years of the surveys. The occupation and sector of employment of the HH head influence the likelihood of being poor, but their influences were not consistent over the periods of the study. Education has a positive knock-

on effect on the well-being of HHs, where HH heads with secondary education and above are less likely to be poor. However, despite the fact that women have made significant gains in education this is yet to be translated into better labour market outcomes. Disparities between men and women exacerbate poverty and at the same time, poverty causes the gap between them to widen. Larger HHs are generally more likely to be poor for all countries, but the HH composition is also important. Different HH members, based on age and gender, seem to impact the overall wellbeing of the HH differently. The area of residence also impacts HHs' wellbeing since many places where poor people live present multiple disadvantages, such as missing and inadequate infrastructure and services, unfavourable geography, vulnerability to environmental shocks and seasonal exposure. These disadvantages often combine in ways that endanger or impoverish those who live there. In addition, indigenous peoples tend to be among the most disadvantaged and improvised, even when they do not perceive themselves as poor. The receipt of remittances, pensions and access to health insurance all significantly reduce the likelihood of being poor throughout the Region. Conversely, overcrowding, no access to piped water in dwellings, and poor housing quality are associated with the increased likelihood of being poor.

With the help of the Caribbean Development Bank (CDB), country-level efforts to improve access by the poor to vital services and assets, deliver income transfers to poor families and adopt specific policies that support social inclusion, have been sustained. However, disparities still remain as access to quality education, health services and opportunities and group-based inequalities such as race, ethnicity, gender, location and age continue to slow the pace of poverty reduction in the Caribbean and undermine the development process and shared prosperity. It signals the need to intensify efforts towards promoting greater social inclusion, equity in opportunities and inclusive growth. The level of inequality in the Caribbean measured by the Gini Coefficient has remained fairly stable over the past decade, with negative and positive marginal changes across CDB's Borrowing Member Countries (BMCs).

## Effectiveness of Traditional Approaches to Poverty Reduction: A Framework for Improvement

The study finds that several factors challenge the effectiveness of traditional approaches to poverty reduction in the Region. Some of these factors are: decentralisation. harmonisation. targeting. data management, resource and capacity. Recognising these limitations, the study proposes a framework for the assessment of poverty reduction approaches (PRAs) and makes the case for building and strengthening capacity for monitoring and evaluation (M&E), as well as feedback mechanisms within the Region. The following are the key messages emerging from the analysis undertaken in Chapter 4 in relation to enhancing the effectiveness of poverty-reduction approaches and strategy:

- there is a pressing need to scale-up investments in personnel, training, data collection and resources;
- regional statistical capacity and information systems must be strengthened. Poverty assessments have been patchy at best sometimes with 10 years between surveys. Census data remains only partially analysed for 3 to 5 years, or more, after the assessment has been completed. Consequently, capturing the changing nature of poverty and identifying factors that help individuals exit poverty is difficult simply because systems to monitor the progress of targeted groups and individuals and ensure that social interventions are meeting the needs of the poor, vulnerable and marginalised are inadequate:
- partnerships to collect, analyse and share poverty data must be strengthened and/ or established in order to better manage for development results. The linkages among data collectors, analysts and policy makers, particularly, needs strengthening;
- poverty reduction strategies (PRSs) are often short-lived due to inadequate country ownership, there is, therefore, value in making them more integrated into the

fabric of sustainable national planning and development;

- rural dwellers and females require constant attention to ensure inclusion and assure success;
- there is extreme need to develop and implement sustainable all-round strategies for climate change management, based on the impact on the poor;
- participation in M&E activities should be promoted through wide dissemination of interventions and PRS results; and
- the agenda relating to the Sustainable Development Goals (SDGs) presents a number of opportunities. Integrating Poverty Impact Assessment (PIAs)/Poverty Proofing in routine appraisal and design work undertaken in the Region is one such opportunity. If ceased, it may support the needed transformative shift from a culture of reporting on activities to reporting on results.

#### *New Perspectives on Poverty and Inequality: Multidimensional Deprivation*

Using the case of Jamaica, the characteristics of the poor are triangulated using the Multidimensional Poverty Index (MPI), consumption, and an Index of Asset Well-being method to analyse the changing nature of poverty in the country over time. MPI uses four wellbeing dimensions: education; living standards; employment; and health. The results show that HHs are more likely to be deprived in the employment dimension and least likely to be deprived in the health dimension. Multidimensionallypoor individuals are spread across all consumption quintiles, but with a greater percentage of individuals in quintiles 1 and 2. The empirical estimate suggests that 10.6% of individuals in Jamaica are both consumption and multidimensional poor, while approximately 8% of individuals are both multidimensional poor and asset poor. Based on the empirical findings, the study makes the case that the characteristics of the poor are important

inputs in the process of designing social safety net (SSN) interventions (the impact can be enhanced through greater harmonisation and M&E) such as: active labour market programmes; programmes that promote the inclusion and rights of persons with disabilities; and programmes that address the high incidence of child poverty and adult members in their HHs, while at the same time reducing HHs' exposure to risks and shocks.

#### Specific Recommendations to Reduce Poverty and Inequality and Promote Inclusive Prosperity in the Caribbean

Based on the salient findings of the study relating to the potential factors causing and perpetuating poverty and inequality in the Caribbean, as well as those constraining the implementation and sustainability of PRSs, and drawing on global and regional success lessons, the study recommends a course of action to promote collective action towards reducing poverty and promoting inclusive prosperity. The recommendations are guided by post-2015 agenda, particularly, SDG 1 – *'End poverty in all its forms everywhere.'* 

### Recommendations for Action by Regional and International Organisations

- Improve the diagnostics of poverty and inequality and their determinants through strengthening regional partnerships to collect, analyse and share data widely, such as encourage use by the University of the West Indies.
- Enhance the efficiency of social protection instruments through more effective coordination and consolidation of such programmes and institutional capacity building at the regional level.
- Establish robust M&E mechanisms to effectively assess the impact of pro-poor programming.

- Improve evidence-based policy-making informed by results from the interpretation and analysis of timely, accurate and reliable data being partly the result of increased financial and other regional support of the enhanced Country Poverty Assessment (CPA) Programmes.
- Facilitate the development and application of the multidimentional poverty methodology in BMCs and the execution of more regular data collection, analysis and reporting to inform evidence-based policy making through capacity development in BMCs.
- Invest in producing a summative poverty reduction handbook or video that is an easily accessible hands-on tool that targets policy makers and practitioners.
- Make/keep the lessons of experience current and easy-to-use/visualise including for example, videos available via YouTube. If the requisite details do not exist, then same should inter alia, capture the regional stories, and follow-on from current exercise (for example, the Basic Needs Trust Fund [BNTF] Stories of Change).

#### **Recommendations for Action by Governments**

- Continue efforts at understanding poverty from both qualitative and quantitative perspectives and approaches needed, but with increased efforts at integrating both methods.
- Facilitate a regional community of practice promoting social protection/safety net as an integral strategy for growth and development. This could be facilitated via BNTF as the driver.
- Strengthen capacity both in data management and analysis, facilitating evidence-based policy making and M&E processes.
- Promote the development of a labour market

information system (LMIS), which can result in greater levels of efficiency and informed training programmes resulting in enhanced school-to-work transition, especially of youths and young adults.

- Restructure active labour market programmes to facilitate not only access to employment, but also various skills training, including entrepreneurial skills and access to startup capital for small and medium enterprise (SME) development.
- Forge partnerships with the private sector in providing access to small start-up capital for SME development.
- Support apprenticeship programmes in the private and public sector that are linked to secondary schools and universities.
- Promote the rights and inclusion of all people, especially marginalised groups and communities such as the indigenous and disabled, so that they may participate fully in the society and economy. Regional governments need to ratify the convention on the rights of the disabled.
- Support gender equality in the labour market, political representation/appointment in Parliament and the elimination of violence against women.
- Promote policies that eliminate child labour and keep children in schools, as well as policies to encourage positive parenting and educate care givers on the negative impact of child labour. This will also require addressing youth and adult unemployment in these HHs.
- Enhance the coverage of social protection/ safety net programmes to build resilience and reduce vulnerabilities to covariate and idiosyncratic shocks and risks. Reduce duplication of programme administration and harmonise the social protection/safety net

programmes to better serve beneficiaries and increase efficiency.

- Develop a common instrument, an integrated management information system (MIS), with a common registry; targeting mechanism based on proxy means test for the identification of beneficiaries; assign case managers to work with selected HHs to establish need; and all relevant programmes made available through a one-stop shop service to HHs.
- Strike a balance between universal and targeted interventions. Basic programmes in health, education and nutrition should continue to be universally available, but attempts should be made to ensure that the poor are not excluded. The School Lunch Programme is a good example of striking the balance where all students can access the programme, but poor students are exempted from the financial contribution. There is need for improved management of the programme to reduce stigma, but this is an excellent example of striking a balance that may also be politically more feasible.
- Better integrate social protection/safety net programmes into the development process to maximise the contribution that social programmes can make to the economic and social development process.
- Invest more in second-chance learning opportunities, such as in technical vocational education training (TVET) programmes and entrepreneurial training to address youth and adult unemployment, enhancing access and retention of decent work.
- Encourage HHs to invest in the education, health and nutrition of their children to ensure that they break the intergenerational cycle of poverty and vulnerability.

### Recommendations for Actions by the Poor and Vulnerable Themselves

- Make greater use of family planning and reduce teenage pregnancies through greater utilisation of community health aids and centres.
- Take better care of, and make more use of community resource centers to host youth and community activities to help strengthen community social capital, reduce antisocial behavior and vulnerability.
- Recognise and make use of legitimate opportunities to exit poverty. Every opportunity for life-changing actions should be pursued when able. Without this kind of motivation, interventions are unlikely to have a meaningfully impact. Empowerment inter alia requires inclusive and active citizenship.
- Promote productive values and attitudes and responsibility for own wellbeing where success is built on hard work and sacrifices. Faith-based and civic community organisations can possibly make a difference.

The Changing Nature of Poverty and Inequality in the Caribbean: *New Issues, New Solutions* 

# **Chapter 1: Introduction**

## 1.1 Study Objective, Motivation and Significance

This study explores new and emerging issues in relation to reducing poverty and inequality in the Caribbean, paying attention to the effectiveness of existing approaches to poverty reduction, and recommends practical solutions to accelerate the pace of poverty reduction and expand opportunities to promote inclusive prosperity.

Despite significant progress in real gross domestic product (GDP) per capita since the 1980s, poverty and inequality remain pressing concerns in the Region. According to Downes (2010), poverty levels are particularly high in the Eastern Caribbean states and in countries that have completed two or more rounds of CPAs. The aftermath of the world financial crisis in 2007, suggests that many of the significant gains made in achieving the Millennium Development Goals (MDGs) are in danger of being reversed, such as the level of indigence, poverty and inequality. Poverty levels have been aggravated by the global financial crisis, such as in Grenada and Jamaica where poverty levels have increased significantly.

These outcomes are realised despite ongoing povertyreduction efforts in the Region. The persistence of poverty and inequality, therefore, compels a critical rethinking of the traditional approaches to address them. Moreover, there is a need to embrace new and emerging perspectives on poverty measurement and other factors that affect the lives of Caribbean citizens since not only has poverty persisted, but the nature and characteristics of the poor are changing. This study therefore seeks to establish the changing characteristics of the poor and vulnerable and to fashion more relevant and holistic approaches (consistent with the broader global development agenda) to reduce poverty and promote shareD prosperity in the Caribbean.

This study suggests the need for the adoption of new policies and programmes that will promote a transformative but sustainable shift in poverty reduction and inclusive prosperity. Its analytical underpinnings benefit from a review of good practices globally and the post-2015 agenda towards ending poverty. The study builds on the 2007 CDB study, "A New Perspective on Poverty in the Caribbean" by proposing a new framework to adequately assess the effectiveness of existing approaches to poverty reduction in the Caribbean and by providing fresh thinking on the transformative shifts in policies, approaches/strategies and institutions that are required to not only speed up the pace of poverty reduction in the Caribbean, but also to expand opportunities for the most vulnerable.

#### **1.2 Study Synopsis**

The remainder of the study is organised as follows. Chapter 2 conceptualises poverty and inequality within the context of the extant global and regional literatures. It also defines the evolution of the concept of poverty and the approaches used in its measurement globally and within the context of the Caribbean. The rationale for the study and its contribution to the broader development discourse is also detailed. Chapter 3 provides a picture of the characteristics of the poor and vulnerable, and the changing nature of their circumstances. This is achieved through triangulating quantitative and qualitative data taken from various CPAs, Survey of Living Condition (SLCs) and Census Data. Chapter 4 proposes a framework for assessing the effectiveness of traditional approaches to poverty reduction in the Caribbean. The proposed framework is intended to be a standard assessment tool for future evaluations of PRSs in the Region and has also been used to evaluate the effectiveness of PRSs in the CDB's BMCs. Chapter 5 explores new perspectives on poverty and inequality in relation to multidimensional poverty and the value added of the MPI approach to the poverty discourse, and measurements and characterisations of poverty in the Region. Chapter 6 draws on all five chapters in seeking to explore the value of integrating poverty reduction into national/regional development policies and strategies. It also examines the transformative shifts in policy, approaches/strategies, and institutions which are required to: (a) accelerate the pace of poverty reduction in the Caribbean; and (b) promote inclusive prosperity in the Region, consistent with the new SDGs, particularly Number 1 - 'End poverty in all its forms everywhere'.

The Changing Nature of Poverty and Inequality in the Caribbean: *New Issues, New Solutions* 

**Chapter 2 : Poverty, Vulnerability** and Inequality in theCaribbean: An Introduction

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#### 2.1 Introduction

The Caribbean is a region covering an area of 2,754,000 square kilometers and has a population of more than 37 million people (Rajé 2011). It is made up of disparate sub-regions<sup>1</sup> with comparable colonial experiences, and poverty levels exhibiting high variance between CDB's BMCs of Anguilla, Antigua and countries. Barbuda, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Haiti, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, and Turks and Caicos Islands seem to exhibit higher levels of poverty and vulnerability than their counterparts (The Bahamas, Barbados, Jamaica, Guyana and Trinidad and Tobago). The countries, which have been designated as less developed by CDB, are a 13-member grouping which consists of all nine countries of the Organisation of Eastern Caribbean States (OECS)<sup>2</sup>, which are extremely vulnerable to exogenous shock due in part to small size, location, openness and exposure to natural hazards (Downes and Downes 2003; International Monetary Fund [IMF] 2013).

The mid 1990s witnessed increasing initiatives to measure and analyse the characteristics of the poor and vulnerable across the Caribbean. Since that time, CDB has embarked on several country poverty studies spanning over two decades, geared towards a better understanding of the phenomenon of poverty and designing targeted interventions such as PRSs, SSN or social investment programmes, such as BNTF. According to Downes (2010), during the period 1995-2004 poverty levels for the Caribbean ranged between 14 and 43% of the population, but different countries have experienced different levels of success in reducing poverty. Jamaica has achieved significant levels of poverty reduction between the 1990s and 2000s and so too has Guyana, where levels dropped from 29% in 1992 to 18.6% in 2006 (Inter-American Development Bank [IDB], 2008). However, according to Downes (2010), the OECS has not fared as well and poverty levels remain significantly high even in cases where levels have come down.



Indeed, in more recent times, poverty levels throughout the Caribbean have been aggravated by the global economic crisis and many countries are yet to emerge and experience positive economic growth, necessary but not sufficient for sustained poverty reduction.

Despite the continued challenge countries face in reducing the levels of poverty, the past four decades have seen impressive social and economic development in Latin America and the Caribbean (LAC) and the attainment of many of MDGs. Nonetheless, the Caribbean continues to be challenged by high levels of inequality, vulnerability and poverty.

#### 2.2 Absolute and Relative Dimensions of Poverty

Efforts to address the issue of poverty in the Caribbean date back to the work on the Moyne Commission of 1945. Poor relief, the earliest state response to low standards of living in the Caribbean, was also designed based on the British Poor Law. This was instituted following on from resistance and conflict on plantations in the Caribbean, which came to a tipping point in the late 1930s and marked the end of an era where there was no state

 <sup>&</sup>lt;sup>1</sup> Greater and Lesser Antilles, OECS, Non-OECS English-speaking and Non-English-speaking, independent countries and dependencies, and More Developed and Less Developed countries, as well as over 28 small island developing states (SIDS) (and 7000 individual islands) (Romero and Kannada 2008).
 <sup>2</sup> Anguilla, Antigua and Barbuda, British Virgin Islands, Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines.

involvement in social welfare provisioning<sup>1</sup>. This suggests that social justice is not merely a moral imperative, it is a political imperative as well (World Bank [WB] 2015). What emerged was the first coherent frame of reference in addressing poverty in the Region, but official antipoverty interventions were largely more characteristic of 19<sup>th</sup> century Britain (Rajack and Barhate 2004). These pro-poor measures, which became known as poor relief, were about providing the minimum to paupers. This conceptualisation of poverty seemed to be concerned with the minimum needed for survival and is different from how poverty is conceptualised in recent times.

Persons living in poverty lack the material and nonmaterial resources needed to attain a minimal acceptable standard of living required to participate fully in society. This minimal standard within the Caribbean is reflected in the specification of country-specific income or consumption/expenditure poverty lines. The poverty line used by Caribbean countries is generally composed of a minimum basket of food and non-food requirements. This approach to poverty dates back to the work of Rowntree (1901), and later Orshansky (1965), and refers to subsistence below socially-acceptable living standards. However, these established national minimal standards of living say very little about the relative nature of poverty shaped by the social environment and culture in which individuals are embedded. The relativist conceptualisation of poverty can be found in the work of Townsend (1979), Desai and Shah (1988), and Johnson (1966) and is used in this study in the form of quintiles (where Quintile 1, or 1 and 2, are used to set thresholds). The conceptualisation of poverty emerging from the sociological perspective is rooted in underlying structural inequalities and inherent disadvantages. These result in the poor being unable to take advantage of assets such as credit, land, health, nutrition and education (Benfield, 2010) in which the power structure and governance issues, as well as in the inequalities imbedded in macropolicy frameworks and distributional systems, are the causes (Lok-Dessallien, 2000). The human capability concept of poverty spans both the marginalist and structuralist approaches, which suggest that poverty is not simply an impoverished state but also includes the lack of capabilities (Laderchi, Smith and Stewart, 2003). The capabilities approach is seen in the work of

Amartya Sen (2009) where poverty is defined as a lack of capabilities and functioning, in which economic growth is seen as a means towards the achievement of ends, such as expended opportunities and abilities of individuals, families, communities and societies to generate valued life outcomes and remain out of poverty.

Since its application in the 1970s, multidimensional poverty measures have been called "counting approaches" different from a reported poverty headcount ratio that cannot be broken down by dimensions to show how people are poor. The multidimensional approach uses the counting methodology to identify who is poor by considering a range of dimensions they suffer and combine them into an index. In identifying the poor, the method counts the overlapping or simultaneous deprivations that HHs experience in different indicators. There is great flexibility in how the indicators and dimensions are weighted to ensure that the peculiarities of countries are reflected. In other words, the indicators may be equally weighted or may take different weights. People are identified as multi-dimensionally poor if the weighted sum of their deprivations is greater than, or equal to, a poverty cutoff such as 20, 30 or 50% of all possible weighted deprivations.

In other words, there is no singly universally-accepted definition of wellbeing, what it should comprise or measure. Consequently, people's perception of their wellbeing is important. The subjective approach seeks to capture what is poverty and how it should be measured by asking individuals to specify minimum necessary income or evaluating various income levels. In recent times, subjective poverty assessments have involved individuals in the ranking of wellbeing and the increasing use of participatory poverty assessments. This approach involves people in the process of defining, identifying and explaining the underlying causes of poverty and the reasons for its persistence. In this study, results from participatory poverty assessments (PPAs) are also used in triangulating findings from quantitative methods.

#### 2.3 Poverty and Inequality Nexus

Thus far, some key terms have been clarified in order to contextualise the research within its intended paradigm

on the questions of 'the changing nature of poverty'. It is also important to establish how poverty and inequality are related. Inequality in the Caribbean is a direct outcome of its colonial history whereby social stratification and the different types and levels of poverty came to be firmly etched out, particularly in response to the plantation system and economy (Potter-Jones and Magnus, 2015). However, progress has been made in reducing gaps in the social and economic spheres throughout the Region and, in recent times, this may be attributed to concerted and accelerated effort in response to the Millennium Declaration, which gave rise to MDGs and subsequent SDGs. With the help of CDB, country-level efforts to improve access by the poor to vital services and assets, deliver income transfers to poor families and adopt specific policies which support social inclusion, have been sustained. However, disparities still remain including access to quality education, health services and opportunities and group-based inequalities such as race, ethnicity, gender, location and age continue to slow the pace of poverty reduction in the Caribbean and undermine the development process and shared prosperity. It signals the need to intensify efforts towards promoting greater social inclusion, equity in opportunities and inclusive economic growth.

There is a tendency to use poverty and inequality interchangeably (especially when data on the former is not available) in part reflecting the fact that the concept of poverty is also socially-constructed and varies over time so there is some relativist conceptualisation of poverty. However, poverty and inequality are not the same but rising levels of inequality are bad for both poverty reduction and economic growth. There is consensus in the literature that there is a relationship between growth, inequality and poverty where rising levels of inequality can thwart initiatives at growth with a negative impact on poverty reduction. Birdsall 2005, argued that the persistence of inequality at high levels in developing countries has made it more difficult to reduce poverty, regardless of the rate of economic growth. In fact WB (2015:60), argues that 'no country has moved beyond middle-income status while maintaining high levels of inequality.' Inequality of opportunity, access to social services and economic resources thwarts development and relegates a significant number of individuals to persistent poverty. This means that initiatives to eradicate poverty, addressed in PRSs should also confront initiatives to reduce inequality. The Jamaica experience, which is somewhat unique, shows lack-lustre or negative growth, coupled with reduced inequality, still resulted in poverty reduction and Jamaica is now characterised as one of the countries with the lowest levels of inequality in the Region (WB 2011).

#### 2.4 Trends in Poverty and Inequality in the Caribbean

CPAs and SLCs conducted between 1995 and 2015, provide a basis for assessing incidences of poverty, vulnerability and inequality in the Region. Many countries, with the exception of Jamaica, do not conduct regular HH income/consumption/expenditure surveys and as a result, the data on poverty and inequality are somewhat limited. In general, regional countries tended to embrace the money metric approach where the poverty threshold is based on minimum dietary requirements and non-food needs. The data in Table 2.1 show that based on countryspecific poverty lines and consumption expenditures data, poverty, vulnerability and inequality levels are high. Generally, high levels of poverty persist in the Region with at least one in five persons below the poverty threshold and current scenarios suggest, post the 2007 financial crisis, levels may actually have worsened in many countries (Appendices 1 and 2 present views of policy makers and PPA-elicited suggestions on poverty reduction). Based on existing data, poverty levels are highest in Belize, Grenada, Guyana, Haiti, Saint Lucia and St. Vincent and the Grenadines. What is clear is that much more progress has been made in reducing the level of indigence (individuals incapable of affording the basic food basket) across the Region, but there is danger of this being reversed in light of the aftermath of the global financial crisis as anecdotal information suggests that levels of under-nutrition are on the rise in many countries.

Country	Year	Population Poor (%)	Population Vulnerable (%)	Population Indigent (%)	Poverty Gap Index	Gini Coefficient
Anguilla	2009	5.8	17.7	0	1.1	0.39
	2002	23	•	2	6.9	0.31
Antigua & Barbuda	2007	18.3	10	3.7	6.63	0.48
Bahamas	2013	-	•	•	•	-
	2001	9.3	•	5	2.8	0.57
Barbados	2010	19	10.4	9.1	6	0.47
	1996/97	13.9	-	-	2.3	0.3
Belize	2009	41.3	13.8	15.8	11.4	0.362
	2002	34.1	•	10.8	11.1	0.4
BVI	2002	22		< 1	4.3	0.23
	1997	-	•	-	-	-
Cayman Islands	2006/07	2	1.8	0	0.44	0.3995
	2000	-	-			-
Dominica	2009	28.8	11.5	3	8.9	0.44
	2002/03	39	-	15	10.2	0.35
Grenada	2008	37.7	14.6	2.4	10.13	0.37
	1998/99	32	•	12.9	15.3	0.45
Guyana	2006	36.1	•	18.6	16.2	0.35
	1992	43.2	-	28.7	25.1	0.44
Haiti	2012	58.5	11.5	23.8	-	0.61
	2000/01	74.9	-	31	32.31	0.61
Jamaica	2012	20.0	•	•	4.5	0.3813
	2001	16.9	-	-	7.2	0.3843
St. Kitts	2008/09	23.7	•	1.4	6.4	0.382
	1999/00	30.5	-	11	2.5	0.40
Nevis	2008/09	15.9		0	2.7	0.38
	1999/00	32	· •	17	2.8	0.37
Saint Lucia	2005	28.8	40.3	2	9	0.42
	1995	25.1	31.5	7.1	8.6	0.5
Suriname	2012	47.23				-
	2005/06	8.24	6.7	3.3		-
St. Vincent & the Grenadines	2007/08	30.2	48.2	2.9	7.5	0.40
	1995	37.5	-	25.7	12.6	0.56
Trinidad & Tobago	2005	15.5	9	1.2	4.6	0.39
	1989/90	18.5	•		-	-
Turks & Caicos	2012	21.6	11.4	0	4	0.36

#### TABLE 2.1: REGIONAL COMPARISON OF POVERTY, VULNERABILITY AND INEQUALITY

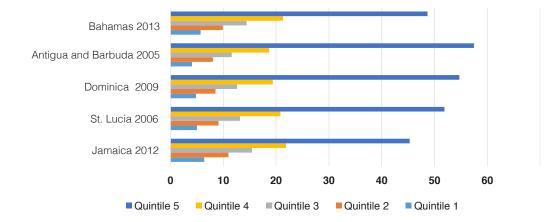
Sources: Several Regional Government's Reports and Documents; CDB (2002: 50) and WB (2011).

In addition to trends in the poverty headcount, the depth and severity of poverty in the Region also suggest little or no progress. While the depth measures the average shortfall of poor HHs income/consumption from the poverty threshold, the severity is a weighted index that looks at the distribution of income among the poor. There is increasing consensus that these measures tend to direct poverty alleviation initiatives towards supplementary types of interventions, when in fact poverty goes beyond income/expenditure shortfall.

The literature on the relationship between inequality and economic growth has pointed to the negative impact high levels of inequality have on economic growth and inclusion, and has shown that countries that have lower levels of inequality tend to grow faster (WB, 2011). The level of inequality in the Caribbean measured by the Gini Coefficient has remained fairly stable with negative and positive marginal changes across BMCs. The literature, however, suggests that in time of economic crisis inequality normally worsens and this is likely to have occurred in the Region, which is still recovering from the global financial crisis. Nonetheless, inequality is highest in Haiti and lowest in the British Virgin Islands, Anguilla and Guyana.

The Gini Coefficients for the Region varied between 0.61 for Haiti (2012) and 0.23 for British Virgin Islands (2002). A good sense of the level of inequality can be

had by looking at the shares of consumption expenditure by guintile. Based on data for Jamaica, Saint Lucia, Dominica, Antigua and Barbuda, and the Bahamas, as Figure 2.1 shows, the wealthiest guintile consume approximately 10 times as much as the poorest quintile. The shares of the poorest quintile (Quintile 1) in total consumption varies between a low of 4.1% in Antigua and Barbuda to a high of 6.4% in Jamaica. The data suggests that Jamaica has the lowest level of inequality of the five countries while inequality in Antigua and Barbuda is the highest. This finding is consistent with WB 2011 characterisation of Jamaica as one of the countries in the Region with the lowest level of inequality and is, in part, the reason for the decline in poverty experienced in Jamaica relative to the 1990s, despite the loss in some gains following the 2007 world financial crisis. In addition, the data for Jamaica, Saint Lucia and Dominica suggests that the level of inequality has been trending down. The consumption share of the poorest guintile improved in all three countries moving from 5.9 to 6.4% in Jamaica over the period 2002-2012; 4.3 to 5% in Saint Lucia over the period 1995-2006; and 4.5 to 4.8% in Dominica over the period 2002-09. Similarly, the shares of the wealthiest quintile declined in Jamaica and Saint Lucia, but for Dominica their share increased by approximately three percentage points. Reduced inequality is an important ingredient for inclusive growth and shared prosperity, and this augers well for the long-term prospects of the Region.



#### FIGURE 2.1: QUINTILES SHARE IN CONSUMPTION DISTRIBUTION

## 2.5 Poverty Reduction Initiatives and Approaches

The BNTF, initially known as the Caribbean Education Development and Basic Needs/Employment Sector Programme, is CDB's flagship programme contributing to poverty reduction in the Region for over 36 years (Adrien Through this and other programmes, CDB, 2008). over the years, has been assisting with the design and implementation of poverty-reduction strategies and leading regional efforts in conducting CPAs in its 19 BMCs. BNTF represents an amalgamation of various interventions. Since its inception, there have been seven BNTF Programme cycles, implementing over 2,000 sub-projects, which have directly impacted the lives of more than 2.8 million people located in disadvantaged and marginalised communities across the Region (CDB 2016). The overarching aim of these interventions is to empower and support the inclusion of the Caribbean poor and vulnerable through the provision of infrastructure and livelihood-enhancement services in 10 of the 19 BMCs, namely: Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, and the Turks and Caicos Islands (CDB 2016).

CDB's (2015a: 28) Annual Report noted marked achievements in, for example, improved educational access as an outcome of projects funded by CDB through the BNTF Programme between 2013 to 2014 whereby 11,400 individuals were able to gain access to new or refurbished education facilities. Improved healthcare access for at-risk groups in Guyana through the renovation of the Society for the Blind and the Ptolemy Reid Rehabilitation Centre was also a significant outcome (CDB, 2015a:28). However, the persistence of poverty in the Caribbean warrants a serious rethink of traditional approaches to poverty reduction, which undergird BNTF and similar social investment programmes, including SSNs. CDB has recognised this need and has taken steps to explore a shift in approach of which this study is a key component. This intended transformative shift also reflects changes in the broader global agenda that embraces multidimensional approaches.

Increasing support for the multidimensional poverty approach (MPA) marks the latest shift in Poverty Reduction Approaches (PRAs) internationally. Through adopting mixed methodologies in seeking to better capture the many faces of poverty, MPA builds on the gains of traditional PRAs. By taking into account the perceptions of the poor and emphasising the importance of policyrelevant information and evidenced-based practice, the approach assumes that income alone is an insufficient measure of poverty (Oxford Poverty and Human Development Initiatives [OPHI], 2015a). This was a key weakness of the economic growth and macroeconomic development policies, which predominated development circles since the end of the Second World War (Overseas Development Institute [ODI], 1978) and which failed to recognise that growth would be uneven and that imperfections were expected to stand in the way of an improved allocation of resources with benefits to the poor (Streeten and Burki, 1978).

Reliance on the trickle-down effect of economic growth did very little for the poor. Moreover, analysis of data on employment conditions in developing countries in the 1970s revealed that economic growth and job creation did not necessarily guarantee freedom from poverty. In fact, many hard-working people were found to be indigent in that they were unable to meet their basic food and other needs (Cobbe, 1976). If economic growth is to bring higher standards of living to the poor it had to be accompanied with decent jobs and adequate/effective social protection programmes.

The Basic Needs Approach (BNA), which was a precursor to the Rights-Based Approach, interpreted poverty in terms of outcomes whereby it focused on providing individuals with the minimum requirements – education, health, shelter, water and sanitation – needed for a decent standard of living (Streeten, 1984). These were the human capital aspects of basic needs, which were deemed useful to increasing productivity and growth (Hicks, 1979) and, to some extent, are reflected in Maslow's hierarchy of needs whereby basic or physiological needs such as air, food, water, clothing, shelter were the first of the five-part system of primary sources of motivation (basic, safety, belonging, ego-status, self-actualisation) developed by Maslow (in Montana and Charnov, 2008: 238) to account for most human behaviour. However, as it will become evident later in the Chapter, the challenge of aiming to meet basic needs is that people value different needs differently and will respond differently to the same set of circumstances. Therefore, 'one size fits all' and top-down approaches (Desai and Potter, 2014) are less likely to 'work' in these scenarios when compared to approaches that recognise that the responsibility of poverty reduction rests, not just with the state but with communities, families, HHs and individuals (Renard and Wint, 2007). Consequently, their perspectives should be considered when seeking to measure, understand and tackle poverty, vulnerability and inequality that affect them.

Since 'economic growth only' and BNA, at least five significant breaks with the past have occurred within the broader global agenda (other growth-oriented approaches, rights-based, people-centred, assetbased and MPA), MPA being the most recent. MPA is, therefore, being introduced to the Caribbean through a five-year plan spearheaded by CDB in support of the adoption of a multi-dimensional poverty measurement approach, which captures both the income and nonincome elements of poverty in the Region. The aim is to produce a MPI for BMCs in the OECS, which is able to better define and appropriately monitor changing characteristics of the poor, vulnerable and excluded in the Region, and measure progress (CDB, 2015b). Ideas of multidimensional progress are new to the Caribbean and as part of the broader international thrust, several Caribbean countries have started the process of computing MPIs with assistance from OPHI's in seeking to implement a national measure which reflects the intensity of poverty nationally (Foster 2010; OPHI 2015b). Unparalleled attempts have been made by some Caribbean countries to measure the intensity of poverty mainly through adopting broad definitions of poverty, which to some extent have been able to capture both its income and non-income dimensions at individual country levels. However, unlike MPI, which is a composite measure of multiple deprivations, generally-established measures used within the Region pay insufficient attention to the impact that intra-HH and compounded vulnerabilities may have on the lives of individuals. Therefore, through

adoption of MPA, some of these multiple dimensions, which previously proved challenging, can be addressed. MPA and its associated advantages are supported by the extant poverty literature (Decancq and Lugo, 2013). However, particularly within the Caribbean Region, which seems to be experiencing significant changes in the characteristics of the poor (due to inter alia increasing frequency of natural disasters, tightening in immigration border controls across the world, increasing minimum standards of living) (WB, 2016), there is certainly a need to shift some attention away from 'just reducing poverty' towards achieving this and other aims through promoting sustainable multidimensional progress. This slightly altered approach is premised on the notion that the poor deserves much more attention and may be in need of improved social protection, but so are those persons who are vulnerable to falling back, or further, into poverty. These include individuals who may be disadvantaged partly because they suffer discrimination as a result of their stigmatised identities, for example involuntarily removed migrants and other persons who, because of their lack of social and other forms of capital, are at risk of falling into poverty.

Multidimensional progress, therefore, prompts expansion of the Caribbean SSNs and if nothing else, recognition of these less-defined categories of 'the vulnerable' necessitate the formulation of multi-policy and practical responses, which are purposefully hybridised and adaptive. Whether Caribbean countries have the level of resources and capacity to support such a transformative shift is a poignant consideration addressed in Chapter 6. Already, the data gaps highlighted in this study suggest that there is a dire need to significantly strengthen existing performance-based management and statistical capabilities. MPA draws attention to the importance of developing robust monitoring, evaluation and implementation capacities at various levels of governance, the need to maintain effectively coordinated synergies and employ mixed-method indicators of progress in seeking to sustain the shared prosperity of Caribbean people<sup>5</sup>. This study, therefore, examines existing strategies that may help to promote and sustain the goal of multidimensional progression in the Caribbean through largely marrying MPA and social inclusion literatures.

# **Chapter 3 : Poverty,** Vulnerability and Inequality: The Characteristics and Causes

#### 3.1 Introduction

This Chapter analyses the changing nature of poverty by establishing the extent to which the characteristics have remained robust, or not, over time. There are several potential factors influencing poverty: sex of the HH head; educational attainment; occupation and sector of employment; HH composition and size; and dependents, are particularly strong. The analysis suggests that while FHHs are consistently defined as poor, FHHs are not a homogeneous group and there are differences within this category in relation to female heads not in union or heads in a visiting relationship. FHHs with a spouse present are overwhelmingly more likely to be poor, while at the same time marriage seems to present improved wellbeing. These results have implications for programme participation and the indicators used to identify and target the poor since, in cases where FHHs are defined as a programme target group, their blanket inclusion may result in targeting errors.

Similarly, consistent with the general literature on the impact of HH size on the likelihood of being poor, this study corroborates these findings but demonstrates that equally important is the age and gender composition and family structure of the HH, since members contribute differently to HH resources, possibly influenced by different coping strategies. Nevertheless, the occupation, sector of employment and educational outcomes of the head of household (HoH) is also correlated to its wellbeing. Equally important is the number of HH members employed or unemployed, which also impacts whether children are involved in economic activities. The housing quality variables are also strong identifiers of poor HHs and this has remained robust over the period with some variation in the influence of the source of public water, possibly in response to supply issues.

This Chapter is divided into three sections. The first outlines the methodology used in modelling poverty in Saint Lucia, St. Kitts and Nevis, Dominica and Jamaica (countries for which data are available). This is followed by an analysis of the main variables that impact the likelihood of being poor and HHs' well-being, followed by a summary.

#### 3.2 Methodology

#### 3.2.1 Modelling the Probability of Being Poor

The probit model is used to establish the determinants of poverty for Saint Lucia (1995 and 2006), St. Kitts and Nevis (1999 and 2006), Dominica (2002 and 2009) and Jamaica (2002 and 2012), where the conditional probability (0 < Pr < 1) of selecting a poor person (conditional on the coefficients and mean values of the explanatory variables) is written in the general form in which the underlying unobserved response variable  $y^*$  in equation 1, is defined by the following relationship:

$$y^* = \sum_{k=1}^{K} \beta_k x_k + \varepsilon$$
(1)

where  $\beta_k$  is the vector of parameters,  $\mathbf{x}_k$  the vector of independent variables and  $\epsilon_i$  the error term is assumed to be normally distributed, thus the use of the probit model. What is observed is the dummy variable y in equation 2, where:

$$y = \begin{cases} 1 & if \ y^* > 0 \ (poor) \\ 0 & non - poor \end{cases}$$
<sup>(2)</sup>

The standardised cumulative normal distribution gives the probability of the event occurring for any value of y where the probability

$$\Pr(y=1) = \Phi\left(\sum_{k=1}^{K} \beta_k x_k\right)_{(3)}$$

and the probability (y = 0) is equal to 1 - Pr(y = 1).

 $\Phi() \mbox{ is the standard normal cumulative distribution function, $x_k$ a vector of HH characteristics and housing conditions that influence the probability of the HH being poor and $\beta$ a vector of parameters to be estimated. The objective is to establish differences or similarities$ 

over time in the contribution of housing conditions and HH characteristics to the likelihood that the HH is poor, explaining what is different between two points in time to capture in what ways the characteristics of the poor have changed. Non-experimental research design, as in this case, is likely to suffer from the problem of endogeneity, such as simultaneity, which is not evident<sup>6</sup> in the models. In this chapter, the probabilities or likelihoods are analysed, which are not the same as determinants more aptly derived in an experimental design. Continuous variables are computed at the mean and calculated in equation 4 as follows:

$$\frac{\partial \Pr(y=1)}{\partial x_k} = \phi \left(\sum_{k=1}^{K} \beta_k x_k\right) \beta_k$$
(4)

To arrive at the respective probabilities, the mean values of HH characteristics are substituted into equation 4. This is to investigate the influence of HH demographics, socioeconomic characteristics and living condition variables, on the probability of being poor. The extent to which these probabilities differ will depend on the coefficients of the explanatory variables and the respective means. The influence of potential determinants of poverty on the likelihood that HHs are poor is also analysed over two points in time in which CPAs were canvased. This permits the investigation of the extent to which the significant variables influencing the likelihood of being poor between the two points in time remain robust, or the extent to which they have changed over time.

The influence of where the poverty line is set on the determinants of poverty is also assessed. The poverty line is first set at the purchasing parity price of four United States dollars (USD4.00) per person. However, in St. Kitts and Nevis, just a small proportion of HH were below this threshold and the model could not converge, hence the poor were defined as individuals in the first consumption quintile. Similar quintiles were used for Saint Lucia since there were inconsistencies in the models estimated using the purchasing parity prices. Strictly, for the purpose of sensitivity analysis, the original poverty thresholds are adjusted upward and the poor are defined as individuals in the first two consumption quintiles. This allows for

the triangulation of the findings and the identification of variables that are robust in influencing poverty over time. Further triangulation was done using an asset wellbeing index based on census data to establish the factors influencing the odds of being poor for Trinidad and Tobago, Saint Lucia, Belize, St. Vincent and the Grenadines, St. Kitts and Nevis, Antigua and Barbuda, Barbados, and the Bahamas. These results show striking similarities in the determinants of poverty regardless of the wellbeing indicators used.

#### 3.3 Characteristics of the Poor and Vulnerable

In this section, the influence of the gender and union status of the HH head, head education, occupation and sector of employment, dependency ratios, HH size and living conditions on the likelihood of being poor are analysed for Saint Lucia, Jamaica, Dominica and St Kitts and Nevis. Here probit models are used to establish the likelihood of being poor and triangulate the findings with results based on asset index<sup>7</sup> of wellbeing for the following Caribbean countries: Trinidad and Tobago; Saint Lucia; Belize; St. Vincent and the Grenadines; St. Kitts and Nevis; and Antigua and Barbuda. Appropriate policy responses to the findings are also put forward. The analysis begins by looking at HH demographics.

#### 3.3.1 Household Demographics

#### 3.3.1.1 Gender and Head of Household

The results of the probit and multinomial models are displayed in Figures 3.2-3.7. There is a generallyaccepted notion that the gender of the HH head is a significant determinant of the wellbeing of the HH, with male-headed households (MHHs) faring better than FHHs (Downes 2010). While there is some credence to this, there are much more nuances to the situation. Only in Dominica are MHHs significantly less likely to be poor relative to their female counterparts, but the levels while highly significant in 2002, were marginally significant by 2009. This result is consistent with outcomes for Jamaica in 1990s, which suggested that the sex of the HH head significantly influences the probability of being

poor and that MHHs are significantly less likely to be poor relative to FHHs. However, the Jamaica Survey of Living Conditions (JSLC) (2002) data suggested that while MHHs may be less likely to be poor compared with FHHs, the difference is not statistically significant. What seemed to have emerged as a more important variable impacting HHs' wellbeing status is the union status of the HH head and in this regard, FHHs fare differently. There are some differences in the outcomes for female heads not in a union across countries. In Saint Lucia the results for female heads not in a union was not significant in 1995, but suggested reduced likelihood of being poor; however, by 2006, the outcome was highly significant and suggested increased probability that these HHs were poor. Similarly in St. Kitts and Nevis, female heads not in a union were not significantly more likely to be poor in 1999, but similarly the results showed that in 2006 they were significantly more likely to be poor. In addition, HH heads in a visiting relationship (most likely MHH) were also more likely to be poor in Saint Lucia and St. Kitts and Nevis. Here the signs of the coefficients are consistent but only significant in Saint Lucia for 1995, and St. Kitts and Nevis in 2006. These results possibly point to the vulnerability of these HHs and the changing nature of their wellbeing outcomes.

For FHHs in a union the results again are not conclusive and while, on the one hand, these HHs are more likely to be poor in St. Kitts and Nevis, they are, on the other hand, less likely to be poor in Dominica. However, what is striking about the results is that HH heads in union are significantly less likely to be poor in Jamaica in both periods, and in 2006 for St. Kitts and Nevis. These results are also corroborated by multinomial logit models in Figures 3.6 and 3.7, using the entire census data and an asset index of wellbeing. The results suggest that HH heads in a union are significantly less likely to be poor, implying that there are gains in welfare from marriage and is consistent with Di Tella, et al. (2003) using data for the European Union (EU) and the United States, who showed that marriage is associated with high wellbeing scores. The results from the multinomial models (Figures 3.6 and 3.7) also suggest that FHHs in union were significantly more likely to be poor in five of six countries. The traditional family arrangement invariably identified the male as the head, yet these females have self-identified as the HH head. This possibly suggests that the males are either absent from the HH (migrated) or do not contribute significantly towards the wellbeing of the HH.

The higher likelihood of FHHs being poor possibly reflects the multiple disadvantages and vulnerabilities that women face despite significant progress in education and labour market outcomes. Women still have lower labour force participation rates than men, earn significantly less even for the same job and are over represented in low-paying jobs (with greater exposure to shocks and vulnerability). Yet women have made tremendous progress, outperforming males at all educational levels. As a result, many targeted policies and programmes tend to focus on women and children as a means of addressing their vulnerabilities.

One possible explanation for the greater number of women with tertiary education may be that returns to education for women are greater than for men, but this is yet to be established. Women with better educational outcomes may have higher expected levels of wellbeing and if unmet, they are likely to perceive their wellbeing as lower than it actually is. This may be one of the factors contributing to the likelihood of single FHHs who are better off than MHH or, with the same educational outcomes, self-classifying themselves as poor (Benfield, 2010).

#### 3.3.1.2 Occupational Categories and Sector of Employment and Head of Household

In Jamaica, heads in the occupational categories \_ Manager, Professional, Technician Associate Professionals, and Plant and Machine Operator - were all less likely to be poor in 2002, relative to HH heads in the occupation of service workers. However, in 2012 only heads in the occupation, Technician Associate Professionals were significantly less likely to be poor. In Saint Lucia and Dominica heads in occupations as Manager, Professional or Technician were also significantly less likely to be poor in 1995 and 2002 for the respective countries, but by the second round of the surveys 2006 and 2009, respectively, these outcomes were no longer significant. In Saint Lucia the results also suggest that in 1995 heads in the occupation Technical Associate Professionals were significantly more likely to be poor, but by 2006 this variable was also not significant.

The sector of employment of the HH head also influences the probability of the HH being poor. In Saint Lucia, Dominica and St. Kitts and Nevis heads in the service sector are significantly more likely to be poor. These results are consistent for both periods in Saint Lucia, but only for 2009 and 1999 in Dominica and St. Kitts and Nevis, respectively. The results for Dominica also show that heads in the Construction sector were also more likely to be poor for both periods and this is also seen in St. Kitts and Nevis for 2009, but the result for Jamaica is different. Heads in the construction sector were less likely to be poor in 2012. Similarly, in Jamaica heads in the Manufacturing sector were less likely to be poor for both periods and the result is consistent with the results for Saint Lucia but only for 2005. Prior to this date, the Saint Lucia data suggested that heads in the manufacturing sector were poor in 1995 and is consistent with the data for St. Kitts and Nevis but for 2006.

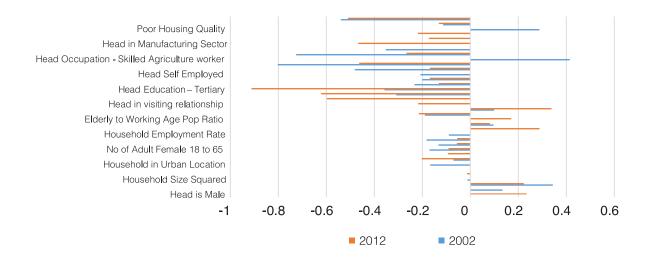
What is consistent across all countries and for all periods where data is available, is that HH heads in self-employment, or employed in the private sector, are significantly less likely to be poor relative to HoH in the other sector (it is not clear what is composed in this sector but there are a significant number of individuals in this group)<sup>8</sup>. These outcomes show the overwhelming importance of changing economic conditions on the poverty level and the fact that the poor are generally found in elementary occupations, rural small-scale enterprises and in a range of informal sector activities (Downes 2010). Many of these activities are affected by seasonality of production and external shocks, such as increases in prices and declining export sales. As such, it is not just about gainful employment but the quality of employment also matters. Within this context the ability of the poor to access and retain decent work is also important.

While decent work and education are key components of social inclusion, inequalities are also created in relation to participation in, and access to, different professions and jobs in which gender and ethnic asymmetries are pronounced. In this light, the creation of productive employment and decent work opportunities, improved real wages and adequate social protection are mechanisms through which growth is translated into higher incomes and greater wellbeing for men and women.

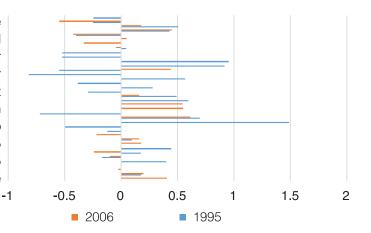
#### 3.3.1.3 Education and Head of Household

The educational variables (Figures 3.1-3.6), head with primary, secondary or tertiary, generally suggest reduced probability of being poor relative to heads with no education. This is consistent across countries and has become increasingly significant in the latter years. However, relative to the middle class, poor HHs are more likely to have primary education, while compared to vulnerable HHs there seems to be a lack of difference (Figures 3.5 and 3.6). Nevertheless, a somewhat counterintuitive result for St. Kitts and Nevis suggests that poor HH heads are more likely to have primary and secondary education relative to vulnerable HHs and possibly reflects the fact that vulnerability goes beyond wellbeing outcomes, and also reflects inability to bounce back from risks and shocks (such as the recent financial crisis). Education serves as an important catalyst for individuals to be able to access decent work. The data shows that poor HHs were consistently less likely relative to vulnerable HHs and the middle class to be in decent work (defined as employment with health benefits) (Figures 3.5 and 3.6) and is consistent with Downes' (2010) argument that the educational and training outcomes (human capital) of the poor are low. This is also consistent with literature that shows that even though women have made significant gains in education, at the lower end of the consumption distribution a significant number of women have no education. For instance, in St. Kitts and Nevis 43% of women in Quintile 1 had no educational qualification compared with 28% for the general population (St. Kitts and Nevis, Poverty Reduction Strategy Paper [PRSP], 2012-16). This certainly influences the kinds of jobs and occupations that these women can access.

#### FIGURE 3.1: LIKELIHOOD OF BEING POOR IN JAMAICA

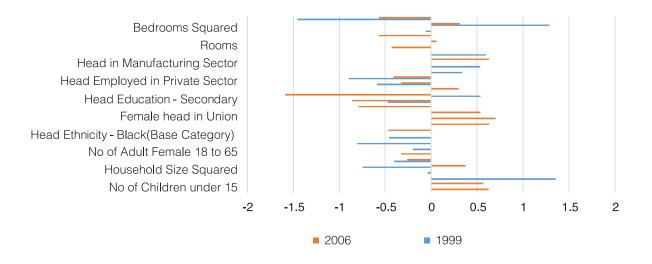


#### FIGURE 3.2: LIKELIHOOD OF BEING POOR IN SAINT LUCIA

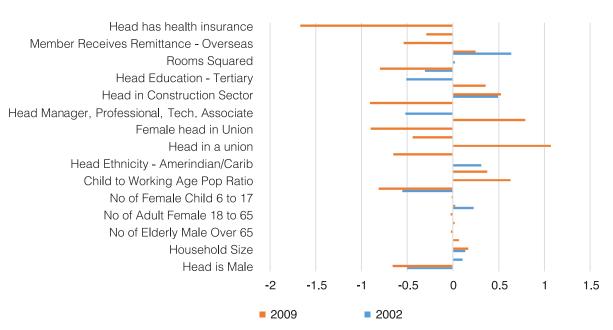


Head has health insurance Bedrooms Squared Head in Construction Sector Head Occup. - Skilled Agriculture worker Head Employed in Government Female head not in Union Elderly to Working Age Pop Ratio No of Female Child 0 to 5 No of Elderly Female Over 65 Head is Male

#### FIGURE 3.3: LIKELIHOOD OF BEING POOR IN ST. KITTS AND NEVIS



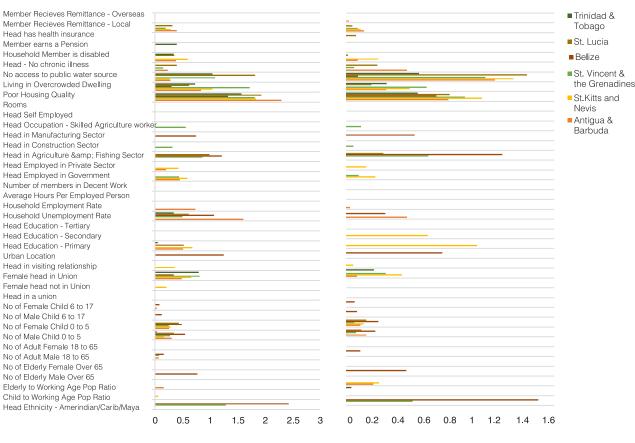
#### FIGURE 3.4: LIKELIHOOD OF BEING POOR DOMINICA



Rooms

#### FIGURE 3.5: THE ODDS OF BEING POOR **RELATIVE TO QUINTILE 5 IN SELECT CARIBBEAN COUNTRIES**

#### FIGURE 3.6: THE ODDS OF BEING POOR **RELATIVE TO QUINTILES 2-4 IN SELECT CARIBBEAN COUNTRIES**



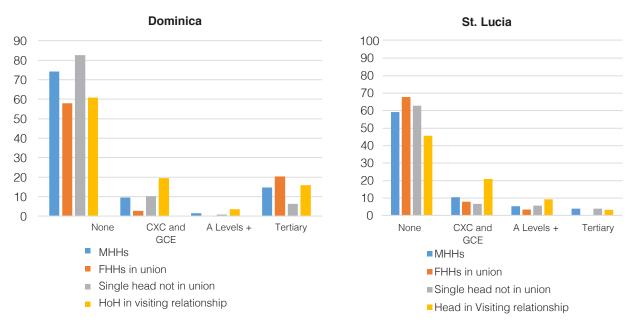
#### 3.3.1.4 Distribution of Educational Attainment and Occupational Outcomes

As Figure 3.7 shows, the educational outcomes of HH heads in Dominica, Saint Lucia and Jamaica based on the highest examination passed, show that that an overwhelming majority of HoHs had not passed any examination, with slightly better outcomes in Dominica for tertiary qualifications. In both Dominica and Jamaica FHHs in a union seemed to have better educational outcomes relative to other HoHs. In Saint Lucia, HoHs in visiting relationships have better educational outcomes (these HHs are more likely to be MHHs). These results support the generally-accepted finding that females are out-performing males in the educational system.

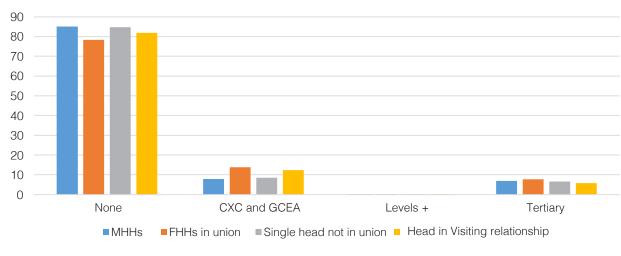
Better educational outcomes for women are also showing up in the occupational outcomes where FHHs and single heads not in a union (they are more likely to be females) are more likely to be in the Professional category in both Dominica and Jamaica (Figure 3.8). In addition, women are still overly represented in elementary occupations in both countries, as well as clerks and sales occupations.

In Dominica, FHHs in a union are employed primarily in Mining and Quarrying, Agriculture and Forestry and Wholesale and Retail, Electricity, Gas and Water, while MHHs are mainly employed in Education, Real Estate and Business Activities and Transportation Storage and Communication (Figure 3.09). Single heads not in union are primarily in Public Administration. Similarly, HoHs in

# FIGURE 3.7: DISTRIBUTION OF EDUCATIONAL ACHIEVEMENT OF HEAD OF HOUSEHOLD IM DOMINICA, SAINT LUCIA AND JAMAICA



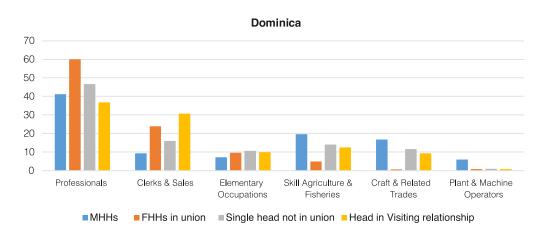


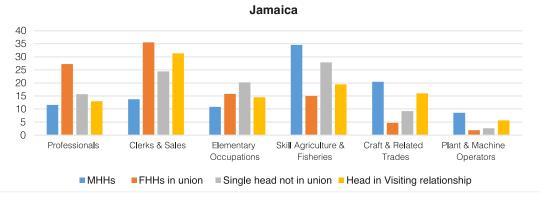


Sources: CPAs Dominica (2009) and Saint Lucia (2005) and JSLC Jamaica (2012) .

a visiting relationship are primarily employed in Public Administration, Wholesale and Retail, and Electricity, Gas and Water. In Saint Lucia, MHH are primarily in the Construction and Transportation sectors while FHHs in union are in the sectors other, Hotel/Restaurant and Manufacturing (Figure 3.10). None of the latter HoHs are in the

# FIGURE 3.8: DISTRIBUTION OF OCCUPATIONAL GROUPS OF HEAD OF HOUSEHOLD IN DOMINICA AND JAMAICA





Sources: CPAs Dominica (2009) and JSLC Jamaica (2012).

Transportation sector and only a small proportion are in Construction. Similarly, single heads not in union are primarily in the sector Other, Education/Social Work, Admininistration/Social Security and Wholesale/Retail. These outcomes are quite similar for HoHs in a visiting a relationship. They are primarily in the Education/Social Work and Hotel/Restaurant sectors.

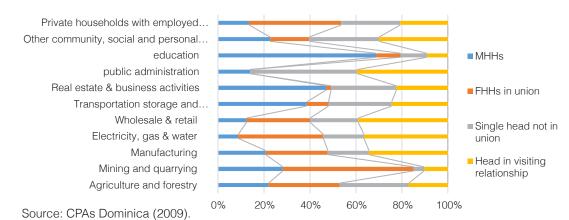
As is the case for Saint Lucia, MHHs in Jamaica are primarily in the Construction and Transportation Storage and Communication sectors (Figure 3.11). FHHs in union are primarily in Health and Social Work, and Education; private HHs with employed persons (Domestic Services),

Industry of Employment by HoH 2009

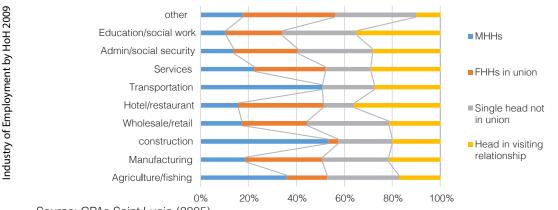
Wholesale and Retail and Community, Social and personal services. Similarly, single HoH not in union are primarily in Domestic Services, and Education; while HoH in visiting relationships are in Community, Social and Personal services and Hotel and Restaurant. Similar to Saint Lucia, FHHs in Jamaica are least likely to be employed in the Construction and Transportation Storage and Communication sectors, pointing to some level of industrial sex segregation.

Mean annual consumption by highest examination passed suggests that men earn significantly more than women, except in the case of Dominica for professional

# FIGURE 3.9: DISTRIBUTION OF HOUSEHOLDS BY INDUSTRIAL CLASSIFICATION IN DOMINICA, 2009

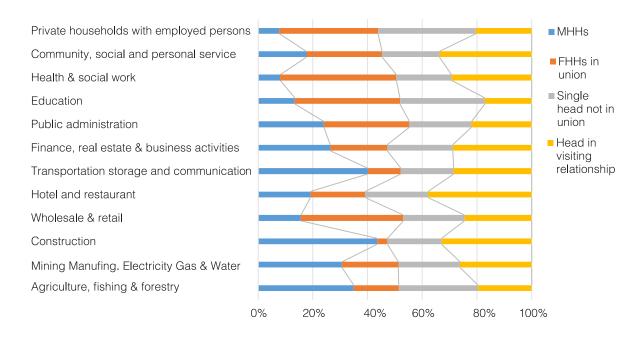


# FIGURE 3.10: DISTRIBUTION OF HOUSEHOLDS BY INDUSTRIAL CLASSIFICATION IN SAINT LUCIA, 2005



Industry of Employment by HoH 2012

# FIGURE 3.11: DISTRIBUTION OF HOUSEHOLDS BY INDUSTRIAL CLASSIFICATION IN JAMAICA, 2012



Source: JSLC Jamaica (2012).

and other occupations and in Jamaica in the case of other occupations. These results, therefore, suggest that employment remains gender differentiated where women still predominate in low skills, low wage jobs and are underrepresented in higher paying jobs. For instance the Belize 2002, despite educational advances, equal economic opportunity continues to elude women as disparities persist in the areas of employment, recruitment, salary, promotion, benefits, and access to credit (Government of Belize, 2002: 42).

The analysis in this section has shown that the occupation and sector of employment of the HH head influence the HHs' wellbeing, but there are differences in the gender of heads employed in some occupations and sectors suggesting some level of occupational sex segregation. On the whole, unemployment and underemployment are significant risks facing adults of working age in the Region, particularly in the context of the global financial recession, which resulted in contraction in the main productive

sectors of several Caribbean countries. The contraction in Construction and Tourism significantly affected unemployment of both men and women. It is, therefore, important that a gender perspective is taken in looking at the impact of poverty and on poverty-reduction actions with a view of achieving gender equality. Disparities between men and women exacerbate poverty and, at the same time, poverty causes the gap between them to widen. This is evident in differential access to resources, information, decision-making and economic and political power of men and women resulting in them experiencing poverty differently with varying outcomes over their life cycle. This suggests that initiatives to reduce poverty must be cognisant of the different vulnerabilities of men and women, and placing emphasis on empowerment, participation and agency may not only address resource, goods and information asymmetries but also allow for the renegotiation of notions of access and control, as well as where inequality and injustice occur9.

### 3.3.2 Household Size

HH size and the square of this variable are generally significant determinants of poverty. The results are generally consistent across all countries suggesting that one unit increase in HH size increases the probability of being poor in both periods for Jamaica; however, this is true only for 1995 and 1999 in Saint Lucia and St. Kitts and Nevis, respectively. In Dominica, the results for 2002 are somewhat counter intuitive and suggest reduced probability of being poor. Nevertheless, a disaggregation of the HH size variable by sex and age cohort suggests that an increase in any of the HH members will also increase the probability that the HH is poor. This is, however, significant for all variables except for children in the age cohort 6-17 years. Similar results are obtained for Jamaica in 2002, where an increase in HH members significantly increases the probability of being poor but primarily for adult male members 18-64 years and elderly female members, and the latter result is also seen in 2012. However, while more elderly female members increase the likelihood of being poor, in 2012 the opposite is seen for an increase in elderly male members, suggesting reduced likelihood of being poor. Reduced likelihood of being poor is also seen for one unit increase in male or female children in the age cohort 6-17 years and this is also robust for 2012 but marginally significant for a female child 6-17 years old. The disaggregated results for Saint Lucia, St. Kitts and Nevis and Dominica for 2006, 2009 and generally, suggest reduced likelihood of being poor, but the results are only significant for elderly male over 65 years old in Dominica.

In St. Kitts and Nevis and Saint Lucia the disaggregated demographic variable (HH size) generally suggests reduced likelihood of being poor. A one unit increase in elderly females in Saint Lucia and St. Kitts and Nevis in 1995 and 1999, reduced the likelihood of being poor. Similarly, in St. Kitts and Nevis during 1999, an increase in adult males or male child 0-5 years significantly reduced the likelihood of the HH being poor. The result for adult males remained robust in 2006, but at this point an increase in adult females also significantly reduced the likelihood that the HH is poor. In Saint Lucia during 2006, the poverty-reducing effect is evident for all children and adult members and is somewhat counter intuitive. Intuitively, it is expected that an increase in the number

of HH members increases the likelihood of being poor and this is seen in Saint Lucia for only elderly female HH members, which previously (in 1995) suggested reduced likelihood of being poor. The inconsistent signs on the variables for the number of HH members of different cohorts, suggest that poor HHs must leverage all HH resources in their coping strategies and children may be involved in economic activities outside of the HH. Within this context, not only are children likely to be involved in child labour, but other members may be hustling and juggling several coping mechanisms. One may also question the role played by various forms of support mechanisms, such as remittances, child support and support from friends and relatives, in influencing the result and the extent to which the receipt of these is motivated by the presence and number of children in the HH. There is no conclusive answer to these concerns and further research is needed to isolate the various support mechanisms and coping/survival strategies employed by HHs and their contribution to the HHs' wellbeing.

These results also suggest that while the Caribbean is experiencing a demographic transformation such as an aging population, reduction in the 0-14 age cohort and reduced fertility levels, some of these outcomes are not yet evident in poorer HHs who are more likely to have more young children in the 0-5 age cohort. This result implies that policies that result in smaller HH size, or reduced levels of dependency, are consistent with reduced likelihood of being poor and improved HHs' wellbeing. Concerning a strategy to tackle this, the literature suggests the education of women may be the most effective means to reduce fertility and fewer dependants may have a knock-on effect on wellbeing. However, it is also important to establish whether fertility is influenced by education or women's decision to work or does it, rather, depend on other exogenous influences or unobserved variables, such as preferences, operating on the basic sequence of lifetime choices (Schultz, 1989:5 cited in Benfield 2010:167).

This result also suggests that there may be various types of extended family arrangements, or siblings and their families living together adapting various sharing arrangements. This may be particularly evident in rural areas, and inner-city communities in urban centers. The general reading of these results suggests that, for the poor the composition of the HH is as important as its size. This scenario implies that while HH size may be important, equally important is the sharing arrangements that evolve and is consistent with the type of family structure prevalent in Caribbean societies where HH members may be related through different types of lineage relationships, which may also be seen as a coping/ livelihoods strategy<sup>10</sup>. In the section which follows, the dependency ratio is analysed, which is known to be influenced by the relationship between HH size and the number of dependents.

### 3.3.3 Dependency Ratios: Child and Elderly Dependents

The literature on child-bearing sees children as assets, blessings but also a cost, suggesting that in some cases children contribute positively to the HHs' wellbeing and, therefore, the direction of influence of the child dependency ratio on the probability of being poor need not conform to the general expectation of an increase. This is seen in the effect of the variable on likelihood of being poor. A one-unit increase in the child dependency ratio leads to a significant increase in the probability of being poor in both periods for Jamaica and Dominica, and only in 1995 for Saint Lucia. However, in 2006 the child dependency ratio for Saint Lucia suggested reduced likelihood that the HH was poor. The latter result suggests that these HHs may have been involving their children in economic activities or, alternatively, because of a larger number of children these HHs are benefiting from state interventions for poverty alleviation or, alternatively, family and friends.

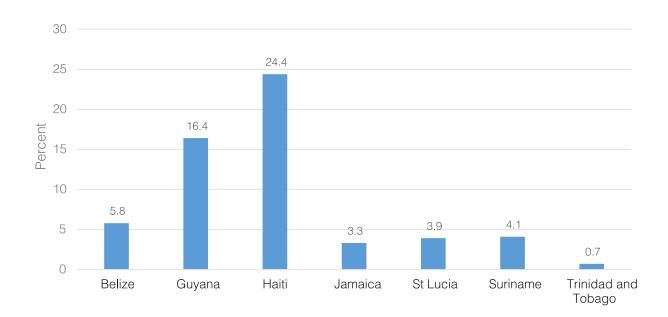
A number of studies have pointed to the existence of child labour in the Caribbean and have sought to estimate the prevalence. WB (1997) estimated that one in every thousand Jamaican children were involved in the labour force, while Ennew and Young (1981) estimated 11.6 per thousand. Estimates for 2002, based on a child activity survey conducted by the Jamaica Statistical Agency, suggest that 2.2% of children aged 5-17 years, that is, 16,240 children, were involved in economic activities and just over three quarters were boys (Benfield, 2010). Recent estimates for the English speaking Caribbean, based on countries in which the Multiple Indicators Cluster Surveys were canvassed, suggest that child labour varies between 16.4% in Guyana and 0.7 % in Trinidad and Tobago. In Haiti, at least one in five children between the ages 5 and 14 years is involved in child labour and is the highest for BMCs in which data are available (Figure 3.12).

Ennew and Young (1981) have catalogued a number of income earning/abusive/hazardous activities in which children are involved and at the expense of their education. This result suggests that while the literature on child dependency continues to be relevant, primarily for poor HHs and for children below a certain age, the growing involvement of children in economic activities is of policy concern and clearly influences the HH's wellbeing. However, the involvement of children in economic activities at the expense of their education<sup>11</sup> also deprives them of their childhood, potential and dignity and is likely to perpetuate the inter-generational cycle of poverty, since they are likely to face higher time-rates of unemployment, lower income and the likely involvement of the next generation of children in child labour.

Thus, child labour is of concern not only on an individual/ HH level, but also on a national level as it stunts (or is a threat to) human and, ultimately, country development. Kailash Satyarthi (2014 Nobel Prize Winner) (cited in the Human Development Report [HDR] 2015) makes the point that the issue of child labour is not an isolated one and is interconnected to issues of poverty, education, health, among others; policies to address it must take into consideration the context of the reason for its existence. Breaking the links would then require deliberate policies which also addressed these connections to its existence.

Also of policy interest are the characteristics of the children involved in child labour. Child labour tends to be more prevalent in rural areas, among younger children 5-11 years old relative to children 12-14 years old, and boys more than girls. The later outcome is consistent with the higher likelihood for boys to drop out of school

# FIGURE 3.12: CHILD LABOUR (PERCENT 5-14 YEARS) (2005-2013)



and their under-performance relative to girls. In addition, one of the main reasons cited by poor HHs across the Caribbean for not sending their children to school is financial difficulties and so it is not surprising that some of these children are involved in economic activities. In Belize, the poorest HHs are close to three times more likely than the average HH, to take children out of school due to financial difficulties (Barrientos, 2004).

However, to the extent that the employment of children is closely related to adult unemployment and unmet basic needs, as suggested in the literature, it is not surprising that HHs whose children are involved in child labour are also more likely to self-classify themselves as poor (Benfield 2010). The existence of child labour may also be influencing the inconsistency in the sign for the variable HH unemployment rate. This variable measures the proportion of unemployed adults. For both Dominica and Saint Lucia, increased unemployment in the HH was unexpectedly associated with reduced likelihood of being poor in 2009 and 2006, respectively. This possibly suggests that children had to take up the slack and engage in economic activities to support their families, but may also suggest that these individuals are involved in informal sector activities. An increase in employment of one additional HH member significantly reduces the likelihood of the HH being poor for both periods for Dominica, and in 2002 and 2006 for Jamaica and Saint Lucia, respectively. This suggests that policies geared towards the reduction of poverty must, therefore, pursue initiatives that also seek to keep children in school<sup>12</sup> and, at the same time, improve the income earning potential of the HH.

Unlike the child dependency ratio, the direction of influence of the elderly dependency ratio is consistent where statistically significant. A one-unit increase in the elderly dependency ratio suggests increased likelihood of being poor for both periods for Jamaica, and in 1995 and 2002 for Saint Lucia and Dominica, respectively<sup>13</sup>. Though not statistically significant, the sign on the coefficient for the elderly dependency ratio for Dominica in 2009 is consistent with increased likelihood of being poor. However, for Saint



Lucia the 2006 data shows a reversal in the sign of the coefficient suggesting reduced probability that the HH is poor, though not statistically significant. This possibly suggests that the contributions of elderly individuals in poor HHs are not at all times greater than their claims on HH resources<sup>14</sup>. In addition, results indicate that the poor cannot afford to stop working at the retirement age, but this may also be motivated by the demographic shift and larger proportion of the elderly in the population and the recognition that these individuals can go on to contribute positively after the retirement age. The former scenario may result, however, if elderly members in these HHs have withdrawn from the labour market, are not in receipt of pensions or the amount received is substantially lower than average, or did not make adequate provision for their old age and, as such, are net users of the HH resources. Saddled with the responsibility of taking care

of the elderly, which can be expensive if health care and medication related costs are also included, HHs are likely to be poor.

The direction of influence of the child dependency ratio is less consistent relative to the elderly dependency ratio, but they both are likely to exert a downward influence on the amount of resources available to each HH member thereby supporting Lipton and Ravallion's (1995) (cited in Benfield 2010) argument that the age structure of poor HHs implies high dependency ratios, which can be a drag on the adult members' labour market participation and current wellbeing. However, the results do not conclusively support this position and, in fact, both children and the elderly in poor HHs are likely to participate in the labour market. This is also recognised by Lipton and Ravallion (1995) cited in Benfield (2010), who argued that the high dependency ratio increases the marginal utility of income-per-worker relative to leisure and, as such, the average participation rate is invariably raised through the employment of children and the elderly. This is further supported by the coping/survival strategies employed by poor HHs, which ensure that all possible members obtain an income<sup>15</sup>.

The problem of child labour may be addressed by measures that reduce children's labour market activities and improve school attendance. However, the economic activities in which children are engaged are diverse, and they are involved for different reasons and under varying conditions. There are street children, abused, sexuallyexploited and working children, and these groups may not be mutually exclusive. There are several remedial programmes across the Region but the focus seems to be on children who have dropped out of school, street children, those at-risk and involved in prostitution. While it is recognised that there are some children whose school attendance may be affected by their labour market activities, many of the initiatives such as the school lunch and the cost-sharing scheme, geared towards encouraging attendance, may be misguided since, in some cases, the necessary research has not been done to inform their structure or evaluate impact.

In addition, the focus of these programmes is on the needs of the child rather than that of the HH, and consequently, drop-out rates remain high and attendance levels continue to be low for some children. These problems will continue if there is a failure to recognise that the decision about whether a child attends school or not is influenced by the care giver whose choice may be seen in terms of constraints, incentives and agency (Bhalotra, 2003) cited in Benfield (2010). As a result, if the constraint that pushed children into work is poverty, the policy response may generally seek to provide the HH with a cash transfer (Ravallion and Wodon, 2000) cited in Benfield (2010).

Nonetheless, school attendance is not only influenced by the amount of resources at the disposal of the HH, but also parents' interest in educating their children and the possible expected returns from their investment. In situations where parents' interest may not coincide with that of the child's, as suggested in focus group meetings, enforced legislature that prohibits child labour, or makes schooling compulsory, may prove more effective in raising the level of attendance. School attendance may also be affected if the cost of schooling is too high, inaccessible, or of poor quality (Benfield 2010). In these situations, a rational decision may be made to send the child to work, especially if experience gained in the labour market is valuable. In this scenario, the reward for working exceeds the rewards of schooling, and policies that make schooling more attractive are likely to reduce child labour (Ravallion and Wodon, 2000) cited in Benfield (2010).

In reality, however, many children combine work and school and this may be common when children work on family farms or enterprises. In these cases, when work does not interfere with children's education it may, in fact, allow them to develop skills that are advantageous to them as adults and broaden their future opportunities (Satz 2003)<sup>16</sup>. In this case, policies that promote school attendance may be more successful than those that discourage child labour, such as legislation against the practice (Basu, and Tzannatos, 2003) or minimum wages that remove the need for children to work. Another strategy through which school attendance may be enhanced is by the removal of supply-side constraints, such as lack of capacity at the secondary level and improved quality. The solution may also require that the conditions (with attention paid to the gender of the child) of each HH be addressed on its own merits, with attempts made to inform parents of the cost of child labour and the possible medium and long-run benefits of education. Providing them with information would allow them to make more informed decisions. Equally important is the need for further research that isolates the factors that result in child labour, so that appropriate policies may be put forward.

The following sections examine the role of social capital, living conditions and location of residence in the probability of being poor.

# 3.3.4. Social Capital

In cases where HHs have health insurance or members with pensions, they are significantly less likely to be poor in all countries under study. A similar outcome obtains where HH heads have no chronic illness (an opposite

and somewhat counter-intuitive outcome is seen for Saint Lucia). Similarly, in all cases where data is available, the receipt of remittances significantly reduced the likelihood of being poor. In Saint Lucia the likelihood of being poor was reduced by 24. 5 and 2.3% in 1995 and 2006, respectively. Similarly in 2009, HHs in Dominica that received remittances were 53.9% less likely to be poor. In addition, results in Figures 3.6 and 3.7 suggest that relative to HHs in Quintile 5 and those in Quintiles 2-4, the poorest are less likely to receive remittances from abroad and, instead, are more likely to receive support from family and friends residing locally. These findings show that remittances have continued to be an important source of the informal SSN and have played an important role in HH livelihood strategies reducing poverty and vulnerability. In addition, Barrientos (2004) argued that remittances is one of the largest sources of foreign exchange inflows and is also relatively stable. Based on this evidence, Solimano (2003:11) contended that from a recipient country perspective, policy should focus on "leveraging remittances and enhancing its productive use for development". Specific proposals to achieve these include promoting improved financial instruments to channel remittances, such as bonds issued by government and domestic financial institutions; and taxexempted foreign currency accounts for migrants, as well as housing and education accounts.

For many countries, remittances is the second largest source of foreign exchange. However, the positive role of remittances in protecting Caribbean HHs needs to be set against some negative features of labour migration. There is concern over the impact of outmigration on labour supply and wage levels. There is also concern with adverse social consequences, such as the precarious conditions of migrant workers and the impact of separation on their families back home, and especially their children. The contribution that the labour migration and remittances can make to the development of the Region has not been fully explored or understood. While regional countries have sought to engage with the diaspora, invariably this has been in terms of a source of marketing of domestically-produced goods and services, and not as a source of development of financing and human resources.

# 3.3.5 Living Conditions

HH living conditions, access to public water sources, overcrowding and housing quality (materials used on outer walls) are important factors in the process of personal development and adaption to the socio-cultural, economic and physical environment in which people live, and this is especially so in Caribbean Small Isand Developing States (SIDS). In addition, quality housing promotes healthy inhabitants and protects individuals from natural disasters, diminishes the incidence of diseases and other adverse shocks. The Caribbean is vulnerable to seasonal storms and hurricanes, which reap havoc on the countries' physical infrastructure and housing stock, as such the type of materials used to build the outer walls of homes is guite important. HHs who use plywood or other less durable materials to build the outer walls of their dwellings, are likely to be less well-off. HHs generally use concrete, concrete blocks, and/or wood and concrete in building the outer walls of their homes, but in a few cases plywood or less-sturdy materials are used. Invariably, the latter materials are used by poorer HHs who are not only economically vulnerable but are also likely to be vulnerable to natural disasters. In all countries, the use of wood/plywood/less sturdy materials significantly increases the likelihood that a HH is poor and their living conditions are likely to be worse than vulnerable or middle class HHs.

In addition, poor HHs are disproportionately likely to experience poor sanitation due to a lack of access to safe drinking water and this can negatively impact their health outcomes. The literature has shown that better quality water, and reduced exposure to disease pathogens through better sanitation and improved hygiene, improve the health of individuals and contribute to the productivity of communities (Alkire and Santos, 2010). In recognition of these associations, regional governments, in keeping with the MDGs, committed to halving by 2015 the proportion of people without sustainable access to safe drinking water and improved sanitation. There has been steady progress in providing HHs with safe drinking water throughout the Region, and regional governments consider access to water a human right (United Nations Development Programme [UNDP], 2015). Access to potable water is associated with reduced likelihood of being poor in all countries, but there is a reversal in the sign of the coefficient for Jamaica in 2012 suggesting reduced likelihood of being poor. The latter result supports findings, which show middle-class HHs are also likely not to have access to public potable water.

These findings may be reflective of the fact that while the HHs' main source of drinking water is from piped water into their dwelling or yard, there are gaps in supply and too many HHs still do not have a regular and dependable supply of potable water. As a result, individuals turn to other private sources such as catchment or private wells, but these options are more likely to be pursued by better-off HHs. For poor HHs and those living on unregulated settlements, their main source of water is from stand-pipes, rivers and lakes. These outcomes may affect women's time-use disproportionally since they are generally responsible for hygiene in the HH and for water-related HH tasks (cleaning, washing, cooking, and fetching water, for example).

Safe water is such an important commodity that if individuals have to expend too much time or resources to get to it then there is clearly a problem, but more importantly, it diminishes/competes resources away from other coping strategies, which poor HHs can hardly afford. The lack of potable water also shows up in poor sanitary outcomes where the use of pit latrines is most prevalent in poorer and squatting communities. Poor housing quality and lack of potable water are compounded by the fact that there is likely to be overcrowding in poor HHs. In all the countries covered in this study, overcrowding is related to higher likelihood in all periods of being poor, and this is likely to be an issue in poorer relative to vulnerable and middle-class HHs.

# 3.3.6 The Geographic Influence

The variable *urban*, was generally not significant as a determinant of poverty; however, in Jamaica and Dominica, the variable was significant only in the earlier periods and suggested reduced probability of being poor. For most of the smaller countries, the variable urban is irrelevant yet there is general acceptance that the region/parish/district of residence influences wellbeing. This is supported by Deepa *et.al*'s (2000) argument that many places where poor people live present multiple disadvantages, such as missing and inadequate infrastructure and services, unfavourable geography, vulnerability to environmental shocks and seasonal exposure. Often these disadvantages combine in ways that endanger or impoverish those who live there. Urban infrastructure in the Caribbean tends to be more developed and of a better quality than rural areas. This affects HHs' perception of their wellbeing, their private consumption, immediate social and physical environment and available opportunities.

In addition, HHs in urban centers are also more likely to be exposed to a higher level of inequality and may require more resources to attain the socially-accepted wellbeing level. This is compounded by the fact that in many countries across the Region, urban slums have emerged and seem to be growing, or not disappearing, and there are increasing calls for gentrification. Many of these slums harbor crime and violence, illegal and drug-related activities and various forms of abuses but, equally important, is the level of vulnerability and severity of poverty residents endure<sup>17</sup>. The severity of poverty (harsher conditions) in urban slums/inner city communities is unlikely to be seen in rural areas/parishes/ districts, yet the number of poor residing in rural areas invariably exceeds other regions.

In addition, rural, marginalised and indigenous peoples in Belize, Dominica and St. Vincent and the Grenadines are more likely to be poor, but also less likely to classify themselves as poor even when there are obvious vulnerabilities that these individuals and communities suffer from. While these findings support the theory of the importance of location-specific effects in influencing HHs' perception of their wellbeing status, further research is needed to understand how culture and world view may shape people's perceptions. Benfield (2010) argued that the JSLC 1993 data suggested that HHs residing in urban areas perceived their wellbeing to be higher than it actually was, and it was guite likely that their perception was influenced by the relative level of social provisioning. By 1999, however, there was a reversal in the perceptions of urban dwellers and these HHs perceived themselves to be poorer than they were actually estimated to be, relative to their rural counterparts. The next section explores the changing nature of poverty over time.

# 3.4 Has the Nature of Poverty Changed Over Time?

This section analyses the characteristics of poor HHs and how these have changed. Table 3.1 summarises these characteristics and show the changes over time. The variables included in Table 3.1 significantly impact the likelihood of being poor in both periods of the study and the absence of a variable in any given year suggests that it was not significant. The analysis begins with the sex of the HoH. FHHs are consistently more likely to be poor (based on the Census and CPA data) but there are some important nuances when the union status of the HH head is considered. FHH in a union are more likely to be poor, but this outcome possibly points to absent males who may have migrated or do not contribute significantly to the wellbeing of the HH. In addition, unlike earlier periods (single) MHHs are also likely to be poor. What has emerged from the analysis of census data, and supported by the CPA data, is that there is a welfare gain from marriage, but FHH that are single or HoH in a visiting relationship are also less likely to be poor (there are differences among countries). In fact, we have also shown, and this is consistent with the finding in Figures 3.6 and 3.7, that the more female adult and female elderly HH members, the less likely the HH is poor. These distinctions are not generally made and, as a result, we invariably tend to classify all FHHs as poor.



#### Jamaica St. Kitts and Nevis Dominica Saint Lucia Increased likelihood of Increased likelihood of Increased likelihood of Increased likelihood of being poor: being poor: being poor: being poor: 2012: 2009: 2006: 2006: FHHs in union, child and Older HoH, HoH in union, # FHHs in union, FHHs not in MHHs, HH size, # of elderly dependency ratio, of elderly dependents, # of union. # of elderly members children, HoH East Indian, child dependents, HoH unemployment rate in HH, and # of children under 15 FHHs in union, FHHs not in MHHs. years, HoH in visiting employed in government union, HH in urban areas, sector, HoH with secondary poor housing quality, HoH relationship, HoH in education construction sector and in plant/machine operator. HoH in government sector. 2002: Poor housing quality, 1999: HH size, overcrowd-2002: HH size, # of 1995: HH size, number of children, HoH ethnicity HoH in agriculture sector, ed dwelling, HoH in service elderly members and FHHs in union, child Amerindian, HoH in sector, manufacturing children, HoH ethnicity dependency ratio, HH size, sector or agriculture and construction, and poor Amerindian, HoH ethnicity number of children under housing quality. fishing sector. East Indian, HoH in visiting 15 years. relationship, HH in urban areas, HoH in private sector, HoH in technical associate professional, HoH in Agriculture & Fishing, HoH in Manufacturing sector, housing quality. Reduced likelihood of **Reduced likelihood of Reduced likelihood of Reduced likelihood of** being poor: being poor: being poor: being poor: Sector of employment: HoH in union, all levels MHHs, HH employment HoH in union, more adult some sectors became less rate, size of dwelling, FHHs males and females, HH education, composition of important and new sectors HH but not as important in in union, FHHs not in union, employment rate, HoH in now important in 2012. HoH union. HoH in government 2006, HH employment rate, HH receive remittances in union, education more HoH employed in private and HH has health insursector or self-employed important in 2012, and HH sector, or self-employed, (only in 1995), HH has ance composition less important and HH has health insurhealth insurance, HH in 2012. ance. receives remittance.

# TABLE 3.1: CHANGING LIKELIHOODS OF BEING POOR

# 3.5 Summary

The level of poverty in the Region is high and may have increased in recent years as a result of the world financial crisis, possibly rolling back some of the gains in the reduction of the level of indigence. There are some gains in reduced levels of inequality and increased shares of the poorest quintiles in the distribution of consumption expenditure. While the Region appears not to be faced with extreme hunger, anecdotal information suggests that under-nutrition is on the increase. Additionally, the Region is still faced with the challenge of securing decent livelihoods for all sectors of the population and ensuring the development of people's capabilities to achieve the lives they desire. Regional governments have invested significantly in improving access to health care, education, water and sanitation and, while there has been progress, there are still significant gaps as shown up in many of the characteristics of the poor.

The analysis shows that while there have been some changes in the characteristics of the poor, over the period of this study they have fundamentally remained the same but there are differences across the Region. FHHs are still more likely to be poor even though female heads not in a union are less likely to be poor (with some difference in St. Kitts and Nevis). This distinction is important since it is generally assumed that FHHs do not have a male partner present or are not in a union, which is not supported in this research. These females in FHHs are likely to be the main providers for their HH even though they are in a union, possibly because the males are absent, migrated or are not in a position to substantially contribute to the wellbeing of the HH. Nevertheless, there is a welfare gain from being in a union (whether marriage or common law relationship).

The Chapter also confirms that low incomes, insecure livelihoods and unemployment are major factors related to poverty. This is evident in the sectors of employment of HH heads and, while there have been changes over the years, it is clear that heads in Agriculture and Fishing, and to a lesser extent Construction, are more likely to be poor in all or most countries and there is a welfare gain when HH members are employed in decent work. Employment in few occupations and sectors consistently safeguard against falling into poverty which reflects a combination of factors such as underemployment, low wages and unsecure employment. Yet decent work for all and education are key components for social inclusion, and a sense of dignity and an opportunity to engage fully in society.

Additionally, the poor are more likely to lack higher education, have substantially more dependents (especially younger children), have a disabled member and are marginalised. Indigenous peoples are marginalised, more vulnerable and likely to experience poverty than any of the other groups. Furthermore, poverty is concentrated in geographical regions such as rural areas (where indigenous people mostly live) and urban centres. In rural areas, the poor are concentrated in elementary occupations in the agriculture and natural resource sectors and incomes are derived mainly from the sale of labour, goods and services in the cash economy. Urban, inner-city poverty is more likely to result in unemployment and deficiencies in the capabilities of the poor to respond to available or new and emerging economic opportunities. These deficiencies may arise mainly from inadequate levels of education, insufficient skill sets, poor health conditions, crime and violence, as well as in some cases discrimination due to location of residence. The quality of life in several urban neighbourhoods in the Caribbean has declined in recent years as a result of migration, overcrowded settlement, squatting, unemployment, crime and the deterioration of public services.

The poor have to make constant choices that give precedence to immediate needs rather than investing in the future, which improve living conditions and economic opportunities in the long run. The decision to desert the future in favour of earning much-needed income (in the present) is evident in the higher dropout rates, child labour and under achievement among children of poorer HHs, which could adversely affect their life chances and future generations. When the economic situation of HHs becomes compromised, children face the brunt of the downward adjustment as resources are diverted from areas such as child care, certain food items, health and education, and towards expenses which the HHs consider more critical to the survival of its members. This is also compounded by the fact that children may also participate in economic activities as part of HHs' coping strategies. As a result, children are exposed to all forms of abuses, including sexual abuse. The analysis revealed that in St. Kitts and Nevis, child sexual abuse in particular is a persistent and increasing problem, which also stems from lack of supervision and neglect as family and community networks weaken (St. Kitts and Nevis PRS, 2012-16).

**Chapter 4 : Framework** for Evaluating Traditional Approaches to Poverty Reduction Strategies in the Caribbean

# 4.1 Introduction

Poverty reduction may be understood as the promotion of sustainable macroeconomic, structural, social policies and programmes geared towards achieving inclusive growth (Barder, 2009). These policies, programmes and concomitant financing needs of developing countries are detailed in full or interim PRSPs, which are at the heart of the PRSs/anti-poverty approach, which some Caribbean states have adopted within the last 16 years since its introduction by IMF and WB in 1999 (ODI, 2003). A number of PRSs processes are still underway in the Region, many of them through support provided jointly by CDB and the Department for International Development (DfID). Despite these and other developmental efforts, the pace of economic growth in the Region has been slow and high levels of poverty and inequality remain pressing concerns.

Partly on this basis, CDB has commissioned the evaluation of PRSs in at least two Caribbean countries, based on a new framework which has been designed to be robust enough to be used as a standard assessment tool for future assessments. The need to adjust existing programme M&E systems so that they reflect the changing nature and characteristics of poverty in the Region, also provided a rationale for the development of this framework. Ultimately, the tool presented in this chapter may be used to evaluate whether a PRS is effective in reducing poverty. PRSs as used in this chapter, refer to any form of national strategy or plan associated with Country Assistance Strategies between partner countries and donors, which determine the areas where interventions (projects, programmes and policies) are required.

Results from diagnostics undertaken in Belize, Haiti, Suriname and Trinidad and Tobago by IDB, in order to assess the level of institutionalisation of Managing for Development Results (MfDR), suggest that some of CDB's BMCs have experience with strategic planning, results-based budgeting, M&E, reporting and project management (Varea, 2009). Therefore, MfDR programmes, which are already in operation could possibly be used to assess country-level PRSs if tailored to meet the specific M&E needs of programmes under which they fall. Even so, it is evident that country-owned mechanisms for reporting, accounting and verifying the performances of PRSs across the Region require development. Caribbean countries lack robust M&E systems and mature and reliable databases, including sex-disaggregated data, to cover the gender dimension of poverty. This makes it difficult for implementing agencies to effectively coordinate similar poverty reduction efforts, better assist BMCs with sustaining progress already made in reducing poverty, establish and clearly communicate future direction of concerted poverty reduction plans for the Region, and determine how limited resources may be more strategically invested to obtain better developmental outcomes (Universalia, 2012).

The purpose of this chapter is, therefore, threefold. It sets out the data and resource implications arising from paying greater attention to assessing the progress of PRSs. Additionally, it recommends systems that should be put in place to measure progress and support M&E teams in BMCs. This is in order to assist stakeholders to optimise the utility of the resources they manage and retain the support of international donor agencies. Finally, it proposes how the adequacy of relevant existing M&E systems may be assessed and the results used to inform their strengthening.

#### 4.2 Traditional Approaches to Poverty Reduction

Over the last three decades, Caribbean governments have shown growing commitment to reducing poverty as a key developmental outcome and have invested significant efforts in managing social development as a means of addressing the increasing challenges with which they continue to grapple. Many of these challenges have been associated with the knock-on effects of globalisation, trade liberalisation and the economic downturn experienced by the Region between the 1980s and 1990s, where a sharp decline in productivity and public investment led to a slowdown in GDP followed by contractions in private domestic investment (the Caribbean Community [CARICOM] and UNDP 2006)<sup>18</sup>. Particularly, the OECS suffered immensely from the loss of preferential access to the European market for banana, whereby in Dominica and Saint Lucia bananas' contribution to the agricultural sector declined by almost



50% (Ahmed 2001; Downes and Downes 2003; UNDP 2004; CARICOM and UNDP 2006).

These and other setbacks, coupled with concerns of inequality, raised awareness that economic growth alone will not automatically result in improved wellbeing for all (Hull, 2009). Based on the extant poverty literature, there are three ways in which poverty can be reduced: through the transfer of resources from the non-poor to the poor; allocating larger shares of the growth outcome to the poor; and rapid growth which benefits all (St. Kitts and Nevis PRSP, 2012-16:29). Therefore, even with existing shares, the poor receives enough to emerge from poverty but, most importantly, along with redistributive measures and strategies, the importance of human capital development, inequality reduction, and pro-poor growth in improving the wellbeing of the poor and vulnerable, must be emphasised. Here pro-poor or inclusive economic growth sees poverty reduction and growth as one and the same thing, where there is broad-based participation of all sections of the society in generating economic growth and the derivation of benefits. Pro-poor growth must also be about increasing the productivity of the labour force and the availability of decent jobs.

Approaches to reducing poverty and attendant problems in the Region are largely incremental in nature converging around social protection programmes or SSNs, which seek to protect individuals who fall temporarily or insistently under levels of livelihood deemed acceptable. While there is a conceptual debate on the differences between social protection and SSNs (Lustig and Legovini 1999; Devereux 2001; Norton et al. 2001; Devereux and Sabates-Wheeler 2004) the extent to which social protection policies or SSNs are redistributive or developmental, depends on what they do, how well they do it and are integrated within broader growth/ development policies. Indeed, sustainable poverty reduction requires growth inclusive of the provision of basic and social protection services. This is the latest three-pronged approach - economic growth, human capital (Hicks, 1979) and social protection - to strengthen social cohesion, raise economic productivity and increase national levels of welfare globally (Barrientos, 2010). The nexus between social protection and economic growth in the Region has, therefore, long been recognised both as a counter cyclical measure and a means of fostering economic growth.

Hall and Midgley (2004) described the earliest approaches to social policy in the British West Indies as a largely residual model, whereby basic services were targeted to deal with issues of social disorganisation and extreme poverty through a minimum of direct state intervention whilst relying heavily on the voluntary sector. This was due to the failure of central planning to stimulate modernisation and growth through urbanbased industrialisation and generate employment while alleviating poverty as mainstream economic theories of the 1950s had predicted (Hall and Midgley 2004). Consequently, the Caribbean's poor was being left behind whereby many individuals did not have adequate access to consumption and basic social services under social protection systems, which had their genesis in the British Poor Law (Bowen 2007). A largely incremental welfare model continues to characterise social protection systems in the Caribbean and involves governments expanding social sectors in a piecemeal, expedient fashion in response to political pressures rather than social needs (Hall and Midgley in Hall and Midgley 2004: 5).

This approach might have influenced the haphazard manner in which M&E systems have been established to assess how social protection interventions in the Caribbean have impacted on poverty and evolved over time. All countries deploy some form of public action against poverty which may be considered social protection because, indeed, all efforts to prevent, manage and overcome vulnerabilities and risks associated with poor HHs, individuals and communities, may be considered social protection. However, when examining the challenges faced by Caribbean countries, many do not have the resources or capacity to introduce, monitor, evaluate and expand effective social protection systems (Gentilini and Omamo 2009). As with experiences with the adoption of new public management reforms in developing countries, pathways followed by countries towards fully embracing an integrated social protection policy framework tend to differ due to incomparable challenges, which tend to be related to administrative capacity, political will, disincentives and cultural incompatibility (Pollitt, 2001). This also links back to the traditional approach of social protection providing a benefit for poor HHs without recognising its link to economic growth which also explains in part why such programmes at times are underfunded.

The Caribbean is now considered to be one of the most indebted regions globally, with countries such as Barbados, Jamaica, Grenada and Antigua and Barbuda having debt-to-GDP ratios above or close to 100%. The accumulation of debt was in response to the lackluster economic growth, coupled with the effects of the financial crisis and the need to pursue counter cyclical fiscal policy. Governments' revenue collection was also affected with significant impact on fiscal space and their ability to respond to the needs of the poor and vulnerable, social protection/safety nets interventions and broader development/growth initiatives such as public sector investment programmes. This suggests need for enhanced initiatives to promote greater levels of efficiency in execution of social programmes. It is increasingly becoming evident that social protection is directly linked to growth and transformation.

# TABLE 4.1: SOCIAL ASSISTANCE PROGRAMMES IN SELECT CARIBBEAN COUNTRIES

Social Assistance Programmes	Grenada	Antigua and Barbuda	Saint Kitts and Nevis	Barbados	St. Vincent and the Grenadines	Saint Lucia	Dominica	Anguilla	Jamaica	Bahamas
Cash (Near Cash) Programmes										
Public Assistance	х	х	X19	x	x	x	x	х	x	х
Cash Transfers to School/Families of Students in Need	x	х	x		x	x	х		x	x
Transportation Assistance for Students	x	x	X <sup>20</sup>	x	x	x	x		x	x
Burial Assistance	х	х	x	x	x	x	х	х	x	x
Emergency Assistance	x	x	x	x	х	x	х	х	х	x
Disaster Fund	х	х	х	х	x	х	x	х	x	x
Scholarship Programme	x	x	x	x	х	x	х	x	х	x
Student Assistance Programme	х	x	x	х	х	x	х	x	х	x
National Insurance Scheme	x	x	x	х	x	x	x	x	х	x
				In-Kind F	Programme	es				
School Feeding Programme	x	x	x	x	х	x	x	x	х	x
Day Care	x	x	x	x	x	x	x	x	х	x
Roving Caregivers	x	x	x		x	x	x	x	х	х
Food Security Programme	х	x	х	x	х	x	х	х	х	х
Food Basket Programme	x	х	x	x	x	x	х	x	х	x
Fee Waivers for Medical Care/ Medical Assistance	х	x	x	x	x	x	x	х	x	X
Off-Island Medical Care	x	x	x		х	x	х	x		x
Pharmaceutical Programme for Needy Persons	х	x	x	x	x	x	x	х	x	х
National House Repairs Programme /Other forms of Housing Assistance	x	x	x	х	x	x	x		x	x
Assistance with Water Initiative	x	x	x	x	x	x	x	x	x	

Active Labor Market Programmes										
Road Maintenance & Bushing	x	x	x	x	x	x	x	x	х	x
Adult Literacy	x	x	x	x	x	x	x	x	x	x
Skills for Inclusive Growth	x	x	x		x	x		x		x
Youth Upliftmen Programme	x	x	x	x	x	x	x	x	x	x
Small Business Development Programme	x	x	x	x	x	x	x	x	x	x
Job Search Assistance	x	x	x	x	x	x	x	x	x	x
Programme for Adolescent Mothers	x	x	x	x	х	x		x	x	
Skills Training Centre	x	x	х	x		x	x	x	x	
Resource/Multi- Purpose Training Center	x	x	X <sup>21</sup>	х	x	x	х		х	
				Communi	ty Based					
Basic Needs Trust Fund	x	x	x	x	x	х	х		x	
Community Disaster Risk Reduction Fund	x	x	x	x	x	x	x	x	x	x
Social Care Services										
Projects for Disabled	x	x	x	x	x	x	x	x	x	x
Projects for Elderly	x	x	x	x	x	x	x	x	x	x
Children's Institutions/Abused, Abandoned Children	X	x	x	x	х	x	x	х	х	x
Shelters For Victims of Abuse	x	x		x	x	x	x	x	x	x
Justice-Related Provision										
Legal Aid Clinic	х	x	х	х	х	х	x	x	х	x

Sources: Government of St. Kitts and Nevis (2012; Morlachetti (2015); Kairi Consultants Limited (2009).

Regional governments have designed several social assistance programmes that target the needs of poor and vulnerable HHs. They range from cash or near cash programmes, in-kind, active labour market, community based, social care services and justice-related

programmes, but eligibility criteria are not clear. Both HHs and individuals are the primary target groups and a combination of targeting mechanisms such as selftargeting, universal access and proxy means methods are used in recruiting individuals to safety net programmes. However, increasingly, programmes are seeking out poor individuals/HHs that have qualified based on a proxy means test for participation in relevant programmes.

Currently the overwhelming majority of programmes are self-targeted, possibly related to limited administrative capacity or cost considerations and beneficiary assessment, and the recording of storage of HH data is in many cases not adequately managed and available to other relevant programmes. As a result, individuals in need of various kinds of assistance have to make application to each programme and, while this is understandable for programmes such as the burial assistance, there is need for greater level of integration of related programmes where HHs need only make one application. This is more applicable for programmes that pay a benefit on a regular basis, such as monthly. Such programmes should also be means tested, and members of qualified beneficiary HHs should also access all relevant programmes. In other words, these individuals should not only access relevant programmes that pay a benefit, but also active labour market programmes (available to all unemployed adult members) and other programmes such as day care for kids, fee waiver for medical care, housing repairs, etc. The combined benefits that HHs are likely to receive, coupled with access to skills and capacity development programmes, is likely to have a significant knock-oneffect on the wellbeing of these HHs and their prospects of emerging from poverty. However, it is important that the National Employment Programmes currently in existence in many BMCs, are restructured to include skills development, job search and retention, entrepreneurial development and access to start-up capital. TVET initiatives can also play an important complementary role in this initiative, but equally important is the programme accreditation and certification on successful completion. Active labour market programmes, when combined with apprenticeship programmes, may prove more successful in moving HHs off of welfare and improve their prospects of finding decent work. Not many BMCs have well-developed active labour market programmes or integration into apprenticeship programmes. The Jamaica Steps to Work (StW) Programme attempted some level of apprenticeship for participants, but with limited success since there was not sufficient buy-in and collaboration with the private sector, and many participants who

successfully completed the programme were not placed in apprenticeship.

Programmes other than the means tested programmes, should remain self-targeted and accessible to vulnerable HHs or those who may have experienced some temporary or protracted misfortune. While a needs assessment can also be done to determine qualification to these programmes, care must be exercised in not denying HHs who are in need, but based on means tested scores may not qualify. In other words, while a targeting mechanism based on objective indicators can establish need, there are other subjective factors related to the HHs' wellbeing that are missed by the quantitative approach and should be complemented by other methods such as a review or appeals process for denied applicants. There are other cases in which self-targeted programmes are also universally available once HHs have expressed need. Programmes that are candidates for universal access are social care, education, skills development, and health care, especially for kids and the elderly. All HHs should have access to these programmes, but some level of cost sharing may be possible as is currently exercised in the School Lunch Programme in several countries. Exempted from the cost-sharing are poor HHs selected by the targeting mechanism or appeals process.

#### 4.2.1 Social Protection

For the purposes of this chapter social protection refers to 'policies and practices intended to safeguard and promote the livelihoods and welfare of individuals who have lost or stand to lose out in processes of economic, social change and development, individuals whom these processes circumvent and others who are vulnerable to the effects of disasters and other shocks' (Marcus and Wilkinson 2002:6). This often includes chronically poor, disadvantaged and marginalised individuals, and groups at risk of falling (further) into poverty and, for the most part, vulnerable to its effects due to a combination of complex factors related to structural disadvantage, physical characteristics, geographical location or stages of the life cycle (Marcus and Wilkinson 2002). Forms of social protection may be placed under three broad headings namely: social assistance, which are tax-financed means of support for the poor; social insurance or programmes providing protection against life-course eventualities, usually based on worker contributions; and labour market regulations which ensure minimum standards at work (Barrientos, 2011).

The social protection systems in the Caribbean are largely emerging, whereby they are neither limited nor consolidated. In fact, a broad array of reactive programmatic responses and practices have emerged from developments in the policy domain. However, systems in the Region may be identified by some key features. In seeking to address the causes of poverty (not just symptoms) social protection systems in the Caribbean tend to focus on broader developmental goals with poverty reduction as a key outcome, the provision of support for the indigent, and minimising risk and vulnerability (Barrientos, 2010:14). Social protection in this sense may be considered 'all public, private (Gupta et al., 1999), or civil society interventions that support poor or vulnerable individuals, in their efforts to prevent, mitigate, and overcome a defined set of idiosyncratic or covariate risks and vulnerabilities' (Shepherd et al., 2004: 8).

Vulnerability, in this context, is different from the approach which defines it as the probability of falling back or into poverty, and is instead understood as limited capacity of some communities and HHs to protect themselves against exogenous shocks and the resulting choices that may generally prove to be dysfunctional in the future (Barrientos, 2004:5). This might be the result of a combination of individual and structural factors, which may include lack of self-efficacy and poor policy choices. Consequently, social protection systems aim to strengthen the capacity of communities, HHs and individuals to overcome their vulnerability, by protecting their living standards and promoting the investment needed for advancement in the face of the ever-present structural challenges (Barrientos, 2004; CDB, 2004; CDB et al., 2005). Such systems include a wide range of interventions, from macroeconomic policy, social and market insurance, active labour market policies, social assistance, labour standards, employment generation, micro-credit and micro-insurance, education and training, disaster prevention and relief to informal networks (Barrientos, 2004: 5). At the same time, anti-poverty policies aimed at enhancing economic growth and private sector development, for example, can be part of an anti-poverty strategy, but may not necessarily fit within the scope of social protection and, in which case, social protection systems serve to strengthen, but not replace them (Barrientos, 2004: 12). Within a developing country context, social protection has three broad developmental functions: it builds resilience through strengthening agency; facilitates investments in human and other productive assets, which are able to provide escape routes from persistent and intergenerational poverty; and it helps to protect basic levels of consumption among the poor and individuals who are at-risk of falling into poverty (Barrientos in Barrientos 2010:14).

Forms of social protection are distinct from the basic education, health, housing, water and sanitation services provided by flagship programmes like CDB's BNTF, which has been designed to support poor communities with infrastructural projects and the provision of other basic needs. Due to these recognised distinctions, there is growing consensus that social protection is a broad concept, which includes social insurance contributory programmes such as pensions (for example, Jamaica's National Insurance Scheme) and unemployment insurance (Barbados' Unemployment Benefits Scheme)<sup>22</sup>, as well as other labour market policies (Gentilini and Omamo 2009, 2011). Given these nuances, social protection as a policy framework addresses poverty and vulnerability, but it also extends and embodies alternative approaches to economic and social development (Barrientos and Hulme, 2008). Whilst it encompasses SSNs, it also recognises the importance of acting as a springboard for sustainable development (Melville, 2005).

#### 4.2.2 Social Safety Nets

SSNs are the mainstay of publicly-funded welfare programmes in the Caribbean (Bowen, 2007). They are commonly known as social assistance or social welfare programmes, both of which are significant components of any SSN. Social welfare, or the provision of subsistence handouts to the poor, only forms part of some SSN programmes, not all (Padró, 2004). SSNs are therefore non-contributory transfer programmes

providing temporary or permanent support to the poor, or those vulnerable to poverty and shocks (Caddle, 2010). They provide protection in situations of chronic incapacity whereby individuals may be: severely disabled; underaged orphans; elderly, who are unable to work and earn; and others involving unexpected community (for example, earthquake, war, epidemics) or HH shock (for example, sudden death of breadwinner). Shocks often lead to the decline in the welfare of communities and HHs, and may be covariate or idiosyncratic, depending on the scope of impacts.

Caribbean SIDS face multiple risks and vulnerabilities due in part to their: narrow economic bases; geographic exposure; high food bill and limited food security; high dependence on environmental and climate sensitive sectors; and on imported energy resources (Armstrong and Read, 1998; IMF 2013). The LAC Region, as a whole, is more dependent on remittance income from overseas than they are on aid and the economies are very vulnerable to changing global commodity prices (ODI, 2003). Poverty within this context may be seen as the result of constraints confronted by the poor in taking advantage of opportunities arising from their vulnerability to the impact of economic, social and natural hazards (Barrientos and Hulme, 2008). The result being that living standards are directly affected in the absence of social protection, and the poor and vulnerable might feel compelled to adopt dysfunctional coping strategies in attempts to eliminate uncertainty, but which may be detrimental to the long-term welfare of their HHs and communities (Barrientos and Hulme 2008; Barrientos 2010). Indeed, this association between riskaverse behaviours and social protection (Caddle 2010; Barrientos 2011) provide further insight into the dynamics of intergenerational poverty and crime in Jamaica's



urban areas (Moser and Holland, 1997; Harriott 2000; Henry-Lee, 2001; Gray 2004). Consequently, strategies employed by individuals to lower their uncertainty or possible risk may at times limit the growth potential of their own incomes and, therefore, the potential for overall economic growth (Caddle, 2010).

Forms of protection provided by SSNs include: cash transfers, which may or may not be targeted or conditional; food or other in-kind distribution; public workfare jobs; general price subsidies; and fee waivers for essential services (for example, health and education). The welfare impact of these non-contributory forms of social assistance, depends on the effectiveness of SSN programmes in reaching the poor and those at risk of falling into poverty. Effective SSNs are known to set an income floor so that anyone falling below that floor receives support from the programme (Morley, 2006). However, in general, effectiveness is largely determined by the design of the programmes in relation to the needs of the targeted population, available resources, administrative capacity (Khandker and Mahmud, 2012) and appropriateness of the targeting mechanism adopted.

Coady et al. (2004: 25) described self-selection, categorical targeting and individual/HH assessment as three key targeting approaches. All three approaches, to varying extents, have been used in the Caribbean. Geographical targeting is used to allocate social investment fund projects and other government social spending targeting poor areas and poverty maps based on census data, are increasingly becoming more common (Morley, 2006). A good example of this is the Jamaica Social Investment Fund, which was established as a mechanism to provide funding for small-scale, community-based projects (sub-projects) in targeted areas (Bowen, 2007). The individual/HH assessment is the most laborious targeting method, as it usually involves an official assessing individual-by-individual or HH-by-HH whether an applicant is eligible for benefits ( Hanson et al., 2008). Verified means test is a type of individual/HH assessment which aims to collect complete information on HH income, assets or/and wealth with an aim to verify this information against independent sources (Coady et al., 2004). However, these independent sources of verifiable information are not easily accessed or are they always

existent, and there is not always administrative capacity to allow this exercise to be undertaken on a regular and timely basis (Grosh, 1994). Moreover, myriad sources of informal income (for example, remittances) of poor HHs make it complicated to verify this kind of information (Coady et al., 2004). Even in the best targeting systems which, arguably can be found in Chile, Colombia and Mexico, it is difficult to verify reported family income and correct for income from the informal sector, or purge the eligibility rolls of the non-poor (Morley, 2006). Nonetheless, targeting social transfer programmes remains important based on pragmatic considerations of cost-effectiveness, whereby governments aim to maximise welfare under budget constraints and ethical concerns about how resources are being, and should be, distributed (Devereux et al., 2015).

These are some of the challenges that Caribbean countries encounter and, as a result, the use of verified means-tests in the Region tends to be limited (Coady et al., 2004). Alternatives to this individual assessment/ selection mechanism include the more commonly used: simple means test, which is also based on income/assets/ wealth but with no independent means of verification; proxy means-tests, based on some indicator of poverty (Grosh and Baker, 1995); and community-based targeting, based on local perceptions of poverty (Kidd and Wylde, 2011; Devereux et al., 2015). Self-selection is available to all who apply and, therefore, universal access may fall under this approach whereas only individuals within a specific category (age, gender, location for example) become eligible for benefits based on the categorical targeting method (Coady et al., 2004; Morley, 2006). However, in general practice, SSN systems often use a combination of targeting mechanisms, including the discretion of officials. Jamaica's Food Stamp Programme (JFSP) implemented in the 1980s provides an example of this, whereby it is usually identified by its simple means targeting method (Coady et al., 2004:14) but Benfield (2007a) found that indicator/categorical and self-selection targeting was also being used, Grosh (1992) made a similar observation.

Ultimately, the appropriate choice of approach or mix of targeting approaches is determined by whether the goal of correctly and efficiently identifying poor HHs is being met (de Janvry and Sadoulet, 2015). Indeed, choosing

the optimum targeting mechanism can be a tough decision because of the various factors to be taken into account, including the: availability of appropriate target indicators; behavioural responses of poor and non-poor HHs to targeted programmes; and administrative costs of programmes (Hicks and Woodon, 2000; Benfield, 2007b). It also depends on the availability of Caribbeanspecific research studies, which are sensitive to the political realities of reform in the Region and are able to quantify the cost and benefits of targeting in seeking to encourage evidence-based practice. The importance of evidence-based public policy that is culturally relevant must, therefore, be seen as a key component of the transformative shift already taking place.

Undersubscription of SSN programmes by specified target groups provides an example of how the effectiveness of targeting mechanisms may be influenced by the behavioural responses of the poor. Such situations suggest that individuals may choose not to participate in initiatives for various reasons, which may include fear of stigmatisation or it may be that, in seeking to recruit new beneficiaries, enough is not being done to increase awareness about the available benefits (Benfield, 2007a). Again, this deficiency can be linked back to administrative challenges, which McDonald (2002) suggested accounted for the long waiting period before first payment at pay stations and when collecting benefits, as well as the difficulty in obtaining an update on the status of applications which some JFSP beneficiaries experienced. However, even with the right mix of approaches employed to refine targeting accuracy (through minimising targeting errors of inclusion - identifying non-poor persons as poor and, therefore, granting them eligibility to benefits; or of exclusion - identifying poor persons as not poor and, thus, denying them access to SSN programmes), this does not automatically translate to enough people being lifted above the poverty line (Devereux et al., 2015). A comprehensive PRS needs an appropriate combination of targeted, inclusive and enabling actions to accomplish this and more, that is to ensure that individuals are not just lifted out of poverty, but are able to stay out. This is in keeping with the post-2015 development agenda, which

goes beyond reductionist developmental approaches that seek to improve the welfare of citizens through meeting their basic needs and enhancing access to primary services (Smith, 2015). Within this framework, this study proposes an integrated approach to targeting, which is consistent with a one-stop-shop approach where the needs of a HH are determined on first contact with SSNs and appropriate benefits made available. This requires an integrated targeting mechanism that is harmonised across all social programmes which will also result in efficiency gains, reduced cost of targeting and administrative costs.

In summary, properly designed SSNs (as with other social protection programmes) can play a productive role in promoting development, as well as improving the distributive effects of economic policies to reach the most vulnerable (Caddle 2010). Caribbean countries have a variety of such programmes that could more effectively, aptly and equitably address the risks and vulnerabilities of the poor and vulnerable with little or no impact on existing budgetary allocations (Caddle, 2010). Properly calculated improvements in existing SSNs can translate into concrete terms, provided that Caribbean countries pay closer attention to core principles (country-driven, results-oriented, comprehensive, partnership-oriented, long-term perspective) underpinning the PRS approach. Up to 2003, PRSs produced by Caribbean countries had not been as comprehensive as a full PRSPs in Heavily Indebted Poor Countries, though significant improvements in poverty data and consultative processes had been achieved (ODI, 2003). This implies that a new approach to poverty reduction might not be needed but, instead, existing tools can be reconfigured and their potential maximised. For example 'closing gaps, which ignore priority risks, harmonising and consolidating programmes within a broader developmental framework in order to better facilitate referrals and other types of support that are inextricably linked to the elimination of risk and insecurity in people's lives' (Caddle, 2010:50), are other ways in which Caribbean countries can build on the achievements of the MDGs.

#### 4.3 Traditional Approaches for Assessing the Effectiveness of Poverty Reduction Efforts

Country approaches to assessing effectiveness vary. Upper, middle income, Latin American countries like Columbia, have combined a whole-of-government approach to the setting of programme objectives and the creation of a system of performance indicators with the agenda of rigorous impact evaluations (Mackay, 2007). More developed countries, such as the United Kingdom, have stressed a broader suite of M&E tools and methods: including performance indicators; rapid reviews; impact evaluations; and performance audits (Mackay, 2006: 9). Through the provision of technical grants, international donor agencies have supported the public sector modernisation of Caribbean governments which, in the case of Caribbean countries such as Jamaica, has involved the adoption of a whole-of-government approach to reporting on public sector results and the setting of broad strategic priorities, which are reflected in the plans of Ministries, Departments and Agencies.

This integrated and more holistic approach to managing results seems more difficult to attain because of the range of stakeholder involvement and activities. This has also been the case with achieving a favourable balance between routinely obtaining data on the causes and consequences of poverty, and how public expenditures, institutions and policies affect the poor, and assessing the progress made to sustainably reduce poverty in the Region. As such, assessments of effectiveness in practice tend to be based on how well a fund was managed, or the manner in which a project was implemented. For example CDB assesses the performance and quality of the Special Development Fund (SDF) portfolio and related projects using a Project Implementation Performance Index based on the Project Performance Evaluation System, which has a cost efficiency component as one of CDB's six analytical criteria. Whilst the PRS process oriented stakeholders toward a results focus, in a number of countries the development of country-specific indicators and monitoring systems to track them is still at a preliminary stage (WB, 2004). This has been partly due to resource constraints and the need for a culture of MfDR to be better embedded in the way governments and agencies involved in poverty reduction efforts do business.

Results of an evaluation of the advancement and institutionalisation of MfDR tools and practices in Barbados, Belize, Haiti, Dominican Republic, Suriname and Trinidad and Tobago using the PRODEV Evaluation Tool (PET) showed that these countries scored an average of 0.9 (on a scale of 0 to 5, with 5 representing the most advanced stage) for M&E of public management pillar of the MfDR index (Varea, 2009). PRODEV is a programme designed by IDB to strengthen the capacity of developing countries to move forward in the institutionalisation of MfDR and, thus, become more effective in the use of their resources (Varea 2009). A score card of 0.9 for M&E in these six countries suggests that the requirements for MfDR has only been formally proposed through approval of a project, legal regulation decree. Whilst this average might have been sensitive to extreme values, it also implies that institutions with the required capacity to monitor and evaluate public policy and programmes within these countries, are not yet fully in place.

These results also provide a general sense of the readiness of other Caribbean countries to assess their own PRSs. Needless to say, poverty reduction programmes and projects are being monitored and evaluated by the agencies that implement them. For example, Social Impact (SI) provides ongoing M&E of activities under the United States Agency for International Development's Caribbean Basin Security Initiative in 13 countries including: Antigua and Barbuda; Barbados; Dominica; Dominican Republic; Grenada; Guyana; Jamaica; St. Kitts and Nevis; Saint Lucia; St. Vincent and the Grenadines; Suriname; and Trinidad and Tobago (SI 2016). DfID also has its rolling programme of Country Programme Evaluations, which are usually undertaken in the year prior to the development of a new Country Assistance Plan (Chapman et al., 2007). How gains made on these projects, and programmes as a whole, impact the lives of the poor in the Caribbean is hard to determine due to the lack of a harmonisation of efforts and capacity to properly measure progress.

Through many deliberations, the Support to Poverty Assessment and Reduction in the Caribbean (SPARC) initiative, was revised as a first step in the process of addressing this and other challenges related to the need to enhance country ownership and build the capacity component of the SLCs and CPAs, through extending the benefits of activities that were customised to the local condition under the Programa para el Mejoramiento de las Encuestas y la Medición de Concdiciones de Vida (MECOVI) to the Anglophone Caribbean (Perch, 2004). Through the OECS Secretariat, WB in 2003, approved USD400,000 of the Institutional Development Fund to support the mini-MECOVI component for strengthening the institutional capacity of OECS member countries in survey capabilities, poverty analysis and social indicators for the three years of the programme period from 2004 to 2006 (Perch, 2004). In general, SPARC fostered an integrated approach to human development through recognising poverty reduction, social protection and human capital development as integral parts of the process, and encouraging collaboration between external agencies such as WB and DFID. The initiative also led to the establishment of the Poverty and Social Sector Development Donor Group, which is basically a group of agencies working together to revitalise poverty efforts in the Region. However, the framework seemed to emphasise monitoring far more than it did evaluation. This is practical given that, without any evidence of outcomes there is nothing much to evaluate. Figure 4.1 represents a six-part monitoring framework that was proposed for addressing poverty and human development in the Region through the SPARC initiative.

The SPARC initiative represents perhaps one of the first attempts made to develop and implement a strategy aimed at strengthening poverty and MDG monitoring and social policy systems in the Region (Perch, 2009). The strategy was based on a programme of continuous poverty assessments comprising: Core Welfare Indicator Questionnaire (CWIQ) surveys; CPAs including SLC and PPAs every 4-5 years; HH Budget Surveys every 10 years, but in different years to the census; and testing of other methodologies and tools; and other assessments, for example, community analysis, postdisaster socioeconomic assessments (Perch, 2004:9). It also involved attempts to harmonise data sets so they can be compiled for both national and regional benefits; specific gender analyses on critical social issues; support to evidence-based policy-making; regional data base of comparable social, administrative and survey data; access to data through websites and webhosting and standardisation of definitions, methodologies; as well as the development of regional indicators and targets (Perch, 2004: 9). SPARC seemed to be the panacea to the Region's challenges, but was discontinued for unclear reasons.



# FIGURE 4.1: MONITORING FRAMEWORK RESULTING FROM THE SUPPORT TO POVERTY ASSESSMENT AND REDUCTION IN THE CARIBBEAN INITIATIVE

The first pilot of CWIQ was conducted in Saint Lucia in 2004, as part of the SPARC initiative and later implemented in Grenada<sup>23</sup>. It is a ready-made survey package that national statistical offices can implement on an annual basis and supplement, when necessary, with special modules and is meant to complement other surveys. However, the extent to which this and other aspects of the SPARC strategy were taken on board by development partners and governments, is uncertain. The design and implementation of the integrated monitoring framework shown in Figure 4.1, which was one of the outcomes of SPARC, provide some indication of the plausibility of developing a parallel framework to assess PRAs in the Region. Consequently, under the SPARC initiative some attempt has been made to lay the groundwork needed to move away from just monitoring to ongoing M&E of progress made in reducing poverty. As evidenced in Table 4.2, significant investments went into local institutional strengthening. However, much of this foundational work needs to be bolstered by a developed institutional setting needed to effectively coordinate the diverse stakeholders and activities which impact on poverty reduction efforts. Otherwise there can be potential wastage of resources and duplication resulting from donor activities, which are uncoordinated (Perch, 2004).

Since the introduction of National Poverty Reduction Strategies and similar broadly-based strategies and policies, the need for information sharing among development partners - especially bilateral and multilateral aid agencies - has increased (Kusek and Rist, 2004). On a number of levels, this is useful because learning from evaluative knowledge becomes wider than simply organisational learning and also encompasses development learning whereby it helps to test systematically the cogency, relevance and progress of the development hypotheses (UNDP, 2002:76 cited in Kusek and Rist, 2004). It is known that properly coordinated multi-agency action is more effective than individual effort. Yet, mechanisms for exchanging evaluation lessons between donor agencies are still weak, and practical hurdles continue to get in the way of more frequent joint evaluations which, when they do occur, as was the case of SPARC, are generally seen as a very good way of sharing lessons and methodologies (Organisation for Economic Corporation and Development [OECD], 2001 cited in Kusek and Rist 2004). While CDB is committed to the dissemination of lessons learned with the implementation of its Evaluation Policy adopted in December 2011, results from a recent assessment of its programming operations undertaken by Universalia (2012) revealed that CDB faces challenges in respect to presenting performance information and monitoring external results. The challenge to assessing progress made in reducing poverty in the Region, therefore exists at all levels: organisational; policy; national; sub-national; and regional, and this makes it difficult deriving a framework able to assess effectiveness at these different levels.

# TABLE 4.2: DONOR INTERVENTIONS IN POVERTY AND HUMAN DEVELOPMENT

Intervention & Donor	Regional/Country	PRS & Indicators	Local Inst. Strengthening	Census related	Income, Consumption, SLCs	Qualitative Assessments	Annual Monitoring
<b>CDB</b> Social Analysis Training Poverty Reduction Action Plans Poverty Mapping	Regional St. Kitts & Nevis & Anguilla Dominica	x x	x	x	x	x	x
Basic Needs Trust Fund DFID Social Development (SD) Assistance to CDB	10 BMCs 10 BMCs	х	x				
Poverty Reduction and Gender	Barbados St. Vincent & the Grenadines Guyana Jamaica Trinidad &Tobago		X				
<b>EU</b> Social Data Capture Public Sector Assessment Fund	Saint Lucia St. Vincent & the Grenadines	X X	X X	X	X X	X X	X X
<b>UNDP</b> Capacity building for social data	Regional	x	x				
SD for poverty eradication Social Statistics & Indicators Preparatory Assistance with Poverty Eradication In OECS	Grenada Regional Regional	X X X	x x	x	x	x	
Poverty Thematic Trust Fund	Barbados OECS, Trinidad & Tobago, Jamaica , Guyan	x x	x				х
SD & Poverty – Harmonisation CWIQ Pilot <b>UNIFEM</b>	Regional Saint Lucia	x	~				x
Women, Gender and Poverty in Windward Islands Gender & Budgets Gender Analysis Training	Grenada, Saint Lucia Belize Barbados OECS	x	x x x				
Gender & PRSPs Gender & Rights-based	Trinidad & Tobago Jamaica Guyana OECS sub-region	X					
Approaches WB Mini-MECOOVI IDB	OECS Sub-region	x x	x x				
SPARC Social Data	Regional Guyana	x	x x			х	x

Source: Perch (2004:15).

### 4.4 Challenges in Assessing the Effectiveness of Poverty Reduction Efforts

Enhancing poverty measurements is central to eradicating poverty in the Caribbean. With perhaps the exception of Jamaica, regular surveys on social and demographic issues do not exist (Perch, 2004). External consultants (including from within the Region) continue to conduct most poverty studies and there seems to be limited policy analysis and link to decision-making based on completed surveys. Assessments of poverty or other social development issues have been patchy at best, sometimes with 10 years between surveys. Census data, which is the foundation of all information about the members of a given population, at times remains only partially analysed for 3 to 5 years, or more, after the assessment has been completed (ibid). Lack of information sharing of performance findings between stakeholders is also a challenge and this restricts effective M&E.

Since 1994, more than 16 CPAs have been conducted and related policies, programmes, strategies and plans have been developed primarily with support from CDB, DfID, UNDP, and EU, at the request of governments within the Region (CARICOM and UNDP 2006). Four years following this, WB and IMF launched PRS Initiative in 1999 to improve the planning, implementation, and monitoring of public actions geared toward reducing poverty. The Initiative centres on promoting a PRS process in each country that is expected to be country-driven, resultsfocused, long-term, comprehensive, and partnershiporiented. Low-income borrower countries are required to complete a PRS paper, or PRSP, for continued access to WB's concessional funds. PRSPs are also meant to serve as the framework for assistance from external partners, including WB.

At the policy level, PRSPs and specific social/human development policies are a recent development in the Region. Four countries in the OECS, St. Vincent and the Grenadines, Dominica, Grenada and Saint Lucia, with support from UNDP, through the OECS, have developed interim or full PRSPs. However, these strategies remain weak due, in the main, to the lack of recent relevant data on many of the social development concerns facing

the countries, including issues relating to the impact of economic stagnation on the vulnerable sectors of the nation. Much of the efforts over the last two or three decades, and even the most recent policy efforts, have been implemented in the absence of a truly integrated policy framework or sound and reliable data on the status of poverty and vulnerability at the HH, community, district or national level (Perch, 2004).

Through country attempts to reflect the MDGs and provide an enabling environment for their achievement, PRSs of some countries were made more relevant. When governments of the Caribbean signed on to the Millennium Declaration in 2000, they in essence agreed to an integrated framework for the achievement of poverty reduction and sustainable human development. The MDG framework strengthened the use of robust and reliable data for evidence-based decision-making, as many countries integrated the MDGs into their own national priorities and development strategies. Using reliable data to monitor progress towards the MDGs also allowed governments at national and sub-national levels to effectively focus their development policies, programmes and interventions. It also energised efforts to increase the production and use of development data.

Their monitoring requirements drew attention to the need for strengthening statistical capacity and improving statistical methodologies and information systems, at both the national and international levels. For example, IDB approved USD350,000 to support SPARC to facilitate, via CDB, the strengthening of institutional capacity in statistical offices in Caribbean countries to collect, analyse, and produce high quality statistical information required to formulate social policies and strategies, and to monitor their progress (Perch, 2004). The implementation of the Social Statistics Project and M&E databases in all line ministries in Guyana, as well as the establishment of Ministries of Social Transformation in Saint Lucia and Barbados, provides some indication of the financial, technical and human resource changes some governments are making in order to establish institutional mechanisms needed to address social development at the national level. With the support of CDB and international donor agencies, poverty-specific mechanisms including BNTF, Poverty Reduction and



Social Investment Funds, were established to further this and other aims. In this regard, IDB has also been instrumental in seeking to promote the institutionalisation of MfDR in the Region, for example a PRODEV account was also established to provide members of OECS with financial assistance needed to help them build capacity through various activities including creating training opportunities, sharing good practices, and promoting principles of good management in preparation for them to benefit from the core activities of PRODEV.

The tradition of assessing the effectiveness of poverty reduction efforts in the Caribbean is one where M&E systems have been established and others grown piecemeal in response to the global agenda to end poverty. Whilst a number of Mid-Term Evaluations (MTEs) and Project Completion Reports (PCRs) have been completed for individual projects, impact assessments are limited. This links back to issues of poor monitoring, limited capacity and resources, and weak results-based culture. PCRs are usually performed shortly before the termination of an intervention and provide useful information on objectives that were achieved and the sustainability of progress made, factors which can account for intervention success or failure and which may inform organisational learning (Guidelines for Global Environmental Facility, 2008). This seems to be one of the grave challenges to effective programming within the Region; lessons learnt from previous interventions are not being used to inform policy-making, future programming and, in general, organisational learning. In a similar vein, MTEs, which are usually conducted half-way through the implementation of an intervention, are also useful assessment tools. They assess whether performance targets have been reached and recommend corrective measures if adequate progress made, based on the available resources and specific timelines, has not been reached (United Nations Office on Drugs and Crime, 2011). However, poverty-reduction activities do not seem to take into sufficient account the results of previous evaluations and recommendations, nor do they seem to be properly utilised and implemented in a timely fashion. Consequently, interventions may appear ineffective and in need of replacement when in actuality they are not being properly assessed for their impact, nor are events unrelated to the intervention adequately considered.

It is also unclear the extent to which the SPARC initiative in seeking to 'assist governments to design and implement a planning framework, which aims to reduce poverty and enhance social development through addressing the specific needs of vulnerable and disadvantaged individuals'(CARICOM and UNDP, 2006:7), has met all its aims. However, it is evident that through this initiative much of the groundwork needed to introduce a framework to assess the effectiveness of poverty approaches has been established, notwithstanding that there is clearly room for further institutional strengthening and a need for continuity. Moreover, there is also a need for a unifying framework for a disparate set of M&E systems many of which seem to have been set up for individual projects at times entirely independent of other projects or programmes in the same country, and communications and collaboration between M&E programme implementers.

Overall the monitoring of poverty-reduction efforts in the Caribbean remains largely emerging, incremental and disjointed, whereby several donor-led and subregional M&E systems exist but are not integrated. As expected, this has resulted in conflicting approaches and inconsistent methodologies (Gyles-McDonnough, 2009), which complicate assessments of the progress made in reducing poverty and sustaining human development in the Region. Findings from a desk review of MTEs, PCRs, CPAs, other CDB documents and PRSPs, highlight key M&E related factors which have constrained the effectiveness of poverty reduction efforts in the Region. Distilling from the preceding exposition, the key challenges are summarised as follows:

# *4.4.1 Decentralisation Challenges*

- Low levels of public support for PRSs due to lack of access to information and/or involvement in the M&E process.
- Efforts of various institutions involved in interventions for poverty reduction within countries and across the Region, have been duplicated and fragmented due to a lack of effective partnership and synergy. Therefore, measuring effectiveness is difficult and this signals the need for improved regionalisation of the poverty agenda in relation to knowledge exchange resulting in improved implementation and avoidance of possible adverse effects.

• Large number of small projects makes reporting on impact difficult.

# 4.4.2 Harmonisation

- Opportunities to reduce transactions costs are missed due to the lack of political will to take the regional cooperation and integration agenda further. This poses a difficulty for partner countries to agree on regional interventions. Consequently, complementarity decreases due to a lack of burden sharing.
- Efforts to assess the developmental progress of BMCs as a group are frustrated by inconsistent methodologies and approaches (Perch, 2004). Variation in methodological approaches to data collection lead to inconsistencies in poverty assessments. Particularly, the disparities that exist between the national and regional indicators make it difficult to determine the progress of poverty reduction programmes (Perch, 2004). Therefore, some standardisation in indicators might be needed. This may take the form of a core set of indicators allowing countries to choose to monitor indicators which are relevant to them.
- Though there are links between the PRSP and other planning instruments, it does not seem to be used as a tool for comprehensive planning and budgeting and this tells us about the willingness/abilities of Caribbean countries to buy into a new framework for assessing traditional approaches.

# 4.4.3 Institutional Capacity

 Staff to assume MfDR responsibilities at the sub-regional level is limited. However, BMCs and agencies within ministries, as well as agencies that have adequate staff, sometimes do not have the resources to provide these services, or they may not have the right skills and motivation.

- Lack of capacity at the sub-regional level hampers institutional efficiency and effectiveness. Slow pace at which national PRSs are updated may be partly attributed to limited human resources and limited possibilities to increase the number of staff due to budget constraints.
- There is also a need to build technical capacity for regular primary data collection and analysis (CARICOM and UNDP, 2006).
- Self-reliance is hampered by inadequate institutional capacity which then makes it difficult to sustain progress built over the medium-to-long term without needing donor assistance.

# 4.4.4 Data Management

- The system for data management needs strengthening in order to support effective planning and M&E. There are significant data gaps and a pressing need to collect timely, reliable, current and high-quality time series, geo-spatial and other data in order to be able to establish baselines and facilitate planning, implementation and monitoring of programmes and initiatives, which promote and result in evidence-based policy making and positive human development in the Region (Perch, 2004).
- A lack of gender-disaggregated data widens the poverty reduction knowledge gap and makes it hard to plan and properly represent and address the concerns of poor and vulnerable men and women. There is particularly a need to build the data collection and analysis capacity of grass roots organisations working on youth at risk, especially those that include a gender perspective.
- There are significant delays between processing data collected and disseminating

research findings due in part to the poor linkages among data collectors, analysts and policy makers (Hutcheon cited in Perch, 2004:7).

• Duration as a key dimension of poverty used to establish patterns and causes of mobility into and out of poverty seem to be lagging in Caribbean countries because of the scarcity of longitudinal datasets (Hulme and Shepherd, 2003).

# 4.4.5 Issues of Targeting

- Capturing the changing nature of poverty and identifying factors that help individuals exit poverty, are difficult because of inadequate systems to monitor the progress of beneficiaries and ensure that programmes are meeting their concerns. Ultimately, this affects the effectiveness of targeting mechanisms because those who access benefits may not be those who are most vulnerable. Additionally, this minimises opportunities to inform the design of PRSs based on developments in poverty analysis.
- Decisions made to specifically target resources to areas where they are most needed is hindered by a lack of in-depth analysis of available data, inadequate poverty assessments and limited spatial and temporal analyses (Perch, 2004).
- High errors of exclusion (F-mistakes) and inclusion (E-mistakes) result in poorly-defined targeting procedures and eligibility criteria.

# 4.4.6 Programme Design

- There tends to be a weak link between indicators and outcomes.
- Lack of accounting makes processes of safety net programming open to interference, fraud and corruption, which will then affect the results of the assessments.
- PRS processes tend to narrowly focus on antipoverty expenditure programmes rather than broader pro-poor policy reform (ODI, 2003).
- Poverty reduction efforts are not properly linked to dimensions of vulnerability, susceptibility, gender and the effectiveness, or lack thereof, of social protection measures (CARICOM and UNDP, 2006).

In summary, the challenges to making PRSs in the Caribbean more effective seem to be largely related to administrative and implementation constraints. These more visible challenges, in addition to the limited fiscal space to finance social protection interventions in the Region (CDB et al. 2005), signal the need to transform the design and monitoring frameworks for PRSs based on a suitable mix of policies, measures and inducements able to advance CDB's MfDR agenda. This would also support CDB's renewed commitment to promoting a results-based culture, specifically vis-à-vis to improving implementation modalities of SSN programmes in the Region, as well as making aid more effective. To this end, the next section of this chapter provides a framework for undertaking PRS assessments in the Caribbean and positioning MfDR as an integral part of CDB's modus operandi. It comprises of an improved system for the reporting on programme outcomes and setting of smart, measurable, achievable, realistic and time-bound programme goals and objectives, and may also serve as an early warning system where programme targets are unlikely to be met within specified timeframes.

#### 4.5 A Proposed Framework to Enhance Poverty Reduction Assessments

CDB's renewed commitment to MfDR has been reiterated through a range of policy statements and programme activities. The establishment of a Results Committee tasked with the responsibility of creating a Results Measuring Framework following the approval of the Strategic Plan 2010-2014 and the adoption of a new Evaluation Policy, which institutionalises the evaluative function of CDB, were amongst such activities. As part of SDF 6 Action Plan, CDB also adopted the Caribbean MDG framework, which has been used to assist in the development of results-based country strategies, selection and design of programmes and projects, and the monitoring and reporting of SDF operations. In 2011, nine BMCs' country strategy papers were prepared with an increased results orientation with input from CDB and in July 2007, BMCs in the OECS were able to participate in a regional PRODEV workshop, which was co-sponsored by CDB. CDB is also working with a number of other partners like DfID and UNDP to develop M&E capacity. In this context, this framework is an important step in ensuring that CDB together with partner countries, development agencies, and other stakeholders are able to assess as methodically and objectively as possible, the impact that specific policies, completed programmes and projects have on the poor and vulnerable, and use the information derived from impact assessments conducted to judge the effectiveness, impact, and sustainability of implementing activities, which may then be used to inform strategic decisions (see Mugambi and Kanda 2013).

The proposed framework, which builds on the works of Hutcheon (2002) and Perch (2004), makes the case for the expansion of the traditional M&E function to focus more on outcomes and impacts. It also demonstrates how M&E is a cross-cutting instrument, which if used properly, has the potential to galvanise poverty-reduction efforts, improve the timelines, availability and quality of disaggregated data, enhance accountability, track performances and better inform developmental decisions. Effective M&E forms the basis for strengthening understanding of the changing nature and characteristics of poverty in the Region, and



evidence-based practices on what works to reduce poverty and its many correlates. It is also critical for building a robust regional evidence base around poverty, vulnerability, inequality and the range of interventions being implemented to address them.

# 4.5.1 Guiding Principles of the Proposed Framework

#### The framework is guided by the following principles:

- emphasis on collective learning and capacity building through respecting participation and empowering stakeholders to initiate and define the parameters for measuring impact, rather than simply making judgements about strategies for accountability purposes;
- focus on MfDR through reporting and following up on the achievement of outcomes and medium and long-term impacts of poverty reduction policies, programmes and projects that benefit the poor, and using this information to inform strategic decisionmaking rather than simply focusing on

strategy setting, strategy development and resource mobilisation;

- adoption of a holistic approach for institutional reform needed for progressive transition from a sector-based to a region-wide M&E system;
- enhancement of transparency and mutual accountability in decision-making through promoting the establishment of explicit goals and objectives of PRSs, and providing accessible and timely information to stakeholders to allow them to scrutinise poverty-reduction structures, processes and procedures;
- recognition of the multidimensional nature of poverty and the need for well-coordinated multi-agency and concerted responses based on inclusive partnerships in order to sustainably reduce poverty;
- emphasis on burden sharing through simplifying and harmonising all poverty reduction related procedures and, in so doing, enhance coherence, collaboration and synergy; and
- simplicity, by not adding significantly to current reporting demands in order to ensure feasibility and credibility, and a certain level of ease with which it can be implemented by stakeholders.

# 4.5.2 Objective of the Proposed Framework

The framework provides a formal process through which CDB and its partners are able to properly assess the sustainability, impact, effectiveness and efficiency of PRAs, and determine whether their aims were achieved and appropriate. It also supports the institutionalisation of MfDR in poverty reduction programmes and projects.

# 4.5.3 Expected Results of the Proposed Framework

The expected outcomes of the proposed framework are as follows:

- a renewed focus on performance related to the sustainable reduction of poverty and on the outcomes obtained from core stakeholder functions which are of greatest impact on the prosperity of Caribbean people;
- improved use of evaluation by stakeholders to determine what works best in reducing poverty and under what conditions and how this information might be used to improve results;
- improved regionalisation of the poverty agenda in relation to adopting a common performance management approach, which promotes collaboration, provides external accountability for results and better facilitate data and knowledge exchange resulting in improved implementation;
- better linking of poverty-reduction efforts to dimensions of vulnerability, susceptibility, gender and the effectiveness of social protection measures;
- narrowed poverty reduction knowledge and data gap through improved collection of timely, reliable, current and high-quality data and reduction in the delays between processing data collected and disseminating research findings through improved linkages between data collectors, analysts and policy makers;
- *limited opportunities for interference, fraud and corruption due to more open and transparent decision-making processes;*
- more efficient use and arrangement of available resources to achieve PRS outcomes;

- continued sharpening and focusing of PRSs; and
- a more harmonised PIA approach provides a basis for joint assessments with CDB and its partners.

#### 4.5.4 Application of the Proposed Framework: Towards an Enhanced-Poverty Impact Assessment

The framework is designed to assist practitioners and decision-makers to better understand, plan and execute a PIA based on manageable processes, measurable and verifiable indicators that conform to basic rules of simplicity, timeliness and cost effectiveness. It is a generic framework that can be directly applied to projects, programmes, sector-wide interventions and policy reforms usually lasting four years or more though the frequency of application, level of detail, input and allocated resources are likely to vary. Assessing performance is an ongoing process and the framework will need to be continuously reviewed and refined in order to remain relevant. The goal is proving the impact of the intervention (accountability agenda) and improving practice (lesson learning and knowledge sharing emphasis), in essence an enhanced PIA (E-PIA).

PIA is the process by which interventions (projects, policies, programmes) are assessed (in relation to the likely impact that they will have, or have had, on poverty, and inequalities and vulnerabilities that are likely to lead poverty) during their design, implementation and review (ODI 2008). As an approach, it may be understood as an estimation of sound judgement of the whole chain of results arising from the immediate outputs, medium-term outcomes and longer-term impacts of the intervention (OECD 2007c). It can be used to inform decisions on whether to expand, modify or terminate a particular intervention.

Ex-post PIA usually examines the impact and sustainability of an intervention and usually takes place after the intervention is generated, sufficient time elapses and experience accumulated to allow for the evaluation of long-term economic, social and other consequences to be assessed (Walker *et al.*, 2008). It is a specialised

area of evaluation designed to identify and measure the intended and unintended consequences resulting from implemented interventions based on actual situation and performance (Walker *et al.*, 2008). Similar to the expost PIA, PIAs conducted ex-ante provide forecasts and prospects of the intended and unintended consequences of donor interventions, but ex-ante PIAs also serve as an input for E-PIAs and a framework for monitoring impact hypotheses during implementation (OECD, 2007a).

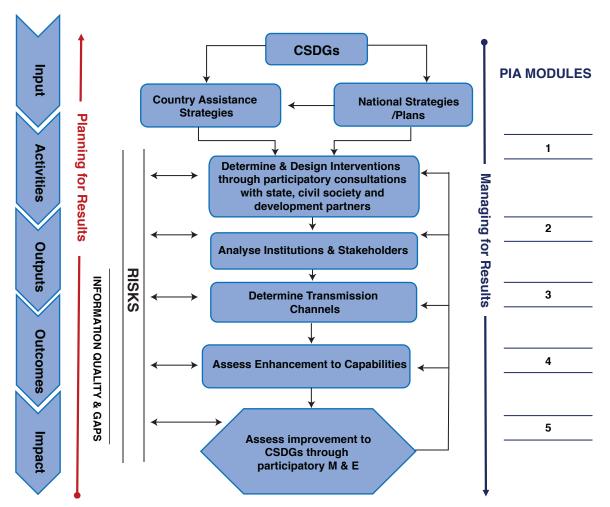
Ex-ante PIAs can be used to guide and assist in modifying the design of interventions to improve the pro-poor impacts, help donors and their partners to understand and maximise the poverty-reduction impacts of their interventions and identify key areas for M&E (OECD, 2007b). Whilst they might be best suited to assess the relevance of an intervention based on the actual situation and performance, they can also be used to measure effectiveness, efficiency, impact and sustainability based on forecasts and prospects (Japan International Corporation Agency [JICA], 2004). Particularly, the analytical framework for ex-ante PIA developed by the Development Assistance Committee (DAC), Network on Poverty Reduction (POVNET), can be useful for guiding ex-post PIAs of specific areas of intervention guided by country PRSs. It allows for the merging of established approaches, their terminology and procedures, as well as the results of assessments in relatively simple matrices which allow the sharing of ex-ante PIA exercises based on a common format across partnering agencies (OECD 2007c:12). PIA or poverty proofing is, therefore, a useful tool, as has been Ireland's experience where it has been an instrumental part of the country's National Anti-Poverty Strategy since its introduction (O'Connor, 2001).

Similar to the Poverty and Social Impact Analysis (PSIA), PIAs assess the impact of policy reforms on poverty reduction, adopt a participatory approach, involve institutional analysis, consider the potential risks effecting results and are employable at all stages of the programme cycle (OECD 2007c:19-20). PSIAs have been undertaken in the Eastern Caribbean and, when compared to PIAs, are more comprehensive, undertaken over a longer time period, require considerable resource input and focus on assessing the poverty and distributional impacts of public policy reforms (UNDP

2009). Implementing PIAs are, however, less demanding in terms of financial resources, personnel, time and data (OECD 2007a). Appendix 3 provides more details.

The framework presented in Figure 4.2 represents a modification of the ex-ante PIA developed by DAC, POVNET, and defines the multi-step and iterative process that decision-makers and stakeholders may use to better understand the impact of an intervention and improve its effectiveness. It examines key components of a general PIA and how they might relate to the results chain and five modules recommended by DAC, POVNET. There are five PIA modules which may be tailored to suit the context in which it is being applied. Module 5 outlines the impact that the intervention will have on the Caribbean SDGs and key objectives drawn from national strategies; whilst Module 1 assesses the relevance of the intervention to national strategies and plans. The overall results of the intervention may, therefore, be better understood in terms of higher-level goals linked to SDGs and PRSs. Though these higher-level goals tend to be donor driven, it is important that the process of identifying, defining and revising these goals is locally owned (Renard and Wint, 2007). We know, based on the extant poverty literature, that in order to make a lasting impact on targeted individuals and groups, these poverty-reduction road maps must be designed based on local knowledge in order to obtain buy-in from locals.

Module 4 focuses on the groups targeted by the intervention and how they are affected by its outcomes and impacts. It is categorised against five capabilities (economic, human, political, socio-cultural, and protective-security) required for individuals or groups to come out of poverty or avoid falling into it (OECD, 2007b). This is in keeping with the capability approach, which focuses on what people are able to do and be, rather than how they feel or what they have (Hick, 2012). This is notwithstanding that PIA focuses on poverty as a multi-dimensional concept and not just as capability-deprivation (OECD, 2007b). Module 3 identifies transmission channels, which depict pathways through which a particular intervention triggers results which influence stakeholders who, considered here to be individuals, groups, organisations and agencies who are influenced by the intervention, have the ability



#### **FIGURE 4.2: POVERTY IMPACT ASSESSMENT FRAMEWORK**

Sources: Modification an amalgamation of the PIA framework presented in OECD (2007 c:28) and the results chain in Spreckley (2009).

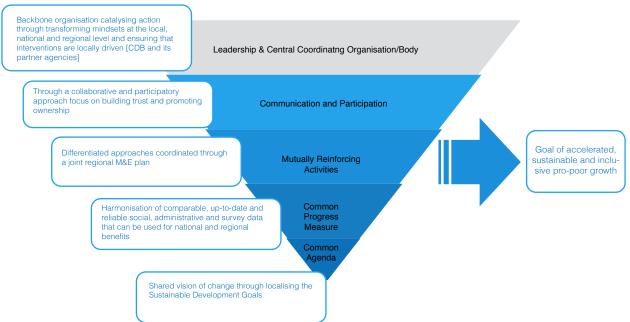
to influence its development, are targeted by it, or/and have an interest in its evaluation (OECD, 2007b:34). Behavioural changes on the part of stakeholders activate secondary channels, e.g. employment and wages, whilst primary channels are directly triggered by the intervention itself, e.g. access (ibid). Assessments of the poverty impact of an intervention should also involve identifying stakeholders and institutions, and their role and interests in supporting or hindering the intervention. This is covered under Module 2. All five modules offer a matrix which assist with summarising and presenting the results from each assessment and, along with a type of outcome framework, these will be used to assess the effectiveness of PRSs in Dominica, Grenada and Jamaica.

A major drawback of the PIA framework is that it can only assess the effectiveness of interventions (policies, projects and programmes), which together help to make up a PRS. Ideally, a PRS is assessed for impact through methodologies which compare the poverty situation before and after the implementation of the strategy using time series, simulating the situation without the strategy using computable general equilibrium models, and comparing countries with different strategies through regression analysis (Prennushi et al. 2002:124). Already there are capacity and resource challenges with undertaking less complex evaluations that it might be worth starting with PIA, used as a complement to existing approaches until M&E capacity is strengthened to allow for the undertaking of these more rigorous and resourceintensive types of evaluation.

E-PIAs can form part of CDB's work on providing regular updating and reporting on key poverty indicators and measurements of the income and non-income dimensions of poverty and human development through its enhanced CPA Programme. As was highlighted by the SPARC initiative, the CPA continues to be instrumental in tracking progress with respect to Caribbean-specific developmental goals targets and indicators. Information from these assessments is used to shape the design of interventions so that they can better target the poor and vulnerable groups and individuals. Therefore, PIAs can be incorporated in the institutional analysis component of CDB's model which examines the effectiveness of social development interventions implemented by Government agencies and Non-Governmental Organisation. However, as indicated in Figure 4.2 and Appendix 4, the assessment areas would now include transmission channels for example, access to goods and services, prices, impacts, risks, capabilities and the Caribbean-specific SDGs.

#### 4.6 Summary

Traditional PRAs were centred on the provision of welfare and relief. However, growing recognition of the potential of social protection interventions to enhance the wellbeing of poor and vulnerable HHs, has led to it becoming more mainstreamed in Caribbean development policy. It is, therefore, crucial that the effectiveness of PRSs are assessed for their positive impact. However, a lack of M&E capacity continues to challenge social development within the Region. There is, therefore, a need for considerable investment in personnel, training, data collection and resources, as well as to scale up on existing M&E activities. Within the current constraints, this chapter offered the analytical framework for PIA developed by the



#### FIGURE 4.3: IMPLEMENTATION FRAMEWORK

Source: Author's conceptualization based on modification to Kania, John and Kramer, 2013

Development Assistance Committee Network on Poverty Reduction to assess poverty reduction interventions. It recognises that M&E capacity must first be built before more rigorous and resource-intensive types of evaluation are undertaken on a regular basis. The proposed E-PIA can form part of CDB's work that supports the conduct of CPAs and the development of national poverty reduction action plans and strategies, in its BMCs. Indeed, regionalisation of the poverty agenda in relation to adopting a common performance management approach, which promotes collaboration, provides external accountability for results and better facilitate data and knowledge exchange resulting in improved implementation, requires a similar type of leadership.



# **Chapter 5**: New Perspective on Poverty and Inequality both Globally and Regionally – Multidimensional Deprivations

#### 5.1 Introduction

This Chapter analyses the multidimensional approach to poverty, estimating the percentage of HHs who suffer various deprivations within the education, living standards, employment and health dimensions. The Chapter also conducts sensitivity analysis, looking at how the percentage of deprived individuals changes when the threshold is set at various cut-offs, and also controlling for difference in scales. The threshold is set at the 25th percentile, which means that a HH is multidimensional deprived, if deprived in at least one of the four dimensions. The Chapter also establishes that HHs classified as consumption poor are not in all cases identified as multidimensional deprived. In fact, just less than half of HHs estimated as multidimensional deprived are also consumption poor. This raises the question of how different are these HHs and the extent to which the likelihoods of being poor inform existing SSN programmes. The chapter also analyses the likelihoods of being multidimensional deprived and consumption poor.

The emerging global and regional perspectives on poverty, vulnerability and inequality recognise that these three realities are intertwined and when combined, limit the inclusion and resilience of individuals, communities and countries with feedback effects between individual vulnerability and country vulnerability, especially to climatic change and macroeconomic shocks. There is also the recognition that poverty, vulnerability and inequality are bad for economic growth and shared To address these relationships and to prosperity. move the development process to a more sustainable outcome, there is increasing recognition that poverty is multidimensional and individuals experience multiple deprivations, which when combined, limit individuals' communities' and HHs' capabilities, functionings and abilities to live lives they value. This approach also recognises that the consumption/income money metric approach limits the focus of remedial initiatives to supplemental interventions when, in fact, a more broadbased and inclusive approach to poverty reduction is required.

#### 5.2 The Multidimensional Poverty Approach

Traditional approaches to poverty measurement have focused on income or consumption money metric methods of measuring poverty in which HHs are assessed based on their ability to afford required dietary needs and non-food requirements for productive participation in their community and to perform expected roles. This approach to poverty measurement invariably focusses on income or consumption shortfall and initiatives to raise HH consumption to, or above, the poverty threshold. This has given rise to increasing use of targeted transfers as a means of raising the living standards of the poor, but this has proved insufficient and poverty has persisted in many Caribbean countries. This approach has also suffered from the high variability of consumption, which also suggests similar variability in poverty when in fact poverty experienced by HHs tend to go beyond consumption and is likely to be more protracted and entrenched.

In addition, in the Caribbean, income is not in all cases well defined and non-response rates can be as high as 30%, coupled with the fact that income is also adversely affected by under and over-reporting of levels by different types of respondents. As a result, many studies have sought to construct other measurements of wellbeing such as asset wellbeing. JSLC and the population and housing censuses of 2010-12 for the rest of the English speaking Caribbean include data on a range of assets. However, in this study the focus is on JSLC in construction of an asset wellbeing index and the results are also triangulated with the findings from the consumption and multidimensional methods. The approach uses Principal Components Analysis, which assigns higher weights to assets least commonly available, and lower weights or zero to assets widely available (Filmer and Pritchett, 2001). While the asset index presents a much more stable picture of HHs wellbeing and may give some idea of their ability to cope in the face of economic shocks, like consumption/income it does not draw attention to the multiple deprivations experienced by poor HHs.

How poverty is measured can influence how it is understood, analysed and the policies and programmes designed to reduce it. Traditionally, poverty was defined as inadequate income or consumption levels. However, participatory approaches have shown that poor people go beyond income in defining their experiences and the solutions needed. Individuals experience poverty differently based on their geographical location, stage in their life cycle and gender. In addition, invariably individuals are generally consistent in defining poverty as lack of education, health, housing, decent jobs, empowerment, inclusion, justice and personal security. Income or consumption indicators are not uniquely positioned to capture all of these dimensions of poverty, and are not highly correlated with variables such as child or maternal mortality, primary or secondary school completion rates and under-nutrition (Bourguignon et al 2010: 24, 27). The multidimensional approach allows for a greater level of flexibility in the dimensions and indicators included to reflect country peculiarities. In this study, multidimensional consumption and asset wellbeing are examined to establish the extent to which they identify the same HHs as poor and the variables that explain the likelihood of being poor.

The multidimensional approach to poverty has increasingly gained currency following the 1997 HDR, the 2000/1 World Development Report (introduced poverty as a multidimensional phenomenon), the Millennium Declaration and MDGs, all of which highlighted multiple dimensions of poverty since 2000. In addition, the number of countries introducing multi-topic HH surveys that provided the required inputs for the construction of multidimensional measures, has increased dramatically in recent times. In fact, initiatives to construct a MPI for Barbados and the OECS Region date back to a Workshop on Multidimensional Poverty Measurement Methodology for the Caribbean in 2012. Since the workshop, a number of countries have built capacity and canvased surveys to be able to compute multidimensional poverty.

This chapter is therefore an important input in the process of computing and analysing multidimensional poverty and fills a gap in our understanding of the differences between multidimensional poverty and other methods of measuring wellbeing. MPI draws attention to the multiple dimensions of deprivation individuals experience and their inability to meet various basic needs. It enables deeper analysis of the causes of poverty and the patterns, and immediately draws attention to the kinds of interventions needed to address acute poverty. The adoption of this approach also makes it possible to evaluate the progress of social policies and programmes in addressing the problem of poverty and social development, based on each of the deprivation dimensions and indicators in the multidimensional approach. Work on the proposed sub-regional multidimensional poverty measurement (Barbados and OECS) while retaining some of the dimensions and indicators of the Global MPI has clearly extended both the dimensions and indicators, and is adopted in this chapter.

#### 5.3 The Global Multidimensional Poverty Index

Poverty has long been recognised as a situation in which individuals and HHs are lacking in means, capabilities and functionings and, therefore, experience sub-optimal outcomes with feed-back effects that create a vicious cycle. The income/consumption approach (money metric) does not capture many of these interrelated aspects of poverty clearly reflected in participatory studies. As such, MPI moves beyond the income/expenditure poverty threshold approach to measure acute poverty by reflecting the multiple deprivations people experience and the intensity of such deprivations. Acute poverty has two main characteristics: first, people lack basic functionings such as being well nourished, being educated or drinking clean water; and second, people living under conditions where they do not attain minimum standards in several aspects at the same time. MPI is a product of the proportion of people who experience multiple deprivations and the intensity of their deprivations, or average proportion of deprivations they experience. This chapter, however, focuses on the proportion of individuals experiencing multiple deprivations (multidimensional poor) in estimating the models.

MPI can be used for both across, as well as withincountry comparison. It allows for comparison across regions, such as urban and rural areas, across subgroups of the population, and other key HH and community characteristics. We show that consistent with the income/



consumption approach, rural areas account for a larger percentage of individuals classified as multidimensional poor at 71.4 %. In addition, the contribution of each dimension to overall poverty can be incrementally

analysed. The global MPI is made up of three dimensions which include ten indicators, each associated with a minimum level of satisfaction based on international consensus. The minimum level of satisfaction threshold is referred to as the deprivation cut-off. To derive MPI, each person is assessed based on HH outcomes to determine whether they are below the deprivation cut-off for each indicator. Persons below the cut-off threshold are considered deprived in that indicator. The deprivation of each person is then weighted by the indicator's weight, which if sums to 33% or more of possible deprivations, the person is classified as multidimensional poor.

As previously indicated, the global MPI is composed of three dimensions: education; health; and living standards. There are 2 health indicators, 2 education and 6 living standards. The indicators were arrived at after a process of consultation with experts in the respective fields, and what was possible given existing data. While MPI may be decomposed by demographic or other classifications, many variables are not available at the individual level so this was not possible. Instead, individuals are assessed based on HH level data. As such, if any HH member for whom data exist is deemed malnourished (for example), each individual in the HH is also defined as deprived in nutrition. A brief overview of the dimensions, indicators, and weights used in the Global MPI are shown in Table 5.1, which will be used at a later point to contrast the proposed dimensions and indicators for Barbados and the OECS, and adopted in this study on Jamaica.

In the sections that follow, each dimension and the related indicators for the Global MPI are presented along with some suggested requirements/considerations, before turning to the proposed dimensions and indicators used in this study. The living standard indicators are means rather than ends and have two strengths, unlike income their means are very closely connected to the ends they are supposed to facilitate and most of the indicators are related to the MDGs, which provide strong grounds for their inclusion in the index. While each of the indicators within the living standard dimension are weighted equally,

#### TABLE 5.1: INSIDE THE MULTIDIMENSIONAL POVERTY INDEX -DIMENSIONS, INDICATORS' THRESHOLDS AND WEIGHTS

1. Education (each indicator is weighted equally at 1/6)

Years of Schooling: deprived if no HH member has completed five years of schooling.
School Attendance: deprived if any school-age child is not attending school in years 1-8.

- 2. Health (each indicator is weighted equally at 1/6)
  - Child Mortality: deprived if any child has died in the family.
  - Nutrition: deprived if any adult or child for whom there is nutritional information is malnourished.

#### 3. Living Standards (each indicator is weighted equally at 1/18)

- Electricity: deprived if the HH has no electricity.
- Drinking Water: deprived if the HH does not have access to clean drinking water or clean water is more than 30 minutes of walk from home (roundtrip).
- · Sanitation: deprived if the HH lacks adequate sanitation or if their toilet is shared.
- Flooring: deprived if the HH has dirt, sand or dung floor.
- Cooking Fuel: deprived if the HH cooks with wood, charcoal or dung.
- Asset ownership: deprived if the HH does not own more than one of: radio, TV, telephone, bicycle, motorcycle, or refrigerator, and does not own a car or tractor.

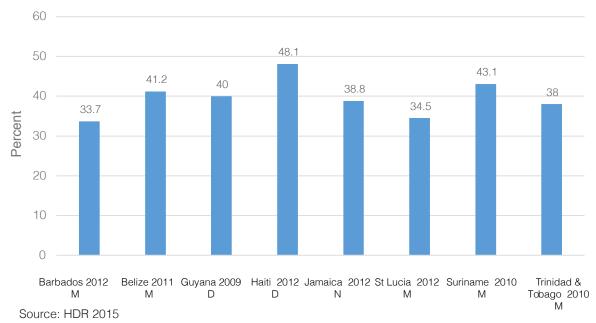
their weights are not the same as the indicators in the other dimensions, but are composed in such a way that their total weight is equal to one third. In other words, indicators are weighted equally within each dimension and each dimension is also weighted equally.

In deriving the MPI all the data/indicators relating to the HHs' wellbeing must come from the same survey and, if cross country comparisons are to be made, then it is important that the indicators are similarly constructed and comparable. In addition, in constructing a national or sub-regional MPI there is no limit to the number of dimensions or indicators to be included. Countries have the flexibility to include dimensions and indicators that reflect their peculiarities. The most important thing is the process through which they have been selected and the level of consensus. The HDR Guiding Modules (2011) suggests that consensus may be derived from various sources, such as participatory process, legal basis, international agreements such as the MDGs or human rights, and empirical evidence regarding people's values. In addition, the indicators' deprivation cut-offs must be based on clear and well-founded reasons. The cut-offs for the Global MPI are based on internationally-agreed MDG standards. However, for national or sub-regional MPIs

the cut-offs may be informed by current policy priorities, standards set by the culture, empirical evidence and previous practice (UNDP 2015).

In Figure 5.1 the percentage of individuals in Belize, Guyana, Haiti, Jamaica, Saint Lucia, Suriname, and Trinidad and Tobago experiencing multiple deprivations are reported. The levels of multidimensional deprivation were computed using the three deprivation groups of education, health, and living standards in Table 5.1, and the related indicators. The results show that the level of multidimensional deprivation varies between 33.7 % in Barbados and 48.1 % in Haiti. On the one hand, almost half of the population in Haiti is multidimensional deprived; in Belize, Guyana, and Suriname at least two in five individuals are multidimensional deprived. On the other hand, at least one third of the population in Barbados, Jamaica, Saint Lucia and Trinidad and Tobago are multidimensional deprived. These outcomes are computed using the Global MPI methodology, which use slightly different dimensions and indicators proposed the OECS approach and adopted in this study. As a result the results for Jamaica are not directly comparable with the results derived in this study.





Note: M - Data from Multiple Indicator Cluster surveys; N - Data from National surveys; D - Data from Demographic and Health surveys.

In the section that follows the recommended dimensions and indicators for the Caribbean regional MPI are analysed paying attention to the dimensions, indicators and percentage of individuals deprived in each indicator.

#### 5.4 Multidimensional Poor - The Case of Jamaica

Table 5.2 shows the level of deprivation for each indicator within the four broad groups of wellbeing dimensions. The highest levels of deprivation are in youth unemployment and HHs' access to computer and internet, suggesting that 82.3 and 80.7% of HHs did not meet the established condition. In fact, the employment dimension which is composed of unemployment, youth unemployment and quality of employment, has the highest types of

deprivations where more HHs do not experience these outcomes. However, fewer HHs experienced housing and food security deprivations. The four dimensions of education, living standards, employment and health are weighted equally and combined to derive deprivation cut-off thresholds. It is suggested that the deprivation threshold be set at the 25th percentile, which allows a HH to be classified as deprived if they are deprived in at least one dimension. In this case, the results show that 26% of HHs are established as deprived. For sensitivity analysis, various deprivation thresholds, seen in Table 5.3, are investigated to establish how the percentage of HHs classified as deprived changes with the deprivation threshold, and to further investigate the factors that explain the probability of being poor when the threshold is set at that 25th versus the 40th percentile. First, the

### TABLE 5.2: DIMENSIONS INDICATORS AND CUT-OFF JAMAICA SURVEY OF LIVING<br/>CONDITIONS 2012

Dimensions	Indicators	Deprivation Cut-off	Percentage Deprived
Education	Educational attainment	A HH is not deprived if at least one member older than 17 has at least completed secondary education.	28.08
	School attendance	A HH is NOT deprived if all children aged between 3 and 16 are attending school and are not delayed by 3 or more years compared to their cohort.	38.23
	Information and Communications Technology	A HH is not deprived if it has computer and internet connection.	80.66
Living standards	Assets	A HH is not deprived if it has more than four small assets and at least one big (own dwelling) asset.	48.4
	Housing	A HH is not deprived if the dwelling in not deprived in walls or roof.	7.33
	Overcrowding	A HH is not deprived if there is less than 3 individuals per room.	16.49
	Toilet	A HH is not deprived if has an improved toilet or their toilet is not shared.	31.72
	Water	A HH is not deprived if it has an improved source of drinking water.	25.96
Employment	Unemployment	A HH is not deprived if each member (in the labour force) older than 30 is employed (not in long term unemployment)	53.55
	Youth Unemployment	A HH is not deprived if each member (in the labour force) between 18 and 30 is employed (not in long term unemployment)	82.28
	Quality of Employment	A HH is not deprived if all working members are in formal employment.	61.09
Health	Access	A HH is not deprived if no member of the family used an established doctor or medical centre.	19.57
	Food security	A HH is not deprived if no member ate fewer meals in a day because there was not enough food.	7.72
	Nutrition indicator adjusted to include the food poor.	A HH is not deprived if no member is malnourished (stunting for under 5 children and Body Mass Index for adults.	9.13

Source: Adopted from UNDP 2015 and Author's computation.

distribution of HHs classified as deprived by consumption quintile are investigated. HHs classified as deprived can be found in all consumption quintiles, but progressively less in higher income/consumption groups. What is of interest, is that a larger proportion of deprived individuals are in the poorest consumption quintiles (Quintiles 1

and 2) varying between 54 and 64.7%. Table 5.3 also shows that the percentage of individuals that are both multidimensional and consumption poor varies between 9.5 and 13.9% depending on the deprivation threshold used. A question that is clearly of interest and addressed later in this chapter is how are the characteristics of these individuals different from those of individuals who are multidimensional deprived but not consumption poor, and vice versa.

Table 5.4 shows that at the 25th percentile threshold, 15.4% of individuals are unanimously multidimensional poor and this increased to 17.2% once differences in scale are controlled for by setting both the consumption and deprivation thresholds at the 40th percentile. The percentage of individuals who are poor on both fronts and consumption poor approximately doubled, increasing

from 10.6 and 10% to 22.7 and 19.4%, respectively. These results are used in analysing the probabilities of being multidimensional and consumption poor, and poor on both fronts.

In Figures 5.2 and 5.3 the probit marginal and impact probabilities of being multidimensional poor, consumption poor and poor on both fronts, are analysed to see what are the differences between these outcomes. Figure 5.1 uses the consumption headcount of 20.5% and the deprivation threshold set at 25th percentile. These results are further triangulated based on Figure 5.2 where differences in scales are controlled for. The main variables that increase the probability of being multidimensional poor are: FHHs; male head (most likely single MHHs); poor living conditions; and having a disabled HH member. The factors that reduce the probability of being multidimensional poor

Consumption Quintiles	Multidimensional Poverty Thresholds				
	20%	25%	30%	33%	40%
1	46.8	41.94	38.13	38.21	32.97
2	17.93	20.27	20.32	20.53	21.08
3	14.66	15.65	16.64	16.74	18.23
4	12.15	12.97	14.06	13.88	15.44
5	8.469	.18	10.86	10.64	12.28
Total	100	100	100	100	100
Total MPI (deprived)	21.13	25.95	31.53	32.29	42.16
MPI and Consumption Poor	9.5	10.6	11.8	12.1	13.9

## TABLE 5.3: DISTRIBUTION OF DEPRIVED INDIVIDUALS AND PERCENTAGE BOTH MULTIDIMENSIONAL POVERTY INDEX AND CONSUMPTION POOR

Source: JSLC 2012.

are: HH members being employed; the education of the HH head being upper secondary or tertiary; employment in the government or private sector; and decent work.

However, once differences in scales are controlled for, the consumption poverty threshold set at Quintile 2 and the deprivation cut-off at the 40th percentile, there are some important changes and in the major factors influencing the likelihood of being multidimensional poor. Factors increasing the probability of being poor are: the living conditions variables; disabled HH member; head employed in Agriculture and Fishing sector; head with primary education; the receipt of support from friends and family locally; and head being self-employed<sup>24</sup>. The results show that having a disabled HH member is robust across both methods, contributing to being

#### TABLE 5.4: MULTIDIMENSIONAL AND CONSUMPTION POOR

	Deprivation Cut-off 25th Percentile	Deprivation Cut-off 40th percentile	Consumption Poor	Asset Well-being 20th Percentile
Multidimensional Deprived	15.39	17.15	Not Applicable	7.99*
Deprived and Consumption Poor	10.57	22.79	Not Applicable	6.95**
Not Deprived but Consumption Poor	9.96	19.37	20.53	
Not Deprived	64.09	40.69	79.47	
Rural	32.6 (71.4%)	49.2 (66.3%)		15.95
Urban	17.2 (28.6%)	32.9 (33.7%)		14.49
Total				15.32

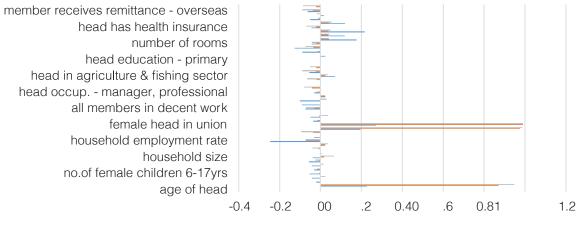
Source: JSLC. \*Asset Poor and Multidimensional poor at 20th percentile; \*\*Asset Poor at 20th percentile and in Quintile 1. Asset Poor at 20th percentile and Adult Equivalent Poor (JSLC) = 6.85%.

multidimensional poor. Factors decreasing the likelihood of being poor are: HH composition and size; employment of HH members, and in decent work; employment in government or private sector; higher level secondary or tertiary education; access to health insurance; and receipt of remittances. The education, employment and having a decent job reduces the likelihood of being multidimensional poor in both scenarios. In addition, having controlled for differences in scales, HH composition, health insurance and receipt of remittances, are also important. We suggest that HH composition may be related to HH's coping strategies and risk reduction, and so too are remittances and health insurance, suggesting an integral role for social protection/safety nets in helping HHs emerge from poverty. In the analysis that follows, both sets of results are further analysed and triangulated to establish the variables that have remained robust in spite of the different thresholds (both consumption and deprivation).

#### 5.5 Probability of Multidimensional, Consumption Poor and Poor on Both Fronts

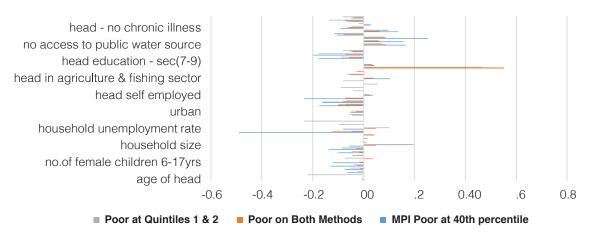
As previously established, the percentage of individuals who are multidimensional poor is approximately 26%, compared with estimates of the headcount by the Planning Institute of Jamaica (PIOJ) of approximately 20% of individuals. When these two methods are overlaid, 10.6% of individuals are poor on both fronts. In this section the probabilities of being poor in all three scenarios is analysed, establishing differences and similarities which can inform poverty reduction and SSN initiatives. First demographic outcomes are analysed, followed by an analysis of labour market and living standards outcomes.

#### FIGURE 5. 2: PROBIT MARGINAL AND IMPACT EFFECTS: THE PROBABILITY OF BEING POOR BASED ON MULTIDIMENSIONAL POVERTY INDEX, CONSUMPTION AND BOTH METHODS



Only Consumption Poor Poor on Both Methods MPI Poor at 25th percentile

#### FIGURE 5.3: PROBIT MARGINAL AND IMPACT EFFECTS: THE PROBABILITY OF MULTIDIMENSIONAL POVERTY INDEX POOR, CONSUMPTION POOR AND POOR BOTH METHODS (ADJUSTED FOR SCALES)



#### 5.5.1 Demographics

The age of the HH head, HH size and composition are important determinants of multidimensional deprivation. The results suggest that a one-unit increase in the age of the HH head, number of female children 0-5 years, male and female children 6-17 years, male elderly 65+ years, adult male and female 18-65 years and HH size, all significantly reduce the probability of being multidimensional deprived varying between 5.7% for adult female 18-65 years, and 2% for female child 0-5 years old. Having adjusted for difference in scales the HH

size variables and its composition of members of different age cohort and gender are all significant and suggest reduced probability of being multidimensional deprived. These results are somewhat consistent with the findings for individuals who are poor on both fronts, where a oneunit increase in female child 6-17 years, male elderly 65+ years and adult females 18-65 years, all significantly reduce the probability of being poor. However, the results are somewhat different for the consumption poor. While the age of the HH head (instrument for experience), as in the other two cases, significantly reduces the probability of being poor, so too does a one-unit increase in the number of adult females 18-65 years. However, a oneunit increase in male child 6-17 years, adult male 18-65 years and HH size all increase the probability of HHs being poor, varying between 6.5% and 1.5%.

For HHs who are consumption poor and those poor by both methods, the disaggregated HH size variables are again all significant and suggest reduced probability of being poor, having adjusted for difference in scales. However, in the latter two cases the sign of the HH size variable is now positive and suggests increased probability of being poor. This is possibly influenced by the positive impact of the elderly and child dependency ratios which suggest the increased probability of being consumption poor and poor on both fronts. However, the variable child dependency ratio for the consumption poor unlike the others, though positive, is not significant. The experience of the HH head instrument by age of the HH suggests reduced probability of being poor for all cases, but the variable was not significant for the consumption poor. It is not clear why HH composition and size significantly reduce the probability of being multidimensional poor, but this may indicate that HHs are using all of their members in their coping strategies. Nevertheless, further research is needed to unpack this phenomenon.

The gender of the HH head being male significantly increases the probability that the HH is multidimensional poor by 22.7%, and the probability increases and is significant for HHs who are consumption poor and poor on both fronts at 94.7 and 87.1%, respectively. This result is somewhat counter intuitive but, when analysed along with outcomes for union status, suggests that these HHs are more likely to be single male-headed. Head in a union (married or common law) significantly reduces the

probability of the HH being consumption poor and poor on both fronts by 9.4 and 3.6%, respectively. While the sign on the coefficient for HHs who are multidimensional poor is consistent with reduced likelihood of being poor, it was not significant. Similarly, heads in a visiting relationship were less likely to be multidimensional poor by 3.6%, and by 1.6 and 1.5% for HHs who are consumption poor and poor on both fronts, respectively.

The union status variables are not significant determinants of multidimensional deprivation once the cut-off threshold was adjusted upward. However, the consumption poor head in union, female not in union and head in visiting relationship all significantly reduced the probability of being poor by 9.8, 23.3 and 5.4%, respectively. Similarly, the gender of the HH head being male significantly reduced the probability of being consumption poor by 22.1%, but the variable was not significant in other cases.

The demographic variables are also not in all cases consistent with expectations. A one-unit increase in the elderly dependency ratio significantly increases the probability of being multidimensional poor by 2%, and similar significant outcomes of 3.6 and 2.4% are seen for the consumption poor and individuals poor on both fronts, respectively. The influence for the child dependency ratio is the opposite, suggesting reduced probability of being poor for the consumption poor (4%) and individuals poor on both fronts (1%). The sign of the coefficient for the multidimensional poor is consistent with reduced likelihood of being poor, but the outcome is not significant. Having adjusted for difference in scales, neither the child nor elderly dependency ratios are significant determinants of being multidimensional poor. However, for the consumption poor, an increase in the elderly dependency ratio increases the likelihood of being poor, while for HHs poor on both fronts the child and elderly dependency ratios increase the likelihood of being poor.

Having a disabled HH member significantly increases the probability of being poor for all HHs, by 12.1, 5.3 and 3.9% for HHs who are multidimensional, consumption and poor on both fronts, respectively. Having adjusted for difference in scales, the presence of a disabled HH member continues to be robust across all HHs significantly increasing the probability of being poor

for the multidimensional and consumption poor and poor on all fronts by 13.4, 9.7 and 6.3%, respectively. This is consistent with the fact that persons with disabilities are more likely to be poor and in need of special assistance. There is need for greater levels of inclusion of persons with disabilities in all spheres of life and the recognition that these individuals can make a positive and meaningful contribution to society and their communities. Accessibility to training, employment and the workplace are key to encouraging persons with disabilities to make meaningful contributions to their lives and communities. These are all areas in which social protection/safety nets can be scaled-up. In fact, the Economic Commission for Latin America and the Caribbean (ECLAC 2015:32) argued that persons with disabilities are overrepresented among those living in poverty and extreme poverty. As a result, poverty and vulnerability exacerbate disability, because of a lack of timely care and attention and care services for the person who is disabled, a family member often has to stop working, thus reducing family income even further.

#### 5.5.2 Labour Market

For all groups of poor HHs, a one-unit increase in the average hours worked per employed person significantly reduces the probability of being poor by 0.1% for both the multidimensional and consumption poor, but for individuals poor on both fronts the difference is not significant. There are also similar poverty-reducing outcomes, once we adjust for difference in scales. This is consistent with reduced probability of being poor on all fronts (with and without adjustment for scales) with a one-unit increase in the HH employment rate. Here the probability of being poor declines by 24.7, 7.4 and 7.1% for HHs who are multidimensional, consumption poor and poor on both fronts, respectively. Similarly, once scales are adjusted for the likelihood of reduced poverty are 49, 4.8 and 12.3%, respectively. An interesting but counter intuitive finding is seen only for HHs who are multidimensional poor, both before and after accounting for difference in scales, where a one-unit increase in the HH unemployment rate also significantly reduces the likelihood of being poor by 3.1 and 8.1%, respectively. This finding suggests that these individuals are classifying themselves as unemployed because they may not have formal sector jobs, but are



likely to be involved in the informal sector in which income and employment can be unstable. Nevertheless, they are making a significant contribution to the wellbeing of the HH and the finding is also consistent with the argument that poor HHs' coping strategies require the involvement of all HH members.

It is not surprising that individuals who are involved in the informal sector may classify themselves as unemployed and this is consistent with the result that shows that a oneunit increase in the number of HH members employed in decent work (access to benefits and health insurance) significantly reduces the probability (both with and without adjustment for scales) of being multidimensional, consumption and poor on both fronts by an average of 12.4, 7.1 and 6.6%, respectively.

Similarly, the sector of employment and occupation of the head of HH also influence the likelihood of being poor. Employment of the HH head in the government sector or private sector significantly reduces the probability of being poor by 9.1 and 10%, respectively, for HHs that are

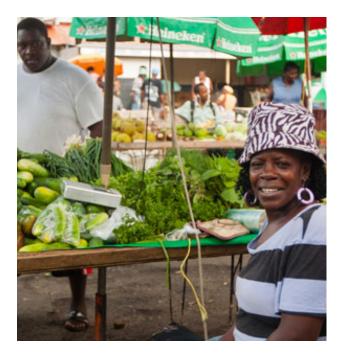


multidimensional poor. Having controlled for difference in scales, employment in the government and private sector significantly reduced the probability of being multidimensional poor by 16.3 and 23.4%, respectively. Reduced likelihood of being consumption poor is also seen for HHs whose heads are employed in the private sector. While the results for the multidimensional poor, with scales adjusted, are consistent for the consumption poor and individuals poor on both fronts, in the case of employment in the private sector for the consumption poor this variable is not significant and in fact suggests increased likelihood of being poor. However, HHs whose heads are self-employed are significantly more likely to be multidimensional poor, both with and without adjustment for scales. The sign on the coefficient for HHs that are consumption poor is consistent with increased likelihood of being poor, but this outcome is not significant (with and without adjustment for difference in scales). However for HHs poor on both fronts, the head being self-employed increases the likelihood of being poor in all cases by an average of 2.3%.

HHs heads employed in the manufacturing sector are 5.5% less likely to be multidimensional poor and the finding is consistent for consumption poor HHs with reduced probability of being poor of 8.8%. For the latter HHs they are also less likely to be poor by 5.1% if the head is employed in the construction sector. The results for the consumption poor are consistent with the outcomes for HHs poor on both fronts where the HH head employed in the manufacturing and construction sectors significantly reduced the probability of being poor.

Occupations that significantly reduce the likelihood of being multidimensional poor are manager and professionals, while for the consumption poor these are technicians, associate professional and plant and machine operator. The occupations that reduce the likelihood of being poor on both fronts are consistent with those influencing reduced probability of both the multidimensional and consumption poor and are manager, professional, technicians, associate professional, plant and machine operator, and varies between 1.7 and 4.2%. Meanwhile, HHs whose heads are employed in Agriculture and Fishing are significantly more likely to be multidimensional and consumption poor and poor on both fronts.

Having adjusted for scales, the occupation and sector of employment variables are generally not significant factors influencing multidimensional poverty and, only in the case of employment in the Agriculture and Fishing sector, as previously indicated, does the variable significantly increase the likelihood of being poor. This variable also increases the probability of being consumption poor and poor on both fronts, but the HH head employment in the occupations manager, professional, technician and associate professional and plant and machine operator also significantly reduced the probability of being consumption poor, as previously indicated when scales differences were not accounted for. In addition, employment in the Manufacturing and Construction sectors reduced the probability of being consumption poor and poor on both fronts. However, for the latter HHs the poverty-reducing effect for employment in the Construction sector was not significant.



The highest level of education of the HH head generally has a significant effect on the likelihood of being multidimensional poor, with greater poverty-reducing effects for higher levels of educational attainment. Unlike heads with educational outcomes at or below lower-secondary, HH heads with upper-level secondary education or tertiary education are significantly less likely to be poor by 8.8 and 12.6%, respectively. This result is consistent for HHs that are consumption poor and poor on both fronts. In addition, having adjusted for difference in scales, basic/pre-primary, primary and lowersecondary education all suggest increased likelihood of being poor in all cases, while upper-secondary and tertiary education reduced the likelihood of being poor in all scenarios. Educational outcomes impact individuals' ability to find and retain decent jobs that offer health insurance and, in cases where the HH head has this benefit, it significantly reduced the probability of being multidimensional, consumption poor and poor on both fronts. There is also reduced probability of being poor for all groups of HHs when the head has no chronic illness, receives remittances, receives support from family and friends locally, or at least one member has a pension. The poverty-reducing effect of remittances is robust across all groups of HHs, however, the povertyreducing effect of receipt of support from friends and

family is only significant for HHs that are consumption poor. For pensions, the poverty-reducing effect is significant for all groups except the multidimensional poor. Similarly, having adjusted for differences in scales, access to health insurance, no chronic illness, receipt of remittances, support from family and friends locally, pensions and number of rooms generally reduced the probability of being poor in all scenarios. However the variable, *receives remittances – local* was not significant for the consumption poor.

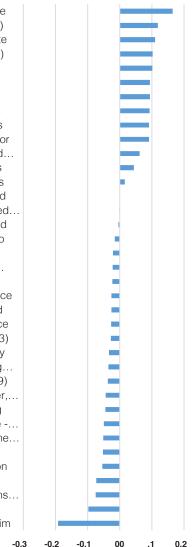
#### 5.5.3 Living Standards

The living conditions dimensions are strong candidates influencing the likelihood of being poor. A one-unit increase in the number of rooms significantly reduces the likelihood of being poor for all HHs. However, no access to public water source, poor housing quality and overcrowded dwelling all increase the likelihood of being multidimensional, consumption poor and poor on both fronts. Similarly, once we adjust for differences in scales, the living conditions variables significantly increased the probability of being poor in all scenarios. Here the results show, as in previous models, that no access to potable water in yard or dwelling, poor housing quality and overcrowded dwelling all increased the probability of being poor.

#### 5.6 Impact Probabilities on Wellbeing Groups of Different Households

In this section the Multinomial Logit Marginal and Impact Probabilities in Figures 5.4-5.11 are analysed on various wellbeing groups, such as individuals who are multidimensional poor but not consumption poor, and vice versa, individuals poor on both fronts, and the nonpoor. Variables that increase the likelihood of being in the particular wellbeing group are shown in the positive quadrant, while variables that reduce the likelihood of being poor or non-poor are shown in the negative quadrant. This also allows us to establish how the same or different variables impact different wellbeing groups. We begin by analysing the variables that impact the wellbeing of individuals that are multidimensional poor starting with the ones with the most influence.

#### FIGURE 5.4: PROBABILITY OF MULTIDIMENSIONAL DEPRIVATION RELATIVE TO BEING POOR ON BOTH FRONTS (25 PERCENTILE THRESHOLD)



household employment rate no of adult males (18-65vrs) household unemployment rate no of adult females (18-65yrs) no.of male children 0-5yrs no.of female elderly (65+) no.of male children 6-17yrs no.of female children 6-17yrs no.of female children 0-5yrs head employed in private sector head occup. - skilled ... children under 15 yrs head - no chronic illness number of rooms squared average hours per employed... household size squared child dependency ratio poor housing quality member receives remittance. number of rooms no access to public water source head self employed head has health insurance head education - sec(10-13) head education - primary head in agriculture & fishing... head education - sec(7-9) head occup. - manager,... living in overcrowded dwelling member receives remittance -... head occup. - plant/machine... no.of male elderly (65+) member earns a pension head in union head occup. - technicians... head education -tertiary head education - basic/pre prim

FIGURE 5.5: PROBABILITY OF

**PERCENTILE THRESHOLD**)

**MULTIDIMENSIONAL POVERTY RELATIVE** 

**TO BEING POOR ON BOTH FRONTS (40** 

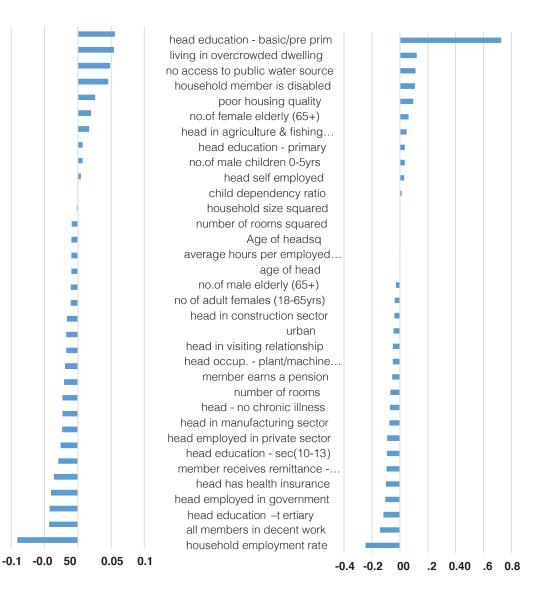
living in overcrowded... no access to public... household member is... poor housing quality head in construction... head occup. -... head in agriculture &... head in union head education - primary head education - sec(7-9) member receives... child dependency ratio elderly dependency ratio average hours per... household... head self employed head occup. - manager,... no.of male elderly (65+) head in visiting... head has health insurance member receives... no. of children 0-15 yrs number of rooms head in manufacturing... no.of male children 0-5yrs no.of elderly (65+) all members in decent... urban head - no chronic illness no.of female children 0-... head education -... head employed in... head education - tertiary no.of female children 6-... no.of male children 6-... no of adult females (18-... no of adult males (18-... head employed in... household employment...

-0.15- 0.1- 0.05 00 .050 .1 0.15 0.2

The Changing Nature of Poverty and Inequality in the Caribbean: *New Issues, New Solutions* 

#### FIGURE 5.6: PROBABILITY OF BEING MULTIDIMENSIONAL DEPRIVED AND CONSUMPTION POOR

#### FIGURE 5.7: PROBABILITY OF BEING MULTIDIMENSIONAL DEPRIVED AND CONSUMPTION POOR FRONTS (ADJUSTED FOR SCALES)



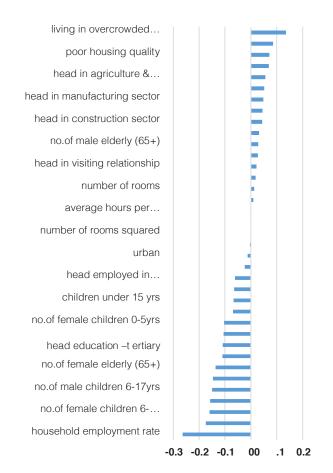
living in overcrowded... poor housing quality head in agriculture &... head self employed elderly dependency ratio no.of male children 6-17yrs no.of male children 6-17yrs no of adult males (18-... average hours per... age of head child dependency ratio head employed in private... household... urban head - no chronic illness no of adult females (18-... head occup. - manager,... head in visiting relationship head education - sec(10-13) head employed in... head occup. -... member earns a pension head in construction sector number of rooms head has health insurance head in manufacturing... all members in decent work head education - tertiary head occup. - technicians... member receives... household employment rate

household member is...

no access to public water...

#### FIGURE 5.9: PROBABILITY OF CONSUMPTION POOR RELATIVE TO BEING POOR ON BOTH FRONTS (ADJUSTED FOR SCALES)

#### FIGURE 5.8: PROBABILITY OF CONSUMPTION POOR RELATIVE TO POOR ON BOTH FRONTS





head education - basic/pre prim no of adult males (18-65yrs) household unemployment rate urban

no.of elderly (65+) no.of male children 6-17yrs household employment rate no.of female children 6-17yrs no. of children 0-15 yrs no.of female children 0-5yrs head employed in private sector no of adult females (18-65yrs) head in agriculture & fishing... no.of male elderly (65+) no.of male children 0-5yrs average hours per employed... child dependency ratio member receives remittance -... head self employed head employed in government number of rooms head in construction sector elderly dependency ratio member receives remittance -... head in union head occup. - technicians...

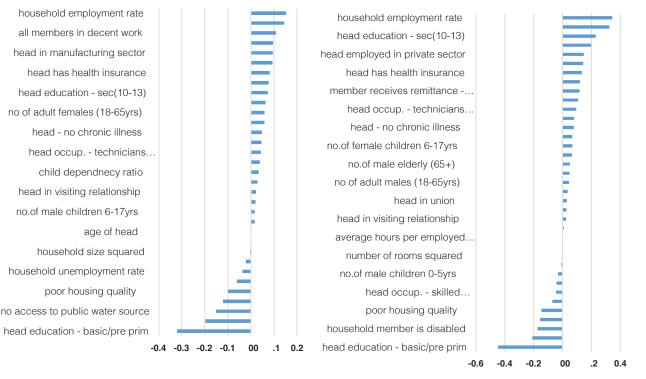
head has health insurance head occup. - plant/machine... head education - tertiary head in manufacturing sector all members in decent work member earns a pension

-0.10-0.05 0.00 0.05 0.10 0.15 0.20 0.25

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#### FIGURE 5.10: PROBABILITY OF **CONSUMPTION POOR RELATIVE TO BEING POOR ON BOTH FRONTS (ADJUSTED FOR** SCALES)

#### FIGURE 5:11: PROBABILITY OF NON-POOR **RELATIVE TO BEING POOR ON BOTH FRONTS**



household employment rate all members in decent work head in manufacturing sector head has health insurance head education - sec(10-13) no of adult females (18-65yrs) head - no chronic illness head occup. - technicians... child dependnecy ratio head in visiting relationship no.of male children 6-17yrs age of head household size squared household unemployment rate poor housing quality no access to public water source

#### 5.6.1 Multidimensional Poor

The variables that increase the likelihood of being multidimensional poor relative to being poor on both fronts, seen in Figures 5.4 and 5.5, are living in overcrowded dwelling, no access to potable water in dwelling or yard, disabled member, poor housing quality, head employed in Construction sector, head's occupation being a technician or associate professional, head in Agriculture and Fishing sector, head in union, head has primary or lower-secondary education, member receives support from friends and relatives locally, and child and elderly dependency ratios. However, once difference in scales are adjusted for and where the poverty line is set, the results show that the HH composition variables are likely the result of the HH being multidimensional poor. These HHs are likely to have more children, adult male and female members and more elderly individuals. They are also more likely to have more members working but also higher levels of unemployed members as well as HH heads working in the private sector and skilled agricultural activities. As previously indicated, these HHs may be engaging all members in their coping strategies or, alternatively, both formal and informal SSNs are having an impact on HHs' wellbeing, but even more importantly the larger number of children, adults and elderly members are impacting the wellbeing of these HHs. As has been shown, the direction of influence can be both positive and negative.

The variables that reduce the likelihood of multidimensional poverty, starting with the most important are: HH employment rate; head employed in the private sector; number of adult male and female members; number of male and female children in the 6-17 age cohort; head with tertiary education; head in government sector; head with upper-secondary level education; number of female children 0-5 years old; head has no chronic illness; residing in urban areas; all members in decent work; number of female elderly members; number of male children 0-5 years old; receipt of remittances; head has health insurance; head in visiting relationship; number of male elderly members; head's occupation is manager or professional; head is self-employed; and HH unemployment rate (informal sector activity). Also of interest is the differential impact that HH members of different age cohort and gender have on the HH wellbeing

However, once differences in scales are adjusted for, the effect of the HH composition variables no longer reduced the likelihood of being multidimensional poor but instead increased it as indicated above. The variables that now reduce the likelihood of being multidimensional poor are the educational outcomes of the head where some education, relative to no education, reduces the likelihood of being poor. Also of importance in reducing multidimensional poverty is the employment of the HH head, the receipt of remittances, and pensions by at least one member, the union status (married or commonlaw), and access to health insurance. We also find that poor living conditions and housing quality are also less associated with being multidimensional poor and will be shown to be more associated with being poor on both fronts.

#### 5.6.2 Poor on Both Fronts

Figures 5.6 and 5.7 show the factors that increase and decrease the probability of being multidimensional deprived and consumption poor (poor on both fronts). The variables that increase the probability of being poor, starting with the ones that have the greatest probability, are: HH has a disabled member; no access to portable water in yard or dwelling; overcrowded dwelling; poor housing quality; head employed in Agriculture or Fishing sector; head self-employed; elderly dependents; male and female children 6-17 years; and adult male members. The housing quality and living conditions variables remain significant even after adjustment for difference in scales in increasing the likelihood of being poor and so too is the variable HH has a disabled member. Other variables that increased the likelihood of being poor are: HH head has primary or basic/pre-primary (by far the most important) education; head is employed in Agriculture or Fishing sector or is self-employed; and there is a larger number of elderly and children (0-5 years) in these HHs.

Variables that reduced the probability of being poor on both fronts, starting with the most important, are: the number of employed adult HH members (HH employment rate, and this has remained robust in spite of adjustment for difference in scales); receipt of remittances; head employed as technician or associate professional; tertiary education; all members in decent work; head works in the Manufacturing sector; access to health insurance; number of rooms; head works in the construction sector; member with pension; head's occupation is plant/ machine operator; employed in the government sector; upper-secondary education; head in visiting relationship; head's occupation being manager or professional; number of adult female in HH; head has no chronic illness; residing in urban areas; HH unemployment rate (informal sector activities); head in private sector; child dependency (possibly engaged in economic activities or child support); age of head (instrumented for experience); and average hours worked by members. These variables positively impact the wellbeing of HHs and reduce the probability of being deprived.

Once differences in scales are adjusted for, the variables that reduced the likelihood of being poor on both fronts are: the employment and sector/occupation of the HH head; members in decent work; head's educational outcomes upper-secondary or tertiary; access to health insurance; receipt of remittances; member receives pension; head has no chronic illness; head in a visiting relationship; reside in urban areas; and increase in adult female and male elderly members.

#### 5.6.3 Consumption Poor

Figures 5.8 and 5.9 show that head with basic/preprimary education accounts for the main reason HHs are consumption poor, followed by: number of adult males; HH unemployment rate; urban resident; number of female elderly members; number of male children; HH employment rate (working poor); number of female children 6-17 years old; number of children 0-15 years old; number of female children 0-5 years old; head employed in private sector; number of adult females; head in Agriculture and Fishing sector; number of male elderly members; and number of male children 0-5 years old. Here, the demographic variables dominate the likelihood of HHs being consumption poor, but so too are the education, employment, and sectors of employment of the HH head variables. However, the housing quality and living conditions variables, heads' occupation and sector of employment assumed greater importance in positively influencing the likelihood of being consumption poor once we have adjusted for differences in scales. Here too, the presence of a disabled member, child dependents, male elderly members and receipt of remittances and support from family and friends locally also increase the likelihood of being consumption poor.

Factors that reduce the probability of being consumption poor in order of importance are: member earns a pension; all members in decent work; head in the Manufacturing sector; head has tertiary education; head's occupation plant/machine operator; head has health insurance; head's occupation technician associate professional; head in union; member receives remittances; elderly dependency ratio; head in Construction; number of rooms; head employed in government; head self-employed; HH receives support from family and friends; child dependency; and average hours worked by employed members. The employment, occupational, sector of work and education variables are important, but so too is the involvement in decent work. Decent work is influenced by access to guality education and achievement, and the ability to find good paying jobs with adequate benefits including health insurance, pensions and family benefits, such as maternity/paternity leave.

The number of adult HH members working and the HH composition variables (different age cohorts and gender) are now more important in reducing the likelihood of being poor, having adjusted for differences in scales. Also of importance are the sector of employment, heads' educational attainment – upper secondary and above, and members in decent work. These latter variables have remained robust, influencing reduced likelihood of being consumption poor in spite of adjustment for differences in scales.

#### 5.6.4 Non-poor Households' Wellbeing

Figures 5.10 and 5.11 show that the variables that contribute the most to the probability of being nonpoor are employment, educational and decent work related. These are also consistent with the variables that reduce the likelihood of being poor. The variables positively impacting the likelihood of being non-poor are: HH employment rate; head has tertiary education; all members in decent work; HH receives remittances; head works in Manufacturing or Government sector; head has health insurance; member receives a pension; head has upper-secondary education; head is employed in the private sector; number of female adult members; number of rooms; head has no chronic illness; head's occupation is plant/machine operator, or technician or associate professional; number of female children 6-17 years, child dependency ratio; head occupation being manager or professional; head in visiting relationship; number of adult male members; number of male children 6-17 years; head in union; and age of HH head (experience).

The number of employed members, the head sector/ occupation of employment and decent work are not only the most important variables impacting the likelihood of reduced poverty or greater likelihood of being non-poor, these variables are also robust regardless of where the poverty threshold is set. Other variables that increase the likelihood of being non-poor, having adjusted for difference in scales, are: the receipt of remittances and pensions; head has no chronic illness; HH resides in urban areas; the HH composition variables; and head is in a union or visiting relationship. The factors that negatively contribute to the HH being non-poor are: head highest education is basic/preprimary; overcrowded HH; no access to public water source in dwelling; HH member is disabled; poor housing quality; head is employed in Agriculture and Fishing sector; and head has lower-secondary education. All of these variables have generally remained robust in spite of adjusting the poverty threshold upwards and correcting for differences in scales.

#### 5.7 Triangulating Asset Wellbeing with Multidimensional and Consumption Poverty

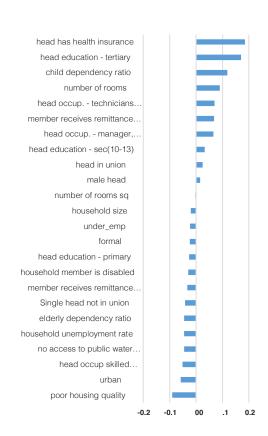
This section analyses the contribution of various variables to the probabilities of being in different wellbeing groups based on an asset index grouped into two wellbeing groups: poor (Quintile 1); and not poor (Quintile 5). The multinomial logit marginal and impact effects on the probabilities of being in the different wellbeing groups

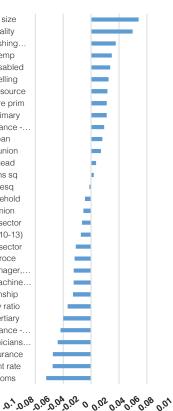


The Changing Nature of Poverty and Inequality in the Caribbean: *New Issues, New Solutions* 

#### FIGURE 5.12: MULTINOMIAL LOGIT MARGINAL AND IMPACT EFFECT: THE PROBABILITY OF BEING ASSET POOR

#### FIGURE 5.13: MULTINOMIAL LOGIT MARGINAL AND IMPACT EFFECT: THE PROBABILITY OF BEING ASSET NOT POOR





household size poor housing quality head in agriculture & fishing... under emp household member is disabled living in overcrowded dwelling o access to public water source n head education - basic/pre prim head education - primary member receives remittance -... urban Single head not in union male head number of rooms sq Hhsizesq female head household head in union head in construction sector head education - sec(10-13) head in manufacturing sector not in Labour Froce head occup. - manager,... head occup. - plant/machine... head in visiting relationship child dependency ratio head education - tertiary member receives remittance -... head occup. - technicians... head has health insurance household employment rate

number of rooms

relative to being poor are analysed. These results are further triangulated with findings from the multidimensional and consumption methods.

#### 5.7.1 Asset Poor

The factors that increase the likelihood of being asset poor are consistent with results for the multidimensional and consumption poor. The variables starting with the most important are: HH size; poor housing quality; HH head in Agriculture and Fishing sector; under-employed (head working less than 40-hours per week); member is disabled; dwelling overcrowded; no access to public water source; head's highest level of education basic/ pre-primary or primary; HH receives support from family and friends residing locally; reside in urban areas; and HH head single, MHH. These variables are also generally related with the reduced likelihood that a HH is not poor.

Similarly, the variables that are shown to reduce the likelihood of being poor are in many cases the ones that increase the likelihood of being not poor. These are: number of rooms; HH employment rate; head has insurance; head occupation technician, associate professional; HH receives remittances; head's highest

education tertiary; child dependency ratio; head in visiting relationship; head's occupation plant/machine operator; head's occupation manager, professional, not in labour force (students and other members not looking for work); head in Manufacturing sector; head's education uppersecondary; head in construction sector; head married; and FHHs.

#### 5.8 Addressing Multidimensional Deprivation through Social Protection

The various results suggest that there are differences in the main variables that explain the reasons HHs are poor on different fronts, but there are more similarities than differences. As shown in Figures 5.12 and 5.13, the variables based on the probit models that contribute to the probability of being multidimensional poor are dominated by: living conditions/housing quality outcomes; poor educational attainment and possibly lack of decent work reflected in the occupations and sector of employment of the HH head; and the presence of a disabled HH member. This is somewhat similar for the consumption poor where the HH demographic variables, living conditions/housing quality outcomes, and disabled HH member are the main factors increasing the likelihood of being consumption

## TABLE 5.5: TOP FIVE VARIABLES THAT INFLUENCE THE MARGINAL AND IMPACT PROBABILITIES

	MPI	Both (MPI + Consumption)	Consumption	Asset
Increased likelihood of being poor	Living in overcrowded dwelling No access to public water sources HH member disabled Poor housing quality Head in construction sector	HH member disabled No access to public water sources Living in overcrowd- ed dwelling Poor housing quality Head in agriculture & fishing sector	Head education basic/pre primary Number of adult males HH unemployment rate Reside in urban area Number of female elderly	HH size Poor housing quality Head in agriculture & fishing sector Head under-employed < (40 hrs) HH member disabled
Decreased likelihood of being poor	HH employment rate Head employed in private sector Number of adult males Number of adult females Number of male children 6 – 14 years	HH employment rate Receive remittances Head occupation technical associate professional Head education tertiary All member in decent work	HH earn a pension All members in decent work Head in manufacturing sector Head education tertiary Head occupation plant/machine operator	Number of rooms HH employment rate Head has health insurance Head occupation technical associate professional Receive remittances

poor. The factors contributing the most to the probability of being poor on both fronts are somewhat consistent with the outcome for the multidimensional and consumption poor. In fact, regardless of the poverty classification used the presence of: a disabled member; poor living/housing conditions; HH head in Agriculture and Fishing sector; FHHs; FHH head not in union; and MHHs, all increase the likelihood of being poor.

Results from both the probit and multinomial models show that employment plays the most important role in reducing both multidimensional and consumption poverty, and also contributes the most to the probability of being non-poor. The variables that contribute the most to the probability of being non-poor are the employment, sector of work and occupation, coupled with quality educational outcomes, decent work and the receipt of remittances. The receipt of remittances also plays an important role in reducing the probability of being poor on both fronts. These outcomes are also generally consistent when we control for difference in scales.

The head being self-employed is generally associated with increased likelihood of being poor in all scenarios, but relative to HHs poor on all fronts. HH heads who are self-employed are less likely to be multidimensional and consumption poor. This must be assessed in light of active labour market programme initiatives, such as the Programme of Advancement Through Health and Education (PATH) that encourages beneficiary HH members to be registered and trained in various skills and to access start-up grant capital through the StW to start or expend existing micro-enterprise activities. An evaluation of the StW Programme in 2011, suggested that the employment generation effect was negligible, but the programme prevented a significant increase in unemployment relative to the control group. This may also be in part responsible for the outcomes for HHs' poor on all fronts relative to the multidimensional and consumption poor. Active labour market initiatives need to be scaled up and can also be used to address youth unemployment, and there are some ongoing initiatives within the social protection/safety net systems in the Region.

The results consistently suggest that HHs with disabled members are likely to be poor regardless of the definition or measurement of poverty used and is consistent with Gayle-Geddes' (2015) argument that despite advances in education and labour market outcomes, the exclusion and inequalities faced by persons with disabilities is evident in: limited sociocultural identity; poor educational outcomes; fragile employment; high non-employment and unemployment; overrepresentation in low-skills occupations; lower income; failure to secure decent work; and challenging education, training and labour market conditions. Despite the fact that most of these individuals can function normally, they are stymied by disabilityinduced inequalities which are exacerbated by multiple vulnerabilities associated with gender, location, age and type of disability. "By failing to acquire the skills and competences required to participate in the job market, persons with disabilities are less likely to secure decent work and an independent existence" (ECLAC 2015:32).

Promoting the rights and inclusion of persons with disabilities is important in addressing the multiple forms of discrimination they face, removing barriers and guaranteeing their equal rights to develop their capabilities and functionings. As a result, persons with disabilities must be able to access social protection and basic social services, including a number of other enablers identified by Gayle-Geddes (2015). The fact that HHs with a disabled member are more likely poor suggests that disability is also interwoven with other known vulnerabilities and that persons with disability are vulnerable, at risk, marginalised and excluded (experience multiple overlapping vulnerabilities), and there is greater need for disability to be treated as a cross-cutting issue in public policy.

Social protection can also assist poor HHs in meeting the extra cost associated with a disabled member and facilitate access to basic social services such as health care, education, nutrition, sanitation, security and justice<sup>25</sup>. The Jamaica PATH Programme provides benefits to individuals that are disabled, but the sufficiency of the benefit and the level of coverage of the disabled are of concern. In addition, the PATH also targets poor HHs with children of different age cohorts, providing differential benefits by gender of child, with a slightly higher amount for boys. The benefit for each child between 1-13 years varies between seven hundred and fifty Jamaican dollars (JMD750) to JMD1,265. This may also possibly explain the inconsistencies in the influence of the variables related to the number of children of different age cohorts in the HH and the child dependency ratio.

#### TABLE 5.6: VULNERABILITIES, RISKS AND SHOCKS

<ul> <li>Society wide vulnerabilities:         <ul> <li>Hurricanes and other natural disasters unpreparedness <sup>26</sup>.</li> <li>Disability</li> <li>Commodity price fluctuations.</li> <li>Global economic downturns.</li> <li>High debt burden and debt servicing.</li> <li>A high proportion of female headed and single parent HHs.</li> <li>High levels of international migration.</li> <li>Increasing burden of lifestyle diseases particularly diabetes, hypertension, heart disease and obesity.</li> <li>High levels of HIV/AIDs.</li> <li>Crime and violence.</li> <li>Climate Change</li> </ul> </li> </ul>	protected sex.	
<ul> <li>For working age adults, the major risks are:</li> <li>Low level of skills.</li> <li>Lack of decent jobs.</li> <li>Unemployment.</li> <li>Under-employment.</li> <li>The adult working poor.</li> <li>Disability.</li> <li>Disease.</li> <li>Domestic violence.</li> <li>FHHs and single parenting.</li> <li>Climate Change</li> </ul>	<ul> <li>The major risks faced by the elderly are:</li> <li>Exclusion from income generating activities and lack of pension coverage.</li> <li>Disability</li> <li>Chronic diseases.</li> <li>Vulnerability during times of natural disaster.</li> <li>Disability.</li> <li>Loss of income to retirement and disease/disability.</li> <li>Inadequate or low quality housing/fussy tenure/property rights.</li> <li>Climate Change</li> </ul>	

It is recognised that Caribbean HHs face various risks (covariate and idiosyncratic) and vulnerabilities, and some of these change over the life-cycle. These risks and vulnerabilities tend to have implications for the design and delivery of social protection programmes. There are a range of macro-level and localised risks and shocks that affect the vulnerability of Caribbean countries and HHs which result in unemployment, social ills, such as crime and violence, and vulnerabilities that are inter-twined and reinforcing, where vulnerability at the level of the country negatively impacts HH vulnerability with feed-back loops that also affect vulnerability at the level of the country. Table 5.6 lists a number of vulnerabilities experienced by Caribbean peoples and countries

#### 5.9 Summary

This chapter has applied the multidimensional approach to estimating poverty in Jamaica and shows that HHs

experience the greatest level of deprivation in the employment and ICT outcomes. The chapter suggests that the multidimensional deprivation threshold set at the 25th percentile means that a HH is classified as multidimensional poor if deprived in at least one dimension. The results also show that the method used in estimating poverty, influences the HHs that are classified as poor. Using both the multidimensional and consumption methods, we overlay the poverty outcomes to identify HHs poor on both fronts and analyse the contribution of various variables to the likelihood of being poor. The likelihoods of being multidimensional poor, but not consumption poor and vice versa, is analysed. Similarly, the variables that contribute to the likelihood of HHs being poor on both fronts are analysed. The findings are further triangulated using the results from asset wellbeing groups.

The MPA allows us to establish the underlying deprivations that HHs experience and direct our attention to the kinds of remedial interventions necessary to reduce/eliminate poverty, but it is also important for us to be able to identify who are these individuals. This chapter triangulates several methods used to identify the poor to establish robust characteristics which can be used in interventions such as social protection/safety nets programmes. The chapter shows that: poor living conditions; the presence of a disabled HH member; poor educational outcomes; receipt of support from family and friends locally; and head employed in Agriculture and Fishing sector, and in some cases Construction, are likely to be multidimensional poor. An important finding is that HH composition variables are both related with being poor and also reduced the likelihood of being poor, and possibly relates to the fact that HHs may, with varying levels of success, engage all members in its coping strategies.

At the same time, the variables that significantly reduced the likelihood of being multidimensional poor are: HH employment rate, which also seemed to be related to the number of adult members in the HH; educational outcomes at upper-secondary or tertiary levels; HH members employed in decent work; head without chronic illness; receipt of remittance; and member has pension. HHs who are poor on both fronts are more likely to have: a disabled member; have poor living conditions; head employed in Agriculture and Fishing or self-employed; more elderly dependents; have more children within the age cohort 6-17 years; and adult male members. Having adjusted for scales, the heads of these HHs are also likely to have basic/pre-primary or primary education. On the other hand, the variables that reduce the likelihood of being poor are employment related and in all sectors other than Agriculture and Fishing. Here decent work, access to health insurance, pensions and upper-secondary or tertiary education, receipt of remittances, and no chronic illness, are also some of the main variables impacting reduced likelihood of being poor.

Having a disabled member, which is evident in all poor HHs, put even more strain on them and may affect the labour force participation of other members. There is need for increased initiatives to reduce discrimination faced by disabled individuals and for greater inclusion both in the educational system and the labour market. This may require inclusive and accessible schools and awareness and training programmes for teachers and other staff are essential for promoting inclusion, acceptance, equity, opportunities at school for children with disabilities, and enhance prospects of transitioning into the labour market. In addition, the social protection/safety net system can also play a facilitative role and there are already some programmes such as PATH that targets the disabled but more needs to be done to reduce discrimination and stigma and facilitate inclusion.

**Chapter 6 : Transformative** Shifts in Policy, Approaches and Institutions for Accelerated Poverty Reduction and Inclusive Prosperity

103

"Taken together ... five fundamental shifts can remove the barriers that hold people back, and end the inequality of opportunity that blights the lives of so many people on our planet. They can, at long last, bring together social, economic and environmental issues in a coherent, effective, and sustainable way. Above all, we hope they can inspire a new generation to believe that a better world is within its reach, and act accordingly.<sup>3</sup>" (United Nations, 2013; p 9)

### 6.1 Introduction

This chapter presents some lessons learnt from international experiences and issues relevant to the Caribbean in framing the recommendations emanating from the study. The SDGs are seen as an important organising framework for poverty reduction and inclusive prosperity where the lessons of experiences can inform the approaches to poverty reduction in the Region in which governments are central to the process. The chapter also analyses some general imperatives for reducing poverty and inequality in the Region, such as strengthening social protection and SSNs, achieving gender equality, securing environmental sustainability, sustainable livelihoods and equitable growth. Some innovative solutions for long-term financing are also considered.

#### 6.2 Global Lens on Sustainable Poverty Reduction and Inclusive Prosperity

When the United Nation's (UN) High-Level Panel of Eminent Persons reported on the post-2015 Development Agenda (UN, 2013), it focussed attention on eradication of poverty; describing it as universal and requiring five big transformative *(fundamental)* shifts, which are:

- 1. Leave no one behind.
- 2. Put sustainable development at the core.
- 3. Transform economies for jobs and inclusive growth.

- 4. Build peace and effective, open and accountable institutions for all.
- 5. Forge a new global partnership.

*What would happen if these shifts were effected?* The following post-2030 scenario hypothesis was based on gains achieved through the substantial efforts of those 10-25 years preceding 2015:

"What would happen if developed and developing countries, and other partners too, committed themselves to implementing the goals and targets we describe? We can imagine a world in 2030 that is more equal, more prosperous, more peaceful and more just than that of today. A world where extreme poverty has been eradicated and where the building blocks for sustained prosperity are in place. A world where no one has been left behind, where economies are transformed, and where transparent and representative governments are in charge. A world of peace where sustainable development is the overarching goal. A world with a new spirit of cooperation and partnership" (UN, 2013; p 30)

Realising such potential would involve the areas of Growth, Finance, Demographic Change, International Migration, Urbanisation, and Technology. Such an image then portends what might be ideal in aiming for sustainable poverty reduction, but also, for assuring inclusive poverty. The first questions in judging feasibility would then be to ask: *what has worked, for whom, why, and where*?

Examination of the outcome of efforts to reduce poverty in different locations around the world has identified successes, as well as difficulties – sometimes regardless of inputs. Such latter challenges highlight the enormity of the task, but also point to the lessons of experience that exist to be adopted. While it might be relatively easy to identify efforts and their successes at poverty reduction or elimination, those specifically targeting sustainability and/ or inclusive prosperity are less visible, as well as likely being more recent.

<sup>&</sup>lt;sup>3</sup> United Nations High-Level Panel of Eminent Persons reporting on the post-2015 Development Agenda.



Several examples show different approaches to poverty reduction generally, with multiple *first* or *second-tier* links to others amongst the targeted goals. Strict comparisons are impossible given the range of goals, objectives, indicators, targets, substrates, definitions, and the like.

Findings from a review of global approaches suggest that generally, governments must own the policy and either own, or provide, substantial assistance in driving the process. Whereas Non-governmental Organisations, community-based organisations, private sector, or other entities might be deeply involved, there is very little evidence that they are often highly effective on their own. However, the collaborative approach, i.e. formation and execution of projects via partnerships, seems critical not only because of differential areas of focus, interest, and assets, but also because of the multi-faceted, or multidimensional, nature of what needs to be addressed. This approach has been shown to be valuable even in the somewhat rare examples of big businesses' direct and targeted involvement in poverty reduction as part of what has been called a "sustainable corporate story" (van Tulder, 2008). Unfortunately, expressed opinions

from some of the Fortune 100 companies interviewed suggested absence of a comprehensive understanding and/or fit with the interventions their companies actually implemented; of interest, however, were their focus on e.g. energy and microfinance.

Nigeria recognised several failings that contributed to escalation of poverty (Ogunleye, 2010): the role of globalisation in poverty escalation; disparities in people's income and unemployment; gender; health and education disparities; inequalities in power; failing to productively manage windfall from oil (and a constellation of related factors); neglect of agriculture; and poor infrastructural base. From that position, sustainable poverty alleviation strategies were put forward as: infrastructure investments; gearing investments towards jobs' creation; attending to needs of the vulnerable and marginalized; placing the community as central to poverty eradication efforts; formation of social development departments tasked with related disbursements; putting an end to wide-scale privatisation of state functions, instead attending to their rebuilding; make the tax systems progressive thereby identifying funds to support poverty reduction and basic social services; enhanced probity and accountability; and enacting political reforms that make government accountable and would facilitate confidence for attracting external investments.

### 6.3 Reducing Poverty and Inequality in the Caribbean: General Imperatives

The main potential drivers of poverty across the Caribbean identified in this research are: large number of young children; FHHs; unemployment; poor educational outcomes; lack of decent job; disability; poor living conditions/housing quality; non-receipt of remittances; and lack of adequate pensions. These outcomes are generally consistent with the primary target groups of SSN programmes in addition to those mentioned being: pregnant/lactating women; school-age children; individuals suffering some misfortune; elderly; and the chronic poor. In fact, many programmes tend to focus on women and children where children are seen as considerably vulnerable, usually because such large numbers of children are living below the poverty line in many countries and children in rural areas are particularly affected. In addition, particular groups of children, such

as abused girls and boys, street or homeless, childheaded HHs, and orphans are identified as especially vulnerable. There is also the argument that children 'bear the brunt of poverty'.

There are, therefore, several initiatives across the Region that address the needs of children such as: school meals programme; free text books for students; payment of examination fees; and free uniforms programmes, which enhance student access to education. The free text books initiative, uniforms programme and the payment of examination fees are not based on a system of conditional transfers and, thus, are not tied to student attendance, performance or behaviour modification. In many cases these programmes are self-targeted in order to reduce the likely level of stigma, but given resource constraints there is increasing debate as to whether they should be targeted in order to reduce the level of leakage. A more appropriate response, however, may be to reduce operating costs and increase efficiency rather than seeking to remove some children from the rolls. This can be complemented with targeting schools within specific areas known to have the highest levels of poverty.



However, it is also important to recognise that children are part of HHs so addressing the high incidence of child poverty is also about responding to HH needs. There is the belief that cash transfers to HHs can foster dependence and disincentive to work, but this may also allow HHs to invest in income-building initiatives, reduce vulnerability and the making of better choices and this can impact the wellbeing of children positively. Equally important are initiatives to improve income-generating opportunities and measures to increase employment. The quantitative results show that employment and decent work are major boosters that can lift HHs out of poverty. In fact, many Caribbean countries have embraced a range of active labour market programmes as well as measures to increase labour market flexibility. These initiatives also include a range of other activities such as matching unemployed people to jobs, creating jobs on public work programmes and promoting self-employment, particularly through microfinance<sup>27 28</sup>. Many of these initiatives also expose individuals to job preparation and life skills, as well as provide vocational training and certification and career advice, which can match jobseekers to vacancies. The expectation is that these programmes can also enhance school-to-work transition but a greater role should be played by the private sector, through increased, structured internships with local employers<sup>29</sup>. However, the lack of adequate M&E of active labour market programmes begs the question of their effectiveness. Job training, job search assistance, support to micro-entrepreneurs, and life skills training programmes are not designed in relation to an integrated employment-generation policy or the PRS.

There is no systematic evaluation of the extent to which the SSN system adequately targets the needs of the poor or the level of aggregate coverage, yet the programmes address several risks and vulnerabilities and build human capital, but there is no clear evaluation of the extent to which these outcomes are achieved. Nevertheless, evaluations have been conducted of specific programmes to assess their effectiveness in targeting the poor and vulnerable, such as in the case of the Jamaica PATH and Belize Building Opportunities for Our Social Transformation programmes. Insufficient M&E and lack of evidence-based policy making are weaknesses across all types of programme interventions.

Overcoming poverty and inequality requires selective or targeted policies that primarily focus on individuals and families living in poverty, together with a variety of measures to include that population in universal programmes, which are usually organised on a sectoral basis. The ultimate aim is to overcome entry barriers and the access and quality segmentations and fragmentations that discriminate against lower income people. ECLAC considered this topic when, at the start of the new millennium, it defined five key guiding principles for the Region's social policy: *universality, solidarity, efficiency, equivalence and comprehensiveness.* Within that framework, the following key imperatives are discussed.

#### 6.3.1 Strengthening Social Protection and Social Safety Nets

This section makes the case that well-designed safety nets can play a productive role in promoting development, as well as improving the distributive effects of economic policies to reach the most vulnerable. Such programmes also serve as a tool by which governments may fulfil various rights-based commitments to which they are signatory. The results show that poverty and inequality remain pressing issues with increasing need for improved social protection/safety net systems<sup>30</sup> both as a means of improving the wellbeing of citizens and addressing the post 2015 development agenda.

The achievement of the SDGs and, in particular, the elimination of poverty, suggests the need for improved social protection/ safety nets; their achievement also requires greater attention be paid to the needs of the poor and vulnerable (individuals likely of falling back or further into poverty). These include individuals who may be disadvantaged partly because they suffer discrimination and exclusion as a result of their stigmatised identities (such as indigenous people). Sources of shocks, risk and exclusion are also related to life-cycle changes and intergenerational factors, and should inform appropriate social protection responses. The social protection systems should be designed in a holistic way based on a life-cycle approach, ensuring that individual programmes complement each another at various stages to achieve cumulative benefits based on need, to individuals and HHs that promote pro-poor growth and reduce social exclusion (Barbados SSN Assessment 2010). The benefits received by HHs are used for various purposes, but it is generally agreed that SSNs can build resilience by strengthening an individual's ability to respond to covariate, macro-level<sup>31</sup> and idiosyncratic shocks and risks, and allow poor HHs to make more informed decisions and better choices that do not sacrifice long-term benefits for short-term gains<sup>32</sup>. The poor are likely to invest in activities with lower risks but also with lower returns, but with more security provided by SSN, individuals could mobilise resources into activities with higher returns resulting in a knock-on effect on livelihoods, outcomes and economic growth<sup>33</sup> (Caddle p: 6). The challenge that regional governments face is in designing an integrated, effective and comprehensive SSN system that acts both as a safety net and a springboard.

While economic growth is clearly crucial, it does not alone guarantee the wellbeing or development of the poorest members of a society. Much depends on how broadbased or inclusive that growth is, and, as pointed out in the previous section, many poverty-reduction strategies seem to place extremely strong faith in growth to achieve this, without substantial redistributive measures. Given the less-than stellar record of general development efforts, to date, to improve the situation of the poor and vulnerable (Hulme et al, 2001), it is of some concern that redistributive measures do not play a much more central role in the Region as many programmes are under-funded resulting in very low benefits and low uptake. Low investment in social protection programmes also shows up in high level of programme fragmentation and duplication in the SSN system, evident in the collection of identical data from potential participants in assessing eligibility across programmes, and the determination of qualification for the programmes. In some cases there are referrals across programmes and this approach clearly points to the need for a centralised system. However, as more countries embrace conditional cash transfer programmes there is the opportunity to develop a more centralised SSN system both in the targeting and identifying of beneficiaries for appropriate interventions, but also in the disbursement of appropriate benefits<sup>4, 34</sup>.

Regional governments that have recognised these problems are at various stages in addressing the restructuring of their social protection/safety net system to strengthen programming focus on poverty and vulnerability, promote human capital development, promote transitions from welfare to work and economic self-sufficiency, and address the needs of particular vulnerable groups. To strengthen and expand support to the poorest and most vulnerable, regional countries are working on clearly defining target groups and selection procedures for each intervention, and to help individuals and families escape cycles of deprivation and inter-generational poverty. The SSN system needs to respond to the main risk and vulnerabilities of HHs to covariate and



idiosyncratic shocks through their life cycle, which also includes the country's response to emergencies and disasters. Equally important, is the move to a more integrated family of services that is transparent, and open to participation and accountability. This also requires an integrated MIS where eligibility criteria are harmonised, delivery mechanisms coordinated and benefits mutually reinforced to maximise overall poverty impacts. This can be achieved by increased convergence and integration of complementary and substitute interventions, where programmes can be grouped based on whether they are **preventive** (to avert impoverishing drops in wellbeing from shocks); **protective** (to avert destitution and catastrophic losses in human capital); promotive (to enhance real incomes, capabilities and livelihood

<sup>4</sup> Conditional Cash Transfer programmes similar to the Chilean Puente programme are already implemented in Jamaica, Saint Lucia, Trinidad and Tobago, and Belize.

opportunities); or *transformative* (to promote social equity and inclusion) (Grenada's SSN Assessment, 2010).

The introduction of conditional cash transfer programmes, which encourages positive behavioural change among children and youth, parents and families so that they can escape cycles of deprivation, is a step in the right



direction. This initiative is often times complemented (such as the Jamaica StW programmes) with active labour market programmes (these programmes provide a range of job preparation, seeking and retention services) that support individuals, and families make the transition from welfare dependence to economic self-sufficiency. However, this approach requires a renewed focus on assisting the poor and vulnerable individuals find and retain decent work.

An effective and efficient social protection system requires reliable and up-to-date data to allow the prioritisation of resources based on evidence. This may mean the conduct of more regular surveys such as the labour force survey, and the enhanced CPAs once implemented would fill this gap. It is also important to build capacity at the technical and policy levels to ensure quality data and adequate use in processing and analysis for better decision making and M&E. The development of capacity within the OECS Secretariat is an important first step but, ultimately, local institutional capacity needs upgrading.

Many social programmes are not only faced with errors of inclusion and exclusion, but even when programmes

are universally available the very poor and marginalised may not participate due to lack of information or required documentation. This gap may be addressed through the proposed development in many regional countries of an integrated proxy means targeting mechanism for all SSN interventions. Equally important is the harmonising of eligibility criteria and application processes. This will require a MIS for centralised data collection, processing and information sharing, and a Single Beneficiary Registry (A One Stop Shop) for all major social protection programmes and services intended to support the poor and vulnerable. This will also reduce costs, targeting errors, political manipulation, improve the efficiency of targeting and referrals across agencies with possible knock-on-effects on the value of benefits HHs receive. However, deliberate strategies should be implemented to address stigma and possibly the use of cost sharing (where the HHs is not poor) for some programmes already used for some educational programmes, such as the School Lunch Programme. In addition, to motivate behavioural change, it may be possible to make access to programmes such

as the uniform grant and the text book programme conditional upon school attendance and performance. Ultimately, a balance is required in the universal provision of benefits matched with means tested programmes. Universal benefits are especially relevant in the areas of resilience or capacity building such as in health, nutrition, education and caregiving, in order to attack the causes of poverty. However, some level of cost recovery can be implemented for some universal programmes where the poor and vulnerable are exempted from the cost. This is consistent with the likelihood that high indebtedness and constrained fiscal space will limit the degree to which social protection measures can be expanded. Therefore, institutional re-engineering and increased efficiency, rather than substantially increased expenditure, are proposed as the means of widening the safety-net and improving the level of benefit.

# 6.3.2 Empowering Girls and Women and Achieving Gender Equality

There certainly seems to be substantial value for increasing attention to gender given that growth in female income accounted for 30% of extreme poverty reduction between 2000 and 2010 (vs. 39% for men), based on findings from Azevedo et al, (2012) and Castañeda et al (2015). Such participation income from females was also reported as critical in helping HHs manage through the 2009 crisis, which saw a decline in male labour income. At the same time, the extent of such entrenchment of gender inequities needs to be fully appreciated, as has been highlighted in areas such as education, employment, entrepreneurship, financing, governance, institutional mechanisms (OECD, 2012; Harris et al., 2000). While some of the long-established cultural norms are being eroded (CARICOM, 2003), others have continued unabatedly to discriminate against girls' and women's increased participation, supported by their own actions that highlight entrenchments but also upheld by systemic failures in the public and, where relevant, private sectors. The multi-faceted approach posited towards problem-solving saw much expanded and more unbiased frameworks and capacities to support targeted and realistic growth for girls and women in all sectors.

CDB committed to lead regional efforts in analysing social and economic causes of gender inequality, from which such understanding could help reduce poverty and other vulnerabilities that then lead men and women closer to achieving full potential. That commitment has engaged CDB in a series of actions comprising inter alia, increased sensitisation; policy design and resources' utilisation; curriculum development; mainstreaming<sup>5</sup> including into early childhood, construction, forestry, sanitation, and water sectors; addressing gender-based violence; and improving governance. As relevant, some are integrated internally into perspectives and articulation of CDB's own operations.

Most of these activities are directed through the "Gender Equality Policy and Operational Strategy" for which a recent review (CDB, 2015) shows steady goal-

oriented progress, including via BMCs involvement and performance; however, their adjudged importance and increased adoption has also highlighted the need for additional future resources, as well as ongoing dialogue and continued participatory engagement, to assure sustainability. A small review of the OECS' Small Projects Facility centred on sustainable livelihoods found how important it was to specifically include and monitor integration of any gender perspective – even if preparations had already been made for its inclusion.

CDB supported comprehensive "Country Gender Assessments" (CGAs) in Antigua & Barbuda (Huggins, 2014), Barbados (Allen and Maughn, 2014), Dominica and Grenada (Baksh, 2014), and Saint Kitts and Nevis (Vassell, 2014), analysing economic, social and governance aspects through gendered lens. This type of "gender agenda" understands that by their gender-based social roles and responsibilities, women/girls and men/ boys, participate in and experience society differently - the adoption of this approach is considered critical to fighting poverty, especially when combined with social exclusion and rights-based considerations. Amongst important findings and constraints from these CGAs have been: relative paucity of sex-disaggregated data; need to strengthen institutional arrangements, policy and legislation; and the need to correct any deficits in a context inclusive of international frameworks and bestpractice. Nonetheless, there have been gains, including via the preparation or updating of gender policies and plans such as Dominica's "National Gender Policy and Action Plan 2014-2019", and Grenada's "Gender Equality Policy and Action Plan"; also, the increased attention now being given to identification and involvement of strategically positioned gender focal points.

This lack of appropriate data is worth further mention since it has clearly remained a deficiency for at least the past 30 years. This is an area that must stand amongst the most important indicators, allowing for an increased appreciation for gender issues and towards gender mainstreaming. Amongst the interesting aspects that adequate data disaggregation allows access to, is more focus on boys versus girls, or men versus women.

<sup>&</sup>lt;sup>5</sup> Defined as: "Taking account of gender concerns in all policy, programme, administrative and financial activities, and in organizational procedures, thereby contributing to a profound organizational transformation" in UNDP Gender in Development Programme: Gender Mainstreaming Information Pack – referenced in Harris et al, 2000.



However, these same lens have the ability to channel analyses inappropriately. One treatise highlighted potential for such impact using education as an example (Britt et al., 2010): "A serious concern in the policy debates surrounding the difference in educational performance of boys and girls is that the focus on male marginalization detracts attention from the fact that both boys and girls from poor households are performing terribly, with girls simply doing less badly". Such citation stands as a caution along the spectrum of gender analyses from conception through to dissemination. However, what if there was indeed at this stage of "gender mainstreaming", purposeful focus on one gender to the exclusion of the other, in order to achieve gender equality towards poverty reduction? Abril and Ofosu-Amaah (2009), as well as others, suggest this might be valid, for example, by focussing public spend on women as part of an evidence-based approach from public expenditure reviews. Similarly, CariMAN (2013) focusses all its efforts on men, including empowering them to take up their rightful responsibilities. This is one of the key issues that will have to be resolved as the Region goes forward to attempt meeting the SDGs.

# 6.3.3 Securing Environmental Sustainability

Amongst ways in which stability and, by extension, povertyreduction efforts have been increasingly threatened, is the harsh and even deleterious impact of natural disasters. As a result, there has been increased and continuing attention to the environment, climate change and disaster risk reduction, within the context of a green economy. "Climate change", "green economy", "greenhouse gases" and "disaster risk reduction" are amongst the current buzzwords linking conceptions of a fragile environment with that of fragile economies. Climate change increases likelihood of those types of natural disasters that bear substantial negative impact, as well as exposing risk and vulnerabilities, and also that decimate livelihoods. In these scenarios, the people who stand to be most impacted by natural disasters and who will suffer inordinately via loss of their substantive livelihoods, will most likely include the poor. What is more, is that without good and well-informed attention and actions linked to climate change and its substantial potential for damage and denigration, millions of people could be forced into poverty by the year 2030. Such is the type of message being disseminated via the "Shock Waves" Policy Note series, and the sectors most implicated for potential damage as well as for avenues via which solutions might be found, are Agriculture, Public Health and Financing (Hallegatte et al., 2016a, 2016b, 2016c); these messages anticipate well the potential reticence to mobilise without there being clear inclusion of those "vulnerable" who could become members of the poor communities impacted by the to-be-expected deleterious future events.

Within a green economy<sup>6</sup>, both public and private investments drive income and employment via reduced carbon emissions, pollution; enhanced energy and resource efficiency; and a prevention of lost biodiversity and ecosystem services. A green economy has to be implemented strategically, partly to achieve requisite sustainable development but also to ensure poverty reduction does not become derailed by disaster and/or failed planning. The fact is that substantial proportions of the poor have livelihoods intricately linked with residency within or near to, and at risk of impact from fragile environments and ecosystems (United Nations Environment Programme [UNEP], 2011). Shifts need a substantial menu of changes to be made nationally, these including policy, regulatory, subsidies, and incentives; but actions are also needed at the international level including market, legal, trade, and technical. What this all means is that resources that are natural, or ostensibly "free" need to be valued more appropriately, including likely removing some subsidies that artificially maintain inefficient entities.

Comprehensive policy, regulatory and governmental roles and responsibilities are also critical to adopting and achieving successful regional green economy approaches, space, and institutional frameworks (Geoghegen et al, 2014). Other key factors and actors include private sector and the innovation they could foster, appreciating and incorporating local and international markets and the crucial roles of international financing to help buoy fragility of regional efforts, and the key roles for information and communication, which could include facilitating a sharing of stories and experiences, but also the need for both M&E constancies. There is also a need

to engage multiple stakeholders to promote adequate problem solving.

Poverty becomes important in this context because of the substantial proportion of livelihoods amongst the poor being intricately linked with residency within or near to, and the exploitation of, fragile environments and ecosystems (UNEP, 2011). Such also increases their vulnerability to shocks and risks inherent due to rurality, as well as those imposed due to climate change. Sectors with "green economic potential" such as agriculture, forestry, fisheries and water management are important, and can be indicative of initiatives for addressing poverty, especially in context of pro-poor orientation and increased investments by both public and private sectors.

## 6.3.4 Creating Jobs, Sustainable Livelihoods, and Equitable Growth

The most recent HDR (UNDP, 2015) focussed solely on work, including its meanings to human development, the value that can accrue from decent work, and implications of changed models and environments within which work is executed. Meaningful work was said to ascribe far more than just earnings and/or a livelihood - instead giving opportunity for economic security, realising creative potential and human spirit, and providing lasting legacies for future generations once it takes place in environmentally friendly spaces. The connectedness between work and the life cycle was shown to be substantial, with positive uplifting outcomes for students in learning environments and the elderly with sufficient pensions; through to negatives for those in forced or child labour, the working poor and/or the elderly without pension. Yet, the inequalities persist and many relate to gender: for example, women are the ones who mainly become responsible for unpaid care work (children, sick, and elderly). Alternatively, they are many times disadvantaged even when they do work, including due to lower earnings or because of limiting access to upper levels of the organisation. There has also long been an intense push for women to become involved in micro, small and medium enterprises (MSMEs), a vehicle much touted as a means of both reducing poverty and of, generally, improving livelihoods - and they often take up

<sup>6</sup> UNEP (UNEP 2011, referencing UNEP 2010) defines a green economy as one that results in "improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities".

the challenge, despite this type of work sometimes being fragile, e.g. uncertain incomes from within an amorphous informal sector.

A study was conducted amongst women entrepreneurs from 20 LAC countries and within five areas7, viz. Business Operating Risks, Entrepreneurial Business Environment, Access to Finance, Capacity and Skills, and Social Services (Economist Intelligence Unit, 2013). Reviewing figures from the Dominican Republic, Jamaica, and Trinidad and Tobago, substantial differences were found between countries, regarding readiness and the environment under which such enterprises would be operating; which further indicated the extent to which the substrate supporting ventures are important. Neither trade unions nor cooperatives have had sufficient influence to substantially reduce, or remove the accumulated issues. Lashley's study of women entrepreneurs within the Caribbean (2010) identified the need for "training, finance and technical assistance that better reflects the needs of women entrepreneurs in the Caribbean"; such would better account for their specific and unique circumstances and needs.

Women are definitely not the only ones being constrained regarding reasonable access to decent work – youth have seemingly been consistently far removed from being able to find any work, much less of the decent kind; they must travel along an arduous and circuitous path of being "unattached" even on completion of their education (The Statistical Institute of Jamaica and PIOJ, 2014; Stern and Balestino, 2008; Lashley, 2015). On their own, few have sufficient resources to venture into worthwhile enterprises on their own, and this scenario clearly increases their risk of becoming engaged in a substantial range of nefarious activities – while they idly await decent work. The situation wherein youth are without employment could well be now regarded a regional crisis that even the multiplicity of

youth policies that several countries have drafted, seem unable to yet remedy. What is so highly unfortunate is that this is the age and stage of their lives when they have potential to be the most productive and creative, with untold opportunities to contribute new and even advanced non-traditional benefits on their homelands – but unless they create their own space, the existing avenues hold few chances, especially for those who are poor.

Notwithstanding all the above, or maybe because of, migration has created opportunities for many – but the retained impact on the Region is substantial, especially regarding the nurses and teachers who have found work elsewhere (Mortley, 2010; Sives et al, 2006; Ramocan, 2010; Maldonado and Hayem, 2015).

# 6.3.5 Creating a Global Enabling Environment and Catalysing Long-Term Finance

There is a role for the private sector in helping reduce poverty and inequality in the Caribbean. Strategy should be pro-poor, for example, direct promotion of the informal sector, cooperative public-private partnership (PPP) arrangements with utility providers, or promoting linkages between large and small businesses, microfinance. Innovative approaches are being attended globally, which have relevance for the Caribbean, such as Social Impact Bonds (SIB), which is a type of PPP placing focus on private investors' inputs into developing the circumstances of different constituents, and via which efforts governments pay if these efforts are successful (Callanan et al. 2012). Development Impact Bonds are a variant of SIB with "shared platforms for multiple entities such as governments, donors, investors, firms and civil society to work together, achieving more in partnership than any of them could achieve separately". Amongst

<sup>&</sup>lt;sup>7</sup> Areas and their definitions: Business Operating Risks: the underlying economic and security environment in which all entrepreneurs (male and female) operate and covers macroeconomic risks, security risks, and vulnerability to corruption; Entrepreneurial Business Environment: the costs and regulatory requirements for starting a new business, and the extent of programmes to support MSMEs; Access to Finance: the availability and use of formal financial products by female managers of MSMEs, particularly those led by women; Capacity and Skills: the availability and affordability of traditional education programmes for women, as well as basic and advanced business and financial skills training. It also examines the availability of education in non-traditional fields for women, such as manufacturing or computer engineering, which are disciplines researchers have linked to higher growth enterprises; Social Services: the degree to which governments have provided adequate support for families. This is a critical enabler for women to move beyond traditional care-giving roles to those offering greater economic opportunity, particularly in a region where domestic and family responsibilities are assigned disproportionately to women.

the clear needs, are for programmes to be oriented to outcomes and better availability and evaluated use of evidence.

There are also opportunities for Crowdfunding. Over time, the formal banking centre has eschewed or made access somewhat difficult to requests for public assistance. This concept of using "crowdfunding", or alternative financing, to have a project's funding shared from monies raised from several people, is not so new; however, the internet-fuelled mediation has made it more known and of increased appeal. In Crowdfunding, there are "rewards" or alternatively, "equity" options. Its appeal has been growing worldwide at the same time when it is ostensibly becoming more difficult to fund social or novel project ideas, and/or those with uncertain returns. Given the disparate locations from which interested parties could submit their offers of interest, this seems a good opportunity around which the Caribbean could position for raising contributions towards reducing poverty; the very nature of a Diaspora encourages thoughts of how valuable this might be. However, as with all options there exist risks, including the relatively recent failures in what was posited as alternate investment schemes, which had guite deleterious effects on several individuals and firms. There have also been other failures of more established firms within the financial sector. Despite its attractiveness, a recent World Bank paper found that efforts to engage Crowdfunding in East Africa actually proved more difficult than might have been expected by the participating entrepreneurs (2015). It remains to be seen how judicious use of this approach amongst private sector foundations, or even when instituted at a regional level, might fare - and whether the diaspora could be convinced to generously and consistently participate in helping ensure their Caribbean homes respond suitably to the new SDGs.

# 6.4 Specific Recommendations to Reduce Poverty and Inequality and Promote Inclusive Prosperity in the Caribbean

Drawing on the findings of the potential factors perpetuating poverty and inequality in the Caribbean, as well as lessons learnt in relation to past successes and failures in addressing poverty reduction in the Region, and other relevant lessons distilled from global experiences, this section proposes a gender-sensitive agenda to accelerate the pace of poverty reduction and promote inclusive prosperity in the Caribbean. The proposed priorities and options are not only limited to governments, but also apply to key stakeholders in the development process, including the poor and vulnerable themselves.

## 6.4.1 Recommendations for Action by Regional and International Organisations

- Improve the diagnostics of poverty and inequality, and their determinants, through strengthening regional partnerships to collect, analyse and share data widely, such as encourage use by
- Enhance the efficiency of social protection instruments through more effective coordination and consolidation of such programmes and institutional capacity building at the regional level.
- Establish robust M&E mechanisms to effectively assess the impact of pro-poor programming.
- Improve evidence-based policy-making informed by results from the interpretation and analysis of timely, accurate and reliable data being partly the result of increased financial and other regional support of the enhanced CPA programmes.
- Facilitate the development and application of the multidimentional poverty methodology in BMCs and the execution of more regular data collection, analysis and reporting to inform evidence-based policy making through capacity development in BMCs.
- Invest in producing a summative poverty reduction handbook or video, that is an easily accessible hands-on tool that targets policy makers and practitioners.

 Make/keep the lessons of experience current and easy-to-use/visualise including for example, videos available via YouTube. If the requisite details do not exist, then same should inter alia, capture the regional stories, and follow-on from current exercise (for example, BNTF Stories of Change).

## 6.4.2 Recommendations for Action by Governments

- Continue efforts at understanding poverty from both qualitative and quantitative perspectives and approaches needed, but with increased efforts at integrating both methods.
- Facilitate a regional community of practice promoting social protection/safety net as an integral strategy for growth and development. This could be facilitated via BNTF as a driver.
- Strengthen capacity both in data management and analysis, facilitating evidence-based policy making and M&E processes.
- Promote the development of LMIS, which can result in greater levels of efficiency and informed training programmes resulting in enhanced school-to-work transition, especially of youths and young adults.
- Restructure active labour market programmes to facilitate not only access to employment, but also various skills training, including entrepreneurial skills and access to start-up capital for SME development.
- Forge partnership with the private sector in providing access to small start-up capital for SME development.
- Support apprenticeship programmes in the private and public sector that are linked to secondary schools and universities.
- Promote the rights and inclusion of all people, especially marginalised groups and communities, such as the indigenous and disabled, so that they may participate

fully in the society and economy. Regional governments need to ratify the convention on the rights of the disabled.

- Support gender equality in the labour market, political representation/appointment in parliament and the elimination of violence against women.
- Promote policies that eliminate child labour and keep children in schools, as well as policies to encourage positive parenting and educate care givers on the negative impact of child labour. This will also require addressing youth and adult unemployment in these HHs.
- Enhance the coverage of social protection/ safety net programmes to build resilience and reduce vulnerabilities to covariate and idiosyncratic shocks and risks. Reduce duplication of programme administration and harmonise the social protection/safety net programmes to better serve beneficiaries and increase efficiency.
- Develop a common instrument, an integrated MIS with a common registry, targeting mechanism based of proxy means test for the identification of beneficiaries, and assign case managers to work with selected HHs to establish need and all relevant programmes made available through a one-stop shop service to HHs.
- Strike a balance between universal and targeted interventions. Basic programmes in health, education and nutrition should continue to be universally available, but attempts should be made to ensure that the poor are not excluded. The school lunch programmes is a good example of striking the balance where all students can access the programme but poor students are exempted from the financial contribution. There is need for improved management of the programme to reduce stigma, but this is an excellent example of striking a balance that may also be politically more feasible.

- Better integrate social protection/safety net programmes into the development process to maximise the contribution that social programmes can make to the economic and social development process.
- Invest more in second chance learning opportunities, such as in TVET programmes and entrepreneurial training to address youth and adult unemployment, enhancing access and retention of decent work.
- Encourage HHs to invest in the education, health and nutrition of their children to ensure that they break the intergenerational cycle of poverty and vulnerability.

# 6.4.3 Recommendations for Action by the Poor and Vulnerable Themselves

- Make greater use of family planning and reduce teenage pregnancies through greater utilisation of community health aids and centres.
- Take better care, and make more use, of community resource centers to host youth and community activities to help strengthen community social capital, reduce antisocial behavior and vulnerability.
- Recognise and make use of legitimate opportunities to exit poverty. Every opportunity for life-changing actions should be pursued when able. Without this kind of motivation, interventions are unlikely to have meaningfully impact. Empowerment inter alia requires inclusive and active citizenship.
- Promote productive values and attitudes and responsibility for own wellbeing where success is built on hard work and sacrifices. Faithbased and civic community organisations can possibly make a difference.



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# EXPERT-PANEL DISCUSSION ON POVERTY REDUCTION FAILURES SUCCESSES AND A FUTURE IN CONTEXT OF SDGs

An expert group was convened in Jamaica to look briefly at inter alia, the success of previous efforts at poverty reduction, what current status of policies and programmes speak to, and what might be indicated for future actions; all this contextualized in the current study's objectives, and those of SDGs.

It was determined that poverty reduction efforts to date had largely failed and it must be realized that something is seriously wrong – something was keeping the country back. Only four (4) exceptions were identified -- all of which coincidentally linked to **information education** or **communication**:

- Education: the free education policy initiated in the 1970s;
- Strategic Marketing Communication: the (1982) National Family Planning Board's strategy and advertising campaign of "Two is better that too many";
- Training: The HEART Training Institute's slate of training programmes, especially those targeting the hotel industry; and
- ICT: Technology.

Despite the region's setbacks from 9/11 and the more recent recession, 32% of the population earns below the threshold, and 95% earn J\$5 million or less. Most approaches were merely "lifting people up", and whether or not due to the brain drain, remittances are not only significantly higher in Jamaica now but represented the major source contributing to households' wellbeing. Overall, even if growth was being achieved, most would not feel it because the country has failed to attack the root cause, e.g. education, opportunity. Also, the country is not following the charter of rights.

Amongst directives now indicated are: (a) a more integrated and holistic approach, as currently being undertaken by the PIOJ, (b) seeing poverty as multidimensional vis-à-vis being/remaining focussed on income poverty; (c) recognizing the value from targeting women as has been found elsewhere – since they then allow for increased benefits to the family; (d) focussing on comprehensive rural upgrades -- a new intended focus of JSIF; (e) more closely examining the reality of expectations e.g. real possibility of achieving SDG1, and (f) examining the real impact of some of the interventions – for example, it was estimated that CDB's intervention in the SMEs could only assist 2-3% of the population; (g) realizing there might be need for radical change if one considers that the multinationals' intervention with "hundreds of billions of dollars over the past 50 years" has failed to push us; (h) identifying the success stories, approaches and articulate the interventions that succeed e.g. via tracer studies; (i) need for a social entrepreneurship team (see below for potential composition); (j) the importance of education, training, and life-long learning.

Those focal areas for which the past would question with doubt, any future success, were (a) substantial issues surrounding crime and violence; (b) boys' high education dropout or failure rates; (c) dependency on the Diaspora for growth and development; (d) public private partnerships; (e) regional discussions; (f) value of focussing on the word "poverty" due to its adjudged negative and divisive connotations; (g) ignoring the psychosocial aspects and impacts of poverty (however defined); (h) not sufficiently addressing community inputs and importance of development – including in rural areas that can be developed to include private sector focussed around such geographic centres.



# **Appendix 1**

There is something that is keeping up back Is it the box? The template? Have we lost our voice? It is a multi-pronged problem. Leadership at level of governance in this country. As a government, they're not sharing the same vision, too high a percentage of the populace is not having the intelligence to respond to leaders when they are not going the right way. There needs to be communication of the mission to the masses in a way it can be understood.

The role of the private sector organization is to make money. (But) the infrastructure must be there and there is need to engage the sectors that matter. Every year we are changing the tax situations and changing the policies; which is why the private sector put people on contract. Find out what it is that would cause someone to move their business here. We need to develop an environment where the Diaspora can come, stay, and feel safe.

Then you have the various agencies. A big part of the problem is that these ideas are not being articulated in an integrated way -- we still have to go too many places to get information ... ... Strategic planning? The problem is the implementation ... ... If there were to be an educational shift, where will the finances come from? People just generally do not know. Over time, their self-esteem is challenged by the institutions that there to assist. We have to be looking forward

The proposed problem-solving approach could comprise a team with composition as below, preferably operating independently of the government, and much like EPOC which currently oversees the GOJ performance under the IMF regime.

## **Proposed Team Members:**

PSOJ Social Entrepreneur(s) PIOJ Office of the Prime Minister JSIF NGOs including Food for the Poor Social Development Commission MLSS Ministry of Investment, Industry & Commerce

# Linked to *positions* within entities (vs. individuals)

Faith-based groups Ministry of Education Ministry of Health Banking Association of Jamaica Credit Unions Small Business Association of Jamaica Disabled/Disadvantaged communities Rural Agricultural Development Authority

## Team's Responsibilities:

- Ensure outputs are met
- Advocacy
- Technology Utilisation
- Sharing Information
- Monitorin
- Evaluation
- Identify Funds via having access to non-restrictive aid framework

Amongst the concerns voiced however, were the retained "public" focus of the proposed team – which reiterated the real dissonance between public and private, which were amongst reasons that made it difficult to engage and retain PPPs. Also mentioned, was the fact that limited knowledge was available as it pertained to impact of past, related private sector interventions.

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# COMPARING PARTICIPATORY POVERTY ASSESSMENTS-ELICITED 'SUGGES-TIONS FOR ALLEVIATING POVERTY' WITH SDGs AND NPRS DIRECTIVES FOR SAINT KITTS AND NEVIS

# **SDG#9: Create Jobs, Sustainable Livelihoods, and Equitable Growth:** Work is the basis on which we are able to help ourselves; but there has to be more equitable and sustainable access to reasonable jobs for reasonable pay, i.e. decent work. We also largely depend on you to create, direct us to, or facilitate the opportunities.

We also need to direct you to the related opportunities that exist for the country via youth, the elderly, and locals.

**SDG#5: Ensure Food Security and Good Nutrition:** Food is absolutely essential for life! We will do what we can to provide for ourselves, but we need government's help to help ensure minimum access especially for those most in need.

#### SDG#10: Ensure Good Governance and Effective Institutions:

Put in core structures, maintain them and see to it that they remain maintained. Also ensure that Government and its representatives, play their part.

Please ensure we continue to have our voice heard; the likelihood of this might be improved with adequate rotation of elected officers who are properly equipped.

# SDG#12: Create a Global Enabling Environment and Catalyse Long-Term Finance:

**SDG#7: Secure Sustainable Energy:** If we use this utility at all, the only way we can help ourselves is use more efficient devices. Otherwise, we're totally dependent on your solving the larger problem at national level.

## PRIORITY AREA 1: MACROECONOMIC POLICY IN SUPPORT OF POVERTY REDUCTION

139

Outcome 1: Macro-economic stabilisation

# PRIORITY AREA 2: ACCELERATED ECONOMIC GROWTH AND WEALTH CREATION

- Outcome 1: Economic and industrial restructuring and transformation, thus creating the foundations for competitive participation
- Outcome 2: Promoting and developing an Information, Communication and Telecommunications Platform
- Outcome 3: Institutional capacity strengthened in support of the new economic and industrial paradigm and ethos
- Outcome 4: Wages kept in line with inflation and protection of the working poor
- Outcome 5: Saint Kitts Nevis Tourism product redefined and strengthened in an effort to reposition the industry and to capitalise on all the natural and historical assets of the islands
- Outcome 6: Increased food security and self sufficiency in Agriculture and Fisheries Production
- Outcome 7: Local entrepreneurial development in support of poverty reduction and sustainable development
- Outcome 8: Sustained Pro-poor employment creation

The Changing Nature of Poverty and Inequality in the Caribbean: *New Issues, New Solutions* 



**SDG#11: Ensure Stable and Peaceful Societies:** We want communities that are harmonious, stable and function well; we also want to be active participants in our mutual futures.

We understand the role of a properly trained police.

40

**SDG#1: End Poverty:** Allow us to do what we can for ourselves incl. revisiting and curbing our spending, habits and needs; however, we depend on you to control whatever prices you can

SDG#6: Achieve Universal Access to Water and Sanitation:

SDG#2: Empower Girls and Women and Achieve Gender Equality: Not a focal area at all but we could have less children

# PRIORITY AREA 3: COMMUNITY EMPOWERMENT, CRIME REDUCTION AND SECURITY MANAGEMENT

- Outcome 1: Reformed and Modernised National Security System
- Outcome 2: Empowerment of at-risk communities

# PRIORITY AREA 4: STRENGTHENED SOCIAL SAFETY NET SYSTEMS

- Outcome 1: Restructured and Modernised Social Safety Net System
- Outcome 2: An Enhanced Child Protection System (Better Protected and Well Adjusted Children)
- Outcome 3: Improved Quality of Life and Living Standards for Targeted Vulnerable Groups

**SDG#3:** Provide Quality Education and Lifelong Learning: Learning is important at each and every age, stage and circumstance of the life cycle. It has to be for a wide range of topics, use several formats other than formal education, and must accommodate those needing 2nd chances.

**SDG#4: Ensure Healthy Lives:** There is much we might not be able to do on our own; we sometimes need support of all kinds but preferably those appropriate to age and stage incl. structured programmes, clubs, physical, infrastructural, emotional, mental and those required for our good health.

**SDG#8: Manage Natural Resource Assets Sustainably:** You should look at a more equitable distribution so that more people can more readily and sustainably access the country's natural resources

# PRIORITY AREA 5: RISK REDUCTION AND SOCIAL PROTECTION

- Outcome 1: Social Protection Framework Defined in the Context of Saint Kitts and Nevis
- Outcome 2: Social Insurance System Reformed Offering a Full Range of Protection and Products
- Outcome 3: An Education System that Is Dynamic and Responsive to the Changing Needs of the Federation, Producing Graduates who Are Confident in their Ability to Compete in a Global Economy, Innovative, and Can Successfully Meet the Challenges of Society
- Outcome 4: Improved Health and Wellness
- Outcome 5: Enhanced community life and cohesion
- Outcome 6: Affordable Housing and Land Reform
- Outcome 7: Enhanced Environmental Sustainability Framework in Place to Support and Sustain Poverty Reduction
- Outcome 8: Reduced Risks to Communities and Households Associated with Climate-Related and Other Natural Disasters
- NPRS implemented in a well coordinated and sustainable manner

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# MATCHING SOCIAL PROTECTION INSTRUMENTS AND VULNERABILITY

Area	Key Vulnerabilities	Key Social Protection Instruments	
Macroeconomy	<ul> <li>Medium</li> <li>Volatility of terms of trade and demand for agricultural products and turism</li> <li>Volatility in Official Development Assis tance and Foreign Direct Investment</li> <li>Indebtedness</li> <li>Narrow tax base and tax mix</li> <li>Pro-cyclical revenue base</li> <li>Lack of flexibility in recurrent expenditures</li> <li>Transparency and accountability in the management of public finances</li> </ul>	<ul> <li>Low</li> <li>International Stabilisation funds. E.g. export earnings stabilisation system (STABEX), but limited access</li> <li>Caribbean Stabilisation Fund (not yet in place)</li> <li>Remittances and other private transfers</li> <li>Improved institutional capacity in public financial management</li> </ul>	
Natural Hazards	<ul> <li>Medium</li> <li>Tropical storms, occasional hurricanes, storm waves, and volcanic activity</li> <li>Climate change</li> </ul>	Low  Building Code International Disaster Lending Facilities (IMF, WB, CDB) Regional Natural Hazard Risk Manage ment Strategy	
Labour Market	<ul> <li>High to Medium</li> <li>Unemployment</li> <li>Low skills base</li> <li>Informality, unprotected and precarious jobs</li> <li>Low and irregular earnings</li> <li>Protracted school to work transition</li> </ul>	<ul> <li>Medium to Low</li> <li>Labour standards and social insurance cover formal workers only</li> <li>Limited training and skills provision for the unemployed and youth</li> <li>Migration</li> </ul>	
Human Development	<ul> <li>Medium to High</li> <li>Persistent poverty and deprivation</li> <li>School attendance and attainment</li> <li>Household size</li> <li>Early pregnancy</li> <li>School to work transition</li> <li>HIV/AIDS</li> <li>Old age</li> </ul>	<ul> <li>Medium to Low</li> <li>Social Insurance, but limited coverage</li> <li>Public assistance but issues of coverage and adequacy, and limited insurance role</li> <li>School Feeding and Cost programmes</li> <li>Limited youth training and skills</li> <li>Domestic private transfers</li> <li>Remittances</li> <li>Group specific NGO support</li> </ul>	

The Changing Nature of Poverty and Inequality in the Caribbean: *New Issues, New Solutions* 



142

# COMPARING POVERTY IMPACT ASSESSMENT AND POVERTY SOCIAL IMPACT ASSESSMENT

Aspects	PIA	PSIA		
General objective of investigation	Inform the design of interventions to improve their poverty orientation and identify interventions which have a positive impact on poverty reduc- tion. i.e. PIA can be considered a 'light version of PSIA'.	Investigate the distributional impact of policy reforms on the well-being or welfare of different stakeholder groups, with a particular focus on the poor and vulnerable.		
Poverty focus	Poverty as a multi-dimensional concept as defined by OECD/DAC: economic, human, political, socio- cultural, protective.	Welfare (monetary and non-mone- tary dimensions) and distributional impacts.		
Harmonisation	Key objective of PIA.	Less of an objective for PSIA		
Level of Application	Focus on projects, programmes, possibly SWAPs and policy reforms.	Focus on policy reforms such as macroeconomic reforms, structural and sectoral reforms. Recognises that also applies to other interven- tions.		
Time frame	2-3 weeks; ideally conducted as an iterative process.	Between 6-18 months; is usually conducted as an iterative process		
Required Resources	Limited additional data collection (approx. USD 15-40 000 for a stand- alone PIA. When PIA becomes an integral part of the appraisal process, actual costs will be less than USD10,000).	In-depth multidisciplinary impact analysis, requiring considerable resource input(USD50,000-200,000).		
Involvement of Stakeholders	Both approaches intend to raise participation of stakeholder (target group, national/governmental agencies, private partners) by including them in the process.			



Assessment Areas				
Institutions	Analysis of formal and informal institutions.			
Transmission Channels	Six Transmission Channels: Employment; prices; access to goods and service; assets; transfers and taxes; and authority.			
Impacts	Short term (direct) and medium term (indirect) impacts along results chain.	Short term (direct), medium and long term (indirect) impacts along results chain.		
Risks	Are considered.			
Capabilities	Use the five OECD/DAC capabilities.	Not explicitly included.		
SDGs	Assessment of impacts on the CSDGs and other development goals	Not explicitly included.		
General Poverty Situation and National PRS	Part of the structure of PIA-reports.	ts. Not a structural part of PSIA report but usually considered in PSIAs the involve low-income countries.		
Mitigating measures	Suggested in case of potential negative impacts of intervention, particularly when they fall on poor or vulnerable people.			
Costs of Intervention	No.	Yes.		
M&E Needs				
Quality of Information	Key part of the analysis is to identify gaps that additional work may be required to fill.	Part of the analysis, to identify gaps that the PSIA should seek to fill.		
Methods of Data Collection and Analysis	Mainly use of existing data (qualitative and quantitative).	Existing data and data collection (qualitative and quantitative).		
Use of Matrices	Use of five matrices allowing a good comparability between PIAs.	Use of summary matrix recommended, but not compulsory.		

The Changing Nature of Poverty and Inequality in the Caribbean: New Issues, New Solutions



Stage in Programme Cycle	Strong focus on ex-ante but PIA/PSIA can also be used as an assessment tool during and after implementation of intervention.		
Integration into Other Assessments	Can be a standalone product; recommended to integrate as a component into the wider appraisal process.	Can be a standalone product; usually one of several inputs to inform the national policy dialogue.	
Use of results	Specific recommendations to be used inn policy dialogue on how to improve poverty impact of interven- tions (projects, programmes, SWAPs).	PSIA results usually to inform national policy dialogue but many inform other types of intervention.	

Adapted from the OECD (2007: 19-20)

144

The Changing Nature of Poverty and Inequality in the Caribbean: *New Issues, New Solutions* 



# OUTCOME FRAMEWORK FOR ASSESSING THE EFFECTIVENESS OF POVERTY REDUCTION STRATEGIES

Overview of th Poverty Reduc		Indicators of Achievement	Status	Sources and Means of Verification	Exogenous Factors which may have Hindered/Enabled Progress	Other Factors Promoting/ Inhibiting the Achievement of the Objectives
Key Interventions [The key interventions that were undertaken in order to deliver theplanned results]	What was the impact of the key interventions on key objectives of the PRS?	Which indicators demonstrate impact?	To what extent were the expected results of these interventions achieved?	What were the sources of information for these indicators?	Was achieving the key objectives of the intervention dependent on any external conditions?	Was the key intervention relevant to the
Outputs [tangible results which the strategy delivers]	Were the results delivered (positive/nega- tive,fore- seen/unforese en)? Was the output sufficient to achieve these results?	What indicators were used to measure whether and to what extent the action achieved the expected results?	To what extent were the expected results achieved?	What are the sources of information and methods used to collect and report it (including how frequently who and when)?	Was achieving the key results dependent on any external conditions?	Were the results affected by the level of input?
Purpose [benefits to the target groups]	What has been the outcome of the strategy? What changed? Who benefited?	Which indicators show that the objective of the action was achieved?	To what extent were the objectives achieved?	What were the sources of information that exist or were collected? What were the methods required to obtain this information	What conditions had to be met in order for the objective to be achieved?	Were the expected results XXXXI? Were the right ndividualsXgroups targeted?
Goal [the broad develop- ment benefit to which the strategy contributes]	What is the broader impact to which the strategy might have contributed?	What were the key indicators related to the overall goal?	What progress was made in achieving the overall goal?	What were the sources of information for these indicators?	What were⊠are the external factors necessary to sustain objectives in the long term?	Were the overall bjectives⊠ and output clear?

The framework shown in Appendix 5 forms the basis of an actionable plan to guide the determination as to whether a PRS was effective in producing change. In the event a log frame was not developed, the key components listed in the first column should nonetheless be found in the PRS. The Goal is the broad issue the PRS would have addressed at the national level, e.g. accelerated and shared growth. The Purpose refers to the strategic or intermediate outcomes which the PRS achieved in support of the Goal, e.g. increased access to health services in rural areas. The tangible products/services and measurable

change which assisted with the achievement of the Goal is detailed under Outputs, for example. Increased access to child welfare services, 30% reduction in child poverty and Key Interventions describe the programmes, policies and projects implemented in order to achieve the Outputs. Some of this information would have been covered in the PIA results from which may serve as input for the outcome assessment.

# 146

# **Foot Notes**

<sup>1</sup> The landmark Report of the Moyne Commission (West Indian Royal Commission 1945) following as inquiry into the labour disturbances which occurred in the British West Indies during the 1930s prompted recognition of the fact that the plantation economy had failed to provide an acceptable quality of life to the slave population (Brereton and Yelvington 1999; Potter et al. 2015).

<sup>2</sup> See Belize MDG Scoreboard and Outlook Report, 2010:13 which is different to the 0.42 that was reported in the Belize CPA, 2009:8.

<sup>3</sup> Average percentage of deprivation experienced by people living in multidimensional poverty

#### <sup>4</sup> Headcount.

<sup>5</sup> The most effective approaches to poverty reduction incorporate both material and functional considerations (Lim 1996) whilst recognising mounting challenges associated with poverty, a phenomenon which is dynamic and multidimensional in nature (see Bane and Ellwood 1983; Hill 1985; Holden et al. 1986; Baulch and McCulloch 1998; Tsui 2002; Bourguignon and Chakravarty 2003; Alkire and Santos 2010). This is a well-stated fact within the development policy discourse, however, country-specific approaches, though they have changed, seemed largely driven by exogenous factors related to the need to meet aid conditionalities and the internationalisation of PRAs. The challenge of this approach to receiving development aid is that governments who agree to adhere to specific conditions ex-ante do may not necessarily support the contents of the recommended programmes (Hermes and Lensink 2001). Therefore, lack of ownership is the likely result (see Hermes and Lensink 2001). The other identifiable challenge is that donor impetus for poverty reduction may be taken as a substitute for domestic action in which case the PRS is likely to be unsustainable.

<sup>6</sup> In addition, endogeneity can stem from a plethora of situations wherein a regressor x, correlates with the models 'error term. As a result we conduct several tests such as the Pearson chi-square and Mosmer-lemeshow goodness-of-fit tests as well as the Wald tests of whether the models should be pooled. In addition to the tests conducted we examined the means, standard errors and the covariate matrix for possible issues but there was no cause for concern. We also used robust standard errors.

<sup>7</sup> The Asset Wellbeing Index is derived using principal components analysis in which assets are weighted based on their relative scarcity across households. Assets that are available across all households are given a score of zero while those that are scarce are given higher weights.

<sup>8</sup> There are four sectors: government, private, self-employed and other. We are not sure what make up the category other but this group is used as the excluded category.

<sup>9</sup> A gendered perspective allows for the crafting of specific interventions geared towards meeting the needs of men and women while recognising their differences. In treating poverty, policy makers need to be cognisant that in implementing concerted actions and strategies, that no one group should fare better that the other and no one should be left behind. Producing and utilising sex-disaggregated data is required to support this process. Institutions with strengthened capacity to collect and produce this type of data will play a lead role in this process. (St. Kitts and Nevis PRSP [2012-16:37]).

<sup>10</sup> Various studies also suggest that greater control over assets by women leads to increased household expenditures on food and increased investments in child health and education.

<sup>11</sup> One of the most challenging difficulties in the provision of social protection in St. Kitts and Nevis has to do with the abuse of children, and more so with abuse of girls who are victims of child sexual abuse, which exacerbates other factors that contribute to children being disproportionately represented among the poor. St. Kitts and Nevis' PRS indicates that child sexual abuse, in particular, is a persistent and increasing problem11. The CPA found that 1.3% of women in St. Kitts and Nevis PRSP [2012-16]).

<sup>12</sup> The educational system requires both qualitative improvement and quantitative expansion if poor children who are at the margins of both access and achievement are to benefit. And the performance and attendance levels of boys are of major concern.

13 The elderly population face a number of risks, such as poverty due to inadequate pensions, chronic illneses, disability and inadequate housing/homelessness.

<sup>14</sup> Poorer older persons who may not have contributed to social security have access to limited streams of income such as public assistance and assistance pensions which are often inadequate to cover their needs. In addition, elderly females in multi&generational families are still engaged in maintaining the household and caring for younger members of the family. Regardless of economic status, older persons who live in extended families, or on their own, are more vulnerable to instances of neglect, abuse, abandonment, hunger and loneliness.

<sup>15</sup> Many of the poverty-reduction strategies suggested a number of measures to reduce the incidence and impact of childhood poverty. These include measures to promote school attendance, make access to health services easier, or improve nutrition, and action to support improvements to family/household incomes or

livelihoods. The main means of alleviating childhood poverty proposed is through social assistance payments to low-income families with children. The PRSPs analysed, observed that working children are among those missing out on schooling and suggests that the incidence of child labour could be an important indicator to monitor the effectiveness of the country's PRS. However, other important poverty-related problems facing children, and possible solutions to them, are not discussed in these PRSs. Child trafficking and sexual exploitation are not discussed at all. While generally affecting small numbers of children, these abuses represent serious violations of their rights and welfare.

<sup>16</sup> However Heady (2003), using data for Ghana and evidence from Pakistan and Nicaragua (Rosati and Rossi, 2001), suggests that working does affect school performance.

<sup>17</sup> Inner-city communities and urban slums are of increasing concern especially with regard to inferior infrastructure, poor drainage and inadequate public services. Many of these dwellers do not own the property and are squatters, as a result residential structures tend to be randomly located, poorly constructed, many lack basic sanitary services, and unemployment and crime tends to be high.

<sup>18</sup> During this period countries embraced the Structural Adjustment Policies of the International Financial Institutions which was premised on private sector growth expected to eventually benefit the society and, particularly, the poor. This period therefore saw the contraction of government expenditure, devaluation and significant levels of inflation. However, the private sector-led growth that was anticipated never materialised, instead we witnessed significant hardship and increased levels of poverty.

<sup>19</sup> Nevis only.

<sup>20</sup> In-kind.

<sup>21</sup> For security forces.

<sup>22</sup> The only unemployment insurance system operating in the Caribbean with eligibility features adapted to an island economy. See Mazza, J. 2000. Unemployment insurance: Case studies and lessons for Latin America and the Caribbean. IDB.

<sup>23</sup> CWIQ are household surveys designed to provide rapid feedback through the tracking of leading indicators and is able to show who is and who is not benefiting from programs and policies through focusing on simple indicators of usage, access, and satisfaction. A number of countries in Africa (for example, Ghana and Tanzania) have started using CWIQ, for monitoring outputs and outcomes in the context of poverty reduction strategies.

<sup>24</sup> This is clearly different from the results in Chapter 3 where HH heads in self-employment were less likely to be poor.

<sup>25</sup> The role of SSNs in reducing poverty and vulnerability is increasingly recognised in social policy. Well-designed safety nets can play a productive role in promoting development, as well as improving the distributive effects of economic policies to reach the most vulnerable. They also provide a tool by which governments may fulfil various rights-based commitments to which they are signatory. A well-designed and correctly-targeted social protection system is, therefore, a factor to boost economic growth (Dercon, 2005).

<sup>26</sup> One stakeholder puts it in perspective, when he encapsulated the vulnerability of the entire population to natural disasters with the statement, 'we are all one disaster away from poverty.' An important component of achieving poverty reduction through environmental sustainability, is building resilience to the risk that the population faces as a result of natural disasters. As part of this strategy, however, special attention must be paid to the poor and those vulnerable to poverty, given their increased exposure and inability to quickly bounce back when disaster occurs.

<sup>27</sup> Microfinance is unlikely to be an effective tool for the poorest who cannot afford to repay loans and are often already highly indebted. As such, grants may be a more appropriate social protection system for the poorest.

28 The StW programme in Jamaica gives participants a lump sum grant on successful completion to enable them to start small businesses.

<sup>29</sup> Social Protection/Safety Nets allow HHs investment opportunities that they would otherwise miss, both with regard to human capital development and livelihoods. Safety net programmes can contribute to capital accumulation among the poor by preventing the negative outcomes of malnutrition and underinvestment in education, and by enabling investment in productive assets like training, education or machinery. Evidence suggests that cash assistance can help HHs subsist and improve livelihoods by investing a portion of the transfers they receive. In responding to risk, HHs may make livelihood choices that reduce their earnings. For example, when families, especially poor families, face reductions in income or assets from short-term shocks, they may resort to costly coping strategies that perpetuate poverty, such as selling their most productive assets or involving children in labour market activities. A good safety net can reduce the need for such strategies which can trap HHs in poverty.

<sup>30</sup> Social protection is normally see as an umbrella concept that includes a wide range of interventions, from macroeconomic policy, social and market insur-

ance, social assistance, labour standards, active labour market programmes, micro- credit and micro-insurance, education and training, health services, disaster prevention and relief to informal networks. (Barrientos 2004:5). On the other hand, SSNs, also commonly called social assistance or social welfare programmes, are no-contributory transfer programmes targeting the poor or those vulnerable to poverty and shocks. Safety net programmes may include cash transfers and Conditional Cash Transfers, food-related programmes, price and other subsidies, public works, health care services, education, electricity and affordable housing, and community-based interventions.

<sup>31</sup> This may require a move towards counter-cyclical social spending patterns.

<sup>32</sup> "An individual's perception of risk and choice of risk response will be conditioned by both objective factors such as information about past occurrences of income - or welfare-reducing events and subjective probabilities that an event will occur. A subjective perception of risk will also be determined by one's vulner-ability to and potential resilience to an income shock. The vulnerability that a household faces will influence its sensitivity to an income change and will in turn be determined by its asset base and its access to coping and risk reduction strategies" (Ezemenari, Chaudhury and Owens, 2002).

<sup>33</sup> Safety Nets allow households investment opportunities that they would otherwise miss, both with regard to human capital development and livelihoods. Safety net programmes can contribute to capital accumulation among the poor by preventing the negative outcomes of malnutrition and underinvestment in education, and by enabling investment in productive assets like training, education or machinery. Evidence suggests that cash assistance can help households subsist and improve livelihoods by investing a portion of the transfers they receive. In responding to risk households may making livelihood choices that reduce their earnings. For example, when families, especially poor families, face reductions in income or assets from short-term shocks, they may resort to costly coping strategies that perpetuate poverty, such as selling their most productive assets. A good safety net can reduce the need for such strategies which can trap households in poverty.

<sup>34</sup> A number of options are available that simplify the delivery of benefits and reduce costs to both beneficiaries and programme administration, such as bank or credit union cards or mobile pay which improve access to needed funds.





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