

ST. VINCENT AND THE GRENADINES

Interim Poverty Reduction Strategy Paper



**Prepared by The Poverty Reduction Task Force (PRTF)
Of The National Economic and Social Development Council (NESDC)**

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LIST OF ACRONYMS AND ABBREVIATIONS

CARICOM	Caribbean Community
CBO	Community Based Organization
CDB	Caribbean Development Bank
CIDA	Canadian International Development Agency
CPD	Central Planning Division
CTCS	Caribbean Technological Consultancy Services
DEVCO	The Development Corporation
ECCB	Eastern Caribbean Central Bank
EC\$	Eastern Caribbean Dollars
EU	European Union
GDP	Gross Domestic Product
GNP	Gross National Product
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
I-PRSP	Interim Poverty Reduction Strategy Paper
JAMPRO	Jamaica Promotion
M & E	Monitoring and Evaluation
MEFPA	Monitoring and Evaluation for Poverty Alleviation
MSE	Micro and Small Enterprises
NCB	National Commercial Bank
NDF	National Development Foundation
NESDC	National Economic and Social Development Council
NGO	Non-Governmental Organization
NIS	National Insurance Scheme
OECS	Organization of Eastern Caribbean States
PLWHA	Persons Living With HIV/AIDS
PRSP	Poverty Reduction Strategy Paper
PRS	Poverty Reduction Strategy
PRTF	Poverty Reduction Task Force
PSIP	Public Sector Investment Programme
SEDU	Small Enterprise Development Unit
SME	Small Business and Micro-Enterprise
STD	Sexually Transmitted Disease
SVG	St. Vincent and the Grenadines
UNDP	United Nations Development Programme
UNFDA	United Nations Population Development
WIBDECO	Windward Islands Banana Development Corporation
WTO	World Trade Organisation
YES	Youth Empowerment Services

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Executive Summary

Preamble

The Poverty Reduction Strategy Paper (PRSP) is intended to be the blue print for developing policies and programmes to address key elements of Poverty Reduction in the short, medium, and long term. Unlike low-income countries that are highly indebted to the World Bank and the International Monetary Fund, St. Vincent and the Grenadines (SVG) was under no external obligation to develop a PRSP. The initiative grew from the relatively new government's commitment to attack the scourge of poverty which so deleteriously affects the lives of too many citizens of St. Vincent and the Grenadines.

Although an initiative of the government, the Interim Poverty Reduction Strategy Paper (I-PRSP) is by no means, nor is it intended to be, a "government alone" strategy. The methodology will show that it is a product of the National Economic Social and Development Council. Intensive consultations of key stakeholders in the private, civic and public sectors contributed significantly to its development.

It is recommended that this I-PRSP be the key instrument for identifying national priorities for poverty reduction and for establishing a basis for discussion and negotiation internally between national stakeholders and externally with the development partners. This document will be disseminated and discussed widely. Appropriate changes will be made, and the final – though iterative, document will form the agreed national social policy strategy framework, which will present guidelines in policy and programme development for Public, Private and Civil Society sectors. In the interim the infrastructural elements necessary for the operationalizing of the Poverty Reduction Strategy will be established, and those activities identified for immediate action will be undertaken.

As indicated, this I-PRSP is not a static document. Internally driven, it embraced a unique combination of process, development and implementation. Given the urgency for poverty reduction efforts by the nation, the government and NESDC; and the fact that the NESDC Task Force was comprised of government and non-governmental players in key positions, the process in itself incorporated the implementation of proposed and developed strategies. The process began – perhaps significantly, on September 11, 2001. A draft I-PRSP was completed by June 2002. Circulation, dissemination and utilization were intertwined. It was used in preparing government sector plans and budgeting for the following year, and the thrust for national public consultation in all sectors as a means of empowerment was intensified. Other tangibles with international partners emanating from the process and the draft document included a substantial debt relief from the United Kingdom in September 2002, and the establishment of a Social Fund providing funds by the European Union for direct disbursement to communities for poverty alleviation in February 2003. The Caribbean Development Bank Basic Needs Trust Fund (BNTF) is using the document in preparing its fifth Action Plan. Financial support from the UNDP through the OECS Secretariat has continued throughout the process.

Methodology

The Government assigned responsibility for the development of a Poverty Reduction Framework to the National Economic Social Development Council (NESDC) consisting of representatives from a wide range of private sector, civil society organisations and senior public servants. The Central Planning Division provided Secretariat Services to the NESDC.

A Poverty Reduction Taskforce (PRTF) was established by NESDC to develop the Poverty Reduction Strategy. The PRTF, comprising of public, private and non-government organizations (NGOs), facilitated by the Central Planning Division, was the technical working group for the process. (Organigram Appendix # 1; Membership list Appendix # 2.) The first phase - supported by the OECS Secretariat, was to develop an Interim Poverty Reduction Strategy Paper (I-PRSP).

This Strategy Paper draws most specifically from the Draft report prepared as a precursor by Thomas, CY, *St. Vincent & the Grenadines Social Policy for Poverty Reduction and Social Development*, prepared for the OECS, (December 2001). The Poverty Assessment Report – St.Vincent and the Grenadines (1996) by Kairi Consultants, is used as the most recent source of statistical data. Reports, other material and recommendations are recognized and have been considered in this strategy report through the Literature Review of material identified in the document.

The process included two well-attended Community Consultations. The first in the Marriaqua Valley – generally classified as a non-poor community, but now dealing with the current downturn in the banana industry. The second consultation was held in the Barrouallie community specified as poor, with fishing being its main stay. The consultations sought (i) to examine the communities' perceptions of poverty; (ii) to identify stakeholder priorities; and (iii) to determine how stakeholders can contribute to the process.

A third Consultation was held with the private sector and micro-enterprise agents under the theme “Entrepreneurial Development and its role in poverty reduction”. The ideas emerging from these consultations, as well as other working sessions held within various Government Ministries, extensively shaped the Interim PRSP.

The Poverty Reduction Task Force reviewed Sector plans developed for the year 2002 and 2003 by the various ministries in order to identify the policies and activities relating specifically to poverty alleviation.

One recommendation of this review of current poverty reduction efforts is the need for greater collaboration and inter-linkages among the public service sectors.

Background and Rationale

The need for a Social Policy Framework for SVG to develop clear, cohesive policies and strategies focused on poverty reduction has been clearly articulated. To date economic

and social strategies have tended to address issues of development without direct reference to poverty alleviation. Planning has tended to have a sectoral bias that results in a fragmented, compartmentalized approach that ignores cross-cutting needs and concerns. The ‘bias’ also creates costly duplications and poor client service as the poor fall between sectoral gaps.

The current administration is cognizant of the state of poverty in the society. Reflective of its commitment to good governance is the decision to launch a war on poverty, illiteracy, inadequate housing, disease, poor health and an unhealthy environment.

The recent 2002 Budget Address delivered by the Prime Minister of SVG states:

“This government is concerned about the unacceptably high levels of poverty and unemployment that we inherited. We are also concerned that recent analyses of the economy have shown that the skewed pattern of income distribution has worsened over the last ten years. We are determined to reverse these trends and to put measures in place to ensure that St. Vincent and the Grenadines will move up from the bottom of these indicators in the OECS.”¹

C Y Thomas² identifies those economic gaps and deficits in SVG as follows:

Major Economic Gaps and Deficits³

1. High levels of poverty. The head-count ratio is 37.5 per cent (the highest in the OECS); the poverty gap measure is 12.6; and the FGT₂ score is 6.9.
2. High levels of unemployment; estimated at 20 percent in 1998 with the level of young males over 30%.
3. High levels of income inequality, with the Gini coefficient the worst in the region at 0.56.
4. Huge technological gaps, as measured by standard indicators such as internet access, number of scientists, and funds spent of Research and Development.

It is in this context that the government is committed to turning these discouraging figures around with great urgency.

The Poverty Situation - profile and causes

A general understanding or definition of Poverty is a sustained deficiency of resources. The consensus is that poverty is a multi-dimensional, complex phenomenon and that it exists to a troubling degree in developing countries. A definition put forward at one of

¹ St. Vincent and the Grenadines 2002 Budget Address, Nov 28, 2001, p.11

² CY Thomas, Ibid, p. 4

³ - The Gini co-efficient is used as a measure of income distribution. 0 indicates full equality and 1 indicates total inequality.
- The Poverty Gap measures the difference between the income level at which the poverty line is drawn and the average earnings of the poor.
- FGT is the measure of the severity of poverty. The higher the FGT, the greater the severity of poverty.

the community consultations is: “an inability to meet basic needs of food, shelter and health – because of a lack of money”. Education was added as a basic need. The 1996 SVG Poverty Assessment Report states that 30.6% households, and 37.5% of the population were poor; 20.4 % of households and 25.7% of the population were indigent⁴.

Causes of Poverty (See Conceptual Framework – Appendix # 3)

It is noteworthy that many of these ‘causes’ were gleaned from or supported by the Community consultations held on poverty reduction.

- ? ? Economic and Social Policies
- ? ? Limited Livelihood security/sustainability:
- ? ? Unrealised Social/Human Capital (Human Resources)
- ? ? Inadequate Social Infrastructure and Limited Access to Social Services
- ? ? Governance and politics

The causes and characteristics of poverty are dealt with extensively in the document. To this end they were used for the development of the strategies and recommendations identified in Chapter 5 of the I-PRSP.

The National Poverty Reduction Strategy

The national poverty reduction strategy establishes the primary objectives and thrust of poverty reduction programmes. It takes into account government’s vision and proposed activities; projections and advice of the private sector, recommendations and solutions of parastatal agencies, trade unions, NGOs and the community at large.

Government and civil society alike continue to be confronted and challenged with the complex and daunting issues of human development, and its antithesis - poverty.

*“Poverty is not just economic, although the right to work and have an adequate income is an important dimension of poverty. It is also social, political and cultural. Experience has shown that efforts to reduce it in the developing country context yield disappointing results unless they are located within a coherent social policy framework and are driven by a national commitment to promote sustainable human development, as described by the UNDP”.*⁵

Another observation poses that *“Domestically, the data reveal persistent and widening social and technological gaps; the emergence of new social groups and forces; a slowing of productivity and economic growth in important sectors; difficulties in reconciling macroeconomic policies with equity; demographic changes; and intrinsic pressures on the domestic welfare system.”*⁶

⁴ Kairi Consultants, Main Report Poverty Assessment Report – St. Vincent and the Grenadines, 1996, p.xii

⁵ C.Y. Thomas : Draft Report – “St. Vincent and the Grenadines Social Policy for Poverty Reduction and Social Development” (2001) pg. 1

⁶ Ibid pg

These internal circumstances coupled with the external effects of globalization and liberalization /marketisation, particularly in light of post-September 11, 2001 events have created further pressures on the issue of poverty reduction in SVG.

The Government has repeatedly articulated its vision for a national poverty reduction strategy:

"We believe that the most effective way to take people out of poverty is to put them in a position where they can work and earn income for themselves. Accordingly, our government will first of all at the macro-level, create the climate in order to achieve higher levels of sustainable growth. Additionally, we will make education and the empowerment of the family vital tools in the struggle against poverty. In this regard, we will ensure that our people have the requisite skills and competencies to capitalize on the opportunities that we will create, through the new focus on the development and improvement of our education system"⁷
(Budget Address 2002)

Economic prosperity does not necessarily bring an improvement in well-being or poverty reduction. The government approach is that direct state intervention would be needed to facilitate this process in the medium to long term. In line with this, the overarching development objective as articulated in the MTESP 2002-2004, "is to attain high levels of sustainable growth and development, while reducing the levels of poverty"⁸.

The Public Service Union recognized the need for fiscal stabilization in its agreement to a wage freeze in 2001 –2002. The Poverty Reduction Community Consultations support that approach recognizing the need for economic growth, but placing it squarely in a context of social development: "Need for socio-economic integration." - Barrouallie Consultation. The other development objective articulated was focused on education – at all levels.

This supports governmental objectives if a more focused diversification programme; attaining a more viable export sector; and ensuring opportunities for improved health and education. The attainment of the development objectives must be predicated on the following, which are by no means exhaustive:

- ?? Mobilising domestic resources for development.
- ?? Improved and focused legal and regulatory framework to facilitate investment.
- ?? Continued focus on pro-poor policies, particularly equity in access to the factors of production-land, labour, knowledge and capital.
- ?? Implement the recommendations of the poverty reduction strategy⁹.

In relation to the developmental goals for St. Vincent and the Grenadines, the Public Sector Investment Programme (PSIP) has been restructured to reflect the policies

⁷ Budget Address, Ibid, p.11

⁸ Medium Term Economic Strategy Paper 2002-2004

⁹ MTESP, Ibid, p 3-4

enunciated in the Medium Term Economic Strategy Paper 2002-2004 and recent Budget Addresses. Greater emphasis will be placed on achieving higher rates of implementation of the PSIP in order to build the necessary platform to facilitate private sector-led growth, while reducing the levels of poverty and improving the social infrastructure.

Proposed Poverty Reduction Strategy Components

The PR Task Force examined and developed strategies and proposed actions and programmes outlined in the I-PRSP. Recommendations for these strategies may be brought together under the four Area Headings originally proposed by CY Thomas:

Recommendations:

Area 1. Promotion of Public Participation in Social Policy, Development and Poverty Reduction.

Action Required:

- ? ? Continue the process begun under this I-PRSP, including strengthening the role of NESDC, to adequately ensure the carrying out of their responsibility as social partners in the process.
- ? ? Ensure completion and implementation of the further Consultation Plan currently under design.
- ? ? Formalize the role and function of the Poverty Reduction Taskforce.

Area 2. Constitutional Reform and Governance in the context of an Integrated Policy Environment

Action Required:

- ? ? Policy Review and Assessment to establish and enforce integrated Policies particularly those related to poverty reduction strategies.
- ? ? Budget analysis to determine such issues as the extent of poverty-targeted activities; and the level of equal distribution of funds and projects e.g. in rural vs. urban areas.
- ? ? Institutionalise policies that will commit all government sectors to participate in and to utilize effectively the support offered through the OECS Secretariat, CARICOM and other regional bodies.

Area 3. Institutional Reform

Action Required:

- ? ? Sectoral capacity building, institutional strengthening and HR training especially in areas of policy development and service provision.
- ? ? Develop and implement an effective data management (collection, analysis, dissemination/reporting) system.
- ? ? Establish a system/mechanism for inter-linkages between public sectors; and between public, private and civil sectors and organizations.

Area 4. Priority Interventions and Programmes

Action Required:

- ? ? Establish the Monitoring and Coordination Unit for the operationalizing of the strategies.
- ? ? Recommended programmes are outlined in the I-PRSP.
- ? ? Two programmes (relating to Micro enterprise and Child development) suggested as Pilots for immediate design, development and implementation are also outlined.

Poverty Reduction Strategy Framework

The next step as recommended in the I-PRSP includes a series of activities to establish the operational and institutional framework and to carry out the recommendations as outlined above. The eventual outcome would be a full Poverty Reduction Strategy Paper.

The World Bank Source Book for Poverty Reduction Strategies summarizes – and provides guidance to - the process by suggesting that a fully developed poverty strategy would be expected to cover four broad questions:¹⁰

1. **Where are we now?** The PRSP is expected to be grounded in an understanding of the extent, nature, and various dimensions of poverty and its determinants.
2. **Where do we want to go?** National authorities should reach some consensus through broad-based consultations on the goals and targets for poverty reduction.
3. **How are we going to get there?** This constitutes the heart of the strategy and involves the selection and prioritization of public actions.
4. **How do we know we are getting there?** A systematic approach to monitoring poverty outcomes and intermediate indicators is key to the integrity of the overall process.

The I -PRSP attempts to develop a systematic process for the reduction of poverty.

C Y Thomas (2001)¹¹ deals with the issue of overall objectives of a social policy framework in terms of “*shared values*” among the population, and the systematic development of their *rights and entitlements* to social development.

In local terms this I-PRSP suggests that the overall objectives of a social policy or poverty reduction framework are (i) to improve the social fabric such that citizens will become more secure in their functional relations; and (ii) to improve the level of social consciousness of civic society.

Thus, community consultations and public education must continue to be pivotal elements of a poverty reduction strategy. The case for a collaborative and integrated poverty reduction programme cannot be overstated. Too often the poor are short-changed as funds intended for social development get eaten up in bureaucracy, overhead and administrative costs, which could be avoided through streamlining and collaborative efforts among players involved in the management of projects. On-going monitoring and evaluation are also essential in ensuring efficient management and equitable targeting and distribution of poverty reduction initiatives.

Operational and Institutional Framework

The PRS Framework requires that a carefully designed organizational and institutional framework be put in place. The recommendation is that it be built on continued and

¹⁰ The World Bank, A Source Book for Poverty Reduction Strategies Vol 1, June 2002, pg.7

¹¹ Thomas, Ibid, p.27

strengthened involvement of NESDC and the PRTF. Its foundation will be multi-layered and multi-dimensional community consultations. Public sector analyses, action plans, capacity building and institutional strengthening will be functional elements. The underlying fostered assumption is the context of a healthy business environment; social and economic policies that engender fiscal stability and economic growth; and a level of governance that expounds fairness, transparency and accountability.

Monitoring Protocol

To determine if a poverty reduction strategy is effective in reducing poverty, it is necessary to set in place a system to monitor progress. It would be expedient to establish the proposed Monitoring and Coordination Unit as soon as it is feasible. This unit will identify goals, indicators and targets that are needed so that priority programmes as recommended in the strategies would be properly targeted and monitored. SVG's achievement of the Millennium Goals (below) may also be monitored and reported.

The recommendation is that a Monitoring and Coordinating Unit be established. This Unit, with its own Head and small staff is to be located within the Central Planning Division of the Ministry of Finance and Planning.

	MILLENNIUM GOALS FOR POVERTY REDUCTION	TARGETS
1.	<u>Eradicate extreme poverty and hunger</u>	<i>For 2015: Halve the proportion of people living on less than a dollar a day and those who suffer from hunger.</i>
2.	<u>Achieve universal primary education</u>	<i>For 2015: Ensure that all boys and girls complete primary school.</i>
3.	<u>Promote gender equality and empower women</u>	<i>For 2005 and 2015: Eliminate gender disparities in primary and secondary education preferably by 2005, and at all levels by 2015.</i>
4.	<u>Reduce child mortality</u>	<i>For 2015: Reduce by two thirds the mortality rate among children under five.</i>
5.	<u>Improve maternal health</u>	<i>For 2015: Reduce by three-quarters the ratio of women dying in childbirth.</i>
6.	<u>Combat HIV/AIDS, malaria and other diseases</u>	<i>For 2015: Halt and begin to reverse the spread of HIV/AIDS and the incidence of malaria and other major diseases.</i>
7.	<u>Ensure environmental sustainability</u>	<ul style="list-style-type: none"> • Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources. • By 2015, reduce by half the proportion of people without access to safe drinking water. • By 2020 achieve significant improvement in the lives of at least 100 million slum dwellers.
8.	<u>Develop a global partnership for development</u>	<ul style="list-style-type: none"> • Develop further an open trading and financial system that includes a commitment to good governance, development and poverty reduction – nationally and internationally • Address the least developed countries' special needs, and the special needs of landlocked and small island developing States • Deal comprehensively with developing countries' debt problems • Develop decent and productive work for youth. • In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries • In cooperation with the private sector, make available the benefits of new technologies – especially information and communications technologies.

CHAPTER I: INTRODUCTION

This I-PRSP is intended to provide the initial framework for the definition of a comprehensive Poverty Reduction Strategy. In addition it identifies programmes and policies to address the key elements of poverty reduction in the short, medium and long term. The process is being guided by the Central Planning Division within the Ministry of Finance and Planning with assistance from the OECS Secretariat.

1.1 Rationalisation/Justification

The conceptualization of this strategy paper has been found necessary in St. Vincent and the Grenadines in light of the increasing socio-economic pressures resulting directly from globalization, liberalization and the new trading arrangements that threaten the livelihood of large sectors of the rural population dependent on agriculture. The situation has been further aggravated by the events of September 11, 2001 that have impacted the tourism sector putting many more persons at risk of falling into poverty.

The combined effects of this scenario have resulted in a worsening of the socio economic situation and Government has decided to put measures in place to arrest the decline in living standards particularly among the rural poor.

Some of the domestic challenges requiring a response include the slowing of productivity and economic growth in key sectors, persistent and widening social gaps, difficulties in reconciling macroeconomic policies with equity, demographic changes and intrinsic pressures on the domestic welfare system.¹²

It is therefore of critical importance that the issue of poverty reduction be placed squarely on the national agenda.

1.2 Background: Origin and past efforts, steps taken, Recommendations

Physical and Geographic Characteristics

St. Vincent and the Grenadines is an archipelago in the Eastern Caribbean, lying 100 miles to the west of Barbados and comprises a total of 150 square miles. The country is comprised of a main island, St. Vincent and stretching some 40 miles to the south, is a chain of 34 islands and cays, known as the Grenadines. The main islands in this chain are Bequia, Mustique, Canouan, Mayreau, Union Island, Palm Island and Petit St. Vincent. The estimated population in 2001 was 111,000.

Political Characteristics

St. Vincent and the Grenadines attained political independence from Great Britain on October 27, 1979 and inherited a Westminster Parliamentary Democracy system of government. It holds membership in a number of regional and international organizations

¹² C.Y. Thomas, Ibid, pg. 1

and is a signatory to the Treaty of Basseterre (1981), that created the Organisation of Eastern Caribbean States (OECS). Member countries of the OECS share a common currency, the Eastern Caribbean dollar. The present administration is the Unity Labour Party which came into office on March 28, 2001. The New Democratic Party represents the opposition in Parliament.

The country is divided into fifteen political constituencies, including the Grenadine Islands, and a Parliamentary Representative represents each constituency. Elections are constitutionally due every five years.

Initial Poverty Assessments and Studies.

SVG conducted its first poverty assessment in 1995 (Kairi Consultants) and that report provides the basis for developing the current interim poverty reduction strategy. The 1995 poverty level was indicated at 38 percent and of this, 20 percent was considered indigent. Other studies focusing on the Social Sector and by extension poverty, have since been carried out and suggest a worsening of the poverty levels.

1.3 Government Statement/ Commitment to PRS

The high and increasing poverty levels and the resulting socio-economic challenges have caused the Government to place greater emphasis on poverty reduction. In the Prime Minister's first budget address to the nation (December 2001) he stated unequivocally Government's policy to launch a war on poverty. In addition, a National Economic and Social Development Council (NESDC), comprising representatives of major interest groups, political parties and civil society organizations has been established. The role of this Council is to critically analyse the economy and recommend solutions to emerging or existing problems. NESDC has become the focal point for the development of a poverty reduction strategy and has put a task force in place to draft the I-PRSP.

1.4 Macroeconomic Context and Progress on Structural Reform

Understanding the economic underpinnings and workings of the economy of SVG provides some measure of hindsight into possible poverty causality factors. The country's small size and openness indicate a level of vulnerability to economic shocks (internal and external). This is compounded by a number of geographical factors – the existence of a volcano; the country lies in the path of the Atlantic hurricane belt; and its location along a major earthquake fault. In fact SVG has been classified as highly vulnerable, ranking 29 out of 111 developing countries (Commonwealth Secretariat, 1998).

Poverty in SVG has grown to an unacceptable level despite a favourable economic showing over the last 20 years. An analysis of the economic performance reveals that growth in the economy has not fostered the sustainable human development of the populace. Some productive sectors, particularly manufacturing, have proven to be unreliable means of income generation and employment.

Economic growth over the 1990 – 2000 period has been slower and more volatile than the previous decade. The strong growth exhibited in the previous period was fuelled mainly by agricultural exports, dominated by bananas. Other significant factors included concessionary funds, foreign direct investment in tourism and public investment in supporting infrastructure.

The economy is strongly correlated to the performance of the banana industry. Erosion of preferential access, the liberalisation of the pricing regime coupled with a weak domestic capital market, forced some farmers out of the industry thus creating significant unemployment in rural banana communities. As of 2001 an estimated 52 percent of growers have left the industry since 1990 declining from 7,894 to 3,800.¹³

The economy has undergone structural transformation during the period 1990-2000. As the banana regime came under increasing pressure and concessional funds dried up, a diversification policy, which placed greater emphasis on the service sector - tourism and financial services in particular – emerged.

Table 1: SELECTED ECONOMIC INDICATORS 1997-2001

	1997	1998	1999	2000	2001
Nominal GDP (EC\$M) (Market Prices)	789.4	854.9	891.7	905.3	940.3
Real GDP Growth Rate (%)	3.1	5.7	3.6	2.0	0.2
Inflation (CPI)	0.8	3.3	(1.8)	1.4	(0.7)
Banana Export Earnings (EC\$M)	40.0	56.5	55.0	49.5	36.9
Gross Tourism Earnings (EC\$M)	189.1	194.6	202.3	203.4	211.6
IN PERCENT OF GDP					
Central Government Current Savings	4.0	3.5	3.5	2.2	1.4
Public Sector Current Savings	8.4	8.2	8.2	5.3	6.1
Balance of Merchandise Trade	(43.1)	(45.0)	(46.0)	(33.1)	(40.7)
Current Account Balance	(21.8)	(19.8)	(18.4)	(7.8)	(9.5)
External Disbursed Outstanding Debt	29.9	31.5	48.5	47.8	48.8
Debts Service	3.9	3.2	3.7	3.2	3.3
PSIP	8.8	12.1	7.1	3.9	3.7

SOURCE: Statistical Office, Ministry of Finance and Planning

Recent Economic Performance

Despite these reform efforts the performance of the productive sectors – agriculture, manufacturing and tourism leave a lot to be desired. Growth during the decade was fuelled mainly by the Construction; Wholesale and Retail; Communications and Banks and Insurance sectors.

The performance of the agricultural sector continues to be erratic. Agriculture has moved from being the largest contributor to GDP (21.2 % in 1990) to the third largest contributor (12.1 % in 2000). Bananas, traditionally, the largest foreign exchange earner has been displaced by Tourism. In addition to the ongoing bananas woes and natural disasters the sector has been faced with a number of other problems. In 1999, the country's fish exports were barred from entering the European Union resulting in a

¹³ Windward Islands' Banana Farmers Livelihood Study, 2001

negative growth rate of 12 percent. Although there was an improved performance in 2000, the fishing sub-sector has not recovered to the pre-1999 position. The performance of the other crops sub-sector has also been poor. The perennial weather problems and the loss of markets due the pink mealy bug infestation have been significant factors in this sub-sector's performance. Although there have been attempts to diversify the agricultural sector, all have met with limited or little success.

Tourism has performed the most credibly of these sectors generating gross tourism earnings of EC\$ 203.4 million in 2000 up from EC\$ 58.9 million in 1993.

Manufacturing performed poorly throughout the 1990's. This poor performance was a slipover from the late 1980's, which saw the closure of a number of manufacturers due to competition. After showing signs of recovery in the early 90's with a 16 percent growth rate in contribution in real GDP in 1992, negative growth has been recorded in six of the proceeding eight years. This sector's contribution to real GDP stood at 6.1 percent in 2001 down from the 8.2 percent it contributed in 1990.

The latter half of the last decade saw the Wholesale and Retail and Government services sectors emerging as the two largest contributors to GDP. The limited scope for value-added within these sectors have far reaching consequences for productivity, job creation, poverty alleviation and economic growth. The Government Services contribution declined marginally from 15.5 percent to 15.4 percent over the same period. In 2001 Government Services contribution to real GDP stood at 15.8 per cent.

The growth rate of the Wholesale and Retail sector has slowed since 1990 moving from 10.4 percent to 3.9 percent in 2001, however its contribution to real GDP has grown from 11.4 percent on 1990 to 18.3 percent in 2001.

The Construction sector has been variable over the latter half of the decade. Its contribution to real GDP moved from a growth rate of 7.9 percent in 1990 to a high of 15.9 percent in 1997. In 2000 this sectors growth rate stood at 7.1 percent. The sector reflects the ebb and flows in both public sector and private sector (particularly housing and tourism related construction) activity.

Challenges

- ?? Achieving acceptable levels of growth through new growth-oriented strategies that include entrepreneurship, efficient management, a skilled labour force and the development of information technology.
- ?? Increasing productivity and competitiveness of economy, so as to fully exploit the benefits from globalization.
- ?? Reducing the waste stream associated with the Wholesale and Retail Sectors.
- ?? Eliminating unproductive government spending, to create room for increasing social expenditures.
- ?? Redressing the balance between private and public sectors.

CHAPTER 2: THE POVERTY SITUATION

2.1 Poverty Profile

Fundamental to all definitions of poverty is the concept of a lack of resources. According to the World Bank (1990) 'poverty is the inability to maintain a minimal standard of living'. Inherent in this definition are issues of objectivity, subjectivity, absolute and relative poverty. Kairi further complicates the issue by introducing different types of poverty i.e: structural, chronic and transitory poverty while CY Thomas adds that "[it] is not just economic..... It is also social, political and cultural." The consensus though, is that poverty is a multi-dimensional, complex phenomenon and that it exists to a troubling degree in developing countries.

Poverty in SVG is measured in terms of income and consumption levels. According to (Kairi 1996) the poverty line determined that 38 percent of the population was poor, and of this 26 percent was classified as indigent. Thirty-one percent of households was found to be poor and of this 20 percent was below the indigent line. Households and individuals below the poverty line are unable to satisfy their basic nutritional requirements and are at risk of chronic ill health.

While poverty levels remain relatively stable over time, the economy has experienced some severe shocks since 1995 and a recent study by Kairi¹⁴ indicates a resulting worsening of the situation. Notable among recent developments are the sharp decline in the banana industry and the events of September 11 2001, which have left large numbers of the population unemployed, and increased the ranks of those Kairi describes as the 'transitory poor'.

Poverty in SVG is not confined to any particular locale, but is widespread and deep, affecting with particular severity children, women and the elderly who together account for a significant percent of the estimated population. Of particular concern also is the 26.9% of youths considered to be living below the poverty line.

2.1.1. Characteristics of the Poor

Studies have shown that while the poor in many instances have a low educational base and lack the formal skills necessary for the job market, they own or have access to land and invariably to other assets.

CY Thomas¹⁵ provides a defining list of the characteristics of poor persons which actually reflects the situation of the 38% poor in St. Vincent and the Grenadines :

¹⁴ Kairi Consultants : Socio – Economic Impact of Restructuring the Banana Industry – Vol. I, 2001

¹⁵ C.Y.Thomas, Ibid, p.7

Some Characteristics of the Poor

- ?? Lack of assets (especially land, and monetary savings) along with restricted access to credit as a result.
- ?? Lack of education, skills and training
- ?? Lack of employment
- ?? Lack of productive, remunerative work and a heavy concentration therefore in low productivity, informal type occupations.
- ?? The aged and the youthful
- ?? Members of large families
- ?? Single-headed households, particularly female
- ?? Persons with disabilities
- ?? Persons with severe chronic illnesses or mental disabilities
- ?? Concentration in particular communities
- ?? Poor housing and overcrowding

2.1.2. Demographic Characteristics

Table 2: St. Vincent And The Grenadines Population Estimates By Age & Sex

AGE GROUP	MALE	FEMALE	TOTAL
0-9	13,727	13,457	27,184
10-19	13,758	13,472	27,230
20-29	10,310	9,850	20,160
30-39	7,017	6,767	13,784
40-49	3,844	3,773	7,617
50-59	2,816	3,047	5,863
60-69	2,351	2,875	5,226
70+	1,974	2,783	4,757
TOTAL	55,797	56,024	111,821

SOURCE: Statistical Office, Central Planning Division

In the absence of the 2001 population and Housing census data, the statistical department has estimated the population at 111,000, the majority of whom is under 30 years of age. The sex ratio is 1 and the dependency ratio is approximately 77%; while crude birth and death rates are 7.3/1000 and 0.7/1000 respectively. The population growth rate is estimated at 0.8 percent per annum with a fertility rate of 2.8.

SVG is reported to have the highest population density in the OECS at 293 per km. The percentage of youth and children in the population should lend a sense of urgency to poverty reduction, since Kairi has shown that poverty affects them disproportionately.

2.1.3. Trends in Poverty – Education, Labour and Agricultural Participation

Education:

There is an inverse relationship between poverty and level of education attained. There are four (4) formal levels of education offered in SVG by both the public and private sectors to the age range 3-18 years: Pre primary, primary, secondary and tertiary.

Pre primary education is primarily a private sector led activity with some government assistance in the form of teacher training and provision and a subvention. Over the years, less than 25 percent of the age group 2.5 – 3.5 years has accessed education at this level. The Ministry of Education confirms that there is a strong correlation between access to pre-primary education and performance at the primary level. Data from the Common Entrance examination over the period 1991-2000 show that just about one third of those who write this examination gain access to any of the 21 secondary schools in the state. Given the number of children who succeed at this examination, tracer studies are urgently required to verify the correlation indicated by the Ministry and to address the situation.

Table 3: Common Entrance Passes 1991 - 2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total candidates	2,507	2,572	2,602	2,498	2,987	2,798	2,808	2,699	2,660	2,558
Successful candidates	901	993	922	912	1,256	1,066	1,109	1,202	1,253	789
% pass	36	37	35	37	42	38	39	45	47	31

SOURCE: Statistics Department, Ministry of Finance and Planning

The common entrance and school leaving examinations provide the main access routes to secondary education and more girls than boys gain entry, though they are evenly represented at the primary level.

Table 3 shows the number and sex of those accessing secondary education; while the number has been slowly increasing over the years a large percentage of the student population does not attain secondary education.

Table 4: Number of Secondary School Children enrolled by sex and Year 1991 -2000

Sex	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Male	2,765	2,956	2,917	2,985	3,061	3,060	3,139	3,181	3,300	3,379
Female	4,178	4,218	4,366	4,479	4,584	4,579	4,551	4,594	4,698	4,560
Total	6,942	7,174	7,283	7,464	7,645	7,639	7,690	7,775	7,098	7,939

SOURCE: Statistics Department, Ministry of Finance and Planning.

Such large numbers of children failing to gain access to secondary education suggest that poverty levels will not soon decline since education is generally seen as the best way out of poverty. The effect of this situation on the boys was underscored by the Kairi study, which found that the majority of out of school youth (79.2%) had no exposure to technical or vocational training in 1996 and most of the adult males have only primary school education.

Labour and Agricultural Participation

Large numbers of the working poor are concentrated in the rural agricultural sector, although some poor females are also engaged in the wholesale and retail sector¹⁶. One study has concluded that the situation in rural communities has deteriorated drastically over the past few years as a result of the fall out from the banana industry and the incidence of poverty has increased significantly. The number of active banana growers is estimated to have fallen from approx 8000 in 1992 to 3,800 in 2001, a decline of over 50%. That study also concluded that as a result of the WIBDECO restructuring process, over 1,300 farmers and 1,950 farm workers will be displaced and of that number, the majority will be female¹⁷.

Some shifting out of the banana producing and agricultural sector into such areas as tourism and knowledge based services will mark the future trend. However, given the fact that the majority of those affected have only a primary school education they would not be able to make that shift without a major retraining programme and therefore it is likely that they would for the short to medium term remain in agricultural production, even if it is at a lower level of participation.

¹⁶ Kairi Consultants, (1996) Ibid, pg. 118

¹⁷ Campbell, Dunstan “Windward Islands Banana Farmers Livelihood Study” (2001) pg. 9.

2.2 Causes of Poverty

Several issues have been identified as contributing to poverty in SVG. These range from the macro and socio-economic to the more elusive aspects of what has been called psycho economics or the intangibles. For the purposes of this paper the following four (4) have been employed:

2.2.1. Economic and Social Policies

SVG has adopted various models of development over the years. These have concentrated primarily on the economic aspects with insufficient attention to the policies necessary to ensure that social development kept pace with economic development.

Government's macroeconomic policies now need to be strengthened to focus on poverty reduction. At present, the country is seeking to restructure its critical banana industry even as it strengthens its tourism services and manufacturing sector. Macroeconomic performance must be improved but not at the expense of equity. There needs to be a focus on the linkages between agriculture and tourism and creating opportunities for investment in agro processing in order to build rural communities. Studies assessing poverty in St. Vincent and the Grenadines indicate that poverty is greater in the rural areas. Attention needs to be paid to land use and international trade policies in order to reduce rural/urban migration.

The private sector has traditionally focussed on economics. They now need incentives to contribute to economic growth in the rural areas through policies that encourage private sector investment. Policies are also required to support the development of the small and medium enterprise sector as an important poverty alleviation mechanism.

Social planning policies impact on poverty reduction. The overall development of a social sector policy is critical. A sector wide approach will provide an enabling environment for the integration of actions and strategies in the areas of health, education, employment and other development sectors that will impact more strongly on the poor. At present the lack of a fully integrated social sector policy and a coordinated poverty programme has led to the less than efficient implementation of development programmes in the social sector.

2.2.2. Limited Livelihood security, Low Earnings and lack of Jobs

A major cause of Poverty, substantiated in the Community Consultations has been attributed to the inability of persons to meet their basic needs due to low earnings and unemployment - specifically in the banana producing areas.

The impact of the banana fallout on the economic activities in rural communities has created the greatest effect on livelihood security. The decline in the competitiveness of the Banana Industry resulted in the restructuring of the industry and the consequent

exit of certain farmers and agricultural labourers from the industry. The absence of new viable activities and the low base from which the Tourism Sector has emerged have meant that there is little to compensate for the reverses in the Banana Industry. One study has indicated that this will result in increased poverty growth in five distinct vulnerable groups: children, youth, aged, farm workers and farmers.¹⁸

2.2.3. Unrealised Social/Human Capital and Social Exclusion

Where there are limited economic opportunities, as in the case of St. Vincent and the Grenadines, the human resource base must be sufficiently developed and motivated towards the identification and exploitation of existing opportunities. The general preparation of all the human resources for productive work is a critical component of poverty reduction. Where there is a general deficiency in the capacities necessary to support alternative activities then the effect will be perceived in the overall poverty.

St. Vincent and the Grenadines has a human resource base that is generally low-skilled. The majority of the young population have only been educated to primary school level and the present adult population that comprises the existing workforce also suffers from this defect. There are also serious deficiencies in literacy and numeracy skills which impact on the ability of many persons to take advantage of economic opportunities. The link between low skills, low level of educational achievement and poverty has been established in the poverty assessments carried out here and elsewhere. Clearly this has to be addressed urgently.

Related issues identified included the inadequacy of the education system for addressing the needs of the young persons for education for living; and the need for strengthening training opportunities for those persons who have a low skills base in order to improve their competitiveness in the labour market.

Social exclusion was also identified as a cause of poverty, particularly as it relates to persons from the rural areas, women and young adult men. Social exclusion results from the impact of existing social arrangements on certain groups of persons. In the case of women, this is particularly striking where job opportunities are denied them in favour of men or where employed women are subject to unequal wage structures.

Where there are elements of the population that cannot be included in the productive workforce, social safety nets must be established for them. In addition there are those members of the productive workforce who become vulnerable due to external shocks and must also be provided with adequate social safety nets to allow them to recover.

2.2.4. Inadequate Social Infrastructure and Limited Access to Social Services

Critical issues in the area of social infrastructure have emerged as vital to the poor. Social infrastructure includes a broad range of tangible and intangible elements.

¹⁸ Campbell, Dunstan “Windward Islands Banana Farmers Livelihood Study” (2001) pg.20

Intangible elements include the existence of strong kinship ties, community linkages, and community organizations. These can take the form of shared child care arrangements, informal lending opportunities and communal labour. Where these aspects of social infrastructure exist, persons have a greater ability to maximize scarce resources, thus creating a buffer against poverty.

Tangible elements include the physical infrastructure within which the poor have to operate. These may range from a good network of roads to the availability of adequate structures for such activities as education and healthcare. One that requires much attention is the area of housing. There is a lack of adequate housing for low income families or families with no income. Linked to that are the supporting services required such as water supplies and electricity particularly in the rural areas.

Another area, which must be mentioned, relates to the area of violence in the society. As violence and crime increase, the social cost resulting from breakdowns in traditional family structures lead to a further deterioration in the social infrastructure, contributing to poverty. The drug users and abusers are immediate victims who often become part of the poverty statistics. Mental health cases are often linked to such activities. In addition the focus of the society on money and wealth as opposed to the moral and ethical values of productive labour feeds the links between violent crime and the financial gains to be made from illegal activities. This impacts particularly upon youth and the resulting attitudes to work.

Social services are very significant for providing support to persons being impacted by poverty. They also provide a channel out of poverty in many cases whether it be through improved educational opportunities or through accessing social benefits in a timely manner. Social protection services may also prevent those chronically poor from becoming indigent and provide some measure of relief from absolute poverty.

CHAPTER 3: CURRENT POVERTY REDUCTION EFFORTS

3.1 Macro Economic, Trade and Investment Policies

Over the medium term the economic prospects for St Vincent and the Grenadines will depend on putting in place the necessary macro economic policies for economic growth and fiscal stability. Trade and investment policies must be focussed on enhancing St Vincent and the Grenadines' competitiveness in order to generate increased earnings and improve access to and competitiveness in foreign markets. The Government recognises that the move regionally in the formation of the Caricom Single Market and Economy (CSME) and the Free Trade Area of the Americas (FTAA) will reduce revenue for the country. As such during the medium term a National Trade Policy Document will be developed. The effectiveness of SVG's ability to compete in regional and international markets will depend on the ability to use efficiently the resources available. Efforts have been placed on diversifying the agriculture base by revitalising arrowroot production and exports and to seek new markets for the declining banana industry.

3.2. Building Social /Human Capital

Economic growth by itself is insufficient to address poverty alleviation. Essential also is the development of social and human capital. As in many developing countries, the most valuable asset St. Vincent and the Grenadines possesses is its human resources. Increasingly the government recognizes the critical need to develop and protect its human resource base. Such efforts include measures to (1) strengthen and expand mechanisms to respond to external elements that impact on opportunity, livelihood and security of its people; and (2) to provide, develop, and expand coping strategies individually and institutionally to offset threats to livelihood.

The concept of Social Capital has had many definitions. However it may be defined by its function which is the totality of those services, networks and relationships at the level of the family, the community and the society that enable the individual to cope, survive and thrive over time. Human Capital refers to the development of the human being and all the various capacities of the individual. Both governmental and non-governmental agencies are involved in building social and human capital.

3.3 Social Services and Social Protection

Most social services are provided by Government. Others are provided through various civil society groups. The Government at present administers a social safety net programme to the indigent poor, primarily through the Ministry of Social Development consisting of a Public Assistance Programme which finances a range of interventions. The resources allocated to this programme are insufficient to meet the needs of the indigent. Over the past year, the Ministry has concentrated on strengthening the process for proper identification of beneficiaries as well as the delivery of the service. Other components which still need to be strengthened include the provision for ongoing

evaluation of the beneficiaries' living conditions as well as the development of programmes which would allow the indigent to break the poverty cycle.

Churches, non-governmental organizations, civic organizations and community groups provide other social development services for the poor. These range from assistance with basic needs such as shelter, food and clothing to the development of community programmes in literacy, numeracy and self-esteem for adults; providing child care services and training for self-employment for youth and identification of opportunities in micro-enterprise. The pace of assistance and development is often limited by and dependent on their ability to access financial resources.

There is at present legislation before Parliament to revive local government and legislation to regulate and sustain NGOs is also being considered.

3.4 Health Services

The Ministry of Health and the Environment is the main provider of health care. This care is provided through the Milton Cato Memorial Hospital (the main referral hospital), the five District Hospitals and thirty-nine Health Centres throughout St Vincent and the Grenadines. The range of services includes programmes of primary, secondary and tertiary care. The services offered are heavily subsidized by the Government. These include Maternal and Child Health Services, Community based health care, provision of pharmaceuticals and institutionalized care. The services, which impact most on the poor are those provided through the subsidized medications and those provided to the aged.

The Lewis Punnett Home is the main home for the indigent poor. Most persons housed there are elderly and unable to take care of themselves or their relatives have abandoned them. Due to limited resources the home is at present unable to accept all persons requiring admission especially males.

Mental Health services are provided through the Mental Hospital. This facility, although requiring serious upgrading, meets the needs of the poor. Family Planning, Nutrition Education and Health Education are also provided. These services represent a significant input to poverty reduction efforts as they impact on the quality of the productive workforce and act as a safety net for the poor. The Government offers assistance to indigent persons who because of the unavailability of specific health services require overseas medical attention.

The Government is concerned about the issue of HIV/AIDS. Over the period 1984 – 2000, there have been 547 diagnosed cases of HIV with 299 deaths from AIDS. At present there is a major initiative to develop programmes and services to address the problem in the country. A strategy of supporting Persons Living With AIDS (PLWA's) has been developed by the Ministry of Health and the Environment and a cross-sectional task force has been established. A National Strategic Plan based on a unified multi-sectoral approach was launched in December 2001.

HIV/AIDS is affecting the productive sector. In 2001 approximately 88% of newly identified cases were between the ages of 15 and 44 years. This disease therefore has a national effect in that the rising infection rate is increasing the cost burden on the health services and will have serious implications for Gross Domestic Product and National Development.

3.5 Education

The Government is attempting to address several issues in education that are of particular concern. Its focus is the concept of education for living and production and includes:

(i) Regularising of Early Childhood Education (ii) Instituting compulsory education – community concerns of child labour during school hours and truancy are frequently raised; (iii) Increasing access to secondary education – tackling issues of both space and achievement; (iv) Improving the quality of education through increased teacher training and new approaches to curricula; (v) Restructuring technical and Vocational training. Success in any or all of these areas will have significant impact on lives and opportunities of poorer children and communities; (vi) strengthening adult literacy programmes.

Other initiatives, available to all children, and which are particularly helpful to poor families, are the government book loan scheme; the expansion of the school transportation system in the rural areas; and the school feeding programme that is being administered jointly by the Ministries of Education Health.

The OECS Education Reform Unit, through the strategy documents developed by and for the Region, has embarked on several initiatives to improve the quality of teaching and learning, and the administration of educational systems. The original document the Foundation for the Future commissioned by the Education Ministers and Governments of the Region was developed in 1991. This provided a blue print for the development and harmonization of education in the Region. Most countries, including SVG had made significant progress in the implementation of the wide-ranging 65 strategies recommended.

3.6 Social Infrastructure

There is a thrust to upgrade infrastructure at all levels especially where basic social services are delivered. Existing health care facilities in the rural areas are being refurbished whilst new ones are being built. The distribution of health care service in the rural areas is therefore strengthened by this infrastructural development. At the same time, educational institutions have been refurbished and there is an ongoing programme to provide more secondary school places.

There is a new programme to develop low-income housing for the poor as well as middle income housing for civil servants, teachers and policemen. Improved infrastructure is being carried out on roads, water, electricity and telecommunications services. A major sanitation project has been implemented in the form of a solid waste management project, which provides for garbage collection in the rural areas, thus contributing to the general

environmental health of the population. For the first time, the North Windward area – identified in the Kairi Poverty Assessment report, is having access to sanitation services.

The Basic Needs Trust Fund (BNTF) Project is a regional programme sponsored by the CDB and has been in operation for the past two decades. The objectives of the programme include assisting low-income communities to improve their access to public services through the provision of social and economic infrastructure and the development of skills to enhance employability. To date its activities have included the provision of water systems, rural roads, drains and footpaths, schools, health facilities, market infrastructure, day care centres and skills training. The thrust of this work has been poverty-reduction, community development and empowerment. The BNTF project is housed in the Ministry of Transport Works and Housing.

The National Insurance Scheme (NIS)

The main purpose of this social security programme is to provide long-term benefits to assist persons after they have retired. Its predecessor the National Provident Fund (NPF) was established in January 1970 by Act 1 of 1970. The NIS commenced operations on January 5th 1987 by ACT number 33 of 1986.

In most societies of the world, poverty is high on the social agenda. Consequently, governments and other social groups must grapple with the issue of poverty prevention. Part of the NIS' strategic thrust is "to administer our social security programme with a view towards alleviating poverty and increasing the standard of living in St. Vincent and the Grenadines."

One of the NIS's social assistance programme is the Non-Contributory Assistance Age Pension (NAAP). This provides income to those elderly persons most in need. This programme provides cash benefits (\$25.00 per week) to 1500 individuals who meet specific eligibility criteria associated with defined categories of need. Means tests are typically applied to the income and assets of individuals as a major condition of eligibility.

Since 1995 the NIS has devoted some EC\$ 7.1 million to Student Loans. This loan system is being phased out to the NCB. However, the NIS remains committed to complete service to those students previously enrolled in the Loan Scheme.

Notwithstanding evolving demographic structures, fluctuations in economic growth and other macro economic developments, the NIS will continue to reassess its programmes with a view to offering greater assistance as need arises. The NIS fund is self-sustaining and has a varying portfolio of investments.

3.7. Gender Equity

Noting that poverty manifests itself in the forms listed following, the gender implications are obvious in that women and children are most vulnerable in these areas:

- ? ? Ill health
- ? ? Lack or limited access to education
- ? ? Hunger and malnutrition
- ? ? Lack of income and basic services
- ? ? Increasing morbidity and mortality
- ? ? Homelessness and inadequate housing
- ? ? Unsafe environment
- ? ? Social discrimination and exclusion
- ? ? Lack of participation and decision making
- ? ? Civil, social and cultural life

At present, there are very few programmes geared towards improving gender equity. “The marked gender disparities that exist reflecting the different roles, responsibilities and options available to men and women will unless addressed comprehensively continue to be a significant restraint on progress in SVG”.¹⁹

The relationship between poverty and issues of gender equity are clear. The banana industry is one major example of where the fallout will disproportionately impact on females. More women will lose their jobs²⁰. In a survey conducted to identify the impact of the restructuring of the industry, it was found that special problems are faced by women: “ gender segmentation of employment generally, fewer opportunities for non-farm employment, greater responsibility for un-waged work, and inability to access themselves of day care facilities. The Social Welfare Department has had more women seeking public assistance”.²¹

Current statistics indicate that in SVG there are a large percentage of female-headed households. ***The strategies in the I-PRSP relating to reducing social exclusion and building human capital will need to target gender equity issues. Better data collection methodologies and analyses are required to substantiate perceptions relating to gender issues.***

3.8. Special Intervention Project and Programmes

The Government has established special initiatives to cope with poverty. A Poverty Relief Fund has been established within the Ministry of Agriculture, Lands and Fisheries to enable farmers to cope with the fall out from Bananas. The Ministry of Social Development has also had funds set aside for the development of a Social Recovery Programme which is aimed at identifying and supporting social and community development initiatives. The low-income housing programme being implemented by the Ministry of Transport Works and Housing is also intended to have an impact on Poverty.

¹⁹ C.Y. Thomas, ibid, pg. 9

²⁰ Dunstan Campbell et al. Pg. 19

²¹ Kairi Consultants : Socio – Economic Impact of Restructuring the Banana Industry – Vol. I, 2001, pg.

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There are also other initiatives emerging from the NGO community to relieve specific situations of poverty. The Basic Needs Trust Fund project (referred to in section 3.6.) complements the efforts of the SVG government in reducing the levels of poverty in the country. As the BNTF project moves into its fifth phase, and its development of a Poverty Reduction Action Plan, collaboration and dove-tailing with the government's poverty reduction strategies will be critical.

3.9. Participatory Process Involving Civil Society

Since its election to Office in March 2001, the current government has committed itself to a process and a philosophy of social democratisation. By this it attempts to promote and practice a greater sense of participatory involvement by the broader public and an increased openness and transparency in its own operations. Public consultations, meetings and various forums are frequently utilized to inform, sensitize, educate and to receive input into issues that affect the nation and individual communities. Section 5.6 on Good Governance further outlines other efforts, particularly in terms of openness in legislative and parliamentary matters.

3.10 Institutional mechanism and monitoring

Currently, implementation of poverty alleviation efforts are undertaken by the various and relative ministries, agencies and organizations in public, private and civic sectors. While there is informal collaboration on shared programmes, there continues to be a gaps in inter-ministerial coordination as well as public sector/private sector synchronization.

Each Ministry develops its Corporate Plan and designs projects in relative isolation, resulting in situations of fragmentation, duplication, wastage, competitiveness, and frequently poor service due to uncoordinated efforts.

The development of a Poverty Reduction Strategy will therefore need to take this existing *modus operandi* into account and seek to promote sector-wide approaches to planning as well as a long-term inter-sectoral process for targeting poverty reduction. Creative mechanisms must be developed for effective involvement of the private sector and civil society in the execution of programmes funded from public resources. Institutional strengthening is essential for individual Ministries involved in the implementation of programmes related to poverty reduction, particularly as it relates to providing efficient and effective service to the most vulnerable.

NESDC and the Central Planning Division have been mandated to coordinate the Poverty Reduction programme, through the development of a poverty reduction strategy and programme. Under the guidance of NESDC a Task Force has been formed comprised of persons from key Government Ministries and Departments as well as persons representing the private sector and civil society. This Body represents an important component as a mechanism for public sector/private sector coordination.

CHAPTER 4: THE NATIONAL POVERTY REDUCTION STRATEGY

The National Poverty Reduction Strategy is pivoted on an *informal* tripartite contract²² between the Government of Saint Vincent and the Grenadines, civil society and the private sector. Government recognizes that the quest for development demands a holistic and deliberate effort to involve the key players in the development process and thus, to ensure the effective targeting of the root causes of poverty.

Integration of the public, private and civil sectors

The National Poverty Reduction Strategy requires a policy framework in which good governance is exercised and consolidated, and where there exists the political and social space for meaningful consultation among the various facets of society. By opening up the space for dialogue and for broader relations between the government, the private sector and civil society, it is envisaged that the economic and social climate that is essential for development will be created.

To be sure, the tripartite contract to pursue a joint approach to policy formulation and to manage social change and development from an integrated standpoint will eliminate the duplication of efforts which has long been an aggravating factor in the war against poverty. Indeed, the integration of the public, private and civil sectors will facilitate the deepening of participatory democracy and the subjugation of sector-based interests to the advantage of the national good. Moreover, in the face of scarce developmental resources, this process of integration is fundamental to the restructuring of the economy to achieve high and sustainable levels of growth through enhanced competitiveness, economic diversification and increased productivity.

Government's vision

The Government is ever cognizant of the fact that development is first and foremost about improving the quality of life enjoyed by the people of St. Vincent and the Grenadines. As expressed in the 2002 OECS Human Development Report, 'development is about creating the environment in which people can develop their full potential and lead productive, creative lives in accordance with their needs and interests'...It is thus about 'expanding people's choices.' It is within this context that the Government has repeatedly articulated its vision for a National Poverty Reduction Strategy:

'We believe that the most effective way to take people out of poverty is to put them in a position where they can work and earn income for themselves.'

'Accordingly, our government will first of all, at the macro level, create the climate in order to achieve higher levels of sustainable growth. Additionally, we will make education and the empowerment of the family vital tools in the struggle against poverty. In this regard, we will ensure that our people have the requisite skills and competencies to capitalize on the opportunities that we will create, through the new focus on the development and improvement of our education system.'²³

²² Barbados Protocol Three for the Implementation of a Social Partnership, 1998-2000 found instructive.

²³ Budget Address 2002, pg. 11

In recognition of the fact that economic prosperity does not necessarily bring an improvement in welfare, the government has indicated that direct state intervention would be needed to facilitate the objectives of the National Poverty Reduction Strategy in the medium to long term. In line with its overarching development objective, as articulated in the MTESP 2002 – 2004, the Government will vigorously implement the necessary economic and social measures to ‘attain high levels of sustainable growth and development, while reducing the levels of poverty.’²⁴ As a means of informing and strengthening this process, it is proposed that a pro-poor budgetary analysis be conducted in order to evaluate the collective outcome of government’s expenditure, and thus to improve the government’s targeting of the poor.

The main emphasis would be to implement a more focused diversification programme while putting the necessary measures in place towards attaining a more viable export sector and ensuring that the populace would be able to make use of the opportunities afforded them to improve education and health.

These objectives must take into account Government’s well-laid plans of maintaining fiscal integrity and good governance. In addition, the attainment of the development objectives must be predicated on the following, which are by no means exhaustive:

- ?? Mobilising domestic resources for development.
- ?? Improved and focused legal and regulatory framework to facilitate investment.
- ?? Continued focus on pro-poor policies, particularly equity in access to the factors of production-land, labour, knowledge and capital.
- ?? More focused and deliberate policy for an improved implementation of programmes supporting economic growth and development.
- ?? Implement the recommendations of the poverty reduction strategy²⁵.

In relation to the developmental goals for St. Vincent and the Grenadines, the Public Sector Investment Programme (PSIP) has been restructured to reflect the policies enunciated in the Medium Term Economic Strategy Paper 2002-2004 and recent Budget Addresses. Greater emphasis will be placed on achieving higher rates of implementation of the PSIP in order to build the necessary platform to facilitate private sector-led growth, while reducing the levels of poverty and improving the social infrastructure. In this regard proposed investment in the education and social sectors over the medium is expected to be 28.2 percent up from the 26.4 percent in the previous planning periods with the economic and other sectors accounting for the balance.

Whilst Chapter five (5) provides a detailed analysis of the components of the Poverty Reduction Strategy, it is clear that the effectiveness of the strategy is dependent on the sequencing and prioritization of poverty reducing programmes. More importantly, it is imperative that priorities must be established given the limited resources available. The National Consensus on the goals and priorities of the National Poverty Reduction

²⁴ Medium Term Economic Strategy Paper 2002-2004

²⁵ MTESP, Ibid, p 3-4

Strategy is based not only on the Government's vision and the outcome of consultations with civil society, but is also reflective of Government's commitment to regional and international targets in the area of social policy. Significant developmental targets include the Millennium Goal of halving World Poverty by 2015, the UNDP Development Goals, the OECS Development Strategy, the COTONOU Agreement and the Civil Society Charter. The Strategy also takes on board global objectives in key areas of development such as children, gender, human rights and security.

GOALS	PRIORITIES FOR IMPLEMENTATION
Good Governance	<ul style="list-style-type: none"> ❖ Constitutional reform ❖ Democratic local government ❖ Make government more responsive and accountable ❖ Consolidate and strengthen the independence of the judiciary ❖ Ensure equity in the legal system ❖ Participatory Democracy, free institutions and social justice ❖ Promote and enhance relationship between public, private and civil spheres
Economic Growth	<ul style="list-style-type: none"> ❖ Enhance stability of macroeconomic environment ❖ Examine and evaluate tax system ❖ Encourage Micro-enterprise development ❖ Link small business to Tourism ❖ Promote eco-tourism ❖ Develop manufacturing sector
GOALS	PRIORITIES FOR IMPLEMENTATION
Education For all	<ul style="list-style-type: none"> ❖ Phased Compulsory Education - legislation on Truancy ❖ Curriculum Reform ❖ Revision of Common Entrance Exam ❖ Abolition of School Leaving Examination ❖ Improve educational safety-nets for school drop-outs
Agriculture Diversification	<ul style="list-style-type: none"> ❖ Broaden agricultural base ❖ Improve efficiency of production ❖ Increase social, economic and technical support to banana farmers ❖ Enhance Agro-processing and product development ❖ Strengthen Capacity of Standards Bureau
Social Safety	<ul style="list-style-type: none"> ❖ Operationalize Crisis Centre ❖ Increase research into vulnerable groups: children, youth and the elderly ❖ Carry out manpower survey ❖ Improve crime detection and prevention ❖ Improve disaster management, minimize vulnerability

CHAPTER 5: COMPONENTS OF THE PROPOSED STRATEGIES

5.1. Policies to Stimulate Growth, Trade and Investment

Adequate and balanced economic and social policies are fundamental to the planning and implementation of appropriate measures that will significantly address those elements that keep a country and its communities impoverished. Effective strategic planning based on coherent economic and social policies, including an operative monitoring system will ensure a level of cohesiveness and decentralization which are critical to poverty alleviation measures. *The utilization of NESDC is an effective strategy for forging these linkages.*

There is a general consensus that poverty alleviation efforts necessitate action in three areas: **Opportunity, Security and Empowerment.** Traditionally policies relating to areas essential for development, have focussed primarily on macro economic growth. The proposed strategies extend the reach of policies that stimulate growth, trade and investment to include social and community development.

Opportunity refers to the adoption of policies to stimulate growth, trade and investment. It means developing policies and actions to expand poor people's assets, improving the quality of services, and implementing land reforms. Further, access to micro finance institutions and to information technology; simplified tax systems and other income generation/ collection systems; and streamlined bureaucratic procedures, can help to expand market opportunities for the poor. Since these factors are dependent on economic growth and income, *the government must aggressively strive to meet its objectives of economic growth and sustainability, fiscal stabilization, and job creation.*

Security involves policies and actions to prevent or pre-empt and to manage adverse situations that may affect life and livelihood of the poor, on international, regional and national levels. Such situations may range from international shocks to HIV/AIDS and other health campaigns. Security includes trading arrangements that will not adversely affect the lives and livelihood of struggling farmers and fisher folk, and will stimulate growth and trade in areas of agriculture and fishing among the rural under privileged. Security policies involve attention to the nation's human resource base by providing safety nets covering health, education, and shelter for poor persons, including and especially children. Security policies include the protection of indigenous biological resources from foreign pathogens.

Empowerment policies enhance the ability of persons, households and communities to share in decision-making in all spheres of life. It means the institution of democratic, participatory and decentralized mechanisms and legal systems that are responsive to the needs of poor people. In small scale economies such as SVG, including a broad base of persons in economic activity will positively stimulate growth and investment. The recent extensive public consultations prior to the presentation of the 2003 national budget was a significant exercise in democracy.

Within the context of the above strategic objectives, this I-PRSP proposes the institution of adequate economic and social policies that focus on the following components:

- a. Improving the Macroeconomic Environment
- b. More Equitable Income Distribution
- c. Human Development
- d. Improved social infrastructures and increased access to social services.
- e. Good Governance including Local Government

5.1. Policies To Stimulate Growth, Trade And Investment

5.1.1. Improving the Macroeconomic Environment

Given the inconsistencies and fluctuations reflected in the Economic Indicators, (Table 1) it is certain that St. Vincent and the Grenadines needs to revisit and to institute policies that will stimulate growth, trade and investment, and at the same time create a level of stability. Economic growth has significant impact on poverty. Therefore, the importance of good governance and a strong business environment cannot be underestimated in establishing levels of macroeconomic growth and stability.

The MTESP for 2002-04 emphasised the need for a stable macroeconomic environment. To this end, the Government is cognizant that specific monetary and fiscal policies will stimulate economic growth, trade and investment. As such, increased efforts will be placed in the development of capital markets, this will promote employment creation, economic growth and reduce levels of poverty. The objectives are to increase domestic savings, broadening the base of ownership of real and financial assets and ensuring that adequate amount of credit is available to the productive sectors at a competitive cost. Developing and implementing policies and programmes and enactment of the necessary legislations will facilitate further improvements in the macroeconomic environment.

In keeping with the objective of increasing the level of domestic savings and investment the Government recognises that the move towards liberalising and the onset of the Caribbean Single Market and Economy (CSME) and the Free Trade Areas of the Americas (FTAA) will result in reduced public finances, hence efforts will be made to widen the tax base and simplify the tax system to improve tax compliance through the introduction of a Value Added Tax (VAT) or vat type tax and further reduction in income tax rates. These measures will result in increased disposable income of consumers. Government is also stressing the need to rationalise capital and current expenditure. These expenditures will focus on poverty reduction, employment creation and upgrading the country's social and economic infrastructure.

In addition, this I-PRSP will examine other related strategies and suggest new approaches that the government needs to undertake in its efforts at poverty eradication. Such strategies to be undertaken are:

- ?? *Improved and integrated planning and coordination involving the public sector, private sector and the NGO community in its approach to macro-economic development.*
- ?? *Increased data collection capabilities and the level of research and development employed, utilized and disseminated by the Central Planning Division.*
- ?? *Globalism provides new threats and challenges of trade liberalization. Recent international shocks have impacted directly on SVG and other small state economies. SVG must develop strategic approaches, alignments and alliances to ensure maximum possible protections for the country. International policies - e.g. the lost banana preferential treatment, often have serious negative impact particularly on the most vulnerable – the poor.*
- ?? *The government of SVG must continue to actively encourage and support the widening, deepening and the creation of the single economic and social space by urgently promoting the concept of unity within the Organisation of Eastern Caribbean States.*
- ?? *Gender equity continues to be an issue with particular implications for poverty. Discussion on the macroeconomic environment must give consideration to gender issues as outlined in the following:*

Approximately thirty seven percent (37%) of Vincentians, a great number of whom are women, live in the deplorable conditions of poverty. These are located mostly in rural and slum areas. The gender disparities in economic power sharing are an important contributing factor to this poverty.

Changes in family structures due to migration, death and to a large extent divorce and separation place additional burdens on women especially those who must provide for several dependents.

Neutral Macro Economic Policies that focus extensively on the formal sector tend to impede the initiatives of women and fail to consider the differential impact on people - women and men. The lack of gender analysis to policies and programmes is disheartening. This analysis is critical to poverty reduction strategies. In order to reduce poverty and achieve sustainable development especially for any disadvantaged group, there must be full and equal participation by men and women in the formulation of macro-economic and social policies and strategies for the eradication of poverty.

Anti poverty programmes alone cannot readily reduce or eradicate poverty. Essential to the process is democratic participation and changes in economic structures. This will ensure access for men and women to resources, opportunities and public services.

5.1.2 Expanding and Diversifying the Sources of Economic Growth – including the Agriculture, Fisheries, and Tourism Sectors

Although essential, economic growth by itself is insufficient to properly address the reduction of poverty. Policies that create linkages and improved distribution of wealth become fundamental.

Growth in sectors where the poor operate will have a greater impact on reducing poverty than growth in other sectors. It is therefore critical to develop policies that promote greater linkages (forward and backward) between agriculture (including fishing), manufacture/processing and tourism. It is also essential to expand growth areas to include entrepreneurship, skilled labour and information technology.

The restructuring of the arrowroot industry is a good basis upon which the diversification thrust can take-off. The Ministry of Agriculture has developed a diversification and development package that is focused specifically on poverty alleviation. Components of this initiative may require legal frameworks and policies that will institutionalize co-operative mechanisms and institutional support in order to ensure successful development of programmes and strategies in agriculture, fisheries and tourism sectors. Reports of the PRTF Community Consultations further elaborated on the needs and suggestions of agricultural and fishery dependent communities. They also address strategies to support entrepreneurial development, and co-operative work. Good governance must ensure on-going improvement to enabling legislative and fiscal frameworks to develop these industries.

Recommendations made from the CDB March 4, 2002 Caribbean Private Sector Summit (representation from private and public sectors, labour and youth) included: “A re-examination of our export focus so that we produce items that are globally/internationally competitive. Conversely, we should abandon products and services that are non-competitive.”

Nevertheless we must develop mechanisms that will increase the local consumption of such items as fish.

5.1.3 Investment Promotion And Poverty Reduction

Despite reform efforts the performance of the productive sectors is not satisfactory.

In the area of manufacturing, the Government will encourage the promotion and development of small manufacturing and agro-based enterprises and facilitate the development of entrepreneurial skills.

Other specific activities to be pursued include:

- ?? Revision of fiscal incentives programmes to create a more attractive environment for investment.

- ?? Pursuance of a policy aimed at reducing the cost of investment.
- ?? Formulation of an Industrial Development Policy.
- ?? Assistance and support to the Development Corporation (DEVCO) in the finalisation of the Investment Code/Guide and other investment promotional materials, events/activities.
- ?? The further development of the SMEs sub-sector and the provision of technical support to the private sector.
- ?? Collaboration with the private sector through the Chamber of Industry and Commerce in developing and implementing training programmes.
- ?? Strengthening the role of the Embassies and Overseas Missions in promoting SVG as a place to do business and to invest.
- ?? Review of successful regional programmes such as JAMPRO, an investment promotion agency in Jamaica, for best practices as applicable to St. Vincent and the Grenadines.

5.1.4 Facilitating Credit and Support to Small Business and Micro-Enterprise

The government of St. Vincent and the Grenadines recognises the importance and potential of the micro and small business sector in promoting sustainable economic development - and by extension opportunities for poverty alleviation - and has declared its commitment to the creation of an enabling environment that would allow the sector to realise its potential.

In the absence of a universal definition of “micro” and “small” business, it is important to establish an appropriate working definition. The definition adopted by the Caribbean Technological and Consultancy Services (CTCS) of the Caribbean Development Bank, which is generally accepted in the region, is as follows:

- ?? **Micro-Enterprise** – is one which is owner managed with less than 5 employees and less than US \$25,000 investment in equipment
- ?? **Small Enterprise** – is one which has less than 25 employees; less than 4,000sq ft of manufacturing area; less than US\$50,000 investment in equipment; and less than US\$125,000 annual sales.

Credit facilitation to the micro and small enterprises (MSE) is critical to the creation of the enabling environment for the sector. Over the years the sector has been constrained by the lack of financial resources, since most micro and small enterprises usually have little or no access to concessionary and other appropriate financing mechanism. The stringent collateral requirements and credit terms of the traditional financial institutions like the commercial Banks makes it difficult for small businesses to acquire the capital resources necessary for starting and expanding their business. In response to these conditions of market failure, the government has established institutions such as the National Development Foundation (NDF), St Vincent and the Grenadines Development Bank and a special small business

window at the National Commercial Bank to provide on going financial assistance to the micro and small business sector.

The task ahead is therefore to maximise the macro-economic impact of these development institutions making them more responsive to the growing financial needs of the sector. To do so the following must be undertaken with a certain degree of urgency:

- ?? Greater rationalisation of the respective roles of financial institutions such as the Development Bank, the National Development Foundation and the National Commercial Bank. This would help to ensure that the delivery of credit to the targeted sector is carried out in a segmented yet orderly, well-defined and organised manner, reducing duplication while reaching a wider cross-section of micro and small business operators.
- ?? Strengthening of the institutional capacity of the Development Finance institutions like the NDF and the Development Bank to ensure that they exist on the cutting edge of information technology and possess the requisite human resource skills to supply the highest quality of financial service to the micro and small business sector.
- ?? Expand the range of financial services provided to the MSE sector to include other financial instruments such as credit guarantee schemes, equity and quasi-equity funding, etc. These alternative financial instruments will be critical to the financial needs of the MSE's that have good financial and economic potential but are undercapitalised and are unable to meet the stringent requirements of debt financing. The equity participatory approach will have the double effect of providing not only finance to the MSE's but much-needed technical and managerial expertise.
- ?? Further capitalisation of the SVG Development Bank so that it can meet the current demand for small business loans and other credit facilitation services. This process of enhanced capitalisation of the Bank would also help the institution to become a full-fledged investment Bank catering to the long term financial needs of the sector.

In recent times some Credit Unions have also extended their range of services and portfolios to include small business loans for their membership. There is growing recognition among the multilateral lending agencies of the social networking significance of these institutions and their potential and capacity for generating economic activity and self-employment.

Hence institutions such as the Caribbean Development Bank have provided funding through the Government of SVG for lending to credit union organizations so that they can provide sub-loans to their members for business purposes. More recently, the

UNDP with funding from Canadian International Development Agency (CIDA) has made available to the St. Vincent and the Grenadines Teachers Credit Union a facility referred to as “Micro-Start”, designed to provide soft credit to their members for the start or expansion of micro and small businesses. This is to facilitate those members who would otherwise find it extremely difficult to access funding from mainstream credit institutions in the Country. The project is to be piloted in St. Vincent and The Grenadines, and if successful is expected to be replicated among other non-governmental and private sector organisations in other territories of the OECS sub-region.

Although the facilitation of credit is a critical and necessary component of the enabling environment for MSEs it certainly is not a sufficient condition for ensuring the long-term viability and sustainability of the sector. Equally important to the creation of a favourable environment is a whole range of developmental assistance services and supporting infrastructure. The Small Enterprise Development Unit (SEDU) was established by government to provide some of these critical support services to the MSE sector. Already the SEDU are providing assistance in areas such as:

- ?? The preparation of business plans for accessing loans and other forms of financing
- ?? Marketing plans and feasibility studies
- ?? Entrepreneurial training, technical advice and business counselling

At the macro level the SEDU is also playing a critical role in helping to devise a policy framework for the sector. In this regard it is currently undertaking a national micro and small enterprise survey to determine the precise needs of the sector and on this basis determine and recommend the requisite legislative and policy framework for the sector.

This I-PRSP recommends support of this initiative, and the utilization of findings in subsequent poverty-focused MSE activities.

5.1.5 Accessing Dead Capital; Rationalizing the Squatter situation

“Dead Capital” may be defined as land, property and other assets that are not properly titled and therefore cannot be utilized efficiently and effectively for capitalist development.

In St. Vincent and the Grenadines land is the foundation of national development. Its base is production, and as such ownership of land is equated to development, employment, wealth, income, status and political power. Due to a number of historical, economic and political reasons, a culture of land holding has grown up in St. Vincent, which fits the above definition of “Dead Capital” – land not properly

titel. This results in poor households occupying and owning property of varying sizes for which they do not have legal ownership.

The Micro-enterprise Consultation identified the following issues:

Dead Capital and Squatting affect the poor in the following ways:

1. Lack of Security of Tenure
2. Lack of title to occupied lands
3. They live in fear and are unwilling to carry out major improvements to their property
4. They cannot improve their residential development since they cannot get the necessary legal permits for development standards
5. Lack of access to critical physical infrastructure (electricity, water, roads)
6. Reduced property and rental values

Dead Capital also affects the following:

- i. Job Creation
- ii. Investment
- iii. Social Quality of life (Health, Education)
- iv. Small Business Development
- v. Sustainable Development
- vi. Government Projects – in acquisition of private land (Owners not found)
- vii. Competitiveness in agriculture and manufacturing.

The government of SVG must develop policies to regularize land holding in order to activate and stimulate this large amount of human and land resources now rendered non-productive and valueless. The very process of reacquisition of these lands should press the government into establishing strategic and effective policies of land use, management and distribution. Consequently, acquiring title to lands should enable persons to access credit for personal, entrepreneurial or commercial businesses, which would contribute to job creation, secured livelihood, and generally lift the standard of living for the poor.

5.1.6 Improved Income Distribution

SVG's per capita GDP at current market prices in 1999 has been relatively good. Yet the figures show little comparative positive changes in poverty reduction. Continued poor distribution of wealth creates disparities, by which according to the old adage: "The rich get richer and the poor poorer". The notion of unequal distribution of wealth and power was re-echoed at the Marriaqua Consultation with such remarks as "As long as there exists a system where capital exploits labour there will always be poverty."

Progressive and equitable access and distributional changes will impact significantly on the poor. The question has been posed as to the realistic expectation of fair distribution locally in a context of unequal international distribution of power. With this comes unfair trade arrangements and foreign-ownership of land and businesses in St. Vincent and the Grenadines all of which can impact negatively on the poor. Policies that improve the distribution of income and assets must form essential elements of a country's poverty reduction strategy and will include:

- ❖ Land tenure reform - which will deal with access and ownership of land.
- ❖ More efficient and accurate pro-poor public expenditure – that will include the development of social capital as well as economic growth.
- ❖ Measures to increase access to financial markets
- ❖ Fair and equitable employment recruitment and income-generating practices
- ❖ Continuous education – including compulsory education, and particularly education that is relevant to the present development.

Recommended is a Pro-poor Budget Assessment that will examine the allocation of funds. (See Pro Forma Tables 4,5,6)

5.1.7 Strengthening Natural Resource Management

Environmental sustainability is a critical component of poverty reduction strategies. This is because development aspirations cannot be realized outside of a healthy environment. Environmental degradation will ultimately result in increased hardship for all people and particularly the poor. Despite the progress made over the last decade in strengthening the policy and institutional arrangements for natural resource planning and management at the national and regional level, the environment in the region is still gravely at risk.

SVG must put in place policies that ensure close regional cooperation and collaboration in developing environmental policies. In addition, policies that support education, sensitisation and strict enforcement of environmental contraventions need to be urgently effected. Such policies will include land and sand use management; solid waste management; “cleaner and more energy efficient and environmentally desirable technologies, systems and methods”. All sectors of civil society must be involved in the understanding and fulfilment of their responsibilities in maintaining environmental quality and sustainability.

5.1.8 Strengthening Rural Development

Given the established recognition that the poor are generally found in rural areas, development of these areas is of particular concern.

Rural Development in SVG is equally filled with opportunities for growth and with challenges. Opportunities for agriculture may be found in the extreme fertility of the soil and the richness of other natural resources. Cultural and social bonds still prevail in many communities; this fosters cooperation in rural developmental programmes and projects. Challenges are presented by the sloping terrain and other physical land formation in accessing roads, electricity, water and waste disposal. International Trade and Environmental agreements and standards e.g. the “European Good Agriculture Practice” (EUREGAP) as espoused by the developed countries; phytosanitary issues and ISO standards are trade barriers to rural investment and development by poor farmers.

PR Community Consultations, substantiated by The Ministry of Agriculture, identified the following issues and challenges found specifically in rural areas:

- ¤¤ Aging farm population*
- ¤¤ Small size of farms, many of which are located on marginal lands*
- ¤¤ The reduction of the level of financing from traditional sources*
- ¤¤ Lack of physical infrastructure due to small size of plots (roads and bridges, drainage and irrigation, hillside terracing, sea defences, food storage, cool storage and other post-harvest facilities)*
- ¤¤ High incidence of crop thefts from field. This is probably the largest category of crop loss for non-traditional high value crops, especially for vegetables and root crops.*
- ¤¤ Land degradation*
- ¤¤ Lack of application of the most appropriate technology in farming system*
- ¤¤ Heavy concentration in a small number of products*
- ¤¤ Continued dominance of bananas in the economy –and the current fallout due to globalization policies*
- ¤¤ Labour – availability, cost and productivity*
- ¤¤ Little access to credit and micro-enterprise financing*
- ¤¤ Lack of information*

In addition issues of negative attitudes and prevalent myths with regards to rural areas, agriculture and fishing occupations are proving to be debilitating. No longer do the younger generations want to farm (except, perhaps, in marijuana) or to fish, as these are seen as inferior and demeaning occupations.

Policies for the strengthening of rural development need

- ¤¤ To remove constraints to issues outlined above – access to land, credit, and infrastructural services;*
- ¤¤ To provide support and incentives to both the private sector, to entrepreneurs, and small businesses to set up appropriate equipment, machinery and facilities to raise the levels of productivity. For example, cold storage facilities, and sheds to avoid working in sand for fishing communities.*

- ¤¤ To institutionalize and support co-operative measures and approaches*
- ¤¤ To institute mechanisms to ensure equity in all sectors*
- ¤¤ To institute Research and Development policies that will examine the impact of agricultural and environmental trade agreements and standards on Caribbean countries that may unfairly affect the poor.*
- ¤¤ To establish policies that will institute continuous public education and dissemination of information in an effort to remove negative stereotyping and to develop a positive appreciation of the wealth of the rural areas.*

5.1.9 Strengthening Capacity for Improved Data Generation, and Analysis; and Policy/Programme Development and Execution

Data collection and management in SVG need to be improved: Policies and programs must be guided by accurate and objective data. It is imperative that systems be in place to increase and ensure sound capacity for improved data generation and analysis.

Policy Development: Many good policies and programmes exist where potential is minimized through lack of enforcement and/or implementation. Systems therefore need to be in place that will ensure appropriate review, enforcement, and execution of policies and programs that have been established for the reduction and alleviation of poverty in St. Vincent and the Grenadines. In addition, it is important to establish mechanisms for inter-sectoral linkages and co-ordination in the implementation of these policies and programmes.

It is recommended that a Monitoring and Coordinating Unit be established in order to operationalize the recommendations of the I-PRSP and to develop the parameters of actions that would comprise the full PRSP that should be completed by 2004.

5.2. Increasing/Generating Employment Opportunities

Significant correlations have been clearly established between unemployment, underemployment, poverty and crime in the Caribbean region. Therefore increasing, generating and sustaining employment opportunities are crucial to poverty reduction. The plea for employment opportunities was loudly expressed during the consultations. Following are some of the recorded remarks:

- ? ? Job security is fundamental to dealing with poverty
- ? ? Provision of jobs through the utilization of local products
- ? ? Increase wages
- ? ? Job creation for the unemployed
- ? ? Need to certificate people in their area of competence
- ? ? Need to develop marketing skills in more persons

Also expressed was the admonition that job-creation strategies and programs must also deal with effecting worker attitudinal change and social responsibility, through support, training and public education.

Job creation continues to be high on the agenda of the present government, especially among the 16 –25 year olds. The Youth Employment Services (YES) program that finds short-term employment in the public sector for young people is commendable. However, the participants in the programme ought to undergo a period of training before entering the workplace. Poor attitudes and work ethics are prevalent among old and young. It is vitally important to turn things around with this generation in effecting worker attitudinal change and social responsibility. The YES program provides the ideal opportunity to foster and encourage positive and productive attitudes and ethics.

The government will continue in its task to ensure the generation of quality jobs through private sector incentives, capital projects and other means for current job seekers, and future entrants into the labour market. At the same time, the entrepreneurial spirit must be fostered. Concurrently, *efforts must continue in reforming the education system to produce graduates with the competences and skills required in an increasingly knowledge-based economy of global competitiveness.*

The government must address the need to reform the structures and operations of the labour markets to allow for greater flexibility. Reliable labour market information is vital in this regard. **Urgent attention needs to be given to data collection and analysis.**

5.2.1. Supporting Job Creation in:

5.2.1.1 Tourism

The stated policy of Government is to fully exploit the potential of Tourism while maintaining the country's environmental integrity. The tourism industry is

expected to continue providing opportunities for expansion and economic growth in areas of job creation, foreign exchange generation, enhanced rural opportunities, increased tax revenues, and infrastructure investment.

This sector, considered the main stay of the economy, is the largest source of income in SVG. It has a pivotal role to play in economic growth by providing crosscutting opportunities of job creation in other sectors such as agriculture, fishing, manufacturing and processing. Strategies to strengthen these linkages will impact positively on the poor. Such strategies must have a strong component of skills development, training, support and dissemination of information.

One such proposed strategy is a “buy local” campaign with infrastructure links to micro-enterprise product development in fishing, agriculture and manufacturing in rural areas. (This may also reduce prices for home consumption. Presently, it costs less to buy a bag of imported corn curls than to purchase an orange.) ***Three other developmental strands will run concurrently (i) an aggressive private sector driven marketing and promotion program, with a view to promoting a distinctive Vincentian destination; (ii) human resource development with training in specific programmes and activities e.g. service; (iii) public education programs and training in and out of school on tourism awareness, hospitality, service, and environmental protection.***

Such an approach will develop an inter-linked, inter-dependent approach to development that will help to reduce the existing fragmentation that can be counter-productive, and increases the vulnerability of the poor.

5.2.1.2 Agriculture

Agriculture continues to be a main stay of economic growth in St. Vincent and the Grenadines. The Ministry of Agriculture has developed a program of diversification with a vision of supporting start up and sustainability. One of its important features is a focus on households. Approaching poverty reduction on a household basis may have a more sustained effect. Doing so by developing systems of information, education, technical training, and start-up supplies directly to the household.

Successful micro-enterprise Agricultural efforts require organization and co-operation. Increased efforts and support in employing the cooperative approach to job creation in Agriculture must be utilized. The Private Sector need also to be involved in the creation of jobs in sectors of agriculture, fishing and tourism.

Strategies to increase livelihood security and to generate jobs include:

❖ Improved accessibility and expansion of land to farmers

- ¤¤ Introduction of new and improved technology to make farming more attractive to young farmers.*
- ¤¤ Provision of technical support, training and orientation programmes.*
- ¤¤ Provision of credit for non-banana farmers*
- ¤¤ Introduction of compulsory registration of farmers and marketers to obtain organized marketing systems and to reduce the incidents of praedial larceny.*
- ¤¤ Reduce importation of food.*
- ¤¤ Increased production in and export of non-banana agricultural produce, marine products, and the deepening link between domestic agriculture, Tourism sector and domestic consumption.*
- ¤¤ Implementation of soil and water conservation measures, and management of marine resources*
- ¤¤ Establish and support co-operatives*

5.2.1.3 Micro-enterprise and the Informal Sector

i. Micro-Enterprise

Current levels of unemployment, particularly among the youth, and the slowdown in private enterprise jobs, suggest an urgent need for the development of entrepreneurial activity and small business expansion. There is an urgent need to invest public funds in this area with a view to making a positive difference in the lives of the poor. The process will require a great deal of human resources training and support. *Two recommendations are suggested for this MSE area:*

- ? ? Collaboration with SEDU on their current Needs Assessment and their related Legislative Framework Assessment of the MSE sector;*
- ? ? Design and develop a micro enterprise community Pilot Project for early implementation - working in collaboration with the Ministry of Agriculture.*

ii The Informal Sector: St.Vincent & the Grenadines

The Informal Sector describes economic activity that takes place outside the formal norms of economic transactions established by the State but which in itself is not illegal. Generally, it refers to small or micro-business resulting from individual or family self-employment; It includes the production and exchange of legal goods that involves the lack of appropriate business permits, failure to report tax liability and non-compliance with labour regulations.

For the purposes of National Insurance this is the category of persons who are currently employed and can contribute but who opt not to. Since the Scheme is a contributory pension plan, it means that those individuals would not be eligible for any benefits (including pensions). In essence there is no retirement for these

individuals and they are not covered (by the NIS at least) for eventualities such as sickness and/or employment injury etc.

It is estimated that there are 35,150 persons employed at the end of the year 2000, with approximately 6,450 persons working in the Informal Sector. This represents 18% of the employed population and 12% of the labour force. A breakdown of the informal section is shown in Table 5.

Table 5: Categories of Persons in the Informal Sector

Categories	Number
Fishing	463
Higgler/Huckster	500
Own Account Small Farmers	5,000
Vendors	150
Tour-Guides	171
Other	166
Total	6,450

N.B: The above figures should only be used as a guide

For a country with a population of 110,000 these figures (approximates) are significant. They speak to needs of accessing finance; organizing and education; ‘capitalizing’ on the existing entrepreneurial spirit and the nation’s indigenous resources. There seems to be an obvious correlation between the current high unemployment and the increased activity in the Informal Sector. ***Poverty Reduction strategies need to focus on the Micro enterprise and informal sectors of the country providing financial, business and educational support. Understanding the current efforts in these areas is necessary to developing strategies. Hence the need for further research on the informal sector.***

5.3 Greater and better investments in Human Capital

Strategies to address the issue of Reduced Social/Human Capital and Social Exclusion must be aligned with strategies for economic growth and job creation. Such strategies include the following components which are underpinning factors in the entire development of the I-PRSP:

- ? ? **Greater and better investment in Human Capital**
- ? ? **Promoting public participation**
- ? ? **Community Empowerment**
- ? ? **Strengthening Social protection for specific groups**
- ? ? **Promotion and strengthening of Social Capital**
- ? ? **Improving social responsibility**
- ? ? **Promoting gender equity**

The overarching premise from which we move is that the development of the human resource base in SVG constitutes a critical factor in the entire poverty reduction process. Therefore all the strategies presented imply an investment in building human capacity. In principle, ***programmes should be targeted at the rural areas and include the communities affected by the banana fallout, as well as specific urban areas identified as poor.***

5.3.1 Education

The Government of SVG recognises that education is central to development – and subsequently to poverty reduction. The link works as a preventive measure and as an escape mechanism. Thus high priority is to be given to education in the Medium Term in order to achieve the goal of providing every citizen with quality education. The policy – according to the MTESP 2002 – 2004 , is “to develop the human resources to respond effectively to national development needs.” The needs to be addressed over the period are:

- ? ? Access
- ? ? Quality
- ? ? Relevance
- ? ? Institutional Strengthening
- ? ? Provision of basic skills

A nationwide early childhood development programme will be established and should be linked to nutritional programmes for children. ***Compulsory Education is essential as issues of child labour and truancy continue.*** Secondary school education will be made more accessible to a greater number of children. ***The issue of limited enrolment to secondary education due to both space and achievement has to be addressed urgently.*** The Technical and Vocational component of education will continue to be reformed and upgraded. ***The Adult Education Unit must devise creative means to enable adults to access continued education in light of the low level of educational attainment among the poor.***

The Education Sector Strategic Plan addresses issues such as quality of education, access to education and the development of an appropriate framework for educational development nationally in the context of a radically changed economic and social climate. It is expected that there will be greater partnership between the Government, civil society and the private sector. It is also expected that the issue of poverty reduction will be employed as an educational goal.

In the short to medium term pre-school, adult, and technical/vocational training programmes by private and public sector agencies will become significant components of the education strategy.

Institutional strengthening of the Ministry of Education needs to take place to enable it to strengthen its project design and monitoring capacity in relation to poverty reduction projects

The following strategic programmes are therefore recommended:

(a) Strengthening the Pre-School System: Approximately 70% of all children are not receiving any form of pre-primary education. A programme to expand access of children in the rural areas to pre-school education should be developed. This will also include addressing the issues with respect to the quality of pre-school education as well as the provision of pre-primary education to the physically and mentally challenged.

Critical Actors: These programmes will involve the Task Force for Early Childhood Development, the Private Sector, The Ministry of Education and Civil Society.

(b) Providing Adult Education Programmes: The farmers and communities affected by the restructuring of the banana industry need to be trained or retrained in basic skills including programmes of economic and trade literacy. Other Adult Education Programmes in the areas of **basic literacy and numeracy** will also need to be provided in rural and urban communities.

Critical Actors: The Ministry of Education, the Ministry of Agriculture, the Ministry of Social Development, the BGA, the Ministry of Health, The Ministry of Trade, SEDU, the Private Sector, Civil Society.

(c) Providing support to compulsory Education Strategies: Compulsory education will impact poverty reduction. Compulsory Education strategies will need to continue to be augmented by such social support programmes as Book Lending Schemes, provision of school uniforms, subsidised transportation and school feeding programmes as well as Community Education Programmes.

Explore possibilities of a phased in approach to Compulsory Education e.g. Compulsory Education to Grade 6 by September 2002; to Age 16 years by 2004.

Critical Actors: The Ministry of Education, Teachers' Union, Ministry of Transport Works and Housing, Ministry of Health, the Private and Civic Sectors.

(e) Providing Technical and Vocational training for youth: A programme of skills training for youth that have not completed primary school must to be implemented. The present system of technical and vocational training does not adequately target these persons. The expansion of the existing YES programme could be considered in this regard.

Critical Actors: The Ministry of Education, the Ministry of Agriculture, the Ministry of Social Development, the Ministry of Labour, the Private Sector, Civil Society and BNTF.

(f) Agricultural Science Programmes in Schools: Through this programme young people in schools can be exposed to agriculture and marketing issues. The objective of the programme would be to equip students with technological skills and practice to meet the challenges of diversification. This can also be linked to the school feeding programme, the home farm management programme as well as any employment programme developed for rural youth.

Critical Actors: The Ministry of Education, the Ministry of Health, Private Sector, Civil Society and The Ministry of Agriculture, Lands and Fisheries.

Education: An additional perspective:

Education is fundamental to development. The lack of participation and attainment are basic social indicators of poverty. Education is broad and complex and touches every facet of a person's life and livelihood. The present administration in its first year in office has had commendable accomplishments, however, challenges remain. The three Poverty Reduction consultations held in St Vincent and the Grenadines concluded that education provides key solutions to poverty alleviation. The following are some quotes:

Educational Solutions:

(From the report of the Marriaqua Consultation- February 2002)

- ? ? Need to make the school environment more conducive to learning – **need for compulsory education was repeatedly reinforced.**
- ? ? Need for Secondary Education for all primary students
- ? ? Change teaching strategies to motivate students
- ? ? Massive programme of adult education utilizing schools/ make full use of schools in the evenings/vacation periods.
- ? ? Systems of certification through a course of study
- ? ? Education in its widest senses need for massive education. Issues – trust, confidentiality
- ? ? Need to invest in our children in areas relevant to our needs for example in Computerization.
- ? ? Widen the educational opportunities

Hence, new and systematic approaches may need to be considered in addition to existing programmes. It may be therefore helpful to look at CY Thomas' perspective.

Thomas attests that indicators show striking improvements in education in SVG: Public expenditure is reasonably good; staff pupils' ratios are satisfactory, and the gross combined enrolment in primary, second and tertiary education is 68%.²⁶

Thomas continues by outlining continuing challenges found in the SVG Education system.

Figure 1: Other Social Challenges to Education identified by CY Thomas²⁷

Other Social Challenges	
<i>II: Education</i>	
?? Staffing shortages and related issues of pay and conditions of service.	
?? Curricula reform as a priority, due to the impact of globalization.	
?? Low school achievement as reflected in high non-completion/drop-out and repetition rates, and poor examination performance.	
?? Pressures to maintain and improve school quality.	
?? Issues related to "special needs" education.	
?? Marked gender disparities in performance in schools. With girls outperforming boys by a very wide margin.	
?? Detailed surveys suggest unequal access to educational opportunities.	
?? Pressure to improve linkages between education and education related services, such as transportation, nutrition and health itself.	
?? Urgency to modernize and streamline the Ministry of Education in light of the central role it has to play if the country adopts a more holistic vision of human resource development to replace traditional views of education.	
?? Lack of sustained linkages between education, research and the active pursuit of a "culture of excellence".	
?? The outflow of skilled/trained educators	

Further discussion of this sector must take place and decisions made as to other programmes that may address the gaps identified.

5.3.2 Health

The goals of the strategies of this component are: Promoting Healthy Lifestyles, Effective Family Planning, the reduction in HIV/AIDS and in drug abuse.

The healthy lifestyles component of the proposed strategy will need to address the growing problem of major causes of death such as diabetes, hypertension, obesity and STD's. These causes of death has been directly linked to poor diet, unhealthy lifestyles and the inability to seek medical attention. Whereas infant mortality has apparently

²⁶ Thomas, Ibid, p.6

²⁷ Ibid, p.8

decreased low birth weight has increased. This data has been generally related to poverty in particular families resulting from the mother's lack of adequate nutrition.

Family Planning and the reduction in the rate of HIV/AIDS infection are somewhat linked and require similar strategies. The Ministry of Health has launched a major multisectoral programme to comprehensively address HIV/AIDS. To support this programme, the poverty reduction strategy should focus on strengthening of some existing programmes and introduction of others.

The following programmes are recommended:

- a) **Strengthening of the Nutrition Support Programme.** This programme targets Pre Schools, Primary Schools and Pregnant and lactating mothers. The programme should be extended to include Gerians and vulnerable high risks groups such as Diabetics, Hypertensives and HIV/AIDS PLWA. The emphasis should not only be on nutrition supplementation but also on Nutrition Education and Support skills, e.g. gardening, farming and food preparation.
Critical Actors: The Ministry of Health and the Environment, Ministry of Education, Ministry of Agriculture, Ministry of Social Development, the Private Sector and Civil Society.
- b) **The development of a Drug Demand Reduction Programme to include Drug Detoxification and Drug Rehabilitation.** This is proposed by the Ministry of Health and the Environment. The Anti Drug Plan 2002 – 2007 has been completed. This activity will need the support of all key actors locally, regionally and internationally as drug abuse is a serious problem which is contributing substantially to the deterioration of the human resource base of the society.
Critical Actors: The Ministry of Health, the Ministry of National Security, the Ministry of Education, the Ministry of Social Development, NGO's the Private Sector, Civil Society.
- c) **Continuation of HIV/AIDS Prevention Programme**
This Programme is a relatively new one. The programme needs strengthening to focus on all strategies identified. Of concern however is the strategy whereby care, support and treatment for PLWA and their families are highlighted. The priority areas for the poor are Social Assistance to needy HIV/AIDS/PLWAs including orphans and the provision of antiretroviral drugs. Health Education and Health Promotion are also strategies to be strengthened.
Critical Actors: The Ministry of health, Ministry of Education, Ministry of Social Development, the private sector, Civil society.
- (d) **There is need to institutionalize Counselling Programmes in all sectors, Health, Education and Social Development.** The data indicates that many

health problems are lifestyle related stemming most often from poor value systems and inability to cope and resolve stressful situations. Counselling programmes in educational, health care and other large institutions will help to shape the behavioural patterns of the society.

Critical Actors: Ministry of Education, Ministry of Health and Environment, Ministry of Social Development and Ministry of Labour.

- (e) **Environmental Health needs to be strengthened.** Much work has been done in Environmental Health over the past twenty years but there is still more to be done. There is need for more house connections to water, garbage collection needs to be extended. Composting needs to be strengthened and community incinerators need to be built.
Critical Actors: The Ministry of Health and the Environment and Ministry of Social Development
- (f) **Continuing Strengthening of all other programmes,** that is Family Planning, Maternal and Child Health and others, to continually improve the health status of the society as an unhealthy society is generally a precursor to poverty. Outcomes of a successful Immunization Coverage indicate that by 2002 SVG had achieved 100% coverage re DPT, Polio, BCG: with 95% re MMR of under one year old. The programme – with boosters – goes to the end of primary and secondary school. Under nutrition and infant deaths have over the past five years decreased, by targeting vulnerable groups and focusing on nutrition. These activities need to be strengthened and reinforced.
Critical Actors: Ministry of Health and the Environment and Ministry of Education.
- (g) **There is need to urgently address the implementation of the National Health Insurance Programme.** Health Care is heavily subsidized by Government but costs are escalating at an alarming rate. The Public Health System must be strengthened and opportunities must be created to help more needy persons with care for catastrophic health conditions. A National Health Insurance programme will provide a safety net for the poor who cannot pay for high priced health care.
Critical Actors: The Ministry of Finance and Planning, Ministry of Health and the Environment, Ministry of Social Development and the Ministry of Labour.

5.3.3 Social Service Delivery – Capacity Building

This component of the strategy seeks to develop the capacity of the various agencies involved in social service delivery. This would enable them to be able to identify strategic programmes in the development of human/social capital. Powerlessness, voicelessness, fear and lack of self-esteem have been identified as causes or indicators of poverty. Professional and caring services provided to the vulnerable will have some impact on these characteristics.

A vital element of this component is the institutional strengthening of the Ministry of Social Development. In order for this Ministry to develop policies, plan, coordinate and implement social development programmes which will impact on poverty, its project development and programme planning capacities need improvement. A second element is the **strengthening of non-governmental organizations and community based organizations** to carry out their roles at the community level.

Recommendation:

Institutional Strengthening of The Ministry of Social Development. This will involve the provision of training to existing staff as well as the recruitment of new staff. Areas of training should focus on project identification, social planning, programme development, project formulation, monitoring and evaluation. There should also be an emphasis on the new thrust towards private sector/public sector collaboration as well as inter-ministerial collaboration in the delivery of services. **The Non-Governmental Agencies and Community Based Organizations** should also benefit from training in similar areas to strengthen their service delivery.

Critical Actors: The Ministry of Social Development, the Ministry of Finance and Planning, NGOs, CBOs and Civil Society.

5.3.4 Social Protection and Coping Strategies

An important element of the strategy relates to those measures that must be put in place to improve the coping strategies of the poor. Existing safety nets must be kept in place and improved upon by providing adequate resources and targeting more directly those in need of this assistance.

Recommendations

(a) **Development of an expanded Basic Needs Programme:** At present the Ministry of Social Development provides limited social protection through the delivery of emergency support to the needy. This component involves the development of an expanded basic needs programme which would strengthen the capacity of the poor communities and individuals to improve their livelihood. This would include the development of labour intensive public works projects to provide employment to the poor in the short to medium term.

Critical Actors: The Ministry of Social Development, The Ministry of Transport Works and Housing, CBOs, Civil Society.

(b) Development of a programme to prevent and address domestic violence: Increased poverty causes domestic stresses, which result in some cases of domestic violence. This programme would address such violence. It would include educational programmes, improvement in foster care and the provision of some Half-Way House as a shelter for persons affected by domestic violence.

Critical Actors: Ministry of Social Development, NGO's, Ministry of Health, Police Department, National Council of Women, Ministry of Education.

(c) Development of non-contributory Pension Programmes for the Elderly:

A Pension programme, which should be supported, is being implemented by the NIS for elderly banana farmers. At present there is limited non-contributory pension. There needs to be an expansion of the programme to take into account the informal sector and those other categories of workers who have no pension at present. The issues of eligibility of various categories of workers vis-à-vis others would of course need to be resolved.²⁸

Critical Actors: The NIS, the Ministry of Finance and Planning, the Ministry of Social Development, the Private Sector and Civil Society.

5.3.5 Agriculture

It has been established that the intensity of poverty is greater in rural areas and the current economic climate indicates that this will increase. Support to the agricultural diversification process must be encouraged to combat this.

An important element of this thrust will be the development of programmes to combat praedial larceny. Also, land tenure practices will need to be restructured to enable greater access to land, especially state owned lands and mechanisms will have to be developed to enable farmers to use lands to obtain credit.

Other programmes to be addressed will be the development of a public education programme for economic and trade literacy to enable farmers to take advantage of business opportunities in the global market place, and the restructuring in the short to medium term of the agricultural extension services to enable them to service the demands of agriculture in the context of free trade²⁹.

The following Programmes are recommended (See also Section 5.2.1.2):

(a) Land Tenure Education Programmes: This would involve the development of community development programmes, which commence the discussion of the

²⁸ Dunstan Campbell "Windward Island Banana Farmers Livelihood Study" (2001) pg.58

²⁹ Campbell, (2001) ibid, pg. 63

issues relating to access to land. It would necessarily also involve community education around such issues as family land and accessing dead capital. The development of proposals for a restructured land tenure system should emerge.

Critical Actors: The Ministry of Social Development, The Ministry of Agriculture, the Ministry of Legal Affairs and Civil Society.

(b) Programmes to address Praedial Larceny:

- i. Community education programmes targeting praedial larceny would need to be developed to address this pervasive problem. This would be linked to legal action as well as other measures.
- ii. One suggestion coming out of the Community Meetings was a programme for the registration of farm animals, as a measure to combat livestock stealing.

Critical Actors: The Ministry of Social Development, The Ministry of Agriculture, the Police Department, the Ministry of Legal Affairs, Farmers and Civil Society.

(c) Restructuring Extension Services: It has been stated that the present extension services in the Ministry of Agriculture are not well adapted to a market based production system. They are not structured to deal with commercial production and need to change to performance-oriented approaches. The proposed programme would address institutional restructuring in the Ministry of Agriculture to retrain and reorganize extension services to develop a new service oriented version.

Critical Actors: The Ministry of Agriculture, Lands and Fisheries and the Private Sector.

5.3.6 Children

Children provide a cross cutting component of sectoral strategies to poverty reduction. They are to be included among the most vulnerable. If every child receives proper care in a caring environment, quality education with good learning outcomes, good nutrition, protection and safety, the impact on national poverty levels would be significant.

Further, greater and better investment in human/social capital has been identified as a solution to poverty in St. Vincent and the Grenadines. Correlations between poverty and low educational achievement and attainment have been clearly recognized in the development of the SVG Interim Poverty Reduction Strategy Paper. The cyclical nature of poverty has also been seen as having serious impact on chronic poverty. For example, the lower the parental education the greater the risk of the household falling below the poverty line.

The government recognizes that its war on poverty has to be fought on several levels including directly with families and households. Coming out of this, a strategy of working directly with children is seen as critical in addressing issues of education and other causes of poverty in the development of human and social capital.

A programme with a focus on young children will also attempt to break those cycles of poverty that keep generations perennially under the line of acceptable standards of living. Generally, children of poor families are found to be at risk in terms of low achievement in school; inadequate safety and care at home; poor self-esteem; and without the social support systems that contribute to a healthy up-bringing and productive outcomes.

The proposed Child Development Project is designed to increase the child's – and consequently the family's – chances of escaping poverty. Children can be helped/enlisted to join the fight against poverty. Naming the programme Children Against Poverty may itself be a strategy for children to understand at an early age that poverty can be beaten, and that it takes determined wills and conscious behaviours and activities to do so.

A Programme in Child Development is recommended. Child Development Programmes should be established in communities, housed in modern, comfortable learning centres and staffed with trained and caring personnel. Programmes will be established to develop healthy socialised skills and attitudes. Community adults will be encouraged to relate to the children in appropriate programs of mentoring, helping with schoolwork, job shadowing or simply being a friend. It is recommended that this programme be developed as an immediate Pilot Project. An additional concern has been expressed in terms of children of Public Servants. Although not entirely poverty-focused, attention should be given to programmes that would prevent after school idleness or inappropriate past times, and promote healthy attitudes and inter relations among the youth.

Critical Actors: Ministry of Social Development, Community Churches and other NGO's, Ministry of Health, Ministry of Education and the Private Sector.

Following on an early Draft of this IPRSP, a programme – entitled Children Against Poverty - was successfully piloted in July/August 2002. This programme now forms part of the Ministry of Social Development's annual work plan.

5.3.7 Youth - Greater and Better Investment in Human Capital

Poverty reduction strategies have often been broad-based, propelled mainly by the political need to address the symptoms rather than the root causes. In this context, the peculiar effects of poverty on young persons must be weighed and weighted. A cursory analysis of the poverty dynamic suggests that any approach to impact its cyclical and intractable nature requires a deliberate focus on young persons. Thus, the poverty

reduction strategy must systematically target the youth in order to guarantee an enhancement of the social and economic status of the population as a whole over time.

Challenges faced by the youth population:

- ❖ High level of dropouts from the school system with consequent inadequate preparation for productive participation in the national and regional economy.
- ❖ Lack of relevant technical skills for gainful employment
- ❖ Lack of entrepreneurial skills for the mobilization of personal initiatives towards self employment
- ❖ Absence of a supportive social and economic infrastructure
- ❖ De-motivation, low self esteem, and poor self concept among youth
- ❖ Weak family support structure
- ❖ Limited incentives as evidenced in poor wages and working conditions for the young employed
- ❖ Limited understanding of social responsibility
- ❖ Significant prevalence of HIV/AIDS, drug abuse, and crime.

The outlined poverty reduction strategy already indicates the need to adjust the education and training process so that it better prepares the youth for work and responsible citizenship in the face of a rapidly changing global environment. Moreover, the challenges cited demand holistic and concerted efforts to address them. The following broad strategies are therefore recommended:

- ❖ Adult/literacy education
- ❖ Greater emphasis on Tech/vocational education
- ❖ Parenting Programmes
- ❖ Social Skills programmes
- ❖ Strengthening of youth groups and youth NGOs

Youth Unemployment: A Key Concern

For many young persons, inability for meaningful engagement in socially and economically productive activities is a key limiting factor to the attainment of economic independence. Thus, the core problem confronting the youth is their limited participation in economic activities. Significant numbers, particularly among the males, turn to illegal activities as quick fixes to economic “freedom”.

The population of St. Vincent and the Grenadines is approximately 111,000. Of this figure, the youth population, defined as the total number of persons between 15-30, accounts for about 30% of the population. The challenge for poverty reduction and the need to increase youth participation becomes apparent upon examination of youth unemployment.

YOUTH EMPLOYMENT SITUATION - 1999

Population (mid-year)	Youth Population %	Unemployment Overall Population	Rate % Youth Population
107,400	36% 38,664	20%	25%

Source: Statistical Office, SVG

The consequences of such low levels of employment are reflected in the levels of poverty among youth, furthermore poverty itself has been known to force a high percentage of youth into the labour market at relatively early age, with the effect of increasing numbers of young persons, failing to complete their education prior to labour force market entry.

Recommended activities to strengthen capacity of youth to engage in economic development activities:

- (1) ***Enhance youth entrepreneurship skills***
- (2) ***Increase opportunities for technical and vocational training***
- (3) ***Improve social skills***
- (4) ***Improve access to credit***
- (5) ***Improve access to technology and information***

5.3.8 Other Related Issues

- ?? Gender Issues
- ?? Sports
- ?? Cultural Development
- ?? Worker Values and Attitudes
- ?? Drug Abuse

The above cross cutting issues have been identified by the PRTF and the Community Consultations as issues that have significant bearing on poverty and poverty alleviation.

It is recommended that appropriate programs be developed or supported in these areas, with specific attention to inter-linkages and collaboration between the public, private and civic sectors, which are already involved in the areas.

5.4. Improving Social and Physical Infrastructure

The SVG Government recognises the need to ensure adequate provision of social and economic infrastructure both to complement private sector led development and to attain national development objectives. The Basic Needs Trust Fund has begun work in these areas, increased collaboration with National Poverty Reduction Strategies will increase and enhance the outcomes.

5.4.1 Refocusing Public Expenditure

The 2002-04 Medium Term strategy paper records that Government's policy with regard to the Public Sector Investment Programme is to "achieve greater efficiency in the country's economic and social development goals". To achieve this, the focus will be on the provision of adequate socio-economic infrastructure and poverty eradication.

The social sector's share of the capital budget has increased sharply over the five (5) year period 1997 – 2001 as shown in the table below.

Table 6: Capital expenditure - Social sector 1997 – 2001

	1997	1998	1999	2000	2001
% PSIP	14	15	17	25	32
EC \$m	9.4	15.4	8	9.12	11.23

This shift in the focus of expenditure in favour of the social sector is a reflection of the Government's recognition that investment in the social infrastructure is the best weapon against poverty; accordingly investment will continue in this area with funding from development partners, as well as reallocations within the budget.

5.4.2. Water, Sanitation and Electricity

Inadequate social infrastructure and the limited access to social services available to some segments of the population increase the incidence of poverty. It has also been established that equality in access to infrastructure services is important to stimulate economic growth and improve the assets of the poor.

While the basic infrastructure of water, electricity and sanitation already exist, there are still many areas without access to any or all of these services. Priorities include an efficient energy sector; rural electrification; repair and maintenance of the national road system; improved water supply and sanitation; better telecommunication, irrigation and drainage facilities; and improved transportation system. Improving the social and physical infrastructure as well as the access to these amenities are critical elements in the war against poverty.

Water and Sanitation

Every community must have access to potable water and adequate sanitation service, since an unsafe water supply and poor environmental health can jeopardise the population's health and negatively impact economic growth.

Although no study has been conducted between the water supply and gastrointestinal diseases in children, the Ministry of Health notes that children affected by this disease are fairly evenly distributed throughout the state and no particular source point is indicated.

With the completion of the Dalaway water supply project and the coming on stream of the Windward water supply project, it is recommended that the incidence of this disease be tracked over the next five (5) years to determine the relationship between safe water and gastrointestinal diseases in children.

The Government understands the link between solid waste disposal and poverty and has put measures in place to ensure that all communities on St.Vincent have access to this service. Efforts are being made to expand this service to the Grenadines over the next three (3) years.

Another issue for consideration is sewerage disposal. With the increase in squatter settlements and unplanned development, significant population groups remain without access to this most basic facility, a need that must be addressed in any poverty reduction strategy.

One of the problems in the water supply and sanitation sector is the tendency to work in isolation from other sectors as well as from the existing economic, political and social realities that exist. Since each aspect of the "poverty cycle" is both a cause and an effect, the population groups that are trapped will be unable to break free without an integration of all the services.

One strategy for poverty reduction is to improve the quality and coverage of the water supply and sanitation services over the next 5 years, but it is unlikely that this element alone will have the desired effect. Further, the provision of these services will not be sustainable in the long term under conditions of poverty, since households below the poverty line require that any available income be carefully spent. Nonetheless, this step will reduce the number of persons living below the poverty line when that measurement is based on access to basic services.

The CWSA must continue the thrust for improved, sustainable water supply and sanitation services while the activities in the other sectors of the economy that contribute to poverty reduction will themselves contribute to sustainability of sanitation and water supply services.

Electricity

Access to a reliable supply of electricity is another indicator of poverty levels. As with the water and sanitation services, Government is committed to ensuring that every household has access to this basic necessity and accordingly, the strategy is to extend the supply to every community. Recent initiatives in this area include subsidising the cost of accessing this service to homeowners, and financial outlays by the power company to assist micro entrepreneurs in remote areas to bring electricity to their businesses. Both initiatives will contribute to growth in the productive sector and should be encouraged.

The rural electrification programme is the main vehicle for extending electricity coverage but there is that need for an integrated approach to poverty reduction if maximum benefit is to be realised.

5.4.3 Transport

The transport sector consists of that mix of infrastructure and services that help a country to maximise its economic potential. Included in this mix for a multi Island State like SVG are roads, bridges, ferry berths and airports. Expenditure in the sector over the five (5) year period 1997 – 2001 is reflected in the following table.

Table 7: Capital expenditure - Transport Sector 1997 - 2001

	1997	1998	1999	2000	2001
% PSIP	71	40	25	25	31.1*
EC \$m	49	42.1	12.0	9.0	5.0*

* As at September 30, 2001

The Government's recognition of the significance of this sector is reflected in its share of the capital budget, never accounting for less than a quarter of the PSIP over the period under consideration.

The status of the sector is an indicator that impacts poverty levels. An efficient transport system contributes significantly to the growth and development of the economy and provides a medium for those living in poverty to increase enough physical, financial and social assets to break the cycle. Poor households need reliable and affordable transport to access other available services such as health and education that would contribute to social mobility and the sector must therefore be an integral part of the poverty reduction strategy.

The demand for transport is largely created by other sectors and has the greatest impact on the poor when other sectoral interventions are adequately in place. This again underscores the need for the integration of the various sectors contributing to poverty reduction, since for example, a demand for agricultural produce in the urban area will not benefit the rural poor with access to land if it is not adequately supported by the transport sector.

While the establishment, maintenance and repair of the road network, ferry berths and airports is government's direct responsibility, the actual movement of the population is primarily a private sector led activity. Notwithstanding this, government provides limited, direct subsidised transport to students attending rural secondary schools and through policy measures, reduces the cost of transport operators and exerts some measure of control over transport rates. Both these initiatives greatly reduce the

burden on the population, but because they are general subsidies, the impact on the poor is not fully appreciated.

5.5 Strengthening Civil Society Participation

Any attempt to empower the populace to allow for informed participation would require that they be provided with timely, adequate and relevant information. Essentially, this requires the proper development of the national information systems.

Formal mechanisms for equitable participation and representation should also be put in place at the community level. The re-introduction of local government would go a long way towards addressing this problem. A formal mechanism to facilitate government-community-based economic activities is also required.

In addition to the establishment of new rules governing the conduct of officials in high office, all efforts should be made to revive the Public Accounts Committee.

Efforts to strengthen the civil service and to prevent corruption should be accelerated.

Public Participation in Poverty Reduction Strategies

The involvement of communities in planning, monitoring and coordinating poverty reduction policies and programmes is crucial to the successful implementation of the PRSP. Community participation has been a significant component of the development of this I-PRSP.

Statistics/Data Support for Community Based Planning

The KAIRI Consultants Poverty Assessment Report (December 1996) represents the most recent poverty study and forms the main statistical basis of this paper. It is noted that poverty data is generally generated from households. Poverty reduction solutions need also to be focused on households. ***There is urgent need for more up-to-date statistics. Measures must be put in place to have Census Data delivered at a more timely pace.***

I-PRSP Development Participation

The methodological process of developing the I-PRSP may be described as communal:

The work of the NESDC Poverty Reduction Taskforce (PRTF), was multi-dimensional and participatory in developing the IPRSP:

- i. Inter-Ministerial links, protocols and relationships were established.
- ii. Capacity building was begun through guest presentation, Internet research, information sharing and discussion.

- iii. Community Consultations ensured communities' input and the identification of community priorities.
- iv. Direct involvement with the community through the community consultations enabled service providers to interface positively with clients in a different forum.
- v. One-on-one sector consultations with the steering team ensured an understanding of and sensitisation to the Government's poverty thrust in developing individual sector strategies and sector plans. It solicited buy-in to the I-PRSP.
- vi. The actual writing of components of the I-PRSP created ownership by the Task force, which is expected to result in greater support of implementation.

The Consultative Process Summary:

The following meetings/consultations were conducted relating to the development of the Interim Poverty Reduction Strategy Paper:

1. Four NESDC meetings involving the Prime Minister and the NESDC Chair - President of the SVG Chamber of Industry and Commerce.
2. Very frequent planning, strategic and consultative PRTF meetings
3. Two community meetings organized by the PRTF – details below.
4. A NESDC/PRTF Consultation – integrating private sector, small business organisations, and NGOs in a focused discussion on micro enterprise.

Community Consultations:

Two Community consultations were held. The first in the Marriaqua Valley – generally classified as a non-poor community by the Kairi Report specifications, but currently dealing with the banana fallout. The second consultation was held in the Barrouallie community specified as poor with fishing being its main stay. The attendance at each consultation was over 150 persons. The participants were very engaged and forthcoming in suggestions and solutions for national poverty reduction. There was a strong sense of the need to “get back to social practices that encourage greater unity” and for a “revival of moral/spiritual values and principles” for poverty reduction measures to be sustained.

Priority areas and issues of concern have been included in this Paper and have been drawn upon significantly in the development of strategies and priorities for poverty reduction throughout the document. The consultations also solicited ideas of ways in which communities and individuals may become more involved in the ongoing development of the Poverty Reduction Strategy.

5.6 Good Governance and the Business Environment

The United Nations Development Programme, in its report entitled “Governance for sustainable human development - A UNDP policy document”, defines governance as

... the exercise of political, economic and administrative authority in the management of a country's affairs at all levels. Governance comprises the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations.

Governance encompasses both the decision-making process and the operationalization of those decisions. It also transcends the state by including the private sector and civil society in those processes.

Good governance imbues the practice of governance with qualities, which promote democracy, uphold the rule of law and promote constructive interaction between the State, the private sector and civil society. Some of the main tenets of good governance include transparency, accountability, efficiency, equitability, participation, responsiveness, and conformity with the rule of law.

The Government's Position

The Government of St. Vincent and the Grenadines has defined good governance as:

"The maintenance and enhancement of constitutionally enshrined fundamental rights and freedom; the active participation of the population, and democratic control over the institutions of governance; the maintenance and strengthening of the independence and quality of the judiciary; initiating an on-going war against official corruption and the promotion of a politically-hygienic system of government; making government more accountable and efficient; the empowerment of the people generally and the building of a genuine partnership between the government and civil society; and the shouldering of Government's international obligations in the many-sided war against terrorism, international crimes and money-laundering".³⁰

Within recent times a series of "good governance" initiatives have been taken, including:

- ?? Holding frequent meetings of Parliament and improving the workings of that legislative body.
- ?? Broadcasting meetings of parliament live on radio and television.
- ?? Ensuring that the tendering process for government contracts is completely transparent and without political interference.
- ?? Establishing a functioning National Economic and Social Development Council (NESDC) comprising all major interest groups, political parties, and state officials to address broadly all the critical issues affecting the macro-economy and society.

³⁰ MTESP, 2002 - 2004

- ?? Establishing a functioning Tripartite Committee on the Economy (TCE) comprising equal representation from the private sector, trade union movement and the government to examine and prescribe for the issues of employment, investment, productivity, wages/salaries, and prices.
- ?? Signing the OAS Convention on Official Corruption.
- ?? Drafting legislation to address “the integrity” of Parliamentarians and senior public officials.
- ?? Putting practical accountability measures in place within the state administration to cut out corruption and waste.
- ?? Drafting of legislation on many matters touching upon the fight against terrorism, including the financing of terrorism.
- ?? Co-operating fully with funding Governments and international agencies on a raft of measures relating to governance.
- ?? Adopting the Cotonou Agreement.
- ?? Passing parliamentary motions in the process for constitutional reform and the re-institution of local government.
- ?? Strengthening, with other OECS countries, the judiciary.

The Government is committed to identifying issues of poor governance and implementing measures to address them.

Good Governance for Poverty Reduction

There is a growing recognition worldwide that good governance is an essential factor in the determination of a nation’s economic prosperity. However, economic growth alone cannot guarantee sustainable human development.

It is in this regard that the 1995 World Summit for Social Development declared that:

Democracy and transparent and accountable governance and administration in all sectors of society are indispensable foundations for the realisation of social and people-centred sustainable development.³¹

Good governance for poverty reduction encompasses public policies that facilitate the inclusion of, but are not limited to the poor in the development process. It involves among other things:

³¹ Declaration of the World Summit for Social Development, 1995

?? *Targeted social measures/assistance:* Implementation of measures geared towards the most vulnerable, including the landless, small farmers and the rural poor. Such measures may include increased access to health care, education and water.

?? *Targeted economic measures:* Implementation of measures aimed at the aforementioned groups, such as incentives to farmers.

Sector Specific Initiatives/Enhancements

The creation of an enabling environment (transparent and stable economic and regulatory environment) is pivotal to improving the efficiency of the national capital market, private sector activities and Foreign Direct Investment:

Improving Agricultural Output In Rural And Interior Economies

Given the significance of this sector to the socio-economic well-being of the country, the strengthening of rural and interior economies is seen as being key to government plans for economic transformation and sustainable human development. To this end Government will continue to strengthen the agricultural diversification thrust around bananas. Emphasis will be placed on initiatives to improve the competitiveness of the sector, increased the output, productivity and efficiency of the sector and ensure the optimal and sustainable use of the country's arable land, forestry and marine resources.

Under the Government's Medium Term Plan (2002 – 2004), diversification initiatives will address issues relating to the following four areas:

- ?? Infrastructural development (physical).
- ?? Incentives for farmers and other private sector entities (participatory).
- ?? Institutional development and strengthening.
- ?? Development of informational support systems.

Improving the Environment for Manufacturing

In the area of manufacturing, the Government is seeking to create an enabling environment, which will maximise output, increase the levels of exports and create employment opportunities. In the medium term, the Government will encourage the promotion and development of small manufacturing and agro-based enterprises and facilitate the development of entrepreneurial skills.

Specific activities to be pursued include:

- ?? Revision of the fiscal incentives programmes to create a more attractive environment for investment. Work has already commenced in this area with lower tax rates offered for the exportation of manufactured commodities.
- ?? Pursue a policy aimed at reducing the cost of investment.
- ?? Development of an Industrial Development Policy.

- ?? Assist and support the Development Corporation (DEVCO) in the finalisation of the Investment Code/Guide and other investment promotional materials, events/activities.
- ?? The further development of the SMEs sub-sector and to provide technical support to the private sector.
- ?? Collaboration with the private sector through the Chamber of Commerce in developing and implementing training programmes.

Supporting The Fishing Sector

The fisheries sub-sector is a source of food and livelihood for many persons, particularly in rural areas and is considered to be an important vehicle in the fight against rural unemployment and poverty. The fisheries sub-sector also has the potential to contribute to the economic diversification process.

The Government will therefore continue to promote the sustainable utilisation of the country's live marine resources for food security and exports, and seek to increase its contribution to the national GDP.

In this regard, fishing centres, which meet European Union standards, are to be established to ensure proper storage and distribution of fish. Among the initiatives listed in the MTESP 2002 – 2004, to ensure that these fishing centres meet EU standards, are the following:

- ?? Fencing of Fisheries Centres throughout the State.
- ?? Installation of “Clean Rooms”.
- ?? The construction of live lobster pools.
- ?? Installation of safety and sanitary equipment at fisheries centres.
- ?? Establishment of laboratory facilities and the training of lab technicians, fish inspectors and fish processing personnel.
- ?? Facilitating Credit To Small Business And Micro enterprise

5.7. Summary of Recommendations:

This I-PRSP employs CY Thomas' four major heads under which Recommendations for Action are grouped³²:

Recommendations:

Area 1. Promotion of Public Participation in Social Policy, Development and Poverty Reduction.

Action Required:

- ? ? Continue the process begun under this I-PRSP, including strengthening the role of NESDC, elaborating their Terms of Reference to adequately ensure the carrying out of their responsibility as social partners in the process.
- ? ? Ensure completion and implementation of the further consultation plan currently under design.
- ? ? Formalize the role and function of the Poverty Reduction Taskforce.

Area 2. Constitutional Reform and Governance in the context of an Integrated Policy Environment

Action Required:

- ? ? Policy Review and Assessment to establish and enforce integrated Policies particularly those related to poverty reduction strategies.
- ? ? Budget analysis to determine such issues as the extent of poverty-targeted activities; and the level of equal distribution of funds and projects e.g. in rural vs. urban areas.
- ? ? Institutionalise policies that will commit all government sectors to participate in and to utilize effectively the regional support offered through the OECS Secretariat, CARICOM and other regional bodies.

Area 3. Institutional Reform

Action Required:

- ? ? Sectoral capacity building, institutional strengthening and HR training especially in areas of policy development and service provision.
- ? ? Develop and implement an effective data management (collection, analysis, dissemination/reporting) system.
- ? ? Establish a system/mechanism for inter-linkages between public sectors; and between public, private and civil sectors and organizations.

Area 4. Priority Interventions and Programmes

Action Required:

- ? ? Establish the Monitoring and Coordination Unit for the operationalizing of the strategies.
- ? ? Recommended programmes are outlined in the I-PRSP.
- ? ? Two programmes (relating to Micro enterprise and Child development) suggested as Pilots for immediate design, development and implementation are also outlined.

³² Thomas, Ibid, p.36

CHAPTER 6: OPERATIONAL FRAMEWORK

6.1 Institutional Framework of the Strategies

The implementation and monitoring of poverty reduction strategies requires an effective institutional framework in line with the principles and proposed poverty reduction objectives.

Public, Private and Civic Sectors will continue to be responsible for the implementation of programmes – poverty related and otherwise.

Problems of fragmentation and limited collaboration among sectors have been elaborated earlier in this document. The development of a Poverty Reduction Strategy will therefore need to take this existing *modus operandi* into account and seek to promote sector wide approaches to planning as well as a long-term inter-sectoral process for targeting poverty reduction. There is a need to develop creative mechanisms for effective involvement of the private sector and civil society in the execution of programmes funded from public resources. There is also a need to provide institutional strengthening for each of the individual Ministries involved in the implementation of programmes related to poverty reduction.

In addition a separate institutional framework or coordinating mechanism needs to be established. The focus of this Framework needs to be one of Monitoring, Evaluation and Coordination rather than Implementation.

Two mechanisms are proposed:

Both mechanisms presuppose active Civil Society participation in developing, implementing, monitoring and evaluation of the PRS

- (1) **Maintaining NESDC and the PRTF as the project/programme development body.** The present participatory mechanism has generally worked well in the development of the I-PRSP, and should be strengthened, institutionalised and maintained.

NESDC and the Poverty Reduction Task Force (PRTF) with their inter-sectoral and civil society components may maintain managing responsibility for planning and implementation of projects and programmes. The PRTF can be an effective body for developing measures for ensuring sector linkages that will reduce fragmentation and duplication of poverty reduction strategies. Sub committees may be established as required, and may include non-PRTF persons.

- (2) The coordinating and monitoring agency of the two bodies above would be ***the Central Planning Division (CPD) through a Monitoring and Evaluation Unit.***

6.2. Institute a Monitoring, Coordination and Evaluation Unit: Poverty Reduction Monitoring & Evaluation Unit (PRMEU)

It is recommended that a Monitoring and Evaluation (M & E) Unit responsible for the operationalizing and effective coordination of the strategies of the I-PRSP be established within the Central Planning Division. To determine if a poverty reduction strategy is effective it is necessary to set in place a monitoring system. Goals and targets need to be established. It would be expedient to establish the proposed Monitoring and Coordination Unit as soon as it is feasible. In order to appropriately develop the required data collection mechanisms so that priority programmes as recommended in the strategies may properly targeted, indicators of inputs, output, outcome and impact have to be identified.

Objectives of the PR Monitoring & Evaluation Unit (PRMEU)

- ❖ To develop poverty indicators to act as benchmarks for evaluation and reduction
- ❖ To set goals, establish base lines and monitor poverty reduction
- ❖ To ensure synergy and symmetry among the institutions, sectors and ministries engaged in poverty reduction
- ❖ To identify communities and programmes for appropriate developmental projects
- ❖ To undertake impact analyses of poverty projects and programmes
- ❖ To source funding for poverty reduction projects
- ❖ To provide the focal point for community organizations to develop proposals for poverty alleviation projects.
- ❖ To increase stakeholder awareness and ownership of the process and outcomes.
- ❖ To act as liaison and co-ordinating body on matters of poverty for regional and international partners
- ❖ To carry out analyses of current poverty reduction programmes by streamlining the work of line ministries
- ❖ To monitor SVG's response to its obligations to related international treaties and goals such as the Millennium Goals; Education For All goals; various Charters of Rights and Freedoms with regards to women and to children.

The suggested minimum staff of the Unit would be three. The required combined skills would include Planning, Monitoring, and Statistical and Data analysis. Project management would be an asset. Participatory monitoring would expect the utilization of personnel and skills outside of the Monitoring and Coordination Unit – including the PRTF members.

The staff should be properly trained in Monitoring and Evaluation systems³³. Thus one of the functions of the Unit would be engaging in ongoing training in data collection and

³³ The International Program for Development Evaluation Training. (IPDET) Course is recommended. This is a World Bank/Carleton University programme held in Ottawa June 17th – June 28th 2002 (Core Segment). See <http://www.carleton.ca/ipdet>.

management and the acquisition of skills in monitoring, analysing and evaluating. The establishment of this Monitoring Unit should be treated as a priority.

Chapter 7: Next Steps

The next steps in the SVG process are the establishment of Poverty Reduction Priorities. Documentation from related activities will be combined and included into a full Poverty Reduction Strategy Paper (PRSP). A possible timeline for completion is 2004.

- A. The initial action must be the establishment of a Monitoring and Coordination Unit.
- B. The Development of Action Plans for Implementation of selected programmes.
- C. National consultations and a plan for public communication and education.

The required activities include the following:

1. Establish Poverty Indicators, Data Collection and Analysis System – focus on Households.
2. Projections to encourage fiscal stability – based on selected economic and financial indicators.
3. Public Sector analyses and the selection of priority programmes for poverty reduction.
4. Institutional Strengthening/Capacity Building.
5. Policy assessment plan – including the review, implementation/enforcement of existing laws e.g. Cooperative Act No 24 1999³⁴; NGO Legislation.
6. Pro-poor Budget Analysis and assessment for poverty reduction strategies
7. Education Reform – alignment with the OECS Education Reform Strategy.³⁵

The annexed (# 5) Pro Forma Tables provide further frameworks for Activities # s 1, 2, and 6.

Recommended for Immediate Implementation as pilots:

1. **Child Programme .**
2. **Micro-enterprise programme**

In July and August 2002, the Child Programme – entitled “Children Against Poverty” (CAP) was successfully piloted in five communities with a total of 250 children– Sandy Bay, Calliaqua, Sion Hill, Barrouallie, Chateaubelair. Evaluation Reports are available upon request.

7.1 Possible Limitations to finalization of PRS

- i. National Consensus - Poverty Alleviation Strategies are generally accepted. Continuous community/civil society communication and transparency are essential.

³⁴ Thomas, Ibid, p.55

³⁵ Ibid, p.48

- ii. Implementation Capacity
- iii. Fiscal Pressures
- iv. Lack of Appropriate External Resources
- v. Developments in the World Economy
- vi. Natural Disasters

Given the Government's commitment to sustained poverty reduction, and indeed its objective to meet the millennium goal of reducing current poverty levels by 50% by 2015, national poverty reduction initiatives have been ongoing prior to and formulated from early drafts of this Interim Poverty Strategy Paper. These include:

- ?? Land titling programme
- ?? Removal of the basic charge water meter charge from the elderly poor.
- ?? Removal of the basic electricity charge
- ?? Increased public assistance.
- ?? Expanding the Non contributory Pension Programme to include banana farmers.
- ?? The move to increase the secondary school population over a 4 year period
- ?? The increasing access to tertiary education
- ?? The arrowroot project
- ?? Children Against Poverty programme.

Nevertheless, it is critical that a well- coordinated and structured poverty reduction programme be developed and maintained. Despite the positive outcomes listed above several negative factors have also developed since the I-PRSP was drafted. Examples of these include:

- ?? Tropical Storm "Lili": devastated several areas in SVG
- ?? The energy situation: In doubt with the crisis in Venezuela
- ?? The continuing saga of the Banana Industry
- ?? The uncertainty surrounding the United States and Iraq
- ?? The increase in the price of flour

These factors highlight the urgency of tackling poverty reduction. They also make real the need to put in place coping mechanisms for the poor and vulnerable, and to establish national reserves for the proverbial rainy day.

CHAPTER 8: CONCLUSION

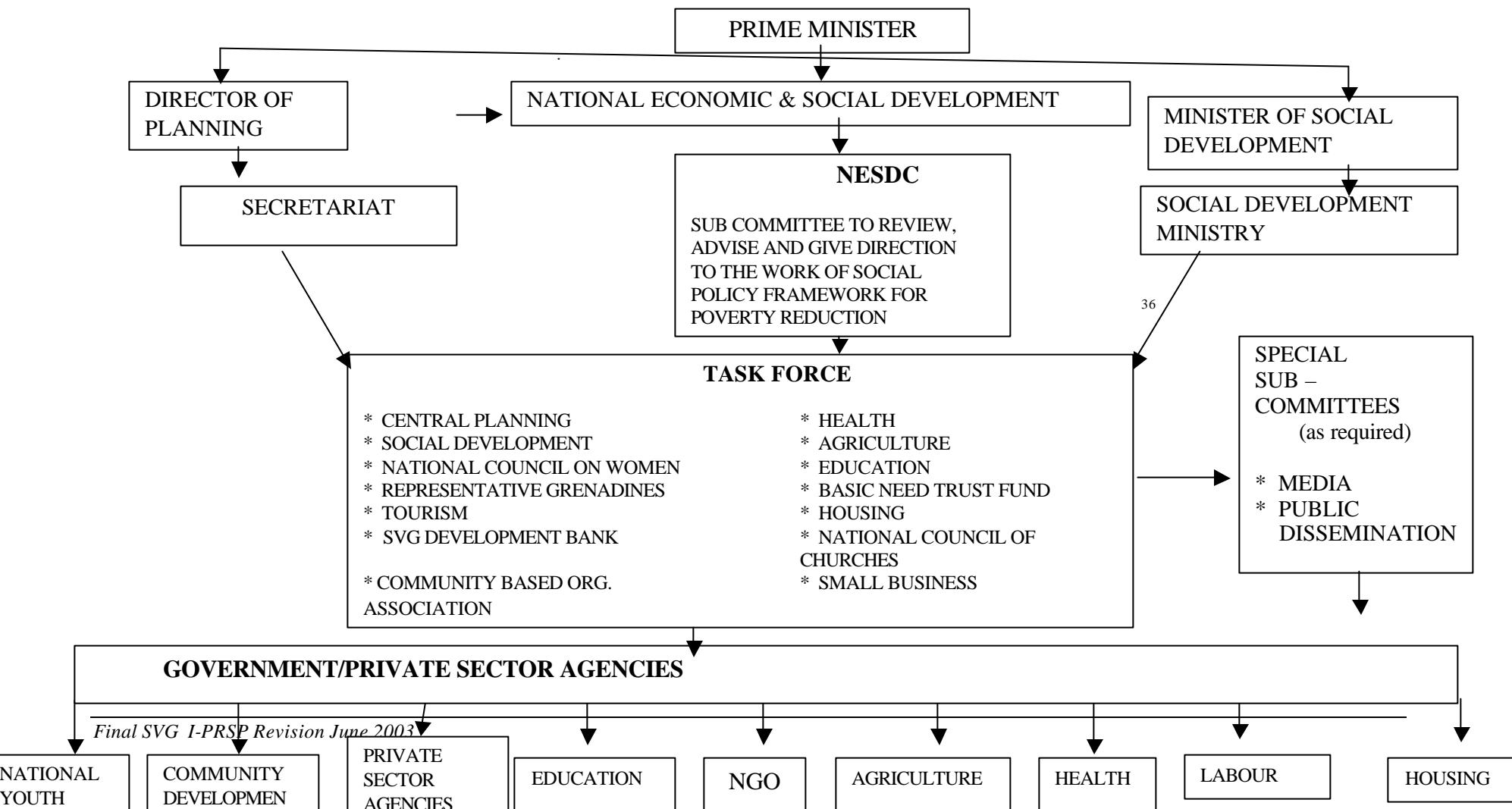
The unwavering commitment of the SVG Government to attacking poverty, has added a compelling sense of urgency to the process of developing the IPRSP. The expectation is that ensuing activities and recommendations will be pursued with similar enthusiasm.

It is, however, important to note that development of poverty reduction strategies need to be done carefully and systematically. Processes are to be managed and monitored effectively if they are to be sustainable. Strategic planning, preparatory mechanisms and monitoring and evaluation systems must be in place. Proper indicators and data collection systems must be institutionalised so that systematic monitoring and objectively verifiable information be utilized. An effective monitoring system, based on indicators and focused on results – outcomes and impact – is absolutely crucial for successful poverty reduction strategy implementation. By establishing the process for monitoring and evaluation of performance at the outset, the parameters for expected results are set and provide the framework by which implementation will be guided.

The development of this I-PRSP was undertaken and completed in an unusually short length of time. The Poverty Reduction Task Force and the Central Planning Division (CPD) Steering Team undertook the task with steadfastness. Their work is greatly appreciated. This I-PRSP recommends that the PRTF continues to steer and manage ensuing programmes and projects. However, this group must be given a greater sense of authority, and also to expand membership to include persons in the various institutions and agencies with sufficient seniority to enhance the decision-making capacity of the group.

Appendix 1

**ST.VINCENT AND THE GRENADINES
SOCIAL POLICY FRAME WORK
FOR POVERTY REDUCTION**



Appendix 2

Poverty Reduction Task Force (PRTF)
Membership List

1.	Ms. Muriel Byam	National Council of Women (PRTF Chair)
2.	Mr. Camie C. Matthews	Ministry of Social Development/ Family Services
3.	Mr. Winston Knights	Basic Needs Trust Fund
4.	Ms. Vida Bernard	Ministry of Tourism & Culture
5.	Ms. Julia Clarke	Ministry of Social Development/Skills Training
6.	Ms Rosita Snagg	Ministry of Soc Dev/ Director of Social Services
7.	Ms. Paula Morris	National Council of Women
8.	Ms. Cheryl Biddy	Ministry of Agriculture, Lands and Fisheries
9.	Ms. Anne De Roche	Ministry of Health & the Environment
10.	Mr. Hugh Wyllie	Ministry of Education, Youth and Sports
11.	Mr. Carlton Williams	SVG Christian Council
12.	Mr. Bernard Hamilton	SVG Development Bank
13.	Ms. Miriam Roache	Ministry of Social Development /Gender Affairs
14.	Mr. Reginald Thomas	National Insurance Scheme
15.	Ms. Giselle Myers	Central Planning Division
16.	Ms Ro-Anne Quashie	Central Planning Division

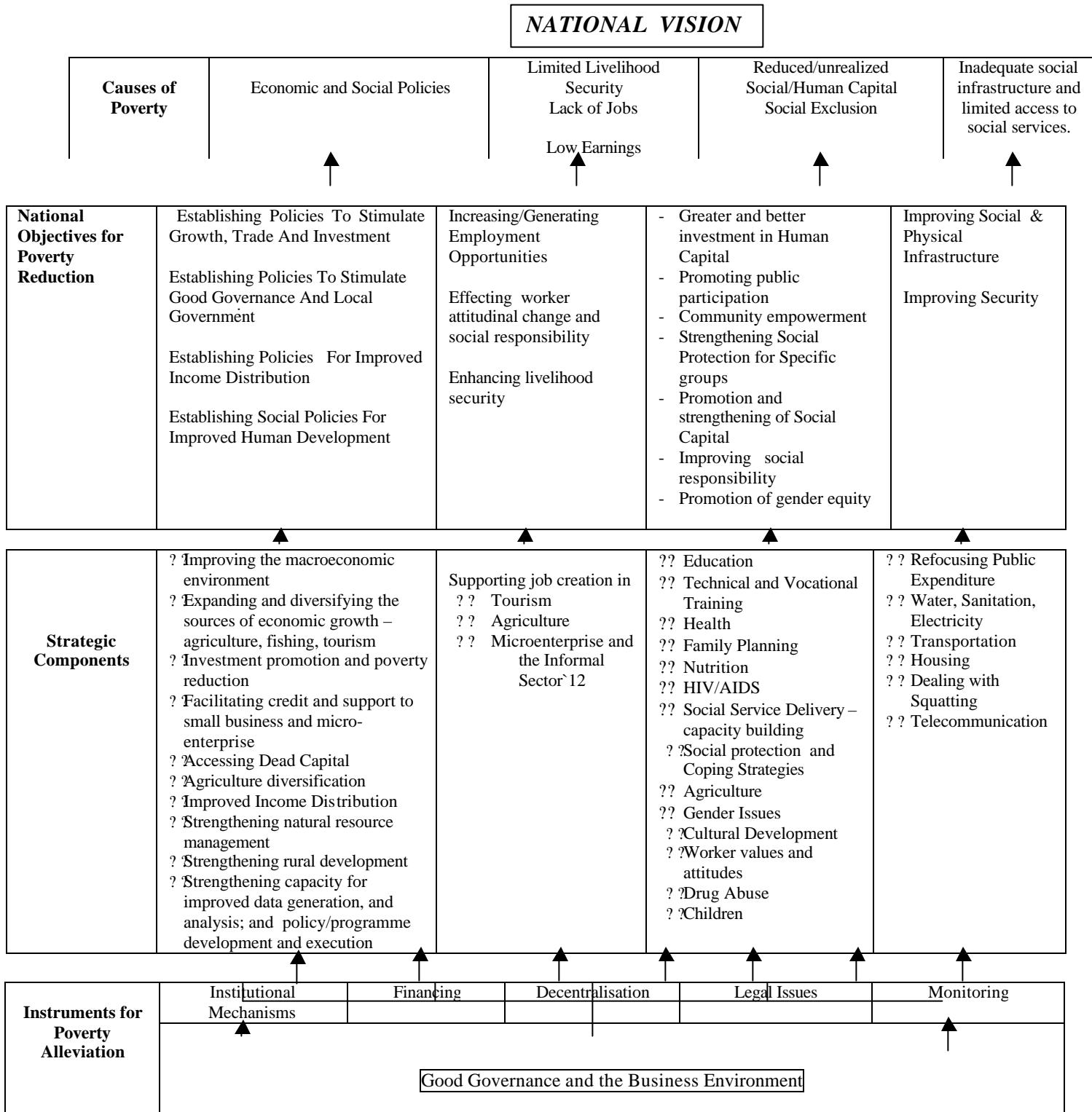
NESDC Secretariat:

17. Ms. Laura Anthony Browne Director of Planning, Central Planning Division

(PRTF Steering Committee)

18.	Ms. Beverley Warren	Central Planning Division
19.	Ms. Zoila Ellis Browne	Central Planning Division-EDF/PMCU
20.	Ms. Monica Woodley	OECS Consultant

Special assistance and support provided by Dr. Barbara Boland, Social Development Unit,
OECS Secretariat.

Appendix 3
**SVG POVERTY REDUCTION STRATEGY
CONCEPTUAL FRAMEWORK**


Appendix 4

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Appendix 5

Pro Forma Table 1: Selected Economic and Financial Indicators

	2003	2004	2005	2006	2007	2008
(Percentage change)						
Production and prices						
Real GDP (factor cost)						
Nominal GDP (market prices)						
GDP deflator (factor cost)						
Consumer prices (average)						
Consumer prices (end of period)						
Real GDP per capita						
Exports of Goods (volume)						
Imports of Goods (volume)						
(In percent of GDP)						
National accounts						
Investment						
Private sector						
Public sector						
National saving						
Private sector						
Public sector						
External current account balance (excluding transfers)						
Public sector						
Revenue						
Expenditure						
Current						
Capital						
Saving						
Overall balance (before grants)						
Grants						
Overall balance (after grants)						
Net external financing						
Net domestic financing						
(Percentage change relative to broad money at the beginning of the year)						
Money and credit (end of period)						
Domestic credit of the banking system						
Public sector (net)						
Private sector						
Broad money						
External sector						
Overall balance of payments (% GDP)						
Import cover (months)						
Memorandum items:						
Nominal GDP (EC\$ million)						

***Pro Forma Table 2: Balance of Payments
(in millions of EC dollars)***

	2003	2004	2005	2006	2007	2008
Current account (excl. official transfers)						
Merchandise trade (net)						
Services (net)						
Capital and financial account						
Non-financial public sector (net)						
Overall balance						
Financing						
Net foreign assets						
Exceptional financing						
Overall financing gap						
Remaining gap						

***Pro Forma Table 3:External Financing Requirements, 2003-2008
(in millions of EC dollars)***

	2003	2004	2005	2006	2007	2008
Financing requirements						
External current account						
Current account Deficit (net of official transfers)						
Gross reserves (increase = +)						
Available financing						
Official transfers						
Private sector (net)						
Program loans						
Financing gap						
Net exceptional financing						
Debt restructuring						
Debt relief						
Remaining gap to be filled by PRS						
Memorandum Items:						
Import Cover Ratio (months)						
Current account (in percent GDP)						
GDP (EC\$ million)						

***Pro Forma Table 4: Poverty Reduction Budget Strategy
(in millions of EC dollars)***

	2003	2004	2005	2006	2007	2008
Total Budget Resources						
Domestic Resources						
External Resources						
Use of Resources						
Current						
Non-Interest						
Capital						
Resource Gap						
Memorandum Items						
Total Resources as a percent of GDP						
Real growth in resources						
Public Investment to GDP						
Public Consumption to GDP						
Public Savings to GDP						
GDP mp (EC\$ million)						

Pro Forma Table 5: Budgeted Capital Spending in Priority Sectors

	2003	2004	2005	2006	2007	2008
Total Capital Public Spending						
Allocations to Priority sectors						
Percent of Total Capital Program						
Economic						
Agriculture						
Transportation						
Poverty Alleviation Program						
Social						
Health						
Education						
Water and Housing						
Special Intervention projects						
Governance						

Pro Forma Table 6: Budgeted Recurrent Spending in Priority Sectors

	2003	2004	2005	2006	2007	2008
Total Recurrent Public Spending						
Allocations to Priority sectors						
Percent of Total Recurrent						
Economic						
Business Support Services						
Social						
Health						
Education						
Water and Housing						
Governance						

Pro Forma Table 7: Quantitative Goals of the Poverty Reduction Strategy

	2003	2004	2005	2006	2007	2008
OUTCOME						
<i>Population below the national poverty line (%)</i>						
Enrolment and literacy						
% of primary school entrants reaching Grade 6						
Repetition rate (secondary)						
Student/trained teacher ratio (primary)						
Student/trained teacher ratio (secondary)						
Gross nursery school enrolment						
Gross primary school enrolment						
Gross secondary school enrolment						
% Trained teachers in secondary schools						
% Trained teachers in primary schools						
Etc., ...						
Health and nutrition, sanitation						
Infant mortality rate (per 100,000)						
Maternal mortality rate (per 100,000)						
1 year olds immunised against measles						
1year olds immunised against DPT						
% of population with access to health service						
% of population with access to adequate sanitation						
Number of reported cases of AIDS						
Reported cases of AIDS among women (15-45 cohort)						
Etc., ...						
Water						
% of population with access to safe water						
% of population with access to treated water						
Domestic households connected to water system						
Distribution network constructed (kilometres)						
Etc., ...						
Housing						
House lots distributed						
Land/House titles distributed						
Etc., ...						
Land distribution						
Agricultural leases						
Business leases						
Etc., ...						