EXECUTIVE SUMMARY

This study was initiated by the United Nations Development Programme (UNDP) against the backdrop of the global economic crisis, the effects of which started to show in the middle of 2007 and intensified in 2008 and 2009. The study was conducted in seven Caribbean countries between October and December 2009. The overall objective was to determine, using the Poverty and Social Impact Analysis (PSIA), how and to what extent the current global economic crisis has impacted the livelihoods of people in the Caribbean, especially the most vulnerable.

The purpose of this study is to provide an understanding of the extent to which the people of Saint Vincent and the Grenadines have been affected by the crisis, and the channels through which impacts were transmitted.

A mixed-methods approach was applied in this study. Secondary quantitative and qualitative data were obtained from published and unpublished reports. Primary data, mainly of a qualitative nature, were obtained from key informant interviews with the relevant government ministries and departments, business managers and regional organisations; and from focus group discussions (FGDs) with affected groups.

Main findings

Main findings of the study included the following:

- The economic impact of the crisis appears to be moderate, relative to the rest of the region and given the country’s inherent vulnerability. Despite a slight contraction in real gross domestic product (GDP), economic indicators in Saint Vincent and the Grenadines were mostly up in 2008. In 2009, GDP is expected to be virtually flat;\(^1\)

- Saint Vincent and the Grenadines has the highest poverty rates in the Organisation of Eastern Caribbean States (OECS), widespread drug problems and a tourism sector moving along an uneven path, plagued by problems unrelated to the crisis. Increased unemployment and falling remittances have contributed to lower consumption and the economy’s future is uncertain;

- The global crisis has been transmitted mainly through remittances, and some job losses in the tourism, construction and communications (telemarketing) sectors. Remittances, up by 16 percent in 2008 fell by 20 percent in the first half of 2009;

- The decline in tourism preceded the crisis and most persons interviewed attribute the drop in tourism to security issues, lack of hospitality and services, and local indifference and even harassment (particularly of yachts at ports of entry);\(^2\)

- Although revenues were up in 2008, there is pressure on the budget as the need for assistance increases. Some 5,500 individuals are beneficiaries of public assistance, although it is estimated that 20 percent are able-bodied and with the proper incentives could be weaned from assistance;

- Social challenges that existed prior to the financial crisis have been exacerbated by the slowdown in growth and reduction in tourist expenditures. The main challenges are: banana farmers transitioning out of the sector; drug trafficking and abuse; male underachievement and associated problems; and teen pregnancies;

\(^1\) Central Statistics Office, in ECCB National Accounts.
A drawback for the analysis of crisis impact is the absence of employment data. Persons interviewed claimed it has become much harder to find work;

Factors that may have shielded Saint Vincent and the Grenadines from the worst effects of the crisis include:

- Less reliance on tourism than other Caribbean economies;
- Ability to increase social assistance;
- Ability to finance the deficit through commercial borrowing and some grants from non-traditional donors;
- Continuation of capital development projects, such as the airport at Argyle;
- Continued diversification into non-banana crops.

**Recommendations**

The focus of this study was on social impacts and policy responses to the crisis, rather than on specific issues regarding the effectiveness of the social sectors. This report therefore includes broad recommendations applicable at the regional level that should be further assessed for their relevance to Saint Vincent and the Grenadines.

Many governments offer – and continue to introduce – a range of social protection programmes; this is not the same as a coherent social protection policy. The recommendations that follow should be part of a broader National Development Plan that will inform social sector development and reforms and guide planning in the medium- and long-term.

Key recommendations are as follows:

- **Create a system for prioritizing social issues and social problems and applying resources in emergency situations.** Decisions on support need to be based on the urgency of the problem, the severity of impacts on society, the sustainability of solutions identified, and on the need to protect the most vulnerable. These are all interlinked;

- **Streamline and integrate social assistance/protection functions.** Currently, mandates are often assigned to ministries not properly aligned with their portfolios. Closely related policy areas may be scattered across different ministries all focused on a higher priority sector. The best solution would be to create a Social Protection Agency whose mandate is to coordinate programmes, create an enabling environment, and monitor and evaluate the delivery of the social programmes for efficiency and effectiveness;

- **Reduce duplication within and between ministries.** In many countries there is often duplication within and between ministries. This is related to and possibly resulting from the absence of a national development plan. Planning is spread across ministries and is poorly integrated. This leads not only to poor coordination but to inefficient use of scarce resources – both human and financial – that countries with high debt/GDP ratios can ill afford. Consolidation of duplicated programmes is needed, along with central and sector-specific planning;

- **Promote an integrated planning and policy dialogue/framework.** Participatory decision-making and consultations, in which effective communication with key stakeholders and beneficiaries take place, will provide the space for Government to implement social and economic policies with the cooperation of those whose lives are affected. It will also allow for inputs from stakeholders who will then be more committed to the process;
• **Strengthen the capabilities of research agencies in collecting and processing data, as well as generating and analyzing statistical indicators.** Better management of resources can strengthen a country’s resilience. Timely, accessible and reliable data must be collected and stored. Information management systems adequate to the task are essential;

• **Evaluate and redesign existing social safety net programmes** with a focus on training and development for employment to ensure that these programmes do not create dependency. Improve targeting through use of means testing and conditional cash transfers, though it should be noted that neither of these is well developed in the region. Effective monitoring and evaluation systems should be institutionalized and a common registry of beneficiaries developed. This will improve the ability of the agencies to target beneficiaries and reduce the practice of accessing several programmes at once (double dipping) by clients;

• **Promote a culture of evidence-based decision-making.** If policymaking is to improve, the culture needs to change from one of political imperatives, vested interests, intuition, and theory to one of evidence. Analysis of both intended and unintended consequences, and which feeds into policy debate and policy design can strengthen the policymaking process.

The following recommendations relate to areas not directly related to social assistance, but were considered important to strengthening Saint Vincent’s resilience in the face of crisis:

• **Crime prevention:** effective management of crime through preventive and remedial measures;

• **Entrepreneurship:** promote entrepreneurship, expand micro-enterprise development, provide technical assistance and institute regulatory framework and incentives to encourage banks to provide credit to small businesses;

• **Agriculture:** promote diversification to limit dependency and support import substitution.
CONTENTS

EXECUTIVE SUMMARY ..................................................................................................................... I
MAIN FINDINGS ................................................................................................................................. I
RECOMMENDATIONS ....................................................................................................................... II
ACRONYMS ......................................................................................................................................... VI

1.0  INTRODUCTION .......................................................................................................................... 1
  1.1  BACKGROUND ............................................................................................................................ 1
  1.2  OBJECTIVES ............................................................................................................................. 1
  1.3  OUTPUTS ..................................................................................................................................... 2
  1.4  PSIA: A POLICY RESPONSE TOOL ......................................................................................... 2
  1.5  METHODOLOGY ....................................................................................................................... 2
  1.6  LIMITATIONS OF THE STUDY ............................................................................................... 3

2.0  CONTEXT ...................................................................................................................................... 4
  2.1  GLOBAL CONTEXT ..................................................................................................................... 4
  2.2  REGIONAL CONTEXT: CARIBBEAN SMALL ISLAND DEVELOPING STATES (SIDS) ................. 4

3.0  COUNTRY CONTEXT ................................................................................................................... 6
  3.1  SOCIAL AND DEMOGRAPHIC CONTEXT .................................................................................. 6
  3.2  ECONOMIC CONTEXT ............................................................................................................. 7
  3.3  TOURISM ................................................................................................................................... 9
  3.4  REMITTANCES .......................................................................................................................... 11
  3.5  SAVINGS .................................................................................................................................. 11
  3.6  EDUCATION .............................................................................................................................. 12

4.0  SOCIAL ISSUES .......................................................................................................................... 13
  4.1  POVERTY ................................................................................................................................... 13
  4.2  ILLEGAL DRUGS ....................................................................................................................... 14
  4.3  CRIME ...................................................................................................................................... 15
  4.4  UNEMPLOYMENT ..................................................................................................................... 15

5.0  SOCIAL PROTECTION AND POLICY RESPONSE ...................................................................... 16
  5.1  EXISTING SOCIAL PROTECTION MEASURES ......................................................................... 16
  5.2  POLICY RESPONSE ................................................................................................................ 17

6.0  MAIN FINDINGS FROM FOCUS GROUP DISCUSSIONS .......................................................... 19
  6.1  INTRODUCTION ....................................................................................................................... 19
  6.2  TRANSMISSION CHANNELS OF THE CRISIS ........................................................................ 20
  6.3  IMPACTS BY GROUP .............................................................................................................. 22
  6.4  SUMMARY OF IMPACTS AND GROUPS Affected ................................................................. 24
  6.5  COPING STRATEGIES ............................................................................................................. 26

7.0  RECOMMENDATIONS ................................................................................................................ 27
  7.1  FOCUS GROUP RECOMMENDATIONS ...................................................................................... 27
  7.2  REGION-WIDE RECOMMENDATIONS .................................................................................... 29
  7.3  SECTOR-SPECIFIC MEASURES ............................................................................................... 31

8.0  REFERENCES ............................................................................................................................. 33

ANNEX 1  RESEARCH QUESTIONS ..................................................................................................... 34
ANNEX 2  PERSONS CONTACTED ...................................................................................................... 36
# ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>CDB</td>
<td>Caribbean Development Bank</td>
</tr>
<tr>
<td>CPA</td>
<td>Country Poverty Assessment</td>
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<tr>
<td>EC</td>
<td>Eastern Caribbean</td>
</tr>
<tr>
<td>ECCB</td>
<td>Eastern Caribbean Central Bank</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>FGDs</td>
<td>Focus Group Discussions</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IPRSP</td>
<td>Interim Poverty Reduction Strategy Paper</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>OECS</td>
<td>Organisation of Eastern Caribbean States</td>
</tr>
<tr>
<td>PSIA</td>
<td>Poverty and Social Impact Analysis</td>
</tr>
<tr>
<td>SIDS</td>
<td>Small Island Developing States</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>VAT</td>
<td>Value Added Tax</td>
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</table>
1.0 INTRODUCTION

1.1 Background

This Country Report is part of a larger study initiated by the United Nations Development Programme (UNDP) against the backdrop of the unfolding global economic crisis. The bursting of the real estate bubble in the US and other advanced economies led to financial sector turmoil and quickly spread to the real economy. A crash in world stock markets followed the collapse or buy-out of many large financial institutions around the world, which resulted in large-scale company downsizing, labour shedding, and widespread bankruptcies. The events forced many governments to introduce rescue packages to bail out their financial institutions, steady consumer and investor confidence, and protect their economies from further decline.

Member countries of the Organisation of Eastern Caribbean States (OECS) and the rest of the Caribbean have, over the past decade and more, been addressing development issues at the national level by subscribing to regional and international initiatives and frameworks. The Millennium Development Goals (MDGs) adopted by world leaders in 2000 are aimed at reducing poverty and increasing equity and equality globally. Having identified and agreed to more Caribbean-specific development goals within the context of the MDGs, member countries and donor institutions set themselves the task of measuring their achievement in reaching these goals by 2015. The data constraints for doing so became immediately obvious, and the result of this recognition was the strengthening of the Support to Poverty Assessment and Reduction in the Caribbean (SPARC), a multi-agency programme to promote the strengthening of statistical systems for poverty monitoring and social policy development in the Caribbean.

It is within this context that this PSIA was undertaken in seven Caribbean countries: Barbados, Antigua and Barbuda, Dominica, Montserrat, St Kitts and Nevis, St. Lucia, and Saint Vincent and the Grenadines. This Country Report is one of seven reports and should be read in conjunction with the Synthesis Report, which provides a cross-country perspective.

1.2 Objectives

The study has three objectives:

i. Determine how and to what extent the current global economic crisis has affected the livelihoods of people living in the Caribbean, especially the most vulnerable;

ii. Document policy responses to the crisis that have already been initiated at national and regional levels; and

iii. Outline a roadmap for improving social resilience among Caribbean Small Island Developing States (SIDS).

The study includes a comparative analysis of impacts and the factors that contribute to their breadth and severity. The PSIA approach introduces a framework that governments and development partners can use to help them choose among social policy alternatives and to mitigate potential adverse impacts.

It should be noted that this report does not include an analysis of the effectiveness or social/cost benefit of a given policy response. Any inferences regarding the effectiveness of government policy responses to the crisis contained herein must be considered tentative.

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3 The part of the economy concerned with actually producing goods and services, as opposed to the part of the economy that is concerned with buying and selling on the financial markets.
1.3 Outputs

For each of the seven countries analyzed a Country Report was produced (of which this one). These reports provide recommendations for reducing the negative impacts of the economic crisis on the urban and rural poor in the short- and medium-term. The recommendations are linked to the achievement of the MDGs and are for long-term measures to facilitate capacity building and to enable countries to respond to future economic shocks. A Synthesis Report identifying common and differentiated impacts, responses and coping strategies across the countries was also produced. It is accompanied by a Policy Brief that outlines lessons learnt and highlights key issues for consideration by policy makers and donor organizations.

1.4 PSIA: A Policy Response Tool

Poverty and Social Impact Analysis (PSIA) is an increasingly common approach for evaluating the distributional impacts of policy reform. The method draws on the interlinked fields of impact evaluation, social cost-benefit analysis, institutional and political economic analysis and other fields. It is typically conducted ex ante and uses a variety of economic and social tools and techniques to provide policy makers with a clearer understanding of how policy choices, design and implementation affects different population groups, particularly the poor and vulnerable.

Many developing country governments have neither the resources nor the capacity to evaluate policy outcomes, an exercise carried out in developed countries by myriad government agencies, think tanks, institutes and academic institutions. PSIA presents a way of filling these gaps.

1.5 Methodology

This study is based on research conducted in October and November 2009. Information was collected from the following sources:

- **Meetings**: interviews were conducted with relevant government ministries and departments, associations and regional organizations;

- **Key informant interviews**: one-on-one informal interviews were conducted with a range of people engaged in different activities including taxi drivers, restaurant owners, hotel and restaurant employees, school teachers, small business owners, retailers, credit union managers, market vendors and others;

- **Focus group discussions (FGDs)**: focus group discussions were the main source of primary data for comparison across different sub-populations and across countries. They are the main source of information on impacts, coping strategies, government response and recommendations (see Annex 1 for a list of question topics). The information is subjective but provides valuable insight into the perspectives of the average resident. FGDs were held with the following groups between November 14th and November 29th 2009 and were selected, in consultation with the Ministry of National Mobilization, as the most important demographic to survey:
  - Youth, Kingstown
  - Elderly, Buccament
  - Urban women, Rose Place, Ottley Hall and Long Wall communities
  - Urban men, Rose Place

---

4 The PSIA approach has been widely promoted and used by UNDP, the World Bank and other development partners over the past decade.
Rural women, Langley Park, Orange Hill, and Chapman
Rural men, Rose Hall
Small Business/Entrepreneurs, Georgetown
Laid off workers, Kingstown
Urban men/tourism sector, Bequia
Urban women/tourism sector, Bequia

The Ministry of National Mobilisation, Social Development & Local Government coordinated the FGD research, including selecting participants, holding discussions and writing up FGD reports. FGD participants were chosen by community mobilizers and the coordinators. A full list of individuals consulted can be found in Annex 2.

Focus Group Discussions were an important source of information for comparison of impacts and coping strategies across different sub-populations and across countries. The data obtained by these means permitted evaluation of the experiences of low income women and men, single female heads-of-households, elderly persons and indigenous populations.

- **Document review:** Secondary data were obtained from published and unpublished reports on statistical indicators and surveys;

- **Primary data:** Social and economic indicators were extracted from various sources, including Eastern Caribbean Central Bank (ECCB), Caribbean Development Bank (CDB), Caribbean Tourism Organization (CTO), and UNDP.

The study did not attempt to cover the entire range of economic sectors or all possible social and economic impacts. To provide meaningful analysis the focus was limited to social protection issues and affected groups, especially poor and vulnerable households in a period of increasingly tight budgets.

### 1.6 Limitations of the study

The study has inherent limitations in both methodology and resources:

- **Methodological constraints:** The study’s reliance on existing (and sometimes incomplete) quantitative social and economic indicators and on qualitative primary data for social impacts has several implications. It should be noted that findings drawn from key informant interviews and focus group discussions are indicative only of how some people are experiencing the crisis, not how the average person is experiencing it. Findings should therefore be considered preliminary and not conclusive. Recommendations must be qualified by the awareness that in some cases, especially where recommendations do not coincide with a consensus view as expressed in other documentation, further in-depth analysis (whether using PSIA or other approaches) is recommended before policy lessons are drawn. As always, robust evidence is the foundation of good policymaking.

- **Resource constraints:** The study covered a broad number of issues in several countries over a short period of time. The tight timeframe for research meant that delays relating to coordination of fieldwork, conducting analysis, writing and drafting of reports were difficult to accommodate.

Aside from the use of a select number of indicators, the main volume of the Saint Vincent and the Grenadines Country Poverty Assessment (CPA) 2007/08 was not released at the time this report was being prepared. Relatively little information on poverty and social background is therefore provided. The CPA, when released, should be consulted for context.
2.0 CONTEXT

2.1 Global context

The current global financial crisis, the worst recession since the 1930s, began with an implosion of the sub-prime mortgage market in the US and advanced economies. It escalated into a financial crisis that created difficulties for banks, insurance companies and other financial institutions around the world, especially in the US and UK.

The crisis developed quickly, spreading like a virus throughout the global economic system. The impacts were seen as deterioration in equity, destruction of wealth, major income losses and the start of bankruptcies in the private sector. Major international firms, especially in the finance, airline and automobile industries, failed. Unemployment ballooned, international commodity prices collapsed and global trade declined. Foreign exchange pressure on the US dollar and the British pound sterling resulted in the depreciation of these currencies against the Euro. The fiscal revenues of affected countries also came under pressure as many governments sought to finance stimulus packages to revive their economies. While the efficacy of these measures remains unclear, as of December 2009 the worst appeared to have been averted. The threat of a possible default on its debts by Dubai and the fiscal crisis emerging in Greece have again caused jitters around the world, suggesting that the global economy is not yet trouble free.

The crisis has spared neither the developing countries of the world nor the vulnerable SIDS of the Caribbean. Impacts were felt through myriad economic links to the advanced countries in which the crisis originated – mainly, international trade in goods and services, capital flows and remittances. In the Caribbean, specific contagion channels included, inter alia, the exposure of financial institutions to sub-prime and other mortgage-backed assets, exposure to failed banks, and the drying up of trade, foreign direct investment (FDI) and consumer credit. Reduced liquidity and tighter credit markets have implications for firms, while balance of payments pressures, losses in reserves and fall-offs in tax revenues have implications for governments and central banks. Households feel the impact through loss of employment and a fall in income from various sources. The nature and severity of impacts of the crisis in Caribbean countries is closely linked to their characteristics as SIDS.

2.2 Regional context: Caribbean small island developing states (SIDS)

The Small Island Developing States Programme of Action (SIDS/POA) makes the case that small islands share characteristics that make them economically, environmentally and socially vulnerable to external shocks over which they exercise little or no control, placing them at a distinct disadvantage. These inherent vulnerabilities have, however, caused SIDS to constantly focus on ways of building resilience.

SIDS are typically characterized by a combination of small population, limited resources, remoteness, susceptibility to natural disasters, excessive dependence on international trade and vulnerability to global developments. They also tend to suffer from diseconomies of scale, high transportation and communication costs, and costly public administration and infrastructure. All of the member countries of the OECS share these characteristics.

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2.2.1 Geographic vulnerability

Immutable features of geographical location and small size have shown how susceptibility to natural disasters can lead to sudden and drastic changes in the economies of many of Caribbean SIDS, with implications for sustainable economic development and the achievement of short-term development objectives. Many Caribbean countries, including Saint Vincent, have suffered repeated and severe hurricanes and other natural disasters.

In 1979, for example, Hurricane David hit the island nation of Dominica with winds in excess of 130 miles per hour. Forty-two people died, 95 percent of the buildings were damaged and 12 percent were completely destroyed. The hurricane destroyed the entire banana crop and 75 percent of the country's forests. GDP plummeted by 17 percent, central government current expenditure increased by 31 percent and the fiscal deficit increased from 3.1 percent of GDP in 1978 to 8.1 percent in 1981 despite sizable foreign grant receipts.8

In 2004 Hurricane Ivan hit Grenada, killing 39 people9 and damaging 89 percent of the housing stock. Nearly 10,000 houses, or 30 percent, were so badly damaged that they required complete replacement. The financial cost of the disaster was estimated at nearly US$900 million, more than twice the country's GDP at the time. Damage to hotel infrastructure resulted in the functional closure of approximately 55 percent of Grenada's total room capacity. The agricultural sector, including the island's principal agricultural export – nutmeg – was also severely damaged.10

2.2.2 Economic vulnerability

Caribbean SIDS have a high degree of trade exposure and depend largely on a few economic sectors and a narrow export base, with heavy reliance markets in the USA and the UK. Foreign direct investment, foreign aid and migrant remittances also contribute substantially to these economies. But individual countries experience varying types and degrees of dependence on and linkages to the global economy. Some countries are more dependent on tourism and financial services, for example, while others are more dependent on agriculture. Remittances are a significantly supplement to household income in many countries in the region.

This leads to the hypothesis that, at a particular point in time, it is the nature of the linkages and the extent to which individual countries are inter-connected with the global economy that determines the magnitude of the impact of external shocks. Countries in the region that are less dependent, less open, less narrowly focused and carrying lower debt burdens would be expected to experience milder economic impacts and consequently less severe social consequences.

There are, of course, other contributors to the negative impacts a countries will face. These include the internal policy responses and frameworks in place to deal with economic challenges and issues of social development, but which have not adequately taken account of poverty and other social vulnerabilities. Not giving due attention to policies to reduce vulnerability and increase resilience can, in the context of SIDS, result in social problems that can grow and intensify at a rate that threatens the viability of society.

Given this combination of factors, it is not surprising that the global economic crisis, which had little or nothing to do with the management of local economies, would have affected these island nations at least to some degree through a wide array of potential channels.

9EM-DAT: The OFDA/CRED International Disaster Database
3.0  COUNTRY CONTEXT

3.1 Social and demographic context

Saint Vincent and the Grenadines is a nation of 32 islands in the Lesser Antilles located between St. Lucia and Grenada. It is one of the least developed countries in the Eastern Caribbean, with a population in 2008 of approximately 100,510\(^{11}\) spread throughout the main island and the Grenadines island chain, which together cover an area of approximately 150 square miles. The largest and northernmost island is Saint Vincent (about 133 square miles). The remaining Grenadines lie to the south of Saint Vincent. The largest and most populated islands are Bequia, Mustique, Canouan and Union Island. Young Island is a small private island just off the coast of Kingstown, Saint Vincent. Smaller inhabited islands include Mayreau, Palm Island and Petit St. Vincent (see Figure 1).

\[\text{Figure 1} \quad \text{Saint Vincent and the Grenadines}\]

\(^{11}\)ECCB National Accounts Statistics 2009 for the year ended 31 December 2008
At risk of falling further behind, with high poverty rates, uncertain prospects in the tourism market and a declining banana sector, the country has seen a steep net decline in population over the past decade, by approximately 7.5 percent.

Saint Vincent and the Grenadines is still adjusting to decreased reliance on banana exports as a key source of foreign currency earnings and the Government has emphasized the need to diversify the agriculture sector. Efforts are underway to stimulate the country’s relatively small tourism market, which is still developing an identity. Among the seven countries in the study, Saint Vincent and the Grenadines has the lowest human development indicators and ranks lower than the others on UNDP’s human development index, 91 out of 182 globally. Saint Vincent and the Grenadines has the second lowest GDP per capita of the seven countries in the study, at US$7,691 (2007, PPP), ahead of Montserrat. Life expectancy (71.4 years) and adult literacy (88.1 percent) are the lowest in the OECS.13

3.2 Economic context

Real GDP14 growth was negative in 2008, at -0.6 percent, compared with average growth rates of over 6 percent over the period 2004 to 2007 (Table 1), and was projected to remain virtually flat in 2009. High growth rates through 2007 were attributed to expansions in the construction, transport, mining and quarrying, wholesale and retail, and electricity and water sectors.15 Strong growth earlier in the decade was fuelled by construction activity, which slowed significantly in 2008. The sharp economic slowdown caused Saint Vincent and the Grenadines to request access to SDR16 8.3 million in IMF funding under the Exogenous Shocks Facility.

In 2008, foreign direct investment (FDI) and recurrent revenue were up substantially over 2007. While both are expected to fall in 2009, they will still exceed 2007 levels (Table 2).

Table 1. Economic sectors (current prices, EC$ million)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
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<tr>
<td>GDP</td>
<td>776.7</td>
<td>817.2</td>
<td>852.3</td>
<td>928.4</td>
<td>987.9</td>
<td>1084.9</td>
<td>1203.8</td>
<td>1242.1</td>
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<td>Real GDP Growth (%)</td>
<td>-0.1</td>
<td>3.2</td>
<td>2.8</td>
<td>6.8</td>
<td>2.6</td>
<td>7.6</td>
<td>8.0</td>
<td>-0.6</td>
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<td>GDP- selected sectors</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Agriculture</td>
<td>74.7</td>
<td>80.5</td>
<td>74.6</td>
<td>76.0</td>
<td>81.3</td>
<td>84.1</td>
<td>95.7</td>
<td>91.3</td>
</tr>
<tr>
<td>of which banana</td>
<td>20.1</td>
<td>23.8</td>
<td>14.2</td>
<td>15.6</td>
<td>14.7</td>
<td>12.9</td>
<td>13.2</td>
<td>9.77</td>
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<td>49.6</td>
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<td>52.7</td>
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<td>Electricity &amp; Water</td>
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<td>49.7</td>
<td>56.2</td>
<td>54.5</td>
<td>55.0</td>
<td>56.9</td>
<td>67.3</td>
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<td>Construction</td>
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<td>Hotels &amp; Restaurants</td>
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<td>19.3</td>
<td>20.7</td>
<td>22.7</td>
<td>22.9</td>
<td>24.9</td>
<td>24.2</td>
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<td>Transportation</td>
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<td>118.4</td>
<td>131.1</td>
<td>132.7</td>
<td>155.9</td>
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<td>159.4</td>
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<td>Banks &amp; Insurance</td>
<td>55.9</td>
<td>62.6</td>
<td>81.2</td>
<td>92.8</td>
<td>115.9</td>
<td>119.8</td>
<td>126.4</td>
<td>127.5</td>
</tr>
</tbody>
</table>

Source: ECCB

---

14 Real GDP is gross domestic product in constant dollars (nation's total output of goods and services, adjusted for price changes).
16 Special drawing right (SDR); a unit of money created by the IMF. Each member country can borrow SDRs at favourable interest rates from the IMF’s reserves when they are needed for reasons related to a country’s balance of payments (payments between countries related to trade, etc.)
Table 2. Selected economic indicators (EC$ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI inflow</td>
<td>56.8</td>
<td>91.9</td>
<td>149.1</td>
<td>178.4</td>
<td>109.9</td>
<td>296.6</td>
<td>356.6</td>
<td>426.8</td>
<td>na</td>
</tr>
<tr>
<td>Recurrent revenue</td>
<td>271.7</td>
<td>305.6</td>
<td>318.2</td>
<td>324.9</td>
<td>337.7</td>
<td>392.5</td>
<td>430.8</td>
<td>483.7</td>
<td>437.5</td>
</tr>
<tr>
<td>Recurrent expenditure</td>
<td>258.7</td>
<td>273.1</td>
<td>272.5</td>
<td>288.1</td>
<td>322.0</td>
<td>355.4</td>
<td>378.3</td>
<td>433.2</td>
<td>436.6</td>
</tr>
<tr>
<td>Capital Grants</td>
<td>9.7</td>
<td>17.3</td>
<td>10.5</td>
<td>4.5</td>
<td>18.7</td>
<td>12.0</td>
<td>9.3</td>
<td>30.0</td>
<td>39.8</td>
</tr>
</tbody>
</table>

Source: Invest SVG, CSO

The agriculture sector, long considered to be one of the leading contributors to the development of Saint Vincent and the Grenadines is no longer as important to the economy as it once was. It contracted in 2008, largely due to a fall in the banana sector. This latter issue was related to the appearance of leaf spot infestation and Moko disease in early 2007, which further reduced yields and accelerated the decline in production. The fall in production has been on-going since trade liberalization in the international markets, and was compounded by the latest ruling in late 2009 (discussed in more detail following). Over the past five years, agriculture has contributed just over 9 percent to GDP, less than half as much as it did in the previous decade.17

The rise in international commodity prices affected farmers through input prices. Responding to the rise in fertilizer costs, fertilizer subsidies were given to 1,776 farmers (reducing the cost by 50 percent) made possible by financing support from Venezuela.

Since the early 1990s Saint Vincent and the Grenadines, along with other Windward Islands, has faced much greater competition in accessing the European market, which has contributed to an increase in rural unemployment. Since 2000 banana exports have declined dramatically, from EC$20.1 million in 2000, already a steep reduction from a decade earlier, to EC$9.8 million in 2008 (Table 3).

Saint Lucia, on the other hand, exported more bananas in 2008 (worth EC$58.9 million and up by 30% over 2007) than in any year in the past decade. Dominica’s banana production also increased by 21.0 percent from 2007 to 2008.18

Although virtually all farmers in Saint Vincent and the Grenadines that export do so under the Fair Trade label, Fair Trade requirements represent a burden to some. Some banana farmers have found it more profitable to produce for the domestic or regional market. Productivity, in terms of yield per acre, is low compared with banana growers in Latin America and elsewhere. A December 15, 2009 World Trade Organization decision will force the European Union (EU) to further reduce tariffs on Latin American bananas, putting Caribbean banana growers at an even greater disadvantage.

Table 3. Exports (EC$ ’000)

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>Jan-Jun08</th>
<th>Jan-Jun09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Merchandise Exports</td>
<td>136.6</td>
<td>112.4</td>
<td>106.1</td>
<td>102.8</td>
<td>98.8</td>
<td>107.7</td>
<td>102.9</td>
<td>128.8</td>
<td>141.0</td>
<td>69.3</td>
<td>62.7</td>
</tr>
<tr>
<td>Re-exports</td>
<td>19.4</td>
<td>16.2</td>
<td>8.2</td>
<td>19.8</td>
<td>9.5</td>
<td>16.1</td>
<td>11.7</td>
<td>30.6</td>
<td>37.4</td>
<td>20.1</td>
<td>7.8</td>
</tr>
<tr>
<td>Domestic Exports</td>
<td>117.2</td>
<td>96.2</td>
<td>97.9</td>
<td>83.1</td>
<td>89.4</td>
<td>91.6</td>
<td>91.2</td>
<td>98.2</td>
<td>103.6</td>
<td>49.2</td>
<td>54.9</td>
</tr>
<tr>
<td>Agricultural Exports</td>
<td>65.7</td>
<td>48.0</td>
<td>56.1</td>
<td>44.5</td>
<td>49.1</td>
<td>48.0</td>
<td>44.6</td>
<td>47.0</td>
<td>35.8</td>
<td>19.3</td>
<td>21.0</td>
</tr>
<tr>
<td>Bananas</td>
<td>49.5</td>
<td>36.9</td>
<td>42.8</td>
<td>32.0</td>
<td>35.2</td>
<td>32.1</td>
<td>27.5</td>
<td>29.1</td>
<td>20.4</td>
<td>11.7</td>
<td>12.2</td>
</tr>
<tr>
<td>Dasheen</td>
<td>3.5</td>
<td>2.1</td>
<td>3.3</td>
<td>3.5</td>
<td>3.3</td>
<td>5.2</td>
<td>5.6</td>
<td>6.0</td>
<td>4.4</td>
<td>2.0</td>
<td>2.8</td>
</tr>
<tr>
<td>Manufactured Exports</td>
<td>48.0</td>
<td>45.9</td>
<td>39.5</td>
<td>36.9</td>
<td>38.8</td>
<td>41.8</td>
<td>45.4</td>
<td>49.8</td>
<td>64.9</td>
<td>28.7</td>
<td>31.7</td>
</tr>
</tbody>
</table>

Source: Statistical Office, Ministry of Finance and Economic Planning

18 ECCB National Accounts Statistics 2009 for the year ended 31 December 2008
The Government has promoted diversification in the agriculture sector, which has seen overall agriculture production increase through 2008 even while banana production was stagnant or declining. Many banana farmers have switched to other crops such as yams and dasheen, while other have left farming altogether and entered the labour force as construction workers, security guards, etc. Banana farmers in Saint Vincent and the Grenadines were once considered relatively well-off but this is no longer the case and many have joined the ranks of the vulnerable.

The global economic crisis must be understood in the context of other economic events that Saint Vincent and the Grenadines has faced, in particular the 2007 and 2008 international food and fuel prices spike, which affected the price of local food, fuel, transportation, and construction material. This led to the introduction of subsidies and the expansion of social safety net measures, described in more detail in Section 5.0 of this report.

Saint Vincent and the Grenadines introduced a Value Added Tax (VAT) on May 1, 2007 to improve the efficiency of the tax system and better capture payments for services in the economy. This resulted in an increase in recurrent revenue of 8.6 percent in the year it was introduced.19

### 3.3 Tourism

Tourism is a major source of export earnings. Like Dominica, Saint Vincent and the Grenadines is less exposed to tourism than the other countries in the study, with the contribution of the hotel and restaurant sectors accounting for just 1.84 percent of GDP. This is in stark contrast to St. Lucia where the contribution from this sector is ten times as high.20 The tourism market in Saint Vincent and the Grenadines is still in need of a clear identity, for example whether to pursue mass market or niche tourism. It should be noted, also, that the Grenadines differ from the mainland in that they rely more heavily on tourism for income.

The sector’s current weakness can be attributed, in part, to policies that for many years did not emphasize tourism, and an airport too small for large planes to land, limiting air arrivals. Construction of a new airport at Argyle will address this deficiency by allowing larger aircraft to land but will not be complete for several years. The new airport, at an estimated cost of EC$608 million (more than 37

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20 It should be noted that ‘hotel and restaurant sector’ contributions to GDP represent a fraction of overall tourist economy. They are used as indicators because of easy comparability across countries.
percent of GDP\textsuperscript{21}, is the most expensive capital project ever undertaken in Saint Vincent and the Grenadines, and will pose a significant challenge in terms of debt sustainability. Other public sector projects impacting tourism include the construction of access roads to recreational sites and the rehabilitation of the Central Leeward Highway.\textsuperscript{22}

Cruise arrivals have increased significantly in recent years. Conversely, stay-over arrivals, the sector that contributes the most towards the development of the country (on a per capita basis), have been falling since 2006. Despite a drop in total arrivals, however, tourism expenditures held and continued to increase through 2008 (Table 4).

Table 4. Total visitor arrivals and visitor expenditure

<table>
<thead>
<tr>
<th>Year</th>
<th>Air Stay-overs</th>
<th>Air Same-day</th>
<th>Sea Cruise ship</th>
<th>Sea Yacht</th>
<th>Total Visitor Expenditure (EC$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>72,895</td>
<td>21,135</td>
<td>75,763</td>
<td>86,247</td>
<td>256,040</td>
</tr>
<tr>
<td>2001</td>
<td>70,686</td>
<td>15,049</td>
<td>91,862</td>
<td>76,494</td>
<td>254,091</td>
</tr>
<tr>
<td>2002</td>
<td>77,622</td>
<td>13,062</td>
<td>86,451</td>
<td>70,314</td>
<td>247,449</td>
</tr>
<tr>
<td>2003</td>
<td>78,535</td>
<td>13,696</td>
<td>84,330</td>
<td>64,965</td>
<td>241,526</td>
</tr>
<tr>
<td>2004</td>
<td>86,721</td>
<td>12,936</td>
<td>84,227</td>
<td>77,585</td>
<td>261,469</td>
</tr>
<tr>
<td>2005</td>
<td>95,505</td>
<td>8,928</td>
<td>84,610</td>
<td>69,391</td>
<td>258,434</td>
</tr>
<tr>
<td>2006</td>
<td>97,432</td>
<td>9,034</td>
<td>93,638</td>
<td>106,474</td>
<td>306,578</td>
</tr>
<tr>
<td>2007</td>
<td>89,637</td>
<td>6,799</td>
<td>144,555</td>
<td>42,277</td>
<td>283,268</td>
</tr>
<tr>
<td>2008</td>
<td>84,101</td>
<td>5,781</td>
<td>43,277</td>
<td>116,709</td>
<td>249,868</td>
</tr>
</tbody>
</table>

Source: Government of Saint Vincent and the Grenadines, Ministry of Tourism and Culture

Travel to St. Vincent from within the Caribbean declined by 20.4\% between 2006 and 2007.\textsuperscript{23} A sharp rise in the cost of regional air travel (almost doubling) and reduced capacity – related to the amalgamation of Caribbean Star and LIAT – was largely to blame. The decline in stay-over arrivals in the second half of 2008 was due largely to the recession in the main tourism-source countries, the US and the United Kingdom.\textsuperscript{24}

There have been serious concerns over the increase in the air passenger duty tax on flights from the UK at a time when the projections of the Caribbean Tourism Organization suggest a sharp fall in visitor arrivals for the remainder of 2009 and in 2010.\textsuperscript{25}

To mitigate the impact on the tourism sector, the government undertook several initiatives including:

- Special incentives for the tourism sector including a reduction in corporate income tax rates from 30 percent to 20 percent, and lower electricity charges by the state electricity company;
- Restructuring LIAT airline’s flight schedule to ease air travel;
- Establishment of the St. Vincent and the Grenadines Tourism Authority (SVGTA) in 2009. Its objectives include a collaborative public/private sector approach to tourism development, management and marketing and public awareness, among others.

\textsuperscript{21} IMF Country Report No. 09/181, June 2009
\textsuperscript{22} From the SVG MTESP and comments received from SVG on Feb 10, 2010.
\textsuperscript{23} CDB Annual Economic Review. 2007.
\textsuperscript{24} IMF Country Report No. 09/181, June 2009
3.4 Remittances

Remittances are an important source of income for some households, representing approximately 13 percent of GDP.\(^{26}\) They are delivered mostly in the form of money transfers or barrels of goods (food and non-food items). In 2009, remittances were down by 20.8 percent through June (Table 5), reversing a substantial increase in 2008 when such transfers were up by 16.1 percent (to EC$112.5 million) compared with a year earlier.\(^{27}\)

### Table 5. Remittances (EC$ ’000)

<table>
<thead>
<tr>
<th>Through post office (money orders, postal orders)</th>
<th>Farm Workers Scheme*</th>
<th>Western Union and MoneyGram</th>
<th>Total from abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>23</td>
<td>446</td>
<td>136</td>
</tr>
<tr>
<td>2008</td>
<td>65</td>
<td>360</td>
<td>56</td>
</tr>
<tr>
<td>2008 (Jan-June)</td>
<td>57</td>
<td>204</td>
<td>31</td>
</tr>
<tr>
<td>2009 (Jan-June)</td>
<td>5</td>
<td>176</td>
<td>27</td>
</tr>
</tbody>
</table>

*Source: Saint Vincent and the Grenadines Postal Services, Labour Department, Ministry of Finance
*Canadian Farm workers Scheme only.

Barrels, which for some families account for a significant share of household consumption, are typically sent during the Christmas season, when the government reduces the import tariff. A typical family will receive several barrels from abroad.

3.5 Savings

On aggregate, the crisis had not adversely affected credit union performance as of December 2008. Total shares, deposits and savings have continued a steady year by year increase through 2008 (Table 6). In 2008 shares, savings and deposits totalled EC$211 million, 7 percent higher than in 2007, and it is on track to rise again in 2009 (based on January-September figures).\(^{28}\) There has been a corresponding increase in the number of clients served. This does not mean there has been no impact. Unless members come from a sector that has seen significant downsizing, credit union performance will not always be adversely affected during a crisis. The types of loans members apply for may differ, and delinquency rates may rise.

### Table 6. Credit unions

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of credit unions</td>
<td>10</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Members/clients served</td>
<td>40,815</td>
<td>42,448</td>
<td>47,144</td>
<td>50,227</td>
</tr>
<tr>
<td>Shares, savings, and deposits (EC$ mill)</td>
<td>143.2</td>
<td>151.8</td>
<td>179.9</td>
<td>211.1</td>
</tr>
<tr>
<td>Outstanding loans (EC$ mill)</td>
<td>112.2</td>
<td>120.1</td>
<td>149.4</td>
<td>165.6</td>
</tr>
<tr>
<td>Total reserves (EC$ mill)</td>
<td>17.6</td>
<td>18.0</td>
<td>32.7</td>
<td>34.4</td>
</tr>
<tr>
<td>Total assets (EC$ mill)</td>
<td>180.2</td>
<td>189.3</td>
<td>215.5</td>
<td>228.4</td>
</tr>
</tbody>
</table>

*Source: Saint Vincent and the Grenadines, League of Credit Unions

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\(^{26}\) Estimated remittances in 2008 were EC$130 million, GDP at market prices EC$1,011 million.

\(^{27}\) Saint Vincent and the Grenadines Postal Services, Labour Department, Ministry of Finance.

\(^{28}\) Saint Vincent and the Grenadines Co-operative Credit Union League Ltd.
3.6 Education

Saint Vincent and the Grenadines has focused on building human capital through the Education Revolution, a comprehensive education policy that began in 2001. In the 2009 budget 23 percent of recurrent spending was allocated to the education sector. Education and poverty reduction form the core of the Government’s development agenda.29

Applications at the Ministry of National Mobilization, Social Development, Gender Affairs, Non-Governmental Organisations Relations, Persons with Disabilities, Youth Affairs and Sport for assistance in attending school (frequently for covering transportation costs) are continually rising. The number of beneficiaries on the school feeding programme increased by 18.9 percent (to 8,309) between 2005 and 2007.30

4.0 SOCIAL ISSUES

4.1 Poverty

Until the recent crisis, living conditions in Saint Vincent and the Grenadines had been improving. Although the country has one of the highest poverty rates in the region, with a headcount ratio of 30.2 percent, it was considerably lower than the ratio of 37.5 percent in 2001, when the previous CPA was conducted. Indigence (an absolute rate measured by daily consumption) stands at 2.9 percent. There are high levels of income inequality in Saint Vincent and the Grenadines, with a Gini coefficient\(^3\) of 0.40, though this is lower than in the previous decade when it was estimated at 0.56.\(^4\)

Poverty is not gender-specific, but is closely linked with employment, one of the key causes being low earnings and unemployment. The decline of the banana sector has contributed to persistently high poverty rates. Another cause of poverty is social exclusion, which prevents some women and young men from accessing jobs.

Living conditions in Saint Vincent and the Grenadines had improved somewhat since 2001: the share of population with inadequate access to water and toilet facilities has dropped, while access to electricity has increased from 79.7 to 84.8 percent (Table 7).

<table>
<thead>
<tr>
<th>Table 7. Living conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of population (%) with</td>
</tr>
<tr>
<td><strong>Inadequate Water Source</strong></td>
</tr>
<tr>
<td>Private Catchment, Not Piped</td>
</tr>
<tr>
<td>Public Piped into Yard</td>
</tr>
<tr>
<td>Public Standpipe</td>
</tr>
<tr>
<td>Public Well or Tank</td>
</tr>
<tr>
<td><strong>Inadequate Toilet Facilities</strong></td>
</tr>
<tr>
<td>Pit-latrine/VIP</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>None</td>
</tr>
<tr>
<td><strong>Access to electricity</strong></td>
</tr>
<tr>
<td>Electricity Public</td>
</tr>
<tr>
<td>Electricity Private Generator</td>
</tr>
</tbody>
</table>

Source: 2001 Population and Housing Census, CPA 2007/08

Falling poverty and improved living conditions have not necessarily carried over into the areas of health and morbidity. For example, infant mortality has not declined over the past decade (Figure 3).

---

\(^3\) The Gini coefficient is a measure of the inequality of a distribution, a value of 0 expressing total equality and a value of 1 maximal inequality.

Only 9.4 percent of the population has health insurance,\textsuperscript{33} putting most of the population into the vulnerable category.

The population of Saint Vincent and the Grenadines has been falling steadily since 2000, from 109,022 to an estimated 100,510 in 2008.\textsuperscript{34} This represents a drop of 7.8 percent over the period and reflects an extremely high emigration rate, a phenomenon endemic to the region (Table 8).

Table 8. Emigration rate (2000-2002)
\begin{center}
\begin{tabular}{|l|c|}
\hline
Country & Percent \\
\hline
Antigua and Barbuda & 45.3 \\
Barbados & 29.8 \\
Dominica & 38.3 \\
St. Kitts & Nevis & 44.3 \\
Saint Lucia & 24.1 \\
Saint Vincent & the Grenadines & 34.4 \\
\hline
\end{tabular}
\end{center}

\textsuperscript{Source: UNDP Human Development Report 2009}

4.2 Illegal drugs

As in other countries in the region, drug cultivation and trafficking has made in-roads in Saint Vincent and the Grenadines in recent years. It has contributed to young men dropping out of school and seeking lucrative but dangerous work in the drug trade. The \textit{Interim Poverty Reduction Strategy Paper} (IPRSP) notes that 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.”\textsuperscript{35}

The attraction of the illegal drug trade, with the accompanying risk of drug abuse, is a growing problem in Saint Vincent and the Grenadines, and may tend to increase. These activities, described by the 2003 IPRSP as “quick fixes to economic freedom”, can have considerable social consequences by contributing to the “deterioration of the human resource base”.\textsuperscript{35}

\textsuperscript{34} ECCB National Accounts Statistics 2009 for the year ended 31 December 2008
\textsuperscript{35} Saint Vincent and the Grenadines. IPRSP. 2003
4.3 Crime

Despite the faltering economy, the rate of reported crimes in Saint Vincent and the Grenadines has decreased significantly between 2001 and 2008. Crimes against persons fell by 32.5 percent and crime against property by 46.5 percent (Table 9) in that period. Figures were not available for 2009 but rising unemployment and associated social problems could lead to a reversal in this trend.

Table 9. Change in reported crimes

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons</td>
<td>2,932</td>
<td>2,735</td>
<td>2,703</td>
<td>2,867</td>
<td>2,135</td>
<td>2,161</td>
<td>1,980</td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>6,959</td>
<td>5,819</td>
<td>5,355</td>
<td>5,487</td>
<td>5,075</td>
<td>4,760</td>
<td>4,471</td>
<td>3,722</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth rate (%)</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons</td>
<td>-0.07</td>
<td>-0.01</td>
<td>0.06</td>
<td>-0.12</td>
<td>-0.15</td>
<td>0.01</td>
<td>-0.08</td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>-0.16</td>
<td>-0.08</td>
<td>0.02</td>
<td>-0.08</td>
<td>-0.06</td>
<td>-0.06</td>
<td>-0.17</td>
<td></td>
</tr>
</tbody>
</table>

Source: National Statistics Office

4.4 Unemployment

Saint Vincent and the Grenadines does not track unemployment figures, making it impossible to quantify the extent of job losses since the onset of the crisis. According to the 2007-2008 Survey of Living Conditions, unemployment stood at 18.8 percent, a drop of 2.3 percentage points since 2001. It is a predominantly male phenomenon: only one third of unemployed were women. The overall rate of 22.6 percent unemployment for men, and the rate of 39.8 percent of men aged 15-24, were the highest rates in CARICOM. High male unemployment is linked to male underachievement.

Based on reports of lay-offs in the hospitality and telemarketing sectors, unemployment has definitely risen. Since these are predominantly women's jobs in Saint Vincent and the Grenadines, the effect may have a distributional impact along gender lines, to the disadvantage of women. Youth unemployment, far higher than the average, is of particular concern. The 2003 IPRSP notes:

‘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 a relatively early age, with the effect of increasing numbers of young persons failing to complete their education prior to labour force market entry.’

5.0 SOCIAL PROTECTION AND POLICY RESPONSE

5.1 Existing social protection measures

Public assistance is provided through the Ministry of National Mobilization, Social Development, Gender Affairs, Non-Governmental Organisations Relations, Persons with Disabilities, Youth Affairs and Sport. It disburses public assistance to 5,500 beneficiaries on a means-tested basis, totalling about EC$3.7 million (2007). Of these, the Ministry estimates that 20 percent are able-bodied and could be weaned from the programme with the proper mix of incentives. A form of conditional cash transfer to improve targeting in communities is under consideration.

The Ministry’s vision is “To develop and implement policies and programmes that would support socio-economic development and create a framework where the disadvantaged and indigent can be supported.”37 The Ministry plays an advocacy role, as well as developing and administering programmes to meet the needs of the elderly, promote fitness awareness, and work with street children.

A significant impediment to evaluating programmes and making progress on improving interventions is weak data management. Information is currently entered into log books rather than an electronic database, which impedes the coordination of assistance.

Saint Vincent and the Grenadines has a National Insurance Service (NIS) that provides pension coverage for those who have contributed. Until recently, only formal sector employees could make contributions but self-employed persons can now contribute as well. The crisis has not affected the ability of the NIS to deliver services; current collections cover current expenses. The collections rate, however, has slowed somewhat in recent months.

A supplementary elderly assistance benefit of EC$37 per week was introduced as a crisis response measure. It is means-tested and differs from the regular pension in that it is a one-off, 10 year maximum assistance with no survivor benefits. There were 287 beneficiaries at the time of this study.

In the 2009 Budget Address, the key programmes expected to contribute to poverty reduction were outlined with their allocations as follows:

- Social welfare payments (Public Assistance and Cost of Living Support) of more than EC$13 million;
- Liberty Lodge for Boys: EC$721,000;
- Home-Help-for-the-Elderly: EC$1.0 million;
- The School Feeding Programme: EC$2.2 million;
- National Emergency Management Organisation: EC$701,414;
- The Nutrition Unit: EC$367,446;
- The Nutrition Support Programme: EC$849,774;
- Community Poverty Alleviation: EC$900,000;
- The Social Investment Fund: EC$1.5 million;
- Social Infrastructure Development: EC$100,000;
- Community Development: EC$200,000;
- The YES (Youth Empowerment Service) Programme: EC$2.8 million;
- Rural Poverty Alleviation: EC$800,000;

• Rural Electrification: EC$150,000;
• Rural Community Markets: EC$400,000;
• The Rural Development Facility (Georgetown): EC$3 million;
• The upgrading of Informal Human Settlements: EC$750,000;
• Housing for the Poor: EC$750,000 from Central Government and EC$4.6 million for first phase of the “No Income Housing Programme” through Housing and Land Development Corporation, financed by the government of the Bolivarian Republic of Venezuela;
• Social Welfare (Transport Subsidy): EC$436,800; and
• Social Welfare (Medical Administration): EC$275,000.

The Social Investment Fund was launched in 2004 specifically to help rural areas manage the effects of the decline in the banana sector. Initially funded through the budget, EU funding of EUR4.25 million was allocated to the Fund through the end of 2009. New funding is being sought.

The 2002 IPRSP highlighted issues that need to be addressed to strengthen social protection in Saint Vincent and the Grenadines. Drawing on this document, the Government’s Medium Term Economic Strategy Paper (2007-2009) outlined the main points of its poverty reduction strategy as follows:

• Increase emphasis on enhancing governance mechanisms and the regulatory framework to support socio-economic policies and the implementation of poverty reduction programmes;
• Diversify sources of economic growth, including agriculture, fisheries, tourism and information communication technology;
• Improve the integrated approach to economic and social planning;
• Increase investment in human capital;
• Facilitate credit programmes to support small business and micro enterprises;
• Increase the effectiveness and efficiency of the delivery of social services in order to improve the general well-being of the population;
• Continue the implementation of the Low-Income Housing Programme; and
• Pursue an intensive programme of basic development of Informal Human Settlement.

5.2 Policy response

The Government’s awareness of the risks posed by the global economic crisis is laid out in the 2009 Budget Address, ‘Socio-Economic Development, Competitiveness, and Fiscal Consolidation at a Time of Financial Turmoil and Economic Uncertainty Internationally.’ Socio-economic development, along with competitiveness and fiscal consolidation, was identified as one the main themes for the 2009. Of the fourteen initiatives outlined by the budget, the first three focus on deepening the Education Revolution, intensification of the war against poverty, and the creation of more jobs and continued reform of the labour market.

Overall social welfare spending increased from EC$10.9 million in 2007 to EC$14.6 million in 2008. The Government introduced several measures to strengthen social safety nets, specifically intended to mitigate the impact of the food and fuel price increase and the global economic crisis.
These included:

- Reduced import tariffs on a number of basic food items;
- Increased cost of living support payments to persons enrolled in the public assistance programme;
- Subsidy on the electricity surcharge;
- Increased minimum pension payments;
- Personal and corporate tax rates were lowered from 37.5 percent to 35 percent;
- Elderly assistance benefit (EAB), means-tested, for those over 65, lasting 10 years. One-off assistance; does not include survivors benefits.38

In addition to these measures, informal public assistance was to be provided by the Prime Minister’s office to petitioners two days a week. This type of assistance will naturally have an element of arbitrariness since it does not involve means testing nor is it targeted at the most needy.

Lack of data on employment (age and gender composition, unemployment duration, skill types, etc.) makes it impossible to quantify changes and hampers the government’s ability to respond adequately. It is therefore difficult to know with certainty which measures will be effective.

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6.0 MAIN FINDINGS FROM FOCUS GROUP DISCUSSIONS

6.1 Introduction

The findings on social impacts of the crisis are based on focus group discussions and key informant interviews. They illustrate how various population groups have experienced the combined effects of the food/fuel price and global economic crisis. Although the findings cannot be considered representative, and the share of the population that shares these similar views or has been similarly affected cannot be quantified, they nonetheless serve several purposes by:

- Empowering ordinary citizens by recording and transmitting their views to policymakers and development partners;
- Filling an information gap in the economic crisis research by providing the perspectives of a broad selection of (potentially) affected groups, information that was previously unavailable;
- Describing the dynamic process through which the crisis has been transmitted, beyond the change in social and economic indicators; and
- Highlighting the types of policy interventions desired by ordinary citizens.

As expected, many Vincentians have personally felt the impact of the combined crisis, delivered primarily through a fall in remittances from overseas, and a drop in income and some loss of jobs in the tourist and construction sectors. Reduced consumption and greater difficulty in finding employment are the main consequences.

At the same time, the focus group findings suggest that the social impacts have not yet become social problems. Based on the discussions, it cannot be said that there was, at the time of writing, a burgeoning welfare crisis. The general tone of the focus group discussions was relatively impersonal – impacts were often discussed in the abstract. There was little mention of increased stress levels. Many individuals and households are adjusting by cutting back on consumption, but there was no clear sense that deep lifestyle changes have been made. The expression “we just bear bab” (i.e., make do with what we have) was frequently used in response to questions on coping.

Many people are aware of Government assistance and social programmes, especially the Education Revolution, which was singled out repeatedly as a particularly welcome and useful initiative and appears to resonate strongly with many people. At the same time, significant concerns were expressed over inadequacies in the tourism sector. Many attributed the drop in tourism to more than just the reduced spending power of foreign visitors, citing security issues, lack of hospitality, poor services and infrastructure, activities, and local indifference.

There were calls for improved use of government resources and better targeting of programmes. Several persons stressed the importance of conducting assessments prior to implementing policies.

Based on the views of Vincentian focus group participants, despite concerns over the direction society is moving with the rise in problems among youth, there appears to be significant social resilience in the face of the crisis.
6.2 Transmission channels of the crisis

6.2.1 Job loss

In the absence of data the scale of the crisis is difficult to determine, though it has, without a doubt, precipitated job losses in Saint Vincent and the Grenadines. Nonetheless, convening a focus group of laid-off workers proved particularly difficult. This is ascribed, in part, to stigmatization and general reluctance to talk about what is a difficult personal issue. In some instances, those contacted had been rehired (by the telemarketing firms, a possible sign of ‘green shoots’ of recovery). After several attempts, it was only possible to bring a group of five together. However, participants in other focus groups (other than the group with laid-off workers) also shared thoughts on employment.

Unemployment is not the only consequence of the crisis; underemployment or a reduction in wages also has occurred.

Self-employed individuals in the hospitality-related sectors reported different experiences, suggesting that the employment impact is less severe because it is one of degree, rather than job loss.

It is also worth noting that job loss does not inevitably lead to changes in welfare if other income sources are in use. Out of the group of five who had lost jobs, only three reported that their lives had changed, due partly to the low wages they were earning while employed. When asked what the main changes were, participants noted they had less money to spend on entertainment and had become more careful in budgeting for food. In the long-term, the impact may become less moderate.

6.2.2 Reduced remittances

Numerous focus group participants described being affected by the fall in remittances, which has led to decreased consumption. Many people are receiving, or expecting to receive, fewer barrels this year. Remittances were frequently discussed in an impersonal manner.

“We are affected because we depend on our people overseas to send back home money and barrels.”

“We are affected because we depend on our people overseas to send back home money and barrels.”

“The restaurants use to cater for the tourist but it has decreased; now I lost my job because they had to lay off workers.”

“The financial help that I use to get has stopped because the families lost their jobs.”

“First time we use to get eight barrels now I getting two.”

“There is a reduction in the money I use to get from overseas, sometimes I use to go by western union two times, now is one.”
6.2.3 Increased prices

Virtually all focus groups were vocal about the rise in food prices, which has affected people through a reduction in their spending power and has led to changes in food buying behaviour. The burden of higher taxes, through the VAT, was frequently mentioned.

“Food prices gone up and VAT ah mek it worse.”
“I can’t pay my bills on time, so I have to cut the cable and the phone and use the lamp more to cut back on the light bill”.
“Well there has been a reduction in the flour price but bread still expensive.”
“Now you can hardly get retail items like lard and butter and yeast to even make the bread for yourself.”
“For months now when you go to buy the basic things, no money leave to buy thing like greens/vegetables.”

6.2.4 Decrease in tourism

Vincentians have noted the drop in the number of visitors (which began in 2007), and many pointed out the need to improve treatment of tourists in terms of hospitality. Most persons interviewed attribute the drop in tourist arrivals (referring to the stay-over market) to security issues, lack of hospitality and services, lack of standards and high taxes. A female focus group participant noted that the fall-off in tourism was due to “citizen’s behaviours and attitudes and not so much a result of the crisis.” One person noted that the season is starting later and later each year. Poor security is a key concern, especially on Bequia.

One man said that the whole infrastructure in Bequia is down and that it would need to be improved if they wanted more visitors to come.

“Lots of tourists don’t come down here anymore because of theft.”
“We do a lot of business with the U.S.A and most of our tourist is from there and if they don’t have money then we down here will have no work in the tourist industry and that means no money”.
“Yachts are still coming except for the bad publicity that they are receiving lately due to illegal activities by locals.”

6.2.5 Education

There is widespread agreement that the crisis has not affected education and that, in fact, education and educational opportunities in Saint Vincent and the Grenadines have improved under the Government’s Education Revolution. Participants spontaneously mentioned the changes brought about by the Government’s education policy during many of the focus group sessions.

The school feeding programme is reported to ‘help a lot.’ It was mentioned that the programme has helped many poor parents. A young parent agreed,

“It better now we have education revolution and more scholarships.”
“The Government has built more schools, and you can go back to school.”
“Even if you go jail you can still go secondary school.”
“Education has gone a long way; it gives you insight and wisdom and it’s more affordable now. The government just give me five hundred dollars ($500) as an incentive for passing subjects at school.”
“Sometimes you can’t send your child to preschool. As parents you have to raise money to pay for external exams and evening classes.”
saying it was very useful to her as a working mother. When she is working in the fields she doesn’t have to ‘hustle’ from where she is to prepare lunch for her child, which reduces her transportation expenses. One participant also stressed that the programme ensures the children stay on the school compound during their lunch break.

6.2.6 Health

The impacts on health did not, at the time of this study, appear to be widespread according to focus groups as well the Ministry of Health. One notable impact was that people had less money available to pay for medicines. Participants claimed that their health has been affected because the money they received to buy medication from overseas in the past has been reduced.

Another potential impact relates to a less nutritious diet to which some people are adapting in order to get by. One woman expressed the belief that her children were not getting a balanced diet and that it will have an effect on them later on in life. She believes more money will have to be spent on medical services.

For some, there may also be positive impacts from the decline in spending power.

6.2.7 Agriculture

Participants noted that bananas were making money, but not being exported anymore. They added that they do not know what Saint Vincent and the Grenadines is exporting these days. One participant made reference to a local entrepreneur and said they are not getting any help from Government. Others noted farmers had stopped planting. Some participants in rural areas noted an increased reliance on local crops.

Aside from the banana decline, other reasons given for why farmers were no longer planting more crops were that they were not finding markets for their produce and that the cost of fertilizer was too high (apparently in spite of the subsidies). This has forced them to sell their produce at a high price in order to turn a profit.

6.3 Impacts by group

Although the distributional impacts of the economic crisis (i.e. what demographic and socio-economic groups have been affected more and in what ways) cannot be assessed, issues specific to these groups were revealed during the focus group sessions. They are outlined in the following pages.

6.3.1 Youth

Only some young people who participated in the focus group discussions were aware of the global economic crisis. Those who knew of it reported hearing about it through television. However, all were keenly aware of the rise in prices and the ensuing rise in the cost of living. They reported having to cut down on expenditures, and that barrels now being received contain a greater share of food items than was previously the case.

The youth reported that it had become more difficult to find a job, and that it takes longer than before. As fewer openings are apparently available for a greater number of job seekers, the job market has become more competitive and the premium on skills and qualifications has risen.
Participants said that most jobs require O Levels and that dropping out of school may become an even greater disadvantage than it has been in the past. The opportunity cost has risen, i.e. the potential loss from not completing school is greater. With fewer job openings, there appears to be a move into the informal sector and small and micro-businesses as a coping strategy.

The group reported the continued phenomenon of boys dropping out of school, although this may not be entirely attributed to the crisis as male under-achievement is a long-standing social problem in the country, as elsewhere in the region. The problems of drugs, gang culture, and violence – attributed to the influence of the mass media and weak parental guidance – are very much a concern to them.

6.3.2 Elderly

Elderly persons appear to be moderately affected by the crisis, mainly through the rise in prices and through awareness that family members abroad face struggles in their adopted countries. This awareness is manifested by, for example, requesting less assistance from family overseas and cutting down what they eat, especially through eating less meat and fish. An elderly lady explained that almost everyone in the country has a relative overseas and “things are not as good as it used to be for them now,” therefore much less is coming back home. Several elderly reported finding it more difficult to buy medication and drugs because of reduced financial resources.

Many elderly also complained about the need for assistance in repairing their homes. Although there is no obvious direct link to the crisis, reduced remittances will make repairs more costly and more likely to be delayed.

“I have reduced the amount of food I used to eat.”
“The church does give me a food basket, but that can’t last me for the month.”
“I don’t buy fish because the chicken does stretch more.”
“I want my house fix because the galvanise leaking.”
“I can’t sleep when rain comes; I have to pick and choose a spot fuh rain nah wet me.”
“I want a rail because I have too much steps to climb up.”
“The banks need ramps for the elderly and a faster system; tellers too slow.”

“I does beg, and try to budget now that things hard.”
“I gone back to farming, use natural resources and rearing animals.”
“I am doing a little skills training.”
“I husking coconut.”
“I pawn a few household items and cook lambback (a shell fish).”
“Well a little prostitution does help.”

39 It should be noted that out of nine participants only one was male, despite efforts to recruit a more balanced gender mix.
6.3.3 Farmers and rural population

Differing views were expressed on the degree to which farmers were affected. Some believed they were able to manage because they could sell their produce on the market, while others noted that the cost of fertilizer remained high and posed a continuing problem. Participants mentioned they had returned to farming as a more reliable source of income than tourism.

The rural population has not been immune to the crisis, which they have experienced chiefly through lower remittances and higher prices. The coping measures they mentioned vary from begging and prostitution to pawning household items and skills training.

6.3.4 Women (low income)

It was often pointed out that women are especially hard hit by the crisis. One female participant said the economic crisis has affected her especially hard as a young unemployed mother of one. Many women focus group participants from low income areas experience the crisis through increases in the price of food and gas, lower remittances and fewer barrels from overseas, on which many depend.

Concerns were expressed over the impact of a less nutritious diet, the result of cutting back on food expenditures. In terms of coping, several things were mentioned, but all related an adjustment in consumption habits: buying cheaper food, going without vegetables, fewer clothes, fewer visits to the hair salon, and juggling utility bills.

6.4 Summary of impacts and groups affected

Table 10 summarizes the negative impacts of the crisis reported by focus group participants. Examples of groups most commonly associated with the impact are provided where known. Table 11 summarizes the main types of negative impacts of the crisis and, in some instances, coping strategies that were mentioned during focus group discussions. Disaggregation by group is a key step in conducting distributional analysis.
**Table 10. Negative Impacts of the crisis**

<table>
<thead>
<tr>
<th>Impact</th>
<th>Examples of groups with whom impact is most commonly associated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employment</strong></td>
<td></td>
</tr>
<tr>
<td>More difficult to get certain jobs</td>
<td>Youth</td>
</tr>
<tr>
<td>Pressure on women for sexual favours in return for employment</td>
<td>Women</td>
</tr>
<tr>
<td>Less pay for same work</td>
<td>No specific group</td>
</tr>
<tr>
<td>Payment of wages in kind</td>
<td>No specific group</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
</tr>
<tr>
<td>Higher qualification now needed in order to obtain employment</td>
<td>Youth</td>
</tr>
<tr>
<td><strong>Health and diet</strong></td>
<td></td>
</tr>
<tr>
<td>Eating less, e.g. forgoing fish and chicken</td>
<td>Elderly</td>
</tr>
<tr>
<td>Unable to afford medication and drugs,</td>
<td>No specific group</td>
</tr>
<tr>
<td>Forgoing treatment, check-ups</td>
<td>No specific group</td>
</tr>
<tr>
<td><strong>Financial/budgeting issues</strong></td>
<td></td>
</tr>
<tr>
<td>Fewer remittances,</td>
<td>No specific group</td>
</tr>
<tr>
<td>Fewer barrels</td>
<td>No specific group</td>
</tr>
<tr>
<td>Fewer requests for help from overseas because of awareness of impact there</td>
<td>No specific group</td>
</tr>
<tr>
<td>Lower income</td>
<td>Farmers, entrepreneurs</td>
</tr>
<tr>
<td>Inability to pay off loans</td>
<td></td>
</tr>
<tr>
<td><strong>Consumption/assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cost of living has increased</td>
<td>No specific group</td>
</tr>
<tr>
<td>Spending lower</td>
<td>No specific group</td>
</tr>
<tr>
<td>Less spending on entertainment</td>
<td>No specific group</td>
</tr>
<tr>
<td>Inability to pay utility bills on time</td>
<td>No specific group</td>
</tr>
<tr>
<td><strong>Business</strong></td>
<td></td>
</tr>
<tr>
<td>Decreased demand for construction/repairs</td>
<td>Contractors/construction workers</td>
</tr>
<tr>
<td>Decrease in sales to tourists</td>
<td>Vendors</td>
</tr>
</tbody>
</table>

**Table 11. Affected groups**

<table>
<thead>
<tr>
<th>Group</th>
<th>Impact and coping strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Potentially more affected groups</strong></td>
<td></td>
</tr>
<tr>
<td>Individuals reliant on tourism living in the Grenadines</td>
<td>Unlike Saint Vincent, the Grenadines are heavily dependent on tourism; the combination of declining yacht and overnight visitors and the global crisis has been felt most acutely in the Grenadines.</td>
</tr>
<tr>
<td>Youth</td>
<td>More difficulties finding work, higher qualifications are required.</td>
</tr>
<tr>
<td>Elderly</td>
<td>Although subsisting on meagre income and having to cut back somewhat on food consumption or switch to cheaper foods, the lifestyle adjustments appear to be relatively minor.</td>
</tr>
<tr>
<td>Households relying on remittances</td>
<td>Falling remittances and fewer barrels have led to reduced consumption.</td>
</tr>
<tr>
<td><strong>Potentially less affected groups</strong></td>
<td></td>
</tr>
<tr>
<td>Residents in rural areas</td>
<td>The extended family structure in rural areas may help individuals to cope more easily than in urban areas. The ability to live off the land may also be cushioning the impact.</td>
</tr>
<tr>
<td>Farmers</td>
<td>Potential negative impact through the rise in the cost of fertilizer has been offset though government subsidies.</td>
</tr>
<tr>
<td>Office workers and civil servants</td>
<td>Office workers and civil servants are perceived as the least affected of all groups.</td>
</tr>
</tbody>
</table>
6.5 Coping Strategies

Relatively few specific coping strategies were mentioned, other than reduced spending. Unlike other countries in the study, there was almost no mention of increased stress levels or emotional and/or behavioural problems. Table 12 outlines coping strategies and examples of groups with whom the strategies are most commonly associated.

Table 12. Coping strategies

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Examples of groups with whom the strategy is most commonly associated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employment</strong></td>
<td></td>
</tr>
<tr>
<td>Increase in self-employment activities</td>
<td>No specific group</td>
</tr>
<tr>
<td>Begging</td>
<td>No specific group</td>
</tr>
<tr>
<td>Skills training</td>
<td>No specific group</td>
</tr>
<tr>
<td>Cultivation of land, return to farming</td>
<td>Rural population</td>
</tr>
<tr>
<td><strong>Housing</strong></td>
<td></td>
</tr>
<tr>
<td>Renting out apartment</td>
<td>No specific group</td>
</tr>
<tr>
<td><strong>Consumption</strong></td>
<td></td>
</tr>
<tr>
<td>More careful use of food when preparing meals to avoid waste</td>
<td>No specific group</td>
</tr>
<tr>
<td>Limiting food purchases to basic items</td>
<td>No specific group</td>
</tr>
<tr>
<td>Cutting back on children’s allowances</td>
<td>Children</td>
</tr>
<tr>
<td>Use more local crops</td>
<td>Rural residents</td>
</tr>
<tr>
<td>Budgeting better</td>
<td>No specific group</td>
</tr>
<tr>
<td><strong>High risk activities</strong></td>
<td></td>
</tr>
<tr>
<td>Prostitution</td>
<td>Women</td>
</tr>
<tr>
<td><strong>Business</strong></td>
<td></td>
</tr>
<tr>
<td>Reducing the prices of services</td>
<td>Contractors</td>
</tr>
<tr>
<td>Demand for more value for money</td>
<td>No specific group</td>
</tr>
</tbody>
</table>
7.0 RECOMMENDATIONS

This study has focused on social impacts and policy response measures to the crisis, rather than on specific issues regarding the effectiveness of the social sectors. This report therefore includes focus group recommendations made by ‘average citizens’, followed by broad recommendations applicable at the regional level that should be assessed for their particular relevance to Saint Vincent and the Grenadines.

7.1 Focus group recommendations

Recommendations to the Government arising from focus group discussions are summarized here. They are organized by topic and, except for minor editing, provided verbatim. This is in keeping with one of this study’s core objectives of giving voice to affected groups. Although some of these recommendations may be uninformed and simplistic, they include a number of ideas worth further exploration.

Agriculture
- Increase the value of local crops, such as mangoes, and improve agro-processing instead of exporting mangoes and re-importing as red mango;
- Import less agricultural produce;
- Process raw materials to increase its value;
- The government should continue to give subsidies;
- Need for mechanical support for small farmers, because sometimes tractors break down and reliable service is not available;
- Crops are planted to support the factory, (e.g. cassava) but at harvesting time they are not being sold, resulting in a glut in the market;
- Make the farmers more aware of educational programmes and inform them of machinery available for mass production;
- There should be a reduction on the interest rate for loans.

Tourism
- Better marketing for the island because the banana industry is gone and tourism is what remains to live by;
- There is a need for toilets and garbage bins; business people are putting their garbage in the drains/gutters and causing the place to be smelly;
- Give yachts better security; locals are breaking into yachts and they (yachts) will stop coming;
- The police need to be more aware;
- An association for all water taxi and motor taxi drivers should be formed on Bequia;
- Local government in Bequia should be introduced;
- Do things so that tourists would want to come back to Bequia.

Education and training
- Continue the education revolution and adapt to changes in technology;
• Publicize skills training sessions and community intervention;
• Government should extend the length of time for the UNDP computer training programme;
• We need a school bus for the primary school children because the minivans don't usually want to pick them up;
• Set up learning centres for children who drop out of school;
• Children should be taught in school about the country and the value of money;
• Implement more workshops in the country: more skills training programmes and more knowledge in the creative arts.

Employment
• There is a need for more creative ways of employment. You have to make sure rural persons are employed;
• Create more jobs and assist with jobs overseas;
• Increase the welfare for the unemployed;
• Authorities need to look into the distribution of government work and there should be more transparency. Not just one person getting the work all the time;
• Community councils in place to keep out the politics. Put structures and policies in place to rotate jobs;
• Need for adequate facilities for profitable fishing.

Subsidies
• Reduce VAT on construction materials;
• Let the VAT officials check the prices for some items because prices need to be controlled;
• Reduce prices on foodstuffs;
• Reduce price of fertilizers; farmers can't purchase the necessary amount and it's causing a reduction in production.

Survey and analysis
• More surveys to determine the unemployment situation instead of measuring for tax (a new land and house tax assessment is being taken nationally);
• Find out what poorer persons can afford (through surveys).

Health and social spending:
• Health centre in Orange Hill;
• Government should spend more money on things such as homes, education, hospital and homes for vagrants and homeless people;
• Government should be careful in their programmes; they must be meaningful and sustainable.
Housing (primarily elderly)
- More assistance with house repairs;
- Build more low-income homes, not only wall structures, but also plywood houses;
- The banks need ramps for the elderly and a faster system.

Improve rural services (primarily elderly)
- Take out some of the services from Kingstown because transportation to town is expensive;
- A market to sell the craft items at the Centre (a day-care centre for the elderly);
- More recreational activities for the Centre and cable to watch television.

Regional initiatives
- Promote Caribbean Single Market and Economy (CSME) to “help our people.”

7.2 Region-wide recommendations

Create a system to identify and target most vulnerable groups, prioritize social problems and dispatch resources in emergency situations. Inadequate information on who is potentially most affected and what their needs are is essential to efficient emergency response. Competing needs can quickly lead to confusion and poor returns on the allocation of resources if a system of prioritizing is not developed. The ability and usefulness of existing programmes in crisis situations should be catalogued. Several countries have myriad small social programmes targeting a wide range of issues and groups. They often add up to less than the sum of their parts, as the current crisis has revealed. Not all persons have the same type of need. Decisions on support need to be made on the basis of urgency of the problem, severity of impact on society, sustainability of the solutions identified, as well as on the need to identify and protect the most vulnerable in the society.

Implication for resilience: Awareness of which programmes best serve persons identified as most vulnerable during crisis will enable government to ramp up, at short notice, financial and human resources to protect them and reduce the risk that they will be permanently marginalized.

Streamline and integrate social assistance/protection functions. Mandates are often assigned to ministries not adequately aligned to the portfolio. Closely related policy areas may be scattered across different ministries, all focused on a higher priority sector. Thus, social development departments, seen as less prestigious, are often attached to ministries with an entirely different focus. Gender is an example of an area often assigned to random ministries and given little regard for where the issue is best addressed. The optimal solution would be the creation of a Social Protection Agency with the mandate to coordinate programmes, create an enabling environment and monitor and evaluate the delivery of the social programmes for efficiency and effectiveness.

Implication for resilience: With mandates related to social assistance and social development spread across ministries and given relatively lower priority, developing a coherent and timely response becomes more difficult.

Reduce duplication within and between ministries. Related to and possibly resulting from the absence of a national development plan is the fact that in many countries there is often duplication within and between ministries. Planning is spread across ministries and is poorly integrated. This leads not only to poor coordination but to inefficient use of scarce resources –
both human and financial – that countries with high debt/GDP ratios such as Saint Vincent and the Grenadines can ill afford. Consolidation of those duplicated programmes is needed: there is a need for central and sector-specific planning.

**Implication for resilience:** Reducing duplication will free up resources to provide assistance for more individuals, and reduce the possibility of some individuals/families taking advantage of emergency spending.

**Promote an integrated planning and policy dialogue/framework.** Planning must be improved in terms of identification and management of risk given that few of the experiences or the vulnerabilities exposed by the recent crisis are new. To date, however, the management of risk in all of its forms and the implementation of strategies across sectors, particularly social and environmental, has been weak. Participatory decision-making and consultations, in which effective communication with key stakeholders and beneficiaries have taken place, will provide the space for Government to implement social and economic policies with the cooperation of those whose lives are affected. It will also allow for inputs from stakeholders to which they will be more committed. This is a process that can take some time to be embedded in the culture of a society and should not be seen as a band-aid for a specific situation. Barbados' social contract is a good example of how this can work.

**Implication for resilience:** Decision-making for responding to externally-induced crises (primarily top-down) is likely to miss out on whether measures are implemented as intended, having the intended effect and going to the intended beneficiaries.

**Strengthen capabilities of research agencies in the collection and processing of data, as well as the generation and analysis of statistical indicators.** Better management of resources can strengthen the resilience of countries in the region. To better manage resources, timely, accessible and reliable data must be collected and stored. The development of information management systems adequate to the task is therefore essential. Conceptual frameworks for understanding the issues and the connections across sectors are key to developing sound indicators and useful data.

**Implication for resilience:** Incomplete or missing data on vulnerable groups, beneficiaries, and applications introduces a large element of guesswork into planning for contingencies.

**Evaluate and redesign existing social safety net programmes.** This recommendation needs to be implemented against the background of a philosophical shift from the provision of social assistance/social welfare to one of social empowerment. Although this principle has been accepted in theory, based on interviews with key informants, the shift has not yet been made in practice. In this regard, one of the important practices that needs to be highlighted is around training and development for employment. Programmes like these need to be targeted and aligned to labour market needs and availability of opportunities. Other important components of the recommendation to evaluate and redesign the social safety net programmes include the following:

- **Improve targeting** - The scarcer its resources are, the more important it is that a country has a good targeting mechanism. Assistance that goes to those who don’t need is both inequitable and wasteful. Two ways to improve targeting are through use of means testing and conditional cash transfers. Neither of these is well-developed in the region.

- **Institutionalize effective monitoring and evaluation systems** - Without a monitoring system, it is impossible to know whether the policies a government has implemented are working, how effective they are at meeting the goals, and what changes need to be made.

- **Develop a common registry of beneficiaries** - Under the Social Protection Agency, this would be a natural outcome. In cases where it is not possible to create such an agency, then a common registry of beneficiaries will improve the ability of the agencies to target beneficiaries and also reduce the practice of accessing several similar programmes (double dipping) by clients.
**Implication for resilience:** Thorough review of existing social programmes is needed to determine their effectiveness in the face of a crisis.

**Improve data collection.** Data collection as a tool for decision making needs to improve. Capacity in statistics offices and at research agencies must be strengthened. Currently data management systems are weak; too much data is still recorded manually and fragmentation and duplication are common. There is a need for harmonization. In part, it is a technical issue – there is a need for more modern equipment – but there are also institutional deficiencies: insufficient staff and skills range is limited. Steps to overcoming existing obstacles to improving data collection need to be taken. They include:

- Creating a framework for systematically collecting social statistics data in one place, to overcome the fragmentation;
- Broadening the mandate of the statistics offices to harmonize data and standardize data collection methods using international standards;
- Creating a mechanism for a coordinated approach among agencies, especially donor agencies, who are collecting data, so as to not burden the staff at country level, already struggling with limited capacity – in terms of human resources at various levels within the country offices;
- Encouraging the reporting and presentation of data for management with adequate disaggregation and documentation to assist in policy monitoring and decision making.

**Implication for resilience:** Lack of data means responses cannot be targeted efficiently and effectively, and are based on guesswork.

**Promote a culture of evidence-based decision-making.** In order to improve policymaking, a culture of relying on evidence, as opposed to political imperatives, vested interests, intuition, or even theory is needed. Analysis that assesses both intended and unintended consequences and feeds into policy debate and policy design can strengthen the policymaking process:

- There is a lack of evidenced-based culture and identification of problems is too often based on perception;
- In order for decision-making to become evidence-based, data collection and analysis must assume a higher level of priority for policy-makers. Currently, social statistics are either not collected, or collected but not analyzed.

**Implication for resilience:** Technical solutions to strengthening resilience will not be effective unless there is an underlying belief that evidence is important.

### 7.3 Sector-specific measures

The following recommendations relate to areas not directly related to social assistance, but were nonetheless deemed important to strengthening Saint Vincent and the Grenadines’ resilience in the face of crisis.

**Crime prevention:**

Effective management of crime through preventive and remedial measures is essential. The ECCB review is emphatic on this, calling on member governments and people of the Eastern Caribbean Currency Union to address violence and social deviance, noting that “Failure in this endeavour is not an option, our lives and livelihoods depend on it.”

Examples of measures that could address the problem include:

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40 ECCB. (2009), p 8.
• Addressing dysfunctional behaviour at the primary school level;
• Strengthening criminal justice systems;
• Helping re-integrate people with a criminal past into society; and
• Cultivating appropriate values within the family.

Entrepreneurship:
• Promoting entrepreneurship and expand micro enterprise development including encouraging innovation;
• Piloting the creation of business incubators;
• Increasing opportunities for small business development by providing technical assistance;
• Instituting regulatory framework and incentives to encourage banks to provide credit to small businesses.

Agriculture:
• Promoting diversification to limit dependency and support import substitution;
• Promoting efficiency and increase crop yields;
• Increasing access to finance to enable larger farms;
• Supporting training and linking of farmers with other industries; and
• Building capacity for increased access to markets.

To be most effective, the recommendations would need to become part of a broad National Development Plan, with overarching strategic visions of where countries would like to be within specific timeframes. While many governments have and continue to introduce a range of social protection programmes, this is not the same as a coherent social protection policy. A national Development Plan will inform social sector development and reforms and guide planning in the medium and long-term. Before the technical issues are tackled, however, a strategic vision for national development is necessary.

It is recognized that policy proposals are also often constrained in their implementation due to the lack of an enabling environment at what can be called the ‘macro-social’ level. This is related to the need for laws, regulations and resources to be made available to ensure the smooth implementation of specific recommendations that are made.
8.0 REFERENCES


IMF Country Report No. 09-181, June 2009


ANNEX 1 RESEARCH QUESTIONS

FOCUS GROUP DISCUSSION - QUESTION TOPICS

Ice breaker – Discussion of the world economic downturn (that Obama has had to deal with; that took place in America; creating familiarity with the concept).

Do you believe that the situation in this country has been affected by the economic crisis/downturn?

In what ways has the crisis affected you? How was your life different before?

Are there other groups within the population that have not been similarly affected?

What have you done to cope with the crisis?

What measures have been put in place by the government to help the country/your group deal with the crisis?

Do you think that any of these measures were meant for your group?

How have your lives changed since the measures were put in place?

If you had to advise the government on what were some of the best things to do to help the country to deal with the crisis, what would you advise?

KEY INFORMANT INTERVIEWS - QUESTION TOPICS

Regional and International Donor agencies and Multilateral organizations

Do you believe that the economic crisis has affected the poor and vulnerable populations in the region?

Why do you believe this? What are your reasons for saying so?

To what extent has the crisis affected the work of your organization in the region?

How has this manifested itself?

(budget constraints; companies pulling out of the region; programme reduction [needs to be explained either in terms of people, scope or funds or all three])

Which areas are your organization most committed to supporting? Why?

What kinds of advice would you give to Governments in the region to best deal with the impact of the economic crisis?

Do you think a harmonized approach is needed if the region is to survive this crisis? If so what approach is best?

Other stakeholders, including NGOs and CBOs, as well as the Private Sector

Who are your clients/customers/beneficiaries?

How has the economic crisis affected the work/activity in which you are involved?

On a scale of 1-5, with 5 being the most severe, how badly would you say it has affected you/your organization?

What measures have you put in place to cope with these changes? How have you managed/adjusted/coped?
How do you think your clients/customers/beneficiaries have been affected?

How do you think your clients/customers/beneficiaries are managing/coping?

For the private sector: Would you be willing to put measures in place to assist your customers in coping with the crisis? If yes, what and why? If no, Why not?

If you were able to advise the government on what were some of the best things to do to help the country to deal with the crisis, what would you suggest/recommend?
## ANNEX 2  PERSONS CONTACTED

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