

Country Background



Small Island Open Economy

- Real GDP declined by 4% in 2001:
 - Agricultural economy reliant on the exports of primary products (bananas): 17% of GDP and 26% of employment
- 62% of loss of income in rural economy over the last decade;
- Vulnerable to Natural Disasters (ranked 6th in V.I.);
- Unemployment is 25% of the population;
- Poverty Rate: 39% of population & 29% of HHs
- Indigent Poverty: 15.5%/population & 11.5% of HHs;
- 55% of the poor live in rural areas; 37% of the poor live in Urban areas and 8% live in sub-centres;
- Poor spend an average of 60% of their income on food;
- limited growth opportunities (poor economies of scale).

Current Socio-Economic Status



Macro-Economic Shock:

- WTO ruling on the EU Preferential access Regime (decline in earnings from the Banana Industry by over 40% over the last decade, causing a significant loss in foreign exchange earnings);
- Government revenue has declined and commercial borrowing increased (total public sector debt to GDP stands at 95.5% and debt service to export stands at 38.9%);
- Government wage bill currently accounts for 60% of the government recurrent budget or 16% of GDP;
- Government is now embarking on an IMF supported Stabilisation Programme including the implementation of:
 - Government revenue generation: 4% stabilisation levy; gasoline tax 5%; 5% consumption tax on utilities
 - Government Expenditure cutbacks: utilities; travel

Analytical Underpinnings



- **Completed:** Labour Force Survey; Socio-Economic Impact Assessment B.I. Restructuring (2001), Domestic Violence (2002);
- **Ongoing:** National Census Analysis; Survey of living conditions; Participatory Poverty Assessment; Institutional Analysis; Schools & Fresh Fruit Markets; Public Expenditure Review;
- **Pipeline:** Revenue Systems Study; Public Sector Modernisation Study.

VULNERABLE GROUPS	NUMBERS AFFECTED	CURRENT PROGRAMMES	ISSUES/RISKS
(5–14) Primary & Secondary School represents 22% of the population (17,160)	29% Poor; 4,976	Education Trust Fund (means); School Feeding (geog); Text Book Scheme (means); Fee Waiver (indigent); NGOs (means).	Household poverty
(15-24) represents 16% (12,480)	17% poor; 2,122	Youth Skills Training, Text Book Scheme; Fee Waiver; Scholarship Prog; NGOs;	Unemployment; violence, crime, drug abuse, AIDS, Male marginalisation
(25-44) represents 28% (21,840)	24% poor; 5,241	SPP, Public Works; Income Support; DREP; BNTF; CCF; UNDP; NDFD Micro-credit, Public Assistance	Structural Poverty & Loss of Income; domestic violence, crime, AIDS
(45-65) represents 16% (12,480)	12% poor; 1,497	As above	As above
Carib Population (3,500; 4.5% of the total population)	2,450 Total Poor with 385 indigent	Not targeted.	Unemployment, poor housing & sanitation, crime & violence

VULNERABLE GROUPS	RECOMMENDED ACTION	METHODOLOGY
(5–14) Primary & Secondary School represents 22% of the population (17,160)	School Garden/Feeding (Universal, leakage acceptable); School guidance counseling (drugs etc)	Public Awareness to School staff, work with local farmers and school yard production; agricultural training; nutrition, strategy for consumption changes
(15-24) represents 16% (12,480)	Youth counseling, social recreation, enterprise development training	Community Driven Approach, NGOs, Youth Groups etc
(25-44) represents 28% (21,840)	Public Works; Re-Tooling; conditional in-kind strategies - utilities	Works at minimum wage, productive infrastructure; market driven agricultural diversification
(45-65) represents 16% (12,480)	As above	As above;
Carib Population (3,500; 4.5% of the total population)	Integrated Development (culturally sensitive)	Community Driven Support (employment generation; sanitation, housing, crime, drugs etc)

Analysis & Recommendations:



Overlapping; Poor Co-ordination; Lack of & Effective Targeting (Leakages):

- Commission a thorough evaluation of the cost effectiveness and appropriateness of the current programmes given recent poverty assessment and recommend improved mechanisms of delivery (including Social Investment Fund).