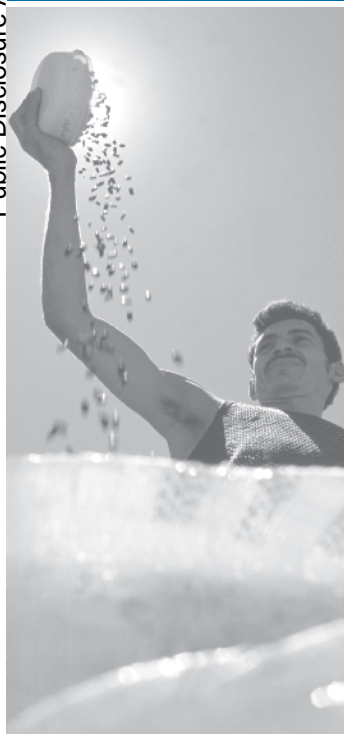


# Tailoring Social Protection to Small Island Developing States

Lessons Learned from the Caribbean

Asha Williams, Timothy Cheston,  
Aline Coudouel and Ludovic Subran



August 2013



THE WORLD BANK

# Tailoring Social Protection to Small Island Developing States<sup>1</sup>

## *Lessons Learned from the Caribbean*

Asha Williams, Timothy Cheston, Aline Coudouel and Ludovic Subran<sup>2</sup>

August 2013

---

<sup>1</sup> This paper was authored by Asha Williams, Timothy Cheston, Aline Coudouel, and Ludovic Subran. Comments and guidance were also received from David Warren, Edmundo Murrugarra, Karla McEvoy, Lorraine Blank and Sarah Berger. The team is grateful for the guidance and support provided by Mansoor Rashid throughout the paper's development and to peer reviewers. All errors are the responsibility of the authors.

<sup>2</sup> Asha Williams: The World Bank, Human Development Department, Latin America and Caribbean Region, email: [awilliams5@worldbank.org](mailto:awilliams5@worldbank.org)

## ABSTRACT

This paper examines the role of social protection (SP) in Small Island Developing States (SIDS), given their particular structural, human resource and capacity constraints. While it focuses on SIDS in Latin America and the Caribbean, the lessons may be relevant to other SIDS with similar challenges. Caribbean SIDS have made significant commitment to address the needs of the vulnerable, as reflected by their level of SP spending, and the numerous safety net programs, labor market interventions, and insurance schemes. Nevertheless gaps remain, as many vulnerable groups are underserved and the systems show limited responsiveness to shocks. This is further hampered by duplication of efforts which limits the efficiency of interventions. The paper recommends a series of systemic efforts to: (i) harmonize SP systems and policies across the region to better respond to increased regional mobility; (ii) consolidate SP programs within countries to improve efficiency; (iii) foster key human capital improvements among the poor to break inter-generational transmission of poverty; (iv) improve monitoring and evaluation systems and data collection capacity to facilitate more responsive SP programs; and (v) increase partnerships with civil society and private sector. At the thematic level, the paper recommends (i) improving the responsiveness to economic and environmental shocks; (ii) improving efficiency and effectiveness of social safety net programs, in particular cash transfer programs; (iii) tailoring labor market interventions to respond to constraints faced in the SIDS context; and (iv) reforming social insurance schemes, particularly pension schemes, to address current deficiencies and ensure readiness to respond to impending ageing.

**JEL Classification:** H55; I38; J21; J68

**Keywords:** social safety nets; social insurance; labor markets; crisis response; migration; Latin America and the Caribbean

## ABBREVIATIONS

ABHTI	Antigua and Barbuda Hospitality Training Institute
ABICE	Antigua Barbuda Institute for Continuing Education
ACP	African Caribbean and Pacific Group of States
ALMP	Active Labor Market Policies
AVEC	Advanced Vocational Educational Center
CARICOM	Caribbean Community
CBR	Central Beneficiary Registry
CCRIF	Caribbean Catastrophe Risk Insurance Facility
CPA	Country Poverty Assessment
CSME	Caribbean Single Market and Economy
CXC	Caribbean Examinations Council
EU	European Union
EVI	Environmental Vulnerability Index
GDP	Gross Domestic Product
GNI	Gross National Income
GoH	Government of Haiti
HIC	High Income Country
HOPE	Holistic Opportunities for Personal Empowerment
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Inter-American Development Bank
ILO	International Labor Organization
LAC	Latin America and Caribbean
LIC	Low Income Country
MIC	Middle Income Country
NCP	Non Contributory Pension
NIS	National Insurance Scheme
NHI	National Health Insurance
OECS	Organisation of Eastern Caribbean States
PAYG	Pay As You Go
SHI	Social Health Insurance
SI	Social Insurance
SIDS	Small Island Developing States
SIF	Social Investment Fund
SOPAC	South Pacific Applied Geoscience Commission
SP	Social Protection
SPF	Social Protection Floor
SSN	Social Safety Net
SSNA	Social Safety Net Assessment
TTO	Trinidad and Tobago
UBR	Unique Beneficiary Registry

UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Program
UNEP	United Nations Environmental Programme
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Program

## TABLE OF CONTENTS

<b>1. EXECUTIVE SUMMARY .....</b>	<b>6</b>
<b>2. ECONOMIC AND SOCIAL CONDITIONS IN SMALL ISLAND DEVELOPING STATES .....</b>	<b>7</b>
2.1 Unit of Analysis .....	7
2.2 Profiling Small Island Developing States – What Sets Them Apart?.....	9
2.3 Poverty in the SIDS Context .....	21
<b>3. A DIAGNOSTIC OF SOCIAL PROTECTION IN SIDS – FOCUS ON THE CARIBBEAN .....</b>	<b>25</b>
3.1 Social Insurance in Caribbean SIDS and LAC Small States.....	25
3.2 Labor Market Interventions in Caribbean SIDS and LAC Small States .....	37
3.3 Social Safety Nets in Caribbean SIDS and LAC Small States.....	41
3.4 Noteworthy Comparative Cases – Mauritius and Haiti .....	49
3.5 Emergency Response – Managing Vulnerability.....	52
<b>4. RECOMMENDATIONS FOR IMPROVING SOCIAL PROTECTION EFFECTIVENESS.....</b>	<b>54</b>
5.1 System-wide Recommendations .....	54
5.2 Area-Specific Recommendations .....	56
<b>ANNEXES.....</b>	<b>60</b>
<b>GLOSSARY .....</b>	<b>70</b>

## **1. EXECUTIVE SUMMARY**

In development spheres, Small Island Developing States (SIDS) receive little attention beyond discussions on climate change and environmental sustainability. However, these countries, with their small populations, limited land masses, and relative isolation are much more complex. SIDS face multifaceted development challenges, many of which have not been systematically analyzed. One theme that has not been extensively explored in the SIDS context is social protection (SP).

The objective of this discussion paper is to examine the ways in which the unique challenges and opportunities of SIDS affect the needs of their citizens for social protection, and the design and implementation of SP systems to respond to those needs. The analysis is timely as countries continue to grapple with the impacts of economic downturn, particularly following the 2008 global economic crisis, and look to a post-2015 development agenda. For several SIDS, particularly those in the Caribbean, social safety nets were unable to provide adequate protection to the poor and help promote their recovery. This was often the result of highly fragmented and incomplete SP systems.

Through a comparative assessment of SP systems, particularly in Caribbean SIDS, the paper aims to stimulate debate on how SP systems could be more effectively designed to respond to their unique challenges. The authors recognize a degree of conformity among Caribbean SIDS, owed to a shared colonial past and common culture among many of the English-speaking countries. Nevertheless, there are significant commonalities (outlined throughout the paper) that illustrate the relevance of these lessons to other categories of SIDS. This discussion paper will hopefully open the doors for more intricate analysis of SP systems in SIDS, further building the capacity of these countries to effectively address their unique development challenges.

The discussion paper draws on a wide body of research, including review of: (i) country-specific social safety net assessments; (ii) secondary sources, including global and regional reports on SP theoretical frameworks and institutional reform issues; (iii) World Bank empirical data; (iv) international case study experience; (v) databases to draw upon available and relevant benchmarks; and (vi) interviews and comments provided by select country

counterparts. The report focuses its analysis on the experience of the Caribbean SIDS, given existing country level data and recent individual country assessments of social safety nets and SP systems in some countries.

The discussion paper first summarizes the unique structural vulnerabilities of SIDS, followed by a brief profile of poverty in several countries. The paper then examines design characteristics and performance parameters of SP in select countries, specifically social insurance and pensions; labor market interventions; and social safety nets. This is followed by an overarching discussion on emergency response. The paper concludes with recommendations for improving the SP performance and responsiveness in the SIDS context. Specifically, a series of systemic efforts to: (i) harmonize SP systems and policies across the region to better respond to increased regional mobility; (ii) consolidate SP programs within countries to improve efficiency; (iii) foster key human capital improvements among the poor to break inter-generational transmission of poverty; (iv) improve monitoring and evaluation systems and data collection capacity to facilitate more responsive SP programs; and (v) increase partnerships with civil society and private sector. At the thematic level, the paper recommends (i) improving the responsiveness to economic and environmental shocks; (ii) improve efficiency and effectiveness of social safety net programs, in particular cash transfer programs; (iii) tailor labor market interventions to respond to constraints faced in the SIDS context; and (iv) reform social insurance schemes, particularly pension schemes, to address current deficiencies and ensure readiness to respond to impending ageing.

## **2. ECONOMIC AND SOCIAL CONDITIONS IN SMALL ISLAND DEVELOPING STATES: UNIQUE CHALLENGES AND STRENGTHS**

### **2.1 Unit of Analysis:**

Despite the specificity of the term ‘Small Island Developing States (SIDS),’ countries conventionally classified as SIDS<sup>3</sup> do not always embody the economic and geographic characteristics denoted by the term. The United Nations Department of Economic and Social

---

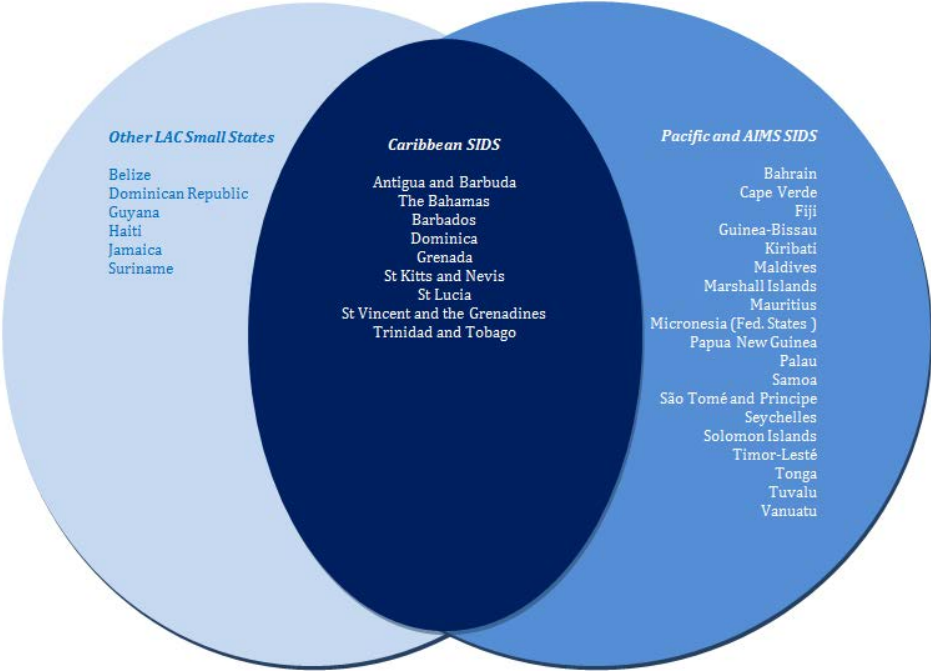
<sup>3</sup> Includes countries that are active participants in international groupings focused on addressing challenges unique to this category of countries, principally the Alliance of Small Island States (AOSIS).



Affairs (UNDESA) defines SIDS as low-lying and island nations situated remotely, with small land areas, and population sizes generally smaller than 1.5 million. However, some countries classified as SIDS are island economies with populations over 1.5 million, while others are continental countries.

Given these variations among SIDS, it was deemed important to further classify these countries for this analysis. For the purpose of this study, we have classified the countries into three groupings, illustrated in Figure 1. Caribbean SIDS, namely island countries in the Caribbean with populations smaller than 1.5 million are the primary focus of this paper. Other LAC Small States, namely those SIDS in the LAC region that are not island nations or have populations larger than 1.5 million, serve as a comparison group. The second comparison group is SIDS located outside the LAC region, namely those in the Pacific, and Africa, Indian Ocean, Mediterranean and South China Sea (AIMS). All countries in this analysis are also engaged with the World Bank. Annex I further details corresponding economic and social indicators for these countries.

**Figure 1: Classification of SIDS<sup>4</sup>**



<sup>4</sup> The color classification used in this Chart is repeated throughout this discussion paper for ease of reference.

## **2.2 Profiling Small Island Developing States – What Sets Them Apart?**

Despite the differences in size and geographic location that warranted further classification of the SIDS referenced in this paper, most share similar traits. Principal among these are susceptibility to economic and environmental shocks; relatively small economies; and small population size. For this analysis, we have concentrated on five characteristics shared by Caribbean SIDS which we believe have important implications for social protection. While the principal focus is Caribbean SIDS, routine comparisons are made with other LAC Small States and Pacific and AIMS SIDS. These characteristics, listed below, illustrate the need for tailored SP responses in the small island context.

1. Limited productive sectors and heavy reliance on imports.
2. Tourism as a driving force of the economy.
3. Significant susceptibility to economic and environmental shocks.
4. Small labor markets, compounded by limited skilled labor and high unemployment.
5. An impending large increase in the size of the elderly population.

### **2.2.1 Limited Productive Sectors and Heavy Reliance on Imports**

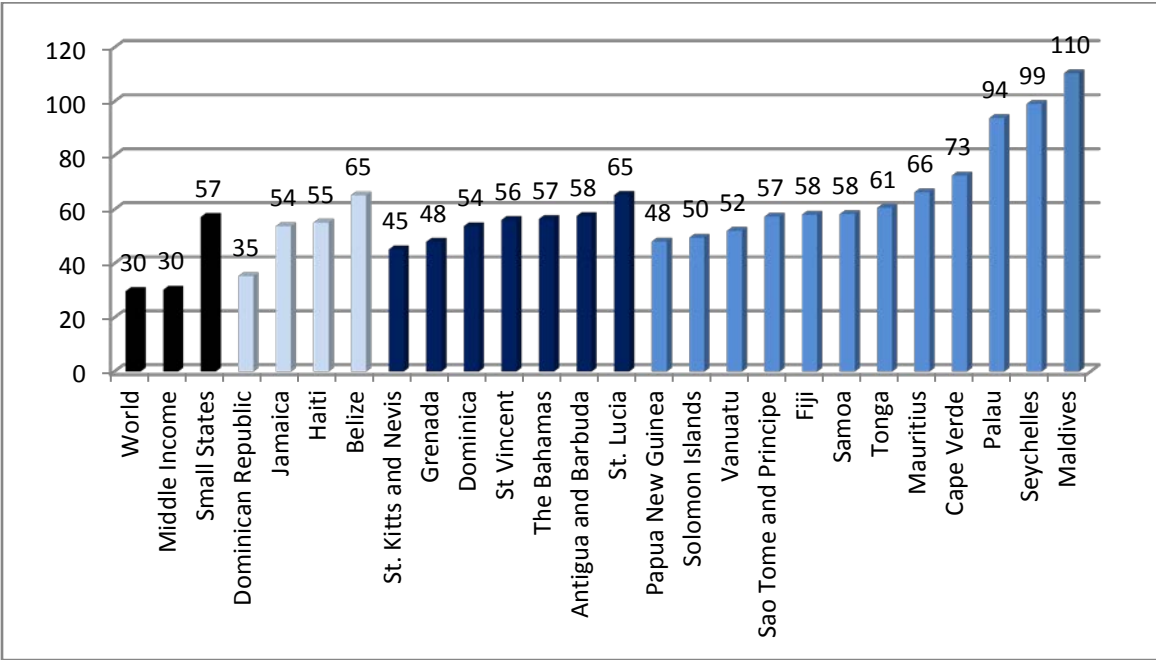
Given their small physical size and populations, most SIDS tend to have limited domestic production and to be extremely reliant on imports. A larger percentage of GDP is directed to imports when compared to the world average, reaching over 50 percent of GDP for most SIDS (see Chart 1). Caribbean SIDS average between 45 percent and 65 percent of GDP on imports, while in LAC Small States, it ranges from 35 percent to 65 percent. The trend appears to be more significant for Pacific and AIMS SIDS, with 48 percent to 110 percent of GDP directed to imports. The composition of imports also tends to be focused on food and fuel needs. Haiti, for instance, imports 52 percent of its food, including over 80 percent of its rice.<sup>5</sup> This has implications for social protection responses as food expenditures comprise a much higher share of income for the poor compared to other income groups. For instance, the poor in Dominica

---

<sup>5</sup> The World Bank. 2009. *Social Safety Nets in Haiti*. p9

spent 54 percent of income on food, compared to the 24 percent spent by the rich.<sup>6</sup> As a result, SIDS in general, and poor households in particular, face high exposure to global food price variability.

**Chart 1: Imports of Goods and Services - Percent of GDP (2011)**



Source: World Bank Data  
(Select countries for which 2011 data is available)

In Caribbean SIDS and other LAC Small States, export earnings are mostly derived from primary commodities. These include spices in Grenada; bananas in many OECS countries; and sugar in Belize and the Dominican Republic. While many of these primary commodities have been the main source of income for centuries, several no longer benefit from economies of scale and competitive pricing. This is especially true as preferential trade agreements expire, such as the agreement between the African Caribbean and Pacific (ACP) Group of States and the European Union (EU). The loss of competitiveness has resulted in increased unemployment and poverty in some SIDS. For instance in St Kitts and Nevis, elimination of preferential trade for the country’s sugar exports led to an end of sugar production, a 1.9 percent decline in GDP, and adverse income effects on the 12 percent of the country’s labor force that relied on the

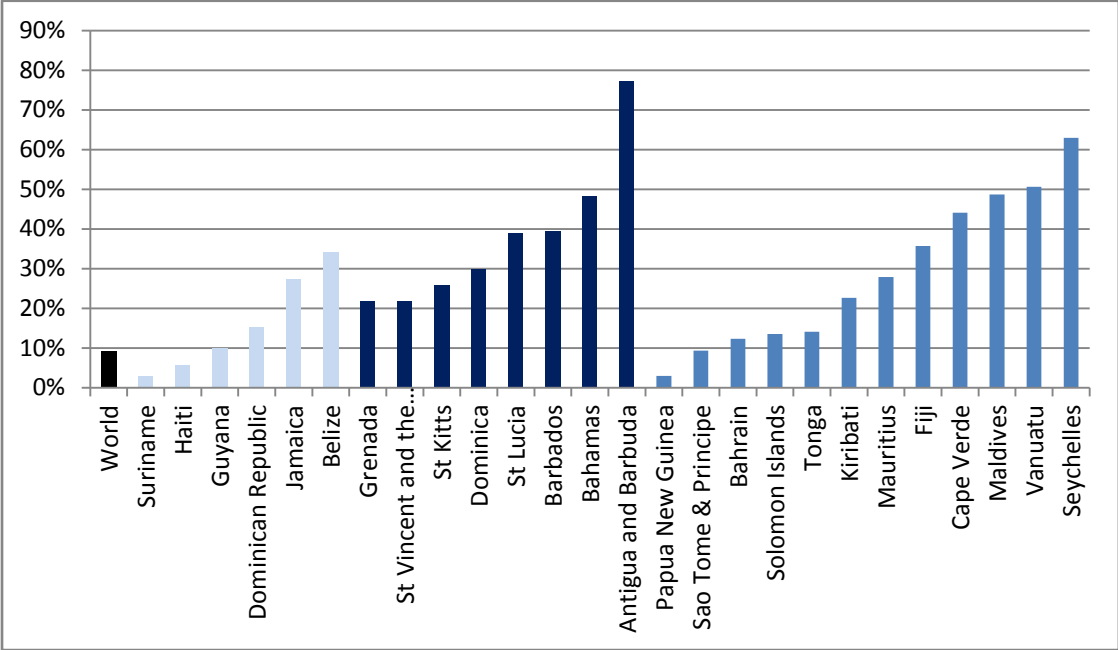
<sup>6</sup> Perch, Leisa; Roy, Rathin. 2010. *Social Policy in the Post-Crisis Context of Small Island Developing States: A Synthesis*. (International Policy Center for Inclusive Growth Working Paper) No. 67 p7-8

industry for work.<sup>7</sup> Reliance on a few primary commodity exports tied to preferential trade status, presents important vulnerabilities to economic and trade policy changes.

**2.2.2 Tourism as a Driving Force of the Economy**

Tourism plays a major role in income generation for many SIDS. For most countries included in this analysis, over 20 percent of GDP is derived from travel and tourism (see Chart 2).<sup>8</sup> At the extreme, tourism represents over 70 percent of GDP in Antigua and Barbuda, and over 50 percent of GDP for Vanuatu and the Seychelles. With the exception of Belize and Jamaica, travel and tourism contributes a considerably smaller percentage to GDP for other LAC Small States. Dependence on the tourism sector increases the vulnerability of these countries to external shocks. Natural disasters weaken and destroy tourism infrastructure, often curtailing the effective performance of the sector for months. Economic downturn, particularly in tourist-sending countries, often results in declines in tourist arrivals, limited sector performance and reduced revenue.

**Chart 2: Total Contribution of Travel and Tourism to GDP**



Source: World Travel and Tourism Council, Country Reports 2011

<sup>7</sup> Blank, Lorraine. 2009. *St Kitts and Nevis Social Safety Net Assessment*. (UNICEF, The World Bank, UN WOMEN) p4  
<sup>8</sup> World Travel and Tourism Council. 2011. *Country Reports*

### 2.2.3 Susceptibility to Shocks Limits Growth with Implications for Poverty Reduction

Susceptibility to natural disasters and economic shocks dominate the discussion on SIDS, and justifiably so. For many, this often means repeated battering from hurricanes, earthquakes or other natural disasters, and significant income loss in the face of exogenous economic shocks. The United Nations Environmental Programme (UNEP) has designed an Environmental Vulnerability Index (EVI) based on 50 indicators for estimating the vulnerability of a country's environment to future shocks, namely the extent to which the natural environment is prone to damage and degradation.<sup>9</sup> The EVI found 34 countries classified as SIDS to be highly or extremely vulnerable to future shocks, while 10 are classified as vulnerable. For Caribbean SIDS, Trinidad and Tobago, Barbados, and St Lucia are classified as extremely vulnerable, while Grenada, St Kitts and Nevis and St Vincent and the Grenadines are among those classified as highly vulnerable. For LAC Small States, Jamaica is classified as extremely vulnerable, while Haiti and the Dominican Republic are classified as highly vulnerable.

Recent examples of repeated environmental shocks in Caribbean SIDS and other LAC Small States illustrate the gravity of this vulnerability. For instance, hurricane Ivan which struck Grenada in 2004 damaged 90 percent of the country's buildings and left half of the population homeless.<sup>10</sup> St Lucia found itself with significant infrastructural damage and loss of life after being hit by Hurricane Tomas in November 2010. This, a little over three years after Hurricane Dean caused damage to the country's roadways and coastlines in 2007. Natural disasters also have debilitating effects on labor and employment. In St Kitts and Nevis, Hurricane Omar's devastation in 2008, led to the two year closure of the Four Seasons Resort on the island of Nevis, one of the country's main employers. In Haiti, the country is familiar with the devastation of natural disasters, now struggling to recover from the earthquake that took over 200,000 lives in 2009. Haiti's arid landscape, exacerbated by significant deforestation, has also increased the effects of extreme weather conditions on the country. In Jamaica, Tropical Storm

---

<sup>9</sup> United Nations Environment Programme (UNEP), South Pacific Applied Geoscience Commission (SOPAC). 2005. *Building Resilience in SIDS, The Environmental Vulnerability Index*. Indicators for the index range from weather and climate; geology; geography; ecosystems; and human populations.

<sup>10</sup> Blank, Lorraine. 2009. *Grenada Social Safety Net Assessment*. (UN WOMEN, UNICEF, The World Bank) p4

Nicole caused an estimated US\$239.6 million in damage and losses in 2010, and affected 507,831 persons either directly or indirectly.<sup>11</sup>

SIDS are also particularly susceptible to exogenous economic shocks, due to their open economies and reliance on external markets. Some of the effects of the 2008 economic crisis on countries classified as SIDS were noted by Perch et al (2010), including devaluation of the Fijian dollar; export price declines in the Solomon Islands; reduced public revenue in some Caribbean countries; among others.<sup>12</sup> In Antigua and Barbuda, the global economic crisis had a debilitating impact on the employment landscape in the country, with the collapse of the Stanford Group of Companies in 2009, which left over 1,200 workers without work.<sup>13</sup> Other effects of recent economic conditions include reduced tourist arrivals in several countries, particularly from major tourist markets. Increased commodity prices have been another consequence of recent economic conditions,<sup>14</sup> with increased burden on the poor, particularly in light of the proportion of income spent on food in poor households. The Grenada Social Safety Net Assessment (SSNA) noted that country's inflation in 2008 stood at 8%, with increases in food prices accounting for 59 percent of overall inflation.

Limited economic activity, susceptibility to shocks and the volatility of important sectors, has often had an adverse impact on growth. Caribbean SIDS have shown limited growth in recent years, with significant declines experienced after the 2008 crisis, to a more pronounced extent than the rest of the LAC region and for Small States as a group. For Antigua and Barbuda, growth registered at -11.9 percent at the height of the crisis in 2009. Other Caribbean SIDS where growth performance was significantly affected include Barbados, Grenada, and St Kitts and Nevis. Furthermore, Caribbean SIDS have struggled to register positive growth in subsequent years. Growth performance in other LAC Small States has been comparatively better compared to Caribbean SIDS, although Belize has registered growth closer to its Caribbean SIDS neighbors.

---

<sup>11</sup> Planning Institute of Jamaica. 2010.

<sup>12</sup> Perch, Leisa; Roy, Rathin. 2010. *Social Policy in the Post-Crisis Context of Small Island Developing States: A Synthesis*. (International Policy Center for Inclusive Growth) Working Paper No. 67

<sup>13</sup> Marques, Jose. 2011. *Antigua and Barbuda, Social Protection Assessment*. (The World Bank, UNICEF, UN WOMEN) p33

<sup>14</sup> Perch, Leisa; Roy, Rathin. 2010. *Social Policy in the Post-Crisis Context of Small Island Developing States: A Synthesis*. (International Policy Center for Inclusive Growth) Working Paper No. 67

**Table 1: GDP Growth in Select Caribbean SIDS (2005-2010)**

Country	2005	2006	2007	2008	2009	2010	2011
<b>Global Comparisons</b>							
World	3.5%	3.9%	3.9%	1.3%	-2.2%	4.3%	2.7%
OECD	2.5%	2.9%	2.6%	-0.02%	-3.9%	3.2%	1.5%
Middle Income Countries	7.3%	8.1%	8.7%	5.7%	2.7%	7.8%	6.3%
Small States	3.6%	5.8%	5.7%	3.3%	-1.4%	2.9%	2.6%
Pacific Island Small States	2.2%	2.6%	1.4%	2.0%	-1.0%	1.5%	3.4%
Latin America Average	4.8%	5.7%	5.7%	4.1%	-1.6%	6.0%	4.6%
<b>Caribbean SIDS</b>							
Antigua and Barbuda	6.1%	13.5%	9.6%	0.02%	-11.9%	-7.9%	-5.0%
Bahamas	3.4%	2.5%	1.4%	-2.3%	-4.9%	0.2%	1.6%
Barbados	3.2%	3.4%	0.5%	0.2%	-5.3%	N/A	N/A
Dominica	-0.8%	4.4%	5.4%	8.0%	5.9%	1.0%	-0.3%
Grenada	13.5%	-3.9%	5.9%	1.0%	-6.6%	-0.04%	0.9%
St. Kitts and Nevis	9.9%	4.7%	2.8%	4.7%	-6.9%	-2.4%	2.1%
St. Lucia	-1.9%	9.3%	1.5%	5.3%	0.1%	0.4%	1.3%
St. Vincent and the Grenadines	2.5%	7.7%	3.4%	1.4%	-2.2%	-2.8%	0.1%
Trinidad and Tobago	5.8%	13.2%	4.8%	2.7%	-3.3%	0%	-4.1%
<b>LAC Small States</b>							
Belize	3.0%	4.7%	1.3%	3.5%	0.0%	2.9%	1.9%
Dominican Republic	9.3%	10.7%	8.5%	5.3%	3.5%	7.8%	4.5%
Guyana	-1.9%	5.1%	7.0%	1.9%	3.3%	4.4%	N/A
Haiti	1.8%	2.3%	3.3%	0.8%	2.9%	-5.4%	5.6%
Suriname	4.6%	3.8%	5.1%	4.1%	3.0%	4.1%	4.7%

Source: The World Bank

#### **2.2.4 Small Labor Markets, Compounded by Limited Skilled Labor and High Unemployment**

Most countries categorized as SIDS have populations that fall between 10,000 to 500,000 persons, while a few have populations exceeding 1 million.<sup>15</sup> As a result, unique challenges result from the small size of their labor markets. The small labor markets of Caribbean SIDS are characterized by high labor costs and relatively high unemployment. Compounding this, are hemorrhaging emigration levels in some countries, particularly of skilled labor, and education systems that do not adequately prepare students for the job market.

<sup>15</sup> See Annex 1: SIDS Profiles

For Caribbean SIDS and LAC Small States, persistent high labor costs limit competitiveness. In an examination of the labor market in the Caribbean, Economist Andrew Downes found that some countries, including Barbados, Jamaica and Trinidad and Tobago, have experienced increases in wages that go beyond gains in labor productivity. Furthermore, many of these countries are less price-competitive when compared to other labor markets.<sup>16</sup> One trait that is not as pervasive in Caribbean SIDS as in other LAC Small States and Pacific and AIMS is high informality. Downes notes that increased informal economic activity has been particularly acute in Jamaica and Guyana, estimated at 45 percent of official GDP.<sup>17</sup> SIDS in the Pacific region are also characterized by large informal sectors, principally oriented to agricultural markets and located in rural areas.<sup>18</sup>

Despite high unemployment levels, the labor force in many Caribbean SIDS lacks the required skills sought by employers. This is due in part to an education system that ill-prepares the workforce for the labor market. Despite relatively high school enrollment rates at both the primary and secondary levels, young people leaving secondary school in many Caribbean SIDS do so, without basic attainment levels required for employment or advanced education.<sup>19</sup> This is particularly true for English A and Mathematics, which students are usually required to pass (a grade between 1-3) to obtain employment or pursue tertiary education. In June 2011, only 35 percent of students received passing grades in Mathematics, while 67 percent passed English A (see Annex II). Country Poverty Assessment (CPA) data for Antigua and Barbuda, Barbados, St Kitts and Nevis, St Lucia, and St Vincent and the Grenadines also revealed that educational attainment was much lower for students in poorer quintiles, with a higher likelihood for the poor to complete school without passing any examinations or with lower level qualifications.<sup>20</sup>

---

<sup>16</sup> Downes, Andrew. 2006. *Caribbean Labour Market Challenges and Policies*. UNECLAC p17

<sup>17</sup> Ibid p12

<sup>18</sup> United Nations Economic and Social Commission for Asia and the Pacific. 2007. *Improving Employment Opportunities in Pacific Island Developing Countries*. p3

<sup>19</sup> Following completion of secondary education, students in Anguilla, Antigua and Barbuda, Barbados, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and The Grenadines, Trinidad and Tobago and Turks and Caicos Islands take the Caribbean Secondary Education Certificate (CSEC) exam. Students receive grades on a scale of 1 (outstanding) to 6 (poor).

<sup>20</sup> Kairi Consultants Ltd. 2008. *Living Conditions in Antigua and Barbuda: Poverty in a Services Economy in Transition. Volume 1*. (Caribbean Development Bank) p91-94; University of the West Indies, 2012. *Barbados Country Assessment of Living Conditions 2010, Volume 1*. (Caribbean Development Bank). p38-39; Kairi Consultants Ltd. 2008. *Country Poverty Assessment: St Kitts and Nevis*. (Caribbean Development Bank) p86-88; Kairi



Employers have also noted that both soft and technical skills were difficult to find among potential employees in Caribbean SIDS and LAC Small States in recent enterprise surveys (see Annex III).

Migration is an important factor for most countries classified as SIDS, with emigration outpacing immigration. This is particularly true for Caribbean SIDS and other LAC Small States (see Chart 3).<sup>21</sup> Emigration rates as a percent of the population exceeded 40 percent for Caribbean SIDS such as Antigua and Barbuda, Barbados, St Kitts and Nevis, and Grenada. The issue is also relevant to LAC Small States and Pacific and AIMS SIDS, particularly Jamaica, Suriname, Guyana, Cape Verde, Palau and Samoa. Emigration rates of the tertiary-educated population are also a particular challenge for many SIDS, with rates at alarming levels for some countries. This is particularly true for Caribbean SIDS and LAC Small States, which recorded the seven highest emigration rates of tertiary-educated population, ranging from 78.5 percent in St Kitts and Nevis to 89 percent in Guyana (see Annex IV).<sup>22</sup> Some sectors are particularly affected by these emigration rates. For instance, a recent World Bank report on nursing in the English-speaking Caribbean<sup>23</sup> found that although approximately 30 percent of approved nursing positions were vacant, the number of nurses abroad was approximately three times more than those in the region. While these emigration rates exacerbate the effects of a small labor market, they also provide a source of important resources to SIDS, principally through remittances. For most countries classified as SIDS, remittances account for over 5 percent of GDP (see Annex V) and also serve an important role as a private social safety net in times of crisis.<sup>24</sup> LAC Small States comparatively receive more in remittances as a share of GDP when compared to Caribbean SIDS, exceeding 11 percent for Haiti, Guyana and Jamaica.

---

Consultants Ltd. 2006. *Trade Adjustment and Poverty in St Lucia*. (Caribbean Development Bank) pxxiv-xxv, p56-57; Kairi Consultants Ltd. 2008. *St Vincent and the Grenadines Country Poverty Assessment*. (Caribbean Development Bank) p73-75

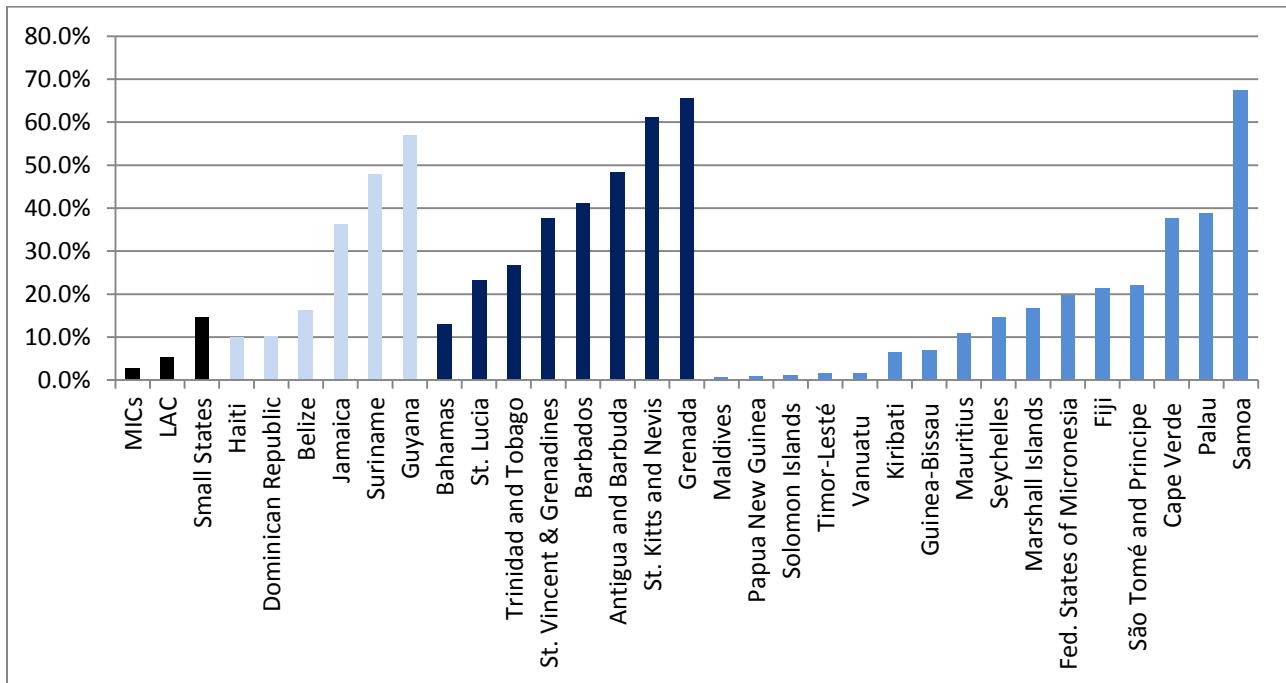
<sup>21</sup> The World Bank. 2011. *Migration and Remittances Factbook 2011*. (Data for the year 2000)

<sup>22</sup> Ibid.

<sup>23</sup> The World Bank. 2009. *The Nurse Labor and Education Markets in the English-Speaking CARICOM\* - Issues and Options for Reform*. p16-28

<sup>24</sup> See The World Bank. 2009. *Social Safety Nets in Haiti*, and Sirkeci, Ibrahim; Cohen, Jeffrey H.; Ratha, Dilip; eds. 2012. *Migration and Remittances during the Global Financial Crisis and Beyond*. (The World Bank)

**Chart 3: Emigration Rates for SIDS – Percent of Population (2010)**



Source: *The World Bank: Migration and Remittances Factbook 2011*

Caribbean countries have pursued regional integration to address the development challenges posed by small labor markets and emigration pressures. Through arrangements which facilitate economic cooperation, freedom of movement, and liberalized trade, they have banded together to buffer the effects of small size on their economies. Two such arrangements - the Organization of Eastern Caribbean States (OECS)<sup>25</sup> Economic Union, and the Caribbean Community’s (CARICOM’s)<sup>26</sup> Caribbean Single Market and Economy (CSME) are discussed in Box 1 below.

<sup>25</sup> The OECS comprises Anguilla, Antigua and Barbuda, the British Virgin Islands, Dominica, Grenada, Montserrat, St Lucia, St Kitts and Nevis and St Vincent and the Grenadines. It has a functioning Secretariat and common currency.

<sup>26</sup> CARICOM includes Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St Lucia, St Kitts and Nevis, St Vincent and the Grenadines, Suriname and Trinidad and Tobago.

**Box 1:**

**Regional Integration - Response to Labor Market Challenges and Implications for Social Protection**

**Organization of Eastern Caribbean States (OECS) Economic Union:**

In 2010, the OECS signed a treaty to establish an Economic Union, deepening integration arrangements in the grouping. In August 2011, free movement of persons came into effect, which permits OECS citizens “to enter their territories and remain for an indefinite period in order to work, establish businesses, provide services or reside.” The arrangements includes plans for ensuring harmonization of SP systems, as the Treaty notes that Member States agree to “work towards the development and adoption of a harmonized, common policy framework for human and social development which addresses poverty reduction, gender equality, social protection, equal access to quality social services, human resource and capacity development, livelihood security and empowerment across the life cycle.” The OECS Economic Union is not meant to duplicate efforts being undertaken under the CSME, which covers all of CARICOM.

**Caribbean Community (CARICOM) Caribbean Single Market and Economy:**

The CSME’s goal includes ensuring full use of factors of production and improving competitiveness of CARICOM member states. A major objective under this arrangement is the free movement of labor, which is aimed at facilitating full labor employment and increased competitiveness. Under the CSME, free movement of only a select category of persons is currently facilitated, including university graduates, musicians, athletes and artists. This is intended to be a precursor to the eventual free movement of all CARICOM nationals.

**Harmonized Social Protection Systems:**

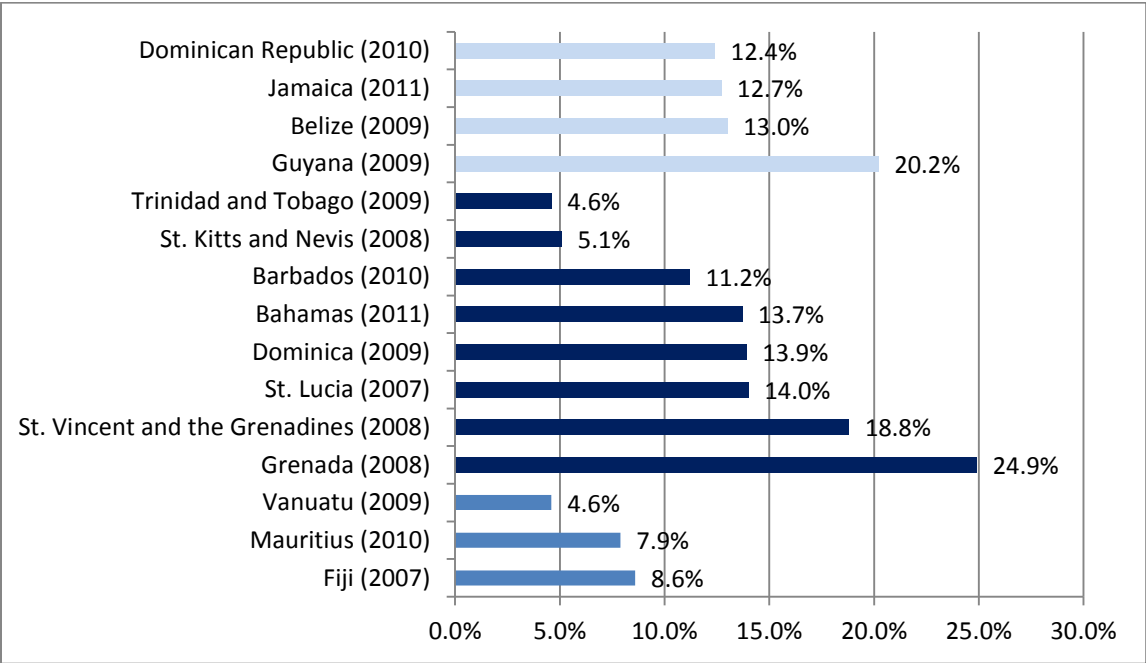
Both groupings have made efforts to harmonize SP systems. For CARICOM, there is the CARICOM Agreement on Social Security, while the OECS has a Convention on Social Security. Under the CARICOM agreement, nationals employed in other CARICOM member states must be insured and entitled to the same social security benefits enjoyed by nationals of the receiving country. The agreement covers longer term benefits related to pensions. The OECS Convention on the other hand, has been noted for providing a broader category of benefits, namely short term benefits such as maternity and illness-related benefits. Despite these agreements, a clear, harmonized system is not yet present in either grouping. There appears to be recognition of the importance of this next step, with OECS officials noting harmonization of the social security was a critical step towards economic union (OECS 2010).

Completing the Economic Union in the OECS, and adequately ensuring full freedom of movement within the CSME, necessitates the creation of clear requirements for social protection and harmonized social security that applies to all citizens. The issue is particularly pressing for the OECS, which provides for free movement of all persons within the Union, but is still working towards a harmonized SP framework. As the CSME moves from a limited category of people eligible for free movement, to one where mobility is unhindered, a broader framework, beyond social security for the employed, would need to be established.

Unemployment levels in Caribbean SIDS and other LAC Small States are at troubling levels. For Caribbean SIDS - Barbados, Dominica, the Bahamas, St Lucia, and St Vincent and the Grenadines all recently registered unemployment rates above 10 percent, and as high as 25

percent in Grenada (see Chart 4).<sup>27</sup> Among LAC Small States, the Dominican Republic, Jamaica, and Belize, recorded unemployment rates above 11 percent, with Guyana’s unemployment rate reaching a high of 20 percent. Unemployment is comparatively lower for Pacific and AIMS SIDS where data is available, ranging from 4.6 percent in Vanuatu to 8.6 percent in Fiji.

**Chart 4: Unemployment Rate in Select SIDS<sup>28</sup>**



Source: World Bank Data, Caribbean Development Bank Country Poverty Assessments (2007 – 2011)

Within each country, the poor, youth, and women tend to suffer disproportionately from unemployment. Unemployment rates among the poor reached 35 percent in Grenada (10 points above the national average); 27.8 percent in Dominica; 25.9 percent in Barbados (compared to 8.9 percent in non-poor households), and 25.3 percent in St Vincent and the Grenadines. Youth also had high prevalence among the unemployed, with rates around 56 percent in 2002 in Dominica, and 33 percent in Belize for 14-19 year olds in 2009 (more than twice the national average). In Grenada, youth accounted for 42 percent of the unemployed, with young males experiencing higher levels of unemployment than their female counterparts.

<sup>27</sup> Blank, Lorraine. 2009. *Grenada Social Safety Net Assessment*. (UN WOMEN, UNICEF, The World Bank) p6

<sup>28</sup> From World Bank Data: Jamaica, Dominican Republic, Guyana, Trinidad and Tobago, St Lucia, Bahamas, Barbados, Vanuatu, Mauritius, and Fiji.  
From CPA Data: Belize, St Kitts and Nevis, Dominica, St Vincent and the Grenadines, and Grenada.

In Jamaica, the unemployment rate for 14-19 year olds was 43.1 percent in 2009, with more young females likely to be unemployed than their male counterparts. Finally, women are more likely to be unemployed. For example in Belize, women represented 62 percent of the unemployed in 2009, while in Grenada in 2008, 31.8 percent of women were unemployed, compared to 17.9 percent of men. In Jamaica, the unemployment rate for females in 2009 stood at 14.9 percent, compared to close to 8.4 percent for males.<sup>29</sup>

### **2.2.5 An impending large increase in the size of the elderly population**

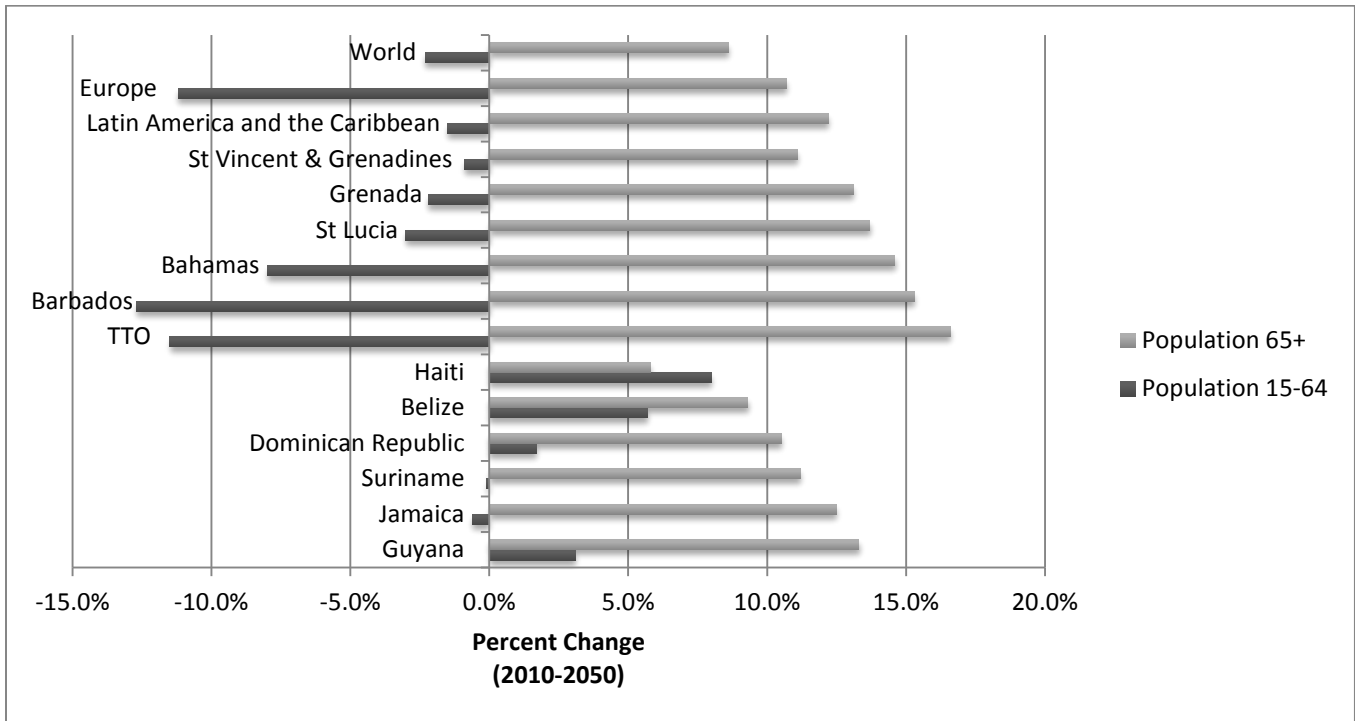
On average, Caribbean SIDS have a population structure similar to the global average, with about 7 percent of their population aged 65 or more (See Annex VI). One notable exception is Barbados, with 12 percent of the population over the age of 65. For LAC Small States, a smaller percentage of the population is elderly, with the exception of Jamaica and Suriname, with levels closer to Caribbean SIDS. Pacific and AIMS SIDS have more youthful populations in comparison.

Projections suggest that Caribbean SIDS will experience aging over the coming decades, exceeding global projections and those for other LAC Small States. In particular, sharp increases in the share of elderly (by over 14 percent) are expected in Trinidad and Tobago, Barbados and the Bahamas. In parallel, significant declines in the working age population are expected in several countries, most notably in Barbados and Trinidad and Tobago. All Caribbean SIDS will see declines in the share of the working age population. For LAC Small States, increases in the elderly population are also expected, exceeding 10 percent for several countries. However, there are projections for an increased share of the working-aged population for the Dominican Republic, Guyana, Belize and Haiti. These trends signal the need for SP strategies to address labor and social security concerns in light of demographic projections.

---

<sup>29</sup> Kairi Consultants Ltd. 2009. *Country Poverty Assessment: Dominica*. University of the West Indies, 2012. *Barbados Country Assessment of Living Conditions 2010, Volume 1*. (Caribbean Development Bank). Kairi Consultants Ltd. 2008. *Country Poverty Assessment: Grenada, Carriacou and Petit Martinique*. (Caribbean Development Bank). Kairi Consultants Ltd. 2008. *St Vincent and the Grenadines Country Poverty Assessment*. (Caribbean Development Bank). Marques, Jose Silverio. 2010. *Belize - Issues and Options to Strengthen the Social Protection System – Policy Note*. (The World Bank). The World Bank. June, 2011. *Jamaica Social Protection Assessment: Diagnostic Study for the Review of the Safety Net Provision and Capacity*

**Chart 5: Projected Change in Working-Aged and Elderly Populations (2010-2050)**



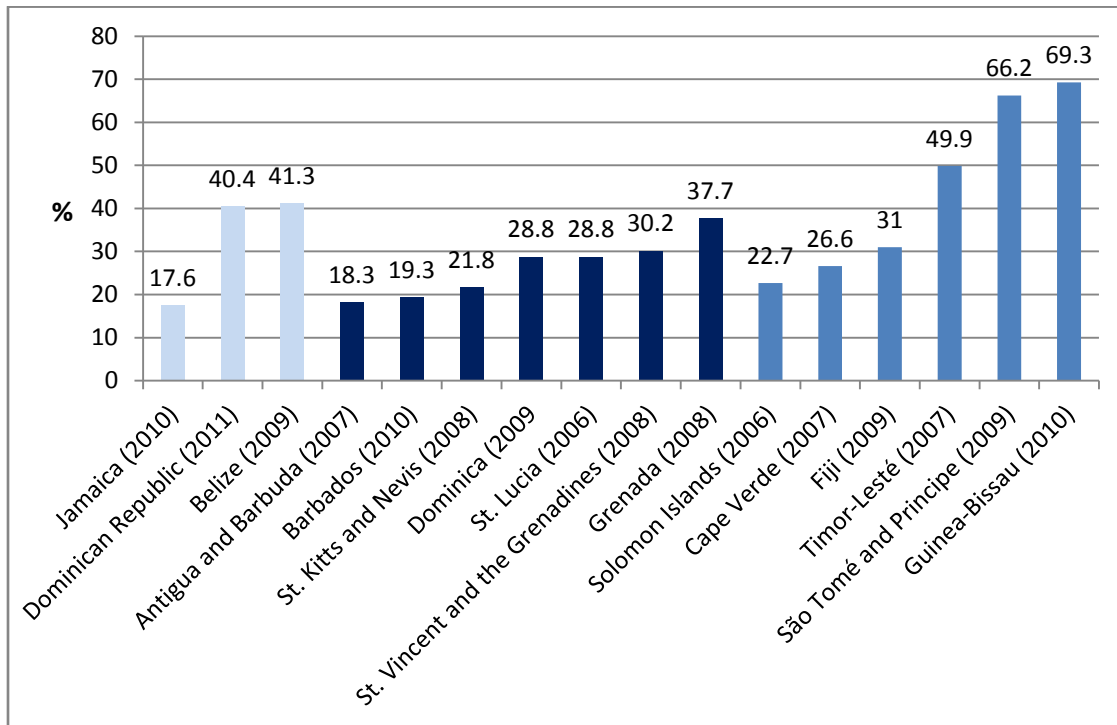
Source: United Nations Department of Economic and Social Affairs, Population Division

### 2.3 Poverty in the SIDS Context

SIDS also face diverse poverty challenges (highlighted in Chart 6 and Annex I). For Caribbean SIDS, Grenada recorded the highest poverty rate at 37.7 percent.<sup>30</sup> Poverty rates are higher than 18 percent for Caribbean SIDS where data is available, exceeding 30 percent for St Lucia and St Vincent and the Grenadines. For LAC Small States, the poverty rate for the Dominican Republic and Jamaica exceeded 40 percent. Pacific and AIMS SIDS also recorded higher levels of poverty, reaching as high as 69.3 percent for Guinea-Bissau in 2010. Scarcity of poverty data is also a major challenge, with recent poverty rates unavailable, or dated, when available (See Annex 1).

<sup>30</sup> Kairi Consultants Ltd. 2008. *Country Poverty Assessment: Grenada, Carriacou and Petit Martinique*. (Caribbean Development Bank) p36

**Chart 6: Poverty Rates in Select SIDS<sup>31</sup>**



Source: World Bank Data, Caribbean Development Bank Country Poverty Assessments (2007 – 2011)

For countries where data is available (principally through recent Country Poverty Assessments), a common trend is for the brunt of poverty to be felt by children and female headed households. For instance, 53 percent of Grenada’s poor are children;<sup>32</sup> 35.7 percent of Dominica’s poor were under age 15;<sup>33</sup> 35.5 percent of the poor in Antigua and Barbuda were children under age 14;<sup>34</sup> one in three children in St Kitts is poor;<sup>35</sup> while over 50 percent of the poor in St Lucia are under age 20.<sup>36</sup> In St Vincent and the Grenadines, 48.2 percent of the poor

<sup>31</sup> From World Bank Data: Jamaica, Dominican Republic, Cape Verde, Fiji, Timor-Lesté, Guinea-Bissau, and São Tomé and Príncipe.

From CPA Data: Belize, Antigua and Barbuda, Barbados, St Kitts and Nevis, Dominica, St Lucia, St Vincent and the Grenadines, and Grenada.

<sup>32</sup> Blank, Lorraine. 2009. *Grenada Social Safety Net Assessment*. (UN WOMEN, UNICEF, The World Bank) p9

<sup>33</sup> Mason, Andrew. 2003. *Dominica: Social Protection Review*. (The World Bank)

<sup>34</sup> Marques, Jose. 2011. *Antigua and Barbuda, Social Protection Assessment*. (The World Bank, UNICEF, UN WOMEN) p23

<sup>35</sup> Blank, Lorraine. 2009. *St Kitts and Nevis Social Safety Net Assessment*. (UNICEF, The World Bank, UN WOMEN)

pvi

<sup>36</sup> Blank, Lorraine. 2009. *St Lucia Social Safety Net Assessment*. (UNICEF, The World Bank, UN WOMEN) p8

were between 0-19 years.<sup>37</sup> In Jamaica children accounted for close to half of those living in poverty in 2009.<sup>38</sup> On the topic of gender, 52.8 percent of Antigua and Barbuda's poor were women.<sup>39</sup> In Barbados, 62.2 percent of poor households were headed by women.<sup>40</sup> More women in St Kitts and Nevis were also found to be subject to higher levels of poverty compared to males.<sup>41</sup>

CPAs<sup>42</sup> noted higher illiteracy levels among the poor in Grenada, Dominica, St Kitts and Nevis, St Lucia, and St Vincent and the Grenadines. Although school attendance is not a significant problem in most Caribbean SIDS and LAC Small States, CPA data revealed that the poor in some countries were more likely to miss school, although absenteeism rates were marginal. This was noted for Grenada, St Kitts and Nevis, and St Vincent and the Grenadines. Illness constituted the principal reason noted for absenteeism in CPAs for Antigua and Barbuda, Dominica, Grenada, St Kitts and Nevis, and St Vincent and the Grenadines. Apart from school closures, financial problems were also referenced as a main reason for absenteeism in Grenada and St Kitts and Nevis.

There is also a tendency for many of the poor in some SIDS to be employed, as part of the 'working poor.' This categorization at times results in this group being ineligible for social assistance, as has been noted in various SSNAs and CPAs for countries in the region. In St Lucia, 80 percent of the poor had jobs; 74.1 percent of the poor were employed in Dominica; while in St Kitts, 77 percent of men and 85 percent of women in the poorest quintile were employed.

---

<sup>37</sup> Kairi Consultants Ltd. 2008. *St Vincent and the Grenadines Country Poverty Assessment*. (Caribbean Development Bank) p60

<sup>38</sup> The World Bank. June, 2011. *Jamaica Social Protection Assessment: Diagnostic Study for the Review of the Safety Net Provision and Capacity* p40

<sup>39</sup> Kairi Consultants Ltd. 2008. *Living Conditions in Antigua and Barbuda: Poverty in a Services Economy in Transition. Volume 1*. (Caribbean Development Bank) p56

<sup>40</sup> University of the West Indies. 2012. *Barbados Country Assessment of Living Conditions 2010: Volume 1*.

<sup>41</sup> Kairi Consultants Ltd. 2008. *Country Poverty Assessment: St Kitts and Nevis*. (Caribbean Development Bank) p74

<sup>42</sup> Kairi Consultants Ltd. 2008. *Living Conditions in Antigua and Barbuda: Poverty in a Services Economy in Transition. Volume 1*. (Caribbean Development Bank) p93-94; Kairi Consultants Ltd. 2008. *Country Poverty Assessment: Grenada, Carriacou and Petit Martinique*. (Caribbean Development Bank) p72-75; Kairi Consultants Ltd. 2008. *Country Poverty Assessment: St Kitts and Nevis*. (Caribbean Development Bank) p95-96; Kairi Consultants Ltd. 2006. *Trade Adjustment and Poverty in St Lucia*. (Caribbean Development Bank) p64-65; Kairi Consultants Ltd. 2008. *St Vincent and the Grenadines Country Poverty Assessment*. (Caribbean Development Bank) p82-84.



The discussion above illustrates a tendency for the majority of poverty's effects to be felt by significant portions of key parts of a country's human capital – its children, women and working-aged adults. Given the small size of populations in SIDS, and the need to fully realize the potential of limited factors of production, it is important to address poverty among these sectors of society in SIDS effectively.

### **3. A DIAGNOSTIC OF SOCIAL PROTECTION IN SIDS – FOCUS ON THE CARIBBEAN**

What are the key issues that SIDS face when trying to ensure that social protection programs achieve their objectives? What are the principal social protection programs in Caribbean SIDS and LAC Small States, and what has been their impact? What measures are required to ensure that they function more efficiently and effectively? This section will attempt to answer these questions through an overview of SP in select Caribbean SIDS and other LAC Small States. The Section examines the range of programs that comprise the SP portfolio in select countries. The paper focuses on Social Insurance; ALMPs, and Social Safety Nets. The Section will also include an overarching discussion on the role of SP in emergency response.

#### **3.1 Social Insurance in Caribbean SIDS and LAC Small States**

Social Insurance (SI) programs – contributory programs designed to help households insure themselves against sudden reductions in income – have been in place for some time in Caribbean SIDS and LAC Small States. SI programs in these countries are largely managed by National Insurance Schemes (NIS), which are often an established presence in these countries. While there is a high degree of heterogeneity in design features and institutional arrangements, most of these SI schemes have shown adequate performance in terms of system design and providing relevant coverage, however concerns over the financial sustainability of these schemes have recently risen to the forefront of many countries’ economic and political agendas. The following section builds on the 2009 World Bank Report on pension schemes in the Caribbean, providing insight into the design features of SI schemes in these countries and assessing their performance on promoting resilience.<sup>43</sup> The section includes brief discussions on SI spending, coverage, efficiency and sustainability. The section also includes a review of pensions, given the implications of an impending increase in the elderly population as well as a short note on health insurance.

---

<sup>43</sup> World Bank. 2009. *Strengthening Caribbean Pensions: Improving Equity and Sustainability*. (Human Development Sector, Caribbean Country Management Unit) No. 47673-LAC. See also UNECLAC. 2005. *Social Security in the English Speaking Caribbean*.

### 3.1.1 Spending

Social Insurance spending is the largest share of SP spending for most Caribbean SIDS, averaging 2% of GDP in the OECS sub-region for instance. There are important variances across countries to be noted however. For instance, SI spending ranges from a high of 3.6 percent of GDP in Antigua and Barbuda to 0.6 percent in St Lucia (see Table 2). For LAC Small States, spending is generally similar. For Jamaica, SI spending constituted 2.6 percent of GDP for 2009/2010,<sup>44</sup> while in Belize it was 2.8 percent of GDP in 2009.<sup>45</sup> However, for the Dominican Republic, SI was at 0.7 percent in 2004, much lower than for other countries in this analysis.<sup>46</sup>

**Table 2: Social Insurance Spending in the OECS**

Country	Social Insurance Spending (% of GDP)
Average OECS	2.0
Antigua and Barbuda	3.6 <sup>47</sup>
Dominica	3.4
Grenada	1.8
St. Kitts & Nevis	2.7
St. Lucia	0.6
St. Vincent & the Grenadines	1.3

Source: Jose Marques - Antigua and Barbuda Social Protection Assessment 2011

### 3.1.2 Contribution Rates and Benefits

Worker and employee contributions to SI schemes generally do not differ beyond one percentage point for most countries included in the analysis (See Table 3). Employers contribute a slightly higher portion of the SI tax in nearly all countries, while contribution rates are equal for employees and employers in Barbados, St Lucia, and Jamaica. Most schemes generally include a similar range of benefits, principal of which is old age pensions, through both contributory and non-contributory schemes. Other benefits provided by most schemes

<sup>44</sup> The World Bank. June, 2011. Jamaica Social Protection Assessment: Diagnostic Study for the Review of the Safety Net Provision and Capacity p32 p104

<sup>45</sup> Marques, Jose. 2010. *Belize - Issues and Options to Strengthen the Social Protection System Policy Note*. (The World Bank) p25

<sup>46</sup> Ibid p25

<sup>47</sup> Excludes the Medical Benefit Scheme

include maternity, employment injury, survivors, invalidity, and funeral benefits among others. Among the countries, only Barbados provides unemployment benefits through its SI scheme.

**Table 3: Profile of Social Insurance in Select Countries**

Country	Program Title	Contribution Rate	Worker Contribution	Employer Contribution	Percent of Employed Contributing	Benefits
<b>CARIBBEAN SIDS</b>						
Antigua and Barbuda	Antigua and Barbuda Social Security Board	7% (Public) 8% (Private)	2% (Public) 3% (Private)	5% (Public) 5% (Private)	66.2%	Contributory Pension, NCP (public servants), <sup>48</sup> Maternity, Sickness, Funeral, Invalidity, Survivors
Barbados <sup>49</sup>	National Insurance Scheme (NIS)	12.4% (Public Perm.) 13.5% (Public Temp.) 13.5% (Private)	6.2% (Public Perm.) 6.75% (Public Temp.) 6.75% (Private)	6.2% (Public Perm.) 6.75% (Public Temp.) 6.75% (Private)	N/A	Contributory Pension, NCP, Sickness, Maternity, Unemployment, Employment Injury, Funeral, Survivors, Invalidity.
Dominica <sup>50</sup>	Dominica Social Security	11%	5%	7%	N/A	Contributory Pension, Sickness, Maternity, Disablement, Employment Injury, Death Benefit, Medical Expenses, Old Age, Invalidity, Survivors, Funeral
Grenada	National Insurance Scheme (NIS)	9%	4%	5%	90%	Contributory Pension, Disability, Maternity, Survivors Benefit
St Kitts and Nevis	Social Security Board (SSB)	11%	5%	6%	N/A	Contributory Pension, NCP, Maternity, Disability, Survivors Benefit
St Lucia	National Insurance Scheme (NIS)	10%	5%	5%	67%	Contributory Pension, Disaster Assistance, Medical Assistance

<sup>48</sup> Centrally administered by Government

<sup>49</sup> Other contribution rates for Barbados include: (i) Voluntary contribution rate of 8.3% paid by employees; and (ii) Self-employed contribution rate of 13.5%.

<sup>50</sup> Source: Dominica Social Security. Social Security Act - March 2007 Amendment.

<http://www.dss.dm/documents/Social%20Security%20Act%20March%202007%20Amendments.pdf>

St Vincent and the Grenadines	National Insurance Services (NIS)	8%	3.5%	4.5%	75%	Contributory Pension, NCP, Elderly Assistance, Disability, Workplace Injury, Survivors Benefits.
Trinidad and Tobago <sup>51</sup>	National Insurance Board (NIB)	11.7%	3.9%	7.8%	85% <sup>52</sup>	Contributory Pension, NCP, Maternity, Invalidity, Funeral, Employment Injury, Employment Injury Death, Survivors.
<b>LAC SMALL STATES</b>						
Belize	Social Security Board	8%	1.5% - 2.98% <sup>53</sup>	6.5% - 5.02%	68.9% <sup>54</sup>	Contributory Pension, NCP, Funeral, Survivors, Invalidity, Sickness, Maternity.
Guyana <sup>55</sup>	National Insurance Scheme (NIS)	13%	5.2%	7.8%	N/A	Contributory Pension, Disablement, Injury, Invalidity, Industrial Death, Maternity, Funeral, Survivors, Sickness,
Jamaica	National Insurance Scheme (NIS)	5%	2.5%	2.5%	37% <sup>56</sup>	Contributory Pension, NCP (public servants), Survivors Benefit, Invalidity, Special Child, Orphan, Employment Injury, Funeral, Gold Health Plan

Source: Source: National Insurance Schemes (various countries); Social Safety Net Assessments

### 3.1.3 Pensions

For several Caribbean SIDS and LAC Small States, pension systems are generally defined as ‘Pay As You Go (PAYG) schemes that use contributions from current wage-earning workers to fund current benefits of those already retired. Most schemes are relatively young and still in the accumulation stage, and have shown adequate performance in terms of system design and relevant coverage, though coverage and long-term sustainability remain challenges.

<sup>51</sup> National Insurance Board of Trinidad and Tobago. 2013. *Earnings Classes and Contributions from 4 March 2013*. [http://www.nibtt.net/Contribution\\_Rates/cont\\_Mar04\\_2013.htm](http://www.nibtt.net/Contribution_Rates/cont_Mar04_2013.htm)

<sup>52</sup> The World Bank. 2013. *Towards a Universal, Harmonized and Sustainable Pension System in Trinidad and Tobago: Diagnosis and Policy Alternatives*. (2<sup>nd</sup> version) p32-33

<sup>53</sup> For Belize, employee contribution rates begin at 1.5 percent, increasing up to 2.98% as weekly insurable earnings increase. Conversely, employer contributions start at 6.5 percent, declining to a minimum of 5.02%.

<sup>54</sup> For the year 2009

<sup>55</sup> Self-employed persons contribute 11.5% of their declared income, while voluntary contributors pay 9.3% of their insurable earnings measured by the last two years of employment.

<sup>56</sup> The World Bank. June, 2011. *Jamaica Social Protection Assessment: Diagnostic Study for the Review of the Safety Net Provision and Capacity* p80

**Table 4: Pensions in Select Countries<sup>57</sup>**

Program Type	General Description	Countries
<b>Social Insurance</b>		
Old Age Pension	Non-contributory old age pension program <sup>58</sup>	Barbados, St. Kitts and Nevis, St. Vincent and the Grenadines, Trinidad and Tobago Belize, Suriname, Mauritius
	Contributory pension	Antigua and Barbuda, Barbados Belize, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Belize, Guyana, Jamaica

*Source: National Insurance Schemes (various countries); Social Safety Net Assessments*

Pension schemes in the Caribbean are highly centralized, with governments bearing much of the risk, including high exposure of pension investments to government securities. The small size of many Caribbean countries also contributes to the relatively high administrative cost ratios.<sup>59</sup> In the English-Speaking Caribbean, staff costs total 60 percent of operating budgets.<sup>60</sup> Options to enhance efficiency include the rationalization of information infrastructure and staffing and greater outsourcing of administration for greater automatization and economies of scale. Jamaica has also made gains in efficiency by centralizing collections and compliance in the tax authority.

### **Social Pension**

Social insurance schemes have also been utilized for income redistribution, by ensuring a minimum benefit through a non-contributory pension (NCP) or social pension. Half of all Caribbean countries have NCPs that provide pensions, usually to the elderly poor. Benefits are at times provided via the country's National Insurance Scheme, as in the case of Barbados, Belize, St Kitts and Nevis, St Vincent and the Grenadines and Trinidad and Tobago. Not all NCPs are specifically targeted to the elderly poor however. In Antigua and Barbuda and Jamaica, NCPs are specifically provided for public sector employees. Some countries provide a cash

<sup>57</sup> This list provides a 'snapshot' of pension programs for select countries included in this analysis and is not exhaustive.

<sup>58</sup> Also provided in Antigua and Barbuda and Jamaica for public sector employees.

<sup>59</sup> UNECLAC. 2005. *Social Security in the English Speaking Caribbean*.

<sup>60</sup> Osborne, Derek. 2004. *Social Security in the CARICOM Single Market & Economy*. (CARICOM)

transfer that serves as an NCP outside of the SI scheme, as a social safety net. This is the case for Grenada, St Lucia and Jamaica, among others. The present discussion deals with NCPs that are provided as part of a country's SI system. These non-contributory programs vary in the extent to which they actually apply means-tests and in the level of benefits, with monthly transfers ranging from US\$8 to US\$263 in Jamaica and Trinidad and Tobago, respectively. They have shown a positive impact in reducing elderly poverty for those without other sources of income.<sup>61</sup>

### **Implications of Aging on Pension Schemes**

Population aging is also a challenge for Caribbean pension systems. As noted previously, several countries will experience an accelerated aging process over the coming decades, straining the financial sustainability of pension schemes. This rate of aging, compounded by extended life expectancy will lead to greater convergence, with important impacts on the financing of defined-benefit pension schemes. This is particularly the case for Barbados, the Bahamas and Trinidad and Tobago, but is not limited to these countries, where the proportion of retirees to workers is expected to rise. As many of these countries seek to address sustainability of their SI schemes, it will be imperative to also address these impending demographic changes.

#### **3.1.4 Assessing Design and Performance of SI Systems**

##### ***a. Coverage***

SI coverage remains a significant challenge in many Caribbean countries, particularly for those engaged in work outside the formal employment sector as well as the self-employed. Coverage of those engaged in formal employment shows slightly better performance. As Table 3 illustrates, for those countries where information is available, such as Antigua and Barbuda, Belize, St Lucia, St Vincent and the Grenadines, over 65 percent of the employed contribute to SI schemes, reaching as high as 90 percent in Grenada. It is important to note that for Belize

---

<sup>61</sup> World Bank. 2009. *Strengthening Caribbean Pensions: Improving Equity and Sustainability*. (Human Development Sector, Caribbean Country Management Unit) No. 47673-LAC.

however, the percent of employed contributing declined from 71.9 percent in 2007 to 68.9 percent in 2009.<sup>62</sup> For the Dominican Republic, 52.4 percent of the population was covered by the social security system in December, 2012.<sup>63</sup> Jamaica is a notable exception however, with 37 percent of the employed contributing, much lower than other countries in the analysis. A recent assessment of Jamaica's Social Protection system found that one of the principal challenges with the NIS was a wide coverage gap.<sup>64</sup> This is a particular challenge as 57 percent of the workforce is estimated to be engaged in the informal sector. In Grenada, coverage for the self-employed was at 20 percent in 2009, despite the fact that contributions are mandatory for this group.<sup>65</sup> Coverage for the self-employed in Belize was 25 percent in 2011, declining from over 63 percent in 2005.<sup>66</sup> Guyana's NIS notes that while many self-employed were registered, they do not contribute. Women are also particularly challenged by SI coverage, with several SSNAs for the region noting that women have lower coverage, because of lower wages and consequently, lower benefits.

On the topic of pension coverage, the trend is similar to that for overall SI coverage, with coverage mostly available to those in the formal sector who have met the required minimum contributions. Those not covered by pension systems are disproportionately concentrated in low-income and small informal firms, particularly in rural areas. In contrast, formal sector employees often access multiple pension benefits across different systems in some countries. In St Vincent and the Grenadines, only 24 percent of the population aged 60 and over were receiving pensions in 2008,<sup>67</sup> while in Grenada in 2006, about 64 percent of the those aged 60 and over were not receiving a pension.<sup>68</sup> Pension coverage is a concern in Jamaica, where the

---

<sup>62</sup> Belize Social Security Board. 2011. *Annual Report 2011*. p69

<sup>63</sup> Consejo Nacional de Seguridad Social. February, 2013. *Indicadores Mensuales Sistema Dominicano de Seguridad Social (SDSS)* p4

<sup>64</sup> The World Bank. June, 2011. *Jamaica Social Protection Assessment: Diagnostic Study for the Review of the Safety Net Provision and Capacity* p80

<sup>65</sup> National Insurance Scheme. 2007. *Grenada. Report to the Government. Ninth Actuarial Valuation of the National Insurance Fund as of 31 December 2009*. p5

<sup>66</sup> Belize Social Security Board. 2011. *Annual Report 2011*. p208

<sup>67</sup> Blank, Lorraine. 2010. *St Vincent and the Grenadines Social Safety Net Assessment*. (UN WOMEN, UNICEF, The World Bank) p19

<sup>68</sup> National Insurance Scheme. 2007. *Grenada. Report to the Government. Ninth Actuarial Valuation of the National Insurance Fund as of 31 December 2009*. p14



country's NIS covers only 28.7 percent of those aged 65 and over.<sup>69</sup> Furthermore, only 12 percent of those in the poorest quintile received as pension, compared to 43.5 percent of those in the top quintile.<sup>70</sup> For Belize in 2010, a little over 10 percent of those aged 60 and over were receiving a pension from the country's SSB. However, there has been a steady increase in the number of pensioners increasing from 2,737 in 2007 to 3,800 in 2011.<sup>71</sup> On the topic of gender, women have a higher probability of receiving survivors' benefits, rather than retirement pensions. The challenge of pension coverage has been addressed by several countries through the provision of a social pension or NCP.

Social pensions show relatively large coverage in some countries, while for others coverage is low and does not fully protect those in need. For Trinidad and Tobago, the country's NCP (Senior Citizens Pension) provides coverage to 80 percent of total population above age 65.<sup>72</sup> The combination of a NCP with its contributory pension scheme has resulted in near universal coverage to the elderly population. In St Vincent and the Grenadines, although the contributory pension has been noted to provide less than adequate coverage, it is complemented by two NCPs and an unconditional cash transfer (Public Assistance) which also has elderly beneficiaries. In Grenada and St Lucia, 25 and 27 percent of the elderly were covered by the social pension in 2006 respectively.<sup>73</sup> For Belize, the number of NCP beneficiaries has been on a steady decline since 2008 when it stood at 4,657 to 3,711 in 2011 (approximately 13 percent of the population aged 65 and over).<sup>74</sup>

#### ***b. Design – Indexation and Valorization***

Social security schemes in the Caribbean typically lack benefit indexation and valorization, which results in low level of predictability of contributions and benefits, increasing risk and uncertainty, while reducing system credibility and incentives for compliance. In most schemes, adjustments to provision benefits, covered wage caps, and minimum pension levels require

---

<sup>69</sup> The World Bank. June, 2011. *Jamaica Social Protection Assessment: Diagnostic Study for the Review of the Safety Net Provision and Capacity* p80

<sup>70</sup> Ibid. p39 (Data for the year 2004)

<sup>71</sup> Belize Social Security Board. 2011. *Annual Report 2011*. p69

<sup>72</sup> The World Bank. 2013. *Towards a Universal, Harmonized and Sustainable Pension System in Trinidad and Tobago: Diagnosis and Policy Alternatives*. (2<sup>nd</sup> version) p5

<sup>73</sup> Blank, Lorraine. 2009. *St Lucia Social Safety Net Assessment*. (UNICEF, The World Bank, UN WOMEN) p16

<sup>74</sup> Belize Social Security Board. 2011. *Annual Report 2011*. p69

parliamentary approval in the absence of automatic indexation, where high inflation could threaten consumption smoothing outcomes and contribution burden of these systems. As a result, adjustments to the covered wage threshold in Belize only occurred once in 22 years and twice in the Bahamas in 30 years.<sup>75</sup> Pension benefits are further determined by wages that are never valorized or adjusted to wage or price growth using a long-term income averaging period in any country in the Caribbean. The creation of frameworks for automatic adjustments rather than discretionary decision-making or legislative approval could make the determination of pension levels more objective.

### ***c. Design – Portability***

The high levels of labor mobility within and beyond the Caribbean discussed earlier, have important implications for SI systems, particularly for the cross-national portability of pension rights. Overall, Caribbean countries, particularly those within CARICOM, have taken significant steps to expand the portability of pensions. The 1996 CARICOM Agreement on Social Security provides a foundation for the portability of public pension rights, which was further strengthened by smaller initiatives, such as the OECS Convention on Social Security. Additional bilateral agreements, particularly with Canada, the United Kingdom, and Quebec, have strengthened the portability of social security rights to other major emigrant destinations, though no agreement has been reached with the largest destination, the United States. The CSME agreement offers the potential to further facilitate labor mobility and provide portability of pension rights, though no provisions have yet been included on the extension of pension rights.

### ***d. Duplication***

Inadequate coordination, parallel systems, and duplication are other major challenges facing the SI systems in these small countries, particularly for pensions. There is particular overlap between pension systems, as well as between social safety nets and social pensions. For instance, in St Vincent and the Grenadines, the Public Assistance division does not verify

---

<sup>75</sup> Osborne, Derek. 2004. *Social Security in the CARICOM Single Market & Economy*. CARICOM, p13

whether applicants already receive social pensions.<sup>76</sup> In Belize, there is duplication in benefits for public employees between the Public Officers Plan and the Social Security Board scheme. In Antigua and Barbuda, some pensioners receive benefits from the ABSSB, in addition to pensions from the state or the private sector, at times resulting in increased post-retirement income. With limited resources, it is therefore necessary for SI systems to be aligned more closely with other aspects of a country's social protection programming, particularly when resources are limited.

#### ***e. Sustainability***

Recent actuarial studies suggest that most Caribbean SI and public pension systems are not financially sustainable under their current parameters.<sup>77</sup> For instance in St Vincent and the Grenadines, actuarial reports suggest that NIS Reserves could be depleted by 2039 and benefits and administrative expenses will exceed income as early as 2025.<sup>78</sup> Grenada's reserves are predicted to be completely exhausted by 2041;<sup>79</sup> while in Guyana, concerns about sustainability of the scheme have been noted in the most recent actuarial review of the country's NIS.<sup>80</sup> So far, schemes have avoided financial difficulties because of their recent establishment and initial accumulation phase.

On the sustainability of pension schemes, actuarial studies project significant deterioration due to gradual aging process, benefit formulas and eligibility conditions. As a result, pension schemes in Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Guyana, Jamaica and St. Vincent and the Grenadines are likely to operate with cash flow deficits by 2025 and exhaust reserves by 2035.<sup>81</sup>

---

<sup>76</sup> Blank, Lorraine. 2010. *St Vincent and the Grenadines Social Safety Net Assessment*. (UN WOMEN, UNICEF, The World Bank)

<sup>77</sup> Including actuarial or budget reviews for Belize (2011), Dominica (2004), Guyana (2012), Trinidad and Tobago (2005),

<sup>78</sup> Government of St Vincent and the Grenadines. 2012. *2012 Budget Speech*. p103

<sup>79</sup> International Labour Organization. 2009. *Report to the Government - Ninth Actuarial Valuation of the National Insurance Fund as of 31 December 2009*. (Government of Grenada) p vii

<sup>80</sup> Kaieteur News. November, 2012. *NIS will run out of funds in nine years – Actuarial Review*

<http://www.kaieteurnews.com/2012/11/14/nis-will-run-out-of-funds-in-nine-years-actuarial-review/>

<sup>81</sup> In practice, social security schemes have generally produced significant intergenerational redistribution in favor of initial generations who joined schemes soon after their establishment. Most Caribbean countries are no exception, where frontloaded accrual rates allowed previous generations to accumulate rapidly enough to have a significant replacement rate (e.g. Jamaica's NIS). However, the persistence of those frontloaded accrual rates has

The financial crisis has further exacerbated the situation, through declines in stock values of pension reserves, reduced real wage, increased unemployment, as well as increased claims for retirement, invalidity or short-term disability benefits. The collapse of Trinidad and Tobago-based Colonial Life (CL) Financial and the Antigua and Barbuda-based international conglomerate Stanford Financial Group, along with the broad-based distress in the financial sector, have also affected pension reserves. The impact of the crisis depends on the maturity of schemes and governments' responses. Fortunately, the relatively young schemes in much of the Caribbean leave countries relatively well-positioned to withstand reductions in asset values through declining contributions and increasing expenditures.

Several parametric reforms have been undertaken since 2000 in Barbados, Belize, Dominica, St Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago, but the Dominican Republic is the only country that has undertaken significant structural reform since 2000, transforming its defined-benefit scheme into defined-contribution individual retirement accounts. Proposed responses to address sustainability include increasing the retirement age, which was either implemented or proposed for Grenada, Jamaica, St Lucia, and Trinidad and Tobago; while increases in contribution rates have been proposed for Dominica, Grenada, Trinidad and Tobago, among others.

### **3.1.5 A Note on Health Insurance**

Many countries find it difficult to finance health care, while maintaining the quality standards necessary for an efficient health system. Social Health Insurance (SHI) provides governments with a mechanism to levee funding from workers to provide the indemnity needed and pool risk. Benefits of SHI include subsidizing health insurance premiums for the poor; providing universal health care; freeing public funds to be used on public health goods and services; shifting public subsidies from the supply side to the demand side; and improving health care access. For SIDS, a narrow tax base, limited tax collection capacity, and large informal sector present additional challenges.

---

created disincentives for workers to limit formal sector participation to contribute within the period of higher accrual rates. A higher implicit rate of return for lower lifetime income workers is predominant in the Caribbean, where the diminishing marginal returns from a year of contribution can be substantial. Compounding this, pension schemes have reduced generosity in response to fiscal pressure.

On the topic of health insurance in Caribbean SIDS and LAC Small States, data is mixed. In Antigua and Barbuda for instance, the country's Medical Benefit Scheme is financed by a 7 percent tax on the country's wage bill. This has not translated to universal health insurance coverage, as only approximately half the population is insured.<sup>82</sup> As expected, the poorest quintile is less likely to be covered. In 2007, only 35.5 percent of the poorest quintile had health insurance, compared to 69.1 percent of the richest quintile.<sup>83</sup> For St Lucia, less than 6 percent of the poorest quintile compared to 41 percent of the wealthiest quintile had health insurance.<sup>84</sup> In Belize, the presence of a non-contributory National Health Insurance (NHI) system is a step, but not without challenges. The country's NHI system covered only 87,192 persons, leaving 243,000 without coverage.<sup>85</sup> Additionally, although health care in public health institutions are provided at no cost, 28 percent of the poor stated they had difficulty paying medical bills in 2009.

The data, though limited, illustrates that while public health spending is relatively high, and certain health indicators are favorable, there are areas for improvement in health performance in Caribbean SIDS and LAC Small States. A critical area to be addressed is the limited coverage of the poor despite public health systems provided at little or no cost. Improving coverage of SHI systems and developing more effective SHI systems where needed is therefore critical. Governments must also improve mechanisms to collect tax revenue, particularly from the self-employed and those in the informal sector. Pooling health risk is important to the effective development of SHI systems and must be addressed.

---

<sup>82</sup> Marques, Jose. 2011. *Antigua and Barbuda, Social Protection Assessment*. (The World Bank, UNICEF, UN WOMEN) p40

<sup>83</sup> Kairi Consultants Ltd. 2008. *Living Conditions in Antigua and Barbuda: Poverty in a Services Economy in Transition. Volume 1*. (Caribbean Development Bank) p110

<sup>84</sup> Blank, Lorraine. 2009. *St Lucia Social Safety Net Assessment*. (UNICEF, The World Bank, UN WOMEN) p7

<sup>85</sup> Marques, Jose. 2010. *Belize - Issues and Options to Strengthen the Social Protection System Policy Note*. (The World Bank) p13

## 3.2 Labor Market Interventions in Caribbean SIDS and LAC Small States

### 3.2.1 Overall Profile of the Labor Market in Caribbean SIDS

Labor remains a particular challenge for most Caribbean SIDS and LAC Small States, given relatively small populations and emigration pressures. Where other countries are able to draw from their large populations to satisfy labor market demands, SIDS are unable to do so. Despite this, many are still unable to find jobs. Characteristics of the labor market and unemployment in Caribbean SIDS were outlined previously, including high youth unemployment; significant brain drain, particularly of the tertiary educated; a tendency for most of the poor to be employed; and dwindling importance of key sectors adding pressure to an uncertain labor force. Furthermore, limited labor market data, and an inability to link skills training to labor market needs, raises doubts about the effectiveness of efforts to address these challenges. Economist Andrew Downes highlighted these issues in an assessment of ALMPs in the Caribbean summarized below.<sup>86</sup> The main labor market challenges highlighted by Downes include:

- **Youth employment:** Youth have unemployment rates twice as high as national rates; unemployed youth have less skills and lower education levels.
- **Skills mismatch:** There is a mismatch between the skills needs of employers and the knowledge and skills of the labor force.
- **Job creation:** This is a major regional challenge affected by decline of export commodities; regional mergers resulting in redundant positions and job loss; and structural adjustment programs that require reduced government employment.
- **Labor productivity:** At the aggregate level, regional labor productivity is low. However, there is need for additional research on the topic.
- **Brain drain:** Emigration rates are high for the region and tertiary educated persons constitute the highest percentage of emigrants to OECD countries in the region.
- **Labor market information:** There is inadequacy of labor market data.

---

<sup>86</sup> Downes, Andrew. 2006. *Caribbean Labour Market Challenges and Policies*. (United Nations Economic Commission for Latin America and the Caribbean)

To address these challenges, Downes proposed a range of policies including educational and training reform; export promotion; increasing social dialogue; revising labor legislation; and developing a labor market information system (LMIS), among others. In the subsequent sections, we will provide a brief summary of the labor market interventions provided by Caribbean SIDS and LAC Small States, and briefly assess performance on a range of design features.

### 3.2.2 Portfolio of Labor Market Interventions

The labor market interventions provided by governments include both active and passive labor market policies, including vocational training; job search assistance; small business development; youth training programs; and temporary employment programs. These programs are summarized in the table below, while Annex VII provides a detailed comparison of the main government-led ALMPs in four Eastern Caribbean countries. The portfolio illustrates significant commitment on the part of many governments to address labor market challenges.

**Table 5: Labor Market Programs in Select Countries<sup>87</sup>**

Program Type	General Description	Countries
<b>Labor Market Interventions</b>		
Short-Term Public Employment	Short-term employment on public works or other projects for the unemployed	Grenada, St. Kitts and Nevis, St Lucia, St. Vincent and the Grenadines, Dominica, Trinidad and Tobago, Dominican Republic, Haiti
Job Search Assistance	Assistance to the unemployed in job search	The Bahamas, Belize, Grenada, St. Kitts and Nevis, St Lucia, St. Vincent and the Grenadines, Belize, Dominican Republic, Guyana, Jamaica, Suriname
Youth Training Programs	Job-market targeted training programs to youth	Antigua and Barbuda, The Bahamas, Dominica, Grenada, St. Kitts and Nevis, St Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Belize, Dominican Republic, Guyana, Jamaica, Suriname, Mauritius
Entrepreneurship Training and Development	Small business development and training to potential entrepreneurs	The Bahamas, Grenada, St. Kitts and Nevis, St Lucia, Trinidad and Tobago, Belize, Guyana, Suriname, Mauritius
Adult Literacy/ Education	Literacy or adult general education	The Bahamas, Dominica, Grenada, St. Vincent and the Grenadines, Trinidad and Tobago, Belize

*Source: The World Bank. Social Safety Net Assessments; Program and Country Documents*

<sup>87</sup> This list provides a 'snapshot' of labor market programs for select countries included in this analysis and is not exhaustive.

### 3.2.3 Design Features and Performance

#### *a. Spending*

While data for all countries in this analysis is unavailable, data for Caribbean SIDS in the Eastern Caribbean illustrates that spending on labor market programs is very low. Furthermore, data for four countries – Grenada, St Lucia, St Kitts and Nevis, and St Vincent – shows that no labor market program accounts for more than 0.4 percent of GDP, rather most account for less than 0.01 percent of GDP.<sup>88</sup> The share of different types of programs varies significantly across these countries; with Grenada spending mostly on its public works program; St Lucia on its short-term employment and training program; St Kitts and Nevis on a skills training initiative; and St Vincent and the Grenadines on its youth training and employment program. However, overall training tends to represent a significant share of the resources. The data points to a possibility that while countries implement numerous labor market interventions, they receive limited budget allocations.

#### *b. Coverage*

Data on ALMP coverage in Caribbean SIDS is limited, but where available, reveals low coverage. Annex VII compares program coverage among four Eastern Caribbean countries, illustrating room for improvement, relative to unemployment levels and spending. As presented in Table 6, in St Vincent and the Grenadines, the Road Cleaning and Local Government Road Maintenance programs recorded a combined number of 5,058 beneficiaries for the period. However, the Youth Empowerment Service, which accounted for most of ALMP spending, covered 525 beneficiaries with a much higher cost per participant. In Belize, technical vocational training was provided to 865 beneficiaries, while Single Mothers Training was

---

<sup>88</sup> Blank, Lorraine. 2009-2010. (Social Safety Net Assessments)



provided to 47 households.<sup>89</sup> In Antigua and Barbuda, ALMPs for which data is available also provide limited coverage.<sup>90</sup>

**Table 6: Select ALMPs in St Vincent and the Grenadines (2008)**

Program Name	Overall Cost <i>EC\$ million</i>	Stipend <i>EC\$</i>	Duration of Benefit	Number of Beneficiaries
Youth Empowerment Service	2.9	450	Monthly	525
Road Cleaning Program	1.0	35	daily (10-15 days; 1-3 times per year)	3,058
Local Government Road Maintenance	0.5	35	daily (5-10 days; 1-3 times per year)	2,000

Source: Blank, 2010.

### **c. Constraints of Labor Market Interventions**

Significant inefficiencies have been noted in the design and implementation of many labor market programs in the Caribbean SIDS and LAC Small States, including:

**Multiple Agency Responsibility:** The multiplicity of labor market programs is common in Latin America and the Caribbean,<sup>91</sup> and SIDS in the region are no exception. In several countries, interventions are implemented by various agencies, usually ministries of education, labor and social development, with little coordination. In St Vincent and the Grenadines for instance, 10 interventions are implemented by five ministries and three civil society organizations. For Jamaica, a high degree of fragmentation in the delivery of various labor market interventions was noted, spanning various government ministries and agencies.

**Limited Information on Labor Market Needs:** Assessments for Antigua and Barbuda, St Kitts and Nevis, Grenada, and St Vincent and the Grenadines lamented the inadequate information about the labor market, because it cannot be utilized to respond actual skill requirements. This

<sup>89</sup> Marques, Jose Silverio. 2010. *Belize - Issues and Options to Strengthen the Social Protection System – Policy Note*. (The World Bank) p105

<sup>90</sup> Marques, Jose. 2011. *Antigua and Barbuda, Social Protection Assessment*. (The World Bank, UNICEF, UN WOMEN) p59 (ABICE accounted for 400 trainees, ABHTI accounted for 160 beneficiaries and the New Work Experience Program operated by the Department of Labor served 154 beneficiaries.)

<sup>91</sup> The World Bank. 2005. *Caribbean Social Protection Strategy Paper*. p92

is particularly the case regarding labor market demand, often resulting in high degrees of skills mismatch for several countries. Compounding this, is a lack of adequate information systems to manage the labor market data that is collected, increasing inefficiency and hampering the responsiveness of labor market interventions.

**Limited Knowledge of Program Effectiveness:** Many programs are implemented and scaled up, with little knowledge of their impact on participants' employability. In St Kitts and Nevis, an absence of tracer studies and impact evaluations made it difficult to attribute successes and failures to relevant aspects of respective ALMPs. Similar problems relating to program monitoring and evaluation were also noted for Grenada and St Vincent and the Grenadines.

### **3.3 Social Safety Nets in Caribbean SIDS and LAC Small States**

Social safety nets (SSNs) are non-contributory transfer programs targeted in some manner toward the poor and those vulnerable to poverty and shocks. Social safety nets can be provided in-cash or in-kind; and usually aim to help households protect themselves against shocks, ensure a minimum living standard, and develop their human capital. Effective safety nets can reduce income inequality; potentially contribute to economic growth by increasing consumption; and facilitate inclusive growth through the implementation of redistributive programs and policies.

#### **3.3.1 Overall Panorama**

Social safety nets are an important component of social protection systems in most countries, and are no exception for SIDS. The countries in this analysis all provide cash or in-kind transfer programs as part of their SSN portfolio. Governments usually are the lead

implementers of social safety net programs in Caribbean SIDS and LAC Small States, though some support is provided by civil society.<sup>92</sup> A snapshot of SSN programs is detailed in Table 7.

**Table 7: Social Safety Nets in Select Countries<sup>93</sup>**

Program Type	General Description	Countries
<b>Social Safety Nets</b>		
<b>Cash Transfers</b>		
Unconditional Cash Transfer	Cash transfer to the poor, indigent, disabled or elderly	Antigua and Barbuda, Dominica, St. Kitts and Nevis, St Lucia, St. Vincent and the Grenadines, Guyana, Haiti, Suriname, Mauritius
Conditional Cash Transfer	Cash transfer contingent on compliance with set co-responsibilities, usually health and education	Grenada, Trinidad and Tobago, Belize, Dominican Republic, Jamaica
Transportation Allowance for Students	Cash transfer to school children to assist with transport costs to and from school	Grenada, Antigua and Barbuda
Burial Assistance	Cash transfer to assist with the burial costs for deceased relative	Grenada, Antigua and Barbuda, St. Kitts and Nevis, St Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Jamaica <sup>94</sup>
Emergency Assistance	Cash transfer to assist with unexpected shocks	Grenada, St. Kitts and Nevis, St Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Belize, Jamaica
Food voucher		St. Kitts and Nevis
<b>In-Kind Transfers</b>		
School Feeding Program	Provision of meals to poor students	Antigua and Barbuda, The Bahamas, Belize, Grenada, St. Kitts and Nevis, St Lucia, St. Vincent and the Grenadines, Dominica, Trinidad and Tobago, Belize, Guyana, Jamaica, Haiti, Mauritius
School Uniforms	Provision of school uniforms to poor students	Antigua and Barbuda, The Bahamas, St. Kitts and Nevis, St Lucia, St. Vincent and the Grenadines, Guyana, Haiti, Suriname
School Textbooks	Provision of school textbooks to poor students	Antigua and Barbuda, Belize, St. Kitts and Nevis, St Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Belize, Jamaica, Haiti, Mauritius

<sup>92</sup> For instance, in the OECS, Government departments account for 68 percent of implementing responsibility, while Community Based Organizations and Non-Governmental Organizations account for 10 percent and 21 percent of implementation, respectively. (OECS. 2009. *OECS Social Safety Net Situation Analysis*.)

<sup>93</sup> This list provides a 'snapshot' of SSNs for select countries included in this analysis and is not exhaustive.

<sup>94</sup> Via Compassionate Grants

School Transportation	Provision of transportation services to and from school	Belize, St Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Belize, Haiti
Day-Care	Provision of day-care services to poor families	Grenada, St. Kitts and Nevis, St Lucia, Trinidad and Tobago <sup>95</sup>
Food Transfer Programs	Provision of food items to poor families	The Bahamas, <sup>96</sup> Grenada, Haiti, Guyana, <sup>97</sup> Belize <sup>98</sup>
Medical Care Assistance	Waived medical fees for poor beneficiaries/ provision of medical care abroad	Antigua and Barbuda, Grenada, St. Kitts and Nevis, St Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Guyana, <sup>99</sup> Haiti, Suriname, Mauritius
Medication Assistance	Waived fee for pharmaceutical prescriptions and/or other drugs for the poor	Grenada, Trinidad and Tobago, Haiti, Jamaica
Home Repair/Home Improvement	Home repair for poor households	Antigua and Barbuda, Grenada, St. Kitts and Nevis, St Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Belize, Guyana, Jamaica
Utility Subsidies/ Assistance	Subsidies to assist poor families with payments for essential utilities	Antigua and Barbuda, The Bahamas, St. Vincent and the Grenadines, Trinidad and Tobago, Dominican Republic, Haiti

*Source: The World Bank. Social Safety Net Assessments; Program and Country Documents*

Most SIDS provide an unconditional cash transfer program for the poor, usually Public Assistance (Antigua and Barbuda, Dominica, Haiti, Mauritius, St. Kitts and Nevis, St Lucia, and St. Vincent and the Grenadines), while a few have focused on a conditional cash transfer (CCT) (Belize, Dominican Republic, Grenada, Jamaica and Trinidad and Tobago). Jamaica's CCT, the PATH program has been a flagship example in the Caribbean. Grenada has also transitioned from an unconditional cash transfer to a CCT, merging its Public Assistance program with two other cash transfers, and conditioning the revamped cash transfer on education attendance and use of health services. In addition to cash transfer programs, some countries provide monetary support in particular circumstances or to particular groups. For instance, Grenada provides burial assistance, emergency assistance, and a scholarship program. St Kitts and Nevis provides disability grants, compassionate grants, food vouchers, and foster care allowances. In-

<sup>95</sup> Announced in the Social Sector Investment Program 2013.

<sup>96</sup> Provided via coupon

<sup>97</sup> As part of the Night Shelter program for the homeless.

<sup>98</sup> Via the Food Pantry Program and through in-kind transfers under the Public Assistance Program

<sup>99</sup> As part of the Night Shelter program for the homeless.

kind transfers also represent a major part of the SSN portfolio for several countries, principally centered on in-kind transfers to assist with education outcomes, namely school meals, textbooks, school transportation and school uniforms.

### 3.3.2 Design Features and Performance

#### a. Financing

A recent assessment of safety net spending revealed that countries generally spent a mean of 1.9 percent of GDP on SSNs.<sup>100</sup> Generally, spending on SSNs was close to this global average for SIDS where data was available (see Table 8). Notable exceptions include Mauritius, which spent 7.5 percent of GDP on SSNs, while St Lucia spent the lowest portion of GDP at 1.3 percent. This was however not significantly divergent from the global mean, and in line with the average for Latin America and the Caribbean, which was also 1.3 percent.

**Table 8: Safety Net Spending in Select SIDS<sup>101</sup>**

Country	Safety Net Spending (% of GDP)
Antigua and Barbuda	1.6
Belize	2.9
Grenada	3.2
St Kitts and Nevis*	1.6
St Lucia	1.3
St Vincent and the Grenadines*	2.2
Jamaica	1.8
Mauritius	7.5

Source: *Social Safety Net Assessments (2009-2011)*; Grosh et al (2008)

The sources of funding for SSNs are also an important issue for many SIDS. While there are variations across countries, most funding for SSN programs in the OECS came from local

<sup>100</sup> Grosh, Margaret; del Ninno, Carlo; Tesliuc, Emil; Ouerghi, Azedine. 2008. *For Protection and Promotion, The Design and Implementation of Effective Safety Nets*. (The World Bank) p63

<sup>101</sup> For Antigua and Barbuda, spending excludes social insurance, noted to be 3.6%; For Belize spending excludes social insurance, noted to be 2.8%; For Grenada, high social safety net spending attributed to 2008 elections. Spending for St Kitts and Nevis and St Vincent and the Grenadines includes social pension.

revenue (75 percent).<sup>102</sup> Grants were another source of funding, accounting for 24 percent of revenue, while loans accounted for 1 percent at the time. In Dominica, 20-25 percent of the country's social safety net spending was externally funded.<sup>103</sup> Haiti is a unique case in the region, with Government assuming a smaller role in financing and administration of social safety nets, accounting for 22 percent of spending. Several international agencies are involved, as noted in Table 9.

**Table 9: Main Social Safety Nets Programs and Actors in Haiti**

PROGRAMS	ACTORS
Economic Subsidies	GoH, WB, CARICOM
Cash or Food for Work	GoH, USAID, EU, UNDP/ILO, WFP, WB, IDB, France
Education Sector (school buses, school)	GoH, USAID, Spain, UNICEF, WB
School Feeding	GoH, WFP, WB, Canada, USAID, PiH, BND
Health Sector (free health service distribution)	WHO, Canada, UNFPA, IDB, WFP, UNICEF, ECHO
Social Sector	GoH, USAID, IDB, WB
Food Security	WFP, USAID, ECHO, Switzerland, UNICEF

*Source: The World Bank: Social Safety Nets in Haiti (2009)*

Social Investment Funds (SIFs) continue to play an important role in project financing and improving in SP policy for Caribbean SIDS and LAC Small States. SIFs are present in Belize, Jamaica, St Vincent and the Grenadines, while Basic Needs Trust Funds, which have similar objectives, are provided by St Lucia and Grenada. The following Box presents a summary of SIFs in the Caribbean.

<sup>102</sup> OECS. 2009. *OECS Social Safety Net Situation Analysis*. (Presentation, OECS Social Protection Conference)

<sup>103</sup> Mason, Andrew. 2003. *Dominica: Social Protection Review*. (The World Bank) p9

**Box II**  
**Social Investment Funds: The Caribbean Experience**

Social Investment Funds (SIFs) have an important history in the Caribbean as a mechanism for community-driven social investments. The first SIFs were established to provide an alternative approach to Central Government-led investments by facilitating communities and local institutions to identify and implement small-scale investment projects. In the Caribbean, these projects generally focused on social infrastructure, such as schools and health clinics, along with other employment generation and poverty reduction efforts. SIFs have allowed for the creation of a single autonomous entity in these Caribbean countries with the necessary operational capacity to deliver a larger number of small-scale social and economic projects in short periods.

Communities were shown to be very involved in the identification of SIF investments and in reflecting community priorities in their selection. In Jamaica, a case study of five communities showed that the identification process was developed by local leaders who selected projects for reasons that appeared to benefit the community; most citizens were satisfied with the results. Overall, SIF investments have been shown to result in increased access to and utilization of services as well as higher primary enrollment and educational attainment, improved child health, and increased availability of water and sanitation services. SIF investments have been shown to be as sustainable, or more sustainable, than similar facilities, with equal or better delivery of necessary inputs, such as textbooks, medicines and staff. SIF investments resulted in significantly lower overhead expenses, though unit costs were comparable to similar projects, except where the community was given greater control over decisions and resources, which resulted in 25 to 40 percent lower unit costs.

Despite their general temporary design, the mandates of SIFs have generally expanded over time, transitioning from short-term infrastructure rehabilitation and temporary employment goals to ensure sustainable service delivery and strengthening local institutional capacity. As line ministries strengthen their capacity and overall efficiency, however, many of the SIFs have been integrated into the ministries they have been supplanting. Where the SIFs continue independently, their investments now focus on areas outside of the potential realm of line ministries to maintain their autonomous identity, while improving articulation within national development and poverty reduction strategies.

*Source: Rawlings et al. (2003); Siri (2000)*

**b. Targeting Mechanisms**

Many social safety net programs in the Caribbean are characterized by problems of limited coverage, weak targeting, and ineffective mechanisms for determining eligibility.<sup>104</sup> For some countries, problems relating to targeting and coverage begin at the start of the process with fluid and vague eligibility criteria for SSNs. In Grenada, for instance, the mechanisms to assess eligibility for various safety net programs remains ad hoc, and at times, subjective. For example, determining eligibility for the country's School Feeding Program and School Transportation

---

<sup>104</sup> The World Bank. 2005. *Caribbean Social Protection Strategy Paper*. p92

Allowance<sup>105</sup> was left at the discretion of individual schools, resulting in inconsistent and subjective mechanisms for determining eligibility. Also, for some countries, government institutions use different targeting mechanisms and different agents to identify the same group of beneficiaries. In Grenada, both social workers (under the Ministry of Social Development) and school attendance officers and other school officials (under the Ministry of Education) were in charge of beneficiary identification. These overlapping roles and inconsistent eligibility criteria hamper the effectiveness of a country's social safety net.

Despite these problems, there are promising models and reforms. Jamaica utilizes a Proxy Means Test (PMT) to objectively assess eligibility criteria among potential beneficiaries. Other SIDS that have established objective criteria for program selection and adequate targeting mechanisms include Belize and the Dominica Republic. Antigua and Barbuda and Grenada have recently initiated work to establish objective targeting mechanisms to determine eligibility.

### ***c. Coverage and Exclusion Error***

With budget constraints and inadequate targeting criteria and mechanisms, many social safety nets do not fully cover their intended groups. For instance, the working poor, out-of-school young people and single parents appear to be excluded in St Lucia, Grenada, and St Kitts and Nevis. In St Lucia, the Public Assistance program reaches about 25 percent of the poor, while St Kitts and Nevis' Food Voucher program only covers 4 percent of poor. Dominica's Public Assistance program provided support to only 8 percent of poor and 10 percent of indigent respectively. In Belize, 28 out of 39 programs assessed were found to provide a low level of coverage to the poor. For Jamaica, a PMT has led to comparably better performance on coverage. For Jamaica, the social protection assessment found that most social safety net programs had high coverage relative to the number of persons at risk, with PATH providing coverage to 66 percent of those in the two poorest quintiles.<sup>106</sup>

---

<sup>105</sup> The School Transportation Allowance has since been consolidated to form the country's CCT.

<sup>106</sup> The World Bank. June, 2011. *Jamaica Social Protection Assessment: Diagnostic Study for the Review of the Safety Net Provision and Capacity* p105-112



***d. Inclusion Error***

In addition to failing to include all eligible households, various safety net programs have significant leakage because they include ineligible households. For instance, in St Kitts and Nevis, 21 percent of beneficiaries from a book loan program were from the wealthiest quintile, compared to only 17 percent from the poorest quintile. In St Vincent and the Grenadines, 32 percent of students from the wealthiest quintile received a free meal through the School Feeding program, compared to 22 percent from the poorest quintile. In Dominica, the Public Assistance Program provided coverage to 18 percent of the non-poor. These examples illustrate the broad use of social safety net funding to provide social protection to varied categories of persons, where expenditures could be more efficiently targeted to their selected objective populations, particularly those most in need of the programs, often the poor or vulnerable groups.

***e. Fragmentation and Duplication***

There is a high degree of institutional fragmentation in the social safety nets of most Caribbean SIDS and LAC Small States, which reduces efficiency and increases administrative costs. This was noted in assessments for Antigua and Barbuda, Grenada, and St Kitts and Nevis. Blank (2009) noted that while programs supported the same target groups, each required completion of a separate application, and investigation by staff, resulting in costly multiple targeting mechanisms. Improved coordination and leaner, more efficient, measures for program implementation, monitoring and evaluation are therefore necessary to improving the safety net in these countries. Related to this is a plethora of programs, implemented by various agencies, often aimed at reaching the same target groups. In Antigua and Barbuda, the PDV Caribe's People's Benefit and the Board of Guardians' Grant to Individuals are both provided for the economically disadvantaged. In Jamaica, the Poor Relief program overlaps in objectives with the PATH program. Given that many Caribbean SIDS and LAC Small States have been challenged by fiscal constraints, reducing duplication and fragmentation can generate significant efficiency.

***f. Inadequate Monitoring and Evaluation***

A lack of sound monitoring and evaluation mechanisms to effectively assess the impact of pro-poor programming is another constraint in several SIDS. Compounding this, are deficiencies in data collection to effectively measure program coverage and impact. Archaic methods for data collection remain despite technological advances. In Jamaica for example, it was noted that while information systems were routinely in place for many social safety net programs, they were inadequate.<sup>107</sup> The importance of reliable data for effective planning, implementation, monitoring and evaluation is unquestionable. As noted in SSNAs, Caribbean SIDS need to strengthen their M&E systems. This problem also related to labor market interventions and was noted as a challenge previously in that section.

**3.4 Noteworthy Comparative Cases – Mauritius and Haiti**

***a. Mauritius***

While most of this paper focuses on Caribbean SIDS and LAC Small States, the authors argue that shared economic and social conditions highlight the relevance of this paper’s analysis to other SIDS. A recent Social Protection Review of Mauritius provides an interesting comparative case, which is summarized in the Box below.

---

<sup>107</sup> The World Bank. June, 2011. *Jamaica Social Protection Assessment: Diagnostic Study for the Review of the Safety Net Provision and Capacity*. p124

**Box III**  
**Social Protection in Mauritius**

**Financing:**

- **High Levels of Safety Net Spending:** The Social Protection Review and Strategy noted that Social Assistance spending accounted for 4.4% of GDP for 2008/2009. Before that, Grosh et al quoted Safety Net spending levels in Mauritius at 7.5% of GDP.
- **Domestic Financing:** Grosh et al note that safety net spending in Mauritius was financed domestically. This is interesting particularly considering the high levels of spending.
- **Focus on Social Pensions:** The Mauritius Social Protection Review and Strategy noted that 75.9% of Social Assistance spending went towards social pensions, compared to only 3.4% to Social Aid. This made social pension the main cash transfer provided in the country. ALMPs accounted for 14.4% of GDP.

**Programming:**

- **Numerous Social Protection Programs:** Like many of its Caribbean SIDS counterparts, Mauritius also implements several social protection programs, including cash transfers, in-kind transfers, ALMPs, as well as community programs and assistance to NGOs.

**Challenges to Address:**

- **Targeting:** The country's Social Aid program did not reach many of the poor.
- **Connections between Transfers and Human Capital:** The Social Protection Review noted that education transfers did not address human capital development of children. This was evident in inadequate coverage of poor children and no links between Social Aid cash transfers and human capital outcomes for children.
- **Coverage:** Labor market programs in Mauritius reach less than quarter of the country's unemployed, estimated at 46,000 in 2009.
- **Weak Monitoring and Evaluation:** Rigorous impact evaluations are absent, while monitoring systems are weak.
- **Fragmented Implementation:** Mauritius experiences various inefficiencies perhaps due to a plethora of social programs, including duplication among numerous implementation agencies; high administrative costs; and overlap of beneficiaries among different programs;
- **Inefficient Resource Use:** This results from high administrative costs resulting from fragmented implementation of programs as well the costs of untargeted programs such as social pensions, school feeding, social pensions, as well as regressive food subsidies.

**Recommendations:**

The Social Protection Review provided various short, medium and long term priorities for reform, some of which are noted here:

- **Short Term:** Develop a Social Protection Action Plan; develop a PMT and CBR; conduct training to strengthen administration of civil service pensions, among others.
- **Medium Term:** Use PMT for all programs targeted to the poor; strengthen youth training; consolidate community based initiatives; place programmes targeted to poor under one ministry; separate pension function from social assistance function, among others.
- **Long Term:** Introduce targeting of non-contributory pensions.

*Source: Blank, 2010; Grosh, del Ninno, Tesliuc and Querghi, 2008*

**b. The Case of Household Development Agents in Haiti**

For some SIDS, capacity concerns can limit the effectiveness of SP interventions in the country. Box IV highlights the case of Haiti’s Household Development Agents and its effect on social services delivery in a fragile state context.

**Box IV**

**Social Protection in Low-Capacity Settings: The Case of Household Development Agents in Haiti**

In Haiti, the government is experimenting with an innovative, integrated Social Protection mechanism: delivering social services directly to families through household development agents (HDAs). The HDA approach aims to break from the larger country context characterized by the proliferation of *ad hoc* approaches to address inefficient and inadequate social service provision, which generally rely on facility-based care that consistently fails to reach the poorest and most vulnerable households. The household development agent is responsible for a contractually agreed-upon number of households (100 on average) in creating and implementing a personalized household development plan across a three-pronged strategy, to: (i) raise awareness and increase knowledge of health, nutrition, hygiene, and sanitation practices; (ii) provide a package of basic commodities and services; and (iii) where possible, refer families to relevant social services and programs run by government, donors, NGOs, or private sector. During these regular home visits as well as community gatherings, the HDAs will directly assess the need for and deliver basic commodities, including micronutrients, iron supplements, de-worming tablets, and infant growth measurement. The HDA framework is closely coordinated with the international community to have the HDA distribute other commodities (e.g. mosquito nets and immunizations) that are financed and procured by the implementing partners (e.g. UNICEF), while the HDAs ensure their proper delivery and use. Referral services include prenatal visits, acute respiratory treatment, and supplementary feeding. The HDAs also manage monitoring cards to inform new information systems. Social workers will supervise the HDAs, while specialist NGOs monitor the information management and service delivery. The government is also developing an inventory platform to collect and share information on existing social services and programs in local geographic areas. The government is also supporting additional efforts to strengthen community cohesion and participation locally to help identify strategies to improve the coordination and delivery of social services. Overall, the HDA framework aims to improve family health and nutrition practices, while strengthening the capacity of social service delivery. This approach not only aims to develop an effective means to reach households, but also to enhance knowledge on good practices and how to access services. The HDA model builds off local experience with community workers, particularly in rural areas to develop an integrated delivery and accountability mechanism to provide selected social services directly to vulnerable families.

*Source: Authors’ compilation from program and country documents.*

### 3.5 Emergency Response – Managing Vulnerability

As discussed previously in this paper, a major identifying characteristic of SIDS is their vulnerability to exogenous shocks, particularly natural disasters and economic crises. Given the role of social protection to serve as a buffer in the face of shocks, it is important to assess performance of these tools in managing these vulnerabilities in SIDS. While many Caribbean SIDS provide some insurance protection, social safety nets, and labor market interventions to help manage shocks; most SP systems in Caribbean SIDS and LAC Small States are ill-prepared to respond to emergencies, with particular consequences for the poor and vulnerable.

At the macro level, SIDS in the Caribbean have benefited from the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which pools risk to mitigate the financial impact of earthquakes, hurricanes and excessive rainfall at the “lowest possible pricing.”<sup>108</sup> The facility provides quickly disbursing liquidity to 16 CARICOM member states when faced with environmental shocks. This facility is available to governments when a country endures an environmental hazard.

At the household and individual levels, insurance can provide protection in the face of environmental shocks and natural disasters. Analysis of catastrophe insurance in the Caribbean, however, found that the majority of properties covered were tourism-related properties, as well as medium and large private industrial and commercial businesses.<sup>109</sup> Private dwellings and small businesses were found to be primarily uninsured. Complicating this issue is the inability of the poor to afford insurance and the tendency for their dwellings to be characterized by weak infrastructure and precarious locations, easily damaged in severe weather conditions. For Jamaica, 8.9 percent of households had home insurance in 2009, with 99.4 and 97.4 percent of households in the poorest quintiles (Q1 and Q2 respectively) without home insurance.<sup>110</sup>

Several SIDS provide an emergency cash transfer in the event of an unexpected shock, including Belize, Grenada, Jamaica, St. Kitts and Nevis, St Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. However overall, SSN programs are not flexible enough to respond

---

<sup>108</sup> The Caribbean Catastrophe Risk Insurance Facility. 2011.

<sup>109</sup> Auffret, Phillipe. 2003. *Catastrophe Insurance Market in the Caribbean Region: Market Failures and Recommendations*. (The World Bank)

<sup>110</sup> The World Bank. June, 2011. *Jamaica Social Protection Assessment: Diagnostic Study for the Review of the Safety Net Provision and Capacity* p56

effectively in emergency situations. This has been noted in assessments for Grenada and St Lucia for example. Programs specifically aimed at addressing emergency assistance tend to be small, with the emergency-specific assistance schemes put in place in Grenada in 2008 only serving approximately 120 households. In St Lucia, small benefits were provided to households who experience shocks (e.g. floods), responding to limitations in the insurance market. However a more systematic approach is needed. Jamaica is one country which implemented several reforms to its SSNs in response to the 2008 economic crisis. These included increasing the budget for the country's CCT (Program for Advancement in Health and Education - PATH); increasing individual PATH transfers by 15 to 38 percent according to beneficiary category; increasing the number of PATH beneficiaries; and increasing the budget for the School Feeding Program, among others.<sup>111</sup>

In labor markets, government responses to the 2008 economic crisis in Caribbean SIDS included (i) policies to support employment, including wage subsidies in Barbados and Trinidad and Tobago and reduced work hours; (ii) policies to facilitate transitions, including training programs in Barbados, Bahamas and Jamaica, job search assistance, and self-employment assistance; and (iii) policies to protect job losers, including unemployment benefits in Antigua and Barbuda, The Bahamas, and Barbados, public works, and cash transfers in Jamaica, St Kitts and Nevis and Trinidad and Tobago.<sup>112</sup>

A recent analysis of the Latin America and Caribbean region's readiness to address price increases in the first semester of 2011 highlighted the need for improved systems.<sup>113</sup> For instance, Grenada, Belize, St Lucia, and St Vincent and the Grenadines were found to be weak in their readiness, mainly due to fragmentation of programs. Dominica and Jamaica were found to be moderately prepared, having begun reform efforts and revamping of their programs. Haiti was found to be unprepared to respond. Despite this, the assessment found that overall these countries were better prepared than they were during the 2008 price increases, suggesting gradual progress to addressing inefficiencies in the safety net over time.

---

<sup>111</sup> Ibid. p61-62

<sup>112</sup> Downes, Andrew. 2009. *The Global Economic Crisis and Labour Markets in the Small States of the Caribbean*.

<sup>113</sup> The World Bank. 2011. *How Ready are Latin American and Caribbean Safety Nets for Food Price Increases in 2011*.

## 4. RECOMMENDATIONS FOR IMPROVING SOCIAL PROTECTION EFFECTIVENESS IN CARIBBEAN SIDS AND LAC SMALL STATES

Despite the significant share of public spending on social protection interventions, most Caribbean SIDS and LAC Small States face significant institutional and operational capacity constraints resulting in limited coverage, equity, and efficiency, as well as limited responsiveness to shocks. Improving social protection in these countries requires addressing these operational and institutional inefficiencies. This section proposes a series of recommendations to be explored by Caribbean SIDS and LAC Small States to improve SP performance. These options are not intended to be fixed solutions for all countries, as tailored responses will be required for each country. Some recommendations could also prove useful to SIDS in other regions.

### 5.1 System-wide Recommendations:

- 1. Harmonize social protection systems and policies across the region to better respond to increased regional mobility:** For the members of the OECS and CARICOM, progress towards harmonized social protection systems, guaranteeing coverage for mobile citizens should be a priority. While progress has been made towards free movement of labor, it needs to be accompanied by harmonization of social protection systems to ensure benefits are portable across countries. Portability takes place to a certain extent in practice (mainly for pensions), but there is need for clear agreements to ensure adequate social protection coverage for mobile persons, particularly within the CARICOM arrangement.<sup>114</sup> Both the OECS and CARICOM have stated intentions of moving forward on this front and should develop a concrete plan of action.
  
- 2. Consolidate social protection programs within countries to improve efficiency:** A characteristic noted in several assessments of social protection systems in SIDS is the wide range of programs provided in several categories, including social safety nets and labor market

---

<sup>114</sup> For information on options for addressing the portability of pensions and other social protection benefits, please see the SP Discussion Paper, *“Portability of Pension, Health, and Other Social Benefits: Facts, Concepts and Issues”* by Robert Holman and Johannes Kettle (May, 2011).

interventions. This is coupled with systems where numerous agencies are responsible for implementing these programs, with limited coordination and communication. The result is significant input of financial and human resources to provide programs for, and services to, these small sub-populations. This fragmentation results in duplication of benefits and ineffective targeting of beneficiaries. Increased coordination and consolidation of programs will allow for more efficient resource allocation. Programs that have similar scope and target populations can be merged at the country level to reduce fragmentation, redundancy, and administrative inefficiency. These efforts can be supported through development of appropriate systems, such as a Unique Beneficiary Registry (UBR). A UBR provides governments with a database of beneficiaries of SP programs to ensure that duplication of benefits is avoided, while enabling swift referral to programs, particularly utile in a during unexpected shocks. A further useful step would be linking UBRs that are designed to social programs in health, education, and other sectors that also target similar beneficiaries.

**3. Foster key human capital improvements among the poor to break the inter-generational transmission of poverty:** This paper has highlighted several human capital constraints facing SIDS in the Caribbean, which affect poverty levels or are exacerbated by poverty. Social protection programs can play a critical role to address these human capital constraints. In particular, there is need to improve the productive ability of adults and to address the impact of poverty on education and health outcomes among children in poor households. This can be facilitated, for instance, through (i) conditioning unemployment benefits to active labor market interventions that improve skills and facilitate job placement and employment; (ii) tying social assistance more closely to improvements in skills, education, and labor market outcomes (for example through conditioning cash transfers to school attendance or training); (iii) providing mechanisms to promote income generation for poor households; and (iv) conditioning support to key improvements in healthy lifestyles and the treatment of NCDs.



**4. Improve monitoring and evaluation systems and data collection capacity to facilitate more responsive SP programs and to address increased mobility:** Ensuring adequate systems are in place to facilitate effective program monitoring and evaluation will be critical to improving outcomes in SIDS. Data collection capacity would also be essential to develop a clear understanding about what program components are effective and those that need to be revised. Labor market surveys and beneficiary surveys can play a central role in assessing skill needs and poverty conditions. The aforementioned measures must all be partnered with effective capacity building at the institutional level. These efforts also necessitate harmonized systems and cooperation at the regional level to address increased labor mobility and integration.

**5. Increase partnerships with civil society and private sector:** The private sector and civil society play a critical role in social protection in many of the countries assessed in this paper. With the exception of Haiti, where much of the social protection portfolio is managed by NGOs, governments have rightfully taken the lead. However, NGOs and CSOs can serve as important sources of support to Government in the delivery of social protection programs. Additionally, there is need for increased engagement of the private sector, particularly relating to labor market interventions, to ensure training and intermediation services responds to labor-market needs.

## **5.2 Area-Specific Recommendations:**

**1. Improve responsiveness to economic and environmental shocks:** Caribbean SIDS need to address the economic crises that leave many of their citizens vulnerable, poor or unemployed, as well as the natural disasters that devastate infrastructure and leave many asset-less and homeless in their wake. Response mechanisms have been characterized as being primarily reactive in nature,<sup>115</sup> illustrating the need for appropriate preventive mechanisms. Countries could ensure their regular programs have the option for scaling up, open applications

---

<sup>115</sup> The World Bank. 2005. *Caribbean Social Protection Strategy Paper*. p92-93

and flexible targeting during crises. Some specific programs could also be put in place, to be triggered in times of crisis or shock. For instance, temporary employment programs can help soften the impact of job loss and it may be useful to examine the potential impact of introducing and/or scaling up unemployment insurance. Also, with respect to natural disasters, housing assistance provided as part of a country's social protection portfolio should ensure that building codes are developed, adhered to, and provide support to families to meet these standards where possible. Case management from social workers to provide additional support to poor and vulnerable families could be a useful resource to help families mitigate and cope with risks faced in times of shocks. Developing a UBR can also be an important resource in times of unexpected shocks, enabling governments to identify the vulnerable in a timely manner. Having in place a contingency plan, that regulates when and what programs would be scaled-up, adjusted or created, would be a useful tool to avoid delays in response. Further, exploring mechanisms that can be introduced to facilitate improved insurance coverage to poor households would be worthwhile. Collaboration with the CCRIF at the regional level in the Caribbean to move this agenda forward could prove useful.

**2. Improve efficiency and effectiveness of social safety net programs, in particular cash transfer programs:** Improving targeting efficiency; reducing duplication and fragmentation; and supporting human capital development are critical improvements needed for social safety nets in Caribbean SIDS and LAC Small States. Efficient social safety nets in the SIDS context requires objective targeting mechanisms that reduce exclusion and inclusion errors, as well targeted assistance to groups principally affected by poverty, including women and children. Consolidated cash transfers at the country level, particularly where resource provision is duplicative in nature, can facilitate increased efficiency in program delivery; enabling officials to better track transfer recipients and assess program impact. Consolidation of cash transfers also enables improvements in spending efficiency, particularly given current fiscal constraints. These programs, if consolidated, would be best supported by harmonized systems (as recommended previously) to prevent abuses to social safety net systems due to mobility. Tying transfers to co-

responsibilities that facilitate targeted improvements in human capital provides utility, particularly where key deficiencies in human capital among the poor have been identified.

**3. Tailor labor market interventions to respond to constraints faced in the SIDS context:**

SIDS should tailor their labor market programs to (i) promote the employability of their population; (ii) promote the income generation capacity of vulnerable groups, such as youth and women; and (iii) capitalize on the mobile nature of the labor force. These interventions should be informed by both demand-side and supply-side labor market data. A necessary first step would be undertaking regular labor market and labor force surveys to assess needed job skills and identifying the skills base of the current workforce. Targeted temporary employment programs could also be deployed to help address employment loss among the poorest, with adequate targeting mechanisms.<sup>116</sup> Ideally, programs aimed at providing unemployment relief should have a clear path to ‘graduation’ through complementary skills training, job-search assistance and eventual placement. In addition to each country’s individual approach, information on mobility and migration highlight the need for cooperation and collaboration. Options may include more regional solutions such as systems that promote region-wide job searches, job counseling, labor market information management, as well migration assistance programs that facilitate temporary migration, both within and outside the region.

**4. Reform social insurance schemes, particularly pension schemes, to address current deficiencies and ensure readiness to respond to impending ageing:**

Coverage remains an issue, in particular for the self-employed and informal workers, as well as for women, and reforms should be explored to close these gaps. Also, pensions systems need to ensure they will adequately cover the needs that will arise from significant increases in the elderly population in the coming years. Parametric adjustments to strengthen predictability include: the adoption of uniform accrual rates linked to the retirement age and contribution rate; automatic indexation and valorization of benefits; and longer assessment periods for benefit duration. Increasing

---

<sup>116</sup> The World Bank. May 2011. *Improving Access to Jobs and Earning Opportunities: The Role of Activation and Graduation Policies*. (Social Protection Background Strategy Paper Draft)

sustainability could require increased contribution rates and minimum retirement ages and/or adjustments in the accrual rate. Vesting periods, income averaging periods, and minimum and maximum pension benefits could also be considered. Pension systems should also work to integrate parallel programs, eliminate duplication, and share risks through savings and insurance pools. Finally, regional and bilateral efforts to ensure the portability of social security benefits between countries, including the gradual inclusion of private occupational schemes, presents a critical consideration for Caribbean SIDS and LAC Small States.

## **CONCLUSION**

This paper illustrates the important role of social protection interventions in SIDS, particularly those in Latin America and the Caribbean. The plethora of SP programs in many countries and share of public spending on SP interventions, highlight an understanding that policy makers in SIDS possess about the need to ensure adequate protections for the most vulnerable. Despite this, SP programming in SIDS contain significant inefficiencies that burden fiscal capacity, restrict the promotion functions of interventions, and limit responsiveness to frequent shocks. Improving SP in SIDS therefore requires addressing these structural inefficiencies. However, the options contained in this paper are not intended to be a one-size-fits-all solution, but merely serve as a guide to addressing the peculiarities faced by these small and highly vulnerable states. Tailored responses with cultural specificity combined with a revamped perspective on SP, as highlighted by leading practitioners, could facilitate lasting improvements in poverty reduction.

## ANNEXES

### ANNEX I SIDS PROFILES<sup>117</sup>

COUNTRY		LENDING	INCOME CLASSIFICATION	POPULATION	GNI PER CAPITA (US\$) <sup>118</sup>	POVERTY HEAD-COUNT RATIO % <sup>119</sup>	UNEMPLOYMENT %	PRIMARY SCHOOL ENROLLMENT % GROSS	LIFE EXPECTANCY
<b>Caribbean Small States</b>									
1.	Antigua and Barbuda	IBRD	High Income	89,069 (12)	\$12,640 (12)	18.3 (08) ^	8.4 (01)	99 (11)	75 (02)
2.	Bahamas	IBRD	High Income	371,960 (12)	\$21,280 (12)	9.3 (01)	13.7 (11)	114 (10)	75 (11)
3.	Barbados	IBRD	High Income	283,221 (12)	\$12,380 (09)	NA	11.2 (10)	126 (11)	77 (11)
4.	Dominica	IDA*+	Upper Middle Income	71,684 (12)	\$6,460 (12)	28.8 (09)^	13.9 (09)^	119 (11)	77 (02)
5.	Grenada	IDA*+	Upper Middle Income	105,483 (12)	\$7,110 (12)	37.7 (08) ^	24.9 (08)^	103 (10)	76 (11)
6.	St. Kitts and Nevis	IBRD	High Income	53,584 (12)	\$13,330 (12)	21.8 (08) ^	5.1 (08)^	90 (11)	71 (02)
7.	St. Lucia	IDA*+	Upper Middle Income	180,870 (12)	\$6,530 (12)	28.8 (05) ^	14 (07)	93 (11)	75 (11)
8.	St. Vincent and the Grenadines	IDA*+	Upper Middle Income	109,373 (12)	\$6,380 (12)	30.2 (08) ^	18.8 (08)^	105 (10)	72 (11)
9.	Trinidad and Tobago	IBRD	High Income	1,337,439 (12)	\$14,400 (12)	NA	4.6 (09)	105 (10)	70 (11)
<b>LAC Small States</b>									
10.	Belize	IBRD	Upper Middle Income	324,060 (12)	\$4,180 (11)	41.3 (09)^	13 (09)^	121 (11)	76 (10)
11.	Dominican Republic	IBRD	Upper Middle Income	10,276,621 (12)	\$5,470 (12)	40.4 (11)	14.3 (10)	107 (11)	73 (11)
12.	Guyana	IDA	Lower Middle Income	795,369 (12)	\$3,410 (12)	NA	20.2 (09)	87 (11)	70 (11)
13.	Haiti	IDA	Low Income	10,173,775 (12)	\$760 (12)	77 (01)	7.2 (99)	NA	62 (11)
14.	Jamaica	IBRD	Upper Middle Income	2,712,100 (12)	\$5,140 (12)	17.6 (10)	12.7 (11)	89 (10)	73 (11)
15.	Suriname	IBRD	Upper Middle Income	534,541 (12)	\$8,480 (12)	NA	9.5 (04)	115 (11)	71 (11)

<sup>117</sup> Year for which data is recorded is denoted in brackets.

<sup>118</sup> GNI Per Capita – Atlas Method

<sup>119</sup> Poverty headcount ratio as a percentage of the national poverty line

Pacific and AIMS SIDS									
16.	Bahrain	IBRD	High Income	131,7827 (12)	\$16,050 (10)	NA	9 (04)	107 (06)	75 (11)
17.	Cape Verde	IDA*+	Lower Middle Income	494,401 (12)	\$3,810 (12)	26.6 (07)	NA	109 (11)	74 (11)
18.	Fiji	IBRD	Upper Middle Income	874,742 (12)	\$4,200 (12)	31.0 (09)	8.6 (07)	105 (09)	69 (11)
19.	Guinea-Bissau	IDA	Low Income	1,663,558 (12)	\$550 (12)	69.3 (10)	NA <sup>120</sup>	123 (10)	48 (11)
20.	Kiribati	IDA*	Lower Middle Income	100,786 (12)	\$2,260 (12)	NA	NA	113 (09)	61 (05)
21.	Maldives	IDA*	Upper Middle Income	338,442 (12)	\$5,750 (12)	NA	14.4 (06)	104 (11)	77 (11)
22.	Marshall Islands	IDA*	Upper Middle Income	52,555 (12)	\$4,140 (12)	NA	30.9 (99)	102 (11)	65 (00)
23.	Mauritius	IBRD	Upper Middle Income	1,291,456 (12)	\$8,570 (12)	NA	7.9 (10)	98 (98)	73 (10)
24.	Federated States of Micronesia	IDA*	Lower Middle Income	103,395 (12)	\$3,310 (12)	NA	NA	110 (07)	69 (11)
25.	Palau	IBRD	Upper Middle Income	20,754 (12)	\$9,860 (12)	NA	4.2 (05)	101 (07)	69 (05)
26.	Papua New Guinea	IDA+	Lower Middle Income	7,167,010 (12)	\$1,790 (12)	37.5 (96)	7.7 (90)	60 (08)	63 (11)
27.	Samoa	IDA*	Lower Middle Income	188,889 (12)	\$3,220 (12)	NA	5.0 (01)	105 (11)	73 (11)
28.	São Tomé and Príncipe	IDA	Lower Middle Income	188,098 (12)	\$1,320 (12)	66.2 (09)	16.7 (06)	127 (12)	65 (11)
29.	Seychelles	IBRD	Upper Middle Income	87,784 (12)	\$11,640 (12)	NA	5.5 (05)	113 (11)	73 (10)
30.	Solomon Islands	IDA	Lower Middle Income	549,598 (12)	\$1,130 (12)	NA	31.9 (99)	145 (10)	68 (11)
31.	Timor-Lesté	IDA	Lower Middle Income	1,210,233 (12)	\$3,670 (12)	49.9 (07)	NA	124 (11)	62 (11)
32.	Tonga	IDA*	Upper Middle Income	104,941 (12)	\$4,240 (12)	NA	NA	110 (07)	72 (11)
33.	Tuvalu	IDA*	Upper Middle Income	9,860 (12)	\$6,070 (12)	NA	16.3 (04)	100 (06)	NA
34.	Vanuatu	IDA*	Lower Middle Income	247,262 (12)	\$3,080 (12)	NA	4.6 (09)	117 (10)	71 (11)
Other countries considered as SIDS are: Anguilla, America Samoa, Aruba, British Virgin Islands, Commonwealth of the Northern Marianas, Comoros, Cook Islands, Cuba, French Polynesia, Guam, Montserrat, Nauru, Netherlands Antilles, New Caledonia, Niue, Puerto Rico and the US Virgin Islands									

Source: The World Bank

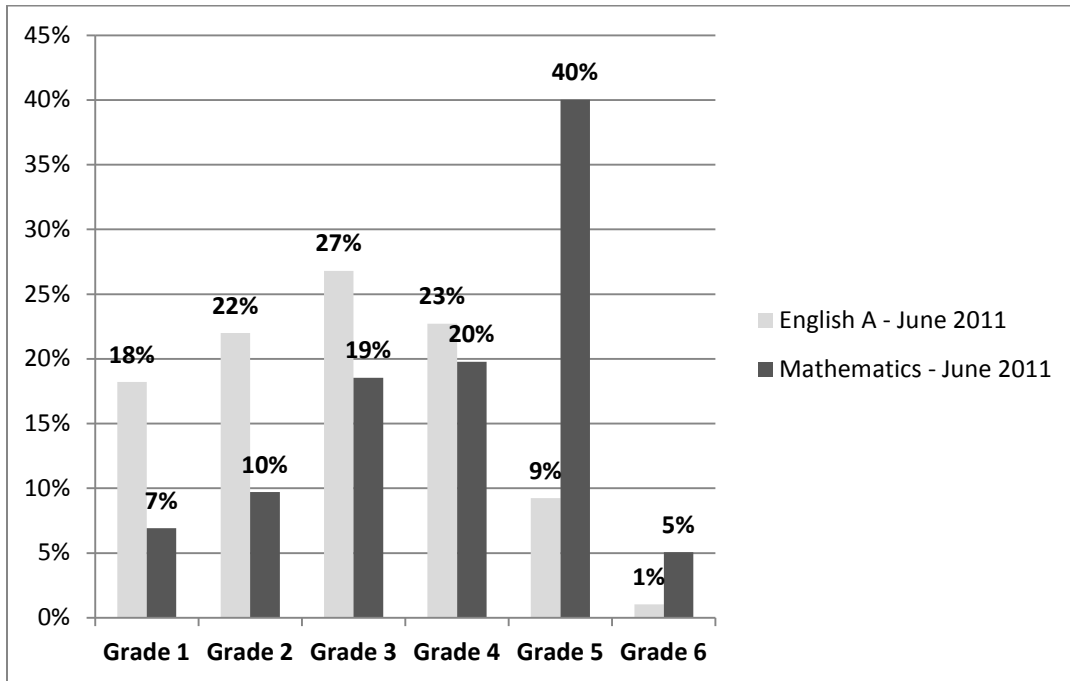
\* While most SIDS classify as Middle Income Countries (MICs) and for IBRD financing, some qualify for IDA financing by the Bank due to a special 'Small Island Economy' exception.

+ IDA Blend – also credit worthy enough to borrow from IBRD.

^ Country Poverty Assessment (CPA) Data

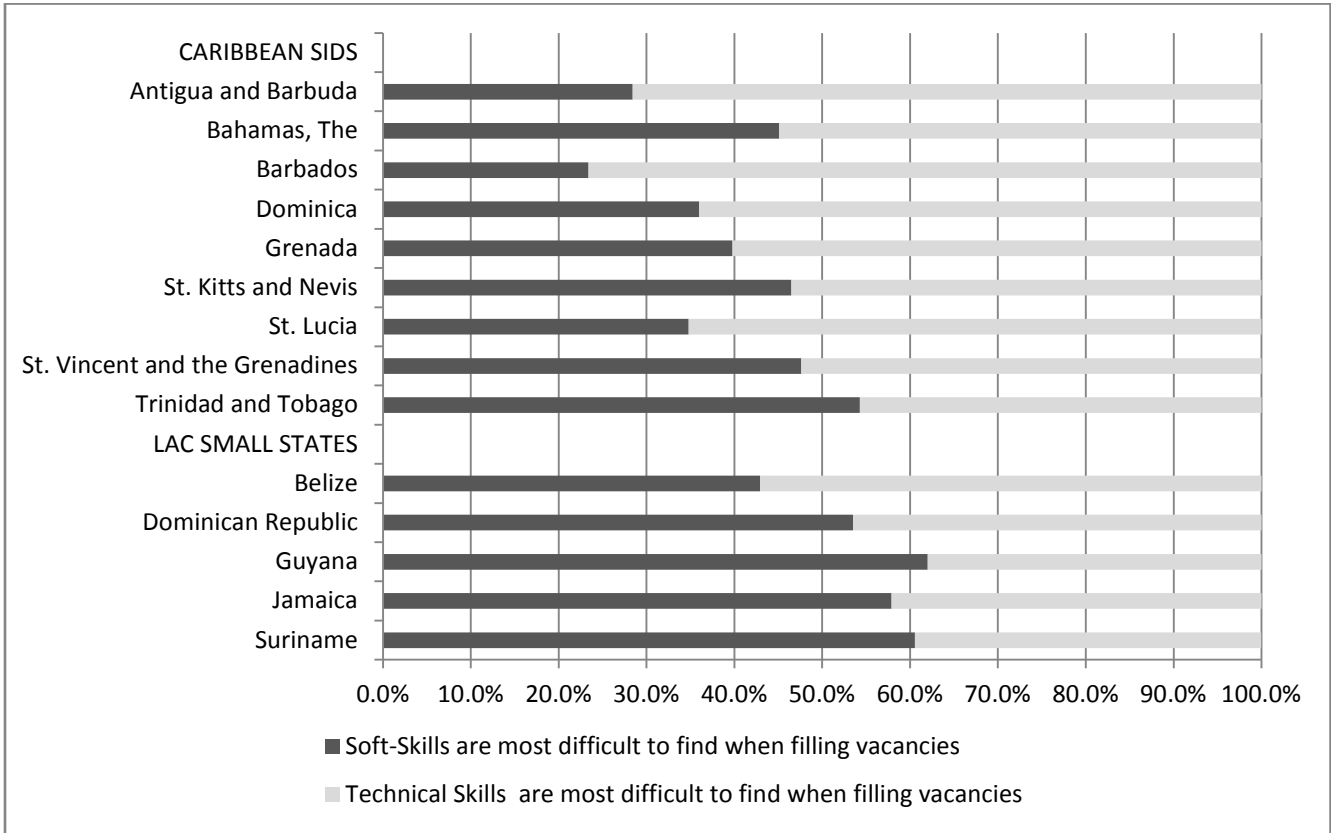
<sup>120</sup> NA: Not Available

**ANNEX II**  
**CSEC PERFORMANCE IN ENGLISH AND MATHEMATICS (JUNE 2011)**



*Source: Caribbean Examinations Council (2011)*

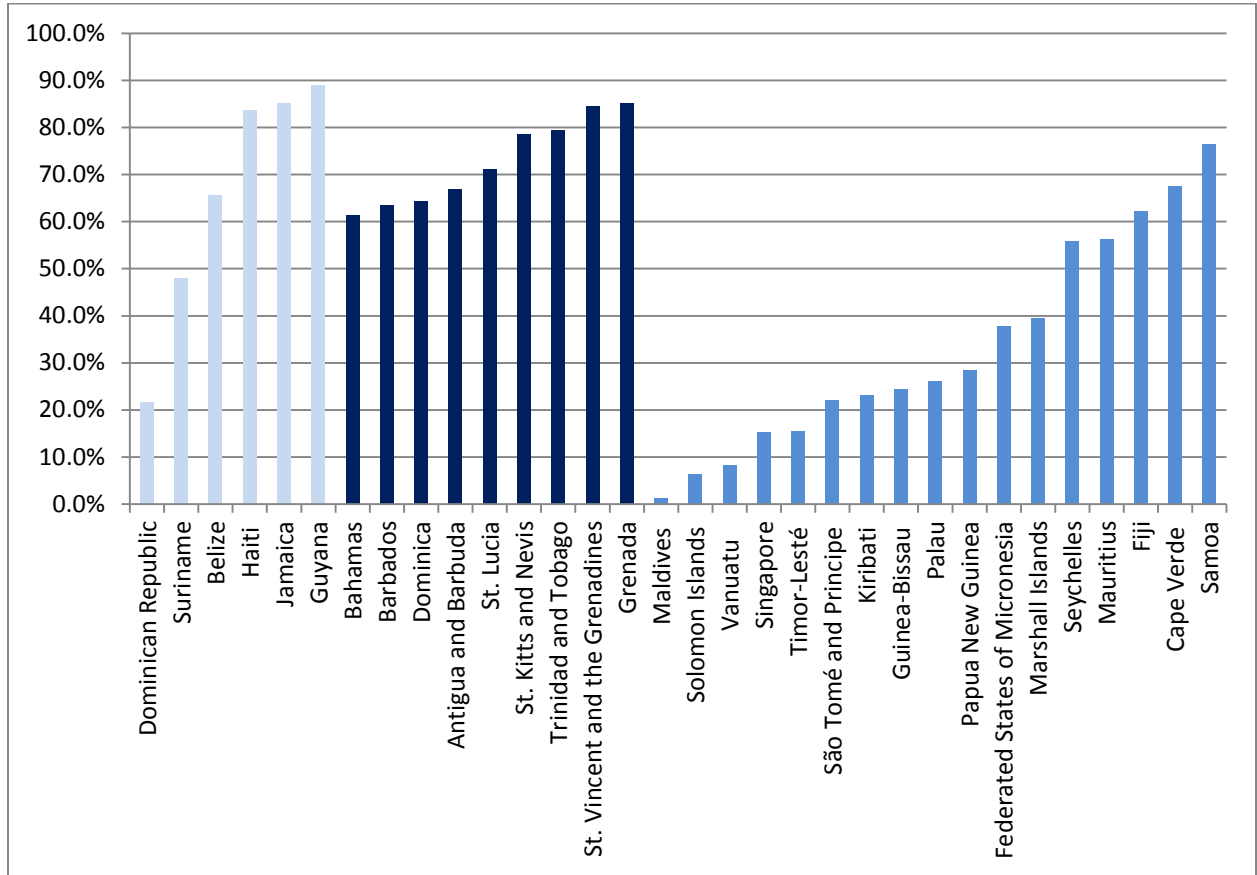
**ANNEX III  
DIFFICULTY SOURCING TECHNICAL AND SOFT SKILLS REPORTED BY FIRMS**



*Source: Enterprise Surveys (2006 data)*

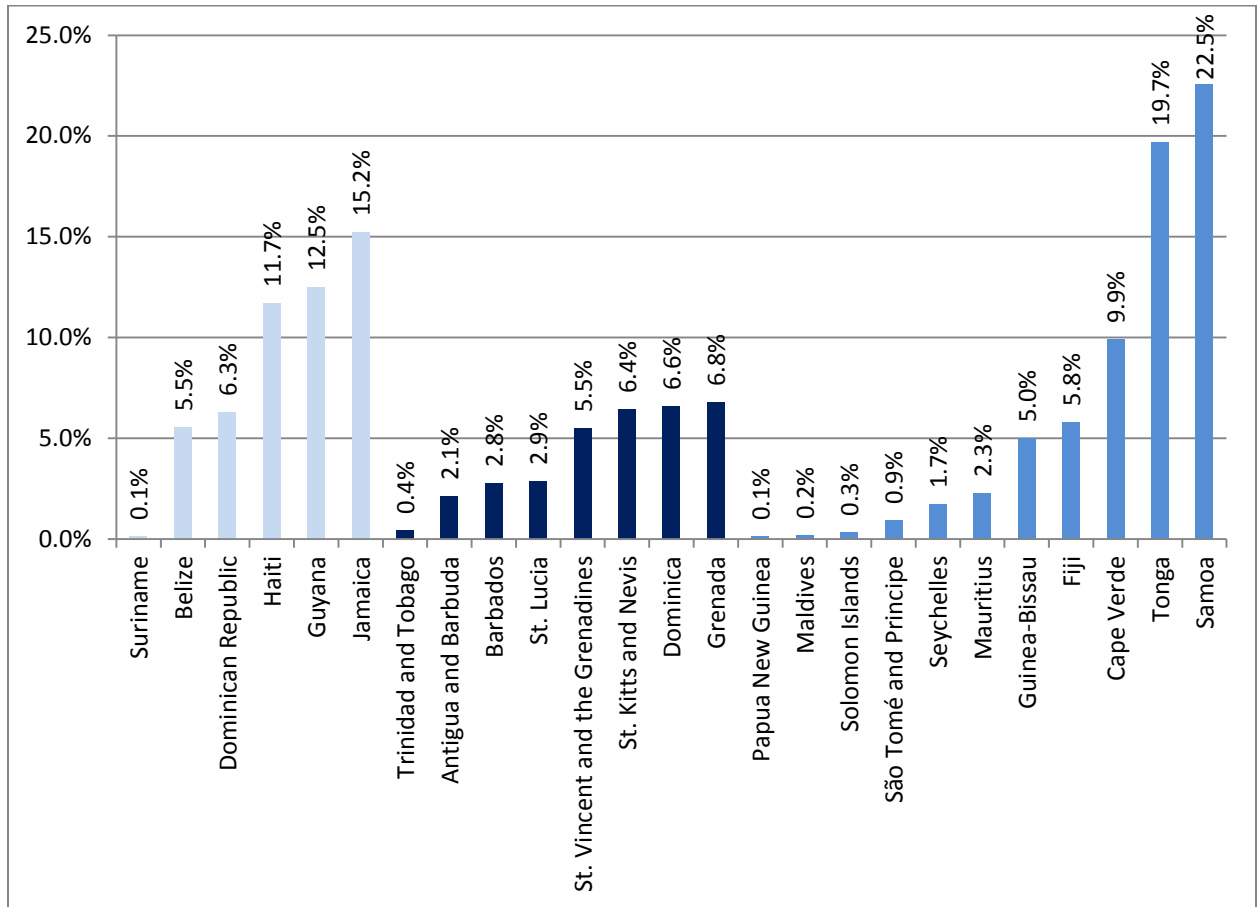


**ANNEX IV  
EMIGRATION RATE OF TERTIARY-EDUCATED POPULATION**



*Migration and Remittances Factbook 2011  
Data for the Year 2000*

**ANNEX V  
REMITTANCES AS A SHARE OF GDP (2010)**



*Source: The World Bank*

**ANNEX VI**  
**COMPARISON OF POPULATION DISTRIBUTION AMONG SIDS**

Country	Ages 0-14 %	Ages 15-64 %	Ages 65+ %
<b>Caribbean SIDS</b>			
The Bahamas	22	71	7
Barbados	17	71	12
Grenada	27	66	7
St Lucia	25	68	7
St Vincent and the Grenadines	26	67	7
Trinidad and Tobago	21	72	7
<b>LAC Small States</b>			
Belize	34	62	4
Dominican Republic	31	63	6
Guyana	33	63	4
Haiti	36	60	4
Jamaica	28	64	8
Suriname	28	65	7
<b>Pacific and AIMS SIDS</b>			
Bahrain	20	78	2
Cape Verde	31	63	6
Fiji	29	66	5
Guinea-Bissau	41	56	3
Maldives	26	69	5
Mauritius	21	71	7
Micronesia (Fed. States)	36	60	4
Papua New Guinea	39	58	3
Samoa	37	58	5
Sao Tome and Principe	40	56	4
Solomon Islands	40	57	3
Timor-Leste	46	51	3
Tonga	37	57	6
Vanuatu	38	59	4
<b>Global Comparisons</b>			
<i>Caribbean Small States</i>	27	66	7
<i>Small States</i>	34	62	5
<i>Latin America and the Caribbean</i>	27	65	7
<i>Middle Income Countries</i>	27	67	7
<i>World</i>	27	66	8
<i>Japan</i>	13	63	23

*Source: World Bank Data (2011)*

**ANNEX VII  
GOVERNMENT-LED ACTIVE LABOR MARKET PROGRAMS IN SELECT SIDS**

Program Name	Implementing Agency	Target Group	Objective	Targeting Mechanism	EC\$ 2008 Revised Estimates ('000,000)	% of GDP	Number Served 2008	Benefits Provided (EC\$, where applicable)	Duration of Assistance
<b>Grenada - Active Labor Market Programs</b>									
Road Maintenance & De-Bushing	Ministry of Works	Unemployed poor		Self-targeted	2.5 (2009)	0.1	N/A	Short-term employment	Maximum 18-weeks per year
Adult Literacy	Ministry of Education	Persons with low literacy	Improved literacy	Self-Targeted	0.1	0.0	315	Literacy training	Indefinite
Skills for Inclusive Growth	Ministry of Education	Unemployed youth	Labor market integration	Self-targeted	0.13	0.0	N/A	Education and training	N/A
Grenada Youth Upliftment Program	Department of Youth	Unemployed youth	Labor market integration	Self-targeted	0.0	0.0	864 registered 200 placed	Education and training	N/A
Small Business Development Program	Business Development Center	Small entrepreneurs	Increased earnings from small business	Self-targeted	0.4	0.0	N/A	Business development training and micro-credit	Indefinite
Job Search Assistance	Department of Labor	Unemployed workers	Labor market integration	Self-targeted	0.0	0.0	100 applicants 40 placed	Assistance to find a job	Indefinite
St. Patrick's Multi-Purpose Training Center	Ministry of Education	Persons with low literacy/ numeracy skills	Labor market integration	Self-targeted	N/A	N/A	121	Remedial education and training	N/A
<b>St Lucia Active Labor Market Programs</b>									
National Initiative to Create Employment (NICE) <sup>121</sup>	Office of the Prime Minister	Unemployed persons	Employability and job creation	N/A	35 (2012)	N/A	N/A <sup>122</sup>	Training, Apprenticeship, Employment	N/A

<sup>121</sup> Government of St Lucia. 2012. *NICE to Provide Hundreds of Jobs Very Soon*. <http://www.stlucia.gov.lc/press-release/nice-provide-hundreds-jobs-very-soon>.

HOPE	Ministry of Social Transformation	Unemployed persons	Short-term employment and enhanced employability	Self-Targeted	9.6 (2009)	0.34	N/A	Employment and training	6 months
National Skills Development Center	Ministry of Education	Persons in need of skills training	Enhanced employability	Self-Targeted	3.3	0.12	2000	Training and job search assistance	Unlimited
National Enrichment Learning Program	Ministry of Education	Persons with low literacy	Improved literacy and employability	Self-Targeted	0.7	0.02	1,134 (07/08)		Unlimited
Belfund	Ministry of Social Transformation	Unemployed persons	Self-employment and job creation	Self-Targeted	0.6	0.02	300	Micro-credit and training	Unlimited
Job Search Assistance	Ministry of Labor	Unemployed persons	Unemployment reduction	Self-Targeted	No budgetary allocation	0.0			As needed
<b>St Kitts Active Labor Market Programs</b>									
National Skills Program	Ministry of Education/ Skills Training Center	Persons in need of skills training	Enhanced employability	Referral and Self-Targeted	440,750	0.03	130 (2009)	Remedial education and training	Indefinite
YES	Ministry of Education/ Skills Training Center	Persons in need of skills training & employment	Enhanced employability	Referral and Self-Targeted	56,557	0.00	700 (Jul 2009) (St. Kitts and Nevis)	Training and short-term employment	6 months
AVEC	Ministry of Education/ AVEC	Persons in need of skills training	Enhanced employability	Referral and Self-Targeted	868,906	0.07	N/A	Remedial education and training	24 months
Project Strong	Ministry of Education	Persons in need of skills training	Enhanced employability	Referral and Self-Targeted	187,000	0.01	40	Remedial education and training	18 months
Job Search Assistance	Labor Department	Unemployed persons	Unemployment reduction	Referral and Self-Targeted	Not Available	Not Available	411 registered; 125 placed	Job Search Assistance	As needed
<b>St Vincent Active Labor Market Programs</b>									

<sup>122</sup> Government anticipates 2,200 citizens to benefit from the program.

Youth Empowerment Service	Ministry of National Mobilization	Unemployed youth 16 – 30 years old	Enhanced employability	Self-Targeted	2.9	0.2	525	life skills, job experience Stipend = \$450/month	1 – 5 years
Road Cleaning Program	Ministry of Public Works	Unemployed persons	Short-term employment	Self-Targeted	1.0	0.1	3,058	\$36/day	10- 15 days; 1-3 times per year
Local Government Road Maintenance	Local Government Authorities	Unemployed persons	Short-term employment	Self-Targeted	0.5	0.03	2,000	\$35/day	5- 10 days; 1-3 times per year
Adult and Continuing Education	Ministry of Education	Persons with limited education and/or skills	Enhanced employability	Self-Targeted	2.3	0.14	N/A	Remedial education & training	Indefinite
Income Generating for Rural Women	Ministry of National Mobilization	Persons with limited skills	Enhanced employability	Self-Targeted	N/A	N/A	107	Training in animal rearing	Indefinite
Job Search Assistance	Labor Department	Unemployed workers	Promote employment	Referral and Self-Targeted	N/A	N/A	N/A	Job search assistance	Indefinite

Source: Adapted from Blank, 2009-2010. (Social Safety Net Assessments for Grenada, St Kitts, St Lucia, and St Vincent and the Grenadines)

*\*Unless otherwise noted*

## GLOSSARY<sup>123</sup>

**Active Labor Market Programs:** Programs aimed at increasing the skills, employment, and long-run earning potential of participants through training, apprenticeships, job search assistance, subsidized job placements, and the like.

**Cash Transfer Programs:** Programs that transfer cash to eligible people or households. Common variants include child allowances, social pensions, needs-based transfers, and conditional cash transfers.

**Conditional Cash Transfers:** Provide money to poor families contingent on them making investments in human capital, such as keeping their children in school or taking them to health centers on a regular basis.

**Exclusion Error:** The exclusion of a person who meets eligibility criteria from a program.

**Inclusion Error:** The inclusion of an ineligible person in a program.

**Leakage:** In discussions of targeting, the leakage rate is the proportion of those who are reached by the program who are classified as non-poor (errors of inclusion). In discussions of accountability, the term is often used more broadly to include funds that, through various forms of negligence or malfeasance, are diverted from legitimate (though possibly non-poor) beneficiaries to other uses.

**Management Information System:** Includes all the databases kept by the various program units in the performance of their functions—registry of beneficiaries, payments, and so on.

**Non-Contributory Pensions (Social Pensions):** Benefits paid to the elderly from tax-financed (rather than contribution-financed) sources and without regard to past participation in the labor market.

**Portability:** The ability to preserve, maintain and transfer vested social security rights or rights in the process of being vested, independent of profession, nationality and country of residency.<sup>124</sup>

**Proxy Means Test:** A targeting method by which a score for applicant households is generated based on fairly easy-to-observe household characteristics, such as the location and quality of

---

<sup>123</sup> Adapted from: Grosh, del Ninno, Tesliuc and Ouerghi, 2008. *For Protection and Promotion: The Design and Implementation of Effective Safety Nets*. (The World Bank)

<sup>124</sup> Adapted from: Holman and Kettle, 2011. *Portability of Pension, Health, and Other Social Benefits: Facts, Concepts, and Issues*. (The World Bank)

the household's dwelling, ownership of durable goods, demographic structure, education, and so on.

**Public Works Programs (Workfare):** Where income support for the poor is given in the form of wages (in either cash or food) in exchange for work effort. These programs typically provide short-term employment at low wages for unskilled and semiskilled workers on labor-intensive projects such as road construction and maintenance, irrigation infrastructure, reforestation, and soil conservation. Generally seen as a means of providing income support to the poor in critical times rather than as a way of getting the unemployed back into the labor market.

**Quintile:** One-fifth of an ordered population; for example, the poorest or richest one tenth of the population.

**Self-Targeted Programs (or self-selection):** Self-targeted programs are technically open to everyone, but are designed in such a way that take-up is expected to be much higher among the poor than the non-poor, or the level of benefits is expected to be higher among the poor.

**Social Funds (Social Investment Funds):** Multi-sectoral programs that provide financing (usually grants) for small scale public investments targeted at meeting the needs of the poor and vulnerable communities and at contributing to social capital and development at the local level.

**Social Insurance:** Contributory programs designed to help households insure themselves against sudden reductions in income, including unemployment insurance, old age pensions etc.

**Social Policy:** Public policy dealing with social issues. Social policy aims to improve human welfare and to meet human needs for education, health, housing, and social protection.

**Social Protection:** Set of public interventions aimed at supporting the poorer and more vulnerable members of society, as well as helping individuals, families, and communities manage risk. Social protection includes safety nets (social assistance), social insurance, labor market policies, social funds, and social services.

**Social Safety Nets (Social Assistance):** Noncontributory transfer programs targeted in some manner toward the poor and those vulnerable to poverty and shocks.

**Target Population:** The intended beneficiaries of program benefits.

**Targeting:** The effort to focus resources among those most in need of them.

**Targeting Errors:** When program eligibility is based on imperfect information, program officials or the targeting rules they use may mistakenly identify non-poor people as poor or poor people as non-poor. When the former are admitted to a program, it is an error of inclusion; when the latter are denied access to the program, it is an error of exclusion.



**Targeting Method:** Approach taken to identify the target group and thus determine eligibility for program benefits.

**Vulnerable Groups:** Typically including the elderly, orphans, widows, people with disabilities, people with HIV/AIDS, refugees or internally displaced persons, among others. Vulnerable groups face special difficulties in supporting themselves because of some particular aspect of their situation.

**Social Protection & Labor Discussion Paper Series Titles  
2011-2013**

<b><u>No.</u></b>	<b><u>Title</u></b>
1305	Improving Payment Mechanisms in Cash-Based Safety Net Programs by Carlo del Ninno, Kalandhi Subbarao, Annika Kjellgren and Rodrigo Quintana, August 2013
1304	The Nuts and Bolts of Designing and Implementing Training Programs in Developing Countries by Maddalena Honorati and Thomas P. McArdle, June 2013
1303	Designing and Implementing Unemployment Benefit Systems in Middle and Low Income Countries: Key Choices between Insurance and Savings Accounts by David A. Robalino and Michael Weber, May 2013
1302	Entrepreneurship Programs in Developing Countries: A Meta Regression Analysis by Yoonyoung Cho and Maddalena Honorati, April 2013
1301	Skilled Labor Flows: Lessons from the European Union by Martin Kahanec, February 2013
1220	Evaluating the Efficacy of Mass Media and Social Marketing Campaigns in Changing Consumer Financial Behavior by Florentina Mulaj and William Jack, November 2012
1219	Do Social Benefits Respond to Crises? Evidence from Europe & Central Asia During the Global Crisis by Aylin Isik-Dikmelik, November 2012
1218	Building Results Frameworks for Safety Nets Projects by Gloria M. Rubio, October 2012
1217	Pension Coverage in Latin America: Trends and Determinants by Rafael Rofman and Maria Laura Oliveri, June 2012
1216	Cash for Work in Sierra Leone: A Case Study on the Design and Implementation of a Safety Net in Response to a Crisis by Colin Andrews, Mirey Ovadiya, Christophe Ribes Ros and Quentin Wodon, November 2012
1215	Public Employment Services, and Activation Policies by Arvo Kuddo, May 2012
1214	Private Pension Systems: Cross-Country Investment Performance by Alberto R. Musalem and Ricardo Pasquini, May 2012
1213	Global Pension Systems and Their Reform: Worldwide Drivers, Trends, and Challenges by Robert Holzmann, May 2012

- 1212 Towards Smarter Worker Protection Systems: Improving Labor Regulations and Social Insurance Systems while Creating (Good) Jobs  
by David A. Robalino, Michael Weber, Arvo Kuddo, Friederike Rother, Aleksandra Posarac and Kwabena Otoo
- 1211 International Patterns of Pension Provision II: A Worldwide Overview of Facts and Figures  
by Montserrat Pallares-Miralles, Carolina Romero and Edward Whitehouse, June 2012
- 1210 Climate-Responsive Social Protection  
by Anne T. Kuriakose, Rasmus Heltberg, William Wiseman, Cecilia Costella, Rachel Cipryk and Sabine Cornelius, March 2012
- 1209 Social Protection in Low Income Countries and Fragile Situations: Challenges and Future Directions  
by Colin Andrews, Maitreyi Das, John Elder, Mirey Ovadiya and Giuseppe Zampaglione, March 2012
- 1208 World Bank Support for Pensions and Social Security  
by Mark Dorfman and Robert Palacios, March 2012
- 1207 Labor Markets in Middle and Low Income Countries: Trends and Implications for Social Protection and Labor Policies  
by Yoonyoung Cho, David Margolis, David Newhouse and David Robalino, March 2012
- 1206 Rules, Roles and Controls: Governance in Social Protection with an Application to Social Assistance  
by Lucy Bassett, Sara Giannozzi, Lucian Pop and Dena Ringold, March 2012
- 1205 Crisis Response in Social Protection  
by Federica Marzo and Hideki Mori, March 2012
- 1204 Improving Access to Jobs and Earnings Opportunities: The Role of Activation and Graduation Policies in Developing Countries  
by Rita Almeida, Juliana Arbelaez, Maddalena Honorati, Arvo Kuddo, Tanja Lohmann, Mirey Ovadiya, Lucian Pop, Maria Laura Sanchez Puerta and Michael Weber, March 2012
- 1203 Productive Role of Safety Nets  
by Harold Alderman and Ruslan Yemtsov, March 2012
- 1202 Building Social Protection and Labor Systems: Concepts and Operational Implications  
by David A. Robalino, Laura Rawlings and Ian Walker, March 2012
- 1201 MicroDeterminants of Informal Employment in the Middle East and North Africa Region  
by Diego F. Angel-Urdinola and Kimie Tanabe, January 2012
- 1120 Employment Generation in Rural Africa: Mid-term Results from an Experimental Evaluation of the Youth Opportunities Program in Northern Uganda  
by Christopher Blattman, Nathan Fiala and Sebastian Martinez, December 2011

- 1119 Measuring Governance and Service Delivery in Safety Net Programs  
by Gloria M. Rubio, September 2011
- 1118 Assessing Safety Net Readiness in Response to Food Price Volatility  
by Margaret Grosh, Colin Andrews, Rodrigo Quintana, Claudia Rodriguez-Alas,  
September 2011
- 1117 Social Safety Nets in Fragile States: A Community-Based School Feeding  
Program in Togo, August 2011 (also available in French)  
by Colin Andrews, Elena Galliano, Carolyn Turk and Giuseppe Zampaglione, August 2011
- 1116 Strengthening Governance of Social Safety Nets in East Asia  
by Sara Giannozzi and Asmeen Khan, August 2011
- 1115 International Portability of Health-Cost Coverage: Concepts and Experience  
by Martin Werding and Stuart McLennan, July 2011
- 1114 Liberia's Cash For Work Temporary Employment Project: Responding to Crisis  
in Low Income, Fragile Countries  
by Colin Andrews, Prospère Backiny-Yetna, Emily Garin, Emily Weedon,  
Quentin Wodon and Giuseppe Zampaglione, July 2011
- 1113 Employability and Productivity among Older Workers: A Policy Framework and  
Evidence from Latin America  
by Edmundo Murrugarra, July 2011
- 1112 Cash Transfers, Children and the Crisis: Protecting Current and Future  
Investments  
by Ariel Fiszbein, Dena Ringold, Santhosh Srinivasan, June 2011
- 1111 Severance Pay Programs around the World: History, Rationale, Status, and  
Reforms  
by Robert Holzmann, Yann Pouget, Milan Vodopivec and Michael Weber, May  
2011
- 1110 Portability of Pension, Health, and other Social Benefits: Facts, Concepts, Issues  
by Robert Holzmann and Johannes Koettl, May 2011
- 1109 Disability and Poverty in Developing Countries: A Snapshot from the World  
Health Survey  
by Sophie Mitra, Aleksandra Posarac and Brandon Vick, April 2011
- 1108 Advancing Adult Learning in Eastern Europe and Central Asia  
by Christian Bodewig and Sarojini Hirshleifer, April 2011
- 1107 Results Readiness in Social Protection & Labor Operations  
by Laura Rawlings, Maddalena Honorati, Gloria Rubio and Julie Van Domelen,  
February 2011

- 1106 Results Readiness in Social Protection & Labor Operations: Technical Guidance Notes for Social Service Delivery Projects  
by Julie Van Domelen, February 2011
- 1105 Results Readiness in Social Protection & Labor Operations: Technical Guidance Notes for Social Safety Nets Task Teams  
by Gloria Rubio, February 2011
- 1104 Results Readiness in Social Protection & Labor Operations: Technical Guidance Notes for Social Funds Task Teams  
by Julie Van Domelen, February 2011
- 1103 Results Readiness in Social Protection & Labor Operations: Technical Guidance Notes for Labor Markets Task Teams  
by Maddalena Honorati, February 2011
- 1102 Natural Disasters: What is the Role for Social Safety Nets?  
by Larissa Pelham, Edward Clay and Tim Braunholz, February 2011
- 1101 North-South Knowledge Sharing on Incentive-based Conditional Cash Transfer Programs  
by Lawrence Aber and Laura B. Rawlings, January 2011

**To view Social Protection Discussion papers published prior to 2011, please visit  
[www.worldbank.org/sp](http://www.worldbank.org/sp)**

## Abstract

This paper examines the role of social protection (SP) in Small Island Developing States (SIDS), given their particular structural, human resource and capacity constraints. While it focuses on SIDS in Latin America and the Caribbean, the lessons may be relevant to other SIDS with similar challenges. Caribbean SIDS have made significant commitment to address the needs of the vulnerable, as reflected by their level of SP spending, and the numerous safety net programs, labor market interventions, and insurance schemes. Nevertheless gaps remain, as many vulnerable groups are underserved and the systems show limited responsiveness to shocks. This is further hampered by duplication of efforts which limits the efficiency of interventions. The paper recommends a series of systemic efforts to: (i) harmonize SP systems and policies across the region to better respond to increased regional mobility; (ii) consolidate SP programs within countries to improve efficiency; (iii) foster key human capital improvements among the poor to break inter-generational transmission of poverty; (iv) improve monitoring and evaluation systems and data collection capacity to facilitate more responsive SP programs; and (v) increase partnerships with civil society and private sector. At the thematic level, the paper recommends (i) improving the responsiveness to economic and environmental shocks; (ii) improving efficiency and effectiveness of social safety net programs, in particular cash transfer programs; (iii) tailoring labor market interventions to respond to constraints faced in the SIDS context; and (iv) reforming social insurance schemes, particularly pension schemes, to address current deficiencies and ensure readiness to respond to impending ageing.

## About this series...

Social Protection & Labor Discussion Papers are published to communicate the results of The World Bank's work to the development community with the least possible delay. The typescript manuscript of this paper therefore has not been prepared in accordance with the procedures appropriate to formally edited texts.

The findings, interpretations, and conclusions expressed herein are those of the author(s), and do not necessarily reflect the views of the International Bank for Reconstruction and Development / The World Bank and its affiliated organizations, or those of the Executive Directors of The World Bank or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. The author(s) attest(s) that the paper represents original work. It fully references and describes all relevant prior work on the same subject.

For more information, please contact the Social Protection Advisory Service, The World Bank, 1818 H Street, N.W., Room G7-803, Washington, DC 20433 USA. Telephone: (202) 458-5267, Fax: (202) 614-0471, E-mail: [socialprotection@worldbank.org](mailto:socialprotection@worldbank.org) or visit us on-line at [www.worldbank.org/sp](http://www.worldbank.org/sp).