Gender Responsive Social Protection Assessment in response to COVID-19 (Saint Lucia)

Prepared for

Under the Joint Programme

Enhancing Resilience and Acceleration of the SDGs in the Eastern Caribbean: Universal Adaptive Social Protection modelled at the community, national and sub-regional levels

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Acronym

ALMP	:	Active Labor Market Programme
APS	:	Average Propensities to Spend
BDT	:	Bangladesh Taka
CBR	:	Cost-Benefit Ratio
CBT	:	Community Based Targeting
CE	:	Consumption Expenditure
CGAP	:	Consultative Group to Assist the Poor
CGE	:	Computable General Equilibrium
CGS	:	Child Grant Scheme
CIBC	:	Canadian Imperial Bank of Commerce
CRPD	:	Convention on the Rights of Persons with Disabilities
CSOs	:	Civil Society Organizations
DFID	:	Department for International Development
EC	:	East Caribbean
ECD	:	East Caribbean Dollar
ECLAC	:	Economic Commission for Latin America and the Caribbean
EU-27	:	27 European Union countries
EUR	:	Euro
G2P	:	Government to Private
G7	:	Group 7
GDP	:	Gross Domestic Product
GGHE-D	:	Domestic General Government Health Expenditure
GNI	:	Gross National Income
GO	:	Gross Output
GOSL	:	Government of Saint Lucia
HBS	:	Household Budget Survey
HEAT	:	Household Emergency Assessment Tool
HIES	:	Household Income and Expenditure Survey
HOPE	:	Holistic Opportunities for Personal Empowerment
IGC	:	International Growth Centre
IICA	:	Indian Institute of Corporate Affairs
ILO	:	International Labor Organization
IMF	:	International Monetary Fund
IMS	:	Information Management System
KNA	:	Saint Kitts and Nevis
KSL	:	Koudmen Sent Siri
LCA	:	Saint Lucia
LCASPPT	:	Saint Lucia Social Protection system based on Poverty Target
LCASPVT	:	Saint Lucia Social Protection system based on Vulnerability Target
LDC	:	Least Developed Countries
LFS	:	Labor Factor Account
MAP	:	Poor Lactating Mothers

MFS	:	**Mobile Financial Services**
MGLSD	:	**Ministry of Gender, Labor and Social Development**
MIS	:	**Management Information System**
MoE	:	**Ministry of Education, Innovation, Gender Relations and Sustainable Development (MoE)**
MoEq	:	**Ministry of Equity, Social Justice, Local Government and Empowerment (MoEq)**
MPI	:	**Multidimensional Poverty Index**
MT	:	**Means Testing**
NAP	:	**National Apprenticeship Programme**
NEET	:	**Not in Education, Employment or Training**
NELP	:	**National Employment Law Project**
NGO	:	**Non-Government Organizations**
NIC	:	**National Insurance Corporation**
NSDC	:	**National Skills Development Centre**
OECD	:	**Organization for Economic Co-operation and Development**
OECS	:	**Organization of Eastern Caribbean States**
PAP	:	**Public Assistance Program**
PEN	:	**Currency of Peru**
PMT	:	**Proxy Means Test**
PSNP	:	**Productive Safety Net Programme**
PWD	:	**Persons with Disability**
SA	:	**Social Assistance**
SA-ALMP	:	**Social Assistance-Active Labor Market Policy**
SALCC	:	**Sir Arthur Lewis Community College**
SAM	:	**Social Accounting Matrix**
SANEM	:	**South Asian Network on Economic Modeling**
SDG	:	**Sustainable Development Goal**
SI	:	**Social Insurance**
SIDS	:	**Small Island Developing States**
SLC/HBC	:	**Survey of Living Conditions and Household Budgets**
SP	:	**Social Production**
STEP-UP	:	**Short Term Employment Programme - Uplifting people**
SUT	:	**Supply and Use table**
SWAPNO	:	**Strengthening Women's Ability for Productive New Opportunities**
TASAF	:	**Tanzania Social Action Fund**
TVET	:	**Technical and Vocational Training**
UI	:	**Unemployment Insurance**
UN	:	**United Nations**
UNDESA	:	**United Nations Department of Economic and Social Affairs**
UNDP	:	**United Nations Development Programme**
UNICEF	:	**United Nations Children's Fund**
UPL	:	**Upper Poverty Line**
WB	:	**World Bank**
YSC	:	**Youth Service Corps**

Executive Summary

Similar to most countries, COVID 19 has imposed an exorbitant cost on Saint Lucia by contracting its economy, increasing jobless rates and poverty. To address the deleterious impacts, fiscal measures including social protection have been adopted by the Government of Saint Lucia. The prime objective of this assignment is to assess the gender responsiveness of the social protection measures in Saint Lucia. The assignment also looked into pre-existing poverty in Saint Lucia, examined the current social protection system in addition to the COVID 19 social protection measures adopted during the crisis, simulated the economic and social impacts of COVID 19 in Saint Lucia. The assessment of the Social Protection system and measures has been conducted at two levels: assessment of the social protection measures implemented during COVID 19 and the review of the existing social protection system. The review of the COVID 19 social protection measures including the perceptions of the surveyed beneficiaries suggest inadequacy of the measures in terms of coverage of the new poor, duration of the interventions and transfer amounts. Furthermore, the assessment revealed gaps in the social protection system in reducing poverty and addressing life cycle risks as well as gender responsiveness and thereby call for improvement. The key findings are summarised under five broad sections.

A. Pre-Existing Vulnerability and Life Cycle Risks

Monetary Measurement: Available poverty statistics (Economic Recovery and Resilience Strategy Multi-Stakeholder Committee) suggests that head count poverty rate remained at around 25 per cent of the population between 1995 and 2016 – implying a consistently stable rate of poverty in Saint Lucia. Low GDP growth rates, exorbitant unemployment rates, high but stagnant distribution of income and an increase in the frequency and extent of natural calamities during the last two decades have resulted in an unchanged level of poverty. This poverty outcome has been typified as structural by the 'Economic Recovery and Resilience Strategy Multi-Stakeholder Committee' (2020).
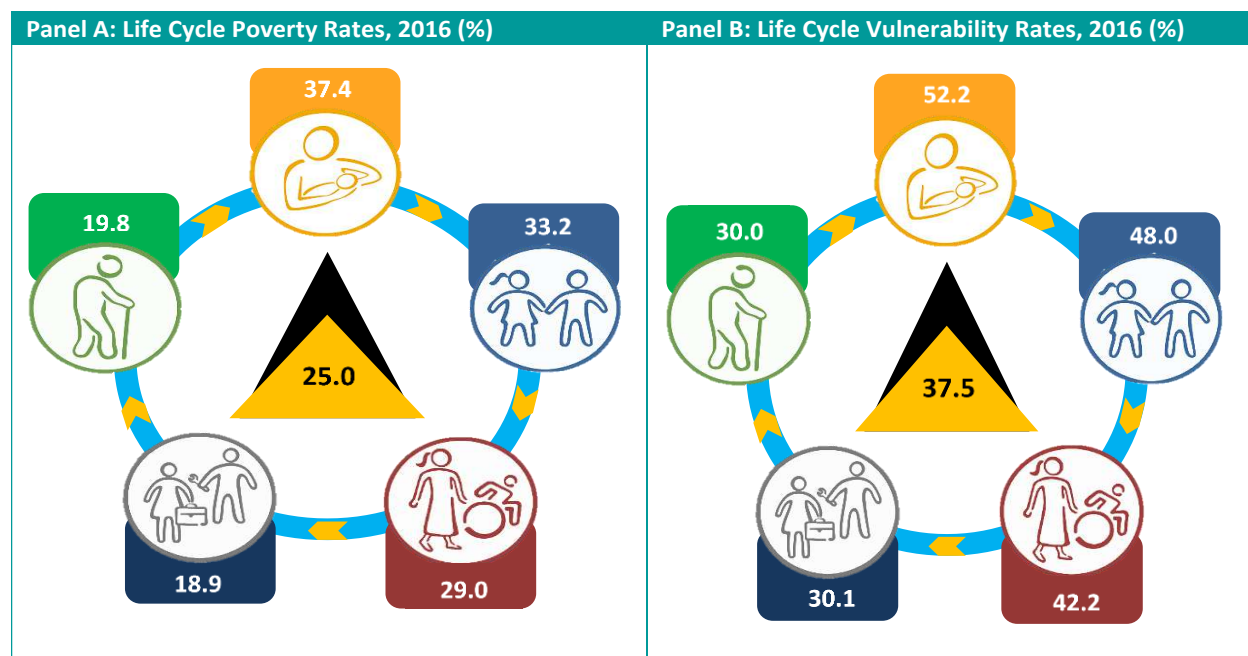
Source: authors estimation based on data from the SLC-HBS 2016

Since national poverty rates generally mask the large and substantial divergences across various age groups and/or lifecycle stages (i.e. life cycle stages are generally defined by five stages in life: early childhood (age 0-4); school age (age 5-14); youth (age 15-29); working age (age 30-64) and elderly (age 64 +)), poverty and vulnerability (i.e. defined by 25% upward adjustment of the poverty line) by life cycle groups have also been assessed.

Large variations in poverty rates have been found across life cycle groups compared to the national poverty rate. Poverty rates in children (i.e. 37.4 %) are more than 12 percentage points higher than the national poverty rate in 2016. Poverty rates among school children (i.e. 33.2%) is more than 8.0 percentage points higher than the national poverty rate. Further dissection of SLC/HBS 2016 data suggest that child poverty has been 17 percentage points higher among the female headed households compared to the male headed households.

The lowest poverty rate has been found for the working age at 18.9 per cent – 6.2 percentage points lower than the national poverty rate. Poverty rates among elderly (65+ age group) have also been found low at 19.8 per cent – 5.2 percentage points lower than the national poverty rate.

Further dissection of the Saint Lucia Household Budget Survey (SLC/HBS) 2016 data provide insights into the poverty profile by gender – male and female as well as by male-headed and female-headed households.

	Population (%)	Households (%)	Poverty rate (%)		Vulnerability rate (%)		Share in total poor
			Population	Household	Population	Household	Population
Total	100.0	100.0	25.0	18.9	37.4	28.7	100.0
Male	48.6	59.6	24.8	17.4	32.6	26.5	46.0
Female	51.4	40.4	25.3	20.4	43.8	32.1	54.0

Source: based on SLC/HBS 2016

Unlike the striking differential in the poverty and vulnerability rates across life cycle groups, the poverty and vulnerability rates by gender do not reveal significant differences. Male poverty is less by 0.5 percentage points compared to the female poverty rate. But the differences are larger under the household poverty rate. Poverty among female-headed households is 1.5 percentage points higher compared to the national household poverty rate of 18.9 per cent. Moreover, female-headed poverty rate has been found 3 percentage points higher than the male-headed poverty rate.

Furthermore, among both male and female headed households, poverty rates are significantly higher in households with children than the households without children. In the case of male headed households, the difference is 10.9 percentage points. The corresponding difference doubled to 22.4 percentage points in the case of female headed households. Several factors may have contributed to the higher child poverty – especially among the female headed households, one important reason may have been the inability of the working age women to participate in job market due to their overwhelmingly larger responsibility to childcare and other care activities.

Gender divide is more pronounced when vulnerability rates are considered. Individual level Vulnerability rate is more than 10 percentage points higher in female population compared to their male counterparts. The gap is around 6 percentage points when household level vulnerability is used. The differences are

larger under the household poverty rate. Share of female in total poor (or poverty) is 54 per cent – 8 percentage points higher than the male share of 46 per cent in total poor.

Inequality measured by Gini coefficient has remained high at around 0.43 during the last two decades. High inequality has also been inflicting deleterious effects on economic growth and the pace of poverty reduction.

Non-Monetary Measurement: The Multidimensional poverty index (MPI) is a summary measure of non-monetary deprivation. Combining the Multi-dimensional poverty with the consumption-based poverty (i.e. monetary poverty), any citizen in Saint Lucia may be classified in one, and only one of the following quadrants:

I. *Multidimensional poor*. **21.4** per cent of the population with per capita adult equivalent consumption below the poverty line and with 30 per cent or more deprivations.	II. *Vulnerable due to social deprivation*. **63.9** per cent of the population are socially deprived with a per capita adult equivalent consumption higher than the poverty line.
III. *Vulnerable due to consumption/income*. **3.6** per cent of the total population with no social deprivations and with per capita adult equivalent consumption below the poverty line.	IV. *Not multidimensional poor and not vulnerable*. **11.1** per cent of the population with per capita adult equivalent consumption higher than the poverty line and with no social deprivations.

Source: based on SLC/HBS 2016

Unemployment rate (i.e. 37.6% according to SLC/HBS 2016) among *youth* in Saint Lucia has been reported to be more than 60 per cent higher than the national unemployment rate of 23.1. The high and rising youth unemployment rate is a major challenge in Saint Lucia. Moreover, more than 32 per cent of the youth are not in employment, not in education, and not in training (NEET).

Major concerns facing the *working age* group include high and increasing unemployment rate (i.e. it increased from 13.3 % in 2006 to 23.1 % in 2016); as well as high informal employment rate at 30.6 per cent. Gender divide is marked in Saint Lucia. The female workforce faces disadvantages due to gender discrimination – evidenced by wage differential, high unemployment rate and high level of informality. For instance, female median wage is 12.5 per cent lower than that of male median wage. Furthermore, according to SLC/HBS 2016, female unemployment rate (i.e. 25.9 %) is more than double their male counterpart (i.e. 11.3 %).

B. COVID 19 Impacts and Responses

Socio-economic Impacts in Saint Lucia: Similar to many countries in the World, COVID 19 imposes a high cost to Saint Lucia. According to the Saint Lucia HEAT report (2020), the estimated reductions in GDP growth rates of -11 to -16 per cent are significantly larger than the average growth rate reductions reported for SIDS (-6.8%), EU-27 (-7.4%) and G7 (-5.5%). An exorbitant fall in national income (or GDP) generally led to an exorbitant increase in the unemployment and poverty rates.

The use of a Saint Lucia Computable General Equilibrium (CGE)[1] model to assess the impact of COVID also produced large impacts, suggesting that the GDP growth may decline by 16 per cent compared to the pre-

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[1] CGE model is a numerical specification of an economy calibrated to a consistent macro-economic data set – usually a Social Accounting Matrix for a particular year. CGE model captures the important interdependence between activities and commodities (i.e. production) with major

COVID 19 GDP growth rate and the job losses and household consumption reductions may decline by more than 35 per cent compared to pre-COVID values. The CGE simulation outcomes also confirmed that the *impact on the women workers and women-headed households were higher than their male counterparts.* Simulated poverty impacts were also high and substantially higher for women-headed households (i.e. 29.8%) compared to male headed households (i.e. 20.1%). The overall poverty rate was simulated to increase by 25 percent suggesting head count poverty rate would increase by two-folds, from 25 per cent to 50 per cent.

Response Measures in Saint Lucia: Saint Lucia launched several response measures to address the socio-economic fallout from COVID 19. GoSL launched the Social Stabilization Plan (2 percent of GDP) on April 8, 2020 with an intention to cover those who had completely lost their income and the most vulnerable. In July 2020, the Prime Minister of Saint Lucia unveiled an EC$548.4 million (USD 214.6 million) Economic Recovery and Resilience Plan to deal with the impact of COVID-19.

The number of COVID 19 measures or interventions implemented or being carried out in various countries have been listed by UNDP/UN Women, the World Bank and ILO. The review of these lists suggests that as many as 22 COVID 19 focused measures or interventions were implemented by GoSL (please see Annex 8.3). *Of these 22 measures – 10 to 11 measures fall under the purview of social protection*. Three measures can be categorised as tax/revenue related measures, and the remaining eight measures are labour market interventions.

The gender responsiveness of these measures has been found to be low in Saint Lucia. The gender responsiveness of the measures undertaken and implemented in Saint Lucia has been assessed using the COVID 19 global gender responsive tracker (Version 2) developed by UNDP and UN Women. Only two measures – conditional and unconditional cash transfers provided to an additional 1,000 PAP (Public Assistance Programme) beneficiaries; and in-kind support via distributing COVID-19 Hygiene Care Packages – satisfy the 'gender responsiveness' criteria adopted in the tracker. These two measures intend to improve the economic security of women in Saint Lucia. No measures have been implemented to address gender-based violence. Similarly, no intervention has been found to directly support unpaid care work.

C. Key Features of the Saint Lucia Social Protection System

According to the available social protection data, low beneficiary coverage between 18 to 35.4 per cent of the population, low spending of 2.45 per cent of GDP (i.e. compared to OECS average spending of 4.7 per cent), biases in favour of non-poor and men, and huge gaps in beneficiary coverage across the life cycle groups are the hall mark of the Saint Lucia social protection system.
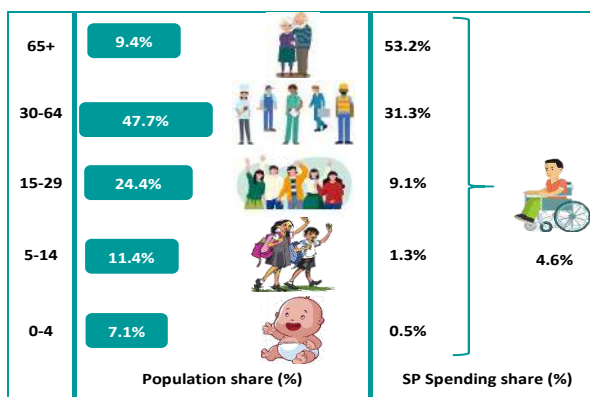
	Population share (%)		SP Spending share (%)
65+	9.4%		53.2%
30-64	47.7%		31.3%
15-29	24.4%		9.1%
5-14	11.4%		1.3%
0-4	7.1%		0.5%
			4.6%

institutions (or agents) such as households, government, firms and rest of the world. Invoking prices (e.g. producers' prices and consumers' prices) it ignites competition and resource allocation in product market and among competing activities (e.g. agriculture, industry & services) as well as in factor market and among factors of production (i.e. labour, capital and land). It ensures critical macro consistency though closures such government revenue and spending; external sector by foreign exchange or current account; and savings and investment.

Summary Assessment of Saint Lucia Social Protection System: Summary assessment covers four important aspects – (i) social protection spending; (ii) beneficiary coverage; (iii) generosity (i.e. transfer amounts); and (iv) selection errors. Summary findings suggest the social protection system in Saint Lucia could benefit from reviews and subsequent reforms to improve performance across all four.

Key SP Features	SA/ALMP	SI	SP System
Spending (% of GDP)	0.48 %	1.69 %	2.45 %
Coverage (% of Population)	2 % to 21 %	15.8 %	18 % to 35.4 %
Generosity (EC$ per-person/per-month)	$ EC 89 to $ EC 93	$ EC 660 to $ EC 880	$ EC 268
Selection Errors	60 % to 70 %	'NA'	

Due to the dominance of social insurance which mainly caters to the relatively better-off formal sector workers, the SP system in Saint Lucia *favours the non-poor (who are above the nationally defined poverty line) and men*. An analysis of SLC/HBS data on selected transfers programmes suggests that access by non-poor (i.e. 4.42 % of total population) is significantly higher than the poor (i.e. 1.80 % of total population). However, the gender divide, although not pronounced like wealth, tends to favour men over women.

D. **Gender Responsive Inclusive Social Protection Strategy:** Saint Lucia should aim to strengthen its social protection system to be more inclusive and gender and shock responsive to better address the life cycle risks of all citizens.

Social Protection reform focusing on inclusiveness, gender and shock responsiveness would benefit from a time-bound action plan that could focus on the following features:

(i) adoption of schemes addressing life cycle risks and shocks as well as addressing poverty/vulnerability
(ii) horizontal and vertical expansion of social assistance schemes to cover most poor and vulnerable citizens
(iii) introduction or expansion of labour market schemes to facilitate gradual transition of informal employment to formal employment
(iv) consolidation of fragmented programmes/schemes, system improvements focusing on the development of management information system (MIS), government-to-person (G2P) payment system, and a unified social registry
(v) determination of an implementation strategy considering capacity and fiscal affordability

E. Description of the Schemes: The proposed social protection schemes have been designed to address the life cycle risks faced by Saint Lucians – from early childhood to old age, and to assist the GoSL in addressing structural poverty and vulnerability issues through cash transfers while enhancing the employability of youth and women in the workforce. Two targeting models are proposed: poverty targeted (LCASPPT: Saint Lucia SP system based on poverty target) and vulnerability targeted (LCASPVT: Saint Lucia SP system based on Vulnerability target). Descriptions of the schemes are provided below.

Scheme	Description	SP Category	Fiscal Impact
A. Children and Mothers			
Child grant	All poor/vulnerable children aged 0 to 4	SA	√
Maternity protection	Estimated 4,000 pregnant women	ALMP/SA	√
Child benefit for School Children	Targeted to poor/vulnerable school children for 8 months	SA	√
B. Youth* and Working Age			
Apprentice Scheme	Continuation and extension of the Apprentice scheme with better outreach	ALMP	√
Job Support Scheme	Continuation and extension of Job support schemes with better outreach	ALMP	√
Other Support Employment Schemes	Continuation and extension of other employment support schemes with better outreach	ALMP	√
Workfare Scheme	Targeted to the vulnerable around 40% of the working age population (15 to 64 years) for 3 months to provide employment in lean periods	ALMP	√
Scheme for Vulnerable Working Women	Capacity development and enterprise support for a period of 6 months to an estimated 5,000 women and adolescent girls per year	ALMP	√
Child care Services	Expansion of the child care and day care access to improve coverage from current 45 % to around 80% (i.e. near universalization of Childcare services)	ALMP	√
Maternity Insurance	MoEq/NIC to assess the feasibility to introduce/expand MI covering both formal and informal sector employees	SI	NA

Scheme	Description	SP Category	Fiscal Impact
Unemployment Insurance	NIC to assess the feasibility to introduce/expand UI covering both formal and informal sector employees	SI	NA
C. Disability Grant			
Disability Grant	Universal to all persons with disabilities (PWD)	SA	√
D. Old Age			
Social Pension	Social pension to vulnerable elderly aged 65 and above	SA	√

Note: SA = social assistance; SI = social insurance and ALMP = active labour market programmes. * Youth schemes are already in operation but need scaling-up with additional resources.

F. Cost of the Proposed Social protection Systems: The cost of a social protection scheme depends on two factors: the number of beneficiaries and the value of the transfer amount per beneficiary. A long-term costing module covering the period from 2020 to 2030 has been developed to estimate costs. Population projection data by age (0 to 65+) has been obtained from UNDESA and the Central Statistical Office (Saint Lucia). Values for GDP and the inflation rate for the entire period have been projected using a nominal GDP growth rate of 2.7 per cent and an inflation rate of 2 to 3 per cent. Costs under the two SP systems have been estimated for both targeting models (poverty-based and vulnerability-based). Although the transfer amounts are the same, the beneficiary coverage differs under the two systems. Except for maternity protection, support for vulnerable working age women, and disability benefit scheme, in all other schemes, beneficiaries have been selected according to the age specific poverty rates or vulnerability rates. The variations in beneficiary coverage and costs are mainly due to the differences in beneficiary selection.

The cost of implementing the proposed social protection schemes on average ranged between 3.60 per cent of GDP (inclusive of additional child care services) under the proposed Saint Lucia social protection schemes based on poverty targeting (LCASPPT) and 4.4 per cent of GDP (inclusive of additional child care services) under the proposed Saint Lucia social protection schemes based on vulnerability targeting (LCASPVT.
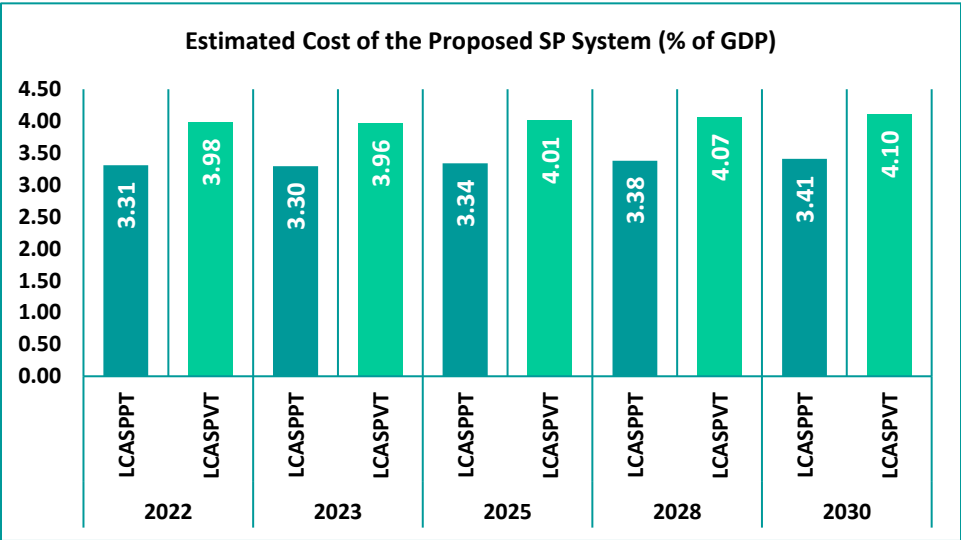
Source: Costing Model

G. Benefits of the Proposed SP System: "Quantifiable benefits" of the proposed SP system has been found positive. Implementation of the above proposed social protection schemes would likely to enhance resilience of the ordinary Saint Lucian and thereby prepare them better to withstand future crisis. Thus, it is recommended that the proposed revisions be considered by the GoSL for implementation.

SP System Benefit Quadrant

Beneficiary coverage (% of Population)

- Current SP: 18.0
- LCASPPT: 41.0
- LCASPVT: 53.0

Poverty/vulnerability rate (% of Population)

- LCASPPT: -10.1
- LCASPVT: -12.7

Maceoeconomic impact (% change over base values)

- LCASPPT: GDP 5.9, Consumption 12.7
- LCASPVT: GDP 7.1, Consumption 14.9

Micro-simulation
- CBR (poverty): LCASPPT 3.16
- CBR (vulnerability): LCASPVT 3.36

Macro-simulation
- CBR (output): LCASPPT 1.84, LCASPVT 1.83
- CBR (consumption): LCASPPT 3.20, LCASPVT 3.18

Legend: ■ LCASPPT ■ LCASPVT

H. Implementation Time Frame: A phased approach is proposed to implement the proposed revisions to the social protection system in Saint Lucia. Accordingly, three phases are considered. **Phase 1** would be a preparatory phase covering 24 months (starting in 2022) in which all activities related to preparing for the launch of the revised social protection would need to be completed. The proposed schemes would then be implemented over **two phases** starting from 2024. During **Phase 2**, partial implementation requiring an additional cost of 2.3 per cent of GDP would be undertaken, while **Phase 3** would see 100 per cent implementation of all proposed schemes.

Preparation	Implementation Phase	
Phase (2022-23)	Phase 2 (2024-25)	Phase 3 (2026-28)
• Programme consolidation	• Child grant	• Child grant
• Development of MIS system (including Developing data collection protocols and sharing)	• Child benefit*	• Child benefit
• Establishment of Social Registry	• Maternity protection	• Maternity protection
• Installation of G2P payment	• Youth Schemes	• Youth Schemes
• Staff needs assessment/strengthening/training	• Women schemes**	• Women schemes
• Scheme design and manual preparation	• Disability grant	• Disability grant
• Finalization of monitoring indicators by schemes		• Workfare scheme
• Mobilization of resources for the		• Old age pension
• Designing the Pilot schemes***	**PILOT SCHEMES**	
Cost: 0.5% of GDP	**3.32% of GDP******	**4.32% of GDP**
Additional cost as % of GDP*****	**2.32% of GDP**	**3.31% of GDP**

Note: * An evaluation of the existing schemes for school-aged children must be completed during the preparatory phase before launching the child benefit scheme. ** Includes additional childcare services. ***Pilot schemes include: the graduation/livelihood model, maternity insurance, and unemployment insurance etc. Resource needed for the pilot schemes will be determined during the preparation phase and subsequently mobilised. **** Implementation costs are based on LCASPVT (SP system based on vulnerability target). ***** It is conjectured that programme consolidation and subsequent absorption of the existing programmes into the proposed life cycle schemes (programmes) may save or release fund equivalent of 1 per cent of GDP (i.e. out of the current social protection spending of 1.3 per cent of GDP).

1. Introduction and Background

1.1. Background and Context

Like many island countries, Saint Lucia has been considered a fragile nation due to her narrow economic base, heavy dependence on external economies and susceptibility to climate change and external shocks. As a result of these fragilities, economic growth in Saint Lucia has not been stable, resulting in fluctuations in poverty and related economic deprivation. Given the empirical evidence of the inequality-economic growth nexus (please see Grigoli and Robles, 2017; Ostry, Berg and Tsangarides, 2014 and Dabla-Norris and others, 2015), it may be concluded that high inequality has been a deterrent to Saint Lucia attaining a higher economic growth and a lower rate of poverty. Economic hardship has been argued to have increased due to the rise in the frequency and intensification of climate induced shocks and in addition. Moreover, high unemployment among the youth and women due to a narrow economic base as well as lack of access to decent work opportunities are creating new forms of hardship.

An effective and efficient social protection system helps reduce poverty and vulnerability faced by ordinary citizens. Assessments of the current social protection system in Saint Lucia suggest that the system currently suffers from low beneficiary coverage, low spending, and large gaps with respect to addressing the risks of poor persons as well as by life cycle groups. The UN, other regional partners and the government of Saint Lucia have been working to strengthen the social protection system to support the resilience-building of Saint Lucians. The current study undertakes a gender assessment of the social protection system in Saint Lucia to provide recommendations that would enhance its inclusivity and shock-responsiveness. More specifically, the objectives of the study are to:

- *Undertake a review of the social protection system in Saint Lucia*
- *Carry out a gender responsive social protection assessment in response to COVID-19, and*
- *Provide recommendations for improving the social protection system in Saint Lucia.*

Accordingly, the current study conducted a review of the social protection system (including COVID 19 responses) in Saint Lucia by using available statistics and reports, conducting interviews with selected beneficiaries, and holding discussions with key stakeholders (including individuals and agencies). Both monetary vulnerability (poverty and inequality) as well as non-monetary risks (captured by multi-dimensional poverty) were assessed using unit record data (i.e. detailed data by all survey respondents of SLC/HBs 2016), reports, and interviews. The analyses highlight specific weaknesses and gaps in the social protection system. The report also provides recommendations to help strengthen the gender and shock-responsiveness of the social protection system adopting the 'life cycle' approach.

1.2. Methodology and data

Diverse methods utilizing different data sets have been used in this study. A thorough *desk review* of statistics, and published reports were conducted to assess the poverty and vulnerability context, the socio-economic impacts of COVID 19 and key features of the social protection system. Available global social protection data sets (ILO), COVID 19 response tracker (UNDP/UN Women) and COVID 19 social protection response surveys (World Bank) have also been used and analysed to examine the nature and extent of the social protection response in Saint Lucia as well as to identify the gender responsiveness of

these measures. Moreover, stakeholders' consultations and primary interviews have also been conducted to supplement the approach based on the secondary sources.

A *costing module* based on the demographic dynamic or changing population structure (i.e. between 2020 and 2030) and key macro-economic indicators (e.g. GDP and inflation rate) was employed to project costs of the proposed changes to the existing social protection system. Benefits of a social protection system are generally examined by assessing their impact on poverty. Thus, a *micro-simulation model* based on the SLC/HBS 2016 has been used to compare poverty impacts of the proposed social protection schemes. Social protection is an investment and thus likely to have salutary effects on economic growth and expansion. Accordingly, a macro-economic data set – the social accounting matrix (SAM) for Saint Lucia for 2016 was developed to specify a general equilibrium type SAM model to assess the macro and sectoral impacts of the proposed social protection schemes. A Saint Lucia specific computable general equilibrium (CGE) model was also calibrated to SAM 2016 to assess the socio-economic impacts of COVID 19 from an economy wide as well as a gender perspective. An *analytical framework* invoking the costs and benefits of the proposed schemes has been used to assess their cost effectiveness or cost-benefit ratio (please see Annex 8.1. for elaboration on methods and data).

The report consists of seven more sections in addition to the introduction. Poverty and vulnerability assessments are addressed in Section Two. Section Three focuses on the assessment of the Saint Lucia social protection system. The fourth section discusses the socio-economic impacts of COVID 19. The proposed social protection system has been elaborated in Section Five. The benefits of the proposed social protection system are assessed in Section Six. Concluding observations are reported in Section Seven. The last section is an Annex.

2. Poverty, Inequality and Vulnerability in Saint Lucia

2.1. Trends in Poverty and Vulnerability in Saint Lucia

Low GDP growth rates (i.e. average GDP growth has been only 1.8 % between 1995 and 2016), a high unemployment rate (i.e. 20 %), a high but stagnant distribution of income (Gini coefficient of around 0.43) and an increase in the frequency and extent of natural calamities during the last two decades have resulted in a consistently high rate of poverty rate of more than 25 per cent in Saint Lucia.

Figure 1: Poverty trends between 1995 and 2016
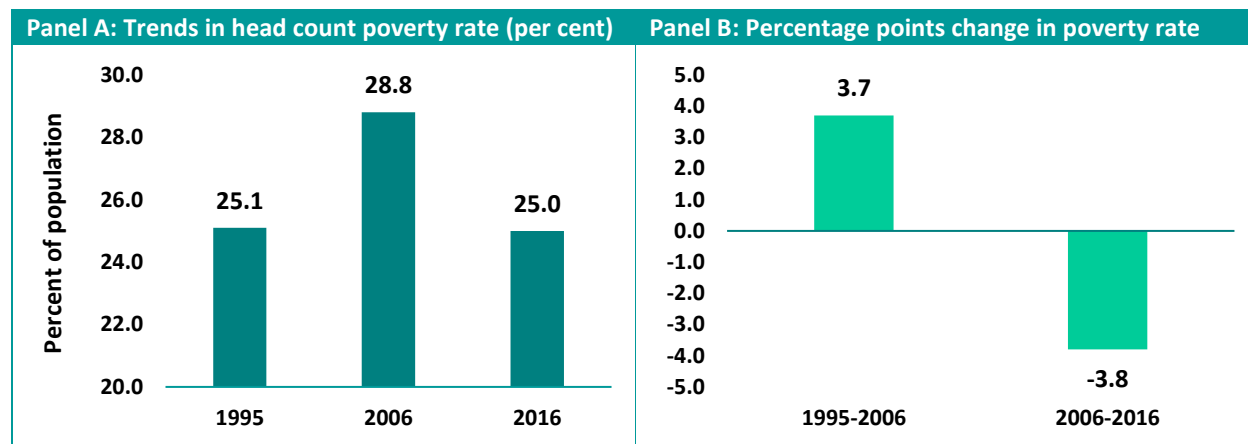
Source: Based on SLC/HBS different years

The two decades (i.e. between 1995 and 2016) can be classified as poverty increase decade and poverty decline decade. Head count poverty rate increased by 3.7 percentage points in the first decade covering 1995 to 2006 but fell again by 3.8 percentage points in the second decade covering 2006 to 2016 – leaving the poverty rate at the same rate of 25 per cent. This poverty outcome has been typified as *structural* by the Economic Recovery and Resilience Strategy Multi-Stakeholder Committee (2020).

Box 1: Structural and Transitory Poverty

While analyzing the poverty trends, the Economic Recovery and Resilience Strategy Multi-Stakeholder Committee

(2020) defined the average poverty rate of 25 % as structural poverty. The committee also used two additional vulnerability lines (upper poverty line (UPL) x 1.25%) and (UPL x 1.35%) on the SLC/HBS 2016 data to capture the transitory nature of poverty in Saint Lucia. The structural and transitory poverty rates are relevant for designing the social protection system in Saint Lucia such that 25% may be used to define the social protection floor (i.e. minimum coverage) and 51% as the coverage under the shock responsive social protection system.

Source: Economic Recovery and Resilience Strategy Multi-Stakeholder Committee' (2020)
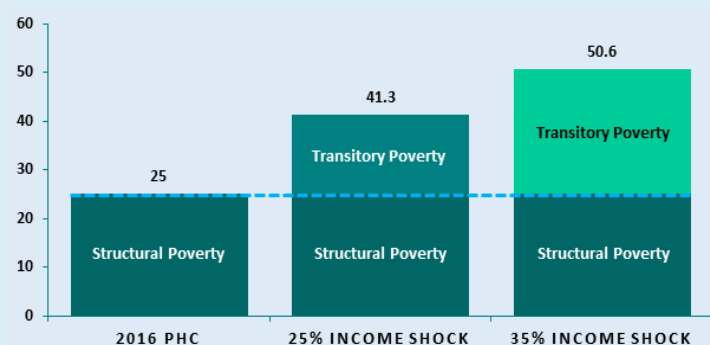
2.2. Poverty Profile by Life Cycle and Gender (2016)

Social protection aims to build resilience among individuals and households so that they are less vulnerable to shocks and poverty. However, national poverty rates usually mask large and substantial divergences across age and/or lifecycle groups. Thus, using the lifecycle groups as a framework to assess vulnerabilities with more accuracy can be useful. The age groups aligned to life cycle stages are:

1. Children (age 0 to 4)
2. Primary School age children (age 5 to 9)
3. Secondary School age children (age 10 to 14)
4. Youth (age 15 to 29)
5. Working age (age 30-64); and
6. Old age (age 65 and over)

Figure 2: Life Cycle Poverty and Vulnerability Rates for 2016 (Per cent of Population)

| Panel A: Life Cycle Poverty Rates, 2016 (%) | Panel B: Life Cycle Vulnerability Rates, 2016 (%) |
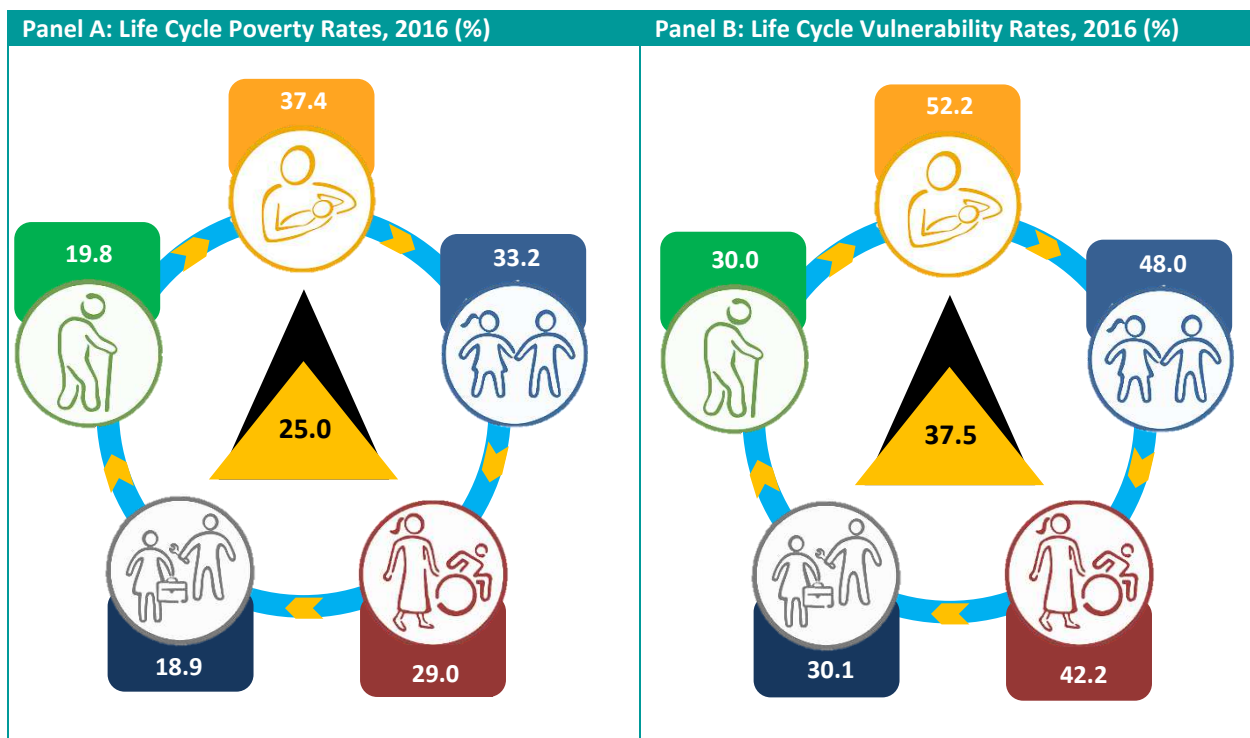
Source: author's estimation based on SLC/HBS 2016

Using SLC/HBS 2016 survey data, poverty rates for the main life cycle groups were estimated to assess poverty distribution in Saint Lucia. The data confirmed that there were differences in poverty levels across the different age groups e.g., poverty among children was higher than the other groups such as the working age population and the elderly.

Poverty rates among children, primary school age children and secondary school age children were higher than the national poverty rate as well as the poverty rates of the other older two life cycle groups – working age and old age. Poverty rates in children (i.e. 37.4 %) are more than 12 percentage points higher

than the national poverty rate. Poverty rates among school children (i.e. 33.3 %) and youth (i.e. 30.5 %) are respectively more than 8.0 and 3.9 percentage points higher than the national poverty rate. The lowest poverty rate has been found for the working age at 18.9 per cent – 6.2 percentage points lower than the national poverty rate. Poverty rates among households with the elderly (65+ age group) have also been low at 19.8 per cent – 5.2 percentage points lower than the national poverty rate. Several factors may have contributed to lower poverty among the elderly which include savings, and pension.

Box 2: Child Poverty and Gender

Deeper assessment of the SLC/HBS 2016 data provides important association between child poverty and poverty and gender. Child poverty has been found significantly higher among the female headed households compared to the male headed households. The difference is large at 17 percentage points.

Child (age 0-4) poverty and vulnerability rate (%)		
	Poverty rate	Vulnerability rate
Overall	37.4	52.2
Male headed	30.2	41.8
Female headed	47.2	66.3

Child (age 0-4) poverty rate (%)		
	Male headed households	Female headed households
Overall	17.4	20.4
With Children	27.1	38.7
Without Children	16.2	16.3

Furthermore, among both male and female headed households, poverty rates are significantly higher in households with children

than the households without children. In the case of the male headed households, the difference is 10.9 percentage points. The corresponding difference doubled to 22.4 percentage points in the female headed households.

Several factors may have contributed to the higher child poverty – especially among the female headed households, however one important reason may have been the inability of the working age women to participate in job market due to their overwhelmingly larger responsibility to childcare and other care activities.

Further dissection of the SLC/HBS 2016 data provides insights into the poverty profiles of men and women, and male-and female-headed households. According to SLC/HBS 2016, the distribution between households headed by male and female are respectively 60 per cent and 40 per cent.

Table 1: Poverty and Vulnerability by Gender in 2016

	Population (%)	Households (%)	Poverty rate (%)		Vulnerability rate (%)		Share in total poor
			Population	Household	Population	Household	Population
Total	100.0	100.0	25.0	18.9	37.4	28.7	100.0
Male	48.6	59.6	24.8	17.4	32.6	26.5	46.0
Female	51.4	40.4	25.3	20.4	43.8	32.1	54.0

Source: SLC/HBS 2016

Unlike the striking differential in the poverty and vulnerability rates across life cycle household groups, the poverty and vulnerability rates by gender do not reveal significant differences. According to the population-poverty rate, the differences are negligible – as the female poverty rate of 25.3 per cent almost equals the national poverty rate of 25.0 per cent, with the poverty rate among men being less by 0.5 percentage points. Differences are larger when the household poverty rate is considered. Poverty among

female-headed households is 1.5 percentage points higher than the national household poverty rate of 18.9 per cent, and 3 percentage points higher than the male-headed household poverty rate. The gender divide is more pronounced when vulnerability rates are considered. The population vulnerability rate is more than 10 percentage points higher among women than among men. The gap is around 6 percentage points when household level vulnerability is used. Share of female in total poor (or poverty) is 54 per cent.

2.3. Multi-dimensional Poverty Measurement[2]

According to the methodology of the multi-dimensional poverty Index (MPI) in Saint Lucia, households were measured on the basis of eighteen indicators and five dimensions: the dimensions utilised were education, living standards and security, employment, health, dimension and environment, climate change, and vulnerability.

The MPI is an index designed to measure poverty by assessing deprivations. The MPI combines two key pieces of information to measure acute poverty: the incidence of poverty, or the proportion of people (within a given population) who experience multiple deprivations, and the intensity of their deprivation - the average proportion of (weighted) deprivations they experience. Combining the Multi-dimensional poverty with the consumption-based poverty (i.e. monetary poverty), any citizen in Saint Lucia may be classified in one, and only one of the following quadrants:

I. *Multidimensional poor.* 21.4 per cent of the population with per capita adult equivalent consumption below the poverty line and with 30 per cent or more deprivations.	II. *Vulnerable due to social deprivation.* 63.9 per cent of the population socially deprived people with an per capita adult equivalent consumption higher than the poverty line.
III. *Vulnerable due to consumption/income.* 3.6 per cent of the total population with no social deprivations and with per capita adult equivalent consumption below the poverty line.	IV. *Not multidimensional poor and not vulnerable.* 11.1 per cent of the population with per capita adult equivalent consumption higher than the poverty line and with no social deprivations.

Source: Saint Lucia National Report of Living Conditions, 2016

2.4. Youth and Working Age Population

Despite relatively lower poverty rates, the working age population encounters diverse challenges. Some of the challenges are summarized here.

- **High and increasing unemployment:** Labour market challenges are extensive in Saint Lucia. According to SLC/HBS 2016, the country experienced a large increase in the unemployment rate, from 13.3 per cent in 2006 to 23.1 per cent 2016. The jobless rates were high among youth and women. The youth unemployment rate not only increased from 25.6 per cent in 2006 to 37.6 per cent in 2016, but it was also substantially higher than the national unemployment rate[3]. In 2016, the women unemployment rate was 25.9 per cent – more than double that of their male counterparts which was 11.3 per cent.

- **Youth (NEET):** NEET represents the share of youth who are *not in employment, education, or training*, as a percentage of the total number of youths in the corresponding age group. In 2016 it was at 31.6

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[2] This section draws heavily from the Saint Lucia National Report of Living Conditions 2016.

[3] Gender disaggregation of Youth unemployment rate is not reported. But according to 2019 LFS data, the share of unemployed female was 54 % compared to the male share of 46%.

percent. Youth classified as NEET[4] are either unemployed or inactive and not involved in education or training. NEET youth stand a high risk of becoming socially excluded – individuals having an income below the poverty-line do not have the skills necessary to improve their economic situation. A high NEET rate for young females indicates their involvement in household activities and the likelihood of institutional barriers that restrict women's labour market participation.

- **High informal employment:** An important challenge is the paucity of decent jobs. More than 30.6 per cent of the adult workforce has been compelled to work in the low paid, low productive informal sector (ILO 2017). Without effective interventions through strategic policies (i.e. education, health, employment and social protection) households will be unable to break out of the inter-generational cycle of poverty.

Chart 1: Summary of Labour market challenges in Saint Lucia
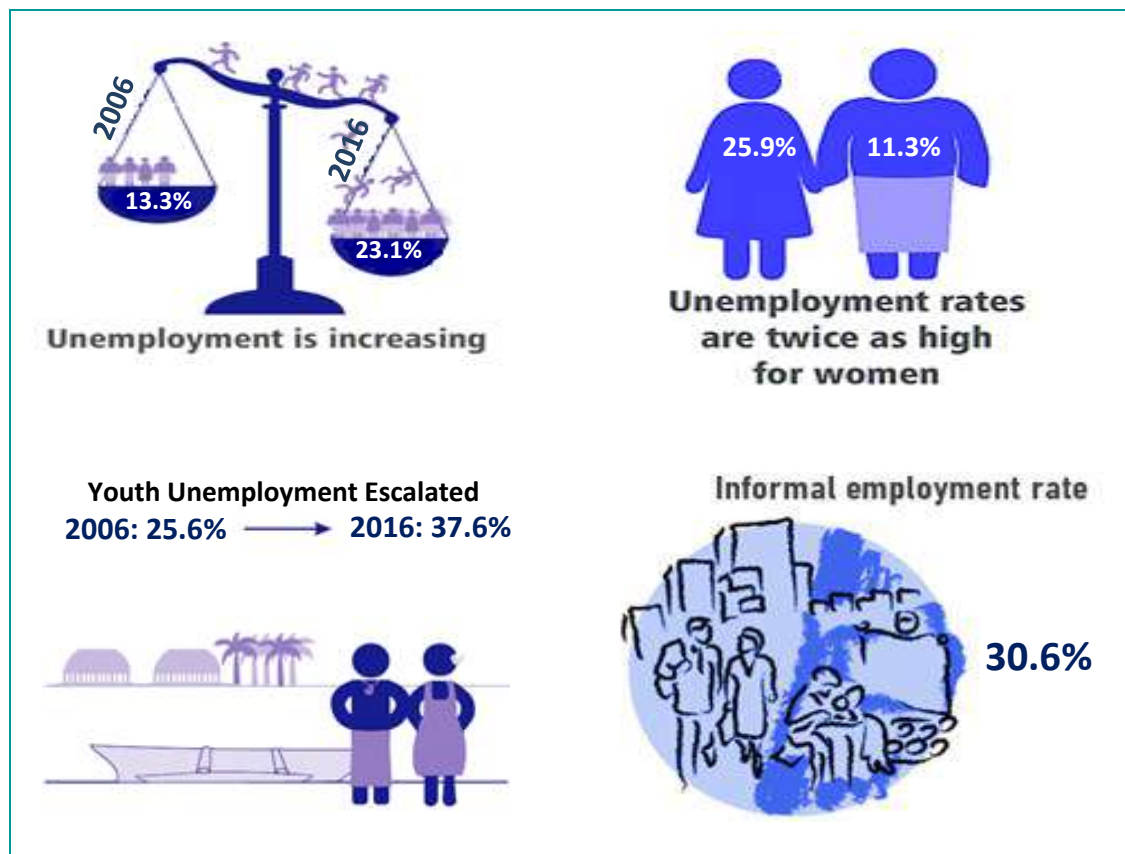
Source: Author's compilation based on SLC/HBS 2016, and ILO (2017)[5]

2.5. Inequality

High inequality (whether measured by consumption or income Gini coefficient)[6] remains a major concern in Saint Lucia. Key observations include:

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[4] NEET is a better measure of the potential youth labour market entrants compared to the youth inactivity rate. A high NEET rate and a low youth unemployment rate may indicate significant discouragement of youth.

[5] ILO (2017), "Informality and economic units in the Caribbean", International Labour Organization, Office for the Caribbean - Port of Spain: ILO, 2017.

[6] The Gini coefficient (Gini index or Gini ratio) is a statistical measure of economic inequality in a population. The coefficient measures the dispersion of income or distribution of wealth among the members of a population. The coefficient can take any values between 0 to 1 (or 0% to 100%) with zero (0) value suggest perfect equality whereas unity (1) value indicate perfect inequality with one person receiving all income.

- Inequality is high – estimated at around 43 per cent between 1995 and 2016[7]. High unemployment and informal employment (i.e. 30.6 per cent of work force are engaged in the informal sector), low wages and a failure to redistribute national wealth to the bottom 40 per cent of the population (i.e. known as shared prosperity premium)[8] are the main reasons behind high and stagnant inequality in Saint Lucia.
- A high level of inequality is also known to hurt economic growth. Gini coefficient higher than the 27 per cent threshold is considered as a growth harming rate by Grigoli and Robles (2017)[9], who found that similar to the debt overhang tendencies, there is an inequality overhang level such that the slope of the relationship between income inequality and economic development switches from positive to negative at a net Gini of about 27 per cent.

Figure 3: Inequality Trends in Saint Lucia (Consumption Gini)

Source: based on SLC/HBS various years

> **Box 3: Other Key Features of Poverty in 2016**
>
> - Significant differences persist in regional poverty within Saint Lucia. The rural poverty rate (32.9%) was 1.5 times higher than the urban poverty rate (21.8%), although the decline in poverty rates was more pronounced in rural locations (i.e. 8 percentage points between 2006 and 2016) than in urban ones (i.e. 1.3 percentage points).
> - Poverty profiles by districts reveal substantial differences. Out of 10 administrative districts, only three districts (i.e. Castries Sub-Urban, Choiseul, and Gros-Islet) had lower poverty rates than the national poverty one. The highest poverty rate of 45 per cent was reported for Dennery.
> - The child poverty rate was also higher in rural locations, at 41.4 per cent compared to 32 per cent in urban locations. However, since the majority of the population lives in urban locations, the majority of poor children – almost 69 per cent – can be found in urban locations.
> - The share of poor children living in women-headed households increased by 9.6 percentage points between 2006 (48.6 %) and 2016 (58.2 per cent).
> - Women heads of households with no education comprised a larger percentage of all women heads of households, than male heads with no education.
> - Average household size in Saint Lucia is three and two out of every five households are headed by women.
>
> Source: Saint Lucia National Report of Living Conditions 2016: Summary Report

[7] Income Gini data are not available for all these three years and hence are not reported here.
[8] According to the World Bank (2019), *Shared Prosperity Premium = Growth of the bottom 40 - Average Growth*. The lowest quintile had a lower participation rate in the labour force and a higher unemployment rate than the highest quintile.
[9] Grigoli, F. and A. Robles (2017), "Inequality overhang", WP/17/76, Western Hemisphere Department, International Monetary Fund.

3. Overview of Social Protection in Saint Lucia

Data limitation has constrained a comprehensive assessment of the social protection system in Saint Lucia. The intention was to use seven indicators/features as elements of a 'good social protection system' as proposed by Grosh et al (2008) as well as a response matrix[10] proposed by UNICEF (under the joint programme) to assess the social protection system and its COVID 19 response in Saint Lucia. However, assessment using the UNICEF response matrix as well as 'good social protection system' could not be fully accomplished due to lack of information and paucity of clarity of the COVID 19 measures.

As mentioned above, due to data limitation, the overview of the key elements of social protection systems in Saint Lucia focuses on key aspects such as number of schemes, spending, coverage, transfer payment and alignment with the demographic structure. A comparative assessment of the key features of Saint Lucia's social protection system with other Caribbean countries are also provided in Annex 8.3. However, other aspects which could not be attempted due to data limitation include (i) rural and urban divide in terms of coverage and spending, (ii) gender divide in terms of coverage and spending, (iii) exclusion and inclusion errors, and (iv) overall value for money of Saint Lucia's social protection system.

3.1. Key Features of the Social Protection System in Saint Lucia

Schemes: A key feature of the social protection system in Saint Lucia is that it is composed of a number of small schemes resulting in a fragmented social protection system. Following the standard nomenclature, the schemes are classified into three broad categories: Social Assistance **(SA)**, Social Insurance **(SI)** and Active Labour Market Programmes **(ALMP)**. Lists of schemes by these three categories are presented below.

Table 2: Lists of Social Protection Schemes in Saint Lucia

Social Protection Schemes	Ministry/Agency
Social Assistance (SA)	
1. Public Assistance Program (PAP)	Ministry of Equity, Social Justice, Local Government and Empowerment (MoEq)
2. Koudmen Sent Lisi (KSL)	
3. Child Disability Grant	
4. School feeding	Ministry of Education, Innovation, Gender Relations and Sustainable Development (MoE)
5. Student welfare assistance	
6. School transportation	
7. Home Care Program	MoEq
8. Community After School Program	MoEq
9. Elder Care	MoEq
Labour Market (ALMP) *	
10. Technical and Vocational Training (TVET)	MoE
11. National Enrichment Learning Programme	
12.Holistic Opportunities for Personal Empowerment (HOPE)	MoEq
13. Short Term Employment Programme - Uplifting people (STEP-UP)	Saint Lucia Development Fund
14. National Apprenticeship Programme (NAP)	Office of the Prime Minister

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[10] UNICEF developed a response matrix to evaluate the performance of a SP scheme or a particular response to a crisis such as COVID 19. It appears a very comprehensive matrix covering several important aspects for assessment. Due to time constraints, it was not possible to conduct a review using the response matrix. But if time and resources are allocated, a review using the UNICEF response matrix may be carried out.

Social Protection Schemes	Ministry/Agency
Social Insurance (SI)	
A. Short term	
15. Employment Injury	National Insurance Corporation (NIC)
16. Sickness Allowance	
17. Maternity Allowance	
18. Maternity Grant	
19. Funeral Grant	
20. Medical Expenses	
B. Long term	
21. Retirement Pension	National Insurance Corporation (NIC)
22. Survivors' Pension	
23. Invalidity Pension	
24. Disablement Pension	
25. Retirement Grant	
26. Survivors' Grant	
27. Invalidity Grant	
28. Disablement Grant	

Note: * Except for NAP, this list excludes another 12 schemes being implemented for employment assistance in Saint Lucia. Since some of the employment schemes do not fall under the purview of the social protection system they were excluded. The full details of these schemes are provided in ILO (2020)[11].
Source: author's compilation from various sources

Spending: Various statistics have been used to define social protection spending in Saint Lucia. World Bank (2019)[12] suggests that spending is only around 0.48 per cent of GDP. On the other hand, according to the social protection sub-committee, social protection spending is around 1.3 per cent of GDP. The ILO global data specifies that according to the latest available data, social protection spending in Saint Lucia is around 2.5 per cent of GDP. It is difficult to reconcile the above statistics since the sources did not elaborate how and for which year the spending statistics have been estimated. The sources of the differences in the above statistics could be due to use of different years, and scope of the schemes etc.

Figure 4: SA and ALMP SP spending in Saint Lucia (2016-2019)
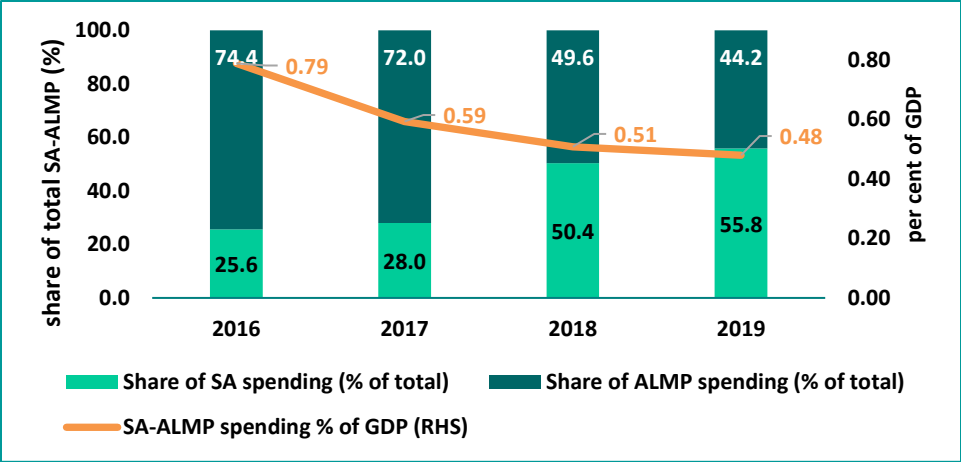
Source: author's derivation based on Estimates of Expenditure - GoSL 2015-2019

[11] ILO (2020), "Mapping of Youth Employment Interventions in Saint Lucia, January 2020
[12] World Bank (2020), "Saint Lucia Social Information System Assessment". June 2020

To verify the above statistics, 'Estimates of Expenditure – Government of St. Lucia 2015-2019' reports have been reviewed to compile spending data by SA and ALMP schemes. Although, the compilation may not be exhaustive, it provides better insights into the SA and ALMP spending trends. If these data reflect the actual situation, then SA and ALMP spending is low in Saint Lucia. It ranged between 0.48 per cent of GDP in 2019 and 0.79 per cent of GDP in 2016. The spending value of 0.48 per cent for 2019 for SA is equal to the 0.48 per cent referred by the World Bank. However, the SA and ALMP spending envisaged a falling trend in spending – which is disturbing (see Figure 4 above).

Spending data on Social Insurance (SI) has been compiled from the NIC annual repot 2017. The report provides detailed statistics on beneficiary coverage, contribution and payments by types of short and long term benefits (please see Table 2: Lists of Social Protection Schemes in Saint Lucia for types of benefits) covering 2012 to 2017.

Figure 5: SI spending in Saint Lucia (2013-2017)
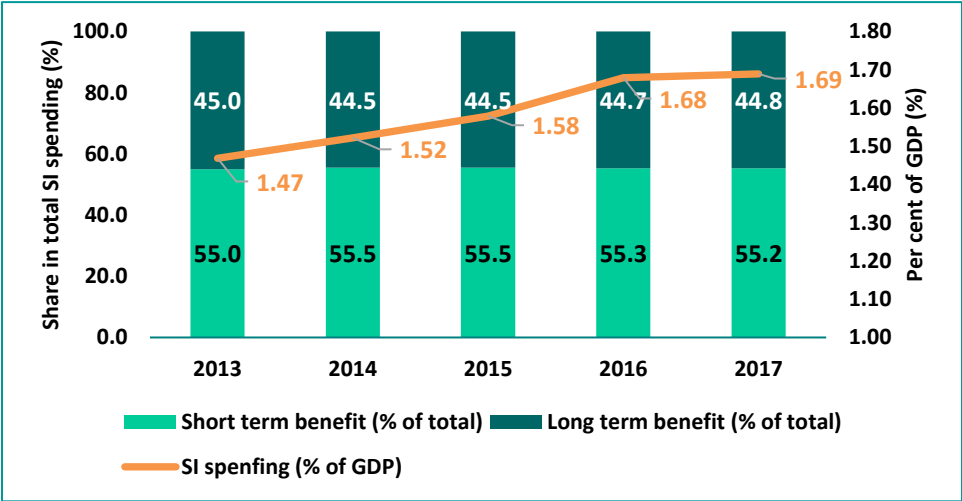
Source: author's derivation based on NIC data 2012-2017

Contrary to the SA-ALMP spending, the spending on SI has been on the rise. The SI spending as per cent of GDP increased from 1.47 in 2012 to 1.69 in 2017. Distribution of SI spending by short term and long-term benefits, however, suggests a stable pattern between 2012 and 2017, with the share of spending on short term benefits representing roughly 55 per cent of total SI spending, and share of spending on long term benefits representing 45 per cent of total SI spending.

Thus, the two years for which the SA-ALMP and SI data can be combined, suggest that SP spending was 2.5 and 2.2 per cent of GDP respectively for 2016 and 2017.

Beneficiary Coverage: Data on number of beneficiaries has been more difficult to acquire. Again, diverse statistics have been used to postulate social protection beneficiary coverage in Saint Lucia. According to the ILO global social protection data (2020), the per cent of the population covered by at least one social protection scheme in Saint Lucia has been around 35.4. The beneficiary coverage reported by ILO drops dramatically to only 2.5 per cent when the *social protection floor* classification is adopted. UNICEF on the

other hand has suggested that 7.8 per cent of the poor are covered by social assistance in Saint Lucia (equivalent to about 2.0 per cent of the Saint Lucian population[13]).

Figure 6: SI beneficiaries (% of population)

Source: based on NIC data
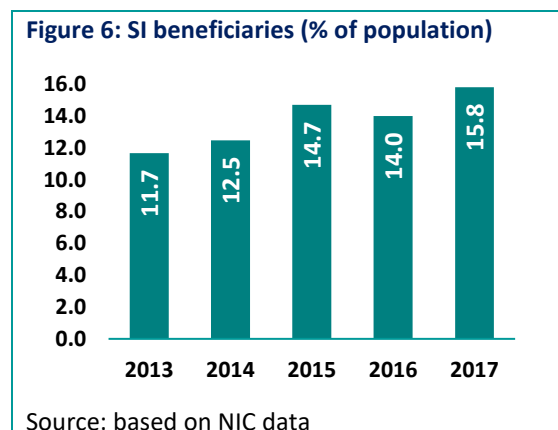
NIC reports provided data on the number of beneficiaries covered under the short-term and long-term benefit types for the years 2013 to 2017. Analysis of these data suggest that SI beneficiary coverage increased from 11.7 per cent of population in 2013 to around 15.8 per cent in 2017.

If the UNICEF estimate (i.e. SA coverage) is added to the SI beneficiary coverage data, the social protection beneficiary coverage should have been around 18 per cent of the population. However, given ILO's assessment of 35.4 per cent coverage (at least by one SP scheme), the *beneficiary coverage in Saint Lucia is likely to range between 18 per cent to 35.4 per cent of the population.*

Table 3: Estimated beneficiary coverage in Saint Lucia

SP Category and Sources	Beneficiary Coverage (% of Population)	Beneficiary Coverage (% of Population)
Social Insurance (NIC)	15.8	
Social Assistance and ALMP (UNICEF)	2.0	
Social Protection System (ILO)		35.4
Total	**17.8**	**35.4**

Source: authors' compilation from various sources

Transfer Payment (Generosity): Again, due to the lack of data and confirmation of the SA beneficiary number, it is difficult to estimate average monthly transfer payments of the social assistance (as well as for ALMP) system in Saint Lucia.

The monthly transfer payment under the 'public assistance programme' was $215 for a single person household which equates to 40 per cent of the 2016 per month poverty line of $536. Households of 5 persons or more could receive a maximum monthly transfer of $465 which equates to a per capita amount of $93, and only 17 per cent of the 2016 per month poverty line of $536.

If 2016 social protection beneficiary coverage (including SI) was 35.4 per cent of the population and NIC data stipulate that SI beneficiary coverage was 14 per cent, then the SA/ALMP beneficiary coverage was 21.4 per cent in 2016, equal to 37,358 people (i.e. 21.4% of 175,819 – the total population of Saint Lucia) with an estimated average per-person/per-month transfer of $89 (i.e. [$39,728,121 (total SA/ALMP spending for 2016)/37,358]/12). This transfer amount is only 16.6 per cent of the per-person/per-month poverty line of 2016.

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[13] In 2016 total population was 175,819. Total number of poor in 2016 was 43,995 (25 % of 175,819). Assuming 7.8 per cent was also appliable in 2016, the population covered by SA may be estimated at 3,429. Thus, the estimated beneficiary coverage was only 1.95 per cent (3,429/175,819*100).

Table 4: Monthly pension amounts ($EC) by types

	2013	2014	2015	2016	2017
Retirement Pension	768.1	785.4	810.4	837.0	864.7
Survivors' Pension	525.9	540.3	536.4	567.9	603.4
Invalidity Pension	806.7	826.5	822.0	883.7	880.5
Disablement Pension	704.9	634.2	661.9	660.8	660.8

Source: NIC

Monthly transfer amounts of four types of pension suggest a reasonable amount of transfer to the contributory beneficiaries.

Monthly pension benefits are almost 10 times higher than the 'generosity' of the SA/ALMP scheme. This large divergence is expected (i.e. SI pays larger benefits to a small contributory beneficiary group while SA/ALMP covers larger number of beneficiaries with small state allocation) but highlights the importance of joining the contributory schemes for income security.

Demography and Social Protection Allocation: Notwithstanding, low spending and coverage, further dissection of the social protection data reveals large differences in total expenditure across age groups.

Chart 2: Population structure and SP spending [14]

Age group	Population share (%)	SP Spending share (%)
65+	9.4%	53.2%
30-64	47.7%	31.3%
15-29	24.4%	9.1%
5-14	11.4%	1.3%
0-4	7.1%	0.5%

4.6%
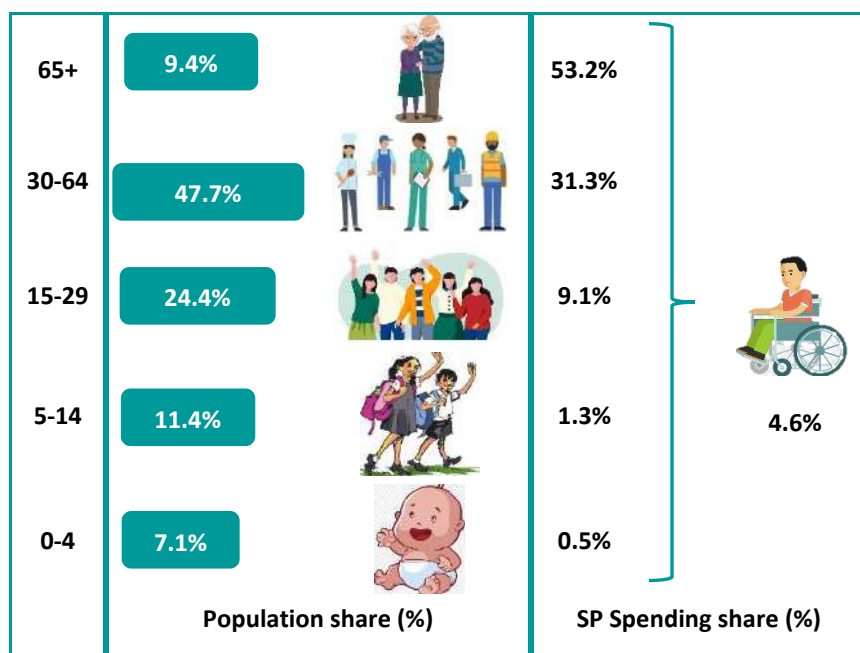
The 65+ population (9.5 per cent of the population) received 53 per cent of all social protection spending in Saint Lucia in 2016.

Around 31 per cent of total spending was allocated to the working age group – representing 48 per cent of the population. Around 31 per cent of adults are in the informal sector, and their participation in NIC is negligible (only 2 per cent). Thus, informal workers who are not registered with the NIC and who retire at the age of 64 usually rely on family support as well as the natural environment (farming and fishing etc) for survival. This reveals a large gap in income security among the elderly. Youth, with a population share of 24 per cent, received around 9 per cent of the total social protection spending. The mismatch is significantly larger for the school age children and children aged less than five. The estimated disability grant refers to the incapacity benefits paid only to the NIC contributors. Moreover, there are no programmes for the early childhood, informal workers, non NIC disabled persons (except a small disability benefit for children) and elderly who did not participate in NIC. Thus, the obvious gaps in the current Saint Lucia Social Protection System (i.e. composed of SA, ALMP and SI) include:

- *No schemes for the early childhood and pregnant mothers who constitute at least 7 to 10 per cent of the population.*

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[14] Author's estimation based on population structures of 2016 and SP spending data.

- *School aged children are covered only with school feeding and transport programmes suggesting inadequacy compared to their needs.*
- *No schemes for persons with disabilities who constitute at least 12 per cent of the population.*
- *Insufficient schemes for the working age population including youth and female workforce where unemployment rates are very high.*

Other Features:

- Due to the dominance of social insurance which mainly caters to the relatively better off formal sector workers, it appears that the social protection system in Saint Lucia *favours the non-poor (who are above the nationally defined poverty line) and as well as men due to their higher participation in the formal jobs compared to women*. An analysis of SLC/HBS data on selected transfers tends to suggest that access to non-poor (i.e. 4.42 % of total population) is significantly higher than the poor (i.e. 1.80 % of total population), and it tends to favour male over female.

Table 5: Share of poor and female in selected transfer schemes (2016)

Social Protection Transfers	Total % of Population	% of poor	% of non-poor	% of men	% of women
Government retirement pension	2.00	0.11	1.89	1.20	0.80
Pension from other former local employer	0.58	0.01	0.57	0.34	0.24
Pension from former foreign employer	0.46	0.04	0.42	0.26	0.20
Social security received	2.39	1.06	1.33	0.99	1.40
Public assistance programme	0.78	0.58	0.20	0.39	0.39
Scholarship allowance	0.02	0.00	0.02	0.00	0.02
Total	6.23	1.80	4.43	3.18	3.05

Source: based on SLC/HBS 2016

- Although no information is available, it is possible to conjecture the beneficiary selection errors since the SA/ALMP is designed to target only the poor, yet with low coverage threshold used in SL-NET 3, the exclusion and inclusion errors must be high. In theory and considering available studies with Proxy Means Test (PMT), selection errors could range between 60 to 70 per cent for Saint Lucia (see annex 8.2).

Summary Assessment of Saint Lucia's Social Protection System

Key findings of the above discussion are summarised below. It covers four important aspects – (i) social protection spending; (ii) beneficiary coverage; (iii) generosity (transfer amounts); and (iv) selection errors. Summary features highlight a social protection system in need of extensive reforms.

Table 6: Summary features of Saint Lucia's social protection system

Key SP Features	SA/ALMP	SI	SP System
Spending (% of GDP)	0.48 %	1.69 %	2.45 %
Coverage (% of Population)	2 % to 21 %	15.8 %	18 % to 35.4 %
Generosity (EC$ per-person/per-month)	$ EC 89 to $ EC 93	$ EC 660 to $ EC 880	$ EC 268
Selection Errors	60 % to 70 %	'NA'	

4. Socio-economic Impacts of COVID 19 and Responses

It transpired from various assessments conducted by the UN and other multi-lateral agencies that the impact of COVID 19 has been exorbitant. The recently published UN (2021)[15] report on 'World Economic Situation and Prospects' estimated that the global GDP declined by 4.3 per cent in 2020—the sharpest contraction of income since the Great Depression.

World Bank (June 8, 2020)[16] simulations on extreme poverty envisaged the increase in the global extreme poverty could range from 100 million against the international poverty line of $1.90 per day to 231 million under a higher international poverty line such as $3.2 per day.

According to ILO (2021), the world also experienced unprecedented job losses in 2020 compared to 2019 due to COVID 9. In total, 114 million jobs were lost in 2020 relative to 2019. In relative terms, employment losses were higher for women (5.0 per cent) than for men and employment losses were higher for young workers (8.7 per cent) than for older workers.

The UNDP and UN Women developed the COVID-19 Global Gender Response Tracker to monitor and assess the gender sensitivity of the COVID 19 measures. According to version 2 (i.e. March 21st, 2021)[17], the database contains 3,112 measures of which only 1,299 measures (i.e. 41.7 %) have been identified as 'gender responsive.'

Global response to mitigate COVID 19 shocks to save lives and livelihood, has also been extraordinary. Almost all countries proposed large stimulus packages to address COVID 19 shocks. The global fiscal response amounts to $12.7 trillion, including $5.9 trillion for additional spending and $5.8 trillion in liquidity support. At 15.8 per cent of world gross output in 2020, this is the largest fiscal response since the Second World War (UN 2021).

A large segment of the stimulus package focuses on social protection. A survey of social protection responses by countries by Gentilini et al. (2020), found that social protection – especially social assistance, emerged as the most important stimulus to save lives and livelihood during COVID 19. Given low coverage, inadequate and weak social protection systems, higher allocation with universal coverage (even for a temporary basis) has been advocated by the IMF (2020b)[18] and the World Bank. Martin Ravallion (2020)[19] suggested to allocate at least 2 per cent of GDP to social protection programmes to address COVID 19 impacts.

A UN report (2021) argued that 'the increasing vulnerability of hundreds of millions of people to economic, health and environmental shocks underscores the need for universal social protection. Stagnant wages and income—constraining levels of consumption and access to basic services—have made vulnerability an existential reality for millions in both developed and developing countries. Ubiquitous income and wealth inequality, with people at the top of the distribution enjoying unprecedented prosperity—while

[15] UN (2021), "World Economic Situation and Prospects", United Nations, New York, 2021.

[16] The extreme poverty assessment is based in two scenarios[16]—baseline and downside. The baseline scenario has global growth contracting by about 5 per cent in 2020 while the downside scenario presents a global growth contraction of 8 per cent in 2020

[17] https://data.undp.org/wp-content/uploads/2020/09/COVID-19_Global_Gender_Response_Tracker_Methodological_Note_20092020.pdf. Furthermore, Reference to this database should read as follows: UNDP-UNW COVID-19 Global Gender Response Tracker Policy Measures Dataset. Living database, version 2 (March 22, 2021). Accessible at https://data.undp.org/gendertracker/.

[18] International Monetary Fund (2020b), 'Managing the Impact on Households: Accessing Universal Transfers. Special Series on Fiscal Policies to Respond to COVID-19', IMF, Washington.

[19] Ravallion, M. (2020). On the virus and poor people in the world. Blog Post. Economic & Poverty: Martin Ravallion's website on the economics of poverty.

the bottom 40 per cent of the world's population lack access to basic food, shelter and health care—makes universal social protection not only a moral issue, but also an economic imperative.[20]'

4.1. Overview of Socio-Economic Impacts and Policy Response in Saint Lucia

UNDP, UN Women and UNICEF jointly assessed the socio-economic impacts of COVID 19 in Saint Lucia under the HEAT series[21]. Since, the economy is heavily dependent on the external tourism sector, three scenarios considering different reduction rates in tourist arrivals were used for the assessment, which were based on econometric models, regression techniques, descriptive statistics and simulations.

- Scenario 1: (-58% reduction in arrivals) based on the gradual opening of international borders and easing of travel restrictions in early July;
- Scenario 2: (-70% reduction in arrivals) based on the gradual opening of international borders and easing of travel restrictions in early September; and
- Scenario 3: (-78% reduction in arrivals) based on the gradual opening of international borders and easing of travel restrictions in early December.

The major findings of the HEAT report are captured in Table 7 below.

Table 7: Socio-economic Impacts of COVID 19: HEAT Assessment

Economic and social indicators	BAU (Pre Covid)	Scenario 1	Scenario 2	Scenario 3
GDP Size ($ Bill)	$ 1.92	$ 1.84	$ 1.78	$ 1.71
GDP Growth (%)[22]	1.5%	− 11%	− 14%	− 17%
Employment (%)	57.5%	− 11%	− 15%	− 18%
Female employment (%)	50.6%	− 11%	− 15%	− 18%
Male employment (%)	64.9%	− 10.7%	− 14.1%	− 17.4%
Unemployment rate (%)	18.3%	29.6%	32.2%	34.7%
Female employment (%)	18.9%	28.5%	32.2%	33.9%
Male employment (%)	14.9%	24.0%	26.9%	29.7%
Poverty rate %) *	25.0%	47.0%	53.0%	59.0%

Note: * The potential increase in severe poverty due to the pandemic has been estimated using the IFPRI35 finding that severe poverty is likely to increase by 2% for every 1% reduction in GDP. Thus, in scenario 1, 11% growth reduction led to 22% in additional poverty (47% => 25% + 22%)

Source: UNDP, UNICEF and UN Women (2020)

According to the HEAT report, the estimated/simulated socio-economic impacts are significant in Saint Lucia. The estimated reductions in GDP growth rates are significantly larger than the average growth rate reductions reported for SIDS (-6.8%), EU-27 (-7.4%) and G7 (-5.5%). Contraction of the economy usually followed with increasing unemployment and poverty. Accordingly, an exorbitant fall in national income (or GDP) led to an exorbitant increase in the unemployment and poverty rates. As expected, the employment (and unemployment) impacts have been found to be greater for the female work force than

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[20] The report further qualifies the above argument by stating that – as was seen during the global financial crisis, social protection enhances resilience and can act as an automatic economic stabilizer in cases of shock. Yet social protection is far from universal

[21] UNDP, UNICEF and UN Women (2020), 'Saint Lucia Covid-19 Heat Report Human and Economic Assessment of Impact,' Covid-19 Heat Series, July 2020.

[22] The estimated GDP growth rates reported in HEAT report have been found close to GDP growth rates reported in other reports such as -11.9 % in ECLAC July 2020 and -16.9 % in IMF 2020.

the male work force. The assessment also validates another well accepted hypothesis that economic shocks disproportionately affect the 'near poor' or vulnerable populations due to their low resilience.

ILO also conducted a rapid assessment of impact and policy responses at the end of Q3 2020 covering the English and Dutch speaking Caribbean labour markets. The report was based on an ILO model and surveys. The ILO rapid assessment report concentrated on working hours loss, employment-unemployment and labour income loss. Key observations for Saint Lucia are summarised in the table below.

Table 8: COVID 19 Impacts on Labour Market in Saint Lucia

Labour Market Indicators	2019 (year average)	2019 Q1	2020 Q1
Labour Force Participation (%)	71.0	71.5	69.9
Male (%)	75.7	76.0	78.0
Female (%)	*66.5*	*67.4*	*62.2*
Employment to population rate (%)	59.0	60.5	57.6
Male (%)	64.4	66.6	67.1
Female (%)	*53.9*	*54.7*	*48.6*
Unemployment rate (%)	16.8	15.5	17.6
Male (%)	14.9	12.4	14.0
Female (%)	*18.9*	*18.8*	*22.0*

ILO (2020)

- The rapid assessment reported a substantial reduction in working hours in Saint Lucia (as in other countries in the Caribbean), leading to a large drop in the labour force participation rate, the employment to population rate and a consequent increase in the inactivity rate in the first quarter of 2020 compared with the previous year (i.e. both year average and Q1 of 2019).

- According to the Q1 2020 values of all three indicators compared to the 2019 values, women fared worse than men.

- Youth unemployment (not shown in the table above) increased to 37 per cent in Q1 2020 from an average value of 31.6 per cent in 2019. ILO thus suggests that '*at least during the first phase of the pandemic, unlike in other countries, youth in Saint Lucia continued to actively look for employment and did not move out of the active labour force*.'

4.1.1. Simulated Impacts of COVID 19 in Saint Lucia

Following accepted best practices, a socio-economic impact assessment of COVID 19 was conducted by the consultant using an integrated modelling system involving a Saint Lucia specific Social Accounting Matrix (SAM), Computable General Equilibrium (CGE)[23] model and Poverty model (please see annex 8.1 for details). The Saint Lucia CGE model has been calibrated to SAM 2016. Only one simulation was conducted to assess the impact of COVID 19 and it was set up assuming a 50 per cent reduction in tourism exports (e.g., accommodation services, food and beverage services and part of the transportation services) and a four week lock down of the domestic economy.

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[23] Computable General Equilibrium model is a numerical specification of an economy calibrated to a consistent macro-economic data set – usually a Social Accounting Matrix for a particular year. CGE generally specified via 5 blocks such as: production and supply, income and expenditure, international trade, prices and equilibrium conditions.

The simulation outcomes are presented for key indicators such as economic growth, job losses, household level income or consumption and poverty rate. The classification of the labour factors and households by gender (as represented in the SAM 2016), allows impact assessment by gender.

Figure 7: Simulated socio-economic impacts of COVID 19 in Saint Lucia

Panel A: Impact on GDP growth rate (% change over 2019)
Panel B: Job loss (% change over BAU)
Panel C: Household income loss (% change over BAU)
Panel D: Poverty effects (% of population)

Note: BAU scenario refers to pre-COVID 19 scenario.
Source: based on Saint Lucia CGE model and poverty model

Analogous to the UN system assessments, the simulated impacts are huge in Saint Lucia. GDP growth rate declined by 16 per cent compared to the pre-CoVID 19 GDP growth rate. Both job losses and household consumption reductions are exorbitant – more than 35 per cent compared to pre-COVID 19 values.

This simulation outcomes confirm that the impact on women workers and women-headed households was larger than on men. Simulated poverty impacts are also high and substantially higher for women-headed households (i.e. 29.8%) compared to male-headed households (i.e. 20.1%). Overall poverty rates

have been simulated to increase by 25 percent suggesting head count poverty rate increased to 50 per cent in from the pre-COVID 19 rate of 25 per cent.

4.1.2. Responses to Mitigate the Impact of COVID 19 in Saint Lucia

Overview of Responses in Saint Lucia

Saint Lucia launched the Social Stabilization Plan (2 percent of GDP) on April 8, 2020 to address the socio-economic fallout of COVID 19. The plan focused on those who had completely lost their income and the most vulnerable (elderly, persons on the poverty list and persons waiting to be on it).

In addition, in July 2020, the Prime Minister of Saint Lucia unveiled an EC$548.4 million (USD 214.6 million) *Economic Recovery and Resilience Plan* to deal with the impact of COVID-19. The plan contains six key pillars – (i) stimulating the economy; (ii) fast tracking of shovel ready capital investment projects; (iii) strengthening social protection systems; (iv) resilience building of productive sectors; (v) building resilience in the health sector and (vi) climate change and disaster risk mitigation. The plan is expected to be implemented with the support from several development partners. The plan envisages that EC$ 16.4 million (i.e. which is 3 per cent of the EC$ 548.4) will be allocated to strengthening social protection; of this amount, EC$ 6.8 million has been allocated to direct transfers to beneficiaries while the rest – EC$ 9.6 million – is argued to benefit the beneficiaries indirectly.

Description	Budget (Millions in XCD)
Expand Saint Lucia's Public Assistance Programme by 1000 households (2,600 to 2,600)	1.7
Provision of COVID-19 cash top-ups to households with marginalized persons and persons living with disability	0.3
Provision of COVID-19 care packages to indigent poor and vulnerable households	0.3
Micro-finance loans to households to diversify into small and micro enterprise and cottage industries	0.5
Rural Community Small Projects Economic Stimulation Initiative	4.0
Duty Free Concessions on Vehicles to Essential Service Staff	9.6
Total	**16.4**

The World Bank (2020)[24] in a report estimated the size as well as composition of fiscal responses by the Latin American and Caribbean countries. According to the WB, with 12 per cent of GDP fiscal support – the highest intervention has been found for Saint Lucia (please see Annex 8.4 for details). WB also reported the distribution of fiscal stimulus by four types of interventions – *(i) social transfer; (ii) health care; (iii) support to firms; and (iv) others* – portray some interesting patterns. In around 36 per cent of the sample countries – more than 50 per cent of the fiscal stimulus funds have been allocated for social transfers. Panama – with 80 per cent allocation – has the largest allocation for the social transfer. Other countries with large social transfer allocations include Chile, Brazil, and Costa Rica etc. It has been argued by the WB that *the countries with relatively better social protection systems have been able to expand the social transfer interventions during COVID 19.*

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[24] World Bank (2020), "Cost of Staying Healthy: Semi-annual Report of the Latin America and Caribbean Region,' October 2020.

Saint Lucia allocated around 10 per cent of her fiscal stimulus funds to social protection interventions. Around 5 per cent of the allocation went to health care interventions. Support to firms constituted 3 per cent of the total allocation. The country however, allocated more than 80 per cent of the fiscal stimulus on other interventions.

Figure 8: Distribution of the COVID 19 Fiscal Responses in Saint Lucia
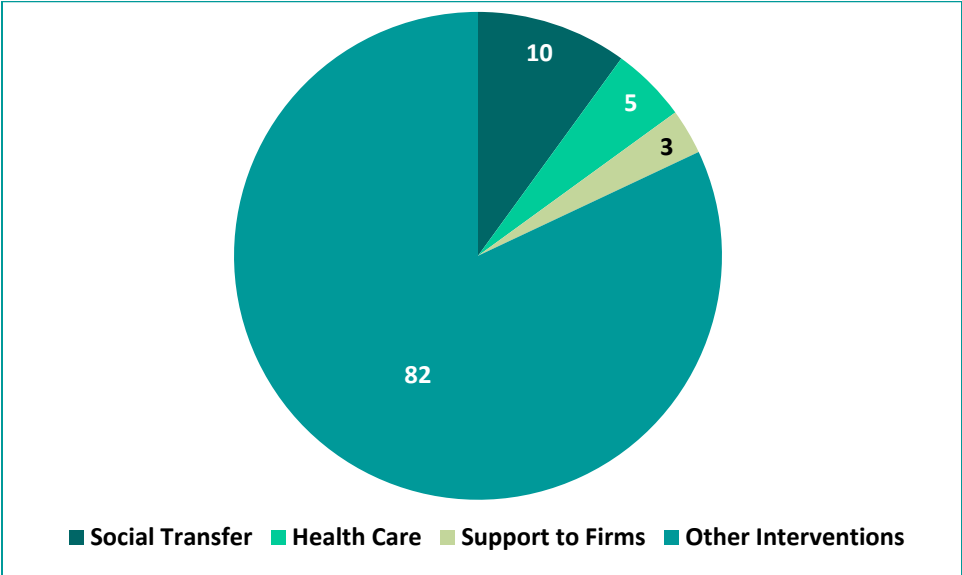
Source: World Bank (2020)

Gender Responsiveness in Saint Lucia

Enough data and information are not available to conduct a comprehensive or in-depth assessment of the gender responsiveness of social protection (i.e. in terms of scale, scope, efficiency, and effectiveness) measures launched during COVID 19 in Saint Lucia. In order to gather some insight into the gender responsiveness of the social protection measures, interviews of twenty-one (21) COVID 19 social protection beneficiaries have been conducted. Moreover, the outcomes of the UNDP/UN Women supported global gender responsive tracker have also been examined.

Summary of Beneficiary Perception

A small-scale rapid assessment has been carried out to generate citizens' perception of GoSL' s COVID 19 measures. A total of twenty-one (21) interviews were conducted between March 18, 2021 and April 20, 2021. A structured questionnaire was used. Interview participants were identified with support from staff of the Welfare Services Unit, Research Unit and Social Transformation Officer of the Ministry of Equity, Social Justice and Empowerment.

The responses of the beneficiaries have been summarised in table below under broad headings such as description of the schemes, transfer amounts, duration and adequacy. The last column provides an assessment of the gender responsiveness of the measures. Description of the measures suggest that gender aspects were not considered in the design of these measures. Most of the respondents found the duration and transfer amount inadequate compared to their needs.

Table 9: Summary of Beneficiary Perception

Schemes	Description	Transfer amount	Duration	Adequacy	Gender Responsiveness*
ERP	Individuals who contributed to the National Insurance Fund of the NIC but became jobless	$500–$1500 per month based on insurable earnings	3 – 6 months	Inadequate 12 months Until job market improves	*Male biased* due to their higher presence in formal employment
ISP	Individuals who did not contributed to the National Insurance Fund of the NIC but became jobless	$500 per month	3 months	Inadequate 12 months Until job market improves	*Neutral or slightly Male biased*
PAP	Horizontal expansion of PAP from for additional 1,000 households to provide support (mainly cash) qualifying households.	$215 – $465 per month based on size of household	6 months & ongoing	Inadequate Until job market improves	*Female biased* due to their higher presence in PAP (but inferior to ERP/ISP)
NMP	Government collaborated with the private sector (the St Lucia Hotels and Tourism Association (SLHTA)) to provide meals to needy and vulnerable persons across the island.	Varied from Meal to vegetable Box to hygiene kits	3 months Extended in some areas	Inadequate Until job market improves	*Neutral or slightly Female biased* due to their higher presence in PAP (but inferior to ERP/ISP)
LEP	The aim is to provide short to medium term jobs created through various schemes (i.e. the Home Caregiver Programme, Caretakers Programme and Short-term Employment Programme (STEP)).	Various: $1,100 for home care givers Average $900 per month for Caretakers Daily $60 paid for roadside work	Ongoing – Home Caregivers Periodic (Caretaker & STEP) but irregular	Care: permanent STEP: For longer duration	*Mixed* as it appears that care programmes tend to be female centric, but STEP tend to favour male

Note: ERP denotes Employment Relief Programme; ISP refers to Income Support Programme; PAP stands for Public Assistance Programme; NMP refers to National Meals Programme; and LEP denotes Labour Market Enhancement.
*Refers to author's conjecture
Source: Beneficiary rapid assessment

Summary of Global Gender Responsive Tracker

Review of information and reports from the UNDP/UN Women, the World Bank and ILO envisaged that as many as 22 COVID 19 focused measures or interventions have been implemented by the GoSL (please see Annex 8.4). Out of these 22 measures – 10 to 11 measures fall under the purview of social protection. Three can be categorised as tax/revenue related measures while the remaining eight are labour market interventions.

Using the COVID 19 global gender responsive tracker (Version 2), the gender responsiveness of the measures undertaken and implemented in Saint Lucia, has been assessed. The outcome of the assessment is summarised in the table below. Only two measures satisfy the 'gender responsiveness' criteria adopted in the tracker. These two measures intend to improve the economic security of women in Saint Lucia. No measures have been implemented to address gender-based violence.

Similarly, no intervention has been found to directly support unpaid care work.

Table 10: Gender responsive social protection and fiscal measures in Saint Lucia

Policy Measure Category	Policy Measure Sub-Type	Policy Measure Description	Addresses violence against women (K)	Targets women's economic security (L)	Directly supports unpaid care (M)
Social protection	Cash transfers (conditional and unconditional)	PAP for additional 1,000 beneficiaries	NO	YES	NO
Social protection	Cash transfers (conditional and unconditional)	NIC for informal workers	NO	NO	NO
Social protection	In-kind support	COVID-19 Hygiene Care Packages	NO	YES	NO
Social protection	In-kind support	Educational Assistance Program	NO	NO	NO
Social protection	Utility, housing and financial support	Income support programme	NO	NO	NO
Social protection	Unemployment benefit	NIC for formal workers	NO	NO	NO
Social protection	In-kind support	Meals programme	NO	NO	NO
Social protection	Utility, housing and financial support	Electricity subsidy	NO	NO	NO
Social protection	Cash transfers (conditional and unconditional)	Vertical expansion of selected grants	NO	NO	NO
Social protection	In-kind support	Price control	NO	NO	NO
Social protection	Utility, housing and financial support	Interest waiver on all taxes due in March 2020.	NO	NO	NO

Note on methodology: 'The database combines _two approaches_ in determining what constitutes a _gender sensitive measure_. The _first approach_ defines measures taken to tackle violence against women and girls in the COVID-19 context as gender-sensitive by default. The _second approach_ consists of looking at a broad range of social protection, labour market, economic and fiscal measures taken in response to COVID-19 and identifying a subset of gender-sensitive measures. Social protection and labour market measures are defined as gender-sensitive if they target women's economic security or address unpaid care. Fiscal and economic measures are defined as gender-sensitive if they provide support to female-dominated sectors of the economy, on the assumption that this is likely to protect women's employment and thereby their economic security. The assessment is conducted based on the available information about policy design. The coding results for gender-sensitivity can be found and filtered in columns K, L and M.' According to Version 2, the last point of data refers to March 2021.

Source: based on COVID 19 global gender responsive tracker (Version 2)

Although, macro-simulation outcomes (discussed above) suggest larger impacts of COVID 19 on female workers in terms of job losses and female headed households with respect to higher poverty in Saint Lucia, social protection measures implemented by Saint Lucia during COVID 19 do not suggest that gender aspects were considered in the design of these measures.

Additional or new measures have also not been introduced to address the relatively higher impact faced by the female workers and female-headed households. Hence it was not possible to assess their efficiency or effectiveness with respect to gender responsiveness of the measures. It appears that there are major gaps in the design of COVID 19 measures from a gender perspective.

5. Developing Gender and Shock Responsive Life Cycle SP System for Saint Lucia

The above analyses suggest a weak social protection system in Saint Lucia with low spending and coverage. As a result, intended benefits could not be reaped (i.e. smoothing of consumption and sustained reduction in poverty) from the social protection investments in Saint Lucia suggesting significant scopes for improvements. The underdeveloped state of the social protection system calls for its reform with a time bound action plan. The future social protection reform should focus on the following features:

(i) adoption of schemes addressing the life cycle risks and shocks as well as addressing poverty/vulnerability

(ii) horizontal and vertical expansion of social assistance schemes to cover at least poor and preferably vulnerable citizens

(iii) introduction or expansion of labour market schemes with an aim to facilitating gradual transition of informality to formality

(iv) consolidation of fragmented programmes/schemes contingent of evaluation, system improvements focusing on the development of management information system (MIS), Government-to-Person (G2P), and social registry

(v) determination of an implementation strategy considering capacity and fiscal affordability

Saint Lucia should explore transitioning from the current 'poor relief'[25] social protection model to the 'lifecycle' approach to social protection system which is better suited to addressing citizens' needs.

"*In an almost sharp contrast to the poor relief approach, there came a more comprehensive approach to social protection which is a lifecycle approach. It reflects that individuals face different risks and vulnerabilities at different stages in life, and that social protection can be designed to address these risks at each stage. It is a provision of basic social protection to citizens from the cradle to the grave. The lifecycle approach was adopted by some European countries like Sweden in the early decades of the twentieth century. It was introduced into the UK in 1945 and then came to be used across developed countries; also, in a range of developing countries. The main characteristic of the lifecycle approach is that it involves long term planning -programmes directed at particular stages of the life cycle. It focuses resources on particular lifecycle risks.*[26]**"**

Figure below captures lifecycle vulnerabilities across five specific age groups –

(i) early childhood; **(ii)** school age; **(iii)** youth; **(iv)** working age; and **(v)** old age.

A special group with disabilities is included to address their specific needs which may not be fully covered by addressing the needs of the above five groups. Moving out of the 'poor relief' model to embrace a comprehensive 'lifecycle' approach should be a medium-term strategy (preferably by 2028).

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[25] The poor relief models were first adopted by rich European countries during the 18th and 19th centuries to combat rising poverty associated with industrial revolution and rural to urban migrations.

[26] **Source:** SSPS. n.d. "Lifecycle Approach". Social Security Policy Support (SSPS) Programme Website. <http://socialprotection.gov.bd/blog-post/lifecycle-approach/>. Accessed 12 June 2020.

Figure 9: Social protection schemes addressing life cycle risks

- **Unsafe birth**
- **No access to ante-natal / post-natal care**
- **No immunization**
- **Chronic malnutrition**
- **Inadequate cognitive development**
- **Loss of parental care**

Pregnancy & infancy
(e.g. maternal & child grants, maternity benefits)

- **Increasing frailty**
- **Inability to work**
- **No care from family**
- **Discrimination in labor force**

Old age
(e.g. family allowances, pensions, health insurance)

- **Child labor**
- **Malnutrition**
- **Loss of parental care**

Early school years
(e.g. fee waivers / stipends, child grants, family allowances, school feeding)

Cross-age risks
(e.g. economic shocks, disasters, poor health, gender discrimination)

Disability & Chronic illness

Working age
(e.g. life health & accident insurance, unemployment benefit, Childcare, public works, subsidized crop insurance)

- **Unemployment/ underemployment/Unpaid & Invisible work**
- **Debt**
- **Loss of land and livestock**
- **Accidents**

Adolescents & youth
(e.g. school bursaries / stipends)

- **School drop-out**
- **Inability to access tertiary education**
- **Unemployment/ underemployment**
- **Not in education, employment & training**
- **Early motherhood**

Source: Author's representation based on Save the Children (2020)

5.1. Proposed Social Protection Schemes

The proposed social protection schemes are designed to address the life cycle risks faced by ordinary Saint Lucians, covering risks from early childhood and pregnancy to old age, and to assist the GoSL in enhancing resilience among families. The coverage, transfer amount and allocation in each of the proposed schemes have been designed considering fiscal constraint aspect.

5.1.1. Proposed Social Assistance Schemes for Children

Children are the future of Saint Lucia, and thus it is important to provide support in their early years and while they move through school. Investment in children will not only improve their wellbeing when young but will provide the nation with a much more effective labour force, as they move into adulthood. Many of the challenges that the current working age population face are the result of insufficient investment in them when young. These challenges correlate with a high incidence of poverty such as in Saint Lucia where poverty among households with children 0 to 14 is disproportionately high.

In addition to continuing to strengthen investments in the social sectors (i.e. education and health sectors), the GoSL could also introduce a number of social assistance schemes directly targeted at children. These could include a) child grants; b) and a child benefit for school-age children mainly through programme consolidation; and c) maternity grants for poor pregnant women.

5.1.1.1. Child Grant Scheme

The period of pregnancy and the first 1,000 days of a child's life are critical for his or her future development. During this period, ensuring adequate nutritious food is critical for their physical and cognitive development. Due to a lack of income or resources, poor families are unable to provide mothers and young children with an adequate diet, resulting in stunting, under-weight, and obesity and eventually low productivity in the working age. There is ample evidence[27] to suggest that the provision of a child benefit can significantly improve nutritional outcomes in young children as well as improve the poverty situation.

Thus, one of the core social assistance schemes would be to provide support to young children up to the age of four years through a Child Grant scheme (CGS). The scheme could provide a monthly transfer of EC$ 268 (the monthly transfer amount of EC$ 268 represent 50 % of the monthly upper poverty line of EC$ 536 for 2016; the transfer amount is however 51% higher than the monthly indigence line of EC$ 177) at 2016 prices to each child that is to be paid to the primary caregiver (male or female custodial parent of guardian who has day to day responsibility for the care of the child living in their household). Each caregiver will receive the transfer *for up to two children* to ensure that no incentives for higher fertility are established.

While income transfer would be of critical assistance, it also recognises that a wide range of other interventions to support pregnant women, young children and their mothers are needed for healthy living. This would include an expansion of support through the health system, a more effective programme of health promotion – including to girls in secondary school complementing social transfer programmes and improvements in water and sanitation. In the health sector, the GoSL should continue to explore the

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[27] For detailed discussion please refer to the ILO (2017b) and ILO (2019).

potential for strengthening initiatives to provide behavioural changes to the children experiencing obesity and malnutrition.

Key Parameters:

- *Targeted beneficiaries: Children aged 0 to 4*
- *Coverage (Children): 37 per cent (poverty threshold) or 60 per cent (vulnerable threshold)*
- *Inflation Indexed[28] Monthly transfer amount: EC$ 268 per person*
- *Period: 12 months*
- *Implementing Agency: MoEq*
- *Administrative overhead: 8 per cent of the total scheme cost[29]*

5.1.1.2. Child Benefit for School-age Children

Poverty and vulnerability rates are equally high among school age children (i.e. 36.1 % and 49 % in children aged 5 to 9; and 31.1 % and 47 % in children aged 10 to 14), making a strong case for child benefit for them to address poverty and vulnerability.

As many as six schemes are in operation to provide assistance to school children. They include the – School Feeding Programme, School Bus Transportation Subsidies, Bursary Support, School Book Support, NELU and NELP. Impacts of these schemes on their performance (by education indicators) as well as poverty/vulnerability are not known. However, given the high level of poverty and vulnerability among the school age children it is conjectured that their impacts – especially on poverty may be small.

A two-stage approach may be adopted to design social assistance for school age children:

(i) GoSL may evaluate the current schemes targeted for school children to assess their selection efficiency, adequacy and overall effectiveness. On the basis of the evaluation outcomes, GoSL may decide to improve the current schemes;
(ii) GoSL may also decide to supplement the current schemes with a cash benefit scheme (e.g. child benefit) or replace them with a cash benefit. The cash benefit scheme may be made eligible for school age children. The key parameters of the child benefit scheme for school age children are provided below.

Key Parameters:

- *Targeted beneficiaries: School children aged 5 to 14*
- *Coverage: 34 per cent (poverty threshold) or 50 per cent (vulnerable threshold)*
- *Inflation Indexed Monthly transfer amount: EC$ 268 per person*
- *Period: 12 months*
- *Implementing Agency: MoE*
- *Administrative overhead: 8 per cent of the total scheme cost*

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[28] It is proposed to inflation indexed all social assistance schemes to preserve real of the transfers.
[29] Global estimates for targeted cash transfer schemes are around 8 per cent. We used this rate to set administrative overhead for targeted cash transfer schemes in Saint Lucia.

5.1.2. Scheme for Youth and Working Age

Unemployment rates are high in Saint Lucia. Youth and female unemployment rates are exorbitantly high (please refer to sub section 2.6 under section 2). Thus, most appropriate interventions to ensure employment of the working age population are education (including skill development) and labour market strategies/policies rather than social protection. Social protection can play an important complementary role to protect the welfare of the work force but employment generation including decent work is the responsibility of the 'employment policy' as well as the 'investment strategy'.

It is argued that the best way to address poverty among youth and working age adults is to provide them with access to work – especially decent work, including their own income generating activities. Given the high level of youth unemployment rate (i.e. 37.6%), there is a growing concern about their welfare. The most important policy challenge for young women and men is to enable them to complete their formal education and learn the skills that will make them effective participants in the labour market. This is a long-term challenge for the education and training policy of the GoSL and efforts (e.g. TVET, and apprentice programmes etc.) have been launched to address this. The Government should continue to collaborate with development partners, the private sectors and NGOs to pilot focused training programmes to equip the youth with skills that would help them to access the labour market. Efforts should also ensure that youth are provided with vocational training and low-cost financial assistance to develop their own enterprises. In addition, the GoSL should encourage initiatives to improve markets, specifically markets for the poor – and schemes to improve the enabling environment for business. Without such initiatives, job opportunities will remain limited.

The priorities for the Government's social security support to youth and working age adults are set out in this section. Given the fiscal space consideration, over the short and medium term, it is not possible to encompass all of those in need (although most vulnerable households should receive transfers from other lifecycle schemes). Therefore, the GoSL would initially prioritise youth and vulnerable women while taking initiatives to streamline and increase the effectiveness of workfare schemes and establishing an unemployment insurance scheme. More specifically the following schemes are proposed:

- Schemes for Youth: it is expected that the implementation of the schemes for the working age population (discussed below) will also benefit the Youth population, as they will also have access to these schemes. In addition, the current schemes implemented in Saint Lucia would need to be continued and expanded as required after a thorough review.

- Schemes for the working age women: this includes cash transfer and skill development scheme for the most vulnerable women, maternity protection for women in the informal sector and extension of the maternity benefits for women in the formal sector. Considering the high level of unemployment among female workforce, a scheme on livelihoods (i.e. small-scale asset creation) and graduation may also be piloted to assess its suitability and scalability in the context of Saint Lucia.

- Schemes for the working age: the working age population may be supported by two schemes – one for the formal sector working age population and the other for the informal sector working age population. The global evidence suggests the efficacy of unemployment insurance schemes that protect the unemployed with a time bound cash transfer and assists them with job search to transition

to a new job. Thus, Saint Lucia should introduce a comprehensive unemployment insurance (UI) scheme for formal (as well as for the self-employed and informal sector) employees. Although, introducing UI has been in discussion in Saint Lucia, this will be new scheme and hence may be piloted for suitability and scalability in the context of Saint Lucia. Following the widespread use of the 'workfare' schemes, a similar scheme has also been proposed for the unemployed (i.e. structural and transitory) informal sector workforce. The scheme will include cash transfers, job search assistance and short skill development support.

5.1.2.1. Schemes for Youth

As mentioned above, as many as 13 interventions have been implemented in Saint Lucia to promote youth employment (the list is provided below).

Employment Support Schemes for Youth	
National Apprenticeship Programme (NAP)	Canadian Imperial Bank of Commerce (CIBC) First Caribbean International Bank's annual summer internship programme
Summer Employment Programme	Inter-American Institute for Cooperation on Agriculture (IICA Internship Programme
Youth Summer Employment Programme	Sir Arthur Lewis Community College (SALCC) Internships
Youth Service Corps (YSC)	Caribbean Jobs and Hired Caribbean online platforms
National Skills Development Centre (NSDC) Internships	Government of Saint Lucia (GoSL) Job Search Portal
Mampa Employment Agency	Other small internships
Ad hoc Career Readiness Workshops	

Source: ILO (2020)

The ILO (2020) report argued that '*despite this host of programmes, interventions of this nature in Saint Lucia are largely constrained by limited funding which in turn limits intake and capacity. Taken together, these programmes serve just around 14 per cent of unemployed youth, and less than 4 per cent of all youth, in general*.'

Thus, scaling up of these schemes with adequate funding, reaching larger number of youth and improving effectiveness may be the right step to promote youth employment and their welfare in Saint Lucia. The proposal is to cover poor and vulnerable youth with a stipend, skill development training and support to launch enterprises.

Key Parameters:

- *Targeted beneficiaries: Youth*
- *Coverage: Targeted (29 % poor youth and 42 % vulnerable youth)*
- *Funding: per capita spending EC$ 268 (inflation indexed)*
- *Period: 6 months*
- *Implementing Agency: MoE and MoEq*
- *Administrative overhead: 8 per cent of the total scheme cost*

5.1.2.2. Scheme for Working Age Women

Support for Vulnerable Working Age Women

Single women – especially adolescent girls and those with children – are among the most vulnerable category of the population. Thus, it is proposed to focus on providing support to vulnerable women – including single parents – to provide them with a minimum income guarantee while also enhancing their ability to engage in the labour market.

In addition, it is also important to continue with the human development and enterprise support provided to women as part of the GoSL' s commitment to empowering women. The Government may provide an estimated 5,000 (estimation based on female working age population, female labour force participation rate and female unemployment rate of 2019) women and adolescent girls per year with additional capacity development and enterprise support for a period of 6 months.

Key Parameters:

- *Targeted beneficiaries: Female Working age 15 to 64 in the informal sector*
- *Coverage: estimated 5,000[30]*
- *Inflation Indexed Monthly transfer amount: EC$ 268 per person for 6 months (in addition to the skill development borne by other ministries)*
- *Period: 6 months*
- *Implementing Agency: MoE and MoEq*
- *Administrative overhead: 8 per cent of the total scheme cost*

Maternity Protection (Informal Sector)

Under this scheme beneficiaries would be paid a monthly transfer amount of EC$ 268 for a period of 12 months. After one year, the scheme will automatically be transferred to the child grant (please see Annex on maternity protection through social assistance). This may be a conditional cash transfer with conditions attached such as the beneficiaries attending at least four (or determined during the preparation phase) antenatal medical exams, or health and nutrition sessions every two months (exclusive of breastfeeding), depending on availability of services, and present their children for regular routine medical checks, and vaccinations.

Key Parameters:

- *Targeted beneficiaries: Working age 18 to 45 (childbearing age)*
- *Coverage: 4,000 (estimated due to lack of information regarding pregnancy rate in vulnerable women between age 18 and 45)[31] vulnerable mothers mainly from the unorganized/informal sector*
- *Inflation Indexed Monthly transfer amount: EC$ 268 per person for 12 months (until they are transfers to the child grant scheme)*
- *Period: 12 Months*
- *Implementing Agency: MoEq*
- *Administrative overhead: 8 per cent of the total scheme cost*

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[30] The estimated number of female beneficiary between aged 15 to 64 is 40,379. Female working age employment to population ratio is 59 %. Thus, the number of women looking for employment is 23,783. Given that female in informal sector is 22%, it suggests approximately 5,000 working age women in the informal sector as the target group.
[31] More information is needed for better design of this scheme.

Maternity Insurance (Formal Sector)

According to ILO (2017b), 'maternity protection ensures income security for pregnant women and mothers of new-born children and their families, and also effective access to quality maternal and child health care. It also promotes equality in employment and occupation. Worldwide, 45 per cent of women in employment are covered by law under mandatory maternity cash benefit schemes, with large regional variation.'

Many countries help women in employment by providing them with a maternity benefit to enable them to take leave from work following the birth of a child. There are three financing mechanisms for the provision of maternity payments: government assumes responsibility; the employer assumes responsibility; or the employee assumes responsibility – jointly with the employer – by accessing maternity insurance.

Box 4: Global parameters for maternity insurance

The adequacy of cash benefits provided during maternity leave to meet the needs of mothers and their babies are assessed in terms of duration and amount.

Duration: In order to allow women to recover fully after childbirth, 99 countries out of 192 provide at least 14 weeks paid maternity leave, meeting the standards of Convention No. 183 passed in 2000. Out of them, 37 countries provide 18–26 weeks, and 11 more than 26 weeks. In 49 countries, the length of paid maternity leave is 12–13 weeks, which still meets the minimum standard set out in Convention No. 102. In 30 countries, maternity leave with cash benefits is less than 12 weeks.

Benefit Amount: the level of the maternity cash benefit, calculated as a proportion of women's previous earnings for a minimum number of weeks of paid maternity leave, varies widely across countries. In 73 out of the 192 countries, women are entitled to paid maternity leave of at least two-thirds of their regular salary for a minimum period of 14 weeks, meeting the benchmark of Convention No. 183. In 26 countries, women are entitled to 100 per cent of their regular salary for at least 18 weeks, meeting the highest standard set out in Recommendation No. 191. In other six countries benefit at a fixed level (for instance, the minimum wage) are provided. This leaves a large number of countries (52) in which women are entitled to benefit at a level lower than 67 per cent of previous earnings for a minimum of 12–13 weeks, which falls short of the benchmark of Convention No. 183, but is still in compliance with the minimum requirements of Convention No. 102. In 32 countries, the cash benefit corresponds to less than 45 per cent of the previous salary and/or the period of paid maternity leave is under 12 weeks.

Source: ILO (2017b)

Saint Lucia has a fairly well-developed maternity insurance scheme for formal sector workers. The private sector legally offers employees 13 weeks leave with pay. '*The maternity allowance is paid at a rate of 65 per cent of the average of the 10 months immediately preceding the month of expected confinement.'*[32] In the public sector, women employees are entitled to 12 weeks maternity leave with full pay[33]. Thus, current provisions in Saint Lucia are more or less aligned with the minimum 14 weeks of maternity leave recommended by ILO's Maternity Protection Convention 2000, although there is still room for improvement in both private and public sectors.

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[32] https://www.stlucianic.org/home/maternity-benefit
[33] Source: Staff Orders for the Public Service of Saint Lucia Chapter 6.26

The main challenge is to design an affordable maternity insurance scheme for the self-employed and for women working in the informal sector. An option is that they could be encouraged to contribute to a monthly flat rate of EC$ 250 per month with a matching contribution from GoSL under maternity scheme for self-employed women workers to be administered by the NIC.

The GoSL should conduct a review to improve formal sector maternity insurance scheme as well as the feasibility of introducing maternity insurance for the informal sector. Following the review findings, the parameters of this mechanism will be re-established during the implementation of the proposed social protection (i.e. in the medium term). As part of good practice, all members – male and female – may be encouraged to pay the maternity insurance contribution since, if the burden for payment is placed on only women, this would increase the costs of female labour and discourage employers from contracting women. Payments will also be shared by employees and employers. For women employed in the informal sector low cost provisions may be designed with government sharing part of the payments.

Childcare Services

A key factor behind relatively lower participation of women in labour market is lack of care services – especially child care. Globally, trade-off has been clear with women shouldered the responsibility of child care limiting their participation in the labour market[34]. Although, Saint Lucia specific data is not available, available global evidence suggests that extent of time used by women for care and related activities has increased manifold during COVID 19[35]. Provision of affordable child care (and other care services) services has thus emerged as a major policy recommendation to support higher participation of women in labour market.

Available statistics suggests that in FY 2019 more than 45 percent of Children aged 0 and 4 have access to child care facilities in Saint Lucia provided by the public and private sectors. As expected, large variation has been found in the cost of child care by public and private sectors. According to the 'Early Childhood Education Unit, Department of Education, Innovation and Gender Relations', in the government operated centres, parents pay a nominal fee of EC$130 for the first term and $110 for Term II and Term III, respectively. All operating costs are met by the GoSL. However, in the privately operated centres parents pay anywhere from EC$200 per month up to EC$700 based on services and location.

Table 11: Child Care coverage in Saint Lucia

	2014-15	2015-16	2016-17	2017-18	2018-19
A Day Care (age 0-2)					
Total Day Care Centres	39	38	39	37	36
Total Enrollment	1,390	1,447	1,537	1,381	1,337
Total Caregivers	137	142	152	140	119

[34] According to UNHLP (2017) Women's unpaid care burden reduces their capacity to participate in other economic activity and is a major barrier to their economic empowerment.

[35] According to 'Women in the Workplace 2020, LeanIn.Org and McKinsey, 2020, women in theworkplace.org,' in USA among dual-career couples, mothers are twice as likely as fathers to spend an extra five hours a day on chores since the COVID 19 crisis began. As a result, a record number of women have left the US workforce during the COVID-19 crisis (McKinsey and Company, June 2021). As a solution, the McKinsey article suggest 'a drastic overhaul, something approximating universal childcare, is necessary, in addition to maternity leave. That all goes together.'

	2014-15	2015-16	2016-17	2017-18	2018-19
B Pre School (age 3-4)					
Total Pre Schools	97	100	99	94	94
Total Enrollment	3,553	3,633	3,572	3,482	3,504
Total Caregivers	327	359	350	357	313
Total Enrollment	**4,943**	**5,080**	**5,109**	**4,863**	**4,841**
Percent of Children (0-4)	**48.1**	**49.0**	**48.9**	**46.1**	**45.5**

Source: Education Digest 2019, A publication of the Corporate Planning Unit, Department of Education, Innovation and Gender Relations, Government of St. Lucia

GoSL may expand the child care services such that around 80 percent of the children can access the services at an affordable (or no cost for single parents). This suggests that current coverage of the child care services needs to be expanded by about 35 per cent from the current coverage of 45 per cent.

5.1.2.3. Scheme for Working Age Population

Introduction of Unemployment Insurance

A flexible labour market is a necessary component of a successful economy, as it enables labour to move from business sectors that are failing to those that are emerging or growing. However, a flexible labour market is only possible if an effective system is in place to support those who may lose their jobs. It is noted that a proposal to introduce an unemployment insurance (UI) scheme has been submitted to NIC by ILO. The parameters of the proposed UI for Saint Lucia have yet to be disclosed. But it is expected that there will be provisions for the participation of the self-employed and informal sector workers into the proposed UI. Following global practices, the UI will be fully financed by employers and employees – perhaps with a subsidy by GoSL for informal sector workers.

Introduction of Workfare Schemes

In order to support workers – especially workers in the informal sector who are usually poor and vulnerable – GoSL may decide to introduce a workfare scheme (similar to the public works programmes) for a limited time period with conditions. The conditions are that the enrolled beneficiaries must look for jobs as well as undertake training as determined by the authorities.

The prime objective of the scheme is to assist the poor/vulnerable informal sector workers who lost jobs due to natural disasters/sudden collapse of the local economy (e.g. as was experienced during COVID 19) with transfers so that the family does not slip back in to poverty, and provides the critical cushion to transition to a new job with supports including job search, job placement and training.

Key Parameters:

- *Targeted beneficiaries: Vulnerable working age population*
- *Coverage: Targeted – Poor and Vulnerable (19 % and 30% of all working age population age 15 to 64 years)*
- *Period: 3 months*
- *Inflation Indexed Monthly transfer amount: EC$ 268 per person*

- *Implementing Agency: MoEq*
- *Administrative overhead: 8 per cent of the total scheme cost*

Learning from the (1AZAM) scheme, which is being implemented in Malaysia, the scheme may be extended to provide entrepreneurial support services; assistance in setting up small agricultural businesses through the provision of seeds, equipment and machinery; support for the setting up of small service-oriented businesses through the provision of loans, training and counselling.

> **Box 5: An integrated approach of economic and social empowerment of low-income households**
>
> The Akhiri Zaman Miskin (1AZAM) programme was launched by Malaysia with aims at empowering low-income households and reducing poverty as part of the GOM's efforts to achieve high-income economy status by 2020. The programme follows an integrated approach of economic and social empowerment of low-income households, working closely with ministries in charge of implementing rural development, urban public transport and education policies, as well as non-governmental organizations (NGOs), communities and other stakeholders. Further efforts are needed, however, to improve the management and targeting of the programme.
>
> The programme provides cash transfers for those most in need; job placement, training services, entrepreneurial support services; assistance in setting up small agricultural businesses through the provision of seeds, equipment and machinery; support to the setting up of small service-oriented businesses through the provision of loans, training and counselling, particularly by women entrepreneurs; and insurance services and housing facilities for low income households. By 2012, 63,147 poor households were registered in the 1AZAM programme, and 3,100 women entrepreneurs were trained.
>
> **Source: based on ILO (2017b)**

Piloting Sustainable Livelihood Scheme for Vulnerable Women

Given the high level of female unemployment rate and informality in Saint Lucia, in addition to the above social protection schemes proposed for the working age population, a sustainable livelihood scheme for vulnerable women may also be piloted to assess its suitability and scalability in Saint Lucia.

Scoones (1998) defines sustainable livelihood as "a livelihood comprising the capabilities, assets (including both maternal and social resources) and activities required for a means of living: A livelihood is sustainable when it can cope with and recover from stresses and shocks, maintain or enhance its capabilities and assets, while not undermining the natural resource base". Samson (2011) mentions three ways of sustainable livelihoods: *(a) by reducing gender inequalities and unlocking a nation's full economic potential (b) by promoting workers' more effective access to the labour market and (c) by supporting investments in livelihood activities.* The approach by which livelihood schemes fulfilled these objectives is known as the graduation approach. According to Kiddo (2017), graduation approach is a combination of programming interventions including *asset transfers, consumption support, savings, enterprise training, hands-on coaching and mentoring and in some cases, health and social integration support to ultra-poor households*. The ultimate goal of a graduation programme is to bring the participants out of extreme poverty and into sustainable livelihoods. Achieving this goal typically takes between 18 to 36 months. In this context, CGAP (2016) has developed a graduation model which is structured with the sequence of five core building blocks i.e. *targeting, consumption support, savings, skill training, and regular coaching, and asset transfer*.

Outcomes of the graduation models are mixed. Bangladesh has implemented a number of livelihood schemes with mostly positive outcomes. One of such models named 'Strengthening Women's Ability for Productive New Opportunities (SWAPNO) has been found successful. Such a model may be piloted in Saint Lucia to assess its suitability and scalability.

5.1.3. Social Pension for Senior Citizens

Saint Lucia has a well-functioning contributory pension scheme for the formal sector workers. The average pension benefit is generous at EC$ 880 per month. But the main concern is its low coverage and thus a significant portion of elderly has been income unsecured in Saint Lucia.

Thus the long term goal should be to ensure income security of the elderly through establishing a tax financed universal social pension (i.e. especially for informal and unpaid workers – the majority of them are women). Accordingly, introduction of social pension is proposed. In the initial stage, the coverage is modest (i.e. covering the poor or vulnerable elderly).

Key Parameters:

- *Targeted beneficiaries: Old age persons aged 65 plus*
- *Coverage: Poor and Vulnerable (i.e. 19 % poor and 30 % vulnerable old age population)*
- *Inflation Indexed Monthly transfer amount: EC$ 268 per person*
- *Implementing Agency: NIC or MoEq*
- *Administrative overhead: 8 per cent*

5.1.4. Social Assistance for Persons with Disability

On 12 June 2020 Saint Lucia became the 181st country to ratify the Convention on the Rights of Persons with Disabilities (CRPD), thereby guaranteeing the rights of persons with disabilities. The GoSL is thus committed to establishing a system of social assistance support for persons with disabilities that is suitable for an upper middle-income country. Data on extent and prevalence of disability is generally collected through a dedicated section in household budget surveys. But no such data is available in SLC/HBS 2016. However, the 2010 population census has noted that persons with disabilities account for approximately 12 per cent of the population[36]. Using the disability prevalence rate of 12 per cent and projected population of 2021, the total number of persons with disabilities has been estimated as 22,114 (i.e. 0.12 * 184,287 [2021 projected population]). Over the medium term, the GoSL should introduce disability assistance, aligning it to the life cycle stages. Considering the nature of disability and the complexities of setting up income threshold, some countries have adopted a tiered system in designing the disability grant (please see Annex 8.5).

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[36] National Council of and for Persons with Disabilities and Government of Saint Lucia, Saint Lucia Human Capital Resilience Project –P170445, Social Assessment.

5.1.4.1. Saint Lucia Universal Disability Benefit

The GoSL will ensure that every person certified as having a disability will be provided with a regular transfer, known as the Disability Benefit Grant. All citizens will deserve this benefit, as long as they fulfil the disability criteria and eligibility criteria to be defined by the GoSL. Saint Lucia citizens who will be receiving pension and disability benefits (from NIC) and proposed social pension may not be eligible for the universal disability grant.

It is expected that universal coverage of the disability benefit will enable the GoSL to identify all disabled children in the country. Over time, this will make it possible to track their progress in attending school and provide them with additional support such as assistive devices, support with transport, and support with the additional costs they face in attending school. Mechanisms will also be established to remove children with disabilities from the street, making the Child Disability Benefit conditional on children not being exploited for begging. MoEq/NIC will be responsible for monitoring the progress of recipients of the universal to the disability benefit.

The GoSL will also design robust measures for identifying severe disability persons in all age cohorts and will establish an appeals mechanism for those who feel that they have been unfairly excluded. The introduction of the disability benefit will mark a significant change in the lives of the disabled citizens who are vulnerable. They will be better able to enter the labour market and access credit so that they can invest in small businesses.

Key Parameters:
- *Targeted of beneficiaries: Persons with disability across all age groups*
- *Coverage: Universal*
- *Inflation Indexed Monthly transfer amount: EC$ 336 (i.e. 25% higher than the regular transfer amounts considering higher cost of care and related support)*
- *Implementing Agency: MoEq/NIC*
- *Administrative overhead: 10 per cent of the total scheme cost[37]*

5.2. Costs of the Proposed SP Programmes

Two factors determine the cost of a social protection scheme: the number of beneficiaries and the value of the transfer amount per beneficiary. A long-term Saint Lucia costing module covering period from 2020 to 2030 has been developed to estimate or simulate costs of the above-mentioned life cycle-based schemes for each year under various combination of coverage and transfer amounts. The model is developed in MS Excel and flexible to estimate and simulate costs by varying different combination of coverage and transfer amount.

The numbers of potential beneficiaries for the proposed schemes are derived from the age cohort population projection data obtained from UNDESA (2019)[38]. The age cohort ranged from 0 (zero) to 65 years.

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[37] Identification of persons with disability for the assistance will involve additional costs. The schemes also need to be closely monitored. Thus, an overhead cost of 10 per cent seems reasonable.
[38] UNDESA (2019), World Population Prospects 2019, UN Population Division.

Although there are various ways to determine the generosity (or transfer amount), they are usually anchored either on poverty line or per capita GDP. In the costing exercise, monthly transfer amounts have been anchored to the estimated poverty line for 2016 – which is EC$ 537 per person. Considering fiscal space constraint, the transfer amount has been set at 50 per cent of the poverty line – that is EC $ 268 at 2016 prices. For the sake of implementation ease, except for the monthly transfer amount of disability benefits, the same transfer amount (i.e. EC $ 268) has been set for all proposed schemes. The disability monthly transfer amount is enhanced by 25 per cent and thus set at EC $ 335 at 2016 prices. The transfer amounts are indexed to inflation to preserve their real values. The costing model is flexible such that alternative and differentiated transfer amounts may also be used in place of the transfer amount linked to poverty line. All monthly transfer amounts incur certain overhead or administrative costs. Global evidence suggests that the administrative cost of targeted cash transfer schemes is around 8 to 9 per cent of the total scheme cost. Accordingly, 8 per cent overhead costs are used for the targeted schemes and 10 per cent overhead costs for the disability scheme. Values for GDP and inflation rate for the entire period between 2020 to 2030 have been projected using a nominal GDP growth rate of 2.7 per cent and inflation rate of 2 to 3 per cent.

5.2.1. Estimated Cost and Beneficiary Coverage

Estimated costs and beneficiary coverage by schemes by beneficiary selection (or targeting) approaches are provided here. As mentioned above – beneficiary selection has been based predominantly by (i) poverty target approach or (ii) vulnerable target approach. Thus, two sets of cost estimates are provided – one for the social protection system based on poverty targets (**LCASPPT**) and another for the social protection system based on vulnerability targets (**LCASPVT**). Except for maternity protection, support for vulnerable working age women, and disability benefit schemes, in all other schemes, beneficiaries have been selected according to age specific poverty or vulnerability rates. The variations in beneficiary coverage and costs are mainly due to the different beneficiary selection approaches.
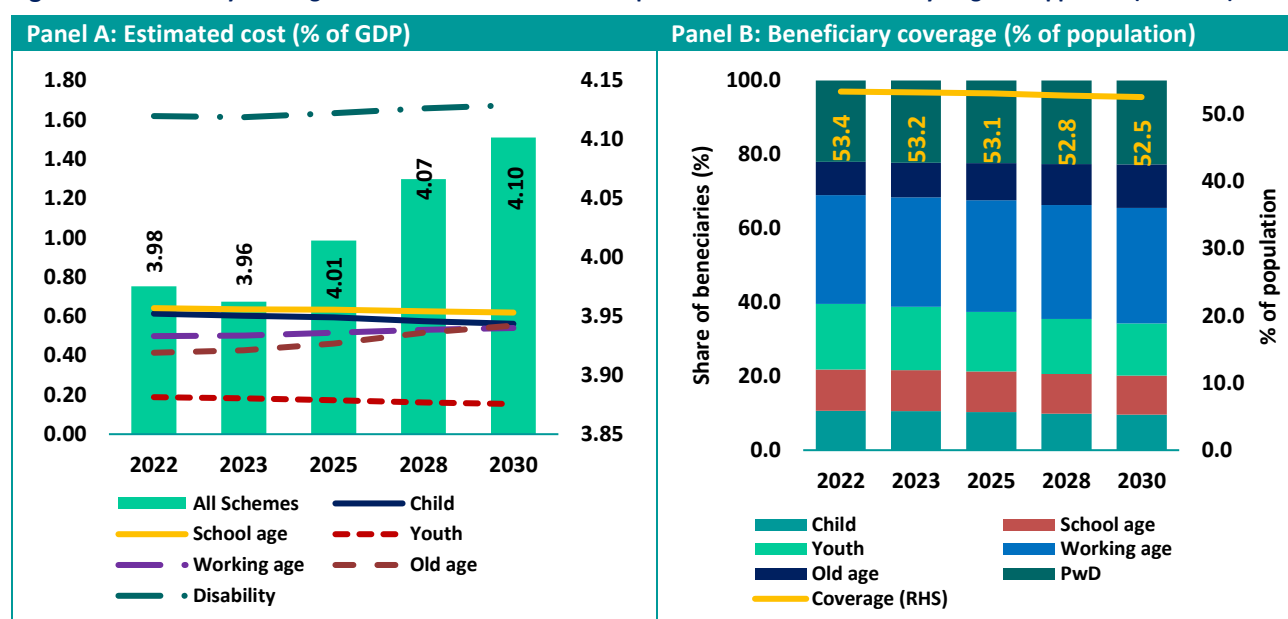
Figure 10: Beneficiary coverage and cost for Saint Lucia Social Protection under poverty targeted approach (LCASPPT)
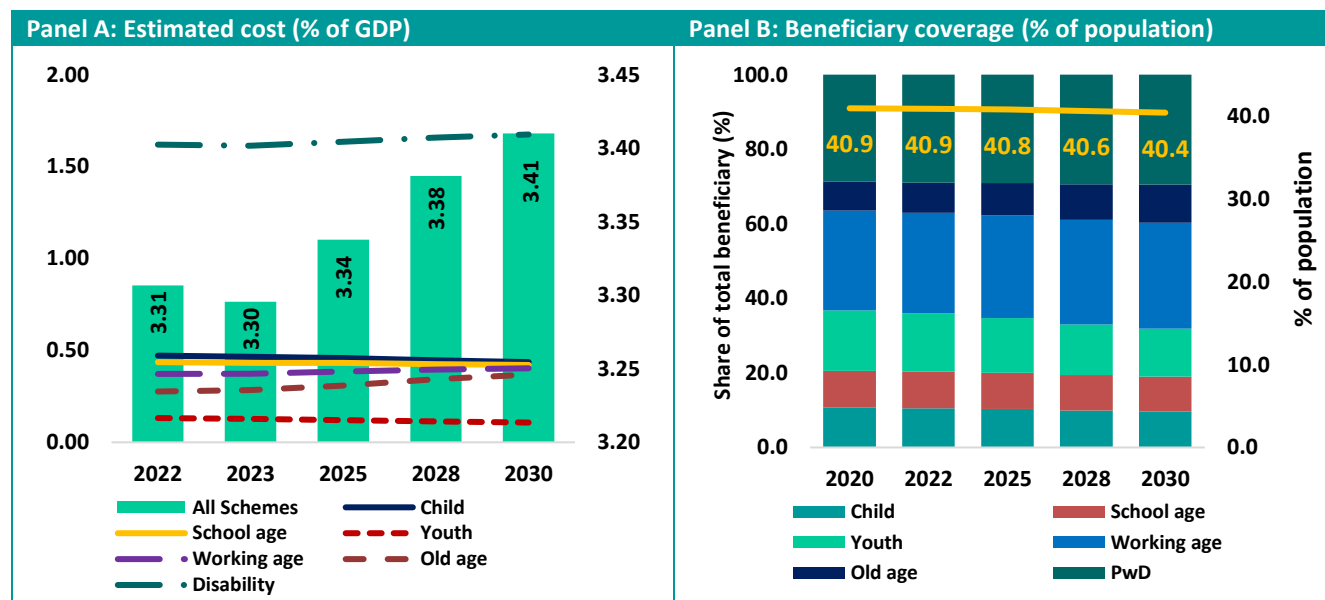
Source: based on the Saint Lucia Costing Model developed under this study

Under the poverty targeted approach, beneficiary coverage has been estimated around 41 per cent of the population – a significant expansion from the current coverage. The cost may range from 3.31 per cent of GDP in 2022 to 3.41 per cent of GDP in 2030. The cost of covering child care of the additional 35 per cent of the children (age 0 to 4) has been estimated to range between 0.28 per cent of GDP in 2022 to around 0.25 per cent in 2030. When the cost of childcare is included, the total cost may range from 3.59 per cent of GDP in 2022 to 3.66 per cent of GDP in 2030.

Figure 11: Beneficiary coverage and cost for Saint Lucia social protection under vulnerability targeted approach (LCASPVT)

Source: based on the Saint Lucia Costing Model developed under this study

The main difference between the poverty targeted and vulnerability targeted social protection systems is the expanded beneficiary coverage considered under the vulnerability targeted social protection system. Estimated vulnerability rates have been used for beneficiary selection under the vulnerability targeted social protection system. Variations in beneficiary selection thresholds between these two social protection systems are shown below.

| Schemes	Beneficiary Selection Thresholds (%)	
	Under poverty targeted system	Under vulnerability targeted system
Child grant	37.6	60.0
Child benefit school age	33.4	50.0
Schemes for Youth	28.9	42.0
Workfare scheme for Working age	18.8	30.0
Old age pension (social pension)	19.8	30.0

As expected, both cost and coverage increased under the vulnerability targeted social protection system compared to the poverty targeted social protection system. The beneficiary coverage has increased to around 53 per cent of the population – implying a significant 12 percentage points expansion over the poverty targeted system. The cost also amplified due to higher coverage. The cost as per cent of GDP may increase to around 4.4 (inclusive of childcare cost) from 3.6 (inclusive of childcare cost) per cent of GDP found under the poverty targeted system.

Implications for cost and population coverage under a Saint Lucia specific horizontal expansion (a key element of a shock responsive social protection system) of the proposed schemes have also been assessed. The proposed beneficiary coverage of around 53 per cent under the above proposed schemes (discussed in section 5) may have already been considered adequate. If such a social protection system can be established for Saint Lucia, it will extend coverage to the most vulnerable citizens and thereby vastly improve the shock responsiveness of many Saint Lucians. However, some of the households[39] may need further extension in coverage (horizontal expansion) and duration (vertical expansion) in case of widespread shock. Thus, as an illustration, the coverage of beneficiary and duration of benefits of the two proposed schemes – workfare scheme and old age pension have been expanded to assess their coverage and cost implications.

Schemes	Beneficiary Selection Thresholds (%)		Duration (months)	
	Vulnerability targeted	Extended Coverage	Vulnerability targeted	Extended Coverage
Workfare scheme for Working age	30.0	50.0	3	6
Old age pension (social pension)	30.0	50.0	12	12

Invoking extended coverage of the proposed social protection system in Saint Lucia suggests large gains in coverage with a reasonable cost escalation. Under the extended coverage (horizontal expansion) mode, the beneficiary coverage could be enhanced by about 36 percentage points over the poverty targeted social protection system (i.e. 67 % vs 41%). This huge expansion in coverage (i.e. along with increased resilience) has been estimated to require additional cost of around 1.7 percentage points over the poverty targeted social protection system (i.e. 5.1 % of GDP vs 3.4 % of GDP).

Figure 12: Beneficiary coverage and cost under three types of Saint Lucia SP systems
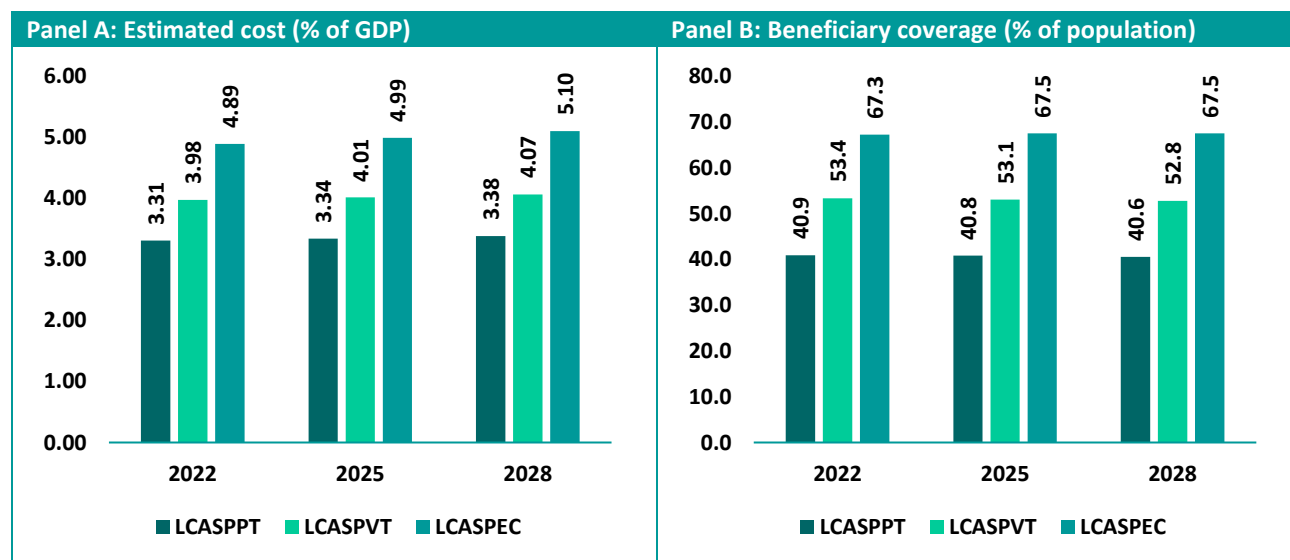
Note: LCASPPT refers to poverty targeted social protection system, LCASPVT refers to vulnerability targeted social protection system, and LCASPSEC refers to extended coverage (i.e. horizontal expansion – a key element of shock responsive) SP system.
Source: based on the Saint Lucia Costing Model developed under this study

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[39] For example, the coverage of working age and the elderly is 30% whereas the overall coverage is 53%. Thus, the coverage of these two groups may need to be enhanced to around 50 % during a shock.

5.3. Implementation Timeframe

A phased approach may be appropriate to implement the proposed social protection schemes in Saint Lucia. Accordingly, three phases are considered. Phase one will be the consolidation and preparatory phase covering 24 months – starting in 2022. All activities related to the preparation of the launching of the Social Protection system need to be completed within this period. The proposed schemes will be implemented over two phases starting from 2024. During phase 2, all but two proposed schemes will be implemented requiring an additional cost of 2.05 per cent of GDP. Phase 3 will implement all schemes. Final phase will ensure 100 per cent implementation of all proposed schemes. All schemes chosen for piloting will need to be completed during phase 2 and phase 3.

Table 12: Saint Lucia Social Protection system implementation timeframe by major milestones

Preparation	Implementation Phase	
Phase (2022-23)	**Phase 2 (2024-25)**	**Phase 3 (2026-28)**
• Programme consolidation	• Child grant	• Child grant
• Development of MIS system (including Developing data collection protocols and sharing)	• Child benefit*	• Child benefit
• Establishment of Social Registry	• Maternity protection	• Maternity protection
• Installation of G2P payment	• Youth Schemes	• Youth Schemes
• Staff needs assessment/strengthening/training	• Women schemes**	• Women schemes
• Scheme design and manual preparation	• Disability grant	• Disability grant
• Finalization of monitoring indicators by schemes		• Workfare scheme
• Mobilization of resources for the		• Old age pension
• Designing the Pilot schemes***	**PILOT SCHEMES**	
Cost: 0.5% of GDP	**3.32% of GDP******	**4.32% of GDP**
Additional cost as % of GDP*****	**2.32% of GDP**	**3.31% of GDP**

Note: * An evaluation of the existing schemes for school-aged children must be completed during the preparatory phase before launching the child benefit scheme. ** Includes additional childcare services. ***Pilot schemes include: the graduation/livelihood model, maternity insurance, and unemployment insurance etc. Resource needed for the pilot schemes will be determined during the preparation phase and subsequently mobilised. **** Implementation costs are based on LCASPVT (SP system based on vulnerability target). ***** It is conjectured that programme consolidation and subsequent absorption of the existing programmes into the proposed life cycle schemes (programmes) may save or release fund equivalent of 1 per cent of GDP (i.e. out of the current social protection spending of 1.3 per cent of GDP).

5.4. Fiscal Space and Financing Options

The estimated cost of implementing the proposed social protection schemes under two different beneficiary coverage may range between 3.4 per cent of GDP under the poverty targeting approach and 4.0 per cent of GDP under the Vulnerability targeting approach. The cost of implementing the extended social protection system (i.e. further expansion of schemes for the working age and elderly) is 5.0 per cent of GDP[40]. Part of the resources for financing the proposed social protection schemes could be mobilised from programme consolidation and absorption of some of the existing programmes into the new proposed schemes. It is estimated that around 1 per cent of GDP may be mobilised from programme consolidation. Assuming 1 per cent of GDP is mobilised from programme consolidation, an additional 2.4 to 3.0 per cent of GDP will need to be raised to implement the proposed social protection system in Saint Lucia. Expansion of social protection, especially non-contributory social protection schemes, need public sector financing.

Several reports/studies conducted on the financing aspect of social protection by UN agencies, envisaged that there are several ways to mobilise resources for the social protection system and thus should not be a major constraint to introduce a relatively broad based social protection system. However, in many instances, despite evidence based impressive impacts, investments in social protection schemes are not supported by invoking the fiscal constraint argument. It is generally urged by the proponents of the social protection system that finding 1 or 2 per cent of GDP from the government's budget should not be very difficult. Despite this evidence, resource mobilisation for investing in social protection schemes may turn out to be a constraint in Saint Lucia. Thus, in this section, options for financing social protection investments are explored.

- Expanding tax bases and revenue

A relatively moderate tax-effort (tax to GDP ratio) at around 20 per cent of GDP as well as the high Gini value of 0.43 envisaged a revisit of the personal income tax structure to make it more progressive. Moreover, tax efforts in Saint Lucia are 3 percentage points less than the LAC average of 23 per cent in 2018[41]. It thus appears that there is a strong case to try to enhance tax efforts to in the vicinity of 23 per cent of GDP. Such an effort may likely serve dual objectives of reducing inequality and raising additional revenue. A tax to GDP ratio of around 23 per cent or more may easily finance the proposed social protection system in Saint Lucia.

Furthermore, review of the Saint Lucia tax structure of 2018 (please see Annex 8.5) suggests that tax efforts should focus on the personal income tax (i.e. 11% of total tax revenue) and corporate income tax (i.e. 9% of total tax revenue) as their contributions are substantially low in comparison to other taxes on goods and services (i.e. 40%) and value added taxes on goods and services (i.e. 32%). In principle, revenue required to implement social protection schemes should ideally be raised from personal income tax or the corporate tax system, as it is difficult to shift the burden of these taxes on others – thereby attaining maximum benefits for poor and vulnerable citizens from the proposed fiscal redistribution.

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[40] However, the shock responsive social protection is not regular system and may be invoked for a shorter time period of 3 to 6 months.
[41] OCED (2020), "Revenue Statistics in Latin America and the Caribbean 2020 - Saint Lucia, oe.cd/RevStatsLatam

Figure 13: Tax efforts in Latin America and the Caribbean (% of GDP)
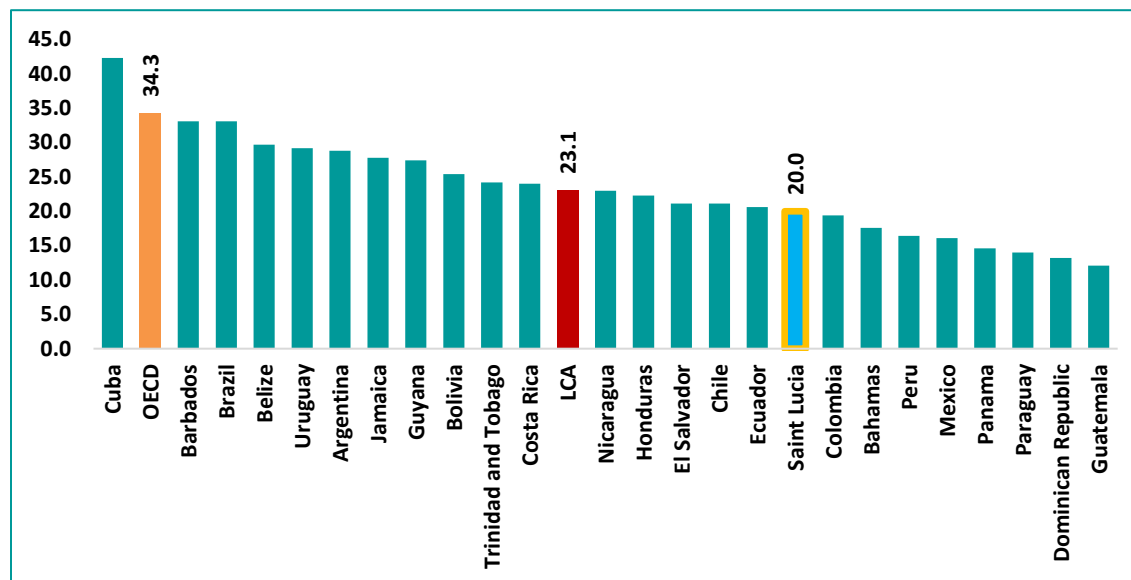
Source: OCED (2020)

Along with revisiting the personal income tax system, Saint Lucia may also assess the feasibility of introducing new taxes. Khondker (2020)[42], in a recent study explored introduction of new taxes as well as expansion of existing ones with an aim to improving equity in the Asia and Pacific regions. His recommendation includes introduction (or expansion or effective enforcement) of property taxes; carbon or environment taxes; as well as reforming and modernizing tax administration.

- ● Expenditure Switching and Savings

Prudent fiscal operations may help mobilize additional resources through reallocation of resources; reducing expenditure tax; and expenditure prioritization. An in-depth study may be conducted to assess the scope for the mobilization of additional resources from this source.

- ● Bond Financing

Countries around the world are increasingly resorting to the sustainability of bond financing as an instrument for development financing. Although the first official government bond issued by a national government was the Bank of England in 1694 to raise money to fund a war against France[43], the first sustainability bond was only issued in 2007. Thereafter, the world has experienced a surge in sustainable bond issuance and bond financing. The family now has four members: *(i) Green Bond; (ii) Social Bond; (iii) Sustainable Bond; and (iv) Blue Bond.*

Global sustainable investment assets are now valued at more than $30 trillion —with an increase of 34 per cent over the last two years[44]. In 2018, Seychelles raised USD 15 million through the issuance of a Blue Bond. Fiji has mobilised USD 70 million through launching a 'Green' bond. The proceeds of the
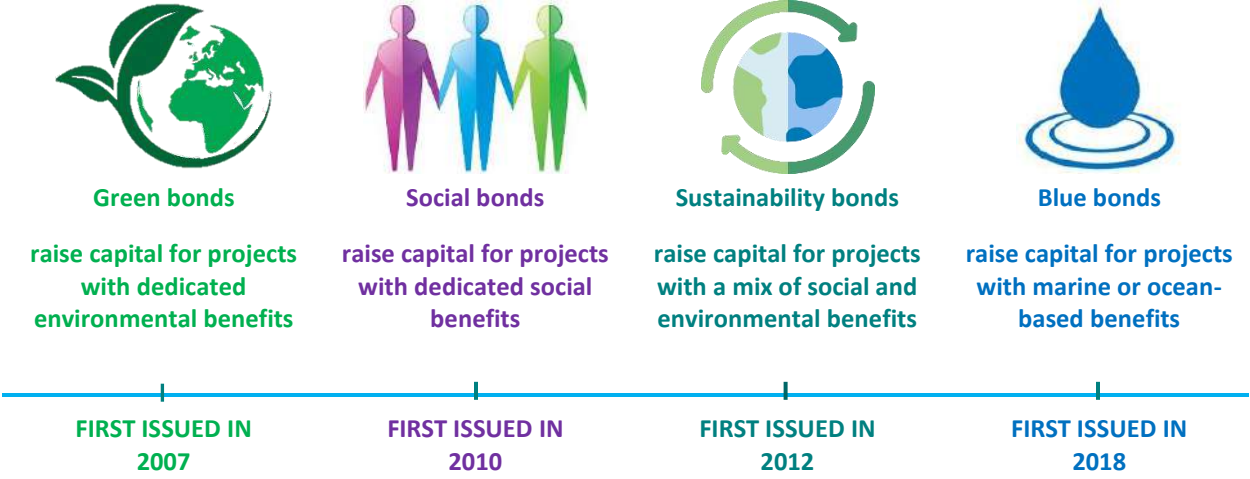
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[42] Khondker, B. H. (2020), "Intergenerational Equity through Tax System in Asia and Pacific", Paper prepared foe UNDP Regional Hub in Bangkok, April, 2020.
[43] https:// en.wikipedia.org/wiki/Government bond. The%20average%20interest%20rate %20at, was%20 both % 20 lottery%20 and%20annuity.
[44] Global Sustainable Investments Rise 34 Percent to $30.7 Trillion." Bloomberg, April 1, 2019.

sustainability bond should be used for development (i.e. capital budget) financing which would release funds for social sector protection investments (including social protection).

Chart 3: Timeline of sustainable bond issuance

Green bonds	Social bonds	Sustainability bonds	Blue bonds
raise capital for projects with dedicated environmental benefits	raise capital for projects with dedicated social benefits	raise capital for projects with a mix of social and environmental benefits	raise capital for projects with marine or ocean-based benefits
FIRST ISSUED IN 2007	FIRST ISSUED IN 2010	FIRST ISSUED IN 2012	FIRST ISSUED IN 2018

Source: Author's creation based on Morgan Stanley (2020)[45]

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[45] Morgan Stanley (2019), "Blue Bonds: The Next Wave of Sustainable Bonds,"

6. Socio-Economic Impacts of the Proposed SP for Saint Lucia

Wide-ranging benefits may emerge from a well-managed social protection system. The depth of poverty may be reduced at the national level by social protection schemes, which may help raise living standards of the poor, and improve quantity and quality of food consumption (child nutrition and development). It may also result in higher utilization of health services. It also facilitates structural reforms supporting long-term growth, helps households to escape low risk, low productivity poverty traps. Moreover, social protection expenditure may enhance household spending with local multiplier effects and potential for a fiscal stimulus role and reduce inequalities that contribute to economic growth. The potential benefits of a social protection system have been best epitomized by the World Bank and ILO (2017) joint initiatives on universal social protection to realize the SDGs.

Figure 14: Demonstrated outcomes of social protection
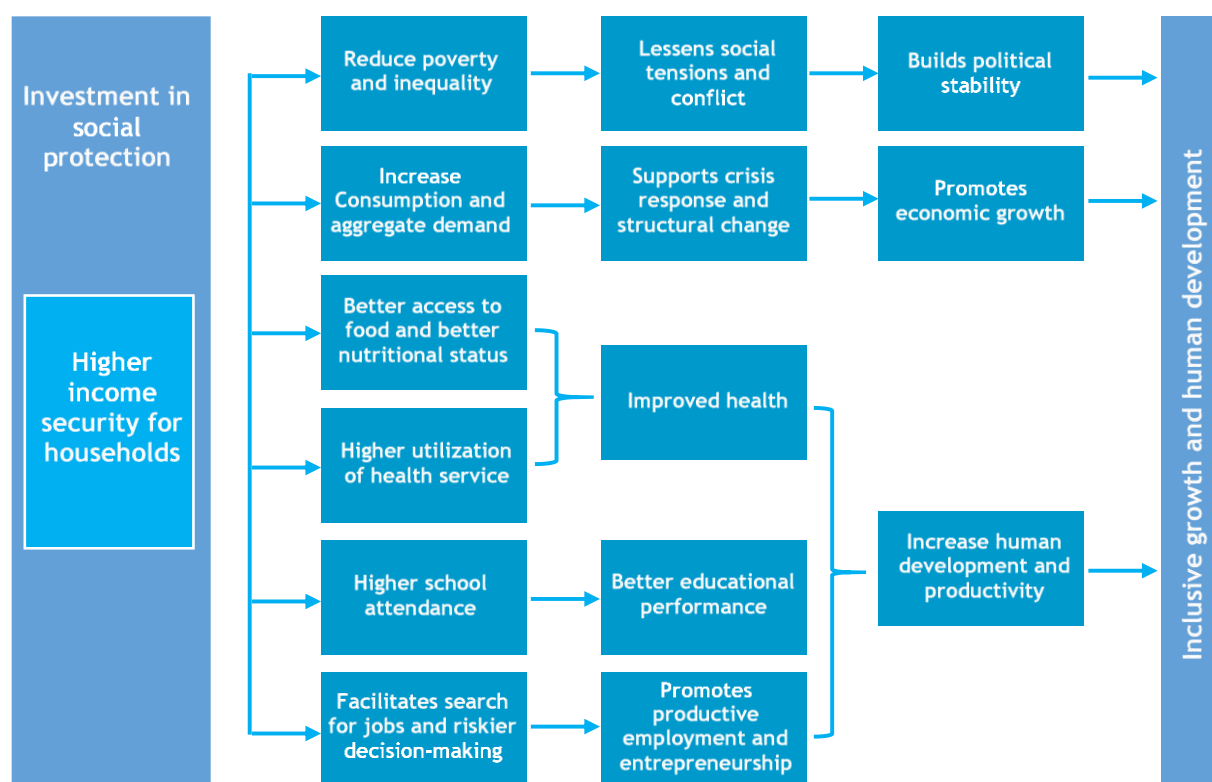
Source: Based on World Bank and ILO (2017)

All of the potential benefits of a well-manged social protection system may not be possible to estimate as some of these are qualitative (e.g. political stability and social cohesion etc.) in nature and others (e.g. human development and productivity) may take a longer time to materialize. However, three important well-being indicators such as poverty, inequality, and economic growth (or GDP or national income) are possible to estimate using simulation models. Accordingly, micro-simulation and macro-simulation models have been used to assess impacts of the proposed social protection schemes on poverty, inequality, and economic growth.

6.1. Poverty and Vulnerability Implications

The estimated poverty and vulnerability impacts of the proposed social protection schemes have been large. Poverty and vulnerability impacts have been reported for the life cycle groups as well as for the national level. The largest poverty impacts have been found for children. The head count poverty rate is likely to drop by -16.5 percentage points under LCASPPT compared to a situation where there is no social protection transfer. Poverty impacts on households with school age children are also high and close to the poverty impacts found for the early childhood. The poverty rate of school age children is likely to decline by -14.5 percentage points under LCASPPT compared to without social protection. The poverty rate of the Youth has been estimated to decline by -12.5 percentage points under LCASPPT compared to no social protection. The head count poverty rates for the working age group and elderly group have been estimated to be reduced by -8.5 and -11.4 percentage points respectively with social protection, compared to a situation where there is no social protection transfer.

The impacts are also significant when vulnerability is used instead of poverty as an indicator. The largest vulnerability impacts have been found for school age children such that vulnerability rates are likely to drop by -15.1 percentage points under LCASPVT compared to a situation where there is no social protection transfer. Poverty impacts on the children and youth are large, estimated at -13.9 percentage points and -11.4 percentage points respectably under LCASPVT compared to no social protection. Vulnerability rates for the working age group and elderly group have been estimated to be reduced by -7.9 and -15.1 percentage points respectively with social protection compared to a situation where there is no social protection transfer.

Table 13: Simulated poverty and vulnerability impacts of LVASPST and LCASPVT (% change over base values)

| Age group	Households with children (age 0-4)	Households with school children (age 5 to 14)	Households with Youth (age 15 to 29)	Households with working age (age 30 -64)	Households with elderly (age 65 +)
Poverty	31.59	28.87	24.27	18.24	20.25
Intervention 1*	*EC$230 per month (38% of poor)*	*EC$230per month for 8 months (34% of poor)*	*EC$230 per month for 6 months (29% of poor)*	*EC$230 to 12% women for 6 months* *EC$230 to 19% unemployed people for 3 months*	*EC$230 per month (20% of poor)*
Poverty after intervention 1	17.16	16.52	13.61	11.50	9.76
Poverty impact of intervention 1	14.43	12.35	10.66	6.74	10.49
Intervention 2**	-	-	-	*EC$230 per month pregnant women (4,000)*	-
Poverty after intervention 2	15.06	14.36	11.77	9.74	8.82
Poverty impact of intervention 1 & 2	16.53	14.51	12.50	8.50	11.43
Vulnerability	45.77	43.79	36.18	28.60	30.82

Age group	Households with children (age 0-4)	Households with school children (age 5 to 14)	Households with Youth (age 15 to 29)	Households with working age (age 30 -64)	Households with elderly (age 65 +)
Intervention 1*	EC$230 per month (52% of vulnerable)	EC$230 per month for 8 months (50% of vulnerable)	EC$230 per month for 6 months (42% of vulnerable)	EC$230 to 12% women for 6 months EC$230 to 30% unemployed people for 3 months	EC$2303 per month (30% of poor)
Vulnerability after intervention 1	38.49	35.76	29.40	23.63	20.49
Vulnerability impact of intervention 1	7.28	8.03	6.78	4.97	10.33
Intervention 21**	-	-	-	EC$230 per month pregnant women (4,000)	-
Poverty after intervention 2	31.90	28.72	24.76	20.66	15.74
Poverty impact of intervention 1 & 2	13.87	15.07	11.42	7.94	15.08

Note: Disability benefit is not considered, as it is not possible to identify households where the disability grants should be injected. Excluding disability transfer values, the LCASPPT transfer has been estimated to cost 1.67 per cent of GDP and the LCASPVT transfer has been estimated to cost 2.2 per cent of GDP. The transfer values (i.e. EC$ 230) has been adjusted so that the social protection transfer is 1.67 or 2.2 per cent of total household consumption of the sample household contained in SLC/HBS.

Source: Micro-simulation model conducted by the author (2021)

At the national level, the household poverty rate may decline from 19.1 per cent to around 9.0 per cent under the LCASPST social protection schemes based on poverty targeted system. When the vulnerability rate is used, the household vulnerability rate may decline from 28.7 per cent to 12.7 per cent. A key assumption in these simulations is 100 per cent accuracy in beneficiary selection – implying that there is no exclusion error and universal coverage of poor and vulnerable population has been assumed. In reality, that may not be the case and hence poverty and vulnerability impacts are likely to be less but not significantly.

Figure 15: Poverty and vulnerability rates under the proposed social protection systems (% of population)
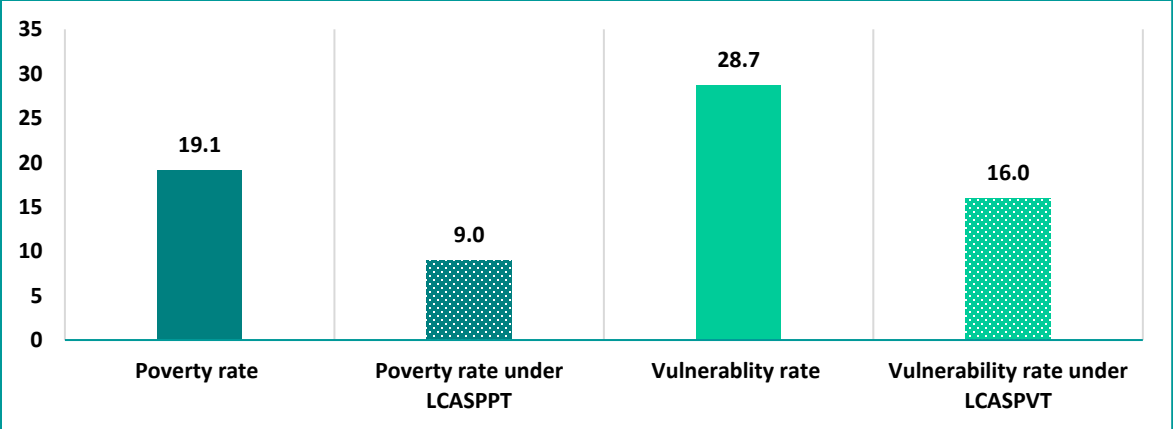
Source: Micro-simulation model

6.2. Economic Growth Implications

6.2.1. Simulation Design

As mentioned in the methodology section, a SAM based economy wide model has been used to assess macroeconomic impacts of the proposed social protection system. A SAM model is a simulation tool. The policy simulation in the current exercise refer to the proposed social protection injections into the economy. Three simulations are set up to assess their macroeconomic impacts.

Simulation 1: in the first simulation labelled '**LCASPPT**', EC$ 189.1 million[46] has been injected to the economy as social protection transfers through the 8 household groups. The injection amount exactly matches the costs of LCASPPT.

Simulation 2: the second simulation is denoted as '**LCASPVT**'. In this case EC$ 225.9 million has been injected into the economy as social protection transfers through the 8 household groups. The injection amount exactly matches the costs of LCASPVT.

Table 14: Simulation design of the proposed Social Protection schemes (values are in million EC$)

| Representative Households	LCASPPT		LCASPVT	
	Life cycle grant	Disability Grant	Life cycle grant	Disability Grant
Female Headed Households				
Household with children	7.0	3.9	11.3	3.9
Household with school children	11.5	9.3	16.9	9.3
Household with Youth	12.8	9.8	14.6	9.8
Working age households	21.2	16.3	25.0	16.3
Elderly households	6.9	10.8	10.4	10.8
Male Headed Households				
Household with children	6.7	2.4	10.9	2.4
Household with school children	10.1	6.5	15.4	6.5
Household with Youth	4.0	7.5	5.7	7.5
Working age households	6.3	17.4	9.9	17.4
Elderly households	6.6	12.2	10.0	12.2
Total	**93.1**	**96.0**	**129.9**	**96.0**

Source: Saint Lucia Costing Model

6.2.2. Simulation Outcomes

Macroeconomic effects of the proposed social protection system using the SAM model are reported in terms of gross output, value added by factors and household consumption. Effects on gross output is higher under LCASPVT compared to LCASPPT due to higher levels of injections into the economy. Under LCASPVT, gross output has been simulated to increase by 6.92 per cent over the base year value. In the case of LCASPPT the increase is around 5.81 per cent. Among the broad sectors, the largest gains are reported for the agriculture and food manufacturing sector – due to the higher propensity to consumption

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[46] Injection is an illustrative one. The injection of amounts are for 2019.

by the poor persons on agriculture and food products. Thy are followed by gains in the services sector. The lowest gain is reported for the construction sector.

Figure 16: Effects on gross output (% change over base values)
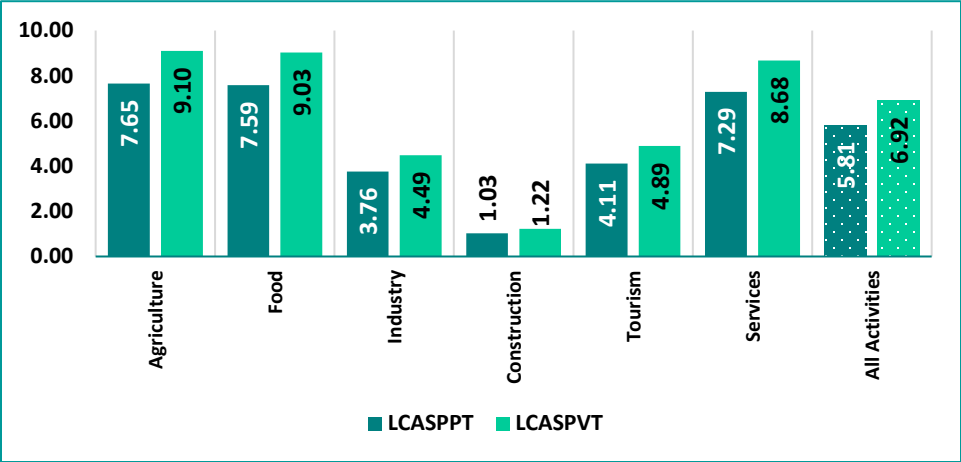
Source: SAM model

Gains in Factor return have been found higher for the capital factor than the labour factor. Within the labour factors, gains in factor returns have been found higher for female labour compared to their male counterparts. Overall value-added gains are positive with almost 1.1 percentage points more gain found under LCASPVT over LCASPPT.

**Figure 17: Effects on value added (% change over base values)**
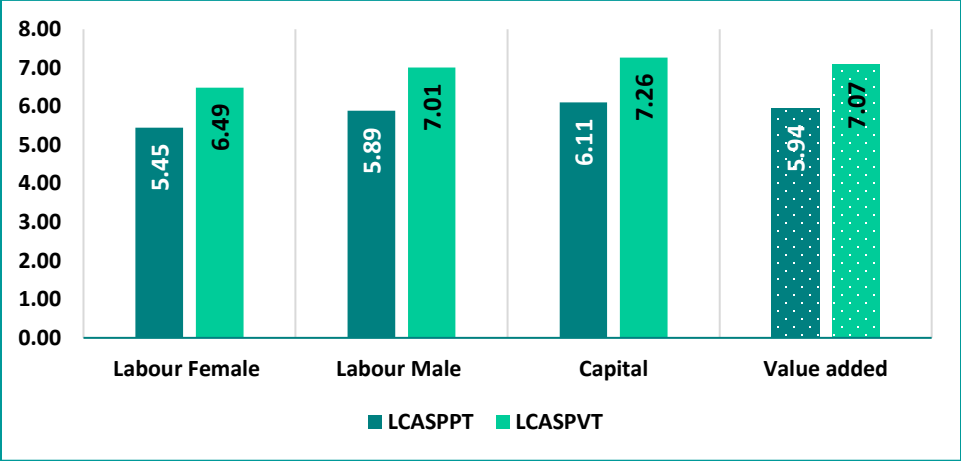
Source: SAM model

Social protection transfers are in most cases directly handed over to the household groups or beneficiaries. Thus, the impact of the proposed social protection schemes on household consumption expenditure is expected to be substantially higher than that found for the gross output and value added (which are secondary indirect effects – affecting output via higher demand for goods and services). Gains in household consumption expenditure ranged from 20.1 per cent (over base consumption value) under LCASPVT to 9.9 per cent under LCASPPT – substantially higher gains than the gains found for gross output

and value added. Consumption gains are substantially higher for female headed households – more than 2 times over gains of male households. In the life cycle groups, the largest gains have been found for the households with early childhood, households with school children and households with Youth.

Figure 18: Effects on household consumption (% change over base values)
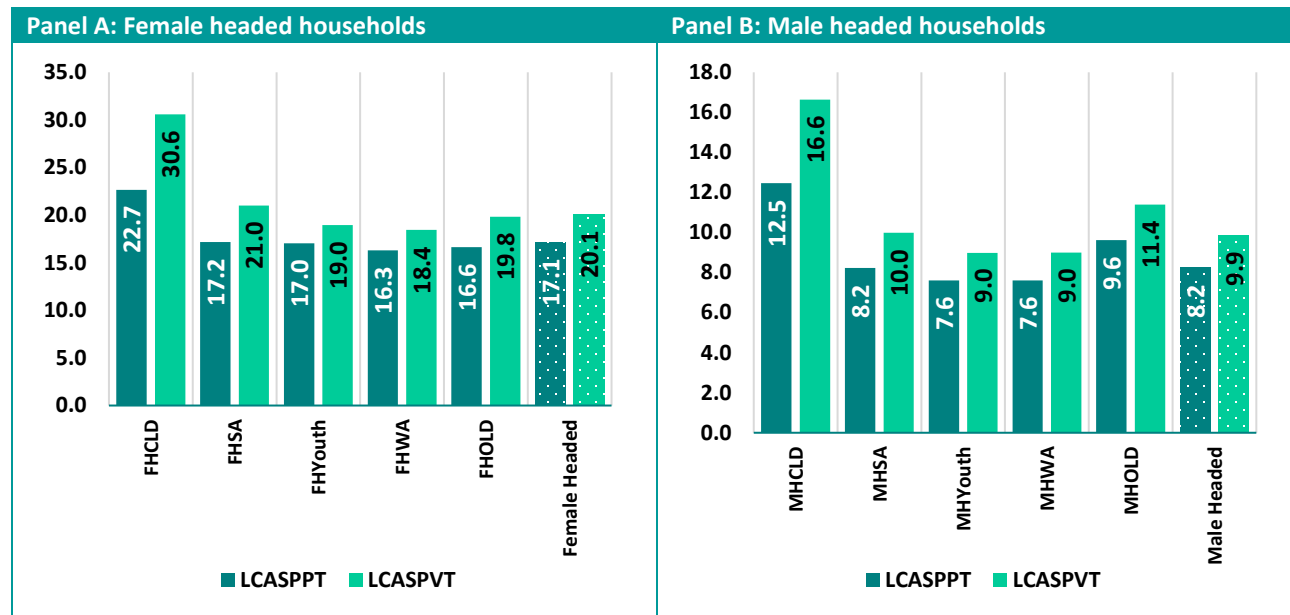
Note: F and M refer to female and male. H denotes household. CLD = child, SA = school age, WA = working age, and OLD = old age.
Source: SAM model

6.3. Cost-Benefit Ratio (CBR)

Estimation of cost benefit ratios need two types of information – cost of operating the schemes and potential benefits derived from the investments. CBRs have been estimated for 2017.

Estimated cost: the cost of proposed social protection schemes have been reported under two systems.

LCASPPT: 3.16 per cent of GDP in 2017
LCASPVT: 3.78 per cent of GDP in 2017

Estimated benefit: the benefits are derived from the micro-simulation and the SAM models.

Using the micro simulation, the reduction in the head count poverty rates have been estimated. These are:

LCASPPT: -10.0 per cent (per cent change over the base value in 2016)
LCASPPT: -12.7 per cent (per cent change over the base value in 2016)

The macro simulation model (or the SAM model) has been used to simulate increase in gross output (GO) and household consumption expenditure (CE). These are:

LCASPPT _GO: 5.8 per cent (per cent change over the base value)

LCASPVT _GO: 12.7 per cent (per cent change over the base value)
LCASPPT _CE: 6.9 per cent (per cent change over the base value)
LCASPVT _CE: 14.9 per cent (per cent change over the base value)

The information of costs and benefits are combined to derive the CBRs of these three interventions. The CBR specifications are:

- *Micro-simulation CBR 1= Poverty rate (%) / Cost as per cent of GDP (%)*
- *Micro-simulation CBR 2= Vulnerability rate (%) / Cost as per cent of GDP (%)*
- *Macro-simulation CBR 3= Gross Output (EC$ / Cost (EC$)*
- *Macro-simulation CBR 4= Consumption Expenditure (EC$) / Cost (EC$)*

Figure 19: Estimated CBRs under alternative injections
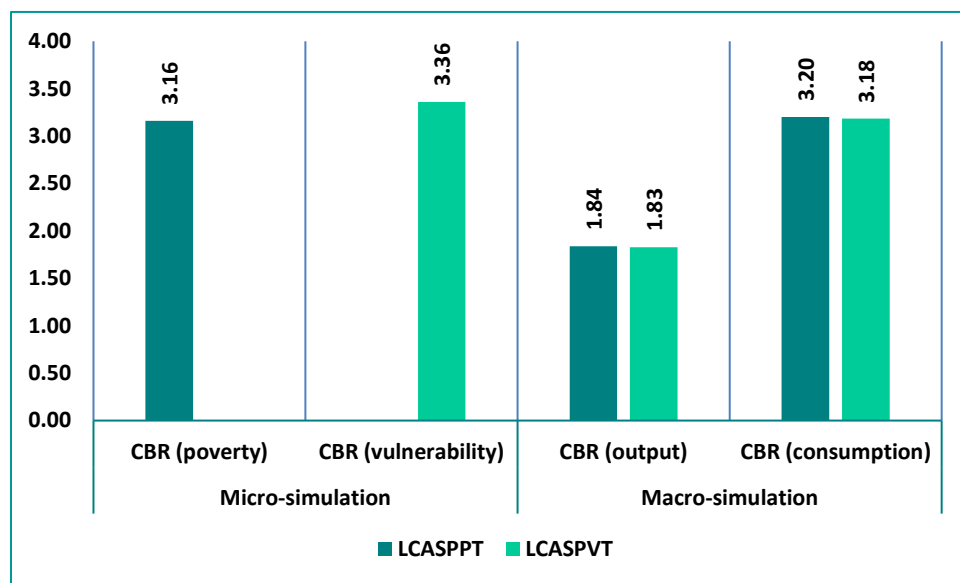
Source: based on Saint Lucia SAM simulation and costing model

Estimated CBRs

- Since benefits of the proposed social protection injections have been estimated using a micro simulation and a macro simulation model, the CBRs are reported under both of them for comparing the cost effectiveness of the two alternative packages – LCASPPT and LCASPVT. In the micro simulation model, head count poverty and vulnerability rates (percentage change with LCASPPT and LCASPVT injections compared to without social protection injections) are considered the benefits of social protection injections. In macro simulation model, percentage increase in output and household consumption under the LCASPPT and LCASPVT over their base values are considered as the benefits.

- The estimated values of CBRs are positive in all cases. CBR value of 3.36 under LCASPVT has been found larger than the CBR value of 3.16 estimated under LCASPVT suggesting that the LCASPVT may be adopted on the basis of their CBRs. CBR values estimated using output and consumption suggests insignificant difference between the two proposed social protection systems – a social protection system based on poverty targeting and one based on vulnerability targeting.

- The positive CBR values envisage that both social protection systems are effective in terms of reducing poverty and enhancing economic expansion. However, the system based on vulnerability targeting seems superior on the basis of their higher CBR values. The final decision remains with policy makers considering the goal of household wellbeing and fiscal affordability and sustainability.

7. Conclusion

Despite being an upper middle-income country, both non-monetary and monetary vulnerability (i.e. multi-dimensional) are high in Saint Lucia and place a high financial burden on the country. Global evidence suggests that a comprehensive social protection system is a key fiscal instrument in reducing poverty, vulnerability, and inequality. Available assessments of the social protection system suggest an underdeveloped state of the social protection system in Saint Lucia.

The pre-existing poverty and vulnerability have further been deteriorated due to COVID 19. Impact assessments envisaged that COVID 19 imposed large social and economic costs on Saint Lucia manifested in an exorbitant contraction of its economy, rise in jobless rates and poverty rates. To mitigate the deleterious impacts of COVID 19, government of Saint Lucia unveiled series of measures including social protection measures.

Against these backdrops, the current study is an attempt to review and assess the gender responsiveness of the social protection measures launched during COVID 19 and the existing the social protection system to determine adequacy, gaps and weaknesses. Furthermore, the study also proposes a gender responsive system intended to mitigate these gaps.

The assessment is based predominantly on secondary sources, complemented by stakeholder consultations, interviews with selected beneficiaries, key social protection agencies and data producers.

The review suggests that as many as 22 COVID 19 focused measures or interventions were implemented by GoSL. *Of these 22 measures – 10 to 11 measures fall under the purview of social protection*. However, *the gender responsiveness of these measures has been found to be low in Saint Lucia.* Beneficiary perceptions envisaged inadequacy of the COVID 19 social protection measures in terms of coverage, duration and transfer amounts.

A review of Saint Lucia's social protection system reveals an absence of schemes for early childhood and pregnant mothers who constitute at least 10 per cent of the population; no significant scheme for persons with disabilities who constitute at least 12 per cent of the population; no significant schemes for the working age population including the youth and the female workforce where unemployment rates are exorbitantly high; and although school aged children are covered by some schemes, transfer amounts are low and unable to meet beneficiary needs. Moreover, the social protection system in Saint Lucia appears to favour well off (non-poor) and men over poor and women. Following these findings of the existing social protection system as well as inadequacy of COVID 19 social protection responses, the way forward is to design and implement a gender responsive inclusive social protection system based on the life cycle approach.

The proposed social protection schemes include a child grant; universal disability grant; maternity protection to 4,000 pregnant women for 12 months; an extended child benefit to all children in age group

5 to 14 for 12 months; assistance to poor and vulnerable working women in the informal sector for 6 months duration, and a workfare scheme for the poor and vulnerable of the working age population for 3 months duration; social pension for the elderly for 12 months duration. It also calls for a review of the current maternity leave, and feasibility of introducing an unemployment insurance scheme. Two versions of the social protection system are also proposed depending on the extent of beneficiary coverage – LCASPPT and LCASPVT. The cost of implementing the social protection system on average ranged between 3.4 per cent of GDP under LCASPPT and 4.0 per cent of GDP under LCASPVT. Implementation of the above proposed social protection system would likely to enhance resilience of the ordinary Saint Lucian and thereby prepare them better to withstand future crisis.

Considering fiscal space and implementation capacity, the proposed SP systems have been recommended to be implemented in three phases between 2022 and 2028.

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8. Annex

8.1. Methodology and Data

Assessment based on Secondary Source and Primary source

The study is based predominantly on secondary sources. A thorough desk review of the existing documents has been carried out to understand coverage, allocation, and the effectiveness of the social protection system to address risks. Socio-economic impacts of COVID 19 have also been analysed using available information and reports. The desk review has been supplemented by in-depth analysis of the unit record data of SLC/HBS 2016 – especially for poverty and vulnerability assessment. The secondary sources have been complemented by stakeholders' consultations, interviews with some selected beneficiaries and key social protection agencies and data producers. Information gathered from primary sources have been used to supplement the key findings and obvious gaps of the desk review based on secondary sources.

The Consultant also used the ILO global social protection database to gather further insights into the social protection systems in OECS. The ILO database provides an overview of the situation of social security systems worldwide as well as a detailed description of the mechanisms on the basis of how various programmes operate. The database covers 124 countries from all regions and sub-regions of the world.[47]

The secondary and primary sources include:

- **Secondary Source**
  - *Desk review of the published reports, papers, and studies*
  - *Analysis of available unit record data (SLC/HBS 2016)*
  - *Population structure and projections*
  - *National accounts data on macro-economic indicators (GDP and Investment etc.)*
  - *Labour market and employment (Labour Force Survey)*
  - *ILO global social protection database*
  - *UNDP/UN Women Gender Response Tracker*
  - *World Bank Survey of SP Responses*
  - *COVID-19 and the world of work by ILO*

- **Primary Source**
  - *Stakeholder consultations*
  - *Interviews with (Ministries/Agencies/Development partners and CSOs)*
  - *20 primary surveys of beneficiaries of COVID 19 measures[48]*

Exercises based on Data Analysis and Modelling

A. Costing Model

A costing model has been used to calculate the cost of the proposed social protection schemes under alternative beneficiary coverage as well as for different transfer amounts. The costing model is described in the box below.

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[47] https://www.ilo.org/sesame/SESHELP.socialsec_desc
[48] The results of the primary survey will be included in the final or next revision.

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Box 6: Costing Model

Cost essentially depends on beneficiary coverage and transfer amounts (value of benefit) as well as whether we like to index them to inflation rate or other price indices. The specification of the costing model is provided in equation below.

$$C_i = BC_i \times VB_i \times CPI; \text{ where } i = 1\ldots n \text{ (number of age-based schemes)}$$

Where, C refers to cost; BC denotes beneficiary coverage; VB suggests monthly value of benefit; and CPI is the consumer price index.

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B. Macro-simulation model (MASM Model)

SAM and SAM Model

A SAM is a systematic data and classification system. As a data framework, SAM is a snapshot of a country at a point in time. A SAM is a generalization of the production relations, and extends this information beyond the structure of production to include: i) the distribution of value-added to institutions generated by production activities; ii) formation of household and institutional income; iii) the pattern of consumption, savings and investment; iv) government revenue collection and associated expenditures and transactions; and v) the role of the foreign sector in the formation of additional incomes for household and institutions. SAMs usually serve two basic purposes: a) as a comprehensive and consistent data system for descriptive analysis of the structure of the economy and b) as a basis for macroeconomic modeling.

There is no data SAM available for Saint Lucia. A data SAM for 2016 has been developed under this study using information of Supply and Use table (SUT) for 2016. The 2016 SAM identifies the economic relations through four types of accounts: (i) production activity and commodity accounts for the 40 sectors; (ii) 3 factors of productions with 2 different types of labour and 1 type of capital; (iii) current account transactions among the 4 main institutional agents; household-members, corporation, government and the rest of the world; and (iv) one consolidated capital account to capture the flows of savings and investment. The account descriptions of the 2016 SAM are shown below.

Table 15: Description of Saint Lucia 2016 SAM

SAM Accounts	Detailed account classification
Activities (20)	
	Agriculture, Forestry and Fishing (01)
	Mining & quarrying, Food processing, Other manufacturing, Utility, and Construction (05)
	Trade services, Transportation services, Accommodation services, Food and beverage services, Communication and Information Services, Financial services, Real estate, Professional services, Administrative services, Public Administration, Education services, Health services, Entertainment services, and Other services (14)
Commodities (20)	
	Agriculture, Forestry and Fishing (01)

SAM Accounts	Detailed account classification
	Mining & quarrying, Food processing, Other manufacturing, Utility, and Construction (05)
	Trade services, Transportation services, Accommodation services, Food and beverage services, Communication and Information Services, Financial services, Real estate, Professional services, Administrative services, Public Administration, Education services, Health services, Entertainment services, and Other services (14)
Factors of Production (9)	
	Labour factor (02): Male labour, and Female labour
	Capital factor (1): Capital
Institutions (26)	
	Household (10): Male headed children, Male headed school age children, Male headed youth, Male headed working age and Male headed old age; Female headed children, Female headed school age children, Female headed youth, Female headed working age and Female headed old age;
	Enterprises
	Government
	Rest of the World
	Savings or Gross fixed capital and Inventories (02)

Source: 2016 SAM

The move from a SAM data framework to a SAM model (also known as multiplier framework) requires decomposing the SAM accounts into 'exogenous' and 'endogenous'. Generally, accounts intended to be used as policy instruments (for example, government expenditure including social protection, investment and exports) are made exogenous and accounts specified as objectives or targets must be made endogenous (for example, output, commodity demand, factor return, and household income or expenditure).

Saint Lucia data SAM 2016 composed 57 accounts – 20 accounts for activities; 20 accounts for commodities; factor account composed of 3 accounts; 10 accounts for households; and other accounts consists of 8 accounts. In the first step the accounts of the SAM 2016 (i.e. 61) have been decomposed into 'exogenous (i.e. 4)' and 'endogenous (i.e. 53)'. Following the general practice, endogenous accounts include activity, commodity, factor and household (i.e. four endogenous accounts with 53 elements). Exogenous accounts consist of government, rest of the world and savings-investment accounts. The endogenous and exogenous accounts decomposition is shown below.

Table 16: Endogenous and exogenous accounts of ESP SAM model

Endogenous Accounts		Exogenous Accounts		
Description	Number	Description	Number	Policy Instruments
Activity	20			
Commodity	20	**Government**	1	**Expenditure and Transfer**
Factor	3	**Rest of the World**	1	**Export demand and Remittance**
Household	10	**Savings-Investment**	2	**Investment and Inventory**
Total	53		4	

Source: Authors' specification

The endogenous and exogenous accounts decomposition in a SAM matrix format is shown below.

Figure 20: SAM Model Specification in a Matrix Format

		Activity					Factors		Institution				Total Use
		A1	…	…	…	A20	LAB	CAP	HH	GoV	RoW	SI	
Commodity	C1												
	..												
	..	Endogenous (53 x 53) [Multiplier]							Exogenous (53 x 4)				
	..												
	C20												
Factors	Labour (2)												
	Capital (1)												
Institution	Household (10)												
	Government)	Leakage							Other				
	Rest of the world												
	SI												
	Total Supply												

Source: Authors' specification

Computable General Equilibrium (CGE) Model

Computable General Equilibrium model is a numerical specification of an economy calibrated to a consistent macro-economic data set – usually a Social Accounting Matrix for a particular year. CGE generally specified via 5 blocks such as:

(1) Production and Supply where production arrangements through the use of factors of production and intermediate inputs are specified

(2) Income and Expenditure: Income generation of various institutions and their expenditure patterns are specified

(3) International Trade: International trade with Rest of the World in the form of import from and export to is captured here

(4) Prices: All types of prices including wages and returns to capital are defined here; and

(5) Equilibrium Condition: Equilibrium conditions of the various markets; factors and as well as institutions are specified here.

key features of CGE model include:

- It captures the important interdependence between activities and commodities (i.e. production) with major institutions (or agents) such as households, government, firms and rest of the world.

- Invoking prices (e.g. producers' prices and consumers' prices) it ignites competition and resource allocation in product market and among competing activities (e.g. agriculture, industry & services) as well as in Factor market and among factors of production (i.e. labour, capital and land).

- It ensures critical macro consistency though closures such government revenue and spending; external sector by foreign exchange or current account; and savings and investment.

The schematic speciation of the Saint Lucia CGE model is shown above. It also shows the impacts channels and intervention points.

Figure 21: Circular flow and inter-linkages in the Saint Lucia CGE model
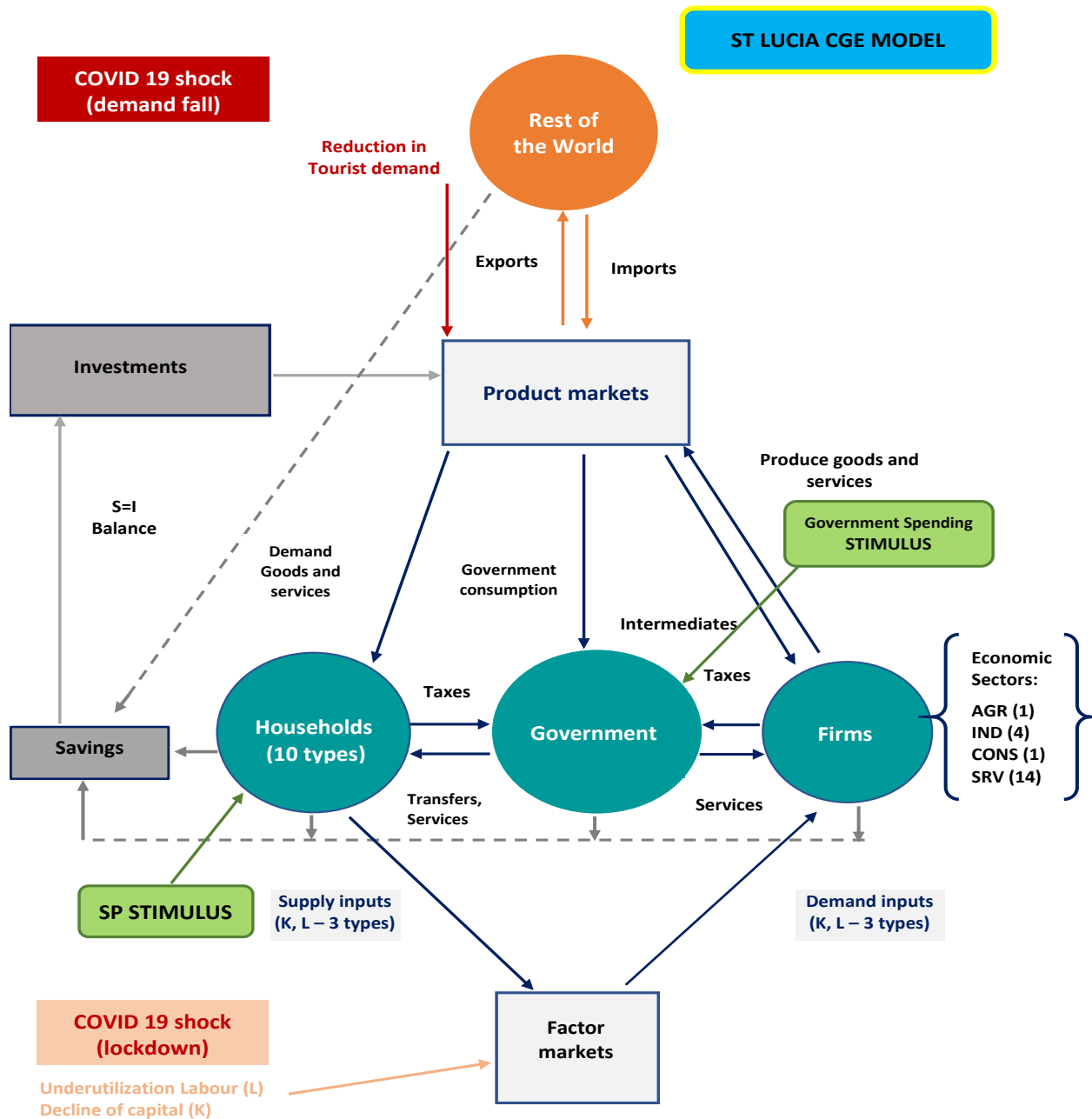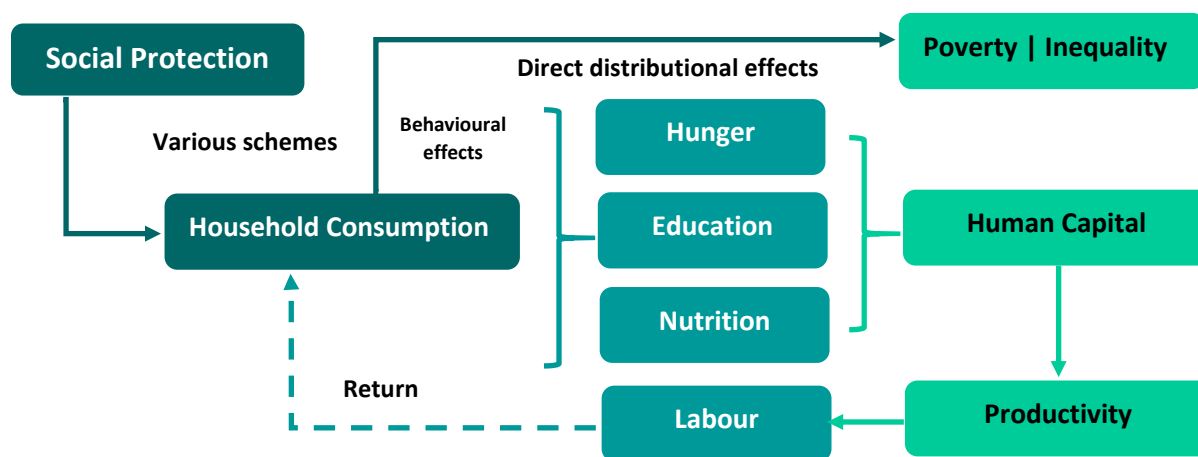

Source: author's representation

C. Micro-simulation model (MISM)

The analytical framework lining the effects of non-contributory social protection instruments with human development has been elaborated in figure below. Social assistance or transfers directly affect household disposable income (i.e. distributional effect), and thereby on income/consumption deprivation and inequality. Furthermore, changes in disposable income also affect households' behaviour. Additional and/or secure income encourages households to invest in health, education, child wellbeing and livelihoods and productive activities. Improvements in the health status, education, and child wellbeing lead to the increase the level of human capital. On the other hand, livelihoods and productive investments increase physical capital. Thus, labour productivity increase which return as higher disposable income, generating a virtuous circle of economic development at the micro level (Mideros, et al., 2012).

Figure 22: Social Protection and human welfare

Source: Author's representation

The micro-simulation model developed only assess poverty and inequality impacts of the proposed SP schemes. Spill-over effects on human development could not be ascertained. The poverty and vulnerability impacts are provided here.

Poverty impacts with and without social protection schemes have been determined for each of the selected schemes. The micro-simulation model (MSM) is based on SLC/HBS 2016 data. It is developed to capture the poverty and inequality impacts of two situations – with the proposed schemes and without the proposed schemes for the following targeted groups:

- *Children (age 0-4)*
- *School age children (age 5 to 14)*
- *Youth (age 15 to 29)*
- *Working age (age 30-64) and*
- *old age (age 65 and over).*

Cost-benefit ratio (CBR)

Estimated costs (derived from the costing model) and benefits estimated from the micro-simulation and the macro simulation model are combined in a cost-benefit framework to assess the cost-benefit ratios of the proposed schemes. Two approaches have been adopted to assess benefits. In the first approach (please refer to Khondker, B and Freeland, N (2014) and Philip et al (2015)[49], poverty impacts of them schemes (with and without the schemes) have been determined using the unit record data of SLC/HBS 2016. In the second approach, the Social Accounting Matrix (SAM) of Saint Lucia for 2016 has been used to derive the economywide impacts of these transfers. CBR specifications are:

- *Micro-simulation CBR 1= Poverty rate (%) / Cost as per cent of GDP (%)*
- *Micro-simulation CBR 2= Vulnerability rate (%) / Cost as per cent of GDP (%)*
- *Macro-simulation CBR 3= Gross Output (EC$ / Cost (EC$)*
- *Macro-simulation CBR 4= Consumption Expenditure (EC$) / Cost (EC$)*

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[49] Bazlul Khondker and Nicholas Freeland (2014) "Poverty impacts of core life-course programmes proposed under Lesotho National Social Protection Strategy: A micro simulation exercise", May 2104, Maseru, Lesotho; and Philip White, Anthony Hodges and Matthew Greenslade (2015), "Measuring and maximising value for money in social protection systems", UK Aid and DFID.

8.2. Beneficiary Coverage: Universal Vs Targeted Approach

A major issue in social protection system design is what approach should be adopted for beneficiary coverage? An appealing approach is the universal coverage of beneficiaries because of its merits – implementation ease; ensure equity – with virtually zero exclusion or inclusion errors; accuracy and low administration cost. Although universal social protection is a desirable approach from rights point of view as well as accuracy with regard to beneficiaries, it is seldom adopted due to fiscal constraint. In reality, countries around the world adopted various targeting approaches to select the deserving beneficiaries. The main objective of the selected targeting approach is to identify the beneficiaries without errors with least possible cost. Review of literatures on the subject suggests use of seven different types of targeting approaches. They include: (i) Means testing; (ii) Proxy means testing (PMT); (iii) Self-targeting; (iv) Pension testing; (v) Community based targeting (CBT); (vi) Geographical targeting; and (vii) Demographic targeting.

Table 17: Targeting methods and associated cost

Targeting Methods	Description	Cost
Means Testing	It involves assessing the income or wealth of applicants of poverty-targeted schemes. Generally, an income or wealth eligibility line is determined and all those with incomes or wealth below the line are considered to be eligible. It is very common in high income countries where the vast majority of the labour force is in the formal economy and it is relatively easy to verify incomes Due to informality, it is costly and difficult to implement in low- and middle-income countries	No accurate data cost is available. But, given that minimal information is needed from applicants, simple means-tests are likely to be inexpensive to implement.
Proxy Means Testing (PMT)	Since means testing are difficult to implement in low income countries, PMT has been promoted as an alternative for targeting poor. It tries to predict a household's – rather than an individual's – level of welfare using an algorithm that is commonly derived from statistical models. Proxies for income are usually determined through an analysis of national household survey datasets and are meant to be easily observable and measurable indicators that have some correlation with consumption or income. Usually the proxies include demographics; human capital; type of housing; durable goods; and productive assets. Surveys of all households (desired method) are conducted to generate data. Once the survey is undertaken, the data is fed into a computer and the algorithm is applied. Scores are allocated to households which are ranked from poorest to richest. A threshold is determined or are agreed upon for eligibility. All households those with PMT score below the threshold are considered to be eligible.	The PMT can be expensive. In Pakistan, the 2009 PMT survey cost US$60 million. In Indonesia it cost US$100 million in 2015. In Tanzania, each PMT survey cost US$12 per household implying that for the entire nation, the total cost would be around US$140 million. Kenya's HSNP programme required around US$10 million to survey only 380,000 households, or around US$26 per household. In Bangladesh it is costing about $ 80 million.

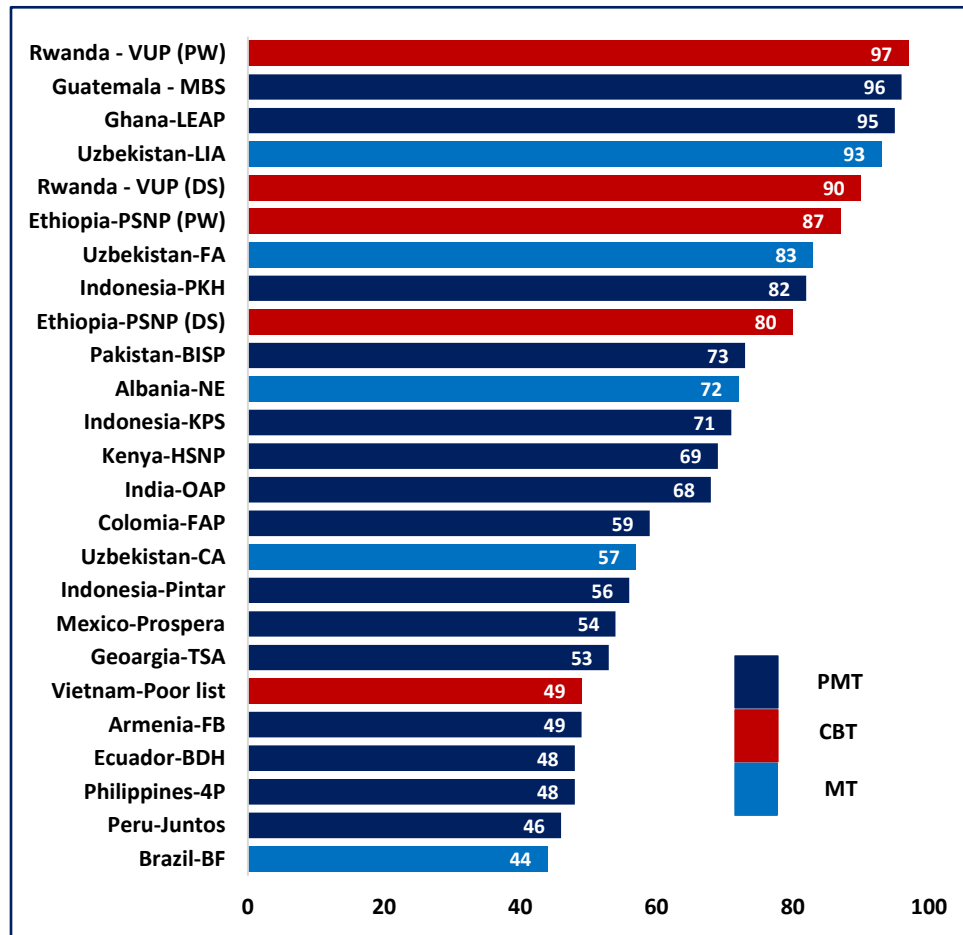| Targeting Methods	Description	Cost
Self-Targeting	With self-targeting, programmes are open to everyone with people making their own decision on whether to participate in the scheme. The methodology is commonly used in workfare schemes: usually a low wage is set for those participating in the scheme on the assumption that only the poorest will be willing to access it. So, while, in theory, the programme can be universal, its intention is to use the wage rate to discourage those who are better-off from participating. In effect, it should be understood as an attempt at a simple form of poverty targeting.	
Pension Targeting	Pension testing has been adopted by some governments to offer universal pension coverage. But in reality, it could also be regarded as a simple form of income testing. A tax-financed social pension is offered to all those not in receipt of another state pension (such as a social insurance or civil service pension).	In theory, universal pension coverage at a reduced cost to the state.
Community Base d Targeting (CBT)	CBT may have different approaches. Some of the most commonly adopted methods include: • Community leaders decide who should on the list. • The entire community makes the decision in a large meeting, with or without external facilitation (but in reality, it is rare for all community members to attend such meeting as they can take a long time and many people cannot afford the opportunity cost). • Communities are given selection criteria by an external authority and are asked to select households based on those criteria. The selection could be undertaken by local elites and leaders, or in community meetings. Facilitators work with communities in a more intensive process, often engaging across smaller groups to develop local criteria. The 'community' applies those criteria to rank households from 'poorest' to 'richest.'	No reliable data is available on the costs of community-based targeting. But it shifts some costs from governments to the community members. The cumulative opportunity costs could be very high when members of community are required to spend a day or more in such meetings. If outsiders support is also required for facilitation, these costs can be considerable. In the context of Malawi, CBT is too expensive a methodology for national level scaling up (Chinsinga, 2005).
Geographical Targeting (GT)	GT is a popular targeting scheme where eligibility for benefits to a scheme is determined, at least partly, by location of residence. This method uses existing information such as surveys of poverty map or nutrition map. GT is very useful where considerable variations exist in living standards across regions and where administrative capacity is sufficiently limited precluding use of individual/household assessment. It is also more appropriate where delivery of intervention uses a fixed site such as a school, clinic, or ration shop. GT is administratively simple and do not lead to labour disincentive. It is also unlikely to create stigma effects and easy to combine with other methods. But depends critically on the accuracy of information. GT performs poorly where poverty is not spatially concentrated.	Geographic targeting is popular form of targeting method adopted by many countries because it requires so few administrative resources. A small team of analysts can prepare a map using available data, though clearly the accuracy of the map will be greater if good data are gathered at disaggregated levels every few years. The map is used by a host of agencies with only an intuitive understanding of how it's construction.

Targeting Methods	Description	Cost
Demographic Targeting	Demographic targeting – by age or gender is a common form of targeting and has been adopted in different countries. The basic idea of demographic targeting is simply to select groups defined by easily observed characteristics such as the old, the young, or female-headed households to make them eligible for some sort of benefit. Beneficiary coverage may range from universal to categorical. Two important appeals of demographic targeting are: (i) administrative cost associated with running the schemes based on demographic targeting is relatively lesser than the cost associated with other types of targeting methods (discussed above); and (ii) demographically targeted schemes often have high political acceptability.	Administrative cost associated with running the schemes based on demographic targeting is relatively lesser than the cost associated with other types of targeting methods.

Source: Based on Coady et al (2004) and Kidd et al (2019)

Some of the major demerits of the targeted approaches includes: (i) high of cost operation; and (ii) inability to reach the intended beneficiary (i.e. poor identification problems). In most cases, the methods followed in targeted approach to select beneficiary (i.e. essentially poor persons) has been found inefficient resulting in high level of under coverage of the intended beneficiaries and leakage. Under coverage or 'exclusion error' denotes sum of actual poor wrongly classified as non-poor as a proportion of the total poor. On the other hand, leakage which is also known as 'inclusion error' is the sum of actual non-poor incorrectly classified as poor as a proportion of the total poor (Johannsen, 2006).

Attaining the intended goals of the social protection system (for instance reducing poverty of extreme or poverty among bottom 25 percent of the population) through adopting one of the seven targeting approaches is not always satisfactory due to inherent identification problem of targeting approaches. In a recent study, Kidd et al (2019) assess the targeting efficiency of selected 25 social protection schemes of low- and middle-income countries. More specifically, they wanted to '*assess whether is it possible to effectively reach those living in extreme poverty using poverty targeting. To answer this question, we examined the targeting effectiveness of those programmes aiming to reach the poorest 25 percent or less of their intended category.*'

Figure 23: Estimated Exclusion Errors by Types of Targeting Approaches (%)

Scheme	Value
Rwanda - VUP (PW)	97
Guatemala - MBS	96
Ghana-LEAP	95
Uzbekistan-LIA	93
Rwanda - VUP (DS)	90
Ethiopia-PSNP (PW)	87
Uzbekistan-FA	83
Indonesia-PKH	82
Ethiopia-PSNP (DS)	80
Pakistan-BISP	73
Albania-NE	72
Indonesia-KPS	71
Kenya-HSNP	69
India-OAP	68
Colomia-FAP	59
Uzbekistan-CA	57
Indonesia-Pintar	56
Mexico-Prospera	54
Geoargia-TSA	53
Vietnam-Poor list	49
Armenia-FB	49
Ecuador-BDH	48
Philippines-4P	48
Peru-Juntos	46
Brazil-BF	44

Legend: PMT, CBT, MT

Note: PMT refers to proxy means test; CBT denoted community-based targeting and MT depicts means testing.
Source: Kidd and Diloa (2019)

The outcomes (i.e. exclusion errors) of the 25 schemes are provided in figure below. The report argued that findings are not satisfactory, as out of the 25 programmes or registries with coverage under 25 percent of their target population, 12 have exclusion errors above 70 percent, 8 have errors above 80 percent and 5 have errors above 90 percent. Only six schemes have been able to reach over half of their intended recipients.

On the basis of the findings, they concluded that "*overall, the results demonstrate a mass failure of poverty targeting across* low- *and middle-income countries. In programme after programme, the majority of both the intended recipients and the poorest members of society are excluded. Therefore, if the aim of governments and international agencies is to reach those living in poverty and 'leave no-one behind,' the use of poverty targeting will result in failure.*"

8.3. Comparative Assessment of Saint Lucia SP with OECS

Using the following four key indicators from ILO global data on social protection systems, a comparative assessment of the Saint Lucia SP system against other OECS (Organisation of Eastern Caribbean States) SP systems was carried out. As can be clearly seen in **Figure 24**, for all four indicators figures for Saint Lucia are the lowest or among the lowest.:

(i) proportion of the population protected in at least one area of social protection
(ii) proportion of vulnerable persons covered by floors/systems
(iii) expenditure on Social Protection as per cent of GDP, and
(iv) domestic general government health expenditure (GGHE-D) as per cent of GDP

Figure 24: Comparison of Key Indicators of Saint Lucia SP with OECS*
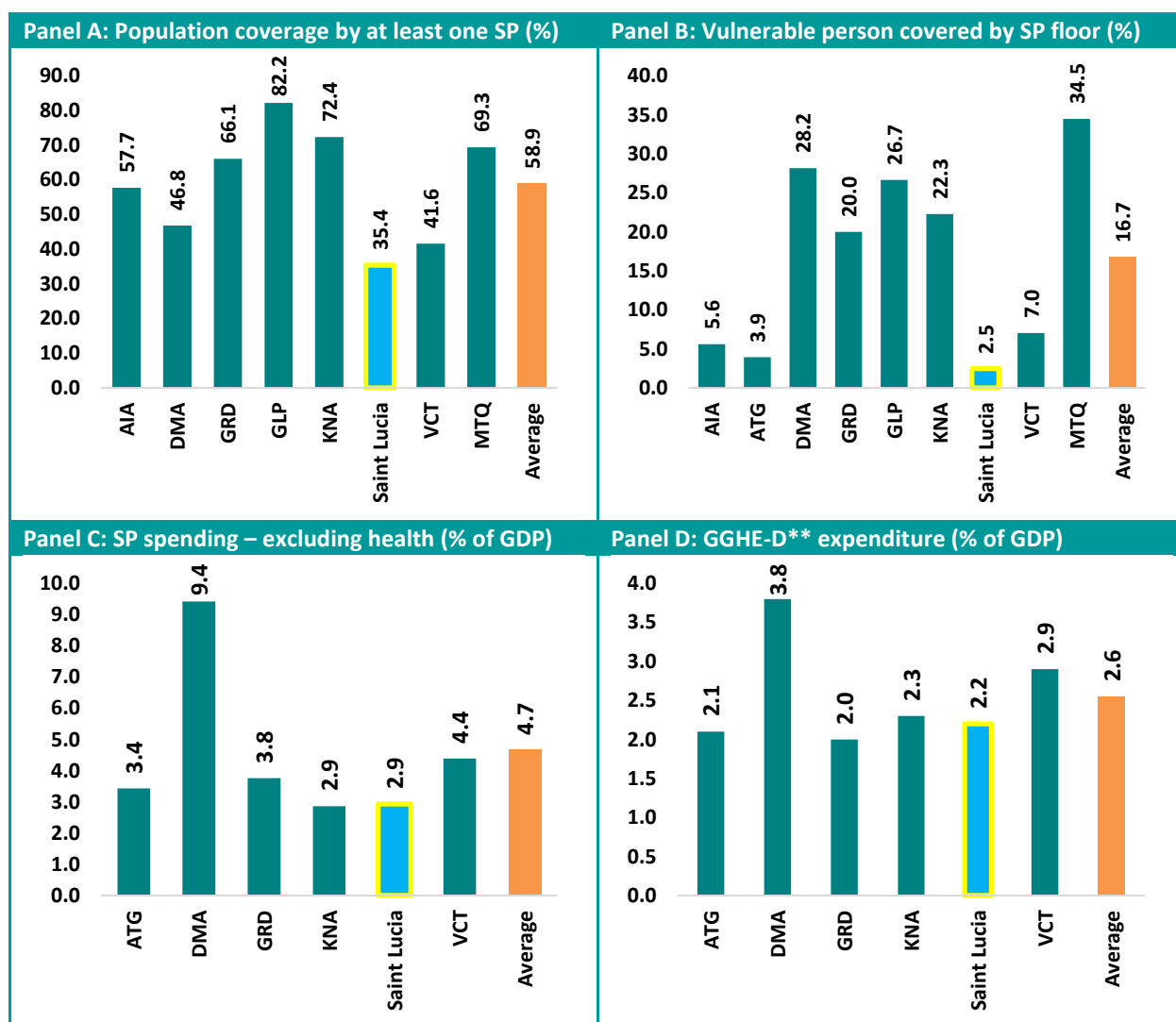

Note: * AIA: Anguilla; ATG: Antigua and Barbuda; VBG: British Virgin Islands; DMA: Dominica; GRD: Grenada; GLP: Guadeloupe; KNA: Saint Kitts and Nevis; VCT: Saint Vincent and the Grenadines; and MTQ: Martinique.
 **GGHE-D refers to domestic general government health expenditure.
Source: based on ILO data, latest available years.

Maternity benefit coverage and work injury coverage indicators are also considered to assess Saint Lucia's status compared to neighbouring countries. Out of eight OECS countries, five have higher maternity coverage than Saint Lucia, where the coverage rate is 14.9 percentage points lower than the OECS average of 54.3 per cent. However, Saint Lucia fares substantially better with respect to work injury coverage.

Figure 25: Comparison of Key Gender and ALMP Indicators of Saint Lucia SP with OECS
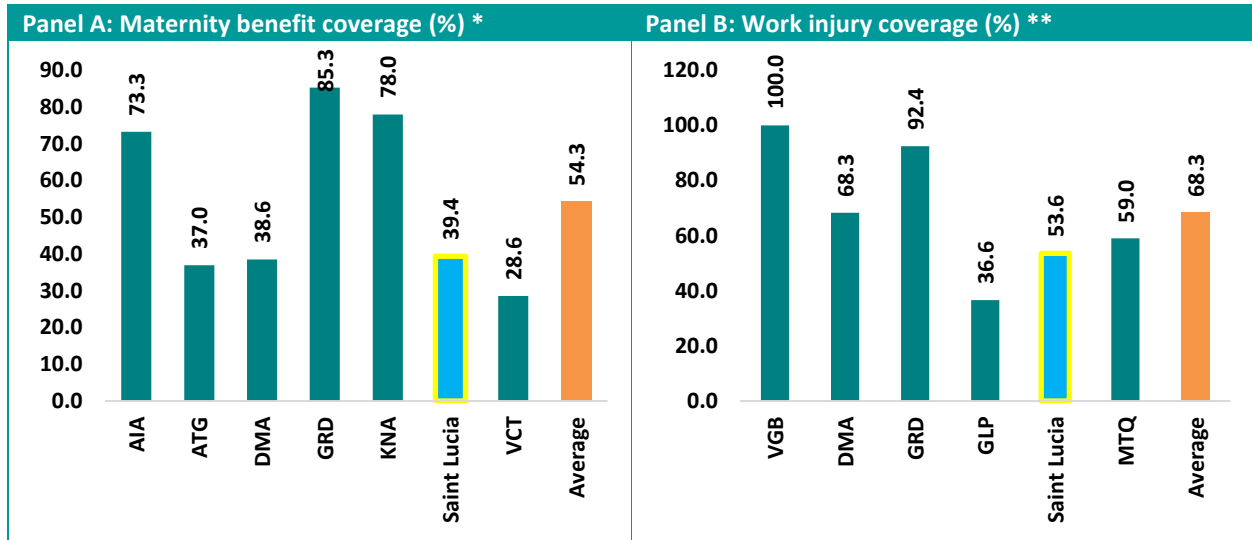
Note: * Proportion of women giving birth covered by maternity benefits, %, latest available year and **Persons covered in the event of work injury % of total employment, latest available year
Source: based on ILO data, latest available years.

## 8.4. COVID 19 Fiscal Measures in Saint Lucia and LAC[50] Countries

Table 18: List of measures unveiled by Saint Lucia

SL	Description	Intervention area
1	Coverage increase of the main noncontributory cash transfer program, Public Assistance Program (PAP), from approximately 2,400 beneficiary households to at least 3,600 poor households. PAP targets vulnerable households, including the elderly and persons with disabilities.	Social protection
2	Monthly payment of 500 ECD for 3 months, preconditioned to enrolling in NIC for informal workers not currently contributing to NIC, unemployed or displaced due to COVID19. Estimated cost of 16.8 million ECD. The Income Support Programme has been implemented as part of the Social Stabilization Plan for helping those who have lost their means of income due to the COVID-19 crisis and are not registered contributors to the National Insurance Fund. Specifically, persons or entities who generated income as off-shoot service providers of the tourism industry, comprising a large number of women workers, including taxi drivers, vendors, farmers, tour guide operators, hairdressers, small bar/restaurant owners and artistes and entertainers. The Ministries of Tourism and Finance are jointly responsible to ensure that this initiative reaches all who have been affected.	Social protection
3	As part of the Economic Recovery and Resilience Plan, personal Protective Equipment and COVID-19 Hygiene Care Packages, including sanitary napkins for women, are being provided for people in vulnerable situations.	Social protection
4	Coverage increase of the Educational Assistance Program which delivers in-kind educational supplies such as uniforms, shoes, and books for primary and secondary students of poor households, aiming to reduce school dropout and increase access and quality of education for children of poor households.	Social protection
5	From 1 March 2020 and until the date of cessation of the health emergency, a minimum income will be guaranteed to resident households, even if composed of one single person, who are in a state of economic difficulty and with insufficient resources, consisting of 580 EUR per month for each family, increased by 150 EUR for the spouse or for the cohabiting partner, and 50 EUR for any other person in the family.	Social protection
6	Monthly payment of 500 ECD to 1,500 ECD (185 –555 USD), for 3 months starting in April (subject to extension) for National Insurance Corporation (NIC) current contributors unemployed due to COVID19 and not receiving other NIC benefits. Estimated cost of 33 million to 80 million ECD.	Social protection
7	Rollout of the National Meals Program by the Ministry of Agriculture to feed 5,000 underprivileged persons on a daily basis using produce from local farmers.	Social protection
8	Temporary electricity assistance program (subsidy) for persons adversely affected by the economic crisis and for social assistance beneficiaries and suspension of disconnections for unemployed and persons on welfare by LUCELEC electricity utility company.	Social protection
9	Temporary increase in benefit amounts of the Child Disability Grant, Foster Care Grant, and assistance for persons living with human immunodeficiency virus (HIV).	Social protection
10	The implementation of Price Gauging legislative to protect consumers. In order to protect consumers from abuse by unscrupulous business-persons, who are attempting to maximize earning through price hikes on items which are currently in high demand, price gouging legislation will be developed.	Social protection
11	April 27. Department of labour published occupational safety and health checklist for quarries, concrete & construction sites	Workers protection in work-place
12	Workers in various industries including tourism and transport (minibus operators) received training in COVID-19 health and safety protocols. Hotel properties also required to be COVID-certified for operation.	Workers protection in work-place
13	August 2020 – schools outfitted with necessary sanitizing stations and other vital infrastructure for COVID protocols.	Workers protection in work-place
14	April 2020 access to paid leave allowed	Access to paid

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[50] LAC refers to Latin America and the Caribbean (LAC).

SL	Description	Intervention area
15	For 310 people in quarantine (home-based and facility-based) food, water and medical needs are satisfied at no cost, psycho-social support provided.	Health care
16	A new hotline with numbers for covid-19-related health concerns has been set up.	Health care
17	May 2020. Coursera and Commonwealth of Learning Workforce Recovery Initiative launched to provide tertiary-educated unemployed workers (aged 18-40) with the opportunity to receive free training in university level courses (Sep-Dec 2020) in areas on the National Priority List. Certificates for completing such courses, usually costing a substantial amount, are to be awarded free of charge upon course completion.	Retraining
18	July 2020 - Labour Enhancement Programme: Assist displaced workers in gaining employment in other sectors such as construction, manufacturing, and agriculture. To include training and certification of 900 workers through the TVET programme by December 2021.	Retraining/employment assistance
19	July 2020 – National School Leavers Programme: provide employment support to new labour market entrants and reduce pressure on job market via national service, volunteerism, training and career guidance, youth entrepreneurship, and enrolment with service clubs.	Retraining/employment assistance
20	Waiver for interests and penalties on all taxes due in March 2020.	Tax measure
21	Extension of deadline for filing personal income tax returns (individuals and individual enterprises) for 2019 until the end of April. (April 2020) Expanded to all enterprises.	Tax measure
22	Extension for Corporate Income Tax instalment payments between March and September: one (1) month in each payment instance.	Tax measure

Figure 26: Fiscal Response in Latin America and Caribbean (LAC) Countries
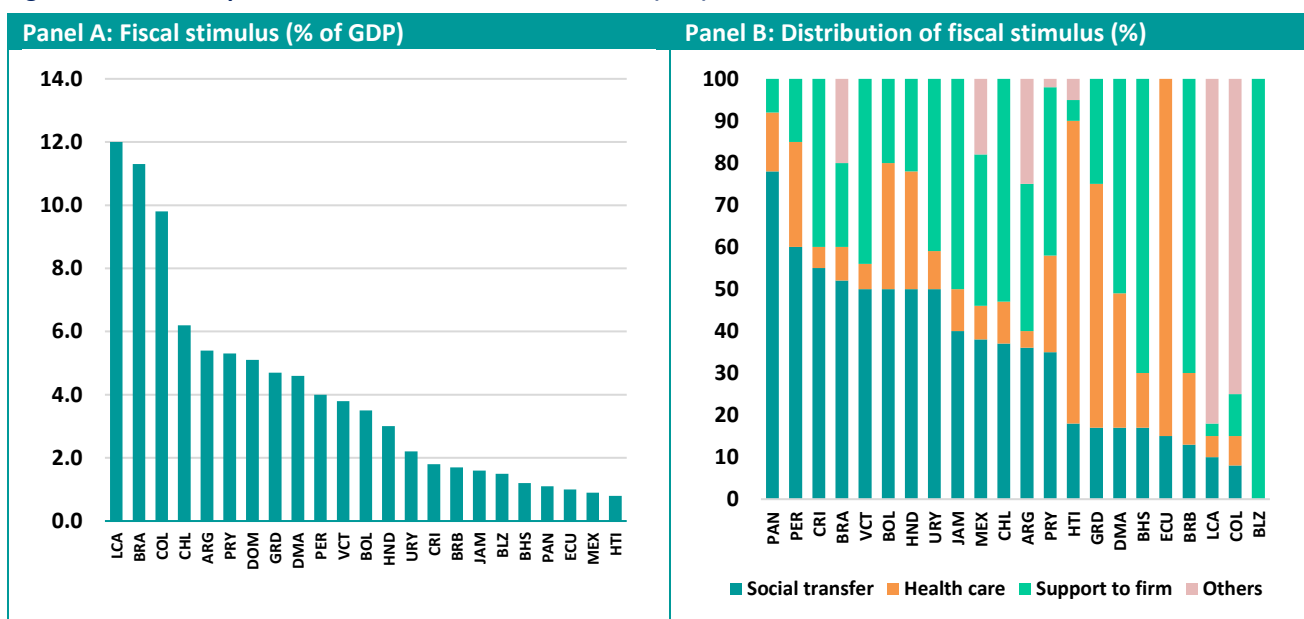
Abbreviations: ARG: Argentina; BHS: Bahamas; BRB: Barbados; BLZ: Belize; BOL: Bolivia; BRA: Brazil; CHL: Chile; COL: Columbia; CRI: Costa Rica; DMA: Dominica; DOM: Dominica Republic; ECU: Ecuador; SLV: El Salvador; GRD: Grenada; GTM: Guatemala; GUY: Guyana; HTI: Haiti; HND: Honduras; JAM: Jamaica; MEX: Mexico; NIC: Nicaragua; PAN: Panama; PRY: Paraguay; LCA: Saint Lucia; VCT: St. Vincent and Grenadines; SUR: Suriname; and URY: Uruguay.

Source: World Bank (2020)

Beneficiary Perception: St Lucia COVID 19 Assistance

Background: Government of Satin Lucia introduced new measures or expanded the existing measures to support the most vulnerable groups during COVID 19. In addition to review of secondary data (i.e. on allocation and coverage), it was also decided to carry out a small-scale rapid assessment to generate citizens' perception of GoSL pursued measures. Accordingly, a total of twenty-one (21) interviews were conducted between March 18, 2021 and April 20, 2021. A structured questionnaire has been used. Interview participants were identified with support from staff of the Welfare Services Unit, Research Unit and Social Transformation Officer of the Ministry of Equity, Social Justice and Empowerment.

Interviews have been conducted over the period March 18, 2021 to April 20 2021. With due consideration of the protocols in place, participants were asked to use the Zoom platform. However, there were some respondents who indicated that due to the lack of finance they did not have internet service and thus it was agreed that some interviews would be done via phone. Participants provided their consent, and all interviews were recorded then subsequently transcripts were prepared. Key features of the respondents are shared below.

Table A 1: Respondents by Response Measures

Response Measures	Number of Respondents	Male	Female
Employment Relief Programme (NIC)	4	2	2
Income Support Programme	4	2	2
Public Assistance Programme	5	3	2
National Meals Programme	4	1	3
Labour Market Enhancement	4	2	2
Total	21	10	11

Table A 2: Age of the Respondents

Age Categories	Number of Respondents
18 – 25 years	4
26 – 35 years	5
36 – 60 years	9
Over 60 years	3
Total	21

Table A 3: Geographic Distribution of Respondents

Regions	Number of Respondents
North (including communities from Castries, Gros Islet and Babonneau)	6
Central (including communities from east coast Micoud to Dennery and West Coast – Anse La Raye to Soufreire)	7
South (including communities from Vieux-Fort to Choiseul	8
Total	21

Summary of Impacts: Respondents' Perceptions

A. Job loss and income loss

Respondents reported job losses and their inability to get alternative employment because of the exponential increase in persons seeking employment. Job losses due to COVID-19 led to the reduction in household income since in most cases the newly unemployed were the main or only earner in their

respective households. Respondents suggested that the estimated income loss between 35 per cent and 100 per cent.

Respondents indicated that it was difficult to save before the pandemic, therefore, the limited amounts of money saved previously quickly exhausted leaving them unable to meet the basic needs (e.g. purchasing groceries, payment of utilities including WIFI or the purchase of devices for home schooling etc.). Many had no savings at all to cushion the new reality of living through the COVID-19 pandemic because income level did not allow them to save. Moreover, support from relatives and friends either reduced or ceased. Households who had been receiving remittances from relatives or friends overseas were no longer able to receive at pre pandemic levels as the remitters could no longer do so due to their own reduced or no earnings of their own.

B. Description of assistance

Interviews were conducted with recipient of 5 selected programmes.

1. Employment Relief Programme (ERP) – Beneficiaries of this initiative are individuals who contributed to the National Insurance Fund of the National Insurance Corporation (NIC) but became unemployed due to the COVID-19 situation. Monthly cash payments made to eligible individuals were equivalent to 50 per cent of their insurable earnings subject to a minimum of XCD $500 to XCD $1,500.00 dependent on income. Initially the pay-out period was April to June 2020 (3 months), however, this was extended to September 30, 2020 (6 months) given the large negative impact of the pandemic on the economy. A significant number of NIC contributors were employed in the hotel sector which was adversely impacted by the COVID-19 pandemic.

   Persons who had lost their jobs and were contributors to the National Insurance Fund were guided to complete online applications and to upload requested documentation. Programme details were air on Television and radio as well as through social media.

2. Income Support Programme (ISP) – Under the Income Support Programme, beneficiaries were persons who are not contributors to the National Insurance Fund. Many of these persons or businesses generated their income as providers of services that are reliant on the Tourism Industry. With the significant downturn in the Tourism sector, these individuals have been unable to earn a living. As such, participants deemed eligible through the application process received monthly payments of XCD $500 for a period of 3 months. A condition of this programme was that beneficiaries agreed to register with the NIC and make income related contributions to the National Insurance Fund.

   Programme details were air on Television and radio as well as through social media. Applications were made electronically and included the upload of requested documents to the Ministry of Tourism. The applications were reviewed and verified for eligibility and then subsequently approved. Some individuals reported having to make in-person follow up visits to present documents. The Research Department of the Ministry of Equity also provided support in the execution of the Income Support Programme.

3. Public Assistance Programme (PAP) – Government's Public Assistance Programme provides cash transfers and other benefits to needy and vulnerable persons. As a response to COVID 19, horizontal expansion of PEP took place with the inclusion of an additional 1,000 beneficiaries such that the

coverage of PAP increased from 2,600 households to 3,600 households in order to provide support qualifying households. Cash transfers are provided ranging from $215 for a single person household to a maximum amount of $465 for a household of 5 persons or more. Beneficiaries of the PAP programme are also eligible for the following support services if needed: (i) Eye Care Services; (ii) Medical care – exemptions from basic health care packages at Public Hospitals and Wellness facilities; (iii) Coverage for expenses incurred in surgical fees; and (iv) Expenses for burial assistance.

Anyone can apply to the public assistance programme through the Welfare Services Unit. The intake forms are completed with the Welfare Officer working in the region where the applicant lives. The details from the intake process is entered electronically through the Proxy Means Test – SL-NET V3.0 which determines eligibility. Subsequent verification visits have been undertaken, and then final approval is made. If approved, applicants receive a PAP beneficiary card and begin receiving PAP payments and other related benefits. Those that are not approved are informed by letter of the non -approval and can seek redress through engagement of the Deputy Director- Welfare Services Unit for review.

4. National Meals Programme (NMP) – As part of this initiative, Government collaborated with the private sector and in particular, the St Lucia Hotels and Tourism Association (SLHTA) to provide meals to needy and vulnerable persons across the island. It was reported that more than 18,000 meals were distributed during April and May, 2020. In June 2020, a "Good Food Box" was initiated to replace the meal and provided the households with local produce that the Government purchased from local farmers who had been displaced due to the COVID-19 pandemic. This was seen as increasing the efficiency and effectiveness of the national meal programme to provide relief to households and not individuals. Further, the purchases from farmers would form a cushion for the loss of income they had experienced as a result of contraction due to loss of sales especially to the hotel sector.

    The beneficiaries did not register for this assistance. Rather, they were identified / recommended through various channels – Welfare Officers of the Welfare Services Unit, Social Transformation Officers, Office of Parliament Representatives, recipients of Public Assistance Programme, District Disaster Committees through their listing of vulnerable persons, local NGOs providing supporting especially to women and children, persons who became unemployed due to COVID-19 and had made requests for public assistance support.

5. Labour Enhancement Programme (LEP) – The aim is to provide short to medium term employment opportunities created through various schemes. The participating respondents were engaged in the Home Caregiver Programme, Caretakers Programme and Short-term Employment Programme (STEP). Participants indicated that to become employed in the Home Caregiver Programme, they registered through the ruling party government via the local constituency offices and were hired. For eligibility of households / clients, the programme provides for individuals who are unable to care for themselves and have no one to assist them either financially or physically. Where such persons may have had family to assist, they are gainfully employed and have to leave these individuals unattended.   For the selection of household, a request for assistance is made from a family member or concerned individual. This information is passed to the Supervisor for the area concerned, who then contacts the family and arranges for a home visit and an assessment is done. Based on the needs identified,

the availability of Caregivers and the level of priority given based on need, a decision is made regarding whether or not and the level of care to be offered.

Persons employed in the Caretaker programme are engaged through the Local Government Authorities for the beautification and maintenance of public roadways, playing fields, community parks and open spaces. The caretakers present their details through the submission of a copy of their National ID Card and are called in to sign an agreement usually for a 3-month period.

For the STEP programme, interested unemployed persons were registered by presenting themselves at the parliamentary office in their community and indicate their interest in working on the STEP programme. A copy of their National ID was submitted, and they were subsequently informed to begin work at a particular location on a specific day.

Table below summarises benefit amounts and duration of benefits for the selected interventions.

Table A 4: Geographic Distribution of Respondents

Programme	Amount of Benefit	Duration
Employment Relief Programme	$500 to $1500 monthly based on insurable earnings	3 – 6 months
Income Support Programme	$500 monthly	3 months
Public Assistance Programme	$215 to $465 monthly based on size of household	6 months and ongoing
National Meals Programme	Varied from Meal to vegetable Box to hygiene kits	3 months and extended in some areas
Labour Market Enhancement	Various: $1,100 for home care givers Average $900 a month for Caretakers Daily $60 paid for roadside beautification	Ongoing – Home Caregivers Periodic (Caretaker & STEP) and are not continuous or irregular

Generally, beneficiaries expressed a sense of gratitude to have received some level of support as a stop-gap measure. However, due to the severe downturn on major sectors of the economy – tourism, agriculture and services, it was felt that the duration of assistance should extend until persons were back in employment. Perception of the respondents on adequacy and duration of assistance are presented below.

General: Recognizing that the number of persons who became displaced as a result of the COVID-19 pandemic, respondent's perception of the various assistance varied. It was noted that while there are constraints (mainly fiscal constraints) on the level of support Government can provide due to availability of resources, the pandemic is not over and thus the duration of benefits especially for the *Employment Relief Programme* and the *Income Support Programme* should have continued for a longer period.

Specific:

"I would say at least a year or for as long as COVID is present or as long as the economy is down knowing that we are dependent on tourism and that's my livelihood as well as other people."

"I think it should have lasted longer. I understand it is not a consistent thing. It's just to help people in need."

"They should have provided more feedback, after they gave the $1,500, they never contacted us or anything to say if everything is going alright. They just gave the money and that was it."

"It's not all about the money. You still need to survive after the $1,500."

"Government doing their best but better could be done."

"Some people complain, but I wouldn't because it helped me out."

"I think it should continue for as long as the Ministry could afford it."

General: The beneficiaries of the Public Assistance Programme felt that persons should remain under the scheme until their circumstances change. When persons are able to re-enter the world of work, then they should be removed so that another household can get assisted.

Specific:

"…Maybe there are people who need it even more than the person who are there for two years and have made progress. So then (new) people can take their space."

"There are a lot of people right now that cannot help themselves in St. Lucia. If they take out that programme, there have a lot of people that cannot eat."

General: Beneficiary of the Home Caregiver programme noted that government should make provisions to continue to offer such an initiative because it provides a life-line to many vulnerable households where persons are unable to care for themselves while also giving employment to others.

Specific:

"The Home Caregiver Programme should be a permanent programme…. We always have the less fortunate ones."

General: Respondents from the Caretaker Programme and the STEP programme noted a need for these programmes to provide employment opportunities for a longer duration and convert them as regular.

Specific:

"The Caretaker programme should be a continuous thing …. Even think it should be permanent."

"The STEP programme should be for longer…..some of us need the little day's work so that they could make ends meet."

Brief Description of the Global Gender Tracker

The UNDP and UN Women developed the COVID-19 **Global Gender Response Tracker** to monitor and assess the gender sensitivity of these measures. The response tracker is based on '*publicly available information, including official government documents, media coverage, and existing policy repositories that track government responses to COVID-19. Data on measures was also provided by UNDP and UN Women country offices.*' According to version 2 (i.e. March 21st, 2021) the database contains 3,112 measures divided into four different policy categories[51]:

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[51] For more details on the methodology see: https://data.undp.org/wp-content/uploads/2020/09/COVID-19_Global_Gender_Response_Tracker_Methodological_Note_20092020.pdf. Furthermore, Reference to this database should read as follows:

1. **Social protection measures (1340 rows)**
2. **Labour market measures (360 rows)**
3. **Fiscal and economic measures (580 rows)**
4. **Violence against women measures (832 rows)**

Table 19: Gender responsive measures by regions

	All Measure (A)	Gender responsive (B)	Unpaid care (C)	Violence against women (D)	Women's economic security (E)	GR as % of All Measure (B/A)
Africa	539	212	10	117	85	39.3
Americas	752	360	42	223	95	*47.9*
Asia	770	281	25	184	72	36.5
Europe	908	361	91	242	28	39.8
Oceania	143	85	12	66	7	**59.4**
Total	3112	1299	180	832	287	41.7
Share of Gender responsive	100.00	13.9	64.0	22.1	

Source: based on COVID 19 global gender responsive tracker (Version 2)[52]

8.5. Data and Evidence in Support of the Proposed SP System

Box 7: Maternity protection through social assistance

A number of countries have introduced cash transfer programmes for pregnant women and new mothers.

- In **Bangladesh**, the Maternity Allowance Programme for Poor Lactating Mothers (MAP), introduced in 2008, provides poor women in rural areas aged 20 and over with one-time support during their first or second pregnancy to the amount of BDT 350 per month (approximately US$4.50) for a period of two years. The MAP programme covered 220,000 women in 2014 –15 at a cost of 0.01 per cent of GDP. Furthermore, allowances for urban low-income lactating mothers covered some 100,000 women in 2014–15 at a cost of 0.0045 per cent of GDP.

- **Ethiopia's** Productive Safety Net Programme (PSNP) provides pregnant women in food-insecure and poor households, regardless of their employment status, with cash benefits after six months of pregnancy and during the first ten months after delivery, exempting them from participating in public work. This could be considered as a form of paid maternity leave. However, in several field sites, women reported that they continued working throughout their pregnancy as they feared losing their entitlement to the benefits if they interrupted their work.

- **In India,** the Indira Gandhi Matritva Sahyog Yojana (IGMSY) Programme, launched in 2010 in 52 pilot districts, aims at improving the health and nutritional status of women and their children. Pregnant and breastfeeding women aged 19 and over, regardless of their employment status, receive maternity cash benefits for their first two pregnancies. A cash transfer equal to US$67.20 is paid to registered women in three instalments upon compliance with specific conditions, including medical check-ups for mother and child, exclusive breastfeeding, vaccinations and at tendance at health counselling sessions. The cash transfers are equivalent to approximately 40 days of lost work under minimum wage conditions.

- **In Peru,** the conditional cash transfer programme JUNTOS, introduced in 2005, provides cash transfers to pregnant women, children and adolescents up to the age of 19 years who are living in extreme poverty. They

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receive PEN 200 every two months under certain conditions: pregnant women have to attend antenatal examinations; children have to attend medical examinations and school. In 2014, JUNTOS reached out to 753,638 households.

- The Cash Transfer Programme for Vulnerable Children in **Northern Togo** provides unconditional cash benefits on a monthly basis to vulnerable households to prevent and manage child malnutrition. Eligible for benefits are pregnant women (at least three months), children during the first 24 months of their lives and severely undernourished children until nearly the age of five years. Beneficiaries are encouraged to attend nutritional training sessions and to ensure education and health care of their children.

- In the **United Republic of Tanzania,** the Social Action Fund (TASAF) provides cash transfers to pregnant women equivalent to US$6, disbursed every two months on condition that they attend at least four antenatal medical exams, or health and nutrition sessions every two months, depending on availability of services, and present their children for regular medical routine checks.

Source: ILO (2017b)

Box 8: Key features of SWAPNO livelihood project

Strengthening Women's Ability for Productive New Opportunities (SWAPNO) is a typical public work based graduation model targeting the distressed and vulnerable rural women in Bangladesh. It has implemented under the aegis of UNDP, Bangladesh. The SWAPNO project predominantly focused on sustainability of outcomes. Under this scheme, women got selected who were poor; had limited economic opportunities; were widowed, divorced or deserted; were not involved in any income-earning activities; did not have access to sufficient amount of land or other productive assets; and were the primary income earners of their households. The beneficiary women were employed from for a period of 18 months and each beneficiary received a total of BDT 66,450 (around $ 750) as cash wage payments. Besides, the programme had a mandatory savings scheme (BDT 50 or $ 0.6 per working day) and each participating woman received BDT 22,150 ($ 275) as a graduation bonus at the end of the scheme. Along with employment, SWAPNO beneficiaries also received seven basic life skill and livelihood trainings. Moreover, this programme particularly stressed on lifting the poor out of poverty and ensured resilient livelihood so that beneficiaries become self-sufficient and no longer depend on government aid. At the same time, it emphasized on empowerment and human capital development through different awareness building sessions and training courses. Under SWAPNO programme, beneficiary women participated in different public work programmes. This engagement helped them to grow with confidence and ultimately, achieve the objective of the programme.

An evaluation by SANEM (2019) for UNDP and Bangladesh Planning Commission suggested wide ranging positive outcomes of the interventions.

Source: SANEM (2019)

Box 9: Three Tier Disability System

Following the National Social Security Strategy (2015), government of Bangladesh has been implementing a three tier disability benefits aligning to the life cycle stages. It will involve three core schemes:

- *A Child Disability Benefit for all children with a disability, up to 18 years of age*
- *A Disability Benefit for all adults with severe disabilities, aged 19-59 years*
- *At 60 years, people with severe disabilities will transition to the Old Age Allowance*
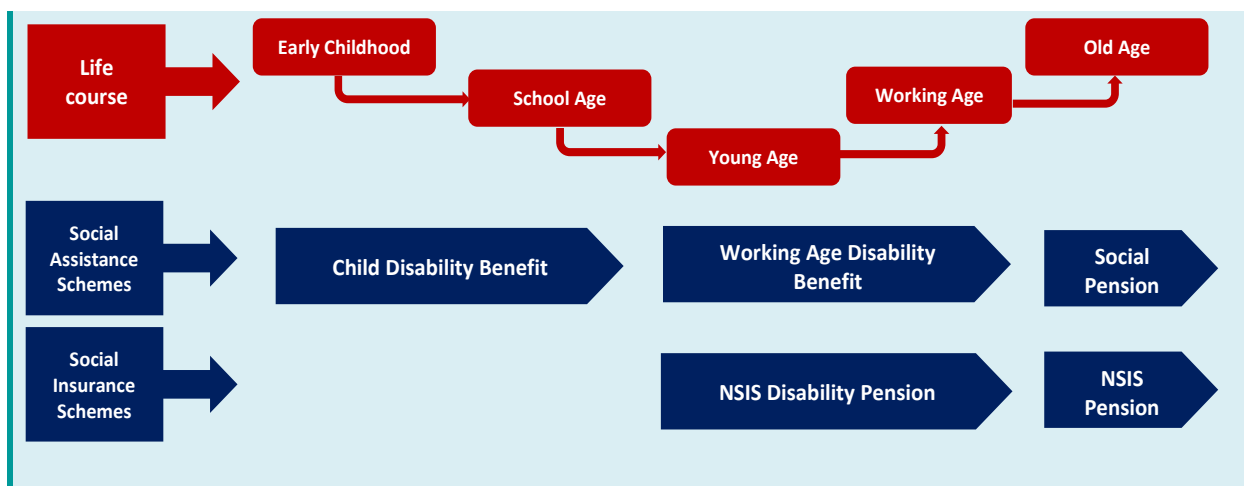
Table 20: Summary of the tax structure in Saint Lucia

Taxes	Tax revenues in national currency Eastern Caribbean dollar, Millions			Tax structure in Saint Lucia % in GDP		
	2017	2018	Change	2017	2018	Change
Taxes on income, profits and capital gains[1]	253	269	16	5.1	5.1	0.1
of which				0.0	0.0	
Personal income, profits and gains	105	113	8	2.1	2.2	0.1
Corporate income, profits and gains	94	94		1.9	1.8	-0.1
Social security contributions				0.0	0.0	0.0
Taxes on property	26	26		0.5	0.5	0.0
Taxes on goods and services	707	748	41	14.1	14.3	0.2
of which						
Value added taxes / Goods and services tax	309	331	22	6.2	6.3	0.2
Taxes on specific goods and services	372	390	18	7.4	7.5	(-0.0)
of which						
Excises	131	133	3	2.6	2.6	-0.1
Customs and import duties	201	205	4	4.0	3.9	-0.1
Other taxes[2]		0		0.0	0.0	(-0.0)
TOTAL	**985**	**1042**	**57**	**19.7**	**20.0**	**0.3**

Source: OECD (2020)

Box 10: Benefits of property tax

- *It redistributes wealth:* Land and property taxes as a wealth tax can effectively redistribute wealth in a city. If effectively implemented, the land and property taxes can also lower prices of land and make landownership more affordable.

- *A fairer tax instrument:* Property tax is often fairer than other forms of tax. When local governments invest in building a road, or a school near a property, the price of these assets increase significantly. The value of land in cities is increasing continuously due to rapid urbanisation. Taxing land and properties allows governments to capture some of these increases in land and property prices (i.e. land or property rent) that result from forces outside of the owner's control and are in part the direct result of public investment. If designed properly, property owners who gain more from public investments and population growth can be taxed for the benefit of the wider community. At the same time, those property owners who lose out on their property values from nearby investments can be effectively compensated in the form of lower taxes.

- *It promotes investment and growth:* Given that the supply of land is fixed in a city – taxing this asset does not negatively affect urban investment. In some cases, it may also encourage more efficient land use. For instance, Kopanyi and Murray (2016)[53] argued that high levels of land taxation, alongside lower taxes on productive sectors, have reduced land speculation and encouraged manufacturing investment in many East

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[53] Kopanyi, M. and S. Murray (2016), "An Effective Property Tax Regime for Rwanda (Draft Report)" International Growth Center, UK.

Asian countries. Property tax has been found to be less harmful to investment and growth compared to other taxes such as income and corporate tax. Property tax is not like taxing work or savings that can induce individuals to work or save less.

Source: Author's compilation based on IGC (2018)

ILO (2011)[54] in a report collated different types of innovative sources of financing for implementing social protection schemes and social protection floor. Box below describes the main innovative sources.

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Box 11: Innovative sources of financing applied to social protection

Financial transaction tax: Many countries – including Brazil, the Republic of Korea, India and the United Kingdom – have implemented some sort of financial transaction tax, most commonly an ad valorem tax on share trades of 10–50 basis points. On average, these taxes raise less than 0.5 per cent of GDP. In Brazil, the provisional contribution on financial transactions helped to consolidate the universalization of the health system. The Bill Gates report to the G20 Cannes Summit estimates that a small tax of 10 basis points on equities and 2 basis points on bonds would yield about US$48 billion a year in the G20. *If introduced, part of these resources could be allocated towards the development of social protection in low-income countries.*

Global currency transaction tax: The Leading Group on Innovative Financing for Development estimated that a tax of 0.005 per cent on foreign exchange transactions in all major currency markets at the point of settlement would raise about US$25 billion to US$36 billion for the four major currencies (dollar, euro, yen and sterling). *The group suggests the resources be used to set up a Global Solidarity Fund, which could be dedicated to international development cooperation, including the implementation of social floors.*

Solidarity levy on airline tickets: In 2006, Brazil, Chile, France, Norway and the United Kingdom, in collaboration with the UN, agreed to tax airline tickets and invest the funds raised in basic health protection, in particular by facilitating the purchase of drugs and medicines to fight AIDS, tuberculosis and malaria in low-income countries. Benin, Burkina Faso, Cameroon, Republic of the Congo, Côte d'Ivoire, Guinea, Republic of Korea, Madagascar, Mali, Mauritius and Niger later joined the scheme. The cost to passengers ranges from US$1 (economy class tickets) to US$40 (business class). *Since its creation, the airline levy has helped UNITAID to collect about US$2 billion to fund programmes benefiting people in 94 countries (UNITAID, 2010).*

Remittances: Labour migration has always been a source of informal social protection for households left behind. Remittance flows to developing countries are projected to reach US$346 billion in 2011, accounting for about 2 per cent of the GDP of developing countries and 6 per cent of GDP in low-income countries. They have proven to help increase consumption and reduce poverty in the countries of origin of migrants. Decisive action to reduce transaction costs, which are estimated to average 9 per cent, can increase the net income transferred. A recent study in rural areas of Mozambique shows that migration associated with remittances is positively related to stimulating solidarity in communities. *Risk pooling and financial inclusion mechanisms among remittance recipients could also be stimulated to enhance the impact of remittance flows on community well-being and convert informal arrangements into formal social floor schemes.*

Debt-base instruments: Since 2007, under the Debt2health swap scheme, Australia and Germany have converted about US$160 million in bilateral debt owed by Côte d'Ivoire, Egypt, Ethiopia, Indonesia and Pakistan into investments in basic health in these countries. Under this scheme, the creditor cancels bilateral debt and the debtor commits to invest in basic health. *Debt swap and debt cancelation facilities could be enhanced to increase investment in social protection (The Global Fund, 2011).*

Source: ILO (2011)

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