

Executive Summary

1.1

Objectives and Approach

This study of poverty in Anguilla is one of a series of Country Poverty Assessments (CPAs) undertaken throughout the Caribbean since 1995. Its primary objectives are to:

1. identify the extent, severity, characteristics and causes of poverty in Anguilla;
2. evaluate the effectiveness of current policies and programmes in terms of their impact on the poor and vulnerable groups of the population; and
3. make recommendations for future policies and programmes to contribute to the reduction of poverty on the island.

The CPA has been a joint undertaking of a National Assessment Team (NAT) including members from government and non-government organisations (NGO), and a Team of Consultants (TOC) appointed by the Caribbean Development Bank (CDB). Workshops between the NAT and the TOC were held at key junctures of the study to ensure that methodology, requirements, responsibilities, findings and conclusions represented the views of both participants.

The CPA involved three principal components:

1. A sample household survey (the Survey of Living Conditions -SLC) designed to supplement data from the 2001 Census by collecting information on household expenditure and income.
2. A series of Participatory Poverty Assessments with representatives from poor and vulnerable sub-groups.
3. A series of meetings to identify current programmes related to the reduction of poverty and the provision of assistance to vulnerable groups.

1.2

The Definition of Poverty

For the purposes of this study and to ensure comparability with previous assessments poverty has been defined on the basis of indigence (based on minimum food requirements) and poverty (including an element of non-food expenditure) lines derived according the CDB's methodology. The resultant indigence (severely poor) and poverty lines are EC\$ 3,100 (US\$1,200) and EC\$7,900 (US\$3,000) respectively for an adult per annum.

Current definitions of poverty are more wide-ranging than those based on income alone. They include consideration of, *inter alia*, living conditions, access to health and education, and less easily defined notions such as vulnerability, voicelessness, powerlessness and lack of opportunity. The general concept of 'wellbeing' has been used in this study to bracket these non-income aspects of poverty.

In general there will be a high correlation between lack of income and lack of wellbeing. However this is not always the case – some people and households will experience lack of wellbeing resulting from factors such as family disruption, teenage pregnancy, crime or drug abuse even though their income puts them above the poverty line. Another way of looking at this group is that they are sources of potential future poverty, i.e. lack of wellbeing today can lead to lack of income in the future. Either way any poverty assessment should not confine itself to an assessment of income poverty alone but should also address the issues that can affect current and future wellbeing.

1.3

Economic and Social Context

After many years as an essentially subsistence economy, Anguilla has developed rapidly over the last 20 or so years due, almost entirely, to the expansion of the tourism industry on the island; Anguilla has averaged over 100,000 visitors annually since 1991. Real GDP has more than doubled to EC\$232 million over the last 15 years and median household and per capita incomes are currently around EC\$47,000 (US\$17,700) and EC\$14,000 (US\$5,300) respectively. As a direct result the population has increased by over 70% since 1982 from 6,680 to 11,561 compared to an increase of barely 1,000 in the preceding 20 years. A large part of this increase has been due in-migration, mainly from other Caribbean countries. Non-Anguillians now make up 28% of the population.

Unemployment remains low at around 8% although this is higher than in 2001, before the events of September 11th 2001. This increase highlights the island's dependency on tourism (29% of GDP and 40% of employment)¹. This dependence makes the island highly vulnerable to trends in international and regional tourism and the recent downturn is one of the main causes for the Government's current deficit situation. There are some opportunities for diversification (e.g. the finance sector, small scale cultivation, fishing) but these are unlikely to have a significant impact on future job creation.

The fruits of this growth and the consequent increase in government revenues can be seen in the provision of free education and, almost free, healthcare. Primary Health Care and Social Development Departments have been established in the last 10 years. There is virtually 100% enrolment at both primary and secondary levels. On the health side, infectious and waterborne diseases have been virtually eliminated. In consequence, infant mortality is low (around 6 per 1000) and life expectancy is high (74 years).

Housing on the island is generally solidly built (hurricane-proof), provided with safe water, electricity and good sanitation; overcrowding affects under 10% of households. Ownership of many modern consumer goods is high: vehicles (74%), telephone (84%), TV (90%), washing machines (79%) and refrigerators (95%).

1.4

Poverty in Anguilla

1.4.1

Incidence and Characteristics

The current level of poverty in Anguilla is low by Caribbean standards - around 20% of households and 23% of the population. Indigence or severe poverty is very low at around 2% of households. Although there is no comparable information it would almost certainly been higher 10 years ago.

In general, the poor in Anguilla do not exhibit several of the characteristics that are traditionally associated with poverty. Their housing and basic facilities such as water

¹ These estimates are based on the hotel and restaurants sector only. In practice, substantial portions of the transport and construction sectors are likely to be tourism related.

and electricity, school attendance and health levels are little different from those of not poor households. Many poor households also own assets (e.g. vehicles, telephones, TVs and refrigerators) which, in many places, would be considered to be symbols of affluence². Perhaps most important is the fact that over 70% of poor households have at least 1 person working; 30% have 2 or more.

There are however significant differences between poor and not poor households:

- Unemployment (17%) is over twice the average; 40% of the unemployed reside in poor households.
- Households tend to be larger meaning that poor households have more dependants, e.g. the young and the elderly.
- Educational attainment is lower for both heads of household and young adults (i.e. those who have just passed through the system).
- Poor households also have higher proportions of disabled or elderly persons and a higher incidence of teenage pregnancies in the last 15 years.
- Poor households are more likely to be Anguillian – most non-Anguillians have come to work and entry is dependent on work permits. Non-Anguillians also tend to have fewer dependants.

1.4.2

Who are the Poor

The poor in Anguilla do not constitute a homogeneous group. Given the low overall incidence of poverty on the island, this heterogeneity means that, irrespective of the indicator used (egg. employment, household type, household size, educational attainment), the majority of households in any category will not be poor. There are two principal categories of poor household: the indigent and the vulnerable on the one hand, and the working poor on the other.

² Conditions for the indigent can be substantially worse: sub-standard housing, lower educational levels and lower ownership rates. The indigent however only comprise around 10% of poor households.

The indigent and the vulnerable can also be divided into 2 main sub-groups: the elderly living on their own and single parent families. The elderly on their own have little income-generating potential and thus depend on support from the government, their families or NGOs (especially church groups). The existence of this support (especially from families) is fairly widespread but is frequently not enough to put them above the poverty line.

Although there is little direct correlation between single parenthood and income poverty, this group and women in particular, are at risk from poverty. Female earning potential is already lower due to substantial wage differentials across all occupation categories. Added to this is their continuing primary responsibility for child rearing and home duties which frequently limits them to part-time and less skilled employment. This situation is exacerbated when family relationships founder leaving them exposed to financial hardship, dependency on others, vulnerability to mental problems and, for a minority, spousal violence. The welfare of children is also often seriously affected. A small minority of male adolescents and young adults are also at risk from poverty due to underachievement at school and involvement in petty crime.

The working poor have a much higher dependency on the tourism sector and are more likely to be involved in lower paid and less secure occupations, both of which increase their vulnerability to any economic downturn. This vulnerability is exacerbated by the high cost of living which means that any reduction in income can have a serious impact on household finances, especially given that almost all food is imported and is subject to import duties. For about half these households the absence of adult men or a high number of dependants will be a major contributory factor to their poverty.

Overall however, poverty in Anguilla is not severe at present – most poor households enjoy a reasonable standard of living, own their property, have good access to education and health services and have at least one person in employment. The recent Adolescent Health Survey also concludes that ‘*in general, the youth of Anguilla are physically, socially and mentally healthy*’. Few households fall into the category of the severely poor and the social issues which can exacerbate or lead to impoverishment do not acutely affect more than a small minority of households.

1.4.3

The Causes of Poverty in Anguilla

The heterogeneous nature of the poor on the island means that poverty in Anguilla has several causes:

- Inadequate wages: in a situation where employment is high, inadequate wages rather than lack of income will be a major cause of poverty. Whilst below average education levels amongst the poor are partly the reason for their low paid occupations, the fact remains that these occupations will always be present to some degree or other.
- No or little income-earning potential due to age, disability, and sickness allied to the absence of sufficient government or family-based safety nets that could raise them above the poverty line.
- Male absenteeism: in the Anguillian context of unstable conjugal unions and significant male migration, family separation is not uncommon and can often result in a substantial reduction in income as well as a deterioration of family life.
- Teenage motherhood is often an integral component of single parent families. Support from the male concerned is often unavailable and the welfare of the young mother and child depend primarily on family support. This limits their educational potential, their future employment opportunities and can make them vulnerable to unsatisfactory, and sometimes abusive, future relationships.
- Discrimination against migrants particularly by employers and landlords which is exacerbated by migrants' uncertainty of their residential status.

1.4.4

Future Poverty Trends

The principal determinant of future income poverty in Anguilla will be the health of the tourism sector. Without growth in this sector unemployment will increase and government revenues will decline making it difficult to sustain current education and health policies and to combat the social issues described above.

The other determinant of future poverty in Anguilla will be the trend in the family-related problems described above. Some of these, e.g. the elderly living on their own, increasing adolescent sexual activity, increasing single parenthood and serial monogamy, are probably irreversible. Future poverty on the island, particularly in

terms of wellbeing, will depend on Anguilla's ability to mitigate the potential negative impacts of these trends. These social problems are by no means typical of Anguilla. They are to be found throughout the Caribbean as well as in Europe and the United States, often in a more acute form (egg. drug abuse and teenage dropouts).

1.5

Poverty Reduction Programmes

The great majority of educational and health programmes are geared to the Anguillian population as a whole. As a result of these programmes access to primary and secondary education and to most health services is available to all. These achievements have largely occurred in the last 10 or so years. With the exception of the work of the Social Development Department (the administration of public welfare, the management of child support payments and core social work), the NGOs and the activities related to Special Educational Needs, there are no programmes that explicitly target the poor. There is however good co-ordination between the Social Development Department (SDD), the Department of Education, the Primary Health Care Department (PHCD) and the NGOs relating to households in severe poverty or who, in other respects, are deemed to be at risk. The primary reason for the limited number of programmes is that poverty as such has not been perceived as serious enough to merit more pro-active interventions. This is largely borne out by the fact that, but for a minority of households, poverty, whether defined in terms of income or wellbeing, is not severe at present.

There are, nevertheless, some gaps. Some of these (e.g. the need to increase vocational/ technical skills for both schoolchildren and adults, water allowances for the indigent) have already been recognised and new programmes are being developed. Others which have been identified are:

The indigent/very poor: Clearer and publicly available criteria for eligibility for public assistance and medical exemption cards; a revision of the level of public assistance which is currently below the adult indigence line; introduction of non-financial means of support (e.g. home visits for the elderly and the infirm).

One parent families: improved mechanisms to obtain child maintenance; and financial assistance to establish paternity.

Life management education: the introduction of 'life management classes' in secondary schools covering aspects such as sex education and contraception, family, societal and financial responsibilities, substance abuse, nutrition.

Major medical problems: introduction of compulsory 'catastrophic' health insurance.

Non-belongers: review of rights to health and welfare services and the operation of the work permit system.

Domestic Violence: introduction and publicisation of policies to build on the growing concern and knowledge about this issue.

1.6

Legal and Human Rights Aspects of Poverty

The review of the governance, legal and human rights aspects dimensions of poverty in Anguilla reveal a generally satisfactory situation. The country is a democracy with a generally low level of criminal activity. There is little evidence that shortcomings in the legal framework are making a significant contribution to poverty or exacerbates the situation of vulnerable groups. In many key respects, the existing law provides a good basis for their protection.

A new constitution is being drafted which will give greater prominence to human rights, as is a consolidated Labour Code which will provide a statutory basis for a non-mandatory minimum wage (at present, there is no such basis) and a more transparent and formal procedure for the resolution of labour disputes. Moves are also afoot to introduce a tripartite structure (government, employers and workers) to create a more collaborative approach to labour relations. These initiatives should be brought to fruition.

The most urgent requirement is a redrafting of the *Hospitals and Poor Relief Act 1949* which governs welfare law. This Act is outmoded and lacks transparent criteria for eligibility. It also currently prevents Public Assistance being made available to the unemployed and single parent families.

In the longer term, consideration should also be given to the following:

- Enacting some of the provisions relating to the control of rentals under the *Rent Restriction and Rent Control Acts*;
- Introducing legislation that would ban discrimination based on ethnicity and gender;
- Clarifying the issue of children born in Anguilla of non-Anguillian parents once they attain the age of majority; and
- Enacting legislation relating to trade unions and collective bargaining.

1.7

1.7.1

Towards a Poverty Reduction Strategy for Anguilla

General Considerations

In the last two years, a number of International (or Millennium) Development Goals have been established by international agencies for Latin America and the Caribbean. These goals relate to reducing the incidence of severe poverty, achieving universal primary and secondary school education, reducing mortality for the under 5s, having skilled personnel present at births and access to safe water. Anguilla has virtually achieved all these goals. Poverty reduction strategies and programmes for Anguilla must therefore concentrate on other measures to reduce poverty and improve wellbeing.

Accordingly the following poverty reduction objectives are proposed:

- The promotion of economic growth and job creation.
- The betterment of the conditions of those currently in poverty and helping them to achieve a sustainable livelihood through a combination of direct income support and other measures.
- The development of the skills and health conditions that will enable current and future households to achieve and maintain a sustainable and fulfilling life.
- The elimination or reduction of the potential causes of future impoverishment, and in particular the abovementioned social problems.

1.7.2

Priority Programmes

Any poverty reduction strategy must be financially sustainable. Policies and programmes involving government expenditure must therefore be closely linked to the overall financial situation of the government. At present, the Government is in a budgetary deficit situation. Allied to the downturn in the tourism sector, the availability of finance for new programmes in the short-term is likely to be limited. This means that priority should be given to:

- actions that do not require substantial additional government expenditures; and
- actions that have a major potential for reducing current or future poverty.

The proposed priority actions are summarised in the Table below. They have been selected, as best conforming to the above criteria, from a much longer list of proposals made at a workshop held in Anguilla in November 2002 between the NAT and the TOC.

Priority Poverty Reduction Actions

Target Group	ACTION	Comments
Indigent/ Vulnerable	Revision of the current level of public assistance	The level of assistance is currently below the indigence line
	Redrafting of 1949 Hospital and Poor Law including criteria for public assistance	The current act is outmoded, does not contain transparent eligibility criteria and excludes groups such as the unemployed and one parent families
	Needs Assessment Studies for those receiving welfare, child support and forming part of SDD's case load	These would provide the basis for targeted, non-income based programmes such as home visits, assistance with transportation, improved child care, and identifying job opportunities
	Increasing the involvement of NGOs in identifying poor and vulnerable households	The NGOs have good knowledge of needy households which should be fully exploited
	Developing links between SDD and employers	The needs assessment surveys will provide SDD with detailed information on the employment potential of the poorest and most vulnerable households.
	Strengthening procedures for Child Support	These are currently considered to be inadequate

Target Group	ACTION	Comments
Unemployed	Small Scale Job Creation / Micro-credit / Small-Scale Cultivation and Hydroponics	Designed to widen the employment opportunities for the unemployed. Increased food production would also supplement incomes and reduce the need for food imports.
Working Poor	Review of food import duties	These duties have a disproportionate impact on the poor.
	Introduce new Labour Code	Labour and Attorney General
	Skills upgrading	Will enable some poor employees to obtain more satisfying and lucrative employment
	Research into Low Income Earners	To provide the information needed to decide on whether a mandatory minimum wage should be introduced
General Social Programmes	Domestic Violence	This is a pernicious problem which should be confronted by all means possible
	Nutrition	Obesity is seen as a growing problem amongst young and old Anguillians
	Education in Life Skills	Designed to reduce the incidence of teenage pregnancy, unsafe sex, and promote long-term financial and social responsibility.
	Research into Adolescent and Young Adult Males	Gender studies have traditionally concentrated on women yet male behaviour is seen as a cause of poverty and lack of wellbeing amongst women.
	Review of Health Care Financing	The highly subsidised health system is likely to come under budgetary pressure. A solution is also needed to prevent medical emergencies which cause major economic hardship.

Whilst these new or revised programmes are considered to be crucial to future poverty reduction in Anguilla, the contributions made by existing programmes are probably of greater importance as these provide the majority of the population with the means (good education and health) to remain free from poverty. The programmes of the Anguilla Development Board to finance and provide training for small business development also fulfil this role. The introduction of new programmes should not be to the detriment of these existing programmes.

1.7.3

Resourcing

The majority of other proposals primarily require manpower resources, some of which should be available within existing departments through the reallocation of personnel. SDD, the agency at the forefront of poverty reduction work, is however a special case. It is already under-resourced. Many of the programmes directly targeted at the poor will operate through this Department. Accordingly, an increase in staffing levels will be essential.

1.8

Medium and Long term Programmes

The programmes listed in the Table are those which should be implemented in the short-term. In contrast, the following programmes are deemed more appropriate to medium and long term implementation either because they merit a lower priority or because they will require significant government expenditure which is more likely to become available in the longer term:

- Introduction of subsidies, targeted at the poorest households, for childcare, transport, health services, etc.
- Establishment of safe houses for victims of domestic violence.
- Establishment of a compulsory national health insurance scheme and introduction of graduated health charges.
- Review of minimum wage and trade union legislation.
- Establishment of capability for on or off island hospitality training.
- Develop requirements for training of Anguillians where currently migrants are employed.
- Expansion of Anguilla Development Board Programmes.
- Study of medium term requirements for the care of the elderly.
- Drafting and enactment of anti-discrimination legislation.

1.9

Outside Assistance

At present Anguilla is unlikely to be a priority candidate for significant financial assistance from external sources. This could change if the downturn in the tourism industry is more severe than currently envisaged and leads to a marked increase in poverty. Agencies such as Department for International Development (DfID) and CDB are however potential sources of technical assistance in the short-term. DfID,

in particular are committed to improving technical and institutional capacities in the Overseas Commonwealth Territories. The following is a list of programmes/ initiatives that could be candidates for such assistance as the requisite technical expertise or manpower is not currently available on the island:

- redrafting of welfare legislation;
- review of health care financing;
- investigations into the needs and aspirations of young men (could be part of a Caribbean-wide project);
- drafting of anti-discrimination legislation; and
- assistance with setting up counselling and other services for substance abuse (not a priority at present).