

ANGUILLA CPA

In-Country Meetings

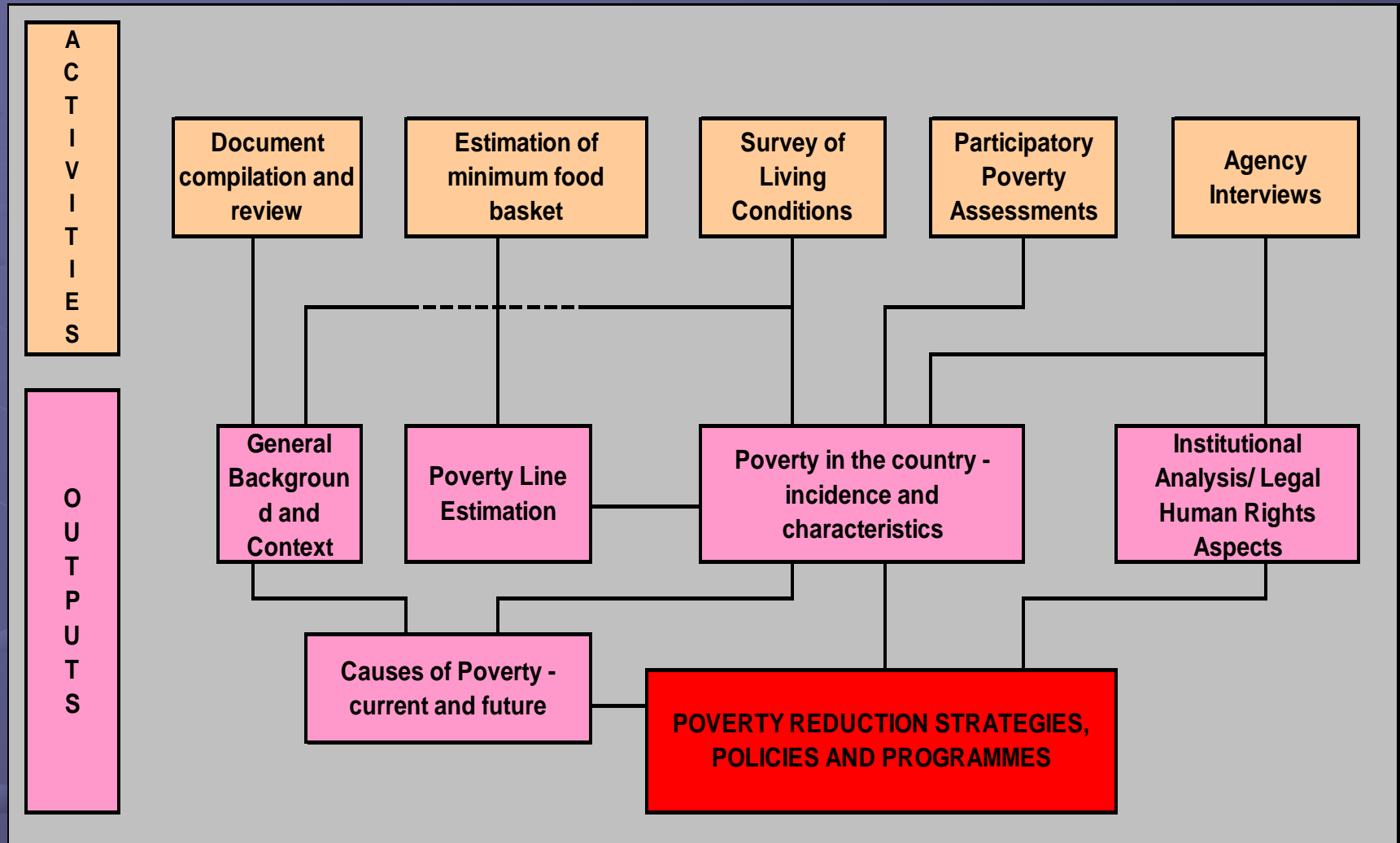
April, 2003

Halcrow Group Ltd./ National Assessment
Team of Anguilla

CPA Objectives

- To identify the extent, severity, characteristics and causes of poverty in Anguilla
- To evaluate the effectiveness of current policies and programmes in their impact on the poor and the vulnerable
- To make recommendations for future policies and programmes to contribute to the reduction of poverty

CPA Process



ANGUILLA

General Background

The Economy (1)

- Anguilla is a service economy (80% of GDP)
- Economy revolves around tourism - hotels, restaurants, construction, fishing, transportation
- Steady growth in GDP since 1984: 5.6% annually since 1986
- Per Capita GDP has grown 2.1% annually since 1986

Per Capita GDP

	<u>1991</u>	<u>1996</u>	<u>2000</u>
GDP/cap (US\$)	5,408	6,407	7,564
GDP/cap (EC\$)	14,602	17,300	20,423

The Economy (2)

- Hotels and restaurants alone contribute 30% of GDP and 40% of employment
- High end tourism with 3.5:1 staff:guest ratio
- 17,000 visitors in 1984 → 112,000 visitors in 2000
- Tourist expenditures of US\$61 million in 2001

The Economy (3)

- Agricultural output has increased since 1984 but its share of GDP has declined from 8.9% to 2.8%
- Banking and insurance has more than doubled its share of GDP since 1984 from 7.4% to 15.5% (due to development of commercial banking)
- Government has retained constant share of economy in 14-16% range since 1984; also accounts for 25% of employment

The Economy (4)

- Economy should continue to grow in the same manner as it has over the last 5 years
- New resort / golf course development underway
- Airport improvements

Government

- Moved from current account surplus to deficit in 2001
- Overall balance continues in deficit
- Small balance of payment surplus based on tourism earnings and direct foreign investment in tourism
- Limited potential for new programme spending

Unemployment

- Unemployment rate 7.8% in 2002; highest among 15-24 year age group
- 70% of unemployed had secondary education or better - young people graduating high school with no job prospects?
- Duration of unemployment short - 3 months or less

Challenges

- Vulnerability to external economic changes (US economy – 60% of visitors) and to natural disasters (hurricanes)
- Limited Government capacity to fund new or expanded programmes
- Lack of appropriate employment opportunities for youth

Population

- As a result of the strong economic growth, the population of Anguilla has increased by over 70% since 1984 – from 6,700 to 11,600. In the preceding 20 years, it had increased by barely 1,000.
- A large part of the increase has been made up of non-Anguillians who now make up 28% of the population. In the last 10 years, there has also been significant return migration.
- The number of households has increased by 43% since 1992, due to declining household size.

POVERTY IN ANGUILLA

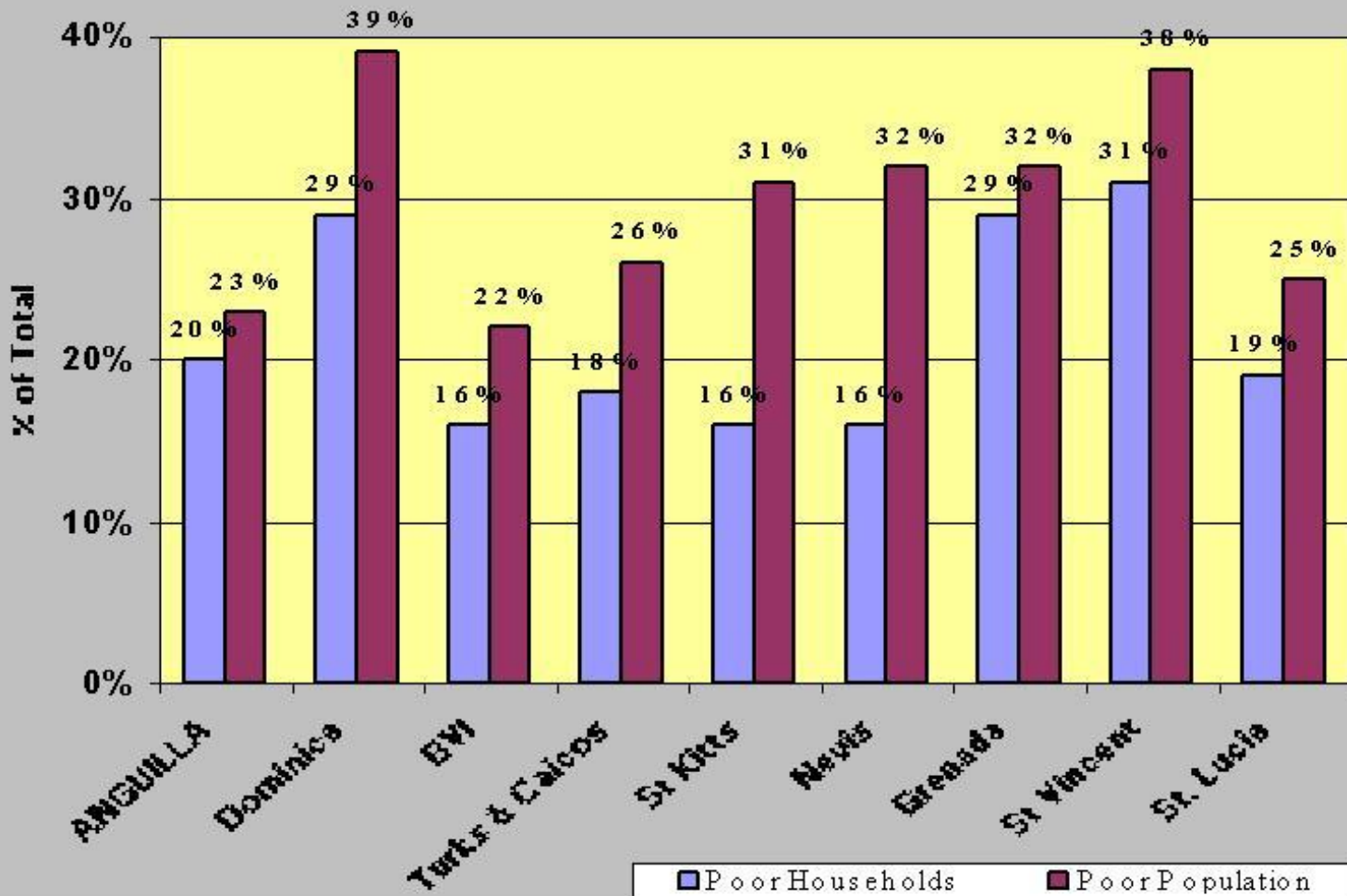
The Measurement of Poverty

- The level of poverty in Anguilla has been assessed by means of two poverty lines:
 - The indigence/ severe poverty line: those unable to afford the minimum amount of food necessary for a healthy life.
 - The gneral poverty line: adds an allowance for non-food expenditure to the indigence line.
- Poverty is also considered to include households experiencing a loss of well-being due to factors such as lack of social/ family support and harmony, insecure residential status and sharp labour practices.

Household Income and Expenditure

Total expenditure	Average	Median
Per household	\$54,700	\$47,000
Per capita	\$17,400	\$13,900
% on Food	19%	na
Poverty Lines	Adult	Household
Indigence	\$3,100	\$7,700
Poverty Line	\$7,950	\$27,000
% Food	39%	29%

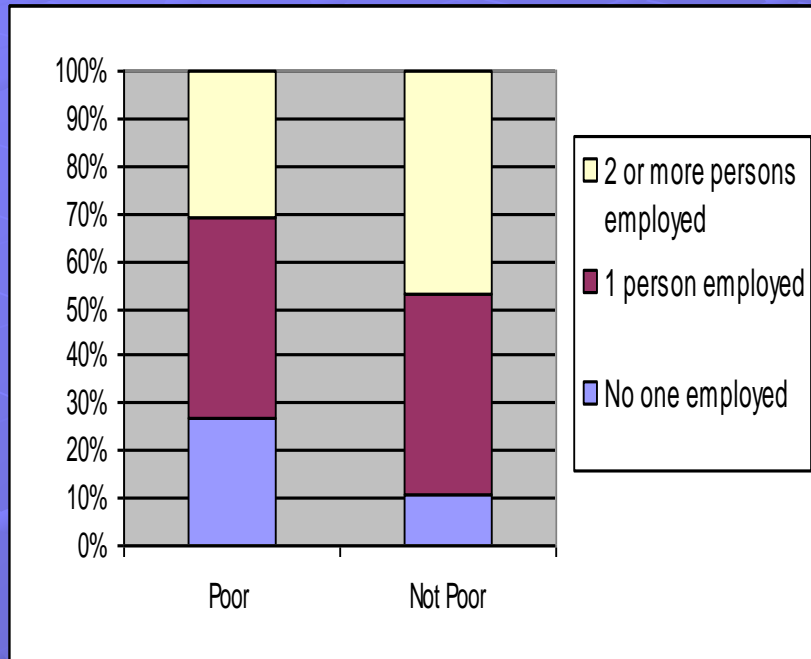
The Incidence of Poverty



Poverty - Demographic

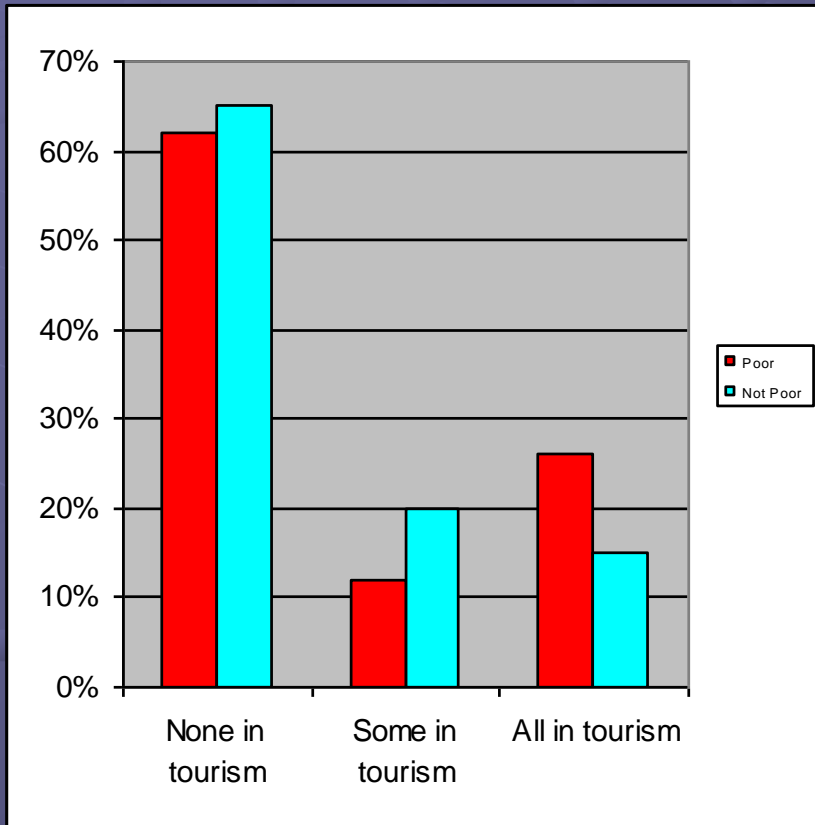
- Children and Gender: poor households contain proportionately more children and are more likely to be female-headed but the differences are not great.
- The elderly: 32% of poor households contain elderly people compared with 14% of non-poor households. Around half the elderly who live on their own are poor.
- Household size: poor households tend to be larger.
- Poverty is more heavily concentrated amongst Anguillian than non-Anguillian households.

Poverty: Economic Activity



- Over 70% of poor households have 1 or more people working
- Unemployment is almost 3 times higher in poor households –17% / 6%
- Population/ worker ratios are much higher: 2 as against 1.4

Poverty: Dependence on Tourism

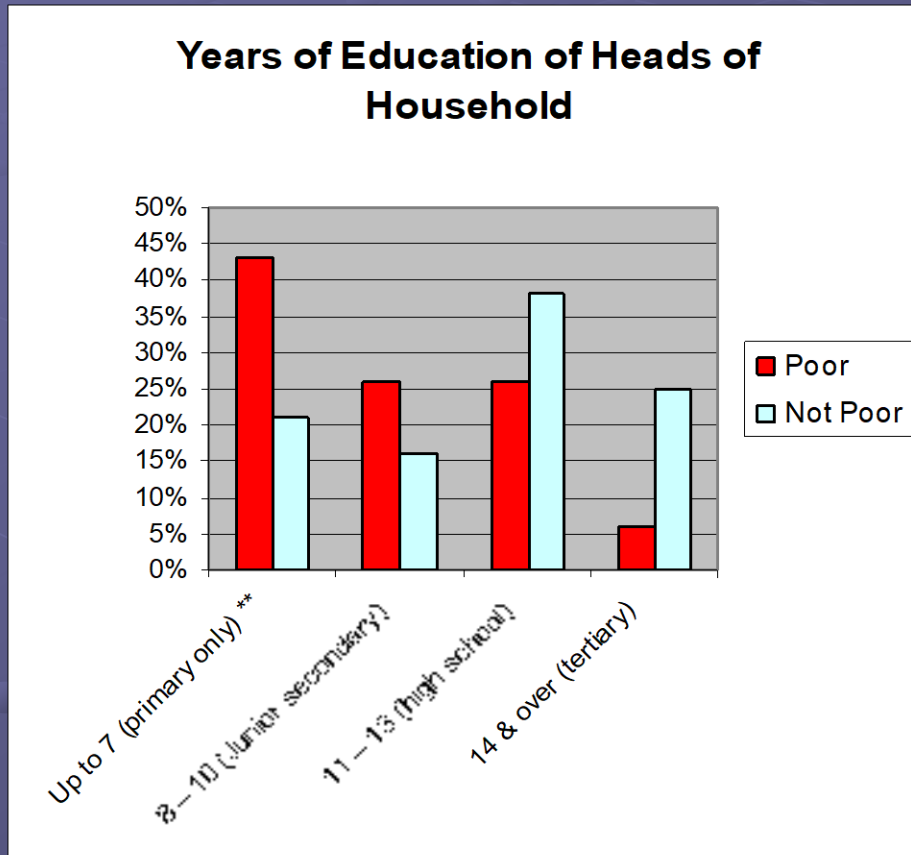


- Well over 30% of households are at least partly dependent on the tourism industry
- A much higher proportion of poor households are **WHOLLY** dependent on this industry
- Poor households are more likely to have workers who are part-time or who work less than a full year.

Poverty: Health

- Disability, diabetes and hypertension are positively correlated with poverty reflecting the greater proportion of elderly households amongst the poor.
- Poor households are more likely to contain teenage pregnancies than not poor households.

Poverty - Education



- Heads of poor households have less education.
- Poor households are more likely to have young adults with no CXC's.

Poverty: Housing

- 70% of households own their houses. This proportion is slightly higher among poor HH. Most renting households are immigrants.
- Generally speaking, housing conditions of the poor are good and not much different from those of non poor HH. The incidence of overcrowding and lack of a flush toilet is higher amongst poor households but this only affects a small minority of poor households.

Support Mechanisms

- Around 25% of poor households receive gifts of food and/or clothing compared with 14% of non-poor households.
- Around 10% of poor households are highly dependent on others for a large part of their expenditure
- Over a quarter of poor households receive additional income in the form of child support or public assistance compared with 10% of non-poor households.

On the Positive Side.... (1)

- The overall incidence of poverty is low. The incidence of severe poverty is very low.
- Over 2/3rds of poor households have at least one person working.
- Virtually all children attend primary and secondary school.
- The health situation amongst the poor is generally good with low levels of infant mortality, low birth weights, infectious diseases and malnutrition. Life expectancy is high.

On the Positive Side....(2)

- Housing conditions are good for poor and non-poor alike.
- Ownership rates for assets such as refrigerators, TVs, telephones and washing machines exceed 70% amongst poor households. Just under half the poor households own vehicles.
- Irrespective of the way the data is analysed, only a small minority of any group will be poor.

The Poor in Anguilla

Category of Poor Household	%	Comment
Households with No One Working	29%	
Elderly living on their own (i.e. with no younger persons)	15%	Almost half have someone with a disability
Other HH with no employed persons	14%	i.e. HHs with unemployed persons. A few were single parent.
HHs with at least 1 person in employment consisting of:	71%	Most poor HHs have somebody who is working
1 parent/single adult HH with children aged under 18 years	15%	Most poor 1 parent HHs have some employment. Incl. HHs with 1 parent and 1 grandparent
Other large (5+ persons) HH	21%	Excl. large HHs in preceding category
Other poor households with 4 or less persons.	35%	The implication is that workers in these HHs are low paid. Will include some single person HHs as well as nuclear families and childless couples.
ALL POOR HOUSEHOLDS	100%	
<i>Non-Anguillian HHs</i>	<i>12%</i>	<i>All such households. Their characteristics are very varied</i>

Causes of Poverty (1)

The principal causes of poverty in Anguilla:

- Low wages linked to the less skilled occupations traditionally associated with the tourism sector which dominates the economy. This situation is exacerbated by seasonality leading to part-time work and job insecurity and an inadequate labour protection system.
- The increase in unemployment due to the 2002 downturn in the tourist industry.

Causes of Poverty (2)

- Other causes of the current level of poverty are:
 - Single parenthood resulting from family breakdown allied to lack of financial support.
 - Inadequate support for the elderly living on their own.

Poverty in the Future (1)

- Poverty in the future is closely linked to the success of the tourist industry. The current international situation makes any forecasts of dubious value.
- However barring any major downturn, Anguilla is well placed to maintain its current position as a safe destination with magnificent beaches and high quality facilities.

Poverty in the Future (2)

- Future poverty/ well-being in Anguilla will also be affected by how it addresses regional and international social trends such as:
 - Reduced support for parents from their adult children
 - Unsafe sexual practices amongst the young which can lead to teenage pregnancy and, potentially, HIV/AIDS.
 - Increasing levels of single-parenthood and family breakdown
 - A subculture, especially among adolescent males, resulting in educational under-achievement, unemployment, and deviant behaviour.
- Ensuring that non-Anguillians, who make up over 1/3rd of total employment are not subject to discriminatory practices.



EXISTING INSTITUTIONS AND PROGRAMMES RELATED TO POVERTY REDUCTION

Anguilla Economic Development Institutions

- Poverty alleviation over the long term involves the creation of sustainable employment and income earning opportunities for all Anguillians
- The Government has a role in facilitating and encouraging the private sector to provide such opportunities.

Anguilla Development Board

- Established to provide financial, entrepreneurial and technical assistance
- Provides financing for housing and education as well as businesses in the tourism, fishing and agricultural sectors
- Assist low income nationals to achieve and sustain higher income levels

Anguilla Development Board (2)

- Small Enterprise Development Unit:
provides consultancy and management training to existing and potential businesses and the self-employed.

Economic Diversification Fund

- Low interest loans to fishing, agriculture, arts and crafts and the trades
- Funded by Foreign & Commonwealth Office, operated by Anguilla Dev. Bank
- Goals:
 - generate employment
 - increase exports
 - decrease imports

Social Development

Social development programmes are necessary to:

- Ensure that the population is healthy and has the skills to take up new employment opportunities
- Address the social issues which could lead to poverty in the future.
- Provide for those who are poor and cannot help themselves.

Social Development Programmes (1)

- Anguilla is fortunate to have almost universal provision of primary education, health care and basic infrastructure (water, electricity and roads). These are programmes that benefit poor and not poor alike.
- Anguillian agencies have proved themselves responsive to dealing with the needs of the poor and the vulnerable.
- There is also good co-ordination between the Social Development (SDD), Education and Public Health Departments and NGOs in dealing with those in greatest need.

Social Development Programmes (2)

- SDD and the magistracy operate a child support system which currently 'benefits' around 250 households.
- A domestic violence forum has recently been established.
- Programmes are in hand to provide a free water allowance to the poorest families.
- Improvements to education are in hand: TVEC, TEFL, special needs, reading
- Non-contributory pensions have been introduced.

Social Development Programmes (3)

Current problems/ issues are:

- Lack of staff resources in SDD to undertake the administration of public assistance and child support, as well as routine social work
- Increasing financial pressures on the provision of health services coupled with increasing demand for medical exemptions and the high cost of medical emergencies
- Public Assistance: the current grant is below the indigence line; there are no transparent criteria and the legal framework is obsolete.



TOWARDS A POVERTY REDUCTION STRATEGY FOR ANGUILLA

Objectives

The overall objectives of any poverty reduction strategy are:

- The promotion of economic growth and job creation.
- 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 betterment of the conditions of those currently in poverty through a combination of direct income support and other measures.
- The elimination or reduction of potential causes of future impoverishment.

Approach

This study has concentrated on identifying short-term priority poverty reduction measures using the following general principles:

- They promote economic growth and job creation
- They do not require substantial additional government expenditures (given that there is limited potential for increasing government expenditures at present)
- They improve the targeting of existing activities
- They have a major potential for reducing future poverty.

Priorities

Priorities have been grouped into 4:

- Economic Growth and Job Creation
- Improving the condition of those already in poverty
- Enhancing the health and education potential of the population
- Promoting long term social and family well-being.

Economic Growth: Tourism

Tourism is engine of growth for Anguilla and so requires:

- Ongoing private sector investment supported by Government action to maintain and improve infrastructure
- Good management – labour relations
- Development of hospitality school.
- Training Anguillians to take management roles

Other Economic Opportunities

- Development and production of crafts for stay-over as well as excursionist tourist markets
- Provision of household services (gardening, house repair) with micro-loans
- Small-scale hydroponics
- Small-scale agriculture
- Financial services – bring to internat'l standards

Improving the conditions of those already in poverty

- Public Assistance / Welfare: review level of public assistance (implementation may not be feasible in short-term), draft new legislation including transparent eligibility criteria.
- Undertake needs assessments of those on welfare to identify possibilities for income generation and non-income support, e.g. home visits for the elderly, day care for single parent households, medical exemptions, assistance with text books, etc.
- Increase involvement of NGOs in identifying needy households.
- Develop links between SDD and Labour Department.

Improving the long term health and education of the population

- Increase TVEC (technical and vocational educational courses) opportunities for children and adults, with emphasis on the tourist industry
- Improve teaching of mathematics and numeracy skills.
- Enhance special education programmes, especially TEFL and reading at secondary level.
- Review of health care financing with particular emphasis on catastrophic health insurance.
- Promote improved nutrition and personal health.

Social and Family Well-being

- Education in life skills/ parenting: teenage pregnancy/ drug abuse/ parenting/ HIV/AIDS/ financial budgeting.
- Participation and intervention-focussed research into adolescent and young adult males
- Strengthen child support procedures (establishing paternity).
- Introduce new labour code with strengthened procedures for the resolution of disputes.
- Ensure that minimum standards are met in low income rental properties.
- Ensure that immigrants are aware of their rights and publicise their importance to the economic well-being of the island.

Medium/ Long-Term Actions

- Establishment of compulsory national health insurance scheme and graduated health charges.
- Medium term assessment of the requirements for the care of the elderly
- Drafting and enactment of anti-discrimination legislation
- Review of minimum wage and trade union legislation
- Establishment of safe house for victims of domestic violence
- Improve treatment facilities for substance abusers.

Resourcing

- Little requirement for capital expenditure in the short-term.
- Several involve improving/ expanding existing programmes or implementing proposals already under consideration
- Several involve proposals, reviews, and feasibility studies with negligible short-term financial implications
- SDD will need to be expanded
- Increasing level and scope of PA will require additional finance.

Potential Candidates for External Assistance

Likely to be limited due to Anguilla's relative affluence. Potential candidates for technical assistance are:

- Redrafting of welfare legislation
- Review of health care financing
- Public awareness campaigns related to AIDS/ unsafe sexual practices/ drug abuse.
- Research into young men
- Medium term assessment of the needs of the elderly.

Summary (1)

- The current level and severity of poverty in Anguilla is not high. The situation regarding education, health, housing and infrastructure is good for poor and not poor alike. Tourism is well-established and barring major upheavals will remain the mainstay of the economy.
- The great majority of the issues related to poverty and well-being discussed in this report were identified by the NAT in the initial workshop.
- Many are already being addressed by government departments and NGOs.

Summary (2)

- Future poverty reduction will depend on:
 - maintaining the buoyancy of the tourism sector
 - targeting these programmes more effectively.[A point repeatedly made in comments from the NAT]
 - reforming the public assistance system
 - tackling the longer term issues of the care of the elderly, male adolescent disaffection, increasing single parenthood and unsafe sexual practices amongst the young.