

Caribbean Expert Group Meeting on Changing
Age Structures and Challenges for the Caribbean
12-13 December 2006
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**REPORT OF THE EXPERT GROUP MEETING ON
CHANGING AGE STRUCTURES AND CHALLENGES
FOR THE CARIBBEAN**

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INTRODUCTION

The Economic Commission for Latin America and the Caribbean (ECLAC) and Secretariat of the Caribbean Development and Cooperation Committee (CDCC) convened a two-day expert group meeting on changing age structures and challenges for the Caribbean, 12-13 December 2006, in Port of Spain, Trinidad and Tobago.

Attending the meeting were representatives from Barbados, Belize, Dominica, Grenada, the Netherlands Antilles, Trinidad and Tobago, the Caribbean Community (CARICOM), the Inter-American Development Bank (IDB), the United Nations Population Fund (UNFPA) and the University of the West Indies (UWI). The list of participants is attached as Annex 1.

The main objectives of the meeting were to: (a) provide a platform for experts in ageing and social protection to share information on the topic and to provide Caribbean governments and other critical stakeholders with the relevant technical knowledge to assist in policy and programme formulation; and (b) to define the Caribbean perspective on changing age structures and its development challenges as an input into regional and international dialogue.

I. OPENING

Mr. Neil Pierre, Director of the ECLAC Subregional Headquarters for the Caribbean, greeted the participants and thanked them for their collaboration and work in the area of population and development. He first reminded the participants that in many countries the changing age structure of their populations had become a major concern, and the focus of heated policy debates as governments struggled to reign in the rapid growth of ageing-related expenditures. He showed how Caribbean countries were globally attaining older population age structures, and in some cases even at a faster rate than in the developed countries. In light of this global ageing phenomenon affecting most of the ECLAC/CDCC member States, Mr. Pierre pointed to the major global efforts undertaken by the United Nations to respond to these challenges, among others, the Copenhagen Programme of Action for Social Development and the Madrid International Plan of Action on Ageing.

The Director stated that the objectives of the current meeting were two-fold. First, it allowed participants to share best practices and experiences in addressing national and regional challenges of changing age structures. The second task was to elicit a Caribbean perspective and the region's response to these pressing challenges as an input into further deliberations at regional and global forums. He also reminded participants to focus on the analysis of demographic dynamics and their impacts on the socio-economic development of the region, especially on issues such as social security and social protection under changing demographic regimes, the provision of adequate, timely and quality health care given the demographic and epidemiological transition and the need to adequately address

the practical needs of older persons like housing, transport, social inclusion and participation, protection against violence and discrimination, employment, pensions and health care. He finally urged the meeting to give special attention to the critical implications of gender, the social and cultural disparities across Caribbean societies and reiterated that the ECLAC Subregional Headquarters for the Caribbean was strongly committed to assisting its member States in their efforts to translate global and regional commitments on sustainable population and social development into national action plans in order to establish sustainable livelihoods in a ‘Society for All’ for the peoples in the Caribbean.

II. CHANGING AGE STRUCTURES – A GLOBAL AND REGIONAL CHALLENGE

A. Changing age structures and major challenges for the Caribbean

While population ageing was already well underway, the majority of Caribbean countries had now reached a unique stage in their transition process, with the largest percentage of their populations belonging to the economically active age-groups between 15 and 64 years of age. This presented a unique chance for the region to undertake thorough reforms in the health and social services sector and to urgently address the needs of national and regional labour markets with regard to supply and demand in quantity and quality of labour. While countries were negatively affected by the brain drain, new avenues of benefiting from out-migration needed to be identified. According to the representative of the ECLAC Subregional Headquarters for the Caribbean, skilled migrants abroad could constitute knowledgeable business partners for those back home and close links with the home country could provide incentives for some to come back.

It was widely known that the demographic transition was well underway in the Caribbean. However, while almost all countries seemed to recognize these dramatic changes, this awareness had not yet been translated into a comprehensive reform of the health-care and social protection systems. Other concerns such as considerable economic vulnerability and unstable growth, high unemployment, low productivity and the dependency on a rather narrow range of goods and services in most cases, quite often dominated most national development agendas. In matters of health, the region seemed to follow global trends, with a continued decline in infectious diseases and lifestyle related illnesses on the rise. In spite of the fact that Caribbean countries scored high on various development indicators, poverty in the region had not yet been eradicated. While many coped well, others struggled to make ends meet, particularly vulnerable groups such as single mothers and their children, low skilled unemployed and many elderly. Various dimensions of poverty were manifested in the region and still very little empirical data were available to assess levels of poverty and monitor the impact of existing programmes on the ground. The provision of free social and health care protection in the Caribbean had been instituted with independence. While generally Pay-As-You-Go (PAYG) schemes were designed to provide social assistance in cash and in kind to its contributors, they lacked a development perspective. Generally, social protection schemes in the

region seemed adequate due to the fact that contributions appeared to be reasonable and only limited out-payments were currently made. With regard to pension schemes, the majority of older persons did not seem to be covered by such plans, even in countries where non-contributory systems existed. This was quite often caused by limited knowledge and accessibility and bureaucratic hurdles in the course of the application process.

The presenter ended by emphasizing the need to integrate a gender perspective in all aspects of social protection and social development, especially considering the fact that women tended to outlive men, although older men seemed to be generally healthier than older women. Also, there appeared to be differences in achievements in formal education, access to labour markets and family responsibilities. Exclusion from the formal labour market and, generally, the unavailability of widows' pensions limited women's chances to access formal protection mechanisms.

In conclusion, with regard to health and health-care services, there was a need to shift from curative to preventative health care approaches. The promotion of healthy lifestyles early in life was critical to avoiding lifestyle related diseases later. Further, in an effort to retain qualified health care workers to respond efficiently, effectively and timely to these new demands, a thorough overhaul of management and human resources planning in the public health sector was absolutely critical. To strengthen social protection mechanisms, social welfare schemes should be built on three pillars: tax-based, contributory and individually funded systems. Of critical importance to the region would be the establishment and/or continuation of strong and efficient solidarity mechanisms that would allow disconnection of access to services from actual contributions made. Above all, governance, transparency and efficiency of the social protection schemes should be improved and well maintained.

B. Projecting social sector demand in Latin America and the Caribbean

The representative of ECLAC Headquarters presented three demographic models which were useful for projections of the social sector demand at the national level. The first was a probabilistic national population forecast model developed based on the collective demographic experience of United Nations member States. Compared to the more common deterministic projections, this method offered a set of probabilistic forecasts by incorporating measures of uncertainty about the future in a logical and consistent way. The method for probabilistic population forecast, the Random Country Model (RCM), assumed that countries with similar demographic parameters were being exposed to the same set of unknown social forces that shaped their future demographic trajectories. As such, he presented what the predicted future would look like based on the collective experience of 192 United Nations member countries and territories from 1950 to 2005. The various demographic components (fertility, mortality and migration) were projected by the RCM model following a similar method. The presenter also showed that the various United Nations population and estimates scenarios (deterministic projections) appeared to be much more pessimistic about future increases in longevity than past experience would indicate. The RCM probabilistic population forecast indicated that

countries would face larger elderly populations than anticipated as well as unexpected shifts in immigration levels.

The case of Chile was used as an illustrative example to explain a method for forecasting the population by age, sex and education level. He presented a simple two-parameter model that was developed to explore the implications of the changing educational composition of the working-age population on the size and productivity of the work force. The Chilean population by age, sex and educational level from 2002-2100 was forecasted using two alternative scenarios: (1) No education progress; and (2) continued education progress. This analysis led to the conclusion that dramatic shifts in educational attainment of the elderly population had occurred over the years, that could influence pension and health care needs of the present and, even more so, the future elderly generations. Further, the forecast indicated the possibility of rapid increases in the effective workforce in Chile and also reflecting productivity gains due to changes in the educational attainments of workers. Similar scenarios were discussed for Trinidad and Tobago that reached comparable conclusions.

A third model for isolating the effects of changes in population age structure on key social sector budgets was presented. Again, Chile and Trinidad and Tobago were presented as illustrative examples. The charts demonstrated that population ageing would lead to significant increases in the national tax burden if current approaches to financing social security and social protection were maintained. The discussion concluded by stressing the fact that the demographic transition in Latin American and Caribbean region seems to have eased net budgetary pressures for several decades, but that without reforms these pressures would increase over the coming decades. In many cases, the continuation of current taxation and tax-spending policies was fiscally unsustainable and called on governments to embark on an overhaul of their medium-and long-term fiscal policies. In order to take full advantage of the full potential, the demographic bonus had to offer, countries should focus their attention to improve education and other forms of human capital formation.

1. Discussion

- Given the limited outreach and coverage of social security and the resulting high dependency of the elderly on other sources of income, participants inquired whether any Caribbean information on private intra-family transfers was available from any household surveys and whether there was a sense of the weight attached to the importance of remittances. The meeting was informed that a study looking at intra-family transfers had been conducted in Barbados. The data collected had already been published; however, so far due to the lack of resources no further data analysis had been conducted. The meeting was further informed that the CARICOM Caribbean Single Market and Economy (CSME) would be interested in such a study being conducted in a number of CSME countries.

- Participants also saw the need for ongoing work to address declining fertility in the region as it related to contributions to remittances, social security, education and family size and future population size.
- It was noted, however, that the region as a whole was currently reporting its highest labour force in history, and that this could be seen as a window of opportunity to put policies and programmes in place to address the very issues mentioned above. Participants felt that the key to successful sustainable development was to structure a regional integration process to stimulate economic growth with social equity in the Caribbean as a mechanism to address critical development challenges such as social protection or the brain-drain, to only name a few.
- With regard to the spread of HIV/AIDS, the Caribbean region was second in the world after Sub-Saharan Africa. As a consequence, total life-expectancy had already declined between two to four years in the Caribbean, with even sharper declines manifest in younger age-groups. Also, the loss of lives has had serious implications for economic growth in the region.
- Some participants highlighted the interplay of natural disasters on population issues and called for further investigation of these dynamics.
- Concern was raised over the fact that to date still not all countries of the region had processed and published their 2000 census data. The group agreed to call on governments and officials from national Central Statistical Offices (CSOs) to drastically improve the processing and dissemination of census and other data in order to keep up with the research and development needs of academia and governments.
- With respect to contributory and non-contributory social security coverage, definitions seem to vary considerably among countries. However, in most countries in the Caribbean, the number of people covered by non-contributory schemes outnumbered those covered by contributory pension schemes.
- The three interrelated models that facilitated the forecasting of population trends; educational distribution of the population; and government budgets were seen as innovative and useful tools to quantify social and demographic issues. However, there was some concern that policy recommendations derived from the use of these forecasts would not be sufficiently based on facts and evidence. In response, participants were informed that while the models were based on expert opinion and random country comparisons, each was useful to empirical analysis to provide guidance to governments and other policy and programme making institutions.
- Findings also revealed a window of opportunity (approximately 10 years) for Caribbean government budgets to positively address changing demographic

trends. The models could also be used to determine measures to be implemented in the short term that would contribute to long term sustainability and socio-economic development and equity.

- Further, although the models were presented using data mostly from developed countries, plans were underway to conduct similar forecasting and modeling for countries of Latin American and the Caribbean, beginning with South and Central America. Estimates would be generated based on a single census, but hopefully with new and more comprehensive data from the 2010 round of censuses, there would be more robust estimates and projections that could to identify what was needed for future growth and development.

III. SOCIAL PROTECTION – GLOBAL AND REGIONAL PERSPECTIVES

A. Social protection in the Caribbean – Overview

The representative of the CARICOM Secretariat made a presentation entitled “Changing age structures and social protection”. She opened with a characterization of the demographic trends of the developing world, including the Caribbean. These populations were experiencing great transformations brought about by the transition from high to low mortality and fertility rates. She stressed the gender dimension of population ageing in the region, stating that an estimated 40-50 per cent of women were single heads of households. Further, single female pensioners, the unemployed and teenage heads of households were more likely to be poor than men with the same characteristics.

An overview of migration patterns in the region was then presented. Economic and social conditions, particularly high unemployment among younger persons, would continue to favour intraregional migration, which is also currently furthered by the CSME. As to extraregional migration, Caribbean countries suffered from the out migration of professionals and other highly educated individuals, mainly in the 20-45 year age-groups. Numerous cited studies revealed that intraregional migration was substantial, with people moving mainly for economic opportunities. She stressed the fact that careful considerations needed to be given to national and regional labour laws and regulation, since the legal framework for the protection of, for example, domestic workers or hospitality workers did not provide sufficient protection. This required special efforts by member States to ensure the integration of individuals and “national treatment” of other Caribbean nationals within their respective countries.

Statistics on ageing for the Caribbean were presented, revealing that although population ageing in the region was uneven, the number of older persons represented an increasingly significant proportion of the population. As a result of this growing problem for the Caribbean, the challenge for countries lay in developing clear strategies that would guarantee sustainable public finances for social security and pensions, as well as a decent standard of living for all.

In addressing the issues of ageing, in spite of several regional initiatives that had been undertaken recently, the CARICOM representative listed various obstacles that slowed down the implementation of age-sensitive policies and programmes. The most significant hurdles were the lack of sufficient financial support, limited qualified human resources, lack of public awareness and concern for older persons and not enough income generation and employment opportunities for this age-group. She also highlighted the need to view older persons as a heterogeneous group with diverse needs. Further welfare-based programmes that denied older persons the right to live and work and the lack of specific policies and legislative frameworks would need to be urgently reviewed. In conclusion, the representative stated that ageing posed challenges that required the development of sound public policies to facilitate the adjustments necessary for the provision of adequate health care, economic security and social support for the elderly. Governments, the private sector and the general public all had a significant role to play to overcome the challenges of demographic ageing.

B. Health and ageing in the Caribbean

As the leader of the research team that conducted the Survey on Health, Welfare and Aging among the Elderly (SABE) in Bridgetown, Barbados, the representative of UWI presented the main results of this project.

He shared population pyramids for Barbados for 2000 and 2025 that showed a rapid increase in the population 60 years and over and a general decline in the size of younger age-groups. This study also found more elderly women than men with increasing proportions among the older elderly. These gender differences also translated into major differences in marital status in so far as the majority of elderly men in Barbados were married, whereas in the case of women over 75 years of age more than half were widowed. With regard to living arrangements, the study revealed that the proportion of elderly living alone increased with age. Whereas 18 per cent of the “young old” (60-74 years of age) lived alone, 26 per cent of the older elderly (75 years and over) were found in one-person households. He pointed out that living arrangements of the elderly were crucial particularly with regard to access to family care and support. Further, in terms of income elderly women were more disadvantaged than their male counterparts, with the median income being BB\$4320 in the case of women and BB\$7752 for men, respectively. Overall, elderly people disposed of only one third of the average median income in Barbados (BB\$19500).

Regarding the health status of the elderly in Barbados, the research pointed at gender differences, with men generally reporting better health than women. Other figures demonstrated that health status was associated with income. Also, women were generally more likely to visit a health care provider than men, and were also less likely to delay their visits.

Concerning the use of health resources, the evidence showed that despite the availability of an extensive free public health system, just over two thirds of Barbadian elderly accessed private services the last time they sought medical attention. In contrast,

when asked about the last hospitalization, 9 out of 10 reported seeking care at a public health facility. Fewer women paid all their medical expenses, with most of the financial help coming from governmental sources.

C. Fertility, sexual and reproductive health and social protection

The representative of UNFPA made a presentation on “Fertility, Sexual and Reproductive Health and Poverty in the Caribbean: Considerations in the Context of Social Protection Policies” and demonstrated how demographic variables, such as fertility, mortality, patterns of household formation and family structures impacted decisively on development processes in most parts of the world. The speaker showed critical cause-effect relationships between these variables, such as the positive relationship between undesired fertility and proneness to ill-health and disease later in life. With specific reference to the Caribbean, he commented on the daunting and futile task of finding data to provide sufficient empirical evidence on the above. Nevertheless, some evidence arising from demographic and health surveys (some of them rather outdated) from the Caribbean included:

- In Jamaica, two thirds of households living below the national poverty line were single, female-headed and had six or more members;
- Fertility remained high among the poor, pointing to high unmet needs for family planning;
- In Saint Lucia, having an extra member in a household increased the probability of an individual becoming vulnerable by 7.3 per cent while having fewer dependants per adult of working age reduced vulnerability by 2 per cent.

Based on the limited empirical evidence available, some progress had been made with regard to status of health and access to health care services. Also, in the case of some countries, poverty seemed to have generally declined according to the speaker. More specifically, he highlighted the following major accomplishment:

- Decrease in maternal mortality rates;
- Increased access to contraception shown by an increase in the contraceptive prevalence rates (CPR);
- Decline in communicable and infectious diseases and consequently increased life expectancy at birth for both sexes;
- Improved access to health and education services;
- Improvement in welfare indicators.

However, despite the progress made, the region continued to face constraints. For example, pockets of poverty continued to exist as well as rather sustained levels of social inequality (measured by the Gini-coefficient).

While progress had been made on some fronts, the region still seemed to be struggling to address the needs of particularly vulnerable groups, such as adolescent single mothers, unemployed youth and the elderly, and to curb rising rates of gender-based and sexual violence. Further hurdles to development were the brain-drain; continued gender inequalities in the political arena and the labour-market; declining public spending on social protection; and the growing informal economy where women seemed to be overrepresented, thereby negatively affecting their capacity to save and to access formal social security and pension schemes. While growing numbers of people seem to leave the Caribbean altogether, they send back considerable sums of moneys which need to be channeled into sustainable investment and development schemes. The impact of the HIV/AIDS pandemic on the region had impacted negatively on various development indicators for the entire region. Population ageing and the changing demands on the health care system as a consequence of the epidemiological transition were additional challenges for the region.

He concluded on an optimistic note by outlining opportunities available to the region. One such opportunity would be to benefit from the ‘demographic bonus’ and undertake the necessary social security, pension and health care system reforms in a timely manner to provide for a sustainable future for present and future generations. Regional integration could be seen as having significant potential in terms of promoting intraregional migration by furthering free movement of people and harmonization of social protection policies, including transferability of pensions. Finally, the conceptual framework of the United Nations Millennium Development Goals (MDGs) was a crucial tool to monitor progress, inform policies, build broad partnerships and foster inclusive development processes.

1. Discussion

- There were currently many windows of opportunity for Latin American and Caribbean countries to learn from past mistakes and to overcome challenges, such as those arising from the HIV/AIDS pandemic in the region;
- Participants highlighted the need to enhance information sharing among agencies, governments and regional and international organizations to address present development challenges more efficiently.
- With respect to the impact on family structure of countries experiencing high emigration rates, CARICOM revealed that anecdotal evidence and general trends showed that many of these households were in fact supported by remittances, but that there was no definite information on how these remittances were subsequently used or how the lives of children were affected. Some extrapolation of the Caribbean situation was being done using

data from Latin American countries because there was no Caribbean data available. CARICOM would need to review its work currently done on migration and remittances in order to enhance knowledge in this regard.

IV. POPULATION AGEING AND SOCIAL SECURITY

A. National pension reforms: Barbados, adjusting to an ageing population

The representative of Barbados shared with participants the Barbadian experience of reforming the national pension scheme. The process was triggered in 1998 by a review of the National Insurance Fund that revealed that, given the present levels of contribution and benefits, the Fund would become unsustainable in the near future.

A public relation firm was employed to stage a nationwide publicity campaign and consultation exercise. All suggestions for reform, including the Chilean model of privatization with individualized accounts, were carefully considered, and a decision was made for 'parametric reform' of elements of the existing pension scheme. The following is a summary of the changes introduced:

- Increased contributions;
- Increase in the retirement age from 65 to 67 by the year 2018 to allow for optional early and late retirement;
- Amendment of the formula for accruing pension in order to remove the high concentration of accrual in the first 10 years of contributory membership;
- Introduction of annual indexation of pensions.

This reform process also presented an opportunity to implement a new and integrated computerized system that allowed electronic payment of contributions, automatic interest penalties to unpaid contributions and improved linkages with other welfare systems available in the country.

The reform process also revealed the considerable fragmentation of agencies involved indirectly or directly in the care of the elderly, which led to the formation of a Department of the Elderly. Action was also taken to provide more help to the disabled and to align benefits to older disabled persons over age 50 with the national welfare pension. Another idea under the 'national inclusion initiative' listed was the establishment of a Re-Training Fund for the unemployed.

In conclusion, he reminded participants that all efforts were part of his government's endeavours to address the growing marginalization of elderly in society.

B. A shrinking and ageing population – Its implication for social protection and security: The case of Dominica

The representative of Dominica presented a broad portrait of the challenges his country was facing in ensuring the provision of social protection and social security.

He spoke of the gradual but steady demographic changes in Dominica's population and related those to the specific challenges and vulnerabilities of the island economy. Mostly due to the drastic decline in the banana industry, Dominica's economy had experienced a decline of almost 10 per cent between 2001 and 2003, but had started a recovery since 2004. Since agriculture and banana production had provided the main livelihood for many, particularly the rural population, these transformations had far reaching implications for the people of Dominica. To illustrate this, he shared statistics revealing high levels of poverty among the population. The vulnerability of the island to natural disasters, such as hurricanes and floods was also addressed. These factors were seen as the main reasons for the extremely high rates of emigration from Dominica, especially among the most productive cohorts of the population, which in turn had devastating impacts on the economy, provision of social, educational and health services and sustainability of pension schemes.

He stated that social protection reforms in Dominica had aimed to promote income security, employment and income generation, working parallel to social sector programmes that focused on expanding access to and equity of education and health care. Further, the Cabinet of Dominica had recently approved a national gender policy that also addressed the implications of the declining banana export industries on the lives of women. Current social sector spending accounted for about 5 per cent of GDP, on a wide range of programmes and services such as public assistance, education based programmes, health based programmes, labour intensive infrastructure development and a number of small skills training and adult education programmes. Based on a 2003 World Bank Social Protection Review for Dominica and a study by the United Kingdom Department for International Development (DFID) on social protection and poverty reduction in the Caribbean, and on the International Monetary Fund (IMF) '*Options for pension reform*' report, he presented the main conclusions drawn to enhance social protection programmes, pension schemes and reform initiatives:

- Articulation of a social protection strategy to reflect the key risk factors faced and to identify appropriate instruments to best manage these risks;
- Enhanced outreach and better targeting of programmes;
- Modernize administrative and information systems for social protection;
- Rationalization of existing programmes for increased efficiency;
- Capacity building for planning, implementation and monitoring;

- Increase in pension contribution rates;
- Increase in the statutory retirement age from 60 to 65 years;
- Greater effort to collect contributions from the self-employed.

In conclusion, the representative stressed the need to better understand the dynamics of the demographic changes and its impact on economic, social and environmental factors in order to develop effective and wide-ranging social and economic policies.

1. Discussion

- The meeting was informed that further attempts were being made within the Caribbean to establish a regional development and risk management fund to assist countries in coping with the impact of economic downturns and natural disasters. The representative from Dominica stressed the urgent need for prudent macroeconomic and fiscal policies to provide financial security for the country and to reduce the hardships resulting from increasing brain drain and the declining banana industry.
- In order to fully protect the ageing population of Caribbean countries, the meeting stressed the need for increased political will and commitment by all stakeholders concerned. At present, Trinidad and Tobago was the only country in the Caribbean with a formally established Division of Ageing within its Ministry of Social Development. In preparation for the upcoming review and appraisal of the implementation of the Madrid International Plan of Action on Ageing (MIPAA), Caribbean countries needed to collaborate more closely to assess their progress region-wide and on national levels towards achieving the goals and objectives of the MIPAA. At present, a United Nations Development Programme-funded study was underway in Dominica to assess its readiness for the 2007 MIPAA review.
- In support of the call for regional collaboration in preparation for the MIPAA+5 review and appraisal process, ECLAC and UNFPA reaffirmed their commitment to support Caribbean countries. Both agencies assured that the Caribbean input would be provided to regional and global United Nations forums responsible for this review exercise. Further, as part of early national preparations for the MIPAA review, countries were urged to visit the website of the United Nations Commission for Social Development where additional material would be available for interested governments and civil society.

V. SUMMARY OF THE DAY'S DISCUSSIONS

Below is a summary list of the topics raised during the first day's presentations and discussions:

1. Changing age structures and support mechanisms for the elderly;
2. How to take advantage of the demographic window of opportunity to cope with rapidly ageing populations in the region in the mid- and long-term future;
3. Impact of HIV/AIDS and the current demographic window of opportunity to apply global best practices;
4. Modeling of population age structures and trends;
5. Need for reform of public health care services to adjust to changing health care needs;
6. Financing of health care reform;
7. Pension reform;
8. Migration issues (such as negative effects of brain drain, strain on services, strain on health care, social and health concerns for receiving countries);
9. The role of culture in discussions of ageing;
10. Impact on small economies of declining banana and sugar industries and the need to identify new development avenues.

VI. CHANGING AGE STRUCTURES AND SOCIAL PROTECTION IN THE CARIBBEAN – REGIONAL AND NATIONAL EXPERIENCES

A. Economic development trends for the Caribbean – Overview

A representative of the ECLAC Subregional Headquarters for the Caribbean presented several economic performance indicators of selected Caribbean countries based on the Preliminary Overview of Caribbean Economies 2006, an annual publication by the ECLAC Port of Spain office. As a consequence of favourable external conditions, GDP growth had increased in almost all independent countries in 2006. In addition, a significant number of countries had adopted an expansionary fiscal policy that had stimulated domestic demand. A review of a simple average of GDP growth rates for 12 Caribbean countries revealed a strong performance across the board in the year 2006, averaging close to 6 per cent. However, the underlying picture revealed a significant

amount of variation over the decade 1996 to 2006, with many peaks and troughs from year to year for almost all 12 countries reviewed.

However, the main question was whether this present economic boom, based on external demand and expansionary fiscal policy, would be sustainable. The sustainability of this economic boom depended on the degree to which investments undertaken during the year enhanced the capacity of the countries to earn foreign exchange. Experts also wondered whether expansion was beyond what many of these economies could carry and if there might be pressure exerted on prices and external accounts with negative impact on import capacities.

Looking at the risks and challenges facing the region, the strong overall performance was clouded by its dependence on external circumstances, such as the depreciation of the United States dollar and international tourism demand, commodity prices and interest rates. Another cause of concern was that the favourable external context in some countries was accompanied by expansionary fiscal policies, with monetary instruments being of limited effectiveness in dampening demand. Any negative external event (natural disasters, decrease in tourism demand, increase in prices and interest rates) would lead to painful fiscal adjustments that could depress economic performance for years. Relating these economic issues to population discussions, in times of fiscal adjustments, pension funds and social security schemes were among the first to be negatively affected, either through direct cutbacks or through a reduction in the value of government bonds.

The main challenge for the Caribbean had always been how to develop a more solid foreign currency earning capacity to finance the imports needed. The expert suggested that this would require a fuller integration of the region into the world economy.

B. Gender aspects of social protection in the Caribbean

In her discussion of gender and social protection in the Caribbean, a representative of the ECLAC Subregional Headquarters for the Caribbean highlighted some aspects of the relationships between gender and demographic trends, social and economic development, women and social protection and social security. Caribbean governments seemed to increasingly use demographic information to develop policies and programmes to address issues of health education (particularly reproductive health), housing and social security. Gender aspects of demographic changes in populations touched not only on the social and economic status of women and men, but also impacted on the dynamics of family relationships. According to the speaker, critical social and economic issues affecting quality of life and well-being of elderly men and women were poverty, needs of the elderly, violence against women and the elderly and participation in the informal sector.

Likewise, social protection could not be seen in purely economic terms. The varied family and labour functions of men and women required social protection systems

that were well structured and clearly articulated, taking into consideration cultural, political and gender issues. Increasingly, although women remained primary care-takers of their families, they were forced to take upon added responsibilities as a consequence of demographic changes, divorce and, at times, death of their spouse. As a result of this, a growing number of women found it increasingly difficult to maintain their own and their families' health and well-being. Consequently it was critical for social security policies and programmes to focus on gender since issues related to old age, women's high level of participation in the informal sector and consequently exclusion from the benefits of government provided social security and pension payments.

While the speaker considered it important to address gender disparities in accessing to social protection and health care mechanisms, it was also recognized that increasingly elderly men seem not to be able to provide for themselves. Another concern impacting on gender and social protection considerations were trends in age and gender related mortality. Of critical importance to the Caribbean are the still rapidly growing HIV/AIDS mortality rates among males and females in the age group 25 – 44 and a disturbing increase in the deaths of young males as a result of suicides and motor vehicle injuries.

One of the main challenges for the Caribbean was to define a comprehensive social development framework to respond to the high levels of social vulnerabilities and to reduce their adverse effects on growth and development. Further, the need to reduce inequalities in wages and economic power between women and men was recognized. Possible solutions lay in the implementation of strategies to recognize, measure and remunerate the caring work performed by women and to add it to the national account; further legislation to count unwaged work was needed as well as measures to improve women's access to resources and opportunities, such as access to credit and other poverty reduction tools. These strategies had to be gender-sensitive and multi-dimensional, including adequate provisions for education, health, employment and related services.

1. Discussion

- Time series data presented by ECLAC in its *Economic Survey of Caribbean Countries*, and the resulting positive prognosis for the economic well-being of most Caribbean countries encouraged participants to request access to such data and to learn of ways to use the data to influence national macroeconomic policy-making. However, the meeting was informed that such data were not easily accessible, and only a few organizations or agencies so far had been granted access to these data. Examples of these organizations included national ministries of finance and central banks, the IMF and ECLAC. Further hindrances to data availability and accessibility included a lack of quarterly and/or monthly data for forecasting, and, particularly in some of the smaller countries, the narrow human resource base to perform such analysis. The group agreed on the need to improve forecasting capacity at the national and regional levels.

- Although there were reports of an economic boom in the region as a whole, participants were reminded that the Caribbean was far from being a single market and economy and that the performance of the Caribbean should be understood at the country level to reflect the diversity of the region.
- With respect to sustainable economic growth, the meeting suggested that the source of this growth in development planning should be considered so as to be in a better position to cope with volatility and vulnerability of Caribbean economies and their impact on social development. While high energy prices provided enormous resources for some countries, other nations had to cope with the decline in the sugar and banana industries by turning to tourism, financial services and real estate, which were all rather volatile and vulnerable sources of economic activity.
- Attempts to analyze interrelations between socio- and economic development and its impact on poverty were quite often hampered by the lack of timely and quality social statistics. While it was recognized that positive economic growth would generally impact favorably on social development (reduction of unemployment and poverty), more research was needed to better understand such linkages in order to reinforce positive relationships and eliminate negative effects as far as possible. This was of particular importance in times of economic boom, as was the case for several Caribbean countries, to ensure sustainable and long-term economic growth and sustainable development.
- Present demographic realities in the Caribbean along with the acknowledged need to extend social protection coverage had prompted a new awareness of the need to review and adjust current social protection mechanisms to the changing realities in the region. While almost all countries in the Caribbean had been, or were at present, engaged in parametric pension reforms, none had as yet undertaken a comprehensive and thorough pension reform. Particularly smaller countries in the region were seriously concerned about their present and future abilities to finance their social protection and pension schemes in the long term, given the present rapid demographic shifts.
- The meeting also elaborated on the need for Caribbean countries to advance their regional integration process in order to better cope with regional and global development challenges.

C. Changing age structures and social protection in the Caribbean – Trinidad and Tobago experience

The representative of Trinidad and Tobago began her presentation with a statistical overview of the elderly population of Trinidad and Tobago. Over the past 40 years, the number of persons 60 years and over (currently 11 per cent of the population) had steadily grown and life expectancy had increased over the past decade by about 10 years for men and 8 years for women mainly due to improved health and health care

services. According to the presenter, the fastest growing cohort was the “oldest old”, persons 80 years and over (currently 14 per cent of the population). Based on these data she stressed the need for policy considerations and increased resource allocation through government to develop policies and programmes tailored to the specific needs of this particular age-group. She continued that chronic illnesses were generally affecting the “young old”, those 60 to 69 years old more than any other age group. Apart from chronic disease treatment and care, other needs such as to access to health care, transportation, affordable medications and social support services along with enhanced training for caretakers were of critical importance to the country. Economic security seemed to be a greater challenge for women than for men and remittances seemed to constitute a major source of income also for this age-group. The presenter also expressed concern about the growing numbers of elderly in institutional care and explained this by the rising number of women seeking tertiary level education and in formal employment at home or abroad who no longer would be available to take care of their elderly family members.

Guided by the MIPAA, the Government of Trinidad and Tobago was currently putting in place a number of institutional arrangements to address these issues coherently and more effectively. Of critical importance were the establishment of the Division of Ageing in 2003 and the continuum of care in 2004, and the adoption and the adoption of the National Policy on Ageing in 2006. Further more, legislation for homes for the aged and for a continuum of care was on the future agenda. The Division is also engaged in continuous monitoring and evaluation of the implementation of these policies and programmes. The speaker also reported on the partnership between the Division and the Trinidad and Tobago Association of Retired Persons (TTARP), with the recent launch of the senior activities centre in Chaguanas, which is operated by TTARP (central) zonal branch. The focus of the work of the Division of Ageing was to coordinate the implementation of the recently adopted National Policy on Ageing and to promote ageing through numerous public awareness campaigns and through its help desk (referred to as the Older Persons Information Centre (OPIC))for the elderly and their families. Priority areas were listed as follows: social security, income security and employment, participation and social inclusion, dignity and respect, healthcare and standards of care, leisure and recreation, housing, education and training, legislation, transportation, disaster preparedness and research. Current legislation for homes for the aged was governed by the Private Hospitals Act of 1989. However, the subsequent Homes for Older Persons Act of 2000 was repealed and replaced by the Homes for Older Persons Bill 2006 and the Regulations for Homes, which are being reviewed by the Senate. Further, monitoring and evaluation measures comprised, inter alia, an inter-ministerial committee, NGO assessment standards and output management business plans adopted in the Ministry for Social Development as a new approach to management.

While the presenter reported on enormous strides the country had made in its efforts to address the needs of its elderly population, she also briefly discussed the constraints her Division was faced with. These were the duplication of ministerial programmes and policies, the need for research-driven integrated social service deliverables, and the lack of suitably trained personnel. Some solutions identified by the speaker favored a thorough pension reform, a constitutional reform for redress to

complaints by older persons, decentralization of integrated social services delivery and coordinated national plans of action on ageing.

D. Social protection in Grenada with particular reference to the elderly

The presentation of the representative of Grenada sought to establish a nexus between social protection and human development in Grenada. In terms of a social protection and social development policy, the Government of Grenada had committed to accelerate the pace of human development and to maintain and improve the level of social safety nets for the poor and disadvantaged. In cooperation with civil society and in collaboration with regional and international organizations such as the Caribbean Development Bank (CDB), the Organisation of Eastern Caribbean States (OECS) and UNDP, Grenada developed and executed a detailed programme of activities geared to inform a National Social Development Policy and Poverty Eradication Strategy Plan. Some of the social protection initiatives in Grenada included:

- Public assistance: Non-contributory benefits to indigent persons 60 years and older who had never contributed to national social security schemes (NIS) and to the disabled of all age-groups who were unable to work;
- Disaster fund: To assist poor persons who had incurred a disaster such as flooding, fire, etc.;
- Free transportation: Extended to those eligible for public assistance;
- Housing: Provision of low-income housing for sale and rent;
- Free medical attention to persons under 16 and over 60 years of age.

With particular reference to the elderly, other social security measures adopted included:

- Pensions to all insured persons over 60 years of age;
- The Providence Fund: Benefits retired persons who had worked on agricultural estates;
- National Insurance Scheme (NIS) also offers benefits such as salary replacement during illness, disability and death benefits.

All issues pertaining to the elderly were the responsibility of the Ministry for Social Development and coordinated by the Desk for the Elderly in that ministry. The meeting was further informed that the Ministry for Social Development worked closely with NGOs and advocacy groups to support the interests of the elderly. The groups mentioned were the Geriatric Networking Group, the Government Pensioners

Association and the Fund for Orphans and the Elderly, Extended Care Through Hope and Optimism (ECHO) and the Grenada Legion of RCEL (Veterans).

As is the case for most other Caribbean countries, the rapidly growing ageing population, declining birth rates and consequently shrinking working populations might make it increasingly difficult for small countries like Grenada to achieve sustainable development given the present tight economic conditions of the country. The speaker also questioned if the scope of the present social protection measures, and in particular, pensions, would be able to lift the elderly out of poverty.

1. Discussion

- With regard to extent and coverage, the participants alluded to the fact that pension and social protection schemes were mutually exclusive and that quite often the transition between the two support systems was not aligned, with the consequence that not all persons in need were covered and/or less pay was received by those who were moved from one system to another (poverty-trap).
- All participants acknowledged the potential for abuse in both home and institutional care settings, and that mechanisms were urgently needed to safeguard the elderly. In some cases, “sandwich children” found themselves in the difficult position of having to care for both their ageing parents and their own children, experiencing heightened stress levels which in some instances impacted negatively on the quality of care given to their elderly.
- Participants expressed interest in the partnership established between the Government of Trinidad and Tobago and non-governmental organizations (NGOs) in monitoring and evaluating the quality of care provided by private institutions and care-givers to the elderly.
- In light of the challenges the region faced at present, participants reiterated again the need for enhanced inter-Caribbean networking and information sharing. The idea was to establish a *resource access centre* to share information on work being done throughout the region and to learn from best practices.

E. Changing age structures of population and their implications for development in the Netherlands Antilles

In order to appreciate the social, economic, political and cultural dimensions of age distribution and changing age structures in the Netherlands Antilles, the represented of the Netherlands Antilles presented statistics and a background of the overall national situation. Currently, unemployment in the general population was high with many persons not easily being absorbed or reintegrated into the labour market. Of particular concern for the country were the high unemployment rates among youth. The average household income of the richest quintile of households was almost 11 times higher than

that of the poorest. With regard to the situation of the elderly in his country, the presenter stated that the rapidly expanding group of persons over age 60 faced continued isolation and desolation, poor nutrition, inadequate services, poor living conditions, lack of quality health care and a growing need of financial assistance and home care. The disabled faced a similar fate. There was a general inadequacy of recreational and social facilities for the population as a whole, and there was urgent need for the provision of housing. Many of these problems were exacerbated by the increasing brain drain and the considerable influx of undocumented migrants, especially in St. Maarten.

According to the presenter, one strategy to increase social protection coverage was the establishment of the Social Insurance Bank of the Netherlands Antilles through the Federal Government to execute the Sickness Insurance Act (70 per cent of the population insured) and the Old Age Pension Act. With respect to health care, some of the problems faced were increasing medical costs in hospitals and pharmacies as a result of inflation.

He concluded by stating that the Netherlands Antilles had to address the challenges of changing age structures now by defining strategies, policies and programmes and by articulating a clear path towards implementation and determining those responsible for their execution.

F. Social protection in Belize: A synopsis

Based on a study of Social Protection in Belize (2004), the representative of Belize presented a snapshot of Belize's social protection system by highlighting and analyzing some of its primary social protection intervention efforts. The study examined a wide range of social protection interventions in the areas of macroeconomic policy, social insurance and pension schemes, social assistance, labour standards, employment generation, micro-credit, education, training and disaster prevention and relief. Interventions in some of these areas are outlined below.

In the area of macroeconomic policy, the main challenge faced by Belize was the decline in competitiveness in its key exports (bananas, sugar and citrus), and the removal of preferential protection previously offered to these exports. Given the lack of diversification of the economy, these events had critical implications for the survival of Belize's economy. Under such circumstances, government expenditures on education, health, other social services and social protection in general tended to be cut first, with negative effects on the poorer segments of society. Pending changes to fiscal and monetary policies would therefore challenge government to design adequate trade and structural adjustments to prevent the economic downturn at least to some extent.

With respect to social services and social assistance, the ministries of education, health and human development were responsible for the provisioning of social services through government. However, NGOs were seen by the government as an essential component for official social protection, ensuring better coverage of State-funded social protection to a wider range of communities. Faced with changing social and demographic

realities, the major challenge in the area of social development for the country had been to introduce new IT mechanisms to enhance coverage and outreach of welfare services.

The speaker also pointed at the need to review his country's public social insurance and pension schemes, which encompassed a pension and gratuity scheme. In order to ensure universal social insurance coverage for its population, the Belize Social Security Board (BSSB) had introduced a wide range of pension schemes since its establishment in 1981. While most of these schemes were contributory in nature, in 2003 the first and only non-contributory pension scheme was introduced. The benefits under the BSSB were varied, and included employment benefits (medical care, disablement grant and pension, death benefit, injury, funeral grant and national health insurance), short-term benefits (sickness benefit, maternity allowance and maternity grant) and long-term benefits (retirement pension/gratuity, non-contributory pension for women 65 years and over, invalidity pension/grant and funeral grant).

In summary, in spite of a recent parametric reform to Belize's public sector pension schemes, they still seemed to require a substantial overhaul to enhance their scope and quantum of benefits in order to be more effective and efficient. Also the recently introduced National Health Insurance Scheme had yet to be evaluated for effectiveness. While the country seemed to have the institutional capacity in government, NGOs and community-based organizations to deliver social services, the lack of human and financial resources were the main hindrances in ensuring nationwide coverage. According to the speaker, social protection in Belize rested ultimately on a strong economy capable of yielding high levels of income and foreign exchange, but immediate short-term measures to expand the scope of social protection included institutional reorganization and increased expenditures to inclusively cover all population segments in need.

1. Discussion

- It was reported that social assistance programmes in some cases were poorly evaluated and over time, became institutionalized and static in their administration. This led to failed protection of the elderly and other vulnerable groups in society. Also, manual recording systems and political interference made it difficult for any social protection programmes to achieve full coverage. These problems could be overcome by using improved IT technology, by applying regional best practices and through improvement of monitoring and evaluation of programmes.
- With respect to countries with a large land mass, and a substantial number of people living in rural areas (as is the case of Belize), social protection programmes were limited in their outreach to rural areas, and unfortunately most of the NGO activity in the country focused more on environmental protection as opposed to social protection. Although not much social sector support was forthcoming from the NGOs, it was felt that the government had a responsibility to provide many, if not all, the services required by its people.

VII. SUMMARY AND RECOMMENDATIONS: RAPPORTEURS' REPORT AND DISCUSSION

A summary of the topics raised over the two days deliberations was prepared by the rapporteurs and presented to participants for their comments, suggestions and recommendations. A summary of the outcome of the final discussions is presented below:

A. Health care needs

1. Recognition of changing and growing long-term care needs as a consequence of rising incidences of lifestyle related diseases;
2. Recognition of the need to adjust health care systems to the changing needs and to also review financing modalities to ensure long-term sustainability of these mechanisms;
3. Recognition of also providing health care and services for younger age groups, such as young adults and children, even in the face of rapid population ageing.

B. Migration

1. Recognition of the need to address the brain-drain in the Caribbean that particularly affects the health and education sector;
2. Recognition of the need for more research to assess the scope and impact of remittances on family- and intergenerational support structures;
3. Recognition of the need to assess the impact of migration on the life of the elderly;
4. Growing numbers of regional migrants call for further regional integration that would allow for enhanced and orderly movements of people within the Caribbean;
5. Also, orderly movements of persons and regional integration could further economic growth in the region;
6. New partnerships with the Diaspora need to be identified to find new avenues for investments and economic growth;
7. Need to strengthen migration data collection, management and sharing mechanisms;
8. Recommendation to use empirical data to determine the impact and linkages of migration on the achievement of the Millennium Development Goals

C. Social protection and pension schemes

1. While the majority of the participants seemed to be of the understanding that at this point in time parametric reforms of their national pension schemes would be sufficient, some called for a more thorough overhaul of the existing schemes to take advantage of the demographic window of opportunity and the positive economic development in many countries in the region;
2. Recognition of the need to review levels of payments, outreach and coverage of present pension and social protection schemes;
3. In light of the CSME regional integration process, further review and align and harmonize legislation in the area of social protection and pension coverage;
4. Recommendation for the region to move beyond economic considerations of social development towards defining a comprehensive social development framework (including political and cultural dynamics) in order to respond to the high levels of social vulnerabilities and to reduce the adverse effects on growth and development strategies. Included in this framework should be a clear articulation of gender issues and issues of violence against women and children, and violence of young people against young people, through gender-sensitive and multi-dimensional strategies.

D. HIV/AIDS in the Caribbean

1. Recognition of the need to assess the impact of the HIV/AIDS pandemic on the population structure (age and sex composition) and to also assess the implications for economic and social development;
2. Recognition of the need to improve reporting on HIV/AIDS at the national and regional level;
3. Address the reluctance of some governments to direct their attention to stem back the further spread of HIV/AIDS in their countries.

E. Natural disasters

1. Need for further investigations of the interplay between natural disasters and population issues (critical for a region like the Caribbean that is very vulnerable to floods, volcanoes and hurricanes).

F. Economic considerations

1. Need to interrelate economic growth with social equity;

2. Need to identify avenues to maintain or to achieve sustainable economic growth;
3. Enhance education and capacity building to improve productivity and international competitiveness;
4. Need for more research on informal sector activities and informal employment;
5. Need for research to better understand the mid- and long-term economic implications of this demographic transition.

G. Cultural dynamics of ageing

1. Need to better understand cultural dimensions of population ageing and to promote a society for all ages;
2. Identify and address stereotyping of ageing and the elderly to prevent discrimination and violence.

H. Informal sector and development

1. Recognition of need for more research on informal sector activities and informal employment.

I. Youth and adolescents

1. Recognition of need for more research on teenage fertility;
2. Need for more research to better understand the linkages between adolescent fertility and intergenerational poverty transmission;
3. Need for research to identify the main sources of violence among youth and of youth against other age-groups.

J. Data availability and analysis

1. Recognition of the need for more timely and high quality survey and census data and technical data analysis;
2. Recommendation to use empirical data to determine the impact and linkages of migration on the achievement of the Millennium Development Goals;
3. Call for more established networking, discussion and information sharing across the Caribbean by using modern forms of IT;

4. Further use of modeling tools that could be used to support population projections, estimations and trend analysis and assess their mid- and long-term impact on the socio-economic development of the region;
5. Enhance the understanding for the need to base decision making on empirical evidence rather than on political dictates;
6. Need for enhanced implementation of evidence based recommendations and policies in government and local communities;
7. Need for more research on various forms, extent and outreach of poverty in older age groups;
8. Need to develop methodologies to measure unpaid work in the Caribbean.

VIII. CLOSING REMARKS

In closing, the representative of the ECLAC Subregional Headquarters for the Caribbean congratulated the participants for their focus and participation during the two days of deliberations. She acknowledged the presence of the agencies and thanked staff from the ECLAC Subregional Headquarters for the Caribbean for their personal commitment and support provided to the event. The Director of the ECLAC Port of Spain office, Mr. Pierre, was grateful for the opportunity of bringing colleagues together around such an important topic and congratulated participants on the high quality of their discussions. He also expressed gratitude to other United Nations partners for their participation and emphasized ECLAC's strong commitment to continue this fruitful collaboration.

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Annex 2**Programme**Tuesday 12 December 2006

- 8.30 a.m. – 9.00 a.m. Registration
- 9.00 a.m. – 9.30 a.m. Item 1: *Opening Session*
- Welcome by the Director, ECLAC Subregional Headquarters for the Caribbean
Neil Pierre, ECLAC
- 9.30 a.m. – 10.30 a.m. Item 2: *Changing age structures a global and regional challenge*
- Changing age structures and major challenges for the Caribbean
Karoline Schmid, ECLAC
 - Demographic modeling and social sector development
Jorge Bravo, CELADE - ECLAC
 - Discussion
- 10.30 a.m. – 11.00 a.m. *Coffee break*
- 11.00 a.m. – 12.30 p.m. Item 3: *Social protection – global and regional perspectives*
- Social protection in the Caribbean - overview
Dr. Halima Kassim, CARICOM
 - Health and ageing in the Caribbean
Dr. Anselm Hennis, UWI Barbados
 - Fertility, sexual and reproductive health and social protection
Jaime Nadal, UNFPA Jamaica
 - Discussion

- 12.30 p.m. – 2.00 p.m. *Lunch*
- 2.00 p.m. – 3.30 p.m. Item 4: *Population ageing and social security*
- Private sector pension schemes: Barbados, adjusting to an ageing population
Richard Nunez, National Insurance Board, Barbados
 - Changing age structures and their implications on social protection
Samuel Carrette, National Poverty Assessment Coordinator
 - Discussion
- 3.30 p.m. – 4.00 p.m. Item 5: *Summary of the day's discussions*

Wednesday 13 December 2006

- 9.00 a.m. – 10.30 a.m. Item 6: *Changing age structures and social protection in the Caribbean – regional and national experiences*
- Caribbean: Economic development trends – overview;
Rudolf Buitelaar, ECLAC
 - Caribbean: Economic costs of ageing in the Caribbean;
N.N. UWI, Trinidad & Tobago
 - Caribbean: Gender aspects and social security;
Sheila Stuart, ECLAC
 - Discussion
- 10.30 a.m. – 11.00 a.m. *Coffee Break*

11.00 p.m. – 12.30 p.m. Item 6 cont'd

- Trinidad and Tobago: Social protection with particular reference to population ageing
Dr. Jennifer Rouse, Director, Division of Ageing
- Grenada: Social protection in Grenada with particular reference to ageing
Clement Francis, National Coordinator for the Elderly
- Discussion

12.30 p.m. – 2.00 p.m. *Lunch*

2.00 p.m. – 3.00 p.m. Item 6 cont'd

- Netherlands Antilles: Changing age structures and their implications for development in the Netherlands Antilles,
Mr. Michael Bonafasia, Social Insurance Board
- Belize: Social protection in Belize: a synopsis;
Evan Dakers, Policy and Planning Unit
- Discussion

3:00 a.m. – 4:00 p.m.

Item 7:

Summary and Recommendations: Rapporteur's Report and Discussion

- Identification of major areas of concern and windows of opportunities; identification of possible strategies and recommendations: 'the way forward'.

4:00 p.m.

Closure

Annex 3

PARTICIPANTS' CONTRIBUTIONS TO THE MEETING

A SHRINKING AND AGEING POPULATION-ITS IMPLICATION FOR SOCIAL PROTECTION AND SECURITY – THE CASE OF DOMINICA

Samuel Carrette
Ministry of Finance and Planning, Dominica

Context

The Commonwealth of Dominica is the most northern and the largest of the Windward Islands. It is 751 square kilometers. The country has a high level of annual rainfall resulting in large virgin forest reserve and lush green vegetation. Dominica has a rugged topography, deep river incised valleys and tree covered hills that produce and sustain pristine rivers. It has a diversity of flora and fauna.

The country attained political independence in 1978 adopting a West Minister type parliamentary system. It has a President as the head of state and a Prime Minister as the head of Government. Election is held every five (5) years as in most other Caribbean countries. The economy performed reasonably well during the decade of the 1980, with annual growth rate averaging 4.6 percent. There was a decline in the 1990s with economic growth averaging 2 percent. The economy deteriorated from 2001 recording a decline in output of near 10 percent over three years. There is a recovery which started in 2004. Economic growth now averages 3.5 percent.

The genesis of the decline in the economic and social milieu can be illuminated by the dramatic decline in the banana industry consequent to the dismantling of preferential access for Dominican and Windward Island bananas on the European market. As a consequence banana exports dropped from a high of 74,194 tons in 1988 to 10,379 tons in 2003. Over that same period revenues from bananas declined from EC\$ 103.6 million in 1988 to EC\$ 12.8 million in 2003. Employment in that sector declined from approximately 8000 growers in 1988, with 1,155 in 2002 and fewer than 1000 in 2004. Traditionally bananas accounted for 7 per cent of GDP, 95 per cent of agricultural exports and 61 per cent of all exports.

This precipitous decline in the main stay of the Dominican economy and the livelihood of many especially the rural population had far reaching implications for the people of Dominica primarily the rural areas. By 2002 poverty head count averaged 39 per cent with 15 per cent indigent and household poverty averaged 29 per cent with 11 per cent indigent. The rural areas mainly agricultural accounted for near 50 per cent of the poor and 65 per cent of poor households.

From the 1980s resulting from the devastation of hurricane David in 1979 and subsequent hurricanes in the 1980s the population of Dominica has been on the decline. A negative annual growth rate of 0.4 percent was recorded for the period 1981-1991. For the next 10 years into 2001 the population again recorded negative growth of 0.21 percent. The population now stands at approximately 69,625 compared to approximately 74,000 in 1981. The 0-19 age group moved from 58 percent in 1970 to 39 percent in 2001. The 20-59 population moved from 32 percent in 1970 to 47 percent in 2001. The 60+ population moved from 8.5 percent in 1970 to approximately 14 percent in 2001. The country is experiencing a serious decline in births

decreasing by 14.6 percent between 1998 and 2003. In fact the statistics office records steady decline in births from 1992 to 2003 of 42.5 percent.

Implications

The increase in the 20-59 age group suggest a maturing population with implications for the labor force in terms of employment, skills, training and labor market condition and regulations. The low economic growth of the 1990s and the subsequent economic declines in the 21st century mean that the economy has not been able to create adequate and quality jobs for an increasing educated population primarily the youth. In 2001 according to the Survey of Living Conditions (SLC) unemployment stood at 25percent with youth unemployment at 56 percent.

The steady increase in the 60+ age group means that more persons are entering retirement age needing health and family care, income security and social protection. In 2001 only 27 percent of the population age 60 and over were receiving benefits from the Dominica Social Security (DSS). The Public Assistance programme provides cash benefits to approximately 2000 persons with most being more than 60. These changes in the 60+ age group is taking place at a time of stringent fiscal policies, a reduced primary health care portfolio and migration of the productive population.

In spite of the decline in fertility and the subsequent decline in the 0-19 age group the economic malaise has resulted in a large proportion of children living in poverty. The SLC of 2002 registered 50 percent of children living in poor households. Many schools even in urban areas complain of a large number of primary school children reporting to school on an empty stomach. They have had no breakfast. Where as the school feeding programme of the 1980s covered most primary schools, today only 7 primary schools out of about 65 have a school feeding programme. This situation is adversely affecting the learning and retention capacity of the children resulting in under performance at that level. Efforts at expanding the school feeding programme using a more community based approach with a greater role for the private and civil society sectors have not been successful. The decline in births has also resulted in the closure of some schools with many more operating below capacity with a strong recommendation from the World Bank to close approximately 20 of those primary schools.

The search for employment and a means of livelihood that cannot be found in the local economy means that many persons within the 20-59 age group has had to migrate. The period 1991-2000 recorded a net outflow of approximately 8900 persons. Consequently the labor force declined from 33,418 in 1997 to 27,863 in 2001 with an average labor force in 2005 of approximately 25,000. Dominica is losing its skilled population to the developed and developing countries both within and outside of this region.

Social protection, pension schemes and reform

Social Protection

Much of what will be said here is derived from studies which were conducted from 2002 in Dominica and at the regional level. The 2003 World Bank Social Protection Review for Dominica and the DFID Social Protection and Poverty Reduction in the Caribbean study will form the basis of my reform recommendations. Social Protection has been defined as all interventions from public, private, voluntary organization and social networks, to support communities, households, and individuals, in their efforts to prevent, manage, and overcome a defined set of risks and vulnerabilities. The World Bank 2003 Social Protection Review for Dominica concluded;

“Dominica social protection programmes promote income security, employment and income generation. Parallel social sector strategies focus on expanding access to and equity of secondary and tertiary education and improving the quality of education at primary and secondary levels. Strengthening primary and secondary health care and providing fee waivers for medical care are part of the social protection strategy.”

The country has a range of social protection programmes, including:

- Public assistance, a means-tested income transfer programme intended for the poorest families in Dominica
- Education based programmes- a school feeding programme and an Education trust Fund for needy students;
- A labor intensive road maintenance programme which provides short term employment;
- A number of small skills training and adult education programmes for selected target groups, such as youth, adults, and women;
- Donor funded labor intensive community based infrastructure development activities, including the Basis Trust Fund (financed by the CDB and the Government of Dominica) and the Social Protection Programme (finance by the European community);
- A health based programme that provides fee waivers for medical care.

Social spending comprises about 5.0 percent of GDP. Some of the recommendation coming out of the review for Dominica includes:

- Articulating a Social Protection Strategy that reflects the key risk factors faced by Dominica and identifies the appropriate instruments to best manage these risks;
- Improve targeting systems through introduction of objective targeting measures;
- Upgrade administrative and information systems for social protection;
- Rationalization of existing programmes;
- Build capacity for planning, implementation and monitoring;
- Expansion of the Social Assistance programme, the Education Trust Fund and the School Feeding Programme;
- Reorientation of the road maintenance programme and the social protection programme to increase labor intensity and rotation of workers.

For the Caribbean the DFID study concluded:

- A social protection framework for the Caribbean is needed to locate and develop social protection as an integral part of a development strategy;
- Such a framework should be effective in encouraging improvements in fiscal management at the country level and cooperation at the regional level to strengthen macroeconomic and natural risk management;
- Essentially the framework must pay attention to labor markets to improve demand for and access to education and training of vulnerable groups. Attention should also be paid to the role of remittances and its contribution to social protection;
- A move from social protection to social development. This involves bringing together separate programmes and refocusing them on supporting household capacity to address vulnerability;
- Data analysis and discussion on social protection to raise public understanding of, and demand for, social protection;
- A more dynamic partnership between governments, regional bodies and the donor community.

Social Insurance

The Dominica Social Security (DSS) scheme accounts for the largest share of total social protection expenditure at 61.3 percent. The scheme is funded by contributions and returns to investments. Approximately 80 percent of the working age population under 60 contributes to the scheme. However many self employed persons do not contribute and those who contribute and participate declare low earnings. The number of active insured persons was 14,400 in 1991, 21,000 in 1999 and declined to 18,200 in 2001-probably as the result of increasing unemployment and migration of those employed. In 1999 there were about 5 people supporting each old pensioner by 2050 there will be only 2.5 people of working age for every old age person.

Due to population ageing the number of pensioners per contributor in the DSS system is expected to rise dramatically from 0.23 in 2004 to 0.32 by 2020 and to 0.78 by 2050. DSS spending on old age pension is expected to rise from 2.3 percent of GDP by 2020 and 10.2 percent of GDP by 2050. Together, these effects are projected to cause DSS to run massive deficits in the future unless corrective action is taken. DSS balance is projected under current policies to fall from a surplus of 1.4 percent of GDP in 2004 to deficits of 1.9 percent of GDP in 2020 and 9.4 percent of GDP in 2050. The recommendations coming out of the Social Protection Review (World Bank) and the IMF *Options For Pension Reform* report are as follows:

- Government paying its arrears to the DSS
- Raise contribution rates
- Review statutory retirement age- gradually move from 60-65
- More efficient management of the DSS assets
- Make a greater effort to collect contributions from the self employed

Conclusion

Demographic changes are happening gradually but steadily. Those changes are brought about by economic, social and environmental factors. Economic changes have not been favorable forcing people to move in search of better livelihoods. Our open economies and societies also mean that exposure to foreign influence encourage population movement. Dominica and the entire region is very vulnerable to natural disasters. Vulnerability in all its forms is a reality for the peoples of the region.

On the other hand we are experiencing low fertility, increase in the working age population and an increase in those above 60 years of age. The implications for social and economic policies is wide ranging and far reaching. There is a need to better understand those dynamics and to better plan for them.

SOCIAL PROTECTION IN GRENADA WITH PARTICULAR REFERENCE TO THE ELDERLY”

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Introduction: The Situation of Grenada

Geographically, Grenada is situated 12 degrees North Latitude and 61 degrees West Longitude. It is the southernmost of the Windward Islands in the Eastern Caribbean Sea, about 100 miles north of the coast of Venezuela, which places it just about 90 miles north of Trinidad and Tobago, our closest neighbor, both physically and culturally. In fact, Grenada and Trinidad share many common features. This is not unexpected; for it has often been contended that there are more Grenadians in Trinidad than in Grenada. The most recent census in 2001, pegged the population of Grenada at 103 143. It is of mainly African descent.

Grenada attained complete independence from Britain in 1974; and is a member of the Commonwealth of Nations, holding membership in the United Nations. Grenada itself is 120 square miles, but the southern Grenadines, the two largest of which are Carriacou and Petite Martinique, are dependencies. Thus, most often, the political entity is referred to as the tri-island state of Grenada, Carriacou and Petite Martinique. Grenada was first sighted by Christopher Columbus on August 15, 1498, and so he named it Conception Island in honour of the Blessed Virgin Mary. Grenada has had a chequered and sometimes violent history which inspired one of her historians, George Brizan to re- christen her Grenada: Island of Conflict. More recently however, her history has been dated not as B.C or A.D, but as pre-hurricane Ivan and post-hurricane Ivan, because of the devastation which occurred with the passage of hurricane Ivan on 7th September 2004.

Still known as the Isle of Spice, pre-Ivan, Grenada depended on Agriculture as the mainstay of the economy, with about 37 percent of the labour force living off the land, exporting such crops as nutmegs, cocoa, bananas and other minor spices. Most of the farms are small (five acres or less); and because of the hilly terrain of the country, mechanical tilling is difficult and rare. Tourism is the other major engine of growth of the economy.

A Core Welfare Indicators Questionnaire (CWIQ) survey conducted post-Ivan in 2005 reported that “nearly ninety percent of dwellings in the country were damaged, with half sustaining serious damages... Earnings have fallen, especially from wage employment, through loss of jobs and the reduction of salaries. Income from businesses fell by 15 per cent. The disaster also had an impact on nutrition, and affected the capacity of individuals to bounce back. Food security has also been compromised through increased food imports and the loss of the nutmeg and cocoa industries...”. Tourism also suffered a set back through Ivan because of the devastation caused to the country’s infrastructure as well as to the tourism plants. Even though the recovery has been nothing short of remarkable in some areas, there are still some hotels which are not up and running. Hurricane Ivan gave an indelible lesson on how susceptible Agriculture and Tourism are to the vagaries of climate. The CWIQ report listed the resultant unemployment rate as 18.8 per cent.

The table of the most vulnerable groups compiled after Hurricane Ivan, listed the Elderly, as no.1. It should be noted that the elderly constitute the majority of the rural peasant farmers so traumatized by Ivan, thus exacerbating their poverty. Undoubtedly, this was certainly one of the motivating factors which made the Ministry of Social Development devote an entire Desk with a Coordinator, on December 15, 2004, to look after the basic needs of the Elderly in terms of shelter, food, health, bedding etc. This Desk is now responsible for all issues on ageing and the elderly, and most importantly, for mainstreaming ageing into the broader framework of the country's strategy of Development through poverty eradication. While this is certainly advancement on the road to improved eldercare, Grenada still lags behind some countries in some areas, such as Trinidad and Tobago, for example, which devoted an entire Division within the Ministry of Social Development in 2003 to prepare and implement their national policy on ageing¹.

A definition of development

The CWIQ Survey report notes that “Sustainable human development has emerged as the leading goal for governments in improving the quality of life of citizens.”

What then, is *Development* and what is *Sustainable Human Development*?

There is a definition of Development which I find very attractive:

In 1979, Douglas Roche, an M.P. from Edmonton, Alberta, Canada, and a specialist in external affairs, gave an attractive definition of Development on completion of his trip to study Development in China, Indonesia and Bangladesh. In his book “What Development is all about”, he says: “Development in the fullest sense means liberation of the human spirit made possible by securing an essential economic base. True Development does not pit the spirit of man against economic progress in some kind of contest. Rather it encompasses the wholeness of man and promotes the economic, social and cultural well-being of the individual. In the end, Development is an ethical question because human dignity –which is the goal of Development –can only be measured by the quality of life, not just quantity of life.”¹ Roche makes the point that in the West we have been conditioned to think that a transfer of technology, through foreign aid, will transform a poor nation into a developed society. What we see in many states that are in transition, struggling to become developed, is that the fruits of so-called development are concentrated in the urban areas and enjoyed by the upper strata of the urban and sub-urban dwellers, while the rural dwellers wishing to participate, intensify their migration to the cities, thus exacerbating the social problems of the city such as hunger and housing shortage. This is a universal statement which typifies the situation in Grenada as well.

James Mitchell, former prime Minister of Saint Vincent and the Grenadines agrees: In his book “Caribbean Crusade”, and taken from his March 1982 paper entitled “Societies of the Caribbean: Development and Security”, he asserts categorically: “Aid only reaches the rich in

¹ The data used in this discussion have been taken essentially from the 1999 Kairi Poverty Assessment Report (PAR), the 2001 National Census Statistics, and the Core Welfare Indicators Questionnaire (CWIQ) Survey 2005 Basic Report.

poor countries”. Another myth about Development is that once there is money flowing either through mega projects or international trade, then Development must be taking place. Not so, says Ronald J. Sider in his book “Christ and Violence” He affirms that the patterns of international trade are unjust: Where the industrialized nations through tariff and other import restrictions have carefully shaped the patterns of international trade to their own economic advantage: The highest tariffs on goods from the poor countries are on processed and manufactured goods, while the lowest tariffs are on raw materials – so that the profits can be reaped from processing and manufacturing them. And for decades, he says, the prices on primary products sold by developing nations have been declining relative to the prices of manufactured products and other high technology items which poor countries must buy from developed nations. Sider gives a very poignant example of how developing nations can be seduced into believing that big business means development: In 1965, he says, the largest sugar mill in the world was in the Dominican Republic. A U.S. multinational corporation by the name of Gulf and Western bought that sugar plant together with huge sugar plantations, shortly after the US Marines were sent in to protect US investments there. In the next twenty years, the amount of the best land which was used for growing sugar for export, doubled while the per capita production of other food decreased. Over 50 per cent of the people of the Dominican Republic were diagnosed as malnourished if not starving; and the plantation workers earned less in real wages in 1978, than they did in 1968. Mitchell concurs: he says, “Care must be taken to identify the correct projects – those that will improve the lot of the poor”. “Capital injection”, he says, “that returns us to the slave plantation constitutes the path to despair.” He too makes the point that Development is all about people, and ought not to be simply defined in terms of architecture, traffic jams and joint communiqués. He wonders aloud, as to what progress means when he looks at the castles on the little island of Mystique off St. Vincent, rising, as he puts it, out of exquisite development plans, when he compares them with the food on the plates of the original inhabitants, nearby.

Roche puts a global perspective on the very same question: He asks: Can we say Development has taken place in the face of severe shortages of food and health and education services? He doesn’t think so. For him, true development is human development, and “true human development...requires changing economic systems to allow for more equitable sharing of global resources in a spirit of stewardship and social justice.”

Grenada, for its part, having been a signatory to the major conventions emanating from the United Nations Conference on Economic Development (Rio Conventions) in 1994 and having also participated in the first Global Conference on sustainable Development for Small Island Developing States (SIDS) held in Barbados in 1994, it feels itself obligated to undertake specific measures in support of sustainable Development as enunciated by the Barbados Plan of Action.

A definition of poverty

We now turn our attention to poverty; since it is claimed by all that the immediate goal of development is, if not the total eradication of poverty, then at least, its alleviation.

From a theological perspective, many of us have been taught: “Blessed are the poor, for theirs is the Kingdom of heaven”.(Lk.6:20). From the very beginning, some were uncomfortable with that concept. They therefore sought to spiritualize the concept, and to make it read, and to read it as: “Blessed are the poor in spirit...” (Mt.5:3). In fact, volumes have been written to try and reconcile this ambiguity. The ambiguity however, is resolved when one considers that Jesus did in deed clarify his meaning by saying: “It is easier for a camel to pass through the eye of a/the needle than for a rich man to enter the Kingdom of Heaven” (Mt.19:24). With the rich young man as his example, Jesus was definitely referring to material wealth, not spiritual riches or wealth. Correspondingly therefore, he was referring to material poverty or a lack of material wealth, when speaking about the poor.

I once asked a Sunday School class this question: The Bible says blessed are the poor...so tell me: if you had the opportunity to be rich or to be poor, which would you choose? As one, the class responded: “Rich!” So I asked another question: What would you do with all your riches? One bright little girl put up her hand and responded: “I’ll give some to the poor”. “Out of the mouth of babes..”.

Indeed, all ambivalence or ambiguity on the subject dissolves, when one considers that it was the same Jesus himself, who said: “It is more blessed to give than to receive.” (Acts 20:35). In other words, this means that it is rather more blessed to have enough to be able to give than to have the need to receive. It must be clear from the outset that when we speak of poverty in this discussion, what we are speaking of is material poverty or deprivation.

The Government of Grenada as have others in the wider Caribbean has made Sustainable Human Development its leading goal. The Government has sought to transform a post-plantation economy into a diversified economy capable of meeting the challenges of a technological age, principally through a strategy of Poverty Reduction and Eradication. Accordingly, it commissioned a Poverty Assessment Survey, (done by Kairi in 1997), in order to see the big picture to chart the way forward. Hurricane Ivan struck on 7th September 2004, thus setting back the process of development and economic Growth. In 2005, the Government commissioned another survey, the Core Welfare Indicators Questionnaire (CWIQ) Survey, to monitor and measure the impact of hurricane Ivan. The Kairi researchers in their report, published in 1999, defined “Poverty” as “the inability to maintain a minimal standard of living.

In Grenada, this minimal standard of living or “indigence line” as it is called, was pegged at EC\$3,262.00 per individual per annum. This is seen as the cost of meeting an individual’s minimum requirement of food “necessary for existence or survival”. The Poverty Assessment Report (PAR) estimated that (pre-Ivan) 32.1 per cent of the population in Grenada was poor; and that 12.9 per cent were extremely poor or indigent. The (post-Ivan) CWIQ survey employed a different methodology to measure and monitor poverty. It did away entirely with the use of an absolute definition of poverty, and a fixed poverty line. Instead it divided the population into welfare quintiles, wherein the poorest, formed the first or lowest quintile; the less poor, formed the second, and so on and so forth. However, to give an indication of the effect of Ivan, The

CWIQ reported that an average of 48 per cent of respondents said that their economic situation had worsened after Ivan; while among the poorest or lowest quintile, 66 per cent reported that their economic situation had worsened.

The origins and causes of poverty

Poverty or material deprivation of the poor in Grenada has its roots in the historical circumstances of our society; and this applies not to Grenada alone. As James Mitchell says, (p.155 *ibid*), the status quo in the Caribbean is one of poverty. The roles of Grenada and the rest of the Caribbean region, he says, as producers of primary products have remained virtually unchanged and the continued role of these societies, is the context within which poverty is perpetuated and maintained. This is basically so, because the production of agricultural produce is forever subject to the vagaries of weather and the terms and conditions of a fickle world market. The passage of Hurricane Ivan is living proof of the former; for in Ivan, all productive trees of nutmegs and cocoa and bananas were leveled. Mitchell feels that agricultural diversification should be the main prerequisite of our development. Ivan forced Grenada to adopt this philosophy, because a nutmeg tree requires about tens years for fruition.

Others hail Tourism as the new engine of growth and development; but the competition within the sector, the fickleness of the industry and its small size in Grenada still leaves serious questions as to its reliability; for despite the abundance of sea and sand and sunshine, tourism too is subject to the vagaries of weather change such as hurricanes and international politics: Because of the drastic decline in the travel of American tourists after the Gulf War and after 9/11, the region's hotels have been forced to make a serious pitch to intra-regional tourists.

A definition of social protection

Research has shown that each country has its own definition of Social Protection while many have no formal definition. This is not regarded as strange, simply because the term "Social Protection is only of recent broad usage, and even perhaps coinage. It is not even common in many developed countries. Many countries, especially those in Asia, refer to the Asian Development Bank's definition of Social Protection as the standard definition and adapts or modifies it as the case may be. For this discussion we shall do the same. The Asian Development Bank (ADB) defines Social Protection as "a set of policies and programmes designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks, enhancing their capacity to protect themselves against hazards and interruption/loss of income."

A state, by-and-large, is responsible for providing benefits for the poorest and most vulnerable sectors of society. Social Protection therefore helps not only to reduce poverty, but also contributes to the long-term social and economic development. Social health insurance schemes and basic social security systems help to cushion the impact of individual crises, financial emergencies and national disasters and restore the self-help capacity of people, living in, or threatened by poverty. There is some consensus that the aim of all social protection is primarily the reduction of poverty in the short term. But some question as to whether social protection is a sustainable approach to poverty reduction and as to whether it leads to socio-

economic development. The aim however, is that it would lead to human development of one form or another, which, as we have seen, is what true development is all about.

We find for the purposes of this discussion, when considering the given constraints of this paper, the ADB's definition is too broad. For the purposes of this discussion therefore, social protection is defined as "the set of programmes or benefits designed for the reduction of poverty specifically among the poor and vulnerable." which is in general accord with most of the current definitions of the term. This means that for this discussion, social protection refers to the benefits available to the poor and vulnerable both from governmental and non-governmental agencies. It also means that even though Grenada has no formal definition of social protection it has had for a long time, programmes and benefits targeted at the poor and vulnerable groups of the society.

Social protection in Grenada

Policy

In terms of Social Protection and Social Development policy, it is worthwhile to highlight two of the Government of Grenada's objectives for the fiscal year 2003:

- (a) To accelerate the pace of Human Development;
- (b) To maintain and improve the level of Social Safety Nets for the poor and Disadvantaged.

This shows clearly that at least the government's intention was impeccable: One could find no fault with it from a policy standpoint.

Government's initiatives

The Government of Grenada in cooperation with civil society and in collaboration with regional and international organizations such as CDB, OECS, UNDP, developed and executed a detailed programme of activities geared to inform a National Social Development Policy and Poverty Eradication Strategy Plan.

The goals of social protection in Grenada as in most small island developing states (SIDS), is that of poverty reduction or poverty eradication. Therefore even though there is not a stated policy or formal definition of social protection in Grenada, per se, yet there is a system of Social Protection which derives its inspiration and impetus from several sources and guidelines such as the governments broad agenda of poverty reduction or eradication, together with the projects and programmes of the Ministry of Social Development and other Ministries as well as the active self-initiated social interventions of NGO's and other civil society groups. In fact, many of the non-governmental agencies are aided in their work of providing benefits to the poor and vulnerable through government subventions.

Following is a cursory glance at some of the social Protection initiatives in Grenada:

The Ministry for Social Development

Public Assistance:

This is a non-contributory benefit of EC\$130.00 per month, allowed to indigent persons who are sixty (60) years or older, who have not contributed to the social security (NIS) scheme, but are in financial need; and to persons who are disabled and unable to work. The amount of persons now eligible stands at five thousand (5000).

Necessitous Fund

This is a benefit of between \$60 and \$200 per month allowed to indigent or necessitous families to enable children to attend school who would otherwise not do so for lack of bus fare or lunch, etc. This fund also assists students of the T. A. Marryshow College, a tertiary institution affiliated with the St. George's University.

Disaster Fund

This fund assists indigent persons who have incurred a personal disaster such as fire, flooding, etc., with \$1,500 cash and \$1,000 worth of materials.

Burial Assistance

This fund assists indigent families which have no insurance, with \$800 to have a decent burial. Veterans are entitled to an assistance allowance of \$1,000.

Government-assisted Water

Indigent persons are assisted with the installation or the provision of 3000 gallons of pipe-borne water per person per month, to their homes.

Free Transportation

This is a benefit which was extended as a pilot project to persons eligible to receive Public Assistance.

Housing

The Ministry of Social Development builds low-income houses for sale and rent. In the aftermath of Hurricane Ivan however, several strategies were employed to re-cover the indigent and those in need, such as free houses, free materials, grants and soft loans.

The Ministry of Health

Free Medical Attention

Health care is widely available through a network of community clinics.

Persons under 16 years of age and over 60 years of Age are given free medical attention and hospital services at the government's district medical offices, health centres and hospitals. Home health care is also available through the district medical offices.

Free Medication

Once an individual had accessed free medical attention, then they are eligible for free medication at the government's dispensary (pharmacy).

Public Drug Assistance Programme (PDAP)

Indigent persons living with acute to chronic diseases such as diabetes, Hypertension/cardiovascular, Glaucoma and Schizophrenia, are given free drugs to combat the disease.

Ministry of Youth*The Imani Programme*

In order to combat the high incidence of youth unemployment, the government has introduced this Youth Training and Employment Programme whereby youth between the ages of 18 and 35, are apprenticed to a firm, government agency or NGO, at a stipend of \$700 per month. In addition to being taught a marketable skill, there is also built in components of Personal Development, Continuing Education and Community Outreach. In the Community Outreach component, the youth get involved in projects to benefit Children's Homes, Homes for the Aged, and such like, in order to help them to build a social conscience.

The Young Offenders' Programme

In the Young Offenders' Programme, juveniles who have come into conflict with the law are aided to reform themselves by keeping them out of adult jails and teaching them marketable skills.

The Ministry of Agriculture*The Agricultural Enterprise Development Programme (AEDP)*

This programme has two components: A loan component whereby commercial farmers may be eligible for a loan of up to \$40,000. A grant component whereby subsistence farmers may be eligible for a grant of up to \$2,000 as well as to receive seeds, plants and fertilizers.

The Department of Human Resources (DHR)*Educational Financial Assistance*

DHR's financial assistance programme is geared to three levels of education:

- a) Financial assistance for uniforms and books for primary school students.
- b) Financial assistance for tuition and books for post-secondary institutions such as T.A. Marryshow Community College, NEWLO and St. Patrick's Multi-purpose Centre.
- c) Financial assistance for University students

The Ministry of Education*Textbook Rental Programme*

This is a programme whereby assessed needy children in secondary schools pay a maximum rental fee of \$75 per academic year for the use of textbooks. As this is a World Bank programme, the rental fee is meant to ensure sustainability.

School Feeding Programme

This lunch benefit targets the socially deprived, lower income sector of children attending school, as identified by the staff of primary and secondary schools; and especially the malnourished as identified by the Grenada Food and Nutrition Council. The child is asked to pay \$1 if they can afford it. But children who are identified by school attendance officers as not attending school are automatically placed on the school feeding programme, so that there can be no “no lunch” excuse for their delinquency.

Guidance and Counseling Programme

The Guidance Unit of the Ministry possesses a complement of 30 counselors resident at each secondary school in Grenada, who are responsible for such guidance and counseling programmes as Career guidance and parenting.

Other interventions

As indicated before, the critical element in poverty alleviation and eradication concerns the nature of the intervention. The conditions of the poor can be alleviated by agencies that are supportive of households by providing sustenance for elemental needs like food, clothing, etc. But again, there are other types of agencies that commit themselves to building capacity and to creating new opportunities for households to engage in self-sustaining activities. For example the retraining of farmers or hotel employees who have been ravaged and displaced by hurricane Ivan are also ways of helping persons to avoid poverty and enhance their economic status.

There are some inflows to households which are primarily physical in form such as the school feeding programme or the public assistance programme, but there are also transfers which are less physical but which too, enhances the quality of life of households such as the support for teenage mothers provided by Grensave’s Programme for Adolescent Mothers (PAM). Remedial and preventative initiatives also represent a flow of resources to households which adds considerably to their quality of life, such as the Ministry of Education’s Drug Avoidance and Reduction Programme.

In short, there are several secondary agencies whose interventions on behalf of the poor are categorized as either Preventative or Remedial or Supportive or Developmental.

So, for example, The Grenada Family Planning Association’s intervention is classified as Preventative; NEWLO, a skills training educational institution which gives students “a second chance” is classified as Remedial, Supportive and Developmental; the Programme for Adolescent Mothers (PAM) is classified as Supportive, Remedial and Developmental. And there are many other such NGO’s whose interventions or transfers are less physical but which add considerably to the quality of life and the eradication of poverty.

Social protection for the elderly

Social security: The National Insurance Scheme (NIS)

Pensions

The normal or full retirement age in Grenada coincides with that of an older person: 60 years. Since 1983, all insured persons over 60 are entitled to retirement benefits, and they receive a benefit amount equal to about one third of their last salary, once they have made the required amount of contributions. This applies to everyone who works and pays their contributions, even if one is self-employed. There is the general consensus that the benefit amount is insufficient to maintain one's established standard of living. There is no other universal pension. Since 1983, government employees also fall under this scheme, and no longer receive a government pension. As there is no universal pension, the government tries to catch indigent Older Persons who have not made contributions to the Scheme in some other safety net such as the Public Allowance described above, and the Providence Fund described below.

The Providence Fund

This is a benefit ranging from EC\$120 – EC\$150 a month for retired persons who have worked on the agricultural estates.

Other Benefits

The National Insurance Scheme also provides partial salary replacement during illness, as well as disability and death benefits.

As indicated earlier, the home ministry for the elderly is the **Ministry for Social Development** with the coordination or supervision of the Desk for the Elderly. But there are several agencies, organizations and Groups which advocate on behalf of the elderly, and which operate under the aegis of this ministry. Following are some of the main ones:

Extended Care through Hope and Optimism (ECHO)

This organization of 9 caregivers and 1 supervisor receives a subvention from government to provide extended home care to the indigent elderly. They engage in several other programmes geared towards the well-being of the elderly.

The Geriatric Networking Group

This is a grouping of all the matrons of the Homes for the aged which network together to exchange best practices in the care of the elderly. They have also been very instrumental in the training of geriatric caregivers for the Homes, and in the establishment of the Standard for the Care and Protection of the elderly.

Homes for the Aged

There are 12 homes for the aged currently in operation of which four are government owned, five are Government assisted and three are private homes.

They range in capacity from a high of 100 beds to a low of 9, and essentially provide long term residential care for all categories of elderly, except those requiring hospital care. Generally, they are supervised by a registered nurse. A Standard for the Care and Protection of the Elderly has recently been developed to ensure appropriate quality standards.

The Government Pensioners Association

This is an organization which lobbies for benefits on behalf of retired government employees.

The Grenada Legion of the RCEL (Veterans)

This is an organization which receives a government subvention and its main function is to advocate and to work for the welfare of the veterans of World Wars I and II.

The Fund for Orphans and Elderly

This is an initiative which was started by the St. George's University, and raises funds essentially to assist Children's Homes and Homes for the Aged.

In addition to the age-specific benefits for the elderly provided by the various ministries and organizations mentioned above, the Desk for the Elderly has proposed an enhanced multiple-project programme of activities for the elderly, whose funding has been approved by Cabinet in the budget for the fiscal year 2007.

Following is a list of some of these projects:

Activation for the elderly

A programme to develop various activation or recreational or occupational therapies for elderly residents living in Homes for the Aged, or in their own homes., such as craft, horticulture, pet therapy, shopping, exercise, outings, cooking, concerts, and other individual or group activities to help seniors to lead more productive lives.

Centenarian celebrations

A project to celebrate with centenarians (i.e. persons 100 years and older) their milestone birthday by presenting them with a gift and documenting their history.

Expanded extended home care

An additional 29 geriatric caregivers have been approved to deliver Extended Home Care to housebound elderly citizens, to assist them with accessing the whole range of benefits available to the elderly, in addition to personal support.

Meals on wheels for indigent elderly

A new programme to provide nutritious meals to elderly persons who would be identified as in need of nourishment.

Adult day care centers

To provide more centers of recreation and activation for elderly persons where they can interact with their peers, as well as participate in a nutritious meal and other enlivening activities. Prior to Ivan, only one centre operated.

The Geriatric Emergency or Crisis Fund

To continue and expand a practice which became necessary in the aftermath of Ivan whereby a "warehouse" of items can be purchased, stored and be readily available by voucher, at commercial wholesale and retail outlets. Items include food, beds and other furniture, mattresses, pampers, gloves, disinfectant, toiletries and a range of other geriatric-related needs which can be used by the caregivers, or in case of a disaster or emergency.

Prospects for the future

Globally, and in Grenada, the reality is that the population is ageing rapidly: there is longer life expectancy, the birth rate is dropping and the percentage of the working population is shrinking. And since the most generally accepted means of generating wealth is work activity, the obvious question is: Will pensions and other social protection measures be able to sustain the retired and non-working population?

The Grenada 2001 census showed a population of 103143. Out of that number 37,889 persons could be considered working. (The statistics show that 183 had a job but did not work). In other words, 36.7 per cent of the population worked outside of the home. The number of those who were retired, or were disabled and unable to work was 8,717. Those who were 55 years and over amounted to 15, 621 persons. It is true that of this number 3890 worked. It must be remembered however that retired persons though working, are presently not permitted to make contributions to the Social Security/National Insurance Scheme.

In light of changing demographics, it is often questioned as to whether Grenada and other developing countries can maintain or even achieve sustainable development, which, as we have seen, is the eradication of poverty. Even more interesting is the question as to whether social protection measures, and in particular, pensions, will be able to eradicate the poverty of the elderly, and allow them to live out their years with some measure of peace of mind and dignity.

Remedies

Following are some of the remedies that have been recommended globally:

- a) Increase or Deferment of “full retirement age” (proposed by the U.K, U.S., and some Caribbean Countries) (which I oppose on the grounds that when one has laboured and borne the brunt of the day’s heat, one looks forward with longing to the time when one can rest and enjoy the rewards of one’s labour; and be free to indulge in desirable leisure activities. Leisure activities can also be wealth-generating).
- b) The creation of private Pension Funds.
- c) Increased contributions payable to Pension funds and Insurance schemes
- d) One highly respected high Commissioner who happens to be a retiree advocates that persons who retire but who opt to return to work should be made to pay contributions from their earnings to the Social Security/National Insurance Scheme.
- e) Some countries, such as Canada, and the U.S. give the following options: You will be penalized for early retirement and rewarded for delayed retirement.

Conclusion

All-in-all, the overarching effect of the external international economy on a small island developing state like Grenada cannot be denied; and some might consider the future bleak; but there are degrees of freedom, and there are countries which insist that the future does not necessarily have to be bleak Japan is one country which rejoices in the projection that its seniors will not only be healthier, but also wealthier.

This is the hope that we all cherish, and should be working for. And in addition, that our seniors would also be happier. As to how, and how soon we get there, depends on many factors: the political will of the directorate, the collaboration of all stakeholders, and the astute

management of all our resources, including human resources, inspired by a vision and a philosophy based upon the United Nations Principles for Older Persons, as a start.

There is no question that there is truth in the statement: “The poor you will always have with you”; which means that we may not be able to totally eradicate poverty, but the reduction of poverty even by a single family and can be considered success, thus justifying the expended effort in social protection.

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SOCIAL PROTECTION IN BELIZE: A SYNOPSIS

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Introduction

The purpose of this paper is to present a snap-shot of Belize's social protection system by highlighting and analyzing some of its primary social protection intervention efforts over the past three (3) to five (5) years. Due to constraints of time, the Paper will select one (1) of the intervention efforts - social insurance and pension schemes, and examine it in terms of its nature, scope and adequacy in addressing risks and vulnerabilities in Belize.

The main source of most of the information in this paper was a study of Social Protection in Belize (2004), which was part of a wider effort on social protection in the Caribbean supported by the Caribbean Development Bank (CDB), the European Union, and the United Kingdom's Department for International Development (DFID). Both St. Lucia and Grenada also participated in this regional effort.

What is social protection?

The working definition of social protection utilized in the regional study is "all intervention from public, private, voluntary organization and social networks, to support communities, households, and individuals, in their efforts to prevent, manage, and overcome a defined set of risks, and vulnerabilities."

What are social protection interventions?

Again, based on the regional study, social protection interventions are defined as, "those interventions that seek to strengthen the capacity of communities, households and individuals to overcome their vulnerability by protecting their living standards and promoting the investment needed for advancement."

The terms of reference of the Belize Study require research on the following:

- a) The nature and scope of social protection in Belize
- b) The adequacy of social protection in addressing risks and vulnerabilities in Belize
- d) The effectiveness and efficiency of existing services, and
- e) The development of an appropriate framework for social protection in Belize, with due regard for changing institutional framework of the country

The Belize Study examined a wide range of social protection interventions including:

- a) Macro-economic policy
- b) Social insurance and pension schemes
- c) Social assistance
- d) Labour standards

- e) Employment generation
- f) Micro-credit
- g) Education and training
- h) Disaster prevention and relief

A summary analysis of these social protection interventions are outlined below.

Macro-economic policy

The main challenge in this area is the risk of economic collapse posed by the concurrent decline in competitiveness in key exports and/or the removal of the preferential protection under which they have been marketed, for example sugar, bananas, citrus. Belize is faced with major restructuring of large sections of its agriculture in general and of sugar in particular. Given the lack of diversification of the economy, this decline has major macro-economic implications.

A recent IMF report on Belize recommended “sound macro-economic policy” and proposed “sharp correction” of the fiscal position, and a tightening of monetary policy. The fiscal and monetary authorities are likely to pursue policies of considerable restraint at least for a couple of years, to shore up the currency and to reduce the fiscal deficit to more manageable proportions, and generally to improve the credit rating of the of the country.

In such circumstances, experience has demonstrated that expenditures on education and health are reduced, with predictable results on the poorer sections of society. In fact, conditions may not be ideal for an increase in expenditures in social services and even on social protection. Therefore, it is very likely that greater attention will need to be placed on maximizing efficiency and efficacy of resources committed to, rather than increasing the quantum spent on social protection. The challenge is ultimately one of trade and structural adjustment.

Labour standards

Belize is yet to develop the range of institutions that would allow for workers to be retrained and to be prepared for alternative activity as their current employment comes under the pressure of competition. The available training facilities tend to be limited to entry-level skill training. What is missing are institutions for re-training of mature workers under the pressure of trade adjustments and technological displacement.

Social services and social assistance

The Ministries of Education, Health and Human Development together constitute the bulk of the social services by the government. Combined, these three (3) ministries consumed in excess of 35 per cent of the total recurrent revenue of government, and about 7 per cent of GDP in the period: 2001/2002 to 2004/2005.

Social Assistance or cash transfers, has been utilized by the Belize Government as a form of social protection intervention dating back to the late 1940's when the first Welfare Department was established under the Colonial Government. At that time, the objective was to meet the basic needs of the poor and indigent in the colony. Some sixty plus years since its introduction, this intervention is no longer relevant to the social realities of a twenty-first century Belize. The major challenge to this intervention has been its targeting mechanism which is in

urgent need of revision. The creative use of information technology to assist with strengthening the targeting mechanism was recommended in the Study on Belize's social protection system.

It could be argued however, that non-governmental organizations (NGOs) are the most important service providers in some parts of the country, and have to be seen as an essential component of official social protection, ensuring a better reach of state-funded social protection to a wide range of communities. For many NGO's, government's subvention is the main source of their funding. Some of them operate in areas where it is the norm for the state to be the sole or major service providers, for example sexual and reproductive health, and HIV/AIDS.

Micro-Credit

Access to credit enables some households to cope with certain risks and shocks, and restore themselves to effective income generation. The Belize Government created the Small Farmers and Business Bank to provide micro-credit and other types of loans to small and medium size businesses. However, based on anecdotal evidence, the benefits are not accruing to the intended beneficiaries – small and medium size enterprises, due to bureaucratic red-tape and paperwork.

Social Insurance and Pension Schemes

Social Insurance was introduced to Belize in 1981, and resembles similar schemes found in most of our sister CARICOM countries. The scheme is financed by contributions from employers and employees. As the largest employer in the country, the Belize Public Service Pension Scheme covers well over 7,500 civil servants, and other workers in ministries, departments and statutory bodies. Both schemes will be dealt with in more depth later in this paper.

Disaster Prevention and Relief

Due to its location at the western edge of the Caribbean Sea, Belize finds itself highly vulnerable to hurricanes. Through the National Emergency Management Organization (NEMO), it has been able to create an institution to deal with the management of disaster and disaster preparedness. NEMO works through a network of committees around the country, and since its existence, the level of protection of the population has been increased considerably.

Public Sector Pension Schemes

As stated earlier, the remainder of this Paper will be focusing on Belize's social insurance and pension schemes. The intention is to review these schemes in terms of their nature and scope of social protection, and propose recommendations for their strengthening and effectiveness.

The Government of Belize is the largest employer in the country employing over 7,500 employees in its ministries and departments. There are two) pension schemes within the Public Service: the first is a pension and gratuity scheme, and the second is just a gratuity scheme.

The main qualifying conditions under the first scheme include that a serving officer attains the retirement age of 55 years and has accumulated 15 or more years of service. Exception to these two main qualifying conditions are those officers who retire on medical

grounds, and those who are retired on the grounds of “the best interest of the public service” by the Public Service Commission.

To qualify for just a gratuity in the public service, an officer would need to meet the following conditions:

- a) have worked in the public service for not less than 15 years, but have not yet reached retirement age;
- b) Have reached the age of 50 years, and have served for not less than 15 years in the public service.

In both instances, such an officer would qualify for a pension on the attainment of his/her 55th birthday.

While it is not possible to arrive at an average minimum quantum for gratuity benefits in the public service since it varies in relation to an officer’s length of service and salary at the time of retirement, it is possible to arrive at such a figure on a monthly basis for gratuities; that figure is BZ\$300.00.

Similar to most countries, Belize’s long-term goal has always been the attainment of universal social insurance coverage for its population. The Belize Social Security Board (BSSB) is the lead agency in this endeavor. Established in 1981, Belize Social Security Board had introduced a wide range of pension schemes over the years. While most of these schemes are contributory in nature, an effort to introduce non-contributory schemes bore fruit a few years ago (2003) when the first and only non-contributory pension was introduced.

The various benefits under the Belize Social Security Board are divided into three (3) categories: employment benefits, short-term, and long-term benefits. Employment benefits include medical care, disablement grants, disablement pensions, death benefits, injury, funeral grant and national health insurance. The short-term benefits include sickness benefit, maternity allowance, and maternity grant. The long-term benefits include retirement pension/gratuity, non-contributory pension for women 65 years and over, invalidity pension/grant, survivor’s pension/grant, and funeral grant.

Due to constraints of time, the analysis of Belize Social Security Board’s schemes will be narrowed down to the main long-term benefits available as outlined below:-

Pension Schemes under the Belize Social Security Board

Retirement Pension

The qualifying conditions for the Retirement Pension Scheme include:-

- a) applicant should be an insured person between the ages of 60 to 65 years (at age 65, applicant automatically qualifies for the benefit);
- b) Applicant should not be substantially employed;
- c) Applicant should have 150 paid contributions, and a total of 500 paid and credit contributions.

The minimum benefit under this scheme is BZ\$188.00 which is paid in four-week periods.

Retirement Grant

The qualifying conditions for the Retirement Gratuity scheme are:

- a) applicant should be an insured person;
- b) Applicant should have accumulated not less than 26 paid contributions.

Those insured persons who do not qualify for a retirement pension usually meet the requirements for a gratuity. The minimum grant payable is BZ\$800.00 paid as one-time payment.

Survivor's Pension

The qualifying conditions for the Survivor's Pension include:

- a) applicant has to be a survivor of a deceased insured person who was receiving, or was entitled to receive retirement or invalidity benefits
- b) in the case of a widow, she has to show proof that she was living with the deceased for not less than 3 years, and to be 50 years or older
- c) in the case of a widower, he has to show proof that he lived with the deceased for not less than 3 years and has no income from any source.
- d) If deceased is survived by their parent (s), for them to benefit from this scheme, they have to be 55 years or older, mainly maintained by the deceased, and that deceased left no widow or widower, or children as claimants.

The minimum benefit under this scheme is BZ\$800.00 paid every four (4) weeks to the survivors as long as the qualifying conditions are upheld, e.g. not re-marrying etc.

Survivor's Grant

To qualify for the survivor's grant, an applicant must be a survivor who is not entitled to either the retirement or invalidity pension. The deceased should have accumulated not less than 26 paid contributions. The minimum benefit under this scheme is BZ\$800.00 paid as a one-time payment.

Non-Contributory Pension

The first and only non-contributory pension scheme under the Belize Social Security Board was implemented in July 2003. The qualifying conditions for this scheme include:

- a) applicant is registered with the Belize Social Security Board;
- b) Applicant is a female and is 65 years old or older;
- c) Applicant is a citizen of Belize, or is a Permanent Resident of Belize;
- d) Applicant has inadequate, or no source of income.

Successful applicants under this scheme receive a flat-rate monthly payment of BZ\$75.00. Unlike the other pension schemes under the Belize Social Security Board, the non-contributory pension benefits are not transferable.

Conclusion

In summary, the review of Belize's Social Insurance and Public Sector Pension Schemes has highlighted areas which need to be addressed to improve their effectiveness and efficiency. The coverage of the schemes need to be expanded to cover not only the formally employed and the self-employed, but should also include workers in the informal sector as well as the unemployed. In addition, the quantum of benefits needs to be increased, as well as the need for new benefits. The National Health Insurance Scheme which was recently introduced through the Belize Social Security Board to address the need for affordable health services for low income sectors of the population is yet to be evaluated for its effectiveness. So far, its coverage has been limited to those regions of the country where the incidence of poverty is high, i.e. the two (2) southern districts, and portions of Belize City.

There has been some recent reform in relation to Belize's public sector pension schemes whereby workers in both the "establishment" and "open-vote" categories are now entitled to pension benefits, provided the qualifying conditions are met. However, an issue of major concern in the public service presently is related to the age of retirement. Government has signaled that it is contemplating raising the retirement age from 55 to 60 years. If adopted, this measure should address the present discrepancy which exists between the qualifying age for social insurance (60 to 65 years), and that for a government pension (55 years).

In conclusion, it can be stated that Belize is not lacking in institutions for social protection. Many are national in scope, but lack of resources limit their capacity to cater to the needs of all parts of the country. In some locations, there are complementary community-based organizations that compensate for any deficiency in national NGO's. The private sector plays a minor role in the area of social protection.

The foundation of social protection in Belize rests ultimately on the organization of its economy to ensure that it achieves a more diversified economic structure capable of yielding high levels of income and foreign exchange. In the short-term, given the fiscal and other constraints, Belize has to expand the scope of its social protection as much by institutional re-organization as by attempting to increase expenditure and to widen its safety net.

FERTILITY, SEXUAL AND REPRODUCTIVE HEALTH AND POVERTY IN THE CARIBBEAN: CONSIDERATIONS IN THE CONTEXT OF SOCIAL PROTECTION POLICIES

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Introduction

This paper seeks to provide an overview of some of the linkages between fertility, sexual and reproductive health issues and social protection schemes. It is based on a review of available literature and is structured around some conceptual considerations and on the identification of relevant issues in the region, as well as on some achievements and constraints, challenges and opportunities. The paper is intended to trigger debate, does not pretend to be conclusive and does not by any means exhaust the possibilities for more in-depth review and analysis. Rather -on the contrary- it is hoped that it will contribute to signal areas for further research and analysis.

Conceptual considerations

A review of available literature reveals that high fertility rates pose a limitation on the capacity of households to redirect adequate levels of income towards the education and health of its members. Apart from reflecting on a deficient exercise and enjoyment of human rights, high fertility curtails human capital formation by increasing exposure to ill health, morbidity and mortality, by reducing education outcomes and by diminishing the capacity of household members –particularly women- to balancing their productive and reproductive roles. Altogether, the above factors define the framework in which household poverty (and vulnerability to poverty) and inter-generational reproduction of poverty, take place. Social exclusion and violence are concomitant to the poverty situation that originates from the synergistic relationships outlined above.

Evidence from the Caribbean suggests that in countries where data is available, as much as two thirds of households living below the poverty line are female headed and have six or more members. Half of them have an elderly too (Jamaica). Likewise, data from poverty assessments suggest that vulnerability to poverty increases by 7.3 per cent per each additional member in the household and that having fewer dependents per adult of working age reduces vulnerability by 2 per cent (St. Lucia).

In line with the above, evidence suggests that fertility remains high among the poor, pointing to high unmet need for Family Planning and hence to the persistence of factors limiting the exercise and enjoyment of human/reproductive rights. In Jamaica, for instance, there is a high unmet need - around 22 per cent- whereas the CPR is also high at around 67 per cent. This paradox may point to important segments of women lacking access to sexual and reproductive health services. Indeed, Blank (c. 2001) concludes that *“Poverty in Jamaica is a phenomenon of the working poor. There are essentially two reasons why the working poor remain poor: they earn lower wages and they have bigger families. In addition, there are not enough jobs for all the young people...”*.

In conclusion, fertility -and population factors in general-, is not neutral to development processes. Indeed both are so closely inter-linked that the true nature of the relationship suggests a mutually reinforcing one, whereby high fertility boosts household dependency ratios and anti-economic choices that expose households to higher vulnerability to poverty. In turn, poverty limits the capacity of individuals to access education and employment, health and it limits the participation of individuals in decision-making. Impacting fertility by empowering women and couples to make appropriate decisions on family size and to implement those are key to breaking the circle of poverty.

Achievements, constraints and challenges ahead

The Caribbean has witnessed important achievements since 1970. The region has virtually completed the demographic transition, with dwindling fertility rates and with the virtual completion of the epidemiological transition. Indeed, the aging process is itself the manifestation of lower mortality rates, increased life expectancy and overall improvements in quality of life.

Life expectancy, for most of the last 35 years, has been increasing for both men and women as a result of improved living conditions. At age 60, life expectancy is similar to that of developed countries. Infectious and communicable diseases have been eradicated in most countries. Caribbean countries have achieved coverage levels in health and education that are virtually universal. Poverty levels have decreased and welfare indicators have improved for all countries since 1990.

Although data is scarce to non-existent, the available limited evidence points to increases in Contraceptive Prevalence Rate and hence in the capacity of individuals to made decisions on number of children and implement those decisions. It follows that most individuals are empowered to make decisions on sexual and reproductive health issues and have the means to implement those, hence it could be assumed that the capacity to balance productive and reproductive roles in society must have increased. This is an area were the scarcity of data represents a serious setback to any analysis. With the only exception of Jamaica, where the National Family Planning Board conducts Reproductive Heath Surveys every 5 years, detailed data on fertility issues is absent since the early 1990s or, at best, fragmented in a multitude of small scale surveys -mostly adolescent KAP surveys-.

In spite of the above, the region still has a number of serious challenges:

Poverty, even though it has been reduced significantly, still affects significant segments of the population. In the late 70s, 80s and early 90s, Poverty levels were on the rise as a result of structural adjustment programmes but since the early- to mid-90s one observes a slow but generally consistent decrease in poverty. However, the Gini Coefficient is still high and there is no indication of improvements, rather, on the contrary, limited evidence suggests that it increases with economic growth unless sustained, targeted and properly funded redistributive policies are in place, which is not always the case. Therefore, the potential of increased wealth for reducing social disparities is not optimized and hence it could be concluded that social inequality continues to be a pervasive phenomenon in the region.

Vulnerable Social Groups have either emerged or increased. With the largest ever generation of people under the age of 24 (children, adolescents and youth), the region is under

pressure to provide adequate health, education and employment opportunities for about half of the population, and to keep them free of STIs and HIV. Another phenomenon that has emerged is that of the working, mostly urban, poor. While poverty was considered to be mostly a rural phenomenon in the past, the region has witnessed the sharp emergence of urban poverty and working poverty in recent times. People with disabilities also constitute an important segment of the population, since some estimations point to the fact that about half of those living in poverty have some sort of disability (Jamaica).

Brain drain, the massive migration of skilled human resources is not a new phenomenon. It has been taking place since the 1950s. Between 1962 and 2000, more than 70 per cent of the skilled workforce has migrated to OECD countries (USA, UK, Canada). The Caribbean is the region with the high out-migration of skilled human resources worldwide and it also relies heavily on the remittances sent by those people who migrated. Countries cannot replace the bleeding of professional at the same pace they train new professionals. In addition to that, the cost of this expensive training is borne by the Caribbean developing countries and not by those who benefit the most, the recipient, many times developed, countries. Thirdly, in cases of some health professional categories (i.e. nurses, midwives), there is a “brain waste” phenomenon as their academic qualifications are not fully recognized by some recipient countries. Finally, sustainability of achievements in health and education are in danger due to this situation: in some countries the level of vacancies nurses and rural teachers is of about 50 per cent. Small Islands, mostly Eastern Caribbean Islands where there is no opportunity for tertiary education, have been suffering particularly from this phenomenon. Women migrate more than men. Family structures and household formation patterns become dynamic and adjustable to the reality of transnational families.

Gender inequality is pervasive in most spheres of life. While women outnumber men in education, women insertion in the labor market is still characterized by mostly informal arrangements and for lower salaries than men.

Violence, including gender-based and sexual violence is also a growing phenomenon throughout the region. The situation of young males “opting out” of the education system and in general of mainstream society is an area in which further research is needed.

Linked to all the above, the incidence HIV/AIDS is becoming noticeable from a demographic perspective. With the second highest prevalence outside Sub-Saharan Africa, the epidemic has become generalized (i.e. more than 1 per cent of adult population) in several countries. Poverty, gender inequality, and stigma and discrimination are among the factors fuelling the epidemic. Strides have been made in terms of access to ARV therapy in several countries but prevention policies still need strengthening. At the June 2006 Special COHSOD meeting on HIV/AIDS and Education, a strong call was made to ministries of education to be further and more pro-actively involved in designing and implementing prevention strategies known to work, -particularly the enforcement of HFLE content on sex education and interpersonal skills- and for governments in general to reach out to the growing numbers of out of school adolescents and youth.

The growing informal economy is already affecting the level of contributions made to social protection schemes and will certainly affect likely to affect eligibility and entitlements regarding access to social security schemes and of course the capacity of pension systems to support a more equitable wealth distribution at older ages.

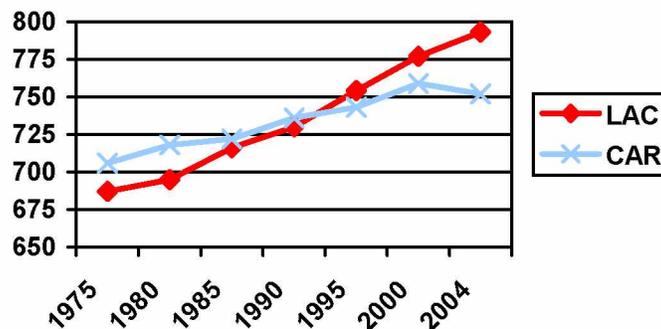
Public spending level in social protection and social programmes policies is stagnant if not decreasing. There are issues of debt servicing and political prioritization, as well as of better targeting and efficiency in the delivery of services. For instance, the analysis of some direct cash transfer programmes reveal that often times those who benefit are not necessarily those most at need but rather low-middle income households.

Some specific challenges that lie ahead in the area of population structure/dynamics and social protection:

Most countries have rapidly aging populations resulting from falling fertility and rising life expectancy. While the future trend of fertility is unknown, there is no evidence that it has reached the bottom so it could continue to decrease. On the other hand, HIV is beginning to reverse the trend in growing life expectancy. Furthermore, if the gains made in the past in public health are not reversed, it could be expected that the elderly will, on average, live longer. Altogether these factors are likely to increase the relative weight of the elderly in the overall population and hence this will have significant implications at the aggregate level for old age protection schemes, including pensions and health systems.

As said before, HIV is already contributing to aging of population by taking a toll on young cohorts: Some preliminary estimates point to a loss of 2-4 years in life expectancy among some Caribbean countries and indeed some countries have been downgraded in the HDI rank partly because of it. Better targeting of interventions (CSWs, MSM, inmates) with vulnerable groups, prevention, including sex education, access to treatment and care, and fighting stigma and discrimination may reduce the expansion of the epidemic and increase survival rates of PLWHAs.

Human Development Index



* Values for the Caribbean: average of values for Belize, Guyana, Jamaica and Trinidad and Tobago (these are the only countries for which there is a historical set of data).

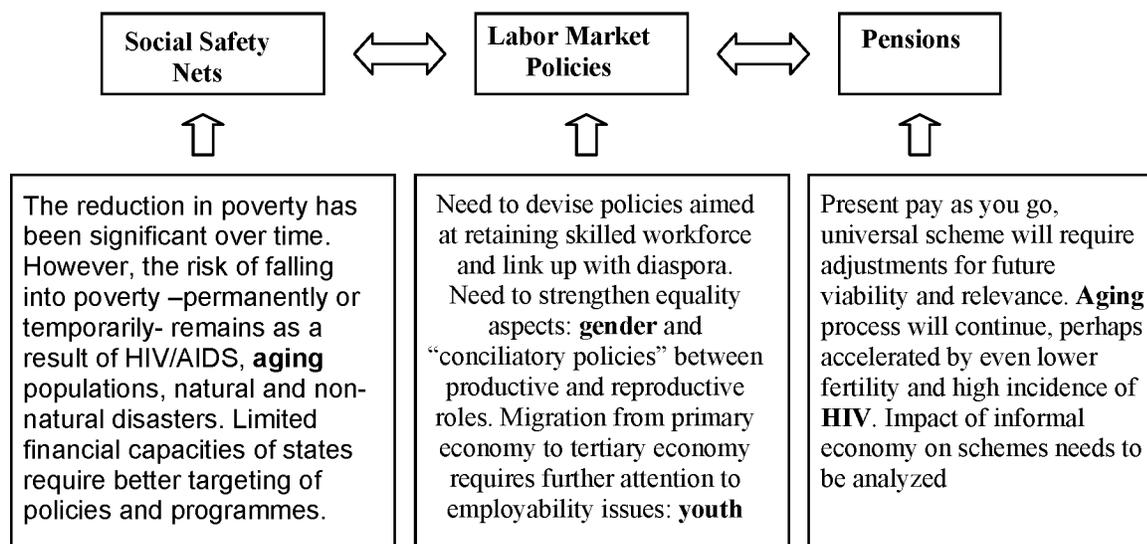
While the Old Dependency Ratio increases from 9 per cent to 27 per cent between 2000 and 2050, the Youth Dependency Ratio will decrease from 50 per cent to 32 per cent. However, the period between 2000 and 2025 will witness a 9-points decrease in overall dependency ratio, which could be used as the demographic bonus (LAC Data) for investing in the formation of human capital and in the expansion of service and tertiary labor markets.

Healthy/active aging is still a pending issue. The growing role of the elderly in support to certain family arrangements (migration & children left behind, orphans, etc.) requires of policies that take a life-cycle approach through the life span of the individuals. Particularly important in this case is the prevention of health conditions related to sexual and reproductive health – including HIV/AIDS-, since these conditions represent the single most important cause of loss of quality life expectancy among women (based on WB DALYs methodology) and oftentimes manifest themselves after the reproductive years.

Migration will be a growing phenomenon in the CARICOM space following the implementation of CSME, in addition to already massive migration of skilled personnel outside the region. Remittances are becoming a major source of income for many households. Many times are administered by elderly left behind in charge of children. These factors have already begun to have an impact on Caribbean societies and will continue to reshape family and household relationships, having significant implications for social protection schemes.

The shift in the base economy from primary-based to tertiary, service-based economy, the impact of globalization and external shocks, and the risk of natural hazards will remain and altogether have significant implications on population dynamics and mobility.

When using the World Bank Definition of Social Protection, i.e. the group of integrated social policy interventions to reduce/manage risk in the following three areas, one could derive these relationships:



Opportunities and Recommendations

- Devise social policies that take into consideration the demographic bonus, particularly in Guyana and Suriname.
- Need to move social schemes that are based on risk mitigation and damage control to a model that looks at social protection in the mid to long run, empowering individuals and communities and strengthening social cohesion.
- Take into account what the IDB defined as “The Demographics of the Households” and cultural issues like patterns of household formation and family arrangements as social protection schemes target households rather than individuals.
- CSME & Migration: The CSME has a huge potential in terms of promoting intra-regional migration by allowing free movement of people and harmonization of social protection policies, including transferability of pensions. The pro-active promotion of returning migration at retirement, if not before, would also be important.
- Universal Health and Education: The clue would be to keep coverage while improving quality. While coverage is pretty much universal, quality issues need to be addressed. Strengthening the area of HFLE and Sex Education –coupled with increased access to sexual and reproductive health services- is critical to reduce adolescents’ pregnancy levels; to curb down HIV; and hence to stop the intergenerational transmission of poverty.
- MDGs Conceptual Framework. For the first time ever there is a single, consensuated development framework that can be used to monitor progress, inform policies, build broad partnerships and foster inclusive development processes

NATIONAL PENSION REFORMS: BARBADOS, ADJUSTING TO AN AGEING POPULATION

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National Insurance Scheme, Barbados

Overview and Content Summary

A common socio-economic condition for several Caribbean countries has been a degree of overpopulation and attendant shortage of economic opportunity for workers. National Social Security schemes have provided some financial protection for workers for a variety of risks which cause cessation of income. Perhaps the most important of these has been state pensions for those reaching the end of their working life. Population ageing taking place at different rates throughout the Caribbean will lead to two dramatic changes. Firstly with the natural growth in the working-age population coming to a standstill the phenomenon of high unemployment will disappear provided that GDP continues to increase even at relatively low rates. This will be accompanied by growing numbers of pensioners who will need to be supported for longer periods due to falling mortality rates. The result will be a substantial strain on Social Security Funds. In Barbados the actuaries sounded a warning in 1998 following the triennial review of its National Insurance Fund based on data up to December 1996. The warning was heeded by the National Insurance Board which set up a Sub-Committee to tackle what is now dubbed pension reform. A comprehensive exercise followed and Barbados is now one of the first countries in the world to carry through reform in its entirety.

As a result of the publicity which accompanied reform several other government agencies have started reviewing their operations in the light of this ageing phenomenon. The Board of the National Insurance Scheme found it necessary and useful to overhaul its administration. Certain Non-Government organizations have also seen the need to rethink their scope and opportunities.

Population ageing presents challenge and new opportunity alike. In Barbados certainly together with CSME and related issues a certain energy can be seen taking hold of the country in recent months.

Summary of Paper – This paper will trace developments under the following headings:

- a) **Pension Reform (I & II)** – An outline of the processes undertaken to include all stakeholders and the final recommendations adopted,
- b) **Buttressing Reform** – This section will describe measures taken by the National Insurance Scheme to meet future increased workload as well as higher expectations arising from publicity during the reform process,
- c) **Poverty Eradication among the Elderly** – Recent initiatives of the Barbados government to bring the elderly up to the established Poverty Line,
- d) **Proposed Department of the Elderly** – A short note on one of the first major programs started by other government agencies in response to ageing,
- e) **Inclusion of the Disabled** – Some aspects of government and also Non-Government initiatives towards improvement of services for the adult ‘differently abled’.

Pension reform (I) – The comprehensive program of consultation and study

The results of the Triennial Actuarial Review of the National Insurance Scheme of Barbados completed in mid-1998 had revealed a dramatic ageing trend in the population. In turn it meant that the present financial health of the National Insurance Fund was unsustainable into the next 2 decades at present levels of contribution and benefits. Pension reform was necessary and the Sub-Committee appointed by the National Insurance Board undertook to carry through a study and make recommendations.

Critically the Sub-Committee composition, reflecting the make up of the Board itself, included all three of the so called ‘social partners’ (first established to bring the country out of recession without coming under a draconian IMF SAP program in the early 1990’s) namely employers, trade unions and government.

A PR firm was employed to front a nationwide publicity campaign and consultation exercise. The Board and Sub-Committee considered all the possibilities including the Chilean model of privatization with individualized accounts. The latter was considered unsuitable in the Barbados context. The decision was made to go with so called parametric reform which involved changes to the elements of the existing scheme as it stood. The public as stakeholders were presented with three options for Reform and seminars were mounted for all major representative associations.

The three options presented were respectively, a substantial increase in contributions, a significant reduction in benefits and lastly a combination of an increase in the retirement age with a lesser increase in contributions. The preference was primarily for an increase in contributions. Significant support also for an increase in retirement age led to a recombination of these two as the basis for the final recommendations of the Sub-Committee which was accepted by the Board.

Included in the final recommendations for pension reform were two further important changes. The formula for accruing pension was amended in order to remove the high concentration of accrual in the first 10 years of contributory membership. Secondly, annual indexation of pensions was introduced. Barbados is probably only the second country in the English Speaking Caribbean to grant full inflation protection for its state pensioners, a provision which had been standard in developed countries for at least half a century.

A further change made following the decision to increase the retirement age from 65 to 67 by the year 2018 is to allow for optional early and late retirement. Retirement on National Insurance pension is to be allowed as early as age 60 and as late as age 70 with an actuarial adjustment of 6 per cent per year reduction for early, or addition for late, retirements.

It has been found necessary to continue with the pension reform program following the introduction of Reform measures starting in January 2003. Inevitably there will have been a shortfall in the information coverage achieved in the original campaign (and short memories).

Buttressing Reform

With a sharply increased profile for National Insurance pensions, expectations for service would have risen. In anticipation and also as part of an accelerated effort to improve systems a major new integrated IT system was put in place. Further the legal department was strengthened and legislation tightened (for example to now make directors and managers personally liable for unpaid employer contributions or employee contributions deducted and withheld from payment to the Scheme). A computerized system of notification of unpaid contributions with automatic interest penalty calculations is also now in place. The opportunity was further taken to introduce several amendments to the main National Insurance law many of which had been pending for some time.

A study was carried out into the effects of a 1997 law disallowing welfare ('Non-Contributory') pensions where persons were shown to have been gainfully employed whilst not having made the required contributions to National Insurance. Arrangements exist for referring such persons to the Welfare Department.

An on-going review of the Unemployment Branch with a view to developing a pro-active approach to assisting the unemployed to find new employment or alternatively re-train in new skills was strengthened by the Prime Minister's announcement this year (2006) to set aside \$10m out of the Unemployment Fund (which is a separate fund) to establish a Re-Training Fund for the Unemployed.

There are also plans to liberalize the Invalidity Benefit Branch so as to allow for a Partial Invalidity benefit as well as to permit persons in receipt of Invalidity Benefit to engage in some employment without losing the Benefit entirely as is presently the case. The plan is to allow those qualifying for Invalidity Benefit to be included in the Re-training program to be established for the unemployed as mentioned above.

Poverty Eradication among the Elderly

The Government of Barbados recently decided that the plight of the elderly relative to the poverty line should be examined more closely. It was determined that the country can now afford to increase the minimum pension rate of pensioners who had paid contributions into the National Insurance Scheme up to the poverty line established some time ago by an Inter American Development Bank (IADB) study (adjusted for inflation since that time) for Barbados. Welfare (Non-Contributory) pensions were increased to maintain an established ratio when compared to minimum contributory pension.

Further it was decided to substantially increase welfare payments to disabled persons over the age of 50 years. The relative level had lagged behind pension benefit levels in the last 20 or 30 years. The stated intention of government is to bring these also up to the level of the other pensions in the near future.

Planned Department of the Elderly

The main government agency responsible for poverty (which as is known is proportionately higher among the elderly), authored a government policy paper on the subject of the plight of the elderly. A major proposal was the formation of (or transformation of an existing agency into) a Department of the Elderly.

It was recognized that there was in fact considerable fragmentation of agencies involved indirectly or directly in the care of the elderly. This in turn was reflected by, and partly the result of, a similar situation with regard to protective legislation.

After some consultations including a timely seminar on abuse of the elderly it was decided that that proposal would go forward. In tandem with its formation dedicated legislation is to be brought together to focus and strengthen existing provisions. Such legislation would include regulation of the operation of old people's homes and prohibit abuse of the elderly through obtaining powers of 'general attorney' by questionable means.

Inclusion of the Disabled

Already noted above was government's intention, in which a start has been made, to bring the older disabled (those over 50) into line with welfare pension the latter being payable at retirement age. Another aspect of inclusion will come with the establishment of the Re-Training Fund for the unemployed. With the onset of invalidity clearly unemployment ensues. This group as well as the lifetime disabled is in need of special training and/or re-training and the plans are to include such persons in that program.

It must be noted that Non-Government agencies have been very active in improving the lot of the Disabled. Recent increased funding and support from the government is designed to empower such organizations in bringing new levels of opportunity for the 'differently abled', a more accurate description of this frequently forgotten section of our population.

Conclusion

It can be seen that with National Insurance leading the way, due to its earlier exposure to the effects of ageing, the country is being galvanized into taking stock of both the care requirements and the opportunities presented by this unprecedented phenomenon. It represents a turnaround in the earlier shortsighted trend of increased marginalization of the elders in our society. Noteworthy is the efforts of certain schools which have taken the initiative of reacquainting its young with those elders in the community.

All these are positive signs that point to a re-appropriation of our human capital that can only lead to better things for the country and the region.

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