

LIMITED
LC/CAR/L.98/Rev. 1
8 December 2006
ORIGINAL: ENGLISH

**Changing population age structures and their
implications on socio-economic development in the
Caribbean**

This document has been reproduced without formal editing

Table of Contents

Introduction	1
1. Vulnerability and dependence of Caribbean economies	3
2. Ageing in the Caribbean: a demographic overview	6
3. Health and health-care systems	8
4. Poverty	10
5. Social security	15
6. Social security and old age	18
7. Gender and social security	19
8. Summary and conclusions	22
References	25

Introduction

The Caribbean right now finds itself at a crossroad of development. The present economic system with its dependency on a narrow range of goods and services that has provided the source of income for many over the past decades seems no longer to be viable while universal access to socio-economic support systems and primary health care can no longer be financed exclusively by governments. Still rather young societies are faced with a multiplicity of pressing needs and challenges, ranging from the HIV/AIDS pandemic to the impact of the inflow and outflow of migrants, the trafficking of drugs, guns and humans, high unemployment rates and unsustainable economic growth rates. Natural disasters in the region have increased the vulnerability and volatility of the region. In a context of very limited resources, these rather diverse challenges keep national agendas chronically overloaded with competing demands that in a short term perspective appear to be rather urgent.

Generally less attention is given to the increased longevity and declining sizes of younger generations in the developing world, where the aging process is occurring silent, but much faster and under less favourable conditions than in the more developed world. However, according to the recently published results of the last population inquiry by the United Nations Population Division (United Nations, 2006a), the majority of Caribbean governments are pretty much aware of these changes and most have also expressed a considerable level of concern. And rightly so, since in the Caribbean as in many other parts of the developing world this transition is taking place in contexts of dwindling economic resources, societal decay, increasing poverty rates and institutional weakness, a scenario that does not guarantee equal minimums of quality of life and exertion of rights by all members of society.

The present systems of state provision of free social protection and primary health care seem no longer to be functional and thus new avenues to ensure sustainable and affordable social protection mechanisms need to be identified. Such new sustainable strategies can only be discussed in an all encompassing approach by linking socio-economic development perspectives to population dynamics. Also the qualification levels of the labour-force, productivity and the region's position in the international economy are of importance.

Social protection was also the core theme of the Thirty-first Session of the Economic Commission for Latin America and the Caribbean (ECLAC), held in Montevideo in March 2006. The discussions focused on the need for a new approach to social protection, given the structural changes the region is experiencing. It was suggested that this approach should be the result of a new rights-based social covenant, in which social rights are seen as the normative horizon, and existing inequalities and budgetary restrictions are the limiting factors to be addressed (ECLAC, 2006a). ECLAC proposes a framework of integral solidarity that combines contributory and non contributory mechanisms and places emphasis on an efficient use of the resources, with a view to expanding the coverage and raising the quality of services, especially for the lowest-income sectors of the population. The challenge for Latin America and the Caribbean is to build bridges between social rights and policy guidelines aimed at making them more enforceable through improved access, better financing and greater solidarity. With this in mind, ECLAC calls special attention to the reform and design of

health and pension systems, taking into consideration both labour market dynamics and the countries' fiscal capacities.

To enhance awareness and to promote a coordinated approach to social protection at the national and Caribbean wide level, the ECLAC Subregional Headquarters for the Caribbean convened a high-level follow-up meeting to the United Nations General Assembly 60th Session 2005 World Summit where experts in the field, together with government officials, discussed strategies to advance the development agenda in the region. The meeting came up with a 'Social Development Matrix', a comprehensive framework to identify and support the implementation of national and Caribbean-wide strategies.

This paper will begin with a brief overview of recent economic trends which is followed by a synopsis of the demographic dynamics in the region. In light of this, an effort will be undertaken to present poverty levels in the region by introducing various types of measurements and data availability. The consequences of increased life-expectancy and longevity on the demographic structure will be outlined and its interdependence with the labour market and labour supply will be discussed. With this in mind, the paper will ascertain an effort to find out to what extent Caribbean countries have recognized these transformations and have also been able to reflect these changing needs in their national social planning strategies and social protection policies. Further, it will identify those groups that are most at risk or who already live on the edge with little chance to improve their lot in the near future. Of particular importance is the question as to what extent governments have been recognizing the needs of these particularly vulnerable groups and what specific measures have been and/or are being undertaken to cope with these challenges under tight economic conditions and with increasingly less qualified human resources in the region to do the job. Finally a set of recommendations will be formulated as guidance for interested governments and regional policy and programme planning bodies.

While these challenges seem to be insurmountable at first sight, they can provide the region with a unique opportunity to build new alliances, establish new partnerships and benefit from the skills at home and abroad to establish a new social pact to ensure the inclusion of all members of society. Regional and global interaction, a spirit of entrepreneurship, recognition of own skills and taking advantage of economic niches, openness and engagement in the globalization process while protecting and preserving national and regional identities and cultures seems to be the only avenue to sustainable development and prosperity.

While international solidarity is a must to help the less developed countries to manage these transitions, good governance, accountability and transparency, sound and credible social policies, social equity and equality for all members of society are indispensable ingredients for a successful transition from a youthful population to an ageing society and for making this journey for all generations an enjoyable and dignified experience.

1. Vulnerability and dependence of Caribbean economies

Neither a thorough analysis of the social development process nor any attempt to design solutions to the pending problems can be undertaken without taking into consideration the broader economic framework of the region.

In the last three years, the Caribbean economy was able to stabilize itself. After two years of near zero growth of the Gross Domestic Product (GDP) during 2001 and 2002, the region's economies reached in 2005 again a stable GDP growth of 4.0% (average), after 3.6 per cent in 2003 and 4.8 per cent in 2004¹. The main reasons for this generally positive economic performance of the region are the ongoing strong external demand and the low international interest rates, as well as, although to a lesser extent, an expanding internal demand. But the individual national growth rates within the region vary heavily. The strongest growth rates were recorded by Turks and Caicos (12%), Anguilla, Saint Lucia, Trinidad and Tobago (roughly 7%); whereas in Jamaica and the Netherlands Antilles growth stagnated (1.4% and 1.5%, respectively) and Guyana even experienced a negative growth rate (-3%)².

Unequal distribution of GDP growth is also a phenomenon visible when regarding the different economic sectors. Whereas the construction sector experienced the highest increase (9.5% on average), agriculture decreased heavily (-12%)³. With regards to inflation, the prices increased significantly for most countries in 2005 (5.8%) after two years of relatively stable prices (3.8% in 2003 and 4.0% in 2004)⁴. The increase in prices resulted mostly in the rise in prices of major import commodities such as oil and construction materials, supply constraints in the agricultural sector, rises in administered prices and changes in tax regimes. But besides inflation, the region also suffers from a relatively high rate of unemployment. There is only little and incomplete data available in this field, but the average unemployment rate for 2004 was estimated 8.9% (declining from 10.9% in 2003)⁵.

Furthermore, the Caribbean still remains a region with a very high public sector debt. Saint Kitts and Nevis, Guyana, Jamaica, Grenada, Dominica and Belize ranked among the 10 highest indebted market emerging economies in 2004, and Guyana is rated as a "Highly Indebted Poor Country" (HIPC), reaching an indebtedness rate of 140% of GDP in 2005. In the region, the average public debt constituted 58.1% of the GDP in 2005⁶. The high vulnerability to natural disasters remains one of the obstacles to development that most of the region's economies fear. Generally, the main challenges Caribbean economies were facing in 2005 and in the previous years are youth unemployment, the mismatch between the educational system and the needs of the labor market, low levels of labor productivity coupled with relatively high wages and the emigration of skilled persons from the region ("brain drain").

¹ ECLAC, Subregional Headquarters for the Caribbean: *Economic Survey of the Caribbean 2005-2006*, September 2006, p.7

² In the same place, p. 6

³ In the same place, p. 6 and 14

⁴ In the same place, p. 7

⁵ ECLAC, Subregional Headquarters for the Caribbean: *Economic Survey of the Caribbean 2004-2005*, p. 5

⁶ ECLAC, Subregional Headquarters for the Caribbean: *Economic Survey of the Caribbean 2005-2006*, September 2006, p.30

Caribbean countries and their economies are highly dependent on commodity exports and in most cases on only one or a few products. Therefore they are extremely vulnerable to any changes in their main destination markets regarding price, tariffs or quota concerning the exported good. In most Caribbean countries, agricultural products constitute the most important exports and thus the agricultural sector is of huge importance to the regional economies. Within the agricultural sector, sugar and bananas are the most significant contributors to the GDP. In some Caribbean countries, sugar constitutes over 10 per cent of the total GDP (for example 14% in Guyana and 10% in Belize⁷). With regard to the contribution to employment, the sugar industry generates up to 14% of the total national labor force (Belize⁸) and in the agricultural employment it reaches and even exceeds the 50 per cent mark in many countries of the region, among them with the highest rates Trinidad & Tobago (68.9%), Saint Kitts and Nevis (52.7%), Barbados (52.6%) and Belize (49.9%)⁹. In the case of bananas, the countries with the highest export rate, besides Jamaica and the Dominican Republic, are mainly the Windward Islands in the Eastern Caribbean, like Dominica, Grenada, Saint Lucia and Saint Vincent and the Grenadines. The Dominican Republic has the highest banana yield in the region with 12 tons per hectare, followed by Saint Lucia (10 tons) and Jamaica (8 tons)¹⁰. Correspondingly high is the level of dependence in these countries on the export of sugar or bananas. Prior to the closure of the sugar industry in 2005, sugar exports in Saint Kitts and Nevis accounted for 35 per cent of all exports, in Belize 26 per cent and in Guyana 24 per cent¹¹. This situation is even more problematic for the banana-producing countries of the region as, for example in Saint Lucia, 54 per cent of all exports are concentrated on this one product (in Saint Vincent and the Grenadines 37% and in Dominica 27%)¹². These numbers show undoubtedly the extremely high danger that lies in their very specialized and non-diversified, export-orientated economies.

The most important destination market for both sugar and bananas from the Caribbean is the European Union (EU). Of the total amount of sugar exported from the Caribbean, 84% goes to the EU, thereby representing 28% of the EU import market share¹³. The main reason for this strong concentration on the European market is the preferential access guaranteed to the Caribbean producers as part of the Cotonou Agreement¹⁴ signed between the EU and the African, Caribbean and Pacific (ACP) group of States in 2000. This agreement marks the latest step in the long ACP-EU relations which started with the Lomé Convention in 1975 and constitutes the world's largest financial and political framework for North-South cooperation. The Cotonou Agreement includes a protocol on sugar and on bananas where the preferred import of

⁷ ECLAC, Subregional Headquarters for the Caribbean: *Report of the Expert Group Meeting. Status of Trade Relations Between the European Union and the Caribbean under the Cotonou Agreement*, LC/CAR/L.78, December 2005, p. 7

⁸ In the same place, p. 7

⁹ ECLAC, Subregional Headquarters for the Caribbean: *Restructuring Caribbean Industries to Meet the Challenge of Trade Liberalization*, LC/CAR/L.77, December 2005, p. 18

¹⁰ In the same place, p. 15

¹¹ European Commission: *Communication from the Commission to the Council and the European Parliament. Agricultural Commodity Chains, Dependence and Poverty – A Proposal for an EU Action Plan*, COM(2004) 89, February 2004, p. 28

¹² In the same place, p. 29

¹³ ECLAC, Subregional Headquarters the Caribbean: *Report of the Expert Group Meeting. Status of Trade Relations Between the European Union and the Caribbean under the Cotonou Agreement*, p. 7

¹⁴ Document ACP/CE/en 1, see

http://ec.europa.eu/comm/development/body/cotonou/pdf/agr01_en.pdf#zoom=100

these commodities is regulated. Under the sugar protocol of the Cotonou Agreement, for example, the import at guaranteed prices is agreed, and this price was more than three times higher than the world market price. But with the revision of this agreement in 2005, the EU decided on rather drastic changes in these trade relations. The sugar import was affected very heavily with a 36 per cent cut of the guaranteed price until 2009 (from 631.9 EUR/t for the marketing years 2006/2007 and 2007/2008 to 541.5 EUR/t for the marketing year 2008/2009 to finally 404.4 EUR/t for 2009/2010 for white sugar)¹⁵. The banana industry in the Caribbean, on the other hand, had to face the establishment of a tariff only regime on the export to the EU with a tariff of 176 EUR per ton (which is accompanied by a duty free quota of 775,000 tons a year for all ACP countries) from January 2006 on.

These changes pose a big threat to many Caribbean economies in their dependence on these commodity exports and on the preferential access to the European Union. The impact on the sugar industry is predicted to be huge; the losses for the region are estimated to be up to \$US90 million a year. At an expert group meeting convened by the ECLAC Port of Spain office in December 2005 on the status of the trade relations between the EU and the Caribbean, participants expressed their fear that the price cut would result in a loss in foreign exchange earnings and thus the ability to service debt payments, a fall in government revenues, destabilization of rural communities with the rise in unemployment, greater migration to the urban areas, increased poverty and crime and a setback in the attainment of the Millennium Development Goals¹⁶. The extremely high dependence of the Caribbean sugar industry on high EU sugar prices results from a lack of competitiveness in the production costs for sugar, as these costs exceed the world market price for sugar in all Caribbean countries. In some countries, such as in Saint Kitts and Nevis and in Trinidad and Tobago, the production costs have been and are even higher than the EU market price. Guyana and Belize are the only countries that are able to produce sugar at a price significantly lower than the EU sugar price, as their production costs reach only 42 per cent and 52 per cent of the EU price, respectively. Whereas Brazil, for example, can produce at a cost of only US\$132 per ton, the costs in the Caribbean range from US\$330 in Belize to US\$1220 per ton in Trinidad and Tobago¹⁷. The same problem occurs for the banana industry, which is as well very dependent on the high EU price because of a similar lack of competitiveness in the world market. In the case of the banana industry, this lack of competitiveness results from a small scale of production, hilly terrain and poor soils on which banana is grown, the susceptibility to natural disasters and high labor costs.

This economic analysis has shown the rather volatile conditions in the region. Thus the main challenge remains in all efforts to restructure the regional economies to also tackle inequality and undertaking decisive efforts to reverse presently growing poverty trends.

¹⁵ See Council Regulation (EC) No 318/2006 of 20 February 2006 *on the common organisation of the markets in the sugar sector*, http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_058/l_05820060228en00010031.pdf

¹⁶ ECLAC, Subregional Headquarters for the Caribbean: *Report of the Expert Group Meeting. Status of Trade Relations Between the European Union and the Caribbean under the Cotonou Agreement*, p. 8

¹⁷ ECLAC, Subregional Headquarters for the Caribbean: *Restructuring Caribbean Industries to Meet the Challenge of Trade Liberalization*, p. 19

2. Ageing in the Caribbean: a demographic overview

While the Caribbean is still characterized by a rather young population, a silent revolution has already started: The success in providing basic social and primary health care to Caribbean peoples has resulted in enhanced life-expectancy and declining numbers of deaths in early life-years. This, along with continuously declining fertility rates, has been leading to one of the world's fastest demographic transitions – a transformation of rather young societies to populations with increasing predominance of older persons. Many societies, including the less developed regions, have attained older population age structures than ever seen in the past. According to the Population Division (United Nations 2006a) many developing countries have experienced rapid shifts in their relative numbers of children, working age-populations and older persons and it is expected that the proportion of the population aged 60 and older in the less developed regions will rise from 8 per cent in 2005 to close to 20 per cent by 2050.

Since a comprehensive demographic analysis of Caribbean populations is provided in an earlier publication¹⁸, this study will only draw on a selection of ageing indicators to demonstrate these profound changes.

After a brief discussion of the region's fertility-patterns, two additional indicators will be presented: *The Percentage of Total Population aged 65 Years and over* and the *Potential Support Ratio (PSR)*, which is the number of persons aged 15 – 64 years per person aged 65 years or over and indicates the dependency burden of older persons on economically active age-groups.

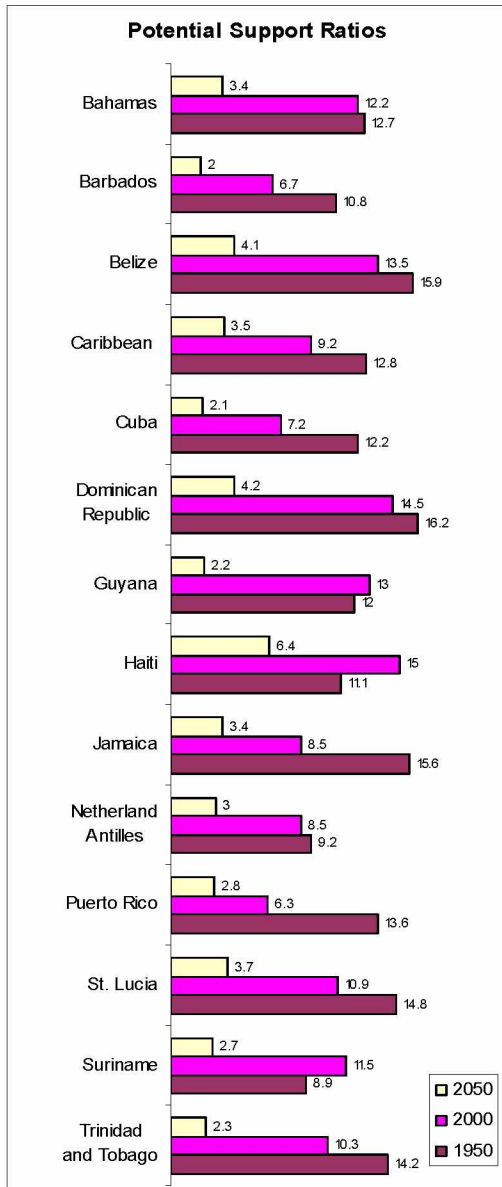
Fertility decline

According to fertility estimates published by the United Nations Population Division (United Nations 2006b), fertility levels in the Caribbean have declined considerably over the past 50 years with five countries, Barbados, Cuba, Puerto Rico, the Netherlands Antilles and Trinidad and Tobago have already reached at below replacement levels of less than 2.1 children per woman. The large majority of the remaining Caribbean countries are expected to follow suit over the next decade, with the exception of Haiti, the only country in the subregion with a Total Fertility Rate (TFR) of more than three children.

Percentage of population aged 60 and over

In a recently published ranking of all 183 United Nations member States (United Nations, 2006c) with data available according to their percentage of populations aged 60 years and over, two Caribbean countries, the United States Virgin Islands and Puerto Rico with both 17 per cent, are among the first 25 per cent of countries with the highest percentage of older persons. Another eight countries, Cuba (16 per cent), the Netherlands Antilles (14 per cent), Barbados (13 per cent), Trinidad and Tobago (11 per cent), Jamaica and Saint Lucia (10 per cent) and Suriname and Saint Vincent and the Grenadines (10 per cent) are among the first 50 per cent of the world's countries with regard to ageing. Worldwide Japan takes the lead with almost one third of its population in this age-group, whereas the United Arab Emirates are ranked last with only a mere two percent of its population over age 60.

¹⁸ A thorough analysis of the changing demographic age-structures in the Caribbean can be found in an earlier ECLAC publication (ECLAC, 2004).



Potential Support Ratio (PSR)

The Potential Support Ratio (PSR) is the number of persons aged 15 – 64 years per person aged 65 years or over and reflects the impact of demographic ageing on the demographic structure of a given population. Global trends show a decline over the last 50 years from 12 to 9 people in the working ages per person aged 65 and over and it is expected that this ratio is to become even more skewed with a ratio of 4 to 1. The Caribbean right now experiences a reasonable sound ratio of 10 persons aged 15-64 per person 65 years and older, but rapid transformations are underway that are expected to bring the ratio down to 3 to 1 by the year 2050. Some countries, such as The Bahamas, Barbados, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago can even expect, according to the most recent figures released by the United Nations Population Division (United Nations 2006c), more drastic declines - 70 per cent or more - over the coming 50 years.

Figure 1

Government views and policies

How do Caribbean countries view such trends? Results of the recently conducted survey on world population policies by the United Nations Population Division (United Nations, 2006a) show that 11 out of the 16 participating countries from the Caribbean stated that population ageing was an area of major concern and for five a minor concern. While presently most countries in the region are still struggling to cope with rather young populations, the majority of Caribbean countries seem also to be very much aware of the present and future challenges the declining size of the working age-population will pose. More than 50 per cent of the countries recognize the declining size of their working-age population as a major concern and almost all others, with the exception of Cuba and Suriname, perceive these transitions as an area of minor concern (see table 1).

Table 1: Level of concern about population age structure:

Country	Size of working-age population	Ageing of population
Antigua and Barbuda		Major concern
The Bahamas	Minor concern	Major concern
Barbados	Minor concern	Major concern
Belize	Minor concern	Major concern
Cuba	Not a concern	Major concern
Dominica	Major concern	Major concern
Dominican Republic	Major concern	Major concern
Grenada	n.a.	Minor concern
Guyana	Major concern	Major concern
Haiti	n.a.	Minor concern
Jamaica	Minor concern	Major concern
Saint Kitts and Nevis	Minor concern	Minor concern
Saint Lucia	Minor concern	Major concern
Saint Vincent and the Grenadines	Major concern	Minor concern
Suriname	Not a concern	Minor concern
Trinidad and Tobago	Major concern	Major concern

Source: United Nations (2006a), Department of Economic and Social Affairs, Population Division: World Population Policies 2005, ST/ESA/SER.A/254, New York

3. Health and health-care systems

To provide universal coverage, the countries of the English-speaking Caribbean have developed health care systems similar to those established in Great Britain government financed and administrated by the Ministries of Health (CEPAL, 1995).

As a consequence, over the past decades Caribbean countries have generally experienced a comparably good health status, eliminating many of the basic health problems that are normally associated with the developing world, such as infectious and transmissible diseases. Nevertheless, over the past years there has been uncertainty about these relatively high health standards with increasing complaints about the deterioration in the quality of the services provided and the high costs of medication, coupled with the growing inability of health administrations to respond effectively to the changing needs of their users. One evidence of this is the strongly cure-oriented health-care framework that gives only limited attention to prevention. The importance of the latter will grow with the rising numbers of older persons and the increase of lifestyle related diseases that are beginning to also affect persons in younger age-groups. In order to keep costs down and at the same time maintain the accomplished favourable health status, education on healthy lifestyles and on ways to prevent lifestyle related diseases will need to become a critical factor in health care management and health-care provision.

Almost all countries in the Caribbean are in the process of designing and implementing comprehensive health sector reforms, but a culture of efficient management, effective planning and quality in the public services still needs to be adopted in some instances. Better integration of primary, secondary and tertiary levels of care as well as more effective enforcement mechanisms for health legislation and regulation need to be put in place. Such efforts would also help to stem the brain-drain in the health sector to at least some extent, since lack of modern human resource management and inefficient planning mechanisms are one of the main push-factors cited by those who have left. Right now, most countries offer direct access to curative health-care services and prescription drugs to all legal residents, whereas home health-care, institutional long-term care and supportive services are provided largely by publicly subsidized non-governmental organisations (NGOs) or have to be procured from private health care providers.

Health and morbidity

In matters of health, the Caribbean tends to follow general global trends with the major causes of morbidity and mortality being diabetes and cardiovascular diseases, as a consequence of unhealthy diets, lack of physical activity and other lifestyle changes that negatively impact on health and quality of life. Though the impact of these illnesses on the quality of life in the Caribbean has not yet been thoroughly researched, the little data available suggest gender-differences in the effects of lifestyle-related diseases and disabilities with women being more severely affected than men¹⁹.

Even less empirical information is available on the health and quality of life of the elderly in the Caribbean. Accurate data on these issues is highly desirable. The SABE survey (Salud, bienestar y envejecimiento/ Health, wellbeing and ageing), conducted by the Pan American Health Organisation (PAHO) in seven capitals of Latin American and Caribbean countries showed the prevalence of chronic conditions in persons aged 60 and older in Bridgetown and Havana (see figure 2).

¹⁹ An earlier study by ECLAC (ECLAC 2004b) provides a more in-depth analysis of available research on health and quality of life in older life-years. Therefore this paper will only present the highlights of the major trends in health and ageing for the Caribbean identified in this study.

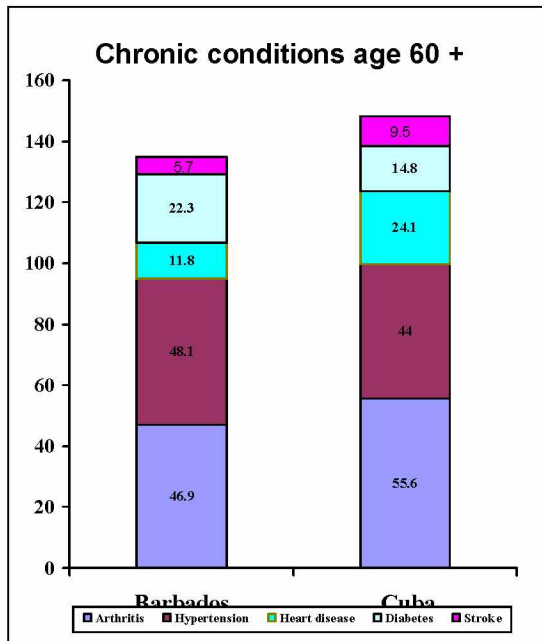


Figure 2: Source: SABE/2000 PAHO

Arthritis and hypertension were by large the most common illnesses, affecting wide ranges of older persons in the countries surveyed. Also the 2000 Population Census Round collected information on disabilities that can be used as proxi-indicators to assess the physical conditions of older persons. Gender-disparities were also manifest in these data since women were found to report more disabilities than men. Vision impairments are a major source of disability, particularly among older women who often also suffer from cataract and glaucoma.

Even though availability of food seems to be abundant and overweight and obesity are turning into major health hazards, malnutrition and under-nutrition are still prevalent. Older persons in remote rural areas, as well as a growing number of men living alone often do not have access to balanced diets and sufficient calories and nutrients (ECLAC, 2004b).

Not much is known about mental disorders that also tend to be underreported in census enumerations for various reasons, such as inappropriate diagnosis, stigmatization and the extended perception of mental diseases as “part of the older age” or even understood as a bad character trait of an individual which also includes mental diseases such as Alzheimer’s and Parkinson’s disease.

4. Poverty

Most countries in the Caribbean are categorized as middle income countries that have successfully advanced social and human development over the past decades. This is evidenced in their historically high ranking at United Nations Development Programme (UNDP) Human Development Index, with Barbados taking the lead amongst Caribbean countries, most other countries ranking among the top 100 countries listed (UNDP, 2005). In spite of this success, the region faces serious challenges. Measured poverty is high and pockets of poverty and indigence determine the lives of

many communities throughout the region. Over the past decades, the number of displaced persons, unemployed and out of school youth has increased and crime, violence and trafficking of drugs, guns and humans have risen. The use of illicit drugs and the spread of HIV/AIDS are difficult to contain. Also limited economic growth and natural disasters have hampered economic and social progress. Demographic ageing and the changing needs of ageing populations pose numerous challenges to the tight budgets and limited human resources of Caribbean Small Island Developing States (SIDS). Over the past years, cutbacks in the banana and sugar industry (see economic analysis), as well as losses in market-shares in the tourism industry after the terrorist attacks in the United States in 2001, have caused severe hardship for particularly the smaller non-resource-based Caribbean economies, exacerbating unemployment and affecting all segments of society.

In 1996 the World Bank (World Bank, 1996) estimated 38% of the total Caribbean population to be poor, with a wide variability within the region, ranging from 65% in Haiti to 5% in the Bahamas. More recent reports from the Caribbean Development Bank (CDB, 2002) estimate that 30% of the Caribbean population – more than seven million people – are living below the poverty line, with the highest concentration of poor persons in Guyana and Grenada, and the lowest concentration in Barbados and Jamaica. With the relatively high per capita income levels in the Caribbean, income distribution appears to be very unequal; the most uneven distribution was found in Saint Vincent and the Grenadines, Belize and Saint Lucia whereas there seem to be less discrepancies in Anguilla, Dominica and Jamaica. The average Gini index for countries with data available²⁰ is approximately 46. Factors that perpetuate poverty are low economic growth, macroeconomic shocks and inappropriate policy responses, deficiencies in the labour market and deterioration of the quality of the public social services offered. Poverty in the Caribbean seems to affect all those without or with only limited access to the formal labour market and those without access to the present social security systems, as quite often is the case for older persons, female-headed households, unemployed youth and unskilled workers. At the household level, poor families throughout the Caribbean tend to have more children, are less educated and are quite often single-parent households headed by a female (ECLAC, 2003).

As mentioned in earlier paragraphs, older persons are one of the most vulnerable groups in the region, since their income generation capacity is generally lower than in the case of younger age-groups (Paz, Guzmán, et. al., 2004).

The majority of older persons in the Caribbean are not covered by any governmental pension scheme or other kind of social welfare programme, and in many cases they rely on informal and quite often only sporadically provided means of support through children or grandchildren, who often belong to the same circle of informality.

Natural disasters in the Caribbean have also played a role in the perpetuation of poverty. An analysis carried out by ECLAC (ECLAC 2005b) in four Caribbean countries, the Cayman Islands, Grenada, Jamaica and Haiti over the period 1980 to

²⁰ The Gini index measures the equality of income distribution in a society. In the perfectly egalitarian society, the Gini index would be 0, whereas it approaches 100 for less egalitarian societies. Income distribution data for the Caribbean are only available for the Dominican Republic (47.4/1998), Guyana (40.2/1993), Jamaica (37.9/2000), Saint Lucia (42.6/ 1995), and Trinidad and Tobago (40.3/1993).

2004, shows that over 8,000 persons lost their lives, nearly six million persons were affected and US\$5.6 billion dollars in damages were sustained. The cost of the damage experienced is estimated to be at a level twice the total GDP for 2002 for the four countries combined and 92% (US\$5.2 billion) of this cost can be attributed primarily to the effects of Hurricane Ivan on the region in September 2004. The limited capacity of small states to repair and restore damage caused by natural disasters can bring harmful consequences, not only on the immediate quality of life of the affected populations, but also on their long-term development prospects.

Poverty has different dimensions, ranging from income poverty to lack of access to the necessary resources, such as education and health care to only name a few. The general profile of the poor in the region emanates from the various studies including the 2004 Millennium Development Goals Progress Report accounts:

- Low human capital base (i.e., level of education and skills), with lesser accessibility to secondary level schooling;
- Poor housing conditions with overcrowding;
- Relatively high use of pit latrines;
- Limited access to potable water;
- High incidence of poverty in female-headed households;
- High incidence of malnutrition among children in poor households;
- High levels of employment in informal sector (acting as a cushion for unemployment in the formal sector);
- Little correlation between growth in informal sector and significant economic growth at the individual or country level; and
- Limited or no coverage by social security and pension schemes.

An issue that should cause great concern, although only vaguely included as a concept in the debates and policies, is vulnerability. ECLAC has remarked that vulnerability represents the dynamic and interplay between susceptibility and resilience, and that the link becomes clear when considering issues such as weak social capital, sub-standard housing, living in disaster prone areas and the link to those who are most affected by natural or economic disasters. These groups are at great risk of becoming “instantly poor” in the event of a disaster and experience great difficulties to restore their former livelihoods. The example of the disastrous impact of hurricane Ivan on Grenada provides much evidence and support to this concept. While many of the factors associated with social vulnerability are also related to poverty, it should be noted that vulnerability and poverty are two independent but closely related concepts (UNDP, 2006).

Measuring Poverty: Building Statistical Capacity and Enhancing Availability of Data

To fulfill the pledges made at various global summits to eradicate poverty, relevant, timely and reliable statistics are indispensable for governments to set policies and to evaluate and monitor their implementation. Despite considerable improvements in national strategies and data collection systems in many parts of the Caribbean, the demand for basic timely and quality data on poverty and living conditions has generally still not been met.

In the last decade, many efforts have been undertaken to get a sound empirical basis on the status of poverty and deprivation in the region. National poverty reduction surveys have been and are currently conducted and poverty-related policies, programmes, strategies and plans have been developed. While various surveys are undertaken, this still seems to be a rather ad hoc approach that lacks sustainability and continuity without any means to monitor and measure changes and/or programme impact over time. The support of the UNDP, the United Kingdom Department for International Development (DFID) and the Caribbean Development Bank (CDB) has been crucial, but also governments have made important contributions with financial, technical and human resources. In addition, institutional mechanisms have been established mainly to address social development at the national level. In the case of Barbados and Saint Lucia, Ministries of Social Transformation were created. With support from the CDB and DFID, the World Bank and the European Union (EU), a number of poverty-specific mechanisms are being introduced, including Poverty Reduction Funds, Basic Needs Trust Funds and Social Investment Funds.

In an effort to replicate the MECOVI (Regional Program of Technical Assistance for Improving the Surveys of Living Conditions (ISLC/MECOVI)) Project in Latin America in the Caribbean a similar initiative, the Poverty Assessment and Reduction in the Caribbean (SPARC) project, has been launched by UNDP, the Caribbean Community (CARICOM) Secretariat, the Organisation of Eastern Caribbean States (OECS), the United Nations System, the Caribbean Development Bank (CDB), the Inter American Development Bank (IADB), the World Bank (WB), DFID, EU and the Canadian International Development Agency (CIDA). This project is a comprehensive package to support Caribbean countries to strengthen national and regional capacities to systematically collect, analyze and disseminate social data for poverty assessments, as well as critically inform social policy formulation at national levels. SPARC aims at national capacity-building for poverty assessments (such as Surveys of Living Conditions (SLCs) or Core Welfare Indicators Questionnaire (CWIQ surveys), set up monitoring and evaluation systems, disseminate data with advocacy effects, accomplish regional coordination, and develop a legislative framework for statistics and information (UNDP, 2006). In 2004, Saint Lucia undertook a pilot implementation of the CWIQ questionnaire and in 2005 a full survey was administered in Grenada to provide timely information at both the household and individual levels regarding the poverty situation after Hurricane Ivan struck the country in September 2004. A recent addition to strengthen household survey data collection mechanisms in the Caribbean is a project to be executed by the ECLAC Subregional Headquarters in the Caribbean.

To illustrate the existing gaps in the availability of data, five commonly used indicators to measure poverty were selected:

- *1 US \$ per day (PPP US\$)*: Population below income poverty line measured in PPP US\$;
- *Gini-Index*: Measures inequality over the entire distribution of income or consumption;
- *HDI* (Human Development Indicator) and *HPI* (Human Poverty Indicator) (UNDP): Two composite indices measuring achievements and the extent of deprivation in three dimensions: a long and healthy life, knowledge and standard of living;

- *Head-count index*: Percentage of the population living under the national poverty line.

In the case of the Caribbean, indicators which are based on administrative data (as, for example, economic and vital registration statistics), such as the HDI (composed of life expectancy, literacy and GDP) and the Gini-coefficient, seem to be more easily available than others that need to draw to a large extent on survey data. The most common measurement, the World Bank ‘One Dollar a Day’ indicator, seems to be the least available for the Caribbean, whereas UNDP’s HDI is obtainable for all independent countries. Since the HPI, the Gini-coefficient, the head-count-index and the ‘one-dollar a day’ indicator are based on specific surveys, they are only available for those countries, where such studies are conducted. However, even when data are available, they are at times based on incomplete vital statistics or non-representative surveys and are subject to enormous uncertainty. Lastly, even in the case of countries with data, only a few can provide coherent and consistent time-series for any of these indicators to monitor the evolution of a certain indicator over time.

Table 2: Comparison of Poverty measurement indicators

Country	HDI rank	HPI	Gini Coefficient	Population below poverty line (head count index)	% of population living below one US\$/day
Antigua and Barbuda	60		53		
Bahamas	50				
Barbados	30	5	39	13.9	
Belize	70	17	51	33.0	
Cuba	52	5			< 2
Dominica	68		49	39	
Dominican Republic	95	25	47		< 2
Grenada	93		45	32.1	
Guyana	107	15	45	35.0	< 2
Haiti	153	38			
Jamaica	86	11	38	16.8	< 2
Saint Kitts and Nevis	49		40	30.5	
Saint Lucia	76	8	43	25.1	
Saint Vincent and the Grenadines	87		56	37.5	
Suriname	86	11			
Trinidad and Tobago	57	9	30	21.2	12.4
Countries with data	100%	63%	75%	63%	31%

Source: UNDP, HDR 2003, 2005 and OECS, HDR, 2002, CDB Poverty assessments (various years), HDI: Human Development Index, HPI: Human Poverty Index (only calculated for developing countries)

5. Social security

Right after independence in the 1960s and early 1970s, most countries introduced social security programmes, including the creation of pension laws that benefit workers in the formal sector and government employees. The oldest national social security system in this region was founded in Jamaica in 1966, while Saint Kitts and Nevis and Saint Vincent and the Grenadines only followed suit in 1987. Most of these schemes have remained practically unchanged, with only modest adjustments such as increases in contribution rates and retirement age or adjustments to wage ceilings to maintain their viability in the future. In spite of the growing awareness that drastic demographic transformations are currently underway, a general overhaul and redesign of social security mechanisms does not seem to be on the agenda²¹.

All public social security schemes in the region are defined benefits PAYG (Pay-as-you-go) schemes, which are publicly managed and financed through government taxes, with the exception of some OECS countries, where employers and employees have to contribute. Fully funded (FF) schemes where individual investors can accumulate benefits for payout later in life are not available in the Caribbean. Due to the still rather young population and considerably small amount of benefits paid out, these PAYG schemes are presently rather solid, since only about two per cent of the national GDP is being spent on social security, a significantly lower rate than in other parts of the world. As a consequence over the years, these schemes have managed to accumulate healthy reserves equivalent to approximately 19 per cent of the total national GDP, with reserves amounting up to 30 per cent in some countries. This might be the one explanation for the fact that many governments do not see an immediate need for a thorough reform (ECLAC, 2005c,d).

Social protection systems in the Caribbean typically consist of three elements: (i) social insurance concerned with the provision of income security, (ii) means-tested social assistance designed to alleviate poverty, and (iii) categorical transfers directed at redistribution among specific groups. The benefits are granted as in-kind transfers, cash payments or through the provision of services. To address the needs of the fastest growing group of potentially vulnerable persons, the elderly, many countries have undertaken efforts to establish non-contributory pension schemes which provide a basic pension to those who are not within the outreach of formal schemes. However, the levels of such non-contributory pensions as well as that of most other social assistance are neither determined by national poverty lines nor by any other baseline and in almost all cases does not provide enough to afford a sustainable living for the recipients²². Therefore most beneficiaries depend on other sources of in kind or cash income either through own work, family or civil society, such as churches or other organizations. However reliance on family and relatives is becoming less and less an option with the socio-economic transformations that have begun to impact on the life-styles of peoples in the Caribbean. Out-migration of the younger generation, increasing full-time employment of females in the formal labour-market and rising costs of living, to only

²¹ Other documents, such as “Social security in the English-speaking Caribbean” (ECLAC, 2005c) and “Social security reforms and their implication for the Caribbean” ECLAC, 2005d) provide elements for the analysis of the present and future of social security schemes and pension systems in the Caribbean.

²² More details on present social security mechanisms in the Caribbean is presented in ECLAC, 2004a.

name a few, are making traditional self help, co-residence with family members and community togetherness no longer a viable option.

With regard to old age pensions, only about one third of all elderly in the Caribbean are receiving some form of government pension (ECLAC, 2004a) and most often, non-contributory schemes only reach a small number of the poor as a consequence of inaccessibility and insurmountable bureaucracy, lack of coordination with other social assistance programmes, insufficient funding and only limited general public awareness and knowledge of eligibility for such support.

Much experience and academic knowledge have been gathered in other parts of the world; however, a simple duplication of such models would not suffice the needs of the Caribbean countries that are characterized by their smallness, high risks for natural disasters and considerable socio-economic vulnerability and volatility to external shocks. The impact of Hurricane Ivan on the island of Grenada in 2004 is a clear illustration of this extreme vulnerability and volatility and the long-term impact natural disasters can have on the socio-economic development potential of an individual country and even of the entire region (ECLAC, 2005b).

Financing social security

Publicly funded social protection schemes are only sustainable when the taxable labor-force is of reasonable size and appropriate tax-collection mechanisms are in place. On the other hand, contributory systems are putting a heavier burden on the individual and its employer. Right now both systems seem to be financially solid; however, the growing numbers of beneficiaries will challenge their financial sustainability. Also with an estimated half of the population working in the informal sector quite often at or below subsistence level, chances are they will never contribute but at various stages in their lives will need to draw on these support systems.

In order to enhance and sustain economic viability of social security systems in the Caribbean, given population ageing and other socio-economic challenges, there is a need to thoroughly overhaul their long-term financing mechanisms and transform these systems by combining three rationales: wage-contributions, tax-based financing and individual savings and retirement accounts. Given a history of free public basic health and social services, generally savings and investment rates are well below those in other parts of the world, simply because there was and still seems to be no perceived need for private initiatives. The financial survival of the present social security systems in the region is already in jeopardy due to the low economic growth, low saving rates and extremely low tax revenues because of pervasive tax evasion and weak job creation in the formal economy.

Economically active population

To get a better understanding of the present and future contributories, the workforce in the formal sector, labor-force participation rates and the percentage of the population in economically productive age-groups will be further discussed.

Labor force participation

Data on labor force participation for the present and recent past are available from the recently published Economic Survey of the Caribbean (ECLAC, 2006b). Labor force participation rates have been just under 70 per cent, ranging from 57.3 per cent in

Belize to 68 per cent in Barbados²³. The trend in participation rates has been generally upwards with female participation being the dominant factor. According to the report, over the past few years females have been entering the labor force at a much higher rate than males, a fact that can be explained by higher educational attainment for women; improvements in household production technologies and the expansion of such activities in the economy (particularly in the service sector) which have been a traditional source for female employment; the decline in fertility and family size with a reduced need to stay home for extended periods of time to take care of small children; and finally the drive for financial independence as an expression of self-actualization. According to this source, a higher proportion of males are generally engaged in the labor force with rather constant participation rates since the 1970s. It needs to be emphasized that these figures only reflect participation in the formal labor market, and do not include the sizable informal sector which absorbs in some countries an estimated 50 per cent of the labor-force. The informal sector in the Caribbean is dominated by small agricultural entrepreneurship, related family-scale food production and street vending, thus limited in its productivity and income earning capacity and mainly dedicated to make a subsistence living for one self and other family members.

Population aged 15 – 64

Since very little data and no time-series on labor force and labor force participation for Caribbean countries are available, the size of the population aged 15 – 64 will be used as a proxy-indicator for the potential workforce over time. With the process of demographic ageing rapidly advancing and transforming former rather young populations into ageing societies, almost all Caribbean countries are now positioned at the so called ‘demographic window of opportunity’, which describes a situation where a country has the largest potential workforce ever in history with already dwindling younger age-groups (due to the decline in fertility rates) and now still small, but rather rapidly growing older population segments. Barbados, Cuba, the Netherlands Antilles, Puerto Rico, Trinidad and Tobago and the United States Virgin Islands find themselves with more than two thirds of their populations in the age-groups 15 – 64 years and almost all other Caribbean countries are expected to reach similar levels within the next decade, with the exception of Belize, the Dominican Republic, Guyana, Suriname and Haiti, countries still at the very onset of their demographic transition.

Contributions to the social security and social protection mechanisms in the Caribbean could be also sourced from returning retirees who had migrated earlier in their lives to spend their economically active years abroad. To provide investment opportunities for those who plan to come back could be a new avenue in social security planning since many migrants would possibly invest in the region, given lucrative and attractive opportunities. Return migrants should not only be considered as contributors to the national welfare schemes, their readiness and willingness to spend could also provide a boost to national economies. Many bring back their spares and continue to receive pensions and social security payments from abroad for extended periods of time (Thomas-Hope, 2001). So far only a few countries seem to undertake efforts to benefit from return migration of retirees. One such example is the ‘Returning Residents’ Programme’ in Jamaica that recognizes return migrants as a source of investment and assists returning Jamaicans with investment counselling and other services. More could be done by other countries to provide attractive incentives for those who plan to come

²³ There are no time-series on labor-force participation by age and sex available for the Caribbean. Thus the population in economically active age-years will be used as a proxy-indicator.

back and to also channel remittance flows into more sustainable and long-term investments for the remitter as well as for his or her family.

6. Social security and old age

Labor Force Participation at age 60 and over

Another indicator to assess the efficiency of existing social protection mechanisms particularly in old age is the labor force participation rate of persons aged 60 years and over. With regard to the elderly, but also to women with little formal qualification, it can be assumed that overall labor force participation rates are considerably higher than reflected in the official statistics. As indicated earlier, the large, but rather unproductive and self-sustaining informal sector that characterizes the region seems to provide a living for those who lack access to the formal economy.

Generally labor-force participation is higher for men than for women in all age-groups and this is also true for the Caribbean. In Belize (60%), the Dominican Republic (63%), Haiti (74%) more than two thirds of men over age 60 are engaged in the formal labor market, whereas only a much smaller share of older women seem to be formally employed. The largest share of female labor over age 60 is found in Jamaica, Haiti and Barbados, with more than a quarter of older women formally employed. There are two potential ways to understand these data: either there is only a limited demand for further employment or there are only very few jobs available for older women in the formal labor market. Based on what has already been said on the structure of the labor market and the gender disparities, it can be assumed that the second explanation applies and therefore more women need to seek their fortune outside the formal system.

Given the deficient and unequal conditions of income security in old age and the failures in the social protection schemes, own work (see above) and family support that can range from direct monetary assistance to personal care and co-residence are for many elderly the only way to sustain a living. While there is no data on co-residence for the Caribbean, it can be assumed that this type of living arrangement is as common in the Caribbean as it is in Latin America, where over 70% of older persons live in multigenerational households, mostly within the household of a son or a daughter. In the entire Latin America and Caribbean region institution living is rather limited and only an estimated 10% of older persons live in one-person-households (25% in developed countries) (ECLAC, 2006a). Multigenerational co-residence can benefit both sides, while older persons support their families with household chores and childcare and also contribute to the household's income; it helps avoid loneliness and social exclusion for the elderly. However, it is also a fact that co-residence does not always prevent loneliness and isolation and that independent living next to family and kin can also provide as much social interaction as needed while maintaining the necessary independence of both parties.

Caribbean governments are gradually undertaking efforts to address old age economic security in all social welfare schemes and poverty eradication programmes. Generally this support is provided in the overall social security and social protection framework, but also through pensions and housing assistance. Quite often NGOs receive government support to provide food assistance and other basic services to the

elderly in need. While most of these programmes are geared towards all age-groups in need, increasingly older persons have become the main beneficiaries. For example, in Guyana the introduction of the “Food for the Poor Incorporated” programme includes older persons in difficult economic circumstances, and in Saint Lucia, the Poverty Reduction Fund is targeting older persons. In Trinidad and Tobago, the Ministry of Housing hosts two programmes for home improvement targeted to the more vulnerable population. Although they are not age specific programmes, they have been mostly accessed by older persons. Further, the Ministry of Social Development in Trinidad and Tobago sponsors ‘Meals on Wheels’ to provide healthy nutrition and is also in the process of establishing countrywide ‘Senior Centres’ to address social exclusion and loneliness.

Housing conditions of older persons vary from country to country and also within countries. Many older persons in the region own their homes but a vast proportion, particularly in Haiti, live in sub-standard housing (HelpAge International, 2002). Numerous such homes are in a state of disrepair, especially in rural areas, where running water and toilet facilities are often not available. Guaranteeing decent housing conditions and sustainable living arrangements for the growing number of older persons needs to be at the centre of any social protection mechanism.

7. Gender and social security

Economic security over the life course and the capacity to save are closely connected with gender. A woman’s economic security is highly determined by her attained level of formal education and her involvement in the formal labour-market. As mentioned earlier the region is characterized by a high percentage of female headed households where women have to combine wage earning with their household responsibilities and thus experience greater time and mobility constraints than male household heads. This quite often leaves no other option to those with limited formal education but to work from home in small agriculture, food production and street vending.

Female-headed households are a growing trend in the region, another reason to consider gender as an important attribute to comprehend the situation of older persons in the Caribbean. According to official statistics from the CARICOM, an estimated 22 to 44 per cent of all women in CARICOM member countries are heads of households. Early sexual initiation, unstable partnerships and pregnancies in young years tend to be the main determinants for this living arrangement. Also analysis of census data on fertility and marital status points into a similar direction as it indicates that up to 75 per cent of Caribbean women under the age of 25 are having their first child prior to the formation of a residential union (Stuart, 1996). Women are the main care provider for both children and the elderly, and in many cases fully responsible for the economic security of their dependants. A woman’s role as head of household, domestic unpaid worker or worker in the informal economy does not create monetary revenues and even when this happens, this income is not within the parameters of the formal labour market and thus does not feed into the formal social security machinery. High rates of unemployment, lack of access to stable and secure jobs, limited education, high levels of poverty and unequal opportunities presented in a woman’s earlier years can undermine her present and future financial security. This leads to the conclusion that

gender specific structural constraints and opportunities directly impact on present and future opportunities.

Contrary to the fact that women in the Caribbean tend to outperform males in the formal education system, labour-market statistics show that unemployment rates for women in the Caribbean over the age of 15 exceed the rate of men in the entire region; in some countries it is even twice as high. Further, unemployment rates for men have generally decreased between 1980 and 2000, while the employment situation for women has worsened in four out of the nine countries presented in Table 3 (Caribbean Community Secretariat, 2003).

Table 3: Unemployment rate for the population aged 15 years and older

Country	1980		1990		Latest year after 1995	
	Women	Men	Women	Men	Women	Men
Antigua and Barbuda	...	...	6	7	...	...
The Bahamas	16	10	8	8	10	6a
Barbados	14	8	20	10a	12	7a
Belize	5	5	15	8 ab	20	9a
Dominica	22	16	9	10	19	13
Grenada	19	16	12	14	21	11
Guyana	20	15	18	8a	...	...
Jamaica	16	10	23	9b	23	10a
Montserrat	16	11	5	7	...	...
Saint Kitts and Nevis	13	9	5	5	...	...
Saint Lucia	20	16	22	12a	20	16a
Saint Vincent and the Grenadines	28	26	21	18	...	...
Suriname	...	...	19	11	14	8
Trinidad and Tobago	10	8	22 ^a	22	19	12

Source: Caribbean Community Secretariat, 2003. Calculated based on data compiled by the CARICOM Secretariat from (i) *1980-1981 Population and Housing Census of the Commonwealth Caribbean-National Reports*, (ii) *1990-1991 Population and Housing Census of the Commonwealth Caribbean-Volume of Basic Tables for Sixteen CARICOM Countries*, Regional Census Office, Trinidad and Tobago; (iii) National labour force survey reports; (iv) data submitted to CARICOM by Member States; and (v) *Key Indicators of the Labour Market 2001-2002*, KILM 8. International Labour Office, Geneva: 2002.
a Compiled from KILM 8. International Labour Office, Geneva: 2002.
b Pertains to labour force aged 16-64 years.

The most recent survey data published in the Economic Survey (ECLAC, 2006a) conducted by ECLAC, seem to point at rising employment rates for women over the

past few years. However, it can be assumed that along with the economic transformation, more qualified women seem to be successful in the formal economy whereas those with limited skills still find it difficult to gain formal employment. It is not surprising therefore that growing numbers of unskilled or semi-skilled women seek a living in the unprotected informal sector without any possibility of contributing to any social security and/or pension plan at present or in the future.

A comparison between male and female long-term (over one year) unemployment rates shows that a larger percentage of women (5 – 9 per cent) than men (2 – 3 per cent) had been out of work for more than a year (table 4 below) (CARICOM Secretariat, 2003).

Table 4: Women and men long-term unemployment rates in the Caribbean

Country	Long-term unemployment* as percentage of the labour force				Long-term unemployment* as percentage of the total unemployment			
	1991/1993		1997/1999		1991/1993		1997/1999	
	Women	Men	Women	Men	Women	Men	Women	Men
The Bahamas	5	3	4	2	40	23	44	28
Barbados	9	3	3	1	35	15	23	12
Belize	7	2	13	4	52	31	66	43
Dominica	...	...	13	8	...	...	49	39
Jamaica	6	2	7	2	28	21	30	18
Trinidad and Tobago	9	3	7	2	49	23	42	20

* Long-term unemployment is defined as continued period of unemployment extending for one year or longer.

Source: Caribbean Community Secretariat, 2003. Compiled from *Key Indicators of the Labour Market 2001-2002*, KILM 8. International Labour Office, Geneva: 2002.

As a consequence of exclusion from the formal labour-market and given the socio-economic positions mentioned earlier, many women and particularly older women are often confronted with lifelong exclusion from the formal economy and consequently find themselves excluded from formal pension schemes causing continued dependency on government hand-outs and other forms of quite often unreliable support from family, friends and informal support groups. From a gender perspective, contributory pension systems at present tend to work in favour of men and even if women succeed in accessing the formal sector, they earn on average far less than men, with consequently smaller pension fund contributions and lower pension payouts.

The following provides an overview of how present pension and protection mechanisms disadvantage women over men (ECLAC, 2004c):

- Pension systems are based on the prototype of a male employee in the formal sector with a steady and possibly well paying job.
- Pension systems reproduce the gender disparities of the formal labour market.
- Pension schemes exclude women dedicated to reproductive work, with the consequence that almost 50 per cent of all women have no access to pensions. Widows' pensions that could function as a mechanism to provide some income to women without own pensions do not exist in the Caribbean.

This analysis shows clearly that a system that excludes almost 50 per cent of a country's population needs to be reformed. In the long-term, only the enhancement of labour market conditions for women, reliable and affordable childcare, and support for small and medium enterprises and even opportunities for those in the informal sector to establish some form of old age security would help to improve the lot of a large proportion of marginalized and excluded women in this region.

8. Summary and conclusions

Summary

While population ageing is already well underway, the majority of Caribbean countries now have reached a unique stage in this transition process, with the largest percentage of their populations belonging to the economically active age-groups between 15 and 64 years of age. This presents 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 labor-markets with regard to supply and demand of labor. Further, globalization and IT connectivity allow for international cooperation and collaboration across time-zones and distances. If adequate work or qualified workers can not be found in the region, either labor has to move or services from other continents need to be solicited. While countries are negatively affected by the brain-drain, new avenues of benefiting from out-migration need to be identified. Skilled migrants could constitute knowledgeable business partners abroad to establish businesses with, and even discover areas of common interest that could provide incentives for those who are returning. Examples of such initiatives could be the development of health tourism, eco-tourism and other economic niches that could provide an alternative to the present rather undiversified economic conditions.

The present analysis has shown that the demographic transition is well on its way in the Caribbean. However, while almost all countries seem to recognize these dramatic changes, this awareness has 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 dominate most national development agendas. The brief analysis of the health conditions as well as the health-care situation has demonstrated that in matters of health the region seems to follow global trends with lifestyle related diseases on the rise. In spite of the fact that Caribbean countries score high on various development indicators, poverty in the region has not yet been eradicated. While many do well, particularly vulnerable groups such as single mothers and their children, low skilled unemployed and many elderly struggle to make ends meet. Various dimensions

of poverty are manifest in the region; very little empirical data are available to assess levels of poverty and also to monitor the impact of existing programmes on the ground. The provision of free social and health care protection in the Caribbean has been instituted with independence. While these PAYG schemes are designed to provide social assistance in cash and in kind, they lack a development perspective. Social protection schemes in the region seem to be generally in good shape thanks to the fact that contributions seem to be reasonable and only limited out-payments are made at present. With regard to pension schemes, the majority of older persons do not seem to be covered by such funds, even in countries where some form of non-contributory systems exist. This is quite often caused by limited knowledge and accessibility and often insurmountable bureaucratic hurdles.

This brief study has shown that all aspects of social protection and social development need to integrate a gender perspective. This begins with the fact that women outlive men, but older men seem to be generally healthier than older women. It continues with differences in achievements in formal education, access to labour-markets and family responsibilities. Exclusion from the formal labour-market and the unavailability of widow's pensions limit women's chances to access formal protection mechanisms.

Conclusions

On a general note the present analysis has shown that demographic factors, such as age, gender and education along with the consequences of the epidemiological transition for the health sector need to be substantive components of any mid- and long-term socio-economic development planning and programming.

Health care services

- With regard to health and health-care services, there is a need to change from a curative to a preventative approach. The promotion of healthy lifestyles early in life is critical to avoid lifestyle related diseases later;
- Further, in an effort to retain qualified health care workers to respond efficiently, effectively and timely to the new demands of the epidemiological transitions, a thorough overhaul of management and human resources planning is absolutely critical.

Poverty and social security

- The region is in desperate need of social and timely data that assesses various dimensions of poverty;
- While efforts are undertaken to address poverty, there is a need for continued monitoring and evaluation of such programs;
- Institutional mechanisms need to be strengthened to coordinate policies with and among various government bodies;
- Since most programmes are tax-based, tax collection mechanisms need to be strengthened to ensure long-term viability of these systems;
- Employment should no longer be seen as the only mechanism for access to social protection;
- There is a need to establish contributory schemes for labour in the informal sector;

- In order to secure support to the most destitute, non-contributory financing needs to be increased by boosting tax collections and reallocation of expenditures;
- Clear policies need to be put in place to guide the coordination of health care and social services provisions;
- To strengthen social protection mechanisms, social welfare schemes should be built on three pillars: tax-based, contributory and individually funded systems – a solidarity mechanism that would allow disconnection of access to services from actual contributions made;
- Migration seems to deprive the region of its skilled, however many migrants either send remittances or return with considerable financial assets. While the fact that remittances are personal assets needs to be recognized, incentives could be provided for mid- and long-term investments of such resources.

To conclude, while Caribbean countries seem to be facing almost insurmountable challenges, various windows of opportunities are opening. The first and most important is the rather favourable demographic situation with the historically largest labour force and the smallest percentage of beneficiaries. Secondly, globalisation and the need to restructure Caribbean economies provide room for new avenues to diversify the economy, form ideas to cater to health tourism and identify niches for sustainable agriculture, to only name a few.

Partnerships with the Diaspora might offer new business ideas and could possibly provide more investment incentives within and for the region. It is now up to Caribbean leaders to actively pursue these and other windows of opportunities to ensure a prosperous future for the region.

References

- CARICOM (Caribbean Community Secretariat) and UNSD (United Nations Statistics Division) (2003). *Women and Men in the Caribbean Community: Facts and Figures, 1980-2001*.
- CDB (Caribbean Development Bank) (2002). *Inequality and Poverty in the Eastern Caribbean*, by Thomas Mc Donalds and Wint Eleanor, paper prepared for ECCB Seventh Annual Development Conference, 21-22 November 2002, Basseterre, Saint Kitts.
- ECLAC (Economic Commission for Latin America and the Caribbean) (2006a). *Shaping the Future of Social Protection: Access, Financing and Solidarity*. LC/G.2294 (SES.31/3)/I
- ___ (2006b). *Economic Survey of the Caribbean 2005-2006*, September 2006
- ___ (2005a). *Report of the Expert Group Meeting. Status of Trade Relations Between the European Union and the Caribbean under the Cotonou Agreement*, LC/CAR/L.78, December 2005
- ___ (2005c). *Social security in the English-speaking Caribbean*. December 2005. (LC/CAR/L.64).
- ___ (2005d). *Social Security Reforms and their implications for the Caribbean*. LC/CAR/L. 67
- ___ (2005b). *Caribbean small states, vulnerability and development*. LC/CAR/L.60. Port of Spain
- ___ (2004a). *Population Ageing in the Caribbean: An inventory of policies, programmes and future challenges*. (LC/CAR/G.772/Corr.1.).
- ___ (2004b). *Population ageing in the Caribbean: longevity and quality of life*. (LC/CAR/L.26).
- ECLAC (2004c). *9th Regional Conference on Women in Latin America and the Caribbean*. 10-12 June, Mexico City, Mexico.
- ___ (2003). *Review of the implementation of the Cairo Programme of Action in the Caribbean (1994 – 2004): achievements and constraints*. Background document for the Caribbean Subregional Meeting to assess the implementation of the Programme of Action of the ICPD ten years after its adoption. 11-12 November 2004, Port of Spain, Trinidad and Tobago.
- ___ (1995). *Políticas de atención integral a la tercera edad en América Latina*. Santiago, Chile.

- EU (European Commission) (2004). Communication from the Commission to the Council and the European Parliament. Agricultural Commodity Chains, Dependence and Poverty – A Proposal for an EU Action Plan, COM (2004) 89, February 2004
- GUZMÁN, José Miguel (2002). Envejecimiento y desarrollo en América Latina y el Caribe. Serie Población y Desarrollo, n° 28. CELADE, CEPAL. Santiago, Chile. (LC/L. 1737-P).
- HelpAge International (2002). State of the World Older People 2002.
- ILO (International Labour Organisation) (2002). Key Indicators of the Labour Market 2001-2002, KILM 8. Geneva
- OECS (Organisation of Eastern Caribbean States) (2004). Grenada: Macro-Socio-Economic Assessment of the damages caused by Hurricane Ivan. Saint Lucia, September 7th.
- ___ (2003). Human Development Report 2002, Saint Lucia; Caribbean Development Bank, Poverty Assessments (various years)
- Stuart, Sheila (1996). Female- Headed Families: A Comparative Perspective of the Caribbean and the Developed World. Gender and Development Vol. 4, No.2
- Thomas-Hope, Elizabeth (2001). Tendencias y patrones de migración internacional de los países del Caribe. Notas de Población, n°73. CEPAL, septiembre. LC/G.2124P/E
- United Nations (2006a). Department of Economic and Social Affairs, Population Division; World Population Policies 2005, STA/ESA/SER.A/254. New York
- ___ (2006b). Population estimates and projections, downloaded from www.unpopulation.org
- ___ (2006c). Population Ageing, Wallchart, ST/ESA/SER.A/251
- UNDP (United Nations Development Programme) et al. (2006). Multi-Donor Programme to Support the collection of Social Data for Poverty Assessment, monitoring, and the Achievement the Millennium Development Goals in the Caribbean through the Support to Poverty Assessment and Reduction in the Caribbean (SPARC). (Draft 7);
- ___ (2005). *Human Development Report 2005, New York.*
- World Bank (1996). Poverty Reduction and Human Resource Development in the Caribbean. Washington D.C.