

# Poverty & Equity Brief

Latin America & the Caribbean

## St. Lucia

April 2020

The most recent poverty estimates are from 2016. They showed that 20.3 percent of Saint Lucia's population were poor (or live below \$5.50 dollars a day) at the time. During the 10-year period between 2006 and 2016, Saint Lucia managed to maintain its progress toward poverty reduction despite adverse shocks from the Great Recession of 2008/09 and extreme weather events in 2010 and 2013. The official poverty rates showed the poverty headcount falling by 3.8 percentage points from 28.8 percent (in 2006) to 25.0 percent (in 2016). This decline was most pronounced in the rural areas of Saint Lucia. Since 2016, poverty reduction was expected to have been keeping pace with recent economic growth led by strong performance of tourism and recovery of the agricultural sector. The economic recovery from 2016 to 2018 has reversed the trend of rising unemployment and brought down the unemployment rate to pre-Great Recession levels, 20.2 percent in 2018, improving the income-generating ability of households. At the same time, inflation was well-controlled. Food price inflation has been low, offsetting the impact of higher oil prices in transportation and energy on the purchasing power of the poor.

Unfortunately, inequality did not improve between 2006 and 2016. In 2016, the income Gini index was estimated at 51.3, with the bottom 40 percent of the income distribution earning slightly more than 10 percent of the total income of the country. The low-income groups also have lower access to services such as improved sanitation, insurance coverage, and banking finance. The frequency of extreme weather events makes Saint Lucian households highly vulnerable to poverty. They aggravate the consequences of having unequal access to services for at-risk households who often have to resort to negative coping mechanisms that can have negative welfare implications in the longer term.

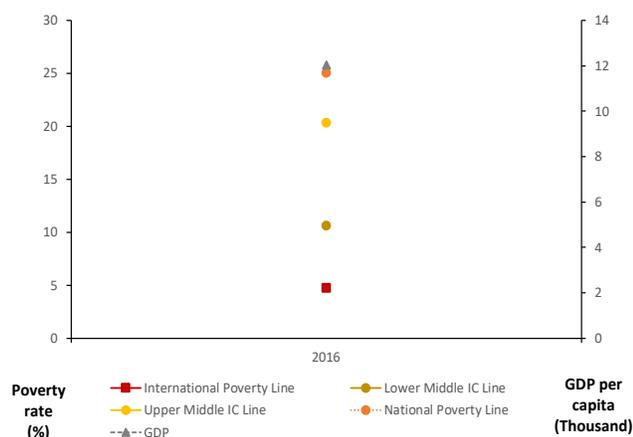
Because of the COVID-19 crisis, Saint Lucia is expected to experience negative growth, increased unemployment and increased inflation in 2020. These are expected to significantly increase poverty. At the upper middle-income international poverty line of \$5.50 per person per day, poverty rates are projected to increase to 21.2 percent in 2020 and then gradually resume their decline to about 19.8 percent in 2022.

Moreover, a prolonged COVID-19 crisis combined with a possible extreme weather event may drastically increase poverty in Saint Lucia. The country may need to create fiscal space to expand its main social assistance program, Public Assistant Programme (PAP). An increase in PAP's coverage could significantly mitigate the poverty impact of such shocks with a relatively modest fiscal cost.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	44.5	25.0	2016
International Poverty Line 3.8 in Eastern Caribbean dollar (2016) or US\$1.90 (2011 PPP) per day per capita	8.5	4.7	2016
Lower Middle Income Class Poverty Line 6.4 in Eastern Caribbean dollar (2016) or US\$3.20 (2011 PPP) per day per capita	19.1	10.6	2016
Upper Middle Income Class Poverty Line 11.1 in Eastern Caribbean dollar (2016) or US\$5.50 (2011 PPP) per day per capita	36.5	20.3	2016
Multidimensional Poverty Measure		N/A	N/A
SHARED PROSPERITY			
Annualized Income or Consumption Growth per capita of the bottom 40 percent		N/A	N/A
INEQUALITY			
Gini Index		51.3	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		N/A	N/A
GROWTH			
Annualized GDP per capita growth		-0.03	2011-2016
Annualized Income or Consumption Growth per capita from Household Survey		N/A	N/A
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		N/A	N/A

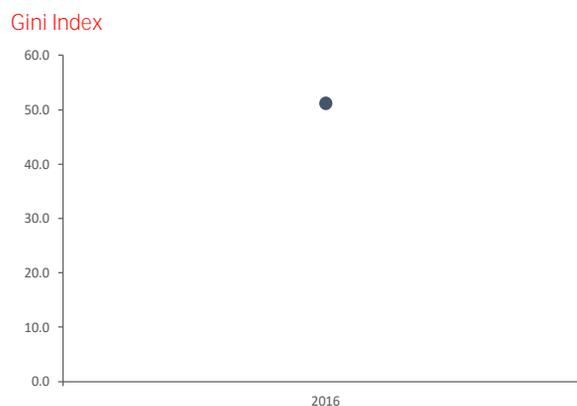
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

## POVERTY HEADCOUNT RATE, 2016



Source: World Bank using /SEDLAC/GMD

## INEQUALITY TRENDS, 2016



Source: World Bank using /SEDLAC/GMD

## KEY INDICATORS

Distribution among groups: 2016	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	95	5	39	61	<b>Monetary poverty</b>	
Rural population	95	5	42	58	Daily income/consumption less than US\$1.90 per person	N/A
Males	95	5	37	63	<b>Education</b>	
Females	95	5	42	58	At least one school-aged child is not enrolled in school	N/A
0 to 14 years old	93	7	52	48	No adult has completed primary education	N/A
15 to 64 years old	96	4	35	65	<b>Access to basic infrastructure</b>	
65 and older	92	8	46	54	No access to limited-standard drinking water	N/A
Without education (16+)	90	10	53	47	No access to limited-standard sanitation	N/A
Primary education (16+)	92	8	47	53	No access to electricity	N/A
Secondary education (16+)	96	4	39	61		
Tertiary/post-secondary education (16+)	98	2	13	87		

Source: World Bank using /SEDLAC/GMD

Notes: N/A missing value, N/A\* value removed due to less than 30 observations

## POVERTY DATA AND METHODOLOGY

Poverty in Saint Lucia is estimated with per capita expenditure as the welfare aggregate. Per capita expenditure is estimated using the "cost-of-basic needs" methodology including both food and non-food expenditures. The poverty line reflects a minimum threshold of 2,400 Kcal per person per day. The official poverty line is 40 percent higher than the \$5.5 international poverty line while the national extreme poverty line is 35 percent higher than the \$1.90 PPP international poverty line. While the country reports the consumption Gini index, this table shows the income Gini index. Official poverty numbers are reported for 2016. Frequent poverty data required to estimate trends in poverty and inequality and to measure shared prosperity are missing.

## HARMONIZATION

The numbers presented in the brief are based on the regional data harmonization effort known as the Socio-economic Database for Latin America and the Caribbean (SEDLAC) - a joint effort of the World Bank and CEDLAS from the National University of La Plata (Argentina). SEDLAC includes 18 countries and more than 300 household surveys since the 80s. Several Caribbean countries have not been included in the SEDLAC project due to lack of data. Since an income-based welfare aggregate is widely used in the region for official poverty estimates, income-based microdata is used for the Global Monitoring Database (GMD) and Global Poverty Monitoring. SEDLAC covers demographics, income, employment, and education. Terms of use of the data adhere to agreements with the original data producers.