

# Poverty & Equity Brief

Latin America & the Caribbean

## St. Lucia

October 2021

About one-fifth (20.3 percent) of Saint Lucia's population was poor in 2016 (latest year with data available), meaning they lived below \$5.50 dollars a day. Between 2006 and 2016, Saint Lucia managed to reduce poverty, despite adverse shocks from the Great Recession and extreme weather events. Official poverty rates fell from 28.8 percent (in 2006) to 25.0 percent (in 2016). Inequality did not improve over the same period. In 2016, the income Gini index was estimated at 51.3: high in regional and global comparison. The bottom 40 percent of the income distribution earned slightly more than 10 percent of the total income of the country. With the steady economic recovery from 2016 to 2019, led by strong performance of tourism and recovery of the agricultural sector, unemployment declined substantially. The unemployment rate fell from 24.1 percent in 2015 to 16.8 percent in 2019 (Saint Lucia Central Statistical Office, SLCISO); increasing labor incomes of households. Poverty is expected to have declined further during that period, or at least until the onset of the COVID-19 pandemic.

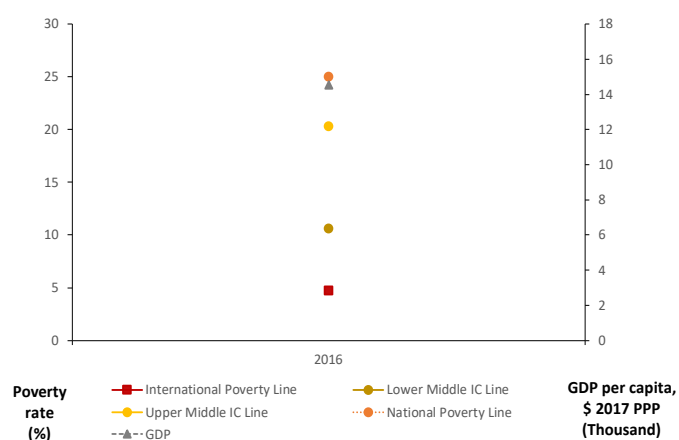
The substantial economic contraction triggered by the COVID-19 pandemic in 2020 resulted in widespread job and income losses, as well as food price increases in the island nation and increases in malnutrition among the poor and vulnerable. Unemployment increased considerably, with female and youth unemployment rates rising the highest. Household phone survey data shows that in May 2020, over 70 percent of households had experienced job losses and income reductions as a result of the pandemic and access to basic goods and services was limited among the poor and vulnerable.

The recovery in 2021 has been weaker than expected. The quarterly unemployment rate continued high in Q1-2021 (23.1 percent), having fallen by only 1 p.p. since its peak in Q3-2020. Due to continued income and job losses, poverty is expected to remain high in 2021, following the spike in 2020. However, poverty is expected to drop in the medium term, based on the expectation of a stronger economic recovery in 2022, especially in sectors like tourism, which are critical job creators for large segments of labor income dependent households. But poverty levels are only projected to reduce slowly as the economy recovers, expected to be similar to those observed in 2016/17 only by 2023, indicating that the pandemic pushed the country back, in terms of poverty, by about 7 years.

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		-0.33	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

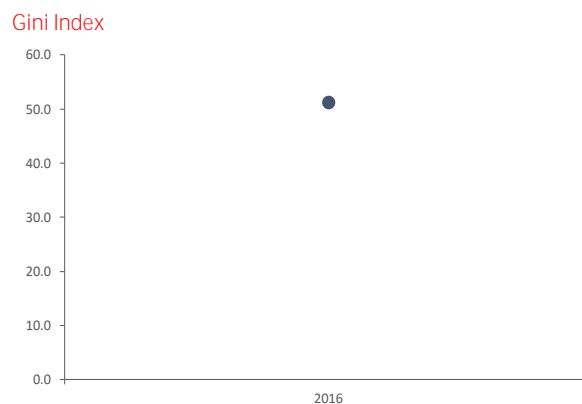
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of September 2021, and Global Monitoring Database for the rest.

## 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 population)
	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
Males	95	5	37	63	
Females	95	5	42	58	<b>Education</b>
0 to 14 years old	93	7	52	48	At least one school-aged child is not enrolled in school
15 to 64 years old	96	4	35	65	No adult has completed primary education
65 and older	92	8	46	54	
Without education (16+)	90	10	53	47	<b>Access to basic infrastructure</b>
Primary education (16+)	92	8	47	53	No access to limited-standard drinking water
Secondary education (16+)	96	4	39	61	No access to limited-standard sanitation
Tertiary/post-secondary education (16+)	98	2	13	87	No access to electricity

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

Official national 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. Internationally comparable poverty is estimated with per capita income as the welfare aggregate and using the international poverty line of US\$1.90 per person per day as well as two global lines more appropriate for middle-income countries. While the country reports the consumption Gini index, this table shows the income Gini index. 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.