

Grenada

Social Safety Net Assessment

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## ACRONYMS

<b>BNTF</b>	<b>Basic Needs Trust Fund</b>
<b>CCT</b>	<b>Conditional Cash Transfer</b>
<b>CDB</b>	<b>Caribbean Development Bank</b>
<b>CEDAW</b>	<b>Convention on the Elimination of All Forms of Discrimination Against Women</b>
<b>CPA</b>	<b>Country Poverty Assessment</b>
<b>CRC</b>	<b>Convention on the Rights of the Child</b>
<b>CWIQ</b>	<b>Core Welfare Indicator Questionnaire</b>
<b>ECA</b>	<b>Europe and Central Asia</b>
<b>GRENCODA</b>	<b>Grenada Community Development Agency</b>
<b>GRENSAVE</b>	<b>Grenada Save the Children Development Agency</b>
<b>GYUP</b>	<b>Grenada Youth Upliftment Programme</b>
<b>ILO</b>	<b>International Labour Organisation</b>
<b>IMF</b>	<b>International Monetary Fund</b>
<b>LAC</b>	<b>Latin America and Caribbean</b>
<b>MOEHR</b>	<b>Ministry of Education and Human Resource</b>
<b>MOA</b>	<b>Ministry of Agriculture</b>
<b>MoCPM</b>	<b>Ministry of Carriacou and Petite Martinique</b>
<b>MOH</b>	<b>Ministry of Health</b>
<b>MOHL</b>	<b>Ministry of Housing and Lands</b>
<b>MOSD</b>	<b>Ministry of Social Development</b>
<b>MOW</b>	<b>Ministry of Works</b>
<b>MOYECS</b>	<b>Ministry of Youth Empowerment, Culture and Sports</b>
<b>NEWLO</b>	<b>New Life Organisation</b>
<b>NIS</b>	<b>National Insurance Scheme</b>
<b>OECD</b>	<b>Organisation for Economic Cooperation and Development</b>
<b>OECS</b>	<b>Organisation of Eastern Caribbean States</b>
<b>PAM</b>	<b>Programme for Adolescent Mothers</b>
<b>UDHR</b>	<b>Universal Declaration of Human Rights (UDHR)</b>
<b>UNICEF</b>	<b>United Nations Children’s Fund</b>
<b>UNIFEM</b>	<b>United Nations Development Fund for Women</b>

## EXECUTIVE SUMMARY

### Risk and Vulnerability in Grenada

Grenada has made significant investments in social development; however, Grenadians face a number of risks and, in most cases, the poor are most vulnerable. Grenada faces significant challenges in ensuring an adequate safety net in the face of economic and environmental pressures and the changing social landscape.

Households in Grenada face a variety of risks, including macro level (covariate) and micro-level (idiosyncratic) risks. Despite its middle income status, economic achievements are fragile and Grenada is vulnerable to external shocks, such as hurricanes, commodity price fluctuations, and global economic turndowns. Price increases in food and fuel and the global economic crisis have contributed to a slowdown in growth, job losses, and declining remittances.

Social vulnerability is also a concern. Good social indicators (including low levels of maternal and infant mortality, universal primary education, low fertility and increasing life expectancy exist alongside high and increasing levels of poverty – 32.1% in 1999 and 35.3% in 2008. As in most countries around the world, children bear the brunt of poverty. One out of every two children is poor and 53% of the poor are children. Almost half the households in Grenada (47%) are female-headed. Of these, more than 20% in the rural areas are poor as compared to 13% of male-headed households. For the urban households 44% of female heads live in the bottom 3 quintiles as oppose to 18.6% for the males. Over half the female heads (56%) are unemployed compared with the male heads where only a quarter has no work.

In assessing safety net programmes we need to ask how well programmes help households to manage their vulnerability to covariate and idiosyncratic risks, including vulnerability due to:

- Chronic poverty and the inter-generational transmission of poverty, transient poverty, and vulnerability to poverty
- Risks that threaten human capital development of children and adolescents, who are particularly vulnerable because they are unable to care for themselves
- Limited human capital and unemployment and risky lifestyles among youth
- Limited or no income due to unemployment, disease, or disability among working age women and men
- Loss of income due to retirement and disease/disability among the elderly
- Needs of special groups, including single headed households, the elderly taking care of children, persons with disabilities, migrants, and persons affected by HIV/AIDS and/or non-communicable diseases.

### Access to Child and Gender Sensitive Social Safety Net Programmes

A striking feature of the social assistance landscape is the number of programmes and multiple ministries involved in the provision of social assistance. Programmes include, *inter alia*:

- The Public Assistance Programme, which is targeted to the elderly, the disabled poor and (effective in 2009) the indigent poor and reaches about one-quarter of the 60+ age cohort

- Student support schemes which reaches about 10% of school age children from poor households
- The School Feeding Programme, which provides a cooked meal to approximately 9,500 students with free meals supposedly provided to students who are poor
- Active labour market programmes aimed at promoting employability and employment, including a public works programme, second chance education programmes, training programmes, job search assistance, and microenterprise development services
- The Basic Needs Trust Fund, a community based social assistance programme
- The House Repair Programme, which targets indigent households and provides small loans and grants to repair damaged or dilapidated housing.

In addition to the social protection programmes discussed above, Government grants periodic concessions (for example, duty free importation of foodstuffs, duty free tires, concessions on new buses, equipment for engines, fishing supplies) and imposes price controls on basic foodstuffs in an effort to further protect the population.

### **Expenditures on the Safety Net**

Analysing social assistance spending is difficult as expenditures cross ministries and programmes, and in most cases, programme level expenditure data is not available. In 2008, expenditures on social assistance equaled EC\$55.7 million (US\$ 20.6 million). This represents approximately 3.2% of GDP and 9.2% of central government expenditures. Between 2004 and 2008, expenditures increased in both nominal and real terms. Public Assistance, school feeding, housing and skills training absorb the largest share of social protection expenditures. Approximately two-thirds of social assistance expenditures are funded from the capital budget, mostly by donor funding. This raises increasing concerns about the sustainability of social protection initiatives. In non-election years, spending on social assistance in Grenada is comparable to other countries in the region; however, expenditures increased considerably in 2008 as a result of politically motivated increases in the number of beneficiaries and expenditures.

### **Implementation Arrangements and Constraints**

Although programmes support the same target groups, each programme requires completion of a separate application, investigation by staff, and these multiple targeting mechanisms are administratively costly. Information collected is generally the same for all programmes.

- Errors of exclusion (who is not in the programme that should be) are significant and a large share of the target groups for key programmes remains uncovered.
- Benefit levels differ between programmes. Public Assistance provides a cash benefit equal to \$200 per month or 41% of the poverty line, while Necessitous Fund benefits for primary and secondary students are equal to EC\$100 per month or 21% of the poverty line.
- Benefits for the different programmes are paid via different mechanisms and this increases administrative costs, makes accounting more difficult, and increases opportunities for leakage.
- Sound monitoring mechanisms are absent; therefore, it is not possible to accurately assess whether the rights of children, men, and women regarding social protection is being fulfilled.
- Accountability and control are weak, as evidenced by the fact that policies and procedures are not fully documented, programmes lack formal appeals mechanisms, process and impact evaluations are virtually absent, and not all programmes are audited annually.

Grenada has signed international commitments that mandate provision of social safety nets, including the CRC, CEDAW and UDHR and ILO labour market standards regarding social protection; however, Grenada is not living up to its commitments. Grenada has a number of social assistance programmes that serve, or could serve, a risk management function; still, there is considerable scope for strengthening Grenada's social safety net. At the same time, Grenada faces significant challenges enhancing access to and the quality of its social safety net. Challenges are as follows:

- The Government of Grenada does not yet have a clearly articulated social protection strategy
- The social safety net does not adequately protect children, single parents (who are predominantly women) or the working age poor (whether they have children or not)
- There are gender differences in access and eligibility to safety net programmes and as a result, the safety net does not adequately protect women
- The safety net does not incorporate the basic principles of effective risk management
- State financial intervention does not sufficiently enhance equity for all
- The social safety net could benefit from rationalisation of programmes
- Safety net implementation is subject to political interference and this makes it even more difficult to serve the poor
- Institutional capacity to implement social safety net programmes is limited
- Grenada's safety net is not sustainable given the heavy reliance on external funding.

### **Matching Programmes to Vulnerabilities**

Grenada has a plethora of safety net programmes, which if reconfigured could address critical risks faced by the population. Although the elements of an appropriate safety net are present, there is a need to strengthen and rationalise existing programmes to ensure that they better address priority risks. For some key programmes, particularly student support schemes, coverage of target groups remain low and efforts to expand programme coverage will be necessary. Given limited fiscal space, however, meeting this and other challenges will require a reallocation of budget toward areas with relatively high returns and away from areas with relatively low returns.

The safety net is not flexible enough to respond efficiently in emergency situations (either financial crises or natural disasters). The Government implements a number of small emergency specific assistance schemes, including burial assistance, disaster fund and emergency assistance that respond to idiosyncratic shocks, but these programmes (which served a total of only about 120 households in 2008) are not well positioned to respond to covariate shocks. Critical requirements for an effective emergency response are that programmes be timely, targeted and temporary.

### **Recommendations**

Grenada's safety net strategy should focus on reducing vulnerability via the following:

#### **Safety Net Programming**

- Consolidate and strengthen public cash-transfer programmes, with a focus on making the unified cash transfer programme more child and gender sensitive, promoting human capital development among children, keeping adolescents in school, and facilitating the welfare-to-work transition among beneficiaries

- Reformulate public works programming to increase access among the poor, particularly single mothers
- Increase the pro-poor focus of the School Feeding Programme
- Expand access to services among vulnerable infants and young children
- Promote the school-to-work transition among adolescents and youth

### **Cross Cutting Issues**

- Articulate a Social Protection Strategy
- Introduce an objective and transparent targeting mechanism
- Establish a Central Beneficiary Registry
- Enhance accountability and control for social assistance programmes
- Develop capacity for monitoring and evaluation
- Establish emergency response capacity
- Develop implementation capacity

## I. Introduction

### I.A. Background

**Grenada has an estimated population of 109,000** and has a land area of approximately 340 square kilometers. The country includes the islands of Grenada, Carriacou and Petit Martinique and several small uninhabited islands.

**Social indicators are good in Grenada.** The 2008 Human Development Report ranks Grenada as a medium development country, with a ranking of 86 out of 179 countries.<sup>1</sup> Approximately one-third of the population lives in urban areas. Grenada has a relatively young population – 31% are under 16 years old and 12% are 60+. Life expectancy at birth is 63 years for men and 66 years for women.

**Good social indicators are evidence of the significant investments in social development in Grenada.** Grenada provides free medical care at clinic and hospital levels, with co-payments for laboratory tests, x-rays, and pharmaceuticals. Access to antenatal care and a skilled medical practitioner at birth is universal. As a result, infant mortality (15 per 100,000) and under-five mortality rates (21 per 100,000) are low and women rarely die in child birth (1 per 100,000).<sup>2</sup> Education is also free, with universal primary education for both poor and non poor and for girls and boys. Grenada is still working to achieve universal secondary education. Adult literacy stands at 96%.

**Despite their overall impressive social development, Grenadians face a number of risks and, in most cases the poor are most vulnerable.** In recent years, the country has faced a deterioration of its fiscal situation due to negative external commodity price shocks (particularly food and fuel), spending pressures prior to the July 2008 elections, and a downturn in government revenue in the face of the global economic crisis. These factors make it difficult for Grenada to provide adequate social assistance for its populace during this time of increasing need for safety net programmes.

**Grenada faces significant challenges in ensuring an adequate safety net in the face of economic pressures and the changing social landscape.** This Social Safety Net Review examines Grenada's social safety net from the perspective of risk and vulnerability and risk management. The objective of the review is to:

- Analyse the main risks faced by Grenadians and identify the most vulnerable groups in society
- Examine social assistance programmes, including their design, administration, coverage, and targeting vis-à-vis the most vulnerable Grenadians
- Recommend ways that Government can rationalise and strengthen social assistance programmes
- Provide guidance on how to effectively support Government in fortifying social assistance.

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<sup>1</sup> Ranking is based on a composite measure that covers three dimensions of human welfare: income, education and health and that serves as an indicator of well-being.

<sup>2</sup> UNICEF, State of the World's Children, on-line data base.

The report begins with an overview of socio-economic vulnerabilities and risks facing girls, boys and women. Chapter II includes an assessment of the level of access to child and gender sensitive social safety net programmes. Chapter III analyses the coverage of existing safety net programmes and identifies gaps and overlaps and potential complementarities of programmes. Chapter IV provides recommendations for strengthening the social safety net.

## **I.B. Definitions of the Social Safety Net**

**Safety assistance or “safety nets” are noncontributory transfer programmes targeted to the poor or vulnerable.** Safety nets are part of a broader social protection system that typically includes some combination of social insurance and social assistance programmes. Social insurance (for example, retirement, disability, and health insurances) helps to mitigate the impact of the shock once it has occurred. Safety net programmes reduce the welfare loss after such a shock has occurred. A country’s safety net typically includes some combination of cash and in-kind transfers, subsidies, workfare, social care services, and community based interventions.<sup>3</sup> Safety nets help to alleviate extreme or chronic poverty (ensuring a minimum standard of living), and enable chronically poor households to eventually overcome their situation. Social safety net programmes are designed to help poor and vulnerable individuals and households cope with temporary or chronic poverty by providing income support and access to basic services. More recently, emphasis has been placed on social protection as a tool for promoting human development, economic growth and sustainable poverty reduction.

**Social protection, which by definition includes safety nets, is justified on the basis of economic growth and rights-based arguments and is critical in periods of economic crisis and natural disasters (Box 1).** The current global financial crisis and its predicted impact on Grenada speak to the importance of reinforcing the fundamentals of Grenada’s social assistance system. As this report discusses, this will require systemic change.

### **Box 1: Rationale For Social Protection**

Rights based arguments for social protection are grounded in the articles of various international covenants that countries in ESA have signed, including the Convention on the Rights of the Child (CRC), the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), and the Universal Declaration of Human Rights (UDHR) and International Labour Organisation (ILO) minimum standards for social security. These international agreements establish social protection as an entitlement and not charity. These agreements call for a global compact on social protection and a global socio-economic ‘floor’, or minimum standard of living. The rights based approach places clear obligations on States to guarantee social protection and to enable citizens to claim their social protection rights, and thus argues for accountability mechanisms and institutional capacity to guarantee the appropriate design and delivery of social protection.

Economic arguments for social protection are rooted in the notion that market failures such as incomplete insurance or credit markets, and asymmetric information, lead to sub-optimal responses by individuals. These sub-optimal responses reduce economic productivity and thus inhibit a country from achieving its full growth potential. Safety net programmes can play four roles in development. Safety nets redistribute income to the poorest and

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<sup>3</sup> Some organisations also include targeted housing benefits in their definitions of social protection, while other organisations, particularly the World Bank, do not include housing programmes. This report does not include housing programmes, except for the House Repair Programme which targets the poor with in-kind benefits of housing materials and which functions in many ways as an insurance mechanism for the poor. This programme was repeatedly cited by stakeholders as a part Grenada’s safety net.

most vulnerable, with an immediate impact on poverty and inequality. Access to social protection means that households do not have to fall back on coping strategies that can have irreversible impoverishing impacts on families and children, such as asset depletion, removing children from school or reducing their daily caloric and nutrient intake. Safety nets can enable households to make better investments in their future, including investments in human capital of their children and in the livelihoods of the earners. An adequate and permanent social assistance system can help to fulfill redistributive goals freeing other sectors to concentrate on efficient provision of services. For example, energy sectors can price for efficiency and trade policy can focus on growth rather than job protection. Short-term safety net programmes can also compensate households that are negatively affected by needed reforms.

**Safety net interventions form an important and complementary role with regard to national economic and social policies for poverty reduction and human development.** In Grenada, these instruments include free access to health and education, increasing access to housing, water and sanitation, youth development programmes and policies, rural development, livelihoods and employment strategies and others. These policies are articulated in a number of social policy frameworks, including the Poverty Eradication Strategy, the Medium Term Economic Strategy and the Interim Poverty Reduction Strategy Paper. This report complements these policy documents by providing specific guidance on strengthening the social safety net. At the same time, parallel investments will be needed in the quality and supply of social services (including health and education services) that cater to age specific vulnerabilities and to the specific vulnerabilities of girls and boys and men and women.

**This report focuses on publicly financed safety nets.** This includes programmes funded by national or by official international aid. Most of these are delivered by the state, although non-governmental organisations are also involved.

### **I.C. Methodology**

This report relies on data from a variety of sources. Only the preliminary summary data from the 2008 Country Poverty Assessment was available during the writing of this Social Safety Net Assessment. They are summarised in this document; however, because they provide very little information on living conditions, this report relies heavily on the 2004 Core Welfare Indicators Questionnaire (CWIQ) as the most recent available national data on vulnerability. Other reports, reviews, and secondary data sources were also used. Government of Grenada Estimates of Expenditure and programme level information were reviewed. Individual and group meetings with policy makers, programme managers, social workers, programme staff, and school administrators were also conducted. Meetings were held with beneficiaries of selected social assistance programmes on Grenada and Carriacou.

## **II. Socio-Economic Risks and Vulnerabilities**

**Households in Grenada face a variety of risks, including macro level (covariate) and micro-level (idiosyncratic) risks and some Grenadians are more vulnerable to and as a result of these risks.** These vulnerabilities determine the requirements for the social safety net. This chapter discusses macro-level risks, poverty as a key risk factor, and the risks that Grenadians face at different stages of the lifecycle in order to better understand vulnerability.

## II.A. Economic Vulnerability

**Grenada has a GNI per capita (in PPP) of US\$9,947<sup>4</sup> and is classified as an upper-middle income country; however the economy is very vulnerable to external shocks.** The economy is heavily dependent on services which account for 80% of GDP. Economic performance has been mixed in recent years, reflecting the impact of external shocks on the economy. GDP growth was 7.1% in 2003, up from negative 3.0% following the September 2001 terrorist attacks in the United States. Following Hurricane Ivan in 2004, GDP contracted by 5.7%, but then rebounded by over 10% in 2005 (led by post-Ivan reconstruction and World Cup Cricket preparations), and has been uneven since (Figure 1).

**Despite its middle income status, economic successes are fragile and Grenada is vulnerable to external shocks, such as hurricanes, commodity price fluctuations, and global economic turndowns.** Grenada is ranked as a highly vulnerability state as measured with respect to volatility of real per capita GDP and output, with a ranking as the 15<sup>th</sup> most vulnerable country out of 111 developing countries.<sup>5</sup> Grenada, like other small island states, is also environmentally vulnerable. This is due to limited assimilative capacity, fragile ecosystems, natural disasters, impact of economic development on the environment, and the potential impacts of climate change.

**Grenada suffered a series of exogenous shocks in recent years contributing to increased volatility of output growth, which lowers average growth rates, slows poverty reduction and hampers effective policy implementation.** The 9/11 terrorist attacks in the United States set off a sharp drop in tourism. In 2002, tropical storm Lili depressed agricultural exports. In 2004, Hurricane Ivan damaged 90% of the buildings in Grenada, leaving over half of the population homeless. It also decimated the nutmeg industry, an important foreign exchange earner. Total hurricane damage was estimated at almost US\$900 million, more than twice its 2003 GDP. The following year, tropical storm Emily caused damage equal to about US\$51 million, or 12% of GDP.<sup>6</sup>

**Global price increases in food and fuel impacted negatively on Grenada although there has been some reduction in commodity price increases in 2009.** Annual inflation was estimated at 8.0% in 2008 (Figure 2). Cumulative inflation between July 2006 and March 2008 was equal to 12.5%. However, food inflation was 21.1%, while non-food inflation was 7.8% (Figure 3). During this period, food price increases accounted for 59% of overall inflation.<sup>7</sup> Inflation is projected to decline in 2009.<sup>8</sup>

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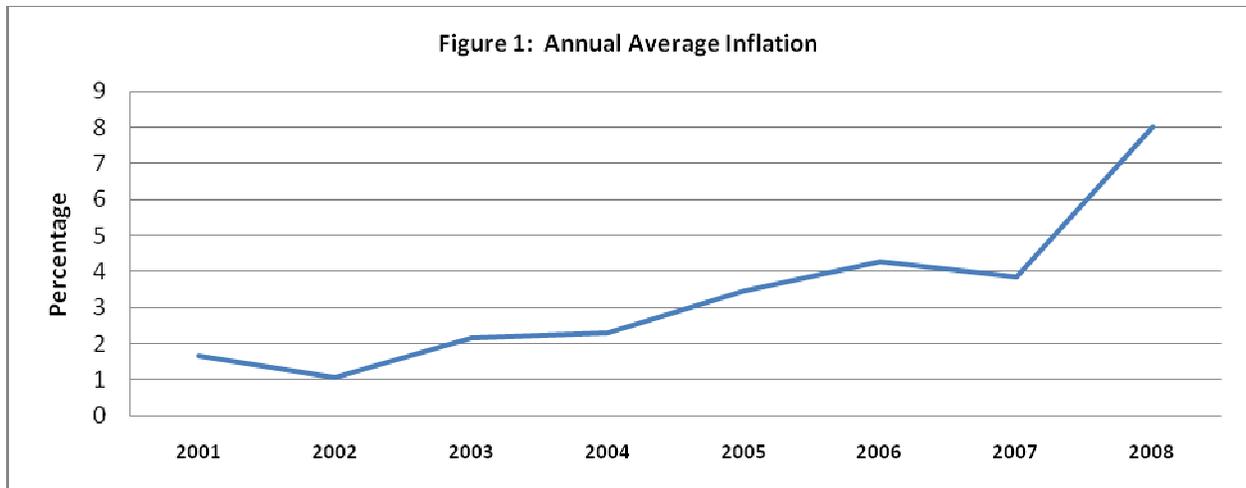
<sup>4</sup> Source: World Development Indicators database, April 2009

<sup>5</sup> Commonwealth Secretariat/World Bank Task Force on Small States, Small States: A Composite Vulnerability Index, 1999.

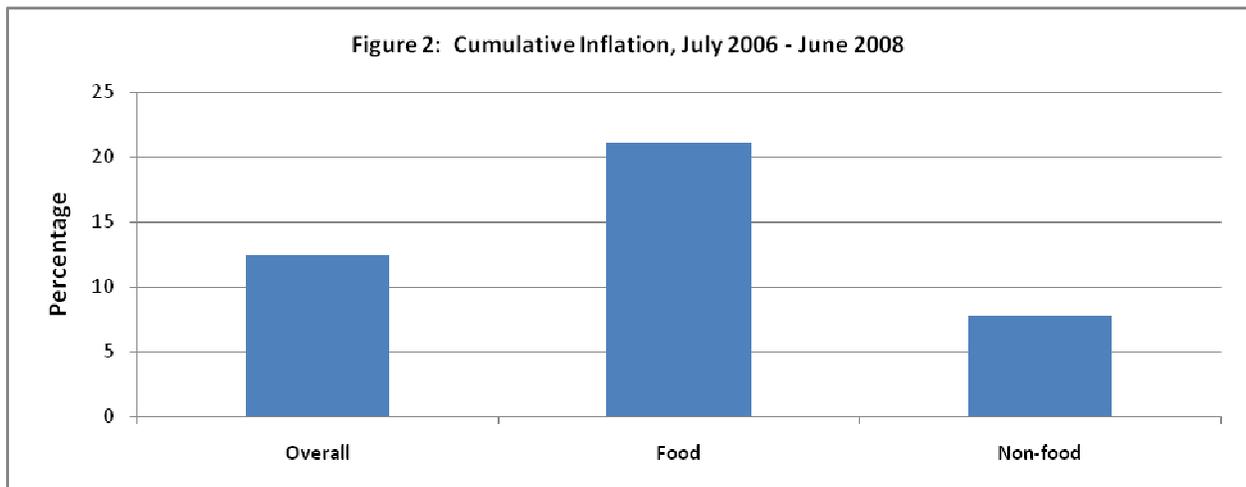
<sup>6</sup> World Bank (2005). Caribbean Social Protection Strategy, Draft, Washington, DC.

<sup>7</sup> ECLAC (2008) The Escalation in World Food Prices and its Implications for the Caribbean, Port of Spain.

<sup>8</sup> IMF (2009) World Economic Outlook, Washington, DC.



Source: Grenada Department of Statistics

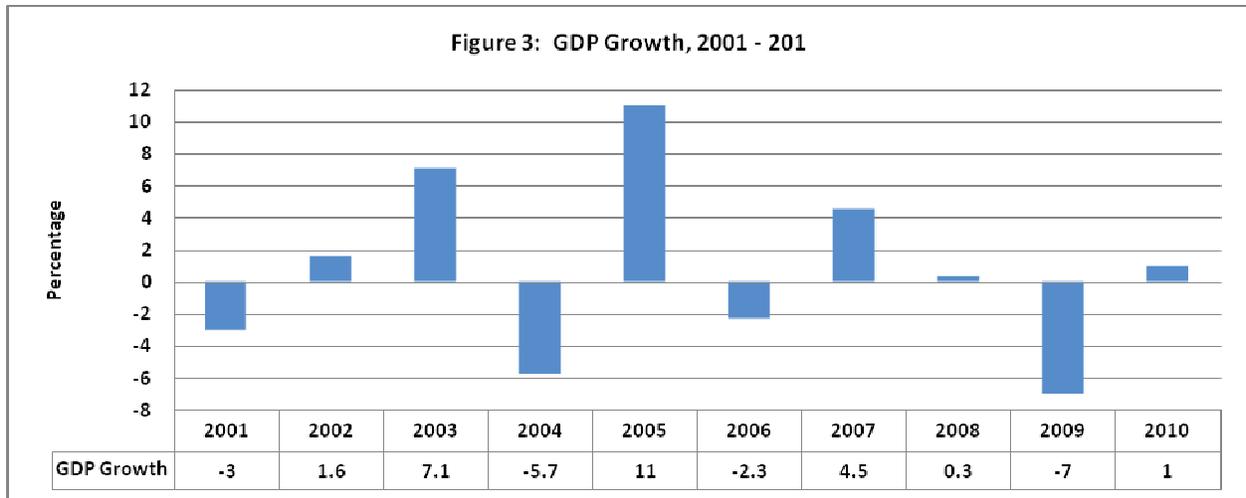


Sources: ECLAC (2008) The Escalation in World Food Prices and its Implications for the Caribbean, Port of Spain.

**Grenada has been hit by the global economic crisis and is facing a slowdown in growth, job losses, and declining remittances.** GDP growth is projected to decline by 7.0% in 2009. A number of tourism investment projects have been put on hold and there have been temporary disruptions in tourism airlift capacity. The global slowdown has weakened tourism receipts and remittances.<sup>9</sup> Grenada faces challenges in responding due to high external debt, limited fiscal space, vulnerability to natural disasters, and its limited array of well-targeted safety nets.<sup>10</sup>

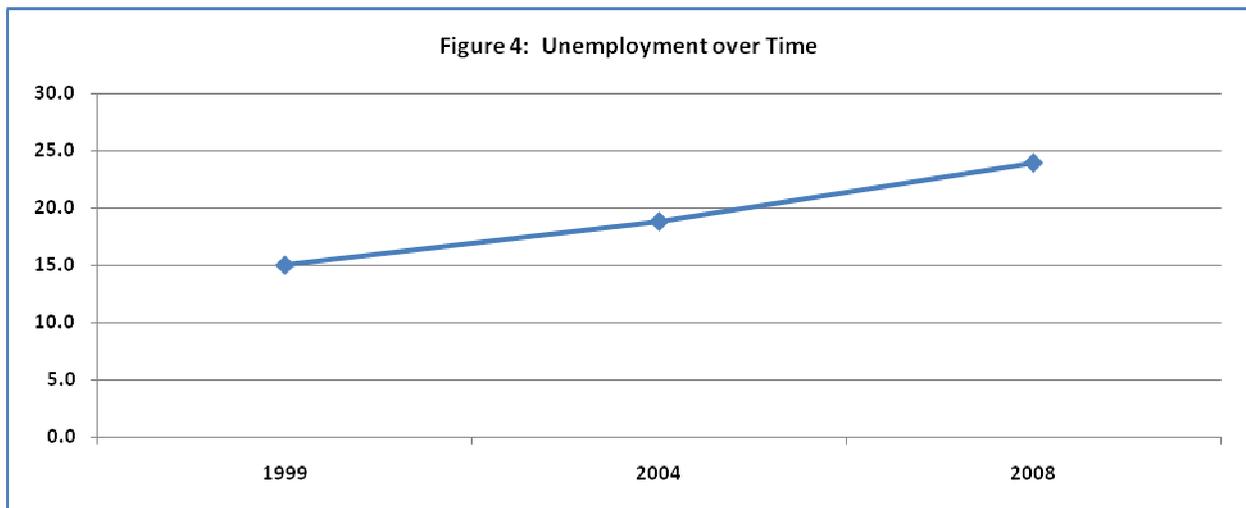
<sup>9</sup> IMF (2008) Second Review under the Three-Year Arrangement under the Poverty Reduction and Growth Facility, Washington, DC.

<sup>10</sup> World Bank (2009) Caribbean: Impact of the Deteriorating Global Environment, Washington, D.C.



Source: Source: IMF (2009) World Economic Outlook

**There has been an increase in unemployment as a result of the above factors with unemployment climbing from 15% in 1999 to 19% in 2004 and to almost 25% in 2009 (Figure 4).** The 2004 Core Welfare Indicators Survey reports 26% unemployment for women and 12% for men.<sup>11</sup> Youth unemployment is worrying, with 21.9% of 15 to 19-year-old males and 35% of young females unemployed.<sup>12</sup> Increasing unemployment will place increasing demand on the social safety net and other active labour market programmes. Male-headed households are more likely to work in private formal sector jobs, while female household heads are more likely to work in the private informal sector. In the context of the current crisis, these employment patterns create different vulnerabilities – formal sector workers may face unemployment with informal sector workers facing increasing underemployment. The patterns need to be closely monitored.



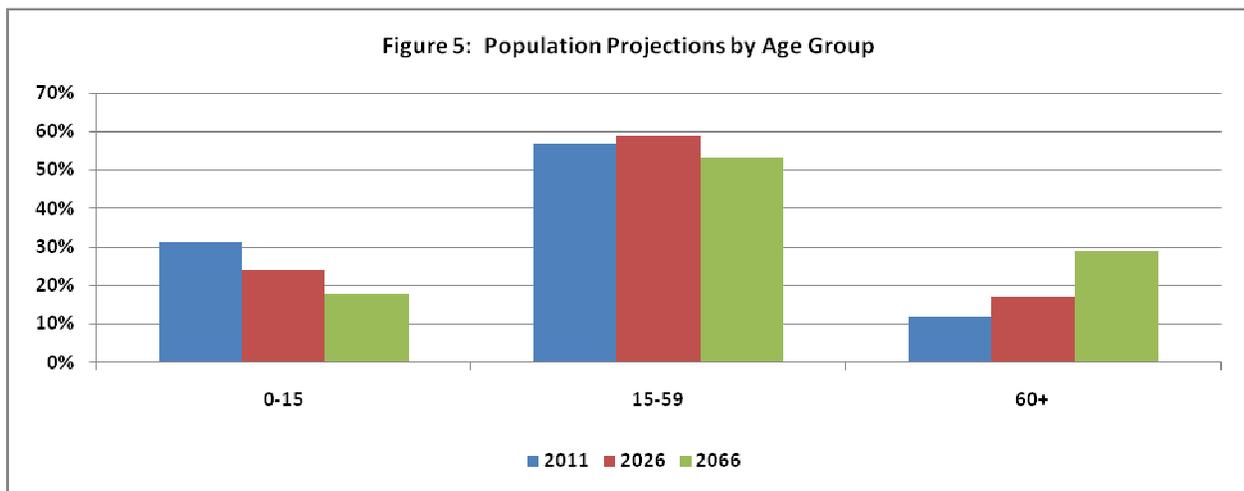
<sup>11</sup> The 1999 Country Poverty Assessment did not find any differences in employment between men and women, having controlled for poverty. The 2008 CPA report, which has not been released, should provide insights into the relationship between gender and employment.

<sup>12</sup> Government of Grenada (2005) Core Welfare Indicators Questionnaire, CDB/UNDP, St. George's.

Sources: Ministry of Finance, Preliminary results of the 2008 Country Poverty Assessment. Government of Grenada (2005) Core Welfare Indicators Survey, CDB/UNDP, St. Georges. Country Poverty Assessment, 1999.

## I.B. Social Vulnerability

**The population is undergoing a demographic transition.** The Total Fertility Rate is estimated at 2.3 in 2006 and is projected to gradually decline to 1.85 in 2020. The combined effects of declining fertility and increasing life expectancy have resulted in a gradual aging of the population and this trend will continue. The total population is projected to increase to approximately 120,000 by the mid-2040s; the proportion of those over 60 years is projected to increase to 29% by 2066 (Figure 5).



Source: Horizonow (2008) 8<sup>th</sup> Actuarial Review of the National Insurance Fund, NIS, St. Georges.

**Grenada, like other countries in the region, is characterised by its high proportion of female-headed households (51%).** Almost half of these women are not in a union, in contrast to less than 30% of male-headed households. Forty per cent of male heads of household are married as compared to 12% of female heads of households. Women bear the brunt of care giving and there is a higher dependency ratio in female-headed households (70%) than in male-headed households (60%).<sup>13</sup> Forty per cent of children living in non-nuclear households live with their mothers only, compared to 3% who live with their fathers only. Over 60% of elderly persons that reside with one of their children live with a daughter.<sup>14</sup>

**A central feature of the social landscape in Grenada is international migration, including migration within the sub-region and migration to countries outside the Caribbean.** Migration may be formal or informal and may involve temporary, circular, or permanent mobility. Between 1991 and 2001, there was out-migration of some 6,556 Grenadians or about 6% of the population.<sup>15</sup> This has implications for persons left behind – negatively through separation of families but positively through remittances

<sup>13</sup> Dependency ratio is defined as age-population ratio of those not in the labour force and those in the labour force.

<sup>14</sup> Government of Grenada (2005) Core Welfare Indicators Survey, CDB/UNDP, St. Georges.

<sup>15</sup> Horizonow (2008) 8<sup>th</sup> Actuarial Review of the National Insurance Fund, NIS, St. George's.

(estimated 9.2% of GDP in 2007). Remittances are an essential part of the informal safety net but are predicted to decline in 2009.<sup>16</sup> This could result in increasing demand on the public safety net. Sending remittances to the Caribbean is expensive<sup>17</sup> and efforts to reduce the costs of sending remittances should be explored in the context of protecting the informal safety net.

**The burden of disease is a growing concern in Grenada.** This includes non-communicable diseases, particularly diabetes, heart disease and obesity. It also includes HIV/AIDS. Non-communicable diseases place an increasing strain on health sector and household resources. Beneficiaries consulted raised considerable concerns about the cost of pharmaceuticals to treat lifestyle diseases. HIV/AIDS continues to be a concern. There were an estimated 194 men and 119 women aged 15 to 49 years living with HIV/AIDS at the end of 2007 with considerable unmet need for antiretroviral therapy coverage and stigma and discrimination related to HIV/AIDS imposes significant social cost.<sup>18</sup>

**The incidence of crime and violence is also a concern across the Caribbean and Grenada has not escaped.** As seen in Table x, there is reason to be concerned about crime and violence. Crime and violence impose significant direct costs in terms of the value of resources used to prevent violence and treat its victims and perpetrators and non-monetary costs in terms of pain, and suffering. Crime and violence have economic multiplier effects with impacts on human capital, labour force participation, lower wages and incomes, savings and macroeconomic growth. Finally, crime and violence erode social capital and lower quality of life.<sup>19</sup>

**Table x: CRIME STATISTICS, 2006 and 2007**

	2007	2006
Weapons	189	33
Assaults	429	290
Murder	9	10
Drugs	647	720
Stealing	325	361
Threats	339	206
Wounding	660	691
Rape	n.a.	506
Other	1601	1070
Total	4199	3887

Source: Royal Grenada Police Force

## II.C Poverty and Vulnerability

**Good social indicators exist alongside high and increasing levels of poverty – 32.1% in 1999 and 35.3% in 2008.** In 2008, there were 41,300 poor persons, of which 2,650 were indigent. Poverty increased

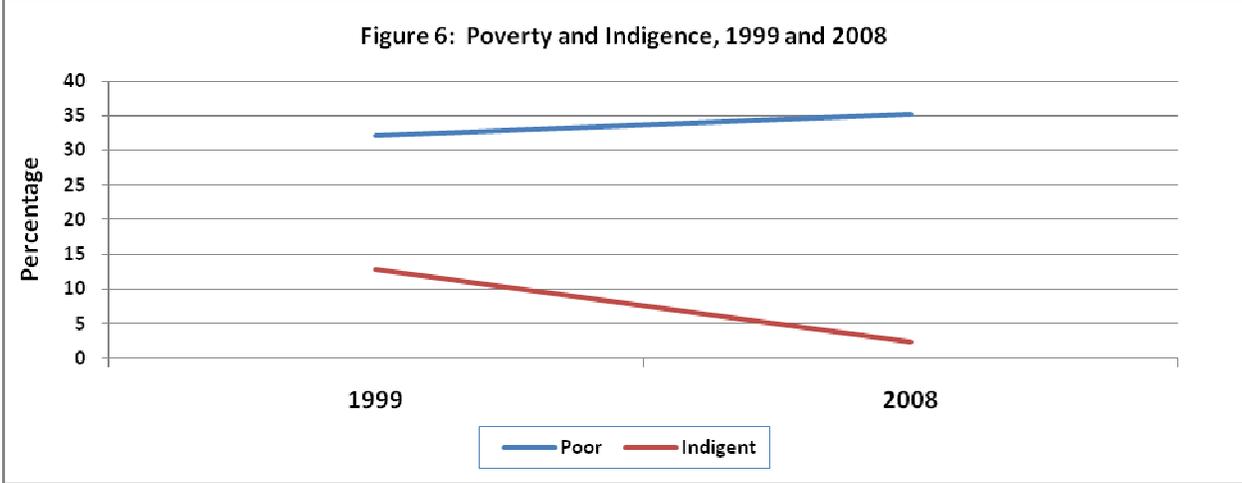
<sup>16</sup> Bank (2009) Outlook for Remittance Flows 2009-2011, Washington, DC.

<sup>17</sup> World Bank (2009) Remittances Prices World Wide (for Jamaica) at <http://remittanceprices.worldbank.org/> and Inter-American Development Bank and World Bank (2004) Report of the Joint Workshop on Diasporas in Caribbean Development, Washington, DC.

<sup>18</sup> UNGASS (2008) Grenada Country Progress Report.

<sup>19</sup> World Bank (2007) Crime, Violence, and Development: Trends, Costs, and Policy Options in the Caribbean, Washington, DC.

between 1999 and 2008; however, given the lack of regular poverty monitoring data, it is impossible to tell whether the increase was gradual over the decade or if the increase is a recent by-product of the global commodity price and economic crises. Although poverty increased, there has been a significant decline in the severity of poverty. Between 1999 and 2008, indigence rates declined dramatically – from almost 12.9% in 1999 to 2.4% in 2008 (Figure 6). This means that while more persons are living in absolute poverty, these households are better able to provide for basic needs than in past years.

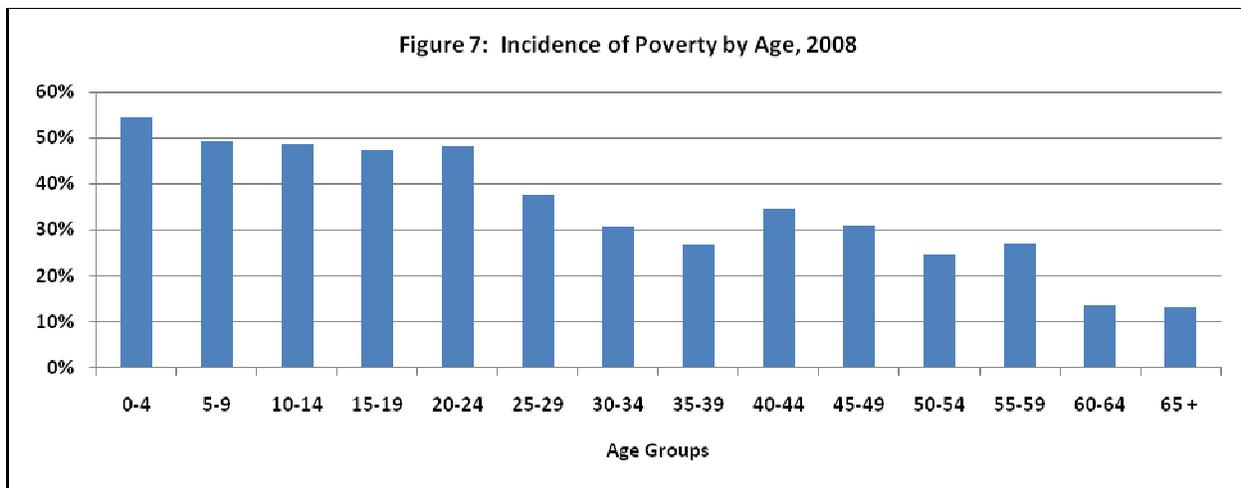


Sources: Ministry of Finance, Preliminary results of the 2008 Country Poverty Assessment, Kairi Consultants (1999) Grenada Country Poverty Assessment.

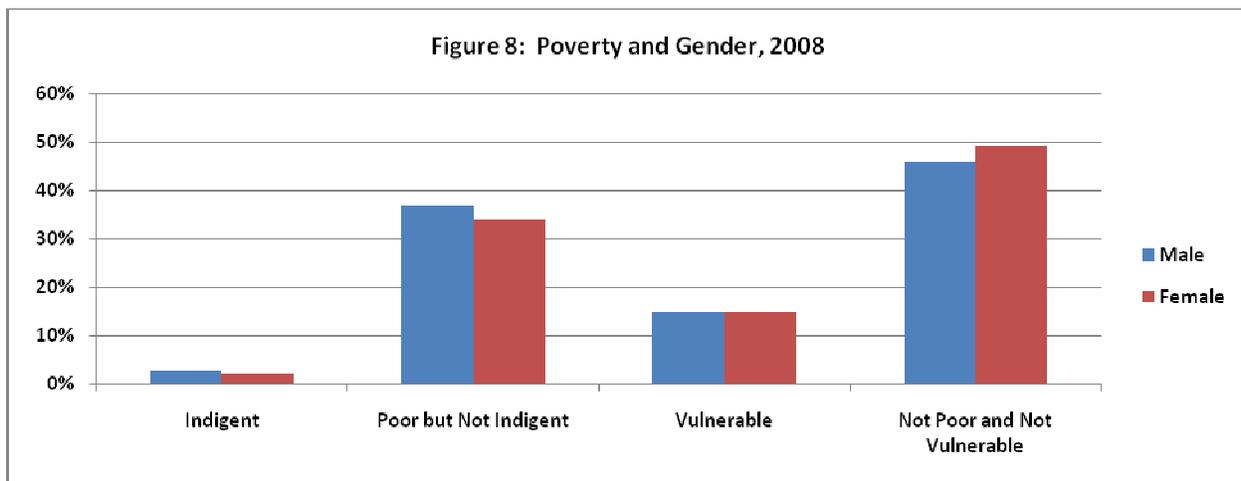
**Children bear the brunt of poverty.** One out of every two children in Grenada is poor. In contrast, the incidence of poverty among the elderly is less than 15% (Figure 7). About 53% of all poor persons in Grenada are children.

**The relationship between poverty and gender in Grenada needs to be better understood.** The preliminary finds of the 2008 Country Poverty Assessment, suggest slightly higher levels of poverty among males than females (Figure 8); however, data on the male and female-headed households was not available at the time this report was prepared. The 1999 Country Poverty Assessment reported no gender differences in poverty. The 2004 CWIQ reported a higher percentage of women than men in the poorest two wealth quintiles with differences in the characteristics of male and female-headed households (Box 2). The degree to which these different results are an artifact of the methodology employed needs to be examined.<sup>20</sup>

<sup>20</sup> Poverty assessments rely on consumption to measure poverty while the CWIQ is based on asset ownership



Source: Ministry of Finance, Preliminary results of the 2008 Country Poverty Assessment



Source: Ministry of Finance, Preliminary results of the 2008 Country Poverty Assessment

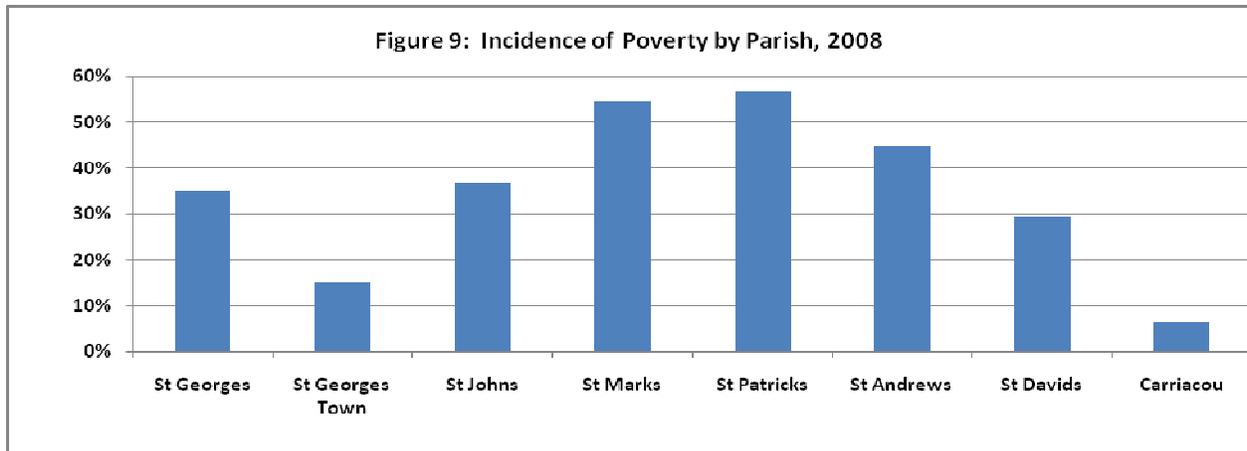
**Box 2: Male and Female-Headed Households in Grenada**

Almost half the households in Grenada (47%) are female-headed. Of these, more than 20% in the rural areas are poor according to the CWIQ definition (i.e., they fall into the lowest poverty quintile), as compared to only 13% of male-headed households. For the urban households 44% of female heads live in the bottom 3 quintiles as oppose to 18.6% for the males. Over half the female heads (56%) are unemployed compared with the male heads where only a quarter has no work. Almost half the female heads are not in a marital union as compared with male-headed households where a little over a quarter is not in a marital union. About 40% of children live with their mother only; in contrast, about 3% of children live with their father only. Thirty-five per cent of female-headed households have 5 or more family members as compared to about 23% of male-headed households. At the same time female-headed households are more crowded with more people to a room than in male-headed households. Female headed households as equally as likely to own their own homes as male-headed households; however, there is no significant difference in the quality of housing stock among male and female-headed households. Male-headed households are more likely to have durable assets such as washing machines, videos, computers, and internet connections.

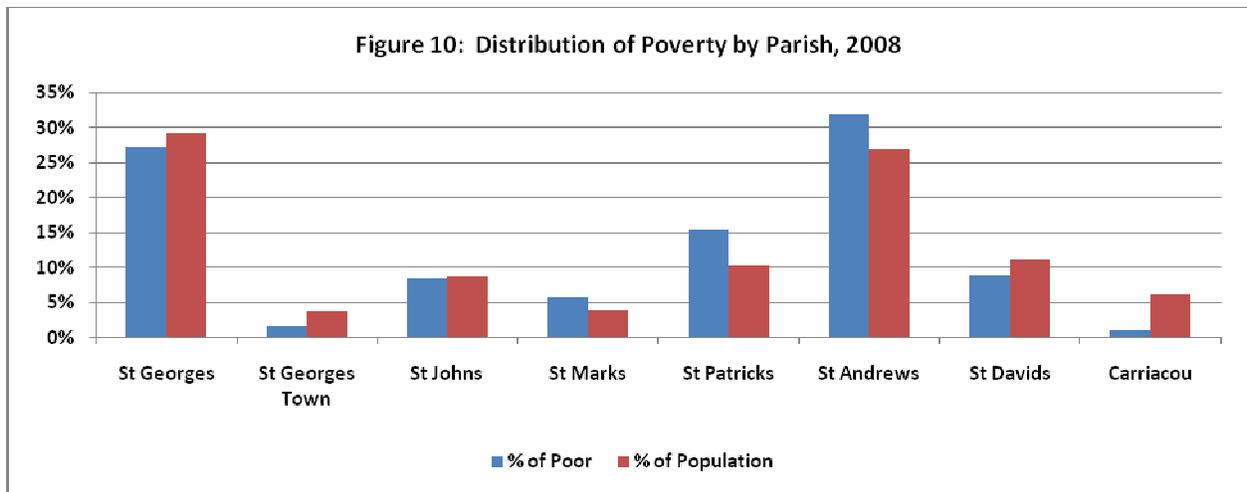
Source: Government of Grenada (2005) Core Welfare Indicators Questionnaire, CDB/UNDP, St. Georges.

**Ten per cent of female-headed households and 7% of male-headed households often or always have difficulty satisfying food requirements.** About 9% of urban and rural households, but almost 15% of poor rural households have regular difficulty satisfying food requirements.<sup>21</sup> Difficulty satisfying food requirements is more prevalent where the household head has limited education and among larger households. Difficulty satisfying food requirements is more prevalent among the widowed. This raises concerns about nutrition among women, children, and the elderly.

**Despite its small size, geographic variations in poverty are considerable and this means that women and children in these parishes are more at risk.** St. Marks, St. Patricks, and St. Andrews have the highest incidence of poverty; St. Georges Town and Carriacou have the lowest (Figure 9). However, due to their larger populations, St. Georges and St. Andrews account for the largest shares of poverty, with 60% of the poor residing in these two parishes (Figure 10). Poor households are typically larger than their wealthier households – 70% of households with seven or more members are found in the two poorest quintiles in contrast to only 3% in the wealthiest quintile.<sup>22</sup>



Source: Ministry of Finance, Preliminary results of the 2008 Country Poverty Assessment

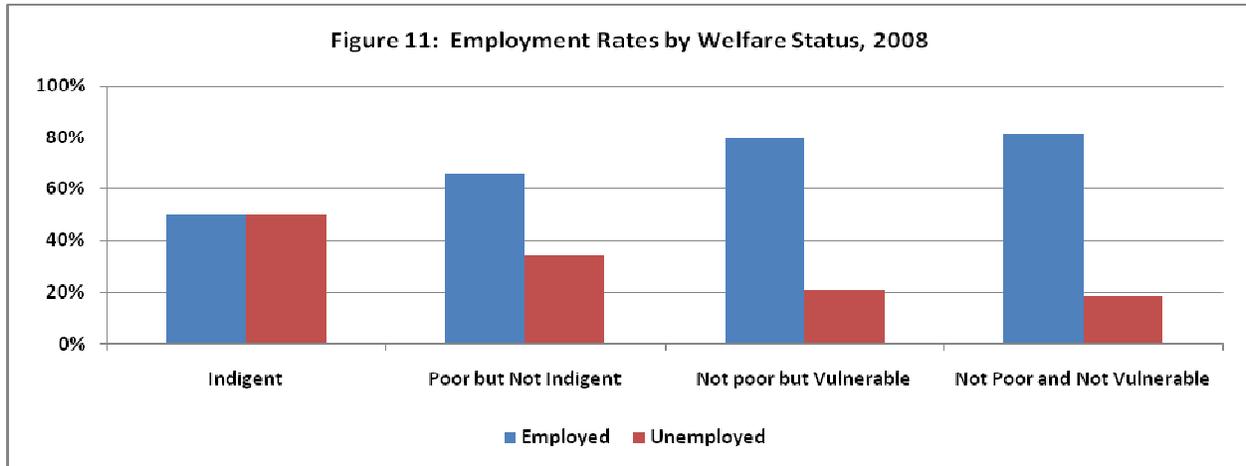


Source: Ministry of Finance, Preliminary results of the 2008 Country Poverty Assessment

<sup>21</sup> Government of Grenada (2005) Core Welfare Indicators Questionnaire, CDB/UNDP, St. Georges

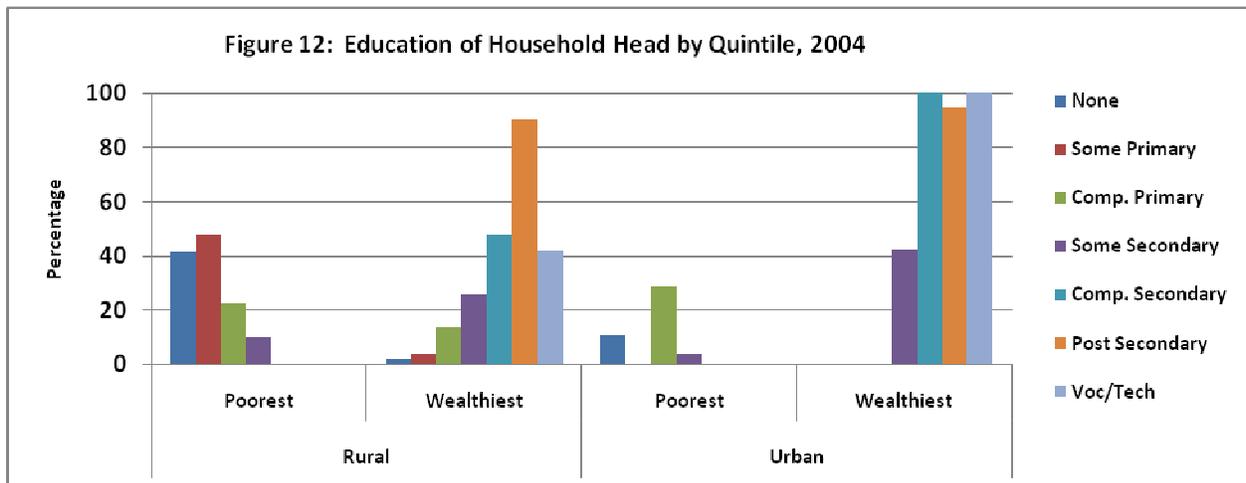
<sup>22</sup> Government of Grenada (2005) Core Welfare Indicators Questionnaire, CDB/UNDP, St. Georges.

**The poor are more likely to be unemployed than the non poor; however, the majority of the poor are employed.** Half of the indigent and almost one-third of the poor are employed (Figure 11). This highlights the concern about underemployment. It also means that making persons who are employed or self-employed ineligible for assistance, as is currently done under the Public Assistance Programme, excludes a significant share of poor households.



Source: Ministry of Finance, Preliminary results of the 2008 Country Poverty Assessment

**Poverty is linked to lower levels of education of household heads.** The incidence of poverty is higher among households whose heads have lower levels of education. Households from the wealthiest quintile are likely to finish secondary school and to also have completed some post secondary or technical education. On the other hand, in most households in the poorest quintile, the household head did not even complete primary education (Figure 12). This finding speaks to the need for second chance education and training for youth who do not complete their secondary education.



Source: Government of Grenada (2005) Core Welfare Indicators Survey, CDB/UNDP, St. Georges.

## II.D. Risk and Vulnerability through the Lifecycle

## Infants and Children

**Very young children are particularly vulnerable to nutrition-related risks that retard optimal development, including low birth weight, malnutrition and micronutrient deficiencies and lack of access to quality day care and pre-school.** Low birth weight signifies poor nutrition during pregnancy and raises concerns for the healthy development of the infant. This is of particular concern because the early years (including the period of gestation) are critical to health, cognitive development and behavior throughout the life cycle.<sup>23</sup>

**Approximately 9% of newborns are low weight, there are pockets of malnutrition, and one half of children have some level of iron deficiency.** In 2008, the Food and Nutrition Council identified 81 at risk children (28 borderline underweight, 31 mildly underweight, 9 moderately underweight, 3 severely underweight). Thirty-five per cent of malnourished children live in St. Georges, 21% in St. Patrick, and the remainder are scattered throughout Grenada. The Council reports that many of the underweight children started life as low-birth weight infants. More than half of one-year old children are iron deficient.<sup>24</sup>

**Children who lack access to quality day care and pre-school are at risk of cognitive deficits.** Most children in Grenada (91%) do not attend day care; however, 95% of the 3 to 5 age cohort is enrolled in pre-school. Information on whether pre-school enrolment is linked to income is not available but should be provided by the CPA. UNICEF has been working with the Government to develop and implement quality standards for day care and pre-school.

**Children between the ages of 5 and 16 are most vulnerable to education-related risks.** At particular risk are children who have not acquired the competencies required for the workplace. Children also have health related risks. Nutrition related disorders, especially obesity, are a risk for primary age children.

**Grenada has achieved universal primary education; however, it has not realised its goals of universal secondary education and quality concerns dominate at all levels.** In 2008, 69% of grade 6 students and 75% of students writing the Common Entrance Examination transitioned to secondary school (Table 1). This is a reflection of both quality and access constraints. At secondary level, this becomes most apparent when students sit the secondary school examinations where only 14% of students meet the target of four subject passes, including Mathematics and English. Girls continue to outperform boys. In 2008, in the Mathematics, English and Social Studies cluster, 48% of the girls entering gained passes compared to 39% of the boys. This means that a significant share of students, especially boys, leave the school system without the basic competencies required for the workplace.

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<sup>23</sup> See the Lancet Series on Early Childhood Development, Volume 369, Jan.6, 2007.

<sup>24</sup> Grenada Food and Nutrition Council, personnel communication.

**Table 1: Education Performance Indicators**

	As a Proportion of Grade 6 Students	As a Proportion of Students Writing Common Entrance Exam	Net Secondary Enrolment	Gross Secondary Completion Rate	Proportion of Students Passing at least 5 CXC- CSEC Subjects
2001/02	84.4	54.3	70.8	85.9	11.8
2002/03	n.a.	n.a.	70.8	97.0	n.a.
2003/04	86.1	55.4	68.4	98.8	15.3
2004/05	78.0	52.1	68.4	83.4	n.a.
2005/06	51.2	57.6	74.1	96.6	14.1
2006/07	63.0	67.9	77.3	93.9	12.4
2007/08	69.0	75.0	78.4	96.6	13.6

Source: MOEHR, Planning Unit

**Child abuse is a risk factor for children of all ages.** There are no up-to-date statistics on child abuse; however, child abuse, including but not limited to sexual abuse, is reported to be a growing concern. In 2007, Government social service agencies reported 25 physical abuse and 12 sexual abuse cases, substantially higher than in 2006.<sup>25</sup>

#### **Adolescents and Youth<sup>26</sup>**

**The primary risks to adolescents and youth relate to low human capital development and associated unemployment and underemployment and to the outcomes of risky lifestyles.** Risk indicators among this age cohort include having no academic or skills certification or training and unemployment, pregnancy rates, HIV/AIDS, substance abuse, and criminal activity.

**Youth are at risk of unemployment driven in large part by low levels of human capital development.** The challenges faced by many young people are evidenced by the fact that less than 25% of young people registering for the Grenada Youth Upliftment Programme (a training programme) have the requisite entry qualifications.

**Most at risk are unattached youth – youth who are out-of-school and out-of-work.** Labour force data indicate that 10% of young men and 8% of young women aged 15-29 years old have withdrawn from the labour market for no specified reason. This is in addition to the 9% of men and 12% of women who have withdrawn from the labour market because they could not find work.<sup>27</sup> International evidence indicates that youth who have withdrawn from the labour market because they have given up trying to find work are typically the least qualified and the most likely to engage in risky behaviors, including crime, unprotected sex and drug consumption.

<sup>25</sup> US Department of State (2008) 2007 Human Rights Country Report, Washington, DC.

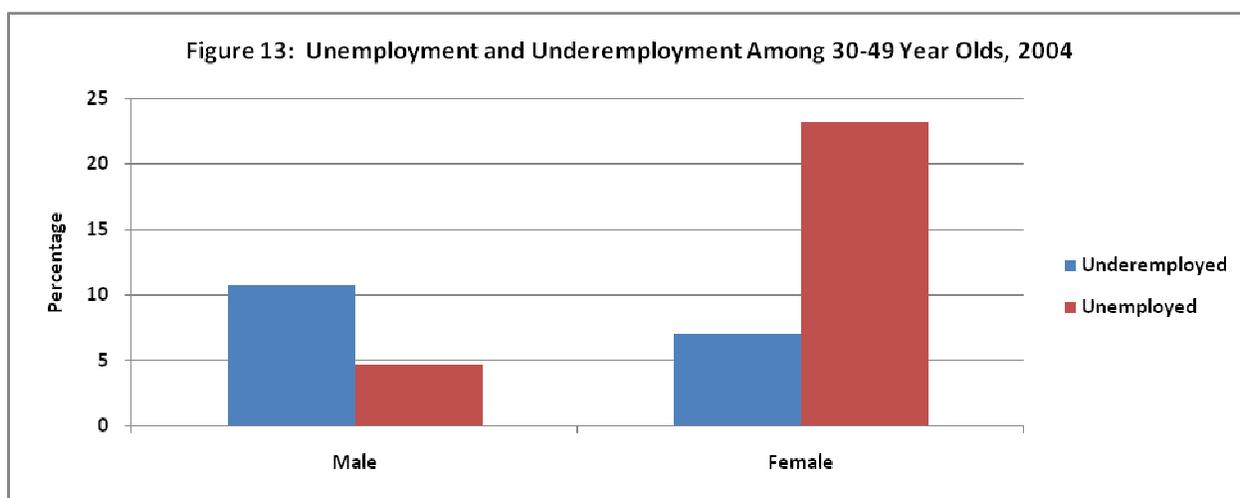
<sup>26</sup> For statistical purposes, the United Nations defines youth as young people between the ages of 15 and 24 years of age; however, policy makers, researchers and project designers typically adopt a wider age range. UNICEF defines adolescents as persons between the ages of 11 and 19 years of age.

<sup>27</sup> Government of Grenada (2005) Core Welfare Indicators Survey, CDB/UNDP, St. Georges.

**Youth also face health related risks.** Adolescents are at risk of teenage childbearing. In 2006, 16% of live births were to teenage mothers (268 teens). Nineteen per cent of these girls were giving birth to their second child and 5% to their third child. One-third of live births are to women age 20-24.<sup>28</sup> The incidence of teenage pregnancy also raises concerns because of the evidence that teenage pregnancy is associated with lower levels of educational attainment and income for the mother, and results in the intergenerational transmission of poverty.<sup>29</sup> Moreover, approximately half of all new HIV infections occur in youth 15-24 years, and women are more susceptible than men.<sup>30</sup> Young men are most at risk of violence and drug abuse; however, statistics are not available.

### Working Age Adults

**Underemployment and unemployment are the prime risks facing the working-age population.** Eleven per cent of males and 7% of females aged 30 to 49 years old are underemployed. Unemployment among that age group stands at 5% for men and 23% for women (Figure 13).



Source: Government of Grenada (2005) Core Welfare Indicators Survey, CDB/UNDP, St. Georges.

**Disability or disease among the working age population makes them vulnerable, as they will lose labour income.** Health-related risks, in the form of chronic diseases, are a risk factor for this cohort – almost one-third of adults 30 – 39 years old report problems related to hypertension or diabetes. This increases to 47% among the 50-64 year old age cohort.<sup>31</sup>

**Women are also at particular risk of domestic violence.** Statistics on abuse are particularly unreliable and represent only a fraction of actual abuse. That said, in March and April, 2009, the Gender Division of the Ministry of Social Development, assisted 54 victims of abuse - 68% were victims of physical violence. Although domestic violence crosses socio-economic groups, what makes a woman particularly vulnerable is her inability to get out of a situation, which hinges on her ability to support herself and her

<sup>28</sup> Government of Grenada 2002-2006 Vital Statistics, St. Georges.

<sup>29</sup> Lorraine Blank (2009) Young Parents and Caretakers in the Eastern Caribbean, UNICEF, Barbados.

<sup>30</sup> CAREC, online database.

<sup>31</sup> Government of Grenada (2005) Core Welfare Indicators Survey, CDB/UNDP, St. Georges.

children. This vulnerability emanates from her limited education and early childbearing. There is only one emergency shelter for abused women and space is inadequate to meet demand. The lack of affordable short and longer term housing increases women's vulnerability to domestic violence.

**Unmarried mothers (and, by extension, their out-of-wedlock children) are more at risk of poverty than married mothers (and their children).** Despite the Status of Children legislation that mandates that all children be treated equally under the law, the reality is that married and unmarried women (and children born in- and out-side of wedlock) are treated differently. An unmarried woman petitioning for maintenance appears before the Magistrate Court; a married woman petitions to the High Court, where the amount of maintenance awarded is larger than that granted by the Magistrate Courts.

### **The Elderly**

**The elderly are most vulnerable to shocks due to loss of income, disease, and disability.** One risk indicator is the lack of pension coverage and this is a particular concern for elderly women. In 2006, about 25% of the elderly were covered by an NIS pension. This means that a significant share of the elderly could be vulnerable to poverty during retirement. This group would need access to income assistance, either through cash assistance or public works.

**Chronic diseases are another risk factor for the elderly.** Over 45.2% of seniors, 65 and over reported problems with hypertension or diabetes. Inability to afford medications makes the elderly more vulnerable. Although all persons under 16 or over 60 years of age are entitled to free medications from public pharmacies, beneficiaries interviewed for this report repeatedly noted that most prescribed medications were not available through the public health service and that they could not afford to buy all of their medications. As a result, many resorted to taking less than the recommended dosage.

**The elderly are particularly vulnerable during natural disasters.** Hurricane Ivan took the lives of twenty-eight persons – 70% were over 60 years old.<sup>32</sup> A key problem for older people is their invisibility and exclusion during disasters. Older persons may be excluded from income generating activities, public works programmes and micro-credit and livelihood recovery programmes due to arbitrary age restrictions or heavy labour requirements unsuitable for older people. It will be important to ensure that older persons whose income is disrupted by a natural disaster have access to income through public works or cash assistance.<sup>33</sup>

### **Risks Not Related to Age**

There are two non-income risks that are not captured in the lifecycle analysis of risks: disability and inadequate housing.

**Disability:** Based on international estimates of disability, we would expect that about 10% of Grenadians have some form of disability.<sup>34</sup> The situation of persons with disabilities in Grenada needs to be better understood; however, internationally we know that persons with disability are less likely to complete their education or to find employment and are more likely to be poor. Programmes for the

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<sup>32</sup> OECS Secretariat, Grenada: Macro-Socio-Economic Assessment of the Damages caused by Hurricane Ivan, 2004

<sup>33</sup> Inter-Agency Standing Committee (2008) Humanitarian Action and Older Persons: An Essential Brief for Humanitarian Actors, New York.

<sup>34</sup> Based on international estimates of disability.

disabled are limited and include special education programmes and schools, vocational training programmes, and social care services provided by NGOs. Persons with disabilities are eligible for Public Assistance but the degree to which they are served is unknown. With the aging of the population, the number can be expected to increase. This means that social protection for the disabled will need to increasingly consider programmes for the disabled of all ages, including children, working age adults, and the elderly.

**Housing:** Most Grenadians live in single-family dwellings; however, the quality of housing, particularly among the poor, is a concern. About 14% of households are overcrowded with 2 or more person per room. More than half of poor households use kerosene for lighting. Only 86% of households have piped water and 36% of households still using pit latrines, and 41% live in houses constructed of wood.<sup>35</sup> Poor quality housing raises concerns about health and safety for household members of all ages and increases vulnerability to destruction of property and personal injury during hurricanes. Although over 80% of male and female headed households own their own home, there is a high percentage of informal and/or illegal tenure as well as a well-rooted local culture of informal property rights (family land) with little enforcement of property related laws.<sup>36</sup> Informality creates uncertainty and an unwillingness to invest in quality housing, even if it were affordable.

## II.E. Conclusions

**In assessing safety net programmes we need to ask how well programmes help households to manage covariate and idiosyncratic risks, including vulnerability due to:**

- Chronic poverty and the inter-generational transmission of poverty, transient poverty, and vulnerability to poverty
- Risks that threaten human capital development of children and adolescents, who are particularly vulnerable because they are unable to care for themselves
- Limited human capital and unemployment and risky lifestyles among youth
- Limited or no income due to unemployment, disease, or disability among working age women and men and particularly among single-mothers
- Loss of income due to retirement and disease/disability among the elderly
- Needs of special groups, including single headed households, the elderly taking care of children, persons with disabilities, migrants, and persons affected by HIV/AIDS and/or non-communicable diseases.

**One programme cannot address all of these critical risks.** What will be required is a range of programmes that, in combination, protect the poor and vulnerable during periods of macro-economic stability, during economic downturns and after hurricanes. Access to child and gender sensitive social safety net programmes and expenditures is assessed in the following chapter.

## III. Access to a Child and Gender Sensitive Social Safety Net

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<sup>35</sup> Government of Grenada (2005) Core Welfare Indicators Survey, CDB/UNDP, St. George's.

<sup>36</sup> USAID (2005) Grenada: Land Tenure Situation, Washington, DC.

This chapter assesses the types of social safety net programmes in Grenada and the expenditures on these programmes. The assessment begins with an overview of the social protection landscape, then tracks social safety net expenditures and ends with an assessment of implementation arrangements and constraints.

### III.A. The Social Protection Landscape

**This report focuses on social assistance programmes; however, it is important to note that social insurance is a vital part of the social protection landscape.** The National Insurance Scheme (NIS), established by the National Insurance Act of 1983, provides retirement, disability, maternity and survivors benefits with expenditures totaling EC\$30.7 million (US\$11.4 million) in 2006. National Insurance is funded by a mandatory 9% payroll tax (4 per cent employer contribution and 5 per cent employee contribution) levied on wages of all employed and self employed persons, including public sector employees. Approximately 90% of the employed labour force contributes. In 2006, women represented 49% of contributors, but with lower average monthly insurable wages than men (EC\$1,687 for men and \$1,448 for women) and, therefore lower eventual pensions. Only a small percentage of self-employed, seasonal, domestic, or informal sector workers contribute. In 2006, there were about 1,650 pensions in payment, with coverage rates for men and women equal to 25% and 17%, respectively and weekly benefits lower for women than for men. Women are more likely to be in receipt of a Provident Fund benefit, which pays significantly less than Old Age Pension (Table 2). Since women are less protected by social insurance than men, their requirements for social assistance are greater.

**Table 2: Pension Coverage among the Elderly, 2006**

	Old Age Pension			Provident Fund		
	Number in Payment	% of Age Cohort Covered	Weekly Benefit EC\$	Number in Payment	% of Age Cohort Covered	Weekly Benefit EC\$
Male	1,431	25%	125	473	8%	34
Female	1,229	17%	105	764	10%	34

Source: Horizonow (2008) 8<sup>th</sup> Actuarial Review of the National Insurance Fund, NIS, St. Georges.

**A striking feature of the social assistance landscape is the number of programmes and multiple ministries involved in the provision of social assistance.** These include cash transfers, near cash programmes (e.g., food stamps and voucher), in-kind transfers and services, active labour market programmes, community based programmes, social care services and targeted housing programmes (Table 3).

**The Public Assistance Programme is targeted to the elderly (60+), the disabled poor and to the indigent poor (effective in 2009) and reaches about one-quarter of the 60+ age cohort.** The Ministry of Social Development, Social Security, Ecclesiastic Affairs, and Labour (abbreviated MOSD) administers the programme through its Department of Social Services while the Ministry of Carriacou and Petite Martinique implements the programme on those islands. In 2008, Public Assistance provided benefits to 4,370 beneficiaries with direct expenditures equal to EC\$9.9 million (US\$3.6 million).<sup>37</sup> The programme

<sup>37</sup> Represents combined totals for MOSD and MOCPPMA Public Assistance.

provides a cash benefit equal to EC\$200 per month or 41% of the poverty line and 100% of the indigence line. Applicants are not required to seek child support as a precondition for eligibility for Public Assistance but the MOSD will work with the beneficiary to seek maintenance while she is receiving Public Assistance.

**There are a number of student support schemes in Grenada.** The Necessitous Fund is an education based cash transfer programme implemented by the Ministry of Education and Human Resources (MOEHR) and targeted to poor children; it reaches about 10% of school age children from poor households. In 2008, expenditures on Necessitous Fund grants were equal to EC\$1.95 million (US\$0.72 million). In January 2009, the programme provided benefits to 1,520 beneficiaries. The benefit ranges from EC\$80 – EC\$200/month or about 21% of the adult equivalent poverty line and 50% of the indigence line for primary and secondary students. The Ministry of Carriacou and Petite Martinique Affairs (MOCPPMA) implements two students' assistance programmes. In January 2009, 11 Necessitous Fund Students and 86 Child Assistance Students were assisted. In 2008, 88 students received a transportation allowance. Expenditures on these programmes were equal to EC\$141,000 (US\$52,000). The National Insurance Scheme (NIS), a statutory body programme provided grants to 45 secondary students in 2008/09. Grenada Community Development Agency (GRENCODA), a non-governmental organisation provided 354 grants to secondary and tertiary students in 2008/09. An untargeted Scholarship Programme provides grants to tertiary students.

**The School Feeding Programme provides a cooked meal to approximately 9,500 students in 53 primary schools, in 11 (out of 21) secondary schools, and 6 special institutions, with free meals provided to students who are poor.** In 2008, expenditures on the school feeding programme were equal to EC\$3.0 million (US\$1.1 million). Pre-school students pay EC\$0.50 per meal; primary students pay EC\$1.00; and secondary students pay EC\$2.00. There is no information on the total number of meals provided or the number of students who receive free meals.

**Government implements a number of active labour market programmes aimed at promoting employability and employment, including a public works programme, second chance education programmes, training programmes, job search assistance and microenterprise development services.** The Road Maintenance and Debushing Programme is a public works programme.<sup>38</sup> Implemented by the Ministry of Works, Physical Development, Public Utilities and the Environment (abbreviated as MOW), it employs workers to clear roadsides of overgrown bush and roadside drains, during 6-week periods starting in April, August, and December. The MOW awards contracts with contractors employing crews. There are between 250 and 350 crews active in any two-week period. If work were evenly distributed among workers, the programme would have the potential to employ between 14% and 20% of the unemployed workforce. However, many workers work less than 18 weeks. The programme is being expanded (from 7 to 21 contractors) in 2009 with increased emphasis on road repairs. The programme pays EC\$45/day for men and EC\$35/day for women for a five-hour work day, which is higher than the minimum wage of EC\$5/hour, but represents a reported 50% reduction over wages paid during the previous administration. Women who do "men's work" receive EC\$45/day. If a male works 18 weeks per year, their earning would equal to 169% of the adult equivalent indigence line and 69% of the adult equivalent poverty line. The respective percentages for female workers are 132% and 54%.<sup>39</sup> The

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<sup>38</sup> Also referred to as short-term employment and workfare.

<sup>39</sup> The Farm Labour Support Programme was identified as a social protection programme. Although it provides short term employment, its main objective is to provide labour input to clear nutmeg and cocoa land that has still not been used since Hurricane Ivan to facilitate agricultural production. Therefore, it is not included as a social

Department of Labour is mandated by law (Labour Code of 1999) to provide job search assistance; however, this remains an unfunded mandate. The programme typically serves about 100 workers of whom 40 may be placed and most of whom are unskilled workers, primarily housekeepers and gardeners. The Small Business Development Programme is implemented by the Grenada Industrial Development Agency, a statutory corporation under the Ministry of Finance, and provides business development training, support services and credit facilities. There were approximately 500 participants in 2008, with course costs equal to EC\$250 - EC\$300 per course per participant. The main challenges for low-income persons have been their inability to afford the training fees and their low level of academic preparedness for the courses. The programme is funded by the GOG, World Bank and European Union.

**Youth employability programmes include the Grenada Youth Upliftment Programme (GYUP) and Skills for Inclusive Growth.** GYUP was launched in 2009 with the objective of promoting youth employment, through skills and life skills training, second chance education, and job search assistance. The programme is targeted to youth broadly defined as persons between the ages of 16 and 35. To date, 864 youth have registered and 200 have been placed in on-the-job training. On-the-job training can be Government or private sector positions. Trainees receive a stipend of EC\$700 per month (with 50% paid by a private sector employer). A planned small business enterprise component will target marginalised youth and displaced workers with a focus on promoting tourism and agricultural enterprises. Government launched the Skills for Inclusive Growth Project in May 2009.<sup>40</sup> The project will support the Ministries of Education and Youth to increase youth employability through public/private sector partnerships for demand driven technical and life skills training. The project will also establish an occupational standards framework to improve the value and quality of training and to facilitate harmonisation and portability of certification at least at the regional level. The project is funded by the World Bank at a cost of EC\$12.7 million.

**The Basic Needs Trust Fund (BNTF) is Grenada's community based social assistance programme.** BNTF is a demand driven programme that provides funding for improved access roads, health and education facilities, community markets, and water supplies in poor communities. BNTF is jointly funded by the Caribbean Development Bank (CDB) and the Government of Grenada. Phase VI of this Project was approved in 2009 at a cost of EC\$4.5 million. A total of EC\$1.1 million is budgeted in 2009. Thirty-five projects (15 child development and pre-schools, 6 health centres, 6 skills training projects, 4 water supply projects, 2 homes for the aged and 1 each access roads and community markets) were funded under BNTF Phase V, for a total cost of EC\$6.5 million (US\$2.8 million). BNTF supports labour intensive projects; however, BNTF did not provide information on the number of persons employed.

**Government implements a number of housing programmes; however, the House Repair Programme is the only one defined as a safety net programme.** It targets indigent households with grants, loans or a combination of grants and loans up to \$10,000. Payments are made directly to pre-selected suppliers. In 2008, expenditures were equal to EC\$12.0 million (US\$4.4 million) with 1,259 households were assisted).

**Civil society organisations are actively involved in the provision of social care services and many receive subventions from Government.** In 2008, MOSD subventions to non-governmental organisations

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protection project. However, it is important to note that the programme will employ 140 persons in 2009. Workers are paid EC\$45/day for men and EC\$40 for women for a five hour work day. An estimated \$2.5m is allocated for the project.

<sup>40</sup> Preparation activities for the project started in 2007.

from the Departments of Social Services and Gender Affairs equaled EC\$ 1.5 million and EC\$ 0.4 million, respectively. Recipient organisations included home for the aged, children's homes, schools for the deaf and blind, the Programme for Adolescent Mothers, and others.

**In addition to the social protection programmes discussed above, Government grants periodic concessions (for example, duty free importation of foodstuffs, duty free tires, concessions on new buses, equipment for engines, fishing supplies) and imposes prices controls on basic foodstuffs in an effort to further protect the population.** The Customs Department estimates that, in 2008, the value of revenue forgone from these various concessions was equal to EC \$13.5 million (US\$ 5.0 million) or 1.0% of GDP.<sup>41</sup> In 2007/08, Grenada removed the General Consumption Tax from basic food items as part of the CARICOM Common External Tariff Agreement, a regional response to the high cost of living. This agreement remains in effect. As part of the Petrol Tax Act of 2007, a formula was established to calculate the price of fuel at the pump to allow automatic pass through of the international price. The EC\$3 per gallon petrol tax was temporary reduced in 2008.<sup>42</sup> With respect to price control, mark ups of 7% and 15% are allowed at the wholesale and retail levels respectively.

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<sup>41</sup> Comptroller of Customs

<sup>42</sup> Fishermen are exempt from the duty on petrol.

**Table 3: Social Assistance Programmes in Grenada**

	Implementing Agency/ Supervisory Responsibility	Target Group	Objective	Targeting Mechanism	Source of Funding	EC\$ 2008 Revised Estimates ('000,000)	US\$ 2008 Revised Estimates ('000,000)	% of GDP	Number Served 2008	Benefits Provided (EC\$, where applicable)	Duration of Assistance	Periodicity	Legislative Mandate
<b>Cash (Near Cash) Programmes</b>													
Public Assistance	Department of Social Services/ MOSD	Elderly, disabled poor, indigent poor as of 2009	Poverty Alleviation	Means tested	General Revenues	9.34	3.46	0.5	4,100	\$200/person/month	Indefinite	Annual review	None
Necessitous Fund for Students	Student Support Services/MOEHR	Poor children	Promote school enrolment and attendance	Means tested	General Revenues	1.95	0.72	0.1	1,520	Pre-school: \$80, primary & secondary \$100, college \$200	While enrolled	Annual application	None
Transportation Assistance for Students	Student Support Services/MOEHR	Low-income students	Promote school enrolment and attendance	Means tested	Petro Caribe	0.69	0.26	0.0	1,283	Varies depending on distance from school	While enrolled	Annual application	None
CPM Public Assistance	Department of Social Services/ MOCPM	Poor households	Poverty Alleviation	Means tested	General Revenues	0.6	0.22	0.0	269	\$200/person/month	Indefinite	Annual review	None
CPM Necessitous Fund and Children's Allowance	Department of Social Services/ MOCPM	Poor children	Promote school enrolment and attendance	Means tested	General Revenues	0.74	0.28	0.0	357	same as Grenada	Indefinite for Public Assistance, while enrolled in school for other	Annual application	None
Burial Assistance	Department of Social Services/ MOSD	Poor households	Assist poor households with burial of family member	Means tested	General Revenues	0.18	0.07	0.0	100	Maximum grant = \$2,000	One off payment	Once	None
Emergency Assistance	Department of Social Services/ MOSD	Poor households	Assist poor households facing unanticipated shock	Means tested	General Revenues	0.01	0.00	0.0	n.a	n.a	One off payment	Once	None
Disaster Fund	Department of Social Services/ MOSD	Poor households	Assist poor households facing unanticipated shock	Means tested	General Revenues	0.03	0.01	0.0	20	Maximum grant = \$1,500	One off payment	Once	None
Scholarship Programme	MOEHR	n.a.	Promote tertiary enrolment	n.a.	Petro Caribe	2.45	0.91	0.1	n.a.	n.a.	While enrolled	Annual application	None

	Implementing Agency/ Supervisory Responsibility	Target Group	Objective	Targeting Mechanism	Source of Funding	EC\$ 2008 Revised Estimates ('000,000)	US\$ 2008 Revised Estimates ('000,000)	% of GDP	Number Served 2008	Benefits Provided (EC\$, where applicable)	Duration of Assistance	Periodicity	Legislative Mandate
Student Assistance Programme	GRENCODA	Poor secondary & tertiary students	Promote school enrolment and attendance	Means tested	Contributions			n.a	354	\$1000/student, life skills, parenting education	While enrolled in school	Annual application	None
National Insurance Scheme	NIS	Poor students	Promote school enrolment and attendance	Means tested	NIS resources	0.070	0.026	n.a	45	\$8-\$10/month	While enrolled in school	Annual application	None
<b>In-Kind Programmes</b>													
School Feeding Programme	Schools Division/MOEHR	Fee waivers for school meal	Increase enrolment, attendance, performance	Means tested	Petro Caribe	2.96	1.09	0.2	n.a	Value of fee waiver received	While enrolled in school	Annual application	None
Day Care Programme	Department of Social Services/MOSD	Low-income households	Child care and enhanced cognitive development	Self-targeted and means tested	General Revenues	n.a.	n.a.	n.a	n.a.	Day care	3 years	Annual application	None
Roving Caregivers	GRENCASE/MOSD	Low-income households	Enhanced cognitive development through improved parenting	Geographically targeted	General Revenues/Bernard van Leer/UNICEF	Zero in 2007/08, 0.2 in 2009	0.08 in 2009	n.a	300 children	Parenting information	2 years	n.a.	None
Food Security Programme	Department of Agriculture Extension/MOA & National Food Security Committee	Poor rural residents	To support poor farmers affected by food price increases	Means Tested	FAO	0.18	0.07	0.0	1000	Agricultural Inputs	One-off provision annually	Annual	None
Food Basket Programme	MOA	Poor households	Increased food security	Means-Tested	OECS CARICOM Oil Facility	0.00	0.00	0.0	n.a.	Basket of basic commodities	n.a.	n.a.	None
Fee Waivers for Medical Care	General Hospital/MOH	Poor households	Increase access to medical care	Means tested	General Revenues	0.13	0.05	0.0	51	Fee Waivers for Medical Care	One off waiver	Reapplication required for each benefit	None
Off-Island Medical Care	General Hospital/MOH	Poor households	Increase access to medical care	Means tested	General Revenues	0.00	0.00	0.0	51	Payment of transportation and fees	One off payment	Reapplication required for each benefit	None

	Implementing Agency/ Supervisory Responsibility	Target Group	Objective	Targeting Mechanism	Source of Funding	EC\$ 2008 Revised Estimates ('000,000)	US\$ 2008 Revised Estimates ('000,000)	% of GDP	Number Served 2008	Benefits Provided (EC\$, where applicable)	Duration of Assistance	Periodicity	Legislative Mandate
Pharmaceutical Programme for Needy Persons	MOH	Poor households	Promote health through access to prescription medicines	Means tested	General Revenues	0.00	0.00	0.0	n.a.	Prescription medicines	Indefinite	n.a.	None
National House Repairs Programme	Department of Housing/ MOHLCD	Poor households	Home Repair	Means tested	General Revenues & EU 9 <sup>th</sup> EDF & Venezuela in some years	12.0	4.4	0.7	1,259	\$10,000 housing materials	One off payment	As needed	None
Assistance with Water Initiative	MOSD/MOF	Poor elderly	Facilitate water connections	Means tested	General Revenues	1.5	0.6	0.1	400	Connection fee up to \$20 per month	Indefinite	n.a.	None
<b>Active Labour Market Programmes</b>													
Road Maintenance & Bushing	Project Implementation & Management Unit/MOW	Unemployed poor		Self-targeted		2.5 (2009)	0.9	0.1	n.a.	Short-term employment	Maximum 18-weeks per year	3 times per year	None
Adult Literacy	MOEHR	Persons with low literacy	Improved literacy	Self-Targeted	General Revenues	0.1	0.0	0.0	315	Literacy training	Indefinite	n.a.	None
Skills for Inclusive Growth	MOEHR	Unemployed youth	Labour market integration	Self-targeted	World Bank	0.13	0.0	0.0	n.a.	Education and training	n.a.	n.a.	None
Grenada Youth Upliftment Programme	Department of Youth/MOYCS	Unemployed youth	Labour market integration	Self-targeted	General Revenues	0.0	0.0	0.0	864 registered 200 placed	Education and training	n.a.	n.a.	None
Small Business Development Programme	Business Development Centre/GIDC	Small entrepreneurs	Increased earnings from small business	Self-targeted	General Revenues/ World Bank/EU	0.4	0.1	0.0	n.a.	Business development training and micro-credit	Indefinite	On-course basis	None
Job Search Assistance	Department of Labour/ MOSD	Unemployed workers	Labour market integration	Self-targeted	unfunded	0.0	0.0	0.0	100 applicants 40 placed	Assistance to find a job	Indefinite	Not applicable	Labour Code of 1999
Programme for Adolescent Mothers	GRENSAVE	Teenage Parents	Reintegration into school or work	Self-targeted	Government Subventions UNICEF	n.a.	n.a.	n.a.	72	Remedial education and training, life skills, counseling and day-care	2 years	Not applicable	None

	Implementing Agency/ Supervisory Responsibility	Target Group	Objective	Targeting Mechanism	Source of Funding	EC\$ 2008 Revised Estimates ('000,000)	US\$ 2008 Revised Estimates ('000,000)	% of GDP	Number Served 2008	Benefits Provided (EC\$, where applicable)	Duration of Assistance	Periodicity	Legislative Mandate
New Life Organisation	NEWLO	At-risk boys	Labour market integration	Self-targeted	Government Subventions	n.a.	n.a.	n.a.	271 boys in 2006/07	Remedial education and training, life skills, counseling	2 years	Not applicable	None
St. Patrick's Multi-Purpose Training Centre	MOEHR	Persons with low literacy/ numeracy skills	Labour market integration	Self-targeted	Government Subventions	n.a.	n.a.	n.a.	121	Remedial education and training	n.a.	n.a.	None
<b>Community Based</b>													
Basic Needs Trust Fund	BNTF/MOF	Poor Communities	Community Development	Geographically targeted	CDB	1.8	0.7	0.1	35 projects in 06/07	Social infrastructure	Length of Project	One project/ community	None
<b>Social Care Services</b>													
Multiple Projects for Disabled	Department of Social Services/ MOSD	Disabled	Social and economic inclusion of disabled	Self-targeted	General Revenues	0.0	0.0	0.0	n.a.	n.a.	Indefinite	n.a.	None
Multiple Projects for Elderly	Department of Social Services/ MOSD	Elderly	Social and economic inclusion of elderly	Self-targeted	General Revenues	0.2	0.1	0.0	n.a.	n.a.	Indefinite	n.a.	None
Richmond Institutions	Richmond Institutions/ MOH	Elderly, disabled poor	Care and protection	Means tested	General Revenues	0.0	0.0	0.0	n.a.	Residential care	Indefinite	n.a.	None
Children's Institutions	Child Welfare Board/MOSD	Abused, abandoned children	Care and protection	Referrals	Government Subventions	n.a.	n.a.	n.a.	125	Residential care	Indefinite (up to age 18)	n.a.	Child Abuse Protection Act
Shelter's For Victims of Abuse	Gender Affairs/MOSD	Abused women	Emergency Shelter	Self-targeted and referrals	Government Subventions	n.a.	n.a.	n.a.	n.a.	Emergency shelter, counseling	Indefinite	n.a.	None

Source: Compiled by Author.

### III.B Expenditures on the Safety Net

**Analysing social assistance spending is difficult as expenditures cross ministries and programmes, and in most cases, programme level expenditure data is not available.** Social protection expenditures include recurrent expenditures for operating costs, direct transfers, in-kind goods and various social care, training, remedial education and other social work services. This report included as social safety net expenditures, all central ministry administrative costs for the Department of Social Services in the MOSD and selected items in other ministries (for example the cost of school feeding officers in the MOEHR).<sup>43</sup> All other social assistance expenditures in Grenada are found in the capital budget. Where available, programme level expenditure data is reported.<sup>44</sup> The Road Maintenance and Debushing Programme, a short-term employment programme, is not reflected for most years because reported programme costs include material and labour costs for the road maintenance which did not always rely on short-term labour and disaggregated data on the costs of the temporary employment programme could not be obtained. Detailed expenditure tables are provided in Annex 1.

**In 2008, expenditures on social assistance are estimated at EC\$55.7 million (US\$ 20.6 million).** This represents approximately 3.2% of GDP (Figure 14) and 9.2% of central government expenditures. Between 2004 and 2008, expenditures increased in both nominal and real terms (Figure 15). Expenditures fluctuated over the period, first in response to the 2004/05 hurricane season and then in 2008, possibly in response to escalating food prices during that year but reportedly more as part of pre-election spending. The amount budgeted for social protection programmes in 2009 was 25% less than in 2008.

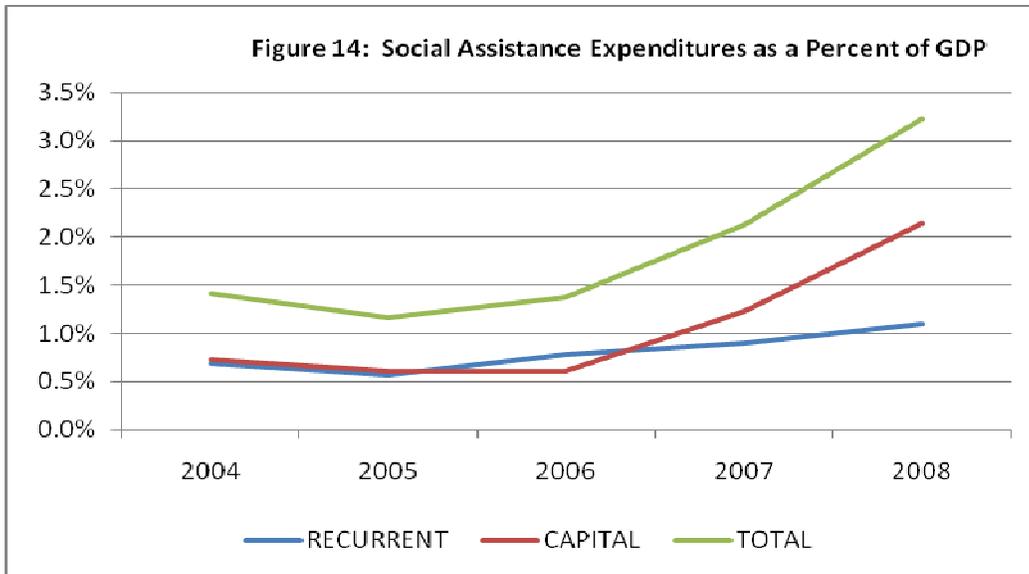
**In non-election years, spending on social assistance in Grenada is comparable to other countries in the region.** Social assistance expenditures were equal to 1.4% of GDP in 2004, increased to 2.1% by 2007 and to 3.2% in 2008, an election year, primarily as a result of increased expenditures on housing repair, MOSD programmes, and youth service, training and employment. Social assistance expenditures averaged 1.8% of GDP in other OECs countries and 1.4% in Latin America and the Caribbean.<sup>45</sup> Grenada and other countries in Latin America and the Caribbean (LAC) have a pattern of social protection similar to that of East Asia and the Pacific (EAP) in terms of the relative size and structure of expenditures, with social assistance spending accounting for about one-third of total social protection spending. In contrast, in the OECD and in Eastern Europe and Central Asia (ECA), social insurance spending is relatively more important, while in Africa, social assistance spending is more important.

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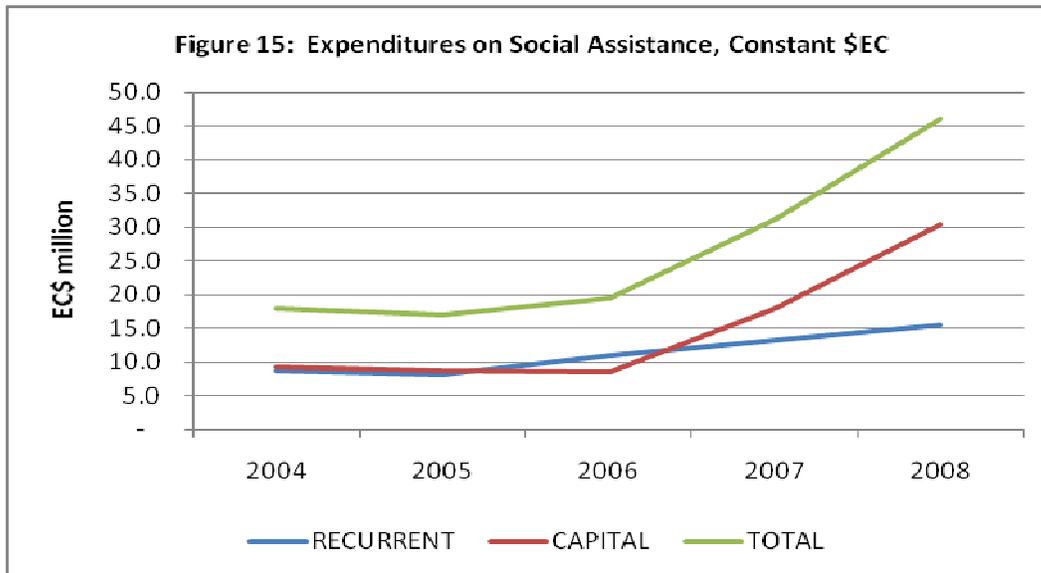
<sup>43</sup> In most cases, we had to rely on expenditures for the departments that house social protection programmes. Ministerial responsibility for departments changed over time, but efforts have been made to track recurrent expenditures for departments no matter in which ministry the department was housed.

<sup>44</sup> Because of shifting portfolio responsibilities for capital projects, this report relied on the organisation of capital projects used in the Public Sector Investment Programme.

<sup>45</sup> World Bank (2005) Caribbean Social Protection Strategy, draft, Washington, DC.



Source: Author's calculations



Source: Author's calculations

**Approximately two-thirds of social assistance expenditures are funded from the capital budget, mostly by donor funding.** This is an increase over the 1997 to 2001 period when capital expenditures accounted for 40% of the social assistance budget.<sup>46</sup> This raises increasing concerns about the sustainability of social protection initiatives.

<sup>46</sup> World Bank (2005) OECS Fiscal Issues, Washington, DC.

**Public Assistance, school feeding, housing and skills training<sup>47</sup> absorb the largest share of social protection expenditures (Table 4).** In 2008, Public Assistance accounted for 16.8% of social assistance expenditures, while student support schemes (including targeted and untargeted programmes) accounted for 9.1% of social assistance expenditures, with targeted student assistance schemes accounting for 4.7% of social assistance expenditures. The House Repair Programme absorbed 2.9% of social assistance spending in 2007 but 21.5% in 2008. Expenditures on youth absorb about 15% of social assistance resources.<sup>48</sup>

**Table 4: Composition of Public Expenditures on Social Assistance**

	2007	2008	2007	2008
	\$EC	\$EC	% of All	% of All
	('000)	('000)	Social	Social
			Assistance	Assistance
Public Assistance	7,266.2	9,337.7	20.8	16.8
Necessitous Fund	1,507.7	1,951.7	4.3	3.5
Needy Students Assistance Programme	859.2	0.0	2.5	0.0
Scholarship Programme	0.0	2,450.0	0.0	4.4
Transportation Allowance for Students	498.6	689.1	1.4	1.2
School Feeding Programme	4,348.6	2,956.4	12.4	5.3
Skills for Inclusive Growth	18.3	135.0	0.1	0.2
House Repair Programme	1,000.0	12,000.0	2.9	21.5
Basic Needs Trust Fund	2,428.7	1,787.8	6.9	3.2
Special Projects Programme	2,930.0	5,160.0	8.4	9.3
Youth Service, Training, Employment Programme	6,638.4	8,481.8	19.0	15.2
<b>TOTAL ABOVE PROGRAMMES</b>	<b>27,495.7</b>	<b>44,949.5</b>	<b>78.7</b>	<b>80.6</b>
<b>TOTAL ALL SOCIAL ASSISTANCE</b>	<b>35,006.4</b>	<b>55,714.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Author's Calculations

### Programme Costs

**Grenada does not implement programme based budgeting so it is impossible to determine the actual costs of individual programmes.** Staff and other operating costs for programmes are subsumed under the recurrent budget of the relevant ministry while direct costs are typically reflected in the capital budget. Staff time is apportioned among a number of programmes so it is impossible to determine the administrative costs for programmes. For example, Welfare Officers in the MOSD are responsible for child welfare and general provision of social work services, targeting and case management for Public Assistance and other MOSD programmes with an unknown amount of time devoted to each task. Other administrative costs (such as the time devoted by school officials to selection of beneficiaries for free meals or cash grants and payment of the benefit) are impossible to determine, but reported by school officials to be considerable. Similarly, Public Works Officers are responsible for supervision of the Road Maintenance Programme plus other duties. Moreover, direct costs (such as the amount spent on materials and supplies for the Road Maintenance Programme) are not readily available.

<sup>47</sup> Arguably, not all of skills training is social assistance; however, since most skills training in Grenada is targeted to at-risk youth, these expenditures have been included.

<sup>48</sup> Not including the Road Maintenance and Debushing Programme.

### III.C. Implementation Arrangements and Constraints

#### Eligibility and Targeting

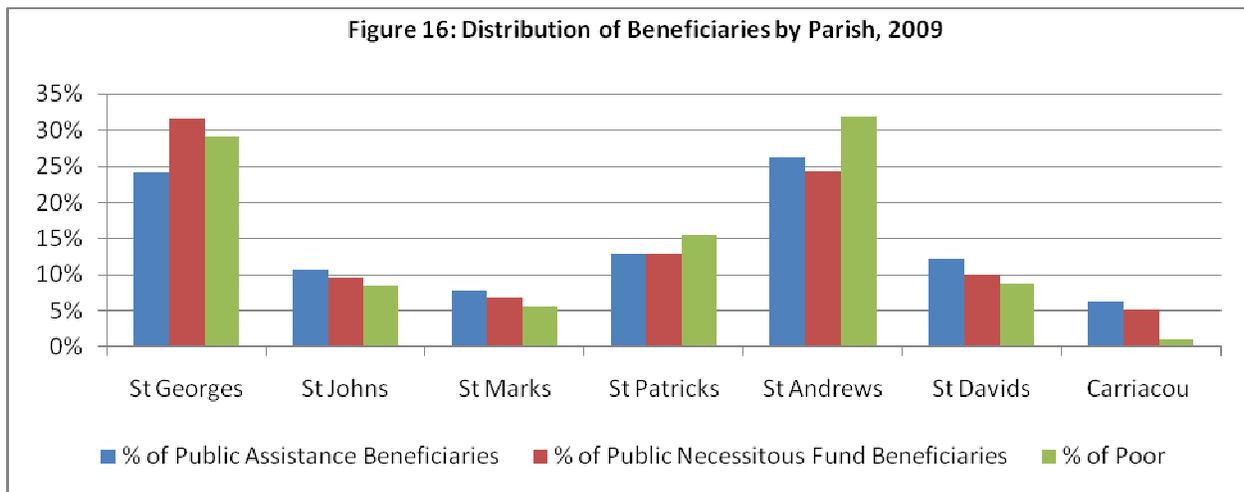
Although programmes support the same target groups, each programme requires completion of a separate application, investigation by staff, and documentation. Information collected is generally the same for all programmes.

- Eligibility for Public Assistance is determined through a means test and a subjective set of criteria that are difficult to verify and that exclude the working poor. Eligibility is subject to an annual review and home visit; however, the annual review is not systematically conducted. In 2009, Government began a process of reviewing all Public Assistance beneficiaries. The process was on-going at the time this report was prepared. There is no limit to the number of years that a beneficiary can stay in the system; however, social workers report that, once accepted, beneficiaries generally stay in the system for life.
- Eligibility for the Necessitous Fund is determined by a means test and based on a set of eligibility criteria applied by School Attendance Officers. Parents apply for assistance annually.
- Eligibility for the Transportation Allowance is determined by Transportation Allowance Coordinators and by school representatives. Parents apply for assistance annually. Principals, MOSD and Ministers of Parliament submit names for both programmes. Parents apply for assistance annually.
- Fee waivers for school meals are decided at the school level with no clear procedures on how this is to be done. Schools decide how many free meals will be allocated and the process by which students are identified. There is no limit to the number of students who can receive a free meal; however, the MOEHR reports that most children (even those receiving Necessitous Fund) pay for their lunches. Secondary school staff and MOEHR personnel report that students are reluctant to request fee waiver due to the stigma attached to receiving a free meal. Parents in Carriacou talked about having to call the school on days when they did not have enough money for the school meal.
- Eligibility for the Debushing programme is based on unemployment and willingness to work at the rate offered. International experience teaches that, to exclude the non-poor, the wage offered should be about equal to the prevailing wage for unskilled workers; however, the wage rate offered for the Debushing programme is slightly higher than the prevailing wage rate. Although employment supposedly eliminates a worker from eligibility, field visits suggested that employed persons do work in the programme. Participants talked about wanting to rearrange the hours of work so that it would not interfere with their other work. Several beneficiaries consulted were in receipt of pensions although this was cited as a reason for exclusion. These findings may indicate leakage. Alternatively, it could mean that the working poor – and some pensioners – remain vulnerable, and are therefore attracted to the programme and that the employed and pensions should not be excluded a priori.
- The House Repair Programmes has its own eligibility and means testing requirements (which incidentally are different from other targeted housing programmes in the same ministry). Housing Coordinators make recommendations and Senior Coordinators give approval as to whether a grant, loan or combination of grant and loan will be issued. Record keeping is manual. There is no limit to the number of times a household may apply for assistance. The Ministry is developing a proxy means test for use in apportioning subsidised houses, but it

does not seem that that this will be used by for the Housing Repair Programme. Moreover, although commendable, the effort could benefit from the rigorous econometric analysis utilised in the development of proxy means tests in other countries.

**Information on how well these different eligibility and targeting criteria do in selecting beneficiaries is not available, so we cannot answer questions such as who is in the programme that should not be or what is the distributional incidence of programmes.** Stakeholders repeatedly raised concern about political interference in the selection of beneficiaries although not surprisingly this was not a concern among beneficiaries interviewed. The CPA includes a question on income derived from Public Assistance, which will provide some information on programme incidence. Questions about participation in other social safety net programmes were not included in the CPA. A special survey would be required to generate information on targeting outcomes of these programmes.

**Errors of exclusion (who is not in the programme who should be) are significant and a large share of the target groups for key programmes remains uncovered.** As discussed above, student assistance schemes reach about 10% of students who are poor. Public Assistance reaches about 25% of the elderly with another 25% covered by pensions. With respect to errors of exclusion, analysis of the parish distribution of beneficiaries and of poverty suggests that errors of exclusion are even more pronounced in some parishes, with St. Patricks and St. Andrews particularly underserved (Figures 16). The special survey mentioned above would also be useful to generate information about the degree to which programmes actually reach their intended target group, as opposed to potential coverage discussed in this report.



Source: Compiled by Author

**Multiple targeting mechanisms are administratively costly.** MOSD social workers, MOEHR School Attendance Officers, MOEHR Transportation Allowance Coordinators and school officials are involved in targeting. The medical social worker at the General Hospital reports that she devotes 50% of her time to selecting beneficiaries for fee waivers. Housing Officers and Agriculture Extension Officers also devote considerable time to beneficiary selection. It should be remembered that these efforts go to selecting essentially the same households for these different programmes.

## Benefits Provided

**Benefit levels differ between different programmes.** Public Assistance provides a cash benefit equal to \$200 per month or 41% of the poverty line, while Necessitous Fund benefits for primary and secondary students are equal to EC\$100 per month or 21% of the poverty line.

**Public Assistance benefits are somewhat higher than similar programmes in other countries, while Necessitous fund benefits are broadly comparable.** In a study of 55 cash transfer programmes from 27 middle-income countries (49 programmes from 22 ECA countries and 6 CCT programmes from LAC), the median value of benefits as a share of the consumption of recipient households<sup>49</sup> is 13% for family allowances, 15% for means-tested and proxy-means-tested programmes from ECA region, 9% for conditional cash transfer programmes, and 20% for social pensions.<sup>50</sup>

**Public Assistance benefits have more than kept pace with inflation since 2001; however, the real value of the Necessitous Fund benefits for primary and secondary students (who represent the vast majority of beneficiaries) has only just been maintained** (Table 5). More information on the out-of-pocket costs of education (including examination fees, textbooks, uniforms, transportation and opportunity costs of participation) and the average value of all education subsidies is needed to determine the degree to which future increases should be more heavily weighted in favour of benefits to households with children.

**Table 5: Monthly Public Assistance and Necessitous Fund Benefit, 2001 - 2009**

	2001	2009	Per cent Increase 2001 - 2009
Public Assistance (ECD \$ Current)	100	200	100
Public Assistance (ECD \$ Constant)	100	154	54
Necessitous Fund, Pre-School (ECD \$ Current)	50	80	60
Necessitous Fund, Pre-School (ECD \$ Constant)	50	61	23
Necessitous Fund, Primary (ECD \$ Current)	75	100	33
Necessitous Fund, Primary (ECD \$ Constant)	75	77	2
Necessitous Fund, Community College (ECD \$ Current)	100	200	100
Necessitous Fund, Community College (ECD \$ Constant)	100	154	54

Source: Author's calculations

<sup>49</sup> This is a slightly different measure than the percentage of the poverty line reported above; however, consumption among the poor was not available. Still, the poverty and indigence lines provide a proxy for household consumption among the poor and indigent.

<sup>50</sup> Margaret Grosh et al (2009) The Design and Implementation of Effective Safety Nets: For Protection and Promotion, World Bank, Washington, D.C.

## **Implementing Arrangements**

**The MOSD, through its Social Service Division, implements the Public Assistance Programmes, short-term benefits programmes, child welfare services, day care and gender affairs.** Prior to 2009, the Division also implemented the Necessitous Fund.

**The Student Services Unit in the MOEHR implements the student grant programmes.** That unit also provides guidance counseling and other education support services, including attendance monitoring. Attendance Officers have been assigned responsibility for targeting and monitoring of the Necessitous Fund. The Transportation Allowance programme (formerly in the Prime Ministers Ministry) was also transferred to the MOEHR in 2008. Transportation Coordinators are responsible for targeting and monitoring of the Transportation Allowance.

**In an effort to rationalise provision of social safety net programmes, responsibility for implementation of the Necessitous Fund and Transportation Allowance were transferred to the MOEHR in 2009; however, the transfer raises a number of concerns.** Firstly, the Necessitous Fund is intended to serve children of all ages, including children not yet of school age. By transferring the programme to the MOEHR, the Ministry is being asked to design and implement a programme for young children who are not part of its clientele. Secondly, responsibility for targeting beneficiaries is now vested in the MOEHR Attendance Officers who are not trained to assess need. In addition, MOEHR's personnel distribute cash benefits to clients in St. Georges. These additional duties interfere with their ability to carry out their education functions and mean that both the MOSD and MOEHR are now required to devote scarce staff resources to paying clients. Placement of the programme in the MOEHR makes it more difficult for staff of the MOSD to follow cases and to determine whether clients who were referred have been assessed and the outcome of the assessment. Thus far, there has been little coordination between the Necessitous Fund and Transportation Allowance programmes.

**Benefits for the different programmes are paid via different mechanisms and this increases administrative costs, makes accounting more difficult and increases opportunities for leakage.** Payment mechanisms are labour intensive. In St. Georges, payment of Public Assistance is made directly by MOSD staff and payment of Necessitous Fund is made directly by MOEHR staff. In Carriacou and Petite Martinique payment is made at Post Offices. Payment is made three days per month, with no recourse to claim missed payments until the next payment period. The Treasury is often late in submitting reports on payments and uncollected benefits. This makes accounting difficult and increases opportunities for leakage. Not knowing whether a beneficiary fails to collect their benefit reduces the ability of social workers to provide appropriate case management. Necessitous Fund beneficiaries can receive payment through the Treasury. In other cases, the benefit is given to the school for disbursement to the student. Principals disburse the Transportation Allowance directly to parents or to students, with some principals disbursing weekly and others daily. Record keeping is inconsistent between schools.

**Implementation of the Debushing programme is through the Projects Unit of the MOW.** Work is contracted out, with contractors responsible for selecting and deploying workers. There are no documented guidelines for selection or evaluation of contractors. Supervision is shared by contractors and Road Maintenance Officers, who also supervise road repair and maintenance projects in the MOW. Stakeholders raised concerns about the quality of work performed, lack of required tools, and reported concerns about workers paid to do no productive work. There are no documented criteria for selection or assignment of workers and some workers work 18 weeks per year while others receive no work.

Selection of the work crews is done by a forewoman/man selected by the Road Maintenance Officer, Debushing Officer, and the Special Assistant to the Member of Parliament.

### **Monitoring and Evaluation**

**Sound monitoring mechanisms are absent; therefore, it is not possible to accurately assess whether the right of children and women to social protection is being fulfilled.** Information and monitoring systems are manual. Programme officials in all of the programmes reviewed had difficulty accessing the most basic programme information, such as the number of programme beneficiaries and could not provide information about the age, gender, or ethnicity of beneficiaries. The lack of computerisation increases the time required for simple administrative tasks and reduces the ability of government to monitor and evaluate programmes. There are no internal controls on the reliability of data. With reference to specific programmes:

- The MOSD cannot provide information on the number of beneficiaries assisted in any one year. While it can provide information on the number of beneficiaries during any given month; it cannot produce disaggregated data on age or gender of beneficiaries. The MOSD does not record and monitor rejected applications; it is impossible to tell who has been rejected and for what reasons.
- The MOEHR maintains paper records on numbers of students served by various student support programmes, but generating basic information on the number of students served by the different programmes required several days. Gender and age disaggregated data were not available. The MOSD does not record and monitor rejected applications so it is impossible to tell who has been rejected and for what reasons.
- The MOEHR does not have complete information on the number of students participating in the school feeding programme or the numbers receiving free meals. Procurement and financial record information is maintained in logs, except for the manual entering of financial data into an excel spreadsheet. Record keeping at the school level is varied, with each school establishing its own record keeping system and schools not systematically submitting required reporting forms to the MOEHR. Documentation submitted is not systematically compiled for monitoring purposes.
- The MOW maintains paper records of applicants and persons employed and compilation of aggregate statistics is a challenge at best. The MOW is developing an electronic database of workers and applicants.

**There is no evidence of any systematic compilation and dissemination of summary operating statistics or assessment of performance against these statistics and there are no impact evaluations of programmes.** This is true for all safety net programmes and means that it is virtually no information for planning and no basis on which to assess and improve service delivery. Government undertook a process evaluation of safety net programmes in 2009, upon which some system reorganisation occurred. However, this did not give sufficient attention to requirements for systemic change in the safety net system, including capacity building needs.

### **Accountability and Control**

**Policy and procedures are not fully documented.** Programmes do not have operations manuals and in their absence implementation arrangements are open to the discretion of ministry officers and school officials. Criteria for eligibility are stated in general terms. Procedures for creating case files, case

management, record keeping, recording information about rejected applicants, or reporting changes in household composition or welfare are not clearly established and documented. For example there are no documented criteria for selection of contractors for the Debushing Programme. Procedures and record keeping varies between Outreach Centres where workers apply. Similarly, procedures for selection of beneficiaries and delivery of benefits and record keeping for student support schemes vary by school. Procedures for allocation and recording of free school lunches and reporting for school feeding funds are not clearly outlined.

**Programmes lack formal appeals mechanisms.** The only appeals mechanism identified for programmes was the possibility for applicants or beneficiaries to appeal or complain to the Permanent Secretary of the relevant Ministry. However, this is not an independent appeals mechanism and also lacks requirements for systematisation and objectivity. Government does have recourse to the legal system if fraud is detected.

**Financial auditing is carried out by the Audit Department, which is constitutionally mandated to audit public programmes; however, not all programmes are audited annually.** This audit also includes checks on the reliability of client information and the payment processes. Although not all programmes are audited annually, the Director of Audit has flagged Public Assistance, student transportation, burial assistance, and the water initiative for annual audits because of the perceived need to enhance accountability for these programmes. Audit reports are not available; however, the Director of Audit noted that systems to enhance accountability and control of safety net programmes would be welcome. Process audits, which identify implementation constraints and possible solutions, also help to promote accountability and control (Annex x).

### III.D. Safety Net Legislation

**Grenada has signed international commitments that mandate provision of social safety nets, including the CRC, CEDAW and UDHR; however, Grenada is not living up to its commitments.** Government will need to decide whether a legal framework is required to ensure these guarantees. Grenada provides social insurance through legislative mandate (the National Insurance Act), but does not have a legislative framework for the delivery of social assistance. There is legislation to protect vulnerable groups, including the Maintenance Act of Grenada, the Child Abuse Protection Act, the Adoption Act, and the Domestic Violence Regulations; however, except in the cases of the Child Abuse Protection Act which requires the State to provide social care in cases of abuse, abandonment or neglect, legislation does not mandate provision of social assistance.

**Legislation will not in and of itself address the issues identified above.** There are countries with social assistance legislation and countries without, and good and not-so good social assistance programmes can be found in both sets of countries. Also, enactment of legislation can take years. The reforms proposed in this report cannot wait for legislation to be enacted. While Grenada examines the relevance of social assistance legislation to the Grenadian context, it should begin to tackle its social safety net agenda.

### III.E. Conclusions

Grenada implements numerous social assistance programmes, which could potentially address critical risks. However, as discussed in this chapter, programmes suffer from a number of constraints. The following chapter provides an analysis of social assistance programming.

## IV. Analysis

### IV.A. Overview

**Grenada has a number of social assistance programmes that serve, or could serve, a risk management function; however, there is considerable scope for strengthening Grenada’s social safety net.** At the same time, Grenada faces significant challenges to providing an effective social safety net. Challenges are as follows:

- **The government of Grenada does not yet have a clearly articulated social protection strategy.** The social safety net is comprised of a set of uncoordinated programmes with no clear articulation of safety net priorities and no clear guidelines for fiscal prioritisation of programmes. This is reflected in the budget process in which new programmes or increases in existing benefits are announced, but without any clear coherence or synergies between programmes.
- **The social safety net does not adequately protect children, single parents (who are predominantly women) or the working age poor (whether they have children or not).** Very few vulnerable children benefit from assistance programmes. The working age poor without children are not eligible for cash transfer programmes and access to income via a public works programme is a concern, particularly for women. Addition of the indigent poor as an eligible category under Public Assistance will help; however, even so, the benefit is typically granted to one (or at most two) members of a household and is not adequate to maintain a family. Similarly, the Necessitous Fund provides benefits to only one or two children in a household, which raises concerns about the wellbeing of other children in the household.
- **There are gender differences in access and eligibility to safety net programmes and as a result, the safety net does not adequately protect women.** For example, there is a link between an informal labour market background and the lack of pension coverage that results in lower pension coverage for women. In addition, among women who are covered, the weekly benefit is typically lower than for men. The absence of targeted support to single mothers who have the burden of care for children and are not receiving child support payments leaves single mothers and their children vulnerable. Public employment under the Public Work Programme is not always located near the worker’s residence and crèche facilities are not available so women with young children may not be able to participate.
- **The safety net does not incorporate the basic principles of effective risk management and this means that it does not adequately respond to vulnerability.** Requirements for effective risk management include:<sup>51</sup>
  - Transparency in design and implementation

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<sup>51</sup> Alain De Janvry et al (2006) Uninsured Risk and Asset Protection: Can Conditional Cash Transfer Programmes Serve as Safety Nets, World Bank, Washington, DC.

- Explicit and public objectives, eligibility criteria, rules of operation
  - Stringent reporting and budgeting
  - Periodic evaluation
  - Mechanisms for accountability and conflict resolution
  - Safeguards to prevent moral hazard and dependency
  - Quick response time and timely benefit disbursements
- **State financial intervention does not sufficiently enhance equity for all.** Coverage and level of cash benefits are inconsistent between major programmes. The Public Assistance Programme serves a greater number of persons than targeted student assistance programmes, despite the fact that there are more children than senior citizens in Grenada. In addition, the Public Assistance benefit is equal to 41% of the adult equivalent poverty line compared to 21% for the Necessitous Fund. Moreover, the budgetary allocation for children is significantly less than for the elderly, despite the fact that there are more children than elderly in Grenada. Similarly, opportunities for income from a public works programme are not evenly distributed and, as a result, many needy households do not benefit.

Moreover, Government provides a sizeable and increasing subsidy for school meals. Primary students (who represent the vast majority of programme beneficiaries) pay \$1.00 or about 20% of actual costs. The fee for primary students has not been increased since at least 2001. This means that the contribution by students has declined in real terms by 20% since 2001. This represents a significant subsidy for non-poor students. Increasing the cost of meals in tandem with ensuring free meals for poor students would enhance social equity. Reducing general subsidies and refraining from ad hoc duty waivers (which tend to benefit the wealthy more than the poor) and reallocation of these resources to targeted programmes should also be considered.

- **The social safety net could benefit from rationalisation of programmes.** There is considerable overlap in existing programmes and beneficiary groups. The number of programmes increases administrative costs and means that scarce resources are spread so thinly that programmes do not have adequate resources to accomplish their objectives. It also means that clients can access services at multiple entry points and thus increases possibility for abuse. On the other hand, multiple application requirements can increase the stigma and discourage needy persons from applying. There is no efficient mechanism to ascertain whether households are in receipt of benefits from more than one programme. Institutional capacity to implement social safety net programmes is limited. At the same time, the large number of programmes, each with its own administrative systems and procedures, strains an already overburdened public sector.
- **Safety net implementation is subject to political interference and this makes it even more difficult to serve the poor.** Analysis of fiscal trends indicates that safety net expenditures increased significantly during the 2008 election year. In one parish, 16 households benefited from the House Repair Programme in 2007 in contrast to 158 households in 2008. Social workers reported that they were instructed to add names to the Public Assistance rolls.
- **Accountability and control mechanisms are weak.** Information systems are essentially non-existent. Accounting systems for key programmes need to be upgraded. Grenada does not implement programme based budgeting and as a result, it is virtually impossible to determine what programmes really cost. The Director of Audit audits selected safety net programmes

annually, including Public Assistance, student transportation programme, burial assistance and water initiative. However, the multiplicity of payment mechanisms and lack of automated financial management systems, make it virtually impossible to maintain adequate controls over the system. Policies and procedures are not documented and as a result programme implementation is subject to discretion. Social safety net programmes are open to political interference in large part because they lack the above accountability and control mechanisms.

- **Grenada safety net is not sustainable given the heavy reliance on external funding.** About 66% of the safety net is financed with donor support. This leaves social protection programmes subject to the vagaries of donor funding, including interruptions in resource flows and/or changing priorities of donors and cessation of funding.

#### IV.B. Matching Programmes to Vulnerabilities

As discussed in Chapter II, Grenadians are vulnerable to a number of covariate and idiosyncratic risks that affect their welfare. How well do Grenada’s existing social assistance programmes address these risks? Risks, programmes and requirements to address gaps are summarised in Table 6. It should be noted that the risk and vulnerability analysis also highlights other risks related to nutrition, chronic diseases, teenage pregnancy, drug abuse, HIV/AIDS and violence. These are not included as social assistance priorities in this Assessment, as they are best addressed through prevention programmes in the Ministries of Health and Education, through the Gender Affairs Department and not through social assistance programming.

**Table 6: Risks, Programmes and Requirements to Address Gaps in Social Assistance**

Age Group	Risk Indicator	Existing Programmes	Requirements to Address Gaps
Infants & Young Children	Poverty Low birth weight Malnutrition & micronutrient deficiencies Incomplete immunisation Not participating in early childhood development & day care programmes	Necessitous Fund Day Care Programme Roving Caregivers	Ensure access to income support for poor parents of infants & young children, particularly single headed households Increase access to early childhood development & day-care programmes for poor and malnourished
School Age Children	Poverty Irregular school attendance Early school leaving Lower academic performance among boys	Necessitous Fund Transportation Allowance School Feeding Programme Children's Allowance (CPM) Scholarship Programme Children's Homes	Consolidate cash transfer programmes Improve targeting of cash & in-kind programmes Modernise distribution mechanisms for cash benefits Ensure access to free school meal for poor students

Age Group	Risk Indicator	Existing Programmes	Requirements to Address Gaps
Adolescents & Youth	Poverty Low levels of human capital development Unemployment & underemployment Early & multiple pregnancies HIV/AIDS Crime, violence & drug abuse	Necessitous Fund Transportation Allowance School Feeding Programme Children's Allowance (CPM) Scholarship Programme Grenada Youth Upliftment Programme Skills for Inclusive Growth Small Business Development Programme Programme for Adolescent Mothers NEWLO St. Patrick's Training Centre Fee waivers for medical care Off-island medical care Richmond Institutions	Consolidate cash transfer programmes Improve targeting of cash & in-kind programmes Modernise distribution mechanisms for cash benefits Increase access to active labour market programmes, including second chance education & training
Working Age Adults	Poverty, unemployment and underemployment, disability & disease, domestic violence	Road Maintenance & Bushing Programme Disaster Fund Emergency Assistance Burial Assistance Food Security Programme Food Basket Programme Small Business Development Programme Adult Education Fee waivers for medical care Off-island medical care Richmond Institutions Shelter's For Victims of Abuse	Provide cash transfers to working poor, including single headed households Increase access to public works programmes Improve targeting of cash transfer & in-kind programmes Increase access to emergency shelter for victims of abuse
Elderly	Poverty Loss of income, disease, disability	Public Assistance Fee waivers for medical care Off-island medical care Richmond Institutions Free pharmaceuticals Burial Assistance Homes for the elderly Multiple projects for the Elderly	Improve targeting of Public Assistance Programme & increase coverage among elderly poor Modernise distribution mechanisms for cash benefits Increase access to free pharmaceuticals
Risks Not Related to Age	Disability  Substandard Housing	Public Assistance Fee waivers for medical care Off-island medical care Multiple Projects for the Disabled  House Repair Programme Assistance With Water Initiative	Ensure access to Public Assistance for disabled poor Ensure access to fee waivers for medical care & pharmaceuticals Increase access to active labour market programmes for disabled  Improve targeting of House Repair Programme

**The review of Grenada's social assistance programmes indicates that the country has a plethora of social assistance programmes, which if reconfigured could address critical risks faced by the population.** Although the elements of an appropriate safety net are present, there is a need to strengthen and rationalise existing programmes to ensure that they better address priority risks. For some key programmes, particularly student support schemes, coverage of target groups remain low and efforts to expand programme coverage are necessary. Given limited fiscal space, however, meeting this and other challenges will require a reallocation of budget toward areas with relatively high returns and

away from areas with relatively low returns. For example, investments to help children stay in school have higher economic and social returns than investments in housing repairs, particularly when distribution of housing repair benefits is politically motivated. Increasing the coverage and levels of benefits for students so that they are more aligned with the coverage and benefit levels of Public Assistance and expanding Public Assistance coverage for the adult poor, including the working poor and single parent households, could also have significant economic and social benefits for children (and, by extension, their mothers).

**Multiple transient initiatives have resulted in a shifting social protection landscape.** To move to more efficient and effective social protection Grenada will need to articulate a social protection strategy that specifies objectives, priority programmes with fiscal allocations that match these priorities, implementation arrangements, accountability and control mechanisms, and monitoring and evaluation plans. This strategy will need to explore options to promote more sustainable financing for social assistance programmes. Adherence to the adopted strategy will be required.

#### **IV.C. The Safety Net In Emergency Situations**

**The safety is not flexible enough to respond efficiently in emergency situations (either financial crises or natural disasters).** Forty-six per cent of households reported difficulty providing food during the year after Hurricane Ivan.<sup>52</sup> The only programme well positioned to address emergency situations is the National Insurance Scheme; however, NIS is a social insurance and not a social assistance programme. NIS moved rapidly to provide unemployment insurance following Hurricane Ivan. While this was effective for formal sector workers, it did not reach most informal sector workers or those already unemployed.

**The Government implements a number of small emergency specific assistance schemes, including burial assistance, disaster fund and emergency assistance that respond to idiosyncratic shocks but these programmes (which served a total of only about 120 households in 2008) are not well positioned to respond to covariate shocks.** In many ways these programmes are an effort on the part of Government to make up for failures of the insurance market. While these programmes can serve that function for a small number of households, staff resources and labour intensive procedures would make it difficult to scale these programmes up quickly. Moreover, there is always a waiting list of eligible persons for Public Assistance, which means the programme does not even address non-crisis demand. Short-term employment programmes could serve a rapid response function for households that are not labour constrained; however, the existing Road Maintenance/Debushing Programme would need to be completely reconfigured or a new short-term employment programme introduced to adequately address risks in emergency situations.

**Critical requirements for an effective emergency response are that programmes are timely, targeted and temporary.** This means that programmes need to come on stream (or be expanded) rapidly after the disaster or as the crisis is emerging and that they maintain a pro-poor focus. Emergency responses must also be temporary. This could be accomplished through the introduction or expansion of a short-term employment programme and/or provision of a temporary cash support, possibly through a one-off increase in an existing cash benefit. It would be important that the public be well informed about the

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<sup>52</sup> TANGO International, Overview of Food/Nutrition Security and Natural Disaster Risk Analysis in Eight Caribbean Countries: Regional Summary, WFP/ UNICEF, 2006

objectives of the emergency response, the eligibility requirements, and the temporary nature of the benefit.

#### **IV.D. Conclusions**

**Grenada will need to boldly move to address the constraints in the social safety net and political commitment to reform will be required.** However, the reported level of political interference in safety net programmes suggests that many politicians have vested interest in maintaining the status quo. The present administration came into office with a promise to reform the social safety net. Some efforts in this direction have already been taken, including the audit of some safety net programmes and the current effort to recertify Public Assistance beneficiaries. These initiatives are an important first step, however, as this chapter highlights, there is considerable work left to be done.

### **V. Recommendations**

**The analysis of risks and vulnerabilities presented in Chapter II suggests that Grenada's social assistance strategy should focus on reducing vulnerability via a mix of interventions.** These interventions should address poverty, promote human capital development among children and young adults, provide short-term employment in the face of unemployment, provide income security among the elderly, and address the needs of particularly vulnerable groups. This chapter identifies strategies to achieve these objectives.

#### **Safety Net Programming**

- Consolidate and strengthen public cash-transfer programmes, with a focus on making the unified cash transfer programme more child and gender sensitive, promoting human capital development among children, keeping adolescents in school, and facilitating the welfare-to-work transition among beneficiaries
- Reformulate public works programming to increase access among the poor, particularly single mothers
- Increase the pro-poor focus of the School Feeding Programme
- Expand access to services among vulnerable infants and young children
- Promote the school-to-work transition among adolescents and youth

#### **Cross Cutting Issues**

- Articulate a Social Protection Strategy
- Introduce an objective and transparent targeting mechanism
- Establish a Central Beneficiary Registry
- Enhance accountability and control for social assistance programmes
- Develop capacity for monitoring and evaluation
- Establish emergency response capacity
- Develop implementation capacity

#### **Consolidate and Strengthen Public Cash Transfer Programmes**

**Grenada would benefit from merging cash transfer programmes into one unified cash transfer programme and making this cash transfer more child and gender sensitive by increasing coverage of children and adolescents, including children of the working poor and children of single-mothers.** Eligibility should be based on objective and transparent assessment of poverty status (no matter the age or gender of the head of household) and not on categories of eligibility (e.g., elderly, disabled, orphans). Moving all student support programmes to the MOEHR was an attempt in this direction; however, the MOEHR is not well positioned to administer cash transfer programmes. Moreover, as discussed above, moving the Necessitous Fund to the MOEHR may have increased system fragmentation rather than reducing it. Government would need to consider carefully the most appropriate implementation arrangements for a unified cash transfer programme. Options for housing the cash grant unit are identified in Table 7.

Table 7: Options for Placement of a Cash Transfer Unit

Agency	Pros	Cons
MOSD	Has experience in administering cash grants Has in-house social work capacity which could support provision of the cash grant	Administrative systems weak
MOEHR	Has experience in administering cash grants Has relatively strong administrative systems	Mandate does not include young children or adults Addition of a cash grant unit could divert resources away from education mandate
A New Statutory Body	Administratively independent Potentially removed from political influence Ability to pay higher salaries and attract more capable staff	Potentially lengthy process required to establish new statutory body

**The unified cash transfer should promote human capital development among children and adults.** Larger benefits to adolescents than to younger children and a lump sum benefit upon graduation could help to keep adolescents enrolled in school. Conditioning benefits on clinic, school, or training for adult household members, could also promote human capital development. A Conditional Cash Transfer (CCT) provides cash payments to poor households that meet certain behavioural requirements, generally related to children’s health care and education. Currently over 30 developing countries implement some form of a conditional cash transfer programmes. Evidence from these programmes highlights the fact that well designed and implemented CCT programmes can have a wide range of good outcomes, e.g. efficient targeting, increased food consumption and improved school enrolment.<sup>53</sup> At the same time, non-conditional grants can have positive outcomes on child health and education.<sup>54</sup> Extensive stakeholder (including beneficiary) consultations would be needed to make the decision on whether conditioning is appropriate for Grenada.

<sup>53</sup> Ariel Fiszbein and Norbert Schady (2009) Conditional Cash Transfers: Reducing Present and Future Poverty, World Bank, Washington, DC.

<sup>54</sup> For a review of cash transfers, see Lorraine Blank and Sudhanshu (2008) Social Protection In Eastern and Southern Africa: A Framework and Strategy for UNICEF, UNICEF, Nairobi.

**To implement the cash transfer programme, Grenada should consider establishing a cash grant unit.** Based on international experience, the unit should be staffed by a core group of staff, including:

- A Cash Transfer Manager
- An Operations Manager
- A Senior Accountant plus 1-2 accounting clerks
- An MIS Manager plus 1-2 data entry clerks
- An Monitoring Officer
- Cash Grant Officers (number to be determined based on decisions about whether or not to condition benefits)

Existing staff, particularly Transportation Coordinators in the MOEHR could be redeployed to the Cash Transfer Unit. Other staff positions would likely be new posts, although some redeployment of existing staff from MOSD (e.g., the Social Safety Net Officer) or MOEHR may be possible.

**The unified cash transfer should adopt an efficient mechanism to deliver the benefit to households.** Delivery mechanisms could include *inter alia* banks, automated teller cards, post offices, the Treasury, remittance companies, via cell-phone, or in cash by security firms. The best way to achieve an efficient and accountable delivery mechanism in Grenada would be to contract the service out, with selection of the agency to pay based on the quality and cost of proposals to be submitted by public and private entities, with continuation of the contract based on quality of performance and adherence to clearly specified accounting and reporting requirements.

**It should be noted that many countries that provide cash benefits have found that mothers are more likely than fathers to spend the benefit on the child and, households with children give the benefit to the mother.** This helps to address concerns that benefits will be misspent. Mexico, Columbia and Jamaica are some of the countries that have adopted this approach.

**To facilitate the transition from welfare-to-work social assistance beneficiaries need to be linked to training, job search assistance, business development and/or microfinance services.** Opportunities to incorporate these linkages into a unified cash transfer programme should be explored. There are a number of ways that this could occur. Several countries in the region, including St. Lucia, Jamaica, and Trinidad and Tobago, implement programmes based on the Chilean Puento programme (Annex 3). This approach provides psychosocial support to help clients achieve established objectives. Another model, which is less labour intensive, provides counseling, support, training, and access to micro-credit and job search assistance to existing welfare beneficiaries. This model is used in many OECD countries and, in the Caribbean, is being piloted in Jamaica. Given scarce fiscal and human resources in Grenada, the second approach is probably more appropriate for Grenada.

### **Reformulate Public Works Programmes**

**Public works programmes can play an important role in providing income support to workers experiencing temporary and chronic unemployment or underemployment; however, the existing public works programme needs to be reconfigured to enhance transparency, efficiency and access (particularly among single mothers).** An improved public works programme would pay the prevailing wage for unskilled labour and provide a minimum amount of work to all applicants with an expanded

menu of works to include conservations projects, light infrastructure; and service provision. The public works programmes should facilitate participation by women by locating works programmes closer to communities and through provision of crèche facilities. India's Guaranteed Rural Employment Scheme, which guarantees a minimum amount of work each year, is a model that could be discussed for Grenada (Box 3).

### **Box 3: The National Rural Employment Guarantee Act in India**

Implemented by the Ministry of Rural Development, the National Rural Employment Guarantee Act (NREGA) of 2006 is the flagship safety net programme of the Government. NREGA provides a statutory guarantee of wage employment. The Act aims at enhancing livelihood security of households in rural areas of the country by providing at least 100 days of guaranteed wage employment each year to every household whose adult members volunteer to do unskilled manual work. The primary objective of the Act is augmenting wage employment. Its auxiliary objective is strengthening natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and so encourage sustainable development. The process outcomes include strengthening grassroots processes of democracy and infusing transparency and accountability in governance.

With its rights-based framework and demand driven approach, NREGA marks a paradigm shift from the previous wage programmes. Unique features include time bound employment guarantee and wage payment within 15 days, an incentive structure to State Governments for providing employment (as 90 per cent of the cost for employment is borne by Central Government while payment of unemployment allowance is borne by the State Government) and emphasis on labour intensive works prohibiting the use of contractors and machinery. The Act also mandates 33 per cent participation for women.

The enhanced wage earnings have lead to strengthening of the livelihood resource base of the rural poor in India. In 2007-2008, more than 68% of funds utilised were in the form of wages paid to the labourers. In 2008-2009, 73% of the funds went to payment of wages.

**With these changes, the MOW would no longer be the most appropriate agency to implement a revised public works programme.** Alternate administrative arrangements would be required. The BNTF could be an appropriate home; however, the limited capacity of BNTF and its project focus and geographical targeting could limit its ability to provide short-term employment on a regular basis throughout Grenada. If a statutory agency is established to implement the unified cash transfer programme, that agency could also incorporate a unit responsible for implementing a public works programme.

### **Increase the Pro-Poor Focus and Monitoring of the School Feeding Programme**

The Government of Grenada should:

- Establish clear policies for expanded provision of free meals
- Establish clear procedures for allocation of the fee waivers, including transparent and non-stigmatising targeting procedures
- Monitor implementation of the policy and procedures
- Implement an automated information system at central level and systematised record keeping at the school levels
- Examine increasing the contribution from students expected to pay to promote sustainability of the programme, which is now heavily dependent on external financing

## **Expand Provision of Services to Vulnerable Infants and Young Children**

Low-birth weight and malnourished children are at particular risk of deficits in cognitive development. There is considerable international evidence that low birth weight and malnourished children, and children from poor households where parents are not aware of the cognitive development needs of their young children benefit from targeted early intervention programmes. One model of provision is the Roving Caregivers Programme; however, the reach and sustainability of this programme is a concern. Another model relies on the provision of services by primary care nurses. Stakeholders will need to consider how best to reach vulnerable infants and young children in all parts of Grenada.

## **Promote the School-To-Work Transition Among At Risk Adolescents and Youth**

**Grenada has embarked on a number of new labour market initiatives targeted to adolescents and youth; however, it will be important to ensure that these programmes make special efforts to include vulnerable adolescents and youth, particularly young men and single mothers with low human capital and limited life skills.** The OECS Skills for Inclusive Growth incorporates a model that has had some successes in LAC, particularly for women and adolescents. Opportunities to support participation among vulnerable adolescents and youth should be explored. Grenada plans to complete a youth diagnostic. This diagnostic should provide information on how to promote more inclusive participation of vulnerable adolescents and youth. Grenada may need technical assistance to ensure the quality of the diagnostic.

## **Cross Cutting Issues**

### **Articulate a Social Safety Net Strategy**

**Grenada needs a social protection strategy, including a strategy to address safety net gaps. The current plethora of programmes does not come together as a coherent system.** The social protection strategy, which would also address social insurance needs, would identify priority target groups and programmes and a clear road map for system rationalisation, improved service delivery, fiscal sustainability and accountability, and monitoring. Decisions on the need for safety net legislation should be addressed in the context of developing a safety net strategy.

**A first step towards the strategy would be to establish an Inter-Ministerial Committee.** Sector wide planning for safety nets is needed since safety nets do not have a 'home' in one single ministry. An Inter-Ministerial Committee will oversee the preparation and implementation of the Social Safety Net Reform Strategy. The Inter-Ministerial Committee would consult with NGOs and civil society, which are stakeholders in social safety nets and which have a role in implementing social safety net programmes.

### **Introduce an Objective and Transparent Targeting Mechanism**

**Existing targeting systems absorb considerable staff resources and beneficiary selection is subject to political influence.** A unified beneficiary identification system for all social assistance programmes would increase the efficiency, effectiveness and transparency of targeting. A unified system would streamline the application process and would apply objective criteria, screening instruments and procedures for approval.

**A proxy means test offers an alternative to the measurement of need in countries, such as Grenada, where income data is unreliable.** Proxy means tests use the data from household surveys to construct a scoring formula and a cut-off point for eligibility. Households that receive a score below the cut-off point are eligible for benefits; households that receive a score above the cut-off point are not eligible. In Grenada, a proxy means test could be constructed from the data generated by Country Poverty Assessment.

**Proxy means tests are objective and easy to administer.** An added feature of proxy means test is their flexibility. Cut-off points can be varied for different programmes. For example, the cut off point for a cash grant targeted to the indigent might be lower than the cut-off point for access to fee waivers for medical care. In addition, because they are easy to administer, proxy means tests can be scaled up and down quickly in response to macroeconomic volatility. However, in order for this to be possible, it will be necessary for analytic work regarding the formula for measuring need in the face of covariate shocks to be undertaken prior to a shock. It should be noted that most of the programmes using a proxy means test still require an interviewer or social worker to visit the household to fill out the proxy-means testing form and to verify the household conditions as reported on the application form.

**Natural disasters and financial crisis may be accompanied by significant income and resource shifts and this means that social safety nets also need to help households that become poor as a result of the disaster.** Targeting mechanisms need to capture the dynamics of poverty during the crisis so as not to miss important segments of society in need of assistance, such as the new poor. Targeting near poor households that are exposed to uninsured risks makes sense for a number of reasons. Poor households and non-poor households have equal risk exposure. While the vulnerable non-poor are more likely than poor households to use ex-ante risk management instruments such as savings, they cannot fully protect themselves against risk. In the case of Nicaragua, two thirds of both non-poor and poor households used children to cope with shocks, including increased child labour and taking children out of school.<sup>55</sup>

### **Establish a Central Beneficiary Registry**

**A central beneficiary registry would provide important monitoring and planning information and could help to reduce system abuse.** Grenada implements a range of targeted programmes, including cash grants, free school meals, public works, fee waivers, free pharmaceuticals, housing repair grants and loans, and provision of low-cost housing. Typically, programme managers do not know which beneficiaries are participating in the different programmes. The Central Beneficiary Registry could also maintain information on beneficiaries of civil society assistance programmes; e.g., student support programmes.

### **Enhance Accountability and Control**

**Accountability and control mechanisms for all programmes need to be upgraded.** Automated information systems, including beneficiary and accounting systems, are required for key programmes. Formal appeals mechanisms should be established. Enhanced monitoring (through programme level data and through regular survey data) and periodic external evaluations are critical. Safety net programmes have been vulnerable to political interference, in large part because of inadequate

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<sup>55</sup> Alain De Janvry et al (2006) Uninsured Risk and Asset Protection: Can Conditional Cash Transfer Programmes Serve as Safety Nets, World Bank, Washington, DC.

accountability and control. Enforcing accountability and control in tandem with an objective and transparent targeting mechanism should be given priority.

**Threats to the integrity of a safety net programme can occur during targeting, determination of eligibility, registration, and/or payment of benefits.** Accountability and control are essential to maintaining the integrity of any programme. A system of multiple accountability and control mechanisms should be instituted, including the following accountability and control mechanisms:

1. A modern and efficient management information system (see below)
2. Documented policies and procedures to be followed by all stakeholders
3. Establishment of Appeals and Complaints Committees and clear and formal publicised procedures for submitting and responding to appeals and complaints about issues such as eligibility, problems with receipt of benefits, poor service, and/or corrupt operation of the programme
4. Process audits
5. Annual financial audits of all social safety net programmes
6. Recourse to the legal system if fraud is detected, with legal or other sanctions for guilty parties
7. Regular impact evaluations by independent evaluators

**Another strategy to increase accountability and control would be to streamline and modernise delivery of cash transfer payments.** Currently programmes use different mechanisms, including direct payment of cash by programme staff, payment through the Treasury Department, payment through Post Offices and payment by school principals. Multiple payment mechanisms make it difficult to account for payments to beneficiaries and to know when beneficiaries have not collected their benefit. International experience has taught us that the more intermediaries involved in the distribution of cash, the more opportunities there are for leakage of programme funds. Therefore, this report recommends that Grenada adopt one mechanism for distribution of cash benefits with the selection based on competitive bidding.

### **Develop Capacity for Monitoring and Evaluation**

**Programmes lack information systems and there appears to be little emphasis on monitoring basic statistics, such as number and characteristics of beneficiaries, amounts disbursed, etc.** The minimum requirements (modules) for a management information system for key programmes that would support monitoring of performance in relation to established programme targets and objectives would be as follows:

1. Application module
2. Enrolment module
3. Payment and reconciliation module (to include information on payments delivered and dates of delivery, un-collected benefits and reconciliation of the two)
4. Appeals and complaints module
5. Recertification of eligibility module
6. Change of household status module
7. Administration module, including programme budget and cash flows
8. Report generation module

A monitoring plan for each programme would include the monitoring of the following indicators:

1. Coverage of the target group
2. Benefits provided
3. Administrative costs and costs of benefits delivered
4. Programme outcomes; e.g., school enrolment and attendance, clinic attendance and vaccination coverage, employment and earnings outcomes for participants in active labour market programmes.

**Labour force and poverty surveys are implemented at infrequent intervals and this limits the ability to effectively plan for and monitor programmes and outcomes.** This data is needed on a regular basis. Capacity building in the Department of Statistics will be required for more regular implementation of labour force and poverty monitoring surveys.

**Recommendations for more efficient and effective budgeting include the following:**

- Enhance fiscal accountability and monitoring capacity through introduction of programme budgeting for social assistance programmes. Changing to programme based budgeting for safety net programmes would mean that expenditures, including expenditures by object code, could be easily tracked over time and evaluated with respect to programme inputs and outcomes.
- Enhance fiscal sustainability of safety net programmes by reclassifying ongoing safety net programmes now in the capital budget to the recurrent budget, particularly student support schemes and school feeding. This will require identification of recurrent resources.
- Reduce general subsidies and redirect resources to targeted social safety net programmes.

**Enhance Emergency Response Capacity**

Financial crisis and natural disasters disrupt employment and income which results in increased difficulties in meeting basic needs. In the absence of mitigating measures (insurance) or coping measures (social assistance), income, employment, and asset losses can all translate into reductions in consumption that affect child nutritional levels and investments in education and healthcare and that could have long term consequences for human capital development among children. A core set of programmes, with emphasis on short-term employment and temporary cash assistance to labour constrained households and that can be scaled up quickly are required.

**Develop Implementation Capacity**

**Implementation capacity for safety net programmes is weak.** Priority needs to be given to defining the core resources and capacities needed to address the requirements and constraints identified above. A plan for capacity building, including identification of institutional functions and responsibilities and financing arrangements will be needed.

**Conclusion**

The reforms recommended in this report will require considerable commitment and resolve from Government. The momentum created by campaign promises to reform the safety net and the urgency of the current crisis suggest that the time is ripe for systemic change. Hopefully, the fallout from the global financial crisis in conjunction with election promises will provide the momentum for reform. At the same time, interventions could be beneficial in the short-run and could help to alleviate the burden of the crisis.

## **Annexes**

## Annex 1: Detailed Expenditure Data

Programme Expenditure by Category, Current EC\$						
	2004	2005	2006	2007	2008	2009
RECURRENT	Actual Prov.	Estimates				
Education and Human Resource						
School Feeding/1			39,348	39,348	43,414	149,376
Sub-Total			39,348	39,348	43,414	149,376
Health						
Public Assistance	121,233	136,595	265,593	250,654	128,007	300,000
Sub-Total	121,233	136,595	265,593	250,654	128,007	300,000
Social Services, Ecclesiastic Affairs and Labour						
001 Administration	887,055	713,847	825,154	947,364	1,192,896	1,519,730
032 Social Development	91,143	118,535	140,754	145,104	163,803	1,272,000
071 Social Services	6,315,154	2,048,770	2,072,227	3,086,896	4,040,594	16,725,285
Burial Assistance		5,800	151,012	197,573	176,289	
Disaster/Fire Fund		15,000	22,500	22,500	25,500	
Emergency Assistance		-	-	-	9,449	
Necessitous Fund		357,863	923,188	1,507,744	1,951,707	
Public Assistance		3,882,600	5,998,140	7,266,239	9,337,650	
072 Gender & Family Affairs	634,832	594,207	675,438	617,269	843,951	793,650
Public Assistance (C'Cou)	453,078	461,487	540,130	634,280	743,890	1,000
Sub-Total	8,381,262	8,198,111	11,348,544	14,424,968	18,485,729	20,311,665
Youth, Sports and Culture						
017 Youth, Sports, Culture & Community Dev.	154,634	159,212	163,991	144,717	180,169	455,716
Sub-Total	154,634	159,212	163,991	144,717	180,169	455,716
RECURRENT Total	8,657,129	8,493,918	11,817,475	14,859,687	18,837,319	21,216,757
CAPITAL						
Agriculture, Fisheries and Forestry						
Food Security Programme	120,350	414,749	170,268	54,143	180,891	1,000,000
Food Security Programme (C'cou)	73,397	330,615	140,000	149,908	189,954	200,000
Sub-Total	193,747	745,364	310,268	204,051	370,845	1,200,000
Education and Human Resource						
Adult Literacy Programme	-		-	77,627	99,752	100,000
Human Resources Development Programme	512,111	718,217	303,260	498,600	689,091	1,000,000
Needy Students Assistance Programme	800,000	250,000	500,000	859,220	-	-
Scholarship Programme	-	-	-	-	2,450,000	1,250,000
School Feeding Programme	1,536,542	2,505,487	2,016,966	4,309,290	2,912,962	2,500,000
Skills for Inclusive Growth	-	-	-	18,324	134,984	550,000
Skills Training and Development	-	100,000	90,297	-	-	-
Sub-Total	2,848,653	3,573,704	2,910,523	5,763,061	6,286,789	5,400,000
Health						
Drugs for the Needy	-	110,000	-	12,545	-	-
Free Medical for the Elderly Programme	62,049	-	-	-	-	-
Medical Assistance for the Elderly & Necessitous	-	-	-	50,000	1,177	150,000
Richmond Hill Institutions	35,305	205,580	-	24,754	26,886	75,000
Sub-Total	97,354	315,580	-	87,299	28,063	225,000
Housing, Lands and Community Development						
House Repair Programme	1,100,000	-	-	1,000,000	12,000,000	-
Sub-Total	1,100,000	-	-	1,000,000	12,000,000	-
Planning, Economic Development, Foreign Trade						
Contribution to Small Enterprise Development Unit (SEDU)	400,000	400,000	400,000	299,997	233,331	400,000
Poverty Reduction & Capacity Building among Women in Grenada	-	-	-	-	-	87,000
Poverty Reduction Strategy	45,049		10,000			239,000

		-	-	-	-	-
Sub-Total	445,049	400,000	410,000	299,997	233,331	726,000
Social Services, Ecclesiastic Affairs and Labour						
Child Protection, Institutional Strengthening	-	-	-	-	-	50,000
Establishment of Day Care Centres/Services	-	-	-	-	49,632	70,000
Establishment of Day Care Centres/Services (St. David, La Borie)	16,783	1,948	1,226	81,556	-	-
La Borie Day Care Centre	-	-	-	-	104,013	150,000
Purchase of Equipment (Day Care equipment etc) (C'cou)	-	-	-	-	42,888	10,000
Father Maligan Home for Boys	-	-	-	150,000	-	-
Govt. Secondary School Transportation Programme	-	-	-	-	621,034	-
Half Way House (C'cou)	-	50,000	-	-	-	-
Half Way House (Phase II)	-	-	-	225,000	200,692	150,000
Multiple Project & Training of Young Offenders	-	-	-	-	600	45,000
Multiple Project for the Elderly	-	-	-	-	240,291	650,000
Multiple Projects for Disabled Persons	34,436	5,673	5,750	64,395	26,821	50,000
Multipurpose Centre for the Disabled (Phase II)	-	-	-	-	-	500,000
Renovation of Homes for the Aged	-	-	-	150,000	-	750,000
Restoring Livelihoods Projects	-	-	-	-	-	300,000
Roving CareGivers	-	-	-	-	-	202,600
Skills Training Projects (C'cou)	9,834	-	-	-	-	-
Skills Training & General Education Projects (C'cou)	-	-	15,900	2,900	-	15,000
Small Economic Support Services (Food Basket Prog.)	-	-	-	-	1,119,860	2,000,000
Special Projects Programme	1,500,000	2,000,000	3,000,000	2,930,000	5,160,000	-
Training of Young Offenders & Handicapped	-	709	-	-	-	-
Sub-Total	1,561,053	2,058,330	3,022,876	3,603,851	7,565,831	4,942,600
Women, Gender, Family Affairs						
Multiple Projects and General Education (Gender Affairs)	264	26,541	8,241	26,600	-	-
3 R's Programme (Gender Affairs)	80,000	-	-	-	-	-
3R's Literacy Programme (C'cou)	4,890	-	-	-	-	-
Domestic Violence & Gender Equity (Gender Affairs)	-	-	875	4,275	16,251	50,000
Domestic Violence & Gender Equity Programme (C'cou)	-	-	3,325	1,000	80	5,000
Domestic Workers Enhancement Programme (C'cou)	-	-	4,728	1,363	-	-
Multiple Projects and General Education (Gender Affairs)	-	-	-	-	11,800	30,000
Small Economic Programmes (Gender Affairs)	-	-	-	-	-	-
Sub-Total	85,154	26,541	17,169	33,238	28,131	85,000
Works, Physical Planning, Public Utilities and Environment						
BNTF Phases IV/V	428,051	294,791	418,407	2,428,728	1,787,816	1,150,000
Debushing (Maintenance)	-	-	-	-	-	2,500,000
Road Improvement & Maintenance Programme/2	-	-	-	-	-	-
Sub-Total	428,051	294,791	418,407	2,428,728	1,787,816	3,650,000
Youth, Sports and Culture						
National Youth Service, Training and Employment Programme	2,393,891	1,477,057	2,024,028	6,638,395	8,481,816	-
Training and Employment Programme (C'cou)	-	-	-	-	94,010	140,000
Youth Employment and Training Programme (C'cou)	72,539	130,463	103,728	88,060	-	-
Youth Upliftment Programmes	-	-	-	-	-	4,000,000
Sub-Total	2,466,430	1,607,520	2,127,756	6,726,455	8,575,826	4,140,000
CAPITAL Total	9,225,491	9,021,830	9,216,999	20,146,680	36,876,632	20,368,600
Total Social Assistance	17,882,620	17,515,748	21,034,474	35,006,367	55,713,951	41,585,357

## **Annex 2: The Puente Programme**

The Chile Puente (Bridge) programme is a government initiative to build a link between the extreme poor and their social, economic and cultural rights. The programme is targeted to the poorest 5 per cent of the population and provides a cash benefit, for only two years, as a way of attracting families into the social safety net. Once they have entered the programme, they are then guided towards a wide range of other benefits (such as housing and child benefits) and supporting services (such as training and labour market inclusion programmes) that can potentially help them to escape from social and economic exclusion. Clients are referred to relevant social services with preferential access and counseling is provided on how to attain a set of minimum standards for their family members. The programme establishes a framework of co-responsibility with the family based on an agreed action plan to lift the household out of extreme poverty. Compliance with this customised plan then becomes the household's condition for continuing to receive the programme's support.

Social professions work with each family for 24 months, bring them psychosocial support to improve their living conditions, measured by 53 quality of life standards in 7 dimensions: (i) personal identification; (ii) health; (iii) education; (iv) family dynamics; (v) housing conditions; (vi) employment; (vii) income. Families plan how they will achieve the 53 Puente's standards and establish compromises with the professional identifying the family's efforts needed. A family has moved out its condition of extreme poverty when it has reached all of the 53 minimum quality of life standards. Seventy per cent of participating families achieve the 53 quality of live standards.

In the Caribbean, St. Lucia, Jamaica, and Trinidad and Tobago are implementing Puente programmes.

### **Annex 3: Process Auditing**

Process auditing would address, among others, the following questions:

1. Are eligibility criteria being adhered to
2. Are the right beneficiaries receiving the right benefit
3. Does the MIS produce timely and reliable reports and are there procedures to ensure integrity of the MIS
4. Is there efficiency of programme processes, including targeting, enrolment, payment
5. Are communities satisfied with the process of selecting beneficiaries in terms of the accuracy and perceptions of fairness of targeting
6. Is there an effective and efficient appeals and complaints mechanism and do beneficiaries understand how to use it
7. Do beneficiaries and non-beneficiaries of a programme understand the programme, its objectives, and how it is operated
8. With respect to cash transfers, are beneficiaries and communities satisfied with the process of disbursement the cash
9. Are there security issues arising from payment process
10. Is there ongoing monitoring of security issues and, if necessary, has the programme been adapted to address these security concerns

Process auditing should be undertaken by an independent third party, either an independent contractor or by the Audit Department. The methodology to be used in this process is based on random sampling of beneficiary households, random sampling of communities and focus group interviews within those communities, and interviews with programme staff, community councils and other relevant stakeholders.