



**Budget, Fiscal Space and Child Well-being Analysis
for Children in St. Lucia
Cabinet Presentation - Nov 14, 2016**



Presentation Outline

- *Background*
- *Methodology*
- *Scope Limitations*
- *Findings*
- *Recommendations*



Background

- *Govt of St. Lucia partnership with UNICEF on investment in children from 2012*
- *Study undertaken by consultants from the University of Maastricht, Netherlands;*
- *Three-part investigation:*
 - *Mapping of Child Well-being*
 - *Budget Analysis for Investments in Children:*
 - *Fiscal Space Analysis for Social Protection Floor*
- *Completed and discussed with MOF and social agencies in Oct 2015;*
- *Final Reports now ready for public distribution*

Methodology

○1. *Mapping of Child Well-being*

- *Based on Multiple Indicator Cluster Survey (MICS₄), 2012;*
- *Uses multi-dimensional index across various indicators*
- *Indicators are child rights for children 0-17 years*
- *5 dimensions: material well-being (housing, water and sanitation), health and nutrition, education, child protection and access to information;*
- *Overall well-being: composite of dimensions and indicators*

Methodology

○2. *Budget Analysis*

○ *Analysis of ministry budgets in Health, Education, Child Protection and Social Protection:*

○ *Five-year period, 2009/10 to 2013/14*

○ *Allocative and operational efficiency and effectiveness of spending;*

○ *Benefit incidence*

○ *Key performance indicators (benchmarks)*

Methodology

○3. *Fiscal Space Analysis*

- *Utilizing a macroeconomic and fiscal projection up to 2024/25 to determine whether there is scope to fund a basic package of social protection*
- *Two scenarios:*
 - *Status quo (passive scenario)*
 - *Social Protection Platform (active scenario)*

Scope Limitations

○ *Child Well-being data issues:*

○ *MICS₄ (2012) based on last Country Poverty Assessment (CPA) for St. Lucia, 2005/06 (now 10 years old)*

○ *Absence of data on income/consumption does not allow for monetary indicator of well-being*

○ *Absence of data on employment status and social benefits limits comparisons across socio-economic groups*

○ *Rural/urban survey design not representative at the district level*

Scope Limitations

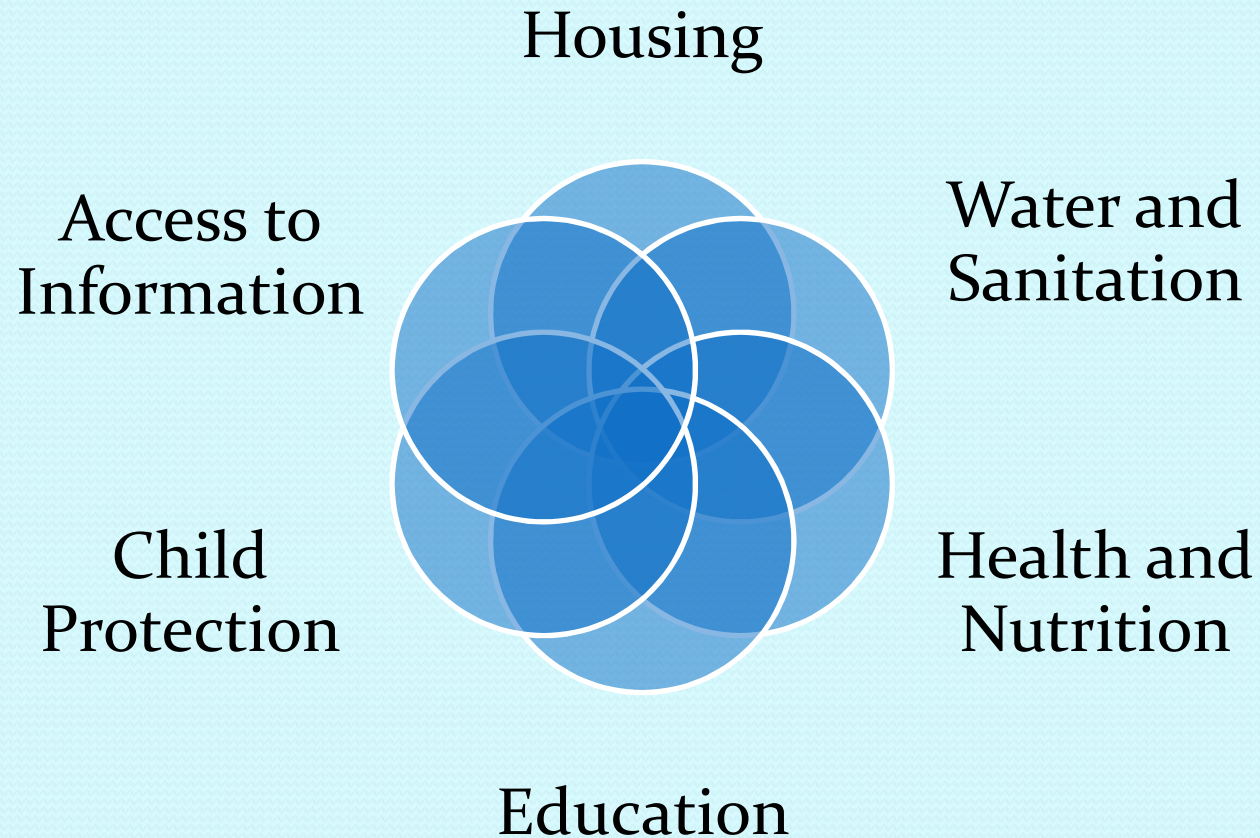
- *Budget Analysis data issues:*

- *Unavailability and quality*

- *Limited time series of 5 years (Actuals 09/10 - 11/12, Revised 12/13 & Approved 13/14)*

- *Results ministry-specific rather than sector- or issue-specific*

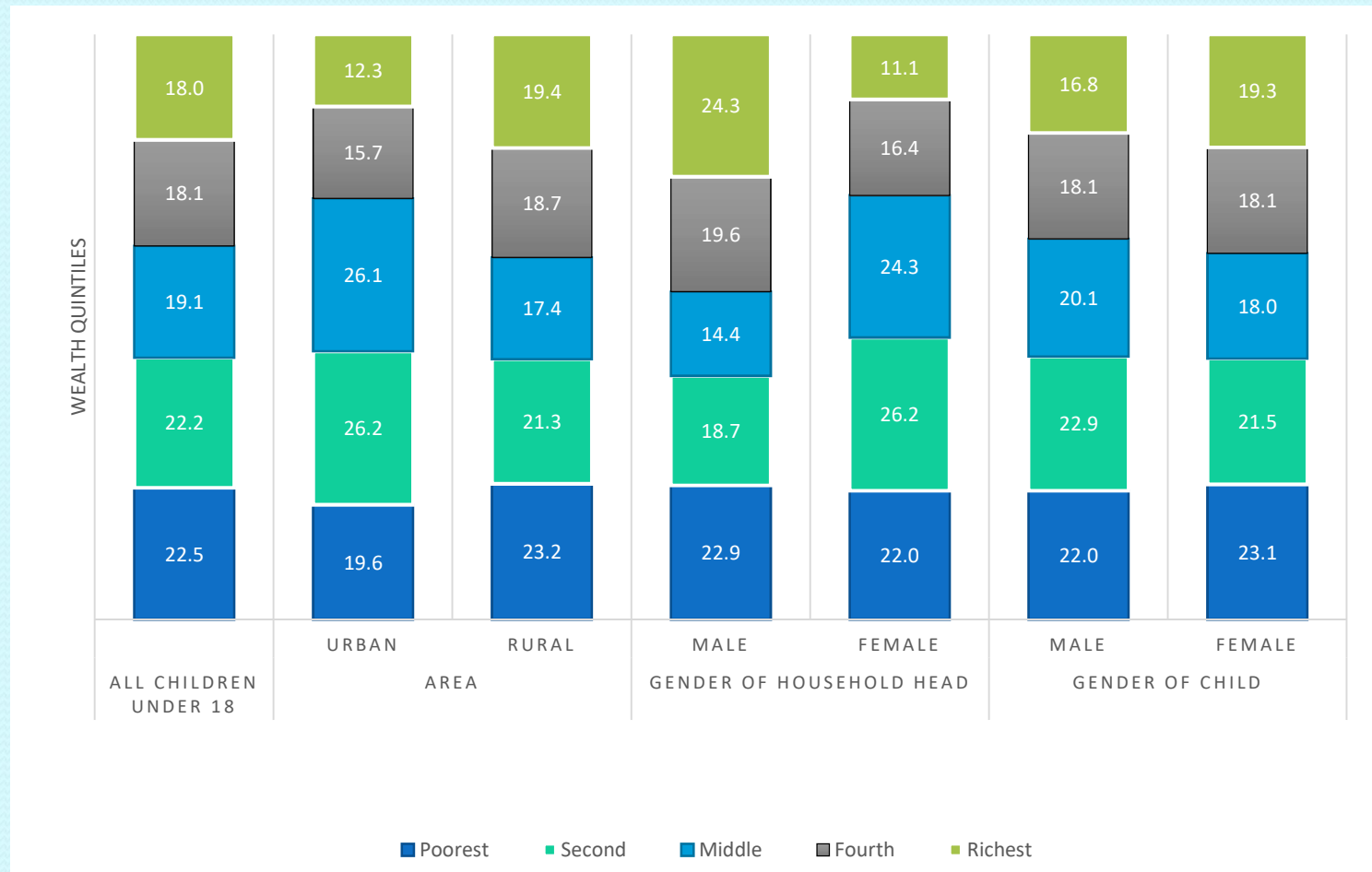
Child Well-being Dimensions



Child Well-being - Poverty

Children make up a substantial proportion of those who are in the poorest wealth quintile with 22.5%.

Figure 2 1: Distribution of children among wealth quintiles, as a percentage



Child Well-being – Child Protection

○ *Findings:*

- *The child protection domain reveals rather low well-being rates for children in Saint Lucia.*
- *For younger children, 0-4 and 5-11 years old, the child protection well-being rates is worst off at 46.4 per cent and 49.7 per cent respectively compared to the rate of 17 years old at 71.6 per cent.*
- *About 1 in 5 children lives with adults who favour severe methods of punishment*
- *Birth registration rates among children under the age of 5 years are 88.7 per cent.*

Child Well-being – Housing, water and sanitation

○ *Findings:*

- *Well-being rate in this domain is low considering the development state of Saint Lucia where about 36 per cent of children do not live in proper dwellings.*
- *30 per cent did not have access to hygienic toilet or drinking water.*
- *Children living in female-headed households tend to be worse-off than those living in households with a male head, with well-being rates of 61.3 per cent and 66.4 per cent respectively*
- *Majority of households on the island do not own means of transportation, public transport crucial for mobility.*

Overall Child Well-Being Rates

Table 7 1: Overall well-being rates, by age group, as a percentage of all children in the age group

Overall well-being rates	Number of observations in the sample	Gender of household head		Gender of child		Number of children in the household			Total
		M	F	M	F	1	2	3 or more	
Child well-being rate, all children 0-17	1338	81.2	68.7	68	62.7	77.8	69	** 56.1	66.1

- *2 out of 3 children on the island are relatively well-off in the overall child well-being*
- *Improvements in domain of child protection, sanitation facilities, could improve the rate.*
- *Children part of big families and living with single adult are comparably worse off.*
- *Children make up a substantial proportion of those who are in the poorest wealth quintile with 22.5%. Child Poverty is a concern that requires attention and resources to address.*

Budget Analysis - Education

○ *Findings:*

- *Under-investment in Early Childhood Development (average of only 1.2% of MOE budget)*
- *Salaries crowding out other expenditures (represent 66% of MOE budget)*
- *Gender disparities: females are 25% more likely to proceed to post secondary education.*

Budget Analysis - Child Protection

- *Findings:*
- *1.2% of government revenues allocated to child protection in 2013/2014 (0.3 % of GDP)*
- *Spread of programmes for child protection across ministries*
- *No clear budgetary allocation for child protection programs*
- *Lack of clarity over child protection objectives and coordination at the national level.*

Budget Analysis - Health

○ *Findings:*

- *Spending on general government health expenditure (GGHE) in 2012 was 4.7% of GDP (higher than 7 regional counterparts);*
- *Each year the budget was exceeded (5.9% in 2008/09; 2.4% on average per year) ;*
- *Actual medical expenses amounted to 36.7% while 63.3% went to administrative expenses (salaries 32.6%);*
- *High levels of out-of pocket spending (in 2012, 44% of Total Health Expenditure (THE))*

Budget Analysis - Social Protection

○ Findings:

- *4 main types, strewn among different ministries and implementing agencies;*
- *Low overall spending on cash transfers and other services as well as insufficient clarity and focus in their objectives;*
- *Active Labour Market Programs (ALMPs) represent a major share of government expenditure (almost 60%)*
- *Additionally, there are too many ALMPs and too many administering agencies.*

Fiscal Space Analysis

- *Findings:*

- *Status Quo (SQ) Scenario:*

- *Social budget will contract from 8.4 per cent of GDP in 2014/15 to 7.8 per cent a decade later.*
- *Even with reallocation between some of the existing programmes within the four clusters: health, child-related, working age and old age programme the SQ did not provide a solution for some major coverage gaps that exist in the areas of children (in particular, early childhood, child protection, also social assistance for children) and the elderly*

Fiscal Space Analysis

○ *Findings:*

- *Social Protection Floor (SPF) scenario:*
 - *Fiscal space by way of increase in public expenditure is close to non-existent.*
 - *In the longer run, after 2024/25, this situation might change but earlier attempts to increase spending will be punished relentlessly with an unsustainable debt/GDP ratio*
 - *Opportunities for new spending initiatives are extremely limited*

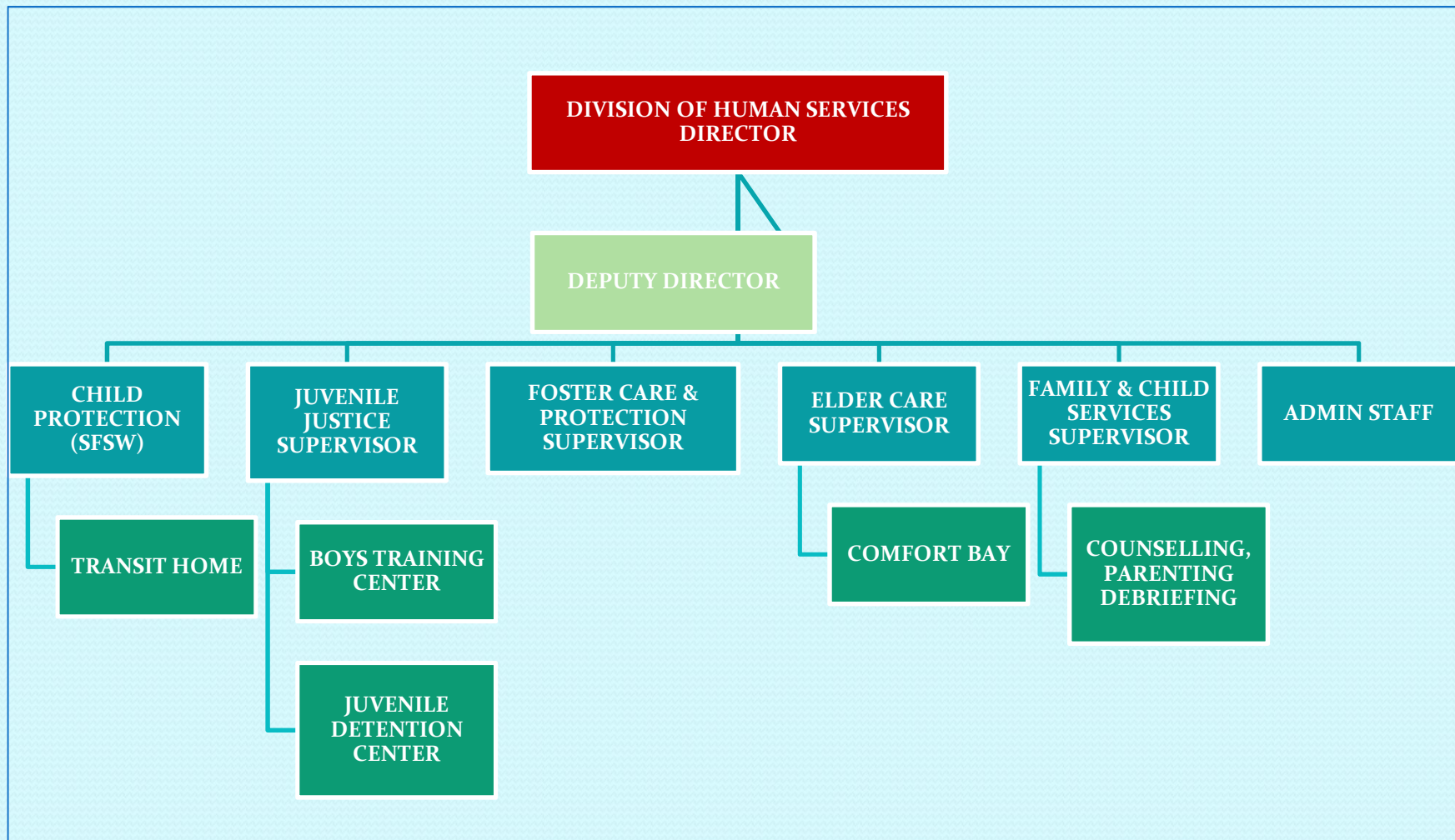
General Recommendations

- *Establish a national framework for child responsive budgeting to give priority to implementation of CRC provisions.*
- *Collect detail and comprehensive data to better demarcate expenditure*
- *Build capacity for better monitoring and evaluation;*
- *Improve coordination between and within ministries to reduce duplication and cost*
- *Build capacity in the public sector to improve governance structures and institutional responses*
- *Increase effectiveness and efficiency of spending through a reform in the design and implementation of current active programmes (e.g. labour market) to finance the costs of the expansion in the other clusters.*

Post-Script on Child Protection

- Recent Findings from draft OECS/UNICEF Assessment of Children Protection Systems (July 2016 Country Report for St. Lucia):

Proposed Restructured Division of Human Services





Thank You