

# Poverty & Equity Brief

October 2024

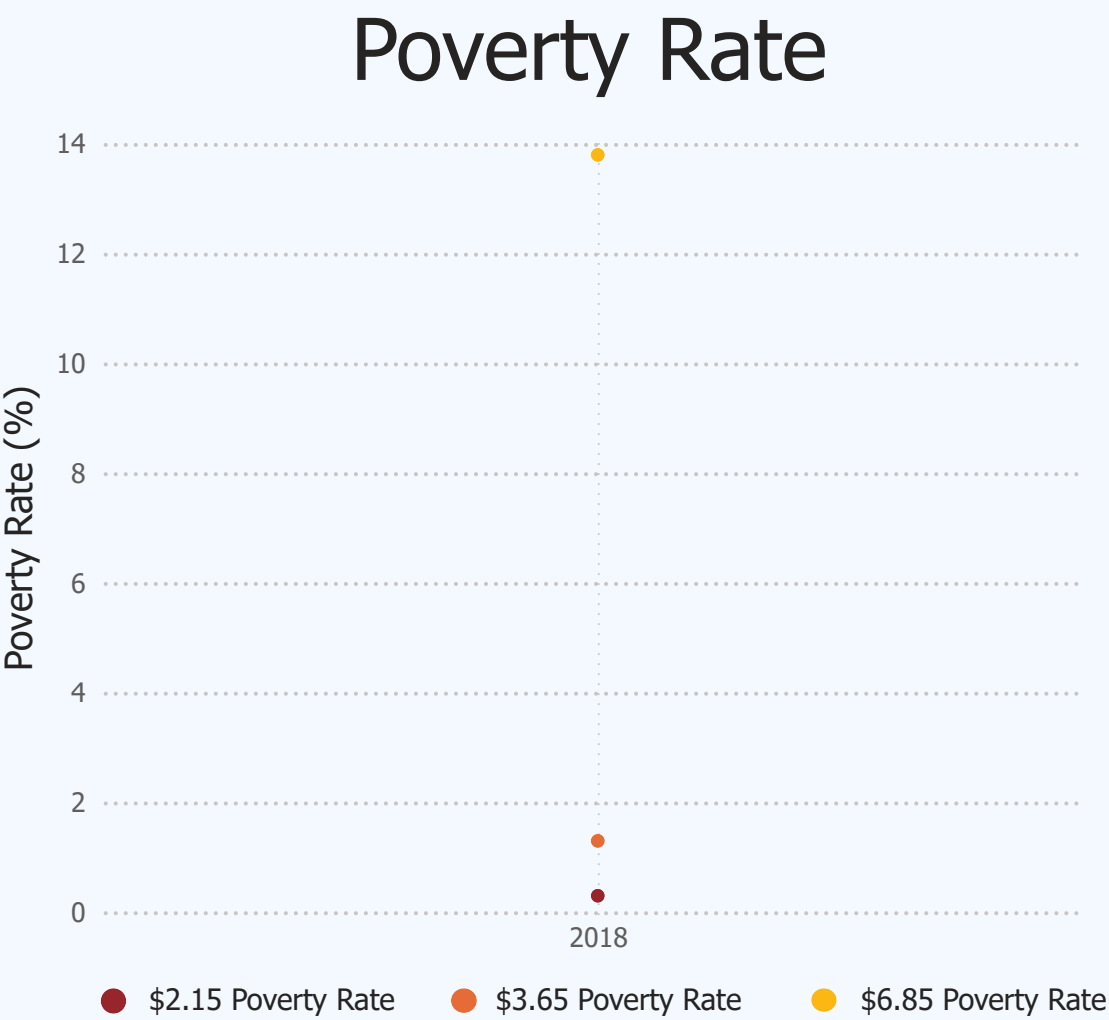
## GRENADA

Grenada outperformed its eastern Caribbean peers in economic terms before the COVID-19 pandemic, achieving an annualized GDP per capita growth rate of 4.4 percent between 2013 and 2018, while keeping public debt relatively low and reducing poverty. In 2018, 13.8 percent of Grenadians lived on less than US\$6.85 a day per capita (in 2017 PPP). Income inequality – measured by the Gini index – was estimated at 43.8 the same year. The pandemic led to a sharp economic contraction of 13.8 percent in 2020, resulting in widespread job and income losses and sizable negative impacts on household welfare. The unemployment rate increased substantially from 18.3 percent in 2019-Q4 to 30.6 in 2020-Q2, with women and youth hit the hardest. Based on the trajectory of Grenada’s GDP growth, poverty (US\$6.85 a day per capita in 2017 PPP) is estimated to have increased from 13.8 percent in 2018 to 17.9 percent in 2020.

Following the economic contraction caused by the COVID-19 pandemic, Grenada’s economy recovered and reversed losses in poverty reduction, supported by the dynamics of the tourism and construction sectors. Economic growth reached 6.2 percent in 2022 but slowed to 2.2 percent in 2023, while poverty (\$6.85 a day per capita in 2017 PPP) is estimated to have declined from 15.6 percent in 2022 to 13.9 percent in 2023, reaching pre-pandemic levels. Despite the devastation of Hurricane Beryl, estimated at 16.5 percent of 2023 GDP, growth is projected at 3.2 percent in 2024. Poverty (US\$6.85 a day per capita in 2017 PPP) is projected to stay around 14.0 percent. In the medium-term, as the economy recovers, poverty is expected to return to its downward trend, reaching around 12.0 percent in 2026.

Despite the country’s progress in reducing consumption-based poverty, vulnerabilities remain. The country is highly exposed and vulnerable to natural hazards, which are expected to increase in intensity and frequency with climate change. Grenada's economy relies heavily on tourism, a sector significantly affected by the global business cycle and natural disasters. Furthermore, women are over-represented in the tourism sector, which leaves many female workers vulnerable to shocks. Disparities in access to economic opportunities prevent further growth and limit poverty reduction prospects. Although the unemployment rate dropped from 12.0 percent in 2023-Q2 to 8.5 percent in 2024-Q1, it continues to be significantly higher among women (10.8 percent) and the youth (19.1 percent). Income inequality, measured by the Gini index, remains high compared to other Caribbean and upper-middle-income countries and lies above the World Bank’s threshold of 40 for high-inequality countries.

Complying with established fiscal rules, closing infrastructure gaps, building climate resilience, and implementing reforms to boost job creation and skill development for women and youth will be critical for Grenada to sustain inclusive growth and make progress on poverty and inequality reduction.



# Poverty at Different Lines

Poverty Line	Number of Poor (Thousands)	Rate (%)	Year
National Poverty Line	7.6	25.0	2018
International Poverty Line (\$2.15/day)	0.4	0.3	2018
Lower Middle Income Class Poverty Line (\$3.65/day)	1.6	1.3	2018
Upper Middle Income Class Poverty Line (\$6.85/day)	16.8	13.8	2018
Multidimensional Poverty Measure		0.7	2018

## Group and Multidimensional Poverty

Poverty by Group	Poverty Rate (%)	Multidimensional Poverty Components	(% of Pop.)
Urban population	9.1	Daily income less than US\$2.15 per person	N/A
Rural population	18.8	At least one school-aged child is not enrolled in school	N/A
Males	14.6	No adult has completed primary education	N/A
Females	12.9	No access to limited-standard drinking water	N/A
0 to 14 years old	22.6	No access to limited-standard sanitation	N/A
15 to 64 years old	12.8	No access to electricity	N/A
65 and older	N/A*		
Without education (16+)	N/A*		
Primary education (16+)	12.8		
Secondary education (16+)	12.4		
Tertiary/post-secondary education (16+)	N/A*		

**Note:**  
Data for the "Poverty by Group" table is derived from a 2018 survey and data for the "Multidimensional Poverty Components" table is derived from a 2018 survey. The rates in the "Poverty by Group" table above are shown at the \$6.85 upper-middle income line. "N/A" denotes a missing/removed value, while "N/A\*" refers to a value which was removed due to having fewer than 30 observations.

### Poverty Data & Methodology

To allow for maximum comparability across countries, the World Bank uses global poverty lines and harmonized welfare aggregates computed by adding up all household income sources or the monetary value of their consumption. In Grenada, the harmonization of the consumption-based welfare aggregate was done using data from the 2018/19 Survey of Income and Living Conditions and Household Budgets (SLCHB). The SLCHB is the primary source of official poverty and inequality figures in Grenada, and it provides critical information for monitoring progress on living conditions and poverty reduction and identifying poor and vulnerable populations. We compare Grenada's performance with other countries using the international poverty lines set at \$2.15, \$3.65, and \$6.85 a day, in 2017 PPP terms, per day per capita, even though these might differ from the official values. Official poverty estimates in Grenada are produced by the Central Statistics Office.

### Harmonization

The numbers presented in the brief are based on a regional data harmonization effort for Caribbean countries. This consumption harmonization project resulted in the CONLAC database. It constructed harmonized consumption-based welfare aggregates for Caribbean countries with available data to measure poverty (at international lines) and inequality. It currently includes five surveys covering four countries in the Caribbean. The harmonization followed the latest World Bank guidelines for consumption-based welfare measurement (Mancini and Vecchi, 2022).