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Poverty Estimates and Policy Issues

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A ny estimate of poverty requires two essential ingredients: a welfare measure used to rank households and a poverty line to distinguish between "poor" and "non-poor." The Bahamas Living Conditions Survey (BLCS) poverty assessment uses per-capita, household-consumption expenditure as its welfare measure.

WELFARE MEASURE AND POVERTY LINE

Theoretically, expenditure is a better measure of welfare than income because it directly measures the attained consumption of an individual or household. Conversely, income measures only potential consumption or welfare. Expenditure is also preferable from a practical perspective because households are more likely to understate income. Thus, income measurement may be problematic where unearned income, such as remittances, is significant. Finally, expenditures fluctuate less than income (i.e., savings during prosperous times and lack of savings or losses in difficult periods). For these reasons, consumption expenditure is the preferred approach to measuring welfare.

The poverty line used in this study is an absolute poverty line in that it represents the minimum amount of money necessary to purchase an adequate low-cost diet, with allowances for non-food needs.[1] Based on a minimum daily requirement of 2,400 kilocalories (kcal) for an adult, the least-cost food basket that delivers Bahamians a nutritionally adequate diet requires $2.64 per day. Including allowances for the purchase of non-food necessities, the total absolute poverty line is $7.84 per day.[2] This translates into an annual poverty line of $2,863 per person, slightly higher than the recent estimate of $2,752 for Barbados and significantly lower than the U.S. estimate of $4,525.

Since expenditures are collected at the household level, each individual is assigned the per-capita expenditure of the household in which

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[1] See Appendix for details on the procedure used to estimate the poverty line for The Bahamas.
[2] New Providence prices.

s/he lives (it is assumed that resources are equally distributed within the household). It is understood that overall well-being includes access to such basic needs as clean water, good health, quality education, and freedom of speech and movement. However, this chapter focuses on monetary welfare, which complements the analyses of non-monetary well-being detailed in other chapters of this report. Taken together, these chapters offer an overall picture of the state of living conditions in the country.

ESTIMATES AND INDICATORS

National and Regional Rates

The national poverty rate for The Bahamas overall is 9.3% (Table 2-1). The rate is one percentage point lower for New Providence and Grand Bahama, but significantly higher for the other three regions, with the highest rate (nearly 21%) found in Other Family Islands. However, as Table 2-1 shows, nearly 76% of all poor people live in New Providence and Grand Bahama, whilst less than 6% live in Other Family Islands. Thus, any serious effort to reduce poverty must focus heavily on the two major islands.

Poverty Gap, Gini Coefficient, and Population Characteristics

BLCS results show that both the poverty gap (PG)[3] and squared poverty gap (SPG)[4] are larger in the Other Family Islands and Exuma and Long Island (Table 2-1). For example, in the Other Family Islands, the PG is close to 6.4%, compared to 2.8% for the entire country; whilst the SPG is 3.0%, compared to 1.3% for the country as a whole. Hence, not only are poverty rates highest in the Other Family Islands; the poor in this region are poorer, on average, than the poor in other regions.

Using the concept of the PG, it is possible to estimate the mean gap or shortfall of a poor person from the poverty line—approximately $873 per year. By multiplying this average figure by the total number of poor, one can estimate the total amount required annually to lift all poor people up to the poverty line and thus out of poverty; this is $24 million. When similar calculations are performed using the food poverty line—commonly referred to as the "line of indigency"—the mean gap is $963 and the total gap is $475,000 per year (although only 1% of the population falls below this line).[5]

The *Gini coefficient*, a commonly used indicator of inequality, can range from 0 to 1, with higher values indicating greater inequality. The Gini coefficient for The Bahamas is estimated at 0.57, which is equal to that of Brazil (Table 2-1). However, the Brazilian Gini is based on income distribution, which tends to be more unequal because of savings and seasonality, whilst the Bahamian figure is based on expenditures. This implies that true inequality is likely to be significantly higher in The Bahamas and thus probably the highest in the Caribbean. Within the region, consumption-based inequality figures are available for Jamaica (0.35), Suriname (0.46), and Guyana (0.45). Even the income-based estimates for Barbados (0.38) and Trinidad & Tobago (0.40) are significantly lower than the consumption-based estimate for The Bahamas.[6]

Estimating Bahamian poverty using the indicators of gender, nationality, and age group reveals two key points (Table 2-1). First, the poverty rate amongst Haitian nationals is 25% higher than the national average; however, given the population distribution of the country, 83% of the poor are Bahamian whilst only 17% are Haitian. Second, poverty rates are higher amongst younger age groups; when this factor is combined with population distribution, one sees that slightly more than 50% of the Bahamian poor are children ages 14 and under. In addition, both the PG and SPG are higher amongst children, compared to other age groups and the national average.[7]

POVERTY PROFILE: HOUSEHOLD CHARACTERISTICS

Only 5.1% of Bahamian households are poor—less than the national poverty rate of 9.3% (Table 2-2). Because

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[3] *Poverty gap* is an indicator sensitive to the distance of the poor from the poverty line; a larger number indicates that the mean distance from the poverty line for the poor in that region is higher.

[4] *Squared poverty gap*, calculated using the square of the distance of the poor from the poverty line, gives more weight to observations that are farther away from the line. Thus, this indicator is distributionally sensitive, and tends to be larger when even a few observations are far from the poverty line (i.e., extremely poor).

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[5] See Appendix for the method used to calculate the food poverty line.

[6] It should be noted that the subregional inequality estimates for The Bahamas are significantly lower than the national estimate (around 0.39 each). This means that, within each region, welfare distribution is more equal; thus, the high overall Gini coefficient stems from large differences in welfare between regions.

[7] The policy implication is that poverty-reduction efforts should focus strongly on children and families with young children.

TABLE 2-1 National and Regional Poverty Indicators, by Population Characteristic (%)

Population characteristic	Poverty rate	Proportion of population	Distribution of poor	PG	SPG	Gini coefficient
All Bahamas	9.33	100.00	100.00	2.84	1.32	0.5745
Region						
1 (New Providence & Grand Bahama)	8.33	85.06	75.88	2.58	1.21	
2 (Abaco, Eleuthera, & Andros)	13.19	10.41	14.71	3.73	1.56	
3 (Exuma & Long Island)	16.64	2.05	3.76	5.00	2.55	
4 (Other Family Islands)	20.96	2.48	5.65	6.35	3.00	
Region 1						0.3859
Regions 2–4						0.3944
Gender						
Male	9.05	48.78	47.16	2.79	1.28	
Female	9.60	51.22	52.84	2.90	1.35	
Nationality						
Bahamian	8.67	88.99	82.55	2.56	1.20	
Haitian	24.90	6.16	16.98	8.89	3.87	
U.S., UK, or Canadian	1.69	2.17	0.37	0.10	0.01	
Other	0.35	2.68	0.10	0.09	0.03	
Age group (years)						
0–4	16.61	10.14	18.01	5.99	3.04	
5–14	13.90	21.47	31.85	4.32	1.97	
15–19	9.05	7.74	7.51	2.06	0.88	
20–34	9.01	24.60	23.87	2.85	1.37	
35–54	4.90	25.79	13.46	1.26	0.51	
55–64	3.48	5.27	1.98	0.96	0.34	
65 and older	6.26	5.00	3.33	1.59	0.61	

Note: The PG measures the average shortfall of those persons below the poverty line relative to the line; it is a measure of the depth of poverty. For example, the poor in Region 1 are closer to the poverty line (PG = .0259) than those in Region 4 (PG = 0.0635). The SPG is a similar measure, except that deviations from the poverty line are squared, which gives more weight to the poorest of the poor (i.e., those farthest from the poverty line).

poor households tend to be larger than non-poor ones, when household poverty is translated into individual poverty via family size, poor households receive more weight, thereby increasing the proportion of individuals that fall below the poverty line. As Table 2-2 demonstrates, poverty rates are above the national (household) average amongst female headed households (FHHs) (7%); homes in which the household head is in a common-law relationship (13%), widowed (8%), or a Haitian national (16%); households that have five or more residents; and households in which the head is age 65 or older (7%).

The degree of usefulness of these characteristics for designing interventions or selecting beneficiaries depends on how important each type of household is within the population.[8] For example, FHHs represent 38% of households in the country, and their subgroup poverty rate is 55%, higher than the national average. On the other hand, household heads in a common-law or divorced marital status are more likely to live in poverty; however, they represent less than 40% of all poor households because the proportion of these types of households is relatively small (Table 2-2). Therefore, targeting according to these last

[8] From an operational perspective, it is also important that targeting criteria be relatively easy to verify and not fungible by the household.

TABLE 2-2   Poverty Rates, by Household Characteristic (%)

Household characteristic	Poverty rate	Distribution of households	Distribution of poor	PG	SPG
All Bahamas	5.10	100.00	100.00	1.49	0.66
Gender of head					
Male	3.70	62.31	44.94	0.98	0.37
Female	7.37	37.69	55.06	2.32	1.12
Marital status of head					
Married	2.79	43.40	23.52	0.75	0.27
Common-law	13.31	8.49	22.83	3.95	1.72
Divorced/separated	2.79	14.09	7.73	0.68	0.30
Widowed	8.32	9.88	16.25	2.53	1.07
Never married	6.26	24.13	29.68	1.95	1.00
Nationality of head					
Bahamian	4.45	84.01	73.26	1.20	0.53
Haitian	16.02	8.09	26.09	5.70	2.50
U.S., UK, or Canadian	0.00	3.23	0.00	0.00	0.00
Other	0.72	4.67	0.65	0.18	0.06
Household size (no. members)					
1	1.09	20.03	4.29	0.27	0.11
2	2.05	19.25	7.97	0.69	0.31
3	2.87	16.21	9.10	0.99	0.41
4	1.81	17.18	5.93	0.50	0.20
5	7.05	12.95	17.68	1.87	0.76
6	13.67	6.07	16.40	2.89	0.98
7 or more	23.78	8.31	38.63	7.69	3.82
Age of head (years)					
20–34	5.44	22.14	23.91	2.18	1.18
35–44	5.44	29.96	31.50	1.28	0.48
45–54	4.65	23.90	21.68	1.31	0.57
55–64	3.28	12.75	8.17	0.93	0.32
65 and older	6.73	11.25	14.74	1.71	0.66

two criteria would not be an accurate method to select beneficiaries for poverty-alleviation programmes.

Although household size is one of the most accurate predictors of poverty—nearly 75% of all poor households have five or more members—it is difficult to verify. With regard to age of household head, poverty rates for households headed by those aged 20–54 are close to the national average; given the distribution of these households, they represent 75% of all poor households in the country.

If one observes the PG and SPG for each household subgroup, one sees that both are highest amongst the largest households (7 or more members), those in which the household head is a Haitian national, and those headed by widows and FHHs (Table 2-2). All of these groups have above-average poverty rates. The high PG and SPG statistics indicate that these households are the poorest of the poor.

Additional analyses of the relationship between demographic structure and household poverty highlight the precarious situation of FHHs with children, who comprise 23% of all Bahamian households and 45% of all poor ones (Tables 2-3 and 2-4). Households without

TABLE 2-3 Household-level Poverty Rates

Household level	Poverty rate	PG	SPG	Distribution of households	Distribution of poor
All households	5.10	0.0155	0.0071	100	100
Single-parent	9.36	0.0288	0.0139	25.97	47.87
Female-headed	10.01	0.0315	0.0155	22.57	44.69
Male-headed	4.89	0.0105	0.0027	3.39	3.18
Two-parent	5.14	0.0140	0.0055	36.98	36.71
No parent	2.10	0.0077	0.0039	37.05	15.41

children have a poverty rate of only 2.1%, compared to overall household poverty of 5.1%. For single-parent households, the poverty rate is 9.4%, significantly higher than that for two-parent households (5.1%). Finally, within single-parent households, FHHs have an even higher poverty rate (10%).

Both the age dependency and youth dependency ratios are significantly higher amongst FHHs than male headed households (MMHs), whilst the old-age dependency ratio is slightly higher amongst MHHs.[9] This indicates that FHHs have more young household members, and each prime-age, economically active resident in a FHH must support more dependants relative to MHHs. This is probably one reason why FHHs are poorer than MHHs. As Table 2-4 illustrates, dependency ratios by poverty status are higher amongst poor households relative to non-poor ones; the total age dependency ratio is highest amongst poor FHHs, where each prime-age adult lives with 1.8 non prime-age household residents. It should be noted, however, that the old-age dependency ratio is highest amongst poor MHHs. In The Bahamas, as in most countries, FHHs tend to be single heads whilst male heads tend to have a partner. This fact alone reduces the overall age dependency burden amongst MHHs; the higher old-age dependency ratio amongst MHHs indicates that older parents are more likely to move in with a partnered son or daughter rather than a single one.

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[9] *Age dependency ratio* is defined as the number of household members below age 15 and above age 64, divided by the number of members between ages 14 and 65. Youth and old-age dependency use only members ages 14 and under and 65 and over, respectively, in the numerator, and the same denominator as the age dependency ratio.

Amongst persons 15 years and older, 75% are employed, 4% are unemployed, and the remainder are outside the labour force (Table 2-5). Amongst the poor, however, the proportion of employed is significantly lower (58%), whilst the percentage of those unemployed (12%) and outside the labour force (30%) is significantly higher.[10] Moreover, amongst those employed, the type of

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[10] Additional analysis was conducted on the characteristics of the unemployed, by poverty status. Poor, unemployed people are more likely to be female (73%) and less likely to be household heads, compared to the non-poor. However, distribution of schooling amongst the poor and non-poor is remarkably similar; 70% of the unemployed have higher secondary education, although a greater percentage of the non-poor have completed some tertiary education (11% versus 5%). Because of the small sample sizes, the tables in this chapter do not present these results.

TABLE 2-4 Dependency Ratios, by Poverty Status

Dependency ratio	All households	MHHs	FHHs
All Bahamas			
Age	0.6244	0.5717	0.7116
Youth	0.5073	0.4441	0.6135
Old age	0.0773	0.0791	0.0741
Poor			
Age	1.4831	1.0998	1.7959
Youth	1.3727	0.9198	1.7205
Old age	0.1118	0.1539	0.0795
Non-poor			
Age	0.5703	0.5410	0.6199
Youth	0.4578	0.4241	0.5159
Old age	0.0730	0.0725	0.0740

TABLE 2-5 Economic Activity, by Poverty Status

Employment factor	Poor		Non-poor		All	
	%	N	%	N	%	N
Employment status (15 years and older)						
Employed	58.14	236	75.73	3,158	74.5	3,519
Unemployed	11.53	39	3.1	131	3.58	173
Outside labour force	30.34	142	21.17	1,023	21.92	1,215
Primary employer (15 years and older)						
Government/Government corporation	15.73	41	20.62	584	20.50	647
Private enterprise	58.1	109	53.25	1,353	53.35	1,501
Private individual	15.2	49	8.83	320	9.24	384
Own account	10.97	39	17.3	606	16.91	667
Ratio of non-working to working household members (10 years and older)						
All households	0.8805	129	0.4687	1,700	0.5068	1,881
MHHs	0.7455	69	0.4473	1,133	0.4673	1,240
FHHs	0.9791	60	0.5067	567	0.5726	641

primary employer differs slightly between the poor and non-poor. The poor are more likely to work in private enterprise (58% versus 53%) or as private individuals (15% versus 9%), whilst the non-poor are more likely to work as own-account workers. This pattern is reversed for household heads.

Amongst all households, the work dependency ratio is around 0.5;[11] this means that each worker supports half a non-worker, with the ratio slightly lower amongst MHHs and higher amongst FHHs. Dependency burdens amongst poor households (0.88) are more than 50% higher than the national average; amongst FHHs, this ratio rises to 0.98, implying that, amongst poor FHHs, each worker supports about one non-worker. Clearly, this is an important causal factor in the higher poverty rates amongst FHHs.

CHARACTERISTICS OF HOUSEHOLD HEAD

Because a household head is usually the most economically important person in a household, his or her characteristics are critical determinants of overall household wel-

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[11] *Work dependency* is defined as the number of non-workers age 15 and older, divided by the number of workers age 15 and older.

fare. Tables 2-6a and b present poverty rates by the household head's schooling and gender distribution, respectively. By selecting only household heads, the analysis is done at the household level, and, as mentioned above, the proportion of poor households is lower than the population poverty rate because of the larger size of poor households.

There is a strong positive relationship between schooling of household head and probability of escaping poverty. As Table 2-6A shows, the poverty rate amongst household heads with kindergarten or less schooling is 15.4%, whilst only 2.8% for heads with higher secondary schooling. Of course, few household heads have only kindergarten schooling; when population distribution of heads is considered, one observes that 47% of poor heads have completed primary schooling. Given the country's current economic structure, merely attaining literacy and other basic skills through primary schooling is not enough to succeed economically. In fact, 40% of poor households have completed some secondary schooling, implying either a low quality of education or a mismatch between subjects taught in secondary schools and labour-market demands.

Across the Caribbean region, vulnerability of FHHs is a concern to policymakers because of women's less secure status in the labour force and because FHHs have more

| TABLE 2-6A | Poverty Rates, by Household Head Schooling |

Schooling level completed	Poverty rate	PG	SPG	Distribution of households	Distribution of poor
All Bahamas	5.10	1.49	0.66	100	100
Highest level completed					
None/kindergarten	15.41	5.17	2.23	3.18	9.64
Primary	12.88	3.68	1.49	18.34	46.98
Lower secondary	5.98	1.65	0.70	17.59	20.96
Higher secondary	2.82	0.84	0.45	37.36	20.53
College/university	0.51	0.27	0.15	18.82	1.88
Technical/vocational	0	0.00	0.00	4.71	0

children and dependents than other family structures.[12] Amongst FHHs, the overall poverty rate is 7.4%, compared to only 3.7% for MHHs (Table 2-6B). For both groups, poverty rates decline as schooling levels increase. For women, these rates decline significantly between lower (11.4%) and higher (4.4%) secondary schooling; for men, the critical schooling occurs earlier, between primary and lower-secondary levels. Therefore, female household heads need slightly higher levels of schooling than male heads to

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[12] The definition of *household head* provided by the BLCS interviewer to household respondents is "that person who is acknowledged as such by the other members, and usually the person who bears chief responsibility for economic maintenance of the household."

break out of poverty. This hypothesis is borne out by the Survey results, which show that nearly 60% of poor male heads have completed only primary schooling, whilst nearly 50% of poor female heads have completed some secondary education. This finding supports the hypothesis that women require more schooling than men to reduce the risk of poverty. Alternatively, the relationship between schooling and poverty amongst female heads may occur because female heads choose lower paying, but more flexible, jobs or because of career interruptions to have and raise children.

In terms of distribution of economic activity by poverty status, only 64% of poor household heads are employed, whilst a full 25% are outside the labour force

| TABLE 2-6B | Poverty Rates, by Household Head Gender |

| Schooling level completed | Female | | Male | | Distribution of poor | |
	Poverty rate	PG	Poverty rate	PG	Female	Male
All Bahamas	7.37	2.32	3.7	0.98	100	100
Highest level completed						
None/kindergarten	24.93	7.02	9.57	4.04	10.73	8.29
Primary	13.26	3.85	12.60	3.56	37.18	59.07
Lower secondary	11.42	3.24	2.51	0.64	28.24	11.99
Higher secondary	4.37	1.79	1.94	0.30	20.87	20.11
College/university	1.19	0.70	0.10	0.01	2.98	0.53
Technical/vocational	0.00	0.00	0.00	0.00	0.00	0.00

TABLE 2-7 Economic Activity of Household Heads, by Poverty Status

Employment factor	Distribution of poor	Distribution of non-poor	Proportion of population
Employment status*			
Employed	63.70	85.03	83.87
Unemployed	11.56	1.75	2.23
Outside labour force	24.74	13.22	13.90
Primary employer			
Government/Government corporation	27.57	20.03	20.36
Private enterprise	34.58	43.09	42.54
Private individual	24.15	7.90	8.46
Own account	13.71	28.97	28.65

* Based on last 7 days (not on last 12 months).

(Table 2-7). Conversely, 85% of non-poor household heads are employed. The large percentage of poor heads out of the labour force is an interesting statistic, driven by predominantly older, retired household heads who receive a pension or remittances from non-residents.

Although both poor and non-poor household heads are more likely to work in private enterprise—where most economic activity in The Bahamas occurs—employment status of poor and non-poor heads differs significantly. Non-poor heads are concentrated in private enterprise (43%) and own account (29%), whilst poor heads are concentrated in private enterprise (35%), public sector (28%), and private individuals (24%) (Table 2-7). The difference between own account and private individual may be blurred; however, the former indicates a more formal and established activity, whilst the latter implies a more informal, variable type of activity. This employment pattern is the opposite of what was discovered for all labour force participants (Table 2-5).

EXPENDITURE LEVEL AND COMPOSITION

The mean per-capita expenditure in The Bahamas is $10,111, with mean expenditures significantly lower outside New Providence and Grand Bahama (Table 2-8). Since distribution of expenditures is typically skewed because of a few large observations, a better measure is the median, which is substantially lower ($6,989). Another approach is to calculate the mean after dropping or trimming the top and bottom 1% of the distribution; this cal-

culation yields $9,463, which is closer to the full sample mean than to the median.

Table 2-8 shows shares of total expenditure enjoyed by each decile, which are used to calculate the Gini coefficient. The top-expenditure decile (decile 10) accounts for more than 34% of total expenditure in The Bahamas, whilst the top two deciles (deciles 9 and 10) account for about half of all expenditure in the country. This unequal share of consumption is precisely what leads to the large calculated Gini coefficient for the country. Another approach to understanding consumption distribution is to compare the expenditure share of the top 20% to the share of the bottom 20%. As Table 2-8 illustrates, the top 20% consumes about 50% of the total, whilst the bottom 20% consumes about 5%, resulting in a high ratio (approximately 10:1).

In terms of household-expenditure composition by poverty status, 40% of the budget is spent on housing and 27% on food; thus, 67% of the budget is dedicated to these two basic needs (Table 2-9). For poor households, this proportion is higher (76%), largely because a higher proportion of the budget (37%) is spent on food. By regional standards, the food ratio amongst poor Bahamian households is extremely low. In most middle-income countries, the food share amongst poor households is about 50%; for low-income countries in sub-Saharan Africa and South Asia, it approaches 70%.[13] The low food

[13] In Argentina, Paraguay, and Chile, the food ratio is 50%. In Peru, the ratio is slightly higher, at 53%.

TABLE 2-8 Mean and Distribution of Per-capita Household Expenditure

Mean or share	All	New Providence and Grand Bahama	Other islands
Overall mean	$10,110.87	$10,517.03	$7,814.43
Median	$6,989.06	$7,184.79	$5,729.90
Trimmed mean	$9,463.27	$9,773.09	$7,686.90
Share (%), by decile			
1	2.08	1.77	4.40
2	3.48	3.08	6.54
3	4.40	4.13	6.47
4	5.54	5.39	6.71
5	6.31	6.32	6.22
6	7.75	7.37	10.62
7	9.37	8.88	13.10
8	11.54	11.73	10.06
9	15.51	15.61	14.74
10	34.02	35.71	21.13
Gini coefficient	0.5745	0.3859	0.3944

ratio in The Bahamas reflects the country's high standard of living, relative to other countries in the region.

In terms of composition of non-food budget items, the only significant difference between poor and non-poor households is the share of spending on recreation (2.5% versus 5.5%) and durable goods (1.9% versus 3.7%). One interesting observation is that poor households' share spent on education is slightly higher than non-poor households (4.5% versus 3.4%).

With regard to overall food distribution, the single most important food group is animal products (36%) (Table 2-10). This finding reflects the country's high stan-

TABLE 2-9 Expenditure and Budget Shares, by Poverty Status

Share per capita	Poor	N	Non-poor	N	All	N
Mean per-capita annual household expenditure	$1,990.26	129	$10,946.65	1,700	$10,110.87	1,829
Trimmed mean	$2,159.32	116	$10,088.29	1,671	$9,463.27	1,815
Median	$2,013.45	129	$7,571.14	1,700	$6,989.06	1,829
Expenditure Shares						
Food	37.09	129	26.16	1,700	26.71	1,829
Housing	39.22	129	40.04	1,700	40.00	1,829
Durable goods	1.87	129	3.81	1,700	3.71	1,829
Health	6.44	129	7.33	1,700	7.28	1,829
Clothing & footwear	4.87	129	4.74	1,700	4.75	1,829
Education	4.51	129	3.33	1,700	3.39	1,829
Transportation	2.86	129	4.71	1,700	4.61	1,829
Recreation	2.46	129	5.69	1,700	5.53	1,829
Other	0.67	129	4.20	1,700	4.02	1,829

TABLE 2-10 Food Expenditure and Shares, by Poverty Status

Share per capita	Poor	N	Non-poor	N	All	N
Mean per-capita household food						
Expenditure (all)	$755.09	129	$2,548.22	1,700	$2,380.89	1,829
At home	$502.92	129	$1,474.22	1,699	$1,383.52	1,828
Away from home	$252.05	129	$1,020.42	1,699	$948.59	1,828
Total Food Shares (%)						
Cereals	17.14	129	12.47	1,669	12.71	1,798
Starches	9.56	129	6.92	1,668	7.06	1,797
Sugars	8.83	129	10.34	1,668	10.27	1,797
Legumes	1.51	129	1.50	1,668	1.50	1,797
Vegetables	8.16	129	10.03	1,668	9.93	1,797
Fruits	9.61	129	12.47	1,669	12.33	1,798
Animal products	35.46	129	35.56	1,669	35.56	1,798
Fats and oils	4.80	129	3.82	1,669	3.87	1,798
Other foods	4.49	129	6.66	1,665	6.55	1,794

dard of living since meat and chicken are typically considered luxury goods, whose consumption increases with income. A major cause for concern in the Bahamian diet is the large proportion of the budget (10%) devoted to sugars; in most countries, this percentage is typically about 5% or less.

The main food-expenditure difference between poor and non-poor households is proportion of the budget devoted to starches and cereals, which typically are a cheaper source of calories and thus tend to play a more important role in the budget of poorer households. In The Bahamas, poor households spend approximately 8 percentage points more on these two groups, relative to the non-poor (27% versus 19%); this means that poorer households spend less on other foods, fruits, vegetables, and—to a lesser extent—sugars. Interestingly, both poor

and non-poor households spend the same proportion on animal products—clearly the staple food for all Bahamian households.

ACCESS TO SOCIAL PROGRAMMES

In terms of awareness of the Ministry of Social Services' 10 major programmes, 59% of non-poor households, compared to 51% of poor ones, had heard of any of them (Table 2-11). However, in terms of programme participation, poor households, compared to non-poor ones, were significantly more likely to have received benefits (14% versus 4%) or to be receiving them (17% versus 3%). Despite the programmes being relatively well-targeted, overall coverage rates are extremely low and are thus unlikely to ameliorate poverty amongst the target population.

TABLE 2-11 Access to Social Programmes, by Poverty Status

Survey question	Poor	N	Non-poor	N	All	N
Heard of any of the 10 programmes?	51.18	129	58.95	1,700	58.34	1,879
Anybody ever received benefits?	14.13	129	4.23	1,700	4.63	1,879
Currently receive benefits?	16.67	129	2.8	1,700	3.42	1,879
Ever applied for assistance?	8.9	129	2.25	1,700	2.52	1,879

TABLE 2-12 Participation in National School Lunch Programme

Participation factor	Poor	N	Non-poor	N	All	N
Awareness of NSLP	56.89	92	47.09	798	47.74	915
School participation in the NSLP	27.27	285	14.66	1553	16.38	1,894
Children (ages 3–10)	29.82	175	14.48	850	16.54	1,051
Children (ages 11–18)	23.16	110	14.88	703	16.16	843
Children that have received lunch (ever)	17.15	285	1.36	1553	3.22	1,894
Ages 3–10	22.85	175	1.51	850	4.29	1,051
Ages 11–18	7.95	110	1.17	703	1.83	843
Children that receive lunch (currently)	12.02	285	0.62	1553	1.98	1,894
Ages 3–10	15.58	175	0.63	850	2.61	1,051
Ages 11–18	6.28	110	0.61	703	1.17	843

Note: Children currently in school.

Similar main conclusions can be drawn from analysis of the National School Lunch Programme (NSLP) (Table 2-12). Poor households are 10% more likely than non-poor ones to be aware of the NSLP (57% versus 47%). Children from poor households are 12% more likely than those from non-poor ones to attend a school that offers the NSLP (27% versus 15%), indicating that the Programme is targeting schools appropriately. However, NSLP participation is low. For example, only 17% of poor children have ever received a lunch, and only 12% currently receive an NSLP-provided lunch. Whilst take-up rates are slightly higher amongst younger children (ages 3–10), relative to secondary-age children, coverage rates are so low that the overall effect of the NSLP on poor children may require careful evaluation (see chapters 5 and 7).

CHILDREN'S HEALTH AND SCHOOLING

As Table 2-13 shows, national school enrolment is universal amongst children 5–16 years of age, whether poor or non-poor. However, national enrolment for children ages 0–2 is only 26%, and just 14% for poor children. A simi-

TABLE 2-13 School Outcomes for Children Ages 0–18

Enrolment or attendance factor	Poor	N	Non-poor	N	All	N
Current enrolment (age group)						
0–2	13.68	65	28.71	309	26.06	374
3–4	51.21	47	91.17	190	84.53	237
5–10	95.73	157	99.92	687	99.34	844
11–13	96	50	100	323	99.59	373
14–16	99.06	58	96.73	308	96.73	366
17–18	10.52	20	49.88	163	49.13	183
Attendance factor						
Public school (ages 5–13)	98.42	207	67.01	1,010	70.73	1,217
Public school (ages 14–16)	96.96	58	71.58	308	74.49	366
Attendance in last 5 days (ages 5–13)	83.98	207	87.4	1,010	87.06	1,217
Attendance in last 5 days (ages 14–16)	86.91	58	85.72	308	86.4	366
Repeated a primary grade	21.93	263	11.18	1,359	12.27	1,673
Repeated a secondary grade	2.32	110	2.72	677	2.84	815

lar pattern can be observed at the pre-school level (ages 3–4), where national enrolment is an impressive 85%, but only 51% amongst the poor, versus 91% amongst the non-poor. Early childhood education is now recognized as an essential ingredient for preparing children for school; participation in such programmes has been linked to later performance on literacy and numeracy tests in primary school. To the extent that poor children may lack a stimulating family environment that encourages activities leading to school readiness, interventions to increase poor children's participation in early childhood and pre-school programmes could be a priority item on the policy agenda.

For children 17–18 years of age, universal enrolment drops off dramatically from those aged 14–16 years (from 97% to only 49% nationally, and from 99% to only 11% for poor youth) (Table 2-13). Enrolment at this level is determined by both supply-side (limited seats) and demand-side (opportunity costs, fees, and performance) factors. Poor families with tighter budget constraints may lack access at this level; however, limited supply of seats also means that competition is stiff in terms of performance. If family income buys access to the best schools, as it does in most countries throughout the Caribbean, then public policy clearly has a role to play. This topic requires more analysis to clarify the market failure and public policy motivation.

At both the primary and secondary levels of schooling, nearly 75% of children attend public school; however, public-school enrolment for poor children is virtually universal at these levels, no doubt, because of monetary constraints (Table 2-13). Interestingly, full attendance at both primary and secondary levels is about 86% nationally, regardless of poverty status. On the other hand, school performance, as measured by grade repetition, is significantly lower amongst poor children. For example, 22% of children from poor families have failed a primary grade, compared to only 11% from wealthy families. This pattern is consistent with the earlier observation that less access to early childhood programmes amongst poor children may reduce their chances at succeeding in primary school. Determinants of this relatively high failure rate and the role of family background, school quality, and access to early childhood development are important topics for future research (see chapter 5).

In terms of health, 46% of all pre-school children have had an illness within the past 30 days, compared to only 38% of poor pre-school children (Table 2-14). These differences commonly occur with self-reported health surveys in developing countries because the definition of being sick is subjective and highly correlated with socioeconomic status; that is, poorer individuals may have a higher threshold for illness. Compared to non-poor households,

TABLE 2-14 Health Outcomes for Pre-school Children

Outcome item	Poor	N	Non-poor	N	All	N
Questions (0–5 year olds)						
Ill in last 4 weeks?	38.13	37	47.82	234	46.29	277
Diarrhoea in last 4 weeks?	4.73	7	6.66	34	6.22	41
If so, treated?	100.00	7	80.02	30	82.66	38
Has vaccination card?	85.12	97	88.14	450	87.81	561
Vaccinations on schedule?	84.81	87	87.12	414	86.36	511
Anthropometry (2–5 year olds)						
Weight for height (proportion)						
Severely wasted	0.00	0	0.09	1	0.07	1
Moderately wasted	3.37	1	1.5	4	1.68	5
Severely overweight	3.37	1	4.91	19	5.30	22
Moderately overweight	13.42	7	8.76	16	9.03	25
Height for age (proportion)						
Severely stunted	5.65	4	9.23	24	9.08	29
Moderately stunted	5.30	3	5.38	20	5.29	24

TABLE 2-15	Education and Training of Non-head Adults, Ages 25–65					
Education or training factor	Poor	N	Non-poor	N	All	N
Highest level completed						
None/kindergarten	8.18	8	2.66	34	2.95	42
Primary	17.81	32	11.25	192	11.61	224
Lower secondary	26.89	30	15.11	212	15.61	242
Higher secondary	46.8	59	49.21	573	49.29	632
College/university	0.32	1	17.46	192	16.54	193
Technical/vocational	0	0	4.31	48	3.99	48
Highest academic exam passed						
None	80.22	94	31.53	454	34.13	548
SLC	6.77	11	9.69	114	9.7	125
BJC or CXC basic	12	15	20.42	277	19.87	292
O level/CXC general	0.67	2	16.96	200	16.14	202
A level/other degree	0.34	1	21.4	239	20.16	240
Skill or trade?	19.27	130	45.98	1252	43.85	1,382

poor families reported slightly lower incidence of diarrhoea; however, the small sample size may mean that results are unreliable (see chapter 4).

Nationwide, about 87% of children have a vaccination card and 86% have had the full schedule of vaccinations, given their age and Ministry of Health protocols (Table 2-14). These rates are a few percentage points lower amongst poor children, indicating serious differences by poverty status. In a country like The Bahamas, the overall coverage rate should be virtually universal.

Table 2-14 also provides anthropometric outcomes for children ages 2–5.[14] Because sample sizes are small, little confidence can be placed in the results. The main area of concern is the rate of moderately overweight poor children (13.4%), which is significantly higher than the national average (9.0%) (see chapter 4).

ADULT EDUCATION AND TRAINING FOR NON-HEADS

Whilst the adult head is arguably the most important household member, other adult members clearly help de-

termine overall household welfare. As Table 2-15 shows, non-head adults (ages 25–65) from poor households are more likely to have lower levels of schooling than those from non-poor ones. For example, more than 50% of poor, non-head adults, compared to only 28% of their non-poor counterparts, have only completed lower secondary schooling or below. At the other end of the spectrum, more than 20% of non-head adults from non-poor households have completed some tertiary education, compared to less than 1% of their poor counterparts.

With regard to distribution of qualifications, as measured by examinations passed, one observes an enormous quality difference between non-head adults from poor and non-poor households. In poor households, 80% of non-head adults have passed no exams, compared to 32% of those from non-poor households. Even if one considers an alternative qualification path—attainment of a specific skill or trade—non-head adults from non-poor households have a higher attainment rate (46%), relative to those from poor households (19%).

In terms of education and training of young adults (ages 19–24), 34% of poor youth, compared to only 22% of non-poor youth, do not attend a training institution and are not gainfully employed (Table 2-16). Distribution of completed education amongst poor and non-poor youths differs somewhat, but not as much as between the non-head adults (ages 25–65) described in

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[14] "Severely" wasted or stunted is defined as less than, or equal to, −3 z-scores, whilst "moderately" wasted or stunted is between −3 and −2 z-scores. Similarly, "severely" overweight is defined as greater than, or equal to, 3 z-scores, whilst "moderately" overweight is between 2 and 3 z-scores.

TABLE 2-16   Education and Training of Young Adults, Ages 19–24

Factor	Poor	N	Non-poor	N	All	N
Educational Status						
Student only	0	0	6.78	21	5.72	21
Employed only	63.25	42	64.19	251	63.51	293
Student and working	2.85	1	7.47	22	7.92	23
Unattached	33.89	25	21.57	94	22.85	119
If not currently in school, highest level completed						
None/kindergarten	0	0	1.24	4	1.04	4
Primary	0.81	2	3.5	17	3.05	19
Lower secondary	29.71	23	18.65	69	19.82	92
Higher secondary	61.13	38	66.97	226	66.84	264
College/university	2.34	1	7.71	22	6.78	23
Technical/vocational	6.01	2	1.93	7	2.47	9

Table 2-15. For example, the rate of tertiary training is about 8% amongst both sets of youth, although youth from poor households are more likely to have attained technical or vocational training (6%) whilst non-poor youth are more likely to have attained a college or university degree (8%).

In sum, non-head adults from poor and non-poor households differ significantly in terms of schooling levels and educational qualifications, which clearly has implications for their labour-market potential and ability to contribute to household welfare. Amongst youth (ages 19–24), schooling outcomes do not differ as much, indicating a degree of convergence in educational attainment over time. Nevertheless, the unattachment rate is significantly higher amongst poor youth, which increases the dependency burden, thereby affecting overall household welfare.

HOUSING CHARACTERISTICS

Housing tenure differs markedly between poor and non-poor Bahamian residents. Non-poor households are more likely to own their home (58%); whilst poor families are more likely to rent (41%), live rent free (10%), or rent a Government home (6%) (Table 2-17). About 95% of non-poor households either own or rent their homes privately, compared to only 82% of poor households, for whom other forms of tenure are more important.

In addition, housing quality differs significantly between poor and non-poor families. In terms of outer-wall material, for example, 73% of non-poor families have concrete slabs or blocks, compared to only 42% of poor families, who are more likely to live in wood or stucco homes (54%). Similarly, 90% of non-poor households have bathing water piped into their dwellings; amongst poor households, only 46% have piped water and more than 50% use non-piped water. With regard to access to toilet facilities, 95% of non-poor households use a flush toilet, whilst only 67% of poor households have access; 25% of poor households use a pit latrine, and 7% have no toilet (see chapter 8).

Nationwide, about 70% of households have fewer than two people per bedroom, and 90% have fewer than three people per bedroom. By contrast, only 22% of poor households have fewer than two people per bedroom, and 50% have more than three people per bedroom. It is well known that crowded conditions affect hygiene and overall sanitary conditions, leading to easier transmission of disease and other forms of illness. Significantly more crowded living conditions amongst the poor, especially in light of their lower housing quality and limited access to water and toilets, is a major policy concern.

TABLE 2-17 Housing Characteristics, by Poverty Status

Characteristic	All Bahamas		Poor		Non-poor	
	%	N	%	N	%	N
Tenure type						
Owned	57.78	1,211	41.79	76	58.22	1,087
Private rented	36.85	537	40.67	38	37.16	489
Government rented	1.12	37	5.64	3	0.81	33
Rent free	3.46	80	9.94	11	3.08	66
Other	0.80	27	1.97	1	0.74	24
Main materials of outer walls						
Wood stucco	20.96	470	54.02	65	19.33	389
Concrete blocks/slabs	71.42	1,258	41.83	54	73.01	1,164
Wood/concrete	2.07	59	1.35	5	2.1	50
Stone/brick	5.35	98	2.8	5	5.34	89
Other	0.21	8	0	0	0.22	8
Main source of water for bathing and cleaning						
Public, piped into dwelling	51.86	948	39.72	47	51.84	859
Public, not piped into dwelling	7.69	175	31.82	40	6.57	130
Private, piped	36.12	655	6.11	12	38.11	627
Private, not piped	3.57	96	19.72	25	2.79	70
Other	0.76	19	2.63	5	0.69	14
Main source of drinking water						
Public, piped into dwelling	5.8	111	7.74	9	5.71	97
Private, piped	4.68	118	1.16	4	5	109
Public/private, not piped	2.81	90	15.03	26	2.23	62
Purchased bottled water	86.32	1,560	75.85	89	86.68	1,420
Other	0.38	13	0.22	1	0.38	11
Toilet facility type						
Flush toilet, linked into public sewerage system	12.73	158	10.8	9	12.42	139
Flush toilet, with cesspit of septic tank	81.32	1,580	56.84	74	82.94	1,456
Pit latrine	4.54	115	24.69	32	3.54	80
Other	0.32	8	0.59	2	0.31	6
None	1.09	32	7.08	12	0.79	19
Level of crowding (persons per bedroom)						
Fewer than 1.0	22.93	482	1.1	4	24.16	467
1.0–1.9	47.56	866	21.37	38	48.67	802
2.0–2.9	19.55	330	27.36	32	19.08	288
3.0–3.9	5.95	107	22.85	24	5.2	81
4 or more	4.01	66	27.32	27	2.89	38

KEY RESULTS AND POLICY IMPLICATIONS

The analysis presented in this chapter, though descriptive and bivariate, nonetheless highlights key results that deserve further analysis and policy attention. Before turning to them, however, it should be emphasized that, compared to the Latin America and the Caribbean (LAC) region, and even the world, The Bahamas has an overall low rate of poverty. For example, poverty in The Bahamas is nearly 5% less than in Barbados (13.9%), which has a comparable level of gross domestic product (GDP) and almost 3% less than in the United States (12%), which has a significantly higher level of GDP.

- *Poverty rates versus composition of the poor*. There is an underlying tension between specific risk factors associated with poverty and the proportion of the population that exhibits these factors. For example, residents living in regions other than New Providence and Grand Bahama, a widowed household head, an individual in a common-law relationship, or a Haitian immigrant are all important predictors of poverty. Yet, these specific groups represent only a small portion of the population, not a large proportion of the actual poor. Although poverty rates are much higher outside of New Providence and Grand Bahama, 75% of the country's poor live on these two islands. This can lead to conflict over allocating resources for poverty programmes. The overall poverty situation outside of New Providence and Grand Bahama indicates the need for more effort and resources directed to those regions; however, any overall reduction in poverty or improvement in living conditions will come only from changes in New Providence and Grand Bahama. At the same time, from a basic-needs perspective, the situation in other regions is more critical; poor residents on Other Family Islands are much worse off, as indicated by larger PG and SPG values. Thus, if the Government's strategy is to ensure a minimum level of basic needs for all Bahamians, then resources allocated to the poor on these islands should be a top priority.

- *Inequality*. The Bahamas is one of the world's most unequal societies, although it has a low level of absolute poverty, distinguishing it from most other highly unequal societies, such as Brazil, where high inequality coexists with high rates of poverty. In The Bahamian context, it is unclear whether inequality should be a pressing policy issue, given the low rate of poverty; indeed, inequality is probably a direct consequence of one of the country's key development strategies: providing a tax haven for wealthy expatriates. Nevertheless, a highly unequal society is less cohesive, which has direct implications for financing of public goods and willingness to share the burden during times of crises. Highly unequal societies may also be more prone to crime, with direct economic consequences for investment and business confidence. Whilst inequality has not presented an economic burden to date, extreme inequality could lead to social unrest, which could negatively affect the country's economy. This issue clearly deserves further intellectual attention.

- *Poverty, employment, and education*. Poor households have significantly less education than non-poor households. This is true for both household heads and non-head adults and youth. In addition, and perhaps as a consequence, employment rates are much lower amongst poor household heads and non-head adults in poor households, compared to non-poor households. Thus, the overall economic dependency ratio is three times as high in poor households as in non-poor households. These results indicate that there may be scope for training or other interventions oriented to the labour market to raise poor households' long-term earning capacity (see chapter 6).

  In terms of education, the results show that the majority of poor household heads have at least a primary education, and 20% have completed higher secondary schooling. This raises the question of quality and relevance of secondary schooling, which deserves further research (see chapter 5).

- *Female headed households*. As is common in the English-speaking Caribbean, FHHs represent a significant portion of all Bahamian households, and their poverty rates are double those of MHHs. FHHs are larger, have more children, and have higher economic dependency burdens than MHHs. However, poor female heads are better educated than poor male heads. The analysis reflected in Table 2-6b indicates that female heads require higher levels of schooling than male heads to reduce the risk of poverty. The reasons for this may range from labour-market discrimination to compensating wages for

jobs that are more flexible or compatible with family responsibilities (see chapter 6).

- *Vulnerability of children.* Poor households are larger and have more children; thus, it is not surprising that more than 50% of the poor are children age 14 and under. Poverty alleviation programmes must consider how to reach these children and what services to provide them.

- *Youth unemployment and school-to-work transition.* In poor households, 33% of youths (ages 19–24) are "unattached," meaning that they neither work nor train; even amongst non-poor households, the unattachment rate for this age group is more than 20%. Unattachment can quickly lead to disillusionment with the system and pursuit of alternative, usually illegal, outlets for productive activity. Often resulting from difficulty in making the school-to-work transition, youth unattachment is a major policy issue throughout the region; many interventions focus specifically on easing this transition, especially for poor youth.

- *Intergenerational transmission of poverty.* Breaking the vicious cycle of poverty across generations is often viewed as one of the most important public-policy issues facing any state. In The Bahamas, poor children suffer, relative to non-poor children, in four key areas:

  1) *Access to early childhood education.* Early childhood is the most rapid period of human development; events that occur during this period have an enormous effect on future health, cognitive development, socialization, and adult productivity. Access to early childhood education is extremely low amongst poor children (ages 3–4), which is likely to negatively affect their readiness for school and eventual achievement (see chapter 5).

  2) *Primary-grade repetition.* Whilst grade repetition may be directly linked to issues of school readiness and early childhood development, high rates of repetition represent a significant cost to both society and the individual. The individual cost is borne disproportionately by poor families.

  3) *Low rates of tertiary school enrolment, relative to the non-poor.* This issue deserves further analysis to ensure that market failures and equity issues are adequately addressed by suitable interventions.

  4) *Underweight and overweight children.* Nearly 50% of poor children (ages 2–5) are either underweight or overweight, a significantly higher percentage than for non-poor children of the same age. The precise policy response to this phenomenon depends on the causal mechanism underlying this outcome and clearly deserves further research (see chapter 4).

- *Coverage and targeting of social programmes.* Whilst the existing menu of social programmes, including the NSLP, appears reasonably well targeted, coverage rates are extremely low. As a result, it is highly unlikely that these programmes can, at their present coverage levels, have a major impact on the poor. An in-depth analysis of the social safety net is needed, using the information presented in this chapter, to assess the suitability of the current menu of programmes, target populations and criteria, and benefit levels.

With regard to targeting, the criteria used to select beneficiaries for poverty programmes are more challenging the fewer potentially eligible individuals there are. Thus, in The Bahamas, beneficiary identification and selection are difficult because of the country's low poverty rate. Under these circumstances, simple methods, such as geographical targeting, must be replaced by more sophisticated techniques, such as proxy means tests or selection on a combination of characteristics. To illustrate the challenge, simulations have been conducted to assess the targeting efficiency of selecting beneficiaries based on characteristics associated with poverty, as indicated by the results of this chapter.

As Table 2-18 shows, if the selection criterion were female headship only, then 86% of qualified applicants would not be poor, which represents leakage of programme benefits to the non-poor. Leakage rates are extremely high, even when combined with geographical targeting (within New Providence and Grand Bahama or within Other Family Islands). However, when female headship is combined with a housing-quality indicator (e.g., whether a family has a toilet), leakage rates decline dramatically. In fact, if the selection criteria were female headship with no toilet and at least one child under age 5, the leakage rate drops to an extremely efficient 6% nationally and 4% in New Providence and Grand Bahama.

Of course, this criterion carries a substantial cost because it entails a visit to verify housing conditions.

TABLE 2-18	Leakage Rates for Various Beneficiary Selection Mechanisms (%)		
Selection criterion	National	New Providence/ Grand Bahama	Other Family Islands
FHH only	86	87	78
FHH, with child 0–4	76	77	64
FHH, with child 0–14	83	84	73
FHH, no toilet	26	28	22
FHH, no toilet and child 0–4	6	4	10
FHH, no toilet and child 0–14	14	15	12

Note: Leakage indicates the proportion of individuals who would qualify for the programme, based on the selection criteria, but who are non-poor.

Nevertheless, in a country with a low poverty rate, such as The Bahamas, some level of verification is usually necessary to avoid large rates of leakage. It should be noted that female headship is not a straightforward targeting criterion since households may alter their composition to gain programme eligibility. In general, permanent characteristics that cannot be easily manipulated are the most appropriate for selecting beneficiaries; in practice, however, such characteristics may not be easily identified.

APPENDIX: METHOD FOR CALCULATING THE POVERTY LINE

CONSTRUCTING THE POVERTY LINE

The poverty line represents the minimum expenditure necessary for an individual to satisfy basic needs over a specific reference period (e.g. per day). This cost is estimated in two stages. In the first stage, the minimum expenditure necessary to purchase a nutritionally adequate diet is calculated. This amount is often referred to as the *food poverty line*. In the second stage, the minimum required cost of non-food items, such as clothing and shelter, is estimated. The sum of these two estimates equals the poverty line. Although estimations vary by country—because of data availability and other country-specific factors—the methodological approach is fairly standard. The specific technique used for The Bahamas is identical to that used for Jamaica and several other LAC countries.

FOOD POVERTY LINE

The food poverty line is derived by costing out a low-cost basket of food that satisfies acceptable nutritional requirements. Following recommendations of the World Health Organization (WHO), the chosen basket of goods provides 2,400 kcal per day. These 2,400 kcal are derived from the eight broad food groups listed in Table 2-A1. The distribution of calories amongst these eight groups was selected so that the implied cost share of each group in the final basket

would be consistent with the observed empirical distribution of the food budget amongst households in the BLCS.

Within each broad food group, specific commodities were selected based not only on their price, but also on their popularity, as measured by frequency of purchase, based on BLCS data. In some cases, this involved a trade-off because a frequently purchased item (as observed from the BLCS) was not one of the two-to-three cheapest sources of calories in a particular food group. In these few cases, the cheaper source of calories was selected to maintain consistency with the fundamental idea behind the exercise. Table 2-A2 lists the 31 commodities comprising the food basket, by food group.

Prices per unit quantity were collected from New Providence for the items in the food basket, and standard calorie-quantity conversion tables were used to calculate the cost per calorie for each item. Within each food group, calories were assumed to come from specific commodities in equal proportion. The cost of calories for each food group was then summed across all food groups to obtain the total cost of the food basket. This cost, in New Providence prices, is $2.64 per day (Table 2-A3).

NON-FOOD COMPONENT

The non-food component of the poverty line was estimated from the observed expenditure patterns of households in the BLCS. Specifically, the cost of basic food-basket needs was divided by the average food-ratio for households in deciles 2, 3, and 4 of the welfare distribution to derive the full poverty line. The mean food ratio for these three deciles is

| TABLE 2-A1 | Caloric and Cost Distribution of Low-cost Food Basket, by Major Food Group |

Food group	Energy (%)	No. items in final diet	Total cost ($)	Cost share (%)
Cereals	35.0	5	0.57	20
Starchy fruits, roots, and tubers	10.0	3	0.33	14
Sugar and syrups	5.0	1	0.02	1
Legumes	5.0	3	0.14	5
Vegetables	4.0	4	0.33	13
Fruits	6.0	3	0.45	18
Animal-derived foods	25.0	8	0.77	29
Fats and oils	10.0	3	0.03	1
Total	**100**	**30**	**$2.64**	

0.328, and the resulting daily poverty line is $8.05, implying an annual poverty line of $2,941. This poverty line is close to that recently calculated for Barbados, and is significantly higher than poverty lines for LAC countries with much lower overall levels of development, such as Jamaica, Guyana, and Honduras (Table 2-A4). In The Bahamas, the food budget share is extremely low, especially for the poorer quintiles; in other LAC countries, the food share is close to 0.5 and sometimes even higher. The low food share in The Bahamas, an indicator of the country's relatively high standard of living, leads to a higher poverty line (Table 2-A4).

TABLE 2-A2 Items in Low-cost Food Basket

Item	Amount (oz.)	Amount (gram)	Energy (kcal)
Cereals			
Wheat flour (all purpose, enriched)	1.98	56	204.1
Rice (parboiled)	1.98	56	208
Grits	1.98	56	197.9
Bread (white, enriched)	1.98	56	150.8
Spaghetti, macaroni (enriched, ckd)	1.98	56	79.1
Starches			
Potato (sweet, fresh); tuber (raw)	3.77	107	80.7
Potato (Irish, fresh); tuber (raw)	3.77	107	63.3
Cassava (fresh root, raw)	3.77	107	96.1
Sugars and cereals			
Sugar (white, refined, granulated)	1.1	31	120
Legumes			
Lima beans (whole seed, dry, raw)	0.33	9	31.8
Peanut butter (added fat, sweet)	0.33	9	55.7
Pigeon pea (whole seed, dry)	0.33	9	32.5
Vegetables			
Corn (canned, solid and liquid)	2.04	58	35.2
Cabbage (common, raw)	2.04	58	11.6
Carrot (fresh, raw)	2.04	58	22.1
Mixed vegetables (canned, drained)	2.04	58	27.1
Fruits			
Peaches (canned, in syrup)	3.02	86	63.4
Bananas	3.02	86	51.2
Oranges (all varieties)	3.02	86	29.4
Animal-derived foods			
Mackerel (canned, solid and liquid)	1.18	34	52.3
Beef (canned, medium fat)	1.18	34	73.1
Ham (picnic)	1.18	34	68.6
Mutton (whole, lean and fat, choice ckd)	1.18	34	74
Bologna	1.18	34	82.9
Cheese (hard, cheddar)	1.18	34	135.2
Sardines (canned, in oil)	1.18	34	104.3
Turkey (dark meat, raw)	1.18	34	9.6
Fats and oils			
Vegetable shortening	0.34	10	84.6
Margarine (regular, hard, vegetable fat, oil)	0.34	10	70.7
Oil (pure, all kinds, blend)	0.34	10	84.6
Total			**2,400**

TABLE 2-A3	Diet of Composition of Low-cost Food Basket
Item	**Amount**
Water (g)	726.7
Energy (kcal)	2,400.1
Protein (g)	89.4
Fat (g)	81.8
Saturated fat (g)	23.0
Cholesterol (mg)	180.3
Carbohydrate (g)	331.6
Fibre (g)	23.6
Calcium (mg)	762.2
Iron (mg)	20.8
Potassium (mg)	3,371.8
Sodium (mg)	2,211.4
Zinc (mg)	9.7
Vitamin A (R.E.)	3,973.0
Thiamin (mg)	2.9
Riboflavin (mg)	1.50
Niacin (mg)	24.9
Folacin (ug)	242.3
Cyano cobalamin (ug)	11.7
Vitamin C (mg)	159.7
Total amount (lb)	3.19
Total amount (kg)	1.45
Total cost ($)	**2.64**

TABLE 2-A4	Poverty Lines and Rates for Selected LAC Countries and U.S.			
Country	**Poverty line (US$)**	**Poverty rate (%)**	**GDP per capita (US$)**	**Year**
Bahamas	2,863	9.10	15,997	2001
Barbados	2,752	13.9	8,212	1997
Brazil	749	37.5	4,690	1999
Guyana	510	36.3	901	1999
Honduras	762	79.1	790	1999
Jamaica	980	16.0	2,604	1998
Mexico	1,545	41.1	4,100	2000
United States	4,525*	11.7	34,000	2001

Note: Poverty lines are for an individual per year.

* Calculated by converting the poverty line for a family of 4 to that per person.