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Twentieth meeting of the Monitoring Committee of the  
Caribbean Development and Cooperation Committee of the  
Economic Commission for Latin America and the Caribbean

Virtual meeting, 5 November 2021

**RECKONING WITH COVID-19: PURSUING A PEOPLE CENTERED RECOVERY  
AND MORE RESILIENT FUTURE FOR THE CARIBBEAN**

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## Introduction

This paper has been prepared to stimulate dialogue among the delegations of the Caribbean and Latin America participating in the 20<sup>th</sup> meeting of the Monitoring Committee of the Caribbean Development and Cooperation Committee, convening virtually on 5 November, 2021. It provides comprehensive data and policy recommendations for action around three substantive items on the meeting's agenda, which are intended to focus the consideration of governments and the wider regional and international community on critical issues that must be addressed to bring the countries of the Caribbean subregion safely out of crisis post COVID-19, and back on the path to durable, resilient, inclusive development. The meeting will invite delegations' consideration of the following development imperatives: *Accelerating recovery and strengthening economic resilience in the Caribbean; Supporting recovery through regional solidarity and integration; and Safeguarding the health of the Caribbean.*

This document joins the extensive body of research and analysis already undertaken by ECLAC on the multidimensional impacts of the pandemic on the region. Special attention is given to the plight of the vulnerable countries of the subregion in the following publications: *The Caribbean Outlook: Forging a People-Centred Approach to Sustainable Development Post-COVID-19*, and *The Case for Financing: Caribbean Resilience Building in the Face of the COVID-19 Pandemic*; these among many others which have interrogated the challenges and made suggestions for a people centered recovery.

## Overview

The Caribbean has always faced persistent development challenges stemming from inherent vulnerabilities. Indeed, even before COVID-19 struck, the subregion was finding it difficult to recover from the global financing crisis of 2008-2009, with growth rates remaining stubbornly well below pre-crisis levels. In the interim, the impact of extreme climatic events and other external economic shocks such as derisking and the loss of correspondent banking, as well as challenges born of structural rigidities linked to over dependence on a few sectors and activities such as tourism, and energy, intensified.

COVID-19 therefore could not have come then at a worse time for the subregion, which now faces multidimensional challenges affecting all areas of development, particularly the economy, health, education, social protection and the environment.

The health challenges and the responses have seen the unfortunate loss of many lives, as in recent months new caseloads per day, have risen above that of Latin America, and there has been the virtual shutdown of major economic activities. Social distancing, the loss of income and livelihoods and the drying up of financial inflow through foreign direct investment (FDI) have conspired to place the region, with perhaps the exception of Guyana in tenuous circumstances. By August 2021 more than US\$ 1.2 billion was expended for fiscal support to sustain businesses, maintain livelihoods, and create preventative measures to contain the virus.

Despite these dire circumstances, Caribbean people and Caribbean public policy makers must remain hopeful and grasp all the opportunities available despite this genuine crisis. The long hard road ahead will be made easier through collaboration among all the stakeholders to help make appropriate policy choices and to craft strategies aimed at robust recovery with economic and social transformation. The world has changed considerably since COVID-19 and digitization, the role of interconnection through ICT and the need for closer integration are all credible strategies for success.

But we cannot stop there as the regional resources and capacities, both human and financial, are not adequate, at this time, to address fully the issues at hand. South-South cooperation and other meaningful forms of collaboration can be a powerful stimulus to address stalled strategies and projects which must go forward. The area of interest could be those covering health, including better access to vaccines, technology

development, trade, finance, and global advocacy, especially for middle-income Small Island Developing States (SIDS). In the Caribbean, integration with Central and South America through the private sector and the engagement of all peoples will cement necessary deals for growth and development. More trade is needed, more financial integration and better communication and interconnection will bridge existing divides. At the same time, integration with South America as well, to increase trade and to expand businesses on both sides is crucial. Policies to bridge the air transport gap so that more tourists can move freely will help both regions boost their tourism.

This document isolates only the key challenges which should be tackled at this time. There are several other imperatives which can grab our attention, but resources are limited, and priorities must be identified and addressed frontally.

In the spirit of a people-centered recovery, the first section examines the important health challenges wrought by COVID-19, and the responses and strategies to address these going forward. No recovery is sustainable without addressing COVID-19 and its aftermath, and such issues as inequality of access to health services, high out of pocket costs to access such services and vaccine hesitance are all matters to be addressed. The second section looks at the social sector and how it is impacted by the COVID-19 crisis and suggests strategies to overcome future pandemics while rebuilding social cohesion. It urges that in the aftermath of a disaster caused by a natural hazard, one of the most effective ways of providing assistance to the affected population is through adaptation and expansion of existing social protection programmes.

The social protection system, including for example administrative systems, information management systems and delivery mechanisms, should be re-purposed and adapted to provide disaster-related assistance. It further suggests that the pandemic highlighted the urgent need to promote more integrated policy coherent responses, addressing key areas of regional and national risk. The causes and effects of environmental crisis and systemic inequality may differ from country to country, and a customized approach is needed to understand the full extent of the impacts, considering multiple threats affecting the different territories. Risk informed policy direction will depend on more articulated coordination mechanisms that promote integration of different sectors, stakeholders, and levels of government, allowing a space for participatory dialogue and inclusion of the most vulnerable groups.

The third section examines the immediate concerns with natural disasters, their impact and how they continue to affect various countries in the region. The focus is on strategies to finance risk and create resilience. The last section interrogates the critical economic fallout from COVID-19 on the tourism sector and suggests approaches for recovery. Such recovery must include sustainable growth with equity. This section also considers South-South cooperation and where there must be opportunities for such cooperation.

## **1. Health challenges: increasing COVID-19 mortality, vaccine supply shortages, and structural weaknesses in public health systems**

The Caribbean, like the rest of the world, continues to grapple with COVID-19. Recent months have seen higher levels of COVID-19 cases and deaths in Caribbean countries compared with the 2020 to early 2021 period. While the prevalence of COVID-19 and associated mortality rates in the Caribbean were once lower than elsewhere in the hemisphere, this is no longer the case. The number of new cases has increased from less than 100 per day per million population, to between 200 and 300 in September and early October 2021 (Figure 1). While still lower than the rate across the United States and Canada, it is now significantly higher than the figure for Latin America which has fallen under 100 per day per million.

As regards COVID-19 mortality, the Caribbean is now seeing higher numbers of deaths compared with both Latin America and North America. In early October, deaths due to COVID-19 averaged seven deaths per day per million population in the Caribbean compared with just over four in North America and less than 2 in Latin America (Figure 2). There is considerable variation from country to country in the number

of deaths caused by COVID-19. The countries and territories with the highest death tolls are Guadeloupe, Martinique, Suriname, and Grenada, all having seen more than 170 deaths per million of population (Figure 3). The territories with the lowest number of deaths are Montserrat, Anguilla, and the Cayman Islands, all with 20 or fewer deaths per million. Generally speaking, smaller islands have found it somewhat easier to keep the infections (and hence deaths) at a low level. There are, of course, some exceptions to this. Sint Maarten and Bermuda, for example, have seen relatively high mortality.

There is also significant variation in the rate at which Caribbean countries and territories have been able to vaccinate their populations against COVID-19. The highest levels of vaccination are found in those overseas territories which were able to source vaccine supplies with the help of the United Kingdom, United States, or the Netherlands. Many of these territories have vaccinated<sup>1</sup> over half of their population; the figure is more than 80 per cent in the cases of Puerto Rico and the Cayman Islands (Figure 4). The French-speaking territories are something of an exception to this rule. Martinique and Guadeloupe having seen higher rates of COVID-19 mortality compared with the rest of the Caribbean, were still recording relatively low rates of vaccination coverage (30 per cent and 25 per cent respectively). Suriname, Dominica, Guyana, Bahamas, and Grenada have fully vaccinated a similar proportion of their populations.

The vaccine rollout has also been slower in the Caribbean compared with North America and Latin America. The overall vaccination rate in the Caribbean is less than 30 per cent compared with 43 per cent in Latin America and 58 per cent in North America (Figure 5). The low level of vaccination in the Caribbean likely explains the different relationship between infection rates and deaths rates in North America versus the Caribbean: the rate of COVID-19 infections in the Caribbean is not as high as in North America but with a lower proportion of the Caribbean population vaccinated, this results in a higher level of COVID-19 mortality than in North America.

The main difficulty encountered by Latin American and Caribbean countries in their efforts to expand immunization coverage has been the difficulties experienced in obtaining supplies of the vaccines in sufficient quantities. The Latin America and Caribbean region is heavily dependent on imports of both medicines and the raw materials required for the development of health technologies and the vast majority of high-income countries have been hoarding the relatively scarce supply of COVID-19 vaccines (ECLAC and PAHO, 2021). In the context of a competitive scramble for a finite supply, it was particularly difficult for SIDS to secure vaccine doses.

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<sup>1</sup> People are considered vaccinated when they have received both doses (for those vaccines requiring two doses).

## Figures 1-6

### Selected COVID-19 Data for the Caribbean

Figure 1: Daily COVID-19 cases per million population

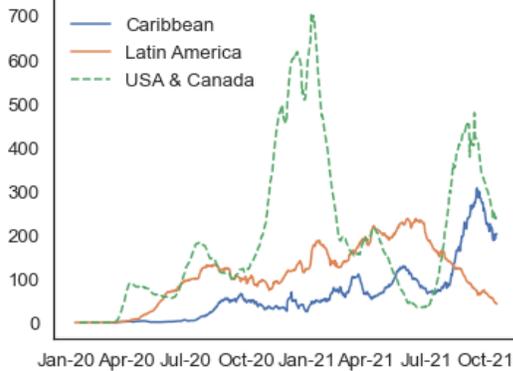


Figure 2: Daily COVID-19 deaths per million population

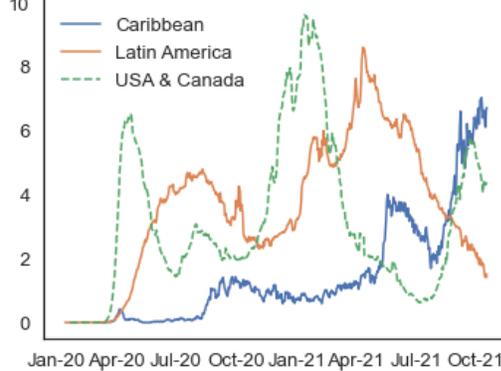


Figure 3: Total COVID-19 deaths per million pop. (Oct '21)

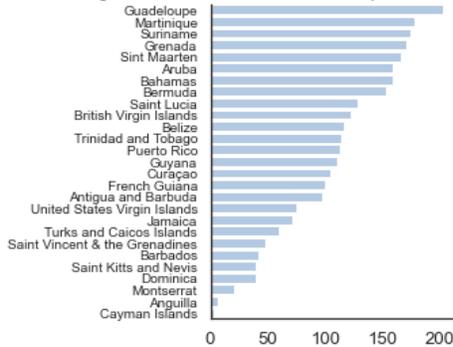


Figure 4: Persons fully vaccinated (% , Oct '21)

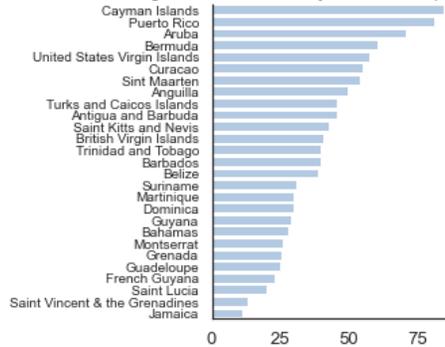


Figure 5: Population fully vaccinated (Percentages)

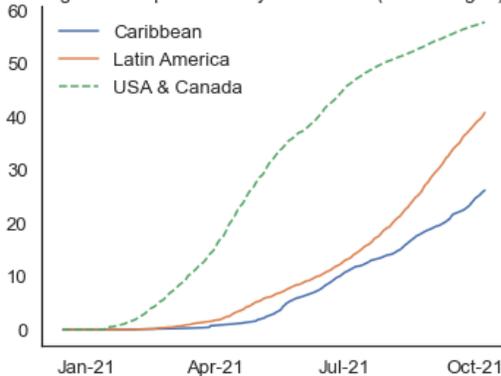
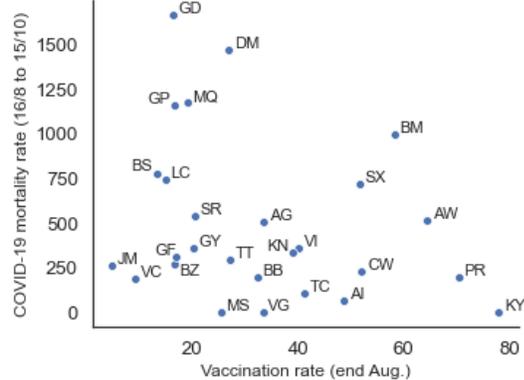


Figure 6: Recent COVID-19 mortality versus vaccination rate



**Sources:** Johns Hopkins University via Our World in Data (Figures 1 and 2); World Health Organization (WHO) (Figure 3); Pan American Health Organization (PAHO) (Figure 4); Our World in Data (Figure 5); WHO and PAHO (Figure 6).

Note: Daily estimates of COVID-19 cases and deaths for the Caribbean (Figures 1 and 2) are based on data for 13 Caribbean countries (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago), while the daily estimate of the percentage of the population fully vaccinated is based on data from 22 countries and territories (the 13 countries mentioned above plus Anguilla, Aruba, Bermuda, British Virgin Islands, Cayman Islands, Curaçao, Montserrat, Sint Maarten (Dutch part) and Turks and Caicos Islands). Figure 6 shows the recent COVID-19 mortality rate (based on deaths between 16 August 2021 and 15 October 2021) and the estimate of vaccination coverage in the last week of August.

The multilateral COVAX Global Vaccine Initiative, which aims to provide equitable access to COVID-19 vaccines, has faced similar supply bottlenecks as well as infrastructure challenges such as lack of cold chain

storage. As of September 8, only 243 million doses had been delivered compared to a target of 640 million for this period (Savoy and Méndez-Leal, 2021). There has been some South-South cooperation, for example, the medical assistance provided by Cuba and the Dominican Republic. The medical community in Cuba has demonstrated important leadership and solidarity during the period, being the only country in the subregion capable of testing and rolling out its “*Soberana 2*” COVID-19 vaccine, pledging to share its vaccines with countries in the region, just as it sent its health care workers on mission in several countries since the beginning of the pandemic.

The European Commission, Germany, and France have called for the COVID-19 vaccine to be considered a public good and have mobilized substantive sums for this purpose. In support of interregional cooperation, ECLAC proposed to strengthen regional coordination mechanisms to acquire vaccines; promoting the full functioning of the COVAX initiative; promoting campaigns to raise awareness; facilitating negotiations among countries; promoting information exchange on best practices in the vaccination process; and making intellectual property regimes more flexible (ECLAC, 2021a). However, despite all the efforts, inequalities in access and distribution of vaccines are still evident.

### **1.a The Challenge of Vaccine Hesitancy**

Vaccine hesitancy has also been a secondary factor with some people unwilling to come forward for vaccination, even when vaccines are available. Vaccine hesitancy is commonly linked to lack of trust in governments and is fed by misinformation on social media. Opinion surveys do indicate that trust in public institutions has declined in recent decades while trust in all news sources, including scientific authorities, seems to be at an all-time low (UNDESA, 2021a). Studies have shown that there is a relationship between the activity of anti-vaccination campaigners (few of whom are medically trained) and public doubts about vaccine safety (Wilson and Wiysonge, 2020; Hernandez and others, 2021).

However, there is no evidence that vaccine hesitancy is any worse in the Latin America and Caribbean region compared with other regions. A recent study which mapped global trends in vaccine confidence across 149 countries suggested, for example, that trust in the safety and effectiveness of vaccines tended to be lower in European countries compared with Latin America (there was no data for Caribbean countries) (de Figueiredo and others, 2020). It should also be noted that there is evidence that vaccine hesitancy has declined significantly in some developed countries during the pandemic, presumably because people can clearly see the protection that vaccination provides against COVID-19, particularly against more severe illness and death (ONS, 2021; Melbourne Institute, 2021).

Social media plays an important role in reinforcing and spreading anti-vaccination messages although the ease with which this material propagates also suggests that it does resonate in some way with real feelings of mistrust. The social media platforms have begun to flag the most egregious examples of misinformation, which is surely a positive development, although one which also raises concerns about the power and accountability of the multinational social media giants and the role that their algorithms now play in mediating public discourse.

With regard to the efficacy of vaccines, Figure 6 provides some indication of the importance of achieving high levels of vaccination coverage. The chart compares the proportion of the population fully vaccinated in late August with the COVID-19 mortality rate from mid-August to mid-October. Countries with low levels of vaccination coverage (for example less than 40 percent), were more likely to see elevated levels of COVID-19 mortality in this period. Countries with around 60 percent of their population vaccinated saw lower but still significant levels of mortality. This reinforces that high levels of vaccination, 80 per cent or more of the population, will be required to achieve ‘herd immunity’ and sustain low levels of COVID-19

mortality. To date, supply bottlenecks have been the main obstacle to immunization but as these ease, more attention will need to be given to the issue of vaccine hesitancy, if the necessary levels of vaccination coverage are to be achieved.

### **1.b The need for greater investment in public health services**

Beyond the question of vaccines, Caribbean health systems were ill-equipped to deal with this health crisis. Public health services have been underfunded, with public health spending in most Caribbean countries falling below the regionally agreed threshold of 6 per cent of GDP. This underfunding prevents public health systems from providing comprehensive primary and secondary care for the whole population while tertiary care is further complicated by the challenges involved in treating rare and complex conditions across small island populations. These constraints have affected the public health response to the pandemic, for example in Saint Lucia where hospitals have reported staff and oxygen shortages as COVID-19 hospitalizations continue to rise (PAHO, 2021). They have also exacerbated the disruptive impact of the pandemic on the care and treatment of other health conditions, with important long-term consequences for the health of the Caribbean population.

The low level of public spending on health goes hand in hand with high out-of-pocket expenses in the countries of the region, which is a major source of structural inequality in access to health services (ECLAC and PAHO, 2020). The need to incur out-of-pocket expenses to obtain prompt and equitable access to health care increases the risk of impoverishment, especially for people in vulnerable situations, who, on average, are in poorer health and more in need of health care.

### **1.c Recommendations**

The difficulties which Caribbean countries experienced obtaining vaccine supplies highlight the need to reinforce multilateral responses to the pandemic. Considering the difficulties that the COVAX Facility has had in meeting its commitments thus far, mainly for non-operational reasons, it seems reasonable for the region's countries to rely on the regional vaccine procurement mechanism of the PAHO Revolving Fund in the medium term (six to nine months). Government ministries responsible for finance, health, foreign affairs and other areas, multilateral development banks, international donors and other key actors will need to coordinate their efforts to determine what sources of funding can be used for the implementation of immunization plans (ECLAC and PAHO, 2021).

As more vaccine doses become available, governments need to ensure that they have the infrastructure in place to store and roll out doses as quickly as possible. Public health systems must not only provide convenient access to COVID-19 vaccines; they also need to be aware of public attitudes to vaccination including anti-vaccination messages on social media and respond with communication strategies to address the trust deficit.

The health crisis has also highlighted the need to overhaul the region's health systems and to address their structural weaknesses, including their underfunding, which is manifested in low per capita levels of health expenditure, shortages of human resources, high out of pocket costs, and inequality in access to services and health outcomes.

## 2. Social protection and disaster: developing multidimensional approaches to resilience building in the Caribbean

In the wake of COVID-19 health and welfare impacts across the subregion, social protection has gained a greater centrality in Caribbean policymaking and discussion. It has also been acknowledged that social protection plays an important role in addressing poverty reduction, promoting inclusion and delivering potentially positive effects for social transformation.

### 2.a Multidimensional vulnerabilities in the Caribbean

The Caribbean is one of the most disaster-prone regions in the world.<sup>2</sup> This persistently high exposure to natural hazards has resulted in considerable costs in terms of loss of human life, productive assets and physical infrastructure, especially in agriculture and tourism. In fact, of the ten countries and territories in the world most impacted by economic losses during the period 2000-2019, nine are in the Caribbean.<sup>3</sup> COVID-19 has added a new dimension to this vulnerability, as Caribbean countries must now confront the economic and social fallout of their efforts to control the spread of this disease.

Beyond these environmental and economic vulnerabilities and notwithstanding improvements in living standards across the subregion in recent decades, major challenges to human development and social cohesion persist. As shown in annex A1, these include high levels of poverty, unemployment, inequality, population ageing, and non-communicable diseases. Furthermore, multidimensional poverty data reflect the acute spatial inequalities and differences among ethnic groups. For example, in the case of Guyana, where Amerindians comprise 10.5% of the population they account for 63% of the country's poor, according to 2019-20 survey results<sup>4</sup> of 2019-2020.

Multidimensional vulnerabilities and inequalities are also experienced differently across the lifecycle and based on their livelihoods, ages and gender and other social categorizations that affect roles and expectations. These characteristics shape experiences in preparing for, responding to, and coping with shocks. Climate change, disasters and associated population displacement are experienced differently across the lifecycle and based on gender and other social categorizations. Impacts are often exacerbated for marginalized groups, facing higher risk of violence and social exclusion, including persons living with disability, migrants with irregular status, and the elderly. In the aftermath of disaster, Caribbean women and girls experience heightened mortality rates and gender-based violence (GBV) risks and face additional barriers in exit and recovery from disaster (Dunn, 2013). A review of the impact of disaster displacement in the Caribbean shows that women were displaced in larger numbers than men following hurricane Dorian. Underlying drivers include traditional gender roles of care and support for women.

Post-disaster assessments in countries such as the Bahamas and Dominica show that returning to communities of origin is also more difficult for women and girls. This is due to a combination of intersectional factors affecting women, including limited access to land ownership, financial resources and access to credit, restrained employment opportunities.

Security concerns appear a key factor preventing an easier return to their communities on the part of women. For example, the slow resumption of basic services post-disaster, including electricity and clean water, disproportionately impacted women, and girls. The study noted that in the aftermath of disaster many female-headed households moved permanently to other countries. Indigenous or migrant women with irregular status face significant barriers to returning to their communities of origin due to higher poverty levels, GBV threat, more limited social capital, and other security concerns, such as deportation threat (Bleeker et.al., 2021).

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<sup>2</sup> Based on information from the Climate Risk Index (CRI) which calculates annual average death tolls, deaths per 100,000 inhabitants, total economic losses, economic losses per GDP unit, and number of events for the period 1999-2018. Three out of the ten countries most affected by extreme weather events in the last 20 years are Caribbean countries.

<sup>3</sup> Dominica (15%), Cayman Islands (9.1%), Haiti (8.0%), Grenada (7.8%), Turks and Caicos Islands (5.8%), Bahamas (4.3%), Guyana (3.6%), Puerto Rico (3.5%), Belize (3.4%), followed by Samoa (2.1%) in the Pacific (UNDRR/CRED, 2019).

<sup>4</sup> UNDP/OPHDI, 2021.

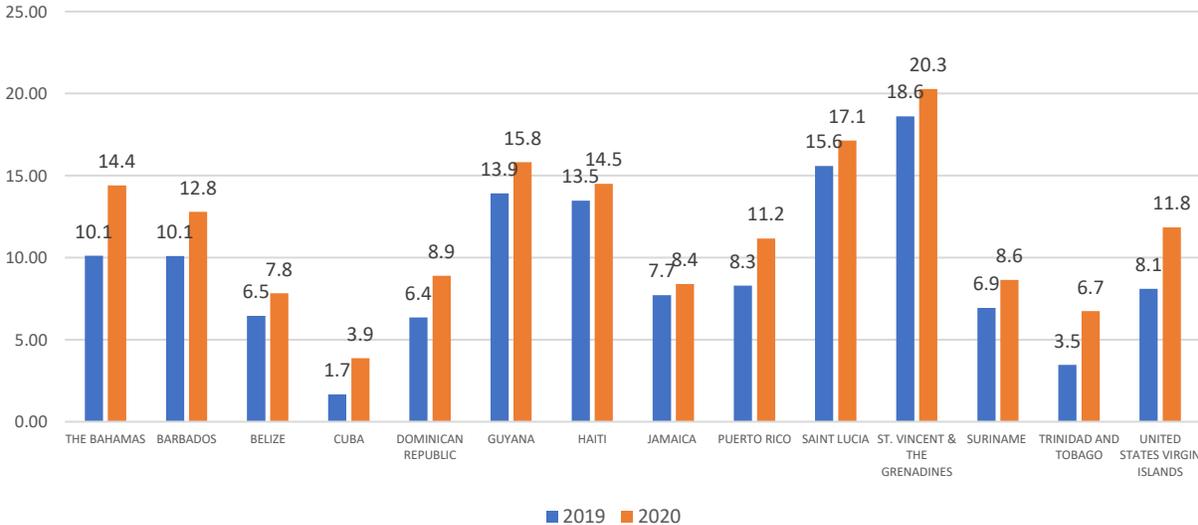
COVID-19 has resulted in one of the worst economic and social upheavals in recent decades, reflected in higher unemployment rates, as expressed in Figure 7, and increased poverty - the two major drivers of vulnerability in the Caribbean (ECLAC/UNDRR, 2021). Furthermore, higher rates of youth unemployment (see annex A1), exacerbated in the face of widespread economic recession, have implications for socioeconomic well-being, including crime and violence, and threats to cohesion in many Caribbean countries (ECLAC, 2020a).

In light of the health and climate crises that have profoundly impacted the Caribbean, a renewed call for transdisciplinary action is being made and renewed interest in the development of indices that adequately evaluate the unique vulnerabilities of SIDS has been rekindled. In 2020, the Alliance of Small Island States (AOSIS) with UN support advocated the development of a Multidimensional Vulnerability Index for SIDS, to be used as a measure to persuade reconsideration of the eligibility of middle income SIDS in particular for concessional financing (UNDESA, 2021b).

**2.b Adaptive social protection and resilience building in the Caribbean**

The recurrence of disasters caused by natural hazards affecting Caribbean countries and territories, and the likelihood of more intense and frequent extreme weather events in the future, has led to a growing recognition of the need for adaptive social protection systems to strengthen coping capacity and resilience. In the aftermath of a disaster caused by a natural hazard, one of the most effective ways of providing assistance to the affected population is through adaptation and expansion of existing social protection programmes. The social protection system, including for example administrative systems, information management systems and delivery mechanisms, can all be re-purposed and adapted to provide disaster-related assistance.

**Figure 7**  
**Unemployment rate in Caribbean countries (2019-20)**



**Source:** The World Bank, modeled ILO estimates.

The assistance is most commonly provided in the form of increased cash or in-kind transfers to households that are already in receipt of such transfers (vertical expansion) and the extension of transfers to new beneficiaries not previously in receipt of benefits (horizontal expansion). Horizontal expansion to new recipients inevitably presents more challenges but will often be necessary because of the widespread impact of disasters including pandemics in future. Following a disaster event, social protection assistance may need

to be activated rapidly during the emergency response phase, or over a longer period through the recovery and reconstruction phases. Equally, it should be emphasised that the need for social protection measures as part of the response to a disaster depends on the nature, severity, extent, and duration of the impacts on the population and social protection measures will not always form part of the response.

Adaptive social protection (also referred to as shock-responsive social protection) refers to the way that, following a shock, the pre-existing social protection infrastructure is used to help mitigate the impact of natural disasters or other shocks such as conflicts, forced migration or severe economic crises. Although shock-responsive social protection has gained significant policy traction in recent years, this is not a recent area of work for Caribbean countries and territories. In the Caribbean, shock-responsive social protection measures were first implemented as part of the response to disasters caused by natural hazards, primarily hurricanes. Caribbean governments that introduced vertical and/or horizontal expansion of their cash (or in-kind) transfer programmes to provide assistance to their populations in the wake of hurricanes include Jamaica (hurricane Dean, 2007), Dominica (hurricane Maria, 2017), the British Virgin Islands (hurricanes Irma and Maria, 2017) and the Bahamas (hurricane Dorian, 2019). The severity of the 2008 financial crisis and its impact on the Caribbean had also led several governments to introduce shock-responsive increases and extensions to social protection programmes (Beazley, Ciardi and Bailey, 2020).

During 2020, virtually all Caribbean governments introduced emergency social protection measures in response to the COVID-19 crisis. In the face of severe economic disruption caused by the pandemic, Caribbean governments implemented new programmes to provide cash benefits to workers who had lost their jobs or livelihoods and emergency cash or in-kind benefits to prevent people falling into destitution, among many other measures. Often this was achieved through the expansion of existing non-contributory social assistance programmes although in some countries new benefits or other changes were introduced as part of the contributory social insurance system, or at least as an add-on to the contributory system if not a fully integrated part of it.

The need for such extensive emergency measures in response to crises is in part due to weaknesses in Caribbean social protection systems. In some Caribbean countries, half or more of the workforce are in the informal sector and so fall outside of the contributory component. Furthermore, while many Caribbean countries provide protection against risks associated with age, ill health, disability, maternity and other individual risks, many do not include protection against loss of employment or livelihoods which tends to be one of the major impacts of both natural disasters and economic shocks. In addition, non-contributory social protection programmes do not provide an adequate safety net at the best of times, much less in the aftermath of a disaster or other shocks.

The unpredictability of shocks and their potentially widespread impact mean that emergency social protection measures will generally require at least some additional funding over and above that provided by the regular sources of funding for social protection. This can come from additional budgetary allocations, the Caribbean Catastrophe Risk Insurance Facility (CCRIF), or in the form of humanitarian relief from multilateral or bilateral donors.

In the aftermath of the current severe crisis, there is now an opportunity to expand social protection to promote universal, comprehensive and sustainable systems with well-developed institutional capacity, and higher levels of integration. Recent disasters including the COVID-19 pandemic have amply demonstrated the key role that social protection systems play in response to crises. Emergency social protection measures have been introduced very rapidly by adapting existing programmes. All Caribbean governments have turned to social protection as an instrument for mitigating the socioeconomic impacts of COVID-19, while at the same time benefiting from subregional and international exchange. More should be done to integrate social protection into disaster preparedness planning. In this way, preparatory steps could be taken to make programmes more easily scalable, both vertically and horizontally, rather than trying to resolve problems with targeting, information systems and delivery mechanisms in the midst of a crisis. Participation of social protection ministries and agencies in disaster preparedness planning and coordination with disaster management agencies throughout all phases of risk management is also vital to develop effective shock-responsiveness in social protection systems.

It should be noted that, in addition to the reinforcement of national social protection measures, subregional mechanisms and exchange have compensated, to a certain extent, for the lack of maturity of social protection systems in certain Caribbean countries, which have successfully addressed the needs of impacted populations by leveraging existing programming infrastructure, expanding coverage, temporarily modifying programmes and/or increasing benefits (Beazley, Ciardi, and Bailey, 2020). This adaptive nature of Caribbean social protection systems is a positive lesson to be extracted from this period, and one which is linked to the Caribbean resilience developed over the years both at community and institutional levels.

## **2.c Addressing systemic impacts through social protection: the importance of subregional coordination mechanisms as key institutional support for Caribbean resilience building**

The nature of systemic risk in the Caribbean is connected to its multidimensional vulnerabilities, including high debt, weak social protection systems, poverty, inequality and unemployment. These structural vulnerabilities provide a multi-risk scenario in face of climate change, with hurricanes and extreme weather events of increasing frequency and ferocity. Considering the multipronged disaster-risk scenarios faced by Caribbean countries, the role of social protection in emergency response has gained centrality as part of governments' strategies, policies, plans and investments (Beazley, Ciardi, and Bailey, 2020) and should embrace a double resilience building strategy, both at community and institutional levels<sup>5</sup>.

The COVID-19 pandemic has caused unprecedented crisis with the disruption of public services in the Caribbean, exposing inequalities among the most vulnerable groups in society. While Caribbean governments are well-aware of the need to be prepared for disasters, the scope and complexity of the crisis has been unprecedented, because of its sudden and global impact, the extended period of its duration, and the consequences of the decline in international travel, in global commodity prices, and the overall disruption in worldwide trade and supply chains. COVID-19 social protection measures adopted by Caribbean countries, such as cash and in-kind transfers, enhanced pensions, child, and disability benefits, have contributed to the prevention of higher inequality. Such measures were instrumental in cushioning the impact of the health and socioeconomic crisis in the Caribbean, directly supporting those who are most vulnerable and marginalised, but also acting as a stabiliser, enabling citizens to overcome social exclusion and poverty. Countries also invested in fostering collaboration between private and public sectors to enhance the lives and livelihoods of their populations.

The pandemic highlighted the urgent need to promote more integrated policy coherent responses, addressing key areas of regional and national risk. The causes and effects of environmental crisis and systemic inequality may differ from country to country, and a customized approach is needed to understand the full extent of the impacts, considering multiple threats affecting the different territories. Risk informed policy direction will depend on more articulated coordination mechanisms that promote the integration of different sectors, stakeholders, and levels of government, allowing a space for participatory dialogue and inclusion of the most vulnerable groups.

Subregional coordination and cooperation mechanisms provide a critical support framework for Caribbean SIDS, addressing the shortage of goods and services during crisis, and allowing a space for regional collaboration, fostering synergies and joint solutions to expand social protection towards universal access.

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<sup>5</sup> Achieving universal, comprehensive and sustainable social protection systems requires a combination of contributory and non-contributory mechanisms, which lay at the basis of a sustainable social protection architecture in the long-term. In building forward stronger, Caribbean countries are presented with an important opportunity for progressive achievement of higher levels of protection, and to improve access to social services, working collectively to promote synergies and integration across sectors that will allow to break the intergenerational cycle of poverty and to promote social inclusive development.

Reforming and repurposing social protection through integrated mechanisms could contribute to rationalise public spending and support the transition towards more sustainable and resilient communities over the longer term. Assessments and guidance on institutional coordination mechanisms may consider and address the significant shifts in support that are likely to take place over the near future and inform efforts to build forward stronger in the medium-to long-term to ensure a sustainable and resilient transformation.

This supports the ultimate goals of strengthening coping capacity and resilience building, reducing structural inequality and poverty. Effective partnerships on climate risk monitoring, assessment and early warning have been built throughout the region, including through the Caribbean Community Climate Change Centre (CCCCC) and the Caribbean Institute for Meteorology and Hydrology (CIMH).

Furthermore, the Model Comprehensive Disaster Management (CDM) Legislation and Regulations developed by the Caribbean Disaster Emergency Management Agency (CDEMA) provides a subregional coordinating framework to promote and support critical areas of convergence towards achieving a development model that is resilient to climate change. The CDM strategy, further refined by “A Caribbean Pathway for Resilience”, puts forward priority areas for safer, more resilient, and sustainable countries: strengthened institutional arrangements for CDM; increased and sustained knowledge management and learning; improved integration of CDM at sectoral levels; and strengthened and sustained community resilience (CDEMA, 2014).

In addition, parametric insurance policy, unlike indemnity insurance, pays out on the occurrence of an event and impact of a predetermined intensity. The Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC), created in 2007, is the first country risk fund based on this type of insurance. It was originally designed to deal with catastrophes related to hurricanes and earthquakes in Caribbean countries. The institution currently provides services to nineteen Caribbean governments and two Central American governments. This instrument was not designed to cover all the damage caused by a disaster but to give governments access to short-term liquidity mechanisms with a view to dealing with the emergency and reducing budgetary volatility (ECLAC, 2019a).

In response to the pandemic, subregional cooperation has proven to be an effective way to compensate national deficiencies and strengthen overall capacity to address the pandemic (Beazley, Ciardi, and Bailey, 2020). The leadership role of the Caribbean Community (CARICOM) was recognised<sup>6</sup> and the Association of Caribbean States (ACS) established a Multi-Stakeholder Task Force on COVID-19, to analyse and promote a subregional collective response, including vaccines, logistics, social mechanisms, and capacity building requirements. As part of the coordinated response, CDEMA supported its 19 participating States in implementing measures to contain infections, providing joint medical assistance and establishing a COVID-19 Integrated Regional Logistics Hub (IRLH) in Barbados. Other regional organisations, such as the Pan American Health Organization (PAHO), the Caribbean Public Health Agency (CARPHA), the Caribbean Development Bank (CDB), and the University of the West Indies (UWI) have provided key resources and expertise, including regional testing capacity and outbreak response logistics. New initiatives in reinforcing resilience include collaboration with the Caribbean Alliance of National Psychological Associations (CANPA) to integrate mental health and psychosocial support (MHPSS) in disaster response. A new Model Shut Down Project aims to bridge the gap between National Disaster Offices (NDOs), the Private Sector and the General Public, to improve integration in emergency response procedures.

### **3. Crisis within crises: dealing with multidimensional risk**

The Caribbean is routinely subjected to a range of natural hazards. These frequent and overlapping disasters demand the implementation of strategies to manage these multiple emergencies simultaneously. The imperative to assign already scarce human and financial resources for disaster management has resulted in reduced capacities to sustainably recover and build forward better.

To significantly reduce the devastation caused by these disasters the region needs to invest intensively in national and regional strategies of mitigation, preparedness, response, and recovery. There should also be an up-to-date national databases including information on hospitals, infrastructure, population, buildings,

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<sup>6</sup> Heads of Caribbean Community (CARICOM) and the PM with responsibility for Health in the Quasi Cabinet have demonstrated the principles of equity, regional solidarity and advocacy for the rights of Caribbean people to have access to life saving vaccines, as recognized by Dr. Joy St. John, Executive Director of the Caribbean Public Health Agency (CARPHA), Presentation at Multi-Stakeholder Task Force Meeting on COVID-19, Association of Caribbean States (ACS), March 2021.

transportation, utilities, watersheds, natural resources and high-risk areas. This information is essential also to support decision making at all stages of disaster management including for evacuation planning.

Considering the evidence of pervasive disaster risks which the Caribbean subregion faces, appropriate development strategies are critical to secure previous development gains, and to protect the economic, environmental and social space for the continued well-being of Caribbean peoples. Such strategies should give focus to reduction of inherent vulnerabilities, and the building of resilience. Ultimately, these goals are achievable through the reduction of disaster risk and access to innovative finance to support risk reduction.

Following are accounts of recent events in the subregion, including recommendations such as application of geospatial technologies and data (GST/T) and financing risk mitigation measures to strengthen disaster risk management in the Caribbean.

### 3.a Natural disasters in the Caribbean

- a. **Projected Hurricanes for 2021.** The National Oceanic and Atmospheric Administration (NOAA) predicted an above average Atlantic 2021 hurricane season. The latest outlook is reflecting 15-21 names storms, 7-19 hurricanes and of which 3-5 could become major hurricanes (NOAA, 2021).<sup>7</sup>
- b. **Flooding:** In 2021 Caribbean countries experienced major flooding. With respect to the flooding caused by Tropical storms Elsa and Grace, heavy rainfall during the months of May into June 2021, had devastating impacts to Guyana and Suriname. These flooding impacted sectors including health, mining and agriculture. It also affected livestock and crops, housing, potable water, health, sanitation, and other social servicing sectors. On 9 June, 2021 due to intensity and geographic locations of flooding, a State of national disaster was declared in the Co-operative Republic of Guyana (CDEMA, 2021a). ECLAC has conducted a Damage and Loss Assessment (DaLA) in Guyana.
- c. **Volcanos:** The La Soufrière volcano in Saint Vincent and the Grenadines began effusive eruption on 29 December 2020 and with first explosive eruption occurring on 9 April, 2021. The United Nations launched a US\$29.2 million global funding appeal to help those affected by the eruptions of the La Soufrière volcano in Saint Vincent and the Grenadines and other impacted countries. On 2 July, 2021, Hurricane Elsa struck with the resulting flooding and mudslides that damaged homes and further shattered areas already burdened by heavy ashfall. The volcano remains in a state of unrest.<sup>8</sup> The impacts of the ashfall from the La Soufrière affected the neighbouring countries of Barbados, Grenada and Saint Lucia. In the case of Barbados and based on a damage and loss assessment conducted by the Barbados- Ministry of Economic Affairs and Investment and Barbados immediately following the La Soufrière ash fall event in April 2021 reveals that the disaster cost Barbados was at least US\$87.1 million. The sectors affected were agriculture, fisheries, housing, vehicles, manufacturing, transportation (including land, air and maritime), accommodation and food services. Electricity was also affected as solar panels were covered over with the

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<sup>7</sup> The National Oceanic and Atmospheric Administration Atlantic hurricane season, available at: <https://www.noaa.gov/news-release/atlantic-hurricane-season-shows-no-signs-of-slowng>, cited October 18, 2021.

<sup>8</sup> UWI Seismic Research Centre- See link at <https://uwiseismic.com/>.

volcanic ash-fall.<sup>9</sup> In the case of Saint Lucia the ash-fall affected mainly the south of the island and including the livelihood of several fishers (IFRC, 2021).

- d. Earthquakes:** A 7.2 magnitude earthquake was recorded on Saturday 14 August at around 0830 am in the South Region of Haiti.<sup>10</sup> As Haiti struggles to recover from this devastating earthquake, the country also was impacted by Tropical Depression Grace. The United Nations and other developmental partners have made an appeal for US\$187.3 million to provide vital relief assistance to more than 800,000 people affected by the devastating earthquake in Haiti, including shelter, water and sanitation, emergency healthcare, food, protection, and early recovery.<sup>11</sup> A post disaster needs assessment is currently being undertaken. Data from the Caribbean Disaster Emergency Management Agency (CDEMA) as of 14 September, 2021 is illustrated in Table 1.

**Table 1**  
**Earthquake Impact on Haiti, September 14, 2021**

Deceased	Injured	Missing persons	Destroyed homes	Damaged houses	Impacted persons
2,248	12, 763	329	53,815	83,770	609,000

**Source:** Caribbean Disaster Management Agency (CDEMA), Haiti Earthquake, Final Situation Report No.12, as of 1:00pm on 14 September 2021.

- e. Sargassum:** Sargassum: The extensive deposit of this seaweed on coastal areas and beaches, has resulted in significant environmental damage and the disruption of economic and social life for many Caribbean countries. The region has been exploring options to more effectively manage this annually recurring phenomenon. The 2019 international conference on Sargassum hosted by Guadeloupe adopted a declaration on the need to create a Caribbean Programme for Sargassum (ACS, 2019)<sup>12</sup>.

### **3.b Application of Geospatial technologies and Data in Disaster Risk management**

Geospatial technologies and data (GST/D) are proving to be a formidable tool in assisting countries in strengthening their Disaster Risk Management (DRM) Strategies. The Caribbean region has much to gain through the full integration of this tool into its DRM strategies. It is used in the conduct of risk assessment, risk reduction and support for disaster preparedness. GST/D also provides opportunities for better sourcing of data, using computer tablets and drones to capture a wealth of spatial information. Combined with historical satellite imagery that can be incorporated into national and regional databases, a formidable data source to build common resilience strategies for the subregion could be created. In the case of DRM in the Caribbean, creating a common Caribbean database could prove a ground-breaking initiative, moving the subregion closer to a more holistic approach to data governance. Jamaica in the meantime has made significant strides in integrating their systems at the local government and national levels and have organized and defined land use maps to identify vulnerable populations at risk for flooding in the Portmore

<sup>9</sup> Barbados, Government Information Service, Minister Caddle: \$87 Million Ashfall Impact, see link at: <https://gisbarbados.gov.bb/blog/minister-caddle-87-million-ashfall-impact/>

<sup>10</sup> Haiti earthquake occurred Saturday 14 August at around 0830 am. The epicentre was located 13 km to the South-South-East of Petit Trou de Nippes, in the Departments of Nippes, Grand'Anse and Sud, with a combined population representing around 16% of the country's total population, estimated at 11.4 million. The earthquake, which was at a depth of 10 km, was followed by a number of aftershocks

<sup>11</sup> United Nations, UN and Partners appeal for \$187.3 million to support quake-stricken Haiti to recover, see link at:

<https://unsdg.un.org/latest/announcements/un-and-partners-appeal-1873-million-support-quake-stricken-haiti-recover>

<sup>12</sup> International Conference of Sargassum, 23-26 October 2019, [http://www.acs-aec.org/sites/default/files/declaration\\_of\\_the\\_international\\_conference\\_on\\_sargassum.pdf](http://www.acs-aec.org/sites/default/files/declaration_of_the_international_conference_on_sargassum.pdf), cited October 26, 2021.

area. During the volcanic eruptions in Saint Vincent and the Grenadines GST/D utilized this technology in developing a hazard map for the island.

A recently completed ECLAC study<sup>13</sup> undertook a needs assessment regarding the application of this tool in support of DRM. The study found that despite several challenges including inadequate financing for the purchase of software, lack of human capacity and trained personnel, still there were opportunities for accessing regional programmes and knowledge sharing; an increased demand for geospatial data in DRM, visual analysis of weather patterns; and real time access to data. There are also initiatives such as the CARIGEO committee which supports the countries of the Caribbean region in sharing and advancing the use of geospatial, statistical and related information towards improved decision making for sustainable national and regional development. To have GST/D fully integrated into DRM strategies across the region is an ambition that should be pursued aggressively in the Caribbean.

### **3.c Insurance as a risk mitigation measure**

UNDRR (2021)<sup>14</sup> describes disaster risk reduction as systematic efforts to analyze the causal factors of disaster with a view towards reducing exposure to natural hazards, reducing vulnerability of the population, sustainably managing natural resources, and enhancing preparedness of populations to confront adverse events. This is a multifaceted approach to development, and involves the strengthening of planning systems and institutions, building a robust economy with the capacity to successfully endure natural disruptions, and gathering the necessary data and information to mount an efficient and timely response to a natural event.

Caribbean countries are also encouraged to develop financial strategy for disaster management. Among the instruments and mechanisms for financing disaster risk are: Budget for disaster risk management, budget reallocation, funds for emergency care, insurance, reinsurance, contingent credits, post-disaster credits, and donations. Two major disaster risk financing (DRR) instruments used in Latin America and the Caribbean are:

- a. Parametric Insurance, which, unlike an indemnity insurance, makes its disbursements based on the occurrence of a predefined level of intensity of an event and impact. One such option is risk transfer, and the Caribbean subregion has managed to successfully establish such a model for the transfer of country risks to selected natural hazards through the agency of the Caribbean Catastrophic Risk Insurance Facility – Segregated Portfolio Company (CCRIF-SPC). The CCRIF-SPC was established by CARICOM governments with the support of the World Bank in 2007, as “the first multi-country risk pool in the world and was the first insurance instrument to successfully develop parametric policies backed by both traditional and capital markets”.<sup>15</sup> The CCRIF-SPC currently serves nineteen Caribbean, and three Central American governments and offers insurance policies for tropical cyclones, earthquakes, excess rainfall, the fisheries sector and utilities. Since its inception, the company has made a total of 54 payouts, amounting to US\$245 million. Such payouts have typically been made within 14 days of a natural event, thereby serving as a quick source of short-term liquidity, and a financial resiliency buffer to natural hazard events for Caribbean and Central American governments. During 2021, several countries have received payouts from CCRIF-SPC for a range of disasters. These included Trinidad

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<sup>13</sup> Study on the applications of geospatial technologies and data in Disaster Risk Management in the Caribbean.

<sup>14</sup> United Nations Office for Disaster Risk Reduction (UNDRR) was formerly known as the United Nations International Strategy for Disaster Reduction (UNISDR), link- <https://eird.org/esp/acerca-eird/liderazgo/perfil/what-is-drr.html>, cited October 26, 2021.

<sup>15</sup> <https://www.ccrif.org/>.

and Tobago, US\$ 2.4 million (August 18-20 rainfall event); Haiti, US\$ 40 million (August 14 earthquake); Barbados, US\$ 2.5 million (Hurricane Elsa).

- b. Contingent credit lines. These products are contracted before a disaster occurs and are activated in the event of an emergency. These credits provide immediate liquidity and interest rates are usually lower than traditional credit lines, but the use of this product increases the debt of the countries. The IDB, CAF Development Bank of Latin America and the World Bank offer these instruments. The funds obtained through these credits are normally used during the emergency phase and during the first phase of the recovery phase. An example of a Caribbean country that benefited from both instruments was the Bahamas after the disaster caused. Hurricane Dorian, Category 5, affected the islands of Grand Bahama and Abaco. and US\$ 100 million from the contingent credit line it had contracted with the IDB (ECLAC/IDB, 2020).

For the Caribbean region, a disaster management financing policy should involve the following actions:

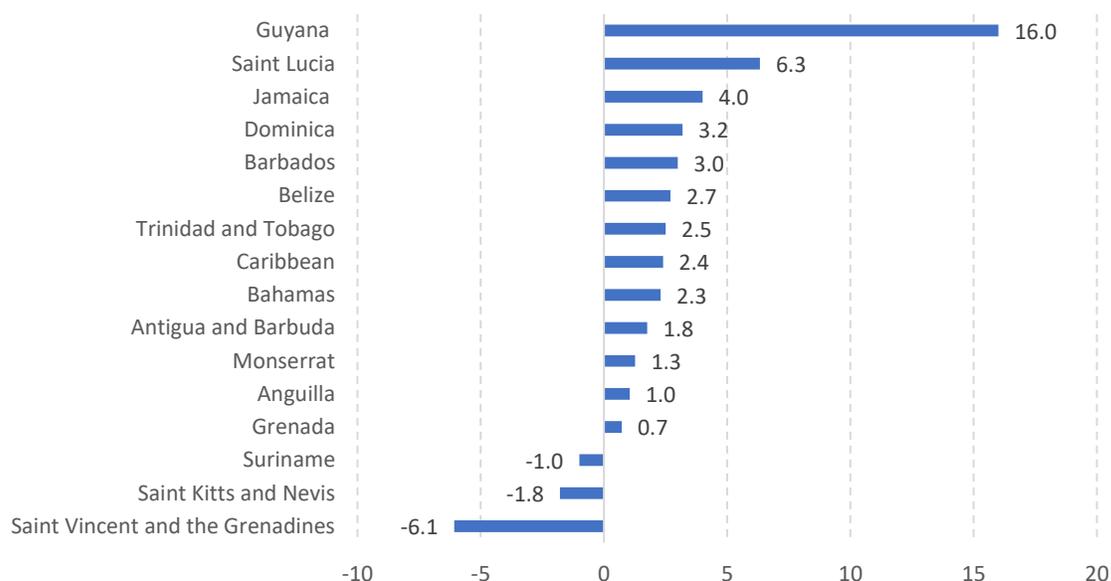
- a. Understanding and quantifying the impacts of disasters is particularly important to allow policy makers to allocate resources appropriately. In particular, it can help policy makers to decide how much to spend for building ex-ante resilience through better physical infrastructure and how much fiscal space to preserve to deal with the aftermath of a disaster, depending on the type of risk they face. The data requirements providing for results-based decision-making must be continually updated.
- b. Mainstreaming disaster risk reduction, emergency assistance and reconstruction spending in the budgetary system could provide a pool of structured funds to cope with these contingencies. This reduces the need for reflexive supplementary budgetary allocations, which makes it difficult for the country to achieve sustainable debt levels.
- c. Countries are advised that fiscal actions for disaster management should not only focus on emergency care. Member countries should develop a budget allocation and forecasting policy for the coverage of catastrophic events, data management including hardware and applications, the efficient and transparent administration of resources for disaster risk reduction, to strengthen the country's fiscal resilience and the capacity to manage all stages of disasters. For the Caribbean region the skills sets are to be built to manage different types of disasters.
- d. National Disaster Clause. Countries can seek to adopted natural disaster clauses, which allows them to defer payments of interest and principal on their debt in the event of natural disaster that meets a qualifying threshold. This will free-up important funds for post-disaster relief and recovery, thereby reducing the medium-term fallout from the disaster in these countries. For the Caribbean region, Grenada and Barbados have adopted this clause. In the case of Grenada this clause allows to defer debt service payments if it is hit by a tropical cyclone that causes damage and losses of between US\$15 million and US\$30 million. Importantly, for Barbados, the clause could free up US\$700 million in debt service payments.

## 4. The Economic Challenges: Introduction

In 2020 the COVID-19 pandemic created a tremendous shock to the Caribbean economy. The Caribbean economies<sup>16</sup> contracted by an average of 7.5%, driven by a 13.4% contraction in the service producing economies, which had their main sector, tourism, heavily disrupted for much of the year.

In 2021 growth is estimated at 4.1% as the economies rebound from an extraordinary year, albeit with continuing challenges. Growth performance will be led by Guyana, with growth of 16.0%. Guyana is in its second year of oil production and in the midst of implementing an ambitious capital investment programme. Three economies will contract in 2021: Suriname (-1.0%), Saint Kitts and Nevis (-1.8%) and Saint Vincent and the Grenadines (-6.1%). Suriname is mired in an economic crisis and had to implement a devaluation of 90%, Saint Kitts and Nevis has struggled to get its tourism sector moving again and Saint Vincent and the Grenadines is dealing with the aftermath of a volcanic explosion in the first half of 2021 that disrupted economic activity. The remaining Caribbean economies are projected to rebound moderately, with only Saint Lucia (6.1%) growing by more than 5%.

**Figure 8: GDP growth rate, 2021**  
(Percentage)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data.

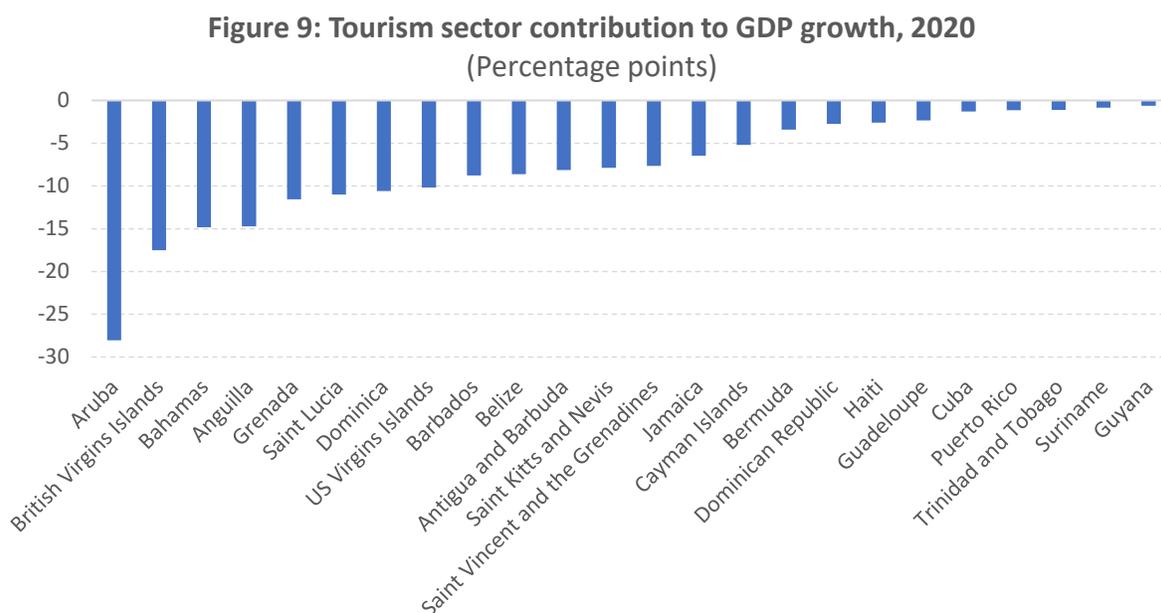
<sup>16</sup> This includes Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago. The goods producing economies are Belize, Guyana, Suriname and Trinidad and Tobago, while the rest make up the service producing economies.

This section examines the performance and challenges in the key sectors of tourism, energy, agriculture and trade.

#### 4.a The Impact of COVID-19 on Tourism

In early 2020, governments around the world implemented severe travel restrictions in attempts to limit the spread of the COVID-19 virus. These measures led to a near-shutdown of tourism activity worldwide. Total arrivals to the Caribbean fell by 67%, on average, from 2019 to 2020. While the global economic performance was impacted by the pandemic’s lockdown measures, economies in the Caribbean which are highly dependent on tourism were severely affected. The direct share of tourism in GDP for the Caribbean was 11.4% on average in 2019 (WTTC, 2020). The contribution to employment is also significant, as tourism accounts for one in every six jobs, most of which are held by women.

Given the importance of tourism to the subregion, the economic impact of COVID-19 resulted in significant losses to the economy as a whole. The estimated contribution to GDP growth for the sector was -7.8 percentage points on average and ranged from -1 percentage points in Guyana to -28 percentage points in Aruba.



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data.

During a near-total shutdown of the tourism sector in April and May 2020, the number of arrivals to the Caribbean<sup>17</sup> fell to 1% of the reference period<sup>18</sup>. Since then, arrivals have been steadily increasing. On average, arrivals grew to 21% of the reference period in December 2020. The recovery continued into 2021 as the number of arrivals increased steadily to 77% of the reference period by July 2021. The recovery, however, has been an uneven, as some economies have been doing better than others. Some economies,

<sup>17</sup> The Caribbean here refers to Aruba, Anguilla, Antigua and Barbuda, Bahamas, Belize, Bermuda, Cuba, Curacao, Cayman Islands, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Montserrat, Martinique, Puerto Rico, Sint Maarten, Turks and Caicos, Trinidad and Tobago, Saint Vincent and the Grenadines, British Virgin Islands and the United States Virgins Islands.

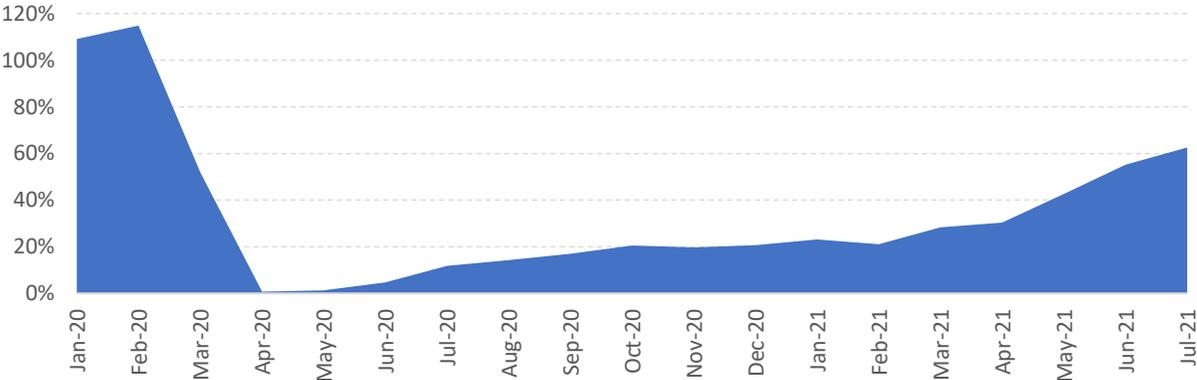
<sup>18</sup> Given the seasonality inherent in tourism arrival data, the arrivals in each month in 2020 and 2021 was compared to the corresponding month in the reference period, which was the average arrivals for each month in the years 2017 to 2019.

such as Aruba, Curacao, The Dominican Republic, Martinique and Puerto Rico have seen arrivals return to over 80% of the reference period in 2021, while others, such as Antigua and Barbuda, Curacao, Sint Maarten and the United States Virgin Islands have seen arrivals exceeding 100% of the reference period in 2021. On the other hand, some economies have not had arrivals greater than 35% of the reference period in any month since March 2020. These include Cuba, Grenada, Saint Kitts and Nevis, Montserrat, Saint Vincent and the Grenadines and the British Virgin Islands.

Since the first reopening following the initial lockdown, tourism dependent countries have had to strike a balance between controlling the spread within their own borders and attracting enough visitors to stimulate a robust recovery. Measures utilized included testing and mandatory quarantines, which may have limited demand. The increased accessibility of vaccines in recent months has reduced somewhat the need for such measures. This relaxation, as well as expanded travel insurance coverage may have contributed to rising demand among visitors.

However, there are signs that the re-opening of economies requires greater vigilance and more effective management. Since August 2021, several Caribbean countries have experienced their largest surge in COVID-19 cases. These latest waves may hinder the tourism sector recovery; many countries in the subregion remain at “level 4” travel warning classification by the US Centre for Disease Control. Continued recovery of the tourism sector will unquestionably depend on how fast the pandemic is brought under control in both destination and source markets, and on the degree to which pent up demand can be sustained into the coming high season.

**Figure 10: Average stayover arrivals, Jan 2020 - Jul 2021**  
*(Per cent of reference period)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data.

To achieve robust recovery from this crisis, Caribbean policymakers need to capture opportunities for upgrading the tourism product. This would involve adjusting the product to attract new market segments. The demand among young visitors in the “millennial” and “gen-Z” categories is driven by the desire for more authentic and immersive experiences. These visitors are more motivated to experience new cultures, so Caribbean tourism providers will need to tailor marketing and promotion for these segments, including through mobile booking platforms. There is also an opportunity to include more cultural local content in the tourism product, for both stayover and cruise tourists. Another market segment that provides an

opportunity is the high and ultra-high net wealth<sup>19</sup> segment. These individuals require excellent service, personalized attention and exclusivity and would require the introduction of very high-end hotels and services. The extra revenue from these premium visitors would lower the need to maximize visitor numbers, thereby also reducing the impact on the islands' natural resources and environment.

#### **4.a.i Challenges to the hydrocarbon sector**

Undoubtedly, the greatest economic fallout from the pandemic was experienced in the tourism sector. Nevertheless, the goods production sectors, including petroleum production and export was also disrupted by COVID-19. Reduced demand from the travel industry and other sectors, combined with a price war between Russia and Saudi Arabia led to a sharp fall in oil prices in the first half of 2020. Brent crude spot declined from an average of US\$64 a barrel in January to US\$18 a barrel in April prices declined by almost 21% in 2020. In addition, oil demand reached a low of 76 million barrels a day in April 2020, 25% less than the 102 million barrels per day in December 2019 (Byers, 2020). This led to a worsening fiscal situation in Trinidad and Tobago as the production of natural gas declined by 15.2% and oil production fell by 3.8% to an average of 56,480 barrels per day. Similarly, natural gas and crude oil export receipts contracted by 48.6% and 39.8%, respectively.

The regional hydrocarbon sector has expanded with the inception of oil production in Guyana in 2020. Overall, 27.2 million barrels of oil were produced in 2020. The government is projecting that by 2027 Guyana could produce in excess of 1 million barrels per day. The country now ranks 19<sup>th</sup> in the world in oil reserves, with 9 billion barrels of proven reserves of oil. In 2020, oil exports were valued at US\$1.3 billion.

#### **4.a.ii Adjusting to the challenge of a long-term structural fall in demand for oil and gas**

The petrochemical sector can expect cyclical upturns and downturns in demand and prices in succeeding decades based on changes in economic performance in countries. Nevertheless, the long-term trend points to a transition away from petrochemicals as economies decarbonize to meet greenhouse gas emission reduction targets to combat climate change. Indeed, some analysts predict that the pandemic will accelerate the energy transition by reducing demand for long haul travel, office space- as more workers telecommute, and also for iron and steel to construct office buildings (Alvik and Irvine, 2020). Overall, the pandemic has highlighted the need for policies to restore production and employment, while avoiding worsening the effects of climate change and resource depletion (Koundouri and Sachs, 2021). The development of renewable energy and updated energy efficiency techniques can help to fill the employment gap left by the pandemic. For example, it is estimated that investing in renewable energy in the Caribbean could lead to an additional US\$633 million GDP impact (SEforALL, 2020).

Therefore, the countries in the region for which petrochemicals are important-Trinidad and Tobago, Suriname and Guyana need to put in place a clear, well-structured plan to transition out of petrochemicals over a reasonable period. The energy transition plan should consider the following:

- i. The need to develop cutting edge systems to improve cost and operational efficiencies to increase profit margins from the regional petrochemical sector before prices reach benchmarks, where production is uneconomic (Byers, 2020). This should include use of the latest technology to maximise productivity and limit waste in the sector. For example, in Guyana, because of a damaged compressor, Exxon was reported to have flared over 15 million standard cubic feet per day of natural gas for several months in 2020 and 2021. However, there are methods for

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<sup>19</sup> High net wealth individuals have wealth of US\$1-29 million and for ultra-high net wealth individuals it is in excess of US\$30 million.

natural gas recovery and use both to improve the overall efficiency of the oil sector and to reduce environmental pollution.

- ii. The major plank of the energy transition is the accelerated development of sources of renewable energy. There is significant potential within the subregion to increase production of solar, wind and hydroelectricity energy sources. This requires a multi-pronged strategy. The main plank should be a reform of the incentive and regulatory framework to attract more domestic and foreign investment into renewable energy. Importantly, the tax and subsidy regime alongside education and training should give preference to investment and knowledge and skills that are linked to renewables. Currently, the overall incentive regime is still strongly biased in favour of fossil fuels. Innovative source of finance, including PPPs, blended finance and renewable energy bonds will need to be developed to incentivize the private sector and citizens to invest in solar, wind, geothermal and other renewables.
- iii. In assessing the cost-benefit of the transition, governments will need to consider the role investing in renewable energy could play in providing high quality jobs to alleviate the unemployment problem in the region. Both renewable energy production and distribution and energy efficiency systems provide an opportunity for growing high-quality jobs in the region. Moreover, econometric analysis<sup>20</sup> shows that US\$1 million spent on renewables creates 7.49 full time jobs compared with 2.65 full time jobs in fossil fuels. Furthermore, US\$1 million invested in retrofitting buildings for renewable energy production would create 16 to 21 jobs.<sup>21</sup>
- iv. In order to garner wide public support for the energy transition, countries will need to cushion the impact of citizens who lose in the short to medium-term as a result of the shift. This should include tax relief, subsidies, and other incentives for oil producers to shift to the production of renewable energy. It should also be borne in mind that the removal of subsidies on domestic fuel will likely lead to higher petrol and other fuel prices. This would raise the cost of living for citizens, especially poorer households. Consideration could also be given to providing support to these households to alleviate the impact of higher fuel prices.

#### **4.a.iii Recommendations**

To adapt to the challenges posed by decarbonisation in response to climate change, Caribbean oil producers should focus on the following strategies:

- i. Reform the regulatory and incentive framework, including tax reductions and subsidies where feasible to encourage domestic and foreign investment in renewable energy sources. The new incentive system should be structured to crowd-in renewables and actively crowd-out fossil fuels.
- ii. The subregion should pursue energy efficiency in all aspects of business, government, and household operations. For example, as in the case of Barbados, incentives should be provided for the use of solar water heaters and other energy efficient systems in buildings and production plants. Crucially, all sectors in the region need to undertake energy audits, especially for large buildings and plants to ensure energy efficient and effective standards in their design and operation.
- iii. A consultative process should be developed to design appropriate safety nets to cushion the impact of the losers from the energy transition. Moreover, to facilitate a just transition, retraining should be provided for workers in the fossil fuel sector to prepare them for jobs in renewables, incentives should also be provided to energy companies for them to make the

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<sup>20</sup> By Garrett-Peltier and Heidi, 2017.

<sup>21</sup> Engel and others, 2020.

switch and means tested assistance could be provided to poorer households which are affected by short-term increases in the cost of fuel and electricity.

#### **4.b Agriculture and Fisheries**

Given the socio-economic challenges facing Caribbean economies compounded by their vulnerability to the effects of climate change and natural disasters, it is imperative that the subregion pursue worthwhile opportunities to boost economic growth, promote sustainability and reduce levels of poverty. For the Caribbean, development of the agricultural sector, including fisheries and aquaculture, offers improved food security and provides a channel for much needed economic diversification along with sustainable growth. Regional governments are keenly aware of the potential benefits of increased investment in the sector; however, several challenges have limited their ability to strengthen the sector's competitiveness and improve its sustainability since the sugar and banana production eras. Instead, Caribbean economies must contend with high food import bills; more than half the value of total exports is consumed in food imports. Presently, agriculture productivity remains low, and the sector represents a small share of these economies. Among ECLAC's thirteen member States, the average value added for agriculture, forestry, and fishing in 2019 stood at 6.1% of GDP with Belize, Dominica and Guyana having the largest contributions in the sector.

Prior to the COVID-19 pandemic, low levels of competitiveness in the agriculture sector primarily stemmed from the high cost of trading and the low capacity to meet modern food safety and quality standards demanded from the tourism, processing, and retail sectors. Weak ocean shipping connectivity and port operations inefficiencies have also inhibited greater integration into international trading systems, limiting opportunities to increase exports. In the past, agricultural supply chains and trade have focused on the export of unprocessed primary products that captures less of the value chain and exposes farmers to raw commodity prices given that there are limited options to differentiate their products. This approach has stymied potential revenue streams and limited upskilling and new job opportunities in the sector. In recent times, greater focus has been placed on more high-value products. However, there is room for further development in this area. Overfishing and natural resource degradation have also negatively affected the fisheries sector substantially reducing the annual catch rates over time.

The onset of COVID-19 has added an additional layer of complexity to the sector's challenges. The containment measures to curb the spread of the COVID-19 virus has severely impacted the sector, exposing the vulnerability of the regional food supply chain as member States grapple with increases in sea freight costs and delays in deliveries leading to rising food prices along with cold-storage chain challenges, limited access to supplies for farmers and massive losses from reduced demand from restaurants, hotels, and other tourism related businesses.

The sector's recent challenges have invigorated a renewed urgency to address food insecurity across the region. To achieve sustainable food security and support agriculture and fisheries to diversify Caribbean economies, policymakers must continue to pivot towards value-add crops with a focus on exporting finished products. Investments must be made in the construction of internationally certified food processing facilities, cold-chain distribution and building human capacity across the sector. Strengthening the linkages between the food value chain and the tourism sector can offer many opportunities to local farmers. Increasing access to capital and incentivizing youth participation will also be critical to maintaining competitiveness, profitability and ensuring a sufficient labour supply. All this must be done with consideration made to water management, the provision of a consistent power supply to agricultural facilities and implementing targeted aquatic and coastal resource conservation measures.

Given the urgency of achieving Caribbean food security, there is no better time to explore ways to expand the Guyanese agricultural sector as the breadbasket for the region. Guyana is a country with a rich agricultural landscape, abundant supply of freshwater, young workforce and a port that affords regular

access to the Caribbean, Latin America, and North American markets. With efforts to improve the ease of doing business which will attract more private and foreign investment, Guyana has the potential to be at the forefront of agri-food processing for the region.

#### **4.c Trade, South-South Cooperation and Resilience Building**

The COVID-19 pandemic has precipitated a considerable narrowing of fiscal space, exacerbated already high levels of public debt, and further limited the Caribbean's access to traditional sources of development finance including foreign direct investment, and led to drastic contraction in economic growth. Add to this acute climate vulnerability which has seen annual damage and loss due to hydrometeorological events averaging just under US\$ 1 billion.

The Caribbean is now facing a high debt, low growth, climate vulnerability and liquidity challenge which demands an urgent multidimensional solution if the subregion is to have a reasonable chance of achieving the 2030 Agenda for Sustainable Development and key Sustainable Development Goals. The reality is that many other small vulnerable economies have been similarly impacted. Support from the international community for resilience building and making trade a crucial driver of economic growth and structural transformation is therefore central to the post-COVID-19 economic recovery of these economies.

ECLAC for its part has been actively pursuing the establishment of a Caribbean Resilience Fund (CRF), which is an innovative mechanism to leverage much needed finance at scale for development while reducing the debt burden of the Caribbean, which could liberate additional funding. The CRF is being constructed as a special purpose financing vehicle, to leverage long-term low-cost development and climate-adaptation financing for the Caribbean. The fund is meant to promote increased growth; resilience building and structural transformation; and debt reduction and liquidity enhancement in Caribbean economies. The CRF is intended to complement other innovative financing mechanisms currently being pursued by the subregion, particularly within the growth and resilience asset class.

With specific regard to fostering growth, resilience building and structural transformation, the focus must now be shifted to optimizing the gains from trade through, *inter alia*, increasing the utilization of the trade agreements to which the subregion is signatory, particularly those with countries of Central and South Latin America and the wider Caribbean which have increasingly emerged as our natural trading partners. These trade agreements are supposed to offer the region's private sector with improved market access; enhanced trade facilitation; access to investment and development finance, particularly in the CARICOM-EU EPA; and reduced barriers to trade (such as rules of origin, and non-discrimination on the border application of standards). However, the trade data suggests that, with the exception of Venezuela (Bolivarian republic of), CARICOM's exports to Latin America and wider Caribbean trading partners has been deteriorating over time. Additionally, with the exception of trade under the CARIFORUM-EU Economic Partnership Agreement (EPA), utilization rates of all its bilateral trade agreements are under 4%, while trade complementarity with major trading partners has been declining.

Moreover, the subregion's competitiveness and export performance continue to be constrained by the existence of several structural gaps, particularly in the areas of transport, connectivity and energy. The subregion trade performance has also been conditioned by limited production of goods in the services economies; limited access to trade finance, especially for small and medium-sized enterprises (SMEs); limited market intelligence on the part of SMEs seeking to export to new markets; and the absence of country-specific export promotion offices in key export markets.

Therefore, rather than focusing solely on increasing market access through trade agreements, the subregion should turn its attention to market penetration and increasing exports at intensive and extensive margins. This can be achieved through addressing several supply side bottlenecks faced by CARICOM exporters. This may, however, necessitate South-South and triangular development cooperation with Latin American

partners, as well as the international community, which seek to institute mechanisms for encouraging private sector as well as foreign direct investment in innovative production practices, as well as, fostering innovation and technology creation. Trade financing, investment and private sector cooperation can target green industries, (such as renewable energy, and energy efficiency) as these areas carry the potential to create jobs, generate revenue, and address the ongoing issue of climate vulnerability.

There is also considerable potential for the export of tourism services, medical and health services, creative industries and entertainment services. Professional services such as law, accounting, auditing, ICT, financial analysis, marketing, and engineering are also very useful and generate an income for a wide range of personnel. The liberalization of these services, and the effective marketing of these services to existing and new markets would go a long way in reducing the pressure on Caribbean governments to finance “make work” programmes or continue to be the *employer of first resort*.

With access to vaccines during the 1<sup>st</sup> quarter of 2021 many countries gradually reopened their economies. However, the concomitant combination of pent-up demand and idle production in factories, placed inflationary pressures on many commodity prices; for example, oil, corn and wheat prices have all rebounded. The increase in primary food commodity prices has also been driven by adverse weather conditions (drought, and floods) in the major producing countries (such as Australia, Canada, the United States, and the United Kingdom). Furthermore, there has been an increase in shipping rates. Ocean freight rates have increased by as much as 300% from the end of 2020 to September 2021. The increase in shipping costs is due to several factors on account of the COVID-19 pandemic including - a global shipping container shortage; continued global imbalances in the production and demand for goods; port congestion and closures contributing to delays such as Los Angeles and Long Beach; and periodic disruptions in shipping operations. Hence there must by necessity be increased policy focus on fostering increased utilization of domestic capital in the production for consumption as well as export.

The global economy may be forced to learn to live with COVID-19 well into 2022 and beyond. Therefore, social distancing, and contact less transactions will increasingly become the norm. This highlights the need for upgrading physical infrastructure to improve the regional capacity for telecommunication, e-governance and e-commerce. Successful reduction of structural gaps in these areas would go a long way to making Caribbean economies resilient and competitive in what is an ever-changing global trading system.

The new global context, with gaps that have been deepened by the pandemic and its severe economic and social repercussions, makes it vital to strengthen institutional frameworks in the area of South-South, triangular and SIDS-SIDS cooperation. In this context, the Committee on South-South Cooperation of ECLAC is one of the standing intergovernmental bodies of the Regional Commission that examines various public policy issues in the region, facilitates cooperation and peer-to-peer learning based on comparative experiences, adopts regional consensus in its respective areas of competence. In its 17 years of existence, the Committee has heard debates on and considered the implementation of development agendas, and has championed support for proposals related to financing for development, calling for “every country to build the 2030 Agenda for Sustainable Development into their international cooperation strategy”, and “to reflect on ways in which to promote the 2030 Agenda through cooperation”<sup>22</sup>. Furthermore, in line with the multi-stakeholder approach of the 2030 Agenda and the Forum of the Countries of Latin America and the Caribbean on Sustainable Development, it has opened up participation in the meeting of the Presiding Officers of the Committee on South-South Cooperation to multiple stakeholders from the private sector, civil society, foundations and academia, as well representatives of parliaments and local governments, among others, with a view to maintaining a dialogue that would contribute to regional decision-making focused on improving South-South cooperation.<sup>23</sup>

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<sup>22</sup> See agreements of the sixth meeting of the Presiding Officers of the Committee on South-South Cooperation (Mexico City, 25 April 2017) [online] [https://repositorio.cepal.org/bitstream/handle/11362/41878/S1700606\\_en.pdf?sequence=1&isAllowed=y](https://repositorio.cepal.org/bitstream/handle/11362/41878/S1700606_en.pdf?sequence=1&isAllowed=y).

<sup>23</sup> ECLAC, From the Committee on South-South Cooperation to the regional conference: opportunities for renewed international development cooperation in Latin America and the Caribbean. Note by the secretariat, LC/RECSS.2021/3/Rev.1.

Most recently, in order to foster South-South cooperation in the region to overcome the pandemic, in October 2020, in the informal consultations on the resolutions to be adopted at the thirty-eighth session of ECLAC, the countries discussed the possibility of renaming the Committee on South-South Cooperation to a regional conference. At its extraordinary meeting, held virtually on 19 and 20 August 2021, the Committee on South-South Cooperation, under the chairship of Costa Rica, recommended that the Committee of the Whole of the regional commission approves the renaming of the Committee on South-South Cooperation as the Regional Conference on South-South Cooperation in Latin America and the Caribbean<sup>24</sup>. Converting the Committee into a conference would ensure that these issues are given their due prominence in the region, within existing resources.

In fact, development cooperation is a fundamental mechanism for promoting international and regional solidarity in times of pandemic and is a solution for addressing the crisis. Latin America and the Caribbean must strengthen its regional, political and economic agreements, deepen intraregional cooperation and actively forge a united voice before the world. In this context, in line with the “Caribbean first” strategy advanced by ECLAC since 2018, the region will also have to take into consideration the specific vulnerabilities of Caribbean small island developing States, promoting regional cooperation and solidarity for sustainable and resilient development. The region must have a common position for tackling global asymmetries and promoting international development cooperation at multiple levels (North-South, South-South, triangular, regional, among others), with multiple stakeholders (public, private, civil society, academia, United Nations agencies, funds and programmes and international organizations) and in multiple dimensions (including economic, productive, social, environmental and institutional).

In order to address country-specific challenges, the time has come to reconsider the criteria for measuring and classifying development and, where possible, to suspend the graduation of middle-income countries during the pandemic, moving towards a multidimensional approach to measuring poverty and the establishment of a multidimensional vulnerability index. Other aspects such as capacities, knowledge-sharing, technology transfer, fiscal and inequality gaps, vulnerabilities and the various stages of development of countries should be measured, with particular attention to the ease or lack of access to financial resources that could be mobilized, as well as their access to markets. The task is daunting and cannot be achieved without in-depth and fruitful discussion, culminating in agreements that will consolidate South-South cooperation and advance a unified voice in the region for finding a way out of the crisis and moving towards a sustainable and inclusive development model.

## **5. Conclusion**

### **5.a Overcoming challenges: financial sustainability for social protection systems**

In many Caribbean countries, critical factors for the establishment and expansion of successful social protection systems include issues of measurement of impact of social protection policies, informal economies, demographic ageing, migration, as well as sustainable funding. In stressing that social protection systems and measures for all, including floors, should be fiscally sustainable, the Regional Agenda for Inclusive Social Development (RAISD) advocates for improved fiscal rules which, in line with the reaffirmation of the rights-based approach, ensure the necessary resources for policy sustainability. New fiscal compacts with fiscal reforms are essential to establish financial sustainability and expand social protection systems. The increase of excise taxes on unhealthy products such as tobacco, alcohol and sugar-sweetened beverages may be used a tool to prevent non-communicable diseases (NCDs), collect tax revenues and support social protection. In addition, other critical elements to increase taxation revenue should address improvements in the efficiency of tax collection and administration, reducing tax exemptions, and preventing tax evasion.

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<sup>24</sup> [https://www.cepal.org/sites/default/files/events/files/21-00505\\_recss.2021\\_agreements.pdf](https://www.cepal.org/sites/default/files/events/files/21-00505_recss.2021_agreements.pdf).

In line with the RAISD, average public spending in the social sector<sup>25</sup>, even prior to the COVID-19 pandemic, had been relatively stable in recent years in percentage of GDP but descending in dollars per capita, and is percentually higher than in Central America, with Trinidad and Tobago allocating the greatest percentage of GDP to the social sector in the subregion. However, financing for the social sector remains below spending levels in OECD countries and public expenditure varies significantly between countries (ECLAC, 2020a and 2019b).

Adequate financing is not the only requirement for social development: if the needs of target populations are to be met, the policymaking process must be made more integrated and participatory, with vulnerable groups given greater ownership of the development process. Overcoming challenges in the implementation of social protection systems requires a systemic approach which includes setting risk-informed and evidence-based goals, careful design of the policy or intervention, effective implementation, creation of innovative sustainable finance models to leverage private financing, a clear communication strategy, and supporting institutional/governance reforms. This may include Social Protection System Reviews (SPSR)<sup>26</sup>, the establishment of multi-stakeholder platforms, the promotion of cross-cutting integrated national strategies, and support in strengthening capacities for key areas such as building strategic partnerships, conducting effective evidence-based analysis and policymaking, monitoring and evaluating social protection systems. In order to address the needs of the most vulnerable and ensure that no one is left behind, other areas of work remain a priority, including improvements on access to disaggregated data on poverty and vulnerability to poverty by gender, age group, ethnicity, indigenous or migrant status. If financial sustainability for social protection systems is to be effective, it should balance a combination of sources: tax and other revenue, contributions from employees and employers, private savings and development assistance. Increased financing for social protection can come either from the reallocation of existing revenues or the mobilization of external resources.

The pandemic's socioeconomic impact has significantly widened the countries' financing gap. Furthermore, given the systemic nature of risk in the Caribbean and the already highly indebted economies, the potential to continue to sustain such high levels of social protection is being stretched to its limits.

A number of useful short- and medium- term recommendations are put forward to support the region in its effort to limit the fall-out in economic activity, employment and livelihoods.

ECLAC supports the UN in calling for a number of measures to relax the debt service payments and provide additional grant resources at a time when resources must be found to support economic recovery. Among these are the following:

#### ***Immediate responses***

- Across-the-board debt stand still for all developing countries that have no access to financial markets and cannot service their debt.
- Provide foreign currency liquidity to developing countries through dollar swaps

#### ***Short term and medium-term responses***

- Establishment of a global sovereign debt restructuring mechanisms
- Increase IMF quota subscriptions or issue additional special drawing rights (SDRs)

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<sup>25</sup> For the countries for which there is information, i.e. The Bahamas, Barbados, Cuba, Dominican Republic, Haiti, Guyana, Jamaica, Saint Kitts and Nevis and Trinidad and Tobago. For further information and details on distribution of social expenditure according to the classification of the functions of government, see ECLAC, 2020a., pp. 44-45.

<sup>26</sup> Several Caribbean countries have received support to conduct SPSR, for example in relation to the Barbados and the OECS UN Programme on adaptive social protection in the Eastern Caribbean. For more information see: <https://www.jointsdgfund.org/programme/towards-universal-adaptive-social-protection-eastern-caribbean> The OECD has produced specific guidance on conducting SPSR, see: <https://www.oecd.org/social/inclusivesocietiesanddevelopment/social-protection-system-review-spsr.htm>.

- Raise the lending capacity through recapitalisation of the multilateral Development Banks(MDBs)

It is also suggested that Caribbean countries must be supported by the IFIs in the adoption of hurricane clauses, GDP indexed bonds and other vulnerability-based state contingent instruments as part of future debt service obligations to address environmental, economic and now pandemic shocks.

In addition, ECLAC has promoted the existing revenues or the mobilization of external resources. ECLAC sees the establishment of a Caribbean Resilience Fund (CRF) as crucial for jump-starting growth, enhancing liquidity, and providing debt relief to Caribbean economies ravaged by the fiscal impact of COVID-19. The CRF<sup>27</sup> is being proposed as a financing mechanism, to be set up as a trust fund, designed to be a vehicle for delivering liquidity support to the Caribbean, while attracting financing for climate adaptation and mitigation. This initiative should be coupled with other proposed international support mechanisms such as a new multilateral mechanism for debt restructuring and relief, lowering overall effective interest rates, obtaining more time to repay the amortization part on Caribbean countries debt, and an intergovernmental platform for tax issues.

## **5.b Some key messages and policy implications**

The current crisis should be seen as an opportunity to reach a broad political and social consensus around ambitious reforms leading to a process of building forward stronger, with equality and sustainability. This includes universal, good quality public services for education, health, transportation, and environmental services (ECLAC, 2021a). Transformative change is a long-term process, requiring both whole-of-government and whole-of-society action, involving multiple actors, and transparent and participatory processes and sound policy choices. Social protection support leads to critical systemic outcomes at different levels, from sub-national to global scales. A multi-sectoral multi-level approach to governance and planning is required, to ensure equal access to public goods and quality services in areas such as food security and nutrition, education, health services, mobility, resilient infrastructure, and basic urban services such as sanitation, water, and affordable adequate housing.

In the post-COVID-19 Caribbean, national sustainable development plans will remain pivotal to define coherent and integrated strategies for recovery and long-term integrated development that is anchored in the 2030 Agenda for Sustainable Development, reflects national circumstances and priorities, and addresses the specific vulnerabilities of the subregion (ECLAC, 2020a). In view of COVID-19, a new generation of Caribbean resilience planning policies must also consider the potential risks of pandemics. This is particularly relevant for local level administration. As the rate of urbanization in the Caribbean is expected to rise and overtake that for Latin America, rising from 70% in 2015 to 82.5% in 2050, resilience building efforts remain a priority, considering social and environmental risks, and incorporating planning tools that consider spatial vulnerabilities and inequalities in human settlements, adequate housing and access to services. This will require strong institutional capacities, adjusted with effective communication and knowledge management platforms to manage information and coordination efforts.

Beyond the immediate catastrophic impacts and tragedy, disasters often also present opportunities for implementation of innovative solutions, collaborating to develop and/or strengthen existing coordination mechanisms and to promote long-term resilience. In order to improve the effectiveness and sustainability of social protection systems, it is important to have a medium- to long-term vision for planning and implementing integrated approaches in the recovery process. Within this context, the most important enabling factors for shock-responsive social protection are political will and financing. Other important factors are the adaptive capacity of existing systems/processes, and the coordination between social

<sup>27</sup> CRF combines debt relief and debt swaps with resilience building and includes six development priorities for integrated resilience building: 1. Food security; 2. Health infrastructure; 3. Broadband access and wider use of digital platforms; 4. Risk assessment and disaster management; 5. Economic diversification and the blue economies; 6. Enhanced social protection.

protection and disaster risk management institutions, making use of innovative approaches and solutions. In that sense, a resilient society is one whose institutions perform with adaptive capacity and innovation in face of disasters, capable of strengthening resilience at community level.

The systemic nature of complex risk requires a new integrated approach that may go beyond sectoral specialization to address issues of redistribution of income and wealth; integrate economic and political empowerment of disadvantaged and vulnerable groups; empower small enterprises, rural producers and informal workers; promote gender equality; consolidate changes in North-South power relations and global governance institutions; and activate the structural paradigm shift in realigning economic goals with social and environmental objectives.

In order to address the increasingly complex, interconnected risks and evolving multidimensional challenges faced by Caribbean governments and populations, a systemic approach is required, enabling decision-makers to identify and analyse impacts, their causes and effects. This approach is required at different levels and connecting different areas of support with overarching critical issues such as climate change and disaster risk reduction. Key areas for achieving more inclusive cooperation, strengthening shock-responsive social protection in the Caribbean, and reducing structural gaps and asymmetries include:

- progress in addressing the required fiscal reforms and progressive taxation systems, multilateral financing, and debt relief measures, which should be commensurate with the needs of all, including middle-income countries.
- regional coordination mechanisms to ensure emergency disaster relief as well as promote intergovernmental agreements in areas such as equitable access to vaccines and health services.
- enabling greater integration of disaster risk management and social protection systems through investments in access to technology and infrastructure<sup>28</sup>.
- building greater cooperation through South-South Cooperation with Central and South America to facilitate trade, financial flows and to benefit from indigenous technical development.

There is now a window of opportunity to push forward an agenda towards a just and inclusive transformation as part of countries efforts to ‘build forward stronger’, with a ‘leave no one behind approach’ to reform, including a greater focus on social dimensions for women and vulnerable groups, strengthening the resilience of specific sectors such as food security, catalysing a shift towards the green and blue economies, nature-based solutions, and regenerative development.

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<sup>28</sup> Measures could include geospatial tools, digital registration processes, streamlined targeting criteria, alternative payment mechanisms, data-sharing protocols, referral mechanisms, data analysis to identify those vulnerable to shocks, and guidance on how social protection programmes and systems may be used/modified in the event of a shock (Beazley, Ciardi, and Bailey, 2020).

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## Annex A1

### Table A1.1

#### Human and social development indicators for Caribbean countries

	Demography			Human development			Poverty (c)				Unemployment (d)				Employment-related social security				
	Population (2020)			HDI (2019)	GDP per capita (US\$, 2019)	Population below poverty line (%)	Population below poverty line (%)			Unemployment rate (% of labour force)			Youth not in school or employment	Old-age pension recipients					
	F	M	T	HDI	rank		National poverty line	Year	Indigence rate	Year	Population in multidimensional poverty (%)	F	M	T	Youth (15-24)	(% of statutory pension age population) (2020)			
Anguilla			15,003		23,176	b	5.8	2009	0.0	2009				6.7		44.3			
Antigua and Barbuda	50,659	47,269	97,928	0.778	78	15,660	a	18.3	2006	3.7	2006		8.8	8.0	8.4	19.8	75.8		
Aruba	56,124	50,642	106,766			28,638	b						7.8	8.6	8.9	28.9	16.6	97.5	
The Bahamas	202,155	191,093	393,248	0.814	58	28,355	a	12.8	2013	-			10.0	10.1	10.0	24.1		89.6	
Barbados	148,287	139,084	287,371	0.814	58	15,908	a	19.3	2010	9.1	2010	2.5	2012	7.3	9.5	8.4	26.0		63.5
Belize	199,860	197,761	397,621	0.716	110	4,246	a	41.3	2009	15.8	2009	4.3	2015/16	9.8	4.6	6.6	15.3	27.3	49.9
Bermuda			62,273			112,335	b							8.1	9.8	8.9	29.3	6.8	100.0
British Virgin Islands			30,231			44,564	b	22.0	2002	<0.5	2002					2.9			
Cayman Islands			65,722			84,294	b	1.9	2007	-	2007			5.2	3.3	4.2	13.8		
Cuba	5,703,148	5,623,468	11,326,616	0.783	70	6,805	a							1.8	1.6	1.7	6.1		2.7
Curaçao	88,631	75,469	164,100			17,734	b							15.4	11.3	13.4	29.3	5.1	100.0
Dominica			71,986	0.742	94	7,179	a	28.8	2009	3.1	2009			9.5	11.9	11.0	25.8		60.3
Dominican Republic	5,429,698	5,418,206	10,847,904	0.756	88	8,002	a	21.0	2019	0.6	2019	16.4	2019	9.5	4.1	6.4	16.0	24.7	11.3
Grenada	55,853	56,666	112,519	0.779	74	9,128	a	37.7	2008	2.4	2008			21.8	10.6	22.9	31.5		47.8
Guadeloupe	215,571	184,556	400,127																72.7
Guyana	391,010	395,549	786,559	0.682	122	6,107	a	36.1	2006	18.6	2006	1.7	2019/2020	16.5	12.3	14.0	26.5	35.8	100.0
Haiti	5,776,088	5,626,445	11,402,533	0.510	170	1,279	a	58.5	2012	24.5	2012	41.3	2016/2017	17.3	11.5	14.1	17.9	18.2	0.4
Jamaica	1,491,520	1,469,641	2,961,161	0.734	101	4,874	a	21.2	2015	6.9	2015	4.7	2014	9.3	5.8	7.7	20.6		40.3
Martinique	202,658	172,607	375,265																64.1
Montserrat			4,992			13,206	b	36.0	2009	3.0	2009					11.0			
Puerto Rico	1,505,322	1,355,518	2,860,840			32,600	b							9.7	13.8	8.3	24.5		100.0
Saint Kitts and Nevis			53,199	0.779	74	19,148	a							4.3	5.9	5.1	11.0		62.3
Saint Kitts								23.7	2008	1.4	2008								

**Table A1.1**  
**Human and social development indicators for Caribbean countries (cont.)**

	Demography			Human development				Poverty (c)				Unemployment (d)				Employment-related social security			
	Population (2020)			HDI (2019)	GDP per capita (US\$, 2019)			Population below poverty line (%)				Unemployment rate (% of labour force)				Youth not in school or employment			
	F	M	T	HDI rank				National poverty line	Year	Indigence rate	Year	Year	F	M	T	Youth (15-24)	Old-age pension recipients  (% of statutory pension age population) (2020)		
Saint Vincent and the Grenadines	54,729	56,218	110,947	0.738	97	6,857	a	30.2	2008	2.9	2008					18.6 22.6 18.8 39.6	42.0		
Sint Maarten (Dutch part)			42,876			22,236	b									6.2			
Suriname	291,812	294,822	586,634	0.738	97	8,932	a	51.3	2008			2.9	2018	11.1	5.7	7.9	26.5	14.7	100.0
Trinidad and Tobago	708,544	690,947	1,399,488	0.796	67	14,964	a	16.7	2005	1.2	2005	0.6	2011	3.2	3.2	3.2	8.7	52.1	91.1
Turks and Caicos Islands			38,717			28,686	b	21.6	2012	0.0	2012					8.3		68.4	
United States Virgin Islands	54,822	49,601	104,423													12.1		100.0	

- a GDP Source of data CEPALSTAT.
- b GDP Source of data UNCTADSTAT.
- c Data refer to the most recent year available during the period specified.
- d Data refer to the most recent year available during the period 2001-2019.

**Sources:** The 2021 Global Multidimensional Poverty Index (MPI); Barbados Statistical Service; The Bermuda Department of Statistics; Bureau of Statistics of Guyana; Central Bank of Aruba; Central Bank of Barbados; Central Bank of Belize; Central Bank of Trinidad and Tobago; Centrale Bank van Curacao en Sint Maarten; Central Bureau of Statistics Curaçao; Central Statistical Office of Grenada; Economics and Statistics Office, Government of Cayman Islands; Government of Bahamas - Department of Statistics; Government of Dominica; Government of British Virgin Islands; IMF; Household Expenditure Survey (Bahamas 2013); Instituto de Estadísticas de Puerto Rico; MDG Progress Reports (Guyana and Suriname); National Accounts Estimates of Main Aggregates; Surveys of Living Conditions; Labour Force Survey i.e. based on income not expenditure (Bahamas 2009 and 2011); Turks and Caicos Islands Statistics Department; United Nations Statistics Division; US Virgin Islands Bureau of Economic Research - Office of the Governor; World Bank; ILOSTAT.