

Recovery and Repositioning in the era of COVID-19 and beyond

Dillon Alleyne - Deputy Director, ECLAC Subregional Headquarters for the Caribbean



Recovery and Repositioning Post COVID-19 *(1 of 2)*

Chapter 1

- Examines the economic performance of the subregion as the economies gradually open.
- Considers the challenge of access to finance, sources of existing finance and strategies to bridge the financing gap through initiation of the CRF and LMOs.
- Explores trade performance and issues of diversification

Chapter 2

- Explores the COVID-19 Pandemic impact on two key sectors—fisheries and tourism.
- Seeks to assess negative externalities both sectors generate.



Recovery and Repositioning Post COVID-19 (2 of 2)

Chapter 3

- Examines key socioeconomic challenges to an inclusive recovery and identifies policy measures that would promote resilient economies.
- Makes a case for inclusive economic recovery, propelled by the emerging digitalized knowledge economy.

Chapter 4

- Identifies strategies, policies and plans to advance SDGs in the Decade of Action.
- Identifies ways to redouble efforts to make the decade of Action Count for the people of the subregion



Growth Performance of the Region

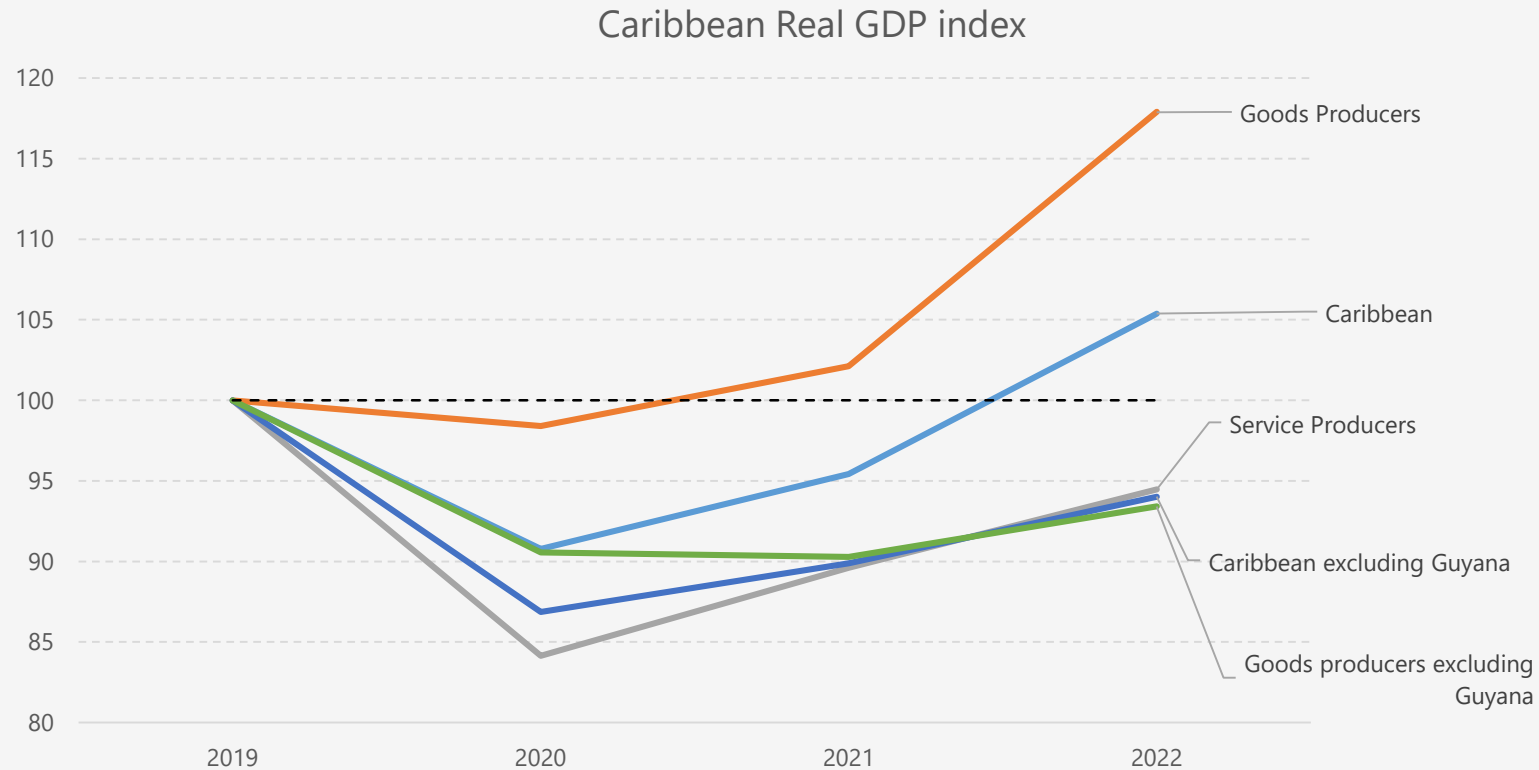
Table 1: Real GDP growth rates, 2020-2022 (percentage)

	2020	2021	2022
Caribbean	-9.2	5.1	10.4
Goods Producers	-1.6	3.8	15.5
Service Producers	-15.9	6.5	5.4
Caribbean excluding Guyana	-13.1	3.5	4.6
Goods Producers excluding Guyana	-9.4	-0.3	3.5
Latin America and the Caribbean	-6.9	6.5	2.7

Source: Economic Commission for Latin America and the Caribbean based on official figures.

Real Gross Domestic Product (GDP)

Figure 1: Caribbean real GDP index

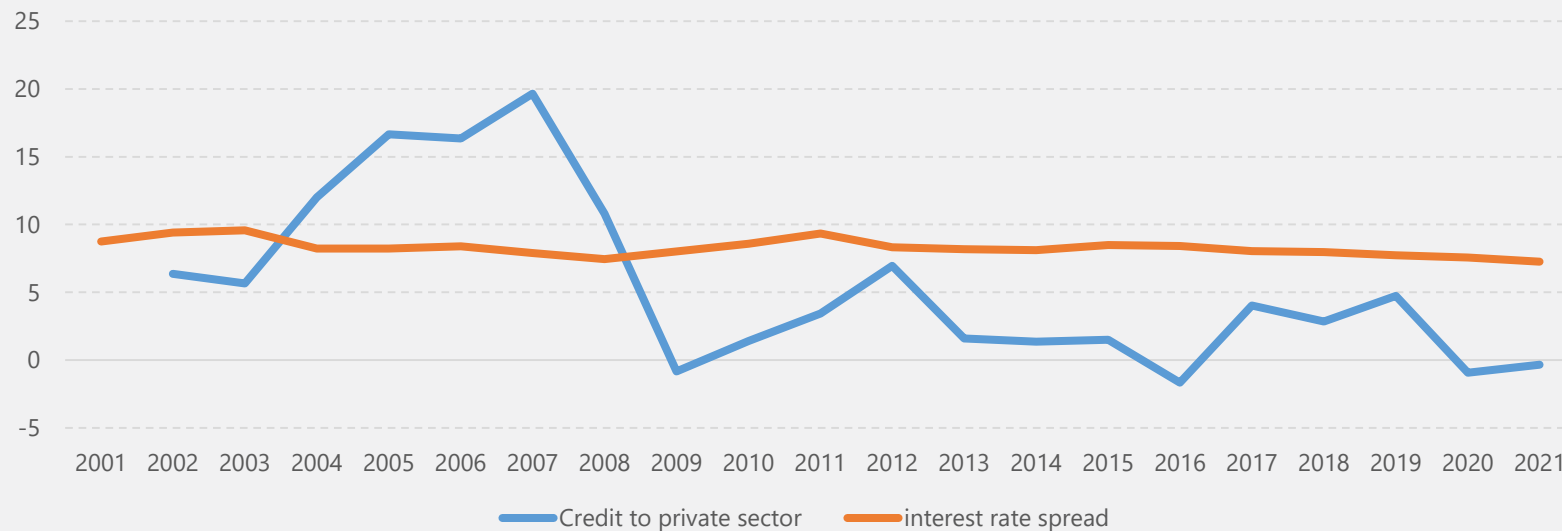


Source: Economic Commission for Latin America and the Caribbean based on official figures.

Challenges to Accessing Financing for Economic Restructuring

- Sourcing adequate, affordable development finance(Domestic credit, FDI,ODA, remittances, issue of graduation, Innovative mechanisms (CRF)) and state contingent instruments to address default risks - quantity and quality.
- Banking sector's portfolio indicates a significant percentage of credit to the private sector being allocated to personal and other consumption activities.
- Continuing large interest rate spreads suggest banking system inefficiency.

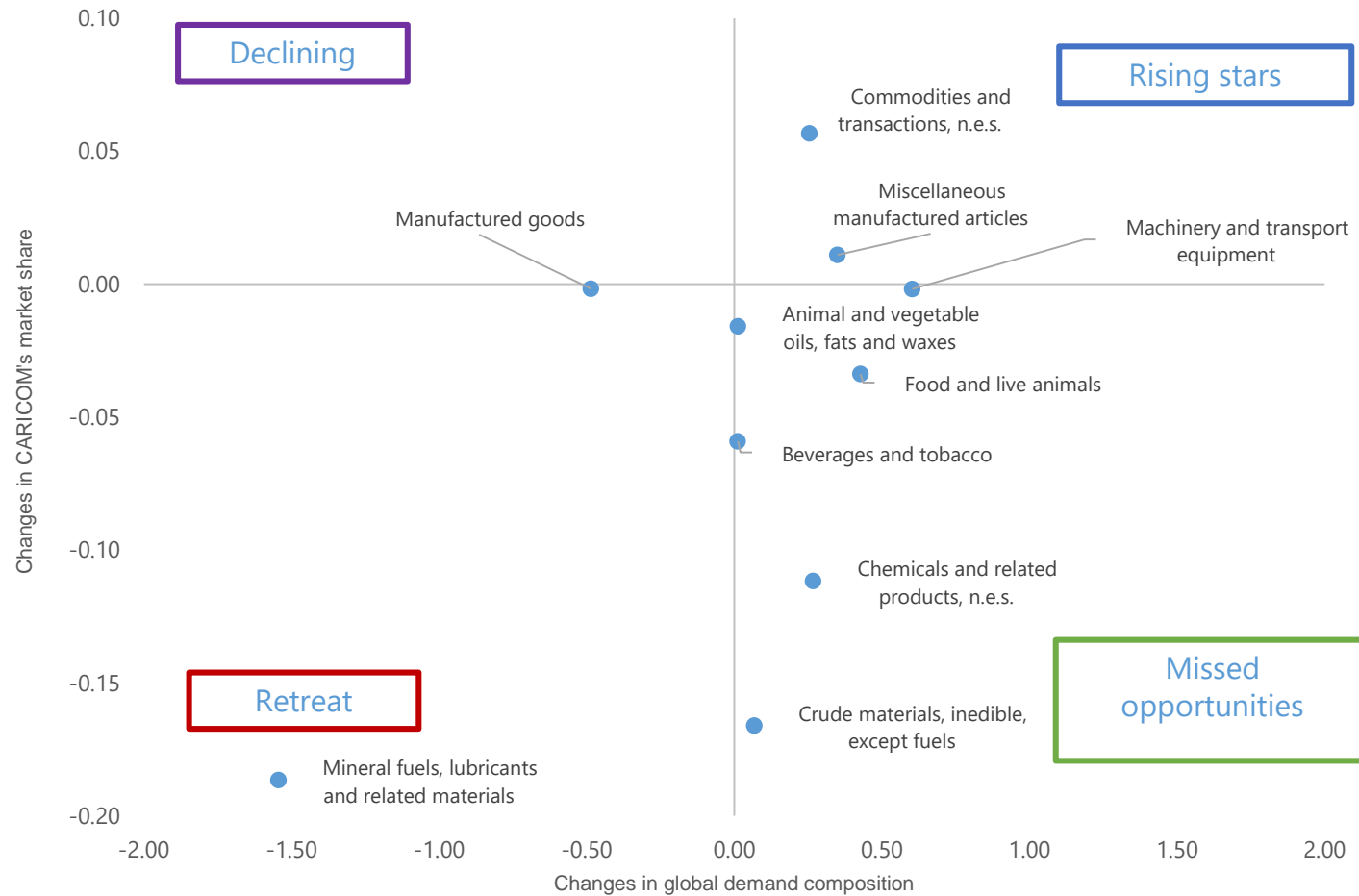
Figure 2: Growth in credit to the private sector and interest rate spreads in Caribbean 2001-2021 (Percentage)



Source: Economic Commission for Latin America and the Caribbean based official figures.

Building Competitive Export Structures

Figure 3: Trade Competitiveness Matrix for Goods Export of CARICOM (Percentage points)



Source: United Nations conference on Trade and Development (UNCTAD)

Mechanism for Economic Recovery

Industrial Restructuring

- Develops intersectoral linkages.
- Increases production of high value-added.
- Customized products and services capable of commanding higher returns in export markets.

Systems of Innovation

- There must be a system of innovation, with input from both private and public sectors, that is linked from both and public.

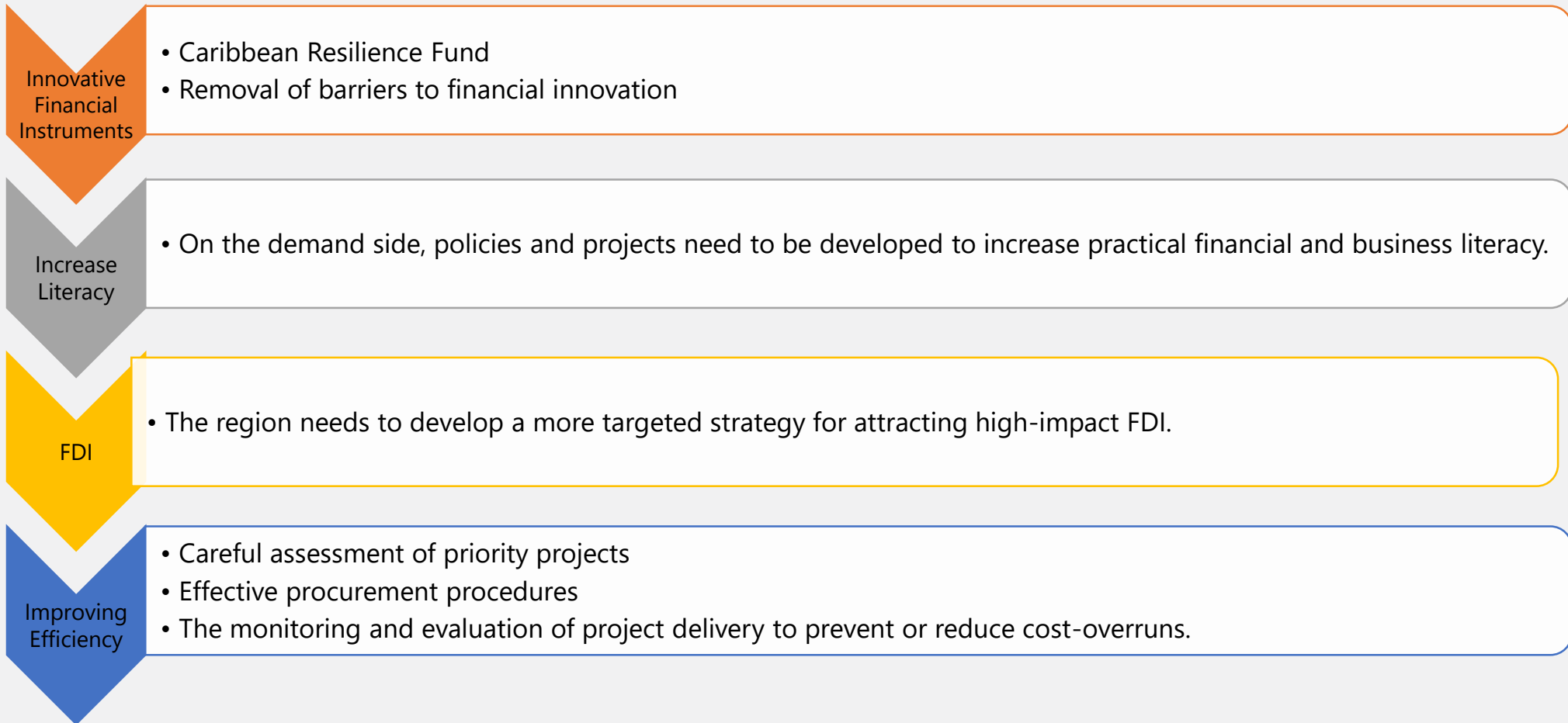
Industrial Policy

- Should cover a range of areas including competitiveness policies, trade and inward FDI policies, policies to foster innovation, human resource training, upgrading the tourism sector and SME development.

Knowledge Economies

- There must be a shift toward becoming knowledge economies while increasing export capacity.
- Investment in the domestic capital making sector (education, healthcare, finance, creative industries, engineering, etc.) and use of capital services for exports.
- Development in the vocational school system providing students a menu of high-quality offerings.

Recommendations with respect to Financing for Development



Environmental Vulnerabilities of Caribbean SIDS

- Fragile natural environments
 - Habitat degradation
 - Overexploited stocks
- Fresh water scarcity
- Natural Disasters
 - Volcanoes
 - Earthquakes
- Climate Change impacts
 - Increased intensity of hurricanes
 - Flooding
 - Longer dry seasons
- Sargassum blooms



COVID 19 Impacts on the Natural Environment

- **Reduced anthropogenic impacts which led to:**
 - Cleaner air and a reduction in green house gas emissions
 - Improved coastal water quality
 - Less noise pollution
- **Increase waste entering natural environment**
 - Biomedical waste
 - Solid waste from single use Personal Protective Equipment and other plastic based material
- **Increased pressure on water systems,** due to increase demand for potable water at private residences and medical facilities
- **Reduced monitoring and surveillance of protected areas**

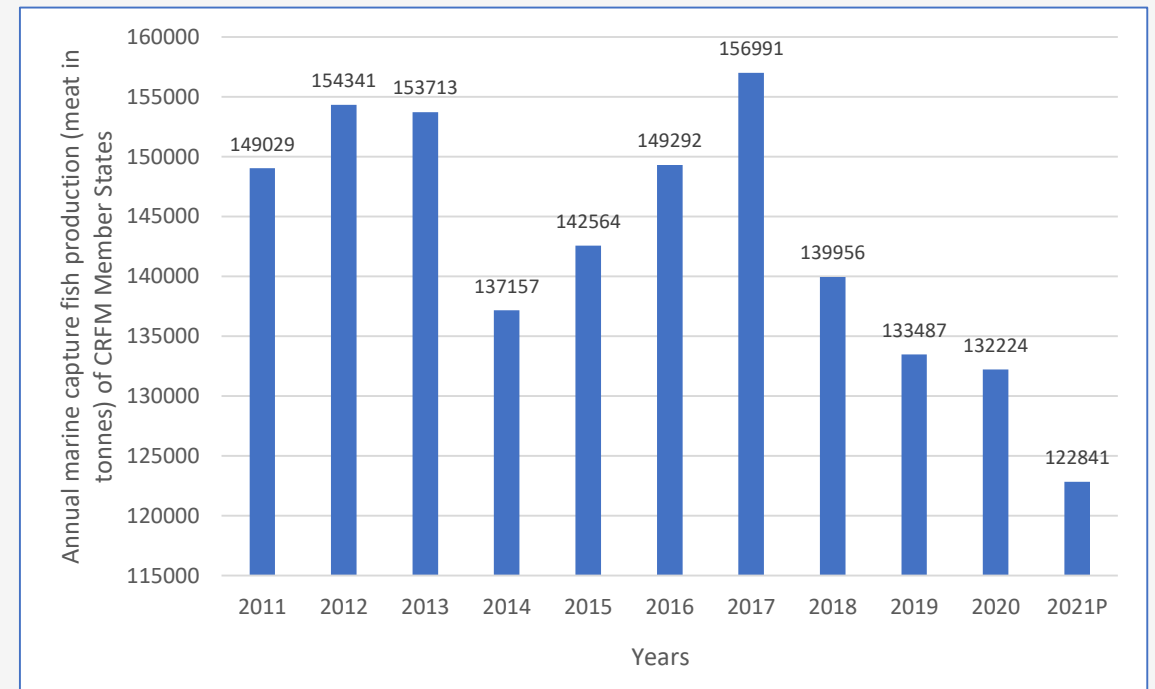


In 2015, it was estimated that over 1 million tonnes of plastics were thought to be introduced into the Caribbean Sea, primarily from land-based sources (Source UNEP Cartagena Convention)

COVID 19 Impacts on Livelihoods in the Fisheries Sector

- Inability to go out fishing due to lockdowns and sanitary measures
- Cessation of fish processing activities
- Reduction in the demand for fresh seafood products
- Halting of exportation of seafood products
- Reduction in the price of seafood products
- Increase in Illegal, Unregulated, and Unreported Fishing

Annual total capture of fish production of CRFM States (in tonnes) – 2011 - 2021



Source: CRFM Statistics and Information Reports, 2020 and 2021

COVID 19 Impacts on the Tourism Sector

• **Overview of Regional Tourism Sector**

- Tourism products: sea-sand-sun, cruise, eco, cultural and health tourism
- Tourism infrastructure primarily located in vulnerable areas and are at high risk to natural disasters

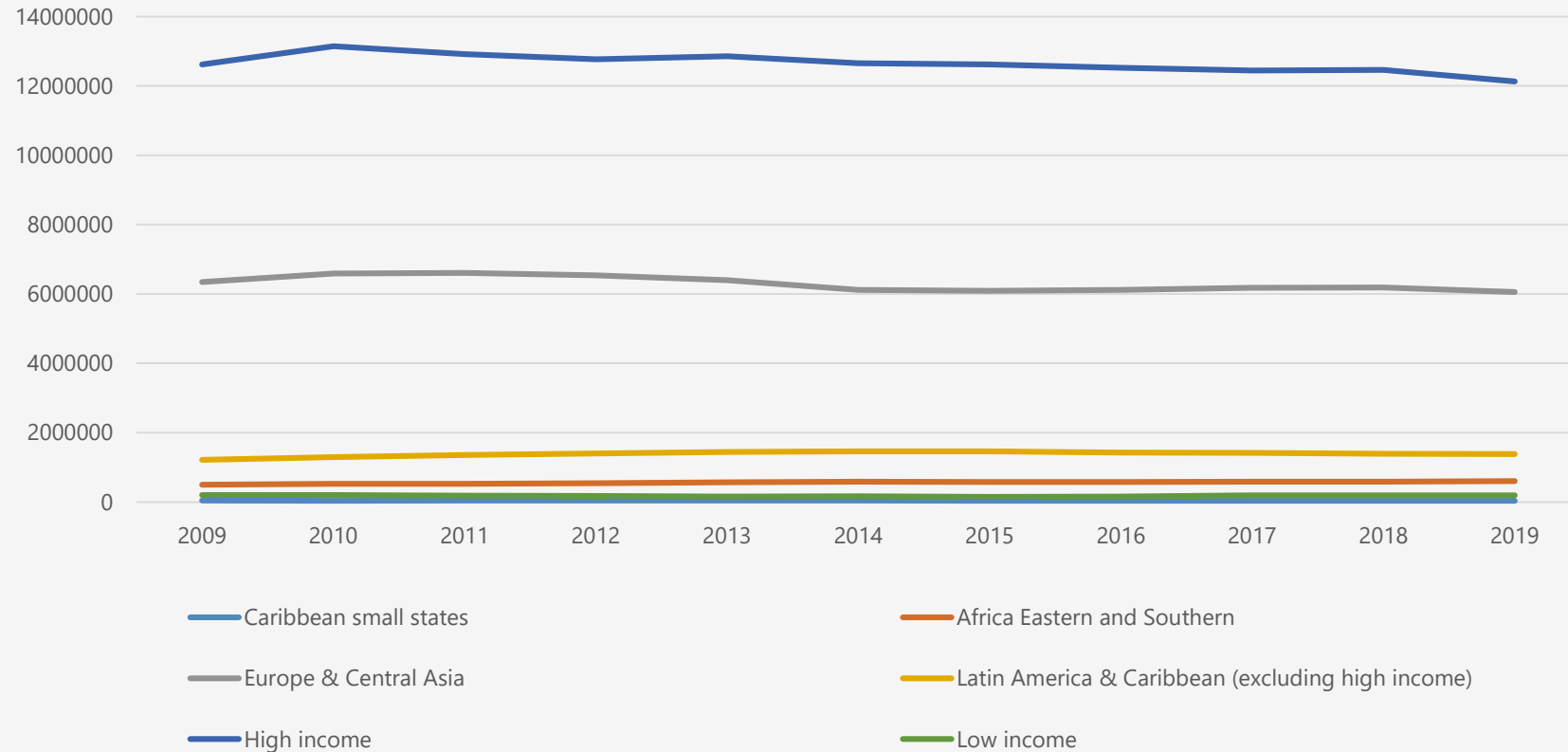
• **Reduced environmental pressures**

- Reduced demand for fresh water
- Reduced green house gas emissions
- Reduced pollutants
- Reduce pressure on land and marine environment
- Reduced generation of solid waste



Total CO2 Emissions (Kilotonnes) – Selected Countries and Regions: 2009 - 2019

7 November 2022



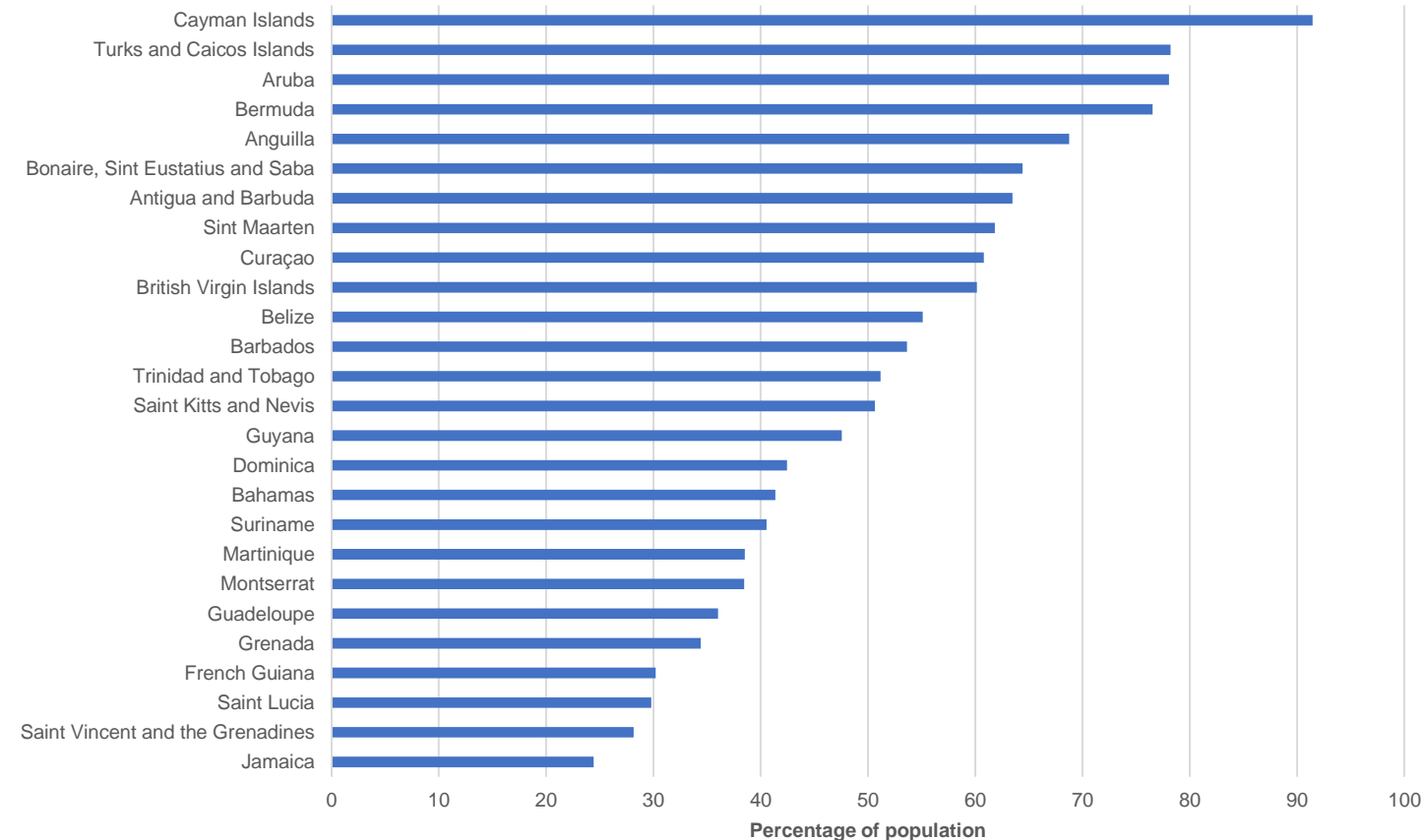
Recommendations

- Promote sustainable management of natural resources by strengthening institutional mechanisms, human resource capacities, data systems and use of environmentally sound technologies
- Promote sustainable ocean and coastal resources management which open opportunities to diversify the economic base
- Utilize economic, social and environmental impact and valuation techniques for making informed decisions on the use of natural resources
- Encourage Public-Private Partnerships at all stages—planning, mitigation, preparedness, response and recover

Vaccine Hesitancy hinders a successful recovery in the Caribbean

- Only 40% of the Caribbean population is fully vaccinated compared to a global average of 63 per cent
- The vaccination rate in the Caribbean trails that of other small island developing States (SIDS) regions
 - Atlantic ,Indian Ocean and South China Sea,SIDS (AIS) is 58%
 - Pacific SIDS is 66%
- 12 out of 26 Caribbean countries and territories presented a fully vaccinated rate of less that 50%

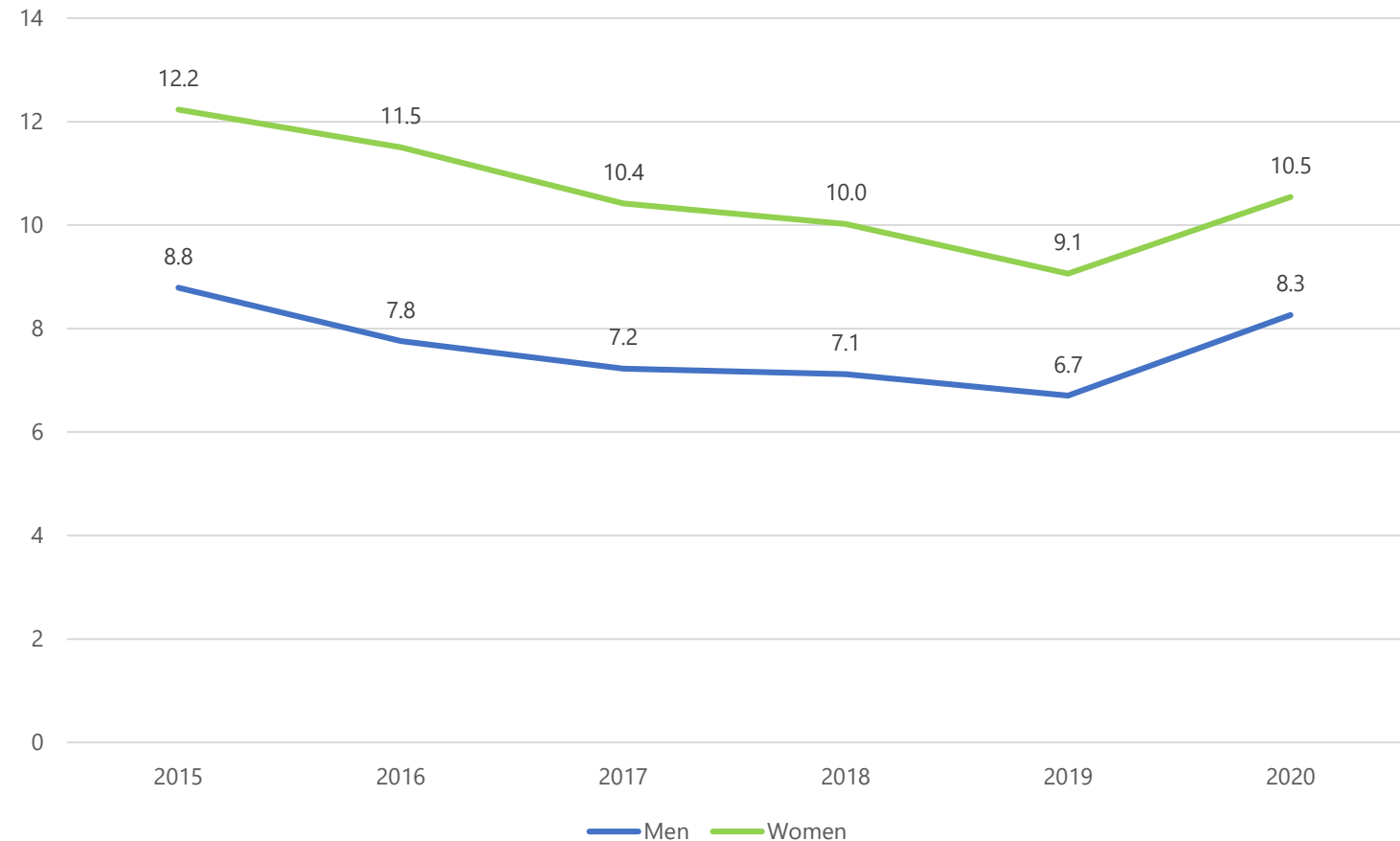
Percentage of the population fully-vaccinated for COVID-19 (August 2022)



The Gender Gap in unemployment rates persists

- The gap in unemployment rates between women and men in the Caribbean predates COVID-19
- Although high, unemployment was trending down prior to COVID-19
- However, there has been an uptick in unemployment since COVID-19
- Long periods of unemployment for women makes it more difficult for them to re-join the labour market

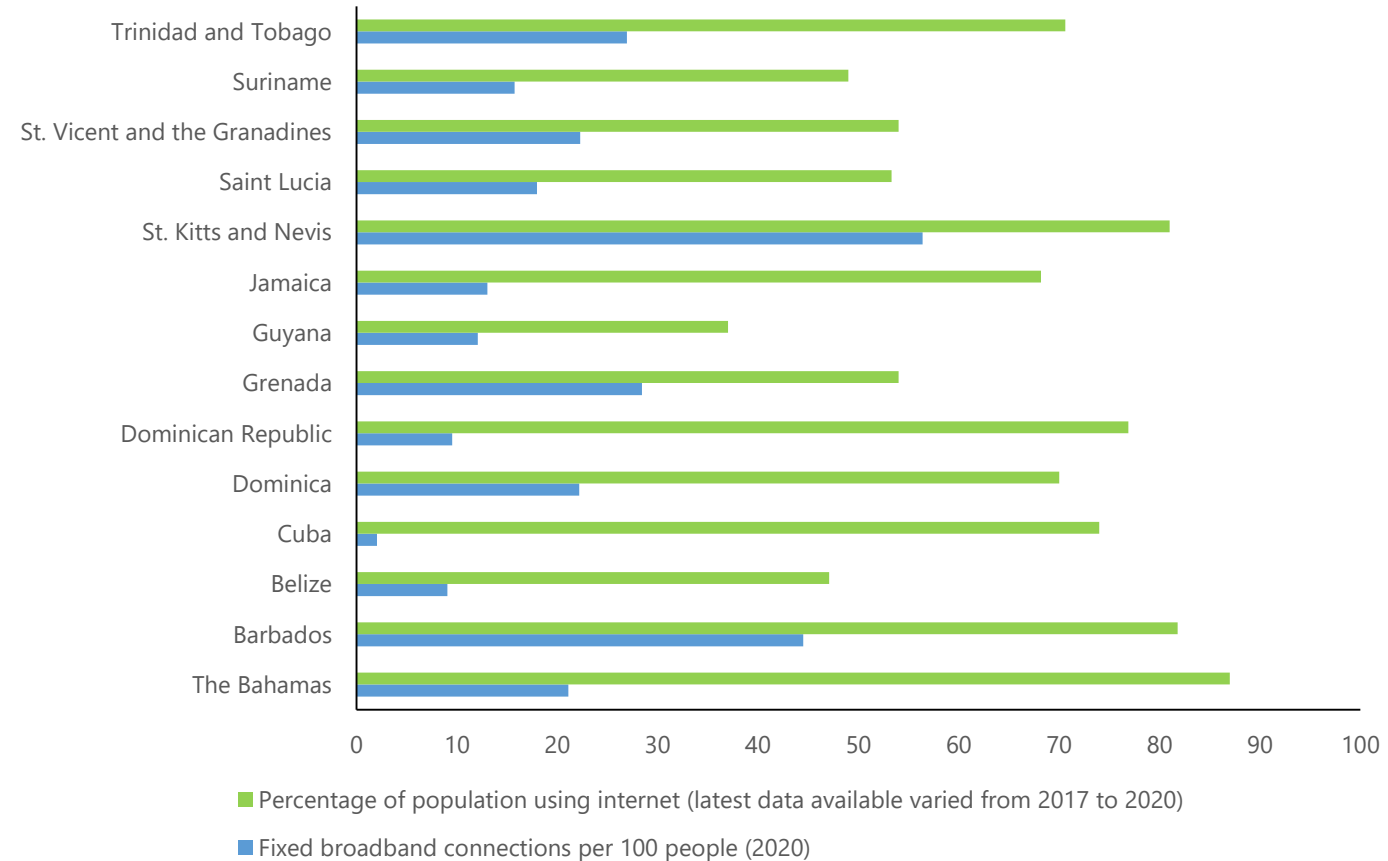
Annual Unemployment Rates among Men and Women from 2015 to 2020 in Caribbean*
(Percentages)



Addressing the lag in digitalization

- Digitalization allowed many Caribbean businesses to increase productivity during the pandemic
- However, the state of digitalization in the Caribbean is not adequate
 - The proportion of fixed broadband connections range from less than 10% to about 56%
 - Internet usage is over 50% in most Caribbean countries, although Internet penetration ranged from a low of 37% to a high of 87%

Digitalization indicators



Building a knowledge-based economy requires addressing the education gap

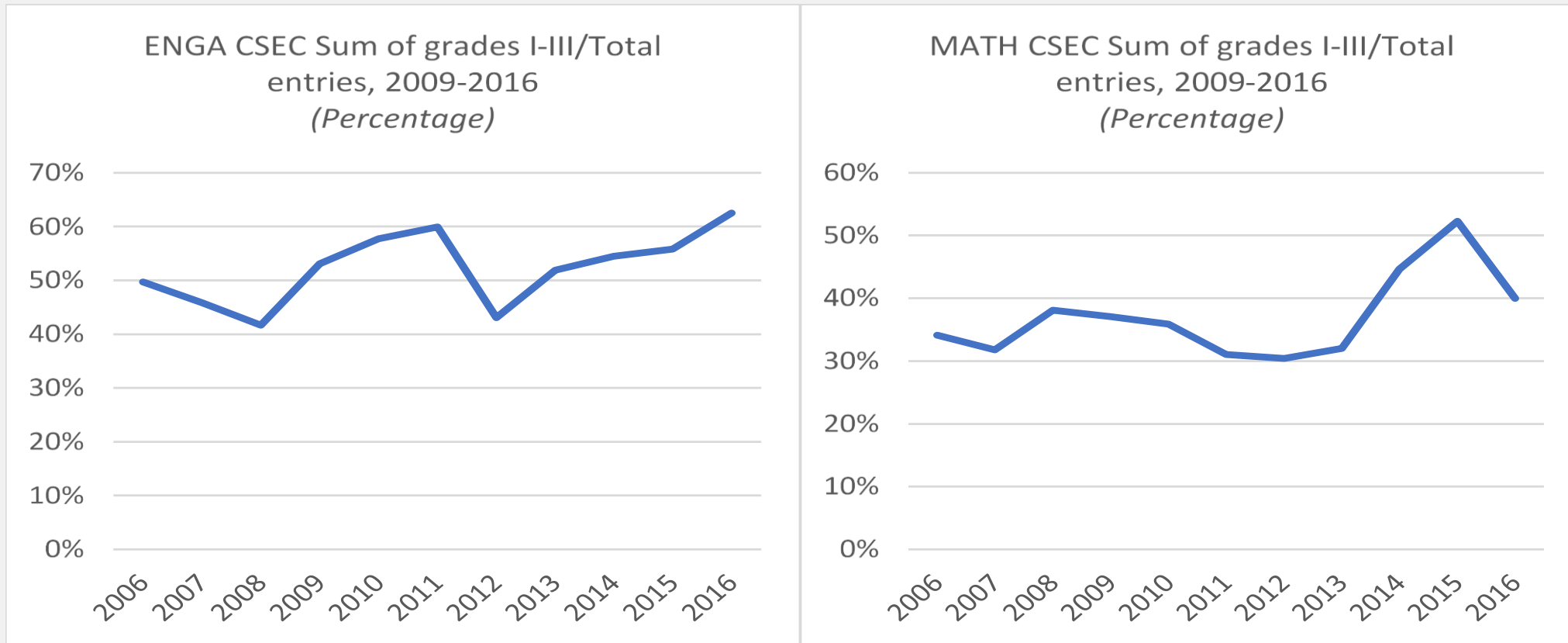
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- The World Bank's Human Capital Index (HCI) for 11 Caribbean countries in 2020 reveals a Caribbean subregional average of 0.55, just below the global average of 0.56
- Human capital deficits in the Caribbean do not come from insufficient years of schooling but from deficiencies in the educational outcomes

Country Name	Income Group	Expected Years of School	Harmonized Test Scores	HCI 2020
Antigua and Barbuda	High income	13.0	407	0.60
Dominica	Upper middle income	12.4	404	0.54
Dominican Republic	Upper middle income	11.9	345	0.50
Grenada	Upper middle income	13.1	395	0.57
Guyana	Upper middle income	12.2	346	0.50
Haiti	Low income	11.4	338	0.45
Jamaica	Upper middle income	11.4	387	0.53
Saint Kitts & Nevis	High income	13.0	409	0.59
Saint Lucia	Upper middle income	12.7	418	0.60
Saint Vincent & the Grenadines	Upper middle income	12.3	391	0.53
Trinidad & Tobago	High income	12.4	458	0.60
<i>Caribbean Average</i>		12.3	391	0.55
<i>Latin America & Caribbean</i>		12.1	405	0.56
<i>East Asia & Pacific</i>		11.9	432	0.58
<i>Upper middle income</i>		11.8	411	0.56
<i>High income</i>		13.2	487	0.71



CSEC grades for English A and Math 2009-2016

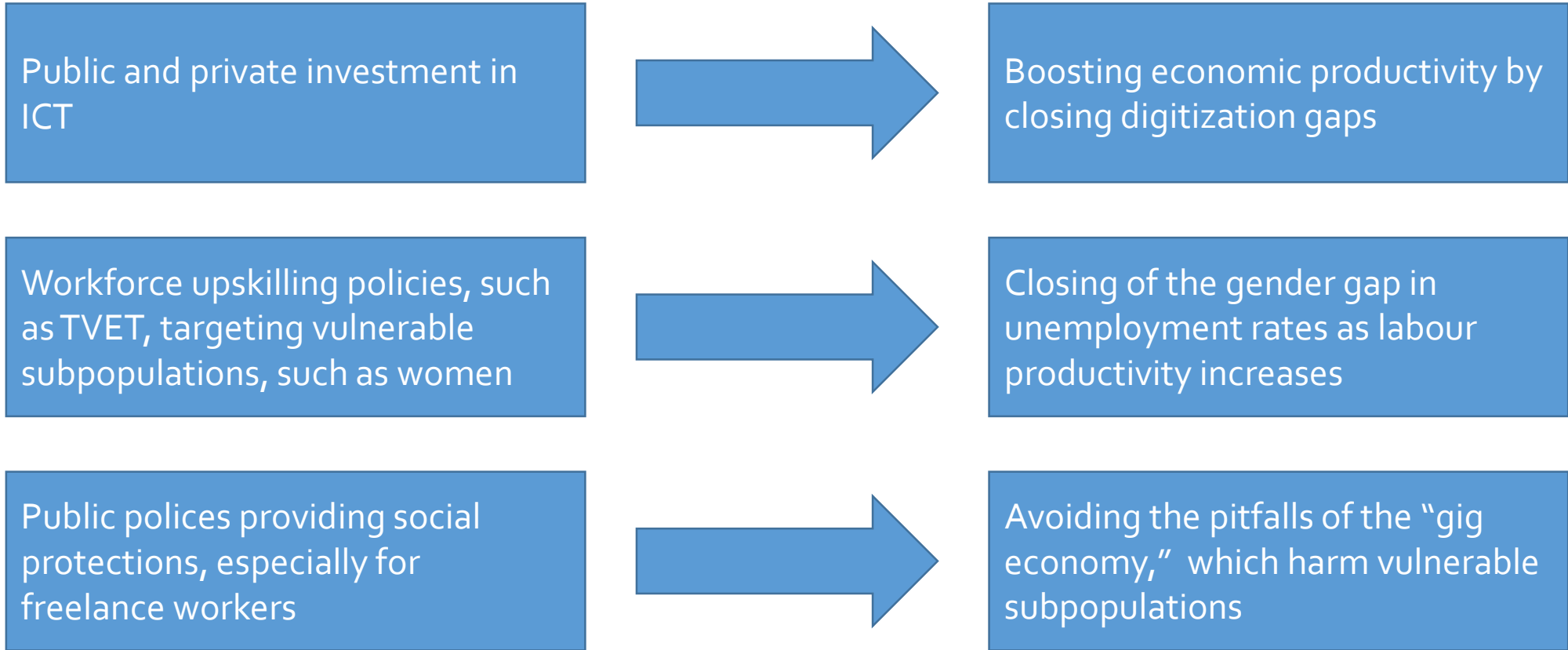


Source: CXC?



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CARIBBEAN DEVELOPMENT ROUNDTABLE

Policy recommendations for an inclusive knowledge economy



Identifying Strategy, Policy, Plans and Support to Advance SDG Decade of Action

- Integrating the SDGs in national policy and budgets
- Dignity through decent work and empowering marginalized groups
- Striving for gender equity and addressing the problems of youth.
- Creating social protection floors
- Engaging the whole of government and building trust
- Creating a sense of inclusion: all stake holders
- Cooperating through regional institution and including Latin America
- The role of south /South cooperation and triangular cooperation

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