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

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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.
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)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caribbean</td>
<td>-9.2</td>
<td>5.1</td>
<td>10.4</td>
</tr>
<tr>
<td>Goods Producers</td>
<td>-1.6</td>
<td>3.8</td>
<td>15.5</td>
</tr>
<tr>
<td>Service Producers</td>
<td>-15.9</td>
<td>6.5</td>
<td>5.4</td>
</tr>
<tr>
<td>Caribbean excluding Guyana</td>
<td>-13.1</td>
<td>3.5</td>
<td>4.6</td>
</tr>
<tr>
<td>Goods Producers excluding Guyana</td>
<td>-9.4</td>
<td>-0.3</td>
<td>3.5</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>-6.9</td>
<td>6.5</td>
<td>2.7</td>
</tr>
</tbody>
</table>

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

- **Innovative Financial Instruments**
  - Caribbean Resilience Fund
  - Removal of barriers to financial innovation

- **Increase Literacy**
  - On the demand side, policies and projects need to be developed to increase practical financial and business literacy.

- **FDI**
  - The region needs to develop a more targeted strategy for attracting high-impact FDI.

- **Improving Efficiency**
  - Careful assessment of priority projects
  - Effective procurement procedures
  - The monitoring and evaluation of project delivery to prevent or reduce cost-overruns.
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 greenhouse 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

![Graph showing CO2 emissions for different regions and years from 2009 to 2019.](image-url)
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 than 50%

![Percentage of the population fully-vaccinated for COVID-19 (August 2022)](chart)
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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>8.8</td>
<td>12.2</td>
</tr>
<tr>
<td>2016</td>
<td>7.8</td>
<td>11.5</td>
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<tr>
<td>2017</td>
<td>7.2</td>
<td>10.4</td>
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<tr>
<td>2018</td>
<td>7.1</td>
<td>10.0</td>
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<tr>
<td>2019</td>
<td>6.7</td>
<td>9.1</td>
</tr>
<tr>
<td>2020</td>
<td>8.3</td>
<td>10.5</td>
</tr>
</tbody>
</table>

* Data only available for eight countries: The Bahamas, Barbados, Belize, Cuba, the Dominican Republic, Jamaica, Saint Lucia, and Trinidad & Tobago
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 chart](chart.png)

- Percentage of population using internet (latest data available varied from 2017 to 2020).
- Fixed broadband connections per 100 people (2020).
Building a knowledge-based economy requires addressing the education gap

- 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

<table>
<thead>
<tr>
<th>Country Name</th>
<th>Income Group</th>
<th>Expected Years of School</th>
<th>Harmonized Test Scores</th>
<th>HCI 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antigua and Barbuda</td>
<td>High income</td>
<td>13.0</td>
<td>407</td>
<td>0.60</td>
</tr>
<tr>
<td>Dominica</td>
<td>Upper middle income</td>
<td>12.4</td>
<td>404</td>
<td>0.54</td>
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<tr>
<td>Dominican Republic</td>
<td>Upper middle income</td>
<td>11.9</td>
<td>345</td>
<td>0.50</td>
</tr>
<tr>
<td>Grenada</td>
<td>Upper middle income</td>
<td>13.1</td>
<td>395</td>
<td>0.57</td>
</tr>
<tr>
<td>Guyana</td>
<td>Upper middle income</td>
<td>12.2</td>
<td>346</td>
<td>0.50</td>
</tr>
<tr>
<td>Haiti</td>
<td>Low income</td>
<td>11.4</td>
<td>338</td>
<td>0.45</td>
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<tr>
<td>Jamaica</td>
<td>Upper middle income</td>
<td>11.4</td>
<td>387</td>
<td>0.53</td>
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<tr>
<td>Saint Kitts &amp; Nevis</td>
<td>High income</td>
<td>13.0</td>
<td>409</td>
<td>0.59</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>Upper middle income</td>
<td>12.7</td>
<td>418</td>
<td>0.60</td>
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<tr>
<td>Saint Vincent &amp; the Grenadines</td>
<td>Upper middle income</td>
<td>12.3</td>
<td>391</td>
<td>0.53</td>
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<tr>
<td>Trinidad &amp; Tobago</td>
<td>High income</td>
<td>12.4</td>
<td>458</td>
<td>0.60</td>
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<tr>
<td>Caribbean Average</td>
<td></td>
<td>12.3</td>
<td>391</td>
<td>0.55</td>
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<tr>
<td>Latin America &amp; Caribbean</td>
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<td>12.1</td>
<td>405</td>
<td>0.56</td>
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<td>East Asia &amp; Pacific</td>
<td></td>
<td>11.9</td>
<td>432</td>
<td>0.58</td>
</tr>
<tr>
<td>Upper middle income</td>
<td></td>
<td>11.8</td>
<td>411</td>
<td>0.56</td>
</tr>
<tr>
<td>High income</td>
<td></td>
<td>13.2</td>
<td>487</td>
<td>0.71</td>
</tr>
</tbody>
</table>
CSEC grades for English A and Math 2009-2016

Source: CXC?
Policy recommendations for an inclusive knowledge economy

- Public and private investment in ICT
- Workforce upskilling policies, such as TVET, targeting vulnerable subpopulations, such as women
- Public polices providing social protections, especially for freelance workers
- Boosting economic productivity by closing digitization gaps
- Closing of the gender gap in unemployment rates as labour productivity increases
- Avoiding the pitfalls of the “gig economy,” which harm vulnerable subpopulations
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 stakeholders
- Cooperating through regional institutions and including Latin America
- The role of south/South cooperation and triangular cooperation
Dank je!