The Caribbean is faced with high public debt and low growth

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High debt service cost limits fiscal space

Notes: 1. This chart illustrates the wide range of debt burdens that Caribbean SIDS face.
2. The high end of the shaded area is maximum debt service ratio, and the low end is the minimum, which remains at or just above zero.
3. Bahamas data is unavailable for 2017 and 2018 and Barbados data is unavailable after 2015.

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Projected Impact of COVID-19 on Growth in the Caribbean

Average growth rate of the Phase I countries (Per cent)

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>5.0%</td>
</tr>
<tr>
<td>2002</td>
<td>6.0%</td>
</tr>
<tr>
<td>2003</td>
<td>7.0%</td>
</tr>
<tr>
<td>2004</td>
<td>8.0%</td>
</tr>
<tr>
<td>2005</td>
<td>9.0%</td>
</tr>
<tr>
<td>2006</td>
<td>10.0%</td>
</tr>
<tr>
<td>2007</td>
<td>11.0%</td>
</tr>
<tr>
<td>2008</td>
<td>12.0%</td>
</tr>
<tr>
<td>2009</td>
<td>13.0%</td>
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<tr>
<td>2010</td>
<td>14.0%</td>
</tr>
<tr>
<td>2011</td>
<td>15.0%</td>
</tr>
<tr>
<td>2012</td>
<td>16.0%</td>
</tr>
<tr>
<td>2013</td>
<td>17.0%</td>
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<tr>
<td>2014</td>
<td>18.0%</td>
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<tr>
<td>2015</td>
<td>19.0%</td>
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<tr>
<td>2016</td>
<td>20.0%</td>
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<tr>
<td>2017</td>
<td>21.0%</td>
</tr>
<tr>
<td>2018</td>
<td>22.0%</td>
</tr>
<tr>
<td>2019</td>
<td>23.0%</td>
</tr>
<tr>
<td>2020</td>
<td>-6.9%</td>
</tr>
</tbody>
</table>

Pre-financial crisis average: 4.4%

Growth rate of the Phase I countries and developing economies in 2020 (Percentage)

<table>
<thead>
<tr>
<th>Category</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1 countries</td>
<td>-6.9%</td>
</tr>
<tr>
<td>Developing economies</td>
<td>-3.5%</td>
</tr>
</tbody>
</table>

Source: ECLAC and IMF.

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Declining overseas development assistance

The Caribbean (13 countries): net official development assistance received, 1960–2018
(Percentages of gross national income)


a Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago

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With a few exceptions, foreign direct investments have been on the decline across the Caribbean.
Tourism

Visitor arrivals will fall by between 57% and 75% in 2020, leading to losses of tourism expenditure between US$22B and US$28B.

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Globally Cruise lines have completely shut down services, with revenue losses for operations in the Caribbean estimated at US$0.6 billion or 74% of revenues for six months of 2020.

Global airline losses amounted to US$252 billion of RPK’s or 70% fall year on year. For regional airlines, projected revenue losses were 92% if disruptions were to exceed 8 months of 2020.
Fiscal interventions between 1% and 4% of GDP (except Barbados) to tackle the COVID-19 crisis

Size of fiscal packages (per cent of GDP)

- Limited fiscal packages focused on the following areas:
  - Social security programs such as salary relief grants and food cards provided to children affected by school closure
  - Liquidity support for individuals and corporations, especially SMEs
  - Limited fiscal support for the tourism sector and other sectors
- Increased health care spending on:
  - Prevention and treatment of COVID-19
  - Enhanced public health surveillance
Disaster vulnerability

Over 60 per cent of the countries of Latin America and the Caribbean present medium to very high risk in the face of disasters.

Caribbean states fall in the group with high and very high risk levels.

The effects of climate change in the region over recent years have resulted in events of increasing frequency and intensity.
Indebtedness and vulnerability

Barbados | Jamaica | Belize | Dominica | Antigua and Barbuda | Saint Vincent and the Grenadines

Grenada | Saint Lucia | Maldives | Seychelles | Saint Kitts and Nevis

Mauritius | Bahamas | Vanuatu | Lesotho | Papua New Guinea

Swaziland | Botswana | Solomon Islands

At risk | Highly vulnerable | Extremely vulnerable | Vulnerable | Highly vulnerable

Source: IMF World Economic Outlook, April 2018 database and South Pacific Applied Geoscience Commission Environmental Vulnerability Index 2004
Concentration of population and infrastructure in low elevation coastal zones

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Factors impacting Poverty and Inequality in the Caribbean

- Unemployment and underemployment
- Low skill, low productivity, low pay work
- Extensive informal sector in some countries
- Weak social protection systems
- Single parent households
- Adolescent pregnancy
- Urban Rural differentials
Poverty and unemployment

The Caribbean population below national poverty line, unemployment rate and youth unemployment *(Percentages)*

[Bar chart showing data for different Caribbean countries.]


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COVID-19 has resulted in huge social costs in the form of fiscal stimulus for:

- Payroll support (US$ 343 million)
- Grants to businesses (US$ 167 million)
- Unemployment benefits (US$ 434 million)
- Public assistance for those in the informal sector (US$ 151 million)
- Other forms of relief e.g. on utility bills (US$ 124 million)

The cost of the employment and social protection measures which governments have announced thus far are estimated at **US$ 1.2 billion**
Different socio-economic impacts reflect underlying inequalities and threaten the right to education

The temporary closure of all educational facilities is impacting nearly 12 million students in 29 Caribbean countries

- Interruption in classes
- Cancelation of assessments and examinations
- Gaps in childcare and family pressures in allocating time for housework and paid work
- Increased incidence of family violence
- Indirect impacts on nutrition
- Unintended strain on health-care systems
- Potential increase in dropout rates

Inequalities resulting from:
- Lack of parental skills to adjust to distance and homeschooling
- Lack of access to technology
- Unequal access to internet connectivity, and
- Homeschooling in shared spaces with other family members in small housing units

Estimated cost:
- Est. US $119 million (26 countries)
- Est. USD $54 million (4 countries)

Multidimensional inequalities reflect discrimination and impact on children’s rights

In a context of confinement and increased pressures on families, risks of violence towards women and children increases

Poorest children and adolescents: potential increase in dropout rates and child labour growth

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COVID-19 Geoportal

Information on action being implemented at country level in response to COVID-19, recorded in seven thematic areas:

1. Movement restrictions
2. Health
3. Economy
4. Labour
5. Social protection
6. Education
7. Gender
Fundamentals of Governance for Parliamentarians

Ownership, Participation, Accountability

Monitoring, Measurement, Assessment

Planning, Budgeting, Legislation

Meeting for Parliamentarians of the Americas and the Caribbean, 11 June 2020
Challenges deserving the attention of Parliamentarians

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Employment and Social Protection

- **Provide payroll support** to cover an agreed proportion of salaries, with special protection for the lowest paid.

- **Provide unemployment benefits** for those who have lost their jobs (or **sickness benefits** to those who are ill with Covid-19 or in self-isolation).

- **Prevent evictions and repossessions** for those unable to meet rent or mortgage repayments due to loss of income, by enabling deferment of payments and considering how tenants can be helped to meet their housing costs.

- **Reduce pressure on household budgets** through measures such as price controls, tax credits and relief on utility bills.

- **Adapt benefit application and delivery processes** so that they are appropriate in cases of lockdown, quarantine, self-isolation or social distancing.

- **In the long term:**

  - Address the deficiencies which COVID-19 has exposed in Caribbean social protection systems by implementing measures to **formalize the informal sector** and providing permanent unemployment insurance.

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Governments have offered short-term support to the tourism sector. Greater support will be needed in the medium to long-term to ensure sustainability

- Governments introduced several mitigating measures to stem the impact on incomes and employment in the short-term:
  - Stimulus packages for liquidity support, financial relief and minimizing income and job loss. Some tourism small businesses have benefitted.

- Emergency response and mitigation measures beneficial to the tourism workers and businesses include:
  - Supplementary income support to tourism workers
  - Easing of financial obligations through loans and national insurance deferrals
  - Cash flow support through banks and credit unions, and suspension of tariffs and value-added taxes.

- At the regional level, efforts are being made to establish a common border re-opening protocol and to develop a collective approach to accessing international financing.
## Education

<table>
<thead>
<tr>
<th>School closures</th>
<th>Transition to online / distance learning</th>
<th>Assessments</th>
<th>Nutrition</th>
<th>Other measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning continuity plans designed and implemented&lt;br&gt;‘Flexible learning’&lt;br&gt;Knowledge sharing&lt;br&gt;Capacity development to facilitate educational content and ensure continuity of teaching-learning and assessment</td>
<td>Acceleration of innovative digital solutions&lt;br&gt;E-learning packages - e.g. Caribbean Examinations Council (CXC) Learning Hub</td>
<td>Schools are considering postponing rather than skipping assessments</td>
<td>Continuity of schools’ meals programmes through different modalities:&lt;br&gt;- Food card&lt;br&gt;- Weekly food kits&lt;br&gt;- Daily food meals collected in different school locations.</td>
<td>Mental health support initiatives,&lt;br&gt;Parental skill trainings&lt;br&gt;Providing childcare for essential workers.</td>
</tr>
<tr>
<td>Belize &gt; learning continuity plans, monitoring and supporting the implementation of school plans and guidelines.</td>
<td>Saint Vincent and the Grenadines &gt; allocated EC$4 million (1.48 million USD) for the purchase of over 12,000 tablets.</td>
<td>CXC strategy &gt; e-Testing modality (online and offline) to reduce the examinations administration processing time.</td>
<td>Antigua &amp; Barbuda &gt; 63,722 USD.&lt;br&gt;Dominican Republic’ &gt; 50.3 million USD.&lt;br&gt;Trinidad &amp; Tobago &gt; 3.74 million USD.</td>
<td>Bermuda &gt; childcare programme specifically for children of essential services workers aged 5 to 10 years old</td>
</tr>
</tbody>
</table>

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The way forward

- Strengthens statistical infrastructure and data collection capacity to support Evidence Based Decision making
- Pursue innovative access to finance; Invest in social protection; Expand insurance schemes
- Invest in national development planning; establish or strengthen national institutions for sustainable development
- Expand Health infrastructure; invest in youth and skills development; Reorient risk strategy in national; planning
- Strengthen partnership with the private sector, global partners; invest in technology
- Enhance resilience through investment in mitigation and adaptation; physical planning; building code inspection
COVID-19 special and thematic reports

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Thank You