The Caribbean Outlook

Forging a people-centred approach to sustainable development post-COVID-19

UNITED NATIONS

ECLAC

Thirty-eighth session of ECLAC
26–28 October
2020

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The following consultants from the Health Economics Unit, Centre for Health Economics of the University of the West Indies, St. Augustine Campus, Trinidad and Tobago provided invaluable inputs for the preparation of the document: Karl Theodore, Althea La Foucade, Christine Laptiste and Vyjanti Beharry.

United Nations publication
LC/SES.38/12
Distribution: G
Original: English

Printed at United Nations, Santiago
S.20-00599

This publication should be cited as: Economic Commission for Latin America and the Caribbean (ECLAC), *The Caribbean Outlook: forging a people-centred approach to sustainable development post-COVID-19* (LC/SES.38/12), Santiago, 2020.

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Introduction

The first edition of *The Caribbean Outlook* was published in 2018, offering a comprehensive assessment of the challenges faced by the subregion in its pursuit of sustainable development. The global community has since been overwhelmed by the coronavirus disease (COVID-19) pandemic, requiring far-reaching responses, including the closure of borders and businesses, which has caused a global recession.

Although primarily a health challenge, the COVID-19 pandemic has impacted every aspect of life beyond the health sector. Indeed, the very high infection rate of the disease together with evidence of community transmission, and in the absence of a vaccine and strictly enforced precautionary measures, have all resulted in the significant disruption of lives and livelihoods. As at 24 September 2020, a total of 203,645 positive cases of COVID-19 and 3,731 related deaths had been reported in the member countries and associate members of the Caribbean Development and Cooperation Committee (CDCC).[1] Of these, the Dominican Republic and Puerto Rico accounted for 83.4% of all positive cases and 78.9% of related deaths. While all Caribbean countries have recorded cases of COVID-19, no related death has been reported[2] in Anguilla, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia or Saint Vincent and the Grenadines.[3]

Measures implemented to slow the spread of the disease, such as physical distancing, hygiene practices and border controls, have had varying degrees of success in the Caribbean. Nevertheless, the pandemic has had devastating multi-sectoral economic and financial impacts on the countries of the subregion. Many countries have been forced to tentatively reopen their economies as it has become increasingly clear that, until a safe vaccine is developed, a strategy must be found to safely coexist with the disease.

The COVID-19 pandemic has exacerbated existing vulnerabilities and inequalities in Caribbean society, including with regard to access to information and communication technologies (ICTs) and education services, food insecurity, as well as the situation of women and girls with the significant increase in gender-based violence. It has also posed a considerable challenge to governments, already burdened by high levels of public debt and debt service payments, to provide support to struggling businesses and to the increasing numbers of unemployed, particularly those in the informal sector. Those working in the tourism sector have been hit especially hard.

This edition of *The Caribbean Outlook* offers perspectives on how the subregion might address the challenges of response, recovery and resilience-building in the wake of the pandemic, including strategies to ensure that States' commitments under the 2030 Agenda for Sustainable Development and the SIDS Accelerated Modalities of Action (SAMOA) Pathway are fulfilled.

In this document, it is argued that the fundamental challenge facing all Caribbean societies is primarily to protect citizens from the disease, support households and businesses, and access the resources available domestically and internationally to do so, even as governments have limited fiscal space. At the same time, ongoing economic, social and environmental issues require a renewed effort to build resilience in the very different post-COVID-19 world.

1 The CDCC member countries are: Antigua and Barbuda, the Bahamas, Barbados, Belize, Cuba, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago. The CDCC associate member countries and territories are: Anguilla, Aruba, Bermuda, the British Virgin Islands, the Cayman Islands, Curaçao, Guadeloupe, Martinique, Montserrat, Puerto Rico, Sint Maarten, the Turks and Caicos Islands, and the United States Virgin Islands.

2 As at 8 August 2020.

3 Based on data reported by Worldometer (2020).

The Caribbean Outlook contains analysis of the current circumstances and challenges facing the subregion and the immediate and medium-term responses that are required. The message of this report is quite clear, namely that the COVID-19 pandemic is having severe health, social, economic and humanitarian impacts on the Caribbean, but policymakers must identify and capitalize on those opportunities that will allow the subregion to thrive in a post-COVID-19 world.

The report is divided into four chapters, the first of which discusses the immediate economic challenges facing the region, including low growth, high unemployment, high debt and the likelihood of considerable reduction in foreign direct investment (FDI) inflows. This chapter also outlines the impact of the COVID-19 pandemic on various critical sectors, namely health, tourism, energy, transportation, education, citizen security and social protection.

Chapter II looks at strategies to jump start the economic engines of the countries of the subregion in the light of unrelentingly sluggish growth since the global crisis of 2008–2009 and the weak fiscal position of ECLAC member States from the Caribbean, with only a few exceptions. These challenges have now been made worse with the arrival of COVID-19.

Chapter III highlights the importance of the social sector and identifies areas to strengthen social development. It addresses labour productivity, issues faced by women, youth, older persons and persons with disabilities, skill shortages owing to migration and the rising tide of noncommunicable diseases (NCDs), which will surely constrain productive capacity if not addressed head on.

Chapter IV contains recommendations for the subregion on how to develop more integrated plans to promote development and move forward. The chapter underscores the importance of planning in dealing with emerging risks and in integrating resilience-building into development strategies. It also addresses the need for monitoring and evaluation mechanisms and flexibility to allow for necessary change in the face of unforeseen exogenous shocks.

Lastly, a series of key recommendations suggest a path to resilient recovery in the subregion. Emphasis is placed on the need for adequate, affordable finance to fund the post-COVID-19 recovery. The international community is urged to consider debt vulnerability and liquidity challenges, which pose a real threat to the viability of the economies of the subregion, and to lend their support to the ECLAC Debt for Climate Adaptation Swap initiative and the creation of the Caribbean Resilience Fund. It is hoped that these combined efforts will promote the dynamic and resilient recovery of the Caribbean subregion.

I. The impact of COVID-19 on the Caribbean economies

The COVID-19 pandemic has had wide-ranging impacts on leading sectors in the subregion. For example, losses in the tourism industry, which is the mainstay of many of the subregion's economies, could see subregional gross domestic product (GDP) decline by as much as 7.9 percentage points, according to ECLAC estimates, owing to the near shutdown of the industry in most countries. The energy sector in Trinidad and Tobago could contract by over 57%[4], while the loss of revenue in the transportation sector has badly affected regional airlines, forcing them to seek government support. The education sector has suffered productivity losses amounting to US$ 85.7 million, owing to school closures. Furthermore, there has been an increase in security and social protection challenges, with poor households facing greater hardships and cybercrime on the rise. To address these effects, it is recommended that countries keep health and hygiene protocols in place, and continue to provide cash support for small businesses and workers who have been laid off.

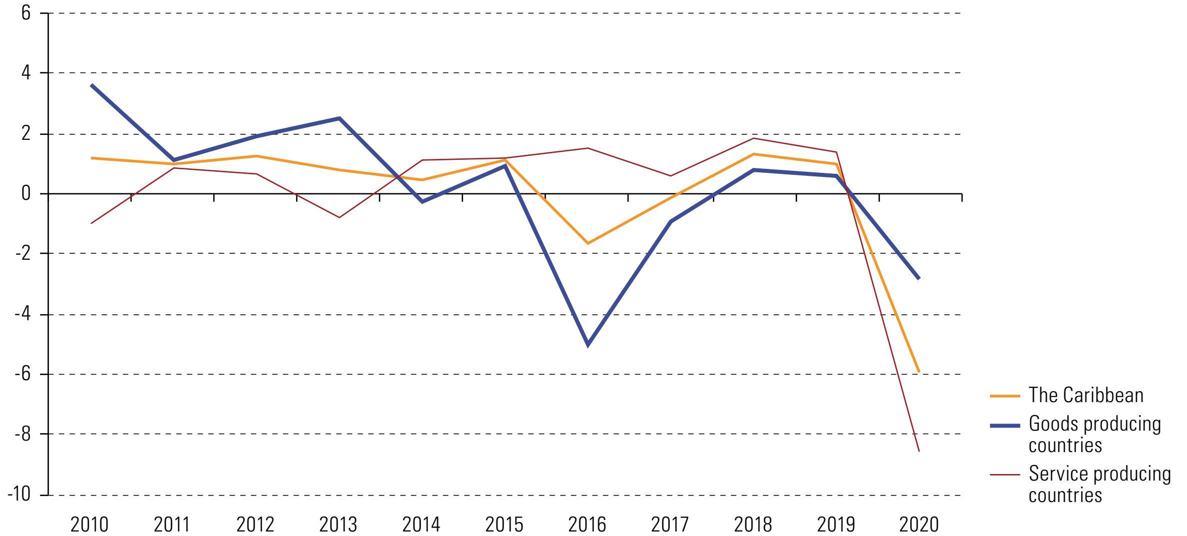
A. Growth, public debt and unemployment

The COVID-19 outbreak was sudden and unexpected, and the countries of the Caribbean, like most of the world, were completely unprepared for the multidimensional impact of the global pandemic. The economies of the subregion, which were already having to address many structural gaps (in areas such as infrastructure, technology, ICTs and competitiveness), must now tackle the serious economic and social repercussions of national efforts to control the spread of the disease. The lockdown and physical distancing measures have had a severe impact on business activity, pushing up unemployment across all sectors, while the fiscal measures instituted to alleviate the economic consequences have made access to finance even more difficult given the rising debt burden. Unlike many other regions, the Caribbean had not recovered fully from the global financial crisis of 2008–2009, with economic growth in the subregion averaging 0.65% a year between 2010 and 2019. Although the service producers, particularly the tourism-dependent economies, did experience some improvement thanks to the economic expansion of the United States in the period following the global financial crisis, the goods producers, with the exception of Guyana, have performed poorly as a result of the fall in commodity prices since 2014.

Figure I.1 shows how growth rates flattened between 2010 and 2019, and the sharp decline expected in 2020. The contraction in GDP is projected to be in the range of -2.9% for goods producers and -8.6% for service producers. The GDP of the Eastern Caribbean Currency Union (ECCU) member countries is expected to fall by 12.5% in 2020,[5] owing to their heavy dependence on tourism which has been severely impacted by the pandemic. On average, GDP is expected to shrink by 5.4% in the Caribbean in 2020, with the sharpest falls in output in Belize (-14%), Antigua and Barbuda (-12.3%) and Saint Lucia (-11.9%). If Guyana, which has seen rapid growth owing to the start of oil production, is excluded, subregional GDP is expected to contract by 7.9% this year (see figure I.2).

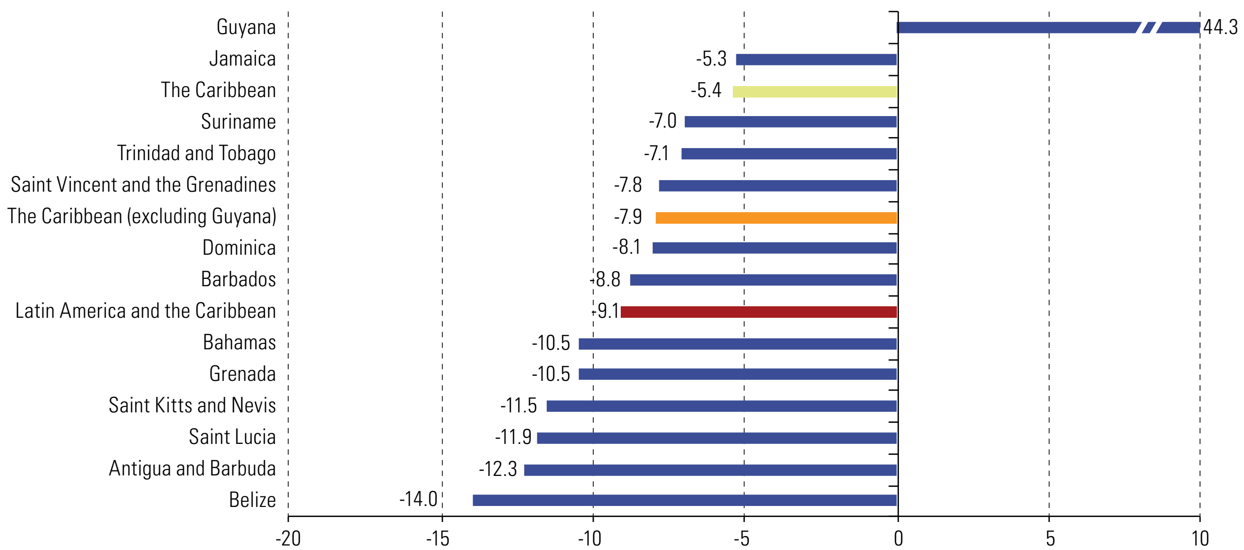
4 According to ECLAC simulations.
5 Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

Figure I.1
The Caribbean (selected countries and territories):[a] growth rates, 2010–2020[b]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] The goods producing countries are: Belize, Guyana, Suriname and Trinidad and Tobago. The service producing countries are: Anguilla, Antigua and Barbuda, Bahamas, Barbados, Dominica, Grenada, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. The Caribbean average is the weighted average of the listed countries.
[b] Figures for 2020 are projections.

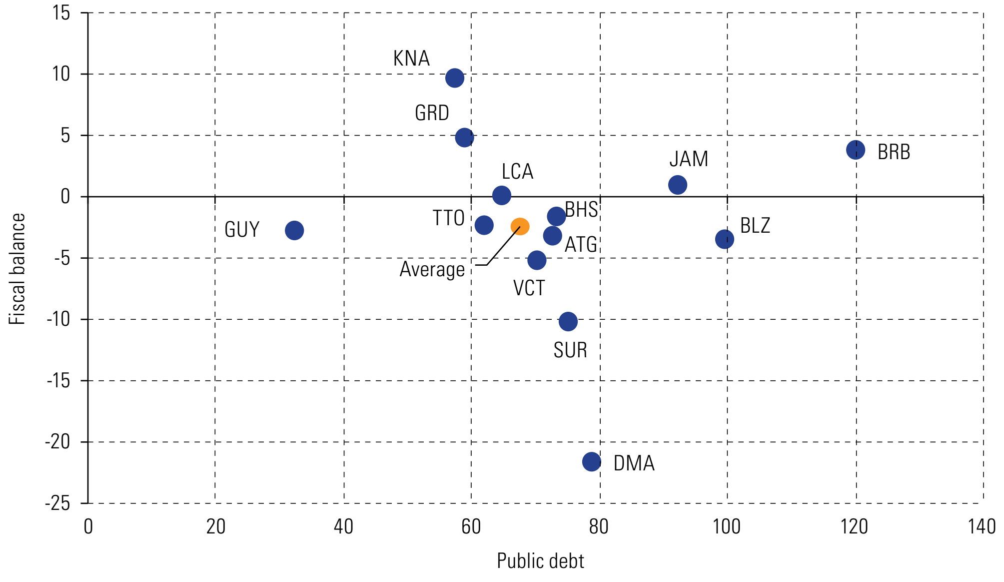
Figure I.2
The Caribbean (selected countries): GDP growth projections, 2020
(Percentages)



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

The implications of the fall in GDP are exacerbated by the rising public debt and debt overhang, which have restricted fiscal space at a time when it is most needed. The average debt-to-GDP ratio for the Caribbean has remained fairly stable, albeit unsustainably high, over time, despite considerable fiscal consolidation efforts undertaken in many countries as part of national or International Monetary Fund (IMF) supported stabilization programmes. The subregion's considerable debt burden (estimated to be equivalent to 67.6% of GDP in 2019) has not been the result of fiscal slippage, rather it is largely attributable to the impact of climate change and natural disasters, which push up expenditures and require considerable rebuilding efforts (see figure I.3). The average debt-to-GDP ratio for the Caribbean over the period 2010–2019 stood at 70.0% of GDP, suggesting that debt has been a long-standing challenge for the subregion.

Figure I.3
The Caribbean (selected countries): public debt and fiscal balance, 2019
(Percentages of GDP)



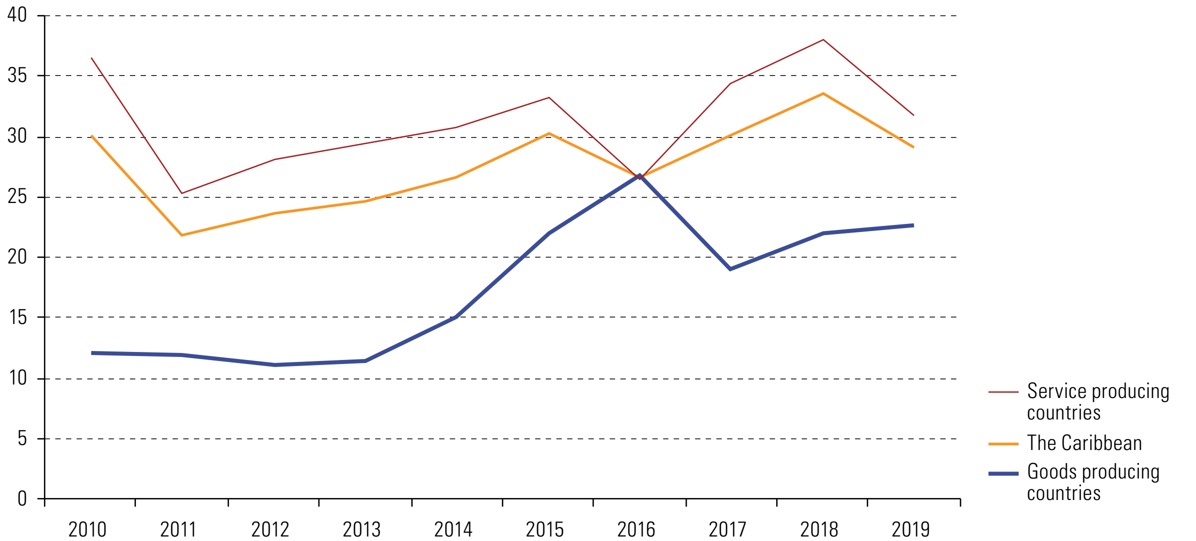
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

In recent years, the debt burden for goods-producing economies has converged with that of the service producers as a result of the fall in commodity prices and the subsequent decline in foreign exchange earnings. However, the gains in debt reduction are expected to be reversed, as public borrowing increases and economic activity contracts across the Caribbean in the wake of the COVID-19 pandemic. These high debt levels, with a few countries close to or above 100% of GDP, mean creditors perceive the sovereign risks in the subregion to be higher, leading to higher interest rates.

While the debt burden of the subregion is indeed significant, the immediate concern is the high debt service costs, which limit governments' fiscal space and ability to address serious issues related to climate change, such as investing in appropriate adaptation programmes, supporting disaster risk mitigation and risk reduction efforts, and pursuing economic restructuring to build resilience.

Debt service payments have gradually accounted for a larger percentage of government revenue, reaching a peak of 26.8% in 2016 for the goods producing countries and 38.1% in 2018 for the service producing countries. For the Caribbean as a whole, debt service payments were equivalent to 29.1% of government revenue in 2019, while the figures for the goods and service producers were 22.6% and 31.7%, respectively (see figure I.4).

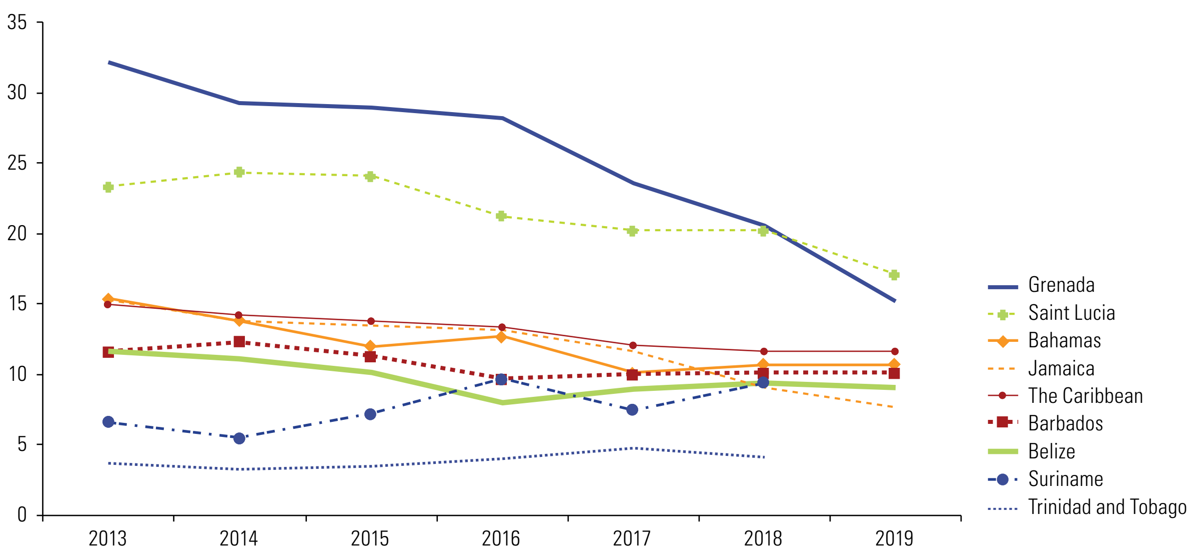
Figure I.4
The Caribbean (selected countries and territories):[a] total debt service payments, 2010–2019
(Percentages of government revenue)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] The goods producing countries are: Belize, Guyana, Suriname and Trinidad and Tobago. The service producing countries are: Anguilla, Antigua and Barbuda, Bahamas, Barbados, Dominica, Grenada, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. The Caribbean average is the weighted average of the listed countries.

Despite the subregion's low average growth performance, prior to the pandemic, unemployment rates in the Caribbean had begun to decline in some countries, falling by 2.9 percentage points over the last five years. The decline in unemployment in Jamaica and Grenada was particularly notable, falling from historically high rates (see figure I.5). It is expected that the unemployment rates will shoot up in the wake of the COVID-19 pandemic, since the contraction in the tourism sector will have a knock-on effect on many other sectors, including construction and distribution.

Figure I.5
The Caribbean (selected countries): unemployment rates, 2013–2019
(Percentages)



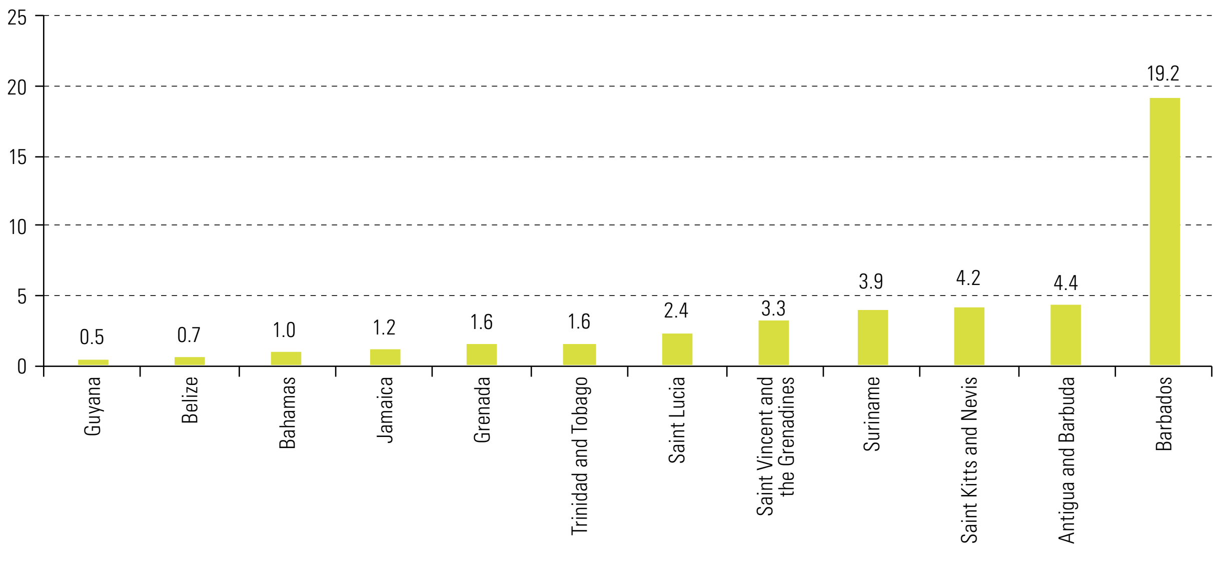
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

B. COVID-19 expenditures: fiscal packages and other government measures

Beyond stretching the already limited capacity of domestic health systems, the harmful impact of the COVID-19 pandemic on economic activity has required governments to shoulder huge financial costs in the form of fiscal stimuli for payroll support, grants to businesses, unemployment benefits, public assistance for those in the informal sector and other relief measures. ECLAC estimates that the cost of the employment and social protection measures announced by governments of the subregion for 2020 will be in the order of US$ 1.3 billion. This has created new drivers of borrowing at a time when the debt burden is already unsustainably high in many Caribbean countries.

The fiscal responses of the 12 Caribbean countries analysed range from between 0.5% and 5% of GDP (with the exception of Barbados), with eight of them below the average for Latin America and Caribbean of 3.9% of GDP. This suggests that interventions in the Caribbean have been inadequate and that national initiatives could be stepped up in the subregion since supporting the population must be one of the highest priorities in the face of the pandemic (see figure I.6).

Figure I.6
The Caribbean (selected countries): size of fiscal packages
(Percentages of GDP)



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

Moreover, given the limited fiscal space and liquidity constraints of Caribbean economies, the measures employed to mitigate the socioeconomic impact of the pandemic have been inadequate. In this regard, the size of the fiscal packages instituted in many Caribbean economies has been lower than the average for Latin America and the Caribbean.

1. Broad-based policy measures

National authorities have adopted a number of measures in response to the pandemic to address not only the health effects, but also the social and economic consequences. Measures have addressed such areas as movement of people across borders, health, fiscal and monetary policies, restrictions on economic activities, labour and social protections, and the education sector.

With respect to the movement across borders and within countries, many Caribbean countries implemented border controls to tackle the spread of COVID-19 as early as January 2020. Citizens were advised to avoid non-essential travel; some countries initially stopped receiving visitors from China, then Europe, before expanding their restrictions as the disease spread around the world. These measures have come at a significant cost to individual governments of the subregion, which ECLAC estimates at between US$ 5 million and US$ 157 million as of June 2020. Donations from the international community in the form of cash, medical equipment and advisory services have, however, provided much needed support to the health sector.

A number of measures designed to support the economy have also been adopted, many related to fiscal and monetary policy. On the fiscal side, these have included higher spending on the health sector (as in Barbados, Dominica, Saint Vincent and the Grenadines, and Suriname) and transfers to affected individuals (as was the case in the Bahamas, Barbados, Belize, Grenada, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, and Suriname). Many governments have introduced tax credit (Bahamas, Saint Lucia and Suriname) and tax deferral programmes (the Bahamas and Guyana). Some countries took steps to expedite the processing of VAT refunds for businesses (Trinidad and Tobago) and some waived VAT on some goods (Guyana, Saint Kitts and Nevis, and Saint Vincent and the Grenadines). Some governments committed funds to support affected sectors such as tourism, agriculture, and the arts, culture and sports (Barbados, Belize, Dominica, Guyana, Saint Vincent and the Grenadines, and Trinidad and Tobago).[6]

Monetary policies in the subregion were generally expansionary in order to increase liquidity in response to the crisis. Other measures adopted included cutting the discount rate for lending to banks (as in Barbados and Grenada) and reducing reserve requirements (as Belize, Suriname, and Trinidad and Tobago did). Many central banks entered into arrangements with commercial banks to introduce moratoriums on loan instalments for individuals (Barbados, Guyana, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago).

Another key area of policy intervention has been that of social protection, with measures generally taking the form of cash and food transfers (introduced in Antigua and Barbuda, the Bahamas, Barbados, Belize, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Suriname), and guaranteed access to basic services (water and electricity) (as was the case in Antigua and Barbuda, the Bahamas, Belize, Grenada, Saint Kitts and Nevis, and Saint Vincent and the Grenadines).

Cash transfers were provided to vulnerable individuals, older persons and those who lost their jobs because of the pandemic. Assistance in the form of cash injections has also been provided to food producers, while food baskets and even home gardening tools have been delivered to consumers.

The provision of basic services was guaranteed for an average of three months and if full waivers were not granted, bills were reduced by between 30% and 40% or their payment was deferred for vulnerable individuals, such as those living in poverty or older persons, and those who have lost their jobs or been displaced as a result of the pandemic.

Lastly, educational institutions across the Caribbean were forced to close as early as mid-March 2020, as part of the mitigation measures to curb the spread of COVID-19. In addition to transitioning to online learning tools, multiple means, including television broadcasts, the procurement of tablets, and provision of offline servers to schools, were used to deliver educational content to students without access to the Internet or mobile devices in the subregion.

6 Examples of national policy measures are based on information from the COVID-19 Observatory in Latin America and the Caribbean of ECLAC [online] https://www.cepal.org/en/topics/covid-19 [accessed on: 18 October 2020].

C. The sectoral impact of the COVID-19 pandemic

1. The health sector

The economic impact of COVID-19 on the health sectors of CDCC member and associate member countries is calculated on the basis of the public health costs accrued by governments in response to the COVID-19 pandemic.[7] The economic impact is estimated under four categories, namely **prevention,**[8] **testing,**[9] **treatment**[10] **and infrastructure.**[11]

ECLAC estimates the total economic impact of COVID-19 on the health sector of Caribbean countries during the first quarter of 2020 to be US$ 260.2 million,[12] with prevention measures accounting for an estimated US$ 64.6 million, testing US$ 55.4 million, treatment US$ 108.3 million and infrastructure US$ 31.9 million. The cost of treating COVID-19 patients represents 42% of total expenditure, with prevention measures accounting for 25%. Combined, prevention and testing represent just under half (46%) of the estimated cost to the health sector.

The proactive stance taken by several Caribbean governments in closing borders, schools and various economic sectors has prevented health-care facilities from being overwhelmed, but although this means that the economic cost to the health sector has been relatively low, the impact on the wider economy has been profound. However, the costs estimated under two scenarios simulated by ECLAC suggest that the impact on the health sector could be even greater if the number of positive cases of COVID-19 were to increase significantly as the economies are reopened.

Given the different trajectories of COVID-19 active cases across the Caribbean countries, a uniform estimate of when the disease could be under control could not be reliably simulated. However, as countries move to relax physical distancing restrictions and reopen their economies, the possibility of a second wave of infection is being discussed. Under a mildly pessimistic scenario, where a second wave results in the doubling of the infected cases in each country, the impact on the health sector of the Caribbean could amount to as much as US$ 484.1 million. Under a highly pessimistic scenario, in which countries record a tenfold increase in the infected cases,[13] the economic impact on the health sector of the subregion is estimated to be US$ 2.3 billion.

Therefore, in anticipation of future pandemics, adequate investment in the health sector, to ensure effective prevention, and early detection and treatment, will provide cost-effective insurance against a much greater economy-wide impact at the national level, and even more so at the subregional level.

[7] Owing to data limitations, the direct cost incurred by households and businesses are not included. Similarly, the indirect cost to individuals cannot be credibly estimated and are, therefore, not included in the impact estimates.

[8] The cost of prevention measures includes expenditures on personal protective equipment (PPE) for health-care workers and frontline responders, contact tracing, sanitization of health-care facilities and public spaces, and public health mass media campaigns.

[9] The cost of testing covers hospital outpatient visits for COVID-19 tests, and the collection and analysis of samples.

[10] The cost of treatment reflects the cost of treating all identified positive cases of COVID-19.

[11] The infrastructure costs cover those incurred to renovate or retrofit health-care facilities to accommodate COVID-19 patients, including the cost of providing isolation facilities for suspected cases.

[12] This is equivalent to less than 0.1% of subregional GDP.

[13] Under this scenario, the maximum number of COVID-19 positive cases in any country (Montserrat) is equivalent to 2.1% of the population testing positive. Three countries (Bermuda, the Cayman Islands and Sint Maarten) will have between 1 and 2% of the population testing positive to COVID-19. For all other countries, less than 1% of the population will be infected.

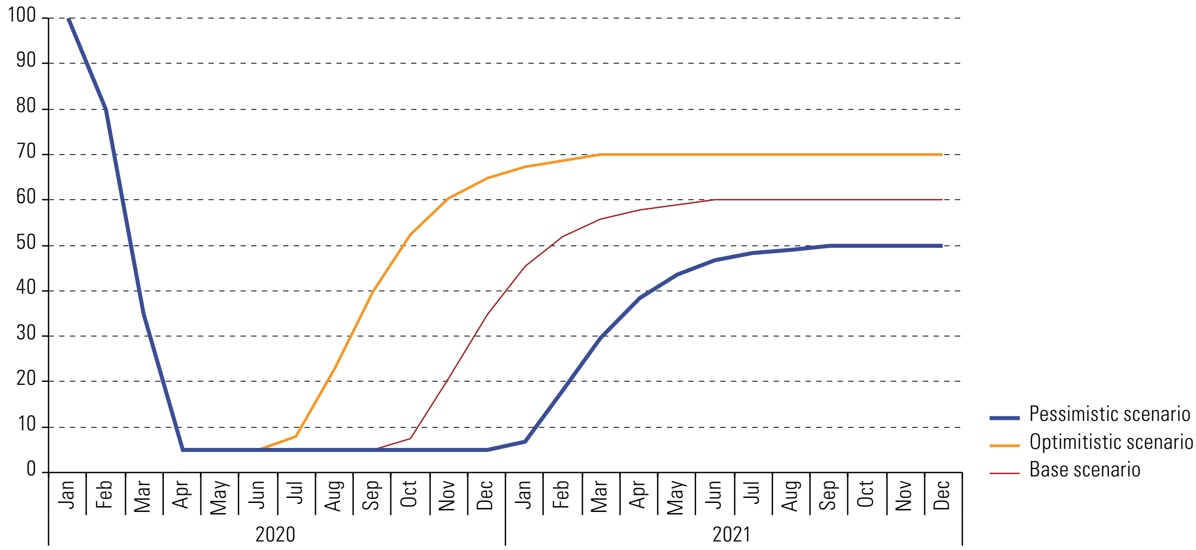
2. The tourism sector

On average, the tourism sector's direct contribution to the GDP of the Caribbean was 11.8% in 2019, while its overall contribution was 28.5% (WTTC, 2019). The dependence on tourism varies across Caribbean economies, as the direct contribution ranged from 1.1% of GDP (overall contribution 2.6%) in Suriname, to 30.4% (overall contribution 73.6%) in Aruba. Tourism also accounts for one in six jobs, a majority of which are held by women.

The border closures and stay-at-home requirements imposed in response to the COVID-19 pandemic have had a deleterious effect on the Caribbean tourism industry. The sharp fall in visitor and domestic spending resulted in a near shutdown of economic activity. Indeed, the cost assessment by ECLAC suggests that prolonged effects of the pandemic could lead to a deep recession marked by a significant fall in incomes and rising unemployment. This will severely affect the livelihoods of small business owners and tourism industry workers.

To estimate the impact of COVID-19 on the economy, the contribution to growth from inbound tourism (stayover visitors),[14] as well as domestic tourism was estimated.[15] Three recovery scenarios were then forecasted (see figure I.7). Tourist arrivals for 2020 are projected to fall by 58% in the optimistic scenario, 71% in the base scenario and 76% in the pessimistic scenario. Domestic tourism activity is projected to fall by 30% in the optimistic scenario, 50% in the base scenario, and 70% in the pessimistic scenario.

Figure I.7
The Caribbean: three scenarios for a recovery in tourist arrivals
(Percentages of baseline arrivals)



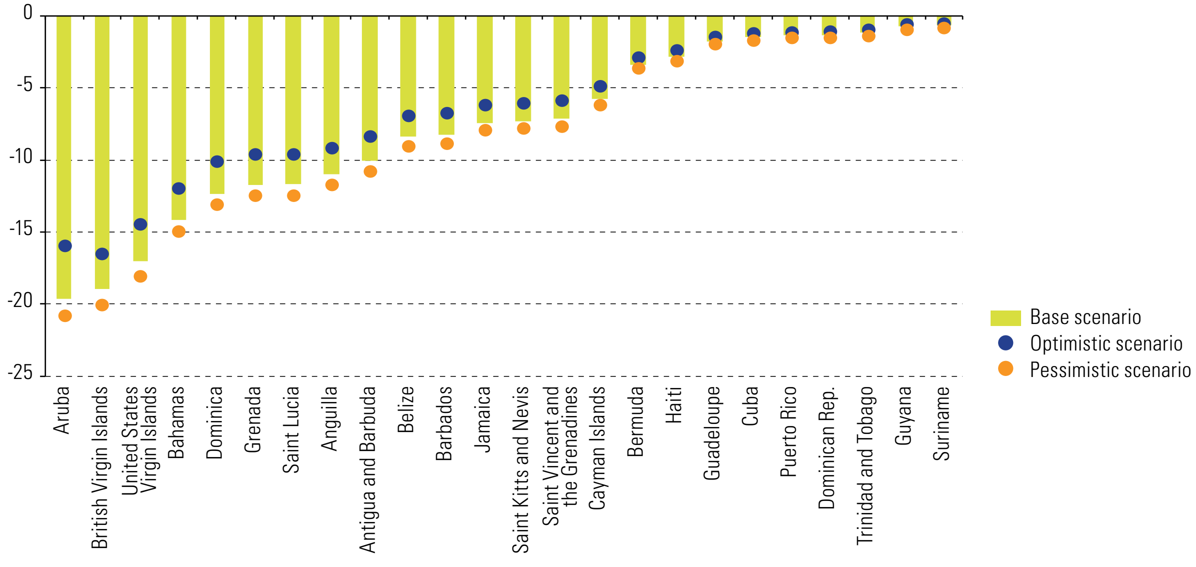
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

14 Cruise passengers were excluded from the calculations due to limited availability of data. For those economies with both stayover and cruise passenger data, expenditure losses from cruise passengers were estimated to be 4.1% of stayover losses in total. Individually, cruise passenger losses as a percentage of stayover losses ranged from 0.5% in Trinidad and Tobago to 15.3% in Saint Kitts and Nevis.

15 For the loss in inbound tourism, a baseline forecast of tourist arrivals to December 2021 was projected on the basis of long term trends. Subsequently, a projection for visitor arrivals was made on the basis of official data for the first few months of 2020 (where available), followed by a 95% decline in arrivals from April 2020.

On average, the losses in tourism activity will subtract 6.1 percentage points from GDP growth in the optimistic scenario, 7.4 percentage points in the base scenario and 7.9 percentage points in the pessimistic scenario. The worst impacted will be the economies most dependent on tourism. Aruba, the British Virgin Islands and the United States Virgin Islands will all experience declines in their growth rate by over 15 percentage points in the base scenario. The least affected will be the larger, more diversified economies which depend less on tourism. The three least affected countries will be Trinidad and Tobago, Guyana and Suriname, whose economies all depend mainly on commodity exports (see figure I.8).

Figure I.8
The Caribbean (selected countries and territories): direct impact of the downturn in tourism on GDP growth under three scenarios, 2020
(Percentage points)



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

(a) Emergency response measures to mitigate the impact of the pandemic on the tourism sector

Governments across the region acted quickly to introduce several measures to stem the fallout in the short term. Emergency response and mitigation measures beneficial to the tourism sector include supplementary income support to tourism industry workers and SMEs, easing of financial obligations through loan and national insurance deferrals, cash flow support through banks and credit unions, and suspension of tariffs and value-added taxes.

Efforts are also being made at the regional level to establish a common border re-opening protocol and to develop a collective approach to accessing international financing. While these initiatives have been critical to providing much-needed short-term support to the sector, they cannot be sustained indefinitely and are not sufficiently far-reaching to curb the massive fallout in the industry. The uncertainty and severity of this crisis demands more sustained initiatives to protect tourism sector businesses, particularly SMEs. Such initiatives can best be developed and implemented with broad-based collaboration among governments, private sector, regional and international bodies to ensure sustainability of tourism in the region.

3. The energy sector (oil and gas)

COVID-19 has had a severe impact on the energy sector in the major Caribbean energy exporters, Trinidad and Tobago and Guyana.[16] This subsection provides estimates of losses in national income, employment, fiscal revenues and foreign exchange earnings and examines the policy implications for Caribbean energy exporters. The disruption in global demand and prices has hit these economies hard, as their energy sectors are important sources of income, fiscal revenues and foreign exchange earnings.

As a result of the COVID-19 pandemic, the International Energy Agency (IEA) expects global energy demand to drop by 6% in 2020, the steepest decline in 70 years (IEA, 2020). Brent crude oil,[17] an international benchmark for oil prices, dropped from around US$ 68 per barrel on 31 December 2019 to around US$ 18 per barrel on 30 April 2020, driven down by the spread of COVID-19 and a production stand-off and ensuing oil price war. In March 2020, Saudi Arabia slashed its official prices when negotiations broke down between the Organization of the Petroleum Exporting Countries (OPEC) and the Russian Federation. OPEC and other major oil-producing countries (including the Russian Federation) reached an agreement in April to cut oil production by 10% from 1 May 2020, but this did not fully offset the repercussions of the price war. By the end of September 2020, Brent crude oil prices had rebounded to around US$ 42 per barrel, but they remain well below pre-pandemic levels and there are downside risks.

(a) Main results based on three scenarios

Three scenarios were used to assess the impact of the decline in the energy sector on the two major energy-exporting countries: a base scenario, a pessimistic scenario and an optimistic scenario. In the base scenario it was assumed that in 2020 there will be a 10% fall in global oil demand, a 50% decline in oil prices and a 20% drop in natural gas prices. The resulting estimates put the fall in total real GDP at 4.4% in Trinidad and Tobago and 8.2% in Guyana, with total nominal GDP declining by 13.5% and 20.5%, respectively (see table I.1). The pessimistic scenario assumes a 14.5% decrease in global oil demand, a 60% decline in oil prices and a 30% drop in natural gas prices. In this more downbeat scenario, the estimated downturn in nominal energy sector GDP of 57.5% in Trinidad and Tobago would be larger than the 52.9% decline seen during the global financial crisis of 2009.

Downward pressure on employment is expected be amplified by the indirect impact of cuts in fiscal expenditure. In the base scenario, total employment is estimated to fall by 0.9% in Trinidad and Tobago and by 1.9% in Guyana and total exports are expected to drop by 38.3% and 32.8%,[18] respectively, which would result in a significant loss of foreign exchange earnings, particularly in Trinidad and Tobago. Total fiscal revenue is also projected to decline by 14.4% in Trinidad and Tobago and by 8.8% in Guyana, although governments have been working on filling this huge fiscal gap (see table I.1).

16 Belize and Suriname also export energy products, but they represent a smaller proportion of their total exports (6% in Belize and 8% in Suriname).

17 West Texas Intermediate (WTI), another international benchmark for oil prices, dropped deep into negative territory, reaching around $-37 per barrel on 20 April 2020. Because WTI prices are influenced by local factors —insufficient pipeline and storage capacity in Cushing, Oklahoma, United States, the delivery point for WTI— Brent is a better proxy for global oil prices.

18 Expenditure on fuel imports are expected to decline, owing to a decline in energy prices. In other Caribbean countries, the total savings in fuel import costs are forecast to amount to US$ 4.735 billion (7.9% of total imports) in the base scenario.

Table I.1
Impact of the pandemic on the energy sector based on three scenarios, 2020
(Percentage changes)

		Trinidad and Tobago			Guyana		
		Base scenario	Pessimistic scenario	Optimistic scenario	Base scenario	Pessimistic scenario	Optimistic scenario
Assumptions about global trends	Oil demand	-10.0	-14.5	-6.3	-10.0	-14.5	-6.3
	Oil prices	-50.0	-60.0	-40.0	-50.0	-60.0	-40.0
	Gas prices	-20.0	-30.0	-10.0	-20.0	-30.0	-10.0
Real GDP	Direct	-2.6	-3.7	-1.6	-4.6	-6.7	-2.9
	Indirect	-1.8	-2.1	-1.6	-3.6	-4.3	-2.9
	Total	-4.4	-5.8	-3.2	-8.2	-11.0	-5.8
Nominal GDP	Direct	-11.7	-14.9	-8.7	-18.2	-22.6	-14.0
	Indirect	-1.8	-2.0	-1.5	-2.3	-2.8	-1.9
	Total	-13.5	-17.0	-10.2	-20.5	-25.4	-15.9
Employment	Direct	-0.1	-0.1	-0.1	-0.2	-0.3	-0.1
	Indirect	-0.8	-1.0	-0.7	-1.7	-2.1	-1.4
	Total	-0.9	-1.1	-0.8	-1.9	-2.3	-1.5
Trade balance	Export	-38.3	-48.7	-28.4	-32.8	-40.8	-25.3
	Import	-13.5	-16.7	-10.4	-7.0	-8.4	-5.6
	Balance	-81.2	-104.2	-59.6	-88.9	-111.4	-68.1
Fiscal revenue		-14.4	-16.6	-12.3	-8.8	-10.6	-7.0

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

(b) Policy implications

The analysis reveals several economic and policymaking challenges for Trinidad and Tobago and Guyana:

(i) A possible decline in foreign direct investment (FDI) and a long-run negative impact on the economy:

If oil companies anticipate that the oil prices would persist below the breakeven price, which is around US$ 28/barrel for Trinidad and Tobago and US$ 35/barrel for Guyana, they would be inclined to defer investment in new oil projects. The resulting decline in FDI would have a negative long-run impact on the economy, particularly on employment, foreign exchange earnings and fiscal revenues.

(ii) Indirect impact on the non-energy sector employment:

Although the direct impact on energy sector employment would be limited, the indirect fall-out on non-energy sector employment could be large, particularly if the government reduces fiscal expenditure in response to the decline in fiscal revenues.

(iii) Lower export and reduced foreign exchange availability in Trinidad and Tobago:

The decline in energy exports would cause a decrease in foreign reserves in Trinidad and Tobago. At the same time, assuming a decline in the net official reserves should of US$ 3.1 billion a year, net official reserves would be exhausted in two years, and the combined sum of net official reserves and the Heritage and Stabilization Fund (HSF) position (US$ 6.1 billion) would reach zero in four years.

(iv) Lower fiscal revenues:

In Trinidad and Tobago, fiscal revenues are estimated to decline by around US$ 1 billion in the base scenario, suggesting that revenue losses would be serious if oil prices remain low. While the US$ 128 million loss of fiscal revenue estimated in the base scenario for Guyana is much smaller, it may necessitate a commensurate cut in fiscal expenditure. If such cuts are made in expenditure on new projects, this expected loss of revenues would not cause an increase in fiscal deficit. This would be relatively easy to achieve, because new projects financed with oil revenues have not been budgeted as Guyana did not approve its 2020 budget before the pandemic.

4. The transportation sector

Global transportation has been one of the industries most severely affected by COVID-19 to date. Potential disruption first became apparent in the international cruise segment, which ground to a halt over a six-week period from early February 2020. As international borders were closed, airlines and commercial shipping were also affected to varying degrees. For the highly tourism-dependent Caribbean region, the suspension of international cruises and international and regional flights has led to widespread closures of hotels, restaurants and related hospitality services. Although commercial shipping has not been affected to the same extent, lockdowns, physical distancing and other pandemic management measures in ports and hinterlands have resulted in increased port congestion and supply-chain disruption at major global shipping hubs.

(a) Global impact

Since investors in and owners of international transportation infrastructure are mostly external to the Caribbean subregion, the financial shocks from COVID-19 are also predominantly external. For example, stock prices for the main cruise ship companies fell by 27% on average in the first quarter of 2020, amounting to losses of just over US$ 31 billion for the global industry (Bloomberg, 2020). At the same time, the two-month disruption of planned itineraries for cruises to the Caribbean resulted in a cut of around 20% in the planned annual available cruise berths to the Eastern Caribbean for 2020.[19] This translates into a loss of roughly US$ 598 million, or 21.1% of projected revenues for the cruise shipping sector servicing the Eastern Caribbean in 2020.

For international airlines, disruption of traffic has also had severe consequences, including closure of airports to international or regional travellers. The epidemic, however, created a temporary boom for airline freight traffic, mainly because this subsector was exempt from flight restrictions, and given the surge in demand for expedited airlifts of emergency medical supplies, as countries ramped up their response to the disease. Possibly the most significant impacts on the transportation sector came from supply chain disruption and the decline in available port labour owing to curfews and other measures to limit the movement of workers in ports and related hinterlands.

(b) Impact on the Caribbean

With respect to the Caribbean, the direct impact of COVID-19 on commercial shipping is likely to be small, given that the subregion has a relatively low Linear Shipping Connectivity Index with international shipping (less than 25). Nevertheless, indirect impacts are likely to be considerable, given that the subregion's demand for shipping is derived from the consumer goods trade and imports for the tourism sector.

The short- to medium-term prospects for airlines and commercial shipping appear to be better than for cruises, although this depends largely on development and administration of a COVID-19 vaccine. For airlines, a progressive reopening of airports would at least enable regional services to resume. However, for regional airlines, a six-month wait to resume services would lead to a revenue loss of US$ 997 million or 92% in 2020. The overall prospects for commercial shipping appear more upbeat since the sector does not face the same requirements for management of the pandemic as other transporters. The cruise sector faces the greatest challenge, as reopening appears to be inextricably linked to the availability of a vaccine. It is estimated that a short-run closure of six months would result in an annual revenue loss of 74% (US$ 2.1 billion) for the industry.

[19] Author's estimate based on planned cruise itineraries as presented at Cruise Mapper [online] https://www.cruisemapper.com/. These estimates do not include cruise itineraries to the Western Caribbean, which the industry defines as including Belize, Mexico, and the Dutch territories of Aruba, Bonaire and Curaçao.

In light of the above, most international transporters have sought some form of fiscal support in order to operate. Among regional airlines for example, Caribbean Airlines sought a US$ 65 million loan guarantee from the Government of Trinidad and Tobago to shore-up its operations for the rest of the year, while LIAT initially said that it would seek a bailout from Eastern Caribbean governments but was subsequently closed. Without fiscal support, high overheads and the average long-run cost structure of most transportation entities would likely result in business failures, and several rounds of mergers and acquisitions, as businesses rationalize their operations.

5. The education sector

To contain the spread of COVID-19 in the Caribbean, governments across the subregion announced temporary closures of all educational facilities, impacting nearly 12 million learners in 29 Caribbean countries.[20] Although all the countries have since transitioned to online learning, the closure of schools cost the education sector an estimated US$ 92.5 million. This expense consists of US$ 85.7 million in productivity losses (see table I.2), equivalent to the earnings of teachers during the period of school closures in each country,[21] teachers' additional stipends to support national assessment preparations, and the cost of providing school meals to students during school closures.

Table I.2
Estimated productivity loss in the education sector of Caribbean countries during school closures, without remote learning alternatives (23 countries and territories)

Country or territory	Mean monthly salary of teachers *(United States dollars)*	Number of teachers	Number of days schools were closed (without online or distance learning)	Estimated loss *(United States dollars)*
Anguilla	4 074	253	0	0
Antigua and Barbuda	2 978	2 019	0	0
Aruba	1 894	997	1	62 939
Bahamas	3 746	3 845	0	0
Barbados	2 690	3 343	52	15 587 295
Belize	2 635	5 426	0	0
Bermuda	5 220	1 092	0	0
British Virgin Islands	3 548	686	0	0
Cayman Islands	2 833	590	0	0
Dominica	1 070	1 276	28	1 274 299
Grenada	1 630	1 880	9	919 320
Guyana	1 000	8 314	1	277 133
Jamaica	1 500	31 600	13	20 540 000
Montserrat	1 000	84	38	106 400
Puerto Rico	1 760	32 533	0	0
Saint Kitts and Nevis	996	1 078	1	393 803
Saint Lucia	1 096	2 732	15	2 495 901
Saint Vincent and the Grenadines	822	2 074	32	1 818 975
Sint Maarten	2 272	719	0	0
Suriname	1 028	10 550	42	15 185 777
Trinidad and Tobago	1 796	14 112	15	21 125 749
Turks and Caicos Islands	1 560	628	8	587 808
United States Virgin Islands	4 139	1 739	17	5 278 329
The Caribbean (23 countries and territories)				85 653 727

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures; Salary Explorer [online database] salaryexplorer.com; CEPALSTAT [online database] https://estadisticas.cepal.org/cepalstat/portada.html?idioma=english; and data from the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Bank.

20 Based on pre-primary, primary, secondary and tertiary education enrolment figures [the number of countries is mentioned in the text] as reported by UNESCO Institute for Statistics (see [online] http://uis.unesco.org/).

21 Since schools were already scheduled to be closed at Easter, the Easter period was not included in the productivity loss calculation.

Several governments have made alternative arrangements for students who received free or subsidized meals under school feeding programmes to continue receiving this benefit.[22] School meal programmes have continued in different modalities, such as food cards for households with eligible children, weekly food kits for eligible families, or daily meals distributed from school premises. For example, Antigua and Barbuda's programme covers 1,500 children from vulnerable families at a cost of US$ 63,722. Trinidad and Tobago is distributing food cards for children from vulnerable households, with a monthly value of 510 Trinidad and Tobago dollars (around US$ 76). The Trinidad and Tobago government has budgeted US$ 3.74 million for this programme for the duration of school closures (April to July 2020). In the case of Anguilla, support was provided in partnership with the United Nations Children's Fund (UNICEF), covering 67 students who receive regular school feeding and whose families will instead receive an amount of 200 East Caribbean dollars (around US$ 74) per month for three months. The cost of implementing these alternative school feeding programmes is US$ 3.8 million.

Furthermore, school closures and associated impacts —including interrupted learning, cancelled assessments and examinations, gaps in childcare, knock-on effects on health-care systems, potential increases in dropout rates, and forced adjustment to distance and home schooling— present new hurdles for child development.[23] Many parents are now coping with new pressures in allocating time for housework, paid work, and a sudden and unexpected increase in childcare responsibilities. While these have legitimate cost implications, there are insufficient data at this time to estimate the impacts. In addition, the transition to online learning can widen inequalities. Lack of access to technology, limited Internet connectivity, and living in limited shared spaces with other family members in small housing units are obstacles to continued and distance learning.

While all Caribbean countries have transitioned to distance learning, e-learning tools have not benefitted all students equally, with many families unable to afford Internet access or digital devices to use these tools. In fact, prior to the pandemic, more than half the households in the subregion had no Internet access at all (ECLAC, 2018d). The quality and cost of connectivity varies across countries in the subregion, and Internet penetration and connection quality are poorer in rural areas than in than urban areas. Rich households are also more likely to have Internet access than poor ones (ECLAC, 2018d). These challenges have prevented Caribbean governments from quickly and efficiently adopting remote learning tools, resulting in a widening digital divide. Lack of access to digital tools and connectivity will disproportionately affect disadvantaged families who have fewer educational opportunities beyond school and rely on school services for nutrition and other basic services.

(a) Government responses

This unprecedented crisis calls for governments, as supervisors of the education sector, to respond inventively and to collaborate with the private sector[24] and international agencies to address inequalities in access to services. Caribbean governments are responding with coordinated, integrated measures to address challenges in the education sector. In addition to school closures, learning continuity plans have been formulated and are being implemented throughout the Caribbean. For example, there has been an acceleration of innovative digital solutions, 'flexible learning', knowledge sharing

[22] It is possible that these alternative means of providing meals to students during school closures are funded through regular school feeding programmes, however, in the absence of confirmation of the fungibility of the school feeding programme funds and as these alternative school meal interventions are administered by departments other than ministries of education, we have assumed that the programmes may not be fungible in the short term and that the costs of school meals during the COVID-19 lockdown are additional budgetary expenditures.

[23] The Secretary-General of the United Nations warned of the risks of child abuse and neglect, acknowledging the important monitoring role of the education sector: "With schools closed, an important early warning mechanism is missing." (United Nations, 2020).

[24] For example, the Cable & Wireless Charitable Foundation (C&W) has partnered with Flow and One on One Educational Services to provide free access to a virtual education platform, available to all students across the Caribbean regardless of their network operator. The Universal Service Fund has provided digital devices to students during the COVID lockdown.

and capacity development to provide educational content and ensure continuity of teaching-learning and assessment processes during the pandemic. One example of an innovative e-learning package to support preparedness in the Caribbean subregion is the Caribbean Examinations Council (CXC) Learning Hub,[25] which provides learning continuity for teachers and students across the subregion, enabling virtual classrooms to be created for online interaction, incorporating content from the Hub. Given the evidence of the importance of assessments for learning, schools are considering postponing rather than cancelling tests. In Trinidad and Tobago, teachers of final-year primary school pupils were asked to prepare the students for exams from 20 July 2020, and were paid additional stipends totalling 20.2 million Trinidad and Tobago dollars (US$ 3 million).

Other specific measures implemented in the education sector include:

- **Flexible learning modalities and tools tailored to different age groups and particular needs**. For example, the Government of Belize, in addition to online learning, has developed specific resources and alternatives targeting early childhood and primary education, broadcasting daily audio lessons on local FM radio stations, and distributing a printed publication for students who may not have Internet access. At the secondary and technical and vocational education and training (TVET) levels, the Government of Belize assisted in the development of learning continuity plans, targeting hard-to-reach children and youth, assisted with providing printed materials, and monitored and supported implementation of school plans to ensure quality, equity and compliance with established guidelines.
- **Access to learning devices**. In late March 2020, a Global Partnership for Education (GPE) grant of US$ 70,000 was issued to the Organisation of Eastern Caribbean States (OECS) to support the COVID-19 response. The grant was used to provide tablets to disadvantaged children in OECS countries. In addition, a US$ 3 million GPE grant was approved in June 2020, covering the nine English-speaking OECS member States and associate members,[26] which will be used to support education-related activities such as procurement and distribution of devices for primary and lower secondary school students. Saint Vincent and the Grenadines has allocated an additional 4 million East Caribbean dollars (US$ 1.48 million) for the purchase of over 12,000 tablets to be distributed to secondary school and Grade Six students, aiming to close the digital divide and reach all vulnerable students. Furthermore, Caribbean countries have partnered with the private sector to provide learning devices and to offer access to learning platforms free of charge.
- **Mental health support initiatives**. Priority should be given to parental skill training for staff and community members to help mitigate the potential harmful effects on children's socioemotional skills.

6. Citizen security and social cohesion

The increased threats to citizen security and social cohesion in the Caribbean arising from COVID-19 can be categorized into four key areas. The first of these areas is organized crime. Continued proliferation and trans-shipment of weapons and drugs could create new gang warfare and disrupt economic recovery programmes, primarily in the communities that are most vulnerable to reinfection. In addition, higher unemployment, especially among vulnerable youths, could lead more to be drawn into organized criminal gangs.

25 See [online] https://www.cxc.org/integrated-systems/iris-design4/.

26 Anguilla, Antigua and Barbuda, British Virgin Islands, Dominica, Monserrat, Grenada, and Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

Secondly, overcrowding and a lack of appropriate COVID-19 pandemic plans for prisons and correctional facilities could increase tension within such establishments. Thus, the risk of COVID-19 infection in prisons cannot be overstated, potentially leading to repeated prison breaks or an escalation of rioting and violence. Delays in court hearings because of COVID-19 restrictions could also fuel such unrest and undermine human rights.

Thirdly, in light of increased Internet use, without increased cyber surveillance, cybercrime and online abuse have both increased, including hacking of online meetings. Those exposed are likely to be the most vulnerable in the Caribbean, including children.

Fourthly, the crisis has increased tensions in some communities, owing to unequal access to basic services, and the failure of social stimulus packages to rapidly reach the most vulnerable. There has also been evidence of weak responses to an increase in violence in the household. In Guyana, continued ethnic polarization of political actors is a major risk, and could distract from the long-term COVID-19 response.

If households and businesses are not adequately supported, increases in crime will undermine recovery projects, deepen inequalities and hinder attainment of the Sustainable Development Goals (SDGs). Governments must address the root causes of conflict and violence, through increased investment in conflict prevention. There is also a need for more effective and equitable distribution of public services, especially COVID-19 support, and for greater trust between governments and society.

7. Social protection

Social protection support in response to COVID-19 constitutes extra-budgetary spending for all countries, and could potentially lead to increased debt burdens or smaller budget surpluses. The costs described in this section have been estimated by summing the budget amounts of COVID-19-related social support as announced by countries, where available. In some cases, the nature and scope of support was announced without a budget figure. Where possible, using available information on the population, a country's social safety net programme, and the rate and scope of support that was announced, the minimum cost of providing such support was estimated to complement the available budgetary information.

With shutdowns of significant parts of the economy, governments have a responsibility to minimize job losses and bankruptcies, which cause not just short-term hardship but also longer-term economic damage. To lessen these impacts, many Caribbean governments have made special grants or loans available to businesses. Jamaica has introduced the Business Employee Support and Transfer of Cash (BEST Cash) programme and the COVID-19 Tourism Grant for businesses in the tourism sector. Aruba's Emergency Funds for Social Assistance (FASE) relief programme includes aid for both businesses and employees to help cover employees' loss of income as a result of shorter working hours. In Martinique and Guadeloupe, inactive workers receive 84% of their net pay and employers are reimbursed by the State (workers on minimum wage receive 100%). Sint Maarten has a similar scheme, and Grenada has introduced a payroll support scheme for the tourism sector. These payroll support schemes in response to the COVID-19 pandemic are estimated to cost Caribbean countries at least US$ 352 million, with a further US$ 201 million being provided in grants to businesses.

For the business community, soft loans can provide essential liquidity to companies dealing with the sudden economic downturn. For example, the Cayman Islands Development Bank (CIDB) is providing loans to small and micro-businesses, with no repayments required for the first six months. In Grenada, additional credit is being made available to hoteliers and small businesses. Many governments have also implemented tax relief measures such as deferral of corporation tax and value added tax (VAT) to reduce financial pressure on companies.

The standstill in economic activity in some sectors is inevitably resulting in the loss of jobs and livelihoods, particularly in the informal sector. In response, some Caribbean governments have implemented measures to protect workers. Barbados and Bahamas are among the few Caribbean countries that already provided unemployment benefits as part of their social security systems (since 1981 in Barbados and 2009 in Bahamas). These schemes have now been supplemented by temporary benefits for self-employed persons, for contributing members only in Barbados and for all self-employed in the tourism sector in Bahamas.

In Anguilla, where the social security system does not routinely provide unemployment benefits, a temporary COVID-19 unemployment benefit has been introduced, paid at the full rate to insured workers and at 80% of the full rate to uninsured workers. In Saint Kitts and Nevis and Saint Vincent and the Grenadines, the new temporary unemployment benefits provided through the social security system are restricted to insured workers only. Other countries and territories, including Dominica and the British Virgin Islands, have thus far decided against introducing unemployment benefits. The various temporary unemployment benefits being provided by Caribbean countries in response to COVID-19 are estimated to amount to US$ 509 million.

Informal workers who have been laid off or lost income are generally dependent on public assistance. Governments have injected greater funding and added new cash transfers to meet the immediate needs of at least some of these citizens, but public assistance is still a much more unreliable and insecure safety net than contributory social security. Resources are more limited and therefore eligibility requirements tend to be stricter and may be more subjective or lacking in transparency. Barbados has created the Household Survival Programme to provide a minimum income to vulnerable families identified by the country's Welfare Department.

The Government of Antigua and Barbuda has introduced the COVID-19 Emergency Food Assistance Programme, which is aimed specifically at older persons living alone, persons with disabilities, and unemployed persons with children. Meanwhile, the Government of Trinidad and Tobago has boosted payments to existing recipients of public assistance and disability assistance grants. Additional public assistance amounts to an estimated US$ 143 million across the Caribbean.

Workers who have experienced a loss of income because of the pandemic are at risk of repossession or eviction. Governments are working with financial institutions to prevent such occurrences, and the Government of Trinidad and Tobago is providing a temporary rental assistance grant for individuals and families affected by furlough schemes (known as retrenchment) or termination of employment. Reducing utility bills or allowing deferred payment of them is another relatively easy way of relieving pressure on household budgets and has been adopted by numerous countries. These and other social support responses account for another US$ 125 million. Overall, the estimated additional social protection expenditures in response to the COVID-19 pandemic in the Caribbean amount to US$ 1.3 billion.

(a) Integrated coherent approaches to resilience-building and social protection

While social protection is vital to the response to the ongoing crisis and its aftermath, gradual establishment of universal social protection policies must be integrated with a long-term coherent system-wide approach, that takes into account the risks that hinder social cohesion and community resilience. With one of the highest incidences of disasters in the world, the Caribbean subregion's resilience policies must be coherent and integrated and capable of addressing the multiple vulnerabilities faced by its communities. Specific measures to promote resilience within "build back better" (BBB) recovery plans include mainstreaming disaster risk reduction into each stage of the planning process, making use of existing knowledge and local capacities, investing in vital sectors, and most notably reinforcing the water-energy-food nexus. A new regenerative model geared towards a more self-reliant, digitized regional economy, requires broader and more integrated policies, addressing key pillars of reform to promote a shift to a bioeconomy supported by new fiscal and social policies.

Reducing vulnerability to natural disasters is a key public good in the Caribbean. In addition, long-term structural financing, planning and capacity-building should be budgeted, taking into account the future impacts of natural disasters. Countries should endeavour to increase their insurance coverage under mechanisms such as the Caribbean Catastrophic Risk Insurance (CCRIF SPC) facility. Funding should be scaled up through the use of catastrophe bonds and other long-term instruments. There is also a need for regional standards for hurricane-resilient construction, improved early warning systems, and strengthened community disaster management. Disaster risk management and resilience-building should be mainstreamed in all levels of government, scientific and research institutions, private sector operations and households, and should be an integral part of overall planning.

Efforts must go beyond the national level and also focus on strengthening intraregional cooperation, with governments, civil society, development partners, the private sector and academia assuming joint responsibility, under a new collaborative model based on whole-of-government and whole-of-society approach.

II. Regaining growth momentum

The economic fallout from the COVID-19 pandemic is projected to be severe for Caribbean economies. The tourism sector, the lifeblood of most of the subregion's economies, has collapsed, along with hotels and restaurants, construction, some areas of distribution and agriculture. Additionally, weak and falling commodity prices have affected countries that are exporters of commodities, and particularly oil and gas.

As discussed in chapter I, the subregion will face a GDP decline of 5.4% in 2020 (7.9% not including Guyana), with the Eastern Caribbean economies contracting by as much as 12% to 20%. The challenge many Caribbean countries now face is to determine how soon to reopen borders while making sure that incoming visitors, community spread and asymptomatic cases do not cause a resurgence in infections. With no vaccine available for many months, this situation poses real danger, more so for the Caribbean given its low domestic testing capacity and the limited capacity of hospitals and other health infrastructure.

The pandemic is straining budgets, as Caribbean countries struggle to meet the health needs of their population, respond to growing unemployment and keep their economies afloat. Governments will need to use all the fiscal space available to boost demand. This is crucial, since a recession could be imminent if businesses go under, potentially yielding a U-shaped scenario for the economy. Because of the high debt burden, only limited and short-lived fiscal support is possible, although governments have made an effort to assist a variety of sectors to shore up falling incomes, and to a limited extent, troubled businesses. Financial resources must be found to provide immediate support for ailing sectors while meeting debt service obligations.

The subregion needs industrial policy that is embedded in its post-pandemic development plans and policies, which synergizes with trade and macroeconomic policies to drive resilient growth. Given that a number of countries around the world have restricted exports of critical products such as face masks and ventilators during the pandemic, Caribbean countries will need to adopt a more strategic approach to production and trade of essential items, with a greater role for industrial policy after the pandemic.

This chapter examines key opportunities for the Caribbean that will create a better recovery process and growth that is sustainable in the long term. Given the size and importance of the sector in the Caribbean, the chapter identifies prospects for recovery in tourism. The chapter also looks at trade possibilities under the "new normal" in the pandemic, against a backdrop of mounting protectionism. Lastly, there is a review of the advantages of addressing the economic challenges within an industrial policy framework, the potential for developing the Caribbean Sea and the issue of access to development finance.

A. Revitalizing tourism: upgrading for growth

This section analyses key opportunities for the Caribbean to upgrade its tourism sector. Such upgrading is critical to faster growth and decent employment, both of which the sector can offer. Economic upgrading in tourism refers to strategies used to improve the productivity, value added, efficiency and technological intensity of the sector's products and services as means of moving up the global value chain (Pietrobelli and Rabellotti, 2006, Gereffi, Humphrey and Sturgeon, 2005; Garcia Calvo, 2014). Upgrading in the sector is even more urgent in light of COVID-19, which is expected to lead to more intense competition as destinations around the world scramble to revive their tourism sectors. ECLAC estimates that the pandemic will result in losses in the stayover segment of the industry of US$ 21.2 billion and US$ 27.2 billion under optimistic and pessimistic scenarios. The figures for the cruise subsector are US$ 757.5 million and US$ 1.013 billion, respectively.

1. Upgrading actions and strategies in Caribbean tourism

Upgrading efforts in the subregion have focused mainly on product and process upgrading. Product upgrading has centred on modernizing the tourism plant to provide a fresher more up-to-date product, improving service delivery based on certification and branding, and developing new products to cater to market niches such as adventure seekers and honeymooners.[27] Tourism plant upgrading has centred on adding and modernizing hotel rooms and restaurants and opening spas and other amenities to make resorts more appealing to more discerning visitors. This has been a strong focus in more mature destinations such as the Bahamas, Jamaica and Barbados, to enable them to compete with newer destinations in Latin America and the Pacific (HorwathHTL, 2019).

The pandemic has made it essential for all segments of the tourism value chain —including accommodation, transport, sites and attractions— to implement rigorous health, hygiene and physical distancing protocols that meet international standards. The World Travel and Tourism Council (WTTC) has developed a global safety stamp called ‘Safe Travels’, which Caribbean and other tourism operators can display to show that they meet international health and hygiene standards. It is crucial that as many Caribbean tourism businesses as possible adopt the related protocols, or modified versions of them, to build credibility with tourists. Upgrading has been facilitated by industrial policy measures including government tax concessions and other incentives. In the aftermath of the pandemic, tourism properties with more open plans and environmentally sustainable operations, including better use of energy, water and other resources, are expected to gain a competitive advantage. Therefore, these characteristics should be prioritized by governments when providing incentives to investors.

Upgrading has also entailed the use of standards and certification such as the Caribbean Tourism Organization’s (CTO) Hospitality Assured (HA) and American Hotel & Lodging Educational Institute (AHLEI) certification. HA has been adopted by 38 properties and organizations in the Caribbean and 32 are in the process of doing so.[28] Despite upgrading efforts, in some countries in the subregion, indicators —market share and growth in unit value (real travel expenditure per visitor)— are pointing to modest average performance (see table II.1). Between 1997 and 2016, only Saint Kitts and Nevis recorded growth in both indicators in excess of 5%. In the older, more well-established destinations such as Jamaica (-1.3% and -7.9%) and Barbados (-2.2% and -2.0%), the two indicators show declines. Their performance arguably may have been affected by their fading allure as destinations and the growing importance of all-inclusive properties that limit tourist spending to the hotel property.

Social upgrading in the tourism sector has been constrained, as wage growth has barely kept pace with inflation in some countries and in other cases has been below inflation. From 2008 to 2016, in the Bahamas, average wages in the hotel sector grew by a modest 2.0%, just above inflation at 1.8%, while employment declined by 2.8%. From 2003 to 2016, in Saint Kitts and Nevis, wages increased by 1.2%, below inflation at 2.4%, while employment grew by 1.8%. Meanwhile, from 2003 to 2017, in Belize wages grew by 1.2%, less than inflation at 1.9%, but employment fared better with growth of 7.1%.[29] The pandemic provides an opportunity for operators and policymakers to rethink how gains from tourism are equitably distributed between workers and business owners or investors.

27 Sandals Resorts has been voted the World’s Leading All-Inclusive Company for over 24 years and leading honeymoon resort for many years (Sandals Resorts, 2020).

28 The HA framework requires a nine-step process including research to meet customer needs and a customer service benchmark that businesses are expected to meet. However, large gaps in certification and quality of service remain between top-tier and the lowest ranked businesses. This pulls down average service standards in the industry.

29 Countries have only recently employed measures to facilitate environmental upgrading. These include investment in cleaner renewable energy, measures to reduce energy and water consumption in hotels and other tourism establishments, improved waste management and measures to preserve ecosystems and biodiversity.

Table II.1
Selected countries: growth in tourism market share and unit value, 1997–2016
(Percentage growth)

Country	Market share[a]	Unit value[b]
Antigua and Barbuda	2.2	5.0
Bahamas	-1.6	2.0
Barbados	-2.2	-2.0
Belize	2.7	1.1
Costa Rica	3.4	-6.0
Jamaica	-1.3	-7.9
Fiji	1.1	-1.2
Mauritius	0.5	-3.7
Saint Kitts and Nevis	8.1	9.2
Saint Lucia	3.3	3.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the World Bank, the Caribbean Tourism Organization (CTO) and the International Monetary Fund (IMF).
[a] Market share is measured as the country's tourist expenditure divided by the total for the world.
[b] Unit value is measured as real (inflation-adjusted) travel expenditure per visitor, and gives an indication of export prices for tourism exports.

In response to the pandemic, governments have taken measures to cushion the fallout in the sector, including financial assistance for workers to ease payroll costs for hotels and other businesses. Financial institutions have been encouraged to offer loan deferrals to ease the burden of payments for citizens. Tourism businesses have also been offered duty free concessions on some materials to cope with the pandemic, including sanitation and hygiene products. Under the auspices of the Caribbean Public Health Agency (CARPHA), CTO, the Caribbean Hotel & Tourism Association (CHTA), the Caribbean Community (CARICOM) and other bodies, efforts are being made to establish common border reopening protocols for the sector across the subregion. The Caribbean is also taking a collective approach to securing development finance, including debt relief that could provide greater fiscal space for governments to assist the sector, and especially small businesses. Nevertheless, overall assistance is still expected to be relatively limited, relative to the scale of the fallout in the sector.

2. New upgrading opportunities

There are three key areas of opportunity for upgrading the Caribbean tourism sector. The first opportunity is presented by the Millennial and Generation Z generations,[30] which are relatively disruptive market segments in the tourism demographic. Tourism demand from these groups is for authentic, immersive and adventurous experiences and is facilitated by mobile technology (Recommend, 2018). In addition, a May 2020 survey by Global Data indicates that these two groups are likely to be the first to resume international leisure tourism when countries reopen after the pandemic (Travel-Pulse, 2020). Therefore, Caribbean tourism needs to be better tailored to this segment, including adventure tours and individual and small-group immersive experiences that include COVID-19 safety measures and provide high value for money.

Three key actions are required to achieve this. First, hotels and other businesses backed by targeted fiscal incentives[31] need to revamp their booking and marketing platforms to make them mobile-ready, including efficient apps and virtual tours, to prep visitors for the return after the pandemic. The subregion

[30] Millennials refers to persons born between 1980 and 1995, while Generation Z are those born between 1996 and 2015 and is the fastest growing demographic in the sector. Visitors in these groups take an average of 3 and 2.8 leisure vacation trips per year, respectively (Kovacs, 2019).
[31] Fiscal incentives should be limited to what governments can afford and be tied to performance requirements such as growth in visitor spending, with sunset clauses to encourage tourism business to make the best use of them.

should also develop better public-private partnerships (PPPs) for key areas such as improving transport services, modernizing heritage and cultural sites, and marketing.

Second, tourism service providers need to shift to providing more customized, authentic tourism experiences that are integrated into the natural environment, culture and people of the local communities, whose members need to be adequately trained to take advantage of opportunities presented. Activities could include dancing the cocoa[32] in Trinidad or making handicrafts at a business establishment in the Bahamas.

Third, countries need to prioritize investment in new stayover tourism growth poles, including adventure, heritage, community-based and immersion-based tourism activities that better match demand from Millennials and Generation Z. Governments may also need to reduce investment in cruise tourism, especially ports, to free up resources for ecotourism and other stayover tourism. According to CTO, stayover visitors contribute 11.5 times more revenue to the economy than cruise tourists (Jessops, 2018). Also, a CTO study from the 2000s found that each cruise passenger generated US$ 17 in taxes, while the figure for each stayover visitor was almost eight times higher at US$ 133. Caribbean governments therefore need to refocus incentives, skills development, technology and infrastructure on growing the size and competitiveness of the stayover market (CARICOM, 2018). This is important in the context of the pandemic as the cruise subsector is expected to be last segment to return to full-scale operations because of the high risk of transmission on ships.

The pandemic also provides an opportunity to further develop the domestic tourism product in Caribbean countries. Better development of staycations and know-your-country vacations can not only provide a boost for tourism businesses, and especially small firms, but could also help to cushion the downturn in the sector during the annual slow season.

The second key area of opportunity for the subregion is functional upgrading, centred on entering other segments of tourism services. The Caribbean cannot remain ensconced in the "consumption abroad" [33] segment of tourism services. Indeed, commercial presences such as businesses abroad and cross-border trade including Internet services accounted for 58.9% and 27.7% of trade in services in 2019 (WTO, 2019). Caribbean-owned hotels and restaurants that have established signature brands such as Sandals and confident new firms should explore opportunities for establishing commercial presences in North and South America and Europe (Nurse, 2014). There are challenges to business development abroad, including the high cost of labour and liability insurance and higher labour standards. However, these costs are not insurmountable. Therefore, Caribbean businesses should explore opportunities for foreign direct investment (FDI) abroad in niche hotel and other tourism properties and the provision of professional services, including marketing and consulting. Businesses should explore joint ventures and business-to-business contacts to establish market presence abroad. The market access arrangements under the Economic Partnership Agreement (EPA) with the European Union should be fully leveraged to help tourism businesses enter the European market.[34]

In addition, the subregion should aim to increase the supply of Caribbean food and other products[35] and skilled labour to cruise ships operating in the subregion. Regional governments and the private sector should negotiate better arrangements for Caribbean producers to supply a greater share of the food, art and other products that are used on cruise ships operating in the subregion. This would have to be supported by policies to increase the competitive and consistent supply of high-quality niche products, including tropical fruits and vegetables.[36] Success would require the availability of improved extension services, affordable financing and appropriate knowledge generation for farmers and other

[32] Dancing the cocoa refers to persons dancing on cocoa beans that are placed in the open to clean and polish the beans. This is also a traditional fun, festive activity in Trinidad and Tobago (Dawn-Herrera, 2007).

[33] Consumption abroad refers to visitors coming to the Caribbean to consume a range of tourism services (WTO, 2019).

[34] The GCG Group of Barbados, which is now a leading food caterer for airlines and operates in some 30 countries, is one example of what is possible with a good export strategy.

[35] Focusing on product quality and commodities for which subregional economies possess comparative advantages.

[36] This could tap into cruise liners' strategy of creating a diverse menu to cater to a range of customers.

businesses. Capability-building should be emphasized to improve the skills and competencies of Caribbean workers in the sector to enable them to compete for higher level managerial and technical jobs on cruise lines. Moreover, a bottom-up approach that allows local communities to contribute ideas for making these linkages work is essential (Conway and Timms, 2010).

The third area of opportunity is the market segment for high net wealth individuals (HNWI) and ultra-high net wealth individuals (UHNWI).[37] This is a highly specialized, premium segment which requires attracting very high-end hotels and other facilities and a marked improvement in heritage and other sites. The emphasis should be on excellent service, personalized, customized attention and exclusivity (Wealthx, 2019). This could also help the subregion reduce its focus on maximizing visitor numbers, thus reducing the impact on natural and cultural sites and also environmental effects. This segment is also likely to rebound earlier than others after the pandemic, because physical distancing requirements can be met on private planes or yachts and there is more wealth to undertake travel.

To capture the opportunities outlined above, countries should develop a tripartite framework of the private sector, the public sector and local communities. This framework should provide a mechanism for developing strategies and actions to take advantage of specific upgrading opportunities. It should be based on a strong bottom-up approach that allows local communities to provide ideas and insights into how actions might be implemented to provide the maximum benefits to them. An evaluation mechanism should also exist for countries to determine which strategies are working and to change course if necessary.

While the tourism sector is central to the growth and development of many Caribbean economies, it is equally imperative to examine opportunities for broadly diversifying the subregion's exports and making regional integration a real driver of economic growth. These and other related issues will be explored in the next subsection.

B. Opportunities for expanding trade and deepening regional integration in the Caribbean

In light of the decline in international trade during the pandemic and increased protectionism around the world, supporting a trade recovery in the short term and exploring new trade opportunities[38] in the long term have become two important pillars of trade policy for Caribbean governments.

Trade performance affects economic growth, which, as described in chapter I, averaged 0.65% for 2010 to 2019. While trade performance and regional integration are recognized as key drivers of economic growth,[39] the Caribbean accounts for only 0.09% of global trade (2018) and intraregional trade accounts for just 13% of the Caribbean's total trade.[40] Moreover, the subregion's exports are generally far too specialized in a few products when compared to the world average or even with those of other small island developing States (SIDS).[41] Consequently, subregional governments have increasingly sought to harness the potential of emerging areas of comparative advantage and facilitate increased value-chain participation to boost trade.

ECLAC research (McLean, Pantin and Skerrette, 2014; McLean, Humphrey and Khadan, 2014; McLean and Khadan, 2015; McLean and Singh, 2018) suggests, among other things, that:

(i) successful integration of Caribbean economies into the multilateral trading system may require not only increased market access through trade agreements, but also improved productive development policies, as well as research and development, technology and more broadly knowledge generation, and innovation to induce the requisite structural change;

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[37] High net wealth individuals are understood as those with wealth of US$ 1 million to US$ 29 million and ultra-high net wealth individuals as those with US$ 30 million or more.

[38] Particularly external shocks relating to commodity prices, global demand, climate change and geopolitics.

[39] Defined as the sum of imports and exports as a share of GDP. The subregional economies have an average trade openness ratio of 118%.

[40] United Nations, UN Comtrade Database [online] https://comtrade.un.org/.

[41] The average trade concentration index for the Caribbean was 0.38 in 2018.

(ii) for the small economies of the Caribbean, for there to be a quickening of economic growth, the focus should be on selective industrial policy, with a more active role for the State in facilitating capital investment and promoting private sector development, but with performance benchmarks and monitoring and evaluation to ensure that firms are using the assistance received optimally; and

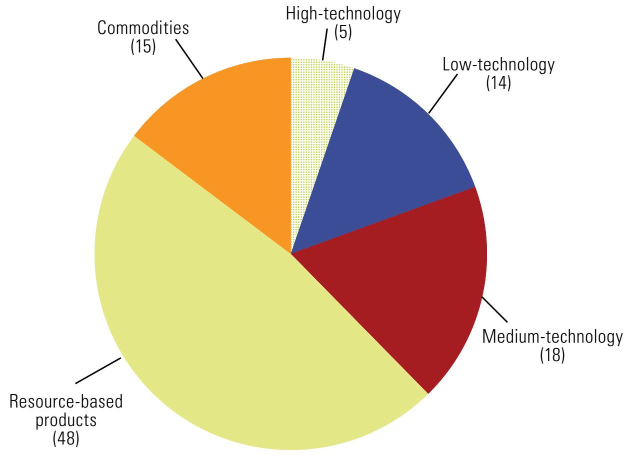
(iii) trade based on industrial policies should benefit from economic restructuring which promotes export diversification and upgrading of traditional sectors, thereby enabling the subregion to participate in regional and global value chains (Rodrik, 2018).[42]

Structural gaps, particularly in quality standards and interconnection infrastructure, combined with a lack of technical capacity, have limited Caribbean economies' competitiveness. These factors have also constrained CARICOM efforts at production integration, owing to the absence of key regional public goods. For this reason, modernizing key economic infrastructure for maritime and air transport, renewable energy, and information and communications technology (ICT) will bridge these gaps and foster greater engagement in regional and global value chains.

1. The current situation of the Caribbean with regard to global value chains (GVC)

Efforts to diversify Caribbean economies over the past two decades have been fairly successful, with some economies showing higher shares of mid-tech products in their exports.[43] These attempts, however, have focused on changing the export mix though an increase in the number of export sectors, and therefore have not sufficiently improved countries' economic growth (see figures II.1 and II.2).

Figure II.1
The Caribbean (selected countries):[a] technological intensity of exports, 2017
(Percentages)

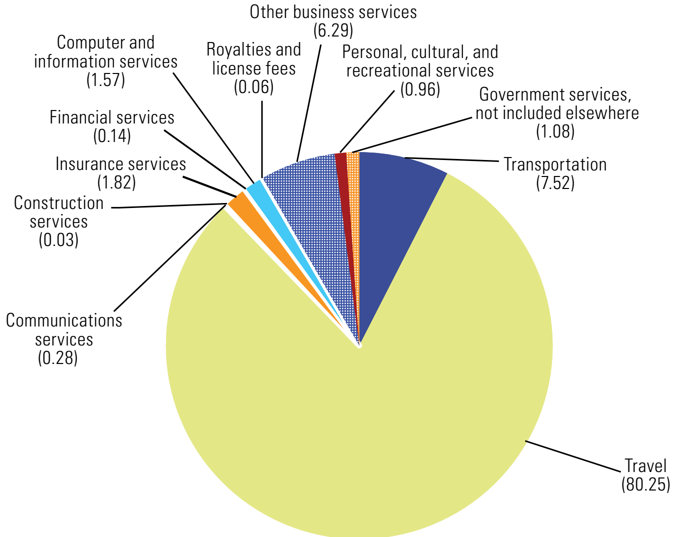


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the World Integrated Trade Solution (WITS).
[a] Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

42 ECLAC has already formulated a trade policy for Trinidad and Tobago, which is intensive in industrial policy, and is currently working on a trade policy framework for the whole of the Caribbean.

43 Of goods exports, 55% are resource-based products and 12% are primary exports. In the case of services exports, 76% are tourism services, and 9% government services. This suggests that the Caribbean has been unable to significantly diversify its goods or services sectors or move up the value chain in any meaningful way.

Figure II.2
The Caribbean (selected countries):[a] composition of service trade exports, 2016
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the United Nations, UN Comtrade Database [online] https://comtrade.un.org/.
[a] Anguilla, the Bahamas, Belize, Dominica, Grenada, Guyana, Jamaica, Suriname, and Trinidad and Tobago.

There is some evidence of the development of value chains in certain sectors, such as food and beverages and metal products, but overall growth in GVC participation has been very weak in the Caribbean. Geography plays a role in the relative isolation of Caribbean countries from some GVCs, notably trade in parts and components, which is sensitive to logistics performance and uncertainty in bilateral international transport costs and time zones. However, the subregion has advantages through its links to global and regional maritime shipping routes (such as the Panama Canal) and airline connections.

The Grubel-Lloyd Index for the period from 2000 to 2015 is low (typically below 0.25), showing that intra-Caribbean trade was limited, but also that it generally increased over time. This suggests that there is untapped and increasing potential for value chain development in the Caribbean.

Evidence shows that Caribbean economies possess robust complementary trade structures and relatively higher levels of comparative advantage with Central and South America. Therefore, regional integration efforts in the Caribbean should be extended to include these two subregions. This wider integration should be leveraged to build regional production value chains. Under such conditions, a nexus of regional trade agreements (RTAs), free trade agreements (FTAs) and regional integration frameworks will be more effective in advancing Caribbean trade.

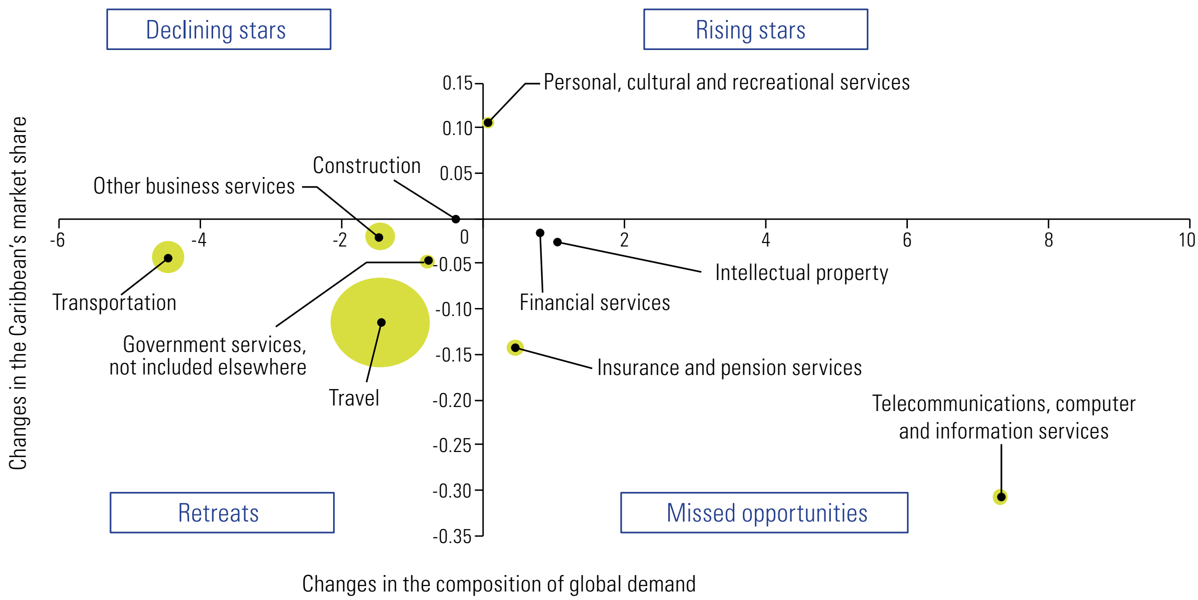
2. Opportunities for economic diversification

In view of the subregion's vulnerability to price and demand shocks, there is a strong argument in favour of diversifying and expanding exports in existing and emerging areas of comparative advantage. Subregional economies generally have a comparative advantage in energy and petrochemical products and in some agricultural products. In particular, the advantage for agricultural products such as sugar, beverages, fish, cereals, fruit and vegetables and wood products has increased over time.

However, most of these agricultural products are classified as "missed opportunities"[44] because global exports of these products grew faster (6.8% annually from 2000–2002 to 2015–2017) than Caribbean exports (1.0%), even though the subregion has a comparative advantage in them. The only products with comparative advantages that are classified as "rising stars" are natural and manufactured gas and manufactured fertilizers, which is to say competitive products with increasing market share in a growing market. Food and beverages, cosmetics, cleaning products and light manufacturing are key goods subsectors that can be targeted for development, for example by supporting SMEs.

The services sector remains one of the main engines of growth in the Caribbean, even for goods producers that have a significant manufacturing base, such as Trinidad and Tobago, where 53% of the long-run variation in economic growth is attributable to this sector (Ministry of Trade and Industry, 2019). More specifically, the subregion has a strong comparative advantage in travel services and some degree of advantage in personal, cultural and recreational services (see figure II.3). However, the subregion's travel services are classified as "retreats" —products which are losing market share or are uncompetitive in a stagnant market— because: (i) global travel service exports grew by 5.5% annually from 2005–2007 to 2015–2017, as opposed to 21.6% growth in telecommunications services; and (ii) travel service exports grew slower in the Caribbean (2.8%) than they did globally (5.5%). This suggests that Caribbean economies have not fully exploited their comparative advantage in this area.

Figure II.3
The Caribbean (selected countries):[a] trade competitiveness matrix[b] for service exports
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the International Trade Centre (ITC); United Nations Conference on Trade and Development (UNCTAD), UNCTADstat [online database] https://unctadstat.unctad.org/CountryProfile/MaritimeProfile/en-GB/044/index.html, and World Trade Organization (WTO), "Data" [online database] https://data.wto.org/.
[a] Bahamas, Belize, Guyana, Jamaica, Suriname, and Trinidad and Tobago.
[b] Based on changes between the average for 2005–2007 and the average for 2015–2017.

[44] This classification is from ECLAC (2012) and the Module for the analysis of growth in international commerce (MAGIC Plus). "Missed Opportunities" are products which are losing market share (uncompetitive) in dynamic markets, in other words markets in which demand is rising. "Rising stars" are products that are gaining market share in dynamic markets. "Retreats" are products that are losing market share in stagnant markets.

The subregion's personal, cultural and recreational services are classified as "rising stars". However, the volume of this sector's exports is currently too small (1.3 % of total exports in 2015–2017) to be a driving force of the Caribbean's total export growth. Another challenge is that telecommunications services are classified as "missed opportunities". This is the fastest growing sector in the global services trade, but the Caribbean is lagging behind this trend. Caribbean telecommunications services exports declined by 2.6 % annually over the same period, while global exports increased by 21.6 % (see figure II.3).[45]

Sectors where the subregion does not have a comparative advantage, or its export volumes are very small (such as financial services or intellectual property), have been shown to be "missed opportunities". This suggests that the sectors are in the early stage of development, and thus technical and financial policy support, particularly for SMEs, may be needed. Service sectors which can be targeted for SME development include cultural industries, entertainment services, ITC, maritime services and intellectual services.

C. Revitalizing growth in the Caribbean through an ocean-based economy

The ocean provides an array of resources and contributes to sustainable livelihoods.[46] The recovery strategies post-COVID-19 will include increased dependence on coastal and ocean-based resources and services. As a result of the public-health controls during the COVID-19 pandemic, many of the subregion's ocean-based economic activities were managed as essential services, thereby supporting continuing operations in these sectors. In most Caribbean countries, the fisheries sectors were allowed to continue harvesting, processing and trading operations during the COVID-19 public-health control period. To maintain required health standards for continued operation, the sectors had to invest in additional training, sanitation and safety measures. Maritime transportation also ensured the provision of vital food supplies, medical goods, energy and raw materials during the pandemic. Many of the Caribbean countries listed this sector under essential services, which facilitated the movement of domestic, regional and international cargo.[47] Workers and seafarers onboard vessels were subject to national health rules when repatriated (IMO, 2020). This provision of job opportunities, shipping and maritime services is particularly important given that Panama and the Bahamas are two of the world's leading flag States. Antigua and Barbuda, Belize and Saint Vincent and the Grenadines account for a significant percentage of the world's merchant fleet (ILO, 2009). Globally, the total value of the major ocean assets is estimated at US$ 24 trillion based on the ocean's earning capacity (Hoegh-Guldberg and others, 2015)[48] and the revenues generated by the Caribbean Sea is estimated to account for between 14% and 27% of the global ocean economy, with a value of US$ 407 billion and representing more than 17% of the subregion's GDP (Patil and others, 2016). The diversification of ocean-based economies in the Caribbean can contribute to nature-based recovery and solutions.[49]

45 Figure II.3 provides a competitiveness matrix which illustrates the results of an analysis of the export competitiveness of key services sectors in the Caribbean using the Module for the Analysis of Growth in International Commerce (Magic Plus), which separates the subregion's market competitiveness and attractiveness, using the four defined categories.

46 See [online] https://www.weforum.org/agenda/2020/05/coronavirus-COVID-19-recovery-oceans-enviroment-planet-climate-change/, cited 9 July 2020.

47 See also Joint Statement between the World Health Organisation and the International Maritime Organisation (IMO) on the Response to COVID-19 Outbreak, [online] http://www.imo.org/en/MediaCentre/HotTopics/Documents/Joint%20Statement_COVID-19.pdf, cited 7 July, 2020.

48 Direct full-time employment in the global ocean economy amounted to around 31 million jobs in 2010, with the largest sectors being industrial capture fisheries and maritime and coastal tourism. By 2030, it is estimated that this economy will account for some 40 million full-time equivalent jobs, mostly in offshore wind energy, marine aquaculture, fish processing and port activities (OECD, 2016).

49 This can also serve to prevent and control other related zoonotic diseases by reducing demands on forestry and land- use for food and agricultural production.

1. Potential opportunities for growth in the Caribbean presented by traditional and emerging ocean-based sectors

The fisheries[50] and aquaculture sectors are significant providers of food security and livelihoods to the Caribbean region (Caribbean Agribusiness, n/d). Furthermore, they make a valuable contribution to the Caribbean tourism sector through the supply of seafood and recreational fishing activities. Both the fisheries and aquaculture sectors provide opportunities for growth and expansion. In the CARICOM countries, fisheries employ an estimated 64,000 persons, with another 200,000 workers involved in the value chain, including fish processing, retailing, boat construction and fishing-nets repairs (UN-OHRLLS 2015). Regionally, it is projected that the development of a viable aquaculture sector could increase fish production in CARICOM States by 30% within 10 years while reducing the import food bill (FAO, 2014). Developing the aquaculture subsector and other upstream and downstream activities along the fisheries value chain can create employment and economic benefits (FAO 2019). For fisheries and aquaculture to be globally competitive and to improve market access for small-scale artisanal fisheries, investments in sanitary, phytosanitary and traceability controls, among other international trade requirements, will be needed.

Coastal and ocean-based attractions are major employment providers, generating 6 million jobs in the Caribbean region and over US$25 billion in annual revenues, which accounts for a quarter of the regional GDP. In keeping with the trends in global tourism, nature-based and cultural tourism relating to the conservation, protection, restoration and the historical and cultural heritage of coastal and ocean-based resources are growing opportunities. Innovative value chain models targeting local and international markets are mainly led by small localized coastal communities and women's groups (Patil and others, 2017). These alternative nature-based tourism attractions will also contribute to the post-COVID-19 recovery.

The Caribbean Sea is biologically diverse, with untapped opportunities for bioprospecting and development of new markets in the field of marine scientific research, biotechnology, pharmaceutical, foods including nutraceuticals and cosmetics. For example, two chemicals have been isolated from the Caribbean Sea sponge, *Tectitethya crypta*, and used in the development of a number of drugs to treat conditions ranging from cancer, the human immunodeficiency virus (HIV), hepatitis, herpes to, more recently, Ebola and coronaviruses (Schwartsmann and others, 2001; DSM Observer (n/d)).

The Panama Canal and the Caribbean Sea occupy strategical locations along major international shipping and trading routes. Internationally, some 5% of all trade passes through the Panama Canal (Vanhan, 2016). The geographic location and expanded capacity of the Panama Canal provide opportunities for Caribbean countries to be optimally positioned in the global freight, logistics and maritime transportation sectors (Pinnock and Ajagunna, 2012). To benefit from the new traffic expected, the Bahamas, Jamaica, Cuba and the Dominican Republic have launched projects to deepen harbours and expand capacity handling (ACS 2014). In addition, the Government of Jamaica has embarked on its Global Logistics Hub Initiative (GLHI), to be developed through global partners, private sector investment and financing from private-public partnerships, to capitalize on the trade and business opportunities emanating from the expansion of the Panama Canal (JSEZA 2019).

Other emerging ocean-based industrial sectors are those of marine renewable energies(MRE) and seabed mining. MRE technologies are at various stages of development and readiness for commercial access. Many of the Caribbean countries are considering MRE as options for supporting low-carbon growth and reducing their dependence on fossil fuels (The Commonwealth, 2016a). Initiatives in the

50 Globally, fisheries production is expected to expand by around 20% over the next 10 years, with aquaculture identified as the main driver of overall production (FAO, 2015).

seabed mining sector in the Caribbean subregion are in the negotiation stages with governments, development partners, the private sector and other stakeholders.[51]

For a sustainable ocean-based economy, the Caribbean will need to commit to an integrated and interdisciplinary management structure. At the same, the economic valuation of marine and coastal resources, legislation, investments in human capital, technological readiness and institutional structures are necessary tools to harness the employment and sustainable development benefits of investing in innovative ocean and coastal economy sectors.

D. The Caribbean's access to external financing: challenges and opportunities

COVID-19 and its economic fallout have had a negative effect on public balance sheets and are further exacerbating already high debt risks. Many Caribbean countries have had to seek the support of international financial institutions, including IMF. While support for greater access to multilateral development bank resources is welcome, access to these resources is not on concessional terms. Furthermore, access to international capital markets is limited and costly for many Caribbean countries owing to the perception of higher sovereign risk.

The following section examines existing challenges and opportunities to address these financial gaps. An assessment of the constraints to access international debt markets is followed by a review of countercyclical instruments to reduce debt.

1. Constrained access to international debt markets

Although access to international capital markets and flows of private capital towards Latin America and the Caribbean have increased significantly in the past 15 years, for the most part, Caribbean countries have not borrowed as frequently or on the same terms as some of the larger economies in the region (Bustillo and Velloso, 2013).

In addition to devastating blow the COVID-19 pandemic has dealt to the tourism and service sectors across the Caribbean, the region will also be adversely affected by greater risk aversion and worsening global financial conditions. If the region was constrained in its access to external financing before, the situation will only be aggravated in the current scenario presented by the pandemic.

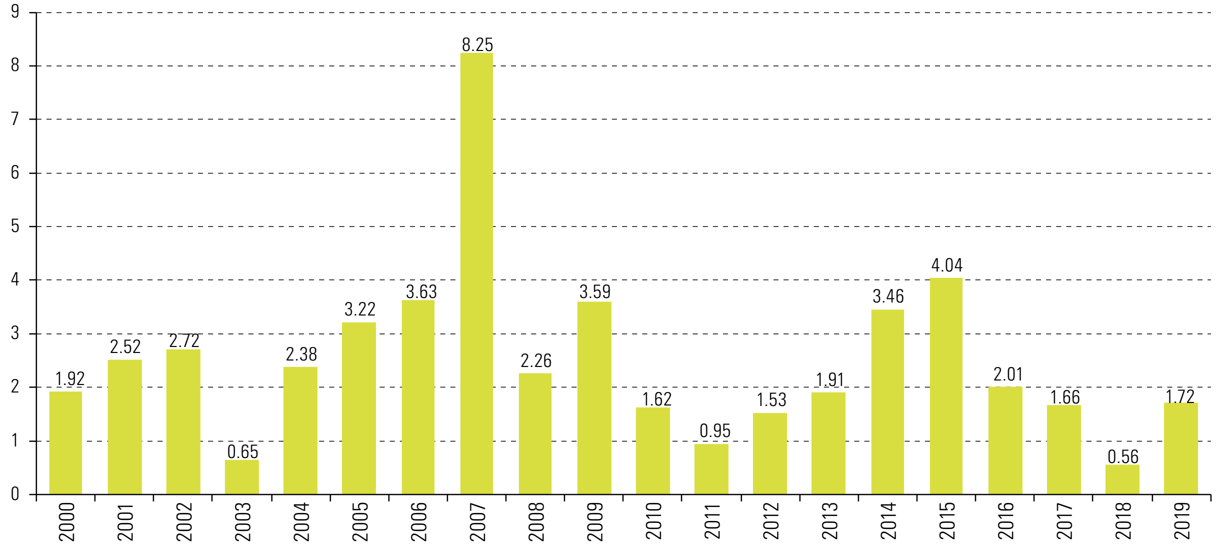
The following section examines the recent trend in Caribbean new debt issuance.

(a) New debt issuance

The volume of Latin American and Caribbean international bond issuance rose considerably in recent years, from US$ 40 billion in 2000 to a record US$ 145 billion in 2017. However, Caribbean debt issuance continues to represent a small share of the regional total. In 2011, this share reached its lowest level since 2003, as Caribbean economies struggled to return to pre-global financial crisis levels. Close ties with the United States economy and its business cycle made them more vulnerable to the fluctuations of that country's output than the rest of the region. The upward trend in that share registered from 2011 to 2015 has since been reversed, as commodity producers have been affected by a decline in prices and service producers by natural disasters. The return of volatility to global financial markets in 2018 negatively impacted overall bond sales, and the Caribbean issuance share reached its lowest level of the 2000–2019 period. This share improved somewhat in 2019, but it remains very low (see figure II.4).

[51] Additional information can be found at the website of the International Seabed Authority (ISA), [online]: https://www.isa.org.jm/.

Figure II.4
The Caribbean (7 countries): annual debt issuance as a share of the regional total, 2000–2019
(Percentages)

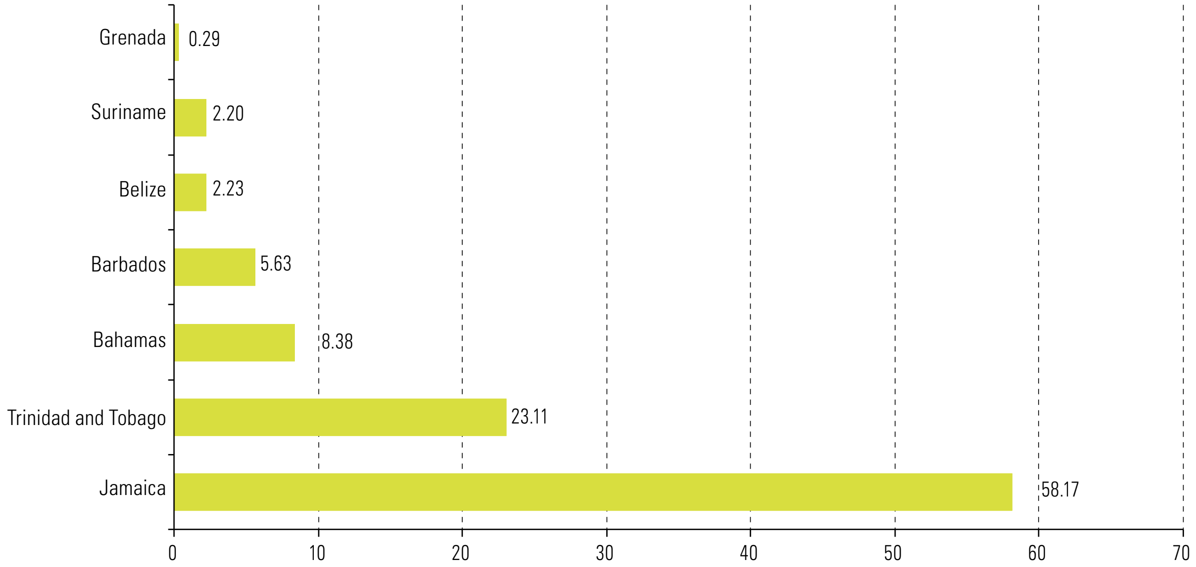


Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Capital Flows to Latin America and the Caribbean*, Washington D.C., 2014-2019, and I. Bustillo and others, *Resilience and capital flows in the Caribbean*, (LC/WAS/TS.2018/2/-*), Washington, D.C., Economic Commission for Latin America and the Caribbean (ECLAC), 2018.

Note: In 2007, two one-off big issuances from two companies – Petroleum Company of Trinidad and Tobago (Petrotrin) (US$ 750 million) and Digicel Group (US$ 1.4 billion) – increased the share of the Caribbean in the total regional amount issued.

Caribbean issuance, sovereign and corporate combined, totalled US$ 34.6 billion in the 2000–July 2019 period and represented only 2.3% of the Latin America and Caribbean region's total. Only seven Caribbean countries tapped international debt markets during this period. The top three issuers in the region were Jamaica, Trinidad and Tobago and the Bahamas (see figure II.5).

Figure II.5
The Caribbean (7 countries): countries' share of total subregional debt issuance, 2000–2019
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Capital Flows to Latin America and the Caribbean*, Washington D.C., 2014–2019, and I. Bustillo and others, *Resilience and capital flows in the Caribbean* (LC/WAS/TS.2018/2/-*), Washington, D.C., Economic Commission for Latin America and the Caribbean (ECLAC), 2018.

One of the main debt financing trends in Latin America and the Caribbean in the past decade was a shift in external funding from sovereign to corporate and bank debt. Caribbean corporate bond issuance increased from zero in the 2000–2004 period, to 54% of total issuance in 2005, surpassing sovereign issuance for the first time.

Only a small number of Caribbean companies have tapped international markets, and most are either transnational corporations or State-owned, with State-owned companies representing about 30% of the total Caribbean corporate issuance in international debt markets in the 2005–2019 period. The fact that only a reduced number of large companies have access to international debt markets suggests that the corporate sector, mirroring the sovereign sector, faces the same challenges brought about by limited economies of scale and constrained competitiveness.

More than half of the Caribbean total corporate issuance in the period was issued by Digicel Group, a telecommunications conglomerate based in Jamaica. Companies based in only four Caribbean countries —Jamaica, Trinidad and Tobago, Barbados and the Bahamas— have tapped international bond markets. The top two corporate issuers were Jamaica and Trinidad and Tobago, with a share of 56% and 31%, respectively. Among all corporate issuers that were State-owned, 84% were from Trinidad and Tobago, including Consolidated Energy, Trinidad Generation Unlimited (TGU), Petroleum Company of Trinidad and Tobago (Petrotrin), the National Gas Company of Trinidad and Tobago, and First Citizens Bank. More than 90% of the Caribbean issuances took place in two sectors, telecommunications and energy, including power and oil and gas.

In addition, the cumulative total of grants and donations to the region by the international community is estimated at less than US$ 40 million. Under the Paris Club Debt Service Suspension Initiative (DSSI), Grenada was granted an eight-month suspension of payment of interest and capital amounting to US$ 1.5 million, effective from May to December 2020.

2. Countercyclical instruments

Given the Caribbean's increasing exposure to the risk of exogenous shocks, weather-related or otherwise, there is a pressing need to explore new and cost-effective instruments to transfer risk. With its second debt restructuring process initiated in 2013, Grenada pioneered a "hurricane clause" in its bonds, stipulating an immediate, if temporary, debt moratorium if the country were struck by another natural disaster. The move was endorsed by the Paris Club of governmental creditors and held out the promise of vital financial relief at times of distress. Barbados also inserted a hurricane clause into its restructured domestic debt earlier in 2020 and is negotiating with creditors regarding the insertion of the clause into its external debt.

Hurricane-linked clauses have been gaining support from multilateral lenders and the International Capital Markets Association (ICMA), a trade body. To facilitate the use of hurricane-linked clauses by interested sovereigns, ICMA has drafted a standardized clause that would allow stricken countries to defer all principal and interest payment for three years.

The primary benefits of adding a hurricane clause are immediate cash relief and fiscal space in the event of a disaster, avoidance of payment default and the prevention of further debt restructuring. The amount of cash relief would depend on the amount of debt affected, the number of times a claim is triggered and the number of deferred payments. In the case of Grenada, its hurricane provisions allowed for a maximum of three claims and up to two deferred payments under each claim (The Commonwealth, 2016b, p. 19). However, there is a risk that hurricane-linked clauses may not provide meaningful relief following hurricanes, at least until a substantial share of the existing debt stock has matured and been replaced by debt containing such clauses.

Other options from a sovereign perspective include State contingent debt instruments, whose premise is to tie a sovereign's payment obligations to its repayment capacity. The debt service burden on these instruments would fall in a downturn, providing countercyclical policy space and helping to reduce the likelihood and severity of a sovereign debt crisis. One such instrument is sovereign contingent convertible bonds (coco bonds), which would automatically extend repayment maturity when a country receives official sector emergency liquidity assistance.

However, while such instruments would provide useful countercyclical financing tools in the medium term, the impact of the COVID-19 pandemic has brutally exposed the fiscal straitjacket within which many Caribbean economies have been operating for decades. Hence, what is urgently required are meaningful mechanisms that would provide much-needed liquidity to the most vulnerable of its economies, many of which are currently facing solvency challenges and imminent debt default. Some of these measures will be examined in chapter IV on the way forward.

III. Gaining new ground in the social sector

Improving social development in the Caribbean is critical to its sustainable development and, in this area, the subregion has been grappling with new and long-standing challenges. This chapter focuses on the new challenges presented by COVID-19 as well as those relating to poverty and social exclusion, inequality, high unemployment, particularly among youth and women, emigration of skilled persons, trends of a less productive workforce, an ageing population, growing numbers of people suffering from chronic non-communicable diseases, and obstacles to the full participation of persons with disabilities in economic and social activities.

Section A addresses the productivity of the workforce and the provision of decent work and job opportunities for citizens. Section B focuses on the opportunity to leverage the skills and experience of the diaspora in the development process. In section C, the case is made for improving the social services needed to address many of the social challenges and for scaling up social support systems, especially in the COVID-19 era and beyond. Section D highlights the health challenges posed by chronic non-communicable diseases (NCDs) and their risk factors, especially magnified by the COVID-19 pandemic, and suggests ways to tackle them. The special circumstances of women and young people and opportunities to better integrate them in the economy are examined in the final section.

A. Improving worker productivity and promoting decent work

In creating a sustainable path to development that is propelled by faster economic growth and decent work, Caribbean economies must be more competitive. However, population ageing and the declining productivity of the workforce constitute major constraints to economic growth. Despite the high levels of human development recorded,[52] labour productivity has remained low in the subregion and even deteriorated in recent years. As figure III.1 shows, average labour productivity grew by 0.8% for the Caribbean[53] during 2000–2002 but declined by 0.5% during 2014–2017. This trend deviates from the global labour productivity growth of 1.2% and 2.1% recorded during 2000–2002 and 2014–2017, respectively. In particular, lower- and upper-middle-income countries boosted their labour productivity in 2014–2017 while the Caribbean saw a decline. Furthermore, compared with the rest of small economies,[54] tourism-based Caribbean countries recorded a higher relative total factor productivity (TFP) between 1982 and 1990. However, since 1991, TFP for both tourism-based and commodity-based Caribbean economies have been consistently below that of the rest of small economies. Commodity-based Caribbean economies have however shown an upward trend in TFP since the mid-1990s, while tourism-based Caribbean countries have recorded a steady decline since 2001 (Ruprah, Melgarejo and Sierra, 2014).

Low workforce skill levels are an obstacle to innovation in enterprises (AfDB and others, 2018) and the private sector continues to express concerns about the skills gap in the workforce. The mismatch between workforce skills and labour market demand has a direct impact on business competitiveness. This is reflected in fluctuation of the Global Competitiveness Index (Schwab, 2019) of Caribbean countries over the last decade.[55] While Barbados, Jamaica and Trinidad and Tobago were ranked

52 Based on the United Nations Development Programme (UNDP) Human Development Index (HDI). With the exception of Guyana (medium HDI) and Haiti (low HDI), all Caribbean countries are classified as having a high or very high HDI.

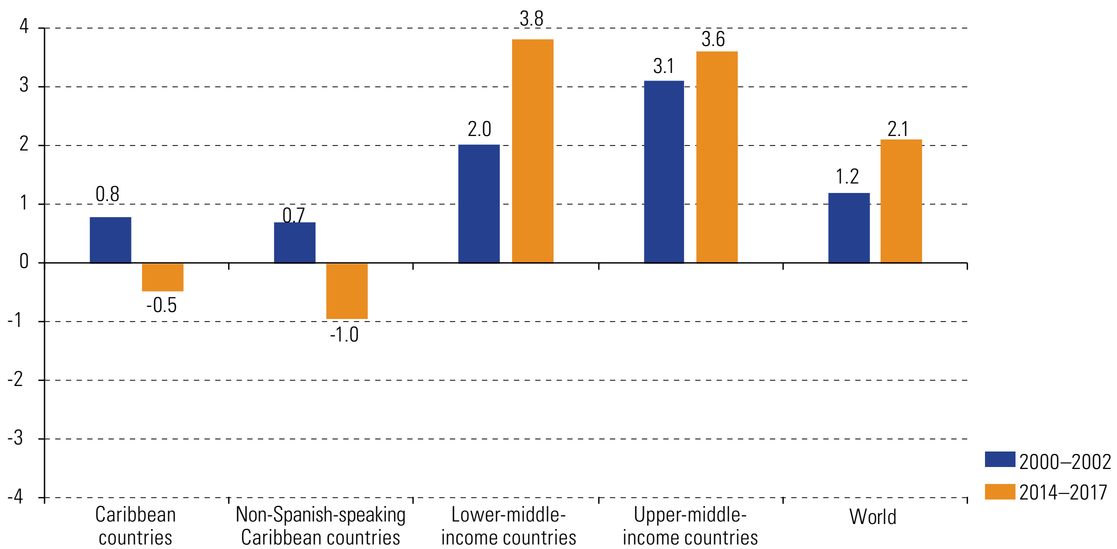
53 Twelve Caribbean countries are included in this analysis: Bahamas, Barbados, Belize, Cuba, Dominican Republic, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.

54 Ruprah, Melgarejo and Sierra (2014) define rest of small economies as non-Caribbean countries with a population of less than 3 million.

55 Barbados, which was previously ranked forty-fourth out of 144 countries in 2012–2013, dropped to seventy-seventh out of 141 countries in 2019. Meanwhile, Jamaica rose to eightieth out of 141 countries in 2019, up from ninety-seventh out of 144 countries in 2012–2013. Similarly, Trinidad and Tobago ranked seventy-ninth out of 141 countries in 2019, up from eighty-fourth out 144 countries in 2012–2013

sixty-fifth, sixtieth, and seventieth, respectively, among 141 countries on the level of the skills of the national workforce in 2019, their respective ranking dropped to sixty-seventh, seventy-fourth, and ninety-eighth on the basis of the skills of the future workforce, equivalent to a drop in 2 ranking spots for Barbados, 14 for Jamaica, and 18 for Trinidad and Tobago. The fundamental challenge is to address learning outcomes at all levels of the education system. This requires raising not only literacy and numeracy competencies, but also improving the critical thinking and creativity skills of school leavers and graduates. This need has become more apparent with the scale of temporary and permanent job losses —across sectors and levels of expertise— expected as a result of the impacts of COVID-19 on the global economy. COVID-19 presents an opportunity to modernize the education system, positioning it to produce the workforce of the future.

Figure III.1
World and selected groups of countries:[a] labour productivity, 2000–2002 and 2014–2017
(Percentages of GDP per employed person)



Source: World Bank, World Development Indicators [online database] http://data.worldbank.org/data-catalog/world-development-indicators.
[a] Data for the Caribbean are based on simple averages for the Bahamas, Barbados, Belize, Cuba, the Dominican Republic, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Data for the non-Spanish-speaking Caribbean countries exclude Cuba and the Dominican Republic. Upper-middle income and lower-middle incomes countries are defined by the World Bank as those with GNI per capita of between US$ 4,046 and US$ 12,535 and between US$ 1,036 and US$ 4,045, respectively. World data refer to member States of the World Bank.

Given the small size of Caribbean economies, investing in high-quality training for all Caribbean children and young people for the provision of global services is critical to creating decent work opportunities. With the increasing digitization of the global economy owing to the physical distancing and border closure measures implemented in many countries, telecommuting has become the new norm. Therefore, it is now more feasible to provide quality training by redeploying teachers with the best ICT skills through digital platforms, making better use of the services of others to teach those historically left behind.

Caribbean policymakers, administrators of educational and vocational training institutions, and employers, therefore, have a shared responsibility to create and maintain a skilled workforce that fulfils the labour demands of the economy and local industry. Such a workforce can drive a Caribbean knowledge economy, as advocated by the Caribbean Development Bank (2017), by combining the following: targeted policies; school curricula and pedagogical methods aligned with global standards to build functional skills, including ICT skills, in school leavers; experiential learning opportunities; and adequate financing of research and development. These will provide an enabling environment for growth of the sought-after knowledge economy that not only provides decent work opportunities but also extends the frontier of subregional creativity to provide goods and global services.

B. Addressing loss of skills through emigration and harnessing the diaspora

In the context of operating in a global economy, the emigration of skilled persons has been a long-standing phenomenon, with the Caribbean having one of the highest emigration rates in the world (Alleyne and Solan 2019). Such emigration intensifies especially when domestic economic conditions deteriorate. The net loss of educated persons robs the public and private sectors of these countries of critical human resources. Nevertheless, there are also advantages to emigration, the most obvious one for Caribbean countries being inflows of remittances from the diaspora to the subregion. Diaspora networks can also foster trade, investment and charitable giving and can be a source of technology transfer but the extent to which this occurs is not known.

Amid the COVID-19 pandemic, diaspora communities are playing key roles in supporting their countries' response efforts (see box III.1). However, migrants' financial and health vulnerabilities during the pandemic affect their decision-making and their ability to remit to relatives in their countries of origin. It is estimated that around 6% of the total Latin American and Caribbean migrant labour force in the United States will become unemployed, resulting in a 7% decline in outbound remittances from US$ 76 billion to US$ 70 billion (with receiving families in Mexico and Central America being most affected) (Orozco, 2020; IOM, 2020a). The World Bank projects that remittance flows to Latin America and the Caribbean will fall by 19.3%. The reduction in remittances has significant implications for the Caribbean countries and communities that heavily rely on them (IOM, 2020b; World Bank, 2020b). Even in cases where migrants have money to send home, it has become more difficult to do so — around 80% of remittances are sent physically via a remittance service provider, but these money transfer networks have partially or totally shut down in the context of measures to control the spread of COVID-19.

Box III.1
Diaspora engagement to promote education and technical skills

Successful mobilization of the diaspora may require the creation of new government institutions or the revitalization of existing ones. Haiti's Ministry of Haitians Living Abroad and Dominica's Ministry of Trade, Industry, Consumer, and Diaspora Affairs are examples of dedicated institutional organs created to develop stronger links with the diaspora. While there is potential to harness the diaspora as a formidable lobby group to promote the interests of the Caribbean on the global stage on issues such as the region's vulnerability, the efficacy of such an approach is uncertain.

A promising initiative led by civil society is the Caribbean Diaspora for Science, Technology and Innovation (CADSTI), founded by members of the diaspora, with branches in the United States and the United Kingdom. Its implementation arm, the Caribbean Science Foundation (CSF), launched in 2010, runs science training programmes for Caribbean youth and provides scholarship opportunities to United States universities. In another example, Dominica sought assistance from its diaspora based in the United States and holding management positions at universities there to develop the curriculum, define the structure and orchestrate the launch of the Dominica State College. Similarly, the Canadian University Service Overseas (CUSO) and Voluntary Service Overseas (VSO) Canada started a volunteer programme to engage the Guyanese diaspora in Canada.

The impact of this and similar programmes needs to be evaluated to ascertain their contribution to the acquisition of knowledge-based skills and the readiness of the private sector to use them effectively.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of country research.

In the long run, for migration to be most beneficial for the Caribbean, a new approach to engaging the diaspora must be fashioned. This is a process that requires strategic and sustained attention across a broad spectrum including identifying goals and mapping diaspora geography and skills. It also entails creating a relationship of trust and mobilizing the diaspora to contribute to sustainable development. Key to this is the government's knowledge of the population in the diaspora.[56] Along this line, the International Organization for Migration (IOM) organized the Global Diaspora Virtual Exchange on Response to COVID-19 to engage the diaspora in responses to the pandemic. This exchange has two objectives: creating a space for collaboration that allows diaspora groups to share COVID-19-related best practices and experiences; and showcasing work already being done by diaspora groups.[57] The outcome of this exchange provides innovative ideas for the Caribbean to consider.

One way to channel foreign investments from the diaspora population is the floating of diaspora bonds. The issuance of diaspora bonds is a form of innovative financing that can help Caribbean countries support infrastructure projects, as such investments can be attractive to the diaspora population provided the country's ability to pay interest and principal in local currency is relatively strong. Countries such as Egypt, Ghana, Israel and Sri Lanka have successfully issued diaspora bonds. Experts from the World Bank project that the COVID-19 pandemic and its devastating economic impact on developing countries could grow the interest in diaspora bonds that allow migrants to support their countries of origin (IOM, 2020b). Diaspora bonds could generate about US$ 50 billion a year for developing countries and could potentially make up for the current sharp decline in FDI (IOM, 2020b).

The diaspora can also be a key market for expanding the tourism sectors. Some governments and organizations have already begun to encourage and promote tourism among diaspora communities, which are attracted by three major types of tourism: medical, business and heritage. For example, Cuba's strong medical tourism campaigns have led many diaspora members to invest, volunteer or make philanthropic contributions to the country's medical sector. Education is another sector that could benefit from the diaspora, who can share their expertise through sabbatical opportunities and research collaboration with Caribbean institutions.

The fundamental challenge is to link emigration policies with development polices so that the Caribbean can benefit more fully from the emigration of citizens (Alleyne and Solon 2019). Within this framework, the development of diaspora engagement policies, as well as return and remittances incentives will allow Caribbean countries to take advantage of the potential "brain gain" that the subregion's diaspora population can provide.[58] However, in order to leverage the Caribbean diaspora for the development of the subregion, policymakers must create an enabling environment for the transfer of skills, knowledge and technology between members of the diaspora and their home countries.

All institutions of learning have an essential role to play in engaging the diaspora and this should be part of their mandate. For this to occur, however, the policy space must be nimble enough to allow domestic institutions to involve diaspora communities or individuals in all fields and for varying periods of time. To this end, and in the light of the Internet connectivity gap laid bare by the COVID-19 pandemic, it is critical that governments and telecommunications services providers in the Caribbean collaborate to build and provide wide access to 5G Internet infrastructure in schools, businesses and communities. This would improve access to information and broaden the range of interaction and communication, education and training opportunities, including a structured and purposeful engagement with the diaspora.

[56] For example, in 2017 the International Organization for Migration (IOM) supported the Government of Suriname with the launch of a website that gathers information on the skills, experiences and interests of diaspora members to engage them in contributing to the country's development. Similar initiatives are being supported by IOM in Belize, Guyana, Jamaica and Saint Vincent and the Grenadines.

[57] The first Exchange, opened by IOM Director-General António Vitorino, was held on 22 April 2020. See [online] https://idiaspora.org/event-calendar/global-diaspora-virtual-exchange-response-COVID-19.

[58] Mexico's experience in the "Red Global MX" programme which seeks to leverage the resources of its highly qualified diaspora members to help the country to develop a knowledge-driven economy provides a good template for the Caribbean.

C. Improving social services and expanding the social support system

Despite improvements in living standards across the Caribbean in recent decades, major challenges to human development and social cohesion persist (see annex A1). These include high levels of poverty,[59] unemployment,[60] inequality, population ageing and weak support systems for persons with disabilities. In addition, the high rates of youth unemployment,[61] further exacerbated in a context of recession, have implications for socioeconomic well-being, including crime and violence, threatening social cohesion in many Caribbean countries.

The education sector has been severely impacted by the pandemic, with governments closing schools and transitioning to remote learning modalities. Suspension of classes at all levels of education affected nearly 12 million learners in 29 Caribbean countries.[62] School closures have translated into growing inequalities in access to education. Learning gaps have widened due to unequal access to technology, limited Internet connectivity and overcrowded living conditions of students and their families. Increased risks of child labour and early school dropout have also been identified, with adolescent girls likely to be disproportionately affected, entrenching gender gaps in education. This could also expose girls to increased risk of sexual exploitation, early pregnancy, early and forced marriage and an increased burden of unpaid domestic and care work.

The lockdown and the early stages of the easing of restrictions have made it clear that the most vulnerable groups, especially the poorest, are the hardest hit. The COVID-19 pandemic has also highlighted significant deficiencies in Caribbean social protection systems, namely undercoverage of social security systems and the absence of unemployment insurance in most countries. Social protection systems in Caribbean countries consist of contributory social security schemes, supplemented by non-contributory public assistance which can take the form of cash transfers (conditional or unconditional) or in-kind transfers. All Caribbean social protection systems are being affected by population ageing and parametric reforms are needed to maintain the financial sustainability of social security over the coming decades.

The rapid ageing of Caribbean populations will place pressure on both contributory and non-contributory systems because benefit payments to older persons account for a large share of the social protection budget. In most Caribbean countries, the old age dependency ratio[63] will almost double over the next 25 years. This means that social security contributions will inevitably have to increase, and retirement ages will also have to be extended, in order to maintain an acceptable level of pension benefits.[64] It is estimated that Caribbean countries will need to increase public spending on pensions from an average of 4.6% to 8.8 % of GDP, between 2020 and 2045 (Nam and Jones, 2018). In addition, ageing populations will have important implications for health financing, with public expenditure on health care services increasing from an average of 4.0% to 5.7 % of GDP, over this period. These projections highlight long-term sustainability risks to social protection systems in the Caribbean, which will only be exacerbated by the impact of COVID-19 on Caribbean economies.

59 Averaging 39% in the Caribbean, with more than half of the population in countries such as Haiti and Suriname living in poverty. It should be noted that poverty estimates suffer from lack of comparable household-level poverty data.

60 The highest levels are observed in Grenada (23.6%), Saint Lucia (20.2%) and Saint Vincent and the Grenadines (18.3%).

61 As high as 45% in Saint Lucia and 40% in Saint Vincent in the Grenadines.

62 Based on pre-primary, primary, secondary and tertiary education enrolment figures as reported by the UNESCO Institute for Statistics (see [online] http://uis.unesco.org/).

63 The number of older persons relative the number of persons of working age in the population (in this case persons 65+/persons 15-64).

64 This process has already begun in some countries.

The COVID-19 pandemic led to the loss of 1.5 million jobs in the Caribbean in the second quarter of 2020 (ILO, 2020). More jobs could yet be lost, and people could be out of work for some time. Continued cooperation between governments, employers and trade unions and a willingness to share the economic costs will be crucial in order to limit job losses, bankruptcies and lasting economic damage. To deal with surging unemployment, governments had to rapidly implement emergency and temporary unemployment benefits, since the social security systems in most Caribbean countries do not routinely provide unemployment insurance.[65] In the long term, governments should work with social partners to ensure that unemployment insurance does become part of the regular package of benefits offered by social security systems.

The pandemic also highlighted the precarious situation of those in informal employment and self-employment —who include workers in hotels, restaurants, construction, agriculture, domestic employees, taxi drivers and vendors— many of whom saw their jobs and livelihoods suddenly disappear. Informal workers constitute a significant minority of the workforce in most countries and, in a few countries such as Jamaica, the majority of the workforce. The informal sector is characterized by low income, irregularity of work patterns and the use of cash and informal accounting. Governments must deploy targeted measures, sector by sector, to bring more of these workers into the system of contributory social insurance.

The COVID-19 pandemic is demanding exceptional levels of expenditure on social protection, including on emergency and temporary benefit programmes. However, it should be remembered that the scale of the social protection response to COVID-19 was necessary, at least in part, because of weaknesses in the existing social protection systems, and these weaknesses need to be addressed. Achieving universal social protection will require both expanding contributory social security coverage through policies for labour market formalization, while maintaining investment in non-contributory programmes. Financing this improved social protection will require additional revenue to be raised through contributions and taxes, paying particular attention to the overall distributive impact of fiscal policy.

The health and socioeconomic impacts of COVID-19, which have fallen heavily on the most vulnerable, further highlight the need for a new social compact: better quality health, education and universal social protection with equality and sustainability. Actions to address structural inequalities in the Caribbean and close gaps in regard to social services and economic, social and cultural rights more generally, will be vital to building more equitable and resilient post-COVID societies. The *Regional Agenda for Inclusive Social Development*[66] seeks to address these critical gaps that prevent the eradication of poverty and the achievement of higher levels of equality and well-being, in support of the aim of the 2030 Agenda for Sustainable Development of leaving no one behind.

In line with the Regional Agenda, average public spending in the social sector, even prior to the COVID-19 pandemic, had been consistently growing and is generally higher than in Latin America, with Trinidad and Tobago allocating the greatest percentage of GDP to the social sector in the entire Latin America and Caribbean region. However, financing for the social sector in Latin America and the Caribbean remains below spending levels in OECD countries and public expenditure varies significantly between countries, with values ranging from 5.3% of GDP in Haiti, to 16.6% in Trinidad and Tobago (ECLAC, 2019a).

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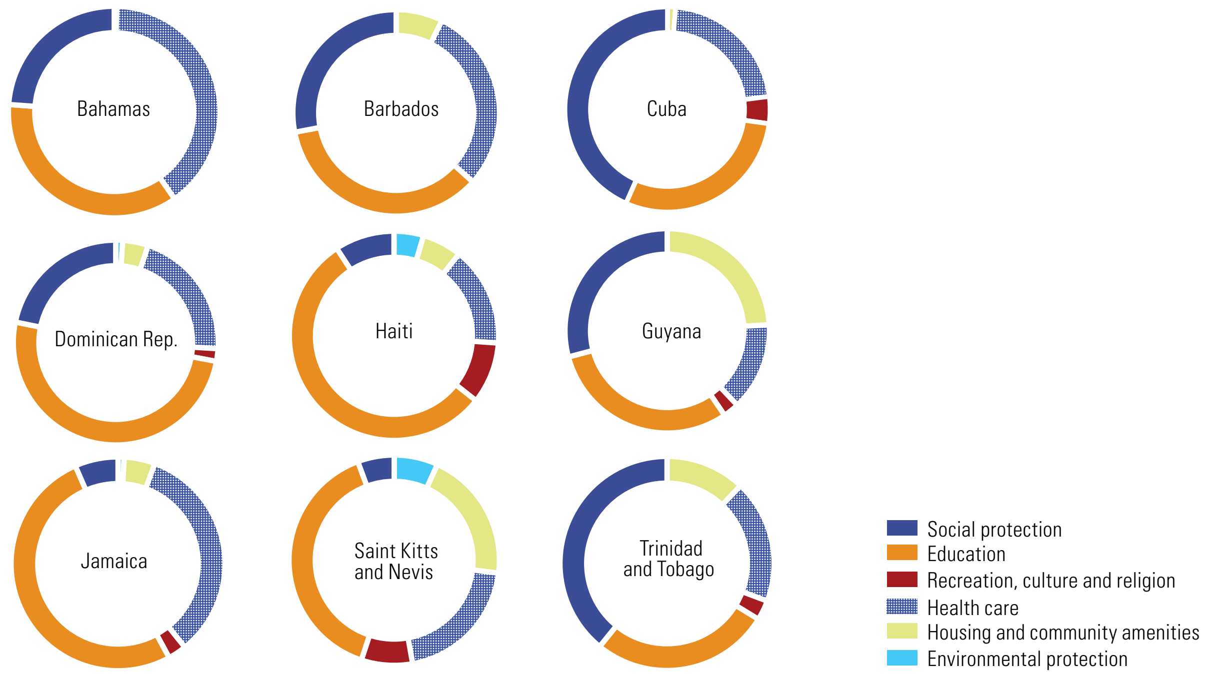
65 Barbados and Bahamas are among of the few exceptions in this regard, having introduced unemployment insurance for registered employees in 1981 and 2009 respectively.

66 Adopted by the ministers and high-level authorities of social development at the third session of the Regional Conference on Social Development in October 2019. The axes of the agreed Agenda are: universal and comprehensive social protection systems; policies for social and labour inclusion; a strengthened social institutional framework; and regional cooperation and integration to advance towards inclusive social development and to achieve sustainable development.

Social expenditure data show that the education sector accounts for the highest share of public social spending (from 2.4% of GDP in Guyana to 5.5% in Jamaica in 2016), followed by social protection (which varies widely in the subregion, from 0.5% of GDP in Haiti to 6.5% in Trinidad and Tobago) and health (from 0.8% of GDP in Haiti to 4.4% in Barbados). Housing and community amenities, recreation, culture and environmental protection are the sectors in which public expenditure is lowest (see figure III.2).

Figure III.2
The Caribbean (selected countries): distribution of social expenditure according to the classification of the functions of government, around 2016[a]



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of CEPALSTAT [online database] http://estadisticas.cepal.org/cepalstat/portada.html, 2019.
[a] Data for Barbados and Haiti are for 2015.

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 participatory, with disenfranchised groups given greater ownership of the development process. Box III.2 highlights national examples and current global initiatives financing cross-disciplinary approaches to inclusive social development which target vulnerable communities in middle-income countries and could be emulated.

Box III.2
National and international initiatives for financing inclusive social development

The Government of the Bahamas embarked on a partnership with the private sector, academia and civil society that aims to reinvigorate businesses, create job opportunities and improve the quality of life for residents of a traditionally marginalized urban community. The Over the Hill community was declared a tax-free zone as a pilot for a comprehensive poverty alleviation strategy focusing on social and economic empowerment, smart and green technology and entrepreneurship and innovation programmes geared towards young people, women and older persons. The project has provided new water connections to around 1,065 homes, poverty alleviation support through the school communities and promoted community-level crime prevention and disaster awareness.

In Jamaica, government-led and government-sponsored programmes under the Jamaica Social Investment Fund and the Community Renewal Programme have helped to improve basic urban services, such as access to water and sanitation, drainage, solid waste management and electricity. These programmes, implemented through a participatory approach, target vulnerable communities through the coordination of multidimensional socioeconomic and psychosocial interventions in education and training, business development, behavioural modification, strengthening of governance and capacity-building for residents. Furthermore, recognizing the need to find innovative financing mechanisms for critical investments to support adequate social services, Jamaica established a Social Enterprise Policy Committee in 2015. The Committee guides the development of the Social Enterprise Business Model, designed to help organizations operating within the social sector to become income-generating and self-sustaining.

At the global level, the Government of Jamaica, together with Government of Canada and the Secretary-General of the United Nations, convened a High-Level Event on Financing for Development in the Era of COVID-19 and Beyond in May 2020 to join forces with Heads of State and Government and international organizations to enable discussions on concrete financing solutions for rebuilding socioeconomic and environmental resilience. Also on the multilateral front, creditors are considering options to urgently address debt vulnerability in highly indebted middle-income countries, particularly to fight the pandemic and invest in recovery. Such initiatives could support low- and middle-income countries that still have market access by providing partial guarantees to help avoid a generalized freeze of capital flows.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Government of the Bahamas, *The Bahamas Voluntary National Review on the Sustainable Development Goals to the High Level Political Forum of the United Nations Economic and Social Council*, Nassau, 2018; Government of the Bahamas, "Over-the- Hill Community Development Partnership Initiative: White Paper. Draft", 2018 [online] https://www.overthehillbahamas.org/media/uploads/over_the_hill.pdf; Nassau Urban Lab, "Central Nassau Urban Regeneration Plan", Emerging and Sustainable Cities Initiative/Urban Design Lab/Inter-American Development Bank (IDB), 2017; Planning Institute of Jamaica (PIOJ), *Jamaica Voluntary National Review Report on the implementation of the 2030 Agenda for Sustainable Development. June 2018*, Kingston, 2018; and United Nations, *Financing for Development in the Era of COVID-19 and Beyond: Menu of Options for the Consideration of Heads of State and Government*, New York, 2020.

D. Addressing non-communicable diseases and their risk factors

Chronic NCDs account for a large proportion of deaths in the Caribbean. More than half of all deaths in Antigua and Barbuda (58% in 2012), the Bahamas (72% in 2014), Cuba (80% in 2015) and Saint Lucia (about 66% in 2014) were due to NCDs. The prevalence of major risk factors, including obesity, unhealthy diet, physical inactivity, tobacco use, and harmful use of alcohol, contributes to high hospitalization rates and excessive demand for health-care services. Between 2010 and 2015, NCDs accounted for 53% of hospital admissions in Trinidad and Tobago. In Barbados, 80% of men and 90% of women are reported to have at least one risk factor for NCDs. Among children, obesity and overweight are on the rise. The prevalence of obesity in children was 6% in Jamaica (2010), 12.5% in Trinidad and Tobago (2009) and 14.4% in Barbados (2010).[67]

The NCD profile of Caribbean countries is of particular concern given that these diseases are risk factors for COVID-19 patients. Persons with underlying medical conditions such as cardiovascular disease, diabetes, chronic respiratory disease and cancer have a higher risk of severe COVID-19 disease

[67] For a comprehensive overview of health in the subregion, see PAHO, 2017, country reports.

(WHO, 2020). Also, most of the 685 COVID-19 deaths[68] recorded in the Caribbean have been linked to these and other underlying medical conditions. The potential health-care burden of hospitalization owing to widespread local transmission of the virus is likely to overwhelm the fragile health-care systems of many Caribbean countries.

While the Caribbean has recently been proactive in addressing NCDs and their risk factors, COVID-19 has brought about a new urgency. Since the Declaration of Port of Spain: Uniting to stop the epidemic of chronic non-communicable diseases, came into effect in 2007, many Caribbean countries have introduced or revised their national strategy to control or prevent NCDs. The Cabinet approved the National Policy and Multisectoral Action Plan for the Prevention and Control of Non-Communicable Diseases in Antigua and Barbuda in 2015. That same year, the Ministry of Health of Barbados launched the Strategic Plan for the Prevention and Control of Non-Communicable Diseases, 2015–2019. The Bahamas is currently implementing the Healthy Bahamas 2030 strategy, Dominica has introduced the Health in All Policies (HiAP) initiative,[69] and Trinidad and Tobago is taking a whole-of-society approach in the management and prevention of NCDs. Jamaica, in addition to implementing the HiAP initiative, has adopted a National Strategic and Action Plan for the Prevention and Control of Non-Communicable Diseases.

While public health care in the Caribbean is mostly publicly funded and does not require users to pay fees, various programmes are specifically designed to increase access to treatment for chronic NCDs and to reduce the financial burden on individuals and households. The National Health Fund (NHF) in Jamaica administers programmes that provide subsidies to cover medication costs for individuals with NCDs. Individual benefits under these programmes amounted to US$ 30.65 million in 2011/12 alone (Abdulkadri and others, 2015). There are similar programmes in Trinidad and Tobago which provide citizens with health-care assistance for major NCDs through the Chronic Disease Assistance Programme (CDAP) and the External Patient Programme. On a broader scale, Saint Lucia is moving forward with the implementation of universal health coverage through its Health System Strengthening Project.

There has also been steady progress in the use of fiscal policy to encourage healthy behaviours and generate additional tax revenue directed to health-care funding. In addition to the excise taxes levied by Caribbean countries on tobacco and alcohol, Barbados and Dominica have introduced excise taxes on sugar-sweetened beverages as an additional measure to address obesity, a common risk factor for NCDs. Antigua and Barbuda, Jamaica, Saint Kitts and Nevis and Trinidad and Tobago are taking steps to implement similar policies, which are expected to result in an increase in the price of these products, a reduction in their consumption with associated positive impacts on NCD prevalence, and increases in government tax revenues dedicated to health-care funding. Other measures include bans on smoking in government buildings and public spaces and the provision of public parks for physical exercise.

In addressing the health impacts of COVID-19 specifically, governments of the subregion implemented measures in the interest of public health to ensure the testing of suspected cases and treatment of diagnosed cases regardless of individuals' ability to pay. Given the high prevalence of non-communicable diseases (NCDs) in the Caribbean, a similar proactive stance is needed for early detection and treatment of NCDs. This will require governments to sharpen their focus on and allocate resources to addressing NCDs and the related risk factors to improve the health and quality of life of the population.

The strategies and policies being implemented by Caribbean countries to address NCDs are evidence-based and contribute to a healthy population and a reduction in the health-care and economic burdens of diseases. However, inadequate financing and a shortage of health-care professionals, which result in delays in receiving health-care services at public institutions, threaten the long-term

[68] Number of COVID-19 deaths in CDCC countries excluding Cuba, the Dominican Republic and Puerto Rico as at 24 September 2020.

[69] According to WHO (2014, p.1), "HiAP is an approach to public policies across sectors that systematically takes into account the health implications of decisions, seeks synergies, and avoids harmful health impacts in order to improve population health and health equity."

sustainability of the gains to be had from these strategies. In particular, increasing childhood obesity, population ageing,[70] and the contribution of NCDs to severe illness and death from COVID-19 are expected to increase the economic burden of diseases on Caribbean countries that require strategic interventions of a greater scope than currently exist.

To reduce future health-care costs and ensure a healthy workforce that will foster and sustain economic growth, a comprehensive approach to addressing childhood obesity is needed across the Caribbean. This should include a combination of measures targeting diet and physical activity. Bans on sugar-sweetened beverages in schools are in effect in the Bahamas, Grenada, Guyana and Jamaica. The ministries of health in other Caribbean countries should adopt similar policies to help address this major NCD risk factor. School administrators should also ensure that school curricula incorporate adequate time for physical education to foster a future generation of physically active citizens. Given the demographic trend in the Caribbean, population ageing is likely to result in a higher incidence of NCDs in older persons, many of whom will require care beyond the current capacity of most countries. It is therefore important for health-care training institutions in the Caribbean to increase the number of professionals trained in geriatric care, including long-term care of NCDs, to ensure a decent quality of life for older citizens and to lower the opportunity costs for family members with respect to the provision of care for an increasingly ageing population.

E. Upscaling support programmes for women and young people

While there have been positive developments around initiatives to increase women's access to decent work and entrepreneurship opportunities, and the number of youth programmes across the Caribbean has noticeably increased, the COVID-19 pandemic has threatened the progress already made in these areas. The pandemic has reinforced existing social and economic vulnerabilities, especially among the more vulnerable subpopulations with fewer resources, including women and young people. While children and young people have been less affected by COVID-19 than older adults from a health perspective, the impacts on education and family life have placed greater pressure and burdens on children, young people and women, and increased their exposure to the risk or occurrence of family violence, abuse, exploitation and neglect. In addition, groups that were already disadvantaged before the pandemic, such as adolescent girls, experience the greatest risks and impacts when their education is interrupted.

The tourism and service sectors, which have been hit hard by the pandemic, account for the largest proportion of female workers, resulting in growing levels of unemployment and underemployment among women (UN-Women, 2020). Pandemic containment measures such as stay-at-home orders and curfews have resulted in higher temporary unemployment rates among women as they make up a significant proportion of the workforce in the social service, restaurant and business service sectors, to name a few (ECLAC, 2020). Furthermore, women assume the main responsibility of unpaid and care work, which is more acute in times of crisis and which, in turn, adversely affects their access to or retention of paid employment. Self-employment and domestic services are characterized by lower wages and highly precarious conditions, and account for 36% of female employment in the Latin America and Caribbean region (ECLAC, 2020). Many of these working women are entirely dependent on their work and daily income to secure their livelihoods and have no guarantee of social protection in the event of a crisis.

The impacts of the COVID-19 pandemic on women's autonomy and gender inequality will require the adoption of comprehensive public policies for economic reactivation that would guarantee women's

[70] See Mitchell-Fearon and others (2017) for a case study of the impact of aging on the economic burden on NCDs.

rights and gender equality. The stimulus packages and responses to the COVID-19 crisis will be more effective if gender dimensions are included in both short- and long-term strategies. Specific programmes to support women's return to economic activity, for example initiatives that increase women's access to training and credit, will also play a central role. Women must also be able to access care support when work outside the home resumes.

In a context of prevalent high youth unemployment rates, the future career prospects of young graduates in the Caribbean are likely to be affected by the aftermath of the COVID-19 pandemic, especially among young people in the low-income strata. Existing youth entrepreneurship and skills training programmes in Caribbean countries will play a more central role in a recovery context. These comprehensive programmes are inclusive, encompassing different areas of family and community support, and are designed to assist, for example, school dropouts and low academic achievers. Considering the impact of the crisis on the already high youth unemployment rates throughout the subregion, support for new programmes aimed at recent graduates should include sectors crucial to a green recovery, such as the blue economy and investments in nature-based solutions.

As with the current experience with COVID-19, Hurricanes Irma and Maria in 2017 negatively affected the livelihoods of many nationals, and some countries implemented mitigation measures to assist the most vulnerable in society, with women benefiting from the vast majority of these measures given their predominance in the service sector. In response to Hurricane Irma and the closure of many hotels which served as the main employers of women, the Government of Anguilla established the Women in Construction Apprenticeship Programme to equip them with the skills needed in construction so that they could play a central role in rebuilding efforts. About 10 companies offered training and skills development to women in tiling, plumbing, electrical installation, heavy equipment operation, painting and block work. In the aftermath of Hurricanes Irma and Maria, the Cabinet of the British Virgin Islands approved the implementation of a Household Assistance Programme and Joint Cash Platform to help finance the basic needs of the most vulnerable households affected by the hurricanes, a considerable number of which were headed by women.

Amid the backdrop of the heavy scrutiny of COVID-19 response measures (see box III.3) and strategies, it is important to highlight that in most Caribbean countries, women play a significant role in agriculture, which is a major target of these measures, and there are special programmes to help women play a more prominent role in the sector. Prior to the pandemic, Suriname launched the first women's agricultural cooperative in the country to assist in the development of the interior while increasing employment opportunities for Maroon women. The cooperative employs 40 Maroon women who produce and sell a variety of cassava-based products. Similarly, the Grenada Network of Rural Women Producers (GRENROP), which was created to increase the earning potential of women in agriculture and agroprocessing, successfully negotiated contracts with supermarkets and hotels to purchase products from the network, making it easier for many women producers to access the market at fair prices. Scaling up these and similar initiatives across the Caribbean will provide alternative job opportunities for women and improve their earning potential.

With regard to young people, programmes such as Guyana's Hinterland Employment Youth Service (HEYS) programme, which targets indigenous youth and helps rural youth to become entrepreneurs, address unemployment and inequality. Over 2,000 businesses have been established in areas such as agriculture and ecotourism. A series of other initiatives target specific subgroups such as at-risk youth and persons with disabilities, helping them to create their own businesses and building capacity to support young people's efforts to actively participate in the labour market.

Box III.3
COVID-19 responses that benefit women and young people

With the shutdown of large parts of the economy, governments have devised stimulus or response packages to minimize job losses and bankruptcies which cause not just short-term hardship but also longer-term damage to the economy. Most Caribbean countries have provided some sort of financial support to partly or fully cover the wages of inactive workers while businesses are closed. Jamaica has introduced the Business Employee Support and Transfer of Cash (BEST Cash) programme, which provides temporary cash transfers to businesses operating in the tourism industry based on the number of workers they keep employed (below a certain income threshold). For each of these employees, businesses will receive US$ 67 per fortnight. The government is also providing a one-off grant of US$ 187 for barbers, hairdressers, beauty therapists, cosmetologists, taxi operators, bus operators and market vendors and US$ 300 for bar and night club operators, craft vendors and tour operators. Schemes of this kind aimed at small businesses, with a particular focus on the tourism sector, have also been introduced in Barbados, Grenada and Saint Vincent and the Grenadines.

Other measures include food assistance vouchers and care packages containing essential medication and cleaning supplies. The Government of Antigua and Barbuda has been distributing food packages to families with members who lost their jobs in the tourism industry, many of them women. These food packages are designed specifically to meet the needs of women and their children. The Government of Montserrat, in partnership with the Royal Montserrat Defence Force and the International Red Cross and Red Crescent Movement, has also been delivering care packages of food to people who cannot access groceries because of curfews. These people include women who have assumed additional childcare responsibilities owing to school closures, persons with disabilities and older persons. Similar initiatives have been implemented in Saint Lucia, Sint Maarten and Trinidad and Tobago.

In addition, several countries have opted to replace school meal programmes with various initiatives to continue providing food for children, including food cards in Trinidad and Tobago or, in other countries, weekly food kits containing ingredients for seven daily meals for one child, or the provision of daily meals that can be collected in different school locations. For example, one programme in Antigua and Barbuda covers 1,500 children from vulnerable families, while another in Anguilla provides support in partnership with UNICEF for 67 students who received regular school meals prior to the pandemic and whose families are eligible to receive an amount of EC$ 200 per month (around US$ 74) for three months.

Relief programmes have also been established for people who do not contribute to national insurance schemes and work in the informal sector. The Ministry of Social Services and Urban Development in the Bahamas has been charged with providing relief grants to informal workers in the tourism industry, of which approximately 90% have never contributed to national insurance, and who include small business owners such as women providing hair-braiding services and women selling handmade straw bags, T-shirts and beaded jewellery. Additionally, countries such as Antigua and Barbuda, the British Virgin Islands, Dominica, Grenada and Saint Vincent and the Grenadines have provided support to farmers, many of whom are women, to boost domestic food production.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information provided by participants in the virtual meeting The Role of Ministries of Social Development in the Face of the COVID-19 Pandemic in the Caribbean, 21 April 2020.

In sum, the integration of gender and youth issues into sustainable development processes[71] is vital to the achievement of the SDGs of the 2030 Agenda and to the establishment of more egalitarian societies. Initiatives to promote youth and gender mainstreaming in sustainable development processes must involve intersectoral collaboration, require ample political will and depend on country-level establishment of contextualized recovery strategies and improved coordination, monitoring and evaluation mechanisms. Amid the current backdrop of the pandemic, the implementation of recovery plans must take into account the views of women and young people alongside those of others in the community. Gender and youth mainstreaming will also require greater investment in relevant policies and implementation mechanisms, including efforts to promote institutional capacity-building for the development of women and young people and to ensure effective results frameworks in all policy development.

[71] ECLAC has provided guidance on this matter. See Camarinhas (2019).

IV. Planning for sustainable development and the way forward

The disruptive effects of the coronavirus pandemic highlight the importance of integrated policy planning and implementation, not only in driving sustainable development but also in responding effectively to future shocks, including pandemics.

In the Caribbean, medium-term economic growth strategies are the mainstay of development policy. They articulate a government's plan for achieving economic growth and are a key component of the economic policy instruments promoted by international financial institutions, such as IMF or the World Bank. Although these strategies are crucial to economic growth, they are inadequate for driving sustainable development that integrates economic, social and environmental sustainability policies.

Long-term development plans must be inclusive, participatory and people-centred, and should involve the active participation of the private sector and civil society organizations, including those targeting vulnerable groups. An inclusive process gives all stakeholders an opportunity to contribute and increases the likelihood of success of the plans.

Recovery after the pandemic must be based on sustained economic growth and decent work, which should be encouraged by development plans. Engineering this growth post-COVID-19 will require economic diversification, investment in innovation and a skilful workforce. In the pursuit of economic growth, however, equal attention should be paid to social development and environmental sustainability. National objectives for well-being and social protection relating to education, housing, health, migration, labour, disability and security, among others, should all be incorporated into a national development plan. The risks posed by pandemics, climate change, natural hazards and ecosystem loss should also be addressed. Some development objectives may conflict and require trade-offs, which could be balanced through an integrated approach.

This chapter examines the importance of a long-term national development plan to address sustainable development in an integrated manner. It identifies critical gaps, such as capacity limitation and data scarcity, and argues for bipartisan engagement and an inclusive and participatory approach to national development planning processes. It also makes a case for institutionalizing national development planning in the Caribbean.

A. Integrated development planning: an approach to sustainable development

National plans should be informed by internationally-agreed development agendas, including the 2030 Agenda for Sustainable Development and its SDGs, as well as the SIDS Accelerated Modalities of Action (SAMOA) Pathway, among others.

The United Nations Sustainable Development Group (UNSDG) has actively promoted and implemented the mainstreaming, acceleration and policy support (MAPS)[72] approach as a tool for SDG mainstreaming in national development plans. In the Caribbean, MAPS has been applied in several countries, with varying conclusions on the alignment of national policies and strategies with the SDGs. Notably, the MAPS exercise enabled countries to examine their approach to national development planning with a particular focus on the need to integrate policies within the central government and across the different levels of government, in order to take advantage of existing synergies and address trade-offs across sectors.

72 For a detailed description of the MAPS approach, see UNSDG (2015).

B. Sustainable development planning in the Caribbean

The institutional mechanisms for national development planning in many Caribbean countries are not very robust. It is common for a political party manifesto to be turned into a country's de facto national development plan or strategy when the party forms the government. This unduly politicizes the national development process as the plan is seen as a political instrument and devoid of support from the opposition in its implementation. This leads to a lack of continuity in planning objectives and implementation, thereby hampering the development process.

Planning in the subregion must be well considered, inclusive and participatory, to enable all citizens to benefit (see box IV.1). It is far more effective when it receives the support of both the government and the opposition and that of all other stakeholders in the society.

Box IV.1
Vision 2030 Jamaica – National Development Plan: an example of a bipartisan, inclusive and participatory approach to national development planning

Vision 2030 Jamaica began in 2005 when the then Minister of Finance and Planning, Omar Davies, challenged the Planning Institute of Jamaica (PIOJ) to produce national development plans that were "realistic, achievable and more relevant to the country's realities". This prompted PIOJ to prepare a 25-year national development plan which became known as Vision 2030 Jamaica. A core team within PIOJ oversaw the timely preparation, articulation and monitoring of the plan, while the Plan Advisory Group (PAG) —chaired by a private sector leader and including members drawn from the private and public sectors, as well as civil society— provided strategic guidance and national perspective in the formulation of the plan, in addition to championing support among the private sector and civil society groups for the process.

The Vision 2030 Jamaica development process involved several workshops, a national scoping exercise and island-wide consultations with key stakeholders including the Prime Minister and members of the Cabinet, leaders of the opposition and the shadow Cabinet, political parties, the Permanent Secretaries Board, ministries of government, civil society groups —particularly trade unions and community groups—, young entrepreneurs, groups of fifth and sixth form students (from the parishes of Kingston, Saint Catherine and Saint Thomas), the media, the private sector, international development partners and the general public. This bipartisan, participatory and inclusive approach established Vision 2030 Jamaica as a truly national development plan for the next 15 years, which were characterized by a very dynamic political environment.

Although the preparation of Vision 2030 Jamaica began in 2006 under the People's National Party (PNP) government, it was finalized under the Jamaica Labour Party (JLP) government when the Prime Minister at the time, Bruce Golding, tabled the plan and its companion implementation guide, the Medium Term Socio-Economic Policy Framework (MTF) 2009–2012, in the Houses of Parliament during the budget debate in May 2009. Successive changes in government or administration over the ensuing decade have not affected the steadfast implementation of the national development plan. Each government has come to own it, ensuring its sustainability.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Planning Institute of Jamaica, "Vision 2030 Jamaica – National Development Plan: a brief history" [online] http://www.vision2030.gov.jm/Overview/History.

C. Gaps in national development plans and medium-term strategies

A long-term national development plan should encompass medium-term macroeconomic strategies and policies relating to industry, trade and competition, as well other sector-specific policies concerning themes such as social welfare, gender equality, climate change and disaster risk management. The medium-term macroeconomic strategy and industrial policy represent the economic growth thrust of the overall vision for development. Sixteen of the 29 CDCC member and associate member countries are currently implementing a long-term plan or medium-term strategy (see table IV.1). Among these, 13 are long-term development plans with a duration of at least 10 years, half of which were developed or finalized after the SDGs came into effect.[73] These plans and strategies reflect the new development paradigm enshrined in the 2030 Agenda and have largely incorporated the SDGs into national development priorities, based on the national context.

Table IV.1
The Caribbean (selected countries and territories): national development plans or strategies

Country or territory	Medium-term development strategy	Long-term development plan
Antigua and Barbuda	Medium Term Strategic Development Plan (2016-2020)	
Bahamas		Vision 2040, National Development Plan
Barbados	Growth and Development Strategy (2013-2020)	
Belize		Horizon 2030 - National Development Framework for Development
Cuba		National Plan of Economic and Social Development 2030
Curaçao		Building on Strengths: National Development Plan 2015-2030
Dominica		National Resilience Development Strategy 2030 of Dominica
Dominican Republic		National Development Strategy 2010-2030. A journey of transformation towards a better country
Grenada		National Sustainable Development Plan 2020-2035
Guyana		Green State Development Strategy: Vision 2040
Haiti		Strategic Plan of Development of Haiti 2012-2030
Jamaica		Vision 2030 Jamaica. National Development Plan (NDP)
Montserrat		Sustainable Development Plan 2008-2020
Saint Vincent and the Grenadines		National Economic and Social Development Plan 2013-2025
Suriname	Policy Development Plan 2017-2021	
Trinidad and Tobago		Vision 2030: National Development Strategy

Source: Economic Commission for Latin America and the Caribbean (ECLAC), Regional Observatory on Planning for Development in Latin America and the Caribbean [online] https://observatorioplanificacion.cepal.org/en.
Note: For countries with both a medium-term strategy and a long-term plan, only the long-term plan is represented in this table.

Typically, the heavily indebted countries of the subregion are financially, administratively and technically unprepared to effectively execute such broad mandates. The implementation of development plan activities may require additional technical expertise that a ministry or agency does not have, and there may be no mechanisms to source this expertise within existing public sector employment systems. National development plans often lack supporting sector-specific policies and also fail to account for gender and other inequalities (Hosein, Basdeo-Gobin and Gény, 2020). In some cases, a sector-specific strategy may be at variance with the development priorities identified for that sector in the national development plan. This lack of coherence in policies results in inefficiency in the national development process.

Although the use of modelling tools in the building of development scenarios is gaining in popularity, with the use of system dynamics modelling for Vision 2030 Jamaica (the Threshold 21 model) and for the evaluation of green economy policies in Guyana's Vision 2040 plan, growth and development objectives in national development plans are mostly developed without rigorous analysis, are not realistic and lack reliable data. This poses a major obstacle to the attainment of these targets which, a priori, may be unachievable, and reflects a major gap in almost all national development plans in the Caribbean.

73 These include: Vision 2040, National Development Plan of the Bahamas; the National Development Plan Curaçao 2015–2030; the National Resilience Development Strategy Dominica 2030; the National Sustainable Development Plan 2020–2035 of Grenada; the Green State Development Strategy: Vision 2040 of Guyana; and the National Development Strategy 2016–2030 (Vision 2030) of Trinidad and Tobago.

D. Making development plans relevant and people-centred

In the Caribbean post-COVID-19, national sustainable development plans will need to define a strategy for recovery and long-term integrated development that is anchored in the 2030 Agenda, reflects national circumstances and priorities and addresses the peculiar vulnerabilities of the subregion.[74] These medium-to-long-term plans should also serve integrally as the development framework that takes account of exogenous risk factors and integrates strategies to build resilience and respond effectively to economic and environmental shocks.

In this regard, COVID-19 now dictates the incorporation of policies that address the potential risks associated with a health pandemic into the new generation of national sustainable development plans. For example, the urbanization rate in the Caribbean is expected to increase from 70% in 2015 to 82.5% in 2050, faster than that of Latin America. As this trend grows, the subregion must also increase its resilience to social and environmental risks. This would suggest the need to incorporate planning tools that take account of problems such as informal settlements, substandard housing and territorial inequalities (ECLAC, 2019b), which have become even more urgent in this COVID-19 era.

Since past development plans have generally been short-lived, often because of the absence of bipartisan support, it will also be important to encourage the preparation of new national development plans through truly participatory and inclusive processes. One successful approach has been the designation of national development planning responsibility to an autonomous body with the necessary legislative mandate to ensure its longevity. Grenada is currently considering this approach with its proposal to establish the Sustainable Development Institute (SDI) to support coordinated and integrated development planning in Grenada, and to implement the country's National Sustainable Development Plan 2020–2035. With the establishment of SDI, Grenada will join Jamaica and Suriname as the only Caribbean countries with a dedicated national development planning agency. More countries are encouraged to adopt this apolitical approach to national development planning in order to institutionalize the process and make the next generation of development plans truly sustainable in the long term.

The National Sustainable Development Plan 2020–2035 is a good example of the use of data to articulate a sustainable development pathway for a country with clearly defined targets and indicators, and with specific baseline data and aspirational target values provided for the indicators. Such evidence-based monitoring and evaluation (M&E) frameworks have yet to be included in the national development plans of most Caribbean countries. The M&E framework is important to ensure that strategies to promote growth and development can be assessed using measurable milestones. This would allow for the adjustment of development targets as appropriate and facilitate informed decisions regarding alternate courses of action.

The importance of a functional national statistical system that provides official statistics which inform national development planning and that responds to national emergencies, including pandemics, cannot be overstated. Urgent and steadfast efforts are needed if member States are to enhance national statistical offices in their role as the coordinating arm of the national statistical system. The most critical elements required include a legislative framework that promotes and upholds the United Nations Fundamental Principles of Official Statistics (FPOS) (Bleeker and Abdulkadri, 2020) and statistical capacity-strengthening that incorporates technology and embraces the data revolution for sustainable development (Abdulkadri, 2017).

[74] Caribbean countries have ratified the following agreements, among others: Sendai Framework for Disaster Risk Reduction 2015–2030, the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, the Paris Agreement, the New Urban Agenda, the Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean (Escazú Agreement), the Regional Agenda for Inclusive Social Development, the Regional Gender Agenda, including the Montevideo Strategy for Implementation of the Regional Gender Agenda within the Sustainable Development Framework by 2030.

Through the monitoring of the national COVID-19 caseload and the implementation of COVID-19 relief measures, Caribbean governments have come to appreciate the importance of administrative data, including sex-disaggregated data, and an inter-agency data-sharing culture among government ministries and departments, which facilitates timely government interventions. These and other enabling factors, such as the use of more effective data dissemination media for official statistics, are key support mechanisms for national development planning. In sum, and in accordance with principle 1 of the FPOS, the independence of national statistical offices in carrying out their responsibilities should be guaranteed. The government and the legislature must ensure that the necessary legislation is enacted or revised, and that adequate budgetary allocations are provided for the proper functioning of statistical offices. Public sector administrators and senior managers must ensure compliance with the necessary protocols to make data-sharing a standard practice across government entities, with all confidentiality protections put in place. The statistical community has a shared responsibility to develop new methodologies and embrace modern technologies for the production and dissemination of official statistics that result in greater public utility of the data.

There is an encouraging trend in the subregion, with Grenada and Trinidad and Tobago considering bills that, once passed, would replace their respective Statistics Acts. The National Statistical Institute of Trinidad and Tobago Bill, 2018, is particularly noteworthy, not only because it represents a major improvement on the existing legislation with respect to the incorporation of the FPOS, but also because it will pave the way for an independent statistical institute of the kind required to support the next generation of development plans in the Caribbean.

A sustainable future for the Caribbean, where the development trajectory has been so severely disrupted by COVID-19, cannot be achieved without dedicated, well-articulated plans to bring the future into the present. Planning must become an essential governance tool for mapping objectives and establishing baselines; distributing resources across all economic sectors; mapping and measuring risk; monitoring, measuring and assessing progress; and taking strategic decisions to adjust the development path as required.

National sustainable development plans that are people-centred, inclusive and perceived as truly national and not partisan, must serve as a solid base for the pursuit of development, reporting of progress and the monitoring and recognition of national objectives. It is hoped that by channelling efforts to institutionalize long-term development planning, the foundations will be laid for a more sustainable future and the Caribbean will be better placed to address its many sustainable development challenges in a more systematic and holistic manner.

E. The way forward

The road to recovery post-COVID-19 will be challenging in the Caribbean. The subregion will need new strategies and financial instruments to mobilize adequate resources for recovery and reconstruction. Requirements include decisive action through the introduction of innovative debt relief instruments, countercyclical and risk-sharing tools, and liquidity-generating mechanisms to prevent the collapse of many economies in the subregion. These should be bolstered by the ECLAC Debt for Climate Adaptation Swap Initiative, which can fund green industries that contribute to climate change mitigation and economic restructuring. This investment would be facilitated through the creation of a Caribbean Resilience Fund.

Beyond debt swaps, there is a need for continuing advocacy for the access of Caribbean SIDS to international financial instruments. Consideration should be given to a debt service standstill, with a change in international financial institutions' eligibility criteria for granting concessional funding; to contingency bonds with hurricane clauses; to green and blue bonds; and to the provision of liquidity support through the issuance and voluntary redistribution of special drawing rights (SDRs). Such mechanisms would provide much-needed countercyclical space. In addition, the green, social and sustainability bond markets may contribute to the economic recovery in the context of the coronavirus pandemic. For example, green bonds could help to fund sustainable infrastructure and social bonds, including diaspora bonds, could raise funds to help strengthen health systems or finance eligible social investments related to pandemic prevention, containment and mitigation measures.

The devastating impact of the COVID-19 crisis on Caribbean economies has shown that it is impossible to contemplate financial mechanisms to reduce risk and build resilience in the subregion without concomitant dialogue on debt sustainability. Even with an extended debt standstill, many countries are unlikely to be able to service their debt, continue to fight the spread of the virus effectively and invest in recovery and long-term resilience at the same time.

The following specific proposals are considered crucial to the alleviation of the liquidity and debt vulnerability challenges facing the Caribbean:

1. New SDR issuance with reallocation to middle-income countries:
   - An allocation of, for example, US$ 500 billion, as proposed by several financial analysts, would mean close to US$ 2 billion in additional international reserves in Caribbean economies.
   - To avoid the concentration of SDRs in high-income countries, ECLAC proposes the reallocation of SDRs through a new trust fund (or some other special purpose vehicle (SPV)).
2. Expansion of the Group of 20 (G20) Debt Service Suspension Initiative (DSSI) in terms of the number of beneficiary countries and flexibility (debt repayments can be contingent on economic performance).
3. Institutionalization of State-contingent debt instruments (SCDIs), such as natural disaster clauses, GDP- or export-linked bonds and State-contingent convertible bonds (S-CoCos):
   - These instruments are key to the provision of much-needed fiscal space for middle-income countries and at the same time reduce the likelihood of debt default, which are both crucial to the economic recovery in the Caribbean. These initiatives allow middle-income countries in the subregion facing financial distress or approaching default because of the COVID-19 pandemic to reduce and renegotiate outstanding debts with creditors to improve liquidity.

Overcoming the economic fallout of the pandemic and regaining growth momentum in the Caribbean will require a robust recovery and upgrading of the tourism sector. Three key areas of opportunity are suggested to achieve this: the millennial and Generation Z market segment; external markets of the trade in tourism services and the high and ultra-high net worth individuals market segment. In this regard, the Caribbean tourism industry must develop a timely multi-stakeholder strategy, including mobile-friendly booking and marketing platforms, and investment in adventure, heritage, community-based and immersion-based tourism activities. In addition, this industry must adopt more tailored marketing and promotional initiatives to attract these tourism segments, for example COVID-safe adventure tours and immersive experiences for individuals and small groups that provide high value for money.

Industrial policies, which are focused on revitalizing trade through economic diversification and value chain engagement, should play a greater role as countries will need to take more strategic decisions on the production and trade of essential items in the light of the trade restrictions on critical products during the pandemic. An industrial policy must focus on sectors which represent a comparative advantage, such as food and beverages, cosmetics and cleaning products, cultural activities, information and communications technologies, maritime services and knowledge-based services. The development of these sectors would be supported by reforms which aim to increase the ease of doing business, including subregionwide customs reform, improvement of port infrastructure and governance, and the expansion of market access to Central and South America.

The subregion should also harness the employment and sustainable development benefits of ocean-based industries, which include tourism and fisheries. Ocean governance is also important, and, in this context, the subregion must promote the economic valuation of marine and coastal resources, institute protective legislation and invest in knowledge-creation and capability-building to ensure the sustainable use of the oceans.

These initiatives should be formulated in collaboration with a broad range of private sector actors and backed by appropriate financing mechanisms.

To address the existing and newly emerging challenges to social development in the Caribbean, there is an urgent need to invest in the upgrading of social services in the Caribbean to provide a path out of poverty, reduce inequalities and expand services to underserved populations. Accordingly, governments should strive to implement universal social protection by both expanding contributory social security coverage through labour market formalization policies and increasing investment in non-contributory programmes.

In the light of the disproportionate economic impact of the COVID-19 pandemic on women, who predominate in the tourism and services industries, governments of the subregion are encouraged to expand opportunities for entrepreneurial and productive activities for women, girls and young people. These opportunities could be provided through training and access to markets and capital, and facilitated by preferential quotas in government procurement and contracting processes.

Given a greater emphasis on experiential learning, relevant authorities in the ministries of education, higher education commissions and individual post-secondary institutions in the Caribbean should ensure that internships are appropriately incorporated into school curricula and co-curricular activities, and facilitated through collaboration with the private sector to enhance students' learning experience, and that they contribute to a more skilled and productive work force.

Governments and providers of telecommunications services in the Caribbean should work collaboratively to provide essential and reliable ICT infrastructure and promote a broader embrace of digital governance. Consideration might also be given to effectively utilizing universal service funds to increase access to technology and promote productivity and participation in society.

The diaspora could also be leveraged to play a significant role in engineering a Caribbean knowledge economy and Caribbean governments are encouraged to create a conducive environment for the diaspora community to engage with their home countries. Inasmuch as migration is a norm in Caribbean societies, governments of the subregion must devise strategies that can turn the brain drain into a brain gain.

The drafting of national development plans which enjoy bipartisan and multi-stakeholder support will encourage national ownership and increase the prospects of success.

To achieve sustainable development, resilience-building approaches must be mainstreamed into each stage of the national planning cycle. Empirically-backed policy options rely on the important role of information systems in driving the climate mainstreaming agenda by providing evidence of the effects and impacts of climate change and improving the understanding of the differentiated human rights impacts of climate change on women and men, boys and girls, older persons, persons with disabilities, and poor, rural and remote communities.

The arrival of COVID-19 was sudden, and the Caribbean was not prepared to confront such a shock or its ripple effects. The efforts made so far have been heroic in the face of limited fiscal resources and mounting expectations. Careful planning will prepare the subregion for a post-COVID-19 world that will require nimble and innovative responses at all levels. Although many challenges have been identified here, opportunities also abound. These should be seized and pursued with a collective vision, focus and emphasis on shared priorities, so that the countries of the subregion can advance together in meeting the needs of all Caribbean people.

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Annex A1

Table A1.1
The Caribbean: human and social development indicators

	Demography			Human development			Poverty[a]					Unemployment					Employment-related social security[b]
	Population, 2017 *(total number of people)*			Human development index, 2018		GDP per capita, 2017 *(US dollars)*	Population below poverty line *(percentages)*				Population in multidimentional poverty *(percentages)*	Unemployment rate *(percentage of the labour force)*				Youth not in school or employment	Old-age pension recipients (2006-2016) *(percentages)*
Countries and territories	Women	Men	Total	Index	Ranking		National poverty line	Year	Indigence rate	Year		Women	Men	Total	Youth *(aged 15–24 years)*		
Anguilla			14 731			18 861	5.8	2009	0.0	2009				6.7			
Antigua and Barbuda	53 046	48 966	102 012	0.780	70	16 702	18.3	2006	3.7	2006		8.8	8.0	8.4			83.5
Aruba	55 282	49 982	105 264			25 655						7.8	8.6	7.7			
Bahamas	201 775	193 586	395 361	0.807	53	31 255	12.8	2013	-			13.4	16.1	14.6	25.7		84.2
Barbados	148 925	136 794	285 719	0.800	57	17 859	19.3	2010	9.1	2010	2.5	10.0	9.3	9.7	29.0		68.3
Belize	188 134	186 547	374 681	0.708	105	4 806	41.3	2009	15.8	2009	4.4	9.8	4.6	6.6	15.3	27.3	64.6
Bermuda			65 441			102 192						8.1	9.8	7.0			
British Virgin Islands			31 196			31 917	22.0	2002	<0.5	2002				2.9			
Cayman Islands			61 559			65 472	1.9	2007	-	2007		5.2	3.3	4.9			
Cuba	5 739 871	5 744 765	11 484 636	0.777	72	8 433						2.6	2.3	2.4	5.5		
Curaçao	87 234	73 780	16 1014			19 591						15.4	11.3	13.4	29.3		
Dominica			73 925	0.715	101	7 921	28.8	2009	3.1	2009		9.4	11.9	12.1			38.5
Dominican Republic	5 405 661	5 361 337	10 766 998	0.736	95	7 375	30.5	2014	1.6	2014	4.1	8.1	4.6	5.8	13.5	24.3	11.1
Grenada	53 677	54 148	107 825	0.772	75	10 360	37.7	2008	2.4	2008		21.8	10.6	23.6			34.0
Guadeloupe	215 076	184 772	399 848											22.9			
Guyana	385 182	392 677	777 859	0.654	124	4 710	36.1	2006	18.6	2006	3.4	15.3	9.9	12.0	21.6	35.2	100.0
Haiti	5 551 211	5 430 018	10 981 229	0.498	167	784	58.5	2012	23.5	2012	47.6	17.3	11.5	14.1	36.0	18.2	1.0
Jamaica	1 452 151	1 438 148	2 890 299	0.732	96	5 048	21.2	2015	6.9	2015	4.7	11.9	6.7	9.1	24.2		30.3
Martinique	202 380	173 293	375 673														
Montserrat			4 993			11 582	36.0	2009	3.0	2009				11.0			
Puerto Rico	1 733 032	1 604 145	3 337 177			28 451						9.7	13.8	10.9			
Saint Kitts and Nevis			55345	0.778	72	16 296						4.3	5.9	4.5			44.7

	Demography			Human development			Poverty[a]					Unemployment					Employment-related social security[b]
	Population, 2017 *(total number of people)*			Human development index,2018		GDP per capita, 2017 *(US dollars)*	Population below poverty line *(percentages)*				Population in multidimentional poverty *(percentages)*	Unemployment rate *(percentage of the labour force)*				Youth not in school or employment	Old-age pension recipients (2006-2016) *(percentages)*
Countries and territories	**Women**	**Men**	**Total**	**Index**	**Ranking**		**National poverty line**	**Year**	**Indigence rate**	**Year**		**Women**	**Men**	**Total**	**Youth** *(aged 15–24 years)*		
Saint Kitts							23.7	2008	1.4	2008							
Nevis							15.9	2008	0.0	2008							
Saint Lucia	91 293	87 551	178 844	0.747	91	9 607	28.8	2006	1.6	2006	1.9	23.5	19.4	20.2	45.0	3.3	26.5
Saint Vincent and the Grenadines	5 4480	55 417	109 897	0.723	99	7 271	30.2	2008	2.9	2008				18.3	39.6		76.6
Sint Maarten			41 109			27 116								6.2			
Suriname	280 664	282 738	563 402	0.720	100	5 746	51.3	2008			9.4	11.4	4.4	7.3	15.9		
Trinidad and Tobago	694 655	674 470	1 369 125	0.784	66	15 769	16.7	2005	1.2	2005	0.6	3.0	3.0	3.0	7.1	52.1	98.4
Turks and Caicos Islands			37 665			28 689	21.6	2012	0.0	2012				6.0			
United States Virgin Islands	56 137	51 131	107 268											12.1			

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and data from International Monetary Fund (IMF), United Nations Development Programme (UNDP), United Nations Statistics Division and World Bank.

[a] Data refer to the most recent year available during the period specified.

[b] Percentage of statutory pension age population.

The COVID-19 pandemic has exacerbated existing vulnerabilities and inequalities in Caribbean society, including with regard to access to information and communication technologies (ICTs) and education services, food insecurity, and the situation of women and girls given the significant increase in gender-based violence. It has also posed a considerable challenge to governments, already burdened by high levels of public debt and debt service payments, to provide support to struggling businesses and to the increasing numbers of unemployed, particularly those in the informal sector.

This edition of *The Caribbean Outlook* offers perspectives on how the subregion might address the challenges of response, recovery and resilience-building in the wake of the pandemic, including strategies to ensure that States' commitments under the 2030 Agenda for Sustainable Development and the SIDS Accelerated Modalities of Action (SAMOA) Pathway are fulfilled.

The fundamental challenge facing all Caribbean societies is primarily to protect citizens from the disease, support households and businesses and access the resources available domestically and internationally to do so, even as governments have limited fiscal space. At the same time, ongoing economic, social and environmental issues require a renewed effort to build resilience in the very different post-COVID-19 world.

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