

Sustainable Responses for a Post COVID-19 Economic Recovery

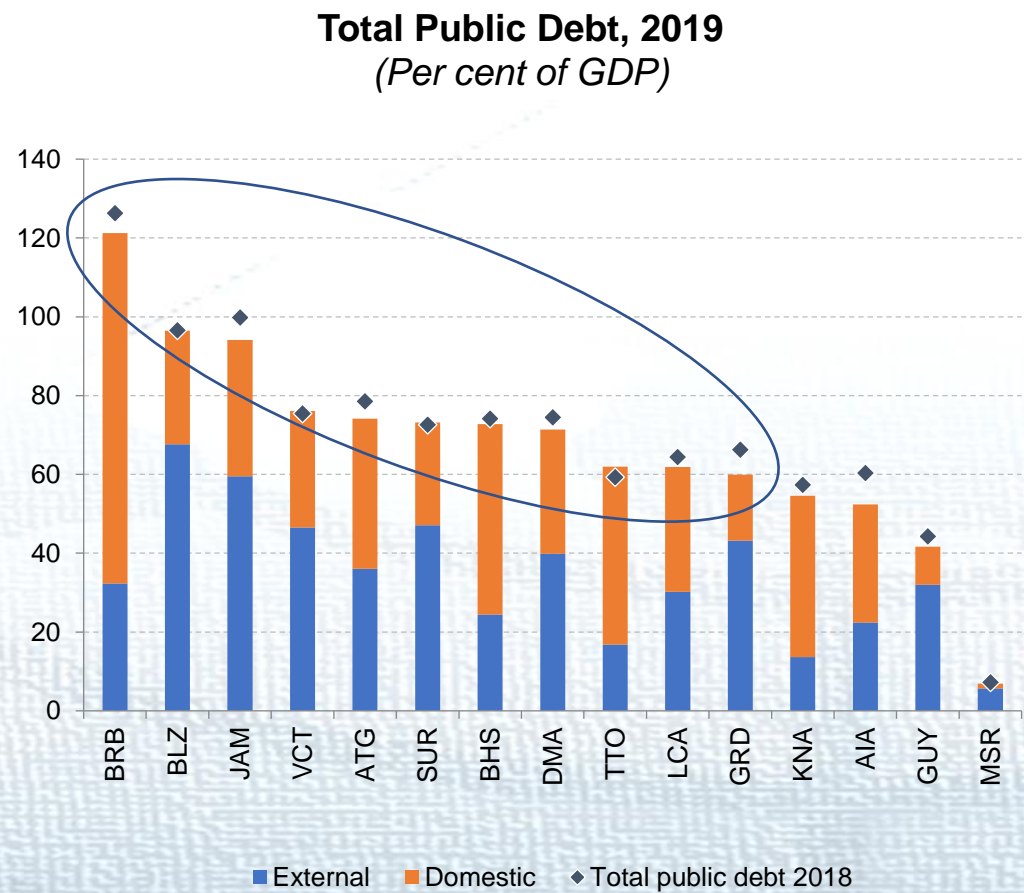
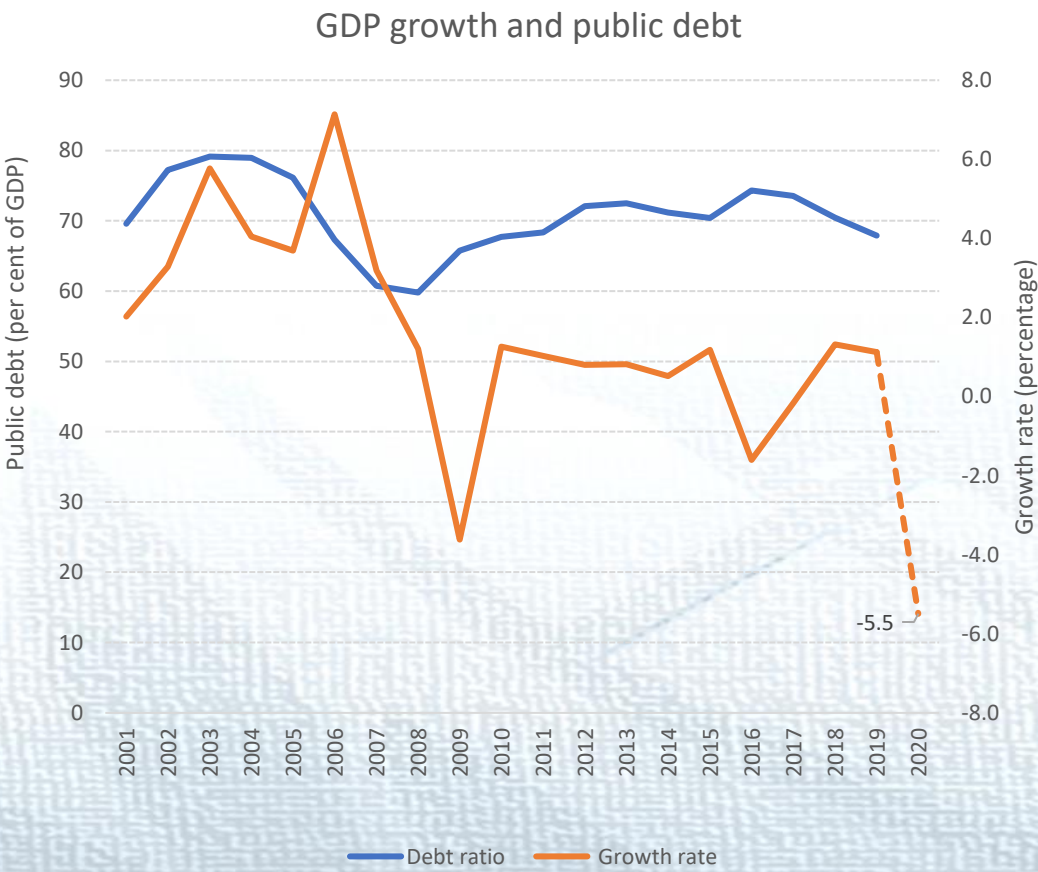
Online Meeting for Parliamentarians of the Americas and the Caribbean

Diane Quarless

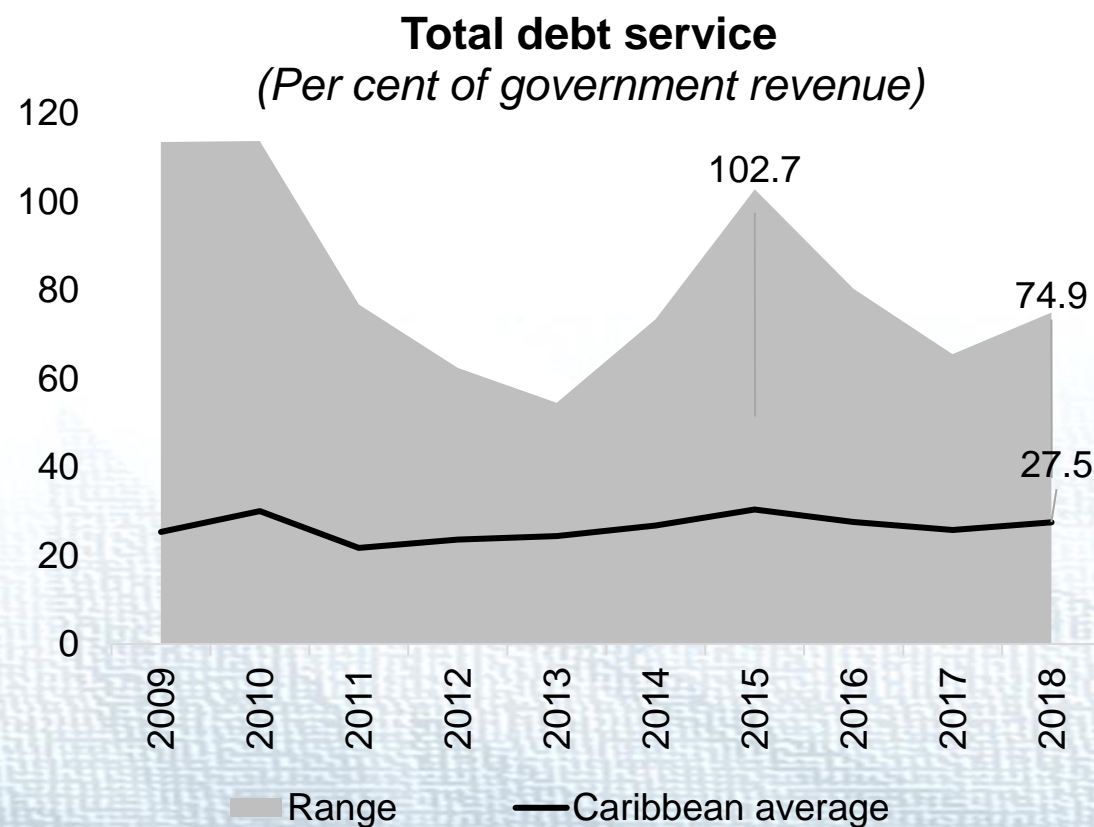
Director, ECLAC Subregional Headquarters for the Caribbean



The Caribbean is faced with high public debt and low growth



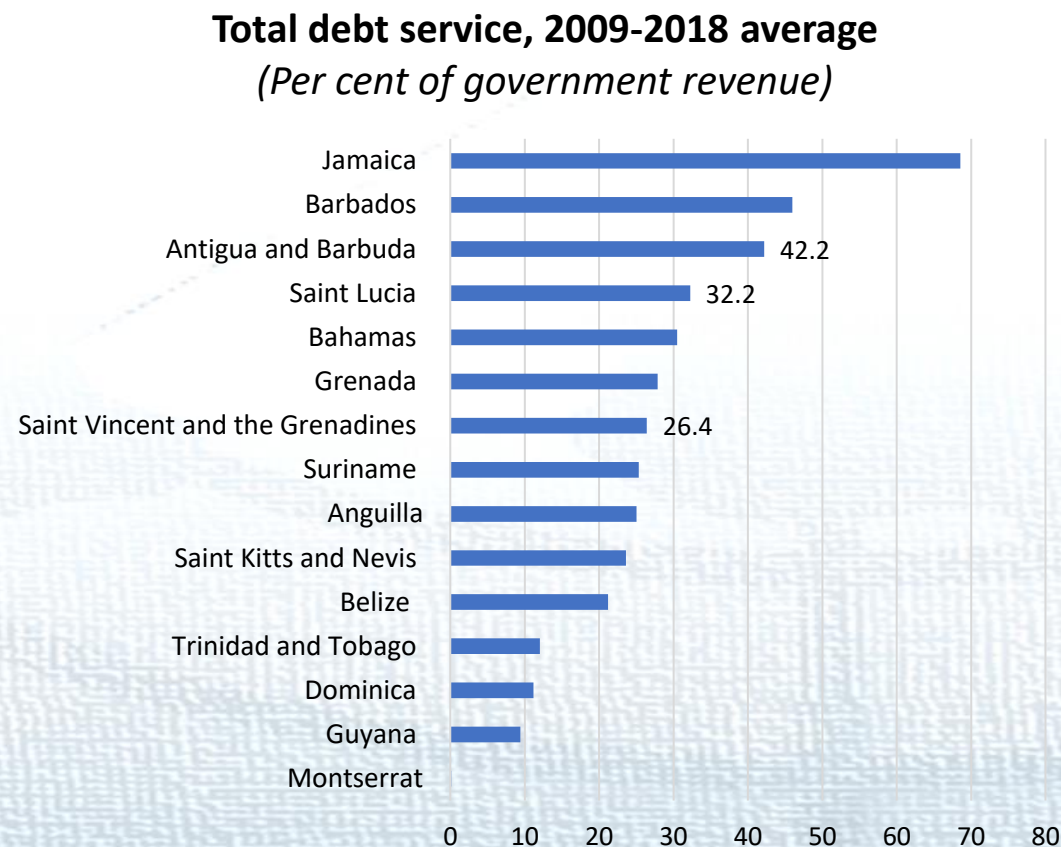
High debt service cost limits fiscal space



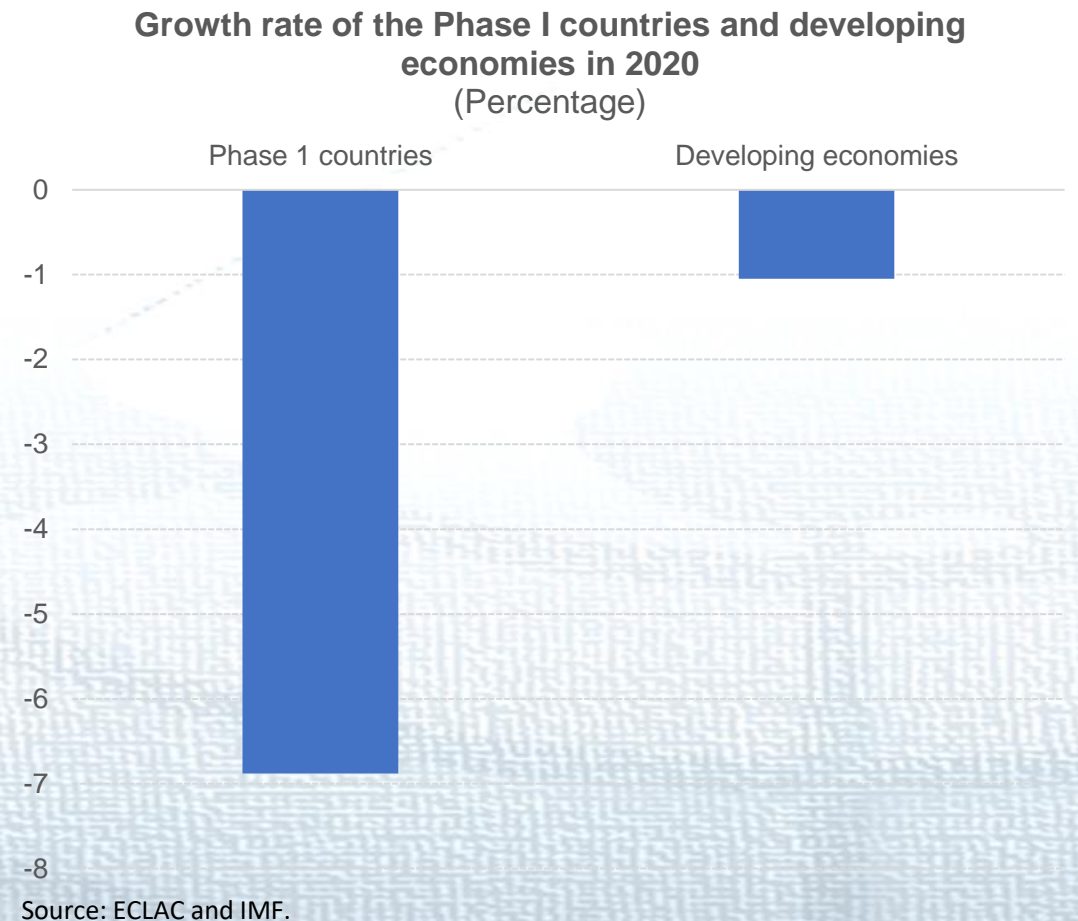
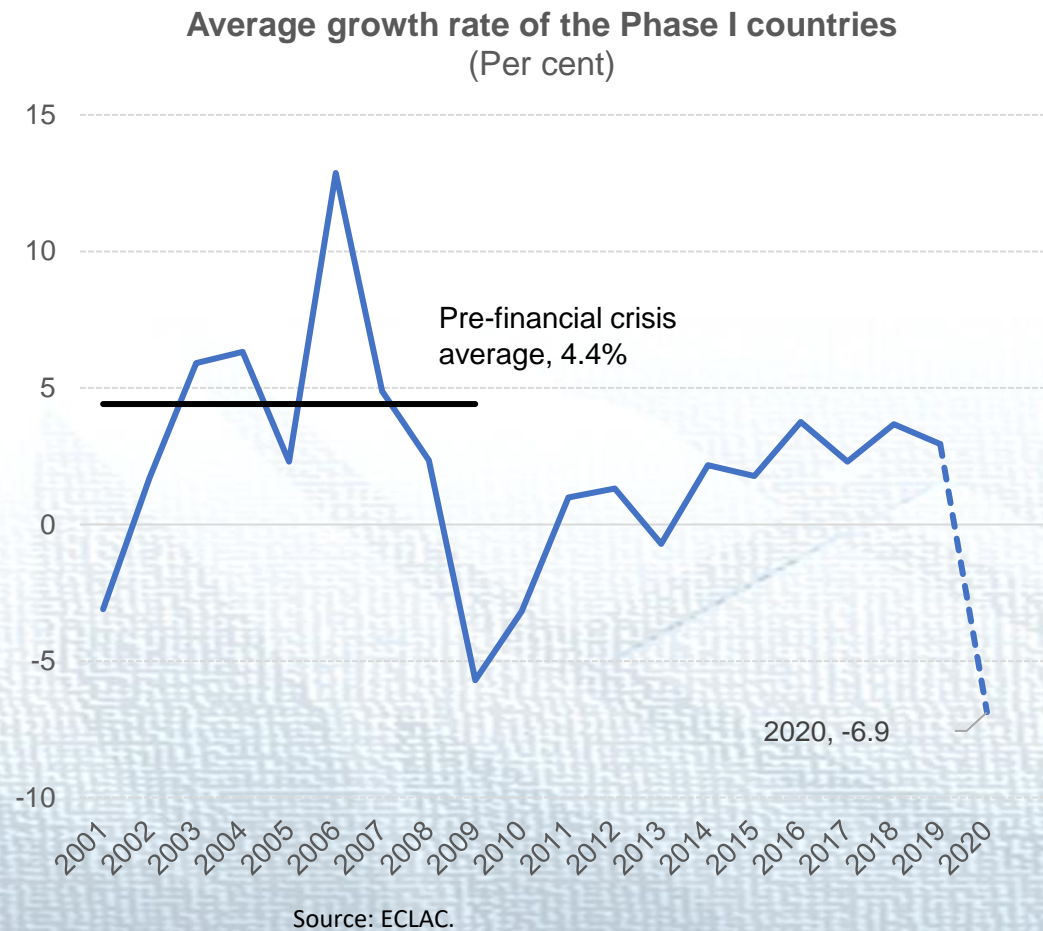
Notes: 1. This chart illustrates the wide range of debt burdens that Caribbean SIDS face.

2. The high end of the shaded area is maximum debt service ratio, and the low end is the minimum, which remains at or just above zero.

3. Bahamas data is unavailable for 2017 and 2018 and Barbados data is unavailable after 2015..

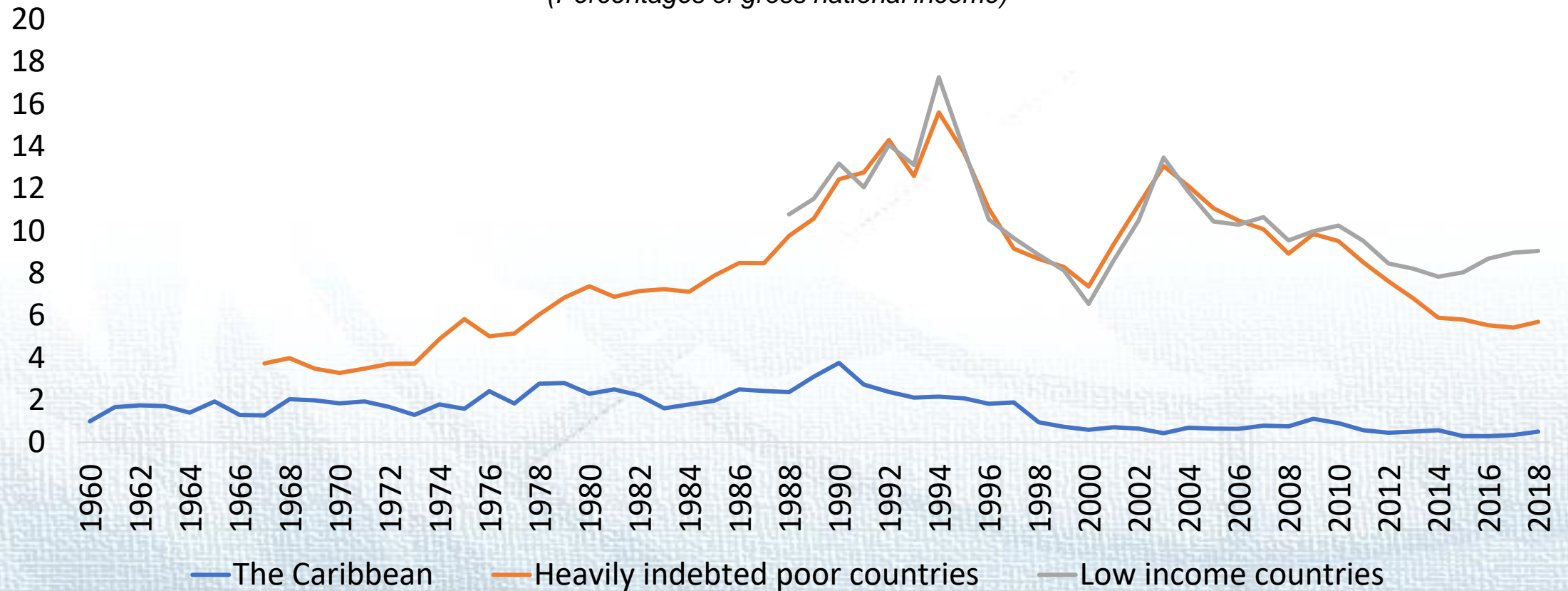


Projected Impact of COVID-19 on Growth in the Caribbean



Declining overseas development assistance

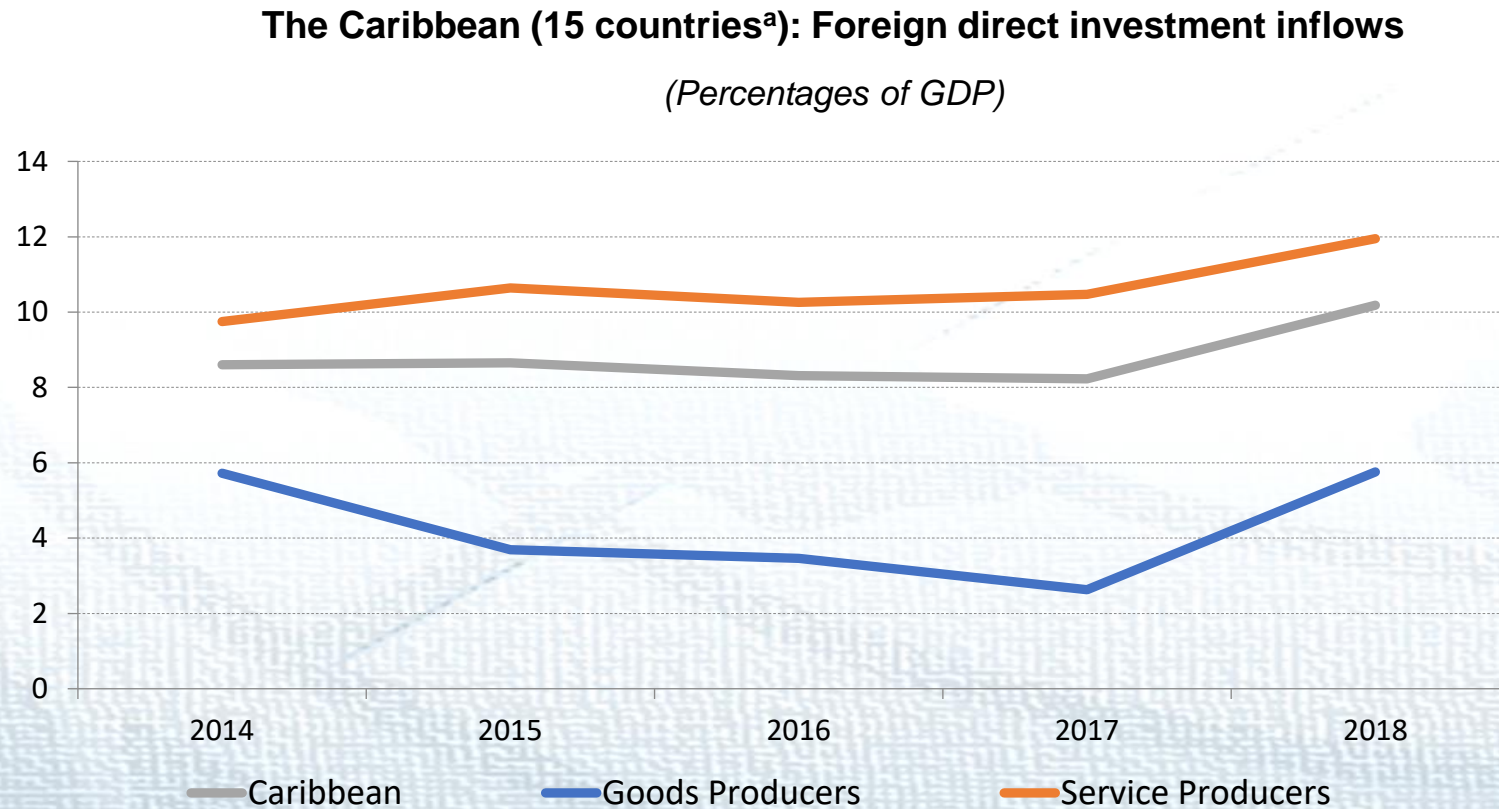
The Caribbean (13 countries): net official development assistance received, 1960–2018
(Percentages of gross national income)



Source: World Bank database.

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

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



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

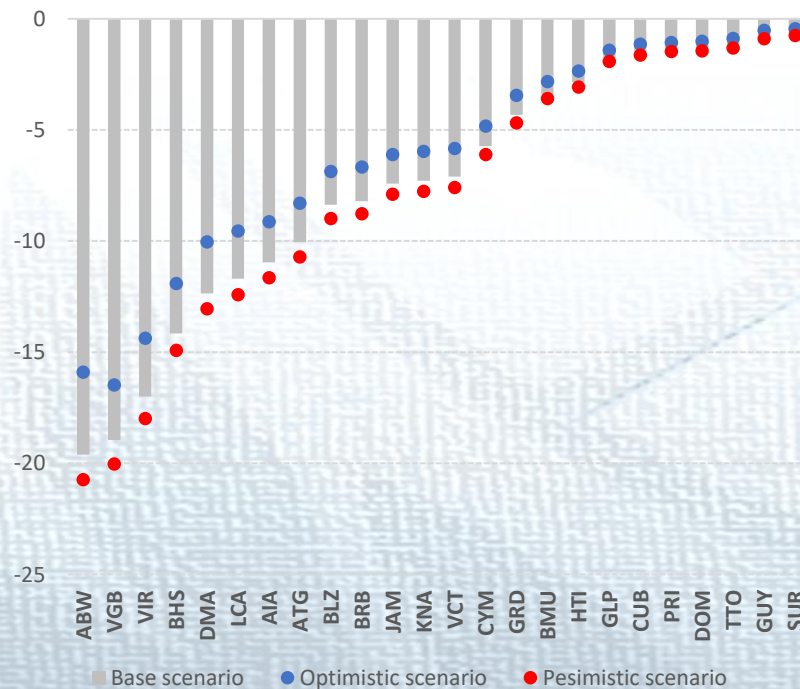
Note: : Data for 2018 excludes Barbados

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

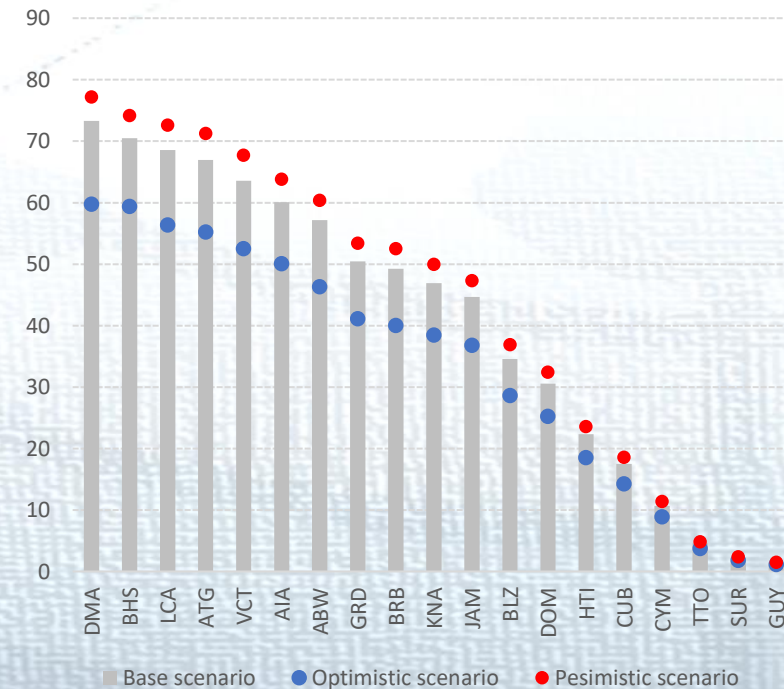
Tourism

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

Direct tourism impact on GDP growth,
2020
(Percentage)



Visitor expenditure losses
(Per cent of exports of goods and
services¹)



International transportation

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

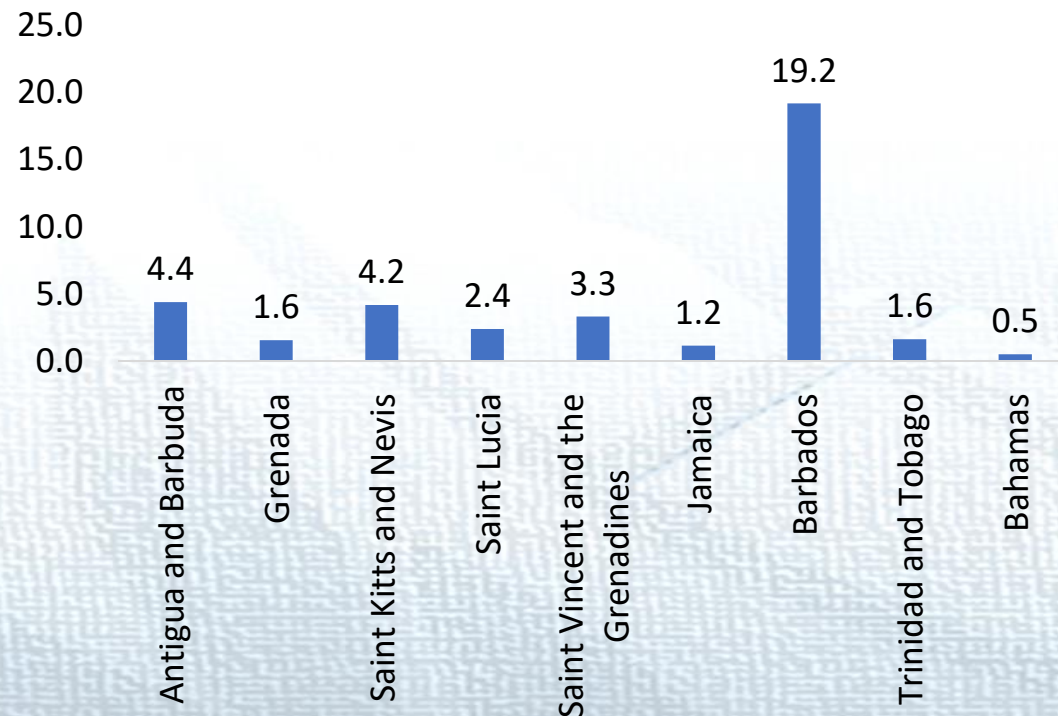


Global airline losses amounted to US\$252 billion of RPK's or 70% fall year on year. **For regional airlines, projected revenue losses were 92% if disruptions were to exceed 8 months of 2020.**



Fiscal interventions between 1% and 4% of GDP (except Barbados) to tackle the COVID-19 crisis

Size of fiscal packages
(per cent of GDP)



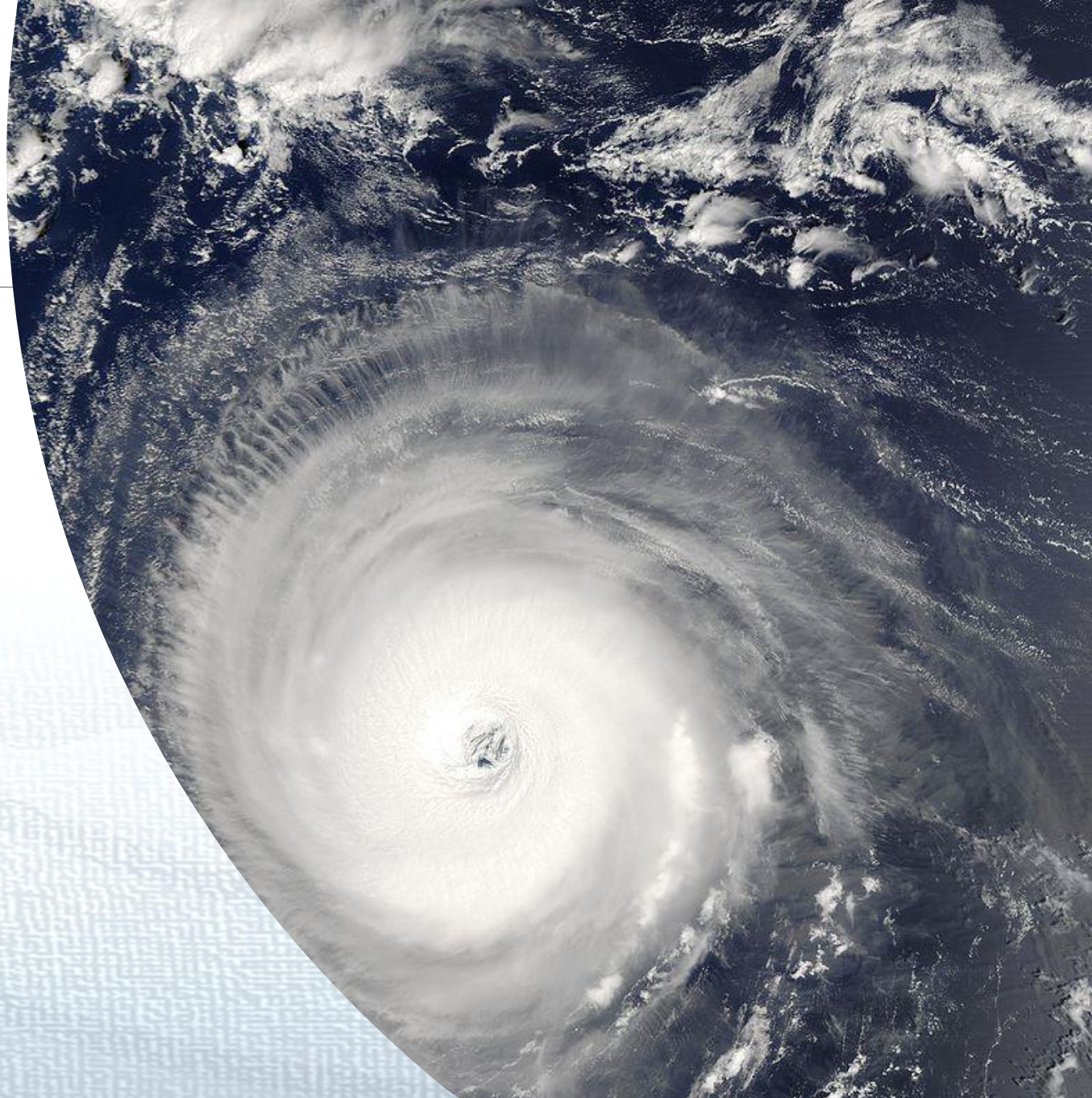
- **Limited fiscal packages focused on the following areas:**
 - Social security programs such as salary relief grants and food cards provided to children affected by school closure
 - Liquidity support for individuals and corporations, especially SMEs
 - Limited fiscal support for the tourism sector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

Disaster vulnerability

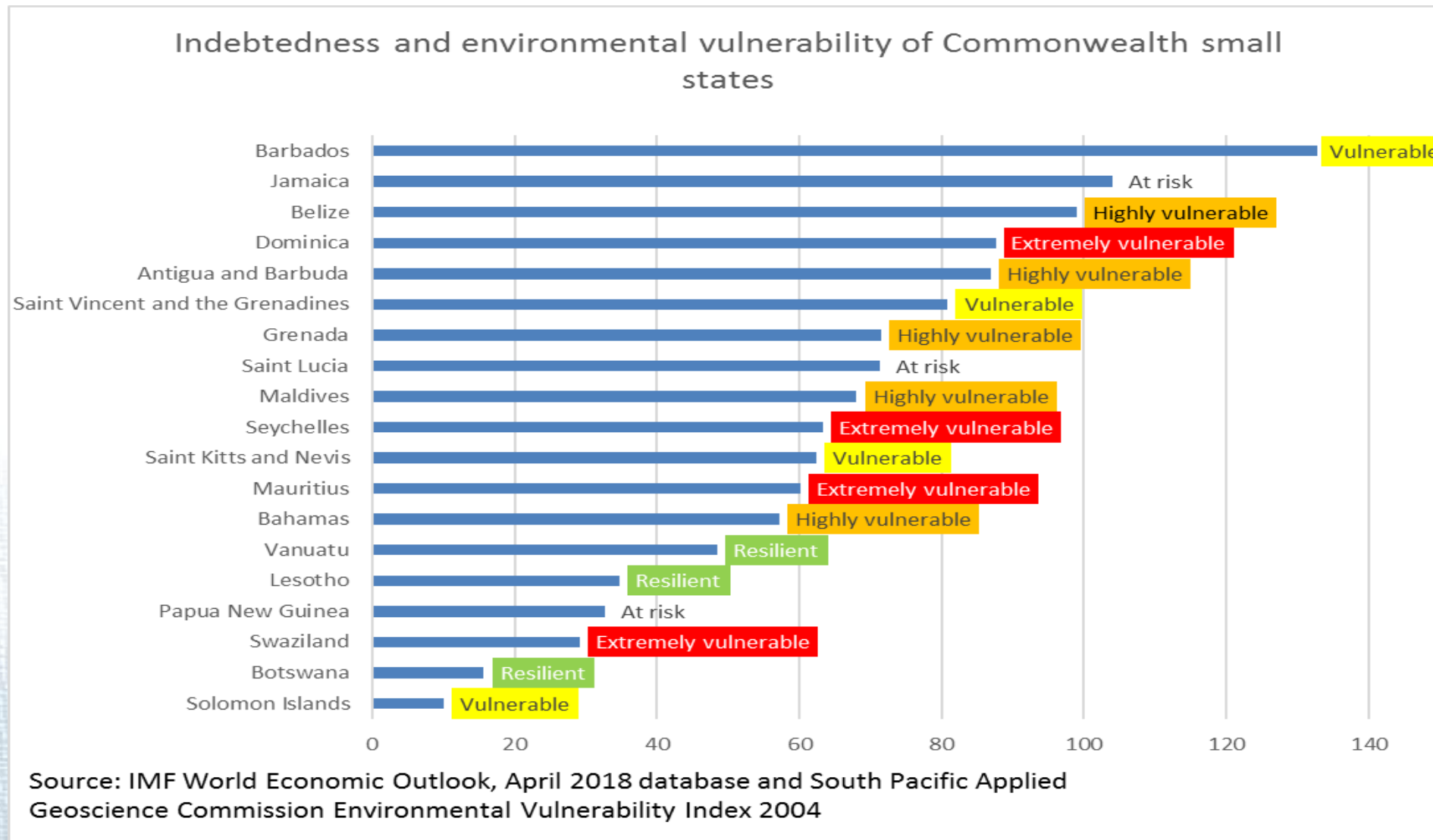
Over 60 per cent of the countries of Latin America and the Caribbean **present medium to very high risk** in the face of disasters.

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

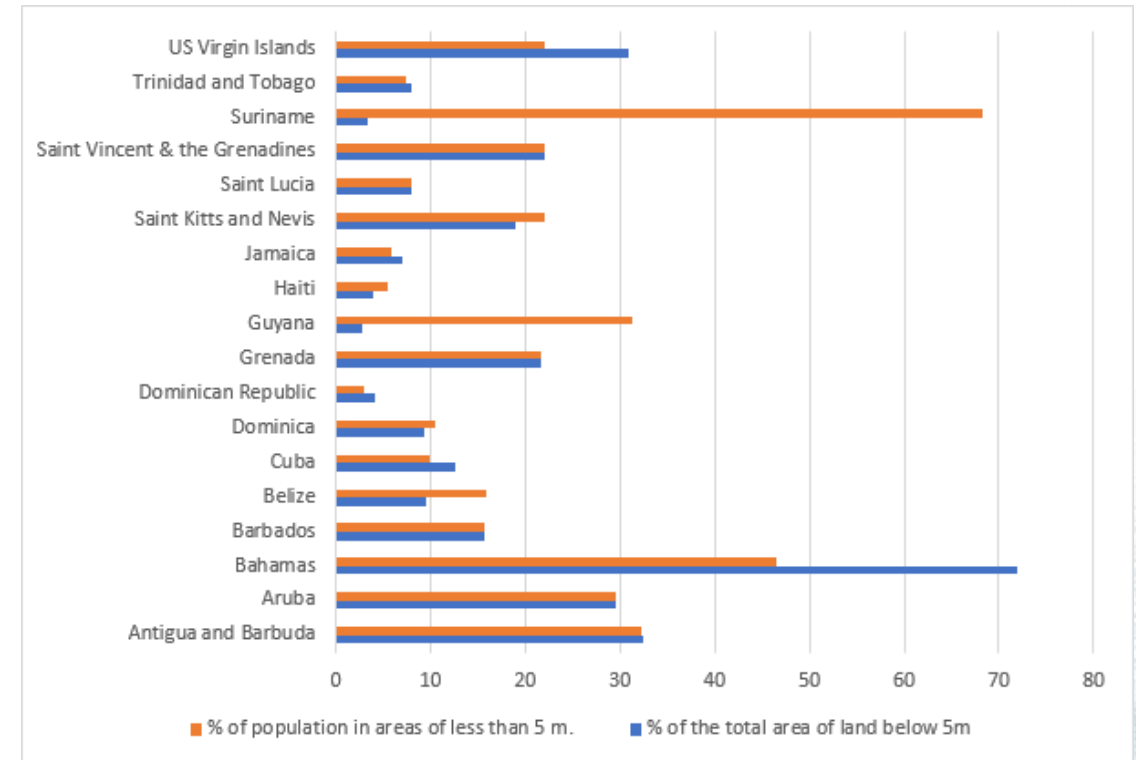
The effects of climate change in the region over recent years have resulted in events of increasing frequency and intensity.



Indebtedness and vulnerability



Concentration of population and infrastructure in low elevation coastal zones

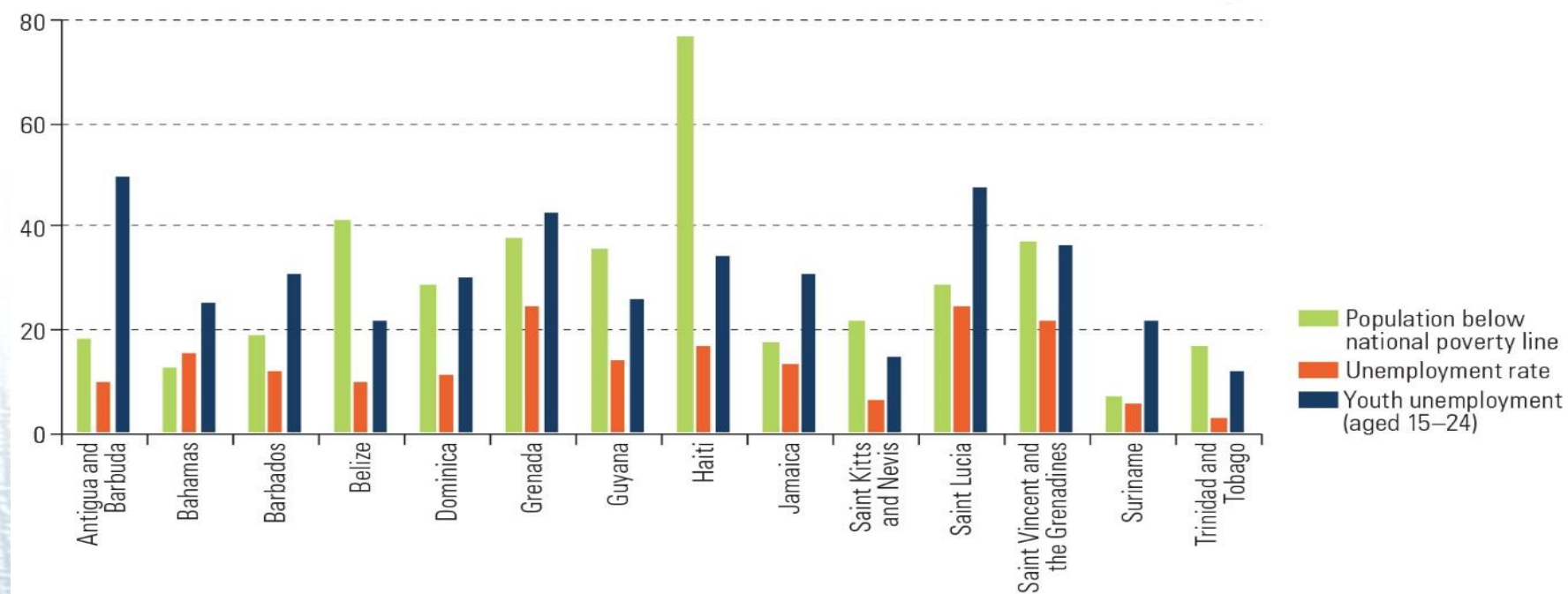


Factors impacting Poverty and Inequality in the Caribbean



Poverty and unemployment

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



Source: United Nations Development Programme (UNDP), Caribbean Human Development Report: Multidimensional progress: Human resilience beyond income, New York, 2016 and World Bank, "World Development Indicators" [online database] databank.worldbank.org/data/databases.aspx.

Employment and Social Protection



- COVID-19 has resulted in huge social costs in the form of fiscal stimulus for:
 - Payroll support (US\$ 343 million)
 - Grants to businesses (US\$ 167 million)
 - Unemployment benefits (US\$ 434 million)
 - Public assistance for those in the informal sector (US\$ 151 million)
 - Other forms of relief e.g. on utility bills (US\$ 124 million)
- The cost of the employment and social protection measures which governments have announced thus far are estimated at **US\$ 1.2 billion**

Education



Different socio-economic impacts reflect underlying inequalities and threaten the right to education

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

Socioeconomic impacts on the Education sector

- Interruption in classes
- Cancellation of assessments and examinations
- Gaps in childcare and family pressures in allocating time for housework and paid work
- Increased incidence of family violence
- Indirect impacts on nutrition
- Unintended strain on health-care systems
- Potential increase in dropout rates
- Inequalities resulting from:
 - Lack of parental skills to adjust to distance and homeschooling
 - Lack of access to technology
 - Unequal access to internet connectivity, and
 - Homeschooling in shared spaces with other family members in small housing units

Estimated cost

- Est. US 119 million (26 countries)
- Est. USD 54 million (4 countries)

- Multidimensional **inequalities** reflect discrimination and impact on children's rights
- In a context of confinement and increased pressures on families, **risks of violence** towards women and children increases
- Poorest children and adolescents: **potential increase in dropout rates and child labour growth**

COVID-19 Geoportal

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

1. Movement restrictions
2. Health
3. Economy
4. Labour
5. Social protection
6. Education
7. Gender



COVID-19 Observatory
in Latin America and the Caribbean
Economic and social impact



Fundamentals of Governance for Parliamentarians

Ownership, Participation, Accountability



**Monitoring, Measurement,
Assessment**



**Planning, Budgeting,
Legislation**



Challenges deserving the attention of Parliamentarians



Employment and Social Protection

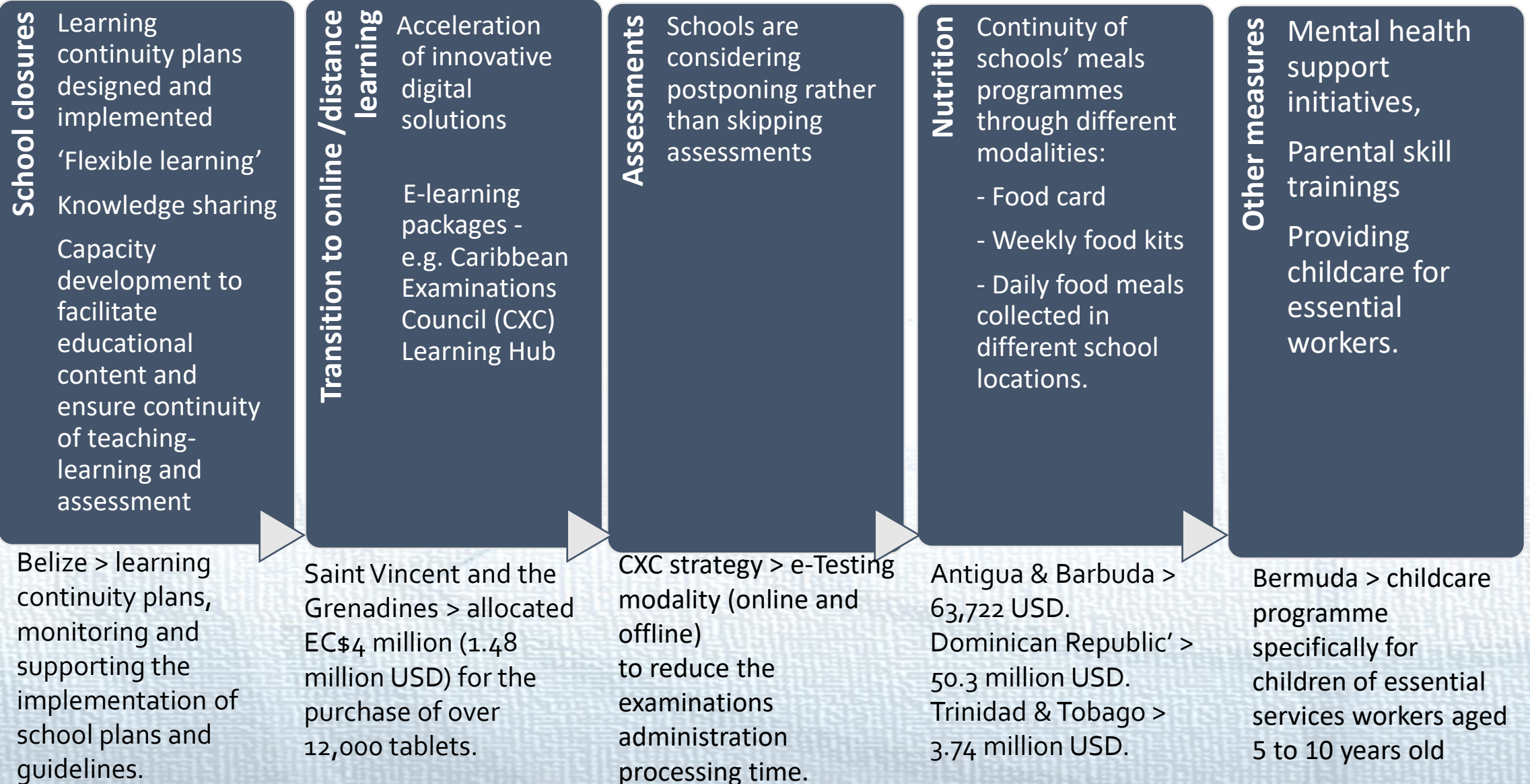


- **Provide payroll support** to cover an agreed proportion of salaries, with special protection for the lowest paid.
- **Provide unemployment benefits** for those who have lost their jobs (or **sickness benefits** to those who are ill with Covid-19 or in self-isolation).
- **Prevent evictions and repossessions** for those unable to meet rent or mortgage repayments due to loss of income, by enabling deferment of payments and considering how tenants can be helped to meet their housing costs.
- **Reduce pressure on household budgets** through measures such as price controls, tax credits and relief on utility bills.
- **Adapt benefit application and delivery processes** so that they are appropriate in cases of lockdown, quarantine, self-isolation or social distancing.
- **In the long term:**
 - Address the deficiencies which COVID-19 has exposed in Caribbean social protection systems by implementing measures to **formalize the informal sector** and providing permanent **unemployment insurance**.

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

- **Governments introduced several mitigating measures to stem the impact on incomes and employment in the short-term:**
 - Stimulus packages for liquidity support, financial relief and minimizing income and job loss. Some tourism small businesses have benefitted.
- **Emergency response and mitigation measures beneficial to the tourism workers and businesses include:**
 - Supplementary income support to tourism workers
 - Easing of financial obligations through loans and national insurance deferrals
 - Cash flow support through banks and credit unions, and suspension of tariffs and value-added taxes.
- **At the regional level, efforts are being made to establish a common border re-opening protocol and to develop a collective approach to accessing international financing.**

Education



The way forward

Strengthens
statistical
infrastructure
and data
collection
capacity to
support
Evidence Based
Decision
making

Pursue
innovative
access to
finance;
Invest in social
protection;
Expand
insurance
schemes

Invest in
national
development
planning;
establish or
strengthen
national
institutions for
sustainable
development

**Expand Health
infrastructure;
invest in
youth and
skills
development;
Reorient risk
strategy in
national;
planning**

Strengthen
partnership
with the
private
sector, global
partners;
invest in
technology

Enhance
resilience
through
investment in
mitigation and
adaptation;
physical
planning;
building code
inspection

COVID-19 special and thematic reports



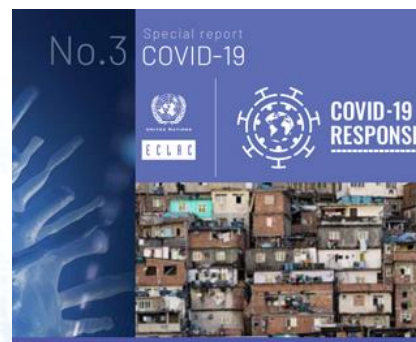
COVID-19 Observatory
in Latin America and the Caribbean
Economic and social impact



Latin America and the Caribbean and the COVID-19 pandemic
Economic and social effects



Measuring the impact of COVID-19 with a view to reactivation



The social challenge in times of COVID-19



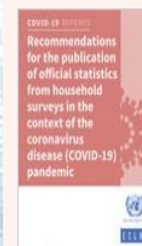
MAY 2020 | FAO

Analysis and responses of Latin America and the Caribbean to the effects of COVID-19 on food systems N° 2



APRIL 2020 | NU. CEPAL

Persons with disabilities and coronavirus disease (COVID-19) in Latin America and the Caribbean: status and guidelines



APRIL 2020 | NU. CEPAL

Recommendations for the publication of official statistics from household surveys in the context of the coronavirus disease (COVID-19) pandemic



MAY 2020 | NU. CEPAL

Restrictions on the export of medical products hamper efforts to contain coronavirus disease (COVID-19) in Latin America and the Caribbean



APRIL 2020 | NU. CEPAL

Producing the consumer price index (CPI) and the COVID-19 pandemic in Latin America and the Caribbean



APRIL 2020 | NU. CEPAL

Las oportunidades de la digitalización en América Latina frente al COVID-19

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

Thank You