

### Summary

Medium-term economic stimulus packages and longer-term investments for COVID-19 recovery present strategic opportunities to 'rethink' and 'reimagine' Caribbean development so that we 'build back better' and prioritise attention to delivery of the Sustainable Development Goals (SDGs) and transformation to more environmentally sustainable, inclusive, just and resilient economic development. But to what extent is this thinking being adopted in the Caribbean? How can we assess whether Caribbean COVID-19 recovery initiatives really support the transformation needed? What does transformation mean in the Caribbean context? This brief presents an analytical framework developed by CANARI focused around four principles, with 18 indicators, to guide assessment of what is taking place in Caribbean COVID-19 recovery. This framework can guide assessments to inform Caribbean dialogue reflecting on these questions, and engaging Caribbean society in charting a way forward.

### Policy messages

- **Medium-term economic stimulus packages and longer-term investments for COVID-19 recovery present strategic opportunities to 'rethink' and 'reimagine' Caribbean development.**
- **Caribbean COVID-19 recovery initiatives need to deliver on four principles: (1) transforming economic governance; (2) supporting fairness, inclusion and justice in economic development; (3) supporting environmental sustainability while recognising and managing trade-offs; and (4) enabling a low-carbon transition and building resilience to address multiple risks.**
- **Sharing of information on assessments of public sector initiatives needs to be the basis of open, inclusive dialogue processes for Caribbean people to have a meaningful voice in the development pathways that they want.**

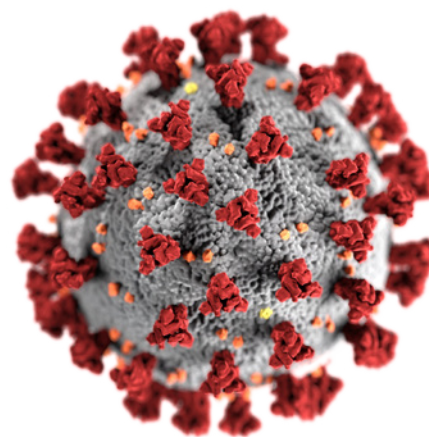


Photo by the Center for Disease Control (CDC)

### Introduction

The COVID-19 pandemic had a severe impact on Caribbean economies and livelihoods (see Box 1).

Similar impacts were being felt globally, and since early in 2020, the idea that COVID-19 stimulus packages provide opportunities to 'rethink' and 'reimagine' development so that we 'build back better' emerged. This was focused on addressing the inter-twined global crises of climate change, biodiversity collapse and socio-economic inequities and injustices. Specific areas such as low carbon or green development, and support for the poor and marginalised groups (such as women) were under the spotlight for the 'transition'.

### Box 1: Selected economic impacts of COVID-19 in the Caribbean

**Gross Domestic Product (GDP):** Regional GDP declined by 7.2% in 2020 following five years of average growth of 2.2%. Guyana was the only country in the region that recorded growth of 43.5% in 2020, which was due to oil production (Caribbean Development Bank, 2020). A major factor was the decline in the contribution of the travel and tourism sector to GDP by 58% in 2020 with a decline in employment of 700,000 persons within the sector (World Travel and Tourism Council, 2021).

**Employment:** Pre-COVID, 50-70% of the tourism workforce comprised of women; women in general faced greater social, economic and physical insecurity than men and were more likely to experience job losses due to the pandemic (Padmore, 2021). Average unemployment rates from eight Caribbean countries increased 2.3% from 2019 to 2020 (Padmore, 2021). The Eastern Caribbean region estimated a 27% decline in formal sector employment (Byron et al., 2021).

**Debt:** Regionally, average public sector debt increased from 66.4% of GDP in 2019 to 84.4% of GDP in 2020 (Caribbean Development Bank, 2021).

But what are the specific issues for this transition in the Caribbean Small Island Developing State (SIDS) context? The Caribbean Natural Resources Institute (CANARI) developed an analytical framework with four principles and 18 indicators reflecting priorities in the Caribbean context, which can be used to assess COVID-19 recovery initiatives which are part of medium-term economic stimulus packages, as well as longer-term economic transformation.

### Caribbean transition context

The Caribbean faces specific development challenges which have been aggravated by the impact of the COVID-19 pandemic and will need to be addressed in recovery and transition (Organisation for Economic Cooperation and Development et al., 2021). These challenges include slow economic development driven by largely natural resource dependent economies (based on tourism, agriculture, fishing, mining, etc.) with limited economic diversification and a high degree of openness making them vulnerable to external shocks including from trade, climate change and natural disasters (Ram et al., 2018). Economies are dominated by the influence of foreign businesses and associated



Rethinking development means transforming national accounting systems to include the value of natural ecosystems. Credit Natalie Boodram

capital outflows, even while there are significant barriers to investment, competitiveness and ease of doing business (Ram et al., 2018). The micro, small and medium enterprise sector is extremely important, with a large informal sector which is not documented (Caribbean Development Bank, 2016). There is rising income inequality and countries are also facing high debt burdens and low tax revenues (OECD et al., 2021).

Longstanding issues include widespread and growing degradation of ecosystems and environmental quality due to pollution and waste, unsustainable extraction, invasive species and inappropriate physical development. The environmental impacts of actions are felt beyond national boundaries, especially across the Caribbean Sea linking all countries and territories (United Nations Environment Programme- Caribbean Environment Programme, 2020). There are multiple competing uses for limited land and sea resources and the value of natural capital and biodiversity is not yet widely mainstreamed in economic decision making (Carvajal, 2016). Low adaptive capacity and high exposure to climate and natural disaster risks makes this region highly vulnerable (Mycoo et al., 2022).

Food, water and energy insecurity are critical issues (Winters et al., 2022). Socio-economic inequities drive crime and violence across the region (Schargrodsky et al., 2021), with other social issues including gender-based violence (Sayed et al., 2020) and very high prevalence of non-communicable diseases (Alleyne, 2018).

## Developing a framework

CANARI developed an analytical framework to assess COVID-19 recovery responses in the Caribbean, aiming to capture these key development and transition issues, but building on and inspired by existing frameworks (see Box 2).

### Box 2: Selected sources on analytical frameworks for COVID-19 recovery

International Institute for Environment and Development's Framework for Transformative Urban COVID-19 Recovery: <https://www.iied.org/framework-for-transformative-urban-recovery>

World Benchmarking Alliance's Just Transition Methodology: <https://www.worldbenchmarkingalliance.org/just-transition/>

World Bank's Annual Report 2021: <https://www.worldbank.org/en/about/annual-report>

Green Economy Coalition's Green Economy Tracker: <https://greeneconomytracker.org/policies/green-covid-19-recovery>

Green COVID-19 Recovery Tracker: <https://greeneconomytracker.org/policies/green-covid-19-recovery>

SEED's Green Recovery Framework: <https://seed.uno/articles/reports/eco-inclusive-enterprises-driving-green-recovery-pathways>

Partners for Inclusive Green Economies' priorities for inclusive green economies: <https://www.greeneconomycoalition.org/assets/reports/GEC-Reports/Principles-priorities-pathways-inclusive-green-economies-web.pdf>

Partners for Inclusive Green Economies' ten priorities for a just, green and transformative recovery: <https://www.greeneconomycoalition.org/assets/reports/GEC-Reports/PIGE-COVID-10PriorityOptionsforaJustGreenTransformativeRecovery.pdf>



Small scale fisheries are important for food security and livelihoods for coastal communities. Credit CANARI

CANARI's analytical framework is focused around four broad principles:

1. Transforming economic governance
2. Supporting environmental sustainability while recognising and managing trade-offs
3. Supporting fairness, inclusion and justice in economic development
4. Enabling a low-carbon transition and building resilience to address multiple risks

The framework identifies 18 indicators under these four principles (see Figure 1) that can be used to assess COVID-19 recovery initiatives which are part of medium-term economic stimulus packages, as well as longer-term economic transformation. It does not cover initial rescue or relief measures.



Caribbean coral reefs are at grave risk from pollution and climate change. Credit Owen Day





Caribbean economies heavily dependent on tourism were devastated by the COVID-19 pandemic. Credit Aditi Thanoo

Figure 1: CANARI's four principles and 18 indicators for 'building back better' from COVID-19 in the Caribbean

#### Transformed economic governance

1. Mechanisms are put in place for participatory, bottom-up and decentralised economic decision-making and monitoring, including development and monitoring of COVID-19 recovery plans and national development plans
2. Mechanisms are put in place for cross-sectoral collaboration and partnerships at the national level to mobilise knowledge and resources for recovery actions
3. Mechanisms are put in place for Caribbean cooperation (e.g., on intra-regional trade and investment, knowledge sharing) and joint actions to support a just and sustainable transition
4. Transition to green, inclusive and resilient economic development supported by financing and fiscal mechanisms (e.g., green public procurement, green trade, green investment, public expenditure reviews, tax reform, decentralised funding, debt for nature/climate swaps and other innovating financing instruments)
5. Digitisation and technological innovation used to support recovery
6. Development and use of comprehensive wealth accounting systems (incorporating human, social, natural and financial/physical capitals)

#### Environmental sustainability

7. Enhanced efficiency in use of water, land and materials, and management of pollution and waste to protect environmental quality
8. Nature-based solutions used to deliver development and climate benefits through restoration, protection and/or sustainable use of natural ecosystems and biodiversity
9. Environmental sustainability concerns mainstreamed in key economic sectors
10. Ecosystem-based approaches used to manage multiple uses of ecological systems at the landscape/seascape/transboundary level

#### Inclusion

11. Support for development and strengthening of local small and micro-enterprises (SMEs), including in the use of environmentally sustainable practices and access to basic services and resources
12. Support for development and expansion of livelihoods and reskilling strategies to engage in new and growing green economic sectors, with a focus on the income poor and informal workers for a just transition
13. Strengthened social protection systems to support informal workers and other at-risk groups, using a gender sensitive approach
14. Redesign of education, health and social development systems supports inclusion, equity, wellness and well-being of citizens

#### Resilience

15. Development of and/or enhanced access to renewable energy and energy-efficient technologies for carbon reduction/ climate mitigation
16. Development of and/or enhanced access to climate resilient infrastructure (including via the use of building and transport standards) to support basic services, livelihoods and the wider economy
17. Measures taken to adapt and build resilience of communities and economic sectors to climate change and natural disasters, with a focus on the most vulnerable groups and SMEs
18. Measures taken to protect citizens from environmental, health and economic disasters are reaching all sectors of society including the most vulnerable



Enhancing efficiency in use of water and management of waste is part of the transition. Credit New Fire Festival



Technological innovations in agriculture are important for food security and environmental sustainability. Credit CANARI

## Conclusion

CANARI will apply this analytical framework to assess public sector COVID-19 recovery initiatives in the Caribbean and facilitate and stimulate dialogues on the findings. Informed, open and inclusive discussion and debate are critical for Caribbean people to have a meaningful voice and to achieve a transition to more environmentally sustainable, inclusive, just and resilient economic development.



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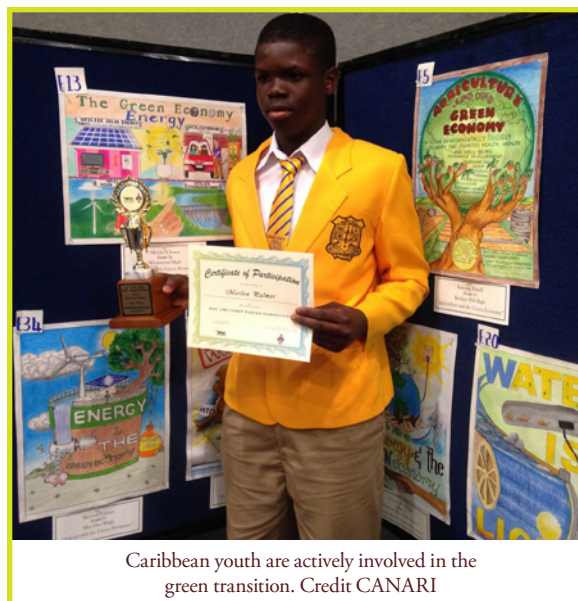
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Caribbean youth are actively involved in the green transition. Credit CANARI

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## Caribbean Natural Resources Institute

The Caribbean Natural Resources Institute (CANARI) is a regional technical institute which has been working in the islands of the Caribbean for over 30 years. Our mission is to promote and facilitate stakeholder participation in the stewardship of natural resources in the Caribbean.

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