



A Summary of Caribbean Economies' Policy Responses to the Covid-19 Pandemic

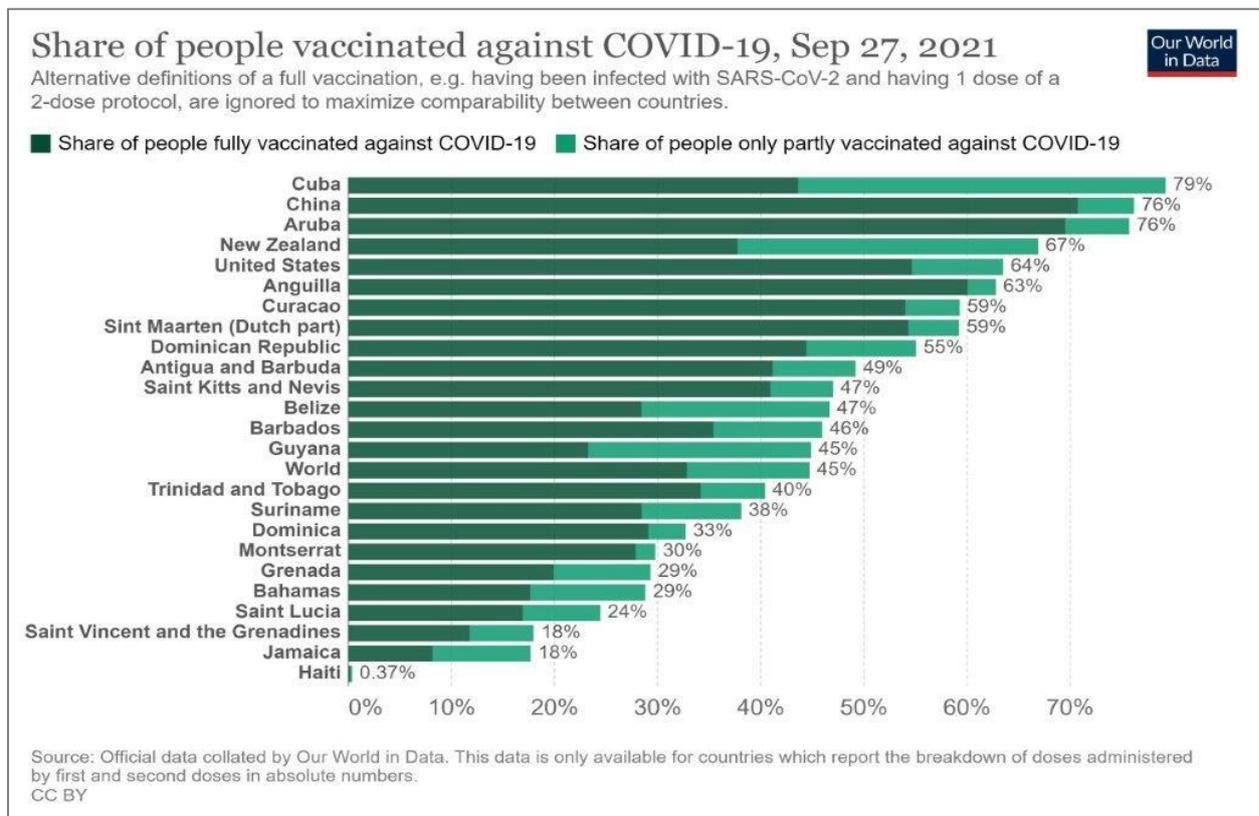
By
Julia Jhinkoo-Ramdass
September 2021

A Summary of Caribbean Economies' Policy Responses to the COVID-19 Pandemic – September 2021 Update

By Julia Jhinkoo-Ramdass¹

The COVID-19 pandemic continues to depress the economies of developing and emerging economies, many of which were already in a fragile economic state pre-COVID-19. The Caribbean region is struggling to recover from pandemic-induced shocks – negative growth, increased poverty, high unemployment and debt. Short cycles in the waves of high infection have led to false starts in efforts towards economic recovery. Caribbean economies' prospects for recovery in 2021 remain highly uncertain as the numbers of COVID-19 cases and deaths continue to rise. Although there have been improvements in the access to vaccines (Figure 1 and Appendix I), Caribbean populations are plagued by mistrust of vaccines, thanks to conspiracy theories circulating on social media regarding efficacy and effectiveness, and in some cases to religious issues.

Figure 1: Share of people vaccinated against COVID-19, September 27, 2021



In addition to the vaccinations and the access to the vaccine, the economic recovery for the Caribbean economies also hinges on their inherent resources and governance.

¹ Julia Jhinkoo-Ramdass is an economist currently working with the Caribbean Economic Research Team.

For all economies, the cost of the COVID-19 pandemic is still rising; many governments which have been funding expenses for health care, social welfare grants, fiscal support to small and medium businesses and unemployment relief grants since April/May 2021, now face the added cost of vaccines and hosting vaccination drives.

The road to recovery from the COVID-19 pandemic depends on each country's inherent resources and governance. Every economy suffered from the pandemic shocks – lockdowns, border closures and travel bans, trade losses and financial market volatility; however, not every economy will recover in the same manner. In the Caribbean region the pandemic-induced shocks pose an unprecedented challenge to development, resulting in negative growth, increased levels of poverty, high unemployment and rising debt. The outlook remains highly uncertain, with an increasing number of COVID-19 cases and deaths this year, and limited access to vaccines (Appendix II and III). Borrowing was the main source of funding for fiscal deficits, resulting in extremely high debt levels for all economies, Table 1.

COUNTRY	2020 TOTAL DEBT (% OF GDP)	INTERNATIONAL LOANS SECURED FOR COVID-19 RELIEF			
		Date	Source of Loan	Value of Loan	
The Bahamas	83.8	June 2020	IMF	US\$250 million	
		September 2020	CDB	US \$40 million	
		May 2021	WB	US \$100 million	
		June 2021	IDB	US \$ 140 million	
Barbados	143.6	June 2020	IMF	US \$91 million	
		July 2020	CAF	US \$100 million	
		October 2020	IMF	US \$94 million	
		November 2020	IDB	US \$30 million	
		November 2020	IDB	US \$120 million	
		December 2020	CDB	US \$62,000	
		June 2021	EU	US \$60 million	
		June 2021	WB	US \$100 million	
Belize*	117.1	May 2020	CDB	US \$15 million	
		June 2020	IDB	US \$18.2 million	
		July 2020	WB	US \$12.4 million	
			OFID	US \$10 million	
		August 2020	WB	US \$8 million	
December 2020	CDB	US \$ 12,000			
Eastern Caribbean Currency Union	Organisation of Eastern Caribbean States	-	November 2020	CBD/IDB	US \$50 million
	Anguilla	63.1	September 2021	CDB	US \$7.5 million
	Antigua and Barbuda	93.6	May 2020	CDB	US \$13 million
			September 2021	CDB	US \$ 25 million
	Dominica	83.1	April 2020	IMF	US \$14 million
				WB	US\$6.6 million
			May 2020	CDB	US \$2.5 million
August 2020			WB	US \$ 5.2 million	
December 2020			CDB	US \$ 20 million	
March 2021	WB	US \$25 million			

Table 1 continued: Caribbean Economies Debt Ratios 2020 and 2021 estimates and International Loans for COVID-19 relief efforts (September 2021)

COUNTRY		2020 TOTAL DEBT (% OF GDP)	INTERNATIONAL LOANS SECURED FOR COVID-19 RELIEF		
			Date	Source of Loan	Value of Loan
Eastern Caribbean Currency Union	Grenada	69.8	April 2020	IMF	US \$22.4 million
			May 2020	CDB	US \$5.9 million
			June 2020	WB	US \$2.5 million
			December 2020	WB	US \$ 25 million
	Montserrat		No International Loans taken		
	St. Lucia	89.8	April 2020	IMF	US \$29.2 million
				WB	US \$10.5 million
			May 2020	CDB	US \$10.8 million
			June 2020	WB	US \$5 million
			September 2020	CDB	US \$30 million
	January 2021	WB	US \$30 million		
	St. Kitts and Nevis	64.6	No International Loans taken		
	St. Vincent and the Grenadines	84.7	April 2020	WB	US \$4.5 million
			May 2020	IMF	US \$16 million
CDB				US \$11.3 million	
June 2020			WB	US \$50 million	
Guyana#	56.3	July	WB	US 1 million	
		August 2020	OFID	US \$20 million	
		November 2020	WB	US \$26 million	
			WB	US \$7.5 million	
		June 2021	WB	US \$6 million	
Jamaica	107.6	May 2020	IMF	US \$520 million	
		September 2020	IDB	US \$100 million	
		December 2020	CDB	US \$26,000	
		February 2021	WB	US \$10 million	
		March 2021	WB	US \$150 million	
CDB	US \$232,581				
Suriname	125.1	May 2020	CDB	US \$8.2 million	
			WB	US \$0.412	
Trinidad and Tobago**	60.76	June 2020	CAF	US \$150 million	
		July 2020	WB	US \$20 million	
		August 2020	IDB	US \$150 million	
		February 2021	IDB	US \$24.5 million	
Notes: IMF – The International Monetary Fund; CDB – The Caribbean Development Bank; WB- World Bank IDB - Inter-American Development Bank; CAF - Development Bank of Latin America OFID - The OPEC Fund for International Development; e: estimated values *Belize IDB Loan was in two parts (1) June 5 th - US\$6.8 million and (2) June 22 nd - US \$12 million #Guyana had two loans approved from the WB in November 2020 (1) US\$26 million – to fund Flood Risk Management Project and (2) US\$7.5 million – COVID-19 funding to improve the health care system. **Trinidad and Tobago IDB Loans were in two parts (1) US\$ 50 million for low-income households and (2) US\$100 million loan - a policy-based loan.					
Source: Websites of the various Institutions and Ministry of Finance of the countries, September 2021.					

The multilateral agencies have been active in providing fiscal support to the struggling economies. A historic event was the IMF's allocation of Special Drawing Rights² (SDRs) equivalent to approximately US\$ 650 billion on August 23rd, 2021. The general SDR allocation was distributed to all 190 IMF members in proportion to their

² Additional Information: <https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR>

existing quotas in the Fund, (The International Monetary Fund, 2021). The 2021 general SDRs allocation is being described as “a significant shot in the arm for the world and, if used wisely, a unique opportunity to combat this unprecedented crisis.”, (The International Monetary Fund, 2021).

Because the US and other rich countries hold the largest quotas in the IMF, these countries have received the lion’s share of the new allocation, Figure 2. About US\$275 billion of the US\$ 650 billion (42.3%) is going to emerging and developing countries, of which low-income countries will receive about US\$21 billion (7.6%), (International Monetary Fund, 2021). The CARICOM economies received less than one per cent of the total US\$650 billion, Figure 3, their SDR allocation in total was US\$ 1,874.4 million.

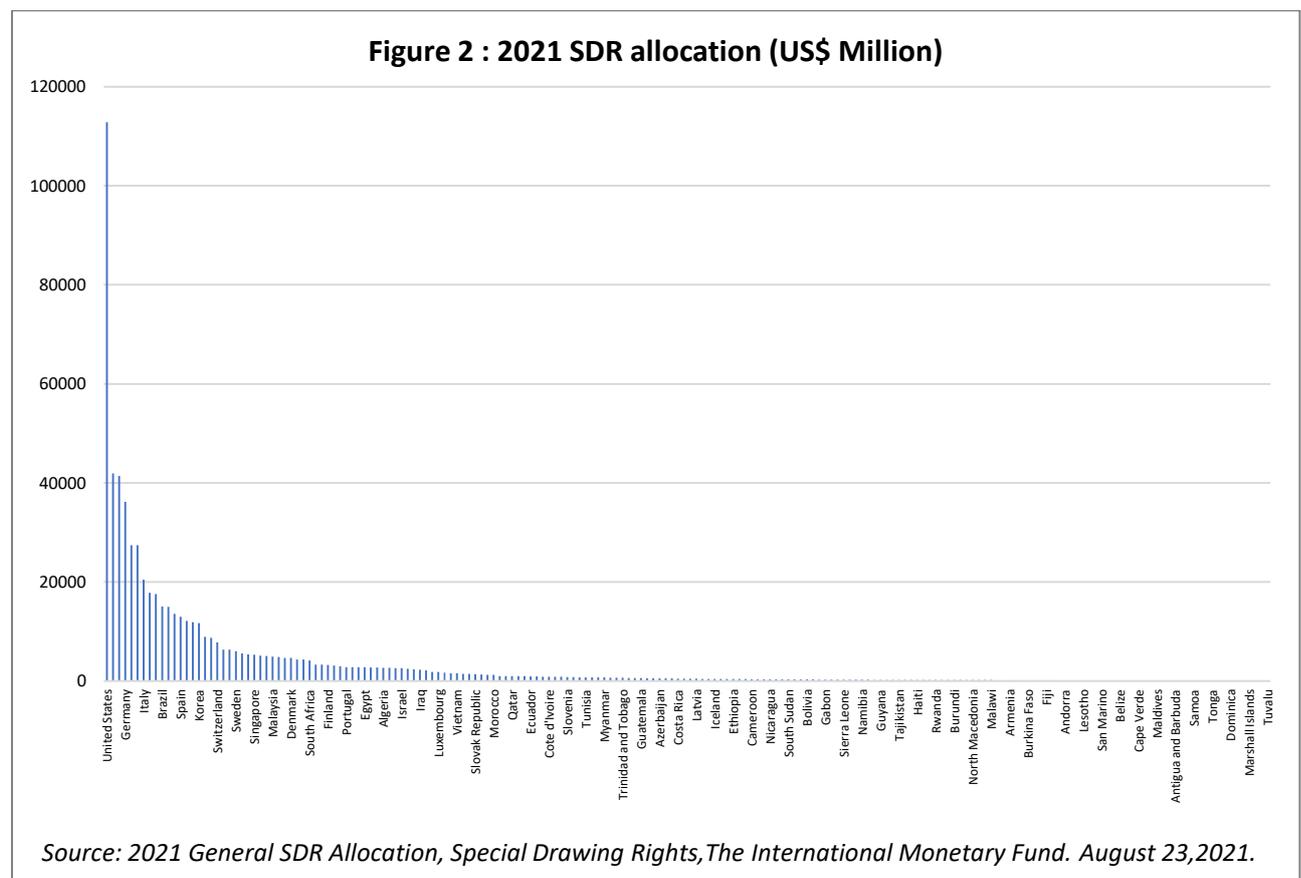
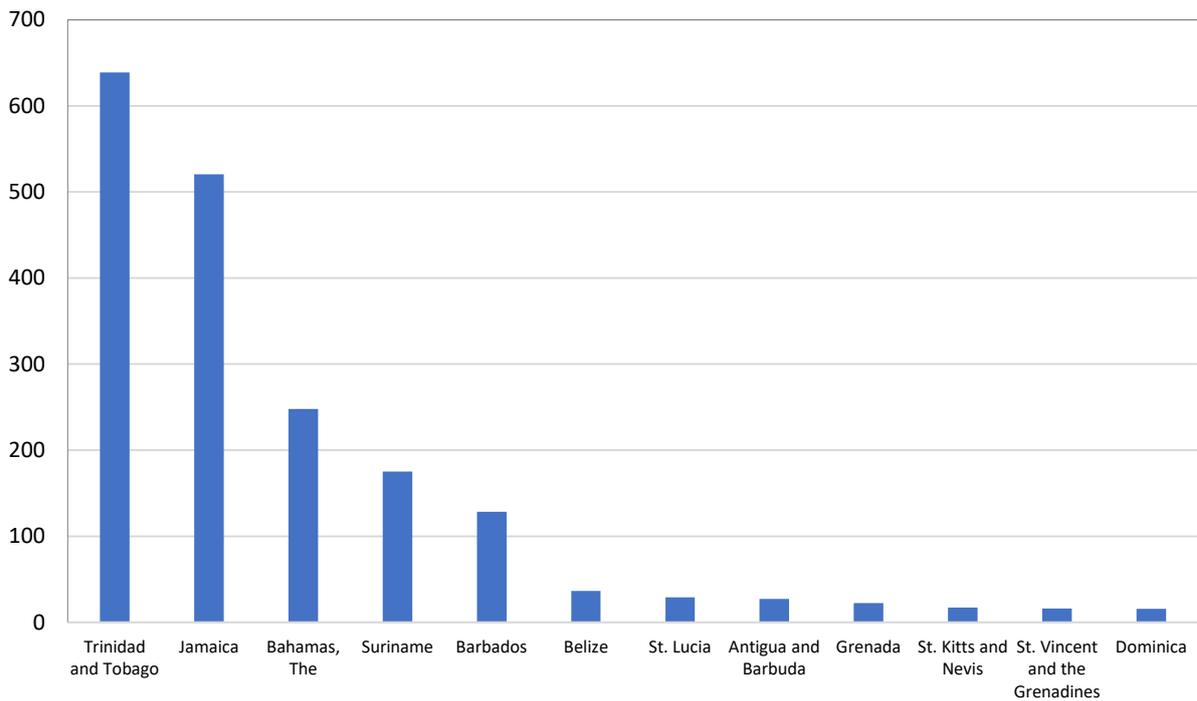


Figure 3: 2021 SDR Allocation : Caribbean Economies (US\$ Millions)



Source: 2021 General SDR Allocation, Special Drawing Rights, The International Monetary Fund. August 23, 2021.

While this new 2021 SDRs allocation is the largest to date, it is small compared with other sources of global liquidity³. *“The US \$650 bn allocations of SDRs proposed by the IMF will not support the economic recovery of the poorest countries who have been hit hard by the Covid-19 crisis.”*, (Munevar & Mariotti, 2021). It is also far less than is needed for the global recovery from COVID-19, Appendix II. The injection of new funds is welcome because it adds to foreign reserves and does not involve an increase in debt. *“But an SDRs allocation of US\$650 bn is in itself not up to the challenge. The amount is insufficient to compensate for the inequalities that underpin their distribution mechanism - and IMF governance at large. Way more is needed to enable struggling developing countries to embark on an equitable Covid-19 recovery and a just transition.”*, (Munevar & Mariotti, 2021).

The outlook for the last three months of 2021 for Caribbean economies is bleak. As they struggle to re-start their economies, widespread reports of the Delta variant of the COVID-19 virus is a real threat to the scant progress made to date. Community spread of the Delta variant has been reported in Anguilla, Grenada, Barbados, Jamaica, St. Kitts and Nevis and Trinidad and Tobago. The measures needed to arrest the spread of the Delta variant are even more stringent lockdowns, which many

³ (Munevar & Mariotti, 2021): <https://infogram.com/special-drawing-rights-a-3-trillion-dollar-question-1h7g6k0npg8x02o>

Caribbean economies cannot afford because of the economic implications. Vaccinating the adult population would help to curb the death rates from the COVID-19 virus and avoid the need for start-stop economic management. Unfortunately, the current rates of vaccination are slower than the rate at which the virus is spreading. *“Ultimately, the periodic outbreaks will only end when vaccination rates cover a substantial majority of the population. The larger risk is that these variants will spread among the unvaccinated population”*, (Inter-American Development Bank Country Department Caribbean, 2021).

REFERENCES

- Inter-American Development Bank Country Department Caribbean. (2021). *Caribbean Quarterly Bulletin 2021:2, The Fragile Path to Recovery*. Inter-American Development, Country Department Caribbean. Washington DC: Inter-American Development Bank Country Department Caribbean. Retrieved September 9, 2021
- International Monetary Fund. (2021, August 23). *IMF Managing Director Announces the US\$650 billion SDR Allocation Comes into Effect*. Retrieved September 15, 2021, from International Monetary Fund: <https://www.imf.org/en/News/Articles/2021/08/23/pr21248-imf-managing-director-announces-the-us-650-billion-sdr-allocation-comes-into-effect>
- Munevar, D., & Mariotti, C. (2021, April 7). *The 3 trillion dollar question: What difference will the IMF's new SDRs allocation make to the world's poorest?* Retrieved September 2021, from European Network on Debt and Development : https://www.eurodad.org/imf_s_new_sdrs_allocation
- The International Monetary Fund. (2021, August 23). *2021 General SDR Allocation, Special Drawing Rights*. Retrieved September 2021, from The International Monetary Fund: <https://www.imf.org/en/Topics/special-drawing-right/2021-SDR-Allocation>
- The International Monetary Fund. (2021, August 26). *A Shot in the Arm – How Special Drawing Rights Can Help Struggling Countries*. Retrieved September 2021, from IMF Blog: <https://blogs.imf.org/2021/08/26/a-shot-in-the-arm-how-special-drawing-rights-can-help-struggling-countries/>

Table A.1: Snapshot of Reported COVID-19 Cases and Deaths in the Caribbean (Cumulative)

Countries	COVID-19 (May 28, 2020)		COVID-19 (October 12, 2020)		COVID-19 (December 14, 2020)		COVID-19 (March 16, 2021)			COVID-19 (June 28, 2021)			COVID-19 (September 27, 2021)			
	No. of confirmed cases	of which the no. of deaths	No. of confirmed cases	of which the no. of deaths	No. of confirmed cases	of which the no. of deaths	No. of confirmed cases	of which the no. of deaths	Vaccine doses administered	No. of confirmed cases	Of which the no. of deaths	Vaccine doses administered	No. of confirmed cases	Of which the no. of deaths	Vaccine doses administered	
Bahamas	96	11	5,163	108	7,659	163	8,765	186	1	12,586	246	79,246	20,603	522	184,461	
Barbados	92	7	208	7	292	7	3,421	37	50,263	4,079	47	161,059	7,576	63	228,890	
Belize	18	2	2,569	37	9,173	192	12,370	316	2,511	13,189	329	106,010	19,429	399	293,681	
Eastern Caribbean Union	Anguilla	3	0	3	0	10	0	21	0	4,843	109	0	15,789	364	18,584	
	Antigua and Barbuda	25	3	111	3	148	4	963	27	14,218	1,263	42	63,755	2,815	86,542	
	Dominica	18	0	32	0	87	0	156	0	11,714	193	0	39,309	3,197	44,624	
	Grenada	23	0	25	0	69	0	154	1	7,665	162	1	31,494	4,638	55,663	
	Montserrat	11	1	13	1	13	0	20	1	1,055	20	1	2,640	33	2,871	
	St. Kitts and Nevis	15	0	19	0	27	0	43	0	5,176	439	3	35,659	1,872	47,098	
	St. Lucia	18	0	29	0	275	4	4,053	55	2,094	5,284	84	51,849	11,144	185	74,492
	St. Vincent and the Grenadines	26	0	64	0	98	0	1,681	9	6,491	2,219	12	23,970	3,338	33,077	
Guyana	125	10	3,521	104	5,879	154	9,160	207	4,343	19,891	466	335,091	31,148	762	533,843	
Jamaica	529	9	7,813	146	11,710	273	31,305	492	2,700	50,080	1,065	249,983	83,030	1,841	715,860	
Suriname	10	1	5,058	107	5,349	117	9,024	176	729	21,360	512	184,583	40,061	855	387,552	
Trinidad and Tobago	117	8	5,116	92	6,864	122	7,783	140	1,137	32,343	822	243,574	49,949	1,457	1,037,412	
Cuba	1,974	82	5,978	123	9,354	137	62,206	373	n.a.	188,023	1,2070	798,655	860,799	7,279	19,380,806	
Dominican Republic	15,723	474	118,477	2,173	154,692	2,361	246,299	3,226	606,006	324,364	3,815	7,482,545	357,517	4,041	11,774,063	
USA	1,568,448	98,889	7,636,803	212,804	15,860,675	295,406	29,155,892	530,114	98,081,045	33,317,803	599,089	323,751,943	42,648,573	683,243	389,142,237	
China	84,547	4,645	91,333	4,746	95,064	4,758	102,411	4,849	52,520,000	118,503	5,490	1,189,495,322	124,538	5,691	2,143,864,359	
New Zealand	1,154	22	1,515	25	1,740	25	2,076	26	18,000	2,386	26	1,090,651	3,848	27	4,229,686	
World	5,610,320	353,633	37,504,149	1,077,607	71,052,025	1,612,372	119,960,700	2,656,822	326,858,656	181,521,067	3,937,437	2,915,585,482	231,703,120	4,746,620	5,924,819,985	

Source: WHO COVID-19 Dashboard. Geneva: World Health Organization, 2020. Available online: <https://covid19.who.int/> (last cited: September 28, 2021).

Note: Daily updates on the COVID-19 pandemic statistics can also be found at Worldometer COVID-19 Data <https://www.worldometers.info/coronavirus/>.

The number of doses administered is not the same as the number of persons fully vaccinated; a fully vaccinated person is a person who has received 2 doses of the vaccine.

Appendix II

Table A.2: Comparison of cost of COVID-19 recovery to the IMF SDR allocation of US\$650 billion	
The amount needed to make progress towards achieving the United Nations SDGs in poor countries in education, health, roads, electricity, water and sanitation (pre-COVID-19). These costs can only have been increased following the devastation that COVID-19 has brought to already ailing public services.	US\$ 528 billion (IMF estimate)
The cost to step up the COVID-19 health crisis response, build back financial buffers and make the essential investment in infrastructure in poor countries.	US\$ 200 billion (IMF estimate)
The required investment in climate change adaptation and mitigation in developing countries.	US\$ 800 billion (per year)
The cost of vaccinating at least 60% of the population and achieving herd immunity in Africa.	US \$8 to 21 billion (GAVI researchers estimates)
<i>Source: (Munevar & Mariotti, 2021)</i>	