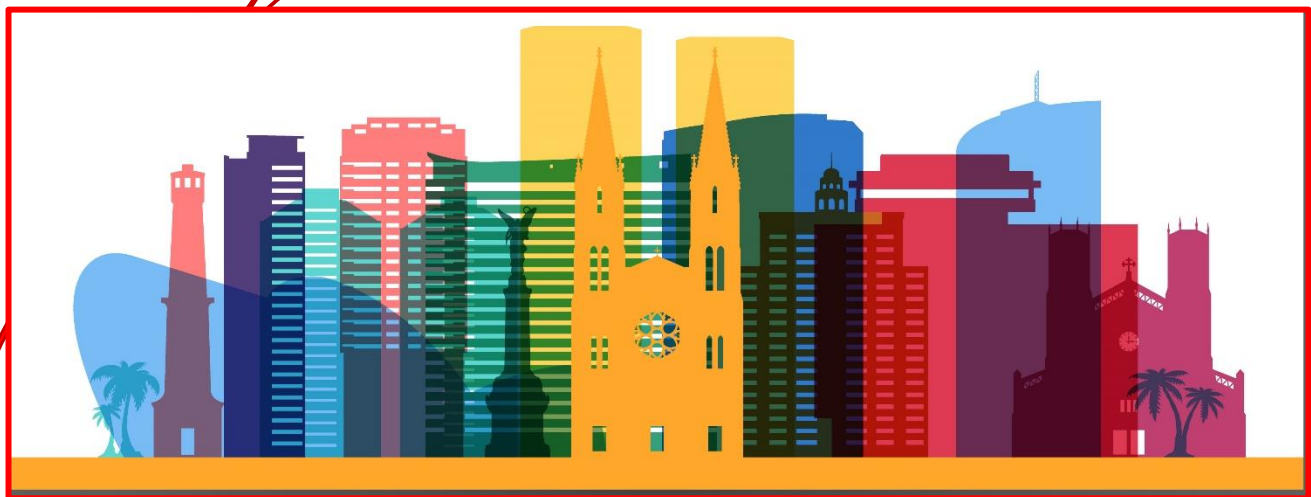




**Long-Term Effects of COVID-19  
and Other Exogenous Shocks on  
Trinidad and Tobago's  
Development Prospects ...  
Proposals for Sustainable and  
Green Recovery ... *towards the  
SDGs***



This report documents the possible long-term impacts and challenges that the COVID-19 pandemic may likely have on Trinidad and Tobago’s development prospects as it positions itself not only to recover losses as a result of the pandemic but advance the achievement of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).

The report also identifies framework options that includes possible opportunities and proposal to support recovery and long-range planning that is inclusive, resilient and sustainable. It takes into account the recommendations contained in the Roadmap to Recovery Phase I and Phase II Reports prepared by the Government of Trinidad and Tobago <sup>1</sup>that is intended to guide the Government’s actions in the immediate short term, towards setting a solid foundation for the transformation of the economy and the society, over the medium to long term.

The information and data contained in this research report are primarily from a wide range of sources, including documents and research undertaken by the United Nations agencies, other development partners, academic organizations, and the government. The paper is intended to be a working draft document that can be continually updated as more information and data becomes available. This document also will form the basis for the development of a training programme in long-range planning that considers possible exogenous shocks and how to proactively address them before they occur.

The Report *“Long-Term Effects of COVID-19 and Other Exogenous Shocks on Trinidad and Tobago’s Development Prospects ... Proposals for Sustainable and Green Recovery towards the SDGs”* is structured as follows:

Section 1 – Background and Introduction

Section 2 – A Synopsis of Long-Term Impacts of COVID-19 and Other Shocks for Consideration by the Government of Trinidad and Tobago

Section 3 Sustainable and Green Recovery Planning and Policy Coherence towards building a resilience and achieving the SDGs

Section 4 – Conclusions, Recommendations and Way Forward

**February 25, 2023**

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<sup>1</sup> Available at: <https://www.opm.gov.tt/wp-content/uploads/RoadMap-PHASE-2-REPORT-.pdf>

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## Section 1: Background and Introduction

The COVID-19 pandemic, which started out as a severe and acute public health emergency in 2020, very quickly became an economic crisis that has had significant impacts on social systems and services, threatening many of the development gains made across countries, and threatening countries' progress to achieving the Sustainable Development Goals (SDGs). Globally, the full magnitude of the impact of the COVID-19 pandemic has yet to be fully appreciated. The International Monetary Fund (IMF) has estimated the costs of the pandemic to be approximately US\$2 trillion. Aside from the immediate health and economic effects, there were numerous social impacts particularly on the most vulnerable in societies. For example, closures of educational institutions affected approximately 1.2 billion learners globally enrolled in school or university programmes, with 154 countries instituting nationwide closures of schools between 2020 and in some cases up to early 2022<sup>2</sup>. The impacts of school closures for example included interrupted learning and loss of human interaction, essential for social and behavioural development. Impacts also extended to the many children who benefited from meal or subsidy programmes, affecting child nutrition, and having a carry-on effect of pressure on family incomes. The World Food Programme (WFP) estimated that more than 320 million primary schoolchildren in 120 countries missed out on school meals during school closures<sup>3</sup>. School interruption also had implications for availability of childcare, increasing pressure on parents, especially women, when tasked to facilitate children's learning at home.

Various research, reports and surveys show that across countries, vulnerable groups, including persons with disabilities (PWDs), children, women and girls, female-headed households, persons living with HIV/AIDS and other vulnerable groups such as sex workers and members of the LGBTIQ community were disproportionately impacted by the effects of COVID-19 due to the economic fallout and disruptions of basic social services. The pre-existing challenges that these groups experienced such as economic hardship and social disparities were further exacerbated because of the pandemic. As well as the disruption of basic social services, many were impacted by the disruption of essential health services including services for sexual and reproductive health, mental health support, and other social programmes, which were impacted by budget cuts, reallocation of resources to better manage the virus and a lack of adequate personnel to support these services.

An analysis undertaken by UN ECLAC during 2020, projected that the pandemic will likely affect the quantity of jobs (increased unemployment and underemployment), the quality of work (reduced wages and access to social protection) and the most vulnerable groups, such as informal sector workers<sup>4</sup>. The report continued that given the Caribbean's prevailing economic and social inequalities, the strong unemployment effects will disproportionately impact the poor and the vulnerable middle-income strata, possibly leading to even higher levels of economic inequality. For several countries in the Caribbean, this is the stark reality, even though most countries from as early as mid-2020 began to put in place recovery plans.

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<sup>2</sup> <https://en.unesco.org/covid19/educationresponse>

<sup>3</sup> <https://unsdg.un.org/sites/default/files/2020-03/SG-Report-Socio-Economic-Impact-of-Covid19.pdf>

<sup>4</sup> UN, ECLAC. LAC and COVID-19 Pandemic -Economic and Social Effects. 2020

There also is increasing evidence from the countries most affected by COVID-19 that gender-based violence (GBV), and intimate partner violence in particular, increased in both prevalence and intensity during the pandemic especially during the lock-down periods and were exacerbated by loss of employment or reduction in incomes and other earning opportunities. Extended quarantines, curfews and other movement restriction measures led to increased reports of domestic violence due to forced coexistence in confined living spaces, undoubtedly exacerbated by the additional anxieties arising from the pandemic, including those related to the economic and health consequences. The COVID-19 pandemic turned out to be so much more than a health issue, or an economic issue but also became known as a gendered phenomenon. Women performed a vital role in the fight against the outbreak – as first responders, health workers and professionals, community volunteers and care workers – positions that are predominantly held by women. They also were disproportionately and adversely affected by the pandemic. Women were the vanguard of the response and endured a higher physical and emotional toll, as well as an increased risk of infection in the response. The COVID-19 pandemic has also caused an increase in stigma and discrimination against healthcare workers, the vast majority of whom are women.

Some impacts of COVID-19 on Caribbean countries are presented below<sup>5</sup>:

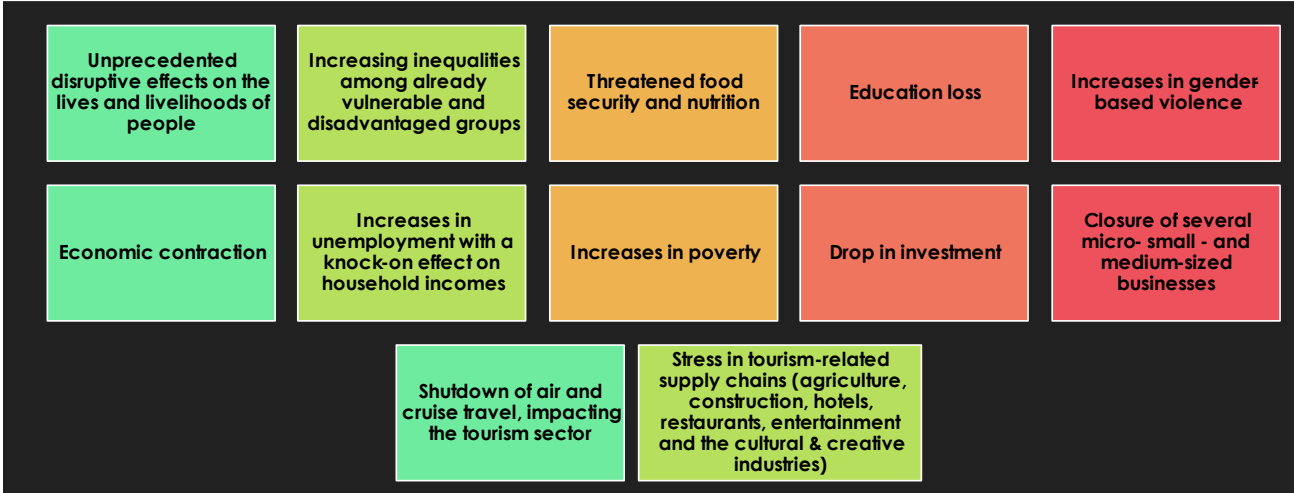


Figure 1: General Impacts of COVID-19 on Caribbean SIDS

Trinidad and Tobago recorded its first COVID-19 case on March 12, 2020, and the Government of Trinidad and Tobago responded quickly to put in place a range of policy responses to help contain the spread of the virus, protect lives and livelihoods, paving the way for a strong recovery. Some of the measures included social distancing mandates, closure of the country’s borders to air and sea travel, cancellation of mass gathering events, including its annual carnival festivities, states of emergency, curfews and restricting activities to only essential services. Since the start of the

<sup>5</sup> UN DESA, UNECLAC. 2022. Research: Impact of COVID-19 on 5 Caribbean SIDS... Evaluating Progress in Recovery Planning, Emerging Policy Options, Best Practices and Lessons Learned

pandemic, Trinidad and Tobago has had 186,685 infections and 4,297 coronavirus-related deaths<sup>6</sup>. The country's vaccination rate stands at approximately 54 per cent for fully vaccinated persons (two or more doses)<sup>7</sup>.

### Brief Situational Analysis of Trinidad and Tobago

The following provides a brief situational analysis of Trinidad and Tobago, focusing on social, economic, and environmental factors.

#### *Social*

Between 1990 and 2019, Trinidad and Tobago's Human Development Index (HDI) value increased from 0.668 to 0.796, an increase of 19.2 percent.<sup>8</sup> The HDI further increased to 0.81 on the 2021 showing an average annual rate of 0.59 per cent since 1990. The country is part of the very high human development category, positioned at 77 out of 189 countries and territories and only second to The Bahamas in the Caribbean<sup>9</sup>. Trinidad and Tobago's ranking on the HDI makes it above the average of 0.766 for countries in Latin America and the Caribbean (LAC). The country has one of the highest Gross National Income (GNI) per capita in LAC of US\$15,410 in 2020<sup>10</sup> and is rich in natural resources (oil and natural gas).

The 2005 National Survey of Living Conditions estimated the level of poverty as 16.7 per cent. The Survey indicated that there was a concentration of poverty in specific geographic areas and among specific sub-groups of the population. According to the HDI Report 2020<sup>11</sup>, in Trinidad and Tobago, 0.6 per cent of the population (9 thousand people) are multidimensionally poor while an additional 3.7 per cent can be classified as vulnerable to multidimensional poverty (51,000 people).

In addition to the health and economic impacts of the COVID-19 pandemic, there were significant social impacts, particularly on the most vulnerable in society. The closure of education institutions disrupted learning outcomes as well as children who benefitted from meal or subsidy programmes such as the School Feeding Programme.

Trinidad and Tobago index score of 36.8 on the Global Health Security Index (2022) which assesses countries in terms of pandemic preparedness and places the country at the 88th position out of 195 countries and 13<sup>th</sup> among the 33 Latin America and Caribbean countries<sup>12</sup>. The report concludes that all countries remain dangerously unprepared for future epidemic and pandemic threats, including threats potentially more devastating than COVID-19.

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<sup>6</sup> <https://www.worldometers.info/coronavirus/country/trinidad-and-tobago/> (Accessed: January 16, 2023)

<sup>7</sup> <https://experience.arcgis.com/experience/59226cacd2b441c7a939dca13f832112/>

<sup>8</sup> [http://hdr.undp.org/sites/all/themes/hdr\\_theme/country-notes/TTO.pdf](http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/TTO.pdf)

<sup>9</sup> <https://hdr.undp.org/data-center/country-insights#/ranks>

<sup>10</sup> [GNI per capita, Atlas method \(current US\\$\) - Trinidad and Tobago | Data \(worldbank.org\)](https://data.worldbank.org/ny.gdy?locations=LA), access on September 8, 2021

<sup>11</sup> According to the Report, the most recent survey data that were publicly available for Trinidad and Tobago's Multidimensional Poverty Index (MPI) estimation refer to 2011.

<sup>12</sup> <https://www.ghsindex.org/country/trinidad-and-tobago/>

### *Economic*

Trinidad and Tobago's economy is largely based on oil and natural gas production, which is well developed and internationally competitive. The petroleum and petrochemical industries account for about 37 per cent of GDP and ores and minerals drive over 70 per cent of export (2015 data).<sup>13</sup> The energy sector accounts for 26 per cent of economic activity, 84 per cent of export and 34 per cent of fiscal revenues.<sup>14</sup>, making the economy highly sensitive to international oil and natural gas prices.

In 2019, Trinidad and Tobago recorded an economic contraction of 1.2 per cent. The decline reflected weak energy sector performance due largely to the closure of the Petroleum Company of Trinidad and Tobago (Petrotrin) refinery in late 2018 as well as lower yields from mature oil fields. For 2020, GDP further declined by 7.4 per cent largely reflecting the impact of the measures to curb the spread of COVID-19 and declines in global demand and falling prices in the energy sector – two significant exogenous shocks. The fall in revenue from the energy sector contributed to a fall in total revenue of 23 per cent of GDP in fiscal year 2020 down from 28.2 per cent of GDP in fiscal year 2019. According to the International Energy Agency (IEA), global energy demand fell by 4 per cent in 2020, the sharpest decline in 70 years.<sup>15</sup> The combined effects of COVID-19 and energy production and price shocks took a heavy toll on the country's economy.

As a result of the measures implemented to contain the spread of the COVID-19 virus, economic activity slowed significantly and in some cases was brought to a halt. The decline in economic activity and the knock-on effect of increases in unemployment, reduction in working hours, lower income generation and consumption demand posed serious socioeconomic challenges for the country. For fiscal year 2020, the fiscal deficit is estimated to have increased relative to fiscal year 2019 due mainly to the costs associated with the measures undertaken by the Government to assist citizens and businesses in mitigating the negative effects of the COVID-19 pandemic.

The economic fallout associated with the COVID-19 pandemic disrupted the livelihoods of various groups disproportionately including micro, small and medium-sized enterprises (MSMEs), the self-employed, persons working in the service industries such as hotels and restaurants, agricultural workers, tourism workers, particularly in Tobago, and several employed in the oil and gas sector among others. With respect to the labour force, a Joint Survey conducted by the Trinidad and Tobago Coalition of Service Industries (TTCSI) and the Trinidad and Tobago Manufacturing Association (TTMA) indicated that due to the implementation of the national COVID-19 mitigation measures, businesses within their membership terminated 36 to 55 per cent of full time and part time/contractual employees, respectively. The survey also showed that these terminations were mainly in the arts, entertainment and recreation, tourism, manufacturing, food processing and drinks and construction sectors. For companies that did not terminate staff, they chose to either furlough employees or reduce wages.

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<sup>13</sup> [Trinidad and Tobago Overview: Development news, research, data | World Bank](#)

<sup>14</sup> [https://www.cepal.org/sites/default/files/publication/files/46714/S2000888\\_en.pdf](https://www.cepal.org/sites/default/files/publication/files/46714/S2000888_en.pdf)

<sup>15</sup> [Global Energy Review 2021 – Analysis - IEA](#), accessed on September 8, 2021.

The Ministry of Finance estimates that real economic activity in Trinidad and Tobago will grow by 2.0 percent in 2022, following a contraction of 1.0 percent in 2021<sup>16</sup>. This growth has been reinforced by policy support, the recovery in oil and gas production. Inflation for 2022 was projected at about 2.8 per cent. The fiscal deficit is expected to decline to 7.5 per cent of GDP in FY2022, reflecting a combination of high revenue mobilization and modest spending cuts. Central government debt will peak at 68.8 per cent of GDP in FY2023 and gradually decline thereafter. Notwithstanding there are downside risks due to pandemic-related uncertainty, the country's vulnerability to oil and gas production disruptions, and negative spillovers from global and regional shocks<sup>17</sup>.

In summary, the economic impacts of COVID-19 on the economy of Trinidad and Tobago included, inter alia: a decline in government revenues due to emergency health expenditures as well as additional social and economic expenditures and lower inflows from the oil and gas sector, which also had a negative impact on the balance of payments and fiscal deficits.

### *Environment*

The geography of the country renders the islands susceptible to several natural hazards such as earthquakes, tropical cyclones, thunderstorms, wildfires, landslides, and flooding. Development processes have further contributed to the country's hazard exposure by augmenting existing hazards and creating new ones. Over the period 1990 – 2018, about 150,000 persons have been affected by disasters such as floods, earthquakes, landslides, tropical cyclones, and coastal flooding<sup>18</sup>, resulting in US\$29.8 million in damages. The islands lie within an active seismic zone on the southern border of the Caribbean plate - near the convergence of the Caribbean and South American tectonic plates - and experiences several earthquakes a year. Intense/excess rainfall is the most prevalent natural hazard affecting the country and often leads to flooding – a secondary natural hazard.

In Trinidad and Tobago, development processes such as land-use practices, expansion of economic sectors, and housing developments, as well as environmental degradation continue to contribute to the country's hazard risk and vulnerability by augmenting existing hazards and creating new ones.<sup>19</sup> These development processes have expanded the country's risk profile to include many man-made hazards such as oil spills, industrial accidents, and transportation hazards among others. While some hazards are well recognized and therefore planned for, other equally important hazards such as health-related or biological hazards and some technological hazards are often not planned for prior to them occurring.

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<sup>16</sup> Government of the Republic of Trinidad and Tobago. 2022. Review of the Economy 2022: Tenacity and Stability in the Face of Global Challenges

<sup>17</sup> International Monetary Fund. 2022. IMF Country Report #22/73, March 2022 "Trinidad and Tobago 2021 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Trinidad and Tobago

<sup>18</sup> Pacific Disaster Centre. 2020, Trinidad and Tobago: National Disaster Preparedness Baseline Assessment

<sup>19</sup> ODPM 2020, Comprehensive Disaster Management in Trinidad and Tobago, A Policy Directions Paper. Office of Disaster Preparedness and Management.



Some factors driving vulnerability in Trinidad and Tobago include:

- The present and future impacts from global warming (climate change, sea level rise)
- Insufficient investments in disaster risk reduction actions and climate adaptation strategies
- Environmental degradation
- Increasing urbanization and the extent of the population and investments on or close to the coastline
- Poor physical planning decisions
- Socio-economic indicators related to less than desirable levels of poverty

Trinidad and Tobago, like other small island developing and coastal states is vulnerable to the impacts of climate change. Climate change models and predictions forecast an increase in extreme weather events such as tropical cyclones, storm surges, floods, and droughts. These extreme weather events could potentially cause population displacement given that about 70 per cent of the population of Trinidad lives on the coast and 50 per cent of the population in Tobago lives within 1.5 Km of the coastline which significantly contributes to the island’s vulnerability. Also, approximately 80 per cent of the country’s socioeconomic activities are located along the coastline<sup>20</sup>.

### Select Economic and Social Indicators – Trinidad and Tobago<sup>21</sup>

The table below provides data on select economic, social, and environmental indicators for Trinidad and Tobago.

Population Total	1,399,000 (2020)
Population Density (inhabitants per km <sup>2</sup> )	273 (2020)
Human Development (living conditions)	0.81 (2021)
Gross domestic product (GDP), total (bn US\$)	21 (2021)
GDP, real change (% since 2000)	+48 (2021)
GDP per capita (US\$)	15,201 (2021)
Inflation rate (change of consumer price index) % on previous year	0.6 (2021)
Foreign direct investment (FDI): net flow, inward (bn US\$)	-0.439 (2020)
Employment rate (persons aged 15+) %	54.4 (2021)
Labour force participation rate (persons aged 15+) %	57.1 (2021)
Unemployment rate (persons aged 15+) %	4.8 (2021)
Unemployment rate (persons aged 15 to 24) %	12.7 (2021)
Self-employment (persons aged 15+) %	23.7 (2021)

<sup>20</sup> IMA. 2016. State of the Marine Environment.

<sup>21</sup> Data derived from different sources including the FAO, ILO Stat, IMF, ITU, UNCTAD, UNDP, UNESCO, WHO, World Bank.

Change of agricultural production (% since 2000)	-9 (2020)
Agricultural land (% of land area)	10.5 (2019)
Forest area (% of land area)	44.6 (2019)
Prevalence of raised blood pressure (%)	25.8 (2015)
Prevalence of obesity (BMI >= 30) (%)	18.6 (2016)
Government expenditure on education (% of GDP)	3.6 (2019)
Passenger cars per 1,000 inhabitants	255 (2019)
Carbon dioxide emissions (tonnes per capita)	22.0 (2020)
Renewable Energy (% of total final energy consumption) %	0.5 (2018)
Gross domestic expenditure on R&D (% of GDP)	0.1 (2018)
Researchers (per 1mn inhabitants)	567 (2018)

**Impacts of COVID-19 on the Implementation of Vision 2030**

The Ministry of Planning and Development in a national consultation on strengthening sustainable and green recovery planning and policy coherence towards the Sustainable Development Goals (SDGs) in selected Caribbean States, hosted by UNECLAC and UNDESA in 2022, presented the following as the impacts of the pandemic on the implementation of Vision 2030.

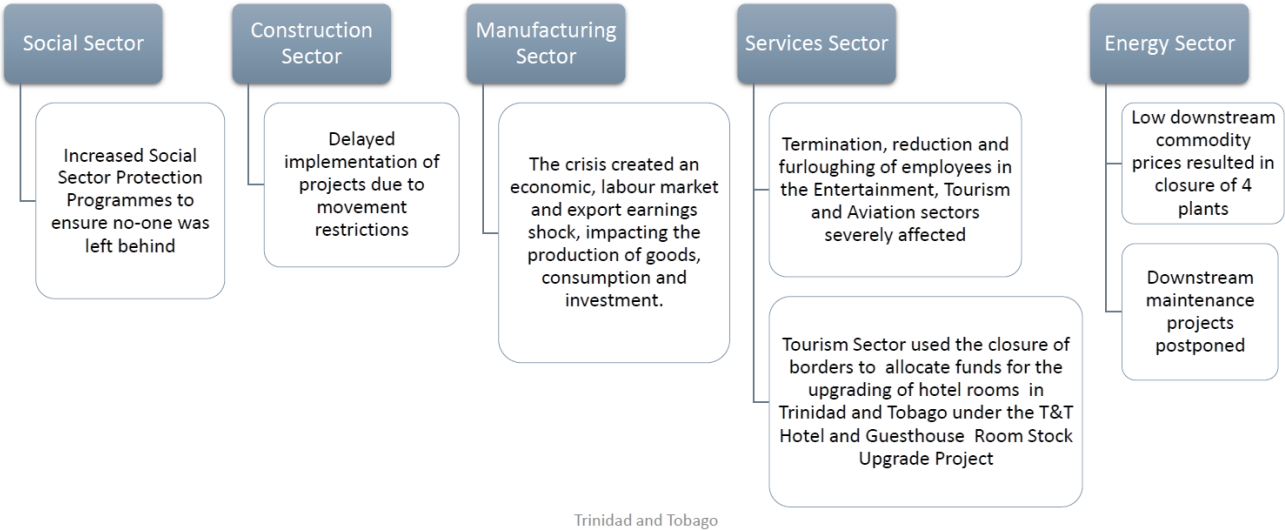
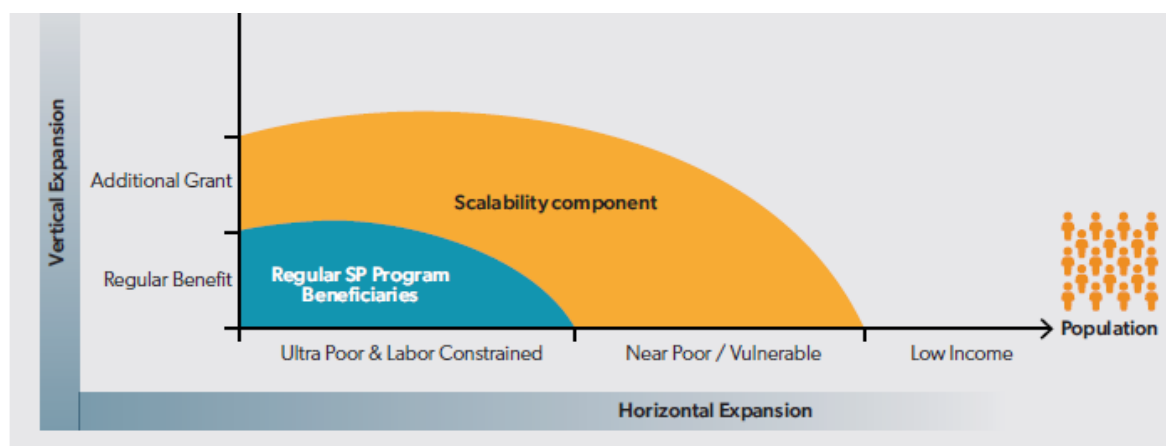


Figure 2: Impacts of COVID-19 on the Implementation of Vision 2020

**A Synopsis of Policy Responses of the Government to the COVID-19 Pandemic**

Like other countries in the Caribbean and indeed around the world, the Government of Trinidad and Tobago responded very quickly to reduce the overall socio-economic impacts on the population and the economy, announcing unprecedented fiscal stimulus packages, that focused on strengthening public health systems, supporting families, vulnerable individuals, and households as well as production structures to cushion the economic impact of the pandemic.

Social protection was one of the primary policy responses used during this period and reached over 220,000 households (Social Sector Investment Programme, 2021). These social protection policies resulted in either vertical or horizontal expansion of the country's existing social protection system towards protecting the most vulnerable individuals and households (including beneficiaries of cash transfer programmes that existed pre-COVID such as the Food Support Programme, Senior Citizen Pension, and Disability Assistance Grant) and those retrenched, terminated or suffered a loss of income due to the virus-containment measures (vertical expansion).



Some examples of horizontal and vertical expansion of the social protection system implemented in Trinidad and Tobago included:

- Vertical expansion: topped-up existing cash transfer benefits.
- Horizontal expansion: expansion of coverage of cash transfer programmes, including providing cash transfers to children.

To better manage the pandemic, the government introduced several measures including<sup>22</sup>:

- Closure of the country's borders to air and sea travel, cancellation of mass gathering events, including carnival festivities, states of emergency, curfews and restricting activities to only essential services.
- Restriction of productive activities, including closure of shops and shopping centres, as well as bars and restaurants, which resulted in loss of income to some employees, but also negatively impacted the local agricultural and fisheries supplies value chains that had been resourcing these businesses.

#### Fiscal Policy Measures:

- The implementation of an economic stimulus package, which leveraged the existing Social Sector Investment Programme (SSIP) and included several fiscal policy measures to keep

<sup>22</sup> Trinidad and Tobago Socio-Economic Response to COVID-19: Assessment and Framework. 2021. United Nations Trinidad and Tobago

supply chains active, support hotels to keep them afloat as well as tax credit and tax deferrals.

**Monetary Policy:**

- The reduction of the reserve requirement for commercial banks from 17% to 14% and the repo rate by 150 basis points from 5 per cent to 3.5 per cent, which injected TTD2.6Bn in increased liquidity into the commercial banking system.
- Encouraging commercial banks to provide moratorium for repayment of loans.
- Provided Income tax refunds totalling TT\$240.0 million to individuals

**Social Protection:**

- Provided food cards, food vouchers and cash vouchers to ensure vulnerable children have access to food, given the closure of schools, especially those that were part of the national school feeding programme.
- Provided a salary relief grant of up to TTD1,500 (~US\$225) per month to workers who experienced income loss, for a maximum period of three months.
- Provided income support to 46,533 persons who were identified as retrenched/terminated/income-reduced persons
- Providing financial support to Community Based Organizations and Faith-Based Organizations to distribute to their members.
- The government also provided TTD2,000 (~US\$285) per month fuel subsidy to each maxi taxi owner<sup>23</sup> as part of the relief initiatives for self-employed citizens who have lost their income due to the COVID-19 restrictions.

The table below highlights the collective responses of Caribbean countries with column 2 showing the actual responses that were implemented by Trinidad and Tobago.

Country Responses to the COVID-19 Pandemic in the Caribbean	Trinidad and Tobago Responses
Increase in health spending	
Expansion of social safety net programmes	
Cash grants to groups such as farmers, tourism workers, cultural and creative industries and MSMEs	
Income support for heads of families and single persons who are currently unemployed	
Providing food vouchers and meals for vulnerable children	
Closure of Borders	
Curfews	
Restricting activities to only essential services	
Removal/Elimination of new taxes	

<sup>23</sup> Privately owned vehicle that is part of the public transport system

Country Responses to the COVID-19 Pandemic in the Caribbean	Trinidad and Tobago Responses
Reduction in utility bills	
Support to the private sector, including reduction in corporate tax rates	
Reduction in import duties in commodities related to COVID -19 and reducing the spread of the virus	
Loans from Multilaterals	
Grants from development partners	
Importation of labour to augment existing human resources in the health sector	
Distribution of educational/computer devices to schools	
Increasing internet access and WIFI Hotspots etc	

Financing these policy responses came from diverse sources including external borrowing from development banks such as the Inter-American Development Bank (IDB) and the Development Bank of Latin America (CAF), the World Bank, and withdrawals from the country's sovereign wealth fund (the Heritage and Stabilisation Fund, HSF)<sup>24</sup>. Notably, to finance the emergency COVID-19 social protection programmes, the Government had to amend the HSF legislation to include the allowance of withdrawals due to dangerous infectious diseases as declared under the Public Health Ordinance. The country's public debt-to-GDP ratio currently stands at over eighty per cent.

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<sup>24</sup> Social Sector Investment Programme 2021 Report

## **Section 2: A Synopsis of Long-Term Implications of COVID-19 and Other Shocks for Consideration by the Government of Trinidad and Tobago**

The outlook for several countries – both developed and developing – and within the UN categories of high human development to low development - post-COVID-19 already shows troubling signs, including derailing the advancement of the sustainable development goals (SDGs), which for many countries including Trinidad and Tobago is being operationalized through national development plans (in Trinidad and Tobago’s case - Vision 2030). In addition to the health impact of COVID-19, there are several other long-term impacts and indirect consequences of the pandemic that countries are facing. For example, issues related to food insecurity, lack of focus on other health issues faced by the population during the pandemic such as non-communicable diseases and mental health disorders, loss of income and livelihoods, a reduction in savings and investments, a looming debt crisis, and a looming global economic depression among others.

Positive and negative impacts of the COVID-19 pandemic have emerged for all economies and within economies, and among different sectors. It is important to identify the positive insights that emerged out of the pandemic as well as the negative as countries seek to focus on recovery planning and establishing frameworks to support long-term sustainable development and achieve the SDGs.

The following section attempts to explore some of the long-term implications of COVID-19 – positive and negative – and are designed to allow the Government of Trinidad and Tobago to access how these impacts relate to the country specifically. Whilst governments tend to have a good understanding of how exogenous shocks of an economic nature (such as global recessions, or oil price shocks) would have, there is less understanding of health-related shocks. Pandemics though ought to be considered as much social and economic exogenous shocks as they are medical and health shocks.

Several studies undertaken by think tanks around the world conclude that many impacts of the COVID-19 pandemic are an acceleration of the preexisting economic, social, and environmental trends that existed prior to the pandemic.

The Government of Trinidad and Tobago has signaled its intent to undertake comprehensive structural reforms to promote the non-energy sector, towards reducing the dependence on energy and boosting potential economic growth. This is envisaged as key to supporting medium-term inclusive and sustainable growth and enhancing resilience. In addition to the pandemic, Trinidad and Tobago was impacted by unstable oil prices over the period as well as the impacts of several excess rainfall events. Much of this new thrust is highlighted in the country’s *Road Map for Trinidad and Tobago: Transforming into a New Economy and Society*.

The move to develop non-energy related sectors will also require reforms, for example to improve the ease of doing business and stimulate entrepreneurship. Efforts to build a climate-resilient

economy also are being considered, including upgrading to climate-resilient infrastructure, and developing the regulatory framework for green financing and renewable energy deployment.

The Government appointed two 2 committees (Roadmap to Recovery (R2R) and Community Recovery (CR) to examine and propose strategic priorities that would stabilise the economy and communities and increase economic growth to minimize the long-term adverse effects of the pandemic and consequential impacts on economic and social structures. The Committees were guided by Vision 2030 which provided the broad framework and vision for transforming Trinidad and Tobago into a developed country. Three 3 reports were produced, and these provide comprehensive strategies focused on socioeconomic and environmental recovery, transformation, and resilience, and are known as the Roadmap to Recovery Reports.

The Roadmap to Recovery Phase I and Phase II Reports<sup>25</sup> contain recommendations intended to guide Government’s actions in the immediate short term and set a solid foundation for the transformation of the economy and the society, over the medium to long term. The Community Recovery Report made recommendations to support communities with “at risk” youth and vulnerable groups in some communities throughout Trinidad and Tobago. Some of the R 2 R and CR recovery interventions were included into the 2022 fiscal budget and will form a part of the 3-year Public Sector Investment Programme (PSIP) cycle as the PSIP aims to propel Trinidad and Tobago to cope and recover from the unprecedented challenges, new and emerging, brought about by the pandemic.

Some of the medium to long term objectives contained in the Roadmap to Recovery include:

- Retraining of Women in SME Development
- Digital Government Programme
- Development of Smart City Infrastructure
- Youth Business Park
- Development of the Eco-Friendly Business Sector

If countries are to consider transformative change, the long-term impacts of COVID-19 must be considered and factored into development planning in the short -to medium terms as well as the

<sup>25</sup> Available at <https://www.opm.gov.tt/wp-content/uploads/RoadMap-PHASE-2-REPORT-.pdf>

long term. The following provides a list of possible long term positive and negative impacts of the pandemic and proposes policy prescriptions.

## Positive Long-Term Impacts of COVID-19 and Emerging Opportunities

### Increased use of the “home office<sup>26</sup>”

The pandemic illustrated that people live, work, and learn differently and in different spaces and produce efficiently if provided with access to the right tools. The pandemic reshaped the work and learning environments to a large extent and illustrated across many industries that work from home could support the thrust to economic efficiency in some organizations or even support the expansion of business to include not just brick and mortar but online services beyond retail.

### Accelerating the Adoption of Digital Technologies and Digitization of Economies

The accelerated adoption of digital technologies due to the COVID-19 pandemic will likely change the way organizations including government entities and academic institutions operate in the long term. This may also be particularly relevant to the private sector given their ‘new’ experience in delivering goods and services online or through online mechanisms. Information and Communication technologies can be key to countries recovery especially in areas such as e-commerce, e-education, e-government and even in areas such as health care, through tele-medicine. It is important to note as well that schools in Trinidad and Tobago had to operate through virtual classrooms during the pandemic, creating new approaches to learning and the strengthening the use of e-learning that will auger well in face-to-face classrooms.

*A key Policy Prescription* - Going forward governments should fully recognize that digital connectivity emerged out of the pandemic as a lifeline and to be sustained it needs to be scaled up with investments from both the public and private sectors in areas such as ICT infrastructure. This therefore calls for governments to prioritize investments in digital infrastructure as a critical public service to eliminate the digital divide, improve communication and joint problem solving, and create a more equitable basis for education and employment<sup>27</sup>. The pandemic clearly highlighted the disparities in digital access within countries and also highlighted several groups that were impacted by the digital divide.

### Greater awareness of the Importance of Mental Health

The pandemic led to the increasing awareness of the importance of mental health among the population in general and varying strategies that can support the needs of different population groups. While COVID-19 increased the prevalence of mental health issues, it also accelerated positive momentum in raising awareness about mental health, reducing stigmas associated with

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<sup>26</sup> Pew Research Centre. 2022. COVID-19 Continues to Reshape Work in America. Available at: <https://www.pewresearch.org/social-trends/2022/02/16/covid-19-pandemic-continues-to-reshape-work-in-america/>

<sup>27</sup> The British Academy. 2021. Shaping the COVID Decade: addressing the long-term societal impacts of COVID-19



mental health and putting mental health issues on par with other health issues such as good nutrition.

*A key Policy Prescription* – Going forward governments should bring greater exposure to mental health and promoting good mental health as part of the overall wellbeing of each citizen and provide increased accessibility to crucial support and services for those affected by mental health issues as well as support services for those who want to access them as part of their overall well-being.

### Increased Importance of Civil Society Organizations and Volunteerism

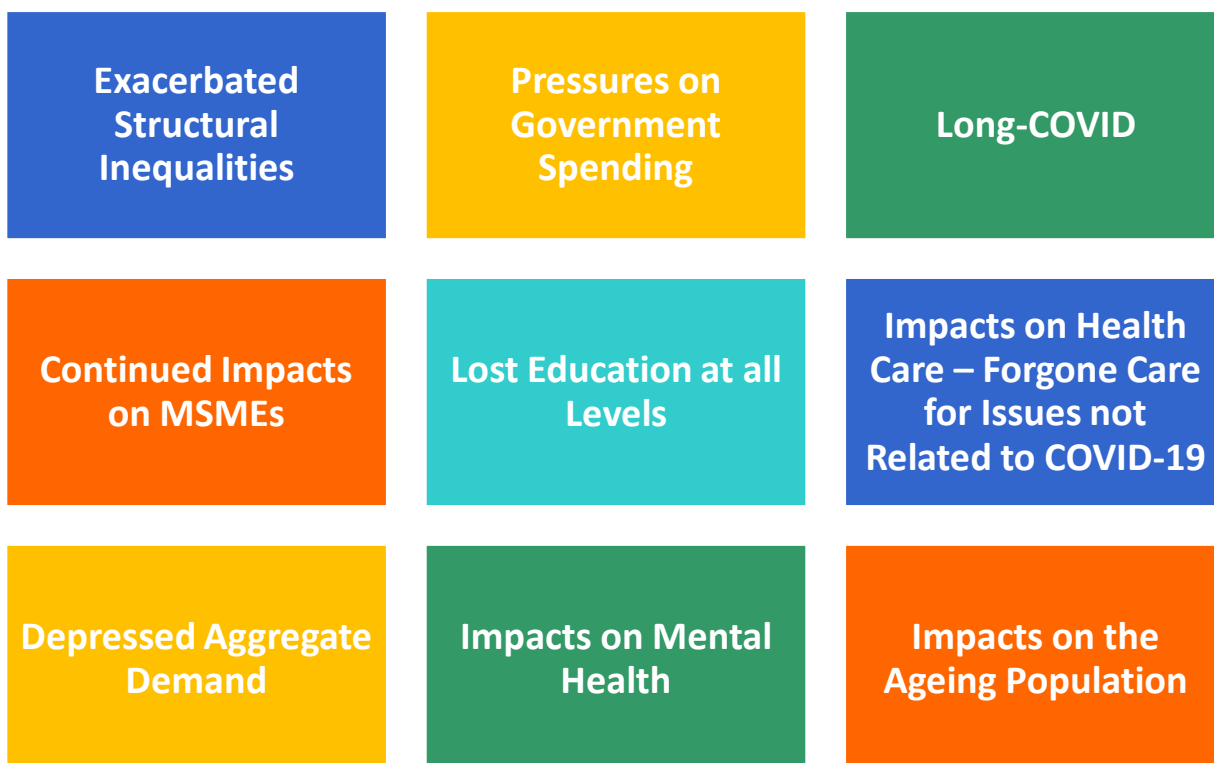
Several civil society organizations including non-governmental organizations (NGOs), community-based organizations (CBOs), other volunteer organizations and even private individuals stepped up to support the most vulnerable during the pandemic with basic items such as food to even items such as computers that enabled students to access virtual learning environments. Local communities become more important than ever during the pandemic and highlighted their role in supporting communities beyond natural disasters. These organizations were crucial to the response to COVID-19. Notwithstanding their support, it is recognized that there are inequalities between and among these organizations as it relates to finances, human resources, and technical capacities that may require government support to create and sustain an even stronger web and network of community engagement at the local level with support from local authorities which also need to enhance their own technical capacities and in some cases their legislation.

Umbrella private sector organizations also scaled up their efforts to support the vulnerable and communities during the pandemic. The commitment of these organizations creates an excellent foundation for scaling up public private partnerships.

*A key Policy Prescription* – Going forward governments must endeavor to provide targeted support to local governments/local authorities and community-based organizations to strengthen social cohesion and community resilience through inclusive social dialogue advocacy and political commitment, as well as empowering them in areas such as equitable service delivery. The role played by civil society organizations as well as

## Possible Long-Term Negative Impacts of COVID-19

There are several possible long-term negative impacts of COVID-19 that have been identified. These negative impacts may be classified as health related (mental health, long-COVID etc), economic related (e.g. depressed aggregate demand, increased debt etc.) and several social impacts including for example learning loss. The figure below illustrates some of these impacts.



## Long -term Economic Impacts

### Exacerbated Structural Inequalities

Whilst government responses to COVID-19 were generally quick and focus was placed on supporting vulnerable and near vulnerable groups, many persons were impacted in several different ways, and despite the efforts of Government, existing structural inequalities in income and poverty, socioeconomic inequalities in education and skills, and intergenerational inequalities have been amplified across countries. For many countries, these differential effects are also evident along dimensions of gender, race and ethnicity and social deprivation which have been both exposed and exacerbated.

*A key Policy Prescription* - Going forward governments would need to strengthen social protection measures, including developing and implementing more shock responsive and adaptive social

protection policies that will help to ensure that in future crises, resources flow to the most vulnerable, including through the innovative use of technologies. It would be important for countries to develop digital social registries and important mechanisms and tools for expanding digital identification (ID) of the population (for example through national identification systems).

### Pressures on Government Spending

Government spending across several countries is expected to be pressured in the medium to long term because of the peaking of Government debt levels. To stimulate economies, several strategies are being considered by governments around the world. Some of these include:

- Strategically determining and supporting economic industries that show early potential for driving economic recovery
- Promoting domestic spending through cash-transfer programmes
- Protecting local businesses from foreign competitors
- Promoting exports
- Creating a society that's inclusive, more equitable and skilled for the future

### Depressed Aggregate Demand

Economies the world over are expected to have depressed aggregate demand in the near and medium term as a result of dwindling balance sheets. Many households, due to unemployment, states of furlough have been impacted by depleted savings or large debt. Firms and financial institutions will need to rebuild their balance sheet and may be less able to invest. There is need for innovative initiatives.

*A key Policy Prescription* - Going forward it will be important for governments to think about developing green growth strategies and ensure that future stimulus packages take into account tax cuts and reforms, cash transfers and subsidies, and higher spending in specific sectors or in projects that will advance the green growth agenda. As a first step, governments will need to define what green growth means to them and identify within their economies those sectors and industries that are aligned to the characteristics of green growth. These stimulus packages should therefore be focused on advancing green growth and providing incentives to allow for enhancing energy efficiency for existing buildings; production of renewable energy; preservation or restoration of natural areas (wetlands, watersheds, forests) that provide ecosystem services and resilience to floods, drought, and hurricanes; the remediation of polluted lands; investments in water treatment and sanitation; or sustainable transport infrastructure<sup>28</sup>. Some potential strategies that could be incorporated within these new stimulus packages include:

- Direct capital injections through investments, loans, and grants for new and potential green growth industries.
- Injecting capital into the banking system to spur investment in green growth industries.

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<sup>28</sup> <https://blogs.worldbank.org/climatechange/thinking-ahead-sustainable-recovery-covid-19-coronavirus>

- Increasing activity through public–private partnerships especially in areas such as ICTs and in the provision of ecosystem services and advancing ecosystem-based adaptation to enable the country to better absorb shocks from natural hazards due to climate change. Countries are experiencing increases in the frequency and intensity of hydrometeorological hazards.
- Attracting incoming foreign direct investment (FDI) as well as concessional financing to support development and stem the loss of outgoing FDI<sup>29</sup>.

### Continued Impacts on MSMEs

Around the world, micro, small and medium-sized enterprises (MSMEs) were disproportionately affected by the crisis, given their inability to absorb the shock, especially as it related to access to liquidity. The pandemic threatened the survival of many MSMEs. MSMEs are the backbone of several economies and their effects on employment can have long-lasting effects on the structure of economies.

*A key Policy Prescription* - Going forward government ought to focus on the development of initiatives in the medium-term to support MSMEs especially as it relates to their access to capital, technical capacity in areas such as public procurement and green business opportunities, and other measures (such as improving their ease of doing business with the government) that would reduce pressures on their survivability and advance sustainable recovery.

### Long-term Social Impacts

#### Impacts on Mental Health

The pandemic and the various measures taken to curb the spread of the virus, including lockdowns, resulted in differential mental health outcomes. On the one hand there were disruptions in access to mental health services for both pre-existing patients and new cases. This impact has the potential to result in long-term mental health impacts and may be more pronounced for certain groups (including young people) if focus is not placed on the causes and solutions for sustaining mental health across society. For example, school closures and lack of interaction with peers, disruption to daily routines and educational goals, reduced physical activity, uncertainty about the future and the impact on careers or job prospects, as well as increased exposure to familial stressors within the household, all constitute risk factors for poor mental health. Other groups for which there were noticeable impacts globally were older persons who were possibly affected by loneliness and isolation<sup>30</sup>.

Several countries in Europe have also begun to address the mental health of their health personnel as a result of increased stress and burnout, depression, anxiety as health care workers also had to adopt additional measures to protect their own family members, fear and even post-traumatic

<sup>29</sup> Shannon, Jessica, Carlson, Ingrid. 2021. Creating Economic Growth and Recovery After COVID-19. Available at: <https://www.pwc.com/gx/en/industries/government-public-services/six-challenges/economic-recovery-after-covid-19.html>

<sup>30</sup> The British Academy. 2022. The COVID-Decade: Understanding the Long-Term Societal Impacts of COVID-19.

stress disorder (PTSD) due to the pandemic. Possible fallout from this could include health care personnel moving away from the sector, which can impact the retention of staff, new recruitment and also the level of care that can be offered to the public. The issue of mental health also can be linked to issues related to inequality.

### Impacts on Health Care – Forgone Care for Issues not Related to COVID-19

The COVID-19 pandemic led to disruptions in access to several health services generally, for both pre-existing patients and new cases, including patients of non-communicable diseases (NCDs) as well as persons with disabilities and those needing access to sexual and reproductive health services. This can have long-term consequences due in part to missed opportunities for early diagnosis and treatment of NCDs with the potential to increase disease burdens on existing health sectors that could not manage the increasing cases of NCDs even before the pandemic.

*A key Policy Prescription* - Going forward governments need to increase investments in public health. Scaling up public investments while challenging within the context of limited fiscal space is key and should be seen as part of any inclusive and sustainable recovery. In moving forward, emphasis will need to be placed on building a stronger health system that is able to be more responsive to exogenous shocks that may impact the sector in the future. In building a stronger health care system it would be important to adopt and adapt lessons learned globally in building back better. Chief among these are: building resilient and innovative supply chains; strengthening the sector for any future pandemic response, including activities that are supportive of health financing policies and scaling up financing to assure the chain of essential supplies; making strong investments in emergency preparedness and response to ensure the implementation of a minimum initial service package for reproductive health in future pandemics and natural disasters; building stronger mental health and psychosocial systems; strengthening primary health care including a focus on building the capacity of the healthcare providers in a range of areas and enhancing infrastructure and capacity to be able to better handle epidemics; and expanding the use of innovative tele-health and tele-medicine systems to ensure continuity of health services to reach people where they are.

Importantly, telemedicine emerged strongly during the pandemic and quickly became a modality through which persons could access health care for conditions not related to COVID-19. Going forward, Governments may want to consider how to better integrate tele-medicine with in-person services and assess the need for regulations around tele-medicine.

### Long-COVID

Albeit a small percentage, some persons that contracted COVID-19, continue to suffer symptoms long after they contracted the virus, and are deemed to be suffering from long-COVID. Long-COVID is characterized as, and includes profound fatigue, trouble breathing, skin rashes, palpitations, and body aches, often with intermittent relapses, and has affected those who did not require

hospitalization. Many of these people will continue to require care, in an already stretched health sector.

### Lost Education at all Levels

Lost education at all levels was due to loss of access to education. Wholly recovering lost education is not feasible and may exacerbate the many pre-existing socioeconomic inequalities that prevailed in education before COVID-19.

*A key Policy Prescription* - Economies need to consider the importance of developing a high-skill economy for advancing prosperity and sustainable development prospects. It will therefore be important to ensure that the enabling environment is established to provide the population with lifelong educational opportunities that are diverse and flexible, and which can create the possibilities for persons to change careers if they choose. A good example in the Caribbean is the case of Barbados. In 2021, the Government launched the National Transformation Initiative (NTI) to provide training courses for “Retooling, Empowering, Retraining and Enfranchising every Barbadian worker. The NTI, in collaboration with Coursera - the world’s largest online learning provider - has not only created courses by ‘Bajans for Bajans’ but has created the opportunity for Bajans to use the Coursera platform to improve their knowledge and skills in hundreds of areas, thereby providing citizens with the opportunity to be able to command jobs locally, regionally, and internationally.

### Impacts on the Ageing Population<sup>31</sup>

The pandemic had a significant impact on the elderly. Additionally, the loss of many elderly during COVID has also possibly led to depleting the value of the silver economy as much knowledge, experience, and services of the elderly have been lost. Ensuring that the elderly participates in recovery efforts will be key to capturing their experiences during COVID and can serve as a base of how they are factored into policy making process that are likely to affect them and how they are factored into strategies to support them during times of crises. Engaging with older people also will support countries thrust to capitalize on the many opportunities of an aging population as it relates to new business ventures and job opportunities. It is important to recognize that older persons tend to have both high incomes and savings compared to younger cohorts and high need, such as medical and specialized care, making them major consumers. Many are also vulnerable.

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<sup>31</sup> Milken Institute. COVID-19 and the Future of Ageing. <https://milkeninstitute.org/centers/center-for-the-future-of-aging/advisory-board/covid-19-and-future-of-aging>

## Key Discussion Points for the Government of Trinidad and Tobago on Possible Impacts of COVID-19 on the SDGs

In addition to the long-term impacts presented above, in the short-term, countries in the Caribbean should also reflect on the following social and economic considerations:

- Estimated growth projections for 2023 would most likely not be able to help job creation or sufficiently allow governments to create the fiscal space they need to maintain social expenditures and transfers, invest in education etc.
- Weakening global demand
- Lingering supply chain disruptions
- Tighter monetary policy by Central Banks to contain second-round effects and anchor longer-term inflation expectations.
- Increasing poverty amid job recovery.
- Improving tax collection and modernizing tax collection systems
- Sheltering vulnerable groups.
- Gender responsive budgeting – ensuring that planned revenues and expenditures also responds to the budget impact on women and men, boys and girls resulting in budgetary commitments that show a solid, accountable connection to a government's gender equality commitments.

From the impacts presented above, which would be the most significant (positive and negative) for Trinidad and Tobago. In other words, how would Trinidad and Tobago rank these long-term impacts in terms of importance for policy and impact on future development prospects.

Long-Term Impacts	Likelihood of Impact in Trinidad and Tobago – On its Economy, People and Achieving the SDGs		
	Low Level Impact	Medium Level Impact	High Level Impact
Exacerbated Structural Inequalities			
Pressures on Government Spending			
Depressed Aggregate Demand			
Continued Impacts on MSMEs			
Impacts on Mental Health			
Impacts on Health Care – Forgone Care for Issues not Related to COVID-19			
Long-COVID			
Lost Education at all Levels			

Long-Term Impacts	Likelihood of Impact in Trinidad and Tobago – On its Economy, People and Achieving the SDGs		
Impacts on the Ageing Population			

**Section 3: Sustainable and Green Recovery Planning and Policy  
Coherence towards Building a Resilient Recovery and Achieving the SDGs**

The importance of strong and sustainable policies and policy coherence is more emphasized and urgent today than ever before as a result of the COVID-19 pandemic. It is important that countries recognize that there are several other exogenous shocks that they can be exposed to and shocks can happen simultaneously (a global economic crisis and a major hurricane/ a major hurricane and a major earthquake). The current timing for advancing sustainable and green recovery planning and policy coherence is opportune and will allow countries to benefit from the wide array of thinking happening globally around recovery and the strategies and proposals being considered and pursued by other countries.

Achieving national goals, and developmental prospects were halted for a minimum of at least 18 months because of the COVID-19 pandemic. As countries look forward to recovery, building back stronger, and achieving the goals of the 2030 Agenda for Sustainable Development, there is need for not only short-term responses, but also capital injections, strategic thinking and human capital to propel medium-term and long-term objectives. The need for a sustainable recovery as part of a sustainable and forward-looking vision has been recognized by several countries as the basis for the achievement of the SDGs and national priorities. This therefore calls for the design of policy frameworks that would drive more inclusive, resilient, sustainable and green growth – frameworks that would allow countries to be better prepared to absorb future exogenous shocks and ones that would enable faster recovery in the face of a shock.

Developing a policy framework to drive and deliver sustainable recovery, will also help countries better operationalize gender- and human rights-based multidimensional approaches to respond, recover and build back better from the impacts of COVID-19. Therefore, the idea behind sustainable and green recovery planning is to position countries to leverage the unique opportunities being created to address in a sustainable way the structural fragilities and gaps that were both exposed and exacerbated by the COVID-19 pandemic.

Options for a sustainable recovery framework (options 2 and 3) presented below should be viewed as complementary to the comprehensive strategies focused on socio economic and environmental recovery, transformation and resilience, contained in the Roadmap to Recovery Reports prepared and being implemented by the Government of Trinidad and Tobago.



## Options for a Sustainable Recovery Framework

The case to pursue options for a sustainable recovery may be overwhelming for governments, given their tight fiscal space coupled with the demands of society for reversing losses in education, health and other social systems. Governments are also grappling with ensuring that their country is financially protected from the potential impacts of climate change by putting in place a range of disaster risk financing instruments whilst at the same time focussing on investing in disaster risk reduction and climate change adaptation. Notwithstanding, while at the beginning of the pandemic – the sustainability agenda was pushed back and even halted, the commitment to sustainable development remains and the requirement for a sustainable recovery is heightened. The recovery will require vast injections of capital and resources and calls for a strong focus on financing for development, including access to concessional financing as well as mobilizing stakeholders across all sectors including the private sector to support the recovery efforts, for example through their own investments in recovery. Options for a sustainable recovery are expected to build on existing initiatives, including scaling up some initiatives that are already in train.

The following lists some options for consideration in the development of sustainable and green recovery frameworks to support sustainable development post-COVID and the achievement of the SDGs.

### Option 1: Business as Usual (BAU) Post COVID

Is this an option? Would a BAU option or not changing the development paradigm post-COVID lead to more resilient social and economic systems as countries approach 2030.

### Option 2: Green Economic Recovery for Smart, Sustainable, and Inclusive Growth

Green economic recovery is considered one pathway towards smart, sustainable, and inclusive growth and sustainable development. To be sustainable, it would be important that green recovery place focus inclusiveness and equality and ensure that no group is left behind and those groups furthest behind are considered first. It would also require that marginalized groups including women and youth, the LGBTIQ+ community, female headed households among others are part of the recovery planning along with other stakeholders.

Green recovery planning will therefore allow countries to address the combined challenges of the COVID-19 recovery, climate change and other exogenous shocks. The characteristics underpinning a green recovery are intended to simultaneously improve human health, prevent future disease outbreaks, create decent jobs, improve social welfare and social protection systems, and promote intergenerational equality.

Governments are encouraged to develop green stimulus packages that build resilience to shocks such as climate change, places emphasis on environmental management and reduce the risks associated with the multiple hazards that countries are exposed to. Today countries for example

are witnessing an increase in the intensity and frequency of hydrometeorological events as well as the threat from other natural hazards, that is already causing budget volatility among many countries. With this in mind, it is important for countries to focus their COVID recovery plans on reducing vulnerabilities to these natural events across all sectors and also enhancing the resilience of communities and people in general.

Policy options for scaling up green economic recovery can include:

- Developing green stimulus packages that create the enabling environment for using nature-based solutions (NbS) and ecosystem-based adaption (EbA) measures to conserve, sustainably manage, and restore ecosystems as a way of leveraging the ecosystem services that these systems provide, and support and inform investments related to green infrastructure, biodiversity protection, ecosystem conservation and restoration, and in promoting a circular economy that aims to minimize resource use and pollution, create green jobs, and promote general efficiencies in economic production and consumption. NbS and EbA also are key to supporting the development of urban and peri-urban areas and are an important approach to climate change adaptation in these areas<sup>32</sup>.
- Mainstream sustainability issues and climate proof economic and social sectors as a first step to building resilience across all sectors and ensuring that this becomes a priority in recovery plans. For example, by making ecosystems that support agriculture more resilient will support efforts at national food security which would auger well for absorbing shocks related to economic crises and climate related crises. Mainstreaming is key to a green transition.
- Promoting green investments in existing industries such as manufacture, agriculture, fisheries, construction, and tourism that foster efficiencies in water and energy use, support food security, support the development of industries based on waste and recycling (waste as a resource) and promote climate-smart and resilient infrastructure all geared towards improving international competitiveness. Investment in adaptation infrastructure such as weatherproof roads and climate resilient housing can have immediate positive effects – starting with the employment from construction related jobs through to building longer term resilience for households and communities<sup>33</sup>.
- Lawmakers may want to consider proposing bills that promote the objectives of a green and sustainable recovery. These may include bills related to supporting the creation of green jobs, including developing training programs to facilitate the transition to more sustainable industries and providing incentives to investors to focus more on the triple bottom line and injecting resources into clean technologies for example.
- Focus must be placed on policies and programming for the next generation including implementing reforms and making investments for children and the youth that are aimed

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<sup>32</sup> UN Environment Programme. 2022. The Post COVID-19 Recovery: How to Articulate Integrated Responses to the Health Economic and Climate Crises. A Policy Brief.

<sup>33</sup> <https://blogs.worldbank.org/latinamerica/green-recovery-latin-america-and-caribbean-possible-and-necessary>

at improving access to general, vocational, and higher education, as well as its quality and inclusiveness, focusing on digital education, early childhood education and care, and youth employment support<sup>34</sup>.

The Institute for Global Environmental Strategies: for example, has proposed a framework for Beyond COVID-19 recovery based on 3Rs<sup>35</sup> and underpinned by green recovery. The 3Rs are:

- Response – defined as targeted interventions designed to address emergencies, and to improve the well-being of those suffering from the problem at hand.
- Recovery – defined as the broader policy, spending and investment decisions aimed at stimulating a depressed economy and employment that is underpinned by thinking within the framework of green recovery across all sectors – in other words in focusing on sustainability across all sectors, factoring in economic and social issues equally with environmental issues and underpinned by good governance.
- Redesign – restructuring of infrastructure, systems and institutions to ensure that the future of the economy, impacted by COVID-19 can recover sustainably and be built to withstand and absorb other exogenous shocks.

### **Option 3: Economic Diversification and Restructuring of the Economy for Absorbing Shocks and Building Forward Stronger**

This option is particularly relevant for economies that are structured around one or two economic sectors. In the case of Trinidad and Tobago, the pandemic and the fall in oil prices had a dual shock on the country's economy.

Policy options to support economic diversification and restructuring can include:

- Focus on expanding the research and development agenda of the country to propel innovation and promote opportunities to develop a high-skill economy to allow the country to innovate in areas that could support diversification and move the focus from the dependency on oil and gas. Focus on non-traditional sectors for diversification may include industries in the orange economy, the blue economy, and the green economy and a move away from the red economy. With respect to areas such as agro-processing and scaling up manufacturing, countries should ensure that the enabling environment and possibly incentives exists for manufacturers to adopt clean technologies and in the case of agriculture, a move in the direction of more sustainable forms of farming, that adopt conservation agriculture practices, including reducing the use of chemical pesticides to create products that conform to the MRL (maximum residue levels of chemical pesticides,

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<sup>34</sup> European Commission. 2022. Recovery Scoreboard. Available at: [https://ec.europa.eu/economy\\_finance/recovery-and-resilience-scoreboard/policies.html](https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/policies.html)

<sup>35</sup> Institute for Global Environmental Strategies. 2022. A Sustainable COVID-19 Response. Recovery and Redesign: Principles and Applications of the 3Rs Framework.

fertilizers etc.) requirements for exports to developed countries. In the case of energy, particular focus should be placed on renewable energy sources<sup>36</sup>.

- Enhancing domestic revenue mobilization to strengthen the country's capacity to finance their own development<sup>37</sup>, for example, through strengthening existing tax systems and digitizing the delivery of tax services which can positively impact compliance. There could also be consideration for tax revenues that may not yet be explored such as those associated with the development of the blue economy.
- Implementing circular economy practices aimed at reducing unsustainable uses of natural resources which would limit environmental impacts and social risks<sup>38</sup>.
- Reforming the trade agenda to take greater account of global value chains, reorganisation of supply chains, and connectivity.
- Successful economic restructuring that takes into account the notion of leaving no one behind in the development space. This requires that social protection policy and strategy be re-designed to be shock responsive and adaptive and take into account disadvantaged groups, including persons with disabilities, women, girls, NEET<sup>39</sup>, the LGBTIQ+, female-headed households, rural households etc. Going forward, it is important for countries to develop digital social registries.
- Boosting women's access to economic opportunities by addressing women's participation in the labour market. Underpinning this is also the need to foster entrepreneurship across society.
- Creating the enabling environment for the scaling up of private sector investment (not only in quantity but quality – including a focus on investments beyond traditional investment spaces and new industries to drive green growth), which would include both domestic private investment and FDI, focusing on areas beyond oil and gas and petrochemicals to defining new and emerging industries (such as those related to the blue economy) that would result in transformational change, stimulate the green economy, and contribute to the achievement of the country's national development goals.
- Defining the country's innovative financing for development strategy that investigates the various new and innovative financing instruments available to governments such as blended financing, green bonds, blue bonds, social impact bonds such as those that may focus on education or health care for children, diaspora bonds and debt swaps (including for nature, for climate), climate financing, contingent recoverable grants, mobilizing domestic resources, for example determining the scope for a blue levy and incentivising

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<sup>36</sup> The country has already developed a Green Hydrogen study for example.

<sup>37</sup> OECD. 2022. Recovering from COVID-19: How to enhance domestic revenue mobilization in small island developing states. Available at: <https://www.oecd.org/coronavirus/policy-responses/recovering-from-covid-19-how-to-enhance-domestic-revenue-mobilisation-in-small-island-developing-states-45f29680/>

<sup>38</sup> UNECLAC. 2020. New policy options for economic diversification in Trinidad and Tobago. <https://www.cepal.org/en/news/new-policy-options-economic-diversification-trinidad-and-tobago>

<sup>39</sup> Youth that are neither in education, employment or training

insurance for the blue economy, among others. Exploring sources of non-traditional financing such as private sector corporates, foundations, relief charities and individuals as well as international NGOs will also be important. This financing will need to be designed to deliver results on a scale. Also, within the context of financing, countries may want to consider transforming their Nationally Determined Contributions (NDCs) into a pipeline of bankable projects, which would have the potential to attract investment at scale from the international private sector and other development banks.

- Integrating the informal economy into the recovery planning processes. There are several strategies that could accomplish this, including among others, developing tools and strategies to attract young entrepreneurs and improve their access to financing, with a special focus on young women. Such a strategy could improve youth integration into the formal economy<sup>40</sup>. It is key to include the informal economy in recovery efforts as they may be able to play key roles in recovery of certain sectors that were hard hit by the pandemic (for example street vendors, and those involved in transport among others).
- Supporting private sector development, especially MSME and their ability to access capital.
- Scaling up and prioritizing investments in digital infrastructure to eliminate the digital divide and make greater use of ICTs across all sectors as an important tool for education, areas such as tele-medicine, e-commerce, e-government and importantly to advance international competitiveness.
- Create the enabling environment, capacity and update legislation if required to better support local government/local authorities and community-based organizations as well as other civil society organizations to empower them to better serve local communities and effectively participate in the delivery of goods and services. This will involve establishing the necessary networks and guidelines to operate to create a more dynamic machinery.
- Increasing investments in public health and placing emphasis on building a stronger health system that is able to be more responsive to exogenous shocks that may impact the sector in the future.
- Put in place policies and programmes to better support lifelong learning and the development of a highly skilled economy.

### Other Considerations – Interconnected Global Risks

As countries focus on building back better and on various growth scenarios towards achieving the SDGs, there is also need to consider and bear in mind global risks, most of which are interdependent and also impact countries' development prospects. The Global Risk Report 2023 ranks global risks by severity over the short and long term – that is, risks that are likely to be most severe in two years, and risks that are likely to be most severe in 10 years. These results are

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<sup>40</sup> OECD. Government Business Summit

presented in Figure 3<sup>41</sup>. It would be important for countries to access how each of these risks might impact them and the implications for their countries as green growth strategies are devised to advance growth and development. Essentially it would be important for countries to undertake a thorough examination of their current situation as well as be constantly aware of the ever-changing risk landscape, which offers insight into opportunities and mechanisms which can be used to anticipate, adapt to and mitigate against present and future risks.

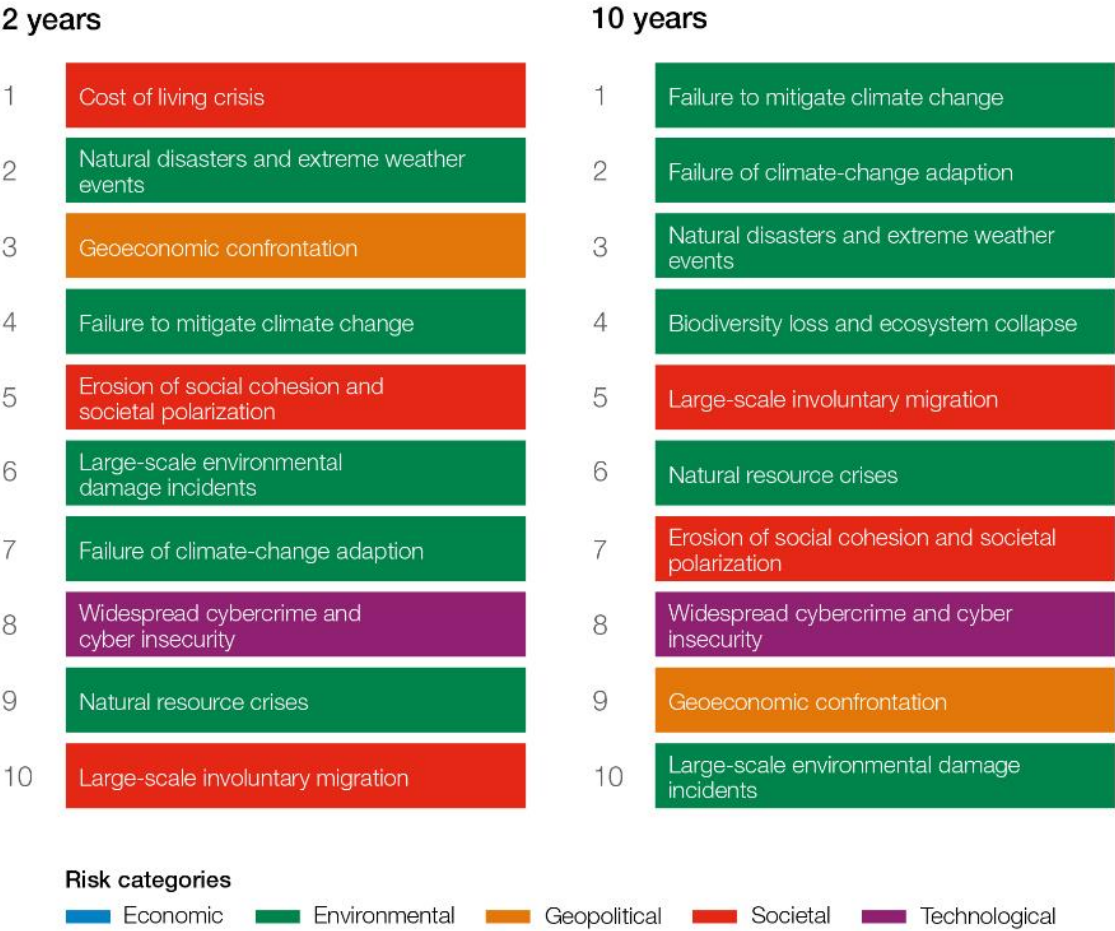


Figure 3: Global Risks by Severity Over the Short and Long Term

<sup>41</sup> World Economic Forum. 2023. World Risk Report. Available at: <https://www.weforum.org/reports/world-risk-report-2023>

Countries are also encouraged to develop risk maps which provide an overview of the possible risk scenarios and their likelihoods and severities or impacts. This is a useful tool for decision makers especially within the context of limited fiscal space and competing uses and needs. Risk maps therefore help decision makers to determine which risks are acceptable or not and the resources needed to reduce the risk or transfer it and if a catastrophic event occurs to put in place actions to reduce impacts.

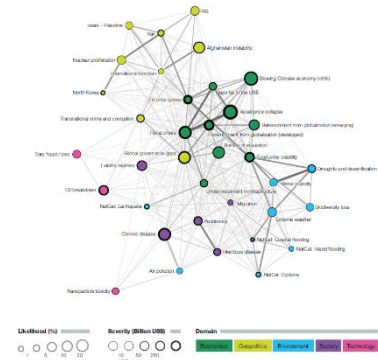


Figure 4: Example of Risk Map

### Advancing Sustainable and Green Recovery Planning in Trinidad and Tobago. How can the Twin Island Republic Adopt and Adapt the Options? – A Discussion

In this section, the idea would be to focus on the options presented above and determine the ones that would best resonate with Trinidad and Tobago given the current development thrust post-COVID, the extent to which SDGs are being advanced and the general economic and social climate in the country. The table/checklist below shows the options presented above and some of the associated strategies, for consideration in the PSIP but indicating which strategies and overall options would be the best approach to pursue to advance their developmental prospects and leave no one behind. It would also be important in the checklist to identify those options that are being implemented either wholly or in part given the explanations of each in the previous sections.

Options and Strategies Sustainable and Green Recovery	Strong Interest	Medium Interest	Low Interest	No Interest	Alignment with Trinidad and Tobago’s RoadMap ... Transforming to a New Economy and Society... (A Sample)	Alignment with the SDGs
<b>Option 1: Business as Usual</b>						
<b>Option 2: Green Economic Recovery for Smart, Sustainable, and Inclusive Growth</b>						
Development of green stimulus packages based on NbS and EbA					Building Climate Resilience: Nature-Based Solutions	SDG 8 SDG 13 SDG 14 SDG 15
Mainstream sustainability issues and climate proof all economic and social sectors						SDG 8 SDG 13

Options and Strategies Sustainable and Green Recovery	Strong Interest	Medium Interest	Low Interest	No Interest	Alignment with Trinidad and Tobago's RoadMap ... Transforming to a New Economy and Society... (A Sample)	Alignment with the SDGs
Promote green investments in existing industries					Green Manufacturing	SDG 2 SDG 8
New industries based on waste as a resource						SDG 6 SDG 8 SDG 12
Promote climate smart and resilient infrastructure					Transforming from 'Shovel Ready' Projects to 'Shovel Worthy' Projects	SDG 9 SDG 13
Proposing bills related to the creation of green jobs and providing incentives to investors to focus on achieving the triple bottom line						SDG 8 SDG 10
Policies and programming for the next generation – reforms and investments for children and youth					Getting the Investment Climate Right	SDG 1 SDG 4 SDG 10
<b>Option 3: Economic Diversification and Restructuring of the Economy for Absorbing Shocks and Building Forward Stronger</b>						
Research and Development agenda focusing on new sectors such as the blue and orange economy, and investing in areas such as conservation agriculture					Reinventing Agricultural Systems and Producing Differently  Blue Economy  Creative and Cultural Industries	SDG 1 SDG 2 SDG 8 SDG 13
Enhancing domestic revenue mobilization						SDG 8 SDG 17
Implementing circular economy practices						SDG 8 SDG 13
Reforming the trade agenda with a focus on global value						SDG 17



Options and Strategies Sustainable and Green Recovery	Strong Interest	Medium Interest	Low Interest	No Interest	Alignment with Trinidad and Tobago's RoadMap ... Transforming to a New Economy and Society... (A Sample)	Alignment with the SDGs
chains and reorganization of supply chains						
Developing shock responsive and adaptive social protection policies					Putting People First	SDG 1
Boosting access to economic opportunities for women						SDG 5
Creating the enabling environment for scaling up private sector investment in quality and quantity						SDG 8 SDG 17
Developing an innovative financing for development strategy that focuses on leveraging and using new and innovative financing instruments					Non-Traditional Sources of Funds: PPPs, Asset Sales and MSME Risk-Sharing	SDG 17
Integrating the informal economy in recovery planning						SDG 8
Fostering private sector development especially MSMEs and entrepreneurship						SDG 8
Scaling up and prioritizing investments in digital infrastructure						SDG 9
Enabling environment for local authorities and civil society organizations to better deliver goods and services to communities						SDG 11
Increasing investments in public health						SDG 3
Development of a highly skilled economy						SDG 4 SDG 8

## Section 4: Conclusions, Recommendations and Way Forward

Regardless of the option/s selected by a country, or whether emphasis will be placed on combining options, formulating, and implementing sustainable and green recovery plans and strategies will need to follow a stepwise approach that includes a set of tools for systems thinking and co-creating policy solutions for sustainable development. These will help to unlock the potential of countries to achieve the SDGs. Systems thinking identifies the interactions between different parts of a system and ensures they deliver more than the sum of the parts, thereby aiding countries to move beyond the actual goals and to engage in thinking processes that identifies causes, interactions, and even bring up unintended consequences of a seemingly positive intervention<sup>42</sup>. Systems thinking can therefore be identified as an important tool for supporting sustainable development and more specifically allow countries to prepare a roadmap accelerating the 2030 Agenda for Sustainable Development.

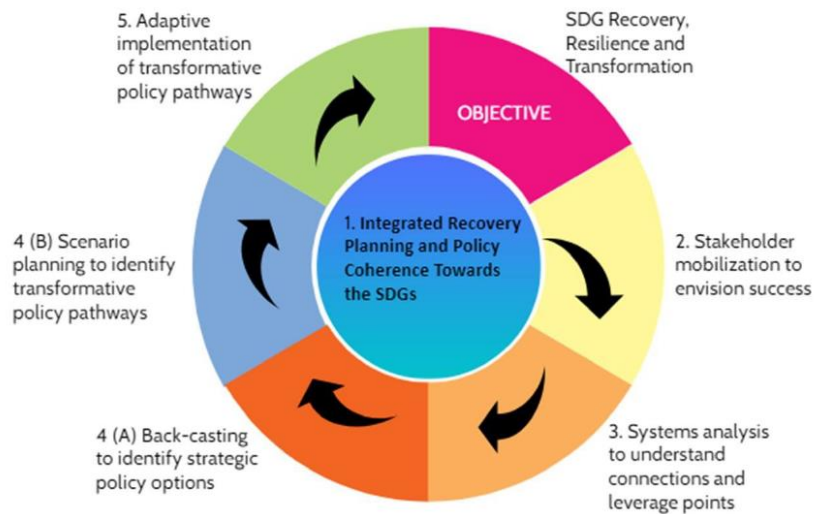
The green and sustainable recovery being postulated post-COVID has created a unique opportunity for countries to scale-up approaches to systems thinking towards strengthening policy coherence and advancing the achievement of the SDGs. Training and capacity building in systems thinking to support countries to implement sustainable and green recovery plans and strategies will be important as countries seek to recover and advance their sustainability agendas through the achievement of the SDGs post-COVID. The nature and practice of sustainability is very complex, multi-dimensional and dynamic. The SDGs as designed, with its 17 goals and 169 targets, creates the enabling environment to allow technocrats and other stakeholders to better understand the linkages and interactions between the goals and targets, and the impacts that changes (either positive or negative) in one goal can have on other goals and targets, as a result of systemic interactions and resultant synergies or trade-offs<sup>43</sup>.

The support to be provided to the Government of Trinidad and Tobago by UN DESA and UNECLAC will be designed to build the capacity of key technocrats in the Government in systems thinking and introduce or strengthen knowledge and capacity around approaches and tools such as the Stepwise Approach to support the decision-making processes that are key to sustainable recovery. A schema of this is presented in Figure 5 below:

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<sup>42</sup> <https://www.forumforthefuture.org/blog/systems-thinking-unlocking-the-sustainable-development-goals>

<sup>43</sup> <https://www.sciencedirect.com/science/article/pii/S0959378022000826>




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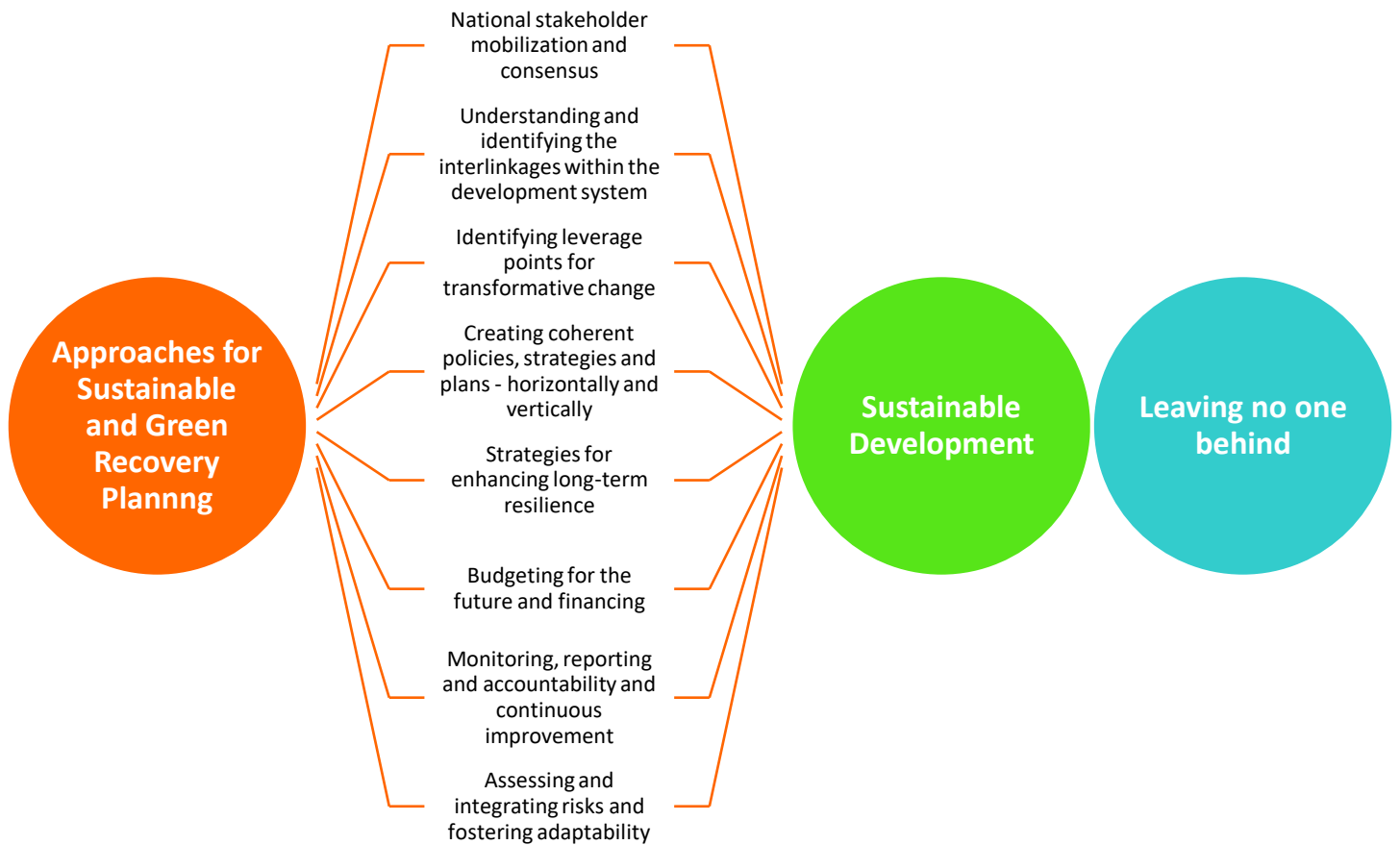
**STEPWISE APPROACH - Participatory, Qualitative, Quantitative**

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*Figure 5: Stepwise Approach for Recovery Planning and Policy Coherence for Recovery, Resilience and Transformation*

The approaches for systems thinking for sustainable and green recovery planning include but are not limited to:

- National stakeholder mobilization, participatory processes, and consensus.
- Understanding and identifying the interlinkages within the development system.
- Identifying leverage points for transformative change.
- Creating coherent policies, strategies, plans – horizontally and vertically for building back better, building forward stronger, fairer, and equal.
- Developing and implementing strategies that enhance the country’s long-term resilience, enabling it cope with varying exogenous shocks.
- Budgeting for the future.
- Monitoring, reporting and accountability and continuous improvement.
- Assessing and integrating risks and fostering adaptability.



*Figure 6: Tools to Facilitate Systems Thinking and Co-creating Policies for Sustainable Development*

Essentially the training and capacity building curricula to be developed will be designed around the following main objectives:

- Defining the key building blocks of an integrated recovery planning and policy coherence exercise towards transformational change in the SDGs, with particular emphasis on building back better in the wake of shocks such as the Covid-19 pandemic.
- How to map, analyze and engage effectively with key stakeholders using participatory processes in the national priority-setting process.
- How to apply elements of systems thinking to assess and map intersectoral interactions and identify nationally relevant "leverage points" (or "accelerators") and determining what the accelerators are. In other words, what are the issues and challenges we face as a country, what is the overall consensus on those, how are we currently addressing and what are the implications for these issues and our actions. This type of mapping helps with the creation of coherent policies and strategies that take into account but horizontal and vertical alignments.

- Apply back-casting and scenario planning approaches to identify strategic policy options for achieving recovery objectives and for identifying robust policies and adaptive actions to ensure resilience to shocks.

At the end of the training and it is envisaged that participants would be able to identify policy pathways that are:

- Transformative: that is, they address the leverage points/accelerators for development.
- Coherent and strategic: makes sense when combined, with minimum trade-offs but with maximum positive linkages and benefits to other sectors.
- Robust and adaptive: can perform across a range of plausible scenarios.

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Figure 7: A Simplistic Example of a Systems Analysis Map to Better Understand Connections and Leverage Points of One National Issues and the Implications around Several SDGs

<sup>44</sup> <https://se-ed.co.uk/systems-thinking-with-the-sdgs-in-the-classroom/#:~:text=Understanding%20and%20solving%20global%20issues%20using%20the%20SDGs&text=Systems%20thinking%20focuses%20on%20the,the%20context%20of%20larger%20systems.>