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A FRAMEWORK FOR THE REOPENING OF THE BAHAMIAN ECONOMY

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A FRAMEWORK FOR THE RE-OPENING OF THE ECONOMY OF THE BAHAMAS

Presented by

THE GOVERNMENT AND PUBLIC POLICY INSTITUTE

The University of The Bahamas



Disclaimer. *This is not a proposal to reopen the Bahamian economy.*

*This framework provides a strategic approach
to that reopening when it is deemed best to do so.*

MOVING TOWARDS CONTAINMENT

The Bahamas will contain the Covid-19 pandemic. Some models project that within forty (40) days, the number of Covid-19 cases in the country will plateau, provided the social distancing measures are continued.

THE ECONOMIC IMPACT OF CONTAINMENT

To contain this virus, the Government of The Bahamas—like others throughout the world—implemented social distancing measures that significantly suppressed economic activity in the country; only designated essential businesses can operate. Suppressing the economic activity has had an enormous cost. In addition to more than \$1 billion in lost economic activity, as many as 20,000 workers lost their jobs and income (adding to the 18,000 plus workers unemployed prior to this pandemic). This hit to the economy may result in a double-digit economic contraction and an unemployment rate as high as 30%. It comes in the wake of the devastation caused by Hurricane Dorian and after a Central Bank report forecasted zero or negative economic growth this year. As social distancing measures continue, so does the economic stagnation they induce. The Covid-19 mitigation strategy is working, but at the expense of enormous economic loss. The only relief for the latter is to reopen the economy.

PERIOD BETWEEN MITIGATION AND VACCINE DISCOVERY

Resuming normal social and economic activity, by all accounts, is not possible without the availability of a vaccine to protect the population from Covid-19. Development of that vaccine, according to the experts, is months away. The time between Covid-19 mitigation and vaccine availability begs the question: What degree of economic normalcy can occur? Can the economy be opened during that period?

A PROPOSAL FOR A PHASED REOPENING OF THE ECONOMY

We propose a dynamic framework by which the Government can reopen the economy in phases consistent with containment of the virus. Reopening the economy requires assistance from experts. It also requires data to determine the agreed *threshold(s)* that permit reopening. In South Korea, Covid-19 mitigation and economic reopening came as the country reached 7 in 100,000 confirmed cases and after testing around 2% of its population. The number of confirmed cases per 10,000 or per 100,000 offers a useful risk metric for The Bahamas, used alone or in combination with other factors. The example of South Korea therefore serves to highlight the importance of establishing thresholds as reopening conditions. Alongside establishing a risk metric, however, additional preconditions for opening exist.

PRE-CONDITIONS TO RE-OPENING THE ECONOMY

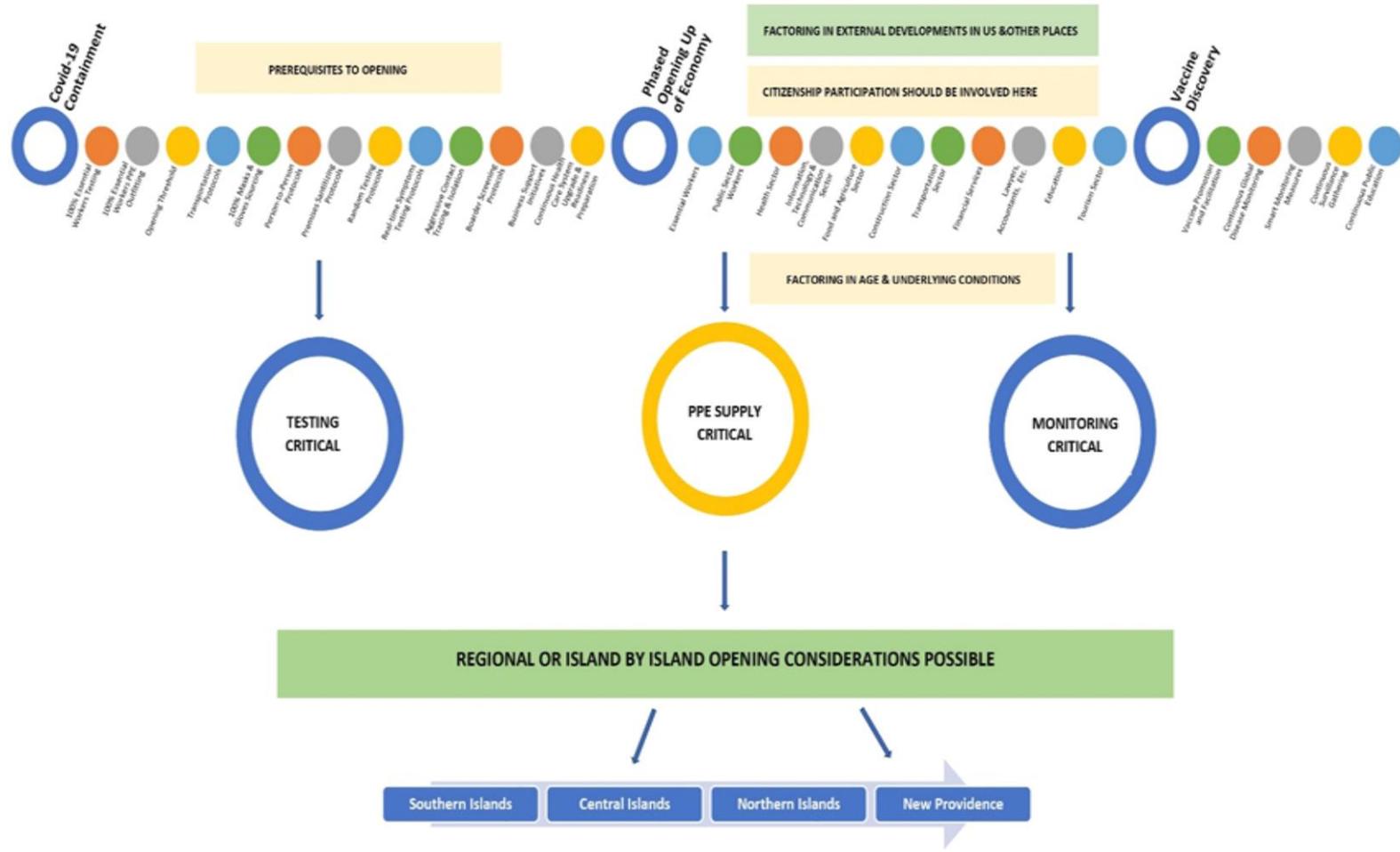
The accompanying chart identifies preconditions for the Government to deliberate before opening the economy. These prerequisites are below.

- I. **Testing of All Essential Workers.** By the nature of their occupations, essential workers enable a basic level of functioning of the country. Their continuing good health following reopening is important. They must be tested and protected. The Covid-19 pandemic must necessarily expand our notion of ‘essentiality’ as there are workers who have had to perform who, prior to this time, were not regarded as essential. *It is crucial for all workers to know they are important to the economy and that the term “essential” reflects more an immediacy of need than it does an undermining of the value of other workers in the economy.*
- II. **PPE Outfitting for All Essential Workers.** Essential personnel to the functioning of the economy must be protected, given their proximity and continuous exposure to the risk of Covid-19, as a requirement of reopening.
- III. **Establishing Transportation Protocols.** As most persons in the economy must be transported in some way, protocols must exist to ensure that they can move about in the economy free from undue exposure. For example, bus drivers and taxi drivers may need to observe certain protocols to operate.

- IV. **Sanitizing of Public Spaces.** To the extent possible, places frequented by members of the public should be continuously sanitized.
- V. **Availability of Protective Equipment for the Population.** The Government must ensure that suppliers in the country are able to provide masks and gloves to all who need them when they are required.
- VI. **Person-to-Person Contact Protocols.** This precondition requires the Government to provide guidance concerning hygienic measures people must follow. Examples include the wearing of masks, gloves and practising social distancing. It must also include protocols for businesses in hosting their employees and customers.
- VII. **'Premise Sanitizing' Protocols.** There must be guidelines and ordinances for organizations to sanitize their premises prior to hosting people. For example, which premises may suffice with surface sanitizing? Which require deep sanitizing? How often?
- VIII. **Random Testing Capacity.** The Government must conduct random testing at a level of population sampling that can assess virus spread within the population. This testing will have to be ongoing during any reopening exercise.
- IX. **Real Time Symptoms-Driven Testing.** Protocols should be in place to require testing for any person experiencing Covid-19 related symptoms. This real time testing will allow the country to contain potential outbreaks early.
- X. **Capacity to Conduct Aggressive Contact Tracing.** Given the above, any case of confirmed Covid-19 will need to be contact traced urgently. This means that there must be a team that can be mobilised as soon as cases are detected. This will stifle future outbreaks.
- XI.

- XII. **Border Screening Protocols.** As the nation will eventually open its borders, protective measures must be institutionalized to alleviate the potential spread of the coronavirus with the freedom of movement. Health experts can advise screening and response rules to put in place to minimize the risk of the spread of the virus through visitors to the country. Collaboration with airlines and cruise lines will be important in this regard.
- XIII. **Business Support Initiatives.** Many businesses have suffered significant losses during the Covid-19 mitigation. They have compounding expenses with unrecoverable losses in income. These businesses, many of which are small and medium size businesses important to the provision of goods and services to our communities, will need financial support from the Government and financial sector. Providing support to these businesses will be necessary to assist their re-opening. The Government has already taken steps in this direction and will need to take further steps.
- XIV. **Continuous Healthcare System Upgrade and Readiness Preparation.** As the number of cases of COVID-19 declines, there must be a commitment to improving the Healthcare System to address new outbreaks of pandemics. Before a vaccine is available, future outbreaks of Covid-19 remain probable.

STRATEGIC OPENING OF THE ECONOMY SCHEMATIC



PHASED RE-OPENING

This strategic framework contends that once the Government implements the pre-requisites discussed, the nation would be ready for a phased re-opening of the economy. It approaches the re-opening in a dynamic, fluid fashion that allows for change and feedback. It works from and balances the following decision criteria in order of priority:

Essentiality – What is most critical to protecting against Covid-19 re-emergence and necessary for the economy to function properly? Here, there is a recognition that the definition of essential changes with timelines, such that, what is essential for three days of preparation for a hurricane may be different or added to when one is dealing with three to twelve months of living with a potential infectious disease outbreak. For example, over three days a mechanic shop might not be essential but the same cannot be said for over three months. Health professionals, the private sector and broad public sentiments must define a flexible working definition of essential businesses.

Least Risk – What poses the least risk to the re-emergence of Covid-19 cases? This risk configuration must consider the nature of the sector – labour intensive or not, demographic profile, consumer profile, product or service delivered and manner of delivery, e-commerce capability, ease of reopening and closing, extent of regulation, etc.

Economic Impact – the extent to which people can return to work in an acceptably safe manner and generate revenue for the economy.

E-commerce Ready – businesses with e-commerce capability can make reopening more doable

***People who are most at risk of Covid-19 and who contribute to the economy
may require special consideration.***

EXTERNAL FACTORS MAY AFFECT RE-OPENING

This proposal recognizes that re-opening the Bahamian economy also depends upon external factors such as the status of the pandemic in other parts of the globe as well as travel and trade measures being undertaken by other countries. In this regard, what the United States, Canada and Europe are doing will be critical to what is done in The Bahamas, as they are important components of travel and trade in the country's two most significant sectors.

CITIZEN ENGAGEMENT

The strategic reopening of the economy will depend on the cooperation of the citizenry, just as mitigation depended on that cooperation. The Prime Minister has already asked for citizens' input as the country moves forward. This proposal calls for citizen engagement in reopening the economy. This means hearing from the wider population as well as industry representatives. While people will have economic pressure to go back to work, their return should not put their health at undue risk. They might also desire areas of the economy to open that might be important to them but not to the Government. For example, the reopening of parks or beaches. Cooperation by the population has been strong and should be commended and encouraged.

THE PHASED OPENING

This framework provides for a sequential, reopening of the economy as follows:

- I. **Essential Workers.** Since they remained functioning during the mitigation and are critical to health and economic functioning, they should be the first to open fully.

- II. **Public Sector.** Since this is essential to the provision of services to the broad society and economy, and can be easily directed, monitored, and tested by Government, they are listed for early reopening.
- III. **Health Sector.** Both necessary to maintaining health of the society and capable of self-monitoring and protection, this sector is listed for early reopening.
- IV. **Information Technology and Communication Sector.** A critical plank to economic productivity and remote working, as well as capable of social distancing, this sector can be re-opened early.
- V. **Food and Agriculture Sector.** Some of this sector remained open during mitigation because of its importance. The remainder of the sector will be important with wider opening of the economy.
- VI. **Real Estate.** This sector has high social distance capacity, reasonably high economic impact, and high e-commerce ability. It can be a candidate for early opening.
- VII. **Construction Sector.** An important economic activity that in the present circumstances does not have robust activity and might be able to provide protection, as its workers are used to using protective gear.
- VIII. **Transportation Sector.** This sector is critical to movement of workers and products within the economy.
- IX. **Financial Services.** As this is capable of controls for maintaining social distancing for health protection, it can be opened early. It is also heavily technology driven.
- X. **Lawyers, Accounting, Bus. Mang Ind.** This sector is an important set of support services to the functioning of the economy but does involve a great deal of human to human contact in many instances. It can, however, deliver services in a manner consistent with social distancing and should be slated for mid-phase reopening.

- XI. **Wholesale and Retail Trade.** This sector serves the general public in important ways but is also highly dependent on in-person traffic, therefore posing significant risk in terms of person to person contact. It must be a later consideration for broad reopening, though those businesses with e-commerce platforms can be allowed to reopen earlier; and
- XII. **Tourism Sector.** Because of its large numbers of travellers from around the world, tourism represents the greatest health risk during re-opening. This is among the last areas for consideration for re-opening. Government must set travel conditions to minimize risk of Covid-19 spread during re-opening, beginning its re-opening with second homeowners and permanent residents who can be subject to testing or proof of testing and self-isolation for two weeks. This sector poses the most difficult call on both the air and sea sides.

Enough time must exist between the reopening of various sectors to monitor the impact of the opening on Covid-19 resurgence. That interval should be adopted following advice from health experts.

This schedule of opening is by no means fixed. It merely represents a way to think through the process of reopening. The Government's own data and consultations with the private sector and broader society will best determine priorities. This framework merely calls for a strategic approach, appropriately paced, phased reopening of the economy, based on established pre-conditions to that reopening.

E-COMMERCE

This framework proposes that early consideration be given to any business that can use an e-commerce platform for ordering and employ a delivery system that is consistent with social distancing. Any business with such a business model should be allowed to apply to Government for re-opening. All such businesses must commit to practising protocols consistent with minimising the risk of a resurgence or Covid-19.

PRIVATE SECTOR COVID-19 ADAPTATION

The Private Sector organizations allowed to re-open must commit to protocols that minimize the risk of Covid-19 resurgence. These protocols should cover, among other things:

- **Social distancing within the workplace and for customers**
- **Availability of PPE for workers**
- **Proper sanitizing measures**
- **Testing of staff**
- **Reporting of illnesses that might be Covid-19 related**
- **Maximum use of delivery services**
- **Continuous staff education to encourage vigilance and responsible behaviour.**

Businesses unwilling to commit to public health compliance should not be allowed to re-open. Careful attention must be paid to small businesses that might lack resources to support their compliance. A special unit should be set up to provide support to these businesses.

THREE CRITICAL FACTORS THROUGHOUT RE-OPENING

This framework contends that three things remain crucial: (1) Testing; (2) Provision of Personal Protective Equipment; and (3) Monitoring. Testing must be available sufficiently to help monitor and respond to outbreaks.

Personal Protection Equipment (PPE) may be required broadly in the community prior to a vaccine. Monitoring will be critical to detecting and eliminating potential outbreaks.

ISLAND-BY-ISLAND (REGIONAL) CONSIDERATIONS

We propose that the Government determine opening economies on a regional or island basis. As a result of the archipelagic makeup of the country, it is realized that each island or region's reliability on sectors of the economy varies. For example, Acklins Island is not considered a large tourist economy, and hence, may be regarded as less of a risk to open in comparison to an island like Exuma that attracts a large tourist population. Similarly, it suggests that the Government could also decide that the southern or central region of the country poses less risk to opening than the northern region.

POST VACCINE DISCOVERY

A COVID-19 vaccine will lead to the sustained opening of the economy across the entire Bahamas. However, this will not be possible unless the vaccine is put to good use. It also means taking measures to ensure continuous protection of the society and economy post-vaccine discovery. The framework therefore calls for the following post-vaccine discovery:

- **Vaccine Promotion and Facilitation.** The release of a coronavirus vaccine will require the Government to promote and facilitate vaccination for the entire population.
- **Continuous Global Disease Monitoring.** The Government will have to continuously monitor diseases that may pose a potential threat to the population. This will allow the Government to be better prepared for healthcare threats that may impact citizens.
- **Smart Monitoring Measures.** Given that there is available and may become more available technology to assist with monitoring, testing, tracing, response, treatment and prevention of diseases, the Government and private sector must be committed to seeking out and looking out for such technology on a continuous basis.

- **Continuous Surveillance Gathering.** Once vaccinations are distributed throughout the population, the Government will have to monitor population's response to the vaccine. Healthcare professionals will have to gather information on how the community is developing immunity to the disease upon vaccination. Also, the Government must make sure that persons in the population are taking the vaccine to prevent any risk of the illness re-emerging within the community.
- **Continuous Public Education.** Ongoing public education about the vaccine, proper hygiene, and health maintenance will help population to understand why receiving the vaccine is essential to preventing the spread of the coronavirus or any disease. This public education campaign will make citizens more informed and may help them to take responsible actions that mitigate against vulnerability to present and future threats.

APPENDIX 1

Source: Department of Statistics Labour Force Survey 2018

Table 1

<u>BY INDUSTRIAL SECTOR</u>	NUMBER	% of Econ
AGRICULTURE, HUNTING, FORESTRY & FISHING	2,845	1%
MINING, QUARRYING ELECTRICITY, GAS & WATER	2,820	1%
MANUFACTURING	8,410	4%
CONSTRUCTION	20,835	10%
WHOLESALE & RETAIL	25,475	13%
HOTELS & RESTAURANTS	37,955	19%
TRANSPORT, STORAGE & COMMUNICATION	14,135	7%
FINANCING, INSURANCE, REAL ESTATE & OTHER BUSINESS SERVICES	13,800	7%
COMMUNITY, SOCIAL & PERSONAL SERVICES	71,200	36%
NOT STATED	2,680	1%
	200,155	100%

Table 2

<u>BY OCCUPATION</u>	<u>Number Employed</u>	% of Whole
LEGISLATORS & SENIOR OFFICIALS	14,720	7%
PROFESSIONALS, TECHNICIANS & ASSOCIATE PROFESSIONALS	36,880	18%
CLERKS	19,775	10%
SERVICE WORKERS & SHOP MARKET SALES WORKERS	55,120	28%
SKILLED AGRICULTURAL AND FISHERY WORKERS	4,585	2%
CRAFT AND RELATED WORKERS. PLANT & MACHINE OPERATORS AND ASSEMBLERS	36,210	18%
ELEMENTARY OCCUPATIONS	29,350	15%
NOT STATED	3,515	2%
	200,155	100%

Table 3

GDP BY SECTORS		
Tourism (Direct)	1,771,957,000	21%
Banks & Insurance	973,874,000	12%
Retail Trade	619,015,000	7%
Real Estate & Actual Rent	509,411,000	6%
Owner Occupied Dwellings (Imputed Rent)	450,385,000	5%
Public Administration & Defence	421,452,000	5%
Construction	379,152,000	5%
Communication	332,946,000	4%
Transport	255,823,000	3%
Wholesale Trade	188,852,000	2%
Public Education	157,353,000	2%
Other personal Services incl casinos	149,269,000	2%
Public Health	146,864,000	2%
Lawyers, Accounting, Bus. Mang Ind.	139,916,000	2%
Electricity	135,906,000	2%
Restaurants	133,387,000	2%
Private Education	127,898,000	2%
Fisheries	112,006,000	1%
Private Health	110,806,000	1%
Hotels	109,438,000	1%
Other Business Services	100,125,000	1%
Mining	74,651,000	1%
Agriculture	66,416,000	1%
Other Industries	633,982,000	8%
FISIM Industry	- 400,423,000	-5%
Import Duties and Stamp Tax	618,537,000	7%
	8,318,998,000	100%



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