

Trade Competitiveness Briefing Paper

# An Assessment of the Impact of COVID-19 Responses on MSMEs in the Informal Sector: Evidence from Commonwealth Countries in the Caribbean

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The Commonwealth

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IDS thanks the Commonwealth Secretariat for this opportunity for collaboration. We are grateful to the reviewers for feedback on an earlier version. Devanik Shah provided research assistance in compiling the policy responses. We thank Marco Carreras, who supported the development of the index, and Evert-Jan Quak, who contributed to the framework for assessing the policy recommendations. The complete underlying data for the index is available on request. The authors aim to update this measure in future research. Any remaining errors are entirely ours.

Please cite this paper as: Saha, A and J Thorpe (2020), 'An Assessment of the Impact of COVID-19 Responses on MSMEs in the Informal Sector: Evidence from Commonwealth Countries in the Caribbean', *Trade Competitiveness Briefing Paper 2020/02*, Commonwealth Secretariat, London.

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### Abstract

The coronavirus (COVID-19) pandemic has led to severe economic disruptions, with the large informal sector in Caribbean Commonwealth countries being particularly vulnerable. Even though the region has evolved into largely middle- and upper-income service-oriented economies, the informal sector continues to play an important role, and constitutes 30.8 per cent of gross domestic product (GDP) on average. Policy responses and measures need to be customised to reflect this, as COVID-19 is likely to make conditions worse for those working in the informal sector.

This report summarises current policy responses and groups them into five key areas: health and safety measures; welfare support; responses on taxes and fees; finance and credit measures; and structural policies. It then proposes a simple COVID-19 Response for Informal Sector (CRIS) Index that combines information on four indicators (breadth, access, cover and adequacy) for each policy area, based on announced measures, as well as the existing scenario in country, allowing for systematic comparisons across the countries. Finally, it recommends a combination of short-term responses and medium- to long-term measures that are needed to support recovery for informal enterprises and workers.

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JEL Classifications: J46, O13, O17

Keywords: Commonwealth Caribbean, COVID-19, informal sector, agriculture, policy responses

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# 1. Introduction

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The coronavirus (COVID-19) pandemic has triggered severe and large-scale disruptions around the world. The adverse economic consequences from efforts to contain the spread of the virus are proving to be significant. Global supply chains have been disrupted, financial flows are plummeting and several enterprises have been forced to suspend operations and numerous jobs are at risk.

Many Caribbean governments responded with public health measures to limit the potential spread of the infection. A range of economic responses and measures have also been implemented to keep the economic fabric alive by preserving jobs and businesses. However, there is a noticeable variation across countries and the combination of measures adopted will have important consequences for effects from the economic downturn.

Micro, small and medium-sized enterprises (MSMEs) in the informal economy, with limited resources, are particularly vulnerable to the disruptions. The structures in which such MSMEs operate are also specific to the region and country context. Hence, the combination of policy responses to support MSMEs and their workers will need to be grounded in similarly specific contexts and circumstances.

Effective response to COVID-19 to safeguard MSMEs and workers in the informal sector will require a mix of swift context-specific, short-term measures implemented with speed and flexibility and more medium- to long-term measures that focus on building resilience and capabilities. The interventions will need to account for the structure of enterprises – such as their composition, level of informality, etc.; result from engagement and consultation with stakeholders; and ensure flexibility in monitoring design and implementation.

This report assesses the potential impact of the COVID 19 pandemic on MSMEs in Commonwealth Caribbean: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Lucia, Saint Kitts and Nevis, and Saint Vincent and the Grenadines. It reviews the economic policy responses and investigates if these responses are sufficient to safeguard actors

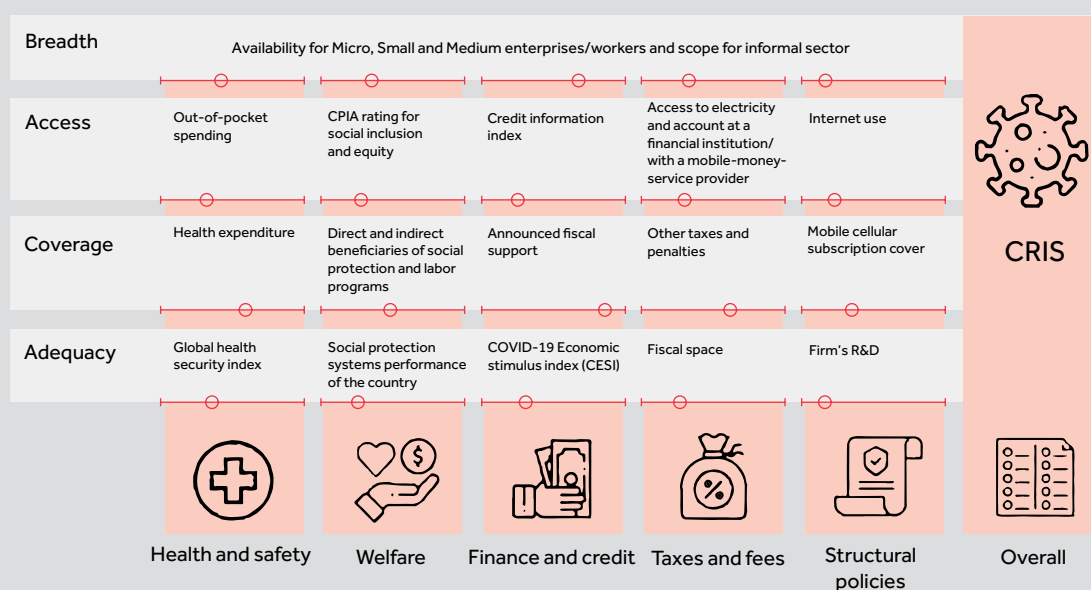
in the informal sector. The analysis considers both the immediate short-term emerging implications, as well as likely challenges for the medium- to long-term, when recovery begins. Additionally, it draws focus to the heterogeneity of impacts across sectors.

The current economic policy responses are presented as the ‘COVID-19 Policy Response for Informal Enterprise Monitor (CPRIM)’ and include a subset of actions and measures that affect informal enterprises and workers, either directly or indirectly, as of 15 May 2020. It does not aim to provide a full picture of measures undertaken, but provides a consolidated overview of how Commonwealth countries in the Caribbean<sup>1</sup> are responding to the implications of COVID-19 through: (i) health and safety measures; (ii) welfare support in the form of grants and safety nets; (iii) finance and credit support for firms; (iv) taxes and fees being waived; and (vi) structural policies to encourage the adoption of digital tools or information. The CPRIM can be updated frequently as the response measures continue to evolve.

A four-point diagnostic tool is used to assess the breadth, access, short-term cover, and medium- to longer-term effects across the five areas. These four different indicators are standardised across the five areas and combined to yield a simple unweighted COVID-19 Response for Informal Sector (CRIS) Index that allows for systematic comparisons across the countries, helping narrow down both lessons and gaps that can inform further policies. See Box 1 (details in Annex Box A1 and Table A2).

The report is organised as follows: Section 2 reviews the broad structure of the informal economy in the Commonwealth Caribbean and then analyses the channels of transmission of the COVID-19 global crisis; Section 3 presents the methodology of the report – developed especially to address the question of adequate support for the informal sector; Section 4 outlines the economic responses across countries, assessing the potential coverage and gaps for the enterprises and workers; and finally, Section 5 concludes by outlining a list of recommendations.

### Box 1. COVID-19 Response for Informal Sector (CRIS) index



Source: Author illustration.

## 2. COVID-19 and MSMEs in the Caribbean's informal economy

COVID-19 is creating severe hardships in several Caribbean countries, especially where most of the population works in the informal sector. This section begins by outlining stylised facts about the structure of the informal economy in the Caribbean, with examples by country.<sup>2</sup> Next, it discusses the unfolding impact and the transmission channels through which the informal enterprises and workers are being affected as a result of the pandemic.<sup>3</sup>

### 2.1 Informal economy in the Caribbean

According to the International Labour Organization (ILO) definition, the informal economy refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements. The informal economy comprises 2 billion people globally (ILO 2020a). In the Caribbean, the informal economy has traditionally played an important economic role. Initially, informal activities principally involved family farming oriented

towards domestic consumption. However, even as the Caribbean region has evolved into largely middle- and upper-income service-oriented economies, the informal sector continues to play an important role (Table 1), and constitutes 30.8 per cent of gross domestic product (GDP) on average (Mapp and Moore 2015).

A large proportion of the informal economy in the Caribbean is engaged in agriculture and related activities (food processing and sales). Beyond agriculture, the main sectors with high levels of informality are tourism, retail trade (including street vendors and itinerant traders), transportation (e.g. taxis) and construction (e.g. land preparation, masonry, carpentry).

In Saint Lucia, while the majority of informal employment is in agriculture, this is followed by accommodation, food services, wholesale and retail trade.<sup>4</sup> Small-scale farming, service and craft occupations are also important segments.<sup>5,6</sup> Retail also dominates the informal sector in Saint Vincent and the Grenadines, along with agriculture and construction.<sup>7</sup> Similarly, the Jamaican informal economy is

**Table 1. The informal economy in the Caribbean**

Country	Estimated size of informal economy (% of GDP); 1991–2011
Antigua and Barbuda	24.4
The Bahamas	20.2 (20–30%)
Barbados	36.7 (30–40%)
Belize	31.0
Dominica	32.0
Grenada	30.2
Guyana	29–33%
Jamaica	34.1 (35–44%)
Saint Lucia	34.4
Saint Kitts and Nevis	26.9
Saint Vincent and the Grenadines	31.6
Trinidad and Tobago	37.1
<b>Caribbean average</b>	<b>30.8</b>

Source: Mapp and Moore (2015); Peters (2017).

engaged primarily in wholesale and retail trade, small-scale farming, repairs and construction (Witter 2016).

In Barbados, a large proportion of the informal economy is engaged in tourism and retail trade. For example, much of Barbados' informal sector is in tourism<sup>8</sup> – tourism services, transportation and accommodation, accounting for 12 per cent of GDP and employing nearly 26,000 persons. In The Bahamas, 48 per cent of GDP is generated from tourism.

The majority of informal employment is in businesses of fewer than five to ten workers, while some are independent workers without employees. Disaggregated data reveals that women-led enterprises are much less likely to have employees: 64.5 per cent of female-owned enterprises have no employee, as compared to 45 per cent of male-owned enterprises.<sup>9</sup> For youth (15–24 years of age), the informal sector is the main source of employment opportunities, with six out of every ten new jobs available to youth in Latin America and the Caribbean being informal (ILO 2015).

Finally, it is important to note that the informal sector has traditionally acted as a buffer in times of economic volatility, offering alternative livelihoods for individuals that have lost formal sector jobs and supporting household consumption. For example, informality in the

Caribbean is estimated to have reached a high in 2008 in response to the global financial crisis (Mapp and Moore 2014). At the same time, crises like COVID-19 are likely to make the conditions worse for those working in the informal sector, which tends to lack access to social protection and other government schemes to protect workers.

## 2.2 The unfolding effects of COVID-19 for MSMEs

Across the region, authorities are imposing travel restrictions, including suspending cruise ship visits, implementing social distancing and other containment measures, procuring medical supplies, identifying quarantine and isolation facilities, and training medical staff. Most Caribbean countries will also be directly affected by the sudden drop in tourism.

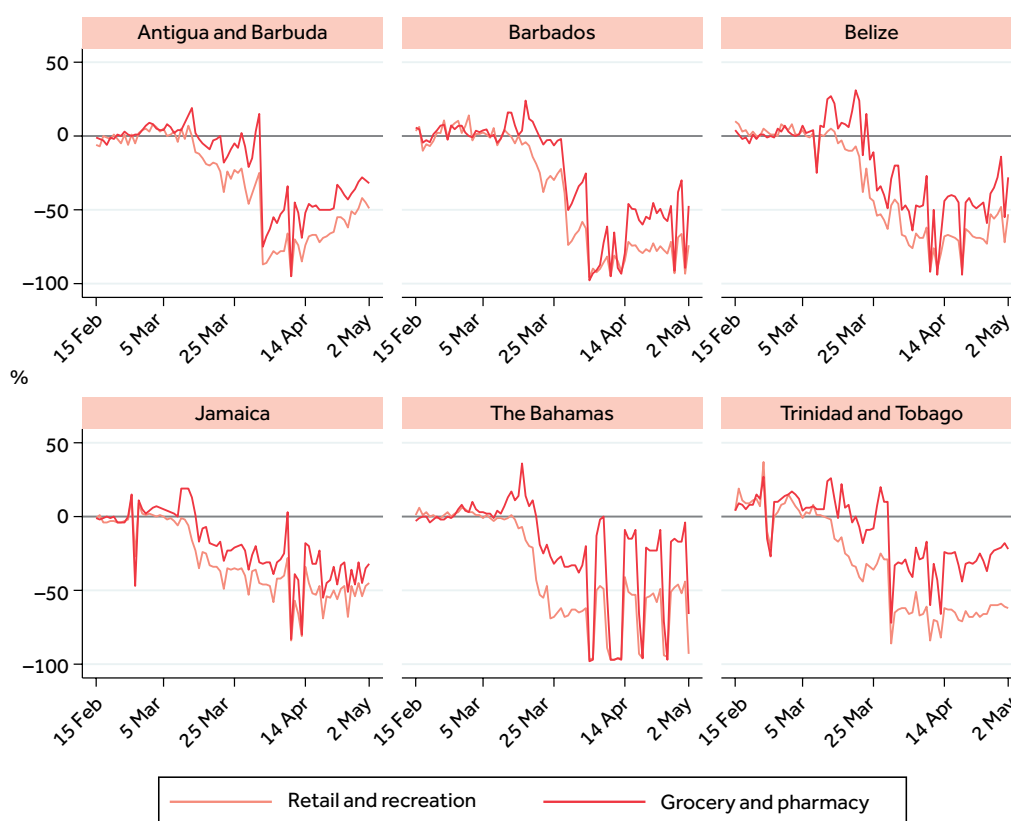
Such changes have translated to profound economic consequences in the short-term. These could be much more severe in the medium to long-term, depending critically on the economic policy actions that are taken now.

The effects for informal MSMEs are taking place simultaneously through two direct transmission channels: demand-side shocks and supply-side effects; as well as indirectly, through the financial shocks and uncertainty that are likely to affect longer-term outcomes (World Bank 2020).

As the first direct channel, consumers are demanding fewer goods and spending considerably less on services such as travel, entertainment etc., directly affecting informal enterprises. Retail and recreation and grocery and pharmacy sites have experienced a reduction in mobility of between 20 and 50 per cent across all countries (Figure 1). Informal firms are also affected by reduced demand for goods and services from formal firms and from the knock-on effects of reduced exports.

Second, restrictions are affecting the availability of labour, as public transit and mobility for places of work have decreased. Firm productivity is also likely to decline with new modalities of work. The lack of intermediate goods will directly affect firms that are reliant on such goods. For example, small and medium-sized enterprises (SMEs) in the tourism sector could be facing great difficulties and workers could be laid off, with the expectation of shutting down operations completely.<sup>10</sup>

Figure 1. Mobility changes across Caribbean countries



Source: Author's own, using Google's mobility data as per availability for Caribbean countries. These show how visits and length of stay at different places have changed compared to a baseline.

These two direct channels are creating liquidity problems, resulting in reduced output, as well as worker layoffs. These issues will be acute in sectors such as food services, retail trade and manufacture of non-essential goods. Women are overrepresented in sectors: 42 per cent of women workers are working in sectors at high risk of being impacted, compared to 32 per cent of men (ILO 2020). The issues are exacerbated for informal MSMEs, which are often outside the scope of formal banking channels.

Informal enterprises will also face indirect effects as a result of funding constraints and credit conditions for formal firms; as well as more medium- to longer-term effects from uncertainties in relation to investments, innovation and entrepreneurship.

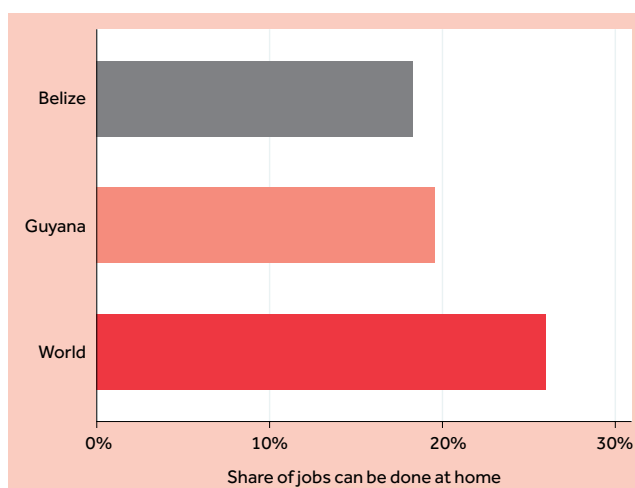
Most Caribbean countries will be directly affected by the sudden drop in tourism. The hotel sector is one of the most affected at the moment. In Antigua and Barbuda, there have been negotiations concerning protection for workers.<sup>11</sup>

A small number of affected firms and workers are adapting – switching to work from home,

online retail or home delivery. For firms to adapt to these modes, there need to be certain organisational capacities, familiarity with digital platforms, sufficient infrastructure (such as internet coverage) and also consumer demand for these new approaches. A recent World Bank (2020) report suggests that the vulnerability of informal firms to the demand effects can be assessed by estimating the share of businesses that are more affected. The share of jobs that can be done from home in Commonwealth Caribbean countries (Figure 2) ranges from 18 to 20 per cent (Dingel and Neiman 2020),<sup>12</sup> suggesting that some economies can continue to work during periods of stringent social distancing.

However, as the nations of the Caribbean region are scattered, mostly isolated from each other, some countries face quality internet connectivity challenges. While internet use and coverage of internet infrastructure varies considerably, the density of fixed broadband subscribers is generally low. For example, there are only 4 subscriptions per 100 inhabitants in The Bahamas.<sup>13</sup>

Figure 2. Share of jobs that can be done from home in Caribbean countries



Source: Author's own, using data (as available for the Caribbean) from Dingel and Neiman (2020).

Steps are now being taken in several countries to gradually ease COVID-19 measures and to reopen economies. On 4 May, Caribbean Community (CARICOM) leaders discussed a phased approach to re-establishing intra-regional travel (IMF 2020b). Note, however,

that if the COVID-19 shock extends into the hurricane season (August to November), it could mean compounded impacts from natural disasters and the COVID-19 crisis on both the economy and society.

### 3. Methodology

A two-stage method was used to investigate the extent to which the policy responses and measures will be sufficient to safeguard the informal economy and where the likely gaps will be. First, a comprehensive review across various policy trackers, government websites and wider media outlets yielded five broad response areas that are used to compile the responses being announced and implemented. Second, a diagnostic tool is used to score the five areas to construct an overall measure.<sup>14</sup>

#### 3.1 Response areas

Using a scoping of the various types of economic measures that countries all over the world are putting in place, as well as emerging and existing literature on responses to pandemics more generally, we outline the following *five response areas*:<sup>15</sup>

- **A1. Health and safety:** Measures aimed to improve access to health, improved

sanitation, etc. that protect the well-being of individuals and workers.

- **A2. Welfare:** Measures to maintain employment levels and support temporarily unemployed workers, such as cash transfers, fee waivers, wage or employment support.
- **A3. Finance and credit:** Measures aimed at facilitating access to credit and reducing related costs, such as economic stimulus, credit schemes, loan guarantees.
- **A4. Taxes and fees:** Measures aimed at reducing or postponing indirect tax burdens and fees for the informal sector – either directly or indirectly – in relation to VAT [value-added tax], mobile money, digital tools, utilities, etc.
- **A5. Structural policies:** Measures aimed at streamlining procedures providing support for clarity in rules, developing skills, teleworking/digitalisation, innovation, training and redeployment etc.

These areas, A1 to A5, will be the core of the analysis and will be used to group proposed and announced measures by each country.

### 3.2 Assessing impact of COVID-19 on informal MSMEs

It is currently unclear how the various policies and measures announced in the wake of COVID-19 will impact the informal sector. This paper proposes a diagnostic tool to investigate these measures, assessing four indicator areas: breadth, access, short-term cover, and medium- to long-term adequacy across the five policy areas. By standardising the responses across the indicators and response areas, an unweighted index helps examine variation across countries. The details of this tool are discussed below (see also Box 1 and Annex Box A1).

#### i. Breadth

The breadth of the measures for the informal sector is assessed in two steps:

- first, the general availability for MSMEs is identified from the policy announcement; and
- second, the scope for the informal sector is assessed based on the wording of the announcement, as well as discussions in the media.

Availability weighted by scope gives breadth and ranges between [0,1,2] that is standardised within [0,100] for the composite score.<sup>16</sup>

#### ii. Access

Even when there is availability and scope for the informal sector, access will vary across countries, especially as without employers, banks or ID [identification] systems to share contacts, it is difficult to reach citizens in need of assistance. Access will therefore be dependent on the existing scenario in country. It is measured for each policy area – to assess the country scenario, irrespective of a new measure – as follows:

*Health and safety:* For health and safety, access for those in the informal sector is based on the share of out-of-pocket spending on health by households (of total current health expenditures). This measure captures weaknesses, strengths and areas that need investment in a country, such as additional health facilities, better health information systems or better trained

human resources. Health financing also serves as a proxy for access to health facilities and progress towards universal health coverage.

*Welfare:* Access to welfare measures is captured using the Country Policy and Institutional Assessment (CPIA) rating for policies of social inclusion and equity (1: low to 6: high), which includes gender equality, equity of public resource use, building human resources, social protection and labour, and policies and institutions for environmental sustainability. These aspects help assess the extent to which welfare measures are inclusive of actors in the informal sector.

*Finance and credit:* Access to finance and credit support for the informal sector is based on the World Bank's Depth of credit information index, which measures rules affecting the scope, accessibility and quality of credit information available through public or private credit registries. The index ranges from 0 to 8, with higher values indicating the availability of more credit information, from either a public registry or a private bureau, to facilitate lending decisions.

*Taxes and fees:* As governments announce waivers of utility fees, a major proportion of the informal sector may lack access to such utilities. Access to responses for taxes and fees for the informal sector is based on a combined assessment using two variables:

- First, access to electricity (percentage of the population) – it being impossible to operate a factory, run a shop, grow crops or deliver goods to consumers without using some form of energy. Using the broad indicator of electricity access helps assess the likely ease or complexity for informal enterprises and workers to make use of fee waivers on electricity.
- Second, account ownership at a financial institution or with a mobile-money service provider (percentage of population aged 15 years or over) captures the likely extent to which the informal sector will be able to access the waivers for mobile money and general loans.

The average across the two variables gives a good proxy for likely access for the informal sector.

*Structural policies:* Some governments have put in place measures to support innovative practices such as new modes of finance, digital ways of working, as well as promoting entrepreneurialism of MSMEs through structural policies (Organisation for Economic Co-operation and Development [OECD] 2020). Where these measures are in place, access could still be complex in less developed settings, as internet coverage remains limited or patchy at best. Access to these for the informal sector is assessed using individual use of the internet (percentage of the population), where internet users are individuals who have used the internet (from any location) via a computer, mobile phone, personal digital assistant, games machine, digital TV, etc.

### iii. Cover

Additionally, during the immediate short term, there is an urgent need to adopt measures that address liquidity challenges, reduce layoffs, and avoid firm closures and bankruptcies for the informal economy. Short-term cover is measured as follows:

*Health and safety:* Short-term cover by health and safety measures is assessed by the level of current health expenditure (as a percentage of GDP) by the country that includes healthcare goods and services consumed. While this is a general measure, it proxies for immediate gaps which are likely to affect vulnerable populations in the informal sector.

*Welfare:* For welfare, cover is assessed using the measure of coverage by social protection and labour programmes that shows the percentage of the population participating in social insurance, the 'social safety net', and unemployment benefits and active labour market programmes. Estimates include both direct and indirect beneficiaries, and, therefore serve as a proxy also for informal sector actors.

*Finance and credit:* Governments have announced fiscal support packages. Ensuring liquidity support through direct credit lines or guaranteed commercial loans for the informal sector in the short term is measured in terms of announced fiscal support (as a percentage of GDP) taken from Elgin et al. (2020); Hale et al. (2020); and supplemented by public announcements. This is a general measure that picks up

on economy-wide impacts, with likely indirect implications for informal actors.

*Taxes and fees:* Short-term cover by these measures is proxied using other taxes (as a percentage of revenue) that include payroll or labour taxes, taxes on property, and taxes not allocable to other categories, such as penalties for late payment or non-payment of taxes – some of which are more likely to be affecting the informal sector, directly or indirectly. The extent to which there is existing compliance to these will provide an approximation of the relief for informal enterprises.

*Structural policies:* Structural measures that streamline and provide information about procedures and new ways of work will be critical. The short-term cover by such responses is proxied using mobile coverage measured by mobile cellular subscriptions (per 100 people). This includes the number of post-paid subscriptions and the number of active prepaid accounts and applies to all mobile cellular subscriptions that offer voice communications. It excludes general internet subscriptions.

### iv. Adequacy

Further, the recovery period will include challenges that firms will face once the epidemic is contained and lockdowns are removed, allowing businesses to re-open. The indicators therefore include an assessment of medium- to long-term effects in terms of area-specific challenges for informal MSMEs. This adequacy is assessed as follows:

*Health and safety:* The medium- to long-term effects are proxied by the Global Health Security (GHS) Index. This is an overall score as the weighted sum of the following category scores: i) prevention of the emergence or release of pathogens (16.3%); ii) early detection and reporting epidemics of potential international concern (19.2%); iii) rapid response to and mitigation of the spread of an epidemic (19.2%); iv) a sufficient and robust health sector to treat the sick and protect health workers (16.7%); v) commitments to improving national capacity, financing and adherence to norms (15.8%); and vi) overall risk environment and country vulnerability to biological threats (12.8%). Being a comprehensive measure, the GHS Index captures the longer-term implications for actors in the informal economy.

*Welfare:* The potential medium- to long-term effects are examined using the measure of adequacy of social protection and labour programmes, based on the total transfer amount received by the population participating in social insurance, the ‘social safety net’, and unemployment benefits and active labour market programmes as a share of their total welfare. ‘Welfare’ is defined as the total income or total expenditure of beneficiary households. Again, estimates include both direct and indirect beneficiaries, and provide an approximate idea of the longer-term scenario for the informal sector.

*Finance and credit:* The long-term likelihood of recovering from depressed demand is proxied by the COVID-19 Economic Stimulus Index (CESI), which combines all adopted fiscal, monetary and exchange rate measures (Elgin et al. 2020). This measure combines information across the categories of fiscal policy, monetary policy and balance of payment/exchange rate policy; while not a comprehensive measure, it provides a proxy for the likely medium- to long-term implications that will also affect firms and workers as a result.

*Taxes and fees:* The medium- to long-term effects will be driven by the fiscal capacity of the government. This is measured using the current account balance of the government (as a percentage of GDP), which is the sum of net exports of goods and services, net primary income and net secondary income. The measure provides an indication of the country’s

fiscal space and therefore reflects the medium- to long-term implications for adequate financial support to firms, households and workers.

*Structural policies:* To enhance the longer-term resilience of MSMEs and their potential for growth after the crisis, it is important that country responses include a broader array of structural policies. Longer-term measures should include training and investment in building capabilities. This potential is measured using a country’s research and development (R&D) expenditures – the percentage of firms that spend on R&D. Based on underlying data from World Bank enterprise surveys, the universe of firms includes both formal and informal firms. It serves as an approximate measure for implications for the informal sector.

The four different indicators are combined for each area score and then the average of the five areas yields a simple unweighted additive index – the CRIS<sup>17</sup> – which allows for systematic comparisons across the countries.<sup>18</sup> CRIS can be denoted as:

$$CRIS = \frac{1}{n} \sum_{i=1}^{n=5} \bar{x}_i$$

Where  $\bar{x}_i$  is the simple average across the four indicators for each policy area (i) and can be written as:

$$\bar{x}_i = \frac{1}{n} \sum_{j=1}^4 y_j$$

$y$  is a vector that includes breadth, access, cover and adequacy.

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## 4. An assessment of policy responses and measures

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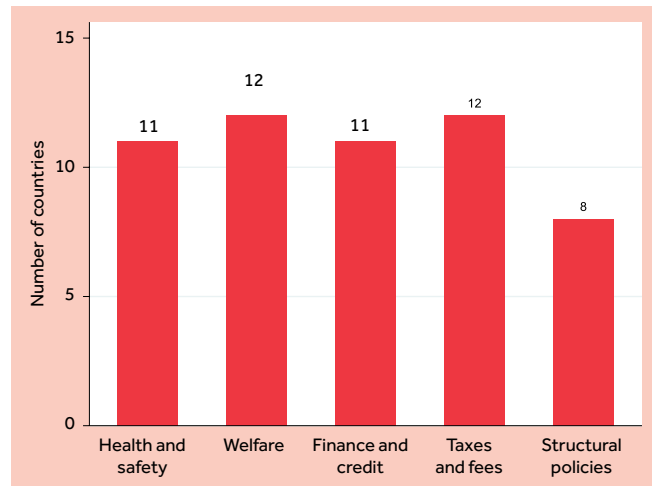
Responding to COVID-19, governments have adopted economic packages, including fiscal, monetary and financial policy measures, and targeting households, firms, health systems, etc. There is a significant variation in the set of responses across countries (Hale et al. 2020), especially so for those measures that may affect the informal sector, either directly or indirectly.

### 4.1 Breadth

Using the framework above, the policy responses across the 11 countries are classified

under the five areas above. This involved a careful review of the current economic policy responses by the government of the countries in each region. Annex Table A1 details the most relevant measures that were identified as of 15 May 2020. Figure 3 depicts the number of countries that have implemented each of the five types of responses. All 12 Commonwealth countries in the Caribbean have announced or implemented welfare support and measures in relation to tax and fees. Most countries have also put health and safety and finance and credit

Figure 3. Policy responses across the Caribbean Commonwealth – availability



Source: Author's own.

measures in place. However, structural policies appear limited, as only eight countries had covered this policy area. The assessed scope for the informal sector for these measures is also quite varied. Availability is weighted by scope and presented in Figure 4.

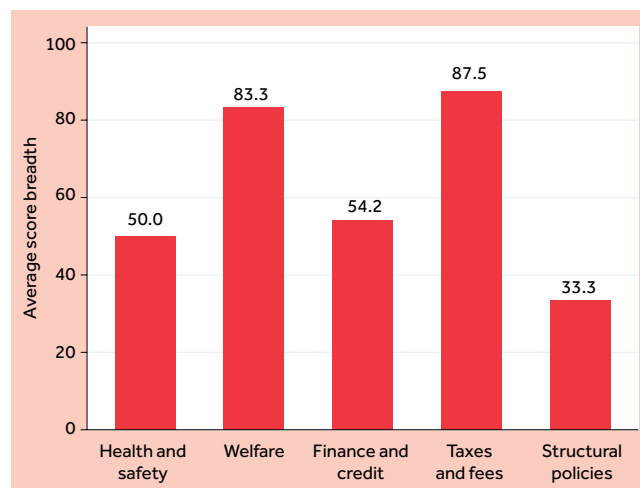
#### 4.1.1 Health and safety

Most governments across the Caribbean have announced fiscal measures to respond to health aspects of COVID-19, aimed at protecting workers and improving access to health. Six countries have announced additional funding for the health sector, including Antigua and Barbuda and Saint Kitts and Nevis, each of which has committed additional

spending equivalent to 0.5 per cent of GDP. Four countries explicitly focus on acquisition and provision of critical medications, testing kits and/or other supplies, either through additional spending (Barbados and Dominica) or through reduced taxes and tariffs (Guyana and Jamaica).

Barbados, which already has one of the best publicly funded healthcare systems in the Caribbean, albeit a vulnerable and an ageing population, is the only country to announce priority capital spending for healthcare facilities. In Dominica, where there has been an extensive lockdown and testing, efforts have also been put into adapting existing healthcare facilities.

Figure 4. Policy responses across the Caribbean Commonwealth – breadth



Source: Author's own.

Although these additional resources are to be welcomed, few policies spell out measures to ensure wider access or to explicitly reach and benefit more vulnerable workers and individuals. Exceptions include the Nevis Island Administration Cabinet, which has waived hospital and related fees for anyone suffering from COVID-19.<sup>19</sup> Saint Kitts and Nevis has also waived water payments for persons laid off over the period April to June 2020, meaning that water for those affected will be free. The government of The Bahamas has set aside 1.8 million Bahamian dollars (B\$) in funds for local public administrators in the Family Islands to support any COVID-19-related expenditure.<sup>20</sup> The Barbados Water Authority will be turning on more than 3,000 taps that had been disconnected for next 3–6 months.

No information was found setting out national measures to protect health and safety in the workplace, such as social distancing, protective barriers and enhanced sanitary measures. Such measures in relevant sectors, such as markets, transport facilities, restaurants and tourist sites, would protect the health of informal sector workers, while also helping to build the confidence of consumers or tourists to return.

#### 4.1.2 Welfare

All Caribbean countries have announced measures to maintain employment levels or provide temporary support for those made unemployed or otherwise impacted by the economic upheaval of the COVID pandemic, including food distribution programmes, cash transfers, and wage or employment support.

Eight countries have provided details of unemployment assistance and cash transfer programmes, the most commonly used instrument. Exceptions include Antigua and Barbuda and Guyana, which have not announced income support measures, focusing instead on relief packages for vulnerable families with food, medication, and/or seeds and seedlings for home gardens.

Examples of unemployment assistance and cash transfer programmes include in The Bahamas, which is offering weekly payments of \$200 for self-employed tourism workers for a period of up to eight weeks. Belize has announced fiscal stimulus of 25 million Belizean dollars (Bz\$) (1 per cent of GDP) to

provide short-term relief to employees affected by COVID-19, especially but not only in the tourism sector. More than 40,000 applications have already approved.<sup>21</sup> Jamaica's Covid-19 Allocation of Resources for Employees (CARE) programme has multiple facets, including temporary cash transfers to businesses and individuals in targeted sectors, as well as \$1 billion in additional funding to the existing cash grants programme in specific recognition that the COVID-19 pandemic is likely to impact those who are marginally self-employed and informally employed, including in ways that are not readily visible.

In contrast to relief measures and cash grants programmes, which are generally targeted to the most vulnerable, the accessibility of other income support measures, particularly for informal sector workers, is unclear. In fact, some countries make it clear that measures are only for registered businesses or self-employed workers that are registered to pay tax contributions. Barbados, for example, is providing \$1500/month in April and May for the self-employed who pay National Insurance Scheme (NIS) contributions and have their business cease. In some cases, measures are extended to those who have not yet registered but are willing to do so. For example, Saint Lucia is offering a monthly payment of \$500 for three months, which is preconditioned on informal workers enrolling in national insurance corporation. While such measures enable informal sector enterprises to benefit from support programmes, this depends on their willingness and ability to complete the registration process.

Less common are policies to maintain individuals in work (rather than providing support for those out of work); however, Barbados is offering \$500 per month per employee in April and May for small businesses that are registered or will be registered by 18 May, as well as exemptions from NIS contributions for companies that keep at least three quarters of their workforce. While these policies are generally out of reach of informal sector workers, they can prevent formal workers from involuntarily slipping into the informal sector. In addition, Barbados has committed to capital spending up to hundreds of millions of dollars to renovate schools, government buildings and a key industrial complex, creating construction sector employment that is likely to reach informal

workers. Grenada is also boosting its public sector investment programme, while Saint Vincent and the Grenadines has committed 30 million Eastern Caribbean dollars (EC\$) towards a jobs stimulus package, although further details were not identified.

Finally, of note are other support measures targeted to the hardest hit sectors, which have a high degree of informality across the region, including tourism, transport and agriculture. For example, The Bahamas, Jamaica and Saint Vincent and the Grenadines have prioritised the tourism sector and relevant services. Grenada, Jamaica, Saint Lucia, Saint Kitts and Nevis, and Saint Vincent and the Grenadines are providing support to the farming and fishing sectors affected by a reduction in exports due to a fall in commercial flights, and the decline in demand from restaurants and service industries. Note that a fall in short-term income in the agriculture sector can have significant long-term implications for livelihoods and food security if farmers are unable to purchase inputs for next season's crops, meaning these measures are to be welcomed.

#### 4.1.3 Finance and credit

A number of Caribbean countries have implemented measures aimed at facilitating access to credit, maintaining liquidity in the economy and avoiding loan defaults. Most will only reach formal businesses that are the customers of commercial banks. However, indirect benefits for informal sector businesses and workers may come where they encourage new investment, e.g. in property refurbishment, or reduce funding constraints for formal sector buyers of goods and services produced in the informal sector.

The principal measure, supported by nine of the eleven countries, has involved encouraging commercial banks to offer a time-limited (e.g. three or six months) payment moratorium on principal, interest and/or fee payments on existing business loans for those directly impacted by COVID-19. In some cases, governments have implemented measures to directly support commercial banks to do so. For example, Belize and Guyana have extended the time period to classify non-performing loans from three months to six months, especially in the restaurant, transportation and distribution sectors (Belize), and have waived regulatory conditions for renegotiating loans (Guyana).

Five countries have also increased new lending, particularly to SMEs, either directly through government funds or by encouraging private sector lending. These include a Government of Barbados Tourism Loan facility providing low-interest loans to hotels for urgent working capital or investment, such as property refurbishment during the down time. All commercial banks in Barbados have agreed to a six-month payment moratorium on existing loans and mortgages for persons and businesses directly impacted by COVID-19. The government in Dominica announced loans to households and micro, small and medium-sized enterprises in the trade sector. Belize is reducing capital buffer safeguard requirements for banks and decreasing risk-weights on loans in the tourism sector from 100 per cent to 50 per cent in order to induce commercial banks to increase lending.

Other measures include small business grants (Jamaica), credit guarantees (Belize) and investment incentives for home construction (Antigua and Barbuda).

#### 4.1.4 Taxes and fees

Most countries in the Caribbean have introduced some measures aimed at reducing tax burdens and fees, including for small businesses. These include eight countries that have suspended recently announced or new tax measures, deferred taxes, waived penalties for arrears, provided tax credits, expedited refunds, or announced tax cuts. As for access to credit, most of these measures will only indirectly benefit the informal sector, by enhancing liquidity in the formal sector and among consumers.

Measures that will have more direct benefits include a 1.5 per cent reduction in VAT [value-added tax] in Jamaica, a reduction of VAT on electricity for domestic, hotels and guest houses' use in Dominica as well as in Saint Vincent and the Grenadines, and a similar reduction on both electricity and water in Guyana.

Beyond VAT, fee reductions or waivers for essential services can directly benefit the informal sector. The Antigua and Barbuda government has announced a 20 per cent reduction in electricity costs and in fuel costs to fishermen for 90 days. Saint Kitts and Nevis has announced a moratorium on payments for electricity services for affected businesses for three months. Saint Lucia and Saint Vincent and the Grenadines have suspended electricity

(and also water, in the case of Saint Vincent and the Grenadines) disconnections.

Other reductions in fees that may benefit the informal sector include a reduction in landing taxes to incentivise tourism in Dominica, a reduction in regulatory fees for coconut, coffee, cocoa and spice farmers in Jamaica to incentivise greater production, and a waiving of fees for ploughing and preparing land, and for the use of the government abattoir (though only for registered livestock farmers), in Saint Kitts and Nevis.

#### 4.1.5 Structural policies

At a time when firms are adapting to new ways of operating, measures aimed at streamlining bureaucratic procedures and providing support for clarity of rules are important.

The 'Jobs, Investment and Business Survival program' in Barbados is facilitating businesses to use the pause in activity to improve their skills. There is a strong recommendation that tourism-related firms should participate in the national training initiative.

For a limited period, Jamaica has waived the requirement for business process outsourcing (BPO) firms to keep the equipment used in their operations physically at their place of business, in order to facilitate working from home and for business continuity. In Saint Kitts and Nevis, the Financial Services Registry has moved most of its functions online to better serve industry without the need for face-to-face contact.

In other countries, there are emerging initiatives. For example, in Antigua and Barbuda and in Grenada, committees have been tasked to formulate and recommend policies for rebuilding the economy and promoting growth in the post COVID-19 environment.

## 4.2 Access, cover and adequacy

This section presents an assessment of access, cover and adequacy across the different types of emerging policy responses. The responses are assessed to review if these are sufficient to safeguard enterprises and individuals in the informal economy. Given the rapidly changing landscape, it is difficult to capture the likely impact of these policy responses. Instead, the sets of measures are compared across the countries -role of health and safety measures in supporting well-being, adequate welfare support, finance and credit

in maintaining liquidity, tax and utility waivers in adjusting to price shocks and the role for structural policies. Where relevant, the effects are also reviewed in relation to sectors, focusing on agriculture, retail and tourism, especially as the prevalence of small businesses differs across these sectors. During the short-term, there is an urgent need to adopt emergency measures to address immediate liquidity challenges, reduce layoffs, and avoid firm closures and bankruptcies. The medium- to long-term recovery phase considers the challenges that firms will face once the economic conditions gradually return to their pre-crisis level.

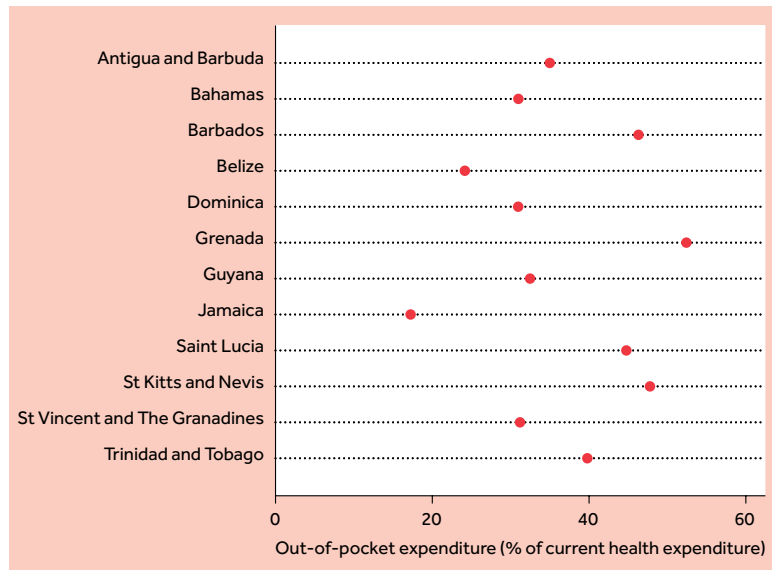
#### 4.2.1 Well-being for individuals, households and workers

*Access:* For those in the informal sector, health outcomes are affected by a range of factors related to social conditions, occupational risks and health services.<sup>22</sup> Availability and allocation of health sector financing is a major concern now. COVID-19 has drawn particular attention to this, as responses to address gaps in health and safety will affect both enterprises and workers. Those in the informal sector will be affected directly or indirectly, as ill-health or poor sanitation could result in economic losses from closures, absenteeism, as well as impacting consumer demand in the marketplace. The Caribbean has relatively high out-of-pocket expenses. Examining levels of health out-of-pocket expenditure (Figure 5) highlights the variation and complexities in access to health facilities.

*Cover:* From a short-term perspective, the most critical issues concerning the health of informal workers are around hygiene and sanitation. Water availability has an important bearing on sanitation. Of the 37 countries that the World Resources Institute has identified with 'extremely high' levels of water stress, 7 are from the Caribbean: Dominica, Jamaica, Saint Vincent and the Grenadines, Trinidad and Tobago, Antigua and Barbuda, Barbados, and Saint Kitts and Nevis, with the latter three being designated as 'water scarce' (less than 1000 meters cubed of fresh water per capita) (Ewing-Chow 2019).

Health guidelines are needed for informal traders and workers (WIEGO 2020) and should be implemented as soon as possible for them to go back to work safely. The short-term

Figure 5. Out-of-pocket expenditure (% of current health expenditure)



Source: Author's own, using World Bank data.

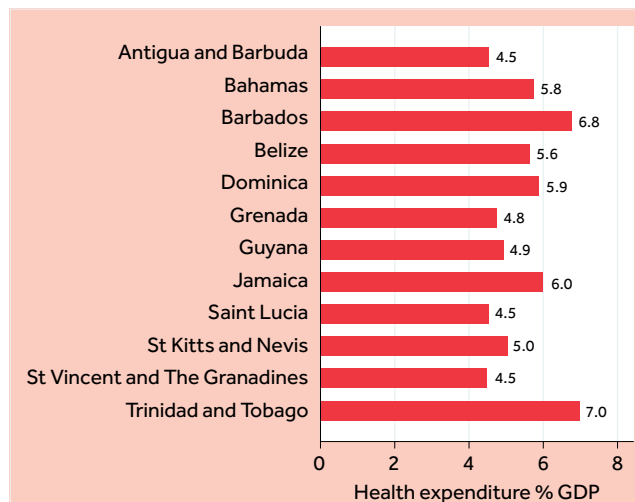
appropriateness of health and safety responses can be assessed using the country's per capita health expenditure as a proxy indicator (Figure 6). Health expenditures as a percentage of GDP range from 4.5 to 7 per cent. While Caribbean countries tend to have unified and standardised national health systems, which cover all residents in principle, there is often a lack of effective access to care, or inadequate services.<sup>23</sup> Informal sector workers are the most likely to miss out on coverage.

Public health expenditure as a percentage of GDP has remained stagnant in the region,

and out-of-pocket expenditure has similarly remained constant. These figures stand in contrast to levels in other parts of the wider Americas region, which have seen a small but steady rise in government funding, corresponding with a fall in out-of-pocket expenditure.<sup>24</sup> Health spending in the Caribbean would need to rise to remain in step with regional averages.

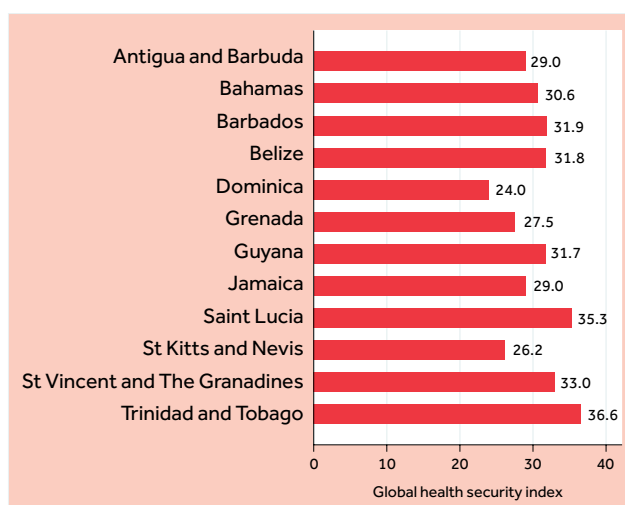
*Adequacy:* In addition to resources, longer-term health, well-being and human capital development will require a robust health system which can cope with future shocks. Examining the GHS Index<sup>25</sup> reveals low levels

Figure 6. Health expenditure in Caribbean countries



Source: Author's own, using World Bank data.

Figure 7. Global Health Security Index for 2019 – Caribbean countries



Source: Author's own, using World Bank data.

of long-term preparedness in Caribbean countries (Figure 7). Overall, Caribbean countries score in the region of 30.0, in comparison with the world average of 40.2. Apart from Saint Lucia, countries are all ranked among the group of 'least prepared' countries globally. While Caribbean countries generally score well with respect to general socioeconomic status, infrastructure resilience and political stability, low levels of healthcare capacities and poor healthcare access are persistent concerns. In addition, the ability to respond to crises through emergency preparedness measures varies, with Antigua and Barbuda, Dominica and Jamaica ranking towards the bottom of the global table on this measure.

A critical issue with respect to the informal sector is health and safety at work, including issues related to hygiene and sanitation for informal traders. Although occupational health and safety provisions are widespread in Caribbean countries, covering all types of businesses (including, in theory, the informal sector), regulations are unevenly applied and their effectiveness is often questionable – for informal workers as well as undocumented migrants.<sup>26</sup> In other parts of the world, authorities have used local- and community-level collaborations to improve safety implementation in recent years.

#### 4.2.2 Adequate welfare support

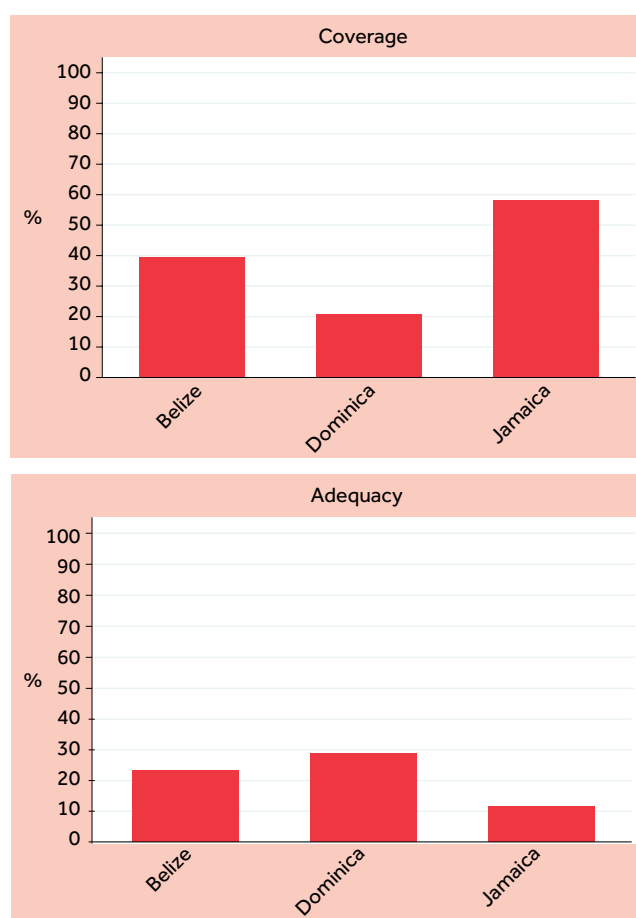
*Access:* Access to welfare support comes with its own set of complexities and associated costs for the informal sector. The CPIA rating for policies for social inclusion in Caribbean is at an

average rating of 3.5 (on a scale of 1-6), highlighting the need for targeted social safety nets that can be accessed by the poor and vulnerable in the informal sector.

*Cover and adequacy:* Likely cover from welfare programmes can be measured using the percentage of the population participating in social protection and labour programmes (Figure 8). This figure stands at between 20 and 60 per cent in Belize, Dominica and Jamaica. Adequacy can be measured as the total transfer amount received by all beneficiaries as a share of their total welfare (income). Adequacy of existing programmes appears to be quite low in the Caribbean, at about 10 to 30 per cent. This is compared to an average of 80 per cent in more advanced economies. Paradoxically, Dominica, which has the lowest coverage among the three, has the highest level of adequacy, although this may indicate better targeting. These relationships are reversed for Jamaica. Longer-term adequacy will also depend on other measures to ensure employment, such as public work programmes, etc.

In several Caribbean countries, including Barbados, Guyana and Jamaica, all persons engaged in productive activity, including those who are self-employed, must register for National Insurance Schemes (NIS) – which offer protection for workers in times of unemployment. In Saint Lucia, businesses that employ at least one person must register, although registration is optional for own account workers (ILO 2017). In other words, there is no legal

Figure 8. Coverage and adequacy of social protection and labour programmes in the Caribbean



**Source:** Author's own, using World bank ASPIRE data. Coverage is the percentage of the population participating in social protection and labour programmes. Adequacy is measured as the total transfer amount received by the population participating in social insurance, the social safety net, and unemployment benefits and active labour market programmes as a share of their total welfare, defined as the total income or total expenditure of beneficiary households.

exclusion from social security for self-employed workers. However, with high levels of informality in the region, it is likely that many who are entitled are not registering for social insurance.

Countries in the region also offer some form of social assistance to respond to the needs of the poor and vulnerable, although these generally cover a small share of the population. Dominica's Public Assistance Programme (PAP), Barbados' National Assistance Programme, and Saint Vincent and the Grenadines' Poor Relief Programme are among the broadest, reaching 8.9 per cent (6,600 individuals), 3.7 per cent (10,561 individuals), and 4.3 per cent (4,700 individuals) of the population respectively. Conditional cash transfers are less common, but exist in Belize, Grenada and Jamaica.<sup>27</sup>

Across the region, more innovative policy solutions using a combination of social

insurance and social assistance schemes are needed to avoid informal workers 'falling between the cracks'. This may include reduced and flexible contribution levels for smaller firms, simplified social security registration, tax and contribution payment mechanisms for workers and employers, and the extension of conditional cash transfer programmes (OECD 2019).

Most social protection systems in the region rely on manual systems, with only a small number, including Antigua and Barbuda, Belize, Jamaica and Saint Vincent and the Grenadines, using electronic payments, which can be more easily ramped up in response to shocks.<sup>28</sup> Efforts should be made to facilitate digital access to social protection and other government services, particularly through mobile phones, provided that access is adapted to the needs and situation of informal workers, and

maintains a manual access option for emergencies that disrupt electronic systems (Behrendt and Nguyen 2019). In Brazil, for example, the individual micro entrepreneur scheme allows free registration through an online portal, with no need to present documents, and also offers accounting services for free in the first instance.

#### 4.2.3 Maintaining liquidity for informal firms

*Access:* The World Bank Credit Information Index which measures accessibility and quality of credit information (the range is from 0 to 8) suggests stark differences across countries. The Bahamas, Grenada and Jamaica are at the lower end – indicative of complex access to finance and credit responses during COVID-19 to facilitate lending. Targeting of such measures will be key to reach out to informal sector enterprises, as this information may not be easily available.

Only 48 per cent of Caribbean MSMEs have access to appropriate financial services, which affects both their resilience and capacity to invest in innovation and growth.<sup>29</sup> Small enterprises, both formal and informal, tend to depend instead on their own funds or borrowing from family members, which may be unavailable during times of widespread shocks. Improving access to credit is therefore important. However, commercial banks are generally reluctant to lend to MSMEs, let alone those in the informal sector, as they lack collateral to back loans<sup>30</sup> and there is a lack of information on individual credit-worthiness.

*Cover:* Examining the size (in US\$ million) of fiscal measures gives a picture of potential liquidity support for the informal sector which, along with scope for informal firms to benefit from this support, helps assess short-term effects. Examining information on announced fiscal policy stimulus (%) measures across countries, as of 15 May 2020, reveals substantial differences. All countries have announced fiscal stimulus actions, from roughly 0.6 per cent of GDP (The Bahamas) to 4 per cent of GDP (Saint Kitts and Nevis and Saint Vincent and the Grenadines). While stimulus measures can ease short-term pressure on MSMEs, they do little to build long-term liquidity.

A short-term increase in the liquidity of MSMEs, in particular in the informal sector, should be made possible through the channels that they already know and trust. This means that community-based financial institutions

and microfinance institutions should be considered essential services during the crisis. They should be provided with emergency liquidity and extended credit guarantees, if they are within the perimeter of regulation and supervision.

The crisis will be forcing a fundamental rethink of operating models that will transform the small business sector. In general, there is a large variety of financial support available to MSMEs; however, such support is used differently dependent on firm size, formality, time in business, and skills/network of entrepreneurs. For example, there are special SME funds, microfinance, grant schemes, asset-based finance, trade finance and venture capital funds. However, MSMEs in the informal economy rely mainly on traditional loans, from microfinance or community-based finance groups,<sup>31</sup> while the other financial interventions are mostly targeting special groups of entrepreneurs (e.g. start-ups) in the formal economy (see, for example, Fox and Kaul 2017; Datta et al. 2018).

*Adequacy:* Efforts are needed to ensure that informal businesses and MSMEs are resilient to future economic shocks, given the fact that lockdowns and COVID-19 infection waves may remain an intermittent phenomenon, and the region is vulnerable to global economic downturns. Alternatives to increase access to finance for MSMEs in the longer term could include innovative arrangements that compensate for the lack of collateral, including leasing, microfinance and reverse factoring.<sup>32</sup> In some cases, such as microfinance, institutions are lending to individuals without requiring formalisation of their business operations (ILO 2017).

Kehinde and Eksin (2020) identify fintech (innovations in the financial and technology) as a promising technology to enhance MSMEs' liquidity through credit and loans, being faster, easier, more cost-effective and more transparent. By using advanced analytics platforms and artificial intelligence to assess transactional and alternative data (something as simple as a bank statement that shows an MSME's cash flow), fintech lenders can establish businesses' credit-worthiness, evaluate risk more easily and issue loans in as little as 24 hours (ibid.). These technologies can also be used with enterprises in the informal economy, where identity verification, unstable or variable incomes, and lack of financial data are frequent barriers. However, to fulfil this potential, fintech should be combined

with consumer protection, data protection and financial literacy measures.<sup>33</sup>

In the longer-term, public investment projects can have lasting positive effects on output, investment and productivity.<sup>34</sup> In addition to economic stimulus and recovery measures, efforts must be made to make informal businesses and SMEs resilient to future shocks.

#### 4.2.4 Adjusting to price shocks and supply chain disruptions

*Access:* As governments announce waivers of utility fees, a major share of the informal sector may be unable to access these. To understand the extent of potential relief for informal actors, access to electricity and account ownership at a financial institution or with a mobile-money service provider captures the likely extent to which the informal sector will be able to access these measures. Commonwealth countries in the Caribbean have high levels of coverage in these, suggesting potential ease of access where such responses are targeted for informal actors.

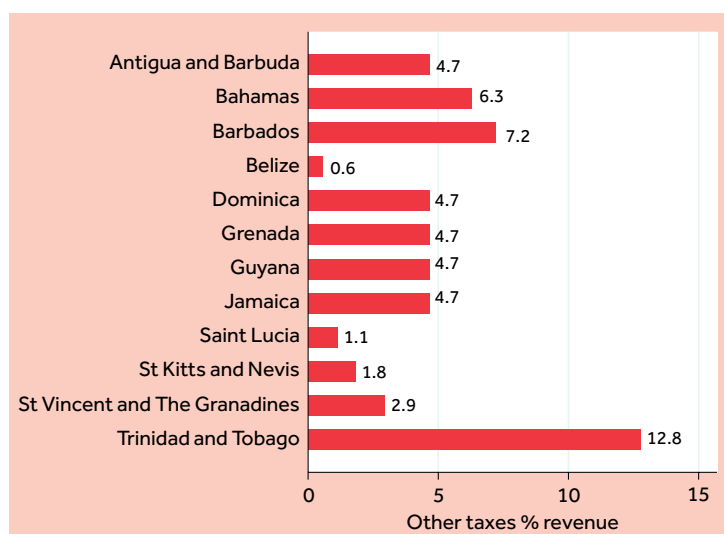
*Cover:* Enabling informal MSMEs to adjust to price shocks will be contingent on measures that reduce or postpone indirect tax burdens and fees, in relation to VAT, mobile money, digital tools, utilities, etc. Figure 9 reports the percentage of revenue from other taxes, which identifies the extent to which there is existing compliance to these. This information will provide an approximation of the likely tax and fee relief for informal enterprises.

Value chain disruptions, like abrupt changes in demand, input supplies and prices, have huge impacts on MSMEs in the informal sector, as they rely on day-to-day sales for survival. During the crisis, to avoid insolvencies, MSMEs in the informal sector will increasingly rely in the short term on measures that lower utility and operational costs and that waive existing debts, remissions, discounts and deferred payments. Temporary exemptions from direct tax payments may also be offered; however, these will tend to benefit MSMEs in the formal sector only.

Other short-term support to adjust to the current crisis can be directed to improving informal economy working spaces and infrastructure, such as markets and communal workshops, in such a way that they promote social distancing. Through such support, they can become operational in the short term, even during the current crisis.

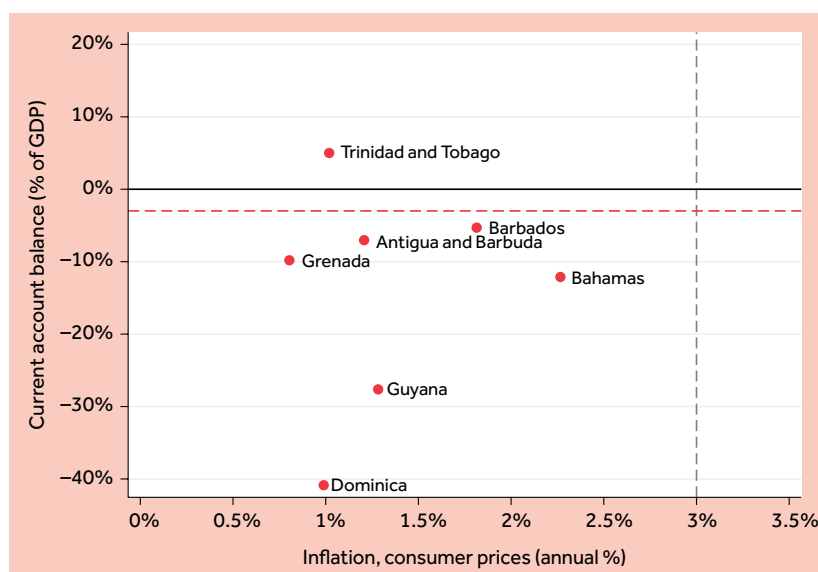
Digital financial systems can provide a platform for MSMEs to make and receive payments, although currently, there are limited mobile payment solutions in the Caribbean that address the needs of MSMEs and their customers. Weak distribution channels and low levels of financial literacy across the informal sector mean that Caribbean MSMEs underutilise electronic and digital payments options.<sup>35</sup> Steps towards enhancing digital financial access include the Bank of Bahamas' focus on developing the means to introduce digital payments products and services, the goal being

Figure 9. Other taxes (% revenue) across Caribbean countries



Source: Author's own, using World Development Indicators data.

Figure 10. Fiscal balance across Caribbean countries



Source: Author's own, using World Development Indicators data.

universal access by Bahamians to low cost-digital payments.

*Adequacy:* The space to make fiscal and monetary adjustments in the medium to long term can be assessed using a country's fiscal balance (see Figure 10). A country in the region with a rate of inflation below the world inflation threshold and a primary balance greater than its corresponding threshold is considered to have adequate fiscal and monetary space. Otherwise, the country may not have monetary space or fiscal space (or both). Although the Caribbean region is characterised by low inflation, creating space for monetary adjustments, low current account balances limit fiscal room for manoeuvre.

Caribbean economies are small and highly open, reducing the potential for revenues from import and export taxes. They receive limited support in the way of development assistance. Together, this puts pressure to raise revenues through direct and indirect taxation, including VAT and other consumption taxes, in order to finance development (Peters and Bristol 2006). This suggests that while reducing indirect taxation can provide short-term relief, it cannot be sustained. In the longer term, therefore, the focus needs to be on addressing more structural factors that can reduce shocks through supply chain disruptions. Expanding business linkages between MSMEs and larger businesses in key markets is one measure. In times of limited mobility during COVID-19, for example, large, formal businesses can work with small,

informal enterprises as their outlets and for distribution of essential goods to people's doorsteps. In times when crowds are forbidden, this will facilitate business continuity by encouraging area-based outlets.

In the longer-term, stronger linkages can be built between large and smaller business in key sectors such as tourism. Efforts can also be made to strengthen regional integration, which can provide some resilience to future risks of global transport disruptions. Enabling better access of local businesses to public procurement processes is another measure.

Public spending can also be directed to investments in roads and electricity supplies in areas where MSMEs in the informal sector operate. This will reduce their costs in the longer term and improve their connections to others and to mobile solutions.

Micro and small entrepreneurs that make use of digital financial systems in the value chain can, for example, benefit from direct payments, transparent confirmations of payments and reduced security risks, as they are not carrying large amounts of cash around. They will also benefit from increased productivity and efficiency, as payments go directly to the entrepreneur's mobile wallet and they do not need to travel to collect or disburse cash (see, for example, Babcock 2015).

#### 4.2.5 Role for structural policies

*Access:* Information for adapting, identifying and learning about unknown elements is

required as quickly as those elements appear. Access to structural policies will be difficult where internet coverage remains limited.

*Cover:* To enhance access to social protection and welfare support, for example, it is essential to improve access, simplify procedures and make associated contribution payment mechanisms flexible. Alongside generally better access to information, integrated service delivery mechanisms, such as ‘one-stop shops’, can simplify administrative procedures and improve access to services for MSMEs in the informal sector. One-stop shops offer an integrated point of contact to access social protection, employment services and business services all in one place, reducing the time, costs and effort involved (Behrendt and Nguyen 2019). For example, Mexico, Colombia and Peru all offer one-stop shops to facilitate registration and promote formalisation of MSMEs. Mobile coverage will be an important factor to facilitate similar initiatives (Figure 11).

*Adequacy:* Medium- to long-term digital transformation objectives can ensure that firms come back strongly. In particular, solutions that negate the need for large upfront capital outlays and that can be easily implemented ease the adoption of new technologies for SMEs. Figure 12 reports the percentage of all firms (formal and informal) that invest in R&D. This helps assess the extent to which uptake of new technologies may be feasible across countries.

Other measures to support the recovery and longer-term development of the small business

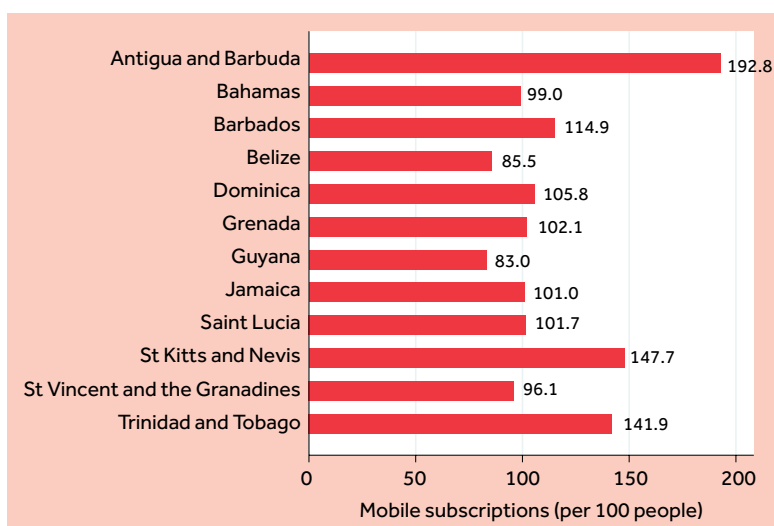
sector include investing in improving infrastructure, training and development, and value chain upgrading.

Empirical evidence shows that comprehensive private sector development interventions that have a sector-specific approach and combine access to finance, consulting and business trainings with industry-specific networking, regulations, standards, innovation and linkage programmes, can be highly successful in improving firm performances and competitiveness.<sup>36</sup> Sector task forces are being set up in the Caribbean region, focused on longer-term recovery. Both Antigua and Barbuda and Grenada have constituted subcommittees to review various sectors of the economy and recommend policies for rebuilding and promoting growth in the post COVID-19 environment.

Structural policies should distinguish between growth-oriented entrepreneurs and those who see their activities as a temporary stop gap or are satisfied with subsistence livelihoods. Those in the informal sector with growth ambitions may be supported to increase productivity through training, business development services and access to finance. However, the perceived benefits of engaging in these measures must outweigh the costs (including potentially the requirement to formally register and pay taxes) (ILO 2017).

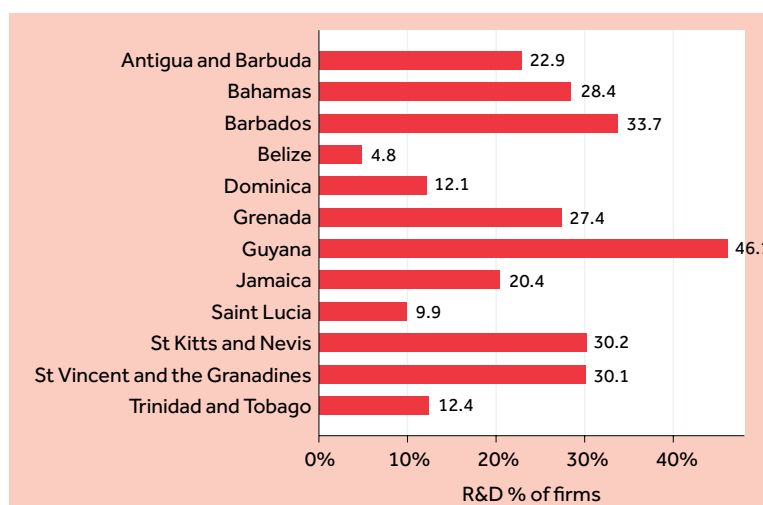
Finally, to make any non-financial intervention, sector-specific policies or stimulus packages in value chains work for the informal sector, it is important that informal economy

Figure 11. Mobile coverage across Caribbean countries



Source: Author's own, using World Development Indicators data.

Figure 12. R&amp;D across Caribbean countries (% of firms)



Source: Author's own, using World Development Indicators data.

associations and member-based organisations play a key role in the design and deployment of these strategies. This will ensure they are fit for purpose.

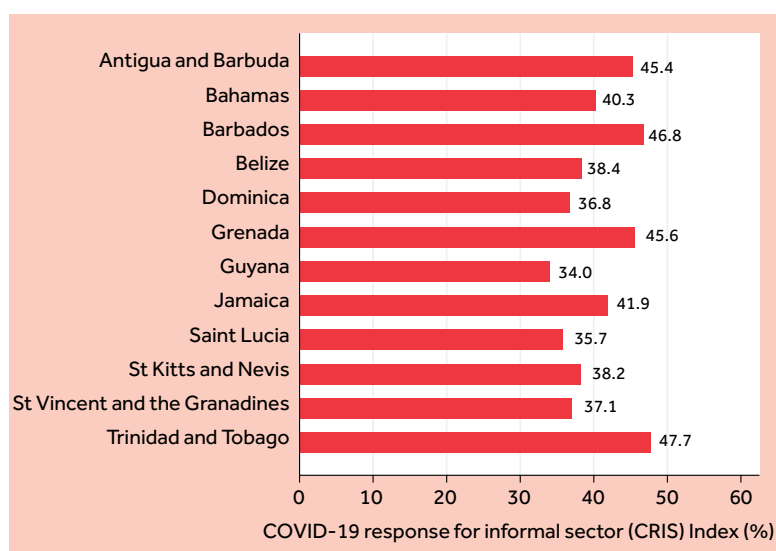
#### 4.3 CRIS – overall assessment

This section outlines an overall assessment across the indicators and policy areas. The measures yield the composite CRIS Index (0–100),<sup>37</sup> which includes breadth, access, short-term, and medium- to longer-term effects, as reported in Figure 13. Table 2 provides summary statistics.<sup>38</sup>

To examine the underlying indicators further, Figure 14 reports the relationship between average assessed breadth and access across the five key areas. It is notable that most countries have some scope for the informal sector (this ranges from a low of 30 per cent in Guyana to 90 per cent in Grenada). However, there appears to be a declining relationship between breadth and access, such that as breadth improves, there is a trade-off with access across countries.

Figure 15 depicts the correlation between average short-term cover and medium- to longer-term adequacy of the responses. On average, short-term cover and medium- to

Figure 13. COVID-19 Response for Informal Sector (CRIS) Index



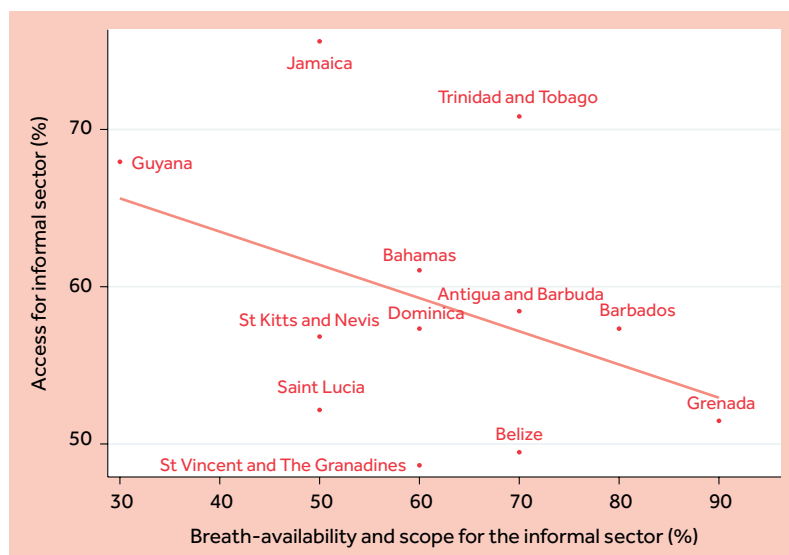
Source: Author's own.

Table 2. Summary statistics

Area	Mean	Median	SD	Min	Max
<b>Health and safety</b>					
Overall score	37.5	37.8	7.8	26.0	49.6
Breadth	50.0	50.0	36.9	0.0	100.0
Access	63.9	66.3	10.4	47.6	82.8
Cover	5.4	5.3	0.9	4.5	7.0
Adequacy	30.5	31.2	3.6	24.0	36.6
<b>Welfare</b>					
Overall score	48.8	53.0	9.2	26.2	55.3
Breadth	83.3	100.0	32.6	0.0	100.0
Access	51.2	51.2	3.1	44.0	56.0
Cover	39.5	39.5	8.0	20.8	58.3
Adequacy	21.3	21.3	3.8	11.6	28.9
<b>Finance and credit</b>					
Overall score	31.0	26.8	11.3	12.5	47.9
Breadth	54.2	50.0	25.7	0.0	100.0
Access	22.9	0.0	41.9	0.0	100.0
Cover	1.5	1.1	1.5	0.0	4.0
Adequacy	45.2	43.1	6.8	38.5	62.7
<b>Tax and fees</b>					
Overall score	44.2	44.7	5.7	35.5	52.0
Breadth	87.5	100.0	22.6	50.0	100.0
Access	94.7	99.4	8.0	73.2	100.0
Cover	4.7	4.7	3.2	0.6	12.8
Adequacy	-10.2	-7.7	12.9	-40.9	5.4
<b>Structural policies</b>					
Overall Score	41.8	42.6	13.7	22.4	66.2
Breadth	33.3	50.0	32.6	0.0	100.0
Access	61.8	64.3	19.9	22.4	85.0
Cover	48.9	40.9	20.5	28.6	100.0
Adequacy	23.2	25.1	11.8	4.8	46.1

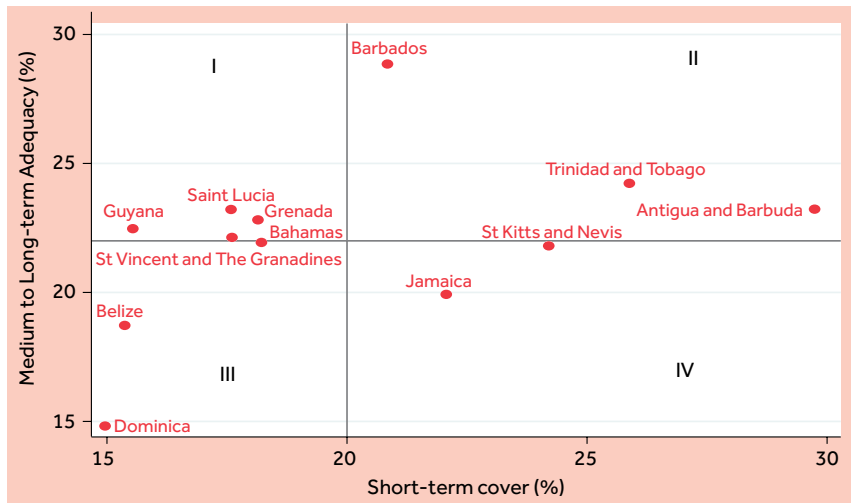
Note: Mean, SD = Standard deviation, Min = minimum, Max = maximum.

Figure 14. Average breadth and access for informal sectors in Caribbean



Source: Author's own.

Figure 15. Short-term cover and medium- to long-term adequacy in the Caribbean



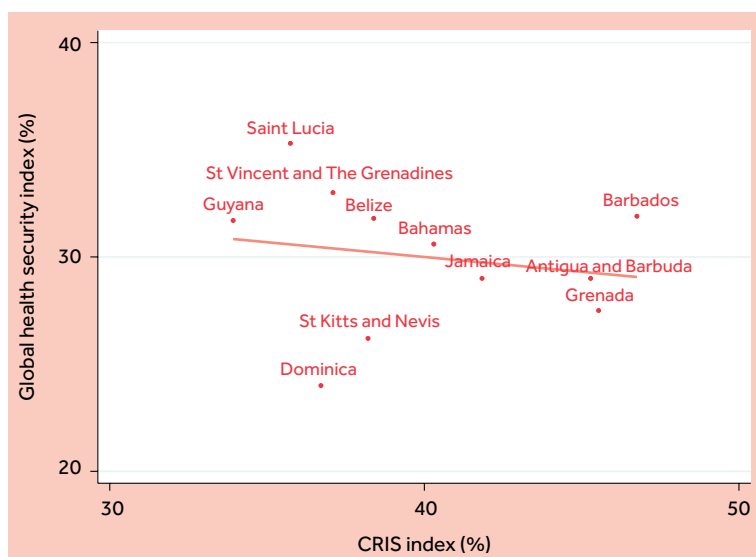
Source: Author's own.

long-term adequacy across the five areas appears low at approximately 17 to 22 per cent. Countries in quadrant I (Guyana, Saint Lucia, Grenada) score low on short-term cover but relatively higher on medium to long-term measures; in quadrant II (Barbados, Trinidad and Tobago, Antigua and Barbuda) score higher both in terms of their short-term and medium- to longer-term measures; quadrant III countries (Dominica, Belize) score low on both measures; finally, quadrant IV countries (Jamaica, Saint Kitts and Nevis) fare well in terms of short-term cover, but score lower than

the regional average on the medium- to longer-term effects.

Figure 16 reports the correlation between the CRIS Index and the Global Health Security Index. Barbados scores highest on the composite CRIS measure as well as on the Global Health Security Index. Countries such as Saint Lucia and Guyana score high on the Global Health Security Index, but their CRIS Index is at the lower end; while Dominica and Saint Kitts and Nevis are on the lower end of the GHS, highlighting the need to strengthen preparedness as an important component of their economic policy response.

Figure 16. CRIS Index and the Global Health Security Index



Source: Author's own.

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## 5. Recommendations

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This report outlines six recommendations on how governments can intervene to preserve the informal sector.

Build capacity for better health and sanitation for the informal sector

Health crises place emphasis on the need to strengthen public health capabilities. In the short term, building capacity for adequate and affordable medical supplies and sanitation will be important. Support may come through increased spending, as has been seen in Barbados and to a certain extent in Dominica, as well as through reduced taxes and tariffs on materials, as in Guyana and Jamaica. Longer-term strengthening of healthcare capacities and improved healthcare access will also be important for medium- to long-term resilience, especially in Dominica and Saint Kitts and Nevis, which fare less well on global health assessments.

Short-term demand stimulus using targeted fiscal measures and income support.

Providing income support to the most vulnerable in the informal sector –especially those in sectors where containment measures prevent people from doing their jobs will be key. The report recommends that additional efforts are needed in this direction, especially in Antigua and Barbuda and Guyana. Immediate responses should target cash transfers, electricity and other basic services. Depending on the development of the pandemic, this stimulus may be needed beyond the initial short period it has been offered in most countries. Over time, it could be integrated within or developed as part of a broader and more flexible social protection scheme.

Fiscal authorities should also assist affected firms and sectors of production through temporary credit lines (at favourable rates of interest and repayment terms), credit guarantees and delays on debt repayments (Loayza and Pennings 2020), particularly those targeted towards the worst-hit sectors, including tourism. Low-cost loans should be facilitated through already-trusted channels, such as state development banks, microfinance institutions and community-led finance groups. Mechanisms may be developed, especially in the longer term, which offer micro-entrepreneurs simple and low-cost registration to access

services including credit, social security and other benefits, as well as for tax payment.

Wider and effective supply-side measures that reach informal actors.

Informal enterprises can most effectively be supported in the short term through measures that lower utility and operational costs (e.g. subsidies on rent, electricity fee reductions or lowering VAT on electricity, as in Dominica, Guyana and Saint Vincent and the Grenadines), reverse disconnections where these have taken place, and freeze or reduce fees to local authorities. The report suggests strengthening such responses across all Caribbean countries. Examples include reductions on fees to use facilities like markets, ports, abattoirs, or regulatory fees on agricultural crops.

Short-term measures should also include enabling informal economy working spaces, such as markets and communal workshops, to promote hygiene and social distancing, so that they can become or remain operational, even during the current crisis. In countries like Barbados, where capital spending has already been earmarked, these measures may extend to the redevelopment of market facilities. In the longer term, such measures can result in structural improvements in health, safety and hygiene in the informal sector. Facilitation of business linkages and partnerships between MSMEs and larger, formal businesses can also support business continuity, by providing new sources of supply or market access for informal businesses.

Innovative digital solutions for informal sector services.

Digital technologies can be used to improve payment services. The disbursement of social assistance to individuals, households and businesses in the informal sector can be made faster and simpler using registered mobile-money accounts, for example, provided that a manual access option is also maintained. Low-cost digital payment products and services can also be used by informal businesses and households to make and receive payments, especially if fees on very low-cost transactions are lowered or waived. This has the added benefit of removing the need to handle cash, which can spread the virus. Technology-enabled finance (fintech) can

also mean faster, easier and more cost-effective loans for informal businesses, by compensating for the information asymmetries that normally restrict access to capital within the informal sector. Other mobile solutions that could be promoted include e-health or e-learning tools that enable people to participate in e-trainings, and have access to healthcare, in times when mobility remains restricted.

Measures may also encourage the development of e-commerce platforms that enable new market linkages where face-to-face interaction is disrupted. These may include both domestic and international linkages, in both the business-to-business and business-to-consumer sectors.<sup>39</sup> The development of the e-commerce sector is thus likely to require time for a number of cultural, trust and consumer protection issues to be addressed.

In general, there are important potential benefits that digital technologies offer, and a global trend towards their increasing use as part of business, including in the informal economy. However, there is also a need to understand who is being left behind and to address this digital divide by boosting digital literacy, access and affordability, while also recognising that the cash economy will remain important for many.

Investing in structural policies for medium to long-term resilience.

Swift and comprehensive measures that target the informal sector and address the issues described above will support economic recovery, especially combined with monitoring of the situation and adapting to gaps identified along the way. In the longer term, however, the focus needs to be on addressing more structural aspects of the economy in ways that reduce vulnerability to shocks through supply chain

disruptions, and enable enterprises to shift activities into sectors, products and services with better opportunities. These responses have been limited in general, and efforts should be intensified – especially in Saint Vincent and the Grenadines, Saint Lucia and Guyana. Integrating financial and non-financial (e.g. training, mentoring, networking) assistance to informal businesses, as well as offering appropriate infrastructure and policies for targeted sectors, can support this structural change.

Dialogue and closer collaborations including associations and community groups.

Evidence from previous crises suggests that social dialogue has been an important part of generating effective and locally viable solutions.<sup>40</sup> This dialogue may involve workers' and employers' associations, associations of informal sector workers, such as traders and market vendors, community associations or self-help groups, as well as government. They may have a national or subnational focus, or target particular economic sectors or activities, such as tourism.

Such dialogues have taken place in Antigua and Barbuda and in Grenada, where committees have been tasked with reviewing certain sectors of the economy and formulating and recommending policies for rebuilding and promoting growth. It is important to ensure, however, that representatives of the informal sector are included.

Other areas for dialogue may include closer collaboration between the government and banks and microfinance institutions, to implement a moratorium on debt repayments or to lower interest rates, or between the government and banks and mobile network providers, to make mobile-money services work better during the crisis, such as through lower fees on low-cost transactions.

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## Notes

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- 1 Details can be accessed by following relevant links and webpages (available from authors) that provide the full picture of the measures.
- 2 This is based on a structured literature review on informal economy from 2000 to 2019.
- 3 This discussion is based on emerging evidence in relation to COVID-19 since January 2020.
- 4 Central Statistics Office (CSO) St. Lucia (2017), *Measurement of Informal Sector and Informal Employment in St. Lucia*, available at: [https://stats.gov.lc/wp-content/uploads/2017/09/Informal\\_Sector\\_Publication.pdf](https://stats.gov.lc/wp-content/uploads/2017/09/Informal_Sector_Publication.pdf) (accessed 16 May 2020).
- 5 An analysis of the framework for the formalisation of economic units in Saint Lucia, prepared for the ILO, November 2016, p.10, citing Economic Commission for Latin America and the Caribbean (ECLAC) (2010), *Measurement of the informal sector and informal employment in Saint Lucia*, Central Statistics Office, Santiago, cited in ILO (2017).
- 6 CSO St. Lucia (2017), *op. cit.* note 6.

- 7 Inter-American Development Bank (2013), Private Sector Assessment of St Vincent and Grenadines, available at: <http://www.ceintelligence.com/files/documents/2014-St.-Vincent-and-the-Grenadines-Private-Sector-Assessment-Report.pdf>
- 8 Barbados & the Eastern Caribbean (2020), First Impact Data, available at: <https://www.bb.undp.org/content/barbados/en/home/covid-19--response-programme/first-impact-data.html> (accessed 16 May 2020).
- 9 Info Dev (2015), Profiling Caribbean Women Entrepreneurs, available at: [https://www.infodev.org/infodev-files/profiling\\_caribbean\\_women\\_entrepreneurs\\_i-03.pdf](https://www.infodev.org/infodev-files/profiling_caribbean_women_entrepreneurs_i-03.pdf) (accessed 15 May 2020).
- 10 For details, see: World Economic Forum (2020), 'Caribbean tourism has been decimated by COVID-19. But the private sector can cushion the blow, available at: <https://www.weforum.org/agenda/2020/05/caribbean-tourism-has-been-decimated-by-covid-19-but-the-private-sector-can-cushion-the-blow/> (accessed 16 May 2020).
- 11 See: Antigua and Barbuda Tourism Authority (2020), Press Releases, available at: <https://visitantiguabarbuda.com/press/> (accessed 16 May 2020).
- 12 Where data are available.
- 13 See for details: Internet Society (2017), Unleashing the Internet in the Caribbean, available at: [https://www.internetsociety.org/wp-content/uploads/2017/08/ISOC\\_Unleashing\\_Internet\\_in\\_Caribbean\\_20170221.pdf](https://www.internetsociety.org/wp-content/uploads/2017/08/ISOC_Unleashing_Internet_in_Caribbean_20170221.pdf) (accessed 16 May 2020).
- 14 Detailed outline in Annex Table A2.
- 15 The five areas were classified after carefully reviewing the policy trackers of the International Monetary Fund (IMF), International Labour Organization (ILO), World Bank, Organisation for Economic Co-operation and Development (OECD) and the International Growth Centre (IGC); and to capture categories that would be relevant for a comprehensive overview for the informal sector.
- 16 The second step is a subjective assessment that can be refined using an expert panel or secondary review.
- 17 The robustness of the index is assessed using Principal Components Analysis (PCA). Results are available in the supplementary appendix.
- 18 This approach has the advantage of measuring a range of indicators and mitigating the possibility that any one indicator may be over- or misinterpreted. The composite measure can be refined such that there is less chance of leaving out any important information that is systematically correlated with the outcome of interest – this being support for informal MSMEs in our case and reducing any reason for measurement error.
- 19 St Kitts and Nevis Observer (2020), 'Premier Brantley makes statement on Nevis' response to COVID-19, available at: <https://www.thestkittsnevisobserver.com/premier-brantley-makes-statement-on-nevis-response-to-covid-19/> (accessed 12 May 2020).
- 20 KPMG (2020), Government and institution measures in response to COVID-19, available at: <https://home.kpmg/content/dam/kpmg/xx/pdf/2020/04/government-and-institution-measures-in-response-to-covid-19-north-america-and-caribbean.pdf> (accessed 15 May 2020).
- 21 IMF (2020), Policy Responses to COVID-19, Policy Tracker, available at: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19> (accessed 16 May 2020).
- 22 Pan American Health Organization (no date), 'Health Status of the Population', available at: <https://www.paho.org/salud-en-las-americas-2017/?p=1707>
- 23 ILO (2003), Extending social security: Policies for developing countries, available at: <https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/kd00061.pdf> (accessed 12 May 2020).
- 24 Pan American Health Organization (no date), 'Health Financing in the Americas', available at: <https://www.paho.org/salud-en-las-americas-2017/?p=178>
- 25 GHS Index is a comprehensive assessment of global health security capabilities with respect to infectious disease outbreaks that can lead to international epidemics and pandemics. The average overall GHS Index score is 40.2 out of a possible 100.
- 26 ILO (2014), Decent Work in Caribbean Small Island Developing States, available at: [https://www.ilo.org/wcmsp5/groups/public/@americas/@ro-lima/@sro-port\\_of\\_spain/documents/publication/wcms\\_300460.pdf](https://www.ilo.org/wcmsp5/groups/public/@americas/@ro-lima/@sro-port_of_spain/documents/publication/wcms_300460.pdf); and ILO (2017).
- 27 World Food Programme (2019), Shock-Responsive Social Protection in the Caribbean: Literature Review, available at: [https://docs.wfp.org/api/documents/WFP-0000110981/download/?\\_ga=2.226826520.469444939.1589886421-1288294804.1589886421](https://docs.wfp.org/api/documents/WFP-0000110981/download/?_ga=2.226826520.469444939.1589886421-1288294804.1589886421)
- 28 World Food Programme (2019), op cit. note 38.
- 29 Business Environment Reform Facility (2018), Understanding the Role of Fintech Companies and Regulations in Enabling Caribbean MSMEs to Innovate and Grow, available at: <https://assets.publishing.service.gov.uk/media/5c76731f40f0b603d45dd9c7/BERF-Caribbean-Fintech-Companies-Regulation-Review-Jan-2019.pdf>
- 30 Bank of Jamaica (2012), 'Financing the Micro, Small and Medium Enterprises (MSMEs) Sector in Jamaica', available at: [http://boj.org.jm/uploads/pdf/papers\\_pamphlets/papers\\_pamphlets\\_Financing\\_the\\_MSME\\_Sector\\_in\\_Jamaica\\_-\\_Constraints\\_and\\_Prospects\\_for\\_Leasing,\\_Factoring\\_and\\_Microfinance.pdf](http://boj.org.jm/uploads/pdf/papers_pamphlets/papers_pamphlets_Financing_the_MSME_Sector_in_Jamaica_-_Constraints_and_Prospects_for_Leasing,_Factoring_and_Microfinance.pdf)
- 31 A crisis often triggers self-organisation in the informal sector. It is often constraints with money transactions and the need for short-term loans that trigger the formation of joint liability and solidarity groups, some of which eventually grow into multipurpose self-help organisations.
- 32 Bank of Jamaica (2012), op cit. note 43.
- 33 Global Partnership for Financial Inclusion (2018), G20 Policy Guide, available at: <http://www.oecd.org/g20/G20-Policy-Guide-Digitisation-and-Informality.pdf>
- 34 The short-run impact of government investment is 0.6 in developing countries, meaning that for every dollar invested, there is a 60 cent increase in GDP. However, the cumulative impact of this investment raises this multiplier to a long-run value of 1.6 (Ilzetzki et al. 2013).
- 35 Business Environment Reform Facility (2018), op cit. note 42.

- 36 A programme review of enterprise development interventions for USAID by Zandniapour et al. (2004) of micro- and small-sized enterprise performance and growth, found that enterprise development programmes that focus on a specific subsector generated sector-led growth, in addition to growth at the enterprise level.
- 37 PCA was used to examine its robustness and correlation between the unweighted and weighted scores; the principal components are also attached - in Annex Table A4 and Figure A1.
- 38 The area scores and overall score by country are in Annex Table A3.
- 39 However, evidence suggests that during the pandemic, the growth in e-commerce has been strongest in countries like the US and the UK, where it is already prevalent, while it has fallen away in other places like Asia or Nigeria. See ecomConnect (2020), 'The e-commerce response to COVID-19', available at: <https://ecomconnect.org/news/276939>.
- 40 ILO (2020), ILO Policy Brief on COVID-19, 'Pillar 4: Relying on social dialogue for solutions', available at: [https://www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS\\_739050/lang-en/index.htm](https://www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS_739050/lang-en/index.htm) (accessed 16 May 2020).

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## Annex

### Box A1. Notes for COVID-19 Response for Informal Sector (CRIS) Index

<b>BREADTH</b>	<p><b>Breadth=Availability*Scope</b>          Availability: General availability for MSMEs for each area, identified from the CPRIM [0 or 1]          Scope: for the informal sector based on the wording of the announcement, as well as discussions in the media [0,1,2]  <b>Source: COVID-19 Policy Response for Informal Enterprise Monitor (CPRIM)</b></p>
<b>ACCESS</b>	<ul style="list-style-type: none"> <li>• Health and safety: Share of out-of-pocket spending on health by households</li> <li>• Welfare: Country Policy and Institutional Assessment (CPIA) rating for policies for social inclusion and equity – gender equality, equity of public resource use, building human resources, social protection and labour, and policies and institutions for sustainability</li> <li>• Finance and credit: Credit information index affecting the scope, accessibility and quality of credit information</li> <li>• Taxes and fees: Access to electricity (% of population) and account at a financial institution or with a mobile-money service provider (% of population, 15 years or over)</li> <li>• Structural policies: Individual use of internet (% of population)</li> </ul> <p><b>Source: World Development Indicators</b></p>
<b>COVER</b>	<ul style="list-style-type: none"> <li>• Health and safety: Current health expenditure (% of gross domestic product [GDP])</li> <li>• Welfare: Based on coverage (both direct and indirect beneficiaries) of social protection and labour programmes (% of population), which provides approximate measures of social protection systems' performance for the country, based on nationally representative household surveys</li> <li>• Finance and credit: Liquidity support, based on announced fiscal support (% of GDP)</li> <li>• Taxes and fees: Cover from indirect tax or fee exemptions, based on other taxes (as % of revenue), including employer payroll or labour taxes, taxes on property, and taxes not allocable to other categories, such as penalties for late payment or non-payment of taxes</li> <li>• Structural policies: Mobile coverage, based on mobile cellular subscriptions (per 100 people)</li> </ul> <p><b>Sources: World Development Indicators; ASPIRE: The Atlas of Social Protection – Indicators of Resilience and Equity, The World Bank; Elgin et al. (2020); Hale et al. (2020); supplemented by announcements; International Telecommunication Union</b></p>
<b>ADEQUACY</b>	<ul style="list-style-type: none"> <li>• Health and safety: Medium- to long-term effects based on the Global Health Security Index</li> <li>• Welfare: Based on adequacy (both direct and indirect beneficiaries) of social protection and labour programmes (% of total welfare of beneficiary households) that provides approximate measures of social protection systems' performance for the country, based on nationally representative household surveys</li> <li>• Finance and credit: Medium- to long-term likelihood of recovering from depressed demand, based on the COVID-19 Economic Stimulus Index (CESI)</li> <li>• Taxes and fees: Fiscal space using current account balance of the government (% of GDP)</li> <li>• Structural policies: Research and development focus of firms – R&amp;D (% of firms)</li> </ul> <p><b>Sources: World Development Indicators; ASPIRE: The Atlas of Social Protection – Indicators of Resilience and Equity, The World Bank; Elgin et al. (2020)</b></p>

The four different indicators are combined to yield a simple unweighted index, CRIS, that can be denoted as below:

$$CRIS = \frac{1}{n} \sum_{i=1}^{n=5} \bar{x}_i$$

Where  $\bar{x}_i$  is the simple average across four indicators for each policy area (i) and can be written as:

$$\bar{x}_i = \frac{1}{n} \sum_{j=1}^4 y_j$$

$y$  is a vector that includes breadth, access, cover and adequacy.

Table A1. Policy responses in Caribbean countries – as of 15 May 2020

RESPONSE TYPE	Health and safety measures (Health, improved sanitation, etc.)	Welfare (Cash transfers, waivers, wage or employment support)	Finance and credit support (Economic stimulus, credit schemes, guarantees)	Taxes and fees (Mobile money, fee waivers for digital tools, utilities, etc.)	Structural policies (Clarity in rules, information, adapting to digital tools, etc.)
Antigua and Barbuda	<ul style="list-style-type: none"> <li>– Rapid inspections by the Central Board of Health of food businesses to ensure compliance with social distancing protocols and other health precautions</li> <li>– Increase in health spending (0.5% of GDP)</li> </ul>	<ul style="list-style-type: none"> <li>– Ministry of Social Transformation is providing relief packages of food and medication to elderly living alone, persons with disabilities, and unemployed adults with children.</li> <li>– Employees who contribute to the Antigua and Barbuda Hotels and Tourism Association and the Antigua and Barbuda Workers Union (ABHTA/ABWU) will receive care packages</li> <li>– Thrift Fund to have access to a relief benefit payment of EC\$640 (USD236) fortnightly, starting on 10 April 2020</li> <li>– Distribution of seedlings to people in the community to ensure food security</li> </ul>		<ul style="list-style-type: none"> <li>– Construction sector – investment properties that commence construction within this period allowed a waiver on duties and customary taxes for building supplies, fixtures and equipment</li> <li>– Cease all disconnections of water and electricity to households for three months; re-connect customers who have been recently disconnected, and reduce by 20% the cost of electricity to households for a period of three months (April, May, June)</li> </ul>	<ul style="list-style-type: none"> <li>– Office of the Labour Commissioner issued a recommendation on how to address reduction in economic activity</li> <li>– In particular, business owners are encouraged to prevent layoffs and termination by adopting austerity measures such as reduction in working hours and/or days worked, resort to temporary termination (up to three months)</li> </ul>

Table A1. Policy responses in Caribbean countries – as of 15 May 2020 (Continued)

The Bahamas	<ul style="list-style-type: none"> <li>- B\$4 million for the health sector and B\$1.8 million for support to Family Island administrators</li> </ul>	<ul style="list-style-type: none"> <li>- Government is funding an Unemployment Assistance for COVID-19 that will provide weekly payments of B\$200 to self-employed tourism workers for a period of up to eight weeks; the delivery of the transfer is being managed by the National Insurance Board</li> <li>- Food vouchers of B\$100 and other forms of social support are available if a worker has been put on reduced weeks; B\$4 million (US\$2 million) has been earmarked</li> </ul>	<ul style="list-style-type: none"> <li>- Deferral on loans for private citizens and payment of premiums related to health, medical and life insurance have been suspended until 60 days after the removal of the state of emergency</li> <li>- Benefits are available to self-employed Bahamians without any other streams of income from employment in the tourism and tourism-related sectors</li> <li>- Three-month deferral against repayments on credit facilities for businesses and households that have been negatively impacted by the pandemic</li> </ul>	<ul style="list-style-type: none"> <li>- Tax credits and deferral for businesses until January 2021, upon which time it will be repaid in equal instalments over a 12-month period</li> <li>- Department of Inland Revenue has ramped up its online services to encourage customers to continue using its online tax platform to file and pay business related taxes, fill returns and pay value-added tax, and make requests for a Tax Compliance Certificate</li> <li>- Business Licence and Real Property Tax payment deadline of 31 March was extended to 15 April 2020</li> <li>- Utilities companies to defer payment for residential customers diagnosed with the virus, in quarantine, or laid off</li> </ul>
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(Continued)

Table A1. Policy responses in Caribbean countries – as of 15 May 2020 (Continued)

RESPONSE TYPE	Health and safety measures (Health, improved sanitation, etc.)	Welfare (Cash transfers, waivers, wage or employment support)	Finance and credit support (Economic stimulus, credit schemes, guarantees)	Taxes and fees (Mobile money, fee waivers for digital tools, utilities, etc.)	Structural policies (Clarity in rules, information, adapting to digital tools, etc.)
Barbados	<ul style="list-style-type: none"> <li>Government aims to boost priority capital spending to renovate health-care facilities</li> <li>Public service announcements encouraging proper respiratory hygiene and social distancing</li> <li>Barbados Water Authority will turn on more than 3,000 taps that have been disconnected</li> </ul>	<ul style="list-style-type: none"> <li>Household Survival Programme has several initiatives to assist the vulnerable, including: an increase of 40% in all rates and fees paid by the Welfare Department to its clientele; Barbados Vulnerable Family Survival Programme assisting 1,500 vulnerable families with up to \$600 per month; and support also extended to more than 200 licensed beach vendors</li> <li>The private sector has been asked to match this package through an adopt-a-family programme, providing an additional \$600 per month to the fund for vulnerable families in need</li> <li>Distribution of care packages to 3,000 vulnerable families</li> <li>\$1500/month in April and May for the self-employed who pay NIS and have had their businesses cease</li> <li>Deferred NIS contributions for companies that keep three-quarters of their workforce at least part-time</li> <li>Workers placed on a short-week will get 60% of their earnings for the days they are not working</li> <li>Persons who are laid off will immediately have the opportunity to get their unemployment benefits, guaranteeing them 60% of their insurable earnings, up to a limit of 26 weeks</li> </ul>	<ul style="list-style-type: none"> <li>A six-month payment moratorium on all existing loans and mortgages for persons and businesses who are directly affected and impacted by COVID-19</li> <li>All banks have agreed to provide temporary working-capital financing options for corporate and small businesses</li> <li>Government will refinance the Small Hotel Investment Fund with \$20 million, to allow small hotels to borrow and blend with other funds' and refurbish their properties during the down period</li> </ul>	<ul style="list-style-type: none"> <li>For employers prepared to retain three-quarters of their workforce, the government will defer their obligation to pay the employer's contributions for three months, in the first instance, with the preparation to extend this for another three months if the crisis continues beyond that period</li> <li>Fast track a number of government capital projects already funded by the Caribbean Development Bank: \$6.5 million for Speights town Flood Mitigation Project; \$10.2 million for Constitution River Flood Mitigation Project and The Fairchild Street, rehabilitation project (\$4.6 million)</li> </ul>	<ul style="list-style-type: none"> <li>Jobs, investment and Business Survival program: Government engaged with the private sector to facilitate businesses to use the pause in activity to upskill and invest to come back stronger and ensure the early start, resumption or continuation of up to \$1 billion of private sector investments</li> <li>It is recommended that tourism-related firms participate in the national training initiative</li> </ul>

Table A1. Policy responses in Caribbean countries – as of 15 May 2020 (Continued)

Belize	<ul style="list-style-type: none"> <li>- A commercial bank has made final contribution for the Ministry of Health to purchase medical equipment and to support SMEs</li> <li>- Employees and self-employed persons who have lost their jobs and income, particularly but not solely in the tourism sector, will receive \$150 every two weeks for a 12 week period</li> <li>- Persons who were unemployed prior to the crisis will receive Bz\$100 every two weeks for 12 weeks (US\$300); applications are processed online</li> <li>- Bz\$5 million (US\$2.5 million) from social security fund earmarked to support existing social assistance programmes</li> </ul>	<ul style="list-style-type: none"> <li>- Extend the time period to classify targeted non-performing loans in sectors such as restaurants, transportation and distribution companies, and other affected areas, from three months to six months</li> <li>- Encourage domestic banks and credit unions to provide grace periods for servicing interest and/or principal components of commercial loans and ancillary loans, as needed and where commercially viable</li> <li>- Reduce risk-weights for banks on loans in the tourism sector from 100% to 50%</li> </ul>	<ul style="list-style-type: none"> <li>- Utility companies: reduction in rates and suspension in service disconnections through April for social, residential, hotel, restaurant and tour operator accounts</li> <li>- Advance one-month pension for pensioners; funds to be recovered from future payments</li> <li>- Delay in payment of contributions to social security fund without penalties, but employers to continue filing returns with information about employees and contributions</li> </ul>	<ul style="list-style-type: none"> <li>- Review financial institutions' business continuity and cybersecurity plans to ensure that an adequate level of financial services will be available to the public</li> <li>- Support to specific sectors</li> <li>- Belize Chamber of Commerce and Industry (BCCI) held a webinar on how businesses can get back on their feet and provides links to financial support for its members</li> </ul>
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(Continued)

Table A1. Policy responses in Caribbean countries – as of 15 May 2020 (Continued)

RESPONSE TYPE	Health and safety measures (Health, improved sanitation, etc.)	Welfare (Cash transfers, waivers, wage or employment support)	Finance and credit support (Economic stimulus, credit schemes, guarantees)	Taxes and fees (Mobile money, fee waivers for digital tools, utilities, etc.)	Structural policies (Clarity in rules, information, adapting to digital tools, etc.)
Dominica	<ul style="list-style-type: none"> <li>Government published general preventative guidelines to contain spread</li> </ul>	<ul style="list-style-type: none"> <li>Government has rolled out a 'Stay at Home' programme: (i) top-up to safety net of 5,000 pesos (US\$92) for two months to 811,000 beneficiary families that have the Solidarity payment card to purchase food and basic necessities; (ii) horizontal expansion of the same amount, 5,000 pesos (US\$92), to 690,000 non-poor and vulnerable non-beneficiary families in the SIUBEN social registry; the payments are expected from 1 April to 30 May 2020; a special transfer totalling 7,000 pesos (US\$129) to over 350,000 households where the household head is vulnerable to COVID-19</li> <li>Economic Kitchens serving more than 100,000 servings of cooked food every day, through its mobile kitchens</li> </ul>	<ul style="list-style-type: none"> <li>Loan repayment moratorium for an initial period of up to six (6) months</li> </ul>	<ul style="list-style-type: none"> <li>Waiver of VAT on electricity to domestic customers, hotels and guest houses for the period April–July 2020</li> <li>Reduction in landing taxes to incentivise tourism post-containment of COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>Dominica Employers' Federation (DEF) developed an Enterprise Pandemic Plan Template based on a four-phase plan, with key actions to be taken in each stage</li> <li>In February, DEF published a World of Work publication on COVID-19 and guidance for members on the impact at the enterprise level</li> </ul>
Grenada	<ul style="list-style-type: none"> <li>Guidelines and requirements for contractors and construction companies, including: provision of handwashing stations on site, safety kits for each worker, site cleaning to a set standard, and daily disposal of waste</li> </ul>	<ul style="list-style-type: none"> <li>An EC\$10 million (US\$3.7 million) unemployment benefits package to be rolled out by the National Insurance Scheme</li> <li>Government to provide EC\$20 million (US\$7.4 million) worth of payroll support to the hoteliers, restaurants, bars, small travel agents and income support to public buses, taxi drivers, tourists vendors and other such identified hospitality-based businesses</li> <li>Government to provide incentives to private labs and medical facilities, and increased farm labour support to immediately boost agricultural production and support for farmers and fish exporters</li> </ul>	<ul style="list-style-type: none"> <li>Expanded the small business soft lending facility at the Grenada Development Bank by an additional EC\$5million (US\$1.85 million)</li> <li>Agriculture, agro-processing and fishery industry businesses offered 3% interest rate to boost sectors</li> <li>Moratorium on existing small business loans for three months in the first instance</li> </ul>	<ul style="list-style-type: none"> <li>Committed to reduce the cost of electricity by 30 % for the months of March, April and May in the first instance, to all consumers; this will not apply to a few companies that have special concessionary arrangements</li> <li>Suspended the monthly advance payment on corporate income tax and the annual stamp tax for the period</li> <li>Government plans to expand public sector investment programmes</li> </ul>	<ul style="list-style-type: none"> <li>Government is encouraging the trade union movement to work with the business community to support the use of vacation leave as a first option in the event of businesses having to resort to a 'skeleton staff'</li> </ul>

Table A1. Policy responses in Caribbean countries – as of 15 May 2020 (Continued)

Guyana	<ul style="list-style-type: none"> <li>- Proposed deferment of loan payments to assist customers in good standing and companies with liquidity requirements</li> <li>- Proposed waiving or reducing of fees and penalties for transactions with Automated teller machine (ATMs), Point of sale (POS), Electronic Funds Transfer (EFT), debit cards, loan processing and late payments on loans</li> </ul>	<ul style="list-style-type: none"> <li>- Removal of VAT on water and electricity in COVID-19 response efforts</li> <li>- GTT – Guyana’s telecommunication provider has lowered its prices for select broadband services for its corporate customers to assist them in managing and optimising their operations during and after COVID-19</li> </ul>
Jamaica	<ul style="list-style-type: none"> <li>- Government will allocate \$1 billion in additional funding to the Ministry of Labour and Social Security to provide COVID grants to those who are marginally self-employed and informally employed</li> <li>- A direct transfer will be made to workers who have lost their jobs</li> <li>- The Ministry of Labour and Social Security (MLSS), through its Central Foods Warehouse, is delivering relief packages (food and other relief items) to persons in quarantine and to the elderly</li> </ul>	<ul style="list-style-type: none"> <li>- All MSMEs with sales of \$50 million or less that file taxes in the 2019/2020 financial year, and who filed payroll returns indicating they have employees, will be eligible for a one-time COVID small business grant of \$100,000 (not informal sector)</li> <li>- A \$1 billion MSME tax credit providing critical cash-flow support is available to MSMEs (no mention of informal sector)</li> <li>- National Housing Trust implemented a three-month moratorium on its mortgage payments and reduction in rates for new and existing mortgagors</li> <li>- Specific loans and grants for beauty, transport and tourism sectors</li> <li>- Reduction in regulatory fees for coconut, coffee, cocoa and spice farmers to incentivise greater production</li> <li>- Waived the special consumption tax on alcohol for use in making (or substituting for) sanitisers</li> </ul>

(Continued)

Table A1. Policy responses in Caribbean countries – as of 15 May 2020 (Continued)

RESPONSE TYPE	Health and safety measures (Health, improved sanitation, etc.)	Welfare (Cash transfers, waivers, wage or employment support)	Finance and credit support (Economic stimulus, credit schemes, guarantees)	Taxes and fees (Mobile money, fee waivers for digital tools, utilities, etc.)	Structural policies (Clarity in rules, information, adapting to digital tools, etc.)
Saint Lucia	<ul style="list-style-type: none"> <li>State of Emergency is in place and government has asked citizens to familiarise themselves with the Emergency Powers</li> <li>Healthcare system will help increase testing capabilities and build isolation units with World Bank funding</li> </ul>	<ul style="list-style-type: none"> <li>Social Stabilisation Plan (2% of GDP) on April 8; focus is on those who have completely lost their income and the most vulnerable; monthly payment of \$500 for three months, preconditioned to enrolling in national insurance contributions (NIC) for informal workers not currently contributing to NIC, unemployed or displaced due to COVID19</li> <li>Implementation of price gauging legislation to protect consumers</li> <li>Rollout of the National Meals Program by the Ministry of Agriculture to feed 5,000 underprivileged persons on a daily basis using produce from local farmers.</li> </ul>	<ul style="list-style-type: none"> <li>Six month moratorium on commercial bank mortgage payments for displaced workers and businesses adversely affected by COVID19; similar measures will be sought with credit unions</li> </ul>	<ul style="list-style-type: none"> <li>Waiver of interest and penalties on all taxes due in March 2020</li> <li>Suspension of disconnections for the unemployed and persons on welfare by LUCELEC electricity utility company</li> </ul>	
Saint Kitts and Nevis	<ul style="list-style-type: none"> <li>Prime Minister announced an increase in the health budget (0.5% of GDP)</li> </ul>	<ul style="list-style-type: none"> <li>\$5 million allocated for Poverty Alleviation Program for households that might now fall below the \$3,000 per month threshold due to a loss of jobs and income caused by this crisis – part of \$120 billion economic stimulus package</li> <li>Establishment of Income Assistance Fund to support affected workers and self-employed individuals registered with Social Security – up to \$1,000 per month</li> </ul>	<ul style="list-style-type: none"> <li>A moratorium on all loan payments to commercial banks, including the Development Bank of Saint Kitts and Nevis, for six months as agreed with the Eastern Caribbean Central Bank, together with a waiver on all late charges and fees</li> <li>Fiscal stimulus measures (3.75% of GDP), including an injection of funds to SMEs and the agriculture sector</li> </ul>	<ul style="list-style-type: none"> <li>Property tax payments for the period June to September 2020 will be deferred</li> <li>Water payments for persons laid off and moratorium on payments for electricity</li> <li>Reduction in the corporate income tax rate and the unincorporated business tax rate</li> </ul>	

Table A1. Policy responses in Caribbean countries – as of 15 May 2020 (Continued)

Saint Vincent and the Grenadines	<ul style="list-style-type: none"> <li>- Social distancing and other preventative measures; increased health spending</li> </ul>	<ul style="list-style-type: none"> <li>- Expanding social assistance as part of EC\$74.05 million stimulus package, including Interim Assistance Benefits for persons not on public assistance nor in receipt of a pension (until 31 Dec 2020)</li> <li>- Providing support for displaced workers in the hotel and tourism sector, including cruise buses and taxis, through a Displacement Supplementary Income for three months in the first instance</li> <li>- Government will provide EC\$9 million in direct support to the areas of farming, animal husbandry and fishing (additional monies for Farmers' Support Company; free seeds at AIW; subsidised inputs; provision of fishing boats and farm animals on generous terms)</li> </ul>	<ul style="list-style-type: none"> <li>- Banks and credit unions to grant all customers a six-month moratorium on payment of principal and interest on mortgages, loans and credit card debt</li> </ul>	<ul style="list-style-type: none"> <li>- National Insurance Scheme (NIS) will provide a pre-payment of two months pension benefits for all categories of pensioners (contributory and non-contributory; 7,406 contributory pensioners and 783 non-contributory pensioners)</li> <li>- \$1.25 million in the form of temporary unemployment relief across economic sectors for active employee registrants</li> <li>- No disconnections of electricity or water will be permitted and no fees for reconnections for an eight-month period; no VAT on electricity or on domestic, hotel or guest-house customers</li> </ul>
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**Source:** International Monetary Fund – Policy response to COVID-19; World Bank's Social Protection and Jobs Responses to COVID-19; IGC's COVID-19 policy tracker. Government sources and media channels

Table A2. COVID-19 Response for Informal Sector (CRIS) Index – underlying areas and indicators

S. No.	Area	ID	Indicator	Description and Rationale	Coding	Construction Notes	Data Sources
1	Health and Safety	Q1	Breadth	Identify if a measure has been announced or implemented generally, with direct or indirect effects for MSMEs (0 or 1), combined with a subjective assessment of the scope of policy announcement to cover informal sector (0-None; 1-Narrow; 2-Broad)	0-100	<b>Breadth = Availability*Scope</b>	International Monetary Fund – Policy response to Covid-19, World Bank's Social Protection and Jobs Responses to COVID-19; ILO Country policy responses; IGC's COVID-19 policy tracker; Government sources and media channels
		Q2	Access	Ease of access to health facilities. Based on the share of out-of-pocket spending on health by households (of total current health expenditures)	0-100	Re-scaled for positive scale to 0-100	World Development Indicators
		Q3	Cover	Short-term cover based on current health expenditure (% of GDP)	0-100	0-100	World Development Indicators
		Q4	Adequacy	Medium to long-term effects based on the Global Health Security Index	0-100	0-100	GHS Index
2	Welfare	Q1	Breadth	Identify if a measure has been announced or implemented generally, with direct or indirect effects for MSMEs (0 or 1), combined with a subjective assessment of the scope of policy announcement to cover informal sector (0-None; 1-Narrow; 2-Broad)	0-100	<b>Breadth = Availability*Scope</b>	International Monetary Fund – Policy response to Covid-19, World Bank's Social Protection and Jobs Responses to COVID-19; ILO Country policy responses; IGC's COVID-19 policy tracker; Government sources and media channels.
		Q3	Access	Ease of access to welfare support. Based on the CPIA rating for policies for social inclusion and equity that includes gender equality, equity of public resource use, building human resources, social protection and labour, and policies and institutions for sustainability	0-100	Re-scaled 0-100	World Development Indicators

Table A2. COVID-19 Response for Informal Sector (CRIS) Index – underlying areas and indicators (Continued)

3	Finance and Credit	Q2	Cover	Based on coverage (both direct and indirect beneficiaries) of social protection and labour programs (% of population) that provides approximate measures of social protection systems performance of the country based on nationally representative household surveys	0-100	ASPIRE: The Atlas of Social Protection – Indicators of Resilience and Equity, The World Bank
		Q3	Adequacy	Based on adequacy (both direct and indirect beneficiaries) of social protection and labour programs (% of total welfare of beneficiary households) that provides approximate measures of social protection systems performance of the country based on nationally representative household surveys	0-100	ASPIRE: The Atlas of Social Protection – Indicators of Resilience and Equity, The World Bank
3	Finance and Credit	Q1	Breadth	Identify if a measure has been announced or implemented generally, with direct or indirect effects for MSMEs (0 or 1), combined with a subjective assessment of the scope of policy announcement to cover informal sector (0=None; 1=Narrow; 2=Broad)	0-100	<b>Breadth = Availability*Scope</b> International Monetary Fund – Policy response to Covid-19, World Bank's Social Protection and Jobs Responses to COVID-19; ILO Country policy responses; IGC's COVID-19 policy tracker; Government sources and media channels
		Q3	Access	Ease of access to finance and credit. Based on the credit information index affecting the scope, accessibility, and quality of credit information: ranges from 0-8, with higher values indicating the availability of more credit information to facilitate lending decisions	0-100	World Development Indicators
3	Finance and Credit	Q2	Cover	Liquidity support through direct credit lines or guaranteed commercial loans. Based on announced fiscal support (% GDP)	0-100	Elgin, Basbug and Yalaman (2020); Hale et al. (2020) - supplemented by announcements
		Q3	Adequacy	Medium to long-term likelihood of recovering from depressed demand. Based on the COVID-19 Economic Stimulus Index (CESI)	0-100	Re-scaled 0-100 Elgin, Basbug and Yalaman (2020)

(Continued)

Table A2. COVID-19 Response for Informal Sector (CRIS) Index – underlying areas and indicators (Continued)

S. No.	Area	ID	Indicator	Description and Rationale	Coding	Construction Notes	Data Sources
4	Taxes and Fees	Q1	Breadth	Identify if a measure has been announced or implemented generally, with direct or indirect effects for MSMEs (0 or 1), combined with a subjective assessment of the scope of policy announcement to cover informal sector (0-None; 1-Narrow; 2-Broad)	0-100	<b>Breadth = Availability*Scope</b>	International Monetary Fund – Policy response to Covid-19, World Bank's Social Protection and Jobs Responses to COVID-19; ILO Country policy responses; IGC's COVID-19 policy tracker; Government sources and media channels
		Q2	Access	Ease of access to indirect tax and fee waivers. Based on access to electricity (% of population) and account at a financial institution or with a mobile-money-service provider (% of population 15 years or more)	0-100	Composite measure using an average of two	World Development Indicators
		Q3	Cover	Cover from indirect tax or fee exemptions. Based on other taxes (as % of revenue) include employer payroll or labour taxes, taxes on property, and taxes not allocable to other categories, such as penalties for late payment or non-payment of taxes	0-100		World Development Indicators
		Q4	Adequacy	Current account balance of the government (% of GDP). Based on an indication of the country's fiscal space	-50 to +50		World Development Indicators
5	Structural policies	Q1	Breadth	Identify if a measure has been announced or implemented generally, with direct or indirect effects for MSMEs (0 or 1), combined with a subjective assessment of the scope of policy announcement to cover informal sector (0-None; 1-Narrow; 2-Broad)	0-100	<b>Breadth = Availability*Scope</b>	International Monetary Fund – Policy response to Covid-19, World Bank's Social Protection and Jobs Responses to COVID-19; ILO Country policy responses; IGC's COVID-19 policy tracker; Government sources and media channels
		Q2	Access	Ease of access to measures that simplify procedures or provide information for adapting to new ways of work, based on individual use of internet (% population)	0-100		World Development Indicators
		Q3	Cover	Mobile coverage based on mobile cellular subscriptions (per 100 people)	0-100		World Development Indicators/ International Telecommunication Union
		Q4	Adequacy	Research and development focus of firms - R&D (% of firms)	0-100		World Development Indicators

Table A3. COVID-19 Response for Informal Sector (CRIS) Index – Underlying data (standardised to 0–100)

Region	Country	Panel A: Unweighted score							Panel B: PCA						
		Health	Welfare	Finance and credit	Tax and fees	Structural policies	Overall	Health	Welfare	Finance and credit	Tax and fees	Structural policies	Overall		
<b>Africa</b>	Botswana	58.6	45.9	58.6	27.2	59.2	<b>49.9</b>	49.2	59.0	41.4	37.7	82.1	<b>53.9</b>		
	Cameroon	42.0	13.0	29.6	37.3	12.8	<b>26.9</b>	1.2	7.5	4.0	71.9	14.6	<b>19.8</b>		
	Eswatini	56.9	29.4	33.7	38.6	24.6	<b>36.6</b>	46.9	40.5	0.0	56.1	37.1	<b>36.1</b>		
	Gambia	53.9	40.4	9.4	13.1	24.0	<b>28.1</b>	26.6	37.5	23.1	32.3	36.2	<b>31.1</b>		
	Ghana	49.6	78.5	43.1	29.2	56.5	<b>51.4</b>	14.3	100.0	19.1	46.8	75.6	<b>51.2</b>		
	Kenya	32.0	34.3	48.4	29.2	43.8	<b>37.5</b>	33.3	43.5	18.4	45.6	50.2	<b>38.2</b>		
	Lesotho	30.6	51.4	31.1	34.9	19.7	<b>33.5</b>	66.7	54.7	15.2	51.6	29.4	<b>43.5</b>		
	Malawi	44.3	49.6	34.9	25.8	8.0	<b>32.5</b>	66.4	57.3	3.9	65.1	2.6	<b>39.1</b>		
	Mauritius	35.4	60.7	46.0	47.5	37.3	<b>45.4</b>	25.4	70.4	25.7	64.9	62.6	<b>49.8</b>		
	Mozambique	43.9	37.0	35.9	27.3	5.8	<b>30.0</b>	55.2	38.3	22.2	90.5	0.0	<b>41.2</b>		
	Namibia	34.1	52.0	50.7	41.4	35.3	<b>42.7</b>	65.7	57.8	41.3	60.0	53.9	<b>55.7</b>		
	Nigeria	28.6	43.2	61.7	37.5	21.9	<b>38.6</b>	0.0	41.0	40.8	56.3	32.0	<b>34.0</b>		
	Rwanda	46.1	50.1	50.5	33.8	19.4	<b>40.0</b>	53.8	70.4	35.8	61.0	23.6	<b>48.9</b>		
	Seychelles	40.6	52.0	27.5	33.6	42.7	<b>39.3</b>	41.1	57.8	1.9	57.8	73.4	<b>46.4</b>		
	Sierra Leone	37.8	37.4	23.4	1.8	13.1	<b>22.7</b>	42.3	34.9	28.4	39.6	13.9	<b>31.8</b>		
	South Africa	38.8	66.1	58.8	31.1	63.1	<b>51.6</b>	43.9	80.8	35.5	46.8	90.1	<b>59.4</b>		
Tanzania	29.0	19.6	32.5	9.7	15.6	<b>21.3</b>	41.5	25.8	0.3	34.5	19.1	<b>24.3</b>			
Uganda	27.9	56.1	44.0	32.9	16.3	<b>35.4</b>	31.2	65.6	19.6	59.8	17.5	<b>38.7</b>			
Zambia	42.8	45.9	61.5	35.8	16.8	<b>40.6</b>	50.6	44.1	39.3	57.3	20.0	<b>42.3</b>			

(Continued)

Table A3. COVID-19 Response for Informal Sector (CRIS) Index – Underlying data (standardised to 0–100) (Continued)

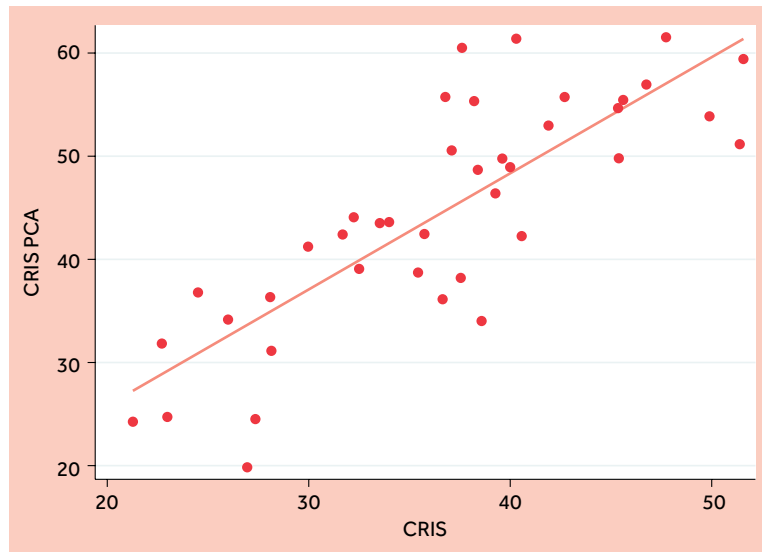
Region	Country	Panel A: Unweighted score							Panel B: PCA						
		Health	Welfare	Finance and credit	Tax and fees	Structural policies	Overall	Health	Welfare	Finance and credit	Tax and fees	Structural policies	Overall		
<b>Caribbean</b>	Antigua and Barbuda	49.6	53.0	12.5	49.4	62.2	<b>45.4</b>	28.0	60.8	8.7	75.9	100.0	<b>54.7</b>		
	Bahamas	26.3	53.0	35.5	48.5	38.1	<b>40.3</b>	49.5	60.8	48.9	85.1	62.8	<b>61.4</b>		
	Barbados	48.1	40.5	28.5	50.5	66.2	<b>46.8</b>	24.3	49.7	33.1	83.5	94.1	<b>56.9</b>		
	Belize	40.8	53.5	23.2	41.4	33.0	<b>38.4</b>	43.2	61.4	33.8	61.1	43.9	<b>48.7</b>		
	Dominica	37.2	36.9	25.0	41.0	43.8	<b>36.8</b>	48.1	39.6	26.2	100.0	64.7	<b>55.7</b>		
	Grenada	45.0	54.2	37.1	47.4	44.4	<b>45.6</b>	19.8	67.7	49.2	77.6	62.9	<b>55.5</b>		
	Guyana	26.0	26.2	47.7	42.0	28.0	<b>34.0</b>	45.1	28.3	16.2	90.1	38.3	<b>43.6</b>		
	Jamaica	29.4	55.3	47.9	35.5	41.4	<b>41.9</b>	60.0	65.6	23.2	57.8	58.2	<b>53.0</b>		
	Saint Lucia	36.3	54.2	24.1	38.8	25.4	<b>35.7</b>	24.2	67.7	39.7	40.9	39.8	<b>42.5</b>		
	St Kitts and Nevis	33.4	53.0	23.1	36.2	45.4	<b>38.2</b>	33.5	60.8	53.1	52.2	77.1	<b>55.3</b>		
	St Vincent and The Grenadines	39.1	53.2	23.1	47.7	22.4	<b>37.1</b>	34.5	61.9	53.1	73.6	29.6	<b>50.6</b>		
	Trinidad and Tobago	38.5	53.0	43.5	52.0	51.7	<b>47.7</b>	32.5	60.8	38.8	95.0	80.6	<b>61.5</b>		
<b>Pacific</b>	Fiji	28.4	45.0	37.3	34.4	43.0	<b>37.6</b>	57.6	36.8	100.0	46.9	61.1	<b>60.5</b>		
	Kiribati	32.5	25.0	12.5	34.2	10.7	<b>23.0</b>	93.9	13.4	8.7	0.0	7.7	<b>24.7</b>		
	Nauru	45.2	17.1	12.5	26.7	28.5	<b>26.0</b>	83.7	10.5	8.7	23.7	44.2	<b>34.2</b>		
	Papua New Guinea	42.8	21.7	43.0	19.7	9.6	<b>27.4</b>	47.7	0.0	62.2	7.6	5.1	<b>24.5</b>		
	Samoa	42.5	40.1	23.6	37.4	17.6	<b>32.2</b>	55.8	56.2	46.4	40.1	21.8	<b>44.1</b>		
	Solomon Islands	30.0	27.6	23.8	27.5	13.6	<b>24.5</b>	72.3	9.7	43.7	44.6	13.6	<b>36.8</b>		
	Tonga	42.4	31.1	37.9	47.9	38.7	<b>39.6</b>	57.4	25.6	54.4	59.3	52.3	<b>49.8</b>		
	Tuvalu	47.1	16.3	24.9	29.6	22.6	<b>28.1</b>	100.0	5.6	28.3	15.6	32.3	<b>36.3</b>		
	Vanuatu	30.1	30.3	35.4	30.9	31.7	<b>31.7</b>	60.6	25.3	50.8	37.3	38.0	<b>42.4</b>		

**Notes:** Panel A reports the unweighted sub-scores and the overall CRIS score. The PCA was done across the four indicators for each policy area, using original data on variables as discussed in this paper. For the unweighted score, we took the simple unweighted average across the three indicators of access, cover and adequacy. Panel B reports the sub-scores after the PCA, normalized in the range 0–100; the overall CRI score is also listed.

Table A4. COVID-19 Response for Informal Sector (CRIS) Index – PCA

<b>Health and Safety</b>				
Component	Eigenvalue	Difference	Proportion	Cumulative
Component 1	1.59	0.49	0.40	0.40
Component 2	1.10	0.26	0.27	0.67
Component 3	0.84	0.37	0.21	0.88
Component 4	0.47	.	0.12	1.00
Variable	Component 1	Component 2	Component 3	Component 4
Breadth	-0.37	0.76	0.24	0.49
Access	0.67	-0.05	-0.25	0.70
Short-Term	0.47	0.05	0.87	-0.14
Long-Term	-0.44	-0.65	0.35	0.51
<b>Welfare</b>				
Component	Eigenvalue	Difference	Proportion	Cumulative
Component 1	2.02	1.11	0.50	0.50
Component 2	0.90	0.25	0.23	0.73
Component 3	0.65	0.23	0.16	0.89
Component 4	0.42	.	0.11	1.00
Variable	Component 1	Component 2	Component 3	Component 4
Breadth	0.52	-0.04	0.81	-0.27
Access	0.56	-0.38	-0.14	0.72
Short-Term	0.56	-0.12	-0.56	-0.60
Long-Term	0.33	0.92	-0.10	0.21
<b>Finance and Credit</b>				
Component	Eigenvalue	Difference	Proportion	Cumulative
Component 1	1.27	0.24	0.32	0.32
Component 2	1.03	0.04	0.26	0.57
Component 3	0.99	0.28	0.25	0.82
Component 4	0.71	.	0.18	1.00
Variable	Component 1	Component 2	Component 3	Component 4
Breadth	0.64	0.36	0.27	-0.62
Access	-0.27	0.79	0.42	0.36
Short-Term	0.72	-0.06	-0.02	0.69
Long-Term	-0.05	-0.49	0.87	0.03
<b>Tax and Credits</b>				
Component	Eigenvalue	Difference	Proportion	Cumulative
Component 1	1.80	0.64	0.45	0.45
Component 2	1.15	0.57	0.29	0.74
Component 3	0.58	0.12	0.15	0.88
Component 4	0.47	.	0.12	1.00
Variable	Component 1	Component 2	Component 3	Component 4
Breadth	0.62	-0.15	-0.01	0.77
Access	0.08	0.85	-0.52	0.10
Short-Term	0.53	0.40	0.67	-0.34
Long-Term	-0.57	0.32	0.54	0.53
<b>Structural Measures</b>				
Component	Eigenvalue	Difference	Proportion	Cumulative
Component 1	1.96	0.93	0.49	0.49
Component 2	1.02	0.33	0.26	0.74
Component 3	0.69	0.36	0.17	0.92
Component 4	0.33	.	0.08	1.00
Variable	Component 1	Component 2	Component 3	Component 4
Breadth	0.48	-0.25	0.83	-0.13
Access	0.61	0.14	-0.41	-0.67
Short-Term	0.61	-0.18	-0.30	0.71
Long-Term	0.16	0.94	0.22	0.20

Figure A1. Correlation between unweighted CRIS and CRIS using PCA



**Note:** CRIS unweighted (x-axis) and CRIS with PCA (Y-axis). We find a highly significant correlation between the two at 0.82.