

Plan for Mitigation of Coronavirus Economic Fallout

**Prepared April 10, 2020 By:
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THE BACKDROP

The novel coronavirus represents an existential threat to Bahamian economic stability and thus the government is obliged to present a comprehensive response to this threat.

The government by itself cannot provide the entirety of the economic stimulus needed without doing long-term damage to the economy.

So, any plan must involve all of the relevant stakeholders including the Central Bank, the commercial banks, the business community and civil society.

With that backdrop, I recognize the contribution to this paper by some of the best financial and economic minds and turn-around specialists in the country; as well as members of our parliamentary caucus.

This paper contemplates the circumstances During COVID-19 (DC).

Our concerns and recommendations are well documented as it relates to Before COVID-19 (BC).

We also envision steps to take to address the economy in the After COVID-19 (AC) scenario.

For the full context, we will distinguish between BC, DC and AC.

Our forecast on AC will help us to plan for the new normal and get The Bahamas ahead of the curve.

We acknowledge that circumstances are very fluid.

This plan will be amended as new circumstances present themselves.



DURING COVID-19 PLANNING

The COVID lockdown is placing pressure on the global economy.

It is also directly placing immense pressure on The Bahamas. We will face a serious recession.

How the government responds will determine the severity of the recession, whether it will become a depression and what a new Bahamas would look like.

The focus should be on caring for all while providing businesses the opportunity to reimagine and reposition, at the same time increasing employment and service delivery mechanisms in a 21st Century Bahamas.

As the government enters its budget planning exercise, compounded with the financial and economic fallout of the COVID-19 pandemic, we are recommending the government seek the assistance and advice of the best and brightest in diverse sectors to develop a plan which is achievable, quantifiable and transparent while providing, as quickly as possible, the assistance so many need, while putting in place a foundation for economic growth.

The problem with the current economic backdrop, and mounting job losses, is that the vast majority of Bahamians are woefully unprepared for any disruption to their income going into recession.

As job losses mount, a virtual spiral in the economy begins as reductions in spending put further pressures on corporate profitability.

Lower profits lead to higher unemployment and lower asset prices until the cycle is complete; whatever that 'complete' looks like.

We believe the economic fallout from the COVID-19 pandemic will have severe implications on the finances of The Bahamas for the foreseeable future.

We anticipate that unemployment will exceed 30 percent and the deficit for fiscal year 2020-2021 will easily exceed \$1 billion when all the numbers are finalized.

It's unavoidable that public debt will have to increase dramatically in the next 12-18 months.

It's our expectation that debt-to-GDP will come in at over 100 percent from the current level.

It is our forecast that \$1 billion to \$2 billion in funding is required to keep the economy afloat.

This may be a combination of bonds, private public partnerships (PPP) and tax credits.

DURING COVID-19 PLANNING

We will have to make some tough and necessary decisions, while providing accountability and transparency to the Bahamian people.

While the pandemic has exacerbated our financial position, let's be clear, our economy and finances were in a downward trend for some time.

Unemployment increased to over 10.5 percent at the end of 2019, with net new borrowing in excess of \$1 billion, bringing our national debt to nearly \$9 billion.

Today, the government has limited headroom for borrowing.

As such we must be strategic and creative in managing our finances in the short term.

With debt around \$9 billion and expected new borrowing of a minimum of \$1 billion to stabilize the economy, in addition to the normal budget shortfall average of at least \$500 million, this is not the time to focus on debt ratios, but to focus on people and stabilizing the economy.

We have verbalized often that growing the economy must be the absolute priority.

If we get these objectives right, the debt ratio will take care of itself over a 5 to 7-year period.

The good news, if we can stretch it to that level, is that almost the exact set of circumstances is now facing all countries of the world.

In the first instance, our goal must be to protect the vulnerable in our society, the poor and elderly among us.

Secondly, we must work with businesses, particularly SMEs, which account for over 70 percent of the employment in our country.

Thirdly, we must vigorously support the domestic economy.

FAILURE IS NOT AN OPTION

The options available to us to stimulate the economy are limited.

We cannot just print money like some large countries, without severe consequences.

It is our view that without the implementation of an aggressive plan quickly, we will suffer the consequence later of a prolonged recession or the descending of the economy into a depression.

Interestingly, the great depression of 1929 was only a decade after the great flu pandemic.

Understandably, people are heavily stressed and have great misgivings about the national debt and will be mistrustful of the potential significant spending.

There must be leadership to provide guidance to overcome this inertia.

We are confident that the notion, if it exists, that things will go back to normal immediately as soon as physical distancing is over, is misguided.

Decisive leadership is necessary.

There is no headroom for political posturing.

A wise man once said, swallow the tadpole now or swallow the frog later.

DURING COVID-19 (DC)

In working to defeat the spread of COVID-19 in New Zealand, 39-year-old Prime Minister Jacinda Ardern proclaimed, "We must go hard and we must go early."

To date, they have recorded one of the lowest percentages of positive tests and coronavirus fatality rate per capita worldwide.

In order to restart the economy of the Bahamas with as little pain as possible "we must go hard and we must go early."

The following is a list of actions we would recommend for immediate action:

1. The government should provide value-added tax (VAT) or other tax/loan credits to all businesses with a view to retaining as many employees as practical. Even in cases where employees are laid off, this mechanism would ensure quick disbursement of agreed amounts to employees and take the administrative strain off NIB, allowing NIB to focus on the self-employed. In addition to timely disbursement, it would ensure additional checks and balances as we seek to ensure transparency of this process. This is, in effect, a win-win for the government. If businesses can get relief to stay alive, the government will preserve its tax base and ultimately collect revenue from these businesses in an AC environment. The SBDC must also expand its loan program to ensure that quality businesses with temporary cash flow crunch can improve their chances of survival.
2. The government should appoint a Debt Management Committee with a mandate to review, and recommend advice on the efficient management and structure of the country's debt. The committee should comprise representatives from the Ministry of Finance, Central Bank and private sector experts.
3. The government should seek to issue up to \$1 billion in bonds over the next year. These bonds could be called 'COVID-19 Relief Bonds' or some derivative:
 - a. Issue long-term zero-coupon COVID Bonds with terms of 40-50 years or longer. This would reduce government cash outflow in the short-term. These bonds should be targeted to specific projects, for example, food security/BAMSI expansion or technology and e-commerce to provide efficient management of and service delivery to our citizens. These bonds will be targeted at long-term investors such as pensions plans and insurance companies. We estimate a demand for up to \$350 million.
 - b. Issue medium-term COVID Bonds with a maturity date of up to 10 years. These bonds will have a coupon (prime plus a spread) and will be targeted at retirees looking for income to live on. This issuance will be \$150-\$200 million.
 - c. Issue short-term bonds up to 5 years, targeted at banks as they invest excess cash in the system. This issuance would be up to \$500 million.

DURING COVID-19 (DC)

4. Borrow \$750 million in United States (US) currency as budget support, in short-term 10-year terms, utilize a substantial portion to prepay debt coming due in the near future so the net borrowing would be halved. The IDB re-allocation of US\$50 million is also imperative.
5. Use the powers under the Financial Administration and Audit Act to get dividends from cash-rich organizations including Bahamas Maritime Authority, URCA, Central Bank, the Insurance Commission etc.
6. The government must cut the fat from its recurrent expenditure. We must pay more than just lip service to cutting overall expenses by 10 percent. We must eliminate inefficiency and waste. We are not suggesting cuts for capital projects that can act as a stimulus, but cuts in areas where there is arguably duplication of effort, and outright waste. For example, the government should examine the efficacy of the Ministry of Disaster Preparedness, Management and Reconstruction, the Disaster Reconstruction Authority and NEMA, as it seems they have no role in dealing with COVID-19. Low-hanging fruit would be to restrict local and international travel over the next year, purchases of new vehicles and eliminate discretionary, non-essential expenditure. The savings may be re-purposed to support an enhanced budget for unemployment benefits, social assistance and support for the domestic economy.
7. Review of all consultant contracts to ensure no double dipping. That is, collecting a pension and consultant salary at the same time.
8. Oil is trading in the region of \$20 per barrel. The government should assist BPL in strategically investing in a one to two-year supply of oil, incentivizing investment in renewable energy and to keep electricity costs low. We are confident that if we can reduce light bills by a minimum of 25 percent, we can dramatically improve competitiveness and increase GDP by at least 1 percent on this alone. This is one of the silver linings of this crisis. The Bahamas can benefit from this as it will provide some reduced pressure on foreign reserves and disposable incomes if passed down effectively to consumers.
9. Fast track PPPs which would reduce government debt burden, while allowing efficient management and increased investment options for the capital markets and retirees. Identify several shovel-ready government related projects that may be done with private funding whilst creating employment and economic activity, e.g. the new Central Bank building, converting the old post office building on East Hill Street into a new Parliament building and constructing a new court house building to expand the capacity for the judiciary, as well as appropriate infrastructure projects in the restoration of Abaco & Grand Bahama; and health care infrastructure in Exuma, Abaco and a new hospital in Grand Bahama. The government might also consider the 'sale and lease-back-to-own' of various government buildings, especially the ones in disrepair.

DURING COVID-19 (DC)

10. To save lives, we must proactively ensure adequate dedicated hospital accommodation for the purpose of treating and quarantining infected patients. The PPP with a shuttered hotel would be consistent with the practice in China and the Javits Center in New York. We hope that it will not come to this, but we are supporting of proactive and progressive steps to save lives.

11. Seek to engage an advisory group to review, recommend and implement a national digitization strategy and a state-of-the art digital infrastructure to include: eCommerce; tele-medicine; online education; and eGovernment – a platform to provide basic primary service to all citizens from Inagua in the south to Grand Cay in the north. It is expected that this would be implemented in six months or less. It is past time that eGovernment ceases to be a buzz word and we should target making 90 percent of government services fully available online, taking advantage of the Central Bank's digital currency and the private sector providers of mobile wallets. We must move toward the creation of a digital identity for all citizens and legal residents of The Bahamas. We must set the example for business, many of whom have doggedly stuck to a brick and mortar business model and were caught flat-footed, unable to adjust as things suddenly transitioned.

12. Additionally, seek to review price control on essential drugs to ensure they're affordable to all, while minimizing government costs. In view of reported price gouging in the current environment. This point may be expanded to include all 'essential' products.

13. Strengthen our tax collection efforts with a properly resourced and empowered Revenue Enhancement unit.

14. Sufficed to say, the amounts allocated for unemployment, food, rental and social assistance during the crises are woefully understated. These will need to be aggressively increased. Further we must return to the use of the debit cards for social services. Government can negotiate discounted prices for persons using this card. This will make it easier to monitor prices charged and what monies are spent on, whilst delivering support with dignity.

15. Food Security: The government should take \$250 million and invest immediately in real food security. BAMSI is a good model but Andros is primed for growth in agriculture. Both agriculture and fisheries present much potential. Harnessing this potential is not optional. We must develop our long-term aspirational goals and build upon the success of BAMSI. We suggest BAMSI continue its education role but also build a research and advisory team to consult with large scale and urban farm development. In the short to medium term BAMSI must continue its production component.

BAMSI should work with our version of the EXIM Bank to find markets for our produce. This will lead to more processing and canning of these goods.

Regrettably, businesses only see 350-400k persons at best annually, making it incredibly challenging to create economies of scale. But we have immediate access to over 7 million people by way of annual tourist visits. We must mandate that the hotels and cruise ships purchase a certain percentage of their provisions from entities that source goods grown and made in The Bahamas. This should be part of any agreements going forward. During time of crises all production may be channeled inward.

Further, we must empower our people in the fishing and poultry industry.

We recommend that a co-operative (Co-Op) be established and anyone in the field will have a share in the Co-Op. The Co-Op, with a government guarantee, will build a state-of-the-art facility with refrigeration, packaging, distribution, etc. This would ensure immediate payment to independent small providers for their goods and limit their risk as they are guaranteed a market for their goods.

The tongue of the ocean itself present opportunities in fishing with its myriad of species generally untapped.

The issue of Food Security is so critical that it warrants a separate paper with a deep dive on the attending issues.

16. We must develop an aggressive, creative “open for business” tourism campaign once the markets open. We have 20 major destinations, 17 of them had no COVID-19 cases. After the lockdown people will have an urge to travel to an area where there was low COVID-19 incidence. We must also re-imagine what new travel security will be, and position ourselves to take advantage by acquiring the type of screening equipment for our air and cruise ports that will build confidence in our destination.

In addition, we must focus in the short term on getting “heads in beds” through aggressive incentives that may include reduced taxes paid on airline tickets for a six-month period and to forego certain VAT and/or hotel room rates for the same period. We must create a short-term tax incentive package to encourage group business to The Bahamas, including religious and sports tourism. We emphasize, that marketing should focus on the fact that the Bahamas is a safe, clean and healthy place to come to and that we have stringent protocols relative to locals and visitors.

This could be a turning point for domestic tourism to examine and improve the value proposition and costs factors, so Bahamian residents may choose Family Island travel instead of a trip to Florida. For example, discounted room rates for Bahamian residents.

17. Along with the tax credits referenced above, the government must call on the business community and civil society to help in navigating the crises. The government cannot do it alone.

18. To improve productivity and bridge the skills gap in an After COVID-19 environment we should immediately provide free online interactive courses via BTVI and UB to strengthen the labor force.

19. The government must closely manage the protocols on work permits especially in the construction industry, as there is currently a large under-utilized pool of skilled and non-skilled workers.

20. To state the obvious, the Central Bank must continue to harmonize its monetary policies with the fiscal realities, and jealously manage foreign reserves to maintain the credibility of the 1:1 dollar peg.

AFTER COVID-19 (AC)

In order to stabilize the economy and restart the engine aggressively we must keep our eyes focused on the AFTER COVID (AC) Bahamas and the opportunities that exist to make our economy, our businesses and our people stronger and more resilient to these types of shocks.

Although the list is not exhaustive of considerations, we recommend the following:

1. Governance, Transparency & Accountability must be the order of the day to reduce waste, inefficiency, graft and corruption in government and inspire confidence in the economy. We emphasize that whilst this provides a tangible broad-based plan, a specific drill-down including more specifics on what spending priorities, and oversight and coordination and controls must be implemented, is still needed. There must also be appropriate communication to foster digestion and buy-in of the plan.

Whilst we emphasize the need for a bi-partisan Economic Advisory Council with economists, business owners large and small, MBAs, CFAs, CPAs, and professionals experienced in business and government, we do not discount the equal need for a Critical Delivery Team to oversee execution. During these unprecedented times we must also draw upon the Bahamian diaspora around the world for input, in order to not limit the depth and breadth of our advisory team.

2. We must roll out an aggressive open for business tourism campaign as laid out in point 16 of the DC Plan above.

3. We must empower the Bahamas Investment Authority (BIA), foreign embassies and consulates to mobilize a campaign to promote the Bahamas as an ideal jurisdiction for foreign direct investment (FDI). FDI continues to be the fastest way to grow the economy. Further, the BIA must also take an active role in unlocking local investments. Bahamians must lead the way in strengthening the domestic economy. The approval process for foreign and domestic projects must be aggressively streamlined to get shovels in the ground faster.

4. Review in earnest the loss-making, quasi-government enterprises, with a view to finding private sector-styled strategies to reduce the drain on fiscal coffers. Enterprises such as Bahamas Power and Light, Bahamasair, Water & Sewerage Corporation, and ZNS should be scrutinized, thus freeing up over \$100 million in annual subventions in addition to freeing up over \$750 million in debt and hundreds of millions in future pension obligations, while allowing for reduced cost to the consumers, which would allow for more discretionary spending, hence increased economic growth for all.

5. We must articulate and legislate a Bahamian investment policy that modernizes and gives some teeth to Bahamianization and Bahamian empowerment to own our economy. This will be detailed later in another document.

6. The government should take \$250 million and make it available in grants and loans to small and medium-size enterprises. The current allocation is simply not enough. This boost to SMEs will be a much-needed stimulus for the domestic economy. With this in mind, the government must merge all of the arms of small business development inclusive of the Bahamas Development Bank (BDB), the Small Business Development Center (SBDC), the Bahamas Entrepreneurial Venture Fund (BEVF) and the Bahamas Agriculture and Industrial Corporation (BAIC). Approvals may be delegated to private sector entities and independent professional boards to minimize political interference. Special grants may be considered for priority industries like technology, ecommerce and renewable energy, which have good salaries, scalability and spin-off possibilities.

The sectors supported must be in line with established sector priorities. Competitive strength-building must also be a focus. The plan must have funding goals that allow qualifying would-be entrepreneurs to become small businesspersons; qualifying small businesses to become medium-sized businesses; qualifying medium-sized businesses to become locally, regionally, and globally competitive; and for qualified investor-management groups to start new businesses in critical/priority sectors and/or takeover struggling businesses in critical/priority sectors.

7. Create a new Sovereign Investment Fund. For starters, transfer to this fund the government's private sector investments including Aliv, BTC, Cable Bahamas and Bank of the Bahamas, and possibly the assets of the Bridge Authority. The Fund would be managed using professional managers and structure. The government may systematically reduce its holdings with the orderly sale of shares to Bahamian investors of all sizes. By divesting these holdings, the government would assume the role as regulator only.

8. A Sovereign Wealth Fund must be created to collect appropriate levies for the commercial harvesting of the country's natural resources for example salt, aragonite and aggregates. Also, as we move towards oil exploration, it may be a good time to propose that royalties and fees be paid to a fund to support Bahamian pensions and social assistance or to supplement the National Insurance Board in the first instance
9. A land bank should be established to be used as a Sovereign Land Fund which may be used as equity capital for partnership with international entities seeking to invest in touristic, manufacturing and non-touristic activities in the first instance, and potentially leverage the same. The government must create an apolitical professional structure to lease Crown land to Bahamians for the use in start ups and business expansions as well as for housing developments in the family islands.
10. Review the management of National Insurance Board (NIB) assets with a view to long-term funding adequacy and preservation of capital and liquidity, whilst extending retirement age to 65 to ensure its longevity, especially after the significant strain on resources coming out of this crisis.
11. Tax Reform should be undertaken, specifically looking at restructuring taxes to ensure that they are progressive and equitable. We should conduct studies to validate the possible reduction of the VAT rate, eliminating all ill-conceived zero ratings. This will result in an increase in revenues by making the regime more efficient, improving revenues, reducing avoidance and evasion and creating greater transparency. We must also reform the business license regime and conduct extensive empirical studies on Corporate Income Tax for both domestic and international companies, in the context of our international financial services center.
12. Government must take meaningful steps on pension reform. Specifically, the government and its corporations must convert their pension schemes to a defined contribution system. Also, we must advance eventually to mandatory savings plans for employees to reduce the burden on NIB and the government.
13. Strengthen access to our social service programs via the use of technology, and begin to harness the NIB data to harmonize with the government's database.
14. The government must carefully consider the implementation of a "Livable Wage". The review must be a balanced approach, to minimize the strain on small business and the unintended consequences. Currently, the minimum wage of \$210 is inadequate. A phased and balanced approach to a "livable wage" is recommended.

15. The government must dedicate a task force that includes the best minds available for the development of each of the following industries: Technology, ICT and eCommerce

- a. Renewable Energy
- b. Light Manufacturing & Cottage (home-based) businesses
- c. Blue Economy, Maritime and Ship Registry
- d. Green Economy
- e. Orange Economy
- f. Medical Cannabis
- g. Pharmaceuticals
- h. Aviation

We must identify and aggressively provide the tax structure, incentives, financial and regulatory support to stimulate these key areas, with a focus on the strategic needs of bolstering the Bahamian economy.

16. The government must roll out a development plan for each island. The restoration of Grand Bahama (GB) and Abaco must continue to forcefully drive the construction industry. Economies like Exuma and Eleuthera must be better positioned to contribute even more as we restore GB & Abaco. The economy and governance of The Bahamas must be more decentralized from Nassau. Detailed Family Island development policy is needed.

17. We must develop a plan with key performance indicators to tackle cost of living and ease of doing business issues.

What we do will determine how long it takes for the economy to eventually recover and life to return to “normal”.

However, we have an opportunity to reshape what that new “normal” looks like in a progressive Bahamas.

This turning point must be for us to innovate and to re-imagine a more progressive and competitive Bahamas.

The challenges are great.

The damage may take a long time to heal, and future growth may run at a lower long-term rate due to the escalation of debts and deficits.

But we believe with focused leadership comprising the best minds, we can and will overcome. The health professionals talk a lot about “flattening the curve” by taking an aggressive and prescriptive approach. We must do likewise with the economy.

APPENDIX I: SUGGESTIONS TO THE DPM DATED 17.3.2020

1. The coronavirus represents an existential threat to Bahamian economic stability and thus the government is obliged to present a comprehensive response to this threat. The announcement of contingency funding to combat the virus last week by the minister of finance is a welcome response by the government but it is now clear that this response is inadequate. The government must increase the \$4m allocated to \$200m and respond further with a combination of legislative and policy action. Some of the \$200m may come from re-allocation of some non-essential spending.
2. The contingency plan must necessarily include temporary unemployment assistance to displaced workers through the National Insurance Board;
3. Fifty million of the \$200 million allocated should be specifically used to help keep retail, wholesale and direct tourism businesses that keep at least 50 percent of employees meet payroll for up to 30 days. This can be facilitated by working with the SBDC and Venture Fund to provide assistance to Small and Medium Sized Enterprises (SME's) that will be immediately affected and may be forced to reduce working hours and in some cases, lay off staff;
4. Immediately suspend BPL disconnections for 30 days. In addition, give consideration to removing VAT off all BPL bills for up to 60 days.
5. Encourage BTC and ALIV, as shareholders, to boost bandwidth for free for those who need to work at home for 60 days. Government can offer tax credits and subsidies in this regard.
6. Whilst I understand that some consideration is being given to lowering the discount rate by the Central Bank of The Bahamas to facilitate the ease of credit and lower the cost of capital, we caution that this should be held as a last resort to minimize potentially crippling systemic risk.
7. An arrangement with local banks and other financial institutions to temporarily halt all foreclosures for 60-90 days and to demonstrate forbearance with their clients regarding loan payments. Banks should also be encouraged to waive late fees for 60-90 days, and encourage to consider interest only payments where appropriate. Government should encourage clients who can afford to pay to continue to do so.
8. Government must increase food assistance and rental assistance through the Dept. of Social Services.
9. The government should also immediately make duty and VAT free products which assist in combating the spread of the virus, this include hand sanitizers, face masks and wipes. It is important that the products are VAT free (meaning that no VAT is collected at the border as opposed to domestic zero rated meaning no VAT is collected point of retail sale) as many businesses have already been adversely impacted by the current policy of making some goods zero rated.

APPENDIX I: SUGGESTIONS TO THE DPM DATED 17.3.2020

10. The government is encouraged to strongly caution against and closely monitor the retail sector to mitigate the practice of price gouging.
11. Working with wholesalers/retailers, government should consider encouraging limits on amount of essential supplies that one customer can buy.
12. Together with major importers, arrange a stockpile of at least 3 months of essential items before cargo ships are banned
13. Consider creating a land bank and rolling same into a Sovereign Wealth Fund to encourage partnerships for orderly developments to create economic activity.
14. With a new Central Bank building on the horizon the Government should consider divesting the existing Central Bank building to a private group instead of using it for public service office space and apply proceeds to debt reduction / debt servicing;
15. Government should consider structure and holdings of its Bridge Authority assets. It might be prudent to do a NAD type deal with this asset with a view of transferring same into a Sovereign Wealth Fund.
16. We must keep labor employed as much as possible. Govt must provide business e.g. hotel and tour companies and related service industries with tax credits with the requirement that they maintain employment levels and pay their staff.
 - Also, DIR may offer waiver of penalties for late payment of VAT. DIR should provide tax compliance certificates in these circumstances once the report is filed.
 - Business license holidays may also be considered. This would include the suspension of real property tax collections for Bahamian residents who own businesses for \$250k-\$500k.
 - Deferring payment of NIB contributions by businesses for 30 days should also be considered. This social distancing and sending persons home, possibly suspending public transportation will have a heavy social cost and people need to have the confidence of an income.
17. Finance should consider suspending duty and VAT on groceries, non-alcoholic beverages and medicine for 30 days countrywide
18. Government should encourage insurers to exercise forbearance on lapses for 30 to 60 days. Government should encourage clients who can afford to pay to continue to do so.

APPENDIX I: SUGGESTIONS TO THE DPM DATED 17.3.2020

19. Landlords should be encouraged to defer a month of rent or spread the deferred month over the remaining months of the rental term. All of this is intended to provide some relief. Government should encourage tenants who can afford to pay to continue to do so.

20. The government should allow public officers who have been quarantined because of contact with the carriers of the virus to have paid leave as opposed to sick leave. Sick leave should only be used for those individuals experiencing the symptoms of the virus.

21. The impact on the fiscal affairs of the Government will be dramatic. Government will have to absorb the effects of a revenue fall-off. The Government needs to reduce immediately its discretionary and non-essential expenditure.

APPENDIX II: SUGGESTIONS TO THE DPM 26.3.2020

1. Open as much of the domestic economy as possible. In context, we recognize that our number one priority must be to save lives.
2. We note the assistance provided for self-employed in the tourism industry. We must also provide a social assistance package for self-employed persons not in the tourism industry. For example, the fruit and vegetable farmer who sells his product roadside in Exuma will be severely impacted because a) tourists also buy their product and b) tourist workers buy their product.
3. Increase social services funding to be able to offer a safety net for the vulnerable. There will be some who for whatever reason cannot survive on the benefits offered in #2 above, or who need immediate assistance and unable to wait for the NIB wheels to turn.
4. Streamline the NIB process for swift processing. We should set timelines for response (e.g. 48 hours). I should point out that the public does not have confidence in the bureaucracy. We must prove them wrong to keep persons on the fringes from becoming discouraged from seeking help.
5. I have learnt from crises in business that you should get cash before you actually need it. With this in mind I encourage you to find in principle \$1-\$2bn to bail out this economy through in-house infrastructure projects and household subsidies. If you do not need to draw on it that would be great. However, it would be much better to have it and not use it than to need it and not be able to find it. I am not sure how the logistics works on this for government.
6. Immediately call on the business community to help. Most businesses can and would carry their employees for a few months. Ask them to do so while offering incentives.
7. Delay payment of business real property tax. They can use this deferral to inject more money into the economy, hiring more Bahamians.
8. Immediately offer a program of tax credits and delayed tax payments for businesses (e.g. VAT, Customs, Business Licenses, Premium taxes, License fees etc.) with a commitment to retain a high percentage of employees. These companies can then pay workers every month. They already have bank accounts and the infrastructure to process these payments. Where workers are laid off or furloughed; the weight of processing payments will be too much for NIB to carry, not to mention the liquidity pressure.
9. This is an opportune time to proceed with the digitization of the public service. More Bahamians should have electronic identities to allow them access to banking and e-government. The challenges with the current NIB unemployment registration process highlight this. This can also put many of our bright young minds to work. You can engage all existing mobile wallet providers for quick solutions.
10. We must make sure that the most vulnerable Bahamians do not go hungry. Government social assistance in this regard is critical. The current allocation does not seem robust enough and will not capture the vast number of people now in immediate need. I would suggest expanding this with haste. I am concerned about possible social fall-out and criminal activity as consequences.

WE WILL REBOUND

#BahamasStrong

*For questions or feedback please email:
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