

Common Country Analysis – Update 2022

The Bahamas

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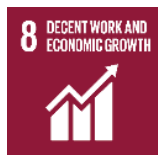
Abbreviations

CCA	Common Country Analysis
CSO	Civil Society Organization
DOS	Department of Statistics
GDP	Gross Domestic Product
LNOB	Leave No One Behind
MSDCF	Multi-Country Sustainable Development Cooperation Framework
NDP	National Development Plan
SDG	Sustainable Development Goal
UNCT	United Nations Country Team

Executive Summary

The previous CCA Update for The Bahamas focused on several priority areas, including the government's response to, the impact of, COVID-19. Whereas the initial CCA and first update were produced in a period of relatively high uncertainty, this Update is being written at a time wherein The Bahamas has completely reopened its economy, removed all COVID-19 related travel restrictions, and is a little over a year since the current political administration has been in power.

It is important to note that while COVID-19 related restrictions have largely been eliminated, vaccination rates remain stagnant. Despite the vaccination rate falling short of the 70% recommended by the World Health Organization (WHO), there has been a general decline in infections.



Upon assuming office, the current administration has focused sharply on ensuring economic growth and diversity. The emphasis on economic growth and stability cannot be understated. Inflationary pressures arising from the war in Ukraine have undoubtedly led to concerns about cost of living – an issue which the government has sought to address with several measures.

Furthermore, the pre-existing inequalities faced by youth, women, persons with disabilities and the long-term unemployed worsened as a result of the pandemic. Even

before COVID-19, youth unemployment was twice the national average at 20 per cent in 2017, while female unemployment rates were consistently higher than the rates for men. Persons experiencing long-term unemployment of more than 12 months accounted for more than half of all the unemployed.

A major priority for the current political administration is climate action, particularly climate finance. While¹ The Bahamas remains in the pathway of increasingly intense and frequent storms and hurricanes; the country avoided serious damage by a major storm/weather event during the 2022



Atlantic hurricane season. Considering the country's growing vulnerability, the Government of The Bahamas introduced several pieces of legislation to introduce, and establish a regulatory framework for, blue carbon credits.

Sustainable freshwater resource is becoming a challenge for The Bahamas. Exacerbated by climate change, The Bahamas is facing challenges across individual islands. Moreover, groundwaters which used to be a reliable source for drinking water in the three islands of Andros, Grand Bahama, and Abaco are at risk of salination



¹ ILO. (2022). WCMS. Available at https://www.ilo.org/caribbean/newsroom/WCMS_833457/lang-en/index.htm

and pollution at each episode of storm surges and flooding associated with hurricanes and weather systems. Scarce hydrometeorological and hydrogeological data are available within the country. It has become more necessary than ever to assess the size of the freshwater lenses in the groundwater aquifers, while investing on integrated water management and water-related disasters management. Indeed, climate change is expected to increase the number of extreme events and alter rainfall patterns in the Archipelago. This will greatly threaten the ability of The Bahamas to provide drinking water, to supply water services, and prevent groundwater reservoir contamination in the future.

Another important issue that arose in 2022 was that of gender equality. In this context, marital rape has reemerged as an issue left unresolved by legislators. 2022 also witnessed an increase in crime – the official, comprehensive statistics for crime in 2022 will not be available until 2023. According to the police, there has been an 11 percent increase in murders in 2022, with 121 murders as of November 2022. Murders in The Bahamas continue to be closely linked to gang-related violence and the proliferation of illegal firearms. In response, The Bahamas police established a special anti-gang and firearms unit in 2022. Around 90 percent of illegal firearms can be traced back to the USA. As of November 2022, 329

illegal firearms were confiscated by the authorities. Gun violence and gang affiliation is a problem which is faced by young males and requires adequate prevention mechanisms.²

Introduction

The CCA is a key instrument designed to reflect the United Nations integrated, forward-looking and evidence-based joint analysis of the context for sustainable development, in view of achieving the 2030 Agenda and the Sustainable Development Goals. It forms the basis of UN programmatic support through the Multi-Country Sustainable Development Cooperation Framework (MSDCF).



This document is the second CCA update of the newest cycle, with the first CCA update for The Bahamas completed at the end of 2021. This document provides that overview of major changes that have taken place in 2022 and highlights the data that have become available since then.



At the time of this update, the global inflationary crisis and its attendant impacts have become as much a priority as managing recovery in relation to the COVID-19 pandemic. Chapter III will outline policy efforts which simultaneously address the effects of these crises as well as their links to SDG achievement. Chapter IV will

² Ward, J. (2022, 7 December). Murder up by 11%. Available at <https://thenassauguardian.com/murders-up-11/>

highlight the economic outlook and effects of the crises in The Bahamas.

Chapter V delves into the upcoming threats and opportunities as identified by the Agencies, Funds and Programmes that contribute to programming in The

Bahamas. For this report, the inputs of the different UN entities will be sought.

Progress on the SDGs

The previous CCA Update highlighted the National Development Plan (NDP) Vision 2040 and its alignment with the 2030 Agenda and the SDGs. However, the NDP has yet to be officially adopted. During 2021, the Government of The Bahamas presented its second Voluntary National Review (VNR) during the High-Level Political Forum (HLPF) in New York. To date, though, the document has not been made available to the public.

insight into progress but lacks the detail and precision that a central SDG data tracking or monitoring entity/mechanism could provide.³ In lieu of that, Figure 1, derived from the 2022 SDR shows that while moderate progress is being made across 10 of the SDGs, gaps remain.

Figure 1: 2022 SDR Dashboard – The Bahamas



The previous CCA highlighted that progress towards each of the SDG indicators, as tracked by the United Nations, only provides a partial picture of country-level SDG progress. The 2022 Sustainable Development Report (SDR) provides some

The stagnation evident for the SDR scores for both levels (represented by the SDG symbols) and trends (represented by the arrows). Only those SDGs where a change was registered between 2020 and 2021 are included, and one can see that these changes are partially related to a slight

³ Sachs et al. (2022). From Crisis to Sustainable Development: the SDGs as Roadmap to 2030 and Beyond. Sustainable Development

Report 2022. Cambridge: Cambridge University Press. Available at <https://dashboards.sdgindex.org/profiles/bahamas-the>

improvement in data availability (SDG 16, SDG 17). Contrary to the previous report, the 2022 SDR indicates that The Bahamas is on track to achieve 1, instead of 3, of the 17 SDGs and is within reach (yellow arrow) of 10 – an increase from the 6 reported in last

COVID-19 Update

As of 28 November 2022, there were only 53 active COVID-19 cases.⁴ As of the same date, 37,483 cases of COVID-19 have been diagnosed and 833 deaths have been attributed to the pandemic. This year was devoid of major peaks and falls in infections. Instead, there has been a steady decline.

Economic Update⁶

At the time of the previous CCA Update, the Bahamian economy had just begun to recover from the effects associated with COVID-19. The International Monetary Fund estimated that GDP fell by 14.5 per cent in 2020.⁷ In January 2022, the Government began the launch of its expansionary fiscal policy by reducing the nominal rate of VAT from 12 percent to 10 and eliminated many zero rating categories to improve equitability in the domestic tax structure. This new policy was implemented with effect 1 January 2022. Despite the reduction in the nominal VAT rate, revenue outturn from VAT receipts grew period-over-period by 11.9 percent to \$330.5 million for the first three months of FY2022/23. The same total increased over the first quarter of FY2021/22

year's CCA update. For four of the SDGs, it is impossible to determine the trend due to a lack of data and for SDG 15, the country is continuing to stagnate and the same is true for SDG 16 this time around.

While vaccination rates have not met the 70% standard, on 20 September, the government eliminated pre-travel COVID-19 testing requirements for all travellers, vaccinated or unvaccinated, to enter the country.⁵

by \$160.7 million (119.3 percent) when compared to the FY2020/21 figure of \$134.7 million.

Inflationary pressures continued to intensify over the quarter, marking July 2022 prices as the highest recorded in The Bahamas in recent years. Accounting for the 7.9 percentage change in inflation year-over-year, real VAT receipts grew 4.0 percent over the quarter and 15.1 percent over the nine months following the policy change. The government of The Bahamas expects to continue to operate at a deficit in the medium term as it grapples with inflationary pressures. As it stands, the revenue estimate for 2022/2023 is \$2.8 billion while the

⁴ Ministry of Health and Wellness. (2022). COVID-19 Report Update #960 – November 28th, 2022. Available at <https://www.bahamas.gov.bs/wps/portal/public/news%20and%20press%20release/covid-19%20report%20update%20957%20-%20960/>

⁵ Ministry of Tourism, Investment, and Aviation. (2022). Pre-Departure and Arrival. Available at <https://www.bahamas.com/travelupdates>

⁶ This excerpt was sourced directly from the Ministry of Finance's Fiscal Snapshot for FY2022/2023.

⁷ International Monetary Fund, 2021.

expenditure is \$3.4 billion with a projected deficit of \$564 million.⁸

The previous CCA noted that the pandemic had a tremendous impact on government expenditure – pushing the country further into debt. The government has sought to reduce the debt-to-GDP ratio from the 100% to 75% - it currently stands at 83%.

Emerging opportunities and challenges

The following areas could provide opportunities for achievement of Agenda 2030 for Sustainable Development as well as the possibility of support by development partners, including the UNCT.

Economic Prosperity/Support:

- In its 2022/2023 budget, the administration increased social assistance, targeted minimum wage increases for workers in the public sector, an added duty reductions on certain food items among other things. The administration increased social assistance by 50%. And funding for NGOs by 10%.
- Promoting and advancing gender equality and the empowerment of women is key especially in the aftermath of the pandemic. Noting that promoting the



According to UNECLAC, the FDI inflows to The Bahamas were 32 percent higher in 2021 than in 2020, at US\$ 1.185 billion, the highest amount since 2016. This result was mainly due to 67 percent growth in intercompany loans, which were the largest component of FDI for the second year running (67 percent).⁹

economic, social, cultural, and political empowerment of women and youth has the potential to contribute to overall positive development outcomes. There is also space to close the business financing gaps that particularly affect women, the youth and people living with disabilities.



- In this budgetary period, there was a stated commitment to Increase salaries for teachers, introduce retention bonuses to teachers and nurses and increase minimum wage to public servants. To this latter point, a minimum wage increase was introduced and expected to take effect in November 2022.¹⁰
- The administration has committed to increasing the partnership in the maritime

⁸ Ministry of Finance. (2022). Budget by the numbers. Available at <https://bahamasbudget.gov.bs/>

⁹ ECLAC. (2022). FDI in The Caribbean and Latin America. Available at https://repositorio.cepal.org/bitstream/handle/11362/48521/3/S2200561_en.pdf

¹⁰ McKenzie, N. (2022, 18 November). Minimum wage increase for public service workers expected this month, says FS. Available at <https://ewnews.com/minimum-wage-increase-for-public-service-workers-expected-this-month-says-fs>

sector to increase jobs opportunities.

- Rolled out an affordable housing projects in New Providence and the Family Islands to ensure that home ownership is accessible to the wider population.

Health and Wellness:

- COVID-19 Management: The government of The Bahamas continues to manage the COVID-19 pandemic in close collaboration with PAHO/WHO – who has supported information campaigns, acquisition of vaccines, provided technical cooperation, and support other key efforts to manage the pandemic.
- Mental Health Act (Amendment) 2022: The Bill aims to address post-traumatic stress disorders associated with COVID, climate disasters, as well as the needs of unhoused persons suffering from mental illness.
- Has allocated \$10 million for catastrophic health care.
- Will initiate the construction of the Grand Bahama Hospital through a loan of \$150 million.

Climate Change and Natural Resource Management:

- A climate resilient framework – the administration introduced the Climate Change and Carbon Market Initiatives Act, 2022, allowing for the creation of a carbon exchange that will allow The Bahamas to monetise its natural resources in the form of carbon credits.
- The administration has committed to reduce its carbon footprint through installation of renewable energy systems throughout the Family Islands and increased electric vehicles in the Government fleet.
- In 2022, scientists discovered world's largest seagrass ecosystem in The Bahamas. The conservation of seagrass is critical for climate change mitigation.¹¹
- The administration is engaged in the accreditation of the Department of Environmental Planning and Protection (DEPP) in the Adaptation Fund, opening up opportunities for Adaptation funding.
- Cultural heritage of The Bahamas is increasingly affected by threats being exacerbated by climate change. Bahamas is benefiting from the UNESCO



¹¹ Gallagher, A.J., Brownscombe, J.W., Alsudairy, N.A. *et al.* Tiger sharks support the characterization of the world's largest seagrass ecosystem. *Nat Commun* **13**, 6328 (2022).

<https://doi.org/10.1038/s41467-022-33926-1> Available from: <https://www.nature.com/articles/s41467-022-33926-1>

project to integrate the safeguarding of intangible cultural heritage into disaster risk reduction strategies. The project is helping communities prepare for, respond to, and recover from emergencies through a tailored capacity-building approach.

- Increase in renewable energy to achieve a target of 30% reliance on renewables by 2030 (supported by a reduction of duty on electric cars valued \$70,000 to 10% (over \$70,000 will be at 25%).¹²



Investment in the Green Economy:

- The administration is investing \$100 million into agriculture to reduce reliance on food imports. Additionally, \$1.5 million of that budget is specifically allocated toward “technologies, training, and capacity building related to food security. “The administration has indicated that it will address infrastructural issues that have long plagued industries on the Family Islands by, inter alia, “constructing a Cultivation Centre to modernize training, programs, and sales – so that our farmers and



entrepreneurs have support and access to innovations.”¹³

Key challenges involve groups that are marginalized, vulnerable, or otherwise left behind in national development processes. Efforts will be required to ensure that while the country pursues economic stability, it also lays the foundation for and promotes greater social inclusion and cohesion.

Assessing access to reliable public information

- A 5-month UNESCO supported study conducted by the Public Media Alliance of the media landscape across nine Caribbean countries including The Bahamas examined the capacity of media workers to promote medial literacy and combat disinformation. The study found high levels of sharing of disinformation through platforms such as WhatsApp. Overall public trust in broadcast media was found to be high, local television news content was the most trusted, followed by news on radio and print newspaper. The growth of local online news was leading to a growth in the credibility of online media. The study recommended the establishment of a media association to enhance



¹² Ibid

¹³ McKenzie, N. (2022, 17 June). FOOD SECURITY: Government looking to slash food import bill by 25 percent by 2025. Available

at <https://ewnews.com/food-security-government-looking-to-slash-food-import-bill-by-25-percent-by-2025>

training, regulation and oversight of the media; the updating of laws to cover the regulation of digital news media; enact freedom of information laws as well as decriminalize libel; and the

integration of media and information literacy in school curricula to foster greater critical analysis of information and media sources.

Conclusion

At the time of this CCA Update, The Bahamas is grappling with the third in a series of crises – first, Hurricane Dorian in 2019, the ongoing pandemic, and the effects of the war in Ukraine. That said, there is an effort to steer the country in an economically prosperous direction regardless of any obstacles that may arise.

Again, it is critical that the ‘leave no one behind’ (LNOB) principle is foregrounded in policy and practice. Ensuring that data are captured to this end would assist greatly in determining the extent to which Agenda 2030 in The Bahamas is truly being realized.

