

Initial Conditions for Economic Recovery after COVID-19

A Logical and Quantitative Framework for Latin American and Caribbean Countries

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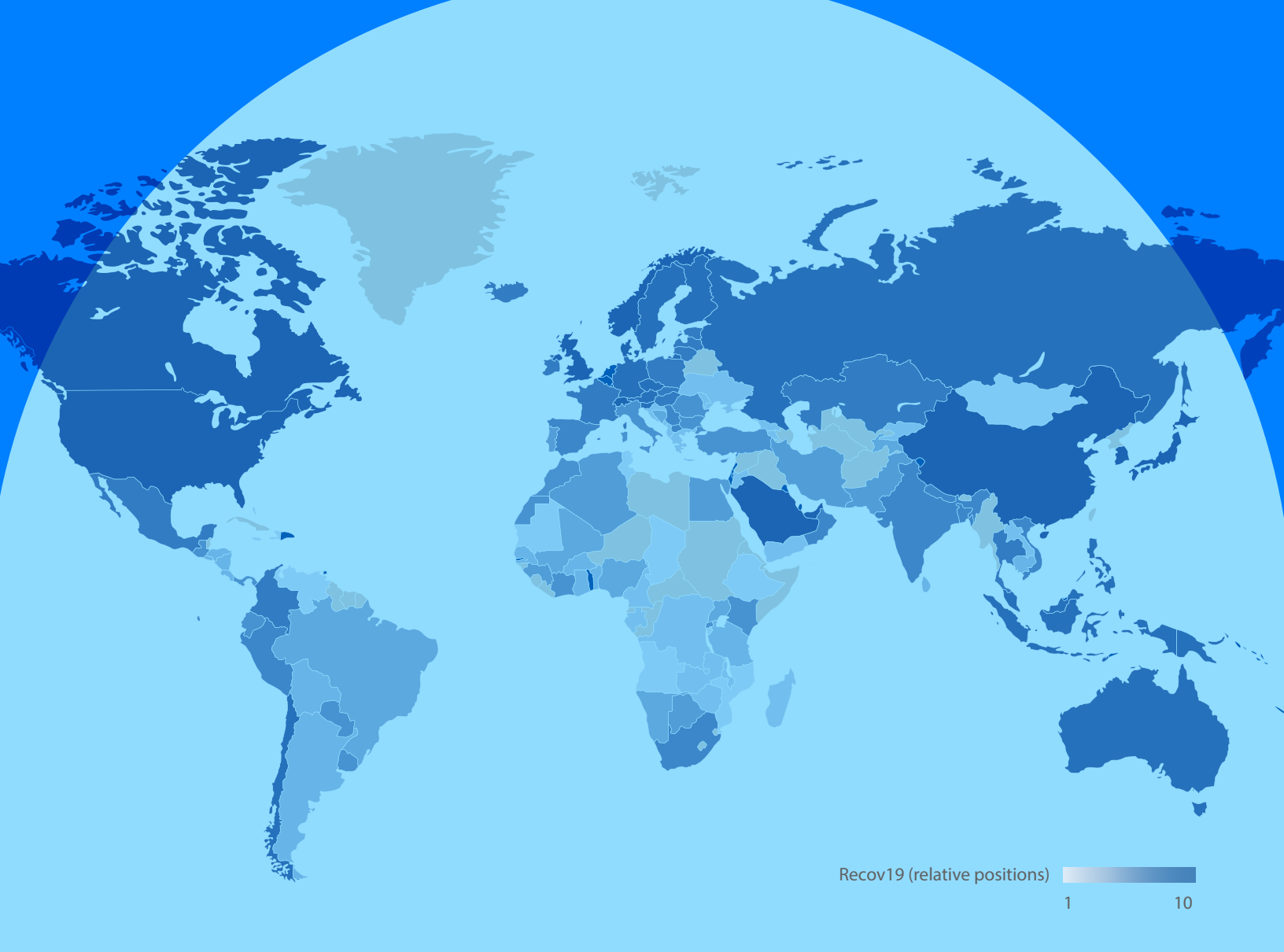
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Abstract

The COVID-19 pandemic has triggered the largest global economic contraction since the Great Depression. Governments are faced with the daunting task of devising policy responses in an environment of high uncertainty. This note proposes a logical and quantitative framework based on widely accepted principles and existing information that can provide an additional reference point for policy analysis. The premise of the framework presented here is simple: identify key channels mediating the effects of COVID-19 on economic activity and use existing and harmonized data to deliver quantitative measures with a clear economic rationale, which are then assessed against key variables (such as growth, unemployment and employment-growth elasticities). Some key results found within this framework are: (i) initial conditions for recovery in Latin America and the Caribbean are behind those of the rest of the world, and (ii) the main contributors to the relatively low recovery potential are the supply and financial factors. The main policy implication is that one size does not fit all. Policy interventions need to be devised as much as possible with attention to the specific factors limiting the recovery potential.

Keywords

Economic recovery, COVID-19, market conditions, employment, growth, market structure

JEL Codes

E1, E3, D3, G2

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Executive Summary

The COVID-19 pandemic has triggered the largest global economic contraction since the great depression. Governments are faced with the daunting task of devising policy responses to problems that interconnect and intersect in uncertain but significant ways. In such a situation, it can be useful to formulate logical and quantitative frameworks based on widely accepted principles and existing information that can provide a reference point for policy analysis. This note aims to propose one such possible logical and quantitative framework and to provide policymakers with one extra tool to rationalize policy responses to the long-lasting impacts the crisis is creating.¹

The premise of the framework presented here is simple: identify key channels mediating the effects of COVID-19 on economic activity and use existing harmonized data to deliver quantitative measures with a clear economic rationale, which are then assessed against key variables (such as growth, unemployment and employment-growth elasticities). The factors to consider are grouped in four categories: supply-side factors, demand-side factors, financial factors, and policy factors. These four categories are then aggregated into a composite index deemed to be a summary representation of the initial economic recovery potential. The proposed framework would also allow for more precise identification of the determinants of the potential heterogeneity in recovery potential.

It is useful to think of the pandemic as a shock that affects both the way labor and other inputs are organized, and the way supply and demand interact in different markets. Productive processes need to be reorganized and markets must account for increased transaction costs. As a result, the economy is moving from its original state or short-run equilibrium (the “old” normal) to a new—and still quite uncertain—state (the “new” normal). The adjustment process can be analyzed from both a microeconomic and a macroeconomic perspective, with microeconomic adjustments causing macroeconomic corrections and vice versa, all with substantial uncertainty about what the new equilibrium and the transition process will look like.

Supply factors are one of the two main direct channels for the economic effects of COVID-19, with limitations on the provision of labor services being the central element mediating the economic effects. With labor being at the center of the supply-side problems, two key elements in the adjustment process are: (i) the introduction of new arrangements and technologies that would reduce the possibility of transmission of the virus while providing labor services, and (ii) the expansion of lower-contact-intensity sectors to absorb labor that will be released from the higher-contact-intensity sectors.

¹ Even if the pandemic were to end completely at the moment of writing this note, the strong economic impacts that have materialized so far will have significant effects over the coming years, some of which are expected to be quite long-lasting. Hysteresis effects are sure to be present in labor markets while financial effects (debt overhang, changes in net assets position, debt ratings, etc.), trade policies, and public policy design are other channels that will mediate these lasting effects.

Although much discussion focuses on physical distancing at the workplace and on the potential for telework, these solutions must be embedded in existing frameworks, institutions, and practices, which the proposed framework includes in addition to the aforementioned variables. The next set of factors to consider corresponds to the demand side, which is another direct channel mediating the effect of the COVID-19 pandemic on the economy. One way to rationalize the economic implications from a demand perspective is to think of the virus as introducing a transaction cost in the acquisition of goods and services (at the point of sale or service). In general, it is possible to argue that these transaction costs would be easier to accommodate (with smaller impact on the overall level of transaction) the larger the market where they are taking place. In addition to the effects at the microeconomic level, COVID-19 is causing aggregate demand shortages, which can be significantly more important, particularly in the short run, than the increased transaction costs. In addition, there are two more channels that are worth considering: international trade and tourism (the sector where the microeconomic effects of the increased transaction costs are felt with significant strength).

Financial conditions are inevitably affected whenever there is a significant supply or demand shock. There is an initial direction in the effects, running from the real to the financial sector. The better the initial conditions (pre-COVID-19), particularly in terms of liquidity, solvency, and efficiency, the better the financial sector could withstand the initial shock coming from the real side of the economy. Then, there is the contribution of the financial sector to the dynamics of the real side of the economy during the initial stages of the crisis and in the recovery process.

Much of the way in which the impacts of COVID-19 are mediated to the economy are determined by the policy response of governments. Physical distancing, widespread quarantines and lockdowns, and restrictions to economic and social activities are policy decisions largely determined by governments and not by spread of the virus itself (governments are also devising complementary policy responses to ameliorate the impact of their initial policies). A significant portion of these measures is going to impose substantial fiscal costs, while others involve very active (conventional and unconventional) monetary policies. Thus, the policy space to conduct active fiscal and monetary policies is an important element in establishing the conditions for recovery.

For each of the four groups, the framework identifies multiple variables that are then aggregated in corresponding indices that allow to devise a summary measure deemed to be associated with the recovery potential. This hypothesis is validated against key economic outcomes and relationships (unemployment, growth, and the elasticity of employment to GDP growth) before proceeding with further analyses.

The key results derived from the analysis of the data generated under this framework can be summarized as follows:

1

Initial conditions for recovery in LAC countries are behind those of the rest of the world and other countries with comparable income (14 percent and 7.7 percent below, respectively).

2

The main contributors to the relatively low value of the Recov19 index among LAC countries are supply factors and financial factors (28 percent and 17 percent below the average value for non-LAC countries, and 22 percent and 15 percent below countries with similar income levels).

3

The relatively low values observed for supply-side factors are in part a reflection of the rigidities characterizing labor markets and to a generally low connectivity environment.

4

With regards to financial factors, the value of the index is consistent with the known relatively low development of financial markets in the region.

5

There is substantial heterogeneity among LAC countries in terms of the potential recovery opportunities as indicated by the Recov19 index.

Table 1: Country Classifications According to their Position in the Global Distribution (using Recov19 index)

| Relative recovery potential | Position in the distribution | Countries |
|-----------------------------|------------------------------|---|
| High | 9 – 10 | > Chile |
| Medium-high | 7 – 8 | > Colombia, Mexico, Peru |
| Medium | 5 – 6 | > Guatemala, Panama, Paraguay, Trinidad and Tobago, Uruguay, Dominican Republic |
| Medium-low | 3 – 4 | > Brazil, Ecuador, Costa Rica, Honduras, Bolivia, Argentina, El Salvador, Nicaragua |
| Low | 1 – 2 | > Jamaica, Barbados, Venezuela, Haiti |

Source: Authors' calculations based on WDI, WEO, and WEF data.

Note: Belize, Guyana, Suriname, and the Bahamas are not ranked due to insufficient data.

6

Four factors emerge as the most relevant in driving the differences in supply-side conditions: wage flexibility, favorable insolvency framework, connectivity environment, and sector-level labor flexibility.

7

Together with supply factors, financial conditions present the largest differences with non-LAC countries and countries of similar income levels (with a problem of general financial underdevelopment and a particularly acute situation in financing to SMEs).

8

In terms of demand factors, differences mostly relate to market size and the relative importance of tourism to GDP.

9

Finally, in terms of the factors relating to the policy space, the most significant differences appear in the level of debt and its dynamics.

What policy implications follow from this framework? First, the notion that one size does not fit all. Second, that the potential gains from policy interventions will vary from country to country, as there is a substantial degree of heterogeneity in terms of the specific factors affecting each country. In some cases, the labor market rigidities are so stringent that they overshadow other aspects (such as a relatively good infrastructure). Third, not all the underlying factors can be easily addressed, particularly in the short term.

1. Introduction



The COVID-19 pandemic has triggered the largest global economic contraction since the Great Depression, but unlike that case—or other major crises like the OPEC oil price shock of 1973, the Asian crisis of 1997, or the global financial crisis of 2007–08—the root cause of the problem is not an economic event in the commonly accepted sense. This time the crisis has a biological origin and, although this is not the first time that biological problems have caused significant economic consequences, the extent of the economic contraction appears to be unprecedented in modern times.²

Governments are faced with the daunting task of devising policy responses to problems that interconnect and intersect in uncertain but significant ways. Public health is inevitably a key point of analysis for almost every measure, and the short- and the long-term needs and consequences are to be pondered and balanced in conditions of high (modelling and informational) uncertainty. The mounting needs for support and assistance, both to families and firms, requires paying attention to the a priori efficiency and cost-effectiveness of the measures under consideration (it also requires selecting beneficiaries with very limited information). In such a situation, it can be useful to formulate logical and quantitative frameworks based on widely accepted principles and existing information that can provide a reference point for policy analysis. This note aims to propose one such possible logical and quantitative framework and to provide policymakers with one extra tool that can provide information to rationalize policy responses to the long-lasting impacts the crisis is creating.³

The COVID-19 pandemic affects the economy initially and most directly on both the supply and demand sides. On the supply side, the crisis places stringent restrictions on the use of labor as it affects its availability and the division and specialization of tasks and activities, and also limits the cooperation with capital.⁴ In reference to an aggregate production function⁵ $Y_t = A_t F(K_t, L_t)$, the arguments A_t , K_t , and L_t all would be negatively affected. In addition, COVID-19 introduces a significant transaction cost that limits demand, particularly for services that require personal interaction.

On top of these microeconomic channels, the pandemic has induced a significant contraction in aggregate demand that is not linked to the microeconomic transaction costs just indicated.⁶

² For a list of local and global biological episodes extending to 429 BC, see Cirillo and Taleb (2020). For a cross-country examination of some of the financial implications of pandemics, see Jordà, Singh, and Taylor (2020). Also see Garrett (2007) for some of the economic implications of the 1918 influenza pandemic for the United States.

³ Even if the pandemic were to end completely at the moment of writing this note, the strong economic impacts that have materialized so far will have significant effects over the coming years, some of which are expected to be quite long-lasting. Hysteresis effects are sure to be present in labor markets while financial effects (debt overhang, changes in net assets position, debt ratings, etc.), trade policies, and public policy design are other channels that will mediate these lasting effects.

⁴ Here “capital” is taken to comprise all inputs other than labor services.

⁵ This can be adapted to alternative specific functional forms, such as Leontief, CES, and others.

⁶ See Guerrieri et al. (2020) for a discussion of the mechanisms leading to aggregate demand shortages.

Furthermore, financial conditions have deteriorated sharply given the increased probability of bankruptcy among firms, the contraction in household income, and the increased uncertainty about the distribution of risk-return profiles for economic activities and households.⁷ As a result, banks fear a worsening of their portfolios and may be imposing more requirements on credit holders, limiting access to credit. In addition, the traditional counter-cyclical public policies, particularly government spending and liquidity provision, may be significantly less effective in this context.⁸ International trade is expected to be affected as well (Baldwin and Tomiura, 2020; Financial Times, 2020a, 2020b; Oxford Business Group, 2020). This dire situation on all fronts explains the IMF's projected contraction of 4.9 percent in global GDP (-8 and -3 percent in advanced economies and emerging markets, respectively) and -9.4 percent for the Latin American and Caribbean (LAC) region (IMF, 2020b).

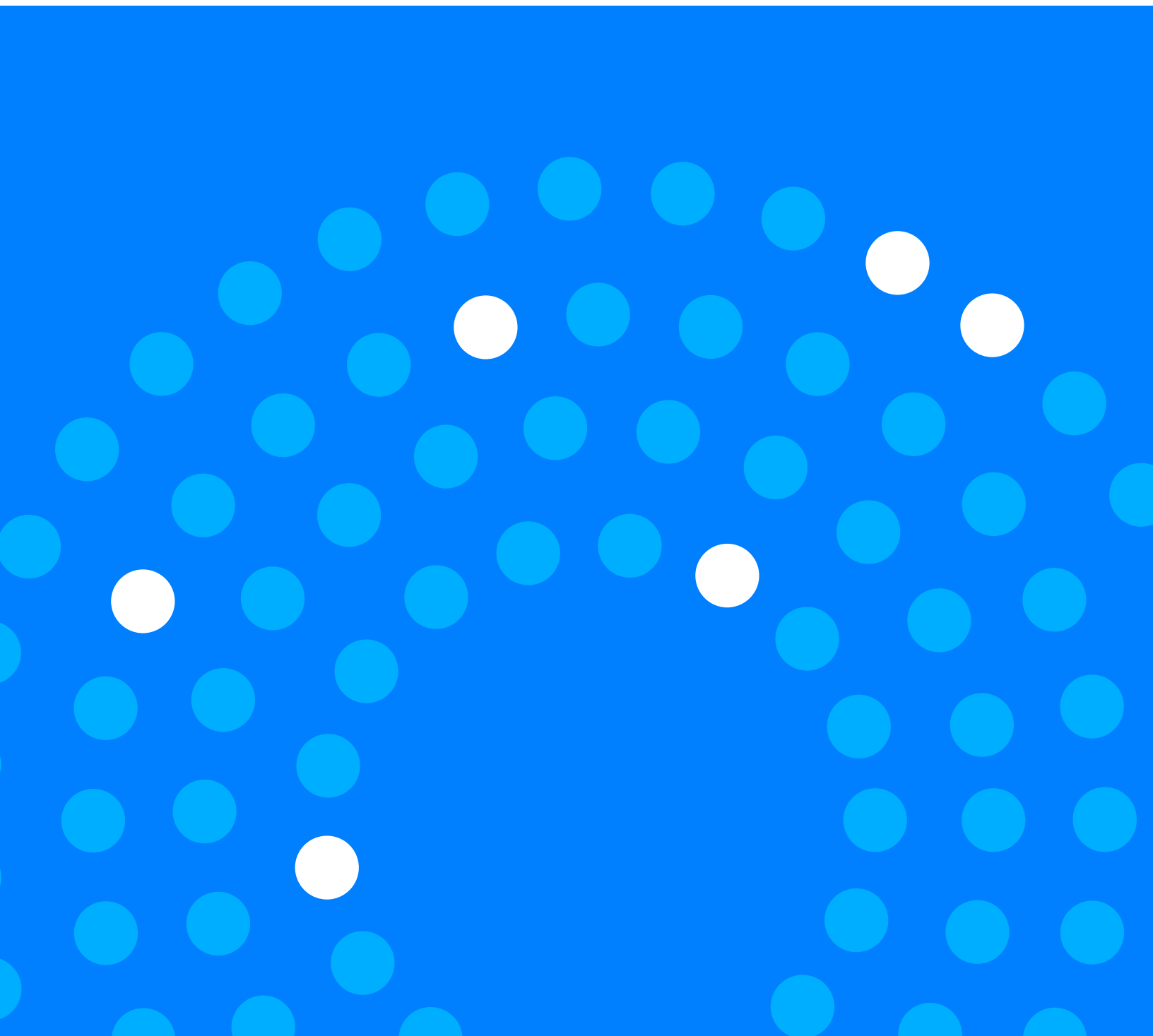
The premise of the framework presented here is simple: identify key channels mediating the effects of COVID-19 on economic activity and use existing and harmonized data to deliver quantitative measures with a clear economic rationale, which are then assessed against key variables (such as growth, unemployment, and employment-growth elasticities). The factors to consider are grouped according to the rationale outlined above, resulting in four categories: supply factors, demand factors, financial conditions, and policy space. These four factors are then aggregated into a composite index deemed to be a summary representation of the initial economic recovery potential (how favorable initial conditions are to support a future economic recovery). The proposed framework would also allow to identify with more precision the determinants of the potential heterogeneity with regards to the recovery potential.

This note continues as follows. The next section details the selection of variables for the four groups of factors. Section 3 presents the results of the calculation of the recovery index for LAC countries and proceeds to discuss some of the characteristics of the data. Finally, a discussion is presented on actions and development of policies that could improve the relative position of the countries.

⁷ See Baker et al. (2020); Zhang, Hu, and Ji (2020); and Caggiano, Castelnuovo, and Kima (2020) for a discussion of the evidence supporting the increased COVID-19-induced uncertainty.

⁸ See Loayza and Pennings (2020), Beckworth (2020), and Bigio, Zhang, and Zilberman (2020).

2. Variable Selection: Rationale, Evidence, and Data Availability



This section discusses the rationale and evidence guiding the selection of variables to incorporate in the index. Although multiple variables can be linked to the four groups to be aggregated into the index of summary conditions, widespread standardized comparable data is often more limited than initially expected. Moreover, some indicators may display a high degree of correlation and including several highly correlated factors may artificially increase the relative weight put on a given concept to the detriment of others.⁹ Thus, as a general rule, attention will be placed on variables that either have widely accepted theoretical support linking them to a specific channel and/or on new measures that appear relevant based on a clear conceptual or mechanistic connection.¹⁰

It is useful to think of COVID-19 as a shock that affects both the way labor and other inputs are organized, and the way supply and demand interact in different markets. Productive processes need to be reorganized and markets must account for increased transaction costs. As a result, the economy is moving from its original state or short-run equilibrium (the “old” normal) to a new—and still quite uncertain—state (the “new” normal). Various elements need to be added to that description:

The adjustment process can be analyzed from both a microeconomic and a macroeconomic perspective, with microeconomic adjustments causing macroeconomic corrections and vice


There is substantial uncertainty about what the new equilibrium and the transition process will look like; there is uncertainty about the distribution of risks and returns across economic activities, and this has a negative impact on investment and financial intermediation, among other things.

Traditional public-sector responses (especially spending programs) are likely to have quantitatively different results compared to interventions taken during contractions caused by drops in aggregate demand or deterioration of financial conditions.


Allowing relative-price changes (for final goods and services and inputs) as well as factor-intensity adjustment in the production of goods and services to take place in a relatively unconstrained fashion may be important to reach the new equilibrium as soon as possible.

⁹ Using alternative weighting schemes is certainly justifiable, but it must be addressed and discussed clearly.

¹⁰ For instance, physical distance appears to be a relevant variable based on the known mechanistic connection for the spread of COVID-19.



Even with large adjustments in relative prices and factor intensities, unemployment and excess capacity in some sectors is likely to persist for extended periods, stressing the need for adequate social safety nets.



Even if COVID-19 were to disappear very quickly, the economic, financial, and social consequences are likely to persist for an extended period.

Having made these considerations, the next section discusses the different components to be pondered within each channel or group of factors (supply-side factors, demand-side factors, financial factors, policy factors).

2.1. Supply-Side Factors

Supply-side factors are one of the two main direct channels for the economic effects of COVID-19. The limitations on the provision of labor services is a key element mediating the economic effects and also restricting specialization and the cooperation with other production inputs—elements that are central for productivity gains. Moreover, restrictions on labor utilization in one sector may have negative effects on the level of activity in other sectors that may not be as directly exposed to the increased health risk (for example, when they are users or providers of intermediate goods and services).¹¹ With labor being at the center of the supply-side problems, two key elements in the adjustment process are: (i) the introduction of new arrangements and technologies that would reduce the possibility of transmission of the virus while providing labor services, and (ii) the expansion of lower-contact-intensity sectors to absorb labor that will be released from the higher-contact-intensity sectors.

There are multiple approaches that are being proposed to reduce the risk of contagion while working, including wearing cloth face coverings, improving and updating ventilation systems, and establishing preventive policies to identify early symptoms. Also, much attention is being paid to the possibility of teleworking and to policies and practices that increase physical distance among workers (flexible hours, rotational and/or staggered shifts, etc.). Regarding these latter alternatives—or any other that requires adapting and updating labor relationships—it is important to consider that they must be implemented in the context of existing laws, regulations, agreements, customs, and market structures. Thus, there are three initial aspects that emerge as relevant in the transition from one equilibrium to another:¹² wage flexibility, intra-firm labor mobility, and cross-sector labor relocation. This is because labor will have to be relocated (either within the firm or to other firms in the same or a different sector) and wages will have to be adjusted (upward or downward) to partly accommodate the inevitable changes in the value of the marginal productivity of labor. This points to five initial factors that may be considered within the supply side of the problem (wage flexibility, firm-level labor flexibility, sector-level labor flexibility, physical distancing at the workplace, and telework potential). However, there are two additional considerations to be made. First is the institutional framework in which the adjustment will take place—more precisely, whether there is a framework that will ease the process of liquidating firms that become unviable but also promote the continuation of those that will still be profitable. Second is the presence of an adequate connectivity environment¹³ that will effectively support the widespread adoption of teleworking practices.

Therefore, we consider the following concepts within the supply-side factors (the number of variables used in each concept is shown in parentheses):¹⁴

¹¹ Here we are considering linkages on the supply side. Demand, financial, and policy considerations are also relevant to the diffusion of the shocks.

¹² That is, moving from the “old” to the “new” normal.

¹³ A connectivity environment is a broader concept than connectivity infrastructure and also includes legal considerations and the effective use of internet.

¹⁴ The number of variables refers to the most direct concepts involved and does not account for the information used to generate the variable. See Appendix 1 for a detailed description of the variables and aggregation.

- Wage flexibility (1)
- Firm-level labor flexibility (3)
- Sector-level labor flexibility (3)
- Physical distancing at the workplace (2)
- Telework potential (1)
- Connectivity environment (7)
- Insolvency framework (1)

2.2. Demand-Side Factors

The next set of factors to consider corresponds to the demand side, which is another direct channel mediating the effect of COVID-19 on the economy. As previously discussed, one way to rationalize the economic implications from a demand perspective is to think of the virus as introducing a transaction cost in the acquisition of goods and services (at the point of sale or service). These increased transaction costs are heterogeneous across activities, as can be the required investments to resolve or ameliorate them. However, in general, it is possible to argue that these transaction costs would be easier to accommodate (with smaller impact on the overall level of transaction) the larger the market where they are taking place.¹⁵ In addition to the effects at the microeconomic level, the pandemic is causing aggregate demand shortages, which can be significantly more important, particularly in the short run, than the increased transaction costs.¹⁶ In the case of aggregate demand shortages, there is little the private sector can do. It can be expected that over the short to medium term, the private sector will develop strategies that will allow production to resume in most sectors, and this will help aggregate demand to recover. However, compensating aggregate demand shortages in the short term requires innovative public interventions to restore the purchasing power of households that have seen a significant contraction of their incomes.

Thus, there are two main levels to consider from the demand side: the micro and the macro impact. There are also two additional channels worth considering. One is international trade.¹⁷ At this point, the WTO expects world trade to contract as much as 32 percent in 2020 (WTO, 2020) and the prospect is that recovery may be hampered by the implementation of trade restrictions aimed at redirecting (a much reduced) domestic absorption towards domestic goods and services. The other channel to consider is a sector where the microeconomic effects of increased transaction costs are felt with significant strength: tourism (particularly international tourism). In a recent analysis conducted by the IFD/CMF division at the IDB regarding sectoral vulnerabilities among selected economies in LAC,¹⁸ tourism consistently appeared as the most vulnerable sector in the face of the COVID-19 crisis.

¹⁵ The larger the market, the lower the average fixed costs for given costs. This is not the case where the increased transaction costs are proportional to the volume of transactions, but this may not be the relevant situation.

¹⁶ See Guerrieri et al. (2020) and Fornaro and Wolf (2020).


¹⁷ See Baldwin and Tomiura (2020) and OECD (2020).

¹⁸ The sample is initially restricted to borrowing members of the IDB.


Thus, based on the previous considerations, we select three indicators within the demand side. First, a measure of market size, aligned with the notion that larger markets will better absorb the transaction costs emerging from the COVID-19 and that will also be better positioned to absorb the shock from the reduction in international trade. Second, a measure of the expected change in economic activity as a result of the crisis (capturing in a way the various channels already discussed). Finally, and considering the results found by Fernández Díez, Támara, and Vasa (2020), a measure of the relative importance of tourism receipts in total GDP. Therefore, we consider the following concepts within the demand-side factors (the number of variables used in each concept is shown in parentheses):



Market size (1)



Expected growth shock (1)

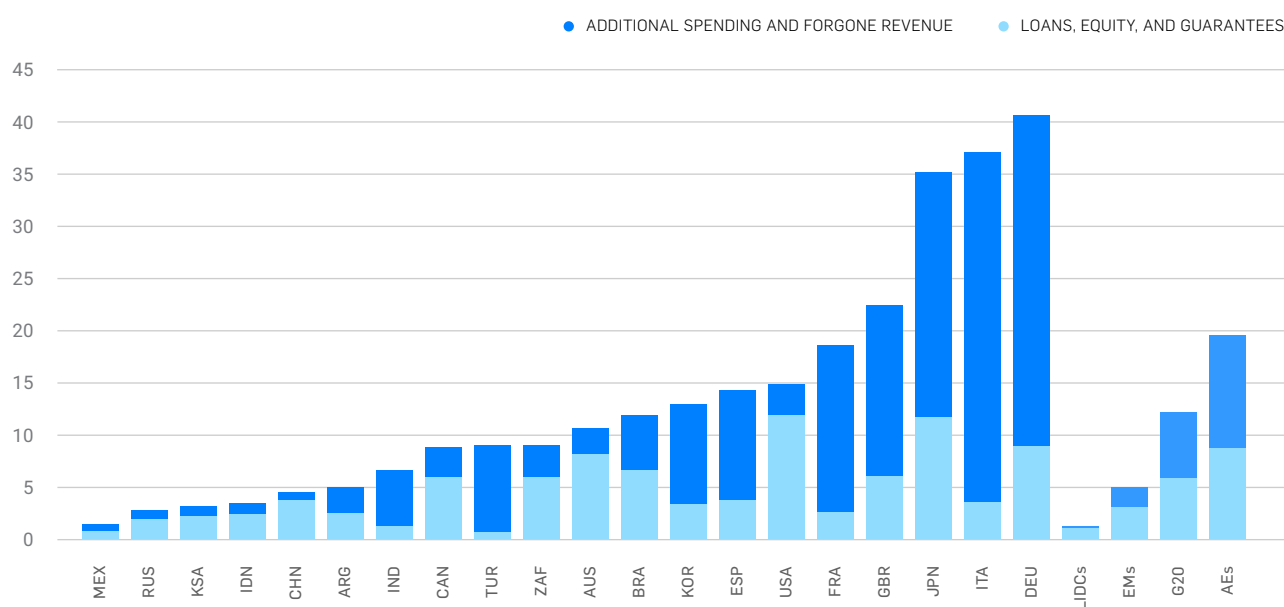


Relative tourism receipts (1)

2.3. Financial Factors

Financial conditions are inevitably affected whenever there is a significant supply or demand shock. With COVID-19 causing both a supply and a demand shock, the interactions with the financial sector are quite significant and complex. There is an initial direction in the effects, running from the real to the financial sector, putting significant stress on the banks' balance sheet, eroding relationships, increasing uncertainty about the distribution of risks and returns across economic sectors, and more. The better the initial conditions (pre-COVID-19), particularly in terms of liquidity, solvency, and efficiency, the better the financial sector could withstand the initial shock coming from the real side of the economy. Then, there is the contribution of the financial sector to the dynamics of the real side of the economy during the initial stages of the crisis and in the recovery process. As shown in Figure 1, the announced mix of fiscal and financial support appears to vary with the country's level of financial development. Each type of support has its relative merits. In particular, adequately designed fiscal measures may be relatively better to support aggregate demand shortages among firms and households that have seen their incomes significantly reduced due to the supply-side restrictions, while financial support may be more adequate for those sectors where there is an expectation of recovery in a relatively short period and where there is less uncertainty regarding the new risk-return profile.


Figure 1: Contribution of Announced Fiscal and Financial Supports to Firms




Source: IMF (2020a).

Notes: Data are as of June 12, 2020. Country groups are weighted by GDP in purchasing power parity-adjusted current US dollars. Revenue and spending measures exclude deferred taxes and advance payments. For details, see the Fiscal Monitor Database of Country Fiscal Measures in Response to the COVID-19 Pandemic at <https://www.imf.org/en/Topics/imf-and-covid19/Fiscal-Policies-Database-in-Response-to-COVID-19>. LIDCs = low-income developing countries; EMs = emerging markets; G20 = Group of Twenty; AEs = advanced economies.


Thus, we already have one feature that appears to be significant for the prospects of recovery from the COVID-19 crisis: financial development or depth.¹⁹ Considering the role of financial intermediaries in generating and processing information as a crucial feature for the appropriate allocation of risks, it would also appear to be appropriate to include variables that relate to those dimensions. Finally, given the expected high level of bankruptcies, it would also be appropriate to include a measure of efficiency in the recovery of capital. Therefore, we consider the following concepts within the financial factors (the number of variables used in each concept is shown in parentheses):




Domestic credit relative to GDP (1)




Stock market capitalization relative to GDP (1)



Strength of auditing and accounting standards (1)



Financing of SMEs (1)



Rate of non-performing loans (1)



Insolvency recovery rate (1)

¹⁹ There are various ways in which the level of financial development can be quantitatively approximated. In the present case, given data availability and comparability, we'll be using the ratio of domestic credit to GDP and stock market capitalization (also relative to GDP).

2.4. Policy Factors

Much of the way in which the impacts of COVID-19 are mediated to the economy are determined by the policy response of governments. Physical distancing, widespread quarantines and lockdowns, and restrictions to economic and social activities are policy decisions largely determined by governments and not by spread of the virus itself (governments are also devising complementary policy responses to ameliorate the impact of their initial policies). A significant portion of these measures is going to impose substantial fiscal costs, while others involve very active (conventional and unconventional) monetary policies. Thus, the policy space to conduct active fiscal and monetary policies is an important element in establishing the conditions for recovery. Therefore, we consider the following concepts within the policy space factors (the number of variables used in each concept is shown in parentheses):

Per capita GDP (1)

Inflation (1)

Government debt relative to GDP (1)

Debt dynamics (3)²⁰

²⁰ “Debt dynamics” corresponds to an index measuring the change in public debt, weighted by a country’s credit rating and debt level in relation to its GDP 2018–2019. See Appendix 1 for more details.

2.5. Aggregation and Underlying Rationale²¹

It is important to stress that this note is proposing the aggregation of multiple indicators into various indices (supply-side factors, demand-side factors, financial factors, and policy factors) that, in turn, are aggregated into a final measure that is deemed to approximate the relative position of each country in a scale of conditions favoring the recovery from the COVID-19 crisis. Each concept or factor within a group is given the same weight, which is determined by the number of variables.²² To aggregate multiple concepts within one set of factors, first we compute the deciles of the distribution considering all countries (136 countries), and then we assign each country to the corresponding segment.²³ The resulting values are then averaged at each round of aggregation. Thus, the resulting index is an average of the scores obtained in the previous levels of aggregation, with values from 1 to 10 depending on the position of the country in the distribution of the variable (considering all countries, not just LAC). It is worth noting that all concepts have been defined such that a higher value indicates a better position.²⁴

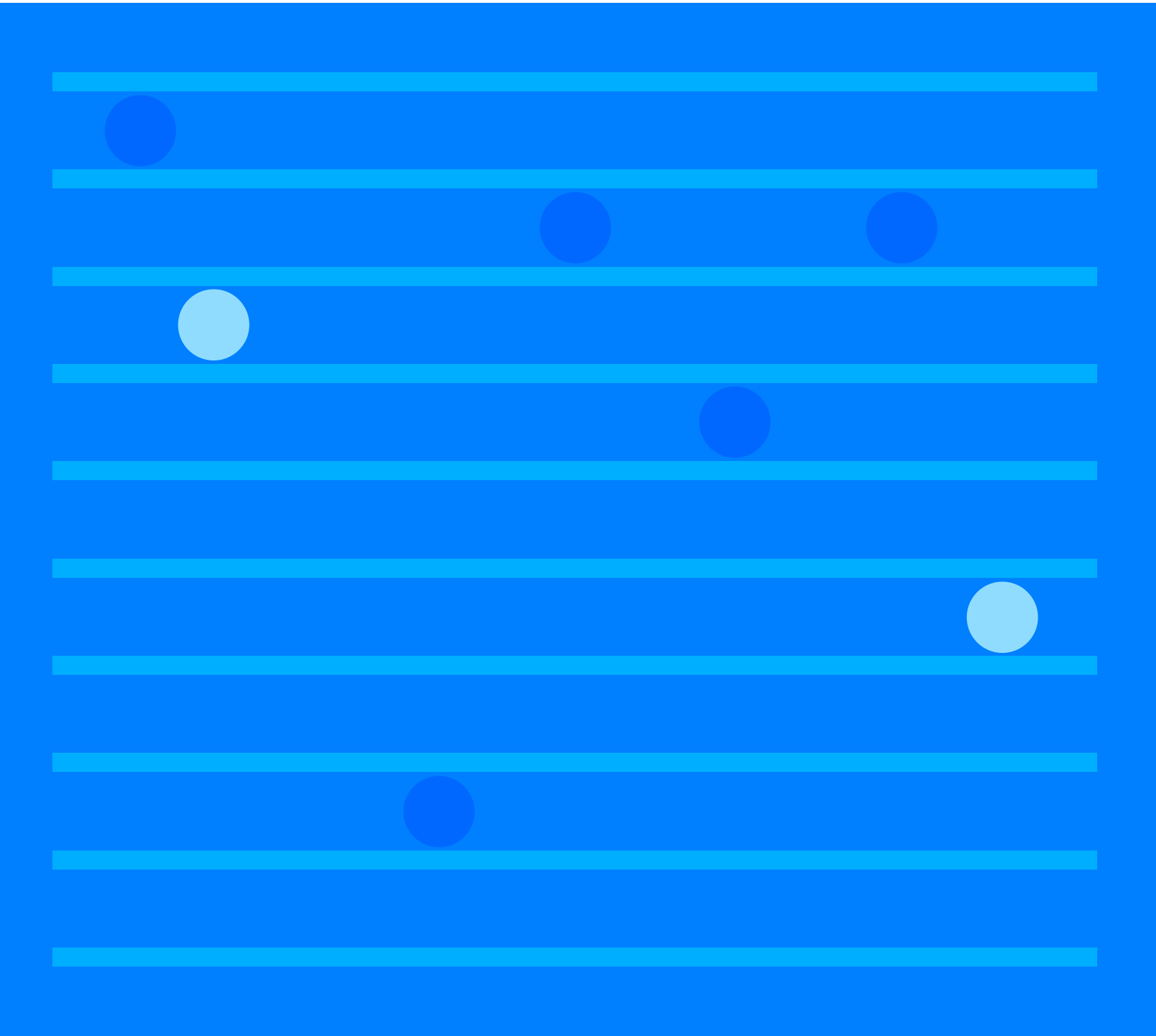
²¹ Appendix 1 presents more detailed explanation of the methodological aspects behind the index, including detailed concept and variable definitions.

²² A given concept may contain more than one variable. For instance, “connectivity environment” within the supply-side factors comprises seven different variables. If there are X concepts within one set of factors, then each concept is weighted by $1/X$. Similarly, if there are Z variables in a concept, each variable is weighted by $1/Z$. It is worth noting that selecting a weighting scheme is far from a trivial element in the framework being presented. Several arguments can be made in favor of using alternative weights. Moreover, following the regressions to be presented below (see Section 3.1 and Tables 2 and 3), a case can be made to derive weights from such regressions. We considered these alternatives, but based on the underlying logic of the exercise and following the discussion in Joint Research Centre of the European Commission (2008) we opted to maintain the present weighting scheme.

²³ Consider two concepts, A and B. For each one, first we compute the distribution for all countries and then identify the cut-off points that define each part representing $1/10$ of the sample and assign the countries accordingly. Then, we simply take the average of those values across the multiple concepts. Finally, we repeat the procedure for further aggregation.

²⁴ For instance, the “proximity index” for occupations has been transformed into a “separation index,” and the NPL ratio has been transformed into a PL (Performing Loans) rate.

3. Analysis and Discussion



This section presents the results of the calculation of the recovery index for LAC countries and the explanation of their relative position based on the different factors that compose it and the capacity of those factors to discriminate between countries. First, it presents the index and discusses the relationships between the proposed index and key economic performance indicators such as GDP growth, employment, and unemployment. Second, it considers the situation of LAC countries. Finally, a discussion is presented on actions and development of policies that could improve the relative position of the countries.

3.1. Distribution, Variability, and Correlation with Growth and Employment

Before proceeding to present the resulting values of the Recov19 index, its components, and its distribution and variability, it is useful to present some results that lend validation to the proposed framework. In particular, it is worth exploring the relationship between the proposed index and key economic performance indicators such as GDP growth, employment, and unemployment. Since the index is an average of 32 concepts, many of which evolve slowly over time, it is instructive to evaluate if the results show the expected relationship with the observed outcomes before the COVID-19 crisis. To do this, we compute three alternative statistics relating the Recov19 index to the last observed values of growth and unemployment and with the estimated elasticities of employment creation to GDP growth.

Table 2 presents the estimated coefficients and the corresponding p-values in univariate regressions for a set of previously estimated Okun's coefficients. Okun's Law refers to the result first established by Okun (1962), whereby changes in unemployment are associated with changes in GDP growth. Here we are using the estimates from Ball et al. (2019) corresponding to two specifications; the first is the formulation in terms of unemployment gaps $(u_t - u_t^*) = \beta(y_t - y_t^*) + \varepsilon_t$, where u and y indicate the unemployment rate and the log output, and x^* variables indicate trend components, while the second corresponds to the employment gaps specification $(e_t - e_t^*) = \beta(y_t - y_t^*) + \varepsilon_t$, where e now stands for the log of employment. In the unemployment gaps specification, the expected value of β is negative and in the employment gaps specification the expected value is positive. Under the assumption that the computed values for the index move slowly over time,²⁵ we would expect a negative (positive) relation between the estimated β_s in the unemployment (employment) specification and the Recov19 index and its components. This result is confirmed in Table 2, indicating that there is a statistically significant association between the index and an economy's capacity to generate employment for given changes in the growth rate of GDP.

²⁵ This assumption is clearly inaccurate for the case of the demand factors given the presence of the expected change in GDP projected by the IMF. However, we proceed with it "as if" given that alternative specifications where the projected GDP growth is removed resulted in the same qualitative results.

Table 2: Univariate Regressions for Okun's Law Coefficients

| | Unemployment gaps | | Unemployment gaps | |
|--------------------------|-------------------|-------|-------------------|-------|
| | Coeff. | p-val | Coeff. | p-val |
| Recov19 | -0.040 | 0.024 | 0.079 | 0.012 |
| Supply factors | -0.027 | 0.100 | 0.052 | 0.079 |
| Demand factors | 0.009 | 0.510 | -0.002 | 0.947 |
| Financial factors | -0.029 | 0.003 | 0.054 | 0.002 |
| Policy space | -0.021 | 0.090 | 0.036 | 0.100 |

Source: Authors' calculations based on data from Ball et al. (2019); WDI; WEO; and WEF.

Notes: The number of observations ranges from 63 to 70, varying with data availability.

Alternatively, we would like to see a positive relationship of the index (and its components) with GDP growth and a negative one with changes in unemployment.²⁶ Continuing with the argument about the rate of change in the index, we proceed to test the hypothesis using recent values for GDP growth and changes in unemployment.²⁷ Table 3 presents the regression results for these specifications, although in these cases we introduced some simple controls (for the unemployment regressions we controlled for the prior change in unemployment and in the growth regressions we controlled for the level of GDP per capita). Again, the results indicate that the index (and its components) generally correlate with unemployment and growth in the expected direction and are statistically significant at conventional levels.

²⁶ Note that association with changes in unemployment is different from the results of Table 2, as the Okun's coefficients in the unemployment gaps specifications are essentially the elasticities of unemployment to GDP growth.

²⁷ Since unemployment data is updated more slowly than GDP data, we use the change in unemployment between 2017 and 2018 and GDP growth for 2019.

Table 3: Unemployment and Growth Regressions

| | Change in unemployment | | Change in GDP | |
|--------------------------|------------------------|-------|---------------|-------|
| | Coeff. | p-val | Coeff. | p-val |
| Recov19 | -0.106 | 0.128 | 0.989 | 0.014 |
| Supply factors | -0.125 | 0.046 | 1.308 | 0.000 |
| Demand factors | -0.041 | 0.281 | -0.189 | 0.150 |
| Financial factors | -0.077 | 0.057 | 0.252 | 0.251 |
| Policy space | -0.070 | 0.122 | 0.462 | 0.010 |

Source: Authors' calculations based on data from WDI, WEO, and WEF.

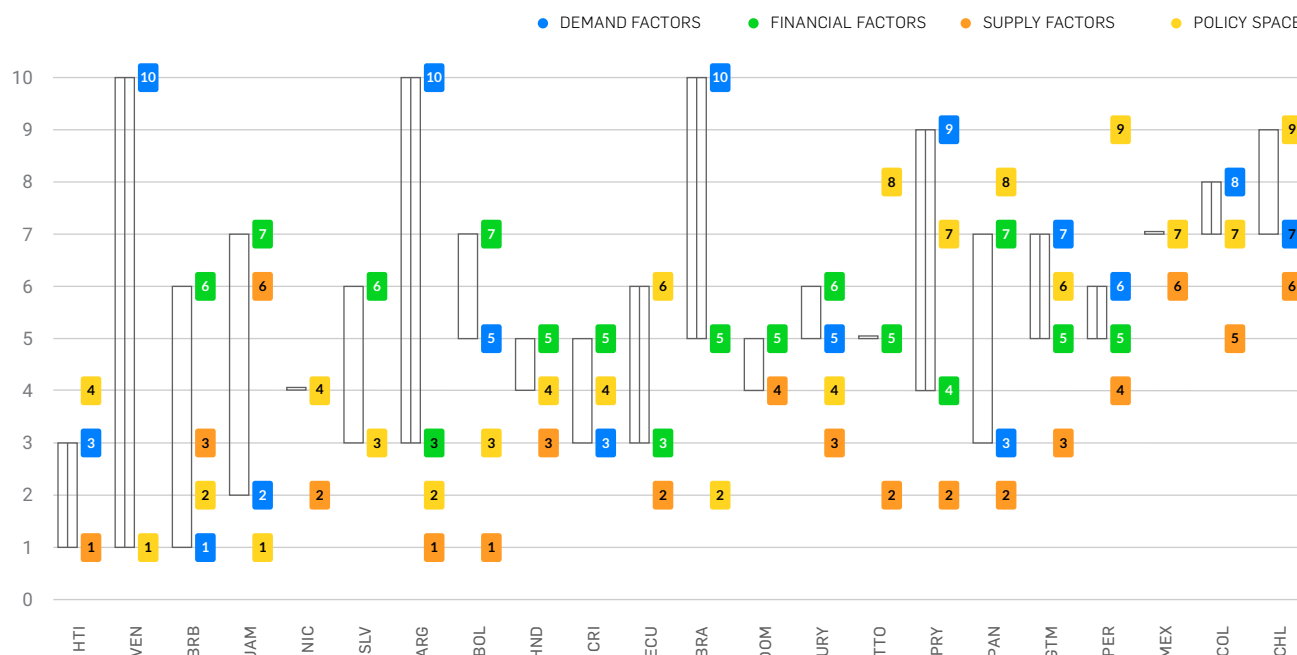
Notes: For the unemployment regressions we control for the prior change in unemployment and in the growth regressions for the level of GDP per capita.

Thus, these first results show that the Recov19 index correlates as expected with key economic outcomes (growth, unemployment, employment-to-GDP elasticity), establishing a degree of empirical validation to the proposed framework. With this, we proceed to present the resulting values and perform some initial analyses.

Tables 4 and 5 display the subset of resulting observations corresponding to IDB's borrowing countries, with the first table showing the values and the second the countries' position in the global distribution.²⁸ Figure 2 shows the relative position of each group of factors after sorting countries by their relative position.

²⁸ That is, considering all countries with data, not just IDB's borrowing countries. The complete list of values for the overall index (Recov19) and its components (supply, demand, and financial factor and policy space) is shown in Appendix 2.

Figure 2: Relative Position in the Global Distribution for Each Group of Factors (countries sorted by Recov19 index)



Source: Authors' calculations based on data from WDI, WEO, and WEF.

Notes: Belize, the Bahamas, Guyana, and Suriname are not included due to insufficient data. Relative position is defined based on deciles of the worldwide distribution of the index.

As can be seen, especially in Table 5 and Figure 2, the country that appears to be better positioned for recovery is Chile, which ranks in the 9th decile of the global distribution thanks to a virtuous combination of good scores on all fronts (supply, demand, financial, and policy). Next in line appear Colombia, Mexico, and Peru. In the case of Peru, the relatively high position is driven by the policy space and relatively favorable demand conditions. In the case of Colombia, the demand factors, followed by financial conditions and the policy space, contribute to its position. At the lower end of the distribution are Haiti, Venezuela, and Barbados. Haiti's position is mostly due to a very poor situation with respect to supply-side and financial factors. The case of Venezuela also appears negative despite the relative size of the country, given the poor conditions for all other factors. In the case of Barbados, demand (mostly driven by the high participation of tourism) and policy factors appear as the relevant factors driving the relatively low position in the overall distribution.

A second group with relatively low positions comprises Jamaica, Nicaragua, El Salvador, Argentina, Bolivia, and Honduras. In the case of Jamaica, the relatively low position stems from demand-side factors and supply-side factors. Nicaragua's low conditions in supply-side and policy factors explain the low overall position. The low position of El Salvador is, mainly, a result of relatively low supply and demand conditions and reduced policy space. For Argentina, the low position is a result of low values on the supply side (largely reflecting the high rigidity of the labor market), a significant underdevelopment of financial conditions, and a much-reduced policy space. In the case of Bolivia, its position is driven by low values in the supply-side factors and policy space. Finally, Honduras has a low result in terms of supply-side factors.

The data in Table 4 show that the main contributors to the relatively low value of the Recov19 index among LAC countries are the supply-side and financial factors (28 percent and 17 percent below the average value for non-LAC countries, and 22 percent and 15 percent below countries with similar income levels). As will be explored later in more detail, the relatively low values observed for the supply-side factor is in part a reflection of the rigidities characterizing the labor market in LAC and to a generally low connectivity environment. With regards to financial factors, the value of the index is consistent with the known relatively low development of financial markets in the region.

Table 4: Recov19 and Components

| Country | Recov19 | Supply factors | Demand factors | Financial factors | Policy space |
|---------------|---------|----------------|----------------|-------------------|--------------|
| Haiti | 3.4 | 2.9 | 4.3 | 2.2 | 4.3 |
| Venezuela, RB | 3.6 | 2.3 | 8.7 | 1.8 | 1.7 |
| Barbados | 3.6 | 4.3 | 1.7 | 5.8 | 2.7 |
| Jamaica | 4.3 | 5.6 | 3.3 | 6.2 | 2.0 |
| Nicaragua | 4.4 | 3.6 | 5.0 | 4.7 | 4.3 |
| El Salvador | 4.4 | 4.1 | 4.3 | 5.8 | 3.3 |
| Argentina | 4.4 | 3.3 | 8.7 | 3.5 | 2.3 |
| Bolivia | 4.7 | 2.9 | 5.3 | 6.5 | 4.0 |

Table 4: Recov19 and Components (continued)

| Country | Recov19 | Supply factors | Demand factors | Financial factors | Policy space |
|---------------------|---------|----------------|----------------|-------------------|--------------|
| Honduras | 4.7 | 4.1 | 5.0 | 5.2 | 4.7 |
| Costa Rica | 4.9 | 4.9 | 4.7 | 5.3 | 4.7 |
| Ecuador | 4.9 | 3.4 | 6.3 | 4.2 | 5.7 |
| Brazil | 5.0 | 3.9 | 8.3 | 5.0 | 2.7 |
| Dominican Republic | 5.1 | 4.6 | 5.0 | 5.3 | 5.3 |
| Uruguay | 5.1 | 4.4 | 5.7 | 5.8 | 4.3 |
| Trinidad and Tobago | 5.2 | 3.6 | 5.3 | 5.2 | 6.7 |
| Paraguay | 5.4 | 3.7 | 7.7 | 4.3 | 6.0 |
| Panama | 5.5 | 3.7 | 4.3 | 6.5 | 7.3 |
| Guatemala | 5.5 | 4.4 | 6.7 | 5.3 | 5.7 |
| Peru | 5.9 | 4.9 | 6.0 | 5.0 | 7.7 |
| Mexico | 6.2 | 5.6 | 7.0 | 6.3 | 6.0 |
| Colombia | 6.2 | 5.3 | 7.3 | 6.3 | 6.0 |
| Chile | 7.1 | 5.9 | 6.7 | 8.2 | 7.7 |
| Belize | - | - | 1.0 | - | 2.5 |
| Guyana | - | - | 4.0 | - | 6.0 |
| The Bahamas | - | - | 2.3 | - | 6.0 |
| Suriname | - | - | 4.3 | - | 3.0 |

Source: Authors' calculations based on WDI, WEO, and WEF data.

Note: Belize, Guyana, the Bahamas, and Suriname are not ranked due to insufficient data.

Table 5: Country Position in the Worldwide Distribution (scale 1–10)

| Country | Recov19 | Supply factors | Demand factors | Financial factors | Policy space |
|---------------------|---------|----------------|----------------|-------------------|--------------|
| Haiti | 1.0 | 1.0 | 3.0 | 1.0 | 4.0 |
| Venezuela, RB | 1.0 | 1.0 | 10.0 | 1.0 | 1.0 |
| Barbados | 1.0 | 3.0 | 1.0 | 6.0 | 2.0 |
| Jamaica | 2.0 | 6.0 | 2.0 | 7.0 | 1.0 |
| Nicaragua | 3.0 | 2.0 | 4.0 | 4.0 | 4.0 |
| El Salvador | 3.0 | 3.0 | 3.0 | 6.0 | 3.0 |
| Argentina | 3.0 | 1.0 | 10.0 | 3.0 | 2.0 |
| Bolivia | 3.0 | 1.0 | 5.0 | 7.0 | 3.0 |
| Honduras | 3.0 | 3.0 | 4.0 | 5.0 | 4.0 |
| Costa Rica | 4.0 | 4.0 | 3.0 | 5.0 | 4.0 |
| Ecuador | 4.0 | 2.0 | 6.0 | 3.0 | 6.0 |
| Brazil | 4.0 | 2.0 | 10.0 | 5.0 | 2.0 |
| Dominican Republic | 5.0 | 4.0 | 4.0 | 5.0 | 5.0 |
| Uruguay | 5.0 | 3.0 | 5.0 | 6.0 | 4.0 |
| Trinidad and Tobago | 5.0 | 2.0 | 5.0 | 5.0 | 8.0 |
| Paraguay | 6.0 | 2.0 | 9.0 | 4.0 | 7.0 |
| Panama | 6.0 | 2.0 | 3.0 | 7.0 | 8.0 |
| Guatemala | 6.0 | 3.0 | 7.0 | 5.0 | 6.0 |

Table 5: Country Position in the Worldwide Distribution (scale 1–10) (continued)

| Country | Recov19 | Supply factors | Demand factors | Financial factors | Policy space |
|-------------|---------|----------------|----------------|-------------------|--------------|
| Peru | 7.0 | 4.0 | 6.0 | 5.0 | 9.0 |
| Mexico | 8.0 | 6.0 | 7.0 | 7.0 | 7.0 |
| Colombia | 8.0 | 5.0 | 8.0 | 7.0 | 7.0 |
| Chile | 9.0 | 6.0 | 7.0 | 9.0 | 9.0 |
| Belize | - | - | 1.0 | - | 2.0 |
| Guyana | - | - | 3.0 | - | 7.0 |
| The Bahamas | - | - | 1.0 | - | 7.0 |
| Suriname | - | - | 3.0 | - | 2.0 |

Source: Authors' calculations based on WDI, WEO, and WEF data.

It is instructive to compare the distribution of the index for the LAC countries,²⁹ non-LAC countries, and non-LAC countries with the same average per capita income.³⁰ The results are presented in Table 6. Column 1 presents the value of the Recov19 index, which is the summary index for initial conditions (column 6 presents the corresponding statistic for the position in the worldwide distribution). The results show that the initial conditions for recovery in LAC countries are behind those of the rest of the world and for other countries with comparable income (14 percent and 7.7 percent below, respectively) and the index shows less variation among LAC countries. When considering the position in the distribution, LAC countries are clearly below the median (average position is 3.95) while non-LAC countries are above it (average position 5.73).

²⁹ In the context of this note, LAC countries refers to IDB's borrowing members.

³⁰ To construct the comparable-income group of non-LAC countries we consider the mean and standard deviation of the distribution of GDP per capita PPP (that is, countries within one standard deviation from the mean).

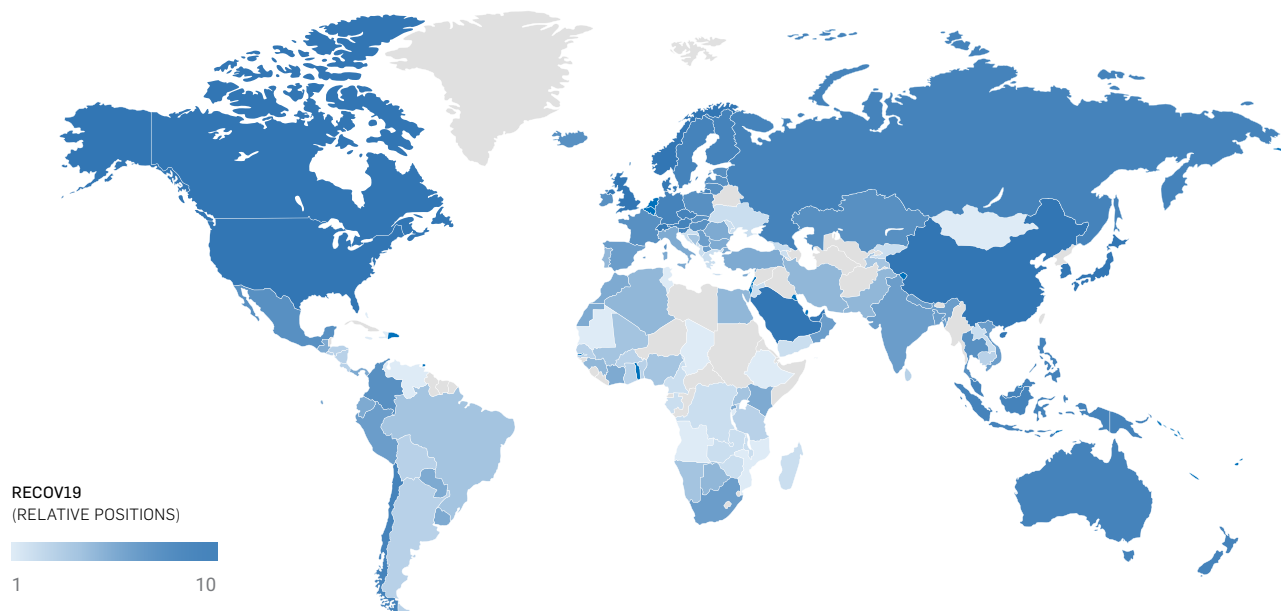
Table 6: Index of Initial Conditions (Recov19) and Components (values and position)

| | Index | | | | | Position | | | | |
|---------------------|--|----------------|----------------|-------------------|--------------|--|----------------|----------------|-------------------|--------------|
| Summary statistics | Recov19 | Supply factors | Demand factors | Financial factors | Policy space | Recov19 | Supply factors | Demand factors | Financial factors | Policy space |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | Non-LAC countries | | | | | Non-LAC countries | | | | |
| Mean | 5.58 | 5.66 | 5.65 | 5.47 | 5.16 | 5.65 | 5.82 | 5.44 | 5.40 | 5.34 |
| Coeff. of variation | 0.24 | 0.26 | 0.39 | 0.45 | 0.43 | 0.52 | 0.49 | 0.53 | 0.57 | 0.54 |
| | LAC countries | | | | | LAC countries | | | | |
| Mean | 4.98 | 4.14 | 5.35 | 5.20 | 4.71 | 4.41 | 3.00 | 5.00 | 5.14 | 4.77 |
| Coeff. of variation | 0.18 | 0.23 | 0.37 | 0.28 | 0.38 | 0.53 | 0.54 | 0.56 | 0.38 | 0.53 |
| | Non-LAC countries of equivalent income | | | | | Non-LAC countries of equivalent income | | | | |
| Mean | 5.17 | 5.37 | 4.87 | 5.10 | 5.05 | 5.79 | 5.21 | 4.49 | 5.07 | 5.12 |
| Coeff. of variation | 0.19 | 0.26 | 0.48 | 0.29 | 0.39 | 0.52 | 0.51 | 0.67 | 0.42 | 0.54 |

Source: Authors' calculations based on WDI, WEO, and WEF data.

Furthermore, we observe that the LAC region ranks, on average, below the rest of the world and below countries of comparable income. These differences are mostly driven by differences in supply-side conditions and financial development. Figures 3, 4, and 5 present a visual representation of the relative positions of all countries with regards to the Recov19 index, supply-side factors, and financial factors.

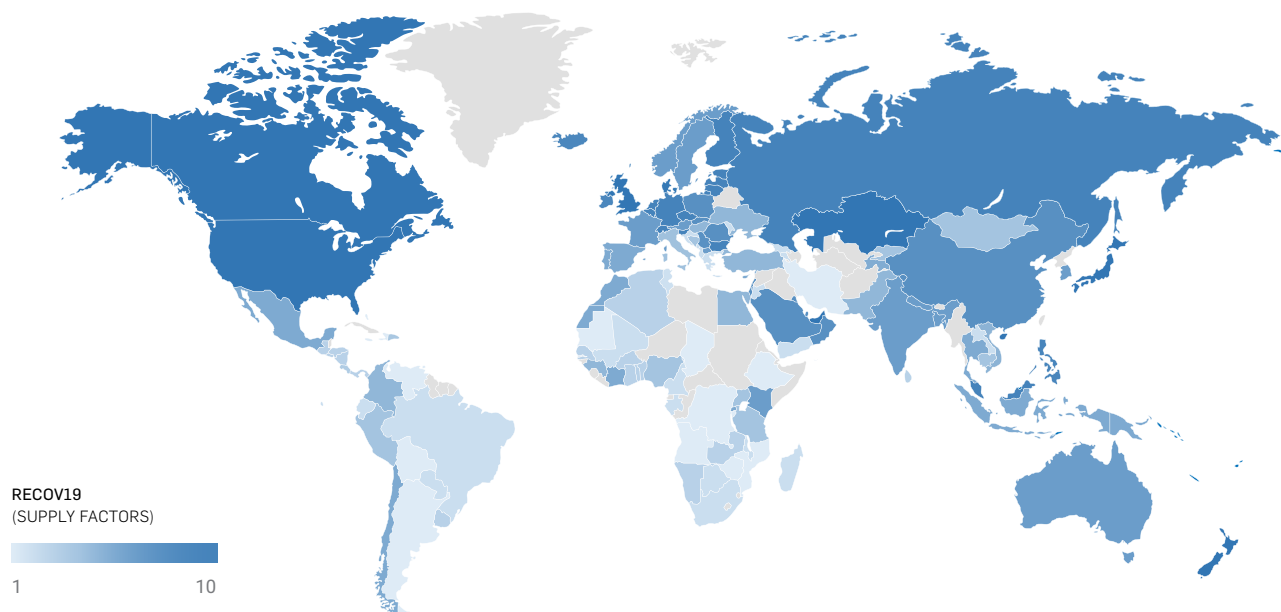
Figure 3: Relative Position Based on Recov19 Index (overall initial conditions for recovery)



Source: Authors' calculations based on data from WDI, WEO, and WEF.

Notes: Higher values indicate a better relative position. Gray areas represent countries with insufficient data to compute the index.

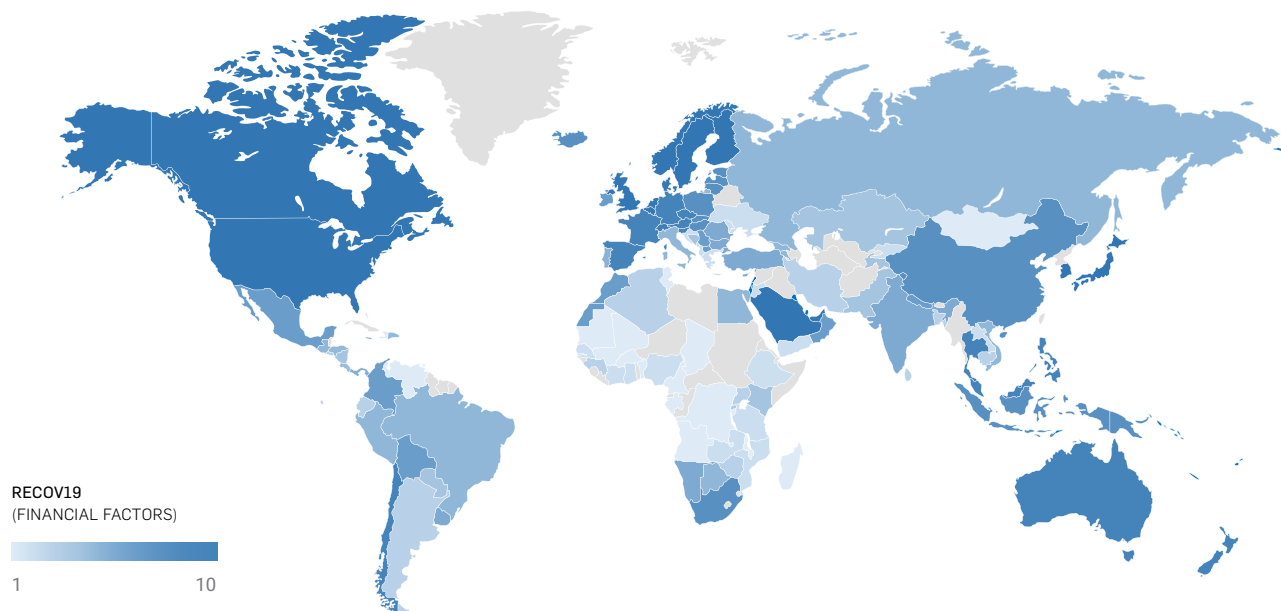
Figure 4: Relative Position Based on Supply-Side Factors



Source: Authors' calculations based on data from WDI, WEO, and WEF.

Notes: Higher values indicate a better relative position. Gray areas represent countries with insufficient data to compute the index.

Figure 5: Relative Position Based on Financial Factors



Source: Authors' calculations based on data from WDI, WEO, and WEF.

Notes: Higher values indicate a better relative position. Gray areas represent countries with insufficient data to compute the index.

3.2. The Situation in LAC Countries

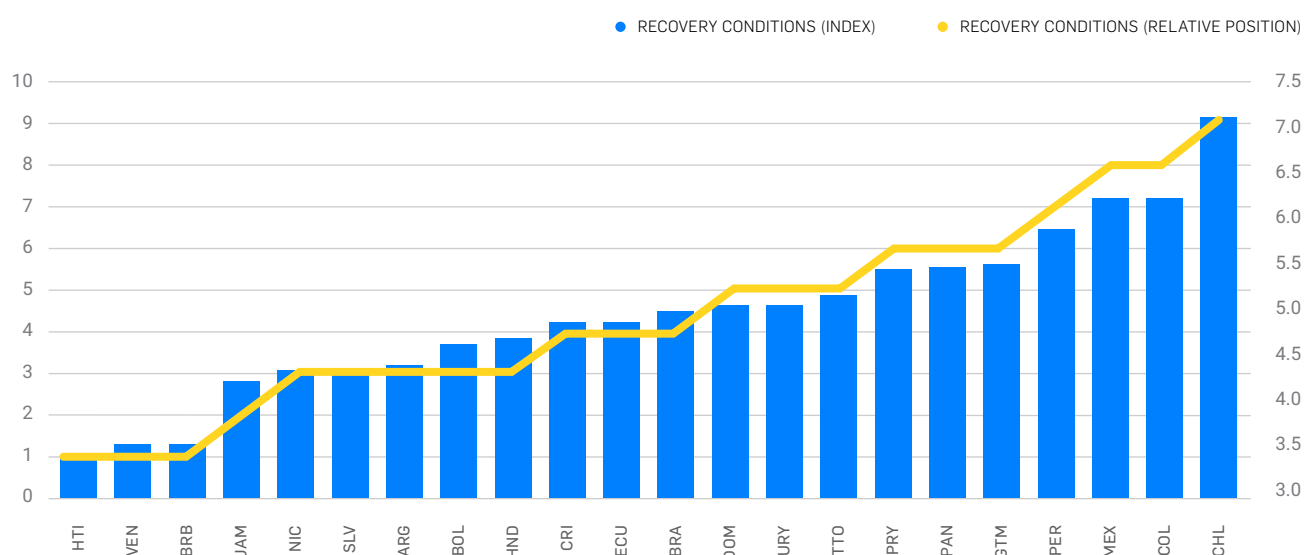
This section presents a more in-depth analysis of the recovery opportunities of LAC countries considering the potential differences arising from various factors and identifying the main drivers for such differences. The most obvious result from Table 3 is that there is substantial heterogeneity among countries in terms of the potential recovery opportunities as indicated by the Recov19 index. The ordering on the scale of 1 to 10 lends itself to a simplification into five categories (Table 7).

Table 7: Country Classifications According to Their Position in the Global Distribution (using Recov19 index)

| Relative recovery potential | Position in the distribution | Countries |
|-----------------------------|------------------------------|---|
| High | 9 – 10 | > Chile |
| Medium-high | 7 – 8 | > Colombia, Mexico, Peru |
| Medium | 5 – 6 | > Guatemala, Panama, Paraguay, Trinidad and Tobago, Uruguay, Dominican Republic |
| Medium-low | 3 – 4 | > Brazil, Ecuador, Costa Rica, Honduras, Bolivia, Argentina, El Salvador, Nicaragua |
| Low | 1 – 2 | > Jamaica, Barbados, Venezuela, Haiti |

Note: Belize, Guyana, Suriname, and the Bahamas are not ranked due to insufficient data.

Figure 6: Initial Conditions for Recovery in LAC Countries (index and relative position)



Source: Authors' calculations based on data from WDI, WEO, and WEF.

LAC countries display an ample range in relative positions, from 1 to 9, with a median value of 4. As previously noted, the main differences in the average value of the components between LAC and non-LAC countries lie within supply-side and financial factors. Thus, it is worth exploring the specific conditions driving these differences.

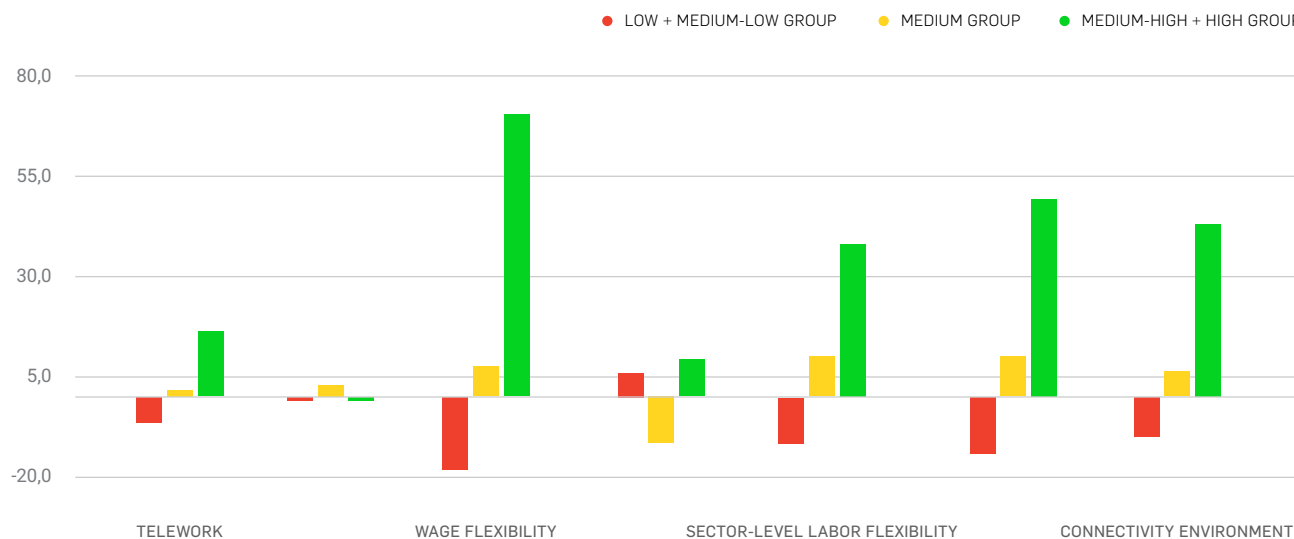
Heterogeneity within supply factors

The average position of supply factors for LAC countries in the upper level of the distribution is 5.7, which is significantly higher than the average level of 2.8 for LAC countries in the lower part of the distribution.³¹ What are the main drivers behind these values? Since each factor contributes equally to the overall value of supply-side factors, the relative variation in position of each factor with respect to the mean position can provide an indication of the most relevant drivers for the observed values. This is shown in Figure 7, where four factors emerge as the most relevant driving the differences in supply-side conditions: wage flexibility, favorable insolvency framework, connectivity environment, and sector-level labor flexibility. Furthermore, it is possible to conduct a similar assessment for the variables contributing to the connectivity environment and to the sector-level labor flexibility, as shown in Figures 8 and 9.³² From Figures 7 and 8, it emerges that economies in the upper level of the distribution have better internal labor mobility and that remunerations adjust more in line with productivity; on the other hand, economies in the lower part of the distribution aim to compensate their relative rigidities in these areas by adopting more active labor policies. Alternatively, the second figure shows that the presence of legal frameworks that adapted to digital business models (e.g., e-commerce, sharing economy, fintech, etc.) is the most differentiating aspect with regards to the connectivity environment.

³¹ Chile, Colombia, and Mexico in the upper level and Jamaica, Barbados, Venezuela, and Haiti at the lower end. Supply factors include the following variables: teleworking potential, physical distance in occupations, wage flexibility, firm-level labor flexibility, sector-level labor flexibility, connectivity environment, and the insolvency framework.

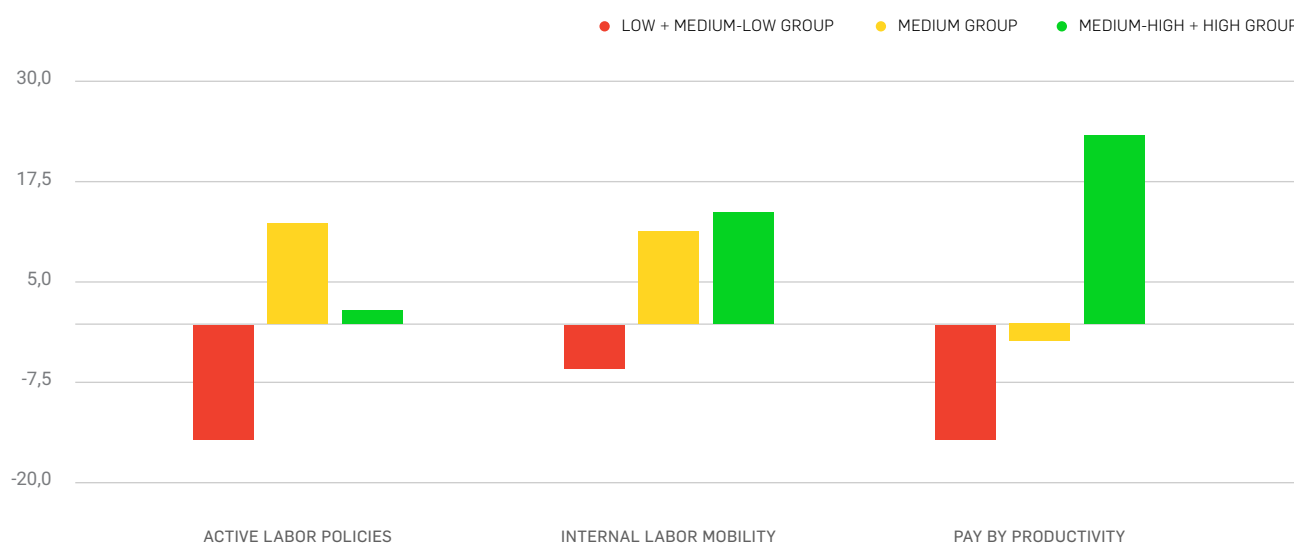
³² The wage flexibility and insolvency framework concepts are direct measures and have no other level to decompose them to.

Figure 7: Main Drivers of Differences in Supply Conditions in LAC Countries, Conditional on Relative Recovery Potential



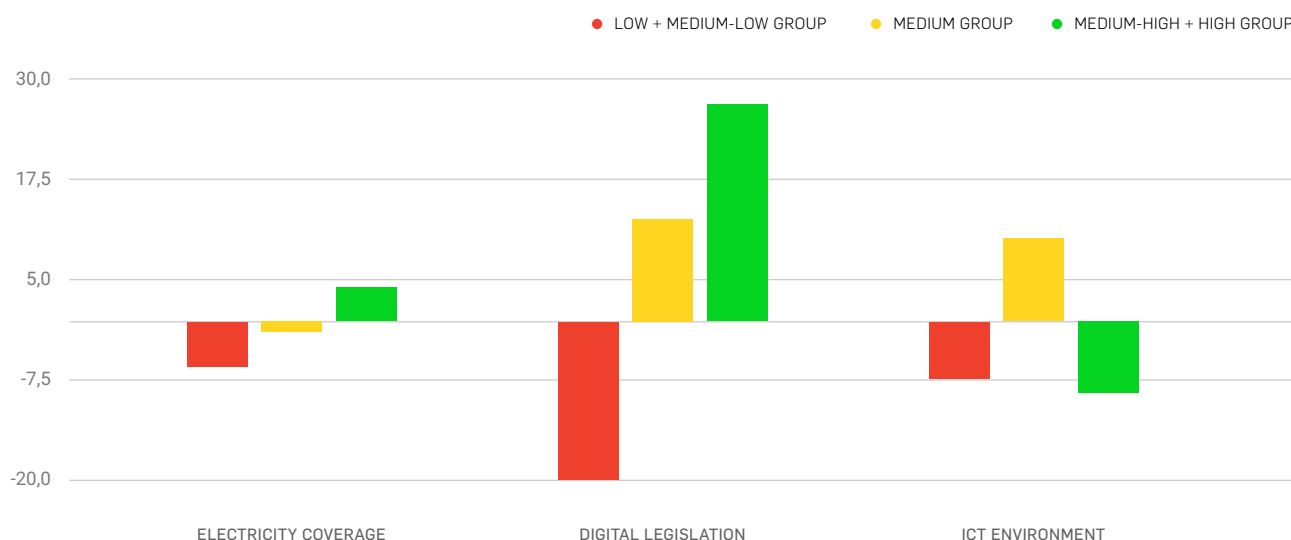
Source: Authors' calculations based on data from WDI, WEO, and WEF.

Figure 8: Main Drivers of Differences in Sector-Level Labor Flexibility in LAC Countries, Conditional on Relative Recovery Potential



Source: Authors' calculations based on data from WDI, WEO, and WEF.

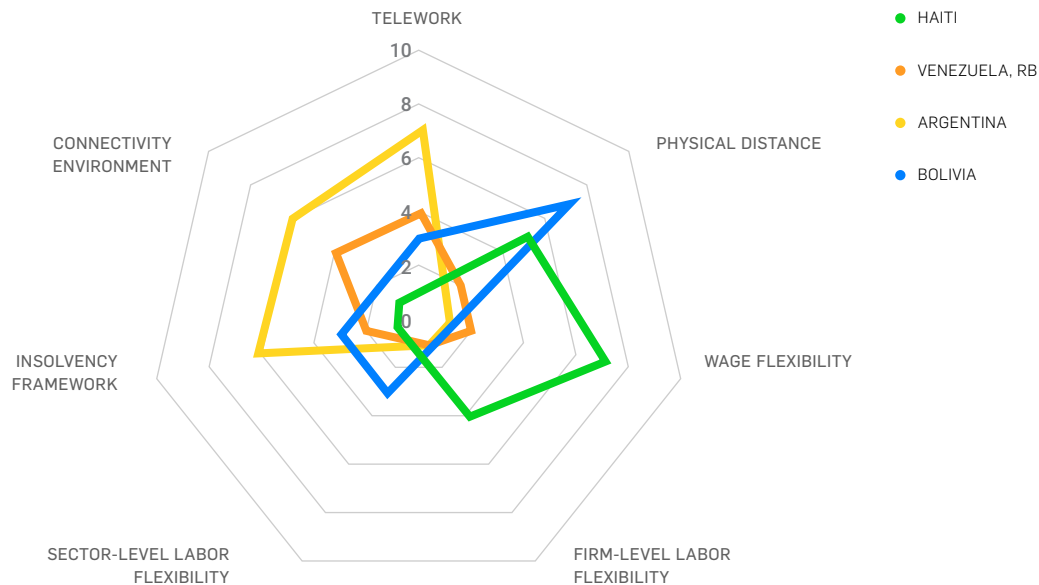
Figure 9: Main Drivers of Differences in Connectivity Environment in LAC Countries, Conditional on Relative Recovery Potential



Source: Authors' calculations based on data from WDI, WEO, and WEF.

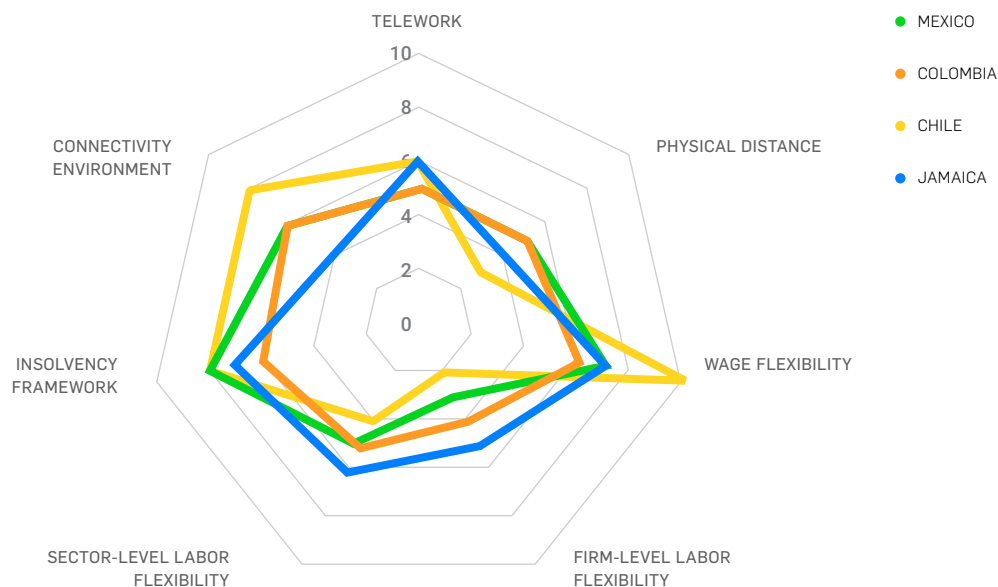
Although, in general, differences between countries in the top and lower part of the distribution are driven by the aforementioned factors, it is worth noting that there are some marked within-group differences, particularly among countries in the lower part of the distribution. Figure 10 presents the relative positions for the variables within supply factors for countries in the lower part of the distribution (low and medium-low) that also rank at the bottom of the distribution in supply factors, showing that these countries lag in supply-side factors for very different reasons. This is different from the case of countries in the upper part of the distribution (Chile, Colombia, Mexico), as shown in Figure 11, where there is a similar “profile” of supply components but with different magnitudes.

Figure 10: Supply-Side Factors for LAC Countries in the Lowest Decile of Supply Factors



Source: Authors’ calculations based on data from WDI, WEO, and WEF.

Figure 11: Supply-Side Factors for LAC Countries in the Highest Deciles of Supply Factors (5 and 6)



Source: Authors’ calculations based on data from WDI, WEO, and WEF.

Financial conditions, demand factors, and policy space

Together with supply factors, financial conditions present the largest differences with non-LAC countries and countries of similar income levels. Again, since each variable within financial factors is weighted equally, the variations relative to the group mean can point to the main factors driving this difference. As can be seen from Figure 12, the situation is one of general differences in financial development, with the largest difference observed in financing to SMEs. In terms of demand factors, differences mostly relate to market size and the relative importance of tourism in GDP. Interestingly, the expected growth shock is more severe among the economies that appear to be better positioned for recovery (see Figure 13). Finally, in terms of the factors relating to the policy space, the most significant differences appear in the level of debt and its dynamics because (except for a few cases) the region has managed to stabilize the macroeconomy and income discrepancies are not as significant on average.

Figure 12: Main Drivers of Differences in Financial Conditions in LAC Countries, Conditional on Relative Recovery Potential



Source: Authors' calculations based on data from WDI, WEO, and WEF.

Figure 13: Main Drivers of Differences in Demand Factors in LAC Countries, Conditional on Relative Recovery Potential



Source: Authors' calculations based on data from WDI, WEO, and WEF.

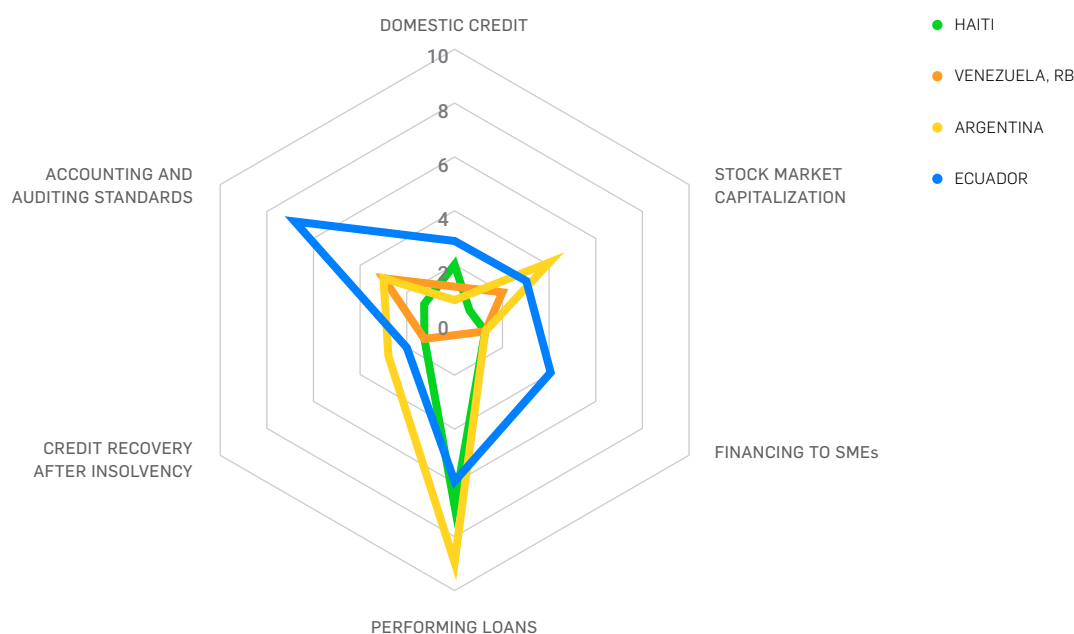
Figure 14: Main Drivers of Differences in Policy Space in LAC Countries, Conditional on Relative Recovery Potential



Source: Authors' calculations based on data from WDI, WEO, and WEF.

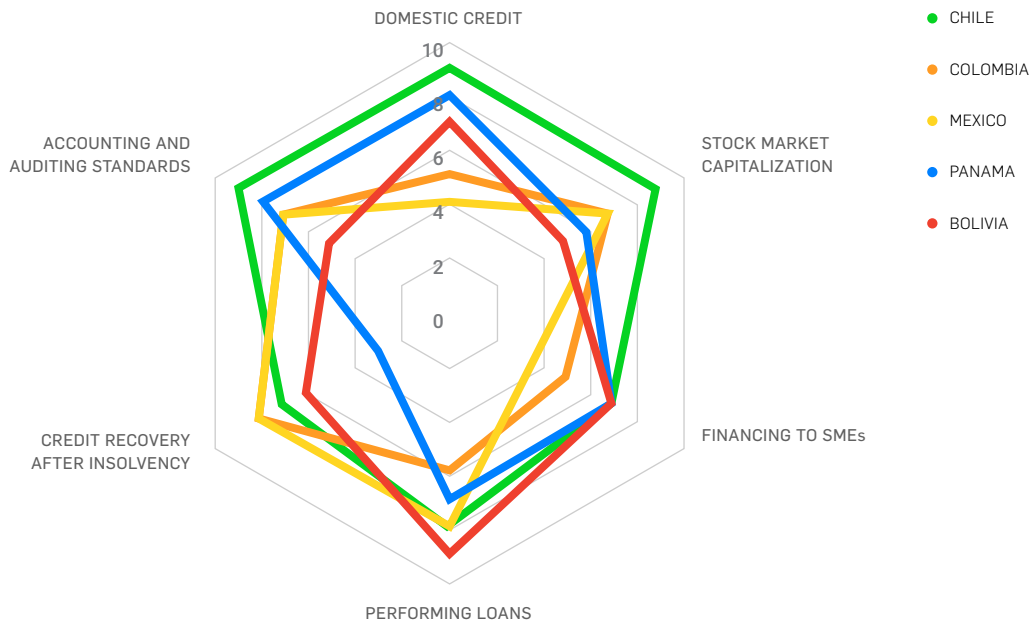
For financial factors, some differences emerge between countries in the upper and lower part of the distribution. Figure 15 presents the relative positions for the variables within financial factors for countries in the lower part of the distribution (low and medium-low), showing that countries like Haiti, Venezuela, and Argentina lag in financial factors due to lack of effort in financing SMEs and in capacity for credit recovery after insolvency. This is different from the case of countries in the upper part of the distribution (Chile, Panama, and Bolivia), as shown in Figure 16, where there is a similar “profile” of financial components but with different magnitudes.

Figure 15: Financial Factors for LAC Countries in the Highest Decile of Financial Factors



Source: Authors' calculations based on data from WDI, WEO, and WEF

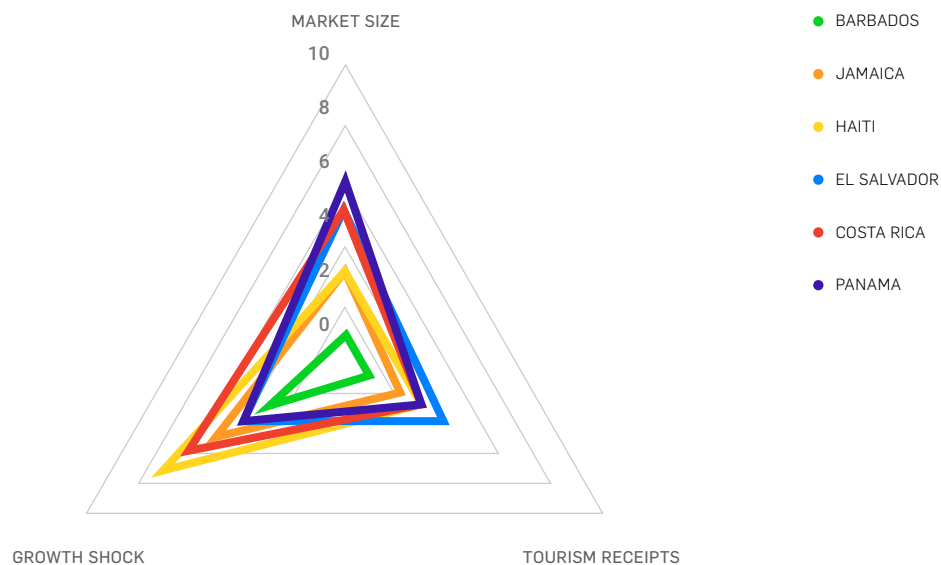
Figure 16: Financial Factors for LAC Countries in the Highest Decile of Financial Factors



Source: Authors’ calculations based on data from WDI, WEO, and WEF

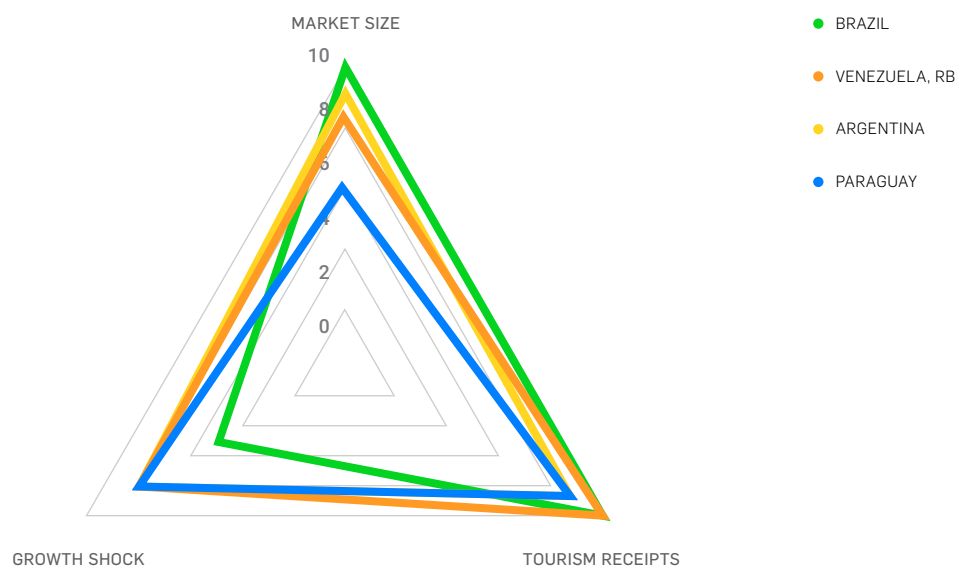
Differences in demand factors between countries are driven mainly by market size and the relevance of tourism as an external source of income. Those drivers explain the position in the lowest decile of the distribution for Barbados, Jamaica, and Haiti and the relatively better position for Brazil, Venezuela, and Argentina (see Figures 17 and 18).

Figure 17: Demand Factors for LAC Countries in the Lowest Decile of Demand Factors



Source: Authors' calculations based on data from WDI, WEO, and WEF.

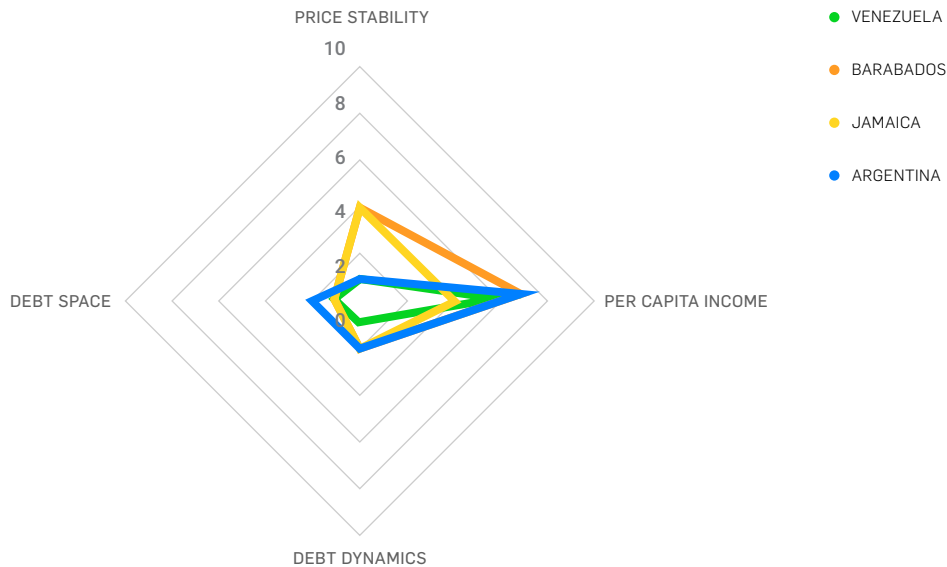
Figure 18: Demand Factors for LAC Countries in the Highest Decile of Demand Factors



Source: Authors' calculations based on data from WDI, WEO, and WEF.

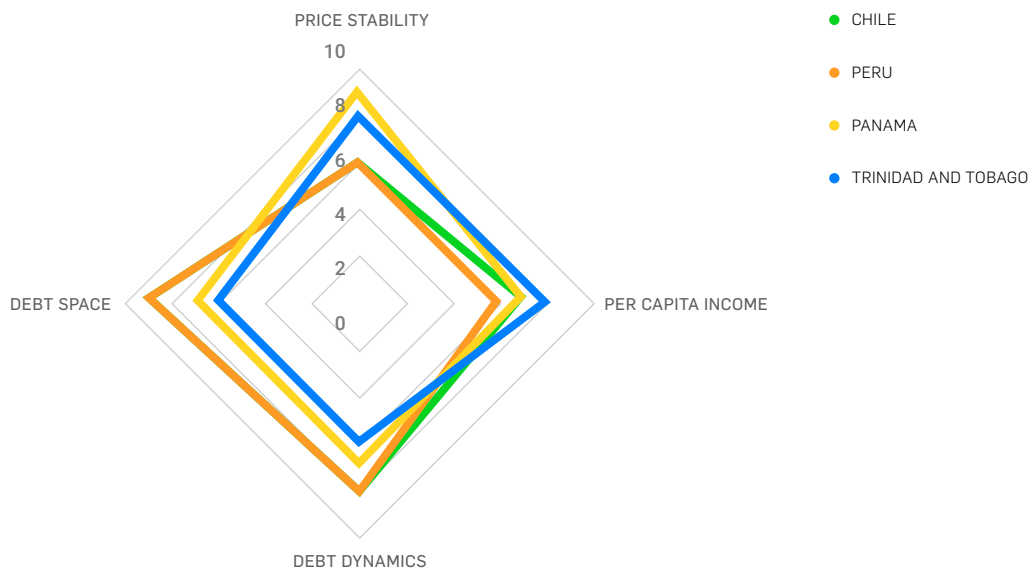
Finally, debt demand and debt space seem to be the main drivers in terms of policy conditions helping recovery, although price stability could be an additional factor to be considered in some countries like Argentina and Venezuela that are also lagging in monetary stability (see Figures 19 and 20).

Figure 19: Demand Factors for LAC Countries in the Lowest Decile of Demand Factors



Source: Authors’ calculations based on data from WDI, WEO, and WEF.

Figure 20: Demand Factors for LAC Countries in the Highest Decile of Demand Factors



Source: Authors’ calculations based on data from WDI, WEO, and WEF.

3.3. Discussion

The economic crisis that ensued in the wake of the COVID-19 pandemic has forced countries to implement supporting and countercyclical policies in a context of very limited information. In the face of this situation, much effort is being devoted to establishing appropriate theoretical and quantitative frameworks that can contribute to better policy design. As part of these efforts, IFD/CMF developed a quantitative and qualitative framework aimed to assess sectoral vulnerability to the COVID-19 pandemic in various borrowing countries of the IDB.³³ With the policy focus shifting to policies and programs aimed to support the economic recovery, this note follows an heuristic approach, leveraging the framework developed to assess the sector vulnerabilities to the pandemic to assess the distribution of initial conditions for economic recovery. The main similarities with the framework for assessing sector vulnerabilities are the structuring of the logical framework in four pillars or groups of factors (supply-side, demand-side, financial, and policy) and the use of widely accepted economic concepts and results to guide the selection of the variables to consider within each pillar. On the other hand, the main difference from the vulnerability framework is the use of highly standardized and comparable data and coverage (the resulting indices cover most countries in the region and the rest of the world).

The initial results have been outlined in the previous sections and can be summarized as follows:

The resulting index and its components are significantly correlated with key economic variables (GDP growth, changes in unemployment, and elasticities of employment and unemployment to GDP growth), with the expected signs according the economic theory.

After accounting for supply factors, demand factors, financial conditions, and policy space, LAC countries have, on average, less favorable initial conditions for recovery when compared to the rest of the world or against countries with similar income levels.

Supply factors and financial conditions appear as the key areas contributing to the relatively less favorable national conditions for recovery.

³³ Argentina, the Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay, and Venezuela. The resulting data is available at Fernández Díez, Támara, and Vasa (2020) and a methodological note can be found at <https://publications.iadb.org/publications/spanish/document/Percepcion-de-vulnerabilidad-al-COVID-19-para-micro-pequenas-y-medianas-empresas-en-America-Latina-y-el-Caribe.pdf>.

In addition to these results, the nature of the index allows the results to be decomposed into the underlying factors to better understand the specific situations placing a country higher or lower in the distribution of relative conditions for recovery. For instance, there are three LAC countries in the lowest decile of the global distribution of initial conditions for recovery: Haiti, Venezuela, and Barbados; however, the combination of factors driving them to that position is different for each one (see Table 3 and Figure 10). Alternatively, for the top three LAC countries in the global distribution of initial conditions for recovery (Chile, Colombia, and Mexico), the combination of factors is more homogeneous, as can be seen from Table 3 and Figure 11.

Furthermore, given the common structure and the use of standardized information, the framework allows for some comparative statics. Table 8 considers the situation in four countries: Haiti, Argentina, Nicaragua, and Paraguay. The first two countries are in a relatively low position in the distribution of recovery conditions, in part because of their low scores in supply factors. However, the relatively low supply scores are due to very different reasons. In the case of Argentina, there is significant rigidity in the labor markets (captured by low values in wage flexibility, firm-level labor flexibility, and sector-level labor flexibility);³⁴ alternatively, Haiti places low in the distribution mostly because of its low scores when it comes to telework potential, connectivity environment, and insolvency framework. Table 8 presents a simple simulation of the impact of two different policy interventions—namely one that would increase flexibility in labor conditions in Argentina and another that would improve the connectivity environment, telework potential, and insolvency framework in Haiti. The upper panel in the table describes the current situation, while the middle and lower panels present the results that could be observed if these countries introduced reforms that put the aforementioned variables at the same level as the best LAC countries (or the median countries in the lower panel). Table 8 also considers the case of a policy that would improve financial conditions in Nicaragua and Paraguay (countries that display a relatively low position when it comes to financial conditions). In this case, the exercise considers a change that would put financing to SMEs, credit recovery after insolvencies, and accounting standards at the same levels observed for the best and median countries in the region.

³⁴ See Appendix 1 for methodological details.

Table 8: Possible Improvements in Initial Conditions for Recovery (selected comparative statics)

| | Haiti | Argentina | Nicaragua | Paraguay |
|--|-------|-----------|-----------|----------|
| Actual values and ordering | | | | |
| Recov19 | 3.42 | 4.45 | 4.39 | 5.43 |
| Relative position | 1 | 3 | 3 | 6 |
| Supply factors | 2.86 | 3.29 | - | - |
| Relative position | 1 | 1 | - | - |
| Financial factors | - | - | 4.67 | 4.33 |
| Relative position | - | - | 4 | 4 |
| Counterfactual with key variables at best-performing values | | | | |
| Recov19 | 4.24 | 5.16 | 4.89 | 5.89 |
| Δ% Recov19 | 24 | 16 | 11 | 8 |
| Relative position | 2 | 5 | 4 | 7 |
| Supply factors | 6.14 | 6.14 | - | - |
| Δ% Supply factors | 115 | 87 | - | - |
| Relative position | 7 | 7 | - | - |
| Financial factors | - | - | 6.67 | 6.17 |
| Δ% Financial factors | - | - | 43 | 42 |
| Relative position | - | - | 7 | 7 |
| Counterfactual with key variables at median values | | | | |
| Recov19 | 3.85 | 4.66 | 4.50 | 5.49 |
| Δ% Recov19 | 13 | 5 | 2 | 1 |
| Relative position | 2 | 3 | 3 | 6 |
| Supply factors | 4.57 | 4.00 | - | - |
| Δ% Supply factors | 60 | 22 | - | - |
| Relative position | 4 | 4 | - | - |
| Financial factors | - | - | 5.08 | 4.58 |
| Δ% Financial factors | - | - | 9 | 6 |
| Relative position | - | - | 5 | 4 |

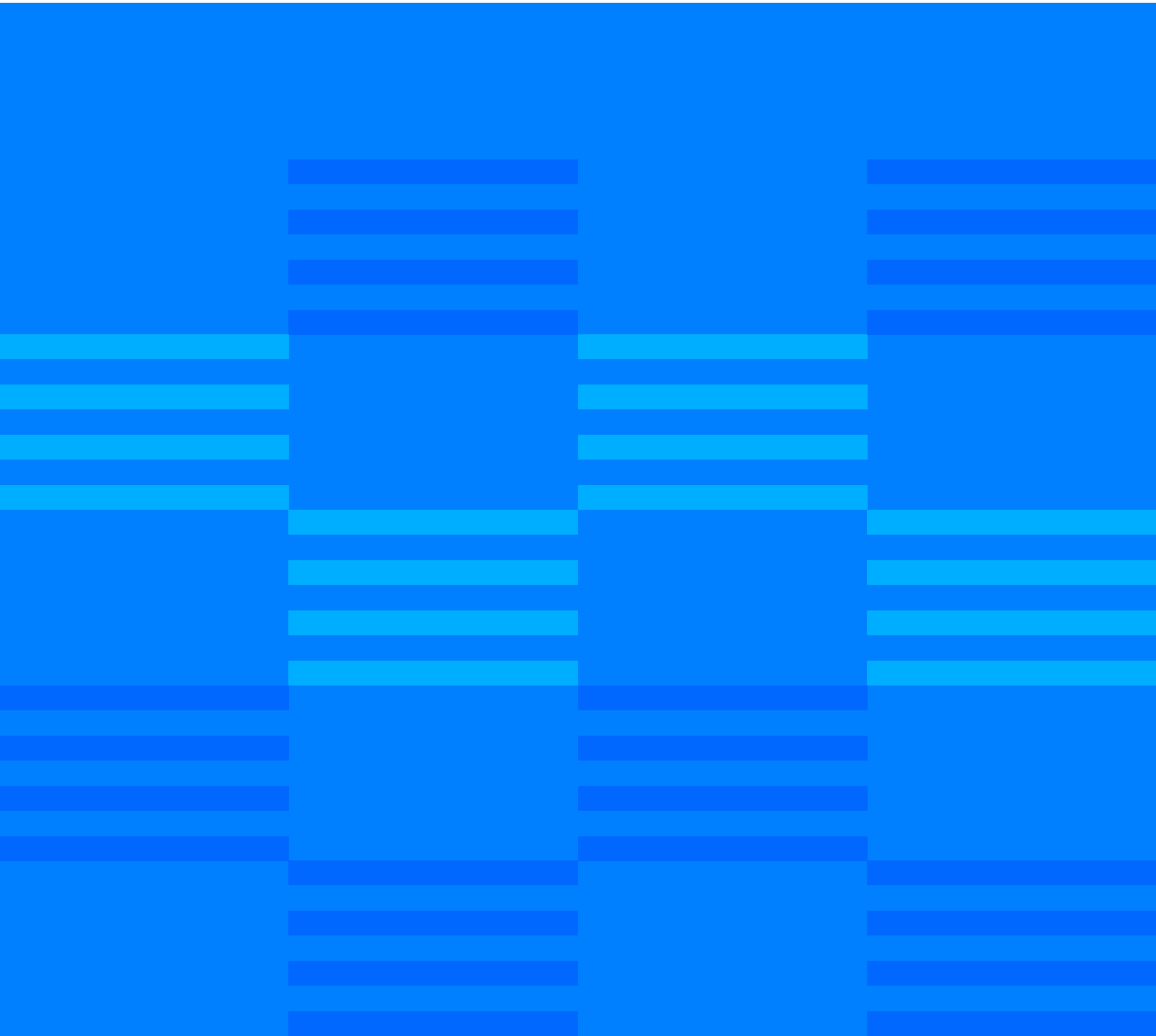
Source: Authors' calculations based on data from WDI, WEO, and WEF.

What policy implications follow from this framework and the results derived from it? First, it stresses the notion that one size does not fit all. Second, it is important to note that the potential gains from policy interventions will vary depending on the factors being addressed and their relative position. For instance, from the initial validation (see Section 3.1 and Tables 2 and 3), it follows that supply-side and financial factors are key drivers for a country's relatively low position in terms of the potential for recovery based on initial conditions. However, there is a substantial degree of heterogeneity in terms of the specific factors for each country. In some cases, the labor market rigidities are so stringent that they overshadow other aspects (such as a relatively good infrastructure). Third, not all the underlying factors can be easily addressed, particularly in the short term. For instance, a particularly underdeveloped infrastructure is unlikely to be reasonably resolved in just a few years; if this is the case, attention should be given to those variables with the highest return in terms of the policy objectives. Also, it is important to note that the rate of public investment is not the only factor that may be difficult to change. Some institutional elements embodied in very strong legislation are also unlikely to be changed without significant (political) efforts.³⁵

In short, as already indicated, the results of this exercise indicate that one size does not fit all; countries have heterogeneous initial conditions determined by multiple factors in four areas; and it is important to understand countries' individual profiles when it comes to designing policies to promote recovery. The index developed in this note aims to provide a first reference to understand the heterogeneous positioning of the countries in the region when it comes to initial conditions for recovery, and it does so using available standardized information within an ad-hoc heuristic framework.

³⁵ There are other relevant considerations. For instance, some variables within the index cannot be addressed directly. Such is the case of financial development, captured in part by the ratio of domestic credit to GDP. See Izquierdo et al. (2020) for a more in-depth discussion on regulatory reforms.

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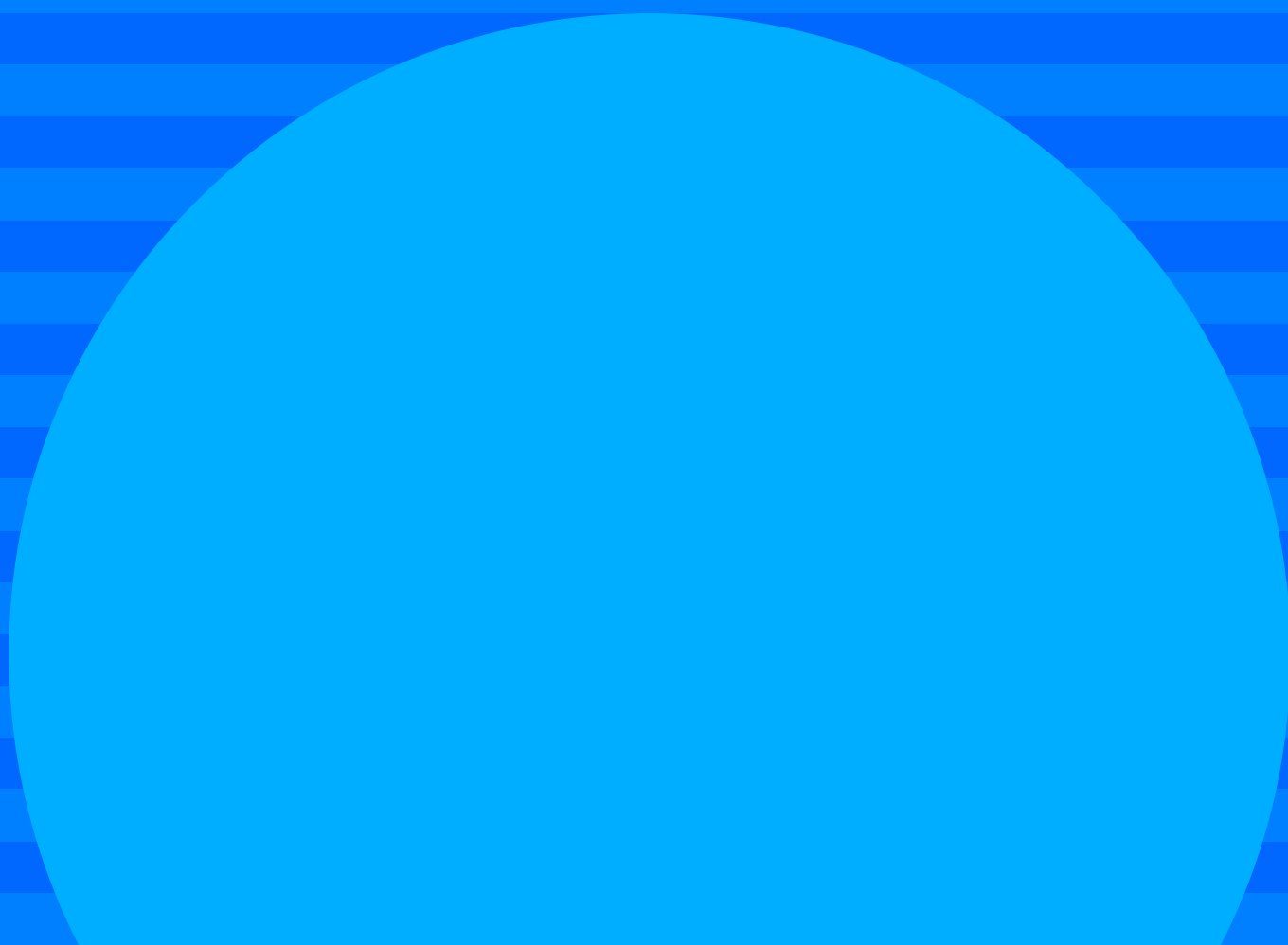
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Appendix 1: Definitions and Methods



The Recov19 index results from the aggregation of multiple indicators into various indices (supply factors, demand factors, financial conditions, and policy space) that, in turn, are aggregated into a final measure that is deemed to approximate the relative position of each country in a scale of conditions favoring their recovery from the COVID-19 crisis. Each concept or factor within a group is given the same weight, which is determined by the number of variables.³⁶ To aggregate multiple concepts within one set of factors, first we compute the deciles of the distribution considering all countries (136 countries), and then we assign each country to the corresponding segment.³⁷ The resulting values are then averaged at each round of aggregation. Thus, the resulting index is akin to an average of score cards, with values from 1 to 10 depending on the position of the country in the distribution of the variable (considering all countries, not just LAC). It is worth noting that all components have been defined such that a higher value indicates a better position.³⁸

| S | Supply-side factors Average value of components S01 to S07 |
|-----|---|
| S01 | Separation index The proximity index is a weighted average by sector participation of the proximity sector index proposed by Leibovici, Santacreu, and Famiglietti (2020). Sector weights correspond to the labor shares in agriculture, industry, and services as reported in the WDI indicators. |
| S02 | Telework The telework potential at the country level is taken from Dingel and Neiman (2020). To increase the number of countries with observations, missing values are imputed using three alternative models (each one requiring less information). The first round of imputation is done after estimating a linear regression model using the following covariates: PPP per capita income; PPP per capita income squared labor shares in agriculture, industry, and services; and a measure of digital skills in the population taken from WB/WDI and WEF/GCR datasets. The second round of imputation removes the measure of digital skills and the third round additionally removes labor shares. |
| S03 | Wage flexibility “Flexibility of wage determination” comes from the response to the survey question “In your country, how are wages generally set?” [1 = by a centralized bargaining process; 7 = by each individual company] 2018–2019 weighted average or most recent period available. WEF/GCR. |

³⁶ A given concept may contain more than one variable. For instance, “connectivity environment” within the supply-side factors comprises seven different variables. If there are X concepts within one set of factors, then each concept is weighted by 1/X. Similarly, if there are Z variables in a concept, each variable is weighted by 1/Z.

³⁷ Consider two concepts, A and B. For each one, first we compute the distribution for all countries and then identify the cut-off points that define each part representing 1/10 of the sample and assign the countries accordingly. Then, we simply take the average of those values across the multiple concepts. Finally, we repeat the procedure for further aggregation.

³⁸ For instance, the “proximity index” for occupations has been transformed into a “separation index,” and the NPL ratio has been transformed into a PL (Performing Loans) rate.

| S | Supply-side factors Average value of components S01 to S07 |
|-----|---|
| S04 | <p>Firm-level labor flexibility</p> <p>Average of the following three variables as reported in the WEF/GCR:</p> <ul style="list-style-type: none"> ➢ “Redundancy costs”: Measures the cost of advance notice requirements and severance payments due when terminating a redundant worker, expressed in weeks of salary 2018 The average value of notice requirements and severance payments applicable to a worker with 1 year of tenure, 5 years of tenure, and 10 years of tenure is considered. ➢ “Hiring and firing practices”: Response to the survey question “In your country, to what extent do regulations allow for the flexible hiring and firing of workers?” [1 = not at all; 7 = to a great extent] 2018–2019 weighted average or most recent period available. ➢ “Cooperation in labor-employer relations”: Response to the survey question “In your country, how do you characterize labor-employer relations?” [1 = generally confrontational; 7 = generally cooperative] 2018–2019 weighted average or most recent period available. <p>Aggregation is done over the deciles computed over the entire world distribution. In the case of redundancy costs, the ordering is reversed so higher values indicate a better situation in all variables. WEF/GCR.</p> |
| S05 | <p>Sector-level labor flexibility</p> <p>Average of the following three variables as reported in the WEF/GCR:</p> <ul style="list-style-type: none"> ➢ “Active labor market policies”: Response to the survey question “In your country, to what extent do labor market policies help unemployed people to reskill and find new employment (including skills matching, retraining, etc.)?” [1 = not at all; 7 = to a great extent] 2018–2019 weighted average or most recent period available. ➢ “Internal labor mobility”: Response to the survey question “In your country, to what extent do people move to other parts of the country for professional reasons?” [1 = not at all; 7 = to a great extent] 2018–2019 weighted average or most recent period available. ➢ “Pay and productivity”: Response to the survey question “In your country, to what extent is pay related to employee productivity?” [1 = not at all; 7 = to a great extent] 2018–2019 weighted average or most recent period available. <p>Aggregation is done over the deciles computed over the entire world distribution. WEF/GCR.</p> |
| S06 | <p>Connectivity environment</p> <p>Average of the following three variables as reported in the WEF/GCR:</p> <ul style="list-style-type: none"> ➢ ICT adoption, which in turn is an aggregate of the following variables: <ul style="list-style-type: none"> • Mobile-cellular telephone subscriptions. Number of mobile-cellular telephone subscriptions per 100 population 2018 or most recent period available. This indicator includes post-paid subscriptions, active prepaid accounts (i.e., that have been active during the past three months) and all mobile-cellular subscriptions that offer voice communications. • Mobile-broadband subscriptions. Number of active mobile-broadband subscriptions per 100 population 2018 or most recent period available. This indicator includes standard mobile-broadband subscriptions and dedicated mobile-broadband data subscriptions to the public internet. |

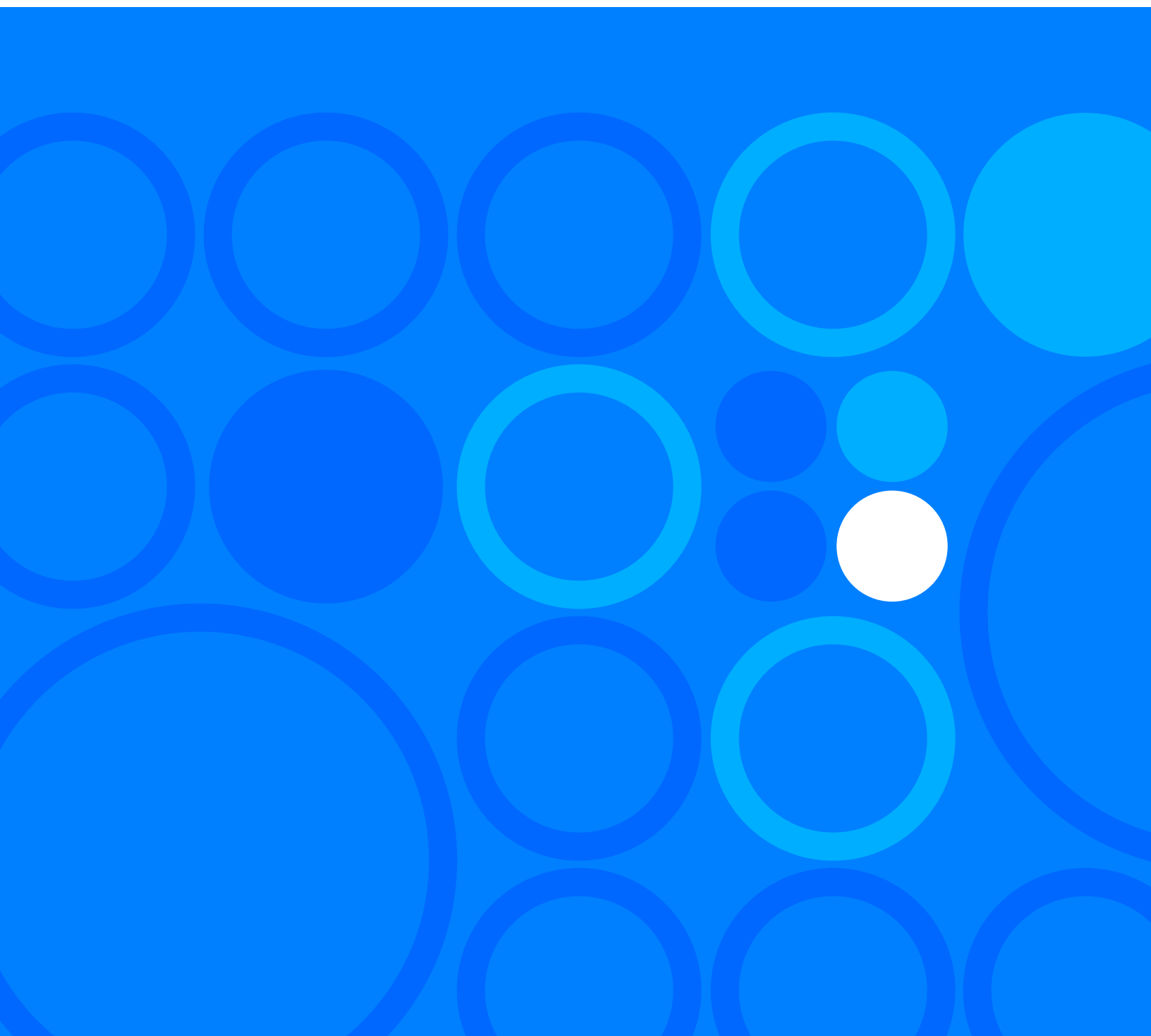
| S | Supply-side factors Average value of components S01 to S07 |
|-----|---|
| S06 | <ul style="list-style-type: none"> Fixed-broadband internet subscriptions. Number of fixed-broadband internet subscriptions per 100 population 2018 or most recent period available. This indicator refers to the number of subscriptions for high-speed access to the public internet (a TCP/IP connection), including cable modem, DSL, fiber, and other fixed (wired) broadband technologies such as Ethernet, LAN, and broadband over powerline communications. Fiber internet subscriptions. Fiber-to-the-home/building internet subscriptions per 100 population 2017 or most recent period available. This indicator refers to the number of internet subscriptions using fiber-to-the-home or fiber-to-the-building at downstream speeds equal to or greater than 256 kb/s. This should include subscriptions where fiber goes directly to the subscriber's premises or fiber-to-the-building subscriptions that terminate no more than two meters from an external wall of the building. Fiber to-the-cabinet and fiber-to-the-node are excluded. Internet users. Percentage of individuals who used the internet from any location and for any purpose, irrespective of the device and network used, in the last three months 2018 or most recent period available. <p> > Legal framework's adaptability to digital business models. Response to the survey question "In your country, how fast is the legal framework of your country adapting to digital business models (e.g., e-commerce, sharing economy, fintech, etc.)?" [1 = not fast at all; 7 = very fast] 2018–2019 weighted average or most recent period available. In the case of the legal framework there were two rounds of imputations. In the first one, the model considered property rights, burden of government regulation, and ICT adoption; in the second round the model considered PPP per capita income. </p> <p> > Electricity coverage. WB/WDI and WEF/GCR. </p> |
| S07 | Insolvency framework Insolvency regulatory framework is scored on an index that measures the adequacy and integrity of the legal framework applicable to liquidation and reorganization proceedings. Scores range from 0 to 16, with higher values indicating insolvency legislation that is better designed for rehabilitating viable firms and liquidating non-viable ones. 2018. The index is calculated as the sum of the scores on the commencement of proceedings index, management of debtor's assets index, reorganization proceedings index, and creditor participation index. More details about the methodology can be found at https://www.doingbusiness.org/en/methodology/resolving-insolvency . There was one round of imputation for countries with missing values, using the shares of value added in agriculture and industry, the contribution of investment to GDP (and investment squared), and PPP per capita income (and income squared). WEF/GCR. |
| D | Demand-side factors Average value of components D01 and D02. Aggregation is done over the deciles computed over the entire world distribution. In the case of tourism, the ordering is reversed so higher values indicate a better situation in all variables. |
| D01 | Market size Gross domestic product, billions, PPP. WB/WDI. |

| | |
|----------|--|
| D | Demand-side factors Average value of components D01 and D02. Aggregation is done over the deciles computed over the entire world distribution. In the case of tourism, the ordering is reversed so higher values indicate a better situation in all variables. |
| D02 | Share of international tourism receipts in GDP Ratio of international tourism receipts to GDP in current US\$. WB/WDI. |
| D03 | Expected growth shock Difference in expected GDP between October 2019 and April 2020. IMF/WEO. |
| F | Financial factors Average value of components F01 to F06. Aggregation is done over the deciles computed over the entire world distribution. |
| F01 | Domestic credit to GDP Domestic credit to GDP. WB/WDI. |
| F02 | Market capitalization Stock market capitalization to GDP. WB/WDI and WEF/GCR. The total value of listed domestic companies expressed as a percentage of GDP 2014–2016 moving average. Calculated as the share price of all listed domestic companies multiplied by the number of their outstanding shares. Investment funds, unit trusts, and companies whose only business goal is to hold shares of other listed companies are excluded. Data are end-of-year values. WB/WDI and WEF/GCR. |
| F03 | Strength of auditing and accounting standards Strength of auditing and accounting standards comes from the response to the survey question “In your country, how strong are financial auditing and reporting standards?” [1 = extremely weak; 7 = extremely strong] 2018–2019 weighted average or most recent period available. WEF/GCR. |
| F04 | Financing of SMEs Financing of SMEs comes from the response to the survey question “In your country, to what extent can small- and medium-sized enterprises (SMEs) access finance they need for their business operations through the financial sector?” [1 = not at all; 7 = to a great extent] 2018–2019 weighted average or most recent period available. WEF/GCR. |
| F05 | Performing loans, percent of gross total loans Defined as (100– Non-performing loans, percent of gross total loans). Non-performing loans: The ratio of the value of non-performing loans divided by the total value of the loan portfolio of all banks operating in a country. 2017. Defaulting loans are payments of interest and principal past due by 90 days or more. The loan amount recorded as non-performing includes the gross value of the loan as recorded on the balance sheet, not just the amount that is overdue. WB/WDI and WEF/GCR. |

| | |
|------------|--|
| F | Financial factors Average value of components F01 to F06. Aggregation is done over the deciles computed over the entire world distribution. |
| F06 | Insolvency recovery rate, cents on the dollar Insolvency recovery rate is recorded as cents on the dollar recovered by secured creditors through judicial reorganization, liquidation, or debt enforcement (foreclosure or receivership) proceedings. 2018. The calculation takes into account the outcome, whether the business emerges from the proceedings as a going concern or the assets are sold piecemeal. Then the costs of the proceedings are deducted (1 cent for each percentage point of the value of the debtor's estate). Finally, the value lost as a result of the time the money remains tied up in insolvency proceedings is taken into account. More details about the methodology can be found at https://www.doingbusiness.org/en/methodology/resolving-insolvency . WEF/GCR. |
| P | Policy space factors Aggregation is done over the deciles computed over the entire world distribution. In the case of inflation, the ordering is reversed so higher values indicate a better situation in all variables. |
| P01 | Per capita income, PPP dollars Per capita gross domestic product, PPP. WB/WDI. |
| P02 | Consumer price inflation Consumer price inflation. WB/WDI. |
| P03 | Government debt Central government debt, total (percent of GDP). WB/WDI. |
| P04 | Debt dynamics Debt dynamics is an index measuring the change in public debt, weighted by a country's credit rating and debt level in relation to its GDP. 2018–2019. This indicator is a category-based min-max normalization of the debt change. The debt change is the difference between 2017 and 2018 of the debt-to-GDP ratio expected values. To transform the debt change value into a 0 to 100 score, each country was assigned to a specific category that determined the value boundaries. Categories are based on three criteria: general credit rating, government debt-to-GDP level for the year 2017, and country classification (1 if country is considered advanced, 0 otherwise, according to IMF's classification). The general credit rating for each country is computed as the average of Fitch, Standard and Poor's (S&P) and Moody's credit ratings. A country's rating is considered "investment grade 1" for S&P's grades AAA to A, Moody's grades Aaa to A1, and Fitch's grades AAA to A. A country's rating is considered "investment grade 2" for S&P's grades A- to BBB-, Moody's grades Baa3 to Baa1, and Fitch's grades A- to BBB+. A country's rating is considered "speculative" for S&P's grades BB+ to CCC+, Moody's grades Ba3 to Caa2, and Fitch's grades BBB- to B-. A country credit rating is considered "default" for S&P's grade SD, Moody's grades Caa1 and C, and Fitch's grades CC and RD. Based on these criteria, 12 cases were identified: (1) if a country's average rating is rated as "investment grade 1" and its debt-to-GDP level is less than 60 percent, its debt change is normalized to 100; (2) if a country's average rating is rated as "investment grade 1" and its debt-to-GDP level is less than 110 percent, its debt change is normalized to a score between 90 and 100; (3) if a country's average rating is graded as "investment grade 1" and its debt-to-GDP level is greater than 110 percent, its debt change is normalized to a score between 80 and 90; (4) if the average credit rating is rated as "investment grade 2" and the debt level is lower than 110 percent, its debt change is normalized to a score between 70 and 80; (5) if the average credit rating is "investment grade 2" and the debt level is greater than 110 percent, its debt change is normalized to a score between 60 and 70; |

| P | Policy space factors Aggregation is done over the deciles computed over the entire world distribution. In the case of inflation, the ordering is reversed so higher values indicate a better situation in all variables. |
|---------|---|
| P04 | <p>(6) if the average credit rating is “speculative,” the debt level is less than 110 percent, and the country classification is “advanced,” its debt change is normalized to a score between 50 and 60; (7) if the average credit rating is “speculative,” the debt level is greater than 110 percent, and the country classification is “advanced,” its debt change is normalized to a score between 40 and 50; (8) if the average credit rating is “speculative,” the debt level is less than 60 percent, and the country classification is “developing,” its debt change is normalized to a score between 40 and 50; (9) if the average credit rating is “speculative,” the debt level is greater than 60 percent, and the country classification is “developing,” its debt change is normalized to a score between 30 and 40; (10) if the average credit rating is “default,” the debt change is normalized to a score between 0 and 30; (11) if a country does not receive a credit rating from any rating agency and its debt level is below 60 percent, its debt change is normalized to a score between 40 and 50; and (12) if a country does not receive a credit rating from a rating agency and its debt is above 60 percent of GDP, its debt change is normalized to a score between 30 and 40. To determine the final value of the debt dynamics indicator within the assigned boundaries, we’ve calculated the normalized debt change, which ranges from a minimum observed value of 0 and a maximum observed value of 20. As part of the normalization process, we assigned a score equivalent to the minimum value of each bracket if the debt change was 20 percent or higher; assigned the maximum value of the bracket if the debt change was 0 percent or lower; and assigned a score between the two values if the debt change was between 0 percent and 20 percent.</p> <p>Main data sources:</p> |
| WB/WDI | World Bank, World Development Indicators |
| WEF/GCR | World Economic Forum, Global Competitiveness Report |
| IMF/WEO | International Monetary Fund, World Economic Outlook |

Appendix 2: Data



| Country name | | Recov19 | | Supply factors | | Demand factors | | Financial conditions | | Policy space | |
|------------------------|----------|---------|-------------------|----------------|-------------------|----------------|-------------------|----------------------|-------------------|--------------|-------------------|
| | ISO code | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position |
| Afghanistan | afg | - | - | - | - | 6.67 | 7 | - | - | 1.00 | 1 |
| Albania | alb | 4.04 | 2 | 6.14 | 7 | 2.67 | 2 | 4.00 | 3 | 3.33 | 3 |
| Algeria | dza | 5.07 | 5 | 4.43 | 3 | 7.67 | 9 | 3.50 | 3 | 4.67 | 4 |
| American Samoa | asm | - | - | - | - | - | - | - | - | - | - |
| Andorra | and | - | - | - | - | - | - | - | - | - | - |
| Angola | ago | 3.58 | 1 | 3.14 | 1 | 8.67 | 10 | 1.17 | 1 | 1.33 | 1 |
| Antigua and Barbuda | atg | - | - | - | - | 1.00 | 1 | - | - | 8.00 | 9 |
| Argentina | arg | 4.45 | 3 | 3.29 | 1 | 8.67 | 10 | 3.50 | 3 | 2.33 | 2 |
| Armenia | arm | 5.08 | 5 | 6.00 | 6 | 3.67 | 2 | 5.00 | 5 | 5.67 | 6 |
| Aruba | abw | - | - | - | - | 1.00 | 1 | - | - | - | - |
| Australia | aus | 7.20 | 9 | 6.29 | 7 | 5.67 | 5 | 9.17 | 9 | 7.67 | 9 |
| Austria | aut | 6.45 | 8 | 6.14 | 7 | 5.00 | 4 | 8.33 | 9 | 6.33 | 7 |
| Azerbaijan | aze | 6.32 | 8 | 8.29 | 10 | 6.00 | 6 | 5.00 | 5 | 6.00 | 7 |
| Bahamas, The | bhs | - | - | - | - | 2.33 | 1 | - | - | 6.00 | 7 |
| Bahrain | bhr | 5.85 | 7 | 7.71 | 10 | 4.67 | 3 | 7.33 | 8 | 3.67 | 3 |
| Bangladesh | bgd | 5.20 | 6 | 3.14 | 1 | 8.67 | 10 | 4.00 | 3 | 5.00 | 5 |
| Barbados | brb | 3.60 | 1 | 4.29 | 3 | 1.67 | 1 | 5.80 | 6 | 2.67 | 2 |
| Belarus | blr | - | - | - | - | 6.67 | 7 | - | - | 6.00 | 7 |
| Belgium | bel | 6.39 | 8 | 5.57 | 6 | 6.00 | 6 | 8.33 | 9 | 5.67 | 6 |
| Belize | blz | - | - | - | - | 1.00 | 1 | - | - | 2.50 | 2 |
| Benin | ben | 4.99 | 4 | 5.29 | 5 | 7.00 | 7 | 2.33 | 1 | 5.33 | 5 |
| Bermuda | bmu | - | - | - | - | - | - | - | - | - | - |
| Bhutan | btn | - | - | - | - | 4.67 | 3 | - | - | 2.50 | 2 |
| Bolivia | bol | 4.67 | 3 | 2.86 | 1 | 5.33 | 5 | 6.50 | 7 | 4.00 | 3 |
| Bosnia and Herzegovina | bih | 5.00 | 4 | 5.00 | 4 | 4.00 | 3 | 4.33 | 4 | 6.67 | 8 |
| Botswana | bwa | 5.14 | 5 | 3.57 | 2 | 3.67 | 2 | 5.33 | 5 | 8.00 | 9 |
| Brazil | bra | 4.96 | 4 | 3.86 | 2 | 8.33 | 10 | 5.00 | 5 | 2.67 | 2 |
| British Virgin Islands | vgb | - | - | - | - | - | - | - | - | - | - |
| Brunei Darussalam | brn | 6.64 | 8 | 6.57 | 8 | 7.33 | 8 | 4.67 | 4 | 8.00 | 9 |
| Bulgaria | bgr | 6.21 | 7 | 6.86 | 9 | 4.67 | 3 | 5.33 | 5 | 8.00 | 9 |
| Burkina Faso | bfa | 4.74 | 3 | 4.14 | 3 | 7.00 | 7 | 2.50 | 1 | 5.33 | 5 |

| Country name | ISO code | Recov19 | | Supply factors | | Demand factors | | Financial conditions | | Policy space | |
|--------------------------|----------|---------|-------------------|----------------|-------------------|----------------|-------------------|----------------------|-------------------|--------------|-------------------|
| | | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position |
| Burundi | bdi | 3.68 | 1 | 4.71 | 4 | 6.00 | 6 | 2.00 | 1 | 2.00 | 1 |
| Cabo Verde | cpv | 3.07 | 1 | 4.29 | 3 | 1.67 | 1 | 3.33 | 3 | 3.00 | 2 |
| Cambodia | khm | 4.50 | 3 | 5.00 | 4 | 3.33 | 2 | 4.33 | 4 | 5.33 | 5 |
| Cameroon | cmr | 4.74 | 3 | 4.14 | 3 | 7.00 | 7 | 2.17 | 1 | 5.67 | 6 |
| Canada | can | 7.68 | 10 | 7.57 | 10 | 7.33 | 8 | 9.83 | 10 | 6.00 | 7 |
| Cayman Islands | cym | - | - | - | - | - | - | - | - | | - |
| Central African Republic | caf | - | - | - | - | 5.00 | 4 | - | - | 1.00 | 1 |
| Chad | tcd | 3.69 | 1 | 3.43 | 2 | 5.00 | 4 | 1.00 | 1 | 5.33 | 5 |
| Channel Islands | chi | - | - | - | - | - | - | - | - | | - |
| Chile | chl | 7.09 | 9 | 5.86 | 6 | 6.67 | 7 | 8.17 | 9 | 7.67 | 9 |
| China | chn | 7.52 | 10 | 6.57 | 8 | 9.33 | 10 | 7.50 | 8 | 6.67 | 8 |
| Colombia | col | 6.24 | 8 | 5.29 | 5 | 7.33 | 8 | 6.33 | 7 | 6.00 | 7 |
| Comoros | com | - | - | - | - | 3.67 | 2 | - | - | 1.00 | 1 |
| Congo, Dem. Rep. | cod | 4.28 | 2 | 3.29 | 1 | 7.00 | 7 | 1.50 | 1 | 5.33 | 5 |
| Congo, Rep. | cog | - | - | - | - | 6.67 | 7 | - | - | 6.00 | 7 |
| Cook Islands | cok | - | - | - | - | - | - | - | - | - | - |
| Costa Rica | cri | 4.88 | 4 | 4.86 | 4 | 4.67 | 3 | 5.33 | 5 | 4.67 | 4 |
| Côte d'Ivoire | civ | 5.24 | 6 | 5.29 | 5 | 7.67 | 9 | 2.67 | 2 | 5.33 | 5 |
| Croatia | hrv | 4.35 | 2 | 4.57 | 4 | 2.67 | 2 | 4.17 | 3 | 6.00 | 7 |
| Cuba | cub | - | - | - | - | 5.00 | 4 | - | - | - | - |
| Curaçao | cuw | - | - | - | - | - | - | - | - | - | - |
| Cyprus | cyp | 5.01 | 5 | 5.86 | 6 | 2.33 | 1 | 5.83 | 6 | 6.00 | 7 |
| Czech Republic | cze | 6.79 | 9 | 7.00 | 9 | 5.00 | 4 | 6.83 | 8 | 8.33 | 10 |
| Denmark | dnk | 7.58 | 10 | 7.00 | 9 | 5.33 | 5 | 9.33 | 10 | 8.67 | 10 |
| Djibouti | dji | - | - | - | - | 7.50 | 9 | - | - | 10.00 | 10 |
| Dominica | dma | - | - | - | - | 1.33 | 1 | - | - | 7.00 | 8 |
| Dominican Republic | dom | 5.06 | 5 | 4.57 | 4 | 5.00 | 4 | 5.33 | 5 | 5.33 | 5 |
| Ecuador | ecu | 4.90 | 4 | 3.43 | 2 | 6.33 | 6 | 4.17 | 3 | 5.67 | 6 |
| Egypt, Arab Rep. | egy | 5.19 | 5 | 6.43 | 7 | 7.33 | 8 | 5.00 | 5 | 2.00 | 1 |
| El Salvador | slv | 4.41 | 3 | 4.14 | 3 | 4.33 | 3 | 5.83 | 6 | 3.33 | 3 |
| Equatorial Guinea | gnq | - | - | - | - | 6.50 | 7 | - | - | 8.00 | 9 |

| Country name | | Recov19 | | Supply factors | | Demand factors | | Financial conditions | | Policy space | |
|--------------------|-----|---------|-------------------|----------------|-------------------|----------------|-------------------|----------------------|-------------------|--------------|-------------------|
| | | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position |
| Eritrea | eri | - | - | - | - | 10.00 | 10 | - | - | - | - |
| Estonia | est | 6.73 | 8 | 8.57 | 10 | 3.00 | 2 | 7.33 | 8 | 8.00 | 9 |
| Eswatini | swz | 4.55 | 3 | 3.00 | 1 | 7.33 | 8 | 3.20 | 3 | 4.67 | 4 |
| Ethiopia | eth | 3.82 | 1 | 2.43 | 1 | 6.67 | 7 | 2.83 | 2 | 3.33 | 3 |
| Faroe Islands | fro | - | - | - | - | - | - | - | - | - | - |
| Fiji | fji | - | - | - | - | 2.00 | 1 | - | - | 4.00 | 3 |
| Finland | fin | 7.42 | 9 | 7.00 | 9 | 6.00 | 6 | 9.33 | 10 | 7.33 | 8 |
| France | fra | 6.61 | 8 | 6.29 | 7 | 6.33 | 6 | 8.17 | 9 | 5.67 | 6 |
| French Polynesia | pyf | - | - | - | - | - | - | - | - | - | - |
| Gabon | gab | 4.20 | 2 | 3.29 | 1 | 7.33 | 8 | 1.83 | 1 | 4.33 | 4 |
| Gambia, The | gmb | 3.38 | 1 | 5.00 | 4 | 4.00 | 3 | 2.83 | 2 | 1.67 | 1 |
| Georgia | geo | 4.64 | 3 | 6.57 | 8 | 2.67 | 2 | 5.00 | 5 | 4.33 | 4 |
| Germany | deu | 7.37 | 9 | 7.14 | 9 | 7.00 | 7 | 8.67 | 9 | 6.67 | 8 |
| Ghana | gha | 4.36 | 3 | 4.43 | 3 | 7.67 | 9 | 3.00 | 2 | 2.33 | 2 |
| Gibraltar | gib | - | - | - | - | - | - | - | - | - | - |
| Greece | grc | 4.18 | 2 | 4.57 | 4 | 3.33 | 2 | 3.83 | 3 | 5.00 | 5 |
| Greenland | grl | - | - | - | - | - | - | - | - | - | - |
| Grenada | grd | - | - | - | - | 1.33 | 1 | - | - | 8.00 | 9 |
| Guam | gum | - | - | - | - | - | - | - | - | - | - |
| Guatemala | gtm | 5.52 | 6 | 4.43 | 3 | 6.67 | 7 | 5.33 | 5 | 5.67 | 6 |
| Guinea | gin | 5.02 | 5 | 5.43 | 5 | 7.67 | 9 | 3.33 | 3 | 3.67 | 3 |
| Guinea-Bissau | gnb | - | - | - | - | 4.67 | 3 | - | - | 4.00 | 3 |
| Guyana | guy | - | - | - | - | 4.00 | 3 | - | - | 6.00 | 7 |
| Haiti | hti | 3.42 | 1 | 2.86 | 1 | 4.33 | 3 | 2.17 | 1 | 4.33 | 4 |
| Honduras | hnd | 4.74 | 3 | 4.14 | 3 | 5.00 | 4 | 5.17 | 5 | 4.67 | 4 |
| Hong Kong SAR | hkg | - | - | - | - | 3.50 | 2 | 10.00 | 10 | 8.33 | 10 |
| Hungary | hun | 5.37 | 6 | 5.14 | 5 | 5.00 | 4 | 6.00 | 7 | 5.33 | 5 |
| Iceland | isl | 6.38 | 8 | 6.86 | 9 | 2.33 | 1 | 8.33 | 9 | 8.00 | 9 |
| India | ind | 6.14 | 7 | 5.71 | 6 | 8.67 | 10 | 5.83 | 6 | 4.33 | 4 |
| Indonesia | idn | 6.96 | 9 | 5.86 | 6 | 8.67 | 10 | 6.67 | 8 | 6.67 | 8 |
| Iran, Islamic Rep. | irn | 5.13 | 5 | 2.86 | 1 | 8.00 | 9 | 4.00 | 3 | 5.67 | 6 |

| Country name | | Recov19 | | Supply factors | | Demand factors | | Financial conditions | | Policy space | |
|------------------|-----|---------|-------------------|----------------|-------------------|----------------|-------------------|----------------------|-------------------|--------------|-------------------|
| | | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position |
| Iraq | irq | - | - | - | - | 6.67 | 7 | - | - | 8.50 | 10 |
| Ireland | irl | 6.29 | 8 | 7.00 | 9 | 5.00 | 4 | 6.17 | 7 | 7.00 | 8 |
| Isle of Man | imn | - | - | - | - | - | - | - | - | - | - |
| Israel | isr | 7.20 | 9 | 7.14 | 9 | 5.67 | 5 | 8.67 | 9 | 7.33 | 8 |
| Italy | ita | 5.37 | 6 | 5.14 | 5 | 6.00 | 6 | 5.00 | 5 | 5.33 | 5 |
| Jamaica | jam | 4.27 | 2 | 5.57 | 6 | 3.33 | 2 | 6.17 | 7 | 2.00 | 1 |
| Japan | jpn | 8.13 | 10 | 7.86 | 10 | 8.67 | 10 | 9.67 | 10 | 6.33 | 7 |
| Jordan | jor | 4.99 | 4 | 6.29 | 7 | 4.67 | 3 | 6.67 | 8 | 2.33 | 2 |
| Kazakhstan | kaz | 6.67 | 8 | 8.00 | 10 | 7.00 | 7 | 4.33 | 4 | 7.33 | 8 |
| Kenya | ken | 5.40 | 6 | 6.29 | 7 | 7.00 | 7 | 4.67 | 4 | 3.67 | 3 |
| Kiribati | kir | - | - | - | - | 10.00 | 10 | - | - | 1.00 | 1 |
| Korea, Rep. | kor | 8.07 | 10 | 6.29 | 7 | 9.33 | 10 | 9.00 | 9 | 7.67 | 9 |
| Kosovo | xkx | - | - | - | - | - | - | - | - | - | - |
| Kuwait | kwt | 7.49 | 10 | 5.14 | 5 | 8.33 | 10 | 7.17 | 8 | 9.33 | 10 |
| Kyrgyz Republic | kgz | 3.88 | 2 | 5.00 | 4 | 3.33 | 2 | 2.83 | 2 | 4.33 | 4 |
| Lao PDR | lao | 4.17 | 2 | 5.00 | 4 | 5.00 | 4 | 3.00 | 2 | 3.67 | 3 |
| Latvia | lva | 5.98 | 7 | 7.43 | 9 | 3.67 | 2 | 5.50 | 6 | 7.33 | 8 |
| Lebanon | lbn | 3.71 | 1 | 4.86 | 4 | 3.00 | 2 | 5.33 | 5 | 1.67 | 1 |
| Lesotho | lso | - | - | - | - | 8.00 | 9 | 2.33 | 1 | 4.67 | 4 |
| Liberia | lbr | - | - | - | - | 5.50 | 5 | - | - | 1.00 | 1 |
| Libya | lby | - | - | - | - | 3.50 | 2 | - | - | 7.00 | 8 |
| Liechtenstein | lie | - | - | - | - | - | - | - | - | - | - |
| Lithuania | ltu | 6.15 | 7 | 7.43 | 9 | 4.33 | 3 | 5.50 | 6 | 7.33 | 8 |
| Luxembourg | lux | 7.10 | 9 | 6.71 | 8 | 4.00 | 3 | 9.00 | 9 | 8.67 | 10 |
| Macao SAR, China | mac | - | - | - | - | 1.00 | 1 | - | - | - | - |
| Madagascar | mdg | 3.95 | 2 | 4.29 | 3 | 5.33 | 5 | 2.20 | 1 | 4.00 | 3 |
| Malawi | mwi | 4.14 | 2 | 3.71 | 2 | 7.00 | 7 | 2.50 | 1 | 3.33 | 3 |
| Malaysia | mys | 7.17 | 9 | 6.86 | 9 | 6.00 | 6 | 9.17 | 9 | 6.67 | 8 |
| Maldives | mdv | - | - | - | - | 1.33 | 1 | - | - | 8.00 | 9 |
| Mali | mli | 4.80 | 4 | 3.86 | 2 | 7.67 | 9 | 2.33 | 1 | 5.33 | 5 |
| Malta | mlt | 6.13 | 7 | 6.86 | 9 | 3.00 | 2 | 7.00 | 8 | 7.67 | 9 |

| Country name | | Recov19 | | Supply factors | | Demand factors | | Financial conditions | | Policy space | |
|--------------------------|----------|---------|-------------------|----------------|-------------------|----------------|-------------------|----------------------|-------------------|--------------|-------------------|
| | ISO code | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position |
| Marshall Islands | mhl | - | - | - | - | 10.00 | 10 | - | - | - | - |
| Mauritania | mrt | 2.92 | 1 | 3.00 | 1 | 5.33 | 5 | 1.00 | 1 | 2.33 | 2 |
| Mauritius | mus | 5.02 | 5 | 5.43 | 5 | 2.33 | 1 | 7.33 | 8 | 5.00 | 5 |
| Mexico | mex | 6.23 | 8 | 5.57 | 6 | 7.00 | 7 | 6.33 | 7 | 6.00 | 7 |
| Micronesia | fsm | - | - | - | - | 10.00 | 10 | - | - | - | - |
| Moldova | mda | 4.52 | 3 | 6.43 | 7 | 4.00 | 3 | 3.00 | 2 | 4.67 | 4 |
| Monaco | mco | - | - | - | - | - | - | - | - | - | - |
| Mongolia | mng | 3.79 | 1 | 5.00 | 4 | 5.00 | 4 | 3.17 | 2 | 2.00 | 1 |
| Montenegro | mne | 4.43 | 3 | 6.57 | 8 | 1.33 | 1 | 6.17 | 7 | 3.67 | 3 |
| Morocco | mar | 5.54 | 6 | 6.00 | 6 | 4.67 | 3 | 6.17 | 7 | 5.33 | 5 |
| Mozambique | moz | 3.37 | 1 | 3.14 | 1 | 6.67 | 7 | 2.67 | 2 | 1.00 | 1 |
| Myanmar | mmr | - | - | - | - | 7.33 | 8 | - | - | 2.00 | 1 |
| Namibia | nam | 4.86 | 4 | 4.29 | 3 | 5.67 | 5 | 5.50 | 6 | 4.00 | 3 |
| Nauru | nru | - | - | - | - | 10.00 | 10 | - | - | - | - |
| Nepal | npl | 5.50 | 6 | 4.00 | 2 | 6.67 | 7 | 6.67 | 8 | 4.67 | 4 |
| Netherlands | nld | 7.39 | 9 | 6.71 | 8 | 5.67 | 5 | 9.50 | 10 | 7.67 | 9 |
| New Caledonia | ncl | - | - | - | - | - | - | - | - | - | - |
| New Zealand | nzl | 7.39 | 9 | 7.57 | 10 | 4.33 | 3 | 9.33 | 10 | 8.33 | 10 |
| Nicaragua | nic | 4.39 | 3 | 3.57 | 2 | 5.00 | 4 | 4.67 | 4 | 4.33 | 4 |
| Niger | ner | - | - | - | - | 6.33 | 6 | - | - | 2.00 | 1 |
| Nigeria | nga | 4.93 | 4 | 4.71 | 4 | 8.00 | 9 | 2.67 | 2 | 4.33 | 4 |
| North Korea | pkd | - | - | - | - | - | - | - | - | - | - |
| North Macedonia | mkd | 5.03 | 5 | 5.29 | 5 | 4.33 | 3 | 4.50 | 4 | 6.00 | 7 |
| Northern Mariana Islands | mnp | - | - | - | - | - | - | - | - | - | - |
| Norway | nor | 7.61 | 10 | 6.43 | 7 | 6.33 | 6 | 9.67 | 10 | 8.00 | 9 |
| Oman | omn | 6.18 | 7 | 6.71 | 8 | 5.67 | 5 | 7.33 | 8 | 5.00 | 5 |
| Pakistan | pak | 5.37 | 6 | 5.14 | 5 | 9.33 | 10 | 4.67 | 4 | 2.33 | 2 |
| Palau | plw | - | - | - | - | 1.00 | 1 | - | - | 6.00 | 7 |
| Panama | pan | 5.47 | 6 | 3.71 | 2 | 4.33 | 3 | 6.50 | 7 | 7.33 | 8 |
| Papua New Guinea | png | - | - | - | - | 8.00 | 9 | - | - | 5.50 | 6 |
| Paraguay | pry | 5.43 | 6 | 3.71 | 2 | 7.67 | 9 | 4.33 | 4 | 6.00 | 7 |

| Country name | | Recov19 | | Supply factors | | Demand factors | | Financial conditions | | Policy space | |
|--------------------------------|----------|---------|-------------------|----------------|-------------------|----------------|-------------------|----------------------|-------------------|--------------|-------------------|
| | ISO code | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position |
| Peru | per | 5.88 | 7 | 4.86 | 4 | 6.00 | 6 | 5.00 | 5 | 7.67 | 9 |
| Philippines | phl | 6.61 | 8 | 7.29 | 9 | 7.33 | 8 | 6.17 | 7 | 5.67 | 6 |
| Poland | pol | 6.57 | 8 | 6.29 | 7 | 6.33 | 6 | 6.33 | 7 | 7.33 | 8 |
| Portugal | prt | 5.05 | 5 | 5.86 | 6 | 3.67 | 2 | 5.67 | 6 | 5.00 | 5 |
| Puerto Rico | pri | - | - | - | - | 7.00 | 7 | - | - | - | - |
| Qatar | qat | 7.30 | 9 | 7.86 | 10 | 5.33 | 5 | 8.00 | 9 | 8.00 | 9 |
| Romania | rou | 6.06 | 7 | 6.57 | 8 | 6.33 | 6 | 4.67 | 4 | 6.67 | 8 |
| Russian Federation | rus | 6.91 | 9 | 7.14 | 9 | 8.00 | 9 | 4.83 | 5 | 7.67 | 9 |
| Rwanda | rwa | 5.02 | 5 | 6.43 | 7 | 5.00 | 4 | 4.33 | 4 | 4.33 | 4 |
| Samoa | wsm | - | - | - | - | 3.00 | 2 | - | - | 2.00 | 1 |
| San Marino | smr | - | - | - | - | 1.00 | 1 | - | - | 7.50 | 9 |
| São Tomé and Príncipe | stp | - | - | - | - | 1.67 | 1 | - | - | 1.00 | 1 |
| Saudi Arabia | sau | 7.85 | 10 | 6.71 | 8 | 8.33 | 10 | 7.00 | 8 | 9.33 | 10 |
| Senegal | sen | 4.61 | 3 | 4.43 | 3 | 7.33 | 8 | 3.00 | 2 | 3.67 | 3 |
| Serbia | srb | 5.39 | 6 | 6.57 | 8 | 5.33 | 5 | 4.33 | 4 | 5.33 | 5 |
| Seychelles | syc | - | - | - | - | 1.00 | 1 | 5.17 | 5 | 5.00 | 5 |
| Sierra Leone | sle | - | - | - | - | 5.33 | 5 | - | - | 1.00 | 1 |
| Singapore | sgp | 7.63 | 10 | 7.86 | 10 | 6.67 | 7 | 9.67 | 10 | 6.33 | 7 |
| Sint Maarten (Dutch part) | sxm | - | - | - | - | - | - | - | - | - | - |
| Slovak Republic | svk | 6.10 | 7 | 5.71 | 6 | 5.00 | 4 | 6.33 | 7 | 7.33 | 8 |
| Slovenia | svn | 5.49 | 6 | 6.14 | 7 | 3.00 | 2 | 6.50 | 7 | 6.33 | 7 |
| Solomon Islands | slb | - | - | - | - | 8.00 | 9 | - | - | - | - |
| Somalia | som | - | - | - | - | 7.00 | 7 | - | - | - | - |
| South Africa | zaf | 5.63 | 7 | 4.00 | 2 | 6.67 | 7 | 7.17 | 8 | 4.67 | 4 |
| South Sudan | ssd | - | - | - | - | 7.33 | 8 | - | - | 1.00 | 1 |
| Spain | esp | 6.18 | 7 | 5.71 | 6 | 5.33 | 5 | 8.00 | 9 | 5.67 | 6 |
| Sri Lanka | lka | 4.62 | 3 | 4.14 | 3 | 6.33 | 6 | 5.67 | 6 | 2.33 | 2 |
| St. Kitts and Nevis | kna | - | - | - | - | 1.00 | 1 | - | - | 7.00 | 8 |
| St. Lucia | lca | - | - | - | - | 1.00 | 1 | - | - | 5.00 | 5 |
| St. Martin (French part) | maf | - | - | - | - | - | - | - | - | - | - |
| St. Vincent and the Grenadines | vct | - | - | - | - | 2.33 | 1 | - | - | 4.00 | 3 |

| Country name | | Recov19 | | Supply factors | | Demand factors | | Financial conditions | | Policy space | |
|--------------------------|-----|---------|-------------------|----------------|-------------------|----------------|-------------------|----------------------|-------------------|--------------|-------------------|
| | | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position | Score | Relative position |
| Sudan | sdn | - | - | - | - | 6.67 | 7 | - | - | 1.00 | 1 |
| Suriname | sur | - | - | - | - | 4.33 | 3 | - | - | 3.00 | 2 |
| Sweden | swe | 7.40 | 9 | 6.43 | 7 | 5.67 | 5 | 9.50 | 10 | 8.00 | 9 |
| Switzerland | che | 8.11 | 10 | 8.29 | 10 | 6.33 | 6 | 9.50 | 10 | 8.33 | 10 |
| Syrian Arab Republic | syx | - | - | - | - | - | - | - | - | - | - |
| Taiwan, China | twx | - | - | - | - | 3.50 | 2 | 9.83 | 10 | 8.00 | 9 |
| Tajikistan | tjk | 4.88 | 4 | 6.00 | 6 | 6.67 | 7 | 3.17 | 2 | 3.67 | 3 |
| Tanzania | tza | 4.68 | 3 | 4.57 | 4 | 6.67 | 7 | 2.83 | 2 | 4.67 | 4 |
| Thailand | tha | 6.54 | 8 | 6.00 | 6 | 4.33 | 3 | 8.50 | 9 | 7.33 | 8 |
| Timor-Leste | tls | - | - | - | - | 3.33 | 2 | - | - | 4.00 | 3 |
| Togo | tgo | - | - | - | - | 5.00 | 4 | - | - | 5.00 | 5 |
| Tonga | ton | - | - | - | - | 8.00 | 9 | - | - | 2.00 | 1 |
| Trinidad and Tobago | tto | 5.18 | 5 | 3.57 | 2 | 5.33 | 5 | 5.17 | 5 | 6.67 | 8 |
| Tunisia | tun | 3.73 | 1 | 3.57 | 2 | 4.67 | 3 | 4.67 | 4 | 2.00 | 1 |
| Turkey | tur | 5.57 | 6 | 5.43 | 5 | 6.00 | 6 | 5.17 | 5 | 5.67 | 6 |
| Turkmenistan | tkm | - | - | - | - | 9.00 | 10 | - | - | - | - |
| Turks and Caicos Islands | tca | - | - | - | - | - | - | - | - | - | - |
| Tuvalu | tuv | - | - | - | - | 7.00 | 7 | - | - | - | - |
| Uganda | uga | 4.83 | 4 | 5.00 | 4 | 6.67 | 7 | 4.00 | 3 | 3.67 | 3 |
| Ukraine | ukr | 3.95 | 2 | 5.29 | 5 | 5.33 | 5 | 2.50 | 1 | 2.67 | 2 |
| United Arab Emirates | are | 7.54 | 10 | 8.00 | 10 | 6.33 | 6 | 7.17 | 8 | 8.67 | 10 |
| United Kingdom | gbr | 7.51 | 10 | 7.71 | 10 | 7.33 | 8 | 9.33 | 10 | 5.67 | 6 |
| United States | usa | 7.77 | 10 | 8.43 | 10 | 7.33 | 8 | 9.67 | 10 | 5.67 | 6 |
| Uruguay | ury | 5.07 | 5 | 4.43 | 3 | 5.67 | 5 | 5.83 | 6 | 4.33 | 4 |
| Uzbekistan | uzb | - | - | - | - | 7.33 | 8 | - | - | 3.00 | 2 |
| Venezuela | ven | 3.59 | 1 | 2.29 | 1 | 8.67 | 10 | 1.75 | 1 | 1.67 | 1 |
| Vietnam | vnm | 5.73 | 7 | 5.57 | 6 | 7.67 | 9 | 5.33 | 5 | 4.33 | 4 |
| Virgin Islands (U.S.) | vir | - | - | - | - | - | - | - | - | - | - |
| West Bank and Gaza | pse | - | - | - | - | 5.50 | 5 | - | - | 6.00 | 7 |
| Yemen, Rep. | yem | 4.03 | 2 | 3.86 | 2 | 7.67 | 9 | 1.25 | 1 | 3.33 | 3 |
| Zambia | zmb | 3.83 | 2 | 4.14 | 3 | 6.00 | 6 | 3.17 | 2 | 2.00 | 1 |
| Zimbabwe | zwe | 4.12 | 2 | 3.14 | 1 | 5.00 | 4 | 3.33 | 3 | 5.00 | 5 |

Initial Conditions for Economic Recovery after **COVID-19**

A Logical and Quantitative Framework for Latin
American and Caribbean Countries

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