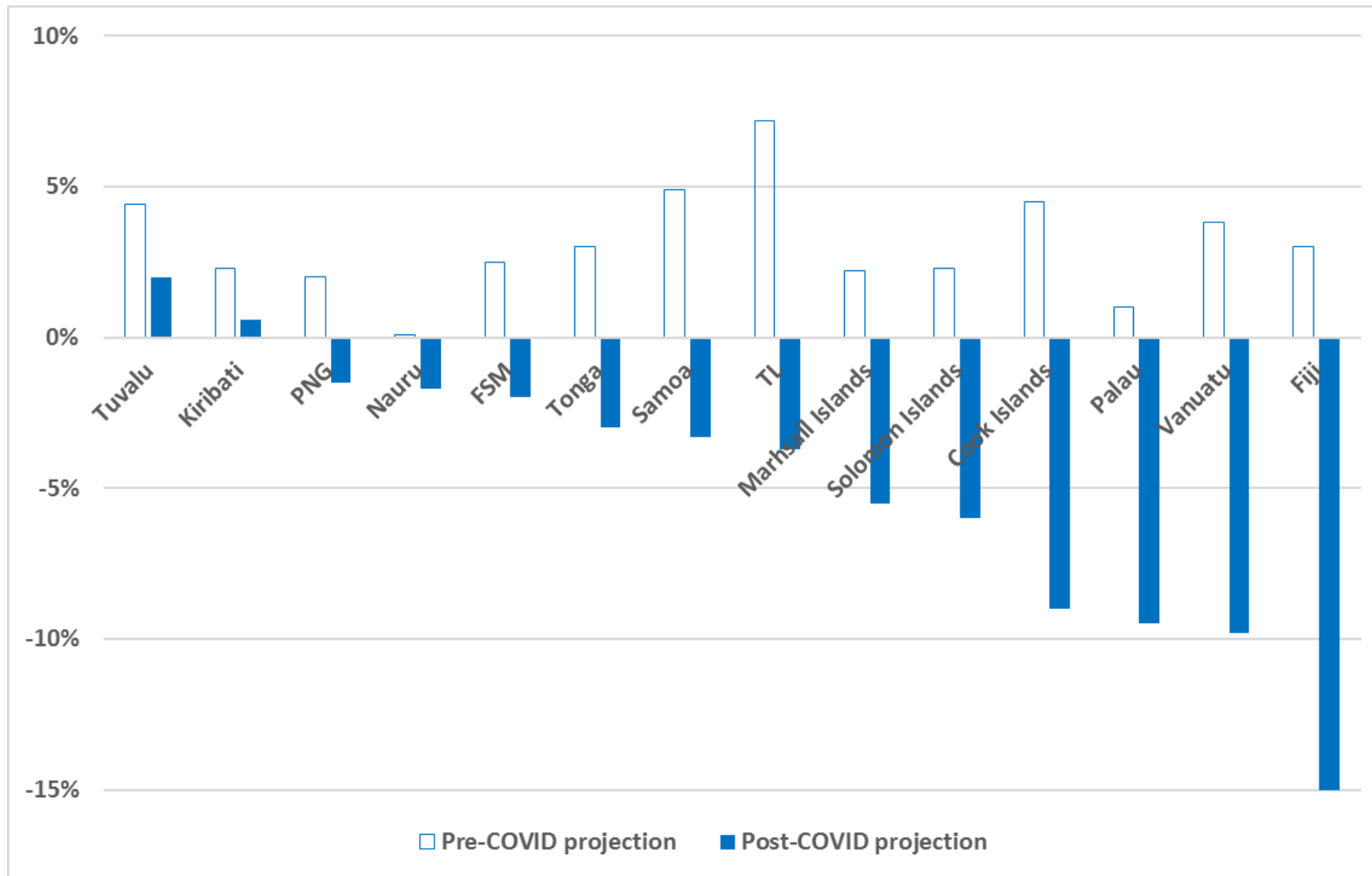


COVID-19 in the Pacific: fiscal responses

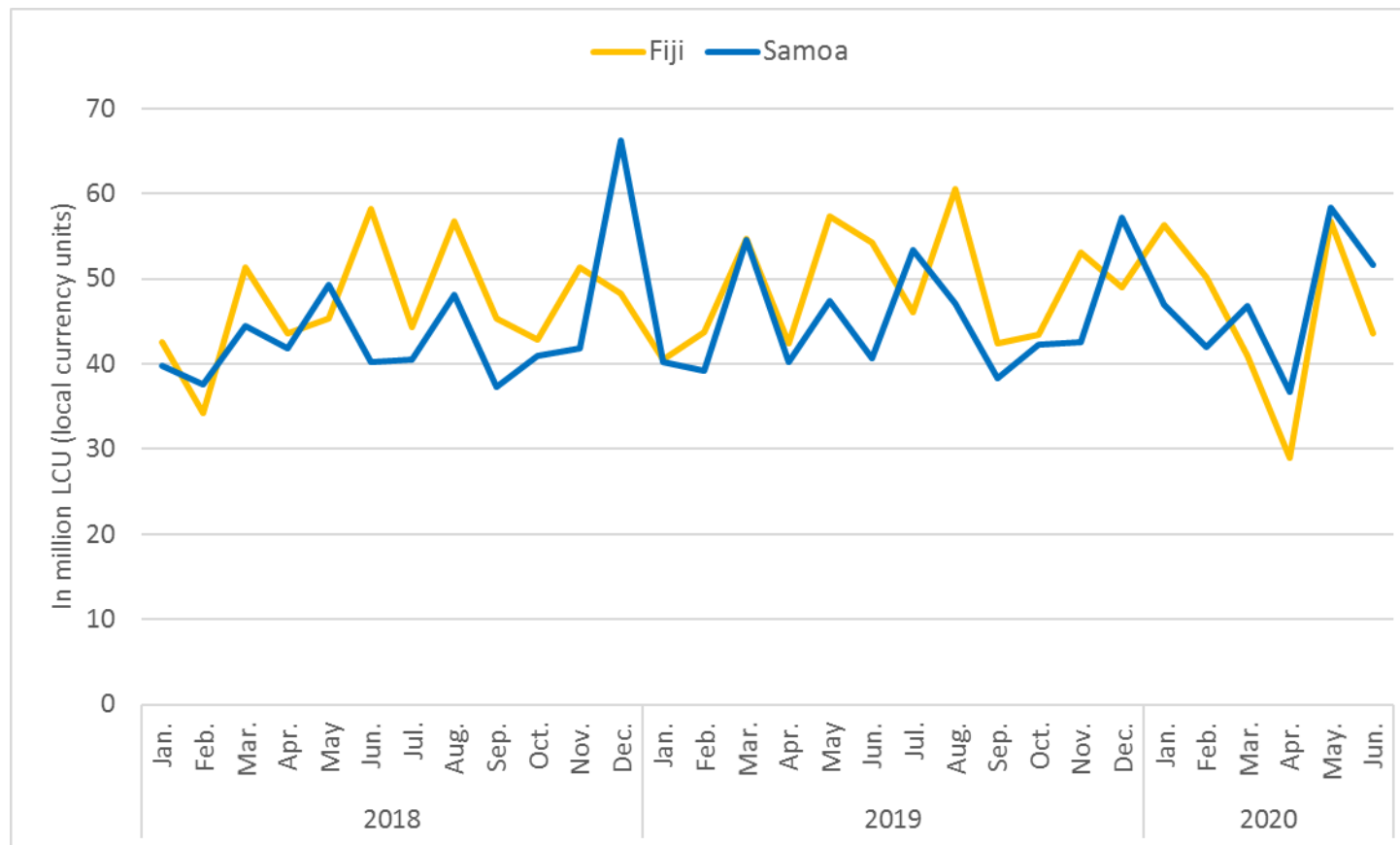
Stephen Howes and Sherman Surandiran

19 August 2020

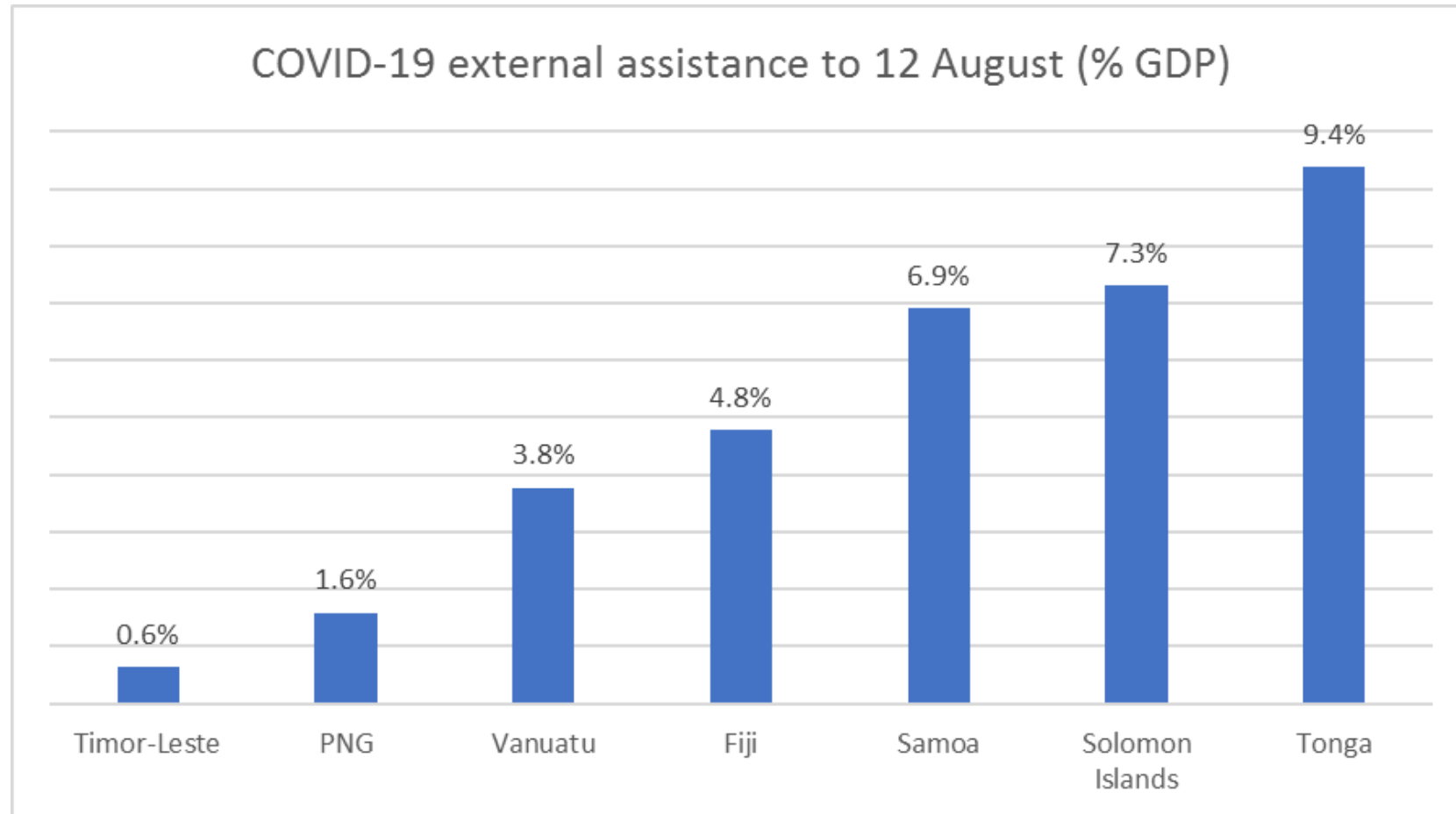
The COVID-19 GDP hit



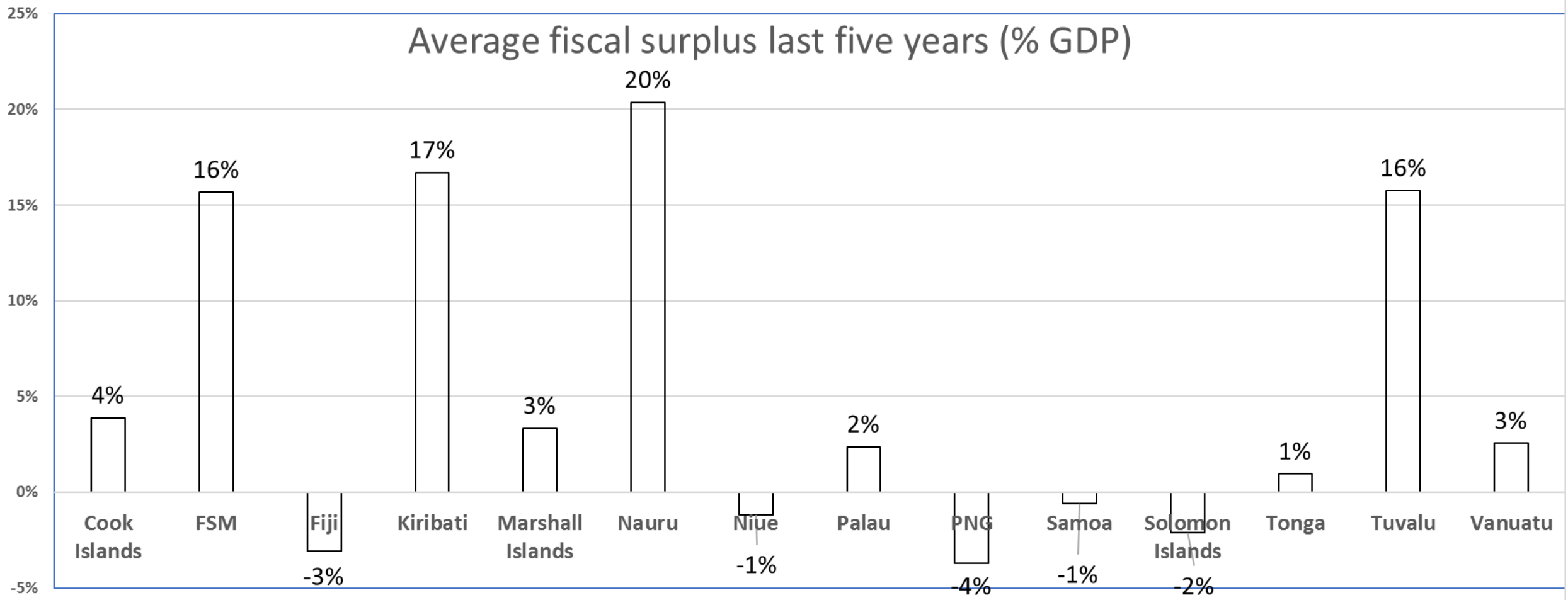
Remittances seem to have stayed strong



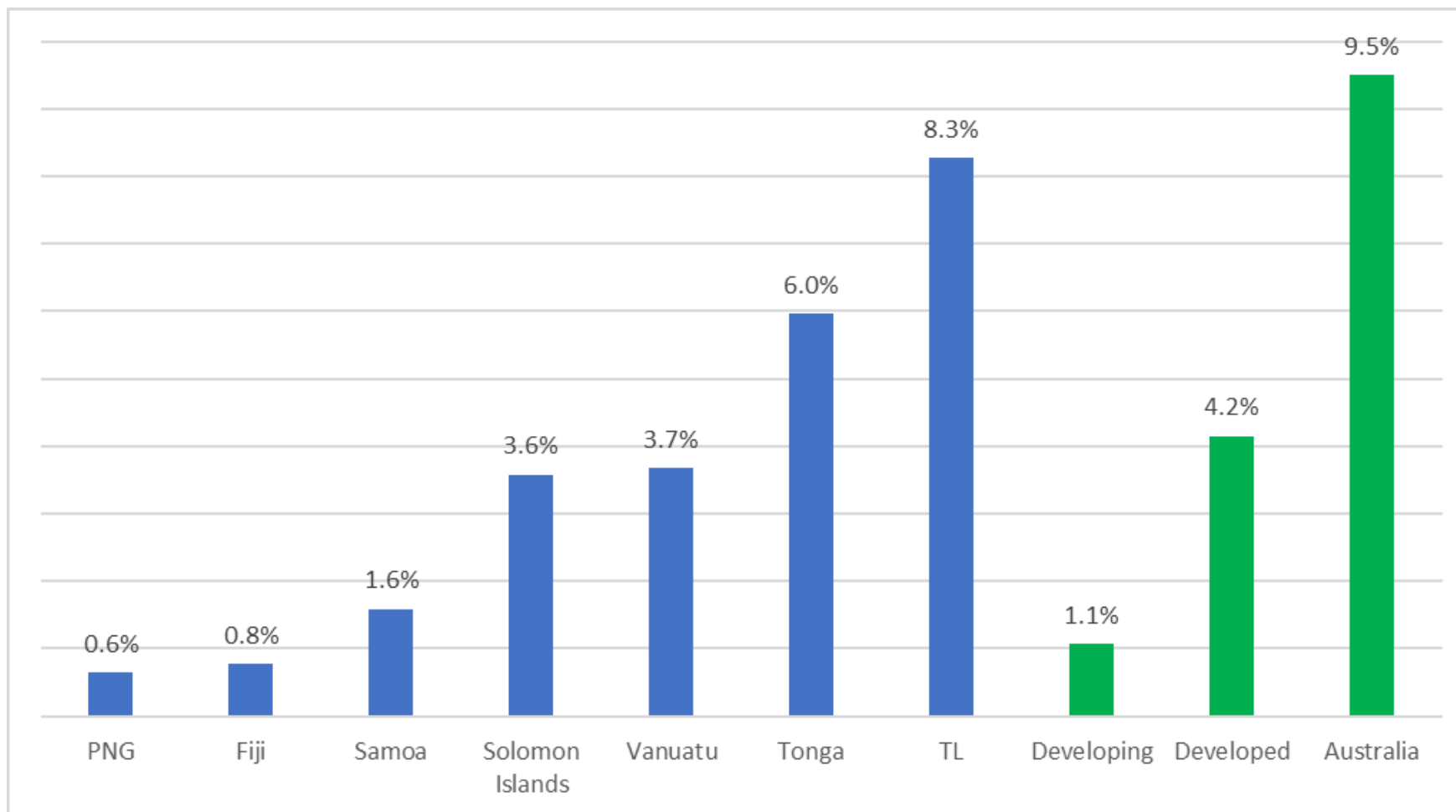
Strong, but variable aid response already



Most Pacific countries went into the crisis with a good fiscal position



COVID-19 funding packages (% GDP)



How are Pacific governments finding money (or not) to respond to COVID-19?

COVID spending and financing (% GDP)

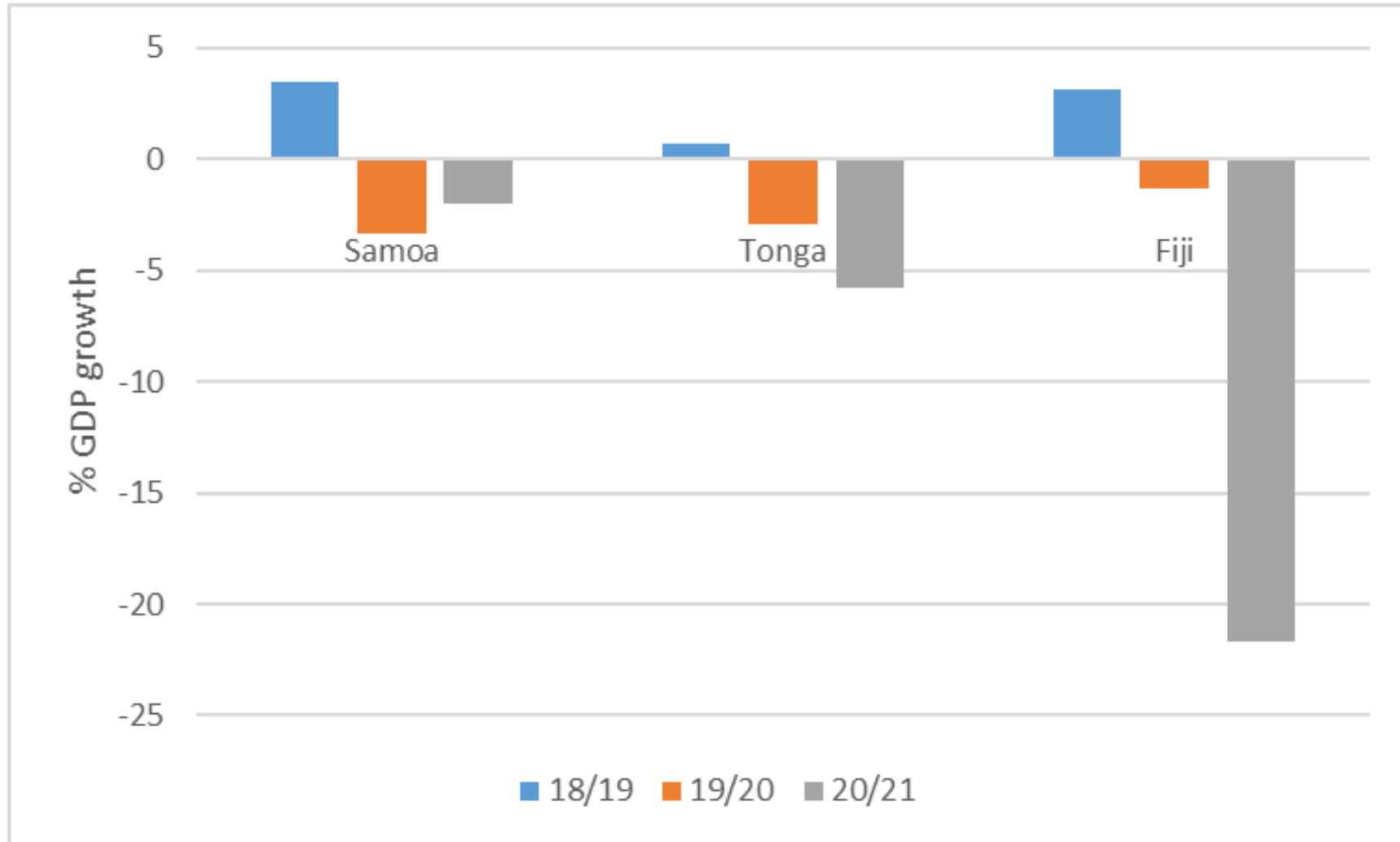
	Constrained		Aid-financed			Self-financed	
	Fiji	PNG	Samoa	SI	Tonga	Timor Leste	Vanuatu
COVID spend	0.8%	0.6%	1.6%	3.6%	6.0%	8.3%	3.7%
Revenue shortfall	7.6%	2.2%	0.5%	1.5%	5.7%		
Financed by:							
Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	8.3%	3.7%
Grant & loan financing	5.2%	0.0%	2.0%	4.8%	7.6%		
External assistance			1.7%	3.6%	4.6%		
Domestic borrowing			0.3%	1.3%	3.0%		
Expenditure savings	3.1%	2.8%	0.1%	1.7%	4.0%		
Surplus	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%

What are Pacific governments spending on?

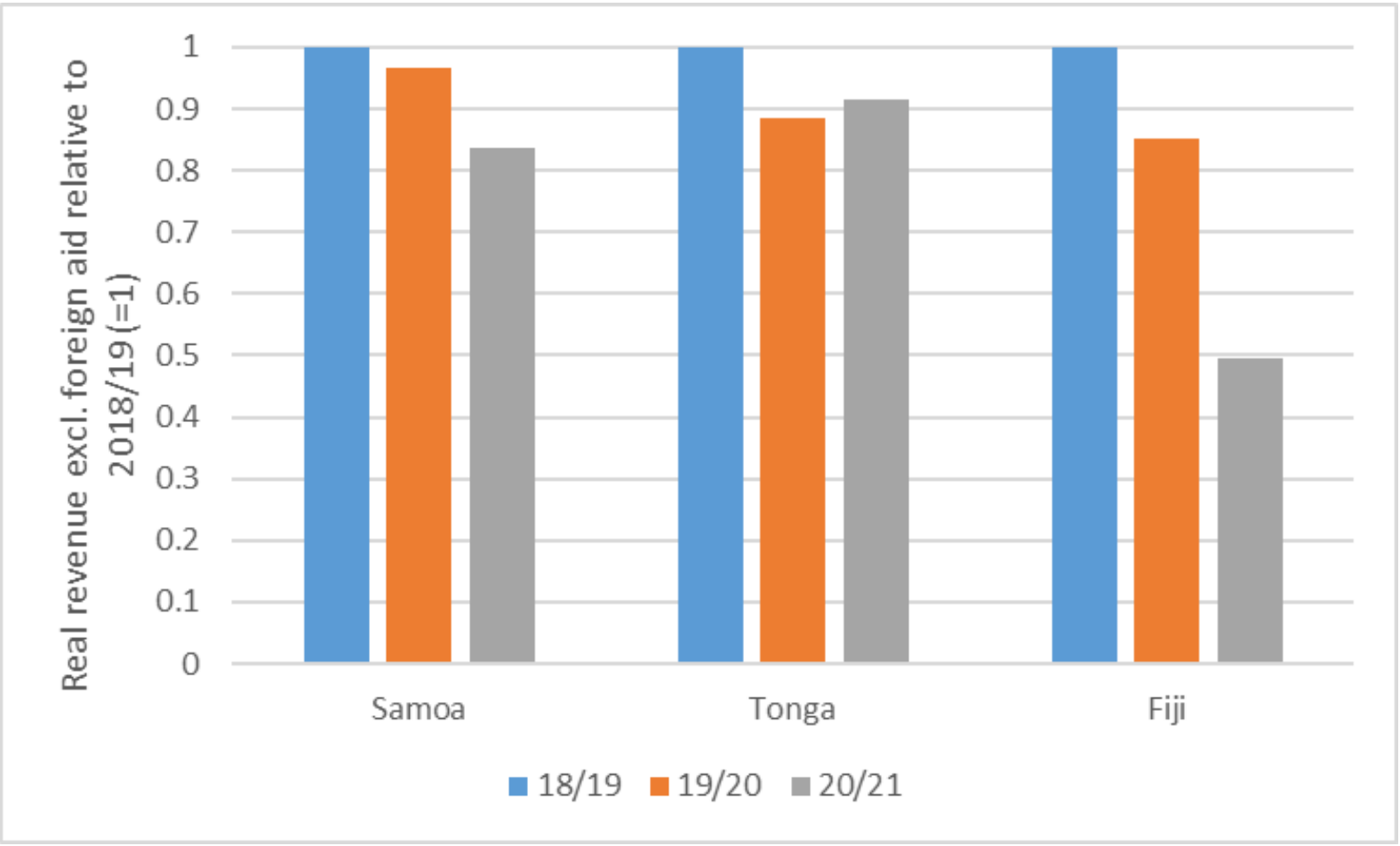
COVID-19 spending priorities (% GDP)

	Fiji	PNG	Samoa	SI	TL	Tonga	Vanuatu	Average
Health	0.3%	0.1%	0.8%	0.1%	0.0%	1.9%	0.0%	0.5%
Safety net	0.2%	0.0%	0.1%	0.0%	3.5%	0.5%	2.6%	1.0%
Business support	0.0%	0.2%	0.1%	0.5%	0.0%	1.7%	0.3%	0.4%
Food security	0.0%	0.2%	0.1%	0.6%	0.1%	0.3%	0.0%	0.2%
Infrastructure	0.0%	0.0%	0.0%	0.7%	0.0%	0.4%	0.0%	0.2%
Other	0.3%	0.2%	0.4%	1.6%	4.6%	1.1%	0.7%	1.3%
Total	0.8%	0.6%	1.6%	3.6%	8.3%	6.0%	3.7%	3.5%

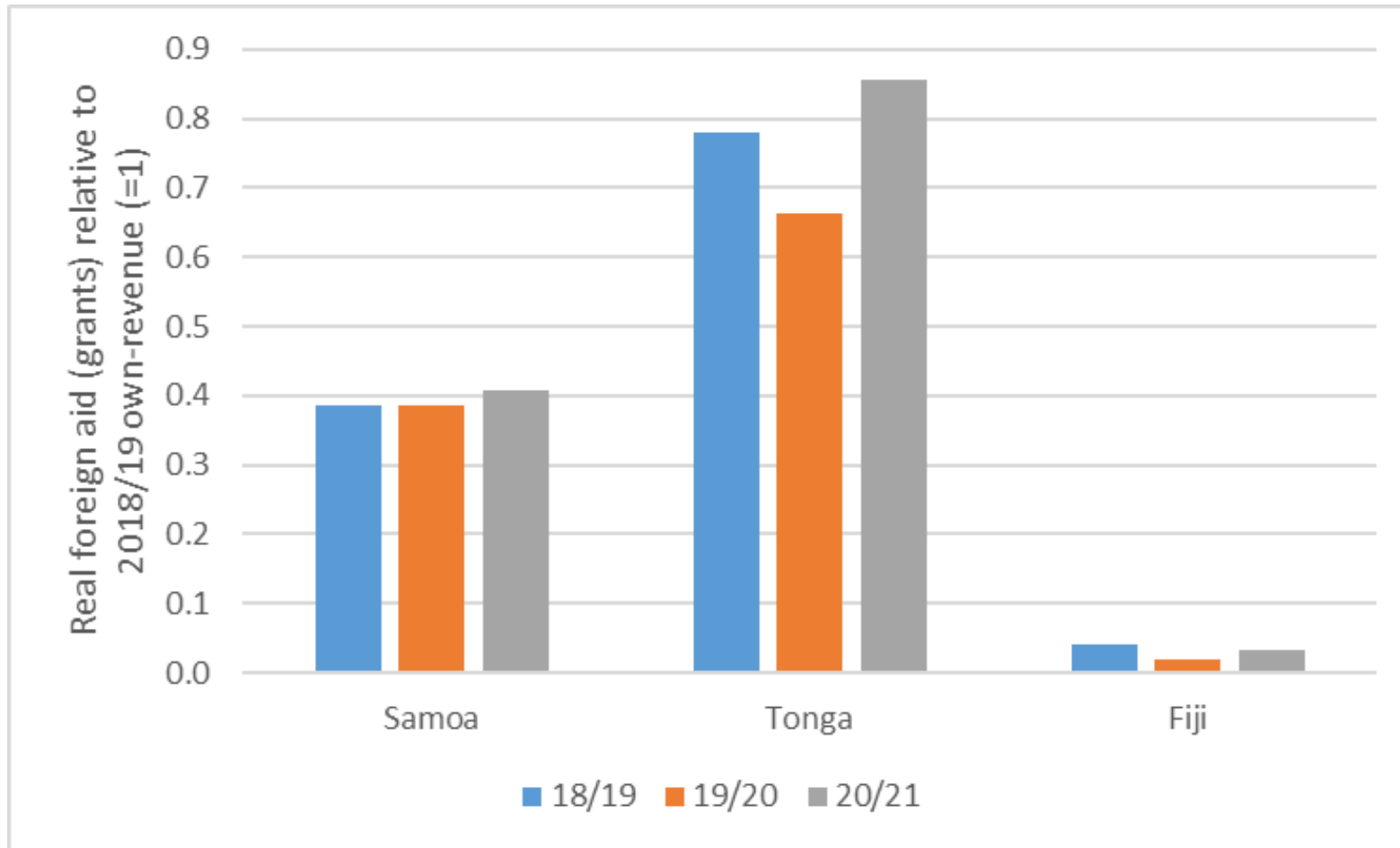
Fiji is taking a big hit to GDP...



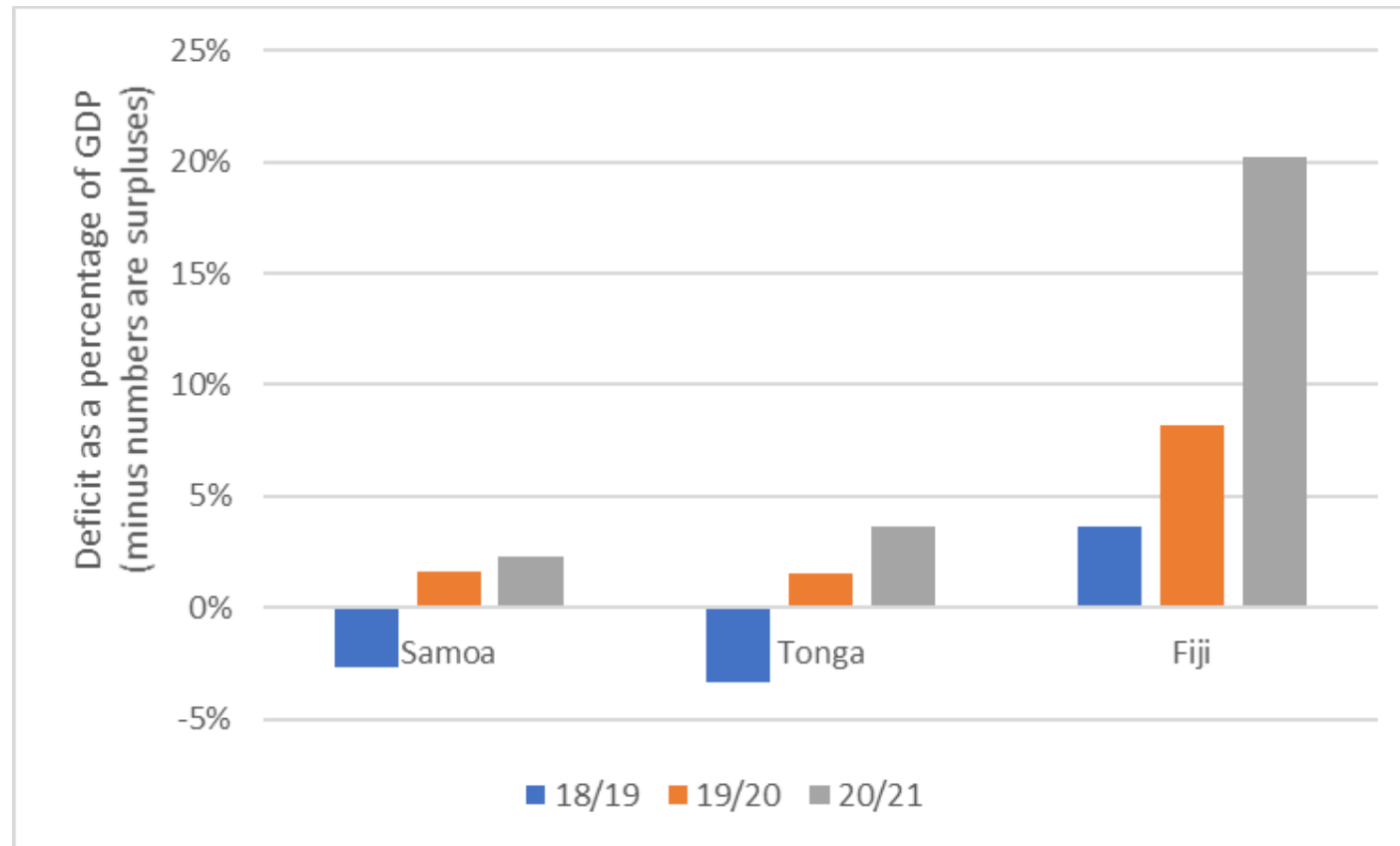
And therefore revenue.



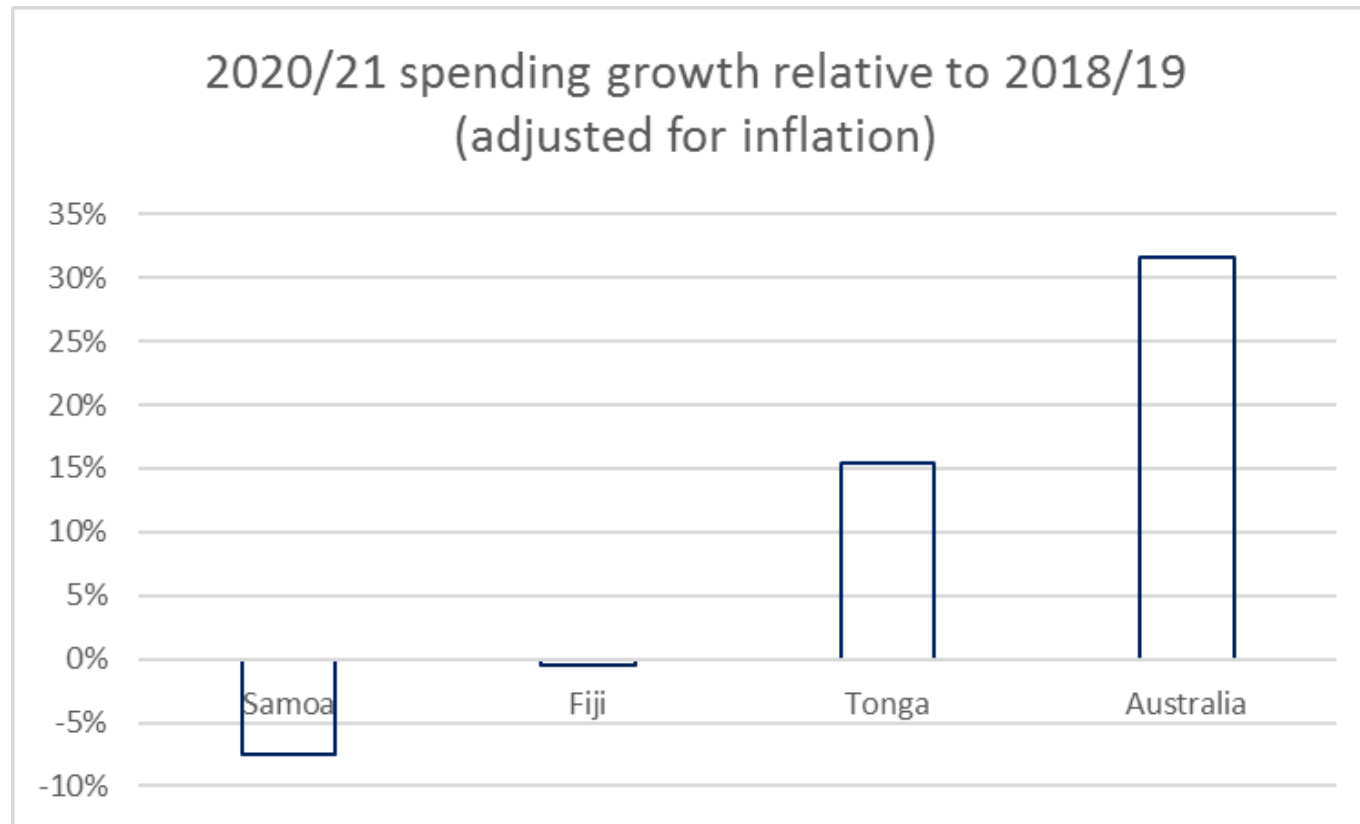
In Samoa and esp. Tonga aid is helping to offset revenue losses



Fiji is borrowing a lot more



The result is tight restraint on aggregate spending for many countries



Thank you!

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years

<https://devpolicy.crawford.anu.edu.au/pacific-research-program/pacific-covid-economic-database>