**INTER-AMERICAN AGENCY FOR** OEA/Ser. W

**COOPERATION AND DEVELOPMENT** AICD/JD/doc.180/20 rev.2

**MEETING OF THE MANAGEMENT BOARD** 25 September 2020

 Original: English

AREA OF ACTION AND PROGRAMS FOR THE 2021-2024 PROGRAMMING CYCLE OF THE DEVELOPMENT COOPERATION FUND (DCF)

(Approved at the Management Board meeting of the Management Board held on September 21, 2020, by decision [AICD/JD/DE-126/20](http://scm.oas.org/IDMS/Redirectpage.aspx?class=AICD/JD/DE&classNum=126&lang=e))

In accordance with the [Statutes of the Development Cooperation Fund (DCF)](https://www.oas.org/ext/Portals/23/DCF/CIDRP00933E08.pdf) approved by resolution [AG/RES. 2817 (XLIV-O/14)](http://scm.oas.org/pdfs/2014/AG06712E04.doc) of the forty-fourth regular session of the General Assembly, member states must select one Area of Action (main theme) and up to four corresponding programs (under that theme) from the Strategic Plan for Partnership for Development for each program cycle of the Fund.

At the meeting of the Management Board of the Inter-American Agency for Cooperation and Development (IACD) held on June 16, 2020, delegations emphasized the Board’s responsibility in aligning its work with member states’ urgent needs in responding to the COVID-19 pandemic and the post- pandemic period. Following the interventions and deliberations, members of the Management Board approved the Area of Action: *“Inclusive Resilience for an Effective Recovery, with a Focus on Science and Technology”* for the programming cycle of the OAS Development Cooperation Fund (OAS/DCF) 2021-2024. The next step in the process is the identification of the themes under the Area of Action for final presentation and approval by CIDI.

Resilience, as defined by the UNDRR[[1]](#footnote-2), refers to the ability of a system, community or society exposed to hazards to resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions through risk management. In the context of the CIDI/OAS, recent discussions held in light of the crisis generated by the COVID-19 pandemic have underscored the need and opportunity for building more resilient economic, social, and environmental systems, rethinking the way the region’s development is planned in pursuit of a more sustainable and equitable future.

In general terms, and consistent with the OAS Strategic Plan, programs funded and supported by the DCF will be aligned with framework instruments such as the 2030 Agenda and the Sustainable Development Goals (SDGs), the Sendai Framework for Disaster Risk Reduction, among other international instruments endorsed by member states.

Pursuant to the above, the Secretariat has identified the following program themes to initiate the discussion and agreement among member states:

1. Retooling MSMEs through innovation and technology
2. Innovative Reskilling for Tourism sector recovery and regional economies
3. Scientific and technological innovation for building resilience
4. Science for decision making in disaster risk planning
5. **Retooling MSMEs through innovation and technology:**

It is estimated that as a result of the crisis generated by the COVID-19 pandemic, Latin America and the Caribbean will suffer one of the worst recessions in its history, threatening the development gains of the past two decades and intensifying social challenges. A recent ECLAC study[[2]](#footnote-3) estimates that in 2020, the region’s GDP will decline as much as 9.1%.; the number of people living in poverty will increase to 45.4 million (37.3% of the region’s population), and the unemployment rate will reach 13.5% in 2020**.**

As Member States’ post-COVID recovery efforts focus on reactivating the economy while addressing social challenges, support for micro, small and medium-sized enterprises (MSMEs) -- which comprise 99% of all businesses and employ 75% of all workers in OAS member states -- is essential. Despite accounting for the bulk of the industrial fabric and creating most jobs, MSME productivity and participation in export markets is extremely low compared with that of large companies. To redress this situation, the region must retool MSMEs through programs that stimulate adoption and use of innovation and technology, including the use of Information and Communication Technologies (ICTs) and increased participation in e-commerce, as a critical sales channel in the pandemic and post pandemic era.

Productive and competitive MSMEs also holds the promise of improving the labor conditions of the workforce, which is paramount for social cohesion. According to IDB[[3]](#footnote-4) estimates, about half the population of Latin America works in the informal economy, depend on daily wages, and are outside of social protection systems. This leaves a large proportion of the population particularly exposed and vulnerable to economic shocks such as the one unleashed by the pandemic and potential natural disasters. Formalization initiatives are thus imperative to create more and better jobs, reduce poverty and address the marginalization of those who are especially vulnerable to decent work deficits in the informal economy.

Not surprisingly, the sector has long been a priority for member states and for the work of the OAS/SEDI. Given the heterogeneity of member states, there is rich experience on policies and programs to support MSMEs, and great potential for cross-fertilization and regional cooperation in this area to drive recovery efforts. The OAS endeavours to continue to support MSMEs through hemispheric initiatives such as the MSME Digitisation Plan, recognizing that each member state has unique challenges in terms of levels of informality of the MSME sector, available legal regulations and financial instruments and other infrastructure to facilitate innovation, as well as the adoption of technology and e-Commerce.

The following areas of focus are proposed:

* Programs to strengthen MSME digitization processes, such as:
	+ Exchange of experiences and good practices among Member States.
	+ Linkage with e-commerce platforms to promote and sell local products.
	+ Digital skills to promote local entrepreneurship initiatives.
	+ Strengthening of local neighborhood shops, implementing technological processes to sale and collect payments through digital means and to deliver merchandise at home.
* Strategies to reactivate MSMEs to reduce unemployment:
	+ Training and technical assistance initiatives to strengthen existing companies and startups.
	+ Tools and mechanisms to promote exports.
	+ Promotion of local consumption through marketing campaigns aimed at increasing recognition of local businesses and products.
* Promotion of business formalization initiatives.
* Reviewing legal regulations and financial instruments to battle informality.
1. **Innovative Reskilling for Tourism sector recovery and regional economies**

The COVID-19 crisis has created a sharp downturn in tourism, particularly affecting Caribbean economies, which are highly dependent on the sector. The latest report from the IDB on the evolving economic and employment consequences of the COVID-19 outbreak highlights the potential damage to output, employment, and export revenues across the region, estimating that the pandemic could lead to a negative shock of between 40 to 70% of tourism flows to the region in a single year[[4]](#footnote-5).

 The Americas are home to many of the world’s most tourism-dependent economies. The IDB’s global Tourism Dependency Ranking, which ranks 166 countries, features 10 Caribbean Member States in its top 20. The most tourism-dependent economy in the Caribbean (that is a Member State of the OAS) is Antigua and Barbuda with a Tourism Dependency Index (TDI) [[5]](#footnote-6) of 61.4, followed by The Bahamas (59.4), Saint Lucia (56.4) and Dominica (48.3). Even for larger and more diversified economies in the region, tourism supports the lives and livelihoods of millions of citizens. From 2014 to 2018, tourism accounted for an average of about 16% of both economic output and employment in Mexico, and about 10% of both GDP and employment in Uruguay, Argentina, and Chile, followed closely by Brazil[[6]](#footnote-7).

 The tourism sector also represents an important share of total employment in the region, supporting the lives and livelihoods of millions of citizens. Available data from the TDI (2014 -2018) indicates that the tourism sector was responsible for over half of total employment in some economies, with an average of 56% of employment in the Bahamas, for example, while additional research from the WTTC[[7]](#footnote-8) estimates that in 2019, the contribution of travel and tourism to employment for heavily tourism-dependent countries ranged from 90.7% in Antigua and Barbuda to 38.7% in Dominica. These numbers highlight the economic and social impact of the industry, particularly in the Caribbean region.

 The disruptions from the pandemic to the tourism sector are expected to continue for the foreseeable future. Due to its axial role in wider national economies with its significant backward forward linkages with agriculture, manufacturing, and non-tourism services, job losses have been massive, placing severe strain on already-stressed Government finances to provide safety nets for the unemployed and vulnerable.

 To address the impact of the pandemic on the region’s tourism businesses and labor force, and help countries recover, skills diversification and repurposing of the workforce is critical to be able to operate in the “new normal” environment.. This must go hand in hand by partnering with tourism organisations such as the World Tourism Organization (UNWTO), World Travel and Tourism Council (WTTC), Caribbean Tourism Organization (CTO) and Caribbean Hotel & Tourism Association (CHTA), among other intitutions that support emerging approaches for comprehensive tourism recovery plans and, focus on rebuilding destinations, encouraging innovation and investment, and rethinking the tourism sector of the future.

ew training opportunities geared towards product development and

market access for stakeholders working in the areas of culture and creative industries

(engaged in handicrafts, festivals, music, theatre, etc.), nature, sports, medical and

wellness tourism to create new innovative all-year around products

 Innovative reskilling for tourism sector recovery should be premised on a holistic approach that recognizes not only the importance of developing a highly skilled workforce, but also the importance of innovation in the development of new services, products and processes. Based on a series of recommendations from the UNWTO[[8]](#footnote-9), for the types of training required for tourism service operators, particularly MSMEs and other vulnerable groups, in light of the COVID-19 Pandemic, the following areas of focus are proposed:

* Up-skilling and reskilling training programmes on industry standards.
* Product development and market access for stakeholders working in the areas of culture and creative industries (engaged in handcrafts, festivals, music, theater, etc.), nature, sports, medical and wellness tourism to create new innovative products.
* Create special programmes to support entrepreneurship in tourism to further advance innovation and digital transformation.
* Incentivize development in products, market segments and marketing activities that contribute to a more responsible and sustainable travel and tourism sector.
* Transformation of the sector in a digital era (including digital and IT capacity building and Virtual Reality Technology and training).
* E-tourism activities during restriction periods and closed international borders.
1. **Scientific and technological innovation for building resilience**

As governments in the region design and implement strategies to emerge from the crises generated by the COVID-19 pandemic, the imperative of building more resilient economic, social, and environmental systems has never been more urgent. In that regard, the pandemic has also provided evidence of the power of science and technological innovation to create solutions to emerging problems.

 Science, technology and innovation contribute to resilience by: empowering and giving a voice to people, including the most vulnerable; extending access to education and health; making possible the monitoring of environmental risks; connecting people; and enabling the development of early warning systems (UNCTAD, 2019)[[9]](#footnote-10).

 Diverse fields of scientific knowledge contribute directly and indirectly to building resilient communities, from scientific discoveries in biology and medicine that uncover new mechanisms of the transmission of diseases, to advances in weather prediction model that increase the reliability of early warning systems[[10]](#footnote-11). Technological innovation not only opens new opportunities to solve key problems societies are confronting, but also reduces chronic gaps in productivity, growth, and poverty levels.

 Programs in this area would focus on strengthening scientific development, sharing and transfer of technology, furthering international scientific cooperation and research to support the recovery process in line with the priorities identified by OAS Member States in the context of the Inter-American Committee of Science and Technology (COMCYT).

 The COMCYT identified the following regional priorities to harness the power of transformative science and technology, which are proposed as areas of focus:

* Science and Technology to Build Resiliency in the framework of Sustainable Development
* Access to technology to expand and strengthen resilient and online higher education;
* Youth: Improving Skills and Readiness for Industry 4.0
* Science, Technology, Innovation and Entrepreneurship to promote the inclusion of women and girls and other populations in vulnerable situations;
* Effective public-private-academia collaboration to enhance competitiveness and quality of life; and,
* Technology Foresight as Input for Public Policy Decisions.[[11]](#footnote-12)

COMCYT Authorities also agreed to extend the Work Plan of COMCYT through 2021 and to give priority to programs and actions in the Work Plan that support the application of science, technology and innovation in the response to and recovery from the COVID-19 pandemic[[12]](#footnote-13).

1. **Science for decision making in disaster risk planning**

Covid-19 has reinforced the importance of evidence-based decision making not only in managing the Pandemic but in also in the management of the social and economic recovery. As Member States prepare for a possible co-mingling of the Pandemic with other rapid-onset disaster like hurricanes and slow on-set disasters like climate change, the need for policy making that is based on science-natural, environmental, social, economic, health, engineering--and evidence has never been more urgent.

The success of evidence-based decision-making depends on the processes that support it. An inter-disciplinary approach is required in the generation of the science; and inclusive and participatory approaches to decision-making is also needed. Noteworthy innovations such as geospatial information technologies, drone technology, early warning systems and knowledge-sharing platforms have emerged in these areas that must be sustained and built upon. Enhanced investment is needed in these and other areas that help to eliminate barriers to the use of science and technology in scaling-up disaster resilience.

Against this background, a focus on the following areas are proposed:

* + Research into disaster-resilient material and infrastructure design, standards, and application (disaster metrology)
	+ Institutional strengthening and capacity building in the use of GIS and remote sensing
	+ Capacity building in post-disaster assessments with a focus on “building back better.”
	+ Capacity building in Community-Based Disaster Risk Reduction including hazard mapping and vulnerability assessments
	+ Design and use of early warning systems
	+ Logistics management
	+ Resilient agriculture
	+ Integrated Hazard Risk Management
	+ Citizen resilience

CIDRP02993E01

1. United Nations Office for Disaster Risk Reduction (UNDRR). Terminology. <https://www.undrr.org/terminology/resilience> [↑](#footnote-ref-2)
2. Economic Commission for Latin America and the Caribbean (July 2020[). Addressing the growing impact of COVID-19 with a view to reactivation with equality: new projections.](https://www.cepal.org/en/publications/45784-addressing-growing-impact-covid-19-view-reactivation-equality-new-projections) [↑](#footnote-ref-3)
3. Inter-American Development Bank (May, 2020). [Covid-19: The Challenge of Ensuring Assistance to Informal and Vulnerable Workers.](https://blogs.iadb.org/ideas-matter/en/covid-19-the-challenge-of-ensuring-assistance-to-informal-and-vulnerable-workers/) [↑](#footnote-ref-4)
4. Inter-American Development Bank. (June, 2020). [Extreme Outlier: The Pandemic’s Unprecedented Shock to Tourism in Latin America and the Caribbean](https://publications.iadb.org/publications/english/document/Extreme-Outlier-The-Pandemics-Unprecedented-Shock-to-Tourism-in-Latin-America-and-the-Caribbean.pdf) [↑](#footnote-ref-5)
5. The Tourism Dependency Index (TDI) is calculated using 5-year averages (2014- 2018) for the total contribution of tourism to export receipts, GDP, and employment for each country. The range is from zero to 100, with 100 representing total dependence on the sector. [↑](#footnote-ref-6)
6. Ibid. [↑](#footnote-ref-7)
7. The World Travel and Tourism Council (WTTC) defines direct contribution as GDP generated by industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transport services, as well as the activities of restaurant and leisure industries that deal directly with tourists.

Economic Impact Reports WTTC/Oxford Economics (2019). <https://wttc.org/Research/Economic-Impact> . [↑](#footnote-ref-8)
8. World Tourism Organization (UNWTO). (April, 2020). [“Supporting Jobs and Economies through Travel & Tourism – A Call for Action to Mitigate the Socio-Economic Impact of COVID-19 and Accelerate Recovery”](https://doi.org/10.18111/9789284421633). [↑](#footnote-ref-9)
9. United Nations Economic and Social Council. (March 2019). [The role of science, technology and innovation in building resilient communities, including through the contribution of citizen science.](https://unctad.org/meetings/en/SessionalDocuments/ecn162019d3_en.pdf) [↑](#footnote-ref-10)
10. United Nations Conference on Trade and Development (November, 2019) [The Role of Science, Technology and Innovation in Building Resilient Communities, Including Through the Contribution of Citizen Science.](https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2711) [↑](#footnote-ref-11)
11. CIDI/COMCYT/doc.3/19.rev.1 [↑](#footnote-ref-12)
12. Virtual Meeting of COMCYT Authorities held on July 15, 2020. Recommendations based on document with inputs from the Secretariat CIDI/COMCYT/RPA/INF.1/20 [↑](#footnote-ref-13)