




**United  
Nations**

Department of Economic and Social Affairs

A large, stylized virus particle with a blue-to-purple gradient and several blue protrusions on its left side. To its right, a cluster of yellow daisies with green stems grows upwards. In the bottom right corner, a thick blue line forms a staircase pattern.

# Responding to COVID-19 and Recovering Better

**A Compilation by UN DESA**

*in support of the UN Secretary-General's  
initiatives in response to COVID-19*

**Policy Brief Series**

Spring/Summer 2020

**COPYRIGHT:**

Responding to COVID-19 and Recovering Better: A Compilation by UN DESA  
Published by the United Nations, Department of Economic and Social Affairs  
New York, New York 10017, United States of America

Copyright © 2020 United Nations  
All rights reserved

This publication in its entirety may not be reproduced or transmitted  
in any form or by any means, electronic or mechanical, including photocopy,  
recording or any information storage and retrieval system now known  
or to be invented, without written permission from the publisher.

All queries on rights and licences,  
Including subsidiary rights, should be addressed to:

[undesa@un.org](mailto:undesa@un.org)

Designed and produced by:  
Office of the Under-Secretary-General, Department of Economic and Social Affairs,  
United Nations, New York



# Contents

|                                                                                                                                                               |    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Introduction by USG Liu Zhenmin .....                                                                                                                         | 6  |
| Global macroeconomic outlook and the impact of fiscal and monetary policy response .....                                                                      | 8  |
| 1 – COVID-19: Addressing the social crisis through fiscal stimulus plans                                                                                      | 11 |
| 2 – Corona crisis causes turmoil in financial markets                                                                                                         | 14 |
| 3 – COVID-19 and sovereign debt                                                                                                                               | 18 |
| Macroeconomic impact on both developing and developed countries .....                                                                                         | 24 |
| 4 – COVID-19 and the least developed countries                                                                                                                | 27 |
| 5 – The COVID-19 pandemic puts Small Island Developing economies in dire straits                                                                              | 31 |
| 6 – COVID-19 poses grievous economic challenge to landlocked developing countries                                                                             | 36 |
| 7 – Commodity exporters face mounting economic challenges as pandemic spreads                                                                                 | 42 |
| 8 – COVID-19 pandemic deals a huge blow to the manufacturing exports from LDCs                                                                                | 46 |
| 9 – The COVID-19 pandemic: A speedy and balanced recovery of Europe will remain critical for the world to return to the trajectory of sustainable development | 51 |
| Social impact: Inequality and vulnerable groups .....                                                                                                         | 56 |
| 10 – Responses to the COVID-19 catastrophe could turn the tide on inequality                                                                                  | 59 |
| 11 – Protecting and mobilizing youth in COVID-19 responses                                                                                                    | 63 |
| 12 – COVID-19 and older persons: A defining moment for an informed, inclusive and targeted response                                                           | 67 |

|                                                                                        |    |
|----------------------------------------------------------------------------------------|----|
| 13 – Leaving no one behind: the COVID-19 crisis through the disability and gender lens | 71 |
| 14 – The impact of COVID-19 on indigenous peoples                                      | 74 |

## The role of science and technology in, and improved governance for, effective policy responses ..... 78

|                                                                                                                                                            |    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 15 – The COVID-19 pandemic: a wake-up call for better cooperation at the science-policy-society interface                                                  | 81 |
| 16 – Resilient institutions in times of crisis: transparency, accountability and participation at the national level key to effective response to COVID-19 | 86 |
| 17 – COVID-19: Embracing digital government during the pandemic and beyond                                                                                 | 90 |
| 18 – COVID-19: Reaffirming state-people governance relationships                                                                                           | 94 |
| 19 – The role of public service and public servants during the COVID-19 pandemic                                                                           | 98 |

## Working together for effective recovery ..... 102

|                                                                                                              |     |
|--------------------------------------------------------------------------------------------------------------|-----|
| 20 – Achieving the SDGS through COVID-19 recovery                                                            | 105 |
| 21 – How can investors move from greenwashing to SDG-enabling?                                               | 110 |
| 22 – Forests at the heart of a green recovery from the COVID-19 pandemic                                     | 112 |
| 23 – The impact of COVID-19 on sport, physical activity and well-being and its effects on social development | 116 |

# Introduction



## Liu Zhenmin

Mr. Liu Zhenmin has been the United Nations Under-Secretary-General for Economic and Social Affairs since 2017.

Prior to his appointment, Mr. Liu was Vice-Minister for Foreign Affairs of China since 2013.

Among his various diplomatic assignments, he served as Ambassador and Permanent Representative, Permanent Mission of the People's Republic of China to the United Nations Office at Geneva and Other International Organizations in Switzerland (2011-2013).

The COVID-19 pandemic has become an all-consuming international crisis, presenting challenges to humankind not seen since World War II. Every day, the crisis forces leaders of cities, businesses, regions and nations to take decisions that decide the fates of people's lives and livelihoods and shape the world that will emerge from the COVID-19 lockdown.

In responding to the crisis, using the long-established Policy Brief platform, the UN Department of Economic and Social Affairs (UN DESA) launched a special series of policy briefs on the economic and social impact of COVID-19. This series ran from 1 April through June 2020 and aimed to complement and support the UN Secretary-General's initiatives in response to COVID-19<sup>1</sup> and provide the detailed analysis and solid evidence needed for effective decision-making at global, regional and national levels.

The briefs advised on a number of critical social and economic issues, including designing inclusive stimulus packages, preventing a global debt crisis, supporting countries in special situations, protecting the most vulnerable groups of people, strengthening the role of science, technology and

institutions for effective response, and working together to build back better and achieve the 2030 Agenda for Sustainable Development. This compilation volume is a result of these collective efforts by our experts.

Taken together the pointed recommendations of our policy briefs point to three crucial lessons:

First, saving human lives and protecting people—especially the most vulnerable—from serious illness must be the primary objective of all decision-makers. That means, listening to science, acting faster on scientific recommendations, and treating the research and its outcomes as a public good. This attention to protection cannot be undertaken in a vacuum, because a virus that exists anywhere is a virus that exists everywhere. This virus cannot be contained and this crisis cannot be overcome unless we act in global solidarity. We can only win this fight through multilateral action, coming together to provide direct assistance to the most vulnerable, to help finance the COVID-19 response in those countries that need it the most, and to combat the spread of misinformation.

Secondly, the effects of the COVID-19 pandemic have

<sup>1</sup> The Secretary-General has launched a series of policy briefs and other initiatives that lay out a vision for how the international community can deliver an effective, coordinated response to COVID-19, ensuring we keep the most vulnerable populations front and centre. More information can be found at <https://www.un.org/en/coronavirus/un-secretary-general>

quickly spread from the health sector. The combined impact of lockdowns and limited mobility on the global economy and the people in it threatens to plunge tens of millions of people into poverty. In putting people first, we must also address the economic damage that this crisis has inflicted.

The economic consequences of the crisis are already reaching catastrophic levels. Based on our latest analysis, the global economy, is expected to shrink by almost 3.2% this year. Between late January and the end of March 2020, investors have pulled almost US\$100 billion out of emerging markets – the largest outflow ever recorded. Supporting developing countries through this multifaceted challenge will require a globally coordinated response, amounting to at least a tenth of the world's economic output, and require significant increases in access to concessional international financing.

Lastly, we need to approach the recovery as an opportunity to build back better. As we begin to emerge from the health crisis, with reduced rates of infections and reduced fatalities, some countries have begun to ease restrictions on movement. But, as we emerge, it is becoming increasingly clear that we have to emerge into a “new normal”. We cannot return to a world with rising hunger and high inequality, rampant poverty, and growing greenhouse gas (GHG) emissions. We must leverage this opportunity to

build more inclusive and sustainable societies and move forward in a better direction - the 2030 Agenda and its Sustainable Development Goals (SDGs) already point the way.

As governments mount their multi-trillion dollar responses to the crisis, they must invest it in the future, not the past. They must turn their focus to sustainable energy sources and direct adequate investments to social protection and health care systems. The steps we take now will define our world for generations to come.

We will emerge from this scourge better together, just as our predecessors did 75 years ago from the ravages of war.

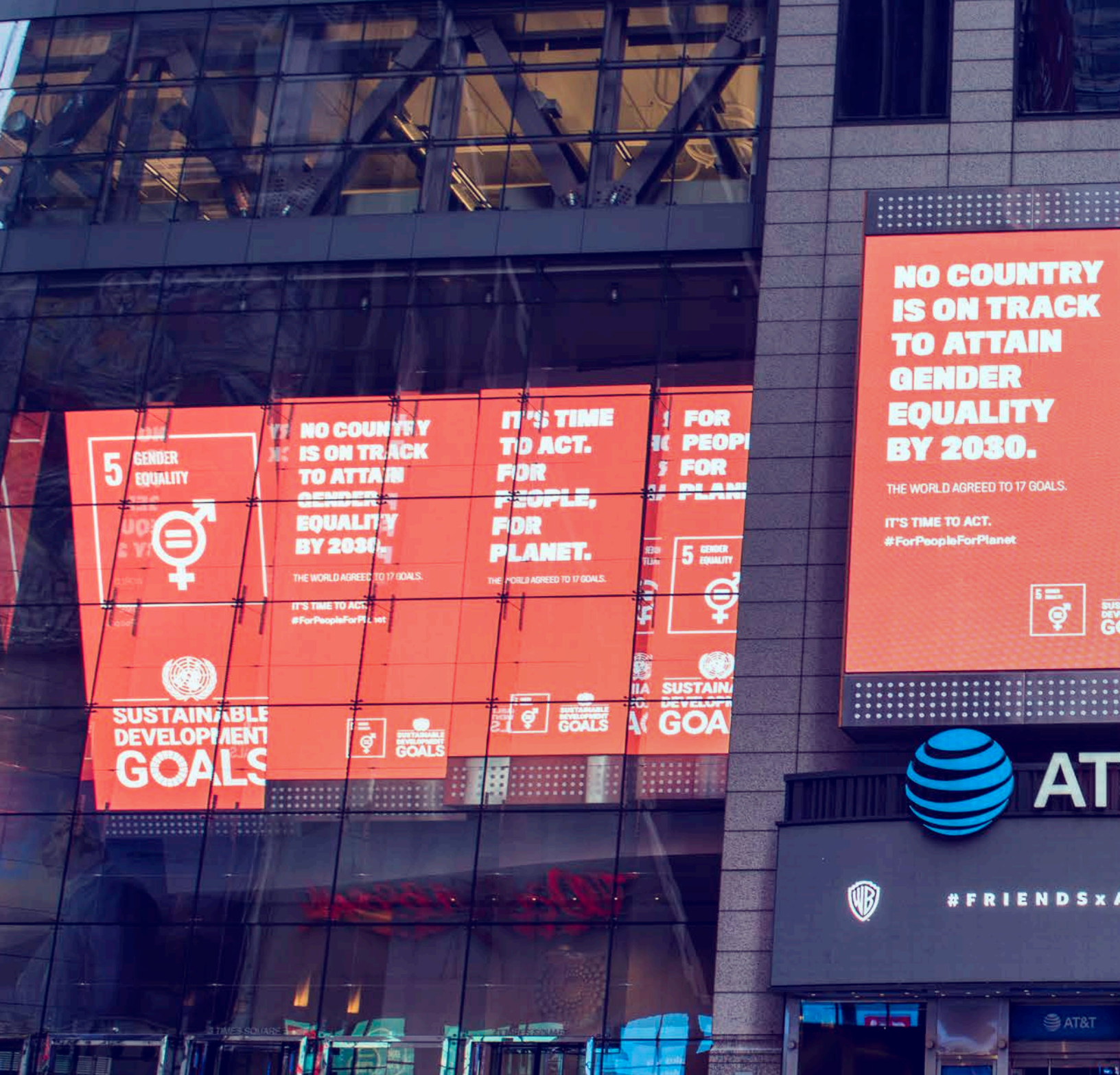
UN DESA remains committed to supporting Member States in their efforts. We will continue to strengthen our thought leadership role in responding to the crisis, working with the broader UN development system to support delivery of the 2030 Agenda for Sustainable Development in the decade ahead.

Liu Zhenmin

Under-Secretary-General for  
Economic and Social Affairs

July 2020





Global macroeconomic outlook and the impact of fiscal and monetary policy response





*SDGs Showcased on Billboards in Times Square, New York City, September 2019.*

*Photo: UN Photo/Manuel Elias*

- 1 – COVID-19: Addressing the social crisis through fiscal stimulus plans
- 2 – Corona crisis causes turmoil in financial markets
- 3 – COVID-19 and sovereign debt

# Global macroeconomic outlook and the impact of fiscal and monetary policy response

*As the pandemic hit and the socio-economic impacts began to unfold, UN DESA kept a keen eye on the macroeconomic impacts, projecting global and regional contractions. In support of countries struggling to shore-up their healthcare systems while keeping their people and economies afloat, the Department put forward key recommendations for fiscal policy to buttress these efforts and slow the trajectory of the negative effects.*

## KEY POLICY RECOMMENDATIONS

- Stronger global cooperation remains critical to contain the pandemic and extend economic and financial assistance to countries hardest hit by the crisis. Many developing countries will need enhanced access to multilateral credit to meet shortfalls in external flows, stimulate growth and recover better.
- In order to help reduce poverty and inequality, **stimulus plans** must be put in place quickly and phased out slowly, as ad-hoc measures only address short-term needs and leave beneficiaries just as vulnerable to future shocks once they expire. Comprehensive social protection systems, when in place, play a much durable role as they act as automatic stabilizers while providing security to people.
- Urgent policy action is needed to mitigate the impact of the COVID-19 crisis on **global financial markets**, through globally coordinated rapid response measures to ensure adequate liquidity; prevent a debt crisis; and build a more sustainable future through national and international actions that support investment in public services and goods, raise preparedness for economic and non-economic shocks and ensure implementation of the Addis Ababa Action Agenda and the Sustainable Development Goals.
- Addressing **sovereign debt distress** is a long-standing challenge that requires a comprehensive three-pronged approach by key public and private actors: Suspend debt service payments to provide countries with fiscal space to respond to the crisis; ensure debt relief would avoid widespread defaults and facilitate investments in recovery and the SDGs; and address the gaps in the current international sovereign debt restructuring architecture once the world recovers from COVID-19.

# 1 - COVID-19: Addressing the social crisis through fiscal stimulus plans

The pandemic caused by SARS-CoV-2 is spreading quickly, with 738,000 cases confirmed across the globe and over 35,000 deaths registered as of 30 March 2020 (Johns Hopkins University, Center for Systems Science and Engineering). The number of cases has almost doubled in the last week (from 418,000 cases on 23 March). Many countries have restricted activity and an increasing number are on lockdown.

The health crisis is already evolving into a global financial and economic crisis, with sweeping consequences for economic growth, employment and wages. Preliminary estimates by the ILO suggest significant rises in unemployment—on the order of 13 million, with a high scenario of almost 25 million—losses of labour income of as much as \$3,400 billion and increases in the number of people in working poverty (ILO, 2020).<sup>1</sup> For young people, entering the labour market during the crisis can have damaging (“scarring”) effects on their working careers and long-term wellbeing (see, for instance, European Commission, 2014).

In response to this social and economic crisis, and given the limited space for monetary policy actions, many countries in both developed and developing regions have announced or put in place fiscal stimulus packages.<sup>2</sup> The amount of allocated spending is modest in many cases, but it exceeds 2 per cent of gross domestic product (GDP) in countries such as Australia, Canada, Chile, Germany, New Zealand, Portugal, the Republic of Korea, Spain, Sweden, the United Kingdom and the United States. Even though details of most stimulus plans are still unclear, the majority contain measures to support businesses, particularly small and medium enterprises, as well as measures to protect individuals and households, with a focus on vulnerable or otherwise disadvantaged groups. Most emergency measures to facilitate access to healthcare fall outside the scope of stimulus plans, but a few of them include measures to address public health gaps.

In the aftermath of the 2008 financial and economic crisis, Governments spent about 25 per cent of fiscal stimulus package funds, on average, on discretion-

**Summary:** The unfolding health crisis poses unprecedented challenges to individuals, families, Governments and to the international community. While containing the pandemic is the most urgent priority, countries are quickly acting to counter its negative impact on employment and poverty, including through fiscal stimulus plans. Whether these plans will protect the most disadvantaged people and households over the long-term depends on their size, duration and on how measures are implemented.

ary social protection schemes and other labour market and income support measures (Zhang, Thelen and Rao, 2010; Ortiz and others, 2015). In general, countries with larger stimulus packages enjoyed a stronger recovery, both in terms of income and of employment (ILO, 2010; Furceri, 2009). Although the current crisis differs from the 2008 crisis in both its determinants and transmission channels, its projected massive impacts on employment, income, health (including mental health) and overall well-being call for even greater social expenditure.

The measures implemented or announced so far are encouraging. Namely, actions to support businesses include provisions to help them secure employment and wages by, for instance, providing income support to workers who may be temporarily laid off or those whose working hours have been reduced (see Table 1). Regarding measures to protect people, most fiscal stimulus plans offer income support to sick workers and their families by, for instance, extending paid sick leave to self-employed workers or expanding its duration. There is some support for workers who cannot work from home, including help with caring responsibilities. Many plans extend access to unemployment benefits to workers who are not covered, ease access to benefits or help to ensure that families can stay in their homes (by suspending evictions, for instance).

1 Estimates should be interpreted with caution, as the incidence and prevalence of the pandemic are spreading rapidly; their negative economic impacts are quickly surpassing early predictions.

2 As of 27 March 2020, 100 countries had announced or adopted fiscal stimulus plans.



Table 1

**Social protection and other income support measures in announced fiscal stimulus packages**

| Type of measure                                                              | Concrete actions                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Measures to support businesses, with a focus on small and medium enterprises | Securing workers' jobs and incomes by introducing or expanding support to laid-off workers or those whose wages are cut; training programmes.                                                                                                                                                 |
| Measures to protect individuals and households                               | Expanding income support to sick workers and their families; extending or easing access to unemployment benefits; supporting workers who cannot work from home, including through offering care options; easing access to targeted benefits or providing a one-off universal income transfer. |
| Measures to strengthen public health systems                                 | Increasing health spending. <sup>a</sup>                                                                                                                                                                                                                                                      |

**Source:** News outlets, Government websites and IMF Policy Responses to COVID-19 tracker, available from <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>.

<sup>a</sup> Most emergency health care measures fall outside the scope of stimulus plans; only a few include measures to address public health gaps.

Responses are different depending on context. Countries like Brazil, China, Colombia, Indonesia and Malaysia are planning to increase payments or facilitate access to their social assistance programmes. Overall, more than 50 new social assistance programmes have been put in place in response to this crisis (Gentilini and others, 2020). A few countries and areas are considering a one-time universal income transfer: Hong Kong, SAR of China, is planning to give every adult resident about \$1,200. A universal transfer is also being discussed in Canada, Singapore, the United Kingdom and the United States.

The effectiveness of these measures will depend on how fast they are put in place and on their implementation. In order to help reduce poverty and inequality, they must consider groups that are not included in contributory or other tax-funded protection schemes, including workers in informal employment and many migrants. Excessive administrative requirements and lack of information can hinder access, particularly by those people who are most in need. At the same time, aid to businesses may not be directed to protecting jobs, wages or working conditions unless strict, rules-based accountability measures are put in place to ensure that they do.

While these ad hoc measures will address short-term needs, most of them leave beneficiaries just as vulnerable to future shocks once they are removed. Comprehensive, universal social protection systems, when in place, play a much durable role in protecting workers and in reducing the prevalence of poverty, since they act as automatic stabilizers. That is, they provide basic income security at all times, thereby enhancing people's capacity to manage and overcome shocks. Scaling up existing systems is easier and faster than setting up new programmes. Invest-

ments in building and expanding social protection systems across Latin America and the Caribbean since 2000, for instance, cushioned the fallout from the 2008 crisis in the region, allowing households to cope and compensate for the contraction (World Bank, 2010). The current crisis should be used as an opportunity to address the inadequacy of social protection systems, establish social protection floors and scale up existing programmes.

The duration of stimulus efforts matters. If discretionary measures put in place at the onset of the crisis are suddenly withdrawn before a broad-based recovery in economic and employment growth, their primary beneficiaries can fall back into joblessness and poverty. In the aftermath of the 2008 crisis, many Governments in developed countries phased out fiscal stimulus measures and moved to fiscal austerity while unemployment was still growing, in 2010. Several countries reduced social spending, pursued reductions in health budgets that had started decades earlier, cut or capped public sector wages and increased taxation (mostly indirect taxes), as rising public debt generated political and financial stress. Many developing countries moved towards fiscal tightening as well. In a study of low-income countries, two thirds of them cut social expenditure, with social protection and education suffering the most (Kyrili and Martin, 2010). This move towards fiscal austerity, which in many cases became protracted, is estimated to have affected GDP growth and employment negatively (Ortiz and others, 2015). Clearly, ad-hoc stimulus measures are fiscally unsustainable in the long term. However, swinging the spending pendulum towards fiscal tightening too soon undermines the recovery.

Even maintaining social expenditure at pre-crisis levels may not be enough. More people will need social

protection and may use public rather than private social services as a result of the crisis. A study of six developing countries shows that, in the face of the setbacks caused by the 2008 crisis, Governments had to increase social spending by 0.5 to 1.5 per cent of GDP per year between 2010 and 2015 in order to meet goals related to education, health and basic services by 2015 (United Nations, 2011).

In many countries, social protection programmes will be overwhelmed by the size of the necessary response. Some developing countries have maintained solid finan-

cial footing in recent years, avoiding large current-account deficits and improving debt ratios, and should therefore be able to adopt mitigation measures and increase social spending. In other countries, including most low-income countries, a combination of low commodity prices and climbing debt challenge the ability to mobilize sufficient domestic resources. These countries will require support from the international community to scale up social protection systems and increase social expenditure.

## REFERENCES:

- European Commission (2014). Scarring effects of the crisis. Research Note 06/2014 (October).
- Furceri, D. (2009). Stabilization effects of social spending: empirical evidence from a panel of OECD countries. OECD Economics Department Working Paper No. 675 (February).
- Gentilini, Ugo, Mohamed Almenfi and Ian Orton (2020). Social protection and jobs responses to COVID-19: a real-time review of country measures. World Bank “living paper”, version 2, 27 March.
- International Labour Organization (2020). COVID-19 and world of work: Impacts and responses. ILO Note, 18 March.
- International Labour Organization (2012). A review of global fiscal stimulus. EC-IILS Joint Discussion Paper Series No. 5.
- Johns Hopkins University, Center for Systems Science and Engineering (2020). Coronavirus COVID-19 Global Cases. Available from <https://coronavirus.jhu.edu/map.html>.
- Kyrili, K., and M. Martin (2010). *The Impact of the Global Economic Crisis on the Budgets of Low-Income Countries. A research report for Oxfam International*. Oxford, United Kingdom: Oxfam GB, July.
- Ortiz, I., and others (2015). The decade of adjustment: A review of austerity trends 2010–2020 in 187 countries. ILO ESS Working Paper No. 53 (November).
- United Nations (2011). *World Economic Situation and Prospects 2011*. Box I.3. Sales No. E.11.II.C2.
- World Bank (2010). Did Latin America Learn to Shield Its Poor from Economic Shocks? World Bank LAC Poverty and Labour Brief (October).
- Zhang, Y., N. Thelen and A. Rao (2010). Social protection in fiscal stimulus packages: Some evidence. UNDP/Office of Development Studies Working Paper (March).



## 2 - Corona crisis causes turmoil in financial markets

The COVID-19 pandemic is first and foremost a human crisis. Its most direct impact is on health and human well-being. The medical emergency and the public response to it — most importantly restrictions on movement — have also had a dramatic impact on economic activity, and led to significant job losses.

The global economy is now expected to enter into recession in 2020, following decade-low growth of 2.3 per cent in 2019. Although much of the focus to date has been on those countries that have been hit the hardest by the pandemic, the crisis has reverberated around the world, feeding through to financial markets.

Shocks to the real economy have led to three principal developments on global financial markets: (i) extreme global financial market volatility; (ii) large capital outflows and pressure on many developing countries' foreign exchange rates and reserves; and (iii) a substantial increase in the risk of debt distress in public and private debt. These financial impacts are feeding back into the real economy, increasing the magnitude and duration of the recession.

This policy brief analyses the impact of COVID-19 on the financial sector and puts forward policy recommendations, focusing on how the international community can support countries most in need, in four areas: i) launching a large-scale, coordinated stimulus package that includes a significant increase in access to concessional financing; ii) strengthening the global financial safety net; iii) initiating a debt moratorium; and iv) in the medium-term, building a more sustainable future. These measures should complement other national and international actions to address the health, social and economic impact of the crisis.

### FINANCIAL MARKET TURMOIL

Since the scale of the COVID-19 shock became more broadly recognized in early March, global financial markets have witnessed heavy losses and intense volatility not seen since the onset of the 2008 world financial crisis. Financial markets in Asia, Europe and the Americas collapsed, with the Dow Jones registering its second-largest percentage drop in history on 16 March (Figure 1).

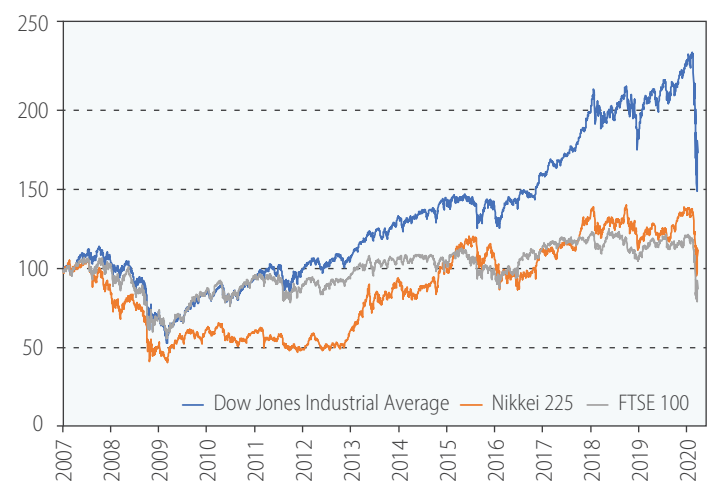
Valuations have plunged across asset classes, as reflected in widening credit spreads (i.e. the interest cost

**Summary:** This policy brief analyses the impact of COVID-19 on the financial sector and puts forward policy recommendations, focusing on how the international community can support countries most in need, in four areas: i) launching a large-scale, coordinated stimulus package that includes a significant increase in access to concessional financing; ii) strengthening the global financial safety net; iii) initiating a debt moratorium; and iv) in the medium-term, building a more sustainable future. These measures should complement other national and international actions to address the health, social and economic impact of the crisis.

borrowers pay above a benchmark, such as US Treasuries) on corporate and government bonds. For instance, according to some estimates, emerging market sovereign high yield spreads are currently pricing in an expected default rate of roughly 11 per cent (UBS Financial Services, 2020).

Three related factors can help explain the volatility in asset prices: (i) the high risk of a global recession and its impact on corporate profitability; (ii) structural market issues, such as forced sales due to deleveraging; and (iii) fear and uncertainty, and panic selling. It is extremely difficult to discern how much of the selloff is due to each

Figure 1  
**Dow Jones Industrial Average, Nikkei 225, FTSE 100, January 2007–March 2020**



Source: Wall Street Journal.

Note: 2 January 2007 = 100.

of these different factors. But the downturn is at least in part a response to the real economic impact of the pandemic, as reflected in sharp declines in the share prices of airlines, energy companies, financial institutions and manufacturing companies. There is an indication, however, that markets may have overshot, due to both fear and uncertainty and structural market issues. For example, current valuations of dividend futures imply that it would take over ten years for corporate earnings per share to reach the level of early 2020. This is an extremely long time compared to past economic and financial crises, after most of which earnings returned to previous levels within less than four years (Cembalest, 2020).

A high degree of leverage and vulnerabilities in the global economy prior to the crisis has contributed to the selloff (Chambers, 2020). As highlighted in the 2020 *Financing for Sustainable Development Report* (FSDR) (United Nations, 2020), while banking sectors in most countries have been strengthened since the 2008 crisis, risks have migrated to non-bank financial institutions (i.e., institutions that do not have a full banking license or are not supervised by a banking regulatory agency). The FSDR notes that the share of countries with vulnerabilities in non-bank financial institutions increased by almost 20 percentage points during the second half of 2019 alone, to reach levels similar to those before the 2008 crisis. In particular, “leveraged loans” (loans to higher risk corporate borrowers, most of which are then packaged into “collateralised loan obligations”) have doubled in volume since the 2008 crisis, to reach \$1.2 trillion in 2019.

As a result of the high degree of leverage in the economy, widening credit spreads and falling asset prices associated with COVID-19 have triggered additional asset sales by fund managers to cover losses and repay debt, increasing pressure across markets. Downgrades by credit rating agencies may further worsen the spiral, as the mandates of many investors forbid them from holding bonds with sub-investment grade credit ratings. As this means higher funding costs for companies, it increases the likelihood of bankruptcies and layoffs, and can also reduce future investments, impacting future GDP growth. This is one reason why it is so important for central banks to continue to provide liquidity to markets.

Banks and other financial institutions will also likely see their earnings decline as a result of the pandemic, as the share of non-performing loans increases and interest rate margins fall as a result of reductions in policy rates. This is reflected in financial industry valuations, which fell roughly 39 per cent, significantly more than overall US markets. However, banks have more robust balance sheets than they did prior to the 2008 crisis, partly re-

flecting more stringent regulation — which should enable them to withstand some of the growth in non-performing loans. Indeed, banks can and already are playing an important role in mitigating the impact of COVID-19 on the real economy. They can roll over loans and provide loan forbearance where necessary, such as for SME loans and mortgage payments for individuals who have become liquidity-constrained.

## CAPITAL OUTFLOWS FROM DEVELOPING COUNTRIES SURGE

The forced deleveraging across asset classes has also impacted many developing countries. Higher demand for dollar liquidity has led to unprecedented capital outflows from developing countries, particularly “emerging market” countries. Cumulative outflows since late January surpassed the levels documented at the peak of the 2008 Financial Crisis, representing the largest capital outflow ever recorded. As of March, investors had removed around \$90bn from emerging markets since the start of the crisis (Figure 2).

Similarly, credit spreads on emerging market sovereign bonds have widened to more than 600bps, more than doubling since the start of the year to reach a post-financial-crisis peak.

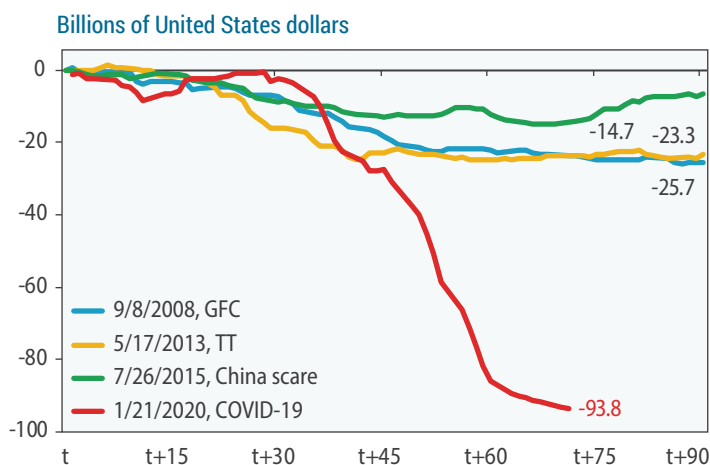
The capital outflow has led to a dramatic decline in emerging market currencies, with a number of currencies depreciating by more than 10 per cent. Given that a significant share of developing country public debt is in foreign currencies, mainly in US dollars, this will lead to a substantial increase in external debt servicing and refinancing costs for both corporations and governments. And for some developing countries the shortage in dollar liquidity and higher refinancing costs will undermine debt sustainability.

## DEBT DISTRESS ON THE HORIZON

Even before the COVID-19 pandemic, global debt had reached record highs, with 44 per cent of least developed countries (LDCs) and other low-income developing countries assessed at high risk of external debt distress or already in debt distress (defined by the IMF as experiencing difficulties in servicing existing debt levels). Both public and private debt are currently at record levels, with private debt in emerging markets having grown particularly fast following the 2008 crisis. In addition, the composition of sovereign debt changed in many developing countries. As the 2020 FSDR points out, the long period of unusually low international interest rates and unprecedented levels of global liquidity associated with quantita-

Figure 2

### Accumulated non-resident portfolio flows to emerging markets since indicated date



Source: © 2020 Institute of International Finance, Inc. All rights reserved.

tive easing provided developing countries, including least developed countries, increased access to commercial financing. While providing much needed resources in the short term, this has also resulted in higher debt servicing costs, and heightened interest rate, exchange rate and rollover risks.

With COVID-19 and related global economic and commodity price shocks, particularly the drop in oil prices (which was aggravated by political tensions), these risks are now materializing, putting significant pressure on debt sustainability in many countries. In Africa, six countries with high oil exports could experience significant shocks, while the fall in tourism will hurt many small island developing States and other tourism-dependent countries. In addition, highly leveraged corporations in developed and emerging economies are extremely vulnerable to shocks, which could amplify difficulties to service their debt.

In these extraordinary circumstances, resources to implement countercyclical measures and finance emergency health measures will be severely constrained in many countries. They will not be able to adequately respond to the health risks, let alone the economic and financial shocks associated with COVID-19. This calls for urgent action.

## POLICIES TO ALLEVIATE TODAY'S TURMOIL AND PAVE THE WAY TO A SUSTAINABLE FUTURE

Governments must take immediate steps to address the human, economic and financial havoc being wrought by the COVID-19 pandemic and to prevent a potentially

devastating debt crisis. Such policy responses need to be human-centred and gender-responsive. They should be designed to help those most in need, so that the burden of the crisis does not fall on those least able to bear it. And, as short-term policies today will affect future outcomes, even immediate crisis measures should be aligned with sustainable development.

**At the national level**, fiscal and monetary policies include: expanding public health spending, paid sick leave, wage subsidies and transfers, and granting loan forbearance and other assistance to struggling households and companies — along with injecting much needed liquidity to stabilize markets.

Developing countries that experience large, sudden capital outflows need to consider all options in the policy toolkit, including capital flow management policies. However, many countries, especially those with high debt burdens, will be constrained in the use of fiscal measures. The global community must support countries in need, both to ensure that no one is left behind and to effectively combat the pandemic.

**At the international level**, globally-coordinated rapid response measures would ensure maximum impact and signal global resolve to combat the pandemic and reignite inclusive growth. As many of the issues are global, multilateral cooperation will be necessary, including in health policies and international trade (e.g., eliminating barriers that affect global supply chains).

In addition, the international community must:

### ► *Support countries most in need*

As called for by the UN Secretary-General, major economies should come together to launch a large-scale, coordinated stimulus package of at least 10 per cent of global GDP to help boost the world economy. This includes significantly increasing access to concessional financing for developing countries. As a first step, despite enormous domestic pressures in the face of COVID-19, donors should immediately reverse the decline in official development assistance (ODA), particularly to LDCs, which may be hard hit by both social and economic impacts of COVID-19, and for whom ODA remains essential. In 2018, total ODA fell by 4.3 per cent and ODA to LDCs declined by 2.2 per cent in real terms.

### ► *Ensure adequate liquidity and resources*

There are several immediate steps the international community can take to strengthen the global safety net.

### ► *Provide emergency funding*

Support the IMF to increase its total lending resources to \$2.5 trillion in order to respond to the increasing number of countries requesting emergency funds. As much of this

increase as possible should come through quota-based resources. Donors should increase contributions to the IMF's Poverty Reduction and Growth Trust (PRGT) and Catastrophe Containment and Relief Trust (CCRT) to finance concessional help during this crisis, to complement increases in ODA.

A sizable issuance of Special Drawing Rights (SDRs) by the IMF would provide international liquidity for all countries. Countries could enhance the liquidity impact of such an issuance by lending unused SDRs back to the IMF to increase its lending capacity.

An increase in central bank bilateral swap lines can help countries manage foreign exchange needs, particularly for US dollar liquidity. The US Federal Reserve has expanded the set of countries that are offered swap lines to 14 (mainly developed) countries. Central banks should consider extending such arrangements to additional countries in need.

► **Prevent a debt crisis**

The international community should immediately suspend debt payments from least developed countries and other low-income countries that request forbearance. Official bilateral creditors must lead, and others should consider similar steps or equivalent ways to provide new finance. For example, the IMF has made enhancements to the CCRT to allow member low income countries debt

service relief for up to two years.

An initial debt moratorium should also be a starting point for discussions of a more comprehensive assessment of debt sustainability and SDG achievement, with a view to consider longer-term measures of promoting debt sustainability and debt relief, where needed, while allowing for necessary public investments in the SDGs.

► ***Build a more sustainable future through national and international actions***

The current crisis provides a stark reminder of the importance of investment in public services and goods, including preparedness for economic and non-economic shocks. This includes: i) strengthening social protection; ii) accelerating long-term investment in resilient infrastructure for sustainable development, through public investment and incentives for the private sector; iii) increasing investment in risk management and preparedness; iv) enhancing regulatory frameworks, e.g., to discourage over-leverage when debt is not intended for productive investments (vs. increasing shareholder returns); and v) as noted above, strengthening the international financial safety net and the framework for debt sustainability. These and other policy responses should be sustained, sustainable and equitable, to avoid a rerun of the protracted and slow recovery from the 2008 crisis—and ensure implementation of the Addis Ababa Action Agenda and the Sustainable Development Goals.

## REFERENCES:

Cembalest, Michael (2020). Eye on the market. J.P. Morgan Asset Management, 20 March.

Chambers, Clem (2020). Covid-19 crash dash for cash. Forbes, 13 March. Available from <https://www.forbes.com/sites/investor/2020/03/13/covid-19-crash-dash-for-cash/#5e933d36692d>.

Fidelity (2020). Stock Market & Sector Performance. Available from [https://research.fidelity.com/research/goto/markets\\_sectors/landing.jhtml](https://research.fidelity.com/research/goto/markets_sectors/landing.jhtml).

Institute of International Finance (2020). Economic views: The COVID-19 shock to EM flows. Available from <https://www.iif.com/Publications/ID/3802/Economic-Views-The-COVID-19-Shock-to-EM-Flows>.

UBS Financial Services (2020). UBS House View: Investment Strategy Guide—Covid-19 market scenarios. April.

United Nations (2020), *Financing for Sustainable Development Report 2020* (Forthcoming).

For more information see the  
**2020 Financing for Sustainable Development Report**  
launched on 8 April 2020  
<http://developmentfinance.un.org>



# 3 - COVID-19 and sovereign debt

## INTRODUCTION

**Without aggressive policy action, the COVID-19 pandemic could turn into a protracted debt crisis for many developing countries.** Debt risks in developing countries were already high prior to the pandemic. These risks are now materializing. High debt servicing hamstrings developing countries' immediate response to COVID-19 and rule out needed investment in the United Nations Sustainable Development Goals (SDGs). A debt crisis would dramatically set back sustainable development.

**The global community has responded.** Partial debt service suspensions were offered to 76 low-income developing countries eligible to the World Bank's International Development Association (IDA)—which includes all least developed countries (LDCs) and 13 small island developing States (SIDS). The IMF also offered further debt service relief to 25 of the poorest countries.

**But actions taken so far will not suffice to avoid defaults.** Multilateral and commercial debt are excluded from debt service suspension for all countries, and many middle-income countries at risk are entirely excluded from the initiative. Debt relief—which many developing countries will eventually need if they are to recover and progress toward the SDGs—is not on the table.

**Addressing sovereign debt distress is a long-standing challenge.** While there is no shortage of policy ideas, progress in addressing the challenge has remained piecemeal, with little appetite among key actors—including public and private creditors and some debtors—to design a comprehensive approach. This has left the world ill-prepared for the current crisis.

**A three-pronged approach will be needed,** in line with the Secretary-General report, “Debt and COVID-19: A Global Response in Solidarity”: (i) a full standstill on all debt service (bilateral, multilateral and commercial) for all developing countries that request it, while ensuring that developing countries without high debt burdens still have access to credit needed to finance Covid responses; (ii) additional debt relief for highly indebted developing countries to avoid defaults and create space for SDG investments; and (iii) progress in the international financial architecture, through fairer and more effective mechanisms for debt crisis resolution, as well as more respon-

## Key messages

- » Without aggressive policy action, the COVID-19 pandemic could turn into a protracted debt crisis for many developing countries.
- » The note puts forward concrete proposals to expand on the G20 bilateral debt moratorium and to facilitate investments in recovery and the SDGs, including for highly-indebted middle-income countries that request a standstill, and by bringing in other creditors.
- » Time gained by the standstill must be used to develop sustainable solutions to the debt challenges of developing countries—to ‘build back better’. Such debt relief should be part of broader financing and recovery strategies that take SDG investment needs into consideration, for example through country-led Integrated national financing frameworks.
- » This is also the time to also address long-standing gaps in the international financial architecture for sovereign debt.

sible borrowing and lending. This note provides some initial concrete ideas to advance proposals made by the Secretary-General.

**This approach fulfils long-standing commitments in the Financing for Development outcomes.** It builds on the Addis Ababa Action Agenda's call for debt restructurings to be fair, orderly, timely and efficient, and give room for countries to invest in the SDGs.

## THE IMPACT OF COVID-19 ON THE SOVEREIGN DEBT OF DEVELOPING COUNTRIES

**COVID-19 and its economic fallout are devastating to public balance sheets.** Countries are faced with additional spending needs to finance the immediate health response, provide support to households and firms, and invest in the recovery once the pandemic is under control. At the same time, revenues are collapsing, particularly for commodity exporters and tourism and other services-dependent countries. Global public debt stocks are projected to jump by 13 percentage points of gross world product in just one year, from 83 to 96 per cent (IMF Fis-

Authors: Shari Spiegel, Oliver Schwank and Mohamed Obaidy of the Financing for Sustainable Development Office.

This article was originally published as UN/DESA Policy Brief #72 in May 2020. For further information, contact [undes@un.org](mailto:undes@un.org), or visit [www.un.org/development/desa/publications/](http://www.un.org/development/desa/publications/). For The 2020 Financing for Sustainable Development Report, visit [https://developmentfinance.un.org/sites/developmentfinance.un.org/files/FSDR\\_2020.pdf](https://developmentfinance.un.org/sites/developmentfinance.un.org/files/FSDR_2020.pdf)



cal Monitor, 2020). The IMF expects fiscal balances to turn sharply negative in developing countries, to -9.1 and -5.7 per cent of GDP in middle-income and low-income countries, respectively.

### **Vast additional public borrowing will have to be financed in a context of significant capital outflows from developing countries and rising financing costs.**

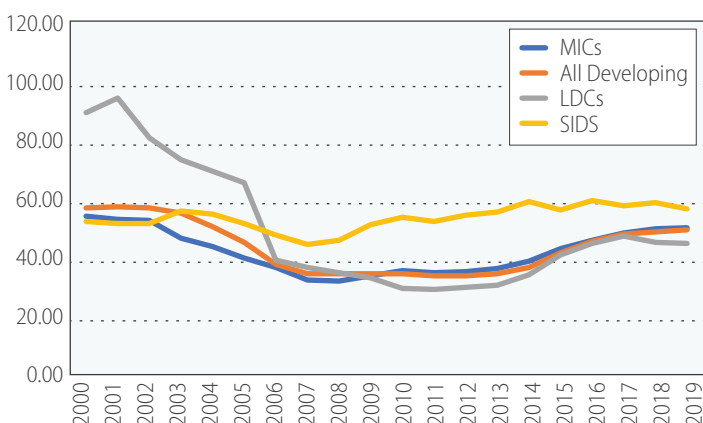
Non-resident portfolio outflows from emerging market countries amounted to almost \$100 billion since 21 January (IIF, 2020). Despite near zero global interest rates, borrowing costs for most developing countries have risen: credit spreads on emerging market sovereign bonds more than doubled from the beginning of the year to April, widening to more than 600bps. Over 100 countries have asked the IMF for emergency funding from its Rapid Financing Instrument (RFI).

## **THIS IS EXACERBATING ALREADY HIGH DEBT RISKS...**

**Debt risks had been rising for a decade, making developing countries vulnerable to shocks.** As highlighted in the 2020 *Financing for Sustainable Development Report*, developing countries entered the 2009 financial crisis with moderate debt. Since then, low global interest rates and greater access to financing contributed to record global debt, and to a broad-based build-up in public debt in developing countries — including across least developed countries (LDCs), small island developing States (SIDS) and middle-income countries (MICs) (see Figure 1) (United Nations, 2020). Median public debt in developing countries grew almost 15 percentage points of GDP from 2012 to 2019 (from 35 per cent to 51 per cent of GDP).

### **LDCs and other low-income countries increasingly**

Figure 1  
**Public debt** (median, share of GDP)



Source: FSDQ/UN-DESA calculation based on IMF WEO data.

**tapped non-traditional sources of credit.** Funding from non-traditional bilateral creditors and international bond markets provided poor countries with access to much needed resources to finance investments in the SDGs, but also raised risks. While official debt remains the most significant portion of the external debt of most IDA-eligible low-income developing countries (those countries eligible for the G20 bilateral debt moratorium), commercial credit increased more than three-fold from 2010 through 2019, rising from 5 to 17.5 per cent (see Figure 2). The increase was particularly pronounced in so-called “frontier economies” (low-income and least developed countries with international bond issuance). Thirty-eight per cent of these countries’ external public debt is owed to private creditors, with 32 per cent in bonds.

### **Debt servicing cost and refinancing risks remain high.**

Debt servicing costs for IDA-eligible countries more than doubled between 2000 and 2019, increasing from 6 to 13 per cent of government revenue (see Figure 3). The G-20 moratorium will provide meaningful “breathing space” to many of the poorest countries, as most of their debt is from official sources. On the other hand, for “frontier economies”, commercial debt accounts for an average of 25 per cent of public revenues. These countries will have to refinance more than USD 5 billion annually of Eurobonds over the next years. This would have been extremely difficult even before the outbreak of the pandemic, but will not be possible if the crisis is prolonged.

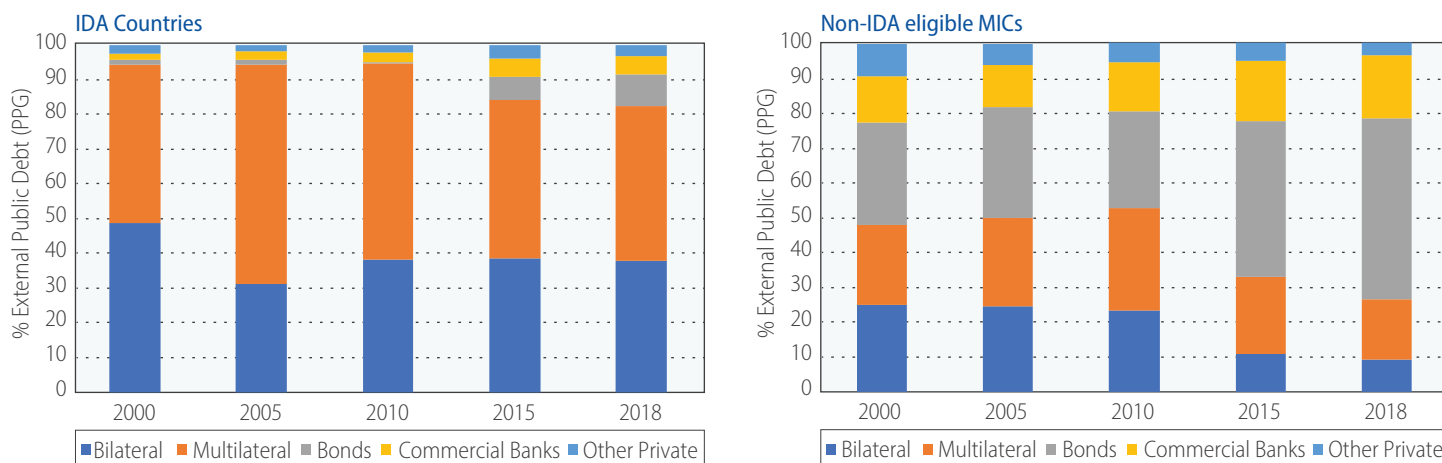
**The debt moratorium provides much needed breathing space but does not address solvency concerns in many of the poorest countries.** Almost half of IDA-eligible low-income countries — 36 countries<sup>1</sup> — were already considered at high risk of or in debt distress at the end of 2019. With so many countries already facing solvency issues, a moratorium on debt service alone will not prevent widespread debt crises.

### **Many middle-income countries excluded from current policy actions are also vulnerable.**

In the low global interest rate environment, public debt (particularly international bond issuance) increased steeply in the last decade in middle-income countries, rising to 54 per cent of GDP in 2019, from 37 per cent in 2010 (Figure 2). Debt servicing costs consume almost a quarter of public revenues in the median middle-income country (Figure 3). Middle-income countries also saw a build-up in private sector borrowing, which is largely denominated in US dollars outside of China, further increasing their vulnerability to

1 70 countries that are all IDA-eligible (6 IDA-eligible countries are not PRGT eligible).

Figure 2

**Composition of external public debt** (weighted average, by creditor)

Source: FSDO/UN-DESA calculations based on IDS and World Bank data.

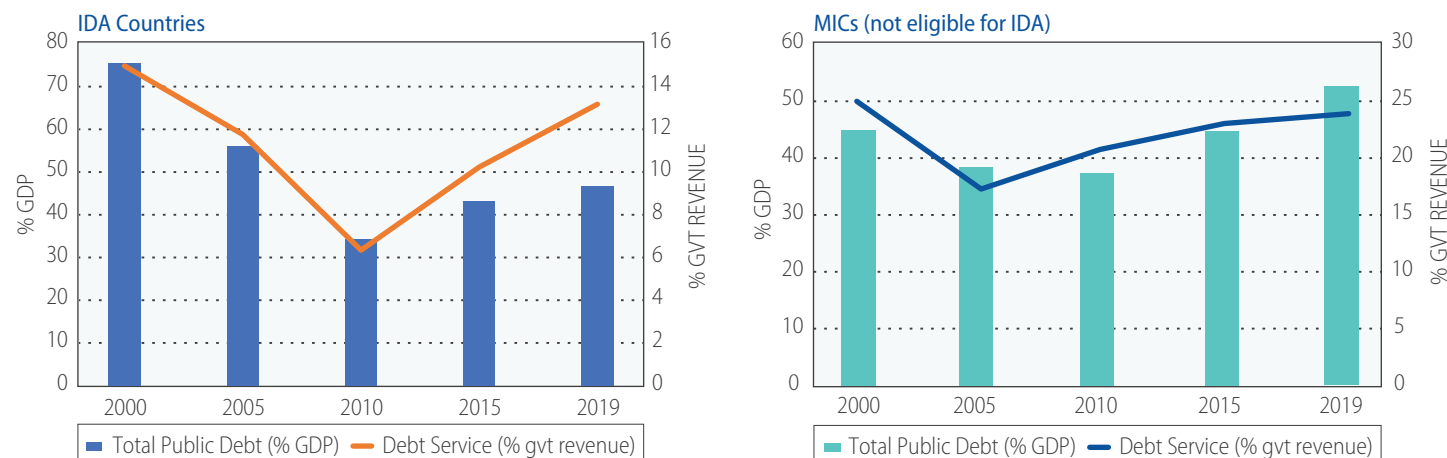
capital flow reversals and currency crises now unfolding.

**Middle-income countries are a heterogeneous group—some have low debt levels and should continue to have access to markets.** There are 15 middle-income countries with high credit ratings that should continue to be able to access markets. For example, Panama<sup>2</sup> was able to issue a sovereign bond in the international market at the end of March. The priority for these countries is to prevent a generalized freeze of capital flows.

**But other middle-income countries excluded from current relief efforts may find it impossible to service or rollover debt.** Thirty-seven middle-income countries are rated below investment grade by major ratings agen-

cies, and several are already in debt distress. Their external financing requirements average more than 14 per cent of GDP (Figure 4), with 63 per cent from commercial creditors and 38 per cent in international bonds. Six middle-income small island developing States that are not eligible for debt suspension under the G-20 initiative have especially high public debt and debt service burdens, at over 40 per cent of revenue on average. More than half of external public debt in the six SIDS is owed to commercial creditors, mostly through bonds. Any debt service moratorium or relief to meaningfully address these countries' challenges would have to include commercial creditors.

Figure 3

**Public debt and debt service** (median, share of GDP and government revenue)

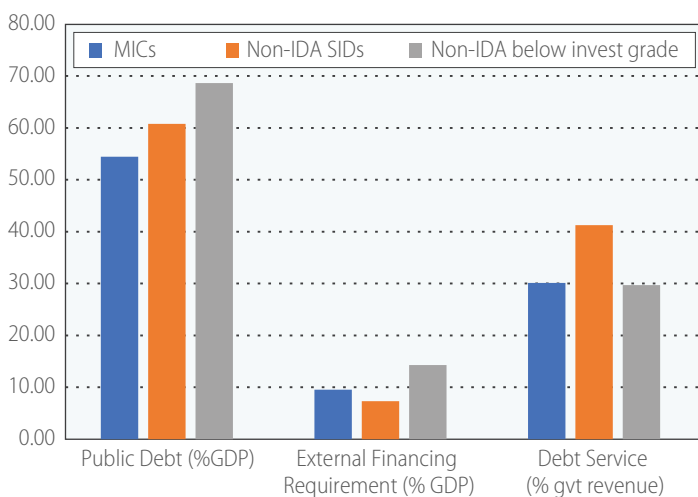
Source: FSDO/UN-DESA calculation based on IMF WEO data.

<sup>2</sup> While not a middle-income country (GDP per capita is just above the threshold), it is rated similarly to countries in this group.

Figure 4

### Debt of vulnerable middle-income countries

(public debt and external financing requirements as percentage of GDP, debt service as percentage of public revenue)



Source: FSDO/UN-DESA calculation based on IMF WEO data.

## POLICY RECOMMENDATIONS

**First, debt service payments must be suspended to provide countries with fiscal space to respond to the crisis:** *The 2020 Financing for Sustainable Development Report* called on official creditors to suspend debt payments from least developed countries and other developing countries that request forbearance without delay. The G20, including its non-Paris Club members, have now committed to do so for IDA-eligible countries through the end of 2020. Given the breadth of the crisis, these actions need be extended in several ways:

- **The debt standstill should be offered to all highly-indebted developing countries that request it, including middle-income countries.** It should be clear, however, that this is not a call for universal forbearance for all middle-income countries. Countries that still have access to financial markets should continue to make use of them, to avoid a generalized freeze in capital flows to developing countries. A global asset purchasing programme, which could for example be funded by a Special Drawing Rights issuance, or partial guarantees could be explored to support market access.
- **Debt to international financial institutions should be included in the standstill.** Because the standstill is offered on a net-present-value-neutral basis, with creditors fully repaid, multilateral creditors should be able to do so without significantly impacting their AAA credit ratings. Shareholders should support them, in order not to threaten their ratings or curtail their ability to provide fresh financing. Indeed, rapid access to

fresh concessional financing, as provided by the international financial institutions, will remain critical.

- **Private creditors must join the debt moratorium to avoid the public sector bailing out private creditors.** They should do so on comparable terms, with details of those terms to be worked out in consultation with debtors. It is ultimately in commercial creditors' collective interest to do so, as providing a moratorium today will allow countries to repay the debt in full in the future. As there is no established mechanism to guarantee full private sector participation, creative solutions will be needed. One proposal is for the official sector to establish a central credit facility for countries requesting assistance, managed by an international financial institution, to coordinate a standstill. Debtor governments would make all payments coming due during the relevant period to the facility, which would initially fund crisis response measures and later be used to repay creditors (Bolton et al, 2020). The facility would be considered senior to other debt due to official sector involvement, so that creditors participating would be repaid before those that do not participate. Jurisdictions that govern developing country sovereign bonds issuance could also halt lawsuits by non-cooperative creditors when debt payment suspensions have been agreed. There is precedent for such action: the UK, which governs the vast majority of commercial debt of countries currently included in the standstill, limited the ability of creditors to seek recovery of full value of debt by countries benefiting from the Heavily Indebted Poor Countries (HIPC) initiative through its 2010 Debt Relief Act.

**Second, debt relief will be needed to avoid widespread defaults and to facilitate investments in recovery and the SDGs.** A moratorium will not suffice for many highly indebted countries. The IMF's cancellation of debt service payments for the 25 most vulnerable countries for the next 6 months must be followed by more comprehensive action by the international community, including relief from all creditors. This includes revisiting debt sustainability and SDG achievement, which will need to be reassessed in a comprehensive manner after the COVID-19 shock.

- **For countries which are highly indebted but do not have unsustainable debt burdens, debt swaps could be considered.** Such debt-to-Covid/SDG swaps could be modelled on experiences from debt-to-health and debt-to-climate swaps, and would channel planned debt service payments into SDG investments. This could include swapping outstanding debt into Covid/

SDG bonds, for which standards could be developed.

- **Official creditors could exchange debts to apply more concessional terms and reduce debt service in the short run, and better share risks with vulnerable debtors in the medium-term.** For example, official creditors could apply IDA-terms to their current and future credits to least developed and other vulnerable countries, extending grace periods, lengthening average maturities and lowering average interest costs (Lee, Morris, Gardner and Sami, 2020.). They could also systematically include relevant state-contingent elements—for terms of trade shocks, disasters, or others—to help countries better manage future shocks.
- **A significant number of countries will need a reduction of payments.** The Highly Indebted Poor Countries (HIPC) and multilateral debt relief initiative (MDRI) provide the historical precedent of writing down debt to sustainable levels to provide space for development investments for low-income countries to invest in development. Those least developed countries, other low-income countries, and small island developing States that are not judged to have sustainable debt levels after the pandemic should be eligible for official debt relief.
- **Any debt relief should be part of a broader strategy that takes SDG investment needs into consideration.** The assessment of relief required should consider medium-term financing gaps for the SDGs (rather than short-term liquidity constraints only) and inform comprehensive financing strategies to close them, e.g. in the context of integrated financing frameworks. The United Nations, through the Inter-agency Task Force, can continue to work on these questions.
- **Debt relief must seek comparable treatment for private creditors.** Private debt restructurings may sometimes be challenging, but debtors could make creative use of collective action clauses and other developments in bond markets since the early 2000s. A fund to buy back outstanding stock of external public debt issued on commercial terms could also be considered, similar to the Debt Reduction Facility accompanying HIPC.
- **Official contributions to finance such write-downs should not crowd out other ODA spending.** Other innovative financing alternatives could be considered.

**Third, the current crisis highlights gaps in the current international sovereign debt restructuring architecture that should be addressed once the world recovers from COVID-19.** No comprehensive mechanism exists

to restructure sovereign debt. As the debt landscape has grown in complexity, restructurings have become ever more complicated. Existing mechanisms should be revisited, based on principles spelled out in the Addis Agenda of timely, orderly, effective, and fair resolutions; shared responsibilities; and restoring public debt sustainability to enhance the ability of countries to achieve the SDGs. Options that could be considered include:

- **Continued improvements to market-based approaches**, such as improved contractual terms and greater use of state-contingent debt instruments (such as linking future payments to GDP growth, or hurricane clauses), including by official creditors;
- **Extension of national legislation to limit litigation by uncooperative creditors;**
- **Further development of soft law principles**, including both principles for fair restructuring and for responsible borrowing and lending to prevent debt crises, and their increasing use by adjudicative bodies—national courts, for example—to guide decision-making;
- **A Sovereign Debt Forum**, which would provide a platform for discussions between creditors and debtors, in the context of the SDG debt relief initiative. It could facilitate further steps such as: agreements on voluntary stays; coordinated rollovers such as in the Vienna Initiative; and other measures.

The UN, which is not itself a creditor, provides a neutral forum for inclusive dialogue among sovereign debtors and creditors and other stakeholders to discuss a way forward.

## REFERENCES

- Bolton et al. 2020. Born Out of Necessity: A Debt Standstill for COVID-19. CEPR Policy Insight 103.
- IIF. 2020. Capital Flows Report April 2020: Sudden Stop in Emerging Markets.
- IMF. 2020. Fiscal Monitor April 2020.
- Lee, Nancy, Scott Morris and Alysha Gardner and Asad Sami. 2020. Calling All Official Bilateral Creditors to Poor Countries: Switch to IDA Concessional Terms as Part of COVID-19 Response.
- United Nations, 2020, Financing for Sustainable Development Report 2020.



## Impact of COVID-19 on the global macroeconomic outlook: Key findings from the *World Economic Situation and Prospects (WESP)* as of mid-2020

Against the backdrop of a raging and devastating pandemic, the world economy is projected to shrink by 3.2 per cent in 2020. Under the baseline scenario, GDP growth in developed countries will plunge to -5.0 per cent in 2020, while output of developing countries will shrink by 0.7 per cent. The projected cumulative output losses during 2020 and 2021—nearly \$8.5 trillion—will wipe out nearly all output gains of the previous four years. The pandemic has unleashed a health and economic crisis unprecedented in scope and magnitude. Lockdowns and the closing of national borders enforced by governments have paralyzed economic activities across the board, laying off millions of workers worldwide. Governments across the world are rolling out fiscal stimulus measures—equivalent overall to roughly 10 per cent of the world GDP—to fight the pandemic and minimize the impact of a catastrophic economic downturn.

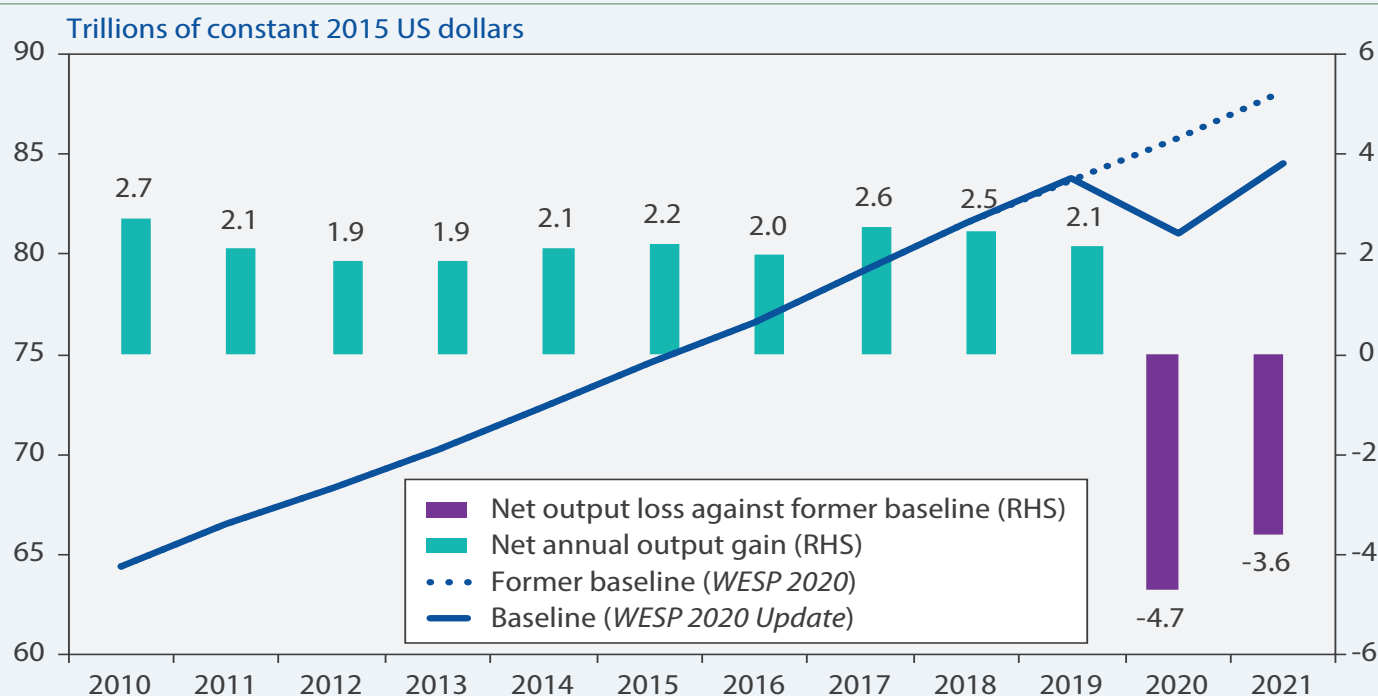
While both new infections and COVID-19-related death have slowed down in recent weeks, uncertainties persist about the future course of the pandemic and its economic and social consequences. Torn between saving lives and saving the economy, some governments are already beginning to cautiously lift restrictions with a view

to jumpstart their economies. The pace and sequence of recovery from the crisis will largely depend on the efficacy of public health and fiscal measures, containing the spread of the virus, minimizing risks of reinfection, protecting jobs and income and restoring consumer confidence.

Absent quick breakthroughs in vaccine development and treatment, the post COVID-19 world will likely be vastly different. The possibility of a slow recovery and prolonged economic slump—with rising poverty and inequality—looms large. A modest rebound—mostly recovering lost output—is expected for 2021. Large fiscal deficits and high levels of public debt will pose significant challenges to many developing countries, particularly commodity-dependent economies and small island developing States, amid falling trade and tourism revenues and remittances. Stronger development cooperation—supporting efforts to contain the pandemic and extending economic and financial assistance to countries hardest hit by the crisis—will remain critical for accelerating recovery and putting the world back on the trajectory of sustainable development.

Figure 1

### World gross product, level and annual changes, 2010–2021



Source: UN DESA, based on scenarios produced with the World Economic Forecasting Model (WEFM).





**Macroeconomic impact on both  
developing and developed countries**





*Secretary-General Visits Vanuatu, May 2019.*

*Photo: UN Photo/Mark Garten*

- 4 – COVID-19 and the least developed countries**
- 5 – The COVID-19 pandemic puts Small Island Developing economies in dire straits**
- 6 – COVID-19 poses grievous economic challenge to landlocked developing countries**
- 7 – Commodity exporters face mounting economic challenges as pandemic spreads**
- 8 – COVID-19 pandemic deals a huge blow to the manufacturing exports from LDCs**
- 9 – The COVID-19 pandemic: A speedy and balanced recovery of Europe will remain critical for the world to return to the trajectory of sustainable development**

# Macroeconomic impact on both developing and developed countries

*As the economic impacts rippled across the world, reaching some corners even faster than the virus itself, UN DESA detailed the real and potential impacts on countries in special situations. Beyond ensuring access to essential goods for landlocked developing countries and small island countries, the Department's analysis put forth key recommendations for policies that would not only buttress impact now, but springboard future development on a more sustainable and resilient trajectory.*

## KEY POLICY RECOMMENDATIONS

- Supporting and restarting **LDC economies** should go beyond addressing emergency measures, to include policies to expand productive capacities, boost economic resilience, promote economic diversification, and create decent jobs. Such policies should be based on strengthening national development governance that incentivizes the allocation of domestic and foreign resources for industrial and technological upgrading, while ensuring social and environmental protection.
- Concerted international efforts are needed to help the **Small Island economies** strengthen their health response to the pandemic, enhance contingency to natural disasters, and bolster food security. The international community should also work towards establishing a dedicated debt relief mechanism for small island economies, taking into account their extreme vulnerability to economic and climate shocks.
- A comprehensive economic rescue plan is needed to support the **landlocked developing countries** from the risks of a balance of payments crisis, a food crisis and a debt crisis – risks which may trigger instability, violence and conflict in several countries. Timely international support is critical in helping these economies to avert an immediate crisis and progress towards meaningful structural changes.
- Given low commodity prices, increasing capital outflows, and rapidly deteriorating macroeconomic conditions, the international community should help **commodity-dependent countries** with high debt burdens to reduce the likelihood of a debt crisis through debt service standstills and forbearance.
- Amid global demand and supply-side shocks, a large-scale, coordinated and comprehensive multilateral response is needed to support the **LDCs dependent on manufacturing exports**, including liquidity and credit from multilateral sources, to avoid a balance of payments crisis, increases in poverty and the reversal of years of development gains.
- **European countries** that have been hard hit by the pandemic will need to pursue expansionary fiscal policies to cushion the economic fallout of the pandemic. Given Europe's importance as a source of global demand, foreign direct investment, remittance flows, and development assistance, its recovery is critical for recovery and achieving sustainable development. In addition, a speedy, timely and balanced recovery is important to preserve European unity and solidarity.



## 4 - COVID-19 and the least developed countries

Covid-19 threatens to undo progress achieved towards sustainable development by the least developed countries (LDCs)<sup>1</sup> over recent decades. Even before the current crisis, LDCs were unlikely to achieve the SDGs, which emphasizes as a core principle “leaving no one behind”, including the most marginalized countries. Any further obstacles mean the 2030 Agenda for Sustainable Development will almost certainly be missed without far-reaching policy responses. This Policy Brief reviews some of the main health, social and economic impacts of Covid-19 on LDCs and makes a series of policy recommendations.

### UNDERDEVELOPED HEALTH SYSTEMS

As of 28 April 2020, the World Health Organization reported 16,469 confirmed cases of Covid-19 and 472 deaths in LDCs, affecting all but six LDCs. Together, LDCs account for a small but rising 0.56 per cent of global cases and 0.23 per cent of global deaths. But these low figures do not reflect the true picture: a low rate of reported infections is often the consequence of LDCs’ lack of testing capacity.<sup>2</sup>

Once the new coronavirus spreads within an LDC, prospects are dire. Covid-19 is overwhelming public health systems even in many developed countries. It will almost certainly wreak havoc in countries with underdeveloped health systems. There are on average only 113 hospital beds per 100,000 inhabitants in LDCs, less than half the number in other developing countries and around 80 per cent below developed countries. Even the most basic public health interventions like frequent handwashing are impossible for many people in LDCs.

LDCs that had closed their borders as part of containment measures risk infection as they allow people to come in from overseas to provide assistance and technical “know-how”.

### LOCKDOWN TO SAVE LIVES

To limit the spread of the new coronavirus, LDCs have resorted to similar measures to other countries: imposing states of emergency, prohibiting public gatherings, closing schools and universities, banning international and often also domestic travel, and closing non-essential businesses. The Oxford COVID-19 Government Response

#### Summary

Covid-19 threatens to have devastating consequences in least developed countries (LDCs). Health systems may be unable to cope with a precipitous increase in infections, and these countries lack the resources to cope with the socioeconomic consequences of lockdowns around the world. Unless bold policy actions are taken by the international community, achieving the Sustainable Development Goals (SDGs) by the 2030 deadline will likely slip out of reach.

Tracker reports as of 29 April restrictive measures in 26 LDCs, with Djibouti and Rwanda scoring at maximum stringency. Measures in LDCs remain slightly less restrictive than in other countries (see Figure 1). Additional LDCs not included in the tracker, such as those in the Pacific, have also imposed travel restrictions and social distancing. These measures save lives but also force economies into recession.

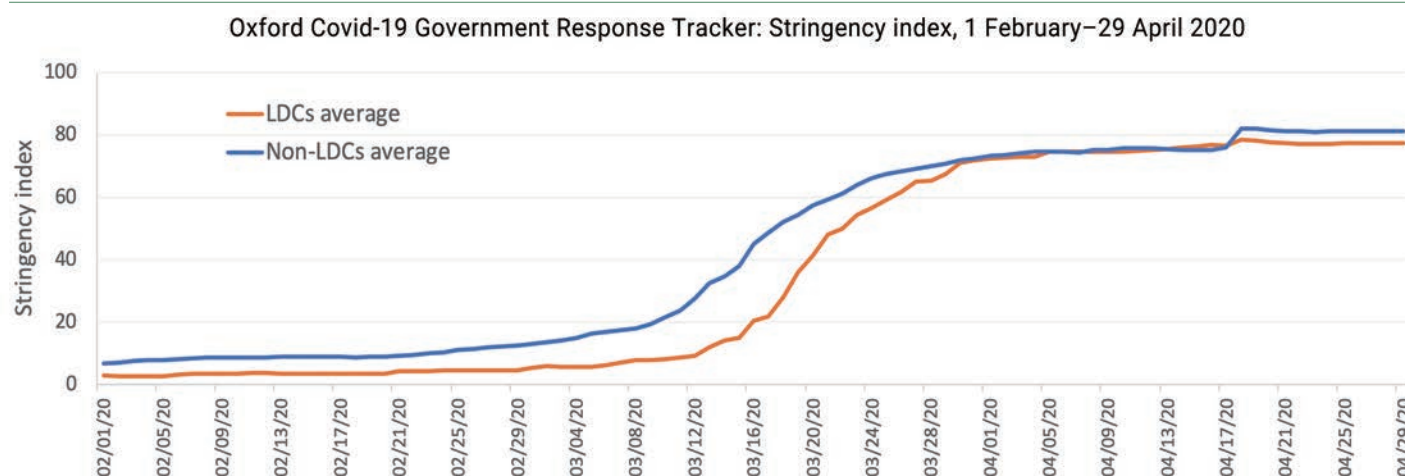
There is no real alternative. A strategy of “testing, tracing and isolating”, which would allow economies to operate with minor interruptions by restricting only the people actually infected or those who have been in close contact with them, has proven unfeasible for most countries. LDCs lack not only the necessary testing capacities, but the technologies and governance structures to effectively and efficiently trace and isolate the infected. A herd immunity strategy would stop the spreading sooner but would cost many lives and cause social devastation. Hoping that effective vaccines or medicines will be available soon is widely seen as untenable.

Suppressing the spread of the coronavirus through lockdowns and milder forms of social distancing are far more difficult to implement in LDCs, in particular in slums or in refugee camps. Whereas developed and more advanced developing countries are able to shift at least some production to employees’ home offices, the different types of jobs and the lack of information technology infrastructure makes working from home impossible for most people in LDCs. Many vulnerable populations in LDCs lack access to a social protection system, so that the economic lockdown necessary to save lives will imme-

<sup>1</sup> For a list of least developed countries, see <https://www.un.org/development/desa/dpad/least-developed-country-category/lcds-at-a-glance.html>.

<sup>2</sup> For daily updates on the spread of Covid-19 in LDCs and further analysis, see DESA’s United Nations LDC Portal. <https://www.un.org/ldcportal/covid19-and-the-lcds/>.

Figure 1

**Government response in LDCs relative to non-LDCs, as of 29 April 2020**

Source: UN DESA, based on data from Hale et al. (2020).

diately increase poverty, hunger and destitution. Among those most exposed to the immediate social impacts of Covid-19 are young people, and in particular young women, who tend to be overrepresented in LDCs' sizeable informal economies, lack access to savings, and work in the economic sectors that have been most impacted by social distancing restrictions.

Some of the longer-term risks of lockdowns may also be more severe in LDCs. Existing economic, gender and social inequalities are exacerbated. Combined with a loss of household income, millions of women are confined with their abusers, with limited options for help and support. The unequal distribution of unpaid care and domestic work increases because women and girls spend even more time than men and boys performing these care activities—a significant barrier to gender equality and women's economic empowerment. Extended school closures could have more drastic effects on human capital, particular for girls and young women, and therefore future economic growth due to the impossibility of remote schooling.

## COLLAPSE OF GLOBAL DEMAND

Most LDC economies rely on external demand. Successful integration into the global economy brought many LDCs closer towards graduation from the LDC category, whether through tourism, light manufacturing, remittances from workers abroad or oil and other commodity exports. With the increasing number of LDCs using trade and services as an engine for growth, the expected collapse in world trade could have a lasting impact.

Manufacturing, in particular of garments, has been a main development driver for LDCs approaching gradu-

ation, such as Bangladesh, Cambodia, or Myanmar. These countries benefit not only from low production costs and effective domestic policies supporting the sector, but also from trade preferences in most developed and major developing markets. Covid-19 has caused a demand shock through a massive cancellation of orders as fashion retail in developed countries collapsed. At the same time, the garment sector is undergoing a domestic supply shock caused by mandated factory closures. Already at the end of March 2020, a quarter of the 4 million mostly female Bangladeshi garment workers had been fired or furloughed. In the first half of April 2020, garments exports from Bangladesh declined by more than 80 per cent on a year-to-year basis

Tourism is the main export of many LDCs, particularly small island developing States (SIDS). Travel restrictions and advisories by authorities in foreign tourist markets, as well as the income loss of consumers in these markets, have reduced demand, sometimes almost completely. As in the case of garments, the demand collapse is paralleled by the collapse in domestic supply caused by travel restrictions imposed by recipient countries limiting tourist inflows.

Reduced demand for migrant workers and travel bans imposed by receiving or sending countries will drastically reduce remittances, which are essential in many LDCs. The return of migrant workers who have lost their jobs due to the crisis abroad can put further stress on limited social protection and health systems.

Commodity exporters have been hit by reduced demand and resulting price declines. Oil exporting LDCs are additionally affected by disagreement among major oil exporting countries on how to stabilize prices, with recent oil prices plunging 50 per cent. While other com-



modities have been less affected than oil, prices for most metals and minerals have declined by 20 per cent, slashing export earnings and potentially reducing foreign direct investment (FDI) inflows.

## HEALTH CRISIS AND SLUMP IN GLOBAL DEMAND SWELL BEYOND INITIAL IMPACT

Domestic lockdown and global demand shocks are already having a massive impact. A decline in domestic incomes and economic interdependence may impact sectors that remain at first unaffected, causing additional economic hardship. For instance, even if the transportation sector is exempt from lockdowns and ports remain open, additional controls and decline of auxiliary services will hamper trade and the distribution of goods. This risks worsening food insecurity, particularly in urban areas, where food prices are already increasing. These types of vulnerabilities are exacerbated by the lack of resources in LDCs (both financial and institutional) to compensate for the income losses of firms and households.

Currently, Covid-19 is a health and economic crisis. If firms and households start defaulting on payments and loans, the pandemic risks turning into a financial crisis, which can be contagious, as the recession in 2008 showed. While the global financial system should be better prepared than in 2008, it remains to be seen if it can withstand pressures caused by prolonged global economic stress.

Pressure on exchange rates from an export slump creates balance of payments problems. Due to the strengthening of foreign currencies in which external debt of LDCs is denominated, pre-existing debt problems intensify. Already before the Covid-19 crisis, 19 out of 39 LDCs covered by the debt sustainability assessment of the International Monetary Fund (IMF) for low income countries were at high risk of, or already in, debt distress.

## THE OVERALL ECONOMIC IMPACT REMAINS HIGHLY UNCERTAIN

Preliminary forecasts from the World Economic Situation and Prospects as of mid-2020<sup>3</sup> point to a global recession with a 3.1 per cent decline in global GDP. LDCs are expected to grow by only 0.8 per cent in 2020, followed by a strong rebound of 4.6 per cent in 2021. However, given the massive downside risks, far more negative and lasting outcomes are plausible. Evidence from the 2008 global financial crisis indicates that it took more than five years for LDCs, particularly small island LDCs, to recover from the then completely external demand shocks.

## POLICY RESPONSES

The unprecedented economic crisis in LDCs caused by the coronavirus requires decisive and swift action, both by affected countries and by international development partners, who could create a targeted package of international support measures.

### Support public health systems

As LDCs often lack the productive capacity and financial resources to obtain necessary health equipment, they need immediate support from the international community, in addition to support for the long-term strengthening of the health sector. All governments should refrain from restricting exports of essential medicines and health equipment, while vulnerable countries need to ease existing import restrictions. Marginalized countries stand to benefit from increased global efforts to develop vaccines and effective medications against Covid-19. Such efforts should consider vaccines as global public goods and ensure they will reach the most vulnerable first.

### Support affected households and businesses

In addition to increasing budget allocations for the health sector, most LDCs have already adopted or are developing programs and measures to provide income or food support to their unemployed and vulnerable populations. Unfortunately, this is far more difficult than in advanced economies, as social protection systems are often lacking. Even where they exist, they often fail to reach workers in the informal economy, who are the most vulnerable and often constitute a majority. New policy measures could include extending social protection, for example through basic social security guarantees, in particular to workers in the informal sector, and by involving local government and non-state actors. The coverage of migrants from LDCs by social protection systems in host countries could provide valuable support.

Many LDCs have also adopted or developed support programs that provide loans, guarantees, or tax relief for firms that are temporarily affected so that workers continue to receive wage income or at least to ensure the firms still exist if the economies reopen. While some of these countries have been able to use domestic resources, many others rely on development partners for funding.

### Provide external financial resources

The lack of domestic financial resources for economic stimulus is often a major constraint. Given the limited access to private capital markets, bilateral and multilateral funding will be essential. The IMF and multilateral development banks have already started to provide funding

3 See [bit.ly/wespmidyear](https://bit.ly/wespmidyear). Forthcoming, 13 May 2020.

on a significant scale, but these efforts need to be scaled up to ensure that LDCs as the most vulnerable countries benefit.

As official development assistance (ODA) remains far more important for LDCs than for other groups (with an average ODA-to-GNI ratio of 5 per cent), the crisis response should include increasing ODA to rapidly meet existing commitments. Hence, bilateral development partners should also scale up their ODA in this crisis, rather than using budgetary constraints caused by Covid-19 as an argument to reduce their ODA.

The Covid-19 crisis also demonstrated the need for debt relief. LDCs will benefit from the suspension of bilateral loan repayments until the end of the year agreed to by the G20 countries, as well as the IMF's cancellation of 24 LDCs' debt payments for six months. However, these initiatives will certainly need to be expanded.

### Restart economies smartly

There is a need to think about restarting economies in a smart way. In the absence of medical treatment or vaccines, or the capacity for "testing, tracing and isolation", loosening social distancing provisions will facilitate the emergence of a second wave of infections. Hence, there is an urgent need for the international community to support vulnerable countries in developing and implementing strategies for restarting their economies that take the limitations on capacities and public health systems into account.

There is also a need for global coordination on loosening economic lockdowns. For example, tourism dependent economies have limited benefit from lifting restrictions on foreign arrivals if lockdowns in developed and advanced developing countries continue to depress external demand.

Restarting LDC economies should go beyond addressing emergency measures and include policies expanding productive capacities to address the root causes of limited economic resilience, lack of economic diversification and failure to create decent and productive jobs. Such policies should be based on strengthening national development governance that incentivizes the allocation of domestic and foreign resources (public and private) for industrial and technological upgrading while ensuring social and environmental protection. It should acknowledge possible impacts on global value chains from the Covid-19 crisis for the structural transformation of LDCs, for example by strengthening emphasis on regional approaches to overcome small domestic markets.

### Transform societies for achieving the SDGs

The crisis has revealed again the vulnerability and inequalities inherent in current development models and the global economy. Hence, rebuilding economies will require placing the SDGs and the principles of human rights and gender equality at the center. A post-Covid-19 world must protect the gains made on gender equality and the empowerment of women and ensure that recovery is based on approaches that are gender-transformative, ecologically sustainable and leave no one behind. Building back smarter must mean that societies are healthy, clean, safe and more resilient, in particular for the most vulnerable.

The current crisis lays bare the reality that LDCs will not be able to become resilient without developing enhanced capacities in the health sector and beyond. Global cooperation is imperative in health, economics and elsewhere. Effective multilateral cooperation that benefits the most disadvantaged countries is a fundamental prerequisite for getting back on track toward the 2030 Agenda for Sustainable Development.

### REFERENCES

- Bhattacharya, Debapriya, and Fareha Raisa Islam (2020). The COVID-19 Scourge: How affected are the Least Developed Countries. OECD Development Matters.
- United Nations (2017). Expanding productive capacity: Lessons learned from graduating Least Developed Countries. Policy Note. Committee for Development Policy. December.
- Hale, Thomas, Sam Webster, Anna Petherick, Toby Phillips, and Beatriz Kira (2020). Oxford COVID-19 Government Response Tracker, Blavatnik School of Government.
- Kim, Namsuk (2020). How long it will take for LDCs and SIDS to recover from the impacts of COVID-19? Draft working paper. Forthcoming.
- United Nations Inter-agency Task Force on Financing for Development (2020). Financing for Sustainable Development Report 2020.
- UN Women (2020). The First 100 Days of Covid-19 in Asia and the Pacific: A Gender Lens.

# 5 - The COVID-19 pandemic puts small island developing economies in dire straits

Small island developing countries<sup>1</sup>—accounting for less than 1% of the world’s population—represent nearly 20% of the membership of the United Nations. The overarching principle of sovereign equality, as enshrined in Article 2 of the United Nations Charter, requires that the United Nations pay adequate attention to all countries, both large and small. This Policy Brief analyses and underscores why small island economies—as countries in special situations—deserve special attention as the world faces an unprecedented health and economic crisis. The policy brief identifies immediate macroeconomic impacts of the current pandemic with far reaching consequences for sustainable development of these economies.

## COVID-19 SPARES NO COUNTRY

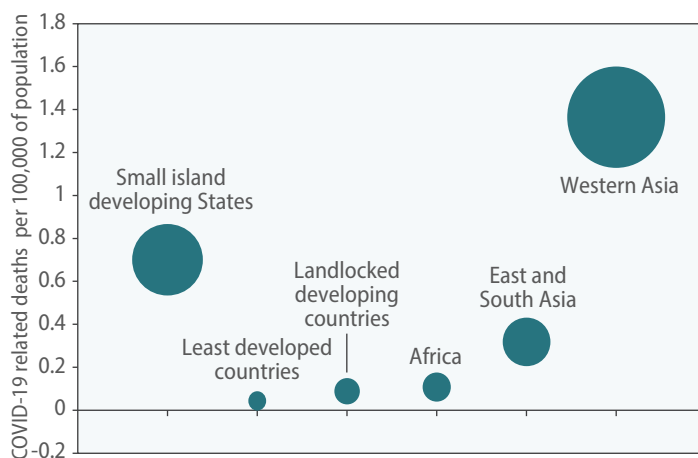
The COVID-19 pandemic is posing an unprecedented health and economic crisis for small island economies. The reported number of COVID-19 related deaths per 100,000 people is higher in these countries compared to other developing country groups and regions, including least developed countries (LDCs) and landlocked developing countries (LLDCs) (Figure 1). The Bahamas, Dominican Republic and Trinidad and Tobago, for example, are experiencing mortality rates as high as many hardest hit countries in Europe. The number of confirmed cases and mortality rates could rise very quickly with the easing of travel restrictions and increased testing and reporting of COVID-19 cases.

The high prevalence of pre-existing health conditions, such as diabetes, cardiovascular diseases and obesity, make populations in small island economies particularly susceptible to COVID-19. Available evidence suggests that people living with these pre-existing conditions are more likely to develop severe symptoms from COVID-19. Compounding their vulnerability, most small island economies lack capacities for detection and treatment of a new disease. The Global Health Security Index (HSI), a comprehensive measurement of a country’s health security and related capabilities, show that small

### Key messages

- » COVID-19 is posing significant health and economic risks to small island developing economies, given their small economic base, high degree of openness and extreme dependence on economic performance of a few developed economies.
- » Amid sharp falls in tourism revenues and remittances flows, small island economies are likely to experience the most pronounced contraction in 2020, further exacerbating their vulnerability to economic and climatic shocks.
- » Disproportionately high debt-servicing burdens of many small island economies will weaken their external balance, potentially increasing the likelihood of debt defaults.
- » Many small island economies—highly dependent on food imports—face the added challenge of ensuring food security during the health and economic crisis.
- » The pandemic response will constrain the fiscal space of small island developing economies and exacerbate their vulnerabilities to natural disasters brought about by climate change.
- » Scaled-up international development cooperation will remain critical for ensuring that small island economies can strengthen their health response to the pandemic, while safeguarding food security and averting an economic crisis.

Figure 1  
**COVID-19 related deaths in selected country groups and regions, as of 28 April 2020**



Source: UN DESA calculations, based on data from Johns Hopkins University.  
Note: The size of the bubble represents reported COVID-19 related deaths per 100,000 people.

<sup>1</sup> The Brief analyses macroeconomic impacts of COVID-19 on 32 small island developing States (SIDS) and excludes Bahrain, Belize, Guinea Bissau, Guyana, Singapore and Suriname to ensure relevance and consistency.

island economies have relatively poorer health capabilities, particularly in prevention, detection, rapid response to epidemics, and ability to treat the sick and protect health workers. A median HSI score of 29—on a scale of 100—underpin significant deficiencies in public health system in these countries, relative to a median score of 54 for high income economies.

## ECONOMIC CONSEQUENCES OF A RAGING GLOBAL PANDEMIC

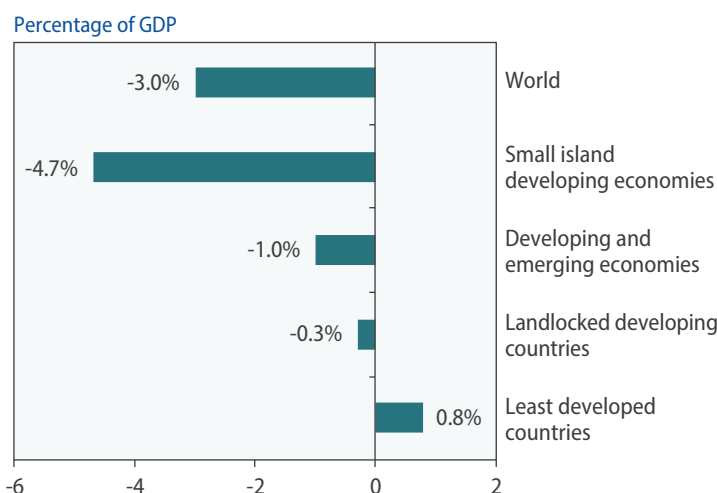
A small and narrow economic base, high degree of openness and significant dependence on few large developed countries make small island economies extremely vulnerable to global economic shocks. These economies are often at the receiving end of global crises, as they are highly dependent on external flows—trade, remittances and external capital and borrowing—compared to other groups of developing countries. Trade, for example, accounts for more than 71% of small island economies' GDP, compared to 50% for LDCs and 60% for LLDCs.

The COVID-19 pandemic is projected to inflict the worst recession since the Great Depression, sparing no country or region in the world. Small island economies will likely experience a severe recession in 2020, pummeled by falling tourism revenue, remittances and capital flows and pressures of high and growing debt servicing costs. The substantial dependence on food imports—50% of all small island economies import more than 80% of their food—is also a major contributing factor (Figure 2).

The GDP of small island economies will likely shrink by 4.7% this year, compared to a global contraction of

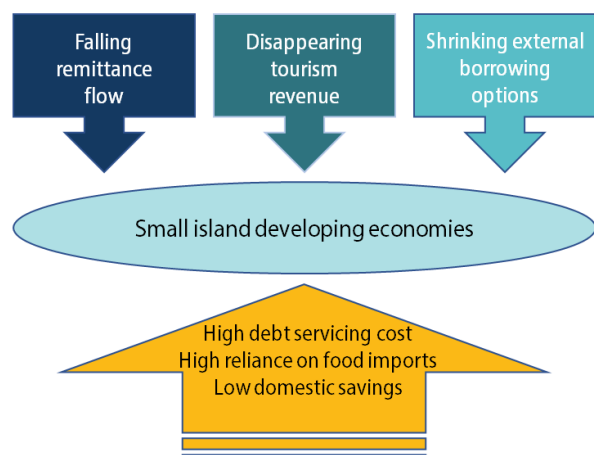
around 3%. Contractions in these economies will be significantly larger than in LDCs and LLDCs (Figure 3), underscoring their extreme vulnerability to global economic shocks. The Bahamas, Maldives, Seychelles and Palau are expected to shrink by 8% or more, making the current crisis the worst in recorded history. The massive economic contraction will lead to significant increases in poverty and undermine the ability of these economies to withstand natural disasters, which have been hitting many of these economies with increasing frequency and intensity. Cyclone Harold, which devastated four Pacific Island nations earlier this month, exposed the extreme vulnerability of these economies as pandemic-induced quarantines and lockdowns impeded the delivery of urgent humanitarian assistance.

Figure 3  
**Projected GDP growth rate of selected country groups, 2020**



Source: UN DESA calculations, based on data from IMF, World Economic Outlook database.

Figure 2  
**Transmission channels of COVID-19's economic impact on small island developing economies**



Source: UN DESA.

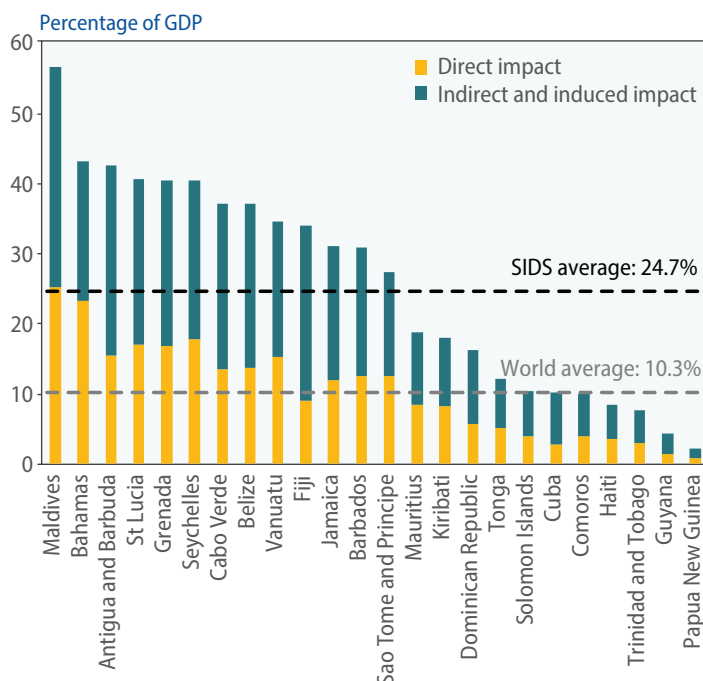
## PANDEMIC CHOKING ECONOMIC LIFELINE

Tourism is the economic lifeline of most small island developing economies. Value added from tourism account for nearly 30% of GDP of these economies. In the case of Maldives or The Bahamas, tourism accounts for more than 40% of GDP (Figure 4). Amid widespread restrictions on international travels and lockdowns at national levels, the World Tourism Organization (UNWTO) predicts a 20%–30% decline in international tourist arrivals in 2020, dwarfing the 4% decline during 2009. If border closings and restrictions on travel persist beyond one quarter, actual tourism flows could decline by a larger magnitude, dealing a crippling blow to these economies.



Figure 4

### Tourism sector's contributions to GDP in selected small island economies



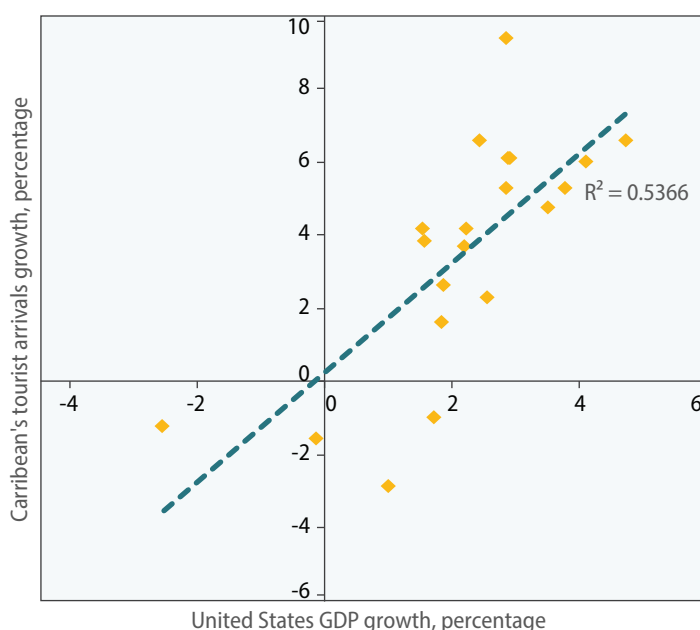
Source: World Travel and Tourism Council.

Barring a few exceptions, tourism sectors in most small island economies depend on arrivals from a single source country or region. Tourist arrivals from the United States, for example, account for 60%–80% of tourist arrivals for several Caribbean countries, such as The Bahamas and Jamaica. For the Pacific Islands, tourists from Australia and New Zealand account for about half of the total annual tourist arrivals. Meanwhile, for Cabo Verde and the Seychelles, 65%–70% of tourism flows originate from Europe. The excessive dependence on tourist arrivals from a single source make these tourism economies extremely susceptible to downturns in source countries. A very strong and positive correlation between growth rates in tourist arrivals in the Caribbean economies and United States' GDP growth (Figure 5) show that if the US economy sneezes, many economies in the Caribbean region catch a cold.

The collapse in tourist arrivals not only directly affects income and employment in airlines, ground transport and hotels, but also adversely affects the rest of the economy, including agriculture and construction. Falling tourism, and subsequently, reducing tax revenues, will exacerbate fiscal balances of many small island economies and also reduce the flow of foreign direct investment (FDI), as the tourism sector is typically the largest recipient of FDI.

Figure 5

### GDP growth in the United States relative to growth in tourist arrivals in the Caribbean



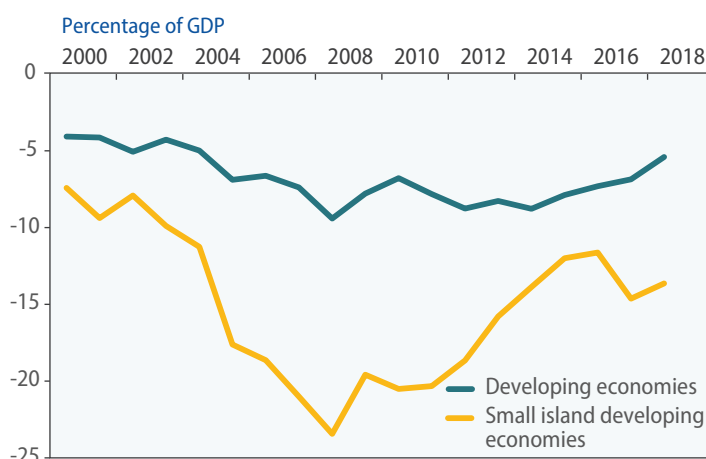
Source: UN DESA, based on data from UNWTO.

## FRAGILE EXTERNAL BALANCE

Most small island economies run large trade deficits, with tourism accounting for most of exports, while food, oil and other essentials representing the bulk of imports. Since 2000, the trade deficits of these economies as a group has persistently been at 2-3 times higher than the developing countries' median (Figure 6), often translating to large and persistent current account deficits. For

Figure 6

### Trade balance

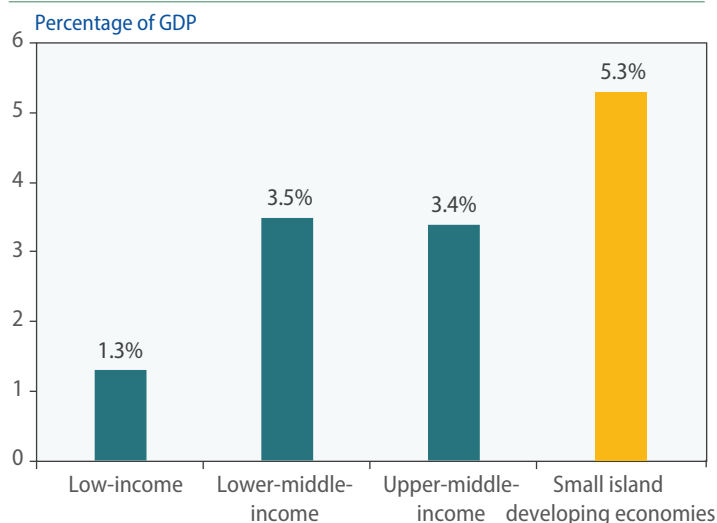


Source: UN DESA, based on data from World Bank, World Development Indicators database.

Note: The values displayed are median.

Figure 7

### External debt servicing burden of selected country groups, 2018



Source: UN DESA, based on data from World Bank, World Development Indicators database.

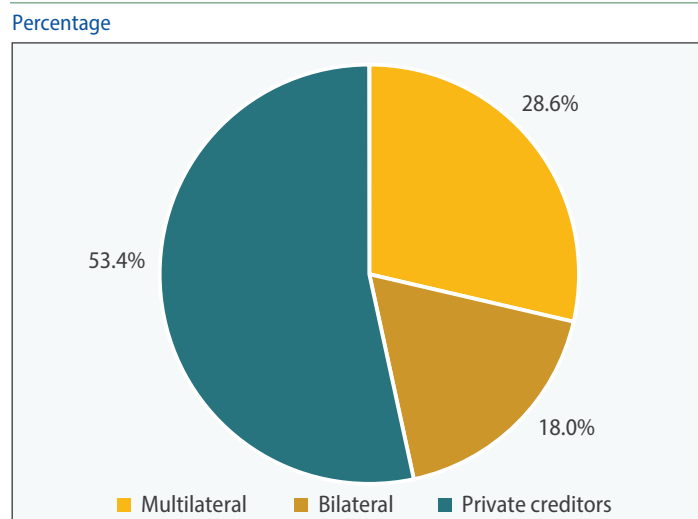
many of these economies, substantial remittances inflows partly offset current account deficits. The remaining financing gap has been filled by external borrowing, FDI and other flows in the capital account.

While tourism exports are highly volatile and susceptible to downturns in developed economies, the import demand of many small island economies is typically inelastic. This is particularly prominent for economies that are net importers of food, oil and other essential goods. Food imports represent more than 15% of all merchandise imports for a large number of small island economies, which is twice the world average. It is almost 30% for Cabo Verde, Sao Tome and Principe and Samoa. It is also the case that tourism drives much of the food and oil imports in these economies, which may decline amid worldwide travel restrictions. Nevertheless, a shock to global food production and supply chains could translate to higher food price inflation for many small island economies.

Small island economies rely on export revenues to service their debt. Debt servicing, on average, amount to about 15% of the export revenues of small island economies, which is twice the world average. But the Dominican Republic, Jamaica or Papua New Guinea spend as much as a quarter of their export earnings to service their external debt. If the global slowdown significantly reduces export earnings of these economies, their debt service burdens—both as a percentage of GDP and exports—will increase sharply, potentially increasing the risks of a default on external debt.

Figure 8

### Share of external debt of small island developing economies, by creditor type, 2018



Source: UN DESA, based on data from World Bank, World Development Indicators database.

As the COVID-19 crisis simultaneously shrinks tourism revenues and remittance flows, outflows to service debt and pay for food imports will remain constant or even rise. In a typical year, the external debt servicing burden of small island economies as a group is 5.3% of their GDP. This is more than four times higher than the debt servicing burden of low-income countries and higher than any other country group, including upper middle-income countries (Figure 7). Importantly, average external debt service burden for small island economies masks a stark disparity between the economies, with the Caribbean countries facing much higher debt service burdens.

Many small island economies, particularly the Caribbean economies largely borrow from private creditors to finance their chronic and large trade and current account deficits (Figure 8). This results in higher borrowing costs—higher than that available from multilateral and bilateral sources—and pay large risk premiums because of their chronic trade and current account deficits, relatively low level of international reserves and their high vulnerability to natural disasters.

## LEAVING NO COUNTRY BEHIND

The economic consequences of the COVID-19 pandemic for small island economies will be both devastating and far-reaching. The crisis will significantly weaken the capacities of these countries to withstand a simultaneous crisis, should a cyclone or hurricane hit any of these economies this year or next—a possibility that cannot be ruled out completely. Many countries in the Caribbean and the

Pacific are still recovering from devastating hurricanes during the past couple of years. Against the backdrop of the crippling effects of the pandemic, several small island economies are enacting tax relief for affected sectors and firms, especially the small businesses, and increasing targeted social spending, including unemployment benefits and prioritizing public investments. While several small island economies have some social protection systems in place, there are many, especially the Pacific economies, that lack social protection. Strengthening social protection systems, and enhancing poverty eradication and social inclusion policies, will be essential to preserve the progress made towards the implementation of the Sustainable Development Goals. Fiscal efforts are however constrained by limited fiscal space. Many of these economies face additional challenge of mobilizing sufficient fiscal buffers to deal with frequent natural disasters. Notwithstanding these challenges, small island economies in the Caribbean have so far announced a stimulus package estimated at around 1%–4% of GDP, which will clearly be insufficient for mitigating the catastrophic impacts of a twin health and economic crisis.

The global commitment to leave no one behind must extend to leaving no country behind, especially to most vulnerable countries, which include small island economies that are also least developed countries. The pandemic puts the cardinal commitment of solidarity to test. International development cooperation is at the heart of reducing risk, enabling recovery and building resilience. The international community must come forward to prevent the economic devastation of small island economies. There should be concerted international efforts to:

Ensure that small island economies can scale-up testing and treatment and have uninterrupted access to critical medical supplies, not only to fight the pandemic but also for contingencies, should they be hit by a natural disaster during the pandemic.

Bolster food security of these small island economies, increasing supply of grains, meat, dairy and other critical food items to prevent food price inflation and reduce the likelihood of rising poverty and hunger. It would be critical to build and maintain a buffer food stock for these economies in the event of sudden disruptions in the global supply chain.

Limit debt servicing costs of these small island economies—through a combination of debt relief, forbearance and debt swaps, ensuring that these economies do not experience a balance of payment crisis during this very difficult time.

Expand concessional financing for the small island economies, LDCs, and other vulnerable developing countries to complement domestically financed stimulus packages, which will clearly be inadequate for addressing the magnitude of the crisis. Many of these economies will need fiscal stimulus—as large as 10% or more of their GDP—to minimize the cataclysmic impact of the current crisis.

Establish and operationalize a dedicated debt relief mechanism for small island economies, taking into account their extreme vulnerability to economic and climate shocks, to ensure long-term debt sustainability and foster investments in sustainable development in small island economies.

## 6 - COVID-19 poses grievous economic challenge to landlocked developing countries

The thirty-two landlocked developing countries (LLDCs)—home to nearly 7 per cent of world population, representing 15 per cent of the membership of the United Nations—are the least economically-integrated countries in the world. As a group, LLDCs are at the fringes of the world economy, accounting for only 0.9 per cent of world gross output and 0.8 per cent of global exports (Figure 1). Seventeen of them also belong to the group of least developed countries (LDCs). These economies are highly heterogeneous, both in terms of the level of development and economic structure. The average per capita income of LLDCs is 2.5 times higher than the LDC average. This average, however, masks the huge dispersion in per capita income among these countries, ranging from \$272 for Burundi to \$9,813 for Kazakhstan.

Constrained by their landlocked status, LLDCs rely heavily on their neighbouring countries' seaports for the movement of goods and services to and from international markets. Even under ordinary conditions, they face higher trade costs than transit countries, despite continuing international efforts to facilitate their market access.

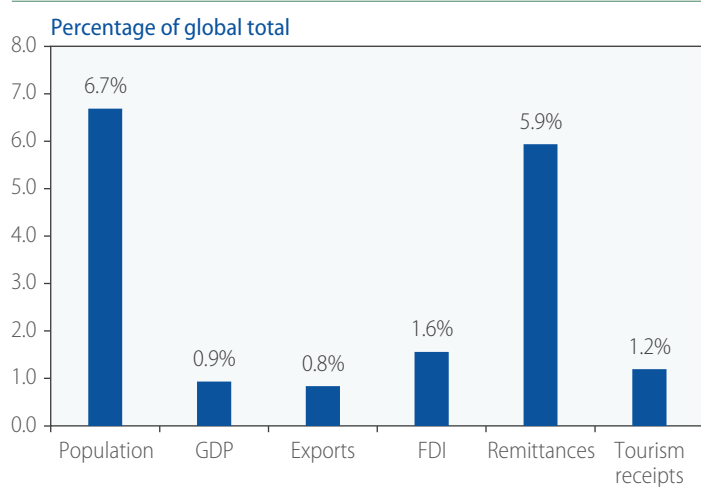
Many LLDCs are highly dependent on commodities exports, while a few others rely on remittances or tourism

### Summary

- » The Covid-19 pandemic is increasing the risks of a balance of payments crisis, a food crisis and a debt crisis in landlocked developing countries (LLDCs).
- » A few LLDCs—with extremely high levels of external debt owed to private creditors—are particularly vulnerable.
- » The unfolding multiple crisis may trigger instability, violence and conflict in many LLDCs, particularly in countries that have been mired in conflicts and civil wars in recent years.
- » High levels of income inequality in LLDCs may undermine their ability to implement effective stimulus measures to support the most vulnerable segments of their population.
- » Timely international support is helping LLDCs avoid an immediate crisis but a long-term rescue and recovery plan is needed to steer their economies towards meaningful structural changes.

ism as the main source of their foreign exchange earnings, making them highly vulnerable to swings in external flows. Afghanistan, Central African Republic, Mali and South Sudan are mired in protracted civil war and conflicts, while a few other LLDCs—Burundi, Chad, Ethiopia, Nepal, Niger and Uganda experienced violence, instability and conflicts in recent years. Endemic economic and political fragility remains a challenge for many LLDCs, which may flare up again should economic conditions and employment prospects deteriorate quickly. While the COVID-19 pandemic has hit Europe and the United States the hardest, its economic impacts are reverberating in the farthest corners of the world, including in LLDCs. Clearly, the economic consequences of the pandemic will spare no country or country group. Given the high degree of heterogeneity among LLDCs, macroeconomic transmission channels and impacts of COVID-19 will, however, be significantly different across countries.

Figure 1  
**Share of landlocked developing countries, 2018**



Source: World Bank, World Development Indicators database.



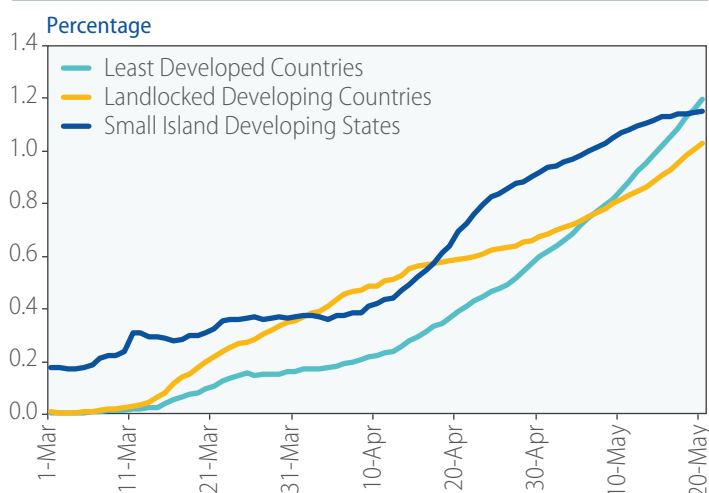
## REMOTENESS CAN BE A BLESSING BUT NOT ENTIRELY

With nearly 30,000 confirmed cases—representing less than 1 per cent of all cases worldwide—LLDCs remain relatively less affected by the virus (Figure 2). Afghanistan, Armenia, Kazakhstan and the Republic of Moldova account for more than 50 per cent of all COVID-19 cases in LLDCs. These statistics, however, may well significantly understate the actual spread of infections, due to limited national capacities in testing and reporting.

Most LLDCs introduced nationwide or partial lock-

Figure 2

### Share of COVID-19 confirmed cases in selected country groups, as of 20 May 2020



Source: Johns Hopkins University.

downs, while Armenia, Kazakhstan and Kyrgyzstan, formally introduced a state of emergency. Governments have enforced a broad range of measures, including travel bans, closures of educational institutions, cancellations of public events, remote work arrangements and social distancing.

Many LLDCs—given pre-existing health conditions and limited public health capacities—remain highly vulnerable to the pandemic, particularly African LLDCs with a large share of immune-compromised population. HIV/AIDS accounted for more than a quarter of all deaths in Botswana, Eswatini and Lesotho in 2017. A major COVID-19 outbreak in these countries will likely result in high death tolls.

It is possible that the relative remoteness of LLDCs may offer them some degree of cushion against a large-scale outbreak. Most of these countries, barring a few LLDCs in Europe, are geographically remote from countries hardest hit by the pandemic. There are few direct flights, if any at all, between these countries and the

hardest hit cities in Europe and the United States. International tourist arrivals, as percentage of host country populations, are also lower for LLDCs than other country groups, which limits the scope for foreign nationals spreading the virus.

Many LLDCs are also among the most sparsely populated countries in the world. Population density is below 20 people per square kilometre in 13 LLDCs, compared to the global average of 60 people per square kilometre. Mongolia has only about 2 people living per square kilometre. Unsurprisingly, LLDCs are among the least urbanized countries in the world. The urban population, as a percentage of total population, is less than 30 per cent in LLDCs that are also LDCs, compared to the global average of 55 per cent. There are only about 10 cities with more than 1 million inhabitants in LLDCs. Economic structure may also explain the relatively few cases in LLDCs. Manufacturing activities accounts for less than 10 per cent of the LLDCs GDP, making them the least manufacturing-intensive economies in the world. Limited manufacturing and service sector activities mean less physical proximity and less scope for asymptomatic transmission of the virus.

While physical remoteness, less concentrated economic activities, low population density and low levels of urbanization provide some protection against the spread of the virus, many LLDCs are still vulnerable—Lao PDR, Kyrgyzstan, Nepal, Republic of Moldova and Tajikistan, among others—as sizeable shares of their populations (up to 45 per cent in some cases) live and work abroad. As migrant workers are often compelled to live in congested, squalid quarters in the host country and as many of them have been returning to their home countries in the past couple of months, larger outbreaks in these LLDCs remain a distinct possibility.

## LLDCs FACE BLEAK ECONOMIC PROSPECTS

Amid an unprecedented health and economic crisis, global output is projected to decline sharply and LLDC economies will face a significant contraction in 2020. Relatively more developed ones—those that are not LDCs—will shrink by a larger magnitude relative to other LLDCs that are also LDCs (Table 1). The impact of the current crisis will be far more severe than the Great Recession in 2009, partly explained by the simultaneous collapse in demand in major economies during the first quarter of 2020. The Great Recession, which unfolded over several months, barely impacted LLDCs that are also LDCs but LLDCs that are not LDCs saw their growth rate decline by nearly 7 per cent in 2009.

Table 1

**GDP growth rates**

|                         | 2008 | 2009  | 2019 | 2020  |
|-------------------------|------|-------|------|-------|
| LLDCs that are LDCs     | 6.3% | 6.2%  | 4.7% | 0.8%  |
| LLDCs that are non-LDCs | 7.7% | 1.0%  | 4.7% | -0.4% |
| Developing countries    | 5.7% | 3.2%  | 3.7% | -0.7% |
| Developed countries     | 0.2% | -3.4% | 1.9% | -5.0% |

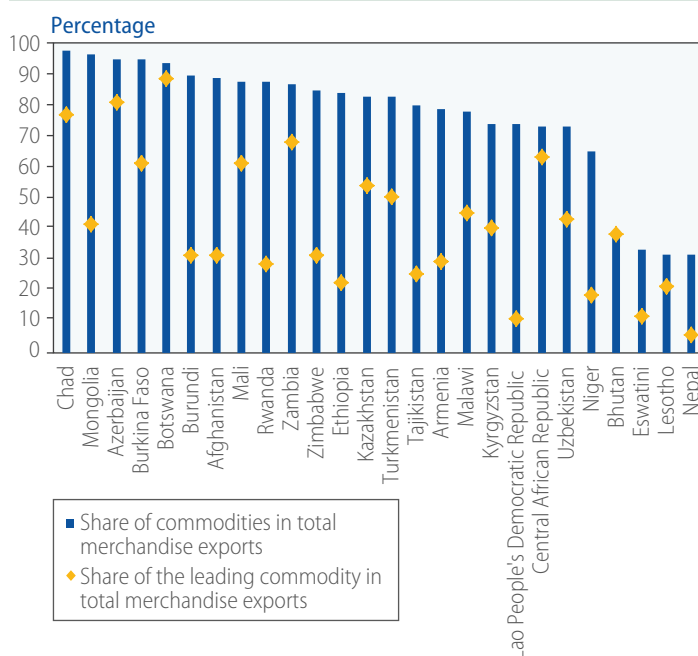
Source: UNDESA, based on forecasts produced with the World Economic Forecasting Model (WEFM).

## COLLAPSING COMMODITY PRICES A CHALLENGE FOR MACROECONOMIC STABILITY

According to the *World Economic Situation and Prospects as of mid-2020*,<sup>1</sup> world trade is forecast to contract by nearly 15 per cent in 2020 amid sharply reduced global demand and disruptions in global supply chains. For most LLDCs, the commodities sector remains the main driver of export and fiscal revenue and economic growth. Many of them depend on exporting one primary commodity. The energy sector in Kazakhstan, for example, accounts for around 48 per cent of GDP, over 60 per cent of exports and around 30 per cent of the budget revenue. Crude oil exports comprise 99 per cent of the exports of South Sudan (Figure 3). The oil dependent economies of Azerbaijan, Kazakhstan,

Figure 3

### Commodity dependence of LLDCs, 2018



Source: World Bank, World Development Indicators database.

<sup>1</sup> See <http://bit.ly/wespmidyear>.

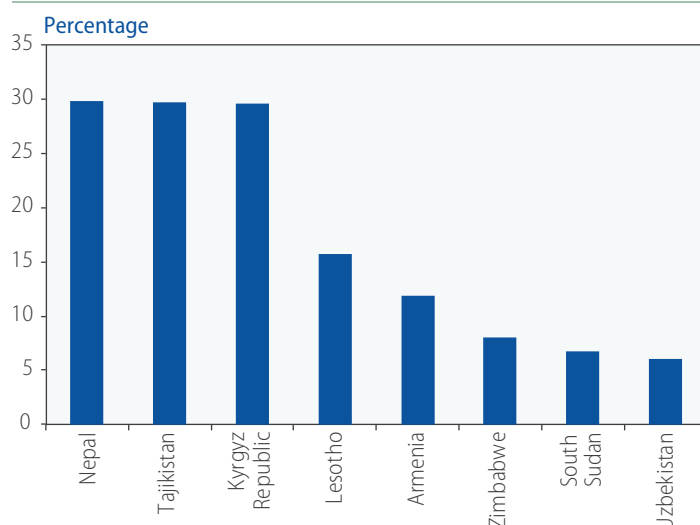
Turkmenistan and South Sudan are already hit hard by the collapse in oil prices. In addition, the sharp slowdown in growth in China has led to a decline of around 30 per cent in the natural gas purchases from Central Asia. Large copper exporters Lao PDR, Mongolia and Zambia will experience a significant decline in export revenues and deterioration of external balance. In Latin America, Bolivia is highly dependent on exports of natural gas. The current crisis underscores the need for economic diversification away from the commodity sector in those countries, but it also undermines their ability to achieve such diversification during a crisis when they face additional constraints such as access to finance, investment and trade.

## REMITTANCES WILL LIKELY FALL SHARPLY

Worker remittances—representing around 30 per cent of GDP in Nepal, the Kyrgyz Republic and Tajikistan—help many LLDCs manage severe and chronic balance of payments constraints (Figure 4). For many families, it remains the sole source of income. Remittances finance private consumption and, to some extent, investment. After the Russian Federation and Kazakhstan closed their borders to foreigners, hundreds of thousands of migrant workers were unable to return to work as many of them came back to their home countries for the annual Novruz holiday. The demand for migrant workers has also decreased in the Gulf countries—a major destination for migrant workers—amid a sharp decline in economic activities. Many undocumented workers from the Lao PDR are finding it increasingly difficult to work in Thailand.

Figure 4

### Remittances as a share of GDP in 2019



Source: World Bank, World Development Indicators database.

A sharp contraction in remittance flows will hit many LLDC economies very hard, particularly those that rely on remittances as their main source of foreign exchange and the mainstay of their current accounts (e.g., Nepal, Tajikistan and Kyrgyz Republic). Even a 10 per cent reduction in remittance flows will translate to a significant balance of payments crisis for these LLDCs, as they have relatively low levels of international reserves. On average, international reserves held by LLDCs are enough to cover imports for about 5 months, compared to the global average of almost 10 months.

### A FOOD CRISIS LOOMS LARGE FOR MANY LLDCs

As a number of LLDCs are net food importers, the current economic crisis may soon trigger a food crisis, since many major food grain exporters around the world are introducing export restrictions to protect the domestic food supply. Kazakhstan, which accounts for around 10 per cent of global wheat exports, restricted exports of wheat, flour, potatoes and sugar in March, which will likely undermine food security in Kyrgyzstan, Tajikistan and Uzbekistan that heavily depend on Kazakh wheat. Kazakhstan also accounts for around 80 per cent of Afghanistan’s wheat imports. In Nepal, the slow movement of goods across the border with India and India’s decision to block exports of rice, may also lead to food shortages.

With shrinking fiscal space, many LLDCs may find it very difficult to pay for their food bill and ensure adequate food supplies, which may translate into food price inflation, potentially increasing food insecurity and trig-

gering violence and conflict. Afghanistan is at particularly high risk, as the country faces chronic food shortages and depend on imports to meet the shortfall. LLDCs face the additional challenge of longer shipment time and higher transportation cost—relative to non-LLDCs—on imports, which will likely worsen amid disruptions in global supply chains and increase the price of food imports. They also typically have longer customs procedures and poor trade related infrastructure, which will likely constrain their ability to import food, facing an impending food crisis (Table 2).

### HIGH LEVELS OF EXTERNAL DEBT PORTEND A DEBT CRISIS

High levels of public debt are constraining the ability of many developing countries to implement the necessary fiscal responses. LLDCs include both the highest and lowest level of external debt stock relative to their gross national income (GNI). Mongolia with external debt stock at 254 per cent of GNI stands out as the country with highest level of external debt (Figure 5), while Turkmenistan with 2 per cent of debt is the country with the lowest level of external debt. Several other LLDCs have external debt stock higher than their GNI.

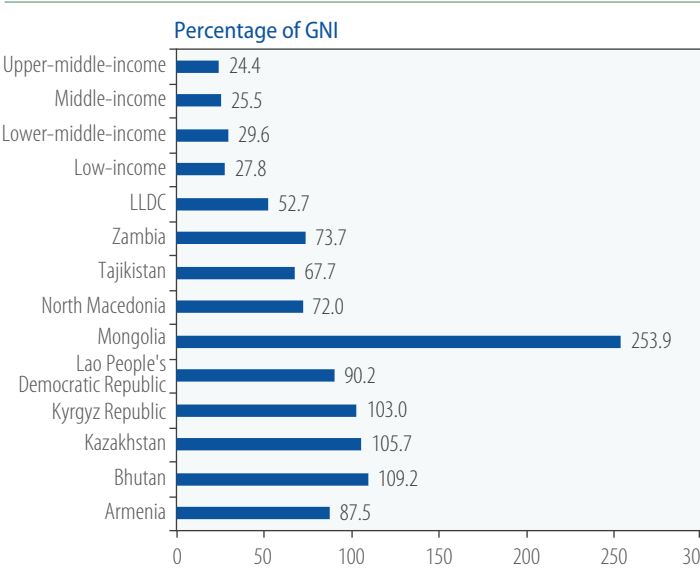
The key challenge for many LLDCs is that their external debt is predominantly private non-guaranteed debt which can be highly volatile. Unlike debt from bilateral and multilateral sources, debt owed to private creditors are highly pro-cyclical. Private creditors typically reduce

Table 2  
Trade-related costs for LLDCs and other country groups

|                           | Quality of trade and transport-related infrastructure (1=low to 5=high) | Time to import (hours), border compliance |
|---------------------------|-------------------------------------------------------------------------|-------------------------------------------|
| LLDCs                     | 2.23                                                                    | 89.75                                     |
| Least developed countries | 2.13                                                                    | 97.83                                     |
| Low-income                | 2.09                                                                    | 124.33                                    |
| Lower-middle-income       | 2.34                                                                    | 70.11                                     |
| Middle-income             | 2.46                                                                    | 55.39                                     |
| Upper-middle-income       | 2.57                                                                    | 42.57                                     |
| World                     | 2.72                                                                    | 53.09                                     |

Source: World Bank, World Development Indicators database.

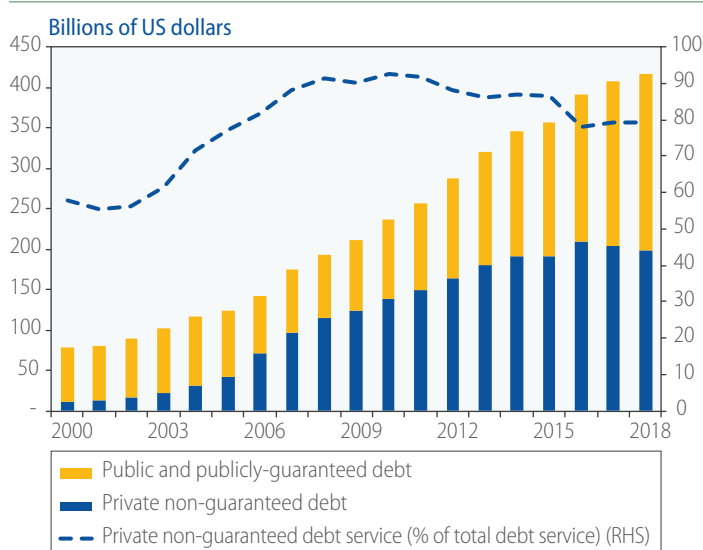
Figure 5  
External debt stock, selected LLDCs and other country groups



Source: World Bank, World Development Indicators database.

their holding of developing country debts—and rush to safety—during the first sign of a crisis. The share of debt owed to private creditors increased from 14 per cent in 2000 to 47 per cent in 2018. The debt service on private non-guaranteed debt—owed by private entities in these countries—now accounts for nearly 80 per cent of all external debt service payments (Figure 6). Debt servicing averaged 20 per cent of the export revenue of LLDCs but exceeded 100 per cent of the export earnings of Mongolia in 2018, while it was over 50 per cent for the Kyrgyz Republic and Tajikistan, making it nearly impossible to service external debt.

Figure 6  
**Share of private non-guaranteed debt stock and servicing**



Source: World Bank, World Development Indicators database.

Given that so much of their debt is owed to private creditors, many LLDCs may find it difficult to receive moratoriums on debt servicing or meaningful debt relief. Under current market conditions, rolling over or restructuring private debt might also be very difficult, if not impossible. Therefore, substantial relief on the public and publicly guaranteed portion of their debt will remain critical for these countries to avoid a catastrophic debt default.

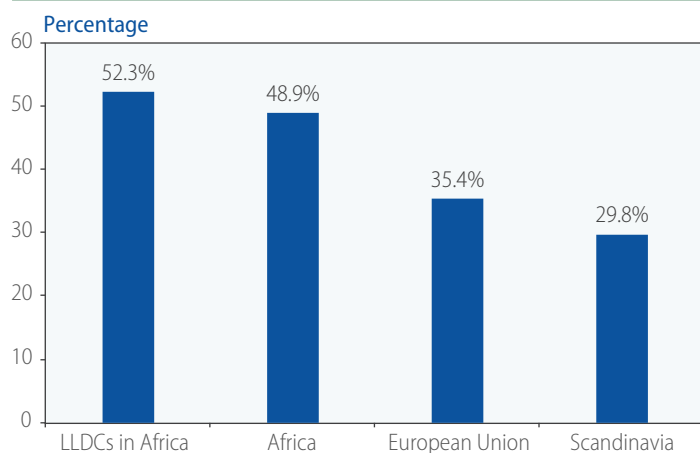
## HIGH INEQUALITY WILL LIKELY UNDERMINE THE EFFECTIVENESS OF FISCAL MEASURES

Most LLDCs are implementing expansionary fiscal measures to minimize the impact of the crisis, support businesses and households, and protect jobs. Kazakhstan, given its large sovereign wealth fund, adopted the larg-

est stimulus package, at around \$10 billion (equivalent to close to 10 per cent of GDP), to provide tax and credit relief and boost investment in public infrastructure. Niger presented a \$1.7 billion (18.7 per cent of GDP) crisis response plan to donors, divided into an immediate health response and broader economic and social mitigation. However, stimulus measures supporting the supply-side will unlikely boost household and business spending amid lockdowns and continued uncertainties.

Moreover, the efficiency of those measures may be constrained by the high degree of inequality in many LLDCs. With their high dependence on commodities and narrow manufacturing base, and small number of relatively well-paying manufacturing and service sector jobs, LLDCs have one of the highest levels of income inequality in the world. Broad-based, inclusive growth remained elusive for many LLDCs, triggering instability and conflict. The top 10 per cent of income holders receive more than 52 per cent of pre-tax income in African LLDCs, for which data is available (Figure 7). The relatively high share of income of the top 10 per cent likely indicate skewed and concentrated political power in these countries, suggesting that fiscal and monetary measures may not necessarily prioritize the interest of the poorest and the most vulnerable segments in these countries.

Figure 7  
**Pre-tax income of top 10% income holders, 2017**



Source: World Inequality database.

High levels of income and wealth inequality—which usually allow economic elites to exert disproportionate influence on economic decision-making and undermines transparency and accountability—will likely constrain the ability of these countries to implement effective stimulus measures that will help the most vulnerable segments



of their population. Undue economic influence of the wealthy and powerful, the lack of transparency and accountability, and potential corruption will likely undermine the efficacy of fiscal measures, exacerbate the crisis and further widen income inequality in many LLDCs. It is also unlikely that fiscal support will reach the large informal sector in many LLDCs.

## **EMERGENCY RELIEF IS HELPING LLDCs AVOID AN IMMEDIATE CRISIS BUT MORE IS NEEDED**

Many LLDCs, especially in Africa and South Asia, depend on official development assistance (ODA) flows to finance their fiscal deficits, which will likely shrink significantly in 2020. Afghanistan possibly faces the most severe challenge as ODA covers 50 per cent of fiscal spending. The sharp economic downturn, falling export revenue and import duties will exacerbate the shortfall at a time when the economy desperately needs to implement stimulus measures to prevent a total meltdown. A contraction in government spending in Afghanistan, Central African Republic or South Sudan, among others, may exacerbate violence and political instability and potentially reverse years of development gains.

As trade revenue and remittances began to fall, global private credit markets tightened and capital outflows surged, the central banks of many LLDCs intervened to stem exchange rate volatility. Amid tightening credit conditions and rising balance of payments pressures, many LLDCs have turned to multilateral lenders to secure financial relief, minimize the fallout of economic collapse and avoid a balance of payments crisis. The IMF has approved immediate debt service relief to 25 member countries to help address the impact of the COVID-19 pandemic. The

LLDCs in Africa and Asia—Afghanistan, Burkina Faso, Central African Republic, Chad, Malawi, Mali, Nepal, Niger, Rwanda and Tajikistan—account for 40 per cent of the IMF debt relief. The IMF Executive Board has also approved requests for emergency assistance for Afghanistan (\$220 million), Ethiopia (\$411 million), Kyrgyzstan (\$120 million) and Tajikistan (\$189 million) and it is considering other countries' requests.

The World Bank's dedicated COVID-19 Fast-Track Facility is extending credit to a number of LLDCs, namely, Afghanistan, Burundi, Bhutan, Central African Republic, Eswatini, Ethiopia, Kyrgyzstan, Lao PDR, Mali, Malawi, Mongolia, Nepal, Niger, Rwanda, Tajikistan and Uzbekistan, as well as providing other forms of finance and re-deploying existing projects. While these emergency lines of credit are helping LLDCs to avoid an immediate crisis, they will remain inadequate to address the longer-term economic impact of the pandemic.

There is a clear need for a comprehensive economic rescue plan—not just emergency credit—to prevent the possible collapse of the LLDC economies, which will not only stifle growth but also likely trigger widespread unrest, violence and conflicts as many of these countries are conflict hotspots. The United Nations need to strengthen its early warnings and forward guidance to the international community to develop a timely rescue and recovery plan to safeguard and accelerate sustainable development in LLDCs before it is too late. The 2030 Agenda for Sustainable Development should guide international efforts to support LLDCs. The cost of inaction or delayed action will be too high, as economic crisis, joblessness and hunger in LLDCs will inevitably fuel conflicts that will affect not only them but also their neighbours and the wider world beyond their immediate borders.

# 7 - Commodity exporters face mounting economic challenges as pandemic spreads

## Urgent, preemptive measures needed to address twin economic and health crisis

A simultaneous health and economic crisis is hitting the developed economies hard. The sequence will likely be different for developing countries, particularly for commodity-dependent economies in Africa and Latin America. This Brief analyzes the unique challenges these countries are already facing or will face as the COVID-19 pandemic spreads.

COVID-19 has paralyzed the developed economies in Europe and North America during the past month. These economies account for more than 75 per cent of confirmed cases and 83 per cent of COVID-19 related deaths worldwide (Figure 1). The panic of contagion has forced entire nations to stay indoors, rendering millions without a job. In the U.S. alone, new claims for unemployment benefits increased by more than 10 million in just two weeks.

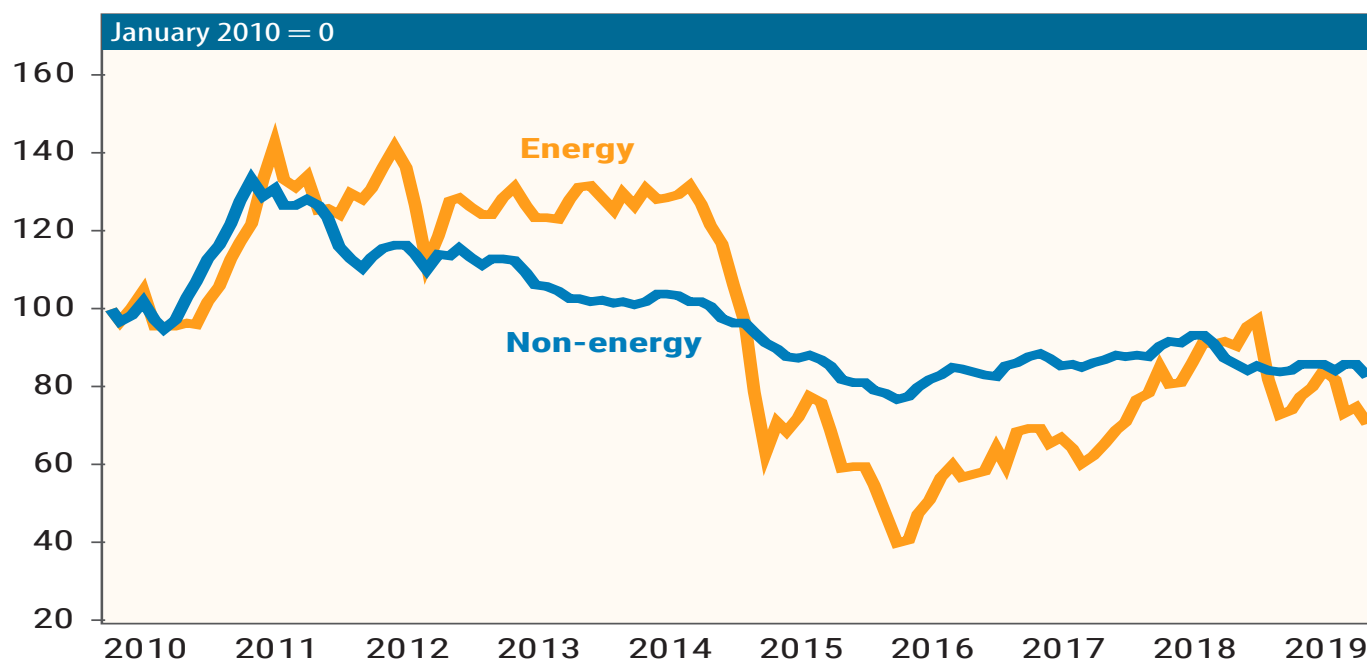
### CALM BEFORE THE STORM

Developing countries—especially in Africa and Latin America—are yet to see a significant increase in the

#### Summary

- » Many commodity-dependent economies will likely face an economic crisis *before* they are hit by the pandemic.
- » Unlike most developed economies, commodity exporters—saddled with large budget deficits and high levels of government debt—will find it extremely difficult to roll out large fiscal stimulus.
- » These economies are in a significantly tighter fiscal positions now than they were during the global financial crisis, making it harder for them to borrow externally.
- » Multilateral and concessional debt are an increasingly critical financing option for many of these economies.
- » The United Nations system entities can steer, facilitate and coordinate access to multilateral financing to help these economies scale up pandemic preparedness, minimize the risk of an economic crisis, and accelerate their sustainable development.

Figure 1  
COVID-19 confirmed cases and deaths, as of 9 April 2020



Source: UN DESA calculations based on data from Johns Hopkins University.

spread of the virus. While these two regions account for more than 25 per cent of world population, their cumulative shares of confirmed COVID-19 cases and deaths are less than 3 per cent of global totals.

These numbers, by no means, suggest that Africa and Latin America managed to escape the worst of the pandemic. It is likely that sparse testing and reporting explain their relatively low shares of confirmed cases. There is also a strong likelihood that the pandemic wave will hit Africa and Latin America at a later stage. The effects could be devastating as millions in these countries live in shantytowns and informal settlements where social distancing of any kind will be almost impossible to enforce.

Despite a relative calm before the storm, the pandemic is already taking a heavy economic toll on the countries in Africa and Latin America, as oil and commodity prices have experienced sharp declines since the outbreak of the pandemic. Oil prices have declined by more than 50 per cent, while most metal and mineral prices declined by 20 per cent or more during the past month. This occurs as economic lockdowns and job losses in developed economies have sharply contracted travel and demand for consumer goods. Falling manufacturing activities mean less demand for base metals such as copper, iron, zinc, and aluminum.

Falling commodity prices have weakened exter-

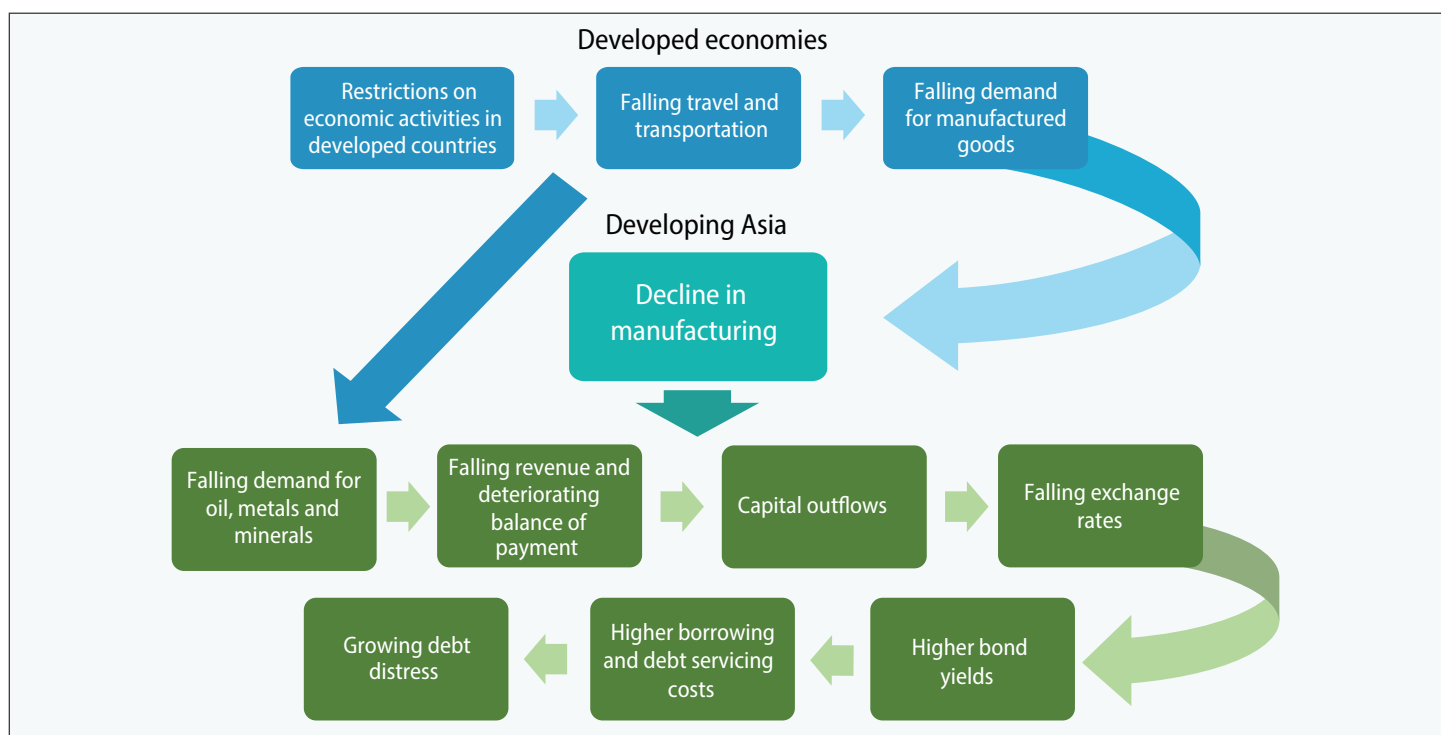
nal balances, triggering a massive outflow of portfolio capital and exchange rate depreciations (Figure 2). During March 2020 alone, capital outflow from developing economies exceeded total outflow of capital during 2008. The Brazilian real, the Mexican peso and the South African rand have, for example, depreciated by about 30 per cent against the dollar since January. Capital outflows are weakening bond prices and significantly increasing bond yields. During March 2020, yields on 10-year government bonds of many commodity exporters increased by more than 2 per cent (Figure 3), making it increasingly costly for these countries to secure financing from external sources. Falling export revenues and deteriorating exchange rates are constraining the ability of these economies to service their debt and increasing levels of debt distress.

## WHY FALLING COMMODITY PRICES MATTER

Falling commodity prices matter as many of these economies are highly dependent on commodities to finance their budgets. More than two in three countries in sub-Saharan Africa and nearly one-third of Latin American economies are extremely commodity-dependent, earning more than 80 per cent of their export revenues from commodities (Table 1).

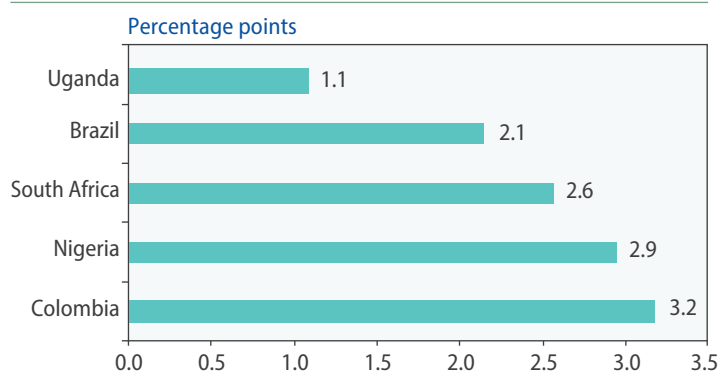
Figure 2

### Potential channels of debt distress for commodity-dependent economies



Source: UN DESA.

**Figure 3**  
**Net increase in 10-year government bond yields, March 2020**



Source: UN DESA calculations based on CBonds.

Oil dependent economies are facing acute challenges, as oil prices are now averaging half or less than the break-even price that many of these economies need to balance their budgets. Algeria, Angola and Nigeria are still ailing from the last oil price collapse in 2014–16.

## THE FISCAL SITUATION: THEN AND NOW

Before the global financial crisis, prices of base metals, for example, increased by about 110 per cent between 2005 and 2008. In contrast, base metal prices increased by only 3.8 per cent during the past three years. Similarly, coal prices increased by 150 per cent during the three years before the global financial crisis. During the past three years, coal prices fell by about 20 per cent.

Taking advantage of high commodity prices, most commodity exporters managed to maintain favorable fiscal balances before the global financial crisis hit their economies in 2009. In 2009, 21 out of the 25 economies in Latin America and Caribbean recorded a fiscal deficit, compared to only 10 in 2008. Similarly, 22 economies had a current account deficit in 2019, compared to 15 in 2008.

Fiscal deficits averaged less than half a percent of GDP in Latin America while African economies main-

tained a fiscal surplus in 2008 (Figure 4). Given low commodity and oil prices, most countries saw their fiscal balances deteriorated during the past three years. Their international reserve positions are also generally weaker today than they were in 2008.

## BETWEEN A ROCK AND A HARD PLACE: A LOOMING DEBT CRISIS

Many commodity exporters managed to weather the worst of the global financial crisis with favorable fiscal and current account balances. They also had relatively low levels of external debt. They may not be as lucky this time. As interest rates fell to near zero in 2008, many commodity exporters took advantage of low interest rates and significantly increased government debt during 2008–2019 (Figure 5). They are now entering a crisis with already high debt levels and significant refinancing risk, as creditors may be unwilling to roll over debt at lower interest rates, as interest rate is already very low.

It is the interaction between extreme commodity dependence (more than 80 per cent of export earnings from commodities) and high levels of government debt (more than 60 per cent of GDP) that puts these economies in a particularly vulnerable situation. In Africa, government debt exceeds 100 per cent of GDP in Djibouti, Eritrea, Mozambique, Republic of Congo and Sudan. Debt sustainability is increasingly a serious challenge for a large number of commodity exporters, as many of them may not be able to roll over their debt. Even if the pandemic is contained, it is unlikely that commodity prices will rebound very quickly amid growing stockpiles of metals and minerals. Global production and supply will continue to exceed global demand for commodities in the near term.

**Table 1**  
**Commodity dependence and government indebtedness**

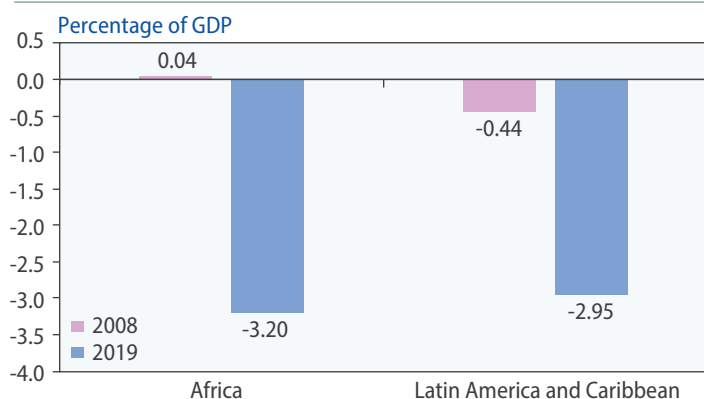
|                               | Africa              |                                                | Latin America and Caribbean |                                                |
|-------------------------------|---------------------|------------------------------------------------|-----------------------------|------------------------------------------------|
| Dependence on commodities     | Number of countries | Percentage of these countries with >60% of GDP | Number of countries         | Percentage of these countries with >60% of GDP |
| Extreme (>80% of exports)     | 33                  | 39.4%                                          | 8                           | 25.0%                                          |
| Moderate (60%-80% of exports) | 10                  | 40.0%                                          | 7                           | 85.7%                                          |
| Marginal (40%-60% of exports) | 3                   | 66.7%                                          | 10                          | 40.0%                                          |

Source: UN DESA calculations based on data from IMF World Economic Outlook and UNCTAD.



Figure 4

### Average fiscal deficits in 2008 and 2019



Source: UN DESA calculations based on data from IMF.

## FISCAL RESPONSE

Despite tight fiscal conditions, governments across Africa are implementing measures to contain the pandemic: rolling out emergency funds to strengthen preparedness (Zambia), targeting prevention and control of the disease including awareness campaigns (Guinea, Zimbabwe), among others. Governments also enacted measures to cushion the economic shock: general tax relief and targeted support to specific sectors (Rwanda, Senegal), payments of existing obligations to maintain cash flow for businesses (Kenya), subsidize wages for companies (Seychelles), among others.

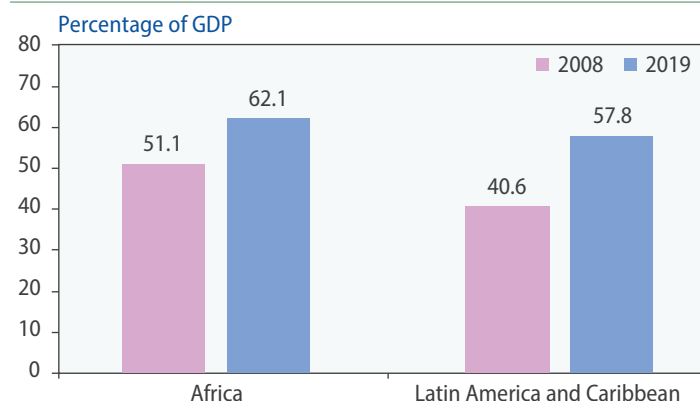
In Latin America, governments have started to implement a wide range of support measures. However, given limited fiscal space, the stimulus packages are generally of much smaller size than in developed economies and expected to be more targeted. The measures include increased health spending, income support for vulnerable groups and emergency funds for sectors most affected by the crisis. In Brazil, the announced fiscal measures amount to a total of 3.5 per cent of GDP, but they are mostly reallocations within the 2020 budget. Chile's Government has set up one of the largest packages in the region, at about 4 per cent of GDP, including higher healthcare expenditure, enhanced subsidies and unemployment benefits, tax deferrals and liquidity provision to SMEs.

## A STITCH IN TIME SAVES NINE

Even if the pandemic is contained, it is unlikely that commodity prices will rebound very quickly amid large and growing inventory of oil, metals and other commodities. Commodity-dependent economies need to keep this in mind, as they confront the pandemic and brace for a long and painful recovery.

Figure 5

### Average government debt in 2008 and 2019



Source: UN DESA calculations, based on IMF data.

More importantly, the international community should help commodity-dependent countries with high debt burdens to reduce the likelihood of a debt crisis through forbearance and standstills with debt-servicing. A stitch in time can save nine, as a full-blown debt crisis will be very costly for these economies.

Against the backdrop of increasing capital outflows and rapidly deteriorating macroeconomic conditions, multilateral sources are increasingly a critical financing source for many of these economies. Several commodity exporters, especially from Africa, have turned to multilateral organizations such as the IMF for short-term emergency assistance. International entities, including the United Nations, the IMF and the World Bank have called for debt relief initiatives. But workout of a debt-relief may take months and may be too late for many of these economies.

United Nations system entities can play a crucial role in identifying, steering and facilitating access to multilateral financing instruments, underscoring the needs for addressing both the pandemic in the short-term and augmenting financial flows for longer-term sustainable development. The short-term funding for fighting the pandemic and weathering the economic storm can very well be deployed and aligned with sustainable development priorities to ensure a better recovery from the twin crisis.

The United System must work together with the international financial institutions to ensure that fighting the pandemic does not mean sacrificing sustainable development. It must ensure that commodity-dependent economies use the short window—and their scarce financial resources—to achieve both.

## 8 - COVID-19 pandemic deals a huge blow to the manufacturing exports from LDCs

The COVID-19 pandemic is yet to directly hit the least developed countries (LDCs), although most are already experiencing severe economic pain amid shutdowns, falling commodity prices and declining exports. LDCs are, on average, highly dependent on commodities. Oil, minerals, food and other commodities account for more than 70 per cent of their merchandise exports. High dependence on commodities exports make most LDCs extremely vulnerable to global shocks, and many are bracing for a severe economic downturn this year.<sup>1</sup> However, the impact of the COVID-19 pandemic will be equally devastating for LDCs that do not rely on commodities as a main source of foreign exchange. Only six LDCs—Bangladesh, Cambodia, Haiti, the Gambia, Nepal and Lesotho—receive more than 50 per cent of their export revenue from exporting manufactured goods (Figure 1). Manufacturing accounts for more than 95 per cent of Bangladesh's exports, compared to an average of less than 30 per cent for all LDCs, and 75 per cent for the Asian tiger economies. These six non-commodity dependent LDCs, however, largely rely on low-end and mostly labour intensive manufacturing exports, compared to higher value added and skill-intensive exports from the Asian tiger economies.

These six LDCs present a development pathway for other LDCs to pursue transformation of their economies and foster development. Manufacturing exports enable a least developed country to connect with the global supply-chain, importing technology and intermediate inputs and exporting finished products. This enables gradual accumulation of productive capacities and productivity growth—the key enabler of economic transformation. A number of African LDCs—Ethiopia, Senegal and Rwanda—are at the cusp of this transformation with their manufacturing exports taking off in recent years.

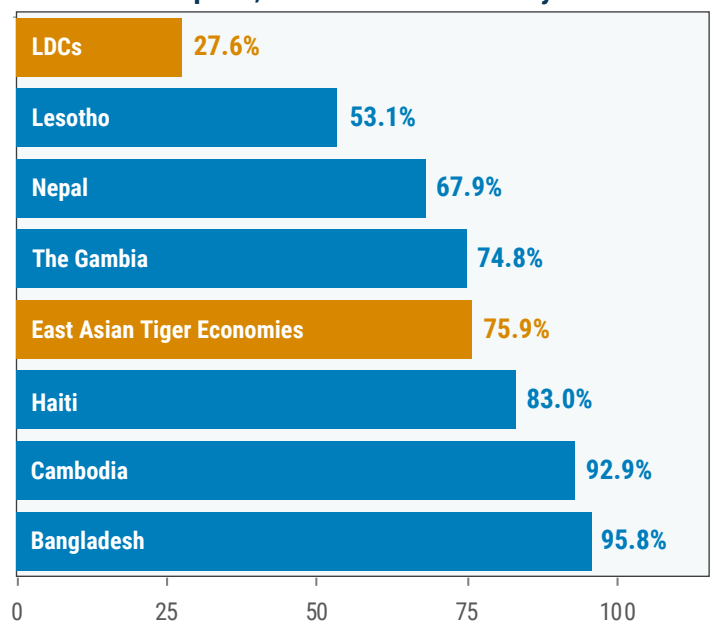
The COVID-19 pandemic presents a high risk to the nascent manufacturing sectors of these LDCs. Their structural transformation will suffer a serious setback if global demand for manufacturing exports from LDCs contract sharply this year and remain depressed in the near term.

### Key Messages

- » The COVID-19 pandemic poses a significant economic challenge to LDCs that rely heavily on exporting manufactured goods, particularly clothing and apparel, amid global demand and supply-side shocks.
- » Clothing and apparel exports have been key drivers of formal employment, wage growth and poverty reduction in a few countries, with the share of working poor falling from about 45 per cent to 15 per cent of the workforce in these LDCs during the past two decades.
- » A prolonged global slump will likely reverse the gains in poverty reduction and undermine structural transformation of these economies.
- » While it is highly unlikely that these LDCs will face a debt crisis—given their low levels of external debt—the likelihood of a balance of payments crisis looms large.
- » Additional liquidity and credit from multilateral sources will remain critical not only to avoid a balance of payments crisis but also to prevent increases in poverty and the reversal of years of development gains.

Figure 1

**Share of manufactures export as a percentage of total merchandise exports, 2018 or latest available year**



Source: UN DESA compilation of UN Comtrade, ITC and World Bank, World Development Indicators.

<sup>1</sup> UN DESA Policy Brief No. 60, "Commodity exporters face mounting economic challenges as pandemic spreads". See [https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/PB\\_60.pdf](https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/PB_60.pdf).

## SPREAD OF THE PANDEMIC

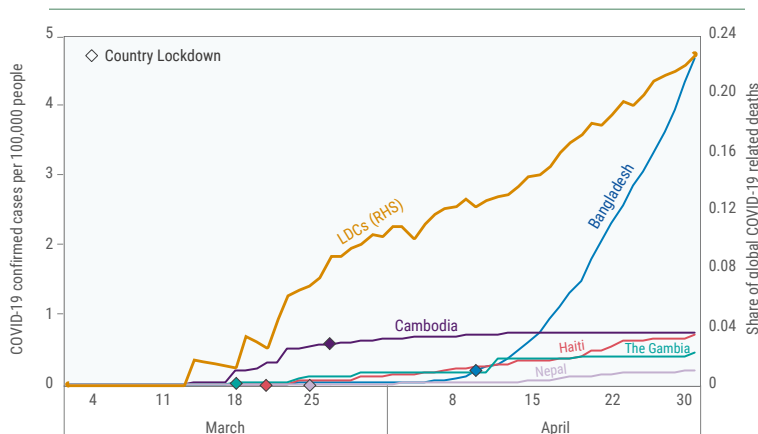
The number of confirmed cases and COVID-19 related deaths is still low in most LDCs. Total deaths in LDCs account for 0.2 per cent of the global total (Figure 2). Bangladesh has had the highest number of confirmed cases while, on the other end of the spectrum, Lesotho is yet to report a single confirmed case of the disease. Low numbers of confirmed cases or mortality in LDCs, however, offer no reason for celebration. Amid extremely low levels of testing, the spread of the pandemic is most likely under-reported. There is significant anxiety and caution that the pandemic may flare up anytime and wreak havoc on a short notice, especially worrying given the limited capacity of health care systems in these countries.

All six of these manufacturing-dependent LDCs have implemented a range of preventive measures, including cancelling public events and elections, closing or limiting public services, commercial activities, and social gatherings, mandating social distancing measures, and implementing curfews. In Bangladesh, for example, authorities imposed a lockdown on hotspots in Dhaka where cases have been identified. Most countries have also implemented stricter controls on foreign travel. A few have cancelled all non-essential international flights and most require foreigners to self-quarantine to obtain a health certificate and have sufficient travel insurance. In Cambodia, migrant workers returning from Thailand are required to remain in quarantine for two weeks.

## RISKS OF A NARROW EXPORT BASKET

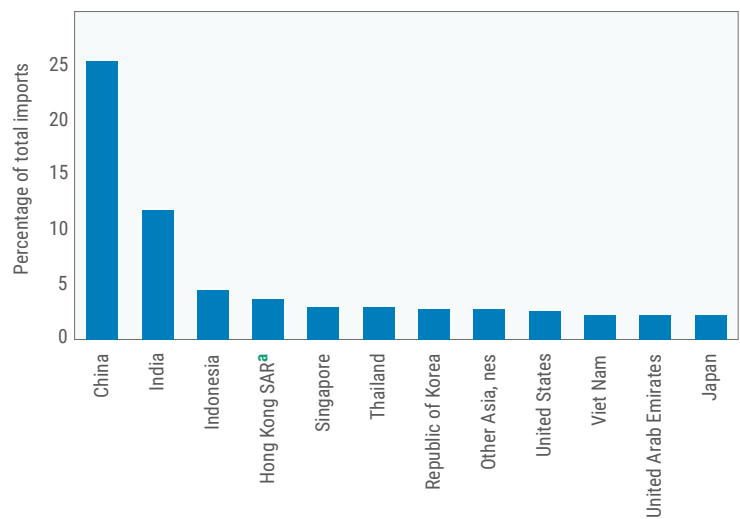
A single type of product—clothing and apparel—account for more than 50 per cent of exports of these six LDCs, which makes them very susceptible to external demand

Figure 2  
COVID-19 related data in selected countries



Source: Johns Hopkins University.

Figure 3  
Main source of intermediate inputs  
(percentage of total imports)



Source: UN Comtrade

<sup>a</sup> Special Administrative Region of China.

shocks. For Bangladesh, Cambodia, Haiti and Lesotho, the share is over 85 per cent. Household spending on clothing and apparel is discretionary and therefore highly income elastic. Facing an income shock, households can forego buying clothes. A 1.3 per cent decline in US GDP growth during the Global Financial Crisis in 2009 resulted in more than 12 per cent decline in imports of clothing and apparel from the rest of the world. Furthermore, demand for non-essentials like clothing does not necessarily pick up immediately after the crisis. Thus, a postponed consumption is usually a foregone consumption.

Unlike in relatively more advanced manufacturing economies, these LDCs lack sufficiently large domestic demand to absorb excess supply as external demand falls. This means production of a sizeable share of exportable products comes to a standstill when external demand contracts sharply, leading to mass layoffs of workers employed in the sector. LDC manufacturing is also more vulnerable to external conditions, as 30 per cent of their exports require intermediate inputs imported from abroad. They also rely on a few large economies to procure intermediate inputs (Figure 3). Disruption in global production and supply chains means that many of these LDCs may not be able to procure raw materials and intermediate inputs to continue with production, even if there is demand for their products.

## A SHARP CONTRACTION ON THE HORIZON

More than 80 per cent of apparel exports from these LDCs go to Europe and North America. As the current crisis will sharply contract employment and income in Europe and the United States, demand for apparel and clothing will also experience a sharp decline. Given the magnitude of the crisis, clothing exports from Bangladesh, Cambodia, Lesotho and Haiti could fall by at least 20 per cent. The direct and spillover effects of the sharp fall in exports could translate to at least 2-3 per cent decline in GDP growth in 2020. Their vulnerability is further compounded by the fact that these economies are also highly dependent on remittances, which are likely to experience a similar level of contraction this year. According to UN DESA forecasts, GDP growth of these LDCs will decline, on average, by 4 percentage points relative to their growth rates in 2019. During the global financial crisis, GDP growth of these economies fell by only 2 per cent. Given weak economic conditions even before the COVID-19 outbreak, Haiti and Lesotho are expected to register negative GDP growth in 2020 (Figure 4).

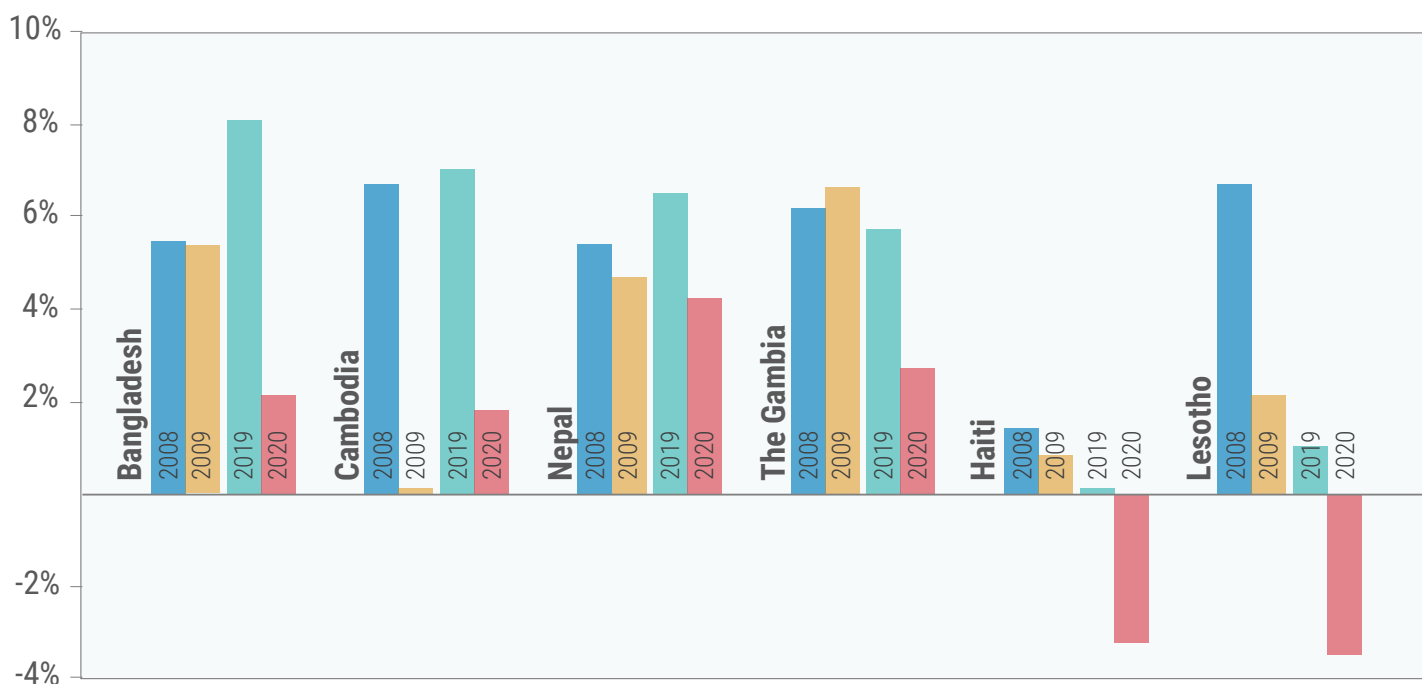
## POVERTY WILL INCREASE, SHARPLY

Manufacturing led export growth allowed rapid expansion of formal employment in these economies. The number of people—mostly women—working in the clothing sector in Bangladesh increased from 200,000 in 1990s to over 4,000,000 by 2018, contributing to a significant decline in poverty. Manufacturing sector's share of total employment in Cambodia increased from 7 per cent in 2000 to 29 per cent in 2019. Manufacturing accounted for over 40 per cent of all employment in Lesotho (Figure 5).

The rise of employment in manufacturing sector, along with rising real wages, led to significant reduction in the number of working poor in Cambodia. The share of the workforce earning less than \$1.90/day declined from more than 70 per cent in 2000 to under 10 per cent in 2020 (Figure 6). A sharp fall in global demand for clothing, and the consequent hit on manufacturing sectors, will lead to a large increase in unemployment in the formal sector of these economies. Rising unemployment will dampen, and possibly reverse, wage growth, destroy millions of decent jobs and derail the achievement of SDG-8 (Decent work and economic growth).

Any decline in external demand will disproportionately hurt poor households employed in labor intensive manufacturing and undermine their efforts to eradicate extreme poverty and achieve SDG-1.

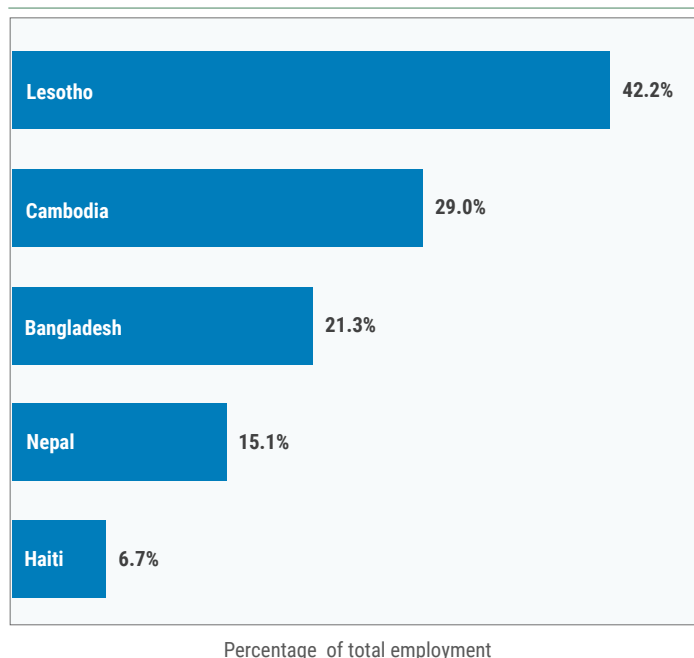
Figure 4  
GDP growth rates in 2008, 2009, 2019 and DESA forecast for 2020



Source: UN DESA, based on projections produced with the World Economic Forecasting Model (WEFM).



Figure 5  
**Employment in industry, 2019**



Source: ILO.

Note: Data on The Gambia is not available.

## TRADE SHOCK MAY TRIGGER A BALANCE OF PAYMENTS CRISIS

The projected 4.0 decline in GDP growth suggests the impact of this shock will be significantly more devastating for these LDCs relative to the shock they experienced in 2009. As these LDCs are also net food and oil importers, and as food and oil imports tend to be inelastic, their import bills will remain high relative to export earnings, digging a larger hole in their current account deficits. Lower

oil prices will give them some relief but it will not be sufficient to offset the decline in export revenue.

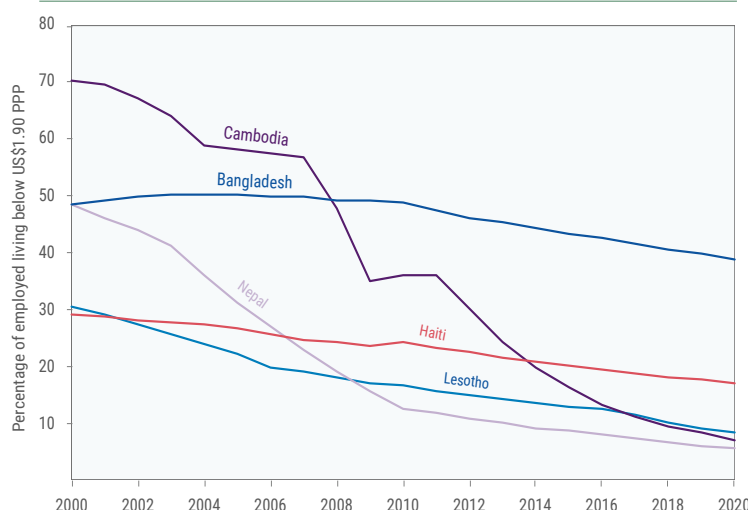
These economies also rely heavily on remittances, which is a critical complementary source of external flows. Remittances account for more than 30 per cent of GDP of Haiti, Nepal and Lesotho. The COVID-19 crisis is likely to severely shrink remittance inflows as many migrant workers are likely to lose jobs and return to their home countries. More importantly, remittances cover between 40–80 per cent of their trade deficits, which in these countries range from 8 per cent to 40 per cent of GDP (Figure 7). Without remittances, their current account deficits are unsustainable, even more so in the current context of rapidly falling manufacturing export revenues.

Given that these economies have relatively low levels of external and public debt, they are unlikely to face debt distress in the near term. But the dollarized economy of Cambodia and the South African rand-based economy of Lesotho will face additional challenges. In case of an appreciation of US dollar vis-à-vis euro, for example, Cambodian products will become more expensive in the European market, hurting their exports and further weakening their balance of payments.

## LIMITED DOMESTIC FISCAL SPACE, MULTILATERAL SUPPORT CRITICAL

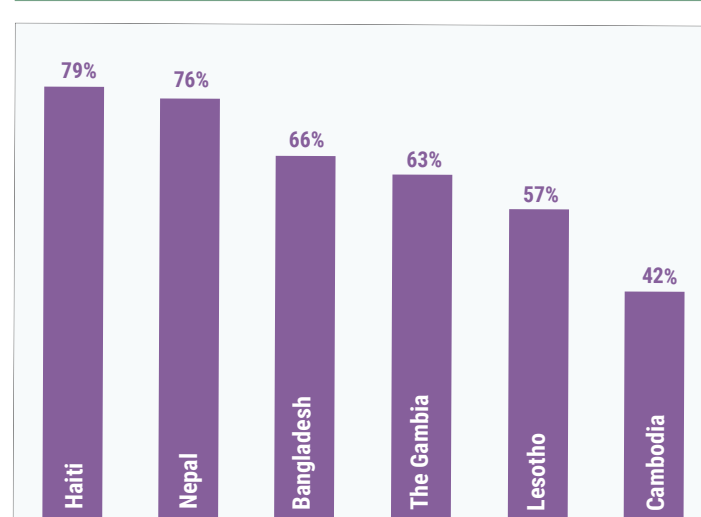
These manufacturing-dependent LDCs—Bangladesh, Cambodia, Haiti, the Gambia, Nepal and Lesotho—are aggressively easing monetary conditions to ensure adequate liquidity in the financial sector through multiple

Figure 6  
**Working poverty rate**



Source: ILO.

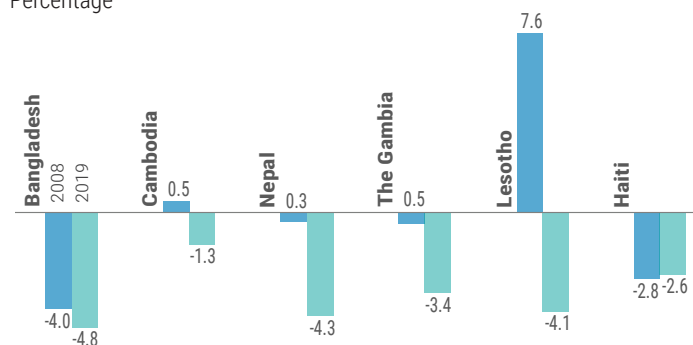
Figure 7  
**Remittance coverage of trade deficits, 2018**



Source: UN DESA calculations, based on data from World Bank, World Development Indicators.

Figure 8  
Fiscal deficit in 2008 and 2019

Percentage



Source: IMF.

mechanisms: reducing refinancing and reference rates, lowering reserve requirements, implementing extended lending facilities, buying treasury bonds and bills from banks and easing loan repayment obligations. However, given the nature of the shock, fiscal policies are expected to play a more relevant role in containing the health and economic impacts of the pandemic. These LDCs, however, have a significantly higher level of fiscal deficit today than they had in 2008, which makes it harder for them to implement large fiscal stimulus packages (Figure 8). Despite significant fiscal constraints, governments are implementing a wide range of support measures, including rolling out preparedness and response plans, increasing health spending, providing cash transfers, and expanding social assistance for vulnerable groups and emergency funds for sectors most affected by the crisis.

Importantly, it is unlikely that these LDCs can significantly expand their fiscal packages with domestic resources alone. It will be very difficult for governments to borrow from the domestic banking sectors or the capital market without crowding out private borrowing, potentially constraining private investment. Monetization of debt will increase the risk of inflation, which may be costly during an economic downturn. They also generally lack access to the international capital market.

Clearly, there is a need for a large-scale, coordinated and comprehensive multilateral response that can help these LDCs confront this unprecedented health and economic crisis. Given their relatively low level of external debt, averaging about 35 per cent of GDP, most of these economies should be able to borrow from multilateral

Table 1  
Country quotas in the International Monetary Fund

|            | SDR quota (million) | Equivalent US dollars (million) |
|------------|---------------------|---------------------------------|
| Bangladesh | 1,066.6             | 1,439.9                         |
| Cambodia   | 175.0               | 236.3                           |
| Haiti      | 163.8               | 221.1                           |
| Nepal      | 156.9               | 211.8                           |
| The Gambia | 62.2                | 84.0                            |
| Lesotho    | 69.8                | 94.2                            |
| Total      | 1,694.3             | 2,287.3                         |

Source: IMF.

creditors. These economies may immediately access financing from the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI) of the International Monetary Fund (IMF). Low income countries facing exogenous shocks, natural disasters, and emergencies resulting from fragility can borrow from RCF, which has made about \$10 billion of emergency funds available for low income countries, and about \$40 billion for emerging economies. Financing from RCF carries no ex post conditionality and is available at zero interest rate with grace period of 5½ years, and a final maturity of 10 years. Financing from RFI is also available for urgent balance of payments needs of the Member States.

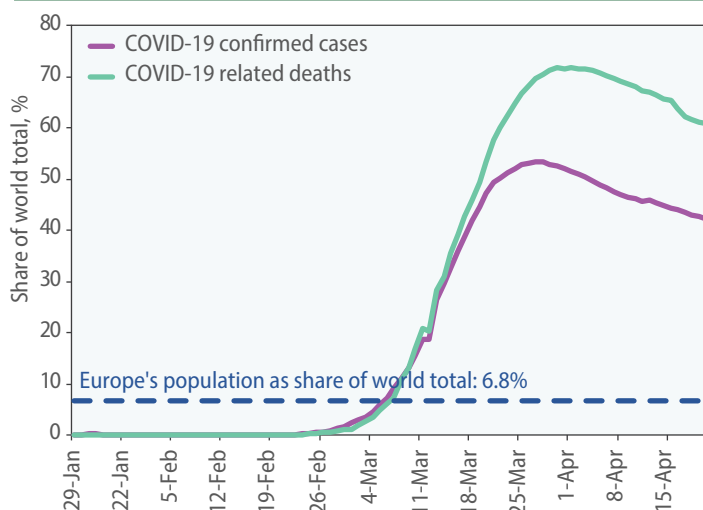
Given the severity of the current crisis, IMF has temporarily increased the RCF and RFI borrowing limits from 50 to 100 percent of quota per year, and from 100 to 150 percent of quota on a cumulative basis, with the higher limits available for an initial six-month period, from 6 April to 5 October 2020 (see Table 1 for each country's SDR quota). These LDCs can also borrow up to 145 percent of their quota from Stand-By Arrangements (SBA)—repayable in 3¼ to 5 years—to avoid a balance of payments crisis. It will remain critical that these countries—home to more than 25 million people living in extreme poverty—are able to access necessary financial resources from multilateral institutions to ramp up their health responses, expand their fiscal stimulus packages and accelerate investments in sustainable development. Robust and timely international support will enable these LDCs protect decent jobs and prevent the rise of poverty.

# 9 - COVID-19: A speedy and balanced recovery of Europe will remain critical for the world to return to the trajectory of sustainable development

## INTRODUCTION

Europe<sup>1</sup> faced the brunt of the COVID-19 pandemic in March, with its share of death tolls rising from about 1% of the global total to 72% in just one month. The region's share of global COVID-19 related deaths fell to 68% by 9 April (Figure 1), as death tolls sharply increased in the United States. While daily death tolls in Italy and Spain—the two hardest hit countries—are falling, they are still increasing in the rest of the continent, albeit at a slower pace. The United Kingdom confronted the highest number of casualties per day during the first week of April.

Figure 1  
**COVID-19 confirmed cases and deaths, as of 20 April 2020**



Source: UN DESA, based on data from Johns Hopkins University.

## FLATTENING THE CURVE VERSUS FLATTENING THE ECONOMY

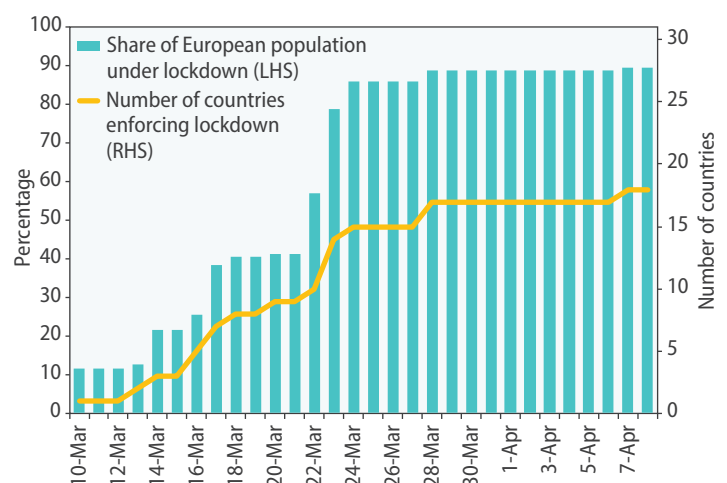
With a rapidly rising number of confirmed cases, European governments faced a difficult choice between flattening the curve versus flattening the economy. Italy, confronting a raging outbreak, enforced a nationwide lockdown on 9 March. By the third week of March, the number of countries with nationwide lockdowns rose to 17 (Figure 2). As efforts to contain the spread of the virus and flatten the curve continue, over 80% of the European population is now under lockdown.

<sup>1</sup> For the purpose of this Policy Brief, Europe—unless otherwise mentioned—denotes 27 member countries of the European Union plus Iceland, Norway, Switzerland and the United Kingdom.

### Key messages

- » Europe is slowly reeling from the worst of the pandemic, after experiencing rising death tolls for over a month. While lockdowns managed to contain the spread of the virus, these containment measures will likely contract Europe's GDP by more than 5% in 2020.
- » The fiscal response to the pandemic has been large but uneven across countries, with a few countries with favorable fiscal positions able to roll out large stimulus packages.
- » With European solidarity facing a new test, the European Union (EU) ministers agreed to a large fiscal package—3% of EU GDP—but remained divided on issuing common European bonds to lower the borrowing costs of the hardest hit economies and assist their recovery.
- » Accounting for 28% of global remittance flows, 33% of imports of goods and services and 56% of official development assistance (ODA) flows, Europe plays a pivotal role in fostering global growth, employment and sustainable development.
- » A speedy, timely and balanced recovery from the crisis will be critical not only for preserving European solidarity, but also for ensuring that the world quickly returns to the trajectory of sustainable development.

Figure 2  
**Number of countries in Europe with nationwide lockdowns**



Source: UN DESA, based on data from Johns Hopkins University.

Lockdowns and wide-ranging restrictions on economic activities are exacting heavy tolls on the European economies. GDP is expected to shrink by more than 5% across the region in 2020, depending on the duration and intensity of lockdowns and offsetting effects of various fiscal measures. By some estimates, the German economy—the largest in Europe and the fourth-largest in the world—is projected to shrink by 5% in 2020. Similar or larger contractions are expected for France, the United Kingdom, Italy and Spain. During the Great Recession in 2009, the EU-28 economies shrank by 4.3%.

Growing economic tolls are putting pressure on governments to reopen their economies. Despite high economic costs, Italy and the United Kingdom have extended their lockdowns until the beginning of May while Norway announced lockdowns on 7 April. On the other hand, Austria, Czech Republic and Denmark have started the process of slowly reopening their economies. It is likely that restrictions on movements and gatherings will persist in most countries in the near future, which will continue to impact economic activities related to sports and entertainment.

## SOME COUNTRIES PERFORMING BETTER THAN OTHERS

European economies are more homogenous than most other economies in other regions. The dispersions in per capita income within and across countries are lower in Europe than in other continents. Yet, the region is witnessing a significant disparity in COVID-19 related outcomes—particularly in fatality rates—across countries. Fatality rates in Italy or the United Kingdom exceeded 12% of confirmed cases, while rates in Germany or Austria ranged around 2% (Figure 3).

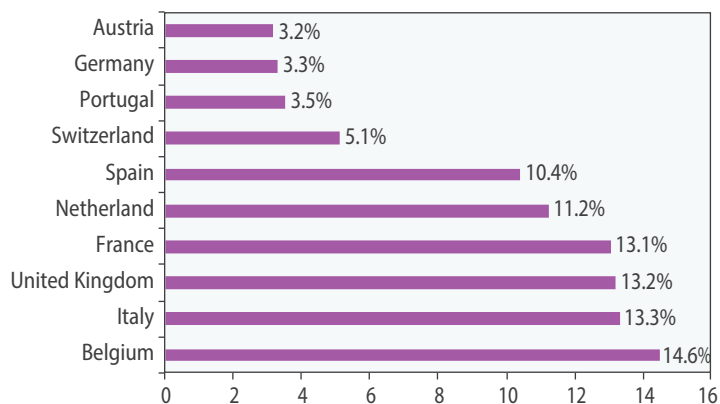
Factors such as early testing and tracing, the age and health conditions of the infected, and the capacity of the health system to cope with the disease largely explain the cross-country differences. Aggressive testing, for example, helps identify milder cases, resulting in a more accurate count of how many people have the virus and of the actual fatality rate. On the other hand, the probability of death from Covid-19 rises with age and pre-existing health conditions. An 80-year-old is more than 30 times likely to die if infected by the virus compared to someone aged 40–49 years. The populations of Italy and Germany have similar age structures, but the virus has so far infected a younger demographic in Germany—a median age of 49 years in Germany compared to 62 years in Italy. Fatality rates are also likely associated with the capacity of health systems, particularly intensive care units, to cope with

the influx of patients and provide a high standard of care. Unlike in Italy, the German health care system—with the most intensive care beds per capita in Europe—is not yet overrun by a sudden surge of cases.

The evidence is clear, however, that health expenditure per capita does not explain the great variation in fatality rates across Europe (Figure 4). On average, countries with higher per capita health expenditures experienced higher rates of casualties per 100,000 population. In addi-

Figure 3

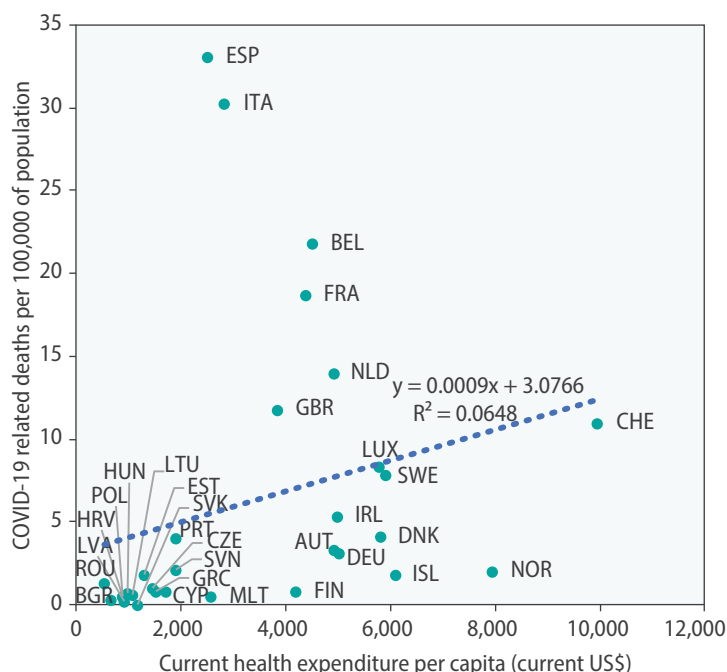
### Fatality rates in selected European countries, as of 20 April 2020



Source: UN DESA, based on data from Johns Hopkins University.

Figure 4

### Per capital health expenditures and fatality rates across Europe



Source: UN DESA, based on data from Johns Hopkins University and the World Bank.



tion to variation in testing intensity, demographic factors and capacity of health systems, enforcing lockdowns before the outbreak, timely restrictions on large gatherings or requiring people to wear masks also explain why fatality rates are lower in a number of countries with relatively low levels of health expenditure per capita.

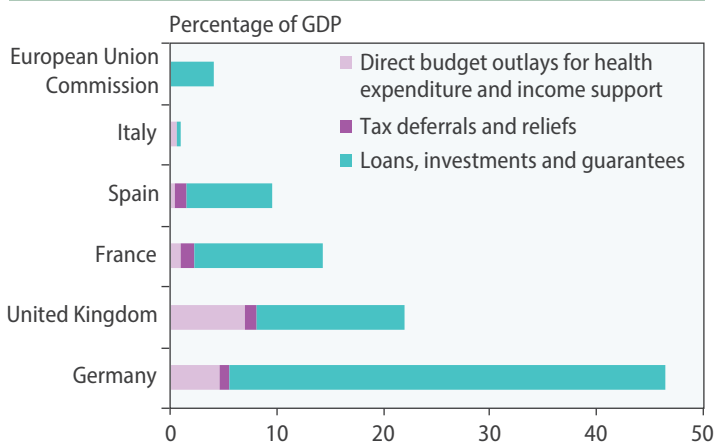
## GOVERNMENTS ROLLING OUT LARGE AND UNEVEN FISCAL STIMULUS

Economic responses to the twin crisis also vary across the region. The fiscal expansions in Germany, France, United Kingdom, Italy and Spain will remain critical for averting the economic fallout of the crisis, as they account for nearly 75% of the European economy.

Most governments have introduced broad-based fiscal stimulus, comprising: (a) budgetary outlays for additional health expenditure and cash transfers to households and businesses to support income and employment; (b) tax breaks, deferrals and tax reliefs; and, (c) loans, loan guarantees and investments in businesses (Figure 5).

The United Kingdom, for example, announced that it would pay up to 80% of wages for workers who are at

Figure 5  
**Estimated direct and indirect fiscal measures, as of 10 April 2020**



Source: UN DESA estimates from various sources.

risk of being laid off due to the pandemic. France will spend 11 billion euros—about 0.5% of GDP—to support a short-time work program. Firms will be allowed to defer their payments of social and fiscal charges and there will be tax relief for the most distressed companies, amounting to an estimated 32.5 billion euros or 1.3% of GDP.

The German Government has announced 153.9 billion euros—4.5% of GDP to support, among others, a short-time work scheme to prevent layoffs, social assistance for self-employed, and additional health insurance

and long-term care. In addition, the German government has announced measures without an initial budget impact in the amount of more than 1.4 trillion euros or 41% of GDP to strengthen the loan guarantee framework for businesses. In contrast, Italy has announced 4.7 billion euros—0.3% of GDP—in loans for businesses, especially for SMEs.

Countries with a more favorable fiscal position are able to undertake larger fiscal stimulus to minimize the economic impacts of the pandemic. Germany, for example, entered the crisis with a fiscal surplus and a relatively low level of government debt. The virtue of maintaining fiscal surplus—which allows a country to tap into those surpluses during rainy days—may encourage many countries in the region to prematurely roll back fiscal stimuli and pursue fiscal consolidation or even fiscal austerity. This may further strain European solidarity as countries most affected by the pandemic will need to pursue expansionary fiscal policies in the foreseeable future to fight the economic fallout of the pandemic.

## EUROPEAN SOLIDARITY FACING A NEW TEST

European finance ministers agreed to a stimulus package of 540 billion euros—3% of GDP of the EU-27—on 9 April. The package includes 100 billion euros as a loan plan for unemployment benefits, 200 billion euros in loans for smaller businesses, and access to 240 billion euros in loans for euro area countries to draw on from the eurozone bailout fund. It was decided that the bailout funds available to countries hard hit by the crisis would be available for health-related expenditures.

The European Union Commission has allowed greater fiscal flexibility by triggering the escape clause in the Stability and Growth Pact (SGP). The SGP usually limits national fiscal deficits to 3% of GDP and public debt to 60% of GDP. But Italy or Spain may still not be able to take advantage of the additional SGP flexibility and undertake expansionary fiscal measures as their borrowing cost is likely to remain elevated in the near term.

The EU finance ministers did not agree on issuing a common European bond to extend financing support to countries facing the worst of the pandemic. A common European bond could help lower the borrowing costs in the face of fiscal constraints. However, the issuance of common European debt has been a recurring, contentious issue and a number of member states remain strongly opposed to the idea on the grounds that there should be no shared debt liability without shared fiscal spending authority. This would remain a challenge for European solidarity.

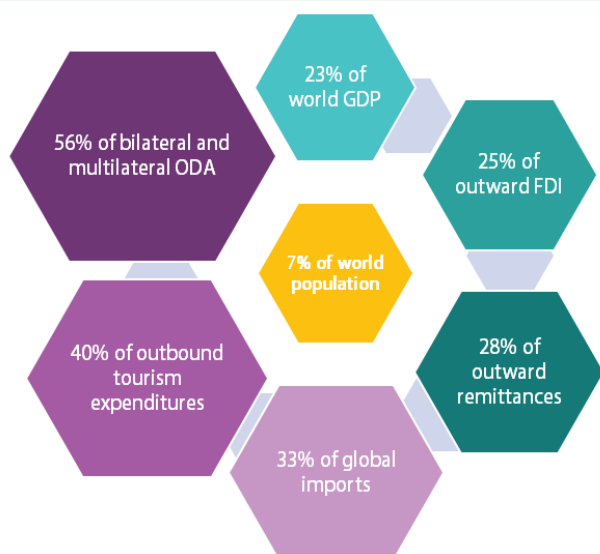
## WHAT A EUROPEAN RECESSION MEANS FOR GLOBAL GROWTH AND DEVELOPMENT

Europe—accounting for nearly one quarter of world GDP—plays a pivotal role in fostering global growth and development. Europe accounts for 33% of global imports and nearly 60% of bilateral and multilateral development assistance (Figure 6). A severe recession in Europe will reverberate to the rest of the world, undermining sustainable development efforts not only in Europe but also in Africa, Latin America and South Asia.

A deep recession, for example, will depress Europe's demand for goods and services from the rest of the world, putting at risk millions of export sector jobs in develop-

Figure 6

### Pivotal role of Europe in the global economy



Source: UN DESA estimates from various sources.

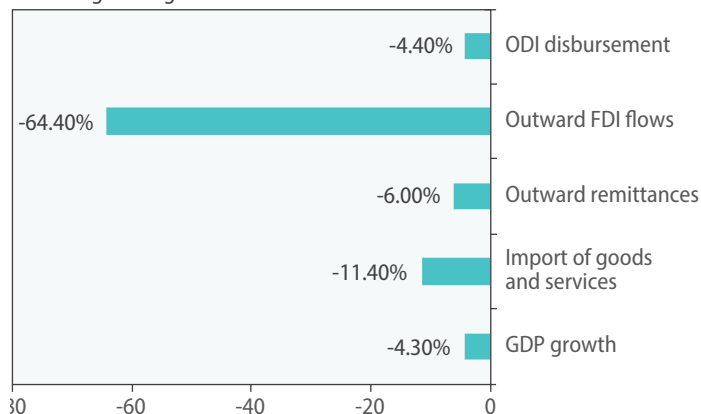
ing countries that rely heavily on sending their products to the European market. During the global financial crisis in 2009, imports of the 28 EU members fell by 11%, which depressed exports and growth of many developing countries. Most importantly, outward foreign direct investment (FDI) from the EU fell by 64% during the Great Recession in 2009 (Figure 7). Global FDI flows never recovered. Global FDI today is lower than it was in 2005.

In the near term, the COVID-19-induced economic contraction may depress Europe's efforts to promote green growth and reduce carbon footprints. While emissions intensity of GDP growth—a key indicator of transitioning to a low-carbon economy—has decreased markedly in Europe during the last decade and is far lower than global averages, it has stagnated in the past few years

Figure 7

### Impact of the 2009 global financial crisis in the EU

Percentage change from 2008



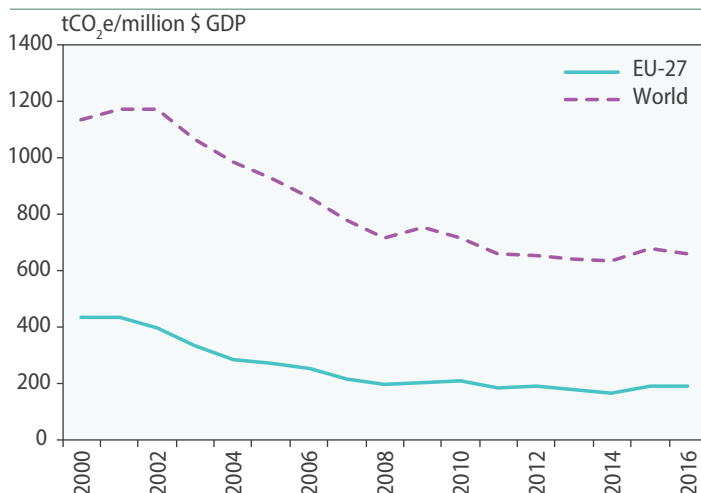
Source: UN DESA, based on data from World Bank World Development Indicators and other sources.

(Figure 8). This indicates significant financial resources would be required to further reduce emissions levels, but a deep recession may constrain the ability of many governments to offer financial incentives and fund new research for developing green technology. Low carbon prices—should it persist for an extended period—may further undermine the continent's transition to green growth.

A speedy, timely and balanced recovery of Europe from the crisis will be critical not only for maintaining European solidarity, but also for ensuring that the continent can quickly resume its pivotal role in global trade, official development assistance, foreign direct investment and remittances and the world returns to the trajectory of sustainable development.

Figure 8

### Emissions intensity of GDP in the EU



Source: Climate Watch, available from [www.climatewatchdata.org](http://www.climatewatchdata.org).





**Social impact: Inequality and vulnerable groups**





*Deputy Secretary-General Visits Belarus, February 2018.*

*Photo: UN Photo/Egor Dubrovsky*

- 10 – Responses to the COVID-19 catastrophe could turn the tide on inequality
- 11 – Protecting and mobilizing youth in COVID-19 responses
- 12 – COVID-19 and older persons: A defining moment for an informed, inclusive and targeted response
- 13 – Leaving no one behind: the COVID-19 crisis through the disability and gender lens
- 14 – The impact of COVID-19 on indigenous peoples

# Social impact: Inequality and vulnerable groups

*The COVID-19 and its economic impacts shook the world along existing fault lines of exclusion, inequality and disadvantage, revealing deep set gaps access to essential services and secure livelihoods among social groups in many societies. In addressing these issues, UN DESA gave particular attention to the impact of the crises on older persons, persons with disabilities, indigenous peoples and youth, providing recommendations for ensuring that policies or response and recovery address effective inclusion of these disproportionately impacted members of society."*

## KEY POLICY RECOMMENDATIONS

- To turn the tide on **inequality**, countries should (i) accelerate the setting up of systems to ensure universal provision of quality services such as healthcare, education, sanitation and social protection; (ii) identify the differentiated impacts of COVID-19 and empower vulnerable groups through the collection and communication of disaggregated data; (iii) invest in jobs and livelihoods in resilient and sustainable sectors; and (iv) act through the multilateral system to respond to disparities across countries.
- The response and recovery must support the **youth**, by providing adequate universal health coverage; maintaining or increasing funding and investments in young people's health, education and skills development, entrepreneurship, and employment opportunities; improve work conditions; and enhance their civic participation. Social protection systems must ensure all young people are covered, including those that are currently not supported.
- The **older persons**, who are especially at high risks and vulnerabilities, must be supported by triage protocols and policies that ensure medical decisions based on clinical assessment, medical need, ethical criteria and on the best available scientific evidence. Continuity of adequate care services, such as mental health services, palliative and geriatric care, must be ensured.
- Ensure social protection measures are **gender and disability responsive** and provide targeted financial relief and income support for persons with disabilities and their caregivers who are disproportionately impacted by the crisis. Inclusive, accessible and non-discriminatory healthcare must be provided to minimize mortality of those with disabilities and underlying health conditions.
- Post COVID-19 reconstruction activities and programmes that are specifically aimed at **indigenous peoples** need to be established in order to support their traditional livelihoods, their economies and sustain their communities. Indigenous peoples' representatives, leaders and traditional authorities must be included in the planning and design of health services and responses to the pandemic, as well as in dealing with its repercussions.

# 10 - Responses to the COVID-19 catastrophe could turn the tide on inequality

Even as all of humanity confronts COVID-19, it is becoming increasingly clear that pre-existing inequalities along various dimensions are differentiating its impact. At the same time, inequalities within and across countries also stand to widen because of the crisis. Such outcomes are not inevitable: past experience shows that sufficiently bold measures that put people at the centre of crisis response and recovery can lead to better, more equitable and resilient outcomes for all.

## LIVING AND WORKING CONDITIONS DETERMINE THE CHANCES OF INFECTION

Interventions that reduce the chances of being infected, such as social distancing, are more difficult where population densities are high, as in major urban centers with packed transit systems, or for people living in small, crowded households, slums, migrant worker housing or refugee camps. Frequent handwashing is challenging for the 3 billion people without basic handwashing facilities at home (World Health Organization, 2020a). Poorer people, and those from marginalized groups are more likely to live in these conditions. In many developing countries, this can include much of the population.

Occupations requiring frequent human contact, and which must be carried out even during a pandemic-induced lockdown—for example, those providing services such as health care, public transit, and food and grocery supplies—are also associated with a higher risk of infection. Many (though not all) of these occupations are disproportionately carried out by poorer people. Smartphone location data show that people with lower incomes have remained more mobile under social distancing guidelines than those with higher incomes, who can more easily stay away from densely populated areas.

## VULNERABILITIES TO COVID-19 ARE UNEQUAL

Knowledge about the biological pathways through which COVID-19 attacks the body is still evolving. However, the empirical data to date show that, once people are infected, outcomes tend to be more severe for older adults, men, and those with weaker immune systems or pre-existing health conditions such as obesity, diabetes and cardio-vascular disease.

### Summary

This brief identifies inequalities around the COVID-19 pandemic in exposure, vulnerabilities and coping capacity. It suggests that crisis responses in four areas could turn the tide on inequality. These include expanding systems for the universal provision of quality social services; identifying and empowering vulnerable groups; investing in jobs and livelihoods; and acting through the multilateral system to respond to disparities across countries.

Several of these pre-existing conditions tend to occur more frequently in disadvantaged groups, who may also be less likely to have access to quality health care, or more likely to live and work in conditions that increase the risk of infection. In the United States, for example, African-Americans—known to have higher rates of pre-existing health conditions and poverty—comprise 21.2 per cent of COVID-19 deaths and 28.9 per cent of known cases despite comprising only 13 per cent of the population (Centers for Disease Control and Prevention, 2020). Indigenous peoples, often living in isolated communities that lack access to health care and with high rates of pre-existing conditions, are also particularly vulnerable—in Brazil during the 2009 H1N1 influenza pandemic, the death rate of indigenous peoples was 4.5 times higher than among the general population (Zavaleta, 2020).

## COPING STRATEGIES HAVE UNEQUAL IMPACTS

Countries have adopted various forms of travel restrictions and social distancing to “flatten the curve”, but these in turn produce unequal impacts across groups. Those in low-wage jobs with limited savings or access to social protection are bearing the brunt of the economic collapse. The International Labour Organization (ILO) (2020a) estimates that almost 38 per cent of workers are in sectors at high risk of economic decline and only 45 per cent have any social protection coverage.

In general, the already disadvantaged, such as women, children, persons with disabilities and indigenous people, stand to see their conditions worsen disproportionately through increasing poverty, reduced access to

services and heightened vulnerability within the household.

Women, for instance, are mostly employed in the informal sector—70 per cent globally and over 90 per cent in developing countries, while single mothers and older women are already more likely to be poor than men in similar circumstances. Prolonged stays at home can increase the burden of care work, as well as make it harder to escape domestic violence.

With school closures in over 190 countries as of date, children's education is at risk, with existing differences being aggravated by inequalities in access to remote learning options. Malnutrition is also a threat for the approximately 370 million children who rely on school meals. Staying at home can itself be a risk factor—during the Ebola outbreak, school closures were associated with spikes in child labour, neglect, sexual abuse and teenage pregnancies.

Social distancing and isolation stand to make it even harder to access critical services for those reliant on them, such as older persons and people with disabilities. Individuals in poor health may delay seeking medical care, further aggravating their condition.<sup>1</sup>

## INEQUALITIES ACROSS COUNTRIES ARE ALSO EVOLVING

Several of the factors identified above also contribute to inequalities across countries. Almost 40 per cent of all countries have fewer than 10 doctors per 10,000 people compared to 30 per 10,000 people on average in high-income countries (World Health Organization, 2020b). In some least developed countries, the total number of ventilators available for an entire population is in the single digits (International Rescue Committee, 2020). These countries are also among those with less comprehensive social protection systems—and are therefore less able to provide assistance to those whose livelihoods are affected.

Lack of fiscal space is a major barrier for many countries that need to urgently expand emergency services and roll out stimulus plans to counter the economic destruction of the crisis. With COVID-19, capital flight from developing countries is high and commodity prices are dropping, leaving countries severely constrained by debt servicing obligations which stand in the way of response efforts.

Over the past decades, most countries have made progress in eradicating fundamental human deprivations.

<sup>1</sup> Companion pieces in this series examine the situation of vulnerable groups in greater detail.

Recent estimates of the impact of COVID-19, however, anticipate sharp rises in extreme poverty and hunger. Difficulties in carrying out vaccinations and community-based health measures also threaten a recurrence of diseases such as measles and malaria. As a result, this convergence in minimal standards of living could stall or be reversed, thereby widening inequalities.

## PAST CRISES CAN INFORM COVID-19 RESPONSES

Evidence to date indicates that the crisis could result in increasing levels of poverty and inequality, with impacts lasting for years. But this is not inevitable. The long-term outcomes of COVID-19 will depend on how policymakers respond. Historical evidence from other major crises shows that, when governments stepped up health care and social protection, including measures to preserve wage income, inequality fell after the initial shock.

Measures to bolster public services were put in place following the Great Depression and World War II. During the Great Recession, Latin America reduced inequality levels through a combination of increases in labour income and expanding social protection systems. More recently, countries like Costa Rica and Thailand have increased public spending toward universal health systems; while Ghana and Indonesia have expanded social protection. Initiatives such as these can be built upon to address inequalities following COVID-19.

Much like with earlier crises, COVID-19 is a fork in the road. An insufficient response to the crisis and its economic and social impacts will likely deepen inequality, intensifying public discontent and weakening trust in institutions. However, this tragedy ushers in new awareness of the social and economic risks of deficient social protection systems and inadequate public services. It also underscores the importance of collective action and global collaboration. The crisis can therefore lead to the transformational changes needed to build more equitable societies and better align policy frameworks with the aspirations of the 2030 Agenda for Sustainable Development.

## ACTIONS IN FOUR KEY AREAS CAN TURN THE COVID-19 CRISIS INTO A TRANSFORMATIVE MOMENT FOR REDUCING INEQUALITY

### Expand systems for the universal provision of quality public services

COVID-19 has been a stress test for public services and social protection systems, and many countries have



come up short, albeit in different ways. In countries with strong health and social protection systems, lacunae have emerged in their ability to respond rapidly to novel circumstances, meet sudden surges in demand, maintain universal access, and deal with population specific challenges. In others, the pandemic has underscored the need to accelerate the deployment of such systems. It has also highlighted that access to services—such as broadband internet or hotlines for domestic violence prevention—must be treated as essential for preventing inequalities in well-being.

There are important long-term take-aways from this crisis. First, countries should accelerate the setting up of systems to ensure universal provision of quality services such as health care, education, sanitation and social protection. Although comprehensive social protection systems require significant investment up-front, the recurrent costs of providing basic social protection floors are affordable in most countries.

Second, universal systems must be sensitive to differences between different population groups. Barriers to accessing these services—such as inability to pay, discrimination and stigma—must be identified and removed.

Third, comprehensive preparedness and planning are needed to build agility and be ready for a range of emergencies with surge response capacities. Consistent delivery of services (such as primary health care and quality education) is key to improving resilience.

Finally, sufficient fiscal space should be maintained through counter-cyclical policies, sustainable debt management, eradicating tax evasion and avoidance as well as illicit financial flows and ensuring fair, equitable and efficient taxation of economic activities. Periods of lower interest rates that have historically followed pandemics may be opportunities for making the necessary capital investments.

### **Identify and empower vulnerable groups**

Widespread testing for the virus and the availability of adequately disaggregated data is necessary to identify inequalities in exposure, vulnerability and outcomes. Longer term investments in building data collection capacities, including through civil registration systems are also essential.

Such evidence enables response strategies to address the differentiated impacts of COVID-19 among population groups and develops capacities for similarly differentiated responses in the future. Disaggregated and widely communicated data also serve to empower people, equipping them with vital information to participate in

public dialogue and policy-making, and enabling accountability.

Information needs to be communicated through channels that directly reach the most vulnerable with support that is targeted to their needs. Some countries are successfully using emergency text message systems and SMS location-based messaging to provide important information about emergency services and health advice. Expanding household internet coverage as much as possible in the short-term and comprehensively in the long-term will also help to ensure access to public health information, while supporting distance learning for the over 1.5 billion children currently out of school due to the pandemic.

### **Invest in jobs and livelihoods**

Workers, including about 1.6 billion in the informal sector—half the world's workforce—are at high risk of losing their livelihoods due to COVID-19 (International Labour Organization, 2020b). Previous economic downturns and recessions have ended up widening income inequality—in many countries, lower income jobs were added back at a slower rate during recoveries.

Chances of such an outcome can be minimized in the current context if there is an emphasis on protecting jobs or restoring them safely, creating jobs in emerging, more resilient and sustainable economic sectors and, looking ahead, preparing the workforce with needed skills.

In the short-term, income and employment protection must be accompanied by facilitating a safe return to service occupations, including those deemed essential. Governments and businesses must introduce the necessary protocols, including providing protective equipment, testing and medical care. Skills of teachers adjusting to new modes of instruction also need to be built up, creating additional employment options. In all countries, the self-employed and those working for small and medium enterprises can be supported through low-interest micro loans and transfer programmes.

In the longer term, as countries expand the provision of quality services, there will be opportunities for generating large numbers of stable jobs in health care and education for example. As countries implement fiscal stimulus packages, and potentially take the opportunity to strengthen “green” sectors, new avenues for employment will be created, and must be matched with developing skills among those making the transition.

## Act through the multilateral system to respond to disparities across countries

The international community must strengthen coordination to respond effectively to disparities across countries. The United Nations can play a lead role in facilitating this coordination—engaging all stakeholders and fostering partnerships to build developing countries’ social sectors in ways that reduce inequalities.

Steps decisionmakers can take to support COVID-19 response efforts in the most vulnerable countries include removing restrictions on trade in goods essential for fighting the pandemic and for ending hunger; temporarily suspending debt service payments; and allocating Special Drawing Rights from the International Monetary Fund to shore up international liquidity to help defuse rising financial market tensions.

Reducing the cost of remittances could help spur recovery after the crisis and greatly assist in restoring household consumption in recipient countries. Incentives are also needed to encourage increases in foreign direct investment to support recovery efforts and social assistance. And critically, existing international development cooperation commitments must be met, and the supply of concessional finance increased.

High and growing inequality has marked the first part of the 21st century as a central challenge for the 2030 Agenda and the sustainability of human well-being. Large-scale, coordinated responses to the COVID-19 crisis, based on the best available evidence, can turn things around by building systems that strengthen resilience and enable all people to fulfil their potential in dignity and equality.

## REFERENCES

- Centers for Disease Control and Prevention (2020). Cases, Data & Surveillance. <https://www.cdc.gov/coronavirus/2019-ncov/cases-updates/cases-in-us.html>.
- International Labour Organization (2020a). ILO Monitor: COVID-19 and the world of work. Second edition. Updated estimates and analysis. 7 April. Available from [https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms\\_740877.pdf](https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_740877.pdf).
- International Labour Organization (2020b). ILO Monitor: COVID-19 and the world of work. Third edition. Updated estimates and analysis. 29 April. Available from [https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms\\_743146.pdf](https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_743146.pdf).
- International Rescue Committee (2020). COVID-19 in Humanitarian Crisis: A Double Emergency. Available from <https://www.rescue.org/sites/default/files/document/4693/covid-19-doubleemergency-april2020.pdf>.
- World Health Organization (2020a). [https://www.who.int/water\\_sanitation\\_health/publications/jmp-report-2019/en/](https://www.who.int/water_sanitation_health/publications/jmp-report-2019/en/)
- World Health Organization (2020b). Global Health Observatory. [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-\(per-10-000-population\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-(per-10-000-population)).
- Zavaleta, Carlos (2020). COVID-19: review Indigenous peoples’ data. *Nature*, vol. 580, No. 185. <https://www.nature.com/articles/d41586-020-01032-1>.

# 11 - Protecting and mobilizing youth in COVID-19 responses

## SOCIOECONOMIC IMPACTS

Prior to the onset of COVID-19, youth (aged 15 to 24) are already three times more likely to be unemployed compared to adults, while 126 million young workers are in extreme and moderate poverty worldwide (International Labour Organization, 2020). Young workers are also more likely to be in precarious employment than other age groups. Whereas some 77 per cent of youth are estimated to be informally employed globally, this percentage is even higher for young women in low and lower-middle-income countries (International Labour Organization, 2018). The increase in unemployment as a result of COVID-19 is expected to exceed the rise in rates of unemployment in the aftermath of the 2009 global financial crisis. Based on the 2009 experience, without targeted policy intervention, it is likely that youth will again be disproportionately affected by a global recession, with a higher percentage of young people being unemployed compared to adults, and a slower uptake of employment by young people during the recovery. In light of the threat to the livelihoods of many youth, it is crucial that measures to ease the financial impacts on households are comprehensive and sufficient to bridge the gap resulting from loss of earnings.

The global pandemic is also having an unprecedented impact on education systems all over the world, with far-reaching social consequences. According to UNESCO (2020), so far 191 countries have implemented nationwide or localized school closures, resulting in over 91 per cent of enrolled students, or 1.5 billion people, not being able to go to school (Figure 1). These students face disruptions to their education of uncertain duration, with varying levels of alternative delivery methods. These disruptions can negatively impact learning, access to nutrition, and consequently, graduation rates. School closures have a particularly adverse effect on poorer students, students without stable internet access at home, and children relying on help from their schools in meeting their nutrition and health needs. The situation is especially acute for girls and young women who are disproportionately excluded from education. To alleviate the situation, governments should ensure there is continuity in learning by promoting high-tech, low-tech and no-tech solutions. Given the large digital divide that exists, solutions such

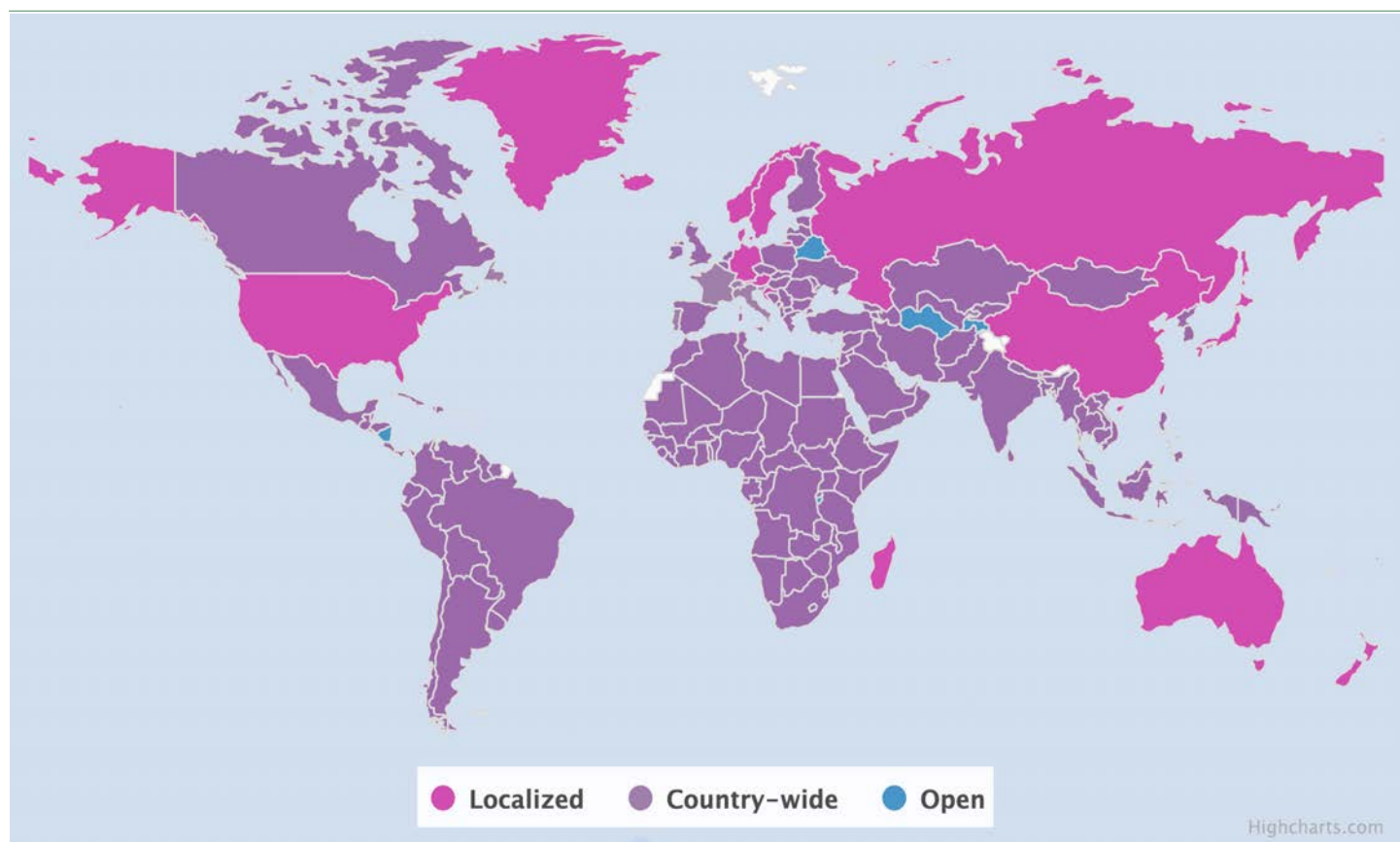
### Summary

The COVID-19 pandemic has resulted in severe economic and social impacts around the world. Young people are particularly vulnerable to the disruptions the pandemic has caused, and many are now at risk of being left behind in education, economic opportunities, and health and wellbeing during a crucial stage of their life development. Young people are more likely to be unemployed or to be in precarious job contracts and working arrangements, and thus, lack adequate social protection. At the same time, young people are responding to the crisis through public health promotion, volunteering and innovation. Young people will form a key element in an inclusive recovery and the achievement of the Sustainable Development Goals (SDGs) during this Decade of Action. However, the response and recovery must be done in a way that protects the human rights of all youth.

as delivering text-based content via cellular networks rather than videoconferencing that relies on high-speed internet, and paper-based distance learning materials for families without any digital connectivity access should also be considered. Students with special needs, such as those with disabilities, will require additional attention and support as remote learning pose particular challenges for them and their families.

Vulnerable and marginalised youth are at particular risk of COVID-19 and its impacts. Young migrants and refugees, youth living in rural areas, adolescent girls and young women, indigenous and ethnic minority youth, young persons with disabilities, young people living with HIV/AIDS, young people of different sexual orientations and gender identities, and homeless youth already experience challenges in accessing healthcare services and social protection. Young people with physical or mental health conditions also face an elevated risk in relation to COVID-19. Many young people may not have stable housing and therefore cannot safely engage in home-based social distancing. The pandemic and economic recession may further fuel stigma and discrimination against certain groups of young people, which in turn would further

Figure 1

**Global school closures, as of 20 April 2020**

Source: UNESCO (2020).

exclude them from accessing healthcare and maintaining their livelihoods. These disparate impacts should inform the comprehensive policy response to this crisis.

## SOCIAL POLICY RESPONSES

Social protection measures such as cash transfer payments, unemployment support, paid sick leave, and access to healthcare are being expanded in some jurisdictions on a temporary basis. If such measures are to “leave no one behind,” it is crucial that they take into account the particular concerns and needs of young people, especially those who are not included in family-based disbursements or employment-based social protection systems, such as those with informal jobs or in the gig economy. The policies implemented during a crisis should not only safeguard the livelihoods and financial security of youth in the short term, but also serve as the basis for building resilient social safety nets that reduce the vulnerability of young people in the long term.

Expanding access to healthcare has been a critical aspect of the COVID-19 response. In situations where healthcare coverage is linked to employment, young

people experience barriers to access as they are disproportionately unemployed, work in the informal sector or are among the working poor. Services targeting the needs of young women and girls have been, in some cases, disrupted or have had their resources diverted. It is a right of all persons to have access to and have the highest attainable standards of health (United Nations, 1966). As the virus can affect and be transmitted by everyone, the COVID-19 pandemic also underscores the extent to which universal health coverage is of paramount societal interest. To ensure effective access to healthcare for all young people during this time, long-recognized structural barriers, such as those posed by language or by facilities that are inaccessible to persons with disabilities, must now be dismantled. The COVID-19 pandemic makes clear the extent to which such barriers not only negatively affect the health of those who are excluded from healthcare, but also imperil the public health response required to interrupt the transmission of the virus.

The ongoing crisis and mitigation measures also have implications for mental health. Many young people with mental health conditions are experiencing a



deterioration of their health status. Prolonged social isolation and stress are expected to increase the incidences of young people with mental health conditions (Lee, 2020). Mental health therefore should be integrated as part of the broader health response. There may be longer term mental health impacts that are currently unknown, to which public service providers should be sensitive.

In many countries, years of austerity measures have left public services underfunded and weakened national responses to effectively address COVID-19. This should serve as a lesson in terms of the policy response to the pandemic. COVID-19 will likely stretch expenditures of governments and the corresponding deep recession will dramatically shrink fiscal revenues. Many governments are currently making extraordinary interventions to protect their economies. Similar investments are required to address both the immediate social impacts of COVID-19, including in relation to education and employment for youth, as well as the longer-term impacts on social development. Now is not the time to dial back investments in youth. The future economic recovery and the achievement of the SDGs will rely on skilled and healthy young people contributing with their labour, ideas and expertise.

## YOUTH POLICY RESPONSES

The World Programme of Action for Youth (WPAY) calls on governments to ensure that their services meet the needs of young people. Under the current circumstances, it is especially important that youth are heard alongside other community voices in the rollout of health and non-health interventions in response to COVID-19.

Building up the capacity of youth to be able to make their own decisions and to take responsibility for their own health is a key element of the WPAY. Health education, public health promotion and evidence-based information are critical in combating the spread and effects of COVID-19. The role of governments as well as youth organisations and community groups will be essential to challenge the spread of disinformation online and to ensure that trustworthy public health information is disseminated. Young people themselves are also spreading public health information in engaging ways such as videos to promote effective handwashing or explain how social distancing can save lives in their communities.

Young innovators are already responding to the pandemic through projects with social impact. Around the world, governments and the private sector are partnering with young people to launch initiatives that leverage young people's efforts to support their communities. Through voluntary initiatives, many young people have

also supported vulnerable members of their community, for example in the distribution of groceries and medicines. Youth-driven innovation hubs, from Nigeria to New York, are supporting start-ups to develop technological solutions to address COVID-19, as the pandemic shifts more and more activities online. Policies that enable partnerships with young people in this area can deliver future economic dividends and provide an avenue for youth to contribute and demonstrate their solidarity in a time of crisis.

As the crisis unfolds, there will be a diverse range of youth policy responses that are tailored to specific contexts and needs. Countries should invest in protecting all human rights, going beyond the right to health, towards building a more resilient society, including for youth. Policies, particularly those that include coercive measures or subject certain persons to elevated risks, should be evidence-based, proportionate and non-discriminatory. Decisions regarding children below the age of 18 should always be made in the best interests of the child in line with the Convention on the Rights of the Child.

## CONCLUSION AND RECOMMENDATIONS

In a little over five months, COVID-19 has morphed from a small outbreak to a pandemic, which the World Health Organization (WHO) deems a public health emergency of international concern. The accompanying socioeconomic crisis is so large in scope that the Secretary-General of the United Nations has described it as the biggest challenge the world has faced since World War II. The risk that this crisis poses to health, socioeconomic wellbeing and political instability cannot be underestimated by governments.

This crisis calls for global solutions, inter-generational solidarity and innovative, inclusive policy solutions. The 2030 Agenda for Sustainable Development should guide the response to and recovery from this pandemic, and provide the framework for building the resilience and social cohesion that the world will need to combat future pandemics. The following policy recommendations are put forward for the consideration of the Member States and United Nations entities:

1. Provide universal health coverage, including for all young persons, and ensure that health systems effectively meet the needs of youth in the time of COVID-19 and throughout the recovery phase, including public health promotion, testing and treatment, and provision of mental health services.

2. Promote accurate public health information through various communication tools and empower young people to make evidence-based decisions regarding their health, while also proactively contributing to prevention and mitigation.
3. Maintain or increase funding and investments in young people's health, education and skills development, entrepreneurship, and expand their employment opportunities, improve work conditions, and enhance their civic participation.
4. Adapt the delivery of education, through digital and non-digital methods from early childhood to tertiary education to ensure continued skills acquisition and learning, with particular attention to the needs of young women and girls.
5. Develop policies that reach vulnerable and marginalised youth, including migrants and refugees, youth living in rural areas, adolescent girls and young women, indigenous and ethnic minority youth, young persons with disabilities, young people living with HIV/AIDS, young people of different sexual orientations and gender identities, and homeless youth.
6. Strengthen national capacities to collect, analyse and disseminate data disaggregated by age, gender and other population characteristics, especially for addressing the most marginalized and vulnerable youth groups during and after this pandemic.
7. Ensure that social protection systems include all young people, with special attention to those

who are not covered by current social protection measures.

8. Consult and engage youth in the development of health, economic and social interventions in response to COVID-19 and in its recovery.
9. Promote innovation by youth for the prevention and treatment of COVID-19, and the management of its corollary socioeconomic impacts.
10. Respect, promote and protect the human rights of young people, including the right to non-discrimination.

## REFERENCES

- International Labour Organization (2018). Women and Men in the Informal Economy: A Statistical Picture. Available from [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_626831.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_626831.pdf).
- International Labour Organization (2020). Global Employment Trends for Youth 2020. Available from [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_737648.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_737648.pdf).
- Lee, J. (2020). Mental health effects of school closures during COVID-19. *The Lancet Child and Adolescent Health*. April. [https://doi.org/10.1016/S2352-4642\(20\)30109-7](https://doi.org/10.1016/S2352-4642(20)30109-7)
- UNESCO (2020). COVID-19 Educational Disruption and Response. Available from <https://en.unesco.org/covid19/educationresponse>
- United Nations (1966). International Covenant on Economic, Social and Cultural Rights, Article 12. General Assembly resolution 2200A (XXI).

# 12 - COVID-19 and older persons: A defining moment for an informed, inclusive and targeted response

As the world grapples with an unparalleled health crisis, older persons have become one of its more visible victims. The pandemic spreads among persons of all ages and conditions, yet available evidence indicates that older persons and those with underlying medical conditions are at a higher risk of serious illness and death from the COVID-19 disease.

Often, chronic health conditions are more prevalent in old age; increasing risks for older adults. The World Health Organization has reported that over 95 per cent of fatalities due to COVID-19 in Europe have been persons aged 60 years or older. Several sources suggest that as data from fatalities in nursing homes become available, the death toll among older persons in the European region might be higher especially since often official data on fatalities do not include people who die in their homes or in care homes. Indeed, international evidence, although still limited, shows that people living in nursing homes are experiencing high rates of mortality due to COVID-19.

This reality highlights the specific challenges and needs faced by older persons in this health crisis and the need to plan and implement a response that is informed, inclusive and targeted. Meanwhile, retired doctors and nurses, despite their higher risks as older persons, have been fighting on the front line to temporarily support

## Summary

- » Older persons and those with underlying medical conditions are at a higher risk of serious illness and death from COVID-19.
- » Multiple and intersecting forms of discrimination experienced by older persons are exacerbated during the COVID-19 pandemic and aggravate their vulnerabilities.
- » Triage protocols and policies that ensure medical decisions should be based on clinical assessment, medical need, ethical criteria and on the best available scientific evidence.

the overwhelmed medical system, in response to calls by several governments. Unfortunately, an alarming phenomenon has likewise surfaced in recent weeks: the pervasive effect of widespread age-based discrimination against older persons, with outcomes ranging from increased isolation to violations to their right to health and life on an equal basis with others. A successful response to COVID-19 must recognize and equally address such concerns.

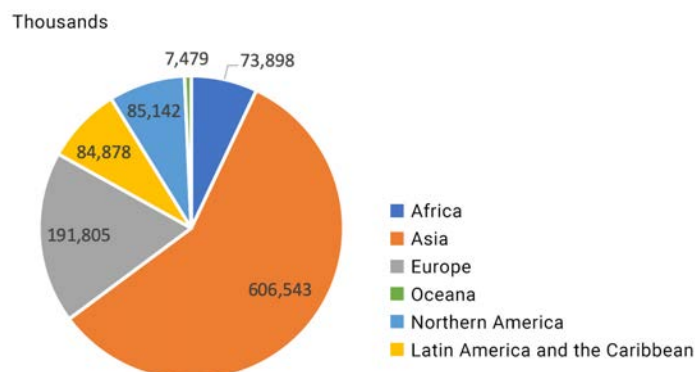
Public discourses that focus on fatalities more than on infections portray COVID-19 as a disease of older people, leading to social stigma, discrimination and exacerbating negative stereotypes about older persons.

Societies should address existing deep-seated inequalities and age discrimination and advocate for older persons' autonomy, independence and a stronger protection of access to social services, including social protection, and their human rights. Governments need to ensure that older persons are consulted and participate in policy decisions that affect their lives and must put in place supportive measures that guarantee their inclusion.

## ENSURING EQUAL ACCESS TO HEALTHCARE

In the context of COVID-19, available evidence points to challenges in access to healthcare by older persons and to the negative impacts that measures to limit the spread of COVID-19 can have among this age group, especially in

Figure 1  
**Number of persons aged 60 years or over, by region, 2020**



Source: United Nations, World Population Prospects: the 2019 revision, available from <https://population.un.org/wpp/>.

relation to their access to social services, including social protection. The Madrid International Plan of Action on Ageing identifies barriers to healthcare services and recognizes that older persons can experience age-based discrimination in the provision of services when their treatment is perceived to have less value than the treatment of younger persons. International human rights law guarantees everyone the right to the highest attainable standard of health and obligates governments to take steps to provide medical care to those who need it, including mental health support. Yet, in the midst of the crisis, concerns have been raised on decisions made around the use of scarce medical resources, including ventilators, based on age. For instance, in the United Kingdom, the National Institute for Health and Care Excellence uses age (65) to decide if a patient should be assessed through a frailty scoring system instead of through an individualized assessment, even though it recognizes the limitations of this scale as the sole assessment of frailty.

Governments should develop and follow triage protocols and policies that ensure medical decisions are based on clinical assessment, medical need, ethical criteria and on the best available scientific evidence, while respecting the will and preference of the person. Decisions on access to screening and care should not be based on non-medical characteristics, including chronologic age, or discriminatory beliefs of social worth whereby older persons' lives may be deemed less valuable than others. Consent for all aspects of medical treatment, including refusal and withdrawal, need to be free, prior and informed and guarantee that older persons make these decisions without undue influence or under pressure. Where older persons require representatives, these should be freely chosen by the older person and a model of supported decision-making should be put in place to ensure that the patient is empowered to make choices. Older persons should also be provided with adequate palliative care, if appropriate.

Where older persons experience multiple and intersecting forms of discrimination, these are exacerbated during the COVID-19 pandemic and aggravate the vulnerabilities of older people. Older women provide the bulk of care in their households, and their ability to continue doing so without endangering their own health is contingent on their access to adequate healthcare. Persons with disabilities, 46 per cent of which are aged 60 and over, generally have more healthcare needs, including underlying conditions that make them more vulnerable to severe symptoms from COVID-19. As a result, challenges in access to healthcare and other services impact them more than the general population.

The pandemic has revealed how pre-existing health inequalities play a role in COVID-19 outcomes. For instance, initial data from the United States, suggest that African American populations, irrespective of age, might be disproportionately affected by COVID-19. Older persons that live in low and middle-income countries, especially those in conflict and crises settings face increased risks due to poor access to healthcare, other social services, and the absence of any meaningful social protection floors.

In its response to the pandemic, health systems and other social services systems should be responsive to the specific needs of different population groups and address the impact of socioeconomic and other inequalities on health outcomes.

## STRENGTHENING SOCIAL SUPPORT WHILE IMPLEMENTING PHYSICAL DISTANCE

An increasing number of countries are implementing restrictions in the movement of persons to halt the spread of the COVID-19 disease. Whereas such actions are likely to prove crucial, they need to incorporate the different conditions and realities of older persons so as not to increase their social isolation and worsen their wellbeing and health outcomes.

*Older persons increasingly reside alone.* Available data show that older persons have become more likely to live independently, with co-residence with children becoming less common. While living arrangements differ substantially across countries and regions, considerable changes have taken place in several world regions. In more developed regions living only with a spouse is the most common living arrangement among older persons, followed by living alone. Large gender gaps in the proportion of older persons residing alone exist, with more older women residing alone than older men. Where physical distancing is not implemented with supports in place, it can lead to increased social isolation and denial of support to older persons at a time when they may be at most need of care and support.

Where *older persons live together with other family members*, implementing adequate physical distance within households is crucial to prevent the spread of COVID-19 to older adults, as long as such measures are in full consultation with older persons and on a voluntary basis. Data available in European countries on the share of people aged 30–49 who live with their parents, show that fatality rates due to COVID-19 are initially higher in countries with more intergenerational interactions.



Living with at least one child or with extended family members is the most common living arrangement among older persons in less developed regions. Skipped generation households are common in sub-Saharan Africa, Latin America and the Caribbean countries. In such settings, implementing in-house physical distancing may be particularly challenging. The transmission risk might be even higher if older persons live with younger children that are asymptomatic and therefore carry the potential to spread the virus unknowingly.

Older persons living in *long-term care facilities* have a higher risk for infection and adverse outcomes from the disease because they live in close proximity to others. As a result, many facilities have taken measures such as restricting visitors and group activities, which can negatively affect the physical and mental health and well-being of residents. Older people, especially in isolation and those with cognitive decline, dementia, and those who are highly care-dependent, may become more anxious, angry, and withdrawn during the outbreak or while in isolation. Visitor policies should balance the protection of older residents with their need for family and connection. While the risk to older people is serious, blanket policies on visitors, access to legal aid, and advocacy services do not take into account public health guidance or the needs of older people. Policies should ensure that older persons residing in long-term facilities have equal access to healthcare in all countries, especially as initial reports point to the neglect of many people living in such facilities emerge.

Similarly, places of detention such as prisons, jails and immigration detention centers, where the virus can spread rapidly, pose higher risks to their older population, especially if access to healthcare is already poor. Governments should ensure medical care for those in their custody equivalent to that available to the general population, and must not deny detainees, especially those more at risk such as older persons, equal access to health care and other services.

Many older people rely on uninterrupted *home and community services and support*. Ensuring continuity of these services and operations means that public agencies, community organizations, healthcare providers and other essential service providers are able to continue performing essential functions to meet the needs of older people.

Older persons face barriers to *community engagement*, whereby they may not be able to gain access to information about protecting themselves and accessing relevant services, which can aggravate exclusion or marginalization experienced by some older persons. Such barriers include language barriers or lack of access to technologies.

The role of the internet and other *digital technologies* as a window to the world and the channel to connect with family, friends and the community has been amplified by measures related to COVID-19. Yet, many older persons have limited access to technology. For instance, one-third of adults 65 or older in the United States declare never using the internet. Data in the United Kingdom indicate that more than half of the adults who have never used internet in the country are aged 75 years and over, with a higher proportion of older men using internet with respect to women. This digital gap can also affect the ability of older persons to make use of services such as telemedicine or online shopping, which could prove crucial where physical distancing restrictions are implemented. In low-income and other developing countries, technological challenges for older persons are exacerbated.

Where physical distance policies do not consider the specific challenges and conditions faced by older persons, *food insecurity*, becomes a key concern, especially for older persons who are quarantined, isolated and without safety nets and with limited funds.

## AGE-INCLUSIVE INTERNATIONAL COOPERATION

As the COVID-19 pandemic spreads to low – and middle-income countries, particularly those in conflict and crisis, the epidemic could potentially result in extreme risks for older persons. Development and humanitarian strategies must explicitly identify and consider the needs, challenges and strengths of older persons in the design, implementation of response and recovery programmes, and be rooted in the principles of the SDGs and the pledge to leave no one behind.

Over 65 per cent of people 65 years and older currently reside in less developed regions. Healthcare systems in some developing countries are weak, and older persons face great barriers of access such as affordability, physical accessibility and age-based discrimination. An increasing number of older people in developing countries are finding that institutionalization is the only option available to them for accessing the services and supports they need to survive, and these services are often of poor quality. Further, many older persons, especially women, have low literacy, and are marginalized, especially if alone and poor. Measures such as physical distancing are almost impossible to carry out in many urban slums, where access to basic sanitation is limited and density is high.

Further, international cooperation must consider how the COVID-19 crisis will put increased pressure on the financing mechanisms as well as community support

upon which older persons rely for economic security. The impacts of COVID-19 show the importance of all countries and stakeholders partnering to build the resilience of developing countries' social sectors, including health and social protection systems which older persons rely on for economic security. These efforts can bring positive short – and long-term impacts by strengthening capacities for risk reduction and building resilience into economies and societies at national and local levels.

In humanitarian settings, severe overcrowding, limited healthcare, nutritious food, clean water and sanitation as well as low levels of literacy and inadequate social support and protection systems, can pose even greater threats during the COVID-19 pandemic. Evidence shows that older persons are disproportionately impacted by humanitarian crises and report significant barriers in accessing humanitarian assistance. Therefore, contingency plans and strategies by governments and humanitarian actors must explicitly address the high risks faced by older refugees and displaced people, bearing in mind that measures to curb the outbreak, such as physical distancing, dissemination of public health information and improved hygiene practices are very challenging in such settings. While these limitations affect the population at large, there are significant physical, attitudinal and institutional barriers that older persons face in accessing humanitarian assistance. Humanitarian actors must be cognizant and trained to address these realities, including age discrimination.

## CONCLUSION

This brief has presented the distinct situation of older persons during the COVID-19 pandemic. It highlights how older persons encounter specific challenges that need to be understood and integrated into policy measures related to COVID-19. The brief further highlights the contributions that older persons bring in time of crisis. Older persons possess a wealth of knowledge and experience as well as survival and resilience capabilities as evidenced through past pandemics, wars, conflicts, crises and evolution of responses. This brief stresses the need to adopt policies and measures at all levels that protect and promote the rights of older persons, with an emphasis on the right to life and humane treatment.

## RECOMMENDATIONS

- ▶ States must take steps to ensure access by older persons to essential goods, services and basic healthcare during the pandemic.
- ▶ States must take action against any incidents of discrimination against older persons in decisions on medical care, triage, and life-saving therapies. In the longer term, States must address the shortcomings and structural causes that have left older persons behind, aggravated their situation in the pandemic and weakened the global and national response to their needs.

# 13 - Leaving no one behind: the COVID-19 crisis through the disability and gender lens

Persons with disabilities—both visible and invisible—face obstacles and discrimination in accessing health care and other essential services, social protection and income security, mental health services, and communication technologies. In addition, women and girls with disabilities are subject to intersecting forms of discrimination related to sexual and reproductive health, gender-based violence, legal protection, unpaid care and domestic work. Women and girls with disabilities who are migrants, refugees, or from ethnic minorities endure even more hardships and unequal treatment. Gender, disability and structural inequalities, which characterized societies before the crisis, are being exacerbated by the multifaceted impact of the COVID-19 crisis.<sup>1</sup> Lack of gender and disability disaggregated data makes it difficult to carry out evidence-based analysis of the socioeconomic impact of the COVID-19 crisis and to facilitate targeted and mainstreamed policies for women and girls with disabilities.

## THE SITUATION OF PERSONS WITH DISABILITIES THROUGH THE GENDER LENS

Persons with disabilities face the same risk of infection from COVID-19 as the rest of the population. However, in many cases, the danger posed by the virus is compounded by many other factors. In addition to the disruption of essential services and support, pre-existing health conditions in some cases leave persons with disabilities more at risk of developing serious health conditions.

In general, persons with disabilities have more health care-related needs than others—both standard needs and needs linked to their impairments—and are therefore more vulnerable to the negative impact of low quality or inaccessible healthcare services than those without disabilities. According to the 2018 United Nations Disability and Development Report, among 43 countries with data, 42 per cent of persons with disabilities versus 6 per cent of persons without disabilities perceive their health as poor.<sup>2</sup> Persons with disabilities are often unable to access mainstream healthcare services due to unaffordability, attitudinal barriers, inaccessibility to healthcare

**Summary:** This policy brief highlights the impact of COVID-19 on women and girls with disabilities and provides policy guidance for governments and other stakeholders to adopt inclusive and accessible measures to not only mitigate the adverse impacts of the crisis but build resilient societies.

facilities, and lack of alternative means to access public health information and communication for those with visual impairments as well as hearing or cognitive disabilities. This pandemic has further intensified the health risks of persons with disabilities who are living in institutional settings.

Among those with disabilities, women and girls face systemic barriers to equality and inclusion, with limited visibility in disability and gender equality laws, policies, and practices. Available data suggest that the gap is large compared with men without disabilities: women with disabilities are three times more likely to have unmet needs for health care; three times more likely to be illiterate; two times less likely to be employed and two times less likely to use the internet. Moreover, women with disabilities are at heightened risk of suffering sexual violence compared to those without disabilities.

The COVID-19 crisis exposes these underlying inequalities and exacerbates the situation of women and girls with disabilities. For them, the everyday barriers such as physical accessibility, barriers to implementing basic hygiene measures, affordability of healthcare, limitations on health insurance, and discriminatory laws and stigma, can be life threatening in the midst of a pandemic.

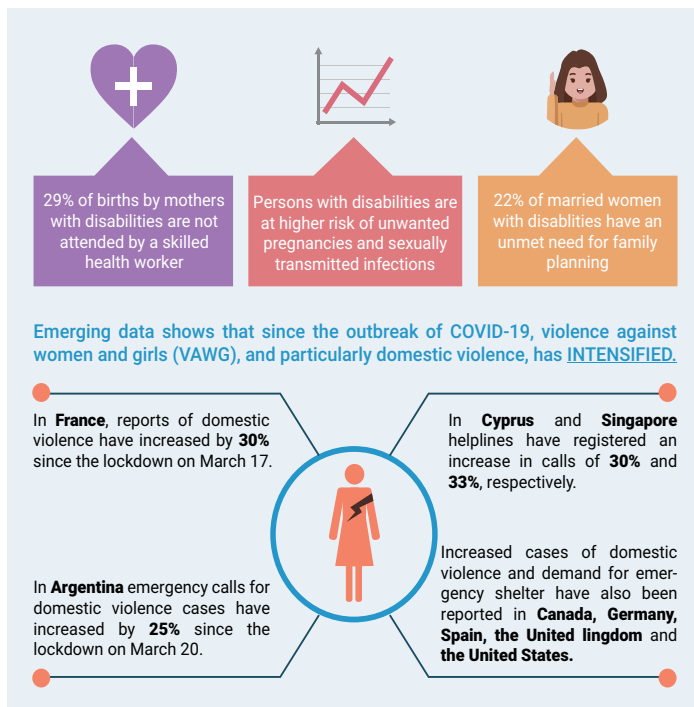
As health emergencies such as COVID-19 place additional pressure on national health services, it is important that national authorities establish non-discriminatory ethical medical guidelines to protect persons with disabilities. The World Health Organization (WHO) has issued disability-inclusive guidelines that are in line with international human rights conventions. Policies and practices on medical treatments, including triage decision-making

<sup>1</sup> See COVID-19 Outbreak and Persons with Disabilities, <https://www.un.org/development/desa/disabilities/covid-19.html>

<sup>2</sup> See <https://www.un.org/development/desa/disabilities/publication-disability-sdgs.html>.

Figure 1

## Systemic barriers for women and girls with disabilities



Source: UN DESA and UN Women.

and access to testing and vaccinations, when available, must not be discriminatory on the basis of age, gender, ethnicity or disability.<sup>3</sup>

Healthcare authorities need to implement proactive accommodation measures that are necessary to reduce the risk of infection for persons with disabilities, their families and care givers, while upholding their dignity and autonomy. Health personnel, including in emergency response services, need to be trained in the challenges facing persons with disabilities during the pandemic and include their needs from the planning stages of such services and not as an afterthought.<sup>4</sup>

Persons with disabilities and their families must be able to continue receiving the same level of care and support, and even more intensively during emergency situations, so that they are able to continue living an independent life. Governments and education providers need to ensure that distance learning platforms are safe and accessible for girls and boys with disabilities, including those with developmental and intellectual disabilities. Specific support should also be provided for caregivers, including access to psychological support.

## BUILD BACK BETTER

The recovery steps taken today to building back to a better tomorrow will be fundamental to the rights and well-being of women and girls and of persons with disabilities and should take place in line with the United Nations Convention on the Rights of Persons with Disabilities (UN CRPD) and other relevant international norms and standards for the achievement of the goals of the 2030 Agenda for Sustainable Development.

The proportion of persons with disabilities living in poverty is double the proportion of persons without disabilities in some countries, with the challenges compounded further for women and girls. This highlights the imperative need for a social protection system that is gender- and disability-responsive.

Countries that have built social protection systems and have age-, sex- and disability-disaggregated census data and registry-based data are better able to provide universal allowance and support services for a fast and targeted relief. Examples include direct compensation provided to women with disabilities working in the informal economy or to women who care for relatives with disabilities through cash transfers, in-kind support services or priority access to food, housing and other types of support.

Disaggregation of data by sex and disability as well as a systematic gender analysis is thus important; including ensuring tailored support to women and girls to access emergency aid as well as in designing interventions to fight gender-based violence. Information on the programmes and the services to address violence against women and girls should be available to and inclusive of women with disabilities.

Awareness-raising and risk communication strategies need to be specifically targeted to higher risk groups, including women and girls living in precarious conditions. Community-based and locally adaptive approaches to transfer information can be useful to reach women and girls and persons with disabilities who have limited access to technology.

Stakeholders engaged in prevention and recovery, including healthcare workers in hospitals, education providers, disability service providers, protection officers, among others, need to receive guidance and have access to resources that enable them to provide alternative formats and methods of communications, such as sign language. Information should also be age-appropriate, where possible, so children can take the same precautions.

<sup>3</sup> Disability considerations during the COVID-19 outbreak, <https://www.who.int/who-documents-detail/disability-considerations-during-the-covid-19-outbreak>.

<sup>4</sup> Voices of people with disabilities during the COVID-19 outbreak, <http://www.internationaldisabilityalliance.org/content/voices-people-disabilities-during-covid19-outbreak>.



Measures put in place during a pandemic such as rapid upskilling of healthcare workers and equipping healthcare structures that are both gender- and disability-inclusive can help to strengthen national health systems in the long run, which is essential for the overall health and well-being of individuals and societies as envisioned in the 2030 Agenda.

Organizations of persons with disabilities, women's organizations, and community-based groups of women and women with disabilities serve as indispensable agents and partners to local and national authorities. Together they can ensure that the needs of women and girls and those with disabilities across their diversity are fully included in the planning, monitoring and evaluation of the COVID-19 prevention and building back measures. These organizations play an effective role in promoting gender- and disability-inclusive responses. They can provide practical advice on how to overcome these barriers at national and local levels as well as offer information to persons with disabilities on accessible prevention strategies and support, including on gender-based violence.

The COVID-19 crisis presents a reflective opportunity to strengthen global, local and people-centered recovery actions now in this Decade of Action. The international community should work in solidarity to ensure that societies emerge from the COVID-19 crisis stronger, resilient to future shocks, and more equal and inclusive, in order to achieve a sustainable future for all, including women and girls with disabilities.

### Recommendations for the inclusion of persons with disabilities, including women with disabilities, in the response to the COVID-19 crisis

1. Consult persons with disabilities and their representative organizations, in particular with organizations of women and girls with disabilities, with regard to COVID-19 containment and mitigation measures to ensure these are disability-inclusive, gender-sensitive and accessible.
2. Ensure inclusive, gender-sensitive, accessible and non-discriminatory healthcare to minimize mortality of those with disabilities and underlying health conditions.
  - a. Promote inclusive and accessible treatment and care, including mental health and psychosocial support and care services, in particular for women and girls with disabilities with limited access to such services;
  - b. Establish non-discriminatory ethical medical guidelines to protect persons with disabilities. Policies and practices on medical treatments, including triage decision-making and access to testing and vaccinations, when available, must not be discriminatory on the basis of age, gender, ethnicity or disability; and
  - c. Provide disability sensitivity training to service providers, including public officials and private agencies.
3. Ensure individuals' health, safety, dignity, and self-autonomy in the community and the continuation of health care support and services for persons with disabilities and their families for an independent living.
  - a. Implement targeted measures to protect persons with disabilities and those with vulnerabilities living in institutional settings with heightened risk of neglect, restraint, isolation or abandonment.
4. Provide solutions for remote work and education that are disability-inclusive and gender-sensitive, such as reasonable accommodation at home and access to adapted and accessible materials.
5. Ensure inclusive and non-discriminatory public information and communication to be accessible to all, including to those with limited access to technology.
6. Ensure social protection measures are gender- and disability-responsive, and provide targeted financial relief and income support for persons with disabilities and their caregivers who are disproportionately impacted by the crisis.
7. Promote disaggregation of data by age, sex and disability and gender analysis of the barriers faced by women and girls with disabilities.

# 14 - The impact of COVID-19 on indigenous peoples

Indigenous peoples in many regions have a long history of devastation from epidemics brought by colonizers, from the arrival of the first Europeans in the Americas who brought smallpox and influenza to a measles outbreak among the Yanonami of Brazil and Southern Venezuela in the 1950s/60s that nearly decimated the tribe (Pringle, 2015).

COVID-19 presents a new threat to the health and survival of indigenous peoples. Indigenous peoples in nearly all countries fall into the most “vulnerable” health category. They have significantly higher rates of communicable and non-communicable diseases than their non-indigenous counterparts, high mortality rates and lower life expectancies. Contributing factors that increase the potential for high mortality rates caused by COVID-19 in indigenous communities include mal – and under-nutrition, poor access to sanitation, lack of clean water, and inadequate medical services. Additionally, indigenous peoples often experience widespread stigma and discrimination in healthcare settings such as stereotyping and a lack of quality in the care provided, thus compromising standards of care and discouraging them from accessing health care, if and when available.

Although data indicate a rising number of COVID-19 infections and high mortality rates among vulnerable groups such as older persons and those with underlying health conditions, in many cases, data on rates of infections among indigenous peoples are often not available (even when testing and reporting for the general population is underway), with infections not being recorded by ethnicity. However, confirmed cases among indigenous peoples in several countries are on the rise, with outbreaks reported among the Navajo Nation of North America, whose infection rate is ten times higher than the general population of Arizona. With South America becoming an epicentre for the virus, cases among indigenous peoples in Brazil, Colombia, Ecuador, and Peru are also rising. In the case of the Navajo Nation, inadequate housing and lack of running water are reportedly contributing factors.

Indigenous peoples largely fall outside any formal social protection systems and few have access to medical and financial support in times of crisis. As lockdowns continue to expand with no timeline in sight, indigenous peoples who already face food insecurity as a result of the ongoing dispossession and loss of their traditional lands and territories also now face loss of their livelihoods,

*“I can’t be any blunter... if COVID-19 gets into our communities, we are gone.”*

» Pat Turner, Chief Executive, National Aboriginal Community Controlled Health Organization, Australia (Coletta and Traiano, 2020).

which form the main base for their subsistence. For example, it is reported that the Maasai of Kenya have closed livestock markets and, as a result, the pastoral production system has stopped (Wight, 2020).

Many indigenous peoples are now also working in the informal economy and have come to rely primarily on income from markets, handicrafts, seasonal work and tourism, which have also been impacted by COVID-19. For instance, Batwa community members in Rwanda, are facing the prospect of living without an income since their traditional means of work (which require travel) is no longer viable. As a result of the national lockdown in India, the substantial migrant worker population, a large number of whom are indigenous, has seen mass closure of workplaces with incomes and related accommodations abruptly cut off. Many have been unable to return to their communities due to a lack of transportation and those who do return may possibly bring COVID-19 with them (Chakma and Chakma, 2020). Reports are already starting to come from parts of Asia (Bangladesh and the Philippines) concerning the increasing lack of essentials including food from locked down indigenous communities who are not receiving relief supplies (Asia Indigenous Peoples Pact, 2020).

## INDIGENOUS PEOPLES IN VOLUNTARY ISOLATION

The COVID-19 virus poses a particular threat to indigenous peoples living remotely or in voluntary isolation, who lack immunity to many infectious diseases. In the Amazon region alone, it is estimated that there could be up to 78 indigenous tribes living in isolation. Most recently, the death of a 15-year old boy due to COVID-19 was reported among the Yanonami. It is feared that further encroachment on indigenous lands, for instance, by illegal loggers and miners will result in significant deaths due to the easily compromised immune systems of indigenous peoples.

## Indigenous elders

At great risk in this pandemic are indigenous elders. This is due to the devastating impact of the virus on older persons generally and, in the case of some indigenous communities, to crowded and multi-generational housing that is commonly experienced, which facilitates the spread of COVID-19. The impact of COVID-19 on indigenous elders has cultural implications for their communities, as elders play a key role in keeping and transmitting indigenous traditional knowledge and culture and practices. These include conservation of biodiversity, upholding traditions and customs, leading community gatherings and ceremonies, and as custodians of customary law and governance. Indigenous elders are often the last remaining bastions of traditional knowledge and have a key role in teaching and transmitting their indigenous languages to future generations.

## Indigenous women

Disease outbreaks affect women and men differently, and pandemics tend to deepen existing inequalities and discrimination. Indigenous women are over-represented in vulnerable and underpaid sectors, as daily wage earners, farmers, small business owners, domestic workers, cashiers, catering or hospitality service providers, largely within the informal economy. Indigenous women are also likely to be the caretakers of children, elderly parents and extended family members (Ibid.).

In many regions, indigenous women face disproportionately high rates of domestic and sexual violence (UN Women, 2013). In an emergency context, the risks of violence against women and girls, especially domestic violence, rises due to increased tensions in the home (UN Women, 2020). Furthermore, due to quarantine, social distancing or self-isolation in response to COVID-19, women, including indigenous women are at an increased risk of danger as possibilities to escape domestic violence diminish (National Indigenous Women's Resource Centre, 2020).

## INITIAL RESPONSES BY MEMBER STATES AND INDIGENOUS PEOPLES

Initial responses from both Member States and indigenous peoples and their organizations have mainly focused on prevention, with a number of Member States allocating targeted funding. COVID-19 related guidelines were issued in indigenous languages by the Governments of Colombia, Guatemala, Mexico and Peru. In Australia, the Government established a National Indigenous Taskforce to develop an emergency response plan for Aboriginal

communities to combat the potential spread of COVID-19. The Governments of Canada and the US earmarked specific medical support and economic stimulus funding for indigenous communities

Indigenous organizations around the world have also been quick to respond, including by providing key messages through written, social media and radio broadcasts in indigenous languages. The Mayan Language Academy (AMG) has translated different prevention messages to deal with COVID-19 in several indigenous languages, with more to be issued.

Indigenous peoples have also turned to traditional practices to help them during the pandemic. For instance, the Karen people of Thailand revived their ancient ritual of "Kroh Yee" (village closure) to fight the spread COVID-19. This has also been applied in Malaysia, Bangladesh and many countries in Latin America, with communities closing off entry to their areas. The International Working Group on Indigenous Peoples Living in Voluntary Isolation and Initial Contact in the Amazon and Chaco (PIACI WG) offered recommendations on protective measures including voluntary isolation and closing entry to outsiders such as miners, drug traffickers, loggers, land grabbers, missionaries and tourists.

However, indigenous peoples in some countries have been challenged in closing their borders, as reported by the Coordination of the Indigenous Organizations of the Brazilian Amazon (COIAB), representing the indigenous peoples of the Amazon rainforest.

## CONCLUSIONS AND RECOMMENDATIONS

The United Nations Declaration on the Rights of Indigenous Peoples sets out a framework for policy action on COVID-19 based on the rights of indigenous peoples to the highest attainable standard of physical and mental health, and their right to access, without any discrimination, to all social and health services. This falls within the larger framework of the Decade for Action and Delivery for sustainable development and the Secretary-General's recently issued "UN Framework for the Immediate Socio-Economic Response to COVID-19," which emphasizes that the 2030 Agenda and the SDGs should be the building blocks for recovery.

The impact of historical under-funding and lack of adequate social services in indigenous communities becomes more evident in the face of a pandemic such as this. It is critical that indigenous peoples, often among the most vulnerable members of society, are not left behind. This requires information and messaging in indigenous languages, medical supplies and services, emergency

sanitation supplies and, where necessary, emergency food and cash aid. COVID-19 measures affecting indigenous peoples should be determined and implemented on the basis of full consultation and agreement with indigenous leaders to ensure support is provided with the full involvement of the indigenous peoples themselves, and in a culturally appropriate manner.

In both the short—and the medium—to long-term, governments must ensure that indigenous peoples are specifically included in economic and social recovery stimulus plans and policies.

## Policy recommendations and guidelines include the following:

### *Governments and Representative Institutions*

1. Recognize indigenous peoples' representative institutions, authorities and governments as the legitimate representatives of indigenous peoples.
2. Include indigenous peoples' representatives, leaders and traditional authorities in the planning and design of health services and responses to the COVID-19 pandemic as well as in dealing with its repercussions.
3. Provide effective support to indigenous communities that have imposed lockdowns or other restrictions to stop the spread of the COVID-19.
4. Prepare public service announcements messages, such as on hygiene, physical distance, quarantine and prevention, in cooperation with indigenous peoples, in indigenous languages.
5. Improve the access and management of clean water

and sanitation, particularly for indigenous peoples living in remote communities, to avoid further spread of the virus, taking into account relevant indigenous practices such as watershed management.

6. Ensure availability of disaggregated data of indigenous peoples, including on rates of infection, mortality, economic impacts, care burden, and incidence of violence, including gender-based violence.

### *United Nations Entities, Private Sector and NGOs*

1. Obtain the free, prior and informed consent of indigenous peoples before initiating any programmes or activities with indigenous peoples, or in indigenous peoples' communities.
2. Ensure that staff in contact with indigenous peoples are competent and informed on reducing transmission of the virus, practicing of physical distancing and monitoring risk reduction strategies.
3. Establish post COVID-19 reconstruction activities and programmes that are specifically aimed at indigenous peoples that support indigenous peoples' traditional livelihoods, their economies and sustain their communities.
4. Involve indigenous youth in the dissemination of COVID-19 messages within the communities both in mainstream languages as well as in indigenous languages, since their command of social media makes them a fundamental player in this situation. 1

1 The full list of recommendations is available at <https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2020/04/DESA-COVID-19-Considerations.pdf>.

## REFERENCES

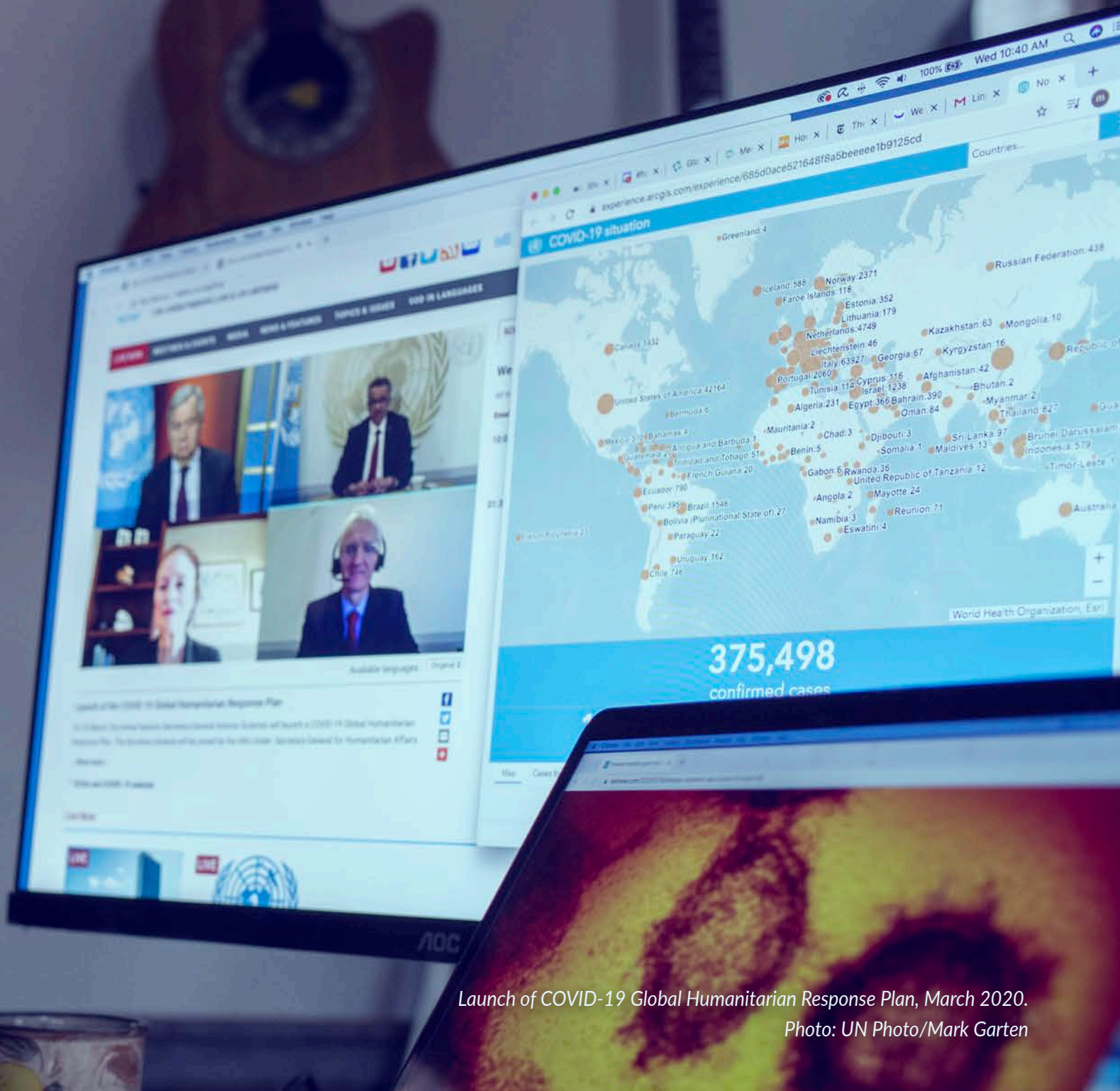
- Asia Indigenous Peoples Pact (2020). COVID-19 and Humanity: Indigenous Peoples in Asia. April. [https://aippnet.org/wp-content/uploads/2020/04/Brief-on-COVID-19\\_10April-2020.pdf](https://aippnet.org/wp-content/uploads/2020/04/Brief-on-COVID-19_10April-2020.pdf)
- Chakma, Dilip, and Paritosh Chakma (2020). COVID-19 in India: Reverse migration could destroy indigenous communities. IWGIA, 6 April. <https://www.iwgia.org/en/india/3550-covid-19-india-reverse-migration.html>.
- Coletta, Amanda, and Heloísa Traiano (2020). The world's indigenous peoples with, tragic history of disease, implore outsiders to keep coronavirus away. The Washington Post, 31 March. [https://www.washingtonpost.com/world/the\\_americas/the-worlds-indigenous-peoples-with-tragic-history-of-disease-implore-outsiders-to-keep-coronavirus-away/2020/03/31/98597e3c-6f7f-11ea-a156-0048b62cdb51\\_story.html](https://www.washingtonpost.com/world/the_americas/the-worlds-indigenous-peoples-with-tragic-history-of-disease-implore-outsiders-to-keep-coronavirus-away/2020/03/31/98597e3c-6f7f-11ea-a156-0048b62cdb51_story.html).
- National Indigenous Women's Resource Centre (2020). Resources in response to the Coronavirus (COVID-19). <https://www.niwrc.org/news/resources-response-coronavirus-covid-19>
- Pringle, Heather (2015). How Europeans brought sickness to the New World. Nature. 4 June. <<https://www.sciencemag.org/news/2015/06/how-europeans-brought-sickness-new-world>>
- UN Women (2013). Breaking the silence on violence against indigenous girls, adolescents and young women. <https://www.unwomen.org/en/digital-library/publications/2013/5/breaking-the-silence-on-violence-against-indigenous-girls>
- UN Women (2020). COVID-19 in Latin America and the Caribbean: How to incorporate women and gender equality in the management of the crisis response. March. <https://www2.unwomen.org/-/media/field%20office%20americas/documentos/publicaciones/2020/03/enbriefing%20coronavirusv1117032020.pdf?la=es&vs=0>
- Wight, Andrew (2020). The Coronavirus Pandemic is causing Kenya's Maasai to change its ancient habits. Forbes. 5 April. <https://www.forbes.com/sites/andrewwight/2020/04/05/why-are-kenyas-masai-changing-ancient-habits-covid-19/#2c7ebob2346b>







**The role of science and technology in, and improved governance for, effective policy responses**



Launch of COVID-19 Global Humanitarian Response Plan, March 2020.

Photo: UN Photo/Mark Garten

- 15 – The COVID-19 pandemic: a wake-up call for better cooperation at the science–policy–society interface
- 16 – Resilient institutions in times of crisis: transparency, accountability and participation at the national level key to effective response to COVID-19
- 17 – COVID-19: Embracing digital government during the pandemic and beyond
- 18 – COVID-19: Reaffirming state-people governance relationships
- 19 – The role of public service and public servants during the COVID-19 pandemic



# The role of science and technology in, and improved governance for, effective policy responses

*Science and technology have played a critical role, not only in understanding the virus itself, but in enabling continuing productivity and education, for those with access, as countries locked down and many activities began to be undertaken remotely. UN DESA policy briefs showed the need for a better science-policy-society interface and more effective governance, in order to ensure the best science and technology is available in crisis response and recovery. More generally, the briefs also called for improved state-people relationships through increased transparency and accountability in public institutions.*

## KEY POLICY RECOMMENDATIONS

- The pandemic has been a wake-up call for better cooperation at the **science-policy-society interface**. Five early lessons have been drawn from the response to the pandemic that can strengthen how science and technology are harnessed, not just in this case but also for meeting other global challenges. These include strengthening national capacities for science-based decision making, enhancing public trust in science, sharing knowledge for more collaborative research, ensuring universal access to solutions, and acting with greater urgency on global scientific assessments.
- National institutions must strengthen their **institutional resilience** for effective response to the crisis, demonstrated by transparent, accountable, responsive and equitable mechanisms, which are the key dimensions highlighted in SDG16. This includes: Ensuring access to public information; strengthening oversight of legislative response to the crisis, promoting collaboration among public institutions, stakeholder groups and communities to generate innovative response and help enhance public trust; and ensuring the resources of supreme audit institutions to provide oversight and support on government responses to the crisis.
- Government must focus their post-crisis **digital government** strategies on improving data protection and digital inclusion policies as well as on strengthening the policy and technical capabilities of public institutions, such as: Using digital platforms for accurate and timely information-sharing; encouraging two-way communication with people and foster e-Participation initiatives, investing in innovative technologies to increase resilience of healthcare economy and public service delivery, and revisiting data protection and privacy legislation along with lessons learned.
- Provision of social protection and essential services to all, especially the poor and the vulnerable, must be at the core of **state-people governance relationship**. Government in times of crisis must endeavor to keep the country unified, foster solidarity and avoid social disintegration.
- **Public servants** have been and must continue to play to ensure an effective response to the pandemic, by strengthening comprehensive capacity development; institutionalizing early warning, emergency planning, preparedness and quick response; networking, collaborating, sharing and learning from successful practices and mistakes for future pandemics and crisis; sustaining development of responsible, responsive, accountable and people-focused leadership in public sector institutions; and providing for financial resources for pandemic and crisis before they happen.



# 15 - The COVID-19 pandemic: a wake-up call for better cooperation at the science–policy–society interface

Science and technology are essential to humanity's collective response to the COVID-19 pandemic. Yet the extent to which policymaking is shaped by scientific evidence and by technological possibilities varies across governments and societies, and can often be limited. At the same time, collaborations across science and technology communities have grown in response to the current crisis, holding promise for enhanced cooperation in the future as well.

How can we improve the way in which science and technology are harnessed to resolve global challenges such as the current pandemic? This policy brief presents a set of recommendations towards this end, drawing upon the emerging response to the pandemic as well as ongoing multi-stakeholder conversations in the context of the United Nations Technology Facilitation Mechanism (TFM). Each of these recommendations will be critical to recovery from the pandemic, as also strengthening the contributions of science towards the Sustainable Development Goals (SDGs).

## FIVE LESSONS FOR SCIENCE, POLICY AND SOCIETY

### Strengthen national capacities for science-based decision making across all countries

Scientific assessments like the one presented in Figure 1 are guiding policies to respond to COVID-19 in countries across the world. Across countries, such assessments share many common features, but there is considerable variation in when actions are being initiated following detection of the first cases in each country, and what the responses look like (Hale et. al. 2020).

Much of this reflects different country contexts, but it also underscores differences in science–policy advisory systems. Hence, there is a need to re-assess the functioning of these systems, where they exist; and to build them up where they are weak or non-existent.

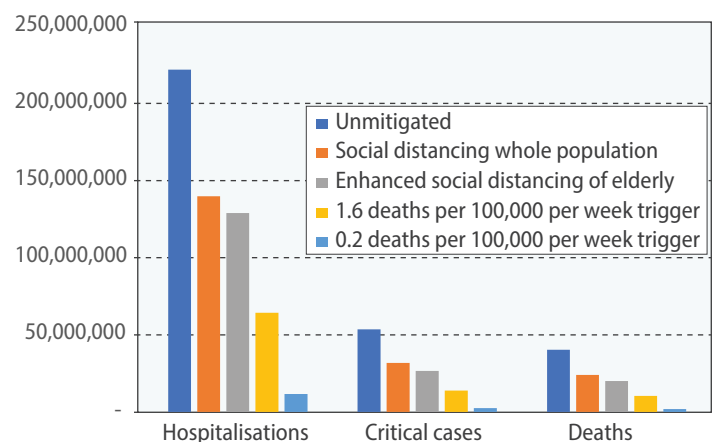
In poorer countries, such as least developed countries (LDCs) and landlocked developing countries (LLDCs), longer term structural weaknesses at the science–policy interface have been documented. The TFM's work on supporting countries to develop their roadmaps for applying

### Summary

This brief suggests five early lessons from the response to the pandemic that can strengthen how science and technology are harnessed, not just in this case but also for meeting other global challenges. These include strengthening national capacities for science-based decision making, enhancing public trust in science, sharing knowledge for more collaborative research, ensuring universal access to solutions, and acting with greater urgency on global scientific assessments.

Figure 1

### Number of hospitalisations, critical cases, and fatalities in the world until the end of the pandemic



Source: UN DESA, illustrating estimates reported in (Walker, et al., 2020).

**Note:** Results in terms of cumulative numbers of hospitalisations, critical cases requiring ICU treatment, and fatalities until the end of the pandemic, for five epidemiological scenarios that explore increasingly stringent social distancing policy measures. (1) Unmitigated: a scenario in which no action is taken; (2) Social distancing whole population: measures to uniformly reduce the rate at which individuals contact one another (by around 45%), short of complete suppression; (3) Enhanced social distancing of the elderly: as scenario (2) but with individuals aged 70 years or more reducing their social contact rates by 60%; (4) and (5) Suppression: assuming that wide-scale intensive social distancing (modelled as a 75% reduction in interpersonal contact rates) are taken with the aim to rapidly suppress transmission and minimize near-term cases and deaths, whenever 1.6 deaths or 0.2 deaths per 100,000 people per week are reached, respectively. Considerable scientific uncertainty remains about the contagiousness of the virus, measured as  $R_0$  for which the best guess estimate of 3 was used in the calculations, i.e., without policy interventions each infected individual further infects three individuals. Estimates for  $R_0$  range from 2.4 to 3.3, which gives a fatalities range for scenario (1) of 35 to 42 million, for scenario (2) of 20 to 26 million, and for scenario (3) of 12 to 22 million.

science, technology and innovation (STI) to the SDGs, and the accompanying inter-agency UN support is helping to address these.<sup>1</sup>

Across other countries, arrangements vary: a recent OECD (2020) survey across 30 countries illustrates that there is a wide range of institutional configurations for science-policy advice on COVID-19, marked by both formal and ad hoc structures. But even where systems exist and are well established—for example through institutionalised positions of science advisors in ministries and to the head of government—there is room for improvement.

In particular, COVID-19 responses are marked by needing to mitigate difficult trade-offs. Such decisions call for multi-sectoral and inclusive assessments—by bringing natural scientists together with economists and other social scientists, including those who may be able to present differential impacts across different communities and population groups. Policymakers and chief science advisors must therefore be able to tap into a wide range of science and technology advice from both within and outside governments.

When scientific advice is solicited, it is important to make such advice public in an open and transparent way. Otherwise, public trust in both science and governments risks being eroded. The United Kingdom, for example, adjusted its approach to the pandemic on the basis of an epidemiological scenario study that was made publicly available (Ferguson, et al., 2020; Adam, 2020).

Yet another aspect is the need for timely data to inform policy. Indeed, evidence-driven early action, guided by rapid and pro-active testing has been fundamental to early successes in several countries including Austria and the Republic of Korea, as also in territories such as the province of Kerala in India. In many others, though, limited testing in the early stages appears to have delayed understanding of the pandemic trajectory in the country and therefore an appropriate policy response. All countries will need significant enhancement of testing and monitoring capacity to generate the real time evidence and disaggregated data that will “flatten the curve” and enable a sustained recovery.

## Enhance public trust in science

Public trust in science is essential for science-based policies to succeed: in the case of COVID-19, all individuals must trust the scientific guidance if they are to alter their behavior and lower rates of transmission. This becomes easier if there is a common understanding that scientific

insights—based on objective evidence—can really work in practical settings, independent of normative values or ideologies.

In general, levels of trust in scientists are quite high albeit with differences across countries and regions. A 2019 survey conducted across 140 countries showed that, globally, 72% of the respondents trusted scientists at “high” or “medium” levels. However, the proportion expressing “high” or “medium” levels of trust in science ranged from about 90% in Northern and Western Europe to 68% in South America and 48% in Central Africa (Rabesandratana, 2020). It is also important to note that there are enduring group differences within countries (Gauchat, 2012).

Where public trust is high, clear and direct communications from scientists are likely to be most effective. A phrase like “flatten the curve”, for instance, captures complex modeling into a communicable, accessible, understandable and actionable message—although additional effort may be needed to ensure it is crafted so as to reach all sections of the population, accounting for differences in age, disability status, language and culture.

Even where public trust in science is limited such messages can drive action, but may need additional support from credible champions from other areas.

A novel pandemic presents specific challenges as well: relatively little may be known to start with, and as new knowledge becomes available, scientific guidance may change. Being able to honestly explain the uncertainties and evolving understanding is also essential to maintaining credibility.

Yet another challenge—also applicable to other areas of science-based policymaking—is countering the “infodemic”: incorrect and potentially damaging information that is disseminated widely through various media platforms and social networks.

It can be difficult to distinguish between true and false: researchers have reported that about 60% of misinformation about COVID-19 actually has some vestige of truth to it but is “spun” to make it misleading (Brennen et al., 2020).

Social media platforms can counter these through active flagging and removal, while also promoting accurate, validated information based on trusted sources such as the World Health Organization’s (WHO) myth busters.<sup>2</sup> Prominent public figures have an especially important role, as their posts generate far greater social media engagement.

<sup>1</sup> See Technology Facilitation Mechanism, <https://sustainabledevelopment.un.org/tfm>.

<sup>2</sup> See <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public/myth-busters>.

Such efforts will continue to be urgent during recovery in both the immediate and medium term, including in dealing with attitudes against the acceptance of vaccines in many countries.

Effective science-based engagement with society can go beyond communicating knowledge and guidance into active collaboration through “citizen science”, where non-scientists also participate in scientific advance and discovery. The general public can actively contribute through several initiatives—for example self-reporting temperatures or flu-like symptoms every day (*FluTracking*), participating in online challenges in designing antiviral proteins through folding games (*FoldIt*, *Folding@home*) and many others (Tulloch, et al., 2020). Such collaboration can, over time, improve public understanding of science, and trust in it.

### Share knowledge and data to promote collaborative research

Academic research is traditionally published in journals only accessible on payment, which limits access in various ways. In response to the pandemic, prominent academic journals have dropped subscription requirements: high quality peer-reviewed articles relating to COVID-19 are now available to researchers from across the world, and across disciplines.

The pace of discovery has been further accelerated by sharing research and data even before it goes through the formal peer-review process for journal publication. For example, early public online sharing of the genome of the virus by scientists in China allowed researchers in Germany to rapidly build PCR-based testing kits that were then made available around the world by the WHO. It allowed the rapid identification of candidate vaccine prototypes and was essential for researchers in the United States to produce a 3D model of the virus to better understand the infection mechanism and support drug development (Shang, et al., 2020).

Dedicated sharing and collaboration initiatives have also emerged. The *Virus Outbreak Data Network* is a public-private effort that aims to make all possible COVID-19 data available. In addition, grassroots cooperation efforts by scientists are emerging. For example, *Crowdfight Covid19*<sup>3</sup> is an online initiative matching volunteering scientists to requests for help on COVID-19 research from around the world: 32,000 such matches had been made by the end of March. These initiatives in turn allow other researchers such as AI experts or those working with big data analytics in technology companies to contribute.<sup>4</sup>

<sup>3</sup> See <https://crowdfightcovid19.org/>.

<sup>4</sup> See <https://www.google.com/covid19/mobility/>.

Policymakers too can benefit from these advances in “open science” by tapping into the collective, multi-disciplinary expertise available through these networks to “better interrogate their models and...improve their decisions” (Nature, 2020). They can also accelerate the sharing of publicly funded research and data collected by public agencies.

There are broader implications for policy and society as well. On the one hand open access promotes collaboration across disciplines and geographies, being especially important for developing countries that may otherwise find it difficult to participate in the latest research.

At the same time, the rapid dissemination of results inevitably leads to some that are not valid becoming widely available. While they may be corrected later through the efforts of other researchers, their initial dissemination can fuel misinterpretation and lower credibility. Societal consensus also needs to be developed over privacy and data sharing.

### Ensure universal access to solutions

While rapid and ready access to research results and data is fueling collaborations in a decentralized way, more coordinated multi-stakeholder and multilateral efforts are also needed to accelerate progress towards practical solutions and, when these become available, ensure universal access to them.

A prominent example of this is the *Coalition for Epidemic Preparedness Innovations* (CEPI), launched in 2017 as a partnership between public, private, philanthropic and civil society organizations to accelerate the development of epidemic vaccines. Its ongoing work has cut the expected development time for a COVID-19 vaccine to 12–18 months, and its grants are providing quick funding for some promising early candidates. It is estimated that an investment of USD 2 billion will be needed, with resources being made available from a variety of sources (Yamey, et al., 2020).

The need for a vaccine is global, but past experience shows that fair and equitable access is not a given (Fidler, 2010). One of the most important functions of the science–policy–society interface at the global level is ensuring universal access to such global public goods. Similar considerations apply also to medicines that may become available to treat the disease.

Apart from medicines and vaccines, technology-driven solutions are becoming available in different countries as they come to terms with the pandemic—flu symptom tracking through digital devices, movement tracing, low cost ventilator design, 3-D printed equipment, tele-medicine and remote learning innovations to name a few.

The TFM's networking and sharing spaces—the annual global multi-stakeholder STI Forum and the online platform—facilitate wider access to these innovations for adoption across countries. In response to a call for examples of technology solutions to address the pandemic and its impacts, more than 30 submissions were received within a few days and the number is growing.<sup>5</sup>

Notwithstanding these developments, deeper structural factors such as Internet availability can inhibit access. Only slightly more than half the world population (54%) had Internet access in 2019, the figure falling to slightly less than 20% in LDCs. Such access is a precondition to learning about and benefiting from solutions that are made available through web-based channels.

### Act with greater urgency on global scientific assessments

International collaborations across scientists and experts are a powerful way of bringing evidence and scientific consensus to the attention of policymakers to inform actions.

For example, the report of the Global Preparedness Monitoring Board (2019), an independent expert body co-convened by the WHO and the World Bank, presented a set of actions at all levels to prepare for a global health emergency, such as “a rapidly spreading pandemic due to a lethal respiratory pathogen”.

While seemingly prescient, this was just the most recent of calls to action, arising from earlier assessments that had followed avian influenza, SARS and Ebola epidemics. Implementing the recommendations of those assessments would have built preparedness within and across countries, and hastened an effective response to the current pandemic, potentially saving tens of thousands of lives, hundreds of millions of livelihoods and billions of dollars in overall economic damage.

Such preparedness would have been guided by science but also drawn from practical experiences in disaster-risk reduction and mitigation. Other independent scientific assessments are also predicting increasingly urgent global challenges, for example with regard to sustainable development, making early preemptive and coordinated action essential.<sup>6</sup>

## THE WAY FORWARD—A CALL FOR STRONGER INTERNATIONAL COOPERATION

This pandemic is a crisis and a human tragedy—but it is also an opportunity to recognize and address the deeper shortcomings of our current science-policy advisory systems, and their interface with society at all levels.

Much of the action will need to come from countries themselves, but international cooperation, supported by the United Nations system, can facilitate progress in all these areas. Many such initiatives are in place, but need to be scaled up.

For example, the TFM works with other partners such as the Inter-Academy Partnership, the International Science Council and many others to facilitate the sharing of scientific knowledge and technology solutions. It also helps strengthen national capacities for science-based policymaking for the SDGs, but is currently only able to do this in a small number of countries.

Entities such as UNESCO are helping the open science movement to progress towards establishing norms and standards that will facilitate greater, and more timely, access to scientific research across the world. Independent scientific assessments that inform the work of many United Nations bodies are indicating areas needing urgent action, and international cooperation can help with national capacities to implement them. At the same time, actively engaging with different stakeholders in countries around the dissemination of the findings of such assessments can help in building public trust in science.

## REFERENCES

- Adam, David (2020). Modelling the pandemic: The simulations driving the world's response to COVID-19. *Nature*, vol. 580., pp. 316–318, 16 April. Available from <https://www.nature.com/articles/d41586-020-01003-6>.
- Brennen, J. Scott, Felix Simon, Philip N. Howard and Rasmus Kleis Nielsen (2020). Types, sources, and claims of COVID-19 misinformation. University of Oxford, Reuters Institute. 7 April. Available from <https://reutersinstitute.politics.ox.ac.uk/types-sources-and-claims-covid-19-misinformation>.
- Ferguson, Neil M., et al. (2020). Report 9: Impact of non-pharmaceutical interventions (NPIs) to reduce COVID-19 mortality and healthcare demand. Imperial College London COVID-19 Response Team. 16 March. Available from <https://www.imperial.ac.uk/media/imperial-college/medicine/sph/ide/gida-fellowships/Imperial-College-COVID19-NPI-modelling-16-03-2020.pdf>.
- Fidler, David (2010). Negotiating equitable access to influenza vaccines: Global health diplomacy and the controversies

<sup>5</sup> Selected examples will be made available at <https://sustainabledevelopment.un.org/tfm>.

<sup>6</sup> See <https://sustainabledevelopment.un.org/gsdr2019>.



- surrounding Avian Influenza H5N1 and Pandemic Influenza H1N1. *PLoS Medicine*. 4 May.
- Gauchat, Gordon (2012). Politicization of science in the public sphere: A study of public trust in the United States, 1974 to 2010. *American Sociological Review*, vol. 77, Issue 2. Available from <https://doi.org/10.1177/0003122412438225>.
- Global Preparedness Monitoring Board (2019). A world at risk: annual report on global preparedness for health emergencies. Geneva: World Health Organization.
- Hale, Thomas, et. al. (2020). Oxford COVID-19 government response tracker. Available from <https://www.bsg.ox.ac.uk/research/research-projects/oxford-covid-19-government-response-tracker>.
- Independent Group of Scientists appointed by the United Nations Secretary-General (2019). Global Sustainable Development Report 2019: The Future is Now—Science for Achieving Sustainable Development. New York: United Nations.
- Nature (2020). COVID-19: what science advisers must do now. *Nature*, vol. 579. 19 March.
- OECD (2020). OECD Survey on the STI policy responses to Covid-19. Available from <https://stiplab.github.io/Covid19/Q1A.html>.
- Rabesandratana, Tania (2019). These are the countries that trust scientists the most—and the least. 19 June. Available from <https://www.sciencemag.org/news/2019/06/global-survey-finds-strong-support-scientists>
- Shang, Jian, et al. (2020). Structural basis of receptor recognition by SARS-CoV-2. *Nature*, [https://www.nature.com/articles/s41586-020-2179-y\\_reference.pdf](https://www.nature.com/articles/s41586-020-2179-y_reference.pdf).
- Tulloch, Ayesha, et al. (2020). Citizen Science: how you can work on coronavirus research from your home. The University of Sydney. 6 April. Available from <https://www.sydney.edu.au/news-opinion/news/2020/04/06/citizen-science-how-you-can-work-on-coronavirus-research-from-your-home.html>.
- Yamey, Gavin, et al. (2020). Ensuring global access to COVID-19 vaccines. *The Lancet*, 31 March.

# 16 - Resilient institutions in times of crisis: transparency, accountability and participation at the national level key to effective response to COVID-19

National institutions are strongly impacted by the coronavirus (COVID-19). The pandemic has disrupted to varying extents the regular functioning of state institutions, such as parliaments and justice systems, and affected key government functions and processes, undermining the effectiveness of government action. The need to respond quickly and with drastic measures has also created additional risks for institutional processes and organisations. Beyond individual institutions, the pandemic has increasingly affected whole institutional systems and the way public institutions interact with people.

This brief discusses the challenges of the COVID-19 emergency along key dimensions of national institutions highlighted in Sustainable Development Goal 16 (transparency, access to information, accountability and anti-corruption, participation and engagement). It also explores how government institutions and civil society have innovatively responded to ensure that transparent, accountable, responsive and equitable mechanisms continue to govern the functioning of government processes and organizations, thus increasing the resilience of institutions to shocks such as the coronavirus pandemic.

## THE CORONAVIRUS EPIDEMIC HAS IMPACTED KEY DIMENSIONS OF NATIONAL INSTITUTIONAL SYSTEMS

The coronavirus pandemic has affected national institutions through different channels. In response to the epidemic, temporary changes in rules and processes have been implemented by governments in order to protect people at risk and ensure the delivery of critical functions while the crisis lasts. Such changes impact the relationships between people and the government in multiple ways.

The pandemic has created major disruptions to the functioning of governments as a whole and of specific public functions, including policy making, the provision of basic services, law enforcement and the functioning of the justice system.

The imperative to limit contagion affects the capacity of the state to deliver its functions. Restrictions and social distancing measures can challenge the working meth-

### Summary

The coronavirus (COVID-19) pandemic presents a risk to key dimensions of national institutions highlighted in Sustainable Development Goal 16 (in terms of limiting transparency and access to information, eroding safeguards to accountability including integrity violations, fraud and corruption, and restricting participation and engagement). However, these institutional dimensions are also critical to providing a resilient response to the crisis. In many countries, governments, accountability institutions and civil society are innovating to mitigate institutional disruptions while ensuring an effective response to the pandemic. In the aftermath of the crisis, drawing lessons in terms of the resilience of national institutions will be a key undertaking in order to ensure effective and accountable government.

ods and processes of institutions such as parliaments or courts, where face-to-face meetings are required, creating obstacles for the regular conduct of business and therefore, potentially undermining legislative oversight and law-making, limiting judicial enforcement or affecting citizens' access to justice, among other consequences. Specific institutions of government (such as the police or the education system) may be directed to adapt their procedures in response to the crisis. Restrictions taken in response to COVID-19 can also negatively affect the possibilities for public institutions to engage with civil society.

Emergency responses as well as measures to limit the economic impact of the COVID-19 crisis, such as stimulus packages, can also increase risks to accountability and integrity, including through greater opportunities for fraud and corruption.

Finally, in the context of the epidemic, some governments have effected broader, structural changes in the political and institutional systems (such as the adoption of emergency laws that allow to rule by decree, and the suspension of individual liberties), which may have longer-term negative consequences for public institutions and human rights, particularly of marginalized groups.

Among other effects, such changes have modified balances that existed prior to the coronavirus pandemic in terms of accountability, transparency and participation.

## **USING THE INSTITUTIONAL PRINCIPLES OF SDG 16 AS AN ENTRY POINT TO STRENGTHEN INSTITUTIONS IN TIMES OF COVID-19**

### **Transparency**

Transparency is critical for accountability and for public trust in government. For citizens to trust institutional responses to the COVID-19 crisis, they must know what governments are doing and have access to reliable information, including: the facts about the virus; the data on the spread of the epidemic and its impacts; and the public policies in response to the crisis as well as the assumptions and scenarios on which they are based. In the Republic of Korea, for example, the government provided two daily briefings to explain the evolution of the epidemic and the government's responses.

In many countries, websites are providing real-time, localized information on the evolution of the epidemic. Depending on the country, these websites can be managed by the government, academia, or civil society; many result from collaboration among different actors, including the private sector. In France, in addition to a comprehensive daily bulletin issued by the government, which contains key figures on the number of people who tested positive, were hospitalized and died of COVID-19, a government data innovation hub – Etalab – has developed an open source platform with data visualizations down to the local level. In other countries like Bulgaria, Indonesia, Mongolia and South Africa, governments have developed online resource portals to enhance transparency by providing a single entry point to information and resources on COVID-19. In many countries, both governments and non-governmental organizations have taken steps to prevent misinformation on the pandemic.

Effective transparency requires proactive communication strategies that reach vulnerable and at-risk populations with the information they need in accessible formats. The Government of Mexico, for example, has created a microsite to provide information on COVID-19 to people with disabilities. In other countries, non-state actors are working to make information on the coronavirus accessible. In Argentina, the Civic Association for Equality and Justice in collaboration with University Torcuato di

Tella and University of Buenos Aires have launched an initiative to make legal information on COVID-19 accessible to vulnerable populations.

Transparency is also important at the international level to better coordinate global responses, share experiences and lessons learned, and support countries to tailor responses to their own circumstances. Since the epidemic began, international organizations and networks have been active in this regard. For example, the WHO/EU Health System Response Monitor documents various facets of responses to the crisis for a sample of countries with very little time lag, and facilitating comparison across countries. The UN COVID-19 Data Hub makes relevant data on responses readily available as geospatial data web services, suitable for maps, data visualizations and analyses, and in multiple formats.

### **Access to information**

In several countries, response measures have impacted the national framework that regulates the right of access to information and its enforcement. Civil society has been monitoring these changes and exceptions to transparency and access to information legislation.

Although such exceptions have generally limited the right of access to information, in some countries, government institutions have fought those limitations. In Argentina, after the government passed emergency decrees which suspended administrative deadlines, the Information Commissioner issued a resolution lifting or cancelling that suspension in relation to access to information and privacy. In Canada, the Information Commissioner issued a message on the importance of respecting the right to information in the current circumstances, calling upon heads of federal institutions to set an example. In the European Union, the Commission and the Council have maintained the 15-day deadline to respond to public information requests while acknowledging that delays may occur in the current circumstances.

Guidance and materials have been developed to support public officials and citizens in the implementation and exercise of the right to access information during the emergency. Georgia's Institute for Development of Freedom of Information has published guidelines on public information that is recommended for proactive publication by government agencies during the Covid-19 crisis. In Spain, Access-Info has developed a guidebook to help citizens understand the effects of the declaration of the state of emergency and explain how to exercise the right of access to information.

## Participation, engagement and representation

Strong legislatures are especially crucial in an emergency like the COVID-19 pandemic to balance power and ensure independent oversight, represent people's needs and demands, and pass legislation to deploy public resources to those in need. However, restrictions on large gatherings, social distancing and other containment measures have constrained the functioning of parliaments. Parliaments across the world have had to find innovative ways to work around this constraint. Legislatures in Albania, Colombia, the Maldives, and Mongolia have amended their plenary procedures to allow virtual discussions. A Remote Deliberation System has enabled, through video and a secure personalized app, the continuity of debates and votes in the Brazilian Senate. Legislators in different countries (e.g., Armenia, Indonesia) are using social media to provide updates on the pandemic and engage with their constituencies. The Interparliamentary Union (IPU) is supporting Parliaments by sharing country-by-country information on how Parliaments are responding; providing questions and answers for parliaments; developing guidance for legislators and technically supporting Parliaments on remote working methods.

The members of OPeN (Open Parliament e-Network) are crowdsourcing and sharing country data on citizen participation and open parliament paths during COVID-19 times. ParlAmericas and Legislative Directory have published a paper on legislative good practices and recommendations during COVID-19 in the Americas. Legislative Directory has also developed several reports on how Congresses are working in the region.

As governments have been challenged to respond to the coronavirus emergency risks, collaboration with stakeholder groups and citizen engagement have generated innovative responses to COVID-19 and helped enhance public trust. Participatory response strategies, the development and use of new digital platforms and tools to enable engagement, including in the collective development of digital tools and solutions (e.g., through crowdsourcing, hackathons) and the use of social media to connect with people are some of the approaches used in different countries. In Slovakia, for example, the Ministry of Education, Science, Research and Sport has worked with civil society in developing a website to provide teachers, school managers, parents and students with up-to date information on matters related to education and educational resources during the closing of schools.

Civil society around the world has also mobilized and self-organized in response to the pandemic. Citizen-led community responses have helped inform the public

on the risks of the pandemic and provided essential services such as food and care. For example, in countries like Italy and Spain or in the City of New York, volunteer groups have self-organised to tutor children, provide mental health services and deliver food to vulnerable groups such as older persons or people with underlying illnesses. These responses can be leveraged by public institutions to ensure effective and inclusive responses to the pandemic.

## Accountability and anti-corruption

Fundamental safeguards of government accountability can be challenged or disregarded by institutional responses to an emergency (for example, ruling by decree without legislative oversight). Moreover, emergencies and subsequent rapid responses as well as other measures focused on the longer-term economic recovery (e.g., economic stimulus packages) may create opportunities for integrity violations in public organisations, in the allocation and use of public resources, and in core government functions such as public procurement.

Health systems in many countries suffer from systemic weaknesses that make them particularly vulnerable to COVID-19-related corruption risks associated with emergency funding and procurement; price gouging and resale of pilfered supplies on the grey and black markets; substandard and falsified products entering the market; among others.

Legislative and judicial oversight can help mitigate the opportunities for integrity violations and maladministration. The Parliament of Kenya, for example, requested and received specific information from the Ministry of Health on the allocation and use of public resources to fight the epidemic, the distribution of medical resources and the procurement of medical goods and equipment, among other topics. In Uganda, the high Court ruled that legislators must pay back money received in their personal accounts as part of a package of 2.4 million euros approved to fight the coronavirus in their constituencies.

Internal and external auditors also play a critical role in identifying potential risks in public financial management and procurement systems, providing assurance on transactions, enhancing transparency and providing critical information and data for holding governments accountable. The General Comptroller of Costa Rica has developed an online platform to enhance transparency on the government responses to the coronavirus, including on public procurement. The Brazilian Court of Accounts has launched a special programme (Coopera), including a monitoring plan to identify risks, weaknesses and deviations in the government response to COVID-19.



Leading transparency and anti-corruption organizations have called on public authorities to ensure transparency to prevent corruption and to strengthen whistleblower protection during the state of emergency caused by the coronavirus pandemic. Civil society organizations, such as the Institute for Development of Freedom of Information, have also developed guidelines on transparency of public procurement related to Covid-19. Leading organizations working on accountability in Liberia have called for increased transparency and oversight of resources allocated to legislators as part of an emergency and economic stimulus package as well as of foreign aid resources received to fight the pandemic.

The experience from recent health and humanitarian emergencies (e.g., Ebola outbreak, hurricane Katrina) shows the importance of addressing corruption risks as well as integrity and accountability vulnerabilities, and provides valuable lessons for the present. In a recently published report, the INTOSAI Development Initiative (IDI) recalls lessons and examples from previous crises regarding the management of global health funds, corruption over health emergency aid, and anti-corruption approaches in the health sector.

## CONCLUSION

The coronavirus pandemic has created unique challenges for transparency, participation and accountability. National and international actors have responded fast and forcefully to these challenges.

In some countries, accountability institutions, such as supreme audit institutions and access to information

and privacy oversight bodies, have been monitoring and disseminating information about the impact of policies and regulations adopted by governments in response to the crisis. Civil society is self-organising and also playing a key monitoring role of government action and proposing innovative solutions - sometimes working collaboratively with governments - to strengthen the resilience of institutions. International organizations and networks are also playing a critical role, collecting examples of innovative practices and supporting countries in their efforts to sustain the essential functions of public institutions through different tools, including online repositories, discussion forums, guidance and knowledge-based products.

Most countries are still striving to limit the spread of the epidemic, manage immediate health risks and mitigate broader economic and social impacts. As countries transition from the immediate response to the crisis to longer-term recovery efforts, it will be critically important to take stock of how the COVID-19 pandemic has affected key dimensions of national institutional systems such as accountability, transparency and participation, in order to prevent reversals of progress on these critical institutional dimensions and to avert longer-term consequences on public institutions and human rights. Together with other key principles embodied in Sustainable Development Goal 16, these institutional dimensions can provide signposts for increasing the resilience of national institutions to external shocks in the future.

# 17 - COVID-19: Embracing digital government during the pandemic and beyond

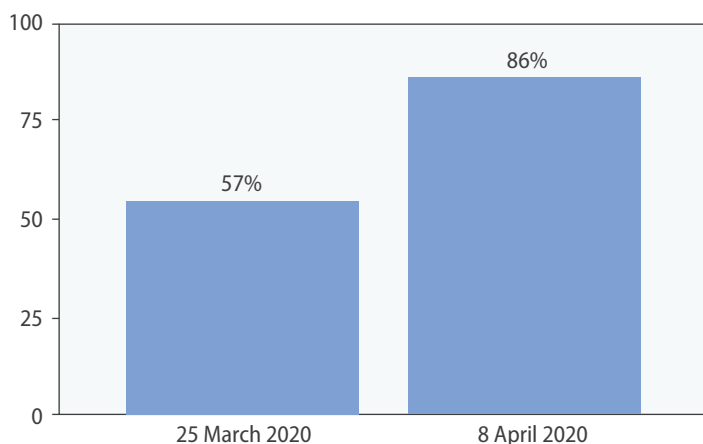
## SHARING INFORMATION

It is vital for governments to provide accurate, useful and up-to-date information to people, particularly during times of crisis. During the COVID-19 pandemic, governments started providing information on their national portals, mobile apps or through social media platforms. A review of the national portals of the 193 United Nations Member States showed that by 25 March 2020, 57 per cent (110 countries) have put in place some kind of information on COVID-19, while around 43 per cent (83 countries) did not provide any information; but a further analysis showed that by 8 April 2020, around 86 percent (167 countries) have included information and guidance about COVID-19 in their portals (Figure 1).

The most basic form of information found on some national portals is some media coverage informing people about the outbreak, travel restrictions, practical guidance

Figure 1

### Percentage of government portals with COVID-19 information



Source: UN DESA.

on protection, and governmental response. A slightly more advanced way seems to be having a dedicated portal or section about the outbreak—usually with a custom domain name. Governments, as the first custodian of related data of COVID-19, have also started publishing statistics about the outbreak. These include total number of cases in a country, total fatalities, as well reporting of

### Summary

Information and communication technologies (ICTs) play a vital role in promoting the health and safety of people and in keeping economies and societies working during the ongoing COVID-19 crisis. Digital government technologies either through information sharing or online services have kept governments and people connected during the outbreak. Digital technologies have also enabled governments to make rapid policy decisions based on real-time data and analytics, to enhance the capacities of local authorities for better coordination and to deploy evidence-based services to those who need them most. The efforts in developing digital government strategies after the COVID-19 crisis should focus on improving data protection and digital inclusion policies as well as on strengthening the policy and technical capabilities of public institutions. Even though publicprivate partnerships are essential for implementing innovative technologies, government leadership, strong institutions and effective public policies are crucial to tailor digital solutions to countries' needs as well as prioritize security, equity and the protection of people's rights. The COVID-19 pandemic has emphasized the importance of technology, but also the pivotal role of an effective, inclusive and accountable government. This policy brief addresses how digital government has played a central role as a key tool of communication and collaboration between policymakers and society during the COVID-19 pandemic. Policymakers need to further embrace the future of digital government, even when the crisis is over.

cases by jurisdictions. Reliable information from governments helps people make informed decisions about their daily routines, build public trust as well as enables public authorities to act decisively to flatten the curve.

The COVID-19 crisis has also brought new needs for digital government services and more demand on existing services. Developers in governments were mobilized and engaged in designing new apps and services to help in the fight against COVID-19. Some of these new services include delivering food and other essential items to those

most in need by optimizing the entire supply chain via digital government services. Some Member States recorded an increase in the usage of online services such as digital ID and digital signature, due to the spikes in applications for unemployment and other social benefits.

During the COVID-19 pandemic, there has also been a wave of fake news and viral hoaxes. Users with ill objectives or inadequate knowledge contribute to the spread of fake news and create further panic in society. Thousands of COVID-19 scam and malware sites have emerged on a daily basis, such as the sale of counterfeit surgical masks, fake self-testing kits and so on. The World Health Organization has categorized this as the secondary issue of an infodemic “an overabundance of information — some accurate and some not — that makes it hard for people to find trustworthy sources and reliable guidance when they need it.” In response, some governments have launched response units or campaigns to coordinate the fight against online misinformation about COVID-19.

## ENGAGING PEOPLE

Involving civil society organizations, businesses, social entrepreneurs and the general public in managing the COVID-19 pandemic and its aftermath can prove to be highly effective for policy- and decision-makers. Online engagement initiatives led by governments can help people cope with the crisis as well as improve government operations. In a crisis situation, it becomes more important than ever to reach out to vulnerable groups in society, respond to their needs and ensure social stability. Engaging with civil society allows governments to tackle socio-economic challenges in a more productive way that leaves no one behind.

Government-organized hackathons is one way of engaging people in finding innovative solutions to economic, social and technological challenges of the COVID-19 pandemic. Public officials, together with software developers, civil society and social entrepreneurs can collectively search for new solutions to, for example, the lack of medicines and protective medical equipment, the shortage of health personnel (i.e., in hospitals or food banks), the issue of food hoarding, or the deteriorating mental health of people as a result of social isolation. In one initiative, local governments in China have launched a city Health QR Code service through the government service platform, which is based on the health data declared by residents or returned workers. The code could be applied by logging in through multiple public mobile platforms. Local governments verify the personal declaration information

with health, civil aviation, railway and other related data, and issue an e-certificate of personal health information. In the Republic of Korea, in addition to interviewing, officials use location data from mobile phones, credit card transaction records and CCTV footage to trace and test people who might have recently come into contact with an infected person. Detailed maps are also published showing movements of infected people, encouraging others who thought they might have been in contact with an infected person to get tested.

Many governments have further utilized social media platforms to connect with people. Some also have partnered with influencers to disseminate accurate information about the COVID-19 outbreak, and to counter harmful misinformation. There has been a particular focus on engaging with youth and children, who are very vulnerable to fake news and might suffer from the burden the COVID-19 crisis put on parents' social, economic and mental well-being. For example, Norway's Prime Minister Erna Solberg held an online press conference with a Q&A session specifically for kids to help ease their fears. During COVID-19, open data and e-participation could help build public trust in government crisis response measures and support vulnerable groups in society.

## ESTABLISHING MULTI-STAKEHOLDER PARTNERSHIPS

Governments often lack the financial and human resource capabilities to quickly and efficiently develop digital tools that can support people during a crisis situation. Therefore, building partnerships with private technology companies, social entrepreneurs or other national and international organizations, can represent an effective way for governments to make use of existing technologies to meet the needs of people and soften the impact of the crisis on their lives.

Public authorities have started cooperating with a variety of stakeholders during the COVID-19 outbreak. For example, the United States Government issued a call for action to key industry stakeholders and artificial intelligence experts to develop new text and data mining techniques that can help the scientific community answer high-priority questions related to COVID-19. This platform can help speed up research and support with guidance on diagnosis, treatment and management of infected patients globally, including in developing countries that have more limited resources.

Partnerships between governments, private sector and international organizations can also be crucial to

maintain services for mission-critical communications and to ensure greater connectivity. The International Telecommunication Union (ITU) has launched a platform to assist national policymakers, regulators and industry stakeholders to ensure that networks are kept resilient and telecommunication services are available to all in order to prevent further aggravation of digital divides during the COVID-19 crisis. In some countries, the Internet providers have committed to maintaining network capacity and services for critical government functions, especially hospitals and emergency calls, and to improving the dissemination of information to the public, including via SMS text alerts. In the same way, the European Commission together with the Body of European Regulators of Electronic Communications (BEREC) has launched a special reporting mechanism to monitor Internet traffic in each Member State and ensure connectivity.

The Covid-19 pandemic has also strained the supply chain for medical supplies. Demand for medical equipment has exponentially increased, creating shortages, often exposing medical personnel to greater risks. To address the problem, many private companies partnered with government agencies to develop health apps that help people, hospital staff and medical practitioners to monitor, analyse, and source critical medical equipment such as ventilators, face masks, gloves and protective gear in real time.

Digital platforms have been deployed to help with community-driven contact tracing of patients that tested positive. Singapore was one of the first countries to implement contact tracing technology with its TraceTogether app during the current health crisis. The contact tracing apps use the bluetooth feature of one's mobile phone to anonymously save data of other users with whom one has crossed paths. Once a person's encounter becomes infected, the user receives a notification, which allows for immediate self-testing or self-isolating. Innovative apps such as these have been developed by many different private companies and supported government attempts to contain the number of infections. There were also some concerns that some app stores restricted the wide distribution of these apps in some cases due to their high battery usage or sometimes due to privacy or data protection concerns. Effective and timely public-private partnerships are especially critical during these times since the applications only provide results with a large user-base.

Partnerships with the private sector in supporting governments have shown positive effects on the fight against the outbreak. However, it is necessary to address the potential breaches of privacy and human rights con-

cerns that their implementation might entail. Prioritizing anonymization while aggregating personal information, the use of geolocation, as well as the access to medical records is important to protect personal data privacy. Policymakers need to take into consideration the principle of minimization and limited collection, retention and sharing of personal data to what is absolutely necessary and rationally linkable to the purpose of overcoming the health crisis to prevent surveillance misuse and violation of data privacy.

## **ACCELERATING THE IMPLEMENTATION OF INNOVATIVE DIGITAL TECHNOLOGIES**

Since the crisis has put public services under stress, governments are urged to deploy effective digital technologies to contain the outbreak. Most innovative quick-to-market solutions have stemmed from the private sector. However, the crisis has exposed the need for government leadership in the development and adoption of new technologies such as artificial intelligence (AI) and robotics to ensure an effective provision of public services.

AI-powered technology has proven to be beneficial for the provision of health care services when emergency lines outpaced capacity. During the outbreak, many people have turned to self-checks for symptoms and accessed "virtual doctors" through telemedicine to get medical advice. Multilingual chatbots offered solutions in overcoming language barriers, accessing information and communicating with health practitioners. 3D printing technologies have been adopted to produce replacement valves for reanimation devices, and protective medical face shields to address the shortage. Robots and drones have been effective in providing security and sanitation thus reducing staff exposure to risk. Patrol robots using facial recognition and thermal cameras are deployed at airports and public places to scan crowds and identify potentially infected people. Sterilization robots equipped with ultraviolet lights have been helpful to disinfect hospitals and contaminated areas. Other robots monitor vital parameters from medical devices or allow patients to communicate remotely with the nurses. Governments are also using drones with similar technologies to monitor streets, deliver medical supplies or disinfect public spaces.

The efforts in developing digital government strategies after the COVID-19 crisis should focus on improving data protection and digital inclusion policies as well as on strengthening the policy and technical capabilities of public institutions. Even though public-private partnerships are essential for implementing innovative technolo-



gies, government leadership, strong institutions and effective public policies are crucial to tailor digital solutions to countries' needs as well as prioritize security, equity and the protection of people's rights. The COVID-19 pandemic has emphasized the importance of technology, but also the pivotal role of an effective, inclusive and accountable government.

## CONCLUSION

The COVID-19 pandemic is forcing governments and societies to turn toward digital technologies to respond to the crisis in the short-term, resolve socio-economic repercussions in the mid-term and reinvent existing policies and tools in the long-term (see Table 1). Navigating through these challenging times requires governments to adopt an open government approach and to use digital communication channels to provide reliable information on global and national COVID-19 developments. E-participation platforms can represent useful tools to engage with vul-

nerable groups online and to establish digital initiatives to collectively brainstorm for policy ideas to critical social and economic challenges.

Effective public-private partnerships, through sharing technologies, expertise and tools, can support governments in restarting the economy and rebuilding societies. Developing countries, in particular, will need international cooperation and support in mitigating the crisis. Therefore, regional, national and local project-based collaborations with private sector companies, international organizations and other stakeholders are necessary. In the long-term, governments need to accelerate the implementation of innovative digital technologies such as AI-powered technology, blockchain, and drones. Investments in these technologies can tremendously support the future resilience of the health economy and the public services delivery.

Table 1

### Digital Government Policy Response to COVID-19

| Time horizon | Policy action | Digital government response                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Short-term   | React         | <p>Use digital platforms (i.e., online portals, social media) for accurate and timely information-sharing</p> <p>Lead two-way communication with people and foster e-participation (i.e., hackathons, brainstorming events)</p> <p>Protect people's privacy and sensitive data and take into consideration unintended consequences of technologies</p>                                                                            |
| Mid-term     | Resolve       | <p>Form effective multi-stakeholder partnerships (i.e., private sector, international organizations, academia) on regional, national and local levels</p> <p>Leverage lessons learned and policy ideas from the ongoing crisis</p>                                                                                                                                                                                                |
| Long-term    | Reinvent      | <p>Invest in innovative technologies (i.e., AI, blockchain, robots, drones) to increase resilience of healthcare, the national economy and public services delivery</p> <p>Revisit data protection and privacy legislation along with lessons learned</p> <p>Invest in innovative technologies (i.e., AI, blockchain, robots, drones) to increase resilience of healthcare, the national economy and public services delivery</p> |

Source: UN DESA.

# 18 - COVID-19: Reaffirming state-people governance relationships

The emergence and spread of the coronavirus in late 2019 and the impact of its disease, COVID-19, which has been categorized by the World Health Organization as a global pandemic, is, at the time of writing, ongoing. Efforts by governments to try to control the pandemic's spread while managing its wide ranging impacts demonstrate the critical role of the relationship between state and people in shaping and determining government responses, strategies and approaches in tackling the crisis. While there have been some rapid and effective responses by governments, in many respects, the pandemic has exposed some of the shortfalls in countries' resiliency to crisis, and in particular in the way the state relates to its people in realizing the values and principles of effective governance.

Resiliency and effective governance go hand in hand, and are key elements of the 2030 Agenda for Sustainable Development. Together with its 17 Sustainable Development Goals (SDGs) the Agenda provides a global transformational strategy which aims to foster resilient societies that embrace the values of equity, equality, inclusion, accountability, integration, peace and security, justice, respect for diversity, collaboration and partnerships. Resilient societies are premised on effective governance and the principle of leaving no one behind, key elements for being equipped to deal with unexpected crises. The United Nations Committee of Experts on Public Administration (CEPA) outlined 11 principles of effective governance<sup>1</sup>, categorized into three groups: group one focuses on effectiveness (competence, sound policy making, and collaboration), group two focuses on addressing accountability (integrity, transparency and independent oversight) and group three focuses on inclusiveness (leaving no one behind, nondiscrimination, participation, subsidiarity and intergenerational equity). All principles are necessary for effective governance and sit at the core of the relationship that should exist between the state and people.

## Summary

This policy brief discusses the role of effective governance, and in particular the role of the relationship between the state and people, in building countries' resiliency and in responding to and managing nationwide crises such as the COVID-19 pandemic. After outlining key elements of state-people governance relationships, the brief puts forward five policy messages emphasizing that (i): the COVID-19 pandemic and crisis while a challenge also presents an opportunity to design and operate a resilient public health infrastructure and effective institutions for handling crisis; (ii) the provision of essential services to all must be at the core of state-people governance relationship; (iii) social protection for all, especially the poor and vulnerable, is a pre-requisite to fostering a resilient society (iv) credible, legitimate and trusted state leadership is critical all the time but even more so during a nation-wide crisis such as the COVID-19 pandemic; and (v) government in times of crisis must endeavor to keep the country unified, foster solidarity and avoid social disintegration.

## THE COVID-19 PANDEMIC: THE ROLE OF EFFECTIVE GOVERNANCE IN MANAGING A GLOBAL CRISIS

In the space of a few months, the COVID-19 pandemic has grown deadly, killing thousands and making ill millions while placing an unprecedented strain on health care systems and other public services worldwide. Available data show that over 4 million people around the world have been infected with COVID-19 and over 270,000 people have died from it (as of 8 May 2020, WHO, dashboard, Covid.who.int). The pandemic has also had a severe negative impact on economies, businesses, and social interaction, the effects of which, while still not fully known, are expected to run deep and long.

Efforts by governments to fight the spread of the virus have placed a spotlight on the critical role of effective and inclusive governance, and importantly on the re-

<sup>1</sup> See <https://publicadministration.un.org/en/Intergovernmental-Support/CEPA/Principles-of-Effective-Governance>

lationship between state and people. Many governments have taken forceful measures, such as lockdowns (some seventy-three countries have implemented national lockdown measures, while others still have local measures in place), social distancing, contact tracing<sup>2</sup>, work from home orders, and the closure of school and non-essential services and businesses to stop the spread and devastation of the virus. Indeed, the measures being undertaken echo many of those undertaken during wartime periods and the rhetoric of being at war with the virus is one being invoked by many leaders including the United Nations: “We are at war with a virus and not winning it”, stressed UN Secretary-General to an emergency virtual meeting of the G20 Leaders.

Indeed, in many countries, the state defense mechanisms have been activated to assist the people in the fight against COVID-19. In China, Italy, USA and other countries, national security forces have been mobilized to engage in activities that defend the population against COVID-19. In China the army constructed hospitals and deployed medical experts and volunteers in hospitals and treatment centres to fight the virus. In the USA, the Navy deployed hospital ships to provide medical support to local residents in badly affected areas while its government military laboratories have been working to help develop a vaccine for the virus. In Uganda and neighboring Kenya the army and police are patrolling the streets to ensure that the curfews and lockdowns are in effect to stop the spread of the virus. Similarly, in Italy, the military was called in to enforce the lockdown in the most hard hit areas to ensure people’s compliance with national executive orders.

However, the global response has not been uniform. Some governments have decided against taking measures such as those mentioned above, while others, namely those with federal systems of governance, have seen a disjointed response, with various states or regions enacting differing measures. Regardless of the response, in every country the state-people relationship has been placed under pressure and increased scrutiny. A nation-wide crisis of this magnitude inevitably forces reflections and reconsiderations of the roles, obligations, responsibilities of one and the other. How societies manage this relationship can potentially have a significant impact on the effectiveness of containment, response measures and on the speed of recovery.

## STATE AND PEOPLE GOVERNANCE RELATIONSHIP DURING NATIONWIDE CRISIS

In times of nationwide crisis the people turn to the state and its institutions for leadership and unified action. Ironically, it is during a crisis too that the capabilities of the state and its institutions get challenged most. This is the case during the on-going COVID-19 pandemic.

Across the world, the state provides, to varying extents, critical services such as health, education, infrastructure, information, justice and others. Such services can be delivered in various ways (free, subsidized, or at full cost to the consumer). But in severe crises, such as the current pandemic, the relationship of provider can be stretched. From Rwanda and Uganda, where governments are distributing foodstuffs and other essentials, such as soap, to the poor and vulnerable, to the USA, where the federal government has provided COVID-19 stimulus checks to people and businesses based on income levels and family size to cushion them against the difficulties caused by the pandemic, to Ghana where the government has taken measures to ensure continuity of water and electricity supply throughout the pandemic, governments, irrespective of their economic development levels, are manifesting their provider relationship towards the people. Provision of health and medical services, including testing and hospitalization for COVID-19 are also mainly provided by the state. The quick roll-out of free drive-thru testing for COVID-19 in the Republic of Korea has been hailed as one of the reasons the country has managed to get the virus under control relatively quickly. In times of crisis the old cry (in some circles of public governance) for government to get out of people’s lives and business dissipates and the demand for government intervention as a provider of basic services and safety nets takes over. This is the case with the COVID-19 pandemic.

The state as protector of its people, especially of the poor and vulnerable, must prove effective during a nationwide crisis. In particular, a crisis such as the COVID-19 pandemic can easily open up or exacerbate divisions and inequalities in society. This can be on geographical, ethnic, racial, religious, economic, gender or age grounds. During the COVID-19 crisis some populations disproportionately hit more than others, notably, older persons and those with existing health conditions who have higher morbidity rates from the disease, those in precarious employment who have lost jobs, contracts, benefits and entitlements; ‘essential workers’, including health care professionals and workers in law enforcement, transport, service and hospitality industries, who continue to work

<sup>2</sup> In public health, contact tracing is the process of identification of persons who may have come into contact with an infected person (“contacts”) and subsequent collection of further information about these contacts.

onsite and are exposed during the crisis; children and young people whose schooling and education has been disrupted, those with disabilities whose daily services have been suspended, and women and children in domestic abuse situations, who are at risk of increased isolation and abuse, amongst many others.

However, from the perspective of a resilient society and a resilient state, the role of protection should not only be invoked during a crisis. The modality of social protection and social security needs to be set forth strategically to make life predictably assured for such vulnerable sections of society both during normal times and during crisis.

### **ADDRESSING THE CRISIS: EMBRACING A WHOLE OF SOCIETY APPROACH, ENHANCING CREDIBILITY AND TRUST, AND COMBATTING MISINFORMATION RESEARCH**

To address the COVID-19 crisis effectively, the state needs to be a collaborator, creating partnerships with civil society and the private sector in a 'whole-of-society' approach so as to inclusively engage all communities and stakeholders in efforts to find solutions to the various challenges posed by the pandemic. The state has to relate to the people as a unifier, by not leaving the population alone to face the unaddressed risks of social disintegration. It is in such efforts to maintain the unity of the country that a whole-of-society approach can be of great use.

Under a whole-of-society approach, the governance relationship between the state (provided it is democratic and credible) and the people during a crisis of this magnitude must be based on listening to each other. The people need to listen to the state and to air their demands through designated channels and the state needs to listen to the people, because in most cases the people do understand the problems and challenges of the crises and often have solutions to propose. Among the people there are experts who have knowledge about the crisis are: health care providers and medical workers who clearly understand how to handle health challenges; researchers who can deploy their research acumen to arrive at a solution; sociologists who may have clues as to how society should handle the challenges caused by the crisis; and so on. It is therefore of great importance that mutual listening becomes prominent in the relationship between the people and the state in the midst of a crisis.

As the COVID-19 pandemic has shown, law enforcement efforts will also rely on trust and collaboration from the people, as some people may object to and not follow

the guidelines given by the national or local authorities and as a consequence, pose a danger to the rest of the population. From Wuhan in China, where tens of millions of people were the first to experience being placed in lockdown early in 2020 to the seventy-three countries that followed-suit and as the pandemic reached their shores, including Italy, Ireland, Greece, Spain, New Zealand, Colombia, Peru, Rwanda and many other countries, to Republic of Korea where contact tracing was enforced, efforts to enforce executive measures to contain the pandemic are demonstrating the importance of mutual trust between the state as enforcer of orders to protect the people.

Beyond the national level, collaboration and partnerships need to be established with global actors in a 'whole-of-the-world' approach, for example, government medical researchers are working with their counterparts in the private sector and civil society to develop a vaccine against the virus. Governments are collaborating with the WHO and other international organizations in efforts to contain the spread of the virus. In an interconnected world, this pandemic cannot be solved by a single country on its own.

In his video message on COVID-19 and Misinformation on 14 April, United Nations Secretary-General António Guterres drew attention to another epidemic, that of dangerous misinformation. As knowledge on COVID-19 is growing so too are the many rumours that surround the virus, causing fear and jeopardizing efforts to fight and contain the pandemic. In times of crisis the people look to government to provide credible information based on facts. This credibility not only hinges greatly on the trust the people have in government but also depends on the way and through whom the government provides constant and reliable information to the people. The state must deploy modern technologies and structure their operations in such a way that they constantly counter false information and manipulated data with facts and reliable data sources. In this context, the United Nations Secretary-General announced a new United Nations communications response with channels to disseminate accurate facts based on science to counter the growing scourge of misinformation.

In times of crisis, more than ever, legitimacy, credibility and trust serve as the bedrock for positive state-people relationships. This largely depends on whether the people perceive the state institutions and leadership as legitimate and whether there is a high level of trust between the people and government leadership and public service. The way the crisis gets handled may enhance or



diminish the trust the people have in government institutions and leadership. In other words, a crisis even one as serious as the current pandemic, can provide an opportunity for enhancing the trust people have in government. Finally, legitimacy, credibility and trust are necessary for the people to respond through collaborative engagement with public authorities in whole-of-society strategies to combat national and global crises such as the COVID-19 pandemic. However, governments must acknowledge that for this to be effective well established political inclusion and responsive accountability mechanisms that enhance trust and credibility should be in place well before crisis point.

## KEY MESSAGES

**1: The COVID-19 pandemic and crisis presents a challenge but also an opportunity to design and operate resilient and inclusive public health infrastructure and effective institutions for handling crisis:** The COVID-19 pandemic while primarily a health and medical crisis but is turning into an economic and humanitarian crisis. Its management has far reaching implications for the relationship between the state and the people. As such it provides an opportunity for the state and the people to reflect on the kind of governance relationships that need to be in place to ensure the resilience, sustainability and wellbeing of all in society. The COVID-19 pandemic, devastating as it is, has provided a moment for each government, and indeed the whole world, to put in place governance and public health infrastructure that can foresee, identify and respond to pandemics quickly so as to minimize the suffering they can bring to people. It has provided an opportunity to realize and address inequalities and various forms of exclusion so as to enhance the wellbeing of the people.

**2: Providing essential services to all must be at the core of state-people governance relationship:** It should not take a pandemic or a crisis for the state to figure out how to provide critical services to its citizens. In 2015 the 193 Member States of the United Nations agreed that Governments have to champion the achievement of the SDGs and leave no one behind. This translates into ensuring that people have access to inclusive and affordable services that contribute to sustainable and inclusive development. Long-term policies and strategies need to be designed, agreed and implemented to effectively provide public services which take into account the needs of all, especially the poor and vulnerable.

**3: Social protection for all citizens, especially the very poor and vulnerable, is critical to having a resilient society:** The COVID-19 pandemic has underscored the need for the state to put in place policies, strategies and institutionalized means of ensuring social protection for all, especially the very poor and vulnerable. Social protection needs to be designed to cover all people, reduce poverty and inequality, promote sustainable development and growth and support social inclusion, social cohesion, democracy, just and peaceful societies. The biggest lesson learnt here is that the state should not wait for a crisis to put in place social protection mechanisms. Rather social protection mechanisms should be designed with responses to possible crises such as the COVID-19 pandemic built in so as to avoid a panicky search for solutions in the midst of a crisis.

**4: Credible, legitimate and trusted state leadership is critical all the time but more so during a nation-wide crisis such as the COVID-19 Pandemic:** Strong state-people relationships are highly reliant on high levels of trust in government and its leadership. Government leaders must create conditions that cultivate trust from the people by, among other things, ensuring the dissemination of fact-based information and communication, acting with transparency and integrity, serving the public equitably with accountability and humanness, and working in partnership and collaboration with stakeholders, including the private sector and civil society.

**5: Government in times of crisis must endeavor to keep the country unified to avoid social disintegration:** A unified people stands a greater chance of overcoming any crisis. The policies the government makes, the strategies it elaborates, the emergency services it delivers, and the directives and guidelines it puts forward must be seen to be benefiting everyone in the country equally so as to foster equity and solidarity. This is as true at national level for national unity as it is at international level for keeping the world united in the face of global crises such as the COVID-19 pandemic. The outbreak and rapid spread of the virus has demonstrated clearly that an outbreak in one country is a threat to all countries; something that strongly calls for international solidarity in fighting it and preventing such pandemics in future.

# 19 - The role of public service and public servants during the COVID-19 pandemic

The outbreak of the COVID-19 pandemic has affected over 180 countries, infected more than 6.5 million people and killed more than 383,000 (as of 3 June 2020). In addition to the health implications and loss of life, the pandemic has strained health care systems, disrupted the education system, wreaked havoc on businesses and economies, led to job losses and disrupted social life with lockdowns, curfews and other stringent measures aimed at containing the virus being implemented globally. All this has happened in the context of implementing the 2030 Agenda for Sustainable Development, where the Public Service and Public Servants are critical.

The following are identified as the roles public servants play in implementing the 2030 Agenda:<sup>1</sup> (i) policy and strategy planning; (ii) provision of services; (iii) development of infrastructure; (iv) mobilization and utilization of resources; (v) monitoring and evaluation; and (vi) institutional and human resource capacity development.

The abrupt and brutal disruption by the COVID-19 pandemic has thrown the public service and public servants into a frenzy, forcing them to not only deal with fighting its spread but trying to manage its accompanying socioeconomic fallout. It has catapulted public servants onto the frontlines in the response to the crisis without any clear roadmap, forcing them to deal with a quickly and ever-changing situation and improvising along the way.

## THE ROLE OF PUBLIC SERVICE AND PUBLIC SERVANTS IN THE FIGHT AGAINST THE COVID-19 PANDEMIC

From frontline healthcare workers and public health officials to teachers, sanitation workers, social welfare officers and more, the humble public servant has been thrust into the spotlight, helping elevate awareness and understanding of the critical role public servants play in everyday life, and in particular during times of severe crises, such as the COVID-19 pandemic.

In the ongoing COVID-19 pandemic however, public servants are working under life-threatening circumstances. In all COVID-19 pandemic affected countries they are both expected to deliver services despite the pandemic while at the same time suffering its impact, ei-

### Summary

For the 2030 Agenda for Sustainable Development to be achieved effective delivery of public services is needed, including in the response to the COVID-19 pandemic. If not contained, the pandemic will jeopardize meeting the 2030 deadline, by diverting resources from development efforts to crisis response. The public servant sits at the heart of ensuring effective response to the crisis, whether as a frontline worker in healthcare, or in devising strategies and plans to mitigate its impact.

This policy paper outlines nine key roles public servants have been and must continue to play to ensure an effective response to the pandemic: (i) ensuring continuity of public services; (ii) providing service before self: courage and humanness in practice; (iii) quick thinking, creativity and innovation; (iv) information and awareness creation; (v) strategic thinking and planning amidst chaos; (vi) sustaining resilience and building a better effective and more responsive public service; (vii) building and enhancing State legitimacy, government credibility and people's trust; (viii) resource allocation and distributive accountability; and (ix) collaborative and networked leadership.

In order to effectively play these roles, a public servant must have a profile characterized by the following: self-sacrifice, trustworthiness, risk-taking, versatility, adaptability, creativity, transparency and accountability, and they must be knowledgeable and skilled, persistent, empathetic, collaborative, and competent in the use of technology all driven by humanness in their personality.

The following policy recommendations are made: (i) comprehensive public service capacity development; (ii) institutionalization of early warning, emergency planning, preparedness and quick response in the public service; (iii) networking collaborating, sharing and learning from successful practices and mistakes to build better and more effective public services for future pandemics and crisis; (iv) sustaining development of responsible, responsive, accountable and people-focused leadership in public sector institutions; and (v) providing for financial resources for pandemic and crisis before they happen.

<sup>1</sup> International Institute of Administrative Sciences (2016).

ther by being directly infected or having family members who are. Moreover, the pandemic hit the world at a time when, according to World Health Organization (WHO), the world needs six million more nurses and midwives to achieve global health targets within the SDGs. These critical workers are confronting a dangerous highly infectious virus but they in insufficient numbers. The following are some of the roles public servants have played, are playing and must continue to play in the pandemic response:

## **ENSURING CONTINUITY OF PUBLIC SERVICES**

By threatening disruption of public service delivery, the COVID-19 pandemic touched a cardinal principle of public service, that of continuity. In a show of courageous response however, in many countries, public servants have been quick to adapt and re-adjust the way in which services are delivered so as to minimize the negative impact of the pandemic on individuals and communities. For example, as many schools, including colleges and universities, were suddenly closed as a result of nationwide lockdowns, teachers and education professionals rushed to provide at home learning solutions via online platforms and e-materials, where there was infrastructure to support such approaches. Similarly, in many places where medical facilities have been overwhelmed by high numbers of COVID-19 patients, online tools, such as telemedicine and telehealth, have been set up or enhanced to provide non-emergency medical services so as to not disrupt the delivery of health services to people with other ailments. Courts are hearing and judging cases through video conferencing, while in some places virtual marriages have been legalized. In these cases, and others, public servants have demonstrated versatility in service delivery that has benefitted service users amidst challenges caused by the pandemic.

## **SERVICE BEFORE SELF: COURAGE AND HUMANNESS IN PRACTICE**

Many public servants have put their lives at risk in order to continue serving the public throughout the pandemic. Sadly, many have subsequently been infected and an alarming number have lost their lives. For example, in the UK at least 100 medical and health workers have died as a result of COVID-19. In China it was reported that within the first 3 months of fighting the virus some 3000 healthcare workers had been infected. In the USA, although the exact figure is unknown, an estimated 5,000 healthcare workers have been infected, while in New York

City 1000 of the city's police officers accounted for some of the 40, 000 people in that city who tested positive for the infection by April 2020. The numbers are likely much higher, given not all public servants have been tested for COVID-19 and many may be asymptomatic carriers of the virus.

One reason for such high infection rates amongst public servants, particularly frontline public servants like healthcare workers, has been a shortage of personal protective equipment (PPE). Most countries have struggled to ensure enough medical masks, N-95 respirators, surgical gowns and other protective gear, forcing many to improvise, including using bin liners for gowns and home-made masks. It is tragic and regrettable that many public servants have been working under such dangerous conditions. Their heroic self-sacrifice and extraordinary humanness have saved many lives. In recognition of this, governments should work towards developing and/or enhancing preparedness and contingency plans for future such crises so that public servants always have access to the protective gear that both their profession and safety demands.

## **QUICK THINKING, CREATIVITY AND INNOVATION**

In the response to the COVID-19 pandemic public service and public servants, many who were used to operating in routine, predictable and regulated systems had to deploy quick thinking, instant creativity and innovation to counter the destruction caused by the pandemic in service delivery, particularly in critical areas such as healthcare. For example, at the onset of the outbreak of the virus in Wuhan, the Chinese military took only 10 days to construct a makeshift two storied hospital which could hold up to 1000 patients and included several isolation wards and 30 intensive care units. COVID-19 responses have seen innovation in the public service flourish. From the development of drive-thru testing sites and contact tracing apps in the Republic of Korea, to the use of robots to carry out medical tasks such as temperature taking so as to minimize contact between infected patients and healthcare workers in Rwanda, public servants have leveraged innovation and creativity, often on a shoestring budget, to come up with unique and quick responses to the crisis.

## **RELIABLE INFORMATION AND AWARENESS AS A CRITICAL SERVICE**

One of the most needed and lifesaving services during

the pandemic has been accurate and reliable information about the virus, including on its spread, prevention, recognition of symptoms and importantly, on debunking myths and misinformation around it.

In the early days of its spread, a lack of or inadequate knowledge and awareness about the virus helped it to penetrate communities before government authorities realized its seriousness. Public servants in the health sector, including frontline doctors and nurses, virologists, epidemiologists and other health experts, were some of the first to document this new infection, getting the word out that a new and highly contagious virus was gaining ground. As information about the virus started filtering through, public health officials, the news media, and research institutions started giving information to both the public and authorities which progressively proved vital in the fight against the spread of the virus.

However false or misleading information about the virus, including conspiracy theories surrounding its origins and unproven cures, have greatly hampered efforts to ensure the circulation of reliable information. The UN Secretary-General, António Guterres, notes that “As the world fights the deadly COVID-19 pandemic—the most challenging crisis we have faced since the Second World War—we are also seeing another epidemic, a dangerous epidemic of misinformation.”

## **STRATEGIC THINKING AND PLANNING AMIDST CHAOS**

Many public servants have been strategizing and planning amidst the chaos about how to beat the pandemic, save lives, ensure social protection, and sustain economies. National taskforces have been formed incorporating representatives of a cross-section of the public service to plan and coordinate efforts to fight the spread and impact of the pandemic. In a whole of government and whole of society approach they brought on board scientists and experts in public health, to ensure the effectiveness, coordination, coherence and integration of the strategies and plans aimed at stopping the spread of the virus and managing the broader impacts of the pandemic.

These taskforces and the lessons learned from their work will develop or enhance institutional mechanisms with capacities to deal more effectively with such crises in the future. If leveraged, these taskforces could provide a foundational building block for enhancing government preparedness and crisis response.

## **SUSTAINING RESILIENCE AND BUILDING A MORE EFFECTIVE AND RESPONSIVE PUBLIC SERVICE**

The world has experienced global pandemics before and COVID-19 will not be the last. Therefore, one of the critical roles the public service must play is to prepare the service to be more resilient for any future crisis. Public servants must turn the challenges posed by the COVID-19 pandemic into an opportunity for devising strategies for strengthening the resilience, effectiveness and responsiveness of the public service and the services they deliver, so as to be better prepared in future. It should be every government’s strategy to have in place institutional arrangements, policies, systems, infrastructure, plans, including contingency plans, and resources to foresee, identify and quickly respond to pandemics and other crises.

## **BUILDING AND ENHANCING STATE LEGITIMACY, GOVERNMENT CREDIBILITY AND PEOPLE’S TRUST**

Public servants who deliver services responsively, equitably and with humanness help enhance the credibility of the government, and as a consequence, foster trust amongst the people. The determination of public servants to continue providing services in the face of the dangers the COVID-19 pandemic has posed to their own lives has contributed greatly to the government being seen as critical in and caring for the lives of the people. The ongoing work of public servants, therefore, has in many places elevated a sense of trust in government. The sustainability of this trust, however, will be heavily dependent on the extent to which the struggle against the pandemic succeeds.

## **RESOURCE ALLOCATION AND DISTRIBUTIVE ACCOUNTABILITY**

Crises that emerge abruptly, such as the COVID-19 pandemic, catch governments’ budgets by surprise, presenting a big challenge to the public servants who are responsible for preparing and implementing them. The way in which resources are allocated and utilized determines whether systems, practices institutional arrangements meant to protect societies against pandemics of this nature, get put in place and become operational or not. In many countries public servants have had to quickly review available resources, mobilize others and deploy them quickly in tackling the pandemic and all the challenges it has caused. About US\$130 billion in budget support has



been pledged<sup>2</sup> or is under consideration by governments around the world in the wake of the COVID-19 pandemic.

Resource allocation and distributive accountability is a critical role that public servants have played during the pandemic and one which has had great bearing on trust in government, delivery of critical services, minimizing of inequality and the saving of lives.

## COLLABORATIVE AND NETWORKED LEADERSHIP

In many countries, the COVID-19 pandemic has revealed that collaborative and networked leadership is critical when it comes to dealing with complex challenges and problems. The need for resolved people-focused, calm, credible, trusted leadership is critical in times of crisis. Public servants played their roles in a collaborative way to ensure a coordinated and successful response in containing the spread of the virus and mitigating the impact of the pandemic.

At the global level too, collaborative leadership is essential. The COVID-19 pandemic has provided opportunities for public services in different countries to learn from each other's successes and failures in their ability to identify and respond to pandemics. Multilateral institutions, such as WHO provide a critical platform for this type of collaboration and for the sharing of public health data and information. Public servants must be facilitated to network, collaborate, and share to enhance co-learning at local, national and international levels.

## PROFILE OF A PUBLIC SERVANT WHO CAN WORK EFFECTIVELY IN CRISIS

Considering all the above roles public servants have played, we can derive that an effective public servant has the following profile: self-sacrificing, trustworthy, risk-taking, transparent, accountable versatile, adaptable, creative, innovative, knowledgeable and skilled, persistent, empathetic, collaborative, and competent in the use of technology. Above all, they have a high dose of humanness in their personality which makes them work for others even at the risk of their own lives. This profile should be part of the guide in training public servants to enable them serve in crisis.

<sup>2</sup> Bloomberg (2020), "Covid-19: Here is how much money countries have pledged for virus relief", 13 March.

## KEY MESSAGES

1. **Comprehensive public service capacity development:** Governments must pay attention to developing the capacities of the public service and public servants; be it in their numbers, their competences, values, the protective gear they need, the incentives for their productivity, the tools and facilities as well as the technology they require to effectively do their jobs. Governments must invest in having very well-functioning public services and effective public servants.
2. **Institutionalize early warning, emergency planning, preparedness and quick response in the public service:** Governments must put in place and operate effectively, permanent, public sector, well-coordinated institutional frameworks that can support public servants to be anticipatory and prepared, to look out for signs of crisis, such as pandemics, find solutions quickly and respond appropriately in time to avoid severe impact.
3. **Network, collaborate, share and learn from successful practices and mistakes to build better and more effective public services for future pandemics and crisis:** Public servants must be facilitated to network, collaborate, and share to enhance co-learning; something that stands better chances for improvement in finding quick solutions not only to pandemics and crisis but in the work of public service delivery in general.
4. **Sustain development of responsible, responsive, accountable and people-focused leadership in public sector institutions:** The COVID-19 pandemic has shown that during uncertain and fluid times, resolved people-focused, calm, credible, trusted leadership is required. The development of this kind of leadership in the public service must be sustained.
5. **Provide for financial resources for pandemic and crisis before they happen:** Governments must always provide budgetary resources to take care of emergencies and crisis such as this pandemic. The often-cited excuse that Governments have no funds for problems that have not happened has been proven wrong by the COVID-19 pandemic. Many governments have had to spend lots of money suddenly and in unforeseen way; probably more than they would have spent if they had already provided for this in their public service delivery budgets.



**Working together for effective recovery**





*Faces of the Mau Forest, 2012.  
Photo: Riccardo Gangale*

- 20 – Achieving the SDGS through COVID-19 recovery**
- 21 – How can investors move from greenwashing to SDG-enabling?**
- 22 – Forests at the heart of a green recovery from the pandemic**
- 23 – The impact of COVID-19 on sport, physical activity and well-being and its effects on social development**

# Working together for effective recovery

*As countries begin to recover from COVID-19, coherent and comprehensive actions aligned with the 2030 Agenda can place the world on a robust trajectory towards achieving sustainable development. Responses must be oriented toward the future and avoid a return to “business as usual” activities with coordinated national actions and re-invigorated global partnerships for development.*

## KEY POLICY RECOMMENDATIONS

- Global responses must add up to coordinated action that matches the scale of the COVID-19 crisis and the universal risk of falling short on **achieving the SDGs**. The responses must follow three priorities: (i) maintain past progress made towards eradicating basic deprivations; (ii) accelerate the universal provision of quality essential services; and (iii) reverse the course on the degradation of nature.
- To counter the risk of SDG-washing and enable investors to make a significant contribution to the SDGs, Governments and investors need to: Establish a common definition of “**Sustainable Development Investing**” to set minimum thresholds for investment strategies and products to qualify as aligned with sustainable development; ensure reliable information on corporate sustainability practices; and develop a coherent policy and regulatory framework that penalizes unsustainable practices by companies and discourages short-term thinking in capital markets.
- Countries must promote **sustainable forest management and green recovery** at all levels, including by establishing post COVID-19 recovery programmes to improve the livelihoods of forest-dependent people, indigenous peoples and local communities; investing in forestry jobs as part of COVID-19 economic recovery stimulus packages; enhance forest law enforcement and governance systems; and undertake research and analysis on the impact of COVID-19 pandemic on progress towards sustainable forest management.
- To maximize the benefits that **sport and physical activity** can bring in the age of COVID-19 and beyond, we must support physical activities at home, provide research and policy guidance to ensure effective recovery and reorientation of sports sector, provide technical cooperation and capacity development to advance health and well-being through sport, engage in outreach and awareness raising, and promote positive social attitudes and behaviour through sport education.



# 20 - Achieving the SDGs through the COVID-19 response and recovery

## INTRODUCTION

The SDG Summit in September 2019 was marked by renewed commitment from world leaders to accelerate progress towards the SDGs. Scientific assessments such as those in the Global Sustainable Development Report identified strategic entry points through which targeted efforts, for example to build sustainable food systems, invest in human well-being or protect the global environmental commons, could lead to positive outcomes that would cascade across many of the SDGs. Although the way ahead appeared steep, stakeholders were energized by the launch of the Decade of Action. Then, only months later, the COVID-19 pandemic unleashed a tsunami of human suffering with far reaching implications on efforts to improve lives and achieve the SDGs.

This grim crisis is still unfolding. While it may take months, even years, to know the impacts of the crisis with certainty, the channels through which they occur are already becoming clear, and initial assessments are sobering with enormous losses of lives and livelihoods; and deepening poverty and hunger. If responses are ad-hoc, underfunded and without a view to long-term goals, the consequences of COVID-19 will be deep and long-lasting and risk reversing decades of progress. However, as countries begin to move towards recovery, coherent actions can place the world on a robust trajectory towards achieving sustainable development.

## RECENT ASSESSMENTS

Eventual impacts will depend on how severe the initial effects are, whether the recovery is gradual or rapid,<sup>1</sup> and on whether we return to the pre-pandemic world or to one that is more sustainable and equitable.

Initial assessments already point towards likely outcomes in the short term and alert us to the immense risks of failing to act swiftly and in a coordinated manner. Global GDP is expected to contract sharply in 2020 – estimates range from 3.2 percent to 5.2 per cent- potentially the largest contraction in economic activity since the Great Depression, and far worse than the 2008-2009 global fi-

<sup>1</sup> Earlier research on crises has demonstrated that impacts on human development depend on duration and depth of economic downturns. See for example, Conceição, Mukherjee, and Nayyar, 2011.

### Summary

The impact of COVID-19 on SDG achievement will only be known with certainty in the months to come, but assessments for 2020 are bleak. If responses are ad hoc, underfunded and without a view to long-term goals, decades of progress stand to be reversed. However, as countries begin to move towards recovery, coherent and comprehensive actions can place the world on a robust trajectory towards achieving sustainable development.

The channels through which the impacts will unfold are being identified and indicate that pre-pandemic progress on many SDGs can mitigate impacts. Building upon this insight, this brief suggests that the multilateral system can be pivotal in supporting three strategic priorities during the response and recovery that can set a course for achieving the SDGs—maintaining progress already made; enabling universal access to an expanded set of quality essential services; and reversing the degradation of nature.

nancial crisis. (United Nations, 2020; World Bank, 2020). In 2020 alone, millions (estimates range from around 35 to 60 million) could be pushed into extreme poverty, reversing the declining global trend of the last twenty-plus years (United Nations, 2020; World Bank). Some 1.6 billion people working in the informal sector including the gig economy are estimated to be at risk of losing their livelihoods and many lack access to any form of social protection (ILO, 2020).

An additional 10 million of the world's children could face acute malnutrition, and the number of people facing acute food insecurity could almost double relative to 2019, rising to 265 million (WFP, 2020a; 2020b). School closures have affected over 90 per cent of the world's student population—1.6 billion children and youth (UNESCO, 2020). Accounting for the inability to access the internet for remote learning, this could result in out-of-school rates in primary education not seen since the mid-1980s (UNDP, 2020). Assessments such as these are especially worrisome as they can translate into life-long deficits, perpetuating inequalities across generations.

The overall slowdown in normal economic activity and travel has, however, resulted in a temporary alleviation of some of the pressures on nature. Air quality has improved across the world, and daily global CO<sub>2</sub> emissions fell an estimated 17 per cent in early April, relative to mean levels of 2019 (Le Quéré, et al., 2020). Current estimates for 2020 CO<sub>2</sub> emissions are 4-7 per cent lower than last year; however, these improvements may turn out to be only transitory with no real impact on climate change unless the recovery from the pandemic also leads to a rapid transition to a low-carbon way of life.

## SDG PROGRESS: PROTECTION DURING THE PANDEMIC

A recovery that puts the world on track to reach the SDGs must begin by considering how the pandemic is likely to affect SDG progress (see Figure 1).

There are several channels through which the pandemic affects the well-being of individuals and households—directly due to the health impacts of the virus itself; through crisis response measures like travel restrictions and business closures; and through the aggregated effects of both of these.

The disease itself impacts an individual's health in various ways, some of which are still being understood including in terms of how individual and group characteristics (age, gender, race, ethnicity, living and working conditions) are linked to virus exposure and the severity of illness. Then there are effects arising from crisis response measures such as social distancing and mandated lockdowns. These, too, vary across individuals—lost livelihoods, forced absences from the classroom, foregone vaccinations against other infectious diseases, stresses on mental health, and, for women in particular, a disproportionate increase in the burden of care work as well as greater risk of domestic violence.

Finally, there are the aggregate effects across economies and societies—economic recession, falling public revenues and shrinking fiscal space, price increases or quantity disruptions, balance of payments stress due to capital flow reversals, collapses in tourism,<sup>2</sup> decreases in commodity exports and remittances, and more persistent inequalities. Also included are the potential for sustained declines in emission levels and perhaps, in the longer term, collective changes in behaviour and societal norms. These aggregate effects in turn impact individuals, for example shrinking fiscal space could result in poorer

public services leading to higher levels of poverty and ill-health; disruptions in the food supply chain could portend poorer nutrition.

Notably, the severity of impacts through these channels are influenced by pre-pandemic factors, many of which are at the heart of the SDGs. For example, access to clean water (SDG 6) is a pre-requisite for being able to handwash frequently; living in substandard, unsanitary and overcrowded conditions such as slums (SDG 11) increases the risk of exposure to the virus; and pre-existing health conditions such as non-communicable diseases (SDG 3) tend to worsen disease outcomes.

The same is true for the impacts of crisis response measures. Past progress in promoting formal employment (SDG 8); increasing access to quality health care (SDG 3); being covered by social protection floors (SDG 1); ICT availability (SDG 9) that facilitates participation in a virtual classroom to name a few, help mitigate the severity of adverse impacts.

At the aggregate level, too, there are distinct benefits from past progress on the SDGs: for example, more diversified economies (SDG 8) may experience less precipitous declines in GDP than those dependent primarily on tourism or petroleum production.

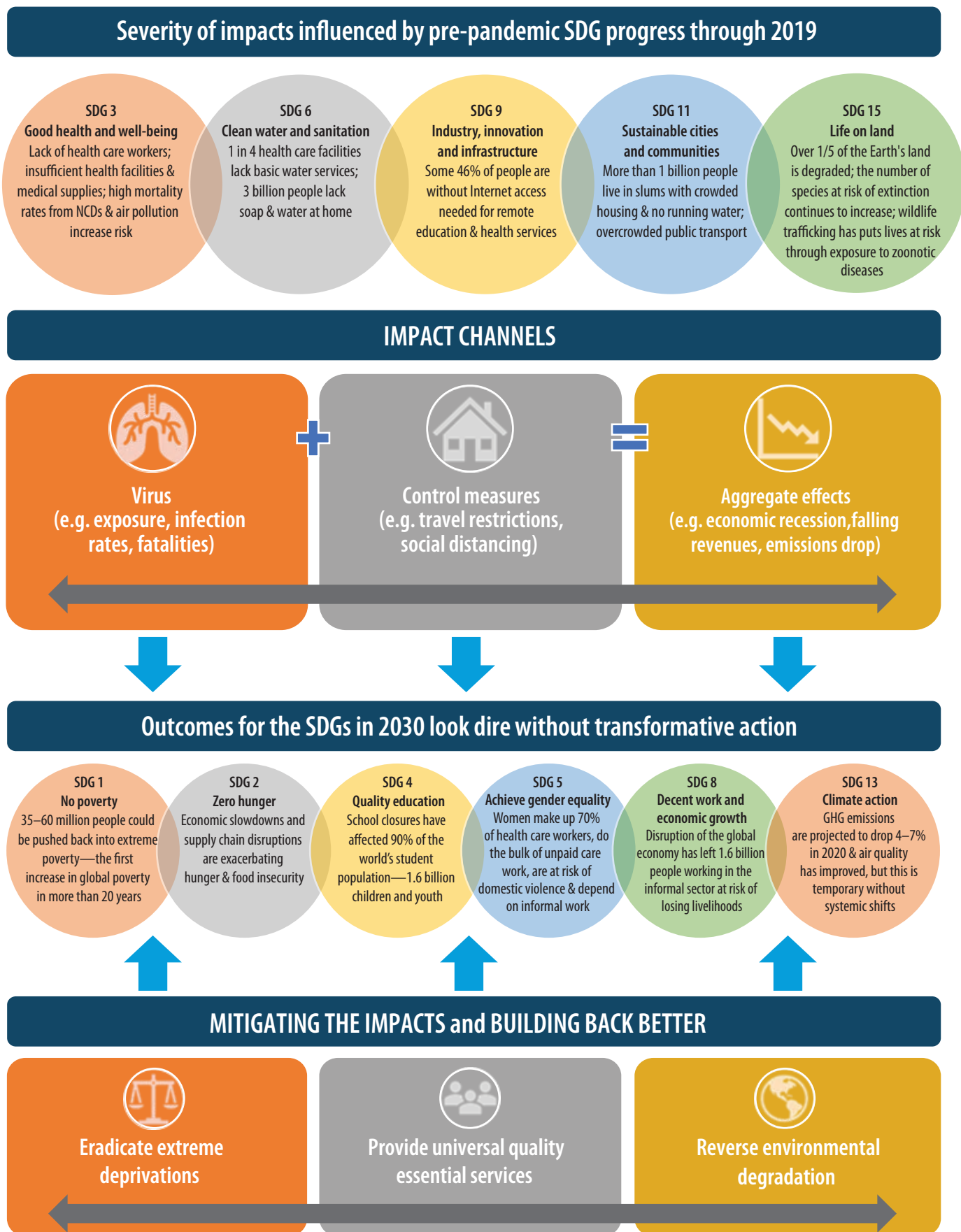
This pandemic shows, once again, that the SDGs are tightly interlinked: progress on one goal (or lack thereof) affects other goals. Moreover, the degree of progress along multiple goals and targets is itself likely to contribute to the eventual impacts of the crisis on the SDGs.

## REINFORCING THE SDGS THROUGH CRISIS RESPONSE AND RECOVERY

While the anticipated outcomes of the COVID-19 pandemic are dire, they can be averted by the actions we take now—some of which may already be under way. The aggregate amount of fiscal stimulus across countries is estimated to be USD 9 trillion (Battersby, et al., 2020) and according to a World Bank compilation from late May, 190 countries and territories have planned, introduced or adapted social protection measures in response to COVID-19 (Gentilini, et al., 2020). These responses can contribute to addressing immediate challenges brought on by the pandemic, and also build towards longer-term SDG commitments. Each country will identify tailored solutions to respond to their greatest needs, and efforts at the local level need to be strengthened and supported, but all of these responses must add up to coordinated action that matches the global scale of COVID-19 in order to counter the universal risk of falling short on the SDGs.

<sup>2</sup> The World Travel and Tourism Council estimates the total job-loss in tourism to be over 100 million.

Figure 1  
Pathways of COVID-19 impact on select SDGs\*



\* This figure is indicative. All SDGs are impacted by COVID-19.

Three priorities in particular will enable the world to build back better in a unified way. The multilateral system is crucial to supporting their implementation.

**1. Maintain past progress made towards eradicating basic deprivations.** Backsliding on the progress already made on the SDGs not only imperils prospects for eradicating basic deprivations, it also reduces resilience to other shocks in the future especially for those least able to cope. Maintaining the progress already made must continue to be a priority during the crisis response and beyond—supporting those at immediate risk of poverty, hunger or disease, while facilitating their safe return to work and education, and their access to health care. Such measures must not be exclusively focused on the short term but should also address the root causes of these deprivations, including by the elimination of social or legal barriers for marginalized and disadvantaged groups; and the provision of support that responds directly to their specific needs. No less important is acting to swiftly tackle deprivations where even short-term losses can turn into life-long set-backs—such as preventing the types of limitations throughout the life-course that can be brought about by malnutrition or the denial of education for children.

**2. Accelerate the universal provision of quality essential services.** The pandemic has exposed the multiple determinants of vulnerability: apart from the basic deprivations indicated above, these now also encompass lack of access to water, sanitation, clean energy and the Internet. Taken together, these constitute a suite of services which, if accessible to all, would help secure well-being, develop resilience and combat inequalities. Guaranteed universal access to services that provide quality healthcare, education and basic income security; as well as to water, sanitation, clean energy and the Internet must therefore become an integral part of the recovery from the COVID-19 crisis. Virtually all countries have gaps of one kind or another that need addressing in this regard but it is especially important for multilateral efforts to support the deployment of systems to provide such services in poorer countries. These would continue and build upon initiatives to establish social protection floors, a movement that gained momentum in the aftermath of the 2008 global financial crisis.

The expansion of services can also generate stable jobs and support the economic empowerment of women or those living in marginalized regions, in themselves valuable outcomes. For example, women

make up over 70 per cent of the healthcare workforce, and expanding access to these services can enable their economic empowerment (ILO, 2018). Some of the necessary investments today can come from COVID-19 stimulus packages complemented by technical capacity building and delivery against commitments to provide official development assistance (ODA).<sup>3</sup> Partnerships with the private sector would also be crucial.

**3. Reverse course on the degradation of nature.** Even before the COVID-19 crisis, several trends related to nature were not even moving in the right direction. These included greenhouse gas emissions, land degradation, biodiversity loss, wildlife trafficking, absolute material footprints, overfishing and the deterioration of coastal waters.

Unlike the sudden onset of the pandemic, the twin crises of climate change and biodiversity loss have built up more slowly. However, these crises are no less destructive to human well-being and they may be even harder to reverse. At the same time, these trends represent the pre-pandemic world—one in which the trade-offs to growth and development were not adequately addressed and to which we cannot afford to return.

The pandemic itself reveals the size of the challenge, but also affords a chance to observe—even if for a short period—the plausibility of being able to reverse the degradation of nature. As it stands, an annual decline of 7.6 per cent in greenhouse gas emissions is estimated to be necessary over the next ten years if we are to be on track to limit global warming to 1.5°C above pre-industrial levels—even with all of the disruptions due to the crisis, we are unlikely to achieve this in 2020.

On the other hand, the economic, social and political costs of taking action may now be lower than before. With oil prices at historic lows and employment in the sector shrinking, steps to initiate a just transition for workers, zero out fuel subsidies and introduce carbon taxes—or increase them where they exist—could set the stage for meeting the most ambitious goals of the Paris Agreement. Historically low interest rates, and complementary investments from stimulus packages can keep costs

<sup>3</sup> While initial investments may appear daunting, it may be worth recalling that the many countries such as Norway, Sweden, Denmark, Costa Rica and Republic of Korea initiated quality health care and education services at times when their GDP per capita was lower than that of many South Asian countries today.



low for investing in low carbon solutions including those that enable current shifts in behaviour such as tele-working to become more permanent. And a better understanding of the zoonotic origins of many recent disease outbreaks can help support changes in human activity that threaten biodiversity.

## CONCLUSION

The pandemic has generated a pause on ‘business-as-usual’ activities, forcing us to face terrible human outcomes but also encouraging us to envision a realistic way forward towards achieving the 2030 Agenda and the Paris Agreement on climate change. It has also brought to the fore how central the SDGs are, including past progress on the SDGs, for building resilience against shocks and avoiding backslides into poverty.

This brief has indicated strategic objectives that are common across countries. Realizing them is within reach but requires both greater coherence and coordination of national actions, as well as a re-invigorated global partnership for development (SDG 17). The United Nations is committed to facilitating a global response that leads towards this end and turns this moment in history into an inflection point for humanity to overcome hardship and transform together toward a more sustainable future.

## REFERENCES

- Battersby, Bryn, W. Raphael Lam, and Elif Ture (2020). Tracking the \$9 Trillion Global Fiscal Support to Fight COVID-19. 20 May. <https://blogs.imf.org/2020/05/20/tracking-the-9-trillion-global-fiscal-support-to-fight-covid-19/>
- Conceição, P., Mukherjee, S., & Nayyar, S. (2011). Impacts of the economic crisis on human development and the MDGs in Africa. *African Development Review*, 23(4), 439-460.
- Gentilini, Ugo, Mohamed Almenfi, Ian Orton and Pamela Dale (2020). Social Protection and Jobs Responses to COVID-19 : A Real-Time Review of Country Measures. World Bank Brief. <https://openknowledge.worldbank.org/handle/10986/33635>
- International Labour Organization (ILO) (2018). Care work and care jobs for the future of decent work.
- International Labour Organization (ILO) (2020). ILO Monitor: COVID-19 and the world of work, 3<sup>rd</sup> ed. [https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms\\_743146.pdf](https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_743146.pdf)
- Le Quéré, Corinne, et al. (2020). Temporary reduction in daily global CO<sub>2</sub> emissions during the COVID-19 forced confinement. *Nature Climate Change*, 19 May. <https://doi.org/10.1038/s41558-020-0797-x>
- United Nations (2020). World economic situation and prospects as of mid-2020. E/2020/58.
- United Nations Development Programme (2020). COVID-19 and Human Development: Assessing the Crisis, Envisioning the Recovery. <http://hdr.undp.org/en/hdp-covid>
- United Nations Educational, Scientific and Cultural Organization (UNESCO) (2020). Education: From disruption to recovery. <https://en.unesco.org/covid19/educationresponse>
- World Bank. Understanding Poverty. <https://www.worldbank.org/en/topic/poverty/overview>
- World Bank (2020). Global Economic Prospects. Pandemic, Recession: The Global Economy in Crisis. June 2020. <https://www.worldbank.org/en/publication/global-economic-prospects>
- World Food Programme (2020a). Coronavirus threatens global surge in malnutrition, jeopardizing future of an extra 10 million children. 20 May. <https://www.wfp.org/news/coronavirus-threatens-global-surge-malnutrition-jeopardizing-future-extra-10-million-children>
- World Food Programme (2020b). COVID-19 will double number of people facing food crises unless swift action is taken. 21 April. <https://www.wfp.org/news/covid-19-will-double-number-people-facing-food-crises-unless-swift-action-taken>

## 21 - How can investors move from greenwashing to SDG-enabling?

The COVID-19 crisis has highlighted the need for businesses and investors to adjust to a world of increasing uncertainty or mounting risks. To be viable, businesses can no longer focus only on short-term financial returns; they must anticipate and prepare for future risks, including growing risks from climate change and unsustainable practices. For investors, their portfolio's financial return ultimately depends on a sustainable and stable economy.

With sizeable assets under management, large investors have the interest and power to demand a shift towards business models that better account for sustainable development and thus reduce risks for the economy. The question should no longer be whether investors can beat the market in the short-term, but how they can maximize long-term financial performance.

At the same time, many individuals want to use their money to support change they believe in. Every survey shows that individual investors want their money to do good in the world and have a positive impact. No one wishes to retire or live in an unlivable world. So, why are we not seeing faster progress?

There has been some progress. Some asset managers have begun to respond to changing consumer demand by incorporating environmental, social, governance and other non-economic risks in their investment decision-making. Yet, to date, these changes have been insufficient to transform the private sector at the speed and scale required. A systemic shift is needed to make significant progress across sectors and areas where companies have an impact, such as carbon emissions, waste production and gender balance.

While there are myriad of reasons for the slow progress, one important factor is that investors do not have the tools to make the investments they need—they lack information and data necessary to measure activity and hold companies accountable for their social and environmental behaviour.

### PUT MONEY AT WORK IN A CREDIBLE WAY

Money is one of the most powerful ways to create change in a market economy. If private companies believe they need to be more sustainable to attract funding, they will

#### Summary

- » Companies must adapt their business model to reflect growing risks and uncertainties, and help build a sustainable world; doing so is necessary to preserve their financial performance in the long run
- » Investors have the financial resources to push companies to change, but lack the necessary tools given limited reliable data on non-financial issues
- » A common definition of Sustainable Development Investing (SDI) would be a first step in ensuring that investments presented as “sustainable” make a meaningful contribution to the global goals
- » But implementing such definition will require strengthened mandatory reporting requirements

adapt their business model accordingly. The extent of such adaption will, however, depend on the depth of sustainability interest and how strictly it is assessed. If a thin veneer of “sustainability” suffices to please investors, the change is likely to be immaterial or negligible.

To date, “sustainable investments” encompass a wide range of investment strategies used by portfolio managers, with varying degrees of sustainability and impact. And some financial products and strategies are presented as sustainable without making a meaningful contribution to sustainable development, including to the achievement of the Sustainable Development Goals (SDG) (i.e., so-called green- and SDG-washing). For example, some “sustainable” funds include fossil-fuel or tobacco companies, based on their relatively good environmental, social and governance (ESG) performance compared to industry peers, while their impact on sustainable development, including climate and health, is questionable.

Ensuring the credibility of sustainable investment products is critical to build trust in the industry and support demand for these products. A common definition of Sustainable Development Investing (SDI) could help establish norms that differentiate investment strategies. This definition could set minimum thresholds that investment strategies and products should meet to qualify as aligned with sustainable development. This could coun-

ter the risk of SDG-washing and misleading investment products that use sustainable development as a marketing tool. The definition could enable investors to make a significant contribution to the SDGs.

## HOLD COMPANIES ACCOUNTABLE

A definition alone would not suffice because Sustainable Development Investing requires proper information on corporate sustainability practices. Investors need information to make risk-return analyses and decide on portfolio allocation. Financial reporting standards have allowed companies to speak the same language in measuring financial performance. There is a need for similar frameworks and common metrics for environmental and social impact disclosure.

While sustainability reporting by companies has grown significantly over the last decade, at least three key challenges remain. First, the largely voluntary nature of sustainability reporting is problematic. Companies are generally able to decide which indicators they choose to report on. They can choose to report only on positive results and avoid communicating negative impacts. Mandatory reporting would help create a level playing field for all. The time has come to shift from voluntary to mandatory sustainability reporting.

Second, the quality of sustainability reporting needs improvement. A recent study of more than 700 multinational companies found that 72 per cent of published sustainability reports mentioned the SDGs, but just 23 per cent included meaningful key performance indicators (KPIs) and targets.<sup>1</sup> Without numbers, sustainability reporting quickly becomes a public relations exercise.

Third, reporting needs to be comparable. Companies can choose from a variety of different sustainability frameworks, which results in different information being disclosed. These inconsistencies create challenges (and costs) for investors and other stakeholders in interpreting and comparing data. Investors can easily end up with tens of different KPIs measuring the same topic, which makes comparing companies challenging.

## PRIME THE SUSTAINABILITY PUMP

The United Nations Secretary-General has convened the *Global Investors for Sustainable Development (GISD)* Alliance, a group of 30 global business leaders, to help devel-

op a shared understanding on what sustainable investing means, and how to measure its impact. Once developed, investors will be able to align their investment with the definition and develop investment products in line with it. To implement such a definition, investors would benefit from the many initiatives underway to create principles and guidance to reinforce investment practices as well as technical criteria defining what is “sustainable”, such as the EU taxonomy for sustainable activities.

This shared understanding about sustainable development investing can create a strong signal to the market. But it can only succeed if accompanied by coherent policy and regulatory frameworks. These frameworks must not only enable a proper assessment of corporate contribution to the SDGs, but also penalize unsustainable practices and discourage short-term thinking in capital markets. In the *Financing for Sustainable Development Report 2020*,<sup>2</sup> more than 60 international agencies from the United Nations system and beyond, including the International Monetary Fund and the World Bank, have put forward concrete recommendations for action by governments to make this transformation a reality, such as adopting global mandatory disclosures on climate-related financial risk like those promoted by the Task Force on Climate-related Financial Disclosures (TCFD).

The COVID-19 stimulus packages and bailout programmes provide a unique opportunity to further advance the private sector alignment with the SDGs. For instance, companies receiving financial assistance could be asked to commit to stricter reporting requirements on socioeconomic issues, as well as carbon reduction targets. This is the kind of approach pioneered by Canada.

Governments and investors have a shared interest. They need to work together to bring the world on a sustainable path that can create long-term wealth. The United Nations is committed to help build a bridge between the two and engage both governments and the private sector to transform the way business and finance work. A transformation towards more sustainability involves raising the bar for sustainable investment to counter the risk of greenwashing and enhancing corporate disclosure to enable SDG-aligned investments.

<sup>1</sup> Louise Scott and Alan McGill (2018), “From promise to reality: Does business really care about the SDGs?”, PwC SDG Reporting Challenge 2018. <https://www.pwc.com/gx/en/sustainability/SDG/sdg-reporting-2018.pdf>.

<sup>2</sup> <https://developmentfinance.un.org/press-release-financing-sustainable-development-report-2020>.

## 22 - Forests: at the heart of a green recovery from the COVID-19 pandemic

The COVID-19 pandemic has brought to the forefront some of the most pressing global challenges that humanity has faced in recent history. Health systems have been stretched thin and lockdown measures have taken a heavy social and economic toll, the devastating impacts of which are being felt by all – from urban residents of densely populated megacities to indigenous peoples living deep in the heart of forests.

As countries respond to this global crisis, the focus is on strengthening health systems, cushioning the knock-on effects on livelihoods and economies and building back better (UN, 2020a). At the same time, it is becoming increasingly clear that the path ahead represents a once-in-a-lifetime opportunity to shift the global development paradigm towards greater sustainability and a greener, more inclusive economy.

Forests and trees provide income, livelihoods and well-being for rural populations, particularly indigenous peoples, small farm holders, and other forest-dependent communities that live near forests. Forests mitigate climate change by removing about a third of the global greenhouse gas emissions each year (IPCC, 2013). Furthermore, the forestry sector produces essential products and services which underpin public health the world over.

If the crisis continues unabated, this reliance on forest goods and services is also likely to see a sharp increase. Which raises the question of how we ensure that forests continue to play a central role in people's wellbeing, without raising the risk of deforestation and forest degradation.

Sustainable forest management can play a vital role in lifting millions out of poverty, and in building resilient economies and societies that can withstand pandemics, climate change and other global challenges. For this to happen, governments, the United Nations system and other key development partners will need to take swift decisive action to build sustainable forest-based solutions into their COVID-19 responses.

The global vision and plan of action for forests and people are already enshrined in the UN Strategic Plan for Forests 2030 – what is needed is the political

### Summary

This brief highlights how forests and the forestry sector provide essential services and products to support health and livelihoods during times of crisis, how investing in sustainable forest management and forestry jobs offer opportunities for a green recovery, and how healthy forests build resilience against future pandemics. In this context, it proposes policy recommendations to ensure that forest-based solutions be considered for recovery from the COVID-19 pandemic and building back better.

will, international solidarity and accelerated action at all levels to deliver on the promise of a greener future.

## FORESTS SUPPORT HUMAN WELLBEING, ESPECIALLY IN TIMES OF CRISIS

### Forests and trees provide safety nets for the vulnerable

For centuries, forests have served as safety nets for the rural poor, although economic growth since 2000 may have reduced poor communities' reliance on forests (Wunder et al. 2014). Amongst the extreme poor in rural areas, 40 per cent live in forest and savannah areas (FAO, 2018). It is estimated that forest products provide food, income, and nutritional diversity for about 20 per cent of the global population, especially women, children, landless farmers and other vulnerable segments of society (FAO, 2018).

The global turmoil that the pandemic has created will almost certainly increase global poverty. Recent analysis indicates that COVID-19 related loss of jobs and income will likely push 34.3 million more people into extreme poverty in 2020. In the worst-case scenario, 160 million more people could face extreme poverty by 2030 (UN 2020b).

This crisis will disproportionately affect today's most marginalized groups, including the rural poor and in particular indigenous peoples living in forests. Many indigenous peoples have a deep cultural and spiritual



relationship with ancestral forests and are the keepers of traditional knowledge on forest biodiversity, much of which is at risk of being lost (FAO/UNEP, 2020).

Indigenous peoples tend to be in the most “vulnerable” health category, due to higher rates of communicable and non-communicable diseases, high mortality rates and lower life expectancies (UN DESA, 2020). Many indigenous peoples are coping with the pandemic by retreating deeper into forests for food, fuel and shelter, and to protect themselves from the risk of COVID-19 infection (Anderson, 2020).

Around 2.4 billion people – one-third of the world’s population – still rely on wood fuel to meet their basic energy needs, such as cooking food, boiling water and heating their homes. Wood fuel, which includes both fuelwood and charcoal, remains one of the most affordable and accessible energy sources for people affected by natural disasters and humanitarian crises. It is estimated that of the 850 million people who engage in fuelwood collection or charcoal production, the vast majority (83 per cent) are women (FAO, 2018). Reliance on forest biomass energy will likely grow during the COVID-19 crisis, as supply chains of other energy sources get disrupted, and income-generating opportunities decrease.

The sharp increase in economic vulnerability will in turn increase pressure on forests to play their safety-net role once again, as more people amongst the rural poor turn to forest products for their fundamental subsistence needs. The number of rural poor will likely swell even more as reverse migration from cities to rural areas sets in and millions grapple with the sudden loss of income and food insecurity due to COVID-19.

### Forests provide essential health products

Many essential supplies that public health systems rely on are derived from forest products, as witnessed by the fact that forest industries have been deemed as essential industries since the COVID-19 lockdown. Disposable hygiene and sanitary supplies, including toilet paper, paper towels, tissues and ethanol for sanitizers, are all derived from forests (FAO, 2020). Manufacture of personal protective equipment (PPE), such as masks and protective clothing for medical workers, utilizes wood pulp and soluble cellulose fiber. Among urban populations, increased reliance on e-commerce shipments and home delivery services during COVID-19 lockdowns has also

placed the spotlight on the need for paper and cardboard-based packaging products in enabling delivery of food products and other household items to people’s homes.

One of the key preventive measures to safeguard public health is access to clean water. Currently, an estimated 2.2 billion people lack access to clean water, making them unable to utilize one of the most basic and effective prevention measures against COVID-19 – frequent and thorough handwashing (UN, 2020a). Forests are integral to the global water cycle, with three-quarters of the planet’s accessible freshwater coming from forested watersheds. Forests affect rainfall patterns, filter water, reduce soil erosion and provide most of the drinking water for over one-third of the world’s largest cities (FAO, 2018).

In addition to these consumable products, green spaces, city parks and forests are vital for the health and wellness of communities. As indoor public recreation facilities have closed to slow the spread of COVID-19, the use of outdoor recreation facilities has been a social distancing appropriate alternative – such as hiking, biking, camping, fishing, birdwatching and nature walks.

Being in forests or parks with trees offers a myriad of benefits for human physical, mental and spiritual health (FAO/UNEP 2020). Spending time in forests, parks or simply looking at trees, helps to boost immune systems, reduces stress, lowers blood pressure, improves mood and relaxation. In Japan, the practice of “forest bathing” or “Shinrin-yoku” is part of the country’s health system and is considered a form of preventive medical therapy.

## RESTORING FORESTS RESTORES JOBS

With nearly the entire world economy under some form of lockdown and unemployment rates skyrocketing, governments are increasingly under pressure to develop and deliver economic recovery packages. This presents a timely opportunity for policy and investment decisions to steer the future towards greener, more sustainable and inclusive policies that will act as a foundation for resilient people and societies. A 2020 study by leading economists found green fiscal recovery packages to be the most beneficial for COVID-19 recovery and identified five policy areas in this regard, namely, clean physical infrastructure, building efficiency retrofits, investment in education and training, natural capital investment, and clean research and development (Hepburn et al, 2020).

Natural capital spending, in sectors like forestry, tends to be “shovel-ready” and fast-acting because worker training requirements are low, require minimal

planning and procurement, and meet social distancing guidelines. The forestry sector has been well recognized for its employment-generation potential, due to its labor-intensive nature as well as relatively low capital investment requirements (Nair, 2009). Areas with potential for new forestry jobs include afforestation, reforestation, improved management of natural forests, conservation, watershed protection, agroforestry, urban forestry, protection of forests from fire and building roads, trails and recreation sites.

India and Pakistan are addressing COVID-related reverse migration by creating new jobs for afforestation, reforestation and agroforestry. India recently announced funding of INR 60 billion (about USD 790 million), to be approved under its Compensatory Afforestation Fund Management and Planning Authority (CAMPA) to generate employment through afforestation and forest restoration activities in urban, semi-urban and rural areas (Government of India, Press Information Bureau, 2020).

At the state level, Jharkhand (which aptly translates as the “Land of Forests”) in eastern India has created a new afforestation-based income-generation programme to provide jobs for migrant workers (Mukesh, 2020). As part of the programme, 500,000 families will each be provided with 100 fruit-bearing trees, saplings and plants over the next five years.

In Pakistan, unemployed day laborers have been given new jobs to plant saplings as part of the country’s 10 Billion Tree Tsunami programme (Khan, 2020). It is expected that more than 63,600 jobs will be created, many of which will be in rural areas, with a focus on hiring women.

Likewise, Iceland has announced USD 3.7 million in funding for plans to address climate change as part of the country’s second COVID-19 economic stimulus package, which includes funds for land reclamation projects, land quality recovery and creating new birch forests (Musto, 2020).

## HEALTHY FORESTS REDUCE RISK OF FUTURE PANDEMICS

It is estimated that 60 per cent of all infectious diseases in humans and 75 per cent of all emerging infectious diseases are zoonotic, i.e., originating from the transfer of pathogens from animals to humans (UNEP, 2016). Zoonoses typically emerge when natural landscapes, including forests, are cleared for other use such as agricultural expansion and human settlement. This

habitat loss results in a reduction or loss of traditional buffer zones that separate humans from animals or from the pathogens that they harbour.

A 2020 study found that deforestation could lead to a rise in the occurrence of diseases like COVID-19 in the future (Bloomfield, 2020). The study’s findings suggest that when forests are cleared for agricultural use, the chances of transmission of zoonotic diseases increase.

Ecosystem degradation, large-scale deforestation, illegal trade in wildlife and climate change are all drivers of emerging zoonotic diseases. Climate change influences environmental conditions which in turn affect the spread of pathogens, vectors and hosts. As the global climate continues to change, it is expected that outbreaks of epidemic diseases are likely to become more frequent.

Research indicates that land conservation, reduction of forest loss and fragmentation, creation of buffer zones through forest restoration could reduce human-wild animal interactions and thus reduce the risk of future disease outbreaks (Bloomfield, 2020).

## CONCLUSIONS AND RECOMMENDATIONS

As the global community battles the COVID-19 pandemic, it is increasingly clear that building back better will require a quantum shift in the approach to disaster preparedness. While the current crisis was unimaginable a few months ago, it is unlikely to be the last global crisis the world will face. UN Secretary-General António Guterres’ has referred to COVID-19 as an “unprecedented wake-up call”. If the aspiration for a green COVID-19 recovery is to materialize, sustainable and healthy forest ecosystems and resilient forest-dependent communities must be a major pillar. Forests not only help alleviate poverty among rural communities, but they also underpin strategically crucial sectors such as public health, employment and disaster risk reduction. At the same time, they continue to be under threat from illegal logging, wildfires, pollution, storms, pests, and the impacts of climate change.

Now more than ever, as marginalized and vulnerable communities turn to forests during the COVID-19 crisis, the international community needs to rise to the challenge and reaffirm its commitment to the sustainable management of all forests and trees outside of forests. The path has already been charted clearly in the UN Strategic Plan for Forests 2030 with its Global Forest Goals and in the 2030 Agenda with its Sustainable Development Goals.

Building upon the above policy frameworks, the

following recommendations in the context of COVID-19 recovery could be considered at both national and international levels:

- Promote sustainable forest management at all levels by accelerating the implementation of the UN Strategic Plan for Forests 2030 and the achievement of the Global Forest Goals and targets.
- Establish post COVID-19 recovery programmes to improve the livelihoods and build resilience of forest-dependent people, indigenous peoples and local communities.
- Promote efforts to halt deforestation, prevent forest degradation and increase forest area through investment in forestry-related jobs as part of

COVID-19 economic recovery stimulus packages, including afforestation, reforestation, conservation, watershed protection, agroforestry and urban forestry jobs.

- Enhance forest law enforcement and governance systems, including through strengthening national forest authorities, and strengthening measures to combat illegal logging and illegal trade in wildlife.
- Promote the production of timely and appropriately disaggregated official statistics on the status of forests, including by undertaking research and analysis on the impact of the COVID-19 pandemic on progress towards sustainable forest management.

## REFERENCES

- Anderson, M. (2020) Go Make Camps Deeper in the Forest. How the Amazon's Indigenous People are Handling the Threat of the Coronavirus. *Time*, 24 April 2020.
- Bloomfield, Laura S. P. et al (2020). Habitat fragmentation, livelihood behaviors, and contact between people and nonhuman primates in Africa. *Landscape Ecology* 35: 985–1000.
- FAO (2018). The State of the World's Forests 2018: Forest pathways to sustainable development. Rome: FAO, 139 pp.
- FAO (2020). The impacts of COVID-19 on the forest sector: How to respond? Rome: FAO, 6 pp.
- FAO and UNEP (2020). The State of the World's Forests 2020. Forests, biodiversity and people. Rome: FAO, 214 pp.
- Government of India, Press Information Bureau (2020) Presentation of details of Tranche 2 by Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman under Aatmanirbhar Bharat Abhiyaan to support Indian economy in fight against COVID-19 (Press Release ID: 1623840). 14 May 2020
- Hepburn, C., O'Callaghan, B., Stern, N., Stiglitz, J., and Zenghelis, D. (2020). Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change? Smith School Working Paper 20-02. Oxford, United Kingdom: University of Oxford, 48 pp.
- IPCC (2013). Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.
- T. F. Stocker, D. Qin, G.-K. Plattner, M. Tignor, S.K. Allen, J. Boschung, A. Nauels, Y. Xia, V. Bex and P.M. Midgley (eds.), Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, 1535 pp.
- Khan, R. S. (2020) As a 'green stimulus' Pakistan sets virus-idled to work planting trees. *Reuters*, 28 April 2020
- Mukesh, ASRP (2020) Jharkhand launches three rural schemes for jobless migrants. *Times of India*, 5 May 2020
- Musto, J (2020) Iceland uses coronavirus stimulus money to fight climate change. *Fox News*, 9 May 2020
- Nair, C.T.S. & Rutt, R. (2009). Creating forestry jobs to boost the economy and build a green future. Rome: FAO, 8 pp.
- UN (2020a). Shared responsibility, global solidarity: Responding to the socio-economic impacts of COVID-19. New York: United Nations, 26 pp.
- UN (2020b). World Economic Situation and Prospects as of mid-2020. New York: United Nations, 20 pp.
- UN DESA (2020) The Impact of COVID-19 on Indigenous Peoples. Policy Brief No. 60. New York: United Nations Department of Economic and Social Affairs, 3 pp.
- UNEP (2016). UNEP Frontiers 2016 Report: Emerging Issues of Environmental Concern. Nairobi, Kenya: United Nations Environment Programme, 77 pp.
- Wunder, S., Börner, J., Shively, G. and Wyman, M. (2014). Safety nets, gap-filling and forests: a global-comparative perspective. *World Development* 64: S29-S42.

# 23 - The impact of COVID-19 on sport, physical activity and well-being and its effects on social development

## INTRODUCTION

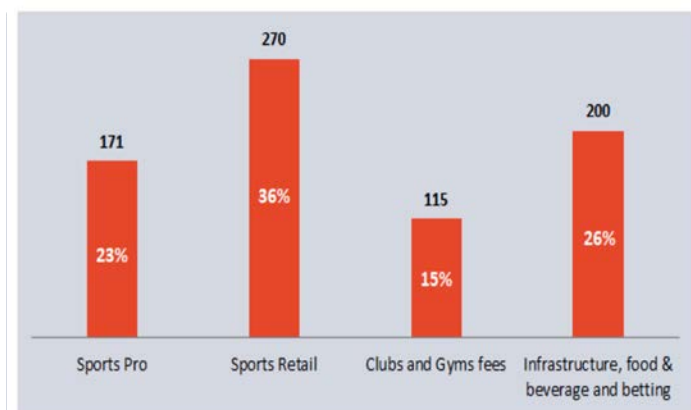
Sport is a major contributor to economic and social development. Its role is well recognized by Governments, including in the Political Declaration of the 2030 Agenda, which reflects on “the contribution sports make to the empowerment of women and of young people, individuals and communities, as well as to health, education and social inclusion objectives.”

Since its onset, the COVID-19 pandemic has spread to almost all countries of the world. Social and physical distancing measures, lockdowns of businesses, schools and overall social life, which have become commonplace to curtail the spread of the disease, have also disrupted many regular aspects of life, including sport and physical activity. This policy brief highlights the challenges COVID-19 has posed to both the sporting world and to physical activity and well-being, including for marginalized or vulnerable groups. It further provides recommendations for Governments and other stakeholders, as well as for the UN system, to support the safe reopening of sporting events, as well as to support physical activity during the pandemic and beyond.

## THE IMPACT OF COVID-19 ON SPORTING EVENTS AND THE IMPLICATIONS FOR

### Global Revenues–Sports Industry

US\$ billion



Source: Sports Value.

## SOCIAL DEVELOPMENT

To safeguard the health of athletes and others involved, most major sporting events at international, regional and national levels have been cancelled or postponed – from marathons to football tournaments, athletics championships to basketball games, handball to ice hockey, rugby, cricket, sailing, skiing, weightlifting to wrestling and more. The Olympics and Paralympics, for the first time in the history of the modern games, have been postponed, and will be held in 2021.

The global value of the sports industry is estimated at US\$756 billion annually. In the face of COVID-19, many millions of jobs are therefore at risk globally, not only for sports professionals but also for those in related retail and sporting services industries connected with leagues and events, which include travel, tourism, infrastructure, transportation, catering and media broadcasting, among others. Professional athletes are also under pressure to reschedule their training, while trying to stay fit at home, and they risk losing professional sponsors who may not support them as initially agreed.

In addition to economic repercussions, the cancellation of games also impacts many social benefits of global and regional sport events, which can cement social cohesion, contribute to the social and emotional excitement of fans, as well as their identification with athletes leading to greater physical activity of individuals. Sport has long been considered a valuable tool for fostering communication and building bridges between communities and generations. Through sport, various social groups are able to play a more central role towards social transformation and development, particularly in divided societies. Within this context, sport is used as a tool for creating learning opportunities and accessing often marginal or at-risk populations.

Major sporting organisations have shown their solidarity with efforts to reduce the spread of the virus. For example, FIFA has teamed up with the World Health Organisation (WHO) and launched a ‘Pass the message to kick out coronavirus’ campaign led by well-known football players in 13 languages, calling on people to follow



five key steps to stop the spread of the disease focused on hand washing, coughing etiquette, not touching one's face, physical distance and staying home if feeling unwell. Other international sport for development and peace organizations have come together to support one another in solidarity during this time, for example, through periodic online community discussions to share challenges and issues. Participants in such online dialogues have also sought to devise innovative solutions to larger social issues, for example, by identifying ways that sporting organisations can respond to problems faced by vulnerable people who normally participate in sporting programmes in low income communities but who are now unable to, given restriction to movement.

The closure of education institutions around the world due to COVID-19 has also impacted the sports education sector, which is comprised of a broad range of stakeholders, including national ministries and local authorities, public and private education institutions, sports organizations and athletes, NGOs and the business community, teachers, scholars and coaches, parents and, first and foremost, the – mostly young – learners. While this community has been severely impacted by the current crisis, it can also be a key contributor to solutions to contain and overcome it, as well as in promoting rights and values in times of social distancing.

As the world begins to recover from COVID-19, there will be significant issues to be addressed to ensure the safety of sporting events at all levels and the well-being of sporting organizations. In the short term, these will include the adaptation of events to ensure the safety of athletes, fans and vendors, among others. In the medium term, in the face of an anticipated global recession, there may also be a need to take measures to support participation in sporting organizations, particularly for youth sports.

## **THE IMPACT OF COVID-19 ON PHYSICAL ACTIVITY AND WELL-BEING**

The global outbreak of COVID-19 has resulted in closure of gyms, stadiums, pools, dance and fitness studios, physiotherapy centres, parks and playgrounds. Many individuals are therefore not able to actively participate in their regular individual or group sporting or physical activities outside of their homes. Under such conditions, many tend to be less physically active, have longer screen time, irregular sleep patterns as well as worse diets, resulting in weight gain and loss of physical fitness. Low-income families are especially vulnerable to negative effects of stay at home rules as they tend to have sub-

standard accommodations and more confined spaces, making it difficult to engage in physical exercise.

The WHO recommends 150 minutes of moderate-intensity or 75 minutes of vigorous-intensity physical activity per week. The benefits of such periodic exercise are proven very helpful, especially in times of anxiety, crisis and fear. There are concerns therefore that, in the context of the pandemic, lack of access to regular sporting or exercise routines may result in challenges to the immune system, physical health, including by leading to the commencement of or exacerbating existing diseases that have their roots in a sedentary lifestyle. Lack of access to exercise and physical activity can also have mental health impacts, which can compound stress or anxiety that many will experience in the face of isolation from normal social life. Possible loss of family or friends from the virus and impact of the virus on one's economic well-being and access to nutrition will exacerbate these effects.

For many, exercising at home without any equipment and limited space can still be possible. For those whose home life can involve long periods of sitting, there may be options to be more active during the day, for example by stretching, doing housework, climbing stairs or dancing to music. In addition, particularly for those who have internet access, there are many free resources on how to stay active during the pandemic. Physical fitness games, for example, can be appealing to people of all ages and be used in small spaces. Another important aspect of maintain physical fitness is strength training which does not require large spaces but helps maintain muscle strength, which is especially important for older persons or persons with physical disabilities.

The global community has adapted rapidly by creating online content tailored to different people; from free tutorials on social media, to stretching, meditation, yoga and dance classes in which the whole family can participate. Educational institutions are providing online learning resources for students to follow at home. Many fitness studios are offering reduced rate subscriptions to apps and online video and audio classes of varying lengths that change daily. There are countless live fitness demonstrations available on social media platforms. Many of these classes do not require special equipment and some feature everyday household objects instead of weights.

Such online offerings can serve to increase access to instructors or classes that would otherwise be inaccessible. However, access to such resources is far from universal, as not everyone has access to digital technologies. For individuals in poorer communities and in many developing countries, access to broadband Inter-

net is often problematic or non-existent. The digital divide has thus not only an impact on distance banking, learning or communication, but also on benefitting from accessing virtual sport opportunities. Radio and television programmes that activate people as well as distribution of printed material that encourages physical activity are crucial in bridging the digital divide for many households living in precarious conditions. Young people are particularly affected by social and physical distancing, considering sport is commonly used as a tool to foster cooperation and sportsmanship, promote respectful competition, and learn to manage conflict. Without sport, many young people are losing the support system that such participation provided. Currently some organizations, and schools have begun using virtual training as a method for leagues, coaches and young people to remain engaged in sport activities while remaining in their homes.

## CONCLUSIONS AND RECOMMENDATIONS

The COVID-19 pandemic has had and will continue to have very considerable effects on the sporting world as well as on the physical and mental well-being of people around the world. The following recommendations seek to both support the safe re-opening of sporting events and tournaments following the pandemic, as well as to maximize the benefits that sport and physical activity can bring in the age of COVID-19 and beyond.

### The impact of COVID-19 on sporting events

#### 1. Sporting federations and organizations.

Governments and intergovernmental organizations may provide sports federations, clubs and organizations around the world with guidance related to safety, health, labour and other international standards and protocols that would apply to future sport events and related safe working conditions. This would allow all stakeholders to work cooperatively as a team with the objective to address the current challenges and to facilitate future sports events that are safe and enjoyable for all.

#### 2. Professional sport ecosystem.

The sport ecosystem, comprising of producers, broadcasters, fans, businesses, owners and players among others, need to find new and innovative solutions to mitigate the negative effects of COVID19 on the world of sport. This includes finding ways to engage with fans in order to ensure safe sport events in the future while maintaining the workforce, creating new operating models and venue strategies.

### The impact of COVID-19 on physical activity and well-being

#### 1. Supporting physical activity.

Governments should work collaboratively with health and care services, schools and civil society organizations representing various social groups to support physical activity at home. Enhancing access to online resources to facilitate sport activities where available should be a key goal in order to maintain social distancing. However, low-tech and no-tech solutions must also be sought for those who currently lack access to the internet. Creating a flexible but consistent daily routine including physical exercise every day to help with stress and restlessness is advisable.

#### 2. Research and policy guidance.

The United Nations system, through its sports policy instruments and mechanisms such as the Intergovernmental Committee for Physical Education and Sport,<sup>7</sup> as well as through its research and policy guidance should support Governments and other stakeholders to ensure effective recovery and reorientation of the sports sector and, at the same time, strengthen the use of sports to achieve sustainable development and peace. Scientific research and higher education will also be indispensable pillars to inform and orient future policies.

#### 3. Technical cooperation and capacity development.

Governments, UN entities and other key stakeholders should ensure the provision of capacity development and technical cooperation services to support the development and implementation of national policies and approaches for the best use of sport to advance health and well-being, particularly in the age of COVID-19.

#### 4. Outreach and awareness raising.

Governments, the United Nations and the sporting community, including the sporting education community, should disseminate WHO and other guidance on individual and collective measures to counter the pandemic. Measures must be taken to reach communities that have limited access to the Internet and social media and that can be reached through cascading the sport education pyramid from the national/ministerial level down to the provincial/municipal level, from the national physical education inspector down to the teacher, from the national sport federation down to the clubs. In turn, escalating the pyramid provides for important feedback to identify needs and share specific solutions. Athletes, while deeply affected by the pandemic, remain key influencers to ensure that – especially young – audiences understand risks and respect guidance.

## 5. Promoting positive social attitudes and behaviour.

Sport education is a powerful means to foster physical fitness, mental well-being, as well as social attitudes and behaviour while populations are locked down. International rights and values based sport education instruments and tools, such as the International Charter of Physical

Education, Physical Activity and Sport, the Quality Physical Education Policy package and the Values Education through Sport toolkit remain highly relevant references to ensure that the many online physical activity modules that are being currently deployed comply with gender equality, non-discrimination, safety and quality standards.

## ENDNOTES

- <sup>1</sup> <https://www.olympic.org/news/joint-statement-from-the-international-olympic-committee-and-the-tokyo-2020-organising-committee>; <https://www.olympicchannel.com/en/stories/news/detail/tokyo-olympic-games-postponed-ioc/>
- <sup>2</sup> <https://sportsvenuebusiness.com/index.php/2020/03/19/coronavirus-economic-impact-on-the-sports-industry/> and also source of graphic 1
- <sup>3</sup> <https://www.fifa.com/who-we-are/news/five-steps-to-kicking-out-coronavirus#five-key-steps-to-tackle-the-coronavirus-overview-graphic-x2012>
- <sup>4</sup> See, for example: <https://www.laureus.com/sport-for-good/covid-19-support>; <http://www.beyondsport.org/articles/beyond-sport-community-chats-how-can-we-help/>
- <sup>5</sup> <https://www.who.int/news-room/fact-sheets/detail/physical-activity>
- <sup>6</sup> <https://www.un.org/en/observances/sport-day/resources>; <https://www.who.int/news-room/q-a-detail/be-active-during-covid-19>
- <sup>7</sup> <http://www.unesco.org/new/en/social-and-human-sciences/themes/physical-education-and-sport/cigeps/>





## FOR MORE INFORMATION

[UN.ORG/DESA](http://UN.ORG/DESA)

[FACEBOOK.COM/JOINUNDESA](https://FACEBOOK.COM/JOINUNDESA)

[TWITTER.COM/UNDESA](https://TWITTER.COM/UNDESA)

[YOUTUBE.COM/UNITEDNATIONSDESA](https://YOUTUBE.COM/UNITEDNATIONSDESA)



DEPARTMENT OF  
**ECONOMIC AND  
SOCIAL AFFAIRS**