

BRIEF#1: INITIAL INSIGHTS ON UNCT COVID-19 RESPONSE

MAY 2020



The United Nations has mobilized the full capacity of the UN system through its 131 country teams serving 162 countries and territories, to support national authorities in developing public health preparedness and response plans to the COVID-19. Over the next 12 to 18 months, the UN's support will be delivered through the UN global framework for the immediate socio-economic response to COVID-19. The socio-economic response complements the UN health response, led by WHO, and will deliver support to countries across five pillars of action.



This brief presents a summary of key findings from 51 country socioeconomic impact assessment (SEIA), 5 regional reports; and a survey (91 responses as of 9 May 2020) undertaken by UNDP with UNDP Resident Representatives¹ aimed at collecting information on UNDP's engagement in interagency efforts to assess and respond to the socio-economic impact of the COVID-19 crisis at country level. Ten of the country assessments state that they were conducted in collaboration with UN agencies and/or IFIs, and nearly all survey responses indicate interagency collaboration in developing the socio-economic assessments.



It is important to note that most countries have launched a series of rapid assessments of the socio-economic impacts of COVID-19, with some countries still lacking the necessary data to undertake in-depth analysis for affected sectors and population groups. Most countries have also indicated that socioeconomic assessments will continue to be carried out as the impact of the pandemic is unfolding, with the biggest impact of the global economic depression still to be felt. Many reports analyze future socioeconomic impacts and potential scenarios.

¹ 91 responses as of 9 May 2020.

GLOBAL INSIGHTS ON THE CRISIS

Confirmed cases of COVID-19 infections globally have surpassed 4 million people, with close to 300,000 deaths² across 210 countries and territories. A high incidence of COVID-19 cases is concentrated in high-income countries such as the USA, Spain, Italy and UK, with rapid surges being seen in Russia. Among developing countries, current hotspots are found in Turkey, Brazil and Iran.

While the pandemic's economic impact is expected to be sizable globally, it will be felt differently across countries depending on their underlying economic and demographic structures. Most countries, however, are facing grim trade-offs between livelihoods and lives as they aim to mitigate the spread and impact of the COVID-19 crisis.

Internal and external channels of transmission of the COVID-19 socioeconomic impacts will also vary across countries and regions. These different, often interlinked, transmission channels or risk-factors are key determinants of countries' ability to manage and respond to the pandemic. In several countries, COVID-19 adds to several already existing financial, climate, health and/or social crises, and threatens to roll-back development by decades.

For instance, reduction in economic activities have led to a reduction in the demand for commodities. Commodity prices are falling sharply across the board, especially for energy commodities, causing significant reductions in government revenue and foreign exchange for commodity-export dependent countries.³ Countries deeply integrated

into global value chains (GVCs) with low-skilled and labor-intensive manufacturing will witness major lay-offs, unemployment, and loss of income for an already vulnerable group of workers.

In some countries, the pandemic is also exacerbating levels of already existing fiscal stress due to loss of revenue combined with high levels of debt, debt service costs, and capital flight, further severely inhibiting some governments' capacity to respond to the crisis. Eighteen emerging economies have already had their sovereign ratings cut this year and face significant constraints in accessing financial markets and in ability to service existing debt. Additionally, countries affected by fragility, conflict and violence suffer from already weak health and socio-economic support systems, leaving societies more vulnerable to the spread and impact of the virus.

The country SEIA reports reveal a set of emerging global insights, *inter alia*:

- **The incidence of COVID-19 cases does not necessarily match the socioeconomic impact felt by countries:** Whereas most developing countries are thought to be at the early stages of the epidemic, they are already dealing with great disruptions to the economy, jobs and livelihoods due to the economic shocks.
- **Getting health systems ready is a first challenge:** It is estimated that there are only 2.2 ICU beds per 100,000 in India, and far lower in Nigeria with only 0.07 per 100,000.⁴ While we know that COVID-19 has a steep

² WHO COVID-19 Dashboard (as of 10 May 2020) indicates 3,884,434 confirmed cases and 272,859 deaths worldwide.

³ Commodity dependent countries include 65% of countries in the Middle East and North Africa. Half of the countries in Latin America and the Caribbean, and half of the countries in East Asia and the Pacific (UNCTAD).

⁴ www.ncbi.nlm.nih.gov/pubmed/31923030 and www.mckinsey.com/industries/pharmaceuticals-and-medical-products/our-insights/winning-in-nigeria-pharmas-next-frontier

age-gradient of risk, the young population-age of many lower income countries could help keep fatalities down. But if extremely weak health systems are not urgently ramped up, such age-advantages are likely to be cancelled out by higher fatalities due to low quantity and quality of care, and the compounding effects of co-morbidities. Increased pressure on health care systems from COVID-19 will disrupt other health and medical services and lead to higher excess mortality. Imperial College's COVID-19 response team estimates that in high burden settings, HIV, TB and malaria related deaths over 5 years may be increased by up to 10%, 20% and 36%, respectively, compared to if there were no COVID-19 epidemic.⁵

- **Tourism and commodity dependence:** As international travel has come to a halt so has the economies of tourism-dependent countries. Many of these countries are also highly dependent on food imports, and risk facing a foreign exchange shortage. Countries overly reliant on commodity exports are facing a similar shock, especially energy exporters, with oil prices having fallen by more than 50% since the beginning of the year.
- **Remittances dependence:** Millions of migrants have already lost their jobs and income, thereby cutting off an important lifeline for poor and vulnerable households in their home countries. It is estimated that remittances to low- and lower middle-income countries will fall by almost 20% this year.⁶
- **A lurking debt crisis:** Even prior to COVID-19 fiscal stress had reached high levels in many emerging and developing economies with

high debt to GDP and debt servicing costs. The economic shock from COVID has reduced revenue and foreign exchange needed to service debt, and at the same time increased pressures to borrow to respond to the crisis. Eighteen emerging market sovereigns have already been downgraded so far this year driving borrowing costs up further.⁷

- **Poverty and inequality:** Countries with a high number of poor people or people living close to the poverty line are at high risk in terms of both loss of lives and loss of livelihoods if governments do not urgently find a way of providing targeted relief and ensure access to essential services. Estimates from the World Bank suggest that COVID-19 could push an additional 40-60 million people into extreme poverty. 80% of this population is expected to be in Sub-Saharan Africa and South Asia.⁸
- **Social protection and informality:** Mechanisms for identifying and adequately targeting vulnerable groups are being called in many countries. Workers in the informal sector, who earn low wages, have little to no savings and access to social protection. They are therefore highly vulnerable to income shocks. The International Labor Organization (ILO) has warned that COVID-19 threatens the livelihoods of 1.6 billion workers in the informal economy- nearly half the global workforce.⁹ In the first month of the crisis it is estimated that informal workers lost 60% of their income. Workers in Africa and the Americas have been hit the hardest with an 81% reduction in both regions.¹⁰
- **A disproportionate impact on women:** Economic shocks affect women disproportionately as

⁵ www.imperial.ac.uk/mrc-global-infectious-disease-analysis/covid-19/report-19-hiv-tb-malaria/

⁶ www.worldbank.org/en/news/press-release/2020/04/22/world-bank-predicts-sharpest-decline-of-remittances-in-recent-history

⁷ www.economist.com/briefing/2020/05/02/which-emerging-markets-are-in-most-financial-peril

⁸ Estimating how much global poverty will increase due to COVID-19 is challenging given the lack of data, difficulty in setting economic growth projections, and defining how growth will impact the poor (source: World Bank Data Blog, 20 April 2020: The impact of COVID19 (Coronavirus) on Global Poverty by Daniel Gerszon Mahler, Christoph Lakner, R. Andres Aguilar, and Haoyu Wu).

⁹ www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_743036/lang-en/index.htm

¹⁰ Ibid.

they earn less, have less savings, and more frequently hold insecure jobs. It is estimated that 70% of women in developing economies work in the informal sector with little or no social protection, and that women aged 25-34 are 25% more likely to live in extreme poverty than men.¹¹ Furthermore, as schools close and health systems become overwhelmed, women and girls take on a disproportionate amount of additional unpaid care work. Women also make up a higher share of healthcare workers – globally 70% – and are thus more exposed to infection. As examples, 72% and 66% of infected healthcare workers in Spain and Italy are women.¹²

- **Violence against women and girls is increasing globally** as the COVID-19 pandemic adds to economic and social stresses, and measures to restrict contact and movement are confining people to their homes. Crowded households, substance abuse, limited access to services, and reduced peer support are exacerbating these conditions.¹³
- **Food insecurity:** Some countries are at risk of great disruptions to food production and food markets, especially countries that are food import dependent. Countries facing foreign exchange losses are the most vulnerable to such disruptions, but countries with a loss of purchasing power for poor people are also at risk. The World Food Programme (WFP) reckons that as a result of COVID-19 265 million people in low and lower middle-income countries could suffer from acute hunger by the end of the year if swift action is not taken.¹⁴

- **Education crisis:** Learning inequalities are widening and impacting the opportunities of an entire generation. This is especially due to differences in access to remote-learning opportunities provided through solutions which rely on internet access. Nationwide closures are impacting over 72% of the world's student population (1,268,164,088 students) across 168 countries (UNESCO).¹⁵
- **Digital divide:** Digitalization is becoming the new normal for many services and businesses, but the digital divide is exacerbating inequalities among the haves and have-nots (e.g. access to basic services, e-businesses, etc.). About 86% of the world's population do not have reliable broadband internet, limiting their ability to work remotely, engage in distance education, or be socially connected during shutdowns. Bridging the digital divide will be a critical factor in the socioeconomic response in many countries.
- **Risk of civil and political unrest:** At least 18 national elections and referendums have already been postponed. In some context, such postponements can heighten tensions, and lead to increased risk of unrest.

¹¹www.unwomen.org/en/digital-library/publications/2020/04/policy-brief-the-impact-of-covid-19-on-women

¹²Ibid.

¹³Ibid.

¹⁴<https://insight.wfp.org/covid-19-will-almost-double-people-in-acute-hunger-by-end-of-2020-59df0c4a8072>

¹⁵**Note:** Figures correspond to the number of learners enrolled at pre-primary, primary, lower-secondary, and upper-secondary levels of education [ISCED levels 0 to 3], as well as at tertiary education levels [ISCED levels 5 to 8]. Enrolment figures based on latest UNESCO Institute for Statistics data.

SNAPSHOT OF POLICY RESPONSES

Responses to COVID-19 are taking place at varying speeds, and multiple levels of scale across programme countries. Below is a summary of emerging pathways, trends, as well as responses across the five pillars of the UNDS' socio-economic response framework, with descriptions of corresponding interagency actions (primarily based on UNDP survey responses).

Three emerging pathways: The sequencing of policy responses followed by different countries are not uniform, but three major pathways are emerging:

- I. *the health-crisis first pathway*, starts with a surge in Covid-19 cases, followed by containment efforts with effects on jobs, income and livelihoods (this is the case observed in most of Asia, Europe, parts of Africa, and parts of Latin America;
- II. *the socio-economic crisis first pathway*, starts as governments pre-empt the health crisis with a shutdown of businesses, jobs, gatherings, and a closure of borders before the pandemic has surged (this is the case observed in parts of Sub-Saharan Africa, Latin America and most rural areas around the developing world;
- III. *and the fragile/crisis context pathway*, in which the humanitarian dimension takes precedence, and logistics for essential supplies, food, and medical services are critical centerpieces of the response.

Seven no-regret actions: Looking across pillars, seven trends in the response to COVID-19 have emerged. They are multifaceted and interlocked, and include: i) targeted technical activities necessary for translating ideas into action (task forces, planning); ii) immediate direct support to fill gaps in resources (procurement of supplies, technology distribution); and iii) large-scale for medium-to-long term infrastructure changes (reskilling labor, moving institutions online, monitoring systems). The trends are:

1. Task force development for targeted and tailored responses to specific issues, or protection of specific populations
2. Procurement of medical supplies, ignition of supply production, and support to supply distribution.
3. Reskilling and upskilling labor affected by business disruptions
4. Awareness building, safety advice, and combating misinformation
5. Institutional transitions to digital environments and online work
6. Repurposing of existing infrastructure to facilitate large-scale distribution and monitoring
7. Recovery planning focused on anticipated medium-to-long term issues

RESPONSES ACROSS THE FIVE PILLARS

Health first: protecting health services and systems during the crisis

COVID-19 has revealed massive shortages in resources, ranging from sanitation products, basic medical supplies and virus-specific medical equipment, and the UNDS is supporting countries in increasing access to necessary equipment. In Cameroon, UNICEF worked with local authorities to install hand-washing stations and provide face masks to vulnerable groups. In Morocco, WHO and UNDP purchased 10,000 COVID-19 tests. In Niger, UNHCR and UNDP are supporting soap production in refugee and IDP camps. In Nigeria, UNDP procured 4.7 million surgical gloves and sampling kits. In Ghana, UNICEF is leading a partnership to open up testing laboratories at the sub-national level.

Safety and health measures are also being taken to maintain foundational governance processes, including elections. For example, to move ahead with upcoming elections, the Central African Republic is ensuring that all 4,000 voter enrolment centers and polling stations are equipped with COVID-kits for voters.

Protecting people: social protection and basic services

New and expedited basic service delivery for broad populations, and social protections targeting highly vulnerable populations, are being supported.

Vulnerable populations including women, the elderly, persons with disabilities, and people living in poverty are being supported through a wide range of initiatives. Examples include Bhutan, where sign language interpreters are available for daily press conferences. In Cameroon, the UNCT is working with the government to create a joint

basket of funds to boost livelihoods and support vulnerable communities. Furthermore, UN Women engaged religious leaders, and women and youth organizations to provide essential supplies for women in vulnerable communities. New partnerships are also emerging between UNFPA, UN Women and others to respond to issues of domestic violence.

Beyond physical resources, the pandemic has illuminated needs for rapid knowledge building and growth in a range of competencies to protect people. In Turkey, WHO and UNDP are providing technical know-how to the Ministry of Health on outreach to the most disadvantaged populations including women, migrants, refugees and the elderly.

Economic response & recovery: protecting jobs, small medium enterprises, and informal sector workers

Some countries are repurposing existing infrastructure of large-scale programmes as a quick and effective way to reach entire populations. In Cambodia, the ILO and UNDP supported the rapid roll out of cash transfers to informal workers, using the existing national ID system. Malawi expanded E-HIN, an electronic tracking system, to supply chain monitoring, including control and management of essential supplies.

Some countries are taking innovative steps to engage businesses that are the most vulnerable to the effects of COVID-19. In Serbia, WHO and UNDP launched a Challenge Prize for local SMEs to come up with solutions related to medical supply production and beyond. The ILO provided advice to Belarus on time-bound tax relief and income smoothing measures to support business continuity, especially for MSMEs and the self-employed.

Macroeconomic response and multilateral collaboration

Governments are moving their own work online and creating digital services. A massive amount of software licenses for video conferencing, internet connections, and technologies are being distributed to governments. The Senegalese government received 1000 internet connections and 300 Zoom software licenses from UNDP. In some places, core services have become digital, such as in Gambia where a Virtual Court has been set up to focus on bail applications, through which 121 inmates have been granted bail.

Interagency task forces are emerging to focus on sectors of economies hit hardest, and populations most vulnerable to the COVID-19 related shocks. One example is in Moldova, where UNICEF, UNFPA, UN Women, OHCHR, UNDP and the WB formed a task force to support the Ministry of Education, Culture and Research to respond to the challenges and needs of the education system during the crisis.

Responding to the pandemic has required heavy investment in short-term responses, but planning for the future is increasingly becoming a top priority. Some countries have already been able to begin this process. In Turkey, UNHCR and UNDP are working on 3RP, the Regional Refugee and Resilience Plan, to support Syrian refugees and host communities in recovery.

Social cohesion and community resilience

Countries are struggling to understand the evolution of the virus, and to educate their populations on how to stay safe. As such, creating effective mass communications has become a critical component of response efforts, and countries are tackling communications creatively.

For example, in Turkey, UNESCO and UNDP adapted audio messages in multiple languages to encourage healthy behavior and address misinformation, and worked with radio stations to disseminate these. In Nepal, the UNCT is supporting the Government to set up call centers to address questions about COVID-19 prevention, attention and care. In Moldova, UNDP, WHO, UNFPA, UNICEF, the European Space Agency and private sector companies, established a Big Data for COVID-19 partnership that uses cross-sector datasets (e.g. mobility, electricity consumption, internet traffic) to better understand and tackle emergent problems.

LOOKING FORWARD & REMAINING CHALLENGES

Many challenges remain, that will require our attention as we move forward. Perhaps the key challenge is the time horizon of the crisis, which has an unknown endpoint, tied to the availability of vaccines and/or a cure. This means most countries need to prepare for the long haul –including weathering the largest global economic recession since the 1930s. There are many pressure points that will inform the trajectory of the response and future recovery pathways.

1. Countries are struggling to find the appropriate balance between the health and economic response, while managing trade-offs. One example of how this is being handled is in Nigeria, where the World Bank and UNDP are developing a policy brief on “containment alternatives”, a balancing act in lockdown and opening up of businesses.
2. It is increasingly apparent that debt relief (moratoriums, cancellations, etc.) and debt restructuring is necessary, and spend significant time and energy will be needed to get this right.
3. Resource mobilization continues to be a priority in many countries. Right now, some are able to mobilize funds, and some are being allowed to repurpose existing funding; However, many countries remain uncertain and on edge about current and sustained resource shortages.
4. Expertise is in short supply. One example of providing support to countries with a shortage of expertise is in DRC, where UNDP has deployed experts (economists, statisticians and monitoring and evaluation specialists) to work in government for six months.
5. Transitioning governments to e-services and digital institutions is taking time, and needs to be fast-tracked wherever possible. In some countries, fast tracking is not an option because the foundational digital infrastructure does not exist. For example, in Tajikistan, there is a general lack of connectivity and the internet is expensive, so many partners lack high speed connection.
6. There is insufficient attention being paid to mid-to-long term recovery in many countries, and it will be critical supporting countries in moving smoothly from immediate relief, to strategic planning for longer term recovery.



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