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OCCASIONAL PAPER SERIES N° 69

COVID-19 in the Global South: Impacts and policy responses

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Publisher

Southern Voice

Website: www.southernvoice.org

E-mail: info@southernvoice.org

First Published February 2021

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ISSN 2307-9827 (Online)

ISSN 2307-681X (Print)

Preface

The world is facing an unprecedented global health crisis. However, while we are all navigating the same storm, we are not in the same boat. COVID-19 found the Global South with rudimentary social protection systems, and often with limited economic room for manoeuvre. Pre-existing economic, social, and environmental conditions have aggravated the impacts of the crisis, especially on poorer and least developed countries (LDCs).

At Southern Voice, our role is to present evidence and perspectives that reflect the realities of COVID-19 experienced in the Global South to help guide global decisions. Since the COVID-19 crisis started, the network has been engaged in novel collaborations with its partners. The purpose of these partnerships has been to study responses to the pandemic through research and dialogue across the Global South. Our work with various think tanks and development partners, has focused on policy solutions backed up by evidence-based research. This contextualised policy outlook has been central to mitigating the unprecedented economic and social impact of the health crisis.

This exploratory research examines the impact of COVID-19, particularly on LDCs and lower-middle income countries. Most importantly, it shows the need for responses to the crisis that take into consideration the circumstances of Global South countries.

We hope that this joint effort by Southern Voice and the Overseas Development Institute will be useful in crafting relevant policy responses to confront the medium- to long-term challenges presented by the pandemic.

Debapriya Bhattacharya, PhD
Chair, Southern Voice
and
Distinguished Fellow, Centre for Policy Dialogue (CPD)

Acknowledgement

Over the past year, Southern think tanks and the Overseas Development Institute have explored the global and national level impacts of COVID-19. This paper brings together some broad lessons on those impacts from a Southern perspective. The lessons will inform future work, for example the think tanks engaged in the discussions are now involved in a wider project (supported by the International Development Research Centre [IDRC]) examining the macro-economic responses to COVID-19.

We are grateful to the following Global South researchers for contributing with their views: Philani Mthembu, Miguel Jaramillo, Ibrahim Kasirye, Gurpreet Singh, Maria Caridad Ortiz, and Vaqar Ahmed. Their insights have made this paper a more comprehensive document that captures the impacts of COVID-19 in different Global South countries and regions.

Abstract

The objective of this analysis is to explore the impact of, and responses to, COVID-19 and how it is affecting the Global South. It delves into the social and economic impacts which have been influenced by existing structures, weak policy responses, multiple crises and other factors.

COVID-19 has severely affected economies in the Global South. Gross domestic product (GDP) has been affected not only because of lockdowns, but also because of the global slowdown and its effects on tourism, trade in goods, and capital flows. Whilst the immediate health and direct economic impact appears to be lower or similar between poorer and richer economies, poorer countries are likely to be affected more in the medium term because of less well-resourced policy responses. Furthermore, the pandemic is having significant social impacts such as rising inequality and the creation of new vulnerable groups.

This paper further explores some of the policies in the Global South characterised by limited access to international financial resources and limited capacity to mobilise domestic resources. It has become clear that social safety nets in many countries have not coped well with the current crisis, both because of lack of resources and weak targeting mechanisms in place to reach out to the informal sector. Additionally, the response from the development cooperation system has been insufficient, given the intensity of the crisis.

Authors

Lorena Alcázar is a senior researcher at Group for the Analysis of Development (GRADE) and holds a PhD in Economics from Washington University. Her research interests are focused on social policy, education, gender and design and evaluation of social programmes. She can be reached at lalcazar@grade.org.pe.

Debapriya Bhattacharya is a macroeconomist and public policy analyst, and currently a distinguished fellow at the Centre for Policy Dialogue (CPD). He can be reached at deb.bhattacharya@cpd.org.bd.

Estefanía Charvet is head of programmes at Southern Voice. She has an academic background in Economics and holds and MA in Development Studies from the Graduate Institute Geneva. She can be reached at estefania@southernvoice.org.

Tausi Mbaga Kida is the executive director of the Economic and Social Research Foundation (ESRF) and vicepresident of the Economic Society of Tanzania (EST). She can be reached at tkida@esrf.or.tz

Desmond Mushi is a researcher at the Economic and Social Research Foundation (ESRF) and founder of The African Economist. He can be reached at desmond.mushi@gmail.com

Andrea Ordóñez is the director of Southern Voice and has been part of the initiative since inception in 2012. She can be reached at andrea@southernvoice.org.

Dirk Willem te Velde is a principal research fellow and head of the International Economic Development Group at ODI. He can be reached at D.teVelde@odi.org.uk

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Acronyms and abbreviations

FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
IMF	International Monetary Fund
LDCs	Least Developed Countries
LICs	Low Income Countries
LMICs	Lower-Middle Income Countries
OECD	Organisation for Economic Co-operation and Development

COVID-19 in the Global South: Impacts and policy responses

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Introduction

At time of writing it is nearing one year since COVID-19 was declared a pandemic. While the widespread reach of the virus has turned it into an unprecedented global crisis, impacts and policy responses have differed significantly across the world. This paper aims to bring in critical perspectives from the Global South to highlight the differences and commonalities of opportunities and policy alternatives between the Global North and South.

We refer to the Global South not explicitly as a geographical category. Instead we use the term to focus on countries with less advanced economies and institutions, as well as less power in international debates and economic decisions. While the Global South is heterogeneous, some commonalities exist when looking at the income levels of countries and their geographic regions. In terms of income levels, the Global South comprises low to upper middle-income countries. From these countries, only China is a permanent member of the UN Security Council. None are part of the G7 group, and 10 are part of the G20. In a global crisis such as COVID-19, structural differences that relate to economic and political power are even more relevant, given that the responses needed are not only national, but global. Thus, they require international coordination.

No country was fully prepared for a pandemic according to the Global Health Security Index (Nuclear Threat Initiative [NTI] & Center for Health Security, 2019). The average preparedness score was only 40.2 out of a possible 100. Among the countries analysed, just 13 were relatively prepared for a pandemic, with only two from the Global South: Thailand and South Korea. Most importantly, over half of the countries considered 'least prepared,' the lowest category in the index, are from the Global South. One would expect that impacts of the pandemic are clearly differentiated between the Global North and South, with the former outperforming the latter. However, this is not necessarily the case. At the point of this publication, some nations considered as the best prepared have shown poor results suppressing the virus, while some stronger performers are emerging from those countries that were considered 'least prepared,' for example Senegal and Rwanda. This shows that important lessons can be extracted from the Global South, and that responses that emerge from a deep understanding of national contexts and capacities can have positive results, even in resource-constrained countries.

COVID-19 has had considerable negative social and economic effects in the Global South, which are more pronounced in poorer and more unequal countries. Unfortunately, in such contexts, policy responses have been more negligible, and the international community is not stepping up. This means that many vulnerable groups in the poorest countries are suffering the worst from this crisis. Several issues need consideration when designing for a better future, including promoting a formal sector, more effective social protection schemes, effective fiscal responses, and coordinated global action.

> **Many vulnerable groups in the poorest countries are suffering the worst from this crisis.**

This paper is a collaboration between the Southern Voice network of think tanks and the Overseas Development Institute. It is based on a framework developed for understanding past epidemics adapted by the authoring team (part 2). To conduct this exploratory analysis the authors relied on their thematic expertise and secondary sources. Authors also received further inputs from experts within the Southern Voice network on how these themes played out in their different countries and regions. The Global South is heterogeneous, and it is believed that COVID-19 will have more 'catastrophic' impact on weaker economies, particularly the least developed countries, LDCs (Bhattacharya & Islam, 2020a). Thus, this paper puts special attention on LDCs and low-middle income countries which are also on the list of least prepared countries to face the pandemic. This paper does not intend to measure economic or social impacts of COVID-19 or from policies implemented to tackle the pandemic. In the future, specialised analysis is required to unveil such impact either at the national or regional level.

The structure of this paper is as follows. Part 2 examines the impact of COVID-19 on the Global South, distinguishing the impact due to health deterioration, the impact of national restrictions and the impact of the global recession. Part 3 considers a range of policy responses relevant for the present and future, including responses at the national and global level. Part 4 draws conclusions from a Southern perspective.

Exploring the impacts of COVID-19

A framework to explore the impacts of COVID-19 in the Global South

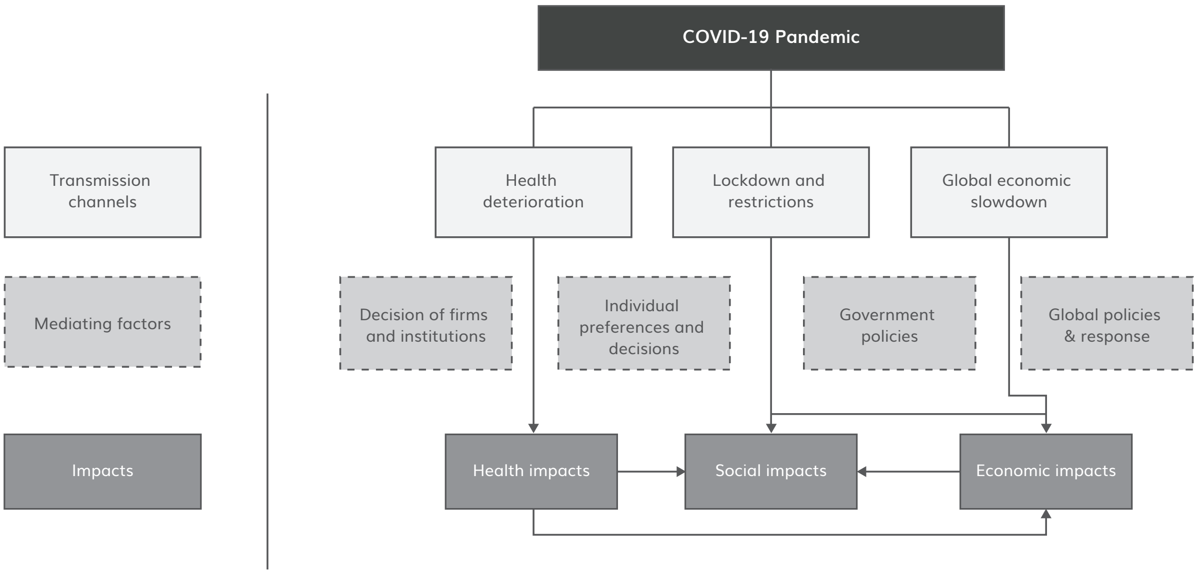
The experience of the past months confirms that COVID-19 has affected lives and economies in complex ways. This analysis applies a framework to explore the systemic changes caused by COVID-19 that includes: transmission channels, mediating factors, and impacts.

Countries in the Global South have been exposed to socio-economic impacts of COVID-19 through three major transmission channels (or connections between direct and indirect effects of COVID-19, see Figure 1), two of which were already identified during the Ebola outbreak in Africa in 2014 (World Bank Group, 2014). The first channel relates directly to the illness including the higher mortality, the costs associated with prevention and care measures in the health sector, etc. The second channel relates to the immediate actions implemented (e.g., social distancing, restriction of movement) aimed at reducing the spread of the virus. The kind, length, and level of COVID-19 restrictions have been varied in the Global South and measures are constantly evolving. The third transmission channel is the global slowdown due to COVID-19. All regions and countries will continue to experience an economic crisis. Most assessments of the economic impact of the pandemic show that it will be of historic proportion and that countries in the Global North will experience a bigger contraction than those in the Global South because of the severity of the health crisis and the level of connectedness within the global economy. International Monetary Fund (IMF) projections from June 2020 already estimated that advanced economies would contract by 8% in 2020, and grow by 4.8% in 2021 (2020a). Emerging markets and developing economies will contract by an estimated 3% in 2020, and grow by 5.9% in 2021. Subsequent estimates (by the IMF and World Bank) suggest that advanced and African economies were affected by around 6% in 2020, but developed countries are expected to pick up faster in 2021 and 2022.

The impacts of the COVID-19 pandemic depend not only on these transmission channels, but also on some additional mediating factors. These include behavioural changes of government institutions, firms, and individuals. For example, even in countries with strict lockdown rules, lack of income may prevent some individuals from staying at home, which in turn reduces the effectiveness of the lockdown to contain the virus.

On the other hand, when these mobility restrictions ease, not everyone will resume activities normally and some individuals may choose to stay home reducing their socialisation and keeping distance from others, wearing masks and also changing their consumption of goods and services. Given the global nature of the crisis, the multilateral system may envision different responses that will also mediate the final impacts observed. These mediating factors are also important to explain the differences seen across countries and regions. By exploring these, we can see where interventions can be introduced to mitigate the expected negative impacts and enable some positive changes.

Figure 1. Channels of potential social and economic impact of the COVID-19



Source: Authors adapted from World Bank Group (2014)

The following subsections consider the impacts experienced in the Global South due to the three transmission channels: health deterioration, the global economic slowdown, and the lockdowns and mobility restrictions. While some of these impacts are already observable, the final intensity of these impacts may be measured in the near future, with more time and data.

Impacts from health deterioration

The degree of health risk and impact differs across and within regions, and these impacts can change quickly. Even those countries that had early successes with controlling the health impacts of the pandemic have seen outbreaks resurge, making it difficult to assess the full scale. What is certain is that many countries in the Global South have struggled to deal with the pandemic owing to their weak health systems.

While exploring the health dimension of the pandemic is not the focus of this paper, it is worth noting the differentiated impact in the Global South. In general, data points to Africa weathering the pandemic with less health impacts both in terms of cases and deaths (at least in the first wave in 2020). In addition to the direct impact of the pandemic, some countries such as Democratic Republic of Congo and South Sudan have had to deal with additional outbreaks such as Ebola and yellow fever. Asia, on the other hand, shows divergent results. Some countries performed well at the beginning of the outbreak, although after almost a year, the region is struggling to contain growing outbreaks. Latin America in general has performed poorly, with high rates of transmission and deaths.

The pandemic has disrupted food systems and created new health threats, such as malnutrition, arising from food insecurity. According to Food and Agriculture Organization (FAO) estimates, the pandemic will leave an additional 132 million people experiencing food insecurity (FAO et al., 2020) as well as 130 million people facing acute hunger (World Food Programme, 2020). This is particularly worrying for children, breastfeeding mothers, and pregnant women. In many LDC and middle-income economies, children rely on school feeding programmes which are not operational. Food insecurity at early stages has been associated with issues in physical and cognitive development, and more specifically with poor academic performance and intellectual outcomes at later stages in life (Perez-Escamilla et al., 2020).

The health impacts are also differentiated among groups. In most of the developing world, indigenous people tend to be among the poor/extreme poor and face limited access to public services, particularly when they are located in their native lands (Cotacachi & Grigera, 2020). COVID-19 is especially of concern for the elderly. In indigenous communities, death of the elderly has additional negative consequences because it contributes to the destruction of ancestral knowledge (Grupo Temático de Ciencias Sociales, 2020).

Impacts from the global economic slowdown

As described previously, health impacts have been very diverse, but all regions are expected to experience a contraction of their economies. The variations in the nature and magnitude of the economic impacts of the pandemic, depend on countries' sectoral structures and initial conditions as well as their exposure to external shocks and to different trade partners. Broadly speaking, restrictions on travel and the collapse of demand for and prices of commodities has meant that countries that are tourism-dependent, oil-exporting, and resource-intensive in general are expected to be most severely affected in the short- and medium-terms. On the other hand, countries that are less resource-intensive, with more diversified economic structures, are expected to have greater resilience.

All regions are highly susceptible to external shocks, particularly related to the demand for key commodities. In Africa, the decline in global demand for commodities affects key economies such as South Africa, Nigeria and Angola. Growth deceleration in major economies, including China, has and will continue to affect the demand for African exports—especially oil, mineral ores, and metals—and affect countries with strong value chain participation as well. This is relevant for countries with rising participation in agribusiness and apparel (Ethiopia and Kenya), manufacturing goods (Tanzania), the automobile industry (South Africa), and mineral exporters that are part of the value chain in electronics (the Democratic Republic of Congo and Zambia) (Madden, 2020).

> **In Africa, the decline in global demand for commodities affects key economies such as South Africa, Nigeria and Angola.**

The situation is similar in Latin America, whose major trading partners are the United States and China. The level of demand from the two countries is uneven in the region. Historically, cycles in Mexico and Central American countries exhibit larger co-movements with the US cycle than South American countries, which experience more demand from China (Izquierdo & Talvi, 2011). Falling commodities prices for products, such as copper and oil, have affected countries such as Chile, Peru, México, and Trinidad and Tobago. On the other hand, oil importing Caribbean and Central American economies have benefited from the falling oil prices (Organisation for Economic Co-operation and Development, [OECD], 2020b).

Asia and the global economy looked to be entering 2020 on a reasonably solid footing. In Asia, business investment remained tepid against a backdrop of lingering fears of the US-China trade war reigniting, although world trade and industrial output looked to have bottomed out late in 2019, offering hope of a recovery into 2020 (Rodgers, 2020). As such, COVID-19 has had an adverse effect on the manufacturing sector and stalled the progress that was being made on easing trade tensions. Economic activities in countries such as Indonesia, Vietnam, and the Philippines contracted sharply, even as China starts to gradually re-open its factories (World Economic Forum, 2020). Towards the end of 2020 and into 2021 China is growing fast and countries such as Vietnam have turned around strongly.

Sectors linked to the global economy, like tourism, are particularly vulnerable across the Global South. In Africa, tourism accounts for 8.5% of the continent's GDP (United Nations Economic Commission for Africa [UNECA], 2020) and it has been severely affected since most countries closed their borders to entry and exit at a time when they were experiencing rising numbers of infections. Africa relies heavily on tourists from Europe and increasingly Asia. In island nations and those heavily reliant on tourism, such as Zanzibar, the pandemic was first and foremost an economic crisis before it was a health crisis. China is an important source of inbound visitors for most countries in Asia. The restrictions on movement by Chinese citizens (imposed by both the Chinese government and others), dealt a major blow to tourism destinations across Asia. For example, through February and into March, hotel occupancy went down to approximately 40% (Rodgers, 2020). The impact on tourism hit the Thai economy especially hard, which depends on tourism and travel spending for one-fifth of its GDP and will also impact the tourism-dependent economies of Malaysia, Indonesia, the Philippines, and Vietnam. Similar impacts are foreseen for the Caribbean Islands and other countries in Latin America. In Guatemala, for example, a survey carried out in May 2020 reported that 85% of tourism related businesses were closed (La Asociación de Investigación y Estudios Sociales [ASIES], 2020). Other sectors that have been hit by the pandemic are those that export goods. For example, in Bangladesh, the garments industry has been severely affected since "orders worth USD 3.15 billion have already been cancelled, affecting 2.25 million workers in 1,134 factories. On the other hand, in Cambodia, one in six factories have suspended work, affecting about 60,000 workers" (Bhattacharya & Islam, 2020).

Countries, particularly in Asia, have seen a depreciation in their currencies and lower activities in financial markets largely due to outflow of capital, further exacerbating the risk of the economic crisis leading into a financial crisis. For instance, the Indonesian rupiah and Thai baht have experienced a marked depreciation against the currencies of their respective trading partners leading to challenges around lending by banks (OECD, 2020b). Finally, COVID-19 is affecting remittances. "In 2020, remittance flows to low- and middle-income countries are expected to drop by around 20 percent to $445 billion, from $554 billion in 2019" (World Bank, 2020). This may be due to the workers' lack of protection in the countries where they currently work and their inability to access the economic support provided by governments in the Global North.

Impacts from lockdowns and mobility restrictions

The extent of impacts observed depends on the duration of the lockdowns or other restrictive measures adopted to contain the spread of the virus. After several lockdowns, and other restrictive measures, many countries faced an excruciating trade-off between saving lives or livelihoods. Poor communities from low-income and middle-income countries have suffered greater impacts, especially those who live in informal settlements or slums with low access to services and who will hardly be able to keep social distance and work from home. Other vulnerabilities relate to lack of access to water and sanitation, which weaken immune systems and hamper hygiene. Under these circumstances, quarantines become risky and hard to comply with.

Reduced demand due to lockdown and mobility restrictions

Lockdowns and the economic recession that follows will especially harm small and micro informal enterprises, which account for eight out every ten enterprises worldwide (International Labour Organization [ILO], 2020a). These enterprises usually employ less than ten low-skilled workers earning low incomes and working in precarious conditions, without social or health protection. In addition, these enterprises are characterised by low productivity and negligible financial capacity and capital accumulation. Therefore, they are more vulnerable to the crisis and often, due to their informal status, do not benefit from COVID-19 crisis-related economic packages. In Latin America, for example, preliminary surveys estimate that only 15% of these enterprises will be able to remain active (Bonaglia, Nieto-Parra & Vázquez-Zamora, 2020). Lockdown and mobility restrictions have also caused supply chain disruptions and reductions in consumer demand for food products. As a result, farmers are dumping perishable products which in turn causes significant economic losses for them and their families.

Expansion of the informal economy

In the short term, the pandemic is causing loss of wages and other sources of income. In the medium term, it is expected that a deep economic recession will exacerbate unemployment, poverty, and inequality. Lockdowns and other restrictive measures are affecting more than 1.6 billion informal workers worldwide (90% of total employment in low-income countries and 67% in middle-income countries) (ILO, 2020b). Most workers earn low incomes and do not have access to social protection. Lockdowns put them in a critical situation because they have lost their daily income. Workers in small enterprises, informal workers, and the self-employed, such as street vendors and construction workers, did not receive an income during lockdowns and will very likely experience a decline in their income afterwards. Given that they earn less than the average, we could anticipate a further increase in income inequalities. Also, many unemployed workers will enter the informal economy, becoming self-employed street vendors or working in other precarious jobs, as this is the only coping mechanism available for them in most developing countries.

It is expected that a large share of informal precarious workers, living on between USD 5.5 and USD 13 a day, will fall into extreme poverty. According to World Bank estimates (as of January 2021), between 119 million to 124 million people were pushed into extreme poverty (Lakner et al., 2021). South Asia, particularly India, and Sub-Saharan Africa, home of most of the poor prior to the pandemic, might be hit the hardest. The COVID-19 crisis unfolded in Latin America in times of social unrest and massive demands for better services experienced in 2019. It is expected that in the region more than 46 million people will fall into poverty. The poor are affected in urban and rural settings alike. In urban areas, with millions living in informal settlements, people cannot comply with lockdowns or distance measures, leaving them exposed to the virus. While in rural areas, precarious informal workers are poorly informed about the virus and the recommended measures to protect themselves.

The crisis has created new vulnerable groups and increased the exposure to risk of pre-existing vulnerable groups. For example, women are high on the list of groups affected by the economic measures. Women also represent 70% of the health care sector providers worldwide who are on the front line fighting against the virus. In Latin America and the Caribbean, nine out of 10 nursing professionals are women. They are also overrepresented in sectors most affected by lockdowns and economic recession, particularly service provision (e.g. restaurants, tourism, and entertainment), which has been severely hit by the crisis. According to ILO (2020a), in developing countries the percentage of women workers who are informally employed is higher than the percentage of men workers (92% and 87% respectively). In some regions, such as Latin America, women are overrepresented in the informal sector (53% versus 47%). Furthermore, within the world of informal employment, women tend to be employed in the most precarious occupations (i.e., domestic workers and street vendors) (UN Women, 2015) which are the ones hit hardest by lockdowns and the health crisis.

Migrants are normally part of the informal economy and therefore they have no, or limited, access to social protection, and have been disproportionately affected by the confinement policies to address the pandemic. There are more than 79.5 million internally displaced persons (IDPs), refugees, and migrants globally, many of whom are living in developing countries (United Nations High Commissioner for Refugees, 2020). In Latin America, for example, four million Venezuelans left their country amidst the worst economic crisis of its history. In a recent poll of Venezuelan migrants, 87% of respondents indicated that COVID-19 and the measures adopted to fight the pandemic have reduced their access to work (Mixed Migration Centre, 2020). More than half of those interviewed also reported a reduced availability of basic goods (66%), 31% reported losing their housing and 22% of respondents also noticed an increase in xenophobia. Furthermore, most policies adopted to respond to the economic crisis are not reaching illegal migrants because it is not possible to identify them. Other economies, particularly in South Asia, are experiencing the return of migrant workers from other countries who decide to go back either because of economic reasons or fears of the virus (Weeraratne, 2020). Returning migrants may face the challenges of unemployment and also discrimination.

With the pandemic still uncontrolled, governments are trying to design and implement economic recovery plans and adopt social measures to mitigate hunger and social crisis. But uncertainty prevails. New policies are needed to mitigate the negative impacts, to avoid widening inequalities, and to build back better. While the COVID-19 crisis may further prove the insufficiency and weaknesses of social protection systems and programmes, it may also present an opportunity to implement major overdue reforms and promote innovative mechanisms to improve public services, protect vulnerable populations, and reduce informality.

Widening gender gaps

Women worldwide, particularly in the developing world, are more affected by the crisis than men. In conditions of quarantine and other restrictions, and with children not attending schools, the burden of unpaid care work has significantly increased. It is well-known that women are the primary caregivers at home and thus have more domestic chores and responsibilities compared to men. Worldwide, women and girls do 2.5 times as much unpaid care and domestic work as men, three times more in Latin America, and four times more in Asia and the Pacific.

Domestic violence against women rose as a result of the COVID-19 crisis. According to the literature, this increase is triggered by economic insecurity and poverty-related stress, quarantines and social isolation, conflict-related unrest and instability, and reduced health service availability and access to first responders (Peterman et al., 2020). The pandemic may also further create barriers for women to leave a violent domestic situation and escape abusive partners because of quarantines, increased home and child-care responsibilities and also, in cases of women workers, as a consequence of a fall in income. The United Nations has already been alerted of a rising rate of violence against women during the COVID-19 crisis (Mlambo-Ngcuka, 2020). For example, in Argentina and Colombia, after governments imposed lockdowns in March, emergency calls to domestic violence hotlines increased by 40% and 90% respectively. Helplines in Singapore and Cyprus have registered an increase in calls of more than 30%.

Increasing inequality in children education

More than 1.5 billion students are out of school worldwide. Countries have responded to the unprecedented and unexpected situation created by COVID-19 with sometimes creative distance learning strategies (OECD, 2020b). However, it is highly unlikely that everyone has benefited equally from these learning strategies, and that already existing inequalities in access to education will deepen. It is now more likely that many children will drop out of schools because of the economic recession too. This situation will leave many children lagging further behind in terms of their future possibilities of accessing decent work, as well as the extent of their exposure to violence and other forms of exploitation.

In the Global South, children's learning possibilities in a distance education context will be affected by the digital and technological divide. From the supply side, schools and universities use a range of learning management systems, some more complex than others. Private schools usually have fully developed virtual learning systems, trained teachers, while other less fortunate schools barely provide their students with the basic functions. Low internet access in most poor urban and rural households, as well as low digital skills, especially for women, limit significantly their learning possibilities. Globally, according to United Nations Educational, Scientific and Cultural Organization (UNESCO) (2019), only 55% of the households have an internet connection. In developing countries this rate represents 47% of the households and only 19% in LDCs. In addition to the connectivity constraint, electricity coverage is far from universal in many countries, which hampers the implementation of any distance education strategy. In particular, some countries with limited technology access, such as Tanzania, Sierra Leone, and South Sudan, rely on radio and television as platforms for distance learning.

Distance learning requires engagement from parents and caregivers. However, not all of them are in the position to undertake distance education requirements and support children. While some parents are highly educated and have time and resources to support their children's education, others are less educated, and have fewer resources or are coping with additional emotional distress.

Children who are missing school meals in many developing countries may face food insecurity and hunger and consequently malnutrition and anaemia. Baird et al. (2011) estimated that a 1% decrease in per capita GDP in developing countries is associated with a 0.24 to 0.40 increase in infant mortality per 1,000 children born. Considering estimates of decline of GDP for developing countries, it may imply between 100,000 to 200,000 additional infant deaths in developing countries worldwide next year. Thus, one could argue that the effects of the crisis compromise the accumulation of human capital of children and adolescents in the developing world.

Policy responses

As described in the previous section, the impacts of COVID-19 have been all-encompassing, touching many policy areas. Governments, both individually and collectively, needed to respond with diverse policies, agreements and instruments considering both the short- and long-term impacts. This section presents observations on the economic and social responses from governments in the Global South, and from the global community, through the multilateral system and bilateral assistance.

National economic responses

Considering mediating factors related to the pre-pandemic condition of countries' national budgets and monetary policies, as well as their susceptibility to international shocks, will help to understand opportunities and limitations of governments' capacity to cope with COVID-19 health and socioeconomic impacts. This section highlights two critical factors, both highly connected to the global economic slowdown: declining revenues and raising debts. Within this context, governments in the Global South have been able to provide an only limited response to COVID-19.

Comparing regions, Africa remains the region with the lowest capacity for revenue mobilisation. UNECA estimated a tax-to-GDP ratio of 13.4% in 2018; lower than Asia (14%) and Latin America (18%) (2020). There are a number of reasons for low revenue mobilisation in Africa, including measures aimed at increasing investments which, in most cases, involve foregoing tax or all taxes from the potential investors such as in special or export processing zones. However, the main reason for a lower tax-to-GDP ratio is because of the high degree of informality in business in the region. Latin America faces similar challenges. In addition, the fall in commodity prices has affected revenues of governments in the region (United Nations Economic Commission for Latin America and the Caribbean [ECLAC], 2020). On the other hand, although most English-speaking Caribbean countries are considered middle-income, they remain heavily indebted largely as a result of continued need to repair damage to production infrastructure following climate-related disasters (ECLAC, 2020).

There is a growing concern regarding debt sustainability. Most countries in Africa have been struggling with burgeoning debt burdens before the pandemic and COVID-19 has only exacerbated these risks, making it more difficult for countries to repay their debt. In Latin America, debt levels have been on the rise since 2014 in almost all countries and public debt-to-tax ratios increased in most countries, leaving them in a weaker position now than in 2007, before the 2008 financial crisis (OECD, 2020b). Despite some heterogeneity across countries, the Caribbean is among the world's most indebted sub-regions and countries maintain negative output gaps, which are expected to continue closing in the years ahead (ECLAC, CAF & OECD, 2019). As a result, most countries have little room to increase fiscal spending owing to high debt, rising interest payments and limited tax revenues, which are much needed during this crisis.

Fiscal stimulus packages differ amongst countries in the Global South, but remain small compared to those implemented by developed economies. For example, by mid-2020, among least-developed countries, 22 have declared stimulus packages of around USD 1.9 billion. However, this is equivalent to about 0.4% of their GDP while the package announced by G20 countries reaches 3% of their GDP (Bhattacharya, 2020).

The early phase of the pandemic saw many countries deploy stimulus packages aimed at combating the direct health impacts. The support was aimed at aiding the health sector and health responders to limit the spread of the infections. This was done through provision of additional funding for the health sector and supporting businesses and activities that could reduce or contain the spread of the pandemic. The latter involved measures such as lowering or exempting medical supplies from VAT and import tariffs and facilitating private sector involvement to address the pandemic, for example, with support to manufacturers of masks and other medical supplies.

> **Fiscal stimulus packages differ amongst countries in the Global South, but remain small compared to those implemented by developed economies.**

In addition, some governments provided support to businesses and communities most immediately and directly affected by the pandemic, such as the urban poor and businesses in tourism and trade. In order to support businesses, governments took measures such as subsidising loans and deferrals of payments, tax and fees exemptions as well as grace periods for payments. The prioritised sectors differed amongst countries. Burkina Faso, for example, subsidised utilities and other payments due to the government by businesses. Cameroon focused on providing exemptions by withholding tax for taxis, motorbikes, and petty traders. Costa Rica provided a four-month moratorium on taxes to be paid to the Costa Rican Tourism Institute for firms in the tourism sector facing liquidity constraints. In order to support households most at risk, countries such as Malaysia, Cambodia, and Brazil provided cash transfers whilst Tanzania made utilities available even for those that were unable to pay monthly fees. The effectiveness of the fiscal stimuluses is difficult to quantify but most commentators argue that the success relies on an early recovery from the health crisis. There are also some limitations in terms of impact of the various packages depending on the nature of the sector in question. For instance, recovery packages for the tourism sector have been less impactful because the revival of the sector depends on developments beyond one country or region. In order to be more effective, some countries are pursuing measures aimed at increasing domestic consumption: Kenya has reduced the standard VAT rate from 16 to 14% and Mongolia has instituted an exemption of customs duty and VAT on certain imported goods.

Going forward, there is a growing recognition of the impact the pandemic has had on the informal sector, as well as the fact that a large informal sector limits the response capacity of governments. There are many long-term initiatives aimed at supporting the informal economy and its formalisation. Countries such as Côte d'Ivoire, and Sao Tome and Principe, have packages aimed at providing financial assistance to the informal sector, whilst Tunisia, the Dominican Republic, and Cambodia have fiscal initiatives that aim to support those employed in the informal sector through programmes such as expanded unemployment benefits or employment in public works projects.

Financial response from the international community

As described in the previous sections, countries in the Global South are not only affected by the global slowdown. They also have a limited capacity to respond alone to the immediate fallouts of the pandemic. The international development community has deployed and will have to continue providing support to ease fiscal constraints on the weaker Southern countries. Some governments have resorted to borrowing, either from the domestic bank and non-bank agencies or from foreign sources. In many countries, the need for foreign funding is augmented by the deteriorating balance of payment due to near collapse of export revenue (including oil revenue) and remittances by migrant workers.

The most important source of external finance (as share of GDP) for both low income countries (LICs) and lower-middle income countries (LMICs) is revenue from goods exports. Official development assistance (ODA) and other official flows (OOF) are a close second (22% of GDP on average) in case of the LICs, but of marginal relevance (less than 2%) for the LMICs.

A closer look into the composition of dependence on ODA and OOF reveals that LICs are more dependent on bilateral providers (OECD Development Assistance Committee

[DAC]) plus the reporting on-DAC countries): about 75% of the inflow, while the rest comes from various multilateral sources. The role of bilaterals is less prominent in case of the LMICs, accounting for about 50% of the ODA and OOF flows.

Table 1. Dependence of LICs and LMICs on ODA and OOF (bilateral and multilateral)

Indicators	Low income countries (LIC)	Lower-middle income countries (LMIC)	Total (LIC+LMIC) weighted average
Bilateral ODA (% of GDP)	7.30	0.38	3.60
Multilateral ODA (% of GDP)	3.31	0.20	1.65
Total ODA (% of GDP)	10.61	0.58	5.25
Bilateral OOF (% of GDP)	7.60	0.46	3.78
Multilateral OOF (% of GDP)	3.38	0.41	1.80
Total OOF (% of GDP)	10.98	0.87	5.58

Source: OECDstat (2019), UNCTADstat (2019), authors' own calculation.

External finance plays a critical role in addressing the structural deficiencies of the LICs and LMICs. While it is difficult to assess the impact of these actions given they are just being implemented, it remains important to reflect on this approach and magnitude, to determine if they will be enough to respond to the economic challenges of countries in the Global South.

Understandably, the COVID-induced crisis increases the demand for international assistance. The LICs are afflicted by more serious structural weaknesses leading to greater reliance on external finance. Moreover, external (concessional and semi-concessional) finance plays a critical role in bridging the fiscal deficit in the LICs. LICs (and to a lesser extent the LMICs) are dependent on the OECD-DAC providers.

Within the traditional development assistance community, the role of international financial institutions and regional development banks has been more prominent than their bilateral counterparts in the immediate response to COVID-19. New financial institutions have played a visible role. While there have been a lot of bright ideas about setting up new financial facilities and instruments for supporting post-pandemic recovery, nothing substantive has yet come out.

The international development community was not ready to face a crisis of this nature and scale, for reasons ranging from growing dysfunctionality of the multilateral system to an altering landscape of development cooperation. International development institutions, like the UN system, traditional international financial institutions (IFIs), regional development banks, and bilateral agencies of Southern providers, struggled to respond to the health emergency and associated challenges, especially in the weaker developing economies. Many of these organisations opened up windows to channel resources. However, the effectiveness of such efforts to expand the fiscal space of low and low-middle income countries in the Global South needs to be assessed.

Within the established channels, one observes broadly two modes to make additional international public finance available to developing countries. The first is through management of existing sovereign debts. The dominant form of this mechanism is a stand-still on interest payments (i.e., a payment moratorium), so the amount that would have gone to debt servicing remains available for financing public expenditures in critical areas such as health services. Of course, this means debt builds up to a later date. In this connection, instead of a payment moratorium, the funder in rare cases has considered debt write-offs and debt swaps with equity.

The second mode of the established channels relates to increasing the flow of development assistance to LICs and LMICs. Financial support may come through both bilateral and multilateral channels. Bilateral agencies may opt to extend new ODA as well as to reallocate existing commitments to COVID-19 priorities. The IFIs, including the IMF, the World Bank, and regional development banks, may offer new credit lines under their rapid response facilities. The new financial institutions launched by the Southern countries, such as the Asian Infrastructure Investment Bank (AIIB), could play a visible role in financing COVID-19 recovery along with the traditional providers.

There has been a good deal of discussion regarding setting up new facilities to mobilise funds for additional resource requirements to meet the COVID-19 related emergencies. Such proposed facilities included the issuance of Corona Bonds and establishing an International Solidarity Fund. However, these ideas have not materialised.

The traditional international development community has had to adapt in response to the economic and social impacts described in the previous sections. These include the UN system, OECD-DAC providers, the IFIs (IMF and the World Bank) and regional development banks such as the Asian Development Bank (AsDB), African Development Bank (AfDB) and Inter-American Development Bank (IADB).

Financial flows from traditional sources

- Flows from the International Monetary Fund (IMF): Following the outbreak of the pandemic the IMF has been responding to calls from 102 countries for emergency financing. Overall, the IMF is currently making approximately USD 250 billion available to member countries, a quarter of its USD 1 trillion lending capacity in the form of loans and in some cases as grant-based debt relief. The Executive Board approved immediate debt service relief to 29 countries by providing grants to its poorest members to cover their IMF debt obligations for an initial phase of six months (IMF, 2020b). The IMF responses are channelled through already existing funding facilities and instruments. A number of them were set up in the wake of the global economic and financial crisis of 2008–2009, primarily the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI). The IMF has also modified existing lending programmes to accommodate urgent new needs arising from the pandemic or has created new ones, namely: a Catastrophe Containment and Relief Trust (CCRT) and a Short-term Liquidity Line (SLL). The CCRT was adapted to respond to the economic impact of COVID-19 on the poorest and most vulnerable members to cover their IMF debt obligations (IMF, 2020b). The IMF is currently fundraising with the goal of significantly increasing the CCRT, so that they can extend the duration of grant-based debt relief to up to two years. The SLL has been established to extend a revolving and renewable backstop facility for member countries with very strong policies and fundamentals in need of short-term moderate balance of payments support (IMF, 2020b). This window provides 'swap-like' liquidity support to very strong members for special balance of payment needs.
- Flows from the World Bank: With a view to strengthening the pandemic response of the developing countries, the WB is deploying up to USD 160 billion in financial support over the next 15 months to help countries, including over USD 50 billion of International Development Association (IDA) resources on grants and highly concessional terms. This amount, in addition to support for health emergencies, is to be used for social protection to get cash into people's hands, for poverty alleviation, and for policy-based financing. Countries are also accessing support through a dedicated COVID-19 Fast-Track Facility created in 2020 with resources from IDA, IBRD, IFC, and MIGA. In addition, the WB is working worldwide to

redeploy existing resources in World Bank financed projects including through restructuring, use of emergency components of existing projects (CERCs) and triggering of Catastrophe Deferred Drawdowns (CAT DDOs). All IDA countries and all LDCs that are currently on debt service to the IMF and the WB will be eligible for this debt suspension initiative. This means 72 active IDA borrowing countries plus Angola may ask for a suspension of debt payments.

- Flows from DAC countries: In March 2020, the IMF and the WB called on bilateral creditors to suspend debt service payments from the poorest countries (IMF, 2020b). The G20 responded to this call in April by agreeing to suspend repayment of official bilateral credit from the poorest countries. This measure served as a powerful and fast-acting tool to safeguard the lives and livelihoods of vulnerable people in these countries. The International Institute for Finance (IIF), too, recommended that private-sector creditors grant debt payment forbearance in a similar way. In May, the IIF released terms of reference for private sector participation on a voluntary basis. Until the end of June 2020, emergency development assistance totalling about USD 17 billion was announced by the OECD-DAC countries for the LICs and LMICs. Out of this total amount, approximately 68.5% was earmarked for the LMICs.
- Flows from the regional development banks: The African Development Bank (AfDB) has used two major channels of financing: the COVID-19 Crisis Response Facility and the Social Inclusion and Employment facility (PARISE). While the first provides loans, the second extends grants. The total contribution amounted to USD 1.6 billion of which the LICs got the larger share of the flow. The AsDB put forward a diversified set of financing instruments including new facilities. Most important among them have been the Countercyclical Support Facility (set up in 2009); a COVID-19 Pandemic Response Option (CPRO) was added to it. The total layout was to the tune of USD 9.9 billion. The Inter-American Development Bank (IDB), through new programmes to tackle the crisis and changes to the 2020 loan programme, is now dedicating USD 2.8 billion to tackle the public health crisis and its economic ravages.
- Flows through the UN system: Fund flows from the UN system amounted to about USD 16 million, of which about 56% was allocated to the LICs. A large part of these funds was sourced from the Global UN Fund: more than 40% in case of LICs and about 32% for the LMICs.

Financial flows from Southern sources

- China has had a prominent role among other bilateral providers from the Global South. By March 31, the Chinese government had provided 120 countries and four international organisations with surgical masks, N95 respirators, protective suits, nucleic acid test kits, ventilators, and other assistance, including loans (Ministry of Foreign Affairs of the People's Republic of China, 2020; Silk Road Briefing, 2020). China has also suspended debt repayments for 77 developing countries and regions as part of the G20 debt relief initiative to help impoverished countries face economic difficulties amid the coronavirus pandemic (Luan, 2020). China will provide USD 2 billion over two years to help with COVID-19 response and with economic and social development in affected countries, especially developing countries. This aid includes a USD 50 million donation to the World Health Organization (WHO). In Africa, in particular, an estimated USD 280 million of coronavirus crisis-related aid and support has come from China. It is hardly a surprise that official Chinese aid has been outstripped by Chinese private donations in the COVID-19 response. It is now "the continent's largest bilateral creditor, accounting for around 20% of external debt on the continent, according to several estimates" (Deutsche Welle, 2020).

- Southern development banks have high equity to loan ratios, and continued access to international capital markets. In total, the BRICS New Development Bank (NDB) and Asian Infrastructure Investment Bank (AIIB), along with the Islamic Development Bank (IsDB), have all begun redirecting their lending programmes towards health-related investment projects amid the COVID-19 period. The AIIB, in particular, is making available up to USD 10 billion to help member states alleviate health pressures and is planning to scale up investment in social infrastructure, as well as boosting liquidity and budgetary support, the latter in partnership with other MDBs. The NDB has approved a USD 1 billion emergency loan to help Chinese provinces to cover public health expenditures including the purchase of health supplies and the construction of hospitals and is negotiating allocations of equivalent amounts to India, Brazil and South Africa. BRICS countries have reportedly agreed recently that the NDB should allocate up to USD 15 billion to BRICS member countries to help them rebuild their economies (*New York Times*, 2020). On the other hand, the IsDB, has prepared what it calls a "comprehensive integrated response package" worth USD 2 billion aimed at strengthening health systems, financing trade and SMEs in core strategic value chains, supporting recovery and countercyclical spending more broadly. United Nations Conference on Trade and Development (UNCTAD) estimates that a prudent lowering of the equity-to-loan ratios by the sub-regional development banks, in Latin America and the Caribbean, Asia, and Africa, could expand their loan portfolios by nearly USD 25 billion. Southern countries could also use existing Southern-based funds to expand much-needed liquidity. The BRICS, for example, could extend their USD 100 billion Contingent Reserve Arrangement (CRA) to other developing countries facing acute liquidity shortages and use their large foreign reserves to expand the CRA substantially.

- Regional banks, as well as others in these regions, could do even more by expanding their assistance in terms of both scale and scope. In 2019, Central American Bank for Economic Integration (CABEI) and CAF had equity-to-loan ratios close to 50% and the China Development Bank (CDB) above 80%, all quite high and above the also high ratios currently observed among Multilateral Development Banks (MDB). In Africa, the Trade and Development Bank (TDB) had an equity-to-loan ratio at nearly 30%, lower than other sub-regional banks but still considerably high. In Asia, the Eurasian Development Bank (EDB) also had a very high equity-to-loan ratio, of above 80%. These banks' equity levels, therefore, permit them to lend above the current loan levels.
- Liquidity funds are another area for urgent South–South cooperation. Despite promising USD 1 trillion for crisis countries, the IMF has still to spell out how it will proceed and under what conditions countries may have access to it. Long-established regional liquidity funds could be another important source of scaled-up liquidity, especially for smaller countries with few or no liquidity source alternatives. These funds include the Arab Monetary Fund, the Latin American Reserve Fund (FLAR), the Eurasian Fund for Stabilization and Development (EFSD) and the Chiang-Mai Initiative Multilateralization (CMIM), the latter with a pool of USD 240 billion serving the ASEAN+3 countries. The value of these four funds reaches a total of USD 254.2 billion. This value may not look significant, especially compared with recent estimates for the financial needs of developing countries (UNCTAD, 2020b; Georgieva, 2020b).

The effectiveness of these emerging global responses is yet to be determined. As mentioned, the final impacts will also be mediated by each government's policies, receptiveness to these opportunities, and engagement with these financing opportunities.

> **The development cooperation architecture was more disadvantaged because of the current fractured state of the multilateral system.**

While the international development community was not prepared for this pandemic, the development cooperation architecture was more disadvantaged because of the current fractured state of the multilateral system. The absence of leadership to mount a rapid and vigorous global response was felt acutely. The economic capacity of traditional development partners was partly circumscribed by the sluggish trends in global trade and investment and more importantly these countries themselves were seized by the pandemic.

In addition, the existing facilities within IFIs did not have enough liquidity to meet the urgent demands for funds and were equipped to respond swiftly to the emergency. Commentators have called out how COVID-19 has revealed the fragility of traditional development co-operation architecture and brought forth novel initiatives anchored in the Global South (Bhattacharya and Khan, 2020a).

The pandemic exposed the growing role of recently established Southern financial institutions (e.g., AIIB). Moreover, certain Southern providers (China in particular) have made their presence felt in a number of developing countries (particularly in Sub-Saharan Africa).

We have highlighted some of the most relevant responses from the multilateral system to support the recovery of economies in the Global South. The analysis reveals that most of the support has been targeted to the LICs and LMICs (and by implication to the LDCs). However, middle income countries also remain vulnerable to external shocks. We note that a number of IFIs did set up dedicated new windows for financing pandemic-related needs. It will be necessary to ensure adequate liquidity for these newly set facilities for, at least, a couple of years. The regional development banks are also playing a substantial role and they should remain active actors in the recovery.

Looking to the future, one of the most significant constraints will be that most of the bilateral providers will experience a reduction of their ODA portfolio due to the contraction of their own economies. An important first step is to protect this portfolio given that a large part of the contributions of the OECD-DAC providers are channelled to social sectors that, as seen before, are critically affected. In addition, in the coming months the allocative decisions by development partners have to be fine-tuned based on more objective analyses of the impact of the pandemic on specific countries. One-size-fits-all solutions will probably have little impact.

The crisis is also a reminder that in the future, concessional funds should retain flexibility. Continued access to concessional budgetary support (with or without reform related conditionalities) by the developing countries will be critical in the post-pandemic recovery phase. With the high levels of uncertainty given the nature of the pandemic, flexibility can enable countries to respond swiftly to the issues that each country will face.

While it is important to recognise the usefulness of the immediate debt relief measures, these did not provide any new liquidity that was necessary for underwriting the emergency national measures (e.g., cash transfer programmes for the vulnerable). Furthermore, the concerns of lack of liquidity and of sustainability of the debt remain. Given the extended impact COVID-19 will have in the Global South, the issue of debt relief (write-off) is an outstanding agenda demanding urgent attention.

A well-functioning multilateral system is critical for a proper response to the pandemic. Countries that have traditionally played the role of providers of development finance need to explore the mechanisms to keep flexibility and remain open to alternatives. But the multilateral system also requires that countries across the Global South engage actively. For example, developing countries need to more actively explore, from national perspectives, opportunities to access financial flows from Southern bilateral and multilateral sources. They should also tap into regional financial facilities. Furthermore, they should coordinate action around certain common issues, such as debt relief.

In line with strengthening the multilateral system, a global response should not be just the sum of existing and new facilities by the providers of development finance. This is a unique opportunity to secure the coordination and coherence of these interventions and to maximise their impact. To this end, further action needs to be taken to bring together providers and recipients to agree, inter alia, on the financial needs, sources of liquidity, priority areas and countries, and modalities and instruments of financing.

National social policy responses

COVID-19 has led to two types of vulnerable groupings: those directly affected by the virus and those affected by its social and economic negative externalities. At the national level, an adequate response requires articulation of epidemiologic, economic, and social strategies and policies to preserve people's well-being, livelihoods, and human capital. While still fighting the pandemic and during the recovery period, governments should give prior attention to vulnerable groups not only to conform with human rights, but also to minimise potential long run adverse effects on countries' welfare. Strategies and policies designed to support vulnerable groups should consider the heterogeneity of these groups, especially regarding the types of effects of the pandemic that they face, and their distinctive needs and vulnerabilities. However, the implementation of adequate national social policy responses remains challenging given the existing limited fiscal space and international support evidenced above.

Urgent social packages to mitigate the impact of the pandemic for the most vulnerable groups could include: cash transfers (conditional or not) for the new poor and informal workers; food policies targeting primarily the elderly, pregnant women, girls and boys, and youth in marginalised urban areas; access to secure facilities for vulnerable groups such as migrants and refugees, the homeless and abandoned elderly, and protection services especially for women victims of violence, among other responses.

Cash or in-kind transfers are offered in most countries to mitigate serious livelihood challenges triggered by lockdowns that affect millions of vulnerable families. There are however some caveats concerning their widespread use. One of them relates to the adequacy of cash transfers programmes. While in some countries transfers are generous, they are yet not enough to support all needs of beneficiaries. Moreover, cash transfer programmes only offer a short-term solution, and yet, they account for more than half of social interventions.[1] The mitigation of social impacts of the pandemic demands the establishment of holistic policies that move beyond emergency responses. Enough resource allocation and mobilisation are vital to ensure the priority and adequate attention of vulnerable groups. Another issue to consider is countries' reliance on information from already existing social programmes to allocate cash or in-kind transfers. While it proved very effective to reach out to previously identified vulnerable populations, there still are coverage limitations to overcome. A remaining task for countries is to reach out to informal workers and other vulnerable populations affected by the economic effects of COVID-19 that are not listed in existing government registries because they do not have IDs, live in hard-to-reach areas, or simply because before the pandemic these groups were not considered as vulnerable populations. The difficulties faced by most countries in reaching out to vulnerable populations have shown the need to improve registries and rely more on digitalisation. Non-state actors, given their national-, sectorial- and grassroots-level expertise and presence across the economy and society can be great allies to identify and reach out to people that are not included in existing registries.

Southern countries also face the challenge of supporting vulnerable groups with more than social assistance. For example, through the implementation of social policies to help them adequately reintegrate into the economy. For that purpose, it is important to ensure that new or improved employment programmes focus on creating economic opportunities for groups with low levels of employability, i.e., the unemployed and the underemployed in precarious jobs, particularly youth, women, and people with disabilities. Schemes such as 'cash for work' or 'food for work' should also be considered to support these groups, learning the lessons of their previous implementation in Asia and Africa, mainly by FAO. Furthermore, programmes should consider technical assistance and cash components to provide support to the self-employed, including soft skills and digital skills.

While the COVID-19 crisis is probing the weaknesses of social protection systems in most countries, it may also present an opportunity to create innovative mechanisms to promote quality jobs, reduce informality and reduce inequalities. In particular, the crisis could be the opportunity to reform social protection systems, increasing coverage and ensuring protection for sickness, unemployment and social security benefits in

1 A newsletter on latest research and practices from the world of social protection (World Bank, International Labour Organization, United Nations International Children's Emergency Fund) https://www.ugogentilini.net/

closer compliance with international standards. Looking forward, emergency measures adopted by many countries should be transformed into sustainable social protection systems for all, including those currently in the informal economy. Policies should also include adequate incentives and technical assistance to micro and small enterprises to mitigate the contraction of the formal economy and to provide support to formalisation.

Social responses should also give attention to women, children, and youth who are suffering disproportionally the impacts of the crisis. Action is needed to protect and ensure children's access to better nutrition and education in the coming months and years. Measures taken today will affect their future chances to access decent work. While distance education can exacerbate already existing inequalities among the rich and poor and for at-risk groups (e.g., girls, IDPs, and those living with disabilities), it may also be an opportunity to redefine traditional pedagogies. To do this, governments should take advantage of the use of technologies in education and implement education reforms. Certainly, the main challenge for governments is to find ways to overcome the digital and technological divide within countries.

Gender-inclusive features should be incorporated in required social employment programmes, temporary, vocational, or others, to mitigate the widening of employment gender gaps. The reformed programmes should have a gender perspective and provide training schemes to avoid segregation of women in lower-valued occupations. In addition, programmes and policies should recognise the increased burden of unpaid care work primarily done by women and aim at reducing it. For this purpose, governments need to consider measures such as implementation or expansion of public childcare and care mechanisms for other dependents. Some other more innovative initiatives such as development of community-based time banks to take care of children and elderly or communication campaigns for the promotion of shared responsibility of parenting and care work could also be contemplated.

Social responses should also give attention to women, children, and youth who are suffering disproportionally the impacts of the crisis.

The national social policy challenges to avoid widening of inequalities are enormous and therefore it is important to involve non-state actors in policy planning and delivery. While the COVID-19 crisis is showing the weaknesses of social protection systems and programmes across the developing world, it may also present an opportunity to implement major pending reforms and build back better.

Conclusions

The conceptual framework used in this paper outlines specific transmission channels and mediating factors that explain how the pandemic affected the Global South in economic and social terms. The framework helps to identify the features that characterised the impact and responses in the Global South. It also provides insights into how, moving forward, the recovery plans could be adapted.

Countries in the Global South have been affected differently by the pandemic, compared to the Global North. The available information suggests that, until now, the health impacts in some places in the Global South have been less severe than in others. However, these impacts are evolving and a retrospective analysis in a couple of years, may reveal a different result. As vaccination campaigns start to roll out, prioritising countries in the Global North, it is possible that the pandemic will last longer and have deeper impacts in the Global South as countries wait for access to the vaccine. Countries in the Global South have been affected in terms of their prospects of economic growth and social well-being. Pre-existing conditions, such as high levels of economic informality, lack of fiscal space, and persistent gender gaps have been exacerbated, and have made policy responses less effective.

The world was not ready for a pandemic and the response worldwide required improvisation. Given how the crisis evolved, China and European countries were the first to respond with lockdowns and travel bans. Soon after, many other countries in Asia, Africa, and Latin America followed the lead, replicating the same policies without considering the differences in context that would make some of them ineffective. This is also reflective of how the missing voices from the South and lack of appreciation for nuances presented by local contexts led to the usual top-down interpretation of issues in the post-COVID discourse (Bhattacharya and Khan, 2020b).

While necessary, lockdowns and mobility restriction policies also added more pressure to already vulnerable populations' livelihoods. The majority of the population in the Global South earn their living in the informal economy, so these measures were particularly harmful for workers who cannot benefit from any social protection system. This urged the implementation of social protection mechanisms focused on emergency response, such as cash and food transfer programmes. In most Global South countries these programmes proved insufficient, either because they did not cover all new vulnerable populations, or they did not cover all their basic needs. COVID-19 and its short-, medium-, and long-term effects demand resource policies that look for sustainable solutions moving beyond emergency responses to greater national and global justice. To do that, social protection measures need to evolve. COVID-19 was a tough test for the development cooperation system. It was able to respond with some immediate actions, but the level of support is low considering the extent of the crisis. Support measures were channelled initially to health-related development assistance, which was much in need. The new goal now is to move beyond emergency support to tackle medium- and long-term challenges brought about by the related social and economic crises. This demands a more agile global response from development partners.

Recovery plans from the pandemic should take into account the interplay of factors that have been described above and which have been tailored to the diverse realities of countries in the Global South. Specific attention should be paid to resource mobilisation among countries in the Global South. Since tax revenues remain low, further progressive reform is needed, that should go hand-in-hand with the formalisation of the economy to expand the tax base. However, the pandemic has shown that governments do not only require monetary resources, but operational capacity as well. For example, up-to-date information about citizens has become critical to provide assistance, monitor the virus, implement contact-tracing, or move education online. Furthermore, governments should maintain principles of equity, fairness, and dignity across policies. For example, the social protection systems which too narrowly focused only on those in extreme poverty should be re-examined and designed to have universal coverage.

To support policies by governments in the Global South, the development cooperation system must ensure that governments have the resources and the flexibility to respond to the challenge of recovery. The global system must ensure timely access to finance, through different channels and tools. The new instruments and facilities in place to respond to the pandemic should remain funded and should have the flexibility to respond swiftly. Bilateral cooperation should, at a minimum, maintain its pre-pandemic levels. Ideally, governments should aim to reach the internationally agreed goal of 0.7% of gross national income to ODA. Finally, debt relief should also be considered as a more permanent solution to the payment deferments implemented until now. Most importantly, the global system needs to be revitalised to respond to future pandemics, and to properly support the recovery in the Global South.

COVID-19 has highlighted persistent challenges that should be faced immediately. It is clear that the development cooperation system requires a new type of leadership. It is no longer feasible to maintain a system that is led only by the Global North; co-leadership by countries across the world is required for its efficiency and legitimacy.

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