

# A global action plan for developing countries to address the coronavirus crisis: Southern perspectives

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24 April 2020

## Key messages

- Developing countries face the deepest recession in a generation. Complying with lockdown guidance in developing countries will be very challenging, given the level of informality and the state of poverty and health capacities.
- The G20 and UN need to address shortcomings to enable inclusive, collective and coherent global leadership.
- Urgent actions required to address the health and socio-economic costs include global actions plans on aid and finance, trade and food security, and free flows of knowledge and mobility of health workers.

## The coronavirus pandemic: Southern perspectives

COVID-19 reached the poorest countries with a time lag but now they are facing multiple shocks. Commodity prices, especially oil prices, have fallen steeply, global demand for their products has gone down sharply, tourism receipts have reduced markedly and retail outlets and restaurants are closed, leading to massive global supply chain problems. In addition, the coronavirus has now reached most countries, resulting in lockdowns in developing countries, leading to a further slowdown (some estimate by 2–3% of annual GDP each month). While countries around the world, primarily developed ones, plan for stimulus packages to confront the crisis, many developing countries lack the fiscal space to implement such measures.

Developing countries face additional constraints owing to the level of informality, poverty and refugee numbers. Most poor people cannot afford not to try to engage in economic activities, as they will face starvation otherwise. The poor are often the least resilient to shocks, and if they lose urban jobs they will need to return to rural areas. There are heightened fears of the coronavirus reaching refugee camps. The coronavirus shock will thus hit the poor hardest. [Estimates suggest](#) the number of malnourished and acute hungry will double by the end of this year, from 800 million to 1.6 billion and from 130 million to some 260 million, respectively.

ILO expects the crisis to wipe out 6.7% of working hours globally in the second quarter of 2020 – equivalent to

195 million full-time workers. In Africa, it expects a loss of 19–22 million jobs. This is concerning, especially as only 17.8% of African workers are covered by social protection schemes, compared with 45.2% of workers globally. Half a billion people could be pushed into poverty (living on less than \$1.90 a day) globally, if consumption contracts by 20%. This would be an additional 112 million poor in sub-Saharan Africa, a 25% rise, wiping away gains made in reducing poverty over many years.

Poorer countries will also face additional challenges, given their more limited public health systems and their shortage of ICU beds, respirators, etc. Also, these countries face greater challenges in providing remote education and other needed public services in the context of lockdowns and the pandemic crisis.

Global governance already excluded many poorer countries and groupings, and a Southern perspective is particularly concerned with how we can build a world that is more inclusive. This crisis is not going to be solved in one region alone; we need to work together for a better, more resilient world that is better prepared for shocks. In this context, we look at global governance and G20 packages on aid, finance, trade and health.

## Global governance: the UN and G20

The world is currently not witnessing inclusive, collective and coherent global leadership, notwithstanding specific announcements of measures. The G20 is working to include the poorest countries but still has a long way to go. The grouping can take important steps to improve the economic response to the pandemic;

however, this is not enough. With the potential risk of a global stability and security crisis, it is important that the UN Security Council activates its political leadership. Furthermore, the UN System must enhance its capacity to coordinate the work of its agencies as well as of other development partners, for a coherent and comprehensive response.

Given its limited membership, the G20 needs to create access windows in its decision-making process for poor and vulnerable countries. It needs to contribute towards strengthening multilateralism in these difficult times. A concrete manifestation of this would lie in developing a shared architecture (beyond GPEDC, beyond ODA) of international development cooperation that explicitly takes into account the perspectives and priorities of recipient countries.

The G20 needs to support the attempts to enhance flows of liquidity and to activate global financial safety nets. The world needs to remain open for trade and activate its business sector for the social good. It also needs to pay attention to food security and the free flow of knowledge and people.

## A global action plan on trade and food security

Southern Voice has often argued that the international trade system is stacked against developing countries, and the promised comprehensive 2001 Doha Development Round at the WTO never materialised. In fact, the trend now is to raise export restrictions. It is important to pursue open trade free of protectionist tendencies.

We now also need an urgent plan for food security. Developing countries face mass starvation if food cannot flow freely across borders and countries. Food security is being affected by a perfect storm of conditions. On the supply side, food production and harvests will be affected by lockdowns now and in the future (e.g. they have no access to agricultural inputs). In this context, one area that may need global coordination concerns the supply chain and logistics for key commodities. Input costs are at present very high because some industries have stopped working. A challenge is that most fertiliser for next season is bought this season. If this issue is not addressed now (fertiliser and other inputs into the food value chain are regarded as essential commodities), there may be food security issues not only now but also in the coming season (next year).

On the demand side, lower incomes mean the poor are less able to buy food. Food prices are increasing rapidly. Finally, markets and supply chains are not working properly because of a lack of provisions for safe trade, a proliferation of export restrictions, panic-buying and increasing freight costs.

## A global action plan on aid and finance

The G20 needs to consider the impact of the coronavirus crisis on developing countries' financing options. This is not just for moral reasons or for direct economic self-interest, but also because the financing of global public goods such as global health is most effectively done by targeting the weakest link.

Developing countries are facing a \$2.5 trillion cost. A start would be to have debt relief, particularly relief from payments on sovereign debt (bilateral and private creditors), for poor and vulnerable countries, especially those in distress. There should be no cutback on committed aid and finance commitments (ODA and other official flows), and there should be scope for flexibility in the use of such financing. A recent G20 finance ministers meeting fell short of what is needed. Full relief on debt payments is not yet secured.

The G20 Development Working Group should meet urgently to provide leadership and promote collaboration in a joint plan to support developing countries. It is an appropriate time to consider a new shared development cooperation architecture beyond the current model of ODA.

## A global action plan on health with free movement of health workers and free flows of knowledge

The health pandemic has highlighted the importance of a quality health sector in making the world a more resilient place. First, health workers have become the key workers fronting this crisis and we should allow them to migrate freely to places where the need is greatest. Furthermore, many countries have health workers among their migrant and refugee population who have been unable to work as a result of stringent regulations that should be reassessed.

Second, there needs to be free flow of knowledge in developing tests, vaccines, treatments, and equipment for the coronavirus among countries. The G20 should take note of the importance of citizen engagement on open, low-cost innovations that could significantly aid the response to the health crisis. Furthermore, the G20 should be already planning guidance to manage vaccines once they are developed, to ensure they reach everyone, with particular attention to the most vulnerable. This will require strengthening primary care and community health services worldwide.

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