

Reimagining equality: economic impact of an invisible enemy – covid-19

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The repercussions of COVID-19 will be felt by communities around the world for years to come. Innovative and radical action is needed to transform food, agricultural and financial systems and to address social and economic inequalities, and trade imbalance that this global crisis has brought to bear.

The world is experiencing an unprecedented time dealing with, and fighting against, the global coronavirus pandemic. The optimism surrounding global progress towards the Sustainable Development Goals (SDGs), striving for better social, economic, environmental, and gender outcomes, is being displaced by a general atmosphere of uncertainty, fear and disillusionment. The pandemic is reshaping the state and nature of poverty and vulnerability, challenging international development practitioners to alter approaches, strategies and thinking, and forcing practitioners to become more responsive, innovative and nimble. The impacts of the coronavirus pandemic will likely cause an



unprecedented increase of both transient and absolute poverty, particularly for women and girls. The Executive Director of the World Food Programme has warned of an impending humanitarian and food catastrophe leading to a famine “of biblical proportions”.¹ Unless developing nations are supported with context-specific, comprehensive, integrated, pro-poor and gender responsive health care, economic management and rescue plans with participation from business sectors, governments and civil societies, these poorer countries may slip into bleak social and economic realities with long-term negative residual impacts. As of May 12, 2020, more than 4.2 million people have been infected by the coronavirus

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globally in 187 countries with more than 290,000 deathsⁱⁱ. While the direct health impacts are devastating families and communities, the economic effects of the virus will be felt by society long after the disease is cleared, or a vaccine is secured and distributed. The International Monetary Fund's Chief Economist recently concluded that the coronavirus pandemic will trigger the worst economic fallout since the Great Depression, far worse than the 2008 financial crisisⁱⁱⁱ, particularly for vulnerable communities in Africa and Asia. A recent report by Oxfam predicts that unless urgent action is taken, the pandemic could push 500 million more people, between 6–8% of the global population, into poverty^{iv}.



The potential impacts of the pandemic are even more dramatic for women who face the triple burden of COVID-19. Women are most likely to have precarious and underpaid work, with 92% of women workers in poor countries informally employed^v. Women are also on the frontlines of the response, making up 70% of health workers globally, and many women are traditionally responsible for the care of children, the sick and the elderly in the community.

Experience from the West Africa Ebola Epidemic of 2014 indicates that the social and economic impacts of containment and mitigation activities disproportionately affected women. The

breakdown in small businesses and restrictions in cross-border trade because of the Ebola crisis meant that many women lost their critical source of income and livelihoods. For children, particularly girls in crisis contexts, the effects of the response to the pandemic could further increase risks with regards to child marriage^{vi}.

economic shutdowns

COVID-19 is setting back the significant development gains made over the last 30 years. The predominant response to mitigate the effects of the coronavirus has been to institute widespread lockdowns on citizens and closing all non-essential businesses. While this has been effective in many countries, developing nations are much less able to reduce the economic impacts produced by lockdowns. As well, effective lockdowns are near impossible in these countries where household savings are minimal, individuals rely on daily labour and crowded settlements lack essential sanitation such as taps and sewers. Social distancing measures are unachievable in these living situations, and already extremely limited healthcare and water facilities cannot meet the demands in place to restrict the spread of COVID-19 in this highly vulnerable population.

Women and girls in the refugee camps and IDP settlements already face higher risk of gender-based violence^{vii}, with poor access to health, education protection and economic opportunities. Given this, support to ensure progress on gender equality is maintained, is at risk.

Financial ramifications

For developing nations, the financial ramifications of implementing lockdowns and closing non-essential businesses will be very challenging to offset. These countries do not have the economic foundation and capacity to provide financial

stimulation, subsidies and relief to support workers and businesses impacted by the economy closing.

The global nature of the pandemic dictates that all nations must support others to eliminate the virus and address the impacts, particularly on the poorest and most vulnerable. For developed nations, including those within the G7 and G20, this should entail supporting countries unable to meet the economic costs of response and recovery plans through both budget support and addressing the lack of tax revenue as a result of the large space informal economies take up, without well-established tax or finance systems. Debt relief is also needed to free up funds allocated to debt-service payments.

Development finance institutions, multilaterals and bilaterals should build from previous financial crises to structure rescue packages, buying up loan portfolios and providing liquidity support to financial sectors by easing reserve requirement ratios in countries where these apply. As these packages are developed there is the opportunity to include terms aimed at addressing some of the structural and systemic challenges which allowed this pandemic to have such deep economic cuts. Financial reforms can be used to help rebalance the uneven economic flows, sucking goods from the global south with little provided in return, and can provide stimulus to encourage improved workers' rights, investments in gender equality policies, enhanced environmental management and funds to reduce climate emissions.

Microfinance Institutions serve 140 million low-income people worldwide, 80% of which are women, with savings and credit accounting for \$124 billion in credit^{viii}. Providing support to these institutions will be critical to support recovery of the poorest and most vulnerable segments of many societies. Responses will need to address both the informal nature of many financial services providers to the poor, as well as supporting businesses and

financial service providers with support to extend loan moratoriums, loan term deferrals, interest rate support and loan rescheduling for businesses.

SDG 17 calls for innovative partnerships to address global needs. The success of the financial recovery will be dependent on blended finance providers and, particularly, private sector capital to step up to ease the terms of debt that borrowers cannot service when economies are slowed down. Financial institutions must also be kept solvent and preparations must be made to recapitalize institutions so they can address the critical needs of women and micro-enterprises once the crisis subsides.

Agriculture and food systems

The impact of social distancing and lockdown will also have a significant impact on those working in the agricultural sector. The Food and Agriculture Organisation estimates that more than 60% of the world depends on agriculture for survival^{ix}. The World Food Programme predicts that more than 30 developing nations could experience famine with 10 countries already housing more than 1 million people on the brink of starvation^x. As deepening poverty, income and food insecurity threatens overall family health, wellness and nutrition and when household resources such as food become scarce, their distribution amongst families can be heavily gender biased resulting in an elevation of the already poorer nutrition status of women and girls as they eat last and leftover food^{xi}.

Investments in food systems have multiplier effects on nutrition, education and gender equality^{xii}. These include: strengthening the voice and role of women's farmer groups, producer groups, and savings groups in markets; targeting women producers with agricultural supports, programs, and subsidies with interventions specifically designed to meet women's needs; and supporting

women with cash and food so they can both afford inputs and don't deplete seed stocks.

With planting season in most of Africa about to begin, market closures and restrictions on internal travel will have a significant impact on farming and food production, compounding significant food insecurity in several parts of sub-Saharan Africa^{xiii}.

Addressing systematic imbalances in the food system is critical at this juncture as most of these countries are also facing increasing shocks and stresses from climate change, which threaten to cause even greater impact on rural farmers. Supporting these farmers with critical inputs and technologies, using a landscape approach, can improve the efficiency and resilience of food systems. This support must be coupled with market strengthening at the local level, decreasing the dependence on international access, ensuring that the availability of calories and sufficient production is coupled with accessibility of food for everyone, everywhere, physically and economically.

There can be no return to "normal"

People around the world are restless to go back to "normal" but we should think twice before going back to a pre-COVID "normal" that has failed to provide any economic cushion to countries, especially the low- and middle-income countries around the world. This pandemic has exposed countries' lack of strong social and economic foundations and resilience to fight acute shocks and stresses, particularly for poorer nations. Gaps, weaknesses and inequalities in global, regional and national trade and economic arrangements, have left many poorer countries with fragile health and economic systems more vulnerable and helpless to fight against such crisis.

While the impact of the coronavirus has the potential to significantly undo progress made



against the SDGs, particularly with respect to poverty, gender equality, and food and nutrition, it also offers a significant opportunity to consider what parts of society are considered critical and where to invest. Including in social protection and social services to ensure that once communities and markets are opened, they are fair to everyone.

Governments, policy makers, development professionals, political leaders, economic actors, public health professionals and the business world must think differently, openly and innovatively to recover from this unprecedented health and economic crisis, as well as build the trust and confidence deficit in societies that originated from this pandemic. We must work together to create a new normal, which is better and stronger socially, politically and economically so that any future shocks and stresses do not overwhelm health systems and social and economic safety nets. This begins by addressing core rights, particularly for women and children, and addressing poor health and education systems, trade and economic inequality, feudalistic economic policies, disjointed and unfair global supply chains, unprepared relief and disaster response mechanisms and underfunded research and development for science and social services.

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