What is development?

Development, one of the main priorities of the UN, is a multidimensional undertaking to achieve a higher quality of life for all people, encompassing both economic and social elements. While there is no established convention for the designation of developing countries, the criteria used by the UN include country income, education and health levels, and structural vulnerability to environmental and economic shocks.

64% of the world’s population reside in less developed countries (excluding China), and 13% in the Least Developed countries that face severe structural impediments to development.

COVID-19 and equality

"COVID-19 is not the ‘great equalizer’...but rather an amplifier of existing inequalities."

Heaven Crawley, Professor, Centre for Trust, Peace and Social Relations at Coventry University, UK

Risks for developing countries stemming from the pandemic

UNCTAD note that 60% of developing countries, and over 80% of the Least Developed Countries (LDCs) are dependent on commodity exports. The sharp fall in foreign income from these exports, as well as from tourism and remittances, that is expected due to the pandemic will limit the ability of governments in developing countries to support their populations.

The informal sector is also particularly large in developing countries, with individuals in these countries making up much of the 55% of the global population that have no access to social protection. As a result, many of the poorest have to continue working to earn income, despite the risks of contracting and spreading the virus.

Yet it is in these developing countries, where for many self-isolation is not an option, that conditions are most conducive to the spread of COVID-19. Nearly 75% of those in LDCs lack access to soap and water, many of whom live in densely populated urban slums. In addition, health systems in these countries — which often have less of the key equipment needed to tackle the virus, such as tests and ventilators — are underfunded and could soon be overwhelmed by the pandemic.

70% of the 47 countries recognized by the United Nations as the Least Developed are in Africa.
COVID-19 and international remittances

In 2019, migrants sent $551 billion in international remittances to family in low and middle income countries, over three times the amount of official aid received. Remittances have emerged as significant drivers of development globally as migration has increased over recent decades. But as destination economies contract, remittances are expected to decline significantly. In one of the major receiving countries of international remittances, Mexico, COVID-19-related economic impacts are expected to reduce by more than 20% in 2020.

In sub-Saharan Africa, the World Bank has projected COVID-19 will cost the region between USD 37-79 billion in output losses in 2020 due to trade disruptions, significantly reduced foreign income (such as remittances and FDI) and other impacts. The first recession in the region for 25 years is forecast.

Financial support for developing countries

UNCTAD estimate that developing countries are facing a $2-3 trillion financing gap over the next two years. In response, several international organizations have deployed their resources:

⇒ IOM has launched a $116.1 million Global Strategic Preparedness and Response Plan to support countries who need additional resources to support their health systems and prevent the spread of COVID-19.

⇒ The African Development Bank has listed the “Fight COVID-19 Social Bond”, which has raised $3 billion.

⇒ The IMF is providing $100 billion of emergency funds to support developing countries.

⇒ The World Bank has approved a group of projects to assist 25 developing countries, costing $1.9 billion.

Tourism and development

As lockdowns and travel restrictions have been enacted across the world, the World Tourism and Trade Council has warned that 50 million jobs in the travel and tourism sector worldwide are at risk. This could have huge implications for development — notably in Central American, Caribbean and Asian countries where tourism is particularly large — as the sector has been found to be key to economic development and poverty reduction.