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Ten Million or One Hundred Million Casualties?

The Impact of the COVID-19 Crisis on the Least Developed and Developing Countries and Europe's Sustainability Agenda

Dirk A. Zetzsche, University of Luxembourg
Dirk.Zetzsche@uni.lu

Roberta Consiglio, University of Luxembourg
Roberta.Consiglio@uni.lu

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UNIVERSITÉ DU LUXEMBOURG

TEN MILLION OR ONE HUNDRED MILLION CASUALTIES?
– THE IMPACT OF THE COVID-19 CRISIS ON THE LEAST DEVELOPED AND DEVELOPING COUNTRIES AND EUROPE'S SUSTAINABILITY AGENDA –

Dirk A. Zetzsche[♣] & Roberta Consiglio[*]

Abstract: *This is an updated version of the working paper 2020-008 of 02/10/2020.*

This chapter argues that the overall impact of the COVID-19 crisis on developing countries is massive, with a potentially very high number of casualties: we float an entirely arbitrary figure of 100 million. To arrive at this number, we collect and collate the different ways in which COVID-19 may hit low- and middle-income countries from a public health perspective as well as economically, and show that the crisis may not only threaten many people's lives but may even reverse the positive development trend of the last 20 years, putting the realization of the United Nation's Sustainable Development Goals in some doubt. We further show that the response by EU and European countries as well as the world community is unfit to address this calamity. In turn, we propose five policy measures to mitigate the most severe impacts of the crisis on the least developed and developing countries. The chapter is structured as follows: Part 1 provides the context. Part 2 argues that the number of COVID19 cases and casualties in the least developed and developing countries is almost certainly underestimated and understated. Part 3 lays out the indirect severe impacts of the crisis, namely the inevitable return of hunger and famine to many parts of the world. Part 4 suggests that the abandonment of the UN's SDGs is one likely effect of the crisis in the absence of coordinated efforts; and Part 5 argues that the global and European support is insufficient to reverse the trend, indicating a departure from, or at least delay of, the sustainability agenda a possible, if not likely scenario. Part 6 presents five policy principles designed to limit the looming human tragedy. Part 7 concludes.

[♣] Ph.D., Dr.iur.habil., LL.M. (Toronto), Professor of Law, ADA Chair in Financial Law (Inclusive Finance), Faculty of Law, Economics and Finance, University of Luxembourg.

[*] M.Sc. (Bocconi), Research Associate, ADA Chair in Financial Law (Inclusive Finance), Faculty of Law, Economics and Finance, University of Luxembourg. The authors are grateful for comments and remarks by Douglas Arner, Ross Buckley, Linn Anker-Sørensen, Laura Foschi, Thomas Lammar, Attila Kaiser-Yücel, Arif Nasibov, Tsany Ratna Dewi, Robin Veidt, and Louis Glesener. All errors are the authors'.

1. Introduction

The COVID-19 crisis has had a profound impact on human life in the Global North which has been burdened by hundreds of thousands of deaths, social distancing, the shutting down of whole industries, and an immediate economic decline. Strict measures were put in place as the number of casualties soared worldwide, in an attempt to limit the spiraling human cost. Per 31 December 2020, the number of COVID-19 casualties has approached 2 million, the death toll keeps rising. At the end, the overall number of direct casualties of the crisis may equal several, if not up to ten million in total.

Such a heavy loss of human life is clearly a reason for mourning. However, we make the argument that for developing countries (for which we use herein, synonymously the term Low and Middle Income Countries – LMICs)[1] the impact of the crisis is potentially far greater. Yet due to the age structure in developing countries the impact in such countries is less about direct casualties, and far more about the social and economic tragedies caused indirectly by the epidemic such as hunger and famine. To put the potential scale of the devastation into perspective, we present an estimate that, if poorly managed, the COVID-19 crisis could take in developing countries 100 million or more lives. In order to reach this number, we have considered and collected the different ways in which COVID-19 may hit these countries by engaging in literature and policy review. We show that, if poorly managed, the crisis may reverse the positive development trend of the last 20 years, by providing an overview on how COVID-19 is hindering the progress on the United Nations Sustainable Developments Goals (SDGs) and submit that it may even put the realization of the SDGs at risk. We further show that the measures taken by European countries and the EU so far are insufficient to mitigate the economic and social impact of the crisis. To address the threat of an enormous number of *indirect* casualties (on top of direct casualties) and the potential departure from, or delay of implementation of, sustainability commitments worldwide (an in Europe, in particular), we propose policy measures to mitigate the most severe impacts of the crisis on developing countries.

This chapter is structured as follows: Section 2 argues that whatever the direct impact may be according to various statistics, the number of casualties in developing countries is potentially underestimated. In Section 3 we present the first and most severe indirect impact of the crisis, namely the return of hunger and famine. In Section 4 we go on to present a second possible result of the crisis, specifically a departure from the SDGs. In Section 5 we show that the global support is inadequate to

[1] Please note that LMICs include all Least Developed Countries 'LDCs' under the UN classification.

reverse the trend. We also take a closer look at the European countries and their policy responses. This closer look confirms the view that publicly announced policy actions so far are most likely inadequate, with potentially severe consequences for the European sustainability agenda. In Section 6 some policy considerations to reduce the impact of COVID-19 on developing countries are outlined, in an effort to awaken decision-makers and prevent the aforementioned 100 million casualty's prediction from becoming a horrifying reality. Section 7 concludes.

2. Under-estimated Numbers?

The Johns Hopkins Institute reports, per 31 December 2020, more than 83 million reported COVID-19 and/or SARS-Cov-2 cases worldwide, with more than 1.8 million casualties. For all low- and middle-income countries (LMICs) combined, as defined by the World Bank,[2] the Institute reports about 42 million cases and 988,000 casualties[3]. Even though high in absolute terms, given that 80 per cent of the world's population resides in the developing countries, the figures for this part of the world are lower than expected. The relative distribution of COVID-19 casualties reported in LMICs and developed countries is not matching the relative distribution of the world population in the two areas, given that 80 per cent of the world's population live in LMICs; while the relative percentage of COVID-19 casualties have risen throughout 2020, they are yet lower than expected (see Figure 1).

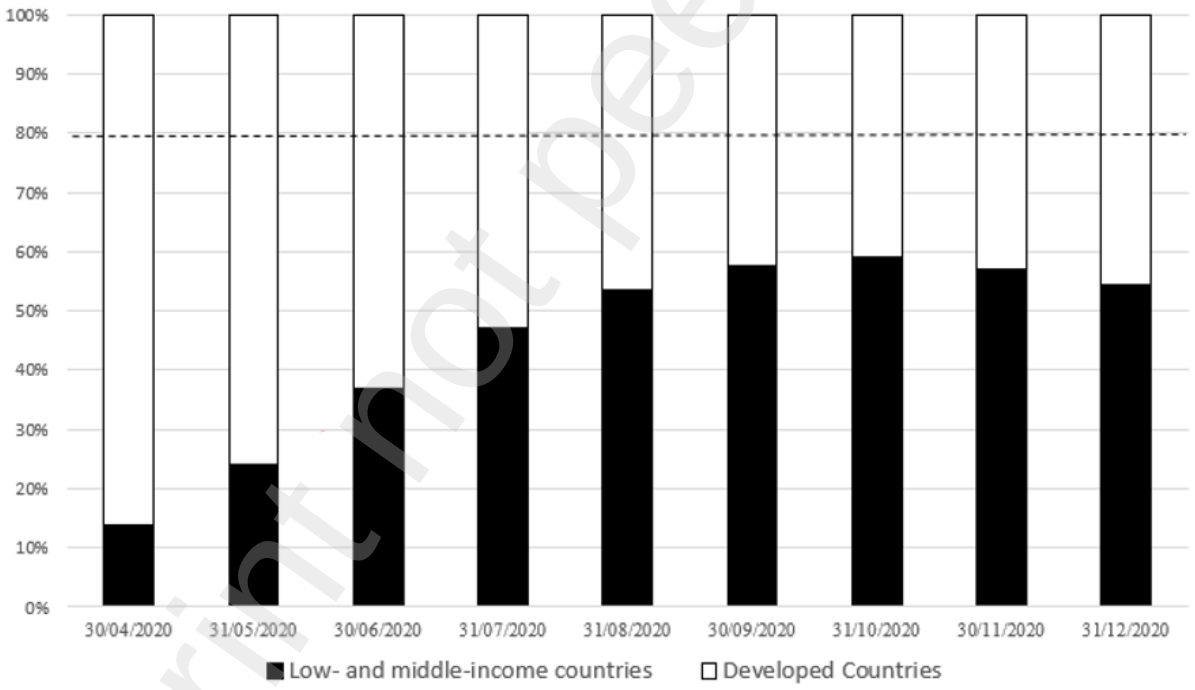

Figure 1:Number of Covid-19 deaths reported (in percent) in low- and middle-income and

[2] World Bank, 'Low & middle income [dataset]' (2020), data.worldbank.org/income-level/low-and-middle-income (last accessed 28 April 2021).

[3] Rounded numbers based on own calculation of HDX data of low-and middle-income countries. Humanitarian Data Exchange (HDX), 'Novel Coronavirus (COVID-19) Cases Data [dataset]' (2020), data.humdata.org/dataset/novel-coronavirus-2019-ncov-cases (last accessed 28 April 2021).

developed countries (data as of 31 Dec. 2020). Own creation based on Johns Hopkins Institute data (Humanitarian Data Exchange (HDX), 2020).

Apparently, the COVID-19 virus started spreading later in most of the LMICs; in which case LMICs could eventually reach levels of contagion similar to those reported in developed countries at a later stage[4]. Regardless of the former, the direct impact of the COVID-19 crisis is most likely underestimated in the official statistics.[5] For instance, official data do not take into account people who did not die in hospital or people who did not test positive for the virus.[6]

In developing countries, the hospitalization and testing rates are relatively low and thus so too are the COVID-19 numbers. For instance, in Luxembourg – a tiny country with a very well-developed healthcare system and a testing strategy targeting the whole population – there has been a high number of COVID-19 cases but a relatively low number of casualties. If the rate of infection in Luxembourg was to be replicated in developing countries, the number of COVID-19 cases would be around 485 million - ten times the number reported so far.

Figure 2 below presents an estimate of the *number of cases* in developing countries under the condition that the healthcare systems provide equally dense testing, and with all other factors kept similar, to five of the OECD countries for which high numbers are reported.

[4] B. Choon-Looi et al., 'The COVID-19 Pandemic: Effects on Low- and Middle-Income Countries' (2020) *Anesthesia & Analgesia* 86-92.

[5] P. Schellekens and D. Sourrouille, 'COVID-19 Mortality in Rich and Poor Countries. A Tale of Two Pandemics?' (2020) *Policy Research Working Paper No. 9260,* World Bank, Washington, DC. © World Bank, License: CC BY 3.0 IGO, openknowledge.worldbank.org/handle/10986/33844 (last accessed 28 April 2021). See also BBC, 'Coronavirus: Health chief hails Africa's fight against Covid-19', *BBC,* 23 September 2020, www.bbc.com/news/world-africa-54248507 (last accessed 28 April 2021).

[6] The Economist, 'Tracking covid-19 excess deaths across countries', *The Economist,* 16 April 2021, www.economist.com/graphic-detail/2020/07/15/tracking-covid-19-excess-deaths-across-countries (last accessed 28 April 2021).

*Figure 2 E*stimated number of total COVID-19 cases in all LMICs combined, extrapolated from the highest 5 COVID-19 cases country ratios of OECD (high-income) countries Vs. actual reported cases in all LMICs combined. COVID-19 cases country ratios = total number of confirmed COVID-19 cases per total population (data as of 31 Dec. 2020). Own creation based on Johns Hopkins Institute data (Humanitarian Data Exchange (HDX), 2020).

We thus have reason to believe that the true numbers in LMCIs are also higher, or at least will be in the near future. This is because, in principle and with some exceptions (Hong Kong and Singapore among them), dense living makes transmission of the disease much more likely: the closer people live the higher the transmission rates. This doesn't bode well at all for super-cities in poorer countries, with Delhi, Jakarta, Karachi, Lagos, Manila, Mexico City, Mumbai and Sao Paulo all in the plus-20 million inhabitant range. This may explain why for Mexico City alone some studies report an excess mortality of 122,765 casualties until early September 2020.[7]

At the same time, a lockdown is very difficult to manage in countries where people have to work to eat. How does one stop people leaving their homes when a week at home equals starvation?

[7] D. Jorgic, 'Mexico says 122,765 extra people died during pandemic in 'excess deaths' study', *Reuters*, 6. September 2020, www.reuters.com/article/us-health-coronavirus-mexico-excessdeath-idUSKBN25X00K (last accessed 28 April 2021).

Figure 3 estimates the *number of casualties* for developing countries based on the numbers we currently have from developed OECD countries. Applying the ratios for the U.S. and the UK – developed economies with vast resources compared to developing countries – to the approximate 6.4 billion people[8] residing in developing countries would lead to 6.725.314 casualties (U.S. ratio) and 7,036,914 casualties (UK ratio) respectively. If we applied the scenarios from Luxembourg and Germany – two countries at the heart of Europe with well-developed public social and medical systems – the number of COVID-19 casualties would still amount to 5.172.191 (Luxembourg ratio), and 2.589.128 (Germany ratio) respectively.

Figure 3 Estimated number of total COVID-19 casualties in all LMICs combined, extrapolated from the highest 5 COVID-19 deaths country ratios of OECD (high-income) countries Vs. actual reported casualties in all LMICs combined. COVID-19 deaths country ratios = total number of confirmed COVID-19 deaths per total population (data as of 31 Dec. 2020). Own creation based on Johns Hopkins Institute data (Humanitarian Data Exchange (HDX), 2020).

[8] See above World Bank, 'Low & middle income [dataset]'.

However, according to some studies, demography and age structure in a population 'may help explain differences in fatality rates across countries'.[9] The virus could have a lower impact on casualties in LMICs as the population in this region is younger than in developed countries, and it is primarily elderly people who are most vulnerable to the virus. Thus, as a rough estimate, in order to take into account age factors, we adjust the COVID-19 death ratios per country estimated above and consider the different distribution of COVID-19 casualties per age group for two sample countries, which report official data on COVID-19 casualties per age group. By applying COVID-19 deaths country ratios adjusted per age group of Sweden and Italy, for which these numbers are available, to all LMICs' population combined, we estimate the total death toll in LMICs to amount to about 1,8 million and 2,2 million COVID-19 casualties, respectively – still 200 per cent of the official data reported per 31 December 2020.[10]

Estimating COVID 19 casualties is not an exact science, for sure. Given that the epidemic's direct impact depends on a combination of multiple factors[11] and experiences with COVID-19 in wealthy countries may not be easily transferred to developing countries,[12] a precise figure is beyond reach. But our rough estimate supports the intermediate result that numbers of COVID-19 cases in LMICs are likely misrepresented[13] on the lower end – a factor which we need to take into account for all crisis-related policy steps.

[9] J. B. Dowd et al., 'Demographic science aids in understanding the spread and fatality rates of COVID-19' (2020) *PNAS*, 9696-9698, doi.org/10.1073/pnas.2004911117 (last accessed 28 April 2021).

[10] Own calculation based on data provided by United Nations, Department of Economic and Social Affairs, Population Division 2019, 2019; Chile's Government, 2020; Italian National Institute of Health (Istituto superiore di sanità - ISS) & Civil Protection; Public Health Agency of Sweden (PHAS) & National Board of Health and Welfare (NBHW). [distributor] National Institute for Demographic Studies (INED), 2020)

[11] M. R. Nepomuceno et al., 'Besides population age structure, health and other demographic factors can contribute to understanding the COVID-19 burden' (2020) *PNAS*, 13881-13883, doi.org/10.1073/pnas.2008760117 (last accessed 28 April 2021); F. Natale et al., 'COVID-19 Cases and Case Fatality Rate by age' (2020) *European Commission*, knowledge4policy.ec.europa.eu/publication/covid-19-cases-case-fatality-rate-age_en (last accessed 28 April 2021).

[12] G. Demombynes, 'COVID-19 Age-Mortality Curves Are Flatter in Developing Countries' (2020) *Policy Research Working Paper No. 9313,* World Bank, Washington, DC. © World Bank, License: CC BY 3.0 IGO, openknowledge.worldbank.org/handle/10986/34028 (last accessed 28 April 2021).

[13] According to data at 31 Dec. 2020.

In light of these shocking numbers, we must look at the real differences between developed countries on the one side and LMICs on the other. Specifically, we should consider *how* people in the developing countries will experience the impact of the pandemic. While in developed countries, most severely sick people die in hospitals or at least elderly homes, with some type of medical support and often under medication to make them as comfortable as possible, in developing countries the very ill die at home or on the street, with very little or no help provided by their local healthcare system.[14] Such conditions mean not only that people infected with the virus will die in a most cruel fashion, but these conditions also accelerate the spread of the pandemic. Hence, in the absence of a vaccine, we would expect to see the crisis having a fast and systemic impact on the populations of developing countries for a much longer time than in developed countries. Under these conditions, a number of ten million COVID 19 casualties – terrible as it sounds – is within reach.

3. Return of Hunger and Famine

While these ten million casualties would already amount to a nightmare scenario, the true horror only materializes once we take the indirect impacts of the crisis into account. It is estimated that 1 per cent lower growth in the world economy translates into an increase in the global extreme poverty (with purchase power parity of US$1.90 per day) rate of between 1.6 and 3 per cent.[15] (We discuss the recovery prospects below, in sections 3.3 and 3.4). The UN's World Food Programme expects the number of undernourished people in 2020 to be up to 19 per cent higher than the baseline scenario, this translates into 132 million additional undernourished people, attributable to COVID-19 crisis.[16] World Bank analysts estimate a 3-7 per cent decline in agricultural production in sub-Saharan Africa and a 13 to 25 per cent drop in food imports, with devastating consequences for these regions.[17]

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[14] J. Burke and A. A. Mumin, 'Somali medics report rapid rise in deaths as Covid-19 fears grow', *The Guardian*, 2 May 2020, theguardian.com/world/2020/may/02/somali-medics-report-rapid-rise-in-deaths-as-covid-19-fears-grow (last accessed 28 April 2021).

[15] R. Vos et al., 'How much will global poverty increase because of COVID-19?', *IFPRI Blog*, 20 March 2020, www.ifpri.org/blog/how-much-will-global-poverty-increase-because-covid-19 (last accessed 28 April 2021).

[16] FAO, IFAD, UNICEF, WFP and WHO, 'The State of Food Security and Nutrition in the World 2020 Transforming food systems for affordable healthy diets' (2020) *FAO*, doi.org/10.4060/ca9692en (last accessed 28 April 2021).

[17] World Bank, 'For Sub-Saharan Africa, Coronavirus Crisis Calls for Policies for Greater Resilience',

To provide some background, in the last 50 years, mankind had won its age-old battle against hunger. While famines in the 1960s killed more than 50 million people, hunger was relatively non-existent in the 2010s, with less than 500,000 people dying of starvation during the decade.[18] This prompted policy bodies around the world to announce that the world would be close to realizing SDG No. 2 (zero hunger), which foresees the eradication of hunger and under-nutrition by 2030.[19]

We argue in this section that the COVID-19 crisis will bring hunger and starvation back on to the regulatory agenda. One major contributing factor on which we focus in this chapter is that the hard currency that has allowed developing countries to feed its populations will cease to flow in from developed countries.

We formulate this argument in three steps. First, we argue that hard currency is a necessity for large-scale economic well-being. Second, we argue that the main wells of hard currency have dried out due to the crisis. Third, we argue that there are no substitutes for hard currency available due to rising populations being dependent on a *developing*, rather than stagnant, economy.

3.1 Dependency on hard currency to prevent hunger and famine

The economies of developing countries, and the long-term prevention of hunger and famine, depend on the influx of hard currencies.[20]

This is because some of the developing countries never had any, or have long neglected, respectively, their agriculture, production and manufacturing sectors, due to the availability of

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World Bank, 9 April 2020, www.worldbank.org/en/region/afr/publication/for-sub-saharan-africa-coronavirus-crisis-calls-for-policies-for-greater-resilience (last accessed 28 April 2021); World Bank, 'COVID-19 (Coronavirus) Drives Sub-Saharan Africa Toward First Recession in 25 Years', 9 April 2020, www.worldbank.org/en/news/press-release/2020/04/09/covid-19-coronavirus-drives-sub-saharan-africa-toward-first-recession-in-25-years (last accessed 28 April 2021); The Economist, 'The race to feed Africa during a pandemic', *The Economist*, 23 April 2020, www.economist.com/middle-east-and-africa/2020/04/23/the-race-to-feed-africa-during-a-pandemic (last accessed 28 April 2021); FSIN, '2020 Global Report on Food Crises' (2020), www.fsinplatform.org/sites/default/files/resources/files/GRFC_2020_ONLINE_200420.pdf (last accessed 28 April 2021).

[18] J. Hasell and M. Roser, 'Famines', 7 December 2017, *Our World In Data*, ourworldindata.org/famines (last accessed 28 April 2021).

[19] United Nations, 'Sustainable Development Goals. Goal 2: Zero Hunger', (2020), *United Nations*, www.un.org/sustainabledevelopment/hunger/ (last accessed 28 April 2021).

[20] FAO, IFAD, UNICEF, WFP and WHO, 'The State of Food Security and Nutrition in the World 2017 – Building resilience for peace and food security' (2017), www.fao.org/3/a-i7695e.pdf (last accessed 28 April 2021); FAO, 'Financing Normal Levels of Commercial Imports of Basic Foodstuffs in the context of the Marrakesh Decision on the least-developed and net food-importing developing countries' (2003) , www.fao.org/3/y5109e/y5109e00.htm (last accessed 28 April 2021).

inexpensive alternatives facilitated through a hitherto uninterrupted global supply chain. In turn, these countries need to buy food, or at least engineering products, information and communications technology goods, advanced agricultural goods (e.g. modified seeds) and other technical goods, as well as seeds (necessary for industrial agricultural production) and crucial commodities (e.g. oil and gas) all of which are produced by more developed countries and are traded on a global level in hard currencies.

If developing countries lack hard currency, they can neither buy food nor the goods necessary to produce it (e.g. engineering equipment, seeds, technical goods, and oil and gas). This will lead to their own economic downturn, with their currency value tanking against hard currencies. In turn, farmers in these countries will lack sufficient funds to buy seeds *and* oil and gas, hence their productivity will suffer, resulting in insufficient domestic food production. The situation is particularly dire if we assume that food production has already suffered from social distancing measures, which have prevented migrant workers from travelling to their work places and assisting in agricultural work. Accordingly, the lack of hard currency will hit developing countries at a time when local supply is already weak, and many farmers' resources are depleted.

In the developing countries, the populations grow at a rate that exceeds their capacity to produce food.[21] In turn, these countries need to import food at an increasing rate. This makes net-food-importing countries particularly vulnerable to economic shocks and currency depreciations. Indeed, the FAO outlined that: '75 per cent of countries with food crises that also suffered from economic shocks are net food importers.'.[22]

[21] FAO, 'The future of food and agriculture – Trends and challenges' (2017, www.fao.org/3/a-i6583e.pdf (last accessed 28 April 2021).

[22] FAO, IFAD, UNICEF, WFP and WHO, 'The State of Food Security and Nutrition in the World 2019 – Safeguarding against economic slowdowns and downturns' (2019, www.fao.org/3/ca5162en/ca5162en.pdf (last accessed 28 April 2021).

3.2 Main wells of hard currency dried out

At the same time, developing countries cannot purchase food on world markets where hard currency is expected in return (i.e. where the buyer has to effectively pay more due to using their own local (non-hard) currency). This section argues that the main sources of hard currency are about to dry out due to the crisis. These sources are: the global supply chain; tourism; commodities; remittances; and foreign investments.

3.2.1 Disruption of global supply chain

The Global Supply Chain (GSC) relies on developing countries as part of the global workbench. In recent years, participation in the GSC has become very important for many, in particular developing countries.

Some insights into the contribution of the GSC to the GDP of developing economies can be inferred by looking into trade data.[23] In the last three years, trade boosted the GDP of LMICs by an average of 50 per cent; in some countries, this figure reached 120 per cent (e.g. Liberia, Cambodia, and Malaysia), while for others it was more modest at around 30 per cent (e.g. Sudan, Turkmenistan, and Kenya).[24]

According to the OECD's Trade in Value Added (TiVA) database, presenting data up to 2015, developed economies and developing economies show the same rate of participation in Global Value Chains (GVCs), which is estimated to contribute to 41.4 per cent of their total exports.[25]

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[23] A. Nicita et al., 'Global supply chains: Trade and economic policies for developing countries' (2013) *Policy Issues in International Trade and Commodities Study Series No. 55*, unctad.org/en/PublicationsLibrary/itcdtab56_en.pdf (last accessed 28 April 2021).

[24] World Bank, 'Trade (per cent of GDP) [dataset]' (2020), World Bank, Washington, DC. © World Bank, License: CC BY-4.0, data.worldbank.org/indicator/NE.TRD.GNFS.ZS (last accessed 28 April 2021).

[25] World Trade Organization, 'Trade in value-added and global value chains: statistical profiles' (2020) Geneva: © 2020, World Trade Organization, underlying data from © Organisation for Economic Co-operation and Development (OECD), TiVA Database.

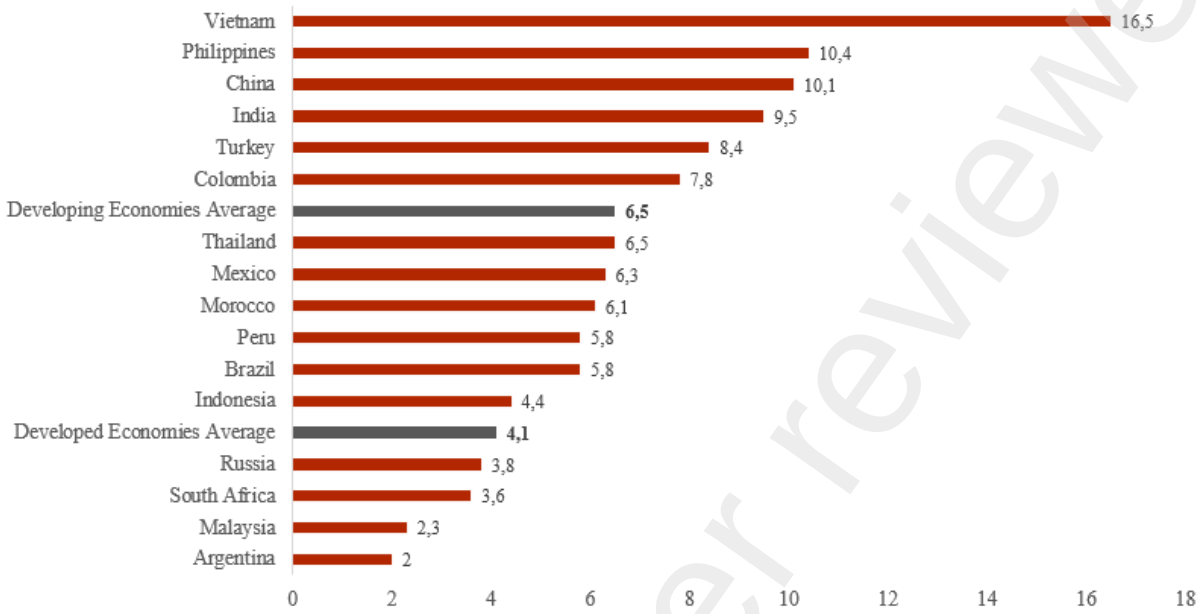

Figure 4 Annual percentage growth-rate of participation in GVCs for selected developing countries, 2005-2015. Source: World Trade Organization based on TiVA Database.[26]

[26] © World Trade Organization, 'Trade in value-added and global value chains: statistical profiles' and underlying data from © Organisation for Economic Co-operation and Development (OECD), TiVA Database, www.wto.org/english/res_e/statis_e/miwi_e/all_Profiles_e.pdf.

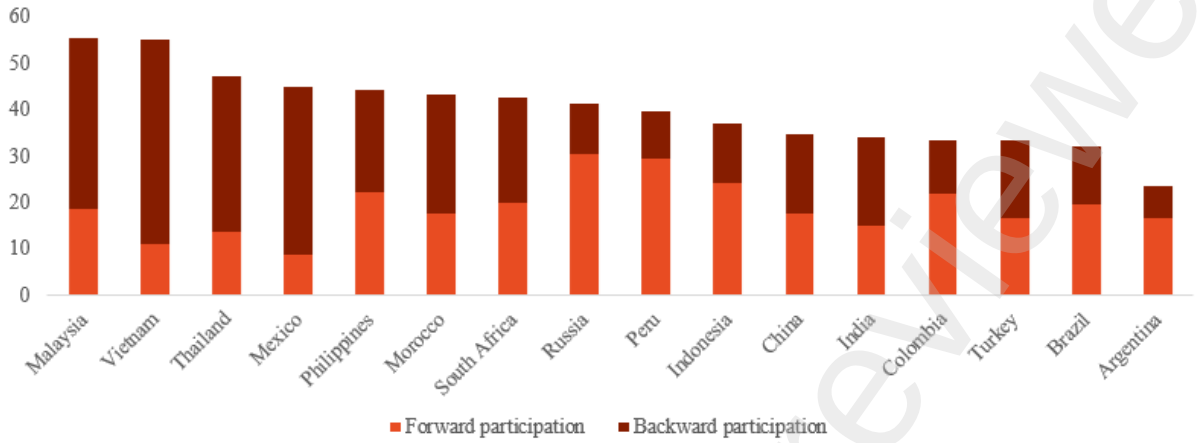

Figure 5 GVC participation as percentage of total gross exports for selected developing countries, 2015. Source: Own creation based on data from World Trade Organization and TiVA Database.[27]

The numbers above make it abundantly clear how the disruption of the GSC will both impact developed and developing countries, all mutually connected through global tangled trade networks.

The GSC has come to an almost complete halt during the COVID-19 crisis,[28] especially in sectors that require movement of people and relate to international trade networks.[29]

Even though the most impacted industry by COVID-19 is the services industry, merchandise trade was also highly affected by the crisis.[30] Figure 6 below shows the decline in 'merchandise trade' measured as 'exports in goods (value)' of OECD countries. Total international merchandise trade volumes are expected to fall by 12,9 per cent in the optimistic scenario and by 31.9 per cent in the pessimistic scenario in 2020 and expected to recover by 21,3 per cent or 24 per cent in 2021 according to different scenarios and conditions.[31] Even if the intensity of the drop in merchandise trade has not yet been as acute as the Great Trade Collapse of 2008-2009, World Bank analysts expect similar levels

[27] © World Trade Organization, 'Trade in value-added and global value chains: statistical profiles' and underlying data from © Organisation for Economic Co-operation and Development (OECD), TiVA Database.

[28] D. Cerdeiro et al., 'Tracking Trade During the COVID-19 Pandemic', *IMFBlog*, 14 May 2020, blogs.imf.org/2020/05/14/tracking-trade-during-the-covid-19-pandemic/ (last accessed 28 April 2021).

[29] S. Miroudot, 'Reshaping the policy debate on the implications of COVID-19 for global supply chains' (2020) *J Int Bus Policy*, doi.org/10.1057/s42214-020-00074-6 (last accessed 28 April 2021).

[30] World Trade Organization, 'Trade falls steeply in first half of 2020', 22 June 2020, www.wto.org/english/news_e/pres20_e/pr858_e.htm (last accessed 28 April 2021).

[31] World Trade Organization, see above.

in the near future.[32] The decline in merchandise trade and the interruption of the GSC have also led to the inevitable decline in related services trade (e.g., international maritime transport of freight).[33]

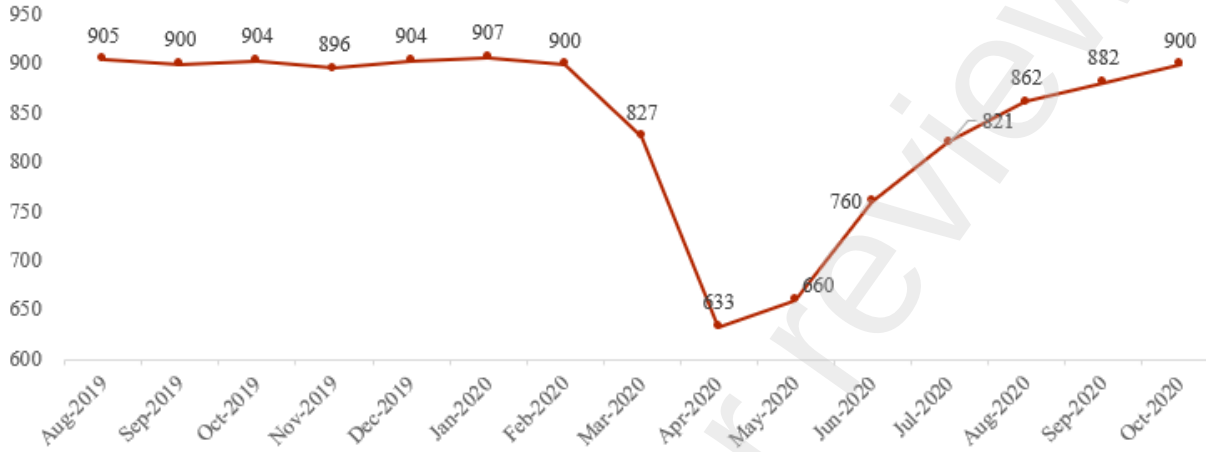

Figure 6 Monthly international merchandise trade volume (OECD countries), exports in goods(value). Own creation based on OECD, 'Monthly International Merchandise Trade (IMTS) – Headline Series [dataset]'.[34]

[32] M. J. Ferrantino et al., 'COVID-19 Trade Watch (August 31, 2020) (English)' (2020), Washington, D.C.: © World Bank Group, documents.worldbank.org/curated/en/385991598974156640/COVID-19-Trade-Watch-August-31-2020 (last accessed 28 April 2021).

[33] World Trade Organization, 'Trade in Services in the Context of Covid-19' (2020), www.wto.org/english/tratop_e/covid19_e/services_report_e.pdf (last accessed 28 April 2021).

[34] stats.oecd.org/Index.aspx?DataSetCode=MEI_TRD.

Table 1 Trade by Income Group in Apr-Sep 2020, YoY growth (per cent). Source: World Bank.[35]

	Exports						Imports					
	Apr	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**
High income	-27,1	-28,0	-12,1	-10,2	-7,2	0,6	-23,4	-26,2	-11,1	-10,3	-6,3	-0,6
Upper middle income	-11,5	-17,1	-4,0	0,6	1,9	5,6	-19,9	-24,9	-5,3	-10,7	-6,0	6,6
Lower middle income	-35,6	-28,8	-5,6	-4,2	-2,5	8,7	-39,6	-40,5	-23,9	-21,6	-16,8	-9,9

Overall, according to the World Bank, global trade is expected to decline about 13.4 per cent in 2020, a much more severe contraction than during the global financial crisis.[36] Such fall is exacerbated by the negative impacts of the crisis on trade in services (e.g., tourism, see below) and by delays in shipments.[37]

[35] M. J. Ferrantino et al., 'COVID-19 Trade Watch (August 31, 2020) (English)' (2020), Washington, D.C.: © World Bank Group, see above.

[36] World Bank, *Global Economic Prospects, June 2020*, Washington, DC: World Bank © World Bank, License: CC BY 3.0 IGO, openknowledge.worldbank.org/handle/10986/33748 (last accessed 28 April 2021).

[37] See above World Bank, *Global Economic Prospects, June 2020*.

3.2.2 Halt of global tourism

Another main source of hard currency is tourism.

In order to measure the impact of tourism on GDP, we have used as an indicator the international tourism receipts as a percentage of exports. According to the WTO, international tourism receipts are defined as 'expenditure of international inbound visitors including their payments to national carriers for international transport. They also include any other payments or payments afterwards made for goods and services received in the destination country.'

In recent years, international tourism receipts have contributed on average to 6 per cent of exports in LMICs:[38] in some countries the contribution has been closer to 80 per cent (e.g. Maldives), while in other countries it has been negligible (e.g. Guinea, Mauritania, and South Sudan).

Global tourism has essentially stopped in the wake of the COVID-19 crisis (see Figure 7) and OECD forecasts a potential decline up to 80 per cent, 'if recovery is delayed until December'.[39] Such trend has been confirmed by UNWTO that reports a drop in export revenues from international tourism of US$ 935 billion and 72 per cent decline in international arrivals, in the first ten months of 2020.[40] This disruption to the tourism industry will lead, in some LDCs and developing countries, to significantly less hard currency being available.

[38] World Bank, 'International tourism, receipts (current US$) [dataset]' (2020), World Bank, Washington, DC. © World, Bank License: CC BY-4.0 data.worldbank.org/indicator/ST.INT.RCPT.CD (last accessed 28 April 2021).

[39] OECD, 'Tourism Policy Responses to the coronavirus (COVID-19)' (2020), read.oecd-ilibrary.org/view/?ref=124_124984-7uf8nm95se&title=Covid-19_Tourism_Policy_Responses (last accessed 28 April 2021).

[40] UNWTO, 'Latest Tourism Data' www.unwto.org/unwto-world-tourism-barometer-data (last accessed 28 April 2021).

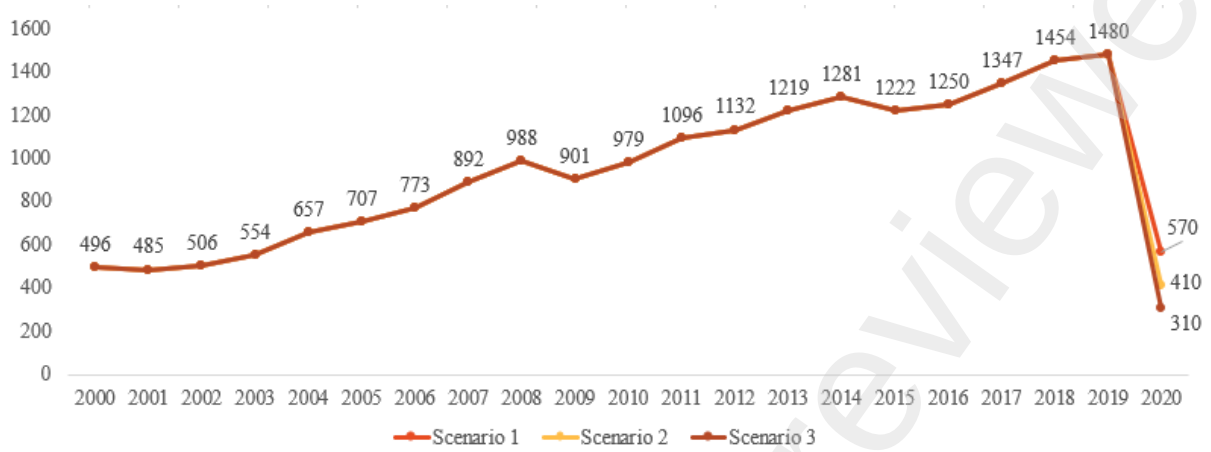

Figure 7 International tourism receipts (exports) 2000-2019 (2019 values are estimates and 2020 scenario-based values), world (US$ billion). Source: UNWTO.[41]

3.2.3 Commodities market downturn

In recent years, total natural resources rents have contributed 3.75 per cent to the GDP of LMICs.[42] Again, the numbers vary notably though. In some countries the contribution has been closer to 40 per cent (e.g. Iraq, Libya, and Republic of Congo), while in other countries it has been minimal (e.g. Bangladesh, Cuba, and Namibia). According to the World Bank, 'total natural resources rents are defined as the sum of oil rents, natural gas rents, coal rents (hard and soft), mineral rents, and forest rents. Natural resources rents are estimated as the difference between the price of a commodity and the average cost of producing it. Total natural resources rents are the sum of oil rents, natural gas rents, coal rents, mineral rents, and forest rents.'[43].

Less industrial production in developed countries leads to less demand for commodities.[44] Less

[41] UNWTO 'UNWTO World Tourism Barometer May 2020' (2020), www.e-unwto.org/doi/pdf/10.18111/9789284421817

[42] World Bank, 'Total natural resources rents (per cent of GDP) [dataset]' (2020), World Bank, Washington, DC. © World Bank, License: CC BY-4.0, data.worldbank.org/indicator/NY.GDP.TOTL.RT.ZS (last accessed 28 April 2021).

[43] See above World Bank 'Total natural resources rents (per cent of GDP) [dataset]' (2020); See above World Bank, 'Low & middle income [dataset]'.

[44] World Bank Group, 'Commodity Markets Outlook' (2020), World Bank, Washington, DC. © World, Bank License: CC BY 3.0 IGO, https://openknowledge.worldbank.org/handle/10986/33624 (last accessed 28 April 2021); World Bank, 'A Shock Like No Other: Coronavirus Rattles Commodity Markets' (2020), www.worldbank.org/en/news/feature/2020/04/23/coronavirus-shakes-commodity-markets (last accessed 28

demand has led to lower prices,[45] and in turn less income from commodities sales in *some* developing countries (while developing countries that have hard currency could in fact have mitigated the effect of this decline). South Sudan, for example, relies heavily on oil exports which account for 97 per cent of national exports and 88 per cent of government revenues.[46] The drop in oil price has caused a massive decline in national revenues.[47]

Figure 8 and Figure 9 show the drop in energy commodities prices.

Figure 8 Monthly indices based on nominal US dollars, 2010=100, Mar. 2008 to Dec. 2020. Own creation based on World Bank data.[48]

April 2021).

[45] See above World Bank, *Global Economic Prospects, June 2020*.

[46] A. Lahreche and N. A. Hobdari, (2020), www.imf.org/en/News/Articles/2020/11/19/na112020-four-things-to-know-about-how-fragile-states-like-south-sudan-are-coping-with-covid19?utm_medium=email&utm_source=govdelivery (last accessed 28 April 2021).

[47] See Above A. Lahreche and N. A. Hobdari.

[48] World Bank, 'Commodity Price Data (The Pink Sheet) [dataset]', www.worldbank.org/en/research/commodity-markets (last accessed 28 April 2021).

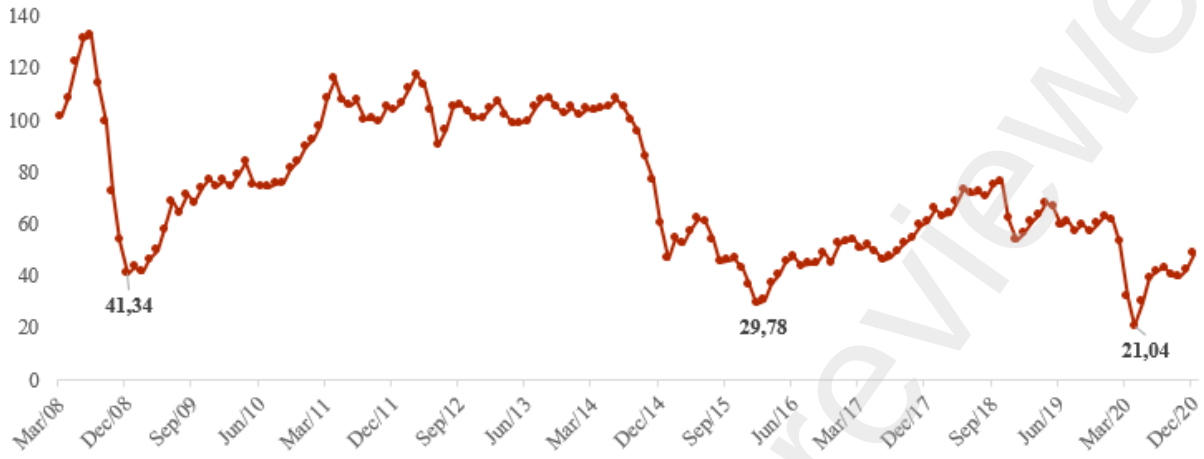

Figure 9 Monthly prices in nominal US dollars of Crude oil, average (in $/bbl.), Mar. 2008 to Dec. 2020 Own creation based on World Bank data.[49]

The decline of the commodities market will lead to less hard currency being available in some developing countries, with those countries heavily dependent on commodity-based income suffering the most.

3.2.4 Significant reduction in remittances

Another of the main sources of hard currency is remittances. In 2019, about US$548 billion flew into LMICs through funds wired by relatives (equivalent on average to about 2 per cent of their GDP, the share of remittances on GDP reaches 9.2 per cent in countries in fragile and conflict-affected situations).[50] However, such remittances are reliant on migrant workers being able to earn money. With developed countries in crisis mode and restrictions affecting access to workplaces, the capacity of migrant workers to travel to their workplace and in turn send money home is significantly diminished.

By some estimates, remittances to LMICs are expected to decline by about 7 per cent in 2020

[49] World Bank, 'Commodity Price Data (The Pink Sheet) [dataset]', see above.

[50] World Bank, 'GDP (current US$) [dataset]' (2020), World Bank, Washington, DC. © World Bank, License: CC BY-4.0, data.worldbank.org/indicator/NY.GDP.MKTP.CD (last accessed 28 April 2021); World Bank, 'COVID-19: Remittance Flows to Shrink 14 per cent by 2021' (2020), www.worldbank.org/en/news/press-release/2020/10/29/covid-19-remittance-flows-to-shrink-14-by-2021 (last accessed 28 April 2021).

and by a further 7.5 per cent in 2021, this equates to a substantial total drop of around US$78 billion.[51] Yet, others predict a speedy recovery of remittances in certain regions, in particular Latin-America.[52] For the remainder of this chapter we will rely on the negative scenario – while hoping for a better state.

3.2.5 Decline of foreign investments

The final main source of hard currency is foreign investments. Foreign Direct Investment (FDI) in developing economies amounted to US$685 billion in 2019 (equivalent to about 2 per cent of their GDP).[53] Given that foreign investments depend on income being generated somewhere, in times of crisis where the economy is collapsing, it is inevitable that less funds will be available for such investments.

A decline in global FDI of about 40 per cent is projected for 2020, resulting in a dramatic fall of FDI in the range of US$205-305 billion in developing countries.[54] According to the estimates of the Institute of International Finance, capital outflows from emerging markets registered in 45 days starting from the end of February reached about US$100 billion, a much higher amount than the US$20 billion outflows registered over 3 months, during the Global Financial Crisis.[55] Plummeting foreign investments will constrain private sector development and employment in these countries.

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[51] See above World Bank, 'COVID-19: Remittance Flows to Shrink 14 per cent by 2021'.

[52] UNDP, 'Stand by me: COVID-19 and the Resilience of Remittance Flows to LAC' (2020), www.latinamerica.undp.org/content/rblac/en/home/presscenter/director-s-graph-for-thought/stand-by-me--covid-19-and-the-resilience-of-remittance-flows-to-.html (last accessed 28 April 2021).

[53] UNCTAD, 'World Investment Report 2020 International Production Beyond the Pandemic' (2020), New York: © 2020, United Nations, unctad.org/en/PublicationsLibrary/wir2020_en.pdf (last accessed 28 April 2021).

[54] See above UNCTAD, 'World Investment Report 2020 International Production Beyond the Pandemic'.

[55] J. Fortun and B. Hilgenstock , 'IIF Capital Flows Tracker – April 2020. The COVID-19 Cliff' (2020), *Institute of International Finance,* www.iif.com/Portals/0/Files/content/1_IIF_Capital%20Flows%20Tracker_April.pdf (last accessed 28 April 2021).

3.3 No substitutes available

Worryingly, there are no immediately apparent substitutes for the inflow of hard currencies into developing countries that could counter or at least dilute the substantial negative effects of the crisis on the economies, and in particular the food production, of developing countries.

3.3.1 Hard currency to remain hard

The prospect of the crisis softening hard currencies shows no sign of materializing, as we see no evidence of the USD, EUR, CHF and JPY weakening against the currencies of developing countries. Indeed, as Figure 10 shows, many emerging and developing countries' currencies have actually lost value in the wake of the crisis.[56]

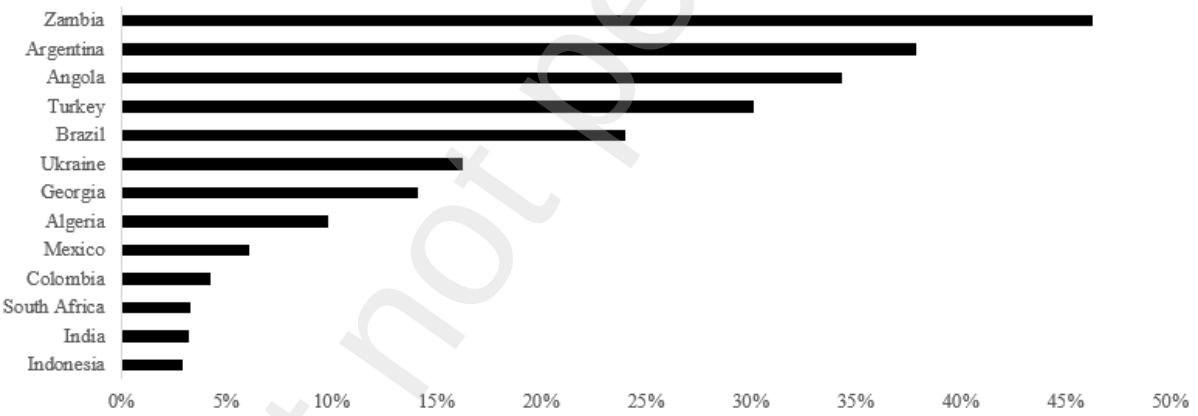

Figure 10 Currency Depreciation (official exchange rate, LCU per USD, percent change between Jan. 2020 – Dec. 2020). Own creation based on data from the World Bank.[57]

The decline of emerging and developing countries' currencies did not come as a surprise. Whenever

[56] International Monetary Fund, 'A Crisis Like No Other, An Uncertain Recovery. World Economic Outlook Update' (2020), www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020 (last accessed 28 April 2021).

[57] World Bank, 'Global Economic Monitor [dataset]'. https://datacatalog.worldbank.org/dataset/global-economic-monitor.

uncertainty impacts on markets, the weaker currencies of developing countries tend to lose value more rapidly than the hard currencies of their developed counterparts. Indeed, investors usually flee from weaker currencies whenever a crisis appears on the horizon.[58]

Rather than hard currencies becoming weaker, demand for hard currencies presses towards a rising of US$. This has led the central banks managing the world's hardest currencies (the Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Federal Reserve, and the Swiss National Bank) to jointly coordinating their liquidity support, thereby ensuring sufficient liquidity in US$ (preventing the US$ from rising). The liquidity backstop shall 'ease strains in global funding markets, thereby helping to mitigate the effects of such strains on the supply of credit to households and businesses, both domestically and abroad.'[59] Contrarily, the currencies of developing countries are being traded less frequently, and used less frequently for financial transactions.

3.3.2 No fast recovery

The broad consensus is that the crisis impaired the entire year 2020.[60] The IMF has estimated – so far – a contraction in the global economy of 4.4 per cent in 2020, after revising its first projections.[61] In December 2020 the OECD has forecasted a decline of 4.2 per cent in global GDP,[62] adjusting its more

[58] E. Smith, 'Emerging market currencies have been hit by the coronavirus, but analysts say it's not all bad news', *CNBC*, 14 April 2020, www.cnbc.com/2020/04/14/emerging-market-currencies-have-been-hammered-by-covid-19.html (last accessed 28 April 2021).

[59] Bank of England, 'Coordinated central bank action to enhance the provision of global U.S dollar liquidity' (2020), www.bankofengland.co.uk/news/2020/march/coordinated-central-bank-action-to-enhance-the-provision-of-global-us-dollar-liquidity (last accessed 28 April 2021).

[60] International Monetary Fund, 'G-20 SURVEILLANCE NOTE. COVID-19—Impact and Policy Considerations' (2020), www.imf.org/external/np/g20/pdf/2020/041520.pdf (last accessed 28 April 2021); International Monetary Fund, 'World Economic Outlook: A Long and Difficult Ascent' (2020), www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020 (last accessed 28 April 2021).

[61] See above International Monetary Fund, 'G-20 SURVEILLANCE NOTE. COVID-19—Impact and Policy Considerations'; International Monetary Fund, 'World Economic Outlook: A Long and Difficult Ascent'; International Monetary Fund, 'A Crisis Like No Other, An Uncertain Recovery. World Economic Outlook Update'.

[62] OECD, 'OECD Interim Economic Assessment. Coronavirus: Living with uncertainty' (2020), www.oecd-ilibrary.org/docserver/34ffc900-en.pdf?expires=1600683032&id=id&accname=guest&checksum=2E65716A8A29CA72CBF8565FA1BD645A (last accessed 28 April 2021).

negative predictions from June and September 2020.[63] The OECD highlights a less strong decline in global output and at the same time higher discrepancies in the COVID-19 pandemic effects on output, with some low-and middle-income countries (e.g. India, Mexico and South Africa) hit harder than expected.[64] The World Bank in January 2021 predicts a decline of world GDP of 4.3 per cent in 2020.[65] While varying in detail, all forecasts present a more significant decline than that caused by the 2008-09 financial crisis.[66] The impact of COVID is expected to have even more severe consequences in countries in fragile and conflict situations, where in the baseline scenario, GDP is expected to shrink by 7 per cent in 2020.[67] These countries are highly dependent on remittances (14 per cent of their GDP), with refugees and internally displaced persons ranging between about 2-35 per cent and with a total of about 20 million people affected by lack of proper sanitation and water.[68] Some have argued that the COVID-19 pandemic will have more devastating effects on the global economy than previous pandemics like the Spanish flu[69] where the average change in GDP growth in the most-affected countries registered for the years 1918-20 was about 0.38 per cent.[70] And for sure, the economic crisis

[63] OECD, 'OECD Economic Outlook Volume 2020 Issue 1' (2020), https://www.oecd-ilibrary.org/economics/oecd-economic-outlook_16097408 (last accessed 28 April 2021); See above OECD, 'OECD Interim Economic Assessment. Coronavirus: Living with uncertainty'.

[64] See above OECD, 'OECD Interim Economic Assessment. Coronavirus: Living with uncertainty'.

[65] See above World Bank, *Global Economic Prospects, June 2020*; World Bank, *Global Economic Prospects, January 2021*, Washington, DC: World Bank. © World Bank, CC BY 3.0 IGO, 10.1596/978-1-4648-1612-3.

[66] See above International Monetary Fund, 'G-20 SURVEILLANCE NOTE. COVID-19—Impact and Policy Considerations'; See above International Monetary Fund, 'A Crisis Like No Other, An Uncertain Recovery. World Economic Outlook Update'; United Nations, 'World Economic Situation and Prospects as of mid-2020' (2020); A. Shalal and D. Lawder, 'IMF chief says growth forecast cuts 'very likely' as coronavirus hits economies hard', *Reuters*, 12 May 2020, www.reuters.com/article/us-health-coronavirus-imf-georgieva/imf-chief-says-growth-forecast-cuts-very-likely-as-coronavirus-hits-economies-hard-idUSKBN22O254 (last accessed 28 April 2021).

[67] International Monetary Fund, 'COVID-19 Poses Formidable Threat for Fragile States in the Middle East and North Africa' (2020), www.imf.org/en/News/Articles/2020/05/13/na051320-covid-19-poses-formidable-threat-for-fragile-states-in-the-middle-east-and-north-africa?utm_medium=email&utm_source=govdelivery (last accessed 28 April 2021).

[68] See above, International Monetary Fund, 'COVID-19 Poses Formidable Threat for Fragile States in the Middle East and North Africa'.

[69] Gongloff, M. (2020, May 6). It's Not 1918 Again. The Economic Pain Is Worse. *Bloomberg*. www.bloomberg.com/opinion/articles/2020-05-06/coronavirus-recession-worse-than-spanish-flu-economy?srnd=premium-asia&sref=lP8hg7Cm (last accessed 28 April 2021).

[70] World Bank, 'COVID-19 Crisis Through a Migration Lens. Migration and Development Brief, No. 32' (2020) World Bank, Washington, DC. © World Bank, License: CC BY 3.0 IGO, https://openknowledge.worldbank.org/handle/10986/33634 (last accessed 28 April 2021).

will have an even greater impact on developing countries that lack 'the monetary, fiscal and administrative capacity to respond to the crisis.'[71]

At the same time, projected growth for 2021 is estimated at about 4 per cent according to the World Bank January 2021 economic prospects, *if certain conditions are in place* (e.g. strong policy support).[72] We will see whether the assumption of a fast recovery holds true – from the current perspective this looks wildly optimistic, given that new variants of the virus seem to spread much faster than the version original known, and that even in the most developed countries (where vulnerable parts of society have access to vaccines) mass vaccination of *all* parts of the population will not be possible prior to the Summer of 2021; herd immunity, however, requires that a significant share of a population is more or less immune to the virus; depending on the virus numbers can range above 80 per cent (polio) to 95 per cent (measles).[73] As such the sources of LMICs' hard currency – with tourism as most obvious example – will remain under pressure for the greater part of 2021, and hard currency remain a scarce good.

On that basis, the UN expects a financing gap of between US$2-3 trillion to show in developing countries in the next two years.[74] This is founded on the assumption that trade and the delivering of services between developed and developing countries will not restart properly until a vaccine has been found, produced *en masse*, shipped and administered to *all* – which will be particularly difficult to finance and organize in emerging and developing economies, and almost impossible in developing countries. Even if funding becomes available to do so, we may expect that mass vaccination would take at least three years after the vaccine will be widely available (that is in 2023 or 24),[75] if not longer.

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[71] UNCTAD, 'UN calls for $2.5 trillion coronavirus crisis package for developing countries' (2020), unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2315 (last accessed 28 April 2021).

[72] See above World Bank, *Global Economic Prospects, January 2021*.

[73] WHO, 'Coronavirus disease (COVID-19): Herd immunity, lockdowns and COVID-19' (2020), www.who.int/news-room/q-a-detail/herd-immunity-lockdowns-and-covid-19#:~:text=The%20percentage%20of%20people%20who,among%20those%20who%20are%20vaccinated (last accessed 28 April 2021).

[74] See above UNCTAD, 'UN calls for $2.5 trillion coronavirus crisis package for developing countries'.

[75] J. Gardner, 'A coronavirus vaccine may arrive next year. 'Herd immunity' will take longer', 4 May 2020, www.biopharmadive.com/news/coronavirus-vaccine-herd-immunity-covid-19/577312/ (last accessed 28 April 2021).

3.3.3 Publicly-sponsored nutrition of the poor hindered by COVID-19 measures

Another factor increasing the vulnerability of those in developing countries exposed is the fact that many such countries have countered famine through public food programs, particularly for children in schools and kindergartens.[76] In many cases, when schools and kindergartens are closed, children cannot access the public support they usually receive, and hence lack nutrition. This stretches the already-scarce resources of these children's households even further, resulting in otherwise preventable casualties among the very young and elderly especially. The income uncertainty caused by lockdowns will probably exacerbate such grave problems. Hence, labor-market policy interventions must be carefully administered using a coordinated approach among different regulators, taking into account the various phases of the pandemic.[77]

While inaccessibility of publicly-funded nutrition may be understood as a short-term impact, we can only speculate how long it will take for public infrastructure to return to normal: if developed countries are experiencing several months of shutdowns multiple times over, it would be surprising to see the period being much shorter in developing countries. Yet, where people depend on public programs for their nutrition, a break of three or four months would be likely to have a devastating effect.

[76] G. Vivacqua, 'World Food Programme gears up to support children left without meals due to COVID-19 school closures', 20 March 2020, www.wfp.org/news/world-food-programme-gears-support-children-left-without-meals-due-covid-19-school-closures (last accessed 28 April 2021).

[77] GIZ, 4B10: Unit for Education, VET and Labour Markets, 'Labour market policy in times of the COVID-19 pandemic' (2020), sea-vet.net/images/seb/e-library/doc_file/721/working-paper-labour-market-policy-in-times-of-the-covid-19-pandemic-and-during-its-aftermath.pdf (last accessed 28 April 2021).

3.4 Impact

We lack the necessary means to estimate the impact of the economic factors on the food supply in developing countries. Therefore, rather than providing a detailed estimate, we look at the relevant history. The last periods in which the world's largest economic powers were entirely focused on themselves was during the two world wars (1914-1918 and 1939-1945). The impacts of these wars in terms of hunger and famine were long and devastating. While less than 15 million people died from famine in the 1910s, this number reached approximately 80 million in both the 1920s and 1940s. [78]

If the current crisis is to have a similar impact, then in addition to the (up to) ten million people dying directly from the virus, we could expect another 80 million indirect casualties *exclusively in developing countries* – bringing the total death toll closer to the 100 million used arbitrarily as the hook in the title of this chapter (in particular, we cannot exclude that the correlation between the world war years and famine is a coincidence, or that the famine are indirect results of war rather than economic neglect). For sure, the world's institutions are much better these days to mitigate famine, transport and digitalization – crucial for coordinated support efforts – are better developed and private donors undertake to help the poorest around the globe as soon as news about hunger spread, with significant funds in a very short time and very professional organization. At the same time, the world's population is today 3.5 times as large as in the 1930ies, making coordinated assistance a huge challenge once hunger and famine become a familiar threat again in *multiple* developing countries *at the same time* due to the economic disruption caused by the crisis. This reappearance of hunger and famine at multiple regions across the globe simultaneously is what we fear most.

To substantiate the dimension of up to 100 million casualties, we put two factors together: On the one hand, the World Bank estimated for 2017 that 689 million were living in extreme poverty.[79] Extreme poverty is defined as the minimum amount below which a 'person's minimum nutritional,

[78] See above J. Hasell and M. Roser, 'Famines'.

[79] World Bank, 'Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle (2018), World Bank, Washington, DC. © World Bank, License: Creative Commons Attribution CC BY 3.0 IGO, openknowledge.worldbank.org/bitstream/handle/10986/30418/9781464813306.pdf (last accessed 28 April 2021); World Bank, 'Foreword - Poverty and Shared Prosperity 2020' (2020), blogs.worldbank.org/voices/october-7-2020-foreword-poverty-and-shared-prosperity-2020 (last accessed 28 April 2021)

clothing, and shelter needs cannot be met'.[80] For any one percentage point slowdown of the global economy, the number of people in extreme poverty (with purchase power parity of US$1.90 per day) would increase by about 2 per cent (14 million people) and by about 3 per cent (21 million people) if trade channels were interrupted.[81] According to Vos, Martin, & Laborde model and June-projections for 2020 of minus 4.4 per cent in GDP,[82] we would expect an additional 61 million people living in extreme poverty in the 'best' scenario (increase by 2 per cent), and about 91 million in the worst (increase by 3 per cent). While the World Bank estimates for 2020 an increase of 88-115 million people living in extreme poverty,[83] another study from UNI-Wider, in the scenario of a 5 per cent contraction in per capita incomes, envisages 80 million more people.[84] All in all, the United Nation estimates an increase up to 160 million of people living in extreme poverty by 2030.[85] Although these estimates might appear volatile, conflicting and highly dependent on many still uncertain variables, they all present the same trend: a substantial increase of people living in poverty in the near future. At the same time, those already in extreme poverty will suffer additional setbacks in their daily struggle for food. In plain words: they will starve, and where people starve without help, some of them die.

On the other hand, almost 400 million people live in ultra-poverty,[86] that are people living in 'extremely poor' (as just defined) communities facing *additional* challenges, preventing them from benefiting from any government-led social protection programs or market-led initiatives, like microfinance, 'being essentially invisible in society, even to their closest neighbors, without birth certificates and government listings' at all.[87] Bringing *digital* development aid and government support to these ultra-poor is virtually impossible since these people do not exist in any ledger at all; where on the ground assistance is inhibited due to the crisis these people are very likely to be sidelined in total.

The important point here is the insight that if developed countries focus on themselves and global trade connections are interrupted, developing countries suffer, with the number of casualties

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[80] See above World Bank, 'Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle'.

[81] See above R. Vos et al., 'How much will global poverty increase because of COVID-19?' www.ifpri.org/blog/how-much-will-global-poverty-increase-because-covid-19 (last accessed 28 April 2021).

[82] See above International Monetary Fund, 'World Economic Outlook: A Long and Difficult Ascent'.

[83] See above World Bank, 'Foreword - Poverty and Shared Prosperity 2020'.

[84] A. Sumner et al., 'Estimates of the impact of COVID-19 on global' (2020), *United Nations University*, https://www.wider.unu.edu/publication/estimates-impact-covid-19-global-poverty (last accessed 28 April 2021).

[85] See above United Nations, 'World Economic Situation and Prospects as of mid-2020'.

[86] Uplift and The RESULTS Educational Fund, 'The Global State of Ultra-Poverty 2017' (2017), www.ultra-poverty.org/assets/downloads/gsup-2017-report.pdf (last accessed 28 April 2021).

[87] See above Uplift and The RESULTS Educational Fund, 'The Global State of Ultra-Poverty 2017'.

potentially astronomical. At the same time, we cannot claim precision with regard to the prediction of 100 million casualties – and the authors of this chapter would be more than happy to be proved wrong. To clarify, we use the 100 million casualties as a rough but *drastic* forecast to convey the message that the crisis *will* have a very severe impact on developing countries, much more severe than has yet been realized due to the circumstances on the ground and the slowdown of economic interactions between developed countries and developing countries.

Our key message is to warn politicians and regulators to see the wider global picture and undertake steps to *avoid* a looming human catastrophe, not only in the interest of the poor, but also the rich countries: a number of casualties close to the 100 million will threaten the moral right of rich country citizens to live on this planet.

4. Departure from the Sustainable Development Goals

The second indirect impact of the crisis is even harder to prove than the first. Yet, as our aim here is to alert relevant actors to the less-obvious crisis consequences for developing countries, it is legitimate to raise concerns that the crisis will mark a departure from, or at least a significant slow-down in the realization of the SDGs. Drawing on the previous sections, this seems obvious for SDGs 1 (No Poverty), 2 (Zero Hunger), 3 (Good Health and Well-Being) and 8 (Decent Work and Economic Growth), but most of the other SDGs are also at risk.

4.1 Inequality reduction thwarted by crisis

The crisis will have a direct impact on the realization of SDG 10,[88] which is aimed at reducing inequality: the crisis and related lockdowns have instead reinforced inequalities at all levels.

The socio-economic impacts of crisis-related restrictions to labor and schooling generally vary according to income level: high-income earners can usually buffer the crisis impact the best, while

[88] United Nations, 'Special edition: progress towards the Sustainable Development Goals' (2019), undocs.org/E/2019/68 (last accessed 28 April 2021).

low-income earners struggle more as they lack both the skills and resources to buffer.[89]

For instance, the quality of home-schooling is strongly correlated with the background, income and education level of the parents.[90] This leads to a disproportionately negative effect on the education of children from low-income and poor families, which have less access to the internet and other educational resources.[91] In relation to inequalities between developed and developing countries, 86 per cent of children in primary education were out of school in low-development countries, in contrast to the 20 per cent in more advanced economies.[92]

In a similar vein, small firms register significantly higher cash flows-to-asset ratios compared to big enterprises and mainly rely on cash sales rather than assets-to-pledge to access credit. Accordingly, it is small firms that are suffering the most from the slow-down in consumption.[93] Meanwhile, high-income earners are at more of an advantage compared to low-income earners because they are more likely to be able to work from home.[94]

We fear that this is only the first step in a general departure from the SDGs. Pursuing the SDGs is a costly endeavor in the short-term, and much of the development effort is financed by developed economies. When these developed economies have less means to finance development, the SDGs are bound to take a back seat, with some such economies even pursuing less altruistic goals such as enhancing their control of autocrats and their people and/or unfairly exploiting the natural and economic resources of developing countries. While the expected counter-argument is that developing countries will simply *need* to accept more external assistance which would ordinarily be tied to the SDGs, we fear that the new types of assistance may come with no such conditions and that the economic interests of the world's strongest economies will prevail over the SDGs. For instance, we could imagine financial support being conditioned on market access and beneficial trade agreements rather than any commitment towards the SDGs.

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[89] See above R. Vos et al., 'How much will global poverty increase because of COVID-19?'.

[90] J. J. Heckman, 'Skill Formation and the Economics of Investing in Disadvantaged Children', *Science, 312*, 30 June 2006, 1900-1902.

[91] P. Surico and A. Galeotti, 'The Economics of Pandemics: The case of Covid-19', 27 April 2020, www.youtube.com/watch?v=FHDmyiWpldY&feature=youtu.be (last accessed 28 April 2021).

[92] M. Rowling, 'Pandemic may reverse human development for first time in 30 years, UN says', *Reuters*, 20 May 2020, www.reuters.com/article/healthcoronavirus-global-development/pandemic-may-reverse-human-development-for-first-time-in-30-years-un-says-idUSL8N2D251B (last accessed 28 April 2021).

[93] See above M. Rowling, 'Pandemic may reverse human development for first time in 30 years, UN says'.

[94] See above P. Surico and A. Galeotti, 'The Economics of Pandemics: The case of Covid-19'.

4.2 Unemployment, 'uneducating', 'ungendering' and 'ungreening'

The ongoing crisis represents a litmus test for several SDGs at once. Rising unemployment will be an immediate result of the crisis, which will in turn widen inequality at all levels, and potentially harm the prospects of future generations, due to a lack of resources to fund their education. This would threaten SDG No. 4 (quality education). Children having to be schooled at home rather than in school are generally being taught by women in developing countries. Accordingly, we would expect this to hinder the achievement of SDG No. 5 (gender equality). And where there is an urgent short-term need, we would expect less long-term perspectives to be taken, resulting in less attention being paid to environmental concerns and sustainable handling of resources (SDGs 11-15).

Simple examples reported in the press in the one or the other way support our thesis from the forced departure of the SDGs: Where people cannot generate income through services (such as tourism) they will turn to natural resources that no one defends. For instance, a Mexican owner of horses who has previously rented out the horses to tourists to make a living may turn into a predator of Marine resources by hunting for fish and oysters; the unpaid guide of a natural park in Africa may be forced to hunt the very animals s/he is supposed to protect to survive; where petrol, gas, and coal becomes unaffordable due to decline of local currencies people turn to cutting the trees and burning the timber of rain forests; where renewable energy requires expensive spare parts to be paid in hard currencies, the production facilities will be sold somewhere to be replaced by local forms of energy production (burning wood), and so on. Years of progress to substitute use of natural resources with service-oriented wealth generation are about to be lost.

The current crisis also threatens traditional financial inclusion which is an enabler of at least eight (if not all) of the 17 SDGs.[95] In particular, microfinance is often the tool of choice for people with low technical and financial sophistication as well as micro, small and medium enterprises (MSMEs), representing about 90 per cent of businesses and more than 50 per cent of employment worldwide.[96]

[95] D. W. Buckley et al., 'Sustainability, FinTech and Financial Inclusion' (2020) *Eur Bus Org Law Rev, 21*, 7–35, https://link.springer.com/article/10.1007%2Fs40804-020-00183-y (last accessed 28 April 2021); UNCDF, 'Financial Inclusion and the SDGs' (2020), © UNCDF, www.uncdf.org/financial-inclusion-and-the-sdgs (last accessed 28 April 2021).

[96] United Nations, 'Supporting small businesses through the COVID-19 crisis' (2020) www.un.org/en/observances/micro-small-medium-businesses-day (last accessed 28 April 2021); M. Schlein,

Many of these businesses are excluded from the traditional banking sector and are served by MFIs and other non-bank financial companies.[97] Since traditional microfinance relies on personal contact, the current crisis is putting the microfinance sector at risk, with repayment rates consistently falling.[98] Efforts to improve under challenging conditions have been undertaken,[99] but it is difficult to achieve good results in the absence of technological infrastructure and tech expertise on the side of both MFIs and their clients – requiring hard currency to pay for it.

4.3 Brain drain and mass migration

The estimated impact of a departure from the SDGs is less certain in terms of actual casualties. Yet, such a departure will lead to political instability resulting in civil disobedience and unrest, thereby prompting further self-preserving reactions from those yielding political power and undermining civil institutions (at odds with SDG No. 16).

Meanwhile, developed countries will feel an impact in terms of increasing migration. Where economic need and political angst coincide, people that can afford to do so will emigrate. This could create new waves of mass migration similar to those regularly seen at the Mexican-American border or on the shores of the Mediterranean Sea.

Many of the most likely migrants are from countries that have made significant progress in the last decade, including India and Vietnam in Asia and Kenya and Rwanda in Africa. These countries have built up human resources to maintain and grow their economies but now are at great risk of

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'The financial engine for half the world's jobs is about to seize up', 23 April 2020, www.accion.org/the-financial-engine-for-half-the-worlds-jobs-is-about-to-seize-up (last accessed 28 April 2021).

[97] M. G. Moritán, 'Financial inclusion for MSMEs and women's economic empowerment' (2020) *Journal of the International Council for Small Business* (1:1), 7-9, doi.org/10.1080/26437015.2020.1714348 (last accessed 28 April 2021).

[98] G. Bull and T. Ogden, 'COVID-19: How Does Microfinance Weather the Coming Storm?', *CGAP*, 25 March 2020, www.cgap.org/blog/covid-19-how-does-microfinance-weather-coming-storm (last accessed 28 April 2021); The Economist, 'For microfinance lenders, covid-19 is an existential threat', *The Economist*, 5 May 2020, www.economist.com/finance-and-economics/2020/05/05/for-microfinance-lenders-covid-19-is-an-existential-threat (last accessed 28 April 2021).

[99] H. Hekkenberg and W. Medrano-Lazo, 'Attention points business continuity for MFIs in view of the COVID-19 outbreak' (2020), *Luxembourg: ADA-Microfinance*; D. W. Arner et al., 'Digital Finance & The COVID-19 Crisis' (2020) *University of Hong Kong Faculty of Law Research Paper No. 2020/017*, papers.ssrn.com/sol3/papers.cfm?abstract_id=3558889 (last accessed 28 April 2021).

losing these resources in a seemingly inevitable brain drain prompted by economic decline and lack of opportunities.

4.4 How stable is the development infrastructure?

One counter-argument to the departure thesis is that the many organizations and self-help associations active in development assistance have become so committed to the SDGs that even a short-term departure has become virtually impossible.

Yet, development policy is subject to political influence.[100] Too often in the past development policy has been influenced by the short-term ambitions of super powers.[101] A country's susceptibility to political influence increases in correlation with its dependency on funding.[102] As we have shown, the crisis increases developing countries' dependency on foreign support. Countries that in recent years had made notable progress in fighting poverty and pursuing the SDGs now find themselves dependent again - something they had worked hard to successfully move away from for a decade.

4.5 Fintech as a countermeasure?

Another counter-argument to the departure thesis is that financial technology (fintech) has never been better. Indeed, fintech may be a significant driver in reaching the SDGs,[103] and the need for digital finance in the COVID-19 crisis is obviously massive.[104] Yet, fintech is a mere facilitator in pursuing the SDGs. It cannot work alone in the absence of a comprehensive strategy pursuant to the realization of

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[100] A. Alesina and D. Dollar, 'Who Gives Foreign Aid to Whom and Why?' (1998) *National Bureau of Economic Research*, www.nber.org/papers/w6612.pdf (last accessed 28 April 2021).

[101] R. Tomar, 'The Simons Report: Evaluating Australia's Aid Program' (1997).

[102] B. Loman et al., 'Follow the Leader: How Dutch Development NGOs Allocate Their Resources – the Contradictory Influence of Donor Dependency' (2011) *Journal of International Development,* 23(5), 641-655, https://onlinelibrary.wiley.com/doi/abs/10.1002/jid.1701 (last accessed 28 April 2021).

[103] D. A. Zetzsche et al., 'FinTech for Financial Inclusion: Driving Sustainable Growth' (2019) In J. Walker et al., 'Sustainable Development Goals: Harnessing Business to Achieve the SDGs through Finance, Technology and Law Reform' *Wiley*, pp. 179-204.

[104] D. W. Arner et al. 'Digital Finance & The COVID-19 Crisis' (2020) *University of Hong Kong Faculty of Law Research Paper No. 2020/017*, papers.ssrn.com/sol3/papers.cfm?abstract_id=3558889 (last accessed 28 April 2021).

the SDGs.[105]

Indeed, in the absence of such a comprehensive strategy, fintech could be applied negatively to: a) control people; b) suppress females and minority groups; c) violate data privacy rights; and d) erode trust in the emerging financial systems of developing countries.

5. Insufficient Policy Response to Reverse the Trend

Global support could reverse the trend toward return of hunger and famine and the departure from the SDGs. While many initiatives have been taken, indeed, whether these have the volume and impact to reverse trend is in doubt.

5.1 Shortage of global support

Development aid could be a viable short-term substitute for the lack of hard currencies. The IMF and the World Bank have organized unprecedented liquidity inflows to developing countries and developing countries. Yet, while the liquidity support may help the countries to stay afloat in the short-run, the amount is not enough in the mid- and long term.

While the relatively well-off Western and Asian economies are currently undertaking huge efforts to support themselves, few efforts are being made to support developing economies. Indeed, some developed economies have even reduced their development assistance to developing countries,[106] compared to the US$ 152.8 billion committed as 'ODA (Official development assistance) from members of the OECD's Development Assistance Committee (DAC) in 2019.[107]

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[105] E. Solberg and N. Addo Dankwa Akufo-Addo, 'Why we cannot lose sight of the Sustainable Development Goals during coronavirus', 23 April 2020, www.weforum.org/agenda/2020/04/coronavirus-pandemic-effect-sdg-un-progress (last accessed 28 April 2021).; D. W. Arner et al., 'Fintech for Financial Inclusion: A Framework for Digital Financial Transformation' (2018) *UNSW Law Research Paper No. 18-87*, papers.ssrn.com/sol3/papers.cfm?abstract_id=3245287 (last accessed 28 April 2021).

[106] J. Mason, 'Exclusive: Trump proposes 21 per cent cut in U.S. foreign aid in budget proposal – officials', *Reuters*, 9 February 2020, www.reuters.com/article/us-usa-trump-budget-foreign-exclusive/exclusive-trump-proposes-21-cut-in-u-s-foreign-aid-in-budget-proposal-officials-idUSKBN2030Q5 (last accessed 28 April 2021); R. Gramer and C. Lynch, 'Trump's Plan to Slash Foreign Aid Puts Humanitarian Programs in Jeopardy', 16. August 2019*, Foreign Policy*, foreignpolicy.com/2019/08/16/donald-trump-plan-to-slash-foreign-aid-puts-humanitarian-programs-in-jeopardy/ (last accessed 28 April 2021).

[107] OECD, 'OECD and donor countries working to focus development efforts on Covid-19 crisis,

To counter the crisis, the UN has called for a US$2.5 trillion package to be provided for developing countries. The proposed package would comprise the following:

1. US$1 trillion made available through the use of special drawing rights;
2. US$1 trillion of debts owed by those countries to be cancelled this year; and
3. US$500 billion to fund a Marshall Plan for health recovery and to be dispersed as grants..[108]

These amounts look large in absolute terms, and especially so when compared to the DAC's assistance of previous years.

Yet they are *not* large[109] if one considers that these funds would potentially help 80 per cent of the world's population to effectively and sustainably contain the pandemic by: a) achieving economic recovery; b) improving healthcare systems, and c) financing and organizing vaccinations. To put the US$2.5 trillion package into perspective: Germany's domestic support measures alone for a population of 'only' 83 million amounts in total to US$1.5 trillion, equivalent to about 40 per cent of its 2019 GDP;[110] the EU and EU Member States together are investing about US$4.5 trillion to battle the crisis (29 per cent of 2019 GDP);[111] and the United States have promised to invest a total of about US$3 trillion into its economy and healthcare system, equivalent to 14 per cent of its 2019 GDP;[112] on top comes the US$1.9 trillion COVID 19 Relief Packaged announced by the Biden administration, bringing support beyond 23 per cent GDP.

Assuming the world's GDP to be around US$88 trillion, with some US$55 trillion attributable to high-

building on a rise in official aid in 2019' (2020), www.oecd.org/development/oecd-and-donor-countries-working-to-focus-development-efforts-on-covid-19-crisis-building-on-a-rise-in-official-aid-in-2019.htm (last accessed 28 April 2021).

[108] See above UNCTAD, 'UN calls for $2.5 trillion coronavirus crisis package for developing countries'.

[109] See above A. Shalal, A. and D. Lawder 'IMF chief says growth forecast cuts 'very likely' as coronavirus hits economies hard'.

[110] J. Anderson et al., 'The fiscal response to the economic fallout from the coronavirus', 5. August 2020, www.bruegel.org/publications/datasets/covid-national-dataset#usa (last accessed 28 April 2021).

[111] L. Hurst, 'EU agrees massive aid package of immediate support for member states', *Euronews*, 24.04.2020, www.euronews.com/2020/04/23/eu-agrees-massive-aid-package-of-immediate-support-for-member-states (last accessed 28 April 2021); See above J. Anderson et al., 'The fiscal response to the economic fallout from the coronavirus'.

[112] See above J. Anderson et al., 'The fiscal response to the economic fallout from the coronavirus'.

income countries,[113] if the world was to support low- and middle income countries to the equivalent level of the US and the EU in terms of percentage of GDP, this would equate to assistance ranging from US$7.6 trillion (US level) to US$9.6 trillion (EU level).

What has been done so far is significantly less ambitious.

First, the G20 countries agreed to freeze the repayment of the debt of the world's 76 poorest countries plus Angola until the end of the year 2020 through the Debt Service Suspension Initiative (DSSI).[114] In October 2020 the DSSI was extended until mid of 2021. The Council of Europe endorsed the initiative and recognized the necessity to potential debt restructuring for the most vulnerable countries, agreeing on a 'Common Framework for Debt Treatments beyond the DSSI'.[115] The G20 agreement of April 2020 to freeze principal repayments and interest payments is expected to equate to around only 0.8 per cent[116] of the US$2.5 trillion package for developing countries called for by the UN. This measure should be extended to other LMICs facing considerable economic tensions and involve private creditors as well, whose participation to debt relief cannot just be 'voluntary'.[117] Following the G20 initiative, China announced the provision of US$2 billion over two years 'to help

[113] See above World Bank, 'GDP (current US$) [dataset]' (2020).

[114] A. England et al., 'G20 nations close in on debt deal for poor countries', *Financial Times*, 12. April 2020, www.ft.com/content/30321fc4-e77c-4688-8d87-ef344108ed6b (last accessed 28 April 2021); J. Wheatley et al., 'Emerging economies call for more financial help after G20 deal', *Financial Times*, 17 April 2020, www.ft.com/content/203ed8f5-6bb2-4016-80a9-dd99269bfa26 (last accessed 28 April 2021).

[115] Council of the European Union, 'Debt relief efforts for African countries: Council approves conclusions' (2020), https://www.consilium.europa.eu/en/press/press-releases/2020/11/30/debt-relief-efforts-for-african-countries-council-approves-conclusions (last accessed 28 April 2021).

[116] D. Barbuscia et al., 'G20 countries agree debt freeze for world's poorest countries', *Reuters*, 15 April 2020, www.reuters.com/article/us-health-coronavirus-g20-statement/g20-countries-agree-debt-freeze-for-worlds-poorest-countries-idUSKCN21X29A (last accessed 28 April 2021).

[117] P. Bolton et al., 'Born Out of Necessity: A Debt Standstill for COVID-19' (2020) *CEPR Policy Insight No. 103*, https://cepr.org/sites/default/files/policy_insights/PolicyInsight103.pdf (last accessed 28 April 2021); Institute of International Finance, 'IIF letter to IMF, World Bank, OECD and Paris Club on Debt of LICs', 09 April 2020, www.iif.com/Publications/ID/3849/IIF-letter-to-IMF-World-Bank-OECD-and-Paris-Club-on-Debt-of-LICs (last accessed 28 April 2021); World Bank, 'World Bank Group President David Malpass: Remarks for G20 Finance Ministers and Central Bank Governors Meeting' (2020), www.worldbank.org/en/news/statement/2020/07/18/world-bank-group-president-david-malpass-remarks-at-the-g20-finance-ministers-and-central-bank-governors-meeting (last accessed 28 April 2021).

other countries respond to the impact of the COVID-19 pandemic',[118] and the EU increased the allocation for 'external action' in the proposals of the EU budget 2021-2027 to EUR 10.5 billion as part of the measures aimed to 'fight the negative consequences of COVID-19'.

Second, the World Bank Group expects to grant developing countries up to US$160 billion over the next 15 months.[119]

Third, the IMF has initiated a $100 billion emergency financing program (overall $250 billion are made available to his members). The emergency financing program includes: 1) Rapid Credit Facilities (RCFs) - US$4.4 billion approved so far to LDCs - and 2) Rapid Financing Instruments (RFIs) - US$1.3 billion approved so far to LDCs.[120] On top of the emergency financing program the IMF approved some grant-based debt relief, amounting to US$1.4 billion for its 25 poorest member countries for six months in the form of Catastrophe Containment and Relief Trust (CCRT) - US$ 471 million approved so far to LDCs.[121] The IMF is also 'augmenting existing lending programs' – Extended Credit Facilities (ECFs) and Extended Fund Facilities (EFFs) approved so to LDCs amount to US$ 1.8 billion.[122]

Fourth, regional development banks started to provide support facilities, such as the EBRD and AIIB with EUR 21 billion and $10 billion respectively.

These measures together result in some $300 to $350 billion for developing countries (data as of 1 Dec. 2020). Even if we suppose some bilateral assistance we will find ourselves clearly below

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[118] I. Luan, 'China Suspends Debt Repayments for 77 Developing Countries Battling Covid-19', *Caixin*, 8 June 2020, www.caixinglobal.com/2020-06-08/china-suspends-debt-repayments-for-77-developing-countries-battling-covid-19-101564592.html (last accessed 28 April 2021).

[119] World Bank, 'World Bank COVID-19 Response, 14 Oct. 2020' (2020), www.worldbank.org/en/news/factsheet/2020/10/14/world-bank-covid-19-response (last accessed 28 April 2021).

[120] IMF amounts reported in this sub paragraph are based on data relative to LDCs at 1 Dec. 2020, International Monetary Fund, 'The IMF's Response to COVID-19' (2020), www.imf.org/en/About/FAQ/imf-response-to-covid-19 (last accessed 28 April 2021); International Monetary Fund, 'COVID-19 Financial Assistance and Debt Service Relief' (2020), www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker (last accessed 28 April 2021).

[121] See above International Monetary Fund, 'The IMF's Response to COVID-19'; See above International Monetary Fund, 'COVID-19 Financial Assistance and Debt Service Relief'; International Monetary Fund, 'IMF Executive Board Approves Immediate Debt Relief for 25 Countries' (2020), www.imf.org/en/News/Articles/2020/04/16/pr20165-board-approves-immediate-debt-service-relief-for-25-eligible-low-income-countries. (last accessed 28 April 2021).

[122] See Above International Monetary Fund, 'The IMF's Response to COVID-19'; See above International Monetary Fund, 'COVID-19 Financial Assistance and Debt Service Relief'.

the UN's target – not even speaking of US or EU support levels.

On top comes as new IMF tool the 'Short-term Liquidity Line' (SLL) as 'a reliable and renewable credit line, without ex post conditionality, to members with very strong fundamentals and policy frameworks … The SLL is designed to address a special balance-of-payments need—potential, moderate, and short-term—reflected in capital account pressures following external shocks'.[123] While the SSL reduces immediate budget shocks, it is limited to countries where the IMF has endorsed their 'very strong policy frameworks and institutions to markets,' and repayment is due, in principle, in 12-month duration.[124] In the past, few countries have met these criteria (with FCL facilities being used by Colombia, Poland, Mexico).[125] In order to meet the increased demand for financial support from member countries, the IMF executive board deliberated 'increases of the annual access limits in the General Resources Account (GRA) from 145 to 245 percent of quota, and under the Poverty Reduction and Growth Trust (PRGT) from 100 percent to 150 percent of quota, on a temporary basis through April 6, 2021' together with the 'increase in the exceptional annual access limit under the PRGT by 50 percent of quota to 183.33 percent of quota for the same period'.[126] Even though this measure supports IMF member countries to meet their increasing liquidity needs, it is a temporary solution (lasting less than a year) and it does not imply a change on current cumulative access limits.[127]

Even with some developing countries undertaking huge efforts (such as India with its $ 266 million stimulus plan),[128] the prospect of further support being issued by developed countries to LMICs is uncertain.[129] However, if the OECD target contribution of 0.7 per cent of ODA to Gross National

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[123] G. Okamoto, 'The Short-term Liquidity Line: A New IMF Tool to Help in the Crisis', *IMFBlog*, 22 April 2020, blogs.imf.org/2020/04/22/the-short-term-liquidity-line-a-new-imf-tool-to-help-in-the-crisis/ (last accessed 28 April 2021).

[124] See above G. Okamoto, 'The Short-term Liquidity Line: A New IMF Tool to Help in the Crisis'.

[125] International Monetary Fund, 'Flexible Credit Line - Operational Guidance Note' (2018), www.imf.org/en/Publications/Policy-Papers/Issues/2018/08/06/pp080618-flexible-credit-line-operational-guidance-note (last accessed 28 April 2021).

[126] International Monetary Fund, 'IMF Executive Board Approves a Temporary Increase in Annual Access Limits to Financial Support' (2020), www.imf.org/en/News/Articles/2020/07/21/pr20267-imf-executive-board-approves-temporary-increase-annual-access-limits-financial-support (last accessed 28 April 2021).

[127] See above International Monetary Fund, 'IMF Executive Board Approves a Temporary Increase in Annual Access Limits to Financial Support'.

[128] A. Kazmin, 'Modi unveils $266bn stimulus package to revive Indian economy', *Financial Times*, 12 May 2020, www.ft.com/content/5734f333-e4d7-4ebf-9de2-220e537da3f0 (last accessed 28 April 2021).

[129] See above OECD, 'OECD and donor countries working to focus development efforts on Covid-19

Income (GNI) was not reached in 2019 (in total, the OECD's Development Assistance Countries contributed about 0.3 per cent of ODA to GNI),[130] it is unlikely that the same target would be reached in 2020. The shortfall of ODA provided by Development Assistance Countries over the years roughly corresponds to the sum that the UNCTAD is now calling for to respond to the ongoing global emergency.[131] With a contraction of the global economy due to the COVID-19 crisis projected at a level of 4.4 per cent for the year 2020,[132] ODA to GNI in absolute terms is expected to decline further.

Such a scenario does not contradict the inevitability that *lending* amounts for the year 2020 have actually risen, as Figure 11 indicates. Increased lending just months into the crisis could imply that developing countries are already finding themselves less able to pay back debt and in the need for debt restructuring;[133] local currency depreciations will also contribute to the increase of the costs related to foreign-currency loans, making loan repayments even more unsustainable.[134] Countries struggling with over-indebtedness prior to the crisis experience more and more difficulties to refinance their obligations under market conditions.

Financial assistance and lending programs launched so far have been largely criticized, as the amounts are considered inadequate given the dimension of the crisis.[135] A potential solution to free liquidity would be a new issuance of SDRs.[136] However, as also stressed by the IMF's CEO, there is no consensus – so far - of IMF members on a new issuance of SDRs since a new issuance would mobilize

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crisis, building on a rise in official aid in 2019'.

[130] OECD, 'Aid by DAC members increases in 2019 with more aid to the poorest countries' (2020), www.oecd.org/dac/financing-sustainable-development/development-finance-data/ODA-2019-detailed-summary.pdf (last accessed 28 April 2021).

[131] See above UNCTAD, 'UN calls for $2.5 trillion coronavirus crisis package for developing countries'.

[132] See above International Monetary Fund, 'World Economic Outlook: A Long and Difficult Ascent, 2020'.

[133] C. Smith and R. Wigglesworth, 'Creditors push back on G20 debt relief plea for emerging markets', *Financial Times*, 19 April 20202, www.ft.com/content/4b9266ad-df46-454c-b31f-40b6b7c70fbb (last accessed 28 April 2021).

[134] See above P. Bolton et al., 'Born Out of Necessity: A Debt Standstill for COVID-19'.

[135] UNCTAD, 'The Covid-19 Shock to Developing Countries: Towards a 'whatever it takes' programme for the two-thirds of the world's population being left behind' (2020), New York: © 2020, United Nations, unctad.org/en/PublicationsLibrary/gds_tdr2019_covid2_en.pdf (last accessed 28 April 2021); A. Kentikelenis, et al., 'Softening the blow of the pandemic: will the International' (2020) *The Lancet*, 8(6), https://doi.org/10.1016/S2214-109X(20)30135-2 (last accessed 28 April 2021).

[136] D. Gallagher et al., 'It's time for a major issuance of the IMF's Special Drawing Rights', *Financial Times*, 20 March 2020, ftalphaville.ft.com/2020/03/20/1584709367000/It-s-time-for-a-major-issuance-of-the-IMF-s-Special-Drawing-Rights/ (last accessed 28 April 2021).

more liquidity to more advanced economies under the current system.[137] Based on the current quotas only about 10 per cent of SDRs would go to all lower- and middle-income developing countries.[138] For this reason, UNCTAD has proposed a series of measures, one of them consists in a 'one-off, exceptional and de-linked allocation from the quotas system' that would entirely go to developing countries.[139]

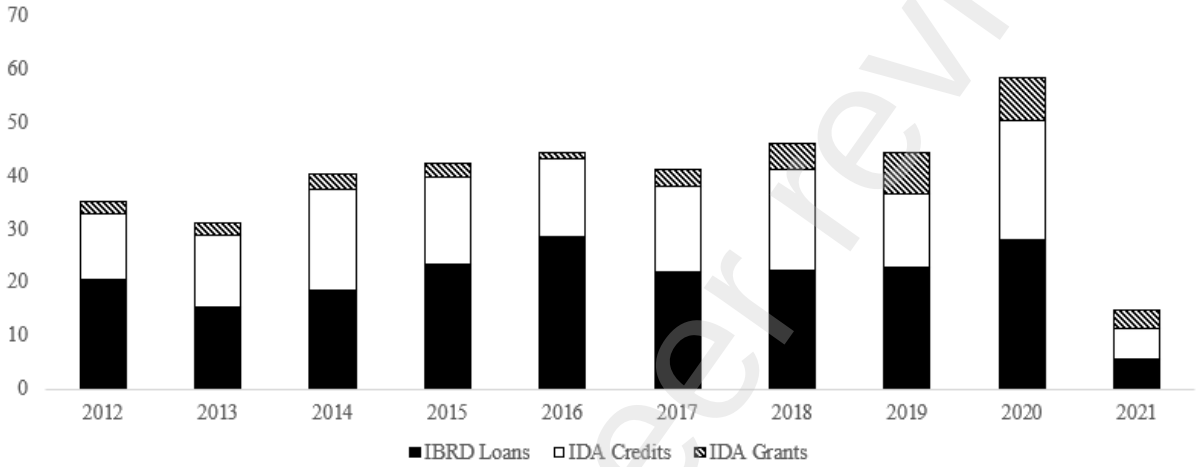

Figure 11 Lending amounts in $US billion (by fiscal year starting on July, the 1st). Source: World Bank (last updated Nov. 31, 2020).[140]

The intermediate results confirm that much less global support has been announced than necessary, and even less announced than achieved so far.

[137] See above A. Shalal and D. Lawder, 'IMF chief says growth forecast cuts "very likely" as coronavirus hits economies hard'.

[138] See above A. Shalal and D. Lawder, 'IMF chief says growth forecast cuts "very likely" as coronavirus hits economies hard'.

[139] See above UNCTAD, 'The Covid-19 Shock to Developing Countries: Towards a 'whatever it takes' programme for the two-thirds of the world's population being left behind'.

[140] World Bank, 'IBRD/IDA Summary', https://financesapp.worldbank.org/summaries/ibrd-ida/#ibrd-len/ (last accessed 28 April 2021).

5.2 EU support falling short of expectations

European institutions have supported developing economies/LDCs through a number of initiatives ranging from budget support and financing to guarantees and technical assistance.

First, in November 2020 the Council of Europe endorsed the Debt Service Suspension Initiative (DSSI) leading to delayed debt services. While a potential debt restructuring for the most vulnerable countries was deemed necessary (see above), it did not come to that; we note some progress though on a 'Common Framework for Debt Treatments beyond the DSSI'.[141]

Second, the European bilateral development finance institutions and the European Investment Bank announced to initiate €280 million financing to support SMEs in developing countries to reduce the economic impact of COVID-19.

Third, in December 2020 the European Council endorsed a provisional agreement to set-up a unique instrument named Neighbourhood, Development and International Cooperation Instrument (NDICI) 'aiming at streamlining and simplifying the EU's external action financing instruments for international and development cooperation, crisis response or peace-building actions in partner countries'.[142] Such instrument will have a financial capacity of about EUR 80 billion for the period 2021-2027. Out of the total amount, only EUR 29 billion will go to Sub-Saharan Africa and a total of EUR 3 billion will be dedicated to 'quick response capacity for crisis management'.[143]

Fourth, some pre-existing facilities, such as the European Fund for Sustainable Development (EFSD), have been partially re-adapted to support countries (including developing countries, in particular EU neighbourhood countries and Africa) facing the negative economic impact of COVID-19 crisis. An example is the EFSD Guarantee that was 'refocused' to address the COVID-19 pandemic through a number of guarantee agreements, such as: Agricultural ad Rural Finance Guarantee

[141] See above Council of the European Union, 'Debt relief efforts for African countries: Council approves conclusions'.

[142] Council of the European Union, 'Neighbourhood, Development and International Cooperation Instrument: Coreper endorses provisional agreement with the European Parliament' (2020), https://www.consilium.europa.eu/en/press/press-releases/2020/12/18/neighbourhood-development-and-international-cooperation-instrument-coreper-endorses-provisional-agreement-with-the-european-parliament (last accessed 28 April 2021).

[143] See above Council of the European Union, 'Neighbourhood, Development and International Cooperation Instrument: Coreper endorses provisional agreement with the European Parliament'.

Programme (AgreenFi), European Health Platform, European Guarantee for Renewable Energy (non-sovereign), EU Market Creation Facility, EU Municipal, Infrastructure and Industrial Resilience Programme, Financial Inclusion Programme (InclusiFi), Renewable Energy Support Programme for mainly rural areas in Sub-Saharan Africa, Small Loan Guarantee Programme (SLGP).[144]

Fifth, Team Europe[145] approved the provision of up to EUR 38.5 billion to partner countries to recover from the COVID-19 pandemic.[146] Among the Team Europe's initiatives, the EU partnered with Germany to contribute with over 200 million euros in assistance for Senegal.[147] Team Europe also contributed with EUR 500 million to the COVAX initiative to provide one billion COVID-19 vaccine doses for low- and middle-income countries.[148]

Sixth, other support measures to developing economies/LDCs include country-based measures of EEA countries and Switzerland. For instance, Switzerland committed about EUR 464 million in total to respond to COVID-19 pandemic 'particularly in developing countries'.[149] While Norway approved an additional EUR 4 million to the 'record-high' humanitarian budget for 2020 equal to about EUR 535 million.[150]

Although the EU has 'committed in leading...towards a truly global recovery, notably though joint coordination with the United Nations, the G20 and G7, the International Monetary Fund, the World Bank or the International Labour Organisation',[151] we miss a long-term vision on how the

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[144] European Commission, 'EU External Investment Plan' (2021), ec.europa.eu/eu-external-investment-plan/about-plan/progress_en (last accessed 28 April 2021).

[145] Initiative aimed to 'combine resources from the EU, its Member States, and financial institutions, in particular the European Investment Bank and the European Bank for Reconstruction and Development', EEAS.

[146] European Commission, 'Team Europe steps up delivery to its COVID-19 recovery package up to €38.5 billion for partner countries' (2020), ec.europa.eu/commission/presscorner/detail/en/ip_20_2195 (last accessed 28 April 2021).

[147] Federal Ministry for Economic Cooperation and Development, 'European Union and Germany provide over 200 million euros in assistance for Senegal' (2020), www.bmz.de (last accessed 28 April 2021).

[148] European Investment Bank, 'Team Europe contributes €500 million to COVAX initiative to provide one billion COVID-19 vaccine doses for low and middle income countries' (2020), www.eib.org/en/press/all/2020-366-team-europe-contributes-eur500-million-to-covax-initiative-to-provide-one-billion-covid-19-vaccine-doses-for-low-and-middle-income-countries (last accessed 28 April 2021).

[149] Federal Department of Foreign Affairs FDFA, 'COVID-19: Switzerland strengthens international cooperation' (2020), www.eda.admin.ch/eda/en/fdfa/fdfa/aktuell/newsuebersicht/2020/04/corona-internationale-zusammenarbeit.html (last accessed 28 April 2021).

[150] Norwegian Government Security and Service Organisation (G.S.S.O.), 'Norway allocates a further NOK 38.2 million to humanitarian efforts' (2020), www.regjeringen.no/en/aktuelt/rnb_hum/id2701821/ (last accessed 28 April 2021).

[151] European Commission, 'Europe's moment: Repair and prepare for the next generation'(2020), ec.europa.eu/commission/presscorner/detail/en/ip_20_940 (last accessed 28 April 2021).

recovery in the most vulnerable countries may be supported. Moreover, guarantees and suspension of interests do not help sustain increasing liquidity needs, long-term growth nor represent a solution for government over-indebtedness of most of the LMICs.

All in all, the overall amount committed by the EU is below the need which we identified above, but also below the (low) target set by international institutions: if the EU, representing 16 per cent of the world's GDP, contributes all in all only EUR 120 billion to the recovery of LMICs, how can we expect other major economies less to commit higher amounts?

5.3 Impact on Europe's sustainability agenda

The observation of (too) low EU support for LMICs is particularly striking in light of the EU's exposure to the social and economic consequences of the COVID 19 crisis. If the gloomy scenario we have sketched comes true, the impact on Europe will be profound. We expect a direct on impact on Europe's sustainability agenda.

As obvious consequence, we expect the return of mass migration, with all the individual harm that this brings about, but also unwanted consequences for social infrastructure and the political establishment in Europe. Political dependency on 'barrier countries' (such as Turkey, Libya and others) with doubtful approaches to human rights and sustainability will undermine Europe's political commitment to human rights and the rule of law.

In addition, we see three direct consequences for the EU's Green Deal, adopted in December 2019. First, fewer investments with links to LMICs will meet the sustainability definition as defined within the Sustainable Finance Taxonomy: either since more production and services do 'significant harm to one of the environmental objectives' (cf. Articles 9, 17 Taxonomy Regulation (EU) 2020/852[152] (hereafter Taxonomy Regulation)) or for violation against the social standards laid out in Article 18 Taxonomy Regulation; under that provision a conduct must not be called sustainable if it comes with a violation of the OECD Guidelines for Multinational Enterprises (addressing for instance,

[152] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, OJ L 198, 22.6.2020, p. 13-43.

supply chain issues),153 the UN Principles for Business and Human Rights154 and the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights providing minimum standards for labour, work safety and social insurance.155

Given that global enterprises aggregate the country-specific sustainability impact based on capital expenditure and operational expenses, if a part, or several parts, of a global conglomerate's investment does not qualify as sustainable, the overall share of sustainability of that conglomerate will be also impaired.

Second, political stability and influence of human rights and the rule of law lost during the COVID 19 crisis will not be reinstalled once the virus is under control. The discussion as to whether the Western libertarian model is fit to combatting the crisis is already under way. Countries with a pro-Western approach could be destabilized through the social and economic impact of the COVID 19 crisis for lack of economic support from the U.S. and the EU, while autocrats, less concerned about the individuals within their domain, may come out strengthened by crisis support from less human rights-oriented economic superpowers.

Third, while the COVID 19 crisis had reduced carbon emissions shortly due to reduced business and leisure traffic, its impact on the SDGs could potentially delay the long-term sustainable transformation of the European, but in particular the world's economy, with carbon reductions, and effectiveness of combatting global warming through natural resources, under threat: the circular economy depends on the glass and paper collection, a labour-intense service; accelerated by low oil prices during the crisis, the European Environmental Protection Agency (EEA) reported a higher share of single use items.[156] The long-term impact, however, is more profound, and negative: COVID 19, being a 'zoonic disease' that spreads from animals to humans and vice versa threatens biodiversity (EEA, 2020). In a similar way, trees cut for heating and cooking during the COVID 19 crisis, do not grow again over night (even if immediately planted), as fish and oysters killed to feed people will take time

[153] OECD Guidelines for multinational enterprises, www.oecd.org/corporate/mne/ (last accessed 28 April 2021).

[154] UN Human Rights, Guiding Principles on Business and Human Rights, www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf. (last accessed 28 April 2021).

[155] ILO Declaration on Fundamental Principles and Rights at Work, www.ilo.org/declaration/lang--en/index.htm (last accessed 28 April 2021).

[156] EEA, 'COVID-19 and Europe's environment: impacts of a global pandemic' (2020), www.eea.europa.eu/post-corona-planet/covid-19-and-europes-environment (last accessed 28 April 2021).

to recover; while infrastructure relying on electricity and renewable power generation may be lost due to lack of maintenance and spare parts, as a result of shortage in hard currency. For all we know, we lack insights into the long-term environmental impact of the COVID 19 crisis; yet history tells us that immediate need of many people comes at the cost of long-termism, while Europe's sustainability agenda is all about making long-termism the new mainstream.

As such, the social and economic impact of COVID 19 goes far beyond a regional and human disaster. Regulators worldwide, including Europe, are well advised to deal with it, to ensure that the sustainability agenda can be implemented as hoped for – to the good of the future of our planet.

6. Policy Considerations

We have drawn a gloomy picture of some 100 million people passing away due to the direct and – to a much greater extent – the indirect impacts of the crisis, and with many developing countries being diverted off the successful paths they have been taking towards the realization of the SDGs to overcome hunger[157] and to make excellent advances in education, literacy, gender equality, and infrastructure.[158]

What could be done to avoid the catastrophic scenario foreseen? What started as health crisis in some regions is going to be a *global* health, economic and financial crisis, hence well-coordinated efforts with a global perspective are in dire need. We see five elements of the coordinated efforts as crucial.

First, financial support must consider developing countries' needs. In particular, if developed countries support firms, support should not be conditioned on spending support or retaining labor within the confined economic region of the supporting body (i.e. Europe for the EU). Rather, support

[157] United Nations, 'The Sustainable Development Goals Report 2019' (2020), unstats.un.org/sdgs/report/2019/The-Sustainable-Development-Goals-Report-2019.pdf

[158] See above United Nations, 'The Sustainable Development Goals Report 2019' (2020).

should be aimed at restarting *global* rather than domestic economic activity. This support particularly, but not only, must include food supply in the next two years. International coordination is necessary to limit negative economic spillover effects across countries; inadequate policies in some countries can have direct or indirect adverse effects on partner economies, making unilateral macroeconomic policies ineffective from the global perspective.[159] Appropriate coordination could take the form of a global crisis recovery system (GCRS), steering, among others, coordinated and global investments into healthcare systems, funded by a global crisis recovery fund.[160] Recovery packages should be designed promptly and with particular attention to productive investment and sustainable development, as if they would be based only on consumption, 'they could exacerbate intergenerational inequities'.[161] At the same time, new forms of collaboration at local and regional levels, although globally connected, coordinated and (potentially) financed, could focus on enhancing local investments and outputs (i.e. local agricultural development, and local value chains).

In addition, financial support should be combined with an extended and well-coordinated debt standstill in order to avoid that these new financial resources will be spend to service outstanding debt obligations and to effectively orient capital flows towards productive investments.[162] Financial assistance and policy response should also specifically target the poorest segments of society, and especially in areas where informal work, self-employment are prevalent components of the economic system, in order to control increasing inequality.[163] Global human development is expected to decline this year for the first time since 1990.[164] Some examples of policy response could include: 'Expanding

[159] E. Kohlscheen et al., 'The macroeconomic spillover effects of the pandemic on the global economy' (2020), BIS Bulletin No 4, ISSN: 2708-0420, www.bis.org/publ/bisbull04.pdf.

[160] R. Ayadi, 'Time for a Decisive Coordinated Response to a Costly Global COVID-19 Systemic Crisis. Towards a Resilient Global System' (2020), Euro-Mediterranean Economists Association, euromed-economists.org/download/time-for-a-decisive-coordinated-response-to-a-costly-global-covid-19-systemic-crisis-towards-a-global-resilient-system/?wpdmdl=3222&refresh=5f32560d55be81597134349 (last accessed 28 April 2021).

[161] C. Hepburn et al., 'Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?' (2020) *Oxford Review of Economic Policy*, doi.org/10.1093/oxrep/graa015.

[162] See above P. Bolton et al., 'Born Out of Necessity: A Debt Standstill for COVID-19'. *CEPR, Policy Insight No. 103*.

[163] D. Furceri, 'How Pandemics Leave the Poor Even Farther Behind', *IMF Blog*, 11 May 2020, blogs.imf.org/2020/05/11/how-pandemics-leave-the-poor-even-farther-behind/ (last accessed 28 April 2021).

[164] United Nations Development Programme, 'COVID-19 and Human Development: Assessing the Crisis, Envisioning the Recovery', hdr.undp.org/sites/default/files/covid-19_and_human_development_0.pdf.

social assistance systems, introducing new transfers, boosting public work programs to offer job opportunities, giving financing opportunities to sustain employment, and progressive tax measures (perhaps through a "solidarity surcharge")'.[165]

Second, global economic, travel and digital connections must be reinstalled as quickly as possible to maintain existing economic ties. This does not have to coincide with the bearing of additional risk for developed economies: travel could be conditional on up-to-date or on-the-spot Corona tests, short quarantine periods, and eventually vaccination. The revival of air services and supply chains is crucial if we are to avoid a scenario in which developed countries pursue highly-automated industrial production at the national level to replace goods usually imported from developing countries, thereby leaving these countries in even greater economic peril.

Third, it is imperative that medical resources like vaccines and pharmaceutical products be shared with developing countries, not only to avoid the human tragedy predicted herein as a direct and indirect impact of the crisis, but also to rebuild as soon as possible an integrated world economy.[166] A sustainable approach here requires that developed countries share resources with those in greater need, even though there will be a clamor at national level to look after their own citizens first.

Fourth, all public and private resource-rich bodies should focus on how to make use of innovation (in technology, relationships, human well-being services, etc.) to devise new solutions to fight hunger *and* to keep on course towards the realization of the SDGs in developing countries. For instance, developing countries continuing to pursue fulfillment of the SDGs should benefit first from digital screening for their people and digital farming for their farmers, the provision of which would act as an implicit subsidy for SDG compliance.

Innovation includes *financial* innovation. Private and public actors around the world must look for financial innovation mitigating the impact of developing countries' currency decline, for instance

[165] See above D. Furceri, 'How Pandemics Leave the Poor Even Farther Behind' (2020), *IMF Blog.*

[166] T. Murithi, 'COVID-19 reminds us that we are one global society, *Accord*, 10 May 2020, www.accord.org.za/analysis/covid-19-reminds-us-that-we-are-one-global-society/ (last accessed 28 April 2021).

through barter deals or use of price indices that result in a mix of hard and soft currency.

This leads to the fifth principle: most of the above-mentioned tools work best where the recipient country has some purchasing power to ensure that local investment, output and innovation can take place. Therefore, it is crucial to think about financial products that bridge the hard currency gap. Currency transactions in the scarcely-traded currencies of developing countries come with severe transaction costs and fees up to a two-digit percentage. Assistance for developing countries could focus on temporary measures that limit the negative impact of currency devaluation on domestic production and infrastructure investments. We could envisage to establish a currency mechanism that buffers the crisis-related currency devaluation of developing countries. For instance, the currency mechanism could offer to smoothen some of the crisis-incurred losses by participating in currency trade as counterparty for certain transactions for certain countries and market participants crucial for daily life. For example: one Guatemalan quetzal was equal to 0.13048 USD as per 1st of February 2020, before the crisis. The currency mechanism could swap quetzal (within a limited monthly budget) at the same rate as of 1st of February 2020, with the monthly budget set in correlation to uptake of local production. That means: in the beginning the budget is bigger, while in correlation to economic recovery the monthly budget will be reduced. Through such a currency mechanism, certain locally-traded goods could effectively be priced at pre-crisis levels in external trade relations, so that developing countries would maintain some of their purchasing power on the world markets, resulting in faster recovery for both developing and LDCs'/developed countries' economies. The envisaged currency mechanism would partially set aside pricing effects at currency exchanges around the world. We are aware that such a proposal does attract criticism for a plethora of reasons, yet it could be a faster way of achieving global recovery than directly channeling funds to many countries around the globe that come with other unwanted effects, from curtailing local production to enhanced corruption. Naturally, this currency mechanism would require significant resources in an amount only available at the largest central banks of developed countries.

All of the five alternatives are difficult to sell politically at a time when national rather than global matters are treated as the priority by most governments. Yet, the cost of failing to adopt a *global* approach to counter the crisis is a decade with declining world trade and a lost decade for humanity. Any responsible and humane decision-maker will understand that foregoing all of the five choices sketched out above will tip the tide towards the ghastly realization of our 100 million casualties' prediction.

7. Conclusion

We have argued in this chapter that, while the crisis has taken many lives in many *developed* countries, the impact of the crisis on *developing* countries/LDCs is potentially far greater than the numbers so far reveal. In addition to the direct impact, we expect the social and economic tragedies caused indirectly by the epidemic such as hunger and famine, inequality, unemployment and other departures from the SDGs to affect 80 per cent of the world's population since the crisis and crisis response measures in developed countries have all but erased the basis for economic and financial stability in LMICs. Further, we have shown that the social and economic consequences of COVID 19 may have severe effects on the efforts directed at achieving the SDGs, and Europe's sustainability agenda in particular.

We have proposed five policy measures to mitigate the most severe impacts of the crisis on developing countries: (1) financial support provided by developing countries to their economies must consider developing countries' needs, (2) global economic, travel and digital connections must be reinstalled as soon as possible, (3) medical achievements must be shared with developing countries, (4) make use of innovation (in technology, relationships, human well-being services, etc.) to devise new solutions to fight hunger *and* to keep on course towards the realization of the SDGs in developing countries, and (5) developed countries (or their central banks, respectively), should work on a temporary currency mechanism that functions as a buffer against the crisis-related currency devaluation of developing countries to allow for the purchase of crucial goods for local food supply and economic recovery.

Despite difficulties to sell these costly measures to their people, policy makers in developed countries must decide with which number the COVID-19 epidemic will be listed in the annals of mankind: one hundred million casualties – and the total undermining of the global sustainability agenda?