

COVID-19's Impact on Developing Countries: Economy

Genevieve Chin¹

¹ Department of Computer Science, University of California, Los Angeles

Research Team: Kashika Bharol, Yogya Kalra, Eden Brunner, Kevin Wang, Sampath Rapuri, Akhil Kumar, Aavaiz Raza

Cities' COVID Mitigation and Mapping (C2M2) Virtual Symposium

June 22 - 25, 2021
Harvard University

Highlights

In this study, **COVID-19's impact on the informal sector and food security in developing countries are highlighted.** There are 2 billion informal workers globally (62% of the workforce). Due to their lack of government recognition, these workers are vulnerable to the economic shocks caused by COVID-19. Rising food prices due to COVID-19 have also caused food insecurity among low-income people. There is a strong need for government support of the informal sector. This study is limited due to a limited amount of data on the impact of COVID-19 on developing countries. It is important to follow governments to determine if the systems they use to address these two issues are effective.

Methodology

Compiled a database of 1612 papers by applying search terms on Web of Science.

Analyzed papers, categorizing by theme, study area, demographics.

Derived results from papers about food/nutrition, employment, and livelihood.

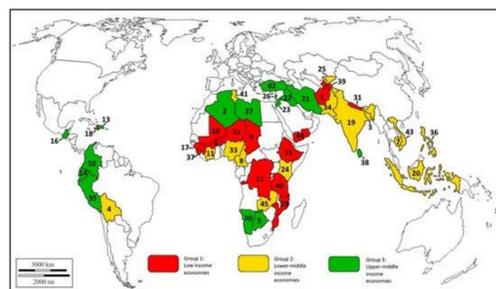


Figure from: "Impacts of COVID-19 on Trade and Economic Aspects of Food Security: Evidence from 45 Developing Countries."

Impact on Food Security

Since developing countries have limited resources, they are **more vulnerable to the economic shocks** brought about by COVID-19. These shocks negatively **impact the food supply chain** and **hinder** low-income individuals' **access to food** due to unstable pricing.

Country/Regional Highlights

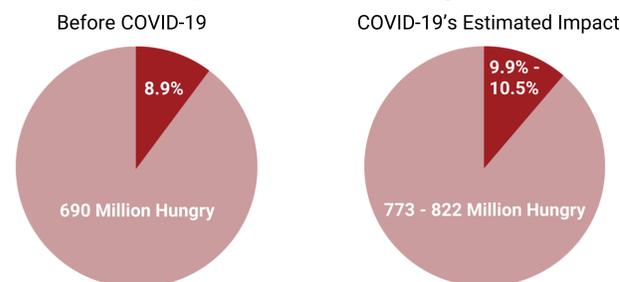
Bangladesh

- The economic disruption of COVID-19 has left many without a source of income. As a result, households **decrease the quantity and quality of food** they eat.²
- COVID-19's is impacting both large and small cities, as well as low-income and middle-income families, in similar ways regarding food security.²

Nepal

- Increased food prices are contributing to food insecurity within low-income households and resulting in poor diet quality.³
- Food insecurity due to COVID-19 will potentially **impact children and women the most.**³
- There is a strong need for "an integrated public health-food system" in Nepal to ensure residents can access food amidst crisis.³

COVID-19's Impact on World Hunger⁴



Key Points from *Impacts of COVID-19 on Trade and Economic Aspects of Food Security: Evidence from 45 Developing Countries*⁵

1. The COVID-19 Pandemic impacts food security status and food supply chain stability in developing countries.
1. Food security in lower-income developing countries is associated with the ability to access affordable food.
1. Higher-income developing countries are commonly more impacted by disruptions to the food supply chain.

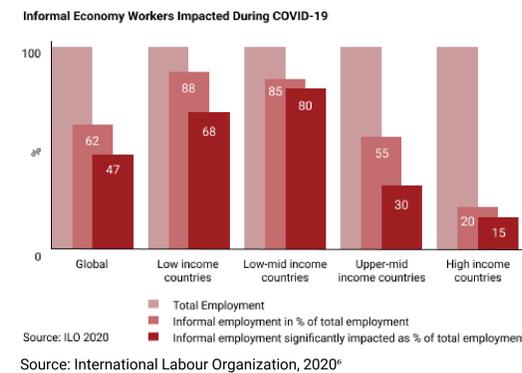
²Ruszczyk, Hanna A., et al. "Contextualizing the COVID-19 pandemic's impact on food security in two small cities in Bangladesh." *Environment and Urbanization*, (2020).

³Singh, Samrat et al. "Estimating the potential effects of COVID-19 pandemic on food commodity prices and nutrition security in Nepal." *Journal of nutritional science* vol. 9 e51. 9 Oct. 2020.

⁴World Health Organization. *The state of food security and nutrition in the world 2020: transforming food systems for affordable healthy diets*. Vol. 2020. Food & Agriculture Org., 2020.

⁵Erokhin, Vasilli, and Tianming Gao. "Impacts of COVID-19 on Trade and Economic Aspects of Food Security: Evidence from 45 Developing Countries." *International Journal of Environmental Research and Public Health* 17.16 (2020): 5775. Crossref. Web.

COVID-19's Impact on the Informal Sector



COVID-19 impacted 1.6 billion of the 2 billion informal workers globally. These workers typically cannot access to public aid. While governments have taken measures to support these workers, governments struggle to identify those in need. Without support, these workers **may fall deeper into poverty** or continue working to provide for themselves and their families, **risking their health and undermining public health measures.**⁶

Country/Regional Highlights

Bangladesh

- 20 million informal workers unemployed due to COVID-19 (of Bangladesh's 70 million workers, 85% - 90% are informal workers).⁷
- Urban, informal workers reside mainly in slums and lack resources on COVID-19 health measures.⁷
- Many formal enterprises may become informal, **expanding the informal economy.**⁷

Latin America and the Caribbean (LAC)

- About 60% of workers are informal with women more likely to be involved in informal work.⁶
- 61% of informal workers do not have access to social protection.⁶
- COVID-19 will likely increase the informal sector.⁶
- In **Peru**, informal workers were more likely to become unemployed or saw larger income declines compared to the average worker.⁸

Conclusion

The pandemic has caused widespread food insecurity and economic instability among informal workers. Governments must create effective systems to deliver aid in response to these issues in to prevent the expansion of the informal sector and lessen world hunger.

Limitations

- There is limited data regarding the impact of COVID-19 on developing countries.
- The COVID-19 pandemic is a current event and responses to the issues highlighted in this study are ongoing.

Future Work

Future work on this topic may include comparing and contrasting the systems that various governments have created in response to disruptions within the informal sector and regarding food security.

Acknowledgement

This project was completed with the support of Dr. Junghwan Kim, Dr. Melinda Laituri, and Dr. Wendy Guan. The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of any agency of the U.S. government. Assumptions made within the analysis are not a reflection of the position of any U.S. government entity. This work is supported by the U.S. Department of State and NSF award numbers 1841403 and 1841520.

⁶International Labour Organization. *Extending social protection to informal workers in the COVID-19 crisis. Country responses and policy considerations*. Vol. 2020. Social Protection Spotlight COVID-19, 2020.

⁷Hossain, Mohammad Imran. "COVID-19 Impacts on Employment and Livelihood of Marginal People in Bangladesh: Lessons Learned and Way Forward." *South Asian Survey* 28.1 (2021): 57-71.

⁸Cueva, Ronald, Ximena Del Carpio, and Heman Winkler. "The Impacts of COVID-19 on Informal Labor Markets." (2021).