COVID-19’s Impact on Developing Countries: Economy
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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.

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 is impacting both large and small cities, as well as low-income and middle-income families, in similar ways regarding food security.²
- There is a strong need for an integrated public health-food system in Nepal to ensure residents can access food amidst crisis.³

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 Hunger

- 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.⁶

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 order 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.

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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.

Key Points from Impacts of COVID-19 on Trade and Economic Aspects of Food Security: Evidence from 45 Developing Countries
1. The COVID-19 Pandemic impacts food security status and food supply chain stability in developing countries.
2. Food security in lower-income developing countries is associated with the ability to access affordable food.
3. Higher-income developing countries are commonly more impacted by disruptions to the food supply chain.

COVID-19’s Impact on the Informal Sector

- 90% of workers in developing countries are informal workers.
- Urban, informal workers reside mainly in slums and lack resources on COVID-19 health measures.
- 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.

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Source: International Labour Organization, 2020

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