



**Forum:** Sustainable Development Goals 17

**Issue:** Impact of COVID-19 on the Economic Growth of Developing Countries

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## Introduction

The pandemic has affected people all around the world, from big multi-million dollar companies to local coffee shops and farmers. It has forced governments to close their borders and suspend trade with other countries as well as suspend trading internally in the country to prevent spread of the virus by closing the dine-in aspect of restaurants, public transportation, etc. Now the world may be recovering from the pandemic and businesses are slowly beginning to reopen with strict regulations, but the effects of the pandemic are still felt and will still be felt for years to come. The wearing of masks, social distancing and constant caution of other people will become the new normal.

This pandemic affects developing countries because most of them deal in the primary sector, production of raw materials such as agriculture and farming. With the closing of borders, these countries can no longer export their goods which results in major losses and forcing many businesses to go bankrupt and shut down. According to the United Nation Development Program (UNDP), developing countries could see income losses in excess of 220 billion dollars. This inadvertently has an effect on the countries economies which then goes on to affect the standard of living in the countries as the government can no longer support its people. This whole knock on effect will continue to hinder the efforts of the countries to develop and reach a higher economic standard.

If successful in rectifying the problem at hand by progressing towards the economic situation before the pandemic or better, the positive effect will be that countries and people will be able to return to their lives as before which would be a major improvement in their standard of living as this pandemic has led to the loss of job of many and the pushing of many into poverty. So any economic solutions could be used and implemented to help the people return to normal, healthy lives.

## Definition of Key Terms

### Primary Sector



The primary sector includes all those activities for which the end product is the production and extraction of natural resources such as agriculture, fishing, mining, etc.

### **Secondary Sector**

The secondary sector covers all those activities consisting of the processing and manufacturing of raw materials into other products.

### **Tertiary Sector**

The tertiary sector covers a wide range of industries, mostly those consisting of the use of products, purchase or sales. It mostly caters to activities that are less manual in labour and consist more of activities that lean towards the mental ability of people.

### **Developing Countries**

A developing country is a nation that is currently dependent on revenue from its primary and secondary sector but is striving to develop itself economically and socially

### **Pandemic**

A pandemic is defined as an epidemic occurring worldwide, or over a very wide area, crossing international boundaries and usually affecting a large number of people

### **Epidemic**

A widespread occurrence of an infectious disease in a community at a particular time

### **Economic Aid**

Economic aid can be defined as the unilateral transfer of resources from one economic entity (the donor) to another (the recipient)

## **Background Information**

To grasp a deeper understanding of the issue at hand and produce effective solutions, one must consider a few aspects such as: the economic structure of countries, the pandemic and how it is being combatted and the plans for the future.

### **The Pandemic**

According to the U.S. Department of Health and Human Services/Centers for Disease Control and Prevention (CDC), Chinese authorities identified an outbreak caused by a new coronavirus,



scientifically known as SARS-CoV-2. The virus can cause mild to severe respiratory illness, known as Coronavirus Disease 2019 (COVID-19). The outbreak began in Wuhan, Hubei Province, China, and has spread to a growing number of countries worldwide, including the United States. People with the virus in their noses and throats may leave infected droplets on objects and surfaces (called fomites) when they sneeze, cough on, or touch surfaces, such as tables, doorknobs and handrails. Other people may become infected by touching these objects or surfaces, then touching their eyes, noses or mouths before cleaning their hands. The major issue with it is that there are no effective cures that can guarantee survival of a patient and no vaccine to protect those uninfected from contracting the virus.

### ***Lockdown / Quarantine***

A measure employed by countries around the world was lockdown or national quarantine. This meant most people were confined to their homes, from where they had to work, except for essential workers such as medical professionals, food production workers, etc. Any movement outside of the house required the mandatory wearing of face masks and social distancing in all public areas.

This meant that businesses could no longer export or import without great difficulty which deterred many businesses from doing so. As a result, companies and governments began to incur losses as they needed to maintain the company but had very little or no revenue being generated to off-set the cost of the maintenance. Due to the losses, companies began having to terminate their employees and some eventually had to shut down completely.

### ***Online Education***

With the prohibition of children attending school in-person, many around the world turned to online learning or remote learning. But with the absence of in person activities and practical activities, many were concerned about the impact this would have on the children and their futures, especially for high school students and really young children learning new motor skills such as hand-eye coordination and communication. Different online applications were used to facilitate the learning of children at home such as Microsoft Teams, Google Forms and Zoom but the effectiveness of them compared to in person learning is a debatable issue in terms of what is considered to be important when comparing methods of education.

Many in developing countries did not and do not have access to the necessary tools to be able to take part in online education, especially those in rural areas. Their education came to a halt as all their classes, if any, used to be in person and they did not have technologies to aid them in school or out of it. This will come into effect in the future as this period in which they did not get the necessary education will mount pressure on them to study more in a shorter time or leave them unequipped in certain areas to work in their desired fields and attend further education institutions.



## The Economic Structure of the World

Import and export of goods and services between countries is paramount to maintain a stable and growing world economy. But with the introduction of COVID-19, imports and exports had to be suspended to minimise the likelihood of transmission of the virus into or out of a country. Despite resuming trade as before, there are still many restrictions in place to uphold policies that were in place to combat the spread of the virus. This produces a few problems for developing countries such as : developing countries cannot export to their full capacity meaning they do not make as much revenue, companies inside the countries cannot return to full capacity of production due to COVID-19 restrictions and developing countries will not have access to all their buyers as some may still have their borders closed due to the threat COVID-19.

With so many issues blocking the path to recovery for developing countries, measures are being taken in the form of economic and humanitarian relief to assist countries in continuing their efforts to support its people. However, these solutions are not permanent and more sustainable solutions need to be found in order to ensure recovery and prosperity in the long run. Already ideas are still being formed to slowly reduce the restrictions to allow for more activity in the economy and investing in more industries such as tourism, and secondary sector industries or for joint ventures in their region to simultaneously boost their standard of living.

## Major Countries and Organizations Involved

### United Nations Conference on Trade and Development (UNCTAD)

UNCTAD is part of the United Nations. Dealing with trade, investment, and development issues. The organization's goals are to: "maximize the trade, investment and development opportunities of developing countries and assist them in their efforts to integrate into the world economy on an equitable basis". They have been a relevant organisation since it was founded in 1964 and has 227 projects active in 57 different countries. They aim to assist countries in also reaching their Sustainable Development Goals.

### World Trade Organization (WTO)

The World Trade Organization (WTO) is a global international organization dealing with the rules of trade between nations. The goal is to help producers of goods and services, exporters, and importers conduct their business. Established in 1995, the organization has a budget of 197 million Swiss francs alone for 2020 of which some it will invest in the training of developing countries to reach their aims. Their aim for the year is to counteract the 3% contraction in the world's market and empower developing countries to recover.



## World Health Organisation (WHO)

Working with 194 Member States, across six regions, WHO has always played an important part in providing humanitarian aid, specifically medical aid. They have also become increasingly relevant with the pandemic and have been leading the formation of policies to combat COVID-19 and regularly updating countries and its people on rules and regulations to minimise the spread of COVID-19. Aside from the pandemic, they combat HIV, influenza as well as cancer and heart disease among other non communicable diseases.

## China

Being the country from which the pandemic originated from, China was under high pressure economically and socially as the population of it is so high that communication of COVID-19 is easier than most countries which forced it to go into severe lockdown. Now, China has recovered and so has its economy. Investments in domestic countries are increasing as well as many companies in the business of the production of medical protection equipment such as masks and face shields have increased in number. It is notable that China's GDP per Capita is lower than the average, resulting in its categorisation as a developing country. China is an example of a country that has made a lot of progress in recovering from the economic situation COVID-19 put it in.

## Brazil

Brazil is a country still strongly plagued by the pandemic as the living condition of many is dire as they are closely packed together in their favelas. This has forced Brazil to reduce its production to combat the pandemic which only worsens its economic growth and recovery from the effects of the pandemic. In order to assist Brazil, the issue of the transmission between people has to be solved to allow for economic activity to resume. Another issue the country faces is that many children are not receiving the necessary education as they do not have the resources for online learning but cannot return to school so have halted in terms of their education. Brazil is an example of a country at or nearing its peak in the pandemic which means it is at its lowest economic activity and recovery.

## Timeline of Events

### Date

### Description of Event

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31st December 2019	First cases and cluster of COVID-19 patients is reported to WHO office in China
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10th - 12th January 2020	WHO published a comprehensive package of guidance documents for countries, covering topics related to the management of an outbreak of a new disease
30th January 2020	WHO declared the outbreak a Public Health Emergency of International Concern
7th March 2020	WHO issued a consolidated package of existing guidance covering the preparedness, readiness and response actions for four different transmission scenarios: no cases, sporadic cases, clusters of cases and community transmission.
11th March 2020	WHO declares COVID-19 a pandemic
13th - 25th March 2020	Most countries go into national lockdown
4th April 2020	WHO reported that over 1 million cases of COVID-19 had been confirmed worldwide, a more than tenfold increase in less than a month.

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## Previous Attempts to solve the Issue

The only 2 employed methods to combat the virus are the restrictions on people's travel inside and to outside countries as well as lockdown as there are no known cures to fight the virus the definitely and there is yet to be a vaccination.

The norm of people's interaction with others and how they travel has drastically changed with rules such as the mandatory wearing of masks and maintaining distance between everyone in public. Now this may not be a permanent solution or realistic in the long run but is one of the only possible options. The other lockdown which forces people to stay in their homes, completely deterring any contact with others to isolate infected people. This has been effective so far but it has taken a mental toll on people and an economic toll on countries.

## Possible Solutions

For economic activity to resume, the threat of the pandemic has to be minimised by certain actions as well as relief be given to those already suffering the consequences of the pandemic. So, to solve the issue here are a possible few solutions:



- A new plan be formed to encourage the return of people to their jobs and increase the functioning capacity of the country while maintaining a safe environment and minimizing the threat of COVID-19
- Different forms of humanitarian aid be given to those suffering from the virus or its effects on their lives
- Promoting joint ventures between countries to strengthen foreign relations and support the growth of the others economy

## Guiding Questions

1. How is your delegation affected by this?
2. What are new ways to combat the virus?
3. Why have past solutions not been completely successful?
4. How urgent is the situation?
5. What economic factors have to be considered when formulating a solution?
6. Are there any conflicts between your delegation's and others views on the situation or how to approach it?

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