



March 2021

LANDSCAPE ANALYSIS

TRACKING THE FIRST- AND SECOND-ORDER IMPACTS OF COVID-19

CONTEXT

One year after the World Health Organization declared COVID-19 a global pandemic, USAID conducted a landscape analysis in an effort to assess the latest trends and forecasts around COVID-19's first- and second-order impacts on USAID sectors and regions. This analysis is organized based on six categories of impacts: the health crisis, macroeconomic and mobility shocks, household impacts (including poverty, inequality, food security, and education), shifts in democratic governance and civic engagement, national security, and climate change. This analysis is not exhaustive, but intended to provide a high-level synthesis of the best available data from USAID and external institutions to understand the pandemic's global impacts.

The data used in this analysis are derived from a range of public sources, including real time, daily updates on caseloads and second-order impacts, modeled forecasts of COVID-19's impacts, quantitative estimates of underlying risks and vulnerabilities, high-frequency phone surveys of households, and qualitative research and reports from third-party institutions. This paper includes not only the measured or forecasted first- and second-order impacts of the COVID-19 crisis, but also government response measures and policy actions to mitigate the crisis, as each country's policy response will be critical to determining the pandemic's trajectory, impacts, and long-term recovery efforts.

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EXECUTIVE SUMMARY

The scale of the COVID-19 health crisis is unprecedented, and rapidly evolving. Approximately 80% of total global cases have occurred in the last six months alone, with 37% of total global cases occurring in USAID partner countries (primarily in Asia and Latin America and the Caribbean). This has placed an extraordinary strain on health systems, especially in countries where COVID-19 incidence rates may not be as high, but mobility and other government restrictions have interrupted essential health services. Vaccines and treatments have been developed and approved for emergency use at an extraordinary rate, but excluding China, Brazil, and India, other USAID partner countries account for only 6.4% of vaccine doses administered globally as of early March and vaccine hesitancy remains high.

The immediate shocks to mobility and the global economy have been severe, yet less substantial than initially expected, due in large part to the resiliency of global supply chains, the scale and swiftness of government measures, and the temporary lifting of movement restrictions in mid-2020. More than 80% of emerging markets and developing economies experienced recessions in 2020, with the worst economic contractions occurring in economies with large domestic outbreaks and a heavy reliance on services, tourism, and commodity exports. The crisis has massively strained partner governments' finances, pushed debt levels to new peaks, and exposed low-income countries' limited fiscal capacity. Economic forecasts for 2021 cautiously indicate a relatively quick recovery for most developing economies, yet warn of major lingering macroeconomic and fiscal risks, as well as scarring impacts that may hinder long-term growth prospects.

The pandemic has had devastating impacts on households, exacerbating pre-existing inequalities, vulnerabilities, and deprivations (such as those experienced by women and girls, rural populations, the urban poor, and other vulnerable groups). In almost all cases, the second-order impacts of COVID-19 on households have worsened since mid-2020 -- the numbers of people expected to fall into extreme poverty, require humanitarian assistance, and face acute food insecurity have all increased since early 2020, despite COVID-related social protection programs. The reverberant socioeconomic impacts of unprecedented job losses, reduced working hours, changing migration patterns, and school closures will be widespread.

Early uncertainty surrounding the pandemic placed pressures on governance, democracy, and stability.

Government restrictions on democratic norms and civil liberties were at their highest at the start of the pandemic; as governments have adapted to the "new normal," democratic violations have decreased and two-thirds of elections that had been postponed due to the pandemic have since been held. Throughout 2020, the most common and severe type of COVID-related democratic violation in USAID-supported countries was media restrictions. While the COVID-19 effects on civil unrest and violence have been negligible, especially in lower-income countries, the full extent of the impacts of the pandemic on good governance remains unclear.

COVID-19 presents a new national security imperative. The rise in digital authoritarianism, cyber security threats, and disinformation efforts have prompted growing concerns that the pandemic has emboldened malign actors. While Beijing's global standing has been questioned due to its response, the Chinese government has continued to expand its influence during the pandemic. At the same time, the pandemic has exposed and accelerated shifts in the geopolitical landscape and led to a renewed emphasis on multilateral cooperation. New research highlights the linkages between past public health crises, inequality, and civil unrest, which poses risks to increasing conflict, insecurity, and the rise of violent extremism.

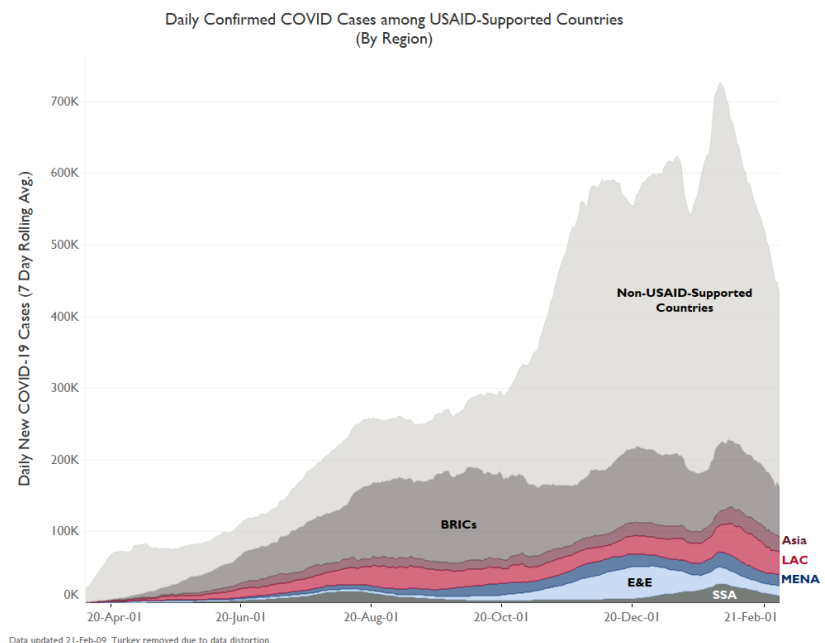
The pandemic has reinforced the relationship between climate and health. COVID-19 is the latest in a growing number of diseases whose spread from animal hosts into human populations has been intensified by environmental pressures that are also contributing to global climate change. While carbon dioxide transmissions decreased during the pandemic, early research suggests this may result in no more than a 0.01°C reduction of global temperatures by 2050, unless the recovery supports a low-carbon transition. However, the long-term impacts of COVID-19 on human behavior, and by extension climate change, remain uncertain.

A HEALTH CRISIS UNPRECEDENTED IN SCALE

Among USAID partner countries, Asia and LAC regions carry a disproportionate burden of COVID-19 cases

As of February 24th 2021, more than [112 million cases and 2.4 million deaths due to COVID-19 have been reported in 189 countries and territories](#). This is approximately ten times [the number of people who contract tuberculosis annually](#) and more than [five times the annual number of deaths due to malaria](#). Based on partial reporting in a select number of countries, there is some evidence that the [majority of cases and deaths in developing countries are among men](#), despite parity in the global caseload. Across Latin America and the Caribbean (LAC), for example, men make up roughly half of cases (51%, on average), but a substantially larger proportion of deaths (65%, on average). These disparities could reflect pre-existing gender gaps in access to health services or [higher risks of mortality among men](#).

The regional profile of the pandemic continues to evolve. In USAID presence countries, the initial wave that occurred in late summer (July-September 2020) was concentrated in LAC and Asia countries and supplemented by the relatively small first peak in Sub-Saharan Africa (SSA). The second wave, which roughly started in early October, was characterized by a decrease of cases in the Asia region and a rapid increase in Europe & Eurasia (E&E), which had relatively low case numbers until mid October. A third wave emerged in early 2021, characterized by a second, larger peak in LAC and SSA countries. To date, middle-income countries account for nearly 47% of recorded cases globally, while low-income countries account for only 0.5% of recorded cases.



Accurately [tracking and reporting COVID-related deaths is beset with many challenges](#), especially in developing countries where mortality data can be irregular or missing altogether under “normal” circumstances. One way to account for this is to examine “[excess mortality](#)” -- the additional number of people who die from any cause in a given period compared to a historical baseline. Though data on excess deaths is severely limited for developing countries, those with data show peak daily excess deaths in 2020 that are orders of magnitudes higher than deaths officially attributed to COVID-19 on the same day.

Short-term COVID-19 death projections show a decreasing trend, while the medium-term picture remains unresolved. The [Institute for Health Metrics and Evaluation](#) (IHME) model projects a sharp drop in deaths after the spike in cases in early February, while [Los Alamos National Laboratory](#) (LANL) forecasts a more stubborn tapering off with the potential for an increase in early-mid March driven by a few developed countries. This divergence highlights the high level of uncertainty of longer-term projections.

COVID-19 has further strained and disrupted already-weak health systems

As the global burden of the virus rises, health care providers and facilities are [strained and disrupted](#). By October 2020, more than [44,000 health workers had been infected with COVID-19 in Africa](#) (3% of total cases), according to the WHO. Roughly [90% of countries](#) reported disruptions to essential health services between March and

June 2020, with routine immunization and outreach (70%) and non-communicable diseases diagnosis and treatment (69%) being the most frequently disrupted service areas. According to an August 2020 U.N. Country Office Survey, [73 countries reported decreases in routine vaccination services](#) and 69 countries reported decreases in essential maternal and/or newborn health services compared to August 2019. The top reasons for health service disruptions across surveyed countries were reductions in demand due to fear of infection (93 countries) and mobility restrictions (68 countries). Demand for ICU beds [continues to surpass supply](#), and this gap is projected to persist until at least early June 2021.

As health systems are strained and strict lockdowns persist, millions of children worldwide are vulnerable to other diseases and health conditions. [Children's nutrition](#) is affected due to school closures, disruptions to routine [maternal health services](#) are putting infants at risk of preventable deaths, and routine vaccinations are being affected as global [vaccination campaign](#) efforts have been postponed or cancelled due to the pandemic. Currently, there are at least [45 countries](#) with one or more vaccination campaigns postponed due to COVID-19.

It has been [widely accepted](#) since the start of the pandemic that proper handwashing is vital to help prevent the spread of COVID-19. However, at least [three billion people worldwide](#) lack access to even basic washing services in their homes or settlements, and at least [one third of healthcare facilities worldwide](#) lack proper hand washing services, and one quarter lack basic water services.

Vaccine distribution has been severely limited in lower-income countries

Vaccines have been developed and approved for emergency use at an extraordinary rate. [Seven different vaccines](#) have been approved for public use in 67 countries. High- and upper-middle-income countries have confirmed [purchases for over 5 billion doses of vaccines](#), while low- and lower-middle-income countries have only confirmed purchases for 1.2 billion doses. [COVAX](#), backed by the WHO, has pre-purchased roughly 2 billion vaccine doses, and plans to distribute 1.3 billion doses to 92 lower-income countries by the end of 2021.

Vaccine campaigns to date have been concentrated in advanced economies. As of March 3rd, [more than two-thirds \(70%\) of vaccine doses administered globally have been to the U.S., China, EU, and the U.K.](#) Excluding China, India, and Brazil, all other USAID partner countries account for only 6.4% of vaccine doses administered globally. [Nearly 40% of people surveyed across 67 countries](#) remain unwilling to accept or unsure if they would accept a COVID vaccine, if available. Among USAID-supported countries, reluctance is higher in E&E and Middle East and North Africa (MENA) (61% and 47%, respectively) than in LAC and Asia (33.8% and 32%, respectively).

The effectiveness of vaccines is being challenged by new [COVID-19 variants](#). For one new vaccine, [Novavax](#), efficacy dropped from 90% in preliminary results to only 49% in a South African trial. The efficacy of the single-dose vaccine from Johnson & Johnson varied from [72% in U.S. trials to 57% among those in South Africa](#). Fortunately, preliminary research on the [Pfizer](#) and [Moderna](#) vaccines suggests that these vaccines remain effective against these variants, but exact numbers vary.

Despite widespread vaccination, health experts continue to forecast that [COVID-19 is likely to become an endemic disease](#), causing largely asymptomatic or mild infections. While this may result in fatalities in extremely vulnerable populations, the combination of reinfection and cross-reactive immunity should maintain population protection against new variants and severe disease.

SEVERE SHOCKS TO MOBILITY AND THE ECONOMY

Estimated global economic contractions are less pessimistic than earlier forecasts

The latest International Monetary Fund (IMF) global economic forecast for 2020 remains dire but is less pessimistic than earlier forecasts due to a [stronger than expected recovery, largely among advanced economies, in mid-to-late 2020](#). The IMF now forecasts a -4.9% contraction among advanced economies in 2020 (compared

to their June 2020 forecast of -8.0%) and a -2.4% contraction in emerging markets and developing economies (EMDEs) (compared to their June 2020 forecast of -3.0%). When excluding China, however, [other EMDEs contracted by -5% overall in 2020](#), in line with advanced economies.

More than 80% of EMDEs experienced recessions in 2020, compared to roughly one-third during the 2008-2009 global financial crisis. EMDEs have experienced negative growth overall for the first time since at least 1960. Economies that have suffered the worst economic contractions in 2020 were generally those with a heavy reliance on services and tourism, those with large domestic outbreaks, and those that faced sharp declines in industrial commodity exports due to the fall in external demand. Economic contractions are expected to be especially severe in the LAC region (-7.4%).

The COVID shock has been widespread at the firm level. Across 51 primarily developing countries covered by recent World Bank business pulse surveying, an average of [84% of firms reported a reduction in sales compared to a year prior](#). Sectorally, business sales losses have been highest in contact-intensive services industries -- such as accommodation, food services, arts, entertainment, and recreation -- and in construction, transportation, and storage. On average, small- and micro-sized enterprises have experienced higher disruption of operations, recorded greater sales losses, and faced greater risk of liquidity and insolvency problems than medium and large firms. Yet, especially in least developing economies, small firms are least likely to have access to support programs and are least capable of adopting adaptive management practices and increasing use of digital technologies and solutions to weather the COVID crisis.

Tourism-dependent and commodity-exporting economies have been severely affected by COVID-19

The tourism and commodity sectors -- both major sources of economic activity for many USAID presence countries -- were hit hardest by lockdowns, transport disruptions, and emergency health measures. Whereas activity and trade in the goods sector have rebounded, the [tourism sector](#) and other services sectors have not recovered as quickly and remain anemic. The U.N. reports that [international airline passenger traffic suffered a dramatic 74% drop](#) over 2020, with substantial declines across all regions. The near-term outlook is for prolonged depressed demand, with international airline traffic expected to remain anywhere between 26-53% of 2019 levels through June 2021. Meanwhile, [metal and agricultural commodity prices dropped sharply in spring 2020](#), but rebounded quickly over the second half of 2020. Recovery in oil prices has been more modest amid concerns over the pandemic's lasting impact on oil demand. Despite rebounding prices, the [recovery of industrial activity among commodity exporting economies has been tepid](#), with production remaining below pre-pandemic levels, due to weak extractive investment.

Workplace mobility remains below pre-pandemic levels

Population mobility patterns have continued to unfold largely in step with government lockdown measures and the trajectory of the pandemic, generally declining more with stricter lockdowns and during COVID-19 spikes. By mid-April 2020, [workplace mobility had declined by 40-64%](#), on average, compared to pre-COVID-19 baselines. Workplace mobility subsequently recovered steadily across most regions between late April and July before leveling off and hovering at levels approximately 10-25% lower than pre-COVID-19 baselines through late Fall. The primary exception is the LAC region, which saw mobility recover more slowly throughout 2020. More recently, workplace mobility saw a second smaller dip before recovering again in January, in line with the second wave of COVID-19 that recently emerged across the developing world. As with COVID-19 incidence, mobility has remained inversely correlated with income group throughout the crisis.

COVID-19 prompted the largest decline in services trade since at least 1990

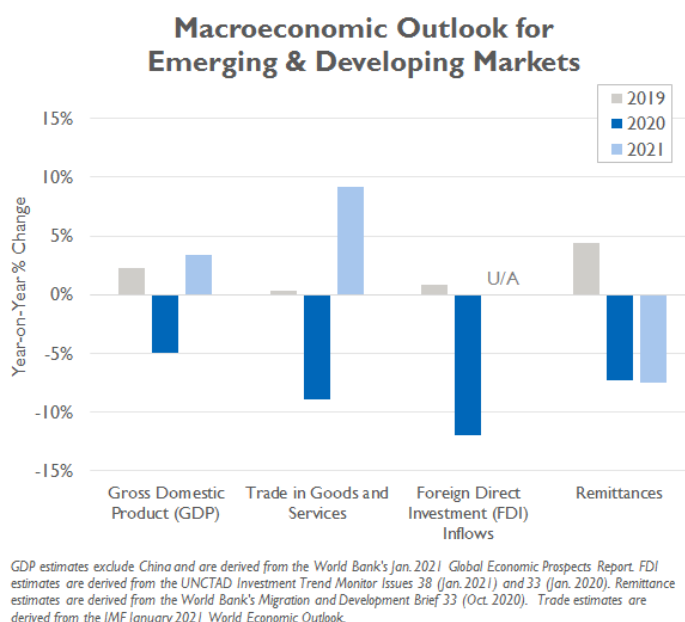
Mirroring the macroeconomic outlook, the U.N. Conference on Trade and Development (UNCTAD) estimates that the [decline in global merchandise trade has been far smaller \(-5.6%\) than originally expected \(-20%\) in April 2020](#). Even so, this decline constitutes the largest fall in merchandise trade since 2009, when trade fell by 22%. Meanwhile, new services export reporting indicates that the decline in services trade has been much greater than merchandise exports, with services estimated to have fallen by 15.4% in 2020 compared with 2019. This

represents the largest decline in services trade since 1990, when such reporting began. This plunge has been driven by a considerable decline in travel, transport, and tourism activity. Consistent with recovery in global activity, the [IMF](#) expects global trade volume to rebound and grow by ~8% in 2021 before moderating to 6% growth in 2022, with services trade recovering more slowly than merchandise exports.

Early signals portend further declines in FDI for developing countries in 2021

UNCTAD now estimates a [-42% global decline in Foreign Direct Investment \(FDI\) in 2020](#), more than 30% below the investment trough that followed the 2008-2009 financial crisis. This decline, however, has been concentrated in developed economies; FDI flows to developing economies decreased by only -12% to an estimated \$616B. The decline was highly uneven across developing regions, ranging from -77% in Eurasian transition economies to only -4% in Asia.

FDI is expected to further decrease in 2021, with recovery likely beginning in 2022. Despite exiting 2020 relatively unscathed, developing economies saw Greenfield announcements -- an indicator of future FDI trends -- fall by 46% and international project finance decrease by 7%, prompting major concerns for these economies' 2021 prospects, especially for countries dependent on FDI in extractive industries and small island states dependent on investment in tourism. These investment types are crucial for productive capacity, infrastructure development, and thus for sustainable recovery prospects.



Remittance flows have fallen less than initially expected, but projected to further decline in 2021

Remittance flows to developing countries -- a key source of external financing -- are [projected to have fallen by -7%](#) in 2020, a substantial improvement over the initial April 2020 forecast of a -19.7% decline, but steeper than the -5% remittance decline recorded during the 2008/2009 financial crisis. Furthermore, the World Bank now expects a further decline of -7.5% in 2021. Cumulatively in 2020-2021, the Europe and Central Asia region is still expected to record the largest decline globally (-16% in 2020 and -8% in 2021), and the LAC region is now expected to be least impacted overall (-0.2% in 2020 and -8% in 2021). The foremost factors driving remittance declines include weak economic growth and employment levels in migrant-hosting countries, as well as weak oil prices and depreciation of currencies of remittance-source countries against the U.S. dollar.

Under weight of rising debt, developing countries are less able to provide fiscal stimulus

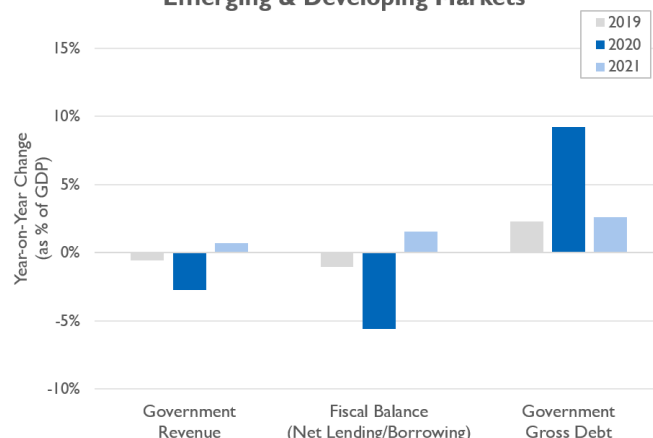
The dual pressure of unprecedented fiscal actions to mitigate COVID-19's impacts -- totaling a staggering [\\$13.8 trillion globally, or 13.5% of global GDP](#), by the end of 2020 -- and government revenue losses resulting from the economic contraction have placed enormous fiscal strain on all economies. The COVID-19 pandemic has triggered a surge in public debt levels in EMDEs from already record pre-COVID-19 levels, with the [World Bank](#) and [IMF](#) forecasting that public debt will balloon by 9% of EMDEs' GDP in 2020, the largest increase since the late 1980s. This public debt spike has been relatively broad, with large increases in all regions and all major EMDEs. Private sector debt is also expected to have risen sharply as firms deal with the fallout of the global recession. The 2020 debt spike has exacerbated already elevated pre-COVID-19 concerns related to debt sustainability and the possibility of financial crisis among developing economies.

Governments in highly indebted emerging markets and low-income economies have had limited fiscal space to ramp up spending or increase borrowing, which has hampered their ability to provide stimulus and welfare support to most-affected businesses and citizens. As of December 2020, fiscal measures in the form of additional spending or foregone revenues constituted a median of only 2.3% of GDP among least developed countries and 2.8% of GDP among other developing countries, roughly half the median of 5.4% of GDP among advanced countries and emerging G20 countries.

Economic recovery in 2021 will depend upon vaccination rates and underlying vulnerabilities

Amid immense uncertainties, the IMF forecasts that the [global economy will grow by 5.5% in 2021 and 4.2% in 2022](#). The 2021 forecast is slightly higher (+0.3 percentage points) than prior 2021 forecasts, reflecting the effects of vaccination and additional policy support in a few large economies. Overall, in 2021, developed economies are expected to grow by 4.3%, and EMDEs are expected to grow by 6.3%. Fueled largely by expectations of major growth in China and India, developing economies in Asia are expected to see the largest recovery (8.3%) overall in 2021, followed by developing economies in LAC (4.1%). Sub-Saharan African economies saw the smallest contraction in 2020 (-2.6%), and are expected to see the smallest recovery in 2021 (3.2%).

Fiscal Outlook for Emerging & Developing Markets



All estimates represent year-on-year changes in percentage of GDP terms and are derived from the IMF October 2020 World Economic Outlook.

While the outlook is tentatively positive, the World Bank estimates that the pandemic has already [erased at least ten years of per capita income gains in more than a quarter of EMDEs](#). In about two-thirds of EMDEs, per capita incomes are projected to be lower in 2022 than they were in 2019. The pace of recovery will vary considerably, with slower recovery expected in countries that have larger outbreaks or greater exposure to global spillovers. Recovery profiles will also be shaped by vaccine roll-out expectations and progress, the effectiveness of policy support, stability of financial markets and commodity prices, and structural economic characteristics. The World Bank warns that economies that rely heavily on contact-intensive industries, especially tourism, and oil exporters face particularly bleak outlooks and, along with countries where school closures have inflicted large setbacks to human capital accumulation, are particularly exposed to persistent long-term damages.

DEVASTATING IMPACTS ON HOUSEHOLDS

COVID-19 has reversed progress on reducing poverty and exacerbated pre-existing food insecurity

The World Bank's estimates of the impact of COVID-19 on extreme poverty (people living on less than \$1.90/day) continue to increase -- from 40-60 million in April 2020, to 88-115 million in October 2020, to their latest estimate, as of January 2021, of [119-124 million additional people falling into extreme poverty in 2020 as a result of COVID-19](#). Around 60% of these new poor will be in South Asia, and 27% will be in sub-Saharan Africa. The International Food Policy Research Institute (IFPRI) is even more pessimistic -- estimating that closer to [150 million people](#) could have fallen into extreme poverty throughout 2020, mostly in sub-Saharan Africa. These increases in global poverty are unprecedented, eclipsing those which occurred in 1998 during the Asian Financial Crisis, and their impacts will persist over time.

Loss of income is a [key driver of food insecurity](#), as are rising prices for essential goods. The U.N. World Food Program estimates that there are currently [more than 271 million people who are acutely food insecure](#) or at risk of becoming so in the 79 countries where it operates. While not all of those 271 million are expected to require

humanitarian assistance, COVID-19's impacts have exacerbated existing humanitarian crises and could drive needs elsewhere. Based on continuous monitoring of acute food insecurity in 29 of the most vulnerable countries, the Famine Early Warning Systems Network (FEWS NET) warned of a [25 percent increase in the population requiring emergency food assistance](#) in those 29 countries, due to COVID-19's impacts. While the socio-economic impacts of COVID-19 are not equally severe in all contexts, and have shifted as control measures are imposed then lifted, the latest evidence shows that between March and September 2020, levels of acute food insecurity had deepened in most of the 27 countries analyzed in the [Global Report on Food Crises, September 2020 Update](#). This spike in food insecurity may have especially worrying effects on children, with an estimated [additional 9.3 million wasted and 2.6 million stunted children by 2022](#).

As of January 2021, [global food prices are approximately 20% higher than they were in January 2020](#), and have continued to surge in recent weeks, driven largely by increases in cereal and maize prices. Despite these increases, such fluctuations in food prices are [largely consistent with trends observed over the last five years](#). Nevertheless, [food price inflation rates were especially high in low- and middle-income countries in 2020](#), and, combined with loss of income, these higher prices have likely impacted households to compromise the quantity and/or quality of food consumption. COVID-19 is contributing to price spikes in some localized markets, particularly in already fragile settings with large humanitarian caseloads, such as South Sudan and Yemen.

The COVID-19 crisis may also be [exacerbating food insecurity through other channels](#), namely food market disruptions and other individual and country-level responses, such as hoarding, food export bans, and the suspension of school feeding programs. Some intermittent [global food market disruptions](#) have come from restrictions on the movement of workers, the dramatic reduction in international air travel, slowdowns in the administrative approvals for food trade, shifts in consumption patterns, and shocks to the restaurant industry driven by lockdown policies and consumer risk aversion. Despite making up [43% of the agricultural workforce in the Global South](#), women and girls lack equitable access to information and markets, and therefore may bear a disproportionate burden of these food market disruptions.

Unprecedented global working-hour losses, and an uneven recovery

The widespread economic impacts of COVID-19 are reiterated in the [latest International Labour Organization \(ILO\) data on the impacts of COVID-19 on labor and employment](#). In 2020, more than 8% of global working hours were lost relative to the fourth quarter of 2019, equivalent to 255 million full-time jobs. Working hour losses in 2020 were particularly large in Latin America and the Caribbean. Lower-middle-income countries were especially hard hit, but also rebounded more quickly than high-income countries. Working hour losses in 2020 were approximately four times greater than during the global financial crisis in 2009. About 32% of these lost working hours were due to inactivity (i.e., withdrawing entirely from the labor market, as opposed to being unemployed but continuing to search for work -- a burden which has disproportionately affected youth). Global labor income is estimated to have declined by 8.3% in 2020, which amounts to US\$3.7 trillion, or 4.4% of global GDP. While employment is expected to recover somewhat in 2021, the ILO's baseline projection is that 3% of working hours (or 90 million jobs) will be lost in 2021 relative to the fourth quarter of 2019. The Americas, Europe, and Central Asia will bear the burden of these losses.

The ILO also warns of divergent impacts of COVID-19 across sectors that may lead to greater inequality within and between countries. Across 49 countries (including high income, non-USAID countries), accommodation and food service activities suffered the heaviest losses in both employment and working hours, followed by entertainment and recreation services, construction, and manufacturing. Information and communication was the only sector to demonstrate growth in both employment and working hours across both the second and third quarters of 2020. The concentration of job losses in lower-skill sectors and job growth in higher-skilled sectors -- and disparities in digital access, which affect the feasibility and efficacy of telework -- may exacerbate pre-existing income, gender, and educational inequalities. The lack of fiscal space and capacity to implement income support measures, including job retention schemes, in developing countries has also made these job and working hour losses particularly risky for vulnerable households.

Mobility restrictions and economic shocks affect the dynamics and drivers of migration

COVID-19 has influenced [migration patterns and dynamics](#), which in turn affects COVID-19 transmission and prevalence. For the first time in decades, the global stock of international migrants is anticipated to have decreased, largely driven by [travel bans and mobility restrictions](#). Migration flows to OECD countries alone are estimated to have fallen by 46% in the first quarter of 2020. In addition to the ramifications for [remittance flows](#) (discussed in the “Severe Shocks to Mobility and the Economy” section above), COVID-19 has exacerbated the vulnerabilities of migrant workers and may lead to a drastic increase in return migration in 2021. Those working in the informal sector are particularly vulnerable, as they are less likely to receive unemployment benefits or other social safety net services. Perhaps most alarmingly, migrant workers who lost their jobs early in the pandemic may have been unable to return home, and were [stranded without a job and potentially without a safe home in the midst of a public health crisis](#). By October 2020, the International Organization for Migration had received requests for support to help nearly 115,000 stranded migrants worldwide return home. Now that travel restrictions for some countries have eased, [migrants are returning to their home countries in droves](#), placing pressure on high-emigrant countries, such as India, Pakistan, Afghanistan, and Venezuela, to absorb migrants both into their labor force and social protection services.

COVID-19 has ushered rapid expansion and innovation in the provision of social assistance

Since the beginning of the pandemic, [the number of countries implementing COVID-19-related social protection programs has continued to increase](#) -- from 103 social protection measures in 45 countries as of March 2020, to 1,414 social protection measures in 215 countries as of December 2020. Based on data from 126 of those countries, a total of \$800.6 billion has been invested in COVID-related social protection programs worldwide, which is 22.6% higher than the \$653 billion invested globally in social protection after the 2008-2009 financial crisis. However, less than half of this is being spent in low- and middle-income countries, with the least (approximately \$1.7 billion, or \$6 per capita) being reported by 17 low-income countries. The SSA and MENA regions have spent the least by region, with \$8.3 billion (\$10 per capita) and \$11.1 billion (\$115 per capita) invested, respectively. Despite these efforts, approximately [2.7 billion people have not received any public financial support](#) to deal with the economic devastation caused by the coronavirus pandemic.

[Social assistance is the most common type of social protection measure, especially in low-income countries](#), with cash transfers being the dominant form of social assistance. Of the 429 cash transfer programs recorded since the beginning of the pandemic, 272 (63%) were new programs introduced during the pandemic. Relative to pre-COVID-19 levels, the scale-up of cash transfer programs in low- and middle-income countries ranges from 14% in Azerbaijan to 990% in the Democratic Republic of the Congo (with an average increase of 240% in terms of beneficiaries covered). This rapid increase in social assistance programs, though still lagging in the poorest countries, could usher in a [“new generation” of social protection measures](#), extending coverage and protection to the most vulnerable, including [women](#) and informal workers. The [role of digital technology](#) (and especially [mobile phones](#)) -- made painfully evident in a pandemic that increases the risk of in-person interactions -- will continue to be key.

COVID-19 has aggravated gender inequalities and increased poverty in urban areas

With mobility restricted, reports of [domestic and intimate partner violence have been increasing since the beginning of the pandemic](#), especially among displaced populations. Recent estimates show that for every three months that the lockdown measures continue globally, an additional [15 million cases of gender-based violence are expected](#). Since the onset of the pandemic, the number of requests for gender-based violence support services has doubled; yet [1.8 billion children live in countries where violence prevention and response services have been disrupted](#) due to the pandemic.

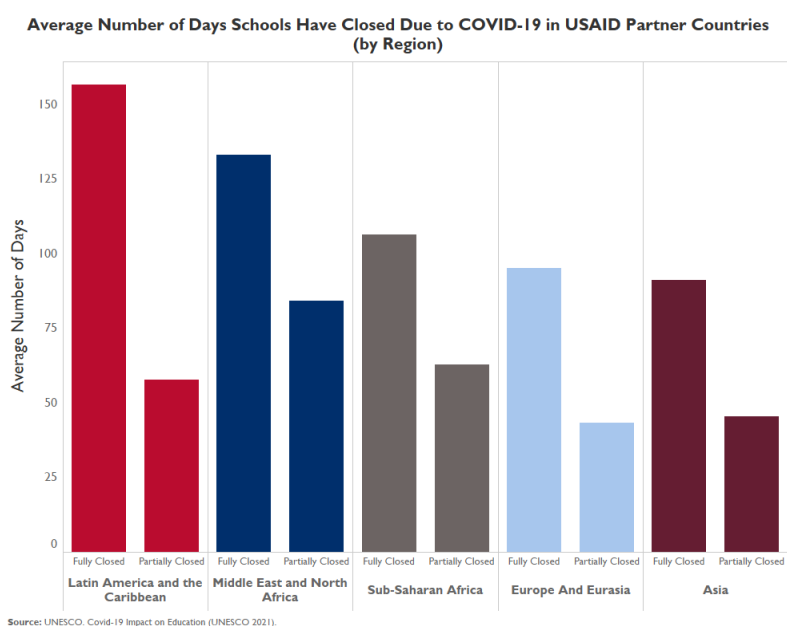
[Women have also been more affected by loss of jobs and income](#) (including [larger decreases in sales for women-owned businesses](#) compared to businesses owned by men), and, concurrently, [assume a greater responsibility for unpaid care work](#), which not only diverts their time and energy from paid employment opportunities, but can place them at heightened risk for contracting COVID-19. As more countries adopt digital

technologies for social protection schemes (see “Social Protection” section above), [women, who are more likely to be unbanked or lack access to a mobile phone, are more likely to be excluded](#). The economic impacts of the pandemic have also increased the risk of forced, early marriage; it is estimated that [2.5 million additional girls will be at risk of early marriage](#) over the next five years as a result of COVID-19. COVID-19 deaths are also leading to an increasing number of children without one or both parents/caregivers, and [orphans are more vulnerable to violence, trafficking, exploitation, and child labor](#). In short, [gender inequalities are expected to widen and deepen as a result of the pandemic](#).

Although [30% of the people falling into poverty in 2020 are expected to be in urban areas](#) (compared to 20% of the pre-COVID poor), recent data from the World Bank’s high frequency phone surveys have shown [equally concerning second-order effects of COVID-19 in both rural and urban areas, on average](#). In SSA in particular, rural households seem to be suffering heavier losses in terms of food security, income, and education. Worldwide, although urban residents are more likely to have stopped working since the beginning of the pandemic, rural households are more likely to report a decrease in their overall income.

Impacts of school closures extend beyond learning outcomes

Efforts to increase social distancing and mitigate transmission of COVID-19 also prompted unprecedented global school closures. At the height of school closures, in April 2020, nearly [85% of children worldwide were affected](#). Globally, [schools were closed for an average of 3.5 months in 2020](#), with the longest closures in the LAC region. Most countries that closed schools due to COVID-19 enacted some kind of remote learning policy; however, access to internet and remote learning platforms varies considerably by region, wealth, and whether a student lives in an urban or rural area. Across most of Africa, fewer than 25% of children have access to the internet, and it is estimated that



about [half of students in sub-Saharan Africa could not be reached by remote/broadcast learning programs](#). Among those excluded, the majority are from poorer and/or rural households. The [long-term impacts of these disruptions will be staggering](#): approximately 370 million children are estimated to have missed essential in-school meals, [24 million children may drop out or not have access to schools next year](#), and children may be [more vulnerable to violence, abuse, and exploitation](#) (especially in families facing financial and job insecurity) and lack the vital services and protection environment typically provided by schools.

Constrained access to humanitarian assistance, despite growing need

Through its effects on each of the factors summarized above, [COVID-19 is exacerbating pre-existing and ongoing drivers of humanitarian need](#). In December 2020, the U.N. Office for the Coordination of Humanitarian Affairs (OCHA) estimated that [235.4 million people will need humanitarian assistance in 2021](#), a 40% increase over their December 2019 estimate of 167.6 million people in need in 2020. There are [34 countries where humanitarian access is highly, very highly, or extremely constrained](#), and in seven of those countries, the level of humanitarian access has worsened or deteriorated in the last six months. In addition to the broader migration trends noted above, government restrictions on movement and border closures have [reduced the number of asylum applicants by 33%](#) compared to early 2019, and weekly refugee registrations decreased by more than 75%

between February and April 2020. Nevertheless, the U.N. High Commissioner for Refugees estimates that as of December 2020 there were still more than [80 million people forcibly displaced](#) worldwide. This includes 45.7 million internally displaced people (IDPs), 29.6 million refugees and others forcibly displaced outside their country, and 4.2 million asylum seekers. While there are no definitive signals that the pandemic has triggered new widespread displacement, conditions in IDP and refugee camps (such as [overcrowding, lack of access to nutritious food, and poor housing conditions](#)) exacerbate the risks of COVID-19 infection. Based on available data as of November 2020, at least [33,900 forcibly displaced and stateless people have contracted the virus](#), of whom 321 have died. Furthermore, in the medium-to-long-term, reduced food security and wellbeing caused by [COVID-19 could increase people's need to search for livelihoods elsewhere](#), increasing levels of migration and displacement.

PRESSURES ON GOVERNANCE, DEMOCRACY, AND STABILITY

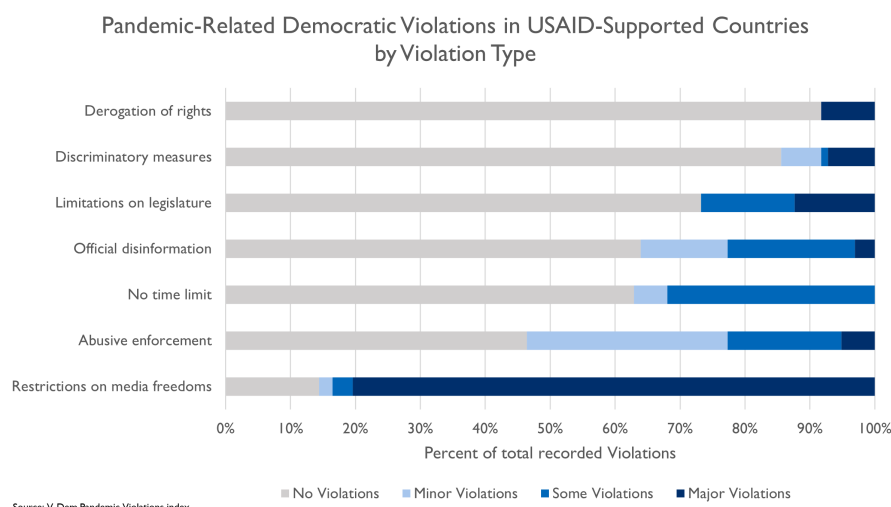
Government responses to COVID-19 may threaten democratic norms and civil liberties

The COVID-19 pandemic has triggered a wave of [unprecedented government emergency measures](#), elevating concerns among democracy and human rights observers that some state authorities may overstep their mandates to consolidate power or marginalize opposition voices in the name of COVID-19 control. Concerns range from the concentration of executive authorities, to disruption of election processes, to undue restrictions imposed on media, to ill-intentioned surveillance of citizens, to infringements on a range of civil liberties. According to the International Center for Not-for-Profit Law (ICNL), 103 countries have issued emergency declarations in response to the pandemic, 136 countries have issued measures that affect assembly, 54 countries have issued measures that curtail expression, and 56 countries have issued measures that affect privacy. ICNL does not delineate which countries have imposed excessive or inappropriate measures from countries that have enacted seemingly reasonable or necessary to contain the pandemic, but Human Rights Watch claims that [at least 83 governments worldwide have used the pandemic to justify what amount to improper or discriminate violations](#) to the exercise of free speech or free assembly.

Furthermore, the Institute for Democracy and Electoral Assistance cataloged [75 elections postponed due to the pandemic](#) in 2020, 40 of which were national-level elections. At least two thirds of the postponed elections have since been held, while the status of the remaining third is either unknown or they have been rescheduled for 2021. While many countries have lifted restrictions as COVID-19 incidence dissipates, the long-term effects of the pandemic on democratic institutions and the observance of civil liberties remain unclear.

Violations of democratic standards for emergency responses have become less common since early 2020

Between March and December 2020, [32 countries committed “major” democratic violations against widely accepted democratic principles](#) for responding to international crises, including 23 middle-income countries and five low-income countries. An additional 53 developing countries committed “some” violations during the same period. Countries across the spectrum of democratization have experienced concerning democratic violations, but



pre-COVID-19 democratic tendencies have proven to be only [loosely correlated with the extent of democratic violations](#) committed as part of the global pandemic response. Particularly concerning are countries that demonstrated strong democratic practices prior to COVID-19 but that have committed major democratic violations in response to the pandemic, as the crisis may contribute to further democratic backsliding in the future. [Further V-Dem research](#) indicates that democratic violations are not a necessary consequence of enacting stringent measures to contain the spread of disease, and have found no definitive relationship between the extent of democratic violations and COVID-19 mortality rates, indicating that these violations are unnecessary.

The most common violations from March-December 2020 revolve around restricting media freedoms, followed by lack of time limits on lockdowns and derogations of rights. Derogations are more common in low-income countries, whereas lack of time limits on lockdowns are more common in more developed countries. The International Press Institute (IPI) indicates that [arrests/charges and verbal or physical assaults have been the most common forms of media freedom violations](#) during COVID-19 -- arrests are most common in Asia, while verbal or physical assaults are most common in Europe.

Most democratic violations occurred in spring of 2020, and were rolled back as the pandemic wore on. Countries generally adapted their lockdown posture and policies in a manner more in line with democratic principles as the year went on, potentially due in part to the partial lifting of lockdown measures in mid-to-late 2020 and in part to the civic backlash against initial government responses.

COVID had a negligible effect on civil disorder, especially in low-income countries

COVID-19 led to a growing number of civil unrest events and varied throughout 2020, with many countries experiencing protests, riots, and, in some cases, violence. Of the [more than 30,000 COVID-19-related unrest events recorded by ACLED](#) as of February 2021, slightly more than half (50.5%) occurred in high-income countries, and most others (47.6%) occurred in middle-income countries. Less than 2% of all events occurred in low-income countries. Across the developing world, nearly three quarters (74.1%) of COVID-19 influenced civil unrest events occurred in the Asia and LAC regions. Only 7.6% of unrest events in the developing world occurred in Sub-Saharan Africa.

While the nature of civil unrest in 2020 centered on the COVID-19 crisis, the overall [number of civil disorder events globally remained consistent with recent years](#). The first quarter of 2020 saw the least civil unrest events as the first lockdown was the most pronounced, sustained, and widespread. Civil disorder events generally spiked as lockdowns became more stringent in April and May, then tended to dissipate in the fall and winter.

To date, the [net effect of the pandemic on violence compared to previous years has been negligible](#). As of January 22, 2021, protests constituted the vast majority (89%) of civil unrest events influenced by COVID-19 globally, while 8% of unrest events have been riots, 2% have been violence against civilians, and a negligible amount have been battle-related or what ACLED classifies as “strategic developments.”

A NEW NATIONAL SECURITY IMPERATIVE

Authoritarian regimes and malign actors are exploiting the pandemic and undermining global response

Since the start of the pandemic, the U.S. has observed a [rise in cyber threats](#) as mobility restrictions prompted a massive, global shift towards online platforms, and the U.S. intelligence community has assessed that the [architects for some of these attacks include malign actors](#). The increase in online activity has also spurred the spread of disinformation, and both the Chinese and Russian governments have [increasingly ramped up disinformation efforts](#) and [amplified false messages](#) related to COVID-19, undermining the global community’s ability to contain the virus. The disinformation pandemic has [not been limited to the United States](#) -- the emergence of a new alliance of [47 African countries](#) and [fact-checking resources within LAC](#) exemplify regional efforts to combat disinformation.

Much of the discourse on COVID-19 and authoritarianism has focused on the People's Republic of China (PRC) Government's response to and exploitation of the pandemic. A nationally representative survey of 14 advanced economies show that most countries believe that [the PRC has not handled the COVID-19 pandemic well](#), resulting in a decline in global perceptions of Beijing. However, the [rise in illiberal trends](#) within the Indo-Pacific region during the pandemic raises concerns for the [PRC's growing influence over the region](#), prompting calls for [regional cooperation to counter Beijing](#). At the same time, Beijing continues to expand its global influence through [vaccine development and distribution](#) as well as [technology and trade](#).

It remains an open question whether COVID-19 will lead to a rise in authoritarianism in the long-term. Some scholars indicate the future of authoritarianism may be “less ominous” given [many regimes have failed to adequately respond to the pandemic](#). However, the rise in democratic violations (noted above), as well as the [accelerating use of digital authoritarianism](#) to erode civil liberties and weaken trust in government institutions and civil society, have prompted growing concerns that the pandemic has emboldened malign actors.

COVID-19 may have far-reaching implications for global alliances and multilateral institutions

Beyond the rise of the PRC, the pandemic has the potential to prompt [broad, global geopolitical shifts](#). For example, the South Korean government has been praised for its [successful response](#) to the pandemic, which has elevated [calls to expand the G-7](#) to include South Korea (in addition to Australia and India). Further, there are growing trends of developing countries demanding greater access to and footholds in the global health infrastructure, as seen by the joint calls by [some countries to expand COVID-19 vaccine access and enabling local vaccine production](#) within the developing world.

World leaders have made [renewed calls for multilateralism](#), underscoring the urgent [need for international cooperation](#) to defeat the pandemic, tackle climate change, and prevent further backsliding on poverty gains. While some have argued (even [before the pandemic](#)) that the Bretton-Woods institutions and [other multilaterals](#) are no longer “fit for purpose,” and [must be reimaged](#), those who may have argued for their dissolution altogether may now see their [unique value in the midst of this global crisis](#). In particular, the multilateral effort to ensure equitable access to COVID-19 vaccines through the COVAX Facility [depends on traditional international donors contributing financially to the initiative](#). The [arrival of the first COVID-19 vaccines via COVAX in USAID presence countries](#) illustrates the impact of this multilateral approach.

The pandemic is exacerbating fragility, potentially altering the national security landscape

Along with evidence from past global health crises, early data from the COVID-19 pandemic suggest that such events are associated with [increasing inequality](#), which in turn can lead to [greater social unrest](#). Violent extremist groups have been taking advantage of the global dependence on online platforms to [recruit and disseminate messaging](#), and [filling the vacuum created by interrupted foreign assistance programs](#) to promote themselves as service providers or gain control over new territory. There have been some reports that the [Islamic State has been capitalizing on the “paralysis” created by the pandemic](#). While the U.N.'s committee on counter-terrorism has acknowledged there is insufficient evidence to fully assess the impact of COVID-19 on violent extremism, the U.N. has raised concerns that [potential terrorist activities may go undetected](#) while U.N. Member States' attention and budgets have been focused on the pandemic. Taken together, these offer evidence for [continued concern](#) for how existing fragile contexts and those vulnerable to fragility will be further affected by COVID-19.

In addition, a United States Institute of Peace-commissioned survey of more than 10,000 Nigerians illustrates how [conflict and insecurity](#) can undermine trust in government responses to the pandemic, which is also [playing out in MENA](#). In January 2021, senior U.N. officials warned the U.N. Security Council that the pandemic threatens to [complicate conflict and hinder diplomatic and peacekeeping solutions](#) and that unequal vaccine distribution risks further instability within vulnerable regions. Foreign governments' [increasing reliance on security forces](#) as part of the government response marks a shift away from good governance and democratic norms, and also has the potential to exacerbate conflict and further entrench authoritarian rule.

COVID-19 UNDERSCORES THE INTERTWINED FUTURE OF CLIMATE AND HEALTH

Root causes of climate change also increase the risk of pandemics

Climate change and COVID-19, a zoonotic disease, are “[both borne of human activity that has led to environmental degradation](#).” The U.N. Environment Programme (UNEP) and the International Livestock Research Institute report that COVID-19 is the latest in a growing number of diseases -- including Ebola, MERS, West Nile fever, and Rift Valley fever -- whose spread from animal hosts into human populations has been [intensified by anthropogenic pressures that are also contributing to global climate change](#). These pressures include increased use and exploitation of wildlife and domesticated animals, unsustainable agricultural intensification, the lengthening and diversifying of food supply chains, rapid urbanization, human-induced landscape changes, and global travel patterns. Agricultural production alone accounts for [approximately 80% of deforestation, a major driver of habitat loss worldwide](#). These environmental pressures are likely contributing to the prevalence of zoonotic diseases by fragmenting wildlife habitats, increasing human-wildlife contact, and creating more disease transmission channels.

COVID lockdown brings substantial, yet likely short-lived, reductions in CO₂ emissions

After rising steadily for decades, global carbon dioxide emissions [fell by 6.4%, or 2.3 billion tonnes in 2020](#), as a result of the COVID-19 lockdown. This annual decline is the largest absolute drop in emissions ever recorded and the largest relative decline since the Second World War. However, this direct COVID-19 lockdown-induced dip in emissions in 2020 was [short-lived](#) and [smaller than initially expected](#) given the scale of the pandemic, and will have a [negligible long-term impact on climate change](#). UNEP estimates that the 2020 decrease in global greenhouse gas (GHG) emissions will result in no more than a 0.01°C reduction of average global temperatures by 2050, unless it is followed by economic recovery measures that support a low-carbon transition. Global carbon emissions would need to decline by 7.6% per year for the next decade to prevent the planet from warming more than 1.5 °C above pre-industrial levels -- a goal set in the 2015 Paris Climate Agreement.

Long-term impacts of COVID-19 on climate change remain highly uncertain

The impacts of the COVID-19 crisis on emissions moving forward, and ultimately on the fulfillment of Paris Agreement targets, remain highly uncertain and will depend on the pandemic’s long-term effects on government mitigation efforts, economic activity, and energy demand worldwide. The [World Bank](#), [UNEP](#), and the [International Energy Association \(IEA\)](#) all highlight that the unprecedented scale of COVID-19 economic recovery measures -- currently amounting to more than \$12 trillion globally -- presents an opening for major investments in low-carbon development and other structural emissions reduction efforts. An [MIT study](#) found evidence that reduced economic activity from COVID-19 may ultimately lower the costs of meeting Paris Agreement targets for countries that originally set these targets against a “business-as-usual” future that no longer exists, which may make meeting these commitments more politically palatable.

Social distancing measures and business closures may also trigger long-term [changes in consumer demand and associated energy use](#) that, in turn, could substantially influence GHG emissions. An expansion of teleworking practices in the global workplace could drastically alter the transport sector, a main source of GHG emissions. Residual fears of crowding may have lasting impacts on air travel and urban rapid transit. Increased reliance on virtual commerce, banking, and entertainment may accelerate the digital transformation in the services sector, prompting fewer “brick and mortar” buildings and lower energy use.

While [renewable energy proved resilient to COVID-19 lockdown measures](#) and recorded a modest 0.8% increase in demand in 2020, the IEA warns that all other fuels saw their greatest contractions in decades. The combined impacts of low energy demand and low energy prices for non-renewable fuels have placed many energy companies in financial peril, potentially disrupting their ability to maintain critical investments in existing energy infrastructure and clean energy transitions.