

Key recommendations to the OECD

1. Secure development aid and raise awareness for the need to support developing countries in dealing with Covid-19
2. Streamline development aid and development cooperation projects in order to support investments in longer-term preparedness and resilience
3. Leverage OECD expertise about regions and countries to support policy makers with tailored policy recommendations
4. Provide a forum for the exchange of best practices and experiences in addressing the health-related and economic ramifications of the virus

Developing countries will be disproportionately affected by Covid-19

With less well-established health sectors and large deficiencies in the access to basic preventative measures such as soap and water, Covid-19 threatens to cause a severe health crisis in the developing world. What adds to this are poor urban planning, overcrowding and more communal lifestyles - particularly on the African continent - complicating social-distancing policies.

The developing world is also particularly vulnerable from an economic point of view. Many developing countries rely heavily on agriculture and other raw materials, some depend on tourism. Agriculture follows clearly defined planting and harvesting cycles, which cannot be postponed without threatening food supply. Exports of raw materials may suffer from price collapses. In addition, tourism has come to a halt. This may be exacerbated by capital flight as investors start to seek 'safe havens'.

Important considerations for addressing the impacts of the virus

Developing countries have typically fewer fiscal capacities and less room for monetary policy to mitigate the effects of crisis on their local economies. This is paired with low degrees of social protection, resulting from a high prevalence of informal work. Covid-19 may thus have large impacts on the economic opportunities and livelihoods of millions of people. Past epidemics, such as the Ebola crisis, have further underlined the difficulty of ensuring local buy-in in the fight against disease linked to traditional beliefs and a lack of trust in authorities.

The case of Covid-19 has shown that borders do not matter - neither for the spread nor the economic impacts of the virus. The current situation can only be approached with global cooperation. This means that policy makers, even if primarily concerned about the developments in their respective nations, must also look beyond borders and help the world's poorest.

A global approach will be vital to defeat the virus. Moreover, if developing and emerging market economies are not supported, existing inequalities will only widen further. This risks impeding efforts to achieve the Sustainable Development Goals, which are to be realized in less than a decade. In addition, emerging markets are playing a key role in supply chains as producers of key inputs and services. In short: If developed countries do not come to support developing nations now, they will never fully be able to overcome the Covid-19 crisis.

The OECD can play a key role in supporting the developing world

- The OECD should **call on governments not to reduce their development budgets** for domestic priorities **and encourage DAC member countries to stick to the target of 0.7%** official development assistance (ODA) in national income.
- The OECD Development Assistance Committee (DAC) can provide **guidance on how aid can be targeted to where it is needed the most and where it can have the largest impact**. The DAC could also develop approaches to **streamline aid to support economic recovery and long-term resilience**, for instance by fostering private investments (incl. FDI) in critical infrastructure. The DAC may in this context also consider **reinforcing its co-operation with the Investment Committee**.
- The Development Centre (DEV), the Development Cooperation Directorate (DCD) and the Global Relations Secretariat (GRS) can support policy makers on the ground, by **developing analysis on the most affected segments and societal groups** and **providing advice about what to prioritize in the fight against the virus**. They could also foster **peer learning and dialogue between policy makers** to help them identify the most effective pathways of addressing the crisis.
- For the **MENA region**, in relation to our engagement with the MENA-OECD Business Advisory Board (BAB), we recommend an additional focus on **efforts to maintain an open investment environment**. This will be critical in order to 1. support recovery and 2. ensure that foreign direct investment can continue to strengthen economic diversification and foster the integration of local business into global value chains.
- With a view on **Africa**, the OECD can play an important role in **providing and disseminating information on the virus to both policy makers and the wider population**. This could also be approached by partnering with the WHO.