



# COVID-19 and developing countries: Policies and partnerships to respond, reset and rebuild better

Policy Statement by the Members of the Governing Board of the OECD Development Centre

29 May 2020



1. We, [Members of the OECD Development Centre](#), are gravely concerned by the consequences of the unfolding COVID-19 pandemic and the global economic crisis on the sustainable development prospects of developing countries. In this respect, we convened and discussed the main impacts of the crisis on developing countries and how their specific contexts and pre-existing vulnerabilities may reduce room for manoeuvre and aggravate the crisis' outcomes. We exchanged more specifically on policy measures implemented in several Development Centre member countries, on the role of international co-operation in supporting the immediate, short, medium and long-term responses, and on the contributions that the Development Centre can make to inform the international community's efforts to devise policies and partnerships to respond, reset and rebuild better, thereby contributing to the realisation of the 2030 Agenda for Sustainable Development.
2. We recognised the unprecedented nature of this crisis, its dire human consequences and the risks of catastrophic impacts on developing countries, particularly the Least Developed Countries (LDCs) and Small Island Developing States (SIDS). In the absence of a fast, adequate and context-specific response, efforts to achieve sustainable development are at risk. The number of poor and food-insecure people may increase significantly. We also highlighted the importance of addressing the disproportionate impact on vulnerable and marginalised population groups, notably women and children, indigenous groups, people with disabilities or health conditions and victims of domestic violence.
3. We underlined the heterogeneity of situations and the specific – but often intertwined – challenges that developing countries face. These reflect multiple vulnerabilities linked to narrow production bases and concentrated economic structures. Among these are widespread informality, limited access to and availability of social protection and healthcare; digital divides, rising public debts and limited fiscal space, and declining external financing. For several countries, security, climate, food crises, as well as biodiversity loss, combine and exacerbate the consequences of the present shock. In addition, developing countries are facing much tighter financial conditions due to spillover effects of the pandemic on financial markets, which in turn worsens these countries' capacity to respond to this crisis and contain its economic impact. Remittances-receiving households are also confronted with a reduction in remittance flows, which negatively affects their livelihoods.
4. We recognised that we must meet this challenge together and uphold a sense of solidarity and human security. Preventing the spread of the infection, building resilience and addressing the crisis in developed and developing countries is clearly in the interest of all. It is necessary to preserve development gains, prevent widespread increases in poverty, hardship and inequality and ensure a truly global recovery. Our response to the crisis is urgent, but it must go beyond the emergency and combine a coherent approach to the short, medium and long terms with the vision, shared principles and commitments, objectives and goals of the Agenda 2030 for Sustainable Development and the Paris Agreement. It must put the world on track for a more sustainable and resilient development trajectory, which combines economic, environmental and social progress, and promotes just, peaceful, open and inclusive societies, leaving no one behind.
5. We recognised that domestic and external financing for development are being severely affected, public revenues are declining as economic activity falls and commodity prices plunge, foreign direct investment and portfolio investment are contracting, and debt is at risk of reaching unsustainable levels. We welcome the [Development Assistance Committee's commitment](#) to strive to protect Official Development Assistance (ODA) budgets and look forward to its implementation. We invite other development co-operation partners to do the same and stress the importance of mobilising international co-operation in all its forms, including from civil society and the private sector.



6. We recalled our [2019 High-Level Meeting communiqué](#) and reaffirmed the importance of investing in comprehensive social protection systems and advancing universal health coverage (UHC) to tackle several underlying vulnerabilities. We underlined the specific challenges of informal economy workers and the need to extend access to social protection while addressing the many root causes of informality and improving governance and accountability. Universal social protection (USP) plays a crucial role in reducing poverty and inequalities and promoting prosperity and human development. It can facilitate investment in human capital and boost resilience to shocks, thereby positively affecting productivity and employability.
7. We emphasised the need for investment in and access to technology and knowledge to strengthen productive and educational capacities in developing countries, which could help provide a more effective response to the current and future crises. Key investment areas include quality infrastructure and sustainable energy. It will be necessary to reflect on post-COVID-19 industrial systems and the implications for developing countries, including access to technology, associated with the possible reorganisation of global value chains, in order to harness the digital economy and build more diversified and resilient economies.
8. We stressed that a strong, co-ordinated and reformed multilateral system is crucial to support governments to foster innovative and coherent responses and to increase co-ordination across different policy communities in contexts of multiple crises. In our discussion we addressed several aspects related to the response to the crisis and we recognised the importance of:
  - Maintaining an open, transparent, rules-based and non-discriminatory multilateral trading system, which ensures the flow of goods and services and avoids disruptions of supply-chains, which is especially critical for medical products and foodstuffs.
  - Working closely with the private sector and promoting a co-ordinated approach to procurement and sourcing that minimises risks of scarcity and ensures adequate access to testing, treating and curing in developing countries, while also protecting workers and suppliers.
  - Supporting developing countries, including through international financial institutions, national development finance institutions and regional development banks, to build sufficient fiscal space, which will allow them to better confront the emergency. Expansionary fiscal policies should be safeguarded from the risks of corruption and carefully targeted to minimise the negative consequences of the crisis on households and businesses, especially the most vulnerable.
  - Continued co-ordination to address the risks of debt vulnerabilities in developing countries, including those in debt distress. This includes support for work such as the Call to Action on Debt by the IMF and the World Bank and the G20/Paris Club Debt Service Suspension Initiative to help countries combat the COVID-19 outbreak and its health and economic impacts.
  - Exploring the feasibility of initiatives with money transfer operators to further reduce or temporarily eliminate, as appropriate, the cost of remittances during this time of crisis as well as digital solutions to facilitate and expand the reach of public transfers to micro, small and medium enterprises and to vulnerable households, while continuing to strengthen financial inclusion.
  - Promoting a global investment effort for a sustainable recovery, including the economic, environmental and social dimensions, co-designed by developed and developing countries, with the involvement of the private sector and other relevant stakeholders.
  - Promoting efforts to strengthen education systems and leverage digital technologies, to ensure all students, notably those facing economic or digital disadvantages, have adequate access to learning opportunities, in times of crisis and beyond.
  - Revisiting innovative efforts to protect and invest in health and social protection as a global concern and to develop and promote access to vaccines and healthcare in developing countries.



- Upholding efforts to facilitate orderly, safe, regular and responsible migration and mobility of people and building on international initiatives in response to humanitarian crises.
- Ensuring that the rule of law, non-discrimination, inclusive development and gender equality – among others – are safeguarded and actively promoted while designing and implementing measures and policies in response to the pandemic and its impact.

9. We call upon the Development Centre to leverage its unique membership, multidisciplinary approach, access to OECD expertise and data, and partnerships with other international and regional organisations to support us in advancing the following goals:

- Inform and influence the international debate and agenda on addressing the crisis, to ensure that the specific concerns of developing countries are heard and addressed.
- Identify effective approaches and policies that work in the specific contexts of developing countries, across regions, including innovative practices to support the economic recovery and deliver health and social protection services in a sustainable way, in co-operation with other international organisations.
- Support, where requested, member countries of the Development Centre in the design and implementation of national and international support measures, including Integrated National Financing Frameworks (INFFs).

10. To that effect, we ask the Development Centre to:

- Strengthen evidence to inform effective policy responses and, where requested, implementation of national strategies for inclusive development, e.g. tracking policy measures and impacts in regions through the regional economic outlooks and in countries by adjusting the Multi-dimensional Country Reviews and leveraging the Production Transformation Policy Reviews.
- Assess implementation challenges of measures to support the most vulnerable individuals, households and firms, e.g. by leveraging the on-going work on social protection and informality as well as on gender equality and the Social Institutions and Gender Index.
- Promote mutual learning on the recovery, including through South-South and Triangular Co-operation, e.g. by
  - leveraging the Policy Dialogue on GVCs, Production Transformation and Development to anticipate changes in international production and identify good practices to strengthen industrial capacity;
  - leveraging the Policy Dialogue on Natural Resource-based Development and identifying policy options and trade-offs to promote a green recovery that advances a transition to a sustainable low-carbon economy;
  - promoting an informed dialogue to better understand the role of cities and quality infrastructure in the economic recovery, including through the work on infrastructure for sustainable development, on inclusive development models in LAC and Asia, and on financing public policies in Africa.
- Contribute to fostering and reinvigorating international co-operation and international policy coherence, including by extracting lessons for enhanced co-ordination and innovative forms of co-operation that combine different skills and capacities and are more suitable to today's global challenges, e.g. by leveraging the work on Development in Transition, on national development strategies and international co-operation, and the work on migration and development.

11. We will strive to organise a High Level Meeting by the end of 2020 where, together with partner organisations and relevant stakeholders, we will discuss our national and international responses to the crisis and chart a way forward for the Centre's work in the next biennium and beyond.

