

UN and COVID-19: Economic Stimulation in Fragile States

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United Nations support for fragile economies to overcome COVID-19's economic impact .

United Nations

COVID-19

Future generations

Health

Global crisis

Covid-19, the pandemic has resulted in great loss to humanity, many people lost their lives and many are fighting for survival. A great lockdown severely impacts the global economy. It is projected that economy of the globe fall by -3 percent in 2020^[1]. Since the great depression, the world economy is facing the worst-ever recession. It is estimated that global economic output loss could be 9 trillion during 2020-2021. Due to the widespread virus, many countries are facing multiple financial crises, health, and a rise in commodity prices. It is truly a global crisis and no country is safe from this virus. Countries whose economic growth depends upon entertainment, tourism, travel, and hospitality are largely disturbed.

Even emerging countries, advancing at high growth levels are facing major descent in the economy and their projected negative growth. At the same time, due to the emergence of pandemic developing countries are facing a debt crisis^[2]. Developing and emerging markets have 11 trillion dollars in external debt and 3.9 trillion in debt services. out of these 3.5 trillion dollars are for principle payment and 1 trillion dollars in debt service due on medium-term and long-term debt. Besides; debit challenges^[3], US dollar liquidity is becoming a rising economic risk, it is recorded there is a huge outflow of capital from developing countries. The outflow of non-portfolio from developing countries was about 100 Billion US dollars between January and March 2020, the exchange rate of developing countries is under pressure^[4]. Due to widespread pandemic, import/export orders got canceled and firms went bank corrupt, millions of people lost their jobs as well decline in countries' GDP.

Developing countries besides these challenges also face depression in currency exchange, limited financial resources to support their natives, and poor health structure. Even with limited resources, policymakers around the world are taking preventive measures and facilitating local people and businesses by giving them liquidity facilities, loan forbearance, tax reliefs, enhanced benefits in the form of distribution of daily necessities items. At the same time, debt becomes a potential problem for developing countries, as these countries are unable to generate enough funds to meet the repayments. If this situation continues for 2021, the economic scenario will worsen and people in developing countries may die more of hunger than the virus. If the virus contains it may be worsening financial conditions and may result in the breakdown of the global supply chain, which leads to food shortage and high unemployment, and uncertain situation for the government, which may result in civil wars.

One of the primary responsibilities of UNO is to resolve international economic, social, cultural, and humanitarian issues without distinction of geography, religion, language, and sex factors. Well-being and sustainable development are the main focus of UNO and it promotes economic opportunity, protection of the environment, and prosperity which results in improving people's life. At this difficult, UNO job is getting tougher and it is suggested to take the following steps in collaboration with all the financial and humanitarian institutes that are operating globally for the betterment and survival of our current and future generations.

1. To safeguard and maintain the financial stability of the global economy there is a need to expand liquidity. The shortage of liquidity and balance of payment develop constraints for the emerging and developing countries in buying and importing medical equipment and supplies to fight against viruses. As well it increases the debt risk, which may impact the stability and sustainability of many countries.
2. To save the lives and livelihood of billions of people living around the globe, the UN should in collaboration with financial institutes address the debt vulnerabilities of emerging and developing countries. Already, more than 38 low-income countries are at high-risk debt distress, they immediately need debt relief. At present, low-income countries have two choices either to fight against viruses or to save themselves from costly defaults.

The future of UNO is to bring economic, social, and humanitarian stability without distinction of nations. It is the time that UNO can prove itself, give the message to the globe "unite as one nation" fight against viruses.

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