

LANDSCAPE ANALYSIS

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

CONTEXT

In May 2023, the World Health Organization (WHO) announced the end of the COVID-19 public health emergency, concluding the acute phase of the global pandemic and signaling an inflection point for ongoing disease management. But even prior to this announcement, the COVID-19 landscape had transformed dramatically in the past year – reporting of cases and deaths declined, vaccine priorities shifted, and economies opened around the world despite evidence the pandemic was ongoing. Moreover, four years into the pandemic, new data is emerging that sheds light on the pandemic’s longer-term impacts on poverty, education, and economic growth.

The COVID-19 pandemic and corresponding global response were historic in nature, and thus the U.S. Agency for International Development (USAID), building on [prior landscape analyses](#), has prepared this summative review of the evolution of the pandemic and its first- and second-order impacts. The pandemic’s impacts have been widespread across development sectors and regions, and the overlapping crises of COVID-19, Russia’s war in Ukraine, and global fiscal tightening threaten to set back decades of progress. Weakened health systems, ballooning debt, learning loss, and the most significant setback in poverty alleviation during the last two decades are a few examples of the public health crisis’ rippling disruptions across the globe.

This analysis is not exhaustive nor does it offer policy or program recommendations; instead it intends to provide a high-level synthesis of some of the major storylines throughout the course of the pandemic, leveraging the best available data to understand the pandemic’s most significant global impacts.

The data used in this analysis are derived from a range of public sources, including real time, weekly updates on caseloads, modeled forecasts and estimates, quantitative estimates of underlying risks and vulnerabilities, surveys, and qualitative research and reports from third-party institutions.

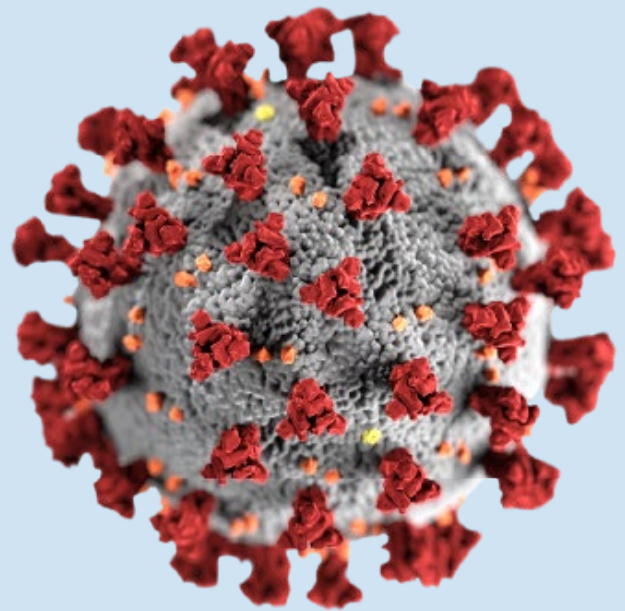


TABLE OF CONTENTS

[Executive Summary](#)

[First-Order Health Impacts](#)

[Vaccine Distribution and Administration](#)

[Second-Order Health Impacts](#)

[Macroeconomic Impacts](#)

[Microeconomic Impacts](#)

[Migration and Remittances](#)

[Pressures on Governance, Democracy, and Stability](#)

[Food Security](#)

[Education](#)

If you have any questions about this analysis, please contact plranalytics@usaid.gov.

EXECUTIVE SUMMARY

Despite the end of the global public health emergency and stronger than expected recovery in some sectors, low- and

middle-income countries, and vulnerable populations therein, continue to face obstacles in recovering lost developmental gains due to the COVID-19 pandemic. Evidence points to five key areas which should be considered to advance this recovery:

1. Integrating COVID-19 vaccinations into primary healthcare services;
2. Sustaining funding for resilient health systems that does not come at the cost of other social services;
3. Addressing sovereign debt issues that undermine the ability for low- and middle-income countries to invest in social spending;
4. Expanding social protection measures for households to mitigate the significant increase in poverty; and
5. Recovering lost learning for students, which could erode long-term human capital prospects and earnings potential.

Key findings from this landscape analysis include:

The WHO ended the COVID-19 public health emergency after more than a year of declining trends in hospitalizations and deaths alongside rising levels of immunity. As the pandemic evolved, innovative approaches were used to detect and mitigate infections and measure the immediate health impact of COVID-19. Ultimately, inadequate data on testing, infections, and mortalities obscure confidence in reported estimates, deeming the true health toll of the pandemic uncertain and underscoring the need to build out surveillance and data systems to more accurately track future outbreaks.

COVID-19 vaccination development and rollout were historically unprecedented in terms of scale, speed, and reach, with COVID-19 vaccinations saving an estimated 19.8 million lives globally. However, disparities persist across regions and income groups: to date, only 30.5% of people in low-income countries have been fully vaccinated with a primary series, compared to 77% in high-income countries. As the world looks beyond the pandemic, integration of COVID-19 vaccinations into primary healthcare services will be critical.

The pandemic underscored the importance of resilient health systems – approximately 2.1 million more children missed out on life-saving vaccines between 2019 to 2022, tuberculosis deaths increased by 200,000 between 2019 and 2021, and an estimated 13.4 million additional malaria cases have been attributed to COVID-19 service disruptions. Despite an initial surge in global health spending during the first two years of the pandemic, continued funding shortfalls raise concerns for future disease control and prevention and global health security.

Despite a stronger than anticipated recovery in 2021, the global economic recovery has been truncated worldwide due to the combined impacts of global inflation, tightened fiscal conditions, historically unprecedented debt levels, and turbulence associated with Russia's war against Ukraine. In 2020, total global debt rose by 30% of GDP, to 263%, the largest annual increase since at least 1970. While supply chain pressures have eased and trade and investments have rebounded, economic growth is expected to slow in emerging markets and developing economies. Tourism-dependent economies face substantial downside risks associated with inflation, oil prices, and geopolitical uncertainties.

The pandemic caused the largest setback in poverty alleviation ever recorded, with 61 million new poor emerging in 2020. Governments implemented substantial social protection measures to mitigate the pandemic's socioeconomic impacts; however, country spending levels varied substantially by income group. Although labor markets recovered following initial widespread employment losses in 2020, women, populations with less formal education, and urban workers experienced greater employment and income losses. The pandemic depressed new business creation in 2020, with newly registered firms falling in 58% of economies.

Migration flows returned to pre-pandemic levels and remittance flows proved resilient. Official remittance flows reached record levels in 2021/2022, and digital remittances increased by 48%, to USD \$15.9 billion. Despite these positive developments, low-wage migrant workers employed in the informal sector were vulnerable to increased discrimination and exclusion from health and employment benefits due to their precarious migratory status.

The pandemic did not appear to have a direct, sustained downward effect on democratization worldwide. While, in most cases, the pandemic did not trigger or accelerate democratic erosion, the crisis did create conditions for more subtle effects, including misinformation and politicization of the pandemic response. While the pandemic prompted the erosion of certain civil liberties and resulted in postponed elections, these effects were largely temporary. However, election postponements tended to negatively impact voter turnout.

The COVID-19 economic recession exacerbated global food insecurity, resulting in an estimated increase of 118 million undernourished people in 2020. High food prices – driven by the uneven global economic recovery, supply chain disruptions, and increased food demand – were most severe in countries with high reliance on food imports and those experiencing disrupted trade flows or extreme weather that limited food production.

Emerging school testing data indicates substantial learning loss globally due to the pandemic. Among countries with internationally comparable assessments on reading outcomes, average achievement declined in 30 out of 35 countries between 2016 and 2021. Detailed analysis of school closure data in high-income countries suggested that 20 weeks of school closure resulted in the loss of one school year's worth of learning outcomes. Official development assistance for education declined by \$359 million in 2020, which may have limited recovery from pandemic learning loss.

FIRST- ORDER HEALTH IMPACTS

The global response adapts tracking and managing COVID-19 disease burden as testing quality and disease severity evolve

The majority of COVID-19 cases and severe outbreaks in USAID-supported countries occurred during the first two years of the pandemic – during the peak of the Delta variant in summer 2021, there were an [average of 560,000 daily cases and during the peak of the Omicron variant in winter 2022, there were an average of 1,000,000 daily cases](#). However, there were two notable differences between the Delta and Omicron outbreaks. First, while testing increased consistently throughout the Delta wave in 2021, [testing rates began to decline significantly](#) after the initial Omicron surge, and other efforts were used to assess disease burden, such as hospitalizations and intensive care unit (ICU) bed capacity. Second, the rapid emergence of the Omicron variant

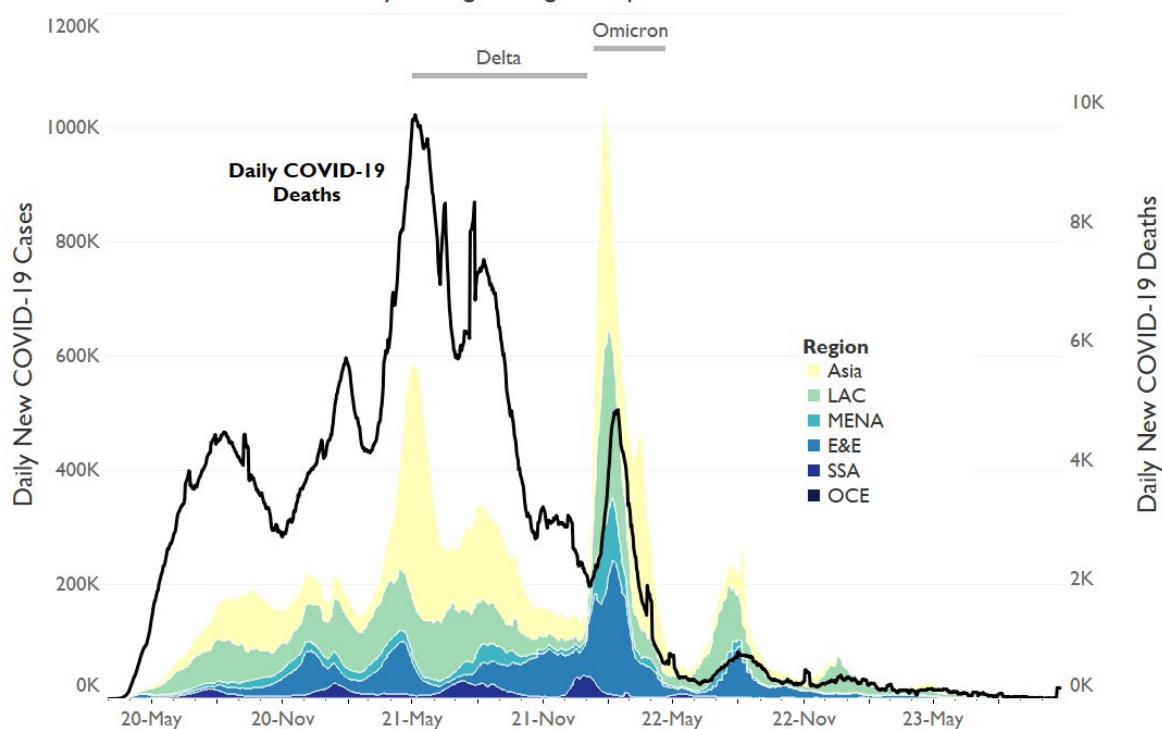
at the end of 2021 [resulted in a large increase in the infection rates, but also a decline in severity](#), which can be [partially attributed to vaccinations](#). As COVID-19 vaccinations increased globally, they helped [prevent large outbreaks and reduce the transmission of new variants](#). Furthermore, there is growing evidence that high population-level immunity from both natural infections and vaccinations, as well as improved clinical case management, [helped reduce COVID-19's overall risk to public health](#).

Despite decreased disease severity and lower testing rates, Omicron added to the growing total of confirmed cases and deaths in USAID-supported countries: [20.1% of cases and 10.7% of deaths occurred during the main Omicron surge](#) from December 2021 to March 2022. Among USAID partner countries by region, Oceania (OCE) and Europe and Eurasia (E&E) reported the highest percentage of their total COVID-19 deaths during this wave, at 28.2 and 21.9 percent respectively. Then in late 2022, the People's Republic of China (PRC) reported the last major surge in cases after the PRC [abruptly relaxed many strict zero COVID-19 policies](#). While [the PRC has only reported 122,000 deaths](#) since the start of the pandemic, [excess death models](#) and [cremation data](#) suggest that there were approximately 1.5 million excess deaths in the PRC during the first quarter of 2023 alone.

While recent hospitalization and death trends have been positive, the overall direct health impact of the pandemic has been unprecedented. As of October 25th 2023, more than [770 million cases and 7.0 million deaths due to COVID-19 have been reported globally](#), and 45 percent of the reported cases and 59 percent of reported deaths have been in low- and middle-income countries. However, since the initial Omicron surge, testing data quality has continued to decline and [global standardized reporting of testing rates by country has been discontinued](#) due to high infection rates, disparate reporting methods and confirmation criteria by country, and difficulties introduced by the rapid expansion of at-home tests. Due to low testing rates and the indirect health impacts of the pandemic, these staggering numbers of confirmed cases and deaths are likely an undercount of [true cases](#) and [deaths associated with the COVID-19 pandemic](#).

Daily Confirmed COVID Cases & Deaths, USAID-Supported Countries

7 Day Rolling Average; Independent Axis Scales



Source: WHO, COVID-19 Dashboard. Data updated 10/26/23. China removed due to data distortion.

As the pandemic continues, higher population immunity enables different approaches to monitoring COVID-19 burden

Since mid-2022, public health authorities have shifted approaches to monitoring COVID-19 disease burden given changing disease dynamics related to higher population-level immunity. Two important metrics for monitoring current and previous disease burden include hospital ICU admissions data and COVID-19 serosurveillance. Although [hospital ICU admissions data provide an important gauge of health system strain](#), it is almost exclusively reported in high-income countries, making it even more challenging to compare COVID-19's severity between countries, regions, and income groups. In contrast, [COVID-19 serosurveillance](#), which tracks past spread of disease through natural infection or vaccination, has been used in low-income countries to shed light on the extent of COVID-19 transmission in places with low reported case numbers, as high seroprevalence levels correlate to higher levels of population immunity. A recent meta-analysis of seroprevalence studies found that through the end of December 2021, [the estimated overall seroprevalence increased to over 80%](#) in WHO's African Region (AFRO) and South-East Region (SEAR), which is much higher than both the vaccination rates and reported case numbers and indicates greater COVID-19 transmission in these regions than previously estimated. These findings align with previous research that [Africa vastly under-reported COVID-19 cases](#) due to limited disease surveillance systems, and corroborate the [high death toll seen in Southeast Asia from the Delta wave of infections](#).

Another critical metric researchers have used to assess the mortality impact of past COVID-19 outbreaks are [excess mortality estimates](#). Through the end of 2021, WHO estimates there were [11-19 million excess deaths related to COVID-19](#). The ratio of excess deaths to reported deaths varies by region, from 8.5 in Southeast Asia to only 1.3 in the Western Pacific and the Americas. However, these estimates should be interpreted with caution, as estimating COVID-19 excess mortality relies on using historic official mortality data to calculate the expected number of deaths within a country had the pandemic not occurred. While this information can help illustrate the pandemic's indirect impacts that are not captured in official COVID-19 mortality reporting, [many countries do not report complete mortality data to the WHO](#) – for example, within WHO AFRO, [only 5 of 47 countries had complete mortality data](#). The excess mortality modeled estimates for countries without available mortality data rely on data from countries outside the region that may have key differences not captured in the excess mortality model.

VACCINE DISTRIBUTION AND ADMINISTRATION

Despite a historically unprecedented vaccination campaign, disparities among regions and income groups persist

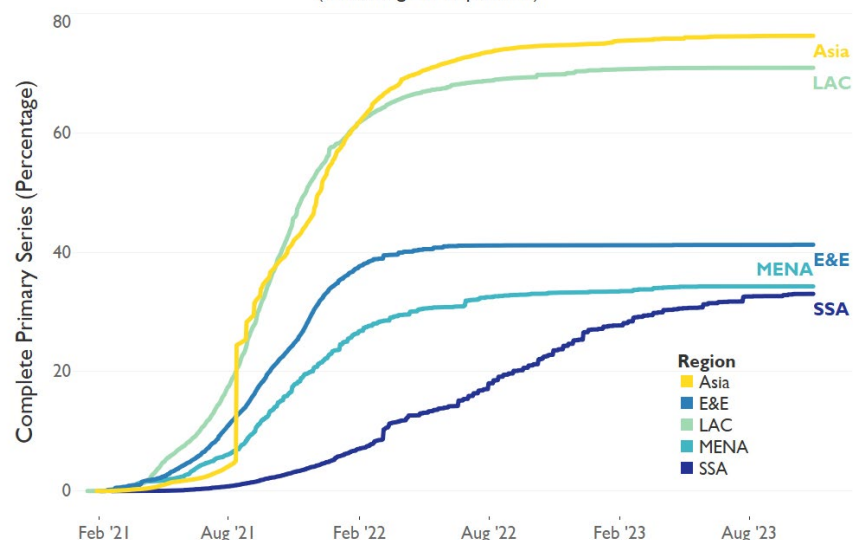
COVID-19 vaccination development and rollout was [historically unprecedented in terms of scale, speed, and reach](#), and have proven incredibly effective at reducing disease transmission and [severity in the face of new variants](#). Tremendous progress has been made in vaccinating populations worldwide with over [1.3.4 billion doses administered globally](#), including 2.8 billion booster doses. During the first year of vaccine availability alone,

it is estimated that COVID-19 [vaccinations saved 19.8 million lives, or nearly 63% of total potential deaths](#) due to COVID-19. As of September 2023, [66% of the global population have received a complete COVID-19 primary series](#), nearly reaching the [original WHO target of 70%](#).

However, while there has been great progress in increasing vaccine coverage globally, there are still wide disparities across regions and income groups. Sub-Saharan Africa (SSA) and Middle East and North Africa (MENA) have the lowest vaccine coverage by region with only [33.0% and 34.3% of their total population having complete primary series coverage](#), respectively, followed by Europe and Eurasia with only 41.3% of its population vaccinated. There is an even [wider disparity in vaccine coverage levels by income group](#) – only 30.5% of the population in low-income countries versus over 61% in lower-middle income countries have received complete primary coverage. While most high income countries have surpassed the WHO's 70 percent target, the majority of low and lower income countries are unlikely to meet these targets within the next year based on current vaccination trends. These disparities in vaccine coverage between regions and income levels have

likely resulted in higher excess deaths due to COVID-19, with one study finding that almost [600,000 COVID-19 deaths could have been averted if all countries had achieved 40% primary coverage by the end of 2021](#), mostly in the African and Eastern Mediterranean regions. More than 90% of avoidable deaths would have been in low- and lower middle-income countries.

People Vaccinated with a Complete Primary Series in USAID Partner Countries and Regions
(Percentage of Population)



Source: Our World in Data (OWID) COVID-19 Dataset; Calculations by M/CIO USAID Data Services. Data updated 10/29/23.
Note: Sharp increase in Asia coverage is due to China first reporting vaccine coverage data on 8/11/21.

As vaccination rates stall, global strategies shift toward vaccinating priority populations

In response to growing disparities in vaccination coverage between low- and high-income countries, and in recognition of reduced risk of hospitalization and death from Omicron in the overall population, vaccination targets have shifted towards [increasing coverage of two key priority populations: health care workers and older populations \(age 60 and above\)](#). The WHO has set an aspirational target of 100% vaccine coverage with a complete primary series for both health care workers and older populations. However, in May 2023, the WHO reported that [only 52% of health workers and 35% of older adults have received primary series coverage](#) in low-income countries. One challenge in monitoring priority population coverage data is [data on priority populations is not systematically collected](#), unlike overall vaccine coverage data, making it harder to accurately track vaccination progress for priority populations at the country level. Fortunately, increasing coverage among priority populations is no longer only about increasing vaccine supply and delivery, as [global vaccine supply is now abundant with manufacturing capacities of 11-16 billion doses per year](#). As a result, enhancing immunization programs by [integrating vaccine efforts into primary healthcare service delivery platforms will be key](#) to help achieve wider coverage, especially among priority populations in low-income countries.

SECOND-ORDER HEALTH IMPACTS

COVID-19 exacerbated weaknesses in health systems and highlighted the importance of resilient health systems

Although direct healthcare service disruptions due to COVID-19 [are no longer as pervasive as early on in the pandemic](#), the impacts of COVID-19 have been felt across health system areas. As countries have attempted to mitigate COVID-19 service delivery impacts, the number of reported healthcare service disruptions has decreased across all service delivery areas, including immunization, neglected tropical diseases, communicable and noncommunicable diseases, and nutrition. While some countries still reported a decline in service disruptions due to COVID-19 in Q4 2022, there were far fewer disruptions reported than the previous year. In Q4 2022, just 26% of the 60 responding countries reported COVID-19 related primary care disruptions compared to 53% of the 57

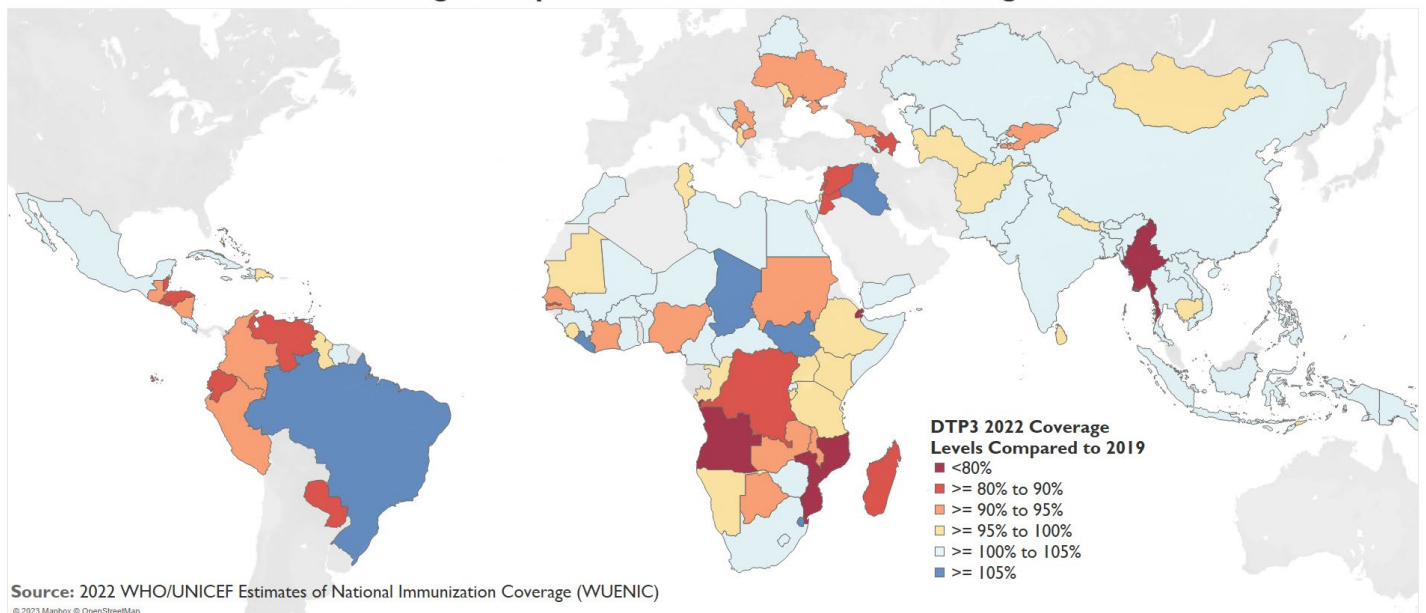
responding countries in Q4 2021. Most countries reported that the persisting disruptions were mainly attributed to supply and demand factors, low-levels of care-seeking, and limited healthcare resources.

In addition to primary healthcare service disruption, [global routine vaccinations among children](#) remain below 2019 pre-COVID levels with over [2.1 million more children missing out on life saving vaccines in 2022 than in 2019](#). This drop in childhood vaccines includes the third dose of Diphtheria-tetanus-pertussis (DTP3), a common proxy for measuring routine immunization coverage in children. During the height of the COVID-19 pandemic in 2021, DTP3 global coverage had dropped to 81%, the lowest coverage level since 2008. While coverage improved in 2022, increasing to 84% globally, coverage remains below 2019 pre-COVID levels of 86%.

Tuberculosis and malaria still face disease control and prevention challenges precipitated by COVID-19

While the [number of people receiving antiretroviral treatment](#) through the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) program continued to increase throughout the pandemic, the COVID-19 pandemic adversely impacted tuberculosis (TB) disease control and prevention programs by [reducing access to diagnosis and treatment solutions](#). Reported TB cases dropped from a high of 7.1 million in 2019 to 6.4 million in 2021 while total TB deaths increased from 1.4 million to 1.6 million; these trends have been attributed to a decline in TB diagnostics and treatments access, leading to an [increase in undiagnosed and untreated TB cases](#).

DTP3 Immunization Coverage Compared to Pre-COVID Baseline among USAID Partner Countries



Malaria control and prevention has been even more impacted by the COVID-19 pandemic than TB. Between 2019-2021, [an estimated 13.4 million additional cases of and 63,000 deaths from malaria](#) have been attributed to COVID-19 service disruptions to malaria testing, treatment, and insecticide treated nets distribution. Further, pandemic-related supply chain disruptions and Russia's war in Ukraine have contributed to the rising cost of malaria control programs. In 2021 it was estimated that an additional \$3.8 billion (up from \$2.6 billion in 2019) [will be needed to achieve a 75% reduction in malaria incidence and mortality rates](#).

Following a surge in global health spending, a reversal in funding trends raises concerns for global health security

A World Bank study of 78 low- and middle-income countries found that [government spending on health soared during the first two years of the pandemic](#), reaching 25% above pre-pandemic levels by 2021. However, by 2022 health spending declined to 13% above pre-pandemic levels, and for nearly half of countries, the share of government spending on health fell below pre-pandemic levels, potentially risking progress towards global health security. At the same time, there is growing support for funding pandemic preparedness: numerous [analyses show annual global spending for pandemic preparedness would require \\$10 billion to over \\$50 billion annually](#). Funding shortfalls across global health sectors may hinder their ability to reach disease control and prevention targets and strengthen global health security and pandemic preparedness.

MACROECONOMIC IMPACTS

Economic recovery from COVID-19 was stronger than anticipated in 2021, but also unequal, leaving many low- and middle-income countries behind

Following the unprecedented global recession in 2020, the global economy had a much stronger than

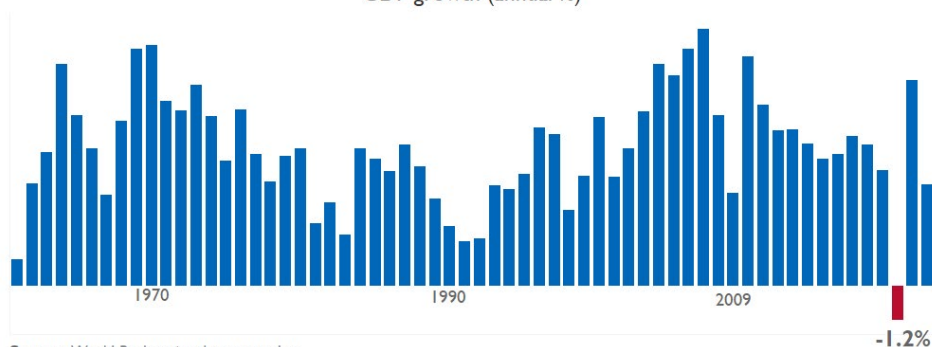
anticipated recovery in 2021. The World Bank [estimated growth of 6.0% in 2021 after a contraction of -3.1% in 2020](#) while low- and middle-income countries had a smaller 2020 contraction of -1.2%, and stronger 2021 recovery at 7.1%. However, GDP was smaller in [41% low- and middle-income economies at the end of 2021 than in 2019](#), primarily comprising tourism-dependent small island developing states, energy export dependent MENA countries, Southeast Asian countries with prolonged lockdowns, and commodity export dependent countries in SSA and Latin America and the Caribbean (LAC).

COVID-related spending and revenue downturn contributed to turbulent monetary and fiscal conditions

The pandemic exacerbated [pre-existing debt concerns in developing countries](#): in 2020, [total global debt rose by 30% of GDP to 263% of GDP](#) – the largest single-year increase since at least 1970; among emerging markets and developing economies (EMDE), debt levels surpassed 200% of GDP for the first time since at least 1970. This debt was largely undertaken by countries to mitigate the direct economic impact of COVID-related lockdowns. [Large-scale policy actions played a positive role](#) in supporting the strong economic rebound in 2021 and early 2022. However, in addition to increasing public debt, [COVID-related fiscal stimulus policies increased demand for goods without an equivalent increase in supply](#), exacerbating supply chain bottlenecks and fueling inflation. Prior to Russia's full-scale invasion of Ukraine in early 2022, [countries with large fiscal stimulus or high exposure to international trade experienced greater inflation](#).

COVID-19 led to unprecedented decline in GDP for low- and middle-income countries in 2020

GDP growth (annual %)



Source: World Bank national accounts data

Most central banks introduced interest rate hikes in 2022 to combat inflation. As fiscal tightening continues, debt servicing costs continue to rise, reducing the budget available for investment. The World Bank estimates that [government net interest rates in low-income countries will reach approximately 10% of government revenue in 2022](#), more than double the proportion in 2010. The combined effects

of increased public debt levels and higher debt servicing costs is straining public finance among low-income countries that were already facing severe fiscal pressures prior to the pandemic and that possess fewer, more expensive financing options to navigate fiscal crises: [by August 2023, out of 69 low-income countries with an IMF Debt Sustainability Analysis, more than half were at high risk or in debt distress, with 11 countries classified as in debt distress.](#)

Fiscal tightening leads to poor economic outlook for 2022 and beyond

The combined impacts of global inflation, tightened global financial market conditions, historically unprecedented debt levels, and turbulence associated with Russia's full-scale invasion of Ukraine have truncated the economic recovery worldwide. Among EMDEs, economic growth is expected to slow from 7.1% in 2021, to 4.1% in 2022, to 2.9% in 2023. Excluding the severe economic contraction in Ukraine, MENA saw the weakest growth in 2022 among USAID partner regions. While the [2023 growth outlook for EMDEs is more favorable than for advanced economies](#), the World Bank expects per capita income to decline in approximately one-third of EMDEs between 2020 and 2024 due to these compounding economic shocks. For nearly two-thirds of EMDEs in fragile and conflict-affected situations, per capita income in 2024 is expected to be lower than in 2019.

As supply chain pressures ease, trade and investment flows return

Global supply chain pressures spiked at the onset of the pandemic in mid-2020, subsided temporarily after production was restored in summer of 2020, then began escalating dramatically again after the COVID-19 resurgence in winter of 2020, peaking in December 2021. However, subsequently, [these pressures have declined to historically low levels](#), signaling that global fiscal tightening is having the intended effect of reducing demand. Severely elevated shipping costs, [an important driver of inflation during the pandemic](#), have [declined throughout 2022 and returned to pre-pandemic levels by early 2023](#).

Global trade increased to [\\$28.5 trillion in 2021, an increase of 25% compared to 2020 and 13% higher than pre-pandemic levels in 2019](#). This increase was observed in all regions and more in developing countries than developed economies. Additionally, trade growth between developing countries outpaced global trade. The strong global trade recovery continued in 2022 with an increase of [an additional 12% over 2021](#).

[Foreign direct investment to low- and middle-income countries rebounded sharply, by 36%, in 2021](#), followed by continued, albeit modest, growth of 4% in 2022. In a positive sign for investment prospects in industry and infrastructure, the number of greenfield investment projects announced in developing countries increased by 37% in 2022, and international project finance deals increased by 5%. However, this rebound has not been seen in least developed economies, where foreign direct investment rebounded by only 13% in 2021 and contracted by 15% in 2022. The number and value of greenfield project announcements in least developed economies in 2022 were well below the recent 10-year average, at approximately half in number and quarter in value.

Tourism recovery has been lackluster, with continued downside risks attributed to inflation, oil prices, and geopolitical uncertainties

Tourism-dependent economies were hit hard by pandemic-related lockdowns and movement restrictions. Countries with [international tourism receipts accounting for greater than 50% of their exports](#), 8 out of 9 being small island developing states, experienced an average GDP contraction of 10.6% in 2020 – 7.5 percentage points more than the global average. Additionally, in contrast to the broader favorable economic recovery, international tourism activity in 2021 was lackluster, with international tourist arrival volume remaining at only [31% of pre-pandemic 2019 levels](#).



The tourism sector recovery gained considerable momentum in 2022 as [international tourist arrivals increased to 63% of pre-pandemic levels](#). However, there are substantial disparities by region: Europe and the Middle East saw the most robust recovery in 2022, with tourist arrivals reaching [83% and 79% of pre-pandemic levels](#), respectively. In both the Americas and Africa, arrivals had reached 65% of pre-pandemic levels by 2022, while in Asia, tourist arrivals in 2022 were 23% of 2019 international tourism levels. The exceptionally poor recovery in Asia is [attributed to continued COVID-19 restrictions](#).

While the tourism recovery is expected to continue into 2023 as COVID-related restrictions end, the industry faces downside risks associated with inflation, oil prices, and geopolitical conflicts. According to a May 2023 World Trade Organization survey, only 8% of tourism industry experts identified the pandemic and uneven vaccine rollout as [among the main factors weighing on the international tourism recovery](#), while 70% of experts identified the economic environment and 62% identified high transport and accommodation costs as main factors. Due to the challenging economic environment, [experts do not expect a return to 2019 tourism levels until 2024 or later](#).

Workplace mobility returned to pre-pandemic levels by late 2021

[Average workplace mobility](#), an often used proxy indicator for the overall disruption of the pandemic on the economy and the effectiveness of COVID-19 lockdowns, returned to the pre-pandemic levels by December 2021 in USAID partner countries. This global return to pre-pandemic mobility was driven by strong rebounds in SSA and MENA, which reached pre-pandemic levels by June 2021. By March 2022, average workplace mobility in every region was above the baseline. In general, workplace mobility in USAID partner countries returned to higher levels in 2022 than developed countries. This discrepancy could be due to the [many barriers to effective remote work in the developing world](#), including [limited and less resilient internet and electrical infrastructure](#), higher employment in informal jobs with lower access to technology, and lack of work space at home.

MICROECONOMIC IMPACTS

Labor markets experienced sharp, widespread disruptions, but swift recovery

High-frequency World Bank phone surveying found that, between April and June 2020, there was a [noticeable decrease in people reporting being employed](#), averaging 31% lower than pre-pandemic levels and primarily

associated with abrupt job losses. Middle-income countries suffered the most substantial employment declines. In contrast, the overall impact on lower-income economies was relatively less pronounced, likely because those countries typically imposed fewer restrictions on mobility and economic activity and because those countries often have a higher proportion of the workforce engaged in the informal sector, agriculture or living in rural areas, where restrictions are less prominent or disruptive. By 2021, reported employment stood only 12% below pre-pandemic levels, suggesting a swift overall restoration of employment. The recovery was bolstered, in part, by an increased prevalence of participation in the agricultural sector and in informal self-employment.

International Labour Organization (ILO) research on working hour trends corroborates the World Bank survey findings. The ILO estimates a sharp loss of 8.7% of global working hours in 2020 compared with the fourth quarter of 2019 – [the equivalent to 252 million full-time jobs](#). Half of losses in 2020 are estimated to have come from working hour reductions among those who maintained employment, [as opposed to employment terminations](#). By the first quarter of 2022, however, this gap had shrunk to 1%, or the equivalent of 30 million full-time jobs, before reversing course again during the second and third quarters of 2022, growing to 1.8% and 1.4% of pre-COVID baselines. This relatively minor reversal was [attributed to the reintroduction of public health restrictions and related economic and labor market disruptions](#) in China, as well as Russia's full-scale invasion of Ukraine and related inflationary pressures. [Recovery in working hours has been unequal](#), with recovery weakest in lower middle-income countries and economies in the African and Europe and Central Asia regions.

Pandemic restrictions led to disproportionately large employment and income losses among women, populations with less formal education, and urban workers

Evidence suggests that COVID-19 restrictions, while important for stemming infections, disproportionately affected specific labor groups, [with women, individuals with lower education levels, and urban workers](#) experiencing greater employment losses and a slower recovery. Moreover, a World Bank study – drawing on its high-frequency phone surveys covering 80 economies from April 2020 through December 2021 – found that less educated women with children were, on average, 14 percentage points more likely to stop working during the pandemic and 18 percentage points less likely to return to work compared to educated men with children. The World Bank attributed these disparities to the pandemic disproportionately impacting services sectors, such as retail and hospitality, and low-technology manufacturing sectors where these groups tend to work; the uneven distribution of childcare responsibilities during school closures; and that the feasibility of remote work is higher among better-educated workers.

Future labor market trends point to a worrisome increase in informal employment

While employment globally has recovered in step with broader economic recovery, a significant aspect of the recovery process is the heightened prevalence of self-employment and informal jobs. Between 2020 and 2022, about [two-thirds of job gains occurred in the informal sector](#), with growth particularly strong among women. This trend is worrisome as ILO predicts further deterioration in the economic environment will prolong increases in informal employment. In developing economy contexts, informal employment is typically concentrated in low-productivity activities, characterized by limited access to social protection and support measures, and associated with lower wage growth and reduced incentives for employers to invest in the workforce.

Pandemic depressed new business creation substantially

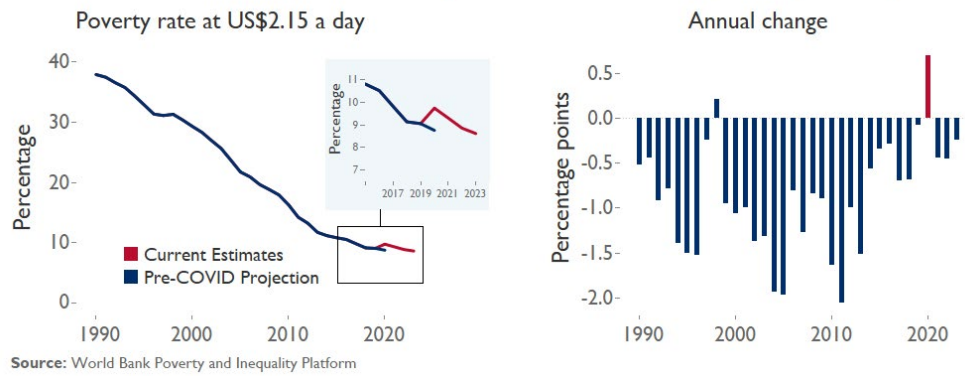
[World Bank Enterprise Surveys conducted between 2019 and 2021](#) indicated that firms with better chances of surviving the initial economic downturn were typically older and more productive, embraced innovation and digitalization, and operated in less burdensome regulatory environments. Despite many firms surviving, firm-level surveying found an average confirmed business closure rate of 3.5%, a conservative measure of businesses verified as permanently closed. When including firms that could not be contacted for follow-up, this rate increases to 8.8%. In addition to firms failing, many countries experienced a [reduction in new business creation, which disproportionately affected developing countries](#). In 2020, the number of newly registered firms fell in 58% of economies covered in the World Bank's Entrepreneurship Database, lower than the 68% rate seen during the 2009 global financial crisis but far higher than the typical rate of approximately one-third of economies seen in most other years since 2006.

COVID-19 caused a historically unprecedented setback in poverty reduction, particularly affecting low- and lower middle-income countries and urban households engaged in manufacturing or services

The COVID-19 pandemic triggered the [first increase in extreme poverty in more than two decades and the largest setback in poverty alleviation ever recorded](#). Particularly pronounced poverty increases were observed in low- and lower middle-income countries and the South Asia region.

Conversely, upper middle-income countries experienced a reduction in poverty, largely driven by fiscal support measures. The prevalence of global extreme poverty [rose by 8.7% in 2020](#), and 2022 estimates indicate that [704 million people live in extreme poverty](#). This increase in new poor was historically unprecedented, however, the estimated [61 million new poor that emerged in 2020](#) represent only [4.7% of the reduction in absolute poverty achieved since 1990](#). Notably, it was not necessarily poor households who were most affected by COVID-19, but rather vulnerable households primarily located in urban areas and employed in manufacturing or services sectors. This trend cannot be exclusively attributed to COVID-19 as subsequent economic shocks, including surging food and energy prices, alongside diminished growth in China, have played a contributing role.

COVID-19 triggered an unprecedented rise in global poverty



Government social protection spending to firms far outweighed that to households

Governments implemented substantial social protection measures to mitigate the pandemic's socioeconomic impacts, [with the type of intervention varying by income group](#): high-income countries and upper middle-income countries primarily adopted universal transfers while low-income countries and lower middle-income countries predominantly relied on subsidies and targeted transfers. Social protection spending levels varied substantially by income group, with high-income countries spending more than 90 times more than low-income countries between 2020 to 2021 on a per capita basis (\$715 to \$8 per capita, respectively). Challenges in delivering assistance arose due to limited adaptive cash transfer programs and digital systems. Moreover, in 2021 and early 2022, it became evident that income support was withdrawn too quickly, with [the majority of programs lasting less than three months](#). Moreover, only 12% of social protection measures were specifically designed to [address women's economic security concerns](#).

[Approximately 99% of countries introduced at least one job intervention](#) to combat the impact of COVID-19. On average, countries implemented 15 job interventions, with high-income countries typically implementing the highest number, averaging 18 policies, while low-income countries implemented the fewest, averaging nine policies. Among the range of policies adopted, firm liquidity support – primarily tax reliefs, credit facilities, and loan payments – and labor regulations emerged as the most prevalent job interventions across all income groups, with approximately 95% of countries utilizing the former. Overall, spending toward policies benefiting firms was 3.5 times higher than policies benefiting individuals.

The [fiscal response nearly offset pandemic pressures on poverty](#) in HICs; however, only offset the impact in upper middle-income countries by half, and in low- and lower middle-income countries, just over a quarter. Without fiscal response, it is estimated that the average poverty rate, at national poverty lines, would have been 2.4 percentage points higher in developing economies.

MIGRATION AND REMITTANCES

Global migration dipped slightly in 2020 but rebounded to pre-pandemic levels by 2022

The International Organization for Migration estimates that the pandemic [may have reduced the growth in overall migration flows by two million migrants in 2020](#), or 0.7% of the global international migrant stock. By 2022, [official migrant flows rebounded to pre-pandemic levels](#), which can be attributed primarily to Russia's war against Ukraine, the resumption of visa approvals, and the relaxation of other pandemic-related disruptions to travel.

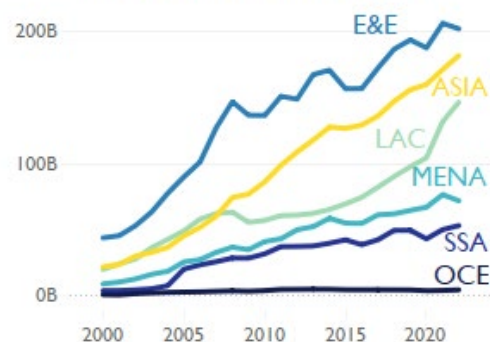
However, the pandemic exposed international migrants who remained in destination countries, [particularly low-wage workers employed in the informal sector](#), to complex vulnerabilities that varied across countries. Loss of income had severe consequences for migrant workers, impacting their access to basic needs and ability to send remittances. Moreover, many migrants faced [increased discrimination and exclusion from public health and employment benefits](#) due to their precarious migratory status.

Initial fears of remittance downturn proved unfounded in most regions

In contrast to early-pandemic forecasts, remittance flows proved resilient over the course of the pandemic. In 2020, only high-income countries, E&E, and SSA recorded net declines in remittance inflows; however, by 2021 and 2022 official remittance flows reached record levels. This [upward trajectory can be attributed](#) to the movement of remittances from informal to formal channels, economic stability of more established diaspora, migrant occupation, and tendency to remit more in times of crises. Further, the pandemic triggered a surge in digital remittances – in 2021, cross-border remittances through mobile money channels escalated dramatically, increasing by [48% and reaching \\$15.9 billion](#). Despite this noteworthy growth, the share of mobile money remittances [remains below 3% globally](#).

Notably, [LAC experienced remarkable growth in remittances between 2020 and 2022](#), primarily driven by the strength of labor markets in the U.S. and the notable decline in unemployment rates of Hispanic migrants – declining from 18.5% in April 2020 to 4.2% by October 2022. Meanwhile, lower middle-income countries remained prominent recipients of remittances, recording a [10.2% increase between 2020 and 2021](#), followed by another 4.9% increase in 2022.

Remittance Inflows (\$US)



Remittance Inflows (\$US)



Source: World Bank, Remittances Data. Excludes China.

PRESSURES ON GOVERNANCE, DEMOCRACY, AND STABILITY

Pandemic-triggered restrictions on civil liberties were largely temporary

While some country leaders used the pandemic to further consolidate power, such trends were already underway. However, despite the absence of [significant evidence to suggest the COVID-19 pandemic had direct, sustained downward effects on democratization worldwide](#), the pandemic prompted the erosion of certain civil liberties, particularly freedom of assembly and movement. As pandemic restrictions were lifted, civil liberties improved, and in 2022 eight countries recorded improvements due to the rollback of COVID-19 restrictions according to the Freedom House Civil

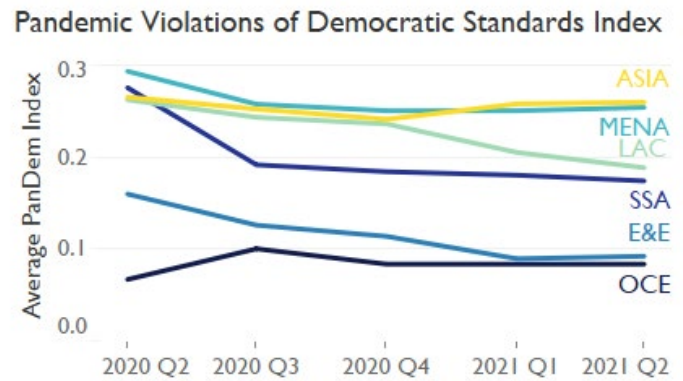
Liberties Index. Further, in 2023, the deterioration of civil liberties slowed, coinciding with a clearer recognition of authoritarian limits, as evidenced by faltering regimes' efforts to exert influence on international organizations and internal governance flaws.

Two key civil liberties, freedom of the media and freedom of personal expression, [were impeded by the COVID-19 pandemic](#). Escalating threats and other negative consequences for journalists attempting to report on the pandemic contributed to the erosion of media freedoms, with approximately 300 incidents of arbitrary arrests reported between February through November 2020. This resulted in a [spike of detentions between March and May 2020](#), during which the number of arrests quadrupled. By June 2020, the number of arrests returned to pre-COVID levels.

Governments implemented a variety of emergency response measures to mitigate the impact of COVID-19

Governments responded to COVID-19 in myriad ways, which can be broadly [categorized into three distinct dynamics](#): the genuine or disingenuous use of restrictive legal or emergency measures, and COVID-19 disruptions rendering more difficult the effective exercise of democratic rights and functioning of formal democratic institutions. These dynamics revealed that countries already experiencing major democratic erosion saw a deepening of negative effects at the height of the pandemic, while those with stronger democratic institutions experienced more subtle effects, including the politicization of the pandemic response and the spread of pandemic-related misinformation.

Another measure of how well government's responded to the COVID-19 pandemic is [V-Dem's Pandemic Violations Index](#), which captured the extent to which government responses to COVID-19 violated democratic standards for emergency responses across seven violation types. Government violations were highest early in the pandemic in the second quarter of 2020. Subsequently, violations began to subside through mid-2021, when V-Dem retired the Pandemic Violations Index, [in all regions except Asia and the Pacific](#). By mid-2021, government violations in Asia and the Pacific and MENA remained relatively high compared to the rest of the world.



Source: V-Dem Institute, Pandemic Backsliding

The COVID-19 pandemic negatively impacted electoral participation

Individuals and governments feared that elections would cause a mass spread of COVID-19 infection in the early months of the pandemic, [leading to election postponement, declining voter turnout, and diminishing electoral integrity](#). By early 2022, 80 countries and territories postponed national or subnational elections. This response spread new concerns, predominantly that election postponement would deny citizens their democratic right to vote. These postponed elections declined significantly with time, and nearly all elections were eventually held; however, there was substantial variation in the length of delays. This postponement was not explainable by a country's level of democracy, but [increased delays negatively impacted voter turnout](#). In response, governments identified alternative methods of voting and election institutional design to protect voter turnout. Despite these efforts, voter turnout declined an average of 6.0% in subnational elections and 4.1% in national elections between March 2020 to December 2021. [The pandemic also undermined election institutional design](#) as governments reduced opportunities for electoral participation and closed off entire electoral spaces.

FOOD SECURITY

The economic impacts of COVID-19 exacerbated global food insecurity

In 2020, the COVID-19 global recession resulted in an [estimated increase of 118 million undernourished people](#). In 2021, amid surging food prices at [levels not seen since the 2010-2011 global food crisis](#), it is estimated that between 702 to 828 million people experienced hunger, 150 million more people than in 2019. High food prices in 2021 were attributed to [uneven global economic recovery from the COVID-19 pandemic, supply chain disruptions, and increased food demand](#). Food price inflation was most severe in countries that had [a high reliance on food imports, disrupted trade flows from border closures or conflict, or experienced weather extremes that limited food production](#).

While a joint analysis by the U.N. World Food Programme, U.N. Food and Agricultural Organization, and others indicated that [conflict and insecurity remained the most prominent primary driver of food insecurity globally](#) in 2020 and 2021, the number of countries where economic shocks, including those related to the pandemic, were considered to be the primary driver of food insecurity more than tripled, from six countries in 2018 to 21 in 2021. The uneven economic recovery from the pandemic may have longer term impacts as well – forecasts conducted in late 2021 indicated that [by 2025 the number of undernourished individuals is anticipated to be 100 million greater than pre-pandemic forecasts](#).

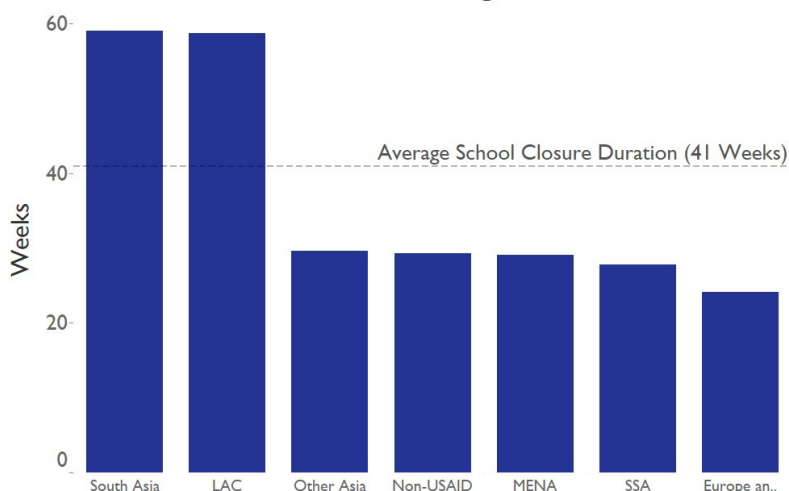
EDUCATION

COVID-19 lockdowns resulted in long school closures, with mixed success implementing remote learning

The pandemic had a direct impact on education through school closures to reduce the spread of COVID-19. The majority of complete school closures occurred during the spring of 2020 as nearly 80% of countries fully closed schools. From September 2020 to June 2021, close to half of countries were fully or partially closed, with hybrid learning or open only for certain regions or age groups. Between March 2020 and March 2022, the average school-aged child in USAID partner countries [experienced 41 weeks of school closures](#) (assumes partial closures are half as disruptive as full closures for the purposes of global comparison). This is longer than the typical duration of a full school year, and 47% longer than the high-income student average. The average duration of school closures varied significantly for USAID partner countries by region: the average student in South Asia and LAC had the longest average duration of school closures at 59 weeks while the average student in the remaining USAID partner countries experienced closures of only 29 weeks.

In the absence of in-person school, efforts were taken to implement remote learning to mitigate learning loss, though these efforts were met with mixed success. In Q3 2021, near the end of the Delta wave of infections, a UNICEF survey of country offices throughout the developing world found that [only 16% of respondents across 114 surveyed countries considered access to remote learning to have been generally successful](#). Support to disadvantaged students and tracking of student learning were particularly poor, with 52% and 67% of countries, respectively, reporting these areas as highly problematic. The pandemic also exacerbated learning inequality: lower-income countries had greater difficulty implementing remote learning alternatives due to [poor internet access](#) that led to a [reliance on radio](#) without any teacher supervision. [A survey of six SSA countries](#) found that rural and lower income students performed fewer learning activities during peak COVID lockdowns than higher income students.

School Closures within USAID Partner Countries and Regions



Source: UNESCO map on school closures (<https://en.unesco.org/covid19/educationresponse>) and UIS, March 2022
Note: Assumes partial closures are half as disruptive as full closures for the purposes of global comparison.

Predictive models and emerging test data show large learning loss globally

The combination of long school closures and limited success implementing remote learning led to expert concern that learning losses would be substantial. Despite a lack of learning outcome data in developing countries, recent testing data from largely high-income countries have begun to show a troubling amount of learning loss. A 2023 World Bank study looking at data from 41 mostly high-income countries found that 20 weeks of school closure [resulted in the loss of one school year's worth of learning outcomes](#). A review of learning loss and student dropouts found that [lower-income students experienced greater learning loss](#), and provides early evidence that school closures increased dropout rates, particularly among older students, and in some contexts, young women. Trends in these higher-income countries provide insight into the impact of pandemic-induced school closures, and due to reduced capacity for remote learning in lower-income countries, the impact may be greater in those contexts.

The [Progress in International Reading Literacy Study \(PIRLS\) 2021 study](#) provides the first internationally comparable assessment of reading outcomes, but was administered largely in higher-income countries. The results contribute more evidence to support widely held expectations of widespread learning loss: [average achievement scores declined in 30 out of the 35 countries with comparable results during the 2016 and 2021 PIRLS cycles](#). Among eight low- and middle-income countries with comparable data, five countries (Azerbaijan, Bulgaria, Iran, Russia, and South Africa) saw achievement scores decline between 2016 and 2021, while two countries (Egypt and Turkey) saw scores improve and one country (North Macedonia) saw no change. These results are likely to be an underestimation of global learning loss during the pandemic due to the inclusion of three years of potential progress prior to COVID-19 (2016-2019).

In the absence of cross-country comparable evaluations in the majority of the developing world, the World Bank developed a learning poverty model, which measures the percentage of children who cannot read a simple text with comprehension by age 10. This model estimates that the [rate of learning poverty has increased in low- and middle-income countries from 57% in 2019 to 70% in 2022](#). The largest regional increases are predicted to be in South Asia and LAC where school closures lasted the longest.

Education development assistance and country spending declined during the pandemic

Despite [calls from international organizations for increased investment in education](#) to combat learning losses, which estimates suggest that [\\$11 trillion in total lifetime earnings was lost in low- and middle-income countries alone](#), public education spending has declined during the pandemic. Similar to other development areas, [official development assistance for education was reduced in 2020 by \\$359 million](#). Additionally, 40% of low- and lower middle-income countries reduced spending on education after the onset of the pandemic, with an average decline of 13.5%. A World Bank analysis of education spending in Africa estimated that the pandemic resulted in [a substantial decline in education spending across the continent](#) with minimal recovery in 2021 and 2022. The continued gap in education funding has the potential to [limit recovery from pandemic learning loss, and may hurt future economic growth potential](#).