



August 2020

LANDSCAPE ANALYSIS

OVER-THE-HORIZON STRATEGIC REVIEW

Overview. This landscape analysis serves as the foundation for the *Over-the-Horizon Strategic Review* (OTH), which aims to position USAID for a world altered by COVID-19. The paper provides only an initial snapshot and will inform scenario-planning and policy, program, budget, operations, and human-resource analysis to follow. This effort does not replace Transformation or the Agency’s COVID-19 Task Force.

The landscape analysis describes the overall state of play and then observations around **five emerging trends**. For each, the paper summarizes the trend and highlights key takeaways. The current context is uniquely complex and rife with uncertainty. The observations herein are based variously on real-time data, modeled projections, news reporting, and expert analysis. These are all subject to inaccuracies and biases. Forecasts, in particular, should be interpreted cautiously.

- [The pandemic today](#)
- [A health crisis unprecedented in scale](#)
- [A new national security imperative](#)
- [Severe shocks to mobility and the economy](#)
- [Rising pressures on governance, democracy, and stability](#)
- [Devastating impacts on households](#)

Revisiting projected best and worst cases. The global landscape is changing rapidly. In April, USAID staff conducted a ‘best case/worst case’ exercise, the conclusions of which were presented to the Agency Front Office. In the months that have elapsed since, many outcomes appear on trajectories toward worst-case rather than best-case scenarios – although several remain ambiguous. There remains substantial uncertainty about the relative scope, severity, and persistence of these effects.

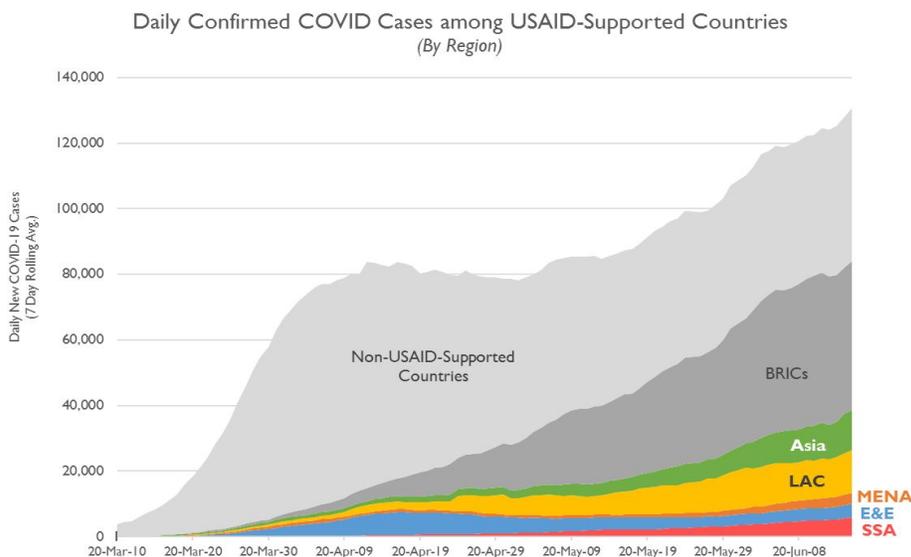
BEST CASE	WORST CASE
<input type="checkbox"/> Current assumptions hold <input checked="" type="checkbox"/> Systems strain, but don’t collapse <input type="checkbox"/> Largely V-shaped economic impact	<input checked="" type="checkbox"/> Negative social, governance, and economic impacts of prevention and mitigation measures <input type="checkbox"/> Ongoing conflicts and crises are exacerbated <input checked="" type="checkbox"/> Widespread U and L-shaped economic impact

- | | |
|--|---|
| <ul style="list-style-type: none"> <input type="checkbox"/> COVID Infodemic sparks backlash against malicious disinformation <input type="checkbox"/> Return to Sustainable Development Goal implementation pre-pandemic <input type="checkbox"/> International community uses crisis to innovate, advance peace talks, and take advantage of other opportunities | <ul style="list-style-type: none"> <input type="checkbox"/> Democratic backsliding entrenched <input checked="" type="checkbox"/> Undermining of information integrity leads to further erosion of democratic governance <input type="checkbox"/> Malign actors gain outside influence <input checked="" type="checkbox"/> Mobility, access, and accountability impacts donors' ability to operate; donors face pressure to redirect funding domestically |
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The pandemic today. As of August 11 2020, [more than 20 million coronavirus cases](#) have been reported in 188 countries and territories. This is approximately twice [the number of people who contract tuberculosis yearly](#) in half the time. To date more than 730,000 people have died from the disease, greater than [the number of people killed yearly by malaria](#). The U.S. reports the [highest number of cases and deaths](#) in the world. ¹ Globally, the spread of COVID-19 continues to accelerate. There is currently no treatment or vaccine for COVID-19.

A health crisis unprecedented in scale.

It remains impossible to make predictions about the peak and ultimate duration of the COVID-19 pandemic. [Impacts are differing](#) across regions and countries. As the virus is readily transmissible, [it may turn into an endemic disease](#) without universal vaccinations, raising complex and costly challenges for health systems in poor countries.



- COVID-19 **deaths and severe outcomes** [are occurring predominantly in older adults and persons who have certain underlying chronic medical conditions](#) such as lung disease, asthma, cardiac disease, diabetes, or immunocompromising conditions. For most [developing countries](#) COVID-19 is likely to expand challenges associated with the [youth bulge](#).

¹ Data from: John Hopkins University. (2020). Coronavirus Resource Center COVID-19 Dashboard. Retrieved from: <https://github.com/CSSEGISandData/COVID-19>; U.S. Foreign Aid Explorer. Available from: <https://explorer.usaid.gov/>. June 29, 2020. USAID.

- The exponential growth in infected individuals has **overwhelmed health care providers and facilities** worldwide. Health workers, equipment, and facilities [have been reallocated](#) to respond to the novel virus; [disruptions to supply chains](#) have reduced availability of critical resources; mobility restrictions have prevented access to essential services; and [health workers themselves are getting sick](#) from the disease.
- The **stress on health systems is exacerbating other diseases**. Millions of people are now vulnerable to dying from insufficient maternal and child health care, lack of other preventive and treatment services, and outbreaks of vaccine-preventable diseases. [At least 68 of 129 countries where data were available are reporting](#) moderate-to-severe [disruptions in vaccination campaigns](#), to include suspensions of diphtheria, measles, and [polio](#) vaccinations, putting at least 80 million children under one at risk.
- At the center of this health emergency is the **fragility and inequality of many countries' health systems**. Public health performance is poor across much of the developing world and the persistence of deep inequities in access to essential services is [concentrating the adverse impacts among vulnerable and marginalized groups](#).

A new national security imperative. The COVID-19 pandemic presents an acute national security crisis. It has caused more than [160,000 known American deaths](#) and the steepest [economic contraction](#) on record. While on its face a public health emergency, the complex crisis has far reaching geopolitical implications.

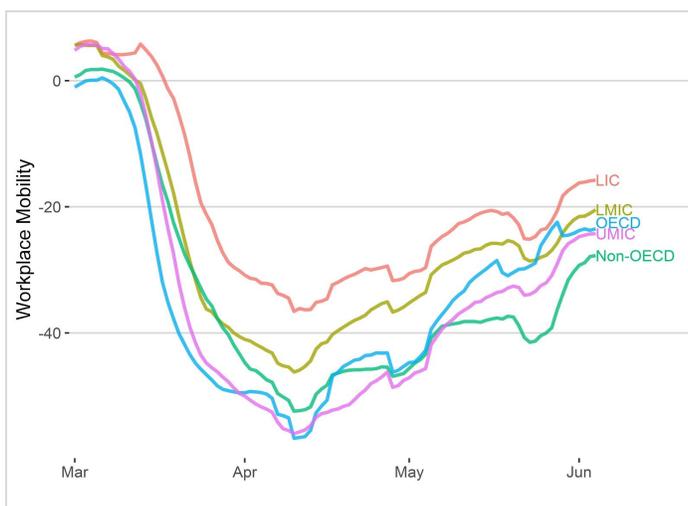
- The pandemic underscores that **security and prosperity at home are linked inextricably to development and humanitarian challenges abroad** – and our [responses](#) to them. COVID-19 presents **a uniquely complex and interconnected problem set**, exacerbated by existing challenges such as rising authoritarianism, [extreme poverty](#), [food insecurity](#), and [inequalities](#), all of which are projected to rise with destabilizing effects on already fragile states.
- The pandemic is **altering the international order, upending regional geopolitics, and weakening states**. Countries, and governments, that have [mishandled their responses](#) to the crisis are losing influence to competitors with more effective responses. Likewise, the pandemic is [spurring isolationist](#) and [nationalist tendencies](#) that may heighten [cross-border tensions](#), as well as increasing competition in the information environment and [over influence](#) in [multilateral institutions](#).
- **Adversaries are exploiting the pandemic to more assertively compete with the U.S.** Authoritarian regimes are [taking advantage of the crisis](#) to [undermine public trust in Western countries](#) and the international rules-based order and [employ disinformation](#) to [discredit](#) democracies. [Violent extremist](#)

[organizations, terrorist groups, and criminal networks](#) are [capitalizing on the pandemic: increasing attacks](#) and illicit activity where governments are distracted, blaming the West for the crisis, and providing response services that earn local popular support.

- **China is seizing the opportunity** to [advance its long-term interests](#), [export its authoritarian approach to information control](#), [expand its influence](#), increase [exports](#) of surveillance and other technologies, and establish [global digital connectivity monopolies](#). China has also [pledged \\$2 billion](#) in assistance over two years for COVID-19 response to developing countries. Despite China’s deployment of misinformation and aid, China has [suffered significant reputational damage](#) due to perceived failure [to contain the virus](#), address underlying failures that [give rise to multiple zoonotic epidemics](#), [suppression of information](#), [persecution of independent voices](#), and [repeated failures to address the illegal wildlife trade](#).

Severe shocks to mobility and the economy. COVID-19 has led to a major disruption of the U.S. and global economy. COVID-19-related **policies and behavior change have impeded the movement of people, capital, and information**. Severe reductions in the demand for labor and energy commodities have depressed prices for energy commodities, reduced remittance flows, led to a near-cessation of international tourism, and reduced private investments in many developing countries. The IMF projects a [-4.9% contraction in global GDP this year, and -3.0% for emerging markets and developing economies](#) specifically, which will disproportionately affect, and exacerbate, existing vulnerabilities in low-income countries.

- **To date, low- and lower-middle-income countries (LMICs) have been relatively less disrupted** by COVID-19 (see [figure](#) at right). Workplace mobility, [a strong proxy for economic activity](#), fell less in many developing countries than in wealthier regions.



- **The economic impact of COVID-19 in developing countries has been closely linked to the economic recovery in the West.** Many developing country economies rely on capital in-flows, often in the form of tourism or other service industries, primary commodity exports, foreign credit or remittances, from the West. Foreign direct investment is expected to plunge by [up to \\$620 billion, or 40%](#), and remittance flows are expected to fall by [more than \\$130 billion](#) this year.

² Data from: Google Covid Community mobility reports. (2020). Available from: <https://www.google.com/covid19/mobility/> Accessed June 16, 2020

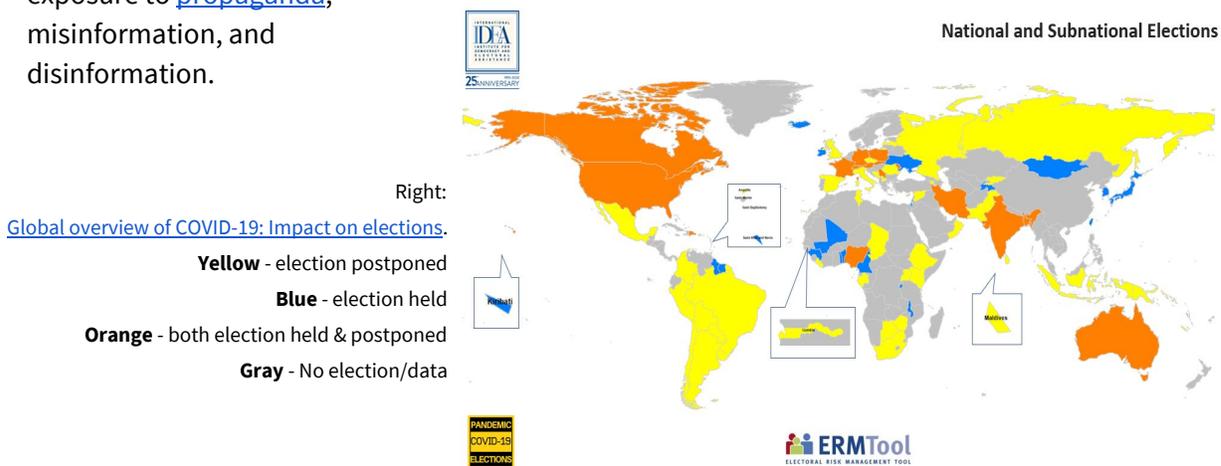
- **Declining commodity prices, particularly for energy and certain metal exports, pose a real threat to public financial stability and growth in developing countries.** [Many developing countries](#) are particularly reliant on primary exports as a source of foreign exchange. In recent decades, high commodity prices brought in new investment, created employment and supported public sector funding across the global south. The recent and sudden decline in commodity prices, particularly for primary energy and base metal exports, is [likely to lead to severe economic challenges](#) in natural resource/energy export-dependent economies.
- **The impact on global trade and supply chains is unclear.** Notwithstanding initial concerns over the global supply chain, driven by factory closures and a series of temporary export bans on key food products, the global trade system has proved to be relatively resilient. The value of global trade in 2020 is [expected to decline by 20%](#); the decline in trade is partially attributable to lower prices for energy commodity prices and reduced demand for automobiles and other transportation craft.
- **COVID-19 is affecting migration.** Overall migration numbers have been volatile, with [record highs early in 2020](#) and significant swings in asylum-seeker arrivals. Europe saw a record high in asylum applicants in early 2020, but lower numbers in April and May. [Decreases in applications are related to emergency protective measures](#) – countries that implemented the strongest measures saw the largest drop in applications. It is not yet known how easing emergency restrictions will impact migrants or the drivers of migration.
- **Recent trends point to a deeper recession and slower recovery than originally anticipated, with lasting, but somewhat unpredictable, effects from the lockdown.** While the [IMF originally forecasted a gradual rebound](#), they are now projecting global output to decline by 4.9 percent in 2020, 1.9 percentage points below their April forecast, followed by a partial recovery, with growth at 5.4 percent in 2021.

Rising pressures on governance, democracy, and stability. Government and citizen responses to COVID-19 are disrupting democratic practices and weakening democratic development. Restrictions on assembly and expression, [postponement of elections](#), and overreach of executive authorities could have [long-term, negative effects on democratization](#) around the globe. At the same time, authoritarian regimes are taking advantage of the crisis to advance their objectives, such as discrediting the liberal world order and altering norms around human rights and privacy, and countering [the argument that democracies perform better against pandemics](#).

- **COVID-19 and the response to it is affecting democratic and good-governance practices**, such as anti-corruption measures, protections for civil liberties and privacy, social inclusion, and electoral integrity. At least [70 countries and territories have postponed elections](#) due to COVID-19 and [39](#)

[countries have issued measures](#) that curtail free expression. A central question is whether the negative impacts will prove temporary or become entrenched.

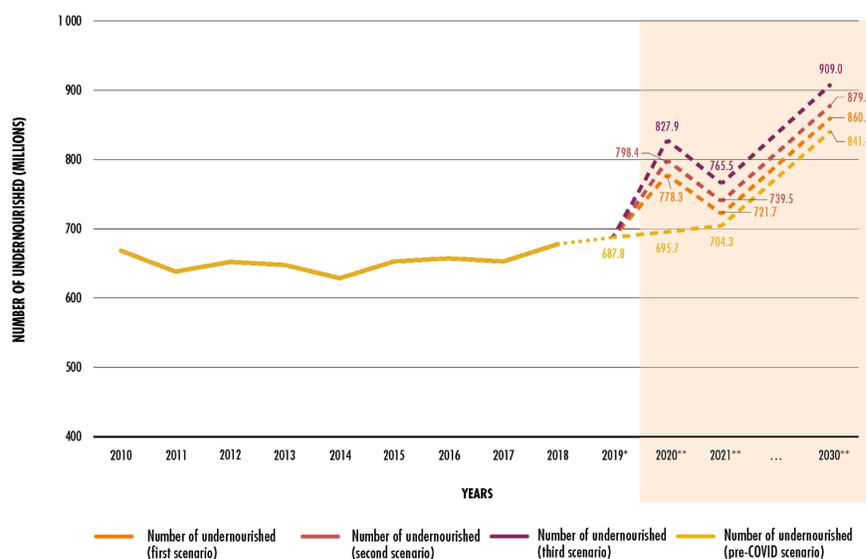
- Many **aid recipient countries will experience political volatility, sustained democratic backsliding, instability, or conflict** as they face the combined strain of increased health care, stimulus and social welfare costs; loss of investments and government tax revenues; [sovereign debt crises](#); [increased corruption](#); and citizen unrest over feckless responses to the pandemic, loss of livelihoods, and reductions in civil liberties.
- The pandemic and subsequent **policy responses have had both positive and negative effects on conflict and stability**. In some settings, [civil unrest has increased](#), violent actors have seized the opportunity to launch attacks, and peacekeeping operations have been disrupted. But elsewhere temporary ceasefires have been put in place. The [net effect on levels of violence](#), to date, is negligible, if not slightly positive.
- Most of the [governance impacts](#) thus far have been negative, but **there may be some long-term positive impacts as well**, such as increased civic engagement; more empowered local communities; more demand to hold governments accountable for higher quality health services; and organized pushback on faulty hardware and ideologies.
- **Digital technology is accelerating access to services but increasing risk**. Authoritarian regimes are [exporting technologies and behaviors that](#) undermine sovereignty. Governments and the private sector are [increasingly using digital technology](#) to understand and address COVID-19, but this further widens the digital divide, [as most developing countries are unable to implement digital health and online schooling](#). Pervasive social media and frustrated populations quarantined at home increases risk of exposure to [propaganda](#), misinformation, and disinformation.



³ Data and Graphic from: IDEA. (2020). Electoral Risk Management Tool: Global Overview of COVID-19 Impact on Elections. Available from: <https://www.idea.int/data-tools/tools/electoral-risk-management-tool> Accessed July 30, 2020

Devastating impacts on households. As of August 2020, [fewer than 11 million people](#) across the globe have been impacted by the direct health crisis. The measures to control the outbreak and the [resulting economic fallout](#), however, have affected nearly all of humanity. The impacts on vulnerable households have been especially devastating. The unprecedented sudden loss of income and livelihoods is aggravating existing humanitarian emergencies, and likely to result in major setbacks in development gains. Early evidence suggests widespread increases in poverty, food and water insecurity, malnutrition, education gaps, other socioeconomic strains, and rising inequality.

- Immediately prior to the pandemic, **global humanitarian needs were at historic highs, driven by entrenched conflicts, natural disasters, extreme weather, and economic shocks**. Nearly [80 million people were forcibly displaced before COVID-19](#) – the highest number on record – stripping historic numbers of households of the ability to secure their families’ well-being. These crises [already outstripped global response capacity](#), a gap that has only widened as resources have been diverted toward responding to COVID-19. New needs are likely to be concentrated in existing crisis contexts.
- **More than 113 million people are projected to face crisis-level food insecurity** this year, 25% more than anticipated prior to the pandemic. COVID-19 control measures are [driving substantial increases in urban food insecurity](#).
- **An additional 100 million people are expected to backslide into extreme poverty and chronic hunger** absent interventions, pushing the total population experiencing hunger as high as 827million this year; Africa will be hardest hit. Disruptions to food and health systems are also estimated to contribute to an [additional 6.7 million wasted children](#) over the next year, above the [47 million baseline](#). Moreover, [food supply chains](#) have been seriously strained. Lost livelihoods and consumers’ inability to access food poses risk of unrest and food riots.⁴



⁴ The Food and Agriculture Organization of the United Nations, "The State of Food Security and Nutrition in the World (2020)", page 17. Available from: <https://docs.google.com/document/d/1majduKbhmvtvuygiKruOehdA2tuuCBUdP7Z1AhoJ8/edit> Accessed Sept. 2, 2020

- **More than 1.5 billion people worldwide** are employed in wholesale and retail trade, manufacturing, vehicle repair, accommodation and food services, and business, real estate, and administration services, the sectors likely to be most affected by the crisis, including one-third of all workers in low- and middle-income countries.
- **Households are experiencing a range of interrelated, negative shocks.** These include an [increase in lack of access](#) to basic drinking water and water for handwashing beyond the existing [785 million people world-wide without drinking water](#), school closures affecting over [60% of the world's student population](#) and disruptions are affecting [1.6 billion learners](#) without the benefit of [online learning](#), and [growing violence against women and girls](#), as high as a 30% increase in some countries.
- **COVID-19 is likely to have more adverse economic and health effects in cities than in rural areas, even as poor rural and displaced households dominate current humanitarian caseloads.** [Camp-based](#), [slum-dwelling](#), and otherwise [displaced populations](#) are especially vulnerable to new shocks.