



What Do We Know About the Economic Effects of COVID-19 in the Global South?

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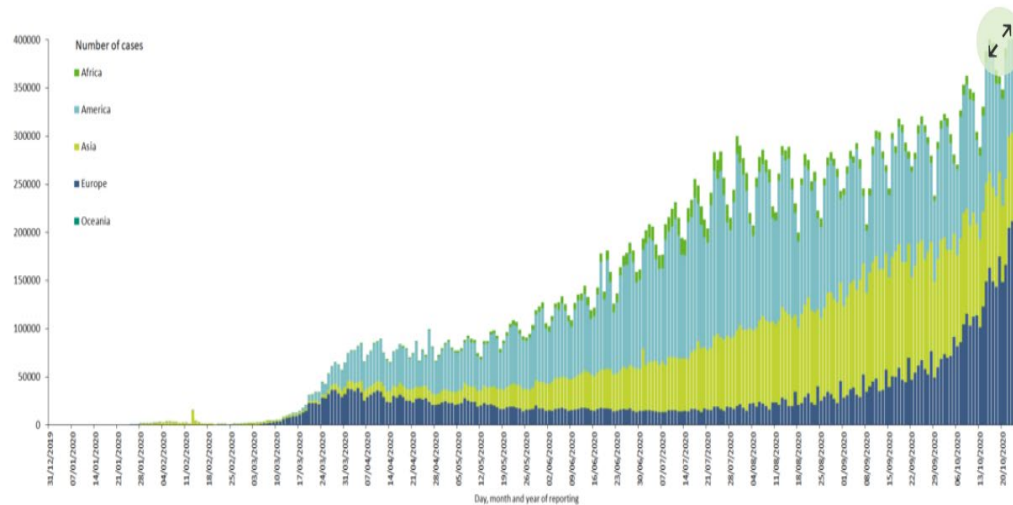
Outline of My Presentation

- The Evolution of the Pandemic and Govt Responses
 - What Do We Know About Its Effect on Global Poverty?
 - What Do We Know About Its Effects on Employment and Earnings?
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COVID-19: Its Evolution Over Time

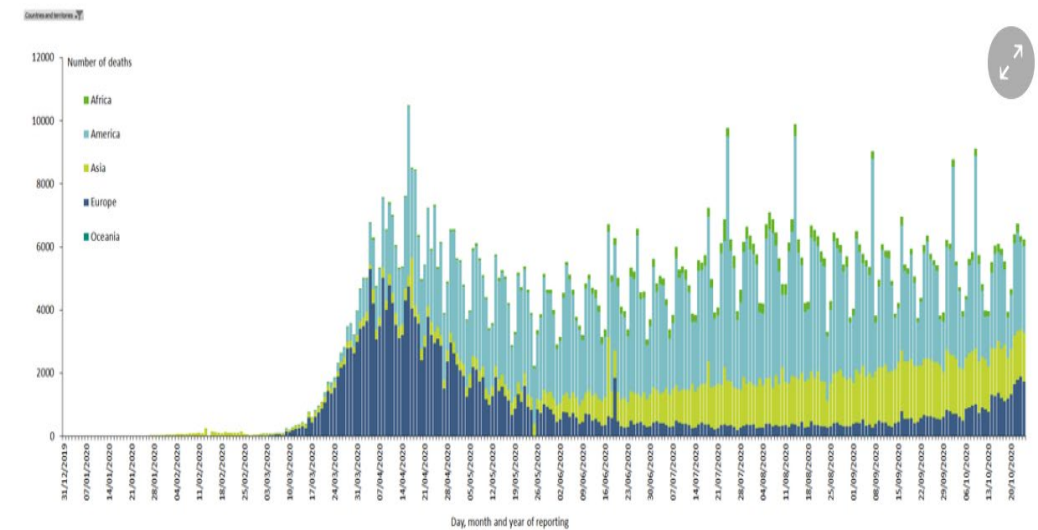
(source: ECDC, accessed on 24 Oct 2020)

Distribution of COVID-19 cases worldwide, as of 24 October 2020



i Distribution of cases of COVID-19 by continent (according to the applied case definition and testing strategies in the affected countries)

Distribution of COVID-19 deaths, worldwide, as of 24 October 2020

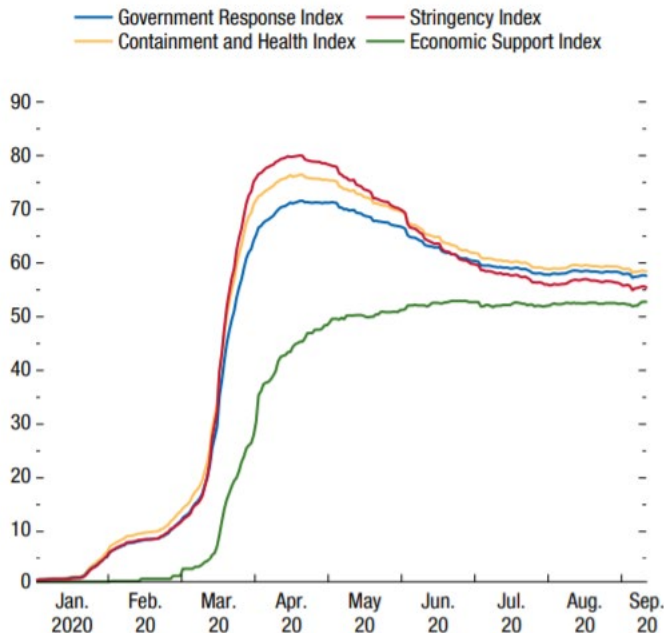


i Distribution of cases of COVID-19 deaths worldwide, by continent

Global Govt Response to COVID-19

Figure 1.3. Government Lockdowns and Economic Responses to COVID-19: Global Index

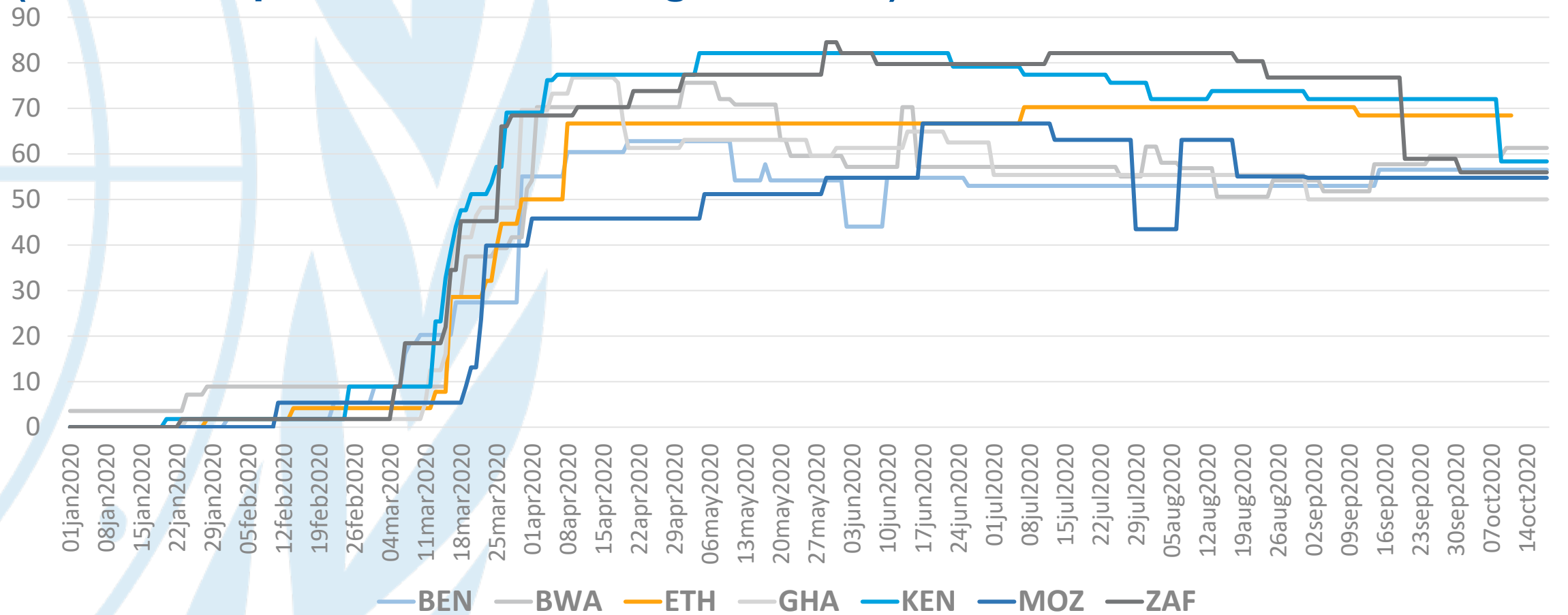
Reopening has slowed as new infections have increased.



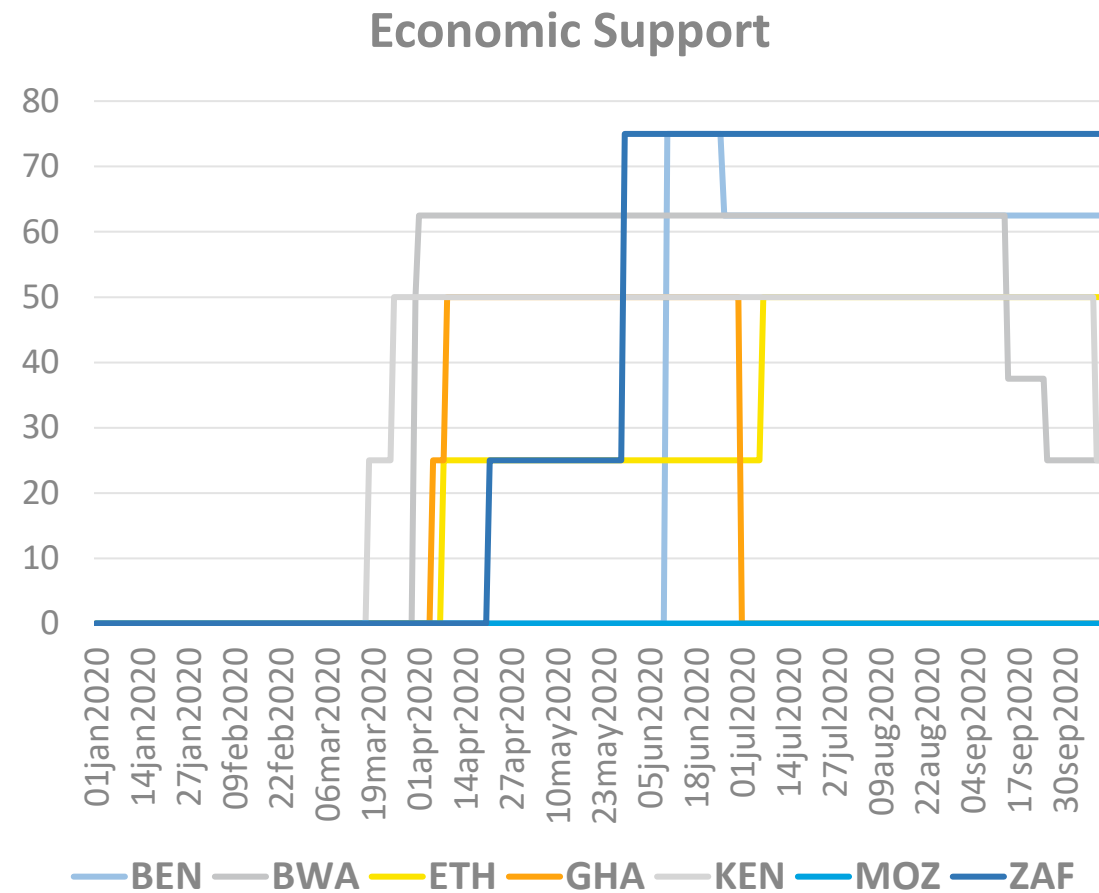
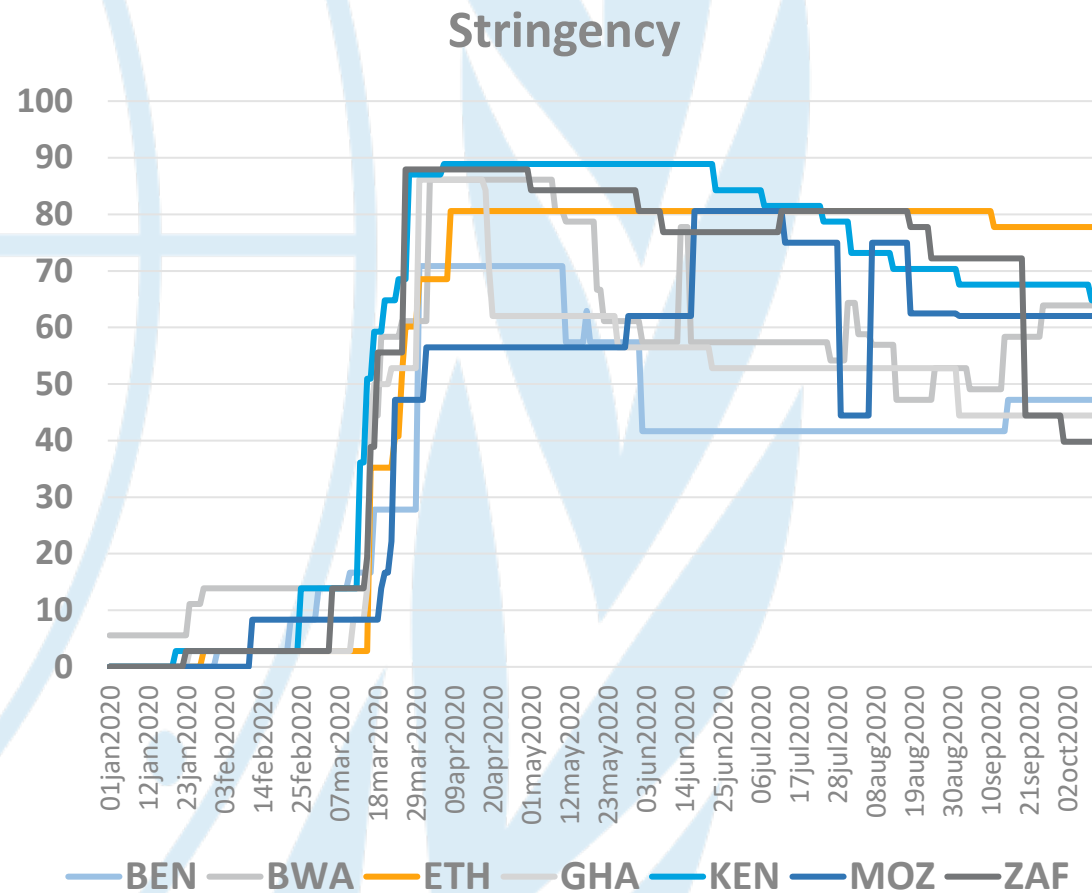
Source: Oxford COVID-19 Government Response Tracker.

Govt Response to COVID-19: Selected Sub-Saharan Countries

(source: <https://covidtracker.bsg.ox.ac.uk/>)



Stringency versus Economic Support



COVID-19 and Poverty

source: Sumner et al., WIDER WP 2020/43),
www.wider.unu.edu

Figure 1: Global poverty headcount ratio, 1990–2018 and projection

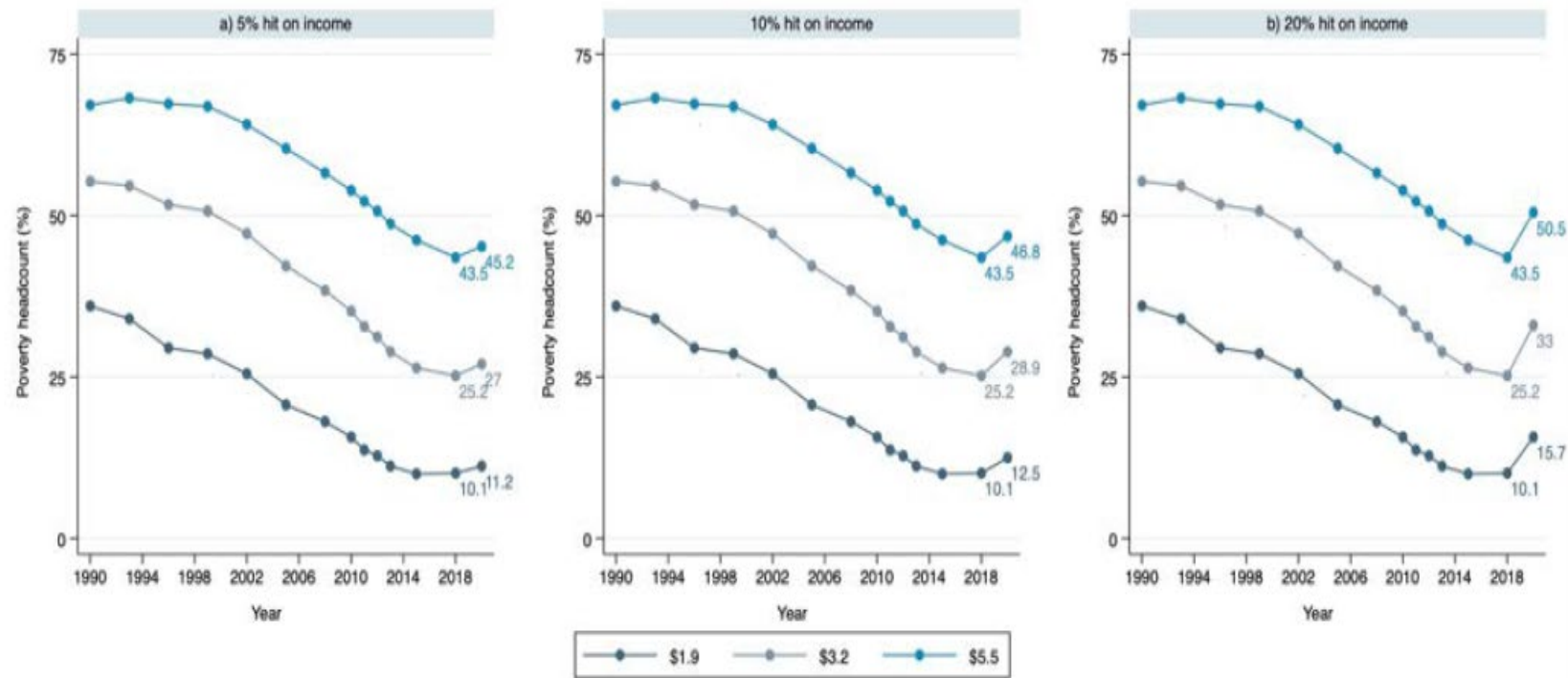


Table 1: Additional global poverty as a result of per capita income or consumption contractions

| Panel A | | | | | | |
|-------------|---|-----------|-----------|--|-----------|-----------|
| Contraction | People living in poverty (% of population) | | | Additional percentage points in the poverty headcount ratio | | |
| | \$1.9/day | \$3.2/day | \$5.5/day | \$1.9/day | \$3.2/day | \$5.5/day |
| 5% | 11.2 | 27.0 | 45.2 | 1.1 | 1.8 | 1.6 |
| 10% | 12.5 | 28.9 | 46.8 | 2.4 | 3.7 | 3.3 |
| 20% | 15.7 | 33.0 | 50.5 | 5.6 | 7.7 | 7.0 |
| Status quo | 10.1 | 25.2 | 43.5 | | | |
| Panel B | | | | | | |
| Contraction | People living in poverty (millions) | | | Additional people living in poverty (millions) | | |
| | \$1.9/day | \$3.2/day | \$5.5/day | \$1.9/day | \$3.2/day | \$5.5/day |
| 5% | 844.1 | 2,033.8 | 3,399.5 | 84.9 | 135.3 | 123.7 |
| 10% | 940.8 | 2,176.9 | 3,524.4 | 181.6 | 278.4 | 248.6 |
| 20% | 1,178.1 | 2,479.9 | 3,799.3 | 419.0 | 581.4 | 523.5 |
| Status quo | 759.2 | 1,898.5 | 3,275.8 | | | |

Source: authors' estimates based on PovcalNet.

September 2020: <https://www.economist.com/international/2020/09/26/covid-19-is-plunging-millions-back-into-extreme-poverty>

start to
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r than



International
Sep 26th 2020 edition >

From plague to penury

The pandemic is plunging millions back into extreme poverty

Too many

Very poor people, % of population, 2018

0-20 20-40 40-60 60-80 80+ No data

Living on less than \$1.90* a day



Living on less than \$3.20* a day



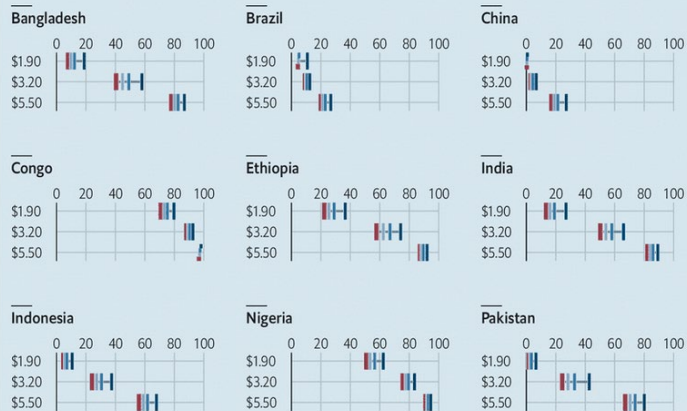
Source: Sumner et al., UNU working paper, June 2020

*At 2011 PPP

Feeling the pinch

Share of population at three different poverty levels*, %

2018 By size of possible economic contraction†: 5% 10% 20%



Source: Sumner et al., UNU working paper, June 2020

*\$ per day, at 2011 PPP †In per person income/consumption



Reuters

International
May 23rd 2020 edition >

The great reversal

Covid-19 is undoing years of progress in curbing global poverty

The number of very poor people was steadily falling; now it is rising fast

Editor's note: Some of our covid-19 coverage is free for readers of The Economist Today, our daily [newsletter](#). For more stories and our pandemic tracker, see our [hub](#)

JANE KABAHUMA has been eating one meal a day since the end of March, when the lockdown began. She used to work in a hotel, but it had to close, along with

Progress undone

Global extreme poverty rate* forecasts, %
By differing estimates

World Bank forecasts



Sources: World Bank; Sumner et al., UNU working paper, April 2020

UNU forecasts, by rate of economic contraction



*Share of the world's population living on less than \$1.90 per day, at 2011 PPP

April 2020: <https://www.economist.com/international/2020/05/23/covid-19-is-undoing-years-of-progress-in-curbing-global-poverty>

COVID-19 and Employment/Earnings



Ongoing UNU-WIDER work: How the COVID-19 pandemic affects workers in Ghana

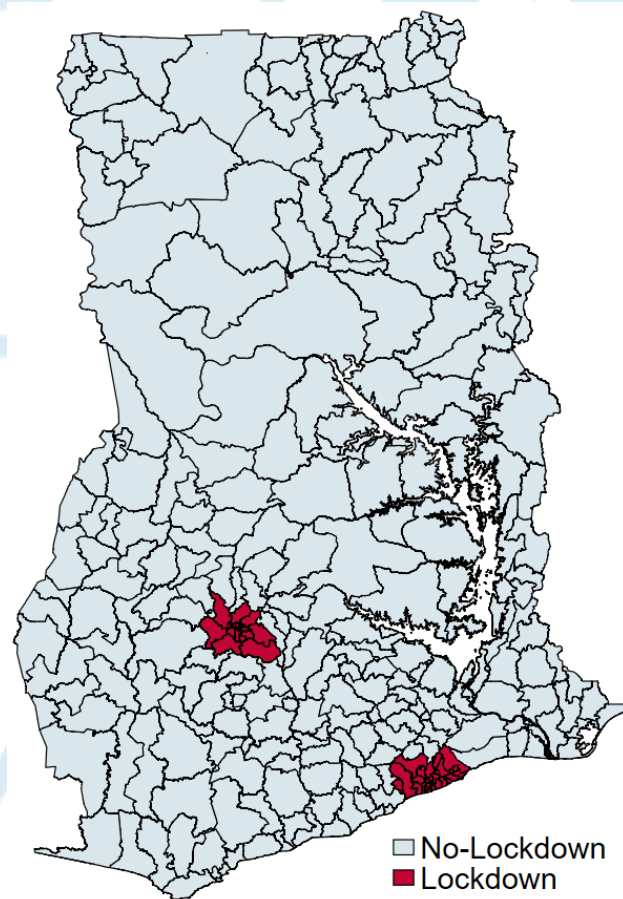
Michael Danquah, Robert Osei, Simone Schotte, and Kunal Sen

Disclaimer: Preliminary results from early-stage analysis, may be subject to change.

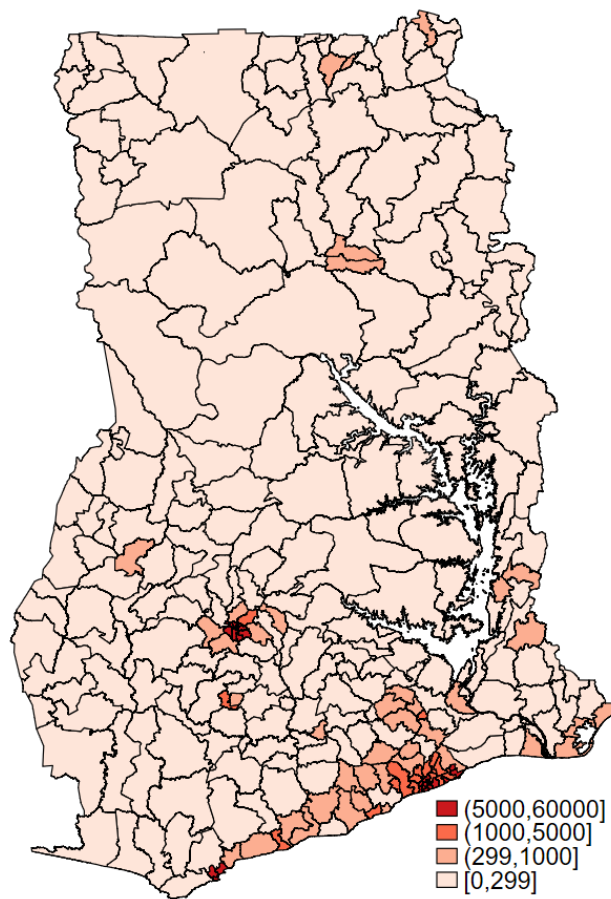
Data

- Ghana: Socioeconomic Panel Survey – COVID-19 Rapid Survey
 - Joint effort between UNU-WIDER and the Institute of Statistical, Social and Economic Research (ISSER), at the University of Ghana, Legon.
 - Three previous waves of panel data (2009/10, 2014, 2019).
 - Conducted phone surveys between 19 August and 17 September 2020 with ca. 670 respondents who were working in last panel wave.
 - Retrospective questions regarding the situation in February and April 2020.
 - Limit sample to respondents who were working in Feb 2020 and compare areas with different policy responses.
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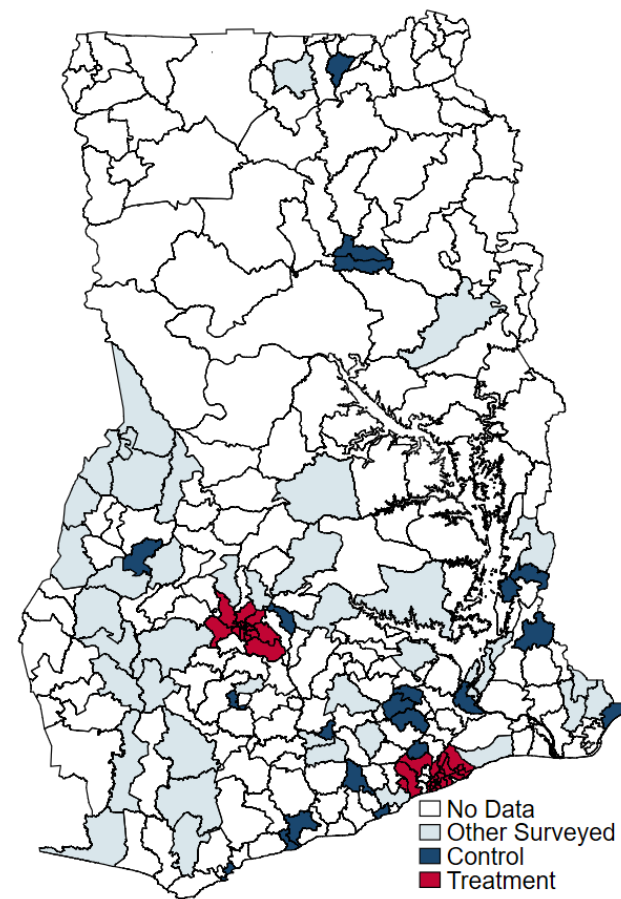
Study areas: Lockdown versus non-lockdown



Greater Accra and Greater Kumasi Metropolitan Areas and contiguous districts were under lockdown.

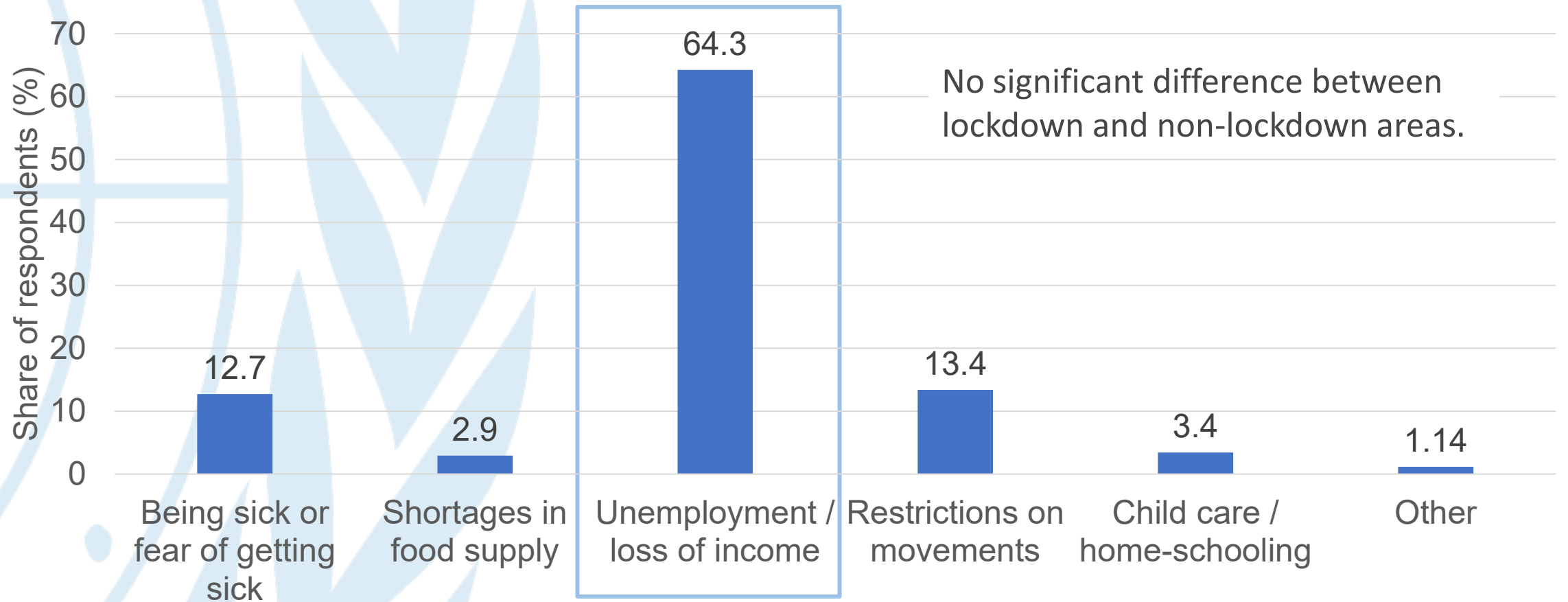


Population density
across districts
(population per km²)

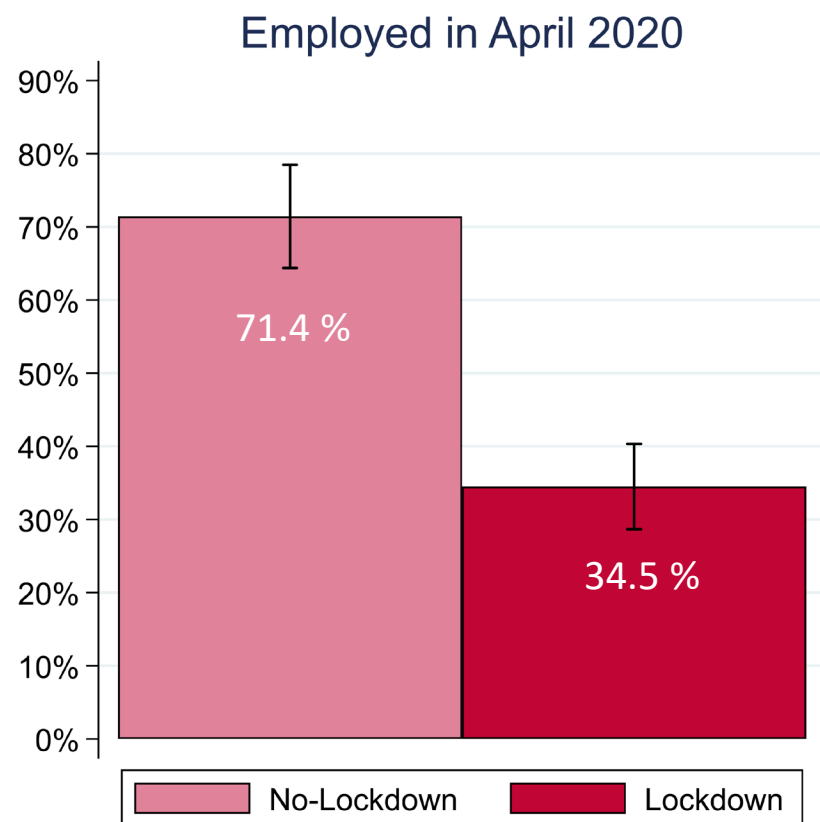


Control districts limited
to those with population
density above 300/km².

Which aspect of the COVID-19 pandemic has the greatest impact on you personally?



Strong fall in employment in lockdown areas



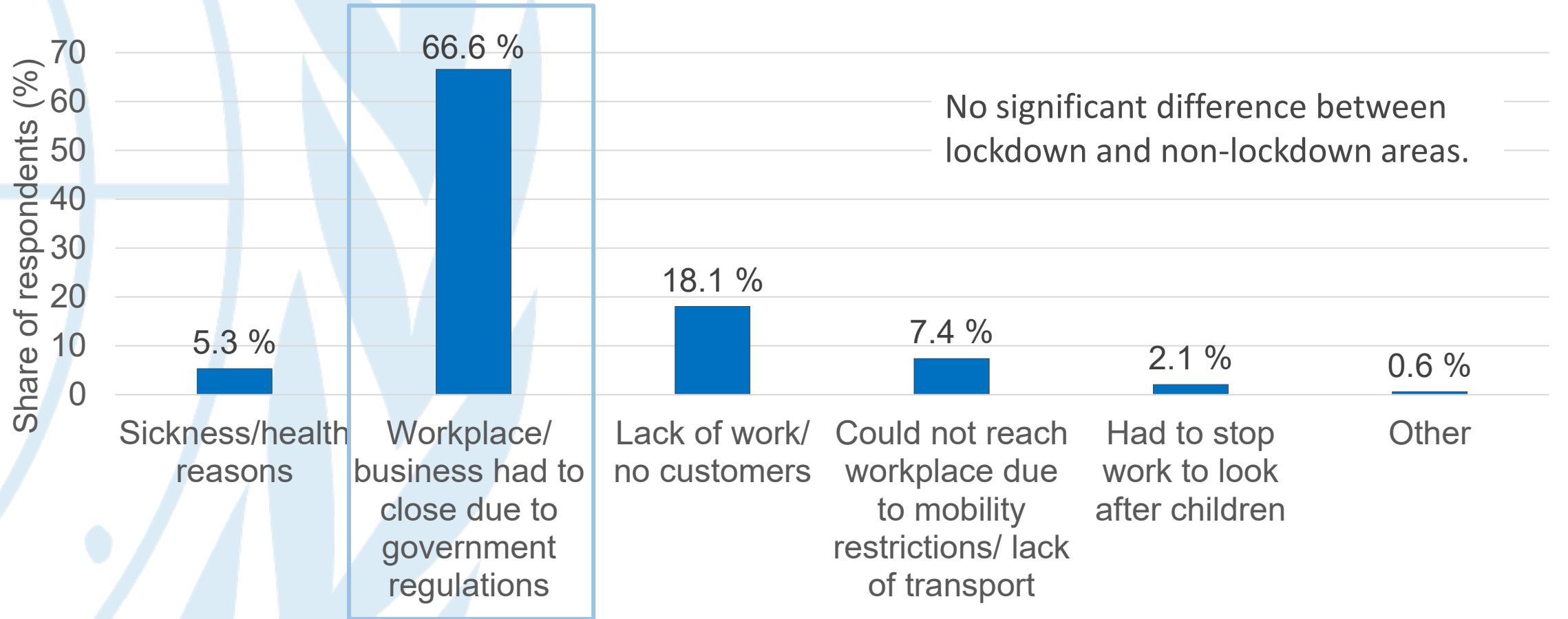
Note: No-Lockdown districts limited to those with population density above 300/km².

- Sizeable and statistically significant treatment effect on employment probability in April 2020.
- Workers in non-lockdown areas were about twice as likely to continue work in April.

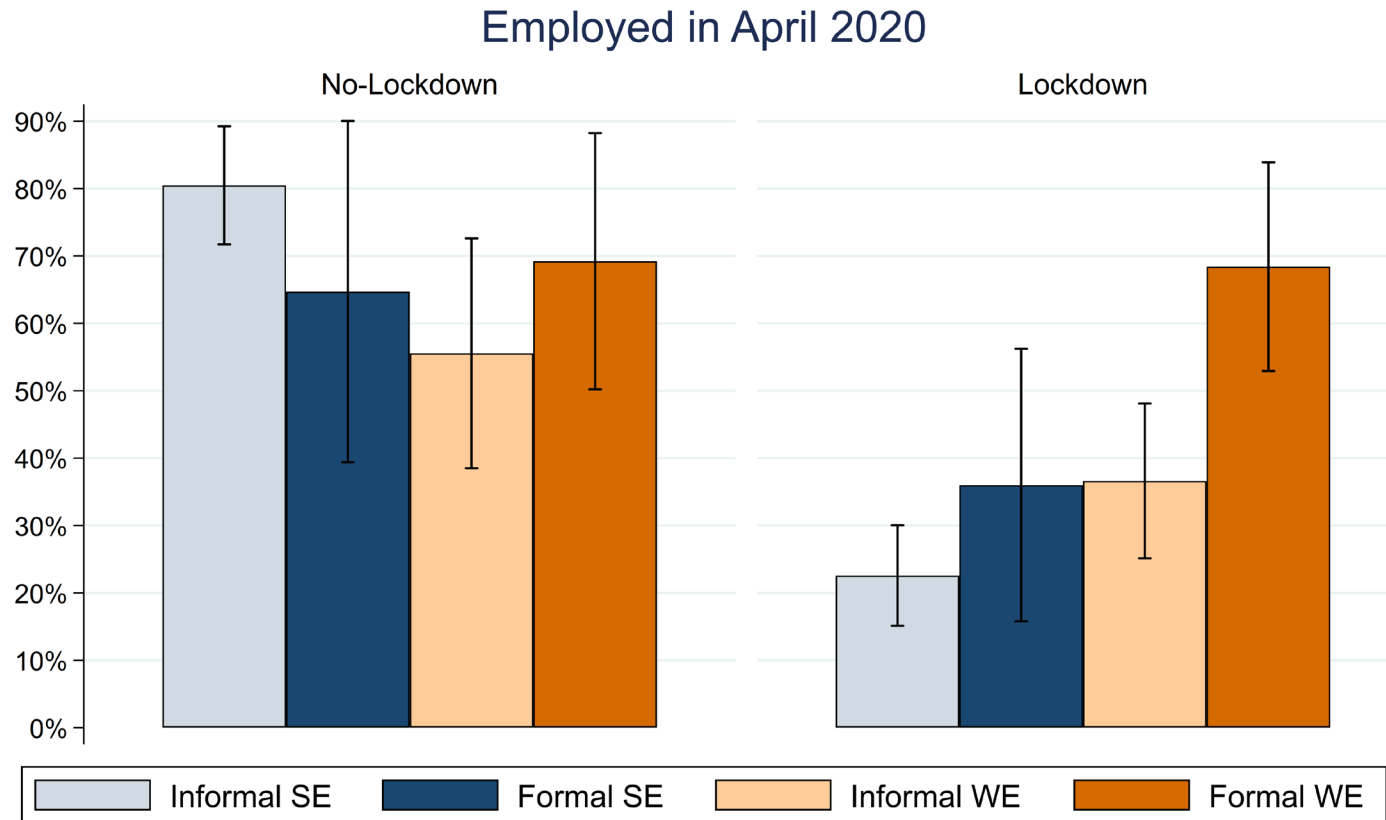
| | (1) | (2) | (3) |
|-----------------------|----------------------|-----------------------|-----------------------|
| Working in April 2020 | Full sample | District size cut-off | District size cut-off |
| Lockdown | -0.323*** (0.039) | -0.369*** (0.047) | -0.367*** (0.048) |
| Observations | 613 | 419 | 419 |
| Covariates | No | No | Yes |

Note: Linear probability model; s.e. in parentheses; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

What was the main reason why you had to stop working?

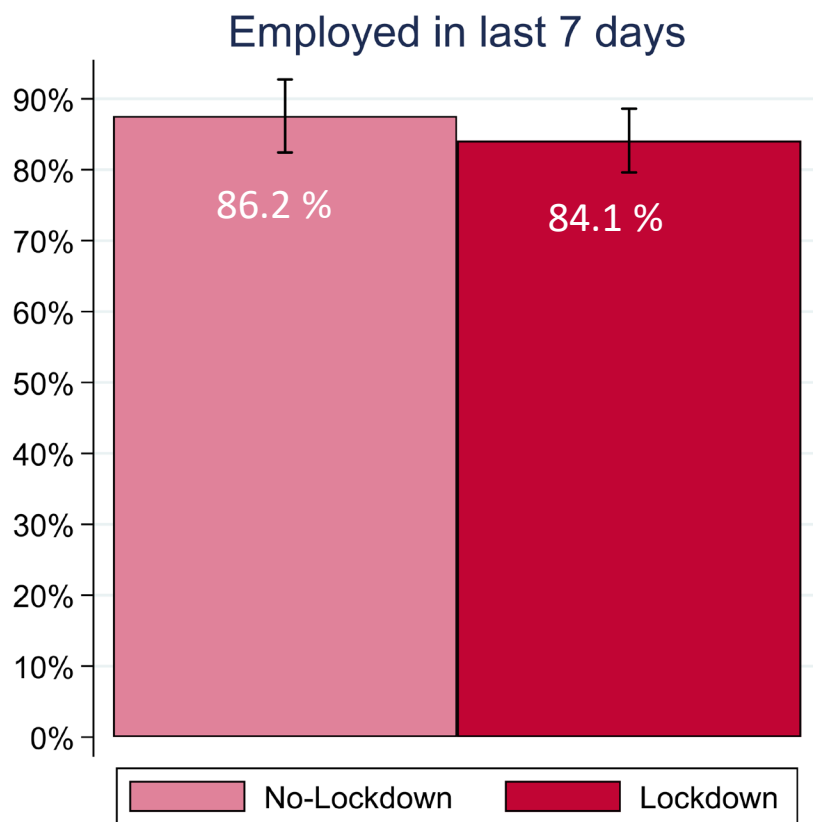


Informal self-employed workers were most affected in lockdown areas



- In lockdown areas, 77.4% of all informally self-employed workers had stopped work in April 2020, compared to 28.3% in non-lockdown areas.
- We find no statistically significant differences between workers in upper-tier vs. lower-tier informality.

Strong employment recovery up to Aug/Sept



Note: No-Lockdown districts limited to those with population density above 300/km².

- No statistically significant difference in the probability to be working in Aug/Sept between lockdown and non-lockdown areas

| | (1) | (2) | (3) |
|------------------------|--------------------|-----------------------|-----------------------|
| Working in last 7 days | Full sample | District size cut-off | District size cut-off |
| Lockdown | -0.0209 (0.029) | -0.0347 (0.035) | -0.0408 (0.037) |
| Observations | 613 | 419 | 419 |
| Covariates | No | No | Yes |

Note: Linear probability model; s.e. in parentheses; *p<0.05, **p<0.01, ***p<0.001.

- Across the sample, **18 % of all men** and **29 % of all women** who had **stopped work** in April, were still not working in Aug/Sept.

...But working hours and earnings remain below pre-COVID levels

Respondents who continued to work in August/September, on average...

- ...reported a 9.4% **decline in working hours** compared to February 2020.
- ...reported a 14.5% **decline in earnings** compared to February 2020.

The share of respondents who reported **running out of money to buy food or essential non-food items** was still 12.8 percentage points higher in August/September compared to February 2020.

Preliminary conclusions

- The lockdown measures implemented in response to the COVID-19 pandemic heavily affected economic activity in the affected districts during April 2020.
 - Workers in informal self-employed, who need to earn a living on a day to day basis, were most often forced to stop their activities during the lockdown, while those in formal wage employment were most likely to continue their work.
 - Overall, there has been a strong recovery in employment up to Aug/Sept 2020. However, employment levels remain about 14.7% below pre-COVID levels, and the recovery has been slower for women than men.
 - In addition, there is a persistent negative effect on working hours and earnings, affecting particularly the earnings of self-employed workers and women.
 - The COVID-19 pandemic and related government response measures tend to have accentuated existing vulnerabilities in the Ghanaian labor market.
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