



Background Paper

Committee: AD-HOC

Topic: Taking Action Against the Economic Impact Generated by Covid-19

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COVID-19 represents a huge problem to the whole world that society is still trying to overcome. One of the world's biggest problems due to this virus, apart from the obvious health crisis, is the economic issues that have developed throughout the whole pandemic. It represents a monetary threat to all countries, whether they are developed, developing, or least developed. By 2030, up to 200 million persons will be in extreme poverty because of the COVID-19 pandemic long-term impacts, which means that up to a billion people will be in this situation, reported by the United Nations Development Programme. Measures should be taken to ensure that all countries can get past this situation and start looking forward to economic growth. This is why this committee needs all delegations working together to start creating viable and effective solutions to start taking action over this situation.

We might say that the most affected countries are the low-income ones since David Malpass, President of the World Bank has said that progress in low-income countries could be delayed decades because of the pandemic. However, middle and high-income countries have also been really affected by this issue. According to the Federal Reserve Bank of St. Louis, regarding the 2020-2021 GDP growth of these three groups of countries, high-income countries were 6.4 percentage points lower than expected since they were able to start recovering by the end of 2020. Despite this recovery, in the middle-income countries, this was different since they had the lowest percentage points, with 8.7, since they had to close many sectors of their economy. At last, the low-income countries were 5.2 percentage points lower than expected, this was because these countries did not have the resources to implement strict restrictions like lockdowns. Even

though the low-income countries had the highest percentage points of all three, it is projected by the UNDP that these countries will lose a minimum of \$220 billion in income.

The pandemic had impacts on problems like unemployment or inflation. According to the U.S Global Leadership Coalition, COVID-19 made 255 million jobs be lost in 2020, and these numbers were more noticeable in countries from Latin America, the Caribbean, Southern Europe, and Southern Asia. Despite this, major economies were not exempt from this. According to the International Monetary Fund, the yearly unemployment rate of 2020 increased, in some major economic countries, these rates were: Canada 9.7%, United States 8.9%, France 8.9%, United Kingdom 5.4%, among others. As to do with inflation, COVID-19 represented a huge change in supply and demand. Many manufacturers stopped their production due to sanitary restrictions, and people started buying stuff, like furniture for their homes, and stopped doing so for others, like airplane tickets or hotels. Experts have said that depending on the level of demand of a product, or the amount of supply there is, each country has a different view of how inflation is affecting them.

Each country is imposing its own measures to try to solve these economic problems, but cooperation is needed in some aspects. For example, the equal distribution of vaccines is affecting the economic progress of all the countries. The UNDP estimated that if developing countries could have the vaccination rate of the developed ones, in 2021 these countries could have summed to their GDP around \$38 billion. According to the International Chamber of Commerce, if countries fail on this task, it will represent a loss of about \$9 trillion of the world's economy. Helping other countries is necessary, especially those in need. For example, Turkey, which is going through a big problem of inflation, estimated by the ENAGroup at 82.89% in December of 2021, due to wrong management of economic policies, summed to the issues that the pandemic is still provoking.

COVID-19 has had a big impact on the world. It is clear that economically, all countries have been really affected. It is also obvious that this problem cannot be solved from one day to another. Delegations need to discuss long and short-term plans so every country, regardless of its

situation, can come out of it and they all go forward to improvement. Actions are needed to overcome the economic recession that the pandemic has created.

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