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**“What would you suggest as priority actions to reach out to the most exposed to the economic aftermath of the pandemic crisis in developing countries?”**

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Thanks for those of our contributors who ventured to react to this question posed in this DB.



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## EDITORIAL

### **Squaring the circle between international good intentions and national (weak) institutions**

The crisis is hitting the most vulnerable populations in developing countries, not only because of weak sanitary network but also in longer social and economic perspective. To prevent catastrophic outcomes, the vast majority of the contributions below stress the need to act now: on one end the global perspective to foster international solidarity, debt restructuring or even a “world relief plan”; at the other end private initiatives of giving equipment and channelling to civil society.

It is also suggested that the crisis could be an opportunity, « a chance for African countries » which may take advantage of the ongoing reorganisation of international supply chains and be an alternative to China sourcing. Similarly, the crisis could be an opportunity to make emerging economies “more resilient and less dependent of international trades and financial globalization”.

The priority actions proposed fall into immediate efforts to address the humanitarian and health-related needs and longer-term interventions to respond to socioeconomic challenges. One acute problem is related to the predominant informal sector where 1.6 billion workers are currently at risk of “loosing their livelihoods”. This leads some to stress that “this crisis has made clear the need to develop proper social safety nets in developing countries”, while others suggest that “ basic income should be again considered”.

However the underlying concern is the capacity of developing countries institutions – many of them dubbed “failed states” - to cope with the challenges, including the purposeful channelling of international money flows. If the institutional aspect is not addressed, the measures of “debt relief” or “debt restructuring” – advocates by many contributors – will be less efficient than expected.

All well and good, but how to reach an international agreement and implement it so as to reach the most exposed? Will the moral imperative to “abandon indifference and self-centeredness” be strong enough to make the G7 or G20 to take radical steps? Or, after all, the utilitarian conclusion of Christine Lagarde “Solidarity is in fact self-interest” may prevail.

**[Virgile Perret](#) & [Paul H. Dembinski](#)**

### “... a world relief plan is necessary ...”

The interdependence between world economic systems and local economies sketches a dynamic world map where no state, no economy, no man is an island. In these terms, the priority actions aiming at helping the developing countries should be interconnected in a nexus of global-local policies.

**A world relief plan is necessary in order to limit both the virus spread and the downturn vibrations which are fatally contagious for the political capital and the social trust at international level.** The plan may include an infrastructures-health support (public hospitals, intensive care units, tests), a solidarity fund (recovery instruments, special employment provisions, small/medium enterprises aid), positive regulations on tourism and trade, socioeconomic family support and finally a free treatment for all virus patients.



[Christos Tsironis](#)

### “... debt relief or restructuring ...”

1. In terms of medication: transfer to the most affected countries, Kenya, Senegal, generics, not of the vaccine (it does not yet exist), but of all the drugs capable of strengthening the resilience of the organism.

2. **On the financial level: associate debt relief or restructuring with economic restructuring and social redeployment targeting the outskirts of cities as a priority.**

3. On the socio-cultural level: rediscovering the forms of community property and medication traditional, local mutual aid to avoid that confinement - moreover impossible to generalize - damage the economic capacities of the poorest who are most threatened by the effects of the crisis.



[Etienne Perrot](#)

**“... address the sovereign corporate debt issues of these countries ...”**

In the short term I would say that it is crucial to **address the sovereign and corporate debt issues of these countries**. The initiatives implemented so far by the international financial community (for example, IMF cancelled debt repayments due to it by the 25 poorest developing economies for the next six months, the G20's "Debt Service Suspension initiative for Poorest countries") are actually going in the right direction.

However, my guess is that time is up for a more fundamental issue that concerns the redefinition of value creation. **All this crisis manifests the structural need to reflect on how value is created and how we measure and put a price to what type of value.**



[Andrea Roncella](#)

**"... it can be a chance for African countries ..."**

1. Debt cancellation to developing countries in order to avoid breakdown of already very vulnerable economies which means vulnerable people. This should be linked to wise conditions to use the debt cancellation for SDG-related improvement and not just unconditional.

2. China remains important for economies in Africa. The China-bashing of President Trump and allies creates an economic climate of mistrust, disruptions. Trust and healthy China-African trade relations are key.

3. **As international supply chains are in the corona-process of being redefined in order to diversify dependency from main suppliers like China, it can be a chance for African countries to make offers in this diversification, especially for European countries with their new Marshall plan with Africa.**



[Christoph Stückelberger](#)



**"... less dependent of international trades and financialized globalization ..."**

When developed countries close their doors and focus on their economy, emerging or developing markets have to find new solutions when international cooperation and trades are braking. To avoid the dramatic social crisis that could emerge consequently, and it is not just a question of cash flow, existing debts of developing countries should be removed and new funding free of repayment. Actions and initiatives of institutions of World Bank or IMF should focus specifically on those countries, as they don't have the means and skills to support the crisis themselves, with the monitoring of international organizations as UN. **In the long time, international cooperation must include in their commitment the ecological and social counterpart to make those economies more resilient and less dependent of international trades and financialized globalization.**



[Christophe Revelli](#)

**"... support for health systems and minimize disruptions of supply chains ..."**

Many face the terrible challenge of fighting the virus in densely populated communities and poverty-stricken areas **where social or physical distancing is hardly an option.** With fewer resources to begin with, they are dangerously exposed to the ongoing demand and supply shocks, drastic tightening in financial conditions and some face an unsustainable debt burden as well. The majority of workers either as wage earners, self-employed or employed by small and medium-sized enterprises are especially exposed. And just as the health crisis hits, the economic crisis is expected to hit these vulnerable population the hardest. **We need to continue with essential containment measures and support for health systems and minimize disruptions to supply chains. The actions we take now will determine the speed and strength of our recovery.**



[Archana Sinha](#)

“... a budgetary package of direct and timely aid ... “

1. **The first thing would be to establish from the government a budgetary package of direct and timely aid to cover the basic needs of those persons who have been left without a salary:** unemployment Benefit; vocational training; outplacement and self-employment in the digital, circular or collaborative economy. Continuous, professional training.

2. Identification, **classification and assessment of the different types of companies:**

a) Failed companies: assessing the impact of bankruptcy and following up with the unemployed and creditors.

b) Companies in crisis and recoverable: inject liquidity, temporary tax exemption, flexibility to adjust workforce, strategic readjustment, stimulate new business lines from the digitalization of the economy, through capital investment.

c) Stimulation of new employers: based on business opportunities, especially in the framework of the digital, circular and collaborative economy. Temporary tax breaks, bureaucratic flexibility.



[José Luis Fernández Fernández](#)

“... fairer ways of supporting investment ...”

Subsidiarity sets the frame. What can we do here in the heart of the developed world to help the world's most deprived meet their own needs? As Calvin reminds us, any means we use to enrich ourselves at the expense of others counts as theft.

Climate change is a prime example; the pandemic has reduced our carbon footprint. Let us explore how we can keep it so. Switzerland could refrain from subsidising airlines to resume their outdated mobility model. We can encourage further teleworking.

**Remembering the biblical Jubilee, the rich should use fairer ways of supporting investment by the poor.**



[Edouard Dommen](#)

**“... develop proper social safety nest in developing countries ...”**

1.6 billion workers in the informal economy (about half of the global workforce) are at risk of losing their livelihoods, [according to the ILO](#).

These are the most exposed to the economic crisis created by the pandemic.

Lockdown measures affected directly their capacity to earn a living and they tend to work in the hardest-hit sector. They are self-employed informal worker doing what they do by default of a better option. **This crisis has made clear the need to develop proper social safety nets in developing countries.**



[Philippe Rudaz](#)

**“... basic income should be again considered ...”**

Developing countries will face high unemployment rates accompanied by consequences of climatic problems (drought, other plagues). So, the preservation of the basic-needs level and working places should be in focus. Micro-credits and other local institutional help can encourage new entrepreneurial initiatives and maintain old ones which may provide people with work and/or allow for covering basic needs. We shall also support local initiatives, volunteering, participative institutions, and schools, which have access to information about most vulnerable children and their families. Moreover, we need investments in technology, so that children won't remain without access to education again in case of further waves of the pandemic, which can cause loss of human capital in future. **In most vulnerable areas with high unemployment rates, basic income should be again considered.**



[Anna Horodecka](#)



### “... international attention to fragile situations ...”

You are right to ask this question, but it takes me off-side, given the intense concern for the economic catastrophe right here and the unequal capacity of European countries (North, East, South) to offer State help to protect employment.

**In the first place, we should donate medical and health equipment, from masks to ventilators and hospital management, as large companies are doing already:** another opportunity for private-public joint efforts... and to learn from poor countries experienced in fighting epidemics!

Then, as asked by Pope Francis, UN Sec Gen Guterres or EU External Affairs chief Josep Borrell, **international attention to fragile situations**, long-running conflicts and refugee camps everywhere, and take this crisis as an opportunity to stop war.



[Domingo Sugranyes](#)

### “... local and international solidarity ...”

Focusing on humanity, the most exposed should include those, who do not have a voice now and later, including children and unborn tax payers. Human flourishing then includes not only a measure of financial certainty but also feeling physically and psychologically secure and being appreciated by society, all associated with economic revenues. Priority actions by those with the responsibility or the opportunity: governments, firms and individuals, should focus on providing measures in these realms of wealth and health to groups in society with highest needs and risks now and in the not-so-distant future. **Local and international solidarity is then a fair and reasonable expectation. Structural improvements to the world’s economic and political fabric may be needed to enable this care and then recalibrate, moving to a world with renewed opportunities.**



[Eelco Fiole](#)

### “... debt relief ...”

Priority actions at national level directed at the most exposed – in areas like public health, support for income and nutrition, support for agriculture, pollution control, etc. – should be decided **at national level in developing countries** in accordance with national priorities. **At international level debt relief for existing debt and the avoidance of new debt associated with financial transfers in the form of loans should be a major part of the global response to the pandemic.** The reduction of more than 50 per cent in the face value of German pre-war and post-war debt owed to the victorious allies of WW2 in the London Debt Agreement of 1953 furnishes a much cited precedent. But debt amnesties have distant historical precedents as early as the third millennium BC



[Andrew Cornford](#)

### “... the importance to abandon indifference and self-centeredness ...”

Pope Francis has paved the way for our reflection regarding the support of developing countries in their fight against the COVID-19 pandemics: debt reduction and relief. So far developing countries have, rather unexpectedly, showed the World capacities to tackle alone the emergency phase of pandemics, however in the future they will need the solidarity of global leaders to recover from the socio-economic consequences of the COVID-19. **It will be crucial to understand if governments in developed countries, in particular in the EU and the US, hit hard and suddenly by the pandemics, will be able to explain their electorates, often short-sighted, the importance to abandon indifference and self-centeredness.**



[Valerio Alfonso Bruno](#)

**“... correctly identify the most exposed to the economic aftermath ...”**

If the country is developing, then maintaining the **manageability of the process** of overcoming any social crisis is the main task of the government. There are three primary sources of threats to the realization of this task: the imperfection of market regulatory mechanisms, a weak civil society, and the poor quality of managerial culture and state institutions. The combination of these threats can prevent the implementation of the highest priority measure - **correctly identify the very ones "the most exposed to the economic aftermath of the pandemic crisis"**. The next priority is effective communication with citizens, which will help provide more room for manoeuvre between the need to support business and avoid a social explosion, political destabilization.



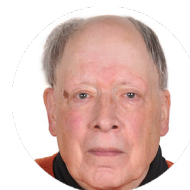
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### “FROM VIRUS TO VITAMIN” – JOIN THE DISCUSSION

**The Observatoire de la Finance** intends to seize this period of pandemic to step back and take a fresh look at our global economic system, dare to ask new questions which the current crisis brings to the fore and propose innovative ways to rebuild a more resilient and sustainable economy and society. In brief, we want to turn the virus into a vitamin for the future.

**Our Discussion Board** “From Virus to Vitamin” focuses on commenting issues relevant to finance and economy in relations to society, ethics and the environment from a variety of perspectives, of practical experiences and of academic disciplines. It has been designed to share and discuss information and opinions expressed in a short and concise manner.

**Contributors** ([Discover the list of contributors](#)) are invited to react on a question/issue that is submitted in parallel to a limited group of experts. This happens on a regular basis, through a dedicated mailing list. After the deadline for submission, the reactions are edited and published with signatures in one document on the website of the Observatoire de la finance and on its LinkedIn page. If you would like to join the discussion, you may send an email to the editor, Dr. Virgile Perret <[perret@obsfin.ch](mailto:perret@obsfin.ch)>.

#### OF Discussion Board – Questions addressed so far

- Question 3 : [What would you suggest as priority actions to reach out to the most exposed to the economic aftermath of the pandemic crisis in developing countries?](#)
- Question 2 : [What principles should guide us in striking the balance between « lives and livelihoods »? Or put differently, between health and GDP?](#)
- Question 1 : [How has the virus crisis affected your basic convictions about economy and society?](#)