CORONAVIRUS CRISIS: RESTORING SOCIETIES

A TEARFUND POLICY PAPER
2020
The social contract is changing as a result of this coronavirus crisis. Communities have come together to make huge sacrifices in order to save lives. There’s been an extraordinary surge in local community organising. Globally, the rapid spread of the disease has demonstrated how the health and well-being of just one of us has implications for us all. Our interconnectedness and our interdependence have never been clearer, and these values should form the foundations for the UK’s response, domestically and internationally.

The pandemic began as a health crisis, but now touches every area of life. In low and middle-income countries, sectors such as tourism, transport, hospitality, clothing manufacture, and oil have collapsed. It is expected that the number of people experiencing hunger and extreme poverty will increase significantly. Furthermore, health systems in developing countries are unlikely to be able to treat all those who become infected. In high-income countries, the pandemic has exposed huge discrepancies in access to outdoor space, digital learning, housing, and terms of employment. In the UK, alongside risk factors such as age, it is the poorest people and ethnic minorities who are more likely to die.

The global response to coronavirus must mitigate these impacts and reduce the likelihood of future crises. Currently, our actions are increasing their severity and likelihood: for those suffering with COVID-19, impacts have been worse in areas with high levels of air pollution. Furthermore, experts suggest that deforestation, unsustainable farming practices and climate change are all likely to make viral pandemics more frequent.

This is a turning point in history, and yet there is a dearth of global leadership. During other times of global crisis the UK has worked tirelessly and successfully to bring even reluctant countries into the fold to work and fight together. In the run-up to the UK government hosting the G7 and COP26 in 2021, the UK has an opportunity to step into the breach. This paper outlines Tearfund’s recommendations for UK policy makers as we emerge from the initial response to the COVID-19 crisis in the UK and globally.

**RECOMMENDATIONS**

**Respond:** Share vaccines and resources with the poorest countries so we fight the pandemic together.

**Reset:** Cancel all developing country debt payments due in 2020 and 2021 to free up funding for healthcare and provide extra significant grant funding to release emergency cash and food for the most vulnerable.

**Recognise:** Acknowledge the key role that faith communities, including churches in low and middle income countries have to play in responding and building a better future and include them in development plans.

**Recover:** Act globally to make sure the recovery in developing countries creates a better world for people in poverty by supporting small businesses, clamping down on tax loopholes and being aligned with climate agreements.

**Renew:** Working alongside the devolved nations, make sure the economic recovery in the UK tackles the climate crisis and creates good jobs for the unemployed.

Tearfund has launched a public campaign calling on UK government to implement the above 5 recommendations. [www.tearfund.org/reboot](http://www.tearfund.org/reboot).
CONTEXT

Coronavirus has affected us all in the UK and globally. Through Tearfund’s work with communities and churches around the world, we have seen firsthand the effects that both the virus and economic lockdown measures are having. Alongside our networks of churches and partners we have often been among the first responders in 23 countries in Africa and Asia, where we have been promoting awareness, good hygiene practice and cash transfers and distributing hygiene kits.

For many, the crisis has revealed just how much our well-being is bound up with everyone else’s, and with the natural world. We have seen how fragile life can be and how we can stand together with those most affected. However, the crisis has also held up a mirror to our national and global economic systems, and revealed their injustices, with the brunt of the crisis almost certainly being borne by those who already had the least.

This is in large part a crisis of our own making. Deforestation and unsustainable consumption and production of meat are likely factors in increasing the risk of viruses which like coronavirus can spill over into human beings and be spread rapidly by international travel. For those infected with COVID-19, impacts have been worse in areas with high levels of air pollution. Experts suggest it is likely that viral pandemics will become more frequent if climate change is allowed to gather pace.

Nevertheless, the crisis has also brought communities and governments together and allowed us to reimagine what life could be like. The choices we make now will shape our society, economy, health and climate for decades to come, and we have an unprecedented opportunity to choose a new direction. This paper considers the impact of the crisis and we have an unprecedented opportunity to choose a new direction.

LOW- AND MIDDLE-INCOME COUNTRIES

In low- and middle-income countries it is potentially harder to track, test and prevent the spread of coronavirus, populations may be more vulnerable to it; and health systems are unlikely to be able to treat all those who become infected:

• Globally, 3 billion people do not have access to soap and water for handwashing at home. Almost half of all schools are in a similar position. And population density in some global cities is extremely high, with as many as 1 billion people estimated to live in informal settlements or slums.

• Poor nutrition, existing disease burdens, and exposure to polluted air may also significantly increase the risk of serious complications. The World Health Organisation has estimated 190,000 people could die in Africa alone if the outbreak is not controlled.

• In poor and fragile countries, health services do not have the necessary finances or capacity to be able to cope with major outbreaks of COVID-19, and in others, inequalities in access to healthcare are inhibiting access to treatment.

Low- and middle-income countries have already been badly hit by the impacts of lockdown in high-income countries, as sectors such as tourism, transport, hospitality, clothes manufacture, and oil have collapsed. Private capital has fled emerging markets, currencies are devaluing and the cost of borrowing has dramatically increased. Foreign direct investment (FDI) is expected to fall by up to 20 per cent, and vital remittance flows by a similar amount. Many countries were already dealing with high levels of debt before the pandemic, and currency devaluations coupled with falling domestic revenues caused by the crisis have made this situation worse.

At a household level, those already struggling to provide for their families on daily or weekly wages are now in an even more precarious position due to social distancing and lockdown measures. Those who are refugees or Internally Displaced People (IDPs), in informal employment, or at risk of gender-based violence, are in particularly perilous positions. The World Food Programme suggests that the pandemic could double the number of people suffering from acute hunger by the end of the year, while the World Bank has predicted that 40 to 60 million more people will be living in extreme poverty in coming months, depending on the scale of the economic shock.

There is also a risk of the crisis being used to shut down the space for civil society, constrain freedom of expression and curtail people’s human rights in the long-term. Even in the short-term in some contexts, fundamental rights may be under threat, such as the right to freedom from inhuman, cruel, or degrading treatment.

HIGH-INCOME COUNTRIES

Even in high-income countries, the virus has threatened to overwhelm health services. It has also exposed severe inequalities. In the UK, alongside risk factors such as age, it is the poorest people and those from ethnic minorities who are more likely to die. The lockdown appears to have precipitated a surge in gender-based violence and has also exposed huge discrepancies in access to outdoor space, digital learning, housing, terms of employment (with the middle class more able to work from home) and health inequalities.
THE OPPORTUNITY

Despite the chaos and harm being caused, this crisis has also revealed some of the best of humanity. It seems that a shift in social attitudes is beginning to emerge globally, with three areas of emphasis:

1️⃣ **Togetherness.** With the rapid spread of the disease internationally and extraordinary surges in local volunteering, we are both recognising our interconnectedness and beginning to work together in new ways.

2️⃣ **Prioritising life.** In a very short space of time, communities have rallied together to make huge sacrifices to save lives. At a scale never seen before, governments and central banks in high-income countries have pumped billions of dollars into their economies to increase social safety nets, keep businesses afloat, and help employers retain staff. As nations and individuals, we have been reminded of what truly matters.

3️⃣ **Imagination.** We have seen that we are capable of adapting fast as human beings and as a society: fundamental renewal feels possible. In a recent YouGov poll, only nine per cent of Britons want life to return to ‘normal’ once the lockdown is over. [18]

These values should be reflected in the UK government’s response globally. Initial indications are positive: the UK is among a group of countries that has committed major funding to a coordinated vaccine response and played a leading role (alongside India) in the initial G20 Finance Ministers emergency response. And the UK has also resisted the temptation to apportion blame for the virus or turn inward rather than outward in our attempt to protect ourselves from it. [19]

For many people, our security and our resilience to future crises will also be at the forefront of their mind in coming years. The global response to coronavirus must therefore mitigate the impact of this crisis and increase our resilience to the next. Above all, it must avoid sowing the seeds for future conflict, by ensuring a fair and green recovery globally.

This is a turning point in history, potentially comparable to the post World War II reconstruction. How we respond now will reshape international relations for years, presenting an opportunity for much needed ambitious and systemic reform. And yet there is a dearth of global leadership from many of the world’s most powerful countries. During other times of global crisis, whether that be World War II or the more recent financial crisis, the UK has worked tirelessly and successfully to bring even reluctant countries into the fold to work and fight together. In the run-up to the UK hosting the G7 and COP26 in 2021, the UK has an opportunity to step into the breach.
WHAT NEEDS TO BE DONE

1. RESPOND

This pandemic is a global crisis that knows no borders and will not be defeated unless it is defeated everywhere. A properly funded coordinated global health action plan is needed. Billions are needed to fund the immediate global response, vaccine development and treatments, and to fully fund the WHO to coordinate the response in the poorest countries as well as ensuring sufficient supply of Personal Protective Equipment (PPE) to health workers. [20]

We welcome the important advocacy and financing role the UK is playing in the international coordinated research effort to find a COVID-19 vaccine. No one should be stopped from accessing treatments or vaccines because they live in a poor country or can’t afford them. Conditions surrounding access to treatments and vaccines must be fair and equitable.

There is recent history of unethical vaccine trials being conducted in Africa and India [21] and so it is vital that vaccine testing in low- and middle-income countries is conducted with the same standards and ethical considerations as in the US or Europe.

Recommendations

The UK government should press for:

• low- and middle-income countries to be given equitable and affordable access to PPE, new treatments, technologies and vaccines, free of patents. [22]

The UK government should require any funding it gives to vaccine development to be conditional on:

• the engagement of developing country vaccine manufacturers in the process [23]
• full transparency around clinical trials data, cost of R&D and pricing mechanisms
• open and transparent vaccine trial agreements with developing countries that underpin ethical and human dignity.

2. RESET

A comprehensive emergency package is needed to stop a catastrophic loss of life in low- and middle-income countries caused by COVID-19 and the resultant economic and food security crises. Domestically, high-income governments are breaking with economic orthodoxy, because that is what you do in a crisis of this scale. The same governments also have to do whatever it takes to make finance available to governments and people in low and middle-income countries.

As the African Union COVID-19 Envoys argued recently, high-income countries and China are giving debt relief and cash payments to their own citizens, and the cornerstone of a just recovery would be to make the same support available to Africans, and those in other struggling countries.

The risks of doing too much financially and economically in this crisis are small, the risks of insufficient effort are huge. Without support, COVID-19 threatens to further destabilise food supply chains already reeling from droughts and locusts swarms in sub-Saharan Africa. The lack of funds for many low and middle-income governments is an urgent concern, as well as the economic and secondary impacts of lockdowns.

The finance package should prioritise four broad areas:

• making urgent investments to allow countries to buy the medical supplies they need, strengthen public healthcare systems crucial to delivering a comprehensive health response and improve access to water, sanitation and hygiene (WASH) to reduce the number of COVID-19 infections and related deaths
• strengthening existing social protection schemes that are weak in some countries and fragile contexts, and scaling up social safety nets that provide cash for the poorest and most vulnerable people who have lost their income in rural and urban contexts, so they can afford to buy food and other essentials; this should include protection for informal workers, women, refugees and displaced people. The role of local actors, particularly local faith networks, in providing social protection is key
• increasing the resilience of nutrition and food systems, for example by ensuring access to agricultural inputs for small-scale farmers to secure future harvests
• supporting small businesses (SMEs), the informal sector, and key industries like the manufacturing and the renewable energy sectors.

The role of international finance institutions, especially the World Bank and International Monetary Fund (IMF), is absolutely crucial, given the urgency and global impact of COVID-19. Large amounts of UK Official Development Assistance (ODA) already support these multilateral institutions, and the UK should use its influence to ensure they respond quickly and transparently.

Finance should be released primarily through debt cancellation, high income countries allocating extensive emergency finance equivalent to one per cent of their domestic stimulus packages - and the creation of a new $1 trillion USD IMF Special Drawing Rights allocation based on needs not share quotas.
Recommendations

The UK government should implement the following and call on other relevant bilateral and multilateral donors in relevant fora to:

- regulate debt to private creditors, banks and hedge funds, to prevent any lender suing a country for stopping debt payments
- implement debt cancellation by Paris Club countries, the G20 including China, multilateral development banks and private banks and investors for the poorest and most affected countries in 2020 and 2021
- release extensive emergency finance in the form of grants, not loans, to the 76 poorest countries through giving one per cent of their own economic response
- request a 1 trillion USD Special Drawing Rights through the IMF based on need not allocation
- support low and middle income governments and civil society in those countries to provide cash transfers and food access eg through mobile money for the most vulnerable and marginalised groups, and scale up existing national social protection schemes for short and long term needs (where existing targeted social protection schemes exclude vulnerable groups, a universal basic income may be a better approach)
- prioritise strengthening public healthcare systems, education and WASH for the most vulnerable, as well as agricultural inputs and livelihoods support
- protect ODA commitment to 0.7 percent and ensure funding for the pandemic response is additional, not diverting resources from existing life-saving programmes.

3. RECOGNISE

Global action is vital but it’s equally important that local governments and communities have the power, mechanisms and institutions to respond to their own collective needs locally both in the response to the immediate crisis and in building safer more resilient societies. Faith groups play a vital role in building resilient communities at a local level.

The role of faith groups, community organisations and local government will become even more important if there is a gap between containing the initial outbreak of the virus and commencing the full recovery, during which social distancing measures are still required. The urgency of an emergency often (necessarily) requires a centralised response, but this can become less legitimate and even counter-productive in an extended transition. Resilience in this liminal period will rest strongly on public trust in decision-makers, and engagement with trusted local institutions should therefore be a key priority.

All around the world, faith groups including Christians are stepping up to support communities in most need and those who are particularly isolated. Faith leaders and faith based organisations hold a high degree of trust and influence \[24\] in their communities. The knowledge that faith leaders have of the local cultural, economic and social norms of their community is indispensable, and they are often the first responders in humanitarian response and preparedness as demonstrated through lessons learnt during the Ebola outbreaks in West Africa \[25\] and more recently in the Democratic Republic of Congo (DRC).

Moreover, faith-based organisations often support the most vulnerable to access services, \[26\] help the local government understand the needs of the community and are present in hard to access and insecure regions where no other networks are present.

Tearfund has found that faith-based organisations such as the church are uniquely placed to foster good relationships between local communities and local government - crucial for improving accountability and promoting the rights and voices of those in need. \[27\]

Their role is often overlooked by donors and international agencies, but once they become involved they can play a transformational role. \[28\]
4. RECOVER

The COVID-19 pandemic has highlighted our global interdependence. Only coordinated global action can be effective in addressing challenges that know no boundaries or borders. We must resist nationalism and isolationism instead championing our common humanity, interests and solidarity. Stopping the spread of pandemics and reducing future risks by protecting global public goods like the climate, oceans and biodiversity require new levels of international cooperation and mutuality. COVID-19 is a global crisis that threatens us all, but the poorest and most vulnerable are paying the greatest price.

As the UK holds the Presidency of COP 26 UN climate talks and the upcoming Presidency of the G7 (and along with Italy, the G20 Presidency), the UK government is uniquely placed over the next year to forge a strong international response to COVID-19. This has already been evident in the critical role the UK played in the immediate global health and financial response through co-hosting the vaccine summit in May, contributions to the Coalition for Epidemic Preparedness and Innovation (CEPI) and co-leading the G20 Finance Ministers Action Plan with India. There is further scope to promote global coherence among recovery packages, build resilience to shocks, and interface with existing initiatives.

Critically, we need much more ambition to avert further climate crisis; to achieve a recovery consistent with a 1.5°C pathway. We welcomed the prime minister’s remarks at the Petersberg Climate Dialogue: when countries start to rebuild their economies ‘that means investing in industries and infrastructure that can turn the tide on climate change. And it means doing all we can to boost resilience by shaping economies that can withstand everything nature throws at us. There is no choice between cutting emissions and growing economies.’[29] This view is echoed across the world where recent polling has found 71 percent of people globally believe that in the long-term climate change is as serious a crisis as COVID-19, with two thirds of Britons believing the same. [30]

Under the Paris Agreement, the UK pledged to make global financial flows “consistent with a pathway towards low greenhouse gas emissions and climate-resilient development” [31]. Launching the ‘COP26 Private Finance Initiative’, Mark Carney - UN Special Envoy and Finance Adviser for COP26 - stated that every investor, bank and insurer will need to adjust their business models for a low carbon world [32]. Carney also highlighted the need for complementary action by public finance institutions to align with a net zero pathway and scale up blended forms of finance to support the low-carbon transition. Alignment of UK energy finance overseas is critical given the role played by fossil fuel emissions in fuelling climate change. Planning for risk - including the risk of stranded assets - should be at the centre of the recovery and building resilience.

The Sustainable Development Goals (SDGs) set out a vision for the world we all want to achieve by 2030. Those goals and targets are now more relevant than ever. We need access to sanitation and water for all; affordable and clean energy for all to adopt sustainable consumption and production patterns; the empowerment of women; the halting of biodiversity loss and support for small scale farming that is in tune with nature - to name but a few. We must now redouble our efforts to achieve the SDGs, they are a minimum standard and for a safer and more resilient world.

New sources of finance will need to be found and the best and most sustainable option is to make taxation more effective and significantly more equitable. Global leaders need to agree to reduce tax for people who are poor and vulnerable; require the better off to pay more; and tighten up existing tax rules that benefit the richest. [33] Debt relief will also provide more fiscal space for climate adaptation and mitigation, especially for countries vulnerable to climate-related disasters.

We urge the UK government to call for a redesign of the global economy that will be at the service of people and the planet; disentangling economic growth from environmental impact, and providing a sustainable future that works for everyone.

Recommendations

In order to achieve these goals we believe the UK government should:

- support a UN Economic Reconstruction and Systemic Reform Summit in early 2021 and launch a Sustainable Recovery Alliance in the run up to COP26
- push for G7 and G20 action to significantly increase corporate income taxes (for example, introducing a unitary tax), properly implement country by
country reporting and clamp down on tax havens and loopholes

• prioritise support to developing countries to (i) improve the operating environment for SMEs and small-scale entrepreneurs, especially women and (ii) support better domestic taxation, including the right tax incentives to reduce the burden on the poorest and incorporate environmental externalities to reduce pollution

• advocate for bold international cooperation so that economic recovery packages support and align with net zero and 1.5°C commitments so that more ambitious Nationally Determined Contributions are submitted in 2020

• lead by example to herald a managed transition away from fossil fuels globally, starting by ending new UK public financing for fossil fuels overseas, phasing out existing investments and scaling up support for renewable energy and a just transition

• influence the role of international finance institutions, especially the World Bank and IMF, and public finance in stimulus packages to ensure a green recovery that ensures resilient and sustainable economies and reduces inequalities.

5. RENEW

As the initial phase of the pandemic recedes, the UK national and devolved governments should act to unite us on a new course; addressing the inequalities that have been exposed and giving a future and a hope to the unemployed and the younger generations.

Having shielded many businesses and employees from the worst of the economic crisis so far, the UK government now has an unprecedented opportunity to reshape the economy and future-proof jobs. Evidence is clear that the economic recovery will be stronger, provide more jobs and be cost competitive if it is green recovery. [34] Support for bailouts, business, spending and taxation should be guided by a transparent set of criteria, including the sector’s ability to generate decent jobs, and meet the UK’s net zero and 1.5°C climate targets [35] and whether it improves resilience to future shocks.

Furthermore, rather than writing off debts to large firms, the government should swap debt for equity, allowing it to put shareholder pressure on those companies to decarbonise more quickly, limit overly generous buybacks and dividends for shareholders and get a return for the investments made by UK taxpayers when the company returns to profitability.

Fairness must be at the heart of the recovery, and this means redressing the burden of taxation. Income is currently taxed at almost ten times the rate of wealth, making Britain’s overall tax system highly regressive because the gains from rising wealth tend to be concentrated among the better off. [36] It would not be right for the least well off, who have already suffered so much, to be asked to pay more. There is an urgent need and moral case to significantly scale up wealth taxes to pay for the COVID-19 response and recovery.

There is a strong public demand for this crisis to kickstart individual and social change [37] and more than 80 per cent of people want health and well-being to be prioritised over economic growth.

Recommendations

The UK should deliver a sustainable, fair and clean economic recovery that serves people and planet by:

• creating long-term sustainable investment plans in health and social care, and fairly rewarding those who work in these sectors to recognise the vital role they play as well as building resilience to future crises and health security

• using debt-equity swaps to give government shareholder influence over their decarbonisation plans and remuneration, rather than writing off emergency loans to large firms

• getting the UK on track for net zero as soon as possible with a UK Nationally Determined Contribution and Carbon Budgets that are net-zero and 1.5°C aligned

• delivering resilient and green jobs across the country and nations that leverages increased private finance and levels up the economic fortunes of areas outside London and the South-East that have been left behind

• prioritising taxes on wealth (such as a land values tax) [38] and environmental externalities, which could raise billions to help fund the response and recovery and show we really are all in this together.
REFERENCES


REFERENCES CONT.


[28] Ibid


