

# Economic and Social Survey of Asia and the Pacific 2021

Towards post-COVID-19 resilient economies

Pacific Policy Dialogue

4 May 2021



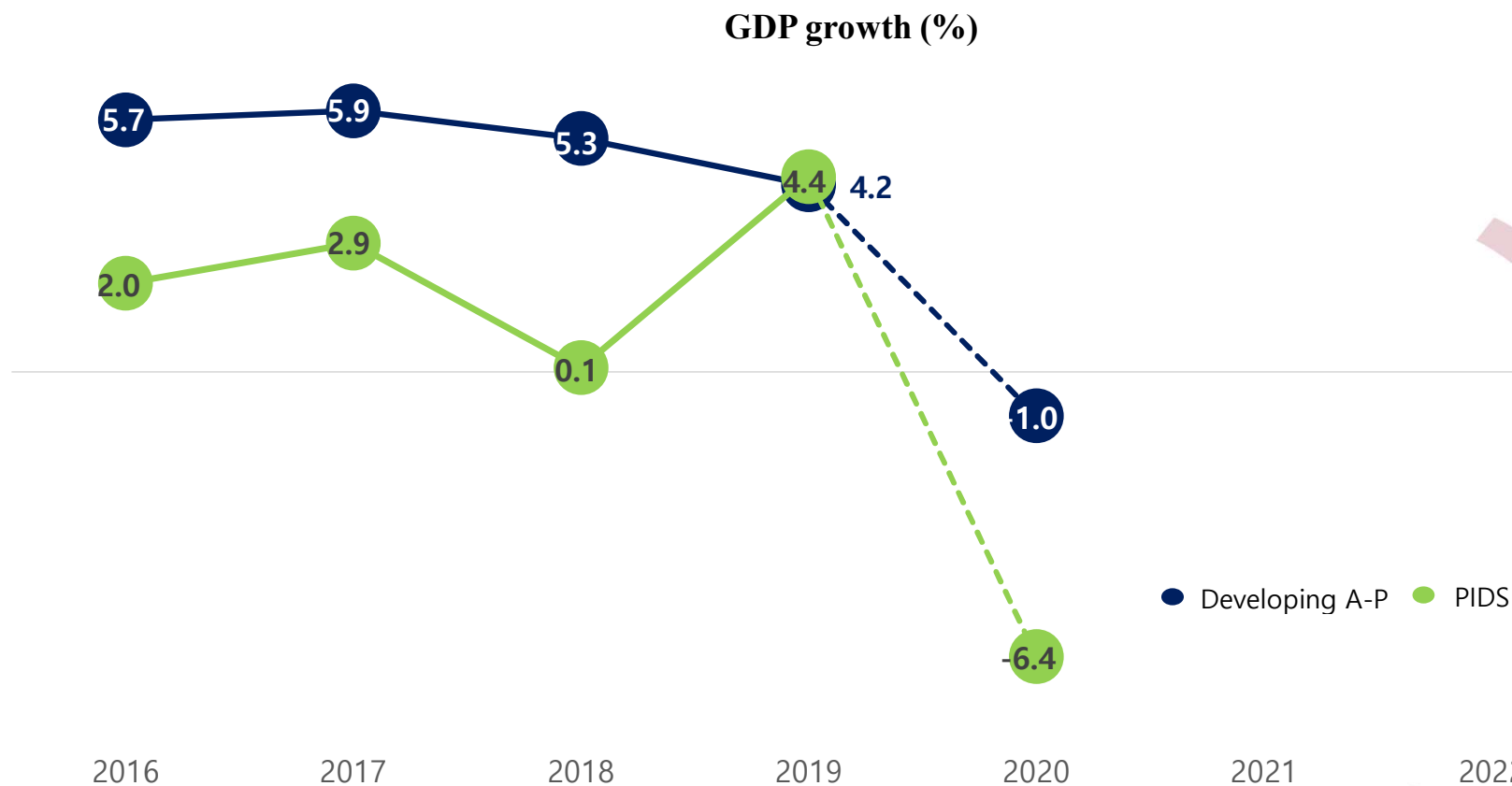
## Main messages

- The socio-economic impact of the COVID-19 pandemic was amplified by **lack of resilience and investments in people and the planet.**
- Continuity in policy support is a must and recovery packages should focus on **building resilience and investing in the 2030 Agenda.**
- Dealing with various economic and non-economic shocks requires an **integrated risk management approach to planning and policymaking.**
- We propose a "***Building Forward Better***" policy package that calls for investments in social services, digital access and green development.
- To implement the BFB package, countries would need to **build fiscal space** and explore a range of financing options.

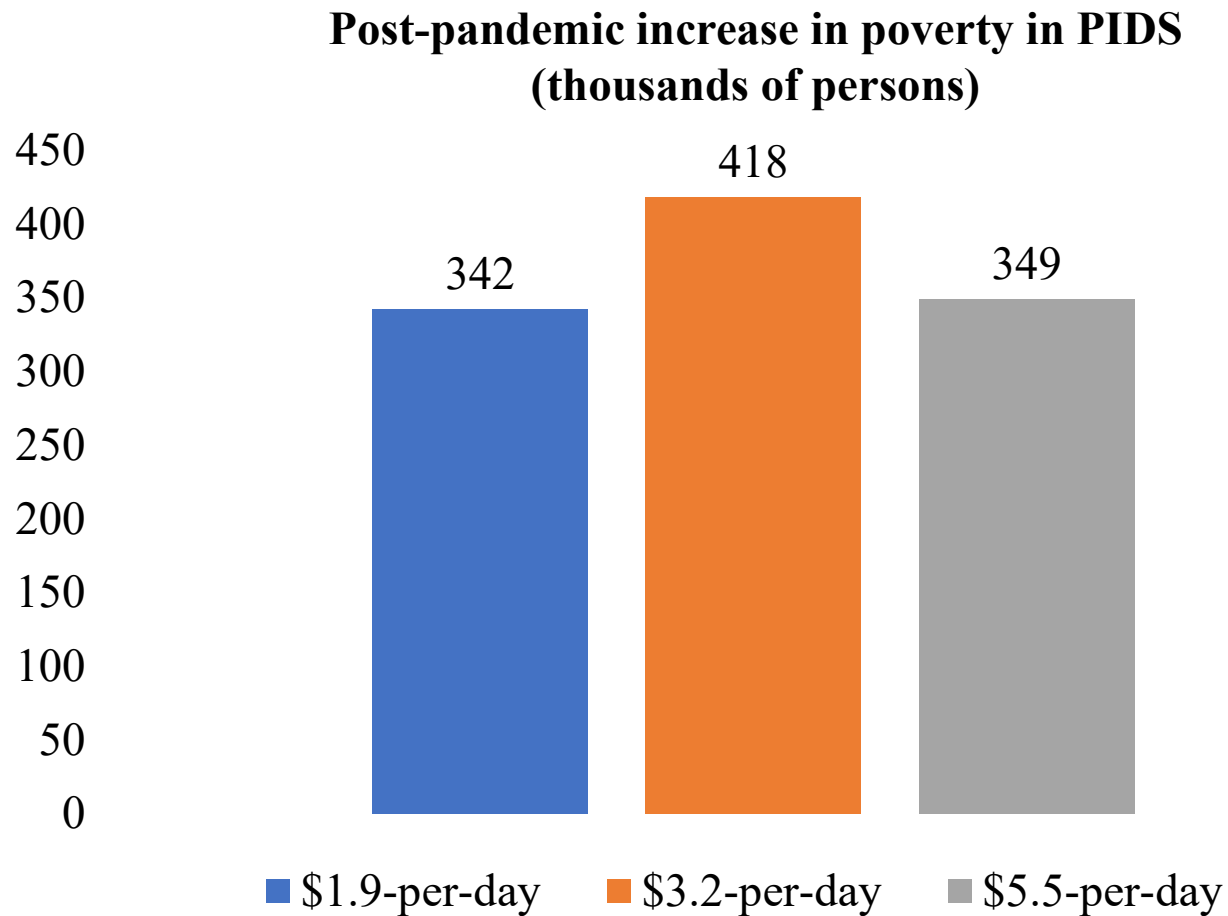


***The Present:*** COVID-19 is a stark reminder that health emergencies cause not only social damage but also entail economic risks

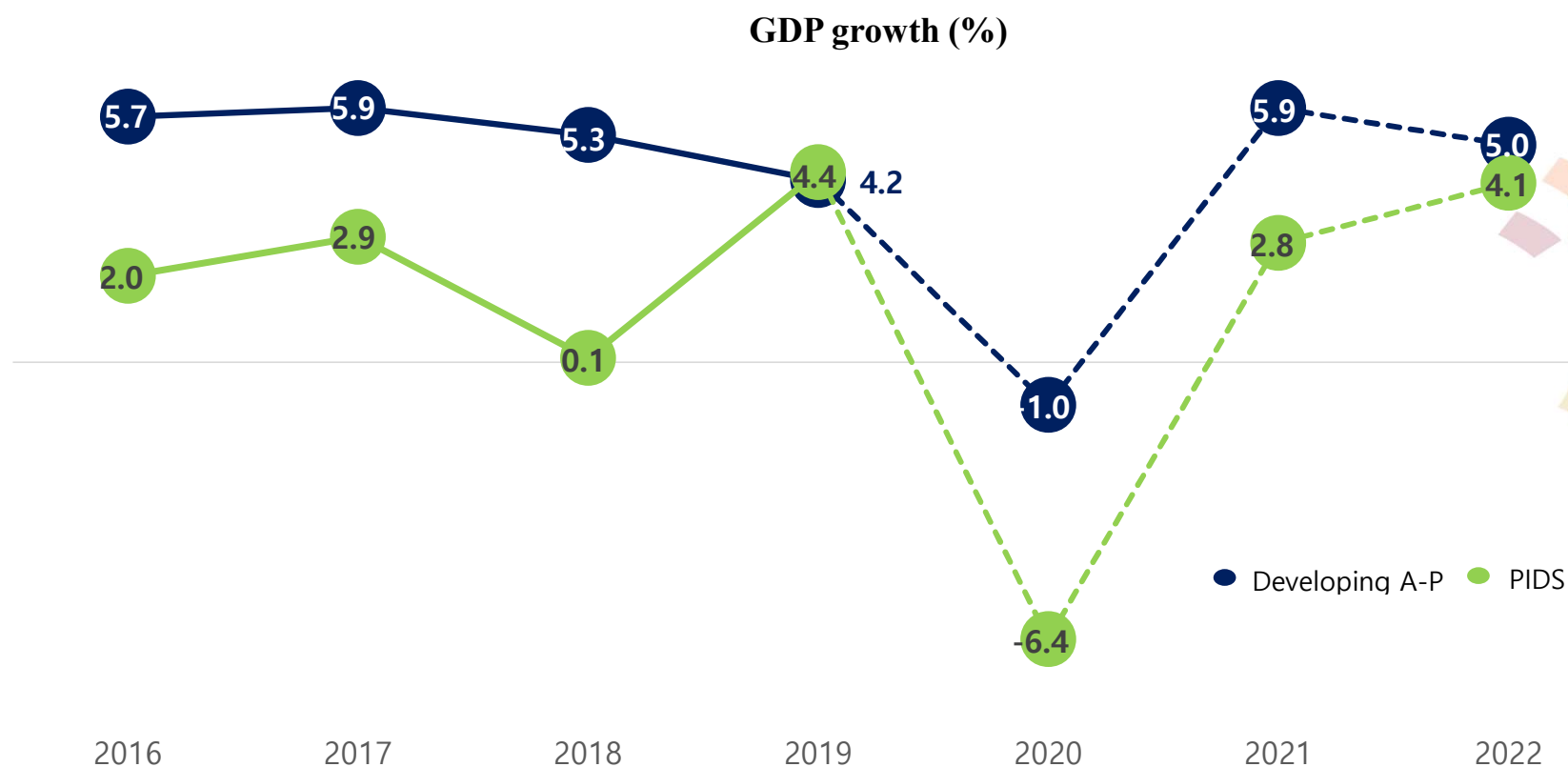
## PIDS experienced its **worst economic performance** in recent history...




... with **significant socio-economic costs**



Given considerable uncertainty, economic **outlook**  
**is cautiously optimistic** for 2021-22

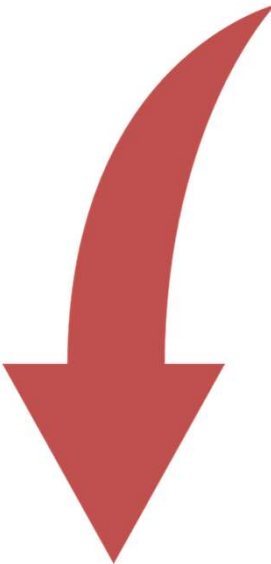


## Near-term optimism is supported by multiple factors...

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- Some aspects of the COVID-19 impact are temporary
  - Vaccine rollouts have begun
  - Fiscal and monetary policies are expected to remain accommodative
  - Strong export & regional value chains
  - Major economies worldwide are gradually recovering

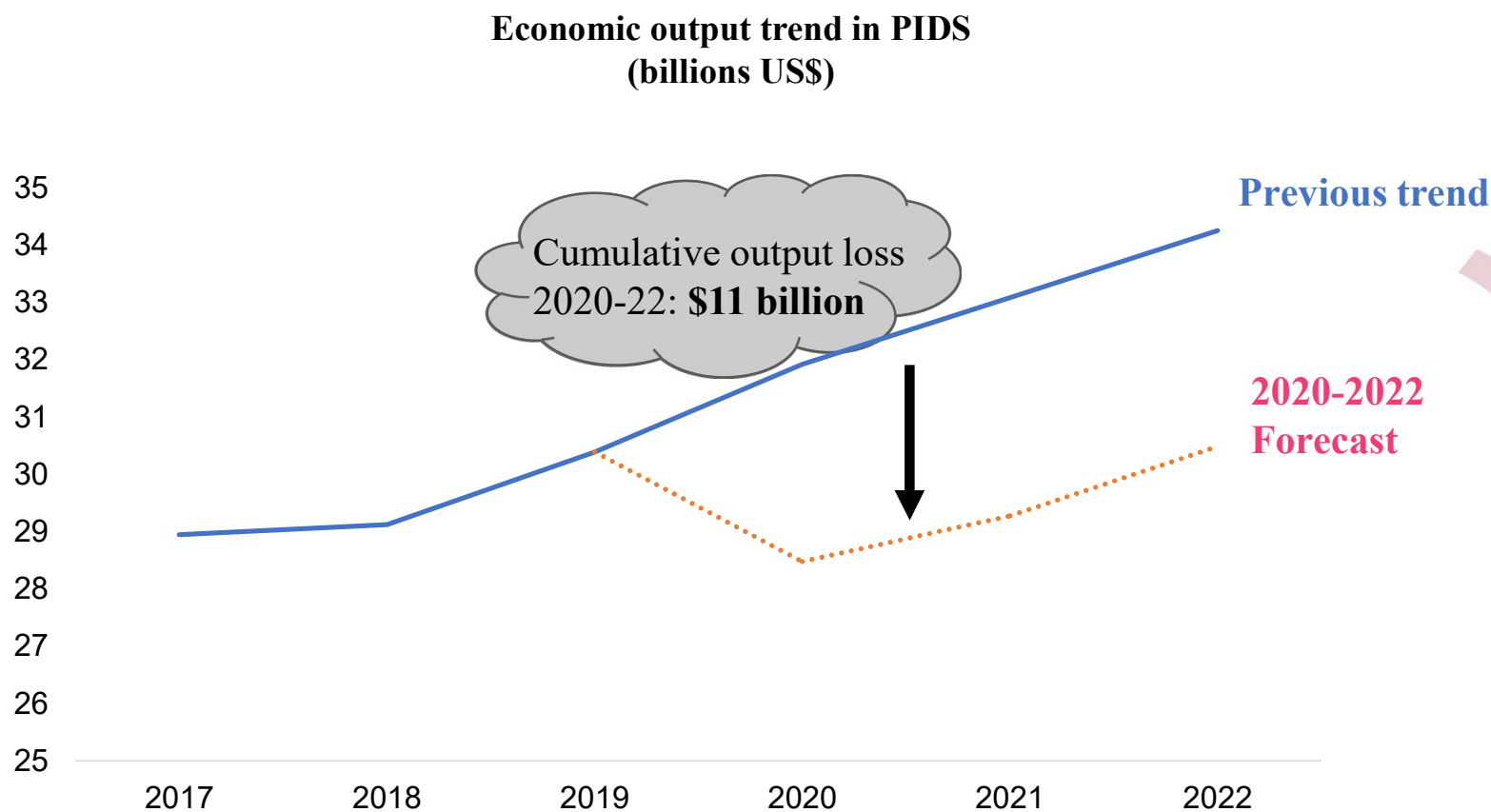


...but **risks** are tilted to the **downside**...

- 
- Slow progress & uncertainties in vaccination
  - International tourism remains subdued
  - Debt distress is on the rise
  - Long-lasting impacts on productivity
  - Capital flow uncertainties & risk of stagflation
  - Lingering trade tensions

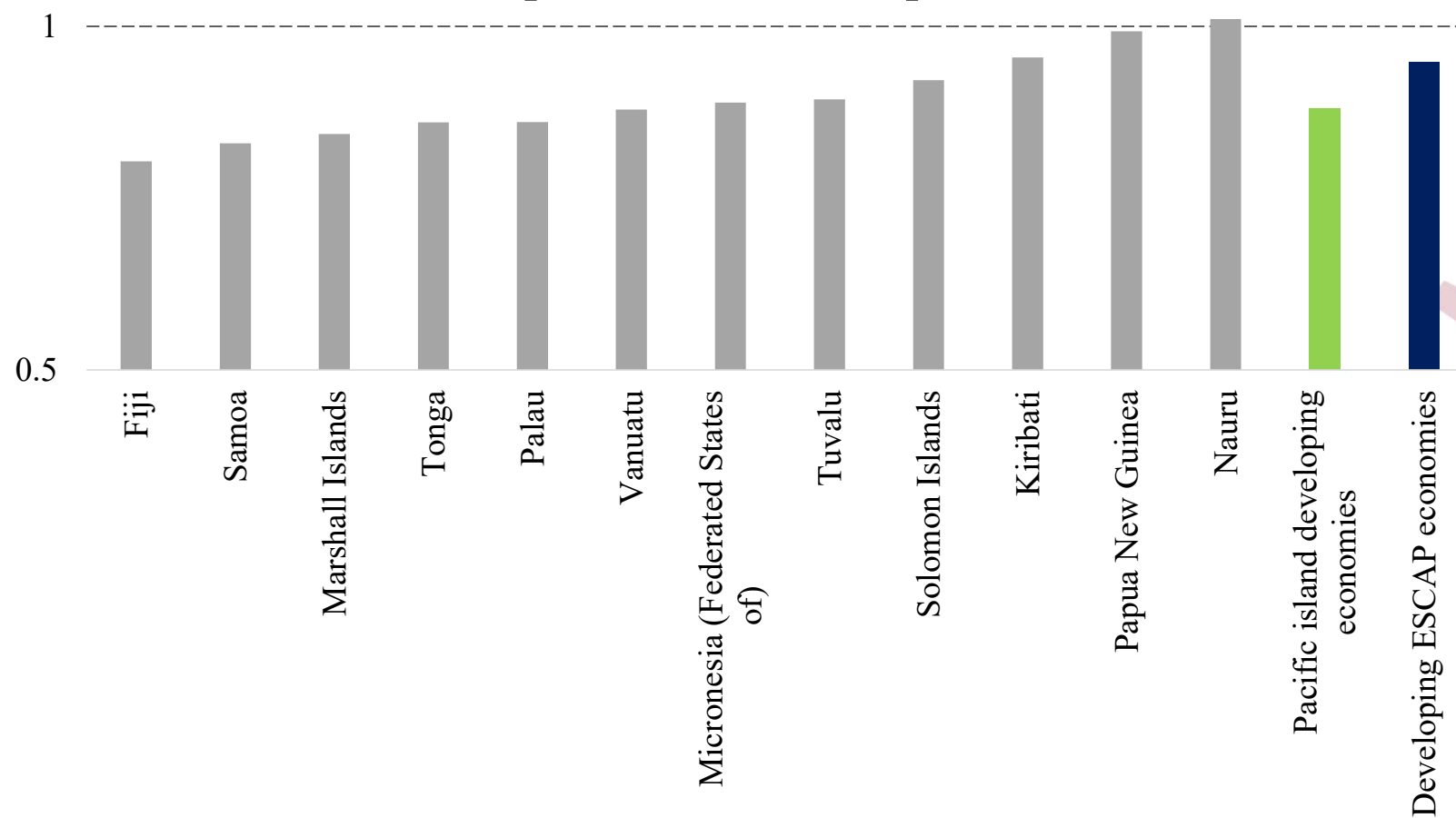


...with expected **permanent losses in output...**



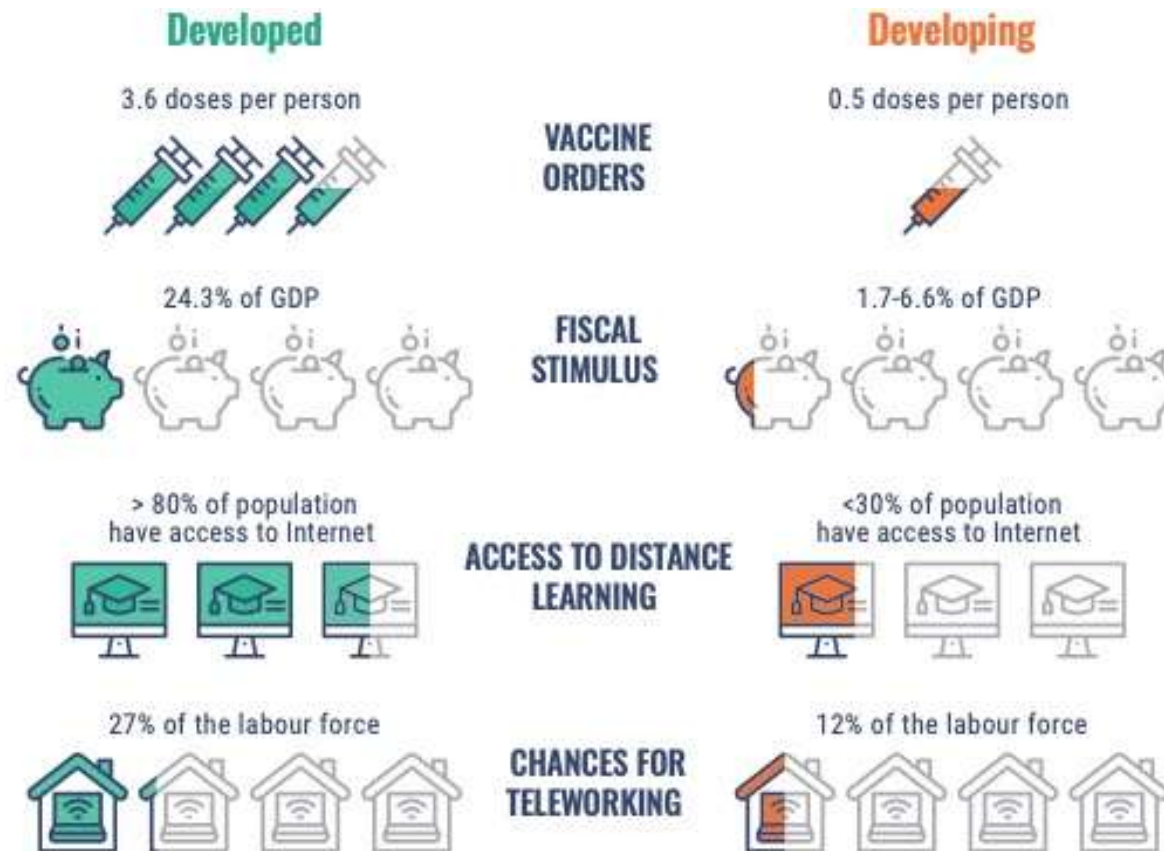
Source: ESCAP estimation

## Forecasted 2022 economic output as a share of 'potential' 2022 output



# ...and a likely “K-shaped” recovery in Asia-Pacific

K



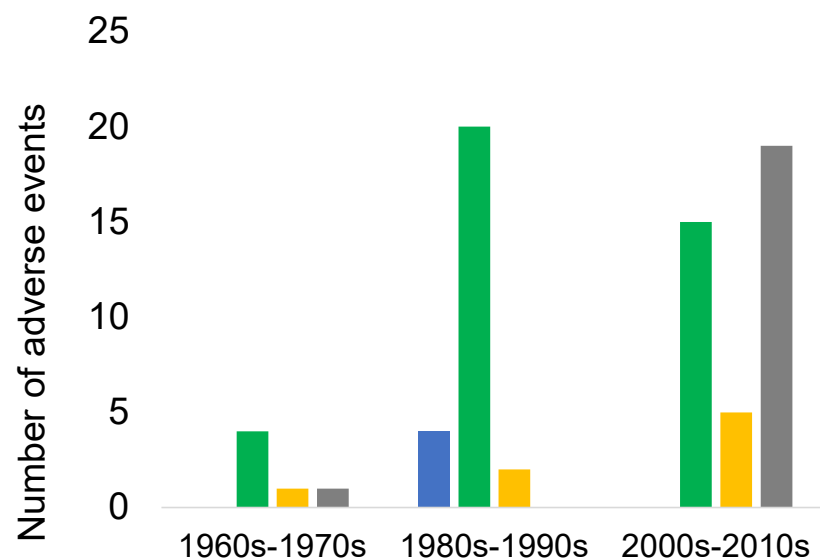
最新	涨跌幅	成交量	股票名称	最新	涨跌幅	成交量	股票名称	最新
6.84	9.28	91274	万通地产	4.70	9.62	86821	皖通物流	43.90
6.12	9.20	82735	*ST成城	16.28	4.99	1772	天开化工	12.92
6.09	10.04	62283	延龙股份	8.36	9.23	56767	开开实业	8.97
5.32	9.98	157750	两面针	5.95	9.85	119898	开开实业	8.97
10.09	5.88	34935	两面针	8.74	9.71	52643	开开实业	8.97
12.88	9.99	77185	两面针	10.61	10.01	98242	开开实业	8.97
8.40	9.39	52237	两面针	18.18	10.00	368395	开开实业	8.97
5.72	9.92	14333	两面针	4.96	8.99	299278	开开实业	8.97
7.38	9.11	52529	两面针	6.76	9.87	598926	开开实业	8.97
13.79	6.06	22472	两面针	9.17	9.66	139459	开开实业	8.97
12.98	8.31	65431	两面针	10.00	9.99	28636	开开实业	8.97
7.94	8.63	67451	两面针	7.30	9.88	270801	开开实业	8.97
7.10	8.39	104993	两面针	27.28	3.75	18392	开开实业	8.97
6.07	9.54	159429	两面针	17.45	5.01	162	开开实业	8.97
10.46	9.98	47873	两面针	12.04	8.72	160851	开开实业	8.97
5.95	9.98	147355	两面针	12.13	6.84	79773	开开实业	8.97
11.25	10.00	15	两面针	8.42	10.04	97627	开开实业	8.97
9.71	9.42	13	两面针	4.77	6.84	5134	开开实业	8.97
9.7	9.6	794	两面针	2.00	3.30	5	开开实业	8.97

ASIAN FINANCIAL CRISIS | 1997

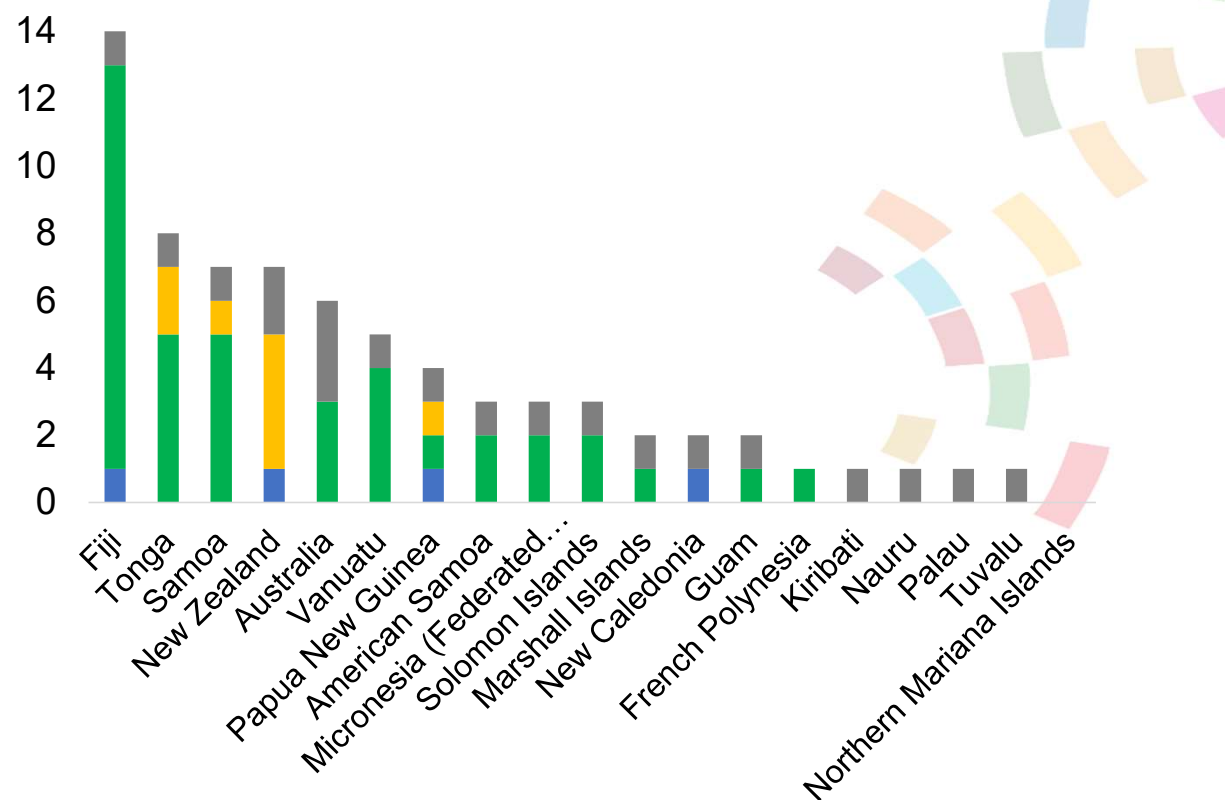


# *The Past:* Learning from Past Crises and Recoveries to Build Resilience

# Climate-related disasters are prominent in the PIDS risk landscape

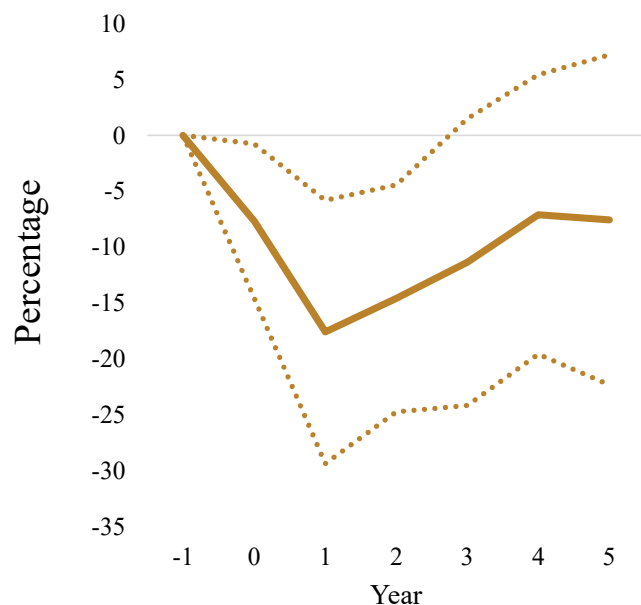


- Currency crisis
- Climate-related disasters
- Geophysical disasters
- Pandemics

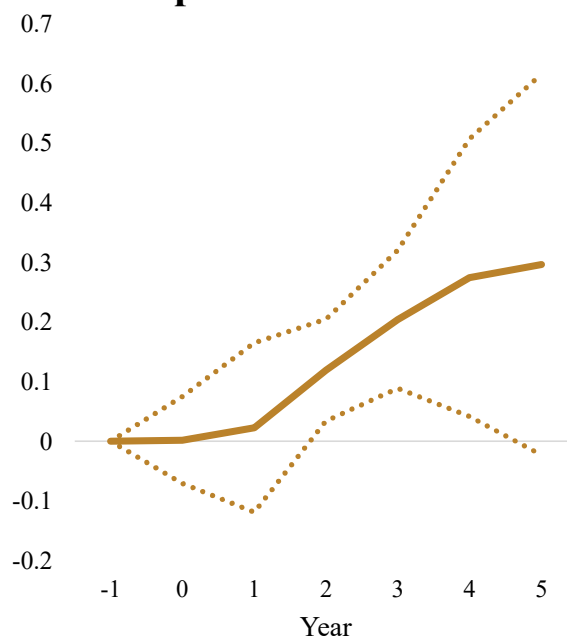


# Adverse **shocks** leave **long-term scars** on the economy, society and the environment

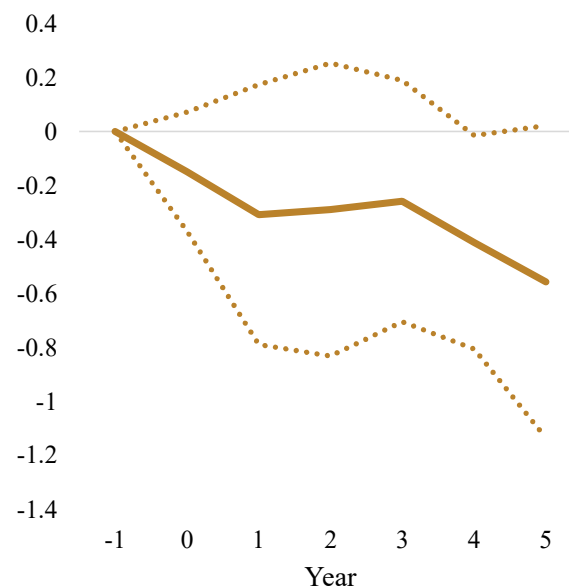
**Investment slowdown** from financial crises



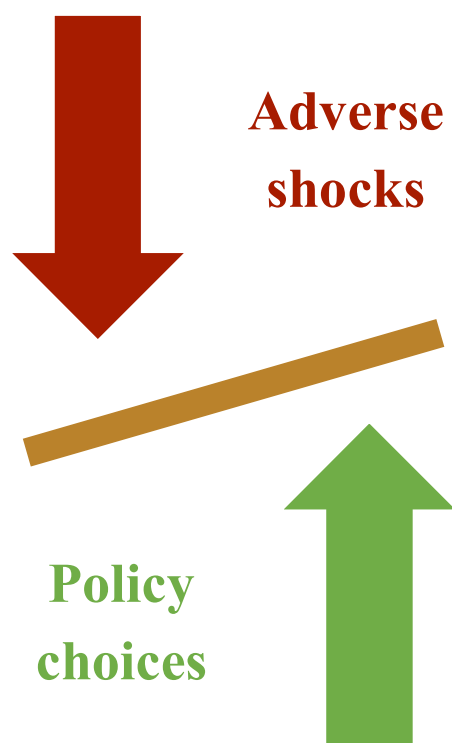
**Increased inequality** from pandemics



**Environmental damage** from natural disasters



**However, policy choices can reduce such setback!**



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**Economic  
policies**

Fiscal policy

Monetary and financial measures

Reserves and exchange rate regime

External financing

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**Structural  
factors**

Health and social protection system

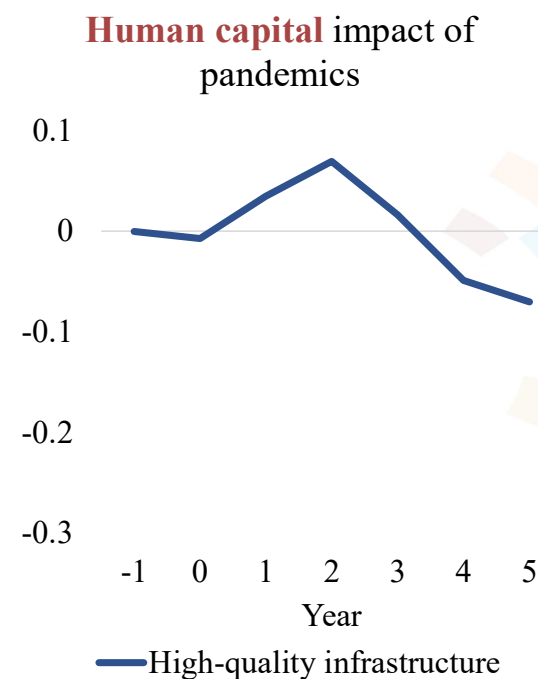
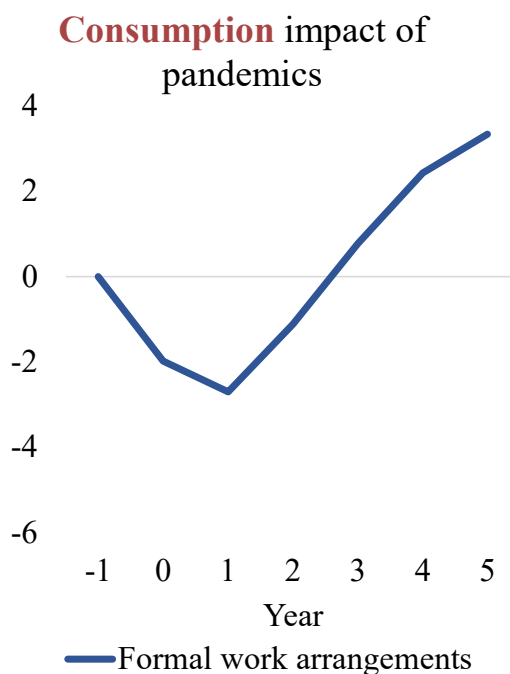
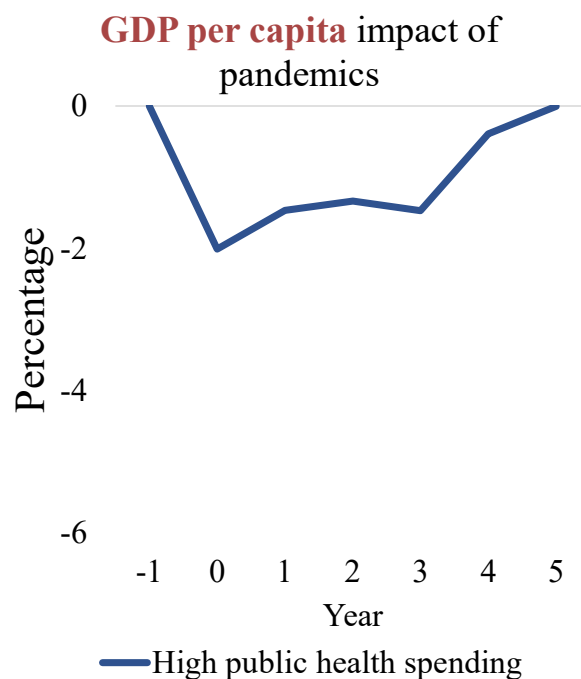
Infrastructure quality

Economic diversification

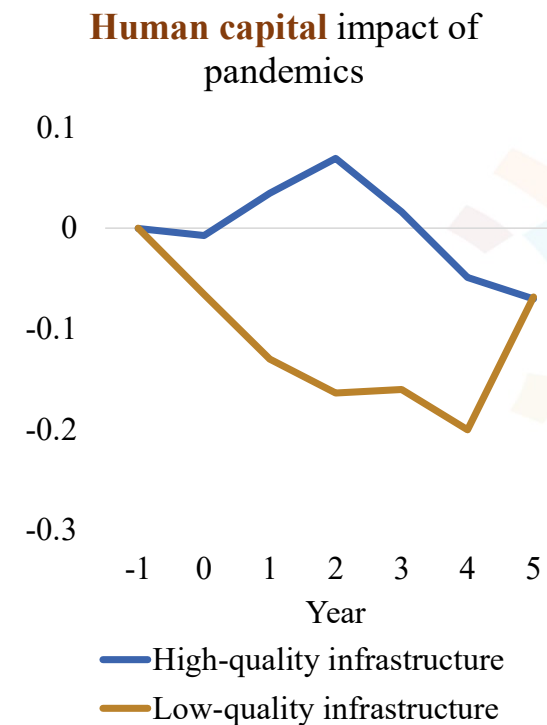
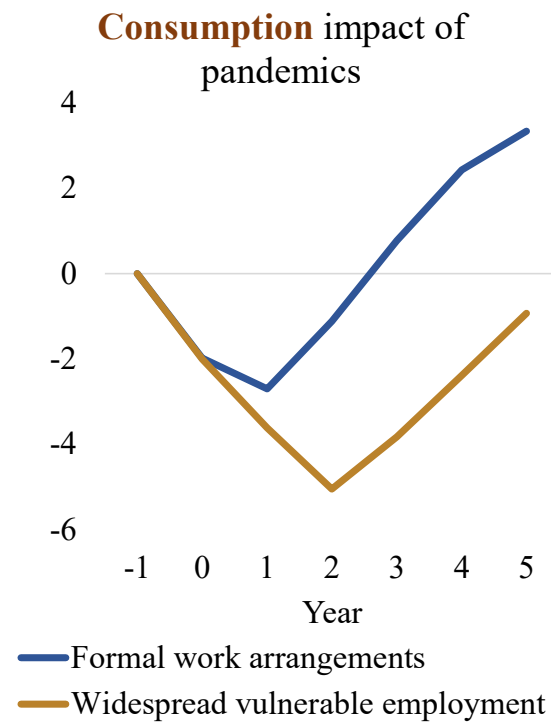
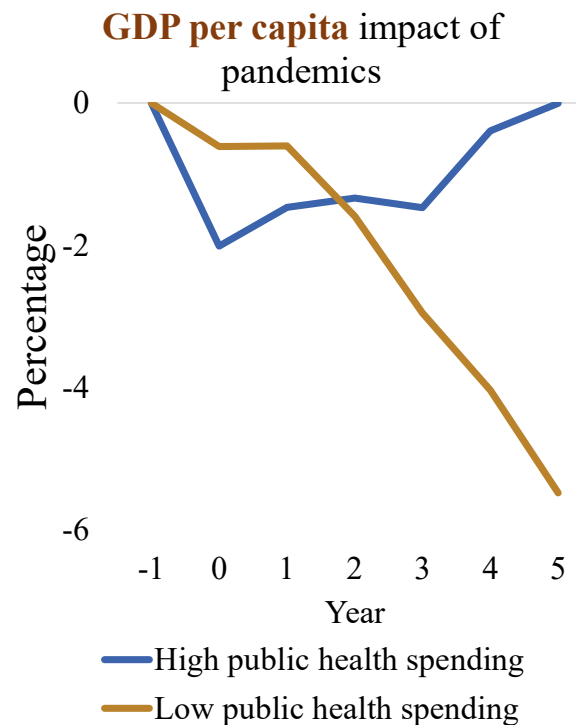
Governance and institutions

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# Pandemics have a more **severe** economic and social **impact**...



## ... in countries with pre-existing **structural vulnerabilities**

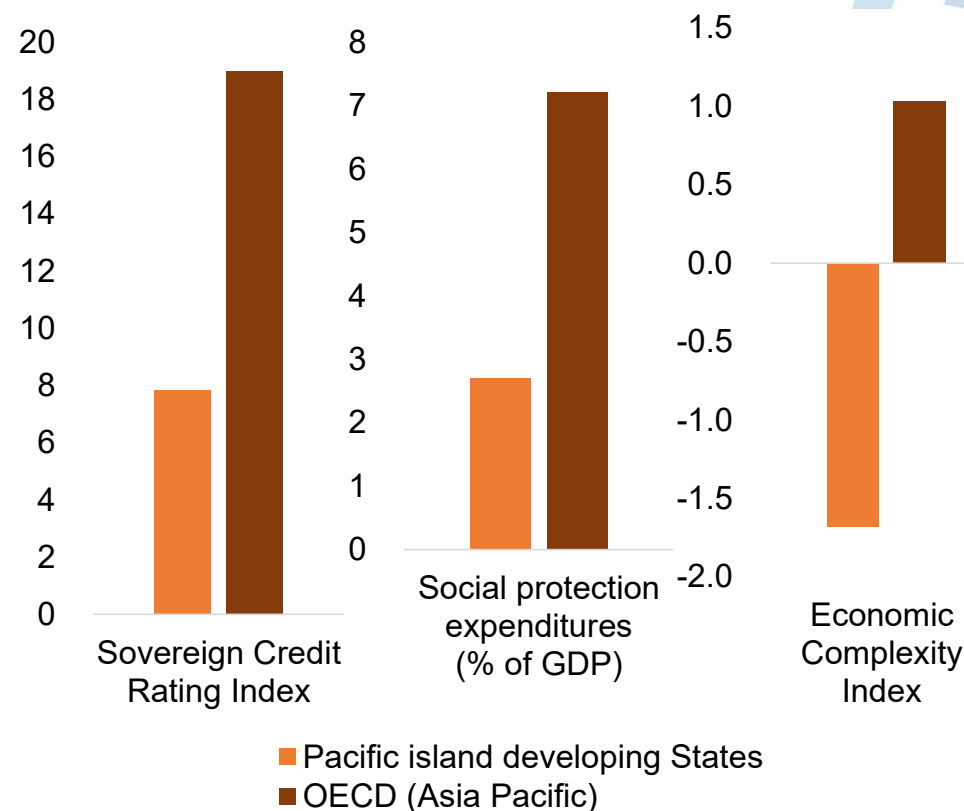


**Lesson learned – 1: Respond strongly & swiftly to shocks to safeguard sustainable development**

**Lesson learned – 2: Integrate risk management into national development planning and policymaking**

**Lesson learned – 3: Strengthen the resilience of LDCs, SIDS and other vulnerable countries**

**“Resilience gap” faced by PIDS**

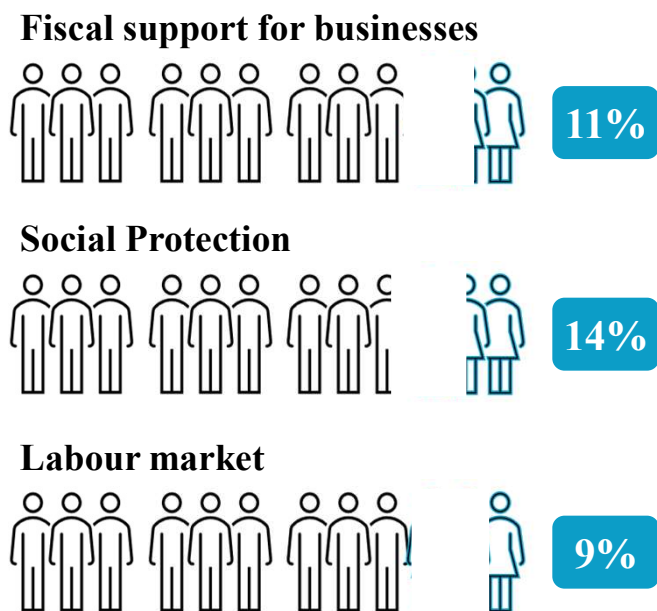




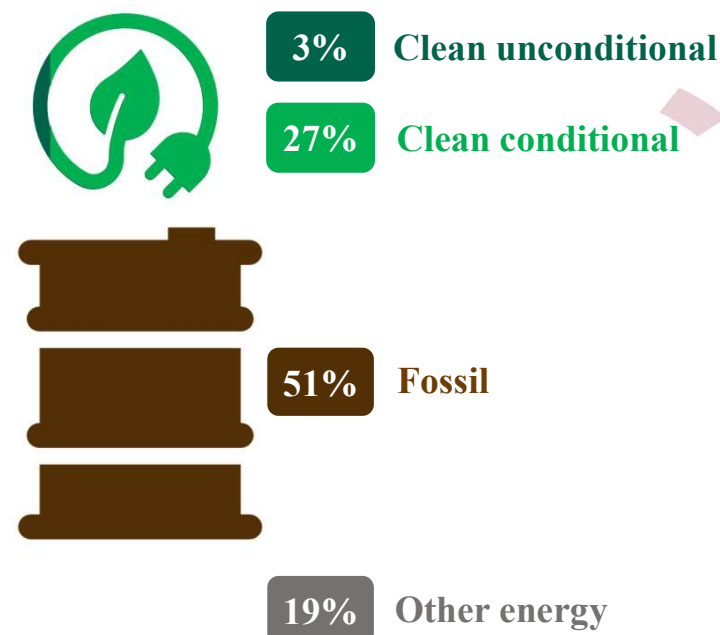
***The Future:* Build Forward Better to enhance the resilience of people and the planet**

# The recovery packages leave **room to integrate social and environmental issues**

**Most recovery policies are not gender-sensitive:**

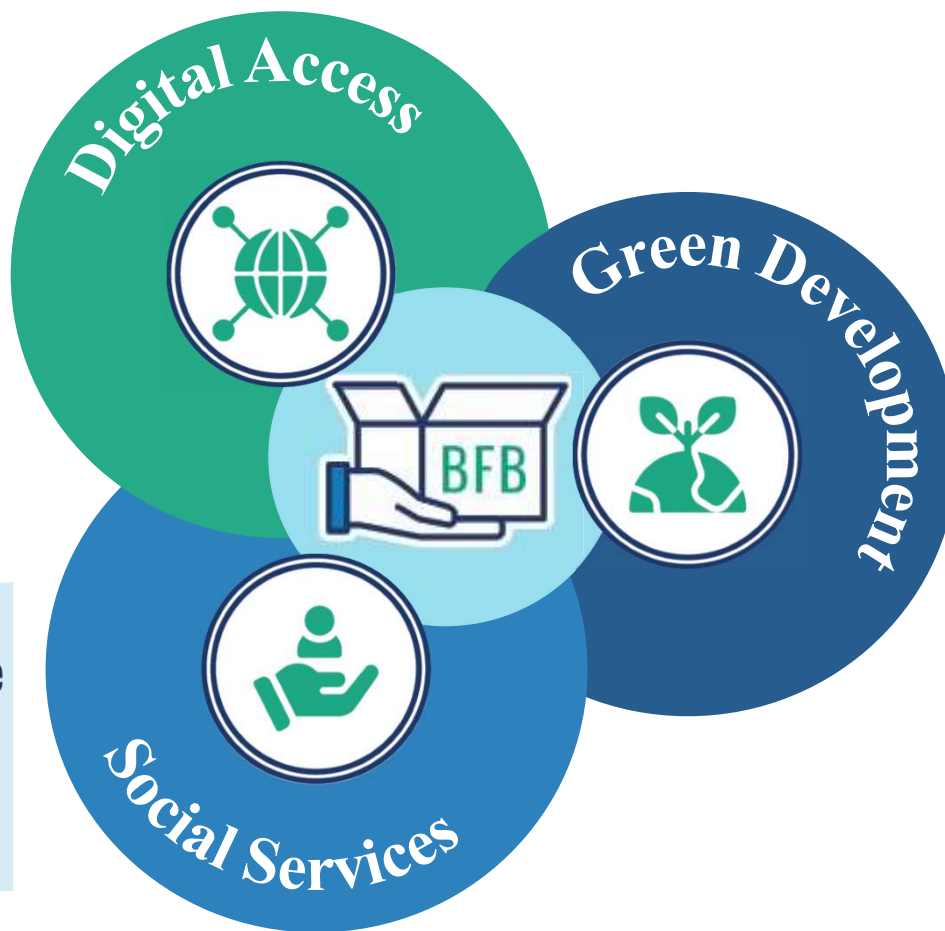
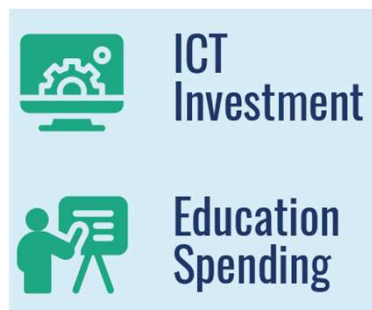


**Most public fund commitments neglect green energies**

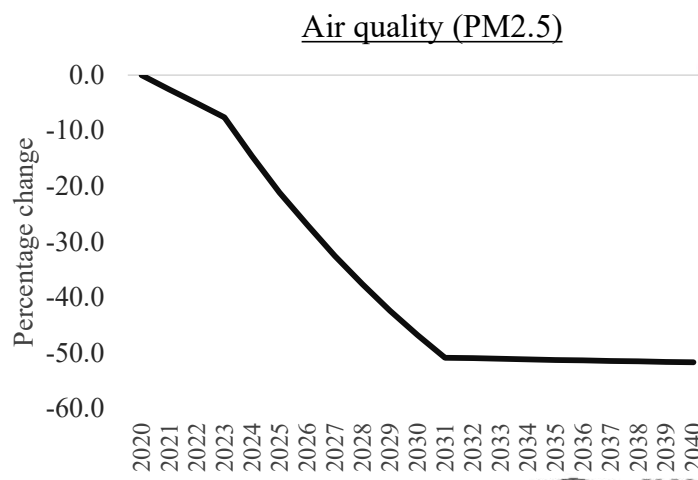
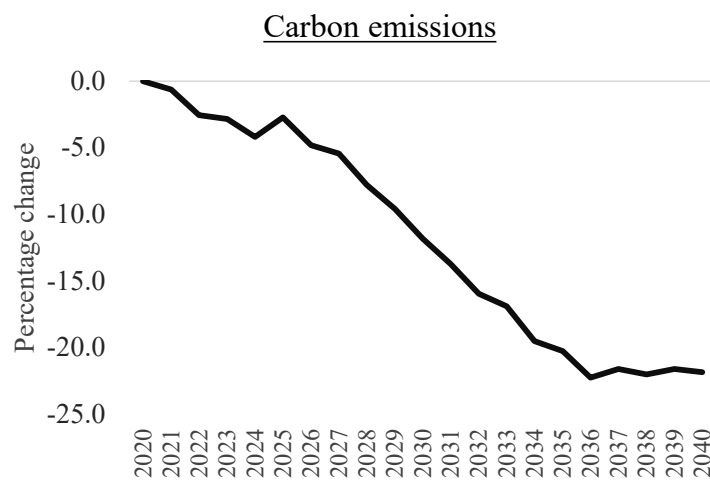
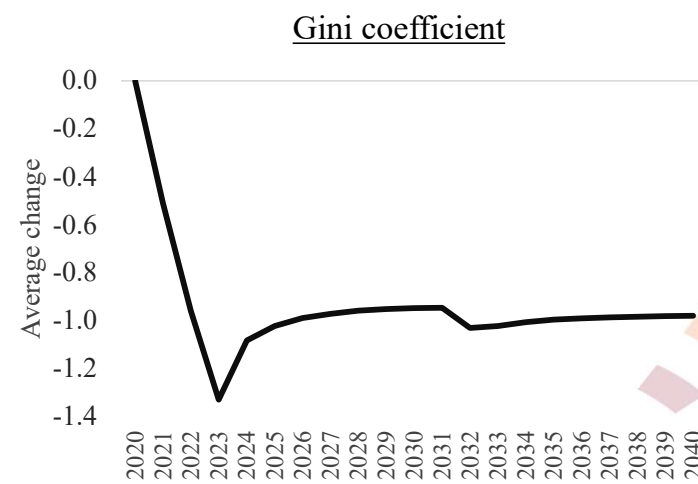
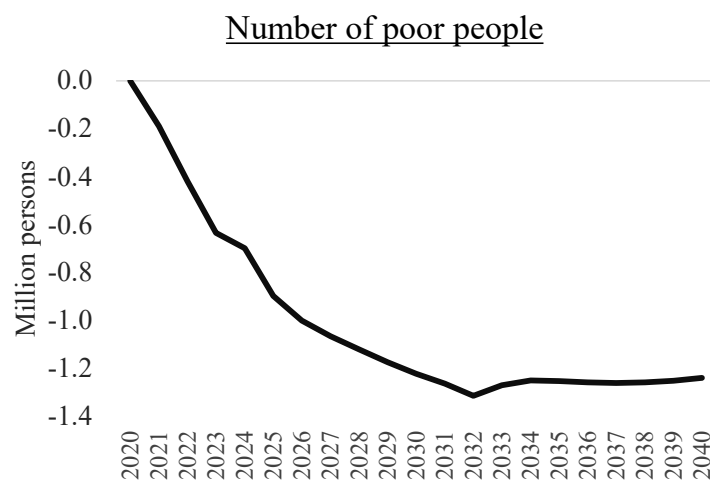


Note: Data shows shares of 10 countries covered by the *energypolicytracker*

We propose a “*Building Forward Better*” policy package...

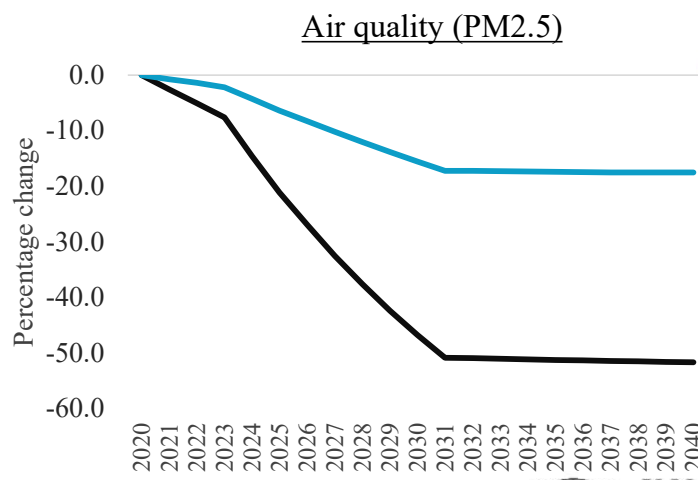
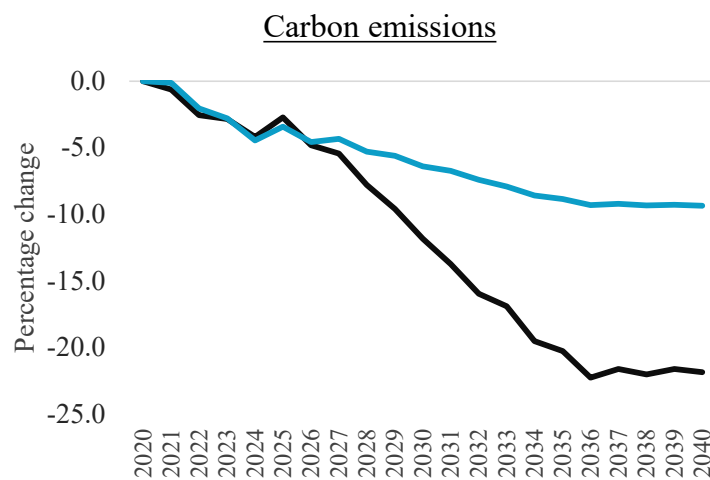
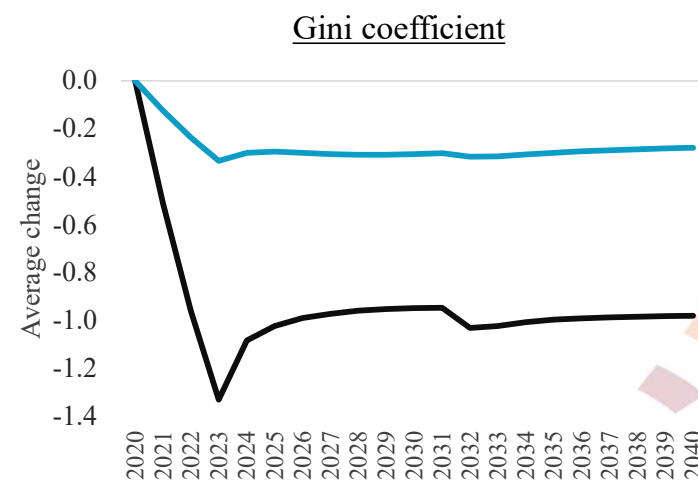
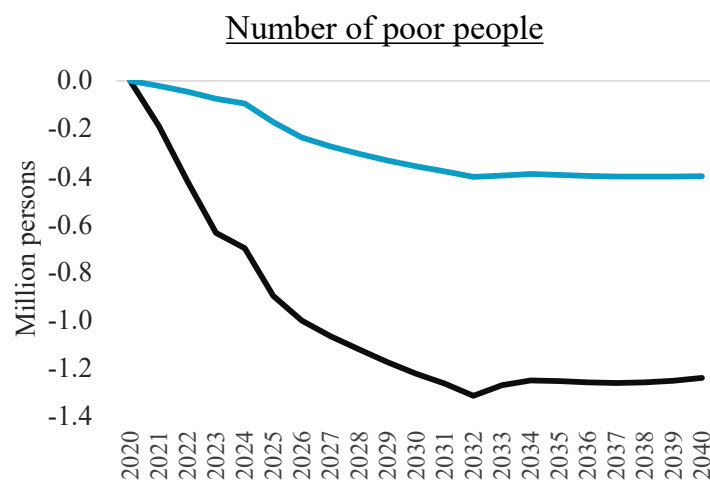


...which brings **social & environmental benefits**...



— Ambitious Spending

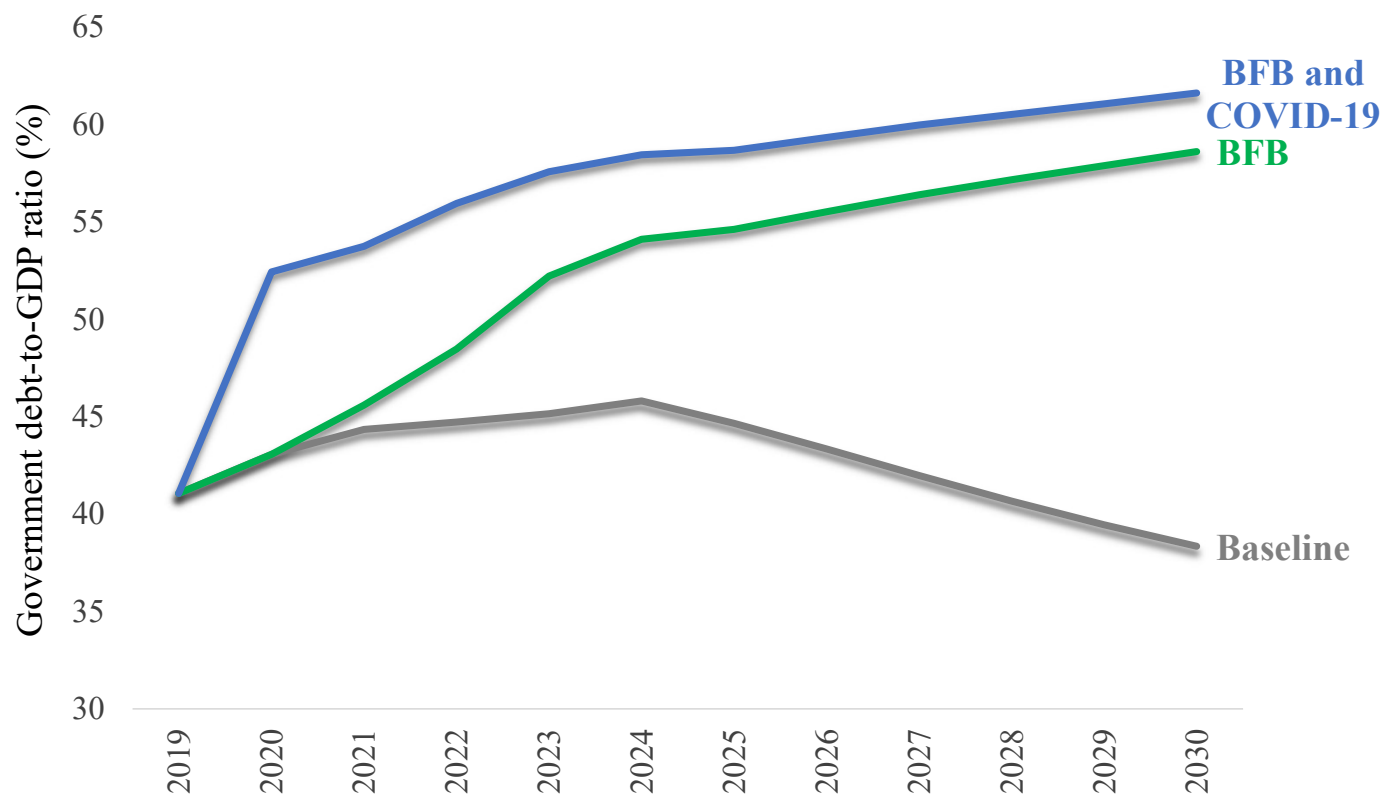
...which brings **social & environmental benefits...**



— Ambitious Spending

— Business-as-usual spending

... but with more **pressure on public debt**



*Which fiscal and financing policies can help?*



## Selected policy options to meet **financing needs**



**Engage in debt relief initiatives, including debt-for-climate swaps**



**Explore diaspora bonds, offshore public bonds**



**Enhance public debt management**



**Explore more emergency financing mechanisms**



**Ease investment rules for pension + sovereign wealth funds**

# Key takeaways

- Despite a cautiously optimistic outlook, there is a risk of a **K-shaped recovery** – policymakers should **prioritize inclusiveness** for a **robust recovery**.
- Policymakers should assess the wider **risk landscape** and focus on “**reducing setbacks**” as well as “**accelerating progress**” on sustainable development.
- COVID-19 presents an opportunity to ***build forward better*** – recovery policy packages should adequately focus on **social services, digital access, and climate action**.



# ECONOMIC AND SOCIAL SURVEY OF ASIA AND THE PACIFIC 2021

Towards post-COVID-19 resilient economies

Please visit

<https://www.unescap.org/kp/2021/economic-and-social-survey-asia-and-pacific-2021-towards-post-covid-19-resilient-economies>

