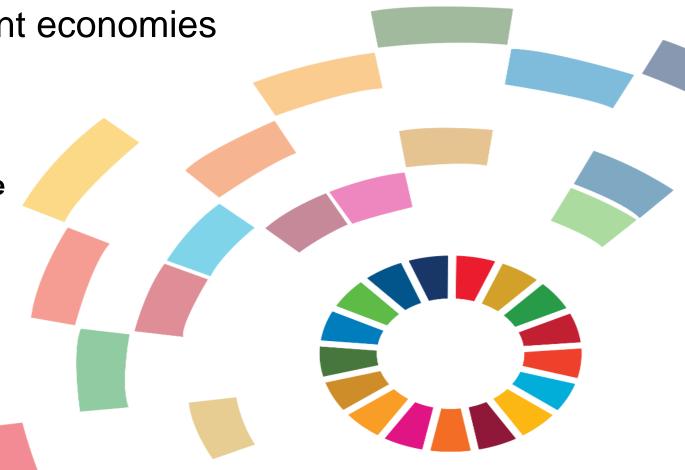
# **Economic and Social Survey of Asia and the Pacific 2021**

Towards post-COVID-19 resilient economies

**East and North-East Asia Policy Dialogue** 

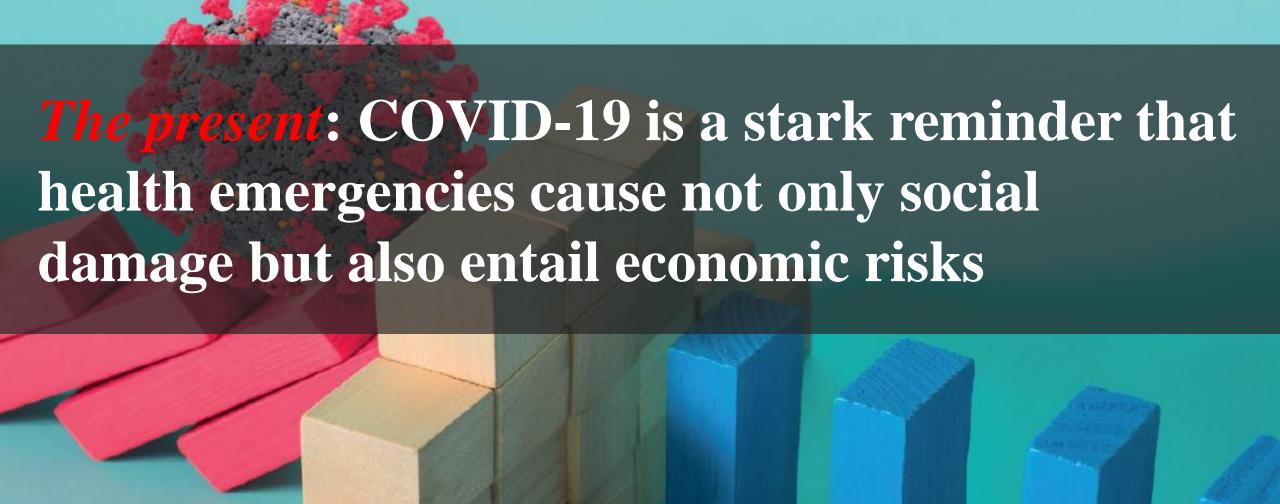
19 April 2021



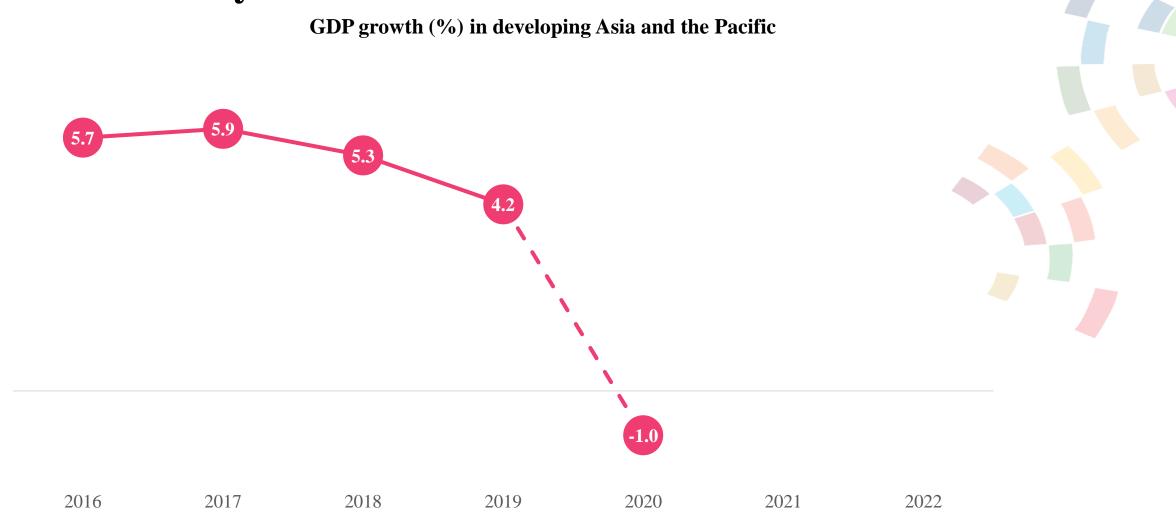


# Main messages

- 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.
- To deal with various economic and non-economic shocks, a more integrated risk management approach to planning and policymaking is needed.
- 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.



# Asia-Pacific region experienced its worst economic performance in recent history...

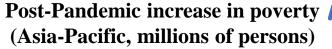


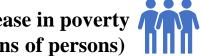


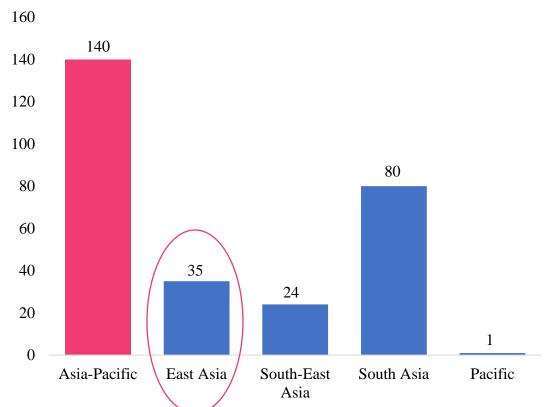
# ... with significant socio-economic costs.

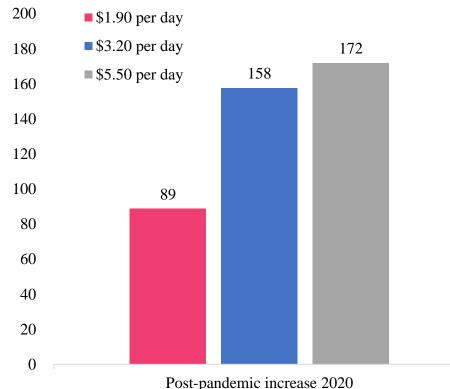
**Equivalent number of full-time jobs lost in 2020** (millions of jobs, 48 hours/week)





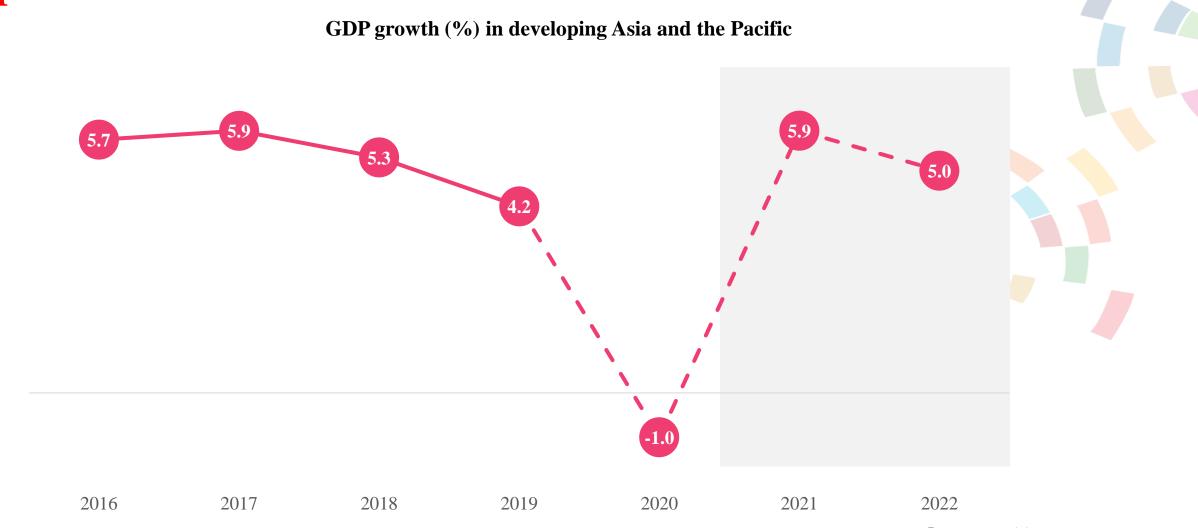






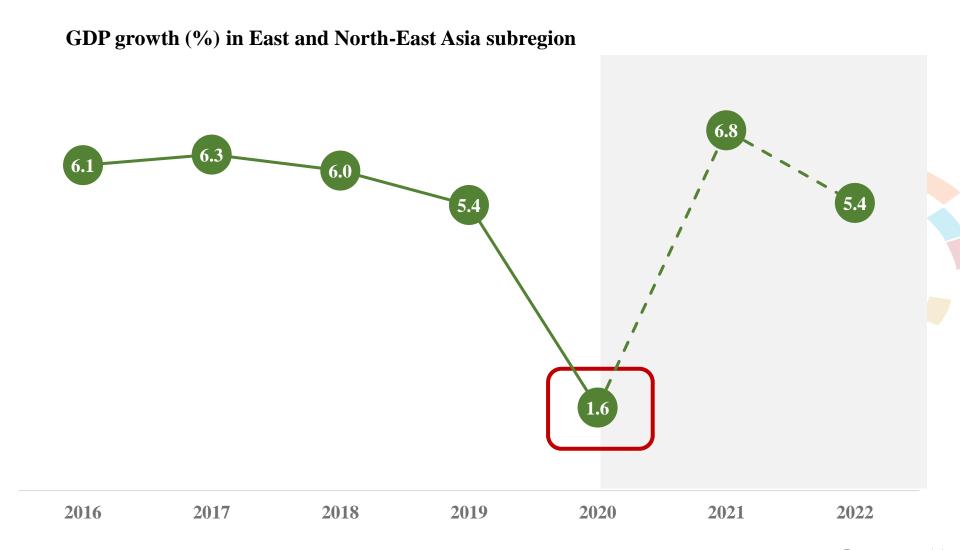


# Given considerable uncertainty, economic outlook is cautiously optimistic for 2021-22



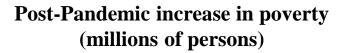


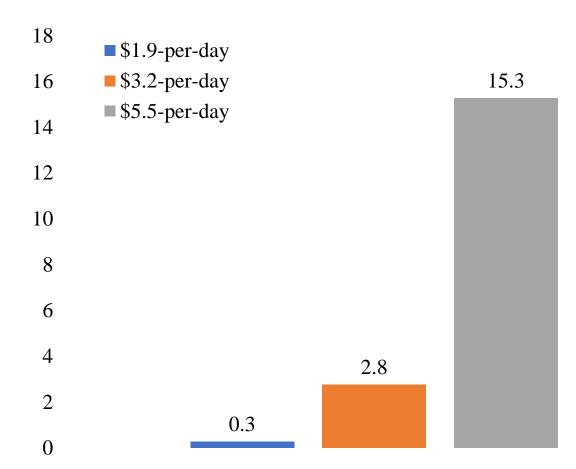
# Less sharp GDP deceleration in East and North-East Asia...





# ...with smaller poverty increase in East and North-East Asia









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









 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...





International tourism remains subdued



Debt distress is on the rise



Long-lasting impacts on productivity



Capital flow uncertainties & risk of stagflation



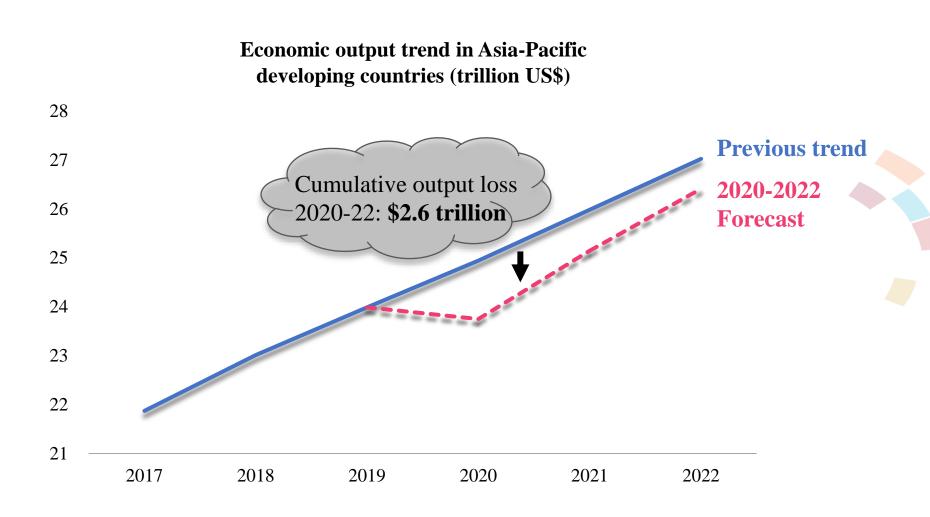
Lingering trade tensions







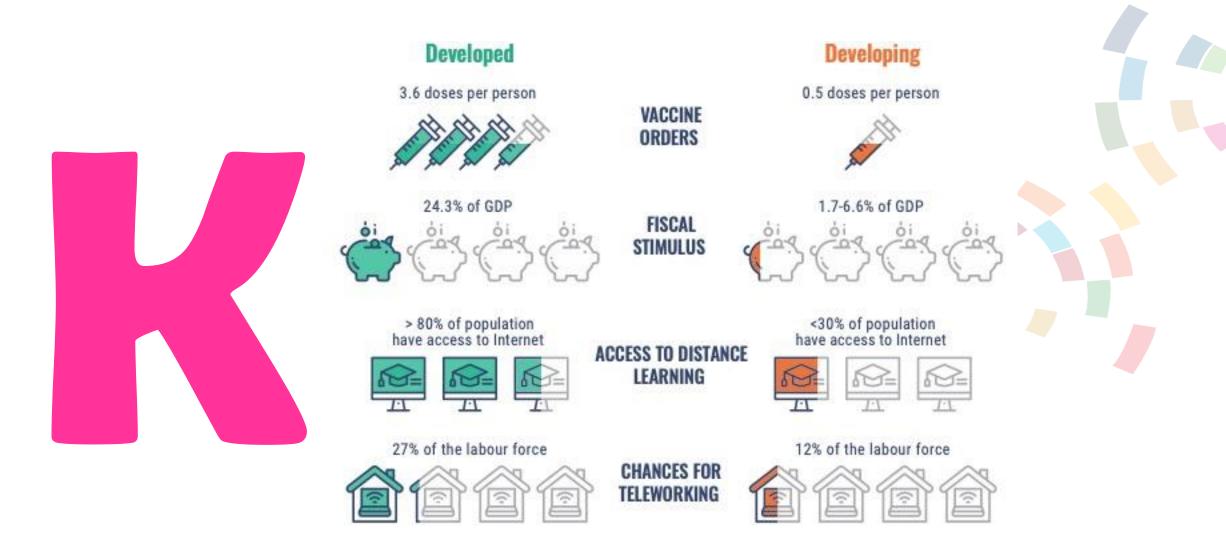
## ...with expected permanent losses in output...







# ...and a likely "K-shaped" recovery in the region





### **Near-term policy priorities**

- Put pandemic control first
- Prioritize inclusiveness for a robust recovery



Ensure continuity in fiscal & monetary support





ASIAN FINANCIAL CRISIS 199



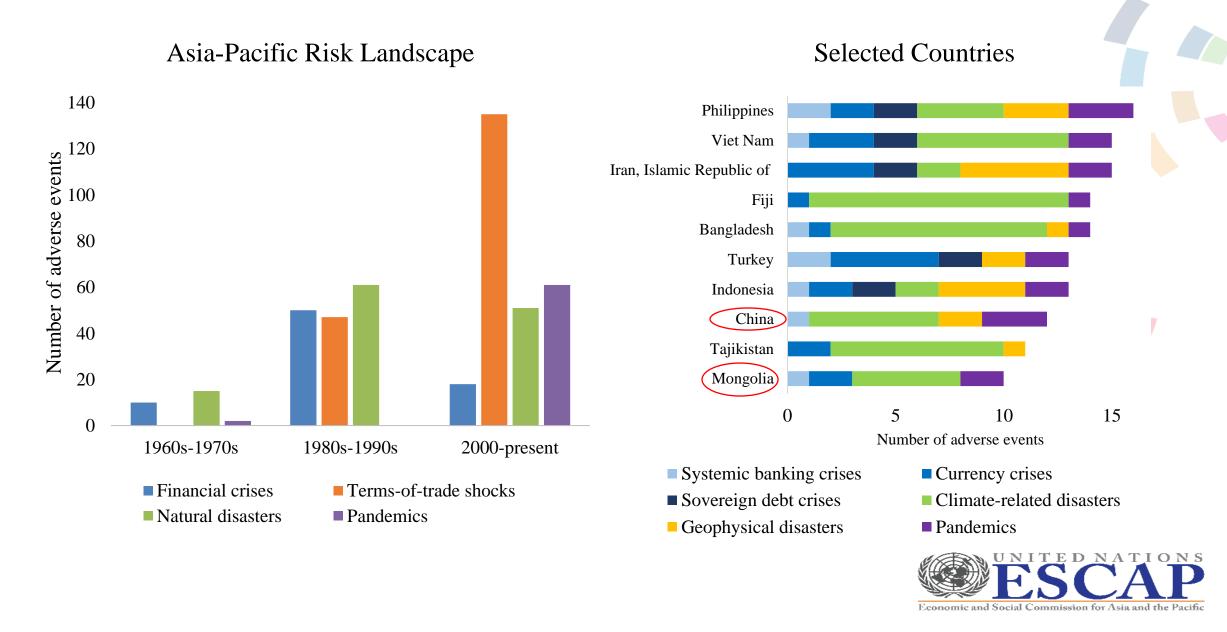


# The past: Learning from Past Crises and

Recoveries to Build Resilience



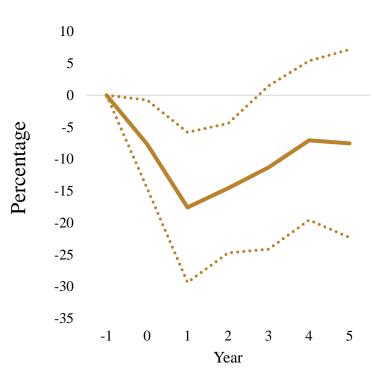
# Asia-Pacific faces a wide risk landscape...



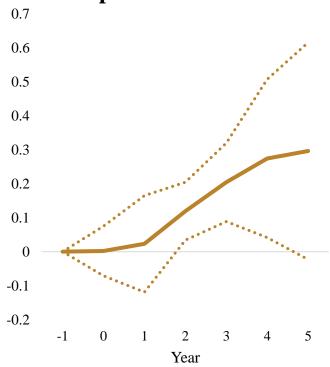
### ...where adverse shocks leave long-term scars.



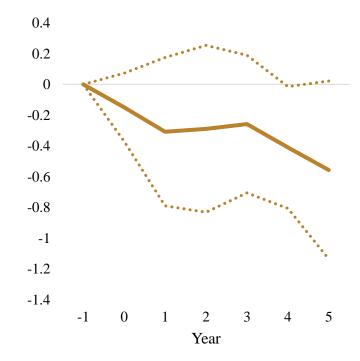




# **Increased inequality** from pandemics

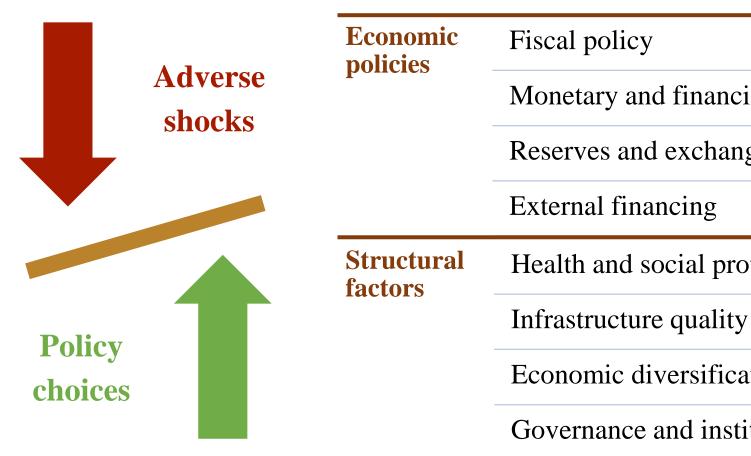


# **Environmental damage** from natural disasters





## However, policy choices can reduce such setback!



Fiscal policy Monetary and financial measures Reserves and exchange rate regime External financing

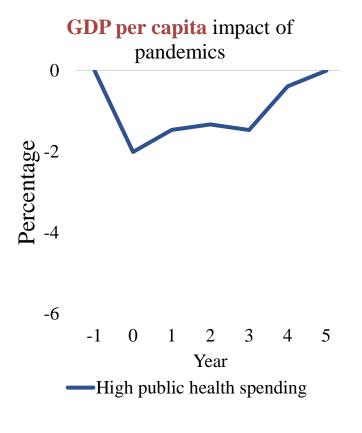
Health and social protection system

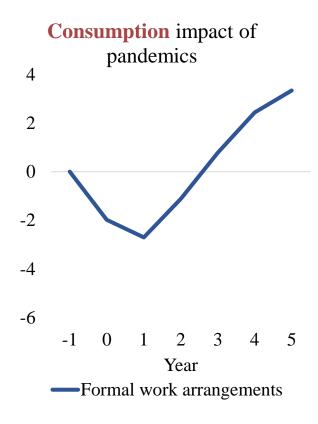
Economic diversification

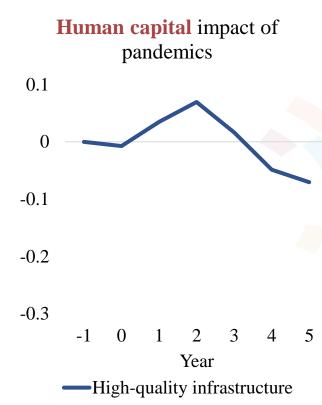
Governance and institutions



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

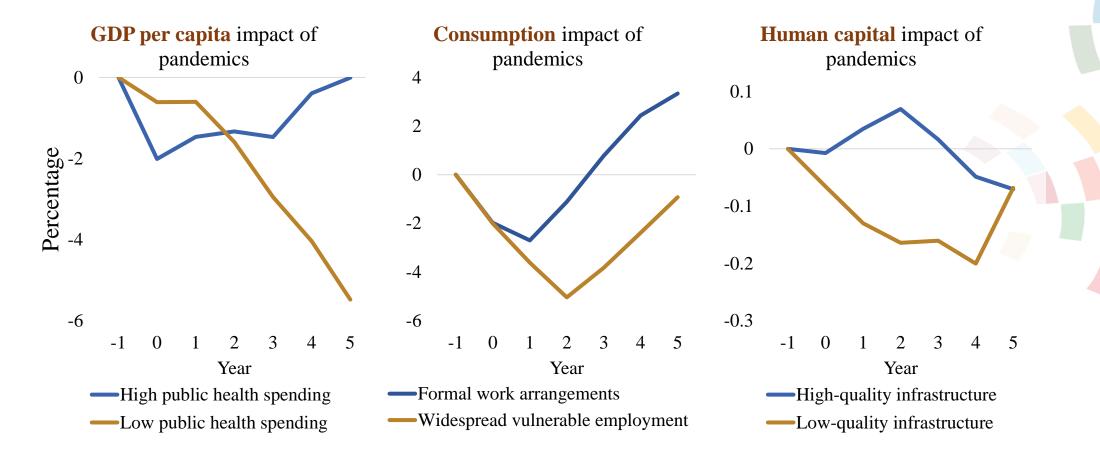








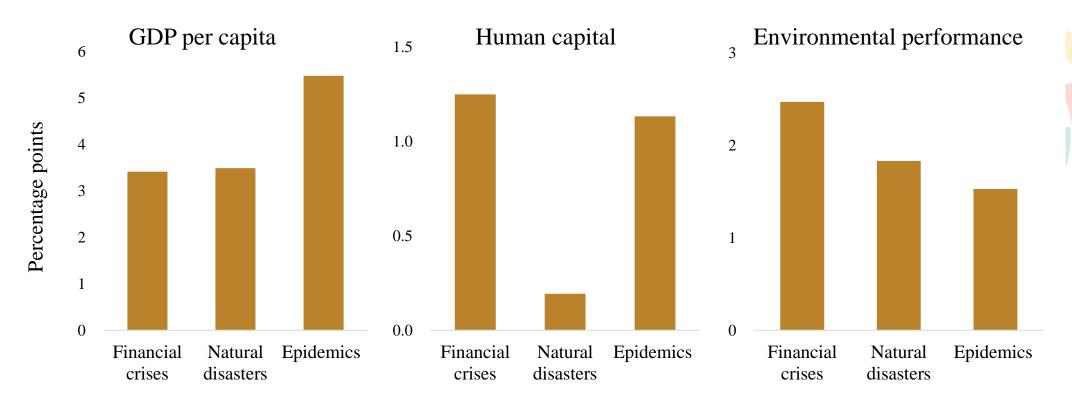
# ... in countries with pre-existing structural vulnerabilities





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

Difference in 5-year cumulative impact between countries with and without supportive policies

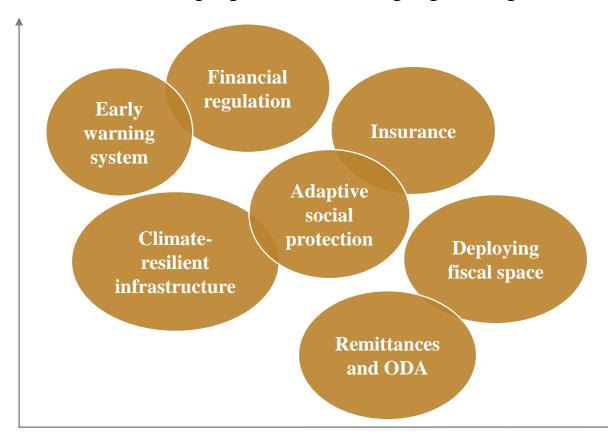




# Lesson learned – 2: Integrate risk management into national development planning and policymaking

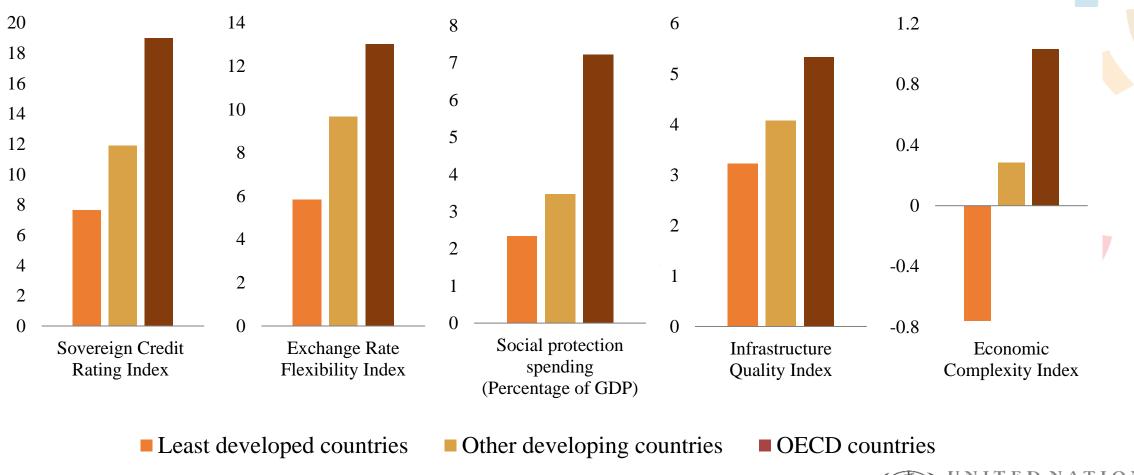
Crisis preparation and coping strategies

Preparing for crisis





# Lesson learned – 3: Strengthen the resilience of least developed and other vulnerable countries







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

Most recovery policies are not gender-sensitive:

# Fiscal support for businesses Social Protection Labour market

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...





**Education Spending** 





**Biodiversity** 





Climate-Resilient Infrastructure



**Carbon Tax** 



**Clean Energy** & Energy Efficiency

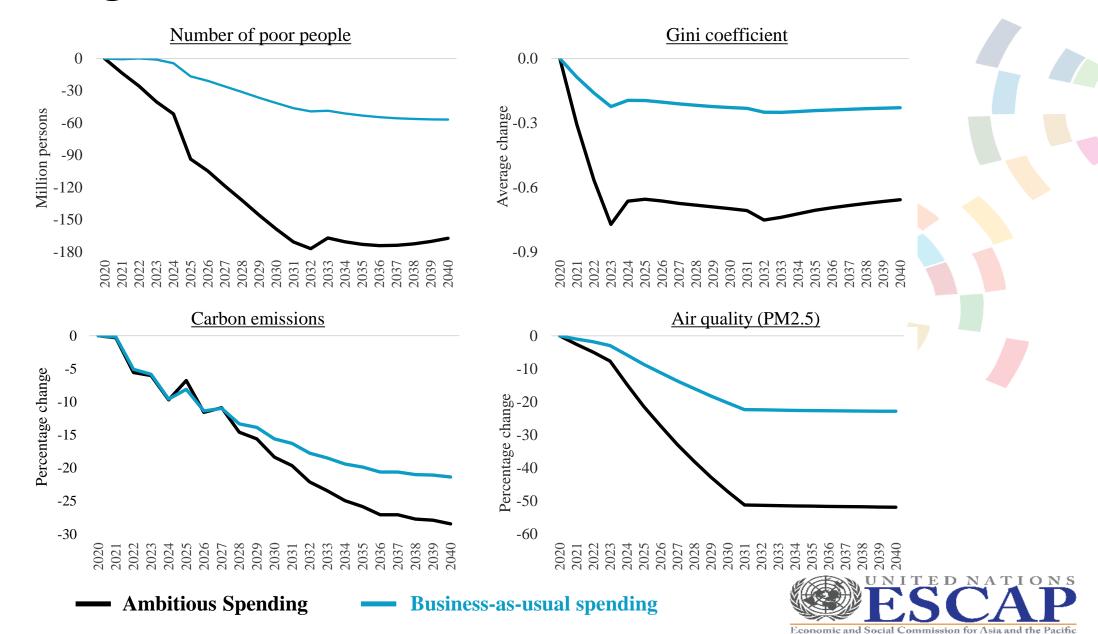


Social **Protection** Floor

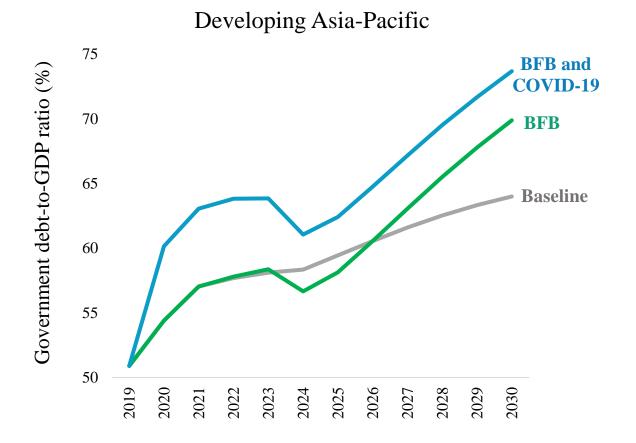
**Access to** 



# ...which brings social & environmental benefits...



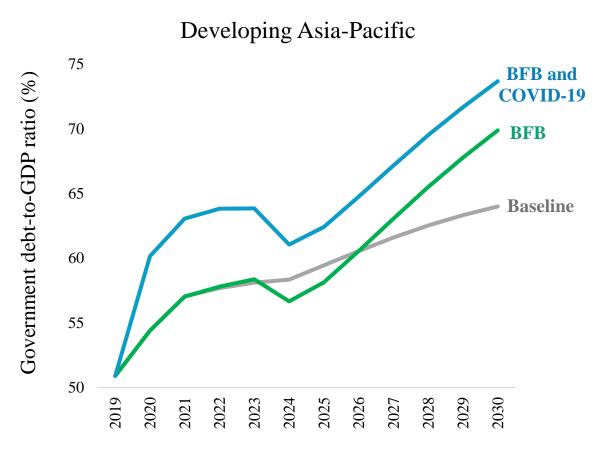
## ... but with more pressure on public debt

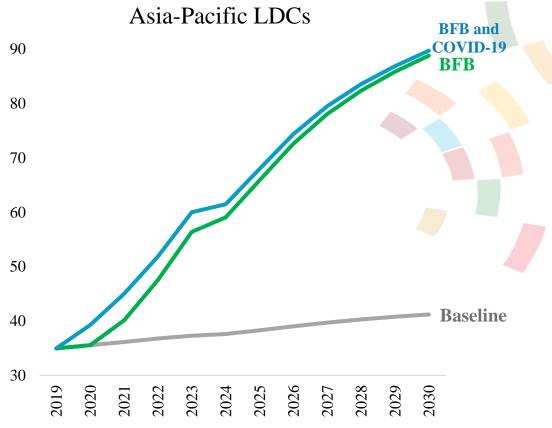






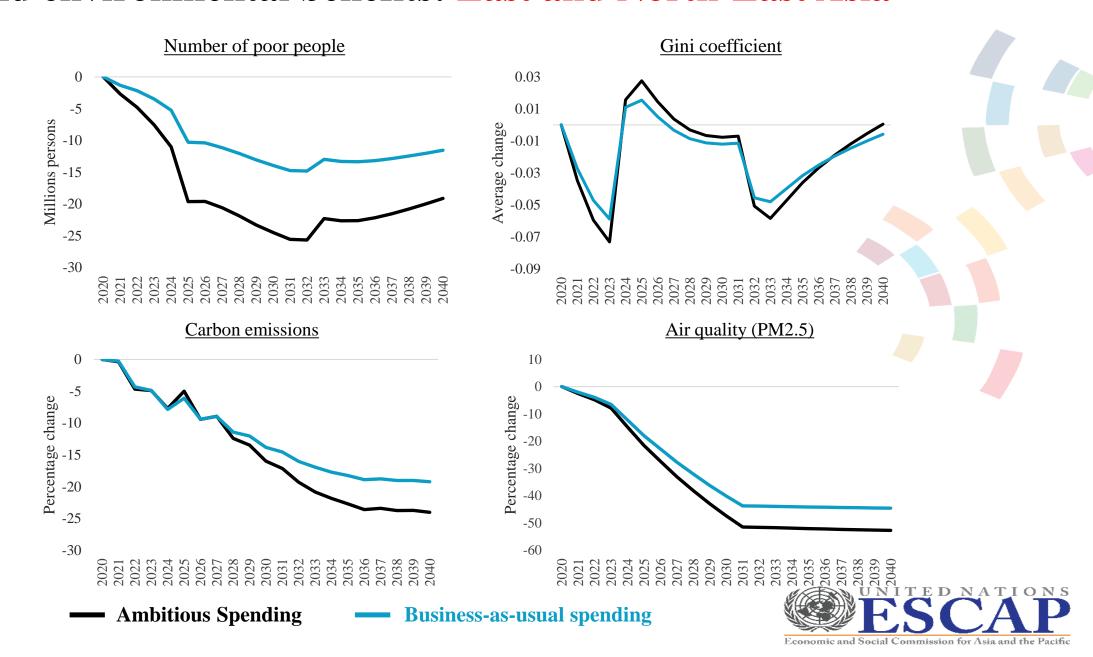
# ...but with more pressure on public debt, especially in Asia-Pacific LDCs



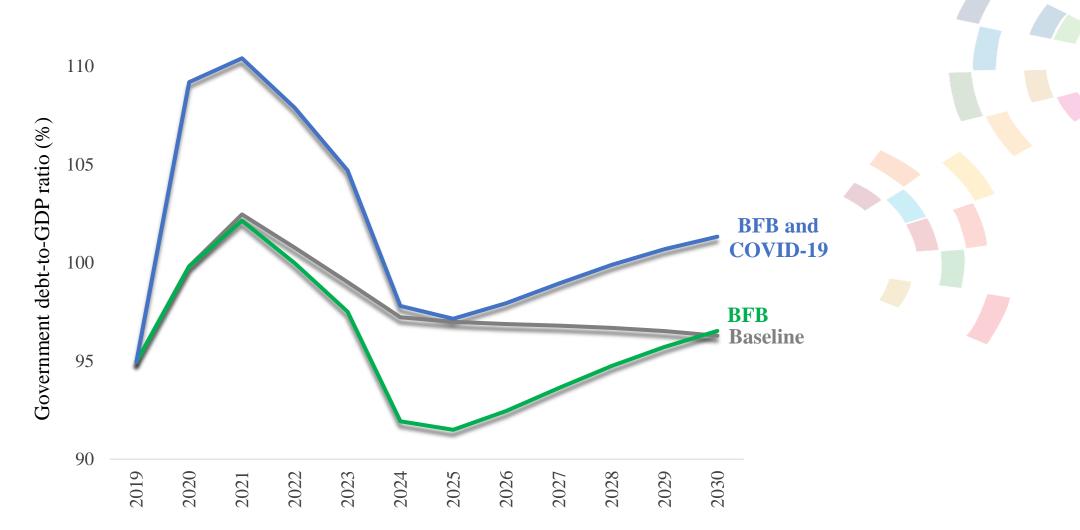




### Social and environmental benefits: East and North-East Asia



## Public debt sustainability: East and North-East Asia





# Which fiscal and financing policies can help?



# Policy options to address fiscal and financing challenges in less developed countries



Actively engage in debt relief initiatives



Make debt swaps for development meaningful



Explore diaspora bonds, offshore public bonds



Incorporate catastrophic risks into fiscal planning



# Policy options to address fiscal and financing challenges in emerging economies



### Grant debt restructuring



Ensure medium-term debt management strategies



Explore more catastrophe insurances + bonds



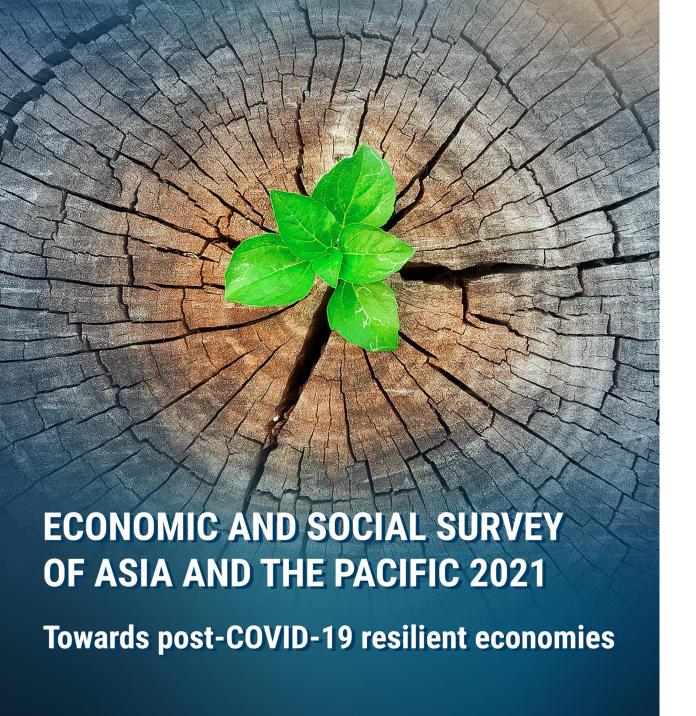
Ease investment rules for pension + sovereign wealth funds



# **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.





### Please visit

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



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