

# Economic and Social Survey of Asia and the Pacific 2020

**Towards sustainable economies**

**Macroeconomic Policy and  
Financing for Development Division**

**8 April 2020**

Ask your question via YouTube at  
<https://www.unescap.org/events/survey-2020>

or by email [escap-scas@un.org](mailto:escap-scas@un.org)



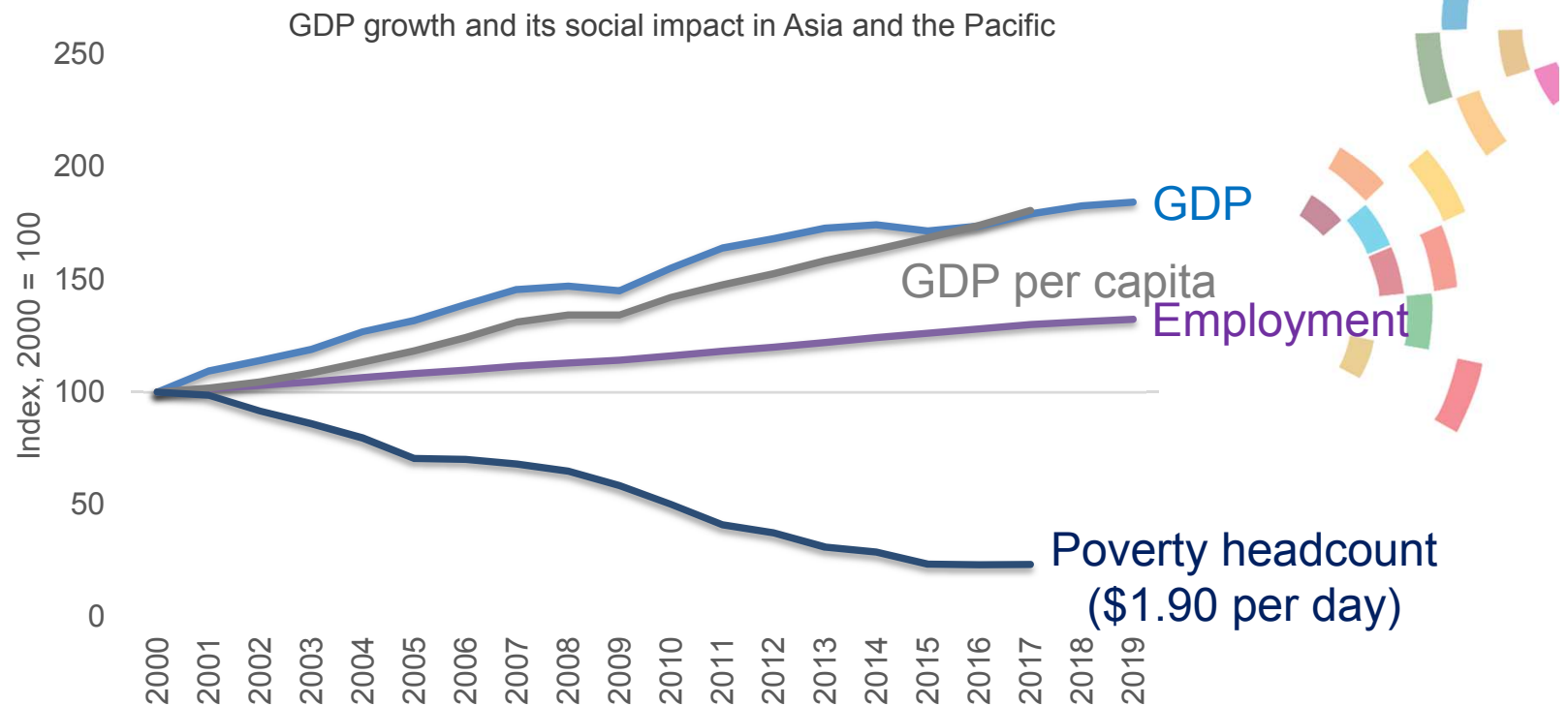
# Key messages

- Asia and the Pacific is not on track to achieve any SDGs, in particular sustainable consumption and production and environmental well-being...  
**...the economic growth-centric development approach should be revisited**
- Current economic slowdown is exacerbated by COVID-19...  
**... but the policy responses should prioritize people over economic recovery and the journey towards the 2030 Agenda should continue**
- The pandemic and climate emergency require policymakers to move away from short-termism towards long-term vision...  
**...through collective policy actions led by Governments and supported by businesses and people along with enhanced global and regional cooperation**

A pair of hands is shown holding a small, glowing globe of the Earth. The globe is detailed with continents and oceans, and it has a warm, orange-gold glow. The background is a dark, starry space with some nebulae and distant stars. The text is overlaid on a semi-transparent dark band across the middle of the image.

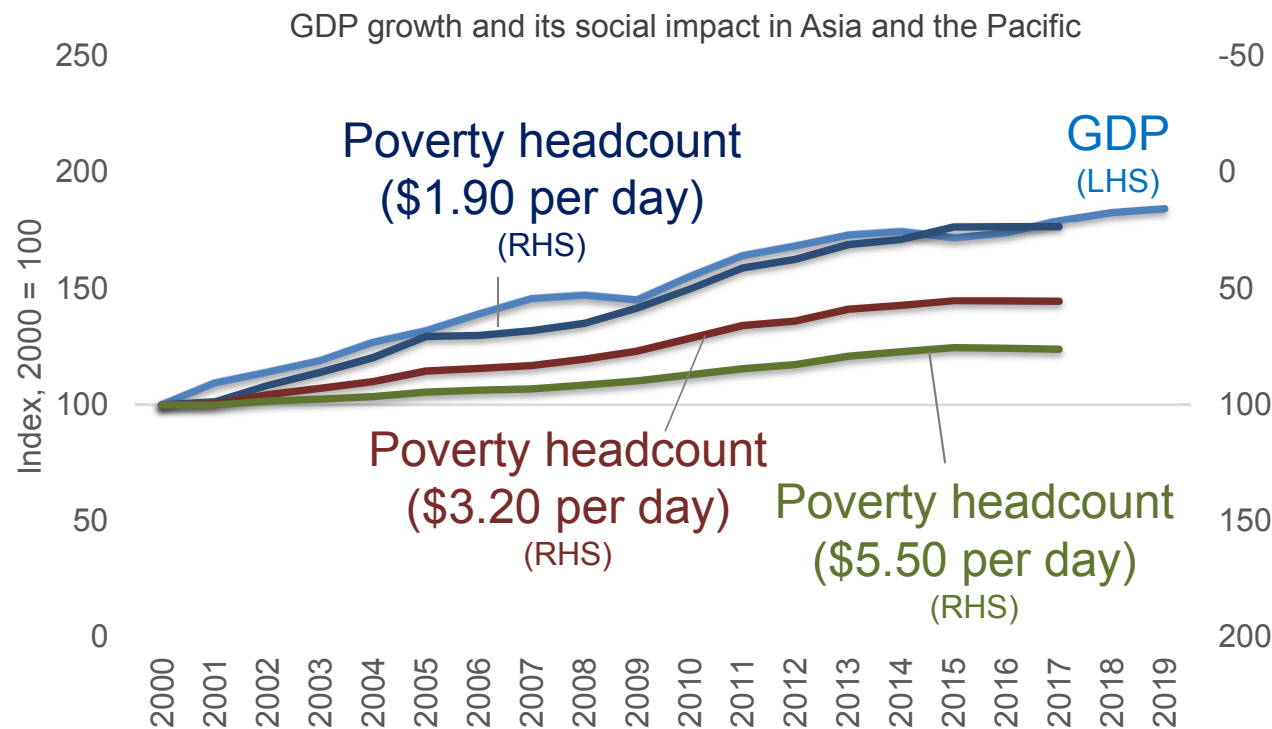
**GDP growth-centric development approach  
has come with costs to  
PEOPLE and the PLANET**

# Economic growth-centric development approach has contributed to income growth and poverty reduction...



Source: ESCAP data portal (accessed on 4 December 2019); ESCAP calculation based on World Bank, PovcalNet, available at <http://iresearch.worldbank.org/PovcalNet/home.aspx> (accessed on 13 February 2020); IMF, World Economic Outlook database, October 2019 (accessed on 4 December 2019); Global Carbon Atlas, available at [www.globalcarbonatlas.org/en/CO2-emissions](http://www.globalcarbonatlas.org/en/CO2-emissions) (accessed on 13 February 2020).

... however, the gains in poverty reduction are marginal if we raise our ambitions...

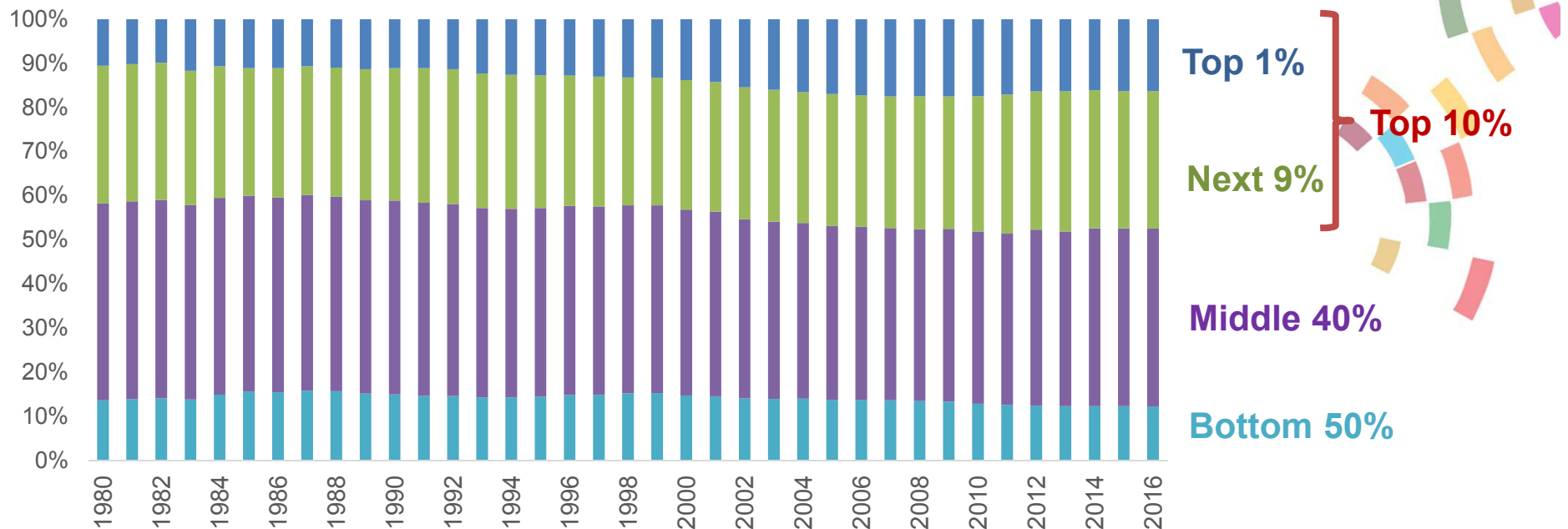


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Note: LHS = left-handed side axis; RHS = right-handed side axis.

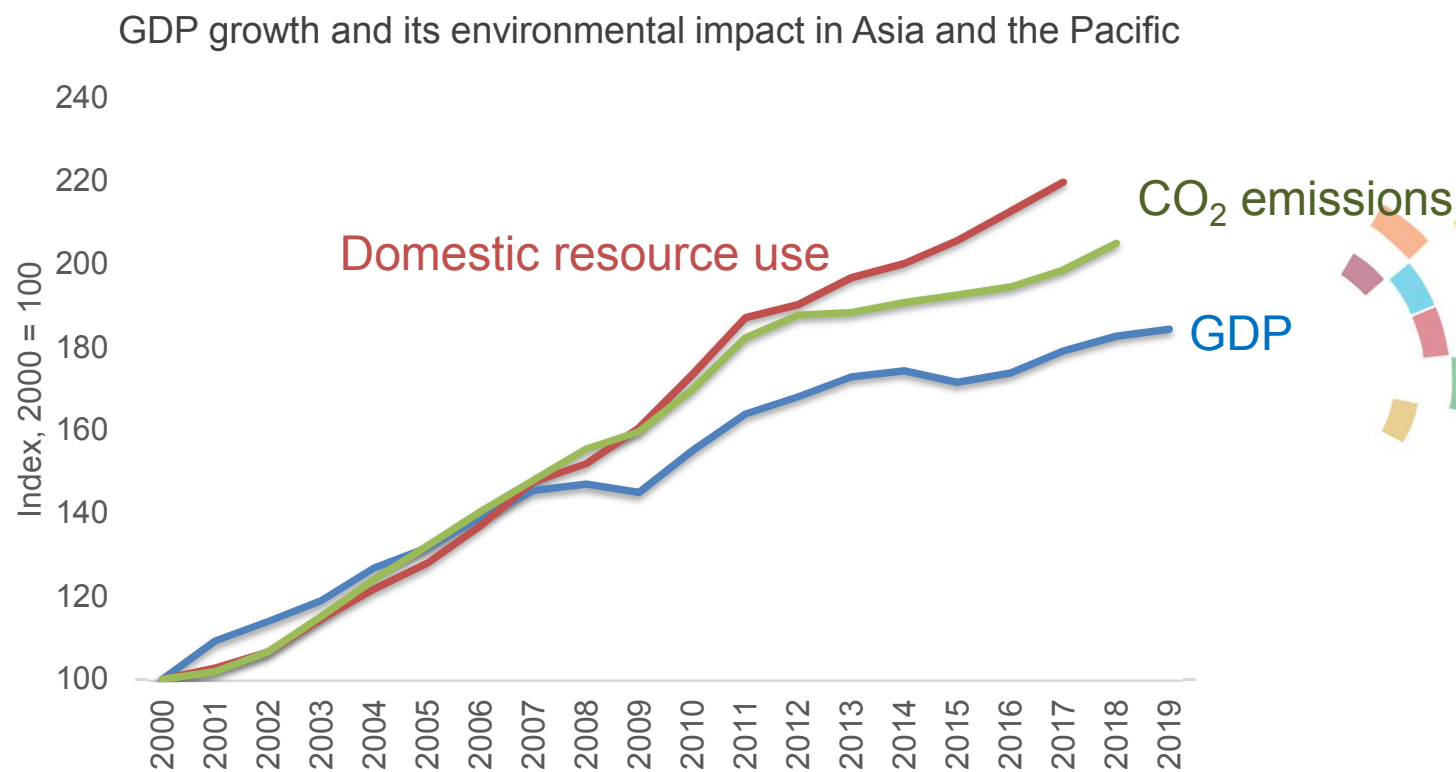
## ...and the distribution of income has been unequal

Share of income (pre-tax national income) by income groups in Asia



Source: WID (accessed 3 October 2019)

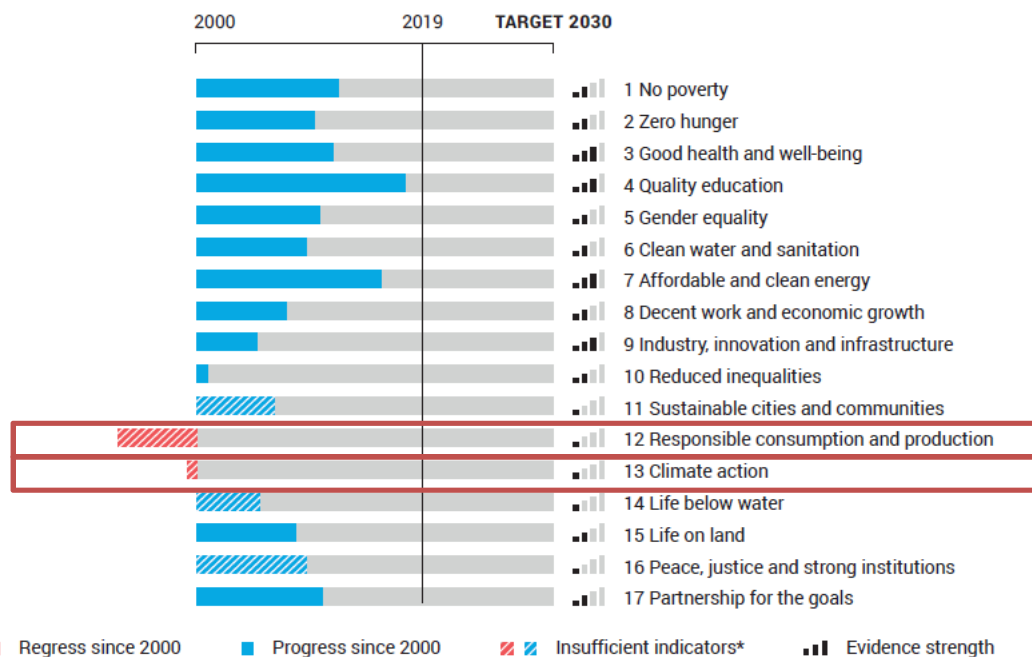
...while the costs to the **PLANET** have also been significant



Source: ESCAP data portal (accessed on 4 December 2019); ESCAP calculation based on World Bank, PovcalNet, available at <http://iresearch.worldbank.org/PovcalNet/home.aspx> (accessed on 13 February 2020); IMF, World Economic Outlook database, October 2019 (accessed on 4 December 2019); Global Carbon Atlas, available at [www.globalcarbonatlas.org/en/CO2-emissions](http://www.globalcarbonatlas.org/en/CO2-emissions) (accessed on 13 February 2020).

# Asia and the Pacific is off-track to achieve the 2030 Agenda, with Goal 12 regressing the most

Snapshot of SDG progress in 2019: Asia-Pacific region



Source: ESCAP (2020). *Asia and the Pacific SDG Progress Report 2020*.



# Progress on **Goal 12** can be an effective way to accelerate progress towards the **2030 Agenda**

## Synergies between Goal 12 and other Goals



Source: One Planet Network, 2019.

Progress on **Goal 12** calls for revisiting the current consumption and production patterns...



Consumption



Production



## ... requiring behavioural changes by different stakeholders



### GOVERNMENTS

- Dependency on fossil fuels
- Underpricing of carbon



### BUSINESSES

- Failure in accounting for externalities



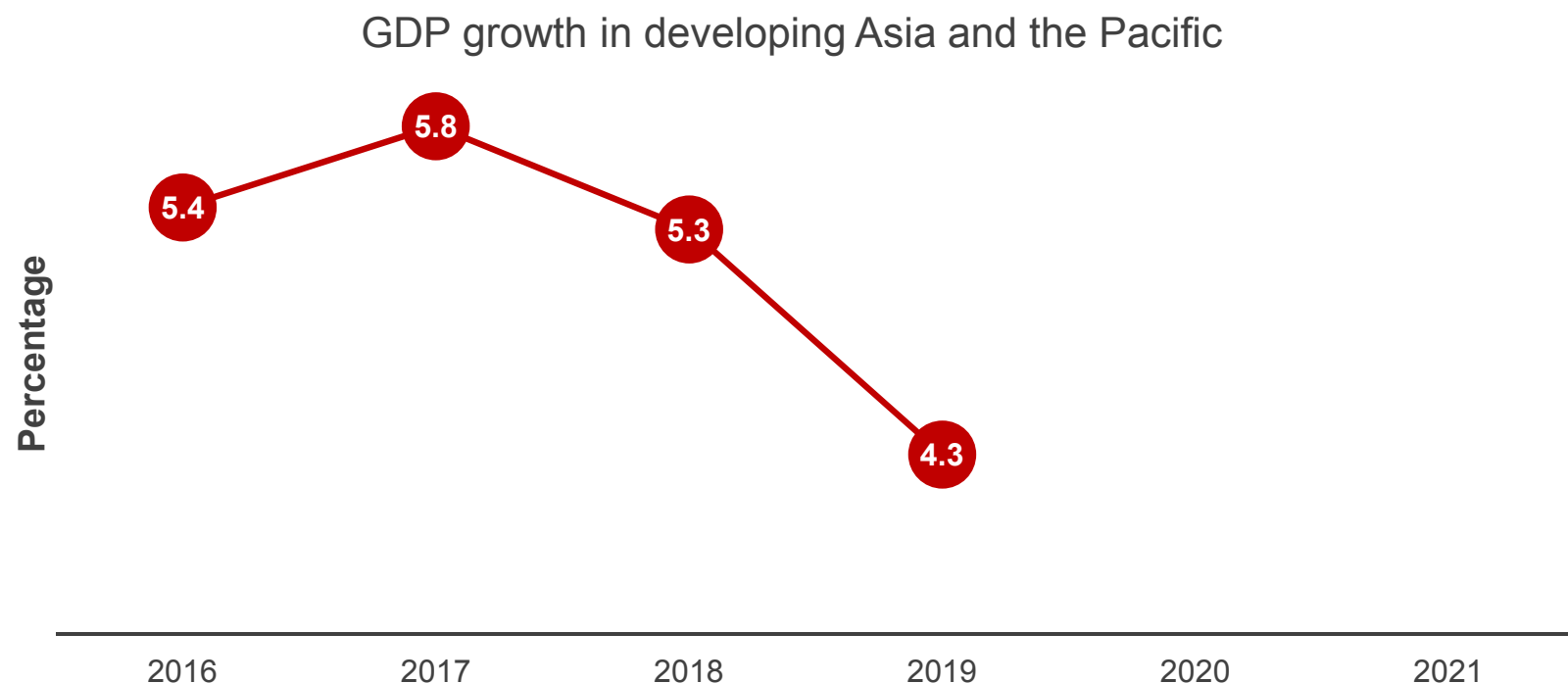
### CONSUMERS

- Ingrained consumption habits
- Lack of environmental awareness



# **Challenging near-term economic conditions pose significant obstacles**

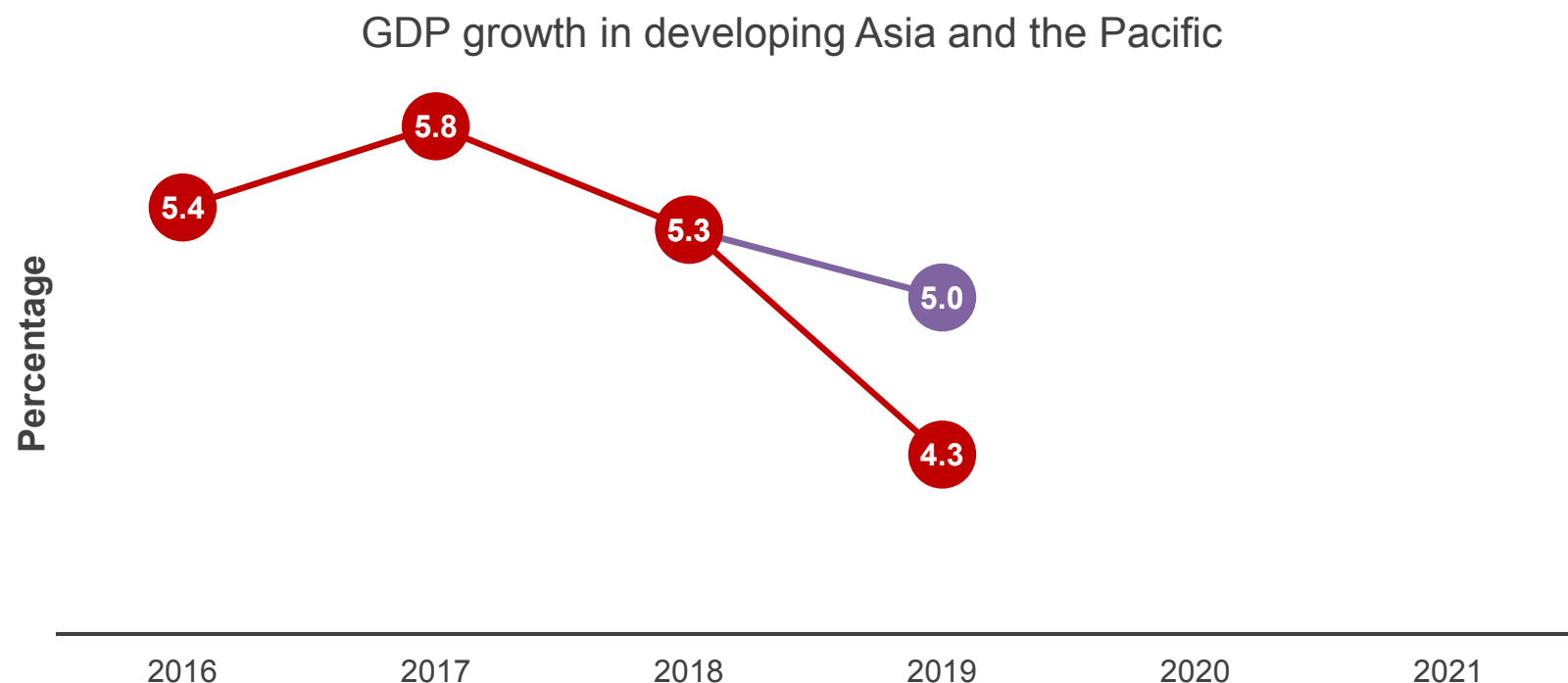
# COVID-19 pandemic and prolonged trade tensions have significantly weighed on the region's economic performance



Source: ESCAP estimates (as of 10 March 2020).

*Note:* The COVID-19 pandemic is still evolving rapidly, and this has led to substantial uncertainties as to its effects on the economies in the Asia-Pacific region. Nevertheless, the negative impacts are likely to be significant. Even an economic recession or contraction cannot be ruled out.

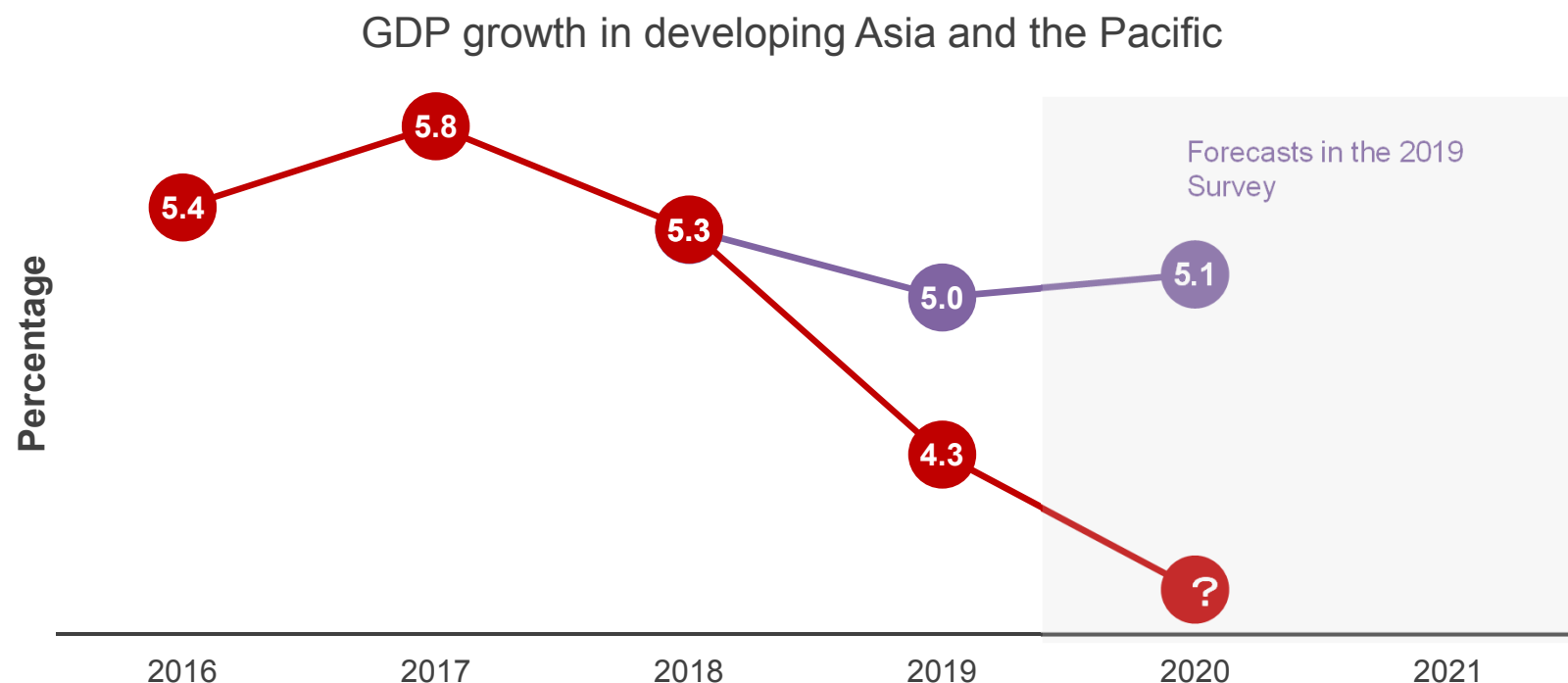
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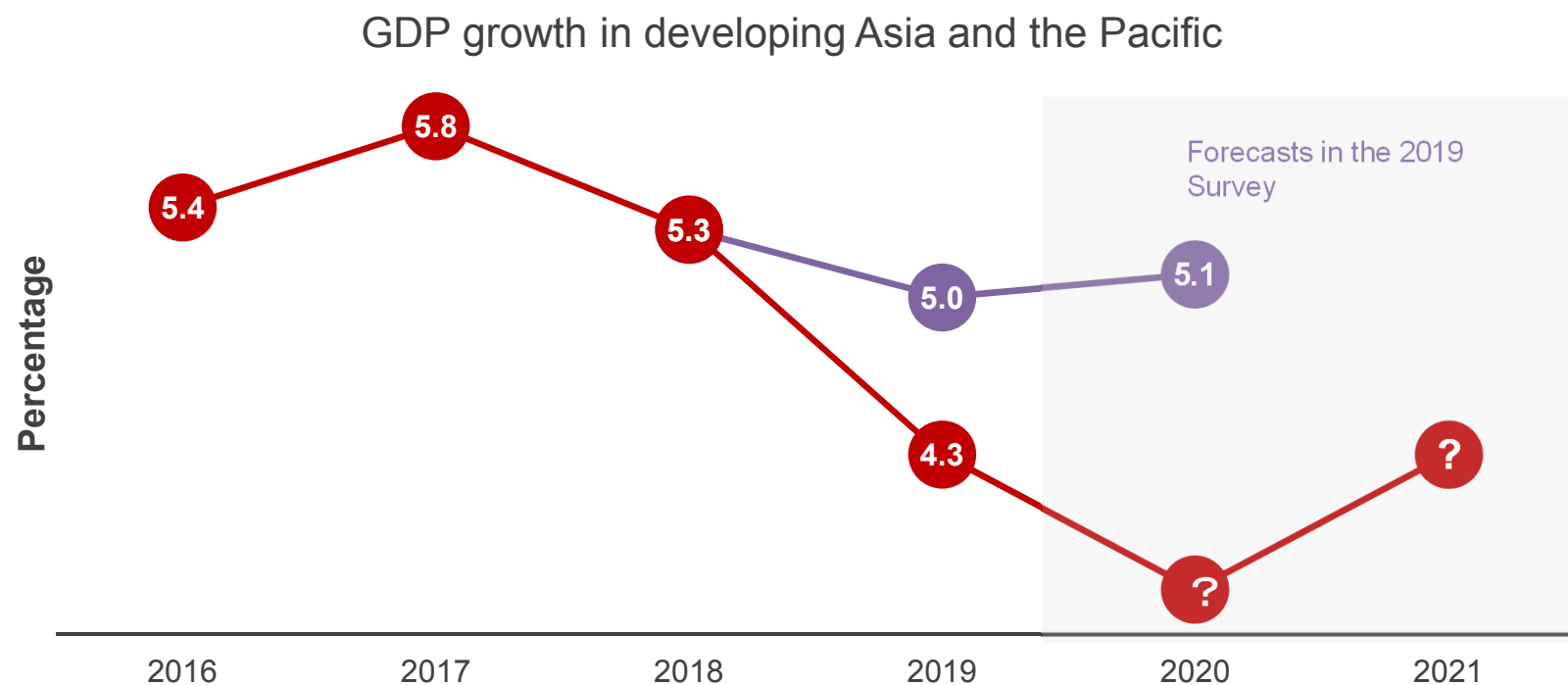
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A hand holds a brass compass in the foreground, with the needle pointing towards the top-left. The background is a dry, open landscape with sparse vegetation and a cloudy sky. A semi-transparent dark grey band across the middle of the image contains the text "What can be done?".

# What can be done?

# Policy responses to COVID-19 need to prioritize **people** over **economic recovery**

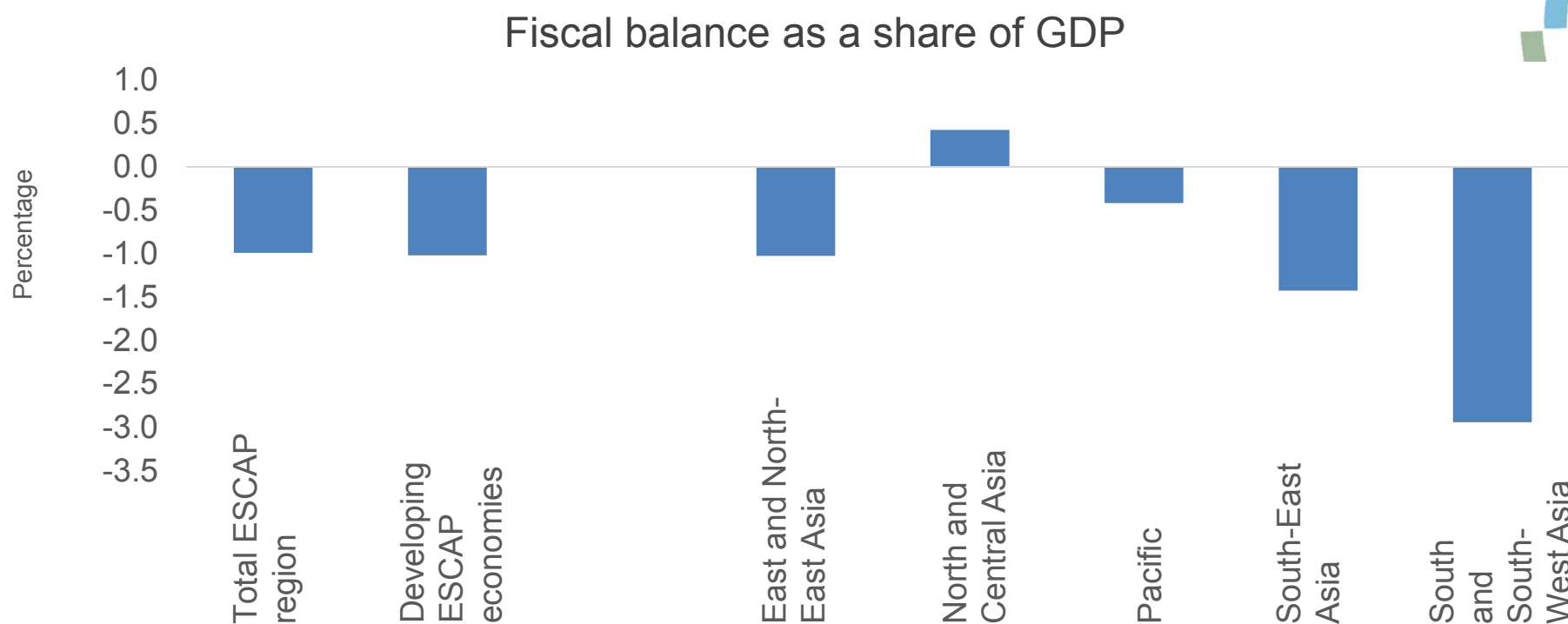
## Immediate measures

### Fiscal policies:

- Large and targeted fiscal measures to contain and respond to COVID-19... and to ease the shock to jobs and guarantee minimum living standards

Countries have fiscal space and should respond proactively.

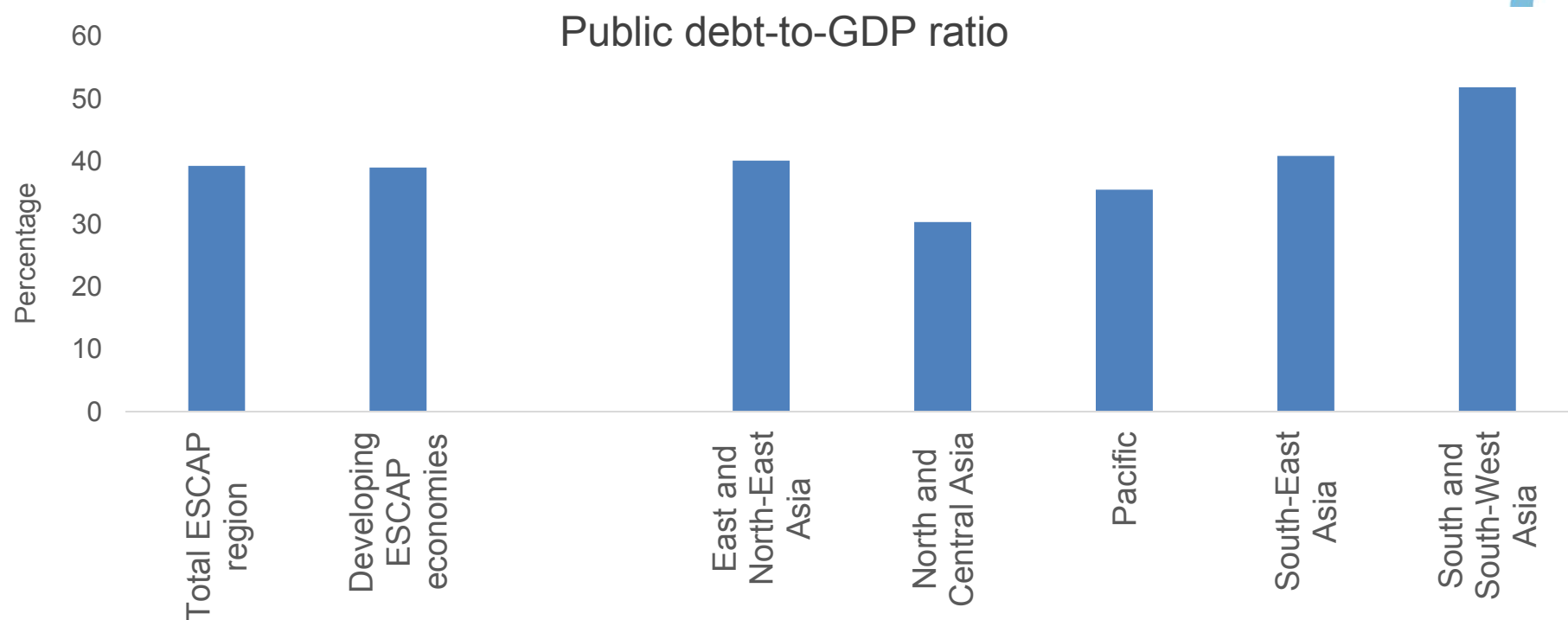
# The region has fiscal space to mitigate the costs imposed by **COVID-19**



Source: ESCAP calculation based on IMF World Economic Outlook Database (as of October 2019) (accessed on 23 March 2020).

Note: The bars illustrate the median value for each group.

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## Immediate measures

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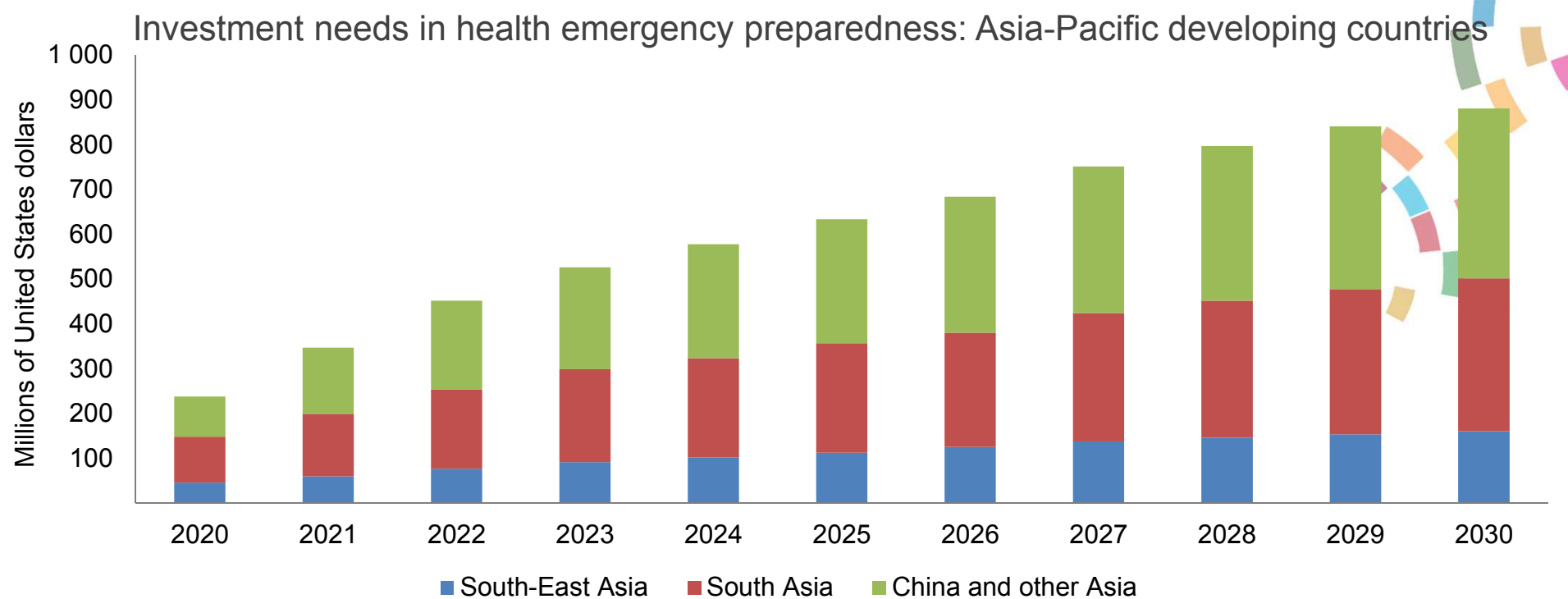
### Monetary policies

- Targeted monetary easing to ensure overall financial sector health and support SMEs

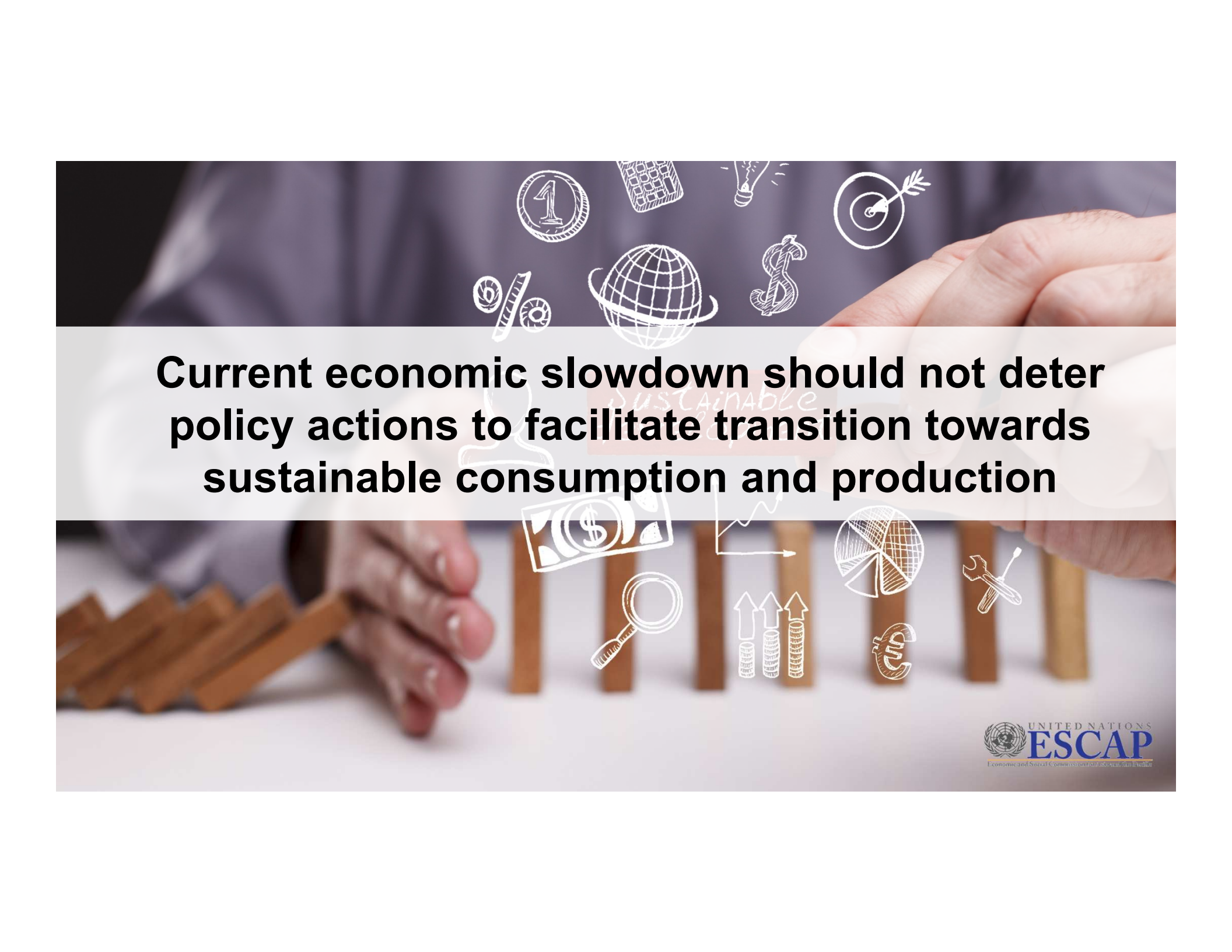
### Regional cooperation

- Consider establishing a regional or subregional public health emergency fund
- Coordinate debt relief or deferral of debt payments

# Investing in public health emergency preparedness and social protection should be the **medium- to long-term measures**

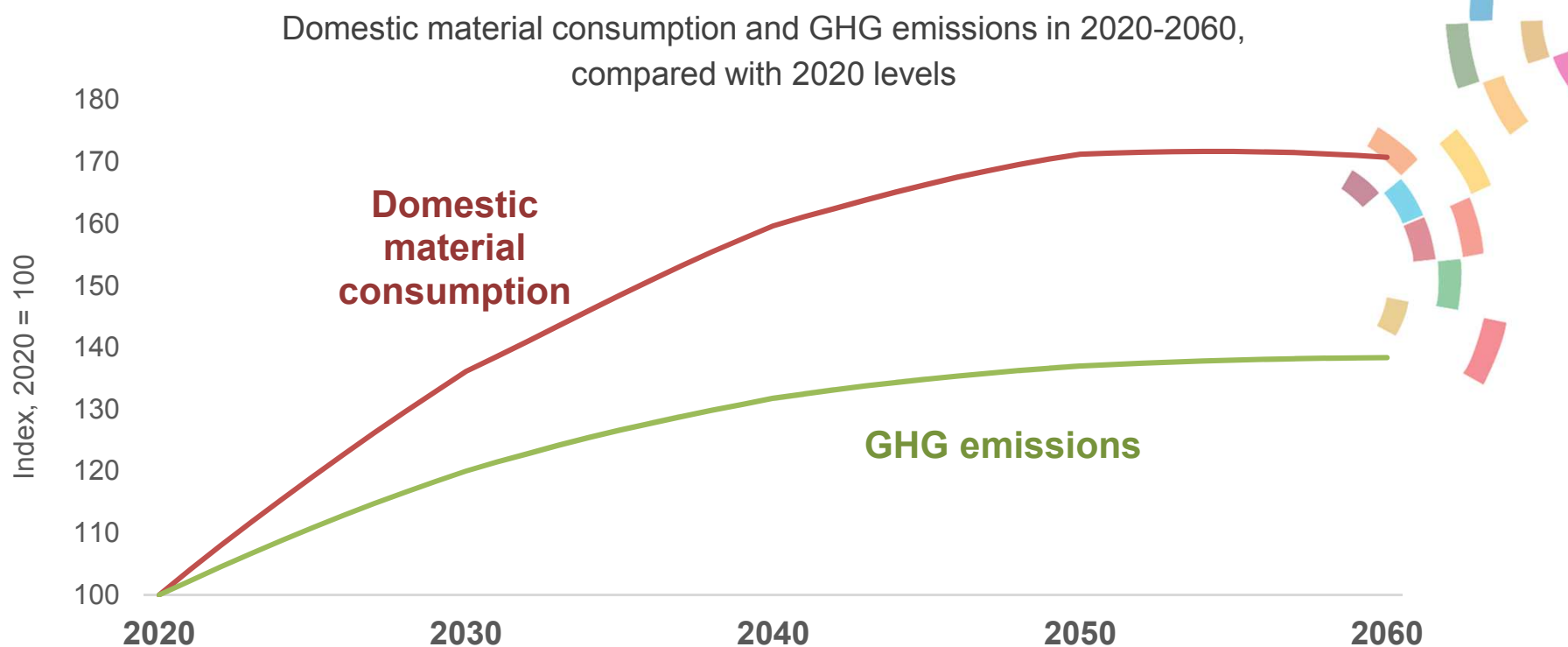


Source: ESCAP estimates, based on WHO SDG Health Price Tag.

The background of the slide features a blurred image of hands interacting with wooden blocks. Overlaid on this are various white line-art icons representing economic concepts: a coin with the number '1', a calculator, a lightbulb, a target with an arrow, a percentage sign, a globe, a dollar sign, a magnifying glass, a bar chart with three upward arrows, a pie chart, a crossed wrench and screwdriver, a Euro symbol, and a dollar bill. The central text is in a bold, black, sans-serif font.

**Current economic slowdown should not deter  
policy actions to facilitate transition towards  
sustainable consumption and production**

# Business-as-usual cannot continue in the face of climate emergency...



Source: ESCAP, ESCAP, based on methodology in UNEP International Resource Panel's *Global Resource Outlook 2019*.



... which requires collective actions by all stakeholders

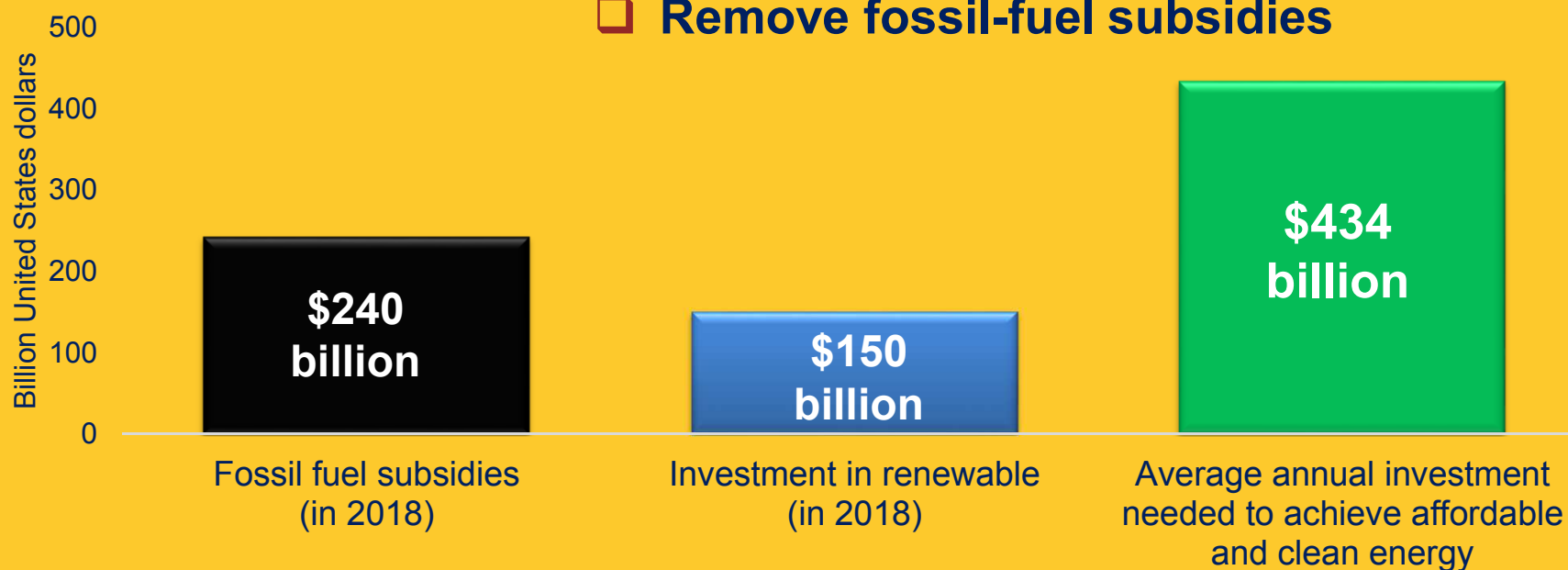


## Local action



**Governments should embed sustainability in policymaking and decarbonize their economies**

 **Remove fossil-fuel subsidies**



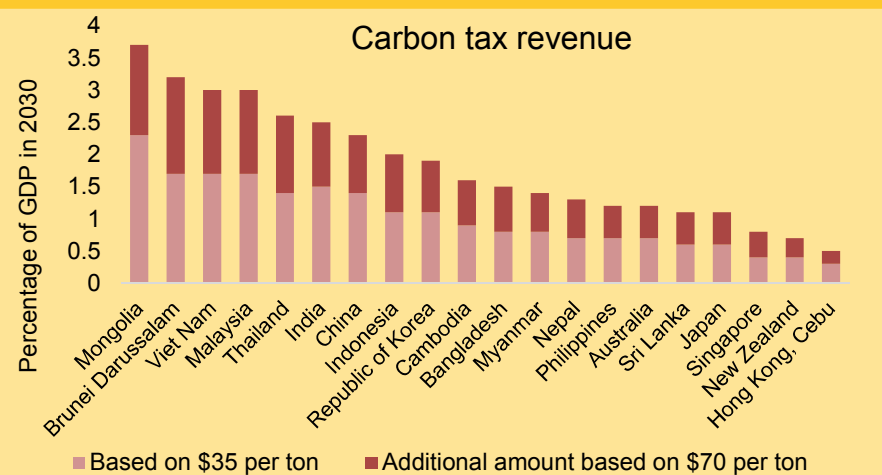
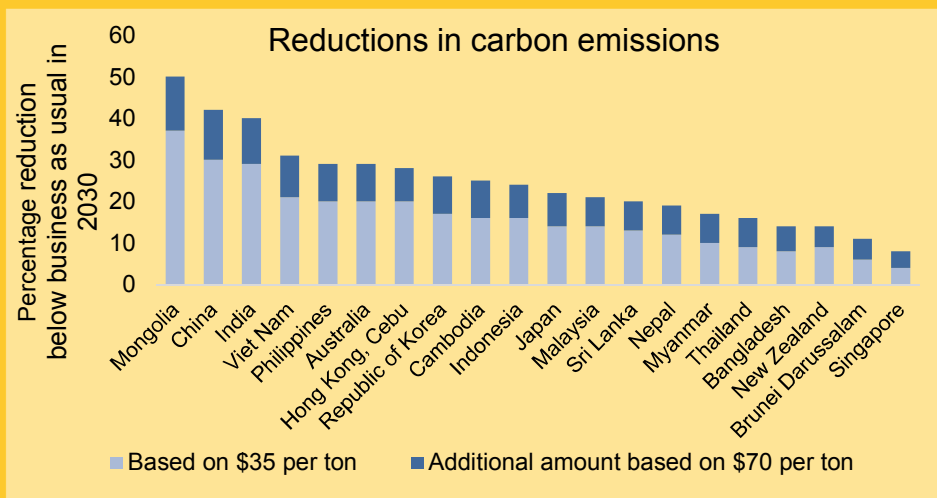
Source: ESCAP (2020 and 2019).

# Local action



**Governments should embed sustainability in policymaking and decarbonize their economies**

- ❑ Remove fossil-fuel subsidies
- ❑ Adopt carbon pricing



Source: ESCAP, based on IMF (2019g)

## Local action



**Governments** should embed sustainability in policymaking and decarbonize their economies

- ❑ Remove fossil-fuel subsidies
- ❑ Adopt carbon pricing
- ❑ Green the financial systems

### Financial Incentives

- Specific lending terms for green projects
- Credit enhancements and government guarantees
- Tax breaks

### Regulatory Incentives

- Supporting sustainability reporting, disclosure and transition through TCFD and NGFS



... which requires collective actions by all stakeholders



# Businesses should internalize the externalities of their business operations



## People action

- ❑ Incorporate ESG considerations in making decisions



### Environment

- Water and pollution
- Resource depletion
- Greenhouse gas emission
- Deforestation
- Climate change



### Social

- Employee relations and diversity
- Working conditions, including child labour and slavery
- Local communities; seek explicitly to fund projects or institutions that will serve poor and underserved communities globally
- Health and safety
- Conflict



### Governance

- Tax strategy
- Executive remuneration
- Donations and political lobbying
- Corruption and bribery
- Board diversity and structure

## Businesses should internalize the externalities of their business operations



## People action

- ❑ Incorporate ESG considerations in making decisions



Guidelines to integrate ESG into business functions

Participation in PRI in Asia-Pacific is only

15%

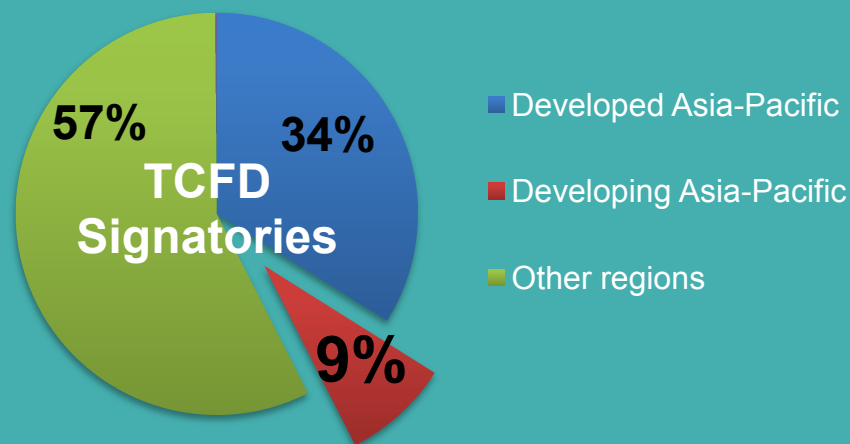
## Businesses should internalize the externalities of their business operations

- ❑ Incorporate ESG considerations in making decisions and enhance climate risk-related disclosure



**People  
action**

**TCFD** | TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES





## Businesses should internalize the externalities of their business operations

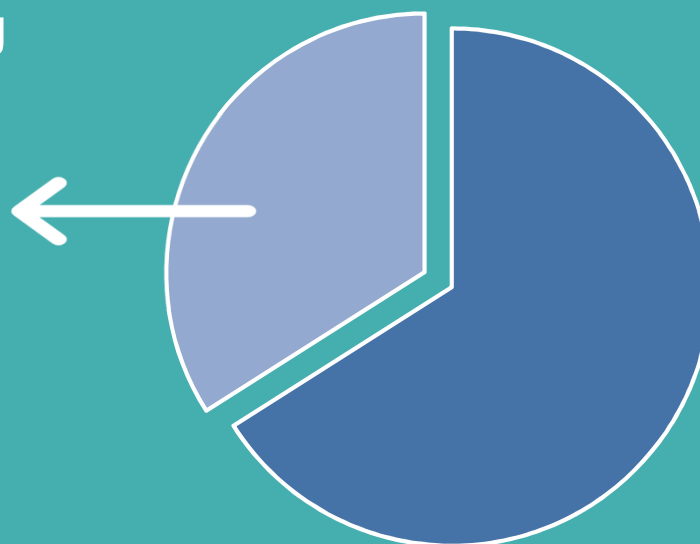


**People  
action**

- ❑ Incorporate ESG considerations in making decisions and enhance climate risk-related disclosure
- ❑ Adopt internal carbon pricing

**About 35%**

of companies that have disclosed the use of or plan to implement carbon pricing are in Asia-Pacific



## **Businesses should internalize the externalities of their business operations**



**People  
action**

- ☐ Incorporate ESG considerations in making decisions and enhance climate risk-related disclosure
- ☐ Adopt internal carbon pricing

**...to give the eco-conscious investors  
such information to make decisions**

... which requires collective actions by all stakeholders



# Consumers need to move towards sustainable lifestyles



## People action

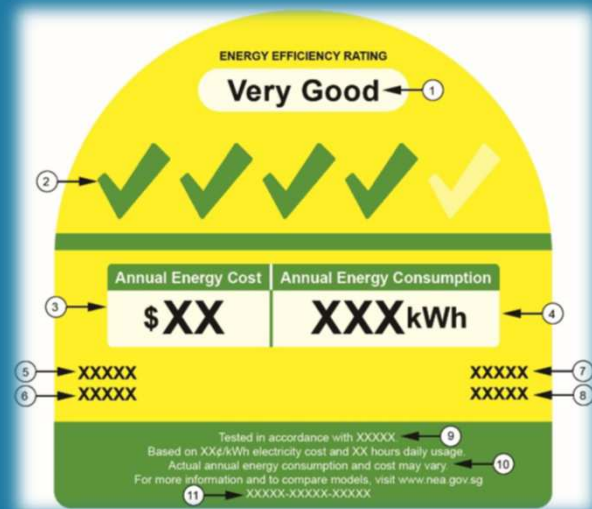
		
 <b>FOOD</b>	Plant-based diet and eating what you need	Animal-based diet and food waste
 <b>TRANSPORTATION</b>	Biking, ride-sharing and commuting on public transportation	Driving and excessive air travel
 <b>HOUSING</b>	Using energy-efficient appliances and reducing energy usage	Using energy-intensive appliances and consuming excessive energy
 <b>CLOTHING</b>	Reusing clothes and buying only what you need	Buying single-use clothes and discarding clothes that are in good condition

**Governments and businesses can help consumers move towards sustainable lifestyles through:**

☐ Nudging



**People action**



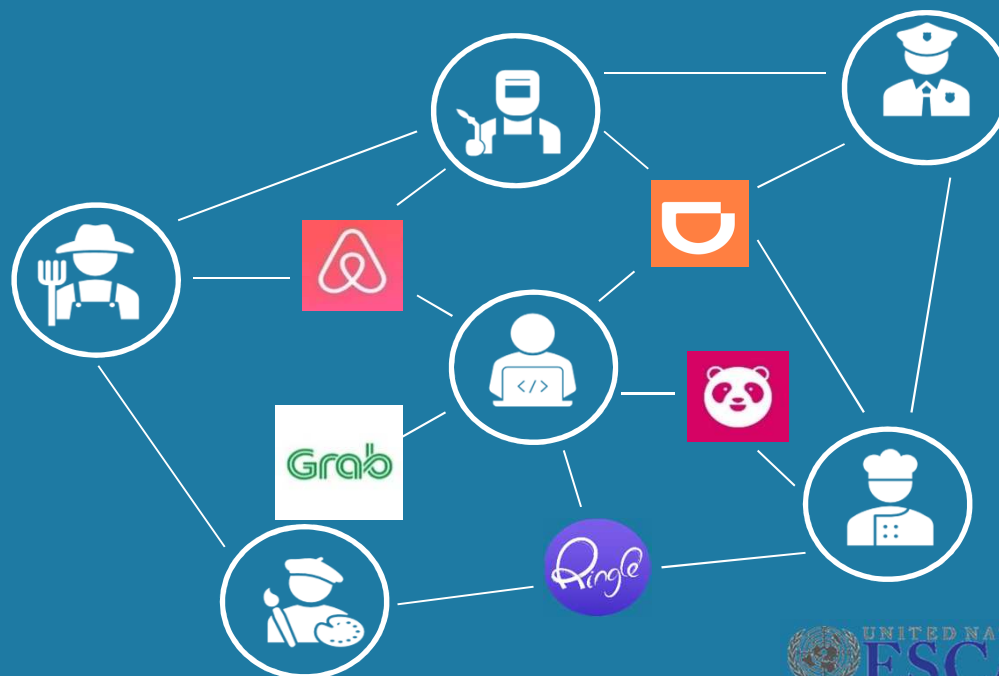
Mandatory energy labels on electric appliances in Singapore

**Governments and businesses can help consumers move towards sustainable lifestyles through:**

- ❑ Nudging
- ❑ Incentivizing the sharing of idle and underutilized resources



**People  
action**



... which requires collective actions by all stakeholders



# Global action



## Cross-border cooperation in the region is crucial to prevent inaction and raise ambitions



### ■ Establish cooperation on regional climate-related policies

- Harmonize climate-related standards among countries
- Cooperate on climate-risk management



# Global action



## Cross-border cooperation in the region is crucial to prevent inaction and raise ambitions



- ❑ Establish cooperation on regional climate-related policies
- ❑ Move towards decarbonization
  - Develop regional carbon markets
  - Scale up transboundary power trade of renewables

# Global action



**Cross-border cooperation in the region is crucial to prevent inaction and raise ambitions**



- ❑ Establish cooperation on regional climate-related policies
- ❑ Move towards decarbonization
- ❑ Implement 10-Year Framework of Programmes on SCP
  - Foster collaborations between regional entities to promote SCP

... which requires collective actions by all stakeholders



# Takeaway messages

- **Current challenging economic conditions could set back the region's progress towards the 2030 Agenda...**  
... but the good news is that Asia and the Pacific still has ample policy space to respond
- **COVID-19 pandemic can become a catalyst to change the development approach that prioritizes people and the planet...**  
...which is critical as the region is facing a climate emergency
- **All stakeholders must act collectively at local, people and global levels:**
  - **Governments should prioritize sustainability and decarbonize their economies (local action);**
  - **Businesses should internalize the externalities of their business conducts and consumers should be more mindful of their lifestyles (people action); and**
  - **Countries should enhance global and regional cooperation towards more ambitious solutions (global action).**



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**Towards sustainable  
economies**

Please visit

<https://www.unescap.org/publications/economic-and-social-survey-asia-and-pacific-2020>



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