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Subregional cooperation to build back better from crises in Asia and the Pacific

Note by the secretariat

Summary

The coronavirus disease (COVID-19) pandemic has affected the subregions of Asia and the Pacific over different timescales and with varying severity. It is therefore important to examine the impacts of and responses to the pandemic through a subregional lens and discuss the implications for regional cooperation and the implementation of the 2030 Agenda for Sustainable Development.

The present document includes a review of the major impacts of COVID-19 in the five subregions of the Economic and Social Commission for Asia and the Pacific and of responses at the subregional level, in particular by subregional organizations. It also contains lessons learned from subregional responses and priorities for subregional cooperation for building back better.

The Commission may wish to take note of the document and provide guidance on the future work of the secretariat at the subregional level.

I. Introduction

1. The coronavirus disease (COVID-19) pandemic affected the subregions of Asia and the Pacific over different timescales and with varying severity. The Pacific subregion was largely spared by the pandemic and had only a very limited number of cases before borders were closed. While East and North-East Asia was the first subregion hit by COVID-19, the situation there has been largely stabilized. Apart from the Pacific, East and North-East Asia is the subregion with the lowest number of cases. In contrast, South and South-West Asia has experienced the greatest burden in confirmed cases and related deaths. Despite recording its first confirmed cases later than other subregions, North and Central Asia trails South and South-West Asia in reported deaths from COVID-19.
2. In view of the unprecedented challenges brought on by the COVID-19 pandemic, it is critical to promote wider regional cooperation with the subregional organizations which are playing pivotal roles in developing multilateral strategies for mobilizing resources and coordinating member States’ responses to the devastating socioeconomic impacts of the pandemic.

3. The present document contains a review of the major impacts of COVID-19 in the five subregions of the Economic and Social Commission for Asia and the Pacific (ESCAP) and of responses at the subregional level, in particular by subregional organizations. It also contains lessons learned from subregional responses and priorities for subregional cooperation for building back better.

II. Leveraging subregional cooperation to build back better from crises in Asia and the Pacific

A. East and North-East Asia

1. Overview of the impact of the coronavirus disease in the subregion

4. The East and North-East Asia subregion was the first hit by the COVID-19 pandemic. Compared to other subregions in Asia and the Pacific, it was relatively well prepared for COVID-19 in terms of health-care systems, access to basic services and connectivity. National responses to COVID-19 in the subregion have been prompt and comprised various measures. As of 31 December 2020, the number of confirmed COVID-19 cases per 1,000 population ranged from 0.07 in China to 1.8 in Japan, much lower than the global average of 10.5.

5. However, the pandemic and the necessary containment measures have caused a sharp decline in economic activity, the widespread loss of jobs and livelihoods and disruptions in basic services. Countries in the subregion registered a notable economic contraction in 2020, with a decline in gross domestic product (GDP) growth of 5.3 per cent in Japan, 2.0 per cent in Mongolia and 1.9 per cent in the Republic of Korea, while China experienced moderate growth of 1.9 per cent. Following a significant drop in domestic demand and trade disruptions in the first half of 2020, exports gradually rebounded in the second half of 2020, and signs of recovery are emerging.

6. The job market is of particular concern. For example, the unemployment rate in the Republic of Korea jumped to an 11-year high of 4.6 per cent in December 2020, with job losses of more than 0.6 million compared to a year ago. Given its disproportionate impact on vulnerable populations, the pandemic has exacerbated inequalities in human development. For instance, the increased burden of unpaid care work on women constrains their access to employment and increases the already high level of gender inequality in most countries. Moreover, as the subregion is home to one third of the world’s older persons, the pandemic is likely to have a considerable impact on poverty and other socioeconomic inequalities in old age.

2. Overview of subregional responses and initiatives to build back better

7. Member States in the subregion have taken numerous policy measures to contain the spread of the virus and address the mounting socioeconomic challenges and impacts of the COVID-19 pandemic. While Governments have taken varying approaches in dealing with COVID-19, they have an opportunity to strengthen collaboration on issues of mutual interest.
(a) Scaling up health emergency preparedness and response

8. Governments have taken various measures to provide effective health care and manage the pressures on health-care systems. Firstly, health-care system capacity has been strengthened and optimized to respond to the increase in caseloads. For instance, in China, in view of a massive surge in patients, shelter hospitals were rapidly built by converting existing public venues into health-care facilities where patients could be isolated and receive essential medical support. Secondly, significant efforts were made to increase adequate and equal access to diagnostics and treatment as well as medical supplies. Experience in the Republic of Korea shows that early implementation of massive nationwide testing is key to the containment of COVID-19. Drive-through centres, mobile facilities and screening clinics were set up to ensure easy access to diagnostic testing. Thirdly, technology gives member States more effective avenues to respond to the crisis. Smartphones and mobile data have been leveraged for detection and control of COVID-19 in the subregion. For example, a unique health barcode system was developed in China to identify the risk of infection and avoid the spread of the virus, and a Quick Response Code system was employed in the Republic of Korea to record visitors to public places.

9. With regard to subregional cooperation, the Governments of China, Japan and the Republic of Korea utilized the existing memorandum of cooperation and the joint action plan on the joint response against pandemic influenza and emerging and re-emerging infectious diseases of common concern to respond to the COVID-19 pandemic. They have also collaborated in the framework of Association of Southeast Asian Nations (ASEAN) Plus Three. Existing collaboration could be expanded at the regional and subregional levels. A recent example of collaboration is the launch of the North-East Asia cooperation initiative for infectious disease control and public health on 29 December 2020, proposed by the President of the Republic of Korea during the seventy-fifth session of the General Assembly. It is expected to strengthen capacities for joint responses to transboundary health security crises, including COVID-19 and the emergence of other new infectious diseases.

(b) Supporting safe and resilient transport and trade connectivity

10. The COVID-19 pandemic has amplified the need to address disruptions in operational connectivity and supply chains, in particular in light of the complete closures of land border crossings of the Democratic People’s Republic of Korea and Mongolia from the earliest stages of the outbreak as well as the continuing restrictions. Meanwhile, policy actions were carried out to address the disruptions, including customs-related measures, targeted financial support and open borders for freight. The Government of Mongolia introduced a temporary “green gateway” regulation in August 2020, which is being implemented at its border checkpoints with China to facilitate COVID-19 testing, thereby reviving trade and economic cooperation.

11. Successfully supporting safe and resilient transport and trade connectivity depends on strengthening the coordinated approach between the two sectors. While member States in the subregion have achieved significant progress in cross-border trade and transport facilitation, there is still a significant need to strengthen coordination among countries (e.g. enhancing legal regimes, developing technological and operational solutions and establishing interoperability and data exchange between information systems). The pandemic also highlighted the importance of implementing international conventions and standards related to electronic data exchange for transport
corridors, border crossings and trade operations to reduce disruptions due to
the outbreak of infectious diseases.

(c) **Fostering an inclusive digital transformation**

12. The COVID-19 pandemic has accelerated the transformation to the
digital economy. Governments in the subregion have announced long-term
recovery measures in that regard. For example, the Government of China has
positioned new infrastructure construction as a key policy pillar of its
post-pandemic economic recovery, with an anticipated investment of
10 trillion Chinese yuan (approximately $1.5 trillion) from 2020 to 2025. In its
Fourteenth Five-Year Plan (2021–2025), strategies and efforts to strengthen
technology and innovation are further emphasized. In Japan, ambitious plans
to invest in Society 5.0, which was envisioned as an inclusive digital
socioeconomic system supported by cutting-edge science and technology, had
been proposed in the Fifth Science and Technology Basic Plan, prior to the
outbreak. In light of the pandemic, the Government’s stimulus package will
direct additional investment to Society 5.0 with greater emphasis on building
national resilience. The Government of the Republic of Korea has also
announced a package of measures to create jobs and spur growth to revive the
economy. The country’s “new deal” road map includes two key pillars, the
digital new deal and the green new deal, with 10 flagship projects including
artificial intelligence in government, smart health care and smart green
industrial complexes.

13. Sharing knowledge and good practices on the use of technology as well
as effective policy measures is beneficial in addressing the common challenges
of the pandemic and post-COVID-19 recovery within and beyond the
subregion. More importantly, policy and regulation must catch up with the
rapidly growing digital economy. For example, the rising importance of data
in the fight against COVID-19 highlights concerns about the misuse of
personal data and invasion of personal privacy, which call for a global/regional
framework for protecting data privacy. Governance on digitalization is crucial
to guide the digital transformation and the transition to more equal, sustainable
and resilient societies.

(d) **Accelerating the transition to a green and low-carbon economy**

14. The COVID-19 pandemic is a wake-up call and an opportunity to
rethink the relationship between humans and nature. In fact, environmental
progress has been stagnant in the subregion. Going back to the status quo ante
is not enough; a green recovery is needed. Member States should step up efforts
to protect the environment and accelerate decarbonization while aligning
stimulus measures with national environmental and climate objectives. For
example, the green new deal of the Republic of Korea is focused on supporting
economic recovery while simultaneously accelerating the transition from a
carbon-dependent economy to a low-carbon economy. While the Governments
of Japan and the Republic of Korea have pledged to become carbon neutral by
2050, the Government of China is committed to a green revolution and to
attaining peak carbon dioxide emissions before 2030 and carbon neutrality
before 2060. The Government of Mongolia announced its emissions target in
its nationally determined contribution under the Paris Agreement as well as a
battery energy storage system, the largest of its kind in the world, to increase
the use and potential of renewable energy.

15. In addition to investing in the green economy, governments could
mobilize the business sector to lead the transition to a low-carbon economy,
for example by introducing sustainability requirements for businesses
receiving support, such as information disclosure on environmental, social and governance factors. Such an approach would help to build these factors into business decisions. The subregion hosts several of the world’s major stock exchanges, offering significant potential for the development of green financing and sustainable investing. Moreover, regional cooperation and policy coordination are essential to tackle transboundary risks and strengthen environmental resilience. In the subregion, the North-East Asian Subregional Programme for Environmental Cooperation provides a comprehensive intergovernmental cooperation framework to address common environmental challenges and promote environmental sustainability.

B. North and Central Asia

1. Overview of the impact of the coronavirus disease in the subregion

16. In North and Central Asia, the spread of COVID-19 has spurred on the subregion’s quick adaptation to new daily norms. Despite efforts to minimize the shocks to health-care systems and related impacts on social equity and economic stability, the pandemic threatens to chip away the subregion’s gains in implementing the 2030 Agenda for Sustainable Development. The Sustainable Development Goals most impacted by the pandemic, aside from those affected by overextended health-care systems, relate to existing and newly formed vulnerable groups who may slip through the cracks in social protection systems, such as youth, women and the missing middle, for example informal workers who make up a significant share of the working population in the subregion.

2. Overview of subregional responses and initiatives to build back better

17. Member States in the subregion and international and multilateral organizations have initiated responses to mitigate the detrimental effects of the pandemic. The subregional initiatives provide valuable lessons and can serve as foundations upon which stronger regional ties and cooperation can be built. Cross-cutting subregional initiatives in response to COVID-19 have been introduced in such priority areas as social protection, trade and transport, and digitalization. Regional cooperation efforts need to better leverage complementarities and mutual strengths to enable member States to build back better from the crisis.

(a) Social protection

18. As the virus spread, living conditions in North and Central Asia changed dramatically. The changes included loss of employment and reduced income, which consequently pushed people into financial hardship. Governments quickly intervened, increasing public spending and expanding social protection coverage for their citizens. National initiatives included unemployment benefits, partial coverage of salaries and financial and fiscal support for micro-, small and medium-sized enterprises, which provided a temporary relief for many. Government efforts were complemented by support from international financial institutions, which provided emergency loans and introduced debt relief measures that provided Governments with the additional capacity and fiscal space to attend to the social protection needs of their populations. The United Nations entities and various international financial institutions active in the subregion have been providing significant assistance in collaboration with local governments, non-governmental organizations and development partners. For example, cooperation and information-sharing among Governments in North and Central Asia and with development partners helped to resolve many issues facing migrant workers returning home during
the pandemic. In the Russian Federation, presidential decrees were signed allowing for prolonged legal stay of migrant workers who were unable to provide relevant documents and had expired permits. In addition, the Eurasian Economic Commission as well as the Governments of home countries of migrants provided support for those who were stranded in destination countries. Coordinated responses among development partners through the reformed United Nations development system also resulted in better synergies and prevented duplication in the various initiatives.

(b) **Trade and transport**

19. In response to the onset of the pandemic, many Governments in the subregion reacted with trade restrictions including export bans for masks and other medical equipment and limits on exports of essential food products, while they simplified import procedures for medical products. Border closures have disrupted supply chains and freedom of movement. After the initial reactions, Governments started to recognize the need for cooperation to maintain transport corridors and ensure the sustainability of supply chains. The Economic Cooperation Organization reacted by releasing a set of practical guidelines for its member States on cross-border facilitation measures under COVID-19 conditions.\(^1\) Heads of State of the Eurasian Economic Commission member countries came together in April 2020 to discuss cooperation measures to ensure economic stability in the Eurasian Economic Union. They emphasized the importance of maintaining transit traffic in the Union, and in the joint statement that was later released, they underlined the view that the fight against COVID-19 should not lead to the suspension of trade activities.\(^2\)

20. One of the major factors that led to the introduction of restrictive trade measures is the concern over food security. Recognizing this, food security featured prominently at several meetings in the subregion, including an emergency working meeting among members of the Eurasian Economic Union to explore a unified approach to stabilizing agrifood markets and ensuring food security in Union countries.\(^3\) Recommended concrete actions were further developed following the meeting, including harmonizing regulations on agriculture requirements and further discussing prospects for an integrated agriculture sector among Union members, especially for organic agricultural products. The subregional office of ESCAP for North and Central Asia brought together government officials and development partners to discuss regional multi-stakeholder cooperation in the context of developing sustainable food systems, informed by an analysis of the subregion’s progress towards sustainable agriculture transformation. By recognizing that enacting COVID-19 recovery measures and regional cooperation for sustainable development is not a zero-sum game, Governments in North and Central Asia can align recovery packages with policies to maximize sustainable development gains for all parties.

\(^1\) Economic Cooperation Organization, “ECO practical guidelines on cross border facilitation measures under conditions of COVID-19” (Tehran, 2020).


\(^3\) Eurasian Economic Commission, “EAEU agriculture ministers discussed food security in conditions of coronavirus pandemic”, 19 May 2020.
(c) Digitalization

21. Digitalization is one of the key recovery drivers in the pandemic-impacted economy. The containment measures pushed various sectors to quickly adopt ad hoc strategies to digitalize processes, products and services. All member States in the subregion have developed and implemented digital outreach programmes in order to provide e-government services. During the 2020 United Nations Special Programme for the Economies of Central Asia Economic Forum, representatives from the subregion shared their countries’ initiatives in that regard, including the plan to digitalize 90 per cent of government services in Kazakhstan by the end of 2020 and the establishment in Uzbekistan of a single window customs information system which aims to enhance the efficiency of customs services.4

22. The limitations in information and communications technology (ICT) infrastructure constitute a major challenge for regional cooperation on digitalization. While COVID-19 has accelerated digitalization trends, it has also widened the digital divide in North and Central Asia. The foundations of digital infrastructure and connectivity need to be solidified to fully realize potential digital dividends for the subregion. Complementary initiatives are being introduced by such development partners as ESCAP, the International Telecommunication Union and the World Bank in the form of the Asia-Pacific Information Superhighway initiative and the Digital Central Asia-South Asia Regional Programme to develop an integrated digital infrastructure in the subregion. In addition to intraregional differences in digital infrastructure, inequality in access to digital products and services between rural and urban populations features prominently in case studies on the digital divide in North and Central Asia. Development planning in the subregion needs to integrate broadband access as a basic requirement alongside access to drinking water, electricity and sanitation.

(d) Building back better

23. The COVID-19 pandemic created many challenges for countries in North and Central Asia, but the recovery presents an opportunity to build back better. In discussions at the Fourth North and Central Asian Multi-stakeholder Forum on Implementation of the Sustainable Development Goals,5 participants highlighted the need to align recovery strategies with the 2030 Agenda. The Moscow Declaration of the Council of Heads of State of the Shanghai Cooperation Organization contained a call to further strengthen cooperation in trade, production, transport, energy, finance, investment, agriculture, customs, telecommunications, information technology, innovation and other spheres of mutual concern in the interest of open, inclusive, innovative, green and sustainable development.6 The Bishkek Declaration, entitled “Strengthening regional cooperation to support socioeconomic recovery in the wake of COVID-19”, which was adopted on 20 November 2020 by the Governing Council of the United Nations Special Programme for the Economies of Central Asia, included recommendations for an integrated approach aimed at creating a circular economy in the region to address urgent economic, social and environmental challenges.7

4 See www.unescap.org/events/2020speca-ef.
5 See www.unescap.org/events/2020NCA_SDG.
6 A/75/704, annex.
7 The Bishkek Declaration is available at www.unescap.org/sites/default/files/Bishkek%20Declaration_ENG_0.pdf.
24. Subregional cooperation to build back better should be focused on the following three areas: protecting people and facilitating inclusivity; facilitating digital transformation; and embedding green economy strategies into recovery efforts. The pandemic has highlighted the vulnerabilities in social systems across the subregion. Member States need to focus on restructuring public health-care funding to facilitate inclusivity and on better targeting of social protection services to reach vulnerable population groups, including children and youth, women, people with disabilities and migrants. Digitalization efforts need to be stepped up to enhance connectivity in trade, transit and transport and to facilitate the inclusion of micro-, small and medium-sized enterprises in the formal economy. The efforts need to be complemented by sustainable transformation strategies to ensure that infrastructure for ICT is equitable and resilient. In addition, North and Central Asia can take the opportunity to advance green economy strategies and transition to low-carbon systems and infrastructure. A better socioeconomic recovery will also require financing for sustainable economies. Governments and development partners in the subregion can redirect public investment to prioritize greener and more resilient sectors while at the same time ensuring sustainable debt management.

25. By reducing the subregion’s capacity to act on sustainable development, the COVID-19 crisis is magnifying the need for the very transformation that it is undermining. Aligning recovery efforts with the 2030 Agenda will help member States to better weather the crisis and prepare those in North and Central Asia for other impending crises. Given the need for ambitious, transformative and comprehensive approaches, the 2030 Agenda, as integrated into subregional frameworks and agreements and national development strategies, policies and plans, provides the right overall framework for recovery and future development.

C. Pacific

1. Overview of the impact of the coronavirus disease in the subregion

26. While border closures and effective containment measures have largely prevented the spread of COVID-19 among the populations of the Pacific subregion, the crisis has had devastating socioeconomic impacts on Pacific economies, affecting key drivers of growth including the private sector, trade, tourism, remittances and fishing license fees. The subregion’s economies are now expected to have contracted by 5.5 per cent in 2020, although growth rate forecasts vary greatly, with countries dependent on tourism (Fiji, Palau, Vanuatu and the Cook Islands) faring worse than those with greater reliance on fisheries (Tuvalu, Kiribati, the Federated States of Micronesia and Nauru).

27. The Pacific Islands Forum sees the current crisis in the Pacific subregion as threefold, comprising the impacts of COVID-19, the devastating effects of climate change and natural disasters and the fragile economic health related to the inherent vulnerabilities of the small island developing States. In addition to experiencing the impact of the COVID-19 crisis, the region has had to withstand significant natural disasters and weather-related shocks. In April 2020, the disaster response efforts following Cyclone Harold, which swept through Vanuatu, Fiji and Tonga, were hindered and delayed by the various lockdowns and movement restrictions. More recently, Cyclone Yasa, the strongest tropical cyclone in the South Pacific since Cyclone Winston in 2016, caused major devastation in Fiji. As highlighted by the Forum Economic Ministers Meeting in consideration of the social and economic impacts of COVID-19, the inherent vulnerability of Pacific island countries to economic shocks is exacerbated by increased exposure to climate change and natural
disasters, which further strain the region’s limited fiscal capacities, including revenues and national budgets.

28. The interaction of the various shocks discussed above have left the region with a narrowing economic base and weakening productive capacities. Moreover, the region’s policy responses, summarized in the ESCAP COVID-19 policy response tracker, have been focused on containing the spread of COVID-19 as well as on fiscal and liquidity measures to limit its economic impact. As a result, public expenditures, fiscal deficits and net borrowing have increased in the Pacific. Among the Pacific small island developing States, the fiscal deficit (net borrowing requirement) is larger in Fiji, Palau, Samoa, Tonga and Vanuatu than in the resource-rich (i.e. fish-rich) economies, because of greater fiscal stimulus needs and a sharper decline in economic activity. There is an urgent need for domestic revenue mobilization, stronger subregional cooperation initiatives and more effective coordination with international donors and financial institutions to support the implementation of national priorities and sustainable development, as all the above-mentioned impacts fall disproportionately on the poorest and most vulnerable individuals.

2. Overview of subregional responses and initiatives to build back better

29. The first significant collective response of the subregion to the pandemic was by the leaders of the Pacific Islands Forum, who invoked the Biketawa Declaration, a framework developed in 2000 for coordinating responses to regional crises. A Special Pacific Islands Forum Foreign Ministers Meeting was then convened, on 7 April 2020, to consider and endorse the Pacific Humanitarian Pathway on COVID-19 to facilitate, inter alia, the delivery and distribution of personal protective equipment and medical equipment, the movement and deployment of personnel and repatriation. Five common protocols were developed and implemented on technical deployment, customs and biosecurity, immigration, repatriation, and diplomatic and commercial clearance. The work involved the United Nations, agencies of the Council of Regional Organizations of the Pacific and other development partners in what the Foreign Ministers described as a coordinated and unified regional response. It was highlighted by the Secretary-General of the Pacific Islands Forum secretariat, at a meeting of the 24 heads of regional and subregional organizations and the Secretary-General of the United Nations, as an example of strengthened partnership.

30. In discussions on the economic and social impacts of COVID-19 at the Forum Economic Ministers Meeting on 11 and 12 August 2020, the Ministers acknowledged the success of containment measures adopted by Forum Members but highlighted the substantial knock-on economic impacts of the restricted movement of people, trade and essential goods and services across the region as well as the impact on tourism. They noted the following concerns: the fact that tourism-dependent island economies had already lost between 30 per cent and 40 per cent of national incomes, with small and medium-sized tourism businesses disproportionately affected; the collapse of commercial air services and the challenges related to shipping and maritime connectivity; the rapid decline in employment and household incomes and the attendant increase in informal sector activities as displaced and newly unemployed families sought other sources of income and livelihoods; the drop in remittance inflows as well as export revenues from key sectors, including fisheries, minerals,

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logging and agricultural primary commodities; escalating social vulnerabilities as women’s economic security diminished and gender-based violence, already a concern in the subregion, increased; challenges related to the quality and sustainability of education, another issue of concern in the subregion prior to the pandemic; and the future of youth and the workforce.

31. In response, they agreed on the following recommendations: health-care systems would need considerable additional investment and resourcing, with the support of development partners, to develop robust standards and infrastructure and enhance preparedness for reopening and addressing the onset of any future pandemics or similar external shocks; measures should be developed and maintained to mitigate the loss of income of affected people, especially the most vulnerable, through initiatives in the areas of social protection, direct income transfer and financing/tax/regulatory concessions for employers; structural reforms should be carried out to support the diversification of economies and enhance competitiveness through investment in digital literacy, digital trade and innovation in the private sector, including through public-private partnerships; private sector development would need enhancement, including consistent access to markets through safe, affordable, reliable and financially sustainable aviation and shipping services across the region; investment in data would be needed to better measure the impacts of pandemics and track the progress of mitigation efforts; and there was a need for immediate financial support, which should remain consistent over the short-to-medium term, to overcome the fiscal challenges arising from COVID-19.

32. They also called for the following specific support from the development partners, including bilateral, multilateral, regional and development agencies: provision of debt relief, in line with the April 2020 decision taken by the Group of 20; enhancing flexibility in development financing modalities and priority areas of focus, including frontloading existing donor programmes and project pipelines and reprioritizing current donor focal areas; reassessment by international financial institutions of grant and loan eligibility and utilization of all available instruments of support; prompt consideration by the International Monetary Fund of a general allocation of members’ special drawing rights, and enhanced support for members having difficulties in meeting essential external commitments; increasing the use of general budget support (concessional loans and grants) to supplement operating balances, including exploring innovative development financing mechanisms; continuing and increasing support to strengthen social protection systems, including addressing gender-based violence; capitalization of the Pacific Resilience Facility, when conditions allow, as a funding source that would be available to Forum island countries to build economic resilience and strengthen disaster preparedness; and mobilization of funding support for equitable access to COVID-19 testing cartridges and vaccines for the Forum island countries.

33. While the Ministers highlighted the fiscal impacts of climate change and natural disasters, the Forum Chair reminded the General Assembly that climate change remained the single greatest threat to the livelihoods, security, and well-being of the peoples of the Pacific; vowed to maintain collective advocacy and efforts; and demanded stronger mitigation action to put the world on a 1.5°C pathway, including investment in low-emissions technologies. The General Assembly was urged not to let COVID-19 derail the global momentum and ambition required by all parties to deliver on their Paris Agreement commitments.
34. The Ministers and leaders recognized that existing inequalities in the subregion were deepening and that vulnerable communities, including persons with disabilities, were being further marginalized. There were inequalities and vulnerabilities inherent in the smallness and dispersal of small island developing States which were underscored in the Pacific subregion by low connectivity, the digital divide and asymmetries in trade and commerce.

35. That COVID-19 has exacerbated the vulnerabilities in the Pacific subregion is the main reason behind the need for stronger multilateralism and regionalism. The need was highlighted by the Forum Chair and Ministers as well as by the outgoing Secretary-General of the Pacific Islands Forum secretariat, who also observed an element of geostrategic positioning in the COVID-19 global and regional responses. For the subregion, multilateralism and regionalism as well as its own responses and requests with regard to COVID-19 should be focused on the health and well-being of the people of the Pacific and the environment and should not undermine climate action or resilience.

D. South-East Asia

36. As the COVID-19 pandemic has spread, so have its economic and social impacts, which are still not fully comprehended. Starting with travel restrictions and followed up by much more stringent mobility restrictions and lockdown measures, national authorities in the subregion moved to declare a state of emergency in major cities as well as at the subnational and even national levels in an effort to contain the spread of the pandemic. With the harsh measures now showing relative success in terms of containment, member States have now developed exit strategies and put in place actions to help rehabilitate communities and economic sectors.

1. Overview of the impact of the coronavirus disease in the subregion

37. As countries were faced with the global pandemic and its dual threats of public health crises and economic uncertainty, their vulnerabilities were revealed. Governments in South-East Asia were confronted with the dilemma of having to allow businesses to operate and economic activities to continue at the expense of peoples’ lives.

38. Throughout the subregion, the pandemic disrupted economic activities in retail, tourism, and export-oriented industries such as manufacturing, especially in the key automobile and electronics sectors, as well as labour-intensive activities and businesses that rely heavily on international supply chains. Export-dependent countries like Singapore, Malaysia, Thailand and Viet Nam are heavily reliant on global and regional trade flows. The pandemic exposed the weaknesses in the global supply chain in the face of unexpected extreme fluctuations in demand for essential products including medical supplies and equipment due to pandemic-related transportation restrictions and sudden delays in delivery shipments.

39. The situation was particularly challenging for small and medium-sized enterprises, which are the backbone of the subregion’s economies. They experienced tremendous challenges in the movement of goods and services caused by pandemic response measures and further aggravated by additional ad hoc trade restrictions. The COVID-19 pandemic has heightened the risks

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and vulnerabilities of women and girls more than ever. It has underscored society’s reliance on women both on the front lines of the response and at home and jeopardized the hard-won gains for women’s rights. Social protection, which remains inadequate in the subregion, must be broadened in the wake of COVID-19. Public spending must therefore be increased to protect people and enhance resilience by improving access to critical infrastructure and basic services.

2. Overview of subregional responses and initiatives to build back better

40. In early 2020, the Declaration of the Special ASEAN Summit on COVID-19 served to initiate the development of a post-pandemic recovery plan to help to restore regional connectivity, tourism, and business and social activities and potentially dampen the impact of an impending recession in the member States. The Declaration was followed by the announcement by leaders at the thirty-sixth ASEAN Summit, in June 2020, of a process to advance ASEAN efforts to recover from the impacts of COVID-19. The expected output is a comprehensive recovery framework and corresponding implementation plan.

41. In that regard, ASEAN has engaged its dialogue partners to address the challenges and priorities in framing a recovery effort. The talks have provided ASEAN with a better understanding of the multidimensional aspects of the recovery and helped to identify the key elements of a regional recovery framework for consideration by member States.

(a) Association of Southeast Asian Nations, Economic and Social Commission for Asia and the Pacific and the United Nations

42. The ESCAP secretariat has assessed the pandemic’s impact in the Asia-Pacific region, devised an immediate socioeconomic response to the pandemic and developed plans for recovery in the aftermath of the global health crisis. It has worked closely with the Governments in the region to promote and enhance cooperation at all levels to support the subregion’s effective and sustainable recovery while building resilience. Engagements at the regional and national level have also intensified significantly, including technical and policy support as well as recommendations for strategic responses in the recovery efforts.

43. In addition, ESCAP was the lead author of the policy brief of the Secretary-General on the impact of COVID-19 on South-East Asia. Recommendations were offered to assist member States in coping with immediate impacts and plan a pathway out of the crisis. Effective recovery will need to focus on four thematic areas, namely tackling inequality, bridging the digital divide, ensuring a green recovery and upholding human rights and good governance practices.

44. As coordinator of the economic and sociocultural pillars of the Plan of Action to Implement the Joint Declaration on Comprehensive Partnership between ASEAN and the United Nations (2021–2025), ESCAP has sought to ensure that COVID-19 response and recovery efforts do not come at the expense of progress on the Sustainable Development Goals. This aim is especially important given the scale of the short-term economic impact of the pandemic and the projected rate of collective economic contraction for South-East Asia.
45. The secretariat has worked towards facilitating dialogue and providing and coordinating strategic and substantive inputs to the development of the recovery framework in line with the ambitions of the 2030 Agenda. High-level dialogues organized in 2020 in collaboration with ASEAN included the ASEAN-ESCAP high-level policy dialogue on building a resilient ASEAN economic community in the aftermath of COVID-19 in May; the fourth high-level brainstorming dialogue on enhancing complementarities between the ASEAN Community Vision 2025 and the 2030 Agenda, in June; and the Fourth South-East Asia Multi-Stakeholder Forum on Implementation of the Sustainable Development Goals, in October.

(b) Building an inclusive, resilient and sustainable community

46. The ASEAN Comprehensive Recovery Framework was adopted at the thirty-seventh ASEAN Summit, in November 2020. The Framework serves to articulate the ASEAN response throughout the stages of recovery, focusing on key sectors and segments of society that are most affected by the pandemic, setting broad strategies and identifying measures for recovery in line with sectoral and regional priorities.

47. The Secretary-General at the 11th ASEAN-United Nations Summit expressed a readiness to work with ASEAN member States to build resilience, improve preparedness and safeguard the environment, calling the pandemic an opportunity to build back better.

48. The United Nations stands ready to share global experiences and provide technical expertise to support all countries in the South-East Asia subregion with their pandemic recovery plans. Going forward, ESCAP is ready to support countries in dealing with the medium-to-long-term implications of the pandemic, and to provide regional support through the Plan of Action to Implement the Joint Declaration on Comprehensive Partnership between ASEAN and the United Nations (2021–2025), which serves as the common framework of cooperation between the two organizations. The ESCAP secretariat remains committed to supporting regional consultations to build consensus and continuing to work with countries on achieving sustainability and building back better.

E. South and South-West Asia

1. Overview of the impact of the coronavirus disease in the subregion

49. South Asia accounts for nearly one quarter of world’s population but more than one third of the people living in extreme poverty and hunger globally. It has been severely impacted given the vast proportion of its population living at the margins, fragmented coverage of social protection, pervasive informality in economic activities and employment, and wide gaps in public health infrastructure. Millions of workers have been rendered jobless, inequalities have been accentuated, and the crisis is likely to reverse years if not decades of gains in poverty reduction, undermining subregional progress on the Sustainable Development Goals.

50. The COVID-19 pandemic has affected the dynamism and resilience of the subregion, with economies shrinking for the first time in four decades. Owing to the pandemic, the subregion’s performance on the Sustainable Development Goals has regressed. The global pandemic has caused business closures, economic uncertainties, rising protectionism, disruptions in supply chains and inward remittances, cancellation of export orders, and gender violence. Micro-, small and medium-sized enterprises, construction, tourism
and allied sectors and export-oriented units are among the worst affected. Simulations conducted by the secretariat show that as many as 140 million people might lose jobs in five countries in South Asia owing to lockdowns and restrictions on economic activities, and up to 132 million people in the subregion could be pushed into extreme poverty ($1.90 per day), with India accounting for the majority, followed by Bangladesh, Pakistan, Nepal and Sri Lanka. Before the pandemic, South Asia experienced the most rapid annualized absolute reduction in multidimensional poverty in the world. India, Nepal and Bangladesh were on track to halve their multidimensional poverty index scores between 2015 and 2030. However, the pandemic has worsened the overlapping dimensions of poverty and set back poverty reduction trends by 3 to 10 years.

51. Inequalities are intensifying as women and vulnerable and marginal groups are affected more adversely. For example, school closures due to the pandemic could aggravate inequalities in learning outcomes and nutrition as the children belonging to disadvantaged groups are unable to use remote learning or distance learning tools because of the digital divide and are missing midday meals they would normally receive at school. In addition, lockdowns have impacted the jobs and livelihoods of millions of internal migrant workers in South Asia, leading to displacement and a mass exodus to villages. Older persons and persons with disabilities are also more adversely affected because they are more vulnerable to COVID-19 infection.

52. Moreover, since three out of four least developed countries in the subregion will soon graduate and thus face bigger challenges with regard to sustainable graduation, due consideration must be given in the graduation processes and timelines to allow for adequate flexibilities and additional transitional support as required by the graduating countries to overcome the challenges posed by the pandemic.

2. Overview of national and subregional responses and initiatives to build back better

53. In response to the pandemic, countries in the subregion have taken several policy measures to curb the spread of the virus and minimize the fallout and address the challenges stemming from the pandemic.

(a) National responses to expedite recovery

54. Member States in South Asia have been quick to respond to the crisis with short-term macroeconomic policy responses and social assistance measures.

55. The COVID-19 pandemic has exposed gaps in public health infrastructure and poor coverage of social protection schemes in the subregion’s countries. Governments responded to the pandemic by converting schools, trains, stadiums, hotels and other unutilized spaces into makeshift hospitals to treat and isolate COVID-19 patients. Fiscal measures have been aimed at increasing resources for the health sector; relief and social assistance for affected people through income and cash transfers; wage support, in-kind assistance and food vouchers; deferred payments for taxes, rents, interest and public utilities; and monetary policy easing for liquidity infusions to safeguard production capacity and economic activity. Monetary authorities have taken

measures to ensure adequate liquidity and the stability of the financial system by reducing monetary policy interest rates and lowering reserve requirements. Liquidity support measures have been announced for financial institutions and non-banking financial intermediaries, and the central banks in the subregion have intervened in the foreign exchange markets to prevent exchange rate volatilities.

56. Member States in South Asia have implemented policy measures covering employment creation, financial assistance and social security (Bangladesh, Bhutan, India and Pakistan); increasing domestic production to meet the consumption needs and reorienting towards export economies (Sri Lanka); developing strategies for the economic security of migrant workers (Bangladesh and India); reinforcing digital technologies for easier access to public and socioeconomic services through ICT and online platforms (Maldives); and providing fiscal incentives to induce the transition of households and business towards improved waste management practices and renewable energy usage (Sri Lanka).

57. Some Governments implemented schemes to provide employment. For example, the Government of Afghanistan introduced a short-term employment scheme in rural areas focused on the development of productive assets like irrigation schemes and support for sustainable watershed development in the long term. The Government of Bhutan introduced its Build Bhutan project to boost employment in the construction sector. The Government of India, as a part of a social assistance package, increased the daily wage rate for unskilled work and provided an additional half billion days of work. The Government of Pakistan employed people who lost their jobs during COVID-19 lockdowns to plant saplings and trees under the 10 Billion Trees programme (initially launched in 2018). The Government of Maldives devised a loan scheme to provide small and medium-sized enterprises and self-employed/freelance workers short-term financing to meet their current operational requirements.

58. Efforts to provide relief and stimulate economic activities will need to continue and scale up right through 2021 if not beyond. Large, people-centred relief and stimulus packages not only mitigate the challenges faced but can also help to make more inclusive, sustainable and resilient societies for building back better. Simulations conducted by the secretariat suggested that stimulus packages ranging between 7 and 14 per cent of GDP and covering public health infrastructure needs, social protection and economic revival would be needed to mitigate the impacts. Specifically, simulations suggested that Bangladesh would need a stimulus package equivalent to 11 per cent of GDP, India 14 per cent, Nepal 9 per cent and Pakistan 7 per cent, while Sri Lanka would need a package approximately equivalent to 2.5 per cent of GDP. In the medium term, countries in the subregion need to build on the initiatives on protecting health and livelihoods in the wake of the pandemic to move towards universal health coverage and universal social protection to enhance resilience. They should also direct the fiscal stimulus packages towards green, inclusive and gender-sensitive programmes to address multiple and intersecting deprivations that would help to decarbonize the economies while creating jobs.

(b) Subregional cooperation for building back better

59. The unprecedented nature of the crisis has triggered an urgent need for regional action to combat the COVID-19 pandemic and its socioeconomic impacts. Under the auspices of the South Asian Association for Regional Cooperation (SAARC), a virtual meeting of leaders was held in March 2020, at the invitation of the Prime Minister of India, culminating in the creation of the $22 million SAARC COVID-19 Emergency Fund. A SAARC health
ministers’ online conference was then held, on 23 April 2020, to deepen cooperation for immediate health responses. Online meetings of health professionals have also been held for better tracking, surveillance and emergency responses, and SAARC trade officials met in early April 2020. A COVID-19 portal has been set up by the SAARC Disaster Management Centre to track daily COVID-19-related updates. At the SAARC Planning Ministers Meeting held in November 2020, emphasis was based on the need to reorient responses to achieve the Sustainable Development Goals in the face of the pandemic. Maldives and Sri Lanka have also drawn upon the Currency Swap Arrangement operated by the Reserve Bank of India under the network of central bank governors and finance secretaries of the SAARC region.

60. Member States of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation at the commemoration of its twenty-third anniversary also expressed their commitment to strengthen cooperation to combat the COVID-19 pandemic and work together to build better resilience across the region. Various regional initiatives under the umbrella of the Bay of Bengal Initiative can contribute to the achievement of the Sustainable Development Goals, for instance its Technology Transfer Facility, Convention on Mutual Legal Assistance in Criminal Matters, Expert Group on Agricultural Cooperation, 2030 tourism strategy, master plan on transport connectivity and grid interconnection master plan study as well as its ability to leverage synergies between public health and traditional medicine. The Secretary-General of the Bay of Bengal Initiative suggested focusing on spurring economic activities through greater intraregional trade; keeping regional markets open to increase investment; ensuring food security and strengthening the resilience and sustainability of regional supply chains (especially for essentials); and formulating standard operating procedures for micro-, small and medium-sized enterprises in public health emergencies.

61. As global conditions turn unfavourable for international trade, harnessing of trade and investment potential within the subregion could be an important option for countries in South Asia, especially given the unexploited potential of intraregional trade to speed up their recovery from the pandemic, including through bilateral and subregional trade agreements and by bringing down trade barriers, facilitating trade in services and accelerating mutual investments. An opportunity exists for South Asia to promote investment in the formation of regional production networks and value chains, with a focus on specific sectors such as food and health to harness the potential of greater supply chain cooperation. To that end, it would be important to strengthen the existing freight corridors, including through expedited customs clearance, ICT and transport connectivity, and digitalization, which can help to sustain the supply of food and medicines, vaccines and critical equipment and to protect trade interests. In that regard, there is a need for reforms including the removal of tariff and non-tariff barriers, improvements in trade facilitation to reduce trade costs, and investments in connectivity infrastructure.

62. The Fourth South Asia Forum on the Sustainable Development Goals, organized by ESCAP and hosted by the Government of Maldives on 2 and 3 December 2020, provided a subregional platform to discuss shared challenges such as achieving inclusive, resilient and sustainable development in South Asia in the aftermath of COVID-19 and the role of the Forum in fostering regional cooperation in South Asia, in addition to and in collaboration

11 Unlocking the Potential of Regional Economic Cooperation and Integration in South Asia: Potential, Challenges and the Way Forward (United Nations publication, 2017).
with SAARC and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation. It also welcomed the South Asia Network on the Sustainable Development Goals established by the secretariat in collaboration with the prominent think tanks of South Asia to foster greater subregional cooperation by sharing good practices to achieve the Goals.

III. Issues for consideration by the Commission

63. The Commission may wish to reflect on the impacts of and responses to the pandemic in the various subregions, with a view to identifying good practices and lessons learned that could be replicated.

64. In this connection, the Commission may wish to provide guidance to the secretariat on priority areas of work at the subregional as well as regional levels with a view to connecting efforts and strengthening cooperation among subregions.