

Position Note

Prepared by UNDP Regional
Bureau for Asia and the Pacific

April 2020



Empowered lives.
Resilient nations.



THE SOCIAL AND ECONOMIC IMPACT OF COVID-19 IN THE ASIA-PACIFIC REGION

UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in more than 170 countries and territories, we offer global perspective and local insight to help empower lives and build resilient nations.

Disclaimer:

The views expressed in this publication are those of the authors and do not necessarily represent those of the United Nations, including UNDP, or UN Member States.

The designations employed and the presentation of material on maps in this publication do not imply the expression of any opinion whatsoever on the part of United Nations or UNDP concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries.

Copyright © UNDP 2020

Proposed citation:

UNDP (2020). The Social and Economic Impact of COVID-19 in the Asia-Pacific Region. Position Note prepared by UNDP Regional Bureau for Asia and the Pacific. Bangkok: United Nations Development Programme.

Acknowledgements

This position note is a collective endeavour by UNDP Regional Bureau for Asia and the Pacific. It involved colleagues in UNDP country offices and in the UNDP Bangkok Regional Hub (BRH).

It was prepared by Balázs Horváth, Taimur Khilji, Uyanga Gankhuyag and Tianyu Meng from BRH, and Violante di Canossa, Jiawen Chen and Shi Rong from UNDP China country office.

We are thankful to Kanni Wignaraja, Director of the Regional Bureau for Asia and the Pacific of UNDP and Jaco Cilliers, Manager of UNDP Bangkok Regional Hub for providing guidance. Bishwa Tiwari, Hannie Meesters, Christine Wellington Moore, Sanny Jegillos, Christopher Oestereich, Paul Buckley, Sebastian Boll and George May from BRH shared very useful insights. Kieren McGovern supported processes leading to the production of the report. Yuhan Yang provided data-related support. The report also benefited greatly from inputs from and deep discussions with UNDP Asia-Pacific country economists—Shamsur Rahman, Bangladesh; Tandin Wangchuk, Bhutan; Richard Marshall, Cambodia and Kongchheng Poch, Economist at the Cambodia UN Resident Coordinator Office; Basudeb Guha-Khasnobis, India; Rima Prama Artha, Indonesia; Arghavan Farzin Motamed, Iran; Somsay Ouanphilalay, the Lao People's Democratic Republic; Haniza Khalid and Norhafiza Shafie, Malaysia; Fathimath Sharfa Shareef and Aishath Raniya Sobir, Maldives; Delgernaran Tumurtogoo, Mongolia; Biplove Choudhary and Jieun Park, Myanmar; Yanki Ukyab, Nepal; Umer Akhlaq Malik, Pakistan; Christopher Hnanguie and Constance Vigilance, Papua New Guinea; Andrew Parker, the Philippines; Salote Itagia Meredith, Samoa; Kirthisri Rajatha Wijeweera, Sri Lanka; Anuk Serechetapongse, Thailand; and Nguyen Tien Phong, Viet Nam.

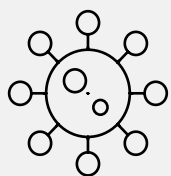
The UNDP Asia Pacific Economist Network supports UNDP country offices in the region, the Bangkok Regional Hub and the Regional Bureau for Asia and the Pacific (RBAP) in delivering policy advice to counterpart governments and implementing programmes through evidence, analysis and insights. Our aim with this position note is to highlight the social and economic impact of COVID-19 in Asia and the Pacific, the economic policy responses to the pandemic-induced crisis, as well as gaps and possible directions in these responses, from the perspective of sustainable and people-centred development. Since the Asia and the Pacific region was the first to enter the battle against the pandemic and has some successful emerging experiences, it is hoped that this position note will be useful not only for this region, but also for the rest of the world.

Contents

Key messages	4
Executive summary	6
Background	10
The social and economic impact of COVID-19	16
Global value chains and the supply and demand shock	17
The social crisis	18
Gender impacts	19
Financial stability on the brink	20
Response to the crisis	21
UNDP's role	31



Key messages



The COVID-19 pandemic and the associated economic crisis are posing huge challenges, raising many unknowns and imposing wrenching trade-offs. Both crises are global, but their impacts are deeply local. The policy response to both crises needs to be rapid, even if it is rough around the edges. But countries cannot pull this off on their own—the global crises require global solidarity and coordination.



FIRST THINGS FIRST: SAVE LIVES, PROTECT LIVELIHOODS

- We need to respond to this health emergency with decisions based on evidence, provide people with the best accurate information, and provide free or affordable COVID-19 testing and treatment.
- We need to preserve jobs and incomes for the millions of people losing their livelihoods. To assist them, we should expand social safety nets using universal income support schemes, and work with banks, fintech and the private sector to deliver social transfers.
- The pandemic is hitting women harder and we must acknowledge as well as alleviate the burden of work that involves caring for their families and the sick that is being unequally imposed upon them.
- Countries must coordinate policies and cooperate across borders to address the plight of refugees and migrants, as these are some of the most vulnerable populations and we cannot leave them behind.



REVISE BUDGETS, CHANGE POLICIES AND RULES: DON'T TAKE THEM AS A GIVEN

- Create fiscal space—raise revenues and avoid wasteful spending—to channel more resources to public health, economic stimulus and the social safety net. That means governments need to revise their priorities reflected in budget revenue, spending and financing. By doing so, they can contain increases in fiscal deficits and surges in public debt.
- Governments should use stimulus funds and incentives for populations that need them the most. This would mean channelling sizeable parts of such stimulus packages to small and informal businesses, the vulnerable and poor, and avoid the use of stimulus funds and incentives that enrich the well-off.
- By coordinating globally, countries can address so-called 'fiscal termites'—long-standing problems that undermine national budgets such as tax competition, tax evasion via tax havens and transfer pricing, and fossil fuel subsidies. They should tax the digital economy. Global coordination is also needed to facilitate debt relief to heavily indebted countries, Small Island Developing States (SIDS) and Least Developed Countries (LDCs).
- We need to restart trade by reducing trade tariffs and open borders for goods, even while they are closed for people. And it is essential to safeguard and restore the supply chains of essential goods and services.
- Governments should make it easier to conduct business by improving public services and making them accessible through digital technology. They should support small, medium-sized and informal enterprises.



BUILD BACK BETTER: CHART A SUSTAINABLE, RESILIENT DEVELOPMENT PATH

- We now have an opportunity to build a new, just and fair social contract between governments and people. This includes universal social safety nets and health insurance.
- To bridge the digital divide and foster digital economies, governments should create legal and regulatory foundations, and invest in a new public good—digital connectivity for all.
- The opportunity is presented to promote sustainable, low-carbon development to preserve and sustain our environment. We should invest in building local, more sustainable and resilient supply chains, and foster the circular and sharing economies.
- Conflict undermines prosperity. We need to guide warring parties to peace and use the resources saved for public health and education, improving livelihoods and helping the vulnerable.

UNDP is supporting countries in Asia and the Pacific to *prepare, respond* to and *recover* from the COVID-19 pandemic and the associated economic crisis using its integrator and convening role, its global networks and its mobilization capacity.

Executive summary

Two concurrent global crises—a health crisis and an economic crisis—are engulfing the world. The necessary public health response to the COVID-19 pandemic is setting in motion a globally synchronized economic recession—leaving no obvious robust engine of global growth. The humanitarian dimension of these two linked events is taking the majority of mankind into uncharted waters. The compound crisis threatens to overwhelm health care systems and government policies. The policy response will determine the human toll of the virus; the length and severity of the downturn; and economic, social and environmental progress towards (or regression away from) attaining the Sustainable Development Goals (SDGs), placing a large responsibility on policymakers.

The global recession induced by COVID-19 is escalating along a feedback-reinforced spiral. Massive production disruptions that started in China have led to a lower supply of goods and services that reduces overall hours worked, leading to lower incomes. The impact of this is compounding the immediate global drop in demand stemming from social distancing measures being enacted around the world, which are disrupting highly integrated trade links and value chains. This in turn is again putting downward pressure on supply as producers cut back their output if less of it is bought. Furthermore, as the pandemic becomes global, lower demand from major consuming countries and worsening expectations about the economic outlook are accelerating a vicious downward spiral. As activity contracts and unemployment rises, the rapidly deteriorating economic fundamentals caused by the shock to the real economy spreads to the financial sector, risking a liquidity crisis as availability of credit diminishes and asset prices fall.

A rapid response is needed. Even if rough around the edges, a fast response is better than one that is perfect but slow. This position note calls for policies that meet immediate needs—containing the virus's spread and strengthening health systems to prepare for the next shock, including a possible recurrence of COVID-19, while simultaneously responding to the looming economic downturn. Different approaches in some countries and territories in East and South-East Asia have proved fairly successful in “flattening the curve” of caseloads, allowing them to start reviving their economies.

workers are facing a stark trade-off between safeguarding their lives and livelihoods. Already 100 million migrant workers in India are on the move in search of safety and basic sustenance, defying a nationwide lockdown.

Governments should attach simple, sustainable development-oriented conditions to their stimulus measures. These can help focus support to people in need and preclude major leakages; or set the stage for improving the social safety net and extending the coverage of formal employment.

Countries should globally coordinate and optimize the COVID-19 response, while seizing the opportunity to decisively make development more sustainable. The global spread of the virus in our interconnected world offers little chance of success if each country devises a health and economic response on its own. To make the response more effective and reduce the cost of the crises, strong coordination and cooperation among governments is needed, coupled with clear and transparent communication. These will help enhance governance and build public trust inside and across borders.

Fiscal space needs to be created to respond to the crisis by revisiting existing policies, rather than applying patches to them. The optimal approach includes redeploying existing resources to their best use, so as to avoid very large deficits that would

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_11668

