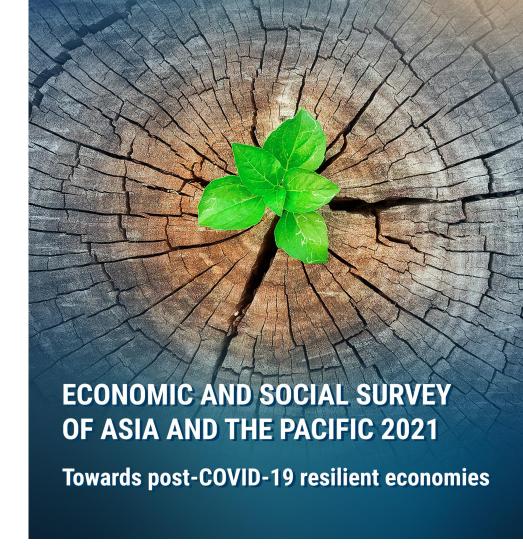




Overview

- Main messages
- The present: Macroeconomic outlook
- The past:
 - Understanding resilience from the past
- The future: Building forward better
- Fiscal and financing options
- Key takeaways





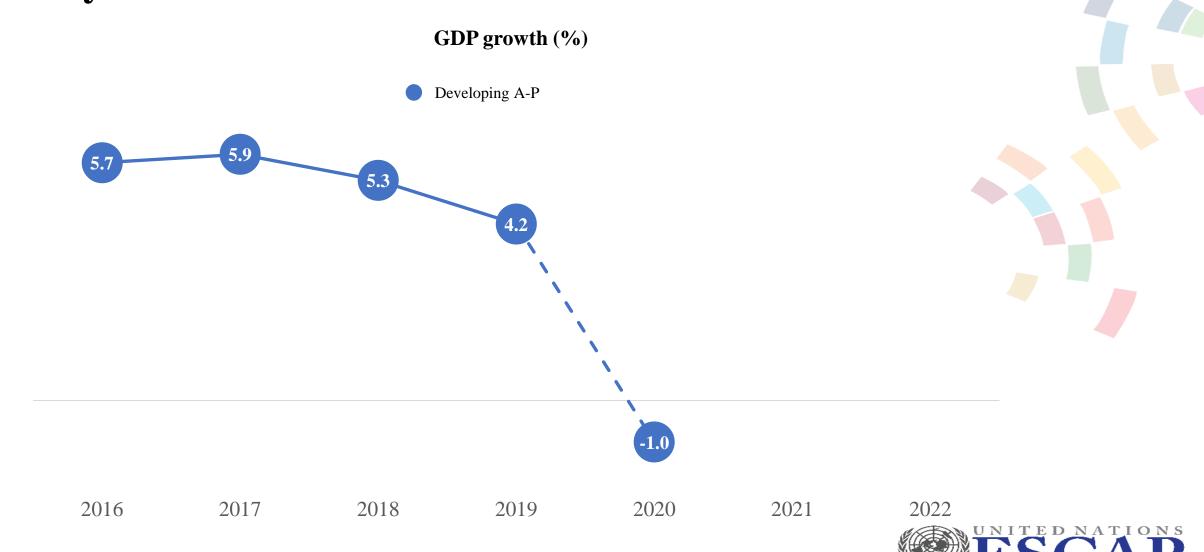
Main messages

- The socio-economic impact of the COVID-19 pandemic was amplified due to lack of resilience and investments in people and the planet.
- Continuity in policy support is a must and recovery policy 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 such a policy package, countries would need to build fiscal space and explore a range of financing options.

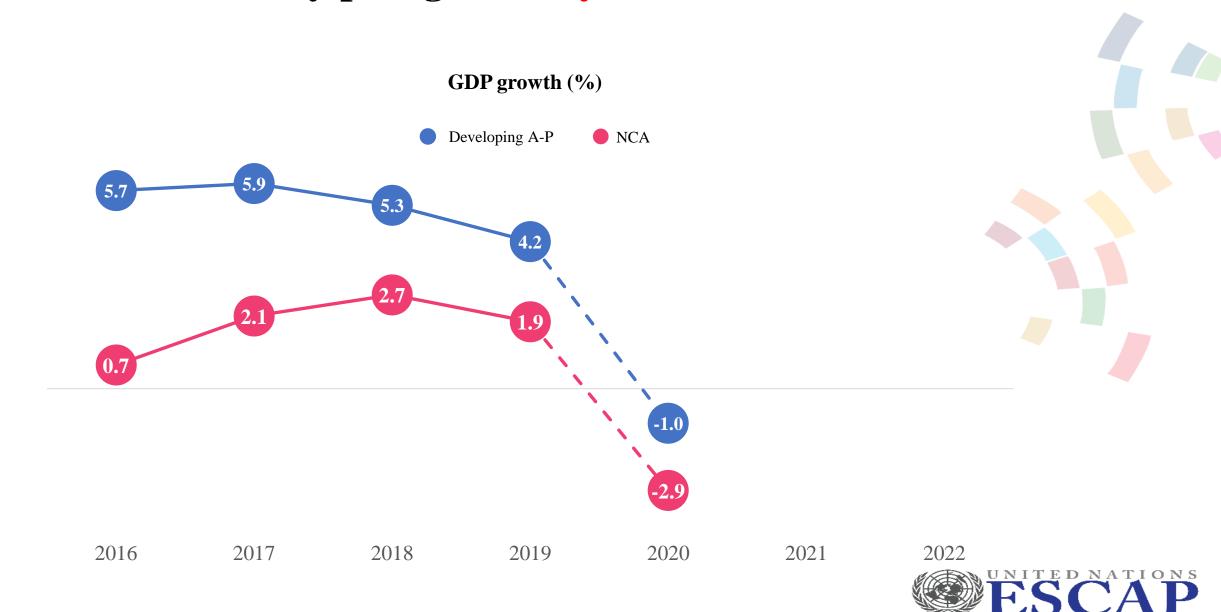




The region experienced its worst economic performance in recent history...

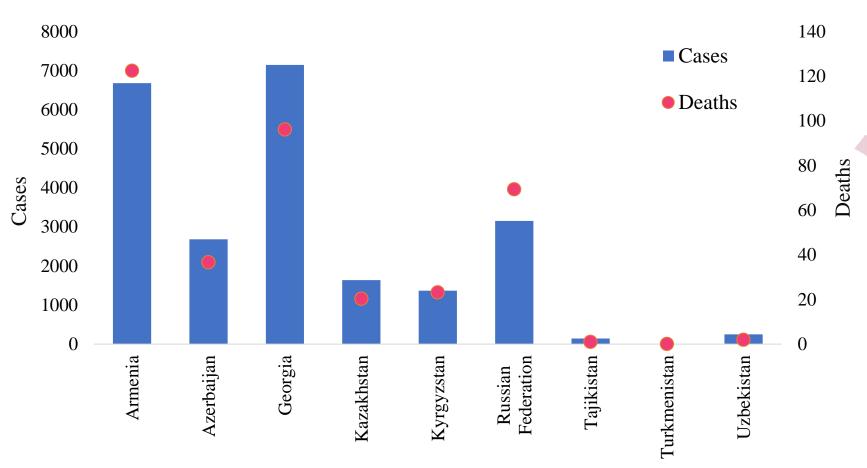


..And the economy plunged into yet another deceleration in NCA.



... largely caused by the COVID-19 pandemic,

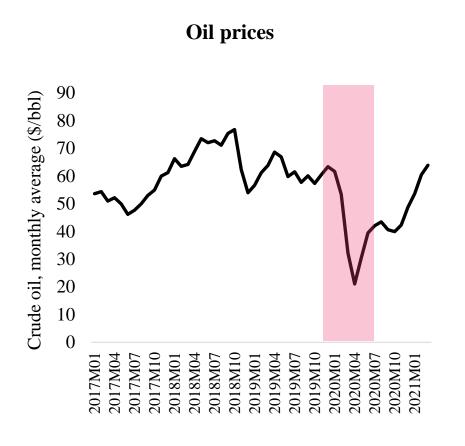


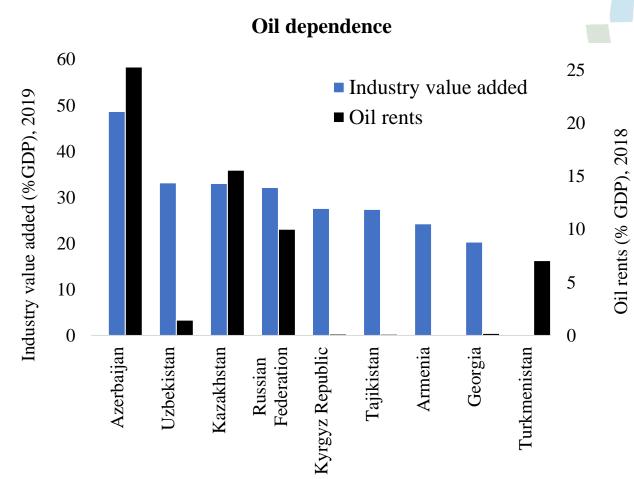


Source: WHO, accessed 7th April 2021



...and a global collapse in oil prices...





Source: WB



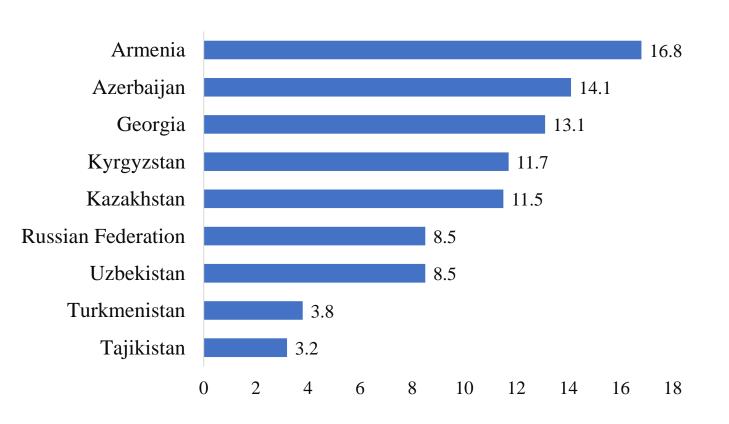
... with significant socio-economic costs.





Post-Pandemic increase in poverty (North and Central Asia, millions of persons)







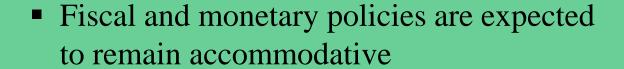


Given considerable uncertainty, economic outlook is cautiously optimistic for 2021-22



Such optimism is supported by multiple factors...











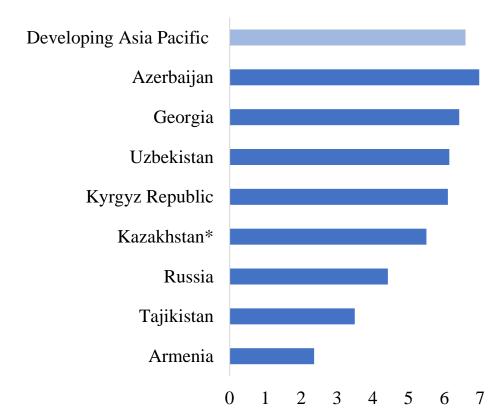
... Fiscal and monetary policies are expected to remain accommodative.

Fiscal support package, as a share of GDP

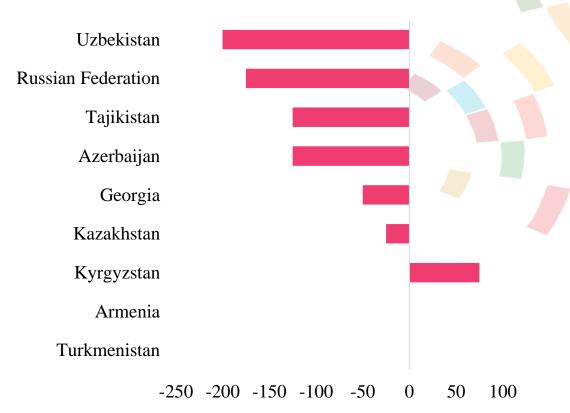


Central Bank policy rate changes since the beginning of 2020, basis points





Source: IMF, as of February 2021

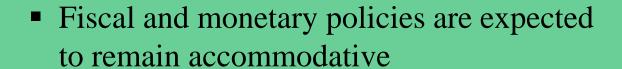


Source: ESCAP, as of 23 March 2021



Such optimism is supported by multiple factors...







Major economies worldwide are gradually recovering











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





Trade in services (international tourism)
remains subdued



Debt distress is on the rise



Long-lasting impacts on productivity



 Capital flow uncertainties & risk of stagflation

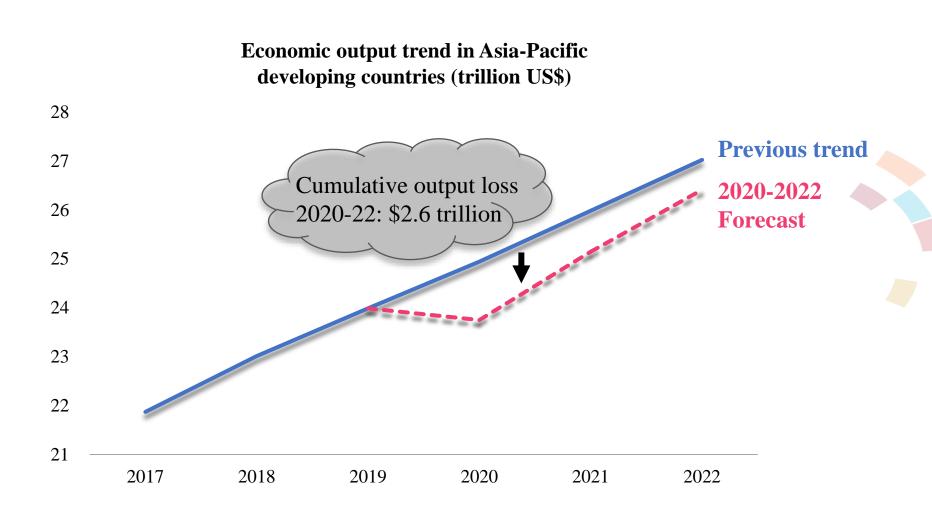


Lingering trade tensions





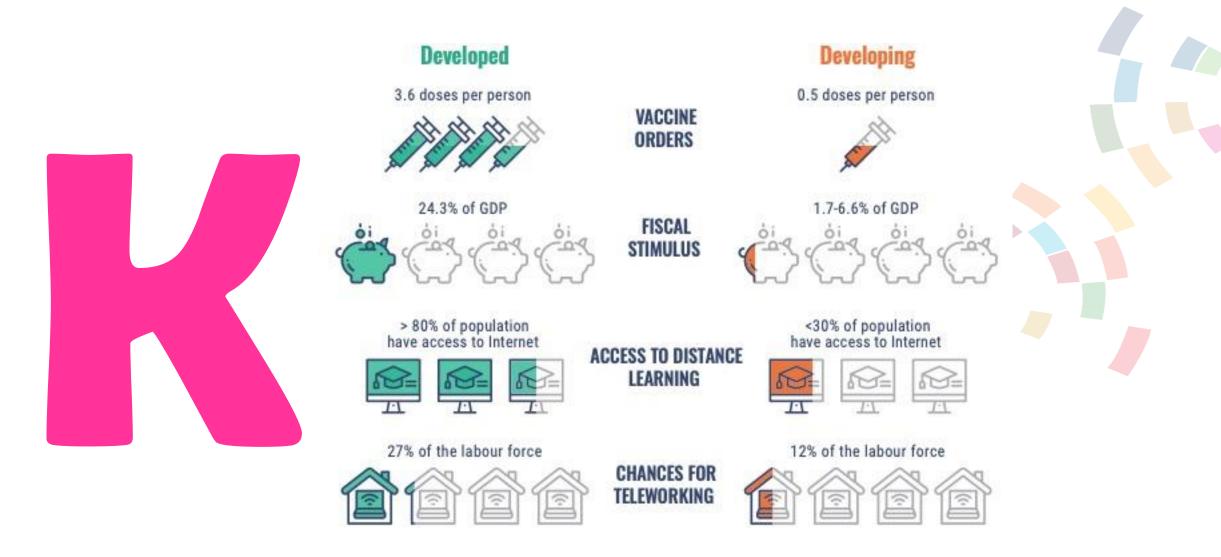
...with expected permanent losses in output...





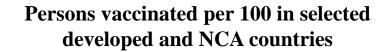


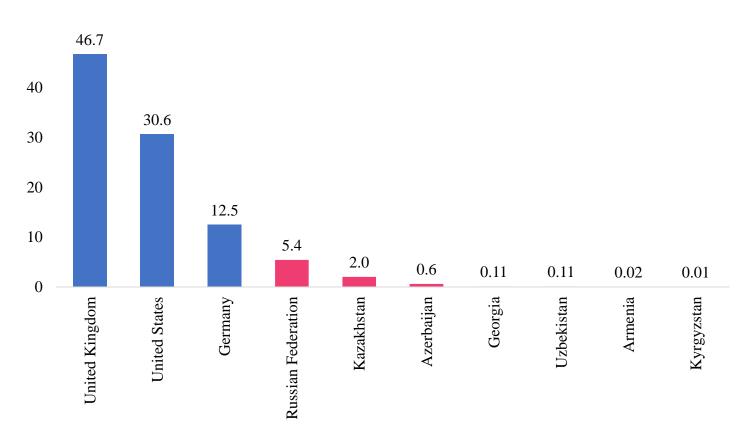
...and a likely "K-shaped" recovery in the Asia Pacific region..





... For instance, uneven vaccine distribution in NCA





Source: WHO Coronavirus Dashboard, accessed April 12th



Near-term policy priorities

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



Ensure continuity in fiscal & monetary support







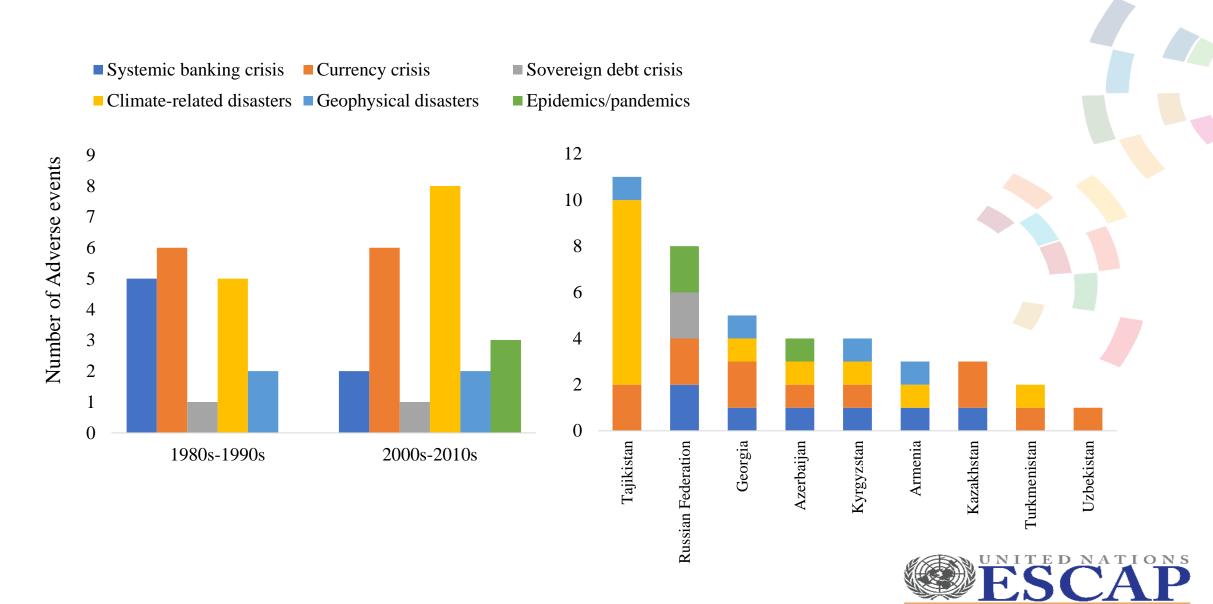




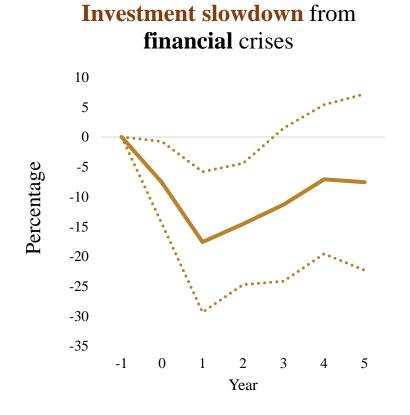
The past: Learning from Past Crises and Recoveries to Build Resilience

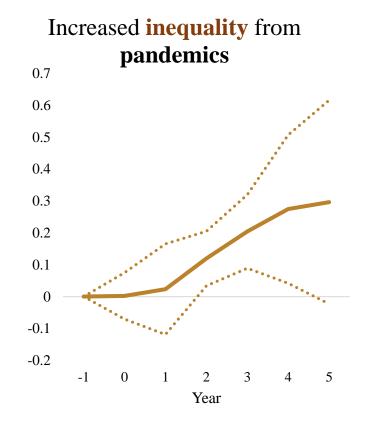


North and Central Asia faces a wide risk landscape...

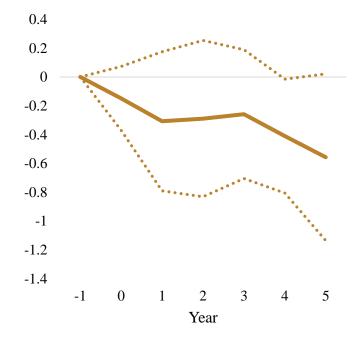


...where adverse shocks leave long-term scars.



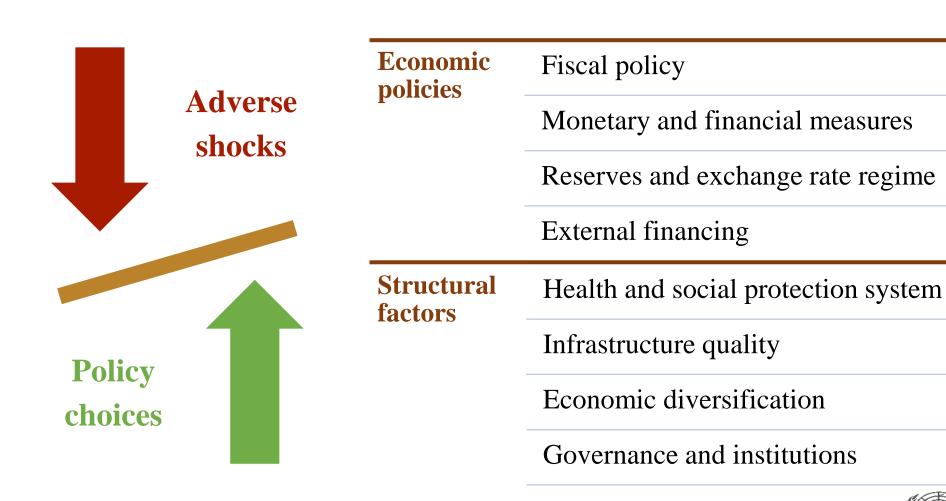


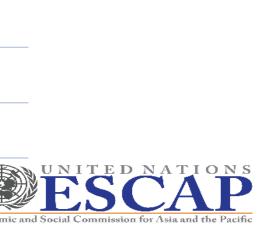
Environmental damage from natural disasters



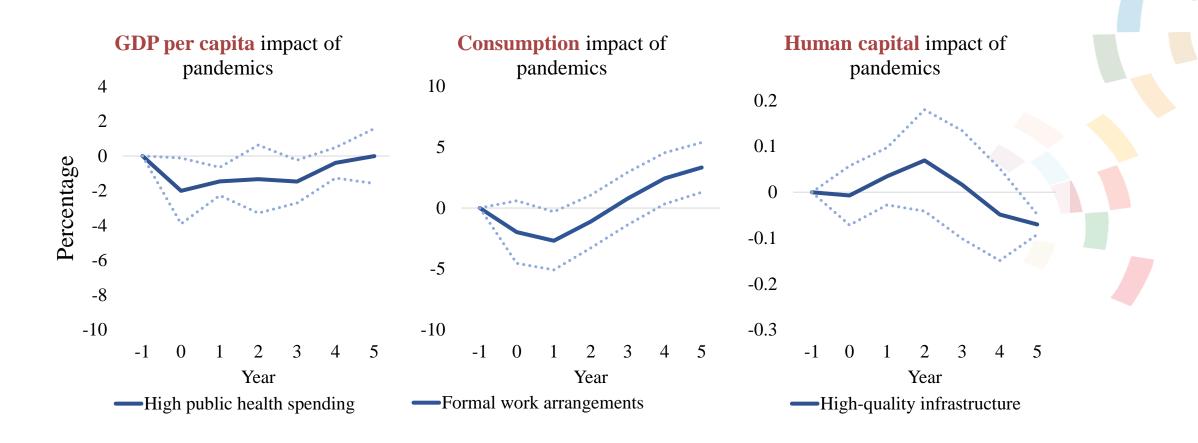


However, policy choices can reduce such a setback.



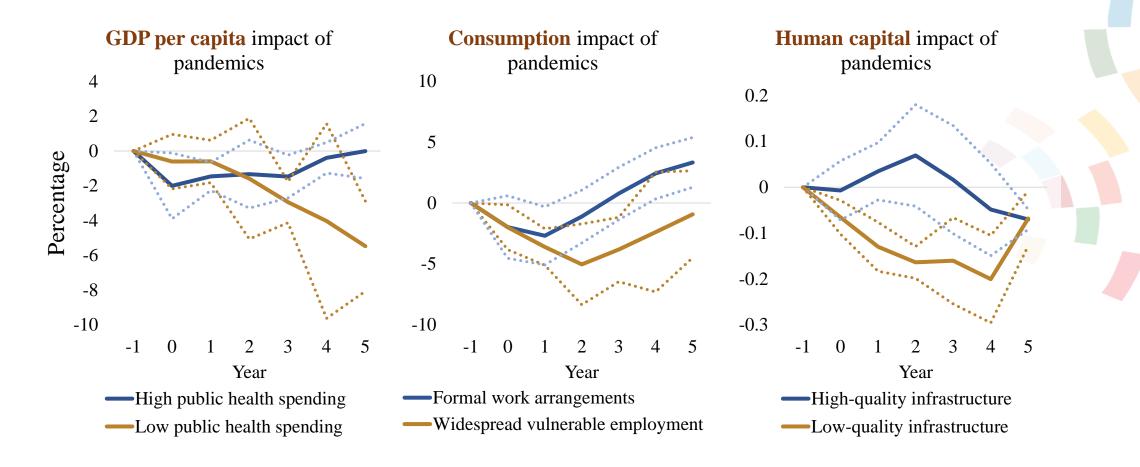


Pandemics have a more severe economic and social impact...





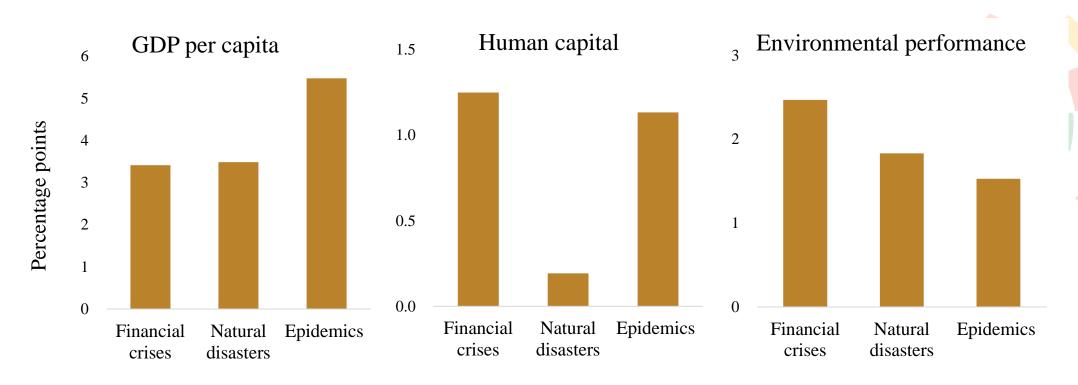
... in countries with pre-existing structural vulnerabilities





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

Potential boost to sustainable development from resilience-enhancing policies

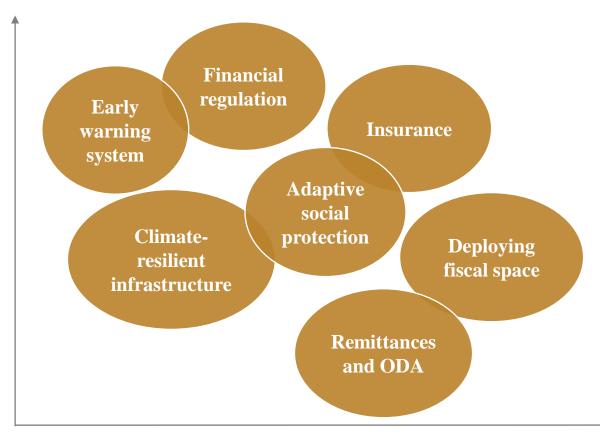




Lesson learned – 2: Integrate risk management into national development planning and policymaking

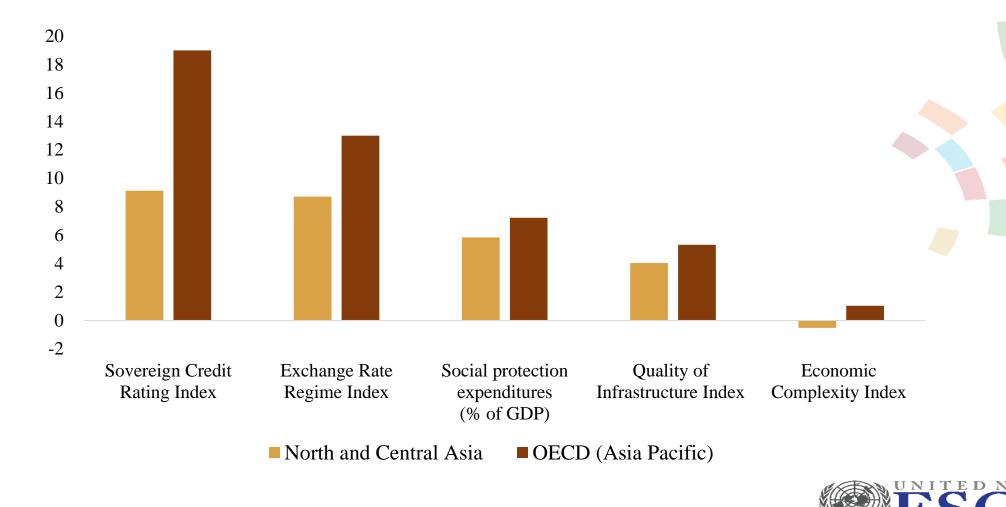
Crisis preparation and coping strategies

Preparing for crisis



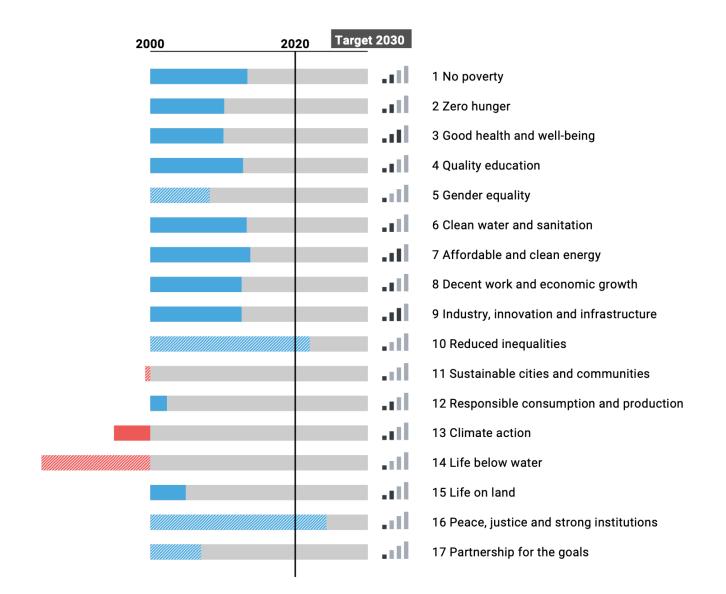


Lesson learned – 3: Strengthen the resilience of vulnerable countries





SDG Progress in North & Central-Asia has been lagging...





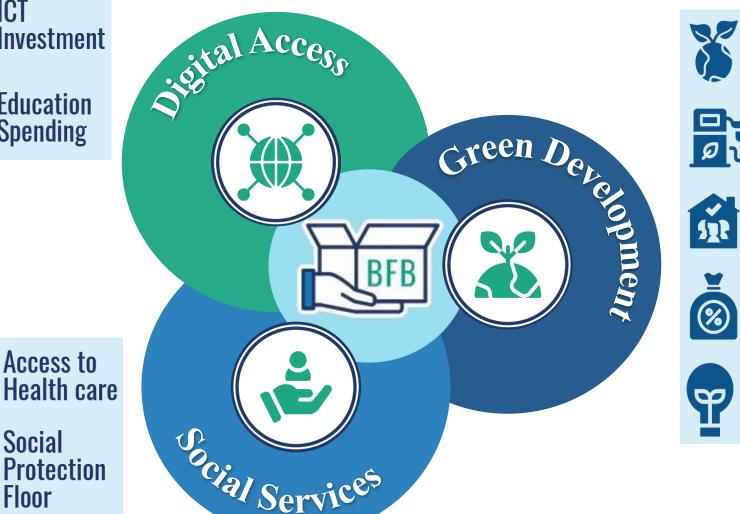


We propose a "Building Forward Better" policy package...





Education Spending





Biodiversity





Climate-Resilient Infrastructure



Carbon Tax



Clean Energy & Energy Efficiency



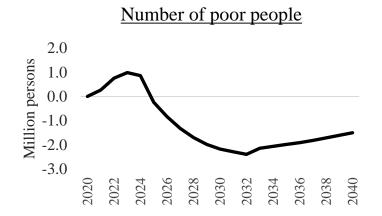
Social **Protection** Floor

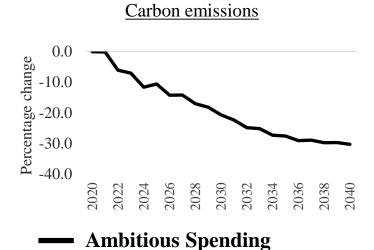
Access to

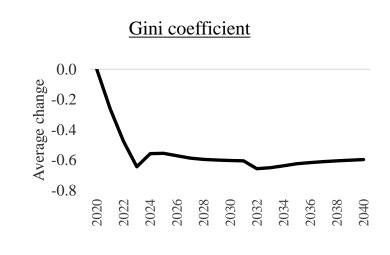


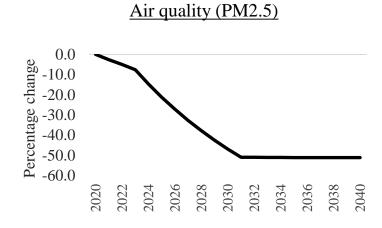
...which brings social & environmental benefits...

North and Central Asia









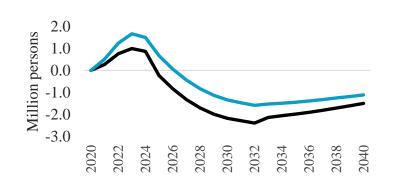




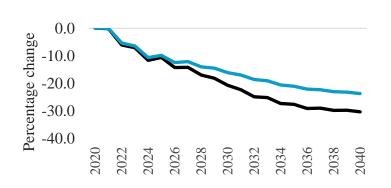
...which brings social & environmental benefits...

North and Central Asia

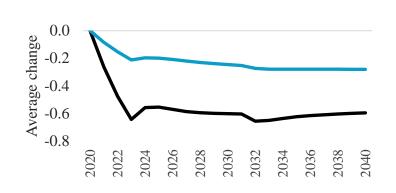
Number of poor people



Carbon emissions



Gini coefficient



Air quality (PM2.5)





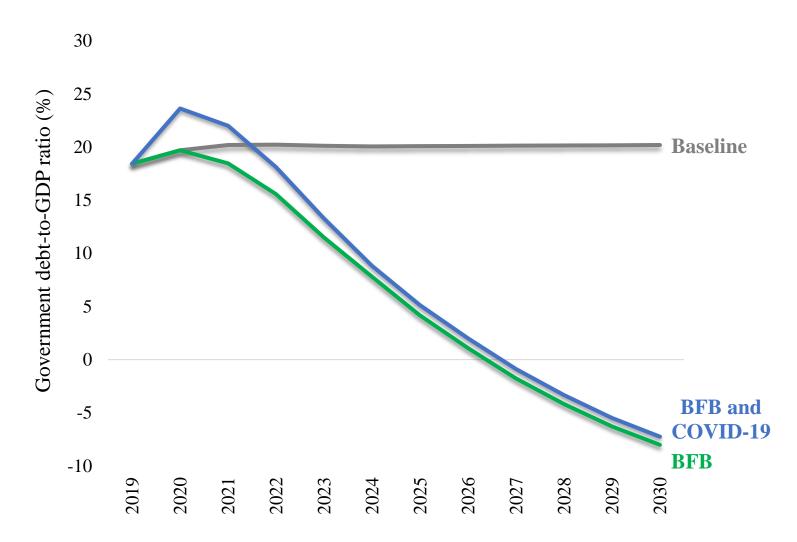






... and reduces fiscal burden.

North and Central Asia

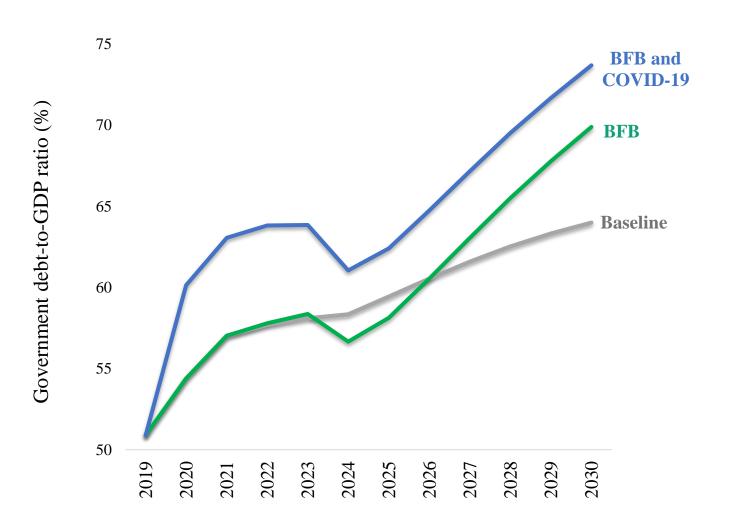






... However, the picture is less rosy for the whole region









Which fiscal and financing policies can help?



Policy options for NCA countries



Eligible countries should actively engage in debt relief initiatives



Small countries could explore use of diaspora bonds



Ease investment policies for pension and sovereign wealth funds



Enhance public debt management strategies



Explore more emergency financing mechanisms



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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