Fifth South-East Asia Multi-Stakeholder Forum

"Building Back Better from COVID-19 while Advancing the full Implementation of the 2030 Agenda for Sustainable Development"

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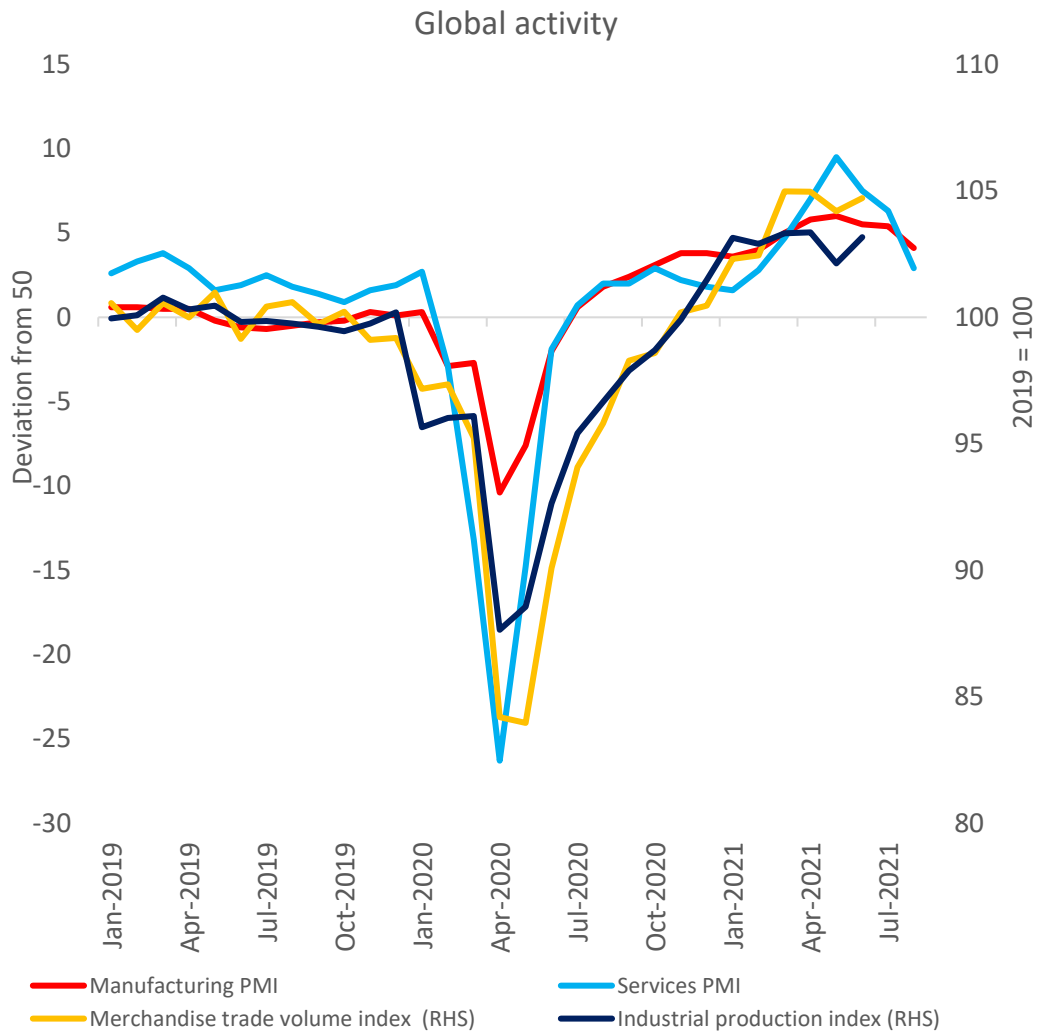
Regional Action Toward Sustainability: APEC and the SDGs

Session 1

As global growth improved …

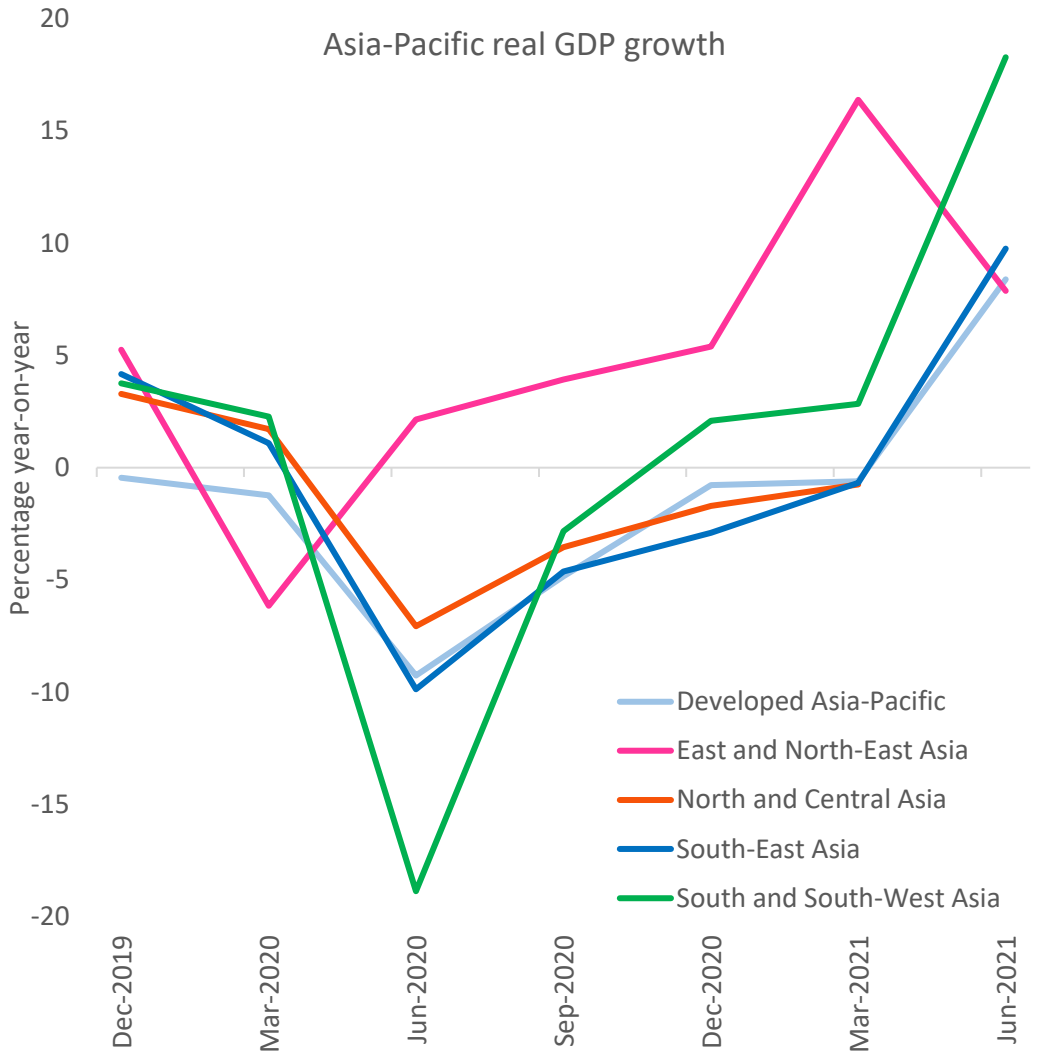
- Global growth continually improved in the first half of 2021
  - Resumption of economic activities in advanced economies led to upturns in global trade and manufacturing
  - This was helped by rapid vaccine rollouts and renewed fiscal measures in advanced economies



Source: CEIC and CPB Netherlands Bureau for Economic Policy Analysis

… the worst is over in developing Asia-Pacific…

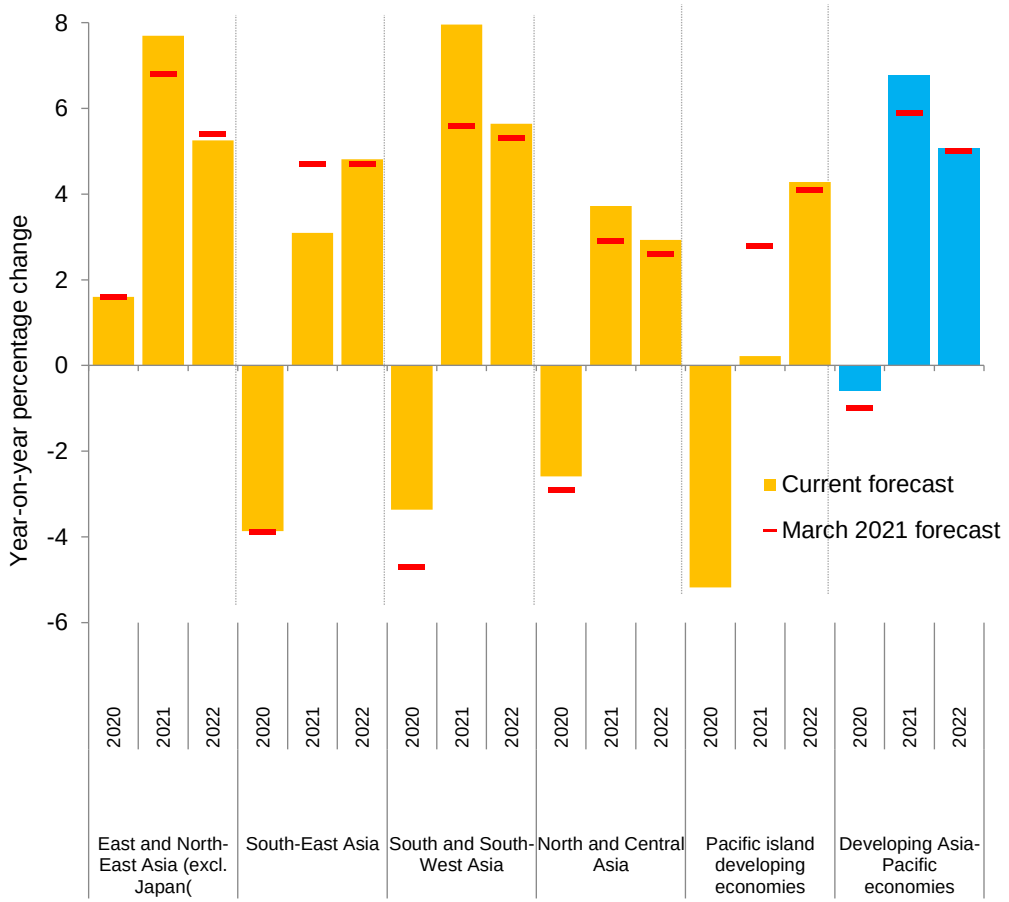
- Developing Asia-Pacific has rebounded from the worst
- Recovery remains uneven due to varying rates of vaccination and degrees of disruption
- Output levels in most countries are still below pre-pandemic levels and far from pre-crisis trend
- Moving into the latter half of 2021, the pace of recovery should moderate slightly



Source: Based on CEIC. Quarterly aggregates for 28 economies in AP representing 97.4% of GDP in ESCAP countries. Aggregate for Q2 is based on data available for 22 countries representing 95% of GDP in ESCAP.

… as growth is expected to hold up for 2021 and 2022.

- Developing Asia-Pacific set to grow 6.8% in 2021 and 5.1% in 2022
- Growth is expected to hold up in 2021 – supported by external demand, gradual resumption of activities, accelerated vaccinations
- Further recovery expected in 2022 as pace of vaccination picks up, activities resume, borders reopen
- Employment recovery is still slow
- Inflation should remain in check, with recent price pressures to be transient

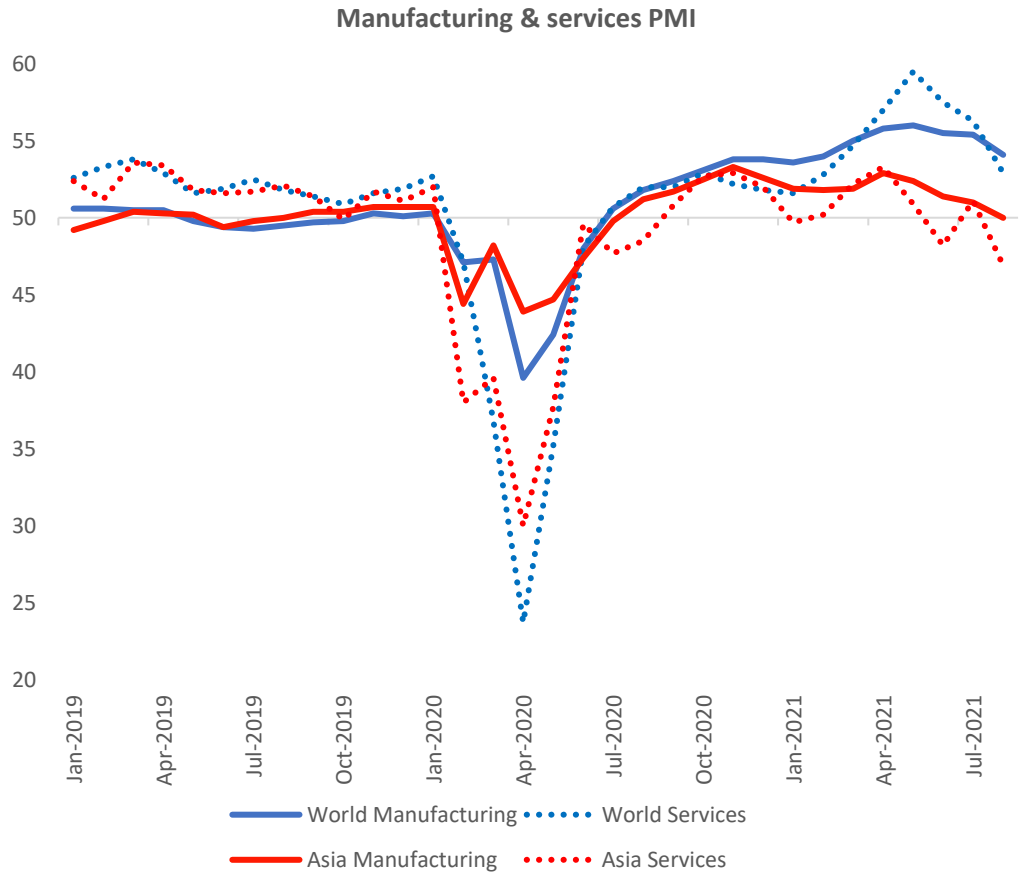


Source: ESCAP estimates and forecasts.

However, not out of the woods yet … *cautiously optimistic* – with *greater caution*

The near-term risks

- The threat of the pandemic will linger on for longer with lasting impacts
  - Continued efforts to speed up vaccination will help activities to resume
  - Countries will need to consider adopting differentiated and flexible strategies to co-exist with COVID-19
  - Fiscal and monetary policies need to remain supportive
- Signs of industrial production plateauing
- Some headwinds on exports is possible
- Financial stability concerns should not be overlooked



Source: CEIC

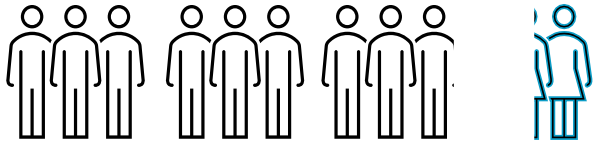
Rethinking the economic paradigm

- The pandemic has exposed inherent vulnerabilities in our economies to non-economic shocks, leading to significant disruptions and instability
- A recovery in economic growth alone would not make our economies more stable and sustainable in the long term
- We need to create a future growth model which is more **resilient** to shocks by focusing on the quality of economic growth and its integration with social development and environmental **sustainability** objectives
- This will involve transforming the economies structurally to make growth more **socially equitable** and **green**, including through harnessing the power of digitalization for good while mitigating any negative aspects

The recovery packages leave room to integrate social and environmental issues

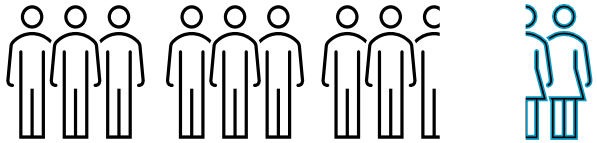
Most recovery policies are not gender-sensitive:

Fiscal support for businesses



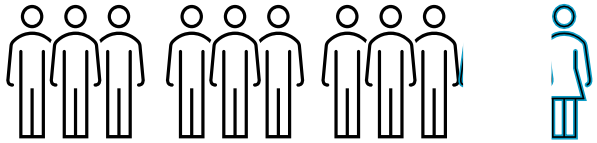
11%

Social Protection



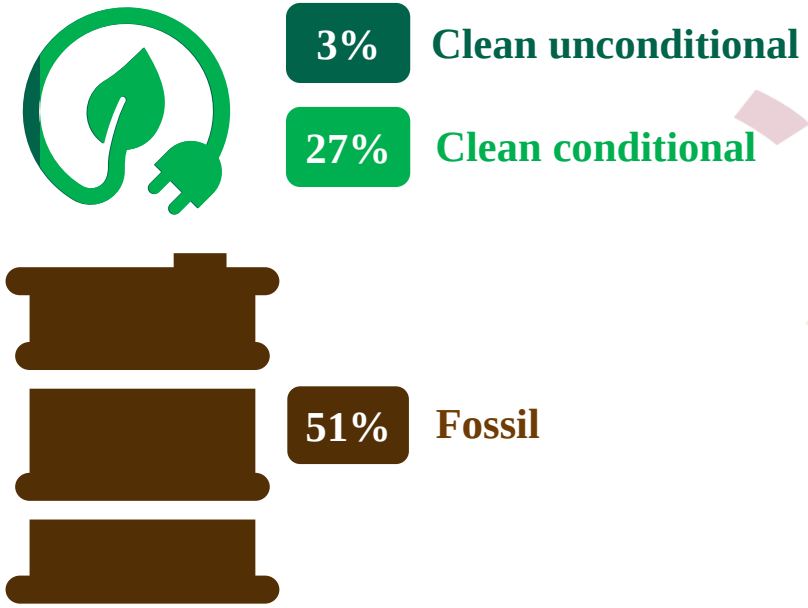
14%

Labour market



9%

Most public fund commitments neglect green energies



Note: Data shows shares of 10 countries covered by the *energypolicytracker*

UNITED NATIONS ESCAP
Economic and Social Commission for Asia and the Pacific

Therefore, the region needs a transformation towards inclusive, resilient and green economies

Policy Package



ESCAP, 2021

Such transformation offers notable socio-economic and environmental benefits in South-East Asia…

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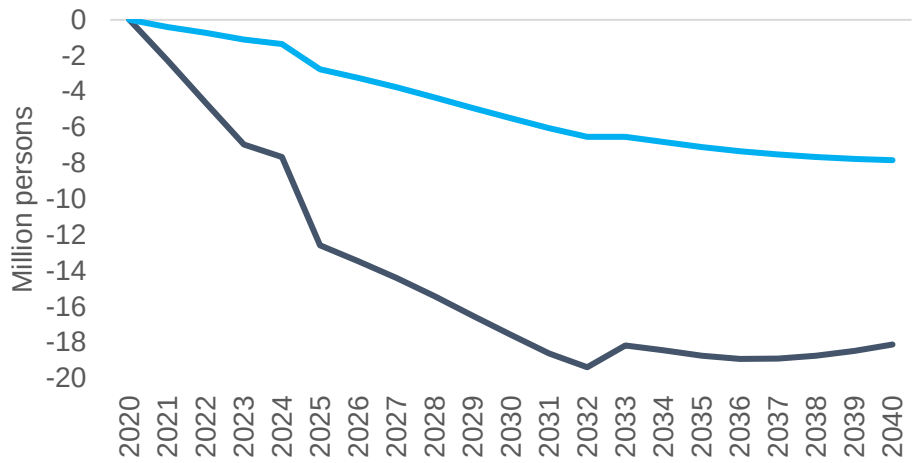
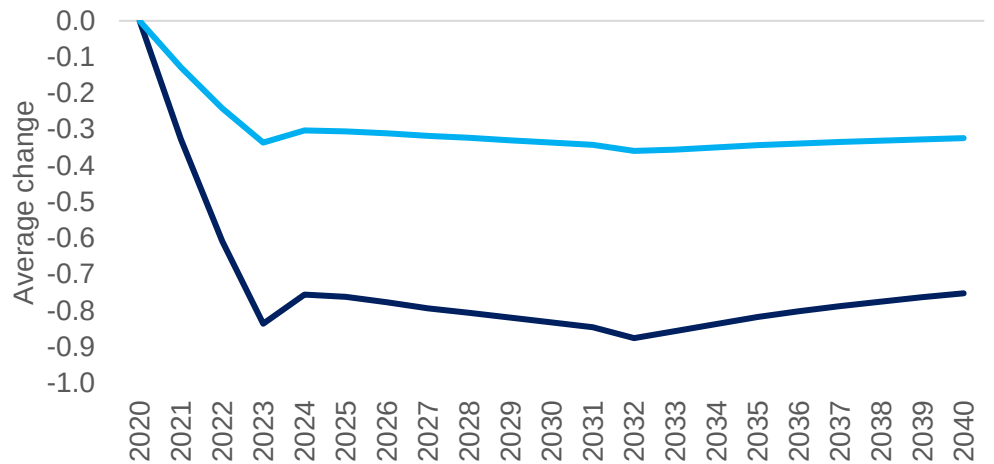
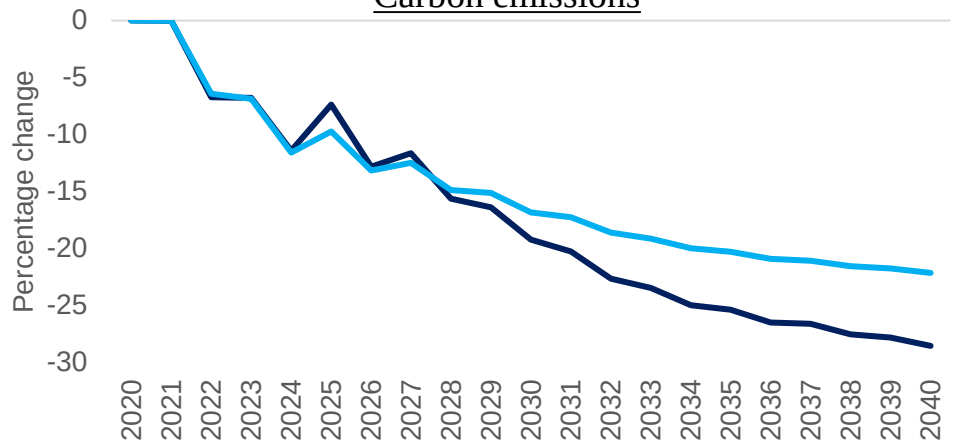
Number of poor people



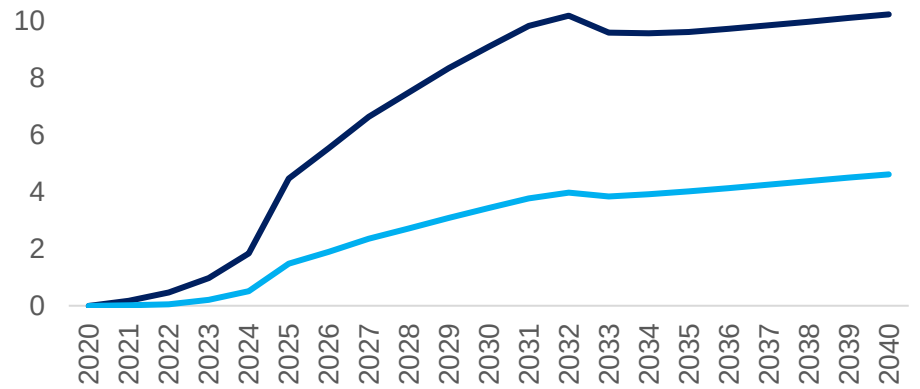
Gini coefficient



Carbon emissions

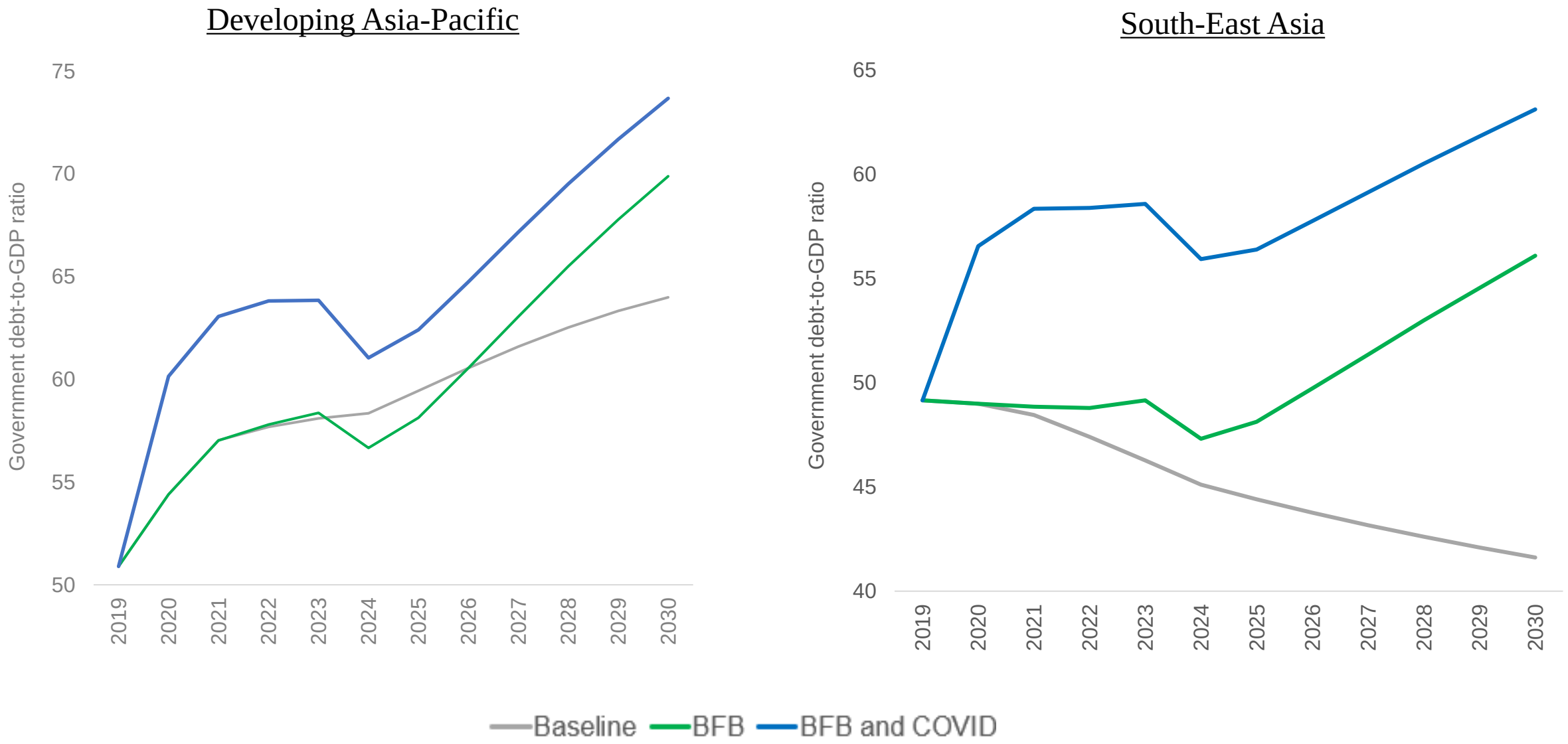


Potential output level



Ambitious Spending **Business-as-usual spending**

…while the fiscal cost is manageable.



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Recovering better together:

Policy considerations

Policy considerations for a more inclusive, resilient and green recovery

- Ensuring *inclusive* recovery through
  - Continued fiscal and financial support for the poorest and most vulnerable
  - Promoting employment-led recovery
  - Closing social protection gaps
- Building more *resilient* economies by
  - Strengthening supply chains, connectivity and international cooperation
  - Promoting digital transformation and diversifying economies
  - Prepare for shifts in global value chains
- Work towards *greener* economies through
  - Embedding long-term sustainability in COVID-19 responses
  - Incorporating environmental sustainability into business investment processes
  - Accelerating green public investments including in clean energy, climate-resilient infrastructure

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