Session 1
Key impacts of, and responses to, the COVID-19 pandemic and their implications on the implementation of the SDGs in the Pacific
PRESENTATION OUTLINE

Socio-economic impacts of COVID-19

Key affected sectors

Key policy interventions and major challenges
1. Unprecedented **GDP contraction in 2020**, recovery expected in 2021
2. Sectoral **output has declined**
3. Higher **unemployment** and poverty
4. Weak **investment** and **consumption**
5. Improvement in the **trade deficit** this year
6. Foreign **reserves** and **liquidity** remain stable
7. Remittances have increased amid the pandemic
Worst-affected sectors

1. **Tourism** - lower visitor arrivals, mass layoffs, reduced hours, temporary hotel closures, reduced hotel capacity

2. **Air transport** - border closures, widespread reluctance to travel, international flights continuing mainly for freight

3. Massive **spillover effects** to other sectors
1. **COVID-19 Response Budget- $1.0bn fiscal stimulus**
   - Unemployment assistance through FNPF
   - Increased Health budget
   - Subsidies/ tax incentives to support employers during the pandemic
   - Moratorium for student loan repayments
   - Loan repayment holidays for businesses affected by COVID-19
   - Expanded loan facilities for MSMEs via RBF

2. **2020-21 Budget- $2.0bn stimulus package**
   - Continuation of measures announced in COVID-19 Budget
   - Expanded temporary unemployment assistance
   - Major tax reductions
   - Continuation of well-targeted social protection initiatives
   - Concessional loans for MSMEs
Major challenges

1. Fiscal challenges - weak revenue collections, limited borrowing capacity and further risk of natural disasters
2. Pace of economic recovery hinges on vaccine development and quick rebound in tourism