



Report of High-Level Policy Dialogue on COVID-19 and South Asia:

Socio-Economic Impacts, National Strategies and Subregional Cooperation for
Building Back Better



Background

The Virtual High-Level Policy Dialogue on [COVID-19 and South Asia: Socio-Economic Impacts, national Strategies and Subregional Cooperation for Building Back Better](#) was convened by UNESCAP on 9 July 2020. The objective was to provide a platform for subregional organizations and senior policy makers from South Asian countries to discuss subregional and national perspectives, take stock of the lessons and share best practices learned in combating the pandemic and initiate forward-looking dialogue on partnership and collaboration for building back better. UNESCAP policy paper [COVID-19 and South Asia: National Strategies and Subregional Cooperation for Accelerating Inclusive, Sustainable and Resilient Recovery](#), prepared as a part of the UNESCAP's socio-economic framework, served as the background document for the discussion.

The Dialogue was chaired by the Under-Secretary-General of the United Nations and Executive Secretary of UNESCAP, **H.E. Ms. Armida Salsiah Alisjahbana** and the high-level panel included **H.E. Mr. Esala Ruwan Weerakoon**, Secretary-General of SAARC; **H.E. Mr. M Shahidul Islam**, Secretary-General of BIMSTEC; **H.E. Dr. Mustafa Mastoor**, Minister of Economy of Afghanistan; **H.E. Mr. Muhammad Abdul Mannan**, Minister of Planning of Bangladesh; **H.E. Mr. Lyonpo Loknath Sharma**, Minister of Economic Affairs, Royal Government of Bhutan; **H.E. Dr. Rajiv Kumar**, Vice-Chairman of NITI Aayog, India; **H.E. Mr. Mohamed Aslam**, Minister of National Planning, Housing and Infrastructure of Maldives; **H.E. Prof. Dr. Puspa Raj Kadel**, Vice Chairman of National Planning Commission of Nepal; **H.E. Dr. Shabnum Sarfraz**, Member (Social Sector) of the Planning Commission of Pakistan; and **Dr. Sugath Yalagama**, Director-General of Sustainable Development Council of Sri Lanka. **Dr. Nagesh Kumar**, Director, UNESCAP-SSWA shared the key messages of the UNESCAP policy paper.

The Dialogue held on MS Teams, was also live streamed on YouTube. Around 500 participants including representatives of governments, academia, think tanks, civil society organizations, and other key stakeholders from South Asian countries participated in the virtual Policy Dialogue. The recording of the event is available [here](#)

Key Highlights

The High-Level Policy Dialogue was convened by UNESCAP against the backdrop of severe socio-economic impacts of the COVID-19 pandemic on South Asian countries, as summarized by the UNESCAP policy paper COVID-19 and South Asia. The paper has highlighted that with poor levels of public health infrastructure, gaps in basic services such as sanitation and ICT connectivity, pervasive informality, the subregion entered the pandemic with low level of preparedness. According to UNESCAP simulations as many as 132 million people could be pushed into extreme poverty in South Asia due to COVID-related measures, reversing the progress made during the whole decade and undermining SDG achievement. UNESCAP has called for large relief and stimulus packages ranging between 7-14 percent of GDP for mitigating the socio-economic impacts and reviving the economies by creating jobs and incomes and move towards universal social protection and universal health coverage, in an effort to build back better rather than go back to the status quo ante. UNESCAP paper also found that the South Asian cooperation had the potential to fruitfully complement the national strategies in building back better.

Some of the key messages emanating from the Policy Dialogue are as follows:

The pandemic represents an unprecedented socio-economic crisis for the subregion

- South Asia with a population of 1.8 billion has been severely affected by the COVID-19 pandemic due to poor public health infrastructure, pervasive informality and poor coverage of social protection. The key sectors such as MSMEs, tourism and labour-intensive exports such as readymade garments have been most adversely impacted, leading to loss of jobs for the millions of people in the subregion. The economic growth has come to a grinding halt and the threat of rising incidence of poverty, hunger and inequality is real.

The governments have launched massive relief and stimulus programmes to save lives and livelihoods

- All the South Asian governments have taken steps to expand the health care infrastructure to address the challenge of COVID-19 pandemic to save lives, curtailed movements under lockdowns and have issued guidelines and protocols to contain its spread. They are also implementing various social protection measures including in the form of cash

transfers and distribution of free or subsidised food to the poor and vulnerable people and to those who have lost their jobs. They are also supporting the self-employed and street vendors with special programmes to revive their economic activities.

- They have also launched programmes to revive the MSMEs with infusion of funds. Among other steps to revive the economy include tax relief measures including tax deferral for individuals and corporate, interest waivers, credit guarantee scheme for the MSMEs, deferrals of non-performing loans, refinancing and concessional lending facilities and waivers of utility bills among other steps for reviving the economic activity, employment.
- The policy makers also highlighted the importance of making sure that sustainable development goals continue to receive priority through investments in education and skill development, health, gender, sanitation, social protection along with climate adaptation and decarbonization of the economies, disaster resilient infrastructure included in the stimulus programmes.

Financing and resource mobilization strategies

- In the context of already elevated budget deficits, mobilization of resources for financing the large relief and stimulus packages is a challenge for the governments. There is a general agreement that the fiscal prudence targets could be put aside temporarily for these extra-ordinary times. There may also be space to rely on borrowings, especially for infrastructure financing, given the generally comfortable position with respect to debt-to-GDP ratios. Some out-of-the box solutions would be needed for expanding non-tax revenues such as monetization of underutilized public assets. While the IMF, World Bank and ADB have extended support, more external resources would be needed for addressing the challenges besides debt-relief for affected countries.

Enhanced regional cooperation to build back better

- A collective regional action is essential to tackle the pandemic in view of its cross-border dimension. It would be important to build on the momentum generated by the meeting of the South Asian Leaders in March 2020 to coordinate their actions and the initiative to establish the SAARC COVID Emergency Fund. Recovery in the aftermath of COVID-19, would require South

Asian countries to create more economic activities through promotion of intra-regional trade, transport connectivity, infrastructure, finance, SME promotion etc. New initiatives would also be fruitful towards cooperation in health, climate-resilient agro-ecosystems and food security, disaster resilience, climate change mitigation and adaptation.

- In particular, regional uninterrupted supply chains for food, medicines and other basic essential commodities are urgently required including through trade and transport facilitation measures harnessing new technologies. Intra-regional tourism bubbles could help in mitigating the impact of the pandemic. Greater preparedness and collective response are also needed for enhanced digital literacy and broadband access to facilitate greater use of digital technologies in banking and fintech, trading, education, health and other sectors.
- Future agenda for regional cooperation should include greater knowledge sharing on good practices to ensure health and medical services,

availability of medical equipment, disinfectants, vaccines and medicines during the pandemic. Sharing of the lessons learned on strengthening social protection systems, including on design of emergency cash transfer programmes, skilling and employment opportunities for labour force, women's empowerment, health, education, critical logistics. Regulatory harmonization and cross-learnings on renewable energy sectors to move towards a regional integrated power grid for greater cross-border power trade would be critical for subregion's clean energy transformation.

- UNESCAP could support the regional cooperation in building back better through building subregional platforms for facilitating knowledge sharing and good practices, analytical work, capacity-building and technical assistance on challenges such as financing options, regional value chains, harnessing the digital technology, including in coordination with SAARC and BIMSTEC secretariats and other development partners

Summary of Proceedings

Ms. Armida Salsiah Alisjahbana, Under-Secretary-General of the United Nations and Executive Secretary of UNESCAP expressed her appreciation to the high-level policy makers for joining the virtual dialogue and welcomed other distinguished participants. The policy dialogue was taking place against the backdrop of presentation by three South Asian countries viz., Bangladesh, Nepal and Bhutan, of their second Voluntary National Reviews (VNRs) at the United Nations High-level Political Forum (HLPF) on 13 July 2020.

To mount an effective global response to the COVID-19 crisis, the United Nations Secretary General has launched the *Shared Responsibility, Global Solidarity Report* and the UN framework for the immediate socio-economic response to COVID-19. UNESCAP has also developed a framework of support to member States as they respond to the socio-economic impact of COVID-19 pandemic in Asia and the Pacific. UNESCAP's socio-economic framework includes strategies on investing in people who have been the most affected and building resilience for future pandemics, supporting sustainable and inclusive economic recovery through targeted fiscal and monetary policies, address the challenges faced by SMEs and women, and evolving medium term and long-term recovery strategies for building back better for all the three pillars of SDGs. South Asia with a population of 1.8 billion has been severely affected by the COVID-19 pandemic and faces immense developmental challenges and this dialogue gives us opportunity to hear from the high-level panelists on the impact of COVID-19, the actions they have taken and how UNESCAP can support them in successful recovery.

Dr. Nagesh Kumar, Director, UNESCAP SSWA, shared the key messages of the UNESCAP policy paper on COVID-19 and South Asia. Slow progress of South Asian countries on SDGs including the gaps in public health infrastructure, access to basic amenities like sanitation and in the ICT connectivity had affected their preparedness to deal with the pandemic effectively. Pervasive informality of work with virtually no social safety nets and the limited fiscal space constrained government's abilities to address the crisis. The pandemic has impacted the subregion severely with widespread job losses as

lockdowns hit the MSMEs and tourism related activities. Collapse of international trade led to cancellation of export orders for garments and other products, and remittances were expected to decline. South Asian economies are likely to shrink for the first time in four decades. UNESCAP-SANEM simulations suggest, as many as 132 million people could be pushed into extreme poverty, reversing the hard-won gains during the whole decade. Inequalities are widening as vulnerable and marginalised groups, especially women, migrant workers, slum dwellers, elderly people and people with disabilities have been affected much more adversely.

The national strategies to fight against COVID-19 must focus on large people-centered inclusive and sustainable relief and stimulus packages. UNESCAP simulations find scale of stimulus packages needed to mitigate the socio-economic impacts to be in the range of 7-14% of GDP. Immediate priority has to be on saving the lives through strengthening public health infrastructure but the South Asian countries must move towards universal health coverage in the medium term. For the livelihood security, in the short term expanding existing programs such as MNREGA in India, EHSAAAS and BISP in Pakistan, similar programmes in Bangladesh and move towards universal social protection in the medium term. These social security programmes can be combined with green, inclusive and gender sensitive activities to build public goods to address multiple and intersecting deprivations e.g. waste recycling projects, waste-to-energy projects, micro-hydel. South Asia's growth engines viz. MSMEs, need to be ignited by immediate infusion of funds. Financing of the stimulus packages is challenging and calls for resource mobilization through innovative and new taxes, donations and CSR, international cooperation including the support of international financial institutions like IMF, World Bank, ADB, AIIB. Yet some 'out of box' ideas can be implemented, e.g. a large issue of new SDRs by IMF.

Finally, the critical importance of subregional cooperation in effectively addressing the pandemic was highlighted in terms of harnessing unutilized intra-regional trade potential, fast tracking the clean energy transition and for enhancing the food security and climate resilience of agriculture, and for sharing

good practices in harnessing the digital revolution by South Asian countries. UNESCAP and subregional organizations such as BIMSTEC and SAARC had a role to assist the subregion harness the potential of such cooperation for building back better.

Subregional Organization Perspectives

H.E. Mr. E. S. Weerakoon, Secretary-General, SAARC, thanked UNESCAP for organizing this very timely Policy Dialogue facilitating the mutually beneficial knowledge sharing among countries. The unprecedented nature of the crisis has triggered urgent need for regional action to combat COVID-19 pandemic and its socio-economic impacts. Under the auspices of the SAARC, a virtual meeting of leaders was held on 25 March 2020, at the instance of the Prime Minister of India, culminating in the creation of the SAARC COVID-19 Emergency Fund. This was followed by SAARC Health Ministers' Conference was held on 23 April 2020 to deepen cooperation for immediate health responses. Virtual meetings of health professionals have also been held for better tracking, surveillance and emergency responses besides that of SAARC trade officials was held in early April. A COVID-19 portal has been set up by the SAARC Disaster Management Centre tacking daily coronavirus related updates of SAARC countries. There is a need to pursue regional collaboration effectively as a long-term sustainable development strategy to mitigate the after-effects of the pandemic. While noting that SAARC Secretariat already has an MoU with UNESCAP, he expressed the commitment to work closely with UNESCAP, a very valuable partner of SAARC Secretariat, for helping the member countries to fight the pandemic and recover from COVID.

H.E. Mr. M. Shahidul Islam, Secretary-General, BIMSTEC, drew attention to the severe socio-economic impacts of COVID-19 through loss of incomes and livelihoods, large scale returnee migrants, remittances, domestic labour market challenges and increased incidence of poverty. National governments are not in position to act alone to cope with the situation with their limited resources. Given the cross-border nature of the pandemic, regional cooperation among countries and with regional and international organizations can be a vital supplement to tackle the crisis and plan for recovery. The two broad mandates of BIMSTEC - to strengthen economic, physical and people-to-people connectivity within the region; and to promote actions to address common challenges e.g. poverty, terrorism, transnational crime, energy security, food security,

climate change, natural disaster and public health – become more relevant than ever in the COVID-19 context. The pandemic has underlined the need to develop uninterrupted subregional supply chains for food, medicines and other basic essential commodities. It has thus, created opportunities for greater regional and subregional trade in the region. Trade facilitation measures including simplification of customs procedures, introduction of electronic tracking system for cross-border container movements would help harness this trade potential. There is a need to develop resilient regional transport connectivity system with a focus on coastal shipping waterways and railways. Some bilateral initiatives are already underway in this regard between India-Bangladesh. COVID-19 has also created new opportunities for regional cooperation to promote greater use of digital technologies in banking, trading, education, health and other sectors. Member states must develop necessary infrastructure to encourage domestic tourism in the short term when cross-border travel restrictions are adversely affecting tourism and hospitality. It can be boosted through regional protocol to ensure smooth and uninterrupted travels. Post COVID-19, as public health gets renewed attention subregional organizations like BIMSTEC can provide platforms and collaboration tools for training of health personnel in the short term and development of regional value chains, pharmaceutical capacities, collaborative research, traditional medicine practices in medium term. To build future resilience, common programmes to address regional vulnerabilities must be strengthened in the areas of natural disasters, energy security and food security. Development of region-wide early warning system, as advocated by UNESCAP, would be crucial to tackle natural disasters. Regional and subregional platforms such as BIMSTEC are important to cope with the challenges of other cross-border threats like irregular migration and human trafficking that are likely to be aggravated due to COVID-19 pandemic. Recovery in the aftermath of COVID-19, would require South Asian countries to create more economic activities through more intra-regional trade, transport connectivity, infrastructure, finance, SME promotion etc. and assistance from development partners like UNESCAP would play a crucial role in this regard.

Country Perspectives

H.E. Dr. Mustafa Mastoor, Minister of Economy, Afghanistan highlighted the socio-economic and political context of Afghanistan when the pandemic hit the country, including a sluggish economic growth,

high poverty rate and double-digit unemployment rate. Estimates suggest that the pandemic could push another 2.3 million people into extreme poverty in Afghanistan. MSMEs face high vulnerabilities due to lockdowns with many forced to close businesses and lay off workers, pushing the unemployment rate even higher. He remarked that government's estimates of various losses are on similar lines of the UNESCAP-SSWA study. Based on a rapid assessment of the vulnerability of economy, national response has included price controls, reduction in import tariff on essential items such as food and health, allocation of 5% GDP for pandemic response, fiscal support measures comprising tax relief, credit support for businesses, waivers of utility bills and so on. Large allocations have been earmarked for social assistance and public programmes. To foster recovery and build back better, Afghanistan must shift its focus to increase investments in SDGs and unlock long-term drivers to enhance institutional capacities and investments in disaster preparedness, education, infrastructure, governance and social protection. Increasing digitalization and use of new technology could facilitate moving away from physical activities to online operations, enabling greater efficiency, sustainability and effectiveness. Regional cooperation and connectivity can be fostered through implementation of mega projects, with Afghanistan being a major partner. Effective regional partnerships can play a major role in cross-border trade facilitation and bring economic prosperity to the region. Accessing finance, technical support, coordination of efforts for implementation of SDGs would be more challenging than ever post-pandemic, particularly in fragile and conflict situations like in Afghanistan. He hoped that UNESCAP would assist countries in the region in implementation of the SDGs during post COVID-19 recovery, especially in conflict and fragile environments.

H.E. Mr. M. A. Mannan, Minister of Planning, Bangladesh provided an overview of the unprecedented disruptions caused by the pandemic globally through multiple transmission channels such as declines in growth, trade, remittances and employment losses. He stressed that the growth in low income countries has been hit harder by the crisis than rest of the world. The COVID-19 pandemic has caused massive employment losses for migrant workers and has adversely affected remittance inflows. Bangladesh economy was growing close to 7% annually on an average for the past decade, however with a 2% real GDP growth in 2020 as projected by World Bank, a growth of nearly 6 percentage points will affect Bangladesh severely.

Abrupt drop in economic activities due to restrictions and lockdowns; sharp decline in exports of readymade garments (providing 85% plus earnings from foreign trade); and significant dip in remittance inflows were some of the impacts of COVID-19. Bangladesh being one of the most densely populated countries in the world with patchy health infrastructure, there is an immediate need for financial assistance to the tune of \$250 million for critical health response for the pandemic. Development partners such as the ADB, World Bank and the IMF have provided assistance to help the government meet its new pending needs in health and social protection. For adequate response to the crisis, Bangladesh would need additional donor support from other international institutions and external partners. While public debt to GDP ratio is expected to rise to about 41% of GDP (from 36% at the end of 2019), Bangladesh faces low risk of external debt distress. Over the medium-term, the government needs to mobilize more resources to fund additional spending on health, education, infrastructure, and social protection.

In its national policy response, Bangladesh has introduced stimulus measures for sustaining economic activity and protecting the most vulnerable. These include allocation of \$600 million to be provided as subsidized loans to companies to support wages of workers in readymade garments sector, cash assistance worth \$150 million for 5 million families displaced by the epidemic, expansion of social safety nets for protecting homeless people, food distribution, cash allowances for elderly widows and persons with disabilities. Bangladesh being extremely vulnerable to extreme weather events, some of the immediate priorities for the country include investing in climate adaptation, disaster resilient infrastructure and regional early warning systems. To promote green recovery, Bangladesh needs to attract foreign investment to contribute to climate change mitigation and adaptation. He emphasized that a greater regional cooperation through UNESCAP and subregional bodies such as SAARC and BIMSTEC that can help reduce the impact of pandemic and recover better in all areas of sustainable development.

H.E. Mr. Lyonpo Loknath Sharma, Minister of Economic Affairs, Bhutan, highlighted the success of Bhutan in containing the spread of COVID-19 through restrictions imposed on cross-border movement of goods and people. However, these measures have impacted tourism, hotel and construction sectors badly. Lockdown restrictions and

difficulties in getting back to work have resulted in a shortfall of 15000-20000 workers in the construction sector, including hydropower. Recent study has found that in every 1/3rd of those involved in tourism and related sectors have lost their jobs and 3/4th of them are experiencing a drop in their monthly household incomes. Other sectors like aviation, hospitality, arts and crafts, small and cottage industries and other small informal enterprises have also been badly affected. The government has set up a relief fund to offer financial assistance to people who have lost their jobs due to the pandemic (about 24000 people). Interest waivers and loan deferrals have been extended for borrowers benefiting around 20% of the population. Tax deferrals have been announced for individuals and corporates. Targeted relief measures have helped address poverty, inequalities and unemployment due to the pandemic. As part of its economic contingency plan, Bhutan's national priorities include creating jobs and encouraging youth to engage in construction sector, promote resilience and high value addition in tourism and agriculture sectors. Through the economic contingency fund, the government will channel investments (approximately 400 billion in local currency) into these priority sectors for growth recovery and upskilling and reskilling of workforce. Bhutan would look to prioritize economic activities and infrastructure investments for rapid economic benefits, more employment creation and diversification of manufacturing and industrial sector. He stressed the need for greater regional cooperation and stronger bilateral and multilateral partnerships for additional resource mobilization to facilitate recovery and meet development gaps widened due to the pandemic. Such cooperation with multilateral partners becomes more important for smaller and low-income countries. Bhutan has received financial support from UN partners and other multilateral donors and organizations such as ADB and World Bank to implement COVID-19 related activities and interventions. On its part, Bhutan has contributed to the SAARC COVID-19 Emergency Fund. The COVID-19 crisis has underscored the importance of greater regional collaboration, especially for small countries like Bhutan for bolstering a V-shaped economic recovery.

H.E. Dr. Rajiv Kumar, Vice-Chairman of NITI Aayog, India emphasized that the policy responses to COVID-19 must balance trade-offs between saving lives and protecting livelihoods. Countries need to convert this crisis into an opportunity for robust recovery, improving the wellbeing of their people and ensuring that progress on the 2030 Agenda is not jeopardized. South Asian countries must undertake

bold reforms to emerge stronger out of this crisis, enhance their future preparedness, bolster resilience and recovery, with focus on people at the bottom of the pyramid to ensure that SDG targets are met as well. With countries in the subregion fighting for adequacy of monetary and fiscal space to respond to the needs of the unprecedented crisis, there is a need to set aside fiscal prudence targets temporarily. He felt that UNESCAP Secretariat was well placed to guide countries in the subregion on their debt sustainability targets, potential of borrowings keeping in mind the debt-space, and ways to mobilize additional resources from alternate sources. Given that the debt-GDP ratios in the subregion are generally below the levels of developed countries and global average, South Asian countries could utilize borrowings to invest in infrastructure financing. Among the alternate sources for resource mobilization, South Asian countries need to increase non-tax revenues, access international financing-both debt and equity finance, attract more foreign direct investment. South Asia needs to harness the potential of monetization of unutilized public assets in the subregion for plugging the fiscal gaps.

Lessons taken from managing the SARS outbreak helped East Asian and South-East Asian countries to face the current pandemic better. South Asian countries which were spared by SARS are now badly affected. Experiences of handling the current pandemic should be collated as a compendium of good practices to inform future preparedness in tackling future crises, and factored into the national disaster plans. Policy responses need to focus on people and sectors that have been worst affected by the crisis, for instance, people facing job losses and being pushed into poverty. Indian government has responded to their needs through schemes such as the Garib Kalyan Yojana, enhanced allocations to MNREGA, health insurance through the Ayushman Bharat, access to free food till November 2020 for 800 million affected people. MSMEs have been one of the hardest hit sectors – with 600 million such units in India facing cash crunch and potential insolvency issues. The government has announced credit guarantee scheme to support liquidity requirements of MSMEs along with support for street vendors. He emphasized that the crisis highlights the criticality for revitalizing regional cooperation and learning from each other. South Asian countries would be better equipped to bolster their recovery and reactivate their economies through better infrastructure connectivity. South Asia could develop a regional tourism programme to revive the tourism sector which has been badly hit with sharp decline in revenues.

Tourism and aviation sectors could work together to promote tourism and develop travel bubbles within Asia-Pacific. Another area with potential for greater regional cooperation is in agroecology to help develop climate-resilient agro-ecosystems. Sikkim and Bhutan have provided good examples in this regard as well as Sri Lanka in health. South Asian countries can learn from each other and work together to develop their capabilities in agro-processing product exports, in consonance with nature and land to transition to sustainable food and agriculture systems.

H.E. Mr. Mohamed Aslam, Minister of National Planning, Housing and Infrastructure, Maldives highlighted the key lessons learned in the context of Maldives from the pandemic. About 80% of Maldives' economy directly or indirectly depends on tourism which has been worst hit, followed by fisheries sector which depends on exports to Europe and South-East Asia. With travel restrictions, revenues have dwindled. As a Small Island Developing State (SIDS), Maldives does not have huge reserves to fall back on. An important lesson for Maldives has been to harness its island geography better while bringing people together through better infrastructure and transport connectivity. Yet another lesson has been to move towards a more decentralized system of development with regional centers and regional distribution facilities. Maldives must invest in transport infrastructure to ensure reliable and affordable system of transportation between islands along with strengthening ICT network and better digital technologies to reach out to island communities. Telemedicine and online learning have emerged as potential opportunities during COVID-19 with growing demand for such services.

Government of Maldives has announced several relief and stimulus measures including moratorium of 6 months by lending institutions, 40% reduction in utility bills, \$162 million financial package to sustain businesses and provide unemployment support. With Maldives looking to restart its economy, travel and tourism are two important sectors in this regard. Regional travel bubbles within South Asian countries especially India and Sri Lanka and South-East Asia could be explored. Debt relief will be needed to facilitate infrastructure investments to rebuild the economy and, international financial institutions, multilateral and bilateral lending agencies and countries must ease lending criteria to allow rapid access to fresh concessional financing. Credit rating downgrades affect developing countries more by curtailing their ability to access external finance for infrastructure projects. In the aftermath of COVID-19,

economies need to calibrate to a "new normal", not only in health but also financial sector and the way businesses are done. In this regard, greater regional cooperation among South Asian countries would offer critical learning for all countries in the subregion and he felt that UNESCAP can play an important role in this regard.

H.E. Prof. Dr. Puspa Raj Kadel, Vice-Chairman, National Planning Commission, Nepal reiterated the critical challenges South Asian countries face in controlling the pandemic while building back better. Nepal has actively participated in regional initiatives at the SAARC level along with a contribution of NPR 10 million to the SAARC Emergency COVID-19 Fund to combat the pandemic at the regional level. Crisis triggered by the pandemic has led to massive loss of informal jobs and immense economic hardships for vulnerable people such as daily wage workers and migrant workers, aggravating their poverty risks. As with other South Asian countries, among the worst affected sectors in Nepal are health, tourism, SMEs, remittances, informal sector activities and trade. Young students facing digital divide face challenges for education, women have been disproportionately affected with rise in gender-based violence along with manifold challenges for sick and elderly people. Nepal's steady progress towards the 2030 Agenda for sustainable development has been adversely affected and the resource gap has widened on the estimated annual SDG investment requirement at NPR 20-25 billion due to the pandemic.

In its national COVID-19 mitigation response, Nepal has effectively mobilized all tiers of government and all stakeholders. Emphasis has been on boosting agriculture production, supporting MSMEs and skilling of labour force. Crucial priority areas identified are digital literacy, fintech services, broadband access, reskilling and upskilling the workforce. In the current national budget, different schemes have been started related to health, eradicating hunger, minimum wages, Prime Minister employment fund, social protection system, child protection systems, reviving employment and tourism industry. A comprehensive study related to impact of COVID-19 on economy being undertaken would guide future policies and schemes to minimize COVID-19 effects on the economy. In order to mitigate the impacts of the pandemic and accelerate recovery, consistent dialogue and action-oriented collaboration is imperative at regional and global levels. He opined that the regional cooperation in South Asia must have a multipronged approach in the post-COVID-19 recovery process through strengthening social

protection and livelihoods; introduction of coordinated economic measures; new sources of job creation through facilitation of regional trade and investment; green and gender inclusive stimulus packages, greater financial cooperation; promotion of data and technology to address long-term challenges; improving access to international markets and finance; and mitigation of climate change related risks.

H.E. Dr. Shabnum Sarfraz, Member-Social Sector, Planning Commission, Pakistan highlighted the early preparedness efforts of Pakistan to tackle the pandemic. A comprehensive socio-economic impact analysis undertaken in March 2020 with the support of UN partners identified the key areas of risk-effects on women, economic security and wellbeing during crisis, demand and supply of paid and unpaid labour, conditions of employment and shrinking fiscal space. She stated that Pakistan's COVID-19 policy response has three strands: saving lives through suppressing transmission and strengthening resilience of health systems, saving livelihoods through addressing differential impacts and expanding scope and reach of social protection, and salvaging the economy through re-orientating to evolving landscape and exploiting favourable externalities. The Government of Pakistan prepared a comprehensive emergency preparedness and response programme based on the socio-economic analysis with financial support from multilateral and bilateral partners. Budgetary allocations for social sectors were enhanced by around 21% and \$371 million was allocated towards the health sector. National action plan to minimize education disruptions was drafted and is being executed. The social protection component amounting to around \$237 million is being implemented through the largest state funded cash transfer programme called *Ehsaas*. The Prime Minister's Green stimulus programme is another important initiative. A host of fiscal relief measures have been announced including tax relief, subsidy on utilities, concessionary loans and relaxation of credit requirements. Pakistan's agriculture sector is relatively resilient in the face of the pandemic with positive implications for food security. New emerging growth areas include ICT based services, digital provision of education and health services along with other emerging business opportunities.

At the national level, Pakistan's priorities are to conduct socio-economic assessment to identify vulnerable clusters, set up better systems of service delivery, invest in better risk preparedness, decarbonize the economy and work in partnership

with the region. At the subregional level, important areas of regional cooperation include greater cross-border power trade, regulatory harmonization and cross-learning on mutual renewable energy sectors to move towards a regional integrated power grid. Through revitalizing partnerships, enhanced regional cooperation can be leveraged to catalyze larger infrastructure projects in the region. Future agenda for regional cooperation should include greater knowledge sharing, learning from good practices to ensure better continuity of health and medical services during the pandemic, reducing tariffs on medical equipment, disinfectants, vaccines and medicines. Countries could share their lessons learned on strengthening social protection systems, for instance on design of emergency cash transfer programmes, policy structures, skilling and employment opportunities for labour force, regional infrastructure and connectivity, social sectors such as health, education; critical logistics; food security; and tourism. The subregion needs greater preparedness and collective response for enhanced digital literacy and access. South Asia would greatly benefit from strong regional commitment which could be sector specific. In this context, regional and global best practices could offer lessons for recovering from the pandemic and building future resilience.

Dr. Sugath Yalagama, Director-General, Sustainable Development Council, Sri Lanka noted that like other South Asian countries, Sri Lanka went for early containment measures through testing, tracking and isolating COVID-19 cases. Sri Lanka has developed a sophisticated COVID-19 surveillance system for gathering information along with massive awareness campaigns using radio, TV, hotlines and phones. Accelerating achievement towards 2030 Agenda would depend on socio-economic resilience of the country, hence economic revival is an urgent priority to get back on track. The Sri Lankan government has set up a healthcare and social security fund for COVID-19 mitigation and ensuring social welfare. National economic revival strategies identify challenges and new opportunities with COVID-19 guidelines. Sri Lanka's policy response has comprised of health sector policies to contain spread of pandemic, fiscal and financial/monetary policies including capital control management to provide economic relief to businesses and individuals affected by the pandemic. The Central Bank of Sri Lanka has reduced key policy rates by 100 bps since March 2020. The government has provided for, deferrals of non-performing loans, refinancing and concessional lending facilities. The *Saubagya* COVID-19 Renaissance facility has been set up to

provide refinancing and working capital to affected businesses. Comprehensive rural sector scheme has been extended for concessional loans to farmers.

The pandemic has adversely affected all SDGs, with highest impacts on SDG 1 on ending poverty and SDG 8 on decent work and economic growth in Sri Lanka. COVID-19 related job losses and economic lockdowns have increased poverty risks for vulnerable people. In Sri Lanka, with around 40% of workers temporarily not going for work and with 1.9 million daily wage earners being badly affected, large proportion of households are likely to be in precarious position. Small businesses face survival risks. Elderly people living just above the poverty line risk falling back into poverty trap. Lack of basic ICT skills and near zero accessibility to digital technologies for poor households can adversely affect learning outcomes. In this context, there is huge potential for regional cooperation for investing in better digital connectivity and online education platforms. Supply chain disruptions have affected trade volumes. There is an urgent need to enhance cooperation in many sectors including tourism sector which has seen the worst effects of the pandemic. Around 1 million jobs have been lost in Sri Lanka in tourism sector alone. In this regard, UNESCAP can play an important role in boosting tourism and business development sectors by facilitating regional cooperation among member countries to foster their economic recovery. Other subregional and regional frameworks such as SAARC, BIMSTEC can assist South Asian economies in forging better cooperation. Regional dialogue and knowledge platforms can help in mutual learning and experience sharing from the pandemic and going forward.

Concluding remarks of the chairperson

Dr Armida Alisjahbana: The policy dialogue offered important insights and suggestions for taking the agenda of regional cooperation forward. Some the important takeaways included lessons learnt from the immediate country level responses in effectively strengthening health provisioning and addressing most immediate health needs. The deliberations also emphasized the importance of supporting MSMEs and tourism which form the backbone of South Asian economies and generate employment along with priorities of vulnerable groups. Secondly, it stressed the importance of fiscal stimulus. While some countries have greater fiscal space to mount policy responses to mitigate the pandemic's impact, they can explore alternative sources of revenue such as through asset monetization and other measures. The importance of strengthening connectivity, supply chains and agriculture sector came out clearly. The need for "out of the box policy response" to deal with the extraordinary situation, including through regulatory changes to mitigate the crisis and kickstart economic sectors such as tourism and travel. Last but not the least, the importance of subregional and regional cooperation has been highlighted very strongly. Countries need to collaborate including on economic areas such as coordinating policy responses, strategies to reactivate economies, developing regional travel bubbles, increasing cross-border flow of goods and services. In this regard, UNESCAP encourages its member states to ratify the Agreement on Cross-border Paperless Trade to facilitate intraregional trade as countries attempt to rebuild their economies in the aftermath of COVID-19. The policy dialogue highlighted the lessons learnt in preparing better for future crises as well as the learning from past experiences of other countries.