Towards post-COVID-19 climate resilient economies in Asia-Pacific



Policy Forum on Thailand's Sustainable Green Growth, Embedding Resilience, May 19, 2021

Impacts of COVID-19 on the Regional E conomies

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Main messages from the ESCAP Economic and Social Survey, 2021

- 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 climate action and green development.
- To implement such a policy package, countries would need to build fiscal space and explore a range of financing options.

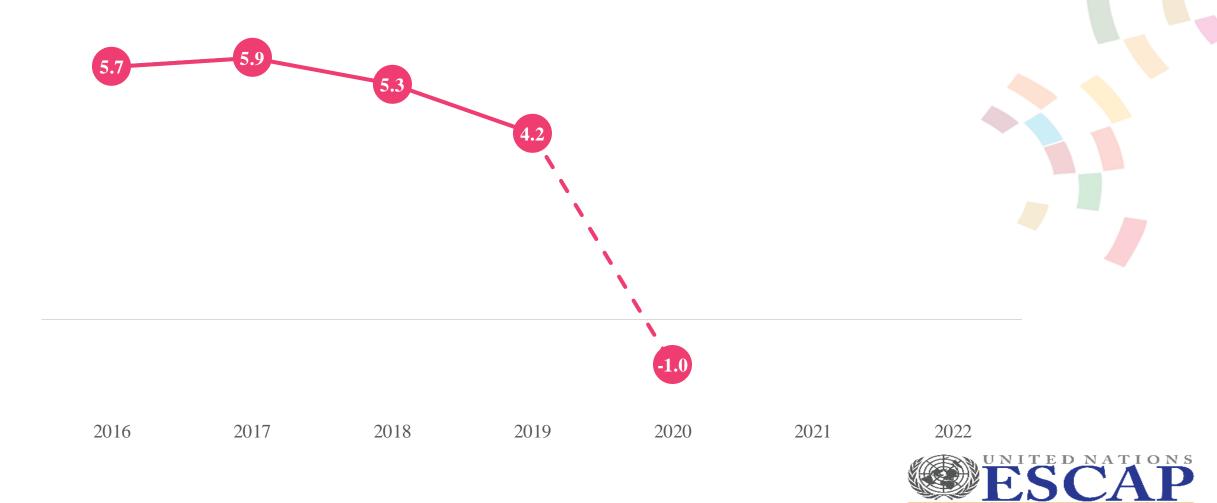


The present: COVID-19 is a stark reminder that health emergencies cause not only social damage but also entail economic risks



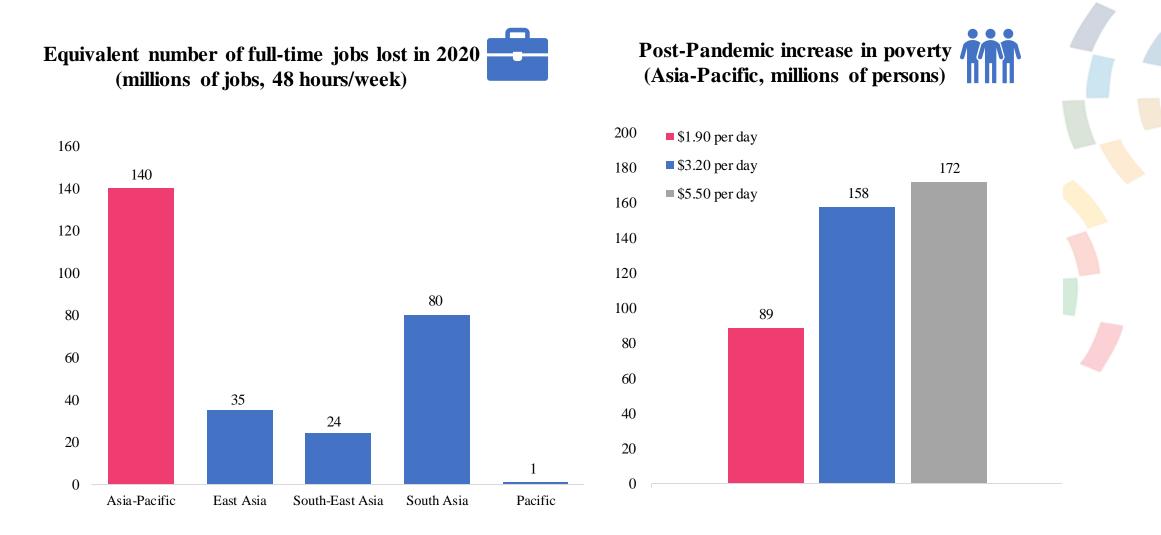
Asia-Pacific region experienced its worst economic performance in recent history...

GDP growth (%) in developing Asia and the Pacific



Economic and Social Commission for Asia and the Pacific

... with significant socio-economic costs.

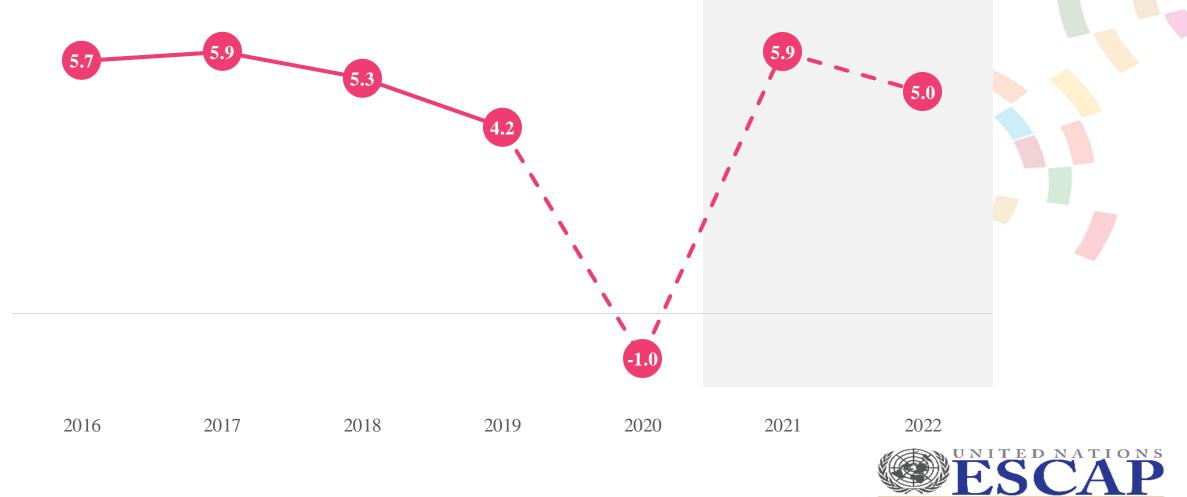




Source: ESCAP based on ILO (2021) and WB data

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

GDP growth (%) in developing Asia and the Pacific



Economic and Social Commission for Asia and the Pacific

Such optimism is supported by multiple factors...

- Some aspects of the COVID-19 impact are temporary
- Vaccine rollouts have begun
- Fiscal and monetary policies are expected to remain accommodative
- Strong export & regional value chains
- Major economies worldwide are gradually recovering



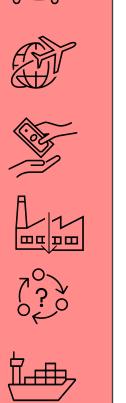






...but risks are tilted to the downside...

- Slow progress & uncertainties in vaccination ,
- 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





Near-term policy priorities

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



Ensure continuity in fiscal & monetary support



Benefits from Green post-COVID Recovery

- Gearing macroeconomic policies to move away from fossil fuels towards renewables to provide new economic growth opportunities
- Create new jobs
- Greening the financial system by enforcing environment-related disclosures and reporting





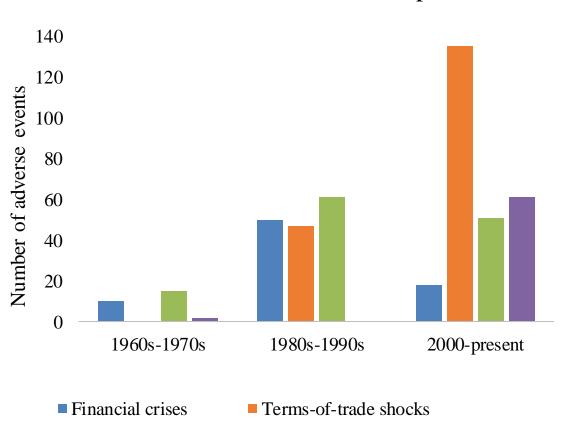
ASIAN FINANCIAL CRISIS



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



Asia-Pacific faces a wide risk landscape...

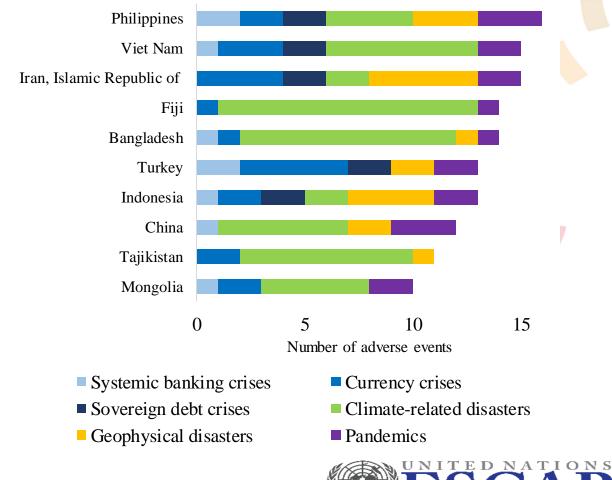


Pandemics

Natural disasters

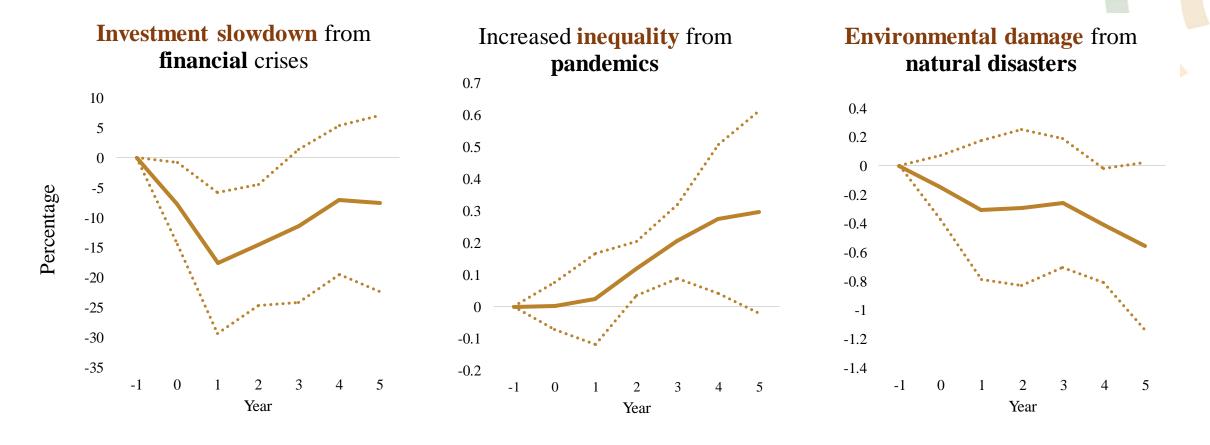
Asia-Pacific Risk Landscape

Selected Countries



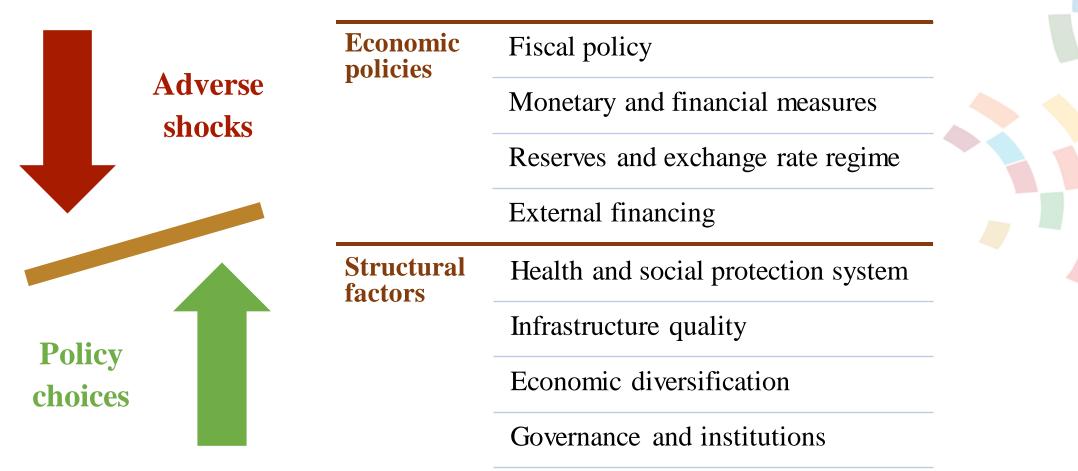
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...where adverse shocks leave long-term scars.





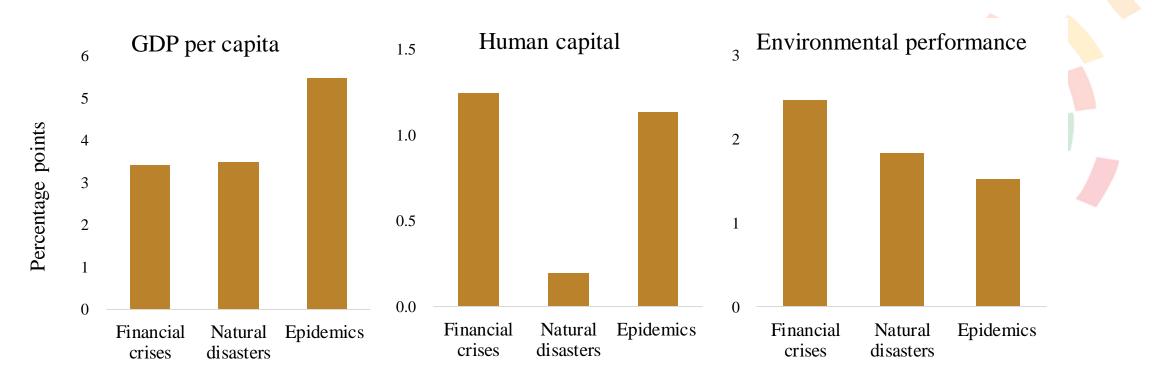
However, policy choices can reduce such setback!





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

Financial regulation **Early** Insurance warning system Adaptive social Climateprotection Deploying resilient fiscal space infrastructure **Remittances** and ODA

Coping with crisis





The Future: Build Forward Better to enhance the resilience of people and the planet



... and the recovery packages leave room to integrate social and environmental issues

Most recovery policies are not gender-sensitive:

Fiscal support for businesses



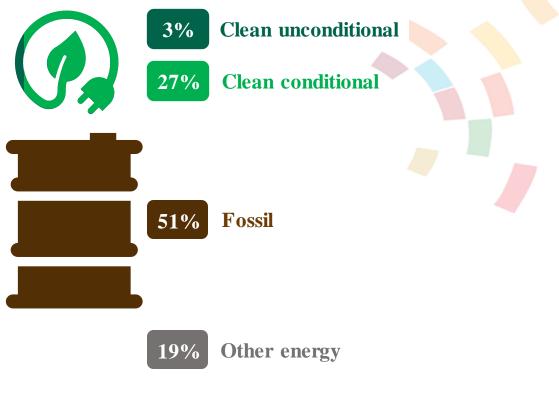
Social Protection



Labour market



Most public fund commitments neglect green energies



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

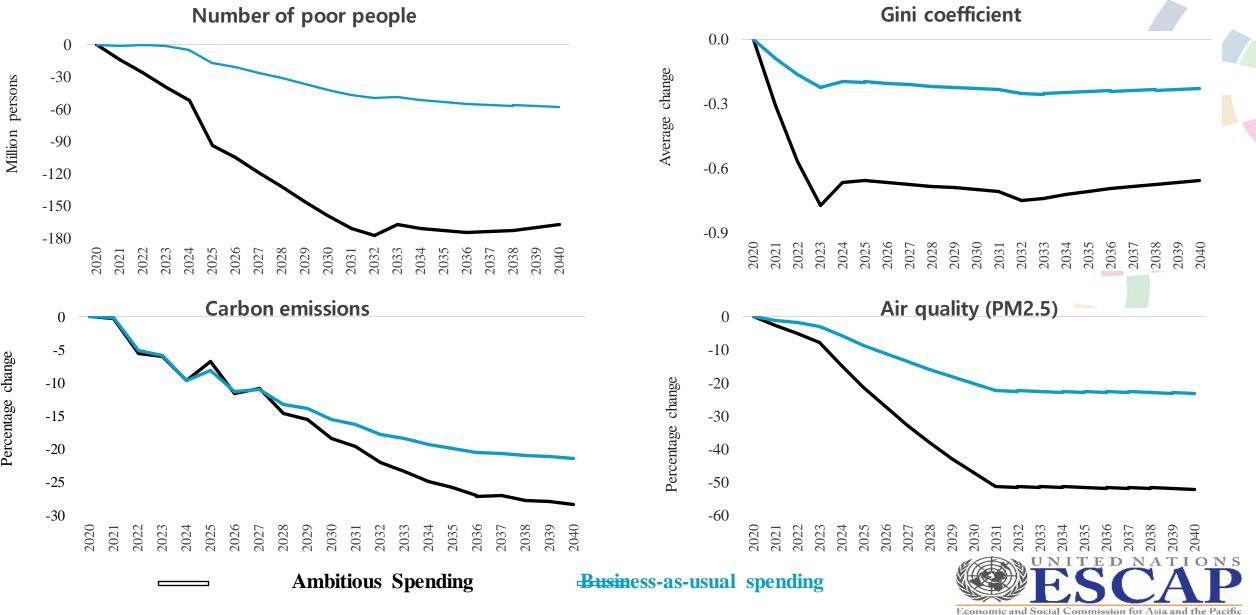


We propose a "Building Forward Better" policy package...



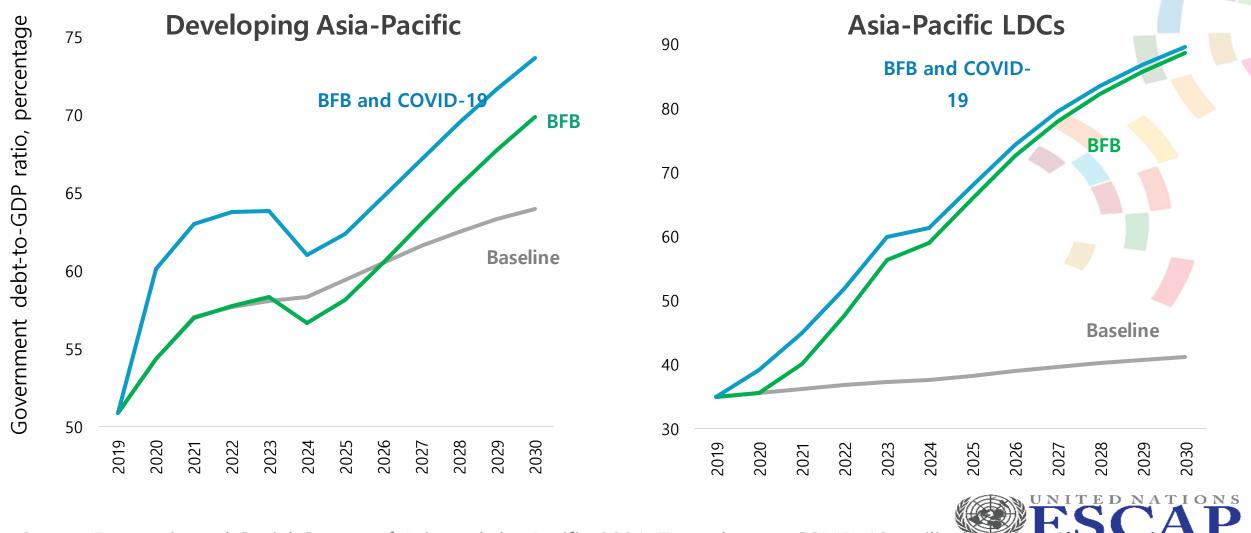
Economic and Social Commission for Asia and the Pacific

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



Percentage change

...but with more pressure on public debt, especially in Asia-Pacific Least Developed Countries (LDCs)



Source: Economic and Social Survey of Asia and the Pacific 2021: Towards post-COVID-19 resilient economic and Social Survey of Asia and the Pacific 2021: Towards post-COVID-19 resilient

Which fiscal and financing policies can help?



Policy options to address fiscal and financing challenges Make debt swaps for development meaningful Explore diaspora bonds, offshore public bonds Incorporate catastrophic risks into fiscal planning



Ease investment rules for pension + sovereign wealth funds



Opportunities for Low Carbon and Inclusive Development

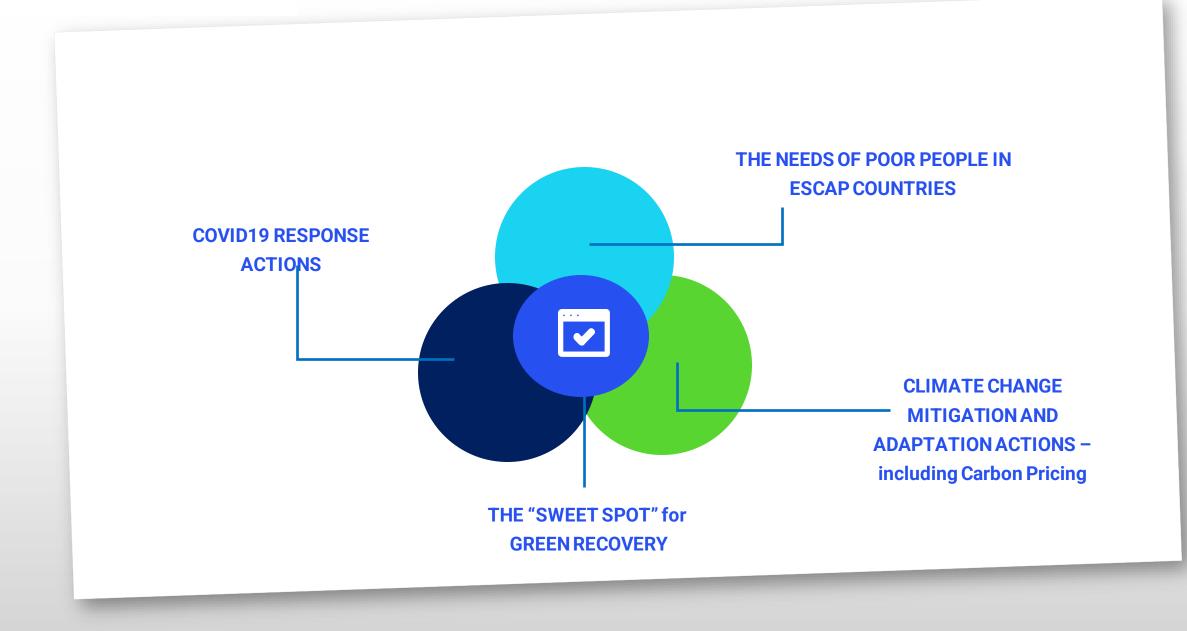
Katinka Weinberger, Chief, Environment and Development Policy Section

Environment and Development Division, UNESCAP





Green Post-COVID Recovery





COVID19 POLICY, BUT NO NDC POLICY

- may lack climate ambition or ideas

COVID19 AND NDC POLICY ALIGNED

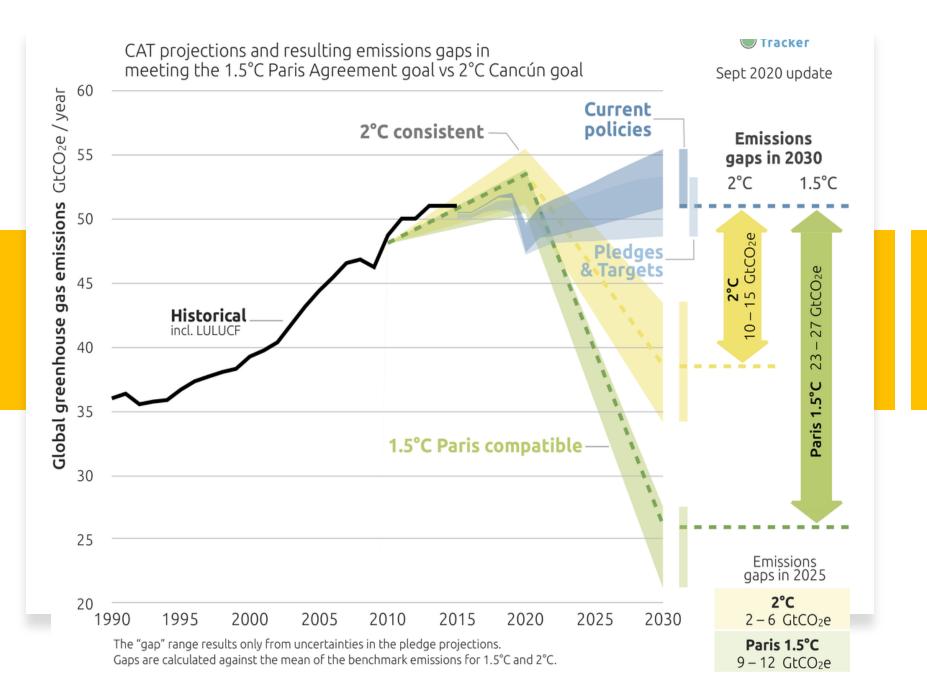
- possible "role models" for others

NO COVID19 OR NDC POLICY

- likely lack finance or government capacity NDC POLICY, BUT NO COVID19 POLICY

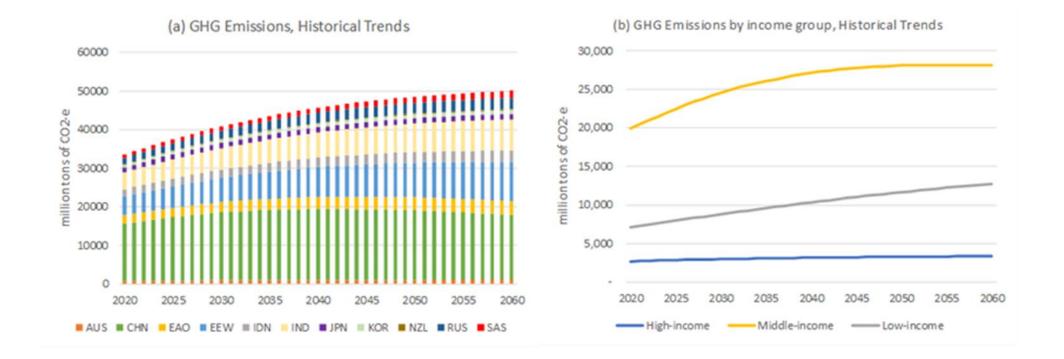
- likely lack mainstreaming and coordination CAN TARGET SPECIFIC SECTORS AND USE A TYPOLOGY OF COUNTRIES TO TAILOR ACTION/ SUPPORT

Gaps = Opportunity for carbon pricing to play new role in green recovery



What is the Global 2030 Emissions Gap?

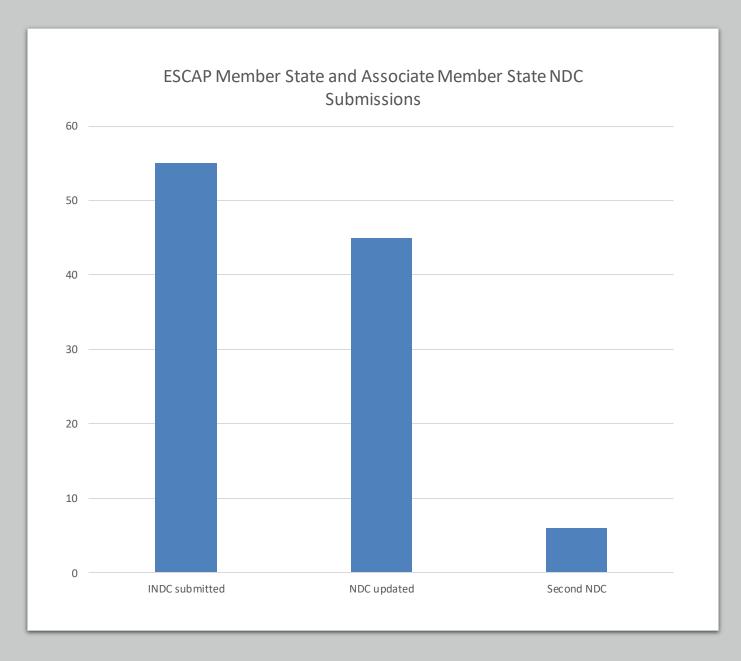
Current and projected emissions of Asia-Pacific



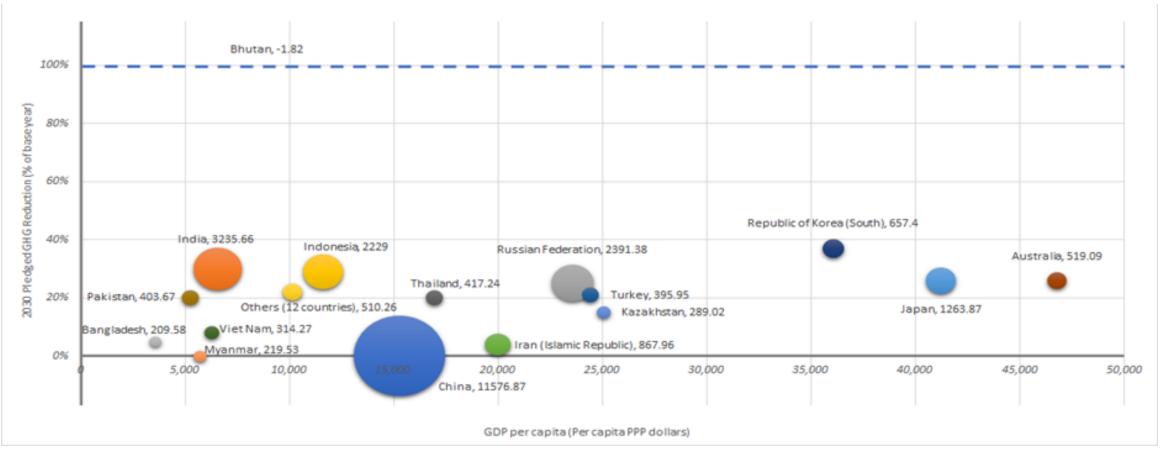
Source: SCIRO, 2020

Status of NDC Submissions in Asia-Pacific

- 55 Countries INDCs
- 45 Countries updated NDCs
- 6 countries second NDCs



More ambition in NDCs and pledges needed



Source: ESCAP

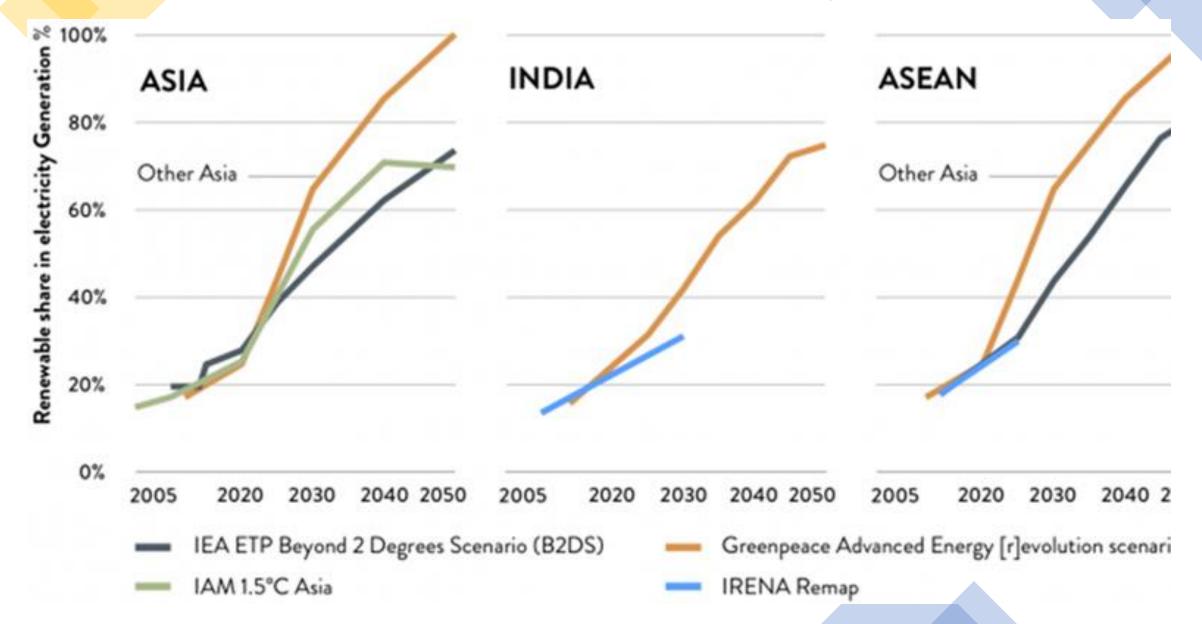


Phase out coal and end fossil fuels subsidies

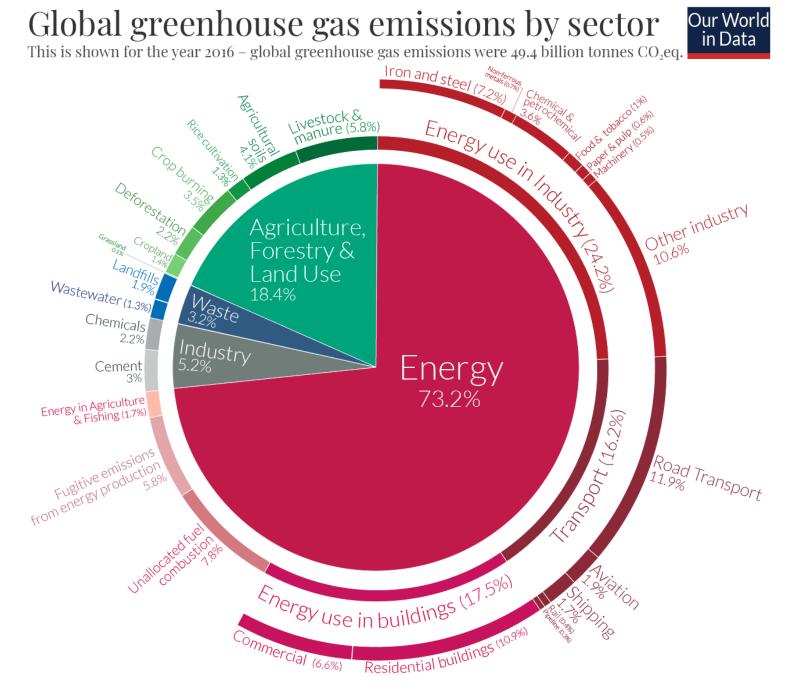


Give a price to carbon and enable carbon markets

Increase the share of RE in electricity in Asia-Pacific



Improve efficiency of energy use in industry and transport



OurWorldinData.org – Research and data to make progress against the world's largest problems. Source: Climate Watch, the World Resources Institute (2020). Licensed

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Increase the use of nature-based solutions

Écosystem-based mitigation

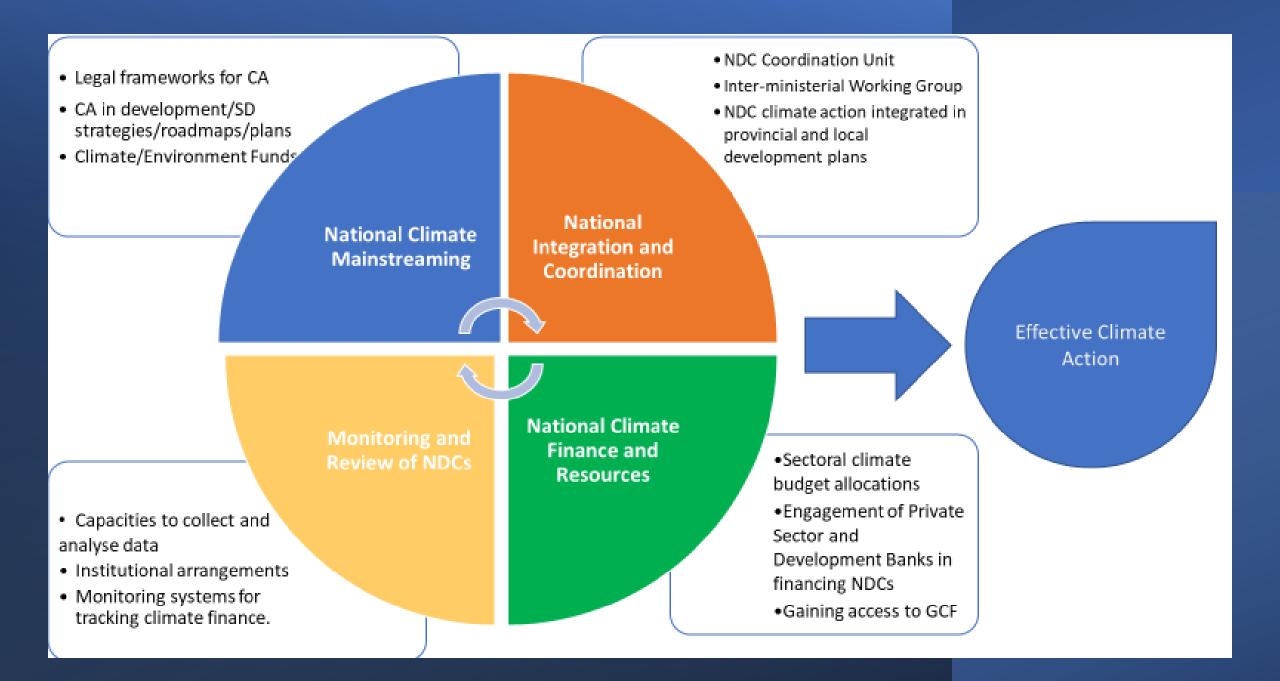
- Protection and restoration of carbon sinks
- e.g. forests, peat bogs or marine and coastal ecosystems

Ecosystem-based adaptation

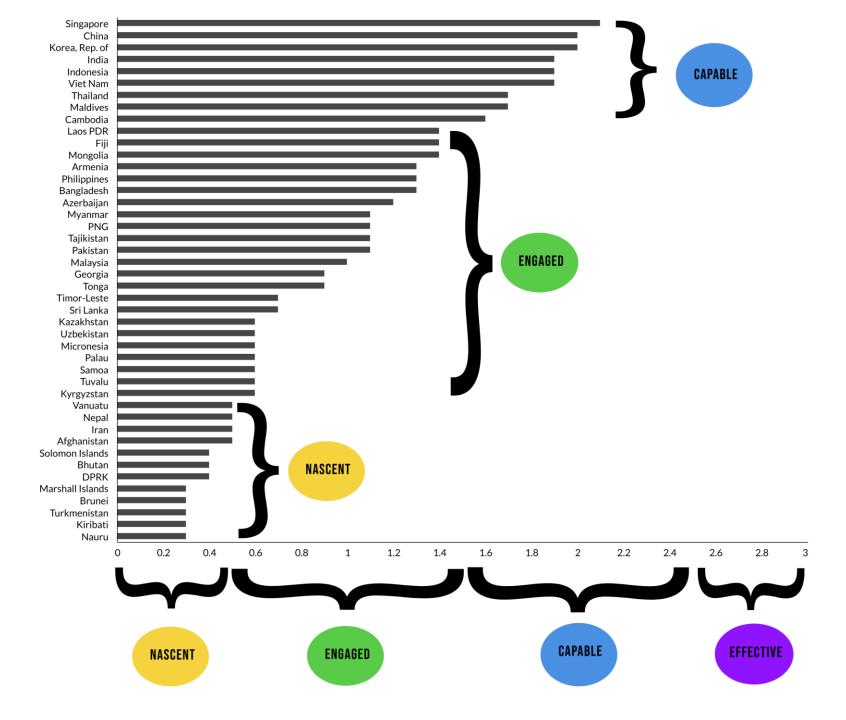
- use of biodiversity and ecosystem services as part of a comprehensive climate change resilience strategy
- e.g. conservation of water sources, coastal ecosystem restoration

Ecosystem-based disaster risk reduction

- enhancing nature's ability to absorb the adverse impacts of extreme weather events
- e.g. protect wetlands and flood zones to control river overflows, restore vegetation cover on slopes to prevent landslides



 Regional assessment and scoring of level of readiness of enabling factors to support NDCs



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.
- Green post-COVID-19 recovery presents an opportunity to *build forward better* – recovery policy packages should adequately focus on social services, digital access, and climate action.





ECONOMIC AND SOCIAL SURVEY OF ASIA AND THE PACIFIC 2021 Towards post-COVID-19 resilient economies

Please visit

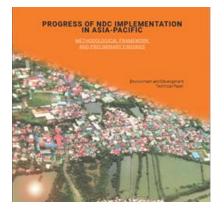
https://www.unescap.org/kp/2021/economic-and -social-survey-asia-and-pacific-2021-towards-p ost-covid-19-resilient-economies

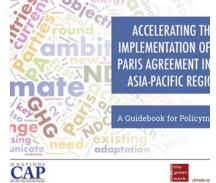


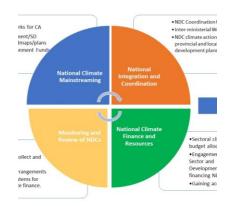
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ESCAP Support for Raising Climate Ambition









ESCAP is developing and making available several tools and methodologies to support enhancing ambition of the NDCs:

- GHG emissions inventory tool
- COVID-19/NDC policy brief
- Guidebook on accelerating implementation of the Paris Agreement
- Review of progress of NDC implementation in Asia-Pacific
- Methodological framework
- En-ROADS and C-ROADs simulators
- Needs assessment of Climate Readiness Programme for six ASEAN countries: Cambodia, Indonesia, Lao PDR, Myanmar, the Philippines and Viet Nam

https://sdghelpdesk.unescap.org/sites/default/files/PDF-Flip/bookshelf.html#_