

## **ESCAP's input to the thematic review of the High-Level Political Forum 2021**

31 March 2021

### **A. Impact of the COVID-19 pandemic on the implementation of the SDGs under review in the 2021 HLPF**

At the outset of the decade of action to deliver the Sustainable Development Goal(SDGs) by 2030, the Asia and the Pacific region needs to accelerate progress to achieve any of the seventeen SDGs. On its current trajectory, the Asia-Pacific region is expected to achieve less than 10 per cent of the SDGs Targets which have sufficient data to be measured.<sup>1</sup>

While the full impacts of the COVID-19 pandemic on the implementation of the SDGs will take some time to manifest themselves, the most recent projections indicate that an additional 89 million people in the Asia-Pacific region are estimated to have been pushed back into extreme poverty, according to the \$1.9 per day threshold<sup>2</sup>. If the higher income criteria, such \$3.2 or \$5.5 per day, are considered, the total headcount of poverty increase would more than double. South and Southwest Asia accounts for more than 80 per cent of this increase in poverty, as this densely populated subregion is among the worst affected.

While progress towards the SDGs was off track before the pandemic, COVID-19 has revealed the lingering weaknesses and inequalities in people's access to adequate food and nutrition. As a whole, the Asia-Pacific region is not on track to achieve 2030 targets of zero hunger and access to safe, nutritious, and sufficient food for all. In the Asia and Pacific region, 1.9 billion people cannot afford a healthy diet and nor readily access to fish, poultry, fruits, and vegetables. COVID-19 and associated economic restrictions have exacerbated this situation with dire consequences for all people, particularly the poor and most vulnerable. COVID-19 is estimated to push an additional 24 million people into acute food insecurity in the region and globally contribute to a 14.3 per cent increase in the prevalence of moderate or severe wasting among children under five years of age, equal to an additional 6.7 million children acutely malnourished.<sup>3</sup>

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<sup>1</sup> ESCAP/RFSD/2021/2. Progress report on the Sustainable Development Goals in Asia and the Pacific, 2021 [https://www.unescap.org/sites/default/d8files/event-documents/APFSD8\\_2E.pdf](https://www.unescap.org/sites/default/d8files/event-documents/APFSD8_2E.pdf)

<sup>2</sup> ESCAP (2021) Economic and Social Survey for Asia and the Pacific 2021, Towards post-Covid-19 resilient economies. <https://www.unescap.org/sites/default/d8files/knowledge-products/Survey%202021%20Towards%20post-COVID-19%20resilient%20economies.pdf>.

<sup>3</sup> APFSD SDG 2 Profile (2021) [https://www.unescap.org/sites/default/d8files/event-documents/SDG%202%20Goal%20Profile\\_Final%20Web\\_EDIT%20v3.pdf](https://www.unescap.org/sites/default/d8files/event-documents/SDG%202%20Goal%20Profile_Final%20Web_EDIT%20v3.pdf)

By the end of 2020, the Asia-Pacific region (which is home to nearly 60 per cent of the world's population) accommodated 25 per cent of the globally confirmed cases of COVID-19 and 20 per cent of reported deaths caused by the virus. Disruption of critical interventions and services in already overstretched health systems due to COVID-19 could cause serious maternal and child health issues. In some Asia-Pacific countries, the maternal mortality ratio could reach 214 per 100,000 for the best and 263 for the worst-case scenarios compared to a projected baseline of 184 in 2020. More than half a million additional children under 5 years of age in the Asia-Pacific region could lose their lives over a six-month period in the worst-case scenario.<sup>4</sup>

Employment was hard hit during the COVID-19 pandemic. In Asia and the Pacific, total working hours are estimated to have shrunk by 6.5, 16.9, 5.4 and 2.8 per cent respectively in the four quarters of 2020, equivalent to an average loss of 140 million full-time jobs over the whole year<sup>5</sup>. Similarly, estimates of labour income losses suggest that compared to labour income in 2019, workers in the region lost 10.3 per cent of their labour income during the first three quarters of 2020. In total, the amount of labour income lost in the region during the first three quarters of 2020 amounted to nearly US\$1.1 trillion. In April 2020, as many as 829 million informal workers in the Asia-Pacific region (62 per cent of all informal workers) lived in countries with full or partial lockdowns.<sup>6</sup>

The economic performance of developing Asia and the Pacific in 2020 was its worst in recent history. The combined average GDP of developing the Asia-Pacific region is estimated to have contracted by 1.1 per cent in 2020; a 5.3 percentage point deceleration from the already weak growth performance of 4.2 per cent in 2019<sup>7</sup>. This economic contraction was broad-based, but with significant variation across countries. Economic growth slowed in all Asia-Pacific economies, with three fourths experiencing a recession in 2020.

The region has regressed on sustainable consumption and production (SCP) and urgently needs to reverse material consumption and footprint trends to meet SDG 12, notwithstanding progress on individual targets. Rising incomes and lifestyle changes and continued resource-intensive growth patterns are expected to further exacerbate resource depletion and ecosystem

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<sup>4</sup> ESCAP/RFSD/2021/2. Progress report on the Sustainable Development Goals in Asia and the Pacific, 2021 [https://www.unescap.org/sites/default/d8files/event-documents/APFSD8\\_2E.pdf](https://www.unescap.org/sites/default/d8files/event-documents/APFSD8_2E.pdf)

<sup>5</sup> ESCAP (2021) Economic and Social Survey for Asia and the Pacific 2021, Towards post-Covid-19 resilient economies. <https://www.unescap.org/sites/default/d8files/knowledge-products/Survey%202021%20Towards%20post-COVID-19%20resilient%20economies.pdf>.

<sup>6</sup> ESCAP/RFSD/2021/2. Progress report on the Sustainable Development Goals in Asia and the Pacific, 2021. [https://www.unescap.org/sites/default/d8files/event-documents/APFSD8\\_2E.pdf](https://www.unescap.org/sites/default/d8files/event-documents/APFSD8_2E.pdf)

<sup>7</sup> ESCAP (2021) Economic and Social Survey for Asia and the Pacific 2021, Towards post-Covid-19 resilient economies. <https://www.unescap.org/sites/default/d8files/knowledge-products/Survey%202021%20Towards%20post-COVID-19%20resilient%20economies.pdf>.

degradation. The COVID-19 pandemic has led to an abrupt stretch of originally weak waste management chains in many Asian countries.<sup>8</sup>

While the drop in CO<sub>2</sub> emissions has been significant due to contingency measures adopted by countries, it has also been temporary in nature with emissions rising as soon as quarantine measures are lifted. SDG 13 on climate action remains unlikely to be achieved at the current rate of progress. A record 36.7 GtCO<sub>2</sub> of cumulative emissions were registered in the Asia-Pacific region in 2019. Required global emission reductions are 7.6 per cent per year to keep global temperature rise below 1.5°C. The commitments in Nationally Determined Contributions (NDCs) of countries in the Asia-Pacific region fall short of this target. Even with full and effective NDCs implementation, the region's emissions will more than double by 2030.<sup>9</sup>

According to the Global Peace Index, which captures the absence of violence or the fear of violence, Asia and the Pacific keeps falling slightly in level of peacefulness due to increasing deaths from internal conflict and increasing military expenditure and a weaker commitment to UN peacekeeping funding. Restrictions on civic space and fundamental freedoms more broadly have continued to tighten in 2020 and of the 25 Asia-Pacific countries assessed, four were rated as closed, nine as repressed and nine as obstructed. The COVID-19 pandemic has stalled progress on some of the core elements of SDG16. Data gaps continue to present a key challenge in implementing and monitoring SDG16 targets.<sup>10</sup>

## **B. Impact of COVID-19 on leaving “no one” and “no country” behind**

The region's combined income inequality, measured by the Gini coefficient, increased by over 5 percentage points between 1995 and 2015. The rising trend in the Asia-Pacific region is contrary to most other regions. Moreover, while income inequalities decreased in several Asia-Pacific countries, it grew in almost 40 per cent of the countries<sup>11</sup>. Worryingly, the market income Gini coefficient soared in Bangladesh, China, India and Indonesia, which are among the five most populous countries in the region, representing over 70 per cent of the population. This means, at the onset of the COVID-19 pandemic, capacities to respond to the impact were already quite

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<sup>8</sup> ESCAP/RFS/2021/2. Progress report on the Sustainable Development Goals in Asia and the Pacific, 2021. [https://www.unescap.org/sites/default/d8files/event-documents/APFSD8\\_2E.pdf](https://www.unescap.org/sites/default/d8files/event-documents/APFSD8_2E.pdf)

<sup>9</sup> APFSD SDG 13 profile (2021). [https://www.unescap.org/sites/default/d8files/event-documents/SDG%2013%20Goal%20Profile\\_Final%20Web\\_EDIT%20v3.pdf](https://www.unescap.org/sites/default/d8files/event-documents/SDG%2013%20Goal%20Profile_Final%20Web_EDIT%20v3.pdf)

<sup>10</sup> APFSD SDG 16 profile (2021). [https://www.unescap.org/sites/default/d8files/event-documents/SDG%2016%20Goal%20Profile\\_Final%20Web\\_EDIT%20v3.pdf](https://www.unescap.org/sites/default/d8files/event-documents/SDG%2016%20Goal%20Profile_Final%20Web_EDIT%20v3.pdf)

<sup>11</sup> ESCAP (2018) Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development. <https://www.unescap.org/sites/default/d8files/knowledge-products/ThemeStudyOnInequality.pdf>

different within countries.<sup>12</sup>

The COVID-19 pandemic has aggravated the underlying inequalities and gaps in social protection. Inequality of opportunity lingers. Despite important increases in access to opportunities, large inequalities persist across the region, particularly in completion of secondary education, financial inclusion and access to basic household services, such as IT technology, clean fuels and basic sanitation. The growing divide in many countries is a result of advantaged groups gaining access to opportunities at a more rapid rate than disadvantaged ones. Sizeable groups of rural, less educated and poorer people are left behind. Progress towards gender equality across the region also remains mixed. While women and men share similar levels of opportunities in North and Central Asia and in some North-East and South-East Asian countries, women lag in access to, for example, education and financial inclusion opportunities in much of South and South-West Asia.<sup>13</sup>

Capacities are also quite different between countries. One measure of this is the significant differences in fiscal responses to the pandemic. Thus, while the Republic of Korea's fiscal response to the pandemic, including three supplementary budgets, totalled 270 trillion won (approx. US\$246.2 billion), or about 14 per cent of GDP, and in countries such as Bhutan, Kiribati, Nauru and Tuvalu, spending was more than 10 per cent of GDP, in contrast, the response in other countries was much lower, for example in Bangladesh, Cambodia, Lao PDR, Papua New Guinea and Solomon Islands, where it was about 1 per cent of GDP or less.

Sectoral structures and other inherent economic vulnerabilities also played a significant role. Countries more dependent on contact-intensive services sectors were more exposed, and thus more adversely affected. The ongoing domestic precautionary measures and cross-border travel restrictions have devastated international tourism and dealt significant blows to the economies of Bhutan, Georgia, Maldives, Nepal, Sri Lanka, Thailand, as well as the Pacific island States. At the same time, least developed and low-income countries in South Asia and South-East Asia were more affected, due to the higher share of low-tech, low-skill and informal services in their economies, compared to their more industrialized neighbours. Similarly, the digital and technology divide and economic capability gaps may lead to substantial cross-country divergence in their adaptation to new changes, such as teleworking, digitalization and automation, in the post-pandemic economy.

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<sup>12</sup> ESCAP, ADB, UNDP (2021), Responding to the COVID-19 Pandemic: Leaving No Country Behind. <https://sdgasiapacific.net/sites/default/files/public/publications/resources/sdg-ap-kp-0000022-0001-en.pdf>

<sup>13</sup> ESCAP (2020), The Protection we want. Social Outlook for Asia and the Pacific. [https://www.unescap.org/sites/default/d8files/knowledge-products/Social\\_Outlook\\_Report\\_v10.pdf](https://www.unescap.org/sites/default/d8files/knowledge-products/Social_Outlook_Report_v10.pdf)

The more vulnerable groups of informal employees, self-employed small businesses, low-wage workers, and female workers, who are concentrated in contact-intensive services, such as retail, hospitality, transport, and labour-intensive manufacturing, were disproportionately affected. In addition to direct job cuts, businesses also resorted to reduced salaries and other labour cost-saving measures to remain financially afloat, putting further downward pressure on household income of the working class. Thus, the COVID-19 pandemic is likely to have widened inequality gaps and increased social instability and resentment.

## **C. Policy priorities to promote sustainable and resilient recovery from the COVID-19 pandemic in Asia and the Pacific**

Governments across the region have responded to the unprecedented situation created by the COVID-19 outbreak and worked hard to curb the socio-economic fallout. Most have concentrated on short-term measures. But if economies are to recover in a sustained manner and in more inclusive way they must also aim for building resilience and long-term sustainability – restoring ecosystems, reducing poverty and investing in people throughout the region.<sup>14</sup> Amid unprecedented policy responses to the COVID-19 pandemic, an important consideration is whether these responses help countries to build forward better while also ensuring that nobody, and no country is left behind.

To enable member States of the Economic and Social Commission for Asia and the Pacific (ESCAP) to build forward better, the following policy priorities are proposed:<sup>15</sup>

### **i. Redefine multilateralism.**

To fully achieve the 2030 Agenda by 2030, Asia and the Pacific needs to redefine multilateralism with people and planet at the heart of it. This will require a networked multilateralism that embraces the multitude of regional, subregional and multi country platforms, an inclusive multilateralism bringing together governments, civil society and business to solve this generation's most difficult challenges through effective regional cooperation, and a result based multilateralism that is not judged by declarations, statements and aspirations but by commitments to and impacts on sustainable development. The region can establish or mobilize existing sectoral mechanisms or mission oriented partnerships to help governments recover from this pandemic and plan for future crises – while dealing with climate change and taking into account population

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<sup>14</sup> ESCAP/RFS/2021/L.2. [https://www.unescap.org/sites/default/d8files/event-documents/APFSD8\\_L2E\\_0.pdf](https://www.unescap.org/sites/default/d8files/event-documents/APFSD8_L2E_0.pdf)

<sup>15</sup> ESCAP/77/1. Summary of the theme study on building back better from crises through regional cooperation in Asia and the Pacific [https://www.unescap.org/sites/default/d8files/event-documents/ESCAP\\_77\\_1\\_E.pdf](https://www.unescap.org/sites/default/d8files/event-documents/ESCAP_77_1_E.pdf)

ageing, and technological innovation and new forms of work.

ii. **Build universal social protection along the life course.**

The crisis presents an opportunity for a new role for governments. The pandemic has shown that investing in people is a prerequisite for addressing inequalities, poverty and vulnerabilities. Governments can recapture their central role for the welfare of the people by providing universal healthcare, social protection, education and internet for all, and by promoting social mobility by investing in people and regions that are left behind to generate higher productivity. Embed social protection in national development agendas and allocate the necessary resources. As a basis for leaving no one behind governments can use a mix of contributory and non-contributory benefit schemes. They will also need to expand social protection to embrace informal workers and ensure that women and vulnerable population groups are sufficiently covered.

iii. **Invest in a sustained socio-economic recovery aligned with the Sustainable Development Goals.**

This will require measures to ensure sufficient fiscal space. To support long-term, resilient, inclusive and sustainable development, countries can reorient spending away from non-developmental areas, reform taxation to mitigate inequalities, support the climate agenda and explore innovative financing instruments. They can also consider further debt relief measures and accelerate efforts to combat tax evasion through regional and international cooperation.

iv. **Promote trade facilitation, digitalization, and harmonization, and fully embed social and environmental concerns into global supply chains.**

Resist protectionist actions and forge regional solidarity to arrive at proportionate trade responses. Mobilize regional transport cooperation instruments for emergency use of cross-border freight. Decarbonize production and shift to more sustainable and lower-carbon, multimodal freight transport. Increase support for trade facilitation, trade digitalization and the development of paperless and contactless trade. Accelerate investment in digitalization and broadband connectivity. Improve the efficiency and sustainability of trade and transport procedures through regionally coordinated investments in hard and soft infrastructure.

v. **Safeguard environmental health.**

The Asia-Pacific region needs to build a new relationship with nature. The climate emergency is the defining issue of our time. To ensure that there is no irreversible damage to our earth's climate system means an energy transition driving economies towards net-zero emissions by the middle

of the century. The region requires ambitious policies that address the linkages between human health and the health of the natural world while working within the limits of what nature can provide. For this to happen the region can adopt a regional agenda for planetary health, bringing in all relevant actors to implement the institutional, structural, economic and behavioural changes needed to better manage human and environmental health.

vi. **Make digital technologies the backbone of the solutions to the big challenges the Asia-Pacific region faces.**

If Asia and the Pacific is to withstand future crises, ensure resilient supply chains, keep markets open, and safeguard vulnerable groups, governments across the region will need to embrace digitalization and close the digital divides between and within countries. They should also make better use of international rail freight and multi-modal systems. This will mean not just building hard infrastructure, but also developing soft infrastructure and harmonizing digital regulations.