

**Report of NEAT Working Group (WG) on  
Theme: “Sustainable, Inclusive and Resilient Socio-Economic Recovery and Growth in  
the Midst of Pandemic”**

**Hosted by NEAT-Laos via Zoom Platform**

**9 June 2022**

## **I. Background**

The Corona Virus-2019 (COVID-19) has caused an unprecedented global crisis. It has catastrophic consequences for in every country on earth including ASEAN Plus Three (APT). Governments’ countermeasures including social distancing, temporary closure of schools, offices and businesses, travel ban or restriction as well as partial and full lockdown to contain the spread of the virus have triggered deep economic contraction for the APT although the impacts vary in each country. These measures have disrupted regional and global supply chain. Tourism and related service sectors as well as micro, small and medium enterprises (MSME) have been hit extremely hard over the last two year-period. This has resulted in a rapid increase in unemployment rate, especially in tourism and hospitality industry as well as the other related sectors, which literally lead to income loss for workers, especially those in informal economic sectors are the most vulnerable since they have no social protection. Such a circumstance has exacerbated economic or income disparities.

Moreover, the outbreak has put pressure on the public health care system, resulting in a reduction in routine health care services, posing a threat to human security and well-being in both developed and developing countries. In addition, the COVID-19 pandemic has disrupted education for several months. Learning and teaching have to take place virtually in the midst of the outbreak. However, not all families with schooling aged children can have access to the internet. For example, due to the limited access to the internet, only 16.5% of households with children in Laos were able to access distance learning. This means that human development has been adversely impacted.

Since the outbreak of the COVID-19 began, countries around the world, including the APT have worked closely through both bilateral, regional and international cooperation frameworks such as ASEAN Submit, ASEAN Plus Three Health Ministers’ Meeting and the World Health Organization in order to contain the pandemic and endeavored to keep people safe from this virus. China and Japan were among the top support providers. At regional level various initiatives including the COVID-19 ASEAN Response Fund, the ASEAN Regional Reserve of Medical Supplies for Public Health Emergencies (RRMS), the ASEAN Comprehensive Recovery Framework and Implementation Plan, the ASEAN Strategic Framework for Public Health Emergencies have been established in order to minimize the impact COVID-19 in the region. Bilaterally, countries also provide mutual support in the forms of medical supplies, vaccines and exchange of medical experts.

These days, after countries have distributed COVID-19 vaccines to their citizens, the situation is winding down. Thus, the regional countries begin to relax the measures that have been implemented previously and reopen their borders, aiming at boosting socio-economic recovery

in order to restore livelihoods while safeguarding the lives of the people and thinking beyond COVID-19 pandemic. Nonetheless, the process of recovery is sluggish and uneven across the region. This is indicated by the fact that economies achieve tiny growth rates. It can be interpreted that it will take time for the economies to rebound back to the level prior to COVID-19 period.

Given this situation, it needs coordinated efforts and actions not only within the region but also cooperation with external partners for the countries in the region to recover individually and as a whole. Therefore, the working group (WG) meeting under the theme, “Sustainable, Inclusive and Resilient Socio-Economic Recovery and Growth in the Midst of Pandemic” was held by the Institute of Foreign Affairs of Laos (NEAT-Laos), the chair of NEAT 2022.

The WG was attended by 17 participants including NEAT country coordinators, NEAT experts and NEAT staff members from the 10 APT countries, namely NEAT-China, NEAT-Indonesia, NEAT-Japan, NEAT-Korea, NEAT-Laos, NEAT-Malaysia, NEAT-Philippine, NEAT-Singapore, NEAT-Thailand and NEAT-Vietnam whereas NEAT- Brunei Darussalam, NEAT-Cambodia and NEAT-Myanmar were unable to join the event. The WG meeting was divided into sessions under the same theme. For the details of the agenda and the participants, please see **Annex I and Annex II** respectively.

## **II. Objectives**

The WG aims to:

- Create a platform for experts from NEAT member countries to share their national experiences, plans and strategies for speeding up socio-economic recovery to restore their societies and economies.
- Provide policy recommendations for the region to recover and boost socio- economic development in a sustainable, inclusive and resilient manner in the wake of the pandemic.

## **III. Lessons learned by NEAT member countries**

### **China**

Global Value Chain was interrupted by COVID-19, which caused an enormous impact. However, recovery began. The supply side is recovering steadily while the demand side is making its way slowly. The sluggish market demand and reduced orders have brought severe challenges to enterprises’ supply chains. This is due to 1) lacking of coordinated border management, and border clearance and procedures; 2) having inadequate quality and lacking access to transport infrastructure and services; and 3) unreliable logistics services and high costs. To cope with these challenges, it is recommended: 1) strengthen policy communication and coordination to ensure an unimpeded supply chain, 2) promote quality infrastructure development and PPP (Public-Private Partnership facilitation, 3) enhance regulatory coordination and cooperation and gradually establishing a mutually recognized and compatible system of standards and rules, 4) accelerate the building of FTAs and other mechanisms to provide institutional guarantee for supply chain connectivity, including utilization of RCEP etc. 5) step up the construction of new types of infrastructure and improve the connectivity of digital

supply chain, and 6) deepen comprehensive reforms to stimulate domestic circulation and power supply chain connectivity in the region.

## **Indonesia**

Due to COVID-19, Indonesia' economy has been contracted, which downgraded Indonesia from upper-middle to lower-middle income country in 2021. Likewise, the household income and the share allocated on savings reduced consistently while the health of the people has been severely affected. This is indicated by the highest fatality rate among the APT. To respond to those impacts, various containment measures have been applied, for instance, the fiscal measures have been issued to support healthcare system, assist low-income households, expand unemployment benefits, and to provide relief for enterprises especially for MSMEs. In addition, macro finance policy was also applied.

## **Japan**

COVID-19 caused deep economic recession in East Asia. Supply chain has been interrupted. Digital technology play a critical role in coping with the pandemic and boost socio-economic recovery. During the pandemic Japan actively promote the regional and international cooperation through both bilateral assistance and international organizations. For instance, Japan provided 5 billion USD to support the fight against the outbreak through COVAX facility. Moreover, Japan established COVID-19 Crisis Response Emergency Support Load of up to 700 billion JPY over 2 years since 2020. Japan emphasized the important of health security and resilience which need to be prepared for the future health crisis.

Most importantly, Japan introduces two initiatives for the next chapter of Japan's economic relations with ASEAN. These include 1) ASIA-Japan Investing for the Future Initiative" AJIF" and 2) Asia Energy Transition Initiative "AETI". This initiative should be implemented by Japan in collaboration with ASEAN in order to improve the attractiveness of the region so as to transform the region into the hub of global supply chain. This is aimed at creating innovation to enhance sustainability, solving social challenges and promoting energy transition.

## **Republic of Korea (ROK)**

In ROK, COVID-19 pandemic began in early 2020. ROK applied its experience learned from the 2015 Middle East Respiratory Syndrome (MERS) to response to COVID-19, which curve the outbreak quickly and the government dealt with COVID-19 through three phases namely **Detection:** provides testing and screening, **Containment:** officers can draw on the major information such as facility visits, GPS data from cell phones, credit card transaction logs and closed-circuit television; and **Treatment:** requires to use the self-quarantine safety protection app; provides support twice daily check and deliver food; provides hotline and recording service for isolated persons; as well as offers free tests and treatment.

## **Laos**

COVID-19 adversely affected Laos in various aspects. Due to the COVID-19 pandemic, the unemployment rate has risen from around 9% a few years ago to about 25%. MSMEs in Laos are the backbone of the economy, accounting for more than 80% of employment in the country. Hospitality and tourism industry has been hit extremely hard within the two year-period (2020-2021). Other sectors like manufacturing have also been affected due to the disrupted supply chain. This has resulted in significant income loss. Moreover, COVID-19 disrupted educational and social, traditional and religious functions. However, COVID-19 has

accelerated digital transformation in Laos like it does in other countries. To survive economically, business operators turn to provide their services via digital platforms. In addition, the pandemic give birth to logistics companies to accommodate the demand for delivery. During the outbreak, Laos received extensive support from the friendly countries in the forms of vaccines, medical supplies and medical expertise, which made a significant contribution to the fight against the virus in Laos. After distributing vaccines to the citizens, the situation is getting better and Laos has reopened its borders, aiming at boosting socio-economic recovery in order to restore livelihoods while safeguarding the lives of the people.

### **Malaysia**

The speaker emphasized the impact of COVID-19 on education in Malaysia. The statistics showed that students lost between 5.4 and 11.4 months of schooling. During March 2020 to July 2021, over 0.22% of total students dropped out of school. Students suspended their education in higher education institutions and a sizable number of students stopped attending online classes during school closure. This is attributed to the lack of access to stable internet and digital devices, and ineffective teaching and training. Disruption in education would cause substantial loss in human capital and lead to worsening income inequality. The studies revealed that greater investment in education to produce highly educated labour force would strongly contribute to Malaysia's economic growth.

### **Philippines**

The Philippines is one of Southeast Asian countries most severely impacted by COVID-19, with most of its major cities particularly being hit the hardest. This is indicated by the very high infection rates. Containment measures have impacted the Philippines' economy and COVID-19 has lowered domestic consumption and purchasing power in the Philippines. This has resulted in an increase in unemployment rate, particularly among low-wage workers in the informal sector. As part of the Bayanihan to **Heal as One Act**, which was enacted in 2020, the government of the Philippines announced plans to launch the country's largest social safety program, including cash payments to 18 million low-income families. There are some responsive solutions that the Philippines' government focus on in order to overcome this issue such as health and community quarantines, education support for students, Data, ICT, and digitalization, social protection and etc.

### **Singapore**

The COVID-19 pandemic and the war slow the recovery and gap persists. While following a recession, economic recovery occurs when GDP increases, income rises, and unemployment decreases. Simply expressed, economic recovery refers to a country's return to its high output potential. In order to recover economically and socially. The Green Development Plan 2030 has been established as a national stability movement in Singapore, with the goal of uniting bold and collective action to combat climate change. Supporting green (not brown) economic activities, supporting brown economic activities assuming climate progress, and setting the correct carbon price could all be detrimental to individual economies. The green development recommendations rely on policy coordination to assist the countries in developing a new and assertive medium-term climate strategies, establishing green funding, implementing international cooperation at the municipal level, and expanding the scope of the RCEP+ that included more green issues.

## **Thailand**

Thailand was hit hard by COVID-19, especially its tourism sector while the digitalization expands significantly. The poor, migrant workers, and other vulnerable groups were affected socially and economically, but those venerable groups were left behind without the access to government welfare and subsidies. Thailand has been putting efforts in responding to COVID-19 by building community powers and find the best practices. As a result, the digital market was created as a tool to provide assistance to the vulnerable groups, and build a smart city. This project became a model for other cities to learn from. For the long-term policy, the strategy of **“Bio-Circular-Green economy (BCG)”** was created aiming to drive economic and social development in a sustainable manner. The strategy focuses on food and agriculture, material, energy, health and medicine, and tourism sectors.

## **Vietnam**

The recovery has been unequal across the APT countries. In the face of pandemic shocks, trade, digital technology, and green production offer some economic potential. The Vietnamese economy has been impacted by the ongoing COVID-19 pandemic due to its close interconnectedness with the global economy, but it has demonstrated extraordinary resilience. Although it was one of the few countries to do so, the crisis had a long-term impact on households and businesses. While negative risks have increased, Vietnamese economic fundamentals remain strong, and it is expected that the country's GDP growth rate could return to 6.5 to 7.0 percent by 2022. Despite overall global economic downturn, the Vietnamese economy is still recovering in the first four months of 2022, with GDP growth of 5% year on year and several sectors seeing some light as a result of possible solutions, common policies, and recommendations implemented to help the Vietnamese economy recover in areas such as supply chain, business assistance, imported inflation awareness, and tax reduction.

## **IV. Opportunities and challenges**

The COVID-19 epidemic has accelerated digital transformation in most of the APT countries like in other parts of the world. More and more business operators turn to provide their services via digital platforms. Digital technology is extensively embraced, that enabled the expansion of digital supply chains. In particular, digital supply chains are gaining robust momentum in sectors that have long industrial chains and require sophisticated production management. More importantly, it is the opportunity for the countries in the region and around the world to enhance their cooperation for advancing public health system. These days, the situation is getting better and recovery begins.

However, there are still challenges and setbacks to be addressed in order to move forward in a sustainable, inclusive and resilient manner. These include the intensifying major power rivalry that has disrupted supply chain around the world, as well as the global consequences of the Russia-Ukraine conflict, increasing inflation and surging global commodity prices, particularly oil and food, which are adding up to the already devastating impacts of the COVID-19 pandemic. This could hinder the countries from achieving the UN Sustainable Development Goals.



In terms of health security, there will be long-standing concerns in the health sector, which have been hampered by vaccine nationalism, anti-vaccination movements, and the APT coverage differences across facilities. Economically, scarring effects will be long lasting due to global production limitation, inadequate cold chain system, and uneven fiscal and monetary capacity. This will lead to a delay economic recovery and inflation.

Furthermore, digitalization is perceived to be one of the options for recovery. However, ICT infrastructure is inadequate and digital divide is pronouncing, resulting in issues such as the lack of dependable Internet connection and digital devices, as well as ineffective education and training. This could also barricade the process of recovery.

## V. Policy recommendations

The WG meeting acknowledged that the COVID-19 has severely impacted societies and economies around the world without exception for the APT countries. In order for the countries in the region to recover and grow sustainably, inclusively and resiliently while the pandemic is still going on, multiple policy recommendations have been provided as follows:

### Economically

- 1) **Accelerate digital transformation:** by investing in digital or ICT infrastructure and strengthening digital literacy amongst MSMEs and students through investing in digital education so as to ensure that all groups in society and firms regardless of sizes will be able to meaningfully participate in and benefit from digitalization.
- 2) **Reconnect and enhance the disrupted supply chain:** by further developing the planned infrastructure while upgrading the existing infrastructure for connectivity as well as lowering trade barriers.
- 3) **Finance MSMEs:** by providing better access to finance through credit facilities and financing scheme for the most impacted MSMEs.
- 4) **Lower tax rate:** This can be done by reducing import tax and value added tax, which will help counter the increasing inflation rate and the soaring global commodity prices (oil, gas and food prices). By doing so, it will also further promote investment and boost consumption, which could result in economic growth and employment opportunities for people to generate income to restore their livelihoods.
- 5) **Promote tourism among APT countries and beyond:** This could be done by facilitating international travel.
- 6) **Carry out international cooperation at the city level: RCEP+ covering more green issues:** to increase membership across the Asia-Pacific region by enhancing cooperation with other regional arrangements under the Paris Agreement on climate change.
- 7) **Encourage public-private partnership:** improving the quality of infrastructure (transportation, ICT, and energy) to increase efficiency and investigate the creation of a comprehensive trans-regional multimodal and cold-chain transportation control system.

### Socially

- 1) **Design pro-poor policies.** This will ensure that the vulnerable groups of citizens can benefit from the process of recovery. Otherwise, they could be left behind in the process of recovery.

- 2) **Apply local or community-based approach to development:** by setting up mediator between local and national level, using science, technology and innovation, and linking macro economy to local economy, regional cooperation to strengthen local governments and create APT countries' **Bio-Circular-Green Economy** value chain.
- 3) **Further strengthening public health system:** this could be done by further building and improving healthcare infrastructure and strengthening capacity of human resource in this field, aiming at creating the more robust, resilient and transparent health system in order to prepare for the future pandemics.
- 4) **Enhance the quality of online educational platforms:** The government should launch several education-based channels to bridge the learning divide and support vulnerable pupils during and post crisis, while improving teachers' proficiency and programme contents. Proper training should be offered to academically qualified teachers on methods for distance learning. In addition, frequent evaluation on the educational platforms could help in terms of scrapping off the ineffective and questionable programmes.

**Environmentally,**

- 1) **Invest in clean energy infrastructure development:** This will create new employment opportunities, which will enable people to generate income to restore their livelihoods that have been impacted by the pandemic.
- 2) **Build up green finance:** by financing additional climate spending with green bonds and higher-income countries can increase financial support for low-income and vulnerable countries.
- 3) **Promote policy coordination to help countries to have a new and aggressive medium-term climate plan:** regional cooperation for a greener recovery including digital technologies in the fight against the COVID-19 pandemic.

**Annex I: Agenda of NEAT WG on “Sustainable, Inclusive and Resilient Socio-Economic Recovery and Growth in the Midst of the Pandemic”:**

Thursday 9 June, 2022

**(As of June 08, 2022)**

**Time: 8:00-12:30 (Lao time: GMT +7:00)**

08:00-8:30	<b>Registration and Technical Preparation</b>
08:30-08:40	<b>Introduction of Participant</b>
08:40-08:45	<b>Group photo</b>
08:45-08:55	<b>Welcome and Opening Remarks</b> Amb. Mai Sayavongs, Director-General of the Institute of Foreign Affairs of the Lao PDR
08:55-10:15	<p><b>Session 1: Sharing insight, experience and perspective on how to achieve “Sustainable, Inclusive and Resilient Socio-Economic Recovery and Growth in the Midst of the Pandemic”</b></p> <p><b>Moderated</b> by Mr. Sonexay VANNAXAY, Deputy Director-General of The Institute of Foreign Affairs (IFA), NEAT Laos Country Coordinator</p> <p><b>Discussion points:</b></p> <ul style="list-style-type: none"> <li>• Explore ways and means for the APT countries to recover their socio-economic conditions in a sustainable, inclusive, and resilient manner</li> <li>• Identify common issues and challenges that APT countries should focus their cooperation on for socio-economic recovery</li> <li>• Provide policy recommendations for the governments of the APT countries to recover and stimulate socio-economic development progress in the time of the pandemic.</li> </ul>
	<p><b>Speakers:</b></p> <p><b>SHINODA Kunihiro, Prof.</b> Executive Advisor, GRIPS Alliance, National Graduate Institute For Policy Studies, NEAT- Japan</p> <p><b>HE Min Dr. Associate Prof.</b> Institute for International Economics, China Foreign Affairs University (CFAU), NEAT-China</p> <p><b>Jahen Fachrul Rezki Dr.</b> Faculty of Economic and Business, Universitas Indonesia, NEAT-Indonesia</p> <p><b>Chol Bunnag, Assistant Professor</b> Director of SDG Move, Thailand</p>



	<p>NEAT-Thailand</p> <p><b>PHEUAPHETLANGSY Bounphieng (Mr.)</b> Deputy Director, Strategic and International Studies Division, Institute of Foreign Affairs, NEAT- Laos</p>
10:15-10:45	<b>Discussion</b>
10 minutes	<b>Break</b>
10:55-11:55	<p><b>Session 2:</b> Sharing insight, experience and perspective on how to achieve “Sustainable, Inclusive and Resilient Socio-Economic Recovery and Growth in the Midst of the Pandemic”</p> <p><b>Moderated</b> by Ms. Kaymany ORABOUNE, Deputy Director-General of The Institute of Foreign Affairs (IFA)</p>
	<p><b>Speakers:</b></p> <p><b>Choon Hee WOO Ms.</b> Visiting Research Fellow, JISEAS (Jeonbuk National University, Institute for Southeast Asian Studies), NEAT-Korea</p> <p><b>Sofea Azahar Ms.</b> Senior Researcher, Institute of Strategic and International Studies (ISIS Malaysia), NEAT-Malaysia</p> <p><b>Ma. Kristina P. Ortiz Ms.</b> Supervising Research Specialist, Philippines Institute for Development Studies, NEAT-Philippines</p> <p><b>KONG Tuan Yuen, Dr.</b> Research Fellow, East Asian Institute, National University of Singapore</p> <p><b>Nguyen Anh Tuan, Associate Prof.</b> Deputy Director General, Institute of Foreign Policy and Strategic Studies, Diplomatic Academy of Vietnam (DAV), NEAT-Vietnam</p>
11:55-12:20	<b>Discussion</b>
12:20-12:30	<p><b>Wrap Up and Closing Remarks</b> Mr. Sonexay VANNAXAY, Deputy Director-General of The Institute of Foreign Affairs (IFA), NEAT Laos Country Coordinator</p>

## Annex II: List of NEAT WG meeting participants

No.	NEAT Country	No. of Parts.	Name/Title/Institutional Affiliation
1	Brunei		
2	Cambodia		
3	Indonesia	1	<p><b>Jahen Fachrul Rezki Dr.</b> Faculty of Economic and Business, Universitas Indonesia</p>
4	Lao PDR	8	<p><b>SAYAVONGS Mai (Mr./Amb.)</b> Director General of the Institute of Foreign Affairs (IFA), Laos.</p> <p><b>ORABOUNE Kaymany Ms.</b> Deputy Director General of the Institute of Foreign Affairs (IFA), Laos.</p> <p><b>VANNAXAY Sonexay (Mr.)</b> Country Coordinator, NEAT Laos Deputy Director General of the Institute of Foreign Affairs (IFA), Laos.</p> <p><b>KEOBOUNKONG Vidavone (Ms.)</b> Director, ASEAN-ISIS &amp; International Cooperation Division, Institute of Foreign Affairs</p> <p><b>VONGMAHACHACK Somphay (Mr.)</b> Director, Human Resource Development Division, Institute of Foreign Affairs</p> <p><b>LATTANAKONE Nuanvilay (Ms.)</b> Deputy Director, ASEAN-ISIS &amp; International Cooperation Division, Institute of Foreign Affairs</p> <p><b>SENGSOURIVONG Laddavanh (Ms.)</b> Deputy Director, ASEAN-ISIS &amp; International Cooperation Division, Institute of Foreign Affairs</p> <p><b>MANICHANH Xaythavong (Mr.)</b> Contact Person, NEAT Laos Deputy Director, ASEAN-ISIS &amp; International Cooperation Division, Institute of Foreign Affairs</p> <p><b>PHEUAPHETLANGSY Bounphieng (Mr.)</b> Deputy Director, Strategic and International Studies Division, Institute of Foreign Affairs</p>

5	Malaysia	1	<b>Sofea Azahar Ms.</b> Senior Researcher, Institute of Strategic and International Studies (ISIS Malaysia)
6	Myanmar		
7	Philippines	1	<b>Ma. Kristina P. Ortiz Ms.</b> Supervising Research Specialist, Philippines Institute for Development Studies
8	Singapore	1	<b>KONG Tuan Yuen, Dr.</b> Research Fellow, East Asian Institute, National University of Singapore
9	Thailand	1	<b>Chol Bunnag, Assistant Prof.</b> Director of SDG Move, Thailand
10	Vietnam	1	<b>Nguyen Anh Tuan, Associate Prof.</b> Deputy Director General, Institute of Foreign Policy and Strategic Studies, Diplomatic Academy of Vietnam (DAV)
11	China	1	<b>HE Min Dr. Associate Prof.</b> Institute for International Economics, China Foreign Affairs University (CFAU)
12	Japan	1	<b>SHINODA Kunihiro, Prof.</b> Executive Advisor, GRIPS Alliance, National Graduate Institute For Policy Studies
13	S. Korea	1	<b>Choon Hee WOO</b> Visiting Research Fellow, JISEAS (Jeonbuk National University, Institute for Southeast Asian Studies)