

Concept note

Virtual event: Introducing an Excel-based model to design policy responses to COVID-19

Background

COVID-19 is an unprecedented socio-economic crisis and calls for unprecedented policy responses. In addition to being a severe health crisis that is upending people's lives, it is wreaking havoc on economies and societies at a global scale through containment measures put in place to control it. The Asia-Pacific region is no exception.

In this context, all the countries in the region have introduced measures to contain COVID-19, such as quarantines, suspension of productive activities, lockdowns, social distancing and closure of public places. Despite contributing to slow the spread of COVID-19, such measures have caused adverse impact on the regional economies, which is expected to be much greater than that experienced during the Asian Financial Crisis and the Global Financial Crisis. In particular, tens of millions of people could lose their jobs and be forced into extreme poverty (\$1.9 per day) in 2020.¹ For the least developed countries, ESCAP (forthcoming) estimates that the economic downturn would push 5.9 million people into extreme poverty (\$1.90 per day), or 12.4 million if using the \$3.20-per-day poverty line. This brings the poverty rates back to the levels seen 5-10 years ago (with some variation across LDCs).

To support frontier health responders, affected businesses (especially micro, small and medium enterprises) and households, and to ensure economic and financial stability, a majority of the countries in the region have adopted expansionary monetary and fiscal policies. Some of these policy packages are of unprecedented scale (visit [ESCAP's COVID-19 Policy Responses tracker](#) for more details). That said, as COVID-19 is not fully contained yet, more policy packages are expected to be announced to relieve the immediate adverse impacts. Countries are also designing longer term policies to enhance resilience to future shocks.

ESCAP stands with the member States to support policy design to build back better and to align with the 2030 Agenda for Sustainable Development. During the 76th Session of the Economic and Social Commission for Asia and the Pacific in May 2020, [ESCAP published a framework to facilitate countries' socio-economic responses](#).

A simple policy simulation tool

To help countries design effective policies and to align those policy responses with the 2030 Agenda for Sustainable Development, modelling work can be helpful in supporting in-depth analysis to assess (i) the channels through which the economies have been affected; (ii) the severity of the impact; (iii) the effectiveness of the current macroeconomic policy easing; (iv) the need to introduce other measures; (v) if countries have the capacity to roll out more stimulus packages; and (vi) the economic, social and environmental consequences of the pandemic.

Against this backdrop, the Macroeconomic Policy and Financing for Development Division of ESCAP has developed an Excel-based policy simulation tool. It produces a snapshot of the socio-economic situation of

¹ Source: [World Bank](#) and [ADB's estimates](#).

the country, and allows simple policy scenarios to be studied. Backed by a large database, the tool illustrates the vulnerability of the country to the pandemic, compared with its peers and its major trading partners. It also illustrates ESCAP's most recent pre-COVID-19 estimates for key variables, and the baseline expected impact of the crisis on these variables: e.g. GDP growth, employment, poverty, inequality, fiscal balance, CO₂ emissions, etc. The impacts are decomposed into those originating from domestic shocks and those coming from international spillovers. The baseline impacts are based on a set of initial assumptions (such as the duration of the crisis) and an initial set of policy reactions (based on available information). The user will be able to modify such assumptions to more precisely assess the situation on the ground.

This virtual event will introduce how to access the simulation tool, how the tool works, and how the users can run policy simulations.

Target audience

The event is open to policy makers, researchers from think-tanks, academics, as well as staff from UN organizations, such as Subregional Offices, Regional Coordination Teams, Country Teams.

Format

A virtual event on MS Teams for pre-registered participants.

The event will be recorded. The model and the video will be uploaded and added to ESCAP's COVID webpage.

Tentative Agenda

Date: 14.00-16.00 (Bangkok time), Monday 17 August 2020

Total length: 1.5-2 hours

(The model will be shared with the pre-registered participants ahead of the meeting.)

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| 5 mins | Opening remarks
by Mr. Hamza Malik, Director, MPFD, ESCAP |
| 20 mins | Presentation, part I: Overview of the model |
| 20 mins | Presentation, part II: Using the model for policy simulation
by Ms. Dawn Holland, Fellow, National Institute of Economic and Social Research (UK); Former Chief of Global Economic Monitoring Branch, Economic Analysis and Policy Division, Department of Economic and Social Affairs (DESA), United Nations |
| 40 mins | Questions and Answers
moderated by MPAS staff |
| 5 mins | Closing remarks
by Ms. Sweta C. Saxena, Chief, MPAS, MPFD, ESCAP |