Mapping economic and social effects of Covid-19 in ASEAN economies

Abdul Hadi bin Abdul Satar*, Hakimah Yaacob²

¹²Faculty of Islamic Economics and Finance, Universiti Islam Sultan Sharif Ali, Brunei Darussalam
*Corresponding Author email: ahas.elmuhammady@gmail.com

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ABSTRACT

The emergence of the Covid-19 pandemic has created a perfect storm of crises in ASEAN member countries (AMCs). Before the Covid-19 crisis, economic inequalities were prevalent all across AMCs at domestic and regional levels and the majority of the population was confined to surviving on low and insecure incomes. The main objective of this study is to explore the economic and social effects among AMCs and how Covid-19 interacted with these effects. Our study indicates that stark and myriad economic inequalities persist among low-income and rural poor societies of high-income countries in the ASEAN ranging from wealth, access to healthcare and education services, gender-based inequalities, deprivation of basic resources and services, and asymmetry in employment and migration opportunities for certain groups. We predict that Covid-19 will exacerbate these inequalities consequently pushing marginalised and vulnerable people into extreme poverty and may further escalate health and economic risks. AMCs governments need to focus on developing an inclusive economic recovery process to strengthen the poorly protected social safety nets, address the gender-based issues and consider the inclusion of marginalised and vulnerable communities while developing health and economic recovery policies to mitigate Covid-19 impacts. Our findings provide a roadmap to the governments and policymakers scrambling for resources to combat the Covid-19 social and economic impacts.

Keywords: Covid-19; Pandemic; Social Effects; Economic Effects; ASEAN

1. INTRODUCTION

The World Health Organization (WHO) defined Covid-19 as a global pandemic and a threat multiplier compounding health, humanitarian, and development emergencies (Mohammed, 2020). These emergencies indicate the existence of inequalities between advanced and developing countries that raise concerns about whether Covid-19 distinguishes between the planet’s inhabitants. Iran’s Deputy Health Minister described Covid-19 as a democratic virus as it equally affects a statement and a common citizen (Rodríguez-Bailón, 2020). Intriguingly, Covid-19 as compared to the past pandemics will contract the wages of everyone which may largely reduce income inequality (Hannon, 2020). There is a fear that 40 million people may die due to this dreaded disease unless there is an immediate medical intervention (Vera, 2020). Governments, healthcare experts, and economists are convinced that Covid-19 will disproportionately affect the people due to huge gaps between the countries exposed to health risks and the capability to respond to these risks (The Economist, 2020). These gaps are determined through the socioeconomic
disparities in the societies and the consequences of these disparities such as economic inequality may play a significant role during the Covid-19 pandemic.

The plethora of ongoing research simultaneously focuses on measuring the economic impacts of Covid-19 in advanced and emerging economies. Covid-19 has forced nationwide lockdowns, curfews, and restrictions on movements that will contract the economies of lower-income countries, and businesses closure leading to a drastic increase in unemployment and poverty levels. World Bank (2020a) report estimated that Covid-19 may push 11 million people into poverty across East Asia and the Pacific. Furthermore, a recent study while estimating Covid-19 effects on poor communities in four continents has claimed that this pandemic may drive 49 million people to extreme poverty (living on less than $1.90 per day) by 2020 (Buheji et al., 2020; UNCTAD, 2022). United Nations FAO (2020a) has also warned that indirect impacts of Covid-19 such as containment measures are a major hurdle in achieving sustainable development goals 1 (poverty), 2 (security), and 10 (inequality) of the 2030 Agenda.

The Covid-19 pandemic is spreading at an exponential rate, within a few months almost all the continents have reported several cases and it is expected to pose serious economic threats. The global economies have substantially contracted such as U.S. gross domestic product (GDP) decreased by 4.8% within the first quarter and a likely scenario of 5.0% contraction will push the country into a recession by 2020 (Mckibbin and Fernando, 2020; Fernandes, 2020). The GDP of the European region is expected to fall by 7.25% in 2020 and all euro economies are likely to fall into a recession (European Commission, 2020). Similarly, developing countries in Southeast Asia are relatively more vulnerable to economic disruptions due to declining trade, tourism, and foreign direct investments. IMF (2020a) has projected the contraction of ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand, and Vietnam) economies by 0.6% which is a very rare case scenario in over 50 years.

Usually, densely populated, malnourished, and overworked peasants are considered fertile breeding grounds to cause havoc through pandemics (Roser, 2019). The pandemic may disproportionately impact people as economic activities fluctuate between nations and the number of people living close to the poverty line (Mahler et al., 2020). Historically, the Black Death event of the 14th century reduced the world population by one-third and claimed most lives in economically challenged nations (Duncan and Scott, 2005). IMF (2020b) revised its ‘World Economic Outlook’ in June 2020 and projected a 6% contraction in advanced and 1% in emerging and developing economies by 2020. A large population in developing, low-and middle-income countries lives in extreme poverty, and the consequences of the Covid-19 pandemic mean these countries face the serious humanitarian and economic brunt.

The recent studies concentrate on analysing how inequalities may spread Covid-19 (Ahmed et al., 2020), how these inequalities can result in higher mortality rate in a certain region or a society (Gross et al., 2020), and measuring Covid-19 impacts on household consumption and poverty (Martin et al., 2020). These studies concluded that despite enormous uncertainty about the actual impact, Covid-19 can cost the world more than $10 trillion which will plunge 10 million people into poverty. The covid-19 pandemic will perpetuate
economic crises that may escalate unemployment and threaten health and social security in countries with weak welfare and safety nets. The circumstances that contribute to the vulnerability of poor populations during pandemics are untapped in recent studies. The economic conditions, health services, access to information, and communication are considered effective tools for the government to introduce containment measures during pandemics (Pirisi, 2000).

This study particularly focuses on analysing the sources of income inequality in member states of the Association of Southeast Asian Nations (ASEAN) and how the Covid-19 pandemic interacts with the existing inequalities. Merlin and Reed (2020) suggested that without source analysis political discourse often gravitates toward the situation and in the context of the Covid-19 pandemic, governments in ASEAN may unable to design an effective policy solution without identifying the sources of inequalities. Despite Singapore's advanced containment measures, the second wave of Covid-19 is attributed to the poor living conditions and existing income inequalities (UNSDG, 2020a). Covid-19 health emergency indicates the immediate consequences of existing inequalities and the capability to handle within four essential economic spheres. Firstly, health conditions and people's access to healthcare resources, generally less privileged societies have few resources and lower access to health facilities increases their vulnerability to getting more infected (Reeves and Rothwell, 2020). Income inequality may lower the possibility to work from home during the Covid-19 pandemic as the nature of the job require physical presence and the current jobs are the only sources of income and savings. The third and fourth sources are related to the educational disparities and digital divide among people, Covid-19 may pose relatively higher threats to people having low education and less access to digital information.

The rest of the paper proceeds as follows; section 2 discusses sources of income inequalities in AMCs before Covid-19, and section 3 outlines the methodological approaches used for this study. Section 3 outlines how Covid-19 interacts with the existing inequalities, section 5 outlines the policies and recommendations to mitigate the social and economic impacts of Covid-19 and section 6 concludes this study.

2. ECONOMIC INEQUALITIES IN ASEAN BEFORE COVID-19

Wilkinson and Pickett (2017) defined economic inequality as social categories such as social position, status, social class, or wealth that represent an individual's worth in society. The persisting economic inequalities and their outcomes have become a major concern for United Nations (UN) as it heavily undermines the achievement of sustainable development goals established under the umbrella of the 2030 Agenda (UNDESA, 2020a). Its serious consequences may deaccelerate economic growth, slow down the progress to eliminate hunger and poverty, and affect regional bonds and solidarity. Inequalities are often correlated with the political influence and interest of certain groups in a region. A high and disproportionate political influence of the rich over policymaking fosters rent-seeking activities that will undermine the global aspiration of 'leaving no one behind'. Countries are required to address the persisting inequalities to achieve peace and resolve regional conflicts (UNSCBEC, 2019).
ASEAN was created in 1967 to enhance security and political solidarity in the region (ADB, 2014). This region is the fifth largest economy in the world with a cumulative GDP of more than US$3.0 trillion (The ASEAN Secretariat, 2019). The decomposition of economic sectors indicates that the service sector is the backbone of the region by contributing 46.6% to the overall economy similarly, agriculture is also a major source of income in most of the ASEAN member countries (AMCs) (The ASEAN Secretariat, 2019). Despite the progress in GDP growth achieved through the creation of economic integration and Comprehensive Investment Agreement, stark income disparities prevail in AMCs due to vast economic gaps between people’s income (Ean et al., 2020).

Although the region has emerged as an economic powerhouse ironically, the wealth distribution is strikingly large which is catastrophic for the economic and social wellbeing of people in AMCs (UNESCAP, 2019a). Credit Suisse’s global wealth report (2019) indicates that in Thailand 58% of wealth is controlled by 10% as these earn 35 times higher than the rest of the population. A similar disproportional wealth distribution pattern persists in Indonesia where the four richest people hold more wealth than 100 million poorest people and the top 1% hold more than 50% of the country’s wealth. The case of Vietnam reveals an astonishing reality as the top 210 richest people are capable to lift 3.2 million people out of poverty. Even though in Malaysia the poverty line has substantially decreased yet, 34% of its indigenous people and 7% of low-cost urban housing children live in poverty. In the Philippines, the average annual family income of the top 10% is nine times higher compared with the lowest 10%. Economic inequalities prevail at both domestic and regional levels i.e., Singapore and Brunei’s per capita GDP are 44 times higher compared to the rest of the AMCs (Mordecai, 2017).

2.1. Understanding Economic Inequalities

Prior to exploring the genres of economic inequality in AMCs, it is mandatory to understand the geneses through a conceptual framework outlined in figure 1. This framework suggests that inequality refers to the disparities in income generation through the production of goods and services across society. The level of disparity relies on a correlation between the demand for goods and services, production methods, and remuneration methods in exchange for produced goods and services. The owners of production facilities such as land, financial assets, or shareholders of corporates receive income in the form of rental, interest, or dividends which alternatively depend on the access to education, market, and tax regulations in an economy.
Fig. 1. A conceptual framework to understand economic inequality in ASEAN

Source: (UNESCAP, 2020)

Fig. 1 represents that production outputs rely on access to technology, the extent of engagement in international trade and investment, and the country’s tax policies. These elements play a key role in determining income distribution within a country in the form of wages vis-à-vis profit and rent. Alternatively, the distribution of income is dependent on the levels of education, taxation policy, social protection, non-discrimination laws, and philanthropy (UNESCAP, 2020). Technology has a dramatic impact on income distribution as it alters the return on assets, favours capital over labour, skill labour over unskilled labour, and lowers the production cost (Huang and Wan, 2019). Technological advances and the dawn of social media have spawned a cadre of millionaires in emerging economies and the early adopters of these technologies are enjoying a monopoly power in these societies (Credit Suisse, 2019).

Income distribution is not essentially driven by the production of goods and services and the payments generated. The demand for a country’s goods and services plays a significant role which is alternatively influenced by the demographic elements, access to financial services, and policies related to consumption, taxation, and fiscal policies. The demand for a country’s goods and services also has an impact on income distribution within a country. The framework presented in figure 1 indicates that the economic activities, income distribution, and environmental impact has a correlation that emphasises policymakers to consider a system-wide approach to eradicate economic inequality (UNESCAP, 2020).

Many cities across AMCs have experienced a boom in real estate prices that indicates fluctuations in demand and supply which result in disparities in income distribution. The rise in the middle class and moderate financial markets in ASEAN (except Singapore) is a direct result of an increase in prices of real estate (UNESCAP, 2020). The boom in real estate
prices makes housing more affordable for the middle class and also provides an opportunity for wealthy people to increase investment in the housing sector in response to an increase in demand. The production side of the economy experiences a rise in business activities and people involved in the housing business such as developers, constructors, producers, realtors, and banks increase their wealth which further increases income inequality. The disparities in the level of individual skills, knowledge, ability, and social attributes are the leading factors of income inequality in developing and underdeveloped countries (IMF, 2016). The innovation and the developments in the production processes require individuals to have job-related knowledge and skill. To achieve a skilled and knowledgeable workforce, corporates need to invest in technical and vocational education training which will help to equally share the benefits of technology-related economic growth (UNESCAP, 2020).

2.2. Myriad Economic Inequalities in AMCs

Over the past 30 years, declining poverty levels facilitated through economic and financial integration have accelerated the mitigation of economic inequalities in ASEAN. According to UNESCAP (2019b), approximately 1.1 billion people were lifted out of poverty in Asia and the Pacific since 1990 and most of these people are located in AMCs (Jetin, 2019). Indeed, the economic growth in AMCs has played a vital role in poverty reduction yet, the benefits of economic growth are unequally shared and distributed since a large population is still confined to survive below $3.20 a day (UNESCAP, 2019b). This creates multiple forms of economic inequalities which are discussed below;

2.2.1. Wealth inequalities

The poverty line indicates a clear difference between poor and wealthy people in a country (Laderchi et al., 2003). The income distribution within a country is used to define relative poverty which is often 30 to 50% of a country’s mean or median income. Governments in middle- and low-income countries generally use absolute poverty lines and these thresholds represent the cost to purchase the basic commodities and services (UNESCAP, 2019b). The available data on AMCs indicate that poverty and income incidences have exceptionally improved over the last few decades (The ASEAN Secretariat, 2019). However, the poverty incidence, Gini ratio, and human development index (HDI) represent stark economic inequalities. AMCs national poverty lines data from 2008 to 2017 (table 1) indicate that poverty eradication is inconsistent as there is a large population in Lao PDR (23.4%), Myanmar (24.8%), Philippines (21.6%), and Cambodia (13.5%) living below the domestic poverty lines (ASYB, 2019). The Gini ratios and HDI indicate (table 1) the existence of income and social inequalities at national and regional levels among AMCs.

<table>
<thead>
<tr>
<th>AMCs</th>
<th>Below $1.90</th>
<th>Below national poverty line</th>
<th>Gini ratio</th>
<th>HDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
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<td>-</td>
<td>-</td>
<td>0.845</td>
</tr>
<tr>
<td>Cambodia</td>
<td>2.2</td>
<td>13.5</td>
<td>-</td>
<td>0.581</td>
</tr>
<tr>
<td>Indonesia</td>
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<td>10.6</td>
<td>0.393</td>
<td>0.707</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>22.7</td>
<td>23.4</td>
<td>0.364</td>
<td>0.604</td>
</tr>
<tr>
<td>Malaysia</td>
<td>0.0</td>
<td>0.4</td>
<td>0.463</td>
<td>0.804</td>
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<tr>
<td>AMCs</td>
<td>Below $1.90</td>
<td>Below national poverty line</td>
<td>Gini ratio</td>
<td>HDI</td>
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</tr>
<tr>
<td>Myanmar</td>
<td>6.2</td>
<td>24.8</td>
<td>0.381</td>
<td>0.584</td>
</tr>
<tr>
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<td>6.1</td>
<td>21.6</td>
<td>0.401</td>
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</tr>
<tr>
<td>Singapore</td>
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<td>-</td>
<td>0.459</td>
<td>0.935</td>
</tr>
<tr>
<td>Thailand</td>
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<td>7.9</td>
<td>0.378</td>
<td>0.765</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>2.0</td>
<td>9.8</td>
<td>0.348</td>
<td>0.693</td>
</tr>
</tbody>
</table>

Source: ASYB, 2019

Note: The latest available data for national poverty lines is for the year 2017, Gini coefficient & HDI is for the year 2018.

2.2.2. Health and education services inequalities

The majority of people across AMCs experience chronic deprivation of resources and opportunities required to maintain a decent living standard. Some of these inequalities such as access to health care, education, public services, infrastructure, and welfare outcome are serious compared to economic inequalities (FAO, 2020a). People in low-income countries have a large share of the undernourished population (27%), low life expectancy (63 years to 81), lack of basic sanitation (30% to 99%), a higher mortality rate (13 times), the greater maternal mortality rate (40 times), 14 times higher risk of child stunting and 18 times more risk of tuberculosis. Among AMCs, the adult literacy rate has improved over the last decade in Brunei Darussalam, Singapore, Malaysia, Indonesia, Vietnam, Thailand, and the Philippines (ASYB, 2019). However, in Cambodia, Lao PDR and Myanmar it is still under 85% indicating the inequalities in access to education at the regional level. The statistics of health indicators of mortality rate, life expectancy, maternal mortality rate, and the incidence of malaria and tuberculosis indicate stark inequalities as a clear difference in the access to healthcare facilities is noticeable in Cambodia, Indonesia Lao PDR, Myanmar, Philippines, Thailand, and Vietnam.

2.2.3. Inequalities in access to multiple sources

Economic inequalities in low-income countries also lead to low access to electricity, internet, and mobile phone subscription. According to FAO (2020a), in low-income countries economically challenged people have 41% to 100% lower access to electricity and 16% to 85% lower internet penetration. Similarly, the income disparities in low-income countries result in 53% to 95% less net schooling enrolments and completion rates. Overall, the internet access rate has improved in AMCs however, it is still below 50% in Cambodia, Indonesia, Lao PDR, and Myanmar (ASYB, 2019). Similarly, more than 80% population in Brunei Darussalam, Singapore, and Malaysia have access to the internet while, it is below 80% in the Philippines, Thailand, and Vietnam. More than 50% population in Cambodia, Lao PDR, Myanmar, Philippines, Thailand and Vietnam is confined to rural suburbs which enhances their vulnerability to low access to electricity and other facilities such as safe drinking water and improved sanitation. Economic inequalities are linked to geographical location, for example among AMCs, Singapore is the only country with noticeable growth in millionaires (Credit Suisse, 2019). The geographic distribution of people in urban and rural areas results in stark inequalities as the people in rural areas especially the poor rural areas have less access to infrastructure and public and private services required for wealth creation.
2.2.4. Gender inequalities

Gender inequalities are strongly linked to intra-household inequalities between men and women within or outside of the same household especially on land rights and assets ownership (Deere and Doss, 2006), access to technology-related services (Peterman et al., 2014; Waddington et al., 2014), food security (Brown et al., 2019) and poverty (World Bank, 2018). Women are considered more vulnerable to encountering food security and agricultural livestock challenges due to social exclusion, marginalisation, and discrimination. The gender-based discriminatory laws, norms and customs, gender-based violence, and forced marriages limit women’s voice and agency resulting in extreme poverty and inequality (FAO, 2019; Flor et al., 2022). The overview of labour force participation in different sectors of AMCs reveals a grim picture of gender-based inequalities as more than 70% labour force is male and less than 60% population is female in all the sectors. Furthermore, the proportion of seats held by females in AMCs’ national legislature affirms that women in AMCs are at risk of social exclusion, discrimination, and marginalisation as they held less than 30% of seats in national legislatures (ASYB, 2019).

2.2.5. Inequalities in social protection inclusion

The indigenous, tribal, and caste groups are about one-third of the rural extreme poor population (Hall and Patrinos, 2014). The economic inequalities among these groups range between early childhood development, social discrimination, violence, inclusion policies in the health and education system, and the denial of rights to land and assets (UNDESA, 2020b). The poverty reduction in AMCs is impeded due to underinvestment in the social protection of 84 million people living in extreme poverty in Myanmar, the Philippines, Thailand, and Vietnam (UNESCAP, 2019b). The livelihood of people is severely compromised by decades of marginalisation from investment policies and decision-making processes, violence, and displacement. The social protection mechanism is embedded in the long-standing commitment of ASEAN through the adoption of the ASEAN Declaration in 2013 and the Regional Framework and Action plan in 2015 (The ASEAN, 2020). However, more than 60% population in AMCs is still socially unprotected and governments need to spend about $281 billion per year in the region to warrant social protection (UNESCAP, 2019b).

2.2.6. Employment inequalities

Formal employment is considered a key dimension of economic inequality (FAO, 2020b). The majority of poor people in developing economies, especially in rural areas are primarily informal workers compounded by self-employment and wage labour. Moreover, in rural areas, 80% of the population employed in the agricultural sector are informal workers and in developing countries, 90% of the population employed in the agriculture sector are considered informal workers (ILO, 2018). These informal workers are excluded from employment and social protection policies including insurance and employment guarantees. Informal workers in poor and developing countries are expected to face the brunt of income loss in case of forced displacement and constraints in routine life activities. An overview of informal employment in AMCs reveals that in Cambodia 90.3%, Myanmar 84.1%, Lao PDR 75.4%, Vietnam 57.2%, Brunei Darussalam 46.6%, Indonesia 44.1%, Thailand
37.1%, and Malaysia 10.6% people are informally employed (The ASEAN, 2020). This increases their vulnerability and risks of exclusion from social protection schemes and employment protection policies.

2.2.7. inequalities in seasonal migration

A large population in urban and rural areas rely on the livelihoods earned through seasonal migration and domestic and international remittances. People in rural and rural poor areas are inclined to surge diverse sources of income through wage labour and non-agricultural activities for their survival despite access to secure land, livestock, forest, fishing and natural resources. The restriction on movements and imitated seasonal migration and labour wage will impede the income diversification opportunities in urban and rural areas of people in developing countries. The seasonal migration in AMCs has increased fourfold since 1980 reaching up to 10.2 million and approximately 6.8 million people have moved from AMCs to other countries (ILO, 2015). The region has received about $56.8 billion in 2013 in the form of remittances which accounts for 2.6% of their combined GDP (World Bank, 2015). The stock of international migration indicates that most migrant workers in ASEAN originate from AMCs themselves, Myanmar, Indonesia, Malaysia, Lao PDR, and Cambodia have the highest population of migration workers (UNDESA, 2013). While, United States, Thailand, Malaysia, Saudi Arabia, and Singapore are the top favourite destinations for AMCs migration workers.

3. METHODS AND MATERIALS

The methodological approach of this study is based on the qualitative technique as secondary sources were used to collect data on the economic and social impacts of Covid-19 by employing the content analysis technique (Bretscheider et al., 2017). This method is useful as it allows the researchers to understand the background information, track changes, and novel developments in the case under investigation (Bowen, 2009). The main data sources were various published documents on the impact of Covid-19 on the economic and social dimensions of AMCs. The researchers reviewed various published documents of UNDP, UNESCO, UNLDCP, FAO, and research articles to understand the different economic and social impacts of Covid-19. The review of published research articles allowed researchers to understand the actual impacts of Covid-19 and the published policy reports guided to analyse the effectiveness of public policies in mitigating the economic and social impacts of Covid-19 in AMCs. Further, a combined review of published material facilitated proposing implications to minimize the ‘grey areas’ of economic and social impacts.

4. ECONOMIC AND SOCIAL IMPACTS OF COVID-19 IN AMCS

The Covid-19 pandemic has significantly slashed economic growth in AMCs pushing major economies into recession. Covid-19 is likely to become havoc through its direct and indirect impacts on communities with existing inequalities between and within the countries. The impacts of the Covid-19 pandemic on existing inequalities in AMCs are briefly outlined below;
4.1. COVID-19 Impact on Wealth Inequalities

Even though high-income countries with ample resources and well-established health care systems are staggering due to the Covid-19 effect yet, these countries have managed to curb the effects of the pandemic. Whereas, low-income countries with a dramatic lack of resources compounded by weak healthcare systems, lack of public services, and sanitation facilities are facing humanitarian and economic loss. The safety measures such as lockdowns, restriction of movements, closure of borders, and cancellation of flights imposed all across AMCs in the wake of Covid-19 have plunged people (particularly in rural areas) into extreme poverty. Loayza (2020) projected that Covid-19 may increase each country’s Gini coefficient by 2% which will increase the vulnerability of the poor by 35% to 65% to exposure to Covid-19 threats. This will further exacerbate the poverty and economic inequalities in Lao PDR, Myanmar, Philippines, and Cambodia as a large population in these countries live below the domestic and regional poverty lines (ASYB, 2019). This will hamper the potential of economic growth in reducing poverty which means that the poor will lack the benefits of economic recovery pushing them into stark poverty (Begum et al., 2022; Olinto et al., 2014). Alternatively, it will push AMCs further away from achieving sustainable development goals by 2030 to which most AMCs were already progressing slowly even before the emergence of COVID-19 (UNLDCP, 2020).

4.2. COVID-19 Impact on Inequalities in Access to Health and Education Services

The inequalities in the access to health care and education services will be further intensified particularly in poor, rural poor communities and the rate of Covid-19 infection is expected higher among the people with certain health conditions (FAO, 2020a). The economic inequalities will result in income shock which alternatively affects the food security and nutrition among the poor due to their inability to maintain a healthy diet (Rozella et al., 2020). Despite exceptional health care facilities, AMCs are at risk of spread in Covid-19 infection due to the variance in the degree of preparedness to respond to the pandemic (UNLDCP, 2020). According to the WHO universal health coverage index AMCs have a median index of 61 which indicates the dire need for improvement in healthcare facilities, especially in Myanmar, Cambodia, Indonesia, Lao PDR, and the Philippines (UNLDCP, 2020). The containment measures implemented in the wake of Covid-19 have created a shortage of personal protection equipment (PPE) which will make it difficult for AMCs governments to ensure equal healthcare to the public during the pandemic. The unprecedented uncertainties associated with the Covid-19 pandemic, it is likely that the current pandemic may increase the percentage of the undernourished population, lower the life expectancy, increase the mortality rate, increase maternal mortality rate and enhance child stunting and tuberculosis risks. Covid-19 is expected to exacerbate the inequalities in the access to education in AMCs by imposing closures of schools which will deprive children and adults of basic education. The pre-existing conditions of low access to education among the public in poor and rural poor communities undermine the widely implemented methods of homeschooling through online learning. The effectiveness of online learning is dependent on the availability and affordability of basic tools and
resources required for online learning. The lack of these resources and tools means a significant decline and an increase in the inequalities in access to education.

4.3. **COVID-19 Impact on Inequalities in Access to Multiple Sources**

The existing inequalities reduce the ability of countries' shock management capacities particularly for the poor in rural areas encountering multiple problems typically due to the lack of key resources such as access to electricity, internet, and mobile phone subscription. Before the emergence of Covid-19 multiple inequalities prevails in AMCs ranging from lack of critical digital technologies to the availability of basic digital infrastructure. Internet access is below 50% in Cambodia, Indonesia, Lao PDR, and Myanmar which means it will be difficult for the governments in these countries to fully contain the spread of the virus through internet-based applications designed for contact tracing. Additionally, the lack of internet access will make it difficult for AMCs governments to publicly share Covid-19-related content on social media platforms to improve awareness and impose safety measures. According to UNLDCP (2020), 55% of people in AMCs remain offline which indicates that the efforts to install digital infrastructure to facilitate electronic and mobile payments will not yield the expected outcomes. Furthermore, the fluctuations in the affordability and bandwidth of the internet (Singapore has four times faster bandwidth than Thailand, Vietnam, and Malaysia and 58 times than Myanmar) during the Covid-19 period could force people to expose to Covid-19 infection due to frequent visits outside the home during lockdowns and curfews to fulfil their household and financial needs.

4.4. **COVID-19 Impact on Gender-Based Inequalities**

Covid-19 is expected to exacerbate gender-based inequalities in AMCs particularly, women are at a greater risk of food security, social inclusion, marginalisation, discrimination, and violence. The recent survey of UNSDG (2020b) in AMCs indicates that women in the Philippines receive 79% less information related to Covid-19 compared to men. Similarly, in terms of receiving healthcare facilities, women face more barriers compared to men which means that the pandemic may pose serious risks to pregnant women with infants, and young children (UN-Women, 2020). The economic impacts of Covid-19 are felt more by women and young girls in AMCs due to less earning and savings which has escalated issues of job security and poverty among the women employed in manufacturing, tourism, hospitality, retail, and service industries (UN-Women, 2020). Covid-19 has forced reproductive health services businesses to change their location and priorities which will adversely impact women’s health. Covid-19 has increased the number of unpaid women careworkers, as women are employed 4 times higher than men by care agencies. This is obvious in the Philippines and Thailand where female care and unpaid domestic helpers are rising which has exacerbated mental and emotional health issues (UNLDCP, 2020). The ‘stay at home’ and restriction of movement protocols have tripled the incidents of domestic violence, marginalisation, and conflicts among the women in AMCs (UNLDCP, 2020).
4.5. COVID-19 Impact on Social Protection Inequalities

Covid-19 has exposed the poorly protected social networks in AMCs as most governments in the region are scrambling to ensure social protection through incentives, income support, and economic relives. The Low-income and fragile economies contain less developed social protection systems such as in Cambodia, Lao PDR, and Myanmar eight out of ten people are deprived of two opportunities (UNESCAP, 2019b). AMCs governments have introduced fiscal monetary packages to cushion and cater to the needs of different sectors of the economy and the public. However, the existing inequalities in social protection may exacerbate due to social discrimination, violence, and exclusion of protection policies for certain rural poor, tribal, and caste groups. Across all AMCs, Singapore and Vietnam governments implemented a holistic approach to introduce fiscal monetary support to provide a cushion for different groups in the country. Whereas, the social security systems in Indonesia and the Philippines have inaccurate targeting as the Philippines’ Pantawid and Indonesia’s PKH programmes have 48% and 82% errors which might result in the exclusion of support for certain caste and tribal groups during Covid-19 (Kidd and Athias, 2019).

4.6. COVID-19 Impact on Employment Inequalities

The AMCs have 218 million informal workers which account for 51% to 90% of the national agricultural workforce and these workers are likely to face the brunt of economic loss due to Covid-19 (ILO, 2020). There is a risk that Covid-19 may push these workers into extreme poverty reversing the long-established poverty reduction efforts in the region due to a lack of alternative income and exclusion from formal social protection policies. Overall, the containment measures across AMCs have escalated unemployment in Indonesia, Malaysia, and the Philippines by 2.5%, 1.5%, and 1.2% respectively which can result in loss of income and basic social protection support for the millions of people in the region (ILO, 2020). AMCs governments have announced the financial support for businesses and households with a median value of 3.5% of GDP which primarily provides health and income support for businesses and employees (World Bank, 2020b). These fiscal support packages do not incorporate any significant health and income support for informal workers which will result in loss of income amidst Covid-19, further pushing them into extreme poverty and eventually will elongate the employment inequalities in the region.

4.7. COVID-19 Impact on Seasonal Migration Inequalities

There are 18 million migrant workers employed in different sectors of AMCs (ILMS, 2015). Among these are seasonal workers largely from the Philippines (5.4 million), Indonesia (2.9 million), Myanmar (2.6 million), and Vietnam (2.6 million), and the majority of these workers are female holding informal employment status (UN-Women, 2020). These seasonal workers are likely to face a higher risk of Covid-19 infection due to a lack of access to justice, service, employment, income, and social protection. The living conditions of migrant workers especially low-skilled, undocumented, and seasonal migrants face higher risks of Covid-19 infection and failure to comply with physical distancing and access to PPE. These
migrant workers are likely excluded from public health policies which may result in xenophobia, including violence, discrimination, and falsely blamed for intensifying the spread of Covid-19 infection (IOM, 2020). The emergence of Covid-19 has forced 500,000 migrants to return to the Philippines in 2020 alone which will have a significant negative impact on the remittances and may also enhance unemployment in the region. Typically, AMCs received more than $77 billion as remittances in 2019 and the emergence of Covid-19 may decrease migrant remittances by 13% in 2020 (World Bank Group, 2020).

5. POLICIES & RECOMMENDATIONS

The concomitant commitment of Agenda 2030 of ‘Leaving No One Behind’ demands AMCs to exhibit an emergency response mechanism to address health and economic issues. The response mechanism needs to prioritise the welfare of vulnerable and marginalised communities in the poor and rural poor societies which will help to contain the spread of Covid-19 infection and reduce escalating economic inequalities. This study proposes to consider the following key policies to mitigate the direct and indirect impacts of Covid-19 on existing inequalities in AMCs;

5.1. PROGRESSING TOWARDS INCLUSIVE ECONOMIC RECOVERY

Despite the dire need to address humanitarian needs on an immediate basis, AMCs are required to prioritise the economic recovery process. AMCs need to design a holistic, progressive, and inclusive economic recovery mechanism to address the above-identified economic inequalities. The identified inequalities represent that health, social and economic disparities are escalating the spread of Covid-19 infection and a clear difference is notable in the Covid-19 infection rate between high and low-income AMCs and within the different groups of the same country. Covid-19 response mechanisms may provide unique opportunities to reduce the exacerbated inequalities in health, social and economic sections. AMCs need to ensure equal opportunities in health, education, sanitisation, and equally available mandatory services while designing the recovery mechanism to address structural inequalities. Equal opportunities in rural areas need inclusive policies particularly targeted at informal workers, small manufacturers, and small and medium enterprises (SMEs).

5.2. STRENGTHEN SOCIAL SAFETY NETS

AMCs need to ensure equal access to social assistance ranging from monetary support, healthcare facilities, and wage support. This can be a major tool in mitigating the health and economic effects of Covid-19 and may facilitate an inclusive and long-term recovery process. The provision and assurance of inclusive social protection will allow AMCs to comply with Covid-19 containment measures simultaneously it will strengthen the poorly protected social safety nets. The social protection policies need to consider the inclusion of women, the poor in rural areas, marginalised, indigenous, the disabled, elderly people, migrants, and seasonal workers while designing social protection policies. AMCs need to enhance investment in their social protection policies to reduce the existing buffers of inequalities among different groups in the region.
5.3. Address Gender-Based Issues

Covid-19 disproportionately affects the different genders due to gender-based inequalities in AMCs which is likely to suppress women's views, voices, and leadership. Therefore, governments need to integrate gender-based policies ranging from food security in a household to a producer, trader, care provider, wage worker, and entrepreneur. Sound gender analyses and sex-disaggregated data should be considered while designing Covid-19 mitigation policies which will help AMCs governments in engaging women and their corporates in rural areas. Governments need to design a support structure for women to facilitate women in combating mental health issues during Covid-19 that will ultimately reduce the violence against women.

5.4. Support for Marginalised and Vulnerable Communities

Geographically displaced, refugees and intercultural groups are most affected by the Covid-19 pandemic in AMCs. Governments in AMCs need to comply with the UN Declaration of Indigenous People’s Rights by integrating their representatives while designing a pandemic support response committee. This will help the governments to eradicate the exclusion of marginalised and vulnerable communities while designing Covid-19 support policies to resolve the issues faced by these marginalised communities.

6. Conclusion

Covid-19 crises have emerged as a black swan event exposing the existing economic inequalities in AMCs. This study found that AMCs exhibit multiple forms of economic inequalities ranging from wealth, access to education and health, gender-based discrimination, deprivation of resources and facilities, poor social protection, and the lack of equal employment and migration opportunities. The existing inequalities are largely exacerbated due to the emergence of Covid-19. The governments need to start an inclusive economic recovery plan and strengthen their social protection networks to overcome issues related to gender-based inequalities and violence, and exclusion of marginalised and vulnerable communities while designing Covid-19 policies.

Reference:


