

A Service of



Leibniz-Informationszentrum Wirtschaft Leibniz Information Centre for Economics

Cohen, Spencer; Chakravarthy, Sumathi; Bharathi, Sindhu; Narayanan, Badri; Park, Cyn-Young

## Working Paper Potential economic impact of COVID-19-related school closures

ADB Economics Working Paper Series, No. 657

**Provided in Cooperation with:** Asian Development Bank (ADB), Manila

*Suggested Citation:* Cohen, Spencer; Chakravarthy, Sumathi; Bharathi, Sindhu; Narayanan, Badri; Park, Cyn-Young (2022) : Potential economic impact of COVID-19-related school closures, ADB Economics Working Paper Series, No. 657, Asian Development Bank (ADB), Manila, https://doi.org/10.22617/WPS220197-2

This Version is available at: https://hdl.handle.net/10419/264373

#### Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.



WWW.ECONSTOR.EU

https://creativecommons.org/licenses/by/3.0/igo/

#### Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



# POTENTIAL ECONOMIC IMPACT OF COVID-19-RELATED SCHOOL CLOSURES

Spencer Cohen, Sumathi Chakravarthy, Sindhu Bharathi, Badri Narayanan, and Cyn-Young Park

NO. 657

May 2022

## ADB ECONOMICS WORKING PAPER SERIES

ADB

ASIAN DEVELOPMENT BANK

**ADB Economics Working Paper Series** 

# Potential Economic Impact of COVID-19-Related School Closures

Spencer Cohen, Sumathi Chakravarthy, Sindhu Bharathi, Badri Narayanan, and Cyn-Young Park

No. 657 | May 2022

The ADB Economics Working Paper Series presents research in progress to elicit comments and encourage debate on development issues in Asia and the Pacific. The views expressed are those of the authors and do not necessarily reflect the views and policies of ADB or its Board of Governors or the governments they represent. Spencer Cohen (spencer@highpeakstrategy.com) is the principal and founder of High Peak Strategy. Sumathi Chakravarthy (sumathi@infisum.com) is the managing director, Sindhu Bharathi (sindhu@infisum.com) is a research analyst, and Badri Narayanan (badri@infisum.com) is the founder and director of Infinite Sum Modelling LLC. Cyn-Young Park (cypark@adb.org) is the director of the Regional Cooperation and Integration Division, Economic Research and Regional Cooperation Department, Asian Development Bank.

We thank Divyayudha Khire, Sudha Varadhan, and Anitha Vijayakumar of the Infinite Sum Modelling LLC for their able research assistance.





Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO)

© 2022 Asian Development Bank 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines Tel +63 2 8632 4444; Fax +63 2 8636 2444 www.adb.org

Some rights reserved. Published in 2022.

ISSN 2313-6537 (print), 2313-6545 (electronic) Publication Stock No. WPS220197-2 DOI: http://dx.doi.org/10.22617/WPS220197-2

The views expressed in this publication are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent.

ADB does not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use. The mention of specific companies or products of manufacturers does not imply that they are endorsed or recommended by ADB in preference to others of a similar nature that are not mentioned.

By making any designation of or reference to a particular territory or geographic area, or by using the term "country" in this document, ADB does not intend to make any judgments as to the legal or other status of any territory or area.

This work is available under the Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO) https://creativecommons.org/licenses/by/3.0/igo/. By using the content of this publication, you agree to be bound by the terms of this license. For attribution, translations, adaptations, and permissions, please read the provisions and terms of use at https://www.adb.org/terms-use#openaccess.

This CC license does not apply to non-ADB copyright materials in this publication. If the material is attributed to another source, please contact the copyright owner or publisher of that source for permission to reproduce it. ADB cannot be held liable for any claims that arise as a result of your use of the material.

Please contact pubsmarketing@adb.org if you have questions or comments with respect to content, or if you wish to obtain copyright permission for your intended use that does not fall within these terms, or for permission to use the ADB logo.

Corrigenda to ADB publications may be found at http://www.adb.org/publications/corrigenda.

Notes:

In this publication, "\$" refers to United States dollars.

The ADB Economics Working Paper Series presents data, information, and/or findings from ongoing research and studies to encourage exchange of ideas and to elicit comment and feedback about development issues in Asia and the Pacific. Since papers in this series are intended for quick and easy dissemination, the content may or may not be fully edited and may later be modified for final publication.

## CONTENTS

| TABL | ES AND FIGURES   | iv          |
|------|--|-------------|
| ABST | RACT   | v           |
| I.   | INTRODUCTION   | 1           |
| II.  | LITERATURE ON COVID-19 IMPACTS OF EDUCATION AND PRODUCTIVITY   | 2           |
|      | <ul><li>A. Online Education and Learning Poverty</li><li>B. Impact on Labor Productivity</li><li>C. Disproportionately Large Impact on the Marginalized and Vulnerable</li></ul> | 2<br>3<br>4 |
| III. | METHODOLOGY  | 5           |
| IV.  | RESULTS  | 9           |
|      | <ul><li>A. Change in Gross Domestic Product</li><li>B. Change in Employment</li></ul>  | 9<br>13     |
| V.   | CONCLUSIONS  | 16          |
| REFE | RENCES   | 18          |

## **TABLES AND FIGURES**

#### TABLES

| 1 | Total Enrollment in Primary, Secondary, and Tertiary Levels | 6  |
|---|---|----|
| 2 | Annual Average Shock to Labor Productivity                  | 7  |
| 3 | Enrollment Based on Residence and Wealth Quintile           | 8  |
| 4 | Impact on Gross Domestic Product of COVID-19 Pandemic       | 11 |
| 5 | Change in Employment of Skilled Labor                       | 13 |
| 6 | Change in Employment of Unskilled Labor                     | 15 |
|   |   |    |

## FIGURES

| 1 | School Closures in Asian Economies  | 1 |
|---|---|---|
| 2 | Change in Gross Domestic Product Due to Earning Loses from COVID-19 School Closures | 9 |

## ABSTRACT

Severe disruptions in school education during the coronavirus disease (COVID-19) pandemic has impacted children through their formative years which will affect their employment opportunities and earning potential for many years after school ages. This paper examines the medium-to-long-term economic scarring effects, using data available through the Global Trade Analysis Project, a computable general equilibrium model, with empirical study focusing on the impact of school closures on economic growth and employment. The estimated results show significant declines in global gross domestic product (GDP) and employment. Moreover, the losses in global GDP and employment increase over time. Declines in global GDP amount to 0.19% in 2024, 0.64% in 2028, and 1.11% in 2030. In absolute terms, the cost to the global economy in 2030 alone is \$943 billion. The scarring effects are greater in economies with significant student populations from rural areas, those in the poorest and second wealth quintile. Learning and earning losses are also significant in economies where the share of unskilled labor employment in the overall labor force is high.

Keywords: school closure, labor productivity, economic growth, employment

JEL codes: 125, J24, P46

## I. INTRODUCTION

Schools serve children as their first and foremost source of knowledge and exposure to learning. Yet education has suffered through the coronavirus disease (COVID-19) pandemic and amid measures to contain the spread of the virus that closed schools, bringing substantial disruption to children's lives. Prolonged school closures will impact the skills children can acquire through their formative years and affect their employment opportunities and earning potential for many years after school ages.

More than 1.5 billion students and youth around the world have been impacted by school closures during the pandemic, with significant learning and earning losses common across all economies (United Nations Educational, Scientific and Cultural Organization [UNESCO] 2021a). This paper examines the medium-to-long-term economic scarring effects, using data available through the Global Trade Analysis Project (GTAP), a computable general equilibrium model, with empirical study focusing on the impact of school closures (Figure 1) on economic growth and employment. It also evaluates the labor productivity effect per year of schooling at different levels of schooling—primary, secondary, and tertiary—measuring the impact of time and magnitude, guided by assumptions derived from the literature.



Earning losses due to the emergence of COVID-19 are measured in percentage terms for every level of education and the study feeds this data to the model as shocks. We follow the standard labor economics-based assumption that a percentage change in earning losses generates the same change in marginal labor productivity. The earning loss in secondary education is taken as a shock to the model between 2023 and 2030, while that of primary and tertiary education is applied as a shock to the model between 2026 and 2030.

A thorough literature review helps understand the labor productivity effect per year of schooling at different levels and across economies. From this, we estimate the timing of the impact, magnitude, and the type of labor affected by closures across each level of schooling.

The paper is structured as follows. The next section offers literature review of COVID-19 impacts on education and productivity. Section III explains the methodology we adopted by using a computable general equilibrium model to estimate the economic costs of school closures. Section IV presents the estimation results on the effects of school closures on gross domestic product (GDP) and employment losses. Section V concludes with policy implications driven by the estimation results.

## II. LITERATURE ON COVID-19 IMPACTS OF EDUCATION AND PRODUCTIVITY

The COVID-19 pandemic has severely disrupted school education globally. According to UNESCO (2021b), full or partial school closures have affected 210 economies, with 84 having experienced more than 40 weeks shuttered (a full school year). As of 25 February 2022, closures continue to affect over 669 million learners, although that is down from the April 2020 peak of 1.4 billion.

Economic costs are expected to be huge, both in terms of earnings losses for individuals and the reduction in long-term productivity and growth for economies. Without appropriate policy support, disruptions in school education will translate into fewer students transitioning to higher education, higher unemployment, and reduced earnings potential. Disrupted education will have a long-term compounding impact, not only on many children's future well-being, but also on socioeconomic outcomes such as economic growth, poverty, and inequality.

Prolonged school closures have propelled educational institutions around the world into introducing innovative methods and strategies to make up for lost school days. Outlets as varied as social media, YouTube videos, and video conferencing on platforms like Zoom and Google Meet have been used on an extensive scale to meet educational needs. Though schools have attuned to online teaching and students are taking the nuances of online learning in their stride, this is widely seen as an auxiliary rather than a complete alternative to the immersive experience of a school education (Asian Development Bank [ADB] 2021).

#### A. Online Education and Learning Poverty

Particularly in developing economies, where students often do not have proper access to high-speed internet connectivity, online education may not be as effective as in-person schooling and learning. Distance education can abate a lost year in schooling, but its success depends on having access to

learning materials and the effectiveness of these resources for learning. More than 200 million students in low-income and middle-income economies have not had access to online and remote learning opportunities during the pandemic (United Nations Children's Fund 2021). While use of distance learning modules requires proper planning, the suddenness of pandemic-induced closures left scarce time for teachers, students, and parents to prepare for home schooling. Champeaux et al. (2020) reveals how children in France and Italy made slower progress in distance learning during lockdowns than when they attended class in-person. Even in developed economies, children learning through online modules scored lower than their counterparts who adopted for a hybrid mode or physical learning mode. The attrition rates in online learning environment are also higher (Kizilcec and Halawa 2015).

Beyond the issue of accessibility, online mentoring and distance teaching methods were not well planned or effectively strategized. Toquero (2021) shows how learning implemented in response to abrupt school closures was characterized as "emergency remote education" rather than delivered through planned programs. All factors lowering the trajectory of the learning curve of children have the effect of increasing skills gaps and lead to income disruptions, especially in the form of higher unemployment, lower incomes, and increased poverty in least-developed economies.

In addition to income poverty, a measure of "learning poverty" has been introduced by the World Bank and UNESCO Institute for Statistics as an indicator to capture the share of children who have not achieved threshold reading ability. Children who learned online because of school closures lost the opportunity to acquire essential rational, coherent, social, physical, and emotional competencies. The consequences of this are protracted and vary in magnitude across almost all economies. It is revealing that the UNESCO (2021c) study found learning poverty of children in low- and middle-income economies could rise from 53% to 70% because of disruptions brought by the pandemic.

#### B. Impact on Labor Productivity

School closures have impacted labor productivity too. Since the pandemic began, the female labor force participation rate has decreased, especially among working mothers who have had to care for children. Aaronson and Alba (2021) suggest that the increase in virtual learning due to school closures has led women with younger children to withdraw from work. Though the eventual return to in-person schooling may prompt labor force participation rates to increase, that also remains uncertain, particularly in developing economies, where significant numbers of children remain unvaccinated, and schools are needed as quarantine centers.

According to one survey, a COVID-19 school closure could result in average per capita earnings losses over the affected students' working lives of about \$2,833 in low-income economies, \$6,777 in middle-income economies, and \$21,158 in high-income economies. Scaled to the economy level, total lifetime losses aggregate to \$252 billion to \$360 billion in low-income economies, \$4.8 trillion to \$6.8 trillion across middle-income economies, and \$3.4 trillion to \$4.9 trillion in high-income economies. These losses in turn affect both national and global GDP. Moreover, individuals affected by reduced schooling experience can expect lower income, which makes it difficult for them to meet basic needs such as food security and housing (Psacharopoulos et al. 2020).

An investigation by Richards, Stroub, and Guthery (2020) into the effects of school closures on labor market outcomes in Texas, United States considered two major choices for teachers: (i) to leave teaching jobs in Texas public schools, and (ii) moving to a different public school district in the state. The authors used the Coarsened Exact Matching (CEM)<sup>1</sup> technique to estimate the different effects of school type, teacher preparation, school performance, and other key factors. Their results show school closures were highly associated with an increase in teachers leaving their jobs, partly voluntarily because of their stress and reaction to technological challenges, and partly due to job losses caused by a lack of funds. Even now, after two years of school closures, most teachers in the study remained unemployed, illustrating the depths of instability in the already vulnerable market for teaching professionals.

#### C. Disproportionately Large Impact on the Marginalized and Vulnerable

UNESCO (2021c) has highlighted that school closures have had a negative impact on the social and economic life of people across the world, but that it is most severe for marginalized and vulnerable children and their families. For these children, school closures and interruptions have an even greater, negative impact on future socioeconomic opportunities, stalling their necessary development. In most low-income economies, since many children depend on free meals provided by their schools, closures deprive these children of regular nutrition. Parents, many of whom earn low incomes or are paid daily rates, must bear the significant economic cost of foregoing income to stay at home to prepare meals and care for their children. Another concern is the effect of closures on the assessments and high-stakes examinations central to many education systems through exam postponements or cancellations that further inhibit learning in many developing economies (UNESCO 2021a).

When education is disrupted, school students tend to forget some what they learned (Cooper et al. 1996). Proficiencies assimilated by attending school at a younger age set students up to attain more expertise as they grow older. When students forego opportunities to study, they likely have less aptitude and develop fewer overall skills through their lifetimes (Meyers and Thomasson 2017, Gibbs et al. 2019).

Schools have remained closed for more than a year in 8 of the 46 developing economies in Asia and the Pacific (ADB 2021). The resulting learning impairments are estimated to be about 8% of a learning-adjusted year of schooling in the Pacific. Learning-Adjusted Years of Schooling (LAYS) is a measure of the number of years of schooling a child can expect to receive by 18 years of age, adjusted against an economy's average student achievement. In the parts of South Asia that experienced the longest school closures, losses are anticipated to be about 55% of a learning-adjusted year of schooling. Learning deficiencies will shrink the future productivity and lifetime restitutions of impacted students. The current estimate of these deficits is ballparked at \$1.25 trillion for developing Asia, equal to 5.4% of the region's 2020 GDP.

The observed consequences of protracted school closures due to COVID-19 vary among economies. The disruption will impinge on the skills acquired by the students and ultimately impact their efficiency in future work. Intricate details of the methodology, results, and analysis are examined in the following sections.

<sup>&</sup>lt;sup>1</sup> Coarsened Exact Matching is a statistical matching procedure used to draw a casual inference from an observational data. Here the balance between the treated and the control group is chosen ex-ante by the user rather than finding it through the cumbersome process of checking and re-estimating.

### III. METHODOLOGY

This study employs GDyn, a multisector, multiregional, recursive dynamic version of the GTAP to measure the economic costs of school closures. This computable general equilibrium model captures interactions and linkages between economic agents, including households, governments, and the rest of the world, and to present insights at a granular level. GDyn can describe changes in employment, labor productivity, technology, endowments, and other economic variables in response to a policy shock over a particular period. Unlike other economic models, GDyn treats time as a continuous variable that is subject to exogenous change with policy, technology, and demographic variables. The model supports comprehensive assessment of the effects of macroeconomic variables across different sectors and the movement of endowment factors between the economies or regions.

The GDyn model extends the standard GTAP model (Hertel 1997) to cover capital accumulation, international capital mobility, and investment. The structure of the GDyn model is constructed by separating the theory of static GTAP from length of run. The ability of the model to capture the movement of endowment commodities, including labor, means that it is well-suited for this type of study.

The study uses the GTAP 10.0 database which includes 141 economies/regions and 65 sectors. The 141 economies are aggregated into 41 economies/regions with a focus sharpened by covering ADB members and drilling down the detail to utmost granularity. The latest available GTAP data is referenced to 2014 and scaled and calibrated to 2020 by using World Bank data. Future baselines covering 2021–2025 are then updated using growth forecasts from the International Monetary Fund's *World Economic Outlook* database, which account for the impact of COVID–19 and recovery prospects in the medium term. The baselines for 2026–2030 and population and labor growth estimates are updated using the data gathered from scenarios devised by Shared Socio-Economic Pathways (Riahi et al. 2017).

To calibrate the shock, we follow the standard labor economics assumption that the percentage change in earning losses is equal to the percentage change in marginal labor productivity, and that closures among primary, second, and tertiary education institutions are of equal magnitude. Those receiving primary and secondary education go on to make up the unskilled labor force and those receiving tertiary education become skilled labor. Because we may not be able to account for all primary enrollment during COVID-19 and must compute the impact by considering rates of graduation from primary to secondary education and then to tertiary institutions, the enrollment ratio is used to distribute the current enrollment across primary, secondary, and tertiary education levels.

Earnings increase with the number of years of schooling and education of an individual. According to Montenegro and Patrinos (2014), since earnings increase by 9.7% for every year a person attended school, it is reasonable to conclude that the same earnings potential is lost from a year out of school. ADB (2021) shows that the potential loss in earnings due to COVID–19 can be calculated based on the economy-specific gains for every year of schooling. The study accounts for both partial and full school closures. Partial closures are counted as half a day of closure. By aggregating the earning losses of all students in an economy and considering that not all students will later gain employment, the losses are adjusted by the expected adult survival rate and human capital utilization rate as published in the World Bank's Human Capital Index. We consider the earning-loss estimates in the ADB study's pessimistic scenario, which assumes students in Asia lost about 38% of a learning-adjusted year of schooling (ADB 2021).

#### 6 ADB Economics Working Paper Series No. 657

This earning loss in the ADB study is then multiplied with the primary enrollment ratio and population by primary school age to arrive at the number of students affected, then divided by the unskilled employment in each of the future years for each economy/region. This creates a measure of the shock to labor productivity from an increase in unskilled labor. Similarly, we compute the secondary education category's earning losses, weighted by fraction of secondary school students drawn into unskilled labor in each future year. Finally, we calculate the tertiary education category's earning losses, weighted using the fraction of tertiary students in skilled employment over each future year. Population by school is extracted from UNESCO Institute for Statistics data and World Bank data on enrollment ratios are used to arrive at total enrollment, as shown in Table 1.

| Economy                   | <b>Primary</b><br>(million) | Secondary<br>(million) | <b>Tertiary</b><br>(millions) |
|---------------------------|-----------------------------|------------------------|-------------------------------|
| PRC                       | 106.25                      | 87.38                  | 50.24                         |
| Hong Kong, China          | 0.38                        | 0.34                   | 0.29                          |
| Japan                     | 6.45                        | 6.91                   | 3.84                          |
| Korea, Rep. of            | 2.76                        | 2.73                   | 3.04                          |
| Mongolia                  | 0.34                        | 0.31                   | 0.16                          |
| Taipei,China <sup>ª</sup> | 1.75                        | 1.64                   | 0.87                          |
| Brunei Darussalam         | 0.04                        | 0.04                   | 0.01                          |
| Cambodia                  | 2.17                        | 0.99                   | 0.22                          |
| Indonesia                 | 29.75                       | 24.86                  | 8.04                          |
| Lao PDR                   | 0.76                        | 0.64                   | 0.09                          |
| Malaysia                  | 3.10                        | 2.55                   | 1.22                          |
| Philippines               | 13.33                       | 11.41                  | 3.59                          |
| Singapore                 | 0.23                        | 0.16                   | 0.20                          |
| Thailand                  | 4.89                        | 5.85                   | 2.34                          |
| Viet Nam                  | 8.72                        | 5.48                   | 1.90                          |
| Bangladesh                | 17.60                       | 15.95                  | 3.52                          |
| India                     | 121.70                      | 134.04                 | 36.39                         |
| Nepal                     | 3.94                        | 3.63                   | 0.44                          |
| Pakistan                  | 23.97                       | 14.35                  | 2.58                          |
| Sri Lanka                 | 1.69                        | 2.75                   | 0.34                          |
| Kazakhstan                | 1.51                        | 2.02                   | 0.74                          |
| Kyrgyz Republic           | 0.57                        | 0.73                   | 0.24                          |
| Tajikistan                | 0.89                        | 1.07                   | 0.27                          |

#### Table 1: Total Enrollment in Primary, Secondary, and Tertiary Levels

Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

<sup>a</sup> As data of population by school age and the enrollment ratio for Taipei,China was not available, we have distributed its population in the ratio of average population by school age data of the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea. Sources: UNESCO Institute for Statistics. UIS.Stat. http://data.uis.unesco.org/ (accessed 15 January 2022); World Bank. World Development

Indicators. https://databank.worldbank.org/source/world-development-indicators (accessed 15 January 2022); World Bank. world Development

The labor productivity loss calculated for closures in secondary education is taken as a shock to the unskilled labor in the model for the period 2023–2030 as it takes at least 3 years for secondary school graduates to enter the unskilled labor force; the loss in primary education is fed into unskilled labor for 2026–2030 as primary school students would take more time to enter the labor force. The loss in tertiary education is also passed into 2026–2030 as college students will need to extend their time in study to complete higher education and join the skilled labor force (Table 2).

|                   | Unskilled Labor | Skilled Labor | Farning Losses    | Annual Avera   | ge Shock to Labo | or Productivity |
|-------------------|-----------------|---------------|-------------------|----------------|------------------|-----------------|
| Economy           | (million)       | (million)     | (%)               | Primary        | Secondary        | Tertiary        |
| PRC               | 670.12          | 113.72        | 3.90              | 0.073          | 0.757            | 5.351           |
| Hong Kong, China  | 2.41            | 1.49          | 7.50              | 0 <sup>2</sup> | 1.437            | 4.669           |
| Japan             | 47.56           | 18.62         | 7.00 <sup>3</sup> | 0              | 1.333            | 4.695           |
| Korea, Rep. of    | 16.71           | 10.42         | 7.70              | 0.053          | 1.237            | 6.149           |
| Mongolia          | 0.95            | 0.32          | 5.80              | 0.179          | 2.510            | 10.639          |
| Taipei,China      | 7.38            | 3.23          | 7.00              | 0.196          | 2.110            | 5.902           |
| Brunei Darussalam | 0.12            | 0.09          | 2.50              | 0.073          | 1.368            | 1.046           |
| Cambodia          | 7.63            | 0.91          | 1.70              | 0.218          | 0.453            | 1.022           |
| Indonesia         | 111.71          | 11.58         | 5.40              | 0.159          | 2.044            | 12.434          |
| Lao PDR           | 3.12            | 0.30          | 1.90              | 0.173          | 0.629            | 1.543           |
| Malaysia          | 10.74           | 3.50          | 9.20              | 0.431          | 3.467            | 9.016           |
| Philippines       | 32.44           | 10.09         | 4.50              | 0.189          | 2.681            | 5.298           |
| Singapore         | 1.49            | 1.76          | 1.50              | 0              | 0.262            | 0.488           |
| Thailand          | 33.48           | 5.52          | 1.60              | 0              | 0.408            | 2.307           |
| Viet Nam          | 49.25           | 5.67          | 1.30              | 0.096          | 0.237            | 1.128           |
| Bangladesh        | 56.50           | 4.79          | 5.20              | 0.415          | 2.338            | 11.021          |
| India             | 408.43          | 72.65         | 4.70              | 0.343          | 2.145            | 6.657           |
| Nepal             | 14.09           | 0.69          | 6.00              | 0.243          | 2.775            | 12.042          |
| Pakistan          | 58.88           | 6.07          | 3.00              | 0.673          | 1.190            | 2.794           |
| Sri Lanka         | 7.01            | 1.43          | 4.50              | 0              | 2.473            | 4.089           |
| Kazakhstan        | 6.50            | 2.57          | 3.20              | 0              | 1.066            | 4.090           |
| Kyrgyz Republic   | 2.06            | 0.45          | 5.90              | 0.031          | 2.709            | 10.947          |
| Tajikistan        | 1.92            | 0.39          | 2.20 <sup>4</sup> | 0.117          | 1.745            | 4.768           |

#### **Table 2: Annual Average Shock to Labor Productivity**

Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Source: Authors' calculations using data from UNESCO Institute for Statistics. UIS.Stat. http://data.uis.unesco.org/ (accessed 15 January 2022); World Bank. World Development Indicators. https://databank.worldbank.org/source/world-development-indicators (accessed 15 January 2022).

<sup>&</sup>lt;sup>2</sup> Annual average shock to primary labor productivity is zero in those economies where the secondary enrollment is equal to or greater than 100% as all those in the primary is transferred to secondary.

<sup>&</sup>lt;sup>3</sup> As earning losses due to COVID-19 were not available for Japan, those of East Asia were used as a substitute.

<sup>&</sup>lt;sup>4</sup> As earning losses due to COVID-19 was not available for Tajikistan, data for Central Asia were used.

|   | sidence and Wealth Quintile  |   |
|---|------------------------------|---|
| ( | ž                            | 1 |
|   | Table 3: Enrollment Based on |   |

| 1      |        |
|--------|--------|
| ~      | 0      |
| 0      | $\sim$ |
| $\sim$ | ~      |

|                             |         |                         | Prin                                  | nary Educ                  | ation                 |                         |                            |                  |       | Γo      | ver Secon | dary      |        |         |         |           | Upper S     | econdary |           |           |
|-----------------------------|---------|-------------------------|---------------------------------------|----------------------------|-----------------------|-------------------------|----------------------------|------------------|-------|---------|-----------|-----------|--------|---------|---------|-----------|-------------|----------|-----------|-----------|
|                             | Resi    | dence                   |                                       | Wea                        | lth Quin              | ıtile                   |                            | Resid            | ence  |         | Wea       | lth Quint | ile    |         | Reside  | Ice       | -           | Wealth C | Quintile  |           |
| Economy                     | Rural   | Urban                   | Poorest                               | Second                     | Middle                | Fourth                  | Richest                    | Rural            | Urban | Poorest | Second    | Middle    | Fourth | Richest | Rural U | rban Pool | est Secc    | ond Mid  | dle Fourt | h Richest |
| PRC                         | 96      | 98                      |                                       |                            |                       |                         |                            | 88               | 97    |         |           |           |        |         | 42      | 77        |             |          |           |           |
| Mongolia                    | 96      | 98                      | 93                                    | 97                         | 100                   | 66                      | 66                         | 76               | 96    | 70      | 86        | 95        | 98     | 66      | 35      | 78 2      | 64          | .9       | 3 87      | 95        |
| Cambodia                    | Ч       | 85                      | 48                                    | 64                         | 75                    | 86                      | 06                         | 34               | 66    | 17      | 22        | 36        | 52     | 64      | 13      | 48        | 10          | 5        | 20        | 48        |
| Indonesia                   | 88      | 96                      | 85                                    | 06                         | 92                    | 95                      | 97                         | 47               | 78    | 41      | 52        | 59        | 69     | 81      | 21      | 57 1      | 7 2!        | 5        | 8         | 64        |
| Lao PDR                     | 79      | 95                      | 58                                    | 80                         | 91                    | 97                      | 98                         | 44               | 77    | 16      | 39        | 55        | 73     | 89      | 19      | 56        | 4           | 5 2(     | 5 40      | 69        |
| Philippines                 | 91      | 93                      | 78                                    | 92                         | 94                    | 97                      | 98                         | 78               | 85    | 52      | 76        | 87        | 91     | 95      | 73      | 83 4      | 5 7         | 1        | 89        | 94        |
| Thailand                    | 98      | 66                      | 97                                    | 97                         | 66                    | 66                      | 100                        | 83               | 90    | 66      | 85        | 88        | 91     | 98      | 58      | 71 33     | 50          | .9       | 3 73      | 88        |
| Viet Nam                    | 96      | 66                      | 06                                    | 98                         | 66                    | 66                      | 66                         | 81               | 89    | 60      | 84        | 88        | 93     | 98      | 48      | 71 19     | 9 4         | 4 56     | 5 70      | 06        |
| Bangladesh                  | 83      | 83                      | 70                                    | 80                         | 87                    | 87                      | 92                         | 64               | 67    | 43      | 58        | 68        | Г      | 83      | 28      | 35 1.     | 2           | 0 2      | 7 33      | 50        |
| India                       | 91      | 93                      | 80                                    | 91                         | 94                    | 96                      | 66                         | 79               | 86    | 59      | 75        | 84        | 90     | 96      | 36      | 56 1      | 3           | ŝ        | 53        | 76        |
| Nepal                       | 79      | 83                      | 76                                    | 79                         | 80                    | 84                      | 96                         | 64               | 78    | 62      | 69        | 69        | 77     | 91      | 14      | 33 10     | 1           | 4        | 30        | 59        |
| Pakistan                    | 52      | 75                      | 28                                    | 48                         | 64                    | 78                      | 92                         | 40               | 67    | 13      | 34        | 52        | 68     | 86      | 15      | 35        | -           | 31       | 30        | 55        |
| Sri Lanka                   | 66      | 66                      | 98                                    | 66                         | 66                    | 100                     | 100                        | 95               | 95    | 89      | 96        | 96        | 98     | 98      | 35      | 49 1      | 28          | Ξ.<br>Ω  | 5 47      | 68        |
| Kazakhstan                  | 100     | 100                     | 100                                   | 100                        | 100                   | 100                     | 100                        | 100              | 100   | 66      | 100       | 100       | 100    | 100     | 93      | 97 8      | °6          | 4        | 5 97      | 66        |
| Kyrgyz<br>Republic          | 66      | 100                     | 100                                   | 100                        | 66                    | 66                      | 66                         | 66               | 66    | 96      | 100       | 66        | 100    | 66      | 84      | 91 72     | <del></del> | 0        | 1 89      | 96        |
| Tajikistan                  | 66      | 97                      | 98                                    | 66                         | 66                    | 100                     | 96                         | 94               | 95    | 93      | 91        | 95        | 95     | 96      | 68      | 74 6      | 3 6         | 3 6(     | 5 73      | 79        |
| Lao PDR = L<br>Source: UN S | ao Peol | ple's Der<br>:s Divisic | mocratic R <sup>.</sup><br>nn. UN Dat | epublic, PF<br>a. http://d | 8C = Peo<br>ata.un.or | ple's Repi<br>g/ (acces | ublic of Ch<br>sed 15 Janı | ina.<br>Jary 202 | 22).  |         |           |           |        |         |         |           |             |          |           |           |

#### 8 ADB Economics Working Paper Series No. 657

## **IV. RESULTS**

#### A. Change in Gross Domestic Product

The study estimates that earning losses from school closures lead GDP to fall in almost all economies, including the subregions of Asia. Globally, the decline amounts to 0.19% of GDP in 2024, 0.64% in 2028, and 1.11% in 2030. In absolute terms, school closures during COVID–19 would cost the global economy \$943 billion in 2030. Overall, economies with significant population of school children and college-going youth in rural areas—and in the poorest and second wealth quintile—have been worst-hit as they lack access to stable internet connections needed to study online. Also, if the share of unskilled labor employment in the labor force is high, learning and earning losses are significant. That is because a notable portion of the impacted population will migrate to the unskilled labor force.



https://www.gtap.agecon.purdue.edu/databases/default.asp (accessed 14 January 2022).

#### 10 ADB Economics Working Paper Series No. 657

For Asia as a whole, the impact of learning losses from school closures is most pronounced in the Kyrgyz Republic (a 4.9% contraction in GDP against the baseline assuming no COVID-19), Nepal (a 3.6% decline), and Bangladesh (3.1% decline). These economies have had the longer school closures and deepest earning losses. According to UNESCO data, schools in Nepal closed for 82 weeks because of the pandemic, while in Bangladesh schools were out for 73 weeks.

For South Asia, the effect is deepest in Nepal, where GDP is forecast to fall by 0.48% in 2023, 1.42% in 2025, 4.34% in 2028, and 4.97% in 2030 as a result of the school closures. The share of unskilled labor employment in Nepal is well above other South Asian economies, so the impact looks more pronounced. In terms of absolute change, India experiences the highest GDP decline in South Asia, at about \$98.84 billion in 2030. In percentage terms, its GDP decreases by 0.34% in 2023, 1.36% in 2026, and 3.19% in 2030. India has notable enrollment in secondary education and among students in rural areas. Pandemic-induced school closures have also been more extensive there. The impact is also significant in Bangladesh, where full school closures have been significant and the share of unskilled in the labor force is high.

Considering Southeast Asia, the impact is highest in Malaysia, where the GDP decline is 0.42% in 2023, 1.19% in 2026, and 4.24% in 2030. In absolute terms, Indonesia experiences the subregion's highest decline in GDP, of about \$45 billion, and in percentage terms it endures a 0.37% decline in 2023, followed by 1.94% in 2027, and 4.45% in 2030. Schools were closed for 77 weeks in Indonesia, the longest absence in the region. It is also important to note that Indonesia has a higher share of unskilled labor in the labor force than the baseline. Malaysia also has high rate of school closures. Declines in GDP are also high in economies like the Philippines (with GDP falling by 3.27%), Cambodia (down 1.5%), and Viet Nam (down 1.37%), where school enrollment in rural areas is considerably high. The model estimates that GDP in Singapore will continue to increase, given that earning losses due to school closures are low enough to be compensated. This is due to the small share of unskilled in the Singapore labor force and that school closures have not been as extensive as elsewhere in the subregion.

In East Asia, Mongolia experiences the highest GDP decline, at about 1.08% in 2025, 2.42% in 2028, and 4.92% in 2030. School closures in Mongolia totalled nearly 56 weeks. Enrollment of people in the rural, poorest wealth quintile is high but they lack access to online education. The GDP of Hong Kong, China declines notably by about 1.91%, while that of the Republic of Korea shrinks by 1.55%. Secondary and tertiary enrollment for both is high. The model estimates that for the People's Republic of China (PRC), GDP declines for the years from 2023 through 2030 except during 2024 and 2025. The decline in 2030 is estimated at 0.73%.

Among Central Asian economies, school closures in the Kyrgyz Republic have the most negative impact. GDP declines by 0.37% in 2023, 2.69% in 2026, and 5.53% in 2030. Kazakhstan and Tajikistan also experience declines of 2.21%, and 1.72% in 2030, respectively. In Kazakhstan and the Kyrgyz Republic, there is a notable enrollment in school education in rural areas and given that accession to secondary and tertiary levels from primary is higher, so is the estimated impact of school closures on GDP (Table 4).

| Pandemic |
|----------|
| 19       |
| COVID-   |
| f        |
| oduct o  |
| ž        |
| <u>с</u> |
| Domestic |
| Gross    |
| n        |
| Impact ( |
| 4        |
| Table 4  |

|                   |       |       | De    | viation frc<br>(% | om Baseli | ne    |       |       |         |         |         | Abso<br>(⊈ | lute Char<br>5 million) | ıge     |             |           |
|-------------------|-------|-------|-------|-------------------|-----------|-------|-------|-------|---------|---------|---------|------------|-------------------------|---------|-------------|-----------|
| Economy           | 2023  | 2024  | 2025  | 2026              | 2027      | 2028  | 2029  | 2030  | 2023    | 2024    | 2025    | 2026       | 2027                    | 2028    | 2029        | 2030      |
| Australia         | -0.04 | -0.19 | -0.24 | -0.36             | -0.52     | -0.66 | -0.81 | -0.87 | -547    | -2,845  | -3,632  | -5,454     | -7,842                  | -9,954  | -12,088     | -12,963   |
| New Zealand       | -0.02 | -0.07 | -0.07 | -0.09             | -0.12     | -0.13 | -0.13 | -0.15 | -55     | -172    | -167    | -217       | -277                    | -300    | -309        | -361      |
| Pacific           | -0.04 | -0.14 | -0.18 | -0.27             | -0.37     | -0.46 | -0.55 | -0.66 | -24     | -88     | -116    | -173       | -235                    | -293    | -352        | -418      |
| PRC               | -0.20 | 0.24  | 0.24  | -0.33             | -0.34     | -0.34 | -0.35 | -0.73 | -25,351 | 29,264  | 29,862  | -40,563    | -41,806                 | -41,806 | -43,048     | -90,256   |
| Hong Kong, China  | -0.11 | -0.29 | -0.44 | -0.56             | -0.76     | -0.91 | -1.26 | -1.91 | -425    | -1,084  | -1,621  | -2,092     | -2,836                  | -3,394  | -4,668      | -7,115    |
| Japan             | -0.07 | -0.14 | -0.21 | -0.95             | -0.95     | -0.25 | -0.22 | -0.23 | -3,831  | -7,578  | -10,886 | -49,866    | -49,866                 | -12,990 | -11,420     | -11,943   |
| Korea, Rep. of    | -0.03 | -0.07 | -0.08 | -0.37             | -0.39     | -0.40 | -0.68 | -1.55 | -479    | -1,174  | -1,205  | -5,838     | -6,154                  | -6,313  | -10,726     | -24,599   |
| Mongolia          | -0.33 | -0.69 | -1.08 | -1.69             | -2.04     | -2.42 | -3.97 | -4.92 | -42     | -88     | -137    | -215       | -260                    | -308    | -505        | -625      |
| Taipei,China      | -0.03 | -0.06 | -0.07 | -0.07             | -0.08     | -0.08 | -0.08 | -0.08 | -186    | -373    | -435    | -435       | -497                    | -497    | -497        | -497      |
| RoEAsia           | -0.16 | -0.44 | -0.61 | -1.17             | -1.38     | -1.43 | -1.94 | -2.41 | -118    | -336    | -464    | -883       | -1,043                  | -1,083  | -1,474      | -1,826    |
| Brunei Darussalam | -0.13 | -0.31 | -0.43 | -0.13             | -0.22     | -0.39 | -0.60 | -0.58 | -17     | -41     | -57     | -17        | -29                     | -51     | -79         | -76       |
| Cambodia          | -0.12 | -0.35 | -0.55 | -0.67             | -0.88     | -1.08 | -1.31 | -1.50 | -28     | -83     | -130    | -160       | -210                    | -258    | -311        | -356      |
| Indonesia         | -0.37 | -0.62 | -1.01 | -1.63             | -1.94     | -3.00 | -4.08 | -4.45 | -3,751  | -6,340  | -10,295 | -16,604    | -19,760                 | -30,561 | -41,566     | -45,333   |
| Lao PDR           | -0.13 | -0.15 | -0.27 | -0.31             | -0.36     | -0.44 | -0.58 | -0.86 | -23     | -27     | -48     | -54        | -63                     | -77     | -103        | -153      |
| Malaysia          | -0.42 | -0.74 | -1.17 | -1.19             | -1.55     | -1.89 | -2.61 | -4.24 | -1,429  | -2,556  | -4,020  | -4,088     | -5,326                  | -6,494  | -8,967      | -14,565   |
| Philippines       | -0.36 | -0.62 | -1.00 | -0.95             | -1.26     | -1.57 | -2.11 | -3.27 | -1,252  | -2,157  | -3,478  | -3,321     | -4,400                  | -5,479  | -7,337      | -11,381   |
| Singapore         | -0.01 | -0.03 | 0.00  | 0.09              | 0.13      | 0.18  | 0.23  | 0.20  | -33     | -102    | 9       | 325        | 466                     | 641     | 791         | 715       |
| Thailand          | -0.09 | -0.07 | -0.06 | -0.92             | -0.29     | -0.14 | -0.10 | -0.15 | -448    | -326    | -265    | -4,369     | -1,396                  | -650    | -460        | -698      |
| Viet Nam          | -0.07 | -0.30 | -0.42 | -0.59             | -0.79     | -0.94 | -1.12 | -1.37 | -167    | -726    | -1,015  | -1,429     | -1,917                  | -2,283  | -2,736      | -3,340    |
| RoSEAsia          | -0.14 | -0.35 | -0.55 | -0.69             | -0.78     | -0.97 | -1.23 | -1.50 | 66-     | -241    | -376    | -474       | -539                    | -668    | -849        | -1,030    |
| Bangladesh        | -0.43 | -0.88 | -1.34 | -1.91             | -2.97     | -3.39 | -3.81 | -4.90 | -1226   | -2,490  | -3,801  | -5,396     | -8,390                  | -9,578  | -10,765     | -13,843   |
| India             | -0.34 | -0.63 | -0.97 | -1.36             | -1.32     | -1.53 | -2.08 | -3.19 | -10,544 | -19,532 | -30,076 | -42,245    | -41,007                 | -47,508 | -64,367     | -98,844   |
| Nepal             | -0.48 | -0.93 | -1.42 | -1.90             | -3.18     | -4.34 | -4.14 | -4.97 | -129    | -251    | -385    | -513       | -861                    | -1,174  | -1,121      | -1,346    |
| Pakistan          | -0.13 | -0.23 | -0.37 | -0.39             | -0.54     | -0.69 | -0.92 | -1.44 | -459    | -792    | -1,286  | -1,347     | -1,869                  | -2,391  | -3,216      | -5,029    |
|                   |       |       |       |                   |           |       |       |       |         |         |         |            |                         | ŭ       | ontinued on | next page |

Table 4 continued

|   |   |   | De  | viation fre<br>(%                         | om Baseli                                   | ine  |  |                                   |                            |                            |                            | Abso                        | <b>s</b> lute Char<br>\$ million) | lge                           |                          |          |
|---|---|---|---|---|---|--|--|-----------------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------------|-------------------------------|--------------------------|----------|
| Economy   | 2023  | 2024                                      | 2025  | 2026                                      | 2027  | 2028   | 2029   | 2030                              | 2023                       | 2024                       | 2025                       | 2026                        | 2027                              | 2028                          | 2029                     | 2030     |
| Sri Lanka   | -0.23   | -0.44                                     | -0.69   | -0.66                                     | -0.93                                       | -1.17  | -1.62  | -2.84                             | -225                       | -430                       | -675                       | -644                        | -907                              | -1,140                        | -1,570                   | -2,756   |
| RoSouthAsia   | -0.32   | -0.63                                     | -0.98   | -1.34                                     | -1.95                                       | -2.50  | -2.91  | -3.92                             | -94                        | -182                       | -282                       | -386                        | -563                              | -720                          | -838                     | -1,131   |
| Canada  | -0.04   | -0.09                                     | -0.12   | -0.22                                     | -0.32                                       | -0.44  | -0.56  | -0.71                             | -674                       | -1,606                     | -2,133                     | -4,063                      | -5,992                            | -8,084                        | -10,279                  | -13,088  |
| US  | -0.07   | -0.26                                     | -0.36   | -0.56                                     | -0.80                                       | -1.03  | -1.26  | -1.43                             | -16,935                    | -60,178                    | -81,619                    | -128,469                    | -183,036                          | -234,257                      | -286,107                 | -325,123 |
| RoWorld   | -0.09   | -0.22                                     | -0.30   | -0.44                                     | -0.60                                       | -0.75  | -0.91  | -1.15                             | -13,252                    | -31,622                    | -42,969                    | -63,437                     | -85,953                           | -108,213                      | -131,425                 | -165,164 |
| EU  | -0.01   | -0.20                                     | -0.20   | -0.22                                     | -0.29                                       | -0.31  | -0.32  | -0.27                             | -2,181                     | -41,064                    | -41,507                    | -46,051                     | -59,651                           | -63,632                       | -65,601                  | -54,462  |
| Switzerland   | -0.02   | -0.13                                     | -0.15   | -0.20                                     | -0.28                                       | -0.33  | -0.38  | -0.41                             | -117                       | -988                       | -1,154                     | -1,527                      | -2,097                            | -2,505                        | -2,895                   | -3,114   |
| Norway  | -0.03   | -0.43                                     | -0.48   | -0.60                                     | -0.82                                       | -0.96  | -1.11  | -0.99                             | -124                       | -1,962                     | -2,197                     | -2,741                      | -3,751                            | -4,423                        | -5,073                   | -4,561   |
| Russian Federation  | -0.02   | -0.12                                     | -0.19   | -0.26                                     | -0.35                                       | -0.43  | -0.50  | -0.52                             | -445                       | -2,311                     | -3,489                     | -4,880                      | -6,622                            | -8,092                        | -9,431                   | -9,824   |
| Kazakhstan  | -0.10   | -0.23                                     | -0.33   | -0.67                                     | -0.81                                       | -0.95  | -1.33  | -2.21                             | -188                       | -418                       | -606                       | -1,214                      | -1,467                            | -1,721                        | -2,409                   | -4,001   |
| Kyrgyz Republic   | -0.37   | -1.17                                     | -1.69   | -2.69                                     | -3.52                                       | -4.89  | -5.01  | -5.53                             | -53                        | -165                       | -240                       | -381                        | -499                              | -694                          | -710                     | -784     |
| Tajikistan  | -0.11   | -0.27                                     | -0.44   | -0.50                                     | -0.58                                       | -0.67  | -1.00  | -1.72                             | 6-                         | -21                        | -34                        | -38                         | -45                               | -51                           | -77                      | -132     |
| RoCentralAsia   | -0.12   | -0.26                                     | -0.41   | -0.71                                     | -0.83                                       | -1.12  | -1.12  | -1.63                             | -121                       | -261                       | -412                       | -710                        | -830                              | -1,120                        | -1,120                   | -1,639   |
| Armenia   | -0.02   | -0.07                                     | -0.07   | -0.07                                     | -0.07                                       | -0.05  | -0.03  | -0.03                             | м<br>I                     | -10                        | 6-                         | -10                         | 6-                                | -7                            | -4                       | -4       |
| Azerbaijan  | 00.0  | -0.08                                     | -0.15   | -0.25                                     | -0.36                                       | -0.46  | -0.55  | -0.54                             | -2                         | -36                        | -68                        | -112                        | -163                              | -210                          | -253                     | -245     |
| Georgia   | -0.07   | -0.19                                     | -0.27   | -0.38                                     | -0.49                                       | -0.58  | -0.66  | -0.83                             | -15                        | -37                        | -52                        | -74                         | -95                               | -114                          | -130                     | -162     |
| Turkey  | -0.05   | -0.13                                     | -0.16   | -0.21                                     | -0.27                                       | -0.32  | -0.36  | -0.50                             | -647                       | -1,531                     | -1,895                     | -2,544                      | -3,207                            | -3,759                        | -4,253                   | -5,924   |
| EU = European Union<br>Southeast Asia, RoWc<br>Source: Authors' calcı | , Lao PDR =<br>orld = Rest o<br>Ilations usir | = Lao Peop<br>of the Worl<br>ng data fror | le's Democ<br>ld, RoSout <sup>}</sup><br>n Global T | cratic Repul<br>Asia = Res<br>rade Analy: | blic, PRC =<br>t of South /<br>sis Project. | People's R <sup>.</sup><br>Asia, US = I<br>GTAP Dati | epublic of <sup>(</sup><br>United Stat<br>a Base. http | China, RoC<br>tes.<br>ps://www.g1 | CentralAsia<br>tap.agecon. | = Rest of C<br>.purdue.edi | entral Asia,<br>u/database | , RoEAsia =<br>s/default.as | : Rest of Eas<br>sp (accessev     | st Asia, RoSE<br>d 15 January | EAsia = Rest<br>/ 2022). | of       |

#### Β. **Change in Employment**

Among the South Asian economies, Nepal experiences the highest decline in the employment among both skilled and unskilled labor (Tables 5 and 6). Employment of skilled labor in Nepal declines by 1.15% in 2025 and by 3.84% in 2030, while declines for unskilled labor are 1% in 2025 and 3% in 2030. Both drive the economy's shrinking GDP. Also, the share of unskilled labor is high in Nepal. Sri Lanka and Bangladesh experience major losses of employment. According to the model, employment of unskilled labor in Sri Lanka declines by 2.63% and that of skilled labor by 2.65% in 2030. In Bangladesh, skilled employment falls by 3.18% and unskilled labor employment declines by 3.16% in 2030. In India, jobs for skilled labor in 2030 decline by 1%, and by 2% for unskilled labor.

| _                 |        |        |        | (%)    |        |        |        |        |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Economy           | 2023   | 2024   | 2025   | 2026   | 2027   | 2028   | 2029   | 2030   |
| Australia         | -0.024 | -0.215 | -0.240 | -0.324 | -0.449 | -0.538 | -0.623 | -0.591 |
| New Zealand       | -0.005 | -0.047 | -0.041 | -0.052 | -0.071 | -0.080 | -0.085 | -0.086 |
| Pacific           | -0.028 | -0.132 | -0.151 | -0.205 | -0.267 | -0.322 | -0.376 | -0.427 |
| PRC               | -0.167 | 0.894  | 0.848  | 0.272  | 0.244  | 0.242  | 0.220  | -0.517 |
| Hong Kong, China  | -0.085 | -0.376 | -0.456 | -0.542 | -0.767 | -0.859 | -1.127 | -1.526 |
| Japan             | -0.060 | -0.184 | -0.235 | -0.983 | -1.000 | -0.304 | -0.288 | -0.247 |
| Korea, Rep. of    | 0.005  | -0.020 | -0.015 | -0.293 | -0.313 | -0.320 | -0.594 | -1.411 |
| Mongolia          | -0.222 | -0.608 | -0.855 | -1.367 | -1.586 | -1.826 | -3.230 | -3.864 |
| Taipei,China      | -0.113 | -0.221 | -0.320 | -0.304 | -0.336 | -0.342 | -0.602 | -0.869 |
| RoEAsia           | -0.094 | -0.621 | -0.688 | -1.159 | -1.311 | -1.281 | -1.703 | -1.919 |
| Brunei Darussalam | -0.069 | -0.800 | -0.920 | -0.998 | -1.723 | -2.320 | -2.805 | -1.754 |
| Cambodia          | -0.048 | -0.573 | -0.620 | -0.615 | -0.735 | -0.803 | -0.886 | -0.768 |
| Indonesia         | -0.327 | -0.497 | -0.842 | -1.386 | -1.598 | -2.543 | -3.476 | -3.580 |
| Lao PDR           | -0.059 | 0.052  | -0.024 | -0.023 | 0.014  | -0.047 | -0.184 | -0.456 |
| Malaysia          | -0.315 | -0.662 | -0.974 | -0.859 | -1.101 | -1.286 | -1.829 | -3.108 |
| Philippines       | -0.275 | -0.490 | -0.760 | -0.598 | -0.800 | -0.994 | -1.396 | -2.316 |
| Singapore         | -0.017 | -0.019 | -0.022 | 0.030  | 0.021  | 0.026  | 0.022  | -0.055 |
| Thailand          | -0.061 | -0.059 | -0.037 | -0.891 | -0.290 | -0.145 | -0.133 | -0.149 |
| Viet Nam          | -0.026 | -0.395 | -0.430 | -0.501 | -0.638 | -0.691 | -0.783 | -0.826 |
| RoSEAsia          | -0.091 | -0.572 | -0.650 | -0.679 | -0.762 | -0.831 | -0.974 | -1.052 |
| Bangladesh        | -0.244 | -0.509 | -0.759 | -1.107 | -1.974 | -2.153 | -2.323 | -3.190 |
| India             | -0.214 | -0.376 | -0.563 | -0.731 | 0.170  | 0.076  | -0.367 | -1.015 |

#### Table 5: Change in Employment of Skilled Labor

continued on next page

| Economy            | 2023   | 2024   | 2025   | 2026   | 2027   | 2028   | 2029   | 2030   |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Nepal              | -0.347 | -0.837 | -1.155 | -1.422 | -2.778 | -3.612 | -3.085 | -3.848 |
| Pakistan           | -0.111 | -0.270 | -0.374 | -0.357 | -0.491 | -0.603 | -0.809 | -1.251 |
| Sri Lanka          | -0.159 | -0.407 | -0.603 | -0.485 | -0.784 | -0.880 | -1.179 | -2.651 |
| RoSouthAsia        | -0.226 | -0.501 | -0.722 | -0.924 | -1.461 | -1.813 | -2.018 | -2.822 |
| Canada             | -0.012 | -0.026 | -0.036 | -0.088 | -0.135 | -0.192 | -0.252 | -0.333 |
| US                 | -0.038 | -0.251 | -0.290 | -0.404 | -0.561 | -0.683 | -0.802 | -0.858 |
| RoWorld            | -0.042 | -0.120 | -0.151 | -0.232 | -0.326 | -0.411 | -0.499 | -0.638 |
| EU                 | -0.001 | -0.193 | -0.183 | -0.195 | -0.258 | -0.271 | -0.277 | -0.220 |
| Switzerland        | -0.015 | -0.192 | -0.199 | -0.233 | -0.307 | -0.346 | -0.383 | -0.369 |
| Norway             | -0.035 | -0.654 | -0.675 | -0.779 | -1.026 | -1.144 | -1.248 | -0.873 |
| Russian Federation | 0.041  | -0.385 | -0.373 | -0.395 | -0.521 | -0.559 | -0.585 | -0.313 |
| Kazakhstan         | -0.058 | -0.310 | -0.374 | -0.687 | -0.845 | -0.968 | -1.326 | -2.000 |
| Kyrgyz Republic    | 0.083  | -0.631 | -0.643 | -1.623 | -2.623 | -3.179 | -3.684 | -4.187 |
| Tajikistan         | -0.115 | -0.358 | -0.478 | -0.537 | -0.612 | -0.681 | -0.984 | -1.638 |
| RoCentralAsia      | -0.096 | -0.398 | -0.493 | -0.675 | -0.726 | -0.724 | -0.864 | -1.252 |
| Armenia            | -0.015 | -0.085 | -0.085 | -0.092 | -0.103 | -0.100 | -0.093 | 0.505  |
| Azerbaijan         | -0.023 | -0.221 | -0.250 | -0.303 | -0.390 | -0.431 | -0.461 | -0.682 |
| Georgia            | -0.031 | -0.163 | -0.179 | -0.240 | -0.315 | -0.371 | -0.422 | -0.047 |
| Turkey             | -0.028 | -0.100 | -0.114 | -0.167 | -0.230 | -0.279 | -0.326 | -0.429 |

Table 5 continued

EU = European Union, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China, RoCentralAsia = Rest of Central Asia, RoEAsia = Rest of East Asia, RoSEAsia = Rest of Southeast Asia, RoWorld = Rest of the World, RoSouthAsia = Rest of South Asia, US = United States.

Source: Authors' calculations using data from Global Trade Analysis Project. GTAP Data Base.

https://www.gtap.agecon.purdue.edu/databases/default.asp (accessed 15 January 2022).

|                    |        |        | ,      |        |        |        |        |        |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Economy            | 2023   | 2024   | 2025   | 2026   | 2027   | 2028   | 2029   | 2030   |
| Australia          | -0.033 | -0.205 | -0.241 | -0.319 | -0.434 | -0.519 | -0.600 | -0.583 |
| New Zealand        | -0.015 | -0.041 | -0.045 | -0.057 | -0.075 | -0.084 | -0.090 | -0.112 |
| Pacific            | -0.035 | -0.129 | -0.158 | -0.210 | -0.270 | -0.323 | -0.375 | -0.435 |
| PRC                | -0.174 | 0.281  | 0.271  | -0.299 | -0.309 | -0.311 | -0.324 | -0.713 |
| Hong Kong, China   | -0.105 | -0.378 | -0.478 | -0.566 | -0.799 | -0.892 | -1.161 | -1.594 |
| Japan              | -0.067 | -0.138 | -0.197 | -0.947 | -0.954 | -0.260 | -0.247 | -0.251 |
| Korea, Rep. of     | -0.010 | -0.042 | -0.053 | -0.337 | -0.358 | -0.370 | -0.649 | -1.497 |
| Mongolia           | -0.231 | -0.490 | -0.753 | -1.190 | -1.342 | -1.514 | -2.854 | -3.565 |
| Taipei,China       | -0.124 | -0.195 | -0.308 | -0.292 | -0.312 | -0.316 | -0.574 | -0.864 |
| RoEAsia            | -0.126 | -0.575 | -0.676 | -1.144 | -1.285 | -1.249 | -1.669 | -1.951 |
| Brunei Darussalam  | -0.064 | -0.681 | -0.801 | -0.845 | -1.503 | -2.061 | -2.516 | -1.553 |
| Cambodia           | -0.065 | -0.413 | -0.489 | -0.470 | -0.556 | -0.615 | -0.696 | -0.677 |
| Indonesia          | -0.298 | -0.468 | -0.783 | -1.277 | -1.448 | -2.365 | -3.281 | -3.450 |
| Lao PDR            | -0.057 | -0.007 | -0.072 | -0.024 | 0.029  | 0.032  | -0.031 | -0.220 |
| Malaysia           | -0.365 | -0.623 | -0.992 | -0.881 | -1.111 | -1.297 | -1.846 | -3.229 |
| Philippines        | -0.321 | -0.591 | -0.918 | -0.732 | -0.903 | -1.072 | -1.448 | -2.379 |
| Singapore          | -0.022 | -0.038 | -0.044 | 0.006  | -0.015 | -0.014 | -0.023 | -0.105 |
| Thailand           | -0.077 | -0.049 | -0.043 | -0.903 | -0.298 | -0.156 | -0.148 | -0.198 |
| Viet Nam           | -0.038 | -0.329 | -0.375 | -0.440 | -0.556 | -0.605 | -0.696 | -0.798 |
| RoSEAsia           | -0.102 | -0.401 | -0.501 | -0.527 | -0.549 | -0.618 | -0.765 | -0.907 |
| Bangladesh         | -0.293 | -0.586 | -0.891 | -1.219 | -2.055 | -2.209 | -2.350 | -3.165 |
| India              | -0.243 | -0.438 | -0.675 | -0.853 | -0.566 | -0.656 | -1.080 | -2.016 |
| Nepal              | -0.337 | -0.676 | -0.998 | -1.188 | -2.164 | -2.953 | -2.394 | -3.065 |
| Pakistan           | -0.093 | -0.160 | -0.262 | -0.169 | -0.209 | -0.244 | -0.373 | -0.797 |
| Sri Lanka          | -0.243 | -0.483 | -0.745 | -0.673 | -0.864 | -0.985 | -1.304 | -2.637 |
| RoSouthAsia        | -0.229 | -0.432 | -0.673 | -0.787 | -1.178 | -1.445 | -1.568 | -2.394 |
| Canada             | -0.028 | -0.052 | -0.077 | -0.129 | -0.175 | -0.231 | -0.291 | -0.376 |
| US                 | -0.051 | -0.166 | -0.225 | -0.331 | -0.457 | -0.571 | -0.685 | -0.774 |
| RoWorld            | -0.061 | -0.148 | -0.202 | -0.278 | -0.364 | -0.446 | -0.530 | -0.674 |
| EU                 | -0.006 | -0.139 | -0.138 | -0.150 | -0.199 | -0.211 | -0.217 | -0.188 |
| Switzerland        | -0.016 | -0.024 | -0.041 | -0.068 | -0.098 | -0.128 | -0.160 | -0.213 |
| Norway             | -0.032 | -0.528 | -0.557 | -0.647 | -0.854 | -0.957 | -1.049 | -0.749 |
| Russian Federation | 0.033  | -0.263 | -0.257 | -0.268 | -0.352 | -0.375 | -0.387 | -0.198 |
| Kazakhstan         | -0.066 | -0.199 | -0.269 | -0.548 | -0.645 | -0.726 | -1.045 | -1.837 |

## Table 6: Change in Employment of Unskilled Labor

(%)

continued on next page

| Economy         | 2023   | 2024   | 2025   | 2026   | 2027   | 2028   | 2029   | 2030   |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Kyrgyz Republic | -0.106 | -0.920 | -1.086 | -1.919 | -2.692 | -3.192 | -3.655 | -3.964 |
| Tajikistan      | -0.121 | -0.284 | -0.424 | -0.507 | -0.594 | -0.679 | -0.999 | -1.690 |
| RoCentralAsia   | -0.105 | -0.276 | -0.387 | -0.578 | -0.616 | -0.621 | -0.769 | -1.233 |
| Armenia         | -0.008 | -0.058 | -0.054 | -0.054 | -0.052 | -0.044 | -0.031 | 0.136  |
| Azerbaijan      | -0.016 | -0.209 | -0.232 | -0.273 | -0.347 | -0.384 | -0.410 | -0.615 |
| Georgia         | -0.038 | -0.146 | -0.174 | -0.216 | -0.260 | -0.293 | -0.319 | -0.306 |
| Turkey          | -0.049 | -0.122 | -0.158 | -0.205 | -0.257 | -0.300 | -0.341 | -0.456 |

Table 6 continued

EU = European Union, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China, RoCentralAsia = Rest of Central Asia, RoEAsia = Rest of East Asia, RoSEAsia = Rest of Southeast Asia, RoWorld = Rest of the World, RoSouthAsia = Rest of South Asia, US = United States.

Source: Authors' calculations using data from Global Trade Analysis Project. GTAP Data Base.

https://www.gtap.agecon.purdue.edu/databases/default.asp (accessed 15 January 2022).

In Southeast Asia, employment of both skilled and unskilled labor declines most in Indonesia. Unskilled labor employment declines by 1.27% in 2026 to 3.45% in 2030 and skilled labor employment declines by 1.38% in 2026 and by 3.58% in 2030. Malaysia, the Philippines, Brunei Darussalam, Cambodia, and Viet Nam also suffer notable declines.

Considering East Asia, Mongolia experiences the highest decline of skilled labor, by 1.58% in 2027 and 3.86% in 2030, and the biggest fall in employment for unskilled labor: by 1.34% in 2027 and by 3.56% in 2030. The model also predicts significant declines in employment in Hong Kong, China (1.59% decline for unskilled labor and a 1.52% decline in jobs for skilled labor against the baseline) and in the Republic of Korea, where unskilled labor employment falls by 1.50% and that of skilled labor decreases by 1.41%. The model estimates that skilled labor employment in the PRC decreases by 0.51% in 2030, while that of unskilled labor initially increases by 0.28% in 2024, but then falls by 0.29% in 2026 and by 0.31% in 2028, before extending the decline with a 0.71% contraction in 2030.

In Central Asia, the Kyrgyz Republic experiences the maximum decline, with employment of skilled labor declining by 4.18% in 2030 and that of unskilled labor by 3.96% the same year. Falling employment for both groups is also observed in other economies like Kazakhstan, Azerbaijan, and Tajikistan.

## V. CONCLUSIONS

The study estimates that school closures lead to declines in global GDP and employment. Moreover, the losses in global GDP and employment increase over time. Declines in global GDP amount to 0.19% in 2024, 0.64% in 2028, and 1.11% in 2030. In absolute terms, the cost to the global economy in 2030 alone is \$943 billion.

Considering skilled labor, global losses to employment amount to declines of 0.05% in 2024, 0.25% in 2026, and 0.75% in 2030. The study estimates that school closures will deny about 5.44 million people around the world employment in the skilled labor force by 2030. Also, in terms of absolute costs, lost wages to the baseline scenario total \$94.86 billion. For unskilled labor, the global contraction in employment is estimated to be 0.22% in 2025, 0.51% in 2027, and 1.15% in 2030. Around 35.69 million people around the world would have made into the unskilled labor force had the pandemic did not lead schools to close. In terms of cost, lost wages amount to \$121.54 billion in 2030.

Across Asia, GDP and employment losses differ significantly. In economies with significant student populations from rural areas, those in the poorest and second wealth quintile have been the worst hit. This is because a lack of access stable internet connections and online education hampers their learning opportunities. Learning and earning losses are also significant in economies where the share of unskilled labor employment in the overall labor force is high. This is because school closures will push a notable portion of the impacted students into unskilled jobs.

We make three policy recommendations about actions to mitigate these impacts while building a more resilient education system:

Support learning recovery. The most immediate challenge is for governments to provide effective support for students impacted by school closures to recover from lost opportunities. The first step is to conduct assessments of learning losses among the impacted school-age population. It is important to identify the learning gap and specific learning needs of individuals. Effective learning programs should be devised to offer appropriate support such as tutoring or special classes and help them to bridge the learning gap.

Invest in education and skills. The pandemic impact on education affects the future workforce and their skills. It is essential that governments prioritize spending on education even as they pare back fiscal budgets after expanded spending on COVID-19 mitigation measures. Governments need to direct adequate funding and resources to young populations most affected by closures, such as those from the poor, rural, and socially disadvantaged groups. It is important to keep school-age children in education as much as possible by providing financial support and incentives, while giving additional support for skills training to youth already out of school. The pandemic promoted rapid digital transformation, which education systems should be better prepared to support as a key driver for productivity and economic growth. Digital skills and awareness are key to narrowing the digital divide and unleashing digital potential for inclusive and sustainable growth.

Embrace the digital transformation in education. The pandemic revealed key constraints of education systems, including the lack of digital curriculums, digital teaching tools, and materials. If not more important, it exposed the lack of digital competences among teachers and trainers. It is essential to seize opportunities to make progress during the post-pandemic recovery, rebuilding education systems to allow both face-to-face and remote learning and to integrate digital tools and devices into teaching methods, improve digital skills through developing school curriculums and training teachers to deliver effective learning.

## REFERENCES

- Aaronson, Stephanie, and Francisca Alba. 2021. "The Relationship Between School Closures and Female Labor Force Participation During the Pandemic." *Brookings,* November 3. https://www.brookings.edu/research/the-relationship-between-school-closures-and-femalelabor-force-participation-during-the-pandemic/.
- Asian Development Bank (ADB). 2021. Learning and Earning Losses from COVID-19 School Closures in Developing Asia. Manila. https://www.adb.org/sites/default/files/publication/692111/ado2021special-topic.pdf.
- Champeaux, Hugues, Lucia Mangiavacchi, Francesca Marchetta, and Luca Piccoli. 2020. "Learning at Home: Distance Learning Solutions and Child Development During the COVID–19 Lockdown." Discussion Paper No. 13819. Institute of Labor Economics, Bonn.
- Cooper, Harris, Barbara Nye, Kelly Charlton, James Lindsay, and Scott Greathouse. 1996. "The Effects of Summer Vacation on Achievement Test Scores: A Narrative and Meta-Analytic Review." *Review of Educational Research* 66 (3): 227–68. https://doi.org/10.3102%2F00346543066003227.
- Gibbs, Lisa, Jane Nursey, Janette Cook, Greg Ireton, Nathan Alkemade, Michelle Roberts, H. Colin Gallagher, Richard Bryant, Karen Block, Robyn Molyneaux, and David Forbes. 2019. "Delayed Disaster Impacts on Academic Performance of Primary School Children." *Child Development* 90 (4): 1402–12.
- Hertel, Thomas, ed. 1997. *Global Trade Analysis: Modeling and Applications.* Cambridge: Cambridge University Press.
- Kizilcec, René F., and Sherif Halawa. 2015. "Attrition and Achievement Gaps in Online Learning." Proceedings of the Second ACM Conference on Learning @ Scale, 57–66. March 14.
- Meyers, Keith, and Melissa A. Thomasson. 2017. "Paralyzed by Panic: Measuring the Effect of School Closures During the 1916 Polio Pandemic on Educational Attainment." NBER Working Paper No. 23890. National Bureau of Economic Research, Cambridge, MA.
- Montenegro, Claudio E., and Harry Anthony Patrinos. 2014. "Comparable Estimates of Returns to Schooling around the World." Policy Research Working Paper No. 7020. World Bank, Washington, DC.
- Psacharopoulos, George, Victoria Collis, Harry Anthony Patrinos, and Emiliana Vegas. 2020. "Lost Wages: The COVID-19 Cost of School Closures." Discussion Paper No. 13641. IZA—Institute of Labor Economics, Bonn.
- Riahi, Keywan, Detlef P. van Vuuren, Elmar Kriegler, Jae Edmonds, Brian C. O'Neill, Shinichiro Fujimori, Nico Bauer, Katherine Calvin, Rob Dellink, Oliver Fricko, Wolfgang Lutz, Alexander Popp, Jesus Crespo Cuaresma, Samir KC, Marian Leimbach, Leiwen Jiang, Tom Kram, Shilpa Rao, Johannes Emmerling, Kristie Ebi, Tomoko Hasegawa, Petr Havlík, Florian Humpenöder, Lara Aleluia Da Silva, Steve Smith, Elke Stehfest, Valentina Bosetti, Jiyong Eom, David Gernaat,

Toshihiko Masui, Joeri Rogelj, Jessica Strefler, Laurent Drouet, Volker Krey, Gunnar Luderer, Mathijs Harmsen, Kiyoshi Takahashi, Lavinia Baumstark, Jonathan C. Doelman, Mikiko Kainuma, Zbigniew Klimont, Giacomo Marangoni, Hermann Lotze-Campen, Michael Obersteiner, Andrzej Tabeau, and Massimo Tavoni. 2017. "The Shared Socioeconomic Pathways and their Energy, Land Use, and Greenhouse Gas Emissions Implications: An Overview." *Global Environmental Change* 42: 153–68. DOI:110.1016/j.gloenvcha.2016.05.009.

- Richards, Meredith P., Kori J. Stroub, and Sarah Guthery. 2020. "The Effect of School Closures on Teacher Labor Market Outcomes: Evidence from Texas." *AERA Open* 6 (2): 1–12. https://journals.sagepub.com/doi/full/10.1177/2332858420922837.
- Toquero, Cathy Mae. 2020. "Emergency Remote Education Experiment Amid COVID-19 Pandemic." International Journal of Education Research and Innovation 15: 162–76.
- United Nations Educational, Scientific and Cultural Organization (UNESCO). 2021a. Global Education Coalition. https://en.unesco.org/covid19/educationresponse/globalcoalition.

------. 2021b. Education: From Disruption to Recovery. https://en.unesco.org/covid19/educationresponse.

- ------. 2021c. Adverse Consequences of School Closures. https://en.unesco.org/covid19/educationresponse/consequences.
- United Nations Children's Fund. 2021. At least 200 million school children live in countries that remain unprepared to deploy remote learning in future emergency school closures. https://www.unicef.org/press-releases/least-200-million-schoolchildren-live-countries-remain-unprepared-deploy-remote.

#### Potential Economic Impact of COVID-19-Related School Closures

The coronavirus disease (COVID-19) and related school closures created substantial disruptions in children's education. The prolonged school closures will impact the skills that they acquire and their productivity when they mature as professionals. This study examines medium- and long-term economic impacts of COVID-19-related school closures using Global Trade Analysis Project or GTAP, a computable general equilibrium model. It also evaluates the labor productivity effect per year of schooling loss due to the pandemic at different levels of schooling—primary, secondary, and tertiary.

#### About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members —49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



ASIAN DEVELOPMENT BANK 6 ADB Avenue, Mandaluyong City 1550 Metro Manila, Philippines www.adb.org