



# HUMAN WELL-BEING AND CAPABILITIES

Some of the essential transformations needed to meet the SDGs are elaborated in the Global Sustainable Development Report (GSDR) 2019 and the political declaration of the High-level political forum 2019.<sup>i</sup> These transformations are mutually reinforcing and strongly linked to the Sustainable Development Goals (SDGs). The report identifies six entry points and four levers to accelerate progress across all 17 SDGs at the global level,<sup>1</sup> one of them being *Human Wellbeing and Capabilities*.

## I. HUMAN WELL-BEING AND CAPABILITIES IN ASIA AND THE PACIFIC

*Human well-being and capabilities* are at the heart of the transformations envisaged by the 2030 Agenda. Health, education and life devoid of deprivations such as poverty play a critical role in determining the capability of people to make and realize choices in life. Also important are the societal institutions and rule of law that allow for a peaceful society. As the region is home to over 60% of the global population, this transformative area is of particular relevance for the region in harnessing the full potential of its abundant human resources.<sup>ii</sup>

Strengthening human well-being and capabilities integrates SDG 1-No Poverty, SDG 2-Zero Hunger, SDG 3-Good Health and Wellbeing, SDG 4-Quality Education, SDG 5-Gender Equality, SDG 6-Clean Water and Sanitation, SDG 7-Affordable and Clean Energy, SDG 15-Life on Land and SDG 16- Peace, Justice and Strong Institutions.

Human well-being and capabilities have improved in Asia and the Pacific, underpinning the region's economic progress. A significant reduction in poverty rates, led by China, has created the conditions for a better life for more than half a billion people. Higher **educational attainment** in the region has increased productivity and provided better opportunities for decent work. Access to better **health care** has also yielded results, both in terms of average longevity (which increased from 64 years in 1990 to 72 years in 2018), but also in women's sexual and reproductive health, leading to a fall in fertility rates and in child and maternal mortality. Access to universal health care matters because a healthy population underpins all development efforts. Lower rates of stunting and wasting among children in the region are boosting human capabilities, particularly as adequate **nutrition** is known to improve cognitive-, motor- and language development among children.

<sup>1</sup> Entry point 1 – Human well-being and capabilities, Entry point 2 – Sustainable and just economies, Entry point 3 – Food systems and nutrition patterns, Entry point 4 – Energy decarbonization and universal access, Entry point 5 – Urban and peri-urban development, Entry point 6 – Global environmental commons, Lever 1- Governance, Lever 2- Economy and Finance, Lever 3- Individual and Collective Action, Lever 4- Science and Technology



Improvements in **household access to basic services** in the region, particularly clean water, sanitation, electricity and clean fuels have also been a critical piece of the human well-being and capabilities puzzle in the region. Available, accessible, acceptable and quality access to these services is not only a human right, but also essential to living a healthy life. Access to services has also contributed to greater gender equality. Because women (and girls) bear the brunt of unpaid care and domestic work, they are disproportionately affected by lack of electricity and clean cooking fuels, clean water and basic sanitation. While the region is still far from achieving **gender equality** and empowering women, access to these services has played an important role in improving the lives and health outcomes of women and girls, as well as increasing their participation in employment and education.

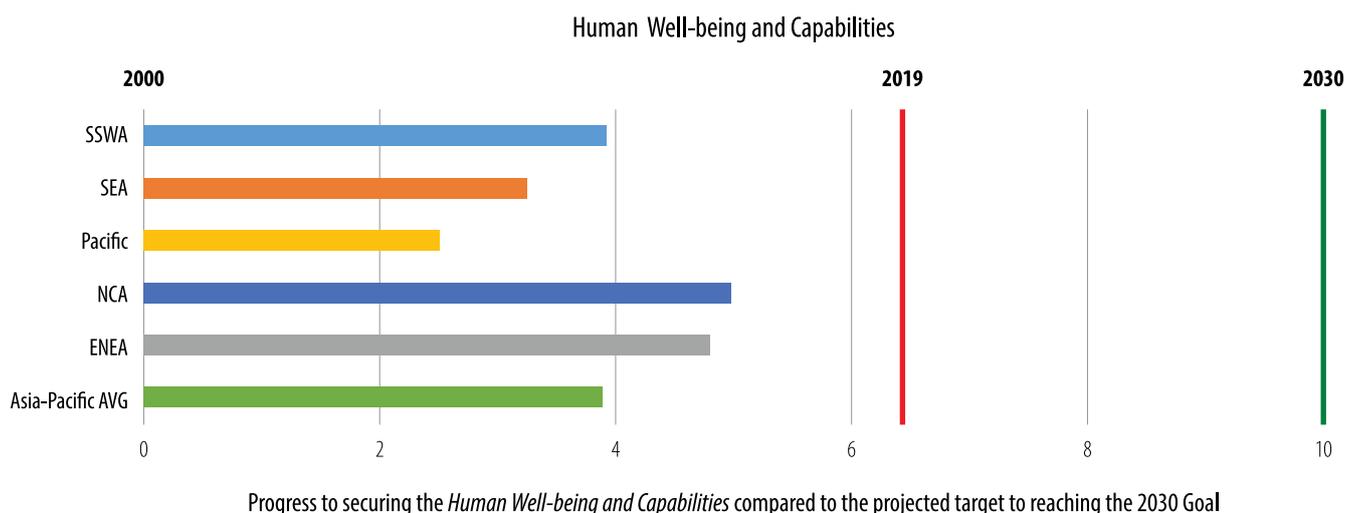
**Democratic institutions** are essential for ensuring meaningful and inclusive participation of women and men in making decisions that affect and shape their lives. Giving women and men a voice and a stake in the governance processes helps ensure resources are allocated responsively; design and delivery of services are inclusive; and justice systems and accountability mechanisms are strong. The region has unfortunately seen the space for civic engagement shrink recently.

Socio-economic vulnerabilities are further exacerbated by disaster events. The Asia-Pacific region is particularly disaster-prone. Disasters affect in a more severe manner those whose livelihoods and assets are in hazard-prone areas, as well as those with limited capacities to cope, bounce back from shocks and adapt to a more extreme climate.

While reflecting on progress and challenges in all areas mentioned above, this brief note focuses on the three core areas of **social protection, education** and **health care**.<sup>iii</sup> Among the levers identified in the GSDR, it draws on *governance* and on *economy and finance*.

## II. PROGRESS AND KEY CHALLENGES FOR ACCELERATION IN ASIA AND THE PACIFIC

Figure 1: Sub-regional snapshot of progress and overall progress in Asia and the Pacific

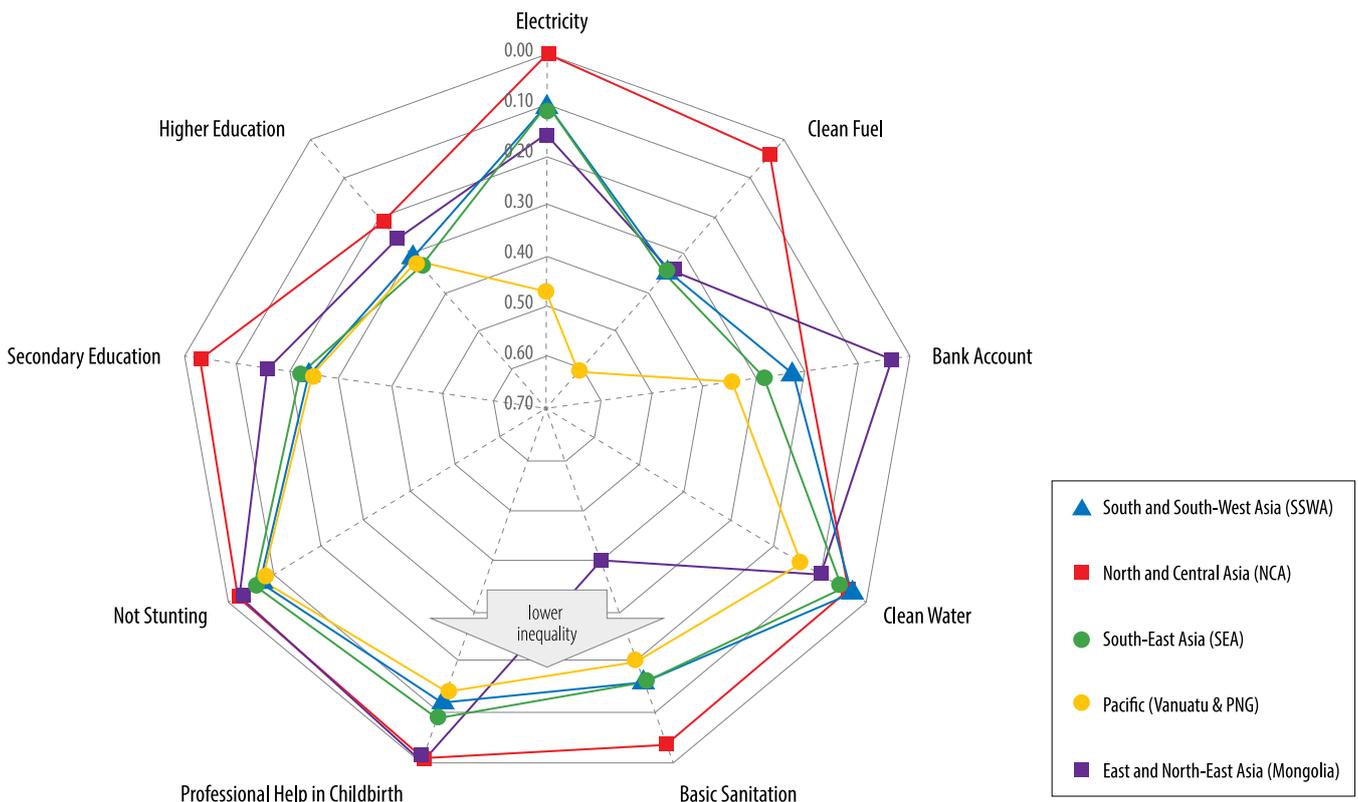


Source: Authors (ESCAP, EDD) calculation using methodology used in the UN ESCAP SDG progress report (2020) and data accessed from [http://data.unescap.org/escap\\_stat/](http://data.unescap.org/escap_stat/)

Note: The green line represents targets to be achieved in the 2030 Agenda. If the region was on track to achieve these targets across the six areas, the red line would have been hit by 2019.



Figure 2: Inequality in access to key services and opportunities as measured by the dissimilarity index (D-index), latest year



Source: ESCAP, 2018. *Inequality in Asia and the Pacific in the era of the 2030 Agenda for Sustainable Development*. Data updated on 19 February 2020.

Reading note: The closest a country is to the centre of the graph, the higher the D-index and higher the inequality of access. The furthest away from the centre, the lower the D-index and lower the inequality.

Poverty reduction has been significant in the region. Since 1990, the number of extremely poor people decreased from more than 1 billion to 400 million people. Much of this progress was driven by progress in China and in India, although among the 400 million people still living in extreme poverty in the region, 8 out of 10 are found in South Asia.<sup>iv</sup>

Despite this progress, the region is not on track for meeting most SDG targets that relate to human well-being and capabilities, including those on social protection, education and health care (Figure 1). Furthermore, commonly used measures of poverty do not capture different rates of poverty experienced by different members of the same households, e.g. men or women. Beyond the household, there is significant inequality in key areas of human well-being among groups, within countries, as measured by the D-index, but also between subregions (Figure 2).<sup>v</sup>

For example, the achievements seen in education have been unequal. Primary school net enrolment rates are above 90 per cent.<sup>vi</sup> As a result, nearly every child enters primary school. Significant gaps remain, however, in secondary and higher education. Secondary completion rates are much higher in North and Central Asian countries than other subregions. Within countries, the gaps in educational achievement are stubbornly high in South-East Asia and South-Asia, where women from households in the bottom 40 of the wealth distribution and from rural areas usually have the lowest rates of completion of secondary education.<sup>vii</sup> For example, in Nepal, men receive 6.4 years of schooling on average, but women only 4.2 years.<sup>viii</sup> For higher education, the gaps are even greater.<sup>ix</sup>

Health outcomes have also improved, on average. Between 1995 and 2019, the share of 15-49 year old women using modern contraceptive methods increased from 78 to 81 per cent in Asia and the Pacific, higher than the global average of 78 per cent in 2019.<sup>x</sup> The share of births attended by skilled professionals

also increased from 59 to 87 per cent during the same period, also higher than the global average of 79 per cent.<sup>xi</sup> A closer look at data, however, indicates that progress has been uneven across subregions, among income groups and along the rural-urban divide. The Universal Health Care (UHC) service coverage index, established to monitor SDG indicator 3.8.1, gives East Asia a high score of 77, comparable to Western Europe. However, the index for South Asia is much lower, at 53, driving down the regional average to the world's second lowest regional average, after Africa (46).<sup>xii</sup>

There are also significant gaps in access to basic health care within countries. For example, women from poorer households are far less likely to give birth with the help of a skilled professional. Younger women in the region are also less likely to have their needs for modern contraception met with modern methods. Countries that have already invested in universal health care, such as many North and Central Asian countries and Thailand, have the lowest access gaps and levels of inequality in both skilled birth attendance and in use of modern contraception.<sup>xiii</sup>

Average stunting and wasting rates declined in most countries, including for the most disadvantaged groups.<sup>xiv</sup> Yet this progress has not been adequate. Among all subregions of the Economic and Social Commission for Asia and the Pacific (ESCAP), South and South-West Asia has the highest prevalence of stunted children at 36 per cent, compared with East and North-East Asia at 9 per cent.<sup>xv</sup>

### III. COUNTRY LEVEL ANALYSIS ON ACCELERATION TOWARDS HUMAN WELLBEING AND CAPABILITIES

- **Striving for more equal societies**

The Islamic Republic of Iran, Kyrgyzstan, Mongolia, the Russian Federation and Viet Nam are among the few countries in the region where the bottom 40 has seen income gaps to the average population narrow, in line with SDG indicator 10.1.1, both in relative and in absolute terms.<sup>xvi</sup> The reason is that the average income growth rate for the total population has been stagnant, while it has been positive for the poorest 40 per cent. How have these countries achieved income growth among the poorest 40 per cent, against average trends? The answer lies in their rate of investment in people. All have invested above the regional average in education, health care and social protection.<sup>xvii</sup> Governments with stronger political commitment to social investments not only spend a higher share of their budget on people's development, but also tend to spend more effectively with better outcomes as a result.

Perhaps the most illustrious historic proof of the positive impact of investment in people has on poverty alleviation is that of the "East-Asian miracle", whereby, Japan, followed by the "Asian tigers", including Hong Kong, China, the Republic of Korea, Singapore, Taiwan Province of China and later China, lifted millions out of poverty as a result of economic growth backed by high investments in human capital. Most recently, China has been the region's undisputable leader in poverty reduction, with extreme poverty dropping from 67 per cent to only 1.9 per cent between 1990 and 2015. Over the past two decades, China has also been at the forefront of developments in the expansion of social protection. Particularly in the aftermath of the global financial crisis that began in 2008, China intensified its effort to extend its social security system, with the aim of reaching universal pension and health insurance coverage.<sup>xviii</sup>

Kazakhstan, Malaysia and the Russian Federation are also among the few countries that have seen gaps in education and in employment significantly narrow or close between women and men, rural and urban populations and between those with health issues – a proxy for disability – and healthier individuals, creating the conditions for more equitable distribution of income.<sup>xix</sup>

- **Raising the stakes in education**

Investment in education has also yielded positive results. Viet Nam spends close to 6 per cent of GDP on education, a level almost 2.5 times that of the Lao People's Democratic Republic and twice the level in



India. While it takes time to yield returns, investment in education is vaulting the country into the group of best performers in the Programme for International Student Assessment (PISA), which is exceptional among middle income countries.

The key to Viet Nam's performance in education lies in the broad reforms put in place by the government some two decades ago.<sup>xx</sup> The reforms were based on the broad principles of policy coherence, sufficient budget, partnership between parents and schools, quality of teaching and equity. For example, to enhance the quality and relevance of teaching, Viet Nam has raised the standard of teachers' qualification and made schools ready to take on board children at the age of five. School principals are held accountable for monitoring the quality of teaching and learning at the school level through planned and impromptu lesson observations. Parents are also required to be actively involved in their children's education through participation and feedback on a Parent Board, but also to contribute to the school financially or in-kind (depending on available means) by running school services. Children from different geographical locations or ethnicities, have access to the same quality of education, which has been crucial to making quality schooling accessible for poorer children.

Another example is Bangladesh, where the secondary completion rate of girls is on par with that of boys. Success has been attributed partly to the Secondary Female School Stipend Assistance Program for rural girls.<sup>xxi</sup> The programme comprises tuition waivers, stipends for girls enrolled in secondary education, as well as the provision of clean drinking water in schools and separate toilets for girls and boys. While the programme has been credited with reducing child marriages and retaining girls in secondary education, reaching the poorest households remains a challenge – and the persisting high rate of child marriage threatens to derail many the country's important development efforts.

- **Prioritizing health care for all**

The greatest achievements in health outcomes are seen in countries that have established universal health care systems. Bhutan, for example, stands out for its strides in terms of life expectancy, compared to peers. Bhutan allocates around 9 per cent of its public expenditure on health care, among the region's highest, having established a universal health care system. The Islamic Republic of Iran, Sri Lanka and Thailand also have made achievements in longevity, pointing to the importance of working towards universal health care coverage.

Thailand established universal health coverage in 2002. Between 2001 and 2015, health expenditures in Thailand rose from 3.1 to 3.8 per cent of GDP, with public expenditures gradually increasing from 56 per cent to 77 per cent of total health expenditures.<sup>xxii</sup> Over the same period out-of-pocket expenditure fell from 27.2 per cent to 12 per cent. Major funding sources for health care are general taxation, followed by direct out-of-pocket expenditures, social health insurance and private insurance premiums.<sup>xxiii</sup> Since achieving universal health coverage in 2002, Thailand has managed to keep health costs at relatively low levels.

## **BARRIERS AND CHALLENGES TO ACCELERATION**

For every success story, however, there is a systemic challenge to overcome. Across the region's developing countries, weak institutions, low political commitment and low expenditures, as well as limited space for civil society participation have slowed progress and disrupted the potential of economic growth to help lift human capabilities. Conflict and natural disasters have also sometimes aggravated these challenges, bringing progress to a stall.

- **Conflicts and natural disasters**

Disasters can derail a country's efforts to address increasing demands for healthcare, education, social protection. In Afghanistan, the potential to harness natural wealth for economic growth that enhances human wellbeing has been impeded by decades of conflict and displacement. The combination of a fragile political environment and natural disasters, especially climate induced disasters, have led to loss of employment, livelihood options and infrastructure, threatening development efforts.



Vanuatu, one of the most at-risk countries in the world is estimated to incur an average of USD 67 million per year in losses due to multiple hazards, including earthquakes and tropical cyclones, representing approximately 7.2 per cent of its GDP and three quarters of its social expenditure.<sup>xxiv</sup> The 2015 Tropical Cyclone Pam, for example, resulted in damages and losses of around two-thirds of its GDP.

- **Poorly protected populations**

No developing country in the region spends close to the world average on social protection, education and health care. Overall, the region's developing countries spend only about 3.7 per cent of GDP on social protection, corresponding to less than a third of the global average spending.<sup>xxv</sup> Expenditures on education and health care are closer to, but still below, the global averages. The region's underinvestment in people is particularly affecting income security, leaving people exposed to life's contingencies.

With more than half of the workforce in vulnerable employment, incomes of the bottom 40 per cent are also not on track to catch up with the average. In most countries, the average income of the bottom 40 per cent is significantly lower than that for the overall population. For the bottom 40 to see convergence, their income growth must be substantially higher than that of the average population.

Furthermore, poverty reduction has not come with income security – especially as more than half of the region's workers are in vulnerable employment, while less than 40 per cent are effectively covered in at least one area of social protection. Only 9.4 per cent of persons with severe disabilities are covered by a social protection scheme.<sup>xxvi</sup> Only 22.5 per cent of unemployed receive unemployment benefits. The share of those receiving social assistance benefits stands at 16.4 per cent of the vulnerable population. Comprehensive social protection policies to promote the equal sharing of unpaid care responsibilities between women and men also remain a challenge i.e. policies providing for parental leave (for both mothers and fathers), and measures to improve the working conditions and provide support for unpaid family caregivers, hampering efforts for greater gender equality, women's (and girls') empowerment and well-being.

- **Governance**

In many countries, institutions and governance structures are under-resourced. Governments often lack capacity and coordination to plan and deliver health and related services, and to promote the uptake of technological innovation. Shrinking space for civic engagement, especially for key populations and affected communities, also creates barriers for inclusive progress. As a result, inequality of opportunity is perpetuated across generations and social cohesion is damaged.

## IV. POLICY RECOMMENDATIONS FOR ACCELERATION

**1. Expand social protection for all.** To boost well-being and human capabilities, governments need to boost the amount of public spending on social protection, education and health care. The evidence for increasing the level of investment in social protection in particular is overwhelming: around 233 million people would be lifted out of moderate poverty and 51 million people out of extreme poverty with more countries fully eradicating poverty by 2030.<sup>xxvii</sup> In an ageing region, with high rates of vulnerable employment, investment and innovation in the provision of social protection is essential to ensure adequate income security for all, including in old age. Considering the region's climate and disaster risks, scalable and adaptable social protection systems could increasingly become a tool for reducing vulnerabilities and minimizing the impacts of disaster events. Additionally, to address the gender-specific risks that women and girls face, national social protection policies, programs and related services need to be reviewed with a gender lens, to ensure that they tackle social vulnerabilities and discriminatory social norms and practices.



**2. Focus on quality education for all.** Systemic inequality of opportunity amplifies and perpetuates gaps in human well-being and capabilities. Education is perhaps the most critical of these opportunities, given its links to all other human development outcomes. In particular, countries with deeply entrenched cultural and institutional discrimination practices need to break stereotypes and further educational opportunities for girls. South Asian countries, including Bangladesh, India and Nepal, need to make stronger efforts to boost education outcomes for young women. In the rest of the region, while women's education outcomes often surpass those of men, policy interventions should also facilitate their transition to higher education and the workplace. Support for young mothers, including parental leave, could also serve as an incentive for completing education. The adoption of age-appropriate comprehensive sexuality education both in- and out-of-schools therefore becomes a priority.

**3. Invest in universal health care.** Access to affordable and quality health care is a prerequisite for improvements in human well-being and capabilities. There are visible gaps in health outcomes between countries that have established Universal Health Care systems and those that have not. While a significant investment, equitable access to health care is not only a development priority, but also a human right. Lessons from low and middle-income countries that completed this investment, such as Bhutan and Thailand, need to be shared widely in the region.

**4. Sustain political focus and commitment.** The region needs additional investments of USD 281 billion per year to match the global spending levels as a share of GDP on these three sectors, more than two thirds of which would need to be directed to social protection programmes. Leaders need to prioritize these sectors and focus on monitoring efficiency metrics, rather than overnight achievements. Investment in people, in education, health and social protection, takes time to yield measurable outcomes. The countries that stand out today as champions are those that started investing decades ago – such as the East Asian “tigers”, but also as recently as during the past twenty years, as is the case of China, Thailand and Viet Nam. Countries highly vulnerable to disaster and climate risks should ensure their investments in social infrastructure are risk-informed to minimize damage and disruptions to services that jeopardize quality of outcomes. For example, the 2015 earthquake in Nepal left more than one million children without safe permanent places to learn.<sup>xxviii</sup> The School Sector Development Plan (2016–2023) that followed identified school safety and resilience in education as one of five dimensions for strengthening school education in the country.

**5. Build strong institutions.** Empowering people and ensuring their inclusion embodies the transformative changes we require of the 2030 Agenda, as it addresses the root causes of deprivations and marginalization. A country's income level does not determine its potential to raise everyone's well-being. Rather, if responsive institutions are in place, and if legislative frameworks are guided by strong political commitment and enforced, then human capabilities can improve in a more equitable manner. The capacity of countries to respond more effectively to major health, disaster and climate change as well as other development challenges needs to be strengthened by working on governance structures to improve legal, policy and regulatory environments, increase access to justice, build human and institutional capacity and develop rights-based investment and financing approaches. The entwined goals of achieving pro-poor economic growth, strong and stable societies, and healthy environments require that institutions formulate strong and transparent policies that take all three into consideration.

**6. Increase effectiveness of fiscal policies.** An effective tax system enhances public revenues and facilitates increasing investments in essential services, such as health care, education and social protection. To this end, better and effective governance is needed to boost overall tax compliance and improve composition and efficiency of public expenditure. Similarly, reforming tax structures to reduce their adverse effects on the poor through progressive taxes on personal income, property and wealth can help prevent excessive concentration of wealth and power in the hands of a few, ensuring greater equality of opportunity within and across generations.



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## END NOTES

- i [https://sustainabledevelopment.un.org/content/documents/24797GSDR\\_report\\_2019.pdf](https://sustainabledevelopment.un.org/content/documents/24797GSDR_report_2019.pdf)
- ii ADB, UNDP, ESCAP Partnership report 2020
- iii The analysis builds on indicators produced in the ADB/UNDP/ESCAP Partnership report (Methodological Annex 1) and on SDG-related indicators that have been analysed within ESCAP as part of the inequality of opportunity programme (Methodological Annex 2).
- iv ESCAP, 2018. Social Outlook for Asia and the Pacific: Poorly Protected
- v ESCAP, 2018. Inequality in Asia and the Pacific in the era of the 2030 Agenda for Sustainable Development
- vi UNESCO-UIS (2015) calculates that there were 17.3 million out-of-school children of primary school age in 2013, the majority of them in South and West Asia.
- vii ESCAP, 2018. Inequality of Opportunity in Asia and the Pacific: Education. *Social Development Policy Papers #2018-01*
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- x UNFPA (2019). *State of the World Population 2019 – Unfinished Business the pursuit of rights and choices for all*. New York, USA.
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- xii WHO, World Bank, 2017. Tracking universal health coverage: 2017 Global Monitoring Report.
- xiii ESCAP, 2018. Inequality of Opportunity in Asia and the Pacific: Women’s Sexual and Reproductive Health. *Social Development Policy Papers #2020-01*.
- xiv “Average” is the average rate of access in a respective year. “Stunting rate of the most disadvantaged group” is the access rate of that group in the respective year to adequate nutrition, although the size and composition of that group may vary.
- xv The five UN ESCAP subregions are East and North-East Asia, North and Central Asia, Pacific, South and South-West Asia, and South-East Asia.
- xvi The reason is that a 10 per cent increase on an income of \$2.00, is far lower than a 5 per cent increase on an income of \$10.00. Hence, despite the growth rate being twice as high, absolute income gaps could continue widening for many years.
- xvii ESCAP, 2018. Social Outlook for Asia and the Pacific: Poorly Protected.
- xviii Zheng Gongcheng and Wolfgang Scholz September 2019. Global social security and economic development: Retrospect and prospect, *ILO Asia-Pacific Working Paper Series*
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