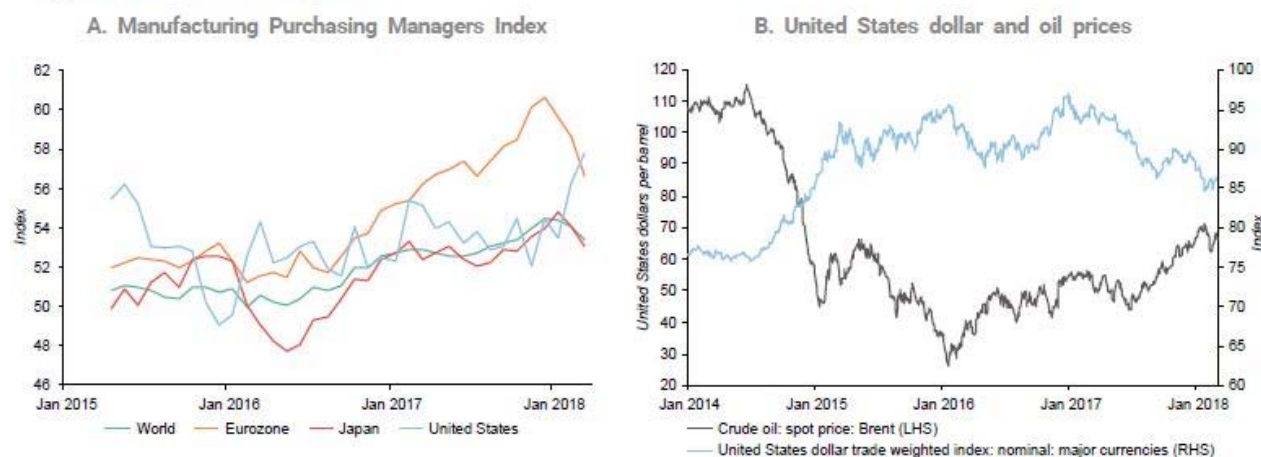


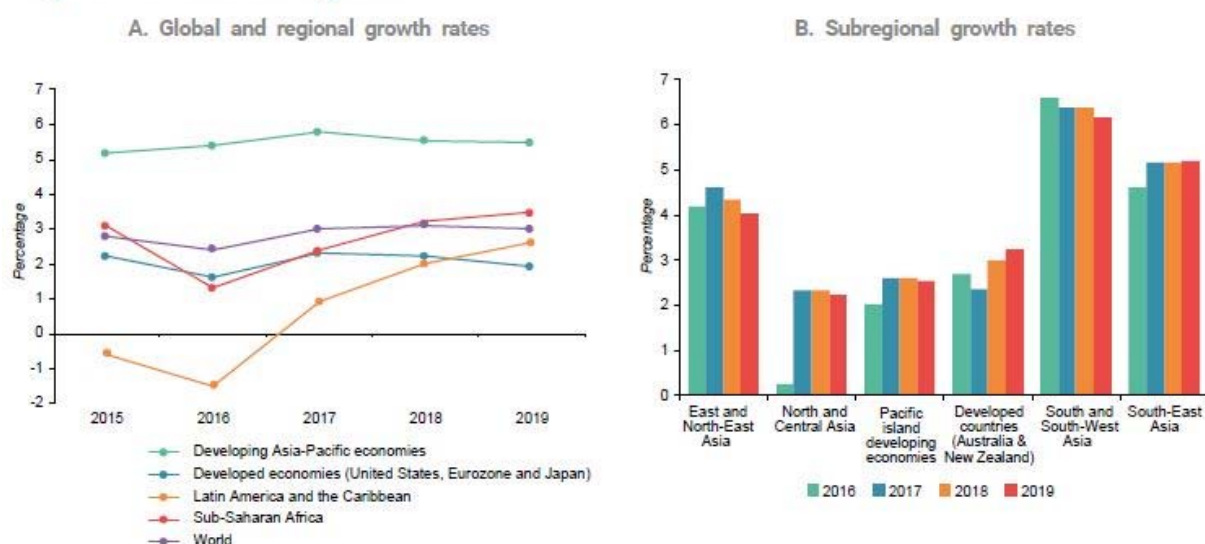
Figure 1.1. Global context



Source: ESCAP, based on CEIC Data. Available from www.ceicdata.com (accessed 1 March 2018).

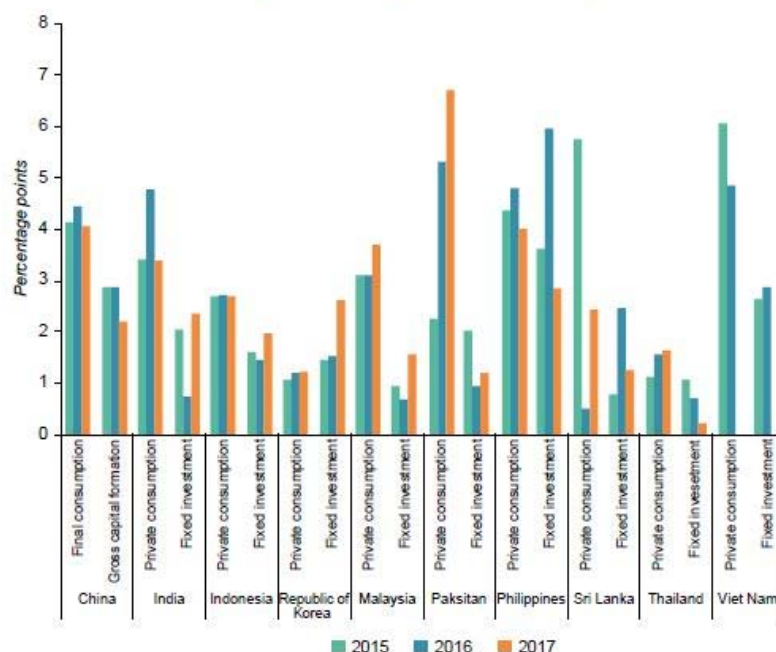
Note: A PMI value higher than 50 indicates that the manufacturing economy is expanding, while a PMI value of less than 50 indicates that the manufacturing economy is contracting.

Figure 1.2. Economic growth



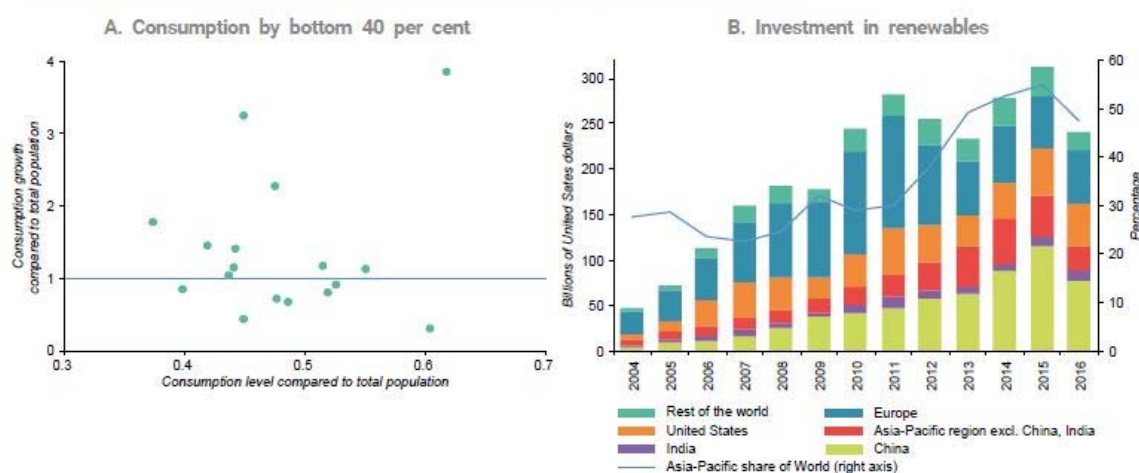
Source: United Nations, Department of Economic and Social Affairs, *World Economic Situation and Prospects 2018*, see table I.1, p. 1. (Sales No. E.18.II.C.2). Available from www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2018_Full_Web-1.pdf, and World Bank, *Global Economic Prospects, January 2018: Broad-based Upturn, but for How Long?* (Washington, D.C., 2018). Available from <https://openknowledge.worldbank.org/bitstream/handle/10986/28932/9781464811630.pdf>.

Figure 1.3. Contribution to GDP growth of private consumption and fixed investment



Source: ESCAP, based on CEIC Data. Available from www.ceicdata.com (accessed 1 March 2018).

Figure 1.4. How inclusive and sustainable is domestic demand?



Source: ESCAP, based on Global Database of Shared Prosperity and International Renewable Energy Agency.

Note: Panel A: blue dots below the blue line (1 on the y-axis) indicate countries where consumption of the bottom 40 per cent grew at a slower pace than the average household. The x-axis shows that consumption level of the bottom 40 per cent is less than half of that of the average household in many countries. Panel B: the bars and left axis show that the region's investment in renewable energy (combined light green, purple and red bars) has steadily increased to reach \$171 billion in 2015. The dark blue line and right axis show that the region now accounts for half of the world's investment in renewable energy, such as solar and wind.

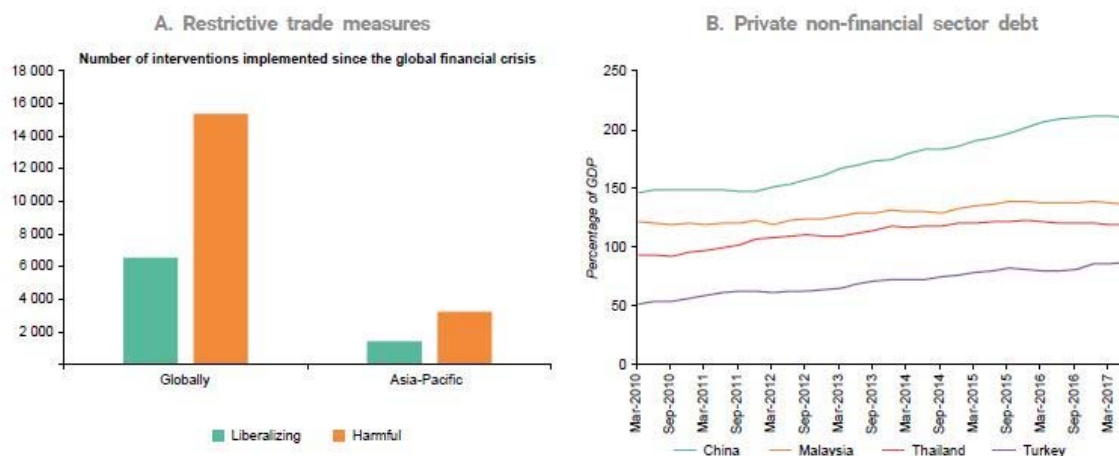
Figure 1.5. Trade performance and final demand



Source: ESCAP based on CEIC Data. Available from www.ceicdata.com (accessed 1 March 2018); and OECD-WTO, Trade-in-Value Added Database.

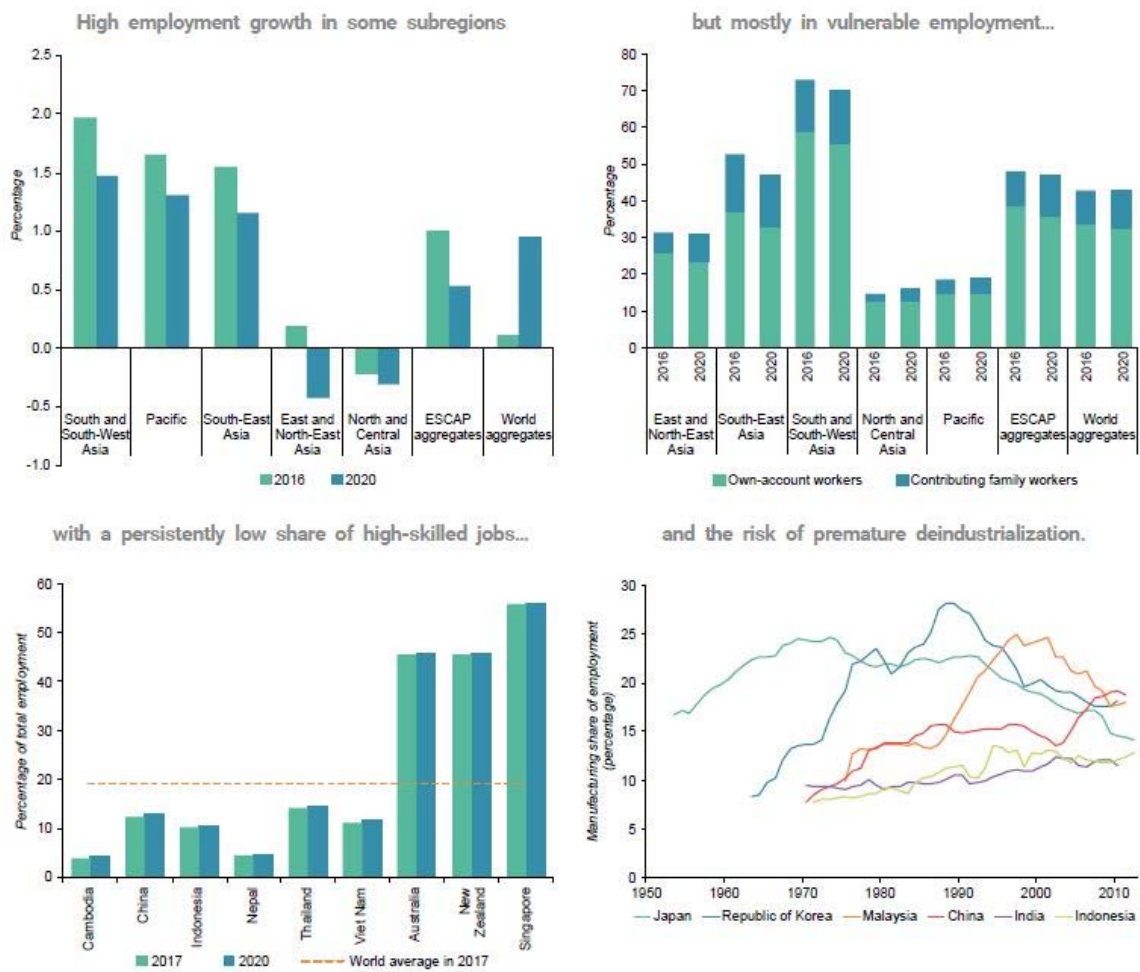
Note: Panel A shows the average value for 10 major regional economies. Panel B shows that China is now on par with the United States in terms of final demand for regional exports, especially for South-East Asian economies.

Figure 1.6. Trade barriers and financial vulnerabilities



Source: ESCAP, based on Global Trade Alert. Available from www.globaltradealert.org (accessed 1 March 2018); and Bank for International Settlements. Available from www.bis.org (accessed 1 March 2018).

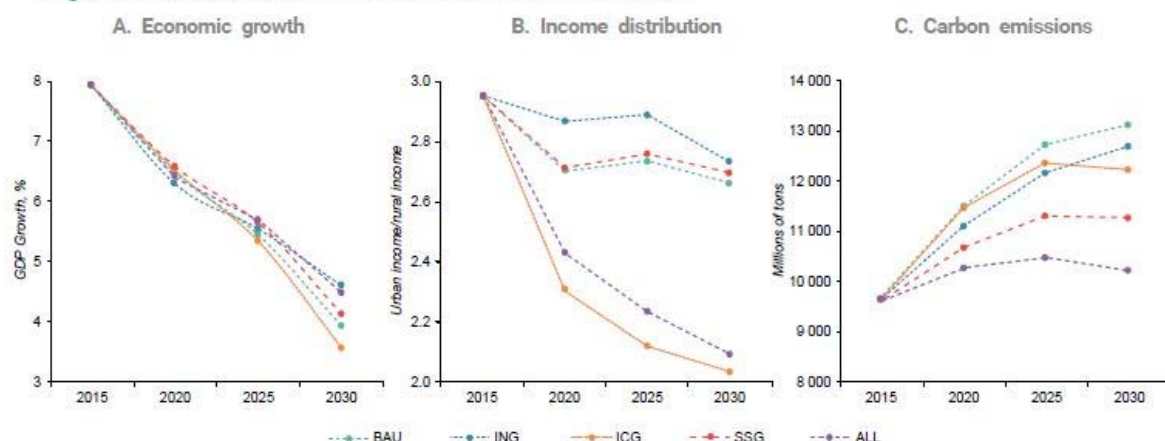
Figure 1.7. Inadequate decent jobs in countries with a youth bulge



Source: ESCAP, based on ILOSTAT. Available from www.ilo.org/ilostat (accessed 19 February 2018); and the GGDC 10-Sector Database.

Note: Vulnerable employment in 2020 is a model-based projection by the International Labour Organization.

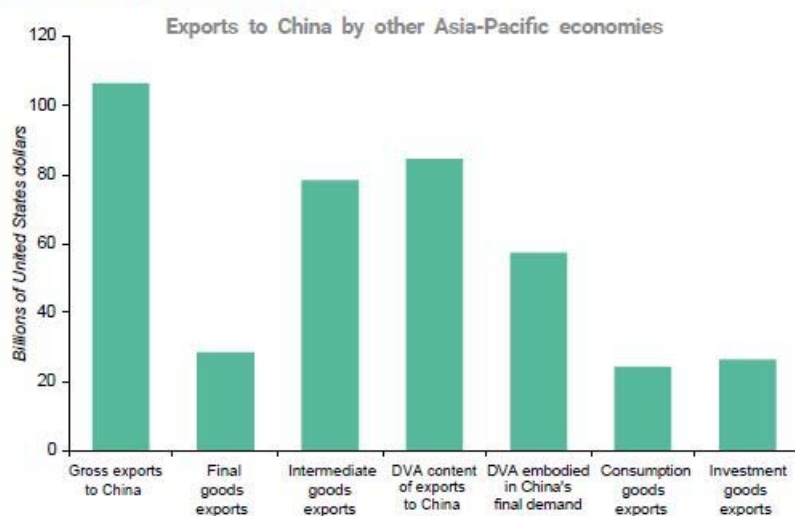
Figure 1.8. Alternative scenarios for China in 2030



Source: ESCAP, based on DRC-CGE model.

Note: BAU = baseline scenario; ING = innovative growth scenario; ICG = inclusive growth scenario; SSG = sustainable growth scenario; and ALL = innovative, inclusive and sustainable growth scenario. The baseline scenario (BAU) is based on the historic trend of China's economic development to simulate economic growth without structural reforms; the innovative growth scenario (ING) assumes that China will improve economic efficiency through technological progress and efficient resource allocation; the inclusive growth scenario (ICG) projects China's growth with assumptions of policies to focus on narrowing income inequalities and providing social protection; the sustainable growth scenario (SSG) assumes that China will increase the share of non-fossil fuel in its energy composition and introduce more market mechanisms to improve energy and carbon intensity, such as a carbon tax; the innovative, inclusive and sustainable growth scenario (ALL) combines the assumptions of ING, ICG and SSG scenarios. China's economic growth simulation is based on a computable general equilibrium model.

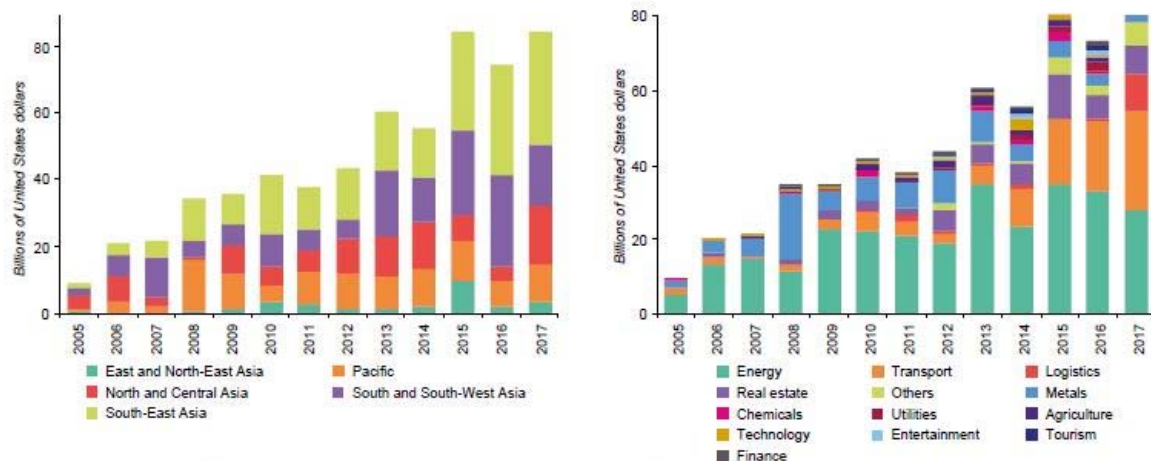
Figure 1.9. Trade linkages with China



Source: ESCAP, based on OECD-WTO Trade in Value Added database.

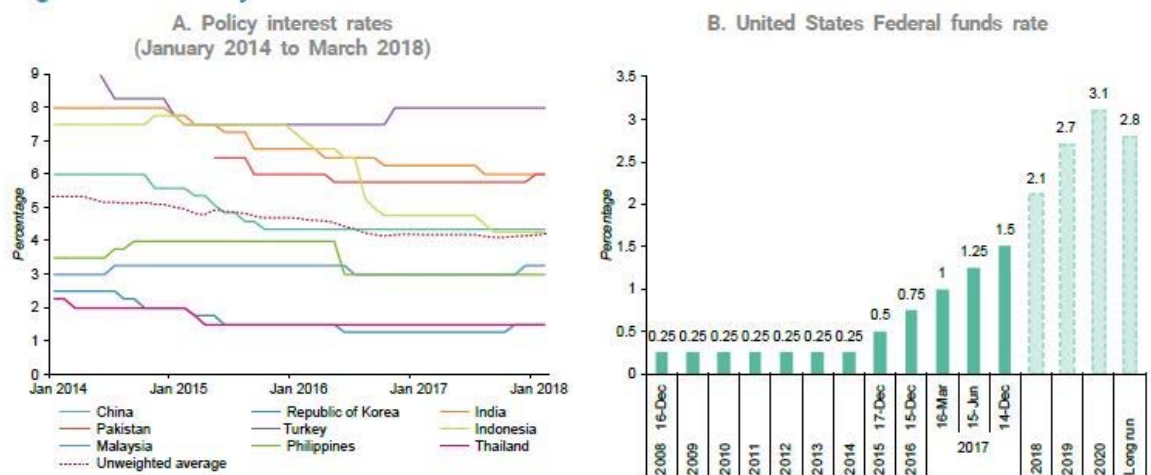
Note: Calculation is based on 2011 data, the latest available year; DVA refers to Domestic Value Added.

Figure 1.10. Investment linkages with China



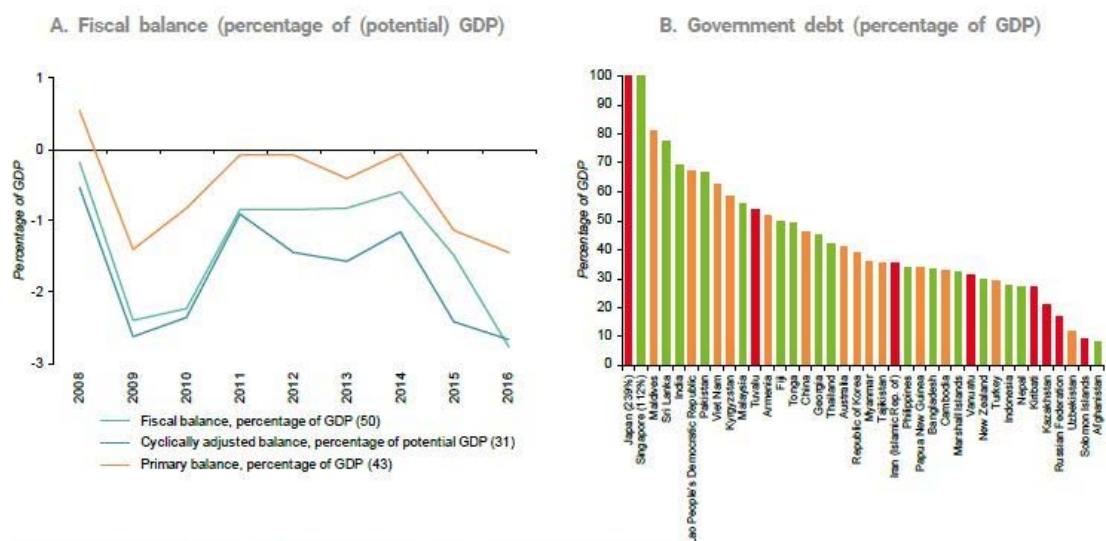
Source: ESCAP, based on American Enterprise Institute and Heritage Foundation.

Figure 1.11. Policy interest rates



Source: ESCAP, based on CEIC Data. Available from www.ceicdata.com (accessed 1 March 2018); and United States Federal Reserve. Available from: www.federalreserve.gov.

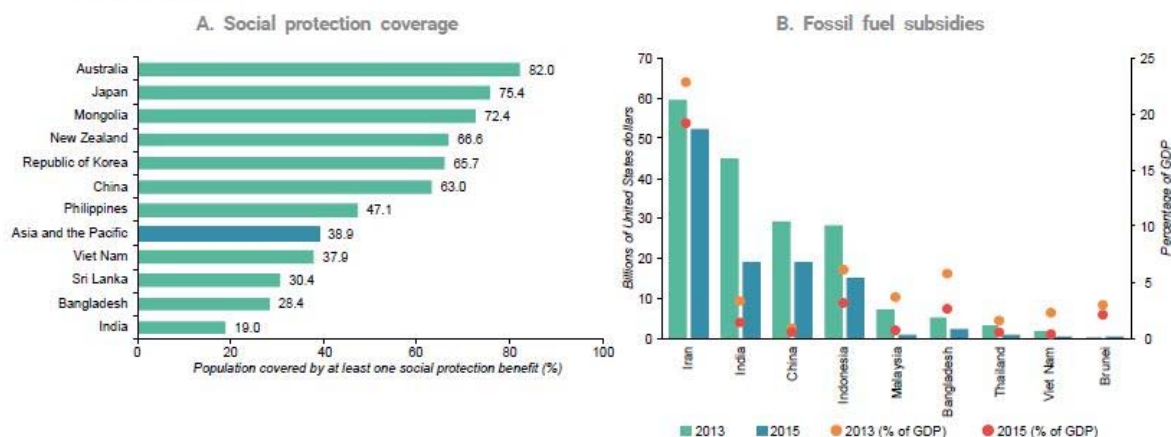
Figure 1.12. Fiscal position



Source: ESCAP, based on World Bank, Fiscal Space Database, and its own calculations.

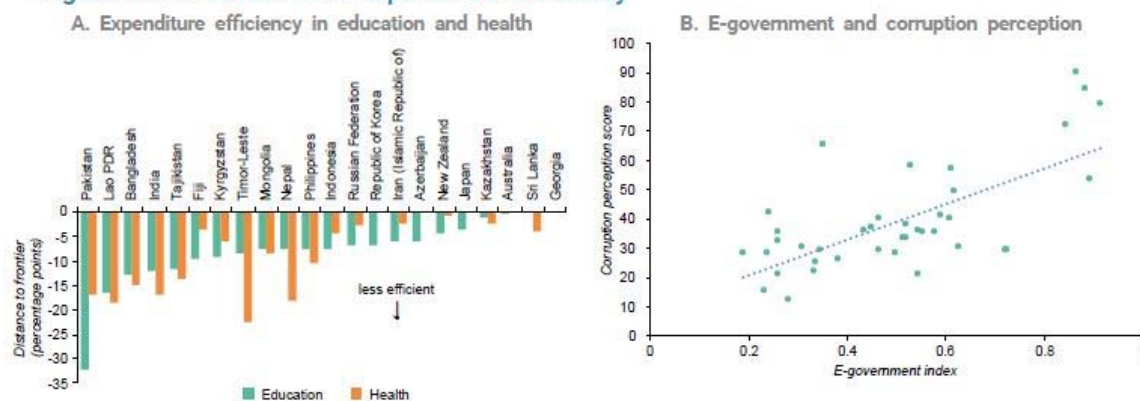
Note: Panel A: numbers in parentheses indicate the number of countries, based on which the median is presented. Panel B: if the primary balance, borrowing cost and GDP growth remain as in 2016, countries in RED will see their debt ratio increase, while for others it will fall. Under a less favourable scenario in which a 1 standard deviation shock is applied to the differential between borrowing costs and GDP growth, only the countries in GREEN would see their debt ratio decrease, while for others (RED plus ORANGE) it would increase.

Figure 1.13. Social protection coverage and fossil fuel subsidies – examples of budget reallocation



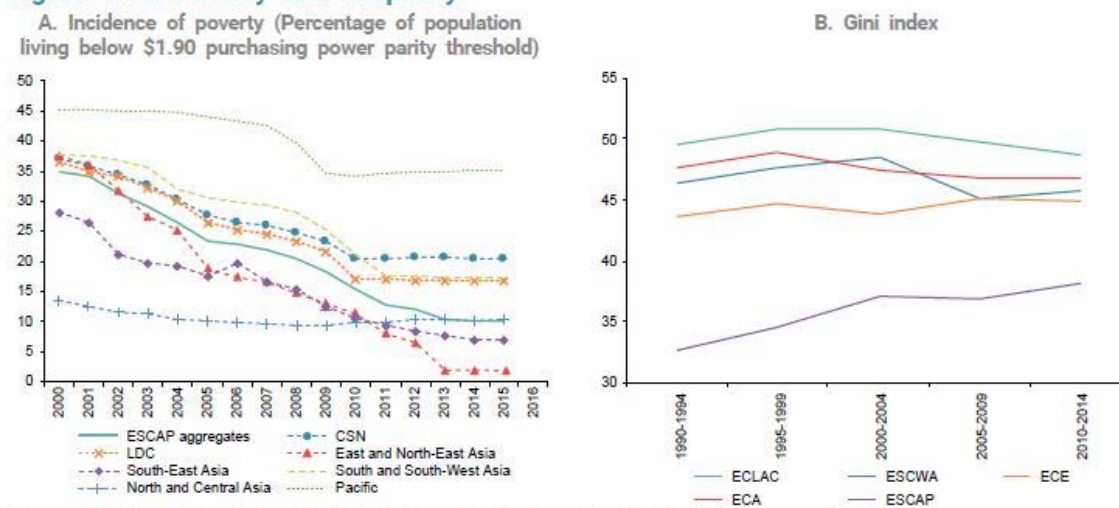
Source: International Labour Organization, *World Social Protection Report 2017-19: Universal Social Protection to Achieve the Sustainable Development Goals* (Geneva, 2017). Available from www.ilo.org/wcmsp5/groups/public/-dgreports/-dcomm/-publ/documents/publication/wcms_604882.pdf; and ESCAP Statistical Database.

Figure 1.14. Government expenditure efficiency



Source: ESCAP, *Economic and Social Survey of Asia and the Pacific 2017: Governance and Fiscal Management*. Sales No. E.17.II.F.8.

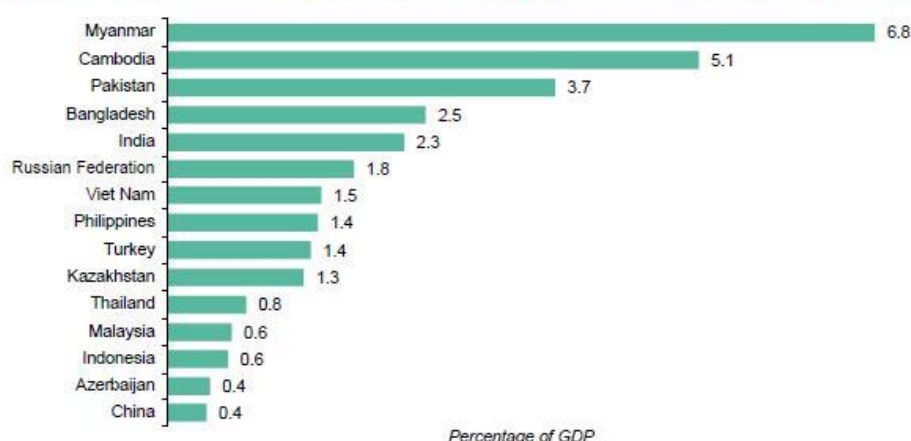
Figure 1.15. Poverty and inequality



Source: ESCAP, *Inequality in Asia and Pacific in the Era of the 2030 Agenda for Sustainable Development*, forthcoming.

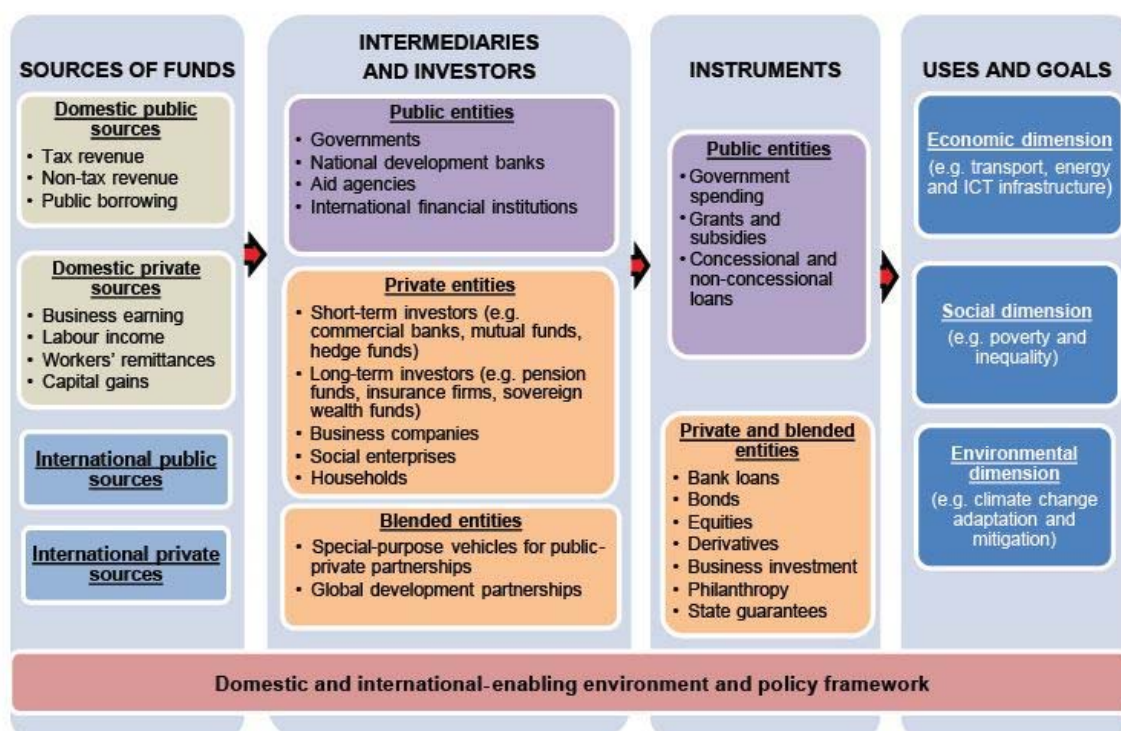
Note: Gini index is shown by five year averages, using country classification of the five UN regional economic commissions. ECLAC covers Latin America and the Caribbean; ECA covers Africa. ECE covers Europe; ESCAP covers Asia and the Pacific; ESCWA covers Western Asia.

Figure 2.1. Estimated infrastructure investment gaps in selected Asia-Pacific economies



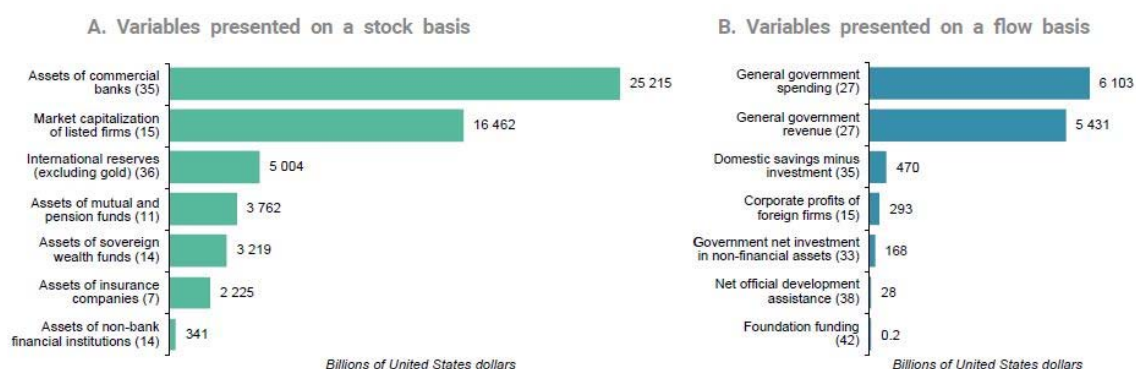
Source: Global Infrastructure Hub, Global infrastructure outlook. (Sydney: GIH, 2015). Available from <https://outlook.gihub.org>.

Figure 2.2. Illustrative flow of funds for development finance in a given country



Source: ESCAP, based on United Nations System Task Team (UNTT), Report of the Intergovernmental Committee of Experts on Sustainable Development Financing" (New York, 2014).

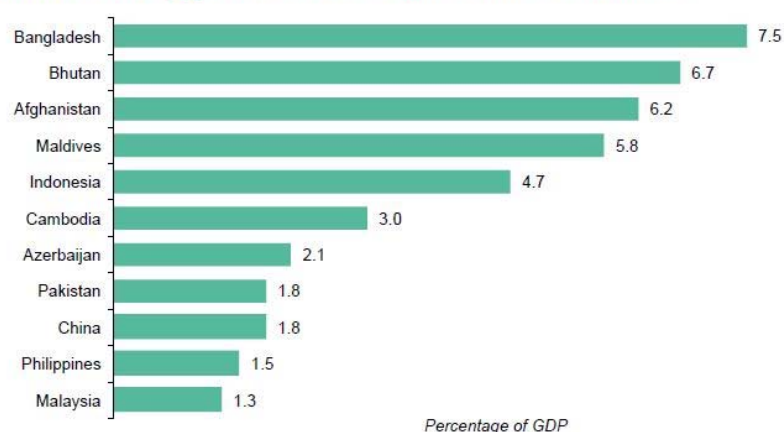
Figure 2.3. Selected indicators on size of available financing in selected economies



Source: ESCAP, based on World Development Indicators Database, Global Financial Development Database, Orbis database, SDGfunders.org and Sovereign Wealth Fund Institute.

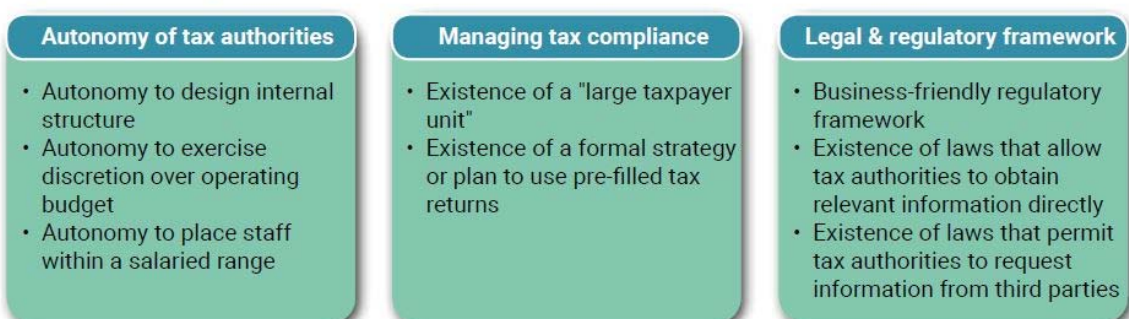
Notes: Figures in parentheses indicate the number of developing Asia-Pacific economies on which calculations are based. The data period for most indicators is either 2015 or 2016.

Figure 2.4. Estimated tax gaps in selected Asia-Pacific economies



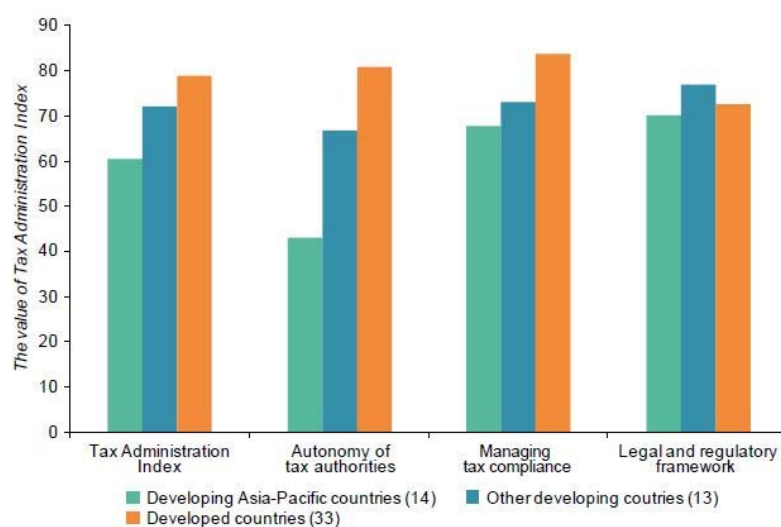
Source: ESCAP, *Economic and Social Survey of Asia and the Pacific 2014: Regional Connectivity for Shared Prosperity*. Sales No. E.14.II.F.4. Available from www.unescap.org/sites/default/files/Economic%20and%20Social%20Survey%20of%20Asia%20and%20the%20Pacific%202014.pdf.

Figure 2.5. Components of the Tax Administration Index



Source: ESCAP analysis.

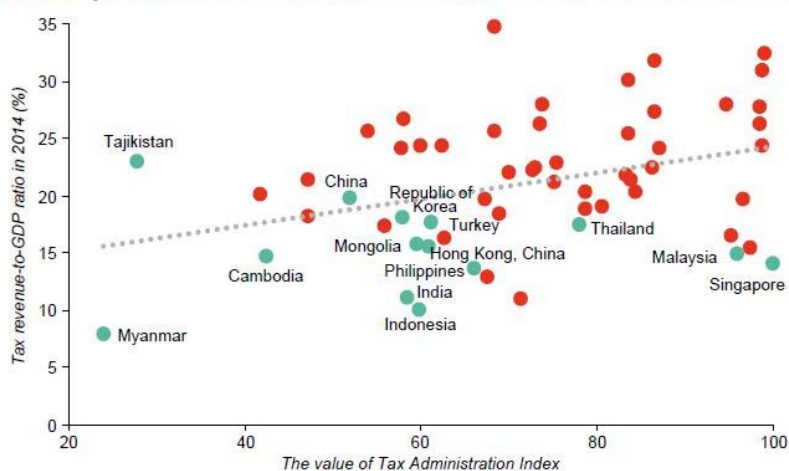
Figure 2.6. The Tax Administration Index in developing Asia-Pacific economies and beyond



Source: ESCAP, based on Organisation for Economic Co-operation and Development (OECD), *Tax Administration 2017: Comparative Information on OECD and Other Advanced and Emerging Economies*. Paris: OECD Publishing; Asian Development Bank (ADB), *A Comprehensive Analysis of Tax Administration in Asia And The Pacific: 2016 edition*. Manila, Philippines; and Worldwide Governance Indicators.

Note: The figures in parentheses indicate the number of countries with available data. Other developing countries are Argentina, Brazil, Bulgaria, Colombia, Costa Rica, Croatia, Cyprus, Lithuania, Malta, Morocco, Peru, Romania and South Africa.

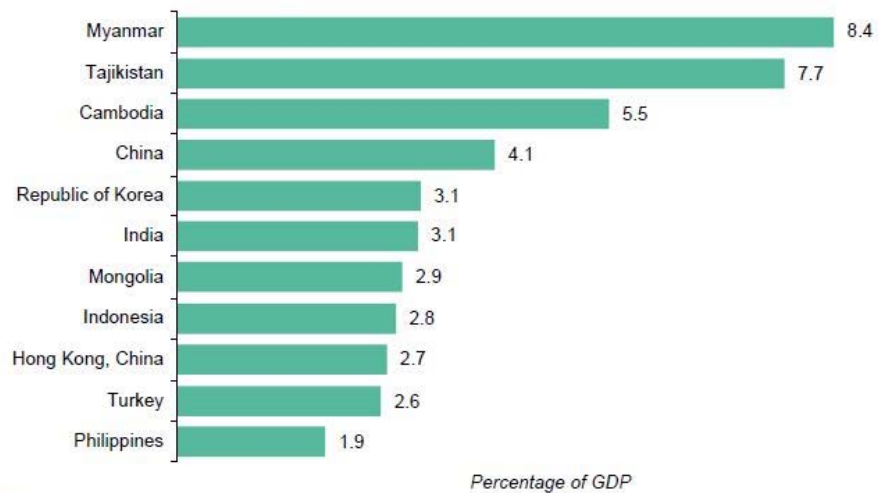
Figure 2.7. Scatter plot between Tax Administration Index and tax revenue-to-GDP ratio



Source: ESCAP analysis.

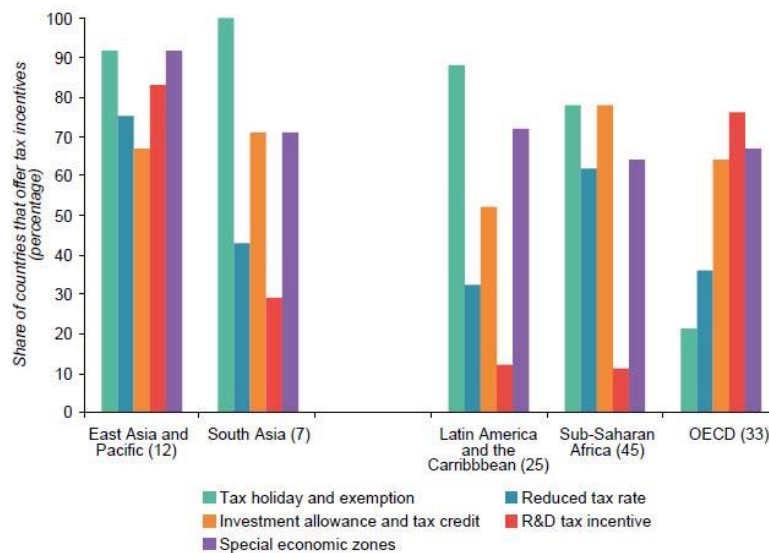
Note: The dots highlighted in green represent 14 developing Asia-Pacific economies.

Figure 2.8. Potential revenue impact of better tax administration



Source: ESCAP analysis.

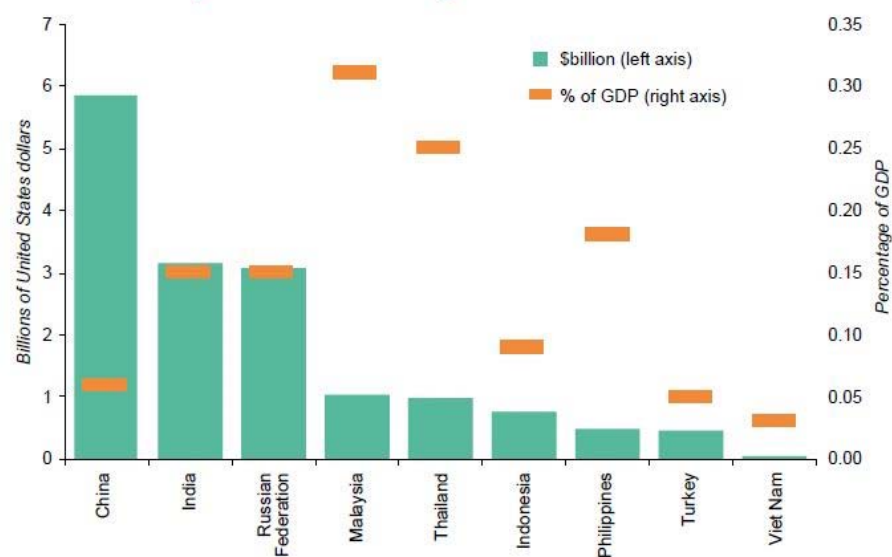
Figure 2.9. Use of foreign direct investment tax incentives in selected regions of the world in 2014



Source: ESCAP, based on Sebastian James, *Effectiveness of investment incentives in developing countries: evidence and policy implications* (Washington, D.C., World Bank, 2014). Available from www.tepav.org.tr/upload/files/haber/1285937438-5.Effectiveness_of_Tax_Incentives_in_developing_countries__Policy_and_Evidence__TEPAV_Sept_2010_B_W.pdf.

Note: Figures in parentheses indicate the number of countries covered in each group of countries.

Figure 2.10. Potential tax expenditure on foreign direct investment incentives



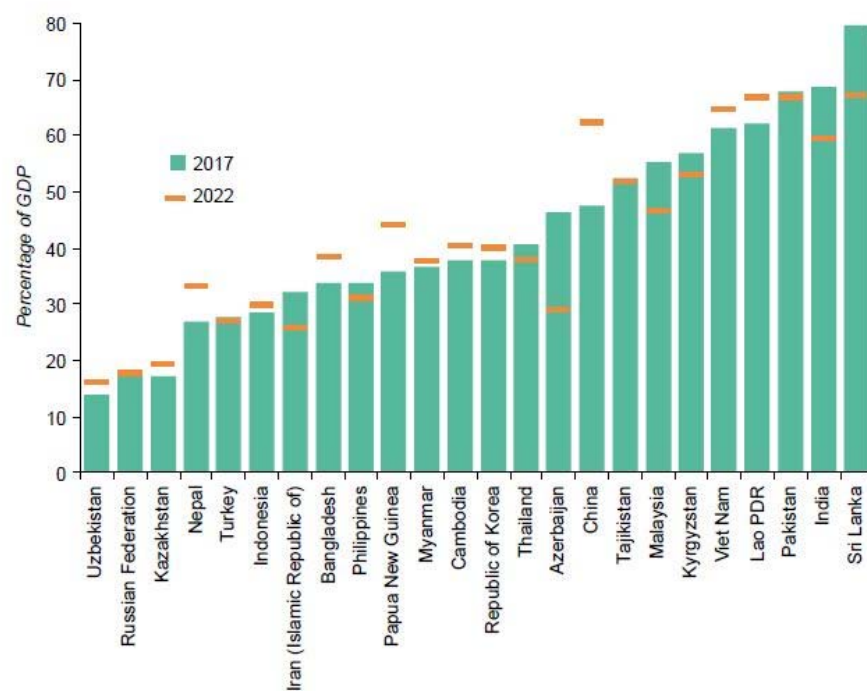
Source: ESCAP, based on firm-level data in the Orbis database. Available from <https://orbis.bvdinfo.com>.

Figure 2.11. Potential tax revenue from introducing a carbon tax in selected economies



Source: ESCAP analysis.

Figure 2.12. Public debt levels in 2017 and 2022



Source: ESCAP, based on IMF Fiscal Monitor database (October 2017 edition).

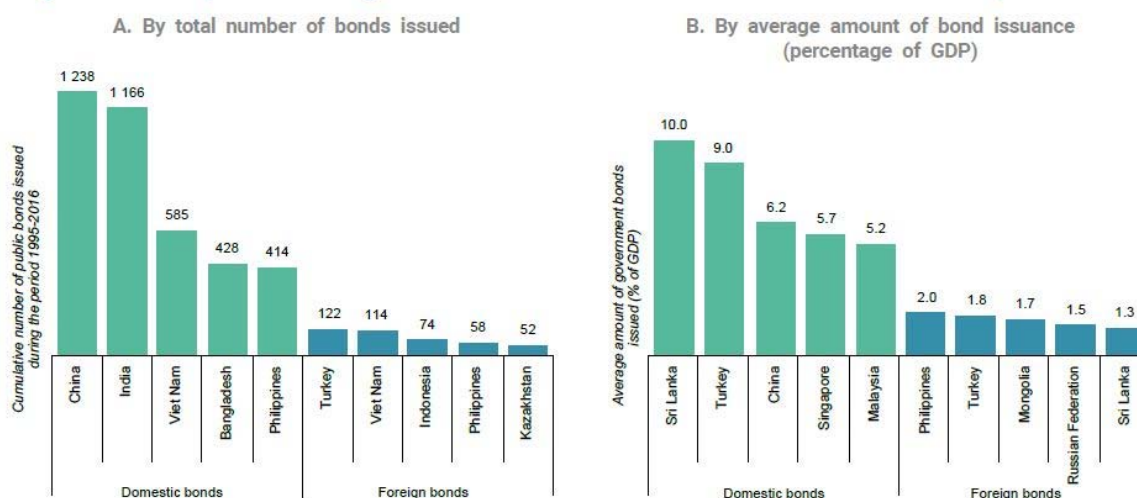
Figure 2.13. Fiscal risks due to selected contingent liabilities in selected economies

Subregion	Country/area	Fiscal decentralization	Natural disaster	Banking sector	State-owned enterprises
East and North-East Asia	China				
	Hong Kong, China				
	Republic of Korea				
	Mongolia				
North and Central Asia	Armenia				
	Azerbaijan				
	Georgia				
	Kazakhstan				
	Kyrgyzstan				
	Tajikistan				
	Uzbekistan				
Pacific	Fiji				
	Papua New Guinea				
South and South-West Asia	Afghanistan				
	Bangladesh				
	Bhutan				
	India				
	Maldives				
	Nepal				
	Pakistan				
	Sri Lanka				
South-East Asia	Cambodia				
	Indonesia				
	Lao People's Democratic Republic				
	Malaysia				
	Myanmar				
	Philippines				
	Singapore				
	Thailand				
	Viet Nam				

Source: ESCAP, based on George Kopits, Benno Ferrarini and Arief Ramayandi, Exploring risk-adjusted fiscal sustainability: Analysis for Asian economies. ADB Economics Working Paper Series No. 483 (Manila, 2016).

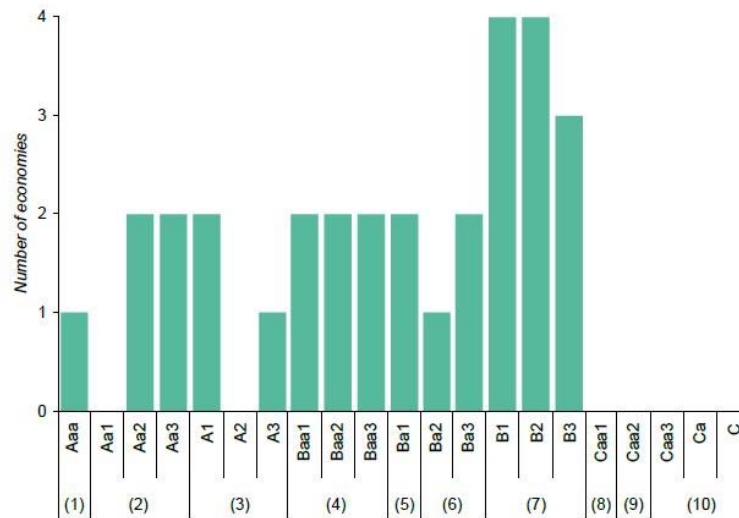
Note: Cells highlighted in green indicate a low risk; those in yellow, a medium risk; and red, a high risk. Cells highlighted in white indicate that no information is available.

Figure 2.14. Top issuers of government bonds in terms of number and amount, 1995-2016



Source: ESCAP, based on Bloomberg database.

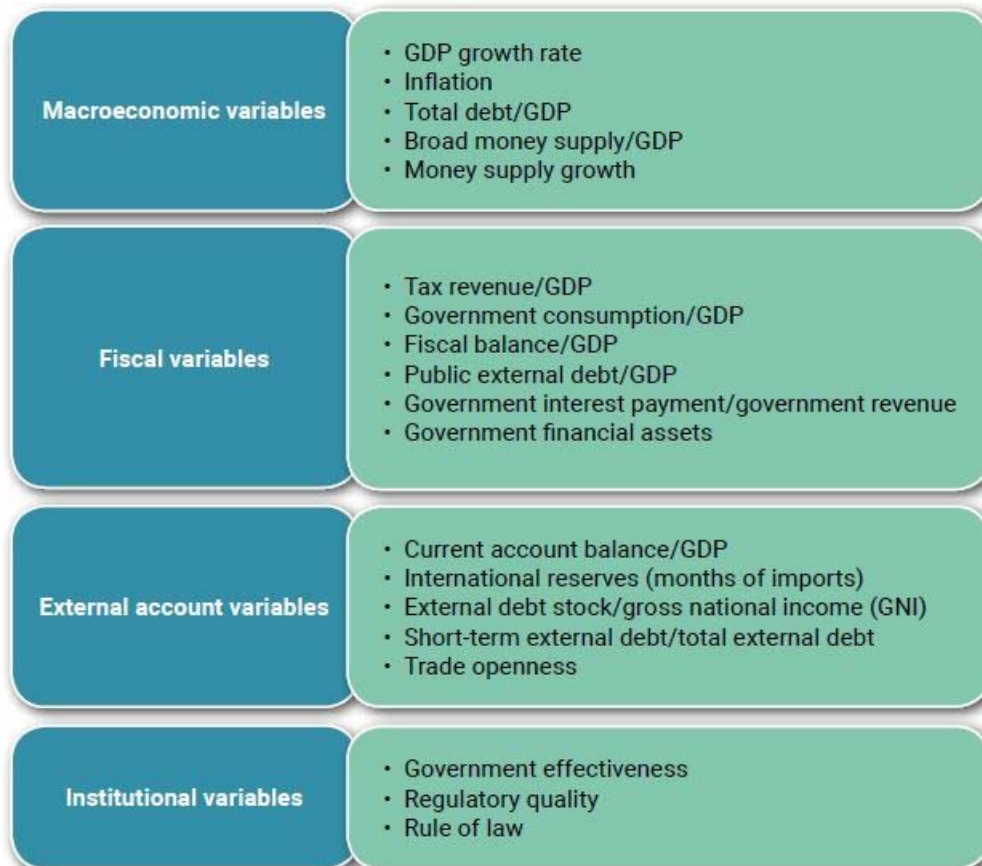
Figure 2.15. Sovereign credit risk ratings across developing Asia-Pacific economies



Source: ESCAP, based on <https://tradingeconomics.com/country-list/rating>.

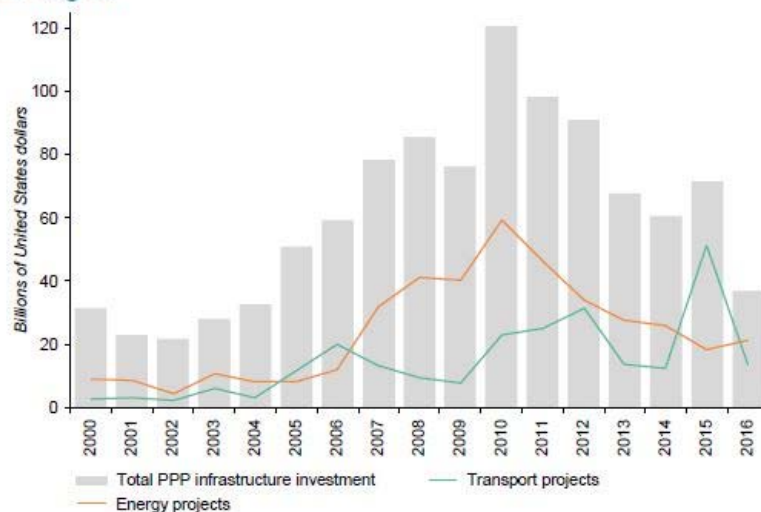
Note: The ratings are based on Moody's indicators: (1) is prime; (2) is high grade; (3) is upper-medium grade; (4) is lower-medium grade; (5) is non-investment grade; (6) is speculative; (7) is highly speculative; (8) is substantial risks; (9) is extremely speculative; and (10) is in default, with little prospect for recovery.

Figure 2.16. Possible determinants of a public bond issuance



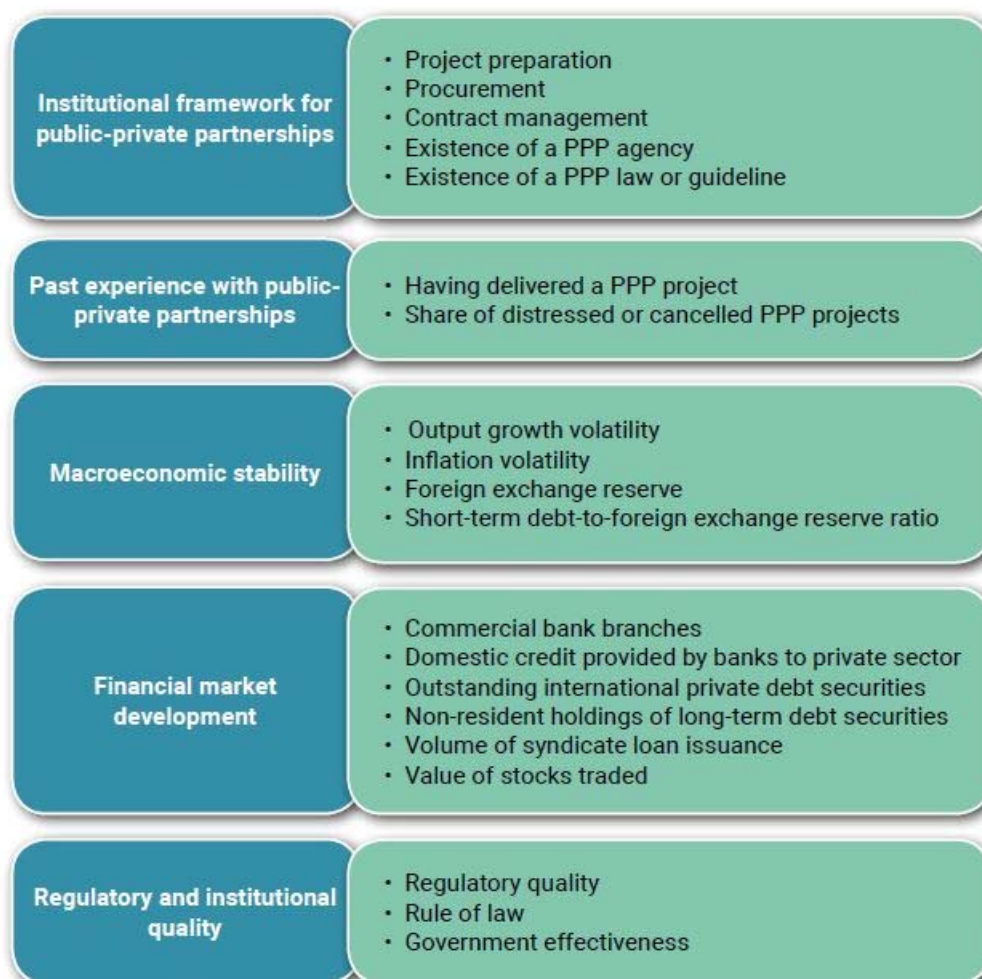
Source: ESCAP analysis.

Figure 2.17. Total infrastructure investment under public-private partnership projects in the Asia-Pacific region



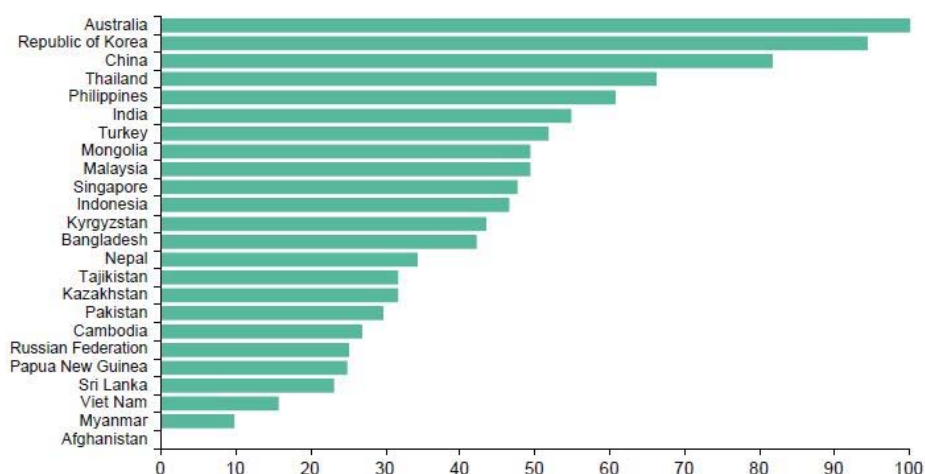
Source: ESCAP, based on World Development Indicators database.

Figure 2.18. Five components of the PPP Enabling Environment Index



Source: ESCAP analysis.

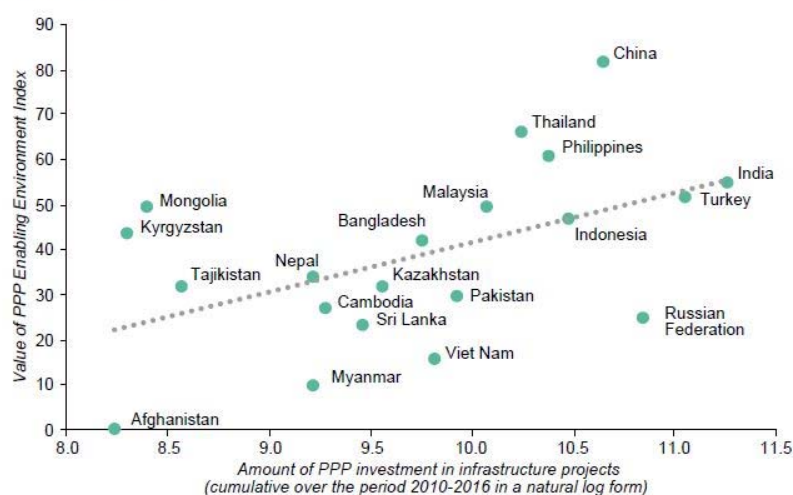
Figure 2.19. The PPP Enabling Environment Index across Asia-Pacific economies



Source: ESCAP analysis.

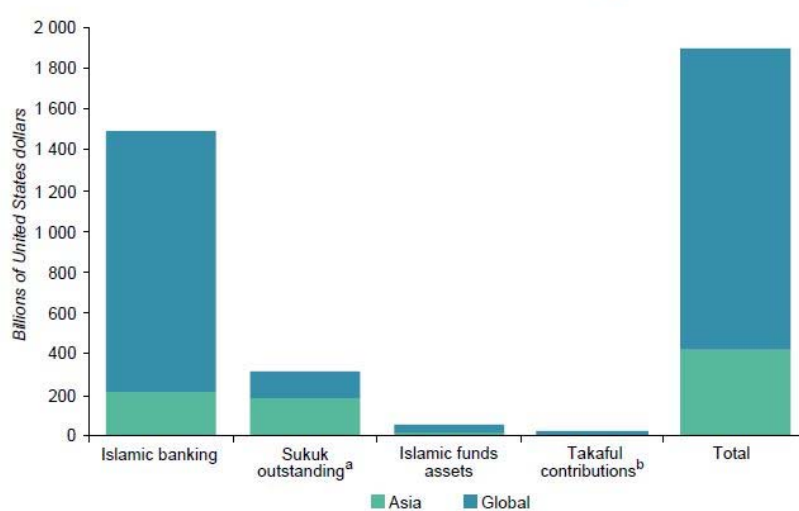
Note: A higher score value means more enabling environment.

Figure 2.20. Scatter plot: PPP Enabling Environment Index and public-private partnership infrastructure investment



Source: ESCAP analysis and World Development Indicators database.

Figure 2.21. Total worth of Islamic financial service industry in 2016

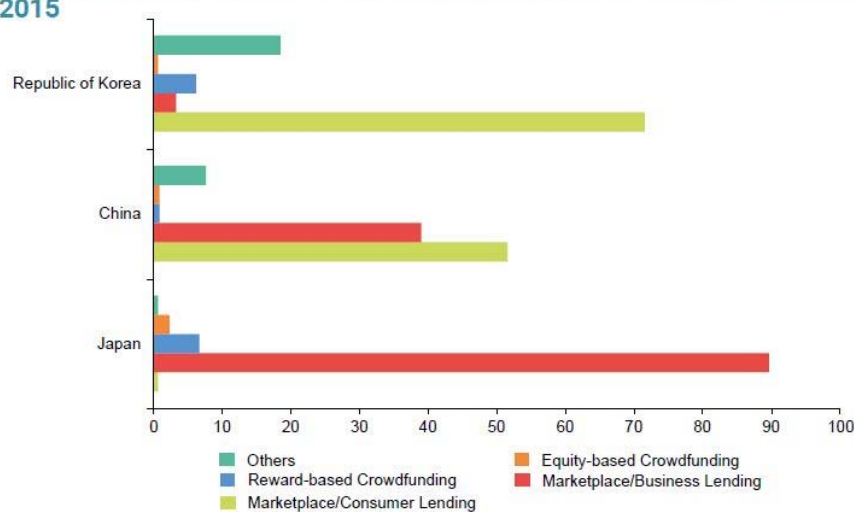


Source: ESCAP, based on Islamic Financial Services Board, *Islamic Financial Services Industry Stability Report*. Available from <https://www.ifsb.org/docs/IFSB%20IFS%20Stability%20Report%202017.pdf>.

^a The equivalent of an Islamic bond.

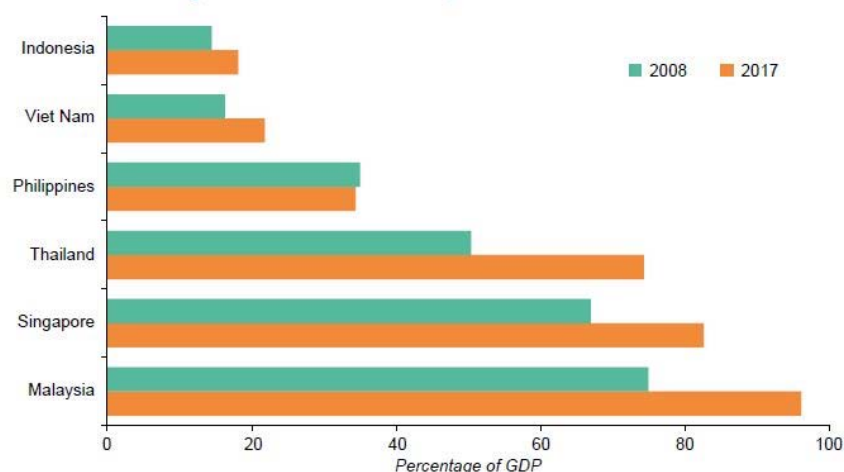
^b The Islamic alternative to conventional insurance.

Figure 3.1. Percentage share of the alternative finance market in East and North-East Asia, 2015



Source: Bryan Zhang and others, *Harnessing Potential: The Asia-Pacific Alternative Finance Benchmarking Report* (Sydney, 2016). Available from http://sydney.edu.au/business/_data/assets/pdf_file/0005/262166/Harnessing-Potential-Report.pdf.

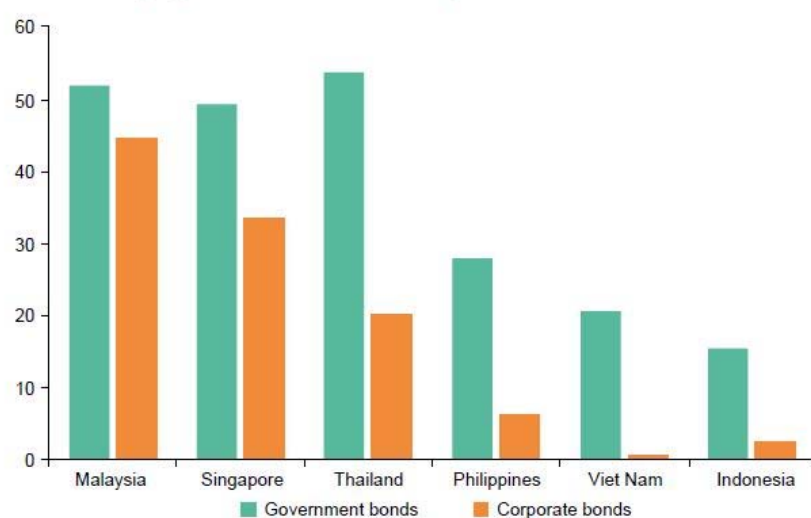
Figure 3.2. Local currency bond market size, 2008 and 2017



Source: ESCAP, based on Asian Bonds Online, Asian Development Bank. Available from <https://asianbondsonline.adb.org/>. (accessed 1 March 2018).

Note: Data for 2008 are as of December 2008; 2017 data are as of December 2017. The total local currency bond market comprises both government and corporate bond markets.

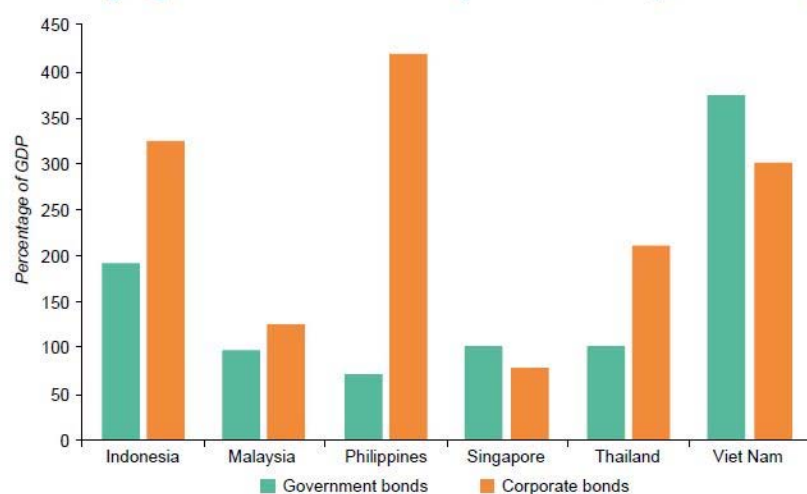
Figure 3.3. Local currency government and corporate bond markets in 2017



Source: ESCAP, based on Asian Bonds Online, Asian Development Bank. Available from <https://asianbondsonline.adb.org/>.

Note: Data for 2017 as of December 2017.

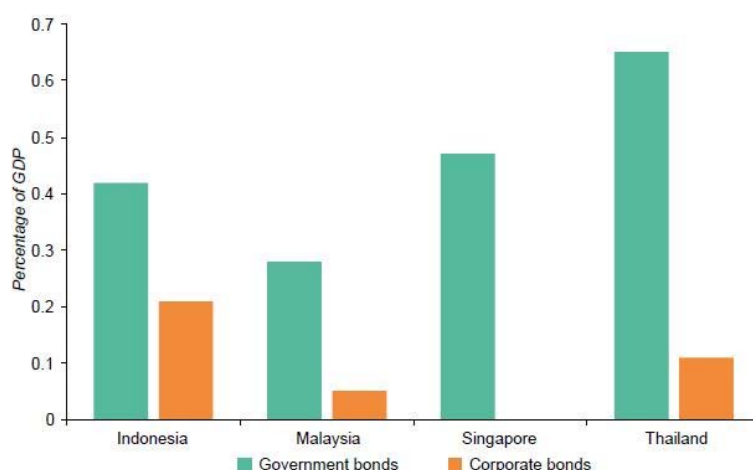
Figure 3.4. Percentage growth of local currency bond market, 2008-2017, by segment



Source: ESCAP, based on Asian Bonds Online, Asian Development Bank. Available from <https://asianbondsonline.adb.org/>.

Note: Data for 2017 as of January 2018.

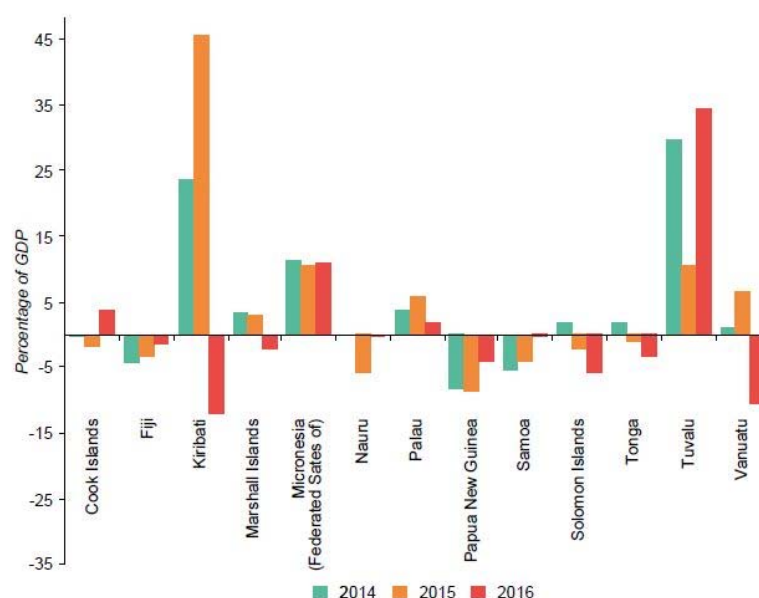
Figure 3.5. Bond turnover ratio, 2017



Source: ESCAP, based on Asian Bonds Online, Asian Development Bank. Available from <https://asianbondsonline.adb.org/> (accessed 1 March 2018).

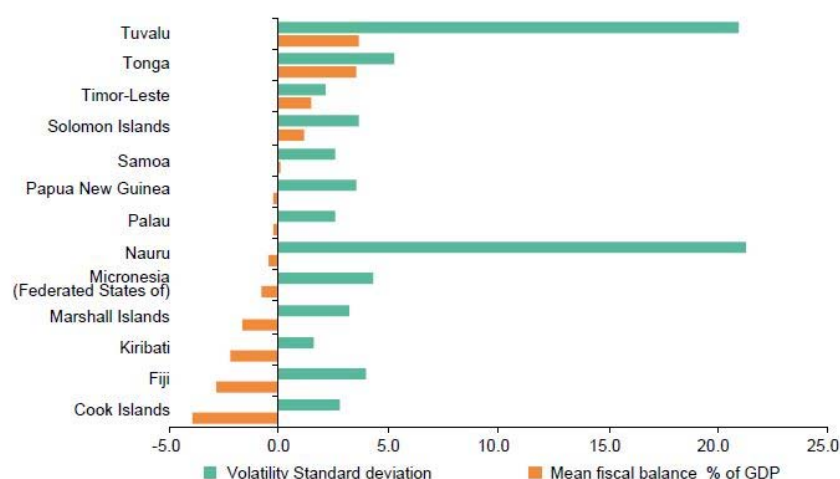
Note: Bond turnover ratio is defined as the ratio of total turnover to the average outstanding amount of debt securities. Data are not available for the corporate bond turnover ratio of Singapore. Data for 2017 are as of December 2017.

Figure 3.6. Fiscal balance in Pacific economies, 2014-2016



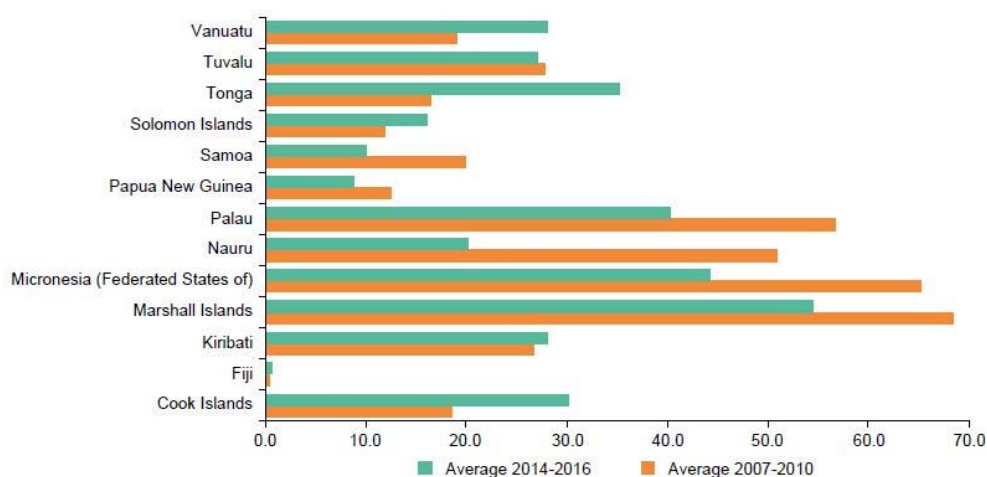
Source: ESCAP, based on data from Asian Development Bank, Key Indicators for Asia and the Pacific 2017 (Mandaluyong City, Philippines, 2017). Available from www.adb.org/sites/default/files/publication/357006/ki2017.pdf.

Figure 3.7. Fiscal balance and volatility of Pacific island economies, 2014-2016



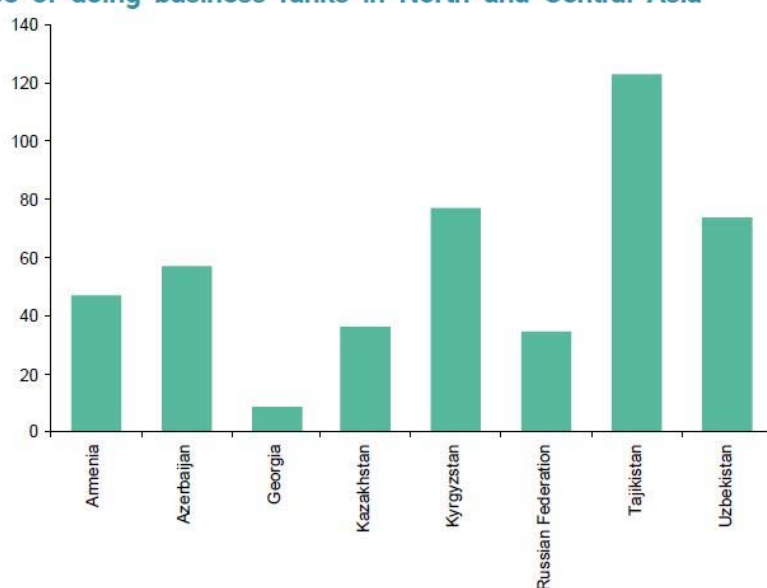
Source: ESCAP, based on data from Asian Development Bank, Key Indicators for Asia and the Pacific 2017 (Mandaluyong City, Philippines, 2017). Available from www.adb.org/sites/default/files/publication/357006/ki2017.pdf.

Figure 3.8. Grants as percentage of total revenue in Pacific economies



Source: ESCAP, based on data from Asian Development Bank, Key Indicators for Asia and the Pacific 2017 (Mandaluyong City, Philippines, 2017). Available from www.adb.org/sites/default/files/publication/357006/ki2017.pdf.

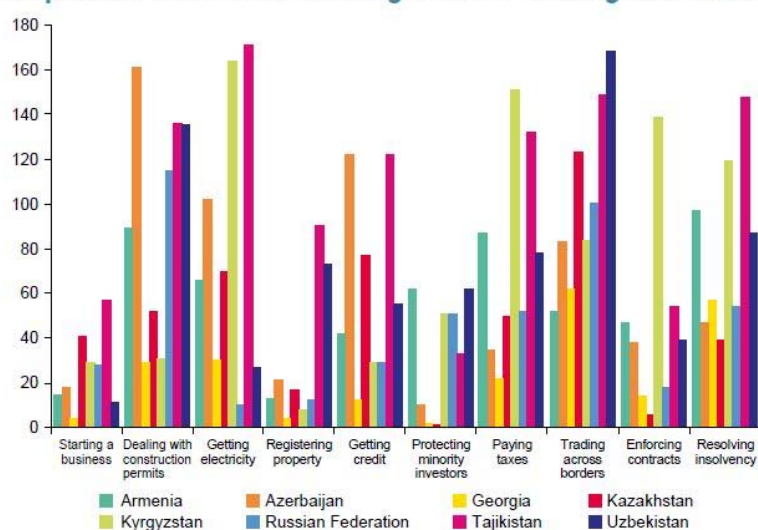
Figure 3.9. Ease of doing business ranks in North and Central Asia



Source: ESCAP, based on data from World Bank, Ease of Doing Business Database. Available from www.doingbusiness.org/rankings.

Note: The lower the number is, the more business-friendly is the country.

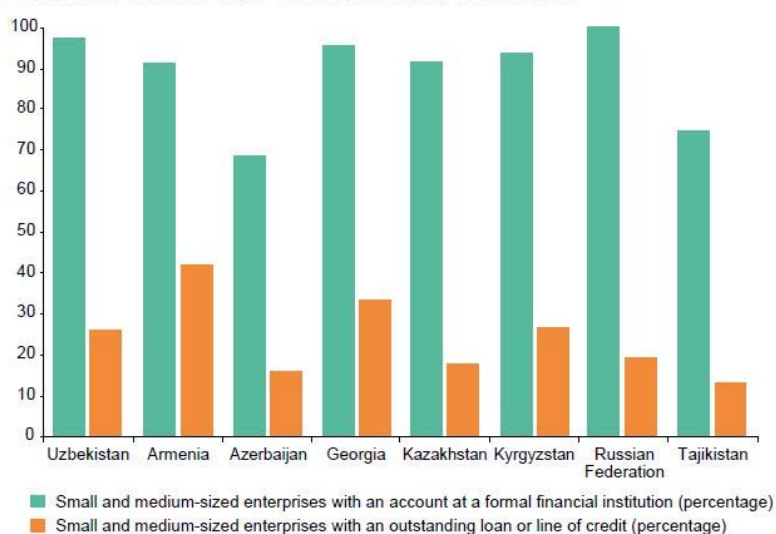
Figure 3.10. Components in the ease of doing business rankings for North and Central Asia



Source: ESCAP, based on data from World Bank, Ease of Doing Business Database. Available from www.doingbusiness.org/rankings.

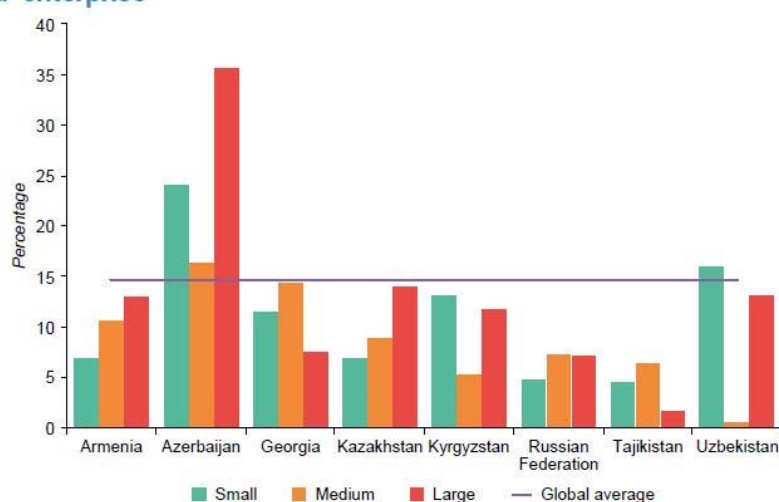
Note: The lower the number is, the more business-friendly is the country.

Figure 3.11. Basic indicators of financial inclusion by micro-, small and medium-sized enterprises in selected North and Central Asian countries



Source: Global Findex Database. Available from <http://datatopics.worldbank.org/financialinclusion>.

Figure 3.12. Proportion of investments financed by banks, by size of the small and medium-sized enterprise



Source: Enterprise Surveys Database. Available from http://microdata.worldbank.org/index.php/catalog/enterprise_surveys/about.