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Current and emerging policy issues for inclusive and sustainable development in Asia and the Pacific: general debate

Current and emerging policy issues for inclusive and sustainable development in Asia and the Pacific

Note by the secretariat

Summary

Developing countries in the Asia-Pacific region have experienced a series of adverse shocks in recent years, such as the coronavirus disease (COVID-19) pandemic, the high cost of living and elevated levels of debt distress. These shocks have had multifaceted socioeconomic implications for several developing countries and are likely to cast a shadow over efforts to achieve inclusive and sustainable development in the region. In addition, several current and emerging developments and trends, including more frequent and more severe climate-induced disasters, energy transitions, demographic changes, rapid technological advancements, growing international trade fragmentation and fiscal consolidations, could hinder income and employment generation and widen socioeconomic disparities.

Protecting people's well-being while responding to adverse shocks, emerging and long-term challenges and policy-induced transitions should be the central focus of every country's strategy for achieving resilient and inclusive economic development. While some Asia-Pacific countries have implemented good practices in this regard, others are struggling, with the result that some people have been left behind.

In the present document, the secretariat highlights selected approaches and policies that Asia-Pacific countries have adopted to protect people from the impacts of shocks, challenges and transitions. It also provides insights into the preconditions for enabling the development of people-centred policymaking processes, inclusive statistical systems, technological innovations and stronger regional cooperation, as well as the generation of adequate fiscal resources.

The Economic and Social Commission for Asia and the Pacific may wish to take note of the present document and the recommendations contained herein.

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I. Introduction

1. Developing Asia-Pacific economies are performing rather well on several fronts, with economic growth that is resilient, although somewhat slower than in past years, and declining inflation. Nevertheless, they are experiencing myriad interlinked developments and policy issues that are likely to have multifaceted adverse impacts on their prospects for inclusive and sustainable development. Examples include frequent and severe climate-induced disasters, energy transitions, demographic changes, rapid technological advancements, growing international trade fragmentation and fiscal consolidation as a result of high sovereign debt loads.

2. Safeguarding people's income and job prospects amid these challenges and transitions should be a central focus of every country's economic development strategy. While some Asia-Pacific countries have demonstrated good practices in this regard, others are struggling. This is a notable concern because people's well-being has already deteriorated after a series of shocks in recent years, including the coronavirus disease (COVID-19) pandemic, a cost-of-living crisis and elevated borrowing costs. Without people-focused policies, more people will be left behind.

3. Against this context, in the present document the secretariat highlights selected policies and practices that Asia-Pacific policymakers have adopted in supporting the well-being of people as they endeavour to navigate through adverse shocks, emerging challenges and ongoing transitions. To realize inclusive economic prosperity, these policies are aimed at strengthening domestic public resources mobilization and management, closing the digital divide and leveraging the digital economy. The secretariat also highlights policies that promote investments in people and expand social protection to enhance social development. From an environmental perspective, the focus is on policies to reduce the risks and impacts of climate-induced disasters and accelerate the energy transition. Across all these policy areas, regional cooperation is indispensable.

4. Key overarching conditions that drive the effective implementation of policies that enhance people's well-being include strong political leadership and public institutions, adaptive and flexible policymaking, participatory development approaches, agile and inclusive statistical systems and a commitment to inclusive multilateralism.

5. In section II of the present document, the secretariat discusses current and emerging development challenges in Asia and the Pacific and their implications for people's well-being. In section III, it highlights examples of policies and practices adopted by Governments in the region to address these challenges. Section IV is dedicated to insights into the enabling conditions necessary to implement these policies effectively. In section V, the secretariat discusses the role of the Economic and Social Commission for Asia and the Pacific in promoting multilateral cooperation for inclusive and sustainable development. In section VI, it raises key issues for consideration by the Commission.

II. Current and emerging development challenges and implications for people's well-being

6. The Asia-Pacific region is navigating a complex array of interconnected challenges that hinder progress towards inclusive and sustainable development. These challenges span economic, social and

environmental domains, highlighting the need for integrated policy responses at the national and regional levels.

A. Challenges to economic prosperity: fiscal and debt vulnerabilities, trade fragmentation, the digital divide and a slowdown in productivity

7. Fiscal pressures are rising in many economies of the region because of rising public debt and higher borrowing costs. During the COVID-19 pandemic, significant fiscal support was needed to address healthcare demands and drive the economic recovery. This was followed by a cost-of-living crisis exacerbated by the war in Ukraine, which resulted in a surge in global interest rates aimed at curbing high inflation. In 2024, the average fiscal deficit across developing Asia-Pacific economies was estimated to remain relatively high at 3.6 per cent of gross domestic product (GDP).[1]

8. Countries in the Pacific and in South and South-West Asia are facing significant fiscal and debt challenges. In Sri Lanka, for instance, the public debt-to-GDP ratio reached nearly 120 per cent in 2023 along with high debt servicing costs, limiting the Government's capacity to deliver basic public services. Pakistan has similarly struggled with rising external debt and constrained foreign exchange reserves. Meanwhile, Pacific island economies continue to face structural fiscal and debt vulnerabilities owing to their small and narrow economic base and their reliance on external loans. Relatively high public debt levels coupled with exchange rate fluctuations further compound the challenge. Currently, seven Pacific island economies are at high risk of external debt distress.[2]

9. Tighter fiscal conditions have direct impacts on people's well-being. Without domestic reforms or multilateral solutions to secure long-term affordable financing, Governments facing rising debt burdens are often compelled to implement fiscal consolidation measures. Such measures typically involve increasing taxes and diverting resources away from essential public services, which widens socioeconomic disparities. In many Asia-Pacific countries, ongoing fiscal consolidation has disproportionately affected marginalized groups. Women, who are overrepresented in public-sector employment in sectors like healthcare and education, have been disproportionately affected.

10. International trade patterns are increasingly fragmented as a result of geopolitical tensions and protectionist policies. Countries in North and Central Asia, for example, have redirected their exports away from the European Union to the rest of Asia because of international sanctions targeting the Russian Federation.[3] Moreover, efforts have also been made to diversify the destination of exports away from East and North-East Asia, particularly China. At the same time, countries in East and North-East Asia have reduced their exports to the United States of America. While these developments may cushion countries' economies in the short term, they also raise production costs and risk undermining long-term economic and productivity growth. For Asia and

[1] International Monetary Fund, "Fiscal Monitor", October 2024. Available at www.imf.org/external/datamapper/datasets/FM.

[2] International Monetary Fund, "List of LIC DSAs for PRGT-eligible countries as of 31 October 2024". Available at www.imf.org/external/pubs/ft/dsa/dsalist.pdf.

[3] Economic and Social Commission for Asia and the Pacific (ESCAP), "Asia-Pacific trade and investment trends 2024/2025: trade in goods and commercial services", December 2024 (Bangkok).

the Pacific, where China accounts for 20 per cent of regional exports and is the largest trading partner for most countries, rising geopolitical uncertainty threatens those economies in the region that are deeply integrated into global supply chains.

11. The economic cost of rising trade fragmentation and protectionist policies can be significant. A hypothetical split into two distinct global trading blocs could lower global economic output by about 5 per cent over the long term.[4] A more modest scenario of rising trade fragmentation could reduce global output by 1.5 per cent, with heavier impacts on developing, trade-oriented economies because of their limited market size and innovation capacity.[5] It has been estimated that recent increases in protectionist digital policies in Asia and the Pacific could reduce GDP and export volume growth by 0.4 to 2 percentage points annually compared to scenarios without such measures.[6]

12. While bilateral and regional trade agreements may help mitigate the adverse effects of global trade tensions, global trade rules remain insufficient. Businesses continue to face diverse and fragmented regulatory frameworks and inconsistent standards. Meanwhile, smaller, less developed countries in the region risk being excluded from regional trade and investment agreements. Similarly, while digital trade has risen rapidly, the revenues are concentrated in a few of the most developed Asian economies.

13. This uneven access to trade opportunities parallels the broader challenges of digitalization across the region. Digitalization in general is transforming the development landscape of the region, for example by improving public service delivery, raising workers' productivity and reducing greenhouse gas emissions. Yet a significant digital divide persists, especially between urban centres and rural and remote areas, which is hampering inclusive development. Limited Internet connectivity and inadequate digital infrastructure prevent marginalized communities from participating in the digital economy and gaining access to online education and healthcare services.

14. While digital connectivity enhances knowledge-sharing and communication, it has also amplified misinformation and hate speech. Social network algorithms designed to maximize traffic for advertisers can promote extreme and provocative posts, creating "echo chambers". There is also a risk of speculative financial bubbles – notably in the trading of cryptocurrencies, digital coins and digital property in the form of non-fungible tokens – as well as cybercrime, which has not only increased alarmingly but also taken on novel forms.

15. Together with fiscal and debt vulnerabilities, trade fragmentation and the digital divide, the region is facing slower labour productivity growth, all of which are undermining long-term economic prosperity. Globally, labour productivity growth has declined since the global financial crisis of 2008. Although Asia and the Pacific has fared better than other developing regions of the world, only half of the economies in the region have managed to narrow their labour productivity gap with that of the United States between 2011 and

[4] World Trade Organization, "Global trade outlook and statistics", October 2024 (Geneva).

[5] World Bank, *Global Economic Prospects* (Washington, D.C., 2025).

[6] *Asia-Pacific Trade and Investment Report 2023/24: Unleashing Digital Trade and Investment for Sustainable Development* (United Nations publication, 2023).

2024. The region needs to revive labour and economy-wide productivity to secure sustained economic growth and development.

B. Social development challenges: poverty, disparities, demographic shifts and inadequate social protection

16. Despite rapid economic growth in some parts of Asia and the Pacific, poverty persists. Around 500 million people in the region face multidimensional poverty, lacking access to adequate healthcare, education and basic public services.[7] Progress on poverty reduction in recent years was reversed by the COVID-19 pandemic and high inflation. In 2022, an additional 42 million people in the region fell into extreme poverty, with another 156 million experiencing moderate poverty.[8]

17. Economic inequality in various forms has increased across the Asia-Pacific region. Income inequality increased in over half of the region's countries between 2019 and 2022, and wealth inequality is even more pronounced. The unequal distribution of wealth limits access to opportunities, further disadvantaging marginalized groups, such as women, young people and persons with disabilities.

18. Gender inequality remains a significant barrier to inclusive development. Less than half of working-age women in the region participate in the labour force. In 2024, the regional gender gap in labour force participation stood at 30 percentage points.[9] Women who are employed often find themselves in low-wage and insecure jobs, and women bear a disproportionate burden of unpaid care work.

19. Demographic trends vary widely across Asia and the Pacific. In 2016, approximately 12.4 per cent of the population in the region was 60 years or older, but this figure is projected to increase to more than a quarter – or 1.3 billion individuals – by 2050, fostering greater intergenerational interactions as multiple age groups live and work together.[10] In countries experiencing rapid population ageing, such as Japan and the Republic of Korea, this can pose challenges for pension systems, healthcare services and labour markets. Conversely, countries with younger populations, such as India and the Philippines, have the potential to benefit from a demographic dividend.

20. The coverage of social protection systems in the region remains inadequate with only 36 per cent of vulnerable individuals having any form of income security.[11] Children, women and persons with disabilities face particularly low coverage rates and insufficient benefit levels. Investment in social protection in Asia and the Pacific remains low, at 8.2 per cent of GDP, compared to the global average of 12.9 per cent and 16.4 per cent in the

[7] *Social Outlook for Asia and the Pacific: Protecting Our Future Today – Social Protection in Asia and the Pacific* (United Nations publication, 2024).

[8] Extreme poverty and moderate poverty results are based on the World Bank- updated poverty lines in 2022 (2017 purchasing power parity), which define extreme poverty at $2.15 per day and moderate poverty at $3.65 per day for low-income and lower-middle-income countries, respectively.

[9] ESCAP/APPC(7)/INF/3.

[10] *Asia-Pacific Population and Development Report 2023* (United Nations publication, 2023).

[11] "Vulnerable individuals" refers to populations susceptible to economic hardship due to factors including poverty, disability, age and informal employment.

member countries of the Organisation for Economic Co-operation and Development.[12]

C. Environmental challenges: climate-induced disaster risks and reliance on fossil fuels

21. Asia and the Pacific is the most disaster-prone region globally, with increasing frequency and severity of extreme weather events such as floods, cyclones, heatwaves and droughts. The annual economic losses from disasters currently stand at about $924 billion, or 2.9 per cent of the region's GDP, and are expected to reach nearly $1 trillion as climate risks intensify.[13] As an example at the country level, catastrophic floods in Pakistan in 2022 submerged one third of the country, affected 33 million people and caused economic losses exceeding $30 billion.

22. Climate-induced disasters have wide-ranging adverse impacts. Small Pacific islands face existential risks because of rising sea levels, which threaten coastal infrastructure, agriculture and freshwater resources. Weather-related risks exacerbate food and water insecurity. Prolonged droughts and erratic rainfall patterns in North and Central Asia have decreased agricultural productivity, thus increasing poverty and malnutrition rates. In South-East Asia, saltwater intrusion threatens rice production, which is a staple food and a primary source of income for millions of people.

23. Vulnerable populations, especially in least developed countries, suffer greater numbers of fatalities and are disproportionately affected by damage to infrastructure and the loss of their livelihoods. This is because the poorest communities often rely on climate-prone sectors, such as agriculture and fisheries, as the main source of income, while their housing has limited resilience to weather shocks.

24. Investments in climate resilience are costly, but they save many lives and drive socioeconomic development. For the Asia-Pacific region, the annual cost for necessary climate adaptation is estimated at about $145 billion, or about 0.5 per cent of regional GDP. For Pacific small island developing States, this cost rises to about 1.4 per cent of GDP because of their acute vulnerability. Investing in resilience and, in particular, early warning systems, is essential, as countries with limited early warning systems face mortality rates up to eight times higher than those with comprehensive systems. With 85 per cent of the region's population projected to be at multi-hazard risk under warmer scenarios, potential human losses are significant.[14]

25. Globally, while the energy sector is responsible for over three quarters of greenhouse gas emissions,[15] national plans and targets fall short of delivering the needed increase in renewable energy capacity.[16] For Asia and

[12] *Social Outlook for Asia and the Pacific: Protecting Our Future Today*.

[13] *Asia-Pacific Disaster Report 2023: Seizing the Moment – Targeting Transformative Disaster Risk Resilience* (United Nations publication, 2023).

[14] Ibid.

[15] International Energy Agency, "Greenhouse gas emissions from energy data explorer". Available at www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer (accessed on 2 August 2024).

[16] International Renewable Energy Agency and others, *Delivering on the UAE Consensus: Tracking Progress toward Tripling Renewable Energy Capacity and Doubling Energy Efficiency by 2030* (Abu Dhabi, International Renewable Energy Agency, 2024).

the Pacific, which is home to many large, fast-growing economies, energy demand is projected to rise substantially in the coming decades. The region's transition to sustainable energy is essential to achieving the ambitions of the Paris Agreement and the 2030 Agenda for Sustainable Development, including tripling global renewable capacity and doubling the rate of energy efficiency improvements by 2030.

26. Coal, which is the most carbon-intensive of fuels, remains the dominant energy source in the region, including in China, India and Indonesia. Coal accounts for 43 per cent of the total energy supply in the region and nearly two thirds of energy-related carbon emissions.[17] The reliance on coal exposes many Asia-Pacific countries to energy price volatility and undermines the region's ability to achieve global climate goals and the Sustainable Development Goals.

27. Achieving a low-carbon energy system while promoting environmental sustainability can be challenging for Governments, industries and society. One key challenge is that while electricity from renewables is often cheaper than electricity from fossil fuels, developing countries face barriers to scaling up renewables, including inadequate financial resources and technology, limited technical capacity and infrastructure and regulatory uncertainties. Additionally, there is a need to balance transitioning away from fossil fuel sources with ensuring a reliable energy supply and managing unintended socioeconomic impacts of the transition. For example, the early phaseout of coal power plants could lead to sizeable job losses in coal mining.

III. People-focused policy actions and the indispensable role of regional cooperation

28. Asia-Pacific Governments have implemented a range of policies to address the multidimensional economic, social and environmental challenges highlighted in the previous section. This section is dedicated to showcasing examples of such policies and practices, which can provide lessons for policymakers in the region and beyond.

29. These policies will have positive implications for inclusive and sustainable economic development. Strengthening public resource management enhances fiscal stability, allowing for more efficient public spending and investment in essential services. Expanding digital infrastructure boosts economic participation by improving connectivity, reducing costs and increasing access to digital markets. Investing in skills and social protection strengthens labour market resilience and supports income security, particularly for vulnerable groups. Climate risk mitigation reduces disaster-related economic disruptions and enhances long-term resilience. Advancing the energy transition lowers energy costs, attracts investment and supports job creation in renewable sectors.

A. Strengthening domestic public resource mobilization and management

30. Improvements in tax policy and administration have helped increase tax revenues in several countries in the region. The Government of Armenia has adopted digital tax solutions, the Government of Bhutan has eased taxpayers' registration processes, the Government of Cambodia has strengthened internal tax audits and dispute resolution and the Government of Mongolia has increased the number of staff of the office handling large taxpayers. Research

[17] See Asia-Pacific Energy Portal. Available at www.asiapacificenergy.org.

shows that, where tax revenues remain below their potential, Governments should seek to digitalize tax administration and adopt a holistic approach where they consider how taxes are raised as well as how resources are spent.[18] Governments can increase tax compliance by leveraging tax morale and promoting fairer income and wealth taxes.[19] Stronger regional and international tax cooperation is needed to tackle cross-border tax issues, such as tax avoidance by multinational firms.

31. Amid tighter fiscal positions and large development gaps, Governments are seeking to increase the effectiveness and efficiency of public spending. For example, the Government of Indonesia has adopted performance-based budgeting that prioritizes measurable development outcomes in areas like healthcare and education. Furthermore, the Governments of India, Indonesia and the Philippines have introduced gender-responsive budgeting systems to ensure the efficient use of resources for the well-being of women and girls.

32. Rising sovereign debt vulnerabilities and economic uncertainty point to the importance of fiscal frameworks that are resilient to adverse shocks. In Viet Nam, the Government has strengthened public debt management strategies by diversifying the sources of financing and promoting fiscal transparency. Promoting fiscal transparency could help maintain fiscal credibility in the event of shocks when investors' risk aversion rises abruptly.

33. Along with options to raise public revenues, innovative development financing approaches are also being considered. Public-private partnerships serve as an effective means for mobilizing financial resources for large-scale projects and leveraging technical expertise from private businesses. In Viet Nam, competitive bidding mechanisms for rooftop solar projects have attracted significant business investment. Other financing instruments, such as thematic bonds and blended finance, are also being pursued by several Governments in the region.

34. Regional cooperation is facilitating access to development financing. The Green Climate Fund has provided substantial support for climate adaptation projects, enabling countries to invest in resilient infrastructure and create jobs in construction and renewable energy. The Association of Southeast Asian Nations (ASEAN) Infrastructure Fund has mobilized resources for large-scale infrastructure projects, particularly in transport and digital connectivity.

35. Ensuring equitable access for low-income and vulnerable countries to multilateral development funds is essential. Such access requires strong public sector institutions and a pipeline of viable development projects in recipient countries. International development partners are working together to simplify funding application processes and help Governments strengthen their technical capacity to increase project viability, success and sustainability. For example, the secretariat is supporting the Governments of Cambodia, Mongolia and Thailand to create sustainable pipelines of projects that can successfully attract funding from both private investors and multilateral development banks.

[18] *Economic and Social Survey of Asia and the Pacific 2024: Boosting Affordable and Longer-Term Financing for Governments* (United Nations publication, 2024).

[19] ESCAP, "Strengthening financing for sustainable development in Asia and the Pacific: a discussion of selected policy areas" (Bangkok, 2024).

B. Closing the digital divide and benefiting from the digital economy

36. Governments in Asia and the Pacific have adopted policies to bridge the digital divide, such as expanding digital infrastructure and increasing digital literacy and skills. Yet more effort is needed to ensure that all segments of society benefit from digitalization.

37. Co-deployment and infrastructure sharing among service providers have the potential to boost digital connectivity. The Governments of Kazakhstan, Kyrgyzstan and Uzbekistan have facilitated the integration of fibre-optic communication networks with other existing or planned infrastructure projects, such as power lines, roads and railways. This has helped lower deployment costs, which is especially important in rural regions with high deployment costs and low revenue potential. In the Pacific, where digital connectivity remains limited, an arrangement to establish new Internet exchange points under a society incorporated in New Zealand is expected to improve Internet quality and affordability.[20]

38. At the regional level, the Asia-Pacific Information Superhighway initiative is facilitating peer learning that can enhance digital access and skills to bridge connectivity gaps. In line with the Declaration on Green Digital Action adopted in 2024 during the twenty-ninth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, the Asia-Pacific Information Superhighway initiative also promotes green solutions for information and communications technology, such as energy-efficient networks and climate-smart technologies for resource savings. Bilaterally, New Zealand has provided technical advice and infrastructure investments to develop a submarine fibre-optic cable in Tuvalu.

39. Governments are seeking to leverage technological advancements and digitalization to improve public service delivery. In Australia, the flood prediction system is powered by artificial intelligence and coastal protection is benefiting from a satellite-based monitoring and early warning system. In India, the Aadhaar platform has enhanced the efficiency of social protection programmes by seamlessly identifying beneficiaries.

40. Various other policies have also been introduced to ensure that households and businesses benefit from the digital economy. For countries that rely on remittances, financial and digital literacy training is helping people better understand digital financial technologies and benefit from lower cross-border transaction costs. For businesses, the Government of Singapore has adopted a comprehensive strategy aimed at narrowing the digital gap between large enterprises and small firms and start-ups. This strategy supports omni-channel retail development and fosters globally competitive brands through tax incentives, innovation hubs and shared e-commerce platforms.

41. National policy efforts are being complemented by regional initiatives that address trade fragmentation and foster digital transformation. Initiatives like the ASEAN Digital Economy Framework Agreement and the ASEAN Single Window aim to reduce regulatory trade fragmentation, promote cross-border e-commerce and streamline customs processes. Benefiting from the ASEAN Regional Payment Connectivity initiative, the Governments of Indonesia, Malaysia, Singapore and Thailand have launched a cross-border Quick Response Code-based payment system that allows real-time digital

[20] See ESCAP, “The incorporation of Pacific islands Internet exchange”, 21 November 2024.

payments. Similarly, the Regional Comprehensive Economic Partnership is facilitating regional value chains, simplifying international trade rules and promoting diversified trade alliances. Finally, the full implementation of digital cross-border trade facilitation, as envisaged by the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, is expected to raise regional economic output by almost 1 per cent.[21]

42. While digital connectivity offers various opportunities, it can also undermine people's financial welfare and mental well-being, including through the spread of misinformation, speculative digital finance and cybercrime. Cohesive and well-coordinated policy and regulatory frameworks are needed to manage the downsides of rapid technological innovations.

C. Investing in people and expanding social protection

43. Beyond providing high-quality basic education for all, Governments are introducing policies that empower individuals to participate in rapidly evolving labour markets and address country-specific human development needs. For example, workforce training programmes in Singapore equip citizens with the skills needed to thrive in the digital economy. To facilitate the energy transition, training programmes and facilities in countries like Australia, China, India, Malaysia, the Philippines and Singapore are developing the skills needed for renewable energy projects, such as the installation and maintenance of solar and wind energy facilities. Subregional initiatives in South-East Asia and North and Central Asia are empowering women to play a greater role in the transition. Finally, as part of active labour market policies, vocational training is being offered to women and persons with disabilities to address skill and income gaps. Examples are training in organic farming and climate-resilient agricultural land management in Bhutan, and training in the electrical and mechanical assembly of solar photovoltaic systems in the Marshall Islands.

44. Enhancing and strengthening social protection will require a coordinated and integrated approach across different policy domains, particularly to reach population groups at the highest risk of being left behind. "Cash plus" programmes are examples of efforts to complement and link cash transfers with capacity development and other complementary services to support longer-term impact. Humanitarian and disaster response actors in various countries of the region have collaborated with social protection entities in responding to large-scale shocks, such as typhoons and cyclones, floods, earthquakes, rising sea levels and the displacement of conflict-affected populations.

45. Many countries in the region are actively promoting women's economic empowerment and resilience. The Governments of Cambodia, the Lao People's Democratic Republic and the Philippines have developed national action plans for the care economy. Several countries are supporting unpaid caregivers by providing income supplements, cash-for-care arrangements or tax benefits for those providing care to children, persons with disabilities or elderly dependents. Similarly, the Governments of Armenia, Japan and Pakistan are offering care-related contribution credits to balance the impacts of unpaid care on women's pension rights.[22] Meanwhile, the

[21] *Asia-Pacific Trade and Investment Report 2023/24: Unleashing Digital Trade and Investment for Sustainable Development.*

[22] *Charting New Paths for Gender Equality and Empowerment: Asia-Pacific Regional Report on Beijing+30 Review* (United Nations publication, 2024).

Governments of Bhutan, Cambodia, China and Timor-Leste have taken measures to improve women's access to credit for start-up businesses. Finally, the Governments of India and Mongolia have recently introduced reforms to increase the quotas for women in parliamentary elections.

46. The region has placed considerable attention on active and healthy ageing.[23] Georgia has established a multi-pillar social protection system for older persons in which unconditional universal pensions are complemented by contributory pensions and voluntary private pensions. Mongolia also has in place contributory and universal non-contributory schemes for older persons. The Governments of Cambodia and Türkiye have adopted national action plans to enhance the health and well-being of older persons. The Government of Kazakhstan has launched a "silver volunteering" project to engage older persons in community activities, while the Government of Singapore encourages families to live near each other to foster mutual care.

47. There are examples of unconditional and universal cash transfers, such as universal old age allowances in Georgia, Nepal and Thailand, and universal child, disability and other benefits in Mongolia. While conditional cash transfers have some positive impacts, the conditions impose a time burden on recipients, many of whom are women. Moreover, there is stigma attached to being a recipient of transfers, and many potential beneficiaries have mistakenly been excluded from receiving transfers.

48. The region is increasingly adapting social protection policies in the wake of climate change. For example, the Government of Fiji has integrated climate considerations into its public works programme by including biodiversity enhancement activities. The Government of Nepal has used the registries and payment systems of the national Social Security Allowance programme to deliver emergency aid in regions affected by unseasonal rainfall and flooding.

49. Regional initiatives, such as the ASEAN Declaration on Strengthening Social Protection and the ASEAN Declaration on Strengthening the Care Economy and Fostering Resilience towards the Post-2025 ASEAN Community, include an emphasis on the need for universal safety nets and coordinated efforts to address disparities across countries. They provide valuable platforms for sharing best practices on promoting inclusive development.

D. Reducing climate change-induced disaster risks and impacts

50. Several Asia-Pacific Governments have adopted climate adaptation plans and initiatives to protect people and their livelihoods. The national adaptation plan of Fiji employs nature-based solutions, such as mangrove restoration, to protect its coasts against rising sea levels. The Government of Kiribati is focusing on community relocation and protecting water resources, while the Government of Vanuatu is prioritizing climate-resilient infrastructure and renewable energy to strengthen community resilience. The Government of Bangladesh has implemented early warning systems that have saved lives and reduced economic losses during cyclones and floods. These systems are complemented by programmes that provide alternative sources of income for affected communities, such as vocational training in non-agricultural sectors.

[23] ESCAP/MIPAA/IGM.3/2022/3/Add.1.

As a result, affected communities can recover more quickly from climate shocks and reduce their vulnerability to future disasters.

51. Stronger disaster risk financing mechanisms are also being considered amid more frequent and severe climate shocks. In addition to having adequate fiscal buffers to deal with recurrent, small-scale natural disasters like seasonal floods, the region is pursuing financing modalities to address larger, less frequent catastrophes. For instance, Fiji has catastrophe bonds, which provide immediate liquidity for disaster responses, thus preserving post-disaster public spending on social protection.

52. As climate-induced disaster risks are often transboundary, regional collaboration is essential, of which one example is the Pacific Resilience Partnership. By pooling resources and sharing best practices, Pacific small island developing States have greater capacities to respond to climate-induced shocks, such as through climate-resilient infrastructure.

E. Advancing the energy transition

53. Some major Asian countries have emerged as key global players in renewable energy development. A notable case is China, where the Government is installing twice as much solar and wind power than the rest of the world combined.[24] Incentives such as feed-in tariffs and subsidies have accelerated the rapid expansion of renewable energy industries, supporting global climate goals while also generating local employment. As part of efforts to achieve its ambition of boosting non-fossil fuel-based energy to 500 GW by 2030, the Government of India is offering incentives to expand the national production capacity of solar panels.

54. Smaller countries in the region are also seeking to boost renewable energy capacity and energy connectivity, supported by regional initiatives. Among others, the Governments of Fiji, Solomon Islands and Vanuatu are aiming to achieve 100 per cent renewable energy by 2030. At the same time, Pacific small island developing States are actively leveraging regional cooperation to establish common objectives on renewable energy and harmonize relevant policies. The Pacific Centre for Renewable Energy and Energy Efficiency promotes solar and wind energy projects, facilitates technical assistance and mobilizes climate financing. The ASEAN Plan of Action for Energy Cooperation facilitates cross-border power-sharing agreements through integrated power grids to enhance energy security and reduce energy costs and encourages the adoption of clean energy technologies and the creation of more green jobs.

IV. Enabling conditions for effective policy action

55. The implementation of policies similar to those highlighted in the previous section requires a number of enabling conditions. In this section, the secretariat highlights selected enabling conditions: the importance of strong political leadership, adaptive and flexible policymaking, agile statistical systems, participatory approaches to policy design and implementation, and inclusive and effective regional collaboration.

[24] Aiqun Yu and others, “China continues to lead the world in wind and solar, with twice as much capacity under construction as the rest of the world combined”, Global Energy Monitor, July 2024.

A. Strong political leadership and public institutions

56. Political leadership that is committed to inclusive and sustainable development is a cornerstone of successful policies that overcome strong vested interests. Leadership that fosters cross-sectoral collaboration enables a whole-of-government approach, which is a prerequisite for addressing systemic and complex issues. Transformative policies require political will to balance immediate economic needs with long-term inclusive and sustainable development ambitions. Meanwhile, an inclusive mindset on the part of political leaders is vital for fostering economic growth that benefits all members of society. For example, greater participation of women in leadership roles can reduce significant gender segregation in governance bodies in charge of science, technology, and peace and security, among other domains.

57. Effective governance structures and strong institutions are fundamental for designing, implementing and monitoring public policies. Transparent and accountable institutions ensure that public resources are adequately allocated to programmes that directly improve people's well-being, such as social protection, education and infrastructure development. Training programmes for public officials in emerging areas, such as developing and implementing national development strategies, public financial management and digitalization that address social disparities and climate risks, will enhance the Government's technical ability.

58. Decentralization can also enhance public institutional responsiveness by empowering local governments to implement tailored solutions that are aligned with local realities and address specific community needs. For example, Indonesia has used decentralized budgeting to support provincial governments in designing context-specific initiatives to reduce poverty and create jobs.

B. Adaptive and flexible policymaking

59. Increasing economic uncertainty and the dynamic nature of megatrends, such as technological advancements and climate change, requires policies that are adaptive and flexible. Governments should have frameworks that can respond promptly to emergency situations and emerging issues. As an example, during the COVID-19 pandemic, Governments that had established pre-existing frameworks for emergency response were able to rapidly deploy fiscal stimulus packages and social assistance programmes, which reduced income losses during the unprecedented shock.

60. Policy experimentation and continual learning are critical for addressing complex development challenges. Pilot projects allow Governments to test new approaches on a smaller scale before scaling up successful interventions. This approach reduces risks and ensures that policies are well-suited to specific contexts. For instance, rooftop solar initiatives in India were initially implemented as pilot projects, allowing for adjustments based on community feedback and market conditions. Similarly, policy and regulatory sandboxes provide controlled environments to test new policies or technologies with fewer regulatory barriers. Such an approach has been used to promote innovations in digital banking in the region, which helps financial regulators to balance the progress of digital banking with consumer protection.

C. Inclusive and participatory approaches

61. Policies that are inclusive are more likely to succeed, as they reflect the needs and priorities of diverse stakeholders. Engaging marginalized groups in

the policymaking process fosters public trust and ownership, increasing the likelihood of successful implementation. For example, the Family Hope Programme in Indonesia engaged beneficiaries in designing the programme, thus empowering the community.

62. Collaboration with the private sector, academia and civil society organizations strengthens policy outcomes. Public-private partnerships, for example, leverage the financial resources and technical capacity of businesses to achieve shared goals. Multi-stakeholder partnerships are particularly effective in sectors like renewable energy and digital infrastructure, where coordinated efforts are needed to overcome financial and logistical barriers.

D. Agile and inclusive statistical systems

63. National statistical offices are facing growing demands for real-time granular data on an increasingly broad range of topics, including monitoring global commitments like the Sustainable Development Goals. The Republic of Korea, for instance, has real-time monitoring networks and public data-sharing of air quality. In addition to being able to respond to data demands of modern societies, statistical agencies also need to ensure equitable access to information and support evidence-informed decision-making across all sectors.

64. At its ninth session, held in December 2024, the Committee on Statistics decided to promote a whole-of-society approach, also decided that building agile statistical systems should be a priority and called upon members and associate members to increase political and financial support for inclusive statistical systems.

E. Inclusive multilateralism

65. In the present document, the secretariat has highlighted how regional cooperation can translate national policy plans into actions, how policy initiatives introduced by individual countries can have amplifying development impacts when augmented by collective action and how collaboration in Asia and the Pacific can provide good lessons and experiences for other developing regions of the world.

66. Given the diverse development levels and experiences in the Asia-Pacific region, regional cooperation should be based on an inclusive approach. An example is the modular structure of the Digital Economy Partnership Agreement, which includes binding commitments in areas that are essential for interoperability and trust but at the same time allows countries to commit incrementally according to their digital capacity. This approach helps balance high-standard commitments with different levels of readiness among participating countries.

V. Regional cooperation for inclusive and sustainable development in Asia and the Pacific: the role of the Economic and Social Commission for Asia and the Pacific

67. As the regional arm of the United Nations system in Asia and the Pacific, the Commission, through the secretariat, has supported members and associate members in pursuing inclusive and sustainable development. The secretariat prepares analytical reports, facilitates dialogues and knowledge-sharing and provides technical assistance across critical development themes. In carrying out these activities, the secretariat uses a whole-of-society approach. It works with national policymakers, private businesses, academics,

development partners and civil society to leverage regional strengths in addressing development challenges faced by the region.

68. Through its inclusive platforms, the secretariat enhances the capacity in the region to address transboundary challenges and voices the region's positions and needs at global platforms. For example, in December 2024 it organized the High-level Regional Consultation on Financing for Development in Asia and the Pacific to gather perspectives on how to close development financing gaps. The outcome of the consultation will feed into the Fourth International Conference on Financing for Development, to be held in Seville, Spain, from 30 June to 3 July 2025.

69. The secretariat also enhances capacity in the region to address integrated challenges and identify synergies. At its eighth session, held in October 2024, the Committee on Social Development renewed its commitment to the implementation of the Action Plan to Strengthen Regional Cooperation on Social Protection in Asia and the Pacific and requested the secretariat to support members and associate members in strengthening their capacity to foster more resilient societies and promote a just transition to a sustainable future.

70. To share its analytical work and provide targeted technical assistance, the secretariat has developed several in-house analytical tools. Examples include the "leave no one behind" analysis to understand how various circumstances interact and create inequalities in gaining access to basic opportunities and the macroeconomic model for sustainable development to examine the potential socioeconomic and environmental impacts of national policy scenarios.

71. The secretariat maintains open-access data and information portals for the benefit of government officials, researchers and other development partners. The Trade Intelligence and Negotiation Adviser offers tailored insights and data analysis to facilitate effective participation in trade agreements, while the Regional Digital Trade Regulatory Integration Initiative helps countries build digital trade readiness by identifying policy and regulatory gaps. The Asia-Pacific Energy Portal provides data visualizations for energy statistics, interactive infrastructure maps and compiled energy policies. Finally, the Risk and Resilience Portal provides detailed climate data and risk assessments for early warnings that can be localized by national stakeholders.

72. The secretariat also serves as a leading or coordinating entity of various regional initiatives, such as the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, the Convention on the Elimination of All Forms of Discrimination against Women, the Regional Road Map on Power System Connectivity: Promoting Cross-border Electricity Connectivity for Sustainable Development and the ESCAP multi-donor trust fund for tsunami, disaster and climate preparedness. Through these initiatives, the secretariat works with members and associate members to provide reference frameworks, foster peer learning, implement best practices and adopt harmonized policies.

73. Going forward, the secretariat is committed to supporting members and associate members to achieve the 2030 Agenda and other related global development commitments. The secretariat seeks to enhance its capacity to fulfil its mandates through a powerful fusion of innovation, data, digital technology, strategic foresight and behavioural science skills and culture.

VI. Issues for consideration by the Commission

74. The Asia-Pacific region faces a complex, interconnected array of economic, social and environmental challenges that cast a shadow on its progress towards the 2030 Agenda. These challenges and associated policy issues are cross-boundary and cross-sectoral. As a regional development partner with multidisciplinary expertise, the secretariat of the Commission is well-positioned to advance strategies that can enable regional policymakers to address these challenges effectively. Through the secretariat's analytical work, technical assistance and dialogues and peer-learning, regional cooperation fostered by the Commission prioritizes the well-being of people and supports inclusive and sustainable development.

75. The Commission is invited to take note of the present document and provide the secretariat with guidance by sharing members' and associate members' perspectives and experiences on the following issues, among others:

(a) Closing wide sustainable development gaps amid limited human, fiscal and financial resources and limited technological capabilities;

(b) Managing the unintended adverse impacts on poor and vulnerable people of policy actions aimed at addressing emerging challenges;

(c) Promoting a whole-of-society approach in supporting countries' shared development ambitions;

(d) Strengthening regional cooperation, including through the secretariat.