



# Economic and Social Council

Distr.: General  
8 March 2017

Original: English

## Economic and Social Commission for Asia and the Pacific

### Seventy-third session

Bangkok, 15-19 May 2017

Item 3 (i) of the provisional agenda\*

**Review of issues pertinent to the subsidiary structure  
of the Commission, including the work of the regional  
institutions: subregional activities for development**

## Subregional perspectives on sustainable development in Asia and the Pacific

### Note by the secretariat

#### *Summary*

The present document contains an outline of key issues and priority areas related to sustainable development in Asia and the Pacific, in particular in relation to the implementation of the 2030 Agenda for Sustainable Development. It also contains an examination of opportunities for deepening regional economic cooperation and integration as a key strategy to effectively pursue the Sustainable Development Goals. The steps taken and activities planned by the subregional offices of the secretariat to support member countries through policy analysis, dialogue and capacity-building, under the various subprogrammes of the Economic and Social Commission for Asia and the Pacific, are highlighted.

The Commission may wish to consider the present document and provide the secretariat with further guidance.

## I. Subregional Office for the Pacific

### A. Introduction

1. Pacific small island developing States<sup>1</sup> have long been recognized by the international community as a special case with regard to sustainable development because of their small, isolated, vulnerable economies and societies. The Pacific subregion is also the least integrated in the region, and while closer interconnections are welcomed and most likely will be intensified, their vulnerabilities and diversity suggest that a nuanced and

\* E/ESCAP/73/L.1.

<sup>1</sup> Members of the Economic and Social Commission for Asia and the Pacific (ESCAP): Fiji; Kiribati; Marshall Islands; Micronesia (Federated States of); Nauru; Palau; Papua New Guinea; Samoa; Solomon Islands; Tonga; Tuvalu; and Vanuatu. Associate members: American Samoa; Cook Islands; French Polynesia; Guam; New Caledonia; Niue; and Northern Mariana Islands.

purposeful approach to wider regional economic cooperation and integration is needed. In this regard, the decision of the Pacific leaders in 2015 to integrate the implementation of the Sustainable Development Goals with the SIDS Accelerated Modalities of Action (SAMOA) Pathway and the Framework for Pacific Regionalism provides the necessary mechanism for integrating global, regional and subregional agendas in a way not inimical to the interests of the Pacific small island developing States and the subregion. The decision also prioritized the implementation of the unfinished business of the Millennium Development Goals.

## **B. Achieving the Sustainable Development Goals in the Pacific**

2. Climate change, and the related question of disaster risk reduction, is the highest priority for the Pacific, as it is an existential threat that will cause irreversible loss and damage to Pacific societies, livelihoods and natural environments. The Pacific island countries are among those with the highest risk of experiencing natural disasters.<sup>2</sup> Another measure of vulnerability is losses and damage, which, in the Pacific, averaged 2.3 per cent of gross domestic product (GDP) between 1980 and 2014, a rate higher than most.<sup>3</sup> Most recently, Cyclone Pam, which struck Vanuatu in March 2015, and Cyclone Winston, which struck Fiji in February 2016, cost each country close to \$500 million. In Vanuatu, this represented approximately 61 per cent of GDP, while in Fiji it equated to 7.5 per cent of GDP.<sup>4</sup>

3. The second highest priority for the Pacific subregion is oceans and fisheries. Ensuring the well-being of ocean ecosystems is essential for the health of the planet, as well as food security, livelihood and economic development within the region. Greater support is needed for the sustainable use of fisheries, especially in Pacific small island developing States, where national fish consumption is three to four times the global average. Additionally, fisheries account for more than 50 per cent of all exports in half the States in the region and, even in countries that fall short of this threshold, constitute a large part of their exports.<sup>5</sup> Earnings from fisheries remain disproportionately low, representing only a small percentage of the value of the landed catch, partly owing to illegal, unreported and unregulated fishing. Several valuable species, in particular bigeye tuna and bêche-de-mer, are now under significant pressure and are at risk of depletion. Ocean acidification and warming, marine debris and the environmental risks inherent to deep-sea mining are other critical areas to address.

4. The third highest priority relates to areas of socioeconomic and cultural vulnerabilities which, if addressed, could result in significant sustainable development dividends for the subregion. While most countries in the subregion have achieved gender parity in primary and secondary education, the rate of women's participation in parliament remains among the lowest in the world, and rates of gender-based violence are extremely high. Pacific leaders also continue to acknowledge the hardships created for

<sup>2</sup> United Nations University Institute for Environment and Human Security and Alliance Development Works, *World Risk Report 2014* (Bonn, 2014).

<sup>3</sup> Ezequiel Cabezon and others, "Enhancing macroeconomic resilience to natural disasters and climate change in the small States of the Pacific", IMF Working Paper, No. WP/15/125 (Washington, D.C., International Monetary Fund, 2015). Available from [www.imf.org/external/pubs/ft/wp/2015/wp15125.pdf](http://www.imf.org/external/pubs/ft/wp/2015/wp15125.pdf).

<sup>4</sup> Based on government estimates of cost and ESCAP data on GDP.

<sup>5</sup> ESCAP, *Pacific Perspectives 2014: Pacific Perspectives on Fisheries and Sustainable Development* (Suva, 2014).

persons with disabilities by barriers, as well as the vulnerabilities they face, and have emphasized the need for disability-inclusive development in all government programs as the way forward. Ultimately, these barriers result in higher poverty levels, deprive national economies of a significant pool of creativity and skills, and impoverish communities in other non-material ways. Non-communicable diseases have been recognized as a human, social and economic crisis and as contributing to nearly 75 per cent of all adult deaths in the Pacific subregion. The huge economic costs of the epidemic are taking their toll on Pacific economies and consume sizeable amounts of national health budgets, in some countries exceeding 50 per cent.<sup>6</sup> A key feature of the Pacific subregion is the extent to which regional cooperation is used to address many of its social vulnerabilities.

### C. Regional economic cooperation and integration

5. If Pacific island countries raised their current share of world trade from 0.05 to 0.5 per cent, it could bring in up to an additional \$50 billion to the region.<sup>7</sup> Despite its tiny share of world trade, the Pacific remains heavily exposed to global economic volatility and its negative effects on inflows of foreign direct investment, foreign aid, tourism and export receipts, and workers' remittances. Reducing trade costs, particularly inefficient transport and logistics infrastructure and services and cumbersome regulatory procedures and documentation requirements, is critical to increasing trade between Pacific island countries and the rest of the world. These costs have come down since 2006, but remain significantly higher than elsewhere. Pacific small island developing States have pursued trade negotiations over the past 15 years, but with limited benefits not only because of the lack of complementarity within the subregion but also because of the high regional transportation costs. The overall priority of Pacific small island developing States, and the main stumbling block, is for trade agreements with more developed countries to extend beyond trade in goods to include services, labour market access and a medium-term development cooperation arrangement.

6. While most Pacific island countries continue to rely heavily on official development assistance (ODA), greater emphasis is being given to domestic resource mobilization, tax, trade, foreign direct investment and the use of public financing to leverage private funds for development. A shift away from ODA may prove difficult for many Pacific island countries with limited domestic revenue sources, systemic debt challenges, and extensive unmet infrastructure needs<sup>8</sup> and associated maintenance costs,<sup>9</sup> as well as needs related to recovery from natural disasters. In 2013, only 2.68 per cent of the population in the Pacific had a connection to broadband internet,

<sup>6</sup> World Health Organization, Noncommunicable diseases, January 2015. Available from [www.who.int/mediacentre/factsheets/fs355/en/](http://www.who.int/mediacentre/factsheets/fs355/en/).

<sup>7</sup> Business Advantage PNG, "PACER-Plus could boost Pacific nations' income by more than US\$50 billion a year, says trade adviser", 17 June 2015. Available from [www.businessadvantagepng.com/pacer-plus-could-boost-pacific-nations-incomes-by-more-than-us50-billion-a-year-says-trade-adviser/](http://www.businessadvantagepng.com/pacer-plus-could-boost-pacific-nations-incomes-by-more-than-us50-billion-a-year-says-trade-adviser/).

<sup>8</sup> ESCAP computed a composite measure that found Papua New Guinea, Solomon Islands, Vanuatu, Samoa, Tonga and Fiji in the lower half of the infrastructure development index (less than 0.15) for Asia-Pacific countries in 2007.

<sup>9</sup> Maintaining existing infrastructure in the region requires roughly 6 per cent of GDP, which equates to approximately \$1.2 billion per annum, but this figure is far higher than what is actually spent. Pacific Infrastructure Advisory Centre, *Infrastructure Maintenance in the Pacific: Challenging the Build-Neglect-Rebuild Paradigm* (Sydney, 2013).

compared to 8 per cent in the Caribbean and 27 per cent in high-income countries. An estimated 40 per cent of the population, mostly in rural areas, remains unconnected. Also, despite the central importance of energy security, approximately 70 per cent of households are without modern electricity services. The Pacific is also highly dependent on imported petroleum fuels (95 per cent is imported, compared to the global average of 34 per cent),<sup>10</sup> especially for transport but also to meet household and commercial electricity needs. Significantly, petroleum represents the largest single import expenditure and, when oil prices are high, it exceeds or approximates the total value of exports.<sup>11</sup> Transport, including regional shipping and aviation, is the third infrastructure priority of the Pacific, given the diseconomies of distance and scale it faces.

## **D. Supporting the Commission's programmes in the Pacific**

7. The Subregional Office for the Pacific supports members and associate members of ESCAP in their efforts to enhance national capacities and institutions, enhance the Pacific voice and representation in regional and global processes, and monitor and report on the Samoa Pathway and the Sustainable Development Goals.

### **1. Environment and development**

8. The current focus of the Commission's work in the Pacific is on sustainable development and climate change, including a Pacific road map on the Sustainable Development Goals, to be endorsed by Pacific leaders in September 2017, which involves mapping regional priorities and convening regional consultations; Pacific preparations for the United Nations Conference to Support the Implementation of Sustainable Development Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development in New York in June 2017 through the Pacific regional preparatory meeting (Fiji, 15-17 March 2017) and the documentation of capacity development needs; implementation of the European Union-funded Pacific Climate Change and Migration Project for Kiribati, Tuvalu and Nauru, which provides advice and seed funding for regional and national dialogues and strategies on complex issues related to local planning, including land-use planning, migration policies and international law concerning the rights of displaced persons; and support for workshops and scoping studies on accessing climate financing and innovative finance mechanisms (Fiji, August 2016).

### **2. Social development**

9. ESCAP has helped to conduct national policy reviews and legislative analysis and reviews and to draft legislation for compliance with the Convention on the Rights of Persons with Disabilities, has assisted three countries with their ratification processes and has worked closely with Pacific partners to finalize the new Pacific Framework for the Rights of Persons with Disabilities 2016-2025. Most Pacific countries now have a national disability policy, and a growing number of countries are requesting assistance for

<sup>10</sup> Peter Johnston, "Pacific perspectives on the challenges to energy security and the sustainable use of energy", paper prepared for ESCAP for the Asian and Pacific Energy Forum, Vladivostok, Russian Federation, May 2013.

<sup>11</sup> Pacific Disaster Net, "Report on the summary of outcomes and proceedings from the Niue Pacific Climate Change Roundtable Meeting, 14 to 17 March 2011" 27 April 2011 Available from [www.pacificdisaster.net/pdnadmin/data/original/PCCR\\_NIU\\_2011\\_Report\\_summary.pdf](http://www.pacificdisaster.net/pdnadmin/data/original/PCCR_NIU_2011_Report_summary.pdf).

developing stand-alone disability legislation and harmonizing their existing laws with the Convention, following the lead of the Marshall Islands, which enacted the Rights of Persons with Disabilities Act and the Human Rights Committee Act in 2015 with technical assistance from ESCAP and the Pacific Islands Forum Secretariat. Most Pacific countries have now ratified the Convention, and the remaining three – Fiji, Solomon Islands and Tonga – are expected to follow suit in 2017. In addition, ESCAP has contributed to human rights reporting in the Pacific, in particular through the universal periodic review and treaty body processes. It has also helped to address issues of social inequality and to promote social protection through national workshops in Fiji and Kiribati in 2016, as well as to improve representation of the Pacific in the Commission's publications.

### 3. Statistics

10. ESCAP is implementing a project to help build national capacity to produce environment-relevant indicators through the System of Environmental-Economic Accounting. Implementation has taken place or been planned for Fiji, the Federated States of Micronesia, Palau, Samoa and Vanuatu, and regional training was conducted for Pacific countries in September 2016. Other training and regional workshops that ESCAP provided assistance for include workshops on Sustainable Development Goal indicators and data (New Caledonia, March 2017) and on data analysis and report writing for civil registration data and vital statistics (September 2016).

11. Other activities include the following:

(a) **Macroeconomic policy, poverty reduction and financing for development:** regional training workshops for officers of Ministries of Finance and Planning to facilitate the integration of sustainable development into fiscal policies; a national infrastructure financing study and a national workshop in Samoa; and the provision of the Pacific perspective for the publications *Economic and Social Survey of Asia and the Pacific* and the *Asia-Pacific Countries with Special Needs Development Report*;

(b) **Trade and investment:** raising awareness in the Pacific about the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific and preparation of a paper on regional economic cooperation and integration to capture the approach of the Pacific and its priorities;

(c) **Transport:** regional workshop to consider measures to facilitate maritime transport, including automation/single window systems, and to explore the harmonization of ship, cargo, crew and passenger clearance documents, processes and systems in the Pacific;

(d) **Information and communications technology, science, technology and innovation:** capacity-building workshop on building climate-resilient agriculture;

(e) **Disaster risk reduction:** assistance with disaster needs assessments, the provision of regional advice on disaster risk management, and a regional workshop on strengthening multi-hazard risk assessment and early warning systems, with the assistance of the Pacific Community, the Secretariat of the Pacific Regional Environment Programme and Pacific member countries, held in Fiji in September 2016, with follow-up work planned for 2017;

(f) **Energy:** with funding from the Government of Kazakhstan, biogas technology was successfully tested and established in Samoa, Solomon Islands and Tonga in 2016, with three more projects planned for 2017.

## **E. Issues for consideration by the Commission**

12. The secretariat is committed to strengthening subregional cooperation and integration, through its Subregional Office for the Pacific, in line with its programme of work and its support for the implementation of the 2030 Agenda and the Samoa Pathway by member States. The circumstances and needs of the Pacific small island developing States require special attention when promoting economic cooperation and integration. In this regard, the decision of the Pacific leaders to integrate the implementation of the Sustainable Development Goals with the Samoa Pathway and the Framework for Pacific Regionalism provides a unique opportunity for ESCAP to operate in the Pacific subregion in a manner that integrates the global and regional agendas while focusing on the special case of the Pacific small island developing States. Also, given the distance from the Pacific and the very low representation of the Pacific subregion in the Advisory Committee of Permanent Representatives and other Representatives Designated by Members of the Commission, the Commission may wish to note the need to support the Pacific Trust Fund (now depleted apart from the recent contribution of the Government of Kazakhstan) through which support is provided for the participation of the Pacific member States at Commission sessions.

## **II. Subregional Office for East and North-East Asia**

### **A. Introduction**

13. In 2016, the East and North-East Asian economies<sup>12</sup> started to show signs of growth momentum. However, economic prospects for 2017 and beyond remain subdued due to weaker demand from China as a consequence of further structural reforms. Also, the growing uncertainties in the international trade environment and the rise of protectionist sentiments are likely to pose difficulties for the trade-dependent economies of East and North-East Asia. While these countries are making an effort to move away from their trade-reliant economic structure by emphasizing service sector growth and consumption, the transition process has been very slow so far. In order to effectively counter these economic challenges, and make progress in achieving the Sustainable Development Goals, the subregion requires greater cooperation and integration and sharing of knowledge and experience.

### **B. Achieving the Sustainable Development Goals in East and North-East Asia**

14. The subregion as a whole made significant progress under the Millennium Development Goals framework. Adult literacy rates above 90 per cent were achieved in all countries in the subregion by 2000, and in 2015 that number rose to 96 per cent and above. Maternal mortality and child mortality rates in all countries in the subregion are well below the ESCAP average. Nonetheless, a large number of people are still living in poverty, and there are also indications of growing social disparities between and within member countries, particularly for various socially and economically disadvantaged groups, including older persons and persons with disabilities. Effective interventions based on social policy, in conjunction with economic and environmental policies, are needed to promote their inclusion and participation in society.

---

<sup>12</sup> ESCAP members: China; Democratic People's Republic of Korea; Japan; Mongolia; Republic of Korea; and Russian Federation. Associate members: Hong Kong, China; and Macao, China.

15. The Sustainable Development Goals address various issues, such as environmental sustainability, which were not addressed or which were not the main focus of the Millennium Development Goals but which are very pertinent to the subregion. Despite the fact that the principle of sustainable development has been integrated into national plans and programs, there has been no fundamental trend of reversing environmental and resource loss.

16. In addition, with the demographic shift towards an ageing population happening at a speed and scale unprecedented in human history, the subregion faces the new challenge of rising poverty and widening socioeconomic inequalities among the growing numbers of older persons.

### **C. Regional economic cooperation and integration**

17. The subregion is home to some of the most advanced and globally linked economies as well as less developed and isolated economies. Countries in the subregion are more dissimilar than similar in terms of stages of development, economic structure and size, political systems, and culture. Due to these differences and long-standing historical and geopolitical tensions, institutionalized regionalization has not made much progress, and regional economic cooperation and integration remains a challenging concept to apply for all countries.

18. Nonetheless, economic pragmatism has led to various forms of technical cooperation to support market-driven regionalization. Despite lacking a region-wide institution, a pattern of regionalization has emerged in functional areas of cooperation and integration. While this form of bottom-up regionalization has served its purpose, there are areas where stronger Government-led action would catalyse a greater flow of goods and people and enhance intraregional connectivity.

19. Within the subregion, there are a number of existing subregional mechanisms with broad-based mandates to promote economic cooperation and integration. These include the Trilateral Cooperation Secretariat (China, Japan and the Republic of Korea), the Greater Tumen Initiative (China, the Democratic People's Republic of Korea, Mongolia, the Republic of Korea and the Russian Federation) and the Shanghai Cooperation Organization (Central Asian countries plus China and the Russian Federation). Given the geopolitical situation in the subregion, the most feasible way forward is through continued technical cooperation on issues where national interests are closely aligned with shared subregional interests. To achieve this, it is important to create synergies among the parallel efforts of existing subregional arrangements through a coordination platform to gradually align the various actions towards a common regional agenda. The subregion is also in a position to play a leadership role in the wider Asia-Pacific regional cooperation integration framework, particularly in the areas of seamless trade, transport and energy connectivity, financial cooperation and shared vulnerabilities.

### **D. Supporting the Commission's programmes in East and North-East Asia**

#### **1. Macroeconomic policy, poverty reduction and financing for development**

20. The secretariat organized the third North-East Asia Development Cooperation Forum. It served as an opportunity to forge partnerships among research associations and institutions on development cooperation in North-East Asia and provided a platform for discussion on research and analysis of

policies and practices with regard to development assistance and cooperation in countries in the region. In 2016, the secretariat's engagement with the China International Development Research Network and the International Cooperation Department of the Development Research Centre of the State Council of China contributed to an exploration of a formal partnership. The secretariat also facilitated and contributed to an in-depth review of development cooperation by these associations and institutions for a special issue of the *Asia-Pacific Development Journal*.<sup>13</sup> Sharing knowledge and analyses contributed to the analysis of infrastructure development assistance in countries with special needs in the subregion.

## **2. Trade and investment**

21. The secretariat continued to promote trade facilitation by engaging with relevant stakeholders to enhance customs cooperation among China, Mongolia, the Republic of Korea and the Russian Federation. Highlighting the importance of the Framework Agreement on Facilitation of Cross-border Paperless Trade in relevant forums, the secretariat and the Federal Customs Service of the Russian Federation began working on a project which aims to review the progress or readiness of economies in the region with regard to the paperless exchange of trade-related data and documents through national single window systems and to assess the feasibility of a subregional single window environment.

22. Amid the rising tide of protectionism and non-tariff measures, the secretariat brought together customs and other agencies involved in sanitary and phytosanitary measures to exchange information on recent developments and improve inter-agency and cross-border cooperation to ensure safe and secure trade. It was underscored that there was a need to further strengthen the capacity of officials to effectively deal with standards-related issues on agriculture and sanitary and phytosanitary matters as well as to consider bilateral or subregional arrangements, such as mutual recognition or joint inspections, to facilitate trade.

## **3. Transport**

23. The secretariat's work facilitating the adoption of the Intergovernmental Agreement on International Road Transport along the Asian Highway Network resulted in a new era of cooperation among China, Mongolia and the Russian Federation. The three countries signed the Agreement during the third Ministerial Conference on Transport in December 2016. At the same meeting, the secretariat also organized a side event on sustainable transport and transport connectivity for North- and South-East Asian member countries to discuss policies to implement the transport-related Sustainable Development Goals and linking up the various member country initiatives supporting cross-border transport connectivity.

## **4. Environment and development**

24. The secretariat strengthened the work of the North-East Asian Subregional Programme for Environmental Cooperation by assisting with the development of its Strategic Plan 2016-2020 and implementing activities in five thematic areas, namely transboundary air pollution, nature conservation, low carbon cities, desertification and land degradation, and marine protected areas. The secretariat worked with national partners to formulate a new subregional framework for science-based, policy-oriented cooperation to

---

<sup>13</sup> Vol. 23, No. 2, December 2016.

address air pollution. The secretariat also implemented two projects on strengthening scientific knowledge on cross-border movement patterns of target species, including the Amur tiger and leopard, and on the habitat conditions of key migratory bird species. The outcomes could serve as a key reference for intergovernmental and subregional cooperation. In addition, the secretariat supported information-sharing and technical cooperation among North-East and South-East Asian agencies specializing in carbon and environmental labelling through the Asia Carbon Footprint Network.

## **5. Information and communications technology, science, technology and innovation**

25. The secretariat jointly organized a forum with the Government of the Republic of Korea which aimed to facilitate knowledge-sharing in science, technology and innovation and serve as a potential catalyst for multilateral cooperation among the Republic of Korea, developing countries and international organizations, including multilateral platforms such as the Technology Facilitation Mechanism and relevant initiatives within Asia and the Pacific. The 2016 forum called for continued multi-stakeholder discussions and collaboration to combat climate change and achieve sustainable development in the region.

## **6. Disaster risk reduction**

26. The secretariat continued to work closely with the national remote sensing agencies of the Governments of China and Mongolia to facilitate capacity-building on drought monitoring and early warning systems. With the newly installed drought monitoring system in Mongolia, the multi-year project will focus on raising awareness among end users, particularly the agricultural sector, and continue to refine the methodology for monitoring drought through field validation studies.

## **7. Statistics**

27. The secretariat developed a programme on innovative data approaches to support member States utilizing big data statistical approaches in their implementation of the Sustainable Development Goals. As a first step, the secretariat facilitated a discussion on utilizing innovative big data approaches to collect disaster statistics, including utilizing data sources such as satellite imagery combined with geographic information systems.

## **8. Energy**

28. In recent years, an increasing number of proposals for power grid interconnection in the subregion have been made. Most suggest maximizing complementarity in the production and consumption of electricity among countries in the subregion by fully tapping the vast potential of renewable energy sources, such as wind and solar (China and Mongolia) and hydropower (Russian Federation). However, the subregion lacks a multilateral mechanism for reviewing and coordinating various proposals. In that regard, by holding an annual North-East Asia Energy Security Forum in collaboration with the Republic of Korea, the secretariat facilitated the review of proposals and the discussion of options for multilateral cooperation by experts and government officials of member States. They came to a general conclusion that an intergovernmental mechanism, together with a multi-stakeholder platform, was needed.

## **E. Issues for consideration by the Commission**

29. The secretariat is committed to strengthening subregional cooperation and integration and to achieving the Sustainable Development Goals, through its Subregional Office for East and North-East Asia, in line with its programme of work and its support for the implementation of the 2030 Agenda by member States. The Commission may wish to provide guidance on approaches for addressing subregional challenges and possible partners for the secretariat in that work.

## **III. Subregional Office for North and Central Asia**

### **A. Introduction**

30. The economies<sup>14</sup> of North and Central Asia have been in transition from centrally planned to market-oriented systems since the disintegration of the Union of Soviet Socialist Republics. Additionally, all the countries except Georgia and the Russian Federation are landlocked, and Uzbekistan is doubly landlocked. These institutional and geographical factors, and others, pose significant limitations on their export potential and economic integration in regional and global value chains, suppressing opportunities for economic diversification and job creation.

31. The sluggish growth in the subregion in 2016, driven by low and volatile commodity prices, has underlined the urgent need for countries in North and Central Asia to diversify their economic structure in terms of exports and trade partners to achieve inclusive and sustainable economic growth. Regional economic cooperation and integration among countries of the subregion and with the wider Asia-Pacific region is key for achieving a more inclusive and sustainable development trajectory in the implementation of the Sustainable Development Goals.

### **B. Achieving the Sustainable Development Goals in North and Central Asia**

#### **1. Rebalancing and reviving economic growth**

32. The key priority for North and Central Asia is to revive economic growth and rebalance it in line with the aspirations set out in the Sustainable Development Goals by reducing economic reliance on primary commodities (and remittances for some labour-exporting countries) in favour of more diversified and globally competitive exports of higher-value-added products. Reforms in public investments and subsidies, governance, business sector development, innovation and human capital development will need to accelerate, albeit to different degrees across the subregion.

#### **2. Investing in people**

33. Human capital is the second most abundant resource in the subregion after natural resources. Although, during the implementation period of the Millennium Development Goals, extreme poverty was by and large eradicated in this subregion, inequalities and social exclusion increased. The incidence of vulnerable employment remains high, and it is increasing in some countries, with more than one third of workers in many countries of the

---

<sup>14</sup> ESCAP members: Armenia; Azerbaijan; Georgia; Kazakhstan; Kyrgyzstan; Russian Federation; Tajikistan; Turkmenistan; and Uzbekistan.

subregion employed in vulnerable jobs. Furthermore, as the working age population has started to decline, increased investments in social infrastructure, especially education and health, will need to accompany investments in hard infrastructure for the Sustainable Development Goals to be successfully implemented.

### **3. Addressing shared environmental vulnerabilities**

34. North and Central Asia is highly vulnerable to climate change. Growing demands for water, energy and food, coupled with the increasing frequency and intensity of weather events and climate-related disasters, exacerbate the existing vulnerabilities: land degradation together with advancing desertification and declining crop yields. Twin challenges remain for the subregion's energy security, in terms of addressing its low capacity of electricity generation and its highly inefficient use and transmission. Relatedly, the management of water resources across North and Central Asian countries is fraught with difficulties. Opportunities exist for reductions of greenhouse gas emissions, such as transitioning to a green economy and renewable energy, modernizing facilities in energy transmission and distribution, and phasing out inefficient subsidies.

## **C. Regional economic cooperation and integration**

### **1. Enhancing infrastructure connectivity**

35. The landlocked nature of this subregion suppresses its participation in regional and global value chains. Thus, the expansion and modernization of regional infrastructure networks for transport, energy and communication are an essential component of a pro-growth strategy of regional integration. Clear signs of progress in infrastructure connectivity are emerging, such as the Eurasian Land Bridge link, the trans-Caspian international transport route and the Turkmenistan-Afghanistan-Pakistan-India gas pipeline project, among others; these projects hold promise that the subregion will emerge as a transit hub for East Asia, South and South-West Asia, and Europe. By promoting synergy across these infrastructure projects, especially for transport, energy, and information and communications technology (ICT) infrastructures, ESCAP, as a multidisciplinary platform for important regional actors in Asia and the Pacific, could facilitate these processes.

### **2. Facilitating institutional cooperation**

36. The socioeconomic gains from investment in infrastructure can be augmented by intergovernmental policy coherence and cooperation across the subregion, especially in intermodal transportation, cross-border trade facilitation and financial cooperation. In this regard, the Eurasian Economic Union provides an opportunity to create convergence around disparate standards and procedures in trade, investments and transport finance. An expansion of membership to countries outside the subregion, for example, as was done recently through the formation of the Viet Nam-Eurasian Economic Union Free Trade Agreement, could enhance further market integration. ESCAP also acts as a vital subregional platform for policy cooperation through the United Nations Special Programme for the Economies of Central Asia and the meetings of its thematic working groups. The Ganja Declaration on Strengthening Implementation of the Sustainable Development Goals through Enhanced Cooperation, which was adopted at the eleventh session of the Governing Council of the Special Programme, includes a call for ESCAP and the Economic Commission for Europe (ECE) to continue their efforts to revitalize and strengthen the Special Programme so that participating

countries will be in a position to implement, review, measure and adapt implementation of Sustainable Development Goals on a cooperative basis.

### **3. Building disaster risk resilience**

37. As climate change intensifies, not only is the frequency and intensity of disasters such as floods, landslides and drought on the rise but so is the transboundary nature of such events. In addition, this subregion is highly exposed to seismic risk. To mitigate these vulnerabilities, it is crucial to strengthen mechanisms that encourage the exchange of weather-based scientific data and to build on regional cooperative capacity. The Commission's newly established Asian and Pacific Centre for the Development of Disaster Information Management, hosted by the Islamic Republic of Iran, will support multi-hazard early warning systems that reduce the trade-offs and impacts of this fragile ecosystem.

## **D. Supporting the Commission's programmes in North and Central Asia**

38. The Ganja Declaration on Strengthening Implementation of the Sustainable Development Goals through Enhanced Cooperation demonstrated a common vision centred on a firm commitment to strengthen collaboration and policy coherence for the implementation of the Goals. It strategically repositioned the Special Programme for the Economies of Central Asia as a platform for promoting policy coordination and coherence among its member countries. The 2016 Special Programme for the Economies of Central Asia Economic Forum was held on 22 and 23 November 2016, hosted by the Government of Azerbaijan and organized by ESCAP in collaboration with ECE.

### **1. Macroeconomic policy, poverty reduction and financing for development**

39. The Subregional Office for North and Central Asia provided analytical inputs on subregional perspectives for ESCAP publications, including the *Economic and Social Survey of Asia and the Pacific 2017* and the *Asia-Pacific Countries with Special Needs Development Report 2017*.

### **2. Transport**

40. The twenty-first session of the thematic working group on sustainable transport, transit and connectivity of the Special Programme for the Economies of Central Asia was held in Ashgabat on 7 and 8 September 2016 with the assistance of ESCAP and ECE, in collaboration with the Government of Turkmenistan. Participants discussed issues related to the development of transport networks such as the Asian Highway, the Trans-Asian Railway and dry ports networks; progress made on safe, efficient and reliable transport infrastructure; the facilitation of cross-border transport; accession to and implementation of international transport conventions; and improvements to road safety. Special attention was given to the implementation of the Sustainable Development Goals.

41. The Subregional Office for North and Central Asia played a consensus-building role, and the session contributed to an important series of events on transport, including the Global Conference on Sustainable Transport, which was held in Ashgabat on 26 and 27 November 2016, and the third Ministerial Conference on Transport, which was held in Moscow from 5 to 9 December 2016.

### **3. Information and communications technology, science, technology and innovation**

42. The eighth session of the thematic working group on knowledge-based development of the Special Programme for the Economies of Central Asia was held in Almaty, Kazakhstan, on 22 September 2016 with the support of ESCAP and ECE. The emerging requirements for enhanced ICT connectivity in general and e-resilience in particular, as a basis for economic diversification, were addressed. In that regard, strong support was expressed for the implementation of the Asia-Pacific information superhighway initiative. As it aims to improve regional broadband connectivity through a dense web of terrestrial and submarine fibre-optic cables across the entire Asia-Pacific region, it could play a crucial role in bridging the digital divide in landlocked countries of North and Central Asia.

### **4. Disaster risk reduction**

43. A regional workshop on resilient ICT connectivity for the knowledge economy, the Sustainable Development Goals and the World Summit on the Information Society goals was held in Almaty from 20 to 22 September 2016, with the support of ESCAP and ECE, in collaboration with the Subregional Office for North and Central Asia and the Centre for Emergency Situations and Disaster Risk Reduction. The workshop aimed to strengthen the national capacity of participating countries in enhancing e-resilience for the development of the knowledge economy and to achieve the goals of the 2030 Agenda and of the World Summit on the Information Society. The workshop specifically addressed how to enhance e-resilience in network design, make more efficient use of ICT for emergency communications, and reduce the impact of disasters on businesses and governments, recognizing that the implementation of the Asia-Pacific information superhighway in the subregion would significantly enhance e-resilience.

### **5. Social Development**

44. The Advocacy Forum on Facilitating Migration Management in North and Central Asia was held in Almaty on 28 and 29 June 2016. This multi-stakeholder Forum sought to increase understanding of policy options to enhance the effectiveness of migration management in North and Central Asia and to identify priority areas for action to achieve the targets of the Sustainable Development Goals related to international migration.

### **6. Statistics**

45. The second subregional workshop on data and statistics for the Sustainable Development Goals was held in Almaty from 26 to 30 September 2016 with the support of ESCAP and the Partnership in Statistics for Development in the 21st Century. The objectives of the workshop were to provide participants with a clear understanding of the emerging Sustainable Development Goal indicator architecture and its links to existing indicator-based monitoring frameworks. Another objective was to build national statistical capacity in order to provide relevant data to monitor development progress and to facilitate systematic assessment and identification of data shortfalls due to inadequate disaggregation, reporting, financing and methodology. A number of agencies from the United Nations country team in Kazakhstan actively participated in the workshop.

## **7. Energy**

46. ESCAP contributed to building international consensus and cooperation on the sustainable use of energy and natural resources through its engagement in a number of meetings, including the High-level Symposium on Sustainable Development Goal 6 and Targets on the theme “Ensuring that no one is left behind in access to water and sanitation”, which was held in Dushanbe from 9 to 11 August 2016, and the seventh International Forum on Energy for Sustainable Development, which was held in Baku from 18 to 21 October 2016. During the Forum, ESCAP and ECE organized the twentieth meeting of the thematic working group on water, energy and environment of the Special Programme for the Economies of Central Asia. The thematic working group agreed to continue cooperation efforts within the framework of the Special Programme to achieve the Goal targets 6.5, 7.1 and 7.2, which are highly relevant to North and Central Asia.

## **E. Issues for consideration by the Commission**

47. The secretariat is committed to strengthening subregional cooperation and integration, through its Subregional Office for North and Central Asia, in line with the development priorities of the subregion in order to accelerate progress towards the attainment of internationally agreed development goals and to achieve inclusive and sustainable development. The Commission may wish to provide further guidance on priority areas of work and connectivity approaches, as well as on partners with whom the secretariat could work for effective implementation of actions at the subregional level in support of member States.

# **IV. Subregional Office for South and South-West Asia**

## **A. Introduction**

48. South and South-West Asia<sup>15</sup> is home to some 40 per cent of Asia’s population and more than 25 per cent of the world’s population. Despite South Asian countries’ economic dynamism and remarkable achievements with regard to the Millennium Development Goals, they still account for 36 per cent of the world’s poor and nearly half of its malnourished children and suffer from a number of development and infrastructure gaps. With more than 80 per cent of the workforce in the informal sector, the subregion’s potential productive and inclusive development remains constrained.

49. The subregion’s progress towards achieving the 2030 Agenda is likely to be one of the most transformative processes of any region in the world. The disproportionate concentration of deprived populations in the subregion means that the global achievement of the Sustainable Development Goals will not be possible without their achievement in South and South-West Asia.

## **B. Achieving the Sustainable Development Goals in South and South-West Asia**

50. While there has been progress, many sustainable development challenges remain. South Asian countries have achieved many of the Millennium Development Goal targets but progress is uneven across and within countries. The secretariat has identified and advocated for strategic

---

<sup>15</sup> ESCAP members: Afghanistan; Bangladesh; Bhutan; India; Iran (Islamic Republic of); Maldives; Nepal; Pakistan; Sri Lanka; and Turkey.

priorities in accelerating the achievement of the Sustainable Development Goals. Priorities related to productive and inclusive economic development include (a) creating jobs and balanced economic transformation through sustainable industrialization; (b) focused sustainable agricultural productivity improvements to improve subregional food security; (c) transforming household economic decision-making by providing universal social protection and financial inclusion; and (d) promoting gender equality, especially through women's entrepreneurship. Priorities related to reaching those furthest behind and closing social development gaps include (a) providing essential basic services to all and accelerating sustainable infrastructure development, especially for water and sanitation, electricity and ICT; and (b) providing universal access to education and health to harness the region's youth bulge. A major transformational environmental priority for the subregion is enhancing environmental sustainability through low-carbon climate-resilient pathways to decouple its growth from resource use and pollution. The projected rapid rise in the urban population over the next three decades provides the region with opportunities to leapfrog over some of the less sustainable technologies and urban patterns of the last century, in favour of smart cities with greener and more resilient buildings and infrastructure.

51. Several key means of implementation are required if the subregion is to address sustainable development challenges.

## **1. Finance**

52. Implementing the Sustainable Development Goals will require substantial financial resources; in South Asia alone this could amount to approximately \$5 trillion to close key infrastructure gaps, restructured social investments of 10-20 per cent of GDP and significant investments to enhance environmental sustainability are needed. With low tax-to-GDP ratios, South Asian countries also have the potential to enhance domestic resources by expanding their tax bases, undertaking tax reforms and strengthening tax administration. Public-private partnerships can also supplement public investments in sustainable infrastructure projects. While conventional flows of ODA remain critical for the subregion's economies, especially the least developed countries, South-South cooperation is beginning to supplement development resources, with India emerging as a key contributor in the subregion.

## **2. Technological facilitation of the pursuit of low-carbon pathways**

53. Accessing the benefits of a global technology facilitation mechanism and a technology bank for least developed countries, as provided for under Sustainable Development Goal 17, is critical for South and South-West Asian countries. South Asian GDP expenditure on research and development is only one third of the world average. The subregion lags behind in most dimensions of science, technology and innovation. Countries should prioritize investment in education, training, and research and development, while developing sustainable regional technology solutions for low-carbon growth pathways that could harness the frugal engineering capabilities of the subregion.

## **3. Data, monitoring and accountability**

54. Many countries in the subregion lack the capacity to accurately track progress on the Sustainable Development Goals and will likely face significant challenges to providing regular, timely, representative, high-quality disaggregated data on different Goals. There is great potential for strengthening regional cooperation on monitoring and evaluation, and the

secretariat has prioritized support for statistical capacity-building. A regional approach would also help to develop common standards and perspectives for methodological processes and for the reporting of progress at the broader regional and global levels.

#### **4. Institutional improvements for the delivery of the Sustainable Development Goals**

55. At the national level, a coordinating agency is critical for the effective implementation of the Sustainable Development Goals, given the wide range of objectives across sectors. Effective implementation will further require outcome-based approaches to multidimensional sustainable development challenges; decentralization to empower local administrations; and institutional reforms to incentivize changes in regulations, institutional culture, markets and mindsets. It is equally important to ensure stakeholder participation in the implementation and monitoring of the Goals at all levels.

56. Since 2015, countries in the subregion have been active in integrating the 2030 Agenda into national planning. In Afghanistan, the Islamic Republic of Iran and Maldives, national planning and strategies reflected the context of the 2030 Agenda. Other countries, including Bangladesh, Bhutan, India, Nepal, Pakistan, Sri Lanka and Turkey, have made concerted efforts to establish defined institutional responsibilities to align national plans and strategies to the 2030 Agenda, and several countries have already undertaken extensive national and subnational Goal mapping exercises to coordinate policies and monitor achievement.

### **C. Regional economic cooperation and integration**

57. Subregional progress in regional economic cooperation and integration is lagging; only 6 per cent of trade is between countries in the subregion. Intraregional trade and investment flows, transport and ICT connectivity, financial integration and subregionally coordinated policy recourses for addressing shared vulnerabilities, such as food insecurity and disaster risks, are the key priorities for the subregion under the framework of regional economic cooperation. Progress in these areas would help the subregion benefit from broader regionalism in Asia and the Pacific.

#### **1. Intraregional trade and investments**

58. The low level of intraregional trade is explained by several factors, including high costs, poor supply capacities, poor trade facilitation at borders and the prevalence of a variety of non-tariff barriers. The potential of intraregional trade in services, as well as investments, also remains untapped, limiting the scope for regional production networks or value chains. Policy priorities for the subregion include (a) deepening the liberalization of trade in goods through tariff reforms using the South Asian Free Trade Area and other trade agreements, (b) lowering costs of trade by strengthening transport connectivity and trade facilitation reforms, (c) effective liberalization of regional trade in services using the South Asian Association for Regional Cooperation (SAARC) Agreement on Trade in Services and other agreements, (d) advancing towards a comprehensive economic partnership agreement that covers trade and investments to foster regional value chains, (e) regional cooperation on the harmonization of standards and conformity assessment procedures, and (f) cross-border payment arrangements and banking cooperation.

## **2. Transport, energy and information and communications technology connectivity**

59. Regional connectivity in South and South-West Asia assumes special significance because of its potential to turn the subregion into a land bridge between Europe, Central Asia and South-East Asia. The two trunk corridors identified by the secretariat, which can link the breadth of South and Central Asia, are the Turkey–Iran (Islamic Republic of)–Pakistan–India–Bangladesh–Myanmar Road Corridor and the Istanbul–Tehran–Islamabad–Delhi–Kolkata–Dhaka–Yangon rail corridor. Both corridors are integral parts of the Asian Highway and Trans-Asian Railway networks and have connecting sublinks to major ports. Together they offer multimodal transport options, particularly for landlocked developing countries. Key challenges for their operationalization include gaps in physical infrastructure, a lack of transit and transport agreements and adequate transport facilitation measures, and the absence of a connectivity master plan.

60. Regional cooperation is also the most potent solution to overcome South Asia's energy challenges. The secretariat has identified main avenues for fostering energy connectivity in the subregion, including (a) the creation of a regional power market by pursuing a SAARC power grid and a SAARC market for electricity trade in oil and gas energy sources, (b) cooperation on renewable energy technologies, and (c) cooperation on energy resource exploration and management.

61. The subregion has made notable advances in positioning itself as a major production hub and exporter of ICT and ICT-enabled services. The penetration of ICT services and the establishment of cross-border infrastructural links for digital connectivity are areas that require attention. The secretariat-led initiative for the Asia-Pacific information superhighway aims to increase the availability and affordability of broadband Internet across the region, by strengthening the underlying Internet infrastructure.

## **3. Financial cooperation**

62. Financial cooperation in the subregion could facilitate closing infrastructure gaps and building productive capacities. Key initiatives that need strengthening include the establishment of SAARCFINANCE, a regional body of central banks, the Intergovernmental Expert Group on Financial Issues, and the SAARC Public Debt Managers' Forum. Regional currency swap arrangements and affiliation with the Asian Clearing Union are important prospects. Weak domestic capital markets and limited access to international capital markets can be overcome by allowing enterprises from South Asian least developed countries to list and raise capital in more developed capital markets in the subregion, such as in India, Pakistan, Sri Lanka or Turkey.

## **4. Addressing shared vulnerabilities**

63. Regional cooperation on and stronger regional institutions for food security can improve household incomes and consumption and increase smallholder agricultural productivity. Better regional food trade and stronger regional institutions, such as the SAARC Food Bank, are required. Almost a third of the mortality caused by disasters globally occurs in South and South-West Asia, which also suffers the second highest levels of economic losses of any region. The establishment of the Asian and Pacific Centre for the Development of Disaster Information Management in Tehran can complement institutions created within the SAARC and the Bay of Bengal

Initiative for Multi-sectoral Technical and Economic Cooperation frameworks.

## **D. Supporting the Commission's programmes in South and South-West Asia**

### **1. Macroeconomic policy, poverty reduction and financing for development**

64. The Subregional Office for South and South-West Asia contributes economic analyses, which are delivered to countries through major United Nations and ESCAP publications, including the *Economic and Social Survey of Asia and the Pacific*, *Asia-Pacific Countries with Special Needs Development Report* and *World Economic Situation and Prospects*. The Subregional Office monitors key trends in what continues to be the world's fastest growing subregion.

### **2. Trade and investment**

65. A workshop on cross-border paperless trade facilitation and single window systems in southern Asia and Central Asia in February 2017 contributed to the preparation of an action plan for subregional collaboration in digital trade connectivity, as well as to advancing cross-border paperless trade facilitation. The secretariat also provided subregional analysis and policy evidence for the *Asia-Pacific Trade and Investment Report 2016*.

### **3. Transport**

66. The secretariat actively engaged in transport-related advocacy directed at member States and member State-led subregional organizations to highlight the criticality of, potential challenges to and a way forward for regional economic integration in transport connectivity for southern and Central Asia through extended multimodal transport corridors. The secretariat participated in numerous meetings, including those of member State-led subregional organizations, including the sixty-sixth Executive Committee Meeting of the SAARC Chamber of Commerce and Industry in Kalutara, Sri Lanka, in June 2016; the twenty-fourth meeting of the SAARC Development Fund Board of Directors in Thimphu in June 2016; and the Seminar on the Heart of Asia and Connectivity in Amritsar, India, in December 2016, which was organized by the Government of India, the Federation of Indian Chambers of Commerce and Industry, and the Research and Information System for Developing Countries.

### **4. Environment and development**

67. The secretariat engaged with member States in the subregion on various aspects of environment and development and continued high-level advocacy on the prioritization and implementation of the Sustainable Development Goals. The secretariat organized the High-level Symposium on Achieving the Sustainable Development Goals by 2030 and Leveraging the Multi-stakeholder Partnerships for Sustainable Prosperity in Colombo in October 2016. The secretariat delivered a seminar on achieving the Sustainable Development Goals and key policy priorities and implementation challenges for South Asia and Bhutan, in Thimphu in June 2016, and a seminar on action planning challenges for the Sustainable Development Goals in Bangladesh, which was held in Dhaka on 17 and 18 August 2016 and organized by the Prime Minister's Office of Bangladesh.

## **5. Information and communications technology, science, technology and innovation**

68. The secretariat provided support for the subregional workshop on internet traffic management and e-resilience for the Asia-Pacific information superhighway in Thimphu in December 2016, which aimed to assist participating South Asian countries in identifying challenges and opportunities and enhancing Internet traffic management and e-resilience.

## **6. Disaster risk reduction**

69. The secretariat, in partnership with the National Institute of Disaster Management of the Government of India, held a regional capacity development workshop on mainstreaming disaster risk reduction in sustainable development planning in New Delhi in September 2016, which aimed to strengthen participants' access to knowledge and information to deepen their engagement in regional and South-South cooperation for disaster risk reduction.

## **7. Social development**

70. The secretariat has supported SAARC processes promoting gender equality, particularly through support to the recently established SAARC Gender Policy Advocacy Group. The secretariat supported the development of its multi-year action plan to advance women's and girls' empowerment and achieve gender equality across the subregion.

71. The secretariat also worked to engage member States on sharing policy expertise and experience through a symposium on income security for older persons and, with the National Institute of Public Finance and Policy, fostered discussion of the concept of a universal basic income in South Asia, in India in February 2017.

## **8. Statistics**

72. In September 2016, the secretariat organized the first subregional workshop on data and statistics for the Sustainable Development Goals, in collaboration with the Statistical Institute for Asia and the Pacific and the Central Statistics Office of India. Participants shared experiences on national initiatives to integrate the Goals into development plans and on mapping the availability of indicators and data.

## **E. Issues for consideration by the Commission**

73. The secretariat is committed to accelerating implementation of the 2030 Agenda and strengthening subregional cooperation and integration, through its Subregional Office for South and South-West Asia, in line with the efforts of member States. The Commission may wish to provide guidance on approaches for addressing subregional challenges and possible partners for the secretariat in that work.