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

I. SUSTAINABLE AND JUST ECONOMIES IN ASIA AND THE PACIFIC

Shifting towards sustainable and just economies is about promoting equality of economic opportunities, especially jobs for a growing population, and decoupling economic growth from detrimental environmental outcomes. According to the UNESCAP/ADB/UNDP report 2020, this entry point can be mapped to specific targets for Sustainable Development Goals (SDGs) 8 Decent Work and Economic Growth, 9- Industry, Innovation and Infrastructure, 10- Reduced Inequalities and 16- Peace, Justice and Strong Institutions. A few targets from other SDGs, particularly from SDG 12, are also pertinent.

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

Figure 1: Asia-Pacific progress in the six entry points

Source: UNESCAP/ADB/UNDP report, 2020
Of the six entry points identified in the GSDR 2019, the Asia-Pacific region has made the least progress since 2000 in Sustainable and Just Economies. In the figure above, performance is measured as an average of indicators that are relevant for each entry point. In the horizontal axis, 0 is the level of the performance measure in 2000 and 10 is the level that it would need to attain in 2030 to achieve the SDGs in each of the indicators included in the measure. If progress between 2000 and 2010 were linear, by 2019 the average value of the indicator would be 6.33, which is represented by the red line labelled “2019.” The figure shows that the progress made by the region on Sustainable and Just Economies is only around 15 percent of what would have been needed by 2019.

Part of the reason for this poor performance is related to the region’s heavy dependence on resource use and its related environmental impacts. Fast economic growth, rising population, rapid urbanization, expansion of manufacturing, and the changing consumption pattern of the emerging middle class have all contributed to an increase in the demand for material resources. Material use, which comprises fossil fuels, biomass, metals and non-metallic minerals, for example has almost tripled from over 20 billion tons, or 49 per cent of the world total, in 1990 to 59 billion tons, or 66 per cent of the world total, in 2017. These figures represent a staggering annual growth of 4 percent in Asia and the Pacific, compared to 0.8 per cent for the rest of the world. If this trend continues in coming years, by 2030 the region will consume 99.3 billion tons, representing close to 75 per cent of the world total.

Substantial resource use has come with rising environmental pressure and threats to ecosystems, including contributions to greenhouse gas (GHG) emissions. In 2017, carbon emissions from Asia-Pacific consumption with respect to activities related to the combustion of oil, gas and coal alone made up nearly half of the world share of the respective emissions. Meanwhile, increased energy consumption and the use of inefficient energy technologies in households and industrial processes in the region have intensified air pollution, especially in urban areas, with high concentrations of particulate matter in cities. Recent data shows that most of the region’s economies exceed the World Health Organization’s guidelines of 10 micrograms of fine particulate matter (PM 2.5) per square meter, and 97 of the world’s top 100 most air-polluted cities in 2018 are from the region.

The increase in resource consumption has also been associated with a rise in the generation of waste in the region. Household hazardous waste, e-waste and food waste are increasing with the growth of urbanization across the region. Plastic waste is of particular concern: 8 of the 10 rivers around the globe carrying the highest amounts of plastic waste are in Asia. The current “take-make-dispose” extractive industrial model is hugely wasteful, with most of the material value lost to landfills or causing environmental pollution. Waste generated through these ineffective processes creates not only persistent threats to human and environmental health, but also substantial financial costs associated with waste management. Environmental pressures are also leading to a fast decline in biodiversity, with the region recording the world’s highest number of threatened species in 2014.

The region’s fast GDP growth is not only associated with environmental unsustainability but also with increasing inequality. Data from the World Inequality Database shows that the income share of the top 10 per cent of the adult population in Asia and the Pacific increased 5 percentage points from 42.5 percent to 47.5 percent between 1997 and 2016. During the same period, the income share of the bottom 10 percent dropped 2.6 percentage points, from 14.8 percent to 12.2 percent. In addition to income inequalities, the region is also characterized by inequalities of opportunities such as education, health care, water and sanitation, clean energy, financial services, and protection from natural disasters and environmental hazards. These inequalities, in turn, contribute to widening and perpetuating income inequalities.

In addition, while the region’s economic growth has contributed to job creation and low unemployment rates, most of these jobs have been in the informal sector, characterized by low wages and long working hours. As of 2018, over two-thirds of the region’s employment is in the informal sector, where workers usually have no access to employment benefits and have little job security. Even with a job, over 40 per cent of the workers aged 25 or above in the region lived in conditions of extremely, moderately, or near poverty in 2019, and Asians, on average, work about two hours longer per week than in the rest of the world.
Among the region’s workers, women and the youth are the most vulnerable. The female labour force participation rate is lower than that of males and has kept falling in recent years due to lack of equal treatment in hiring, insufficient maternity leave guarantee, and prevailing low acceptability of women working out of their home. In addition, most countries in the region have not mandated equal pay for equal work and it is common for women to be paid less than men. Regarding the youth, in 2018 over 35 per cent of the female population aged 15- to 24-year-old were not in education, employment or training (NEET) compared to 11 percent for the male population of the same age group. While at the macroeconomic level, this represents a considerable loss in terms of unused productive capacity, at the individual level, these young people are more likely to become disenfranchised and to suffer from poverty and social exclusion.

III. COUNTRY LEVEL ANALYSIS ON ACCELERATION TOWARDS SUSTAINABLE AND JUST ECONOMIES

This section examines examples of policies and initiatives to accelerate progress towards sustainable and just societies in the region.

Examples of national initiatives to accelerate progress towards environmental sustainability include the integration of sustainable consumption and production policies into national economic plans:

- The **Sustainable Singapore Blueprint** aims to encourage a low carbon lifestyle, promote a green economy, and radically reduce waste through its Zero Waste Masterplan launched in 2019;
- China’s objectives in achieving an Ecological Civilization is reflected in its 13th Five-Year Plan for Economic and Social Development which states that “Our modes of production and ways of life will become more eco-friendly and low-carbon”;
- The Philippines National Development Plan 2017-2022 aims to “develop and implement sustainable consumption and production (SCP) policies and initiatives”;
- Mongolia’s Green Development Policy Action Plan notes the need to “Engrain an environmentally friendly lifestyle”;
- The Eleventh Malaysia Plan, 2016-2020, mentions green lifestyles, and sustainable consumption and production under its chapter on Re-engineering economic growth for greater prosperity;
- Viet Nam’s Green Growth Action Plan, contains a theme of “Greening lifestyle and promoting sustainable consumption”;
- The Republic of Korea’s Green growth policy features green lifestyles;
- India’s Intended Nationally Determined Contribution mentions “sustainable way of living based on traditions and values of conservation and moderation” and
- Fiji’s 2014 “Green Growth Framework, which targets 99 per cent of the country’s electricity production to originate in renewable sources by 2030 to enhance its energy security and provide job opportunities in the renewable energy sector. Fiji is also the only Pacific Island Country that has introduced mandatory minimum performance standards and appliance labelling, particularly for refrigeration technology in the domestic sector.

It is worth highlighting that when it comes to sustainable consumption and production (SCP), some developing countries in the region can offer good advice on sustainable lifestyle models based on traditional values and local customs. Examples include Bhutan’s Gross National Happiness or Thailand’s late King Bhumibol Adulyadej’s Sufficiency Economy philosophy.

Regional conventions are also useful, as in the case of the region’s shipbuilding industry. While China, Japan and Republic of Korea are major producers of ships, India and Bangladesh have become important centres of the shipbreaking industry, where old or obsolete ships are broken up largely for their steel content. Although the recycling of steel from retired ships seems a good example of sustainability, the process involves serious environmental hazards. Ships contain many hazardous materials, such as asbestos fibre, ozone-depleting substances, heavy metals and hydrocarbons, which shipbreakers - who are almost entirely in the informal sector – are unable to handle in a manner that protects the workers’ health.
To address these hazards, the International Maritime Organization (IMO) drafted the Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships, which was adopted in 2009. The Hong Kong Convention lays down guidelines for the “design, construction, operation and preparation of ships so as to facilitate safe and environmentally sound recycling”. The significance of this convention is that the onus for the safe dismantling of ships lies not only with the shipbreaking industry but also with the designers and builders of the vessels.

Countries in the region have also adopted various initiatives to address the problem of growing income inequality. A useful policy intervention in this regard is minimum wages. In Cambodia, for example, statutory minimum wages applicable to the garment sector more than doubled between 2013 and 2019, causing actual wages to increase significantly in real terms. In 2019 the government enacted a new Minimum Wage Law, which expanded coverage beyond the garment sector. Two other countries that have recently increased their minimum wages are Nepal and Pakistan. Both countries are currently strengthening their technical capacity to fix minimum wages based on selected statistical indicators.

Social protection is another important tool to reduce inequalities and many countries in the region have improved their social protection policies in recent times. For example, Nepal introduced a contribution-based social security scheme in November 2018 that includes medical, health and maternity benefits, accident and disability benefits, benefits for dependent family members, and old-age benefits.

In order to improve the quality of work, several countries implemented policies to reduce the extent of informality. For example, Cambodia recently adopted a national action plan for the formalization of workers that included the simplification of the registration process, awareness raising and information sharing about formalization and its benefits, as well as the provision of incentives for business to formalize. Cambodia also adopted a plan to expand social protection in the construction sector, which employs many informal workers. The Philippines adopted a national action plan for the formalization of domestic work through improved monitoring and implementation of the Domestic Workers Law and the Domestic Workers Convention. In Nepal, national efforts were focused on practices to formalize workers and small businesses in the housing construction and tourism sectors. India made efforts to register informal workers in some districts and launched an online mobile-based technology platform for domestic workers to register grievances. In Viet Nam, the government issued a Master Plan on Social Insurance Reform that includes the goal of “researching and designing short-term social insurance packages with contributions, levels of benefits and modes of payment suitable to informal workers”.

Regarding gender disparities, the Philippines and India made progress in improving the working conditions of domestic workers, predominantly benefitting female workers: The Philippines adopted a new Action Plan on Decent Work for Domestic Workers, while in India workers’ organizations in three states launched an online mobile-based technology platform to facilitate domestic workers to register their grievances. In addition, countries such as Samoa and Timor-Leste promoted and facilitated women’s participation in labour markets in their employment policies.

Important developments were also seen in labour law revisions or adoption processes. An example is Pakistan’s National Labour Protection Framework, which explicitly incorporates non-discrimination against women with a special focus on the prevention and elimination of sexual harassment and violence at work. Similarly, the social security legislations of Nepal and Viet Nam emphasised non-discrimination in benefits and/or retirement age, and Timor-Leste’s General Social Security Law of 2016 included maternity protection for the first time. Another example includes Mongolia’s amendment to the Law on Pensions and Benefits, which equalized the replacement rate of maternity benefits at 100 percent both for formal employees covered by social insurance and for workers in the informal economy that choose to contribute voluntarily to the system.

The large-scale entry of women particularly in garment factories has urged the labour inspectorates to evolve to fully incorporate gender equality. In Bangladesh, gender-specific issues have been incorporated into the inspection checklist, including to detect violence against women in the workplace. The labour inspectorates of the three provinces in Pakistan have integrated gender equality and non-discrimination as
operational principles, leading to the inclusion of gender-specific provisions in their inspection checklists. In Lao People’s Democratic Republic, the Ministry of Labour and Social Welfare revised and issued a Ministerial Agreement on Labour Inspection, and in the process conducted capacity building workshops on the gender dimension of labour inspection, national labour law and core labour standards for tripartite constituents and factory managers.

On improving opportunities for the youth, countries such as the Philippines, Samoa and Sri Lanka have developed national action plans on youth employment that aim to promote youth employment and entrepreneurship, ease the school-to-work transition and ensure rights for young people. In addition, the expansion of public job centres in Cambodia has improved job matching and employment counselling for young people.

An important lever for accelerating progress towards sustainable and just economies is financing. In this regard, the Poverty Environment Action for the SDGs initiative, a joint European Union (EU), Austrian Development Agency (ADA), Norwegian Ministry of Foreign Affairs, Swedish International Development Cooperation Agency (SIDA), United Nations Development Program (UNDP) and United Nations Environment Program (UNEP) undertaking, has aimed at aligning finance and investment with poverty, environment and climate objectives to accelerate SDG implementation. In Asia Pacific the programme has worked with Bangladesh, Laos PDR, Myanmar, Nepal, Bhutan, Thailand, Indonesia, Philippines, Mongolia, Papua New Guinea and Timor-Leste to develop tools and methodologies to integrate poverty and the environment into national and provincial budgeting processes and to mobilize and align private financing for the SDGs. The tools include, among others, (i) a natural resource revenue management tool (ENRDMT) developed in the Philippines and adopted by more than 250 Local Government Units there, (ii) an emission tagging mechanism applied to the national budget processes in Indonesia, and (iii) provincial investment strategies in Lao PDR that promote quality investments. Similar efforts to align financing with the achievement of the SDGs are currently underway through the development of Integrated National Financing Frameworks, as recommended in the Addis Ababa Action Agenda of the Third International Conference on Financing for Development.

IV. POLICY RECOMMENDATIONS FOR ACCELERATION

1. Enhance cooperation between governments, businesses and citizens on sustainable consumption and production, including by implementing recommendations of the Third Forum of Ministers and Environment Authorities of Asia Pacific 2019 and the 10th Asian Business Summit 2019:

   - Set green production standards to tackle climate change, make the best use of river water resources and foster green growth;
   - Facilitate and develop innovative business models including (i) circular supply chains, (ii) sharing platforms to optimize the use of goods between users, resource efficiency and recovery, and (iii) product life extension and right to repair;
   - Take advantage of innovative technologies, including Industry 4.0, big data, blockchain and artificial intelligence, to enhance the sustainability of consumption and production;
   - Promote innovative behavioural change, including through rethinking environmental education, using social media and emerging social platforms, nudging and nationwide campaigns;
   - Promote responsible and inclusive trade; and
   - Improve urban waste management and address land and marine pollution, which are interrelated through regulatory and legal frameworks that control plastic movements in the region.

2. Adopt ecological budgeting and implement tax reforms to steer the economies in Asia and the Pacific towards greater resource efficiency, lower emissions and sustainable consumption and production. The purpose of such reform is to shift production costs away from labour and towards natural resources and emissions, thus creating incentives to guide consumers and producers towards lower resource and emissions intensity in their daily consumption and production decisions.
Elements of ecological and budget reforms include special charges based on the ‘polluter pays’ principle and removing subsidies for large consumers of, for example, energy and electricity, as well as on fossil fuels. Such reforms can be complemented with cap and trade systems for resources and emissions. All these policies can help to:

- Increase prices of environmentally damaging goods and services, while increasing the returns for more sustainable approaches – leading to more sustainable consumption and production patterns;
- Reduce compliance costs by providing flexibility to polluters or users of natural resources to choose the most cost-efficient and environmentally effective measures;
- Minimise the overall cost of achieving a given pollution control target;
- Create dynamic incentives for investments to innovate and continually improve environmental technology, generating both environmental and financial benefits (“win-win”);
- Allocate property rights and responsibilities of firms, groups, or individuals so that they have both the incentive and the power to act in a more environmentally responsible manner; and
- Raise revenues that can be used for environmental purposes and to fund government expenses in health, education and social protection.

3. Promote compliance with minimum wages and strengthen collective bargaining to reduce income inequality. The coverage of minimum wages is not universal in most countries, with segments of the working population such as domestic workers, rural workers or the self-employed excluded, and compliance with minimum wage legislation is not always properly enforced. In addition, collective bargaining coverage, defined as the proportion of employees whose pay and conditions are determined by collective agreements, remains low in the region, which can also explain the declining wage share.

4. Accelerate the transition of workers from the informal to the formal economy to promote decent work. In that regard, ILO Transition from the Informal to the Formal Economy Recommendation 2015 (No. 204), adopted by the International Labour Conference in 2015, encourages countries to design coherent and integrated strategies to facilitate such transition and to make, where appropriate, formalization of employment a central goal of national employment policy frameworks.

5. Transform adverse gender norms and attitudes and recognize and redistribute care work to reduce gender disparities. Specific actions to implement the first recommendation include removing discriminatory laws and regulations; preventing violence and harassment against women; collecting data and carrying out research on gender norms and attitudes; and supporting women’s leadership in decision-making and policy-making processes. Actions to implement the second recommendation include universal paid maternity benefits and health care; parental leave; ensuring accessible and affordable public care services; providing decent working conditions in the care sector, including for domestic workers; and developing and supporting family-friendly workplace policies and practices. On enhancing opportunities for the youth, some specific recommendations include developing national action plans on youth employment and entrepreneurship and easing the school-to-work transition.

6. Adopt progressive income and wealth taxes. While the ecological budget and tax reforms mentioned above can raise revenues for environmental purposes and to fund government expenses in health, education and social protection, the adoption of progressive income and wealth taxes can contribute significantly to reducing inequality. However, the likelihood of success in enhancing the progressivity of the tax system depends on many factors, including institutional and administrative capacities and, most importantly, the social consensus and political will to implement the necessary reforms. A pragmatic strategy is to promote public debate and consensus and undertake small-scale reforms that are feasible under the current circumstances, such as reducing tax evasion.
SUSTAINABLE AND JUST ECONOMIES

7. **Further operationalize the use of green finance instruments to ensure their effectiveness.**

In recent years, institutional investors and businesses have been increasingly considering Environmental, Social and Governance (ESG) criteria in guiding their investment decisions, and it has been estimated that sustainable businesses have the potential to unlock over $12 trillion in new market value and increase employment by 380 million jobs by 2030. However, the use of ESG criteria in investment decisions needs to be operationalized more effectively to ensure that it effectively channels financing to green investments. For that purpose, market regulators and representatives from the finance industry need to work together in four areas: (i) corporate disclosures of climate and broader sustainability implications to adequately inform stakeholders of investors’ strategies; (ii) a unified taxonomy of sustainable activities to provide clarity on which activities can be considered ‘environmentally sustainable’; (iii) standards and labels for green financial products; and (iv) benchmarks and indexes of sustainable companies to facilitate comparisons with individual companies.

8. **Attract foreign direct investment (FDI) into key sectors for the achievement of the SDG.** In a context of diminished private capital flows to developing countries, it is important for governments to maximize not only the quantity but also the quality of FDI and ensure its alignment with the achievement of the SDGs. Several actions can help on this regard. First, Investment promotion agencies (IPAs) could incorporate sustainability considerations in the criteria they use to target potential investors. For that purpose, the development of FDI sustainability indicators could be used to measure the impact of FDI on sustainable development and prioritize, identify and channel FDI into key SDG sectors. Besides promotional activities, it is important for governments to improve, as needed, their domestic business climates. In that regard, in the area of sustainable infrastructure it is particularly important to improve the effectiveness of government institutions and capacities to select projects that provide most value-for-money for the achievement of the SDGs and to implement them in the most cost-effective manner.

ACKNOWLEDGEMENTS

This document was prepared by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), with input from the United Nations Environment Programme (UNEP), the International Labour Organization (ILO), and the United Nations Development Programme (UNDP).

END NOTES


iii Examples include the following SDG targets: 12.5, “By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse;” and 12.c, “Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities.”

iv See (full reference of the UNESCAP/ADB/UNDP report 2020 for details on the methodology (point to relevant pages or annex of this report).

v This is (2019-2000)/(2030-2000).

vi Economic and Social Survey of Asia and the Pacific 2020 [add page].

Economic and Social Survey of Asia and the Pacific 2020 [add page].


See ESCAP Key environment issues, trends and challenges in the Asia-Pacific region, 2018, retrieved from https://www.unescap.org/sites/default/files/CED5_1E_0.pdf


See ESCAP, Inequality in Asia and the Pacific in the era of the 2030 Agenda for Sustainable Development, 2018 (check reference).

ESCAP calculation based on ILOSTAT data. See Economic and Social Survey of Asia and the Pacific 2020 [add page].


See Republic of Fiji (2014b) [full reference to be added].


See Financing for Sustainable Development Report 2019 [full reference to be added]


See ILO Recommendation No. 204, Transition from the Informal to the Formal Economy.


Green finance refers to any financial instrument issued under contract to a firm, person, project or agency in exchange for the delivery of positive environmental externalities that are real, verified and additional to business as usual. See http://climatemundial.com/whatisgreenfinance/ for a more detailed definition.

BSDC, 2017 [full reference to be added]

For more details, see Economic Survey of Asia and the Pacific 2020 [full reference to be added]


