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**Policy issues for the Asia-Pacific region: Key challenges
to inclusive and sustainable economic and social
development in Asia and the Pacific****People – Planet – Prosperity: Sustainable development
and the development agenda for Asia and the Pacific
beyond 2015****Note by the secretariat***Summary*

The present document reviews the contribution and limitations of the Millennium Development Goals in Asia and the Pacific. Particularly of note is how the Goals have galvanized member States to strive towards common measurable goals yet have fallen short of fully paving inclusive and country-specific development paths that integrate the three dimensions of sustainable development. The document also explores the region's challenges that need to be addressed in the development agenda beyond 2015. In that regard, persisting and emerging problems pose threats and trade-offs in terms of sustainability for people, the planet and prosperity. Overcoming such challenges requires regional and global coordination. The document also contains discussions on key principles and the way forward as suggested through a number of processes and by bodies, such as the United Nations System Task Team on the Post-2015 United Nations Development Agenda and the Open Working Group on Sustainable Development Goals. These discussions provide a basis for regional dialogues on reaching the collective goal of inclusive and sustainable development for all. The document recognizes that the countries of Asia and the Pacific need to develop and promote the region's own consensus on development strategies based on investing in human and natural capital as the drivers of inclusive and sustainable development. The Commission may wish to express its views on the issues raised in the document and on the reviews expressed in a related panel discussion.

* E/ESCAP/69/L.1.

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Introduction

1. The present document is aimed at articulating the Asia-Pacific regional perspectives on sustainable development and the development agenda beyond 2015. It takes note of “The future we want”, the outcome document of the United Nations Conference on Sustainable Development (Rio+20),¹ which was held in Rio de Janeiro, Brazil, from 20 to 22 June 2012, and the processes initiated by the 2010 Millennium Development Goal Summit as specified in the outcome document.² It responds to the role suggested for regional commissions in the Rio+20 outcome document, namely to support “developing countries upon request to achieve sustainable development” and “in promoting a balanced integration of the economic, social and environmental dimensions of sustainable development in their respective regions”.

2. The current pressing need is to define an integrated development framework that recognizes the full economic, social and environmental dimensions of sustainable development and their interrelationships. In “The future we want”, the heads of State and Government and high level representatives recognized that “people are at the centre of sustainable development” and that in that regard, they strived “for a world that is just, equitable and inclusive”, and committed “to work together to promote sustained and inclusive economic growth, social development and

¹ See A/RES/66/288, annex.

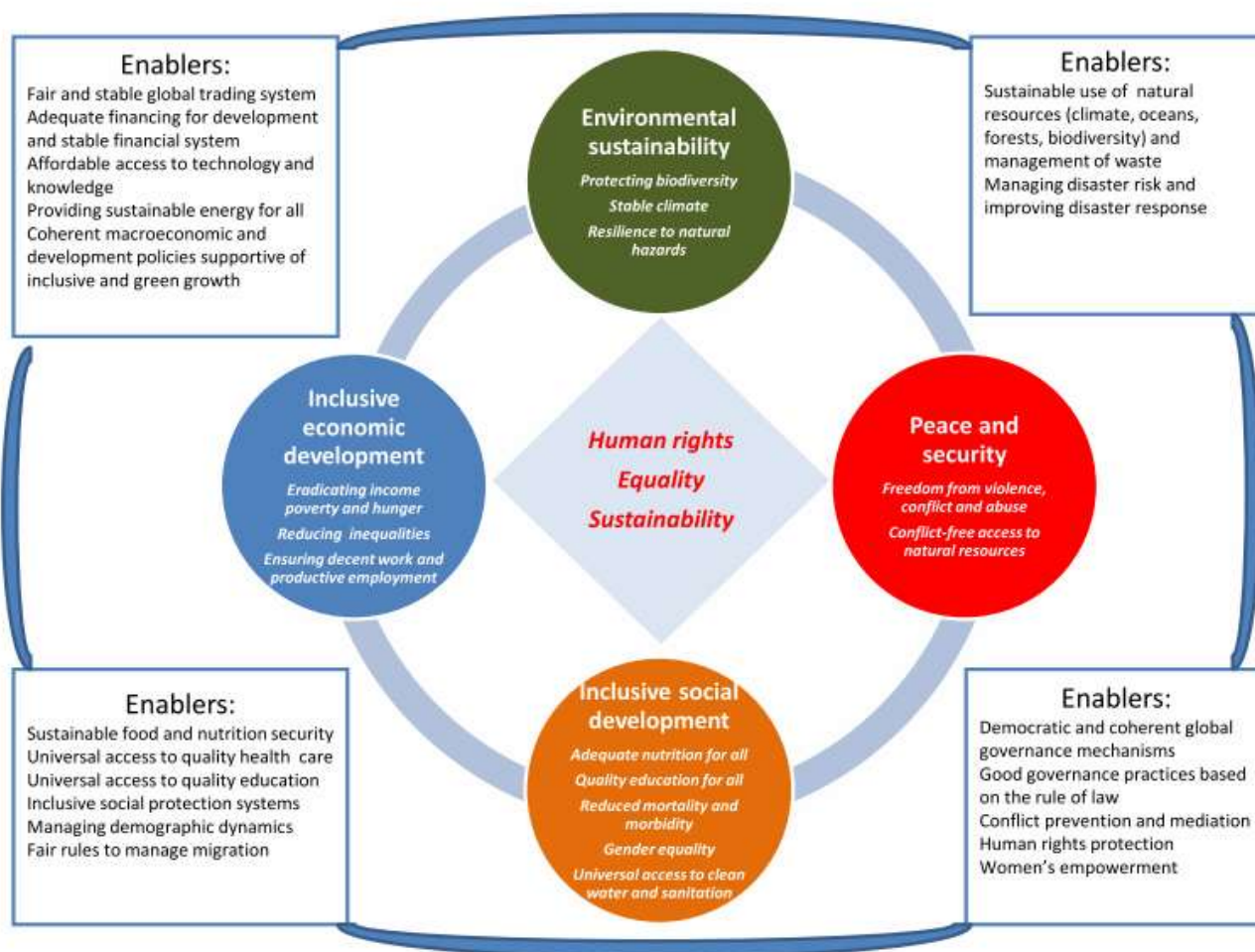
² See A/RES/65/1.

environmental protection and thereby to benefit all”. Thus, the paradigm of sustainable development can be described as “people-planet-prosperity”.

3. An integrated framework for realizing the future we want as proposed by the United Nations System Task Team on the Post-2015 United Nations Development Agenda (see figure 1)³ is a useful point of departure for all countries — rich and poor; high-income, middle-income and low-income.

Figure 1

An integrated framework for realizing the “future we want for all” in the post-2015 United Nations development agenda



³ *Realizing the Future We Want for All: Report to the Secretary-General* (United Nations System Task Team on the Post-2015 United Nations Development Agenda, 2012). Available from www.un.org/millenniumgoals/pdf/Post_2015_UNTTreport.pdf.

I. The Millennium Development Goals and sustainable development in the Asia-Pacific region

A. Contributions of the Millennium Development Goals

4. The rapid economic growth in the Asia-Pacific region that was under way when the Millennium Development Goals were formulated in 2000 helped the countries of the region make impressive progress towards achieving them. As 2015 approaches, two great success with regard to the Goals have been accomplished in the Asia-Pacific region, namely that both the proportion of people living on less than \$1.25 per day and the proportion of people living without access to safe drinking water have been more than halved. In addition, gender parity at all levels of education has been achieved, the prevalence of HIV has begun to decline, the spread of tuberculosis has stopped and full primary school enrolment is on track to be achieved by 2015.

5. A comparison of the indicators that are on track to achieving the Millennium Development Goals among the subregions of Asia and the Pacific based on relevant literature shows the following: (1) South-East Asia has the largest number of indicators that are on track or are considered early achievers (14 of the 21 indicators); (2) North and Central Asia is on track on 12 indicators, slow in five, and regressing or making no progress in one; (3) South Asia is on track in 11 indicators and slow in 10 indicators; and (4) East and North-East Asia has made progress in primary education, gender empowerment and health, but has regressed in meeting environmental goals.

6. Although data limitations seriously hamper monitoring progress in the Pacific subregion, the data available show that the Pacific islands are early achievers or on track on five out of the 16 indicators: gender equality in tertiary education, HIV prevalence, tuberculosis incidence, protected area and carbon dioxide (CO₂) emissions. The subregion is struggling to make progress in reducing poverty as measured by national poverty lines and environmental sustainability.

7. The progress of the region's 13 least developed countries has been slow or non-existent on 11 indicators, but they are early achievers in six indicators and on track in another three. Interestingly, in poverty reduction (based on available data), least developed countries have done well.⁴

8. On balance, the Millennium Development Goals have helped to reduce developmental gaps and galvanize global public opinion by presenting indicators of progress that can serve as a basis for discussion.

B. Limitations of the Millennium Development Goals in the broad context of sustainable development

9. The Millennium Development Goals framework has a number of weaknesses. First, it was meant only for developing countries and hence lacks universality (Goals 7 and 8 in particular have global reach but could not be targeted for implementation on a global scale). Second, goals and targets were

⁴ For a more detailed analysis of the achievement of the Millennium Development Goals in Asia and the Pacific region, please refer to: *Asia-Pacific Regional MDG Report 2011/12: Accelerating Equitable Achievement of the MDGs, Closing Gaps in Health and Nutrition Outcomes* (ESCAP, ADB, and UNDP, 2012). Available from www.unescap.org/pdd/calendar/CSN-MDG-NewDelhi-Nov-2011/MDG-Report2011-12.pdf.

based on global averages and hence did not reflect country-specific initial conditions. Third, the framework did not enable accounting for country-specific circumstances, leading to the dominance of the “one-size-fits-all” approach. Fourth, due to the lack of strategies, the silo approach is used for implementing and monitoring each goal, which, in turn, has resulted in competition among implementing agencies for funds instead of cooperation for maximizing synergies. Fifth, the framework did not take into account the root causes of poverty.

10. Therefore, progress in achieving the Millennium Development Goals has been uneven across subregions and countries in the Asia and the Pacific. Given the region’s vast diversity, the overall progress made in achieving the Goals from a regional perspective often hides the lack of progress made in some countries. The remaining task in achieving the Goals as 2015 approaches should urgently focus on hunger, health, basic sanitation, and the large number of people living in poverty. Regarding environmental targets (Goal 7), major concerns include the deterioration in forest cover and increases in CO₂ emissions, which are emerging as the greatest threat to the survival of the planet, as they pose severe threats in the near term to low-lying areas and islands (climate change) and oceans (acidification). On child and maternal health (Goals 4 and 5), the region is significantly behind schedule. It is also behind in ensuring that all children complete primary school and in providing basic sanitation. Most disturbing of all, the region has been slow in keeping people from going hungry, in stopping children from dying before their fifth birthday, in extending maternal health-care services and in preventing mothers from dying from causes related to childbirth.

C. Inadequacies in development and growth strategies and the need for transformative change

11. The Millennium Declaration,⁵ which was adopted in 2000, outlines an aspirational development agenda with a long-term perspective. Many aspects of this declaration remain relevant and critical today, but they have not been adequately supported by the Millennium Development Goal framework, which focuses on the relatively short-term achievement of minimum conditions for addressing the most urgent shortcomings. This focus on a short-term agenda has proven to be inadequate to support the long-term achievement required for truly sustainable development; even if all the Goals were attained, progress on sustainable development would still be a long way off.

12. There appears to be a global consensus that emerging development challenges and needs not reflected in the original Millennium Declaration now require urgent attention. These challenges are symptoms of development strategies that have promoted trade-offs between the three pillars of sustainable development — economic, social and environmental. The “externalization” of social and natural capital values by an economy that has relied increasingly on market-led strategies characterized by liberalization, deregulation and privatization and by governance structures that have not ensured social justice is a fundamental shortcoming.

13. Any new development agenda should therefore promote transformative change, turning the trade-offs between the three pillars of sustainable development into synergies. This is in line with the conclusions of the report *Realizing the Future We Want for All* in which “transformative change needed

⁵ See General Assembly resolution 55/2.

for a rights-based, equitable and sustainable process of global development” is emphasized.

14. The need for transformative change is urgent in Asia and the Pacific. This is because poverty persists in the region despite rapidly growing economies, per capita access to resources is lower than any other global region, and most of the countries in the region are vulnerable to climate change and natural disaster.

15. This call for transformative change comes not only from the United Nations system, but also from eminent groups of experts. The Stiglitz Commission on the Financial Crisis concluded that economic theories played a role in the crisis and called for policies “framed within a set of goals that are commensurate with a broad view of social justice and social solidarity, paying particular attention to the well-being of the developing countries and the limits imposed by the environment”.^{6,7} The Secretary General’s High-level Panel on Global Sustainability, which is composed of 22 high-level members from 22 different countries and co-chaired by the President of Finland and the President of South Africa, underlined that by 2030, the world would need at least 50 per cent more food, 45 per cent more energy and 30 per cent more water.⁸ It concluded, unequivocally, that the current global development model is unsustainable — “business as usual” will no longer work.

II. Development challenges in the Asia-Pacific region

16. In the Asia-Pacific region, there is a convergence of multiple challenges: persistent poverty, inequality, violence against women and widening income gaps; disparities of opportunities, unemployment and jobless growth; persistent hunger and rising and volatile food, resource and energy prices; resource-intensive growth patterns, resource constraints and climate change; and social conflict against women and social insecurity.

A. People and unmet needs

17. While the social aspects of sustainable development strive to attain maximum equity among economic and ecological services, the pervasive presence of unmet needs hinder overall progress for society as a whole.

1. Poverty

18. Poverty is a persistent problem in the Asia-Pacific region. According to the latest World Bank estimates, 828 million people in the region live below the \$1.25-a-day poverty line, accounting for more than half the world’s poor. About the same number of people are near poor, living just above the \$1.25-a-day poverty line. For example, 1.725 billion people live below the poverty line when it is set at \$2-a-day. It is estimated that an additional 19.4 million people in the region remained in poverty due to increased food and energy prices in

⁶ See www.un.org/ga/president/63/commission/financial_commission.shtml.

⁷ The Stiglitz Commission Report goes on to say: “It would be wrong and irresponsible to only seek quick fixes for this current crisis and ignore the very real problems facing the global economy and society, including the climate crisis, the energy crisis, the growth in inequality in most countries around the world, the persistence of poverty in many places, and the deficiencies in governance and accountability, especially within international organizations”.

⁸ International Institute for Sustainable Development, *Sustainable Development: From Brundtland to Rio 2012*, background paper prepared for the High-level Panel on Global Sustainability at its first meeting, 19 September 2010, New York.

2010. Furthermore, estimates have shown that by 2013, a continued weak global economic climate could affect some 10 million people in the region at the poverty line of \$1.25-a-day, or 13.7 million people based on the \$2-a-day poverty line, as a result of multiple consequences with one being the crippling of the resources that should be mobilized to increase the welfare and economic opportunities for the poor.⁹ More people could be pushed down below these poverty lines if food and fuel prices continue to rise.

2. Gender inequality and violence against women and girls

19. Although progress, albeit slow, is being observed in the empowerment of women in terms of Millennium Development Goal indicators, violence against women and girls is still quite rampant in parts of Asia and the Pacific. In some areas of South Asia, there is a strong preference for having sons; girls can be perceived as a financial burden for the family both due to dowry demand and the fact that women earn much less than men, reflecting persistent gender inequality in earnings. In India, for example, pre-natal sex selection and infanticide accounted for the pre-natal termination and death of half a million girls per year over the last 20 years.¹⁰ In the Republic of Korea, 30 per cent of pregnancies identified as female fetuses were terminated. Contrastingly, more than 90 per cent of pregnancies identified as male fetuses resulted in normal birth.¹¹ According to the 2000 census in China, the ratio of newborn girls to boys was 100:119. The biological standard is 100:103.¹² “Dowry Deaths” and “honour killings” are responsible for the murders of thousands of women every year, especially in South Asia. In India alone, there were almost 7,000 dowry deaths in 2005, with the majority of victims aged 15-34.¹³ In Pakistan, nearly 500 women a year are the victims of honour killings.¹⁴ In Bangladesh, 315 women and girls endured acid attacks, another form of violence against women, in 2002. Even after the introduction of more serious punishments for the crime, more than 200 women were attacked in 2005.¹⁵

3. Health

20. An urgent concern in the region is the health situation, as targets under Goal 4 and 5 (maternal health) are unlikely to be met by 2015 for many countries. The region is also lagging in reducing child mortality and in providing basic sanitation. Even in the more developed East and North-East Asia subregion, a two-digit infant mortality rate still persists along with low public health expenditure.

⁹ Economic and Social Survey of Asia and the Pacific 2012: Year-end Update (ST/ESCAP/2649).

¹⁰ See A/61/122/Add.1.

¹¹ Ibid.

¹² Marie Viachova and Lea Biason, eds., *Women in an Insecure World*. Geneva Centre for the Democratic Control of Armed Forces, September 2005.

¹³ Claudia Garcia-Moreno, “Gender inequality and fire-related deaths in India”. *The Lancet* 2009; 373 (9671):1230-1231.

¹⁴ Muazzam Nazrullah, Sobia Haqqi and Kristin J. Cummings, “The epidemiological patterns of honour killing of women in Pakistan”. *European Journal of Public Health*. 2009.

¹⁵ See http://www.unifem.org/attachments/gender_issues/violence_against_women/facts_figures_violence_against_women_2007.pdf.

21. One of the most significant factors for disparities across countries is the difference in money spent on health care. Countries with rapid economic growth have been able to raise more revenue for expanding public health provisions. Notably, the households that have benefited from the improved economy are in a better position to pay for health services from both public and private providers. Other important factors are better infrastructure and access to improved water supplies and sanitation. Children's health is intimately related to the physical health and social protection of their mothers: women who are literate, well informed and empowered are in a much better position to care for themselves and their children. On the negative side, however, in line with growing middle classes, increased connectivity, urbanization and changing cultures and lifestyles, there has been an increase in non-communicable diseases, such as diabetes, hypertension and cardio-pulmonary ailments.

4. Food and nutrition insecurity

22. One of the greatest challenges in the region is food and nutrition security. Based on the proportion of the population whose food intake falls below the minimum dietary energy requirement of 1,800 calories per day (the minimum standard often used by the Food and Agriculture Organization of the United Nations (FAO)), it is estimated that, on average, 14 per cent of the region's population, 563 million people, is undernourished.^{16, 17} Among the subregions, the situation is the worst in South Asia¹⁸ where 17.6 per cent of the population is undernourished. During the period 2007-2010, the increases in the number of people that went hungry and/or became undernourished depended largely on the capacities to deal with economic shocks and the social safety nets in place.

23. The proportion of children underweight for their age also shows the same state of food insecurity. In 2009, almost 100 million, accounting for 31 per cent of children, were malnourished in the Asia-Pacific region. In that regard, the worst-performing subregion is South Asia, which has an underweight prevalence of 41 per cent and is home to half the world's underweight children. Several of the highest national underweight prevalence rates globally are found in countries in the subregion. Notably, despite rapid economic growth in South-East Asia, one-quarter of the children in the subregion are malnourished.¹⁹

24. High and volatile food prices affecting hunger are strongly influenced by rising energy prices. The coupling of energy and food prices due to the diversion of food for bio-energy production and rising energy prices places a heavy burden on the poorest people. This is because both food security and access to energy are affected as governments seek to reduce energy subsidies without appropriate mitigation measures, and as incomes stagnate. Declining wages as a proportion of gross domestic product (GDP) and the high

¹⁶ Food and Agriculture Organization of the United Nations, the World Food Programme and the International Fund for Agricultural Development, *The State of Food Insecurity in the World 2012. Economic growth is necessary to accelerate reduction of hunger and malnutrition*, Rome, 2012.

¹⁷ Also refer to: The Economists Intelligence Unit, Global Food Security Index. Available from foodsecurityindex.eiu.com/ (accessed 19 March 2013).

¹⁸ South Asia here in this context refers to the regional grouping of FAO, namely Bangladesh, India, the Islamic Republic of Iran, Nepal, Pakistan, and Sri Lanka.

¹⁹ United Nations publication Sales No. E.10.II.F.20.

percentage of household income spent on food contributes to the creation of a poverty trap.

5. Inadequate access to energy

25. The region remains home to a large number of people without access to modern forms of energy. In particular, inhabitants in remote and rural areas are unable to access modern energy services or the services they receive are erratic and unreliable. Access to energy is highly correlated to access to educational and economic opportunities and achievements in human development.

6. Lack of access to safe water and basic sanitation facilities

26. Despite significant progress in access to clean and safe drinking water, the majority of the 1 billion people world-wide who lack access to safe drinking water still live in Asia and the Pacific. The region as a whole is an early achiever of the Millennium Development Goal target in this area, but the Pacific subregion has regressed and most other subregions, excluding larger countries, are slow in achieving the target. As a region, Asia and the Pacific is behind in achieving the Millennium Development Goal basic sanitation target. The majority of the 2.6 billion people worldwide, who are without access to basic sanitation, live in Asia.²⁰ In the Asia-Pacific region, many of the poor communities still live without running water — there are no taps, no showers, no flushing toilets and no nearby springs. Less than half of the people in much of South-East Asia have access to improved sanitation facilities. South Asia (led primarily by India) has made substantial progress in this area as the proportion of its population using unsafe sanitary systems has been cut in half. In 2010, a total of 69 per cent of people in the South Asia subregion had access to improved sanitation services, up from 46 per cent in 1990. Nonetheless, open defecation rates in 2010 were the highest across South Asia with roughly 41 per cent of the people in the subregion practicing open defecation.

7. Peace and security

27. The Asia-Pacific region has at times been the geopolitical centre of the struggle for world power. While the region benefited from the peace dividend associated with the Viet Nam War and the Cold War, there still has been flashpoints that has affected development. It is also important to note that at least three nuclear powers are located in the region. Resource-intensive growth paths may lead to clashes over resource-rich areas which are claimed by different parties.

28. There are also insurgencies and internal conflicts. Violent conflict is a powerful reverser of development gains and a primary cause of poverty. Lack of economic opportunity, inequitable resource distribution, discrimination based on gender, religious or ethnic divisions within society, poor governance and the mismanagement or illegal exploitation of natural resources can also cause conflict, which stands to largely exacerbate the unmet needs of people and reverse socioeconomic gains.

29. Ongoing internal conflicts in the region have also led to the displacement of large numbers of people. Asia and the Pacific is home to some of the world's largest refugee populations. The region holds almost 30 per cent — or some 9.5 million people of concern to the Office of the

²⁰ See www.unsgab.org/dialogue/asia/index.htm.

United Nations High Commissioner for Refugees (UNHCR). Protection is fragile; very few countries in the region have acceded to the 1951 Refugee Convention.²¹

30. More recently, the large-scale displacement of people in the wake of severe weather-related and other types of natural disasters has prompted an increased focus on the plight of so-called “environmental” or “climate” migrants in the region. The Indian Ocean tsunami of 2004 and Cyclone Nargis in 2008 are cases in point. This type of displacement is a critical issue for some of the small low-lying islands, as at these locations, there is limited scope or capacity for relocation and/or migration.

31. The Asia-Pacific region continues to be marked by irregular migratory movements. Many refugees are straining resources in some host countries while living under inhuman conditions. Others often undertake high-risk travel which can end in tragic loss of life. In addition, access to health, education and other basic services for these refugees is almost non-existent.

32. Although both the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime²² and the Almaty Process on Mixed Migration and International Protection²³ provide the region with platforms for dialogue and cooperation to protect asylum space and address mixed-migration flows, refugee laws are nearly non-existent across Asia and the Pacific.

B. Planetary boundaries

33. Reducing poverty and hunger and increasing access to basic services in the long term will depend on the demand for goods and services provided by nature and the ability of human beings to operate within those boundaries. This is possible only when: the rate of consumption of renewable resources does not exceed their rate of regeneration; the rate of use of non-renewable resources does not exceed the rate at which substitutes are developed; and the rates of pollution emission do not exceed the assimilative capacity of the environment.

34. There is substantial evidence that several planetary boundaries, such as relating to climate change or biodiversity, have already been exceeded, and others are very close to crossing the sustainability thresholds. The resulting resource constraints and rapid environmental changes being experienced have significant implications for the prospects for economic growth, food security and hunger and social insecurity, among other challenges.

1. Looming resource and energy constraints

35. The development model pursued in Asia-Pacific countries tends to be highly resource intensive.²⁴ The old development strategy “grow first and clean up later” overemphasized growth and became increasingly resource

²¹ United Nations, Treaty Series, vol. 189, No. 2545.

²² See <http://www.baliprocess.net/>.

²³ see Regional Conference on Refugee Protection and International Migration in Central Asia, Almaty, Kazakhstan, 15-16 March 2011. Available from <http://www.unhcr.org/4de34cf59.html>.

²⁴ It should be noted that on a per capita basis, resource consumption in the region is still much less than the consumption in the developed world. Nevertheless, this should not be a reason to not improve the efficiency of resource use.

intensive. Such a development pattern translates to an economy with a high exposure to risk due to remaining unmet population needs and to looming resource and energy constraints and rising and volatile commodity and energy prices. Furthermore, the nature of the demand for resources has also altered over time and continues to change, primarily influenced by changing lifestyles and consumption patterns.

36. The Asia-Pacific region accounts for the largest share of world energy demand. The region consumed 32.4 per cent of the world's energy in 2011. Furthermore, between 2010 and 2011, energy consumption in the region increased by 2.7 per cent as compared to 0.7 per cent for the world as a whole.²⁵

37. Energy demand in the region is expected to nearly double by 2030 based on a projected annual growth rate of about 2.2 per cent, which represents a more rapid rate than the world average growth rate of 1.2 per cent. The implications of this projection transcend national boundaries, especially for conventional energy, and will likely lead to intense competition for energy resources.

38. Fossil fuels, such as oil, gas and coal, continue to dominate energy consumption, as demand for renewable energy is likely to grow in absolute terms. The dominance of fossil fuels through 2035 hints at possible resource constraints that threaten future growth prospects.

39. As energy demands mount, many countries will become increasingly vulnerable to price shocks, as most of them are heavily dependent on fossil fuels to meet the bulk of their energy demands and are net oil importers with high oil intensity (that is, oil consumed for each unit of gross domestic product). Vulnerabilities linked to energy import dependence aggravated by the volatility of energy prices will continue to have far-reaching implications on the financial ability of countries in the region to meet their energy demands, and will adversely affect the most vulnerable in society. While lack of adequate supply of energy has been a long obstacle to growth for some countries, it is emerging as an additional constraint to national development for others.

40. As in other parts of the world, the region's economic growth has resulted in an increase in greenhouse gas emissions. While global per capita emissions of carbon dioxide are still some 25 per cent above the regional per capita figures for 2008, the emissions per unit of GDP are far higher than the global figure. As a result, regional greenhouse gas emissions have been increasing almost twice as fast as the global average. Regional carbon dioxide emissions nearly doubled between 1990 and 2008, and accounted for almost half of the total global emissions in 2008.²⁶

41. Forests in the region have been increasing due to major forestation programmes and the establishment of protected areas. However, during the past 20 years, 12 per cent of primary forest cover in South-East Asia was lost, making the subregion a major contributor to the 3 per cent total global deforestation that occurred over the same period.

²⁵ BP, BP Statistical Review of World Energy 2012. Available from www.bp.com/sectionbodycopy.do?categoryId=7500&contentId=7068481 (accessed 19 March 2013).

²⁶ *Statistical Yearbook for Asia and the Pacific 2011* (United Nations publication, Sales No. E.11.II.F.1.).

42. Water requirements are of particular concern in the context of changing climate. The water intensity of most of the Asia-Pacific subregions far exceeds the global figure. These economies are vulnerable to drought and the declining capacity of freshwater systems to continue to provide ecosystem services, including the provision of food to rural communities. Furthermore, many relatively water-rich countries are also facing challenges in their major cities due to growing water consumption, poor management of water catchment and treatment and overuse of groundwater. Countries that are less well endowed with water, such as those in Central and South Asia, are more severely affected when water quality deteriorates and pressures on water resources intensify.

43. Coastal livelihoods and protection from climate-related extreme weather events suffer from mangrove conversion to aquaculture farms, invasion of non-native species, poor land-use practices and coral reef degradation. Large areas of the natural environment have been degraded in the Pacific island countries, the location of more than half of the world's coral reefs. Sediment load in the coastal zones of South Asia is high, mainly as a result of soil erosion caused by poor land-use practices and construction activities. Coastal erosion is severe in many areas, hurt by the proliferation of aquaculture farms. In fact, more than 60 per cent of the region's mangroves are estimated to have been converted to aquaculture farms. With higher temperatures anticipated due to climate change, increased invasion by non-native species is also expected, particularly on middle and high-latitude islands and regions. Furthermore, the ocean itself is an area of particular interest to the region due to its role as a connector between Asia and the Pacific. As Asian consumption of fish and marine resources place great demand on the Pacific countries, the economic activity and livelihood of the two subregions have become highly interdependent.

2. Unsustainable urbanization

44. During the period 1980 to 2010, the population of Asian cities grew by 1 billion — more than all other regions in the world combined — with a further billion people set to become city dwellers by 2040.²⁷ Mega-cities comprise a large part of the urbanization picture in Asia and the Pacific, as 12 of the world's 21 megacities in 2010 were located in the region. While contributing positively to the region's economic and social development, rapid urban growth has resulted nonetheless in substantial social, environmental and equity challenges, which have not been effectively met in much of the region.

45. More than 61 per cent of the world's total slum-dwelling population, or 506 million slum dwellers, is in the Asia-Pacific region. Urban slums are one of the key manifestations of high rates of urbanization and inadequate policy responses in the region. Without access to adequate infrastructure and services, slum populations adversely affect the natural resources of any city. At the same time, poverty debilitates the health and social status of the slum dwellers who are exposed to the poor conditions of informal housing and other substandard facilities.

46. The high density of Asian cities makes them very vulnerable to natural catastrophic events. Devastating floods, such as those experienced in Bangkok, Beijing, and Manila in 2011 and 2012, may become more common. About half of the people living in cities in the region, particularly the poor,

²⁷ Asian Development Bank, *Key Indicators for Asia and the Pacific 2012*, 43rd ed. (Manila, Asian Development Bank, 2012).

reside in coastal areas and low-lying riverine plains and thus are vulnerable to flooding.²⁸

47. The urbanization pattern that led to rapid agglomeration of people, industrial activities, energy generation and transportation has produced a legacy of air quality problems in many cities of the region. A staggering 67 per cent of Asian cities fail to meet the European Union air quality standard of particle matter (PM10), as opposed to 11 per cent of non-Asian cities. While challenges facing cities are immense, they also provide economies of scale and agglomeration. Well-managed cities can spearhead sustainable development and social equity and innovation in Asia and the Pacific.

3. Climate change and disaster vulnerability

48. From a global perspective, countries in the Asia-Pacific region are the most vulnerable to climate-related disasters and stand to be among the hardest hit by a changing climate. In the *World Risk Report 2012*, nine Asia-Pacific countries are listed among the top 15 countries in terms of exposure to natural hazards and susceptibility in relation to infrastructure, nutrition, housing and economic conditions.²⁹

49. One effect is the events arising from climate extremes and variation. Projections suggest that while the number of tropical cyclones (typhoons in Asia and the Pacific) may stay relatively constant, more of them will get stronger, making the region more susceptible to greater potential losses. From 1970 to 2010, the average number of people exposed to yearly flooding in Asia more than doubled from 29.5 million to 63.8 million and the population residing in cyclone-prone areas grew from 71.8 million to 120.7 million.³⁰ Furthermore, 75 per cent of global disaster deaths during the period 1970-2011 took place in the Asia-Pacific region. In particular, the series of natural disasters and following accidents, such as in Fukushima in the aftermath of the Great East Japan Earthquake in 2011, not only caused great regional economic losses but also revived the threat pertaining to the environmental and health hazards of nuclear energy. This, in turn, added further strain on energy security concerns for the region's countries that heavily rely on nuclear energy.

50. Another adverse effect of climate change is the projected reduction in water resources. This problem is especially relevant to many small islands in the Pacific, to the point in which they will be unable to meet water demands during low rainfall periods.

C. Prosperity and inequality

51. Despite overall progress and enrichment in accumulating material assets and physical capital, the Asia-Pacific region still faces immense challenges in obtaining inclusive growth. The difficulties in distribution of the benefits and accessibility of services have become more acute, leading to the marginalization of a part of society.

²⁸ Economic and Social Commission for Asia and the Pacific and United Nations Human Settlements Programme, *State of Asian Cities Report 2010/2011* (Fukuoka, Japan, UN HABITAT, 2010).

²⁹ Alliance Development Works, *World Risk Report 2012* (Berlin, Alliance Development Works, 2012).

³⁰ Economic and Social Commission for Asia and the Pacific and the United Nations Office for Disaster Risk Reduction, *Asia-Pacific Disaster Report 2012: Reducing Vulnerability and Exposure to Disasters* (Bangkok, 2012).

1. Vulnerable and informal employment

52. Vulnerable employment is a persistent issue within the region, generating low incomes and offering no social protection. Recorded unemployment rates typically show low numbers since a large portion of the population holds jobs in the informal sector — contributing to the proportion of “disguised unemployment.” In rural areas, people simply work in the field as few other jobs are available. A significant number of employed persons in the region are self-employed as “own-account” or contributing family workers, either in the field or in the informal sector.

53. The International Labour Organization (ILO) estimates that more than 1 billion workers in Asia and the Pacific were in vulnerable employment in 2011, comprising more than 65 per cent of the global vulnerable employment.³¹ Despite high rates of economic growth in East Asia,³² and some moderate declines, about 48.7 per cent of the region’s workforce maintains vulnerable employment status. In South Asia, vulnerable employment is more than 77.7 per cent. The number of workers in vulnerable employment has increased in South Asia, South-East Asia and the Pacific (during the period 2000-2011, South Asia was home to more than 486 million people in the vulnerable workforce, whereas East Asia had more than 403 million in this category in 2011).

54. The ongoing global economic crisis has worsened the situation. Since the beginning of the 2008-2009 global financial crisis, vulnerable employment has increased by 12 million in South Asia and by about six million in both South-East Asia and the Pacific.

55. A particular manifestation of vulnerable employment is the working poor, such as workers earning less than the poverty line. Despite high growth in certain economies, a large number of workers do not earn enough for a decent living; this is especially true for women and youth in the labour force, who make up a large share of vulnerable employment throughout the region.

2. Youth unemployment

56. During the period 2007-2011, the youth unemployment rate increased in Asia and the Pacific. The economic crisis led to a substantial increase in unemployed youth, reversing earlier favourable trends during the past decade in the region. At the end of 2012, there were an estimated 74.6 million unemployed young people globally, of which about 47.4 per cent were from the Asia-Pacific region. In 2012, the youth unemployment rate stood at 13.7 per cent in both South-East Asia and the Pacific, 9.8 per cent in South Asia and 9.3 per cent in East Asia.³³

3. Growing inequality and disparities

57. Since the 1990s, economic growth in Asia and the Pacific has not been inclusive. Income inequality widened in 11 of the 28 economies with comparable data.³⁴ The Gini coefficient of developing Asia as a single unit,

³¹ International Labour Organization, *Global Employment Trends 2012* (Geneva, ILO, 2012).

³² The subregional groupings are the ones used by ILO.

³³ International Labour Organization, *Global Employment Trends 2012* (Geneva, ILO, 2012).

³⁴ Asian Development Bank, *Asian Development Outlook 2012: Confronting Rising Inequality in Asia*, (Manila, Asian Development Bank, 2012).

went from 39 in the early 1990s to 46 in the late 2000s. Furthermore, of 36 economies with available data in 2000s, the Gini coefficient of 13 of them was at or greater than 40, which is the commonly accepted threshold for “high inequality”. Inequality of opportunity was also found to be common across the region, particularly in terms of physical assets, such as capital and land, human capital, such as education and health and market access, such as labour and finance.

58. Urban areas have benefited more from socioeconomic opportunities than rural areas; disparities have persisted between women and men, and among various social, ethnic and minority groups. Gender inequality in Asian labour markets is significant both in terms of the sex distribution between formal and informal employment and within the formal and informal economy.

59. For the developing Asia-Pacific economies, after adjusting social development, (including indicators of education and health), due to rising inequality, the potential loss of achievement in social development is considerable, ranging from 10 per cent to more than 30 per cent in 2011.³⁵ The loss is particularly high in emerging economies, such as China, India, Indonesia and Turkey, where inequality-adjusted social development showed a potential loss of more than 20 per cent on average in recent years. These results clearly highlight the importance of reducing income inequalities to achieve inclusive social development in the region.

4. Economic vulnerability and insecurity

60. The big bang approach to reform in the 1980s and 1990s towards market and financial globalization without proper regard for sequencing and prudential regulation led to a rapid rise in speculative activities fuelled by short-term capital flows. Large-scale privatization before strengthening competition regulation led to the rise in business oligarchies. This also spurred large-scale corruption and governance failures. There have also been significant declines in public investment in infrastructure, which resulted in loss of competitiveness.³⁶ The combination of these factors made the economies of the region vulnerable. After a series of banking and financial crises in a number of countries, the region was hit by the financial crisis in 1997-98, which pushed millions of people back into poverty.

61. In addition to infrastructure, the agriculture sector has been severely affected by the declines in public investment. In Asia and the Pacific, total public spending in agriculture fell from 14.8 per cent in 1980 to 7.4 per cent of total public spending in 2004.³⁷ The decline in public investment in agriculture has not only affected food security, but also has contributed to widening income inequality, especially between urban and rural areas. The neglect of agriculture has made the region more vulnerable to global food price shocks and volatility since 2006.

³⁵ *Asia-Pacific Regional MDG Report 2011/12: Accelerating Equitable Achievement of the MDGs, Closing Gaps in Health and Nutrition Outcomes* (ESCAP, ADB, and UNDP, 2012). Available from [www.unescap.org/pdd/calendar/CSN-MDG-NewDelhi-Nov-2011/MDG-Report 2011-12.pdf](http://www.unescap.org/pdd/calendar/CSN-MDG-NewDelhi-Nov-2011/MDG-Report%202011-12.pdf).

³⁶ The unweighted average of public investment in Bangladesh, China, India, Indonesia, Malaysia, Pakistan, the Philippines, the Republic of Korea and Thailand fell from about 11 per cent of GDP in 1982 to about 8 per cent in 1989. See, International Monetary Fund, “Public Investment and Fiscal Policy”, 12 March 2004. Available from www.imf.org/external/np/fad/2004/pifp/eng/pifp.pdf.

³⁷ ‘The decline in public spending to agriculture – does it matter?’ *Oxford Policy Management Notes*, 2007-02.

62. Estimates by ESCAP published in the *Economic and Social Survey of Asia and the Pacific 2011*³⁸ showed that high food prices in 2010 kept an additional 19.4 million in poverty in the region. This comprised 15.6 million who would otherwise have emerged from poverty and 3.8 million who were pushed below the poverty line. Estimates by ILO indicate that about 26 million jobs were lost in the Asia-Pacific region due to the 2008-2009 global financial crisis. The greatest impact on employment was felt in the export manufacturing sector, including garment and electronics industries. Women make up 60 to 90 per cent of the labour force in the clothing sector, especially at the labour-intensive stage of the supply chain. Thus, the crisis has hit them the most. ESCAP estimates shows that between 65 million and 85 million more people remained in poverty (defined in terms of one dollar PPP a day) in Asia and the Pacific in 2009 due to the global financial crisis.³⁹

III. Convergence: A framework for the development agenda beyond 2015 and sustainable development for the Asia-Pacific region

A. Global perspectives on sustainable development goals and the Millennium Development Goals

63. A number of studies completed within the past year have advanced several global perspectives on sustainable development goals and the Millennium Development Goals. The Secretary-General's Initial Input to the Open Working Group on Sustainable Development Goals highlighted that, although the consensus has yet to be reached among Member States in terms of how sustainable development goals will be related to the Millennium Development Goals, the remaining targets of the Millennium Development Goals can be realized under the paradigm of sustainable development that promotes sustained, inclusive and equitable economic growth.⁴⁰

64. Furthermore, the report proposed that the development agenda beyond 2015 should endeavour to more fully address different types of inequalities, including those inequalities derived from stress on the environment. Another new aspect in establishing the agenda and its set of goals is that the formulation of sustainable development goals will strive to embrace cross-cutting issues. Hence, in addition to attaining equal balance among the three pillars, approaches that delve into the inter-linkages among the themes will be crucial in devising the development agenda beyond 2015 and the sustainable development goals.

65. The Secretary-General's Initial Input also suggested that sustainable development goals include aggregate measures of progress as well as a detailed assessment that captures variations found at different scales and among different groups, which will be possible by strengthening the capacities to collect and analyse data.

66. The report "Realizing the future we want for all" emphasized the need for concrete end goals and targets in the areas of inclusive social development, inclusive economic development, environmental sustainability and peace and

³⁸ Economic and Social Commission for Asia and the Pacific, *Economic and Social Survey of Asia and the Pacific 2011* (United Nations publication, Sales No. E.11.II.F.2).

³⁹ See E/ESCAP/CMP/2.

⁴⁰ See A/67/634.

security. In addition, a number of development “enablers” were identified as: a fair global trading system; adequate financing for development, affordable access to technology and knowledge; and good governance practices. The report also recommended that the development agenda strive to gain wide political and policy appeal, focus attention on monitoring and implementing Rio+20 outcomes, and furnish a basis for decision-making, especially for national-level policymaking communities. Furthermore, given that one of weaknesses of the Millennium Development Goals was that they focused on end objectives with little guidance on means to achieve the goals, the sustainable development goals and the development agenda beyond 2015 should place greater attention on the methods for translating goals into national and regional realities.

67. The United Nations System Task Team report also suggested that, in the process of defining the agenda, the international community should be cautious of the following: overloading; being either too prescriptive or too vague; and donor-centrism. Thus, the report suggested that a structured approach based on principles, broad objectives and specific goals and targets, and enablers be used in order to avoid the problem of overloading. With regard to the issue of being overly prescriptive or vague, it suggested that the general principles of human rights, equality and sustainability be used to give overall guidance for priority-setting and choosing among policy options.

68. A report by the Global Agenda Council entitled “Getting to zero: finishing the job the MDGs started” presented additional key principles for the development agenda beyond the 2015 framework, which included approaching the goals by setting absolute targets rather than in proportionate terms.⁴¹ This would render absolute value targets across the board at the global, regional and national levels. Another key principle suggested was direct targeting of lagging groups and locations, such as those disadvantaged by geography, ethnicity, socioeconomic strata and gender. It was also recommended that the new goals and targets be specific, measurable, relevant, and time-bound. Notably, some of these conditions were identified as the best attributes of the Millennium Development Goals.

69. As the formulation and implementation of the sustainable development goals are expected to be more complex than the Millennium Development Goals, the Secretary-General’s report pointed out the need to galvanize new global partnerships and to engage with a wide variety of stakeholders. In particular, the Global Agenda Council report provided specific recommendations regarding the process, which should be legitimate and globally inclusive. For achieving a legitimate and inclusive process, the report highlighted key elements, including the establishment of common principles, maximizing progress towards achieving the Millennium Development Goals, empowerment of the general public, early involvement of key stakeholders and ensuring multi-layered intergovernmental coordination. The report also highlighted that regional coordination and the role of regional commissions would be important, particularly for voicing the concerns of low-income countries.

⁴¹ Ernest Aryeetey and others, “Getting to zero: Finishing the job the MDGs started, paper prepared for the Global Agenda on Benchmarking Progress”, 2012. Available from <http://www.brookings.edu/~media/research/files/papers/2012/4/17%20millennium%20dev%20goals%20mcarthur/0417%20millennium%20dev%20goals%20mcarthur>.

B. An Asia-Pacific consensus for sustainable and inclusive development

70. The development agenda beyond 2015 should fully reflect the principles in the Rio+20 outcome document, recognizing that people are at the centre of sustainable development, and that a just, equitable and inclusive world is a common goal. Furthermore, to finish the unfinished business of the Millennium Goals, the agenda should address persistent poverty, growing inequality, vulnerability and economic insecurity. Towards that end, the Asia-Pacific region as whole must be committed to work together to promote sustained and inclusive economic growth, social development, and environmental protection to benefit all. Governments of Asia-Pacific countries and their partners may wish to explore policy options, sharpen their focus and build political consensus around the necessary multilateral reforms.

71. The development agenda beyond 2015 should also recognize the change in global and regional circumstances and the need for reforming global economic governance and regional financial architecture. Commensurate with its rising contribution to global economic prosperity, the Asia-Pacific region has an opportunity to influence the future multilateral system of governance in reaching the collective goal of inclusive and sustainable development for all. The time is now ripe for action through a more effective use of existing regional platforms.

72. After having pursued globalization at a rapid pace, Asia-Pacific economies are now being threatened by the ongoing economic crisis in the industrialized world and the associated problems of exchange rate volatility, excessive short-term capital flows and high and volatile food and fuel prices. These challenges are being compounded by increased frequency of extreme weather conditions. In the light of these challenges, leaders in the Asia-Pacific region are rethinking their country's growth and development models. The region is now looking at new drivers of growth to close development gaps and building stronger, more resilient regional economies by rebalancing export-driven and resource-intensive strategies with more domestic demand and efficient low-carbon production and consumption. The region is using a range of policy instruments to address growing inequality and exclusion, such as minimum wage, investment in health and education and social protection. It is also strengthening legislation against environmental pollution and gender violence and taking measures to enhance human security and sustainable urbanization.

73. Governments in the region are also making more strategic links between economic, social and environmental goals, moving beyond the GDP-only paradigm. China has adopted bold targets for energy, resource efficiency and air pollution reduction as well as specific policies to improve the quality of growth in its recent five-year plans. Malaysia has developed a "New Economic Model" targeting a high income economy "both inclusive and sustainable", acknowledging that economic growth "has come at considerable environmental cost and has not benefited to all segments of the population".⁴² Thailand has integrated low carbon concepts and the philosophy of "sufficiency economy" into its Eleventh Five-year Plan, while India has incorporated ecological values into national accounts and Bhutan is using gross national happiness measures as a basis for planning. Several other governments are making more strategic links between economic, social and environmental goals.

⁴² National IT Council Malaysia, "New Economic Model (NEM) for Malaysia 2010". Available from http://nitc.mosti.gov.my/nitc_beta/index.php/key-ict-initiatives/new-economic-model-nem-for-malaysia-2010.

74. As the challenges are increasingly becoming cross-border in nature, no single country can tackle them on its own. Regional cooperation, including South-South trade and investments, is crucial for closing development gaps and facing emerging challenges. Regional cooperation, including subregional economic integration is vital for attaining more equitable, balanced, inclusive and sustainable development of least developed and land locked countries as well as for small island states.

75. One of the ways to achieve this is to shift from growth strategies and paradigms based on trade-offs to maximize growth to those that maximize synergies among the three pillars of sustainable development. A critical element of a new development strategy that can create synergy among the three pillars of sustainable development is investing in human and natural capital, rather than exploiting cheap human and natural capital. Thus, the development agenda beyond 2015 needs to support the reorientation of the current economic paradigm or growth strategy towards a new paradigm in which expenditures on health, education, social security and environmental protection as well as climate change mitigation and adaptation are seen as an investment that will in the future strengthen the social and environmental pillars in addition to the economic pillar.

76. Several examples that demonstrate the potential of these strategies can be referred to. The socioeconomic success of the Republic of Korea has been built on long-term investments in education. In Europe, taxation policy has long supported investment in people, such as free education even for the universities. Business requirements to ensure social security payments and emphasis on supporting working parents (of both genders) in meeting their parental obligations have been important in helping economies, such as Germany, retain a competitive workforce and a high quality of life, even in times when wages come under pressure. Denmark has become a world leader in wind-energy production as a result of a policy to promote renewable energy through public research and development. Wind-energy production now accounts for a substantial portion of Danish exports.

77. An Asia-Pacific consensus that promotes investment in people and nature is a prerequisite for the structural change towards seeing economic growth as a means to an end rather than the ultimate goal. The consensus should promote the following: structural change that produces decent jobs in a less carbon- and resource-intensive economy; infrastructure development that ensures access to basic services to all and at the same time supports a resource-efficiency revolution (on par with the industrial revolution); and governance approaches that engage all people as agents of change. Such a consensus should avoid the dangers of debt-driven and resource-intensive consumption and the expansion of speculative investments that lie at the nexus of jobless growth, financial insecurity and climate crisis. The Asia-Pacific region has an opportunity to pave the way and develop its own consensus that reorients its development strategy based on investing in human and natural capital as the drivers of inclusive and sustainable development.