



# Expert Dialogue on the Quality of Growth

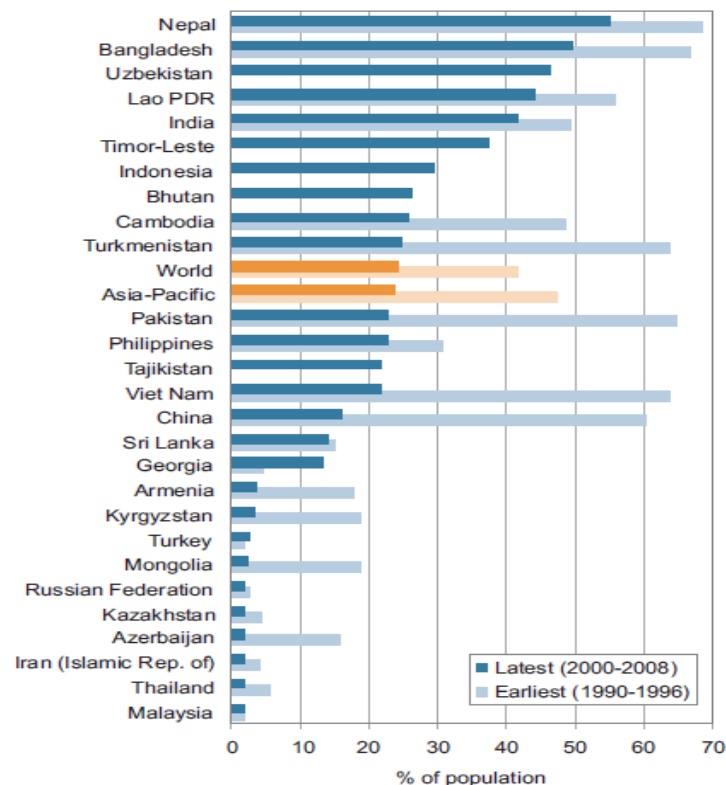
14-16 November 2012,  
Bangkok Thailand

# **(1) the Asia-Pacific context**

# Important successes...

- Poverty reduction
  - 1.6 billion poor in 1990
  - 0.9 billion in 2008

% population living on less than \$1.25 per day, Asia-Pacific

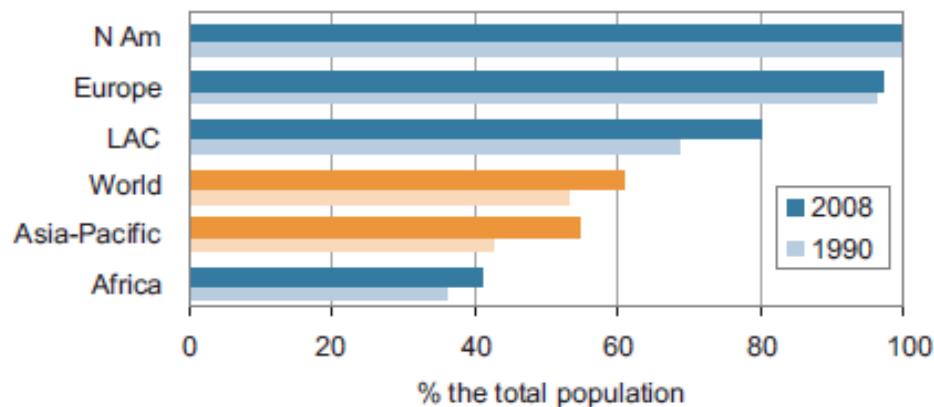


Source: Statistical Yearbook 2011, UNESCAP

## ... but unmet needs persist

- **641 million** living with less than 1 US\$ per day
- **400 million** urban residents without access to sanitation
- **566 million** rural residents without access to safe water
- **800 million** without electricity

Total population with access to improved sanitation, world regions, 1990 and 2008



Source: Statistical Yearbook 2011, UNESCAP

# ..and economic realities are changing

- **Globalization & interdependence**
  - Asian GDP could be > 50% global GDP by 2050 (ADB, 2012)
  - Regional trade - 14% in 1990 >> 24% in 2009 (ESCAP 2011)
- **Resource & environmental constraints**
  - Rising & volatile food & commodity prices – a new “normal”
  - Resource challenges converging – food-water-energy-land
  - Some planetary boundaries already transgressed —biodiversity loss, climate change & nitrogen cycles (Rockström et al. 2009)
- **Demographics, lifestyles and consumption patterns**
  - By 2040, Asia’s urban population will grow by more than 1 billion (ADB estimates using UN 2012)
  - Industrialization of the agricultural sector

# Growth – always creates jobs?

- Jobless growth

Global employment intensities 1990-2003

	1991-1995	1995-1999	1999-2003
Employment-Elasticity	0.34	0.38	0.30
GDP Growth %	2.9	3.6	3.5

Source: ILO, Key Indicators of the Labour Market - KILM- Fourth Edition, 2006 (based on 160 countries)



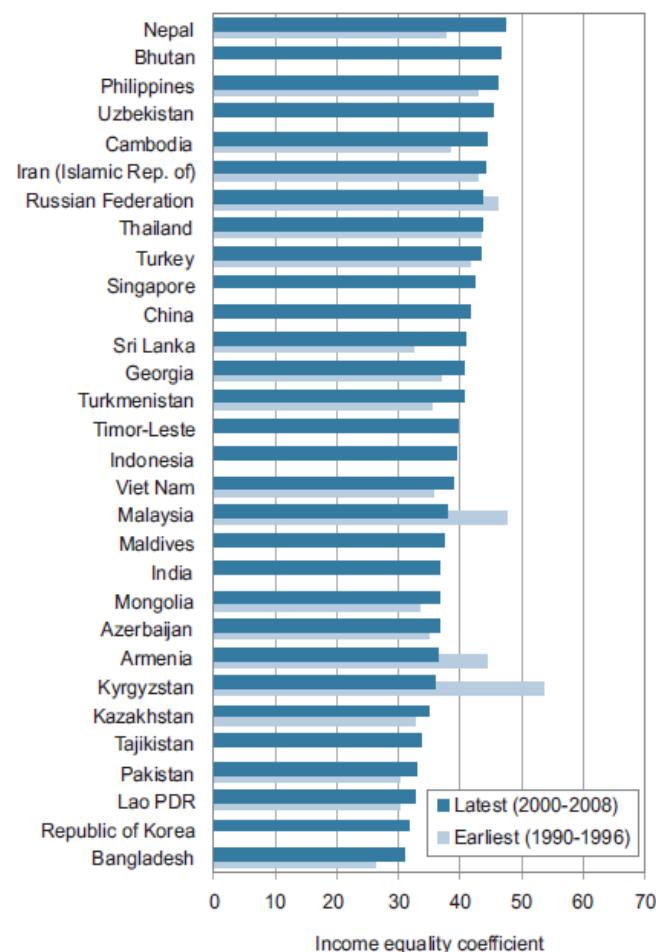
# Wealth - trickles down ?

- Decreasing impact of growth on poverty
- Rising income inequality - the biggest global risk (with economic imbalance)
  - (World Economic Forum's Global Risks Report 2012)

Vicious circle:

- *“Inequality has reached a stage where it can be inefficient and bad for growth”* (the Economist, 2012)

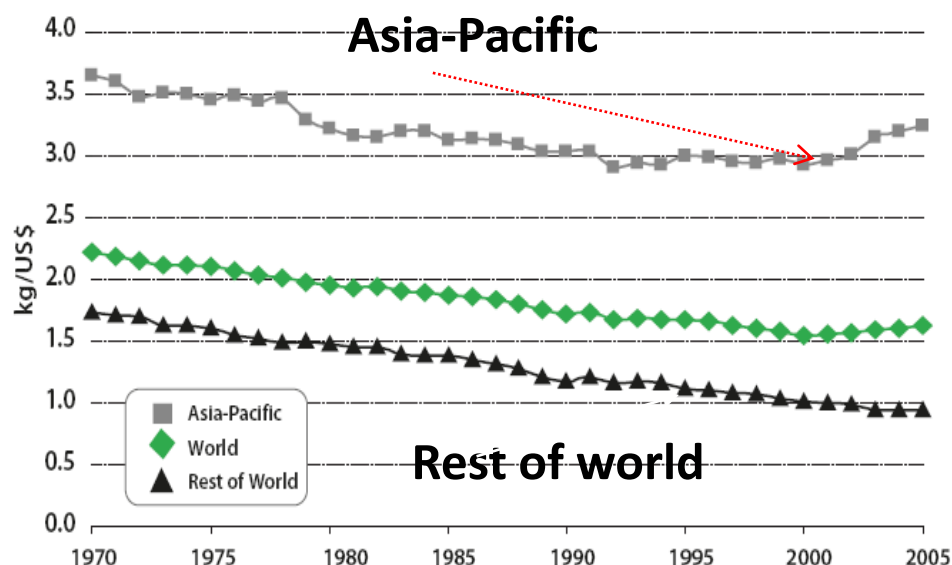
Gini index, earliest and latest



# Technological change - enhances efficiency?

- Asia-Pacific uses **> 3 x** resources to produce \$1 of GDP, compared to the rest of the world
- Resource intensity increasing after 2000

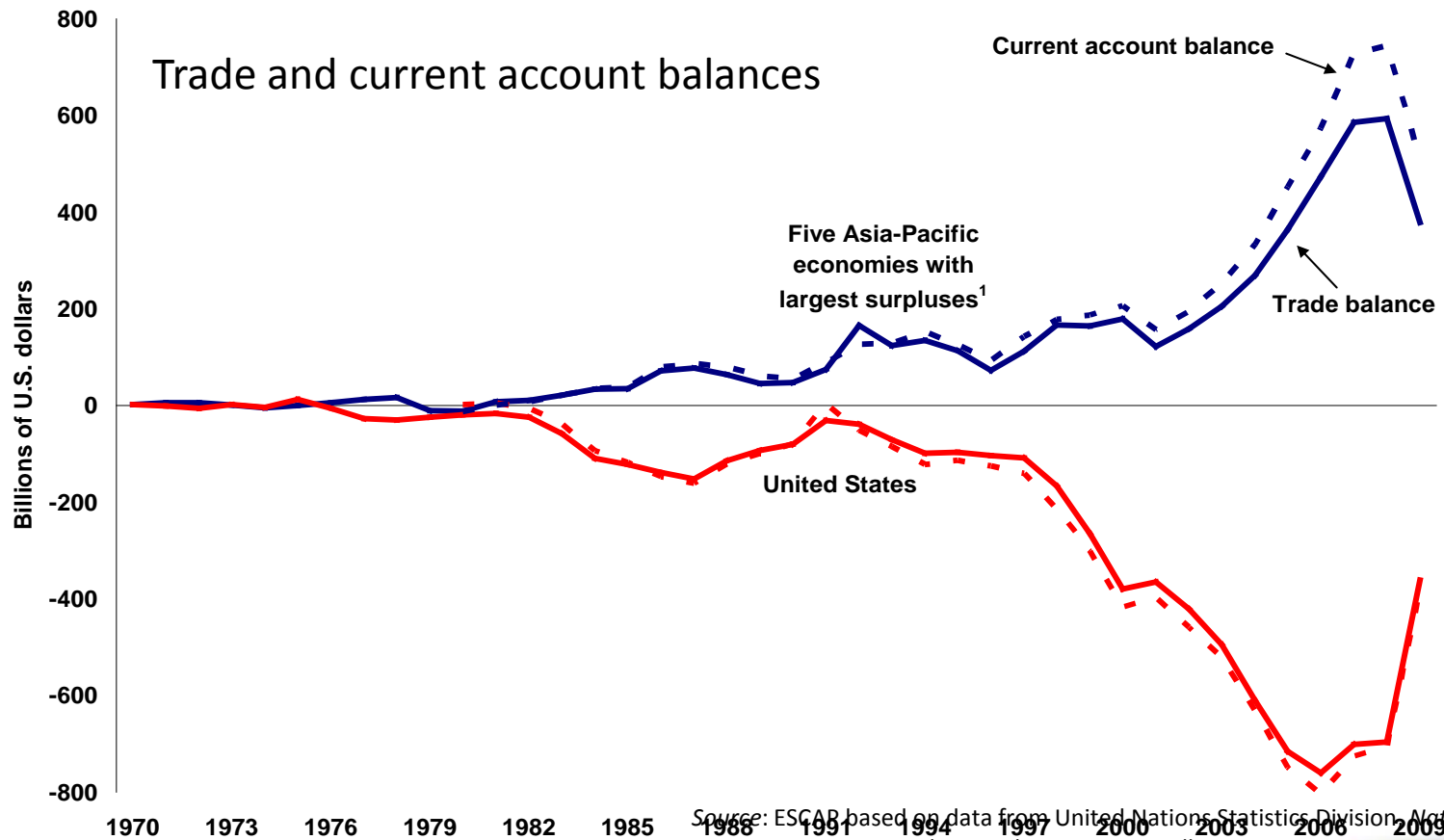
Domestic material consumption intensity



Source: CSIRO and UNEP Asia-Pacific Material Flows database



# Trade – a stable future ?



Source: ESCAP based on data from United Nations Statistics Division, *National Accounts Main Aggregates Database* and Economist Intelligence Unit, *Country Database*

## **(2) Shifting focus to quality of growth**

# Hidden costs

- Inequality & social conflict
- Natural, human, social capital depletion – e.g. disasters, climate and environmental change
  - Climate change costs estimated at 5% of world GDP annually
  - Air and water pollution - costing China 5.8% of its GDP - 4.3% health costs.
  - Biodiversity loss estimates - 50 billion Euros each year.

# Three qualities of growth

## Social Quality


Income distribution, employment, social safety nets, gender and other equality, investment in education, health etc.

## Economic Quality

Low unemployment, high value-added, competitiveness, resilience against external shocks (financial crisis, energy and other price volatility ), etc.

## Ecological Quality

eco-efficient growth,  
water, energy, resource security, investment in natural capital etc.



# Governments need to jump start System Change

- Political leadership & commitment critical
- Appropriate institutions and governance approaches



# Measure what matters

The Future We Want – para 38

“We recognize the need for broader measures of progress to complement gross domestic product in order to better inform policy decisions, ...”



# Meeting overview



# Objectives

## Contribution to the post-2015 Development agenda & post-Rio implementation

- What are the connections, trade-offs and synergies between the environmental, social and economic qualities of growth?
- How to integrate the three pillars of development through the quality of growth lens - what transformative economic system changes are needed?
- How to develop better measures of progress & decision support tools?



# Sessions

## Wednesday

- Sessions 1 to 3: The three “qualities” of growth

## Thursday

- Session 4 : Macro- and micro-economic policy
- Session 5: Quality of growth and a post-2015 Development agenda



# Sessions

## Friday

- Green growth indicators & economic modelling
- Study proposal & research collaboration

# Way forward

- Documented discussions > report & publication, inputs to post-2015 Development Agenda
- Directions for further research
- Regional dialogue >> Stronger policy advocacy and decision-support
- Partnerships re: quality of growth and green growth indicators

Thank you