



# Achieving the Sustainable Development Goals in South Asia

Key Policy Priorities and Implementation Challenges





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## FOREWORD

South Asia's economic dynamism and promising prospects provide confidence in the subregion's ability to transform itself and build a sustainable future *for all*. A determined political will is, however, required if the subregion is to expeditiously adopt and implement the 2030 Agenda for Sustainable Development. To do so, the subregion will need to mainstream the Sustainable Development Goals (SDGs) into national development plans and budgets as well as reorient growth frameworks to be inclusive, equitable and promote low-carbon development pathways.

To achieve the 2030 Agenda, South Asia must promote an industry-oriented structural transformation without jeopardizing environmental sustainability. Progress on this transformation has, however, been slow and marked by a declining share of agriculture contribution to gross domestic product (GDP). Simultaneously, the rising contribution of the services sector to GDP has surpassed that of industry. As per capita incomes rise and the middle-income demographic grows, targeting manufacturing sector development will become even more critical to meet the increasing domestic demand. The lack of export orientation of some economies also carries the risk of external account vulnerabilities. Structural transformation therefore needs to focus on nurturing higher value-added and new and innovative export products and brands.

Sustainability in South Asia must rest on a core foundation of diversification and competitiveness. Adopting open and transparent investment and trade policies and incentive frameworks, as well as improving the ease of doing business and promoting skill development will boost the subregion's transformation and competitive edge.

Recognizing the host of challenges faced by South Asia, UNESCAP has attempted to unpack the 2030 Agenda at the subregional level in this *Report*, and outlined tangible, high priority and relevant policy actions that are critical for the implementation of sustainable development. The *Report* identifies seven key priorities that can help accelerate the SDG achievement in South Asia by leveraging the relationships between the Goals. Among others, our policy simulations and evidence offer insight into how a regionally coordinated sustainable industrialization strategy in South Asia could generate more than 56 million new jobs by 2030 and lift 71 million additional people out of poverty, relative to a business-as-usual scenario.

It is important to recognize that global progress on the SDGs is dependent on the collective action of South Asia to implement them. The subregion accounts for almost one fourth of the world's population, 36% of the world's poor and nearly half of the world's malnourished children. The subregion's success in implementing the SDGs, however, hinges on addressing current capacity gaps and strengthening the means of implementation.

Mobilizing diverse sources of finance is imperative to the subregion in this respect. This includes, but is not limited to, domestic resource mobilization, official development assistance, and harnessing private sector investments and public-private partnerships for sustainable development. Science, technology and innovation agendas in the subregion must also be aligned with the new sustainable development paradigm and the countries must strengthen their capabilities and capacities in the sector. This requires conducive policies and legal and regulatory frameworks, supported regionally and globally by favourable technology transfer provisions, a global technology facilitation mechanism, and a technology bank for least developed countries. Regional and subregional cooperation are also critical.

This *Report* will be useful for analysts and practitioners of development policy in the subregion and beyond, in stimulating a debate on the ways and means of bringing sustainable prosperity to all in South Asia.

*April 2017*

A handwritten signature in black ink, appearing to read 'S Akhtar' with a flourish underneath.

**Shamshad Akhtar**

Under-Secretary-General of the United Nations  
and Executive Secretary of the United Nations  
Economic and Social Commission for Asia and  
the Pacific



## EXECUTIVE SUMMARY

The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) present a unique opportunity for South Asia to eradicate poverty and provide a life of dignity to all its people. Despite their economic dynamism and remarkable achievements with regards to the Millennium Development Goals (MDGs), South Asian countries still account for 36% of the world's poor, nearly half of its malnourished children, and suffer from a number of development and infrastructure gaps. A disproportionate concentration of the deprived populations in the subregion that accounts for a quarter of the world's population means that the global achievement of the SDGs will not be possible without South Asia achieving them.

### **While there has been progress, many Sustainable Development challenges remain in South Asia**

South Asian countries have achieved many of the MDG targets but progress has been uneven across and within countries. The SDGs are an opportunity to carry forward the unfinished MDG agenda (specifically under Goals 1-7) and build on it. The new set of goals address cross-cutting issues such as economic growth, job creation, industrialization, inequality, and peace and justice (SDGs 8, 9, 10, and 16), and the ecological sustainability related goals (SDGs 11-15), in addition to a reinvigorated global partnership to improve implementation (SDG 17).

### **Key policy priorities are emerging for the SDGs in South Asia**

To address the key development challenges faced by South Asian countries, the *Report* identifies the following seven strategic policy priorities:

- 1. Create jobs through balanced economic transformation through sustainable industrialization:** Industrialization (SDG 9) and robust economic growth, including the creation of productive jobs (SDG 8), are critical enablers for poverty alleviation (SDG 1) and other SDGs. South Asia has emerged as one of the fastest growing subregions in the world, but this growth has not been creating adequate jobs for its youthful population, and 80% of the workforce remains in the informal sector. The economies in South Asia have seen a shift from agriculture towards services, largely bypassing the industrial sector and its job-creating capacity. An industry-oriented structural transformation in South Asia could generate more than 56 million additional jobs and lift 71 million additional people out of poverty, compared with a business-as-usual strategy. A regionally coordinated sustainable industrialization strategy could leverage the spillovers of manufacturing across borders, creating productive capacities across South Asia through regional value chains.
- 2. Provide essential basic services to all and accelerate sustainable infrastructure development:** South Asian countries are characterized by wide gaps in transport infrastructure (SDG 9), basic infrastructure, such as drinking water and sanitation (SDG 6), electricity (SDG 7), and ICT (information and communications technology), costing the subregion 3-4% of GDP and affecting the achievement of other SDGs. Estimates suggest that South Asia per capita incomes would increase roughly 1% for each percentage point increase in infrastructure availability.
- 3. Provide universal access to education and health to harness South Asia's youth bulge:** Investing in universal health coverage (SDG 3) and quality education and vocational training opportunities for all (SDG 4), will enable South Asia to reap a demographic dividend from its youthful population. Such investments will also allow the subregion to bridge the projected global skills deficit. Governments in South Asia are adopting rights-based approaches to provide universal education but need to pay attention also to the quality of education and training.

4. ***Provide universal social protection and financial inclusion:*** Social protection strategies and financial inclusion are effective investments for accelerating poverty reduction (SDG 1) and reducing inequality (SDG 10). South Asian countries can scale up models of social protection that have evolved over the past decade, including those based on income support, employment guarantee and conditional cash transfers. Besides expanding microfinance programmes, Governments may also leverage new innovations, such as branchless banking and mobile-based financial services to improve financial inclusion.
5. ***Address food security and hunger with sustainable agricultural productivity improvements:*** Food security and the eradication of hunger (SDG 2) is a key development challenge in South Asia, which accounts for nearly two thirds of the world's undernourished people. South Asian countries could strengthen their collective food security through operationalizing the SAARC Food Bank, liberalizing intra-regional food trade and enhancing joint research and development (R&D) on productivity. Doubling agricultural productivity in South Asia could increase food security and lead to increases of up to 16% in GDP, 14% rise in exports, and 11% in household incomes. Enhancing agricultural productivity could lift 16 million additional people out of poverty and create nearly 13 million additional jobs, relative to a baseline of business as usual.
6. ***Promote gender equality and women's entrepreneurship:*** Despite achieving gender parity in education, South Asia lags in economic and political empowerment of women, as well as other dimensions of gender equality (SDG 5). Estimates suggest that gender equality could add up to \$3.4 trillion to the subregion's combined GDP by 2025. Women's entrepreneurship can be promoted through gender-responsive policies including one-stop advice centres, incentivized credit schemes, and capacity-building, as well as the regional sharing of good practices.
7. ***Enhancing environmental sustainability through low-carbon climate-resilient pathways:*** For South Asia, environmental sustainability is an essential element of closing development gaps and promoting economic growth. Environmental degradation, for example water quality and availability, has already become an impediment to development, and the subregion is highly vulnerable to the effects of climate change, extreme weather events and natural disasters. Measures to boost access to energy and reduce air pollution would address social needs but also increase economic competitiveness. These measures include increasing the use of renewable energy sources, namely hydro, solar and wind; moving towards cleaner gas-based fuels; and employing new technologies to reduce emissions from conventional electricity generation. Industry also needs to decouple its growth from resource use and pollution through energy efficiency, recycling, and cogeneration, which are all becoming increasingly viable. Lifestyle changes, including the "3-Rs" of reduce, reuse and recycle and sustainable solid waste management, need to be adopted as a part of sustainable consumption. The projected rapid rise in urban population over the next three decades provides South Asia with opportunities to leapfrog over some of the less sustainable technologies and urban patterns of the last century, in favour of smart cities with greener and more resilient buildings and infrastructure, including transport systems. Mainstreaming disaster risk reduction in development planning also would be critical for South Asia given its vulnerability to disasters.

**Institutional improvements for delivery of the SDGs:** Coordinating agencies at national levels will be critical for the effective implementation of the SDGs given the wide range of objectives across sectors. Effective SDG implementation will further require: outcome-based approaches to multidimensional sustainable development challenges; decentralization to empower local administrations; and institutional reforms to incentivize changes in regulations, institutional culture, markets and mindsets. Equally important is to ensure stakeholder participation in the implementation and monitoring of the SDGs at all levels. The importance of strong institutions at all levels along with peace and justice has been emphasized under SDG 16. The SAARC has a leaders' mandate for coordination and cooperation to implement the 2030 Agenda in the subregion. The countries could evolve a follow-up and review mechanism at SAARC level feeding into the regional follow-up and review that is being developed at UNESCAP within the framework of the Asia-Pacific Forum for Sustainable Development (APFSD).



## **SDG success will depend on addressing the capacity gaps and means of implementation**

To undertake the ambitious 2030 Agenda, including the key priorities outlined above, countries in South Asia will need the means of implementation, including finance, technology, capacity-building, trade, policy coherence, data and monitoring, and multi-stakeholder partnerships.

**Finance:** Implementing the SDGs in South Asia will require substantial financial resources, including social investments of up to 20% of GDP and around \$5 trillion to close infrastructure gaps by 2030, not to mention the significant investments needed to enhance environmental sustainability. With low tax-to-GDP ratios, South Asian countries have the potential to enhance domestic resources through expanding their tax base, undertaking tax reforms, strengthening tax administration and through innovative taxes. Public-private partnerships (PPP) can also supplement public investments in sustainable infrastructure projects. Some countries including India are also harnessing the potential of corporate social responsibility to supplement public resources. Regional cooperation in cross-border listings and development of regional bond markets can help to diversify risk and increase access to cheaper capital for companies from least developed countries. The SAARC Development Fund could support the financing of regional public goods for sustainable development, such as regional or cross-border infrastructure. Cooperation on funding for climate change adaptation and international taxation of financial transactions may also be options to help implement the 2030 Agenda. While conventional flows of overseas development assistance (ODA) from Western economies remain critical for the subregion's economies, especially the least developed countries, South-South cooperation is beginning to supplement development resources, with India emerging as a key contributor in South Asia.

**Technology facilitation for pursuing low-carbon pathways:** A global technology facilitation mechanism and a technology bank for least developed countries, as provided for under SDG 17, are critical for South Asian countries. South Asia spends only 0.7% of its GDP on R&D compared with the world average of 2.1%, and 2.6% in East Asia. The subregion lags behind in all other aspects of science, technology and innovation (STI), which determine a country's ability to absorb, assimilate and benefit from technology. Pooling resources to develop sustainable solutions jointly could be fruitful, for example to harness the frugal engineering capabilities of South Asian countries to develop low-carbon growth paths. At the same time, those countries should prioritize investment in education, training and R&D aimed at industry-oriented sustainable structural transformation.

**Data, monitoring and accountability:** Systems to accurately track SDG progress are beyond the capacity of many countries in South Asia, which face gaps even for such simple processes as registration of births. Countries in the subregion are likely to face significant challenges in providing regular, timely and representative quality disaggregated data on different Goals. Strengthening regional cooperation for monitoring and evaluation, especially concerning statistical capacity, is an agenda point that UNESCAP and SAARC are well placed to carry out as an example of regional cooperation. A regional approach would also help develop common standards and perspectives for methodological processes, and for the reporting of progress at the broader regional and global levels.

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The adoption of the 2030 Agenda for Sustainable Development provides South Asian countries with an opportunity to achieve sustainable prosperity of all of their 1.7 billion people, including over 300 million who continue to live in abject poverty, and invest in them to harness their latent potential to build the next locomotive of the global economy. As the regional arm of the United Nations, UNESCAP stands ready to assist the South Asian countries in their sustainable transformation.

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## EXPLANATORY NOTES

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The term “South and South-West Asia” in this publication refers collectively to Afghanistan, Bangladesh, Bhutan, India, Islamic Republic of Iran, Maldives, Nepal, Pakistan, Sri Lanka and Turkey.

Values are in United States dollars unless specified otherwise.

The term “billion” signifies a thousand million. The term “trillion” signifies a million million.

Reference to “tons” indicates metric tons.

In the tables, two dots (..) indicate that data are not available or are not separately reported, a dash (-) indicates that the amount is nil or negligible, and a blank indicates that the item is not applicable.

In dates, a hyphen (-) is used to signify the full period involved, including the beginning and end years, and a stroke (/) indicates a crop year, fiscal year or plan year.

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## ABBREVIATIONS

AAAA	Addis Ababa Action Agenda
ADB	Asian Development Bank
APFSD	Asia-Pacific Forum for Sustainable Development
BRAC	Bangladesh Rural Advancement Committee
COP21	21 <sup>st</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change
CASA	Central Asia South Asia Electricity Transmission and Trade Project
GDP	gross domestic product
GIS	Geographic Information System
ICT	information and communications technology
ILO	International Labour Organization
INDC	intended nationally determined contribution
IPI	Islamic Republic of Iran-Pakistan-India gas pipeline
ISA	International Solar Alliance
LDC	Least Developed Country
MBI	Myanmar-Bangladesh-India gas pipeline
MDG	Millennium Development Goal
MSME	micro, small and medium-sized enterprise
MUDRA	Micro Units Development and Refinance Agency
NITI Aayog	National Institution for Transforming India, Government of India
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PPPs	public-private partnerships
PPP	purchasing power parity
R&D	research and development
SAARC	South Asian Association for Regional Cooperation
SANEM	South Asian Network on Economic Modelling
SDG	Sustainable Development Goal
SME	small and medium-sized enterprise
SPS	sanitary and phytosanitary
SSWA	South and South-West Asia

STI	Science, Technology and Innovation
TAPI	Turkmenistan-Afghanistan-Pakistan-India gas pipeline
TBT	Technical Barriers to Trade
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNFCCC	United Nations Framework Convention on Climate Change



# INTRODUCTION

The 2030 Agenda for Sustainable Development, comprising 17 Sustainable Development Goals (SDGs) adopted by world leaders at the United Nations Sustainable Development Summit in September 2015, is especially relevant for the eight countries of South Asia (Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka). Despite the subregion's economic dynamism and remarkable achievements of the Millennium Development Goals (MDGs), South Asia still accounts for 36% of the world's poor and suffers from a number of development and infrastructure gaps.<sup>1</sup> Given its large and growing population, which currently represents nearly a fourth of the world's population, the subregion has a critical role to play in the global achievement of the SDGs.

The 2030 Agenda represents a transformative global compact for development, evolved through an unprecedented process of stakeholder consultation at national, subregional, regional and global levels. The 2030 Agenda is particularly relevant for South Asia as it seeks to leverage synergies and externalities between economic, social and environmental development. Inability in the past to exploit these externalities has left South Asia with significant structural imbalances. Its countries have lagged behind other subregions in several indicators of development. Wide gaps in physical and social infrastructure persist, and among other deprivations, unemployment levels especially among the youth have been rising, inequality has been widening, and widespread hunger

continues across the subregion. Furthermore, South Asia is increasingly vulnerable to the effects of climate change in the form of extreme weather events including droughts and floods. Illustrating this, the subregion accounts for more than half of all disaster-related fatalities in Asia and the Pacific.

Closing these development gaps will require a significant increase in the rate, breadth and inclusiveness of economic growth. To avoid a substantial rise in carbon emissions and natural resource depletion, every effort must be made to close these gaps in an ecologically sustainable manner. This will require closely integrating South Asia's economic and social development strategy with environmental sustainability. The SDGs, therefore, offer South Asian countries a unique and holistic pathway to sustainable prosperity.

This *Report* provides a timely analysis of the SDG outlook in the subregion. It begins by discussing the MDG achievements and the lessons that can be drawn from the MDG experience in the subregion. From here, the *Report* then provides an action plan for accelerating SDG achievement. In particular, the *Report* focuses on seven key policy priorities, taking cognizance of the relationships between the SDGs goals and targets which need to be catalyzed by inclusive and sustainable transformation policies (Section 3). The *Report* then discusses the subregional and regional institutional arrangements required for SDG implementation (Section 4), and highlights the implementation challenges and measures needed to address the capacity gaps (Section 5). The *Report* concludes with remarks on South Asia's stake in the global achievement of the SDGs.



# OUTLOOK FOR SUSTAINABLE DEVELOPMENT IN SOUTH ASIA

## **Achievements of the MDGs by South Asian countries**

South Asian countries' record of MDG achievements has been mixed. The subregion has reduced extreme poverty by 54.7% from the 1990 level, overshooting the MDG target of 50% reduction (Table 1). It has also met its MDG targets on universal primary education enrolment and completion. However, at 59% in 2014, the subregion's net secondary enrolment rate lagged behind the current global average of 65%. Girls, especially in Afghanistan and Pakistan, and children from lower socio-economic strata and lagging regions continue to have lower access to primary education. Quality of education has often been poor, particularly in rural and remote areas, with low student achievement levels in most of the countries. The outcomes are partly explained by low public expenditure on education as a percentage of GDP, ranging from 1.7% in Sri Lanka, or 2.0% in Bangladesh, to 3.9% in India and 2.5% in Pakistan, well below the recommended threshold of 6%.<sup>2</sup>

Table 1

Achievement of the Millennium Development Goals in South Asia

Goal	1	2	3	4	5	6	7
	\$1.25 per day poverty Underweight children	Primary enrolment Reaching last grade Primary completion	Gender primary Gender secondary Gender tertiary	Under-5 mortality Infant mortality	Maternal mortality Skilled birth attendance Antenatal care (≥ 1 visit)	HIV prevalence TB incidence TB prevalence	Forest cover Protected area CO <sub>2</sub> emissions per GDP Safe drinking water Basic sanitation
Asia-Pacific	●	▶	●	●	●	●	●
South-East Asia	●	▶	●	●	●	●	●
Pacific Islands	▶	●	●	●	●	●	●
North and Central Asia	●	▶	●	●	●	●	●
Asia-Pacific LDCs	●	▶	●	●	●	●	●
South Asia	●	▶	●	●	●	●	●
South & South-West Asia	Afghanistan	▶	▶	●	●	▶	▶
	Bangladesh	▶	▶	●	●	▶	▶
	Bhutan	●	▶	●	●	▶	▶
	India	●	▶	●	●	▶	▶
	Iran (Islamic Rep. of)	●	▶	●	●	▶	▶
	Maldives	●	▶	●	●	▶	▶
	Nepal	●	▶	●	●	▶	▶
	Pakistan	●	▶	●	●	▶	▶
	Sri Lanka	●	▶	●	●	▶	▶
	Turkey	●	▶	●	●	▶	▶

● Early achiever   
 ▶ On track   
 ■ Slow   
 ◀ Regressing/No progress

Source: UNESCAP, ADB and UNDP (2015).

Notes: \$1.25 per day represents the national poverty line in Afghanistan. LDCs = least developed countries.

South Asia has made notable progress in achieving the health-related MDGs by reducing the maternal mortality ratio by 67% between 1990 and 2015, although the subregion underperformed on the MDG target of a 75% reduction. South Asia has also found it challenging to meet the targets relating to child mortality, sanitation and reducing the proportion of underweight children. Just over half (52%) of deliveries were attended to by skilled health personnel in South Asia in 2014. In comparison, East Asia has attained universal skilled birth attendance. South Asia also continues to have a high rate of under-five mortality, at 50 deaths per 1,000 live births in 2015. Public health expenditure

levels in South Asia remain very low, at 1.3% of GDP in 2013, compared with the world average of 6% and about 8% in high-income Organisation for Economic Cooperation and Development (OECD) countries.<sup>3</sup> On the environment side, although there has been an increase in forest cover and protected areas, South Asia's share in the CO<sub>2</sub> emissions has doubled between 1990 and 2013 to 6.5%.

To conclude, South Asia's achievements vary across the goals and targets but also across and within countries. The rural-urban divide remains wide as does the gender divide in terms of MDG outcomes and deprivations.





# KEY POLICY PRIORITIES FOR ACHIEVING THE SDGs IN SOUTH ASIA

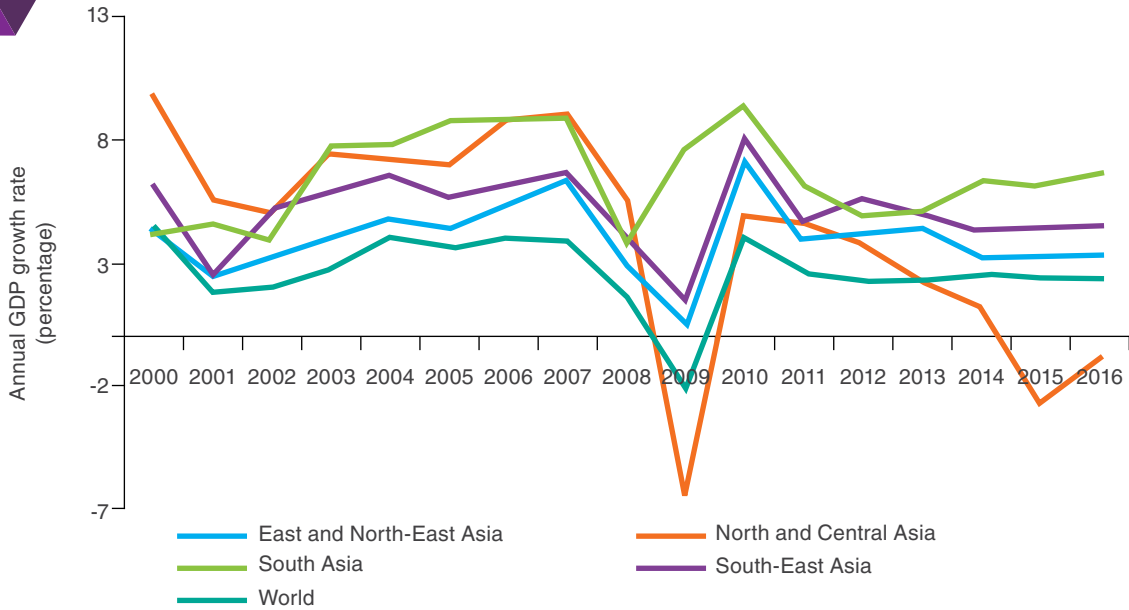
Consistent with the unfinished MDG agenda and emerging development challenges faced by the subregion, at the 18<sup>th</sup> SAARC Summit, the leaders of South Asia identified the following key development issues for South Asia: poverty alleviation; jobs for youth; agriculture and food security; health and education; women and children and social protection; energy, environment and blue economy.<sup>4</sup> In this context, this *Report* has identified seven strategic policy priorities for addressing these challenges and operationalizing broad-based and integrated SDG achievement in South Asia.

## **A. Create jobs through broad-based economic growth and sustainable industrialization**

Robust, job-creating economic growth (SDG 8) is critical to the achievement of poverty eradication (SDG 1) and it is also linked with industrial development (SDG 9). South Asia has emerged from the global financial crisis as the fastest-growing subregion in Asia and the Pacific (Figure 1). It has the potential to sustain robust economic growth rates over the medium-to-long term given its demographic trend combined with the structural reforms being undertaken by a number of Governments.<sup>5</sup> However, to leverage this potential the prospects for employment must be improved. Across the subregion, employment elasticity has been declining. During 1992-2013, employment growth averaged 1.7% annually

Figure 1

Annual GDP growth rates, selected subregions, 2000-2016



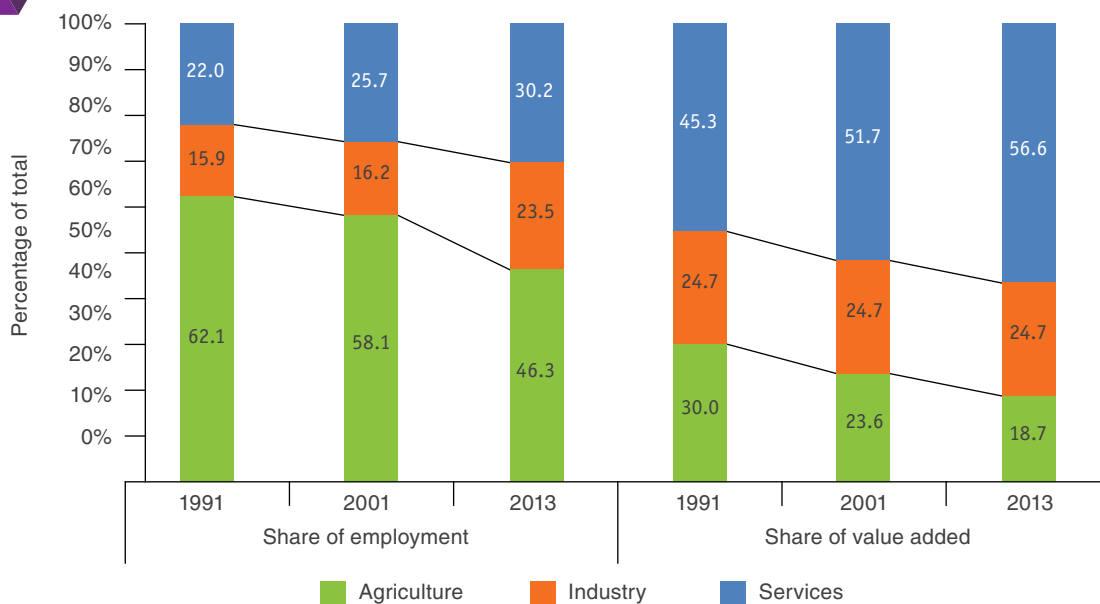
Sources: UNESCAP (2016a, 2016b) and United Nations, Department of Economic and Social Affairs, Development Policy and Analysis Division (2016). Note: Data for 2015 and 2016 are estimates and forecasts, respectively.

in India and 2.6% in the rest of South Asia, much lower than the GDP growth over the same period. Muted job growth in the subregion has contributed to high unemployment rates, especially among the youth. The quality of employment has also suffered. Illustrating this, over 80% of workers in the subregion are engaged in the informal sector, with little to no protection or rights. The high proportion of informal sector jobs has perpetuated low productivity, extreme poverty and inequality.

Creation of productive jobs is imperative, especially given the subregion's youth bulge. However, the creation of these jobs is dependent on the extent and nature of structural transformation in each respective country in the subregion. Despite agriculture's share of GDP declining in South Asia from 30% in 1990 to 18.7% in 2013, industry's share in GDP during the same period has virtually stagnated at around 24.7% (see Figure 2). The services sector in South Asian economies, which accounted for nearly 57%

Figure 2

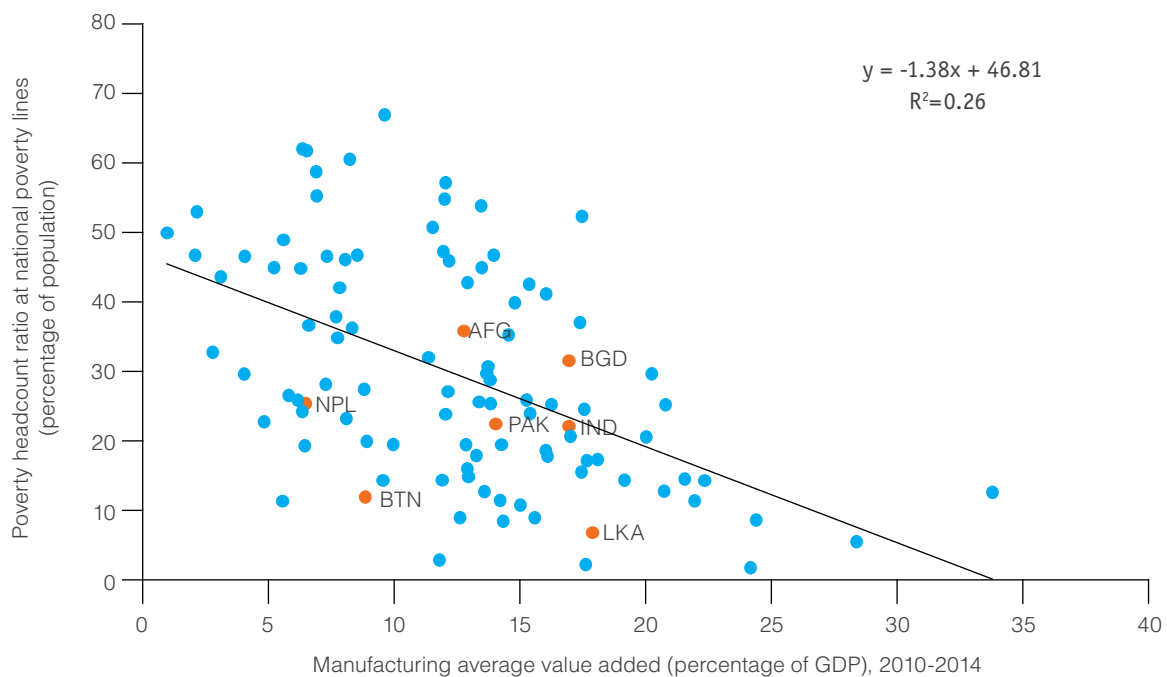
Sector share of employment and value added, South Asia, 1991-2013



Source: UNESCAP calculations, based on UNESCAP (2016d) (accessed January 2016).

Figure 3

## Relationship between manufacturing value added and poverty



Source: UNESCAP calculations, based on World Bank (2016d) (accessed 28 October 2015).

of South Asia's GDP in 2013, has, however, not been able to create adequate job opportunities to absorb new entrants to the workforce or to redeploy surplus labour from agriculture. As a result, the agricultural sector continues to support over 46% of the workforce in the subregion.

The failure of South Asia to harness the potential of industry, particularly the manufacturing sector, has cost the subregion dearly in terms of jobs creation. The manufacturing sector is known to provide the highest backward and forward linkages of all productive sectors, creating jobs directly as well as indirectly. Therefore, SDG target 9.2 that seeks to enhance the share of industry in employment and GDP is timely for South Asia.

The manufacturing sector can boost poverty reduction through job creation. This is demonstrated by Figure 3 which shows the negative relationship between the poverty headcount ratio and the share of manufacturing value added in GDP.

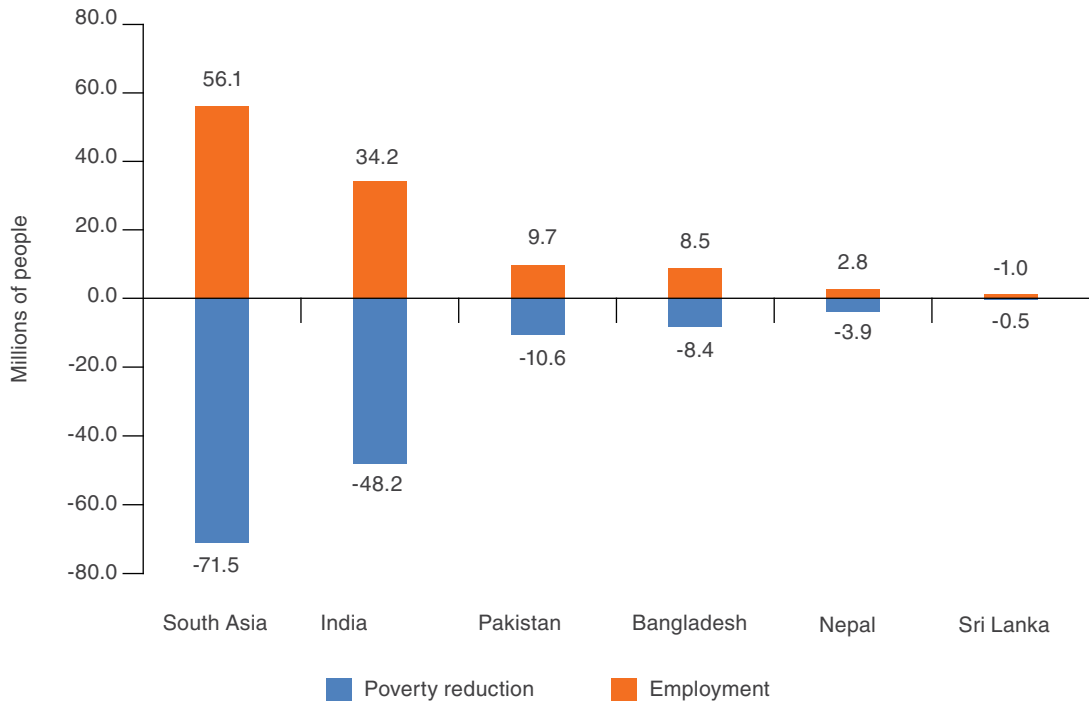
UNESCAP-SANEM simulations were used to consider the impacts of a policy strategy focusing on doubling the GDP share of industry. These simulations demonstrated that an additional 71 million people could be lifted out of extreme poverty and additional 56 million jobs could be created by

2030 in Bangladesh, India, Nepal, Pakistan and Sri Lanka (see Figure 4) if industry's share in GDP were doubled. This policy strategy would also boost South Asian countries' GDP and exports by about 22% compared with a business-as-usual scenario (Figure 5).<sup>6</sup>

A revival in industrial policy has been occurring in many parts of the world, as countries have begun to recognize the importance of the manufacturing sector in accelerating development.<sup>7</sup> In South Asia, India has recently embarked on the Make in India programme seeking to foster the country's manufacturing sector in a sustainable manner. To enhance the environmental sustainability of the increased economic activity, the Government also promoted the ZED model, meaning "zero defect, zero effect" on the environment. It is imperative that programmes aimed at fostering manufacturing sector development be complemented with initiatives that improve the ease of doing business, and provide capacity-building support, credit facilities and venture capital for enterprise development, as well as support micro, small and medium-sized enterprises (MSMEs), including those established by women entrepreneurs. At the regional level, a coordinated industrial strategy, complemented by a regional trade arrangement and seamless transport connectivity could help

Figure 4

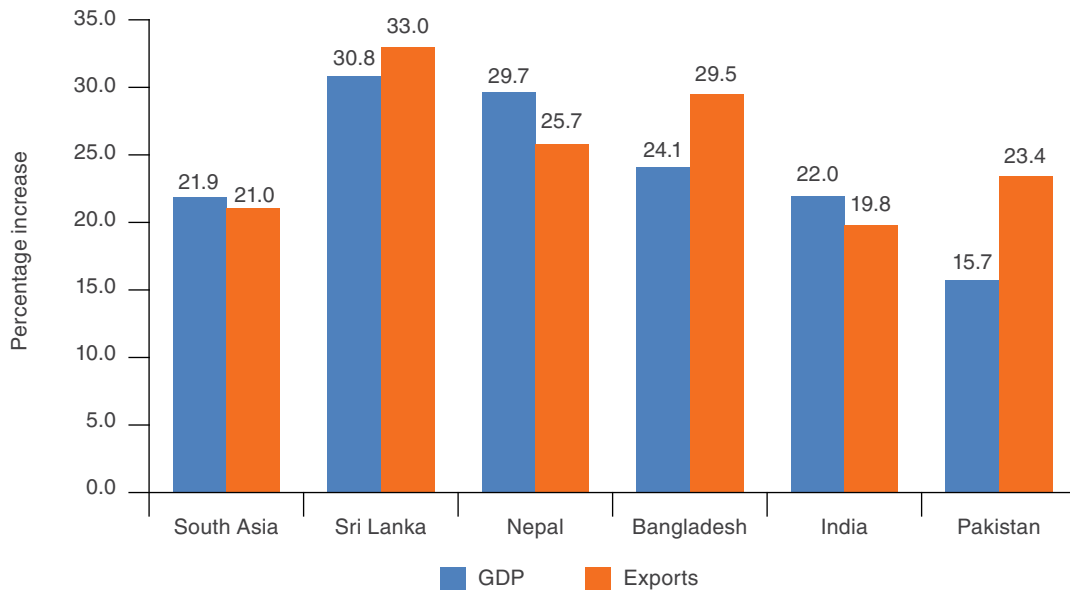
Poverty and employment impacts of an SDG-based policy strategy in South Asia



Source: Based on the UNESCAP-SANEM South Asia Model

Figure 5

GDP and exports impacts of an SDG-based policy strategy in South Asia



Source: Based on the UNESCAP-SANEM South Asia Model

foster regional value chains and create productive capacities across all of South Asia.<sup>8</sup> In this context, UNESCAP computations made in the framework of a gravity model found the intra-regional exports potential among the South Asian countries in 2014

to be around \$81 billion, with prospects of up to \$172 billion by 2020. However, actual mutual trade was of the order of only \$27 billion in 2014 leaving over two thirds of the potential remaining to be exploited.<sup>9</sup>

## B. Provide essential basic services to all and accelerate sustainable infrastructure development

South Asian countries lag in terms of access to water and sanitation (SDG 6), access to modern energy or electricity (SDG 7), and transport and other infrastructure (SDG 9) (Table 2).<sup>10</sup> Access to water, sanitation and energy is fundamental for sustainable subsistence. Yet only 45% of the population had adequate sanitation in 2015, with about 960 million people deprived of sanitation facilities and 610 million practicing open defecation.<sup>11</sup> Furthermore, 27% of the subregion's population lacked access to electricity, compared with just 2% in East and North-East Asia, and more than three fifths of the population still depend on traditional biomass for cooking.<sup>12</sup>

Accelerating access to sustainable infrastructure and basic services, such as water and sanitation,

electricity, ICT and transport infrastructure, must be a policy imperative for South Asia and closing existing gaps in these areas has the potential to alleviate poverty in all of its forms in the subregion. For instance, every dollar spent on sanitation can bring an estimated \$5.50 return by keeping people healthy and productive.<sup>13</sup> Improved sanitation and access to roads have been found to be associated with better health outcomes, and access to electricity with educational outcomes.<sup>14</sup> Disparities in infrastructure access tend to perpetuate inequalities between rural and urban populations. Research shows that only the wealthiest percentiles of the populations of Afghanistan, India and Sri Lanka, have reliable access to regular infrastructure, including electricity, sanitation, water and gas.<sup>15</sup> An estimated one third of businesses in India and three quarters of those in Bangladesh, Nepal and Pakistan have been constrained by poor electricity supplies.<sup>16</sup> Infrastructure deficits result in GDP losses of 3-4% in the subregion.<sup>17</sup> Recent research suggests that

Table 2

### Infrastructure availability in South Asia

	Access to telecommunications, 2014 (per 100 people)	Access to electricity, 2012 (% of population)	Access to improved water, 2015 (% of population)	Access to improved sanitation, 2015 (% of population)	Internet users, 2014 (per 100 people)	Rail density, 2012 (km of railway per 1000 km <sup>2</sup> )	Road density, 2011 (km of road per 1000 km <sup>2</sup> )	Paved roads, 2012 (% of roads)
East and North-East Asia	118	98	96	80	53	8	400	64
South-East Asia	132	77	90	72	29	5	276	55
South Asia	76	73	92	45	17	19	1123	52
Afghanistan	74	..	55	32	6	..	35	36
Bangladesh	76	60	87	61	10	22	1838	10
Bhutan	85	..	100	50	34	..	219	34
India	75	75	94	40	18	22	1578	54
Maldives	192	..	99	98	49	..	293	100
Nepal	85	76	92	46	15	..	139	54
Pakistan	76	69	91	64	14	10	341	73
Sri Lanka	120	85	96	95	26	23	1819	15
World	111	78	91	67	40	9	275	57

Source: Based on the UNESCAP (2016d) (accessed 23 June 2016). Data for electricity access from REN21 (2015).

investment in infrastructure in South Asia leads to proportional increases in per capita incomes.<sup>18</sup>

### C. Provide universal access to education and health to leverage South Asia's youth bulge

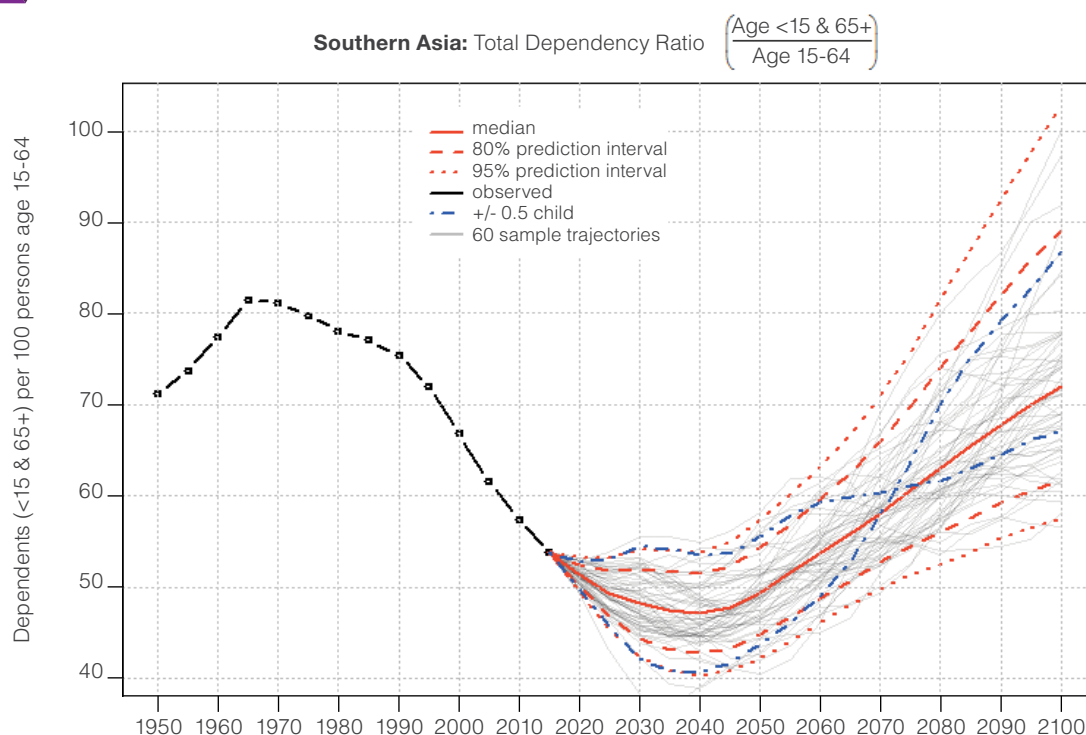
South Asia must also prioritize closing remaining gaps in universal access to health (SDG 3) and education (SDG 4). Investing in human development through universal health coverage, universal quality education and vocational training is particularly relevant for South Asia to harness the youth bulge of its demographic transition. The SDGs provide South Asia with virtually the last window of opportunity to effectively make the most of the youth bulge, as the dependency ratio (ratio of non-working age population to working age population) in the subregion will begin to increase between 2030 and 2050, pushing it into a greying society (Figure 6). If the youth are provided with opportunities for human resource development and productive jobs, they could make South Asia the home of the largest middle class in the world and an engine of global growth, as total consumption could reach nearly \$30 trillion by 2050 (see figure 7).

Investing in skill development will support sustainable industrialization and uniquely position South Asia to

fill the global skills deficit. The potential shortage of skilled workers in the global economy is expected to be around 40 million workers with tertiary degrees and another 45 million workers with secondary education by 2020.<sup>19</sup> To bridge the skills gap and provide medium and high skilled workers for her own manufacturing and services industries, South Asia needs to improve educational attainments and quality in secondary and tertiary education and strengthen job-relevant vocational training. South Asia's returns to education have been found to be high compared with those of other parts of the world, especially for tertiary education, which is at 18.4% compared with 16.4% for the global average.<sup>20</sup>

Recognizing this, Governments in the subregion have begun to scale up their investments in skills formation and human resource development including through rights-based policies. Sri Lanka and Bangladesh have been early movers in this context, with Sri Lanka implementing the Free Education Act in 1945 and Bangladesh adopting the Primary Education Compulsory Act of 1990. More recently, in India, the Parliament adopted the right-to-education legislation in August 2009, and the National Assembly of Pakistan passed legislation in 2012 guaranteeing the right to education. During 2014/15, India launched its Skill India programme and established the Ministry

**Figure 6** Demographic bulge and peaks in South Asia

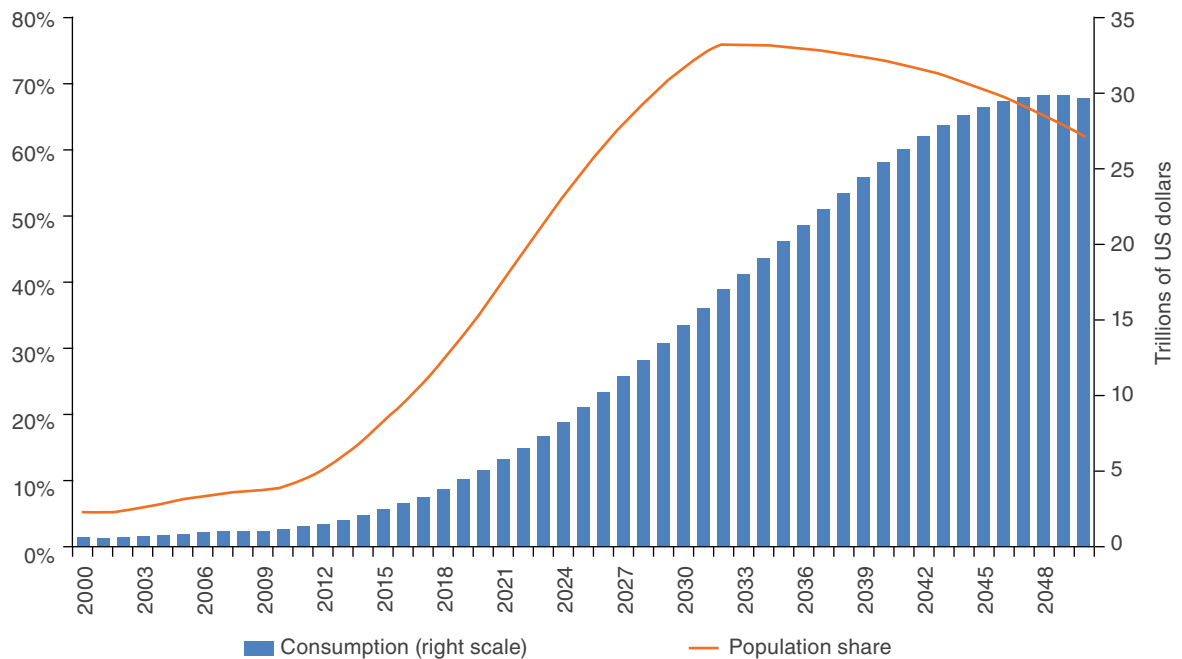


Source: United Nations, Department of Economic and Social Affairs, Population Division (2015) World Population Prospects: The 2015 Revision. <http://esa.un.org/unpd/wpp/>



Figure 7

### Middle class in South Asia (population living on between \$10 and \$100 purchasing power parity per day)



Source: UNESCAP projections.

of Skill Development and Entrepreneurship in order to harness the energy of its youth. Afghanistan, Bangladesh, Pakistan and some states in India are also using conditional cash transfers to promote schooling, especially of girls.

Improving access to health care and services is critical for a demographic dividend to translate into economic growth and human development, including through increased productivity. South Asia has had many achievements in health sector, for instance, the reaching of MDG targets on infant and maternal mortality rates by Bhutan, Maldives and Nepal. Sri Lanka recently joined Maldives as a malaria-free country, India having eradicated polio few years ago. The subregion needs to build on these successes and move towards universal health coverage by 2030 if not earlier, following Bhutan and Sri Lanka.

#### **D. Provide universal social protection and financial inclusion to reduce inequalities, poverty and other deprivations**

The MDG experience of achieving the poverty reduction target provides confidence that it is possible to achieve the SDG 1 of ending extreme poverty in South Asia by 2030. However, economic growth alone is not enough to eliminate poverty.

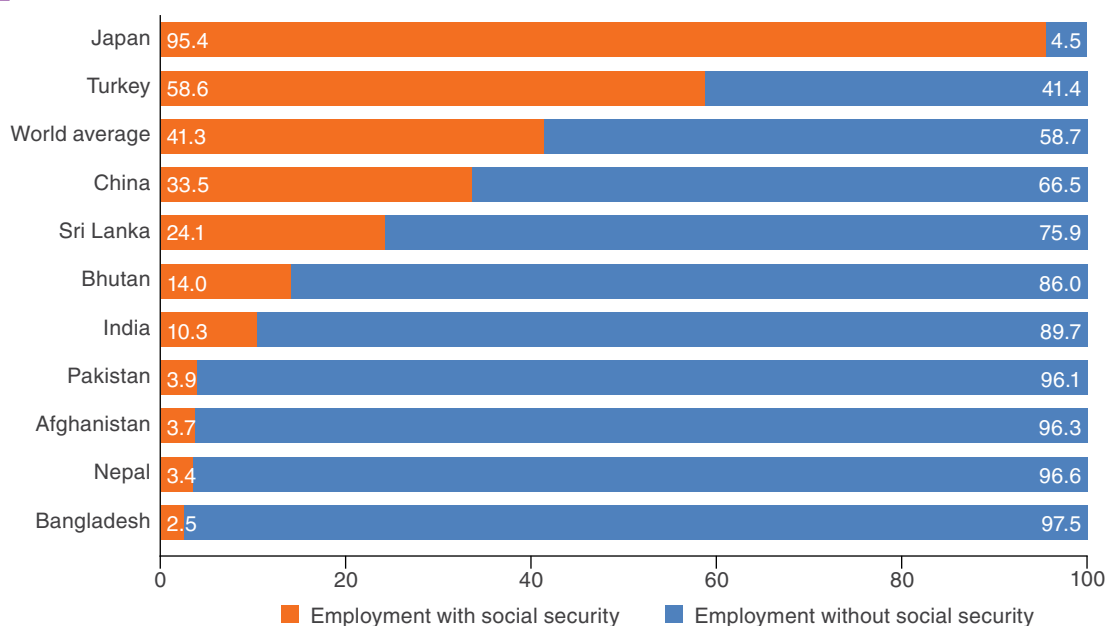
Social protection strategies and financial inclusion are important for accelerating reduction in poverty and inequality and enhance the resilience of vulnerable populations.

Analysis by UNESCAP has shown that adjusting for rising inequalities lowers the reported average of per-capita incomes in most South Asian countries. In India, for instance, inequality-adjusted per-capita GDP declines from \$2,208 to \$1,391 (2005 PPP).<sup>21</sup> The bottom 40% of the population in South Asia account for only 6-7% of the national income in Bhutan and Nepal and only 1-4% in Bangladesh, India, Sri Lanka and Pakistan.

Social protection strategies provide a comprehensive blanket for ensuring that the provision of basic needs, access to utilities and social inclusion are sustainable for all households and over every individual's lifetime. These include decent work, the provision of basic services and financial inclusion, and systems to redistribute wealth and income from those who enjoy disproportionate economic and social advantages. Across South Asia, fewer than 10.6% of workers have social security coverage, except for those in Sri Lanka, where it rises to one in four (see Figure 8). This compares to the global average of just over 40%, with 33% of workers having social security in China and 95% in Japan.

Figure 8

### Social security coverage in selected countries in Asia, circa 2005 and 2010 (share of total employment)



Source: World Bank (2012).

Notes: The world average is based on the available data for countries for about 2010. Employment with social security refers to the share of the labour force actively contributing to old-age pension schemes.

Despite recent growth in bank account ownership in South Asia, in 2014 it had only reached 46% of the adult population in the subregion compared with more than 90% in OECD countries and 69% in East Asia.<sup>22</sup> South Asia also had one of the world's highest gender gaps in financial inclusion, with women much less likely (a gap of 18 percentage points) than men to have an account. Only 3% of government transfer recipients receive payments into an account compared with more than 80% in OECD countries. Other emerging economies such as Brazil and South Africa have used government transfer payments to bank accounts to increase financial inclusion, transparency and efficiency. In Sri Lanka, despite the high level of access to financial institutions, the use of financial and insurance services through formal channels remains low due to a lack of financial awareness, especially among low-income groups.<sup>23</sup>

Social protection needs to be seen as a smart investment in sustainable development rather than a burden. Some South Asian countries have developed certain good practices that are worth scaling up and sharing with other countries in the subregion. These include: the Benazir Income Support Programme in Pakistan, which currently supports 4.8 million families of approximately

18 million people;<sup>24</sup> the Mahatma Gandhi National Rural Employment Guarantee Act 2005 in India, which benefited 41 million households in 2014/15;<sup>25</sup> conditional cash transfers in Bangladesh, which have helped the country to achieve the MDGs on maternal and child mortality; the Samurdhi programme of social assistance in Sri Lanka, implemented since 2005 and now covering nearly 2 million households; and the old-age pension in Nepal.<sup>26</sup> The Social Protection Toolbox of UNESCAP provides a suite of good practices and initiatives for enhancing the sustainable and guaranteed provision of social protection. It is an online platform for knowledge sharing based on good practices and experience to support policymakers and stakeholders in moving towards comprehensive and robust social protection systems.<sup>27</sup>

South Asian countries have also taken some important initiatives towards improving financial inclusion. The Pradhan Mantri Jan-Dhan Yojana, launched in August 2014 as part of the Indian National Mission for Financial Inclusion, has led to the opening of over 240 million bank accounts over the past two years. Now in the second phase of the programme (2015-2018), the scheme is being integrated with micro-insurance and informal sector pension schemes such as Atal Pension Yojana.<sup>28</sup>



Pakistan launched its National Financial Inclusion Strategy in May 2015 to achieve universal financial inclusion in an integrated and sustained manner. The outreach of microfinance institutions has been high in Bangladesh (through the Grameen Bank and the Bangladesh Rural Advancement Committee, or BRAC) and Sri Lanka (through the Samurdhi Programme).<sup>29</sup> Promising subregional innovations also include the promotion of financial inclusion through branchless banking and mobile phone-based financial services.

### **E. Address food security and hunger with sustainable agricultural productivity improvements**

South Asia continues to be one of the largest hunger hotspots in the world, with one in five people undernourished. In 2014-2016, about 281 million people in South Asia were undernourished, representing 35.4% of the global undernourished population. Population growth and water intensive agriculture have reduced per capita water availability in the subregion by 70% in the last six decades. With 70% of food production in South Asia dependent on monsoons, climate change impacts could decrease annual agricultural production in some countries by 23% by 2080.<sup>30</sup> Food security and eradication of hunger (SDG 2) requires policy action in the following four priority areas:

- ❖ eradicate extreme poverty to ensure better access to food and reduce inequality;
- ❖ provide more nutritious food for combating the high levels of anaemia and vitamin A deficiency that exist in the subregion;
- ❖ extend social protection programmes to improve household incomes and consumption; and
- ❖ increase smallholder agricultural productivity through sustainable agricultural practices to enhance food security for the two thirds of the working population who are dependent on agriculture for their livelihoods.

UNESCAP-SANEM simulations show that doubling agricultural grain productivity in South Asia by 2030 (SDG 2.3) would improve food security and, on top of the increases in a business-as-usual scenario, could lead to increases of up to 16% in GDP, 14% in exports, and 11% in household incomes in South Asia. Moreover, the stimulated increase in grain productivity could lift at least an additional 16 million people out of poverty and create nearly 13 million additional jobs.<sup>31</sup> These simulations demonstrate

that enhancing agricultural productivity through sustainable and climate resilient agriculture would help address hunger, alleviate poverty, and create jobs. To collectively strengthen food security, a number of additional measures must be taken. These include operationalizing the SAARC Food Bank; liberalizing and facilitating intra-regional trade in food products; harmonizing SPS and TBT standards for food products; and pooling resources for joint R&D and agricultural extension for enhancing productivity of agriculture.<sup>32</sup>

### **F. Promote gender equality and women's entrepreneurship as a tool of empowerment**

South Asian countries perform poorly on cross-country measures of gender equality.<sup>33</sup> Afghanistan and Pakistan generally find themselves at the bottom of these indices in South Asia, while Sri Lanka and Maldives usually have better rankings.<sup>34</sup>

Gender inequalities are particularly pronounced in higher education and political representation, as well as in health. While South Asia has achieved gender parity in primary and secondary education, large disparities remain in tertiary education. The political representation of women increased from 7% in 2000 to 18% in 2015, but still lies below the world average of 22%. The proportion of women in paid employment outside the agricultural sector increased from 14% in 1990 to 21% in 2015, far below the world average of 41%, with rates in East Asia at 43% and in Latin America at 45%.<sup>35</sup> Furthermore, South Asia has the highest levels of female child mortality among all regions of the world and violence against women and girls is particularly prevalent in the subregion, affecting women and girls throughout their lives.

Closing gender gaps in hours worked, participation and productivity could result in GDP gains of up to 48% in South Asia and add an additional \$800 billion (in the "best-in-region" scenario) to \$3.3 trillion (in the "full potential" scenario) in annual GDP by 2025 through gender parity.<sup>36</sup>

Promoting women's entrepreneurship can be a potent catalyst for achieving inclusive and sustainable development as it could support the economic empowerment of women and increase their participation in the labour force. However, women's entrepreneurship is a widely untapped

Table 3

(Intended) Nationally determined contributions (INDCs) of South Asian countries

Member State	Commitment
Afghanistan	Aims to cut emissions by 13.6% from business-as-usual levels by 2030, conditional on international support, and reduce vulnerability to climate impacts. Estimated cost \$17.4 billion
Bangladesh	Plans to cut greenhouse gas emissions by 5% by 2030 compared with business-as-usual levels in the power, transport and industry sectors, rising to 15% on international support
Bhutan	Plans to remain carbon neutral as set out in 2009. Repeats commitment to keep 60% of territory forested
India	Aims to cut greenhouse gas emissions for each unit of GDP by 33% to 35% from 2005 levels by 2030. Targets 40% of electricity from non-fossil fuel sources by that date. Estimated cost \$2.5 trillion
Maldives	Aims for 10% emission cuts from business-as-usual levels by 2030, rising to 24% with international support
Nepal	Aims to reduce dependency on fossil fuels by 50% by 2050 and achieve 80% electrification through renewable energy sources with appropriate energy mix. Plans to maintain 40% of the total area of the country under forest cover
Pakistan	No measurable target available yet. In its statement on the INDCs, Pakistan said it is “committed to reduce its emissions after reaching peak levels to the extent possible, subject to affordability, provision of international climate finance, transfer of technology and capacity building.”
Sri Lanka	Aims for a reduction in greenhouse gas emissions of 7% from business-as-usual levels by 2030, or up to 23% with international support. Estimated cost \$420 million.

Source: UNESCAP, based on country submissions of intended nationally determined contributions to the United Nations Framework Convention on Climate Change. For details see [www4.unfccc.int/submissions/INDC/Submission%20Pages/submissions.aspx](http://www4.unfccc.int/submissions/INDC/Submission%20Pages/submissions.aspx).

source of economic growth and social progress in South Asia, with only 8- 9% of formal small and medium-sized enterprises (SME) owned by women, compared with 38% to 47% in East Asia, Central Asia and Eastern Europe.<sup>37</sup>

Despite the growing number of national policies, programmes, infrastructure and support services geared towards SME promotion in the subregion, the persistence of deeply-entrenched biases and stereotypes among those managing these initiatives often prevents women entrepreneurs from benefiting from them.<sup>38</sup> In light of this, dedicated mechanisms must be established to ensure gender-responsive policies and to provide a “one-stop shop” for information, guidance, application submission, follow-up and legal assistance for women. As access to credit and finance remains a major obstacle for women in South Asia, financial institutions should also be incentivized to lend to women entrepreneurs, for example, through tax rebates. Finally, it would be helpful to introduce modules on entrepreneurship in educational institutions, with an emphasis on skill-oriented education for girls. Targeted business training programmes for women entrepreneurs could also be established in such areas as finance and cost management, marketing, product development, and information and communications technology.

## G. Enhance environmental sustainability through low-carbon climate-resilient pathways

Even though South Asia’s per capita CO<sub>2</sub> emissions remain low, at 1.4 metric tons compared with the global average of 5 metric tons,<sup>39</sup> the subregion’s contribution to the global total is increasing fast having doubled from 3% in 1990 (0.6 billion tonnes) to 6.5% in 2013 (2.1 billion tonnes).<sup>40</sup> In this context, it is imperative that policies for transformative development in the subregion drive the re-engineering of growth towards low-carbon sustainable development pathways.

Implementing a low-carbon, climate-resilient development pathway is all the more pertinent given that South Asia could be among the subregions worst affected by climate change despite its low per-capita emissions. For example, if global temperatures increase by an average of 1 degree, sea levels would rise by up to 98 cm.<sup>41</sup> This could erode 10% of land in Bangladesh and displace millions of people in the country.<sup>42</sup> Therefore, enhancing the environmental sustainability of development in South Asia is critical as the subregion moves ahead in achieving other SDGs. South Asian countries have made ambitious commitments, in particular through the (Intended)

Nationally Determined Contributions (NDCs) on emission reductions within the framework of the United Nations Framework Convention on Climate Change at the 21<sup>st</sup> Conference of Parties (COP21) in Paris which went into force in November 2016 following which the INDCs became NDCs (see Table 3).

The achievement of national climate change commitments would require adopting low-carbon and more sustainable pathways covering sustainable energy, sustainable production and consumption, sustainable and resilient urbanization and sustainable solid waste management, among other practices.

**Sustainable energy for all:** It is critical that the subregion reduce its reliance on energy imports, scale up renewable energy sources and considerably improve energy efficiency. Governments in South Asia must also plan for the energy demand increases that will be driven by economic and social development.

Some South Asian countries have begun to take steps towards this. For example, Bhutan has harnessed its hydropower potential to generate sustainable growth while also supporting sustainable development in neighbouring countries through exporting clean energy. As Nepal and Afghanistan are also endowed with substantial hydro potential, they could also consider following the Bhutanese example.

Many South Asian countries have also begun to scale up the exploitation of their vast solar and wind energy potential. India, for instance, has quintupled its target for solar energy generation from 20GW to 100GW by 2022. Despite the vast renewable potential of the subregion, coal is likely to remain the primary energy resource for many countries in the coming decades. While deep decarbonization would be feasible using known technologies, it would require early investments in technology and infrastructure to avoid long-term lock-ins into inefficient technologies. Furthermore, natural gas pipelines across South and South-West Asia, such as Turkmenistan-Afghanistan-Pakistan-India (TAPI), Iran-Pakistan-India (IPI) or Myanmar-Bangladesh-India (MBI) could help to substitute coal in the subregion and mitigate sizable carbon dioxide emissions and air pollutants.

Regional trade in electricity could positively affect readjustments in power generation capacity through

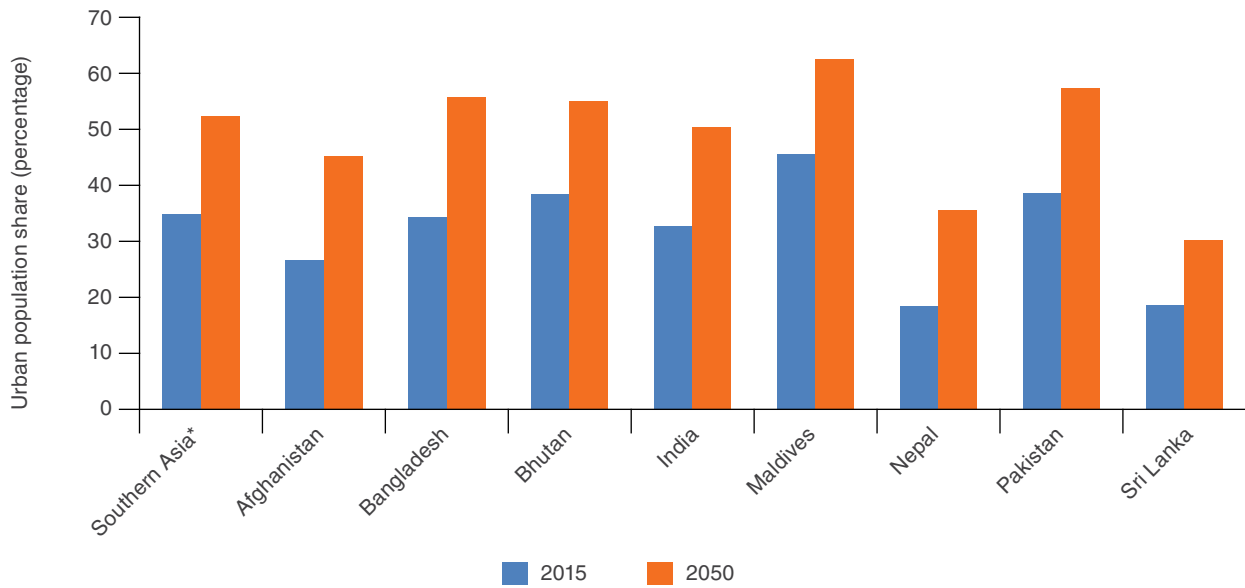
peak load sharing and help save \$222 billion over the 2015-40 period, or more than \$9 billion per year in electricity costs in South Asia.<sup>43</sup> The subregion is beginning to tap the potential of electricity trade through the CASA 1000 project linking Central Asian countries with Afghanistan and Pakistan. Regional cooperation in sustainable energy could be further supported by UNESCAP with its new mandate on energy, the SAARC Energy Centre and the International Solar Alliance (ISA) which was launched at the COP21 held in Paris in December 2015.<sup>44</sup>

**Sustainable production, consumption and waste recycling:** As the subregion moves towards industry-oriented structural transformation, it needs to adopt low-carbon growth paths. Many industries in the subregion are now discovering that sustainable production, through enhanced energy efficiency, waste recycling and co-generation, are actually commercially viable strategies leading to savings of raw materials and energy costs. Yet incentives are still needed to improve energy efficiency, including the phasing out of fuel subsidies that encourage wasteful consumption. Sustainable consumption also requires lifestyle changes, including: practicing the “3Rs” of reduce, reuse, and recycle; increasing use of public transport; and switching to efficient lighting and appliances. Interesting practices in ‘waste-to-wealth’ conversion in some countries in South Asia could be replicated across the subregion.<sup>45</sup> For instance, India has created a market for waste paper by incentivizing the production of recycled paper. This has in turn contributed to sustaining livelihoods for millions of people in the informal sector, and led to large savings in energy and water, as well as helped save forests.<sup>46</sup>

**Sustainable urbanization and transport:** South Asia is currently one of the least urbanized subregions of the world, with only a third of the population living in cities (see Figure 9). However, that is set to rise to over half by 2050.<sup>47</sup> Maldives is expected to have the highest share of urban population by 2050, at over 62%, while Bangladesh, Bhutan, India and Pakistan will also have the majority of their population as urban dwellers. This provides an opportunity for South Asia to leapfrog over some of the less sustainable aspects of urbanization in developed countries, and directly adopt more sustainable patterns of urbanization, building new cities that are based on low carbon paths, including buildings and infrastructure that are more sustainable and resilient to natural disasters, waste recycling and sustainable urban transport systems, and providing sustainable

Figure 9

## Urbanization in South Asia, 2015 and 2050



Source: UNESCAP, based on United Nations, Department of Economic and Social Affairs, Population Division (2015), table A.2.  
 Note: \*In this figure, Southern Asia includes the Islamic Republic of Iran.

livelihoods for residents.<sup>48</sup> South Asia also has to increase the supply of affordable housing for the poorest income groups.<sup>49</sup> Greater attention will also have to be paid to developing urban infrastructure, including transport, housing and public spaces, that responds to the needs of the elderly and those of persons with disabilities.<sup>50</sup> India has embarked on a programme to build 100 smart cities as a part of its housing-for-all initiative.<sup>51</sup>

Mainstreaming disaster risk reduction in development strategy: South Asia suffers almost one third of the total global mortality caused by disasters. Therefore, it is especially relevant for the subregion to achieve the SDGs that seek disaster resilience (SDG 1), resilient infrastructure (SDG 9), resilient urbanization (SDG 11), and action to combat climate change and its impacts (SDG 13).<sup>52</sup> The 2015 Gorkha Earthquakes in Nepal are a potent reminder of the subregion's vulnerability. The 7.8-magnitude quake wrought damage and losses equivalent to one third of Nepal's GDP, pushing around 700,000 people back into poverty and putting back the country's plan to graduate out of the ranks of least developed countries.

Nearly 45% of the world's flood-affected population lives in Afghanistan, Bangladesh, India, and Pakistan. Metropolitan cities and river basins,

which continue to attract economic migrants, are the most prone to disasters, and unplanned urbanization to accommodate internal migrants increase that vulnerability. UNESCAP estimates that Governments in South Asia will need to set aside significant proportions of GDP, up to 4% in Bhutan and 1.6% in Bangladesh, for disaster mitigation.<sup>53</sup>

The subregion needs to mainstream disaster risk reduction using a multi-disciplinary and public-private-partnership approach with risk-sensitive investments, innovative parametric insurance, and finances that are readily available for recovery and a building-back-better approach. As demonstrated by the 2004 Asian Tsunami, earthquakes, cyclones, floods, drought and landslides are often centered on border regions and impact clusters of countries. Addressing them therefore calls for enhanced regional cooperation. In this context, a joint regional multi-hazard early warning system, created by pooling resources, expertise, knowledge and information, would be a major step forward. As the subregion shares nine river basins originating in the Himalayas, and given the rise in floods in the subregion, improved flood forecasting systems using advanced technology, observational networks and hydrology modeling would also benefit all countries.<sup>54</sup>



# INSTITUTIONAL ARRANGEMENTS FOR IMPLEMENTING THE SDGs

Several institutional changes are required to effectively implement the SDGs, at national, local, subregional and regional levels. The following section discusses these changes according to the level at which they need to be taken.

## **A. National and local institutional frameworks**

### **1. Establish a national coordinating or steering agency**

Given the wide range of objectives under the SDGs, a national coordinating and steering agency is critical for effective implementation of the SDGs. In most South Asian countries, environmental agencies initially took the lead in formulating the SDGs. However, as the SDGs integrate economic, social and environmental objectives, developing an appropriate institutional structure that can efficiently coordinate the wide array of SDG outcomes is a challenge.

In some South Asian countries, planning agencies which are responsible for national development strategies and plans have taken over responsibility for coordinating the SDGs. For example:

- ❖ The National Planning Commission in Nepal fulfills the coordination function for the SDGs.

- ❖ In Bhutan, coordination of the SDGs is performed by the Gross National Happiness Commission.
- ❖ In Pakistan, the Ministry of Planning, Development and Reforms has already prepared the Pakistan Vision 2025, which is well aligned with the SDGs. Additionally, the National Assembly of Pakistan adopted a resolution in February 2016 providing political support to SDGs, and a national SDG Monitoring and Coordination Unit is also being established.<sup>55</sup>
- ❖ In Bangladesh, the Planning Commission has the coordinating responsibility and has aligned its 7<sup>th</sup> Five Year Plan (2016-2020) and the Perspective Plan (2012-21) with the SDGs. The Bangladeshi Prime Minister's Office has also set up a unit to monitor the implementation of the SDGs and to mobilize stakeholders and has appointed a Chief Coordinator of SDG Affairs.<sup>56</sup>
- ❖ In India, policy coordination and implementation for the achievement of the Millennium Development Goals was carried out by the Planning Commission, which was succeeded by the National Institution for Transforming India (NITI Aayog) in 2015. The NITI Aayog has been entrusted with coordinating the achievement of the SDGs through specific ministries and key government programmes, although primary responsibility for implementation rests with the state or provincial governments. The Ministry of Statistics and Programme Implementation (MoSPI) coordinates with ministries to guide monitoring, data collection and the development of national indicators.
- ❖ Sri Lanka has established the Ministry of Sustainable Development and Wildlife, which launched the National SDG Platform for coordinating SDG implementation.

Given the nature of the agencies' work combined with their capacity to handle multi-agency coordination, this has enabled a smooth transition into the SDGs.

In other South Asian countries, the responsibility for implementing the SDGs rests with committees consisting of representatives from several departments. For example:

- ❖ The Maldives has established a National Committee with representatives from the President's office, the Ministries of Foreign Affairs, Finance, Health, Environment, and of Planning and National Development.
- ❖ In Afghanistan, a secretariat was established within the Office of the President to draft the country's national development strategy with a range of stakeholders. The Office of Administration and cabinet is accountable for carrying out the strategy, with budget monitoring by the Ministry of Finance. The Ministry of Economy monitors progress against the specified goals.

## 2. Focus on outcome-based approaches

One of the general weaknesses of the MDGs was that implementation was primarily undertaken at the level of Ministry or Department of the respective sector, which encouraged a silo-like approach rather than the effective multi-sectoral and cross-cutting approach that was needed. For example, child nutrition improvements required action on many fronts, including nutrition, water, health and sanitation, as well as the education of mothers. However, because it was primarily addressed through nodal ministries acting alone, and cross-sectoral synergies were not adequately captured the effectiveness of the interventions was limited.<sup>57</sup> Delivering on the SDGs requires an approach focused on outcome-based delivery, reducing such trade-offs and exploiting synergies. To achieve this, ministries may need to be restructured to be based on outcomes, or mechanisms must be developed to allow for multi-sectoral approaches.<sup>58</sup>

## 3. Strengthen decentralization

Local administrations must function effectively in order to deliver on the SDGs, and may require the investment of considerable authority, capacity and resources. This needs urgent action as

many countries in the subregion do not yet have local administrations capable of tackling SDG implementation. Achieving this requires developing strong vertical coordination between local authorities and national governments, while also developing horizontal coordination at the local level among the various local agencies tasked with carrying out the SDGs. Institutional changes to mobilize effective stakeholder participation at the local level are also needed.

#### **4. Implement institutional and policy reforms for sustainable development**

SDG 16 emphasizes the importance of effective, accountable and inclusive institutions, as well as peace and justice, as an important prerequisite for sustainable development. This in turn requires institutional and policy changes to enable faster inclusive and sustainable growth, as well as social development and environmental sustainability. Economic reforms are needed for development in many South Asian countries. Rapid progress in social development also requires changes in a wide range of areas, including social practices, gender equality, social protection, laws and regulations relating to health and education, private and non-state player participation. These include incentives and regulations to promote sustainable consumption and production patterns. India, for instance, has set up the National Green Tribunal, which has introduced some difficult and sometimes unpopular measures necessary for the country's sustainable development.

#### **5. Enhance stakeholder participation in implementation and monitoring**

Stakeholder participation at national, subnational and local levels will be critical for the effective implementation of the SDGs. The participatory process initiated during the design stage of the SDGs needs to be continued during the implementation and monitoring phases, to ensure

that benefits are optimized and groups that are most underserved, such as the poor and those facing discrimination, have access to such services. Non-state participation also serves to enhance effective monitoring by enabling better provision of public services.<sup>59</sup> All relevant stakeholders in the country need to be involved including beneficiaries, civil society, the private sector and external development partners. However, the capacities of local agencies and stakeholders are often weak in South Asian countries and will need strengthening. To achieve this, adequate attention and resources will be needed, as well as an enabling legal, political and cultural environment.<sup>60</sup>

### **B. Subregional and regional institutions and mechanisms**

South Asian countries can benefit from subregional cooperation on SDG implementation given their shared challenges, cultural and administrative frameworks and similar initial conditions. Regional cooperation and integration could supplement national strategies in the case of a number of SDGs.

SAARC-led cooperation could, for instance, strengthen the provision of regional public goods, such as regional transport, ICT and energy infrastructure, and help support food security. It could also facilitate regional value chains, the better management of shared water resources, and address shared vulnerabilities through disaster risk reduction and management, climate change mitigation and adaptation.<sup>61</sup> To this end, SAARC leaders have recognized the importance of coordination at the subregional level (see Box 1).

In particular, SAARC could coordinate follow up and review at the subregional level, as provided for in the 2030 Agenda. This would then feed into the regional Asia-Pacific follow-up and review mechanism being evolved through the Asia-Pacific Forum on Sustainable Development (APFSD) under the auspices of UNESCAP.

### South Asian Cooperation on MDGs and SDGs

Following the adoption of the MDGs, the 13th SAARC Summit held in Dhaka in 2005 endorsed the adoption of the SAARC Development Goals and a programme of work for assessing progress against the Goals, as per the recommendation of the Independent South Asian Commission on Poverty Alleviation. Along with their indicators, the SAARC Development Goals represented the subregion's tailored interpretation of the MDGs, in some cases going beyond the MDG framework. Since their adoption, the SAARC Secretariat has produced periodic regional poverty profiles that assess progress on the SAARC Development Goals.<sup>62</sup> The SAARC also initiated a statistical database on indicators, but the database and the monitoring and reporting frameworks remain underdeveloped compared with the national reporting and monitoring systems of some countries, and with the MDG monitoring efforts at the national level.<sup>63</sup>

The South Asia Consultation on the Post-2015 Development Agenda, organized by the SAARC Secretariat, UNESCAP, ADB and UNDP in August 2014, recommended that the SAARC builds on its work on the SAARC Development Goals and develop new post-2015 goals. These would be customized for countries in South Asia, and aim to support the implementation of the SDGs at the subregional level and to better align them with the post-2015 development agenda.<sup>64</sup> At the 18th SAARC Summit held in Kathmandu in 2014, the SAARC Leaders "recognized that the Post-2015 Development Agenda, following its adoption at the United Nations, would present opportunities to complement national and regional efforts on sustainable development. They directed to initiate an Inter-Governmental process to appropriately contextualize the Sustainable Development Goals at the regional level."<sup>65</sup> The fourth meeting of the SAARC Ministers on Poverty Alleviation held in Bhutan in July 2015 decided to revise the SAARC Development Goals to align them with the United Nations Sustainable Development Goals. Therefore, there is a mandate for the SAARC to foster coordination and cooperation to implement the 2030 Agenda. Besides contextualizing the SDGs at the subregional level and working out efforts to complement national strategies, it would be beneficial for countries in the subregion to share development experiences in addressing different development challenges, such as achieving universal health coverage.





# ADDRESSING THE CAPACITY GAPS AND MEANS OF IMPLEMENTATION

South Asian countries will need support with the means of implementation if they are to achieve the 2030 Agenda. The means of implementation are included under select SDGs, as well as under SDG 17, and covered in the Addis Ababa Action Agenda (AAAA) on Financing for Development.<sup>66</sup> These include finance, technology, capacity-building, trade, policy coherence, data and monitoring and multi-stakeholder partnerships. The key priorities for countries in South Asia in this respect are described below.

## A. Finance

SDG implementation will require substantial financial resources. UNESCAP projects that the costs of a package of social investments, including employment for all, income security for the elderly and persons with disabilities, health, education and energy for all, will represent up to 10% of GDP in India and up to 20% of GDP in Bangladesh by 2030.<sup>67</sup> To close their infrastructure gaps, countries in South Asia require an estimated \$2.5 trillion by 2020<sup>68</sup> and \$4-5 trillion by 2030.<sup>69</sup> The implementation of processes to enhance environmental sustainability will also require substantial resources. India, for instance, has estimated the implementation of its NDCs to cost US\$ 2.5 trillion. Filling these gaps

will require the mobilization of countries' domestic resources, as well as leveraging public-private partnerships (PPPs) and international development cooperation.

## 1. Domestic resource mobilization

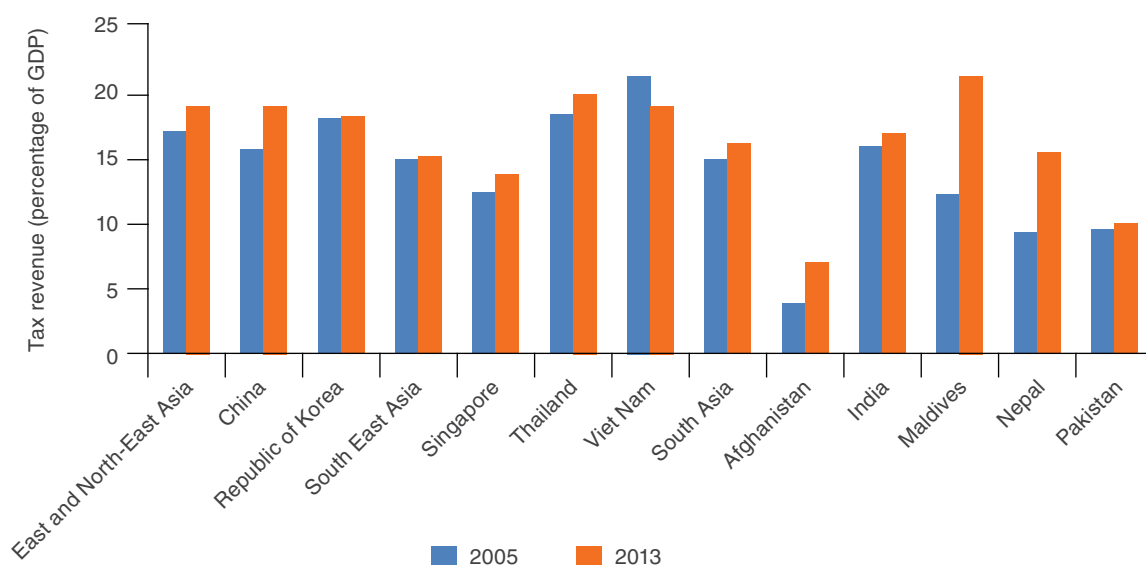
Tax-to-GDP ratios in South Asian countries range between 10 and 15% of GDP, which is considerably low when compared with those in more developed countries in the region. For instance, in China and Thailand, the ratio is closer to 20% (see Figure 10). There is scope for increasing domestic resources by enhancing the tax base and strengthening tax administration and tax compliance. This could be done by plugging tax loopholes, including through regional tax cooperation and innovative taxes. In Bangladesh and Pakistan, less than 1% of the population pays income tax, and in India the figure is less than 3%, with collection efficiency also low, at between 29% and 40%.<sup>70</sup> UNESCAP has estimated that the potential tax gap (the gap between actual and potential revenue) varies between 17% and 72% across countries in the subregion. Examples of innovative taxes aligned with SDG priorities in the subregion include: green tourist taxes imposed in Bhutan and Maldives; and a number of cess (tax on taxes) imposed in India, for instance, an education cess imposed on income taxes funding the universal education campaign; a tax on fuels that supports

the development of a national highway programme; and a cess imposed on service tax to finance the sanitation campaign.

## 2. Harnessing private investments and public-private partnerships for sustainable development

PPPs can play a critical role in supplementing public investments in sustainable infrastructure projects. For example, India is expecting 48% of the projected infrastructure investment of \$1 trillion under the Twelfth Five-Year Plan (2012-2017) to come from PPPs.<sup>71</sup> Recognizing their importance, other South Asian countries have started to implement policies to encourage the development of PPPs. Examples of such policies include the 2010 Pakistan Policy on PPPs, the 2010 Policy and Strategy for PPPs in Bangladesh, and the PPP policy in Nepal currently being finalized.<sup>72</sup> PPPs are most successful in addressing specific urban infrastructure needs where public goods can be arranged in managed market structures, for example in telecommunications, energy or transport infrastructure.<sup>73</sup> Some countries are also encouraging the private sector to enhance their corporate social responsibility (CSR) to supplement public resources. In India, an amendment to the Companies Act in 2013 requires at least 2% of company profits to be directed towards CSR,

**Figure 10** Tax revenue as a percentage of GDP in select countries of Asia-Pacific, 2005 and 2013



Source: UNESCAP (2016d) (accessed 23 June 2016)  
Notes: Central government tax revenue.

which is likely to release several billion dollars for the SDGs priorities. Initial results have shown that companies have responded by focusing on education, poverty and hunger eradication.<sup>74</sup>

### 3. Regional and international cooperation for sustainable financing

There is considerable potential for regional cooperation to assist South Asia in meeting its development financing and resource management needs. In particular, regional cooperation can be leveraged to support capital market development and to foster collaboration on tax related matters. Regarding the former, cross-border listings and the development of regional bond markets could help enable enterprises from countries with less developed capital markets to raise capital in more developed markets.<sup>75</sup> With regards to tax cooperation, UNESCAP has been supporting regional discussions on tax-related matters in the Asia-Pacific region to foster cooperation on tax matters, including on base erosion, profit shifting, and transfer pricing and on information sharing at annual Asia-Pacific dialogues on financing for development.<sup>76</sup>

There is also scope for the SAARC Development Fund, which has \$420 million at its disposal,<sup>77</sup> to expand and to provide a new framework for regional cooperation in financing sustainable development priorities through its infrastructure and social windows. It could be transformed into a South Asian Development Bank to enable it to raise capital from the market and catalyze regional and cross-border infrastructure investment, working with other multilateral financial institutions, including the New Development Bank established by the BRICS and the Asian Infrastructure Investment Bank.<sup>78</sup>

In addition to regional cooperation, international development cooperation also has a role to play in helping South Asian countries meet their development financing needs. Under the 2030 Agenda and the AAAA, developed countries are to provide official development assistance (ODA) equivalent to 0.7% of their gross national income, including 0.2% allocated to the support of least developed countries (LDCs). The COP21 reiterated the commitment of developed countries to mobilize an additional \$100 billion per year by 2020 to address the needs of developing countries through the Green Climate Fund.<sup>79</sup> Keeping in mind the staggering needs of the subregion, the

Green Climate Fund should also prioritize financing of sustainable development in South Asia.

In recent years, South-South cooperation has also emerged as an important supplement to official development assistance. It has become an increasingly important channel for funding development programmes and for providing new opportunities to share best practices among developing countries and regions. India has become an important contributor to South-South cooperation, dedicating \$1.26 billion to development assistance in 2014/15.<sup>80</sup> India's development cooperation activities are largely focused on the South Asian subregion with Afghanistan, Bhutan, Nepal, Maldives and Bangladesh as key destinations.

### B. Technology for pursuing low-carbon pathways

The 2030 Agenda calls for the provision of environmentally sound technologies on favourable terms for developing countries, as well as a global technology facilitation mechanism and a technology bank for LDCs. To meet their ambitious NDC targets, South Asian countries will need access to environmentally sound technologies for energy generation and utilization. In this context, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) of the World Trade Organization may be reviewed to strengthen the technology transfer provisions under article 66.2, which have tended to remain as best-endeavour clauses.<sup>81</sup>

Typically, a country's ability to absorb, assimilate and benefit from domestic or foreign technology is determined by its own science, technology and innovation (STI) capacity, or national innovation system that comprises institutional arrangements for the generation, dissemination and adoption of technologies. South Asia lags behind other subregions in terms of STI indicators (see Table 4). South Asia spends only 0.7% of its GDP on research and development (R&D) compared with the world average of 2.1%, and 2.6% in East Asia. It also lags behind in all other STI indicators, which include per capita R&D expenditure, R&D manpower per million people, technology, receipts and payments, and patents registered. Countries in the subregion need to refocus and strengthen their STI policies to provide the necessary ecosystem for stakeholders to develop and adopt sustainable

Table 4

## Technological activity in South Asia, 2015

	R&D expenditure (% of GDP)	Researchers in R&D (per million people)	Technicians in R&D (per million people)	Royalty and license fees		Patent applications	
				Receipts (millions of US dollars)	Payments (millions of US dollars)	Residents	Non-residents
Afghanistan				0.5	0.1		
Bangladesh				0.9	30	44	249
Bhutan				0.0	0.7	3	4
India	0.82	157	101	659	4849	12040	30814
Maldives				6	4		
Nepal	0.30	61	143			18	12
Pakistan	0.29	167	72	12	160	146	776
Sri Lanka	0.16	106	92			328	188
South Asia	0.77	156	101	672	5043	12230	31839
East Asia and the Pacific	2.50	1606		49118	88824	1240338	312922
World	2.17	1268		327852	366787	1713099	793310

Source: UNESCAP, based on World Bank (2016d) (accessed 7 July 2016).

Notes: Where data were not available, data for the year closest to the reporting year are shown. R&D = research and development.

development tools and practices.<sup>82</sup> Given that they face many common challenges, pooling resources to develop sustainable solutions could be fruitful. For example, a collaborative regional approach to agricultural and food-related R&D as well as the sharing of good agricultural practices, varieties and germplasm could improve crop productivity and land use. Regional cooperation should spur innovation in diverse areas, from geographical information systems (GIS), to seed production, to livestock rearing and disease management. At the same time, policies for transformative development should prioritize investment in skills formation and R&D geared to foster structural transformation, especially towards more efficient, less resource-intensive industrial development.

Countries in South Asia have demonstrated potential in developing affordable products and processes with their “frugal engineering” capacities. This has led to the development of affordable life-saving medicines and vaccines, low-cost electrocardiogram machines, the world’s least expensive car, battery-operated small refrigerators and affordable water purifiers. This capability could help create pathways for development with lower CO<sub>2</sub> emissions and natural resource consumption. This could also lead to the creation of more affordable products and

services for low-income groups in the subregion. In order to promote such frugal innovations, South Asian countries could adopt utility models, or “petty patents”, that provide protection for incremental innovations for a limited duration and exploit other flexibilities provided in TRIPs Agreement for fostering domestic innovation.<sup>83</sup>

### C. Data, monitoring and accountability

South Asian countries will face greater challenges in accurately tracking progress on the 17 SDGs and the associated 169 targets. In many cases, such tracking will be beyond the capacity of many statistical systems.<sup>84</sup> Even some of the most elementary statistical and administrative data, such as civil registrations of births and deaths, pose significant challenges for South Asia. For example, in most South Asian countries (except Sri Lanka), less than half of the children under five years of age have had their births registered, with birth and death registration coverage the lowest in Nepal at 24% and 9%, respectively. In-depth statistics on such information is necessary for SDG monitoring, including detailed cause of death information for tracking progress towards mortality targets.<sup>85</sup>

The data requirements for the SDGs exceed those for the MDG in terms of the number of Goals,

Table 5

Statistical capacity in South Asia, 2015

	Methodology assessment of statistical capacity (scale 0-100)	Periodicity and timeliness assessment of statistical capacity (scale 0-100)	Source data assessment of statistical capacity (scale 0-100)	Statistical capacity score (overall average)
South Asia	58	85	70	71
Afghanistan	40	73	40	51
Bangladesh	60	90	80	77
Bhutan	50	87	70	69
India	80	73	80	78
Maldives	50	57	60	56
Nepal	50	87	80	72
Pakistan	70	97	60	76
Sri Lanka	50	90	80	73

Source: World Bank (2016c) (accessed 23 June 2016).

targets and indicators. Most countries will face significant challenges in providing regular, timely and representative quality disaggregated data on different Goals. Statistical capacity in South Asia still faces several gaps (see Table 5). Annex presents the latest available data on select SDG indicators for South Asian countries to provide a baseline. It is clear that for most of the Goals that carry forward the MDGs agenda, generally well-defined indicators and data are available for most of the South Asian countries, although there are some missing values or gaps for Afghanistan, and occasionally Bhutan and Maldives. For a number of new goals however,

indicators are still being developed by an Inter-Agency Expert Group.<sup>86</sup>

Strengthening regional cooperation for the monitoring and evaluation of the means of implementation, especially in statistical capacity, is an agenda that the UNESCAP and SAARC are well placed to carry out through regional cooperation. A further advantage of such a regional approach would be the development of common standards and perspectives for methodological processes and the reporting of progress at the broader regional and global levels.





## CONCLUDING REMARKS

With nearly a quarter of the world's population and 36% of the world's poor, South Asia holds the key for the global achievement of the SDGs. Given its large population base and huge burden of implementation, the pursuit of the economic and social goals must go hand-in-hand with ecological sustainability considerations to avoid an increase in carbon emissions and a depletion of natural resources. The 2030 Agenda therefore presents a unique opportunity for South Asia to eradicate poverty and other deprivations and provide a life of dignity to all its people in a more sustainable, integrated and balanced manner.

This *Report* has shown that the SDGs carry forward the unfinished MDG agenda, and has outlined seven policy priorities that will help the subregion accelerate progress on SDGs. These priorities include: job-creation through sustainable industrialization; closing the gaps in basic infrastructure; providing universal access to education and health; universal social protection and financial inclusion; addressing food security and hunger with sustainable agriculture; promoting gender equality and women's entrepreneurship; and enhancing environmental sustainability through low-carbon, climate-resilient pathways to development.

The *Report* also demonstrated that various changes to institutional arrangements at local, national, subregional and regional levels are

needed to implement these policy priorities and achieve the 2030 Agenda. In particular, it highlighted that national coordinating agencies are critical, and that adoption of outcome-based approaches, the empowerment of local administrations, stakeholder participation, and peace and security are imperative to effectively deliver on the SDGs.

South Asian countries share many challenges, cultural and administrative frameworks, and other conditions. In light of this, SAARC coordination for contextualizing the 2030 Agenda could be beneficial, by sharing good practices and developing regional public goods and infrastructure. A subregional follow-up and review could then feed into the regional mechanisms being evolved within the framework of the Asia-Pacific Forum on Sustainable Development (APFSD).

South Asian countries also need to access means of implementation and close a number of capacity gaps in finance, technology, trade, data, monitoring

and accountability. Additional financial resources will have to be mobilized through expanding tax base, tax reforms, and innovative taxes, harnessing public-private-partnerships (PPP), and through regional cooperation complemented by ODA flows and South-South cooperation. Along with this cooperation, technology facilitation mechanisms will be critical to enabling South Asian countries to develop sustainable solutions that jointly harness their frugal engineering capabilities. Regional cooperation could help in closing the gaps in statistical capacity as well.

The adoption of the 2030 Agenda for Sustainable Development provides South Asian countries with an opportunity to achieve sustainable prosperity for all of their 1.7 billion people, including over 300 million who continue to live in abject poverty, and invest in them to harness their latent potential to build the next locomotive of the global economy. UNESCAP stands ready to assist the South Asian countries in this sustainable transformation.





## ENDNOTES

<sup>1</sup> The other two countries in South and South-West Asia, namely Turkey and the Islamic Republic of Iran, are at much higher levels of socio-economic development than South Asian countries. Hence the focus of this *Report* is on South Asian countries.

<sup>2</sup> Oslo Declaration. Available from [www.unesco.org/education/Oslo\\_Declaration\\_final\\_17dec08.pdf](http://www.unesco.org/education/Oslo_Declaration_final_17dec08.pdf).

<sup>3</sup> World Bank (2016d). Available from <http://databank.worldbank.org/data/reports.aspx?source=2&country=&series=SH.XPD.PUBL.ZS&period=#>.

<sup>4</sup> The Kathmandu Declaration was adopted at the 18th SAARC Summit on 27 November 2014. The 18th SAARC Summit declaration noted that SAARC Leaders recognized that the Post-2015 Development Agenda would present opportunities to complement national and regional efforts on sustainable development. SAARC Leaders mandated an Inter-governmental process to contextualize the Sustainable Development Goals (SDGs) at the regional level (SAARC, 2014). The fourth meeting of the SAARC Ministers on Poverty Alleviation decided to revise the SAARC Development Goals to bring them in line with the United Nations Sustainable Development Goals.

<sup>5</sup> UNESCAP (2015c) and UNESCAP (2016a).

<sup>6</sup> For details on the simulations, see UNESCAP SSWA (2016).

<sup>7</sup> The *Economist* (2010). For a discussion on the potential and challenges of developing the manufacturing sector, see Joumard, Sila and Morgavi (2015). For a discussion on sustainable industrialization in developing countries, see Szirmai, Naude and Alcorta (2013) and Salazar-Xirinachs, Nübler and Kozul-Wright (2014).

<sup>8</sup> UNESCAP SSWA (2017).

<sup>9</sup> Ibid.

<sup>10</sup> World Economic Forum (2015).

<sup>11</sup> UNICEF and World Health Organization (2015).

<sup>12</sup> REN21 (2015).

<sup>13</sup> United Nations Deputy Secretary-General (2013).

<sup>14</sup> UNESCAP SSWA (2016) for evidence.

<sup>15</sup> Andrés, Biller and Dappe (2013).

<sup>16</sup> Straub and Terada-Hagiwara (2011).

<sup>17</sup> UNESCAP (2015c).

<sup>18</sup> ADB (2012a), box 2.

<sup>19</sup> McKinsey Global Institute (2012).

<sup>20</sup> Montenegro and Patrinos (2013).

<sup>21</sup> UNESCAP (2013), chapter 1, figure 1.20.

- <sup>22</sup> Demirguc-Kunt and others (2015).
- <sup>23</sup> Kelegama and Tilakaratna (2014).
- <sup>24</sup> World Bank (2015).
- <sup>25</sup> UNDP (2015).
- <sup>26</sup> For more details see [http://www.ilo.org/dyn/ilossi/ssimain.viewScheme?p\\_lang=en&p\\_geoaid=144&p\\_scheme\\_id=70](http://www.ilo.org/dyn/ilossi/ssimain.viewScheme?p_lang=en&p_geoaid=144&p_scheme_id=70)
- <sup>27</sup> See [www.socialprotection-toolbox.org/](http://www.socialprotection-toolbox.org/).
- <sup>28</sup> India, Ministry of Finance (2014).
- <sup>29</sup> Kelegama and Tilakaratna (2014).
- <sup>30</sup> Ahmed and Suphachalasai (2014).
- <sup>31</sup> For more details, see UNESCAP SSWA (2016).
- <sup>32</sup> UNESCAP SSWA (2013b).
- <sup>33</sup> These include the Global Gender Gap Index, produced by the World Economic Forum, and the Gender Development Index and the Gender Inequality Index, both produced by the UNDP.
- <sup>34</sup> UNESCAP SSWA (2015).
- <sup>35</sup> United Nations (2015).
- <sup>36</sup> McKinsey Global Institute (2015).
- <sup>37</sup> UNESCAP SSWA (2015).
- <sup>38</sup> UNESCAP SSWA (2013a).
- <sup>39</sup> World Bank (2016d).
- <sup>40</sup> IEA (2015).
- <sup>41</sup> Intergovernmental Panel on Climate Change (2014).
- <sup>42</sup> Available from <http://climaps.org/#!/narrative/climate-adaptation-in-bangladesh>.
- <sup>43</sup> Timilsima and others (2015)
- <sup>44</sup> For more details, see UNESCAP SSWA (2017, forthcoming).
- <sup>45</sup> UNESCAP and Waste Concern (2015).
- <sup>46</sup> Preeti Mehra, "Want That Waste Paper!," The Hindu, 1 January 2012. Available from [www.thehindu.com/todays-paper/tp-miscellaneous/tp-others/want-that-waste-paper/article2765272.ece](http://www.thehindu.com/todays-paper/tp-miscellaneous/tp-others/want-that-waste-paper/article2765272.ece)
- <sup>47</sup> United Nations, Department of Economic and Social Affairs, Population Division (2015).
- <sup>48</sup> In UNESCAP and UN-Habitat (2015), there is a discussion on the 15 principles of "green urbanism" that could provide a roadmap for developing prosperous, resource-efficient and sustainable "eco-cities"
- <sup>49</sup> For more details, see [www.unescap.org/events/regional-policy-dialogue-sustainable-urbanization-south-asia](http://www.unescap.org/events/regional-policy-dialogue-sustainable-urbanization-south-asia). See also Mahbub ul Haq Human Development Centre (2014).
- <sup>50</sup> UNESCAP and UN-Habitat (2015).

- <sup>51</sup> India, Ministry of Urban Development (2015).
- <sup>52</sup> UNESCAP (2015b).
- <sup>53</sup> UNESCAP (2015b)
- <sup>54</sup> Ibid.
- <sup>55</sup> Pakistan Country Statement at UNESCAP Commission Session 2016 available at [www.unescap.org/sites/default/files/cs72\\_ms\\_cs\\_pakistan.pdf](http://www.unescap.org/sites/default/files/cs72_ms_cs_pakistan.pdf)
- <sup>56</sup> The Prime Minister's Office in Bangladesh organized a seminar on SDGs implementation with the participation of policy makers and senior officials among other stake holders on 17 August 2016.
- <sup>57</sup> Gragnolati and others (2005) provide the Indian experience with the Integrated Child Development Services Scheme (ICDS).
- <sup>58</sup> Chatterjee (2015).
- <sup>59</sup> One example is the Citizen Report Card implemented in Bangalore, India, whereby public agencies are provided with systematic feedback from ordinary citizens on their perceptions of the quality of public services. See, for more details, Ravindra (2004).
- <sup>60</sup> ADB (2012b).
- <sup>61</sup> Bhattacharya and Rezvana (2016).
- <sup>62</sup> SAARC (2005); SAARC Secretariat (2010, 2013) and ISACPA (2007).
- <sup>63</sup> See [www.saarcstat.org/](http://www.saarcstat.org/).
- <sup>64</sup> UNESCAP and others (2014).
- <sup>65</sup> SAARC (2014).
- <sup>66</sup> General Assembly resolution 69/313, annex.
- <sup>67</sup> UNESCAP (2013), chapter 4.
- <sup>68</sup> Andrés, L., D. Biller, and M.H. Dappe (2013).
- <sup>69</sup> Ernst & Young (2015).
- <sup>70</sup> UNESCAP (2014a).
- <sup>71</sup> Ernst & Young (2015).
- <sup>72</sup> For more details, see [www.unescap.org/events/policy-dialogue-public-private-partnerships-infrastructure-development-south-asia](http://www.unescap.org/events/policy-dialogue-public-private-partnerships-infrastructure-development-south-asia).
- <sup>73</sup> See [www.unescap.org/events/regional-policy-dialogue-sustainable-urbanization-south-asia](http://www.unescap.org/events/regional-policy-dialogue-sustainable-urbanization-south-asia).
- <sup>74</sup> See [www.livemint.com/Companies/ItYrOray6AN4InutGaMQ0M/Education-poverty-eradication-draw-most-firms-CSR-funds.html](http://www.livemint.com/Companies/ItYrOray6AN4InutGaMQ0M/Education-poverty-eradication-draw-most-firms-CSR-funds.html).
- <sup>75</sup> UNESCAP SSWA (2017).
- <sup>76</sup> See Commission resolution 71/5.
- <sup>77</sup> SAARC (2014).
- <sup>78</sup> UNESCAP SSWA (2012).

<sup>79</sup> General Assembly resolution 69/313, annex, paragraph 60.

<sup>80</sup> India, Ministry of Finance (n.d.).

<sup>81</sup> Kumar (2011).

<sup>82</sup> UNESCAP (2016c).

<sup>83</sup> Kumar (2011).

<sup>84</sup> UNESCAP, ADB and UNDP (2015)

<sup>85</sup> UNESCAP (2014b)

<sup>86</sup> For more details, see <https://unstats.un.org/sdgs/iaeg-sdgs/>



# ANNEXURE :

## SELECTED INDICATIVE SUSTAINABLE DEVELOPMENT INDICATORS FOR SOUTH ASIA

(as of 1 October 2016)

	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka	South Asia (SAARC)	ESCAP	World
<b>SDG 1</b>											
Population living in poverty at \$1.25 a day in 2005 PPP (% of population)		43.3	2.4	23.6	1.5	23.7	12.7	4.1	26	15.0	16.9
Population living in poverty at \$1.90 a day in 2011 PPP (% of population)		41.4	2.2	20.4	3.8	12.4	6.8	1.7	20.1	12.7	13.7
Population living below the national poverty line (% of population)	35.8	31.5	12.0	21.9	15.7	25.2	29.5	6.7	24.8		
<b>SDG 2</b>											
Prevalence of undernourishment (%)	26.8	16.4		15.2	5.2	7.8	22	22	16.2	12.1	10.8
Prevalence of underweight (% of children under 5)*	25	32.6	12.8	29.4	17.8	30.1	31.6	26.3	29.8		14.3
Agriculture orientation index for government expenditures	0.17	0.72	0.82	0.36	0.20	0.26	0.02	0.58			
<b>SDG 3</b>											
Maternal mortality ratio (Deaths per 100,000 live births)	396	176	148	174	68	258	178	30	181	117	216
Births attended by skilled health personnel (% of live births)	45.2	42.1	74.6	52.3	95.5	55.6	52.1	98.6	49.0		75.0
Under-five mortality rate (Deaths per 1,000 live births)	91.1	37.6	32.9	47.7	8.6	35.8	81.1	9.8	52.6	34.7	43.3
Infant mortality rate (Deaths per 1,000 live births)*	70.2	33.2	29.7	41.4	8.4	32.2	69.0	8.2	45.1	30.4	34.7
New HIV infections (all ages) Per 100,000 population	3.16	0.63				5.32	10.81	2.42			27.53
Tuberculosis incidence rate (Per 100,000 population)	189	227	164	167	41	158	270	65	183	147	134
Malaria incidence rate (Per 100,000 population)	194.0	6.4	2.5	85.1		5.2	148.7	0.0	84.3	57.5	1350.4
Road traffic deaths (Per 100,000 population)	15.5	13.6	15.1	16.6	3.5	17.0	14.2	17.4	16.1	17.2	17.4
Household air pollution attributable deaths (Number of deaths, 000)	27.7	85.0	0.3	1250.3	0.03	22.8	120.0	19.3	1525.5	3488.9	4261.5
<b>SDG 4</b>											
Net enrolment rate in primary education (%)		90.0	85.6	92.3	96.1	96.9	73.0	97.2	89.5	95.0	89.3
Primary completion rate, total (% of relevant age group)		73.5	97.0	96.2	114.4	105.7	73.7	98.0	91.1	97.8	90.1
Secondary school enrolment (% net)	48.8	52.6	62.8	61.8	47.9	60.4	41.2	85.4	59.1	69.4	65.1
Gender parity index in tertiary	0.28	0.74	0.74	0.94	1.12	0.82	1.06	1.49	0.93		1.11
<b>SDG 5</b>											
Percentage of Women aged 20 to 24 years who were first married or in union before ages 18	40.4	52.3	25.8	47.4	3.9	36.6	21	11.8			
Seats held by women in national parliament (% of seats)	27.7	20	8.5	12	5.9	29.5	20.7	5.8	19.4		22.4
<b>SDG 6</b>											
Access to improved water sources (% of population)	55	87	100	94	99	92	91	96	92	94	91
Access to improved sanitation (% of population)	32	61	50	40	98	46	64	95	45	65	67
<b>SDG 7</b>											
Access to electricity (SE4All) (% of population)	43	59.6	75.6	78.7	100.0	76.3	93.6	88.7	78.0	89.3	84.6
Total primary energy supply (TPES), Kg of oil equivalent per 1,000 dollars GDP (2005 USD)		364.2		528.9		885.5	556.6	244.4	518.4	379.7	231.8

	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka	South Asia (SARC)	ESCAP	World
<b>SDG 8</b>											
Annual growth rate of real GDP per capita	-1.71	4.78	4.97	5.98	6.62	4.11	3.22	6.86	5.58	2.80	1.30
Growth rate of GDP per employed person (% change per annum) (Data for Output per worker (constant 2011 PPP \$))	0.48	4.20	4.88	4.57	1.54	2.53	1.75	5.95	4.21		2.40
Youth unemployment rate, total (% of labour force aged 15-24)	19.9	11.6	9.2	9.7	27.9	5.1	10.7	20.2	10.2	11.8	13.1
Number of automated teller machines (ATMs) (Per 100000 adults)	0.8	9.2	22.2	18.1	31.0	8.9	7.3	17.1	15.8	47.0	51.4
Proportion of adults (15 years and older) with an account at a bank (% of population aged 15 and above)	10.0	31.0	33.7	53.1		33.8	13.0	82.7	46.5	61.4	61.3
<b>SDG 9</b>											
GDP by activity: Manufacturing (% of value added)	11.9	17.4	9.0	17.2	5.0	6.3	14.1	17.7	16.6	17.2	17.0
Carbon dioxide (CO <sub>2</sub> ) emissions from fuel combustion (IEA) (Grams per 1 dollar GDP) (2005 USD)		640.5		1274.5		442.3	872.2	334.7	1167.4	982.8	571.6
Research and development expenditure as a proportion of GDP				0.8		0.3	0.3	0.2	0.8		2.2
Mobile cellular subscriptions (per 100 people)	61.6	83.4	87.1	78.8	206.7	96.7	66.9	112.8	78.4	95.6	98.6
<b>SDG 10</b>											
Growth rates in per capita real survey mean consumption or income, bottom 40% (Percentage)		1.73	6.53	3.20		7.47	3.76	2.21			
Growth rates in per capita real survey mean consumption or income, total population (Percentage)		1.37	6.47	3.70		4.08	2.69	1.66			
<b>SDG 11</b>											
Urban slum population (% of urban population)	62.7	55.1		24.0		54.3	45.5		30.7	26.9	29.7
Annual mean concentration of PM10 in cities (Micrograms per m <sup>3</sup> )	267.8	162.8	23.0	134.1	20.0	114.0	281.8	64.0	134.1		
Annual mean concentration of PM2.5 in cities (Micrograms per m <sup>3</sup> )	84.1	79.4	10.1	58.8	8.8	50.0	101.2	28.0	58.8		
<b>SDG 14</b>											
Marine protected areas (% of territorial waters)	0	2.5	0	2.1	0.4	0	5.6	1.3			
<b>SDG 15</b>											
Forest area (% of land area)	2.1	11.0	71.8	23.7	3.3	25.4	2.0	33.2	174	30.3	31.2
Red list index (Index)	0.8	0.8	0.8	0.7	0.9	0.8	0.9	0.6			
<b>SDG 16</b>											
Intentional homicide (Per 100,000 population)	6.5	2.8	2.5	3.3	0.9	2.9	7.8	2.8	3.2	2.8	5.7
Birth registration, under 5 year old, total (% of children under 5)	37.4	30.5	99.9	83.6	92.5	42.3	33.6	97.2	71		72.1
<b>SDG 17</b>											
Tax revenue (% of GDP)	6.9			16.7	21.1	15.2	9.9		15.9	18.7	21.0
Proportion of domestic budget funded by domestic taxes (% of total government revenue)	29.0		42.6	82.1		77.2	69.1	88.5			
Personal remittances received (% of GDP)	1.3	8.7	0.7	3.4	0.1	29.6	6.8	9.4	4.4	0.9	0.7
Debt service (% of exports of goods, services and income from abroad)	1.2	5.1	10.7	3.1	2.5	8.6	20.3	11.9			
Fixed-broadband subscriptions (Per 100 population)	0.0	2.4	3.6	1.3	6.5	1.1	1.0	3.1	1.4	9.8	11.2
Exports of merchandise (Billion US dollars)	0.47	32.4	0.59	267.2	0.24	0.72	22.2	10.5	334.2	6316	16481
Exports of merchandise- (% change per annum)	-93.9	-23.4	-36.9	-42.3	-88.0	-90.5	-53.2	-46.1	-43.4	-6.3	-13.2

Source: UNESCAP, based on ESCAP Statistical Database and official sources.

Notes: \* Represents MDG indicator subsumed under the SDGs, presented here for information purposes. Data presented are data for the latest year with available data for each country or group of countries, ranging for most between 2010 and 2015. For complete data series or further information on statistical methods used in preparing the above table, interested readers may refer to the ESCAP Statistical Database or the ESCAP Statistical Yearbook for Asia and the Pacific at <http://www.unescap.org/stat/data/>. Agriculture orientation index for public expenditures refers to the share of agriculture in total public expenditures/share of agriculture in GDP.



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Home to nearly one fourth of the world's population, South Asia has emerged as one of the most dynamic subregions in the world. However, it accounts for 36% of the world's poor and nearly 50% of the world's malnourished children. From transport infrastructure, electricity to basic services such as water and sanitation, the subregion remains plagued by major development gaps, barriers and bottlenecks.

Pursued decisively, the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) present a timely opportunity for South Asia to eradicate poverty, bridge development gaps and address economic, social and environmental challenges in a coherent manner. Reaching those ambitious Goals has the potential to be fundamentally transformative in the subregion and in light of the disproportionate concentration of the deprived populations living in South Asia, will be essential for the global achievement of the Goals.

*Achieving the Sustainable Development Goals in South Asia: Key Policy Priorities and Implementation Challenges* seeks to unpack the 2030 Agenda at the subregional level and offer tangible means to mainstream the SDGs into national development plans and programmes.

The *Report* outlines seven key policy priorities to fast-track achievement of the Goals and create the conditions for sustainable prosperity for all in South Asia, including through harnessing regional cooperation, among the Agenda's means of implementation.

Based on rigorous analysis and policy simulations, the publication demonstrates that a sustainable industrialization strategy could generate more than 56 million new jobs by 2030 in the subregion, lifting 71 million additional people out of poverty while also embracing low-carbon development pathways. Two years into the implementation of the Agenda, as countries in the subregion strive to operationalize the goals in line with national priorities, this *Report* is essential reading for development practitioners and policy makers in the subregion and beyond, to stimulate the debate on ways and means to bring sustainable prosperity to the 1.7 billion persons living in South Asia.



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