

A close-up photograph of a woman and a young child. The woman is in the foreground, smiling warmly at the camera. She has dark hair and is wearing large, ornate, colorful earrings. The child is partially visible behind her, looking towards the camera. The background is dark and out of focus. The overall mood is positive and human-centric.

# SUSTAINABLE SOCIAL DEVELOPMENT IN ASIA AND THE PACIFIC

TOWARDS A PEOPLE-CENTRED TRANSFORMATION

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# SUSTAINABLE SOCIAL DEVELOPMENT IN ASIA AND THE PACIFIC

**TOWARDS A PEOPLE-CENTRED TRANSFORMATION**



## Preface

The success story of Asia and the Pacific's unprecedented economic growth has continued in spite of a prolonged global financial crisis and economic downturn. This economic growth has been accompanied by rising incomes and poverty reduction, and many nations have been propelled to the status of middle-income countries.

Despite this increasing prosperity, the benefits of economic growth have not been equally shared. Indeed, increasing numbers of urban poor, migrant workers, the elderly, persons with disabilities and marginalized rural communities continue to struggle for survival. Economic growth has also often come with environmental consequences that affect the poor and most marginalized disproportionately. Overlaid on these disparities are persistent gender inequalities that are manifested in unequal opportunities and heightened vulnerability.

To address the mounting social and environmental costs of economic growth, as well as the persistent and growing inequalities, the 2030 Agenda for Sustainable Development pledged to leave no one behind. Asia-Pacific countries should be in a strong position to achieve the transformational 2030 Agenda and its Sustainable Development Goals (SDGs) by 2030, but only if they reset their priorities to ensure that everyone shares the fruits of economic growth equally.

This report summarizes the social development gaps and sketches out a broad regional agenda for a people-centred transformation, including some of the key priorities and resources needed. Policy simulations reported here clearly indicate that acceleration of economic growth alone will not address the remaining development gaps. Instead, development strategies need to ensure that economic growth leads to more decent jobs, broadened coverage of social protection, including universal education and health care. This will be critical not only for eliminating extreme poverty and achieving other SDGs, but also for creating more cohesive societies.

Harnessing the potential of its people, Asia and the Pacific can be at the forefront of a global social transformation for a prosperous, inclusive and sustainable future for all.

We hope this report will help set the stage for the task ahead.

May 2017



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A photograph of a woman in traditional, colorful clothing carrying a young child on her back. The woman is smiling and looking towards the camera. The child is looking slightly away. The background is dark and out of focus. The text 'EXECUTIVE SUMMARY' is overlaid in white on the right side of the image.

# EXECUTIVE SUMMARY

## Towards a people-centred transformation

**T**he 2030 Agenda for Sustainable Development is based on a commitment to 'leave no-one behind'. Meeting these ambitions will require visionary policies for inclusive development. If everyone is to benefit from economic gains, policymakers will need to reformulate their strategies and programmes to ensure that those most in need benefit fairly from current and future economic and social development.

Between 1990 and 2014, GDP per capita in the region more than doubled. This momentum has been sustained by harnessing the opportunities of globalization while also investing in human and physical capital. Rapid economic growth in turn created job opportunities and helped lift millions of people out of poverty. Nevertheless, in 2013 around 400 million people were still living in extreme poverty, with many more in vulnerable situations.

Against this backdrop, this report reviews key trends, patterns and challenges in social development in Asia and the Pacific. It shows how the speed of achievements in some areas, like life expectancy and access to primary education or safe drinking water, have not been matched with progress in supporting structures, such as old-age pension schemes, the creation of decent jobs, sanitation and quality education. It concludes with a policy agenda for building inclusive societies for greater social cohesion and sustainable shared prosperity.

**Rising inequality in income**—During this period of growth, poorer countries were catching up with richer ones. But inequality has been rising within countries. In China, in 1981, for example, the richest 10 per cent had six times as much income as the poorest 10 per cent, but by 2009 they had 18 times as much. There is also rising inequality in wealth: the Asia-Pacific region has an average wealth Gini index of 0.90 compared with the value for Latin America, for example, of 0.81. Inequality of income and wealth are to a large extent the result of inequalities in opportunities, such as in access to quality services for education and health. High inequality stifles economic growth, and increases the propensity for unrest, crime and social instability. Inequality also stunts the poverty alleviation benefits of economic growth.

**Missing education opportunities**—For primary education, gaps have narrowed: net primary enrolment rates now average around 95 per cent. But this can be offset by low attendance and dropout. Poor households struggle to send their children to school because of the costs as well as the potential loss of immediate income. Countries need to address the education gaps that arise from differences in income, social status, gender and rural-urban residence—particularly at secondary and tertiary levels. They also have to ensure that education is relevant for modern labour market demands.

**Health disparities**—Economic and social gains throughout Asia and the Pacific have reduced mortality rates and increased life expectancy. Nevertheless, there are many health deficiencies—with increasing disparities in health outcomes between rich and poor. In countries without universal access to health care, large proportions of the population have to rely for medical treatment on personal savings. In most Asia-Pacific countries people typically pay for at least one third of their total health care costs. As a result, many poorer families are not seeking health care, or are postponing it. There are also contrasts between rich and poor in child survival. Child mortality rates are around 50 per cent higher in rural than urban areas. Differences in maternal and child survival, within and between countries, partly reflect differences in access to health services. However, the most important factor is household wealth.

**Inadequate water and sanitation**—There are marked inequalities between rich and poor, particularly for piped water, as well as between urban and rural households. Moreover, overall progress has been slower in extending access to improved sanitation: 1.5 billion people are without access, the majority of whom are in rural areas. Unless the pace of progress picks up, the prospects for meeting the SDG sanitation target by 2030 are low.

**Pursuing gender equality**—Achieving gender equality is also critical for achieving most of the other SDGs, since gender equality has multiplier effects across the whole spectrum of development. Economic growth has contributed to better health standards for women and girls. Nevertheless, in several countries, especially in South and South-West Asia, the number of women dying in childbirth remains high. These countries also have high rates of adolescent pregnancies and unsafe abortions.

One of the region's greatest successes has been gender parity in primary education enrolment, and near parity at secondary and tertiary levels. But overall labour force participation for women in Asia and the Pacific continues to remain low and has actually declined. Moreover, women often get less productive and less remunerative jobs than men and are paid less than men for work of equal value. While facing these disadvantages, women also shoulder a disproportionate burden of unpaid care and domestic work. Across Asia and the Pacific, women also continue to be underrepresented in national parliaments.

**Ageing populations**—Over the coming decades, because of falling fertility, decreasing mortality and increasing life expectancy, the region's population will age significantly. The proportion of older people is expected to double by 2050, reaching a quarter of the total population. Countries will need well-designed social protection systems, including universal and affordable health care services, to allow consumption smoothening over the life-cycle, support economic growth, and increase labour supply, while also providing income security in older age, particularly for women who tend to live longer than men,

**Disability discrimination**—One in every six persons in Asia and the Pacific has some form of disability: 650 million men, women and children. The number is expected to rise over the coming years due to the interplay of population ageing, natural disasters, and chronic health conditions. Persons with disabilities often face discrimination and stigma; the employment rate of working-age persons with disabilities can be less than one fifth of that of those without disabilities.

**International migration**—Currently, 98 million people from the Asia-Pacific region live outside their countries of birth, and Asia-Pacific countries altogether host over 60 million migrants. Most travel to seek work, usually in other developing countries in the region or the oil-producing countries of the Gulf Cooperation Council. Generally, they work in low-skilled occupations. For countries of origin, the main benefit of migrations is remittances: in 2016, Asia-Pacific countries received almost \$267 billion in remittances, though their economies can be vulnerable to fluctuations in inflows. Migration also makes an important contribution in countries of destination. A key area of concern, however, is the denial of basic rights, especially for low-skilled migrant workers who often work in unhygienic, dangerous and demeaning conditions.

## An agenda for people-centred development

This report suggests a six-point agenda of policies that will contribute to socioeconomic transformation and build inclusive societies.

### a HARNESS THE POTENTIAL OF ECONOMIC GROWTH TO CREATE DECENT JOBS

Robust economic growth has not been creating sufficient decent job opportunities. For South Asia, for example, model simulations suggest the countries should not only aim for higher growth but also restructure their economies to boost employment in manufacturing. At the same time, countries need to ensure that the jobs created are decent.

### b BROADEN SOCIAL PROTECTION COVERAGE

Social protection policies are key to prosperity, resilience and empowerment and ensure that “no one is left behind”. Social protection should be based on a strong policy framework for promoting prosperity, resilience, cohesion and overall socioeconomic development. Countries that spend more on social protection also tend to have less poverty. Social protection coverage could be expanded to all by implementing national Social Protection Floors. The ESCAP Social Protection Tool Box has assembled good practices from across the world.

### c PROVIDE UNIVERSAL ACCESS TO EDUCATION, HEALTH CARE, AND BASIC INFRASTRUCTURE

Quality education needs to be provided to all, by investing in teachers' education and training, school equipment and infrastructure. Curricula need to be updated and revised to correspond to future labour market needs and to smoothen the school-to-work transition. Focused efforts should be placed on equal access to basic services for all, particular clean water, improved sanitation and modern energy services in rural areas and for the poorest segments of the population.

### d PROMOTE GENDER EQUALITY AND WOMEN'S ECONOMIC EMPOWERMENT

Sustainable and inclusive societies must be centred on gender equality. This should include equal access for women to ownership, and control of, land, property and other resources. Governments can

also promote women's entrepreneurship. ESCAP is working with governments and other stakeholders to support gender-responsive entrepreneurial ecosystems and is also supporting member States in applying gender budgeting principles.

#### **e ENHANCE FINANCIAL INCLUSION**

In a number of Asia-Pacific countries less than 40 per cent of people have access to modern financial services—and there are significant gender gaps. To enhance financial inclusion, governments can make use of new technologies such as mobile banking, branchless banking, and other fintech tools.

#### **f INCLUDE VULNERABLE GROUPS**

To ensure that no-one is left behind, governments should create special programmes for vulnerable and marginalized groups such as the elderly, persons with disability, migrant workers, indigenous people, and people with different sexual orientation. Several countries also face pressures of youth unemployment, and the need to ease the transition from school to work. To assist governments, ESCAP is creating a Youth Policy Toolbox—an online

repository of knowledge, experience and good practices of policy and programme options and a training module.

## Resources for the Social Development Agenda

To achieve the ambitious SDG agenda ESCAP has estimated the annual investment needs at around 8 per cent of GDP by 2030—about \$800 billion per year. Raising finance on this scale will require significant efforts, national and international. Governments can mobilize domestic resources more efficiently by widening their tax bases and improving the efficiency of tax administration. But some countries will also need international support; stagnating Official Development Assistance (ODA) flows can be complemented with South-South cooperation. The prospects for infrastructure financing have improved with the establishment of new multilateral development banks. The time may also have come for Asia and the Pacific to evolve a regional financial transaction tax.

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If everyone is to benefit in a fair and just way from economic gains they must be specifically included in all development plans. This kind of inclusive, accountable, people-centred development is at the heart of the 2030 Agenda for Sustainable Development. ESCAP stands ready to assist the governments of the region in achieving such a people-centred transformation.

A woman wearing a patterned headscarf and a matching top is looking directly at the camera with a serious expression. She is holding a bundle of sticks or reeds. The background is a soft, out-of-focus mix of warm colors like orange, red, and yellow. The overall lighting is dramatic, with strong highlights and shadows.

# INTRODUCTION

Over recent decades, Asia-Pacific countries have boosted economic growth, dramatically reduced poverty, and increased life expectancy. However, the social sector has been neglected, often treated as an afterthought – in the expectation that the fruits of economic growth would trickle down, even to the poorest. In recent years, this perspective has begun to change. Most ESCAP member States recognize that unequal economic growth exacerbates power asymmetries between rich and poor, weakens social cohesion, and undermines stability. If everyone is to benefit in a just and inclusive way from economic gains, policymakers will need to reformulate policies and programmes to ensure that those most in need benefit fairly from current and future development.

The 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), are based on a commitment to ‘leave no-one behind’. This requires a balanced and integrated approach to the social, economic, and environmental dimensions of development. The three are closely interconnected. Social development itself has a strong influence on economic progress and environmental sustainability. SDG 1, for example, by reducing poverty increases aggregate demand and stimulates growth. Also, achieving SDG 3 on health, SDG 4 on education, SDG 5

on gender equality, SDG 6 on water and sanitation and SDG 7 on energy can increase productivity and foster environmental sustainability, including sustainable consumption and production patterns. These interlinkages encourage comprehensive policies that embrace all areas of sustainable development, with a commitment not only to leave no-one behind but also “to reach the furthest behind first”.

Achieving the SDGs also implies a focus on human rights. The 2030 Agenda envisages “a world of universal respect for equality and non-discrimination” between and within countries, by reaffirming the responsibilities of all states to “respect, protect and promote human rights, without distinction of any kind as to race, colour, sex, language, religion, political or other opinions, national and social origin, property, birth, disability or other status.”

Meeting these ambitions will require policies for inclusive development. To lay some of the groundwork, this report offers an overview of the region’s impressive socioeconomic achievements, but also highlights the gaps that remain to be closed, and sketches out a framework for public policymaking that can fulfil the 2030 Agenda for Sustainable Development.



A woman is shown weaving on a traditional loom in a rural setting. The loom is made of wooden poles and is set up on the ground. The threads are a mix of red and blue. The woman is wearing a green shirt and is focused on her work. The background shows a dirt floor and some wooden structures.

# **SOCIOECONOMIC ACHIEVEMENTS AND KEY CHALLENGES**

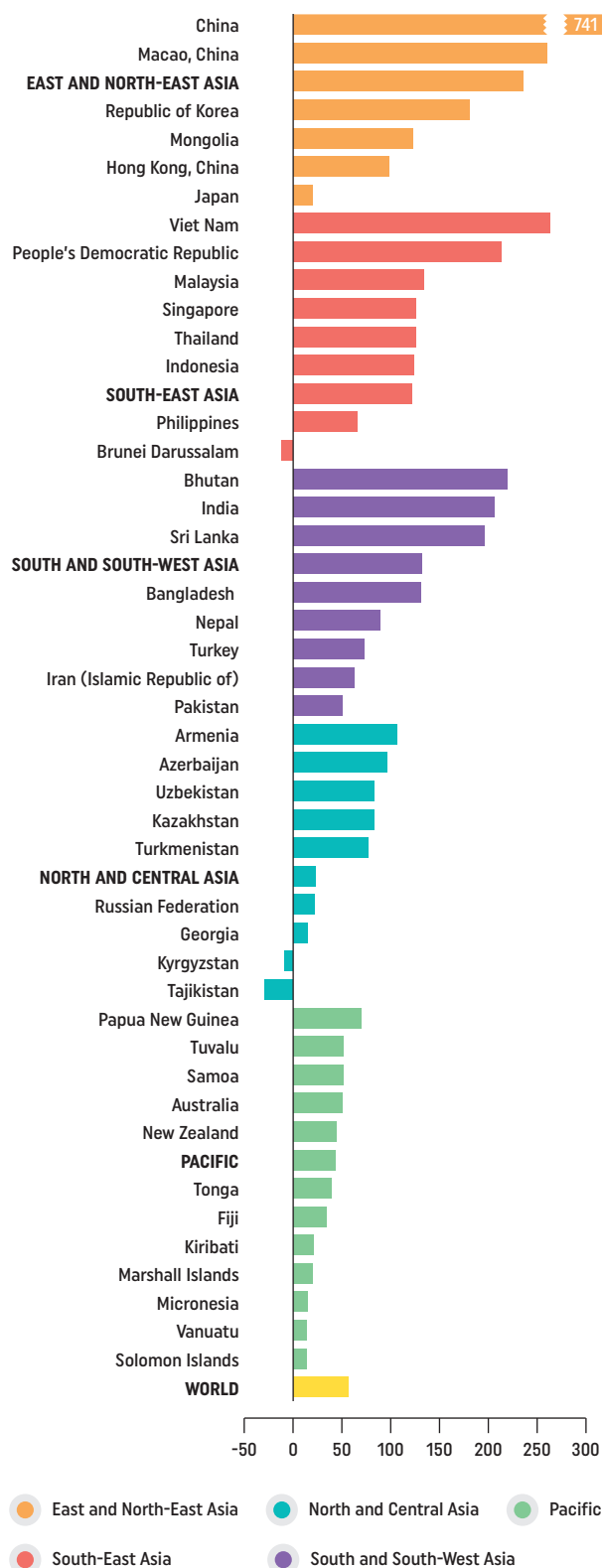
## Asia and the Pacific has emerged as the world's fastest-growing region...

Asia-Pacific countries have taken remarkable strides in economic and social development in recent decades and been among the fastest-growing economies in the world. Between 1990 and 2013, GDP per capita in the region more than doubled, from \$4,700 to \$10,400 (2011 PPP). By comparison, over the same period average global GDP per capita grew by slightly over 50 per cent. Central to the region's ascent has been China's economic boom: between 1990 and 2014, its per capita GDP grew by over 700 per cent. Over the same period, Bhutan, India, Republic of Korea, Lao People's Democratic Republic, Sri Lanka and Viet Nam likewise experienced extraordinary per capita GDP growth — of more than 150 per cent (Figure 1). In 2014, the region accounted for almost 40 per cent of the world's economic output, up from 30 per cent in 2000, and was responsible for two thirds of annual global growth.<sup>1</sup> Asia-Pacific countries have achieved this by harnessing the opportunities of globalization and the expansion in world trade, and by improving technological and other critical infrastructure, while also investing in human and physical capital.

## ...and led the world in poverty reduction

Rapid economic growth has in turn created job opportunities and helped lift millions of people out of extreme poverty. It has also generated government revenues that could be used for public investment in healthcare, education, water and sanitation, and modern energy, including electricity, as well as in other basic services fundamental for overall socioeconomic development. As a result, the Asia-Pacific region has been at the forefront of global poverty reduction. Between 2000 and 2013, the proportion of people in the region living in extreme poverty — on less than \$1.90 a day — fell from around 29.7 to 10.3 per cent, compared with a global drop from 26 to 11 per cent.<sup>2</sup> Poverty rates declined in most Asia-Pacific subregions, but the bulk of the reduction was in East Asia and the Pacific and in South Asia (Figure 2). This achievement is even more impressive, bearing in mind the concurrent growth in population.

**FIGURE 1: PERCENTAGE GROWTH IN PER CAPITA GDP, 1990–2014 (2011, \$PPP)**



Source: ESCAP based on World Bank (2017) World Development Indicators.

1 International Monetary Fund, "Asia and Pacific's Outlook: Still leading global growth," in *Regional and Economic Outlook – Stabilising and Outperforming Other Regions*, ed. IMF (Washington DC, 2015). United Nations, Economic and Social Commission for Asia and the Pacific, *Economic and Social Survey for Asia and the Pacific 2017* (Bangkok, 2017).  
 2 United Nations, Asian Development Bank, United Nations Development Programme, "Eradicating Poverty and Promoting Prosperity in a Changing Asia-Pacific" (Bangkok, 2017).

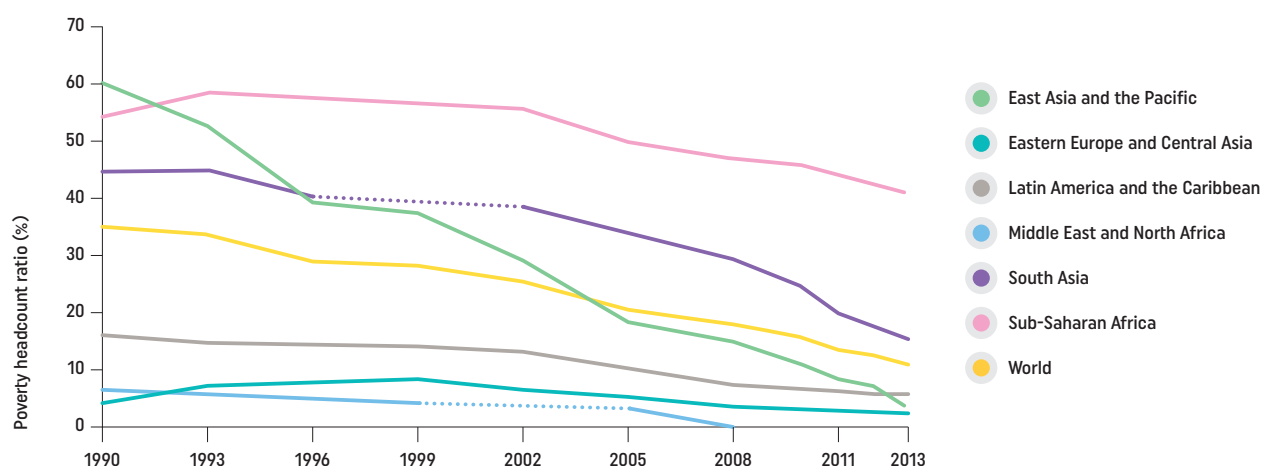
## Still, nearly 400 million people are trapped in extreme poverty

Despite leading the world in poverty reduction, the Asia-Pacific region still has a substantial number of poor people. According to the latest estimates, in 2013 around 400 million people were still living in extreme poverty (Figure 3). Over the same period, the proportion of people judged to be living in a vulnerable situation—on less than \$3.10 per day—declined from 58 to 32 per cent.

Moreover, the rate of poverty reduction has varied between countries. The most impressive drop over

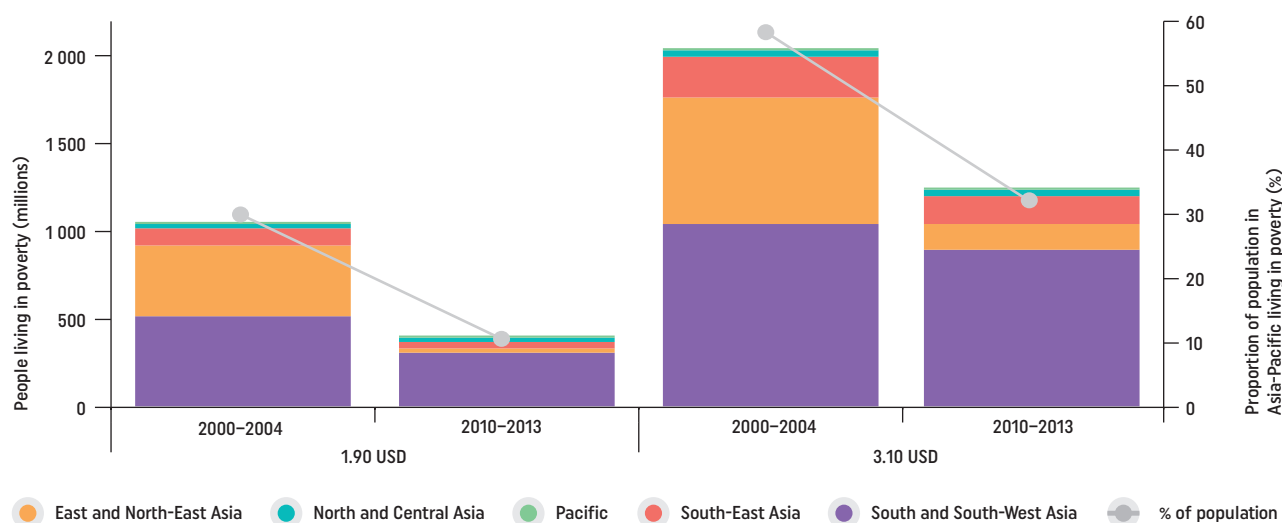
this period was in China, from 67 to 1.9 per cent,<sup>3</sup> while the corresponding fall in India was from 46 to 21 per cent (Figure 4). Back in 1990, four countries in Asia and the Pacific for which data are available had poverty rates higher than 50 per cent: China (67 per cent), Nepal (62 per cent), Pakistan (59 per cent) and Indonesia (57 per cent). By 2012, however, except for Nepal (at 15 per cent), these countries had reduced their poverty levels substantially below the global level of 11 per cent. Currently, only India has an extreme poverty rate above 20 per cent, while the levels in Bangladesh, Lao People’s Democratic Republic, Nepal and the Philippines also remain above the global average.

**FIGURE 2: POVERTY HEADCOUNT RATIO, 1990–2013: WORLD AND GLOBAL REGIONS**



Source: World Bank (2016). *Poverty and Shared Prosperity 2016: Taking on Inequality*, Washington DC, p 5.

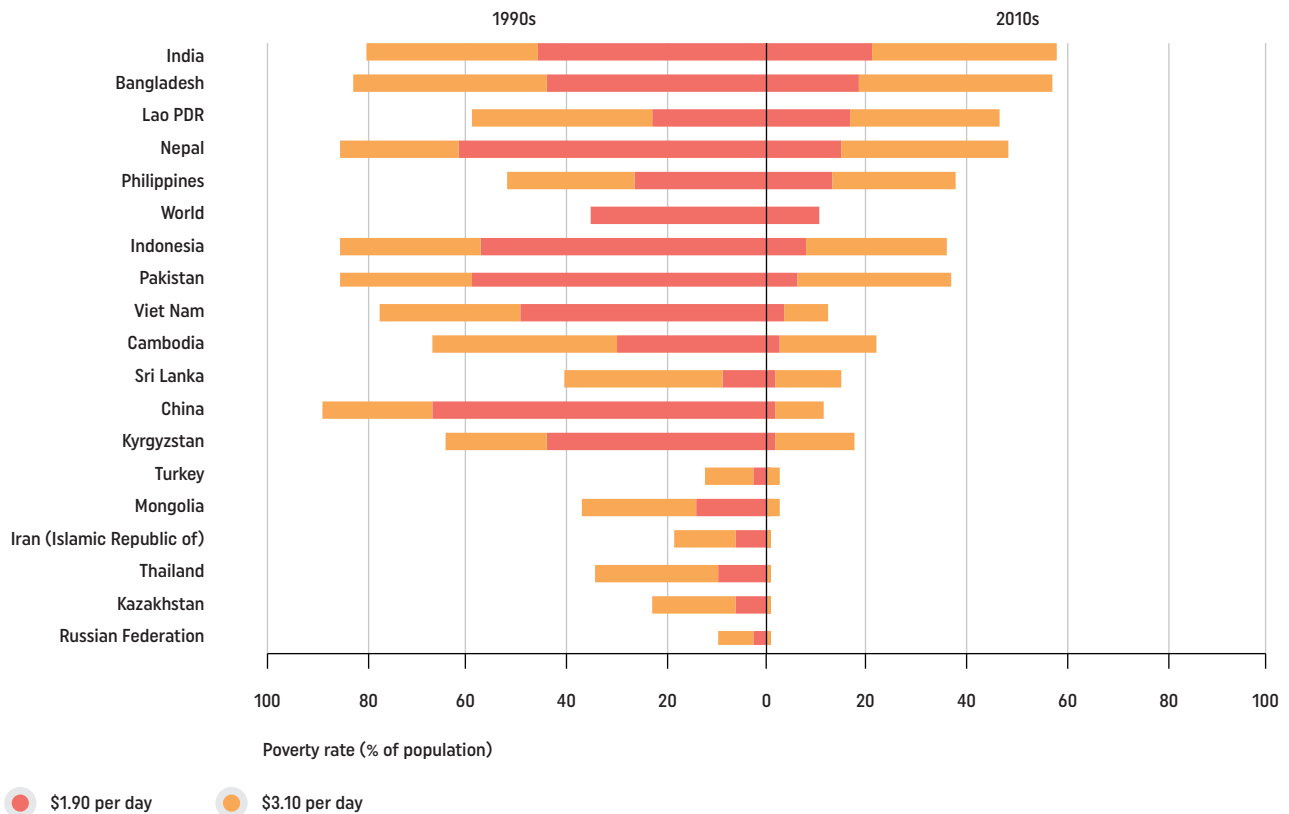
**FIGURE 3: POPULATION IN POVERTY IN ASIA AND THE PACIFIC, 2000–2004 AND 2010–2013**



Source: ESCAP (2017) Statistical Database.

<sup>3</sup> "Due to changes in the methodology applied for China 2013 household survey, on which poverty data for that year are based, the comparability with previous years is subject to caution." World Bank, "Poverty and Shared Prosperity 2016: Taking on Inequality" (Washington DC, 2016). Doi: 10.1596/978-1-4648-0958-3.

**FIGURE 4: POVERTY RATES FOR SELECTED COUNTRIES, 1990s AND 2010s**



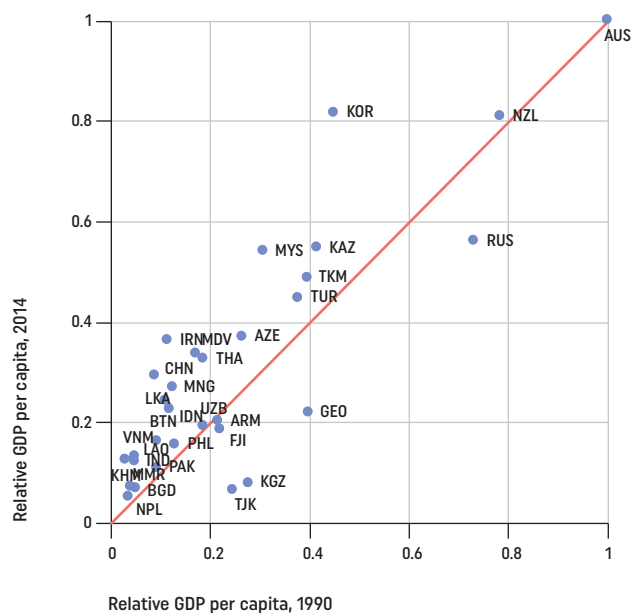
Source: ESCAP based on World Bank (2017) World Development Indicators.

Note: Data were used from the earliest available year between 1990 and 1995, and for the latest available year between 2010 and 2014, for all countries in Asia and the Pacific for which data were available.

## Inequality between countries has decreased...

Inequality between countries in Asia and the Pacific has decreased over past decades, with poorer countries catching up to richer ones. This can be demonstrated by comparing each country's performance with that of one of the richest countries, Australia. Figure 5 illustrates this convergence by comparing growth in per capita GDP relative to Australia over the period 1990 to 2014. Countries that fall on the diagonal line in this chart, such as New Zealand, grew at the same pace as Australia. Countries located above the line had higher average growth than Australia and therefore moved closer to its income. The largest increase was in the Republic of Korea: in 1990, its per capita income was 42 per cent Australia's, but by 2014 it was 82 per cent. Only six of the 32 countries for which data are available experienced a decline relative to Australia—Armenia, Fiji, Georgia, Kyrgyzstan, Russian Federation and Tajikistan, five of which are economies in transition. In sum, overall regional incomes in Asia and the Pacific are converging; poorer countries are slowly catching

**FIGURE 5: CHANGE IN GDP PER CAPITA RELATIVE TO AUSTRALIA, 1990–2014**



Source: ESCAP based on Real GDP data obtained from the Penn World Table Database 9.0.

Note: To explore a country's relative growth in GDP over time, Australian GDP per capita is used as a benchmark. All other countries' GDP per capita are indexed to that of Australia, with a value between 0 and 1. Brunei-Darussalam, Japan, Macao, China and Hong Kong, China were excluded from this analysis, as their per capita income exceeded Australia's.

up with the richer ones.<sup>4</sup> This is in line with other findings which indicate a steady reduction in global inequality over the past two decades.<sup>5</sup>

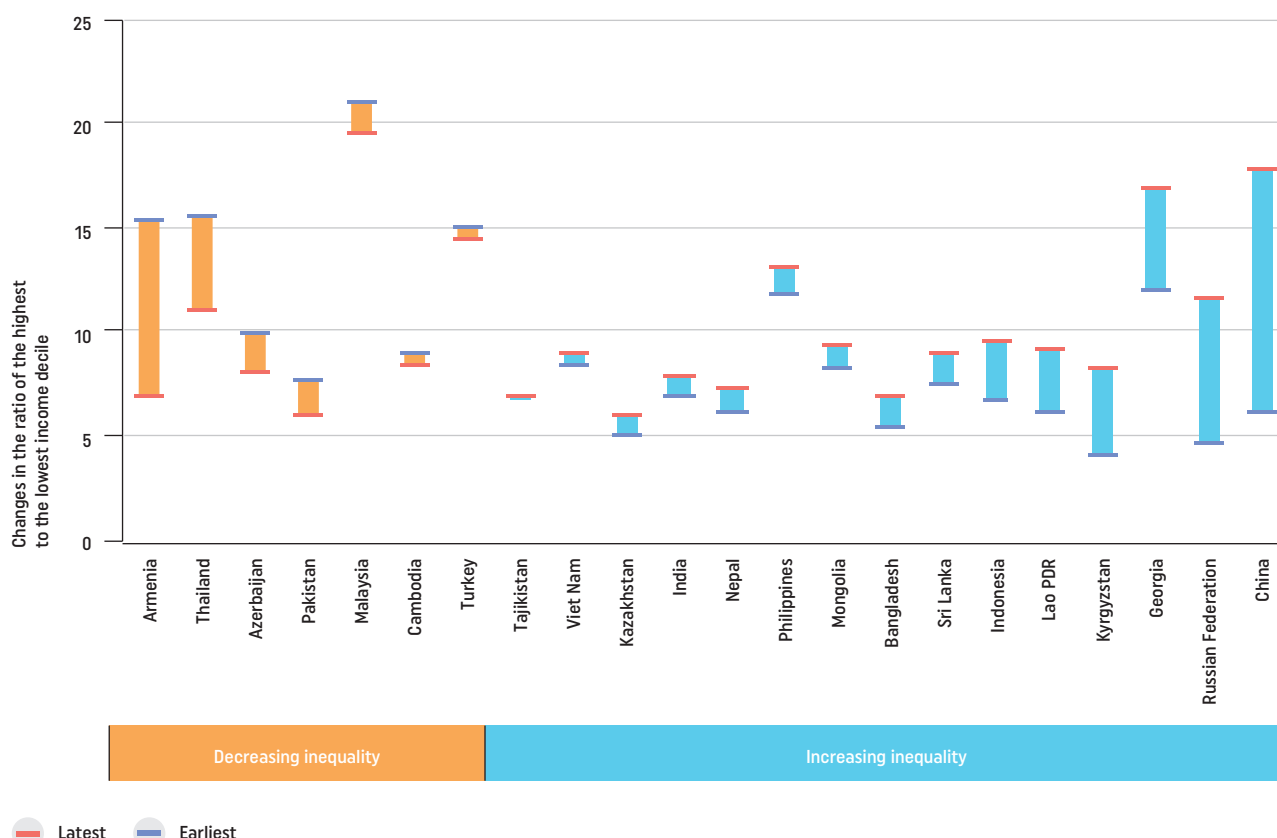
### ...but inequalities within countries have risen

Despite sustained economic growth, and substantial reductions in poverty, the gains have disproportionately benefited the richest, leading to rising inequality. One way to assess income inequality, with a focus on the most vulnerable, is to compare the income share of the top ten per cent of a country's population over several decades with that of the bottom 10 per cent, and see how the ratio between these shares is changing (Figure 6). Data on income inequality are scarce, preventing a rigorous cross-country comparison across the region. However, the available data from 22 countries reveal

that in most countries inequality was increasing. In Georgia, Kyrgyzstan and Russia, the ratio increased by more than 4 percentage points. But the change was greatest in China: in 1981, compared with the bottom 10 per cent the richest 10 per cent had 6 times as much income; by 2009 they had 18 times as much. This steep rise in inequality is particularly disconcerting considering that it occurred despite the country's success at alleviating extreme poverty. Even in countries where inequality fell, reductions occurred from relatively high levels and often remained above the regional average.

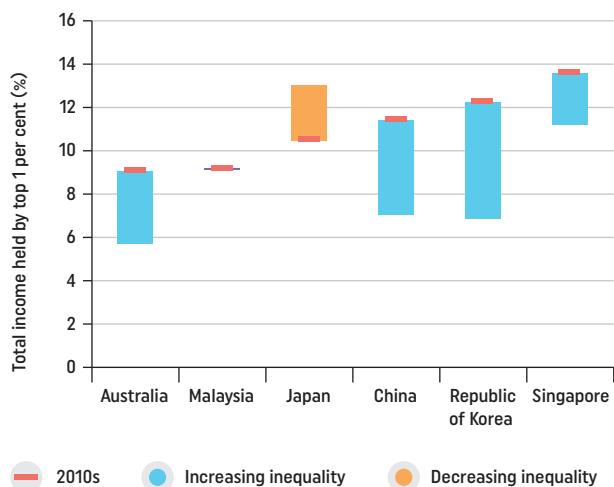
Currently, there are vast cross-country differences in income inequality. In Kazakhstan and Pakistan, for example, the income share of the richest 10 per cent is around six times that of the poorest, while in Malaysia it is almost 20 times that of the poorest. In Malaysia, this means that the richest 10 per cent have 35 per cent of total income while the poorest have less than 2 per cent.

**FIGURE 6: RATIO OF THE INCOME SHARE OF THE RICHEST AND POOREST 10 PER CENT**



Source: ESCAP based on World Bank (2016) World Development Indicators. Data refers to the earliest year for which data was available in the 1980s and 1990s, and to the latest year between 2008 and 2012 for all countries for which data was available.

4 Arun Frey, "The Case for Convergence: Assessing regional income distribution in Asia and the Pacific" (SDD Working Paper, forthcoming), 17(1), pp. 1–15.  
 5 World Bank, *Poverty and Shared Prosperity 2016: Taking on Inequality* (Washington, DC: World Bank, 2016). Doi: 10.1596/978-1-4648-0958-3.

**FIGURE 7: SHARE IN INCOME HELD BY THE TOP 1 PER CENT, 1990s–2010s**

Note: the red bar shows the current value, the orange bar shows the extent of decreasing inequality, and the blue bar the extent of increasing inequality.

Source: ESCAP based on World Wealth and Income Database (2017). Earliest data refers to 1990 for Australia, China, Japan, New Zealand and Singapore, 1993 for Malaysia and 1995 for the Republic of Korea. Latest year refers to: 2010 for Japan; 2012 for the Republic of Korea; Malaysia and Singapore; 2013 for Australia and New Zealand, and 2015 for China.

It is also interesting to consider the share of the income taken by the top one per cent of the population. Such data are even scarcer, but are indicated for a selection of countries in Figure 7. This Figure shows that in Malaysia the share of the top 1 per cent remained fairly constant at 9 per cent, but in China between 1990 and 2015 it increased from 7 to 11.4 per cent, and there was a similar increase in the Republic of Korea. In Singapore over a similar period, the share of the top 1 per cent increased from 11.2 to almost 14 per cent.

The region clearly has significant inequality in income. Much greater however, is the inequality in wealth—in asset ownership. Wealth inequality can be measured through the Gini index which ranges from 0, absolute equality to 1, one person owning everything. The Asia-Pacific region, which has around 62 per cent of total global wealth, has an average Gini index of 0.90 compared with the value for Latin America of 0.81.<sup>6</sup> In India, for example, the wealthiest 10 per cent of the population now own 36 times more wealth than the poorest 40 per cent. In China, they have 26 times more. In both India and China the wealthiest 20 per cent of the population have 78 per cent of total wealth; in Thailand they have 70 per cent; and in Indonesia 65 per cent. Japan

is much more equal: the richest 20 per cent only have around half of all wealth.

High inequality stifles economic growth, and also shortens the length of growth spells; it increases the propensity for unrest, crime and social instability; and it undermines sustainable environmental governance.<sup>7</sup> In addition, inequality also stunts the poverty alleviation benefits of economic growth. For example, in China, India and Indonesia, if income inequality had not increased since the 1990s it has been estimated that an additional 190 million people could have been lifted out of poverty.<sup>8</sup> The importance of reducing inequality for economic, social and environmental progress, was recognised in the formulation of the SDGs, which have a stand-alone goal on inequality, namely SDG 10 to 'reduce inequality within and among countries'.

## Inequalities in income and wealth are driven by unequal opportunities

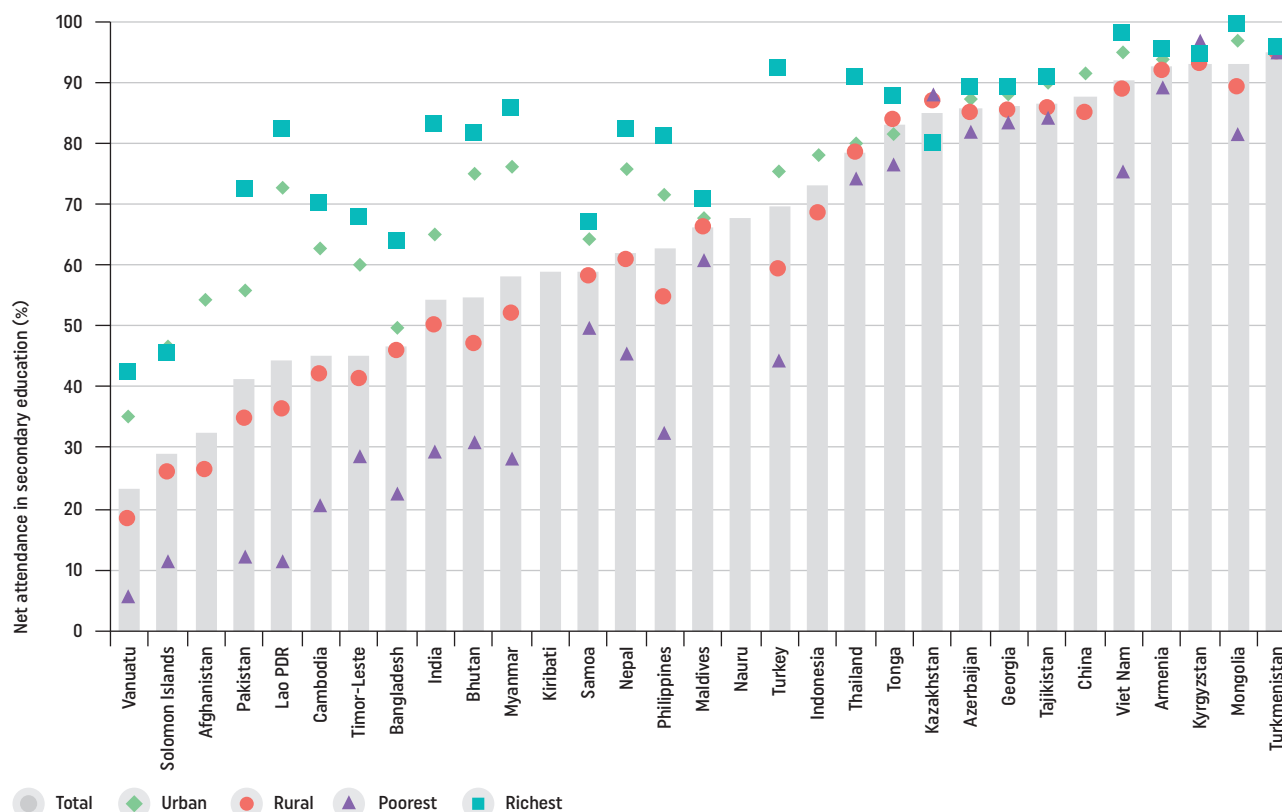
Inequality of income and wealth are to a large extent the result of inequalities in opportunities, such as access to quality services for education and health. In terms of primary education, the gaps have narrowed to some extent. Net primary enrolment rates for all subregions now average around 95 per cent. In some countries, however, they are lower: in Afghanistan, Nauru and Pakistan, they are below 80 per cent. Both Afghanistan and Pakistan also have considerable gender gaps. For tertiary education, inter-country contrasts are much greater, with enrolment ratios ranging from 95 per cent in the Republic of Korea to only 8.7 per cent in Afghanistan (3.7 per cent for women). There are also differences in secondary education, with attendance ratios as low as 25 to 30 per cent in Vanuatu and Solomon Islands, while reaching 95 per cent in Mongolia and Turkmenistan (Figure 8).

In poorer countries, the children most likely to attend secondary school are those from richer families. In one-third of the countries, attendance ratios for the poorest quintile are under 30 per cent, with four countries at 10 per cent or below, while in many of these countries attendance ratios for children from the upper quintile is 80 per cent

<sup>6</sup> Credit Suisse, *Global Wealth Report 2016* (Zurich, 2016).

<sup>7</sup> United Nations, Economic and Social Commission for Asia and the Pacific, *Time for Equality: The Role of Social Protection in Reducing Inequalities in Asia and the Pacific* (Bangkok, 2015).

<sup>8</sup> Ravi Kanbur et al. (eds.), "Inequality in Asia and the Pacific: Trends, Drivers and Policy Implications" (Oxford, 2014).

**FIGURE 8: ATTENDANCE GAPS IN SECONDARY EDUCATION, LATEST YEAR**


Source: ESCAP based on UNICEF online statistical database. Secondary net attendance ratio data were disaggregated by wealth quintile and location of residence. For countries in the Asia-Pacific region, the most recent data were used.

or higher. These stark differences arise from an interplay between inequality of outcomes and inequality of opportunities. Poor education reduces employment opportunities and future earnings capacities, and thus manifests itself in income inequality and poverty traps.

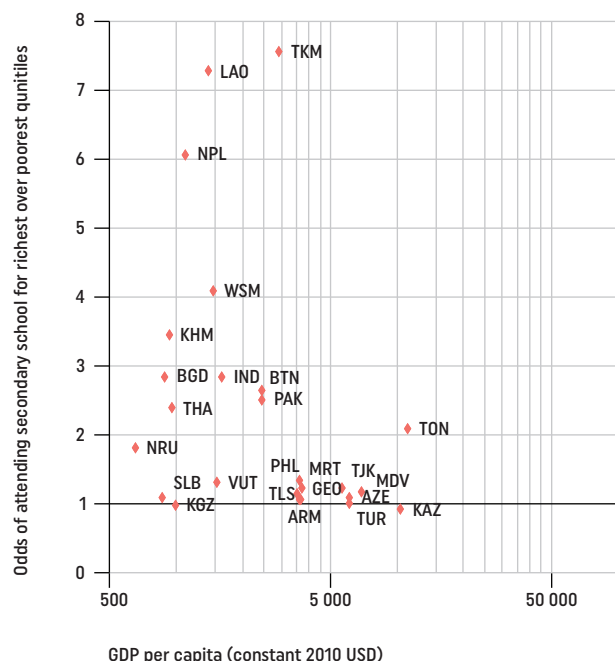
The attendance gaps between the rich and the poor are also notably larger than those between urban and rural residents. This is the case both for the countries with the lowest overall rates and those with the highest, indicating that the problem is less accessibility than affordability. Poor households struggle to send their children to school because of the costs (such as tuition) as well as the potential loss of immediate income. In Vanuatu, for example, only 6 per cent of children in the poorest wealth quintile attend secondary education, while for the richest quintile the figure reaches 42 per cent. For Lao People's Democratic Republic, the rates are 11 and 82 per cent, respectively. In fact, in more than one-quarter of the countries for which data are available, children in families in the upper wealth quintile are three to seven times more likely to attend secondary education than those in the

lowest quintile (Figure 9). The situation is different, however, in North and Central Asia where there are very small or even negligible differences in attendance rates by residence and wealth category.

Several countries with low attendance rates also have high dropout rates, indicating problems in getting the "furthest behind" into school and keeping them there. This emerges early on, in primary education where dropout rates are up to 50 per cent (Figure 10). Dropout rates tend to be lower in richer countries, but this trend is not particularly marked (red box). In fact, several countries with low dropout rates are also relatively poor, of which many are in North and Central Asia. This indicates that success in education does not necessarily depend on the per capita income level of a nation but on political will and other non-income factors.

Many of the lower- and lower-middle income countries that have successfully increased primary enrolment rates now need to ensure that these children stay in school, and are able to enrol in secondary and higher education, for which demand is growing fast. In parallel, to ensure that education

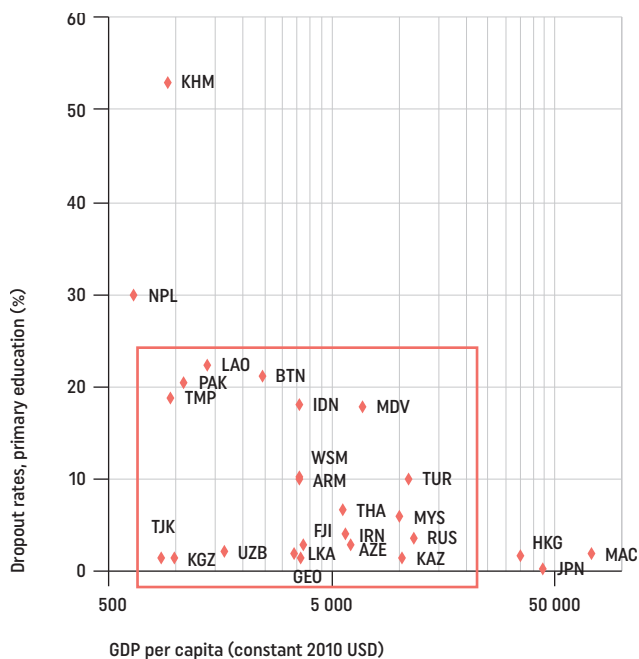
**FIGURE 9: THE RICH ARE UP TO SEVEN TIMES MORE LIKELY TO ATTEND SECONDARY SCHOOL**



Source: ESCAP based on UNICEF and World Bank (2013). For UNICEF data, the most recent years were used.

Note: The likelihoods were calculated by dividing the secondary school attendance rate for children of the highest income quintile by the attendance rate of those of the lowest income quintile. This indicates how much more likely it is that a child of a rich family will attend secondary school than a child from a poor family.

**FIGURE 10: INCOME LEVEL OF COUNTRIES IS NOT A STRONG INDICATOR OF PRIMARY DROPOUT RATES**



Source: UNICEF and World Bank (2017). For UNICEF data, the most recent years were used.

is relevant for modern labour market demands the quality and relevance of education will have to be improved, with better teacher training and stronger coordination between governments and the private sector. Governments also need to address the education gaps that arise from differences in income, social status, gender and rural-urban residence.

### Life expectancy has seen a remarkable increase

The profound economic and social gains throughout Asia and the Pacific have reduced mortality rates and increased life expectancy. Yet many health deficiencies persist – with increasing gaps in health outcomes between rich and poor.

Over the past five decades, life expectancy in Asia-Pacific countries has increased on average by 20 years.<sup>9</sup> This is due to a range of factors such as universal immunization, improved sanitation, and access to clean water and improved nutrition, as well as better lifestyles and education. In six countries, average life expectancy now exceeds 80 years and is on a par with, or higher than, the OECD average. The most impressive gains have been in South and South-West Asia; since 1960 average life expectancy at birth has increased by 29 years (Figure 11). In Bhutan and the Maldives, the increase is close to 40 years: life expectancy has more than doubled. In all countries, women live longer than men; the differences are particularly noticeable in Russia: the life expectancy gap between women and men is 11 years and in Viet Nam, it is 9 years.<sup>10</sup> Bhutan, on the other hand, has the lowest gender gap—only six months. Longer life expectancy is welcome, but the lack of pensions and other income security programmes also raises the prospect of poverty in old age, particularly for women.

In subregional terms, the highest average life expectancy in 2014 was in East and North-East Asia at 78 years. In the other four subregions – despite impressive gains – it was still only around 71 years.<sup>11</sup> In North and Central Asia life expectancy was not only generally lower, but also improving only slowly. Russia stands out in this respect, over the past five decades life expectancy has increased by only four years. In fact, Russian men, at 65 years have one of the region’s lowest life expectancy levels.

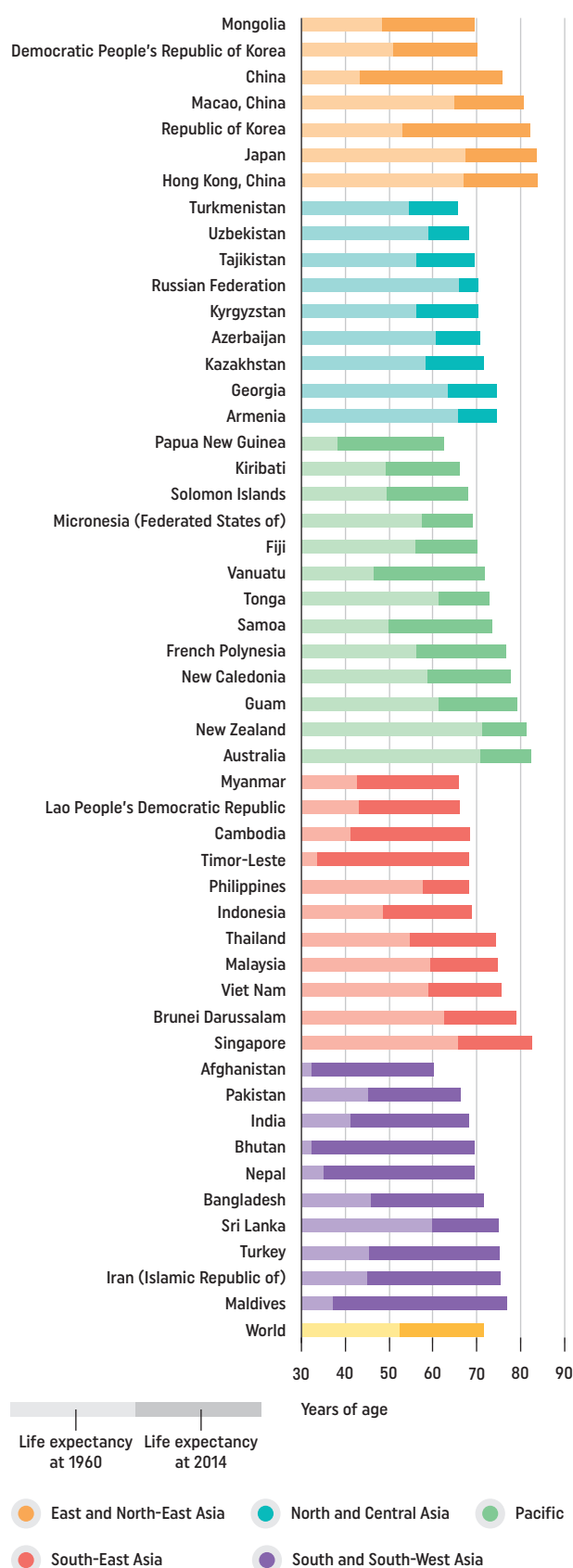
9 The average refers to the 50 countries in Asia and the Pacific for which life expectancy data were available.

10 In Russia, the life expectancy for women is 76 years and for men 65 years. In Viet Nam, women’s life expectancy is 80 years while men’s is 71 years.

11 For Pacific, this only holds if Australia and New Zealand is excluded.



**FIGURE 11: LIFE EXPECTANCY IN ASIA AND THE PACIFIC, 1960–2014**



### ...but access to health care remains unequal

Good health, free from disease and with access to affordable health care, is not only a basic human right, but also indispensable for sustainable development. Ill health at young ages affects children throughout later life; unhealthy living conditions, malnourishment and stunting drastically impede children’s cognitive development, influencing educational outcomes and future job prospects. An unhealthy workforce, regardless of its training and educational level, will not reach its full capacity, restricting the country’s economic development.

In countries without universal access to health care, large proportions of the population have to rely for medical treatment on personal savings. For example, in Afghanistan, Bangladesh, Azerbaijan, Cambodia, India, and Tajikistan, more than 60 per cent of all health care expenditure relies on private financing (Figure 12). High out-of-pocket expenditure increases the financial burden on individuals, particularly on the poor and vulnerable who are in most need of well-structured health care services. In fact, in most Asia-Pacific countries people typically pay at least one third of their total health care costs. As a result, many poorer families are not seeking health care, or are postponing it. Inadequate health care not only endangers individuals’ well-being but also increases the risk of falling into poverty.

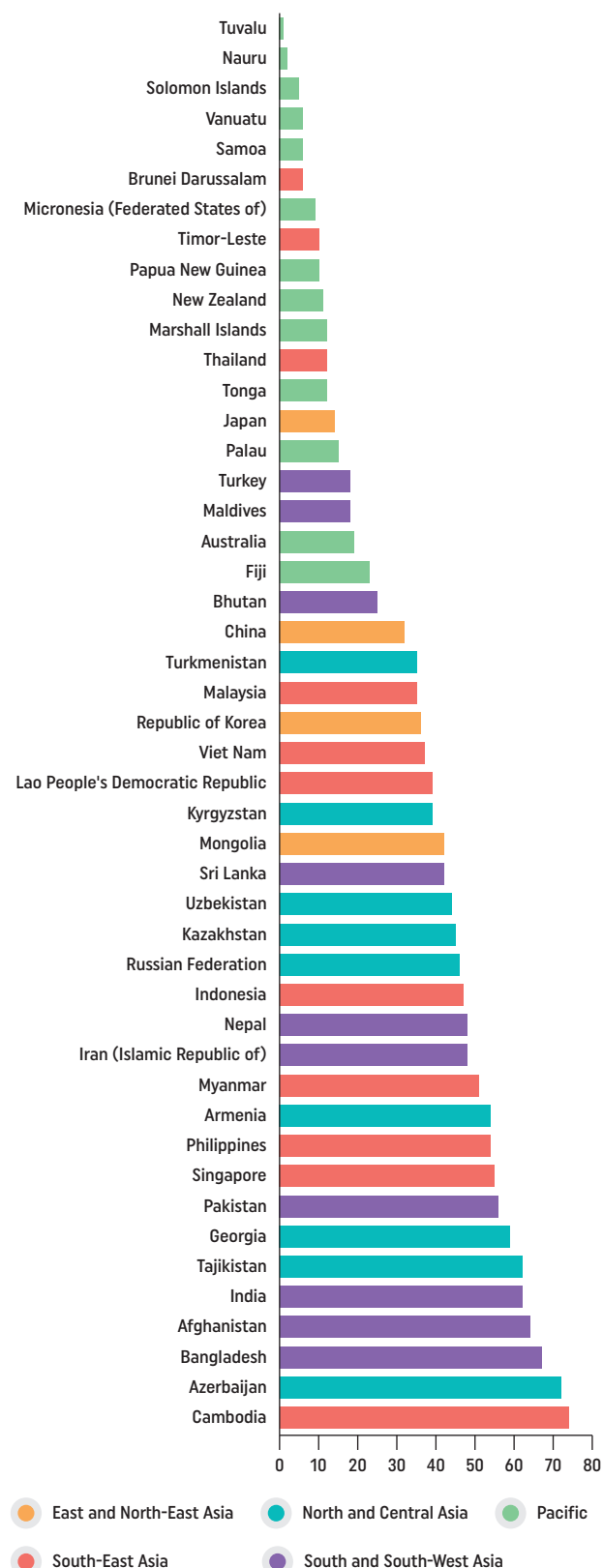
There are also contrasts between rich and poor in child survival. In Pakistan for example, between 1990 and 2012, in the richest quintile child mortality fell from 74 to 48 deaths per 1,000 live births but in the poorest quintile the drop was much smaller, from 125 to 119. There are similar urban-rural contrasts; in rural areas child mortality rates are around 50 per cent higher. In Cambodia, Pakistan and Bangladesh the urban-rural gap has been widening.<sup>12</sup>

Differences in maternal and child survival, within and between countries, partly reflect differences in access to health services. However, the most important factor is household wealth. This is illustrated in Figure 13 which shows that richer families, irrespective of the country, enjoy similar levels of access to skilled birth attendance; as individual wealth increases, the inter-country variance decreases.

Source: ESCAP based on World Bank (2017) World Development Indicators.

<sup>12</sup> ESCAP calculations based on WHO Demographic and Health Surveys.

**FIGURE 12: OUT-OF-POCKET EXPENDITURE AS A PERCENTAGE OF TOTAL HEALTH EXPENDITURE, 2014**



Source: WHO Global Health Repository Database 2014

Except for Timor-Leste and Bangladesh, richer families, irrespective of the country, enjoy a very similar level of access to skilled birth attendance. It is the poorest segments that suffer the most from living in a relatively poorer country with limited access to services. Nearly all births in Armenia, Uzbekistan and Kazakhstan are attended by skilled personnel, regardless of income levels. This is contrasted by countries such as Lao People's Democratic Republic, where only around one in ten births are attended by skilled personnel in families belonging to the poorest 20 per cent, compared to nine out of ten of the richest 20 per cent. India, Nepal, Timor-Leste and Vanuatu have similarly dramatic stratifications by wealth.

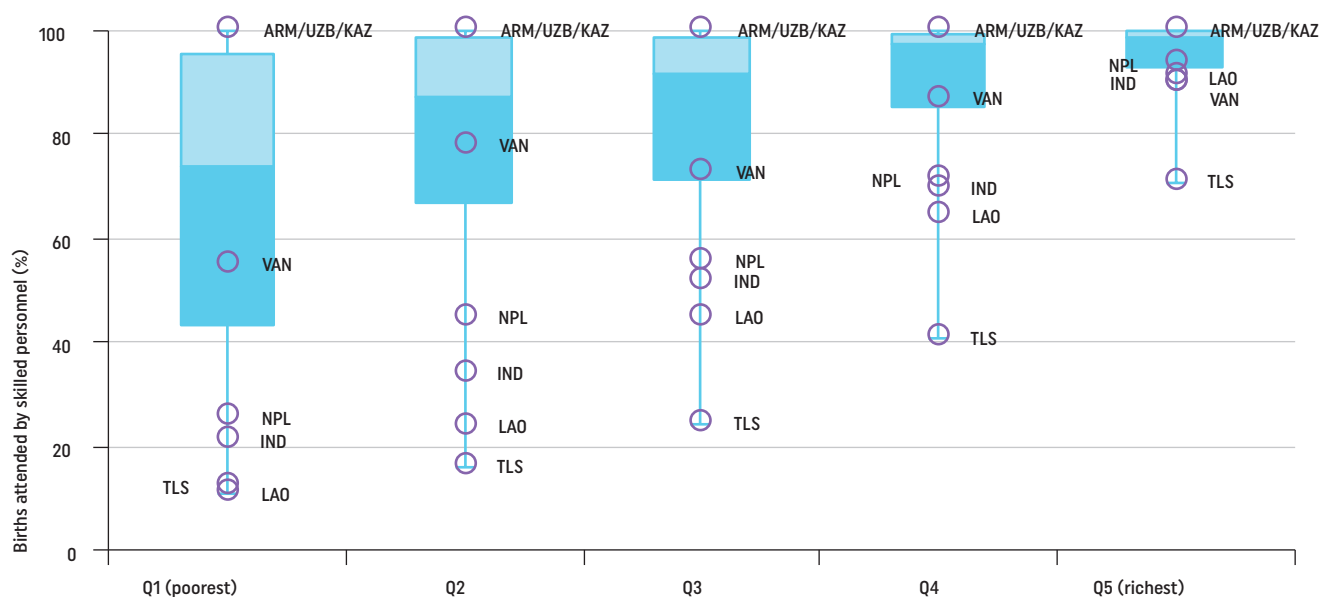
Access to health care is also governed by cultural, language or educational factors. This can be seen using WHO's composite health coverage index, which estimates health coverage based on eight essential interventions across the spectrum of reproductive, maternal, new-born and child health care.<sup>13</sup> This index can be disaggregated by educational attainment and income level, as illustrated in Figure 14, which shows that the disparities resulting from education differences are often greater than those from income differences. The gaps are particularly pronounced in Viet Nam, Indonesia and the Philippines, explained perhaps by a lack of knowledge of existing treatments. Inequalities and differences amongst population groups are mutually compounding. For example, poor women from rural communities with low education face multiple barriers. Hence, in addition to proving affordable access for those furthest behind, it is also important to improve public information.

### Inequalities persist in basic services

Clean water, improved sanitation and electricity are central to human security, dignity, health, education and development. In the case of clean water, Asia and the Pacific achieved the MDG target of halving the number of people without access, even before the target date. In 1990, the number of people without access was 900 million, by 2010, it was down to 410 million, and by 2015 down to 270 million. Today, almost 94 per cent of the region's

13 Aluísio J. D. Barros and Cesar G. Victora, "Measuring Coverage in MNCH: Determining and Interpreting Inequalities in Coverage of Maternal, Newborn, and Child Health Interventions" *PLoS Med*; 10: e1001390.

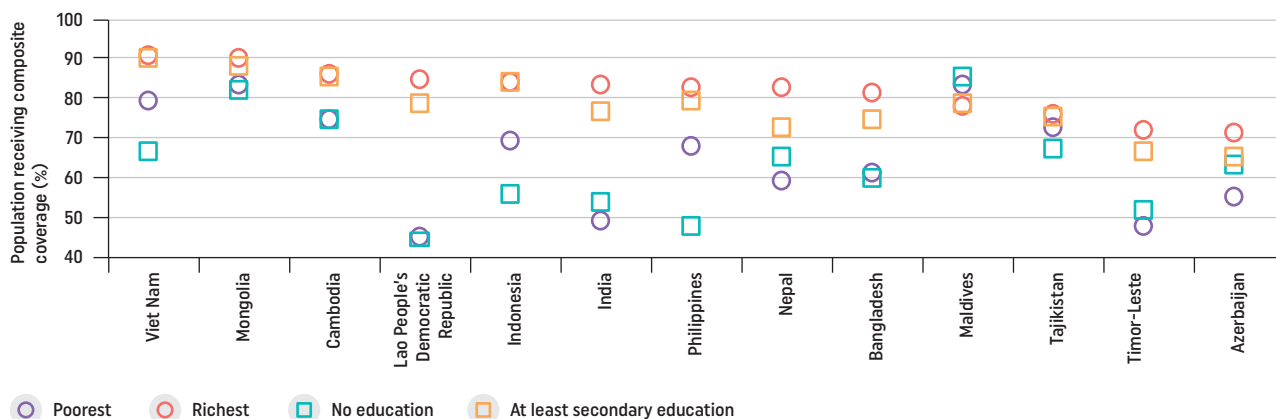
**FIGURE 13: SHARE OF BIRTHS ATTENDED BY SKILLED PERSONNEL BY WEALTH QUINTILE, LATEST YEAR**



Source: ESCAP based on WHO (2017) Demographic Health Surveys (DHS).

Note: Data refer to the most recent year between 2003 and 2014. Box plots show the distribution of the percentage of births attended by skilled personnel by wealth quintile across countries. The box spans from the first quartile to the third quartile, with the line depicting the median score. Lower and upper whiskers each depict the location of the minimum and maximum value.

**FIGURE 14: COMPOSITE HEALTH COVERAGE INDEX BY WEALTH AND EDUCATION**



Source: ESCAP based on WHO (2017) Demographic Health Surveys (DHS).

Note: Data refer to the most recent year between 2005 and 2014.

people enjoy access to clean water, either directly piped to their dwelling, or to a clean and protected source nearby. The most impressive strides were in rural North and North-East Asia, where between 1990 and 2015 access jumped from 58 to 93 per cent. Similarly, in rural South and South-West Asia, by 2015 access had increased by 25 percentage points to 91 per cent. However, there are still urban-rural gaps. In urban areas, access to safe water was already high in 1990, and in subsequent decades urban gains were consolidated. Rural also areas generally saw improvements: the Pacific is the only subregion

where access worsened: between 1990 and 2015, it fell from 62 to 59 per cent. Nevertheless, in 2015 in several LDCs, including Papua New Guinea, Afghanistan, Timor-Leste and Kiribati, access to safe drinking water in rural areas remained below 60 per cent (Figure 15).

Another issue is access to ‘safely managed drinking water’, which in the MDG and SDG framework includes public taps and wells, located outside the home, if they are protected and safe. This definition sets the standard lower than average modern life

requirements. It also shifts the burden of collecting water from public sources mostly to women and girls, adding to their many other household-related tasks. Looking only at piped water sources, coverage in South and South-West Asia would fall to around 28 per cent, and in the Pacific to 17 per cent.<sup>14</sup> China, on the other hand, contributed 723 million new users of piped water on premises since 1990, most of them in rural areas.

There are marked inequalities between rich and poor, particularly for piped water, as well as between urban and rural households. Overall, the rural-urban gap declined in most subregions. For the gap between richest and poorest households, however, the trends were not straightforward. In several countries in the Caucasus and Central Asia, the 2015 WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation found that use of piped water on premises was declining among the poorest quintile in urban areas.

Progress has been slower in access to improved sanitation. The Asia-Pacific region did not meet the MDG target of halving the number of people without access to improved sanitation. Between 1990 and 2015, the proportion of people without access to improved sanitation decreased from 53 per cent only to 35 per cent, reducing the number of people without access from 1.8 billion to 1.5 billion. Unless the pace of progress picks up the prospects for meeting the SDG target by 2030 are also poor.

The trends vary across subregions, but the three most populous subregions, East and North-East Asia, South and South-West Asia, and South-East Asia, all registered gains of around a quarter of their populations. East and North-East Asia was starting from already higher coverage and reached 80 per cent, which was comparable to North and Central Asia and the Pacific. In contrast, in South and South-West Asia the proportion without access in 2015 was less than half. Throughout the region, access was extremely low in LDCs. In Papua New Guinea and Afghanistan, for example, in 2015 less than one third of the population had access to improved sanitation (Figure 16).

Compared with the disparities for safe drinking water, the rural-urban divide in access to sanitation is even starker. Most of the gains in access over the recent decades have been registered in rural areas,

nevertheless, the rural-urban gap remains still wide. Between 1990 and 2015, in South and South-West Asia the rural areas tripled their access to improved sanitation facilities, from 12 to 37 per cent, but this was still half the rate for urban areas, at 70 per cent. The picture was the same in the Pacific islands, where rural access in 2015 was only 43 per cent compared with urban access of 97 per cent. The countries with the largest rural-urban divides were Papua New Guinea, Kiribati and Timor-Leste.

Sanitation coverage also reflects income inequalities.<sup>15</sup> For countries for which data were available the largest gaps between the richest and the poorest quintiles were in Cambodia, India, Mongolia, and Nepal. The poorest quintiles have not caught up, even in urban areas, where there has generally been impressive progress. Thailand is a notable exception, having managed to eliminate urban sanitation inequality.

Many countries still have marked rural-urban divides in access to electricity (Figure 17). Although across the region the majority of countries have achieved almost universal access to electricity, in some LDCs and Pacific Islands the rural population still has much lower access. Electricity is a prerequisite for learning at school, for maintaining health and hygiene and for accessing important information through the use of ICT tools and services. In general, affordable, reliable and modern energy services bring a multitude of benefits to households. Using clean fuels for cooking can help reduce respiratory problems caused by charcoal and other non-clean fuels. All these gaps in basic services need to be closed to provide everyone with a life of dignity.

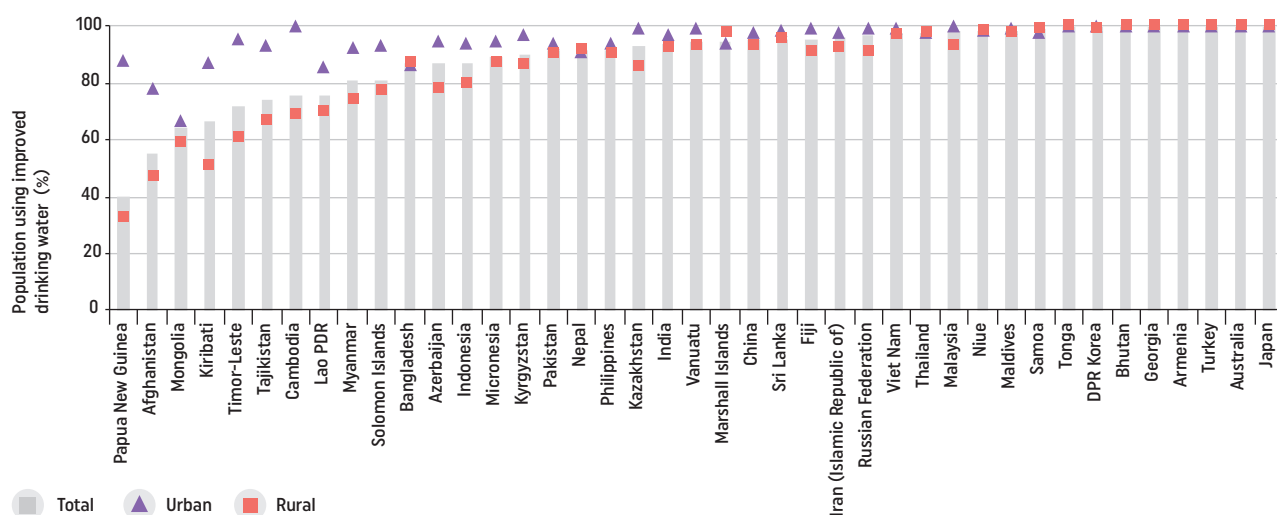
## Gender inequality continues to hamper development

Gender equality is fundamental human right. SDG 5 is to 'achieve gender equality and empower all women and girls' and is also critical for achieving most of the other SDGs since gender equality has multiplier effects across the whole spectrum of development. Reducing gender gaps in health, education and labour markets will also help reduce poverty, boost productivity and economic growth,

<sup>14</sup> Asian Development Bank, *Asian Water Development Outlook 2016: Strengthening water security in Asia and the Pacific* (Manila, 2016).

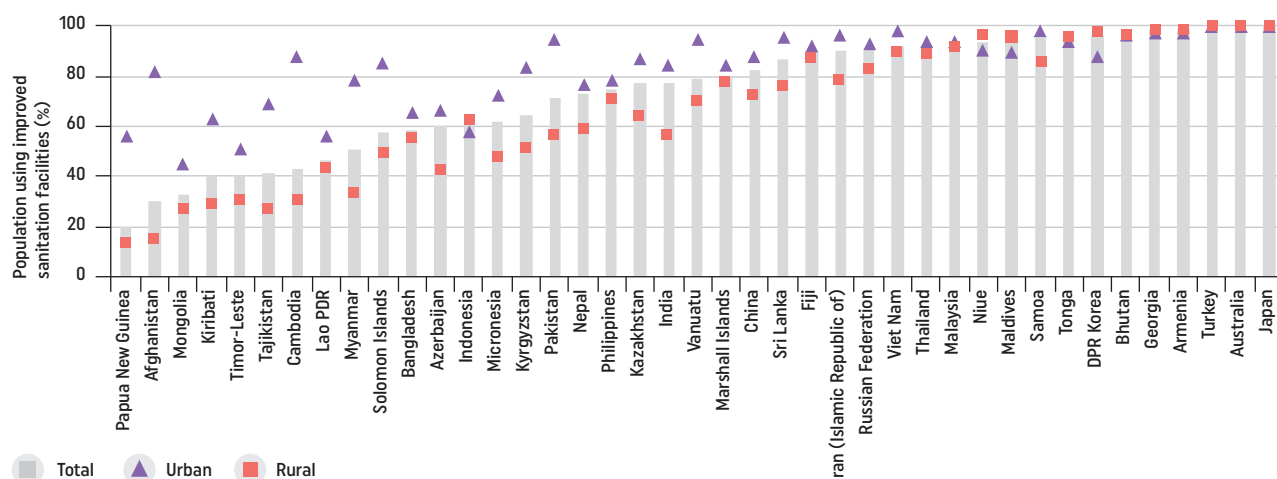
<sup>15</sup> World Health Organization and United Nations International Children's Emergency Fund, *Progress on sanitation and drinking water: 2015 update and MDG assessment* (Geneva, 2015).

**FIGURE 15: ACCESS TO IMPROVED DRINKING WATER SOURCES, 2015**



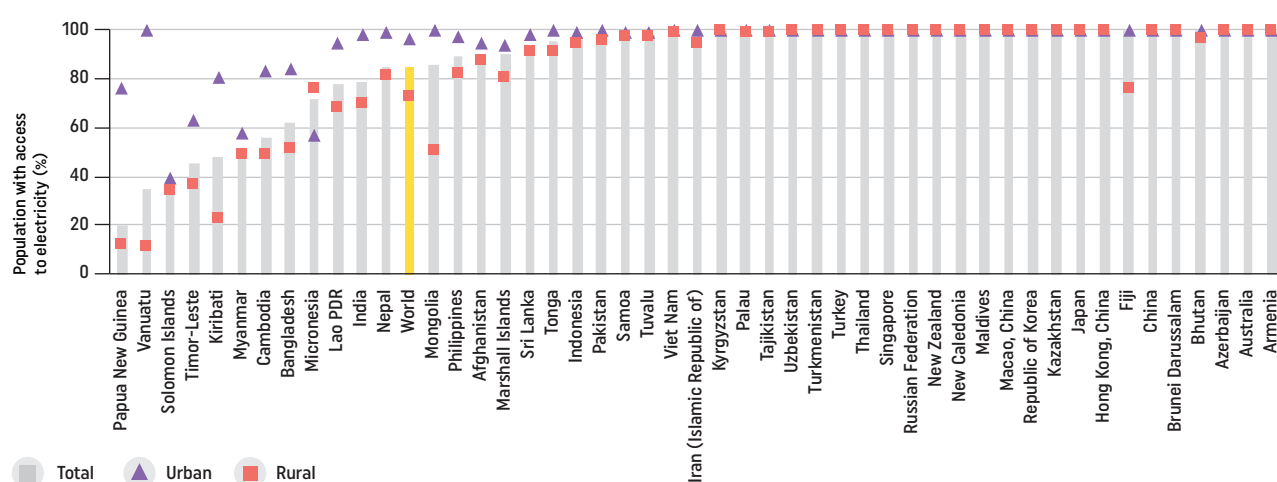
Source: ESCAP based on WHO (2015) Global Health Observatory. Only countries with total, urban and rural data for both water and sanitation are included.

**FIGURE 16: ACCESS TO IMPROVED SANITATION FACILITIES, 2015**



Source: ESCAP based on WHO (2015) Global Health Observatory. Only countries for which total, urban and rural data for both water and sanitation were available were included in the graph.

**FIGURE 17: ACCESS TO ELECTRICITY, ASIA AND THE PACIFIC, 2014**



Source: ESCAP based on World Bank, Sustainable Energy for All Database, SE4ALL Global Tracking Framework, 2017.

and build more resilient communities. Equally, failure to address gender inequality will derail the 2030 Agenda.

Since the adoption of the landmark Beijing Declaration and Platform for Action in 1995, Asia and the Pacific has made progress on several fronts in gender equality and women’s empowerment—notably in education. However, women and girls continue to experience discrimination in the labour market, as well as in political representation and access to health. This not only impedes women’s own development and freedom of choice but also impoverishes society as a whole.

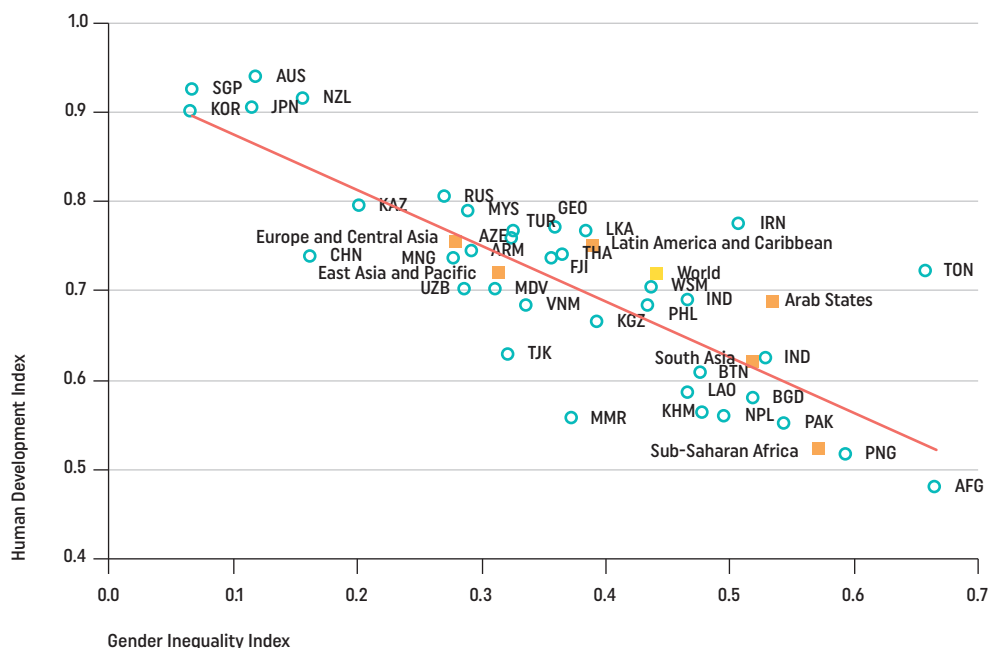
The importance of gender equality for achieving other development goals can be illustrated through the correlation between UNDP’s gender inequality index and its human development index (Figure 18). For example, in Australia and New Zealand, in the top left of the figure, progressive measures to close gender gaps have been accompanied by an overall increase in human development outcomes—life expectancy, mean years of schooling and GNI per capita. In contrast, in South Asian countries, concentrated in the lower right corner of the

figure, continuing high levels of gender inequality contribute to poor human development outcomes.

Over the past decades, economic growth has contributed to better health standards for women and girls. For instance, since 1990, maternal mortality rates have dropped by approximately 64 per cent.<sup>16</sup> Nevertheless, in several countries, especially in South and South-West Asia, the number of women dying in childbirth remains disturbingly high. These countries also have high rates of adolescent pregnancies and unsafe abortions—partly because of a lack of education concerning sexual and reproductive health and limited access to related services, especially for young women and girls.<sup>17</sup>

On the education front, one of the region’s greatest successes has been in achieving gender parity in primary education enrolment, and near parity at the secondary and tertiary levels.<sup>18</sup> But enrolment is only the start. Countries also need to consider attendance and achievement, which are often low, especially for girls. This is a consequence of limited resources, poor infrastructure, low quality of education and persistent sociocultural barriers.

**FIGURE 18: HUMAN DEVELOPMENT AND GENDER INEQUALITY, 2015**



Source: ESCAP based on UNDP Human Development Report, 2015.

16 United Nations, Economic and Social Commission for Asia and the Pacific, *Statistical Yearbook for Asia and the Pacific 2015* (2016).

17 United Nations, Economic and Social Commission for Asia and the Pacific, *Gender Equality and Women’s Empowerment in Asia and the Pacific: Perspectives of Governments on 20 Years of Implementation of the Beijing Declaration and Platform for Action* (2015).

18 Ibid.

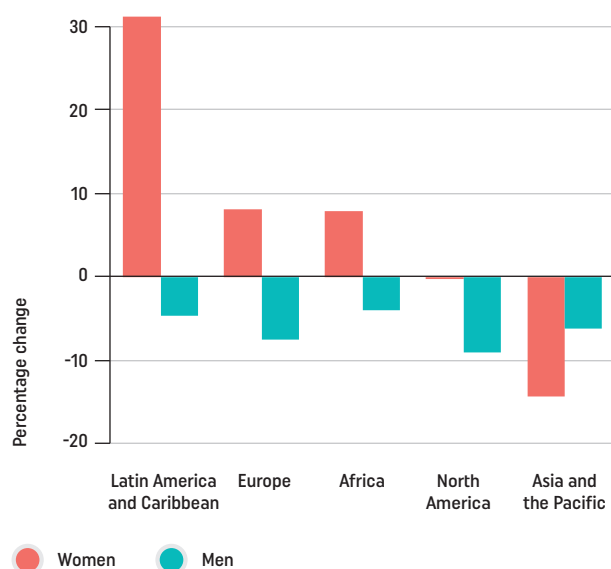
After education, one of the most worrying issues is employment. Many women still cannot fully exercise their rights to decent work and full and productive employment. Women’s overall labour force participation in Asia and the Pacific is only 48 per cent, lower than in Africa, Europe, Latin America, or North America. And compared to men’s participation the situation has been worsening (Figure 19). In fact, between 1990 and 2016, the female-to-male ratio in labour force participation rates fell from 0.67 to 0.61.

The lowest participation rate among women is in South and South-West Asia, where between 1990 and 2016 it fell from 35 to 29 per cent—compared with 79 per cent for males. In East and North-East Asia, despite a fall since 1990 of almost 12 percentage points, the rate for women in 2016 was much higher, at 62 per cent (Figure 20). In the Pacific subregion, despite a significant jump in women’s labour force participation, most employed women are still trapped in vulnerable employment with low wages, no formal contracts or labour rights, and minimal social protection. Excluding Australia and New Zealand, the share of women in vulnerable employment in the Pacific is 71 per cent.<sup>19</sup>

In addition, women often get less productive and less remunerative jobs than men, and in less dynamic economic sectors. Except in South Asia where two-thirds of women still work in agriculture, women are increasingly employed in the service sector rather than in industry. And where they are employed in manufacturing, they tend to be concentrated in stagnating industries such as garment production.<sup>20</sup> This partly reflects the subjects that they studied at school. Broadly speaking, females are far less likely than males to enrol in science, technology, engineering and mathematics (STEM).

Women are also consistently paid less than men for work of equal value. The gender pay gap in the region is estimated at 20 per cent, though in some countries it is 30 per cent or more.<sup>21</sup> In addition, women also generally have less control over economic resources, including property, assets, credit and technologies. For example, significantly fewer women than men are agricultural landholders, with less than 10 per cent of women holding land in Bangladesh, Fiji, the Islamic Republic of Iran and Nepal.<sup>22</sup> On average, women are 14 per cent less likely to own a mobile phone than men, with the gap most pronounced in

**FIGURE 19: PERCENTAGE CHANGE IN LABOUR FORCE PARTICIPATION, 1990–2016, GLOBAL**



Source: ESCAP Statistical Yearbook for Asia and the Pacific 2016

**FIGURE 20: PERCENTAGE CHANGE IN LABOUR FORCE PARTICIPATION IN ASIA-PACIFIC, 1990–2016**



Source: ESCAP (2016) Statistical Yearbook for Asia and the Pacific 2016

19 United Nations, Economic and Social Commission for Asia and the Pacific, calculations based on ILO, *Key Indicators of the Labour Market* (Geneva, 2016).

20 International Labour Organization, *Women at Work: Trends 2016*, (Geneva, 2016).

21 United Nations, Economic and Social Commission for Asia and the Pacific, *Statistical Yearbook for Asia and the Pacific 2015* (2016).

22 Ibid.

South Asia, at 38 per cent.<sup>23</sup> There is also a marked gender divide in internet usage across the region: internet usage rates averaged only 40 per cent for females compared with 48 per cent for males.<sup>24</sup>

In addition to these disadvantages, women shoulder a disproportionate burden of unpaid care and domestic work. On average, women in Asia and the Pacific spend between 2.4 and 6 hours per day on unpaid work, while men spend only between 18 minutes and 2.3 hours.<sup>25</sup> As a result, women have less time for other activities, and fewer economic choices.

Across Asia and the Pacific, women also continue to be underrepresented in national parliaments. Although there have been some improvements over the past 20 years, the region is performing poorly, with an average 18 per cent of parliamentarians. Further behind is the Pacific subregion with a meagre 13 per cent (Figure 21). In only two countries in the region, New Zealand and Timor-Leste, is the proportion more than 30 per cent, the threshold which by international consensus is considered the minimum to ensure meaningful change. Under-representation of women in leadership and

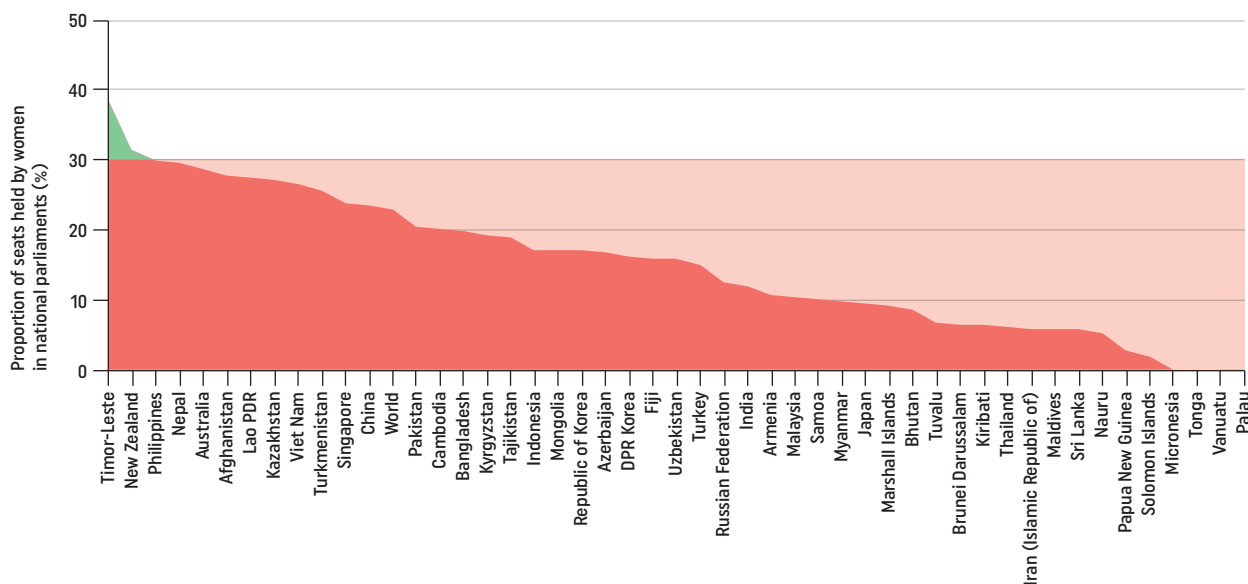
decision-making positions reflects prejudicial socio-cultural norms, uneven implementation of policies and legislation, and insufficient resources.<sup>26</sup>

## Insufficient decent jobs have been created

To reduce unemployment and underemployment, as well as employing new entrants to the labor market, many more decent jobs need to be created. Despite significant growth in GDP over the past 15 years, total employment grew only moderately, and in some countries even fell (Figure 22). The task is greatest in South Asia.<sup>27</sup> India, for example, is passing through a demographic transition with a growing working-age population, and will need to create 10 million new jobs annually.<sup>28</sup> And this is during a period when technology is offering more and more substitutes for labour.<sup>29</sup>

Many countries have also seen an increase in vulnerable employment, which is characterised by inadequate earnings, low productivity and

**FIGURE 21: PROPORTION OF SEATS HELD BY WOMEN IN NATIONAL PARLIAMENTS, 2016**



Source: ESCAP based on World Bank World Development Indicators (2016).

23 Groupe Spéciale Mobile Association, *Bridging the gender gap: mobile access and usage in low and middle-income countries* (2015).  
 24 Broadband Commission, *State of Broadband report 2016* (2016).  
 25 United Nations Statistics Division, "Time use data portal" available online at: [unstats.un.org/unsd/gender/timeuse/index.html](http://unstats.un.org/unsd/gender/timeuse/index.html).  
 26 United Nations, Economic and Social Commission for Asia and the Pacific, *Gender Equality and Women's Empowerment in Asia and the Pacific: Perspectives of Governments on 20 Years of Implementation of the Beijing Declaration and Platform for Action* (2015, Ibid.).  
 27 United Nations, *Decent Work and Economic Growth: Why It Matters* (2016).  
 28 United Nations Development Programme, *Asia-Pacific Human Development Report. Shaping the Future: How Changing Demographics Can Power Human Development* (New York, 2016).  
 29 World Economic Forum, *The Future of Jobs: Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution* (2016).



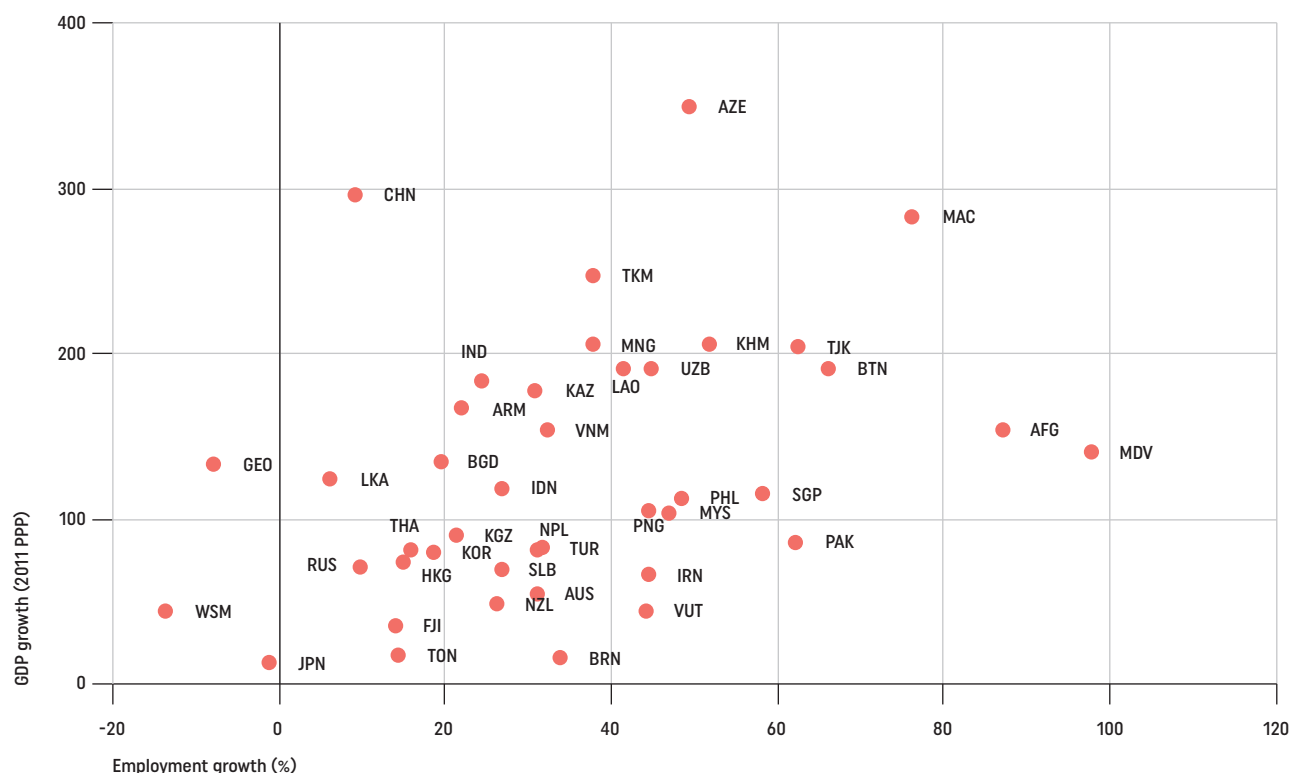
poor working conditions that undermine workers' fundamental rights.<sup>30</sup> These “decent work deficits” are often highest in the informal economy, and particularly amongst women and vulnerable population groups.

The extent of vulnerable employment is illustrated for the period 2000–2015 in Figure 23. In countries above the diagonal line, vulnerable employment increased faster than overall employment. In countries below the diagonal line, but above the horizontal dotted line, overall employment increased faster than vulnerable employment; nevertheless, there was still an increase in the absolute number of vulnerable workers. This was the case for most countries in the region. In Afghanistan, Bhutan and Pakistan, for example, overall employment increased by 60 to 80 per cent while vulnerable employment grew by over 50 per cent. Only in a few countries, located below the dotted line, did the absolute number of vulnerable workers fall—as in China, Russia and some OECD members.

Vulnerable employment is high throughout the region. In almost half the 48 countries for which data are available, vulnerable employment accounts for more than half of total employment, and in Bangladesh, India and Lao People's Democratic Republic, the proportion is above three-quarters (Figure 24). Moreover, in two-thirds of these countries, for women the proportion of workers in vulnerable employment is far greater than for men; in Bhutan, this gap reaches almost 30 percentage points (84 versus 54 per cent). The high female proportions are mostly in countries with high overall vulnerable employment, indicating that informality is disproportionately disadvantageous for women.

Furthermore, countries with high proportions of vulnerable employment also tend to have their labour forces concentrated in agriculture, rather than in manufacturing and services; sectors that typically offer better jobs and higher salaries.<sup>31</sup>

**FIGURE 22: GDP GROWTH AND EMPLOYMENT GROWTH, 2000–2015**

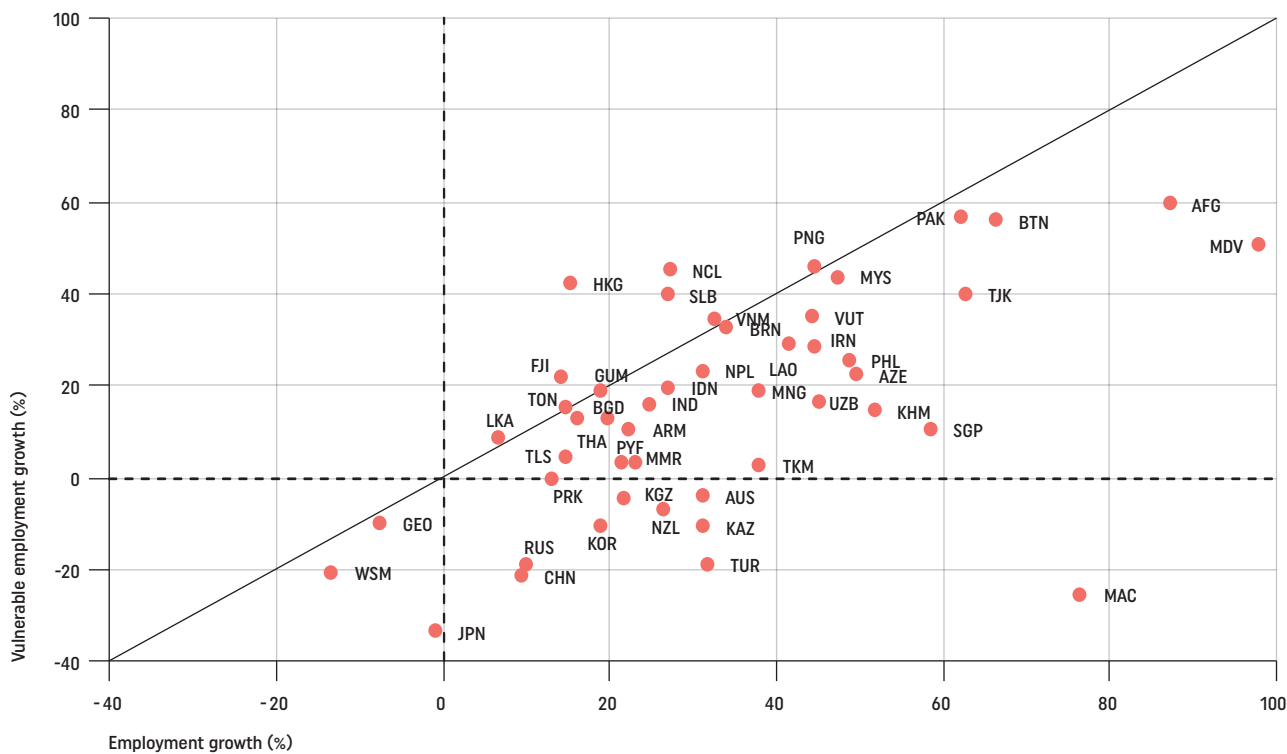


Source: ESCAP based on World Bank (2017) World Development Indicators and ILO (2017) KILM (9th edition). Data refer to 2001 for Maldives; 2002 for Afghanistan; 2014 for Islamic Republic of Iran, Papua New Guinea, Tonga, and Vanuatu.

30 Comprising of own-account workers (without employees of their own) and contributing family workers, vulnerable employment is often associated with inadequate earnings, low productivity and hazardous working conditions.

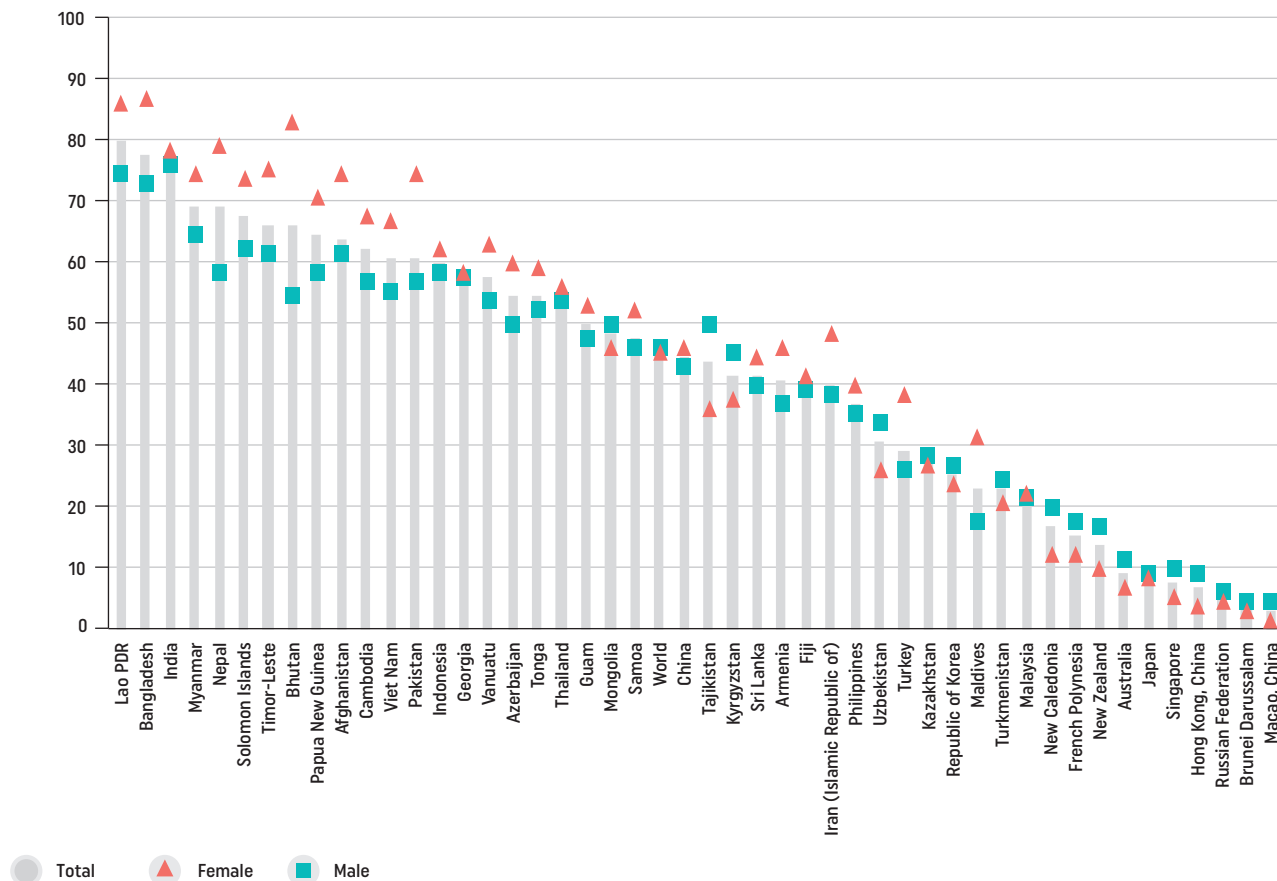
31 International Labour Organization, World Employment and Social Outlook: Trends 2016 (Geneva, 2016).

**FIGURE 23: CHANGE IN TOTAL EMPLOYMENT AND VULNERABLE EMPLOYMENT, 2000–2015**



Source: ESCAP based on ILO (2017) KILM (9th edition).

**FIGURE 24: PROPORTION OF WORKERS IN VULNERABLE EMPLOYMENT, 2016**



Source: ESCAP based on ILO Trends Econometric Models, November 2015.

## A rising proportion of older people risk social exclusion...

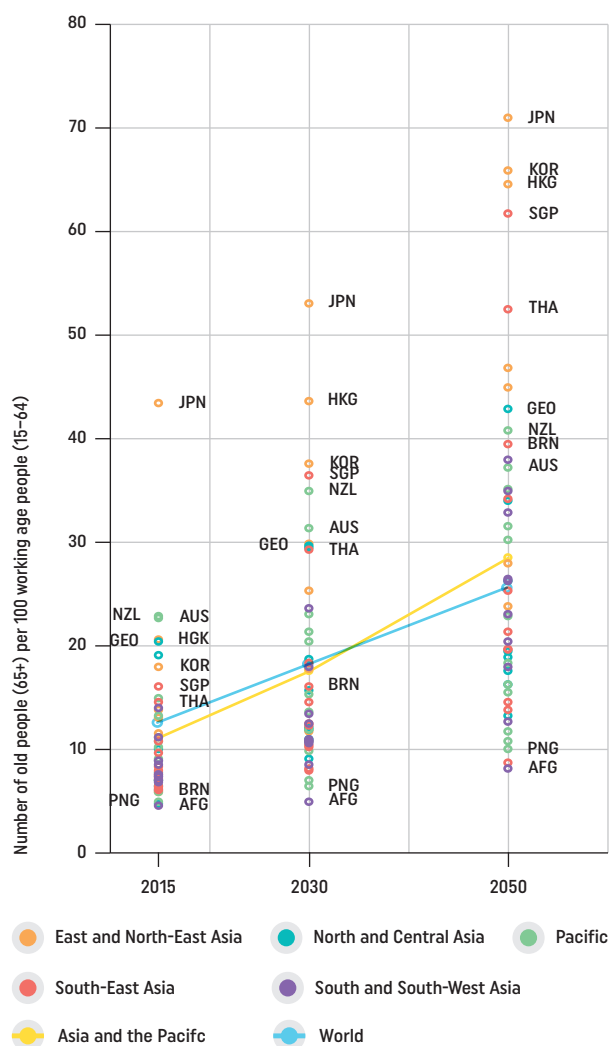
Over coming decades, because of falling fertility, decreasing mortality and increasing life expectancy, the region’s population will age significantly. This will put pressure on public spending, labour supply, productivity and economic competitiveness. In Asia and the Pacific, the proportion of older people is expected to double by 2050, reaching a quarter of the total population, or 1.3 billion people. This demographic transition is happening at an unprecedented pace. A transition that, for example took 115 years in France will take only 19 years in Viet Nam.<sup>32</sup> This leaves very little time to adjust. Countries will need well-designed social protection systems, including universal and affordable health care services, to allow consumption smoothing over the life-cycle, support economic growth, and increase labour supply, while also providing income security in older age.

All countries in Asia and the Pacific will experience ageing, but the speed of this transition will vary considerably between countries. By 2050, the expected proportion of older people in the population in East and North-East Asia is expected to be 37 per cent, but in South and South-West Asia it will still be only 19 per cent.<sup>33</sup> There will also be more of the ‘oldest old’, defined as those of 80 years and above. Between 2016 and 2050, they will rise from 1.5 per cent of the population, 68 million, to 5 per cent, 258 million. If they are not to slide into poverty, they will need good health care and old-age pension systems. As people grow older, they are also more likely to suffer from chronic and non-communicable diseases, particularly those who are already vulnerable.<sup>34</sup>

Women tend to live longer than men, so elderly women are more likely to face old-age poverty. These women will probably have saved less, especially if they had vulnerable jobs and earned less and consequently contributed less to pension schemes.<sup>35</sup> Governments therefore need to address all aspects of the rights of women, throughout the lifecycle.

An ageing population increases the old-age dependency ratio—the number of persons 65 and older as a proportion of the working-age population of 15–64 years (Figure 25). Between 2015 and 2050, this ratio is projected to rise in all countries except Timor-Leste, with the highest levels in Japan, Singapore, Republic of Korea and Thailand. The largest increase over this period, however, will be in Brunei Darussalam, from 6 to 39; this means that while there are currently almost 17 people of working age supporting each older person, by 2050

**FIGURE 25: OLD-AGE DEPENDENCY RATIOS, 2010–2015**



Source: ESCAP based on United Nations DESA World Population Prospects (2015).

32 United Nations, Economic and Social Commission for Asia and the Pacific, *Ageing in Asia and the Pacific Overview* (Bangkok, 2017).

33 Ibid.

34 Department of Economic and Social Affairs, *World Population Ageing 2013* (New York, 2013).

35 Ibid.

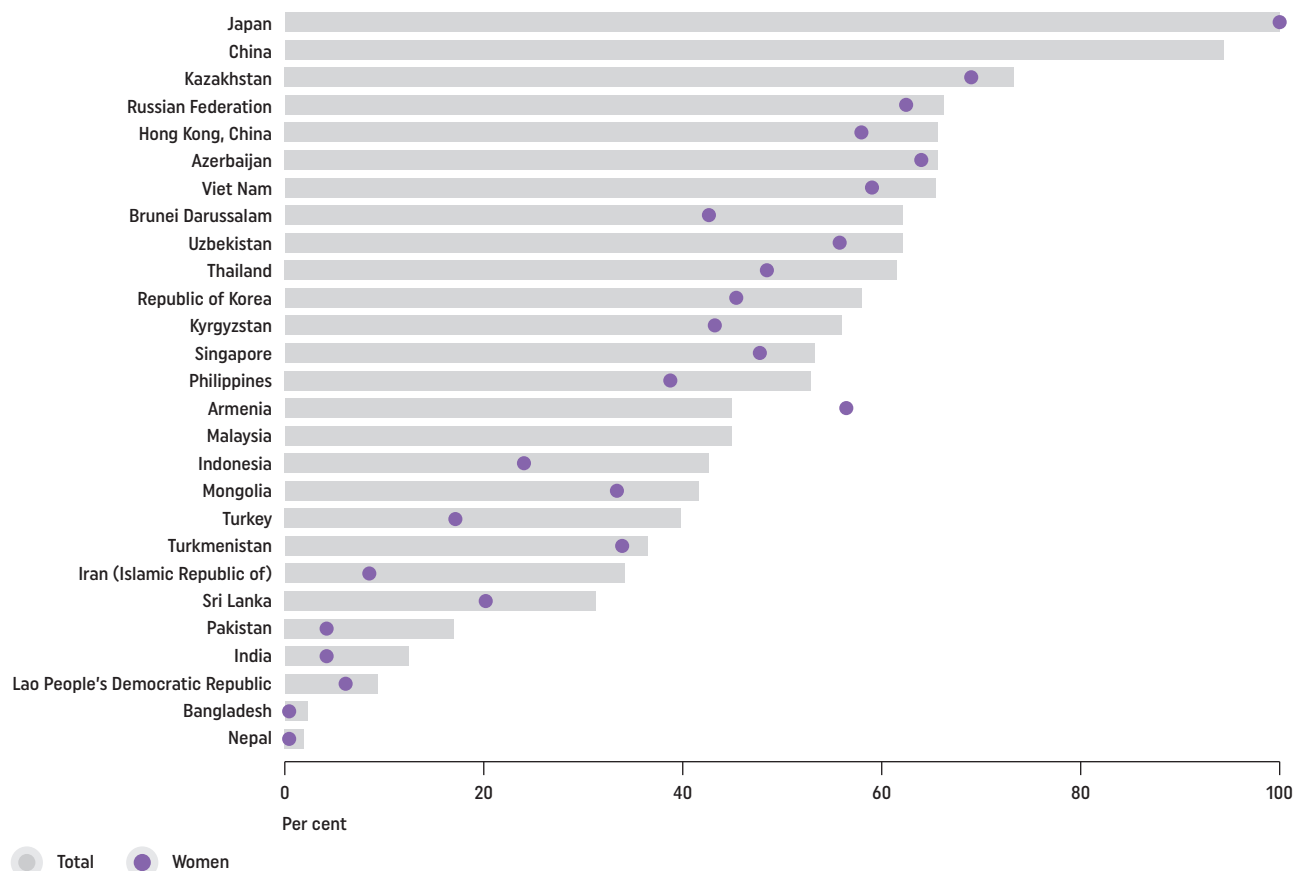
there will only be 2.5.<sup>36</sup> In the Republic of Korea there are currently 5 people of working age for each older person but by 2050 there will only be 1.5. At the subregional level, one of the lowest ratios will be in East and North-East Asia — having dropped from 6.3 to 2. However, the steepest decline will be in South and South-West Asia, from 12 to 5.

Many older people in Asia and the Pacific are likely to face severe problems because of inadequate pension provision. In only two countries are more than three-quarters of the working-age population currently covered by either mandatory or voluntary pension schemes, and almost everywhere coverage is lower for women (Figure 26). This gender divide partly reflects women’s concentration in the informal sector few of whose workers have pensions. However, several countries in the region, including China, have now taken steps to increase coverage.

### ... and a growing number of persons with disabilities face marginalization

One in every six persons in Asia and the Pacific has some form of disability: 650 million men, women and children. The number is expected to rise over coming decades due to the interplay of multiple factors, such as population ageing, natural disasters, and chronic health conditions. Disability is inextricably linked with poverty which is both a cause and effect of the inequality of opportunity faced by persons with disabilities. It can be a cause because poor people often lack access to basic support services such as health care so that conditions that may otherwise be treatable become chronic, leading to disability.<sup>37</sup> At the same time, persons with disabilities often face discrimination and stigma, or environmental or physical barriers, and may lack information or adequate support systems, all of which hinder their

**FIGURE 26: SHARE OF WORKING-AGE POPULATION COVERED BY MANDATORY OR VOLUNTARY PENSION SCHEMES, LATEST YEAR**



Source: ESCAP, based on ILO *World Social Protection Report 2014–15*.

<sup>36</sup> This relationship is simply the inverse of the old-age dependency ratio and what is depicted in Figure 25.

<sup>37</sup> United Nations, Economic and Social Commission for Asia and the Pacific, *Disability at a Glance 2012: Strengthening the Evidence Base in Asia and the Pacific* (Bangkok, 2012).

active economic and social participation. Persons with disabilities are also two to four times more likely to be killed in disasters. Women with disabilities are at least 1.5 times more likely to be physically and sexually abused.<sup>38</sup>

Another major concern for persons with disabilities is the lack of decent work. The employment rate of working-age persons with disabilities can be less than one fifth of that of those without disabilities. Moreover, persons with disabilities are more likely to be unemployed (Figure 27).

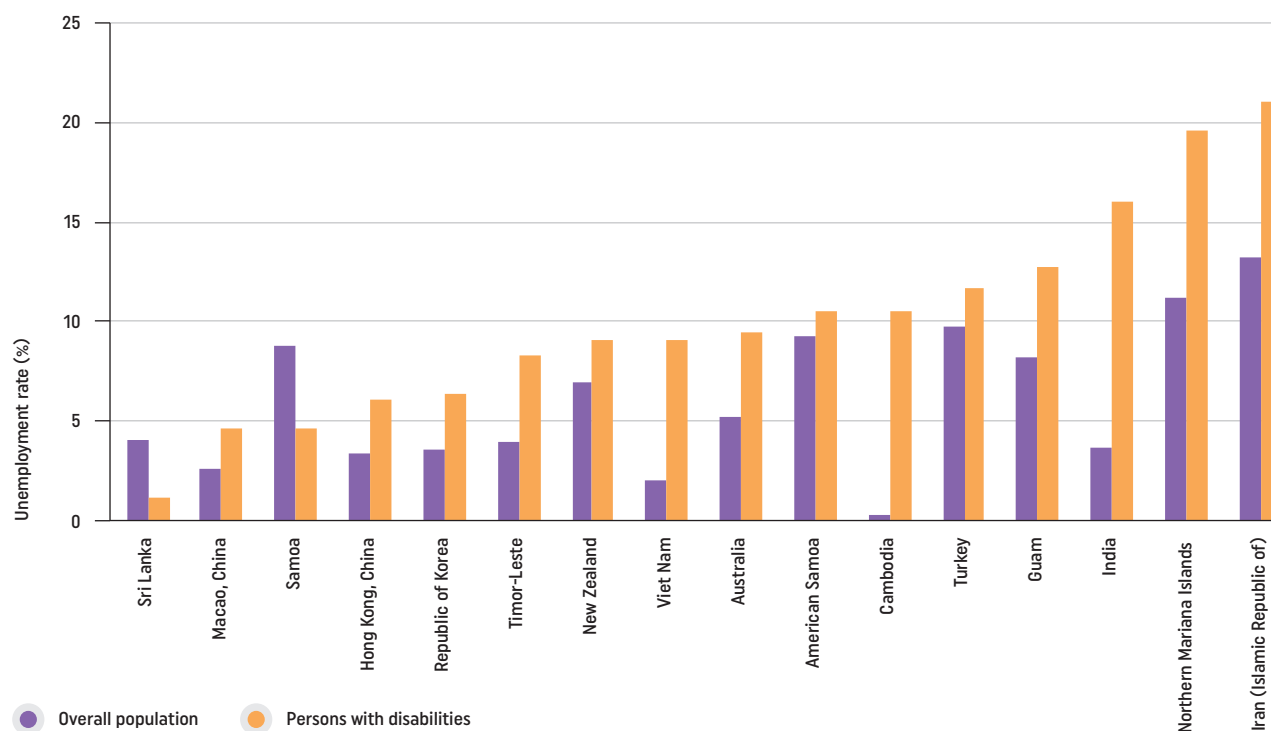
### Migrant workers and their families remain in vulnerable situations

Since 1990, Asia and the Pacific has seen a striking increase in international migration. Currently, 98 million people from this region live outside their countries of birth, and Asia-Pacific countries

altogether host over 60 million migrants.<sup>39</sup> People migrate for many reasons. They may be fleeing war and conflict, or migrating for marriage, or to escape marginalization and poverty. Most travel to seek work abroad, usually in other developing countries in the region or in the oil-producing countries of the Gulf Cooperation Council. Generally, they work in low-skilled occupations, although in OECD countries over 40 per cent of Asia-Pacific migrants have tertiary education. Most low-skilled workers in particular, leave their families behind because the key destinations of temporary labour migrants do not allow their families to join them.

Migration reshapes economies and societies, both in countries of origin and destination. For the countries of origin, migrant remittances are an important source of income. In 2016, Asia-Pacific countries received almost \$267 billion in remittances. Migrant households generally use remittances to reduce poverty. For Kyrgyzstan, for example, it has been estimated that without migrant remittances the income poverty rate in 2014 would have been five percentage points higher.<sup>40</sup> Remittances can also

**FIGURE 27: UNEMPLOYMENT RATES AMONG PERSONS WITH DISABILITIES AND OVERALL WORKING-AGE POPULATION, 2015**



Source: Disability at a Glance 2015, ESCAP

38 United Nations, Economic and Social Commission for Asia and the Pacific, *Disability in Asia and the Pacific: The Facts* (2016).

39 Department of Economic and Social Affairs, *Trends in International Migrant Stock: Migrants by Destination and Origin* (2015).

40 United Nations Development Programme, *Labour Migration, Remittances and Human Development in Central Asia* (2015).

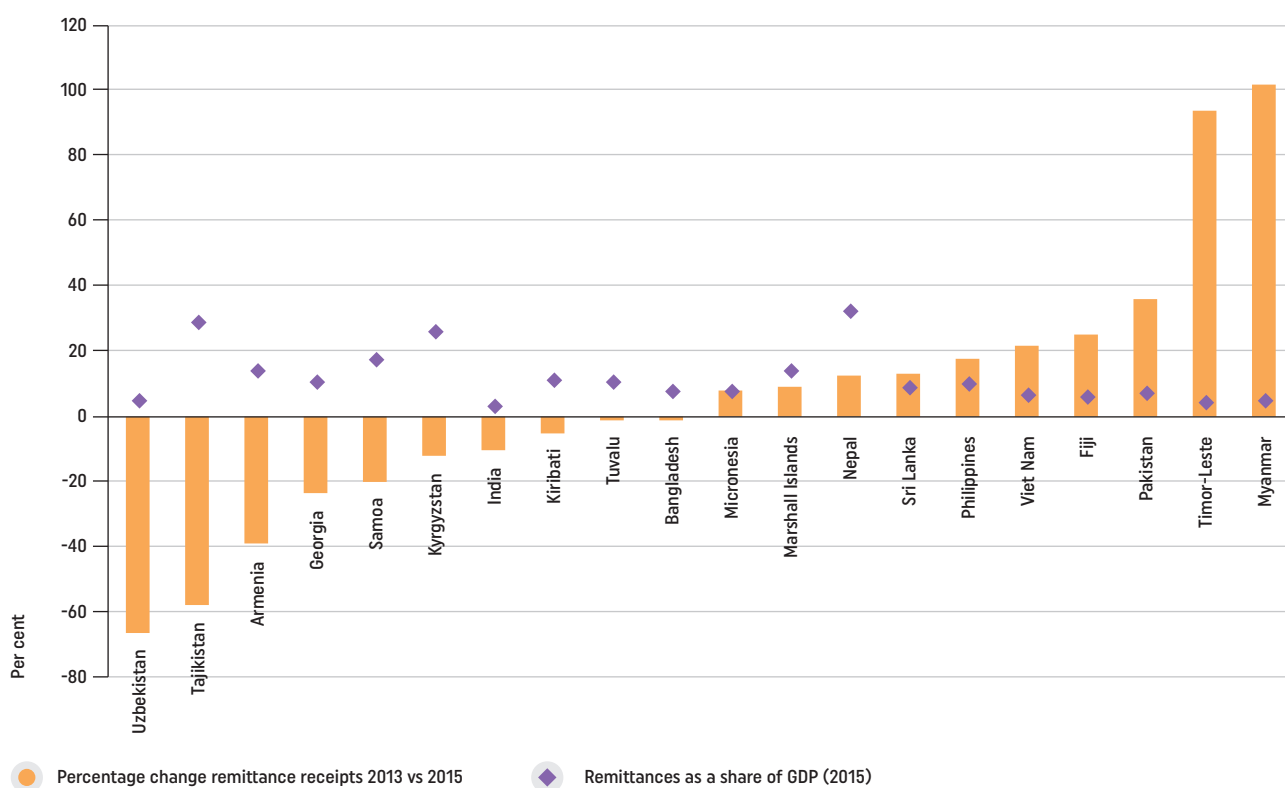
be used to afford better housing, often function as informal health insurance, and may fund better quality education, as well as helping people diversify their incomes.

At a macroeconomic level, remittances have become a stable—even countercyclical—source of foreign exchange for many countries, exceeding foreign direct investment, export receipts and official development assistance. They have also helped keep current account deficits under control. However, if countries become very dependent on remittances they are vulnerable to fluctuations in inflows. In 2015, in Nepal, for example, remittances were 32 per cent of GDP, in Tajikistan 29 per cent and in Kyrgyzstan 26 per cent. Because of falling oil prices, after rising for several decades remittances declined in 2015 and 2016 (Figure 28). This volatility directly affects recipient households and their ability to purchase basic goods and services.

Migration also makes an important contribution in countries of destination. Migrant workers fill

the jobs that national workers either reject or for which they lack the necessary skills, particularly in construction, agriculture and healthcare services. A key area of concern, however, in countries of destination is the denial of basic rights, especially for low-skilled migrant workers. In many countries, migrant workers have limited access to healthcare, including sexual and reproductive health services, and other forms of social protection. Often they work in unhygienic, dangerous and demeaning conditions, where labour codes are not strictly enforced. This problem is particularly acute for migrant domestic workers, most of whom are women, and whose work is often explicitly excluded from labour codes. As a result of difficult conditions and limited access to health services or social protection, workers whose health deteriorates may be unable to send much by way of remittances or be productive when they return. Migrant workers who are disabled because of work accidents or disease often do not receive any compensation, either from their employer or from the state when they return to their country of origin.<sup>41</sup>

**FIGURE 28: REMITTANCES ARE DECLINING IN SEVERAL REMITTANCE-DEPENDENT COUNTRIES**



Source: ESCAP based on World Bank remittances projections

41 Asia-Pacific RCM Thematic Working Group on International Migration including Human Trafficking, *Situation Report on International Migration in South and South-West Asia* (2013).

A young child is shown from the chest up, carrying a large, flat, rectangular bundle on their head. The child is smiling and looking towards the camera. The image has a strong blue and red color overlay, with the blue being more prominent. The background is a blurred, natural setting.

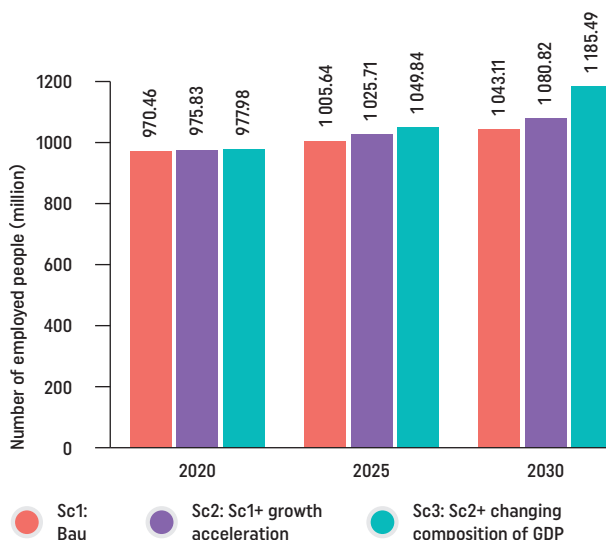
# **A POLICY FRAMEWORK FOR SUSTAINABLE SOCIOECONOMIC TRANSFORMATION**

The Asia-Pacific region has shown impressive economic dynamism and achieved remarkable reductions in extreme poverty. Nevertheless, the region still needs to close many gaps to provide a life of dignity to all, and achieve the 17 Goals in the 2030 Agenda for Sustainable Development. The region still has 400 million people living in extreme poverty, as well as wide inequalities in income and wealth and in access to decent job opportunities. Many people lack access to basic services, such as health care, quality education, clean water and sanitation. If development is to transform societies to ‘leave no one behind’, governments will have to centre their development policies more on people. What follows is a six-point agenda for closing socioeconomic development gaps.

### a Harness the potential of economic growth to create jobs

Robust economic growth in Asia and the Pacific has not resulted in sufficient decent job opportunities to enable people to reach their full potential. ESCAP subregions are at different stages of demographic transition and will need appropriate strategies to harness their labour market potential. South Asian countries need to prioritize manufacturing which has many backward and forward linkages to drive structural transformation.<sup>42</sup> Indeed, the SDG-9b target is to double the share of manufacturing in GDP by 2030. Simulations conducted in the framework of the ESCAP-SANEM Dynamic CGE Model for South Asia suggest that moving beyond ‘business as usual’ by simply accelerating economic growth by 2 percentage points would generate only 38 million additional jobs.<sup>43</sup> Doubling the share of manufacturing value added in GDP could, however, generate nearly 143 million additional jobs by 2030 (Figure 29).<sup>44</sup> To exploit the potential of manufacturing, governments need to undertake reforms to improve the investment climate and the ease of doing business as part of industrial policy, while enforcing labour laws and ensuring that jobs created are decent.

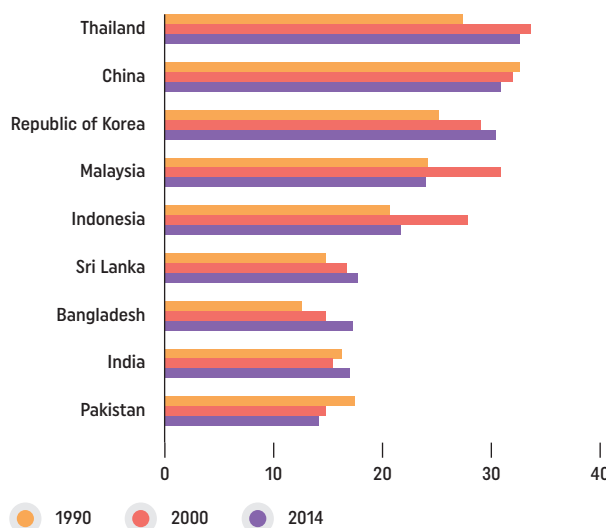
**FIGURE 29: IMPACT OF GROWTH ACCELERATION AND CHANGE IN COMPOSITION OF GDP IN FAVOUR OF MANUFACTURING ON EMPLOYMENT IN SOUTH ASIA**



Source: ESCAP-SANEM dynamic CGE model simulations.

In East and South-East Asia, China, Republic of Korea, Malaysia and Thailand have already harnessed the potential of manufacturing, which is now around 30 per cent of GDP (Figure 30). To create more decent jobs these countries can further diversify into services. East Asian countries which

**FIGURE 30: SHARE OF MANUFACTURING IN GDP OF SELECTED COUNTRIES IN ASIA, 1990–2014**



Source: ESCAP calculations, based on World Bank, World Development Indicators (accessed 28 October 2015).

42 United Nations, Economic and Social Commission for Asia and the Pacific, *Achieving Sustainable Development Goals in South Asia: Key Priorities and Implementation Challenges* (New Delhi, 2017).

43 The UNESCAP-SANEM Dynamic CGE Model used here is a mathematical economic model integrating the social accounting matrix to examine possible impacts—economy wide as well as on specific social groups—of policy changes in different time periods.

44 This number represents the difference between total employment in scenario 1 and scenario 3 in the figure.



are going through another demographic transition also need to pursue ‘active ageing’ policies, which can include extending the age of retirement and allowing retirees to continue to contribute through part-time jobs. Finally, countries can exploit the complementarities in their labour markets by participating in a global compact on orderly and safe labour migration.

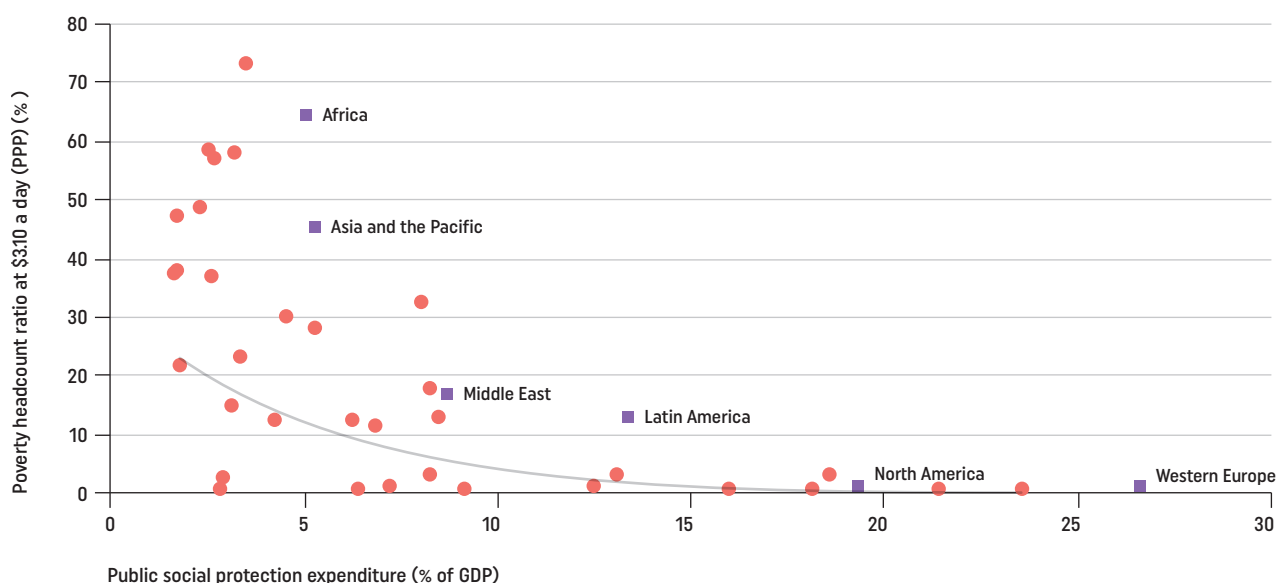
## b Broaden social protection coverage

Social protection consists of a broad policy framework for promoting prosperity, resilience, cohesion and overall socioeconomic development. Social protection is central to the 2030 Agenda and can prevent people falling into poverty, empower vulnerable populations, and address inequalities in income and in access to vital social services.<sup>45</sup> By supporting inclusive growth and social integration, robust social protection also promotes positive environmental outcomes. Social protection should be anchored in constitutional and legal provisions that guarantee the universal rights of everyone to an adequate standard of living and well-being.<sup>46</sup> These rights are laid down in the Universal Declaration of Human Rights as well as in the International Covenant on Economic, Social and Cultural Rights.

To assist countries in developing broader and more robust social protection systems, the Social Protection Floor offers a framework for income security and access to basic social services.<sup>47</sup> As illustrated in Figure 31, countries that spend more on social protection also tend to have lower poverty rates, typically achieving the highest returns at the early stages of investment.

Simulations conducted within the framework of the ESCAP-SANEM dynamic CGE model indicate that eliminating extreme poverty (\$1.9 a day) would not be possible in South Asia without enhanced social protection. Outcomes of the five modelled scenarios are shown in Figure 32. The first scenario is business as usual, which by 2030 would only reduce extreme poverty to around eight per cent. The second scenario involves accelerating economic growth by two percentage points, which would still only reduce the rate to seven per cent. The third scenario would add a greater focus on manufacturing which would reduce the rate to four per cent. The fourth scenario would also double social protection expenditures as a percentage of GDP which would reduce the proportion of extreme poor to less than two per cent. The fifth scenario would in addition involve doubling public expenditure on health care and education which would finally eliminate extreme poverty. Similar models are under development for other Asia-Pacific subregions.

**FIGURE 31: SOCIAL PROTECTION EXPENDITURE AND MODERATE POVERTY RATES, LATEST YEAR**

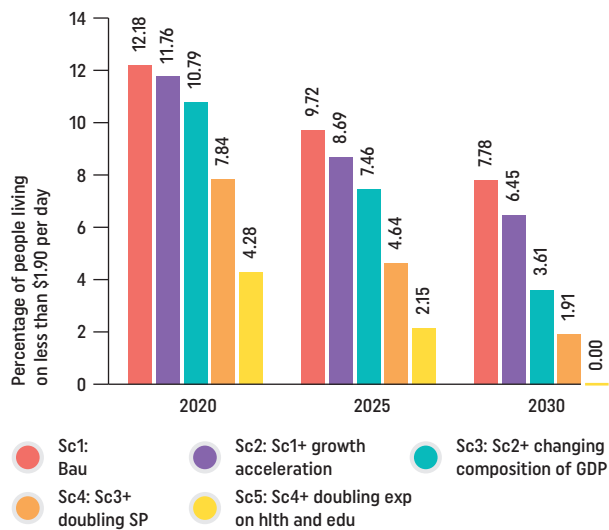


Source: ESCAP calculations based on data from ILO World Social Protection Report (2014). Figures have been updated with new poverty headcount data where possible.

45 Economic Commission for Africa, International Labour Organization, United Nations Conference on Trade and Development, Department of Economic and Social Affairs and United Nations International Children’s Emergency Fund, *Social Protection: A Development Priority on the post 2015 UN Development agenda* (2012).

46 International Labour Organization, *World Social Security Report 2010/11: Providing Coverage in Times of Crisis and Beyond* (Geneva, 2010).

47 International Labour Organization, “R202 - Social Protection Floors Recommendation” (Geneva, 2012).

**FIGURE 32: IMPACT OF GROWTH ACCELERATION, ECONOMIC COMPOSITION, AND ADDITIONAL SOCIAL PROTECTION ON POVERTY IN SOUTH ASIA**

Source: ESCAP-SANEM dynamic CGE model

Note: SP = social protection; edu = public expenditure on education; hlth = public expenditure on health.

Social protection can take the form of cash transfers to vulnerable households, children, persons with disabilities, the unemployed and older people. Many Asia-Pacific countries have introduced cash transfer programmes, conditional or unconditional.<sup>48</sup> Their main aim is to reduce poverty, but many programmes also have other objectives such as empowering women, increasing school enrolment and reducing child mortality. Among them, a few examples stand out, in terms of scale, coverage and socioeconomic impact. Dibao, a minimum living standard guarantee scheme in China, addressed absolute poverty following the Asian economic crisis. In India, the Mahatma Gandhi National Rural Employment Guarantee Scheme has supported the right to work and helped reduce poverty in rural areas, especially among women, scheduled castes, scheduled tribes and other disadvantaged groups. In Pakistan, the Benazir Income Support Programme is a cash transfer scheme credited with contributing to poverty reduction and helping empower women.<sup>49</sup> The “4P” programme in the Philippines is a conditional cash transfer programme that aims to

reduce poverty, achieve universal primary education, reduce child mortality, improve maternal health and promote gender equality and the empowerment of women.<sup>50</sup> For older people, a corresponding option is a social pension which is a regular non-contributory cash transfer. Several countries in the region, including Myanmar, Nepal, Samoa, Timor-Leste, and Thailand have introduced social pensions. Experience has shown that social pensions alleviate poverty for older people and improve their social status by empowering them and helping them to take care of their health and nutrition.

Given the limited financial resources, most of the cash transfer schemes in Asia and the Pacific have been targeted at the poor, which is assumed to be more efficient. However, experience has shown that targeting does not always lead to the desired outcomes. Due to lack of information, targeting can result in exclusion and inclusion errors, and is also susceptible to corruption.<sup>51</sup> Targeting is also administratively expensive and not necessarily efficient. India, for instance, has around 950 schemes targeted at different social groups. Even so, these do not reach 40 to 65 per cent of the two lowest-income quintiles and administrative costs are high.<sup>52</sup>

Many of these programmes are conditional, requiring recipients to send their children to school, for example, or go to health centres. Conditionalities help, although randomized control trials in several developing countries across the world have also shown that the poor typically use these transfers for taking care of their nutritional, health care and children’s education needs.<sup>53</sup>

The ESCAP Social Protection Tool Box has assembled good practices from across the world to help member States benefit from the experiences of other countries.

48 United Nations, Economic and Social Commission for Asia and the Pacific, *Towards Income Security in Asia and the Pacific: A Focus on Income Support Schemes* (Bangkok, 2014).

49 Irfan Shehzad, “Benazir Income Support Programme (BISP) and its Impact on Women’s Empowerment,” (SAARC Journal of Human Resource Development, 2011).

50 Department of Social Welfare and Development, “Pantawid Pamilyang Pilipino Program” (2006).

51 Thandika Mkandawire, “Targeting and Universalism in Poverty Reduction” (Geneva, 2005).

52 Government of India, *Economic Survey 2016–2017* (New Delhi, 2017).

53 Abhijit Banerjee and Esther Duflo, *Poor Economics: A radical thinking on the way to fight global poverty* (New York: Public Affairs, 2011). Similar results have been obtained from field trials conducted by UNICEF and SEWA in India, as shown in Sarath Davala et al., *Basic Income. A Transformative Policy for India* (Bloomsbury: London, 2015).

## c Provide universal access to education, health care, and basic infrastructure

As a part of the social protection floor, quality education needs to be provided to all, by investing in teachers' education and training, school equipment and infrastructure. Curricula need to be updated and revised to correspond to future labour market needs and to ease the school-to-work transition.

To that end, countries around Asia and the Pacific have also introduced technical and vocational education and training (TVET), career counselling, job matching and the development of entrepreneurship skills. Some have specifically targeted less-privileged youth. Sri Lanka in 2010, for example, had a National Strategy on TVET Provision for Vulnerable People, to improve the skills of disadvantaged youth, as well as those affected by conflict and those with disabilities. Programmes under this strategy incorporated alternative training modes, along with apprenticeships, entrepreneurship mentorships and computer-based training. The Philippines has also placed a strong emphasis on TVET; here efforts have been directed to developing a skilled workforce which is more employable, productive and can respond to the changing requirements of industry and the labour market. Mongolia, a country where youth often lack the competencies demanded by key sectors such as construction, manufacturing and mining has been addressing this skills mismatch. From 2014 to 2016, the Youth Labor Exchange Center of the Mongolian Youth Federation has provided labour intermediation services for 34,000 students and young people. It has also provided career orientation courses for 6,000 youth, of whom 75 per cent found jobs within one month compared with the national average of six months.

It will also be vital to invest in health care. This will not only reduce health deficiencies and help address some of the challenges posed by population ageing, but also boost the capacities of the workforce and thus increase economic growth. A recent study by the International Trade Union Confederation (ITUC) shows that an investment of 2 per cent of GDP in the health and care sector could generate almost 24

million new jobs in China, 11 million in India, and three million in Indonesia—while also boosting economic growth.<sup>54</sup> Countries such as Thailand have demonstrated good practices on universal health care that can be emulated.

The SDGs confirm the importance of access to clean water, improved sanitation and sustainable modern energy, including electricity, as a human right. But there are also externalities for society as a whole. If everyone has access to clean water, safe sanitation and sustainable modern energy, the benefits for the environment, society and the economy are multiplied.

To reach sanitation goals in Asia and the Pacific, it is vital to eliminate open defecation, which is not only a health risk for entire communities, but an affront to personal dignity, and a security risk for women and girls. This is mostly prevalent in rural areas. Between 1990 and 2015, there was a decline in open defecation, but the practice continues for around one-third of the population in South Asia.<sup>55</sup>

Governments have made efforts to extend services to most remote households, particularly at local government and community levels. But it will be difficult to achieve the SDG target of access to safe drinking water and sanitation for all. An ESCAP analysis of community systems in four countries, including the Philippines and India, revealed weaknesses in financing, maintenance and functioning of public utilities, as well as in human capacities and skills to adequately maintain the systems.<sup>56</sup> Governments can also take advantage of new technologies to exploit the nexus between water, sanitation and clean energy generation.

## d Promote gender equality and women's economic empowerment

Sustainable and inclusive societies must be centred on gender equality. This is a matter not only of basic human rights but also of economic opportunity. A recent study by the McKinsey Global Institute estimated that with gender parity Asian countries as whole could gain \$4.4 trillion of additional GDP by

54 Jerome De Henau et al., "Investing in the Care Economy: simulating employment effects by gender in countries in emerging economies," *International Trade Union Confederation* (Belgium, 2017).

55 World Health Organization and United Nations International Children's Emergency Fund (2015, *Ibid*).

56 United Nations, Economic and Social Commission for Asia and the Pacific contribution as background research to the Asian Development Bank, *Asian Water Development Outlook 2013: Measuring Water Security in Asia and the Pacific* (Manila, 2013).

2025 if they matched the fastest-improving country in the region, while full potential can be even higher.<sup>57</sup>

It is vital to bridge gender gaps in labour force participation, entrepreneurship, pay and working conditions. To enhance women's labour force participation governments can, for example, ensure affordable elderly and childcare facilities, better and safer transport, and enable greater flexibility in working time and opportunities for work from home, along with comprehensive social security coverage. They should aim for gender parity in education in science, technology, engineering and mathematics (STEM).

Another step would be to guarantee women's equal rights to ownership, and control of, land, property and other resources, alongside equal rights to inheritance. Governments could also offer incentives for land ownership by offering women favourable rates of stamp duty and property tax—as has been implemented by a number of civic authorities in the region.

An important pathway to women's economic empowerment is women's entrepreneurship. ESCAP is working with governments and other stakeholders to support gender-responsive entrepreneurial ecosystems. Women entrepreneurs should have access to financial services, credit, technology, accurate market information, networks and other services. But governments also need to address discriminatory social norms and ensure gender-responsive policies in enterprise development and promotion. There have been encouraging experiences in a number of countries. In 2009, China, for instance, launched a state-subsidized interest-free loan programme to promote financial inclusion and entrepreneurship for rural women. The programme involves the Ministry of Finance, the Ministry of Human Resource and Social Security, the People's Bank of China and the All-China Women's Federation, and has resulted in loans totalling \$42 billion, helping more than five million women start or expand their businesses—thereby, boosting decent work opportunities and inclusive growth. India and Pakistan have also established specialized banks to cater to women borrowers.

Technological change can be disruptive, resulting in job losses and greater gender inequality in employment. In response, governments are instead

aiming to use technology for women's economic empowerment. In the Philippines, for instance, the municipality of Malvar has established Community eCentres to provide access to ICT infrastructure, as well as extending digital literacy schemes and e-government services in remote areas. This includes skills training for marginalized young women to better prepare them for the labour market.

ESCAP's Asia Pacific Centre for Information and Communication Technologies (APCICT) has developed training tools to enhance the ICT skills of women entrepreneurs, and to strengthen the capacity of policymakers to respond to this need. The Women ICT Frontier Initiative (WIFI) is currently being launched across the region at subregional and national levels.

Beyond political commitment, it is also vital to mobilize sustained financing, and establish gender-responsive budgeting. In this regard, ESCAP supports member States in applying gender budgeting principles and enhancing their capacities for monitoring SDG progress, including through the collection more sex-disaggregated data.

## e Enhance financial inclusion

Poor people need access to financial services that they can use to save for emergencies and borrow for household and business needs. In a number of Asia-Pacific countries less than 40 per cent of people have access to modern financial services—and there are significant gender gaps.

To enhance financial inclusion, governments can make use of new technologies such as mobile banking, branchless banking, and other fintech tools. In India, for example, the Pradhan Mantri Jan-Dhan Yojana programme has led to the opening of more than 200 million bank accounts over the past two years. In its second phase (2015–2018), the scheme will be integrated with micro-insurance and informal sector pension schemes such as Swavalamban.<sup>58</sup> In Pakistan in May 2015, the Government launched the National Financial Inclusion Strategy to achieve universal financial inclusion in an integrated and sustained manner. In the Pacific Islands, the Pacific Financial Inclusion Programme works in South Pacific markets

<sup>57</sup> Gender parity score based on 15 indicators, with equal weighting of all indicators, to arrive at an aggregate score at the country level to measure how far each country is from full gender parity. As calculated in: Jonathan Woetzel et al., "Power of Parity: How advancing women's equality can add \$12 trillion to global growth" (2015).

<sup>58</sup> Pradhan Mantri Jan-Dhan Yojana, "A National Mission on Financial Inclusion" (2014).

to increase the number of low-income customers that adopt formal financial services.<sup>59</sup>

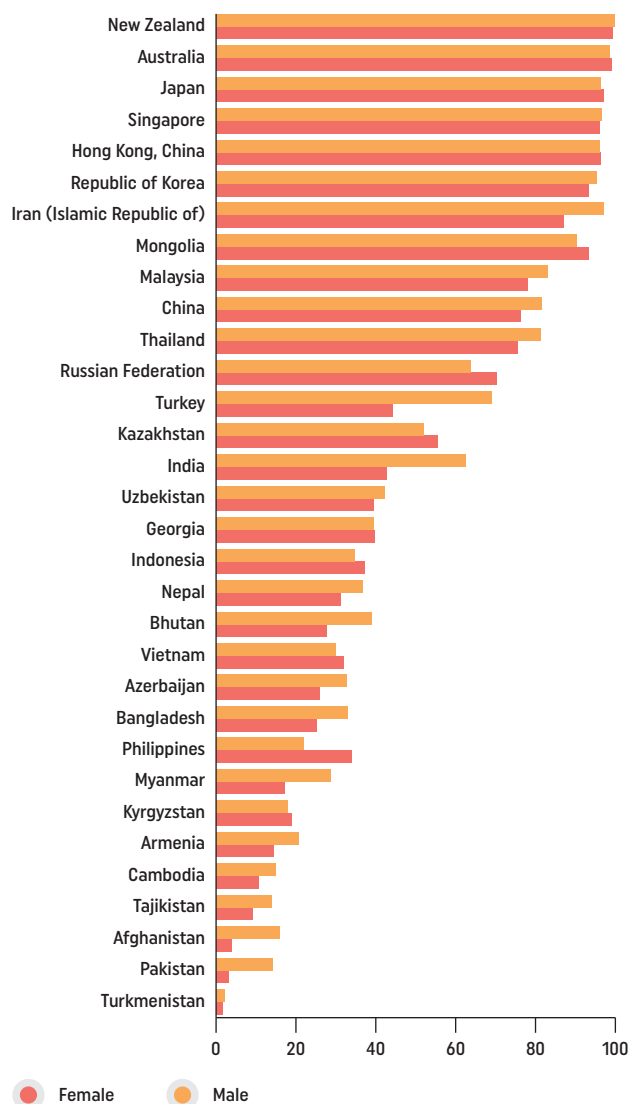
## f Ensure social inclusion of vulnerable groups

To ensure that no-one is left behind, governments can create special programmes for, and protect the rights of, vulnerable and marginalized groups such as youth, the elderly, persons with disabilities, migrant workers, indigenous people, and people with different sexual orientation. For older persons, an internationally agreed framework is the Madrid International Plan of Action on Ageing (MIPAA). ESCAP assists member States in implementing MIPAA and is currently conducting the third regional review which will feed into the global review to be conducted at the Commission on Social Development. The United Nations General Assembly has adopted a resolution to launch negotiations for a Global Compact for Safe, Regular and Orderly Migration that will be concluded in 2018. ESCAP is assisting member States in developing a regional perspective that will feed into the global negotiations.

ESCAP has also assisted in the evolution of the Incheon Strategy for Making the Right Real for persons with disabilities. The Incheon Strategy provides a regionally agreed framework for disability-inclusive development. ESCAP helps member States implement the Strategy and is currently conducting the mid-point review. There have also been several country-level initiatives to better include persons with disabilities in the workplace. The Fiji Society for the Blind, for example, offers training and development of employable skills for those with visual disabilities, as does the Postsecondary Education Programmes Network of Japan, for people with hearing disabilities. While inclusion is a major component of the 2030 Agenda for Sustainable Development, so too is sustainability. In this regard, through Indonesian Green Entrepreneurship Programme the ILO partners with the Government, the private sector and microfinance institutions to train “green entrepreneurs”, and help them to start their own business.

Several countries also have to tackle rising youth unemployment, and in particular to ease the transition from school to work. At present, there are mismatches between education systems and labour

FIGURE 33: ACCESS TO FINANCIAL SERVICES, 2014



Source: ESCAP based on World Development Indicators, World Bank Data

markets. For instance, in Nepal, the unemployment rate for secondary and primary educated young people is around 11 per cent, while for those with tertiary education it is 22 per cent. There are also major gender gaps: in Bangladesh, the unemployment rate for young men is 6 per cent but for young women it is 23 per cent. For young men, the proportion who is neither employed nor in education/training is 13 per cent, but for young women it is 66 per cent. To assist the governments in designing better school-to-work transitions, ESCAP is creating a Youth Policy Toolbox — an online repository of knowledge, experience and good practices of policy and programme options and a training module.<sup>60</sup>

59 United Nations, Economic and Social Commission for Asia and the Pacific (2015b).

60 United Nations, Economic and Social Commission for Asia and the Pacific, *Youth Policy Toolbox*. Available at <http://yptoolbox.unescapsdd.org/>



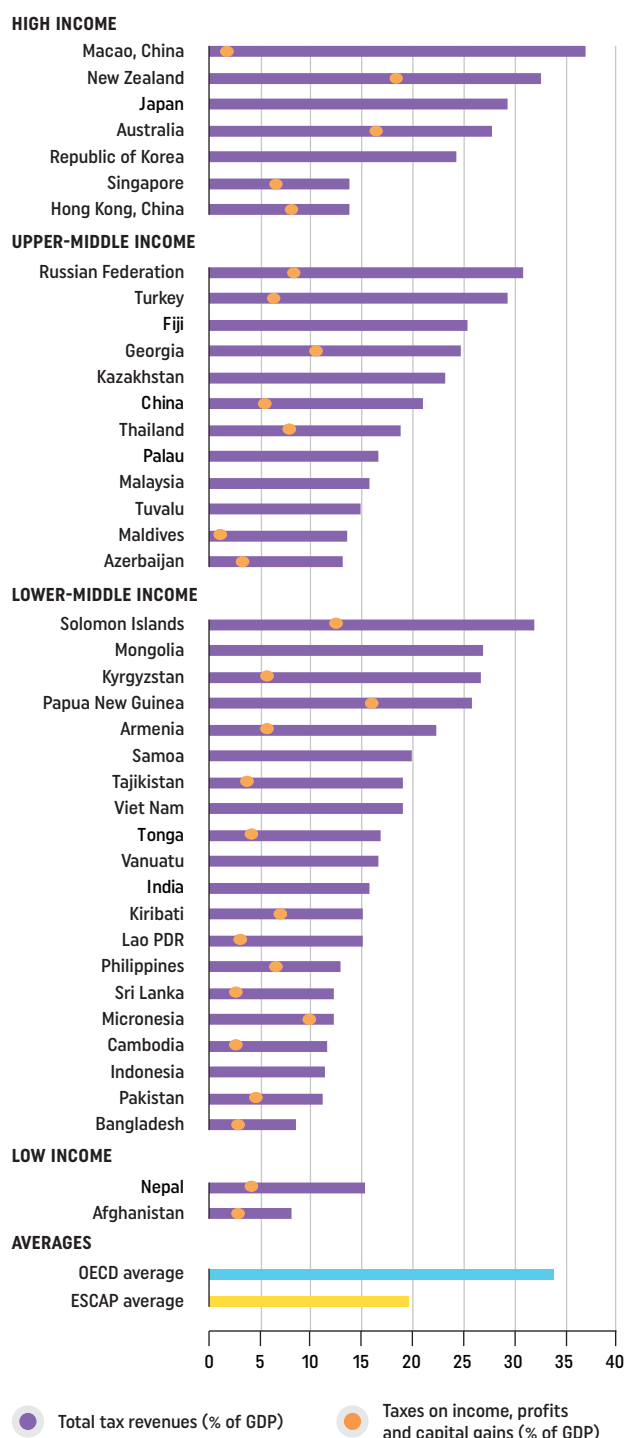
# RESOURCES FOR THE SOCIAL DEVELOPMENT AGENDA

An ambitious agenda of social development, covering the six key priorities outlined above, implies financial requirements. Finance is an issue addressed in SDG 17, as well as in the Addis Ababa Action Agenda.<sup>61</sup> ESCAP has estimated the annual investment at around 8 per cent of GDP by 2030. This assumes a package of social investments, including providing employment for all, income security for the elderly and persons with disabilities, as well as health care, and education and energy services.<sup>62</sup> This translates into about \$800 billion per year. ADB has similarly estimated the annual cost of implementing the SDGs (including the environmental SDGs) at around \$1 trillion.<sup>63</sup>

Raising finance on this scale will require significant efforts, national and international. In Asia and the Pacific governments can mobilize domestic resources more efficiently by widening their tax bases and improving the efficiency of tax administration. Tax collection rates in Asia and the Pacific are low—a consequence of large informal sectors and weak tax administration. The global developing country average tax to GDP ratio is 21 per cent, but in developing Asia and the Pacific it is only 18 per cent.<sup>64</sup> There are also significant variations—from 37 per cent in Macao, China, to only 8 per cent in Afghanistan (Figure 34). Typically, lower-income countries tend to collect less tax, while also relying more on taxation of trade and consumption.<sup>65</sup> Due to their redistributive impact, progressive income taxes are preferable to taxes on consumption, which are non-discriminatory and disproportionately affect poorer segments of society. For 16 Asia-Pacific countries, it has been estimated that broadening the tax base and emphasising progressive income taxation could increase annual revenue by over \$300 billion.<sup>66</sup>

Asia-Pacific countries have agreed on the need to mobilize more domestic resources for the SDGs.<sup>67</sup> Some countries are also funding specific SDG priorities through innovative taxes. Bhutan and Maldives, for example, now have green tourist taxes. India has a “cess” (a tax on tax) on income taxes to fund the universal education campaign, and a “cess” on service taxes to finance a sanitation campaign.

**FIGURE 34: TOTAL TAX REVENUES AS A SHARE OF GDP, 2015**



Source: ESCAP based on International Centre for Tax and Development (2016) and OECD (2013) revenue statistics. For all countries, the most recent data entries between 2011 and 2013 were reported.

61 General Assembly resolution, *Addis Ababa Action Agenda of the Third International Conference on Financing for Development* (Addis Ababa, 15 July 2015).  
 62 United Nations, Economic and Social Commission for Asia and the Pacific, *Economic and Social Survey for Asia and the Pacific 2013* (Bangkok, 2013).  
 63 Asian Development Blog, "Fast facts: Development finance for the SDGs in Asia" (29 April 2015).  
 64 "Chair's Summary" Economic and Social Commission for Asia and the Pacific, Fourth High-Level Dialogue on Financing for Development in Asia and the Pacific, 28-29 April 2017.  
 65 Esteban Ortiz-Ospina and Max Roser, "Taxation" (2017).  
 66 United Nations, Economic and Social Commission for Asia and the Pacific, *Economic and Social Survey for Asia and the Pacific 2014* (Bangkok, 2014).  
 67 United Nations, Economic and Social Commission for Asia and the Pacific Resolution E/ESCAP/RES/71/5.

Governments are supplementing resources in other ways, for example through disinvestment in various enterprises and issuing 'green bonds'.<sup>68</sup> They have also engaged in public-private partnerships, notably for urban infrastructure for which public goods can be arranged in managed market structures — typically in telecommunications, energy or transport.<sup>69</sup> The private sector can also be engaged by mandating the use of company profits for implementing the SDGs. In India, for example, the *Companies Act 2013* mandates that at least two per cent of company profits be directed towards social investment, which has directed several billion dollars-worth of investment for education and poverty and hunger eradication.<sup>70</sup>

It will also be important to reduce wasteful public expenditure and save money by cutting subsidies for fossil fuel consumption. Governments also can cooperate, to address harmful tax competition, profit shifting, tax avoidance and illicit outflows of resources.<sup>71</sup>

In addition to national resources, a number of countries in the region, especially the LDCs will need international support. ODA flows to the region have been stagnating or declining, but these can be complemented with South-South cooperation. There are, for example, now significant flows from China, India, and Thailand which typically support education and health care among others. The prospects for infrastructure financing have further improved with the establishment of new multilateral development banks, namely the Asian Infrastructure

Investment Bank and the New Development Bank (of BRICS). The time may also have come for Asia and the Pacific to introduce a regional financial transaction tax; in addition to raising regular funds for social development in developing countries this could help moderate the volatility brought about by short-term capital flows.<sup>72</sup>

## People-centred development

Many countries in Asia and the Pacific have achieved impressive economic growth and reduced poverty, but have not succeeded in closing the gaps between the rich and poor, nor in providing equitable access to vital services such as health care and education. These gaps disproportionately affect women and the most vulnerable segments of society. They also constrain inclusive growth; undermine social cohesion and solidarity and contribute to unsustainable patterns of production and consumption. In short, these gaps undermine efforts to achieving the SDGs.

If everyone is to benefit in a fair and just way from economic gains they must be specifically included in all development plans. This kind of people-centred development is at the heart of the 2030 Agenda for Sustainable Development, and will ensure that no one is left behind. ESCAP stands ready to assist the governments of the region in achieving such a people-centred transformation.

68 "Chair's Summary" (2017, Ibid).

69 United Nations, Economic and Social Commission for Asia and the Pacific, *Report of the Regional Policy Dialogue on Sustainable Urbanization in South Asia* (New Dehli, 17–18 December 2014).

70 United Nations, Economic and Social Commission for Asia and the Pacific, *Achieving Sustainable Development Goals in South Asia: Key Priorities and Implementation Challenges* (New Delhi, 2017).

71 "Chair's Summary" (2017, Ibid).

72 United Nations, Economic and Social Commission for Asia and the Pacific, *Financing an Inclusive and Green Future: A Supportive Financial System and Green Growth for Achieving the MDGs in Asia and the Pacific* (Bangkok, 2010).



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The Asia-Pacific region's impressive economic growth and remarkable achievements in poverty reduction have not succeeded in closing gaps in income between the rich and poor, nor the unequal access to, for example, health care and education among other basic services. These gaps disproportionately affect women and the most vulnerable segments of society. They also hamper inclusive growth, undermine social cohesion and contribute to unsustainable production and consumption patterns. In short, these social development gaps undermine efforts to achieving the 2030 Agenda for Sustainable Development.

*Sustainable Social Development in Asia and the Pacific* summarizes the social development gaps as countries in the region take steps to achieve the SDGs, and sketches out a broad regional agenda for a people-centred transformation, outlining some of the key priorities and resources needed. The policy simulations reported here clearly indicate that acceleration of economic growth alone would not address the remaining development gaps. Changing the development strategies to ensure economic growth leads to more decent jobs, complemented by broadened coverage of social protection and universal education and health care is critical for eliminating extreme poverty from the region and achieving the other SDGs.

Asia and the Pacific is already the most dynamic region in the world. By harnessing the potential of its people, the region can also be at the forefront of a global social transformation for a prosperous, inclusive and sustainable future for all.



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