

Shaping the Future of Regional Cooperation in Asia and the Pacific





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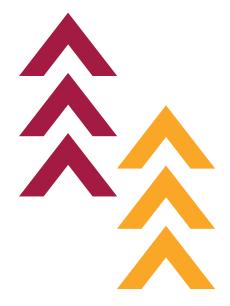
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Introduction

Asia and the Pacific looking forward

Armida Salsiah Alisjahbana

Under-Secretary-General of the United Nations and Executive Secretary of ESCAP



has been unparalleled over the past 75 years. Continuously falling rates of poverty, rising level of socio-economic welfare and growing scale of innovation are a testament to the instrumental role of policies, pragmatism and political-economy approaches in this region

ESCAP has become a platform to bolster regional aspirations on socio-economic development of member States and all stakeholders. This inclusive and vibrant dialogue process has enabled trust, enhanced solidarity and created space for shaping new ideas and collaborations. ESCAP remains at the heart of this regional spirit and aspirations for all. Over the decades, by opting for multiple development policy options and strategies - depending on their national contexts - member States have placed their priorities for sustainable development.

In its development process, the region has strived to strike a balance between the importance of income and wealth with that of enlarging people's choices and capabilities. Apart from underscoring the need for poverty alleviation, policymakers have also emphasized the need for strengthening decentralization and governance in its institution-building efforts.

With the initiation of the Millennium Development Goals (MDGs) in 2000, the international community adopted a set of clear, time-bound objectives to achieve eight development goals by 2015. Indeed, this region made remarkable advancement in reducing extreme poverty, enhancing trade and investment opportunities and driving technology-led structural transformation.

These outstanding successes have often been masked by a growing scale of environmental degradation and a set of new and emerging shocks, posing setbacks to the development goals. Furthermore, these challenges have been exacerbated by climate emergencies and the geopolitical landscape. As a result, the achievement of the goals is not on track as desired.

On the completion of the implementation period for

the MDGs in 2015, member States committed to the 2030 Agenda for Sustainable Development. This global blueprint for development and peace provides a space for everyone, everywhere to prosper together with dignity and fulfilment. By ensuring that people have equal rights to socio-economic and natural resources, the 17 Sustainable Development Goals (SDGs) unite people's voices to envision a people and planet-centred policy paradigm. At the regional level, ESCAP, through its sectoral activities, knowledge products, advisory services and intergovernmental working bodies, provides a unique and critical regional platform to support its member States and bring all stakeholders to act together.

As the unprecedented COVID-19 pandemic continues to take millions of lives and spread disease to every corner of our communities, there is now a heightened risk to the implementation of the 2030 Agenda. The pandemic-induced downturn has worsened ongoing challenges related to inequality, social cohesion and trust. All around the region, policymakers are engaged in the preparation of a set of mitigation plans and strategies to build back better that caters to bolstering resilience and adapting sustainability. With the ever-growing frequency and intensity of natural disasters driven by climate change, the pandemic has further exposed the vulnerabilities of societies and economies.

History shows that the Asia-Pacific region has always withstood these new and emerging challenges and regained momentum after a setback. Visionary leadership across the countries has successfully managed to inspire innovative policies and promote solutions-oriented development pathways.

On the occasion of the 75th anniversary of ESCAP, there is a momentous opportunity to transform our economies and societies for the current and succeeding generations. The work of the Commission has enhanced regional cooperation by influencing both people and the planet, thereby increasing prosperity, contributing to socioeconomic progress and building enhanced partnerships.

Leaving no one behind requires a set of concrete policy interventions that are nimble and futuristic to enable the promotion of social inclusivity, economic opportunities and climate action on an equal footing, while ensuring the catalytic role of an inclusive and networked multilateralism. If policymakers and stakeholders' actions raise sustained prosperity, then there is opportunity to speed up post-pandemic recovery for all.

To embark on this journey of sustainable and transformational recovery, ESCAP has been focusing, based on the guidance from our member States through a resolution in 2021, on four priority areas.

Strengthening social protection and universal health care systems remain top priorities. The onset of the COVID-19 pandemic required countries to rapidly roll out broad-based social assistance programmes out of necessity to protect individuals having lost their jobs and families. In measuring the relative success of such programmes, governments need to continue their support, to secure gains achieved as the recovery gains momentum, and to help in protecting the health, well-being and socio-economic condition of the people of Asia and the Pacific.

Investing in a sustained recovery is another priority for the region. If public health and efforts to roll out vaccinations for all prove successful in reducing the effects of the COVID-19 pandemic, an expected recovery will be sustained. There is scope for governments to work in tandem with multiple stakeholders to ensure sustainable financing and raise productivity gains. Recovery offers the opportunity to encourage a "greenblue transition." These strategic initiatives are expected to promote inclusive economic growth.

Maintaining the flow of trade and information are at the centre of post-pandemic recovery. The region has proven that international trade is the engine of inclusive growth and poverty reduction. At the same time, region-wide initiatives to close the digital divide and to bring the benefits of information technology and connectivity to once remote communities offer concrete openings to strengthen trade gains, especially in reducing rural-urban income disparities. In the region, export-driven manufacturing hubs, supply chains and digitalization are key drivers in spurring the broader socio-economic recovery process.

Protecting environmental health is another critical pillar to recover better together. Over the past two years, the COVID-19 pandemic-induced crisis has

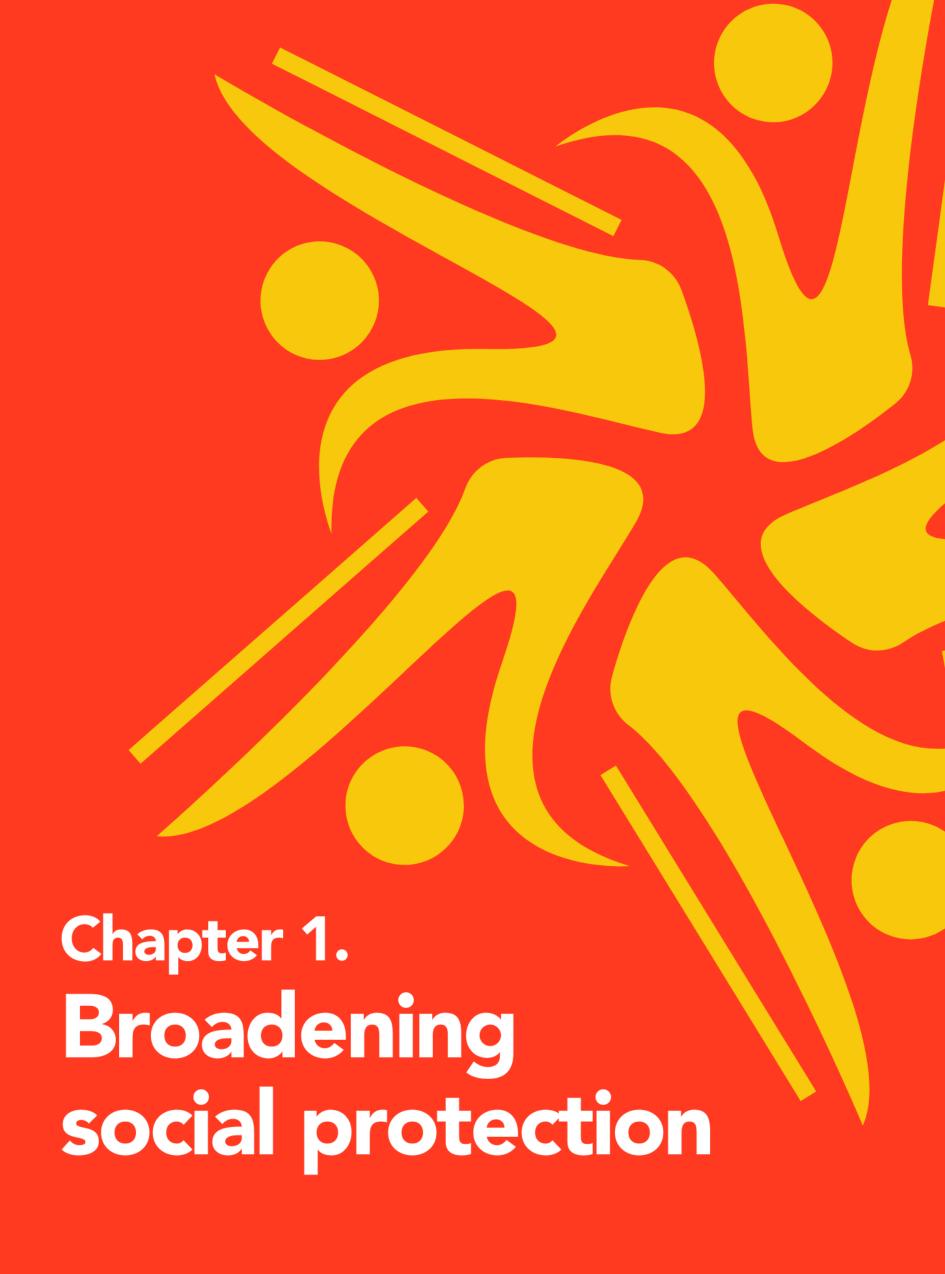
delayed global efforts to prevent climate change, and to increase adaptation efforts to protect the region's 1 billion people living in coastal communities, at imminent risk of storms and disasters exacerbated by climate change and threatened by sea-level rise. From landlocked Central Asia to the small island developing states of the Pacific, the region and its people depend on environmental protection for clean air, drinking water, sustainable farms, forests, oceans and fisheries. While national governments must take the lead in establishing environmental protection policies and climate action, many forms of natural resources depletion - like the loss of biodiversity - occur across boundaries and thus require enhanced regional cooperation frameworks and agreements.

ESCAP is not alone in this journey. Our regional platform is fully engaged with the United Nations development system to support member States and all stakeholders in advancing these regional priorities. By ensuring agility and coherence, our delivery of regional public goods has become solutions-oriented and futuristic. The new generation of UN country teams are in full synergy with the regional support mechanism. The pandemic-induced crisis has also encouraged a more integrated framework in line with subregional organizations and other development partners. To bring forward the message of hope and solidarity, strengthening regional cooperation across whole-of-government and whole-of-society hold great promise.

Given the multi-faceted nature of sustainable development priorities over the past seven decades of ESCAP's existence, there is a need to renew our resolve for a common agenda. The collection of regional voices from the stakeholders of ESCAP has highlighted the rich diversity and potential of our socio-economic transformation.

Your voices matter and can continue to change the vision for the future of sustainable development. My hope is that this book will inspire action to promote an inclusive, resilient and sustainable future for the countries and people of the Asia-Pacific region.





Introduction

magine living without any social protection coverage, completely unprotected against any contingency throughout life. This is the situation for half of all people in Asia and the Pacific. If we exclude China, more than two-thirds of the region's people live their lives without any protection whatsoever - a worryingly low level.

For the developing countries of the region, the COVID-19 pandemic has been a harsh wake-up call to the need for coordinated social protection systems. Without such systems in place, the pandemic risks reversing socio-economic gains by almost a decade and negatively impacting families for generations.

At the same time, other global trends are also at work. Population ageing, migration and urbanization are changing family structures and societal expectations, while technological progress, increasingly frequent disasters as well as climate change are reshaping the way we work and live.

In times of crisis - be it a personal one such as a health emergency or losing a job, or a global one like the COVID-19 pandemic - it becomes very clear to all of us how exposed and vulnerable we are.

While the pandemic impacts all of us, it is disproportionally affecting children, older persons, migrants and persons with disabilities. Women are in a particularly vulnerable situation because of their overrepresentation in frontline occupations, hard-hit sectors and other undervalued jobs.

COVID-19 has exposed the social and economic costs of inaction. It has demonstrated how comprehensive, well-resourced and inclusive social protection systems are necessary to better respond to crises. Countries that have continued to invest in and improve their social protection systems have been better equipped to respond to the pandemic.

The message is clear: the region needs universal social protection systems that combine contributory and non-contributory schemes. This is also an ambition of the 2030 Agenda for Sustainable Development, emphasized by United Nations Secretary-General Antonio Guterres in calling upon countries and the UN system to renew the social contract between states and their people, deepening solidarity and trust.

Achieving this ambition requires strong national commitment and regional cooperation. To guide this process over the remainder of the implementation period for the 2030 Agenda, ESCAP member States and associate members adopted the Action Plan to Strengthen Regional Cooperation on Social Protection in Asia and the Pacific in October 2020.

Launched in the midst of the pandemic, this Action Plan provides governments in the region with a shared vision and strategy for broadening social protection coverage. It calls on countries to establish an intermediate target of coverage by 2025, and then measure progress towards achieving universal coverage by 2030. To achieve this objective, the Action Plan lays out critical measures to be taken at the national level.

The Action Plan also includes three regional actions for ESCAP, namely to:

- (1) develop a regional platform for countries to promote partnership, facilitate peer learning and the sharing of good practices;
- (2) to provide technical advice and capacity-building;
- (3) to consolidate national experiences in the implementation of the plan.

It is expected that this first regional Action Plan on social protection for Asia and the Pacific will help accelerate progress over the UN Decade of Action by strengthening the capacity of countries to build a stronger and more inclusive, prosperous and resilient region that leaves no one behind.

Crises, changing narratives and policy adaptation: strengthening social protection in East and South-East Asia and the Pacific

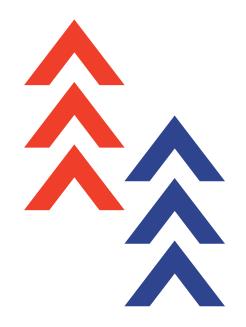
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Developing countries in East and South-East Asia and the Pacific are exceptionally diverse - this is reflected also in their approaches to social protection. Understanding these variations in social protection can illuminate alternative national development pathways. It can also highlight the role that regional and global organizations play in shaping national social policies - both during and between crises.

Consecutive crises have transformed the narrative of social protection and created space for policy experimentation and adaptation

he financial crisis that swept East and South-East Asia a quarter of a century ago exploded the prevailing neo-liberal myth that rapid but unequal growth would eventually deliver security and prosperity for all. Governments – having absorbed Washington Consensus arguments that social expenditures represented consumption, were unproductive and fiscally unsustainable - were illequipped to respond.¹ Economic collapse devastated livelihoods - both of those struggling for survival at the margins, and of an emerging but vulnerable 'middle class' whose incomes and assets placed them above some monetary demarcation of "poverty," but who lacked resources to withstand a profound and widespread shock. This experience - of countries from Mongolia to Indonesia, Cambodia to the Republic of Korea - fuelled the emergence of new ideas about social protection and placed the imperative for publicly provided social safety nets on the regional policy agenda. Subsequent crises have consolidated this shift.

In the wake of the 1998 Asian crisis, social programmes evolved from minimal safety nets targeted to the poorest and interventions aimed at incentivizing community-led investments in basic infrastructure ("social investment funds") to include "risk management" mechanisms designed to help households cope with the adverse effects of shocks.² The idea that social protection was principally about managing risk and protection against shocks in turn came under criticism for neglecting the chronically poor or those disadvantaged by status, identity and other structural factors, as well as the inattention paid to policies to promote well-being, productive capacities or human capabilities. Fundamental

to the emerging debates - whether programmes should be targeted or universal, whether cash could be given to the poor, with or without "conditions" - were concerns over welfare "dependence" and disincentives to productivity and growth.

By the time of the 2008 global financial crisis, renewed growth and falling poverty rates in the region had led to some complacency about the need for social protection. While better protected than in 1998, the safety net (as ESCAP noted in its 2011 report, *The Promise of Protection*) was patchy and inadequate. However, those governments that had invested in some forms of social protection had a greater range of tools at their disposal, providing greater resilience and in some cases acting as "automatic stabilizers," protecting jobs, consumption and enabling a speedier return to growth. By the time of the COVID-19 pandemic - despite post-global financial crisis fiscal austerity measures that fell heavily on social expenditures - many countries were better prepared.

Each crisis throws up similar critiques - of gaps, fragmentation, inadequate benefits, limited coverage or exclusions of particular groups. But the case for broad-based social protection has been strengthened and widely-held myths debunked. Debates have shifted from whether to institutionalize a social "safety net," to how broader systems can be implemented: what form interventions should take (could cash be given to poor people, with what conditions?), for whom (and how to target them), how much and how it can be paid for. Questions about targeting, disincentives and welfare dependence thus become issues for the design of programmes rather than undermining their rationale.

Building systems and evidence between the crises: the diversity of Asia's social protection provides lessons for more expansive, developmental approaches

his shift owes much to the experimentation and evidence generated between crises. Unlike in Latin America - a continent shaking off the "lost decade" of structural adjustment programmes, where countries pioneered modes of conditional cash transfers to make acceptable the previously taboo notion of giving cash to the poor - no single approach to social protection has dominated the Asian landscape to the same extent. The varieties of schemes, approaches and reform trajectories instead reflect the diversity of a "region" characterized by differences of geography, culture, political and economic systems, state size and levels of economic development, and fiscal and administrative capacity. Such variation provides a valuable source of comparative experience, both for constructing national welfare systems and for addressing cross-border issues, such as labour migration and public health.

In line with global trends, East and South-East Asia saw a massive roll-out of programmes targeted to the poorest or vulnerable groups, with an increasing use of cash transfers as social assistance. Large-scale conditional cash transfer (CCT) programmes were rolled out in some crisis-affected countries (notably Indonesia and the Philippines) with the support of international financial institutions and donors, but CCTs never achieved the dominance seen in other regions. States with more policy autonomy and fiscal space rejected the administrative challenges of behavioural conditions (related to child health and education, for example), opting for work conditions (Republic of Korea), meanstested unconditional transfers (China), or categorically targeted programmes - for children (Mongolia was an early example) or the elderly in a region marked by rapid population ageing. Ideas of universalism, provision of social services and contributory schemes remained on the agenda: Thailand pioneered universal health coverage through its 30 baht scheme; China, recognizing ill-health as a leading cause of people falling back into poverty, rebuilt its rural cooperative health programme. The "developmental welfare regimes" of East Asia,³ where states had deployed strong redistributive social investments and productive social policies in support of economic development, strengthened contributory social insurance alongside non-contributory assistance



programmes and "social investment" programmes (including early childhood development provisions) to enhance human capital.

These multiple pathways have facilitated a more expansive and developmental discourse around social protection, even if not always realized in practice. Social protection expenditures have risen to around 10 per cent of GDP in the wealthier countries, although some - generally the lowest income or smallest (often island) countries - lag behind at only around 2 per cent, while coverage and level of benefits remain highly uneven.⁴

Thus, while successive crises have shifted narratives about the value and role of social protection, it is the programmes and systems put in place between crises that are key to future resilience and shock responsiveness. As the current "syndemic" of health, economic and social crises show, scaling up benefits during a crisis depends on the strength of pre-existing programmes and institutions: capacities to integrate crisis-affected but excluded groups during a crisis tend to be highly constrained.

Global and regional social policy: multilateral institutions and the shaping of social protection

ocial policy is above all a national responsibility; however, transnational crises serve to highlight the role of global and regional policy actors. As COVID-19 has shown, the response of multilateral bodies - the United Nations, development banks and international financial institutions, regional organizations such as ASEAN - as well as international NGOs, is largely predetermined by their mandates, normative positions, capacities and resources. Nonetheless, such organizations are engaged in (re)framing issues and responses, tracking and collating evidence from country responses and their impacts, providing technical guidance, and in some cases financial assistance. Particularly in the absence of any dominant institutional model or approach, such organizations play a crucial role in informing and comparing diverse welfare systems, programmes and impacts - between as well as during crises.

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Thus, ESCAP has been a catalyst for using evidence to inform policy, developing tools and providing technical guidance to regional and national bodies based on country experience, complemented by the technical and financial analyses of organizations such as the International Labour Organization, World Health Organization and Asian Development Bank, while maintaining its strong normative focus on equity, social justice and inclusion. Tracing the trajectory of

its policy advocacy through several "flagship" reports, it has moved from making the rights-based case for social protection in its 2011 report *The Promise of Protection*, which focused on ensuring benefits for poor or marginalized populations, to strengthening the investment case to deliver comprehensive coverage over the life course in its 2020 publication *The Protection We Want*, while emphasizing inclusion of groups that are often vulnerable or neglected - women and children, the disabled, carers, migrants or the "missing middle" of low-paid or informal workers.

This evolution of debates is also reflected in the work of the Association of Southeast Asian Nations (ASEAN), which has deepened cooperation among member states over this period, creating a regional community rooted in strong social principles. For example, its Declaration and Regional Framework and Action Plan on strengthening social protection⁵ moves well beyond a narrow focus on non-contributory cash transfers to promote contributory benefits including social insurance for informal workers, investments in services and universal health coverage. It provides mechanisms for harmonization on key transborder issues (labour migration, pandemic, refugees), elevating common concerns (gender, care, informality) on domestic policy agendas while accommodating inevitable diversity across national systems.

ESCAP, ASEAN and other regional or global bodies have drawn attention to key gaps and challenges highlighted globally by COVID-19; from care systems and unequal gender impacts, to the vulnerabilities of informal workers and those working across borders. As with the Asian crisis, the pandemic has exposed limitations but also pointed to new directions and imperatives for protection - and shared responsibilities beyond the state. In a region also battered by frequent environmental and climate-related "disasters" - from devastating weather events to rising sea levels affecting small island states multilateral institutions are inevitably key to resolving these transnational issues. Within the framework of the 2030 agenda, they can exercise leadership in the new generation of "eco-social" protection systems needed to ensure care of people and the planet.

Lessons for the future

he COVID-19 crisis shows that, under duress, even governments with weak social policies are capable of mobilizing institutional capacities, finding the necessary resources and expanding - albeit temporarily - social protection. At the same time, inequalities call for solidarity across countries and regions, which requires strong multilateral action. Governments and regional bodies, reflecting on the current crisis, can draw a number of lessons:

- Responding to a crisis requires that resilience is built into systems. Interventions can be rapidly scaled during a crisis only to those already covered within systems; universal and comprehensive coverage of all groups must precede a crisis.
- ▶ While cash benefits are easily scaled during crises, crisis-oriented debates place a disproportionate emphasis on the expansion of cash programmes at the expense of social investments, essential services and non-contributory schemes.
- Inclusive systems require comprehensive coverage to ensure broad economic as well as social benefits. When the vulnerable working population is protected from severe livelihood shocks, labour markets and consumption are likely to be more robust, leading to faster economic recovery.
- COVID-19 has exposed gendered inequalities in paid and unpaid work and the unsustainable way in which "care" is produced and delivered. Recognizing and rewarding the value of care services, particularly through unpaid family labour, and investing in carerelated services (for children, the sick or elderly) must be a core component of social protection systems.
- Fiscal austerity measures commonly follow a crisis and COVID-19 is unlikely to be an exception. The battle for recovery while preparing for future crises requires that social protection is not, once more, the first victim of austerity.

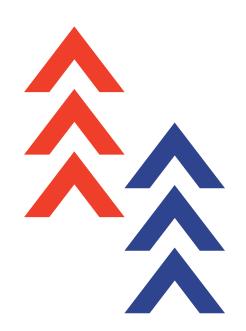


Strengthening social protection coverage and systems in the Asia-Pacific region

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Social protection has been widely recognized as an important instrument to address poverty, inequality and vulnerability. It can play a vital role in responding to shocks such as the COVID-19 pandemic by addressing consumption shortfalls and supporting income and job security for affected communities. Social protection systems are said to "increase resilience, contribute to preventing poverty, unemployment and informality and are powerful economic and social stabilizers that can contribute to a swift recovery". The importance of social protection has also been recognized in achieving the Sustainable Development Goals (SDGs) by 2030. SDG 1 stresses the need to "implement nationally appropriate social protection systems and measures for all including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable" (Target 1.3).8

There is no universally accepted definition of social protection. It can be broadly considered as a set of policies and programmes designed to reduce poverty and vulnerability by minimizing an individual's or a household's exposure to risks and enhancing their capacity to protect themselves against risks. Social protection is not just cash or in-kind transfers, but includes a range of measures such as pensions, unemployment protection measures, maternity benefits and medical insurance as well as livelihood support. Social protection measures can be broadly disaggregated into three categories: (i) social assistance measures that include cash and in-kind transfers to vulnerable groups, (ii) social insurance measures such as pensions and health insurance, and (iii) labour market measures such as support for income generation activities through public works, grants or subsidies and skills development.⁹

The COVID-19 pandemic has also emphasized the importance of social protection in reducing poverty and inequality and building resilience against crises. Most countries around the world adopted various social protection measures - either implementing new programmes/policies or building on existing measures - to protect their population, particularly vulnerable groups.

Social protection in the Asia-Pacific region – coverage and gaps

espite various social protection programmes implemented by countries around the world and diverse measures taken in response to the COVID-19 pandemic, only 46.7 per cent of the global population was covered by at least one social protection scheme in 2020. This figure was even lower, 44.1 per cent, for the Asia-Pacific region, indicating that more than half of the population in this region is not covered by social protection. The majority of the countries in the South and South-West Asian and the South-East Asian subregions in particular have more than two-thirds of their population without access to social protection. The percentage of the population covered by at least one social protection scheme in countries like Afghanistan, Bhutan, Cambodia, Myanmar and Pakistan is even below 10 per cent.¹¹

As per the ILO World Social Protection Report 2020-2022, a vast majority of children in the world are also not covered by social protection. Globally only 26.4 per cent of children received social protection (in 2020)

while the coverage was even lower in the Asia-Pacific region with only 18 per cent of children being covered. Further, less than half of the women with newborns in the Asia-Pacific region receive maternity benefits while only 21.6 per cent of persons with disabilities in the region are covered by social protection. Moreover, most poverty-targeted schemes in the region suffer from targeting errors and have failed to reach some of the vulnerable segments of the population. For example, the share of vulnerable persons covered by social assistance/ cash benefit programmes in the Asia-Pacific region was only 25.3 per cent in 2020, indicating that only onefourth of the deserving population is covered by existing social assistance programmes. In the South Asian subregion, this figure was even lower – 14.4 per cent. Social protection coverage of the working age population remains low across many regions in the world. In the Asia-Pacific region, only 29 per cent of the working-age population were legally covered by comprehensive social security systems (in 2019).

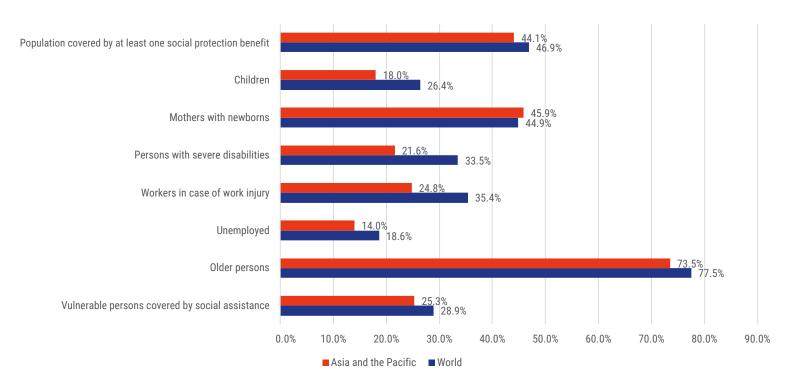
On average, 73.5 per cent of older persons in the Asia-Pacific region are covered by pensions or other old-age support programmes. Nevertheless, there are substantial differences in terms of social protection coverage across the countries in the region. For example, the majority of countries in the South Asian subregion have less than 50 per cent of their elderly population covered by existing social protection programmes like pensions. The only exceptions to this are Maldives and Nepal that have implemented universal pension schemes.

The coverage gaps and prevailing inefficiencies of existing social protection systems around the world have been further highlighted by the COVID-19 pandemic. The pandemic has put social protection at center stage as a shock response tool and has re-emphasized its importance in reducing poverty and inequality. The pandemic has led to massive disruptions in the lives and livelihoods of people across all income groups. Yet, the impact has been disproportionately higher on vulnerable groups such as the poor, informal workers and women. The pandemic has pushed millions of (previously non-poor) people into poverty while causing many of those who were already poor to fall deeper into poverty. Many informal workers, including casual and contractual workers and small entrepreneurs who previously had sufficient levels of

income to have a minimum living standard, have fallen into poverty due to job losses, lack of work or inability to sell their products during the pandemic. These informal workers are often not covered adequately by existing social protection schemes.

Social protection systems in many countries often attempt to cover the poor by various cash and in-kind transfer programmes, while formal sector workers often have access to social security benefits like old-age pensions, maternity benefits, medical benefits and paid sick leave. Nevertheless, there is a considerable share of the population other than these two segments that is currently not covered by social protection schemes. This group is often referred to as the "missing middle" and largely comprises informal workers. In fact, one of the key reasons for the low social protection coverage in many South Asian countries is the high prevalence of informal workers (around 60-90 per cent of the workforce). Informal workers often lack social security benefits like pensions, maternity benefits and paid sick leave. At the same time, many informal sector workers tend to be excluded from poverty-targeted cash transfer programmes as they are often considered "not poor enough" to be covered under these programmes.

Social protection coverage: global and the Asia-Pacific region, by population groups



Source: International Labour Organization (ILO), World Social Protection Report 2020-22, 2021.



Broadening social protection: challenges and the way forward

roadening social protection coverage to include all those who are currently excluded from the system is an important step towards achieving universal social protection by 2030. It requires ensuring a minimum level of social protection to everyone across all income categories to protect them against various contingencies during their life cycle (childhood, youth, working age, old-age, disability et cetera). The social protection "Floors" framework, as set out by the International Labour Organization, is essential in guaranteeing a basic level of protection. It is also important to ensure the adequacy of benefits and efficiency of the programmes and systems. Evidence from many countries shows that benefit levels of social protection programmes such as cash transfers (for vulnerable groups) and social pensions for the elderly are set at a value lower than the minimum required income level as per national poverty lines. Nevertheless, providing adequate levels of benefits (while broadening the coverage) is key not only to address poverty and inequality but also to achieve the SDGs.

There are several challenges in broadening social protection. One of the keys is to ensure adequate financing. Country evidence shows that current levels of social protection expenditure are inadequate to close persistent gaps in social protection coverage. Countries in Asia and the Pacific on average spend 7.5 per cent of GDP on social protection (excluding health care). However, significant differences are evident across subregions and countries. On average, South Asian countries spend around 2.6 per cent of GDP on social protection, which is around one-fifth of the global average.¹³

Securing and sustaining adequate investment for social protection is the key challenge for broadening social protection and to achieve universal coverage. This requires recognizing social protection as an integral part of a country's development plan and increasing budgetary allocations to social protection, which primarily depends on political will and commitment. Increasing investment in social protection may require mobilizing resources through various measures depending on the individual country context: increasing tax revenue, reallocating public expenditure from other non-priority sectors, increasing contributory revenues by linking benefits to employment-based contributions, encouraging the formalization of the informal economy and eliminating

The pandemic has put social protection at centre stage as a shock response tool and has re-emphasized its importance in reducing poverty and inequality.

illicit financial flows such as money-laundering and tax evasion that reduce potential resources for social protection.

While broadening social protection - in terms of the spectrum of programmes, coverage and adequacy - is crucial, it is also important to take necessary measures to improve efficiency and ensure sustainability of social protection systems. Many countries in the region have fragmented social protection systems with different programmes being implemented by different agencies with little or no coordination among them. Such fragmented systems often lead to inefficiencies such as high administration costs, duplication of programmes and overlap of beneficiaries. Further, digital payment systems are also key to improving efficiency of the delivery process without delays and higher transaction costs. While some countries in the region have made much progress in this respect, others, particularly in South Asia, are still at the initial stages. Thus, it is time for these countries to move towards digital payment systems to deliver social protection more efficiently and safely to their beneficiaries. Regional bodies such as ESCAP can play an important role in supporting broadening social protection in the region through capacity-building, technical support for data/information-sharing as well as facilitating learning from each other and sharing best practices.



The pandemic as a turning point for social protection in Asia and the Pacific

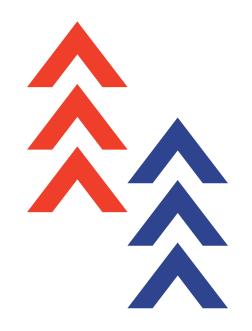
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Referred to as the engine of the world, the Asia-Pacific region is home to some of the world's fastest growing economies in recent decades, mostly driven by increased trade and integration into global and regional value chains. This growth was partially reflected in social advances, with some countries achieving significant results in poverty reduction. For instance, the regional share of workers living below the international \$1.90 poverty line has been decreasing steadily this millennium; from 32.6 per cent in 2000 to 14.8 per cent ten years later and 3.9 per cent in 2019.¹⁴

However, this progress hides the existence of significant challenges and inequalities, both between and within countries. Economic gains have in many cases been made in contexts characterized by persistent levels of vulnerability for workers lacking basic protections. Labour markets across the region continue to be characterized by large informal economies. On the eve of the COVID-19 crisis, 1.3 billion informal workers were employed across the region, according to ILO data.

The COVID-19 crisis is a stark demonstration of the limits of national growth models in the developing Asia-Pacific region, showing the vulnerabilities of these economies and respective workers to shocks and crisis, with a quick reversion of many of the gains made in recent decades. The pandemic is estimated to have driven over 2 million workers in the region below the extreme poverty line in 2020, and another 1.6 million to fall below the moderate poverty line. Informal workers were among the most affected by the crisis.

Social protection has come into the spotlight during the COVID-19 crisis, commonly forming a core part of government responses to health care needs and economic losses. However, as in previous crises, the pandemic has also exposed the insufficiencies of existing social protection provision. A review of the shape of social protection in the Asia-Pacific region pre-pandemic and key drivers of the significant gaps in coverage and adequacy indicates that this is a key moment for the region to make a significant policy shift, placing social protection at the forefront of a human-centred recovery.

Pre-pandemic stubborn coverage gaps in Asia and the Pacific

nly a minority of the people of Asia and the Pacific benefited from social protection systems before the crisis. According to ILO analysis, only 44 per cent of the population of the Asia-Pacific region was estimated to have access to at least one social protection benefit. This was on par with the global average (47 per cent), but well below averages for the Americas and Europe and Central Asia. Within the region, East Asia had coverage in excess of 70 per cent, but South-East Asia and South Asia trailed behind significantly, with only 33 and 23 per cent of the population respectively having access to any social protection benefit.¹⁵ The proportion of people with access to what can be considered a comprehensive package of social protection benefits was substantially lower, while indicators of adequacy showed significant shortfalls for both contributory and non-contributory benefits. In this context, most people continued to look to informal family and community support networks, as well as religious institutions and organizations, for protection against risks faced throughout their lives.

While the reasons for these gaps are complex and particular to national contexts, two key issues stand out. The first is the overall lack of public investment in social protection, which is associated with the prevailing models of economic development found in most of the region. Public social protection expenditure in the region amounts on average to 7.5 per cent of GDP annually which is significantly lower than the global average (12.9 per cent) and that of the Americas (16.6 per cent). The regional average also hides significant inequalities, with half of countries spending less than 2.6 per cent. ¹⁶

These figures suggest a low prioritization of social protection within government budgets but are also symptomatic of national development models that emphasise the "small size" of government. This is indicated by low ratios of government revenues and expenditures to GDP.¹⁷ This reflects what can be considered a residual approach to social protection, in

which welfare is purely associated with a redistributive sphere, considered to be unrelated, if not negatively impacting, national economic performance. One notable way to describe the development model of various countries in Asia and the Pacific has been that of "productivist welfare capitalism" which has been summarized as a "growth-oriented state and subordination of all aspects of state policy, including social policy, to economic/industrial relations". ¹⁸ One common feature of this model is an emphasis on the role of the family and the market to provide welfare to individuals and on market outcomes as one of the main priorities for government decision making. Another element of productivist welfare capitalism is the small size of government.

The second issue is that the design of social protection systems is not adequately adjusted to the social and economic context of most countries, particularly that of the labour market. The social protection architecture found in most countries is a combination of contributory schemes, which in their current design are mostly adapted to the characteristics of workers in waged and stable employment, with non-contributory schemes, which in most cases have a limited focus on the poor. Most contributory schemes have their historical roots in models implemented initially in Europe or higher-income Asian countries with features designed for labour markets dominated by workers with a stable employer-employee employment relationship. Such schemes have struggled to accommodate labour markets in the region which are dominated by vulnerable employment - consisting of ownaccount and contributing family workers. Even within the group of workers with an employer-employee relation there is, in developing countries, a predominance of working arrangements with high levels of job insecurity, temporary contracts - including occasional/daily workers - and the existence of workers with multiple jobs. All these characteristics create challenges for the expansion of contributory social protection schemes, resulting in a large percentage of workers in informal employment. This is reinforced by the fact that a large share of workers operate in informal sector units, usually micro and small enterprises.

Positively, important progress had been made in extending social protection in countries across the region before the crisis. Many countries, including Cambodia, Fiji, the Philippines, Sri Lanka and Thailand, have launched or expanded non-contributory schemes. Meanwhile,

some have seen important increases in the coverage of contributory schemes. In Thailand, for example, social insurance coverage has increased from 17 per cent to 42 per cent of the labour force since 2001. Nepal, meanwhile, started its first insurance-based measures in 2019, aiming to increase the coverage of its contributory schemes. Some of the most notable increases in the last decade have been in the area of health protection, with China, Indonesia, the Philippines and Viet Nam having all achieved a significant increase in coverage of health insurance.

However, in most cases, these developments do not represent a fundamental shift in either the way social protection is located within wider development models



or the way schemes are adapted to the labour market. Despite growing efforts to adapt contributory schemes to a wider group of workers, mostly through voluntary schemes, only 32.9 per cent of the working population in the region contributes to a social security scheme. Even the positive trends in terms of formalization observed in some countries, might now be under threat with the proliferation of new forms of work, particularly associated with online-based platform jobs. Meanwhile, most non-contributory programmes originated within ministries with a mandate mostly focused on support to vulnerable groups and, in many cases, introduced through initiatives sponsored by donors or development banks under their country development portfolios focused on poverty reduction. This has tended to result in a safety net mindset, highly influenced by an emphasis on keeping expenditures low, which has led mostly to povertytargeted schemes covering a relatively small share of the population. These two tiers tend to function in relative isolation, which contributes to policy fragmentation and inconsistency between benefits.

transformative impact on how policymakers and the public think about the role of social protection, putting it under the spotlight in an unprecedented way.

The landscape of relatively low coverage contributory and non-contributory tiers functioning in isolation generates a coverage gap which is often called the "missing middle". It leaves without protection those who - while not necessarily poor at a given moment in time and therefore not eligible for poverty-targeted schemes - are also not adequately covered by social security schemes due to their job vulnerability status. Unfortunately, this "missing middle" still represents the large majority of individuals and households in Asia and the Pacific, who remain highly vulnerable to shocks that could rapidly change their circumstances.

Can the COVID-19 crisis be a turning point?

rises are commonly catalysts for change, and there is a history of crises in the region influencing the shape of social protection systems in countries including China, the Republic of Korea and Thailand. In many respects the COVID-19 crisis has had a transformative impact on how policymakers and the public think about the role of social protection, putting it under the spotlight in an unprecedented way. Many countries across the region put in place measures at a scale never seen before, often covering groups of the population previously left unprotected by social protection schemes. To a large extent this reflected a much broaderbased agreement on the role of social protection, not only to protect the most vulnerable (both in terms of access to health and income security) but also to contribute to stabilizing aggregate demand and therefore avoid even stronger economic slowdowns. The need to mobilize unprecedented social protection responses was recognized by a range of international actors including United Nations agencies, international financial institutions (among them the regional development banks) and regional and subregional institutions. At the same time, the limitations of the existing systems and the challenges to reach those in informal employment were never so visible and so debated.

Nevertheless, responses have been short-lived in most countries, and it is still not clear whether the recognition of the role of social protection during the crisis will lead to a more enduring shift in thinking about social protection. In some cases, the policy narrative increasingly emphasizes the negative impact of the crisis on national accounts' equilibrium, with more countries and institutions, such as the International Monetary Fund, focusing their messaging on the need to prepare for fiscal consolidation.¹⁹

However, there is a growing recognition that this is not the moment to focus on fiscal consolidation and that the world cannot afford a return towards austerity policies again.

One concrete example was the adoption in June 2021, by the ILO's 187 member states, of the Global Call to Action for a Human-Centred Recovery for the COVID-19 crisis, which includes closing social protection gaps and providing universal access to comprehensive, adequate and sustainable social protection as key priorities.

Another demonstration of this traction was the United Nations Secretary-General's call in September 2021 for a Global Accelerator for Jobs and Social Protection to achieve a job-rich recovery from the COVID-19 crisis and a transition to a sustainable and inclusive economy, key to avoiding an uneven global recovery and preventing future crises. The Global Accelerator promotes an integrated and gender-responsive approach to combat the social-economic consequences of the crisis, accelerate recovery, but also bolster resilience against future shocks and facilitate a just transition towards inclusive and environmentally sustainable economies and societies.²⁰

The employment and social protection nexus is essential to shift from a perspective in which social protection



is seen as a complement, often residual, to economic policies, against an approach in which it is an important pillar of these policies. This new context reinforces the pre-pandemic recognition that social protection is essential both to attain the Sustainable Development Goals and to respond to mega-trends affecting the region such as population ageing, migration, technological progress, disaster and climate change. This is reflected in policy measures including the Action Plan to Strengthen Regional Cooperation on Social Protection in Asia and the Pacific adopted by ESCAP member States in October 2020.

Is it possible for Asia and the Pacific to strengthen its social protection? What needs to be done?

here is extensive evidence that modest investments in social protection can lead to significant impacts. The 2020 Social Outlook for Asia and the Pacific included simulations for 13 developing countries in the Asia-Pacific region which showed that if governments offered universal coverage for child benefits, disability benefits and old-age pensions at a basic benefit level, poverty rates would significantly drop across the region. The same report reviewed different cost estimations from ESCAP, ILO and ADB, showing that the costs of such a package would be within the range of 2.0 to 6.1 per cent of GDP, demonstrating that, depending on the exact design of the package, it would be an affordable investment for countries of all income levels. The examples described above of countries that have made significant advances in expanding social protection show what can be achieved within a relatively short timeframe. The recent history of the Asia-Pacific region also shows that periods following crises were rich in social protection progress, such as the universalization of access to health and pensions in China and Thailand.

The specific configuration of social protection systems can be adjusted to the needs and characteristics of each country. However, there are some key cross-cutting factors that are important for effective extension coverage and adequacy in a way that is financially sustainable and supports policy coherence.

▶ Increased investment in social protection, which requires a stronger prioritization of social protection within government budget envelopes, a broader rethinking of the overall fiscal and macroeconomic policy, and a reinforcement of the state capacity to

generate revenue. Central to this is the process of formalization which here is broadly understood in terms of economic units; financial flows and, last but not least, the formalization of jobs and extension of social insurance.

- ▶ Promote a better adaptation of the system to the realities of the labour market, ensuring that all categories of workers are legally covered by the system, but also promoting innovation which makes access to social protection a reality for all workers. This should include those in less "standard forms of work," reducing financial and administrative barriers to participation. These initiatives need to be articulated with labour market policies which support participation in social protection.
- ▶ Integration of contributory and non-contributory benefits and financing, including a mixing of benefits and financing, is another essential element for effectively covering the "missing middle" of the social protection system.
- Finally, integrated institutional and administrative arrangements are critical to embody an integrated concept of social protection. In the absence of clear institutional leadership of the social protection agenda in a country, there is limited prospect of aligning a system under a coherent vision followed by all stakeholders, particularly when different stakeholders have very different views on the goals of social protection.

Time to act

ignificant social protection gaps exist in the Asia-Pacific region. These were already evident before the pandemic, have gained new visibility during COVID-19, and are contributing to a growing collective agreement in the region on the importance and urgency to invest in social protection, particularly if the SDGs are to be achieved by 2030.

Even before the pandemic, the road to achieving the SDGs by 2030 was not smooth. COVID-19 has led to the first rise in extreme poverty in a generation. If the targets set for 2030 are to be reached, an extraordinary effort is required, which will require some rethinking of the dominant economic models and respective priorities.

An increased focus on social protection was already observed following other crises in the region; however, except for some countries, the measures taken in the past followed a safety net approach and felt short of creating the foundations of a rights-based approach to social protection. The COVID-19 crisis clearly showed the limitation of the existing systems to respond to shocks in most countries.

Strengthening social protection now is essential to preventing poverty and containing inequality, enhancing human capabilities and productivity, fostering dignity, solidarity and fairness, and reinvigorating the social contract.

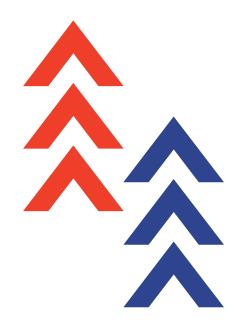
It is the right time to act. As the ILO states in its 2020-22 World Social Protection Report, countries are at a crossroads, now is the time to choose between a "high road:" following a strategy of significant reinforcements of social protection systems, or a "low road" strategy that instead keeps a minimalist focus on the provision of social protection. Strengthening social protection now is essential to preventing poverty and containing inequality, enhancing human capabilities and productivity, fostering dignity, solidarity and fairness, and reinvigorating the social contract.

Progressing social protection in the Pacific subregion

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ESCAP has been actively involved in generating awareness regarding vulnerable groups, and together with the International Labour Organization (ILO) and the Asian Development Bank (ADB), in promoting social protection policies in the Pacific Small Island Developing States (PSIDS). The activities of ESCAP and other UN agencies and ADB have over the last 40 years shifted attitudes regarding poverty, social exclusion and social protection. In this article, I seek to highlight the situation of social protection in Pacific island countries (PICs) in the early 21st century and ways to progress it further in the framework of the Sustainable Development Goals (SDGs), especially SDG 1 on ending poverty and SDG 8 on inclusive economic growth, and their overall objective of "leaving no one behind."

Significant issues in the Pacific subregion

sland states and territories in the Pacific subregion include the Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. The French colonial territories of Tahiti and New Caledonia will not be discussed although they do share some of the features and issues faced by other PSIDS. With the exception of Papua New Guinea, they generally have populations of below a million people. In recent decades, they have been especially vulnerable to extreme weather events such as destructive cyclones, droughts and floods, which have been accompanied by sea level rise and saltwater inundation. Since March 2020, the COVID-19 pandemic has negatively impacted these countries' economies and social conditions which further exposed their vulnerability to shocks and their limited capacities to address this global health and economic crisis. Papua New Guinea and Vanuatu have active volcanoes, Samoa was struck by a devastating tsunami in 2009, and Tonga by a volcanic eruption and tsunami in January 2022.

PSIDS are very diverse in socio-cultural, economic and political terms. They are categorized culturally and politically into three groups: Melanesia, Micronesia and Polynesia. Melanesia includes Fiji, Papua New Guinea, Solomon Islands and Vanuatu. Micronesia comprises the Federated States of Micronesia, Kiribati, the Marshall Islands, Nauru and Palau. Polynesia is made up of the Cook Islands, Niue, Samoa, Tokelau, Tonga and Tuvalu.

These countries are at different stages of development with varying GDPs and levels of urbanization. Poverty is relatively high in these countries compared to small island states in other regions of the world. Tonga has a relatively high human development index value whereas very low values are recorded in Papua New Guinea, Solomon Islands and Nauru.

Pacific countries are rapidly changing and undergoing socio-cultural transformations. Most of the Pacific countries have a relatively young population with 35-60 per cent below 25 years. There have been increases in ageing populations in some countries. The ageing population is high in Cook Islands, Fiji, Kiribati, Samoa, Tonga and Vanuatu and varies between 4-9 per cent of the total population.

Child and old age dependency ratios are high in the subregion. The incidence of poverty and youth unemployment is of growing concern in several PICs. Basic needs poverty is high in Fiji, Kiribati, Nauru, Papua New Guinea and Vanuatu. Domestic violence, gender-based violence and child abuse are widespread. The number of female-headed families is also increasing in PICs across the subregion.

With the execption of the Cook Islands and Niue, no PSIDS successfully achieved the Millennium Development Goals. While significant progress was identified in achieving educational and health targets, poverty reduction remained elusive. In the cases of Fiji, Kiribati, Papua New Guinea, Solomon Islands and Vanuatu, the proportion of people living below national poverty lines actually increased.²¹

Poverty denial syndrome

ntil 2000, there was a tendency in nearly all PSIDS to deny that there were impoverished people in their midst.²² This was based on the belief that Pacific islands were characterized by "subsistence affluence" associated with communal ownership of land and marine resources, and strong kinship ties that provided mutual support. No one went hungry, and everyone had shelter. The use of the word

"poverty" was regarded as inappropriate, and in the early years of the new millennium the euphemism "hardship" was used instead.²³ There was a consensus that there was "poverty of opportunity" in terms of access to services, utilities and infrastructure.

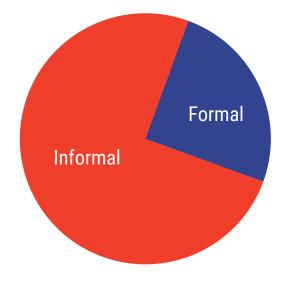
Although studies by multilateral agencies and the increasing use of household income and expenditure surveys have helped dispel the poverty denial syndrome somewhat, it does persist among some political and community leaders.

Social protection in the subregion

ocial protection systems in PICs are at different stages of development. Nearly all PICs have limited coverage and inadequate benefits in terms of medical care and education and training of youth; and other benefits such as sickness, unemployment, old age, employment injury, maternity, disability, family and survivors. Some commonalities and wide diversities exist in terms of social protection mechanisms and services. In general, PICs lack adequate national social security systems. In the absence of well-functioning formal social systems there has been a heavy reliance on traditional social protection provided through eroding kinship systems. The proportional burden carried by informal or traditional modes of social protection is shown in the figure below.

Family remittances also serve as social protection and

Estimated breakdown of informal and formal social protection provision in Pacific island countries



Source: Proportional support estimated from ADB and ILO findings.

"safety net" in several PICs and contribute significantly to social development. The Federated States of Micronesia, Fiji, Kiribati, Samoa and Tonga have high levels of per capita remittances. Besides the remittances from overseas, the money transferred from urban areas to rural households provides supplementary support.

The *wantok* system providing community support is widely practiced in Melanesian countries such as Solomon Islands and Vanuatu. It refers to one's kin or those closely linked together either socially or biologically. It literally means same language (one talk or wan talk).

The "safety net" is provided by traditional social practices and family support. However, these family and extended kin support systems are weakening due to forces of globalization, urbanization and rapid sociocultural transformation. Emigration and monetization of the economies are also working in tandem, causing greater individualism and wider family and kinship group disintegration.

Despite the many social challenges, social protection interventions have not been seen as major government priorities. But recognition of the need for enhanced social protection appears to be increasing. The level of social spending may be an indication of the importance attached to social protection and social development. Public social protection expenditure remains low in PICs. In terms of resources devoted to social security and welfare of their people, PICs such as Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands and Vanuatu lie at the bottom of the scale among small island countries.

Governments of PICs do provide basic health care and subsidize primary education. Per capita spending on education and health in nine PICs averaged US\$37.2 per person each year subregion-wide (qualified by the absence of data from Papua New Guinea). At the subregional level, this average per capita spending on these two sectors compares favourably with other developing regions, however, at the individual country level it covers very significant differences. The Federated States of Micronesia, Fiji and Solomon Islands spend the lowest amounts, Samoa is close to the regional average and Kiribati, Palau, Tonga and Vanuatu spend over \$40 per head, with the Marshall Islands expending the most at \$70 per citizen. Total spending in these social sectors

was especially high in Palau followed by the Marshall Islands.

Other social areas such as support for the unemployed, provision of affordable housing, care for the elderly, support for persons with disability and welfare generally are not prioritized. The burgeoning youthful population in many PICs require urgent support.

Youth unemployment is a common and pressing problem in most countries but there is very limited formal technical and vocational training or other support. There is no form of unemployment insurance. Disadvantaged individuals and groups mainly depend on family and kin group support. The most vulnerable groups are the poor, elderly, women, children, disabled, single parents, prisoner's dependents, unemployed youth and the chronically sick. In the case of Fiji, some ethnic minorities such as the Solomoni and Ni Vanuatu and mixed-race communities can be regarded as especially vulnerable. Categories of rural workers such as copra plantation workers and sugar cane cutters are also vulnerable.

In terms of the proportion of target populations covered by social protection programmes, most of the PICs have very low coverage except the Cook Islands. On average, around 60 per cent of the poor receive some social protection in Asia, compared to only a third in the PICs. Only one per cent of the poor in Papua New Guinea receive some sort of social protection, compared to about 10 per cent in the Marshall Islands, Tonga and Vanuatu, and 22 per cent for Fiji. ²⁴

A recent research article notes that the Cook Islands has six social protection measures valued at NZ\$35.8 million, and Niue has six as well. These are self-governing countries in free association with Aotearoa/New Zealand. On the other hand, the large ocean state of Kiribati - spread over 3 million square kilometres of the Pacific Ocean with a population of more than 110,000 (six times that of the Cook Islands) - only has three social protection measures. These comprise "a copra fund subsidy for copra farmers introduced in the mid-1990s, provided through a minimum purchase price for copra and costing A\$4.54 million in 2009; a monthly paid cash allowance for citizens above 65 years of age under an Elderly Fund Scheme introduced in 2004 and

costing A\$2.9 million in 2016; and free education (from 2016), previously known as School Fees Subsidy, costing approximately A\$2.3 million a year."²⁵

The Fiji Women's Rights Movement, using UNICEF's broad life cycle criteria of social protection measures, identified 48 such actions by the Government of Fiji which covers scholarships and loan schemes for education, school health checks, HPV vaccinations, cancer screening, dialysis subsidy, medical evacuation, youth entrepreneurial support, micro-finance and small business grants, social housing, legal aid and family law fee waiver.²⁶

The role of the informal sector is crucial in alleviating poverty and providing livelihoods and social protection to vulnerable groups.

There is a need for strengthening traditional social protection systems and incorporating them into government and donor planning. The Pacific countries may create funds with the assistance from donors similar to Tuvalu Trust Fund to meet shortfalls at the national level during economic shocks and exigencies.

Contributory social security

rovident funds are the most common type of formal social security programmes in the Pacific subregion. In the Federated States of Micronesia, the Marshall Islands and Palau, it is named a social insurance system, in Papua New Guinea it is called a mandatory occupational retirement system, and Samoa has a provident fund and universal old-age pension system, according to the International Social Security Association.

However, the provident fund coverage has significant limitations. According to ILO analysis, it is limited to workers in the formal employment sector which represents only a small fraction of the working population, excluding a clear majority of workers in the informal economy where the bulk of the poor are concentrated. The benefits are confined to formal workers in urban sectors, bypassing a large chunk of the population in rural and peri-urban areas, and the benefits protect only the richer and well-off sections and not the majority disadvantaged and poor sections of society.²⁷

Social protection index

he Asian Development Bank in 2003 constructed a social protection index (SPI) using indicators such as (a) total expenditure on all social protection programmes (per cent of GDP); (b) beneficiaries of social protection programmes; (c) number of social protection beneficiaries who are poor; and (d) average social protection expenditure for each poor individual.²⁸ The Pacific subregion has a lower average SPI value (0.24) compared to the Asian average (0.36). Some PICs have better SPIs than others. Higher SPIs are seen in the Cook Islands (0.55), Nauru (0.42), Marshall Islands (0.34) and Tuvalu (0.26). Fiji has a low value of 0.15, while Vanuatu and Papua New Guinea have much lower SPIs with values of 0.08 and 0.01 respectively.²⁹

Social protection gaps revealed by the COVID-19 crisis

recent study of Pacific civil society organization leaders regarding the social, economic and human rights impacts of the COVID-19 pandemic revealed that there were numerous gaps in the support to vulnerable groups.³⁰ The relative lack of formal social protection in PSIDS meant an increased burden for families and communities during the COVID-19 pandemic. This crisis is compounded by cyclones and related natural disasters.

The respondents' answers to questions relating to the provision of COVID-19 social protection to the most vulnerable groups showed that the elderly, disabled, women, LGBTQI, youth, the unemployed, and those in the informal sector and in remote and rural communities did not receive any noteworthy support from governments. Solomon Islands and Tuvalu funded the travel of people to their home villages, putting pressure on families in rural areas. In Fiji and Solomon Islands, governments facilitated access by unemployed workers and those on reduced working hours to their contributory pension funds. While this may have alleviated their hardship in the short-term, there are serious implications for when they reach retirement age. And in any case, many people had either low or no balance in their pension accounts.

The Pacific umbrella NGO representative elaborated that many women such as mat weavers missed out on

the economic stimulus packages which were directed at a narrow range of livelihood activities. All respondents noted that there was no support for the majority of the labour force in PICs engaged in informal sector livelihoods.

The relative lack of formal social protection in Pacific small island developing states meant an increased burden for families and communities during the COVID-19 pandemic. This crisis is compounded by cyclones and related natural disasters.

The Fiji women's refuge respondent provided details regarding the elderly, disabled persons, women and LGBTQI. For the elderly, "There were changes in the system, that is, social welfare recipients had to change their banks and reapply... There was a lot of confusion with the changes made. Also, many of the elderly were left without the necessary assistance that they needed. My organization had to provide assistance to them in terms of food packs, medicines and bus fare while they waited for their social welfare allowance to come in."

She added that disabled persons only received social welfare benefits if they were bed-ridden. Women found accessing services extremely difficult without personal documents such as birth certificates, which are expensive to obtain and require considerable time for processing.

Constraints to cost-effective delivery of social protection

esources (financial, human and institutional) to address social challenges and to provide cost effective delivery of social protection are very limited in PICs. Many Pacific countries comprise widely dispersed islands and/or have inaccessible topography with scattered populations. Fiji, Kiribati, Papua New Guinea, Solomon Islands and Vanuatu have these



characteristics that put constraints on cost-effective delivery of services. The lack of adequate transport and infrastructure development is the greatest impediment in integrating the population geographically and socially. The lack of adequate and relevant skills is another major constraint. Insufficient human resources contribute to low levels of formal sector employment in many PICs and reduce the effectiveness of labour markets. Moreover, PICs have large and expanding numbers of informal sector workers who are not covered under the limited formal social protection system.

Rapid urbanization and overseas migration are breaking down extended family structures and the social safety net that they constitute, thus weakening traditional social protection delivery systems. As a result, social protection is likely to be costlier. The cost-effective delivery of social protection is seriously constrained by a lack of quantitative social data. Moreover, lack of knowledge, capacity and framework for implementation of social protection in PICs are other major constraints to cost-effectiveness.

Pathways to social protection in the Pacific subregion

good starting point is the concept of "social minimum," a package that provides "social grants for all older persons, children, persons with disabilities, unemployed persons and informal workers, as well as universal access to basic health

care."³¹ A national minimum wage policy which reflects the social wage in each one of the PSIDS would be pivotal in this package.

A framework for policies with mixed social risk management strategies and programmes can be developed by taking reduction, mitigation and coping strategies with separate programmes under each of these strategies. As such, social protection measures integral to social (development) policy can be envisaged as being proactively geared to meeting anticipated risks (youth unemployment, disability and ageing) and as more reactive programmes that seek to ameliorate the situation of already vulnerable groups (affordable housing to squatters).

The ESCAP *Social Protection Toolbox* (2018) provides a rationale for the critical part played in achieving the SDGs and a comprehensive array of best practices and tools in building social protection floors that will help policymakers in PSIDS in their efforts to "leave no one behind."

Chapter 2. Investing in a sustained recovery



Introduction

o fully appreciate the importance of policy areas that require investments for a sustained recovery from the COVID-19 pandemic, and effectively pursue the Sustainable Development Goals, it is important to understand what kind of recovery we really want.

One fundamental policy message that ESCAP has highlighted since the onset of the COVID-19 pandemic is that conventional recovery, as measured by the revival of GDP growth, may not be sufficient. Rather, there is a need to invest in people and in the planet. In other words, a recovery that promotes the welfare of all people living in a society and one that nurtures our environment.

Yet, despite experiencing significant setbacks in development gains that adversely affect people and our environment due to various economic and non-economic shocks, policymakers, time and again, find themselves prioritizing "reviving GDP growth" as opposed to investing in people and the planet. Why is this so? Why can't investing in people and planet be pursued simultaneously to support inclusiveness and sustainability?

At a fundamental level, the problem is rooted in the core assumptions of mainstream economic thinking that informs policy decisions – relentless pursuit of self-interest, preference for efficiency at all costs, and unfettered role of markets. Behaviours and policies informed by such thinking produce exclusion of people and exploitation of environment and natural resources. A central premise of this approach is that GDP growth is the yardstick of economic success, which is (wrongly) equated with human and societal well-being. And hence, focus tends to be on investing in GDP growth and not directly in people and planet.

Of course, this single-minded pursuit of GDP growth has generated great wealth for many people, but there is no denying that this has also come at steep and exponentially rising costs – persistent extreme poverty, escalating inequalities, environmental destruction and even a crisis of meaning and purpose.

So, on the occasion of ESCAP's 75th anniversary, policymakers must reflect on these fundamental issues: What do we really value or should value? Is it self-interest or common interest, misguided efficiency or inherent resilience, and the bottom line or collective well-being? Clarity on these issues will help give shape to investments for not only sustained economic recovery but inclusive and sustainable development as well.

Anthropologists have always known that humans survived and flourished because of their unique ability to cooperate, collaborate and create. Nobel laureate Elinor Ostrom documents in her book, *Governing the Commons*, that in reality, we collaborate, organize together, and show solidarity while creating common rules and values that organize communal life. We rely on society, community, family, day-in and day-out. The disconnect between this lived reality of a common person and the dominant (economic) ideology pursued by policymakers leads to disillusionment and helplessness.

Focusing primarily on self-interest and efficiency, rather than collaboration and resilience, instills fear that people are in a race to compete for limited resources. Indeed, most definitions of economics revolve around "efficient allocation of scarce resources." The answer to scarcity, together with people's presumed desire for more, tends to be: keep producing more "stuff," as measured by GDP. Criticizing the exponential nature of economic growth, Kate Raworth writes that "there is one diagram in economic theory that is so dangerous that it is never actually drawn - the long-term path of GDP growth." This is because a long-term path of exponential growth is simply unsustainable.

To move forward towards collective well-being, the relentless pursuit of self-interest and efficiency needs to be revisited. Instead, it is necessary to focus on resilience, inclusion and sustainability. And this would require investments in people and planet. A better ideology of interaction, cooperation and collaboration needs to be cultivated among humans and between humans and nature.

In the past few editions of its flagship publication, the *Economic and Social Survey of Asia and the Pacific*, ESCAP has shared analysis that has shone light on contours of a better future along these lines.

For instance, focusing on the unsustainable consumption and production patterns, the *Survey 2020* calls for building a stakeholder economy and suggests behavioural and policy adjustments needed by Governments, businesses and consumers. Similarly, *Survey 2021* focuses on enhancing resilience against systemic shocks, and analyzes a "build forward better" policy package that can enhance access to health care and social protection, improve access to digital technologies, and strengthen climate and clean energy actions. In the same spirit, *Survey 2022* draws attention to the importance of inclusiveness and delves into the role of fiscal, central banking and structural policies.

Understandably, several policies and investments by the government that can deliver such a future has implications for fiscal positions and debt levels. ESCAP research contends that with bold policy actions and a spirit of multilateralism and collaboration coming up with the needed "fiscal space" and investments is not an onerous task. Detailed discussion of several such policies is available in ESCAP theme studies for the Commission sessions in 2021, Beyond the pandemic: Building back better from crises in Asia and the Pacific, and 2022, Reclaiming our future: A common agenda for advancing sustainable development in Asia and the Pacific.

Salient features of fiscal measures that countries can pursue include: (i) curb and reorient spending away from non-developmental areas, such as defence and fossil fuel subsidies, and towards health care, social

protection and education; (ii) use progressive and direct taxation, supplemented by wealth, property and carbon taxes, and strengthen tax administration; (iii) consider issuance of innovative, green, sustainability and other thematic bonds; (iv) implement better debt management principles and consider debt-swaps-for-development; (v) engage in discussions with creditors and multilateral institutions with regards to feasible debt relief and debt re-structuring measures. Regional cooperation can facilitate engagement among pertinent stakeholders; (vi) combat tax evasion and legal but harmful tax practices. Regional cooperation would need to be strengthened for this purpose; (vii) central banks can consider, without compromising inflation and financial stability, expanding their role in promoting inclusive and green development pathways.

The COVID-19 pandemic is a crisis like no other. And it offers opportunities like no other. The contours of a bright future are already visible in the camaraderie exhibited while adjusting to the pandemic. Let's seize the opportunity to invest in people and planet and transform fully towards an inclusive, green and resilient world.

Central banks should and can promote inclusive development



Source: ESCAP, Economic and Social Survey for Asia and the Pacific 2022, April 2022.



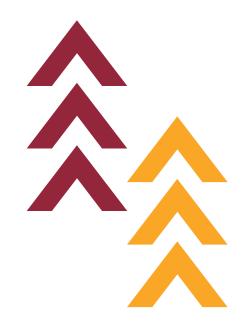
Supachai Panitchpakdi

Former Secretary-General

United Nations Conference on Trade and Development

Former Director-General

World Trade Organization



assive economic setbacks throughout the world and the Asia-Pacific region from the COVID-19 pandemic have been unprecedented in modern history, particularly as the main sources emerged from the social side, that is, the public health sector. While a number of countries in the region have been successful in containing the first few waves of the contagion, the emergence of new virus variants kept rolling back initial gains. Nevertheless, compared with other regions, Asia and the Pacific overall seems to have been effective in containing COVID-19, achieved not with the best resources of medical supplies, but with the non-complacent reactions of national authorities with matching compliance and cooperation from a fearful public. With vaccination kept apace, the region is bound to take the lead in the recovery process, albeit with elements of unevenness.

Therefore, economic recovery in itself should not be a problem and could even be boosted by surging inflows of more investments from outside the region plus the ongoing cross-border investments within the Asia-Pacific region. China has been engaged in increasing outward investment and so have a few economies from South-East Asia. Traditional suppliers of foreign direct investment, like Japan and the Republic of Korea, have also been stepping up investments in wide-ranging areas from modern infrastructure to renewable energy and digital projects. Particularly in the area of digital infrastructure, South-East Asia, with its rapid implementation of 5G networks and data centres, is projected by the United Nations Conference on Trade and Development (UNCTAD) to become a growing global data hub in the next five years, overtaking growth in North America and other countries in Asia and the Pacific.³²

However, articulating new investment directions that should be more closely linked to the development aspirations of the region in the areas of sustainability will be a key challenge for investment recovery. As with various aspects of development, the region's move into low-carbon settings is advanced for the more developed economies, while the less well-endowed economies still

lag far behind, despite being under far more pressure from the negative impacts of global warming. Within the region there is, therefore, great need for workable development cooperation that: a) instigates practical sharing of environment-friendly technologies; b) raises funding support for adaptation efforts; and c) monitors how the most vulnerable economies are gaining ground in their adoption of green economy strategies.

For sustainable recovery post-COVID-19, investment stimuli cannot be relied upon through governmental support alone, although everyone agrees that this should be a necessary condition and must be continued for an extended period of time. Governments in the Asia-Pacific region have to run massive financial support schemes to keep economies afloat as the emergence of new virus variants as well as inadequate vaccination programmes demand that opening up cannot be prematurely undertaken. And although, according to ESCAP data,³³ developing economies in the region can still cope with the average 63 per cent public debt to GDP ratio in 2021, beyond that, Asia and the Pacific may have to brace itself for years of financial support. By that time, there will be more economies than just those of Bhutan, Fiji and Maldives that may need to survive sudden surges in the debt ratio to a probably untenable level. With rapidly rising oil prices, from an average of roughly \$60 a barrel to more than \$100 in early 2022, the resultant price inflation will add another instability factor to the complex economic and social dilemmas. The spectre of devastating stagflation - as was experienced at the beginning of the 1970s oil price crisis - can become very real indeed.

For a feasible sustainable recovery, strict policy adherence to the framework of the United Nations Sustainable Development Goals, Agenda 2030, is a necessity. Therein we find a more comprehensive definition of a sustainability agenda with which pre- and post-COVID-19 investment policies are to be identified. In reviving an economy devastated by the pandemic, the following strategic agenda for "sustainable growth" can be proposed:

Development aspirations must be derived from and answerable to the fundamental needs of the economy

evelopment from within as a concept must be fortified by strong institutions that address market failures (anti-trust laws and consumer protection mechanisms), civil and commercial codes (plus bankruptcy laws) and intellectual property rights protection. If investment in the crucial sector of health care and medical equipment is going to be one pathway to sustainable recovery, then these rules and laws, and particularly the protection of intellectual property rights, could be key to successfully attracting new domestic and foreign investments. Development from within not only requires harmonizing investment with the national development strategy but also full participation from the private sector and local communities. In several Asian and Pacific countries, the private sector is allowed to support government vaccination programmes by sourcing vaccines from abroad with approval by health authorities. Local communities' participation in disciplining a watertight lockdown and supporting on-site containment by testing and tracing of infectious cases can be highly relevant in maintaining a sustainable fight against the pandemic.

Sustained recovery is synonymous with the achievement of inclusive growth

ustainable Development Goal 8 emphasizes full and productive employment for all, plus sustainable tourism, while Goal 10 aims at reducing inequality within and among countries, with the key target of "achieving and sustaining income growth of the bottom 40 per cent of the population at a rate higher than the national average." Even before COVID-19, it seemed that most Asian and Pacific countries were on track to miss most of the SDG targets. The grim scenario now is that the situation has worsened on both the social and economic fronts. Undeniably, the inclusive growth agenda must be given a new lease of life by governments throughout the region with absolute seriousness of purpose. The informal sector that was already significant in the region is bound to have grown more after forced unemployment and the availability of only temporary jobs. This sector also includes the "unregistered poor" who are sometimes left out of cash support schemes offered by governments. The main task in spurring a supply-led recovery is to expand social protection networks to this vulnerable group and offer more predictable job opportunities which include formal participation through training.



Developing economies in the Asia-Pacific region need to create more policy space

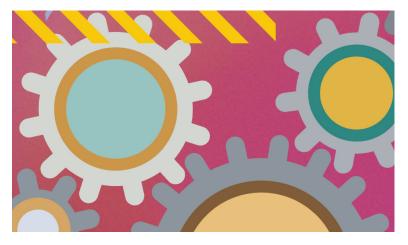
olicy space is particularly needed to invigorate resilience in dealing with future economic and social threats, which are articulated in the ESCAP Economic and Social Survey of Asia and the Pacific 2021. In addition to the recommended policies of investing more in social services and digital infrastructure, including in "green economy" measures, the elementary features of public governance could also be emphasized, particularly in the timing and balancing of various recovery policies. The timing issue has been most crucial during governments' decisions to instigate lockdowns (mostly against public will and almost always a little late), and after lockdown to open up again (rightly cautious but having to shoulder large public debts due to prolonged lack of economic activities). The balancing act is complicated for other key policies as well, such as vaccine roll-out to priority groups, remote learning when many have limited internet access, and competitive budget allocations to economic (public support, investments) and social expenditures. The regionalizing impact is related to the transboundary spread of the virus through mostly porous borders in different subregions. Intra-regional as well as global cooperation are imperative to control infections. Certainly, with hindsight, this is more easily commented on than committed to in practical decision-making process. It is with this perspective that a collection of expert authors³⁴ agreed that in order for state leadership to be effective in dealing with all these anomalies, six major leadership attributes are needed, namely, for leaders to be solution architects, trustworthy, resilient, innovative, visionary and erudite. To provide a balanced scenario, Mark Carney, former governor of the Bank of England, 35 also discusses four principles for a new global order in which he emphasizes resilience as one of the main pillars. But in spite of his arguing that the financial crisis of 2008 and its aftermath marked the end of market fundamentalism in finance and proposing that the Fourth Industrial Revolution will lead to a long period of difficult adjustment and increasing inequality, Carney's concluding lesson is that "this does not herald the return of the Big State." It would have been more appropriate to indicate a more developmental state with policy space to act accordingly in times of recurrent crisis and convoluted adjustments.

All the preceding remarks have a common necessary condition of a state with good governance

ut post-COVID-19 recovery would have to go beyond this and require accountable and effective governance as well. According to the recent experiences of some successful countries in the Asia-Pacific region, public governance should deliver: a) continuity of the state and public services; b) a balance between responsiveness and accountability; c) an acceptable trade-off between personal liberty and collective security; and d) articulated communication with the public. To lead the economy into post-pandemic recovery, there is general agreement that it would be inevitable for the state to put up effective support for sustainable investments in the sectors of health care, renewable energy, digital infrastructure and a restructured educational system for the digital era. Back in 2015, before the pandemic, UNCTAD proposed a detailed investment policy framework for sustainable development which appears to still be valid for presentday challenges.³⁶

Even before COVID-19, it seemed that most Asian and Pacific countries were on track to miss most of the SDG targets. The grim scenario now is that the situation has worsened on both the social and economic fronts.

As experienced in crisis after crisis, UNCTAD noted that governments have been playing a greater role in the economy and giving more direction to investment policy. Industrial policies and industrial development strategies are proliferating in developing and developed countries alike. The UNCTAD investment policy framework is a useful tool with detailed national investment policy guidance of which I would single out some suggestions for a new generation of investment strategies:



- a) It has been my long-standing conviction that investment promotion agencies (IPAs) are the best manpower-planning units for an economy since they pursue a variety of economic goals such as job creation, export promotion, technology transfer and income redistribution. To serve the expanded purposes of dealing with post-COVID-19 recovery, IPAs may need to evolve into investment development agencies with new tasks extended to cover targeting SDG-related sectors (such as health, education and rural communities), involving more potential players like sovereign wealth funds, asset managers and non-profit organizations, as well as assisting in preparing bankable projects.
- b) Governments need to expand the use of risk-sharing tools to entice corporate investment to join in the new generation of investments. Public-private partnerships can offer the possibility of improving the risk-return profile through cost-sharing, co-investment guarantees and insurance plus tax credits and industry support. Public procurement policies should also give preferential treatment to products that are environmentally and socially friendly. Advance market commitments with binding contracts can be devised to guarantee a viable market or to provide back-up for fundraising.
- c) Innovative financing solutions will be needed when public funds may have been drained into cash-support schemes during lockdowns. Financial investments have been used to raise funds for investment in social and environmental programmes, such as Social Impact Bonds, Green Bonds and Development Impact Bonds. In the case of the Asia-Pacific region, some of these investments have been introduced by the Asian Development Bank and some by transnational corporations, particularly those involved in renewable energy projects.

As we have seen with the rhetoric at the United Nations Climate Change Conference (COP 26) in late 2021, leaders were discussing how to release the massive pile of more than \$100 trillion worth of assets in the hands of bankers, mutual fund and pension fund managers, insurers, and owners of sovereign wealth funds, into carbon emission reduction projects around the world. This transition financing, highly relevant for the Asia-Pacific region with its large number of small island states, can only be activated for low-carbon projects with some additional conditions, two of which are critical at the moment. One is the need for global coordination to monitor and assess country commitments, so lavishly worded at COP 26, but needing transparent, credible and concrete follow-up policy actions. Another is the way we are going to "rewire" our economy so that, for example, global carbon pricing and a carbon tax can be uniformly introduced, internal combustion vehicles can be replaced by electric ones, limits can be placed on the financing of coal mines and new oil and gas rigs, and climate-related financial disclosures can be made mandatory. Besides the agenda for sustained recovery as alluded to above, all these conditions, properly implemented, would garner more financial interests to move into further rounds of low-carbon projects and health-related investments.

Moving global and regional trade forward

or the Asia-Pacific region in particular, a return to the well-trodden path of real recovery would definitely have to be sustained by a concomitant revival of the multilateral trading system. The collective effort of the region should be harnessed to resuscitate the World Trade Organization (for example, to allow the dispute settlement mechanism to function again), push back restrictions on trade in medicines and medical equipment, revitalize global supply chains and activate intra-Asian free trade agreements like the Regional Comprehensive Economic Cooperation as expeditiously as possible. In this context, China's Belt and Road Initiative, 37 with adequate infrastructural investment back-up, when linked up with development perspectives of the participating members, could be another factor in moving intra-Asian trade forward. This trade-investment nexus should be guided in the direction of sustainability framed by the above-mentioned strategic requirements to achieve a realistic sustained recovery.

Investing in women's empowerment to obtain a sustainable recovery for South-East Asia

Jennifer Buckley

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As the pandemic is still ongoing, beyond the top priority of safeguarding people's health, there is a critical need to boost the economy as soon as the situation stabilizes, to save livelihoods and minimize the political, economic and social impacts of the pandemic. The task of recovery must be gender-responsive, to address the disproportionate impact of the crisis on women and address their distinct needs, priorities and solutions, as well as unlock women's potential as a powerful force to accelerate recovery efforts post-COVID-19.

or a number of years, the evidence around the benefits to the economy of addressing gender inequalities has continued to improve. A 2015 McKinsey Global Institute report highlighted the potential of adding a further \$12 trillion to the global economy by 2025 by advancing gender equality. An update of this study undertaken during COVID-19 warned that not taking gender-responsive actions during the pandemic could lead to a \$1 trillion loss in global GDP by 2030, whereas taking action could ensure that we maintain the trajectory previously identified; allowing the possibility of an overall \$13 trillion boost to global GDP in 2030. The report estimated that the economies of South-East Asia could boost collective GDP by \$370 billion a year by 2025 by eliminating gender inequity; equivalent to Singapore's 2019 GDP. Closing gender gaps is key to achieving positive impacts across intersecting Sustainable Development Goals including decent work, health, poverty alleviation, food security and reducing inequalities.

Health, education, food and agriculture, and climate resilience are the four key sectors where addressing the gender gap and women's economic empowerment can create significant impact towards achieving sustained recovery

ealth: The pandemic has left no doubt as to the centrality of health and well-being to our societies and economies. As the global health emergency persists, all countries have experienced fragility in their health systems and recognize the importance of having adaptive systems with a deep and qualified health workforce.

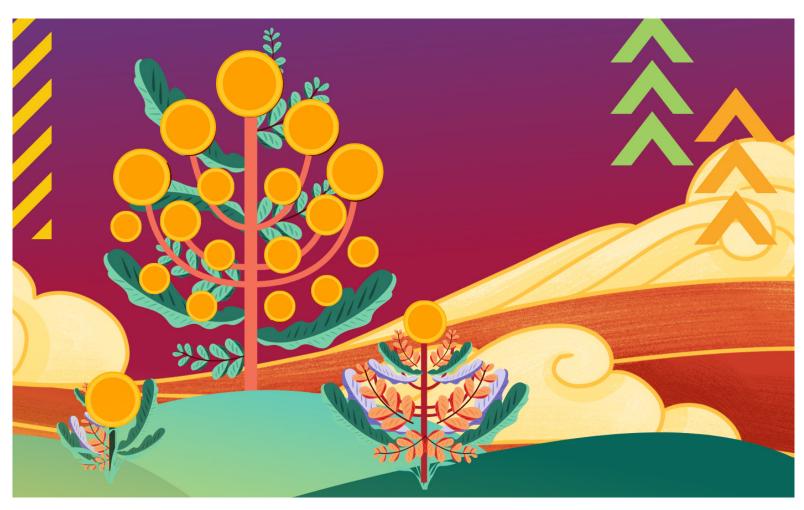
Women are central actors in health systems: according to ILO data, they represent 70 per cent of the health workforce. They may experience greater barriers to accessing effective care and often use their consumer power to invest in the health and well-being of their families. Evidence from across Malaysia, the Philippines

and Thailand suggests that 90 cents of every dollar women earn is spent on their families, including on their children's education, health and nutrition (compared to 30 to 40 cents of men's earned dollars), creating a strong multiplier effect.³⁸ Empowering women in the economy and closing gender gaps in the workforce are key levers for achieving global goals for health and well-being.

Women's entrepreneurship is key to economic stability, GDP growth, sustainable development, innovation and business strength.

Education is at the centre of building human capital. Over the past decade, major progress was made towards increasing access to education and school enrolment rates at all levels, particularly for girls. Nevertheless, according to data from the United Nations Educational, Scientific and Cultural Organization (UNESCO), about 260 million children were still out of school in 2018 - nearly one-fifth of the global population in that age group. The COVID-19 pandemic has led to reduced school attendance, reversing some hard-won gains, particularly in low- and middle-income countries.

More girls are in school today than ever before, but many are held back by biases, social norms and expectations influencing the quality of the education they receive and the subjects they study. They are particularly underrepresented in science, technology, engineering and mathematics (STEM) education, and consequently in STEM careers. A 2018 World Bank report states that the loss in human capital wealth from girls not completing 12 years of education could cost 15-30 trillion dollars in future earnings globally. Increased educational attainment accounts for about 50 per cent of the economic growth in OECD countries over the past 50 years. But, for the majority of women, significant gains



in education have not translated into better labour market outcomes. Increasing women's and girls' educational attainment both in access and quality, from early childhood and K12 to STEM education, will boost their employment options, life chances and well-being, as well as their countries' potential for economic growth and development.

Food and agriculture affect our capacity to attain the SDGs. We cannot feed the world without agriculture yet where and how we produce food is one of the biggest human-caused threats to biodiversity and ecosystems. Data from the UN Food and Agriculture Organization show that more than 800 million people in the world are hungry, 2 billion people are suffering from micronutrient deficiencies and 2 billion people are overweight or obese.

Women are central actors in food production systems and key drivers of consumer decision-making around food consumption. They are more likely to face chronic hunger and food insecurity, make up around one-third of the agricultural workforce globally and over 50 per cent of the workforce in low-income countries, and control a significant proportion of household spending. Across Asia alone, around 50 million people are expected to enter the middle class in the next two years, driving significant consumer growth, and women are expected to

control most of the consumer purchasing power. There is a clear opportunity to invest in developing women's power as producers and consumers of food products to drive food security solutions.

Climate change is one of the defining challenges of our time. Changes in the earth's temperature are producing wildfires and other natural disasters, changes in weather patterns, sea level rise, biodiversity loss and pandemics, which in turn are putting stress on agricultural and health systems, livelihoods, economies and causing displacement and other suffering.

Women are disproportionately affected across multiple dimensions. According to UN Women data, 8 in 10 people displaced by climate change are women, and women and children are 14 times more likely to die in natural disasters. They also bear the brunt of dealing with climate shocks, lack of access to clean energy, drinking water and sanitation and the care burden of effects of pollution. This exacerbates gender inequalities already affecting women; gaps critical to achievement of the SDGs. For example, in almost two-thirds of countries, women are more likely than men to experience food insecurity and more likely to work in insecure agricultural and forestry jobs. Further, lack of access to reliable and clean energy impacts on women and

girls' attendance at school and work and creates health challenges from unsafe pollutants used to cook and heat homes. These disparities have ramifications across outcomes including health, education, food security and economic opportunity.

Just as the crises of climate change and gender inequality compound each other, the solutions are symbiotic. Women can be key contributors to climate action and resilience. Where women are at the decision-making table, they are leading board-level sustainability conversations. ⁴¹ Companies with three or more women in senior positions score better across all dimensions of organizational performance. ⁴²

Closing gender gaps is key to achieving positive impacts across intersecting Sustainable Development Goals including decent work, health, poverty alleviation, food security and reducing inequalities.

Women's entrepreneurship is key to economic stability, GDP growth, sustainable development, innovation and business strength. There are positive trends in women entrepreneurs re-imagining solutions to address systemic underinvestment in key sectors and starting businesses in response to a perceived need based on their personal experiences. Women leaders have been found to be more likely to pro-actively improve energy efficiency, invest in renewable energies, and measure and reduce carbon emissions. These enterprises have a target market growing in decision-making power and influence as women's shares of discretionary spending increases.

A gender lens on investment can promote inclusive business models and ensure that women participate meaningfully as actors in climate responses and the new green economy, for example, taking advantage of green job opportunities through upskilling, job readiness training and other gender-smart solutions. With the right incentives, business model transformations can help overcome systemic gender disparities in the labour market and reduce gaps in incomes and livelihoods.

Optimizing outcomes for women towards sustained recovery through gender-lens investment in health, education, food and agriculture, and climate resilience

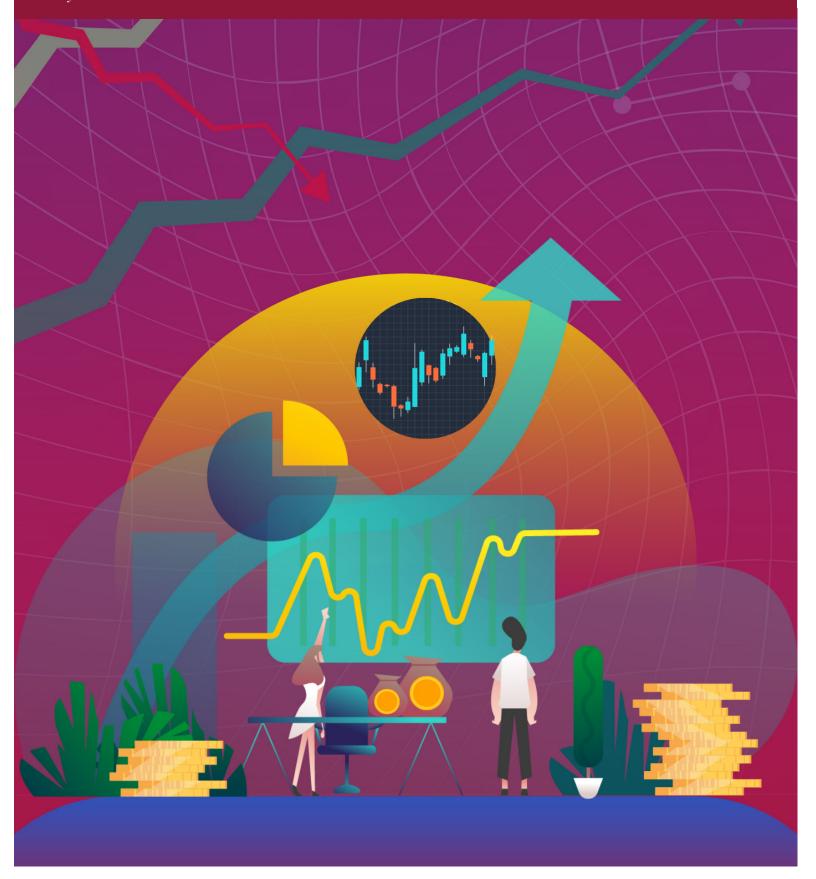
s demonstrated, women's economic empowerment creates a robust multiplier effect on decent employment, poverty eradication and economic growth. Investing in women as entrepreneurs, employees and consumers is an opportunity too great to be missed by any society.

Investment is a powerful tool for mobilizing activity and achieving change at scale. An optimal investment approach is integrated, actively seeking opportunities where impact is integral to the business model and where the sectoral focus improves outcomes across multiple dimensions. It is gender-led, investing in companies led by women; operating in sectors with high prevalence of women employees; providing products and services that meet the unmet needs and wants of women and girls; and operating as role models by demonstrating a clear commitment to gender equality and equitable workplaces that provide quality jobs and a diverse and flexible working environment.

The focus on women's economic opportunities brings to the fore key issues for the health sector, including unlocking the power of innovative enterprise and women in the workforce, meeting underserved and unmet health and well-being needs as well as making household and caregiving tasks easier. Investing in education, upskilling and re-skilling over the life course - particularly to keep pace with rapid technological and digital transformations affecting jobs - are critical for women's and girls' health and well-being, as well as their income-generation opportunities and participation in the formal labour market. Sustainable food systems are a key area where women entrepreneurs are filling gaps in what is available in the market and women consumers are exercising their purchasing power to make healthier and more sustainable choices for themselves and their families. Genderresponsive climate actions can strengthen climate and environmental outcomes and, often, are also a business and market opportunity. Firms employing gender-led approaches may also seek to empower women to address the climate emergency and unlock economic and social benefits for whole communities.

Sweef Capital works actively with portfolio enterprises throughout the life cycle to embed impact, diversity and sustainability measures alongside financial and other business goals as a performance driver. As an active investment manager, Sweef Capital regularly monitors performance to promote targeted impact and keeps track of gender equality indicators. By investing in gender and climate-smart companies, we believe that we can make a significant positive impact on society.

We encourage more organizations to join us in making a commitment to diversity and gender inclusion as an integral part of their investment approach in a structured and disciplined way and cultivate a culture and investment philosophy that values the impacts created by women as leaders, in the workforce, through value chains and in our society.



The Philippine fiscal sector: from the economy's Achilles' heel to its strong partner in sustainable and inclusive growth and development

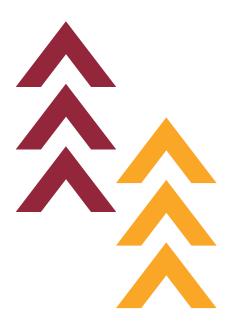
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iscal policy is the employment by government of its taxation and spending powers and the use of its assets and stock of debt to attain the objectives of efficiency, equity and stability. How government defines its role in achieving those developmental objectives determines the extent to which and the manner with which fiscal policy is implemented - either building up pressures around fiscal fault lines or enhancing fiscal stability. Through various fiscal and structural reforms and judicious debt management, the Philippine fiscal sector transformed from being the Achilles' heel of the economy to a strong pillar of stability and enabler of sustainable and inclusive development.

The fiscal crisis in the early 1980s forced the Philippines to undertake subsequent painful fiscal reforms. The 1990s also saw the country embark on a privatization programme which effectively redefined the government's role in the economy as more of a provider of a level playing field and umpire rather than an athlete. About the same time, the government exited its highly inefficient, money-losing directed lending programme which consequently paved the way for the inception of a private sector-led micro-finance initiative and, subsequently, micro-insurance nearly two decades thereafter.

The Philippines had to undertake further fiscal reforms at the turn of the new millennium in order to stave off brewing fiscal distress. The fiscal consolidation that arose - the increase in petroleum excise taxes and the government's implementation of austerity measures - and the judicious management of the public debt reduced the debt-to-GDP ratio from an all-time high of 71.6 per cent in 2004 to 51.6 per cent in 2007, a reduction of 20 percentage points in three years. This created ample room for manoeuvre for the country to afford counter-cyclical responses to the global financial crisis and scaling up the conditional cash transfer programme aimed at breaking the cycle of inter-generational poverty.

To promote even more inclusive development, in 2012, the country raised excise taxes on "sin products" (alcohol and tobacco) to mobilize more resources for health care financing. Thus, aside from being a disinterested referee in the economy, the public sector has also recalibrated its role in society to make sure no one is left behind. The reduction by nearly 10 percentage points from 26.6 per cent in 2006 to 16.7 per cent in 2018 is attributed to, among others, the government's social programmes (health and social protection) with contributions from private sector initiatives (micro-finance and micro-insurance) and the overall economic growth.

The restoration of fiscal stability, owing to fiscal and structural reforms and prudent macroeconomic management, opened a window for the government to pursue equity and efficiency objectives more actively, namely, reducing poverty further and graduating into a higher income bracket for high and sustainable growth. To this end, the government embarked on an ambitious infrastructure program, dubbed the "Build, build, build" programme, to foster investment-led growth. Infrastructure increases an economy's productive capacity. Not only does this reduce logistics costs, it also catalyzes yet more investments which, in turn, generates more employment.

Whereas the previous administration targeted the fiscal deficit to be at most 2 per cent of GDP, the Duterte administration increased the headroom to 3 per cent to accommodate increased infrastructure spending. In contrast to the debt-financed infrastructure programme of the 1970s, the current programme is designed to be largely financed through domestic resource mobilization (additional tax measures) with supplementary financing from public-private partnerships and official development assistance.

The lack of capacity for domestic resource mobilization has limited the country's ability to finance infrastructure projects. Capital outlay is a discretionary fiscal policy instrument that tends to be determined by fiscal space and the fiscal room for manoeuvre. The tax effort for the first decade of the new millennium, for instance, averaged only 12.2 per cent and interest expenses amounted to 4.2 per cent of GDP over the same period, thus, limiting the government's capital outlay to 2.6 per cent of GDP.

The various packages of the comprehensive tax reform programme of the Duterte administration are strategically designed to advance both equity and efficiency objectives, unlike previous fiscal reforms that were meant to address fiscal instabilities. The first package, for instance, reduced personal income tax rates to address "bracket creep" but raised excise taxes on petroleum products. It was designed to be revenue positive; the additional revenues of which are for financing infrastructure projects and social services. In addition, it further simplified tax administration, thus making it easier to do business. Further, it specifically clarified the tax issues regarding real estate investment trusts (REITs). Within two years of issuance of the revenue regulations on REITs, five REITs debuted in the local bourse, helping mobilize private savings and recycle capital for more productive uses. Another package further raised "sin taxes" to finance the universal health care programme.

The tax reforms improved revenue collections. The tax effort in the four years from 2017 to 2020 averaged 14.0 per cent and capital outlays, as per cent to GDP, concomitantly increased to 5.2 per cent. Over the same period, interest expenses amounted to only 2.0 per cent of GDP, thereby widening the fiscal room for manoeuvre. Prudent and disciplined macroeconomic management earned the country its first-ever investment sovereign credit rating in 2013 and subsequently continued to improve its ratings. The decline in the effective interest rate is a reflection of the country's strengthened macroeconomic fundamentals.

Structural reforms complement and enhance fiscal reforms. Philippine agriculture policy has been rice-centric, consuming most of the agriculture department's budget. In addition to rice import quotas, a government-owned corporation, the National Food Authority (NFA) purchases "high" from rice farmers and sells "low" to consumers. Such price support (for both farmers and consumers) has had dire fiscal implications. The

conversion of the rice import quota into tariffs and removal of the NFA's commercial functions have been decades-long issues that were finally resolved in 2019. Since then, tariffs collected from rice imports have been earmarked for farmers in the form of support services.

Before the pandemic struck, three important structural reforms aimed at liberalizing the economy further - the Philippine Constitution has many restrictive provisions - and helping to attract foreign capital and know-how were submitted to Congress. These were amendments to the Commonwealth-era Public Service Act, Foreign Investment Act and Retail Trade Liberalization Act.

Through various fiscal and structural reforms and judicious debt management, the Philippine fiscal sector transformed from being the Achilles' heel of the economy to a strong pillar of stability and enabler of sustainable and inclusive development.

The COVID-19 pandemic, in many ways, found the Philippines at a position of fiscal strength. For one, the country's fiscal space was vastly improved. The national government's outstanding debt dipped to 39.6 per cent of GDP in 2019 and interest expenses have amounted to less than 2 per cent of GDP since 2017. Also, there are programmes in place such as conditional cash transfers, universal health care and "Build, build, build;" the latter playing a role in the recovery and building back better phases with the former two providing social protection particularly to vulnerable populations. To provide relief for individuals affected by quarantine restrictions, unconditional cash transfers were disbursed.

Vaccines provide individual protection. Vaccines were mobilized for the Philippines partly from donations through the World Health Organization-led COVAX facility or procured through trilateral cooperation among

the World Bank, the Asian Development Bank and the Asian Infrastructure Investment Bank. Such trilateral cooperation in support of a vaccination programme is a first in the region.

An important package of the comprehensive tax reform programme pertains to corporate income tax (CIT), aiming to gradually reduce the rate and rationalize fiscal incentives. With the pandemic, however, the original proposal was modified so as to cut the CIT immediately from 30 to 25 per cent, effective from the second half of 2020, to provide prompt relief to firms. The CIT rate is reduced further to 20 per cent for domestic micro-, small-, and medium-sized companies with taxable income of at most 5 million pesos (roughly \$100,000) and total assets of not more than 100 million pesos (roughly \$2 million). The bill was signed into law in the second quarter of 2021, putting to rest the decades-long issue of fiscal incentives. Since then, the fiscal incentive system has been performance-based, time-bound, targeted and transparent.

The three aforementioned economic bills were finally passed, one after the other, between December 2021 and March 2022. Once fully implemented, they will have multiplied the effects of the drastic reduction in CIT and the "Build, build, build" programme in making the country a more competitive destination for jobgenerating investments that could potentially increase the real wages of workers without increasing the minimum wage. Competition (for labour), not regulation, would be at work in increasing workers' take-home pay. With the existing programmes in place and the proposed structural reforms (for example, amendments to the Public Service Act, Foreign Investment Act and Retail Trade Liberalization Act), one could argue that the Philippines

did not have to go back to the drawing board to plan its way out of the pandemic.

Climate change is also a critical issue besetting countries the world over, pandemic or not, and the Philippines is among the most vulnerable countries. The Philippines has made its 75 per cent greenhouse gas emission reduction and avoidance target by 2030 "conditional" upon the support of climate finance, technologies and capacity development which shall be provided by developed economies as prescribed by the Paris Agreement. In the final quarter of 2021, the Philippine Sustainable Finance Roadmap and Guiding Principles was launched. It rests on three pillars: policy - creating a conducive business environment; financing - mainstreaming sustainable finance; and investment - developing a sustainable finance pipeline.

It is important to bear in mind that fiscal policy needs to be understood against the broader backdrop of resource mobilization for inclusive and sustainable development. The Philippines has been reforming its fiscal sector not only to be sustainable in itself but also more responsive and effective in achieving equity and efficiency objectives.

The recent extraordinary events triggered by the COVID-19 pandemic call for heavy lifting by fiscal (and monetary) authorities. Along with structural reforms, fiscal policy has and henceforth will continue to play a decisive role in helping recover lost household income and reviving the economy while at the same time remaining mindful of the stability implications of such actions. This will help keep its powder dry to maintain multi-strike capability in the event of a prolonged battle against the pandemic.

Chapter 3.

Keeping trade and information flowing



Introduction

he COVID-19 pandemic severely strained international trade. Multiple lockdowns and associated production shutdowns, combined with restrictions on domestic and international operations, quickly cut cross-border trade and increased transport costs and delays. The guiding principles for the future should be to streamline, harmonize and digitalize.

In recent decades, supply chains, also referred to as global value chains, have been critical to economic growth and poverty reduction in Asia and the Pacific. But the COVID-19 crisis has stimulated a debate on their inherent risks. If countries in the region are to navigate better through future crises, they will need to make supply chains more resilient and minimize cross-border disruption through deeper regional cooperation. To make this work, many countries will also have to substantially upgrade their digital connectivity infrastructure.

Supply chains under strain

Even before the pandemic, companies had been aiming to reduce supply chain risks – by shortening global value chains, nearshoring production and diversifying supply locations. Indeed, global value chain shortening started a decade ago. Reshoring production back to high-income economies had also become more economically feasible using more sophisticated robots and other digital technologies. The COVID-19 disruptions just added further reasons for diversifying sources of supply. Adding to supply and demand shocks, trade and production were disrupted by new border controls and trade regulations. Most trade measures were ad hoc, with little coordination between countries.

Slow take-up of contactless trade

The COVID-19 crisis has underlined the benefits of paperless cross-border trade. Automated documents and customs services not only simplify procedures, they also reduce human contact, making spread of infection less likely. Prior to the pandemic, paperless trade had made some progress in the region, but had been hampered by the lack of political will and adequate integrated legal and institutional frameworks. Progress has also been slow because of limited technical capacity and digital infrastructure, as well as a lack of supporting regulatory frameworks, interoperability across systems and, relatedly, inter-agency and cross-border cooperation. Moreover, the region lacks laws and regulations for various aspects of paperless trade operations.

COVID-19 strained weak transport connections but showed the potential for transformational changes

At its outset, the pandemic underscored major limitations in freight transport. While cross-border freight operations continued due to the major efforts made by governments and freight operators, the strain of additional health controls magnified pre-existing connectivity shortages caused by over-dependence on road transport, different technical standards and numerous documentary requirements along regional transport networks. The problems were often greatest in countries in special situations, such as landlocked developing countries and small island developing states.

At the same time, freight transport connectivity was by and large preserved in the Asia-Pacific region through adoption of seamless and contactless solutions,



facilitation of transport procedures and other measures, which demonstrated the great scope for more agile and resilient regional transport and logistics networks.

The new digital divide and unequal participation

The COVID-19 pandemic is likely to accelerate digitalization and reshape trade and production in global value chains. But this will depend on the availability and reliability of digital connectivity infrastructure. Asia and the Pacific remains the most digitally divided region of the world. Some high-income countries are global leaders in the frontier technology revolution, while many LDCs have seen little change in digital connectivity. More than half of the region's population remains offline and the gender digital divide has grown. During the pandemic, these divides are likely to have widened, negatively impacting, in particular, the education of girls living in poverty.

Increasing cross-border connectivity

The COVID-19 pandemic has demonstrated that coordinated subregional and regional approaches are more effective than unilateral policies. ESCAP has been working closely with its member States on regional initiatives in trade, transport and information and communication technology (ICT) connectivity. Some key areas include:

> Improving trade agreements

At present, only one-third of all free trade agreements in the Asia-Pacific region address environmental issues and say little or nothing about emergencies. Future agreements should promote trade that is more inclusive, resilient and sustainable, and that enables systemic and effective action during crises. They should have mechanisms to preclude import or export restrictions on essential goods and have emergency clauses with clear definitions of a "public health emergency" or a "shortage of essential goods."

▶ Digitalizing regional transport networks

There are already policy and technical solutions for seamless and smart connectivity along the Asian Highway Network, and there is also potential for the Trans-Asian Railway Network. But further digitalization will face a number of issues, not just the digital divide but concerns about data protection and cybersecurity. Harnessing the full potential will require a regionally coordinated approach.

➤ Implementing the Asia-Pacific Information Superhighway

This initiative addresses connectivity, digital applications and data management for all, by working towards doubling broadband connectivity by 2025 and achieving universal connectivity by 2030. Led by governments, the initiative promotes the development of inclusive digital societies for sustainable development.



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The story of trade and its benefits for economies in Asia and the Pacific is by now familiar to all.⁴⁴ The role of trade as an engine of economic prosperity and driver of significant poverty reduction has been documented for many economies in the region by volumes of scholarly and policy research, including numerous ESCAP publications. Trade has been that special factor which transformed some Asian economies into "tigers" and "dragons," enabling them to emerge on the global scene as the new force of economic gravity. Nevertheless, the benefits of trade continue to be re-examined, and trade is often given credit for more than its fair share. The COVID-19 pandemic with its multiple crises brought especially strong negative sentiments towards trade, globalization and supply chains. This cursory recount of the issues associated with trade during the pandemic puts forward a few areas where trade could significantly help make life better for all. However, trade needs a helping hand to be effective and thus this article also discusses several examples of how the work of ESCAP can directly assist member States wanting to utilize trade in pursuit of sustainable development.

Trade has more than one face⁴⁵

hile many would claim that life without trade is impossible, I think we should settle on the notion of trade making life immensely better. Trade is the "force" that brings us food, clothing, medicines, luxuries, entertainment, news and much more, all of these changing our lives, in most cases for the better. However, trade also - especially in our modern, interconnected world - contributes to the spread of shocks, disruptions and, yes, illnesses, and if left unchecked, it will worsen climate change.

From a mercantile (or some would say practical) perspective, trade is a two-way transaction across a border, dominantly a sale of goods or services in exchange for an equivalent transaction in terms of value. Today, we find that these transactions could - and increasingly do - involve knowledge, data or information, all of which could be both an object and a medium of trade.

At a broader level, especially when taking an economy's perspective, trade is best viewed through its role of efficiently allocating finite resources and enabling mutually gainful exchange. Trade as a seamless extension of fragmented production and global value chains⁴⁶ - the two most famous components of globalization in the second half of the 20th century - came to be represented by a sophisticated business model of efficiency maximization known as "just-in-time." The objective of pursuing efficient allocation of resources through trade is to maximize overall welfare – always observed in practice by a higher material prosperity or economic

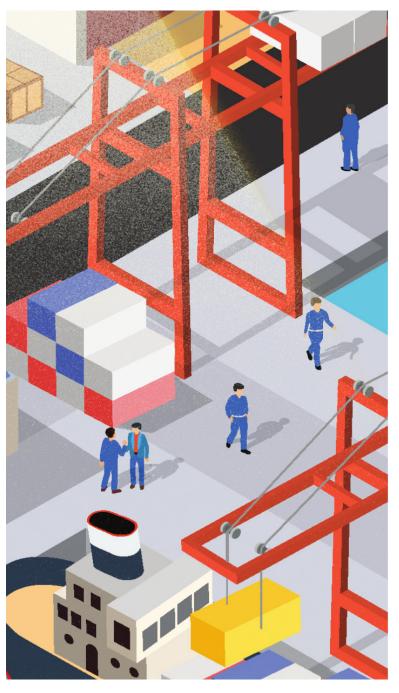
growth (often as GDP growth rate). This objective is elegantly achievable in the theoretical models. However, the reality of the Asia-Pacific regional as well as the global economies also showed wide distributional consequences of trade expansion. Just because we can make everyone benefit from trade⁴⁷ in the mathematical models, this does not mean it would happen for real, and in most cases it does not. Achieving maximum efficiency does not necessarily deliver benefits to all, even after accepting that it is not necessary for the gains to be equally shared.

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In addition to worsened inequalities, ⁴⁸ economies in the Asia-Pacific region also encountered significant environmental costs from the trade-led growth, most significantly related to increased greenhouse gas (GHG) emissions and adverse climate change. In less than three decades, between 1990 and 2018, GHG emissions more

than doubled in the region. Since 2015, economies in Asia and the Pacific have increased the share of carbon-intensive fossil fuels in their trade, while in more than half of the economies, the share of coal in electricity generation has increased. Most worryingly, barriers to trade in environmental goods are still more prevalent than barriers to trade in carbon-intensive fossil fuels.⁴⁹

Because trade is such a potent engine of economic growth, and despite a potential to produce negative social and environmental externalities, 193 countries identified trade as one of the key tools of meeting the Sustainable Development Goals (SDGs) when they adopted them back in 2015. However, in line with the overall transformational approach of the SDGs, the role of trade was also redefined by adding to its "standard" objective of increasing prosperity another two dimensions: inclusivity and sustainability.



Responses to the COVID-19 pandemic and impacts on trade

ear 2020 was scheduled as the first five-year review of the progress towards achieving the SDGs. Yet, the attention and focus of everyone was captured by the need to address multiple crises caused by the onset of the COVID-19 pandemic in early 2020, which has now entered its third year through a new virus variant known as Omicron. According to WHO data, as of April 2022, the pandemic has caused over 6 million deaths and infected half a billion people globally, including more than 100 million in Asia and the Pacific. Policies that governments relied on, especially during low or no availability of essential medical goods and vaccines, amounted to the so-called "great lockdown". These policies, while helpful in preventing the spread of the pandemic, caused significant challenges for the operation of many economic sectors, in particular conventional services such as travel and hospitality, retail, distribution, transport, but also education, health services (apart from COVID-19) and others. They also brought trade and global value chains on to the centre stage of the crises.

Governments, fighting the health crisis on several fronts, hurried to call out global value chain-based trade and globalization as the main reasons for the shortages in essential goods such as personal protective equipment, medical and sanitary products, some food items, and later various information technology and other parts and components. After two years of the pandemic, we now understand that the initial disruptions in deliveries were caused by adjustments that most supply chains had to undertake to deal with shortages of labour in production processes; closures of transport and distribution channels and immobility of service providers, to list only a few. Admittedly, these adjustments were more difficult because the private sector was also not well prepared to deal with various bottlenecks. Many references were made to the "just-in-time" efficiency maximization business model being the main culprit of the widespread shortages faced by consumers. Indeed, more conservative risk assessments would have led many businesses to adopt a "just-in-case" business model involving one or more of the following: more diversified suppliers' networks, higher inventory holdings and shorter supply chains. Such models would have made the firms leading and participating in supply chains more resilient to shocks such as the pandemic. Government sectors (especially related to health and similar services and



government procurement) also exhibited low or no resilience to shocks at the early stage of the pandemic. One of the few positives for many economies in the Asia-Pacific region at the time was their solid fiscal management and more comfortable fiscal space in comparison with some other low- and middle-income economies.

Trade contracted sharply at the beginning of the pandemic, but by the second half of 2020, the most important trade channels were re-opened or several new ones were established, and trade started to recover quickly. In fact, trade was hailed as the most dynamic factor of economic recovery at the global level and in the Asia-Pacific region. 50 However, in addition to the recovery being largely concentrated in the advanced as well as a few Asian emerging economies (mostly those participating in global value chains), it was not extended beyond the first half of 2021. Instead, the second half of 2021 saw many shortages of consumer goods as well as some parts and components, adding rising trade costs to other inflationary pressures. The dominant reasons for the ever-increasing delays in delivery have been linked to the gummed-up, complex supply chains, including shipping and container availability, lack of logistics services, weaknesses in trade facilitation in general but also a persistence of protectionist (discriminative) policies. Additionally, vaccines - that started to be produced in sufficient quantities during 2021 - had to be distributed to many countries, and thus, capacity for

transport and distribution had to be used for that purpose as well.

All in all, at the start of the third year with the pandemic, supply chains still do not function normally and most expert commentators reckon that disruptions and bottlenecks may continue throughout 2022. At the same time, when assessing the performance of trade (especially trade in some manufactured products and digitally enabled services) and supply chains throughout the pandemic, one concludes that they have held their own. This conclusion is even stronger considering the many obstacles being thrown at trade in the form of ad hoc measures such as export restrictions, fluid regulations affecting transport and distribution, and also continuing challenges with the availability of infrastructural and professional services.

The ESCAP contribution to keeping trade flowing

here is no mystery about which conditions need to be met to ensure that trade functions smoothly and effectively delivers prosperity with positive social and environmental impacts. Below is a non-exhaustive selection of key areas for intervention.

- 1. Keeping borders open.
- 2. Making trade rules fit for purpose.
- 3. Investing in digital trade infrastructure.

All in all, at the start of the third year with the pandemic, supply chains still do not function normally and most expert commentators reckon that disruptions and bottlenecks may continue throughout 2022.

Keeping borders open

rade is cheaper and delivers more benefits if it is not constrained by border and behind-theborder obstacles. Over the last seven decades, most of the global trade in goods was under some system of rules providing relative predictability and transparency for traders.⁵¹ The existence of such rules implied a willingness of governments to cooperate and commit to following the rules, understanding that there are mutual benefits (win - win) from restraining unilateral protectionist actions. For complex reasons, even prior to the pandemic, the global system of rules was undermined and weakened. With the pandemic, as markets were disrupted and trade was perceived as causing vulnerabilities, countries reached for trade restrictions, and soon most of the countries - even in the Asia-Pacific region - introduced discriminative policies and practices to control supply of essential goods in their domestic markets. In the atmosphere of worsened geoeconomic and geopolitical tensions and with deepening supply chain disruptions, trust and cooperation among governments were also in short supply. In those conditions, it became even harder to bring governments together to work on pertinent and urgent redesign of trade rules, to enable businesses to reassess their exposure risks and thus opt for diversification in terms of suppliers and markets - one recommendation which seems to be gaining support from both researchers and practitioners. Through multiple initiatives, ESCAP

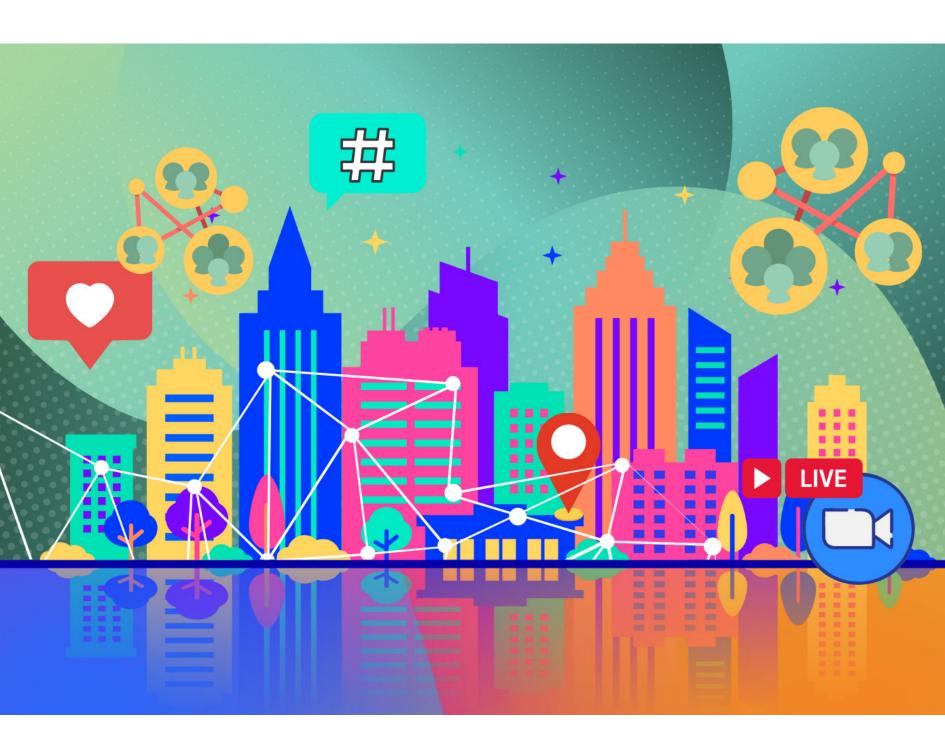
provided its member States with opportunities to engage and rebuild trust, starting from the Trade and Investment Committee in January 2021 to a Regional Consultation on Harnessing Trade for Recovery and Sustainable Development in September 2021. Furthermore, ESCAP continuously produces solid and careful analysis of current and emerging issues in these areas so that policyand decision makers have access to evidence upon which they could dismantle restrictive measures installed during (and prior to) the pandemic.

Making trade rules fit for purpose

s mentioned, due to the lesser reliance on global trade rules, many countries, and especially in Asia and the Pacific, turned to preferential trade agreements (PTAs) as many believed they could replace a certain void in global rules through rules signed bilaterally or regionally with numerous trading partners. This certainly applies to some areas (investment, services, or areas that still do not have global trade rules such as labour or environmental standards). However, when the pandemic started, it quickly became clear that even these PTA-based rules are not fit to address issues that became crucial in a pandemic - such as export bans, essential services trade restrictions and digital services restrictions. ESCAP and a number of other United Nations agencies, academia and some practitioners organized a fact-finding and research initiative to address how best to use PTAs and their provisions in managing a crisis such as the pandemic. This was turned into a Handbook on PTAs in Asia and the Pacific and online capacity-building. The course is particularly valuable in providing new resources and evidence for negotiation of sustainability provisions as part of PTAs for developing countries which have less experience in this area.

Investing in digital trade infrastructure

hile Internet connectivity (fibre and otherwise) is the new electricity, digital and sustainable trade cannot exist without an appropriate regulatory infrastructure. Soon after the first "great lockdown" in 2020, barring much or all person-to-person contact, it became clear that trade will flow only with automation and digitalization of customs procedures. ESCAP work on paperless trade - which started a decade prior to the pandemic - regained momentum when paper-based trade and payments proved to be impossible. Many countries accelerated the implementation of paperless trade such as accepting electronic documents and electronic payments. Importantly, paperless trade is not only critical to trade



in emergency circumstances but can also significantly reduce transaction costs and save resources. The UN Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA), in force since February 2021, provides an opportunity for countries at all levels of development to improve their capacity to engage in cross-border paperless trade.

The CPTA prescribes comprehensive action plans for the implementation of digital trade facilitation measures for trade and development, including the development of electronic Single Window systems, the exchange and mutual recognition of trade-related data and electronic documents, and technical support and assistance.

The future of transport in Asia and the Pacific

Young Tae Kim

Secretary-General

International Transport Forum



he future demand for transport and its impact on our world will be determined sigificantly by policies implemented today in Asia and the Pacific. As the economies of Asia and the Pacific continue to grow rapidly, global transport activity is shifting to this region, putting it in a position to shape global trends for passenger and freight transport. Although transport demand will increase worldwide, passenger traffic will rise strongest in regions with the highest population growth and soundest economic development. This will establish Asia and the Pacific as the largest generator, by a significant margin, of transport demand. The most recent projections show global passenger transport demand triple by 2050. China and India alone will generate one-third of all passenger travel, while the share of OECD countries in terms of passenger-kilometres will almost halve from 43 to 24 per cent.

A growing world population in combination with rapid urbanization will put pressure on cities' transport systems in particular. The urban population of the Asia-Pacific region will nearly double between 2020 and 2050. Thus, urban mobility in Asia and the Pacific could nearly triple, making it the region with the greatest urban transport demand in the world. City authorities, therefore, need to be ready for new transport challenges, not just the ones that already exist. By adopting ambitious policies, the countries in Asia and the Pacific could cut transport carbon dioxide (CO₂) emissions by 74 per cent in 2050. This would put the world on a path to meeting the Paris Agreement targets and create more equitable transport systems at the same time. In some countries with rising incomes and growing quality of life, inhabitants can travel more, and there will be some growth in individual trips. However, in countries where citizens are already highly mobile, there is room to reduce demand for transport.

What is needed is a shift from more mobility to greater accessibility. Greater accessibility means shortening travel distances. That requires creating mixeduse neighbourhoods and promoting transit-oriented development to prevent urban sprawl by empowering citizens to satisfy their needs close to home. In some cases, greater accessibility means using digital technologies, such as video conferences, to replace trips. With smart development policies in place, travel demand in Asia and the Pacific could be 20 per cent lower in 2050 than in 2015 compared to what the situation would be with today's policies. Walking, cycling, micromobility, shared mobility and public transport are already more common in Asia and the Pacific than many other regions in the world. Government measures that would make them easier to use and notably integrate these modes will significantly support the development of sustainable transport systems.

Multimodal solutions are the only way forward for truly sustainable and equitable urban transport. Approximately 65 per cent of CO₂ emissions from urban transport in Asia and the Pacific stem from private motor vehicles. Yet vehicle ownership is comparatively low in the region, with a motorization rate (including two and three wheelers) of only 356 per 1,000 population in 2018-2019, compared to more than 800 in the United States. The potential for additional motorization is therefore significant. Among the costs of motorization are CO₂ emissions, but also increasing local air pollution, more frequent congestion and a rising number of road deaths. Traffic fatalities in many countries in Asia and the Pacific are above the global annual average of 17.4 per 100,000 people. The health impacts of air pollution and the economic costs of traffic congestion are pressing challenges. Making transport more sustainable will also address such social costs, not only the issue of climate change.

One of the most effective ways to reduce CO₂ emissions from transport is to improve fuel efficiency by implementing fuel economy standards. Moving towards a more efficient shared model with integrated transport modes, with public transport as the backbone, and safe conditions for walking and cycling also hold great potential for lowering transport CO₂ emissions. In such a system, shared mobility and shared cars can provide an alternative to, or complement, public transport, especially if they are conceived to be an integral part of the system. Such integrations require regulatory frameworks that create growth opportunities and strengthen competitive advantages to address the impact of increasing new mobility services.

The Asia-Pacific region also leads in global freight activity when considering surface transport, domestic shipping and air transport. Thus, the region could help realize economies of scale for emerging low-carbon freight technologies and systems, especially since surface transport and domestic sea and air transport will increase in all other regions by 2050. Freight transport will grow differently in different countries, but usually in line with GDP.

Strong growth of freight CO₂ emissions in the Asia-Pacific region - including China, India and South-East Asia - is also expected through 2050. Their successful reduction requires policies that will improve fuel and vehicle energy efficiency and operational changes to optimize freight transport. Measures to decarbonize freight include raising fuel economy standards, improving supply chain efficiency and changing the modal split of freight transport in favour of more sustainable options. Other measures include improving vehicle routing and utilization, reducing freight's exposure to congestion and lowering the carbon intensity of its energy sources. Fiscal policies that help minimize freight transport CO₂ emissions include taxes on fuel, carbon and vehicle registration, distance-based charging, and subsidies for cleaner, more efficient vehicle technologies.

The COVID-19 pandemic has provided an opportunity to rethink transport for more safety, sustainability and equity. It has put on the agenda initiatives such as respacing our cities for resilience and recalibrating transport infrastructure design towards more long-term objectives. The ultimate impact of the pandemic on trade is still unclear. Between 2015 and 2030, the compound



annual merchandise trade growth rate worldwide is expected to be 2.4 per cent, rising to 2.7 per cent over the longer term to 2050. In the Asia-Pacific region, compound annual growth through to 2030 is expected to see the strongest growth in exports. The region's share of import-related transport movements will also grow significantly, from 28 per cent in 2015 to more than 40 per cent by 2050. Freight transport flows to, from, and within the Asia-Pacific region are expected to grow the most out of all regions.

The pandemic is accelerating several trends that affect freight transport. Of these, digitalization and e-commerce, trade regionalization and lower fossil fuel consumption are the most noticeable trends to emerge.

The pandemic is accelerating several trends that affect freight transport. Of these, digitalization and e-commerce, trade regionalization and lower fossil fuel consumption are the most noticeable trends to emerge. The COVID-19 crisis has hastened the adoption of emerging technologies and business models, led by areas able to scale up quickly and set a standard or even become the only way to stay in business.

To keep freight and essential supplies moving across borders safely and expediently, initiatives promoting paperless processes and documentation have gained traction. At the same time, companies - notably large multinationals - work on making supply chains more data-driven to manage their assets better. Automation will likely accelerate, particularly at logistics terminals, ports and other critical supply chain nodes, including for health and sanitary reasons.

Generally, attention has shifted to more resilient and diversified supply chains. The vulnerabilities experienced

during COVID-19 along with increased automation of production (for example, through 3D printing), trade tensions and rising wages in China, are pushing companies to build more resilience into their supply chains to gain an edge over any future shocks.

Greater emphasis on the resilience of transport systems offers opportunities for decarbonizing freight. Lower speeds, for instance, require less energy and emit less CO₂. Relaxing the just-in-time paradigm allows for the more widespread adoption of slow steaming in maritime shipping and lower speeds for trucks, including via stricter speed limits. Reduced pressure to meet strict schedules will allow increased load consolidation and thus the fullest use of vehicle capacity. This development also favours multimodal solutions that include less carbon-intensive modes such as rail and inland waterways that are especially suited to moving large shipments.

Guidelines developed by the Association of Southeast Asian Nations, ESCAP and the ITF can also help create a pathway for a resilient and sustainable transport connectivity recovery during and after COVID-19 to help the region "build back better." The Guidelines include measures to ensure transport workers' safety and training, preserve connectivity for efficient and resilient supply chains, and build back better through digital, resilient and decarbonized transport connectivity. The Guidelines target systematic, infrastructural and modal level changes, which will enable countries to develop their own pathways for greater resilience and sustainability.

As the global transport sector continues to grow and evolve under increasing automation, digitalization, decarbonization and climate pressure, regional dialogues become ever more critical to trigger global change, increase horizontal integration and enable different sectors to collaborate on solving common challenges. The ITF is committed to supporting countries in Asia and the Pacific to identify synergies across sectors and stakeholder groups, collect and share data, exchange knowledge and lessons learned, and foster dialogues on mutual experiences among themselves and with other regions.

From land-locked to linked-in: Central Asia in the global digital society and economy

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Digital transformation and information and communication technologies



t the beginning of this millennium, public figures and intellectuals posited that the world stood "on the brink of a miraculous New Age," an information transformation of society, realized most recently through the ongoing digital data and platform revolution. And yet, at the same time, we are also risking our own extinction due to climate change.

In calling for global data governance, the United Nations Conference on Trade and Development has stressed the need to investigate the non-economic dimensions of cross-border data flows. The social and moral dimensions - including the key notions of justice and trust - should be considered, as they are important in the context of the growing capacity of "technologies of integrity," such as blockchain, and for coping with a global crisis of confidence in data security. This is different from the currently dominating technocratic view of trust as a characteristic of secure data flows. The proposed approach would enhance the discourse on progress, inequality and egalitarian versus elitist socio-economic models; important issues in the ESCAP region. In this sense, the problem is not limited to data governance but a question of "fair globalization."

At its 75th anniversary, ESCAP can look back on profound achievements in various spheres: fostering regional collaboration, protecting the environment, enhancing infrastructure, improving access to basic services and advancing gender equality and women's empowerment in Asia and the Pacific. However, the

COVID-19 pandemic has compounded global threats and exacerbated the vulnerabilities of various countries, especially those with special needs. The current digital divide is deeply rooted in the political, social, economic and cultural divisions of the outgoing traditional "analogue" international system. The incompatibility of this traditional system with the attainment of the SDGs is becoming increasingly evident. To achieve Agenda 2030, it is necessary to overcome the digital divide and develop the solidarity-centred values of shared digital societies. ESCAP and member States can assist in effectively reinvigorating the development paradigm as they have done in the past.

The development of the digital economy has been accompanied by a significant increase in misinformation and disinformation.

This article highlights potential interlinkages of the global development agenda with issues hampering the cross-border flow of trade and data in Asia and the Pacific and identifies possible solutions, with a particular focus on Central Asia.

Why has Homo Informaticus become so irrational as to wage war against nature?

uman history seems to be a repetition of cycles. About every 100 years, there are global cataclysms such as large wars and pandemics. Over 1,000 years, the paradigms of human development and social and political systems are changing. People rethink how the fundamental values of society combine with human development and governance, and vice versa.

While political leadership is clearly influential, today, perhaps the key question of: "Who rules the world?" can be replaced by: "What principles and values rule the world?" One potential answer is money. In 2017, it was reported that just three people in the United States, Jeff Bezos, Bill Gates and Warren Buffett, were richer than 160 million citizens combined – or more than half the country's population. This situation, where so much money is concentrated in so few hands while many people struggle to get by, can be said to reflect not just a failure of economic policy, but a deep moral crisis.⁵²

Global players and academia could promote an ideology of equity

hile issues of justice and morality are high on the global agenda, there is a need to broaden and deepen the honest debate on all interrelated aspects of the issues involved. In June 2020, it was declared at the World Economic Forum that the COVID-19 pandemic presented an opportunity to reset the world economic order, making it more sustainable and socially conscious. But many saw in this another attempt to reset capitalism in order to justify the current form of hyper-inegalitarian world order. When the President of Malawi called on developed countries "(...) to understand that much like addressing the COVID-19 pandemic, tackling the acute development challenges LDCs face is a multilateral issue(...),"53 vaccine nationalism had already become a source of strong tensions, including among developed countries. Trading partners - even historical allies - were willing and able to swiftly and effectively retaliate against one another.⁵⁴ One of the hard-learned lessons is that complex crossborder supply chain disruptions are less problematic for powerful actors if their self-interests are at stake.

Such mindsets and actions further erode confidence at all levels, diminishing the potential for global cooperation. At the same time, as United Nations Secretary-General

Antonio Guterres has stated, the crisis requires a search for innovative multidisciplinary approaches.

Professor Thomas Piketty argues that inequality is not an inevitable outcome of economics. He looks at how large-scale crises can trigger major political and ideological changes. Using historical, political and philosophical analysis, he presents a detailed account of the ideological context behind how inequality regimes sustain themselves. He argues that the struggle for equality and education was what made economic development and human progress possible, and not a reverence of property, stability or inequality. Piketty's multi-disciplinary perspective presents a new ideology of equality.⁵⁵

Towards true information of a knowledge society and data economy

hen the Internet was invented, everyone thought that the most important objective was to ensure the free flow of information. Yet today, it is clear that the uncontrolled spread of false information has had significant negative effects on society, economies and politics. The development of the digital economy has been accompanied by a significant increase in misinformation and disinformation. The latter may well be seen as synonymous with dishonesty and moral corruption.

Many experts link this to the neoliberal ideology of a society of mass consumption and the corresponding value system. Harming every aspect of human agency, this system, driven by extreme individualism and selfishness, with all the attendant social injustices, has exacerbated the global crisis of confidence. That is why an information society - built by the international community - should contribute to a transformation towards a true knowledge society in which information can benefit human development. Among the main values will be solidarity, equal access to information, cogovernance and "more humanism, less capitalism."

Shared egalitarian digital values and ideology

any current social development challenges are compounded by the "digital divide." Even before the COVID-19 pandemic, the World Summit on the Information Society was placing human capital and social issues at the centre of digital transformation. The international community is just beginning to view this from the perspective not only of economic or traderelated value chains and business models, but also of



social and cultural values. The latter are the foundation of every society, including a knowledge society.

Moreover, human beings, with their moral principles, non-economic needs, interests and activities, determine the quantity, quality and conditions of data, information and trade flows. Therefore, the concepts of justice and trust ought to be investigated in their broadest sense; contrasting the current technocratic view of trust as a characteristic of safe, cross-border data flows. When considering further development towards the information society, countries in the Asia-Pacific region may wish to nurture digital values based on the best traditional values of Asia, such as solidarity and empathy. The first character in the Confucian Analects is "learning" (xue), which illustrates the success of the modern "learning civilization" of East Asia.56 "Digital leaders" such as Japan, the Republic of Korea and Singapore can in many ways be considered examples of a harmonious combination of the best national traditions and technologies. This includes governance of data and cross-border information and trade flow-related issues.

Some other parts of the world, such as Scandinavia, have achieved a high degree of equality in society and trust in authorities. Current policies and practices regarding open data are exemplary there. In Central Asia, unlike in Scandinavia, the spiritual and moral values of many of its peoples have been deformed or almost erased from memory as a result of a series of tragic historical events over the last few centuries. As a result, there is now a hybrid of ideologies - from the remnants of surrogates of communism and an unprecedentedly unjust and similarly totalitarian neoliberalism. Digital technologies that promote honesty and trust can help restore the

social cohesion and values of Central Asia's once-shared societies. In turn, the establishment and integration of national digital platforms in trans-boundary priority areas will generate new types of market demand and increased cross-border trade flows.

When considering further development towards the information society, countries in the Asia-Pacific region may wish to nurture digital values based on the best traditional values of Asia, such as solidarity and empathy.

Digital trade, data rules and governance for Central Asia: to rush or to hold on?

hen it comes to digital trade and data governance, countries in Central Asia need to maintain a balance between rushing to adopt new standards and waiting to do so. They would also be well-advised to proceed with a learning-by-doing approach. This is due to a new contradictory reality. While data flows now account for a larger share of GDP growth than global trade in goods,⁵⁷ at the same time, there are still no generally accepted definitions related to cross-border

data flows. Moreover, digitalizing trade in Central Asia would also require significant legislative reform.⁵⁸

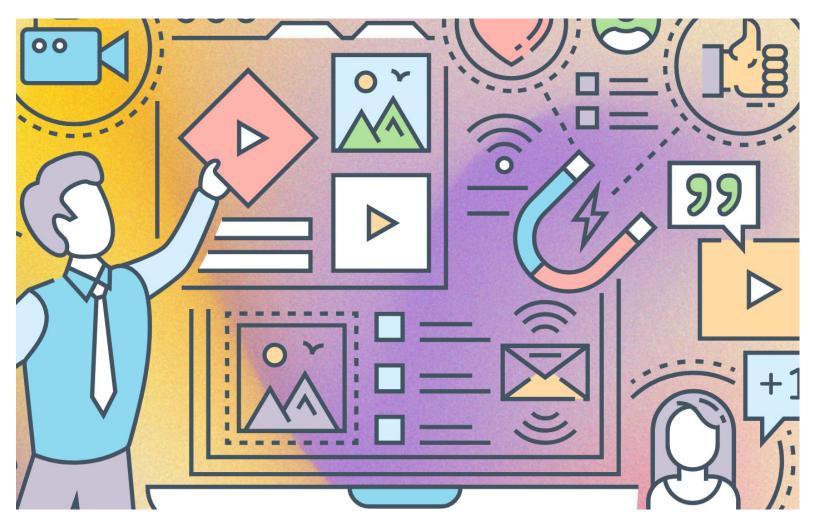
In the pursuit of continuous economic growth, the consumer society encourages constant acceleration of various processes: production, movement, sale of goods, services, information and more. However, destructive processes are also accelerating. In particular, the COVID-19 crisis worsens the already weak economic base of the least developed countries, as well as the landlocked developing countries of Central Asia. The rapidly reconfigured global value chains disadvantage these groups of countries further. Some struggle to resolve basic infrastructure and connectivity problems and are not sufficiently familiar with cross-border data flows.

On the other hand, it is at the intersection of data and trade that economic benefits are flowing. Emerging economies are participating significantly in global trade flows, and south-south trade has been increasing in recent years. Effective data governance policies can leapfrog the development of these economies. For example, small businesses worldwide are becoming "micro-multinationals" by using global digital platforms to connect with customers and suppliers in other countries.

Central Asian countries may be underestimating the importance of building subregional institutions and governance. This amplifies the paradox: Central Asia, the subregion farthest from the high seas, is one of the most disconnected in terms of inter-country trade relations. But the countries of the subregion should be more pragmatic today. They need to develop common regulatory frameworks and positions on data flows and data management, promoting them in multilateral negotiations. In parallel, they should participate in and develop new digital integration projects with various stakeholders.

Access to payment services and infrastructure is key to promoting intra- and interregional e-commerce and cross-border payments. Recent highlights include the successful London initial public offering (IPO) of Kaspi. kz, a marketplace, fintech platform and payment system. This unicorn provides fintech services to all small and medium-sized enterprises as well as the country's population. It also promotes open banking and aims to expand to neighbouring and other markets.

In this context, initiatives such as the European University Institute's digital trade integration project, in which ESCAP is among the partners, are of practical interest for Central Asia as they aim to increase



transparency in digital trade restrictions and foster enhanced access and interoperability of cross-border electronic payments.

Moreover, ESCAP and the Government of Kazakhstan aim to establish, together with potential stakeholders, a subregional Digital Solutions Centre for Sustainable Development. Serving as a node of the Asian-Pacific Information Superhighway, it would contribute to nurturing the digital values of an information society, promoting digital transformation and a trade-enabling environment.

Building a knowledge society for Central Asia

ESCAP has advanced information and communication technology connectivity, digital technology applications and digital partnerships among stakeholders in the subregion. While there are strengthening patterns of more inclusive economic development, inequities remain a serious problem.

To facilitate cross-border data transfers under transparent rules, ESCAP can help set explicit targets for sustainable and equitable development for inclusion into international treaties. It can also seek to ensure more equitable distribution of the gains from data flows by facilitating open and reliable trade and supply chains in Asia and the Pacific.

In Central Asia, the data and fintech revolutions are generating opportunities for the creation of integrated local digital markets. In turn, marginalized traders and entrepreneurs located in remote areas will get unprecedented access to global markets. By enriching traditional values with new technological knowledge and ethics, ESCAP can make a significant contribution to the formation of new "digital humanistic values" of a developing knowledge society.

For a long time, it was believed that the Silk Road was primarily a trade route between Asia and Europe. However, modern researchers have come to the conclusion that initially, there was a flow of information - transfer of ideas and knowledge - followed by the development of trade. Today, it is possible to revive the role of Central Asia as a bridge and source for the free flow of information, innovation and commerce along the ancient route reborn as the "Digital Silk Road."



Farmer-centric regional information systems

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Digital systems today

igital technologies have made rapid progress in recent years, so much so that all important human activities have got on to digital platforms. Be it domestic requirement or otherwise, transactions are carried out virtually through digital platforms.

are carried out virtually through digital platforms. Many wonder how this has been made possible and how smartphones transformed the world so rapidly. However, quick adaptation to rapidly changing technologies has enabled major changes to everyone's lives. Most countries are actively taking up digitization of many key activities and creating computational infrastructure to enable online platforms. Due to the growing needs and demand for digital modes of operation that involve internet and related information and communication technology solutions, many countries have given greater emphasis to digitization processes and moving into the realms of the digital economy. The world wide web is actually enabling economic connections, like never before, that are allowing growth of diverse businesses in a wider, deeper and more decisive manner. The reality of today's developmental process is a strong push towards digitally connected global economies. In such a situation, the flow of data across multiple countries is ever increasing and is positively impacting the world economy, irrespective of countries being big or small. In such circumstances, the Asia-Pacific region has a big advantage in surging forward in international trade due to a conducive environment for digital exchange, e-commerce and online supply chains.

The digital economy in the Asia-Pacific region

ESCAP, on the basis of its linkages and engagements with member States, could strongly support all countries in the region in adopting new and emerging technologies for regional development. There are countries already practicing digital technology-based solutions in the region that could help others to adapt through knowledge-sharing and capacity-building on a fast track. The region has made significant progress in cybersecurity; 35 countries have cybercrime legislation in place and 31 have cybersecurity regulations. In spite of the pandemic, most network operators in the region could cope with the increased demand and meet their country's needs. ⁵⁹ The Asia-Pacific Economic

Cooperation (APEC) has actively pursued this and has elaborate plans on the digital economy for Asia and the Pacific. In 2017, APEC leaders pledged to work together to realize the potential of the internet and digital economy and welcomed the adoption of the APEC Internet and Digital Economy Roadmap. This document emphasizes 11 key focus areas that cover a wide range of activities to enable digital infrastructure, interoperability, data security, digital economy and e-commerce. Similarly, management consultants McKinsey&Company has highlighted digital globalization by analysing global transactions, services and flows. 60 The analysis highlights countries' and companies' active participation in a web of flows that matter for growth as it results in ideas, research, technologies and best practices, globally. The digital economy in the Asia-Pacific region has also been examined, for example, in one study based on secondary sources for 43 countries in the region during 2012-2017. This research looked at the role played by digital skills in fostering development of the digital economy. The findings show that income levels affect the development of the digital economy.⁶¹

Digitally connecting small farmers

here is an urgent need to push for agriculture technologies in the Asia-Pacific region, considering global food security requirements. There is a great opportunity to connect farmers of many countries to integrated value chains to unlock their potential and move towards realization of better economic and financial gains.

Many countries in Asia and the Pacific have farmers with small or marginal land holdings of less than four hectares. These farmers account for a significant proportion of food production in the region. These farmers tend to confront various challenges, whether financial, economic, health or natural hazards. For all their efforts, they rarely achieve optimal levels of productivity or profits. If they can be connected through an integrated value chain and unlock the vast potential to obtain better financial, social and economic gains, there will be a unique transformation over time. This effectively means that an inclusive food value chain through widely distributed connectivity could enable diverse economic activities, particularly the huge market

potential for food grains in the region and across the globe. This could also lead farmers to learn new and improved mechanisms of agricultural production.

There are many advantages of connecting farmers to an integrated regional supply chain, which could also expand globally and spread across multiple regions, resulting in optimal gains and better use of resources. The multiplier effect this could have is significant, including quality consciousness, advanced advisories, better yields, improved farming techniques, better bank linkages, economic gains and much more. A unified platform for all small farmers helps in many ways, particularly with experience-sharing and problemsolving, as well as issues related to pests and diseases, addressing soil deficiencies and other field-related challenges that need real-time solutions. Farmers with prior knowledge of such issues could help in solving problems more effectively. In the long run, farmers could solve problems together and join hands to form their own affinity-groups, resulting in multiple gains and more progress towards sustainable development.

The use of mobile-based information technology for farming will likely spur greater acceptance of platform-based commercial activities and digital value chains in farming areas and rural communities in countries across the region.

Disruptive technologies for farming

isruptive in nature, internet of things (IOT), smartphone and geospatial technologies are already playing significant roles in better agricultural management practices. Small farmers in Asia and the Pacific and other regions are learning to adapt to new information and communication technology (ICT) tools in farming practices and embrace precision farming. Today, IOT has the potential to teach many

new lessons to the farming community with regard to resource optimization. Many farmers have started using IOT gadgets in their fields, such as weather sensors, soil moisture sensors, rain gauges, automated water pumping, solar power in fields, gravity-based drip irrigation and soil moisture-based watering schemes. IOT and ICT tools are also mobile-enabled and simple to use; reducing labour-intensive methods and optimizing the use of manure or enriched micro-nutrients. This is because the systems and gadgets are automatically controlled through artificial intelligence-based systems for farm-level decision-making. For example, in India and other countries, some IT professionals are taking up farming as a hobby, demonstrating that ICT tools and techniques bring increased yields and better economic benefits. Also, startups and unicorns are coming up with disruptive technologies and achieving rapid growth in business. In India alone, 44 startups transformed to unicorns just in the year 2021. Digital technologies can be nurtured to help the farming sector across the region.

In the context of networking small farmers within and across regions, it is also necessary to provide the required capacity-building, particularly on ICT tools and smartphone technologies and applications for farming.

Today, mobiles and smartphones are in every hand. Mobile network coverage stands at 98.6 per cent with both 3G and 4G network coverage above 90 per cent. Hence, these gadgets can enable a farmer to carry out many activities, including secure bank transactions online. Farmers can handle all their financial transactions through simple mobile apps. For example, Unified Payments Interface (UPI) transactions have made a revolution in a country like India, where urban and rural dwellers alike are rampantly using the technology for day-to-day transactions. Also, these technologies can easily connect a small farmer to many potential buyers, and the buyer will know about the product and its details before buying. This also provides much-needed information to distributors and retail marketers.

Enabling technologies: space and information and communication technologies

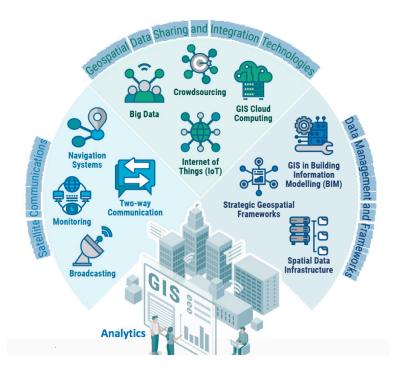
urs is a world of technological possibilities and every day, one observes new ways of doing things that are enabled through new and emerging technologies. Disruptive technologies have pushed traditional methods to the back benches. Mobile phones, unmanned aerial vehicles, the internet of things and space technologies are enabling a new paradigm of

technological solutions, even in farming. Mobile phones can download weather advisories, cyclone and flood warnings and other advance warning information that may be useful for farm-level decision-making. Many longer-term indicators can also be derived from spacebased remote sensing data, such as resource maps for soil, seasonal land use, contours, digital surface models, slopes, aspects and gradients, ground water potential, natural drainage systems, geology and structures, geomorphology and more. These could be integrated in a geospatial platform (geographic information system, GIS) for agro-advisories to help farmers in sustainable agriculture. The entire IOT platform can be integrated in the GIS system, including GPS-based geotags of the field assets for real-time farm-based geospatial analytics. This creates a comprehensive visual geo-database that a farmer can easily use on a simple mobile platform from anywhere and can perform multi-tasking at farms on a routine basis.

ESCAP - the enabler

n view of the above, what is needed is a computational platform and well-designed database to serve as an affordable and enabling mechanism for the Asia-Pacific region and the globe. Each member country could have its own web services

Trends in integrating geospatial and non-geospatial technologies for innovation



Source: ESCAP, Geospatial practices for sustainable development in Asia and the Pacific 2020: a compendium, p. 120.

platform with the necessary cybersecurity tools/ appliances in place. These platforms could be linked to a cloud platform at the regional level - where ESCAP could help - with necessary software and online tools. Member countries could bring their users, particularly small-scale farmers, to their respective country's web platform and connect them to the designated regional cloud. This cloud would have the necessary tools to integrate all users at the regional level and facilitate a range of online transactions, particularly farm-related. A simple geospatial technology application at regional scale could open a new horizon for many small farmers who could broaden their base and work with a much bigger regional market.

ESCAP could lead in coordinating and securing such interventions in the Asia-Pacific region to demonstrate how a combination of technologies can help small and marginal farmers to improve their productivity and also support the achievement of the Sustainable Developmental Goals. The use of mobile-based information technology for farming will likely spur greater acceptance of platform-based commercial activities and digital value chains in farming areas and rural communities in countries across the region. With today's technological possibilities, the way ahead can be seen as a big opportunity for transformation - further accelerated by the COVID-19 pandemic - which should be fully used by the global community.

Chapter 4. Protecting environmental health



Introduction

nvironmental health in Asia and the Pacific is compromised. Unsustainable exploitation of natural resources is having a devastating impact on the environment, contributing to the climate crisis, declining biodiversity, degrading ecosystems and raising pollution levels. Further exacerbated by the ongoing COVID-19 pandemic, these challenges negatively impact human health and well-being as well as economies and overall sustainable development in the region.

As the Secretary-General of the United Nations has said, "science is screaming to us that we are close to running out of time - approaching a point of no return for human health, which depends on planetary health."

Asia and the Pacific is off track on many of the Sustainable Development Goals, but especially the environmental ones. Not only do the indicators show a severe decline of biodiversity and ecosystems, but the region is also a major contributor to climate change, producing 60 per cent of all global CO₂ emissions. Estimates show that a quarter of the region's endemic species are at risk of extinction. Climate change and pollution are some of the drivers of biodiversity loss, which shows that environmental threats are interconnected. Protecting and sustainably managing nature, including through shifting development trajectories, is critical to ensure a greener and more sustainable socio-economic outlook for Asia and the Pacific.

Key fault lines and barriers to achieving sustainable management of natural resources in Asia and the Pacific can be identified along institutional, structural, economic and behavioural issues. Strengthening governance and institutional capacities, promoting a more sustainable economic model that is more inclusive of natural capital, and adapting lifestyle and consumption patterns are some of the necessary changes urgently needed.

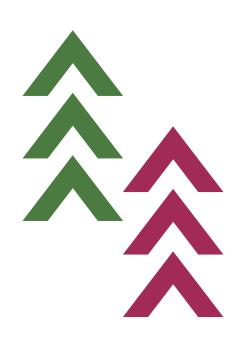
Further, as countries in the region share many important terrestrial, freshwater, coastal and marine ecosystems as well as the atmosphere, and share the impacts of their degradation, an important aspect of protecting nature in Asia and the Pacific is collaboration. In the context of building back better from the COVID-19 pandemic, the Executive Secretary of ESCAP has stressed the need to "forge regional cooperation to raise climate ambition, ensure biodiversity and ecosystems measures and better manage the consumption of wild animals and the wildlife trade, and move toward a more circular economy." 65

In this chapter, a range of experts and counterparts attempt to provide a comprehensive answer to the following guiding question: What can ESCAP do to foster an Asia-Pacific region that is greener, healthier and more sustainable?

To answer this question, this chapter discusses the protection of environmental health, focusing on climate action, sustainable oceans, pollution and sustainable cities in Asia and the Pacific.

Bangladesh: addressing climate change and building resilience

H. E. Ms. Sheikh Hasina
Prime Minister of Bangladesh



Inspired by the dreams of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman

Bangladesh has gained tremendous development momentum in the last decade. The country has crossed two development milestones; first, it graduated to lower-middle-income country status in 2015, and secondly, it has completed all the conditions and processes for graduation from the least developed country category. Sound and effective development policies have set Bangladesh well-poised to achieve the Sustainable Development Goals by 2030, reach upper-middle-income status by 2031 and build a knowledge-based developed and high-income nation by 2041.

Bangladesh is widely known as one of the most climate-vulnerable countries in the world. Its geographical location in the world's largest low-lying delta ecosystem makes it prone to many climate-induced natural disasters. These often put the lives and livelihoods of communities at risk, disproportionately affecting the poorest sections of society.

Climate change is inextricably linked to economic inequality: it is a crisis that is largely driven by greenhouse gas emissions by the "haves" which hit the "have-nots" the hardest. In the 25 years from 1990 to 2015, annual global carbon emissions grew by 60 per cent, approximately doubling total global cumulative emissions. This has brought the world perilously close to exceeding a projected 2°C of warming, and it is on the verge of exceeding 1.5°C. The report reveals that nearly half of the total growth in absolute emissions was due to the actions of the richest 10 per cent, with the richest 5 per cent alone contributing over a third (37 per cent).⁶⁶

Climate change vulnerability

angladesh is among the worst hit but largely a passive victim of climate change. According to the *Global Climate Risk Index 2021*, Bangladesh is ranked 7th among the countries affected most in 2000-2019. Its geographical location makes the country highly exposed to some climate change-induced sudden and slow-onset disasters like flash floods, monsoon floods, landslides, cyclones, storm surges, salinity intrusions, droughts and unpredictable rainfalls. In addition, 60 per cent of its land is barely 5 metres above sea level which is a major threat to the country's ecosystem.

The fourth assessment report by the Intergovernmental Panel on Climate Change estimates that rice production in Bangladesh may decline by 8 per cent and wheat by 32 per cent by 2050. It is projected that Bangladesh may experience annual economic losses equivalent to 2 per cent of its GDP by 2050; a loss that may grow to 9.4 per cent by 2100. There is a prediction that the country will experience sea level rise of about 40 cm by 2080 which will certainly further worsen the situation and wreak havoc on the lives and livelihoods of its people, in particular those who are living across the climate hotspots of the country.

Key initiatives for addressing climate change

angladesh has mainstreamed climate change in all its medium- and long-term development plans for ensuring a sustainable development pathway. The overarching policy aims to create a greener, healthier environment that is resilient to disaster and climate change.

Following Bangladesh's response to the global call to action, a comprehensive strategy called Bangladesh Climate Change Strategy and Action Plan was adopted in 2009. This is one of the most credible initiatives of any developing country to address climate change comprehensively for a 10-year period. The plan covers eleven thematic areas including natural resources management, gender, and urban dimension of climate change.

The Government of Bangladesh established the Bangladesh Climate Change Trust Fund in fiscal year 2009-10 from its own resources; becoming a pioneer among developing countries. The trust fund has supported about 800 projects so far with an investment of around \$480 million to implement strategic actions, focusing on adaptation, mitigation and climate change research.

Bangladesh adopted a Climate Fiscal Framework in 2014 and updated it in 2020 to make a climate-inclusive Public Financial Management system. Over the last seven years, the climate-relevant allocation has doubled in the Bangladesh Annual Development Plan; increasing from about \$1.44 billion in fiscal year 2015-16 to about \$2.96 billion in fiscal year 2021-22 for climate adaptation and resilience-building through steps such as the construction of sea dykes, cyclone shelters and coastal plantation.

Bangladesh revised and submitted updated Nationally Determined Contributions to the United Nations Framework Convention on Climate Change on 26 August 2021, enhancing both unconditional and conditional contributions with ambitious quantifiable mitigation targets. This update expanded emission reduction coverage from the energy sector to the whole economy.

The Government is in the process of formulating a National Adaptation Plan with enhanced adaptation ambition. This is expected to be the main vehicle to address adaptation at the national level.

Bangladesh has formulated the Bangladesh Delta Plan 2100, a 100-year strategy to deal with the riverine and

coastal adaptation issues, aiming at securing the future of water resources and mitigating the likely effects of climate change and natural disasters. It is a broad-based long-term vision about the likely changes and necessary interventions to make the delta safe by the end of this century.

Bangladesh

has mainstreamed climate change in all its medium- and long-term development plans for ensuring a sustainable development pathway. The overarching policy aims to create a greener, healthier environment that is resilient to disaster and climate change.

In recognition of the country's progressive role in addressing climate change at the national and international levels, the Global Commission on Adaptation has established a GCA Regional Centre for South Asia in Bangladesh. On 8 September 2020, the Regional Centre was inaugurated in the presence of the Chair of the GCA Supervisory Board, former United Nations Secretary-General Ban Ki-moon. It is expected that the centre will facilitate the exchange of knowledge, experience and best practices on adaptation among eight South Asian countries, supporting their efforts to accelerate climate adaptation.

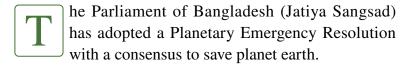
Bangladesh assumed the presidency of the 48-nation Climate Vulnerable Forum in June 2020. Following the initiative of the forum, Bangladesh has already drafted the Mujib Climate Prosperity Plan 2030, with the vision of achieving energy independence (maximizing the share of renewable energy and energy-efficient technologies) and setting Bangladesh's trajectory from vulnerability to resilience to prosperity.

Bangladesh is strongly committed to follow a progressive approach to developing its economy on a low-carbon pathway. The country has cancelled 10 coal-based power plants worth 12 billion dollars of foreign investment in the hope of having 40 per cent of its energy from renewable sources by 2041. Bangladesh has undertaken a series of initiatives on renewable energy to reduce greenhouse gas emissions as well as promoting a green environment:

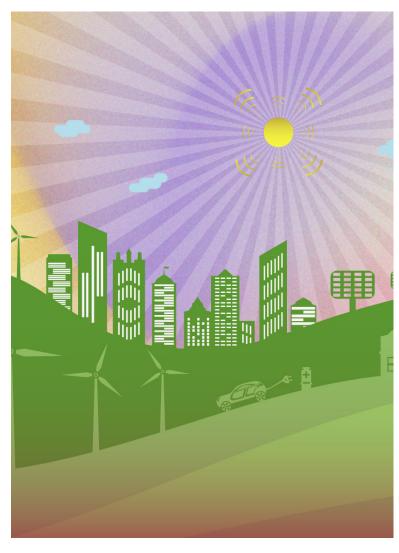
- Solar power: Bangladesh has completed the installation of solar power plants with a capacity of 541.7 MW. The installation of solar plants for an additional 911.8 MW and wind power plants with a capacity of 149 MW is in the process. Around 6 million solar-home systems have been installed across the country, covering approximately 12 per cent of the total population with solar power.
- ▶ Improved cookstoves: More than 4.5 million improved cook stoves have been distributed to rural households to reduce emissions from biomass burning.
- ▶ Improved rice parboiling system: The government has undertaken initiatives to promote an improved rice parboiling system for reducing carbon emissions and ensuring energy efficiency.
- ▶ Prepaid gas meters: Bangladesh has taken initiatives to deploy around 0.26 million prepaid gas meters across the country aimed at reducing greenhouse gas emissions by decreasing the use of natural gas.
- A major transformational change is happening in the transport sector through implementation of Mass Rapid Transit and Bus Rapid Transit systems in Dhaka, the nation's capital.
- ▶ Bangladesh has recently drafted a National Solar Energy Roadmap 2021-2041 and set a timebound, achievable target of a capacity of 30 GW by 2041.
- Local scientists have invented early harvest shortduration rice varieties, drought-tolerant early varieties, salt, flood and stress-tolerant rice and other crop varieties. Floating agriculture has been introduced to grow vegetables and spices or seedlings in the wetlands of the south-central coastal districts, using locally available water hyacinth and other aquatic weeds.
- ▶ Bangladesh is involved in the Clean Development Mechanism of the Kyoto Protocol, under the UNFCCC. The country has registered 21 projects that have

- generated emissions reductions of 13.28 tons of CO_2 equivalents, with the potential of reductions of 118 tons CO_2 equivalents by 2030.
- ▶ Bangladesh has emphasized the establishment of an enhanced transparency framework and measurement, reporting and verification system at the national level, in line with the Paris Agreement. A project on "Strengthening Capacity for Monitoring Environmental Emissions under the Paris Agreement in Bangladesh" is already being implemented.

Enhancing resilience and improving disaster risk management



Bangladesh is widely recognized for its success in climate change adaptation and disaster risk reduction. During the super-cyclone Bhola that hit Bangladesh in 1970, half a million coastal dwellers died. In 2019, super-cyclone Fani - of similar scale - caused only 14 deaths as a result of well-planned disaster management. About 1.6 million people were moved to safety before it struck.



The government has taken initiatives to address the rehabilitation of climate-displaced people. Through the "Asrayan-2" ("Rehabilitation-2") project, 250,000 landless, homeless and displaced families were assisted during 2010-2022. Bangladesh has also undertaken Khurushkul Asrayan Prokalpa, the world's biggest housing project for climate refugees in Cox's Bazar to construct 139 five-storey buildings with modern facilities to shelter 4,409 climate refugee families. In addition, Bangladesh must address the climate impact challenge of sheltering 1.1 million forcibly displaced Myanmar nationals or Rohingya people in the Cox's Bazar area.

Climate financing is the key to success in enhancing resilience to climate change.
Climate finance includes climate-specific support mechanisms and financial assistance for mitigation and adaptation activities.

Under the Asrayan Project, a landmark initiative of the government for landless and homeless people, 442,608 families have been given environment-friendly houses. Besides enhancing disaster resilience, the project also focuses on mitigation through the planting of 1.5 million trees, improved rainwater harvesting, provision of solar home systems and improved cookstoves.

To enhance climate resilience and disaster risk reduction, the government has constructed 726 km of riverbank protection, carried out 2,123 km of river excavation and dredging, built 1,266 km of embankment, excavated or re-excavated 181 km of irrigation canal and 499 km of drainage canal in the last 10 years. The government has also planted 5.4 million palm trees to reduce the risk of death due to lightning.

The government has constructed 4,291 cyclone shelters along the coast. An additional 523 flood shelters have been constructed in flood-prone areas in the country. In addition,

550 "Mujib Killa" (specially designed structures on raised land) have been constructed to shelter livestock in coastal areas during cyclones and tidal surges. About 56,000 volunteers are engaged in disaster risk reduction under the cyclone preparedness programme.

Regional and global partnership for strengthening resilience to climate change



angladesh is pursuing the establishment of a regional and global partnership to work together for the following achievable goals:⁶⁹

- First, the major emitters must submit ambitious nationally determined contributions, and implement those.
- ➤ Second, developed countries should fulfil their commitments of providing 100 billion dollars with a 50:50 balance between adaptation and mitigation. There must be synergies among various climate funds.
- Third, developed countries should disseminate clean, green and advanced technology to the most vulnerable developing countries at affordable costs. The development needs of countries of the Climate Vulnerable Forum need to be considered.
- ➤ Fourth, the issue of loss and damage must be addressed, including a global sharing of responsibility for climate migrants displaced by sea-level rises, salinity increases, river erosion, floods and droughts.
- Finally, we need a "common global commitment" for leaving a healthier planet for future generations.

In conclusion, climate financing is the key to success in enhancing resilience to climate change. Climate finance includes climate-specific support mechanisms and financial assistance for mitigation and adaptation activities. These should spur and enable the transition to low-carbon, climate-resilient growth and development through capacity-building, research and development, and economic development. No development will be fruitful if human civilization is threatened with extinction by the fast-growing impacts of climate change. A concerted effort through strong partnerships between developed and developing countries is needed to reduce carbon inequality, mitigate the impacts of climate change and build a greener development trajectory for all.





Maimunah Mohd Sharif

Executive Director

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Urbanization as a megatrend of the 21st century

rbanization is recognized by the UN Economist Network as one of five megatrends influencing the economic, social and environmental dimensions of sustainable development, along with climate change, demographic shifts (especially ageing), digital technologies and inequalities. Furthermore, urbanization provides an opportunity and is one of the most important tools to guide the sustainable development agenda forward. However, if unplanned and poorly managed, urbanization will exacerbate many of the problems that it claims to solve. Indeed, poorly planned or unplanned urbanization tends to result in economic disorder, civil unrest, congestion and environmental degradation, as well as slum development and sprawl.

Since 2015, the international community has adopted several key global agendas or agreements to guide sustainable development. The 2030 Agenda for Sustainable Development, the Paris Agreement, the New Urban Agenda, the Sendai Framework for Disaster Risk Reduction and the Addis Ababa Action Agenda collectively form the backbone of international development policy recommendations, goals, targets and indicators for countries. In each of these agreements, the role of cities is reflected, most prominently in Sustainable Development Goal 11, Make cities and human settlements inclusive, safe, resilient and sustainable. In fact, two-thirds of the SDGs are directly reliant on implementation at the local level and local

governments are recognized as important partners in the drive to a more sustainable future.⁷¹

The New Urban Agenda (NUA), adopted at the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) in Quito, Ecuador, in October 2016, "reaffirms global commitment to sustainable urban development as a critical step for realizing sustainable development in an integrated and coordinated manner at the global, regional, national, subnational and local levels, with the participation of all relevant actors."

The NUA gives clear guidance on how well-planned and well-managed urbanization can be a transformative force to accelerate progress towards the SDGs. It has inspired new solutions that make cities key players in addressing the climate emergency, managing migration flows, fighting pandemics and other global challenges.

It also encourages Member States to carry out periodic reviews to track progress, assess impact and ensure that the NUA is implemented in an effective and timely manner, with transparency and inclusiveness. Hence, national reports serve as a basis for qualitative and quantitative analysis of the progress made in the implementation of the NUA. In addition, the UN General Assembly mandated the Secretary-General to report on the progress of the implementation of the NUA every four years. The Quadrennial Report 2018 was the first in a series of five quadrennial reports and the second Quadrennial Report was submitted in March 2022.

Interconnectedness of SDG11 on cities



Source: UN Environment Programme Cities Unit.

Urbanization in Asia and the Pacific

sia and the Pacific became majority urban for the first time in 2019, with more than half of the region's population living in cities. The region's number of urban dwellers is expected to rise to more than 2.8 billion in 2030 and reach nearly 3.5 billion in 2050. Those numbers equate to adding four Tokyo-sized cities every year.

Across the region, cities are fulfilling their promise as engines of national and regional growth. Well-planned, managed and financed cities create unquantifiable value that can vastly improve the quality of life. However, cities in the region are grappling with rapid unplanned urbanization and growing inequalities. One third of urban dwellers in the region are reported to live in slums or slum-like conditions. The reliance of urban economies on environmentally exploitative models of development together with unsustainable consumption patterns and changes in lifestyle over the years have also led to environmental degradation, loss of biodiversity, increased pressure on natural resources, massive generation of waste, exposure to pollution and disasters, and vulnerability to climate change. The rapid growth and often informal nature of city populations, coupled with their high level of global and local interconnectivity, have made them particularly vulnerable to the spread of communicable diseases such as COVID-19.

As a platform to focus on solutions to the challenges of urbanization, ESCAP and UN-Habitat jointly organized the 7th Asia-Pacific Urban Forum (APUF7) in Penang, Malaysia in October 2017. Also, ESCAP, UN-Habitat and partners co-produced and launched The Future of Asian & Pacific Cities report at this conference to provide clear guidance for cities to better manage their future. The Report made the case for four priorities and four approaches to realize a sustainable urban future which are summarized as follows: A sustainable future occurs when urban and territorial planning lays a foundation; resilience guards against future risk; smart cities deploy the best technology for the job; and financing tools help pay for it all. Getting these essentials right in Asian and Pacific cities today is vital to adapt to the demands of tomorrow and to deliver on the 2030 Agenda for Sustainable Development and the NUA.

The collaboration between ESCAP and UN-Habitat on APUF7 led to the establishment of the Penang Platform for Sustainable Urbanization (PPSU) which aims to leverage the strengths of cities and leading urban development organizations to support local, regional and national governments in achieving the SDGs and the NUA in Asia and the Pacific.

These partnerships are important, and they are delivering results. The PPSU has supported the development of Asia-Pacific Regional Guidelines on Voluntary Local Reviews, a practical framework used by local policymakers to review local progress towards the Sustainable Development Goals. It also co-convened a Regional Partners Forum on implementation of the NUA in the Asia-Pacific region in October 2021.

Moreover, ESCAP and UN-Habitat, in partnership with the UN University Institute for the Advanced Study of Sustainability, the United Cities and Local Governments Asia-Pacific, the Association of Pacific Rim Universities and the Institute for Global Environmental Strategies have conducted the Asia-Pacific Mayors Academy for Sustainable Urban Development each year since 2019, supporting newly elected or appointed mayors, 10 to 20 mayors per class, by providing access to expertise and raising awareness of regional resources to assist in the acceleration of urban sustainability initiatives. Mayors at the beginning of their term are well-positioned to benefit from the Academy's resources, which include substantive modules and ongoing peer learning.

Towards sustainable cities

ities remain key players in addressing the climate emergency, managing migration flows, fighting pandemics⁷³ and other global challenges. Asia and the Pacific is, however, not on track to achieving the SDGs, including Goal 11. Hence, a more hands-on approach is needed to scale up and accelerate action to make the global framework more accessible and user-friendly for policymakers and urban practitioners, both within government, across the broad range of urban stakeholders and within the UN. The following indicates pathways towards sustainable cities:

Localizing the SDGs

Localizing the SDGs means: planning and implementing local action guided by the normative principles of the 2030 Agenda; defining/aligning local goals, targets and indicators with national and global SDGs frameworks, integrating them into local planning and determining the means of implementation for local action (including finance, capacity-development, inclusive and participatory processes, better data, more integrated planning and action). The following specific steps are suggested:⁷⁴

- 1. Initiate an inclusive and participatory process: Raising awareness of the 2030 Agenda and its SDGs and engaging stakeholders to achieve the goals and targets.
- 2. Set the local SDG agenda: Translating the global SDGs into an ambitious yet realistic agenda that is tailored to the local development context.
- 3. Plan for SDG implementation: Pursuing goal-based people-centred planning principles and mechanisms for more sustainable social, economic and environmental outcomes (aligning and coordinating with the national level).
- 4. Support capacity development and mobilize funding and resources: Assessing the institutional and organizational capacity and funding gaps.
- 5. Monitor and evaluate: Ensuring that SDG implementation remains on track and developing local capacity for more responsive and accountable governance (aligning and coordinating with the national level).

UN-Habitat's SDG Cities flagship programme helps cities to achieve the Sustainable Development Goals through a value chain that brings together urban data and evidence-based strategic planning, institutional capacity-development and investment in impact. Each track is supported by online tools and resources and technical backstopping. The initiative thus strengthens local economic opportunities, improves environmental sustainability, reduces social inequalities and ultimately improves the quality of life of all residents.⁷⁵

▶ Voluntary Local Review of the SDGs

The global movement of Voluntary Local Reviews (VLRs) is growing at an encouraging pace, passing from 37 VLRs in May 2020 to 106 (a total of 87 local and regional governments from 27 countries) in October 2021. The VLRs have proven useful for cities and regions to foster SDG localization and demonstrate local governments' capacity and contributions to accelerating progress. The VLR approach complements Voluntary National Reviews (VNR) and represents a valuable instrument for cities to monitor their progress towards sustainable development. It also offers fertile ground for fruitful exchanges with partners and cities at the national, regional and global scale.

ESCAP analysis on SDG progress and its platforms and support to cities can help ensure that the necessary integration between local and national policies is robust.

The Asia-Pacific Regional Guidelines on Voluntary Local Reviews, a flagship knowledge product from ESCAP and the Penang Platform for Sustainable Urbanization, builds on existing resources and provides practical tools, checklists and templates that local governments and other stakeholders can use when conducting a VLR through a complementary process with a country's VNR reporting.

Urbanization provides an opportunity and is one of the most important tools to guide the sustainable development agenda forward.

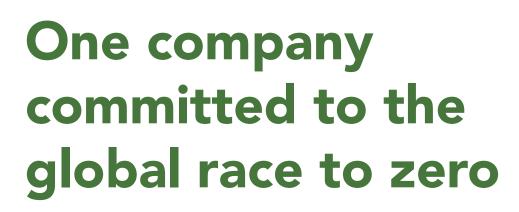
Globally, by adopting a territorial approach looking at sustainable development through multi-level, multi-sector and multi-stakeholder lenses, UN-Habitat has designed a strategy to support the localization of the SDGs connecting all components of the SDG implementation chain - from data to project implementation to monitoring systems. The strategy has three components: the Global Urban Monitoring Framework; the Voluntary Local Reviews; and the SDG Cities Flagship Programme.

Indeed, UN-Habitat provides technical support to partners worldwide to develop VLRs based on a fully-fledged testing methodology. Together with United Cities Local Governments, UN-Habitat has created the VLR Series. As part of this series, the partners have developed Guidelines for VLRs, while in-depth thematic research is currently under way on key dimensions of the VLR process and their impact.

Way forward

hrough collaboration with partners including ESCAP, and by leveraging the intergovernmental platforms, greater awareness and exchange on NUA reporting can be achieved, allowing countries to strengthen its implementation.

UN-Habitat is committed to working with ESCAP and other partners to support national, subnational and local governments and other stakeholders to foster sustainable Asian and Pacific cities.



Esther An

Chief Sustainability Officer

City Developments Limited, Singapore



We are living in a climate emergency. 2021 was one of the hottest seven years in history, with all of the seven hottest years on record occurring since 2014.⁷⁶ Last year saw rain for the first time at the Greenland ice sheet's highest point, an aberrant cold spell in Texas, and fire-inducing tropical temperatures in western Canada.⁷⁷

It is no wonder the Intergovernmental Panel on Climate Change's 6th Assessment Report was deemed a "code red for humanity" by United Nations Secretary-General Antonio Guterres.⁷⁸ If the world does not limit global warming to 1.5°C, the scale of catastrophic destruction will wreak further havoc on our planet. With less than 10 years left to achieve the UN Sustainable Development Goals (SDGs), embracing sustainability is no longer a choice, but a requirement.

part from tackling climate risks, the world is undergoing massive transformations to address unprecedented challenges arising from the COVID-19 pandemic. To fulfil the climate pledges made at COP26 by global leaders and to strengthen resilience to guard against future disruptions, sustainability integration is key for businesses. With the building and construction sector accounting for about 40 per cent of global carbon emissions, ⁸³ and with some 70 per cent of the global population estimated to be living in cities by 2050, the real estate sector is in prime position to move the needle in the race to net zero.

Inarguably, climate risks are investment risks, and the business case for reporting has never been stronger.

At the national level, the Singapore Green Plan 2030 was launched in February 2021, bringing sustainability to the forefront of the national agenda. As part of that strategy, the 4th edition of the Singapore Green Building Masterplan, "Build Our Green Future Together", was announced last March. The masterplan aims to raise the sustainability standards of Singapore's buildings in the areas of greening and improvements in energy efficiency.

In the face of global uncertainty, one Singapore-based real estate development company, City Developments Limited (CDL), is well-positioned for the transition to a low-carbon economy. With an Environmental, Social and Governance (ESG) strategy and a corporate ethos established in 1995, CDL is committed to achieving three deliverables: "decarbonization", "digitalization and innovation" and "disclosure and communication". The CDL value creation business model, anchored on four key pillars - Integration, Innovation, Investment and Impact - provides a solid foundation to mitigate and adapt to unprecedented threats and challenges.

Integration: ensuring strong fundamentals for business and climate resilience

narguably, climate risks are investment risks, and the business case for reporting has never been stronger. Being the first Singaporean company to publish a dedicated sustainability report in 2008, CDL has benefited from the process of producing 14 annual sustainability reports. It is true that what gets measured gets managed. Setting targets, tracking and reporting performance has helped CDL to identify gaps, take strategic action to improve and future-proof the business and raise operational performance.

The CDL Future Value 2030 sustainability blueprint, implemented in 2017, maps out strategic goals and ESG targets, and has remained effectively integrated into CDL's business strategies and operations. Since 2017, the company has continued to track and report performance annually since 2008 and every quarter.

Since 2014, CDL has been conducting materiality

assessments annually to determine the key economic, environmental, social and governance issues that are important to our stakeholders. Due to COVID-19, we conducted more comprehensive materiality assessments both in 2020 and 2021, to be in closer alignment with the shifting priorities and expectations of our stakeholders. Today, the top five issues are: climate resilience, energy efficiency and adoption of renewables, innovation, stakeholder impact and partnerships, and product/service quality and responsibility, reflecting the climate emergency we face. This annual exercise has helped align the evolving expectations and deliverables among internal and external stakeholders and stay focused on issues that matter the most to them and our business.

With COP26 and the push for "game-changing" policies and a synergy of multilateral collaboration to limit global warming to 1.5°C, it is no surprise that climate resilience and energy efficiency emerged as the top two topics in 2021. This bodes well for CDL's long-standing dedication to green and healthy buildings. Our strong leadership commitment, with the sustainability portfolio reporting directly to the Board Sustainability Committee, has enabled sustainability to be effectively integrated into the business, operational and growth strategy.

Innovation: digitalization and sustainable technologies for a green revolution

low-carbon future is not possible without smart and sustainable solutions. With innovation identified as the top ESG issue for CDL from 2017 to 2019, we have intensified our search and application of viable green technology solutions, while tapping into the power of cross-sector partnerships.

CDL's strategic research and development partnership with the National University of Singapore's School of Design and Environment since 2017 has served the company well. In 2020, the NUS-CDL Smart Green Home developed an acoustic-friendly ventilation window prototype that reduces noise while achieving air change efficiency of up to four times more than conventional windows.

Accelerating the shift towards renewable energy, CDL partnered with the Solar Energy Research Institute of Singapore to apply for a solar competitive research programme in 2020, to testbed cost-effective high-power density building-integrated photovoltaics (BIPV) modules with the potential for implementation at CDL's properties. CDL also piloted printed bifacial BIPV panels at City Square Mall as a testbed for future installations.

Keeping a pulse on the latest innovation trends, CDL is an active investor in PropTech venture capital funds. CDL also explores and develops PropTech solutions inhouse, such as digiHUB. A digital platform developed by CDL subsidiary CBM Pte. Ltd. - a leading facility management company in Singapore - digiHUB focuses on predictive and integrated facilities management solutions.

▶ Decarbonization efforts

With the global "Race to Zero" campaign fast gaining traction, CDL takes pride in supporting global and national climate goals. In February 2021, CDL became the first real estate conglomerate in South-East Asia to sign on to the World Green Building Council's Net Zero Carbon Buildings Commitment; a commitment

Sustainability targets and reporting

As the first Singaporean company to publish a sustainability report that was successfully checked and verified by the Global Reporting Initiative in 2008, CDL's sustainability reporting has evolved over the years into a unique blended model, harmonizing various international reporting frameworks, standards and approaches. To address the diverse expectations of stakeholders, CDL embraced CDP since 2010, Global Real Estate Sustainability Benchmark ("GRESB") since 2013, the Value Reporting Foundation ("VRF") Integrated Reporting Framework since 2015, Sustainable Development Goals Reporting since 2016, Task Force on Climate-related Financial Disclosures ("TCFD") framework since 2017 and Sustainability Accounting Standards Board ("SASB") Standards for Real Estate Sector since 2020.

CDL's sustainability reports have been externally assured against GRI standards since 2009, and the scope of assurance was expanded to cover SASB and CDSB in ISR 2021. Recognising the rising importance of TCFD, CDL became the first Singaporean company to externally assure its TCFD framework in its Integrated Sustainability Report 2022. With the fast-growing adoption of TCFD, this has allowed the company to meet rising expectations of consistent and clear quality ESG data.



that was expanded towards a net-zero whole life carbon-built environment in November 2021. Through this commitment, CDL pledged net zero operational carbon by 2030 for new and existing wholly-owned assets and developments under direct operational and management control, with a clear pathway mapped towards achieving the target.

Complementing CDL's target to achieve net zero for its buildings by 2030, we also established a new Smart, Sustainable and Super Low Energy (3S) Green Building Framework. It is an expansion of CDL's green building and green procurement guidelines, representing a holistic framework aligned with the Super Low Energy building requirements of the Singapore Building and Construction Authority, as well as international standards for advancing health and well-being in buildings.

Stepping up on technology application to decarbonize older assets, CDL will install photovoltaic panels across an area spanning around 2,000 square metres at one of its industrial buildings, with the renewable energy generated projected to offset about half of the building's annual energy consumption.

Investment: building leverage for the future via sustainable finance

o move towards a low-carbon economy, innovation and new technology must be supported by sustainable investments and financing. The urgent need to mitigate and adapt to climate risks are opening vast investment opportunities, as sustainable finance is a powerful enabler in building back greener and better.

CDL has joined other global finance and investor institutions in signing on to the Principles for Responsible Investment (PRI) Investor Statement. As of November 2021, the PRI has 4,375 signatories, representing US\$121 trillion in assets under management, supporting the European Commission's proposals for standard corporate ESG reporting requirements.

CDL takes pride in having issued the first green bond by a Singapore company in 2017, which has helped with tapping into alternative financing streams to accelerate green building efforts. Last September, CDL secured a discount for the SDG Innovation Loan for the successful research and development and pilot of digiHUB. This made CDL the first Singaporean entity to achieve a discount on a sustainability-linked loan through the adoption of an innovative project that supports the SDGs on a large-scale basis.

CDL's strong ESG track record has helped the company gain access to fast-growing sustainable finance. More than \$3 billion worth of sustainable finance has been secured in the form of various green loans, a green bond and a sustainability-linked loan to help accelerate green building action.

The urgent need to mitigate and adapt to climate risks are opening vast investment opportunities, as sustainable finance is a powerful enabler in building back greener and better.

Impact: building sustainable communities and amassing a climate force

hen our planet flourishes, people and communities thrive as well. As people spend about 90 per cent of their lives indoors, how living, working and entertainment spaces are used impacts the performance of buildings as well as the environment. Engaging, educating and empowering people is pivotal for a more climate-resilient future.

The Singapore Sustainability Academy (SSA) was designed and built by CDL as Singapore's first ground-up and zero-energy facility dedicated to advocacy, capacity-building and the SDGs. It is the result of an extensive partnership involving six government agencies and 15 founding industry and non-governmental organization partners. Since its opening in June 2017, the SSA has become a hallmark of CDL's community engagement and Singapore's leading knowledge and networking hub for sustainability, providing industry capacity-building for climate action and implementation of relevant SDGs. Due to COVID-19, the SSA went online, reaching out to thousands of participants from over 25 countries.

Nurturing youth has always been our priority. Initiated by CDL in partnership with the National Library Board in 2013, My Tree House is the world's first green library for children, created to encourage environmental literacy and appreciation among kids. In 2020 and 2021, CDL and NLB jointly organized My Tree House's Eco Storytelling Contests, encouraging young eco champions to develop a love for nature and to take climate action.

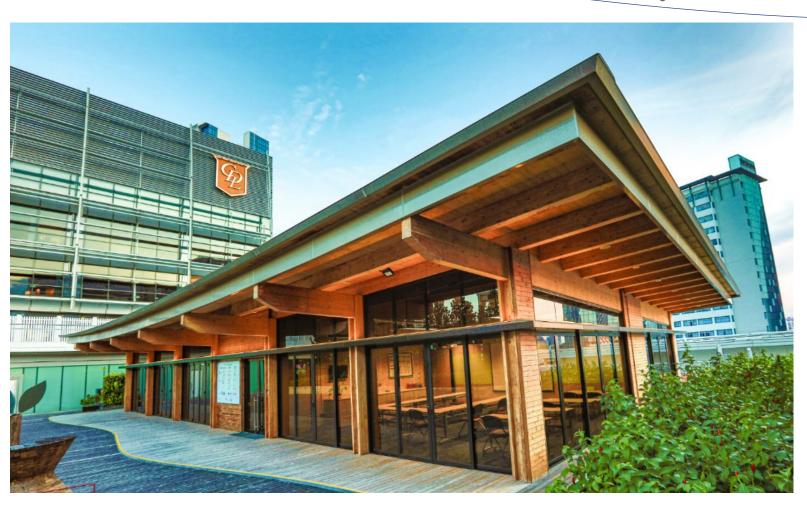
Recognizing that female empowerment is crucial for climate action, CDL created Women4Green. This collaborative platform aims to empower female executives to adopt and champion sustainable living at work, home and play, supporting SDG 5 (gender equality) and SDG 13 (climate action). Since its inception in late 2017, various initiatives and events have been organized, covering themes like sustainable diets, fashion and jewellery.

CDL's strong ESG record has earned the company a place in 13 global ratings, rankings and indexes. Last November, CDL was the only Singaporean company out of 45 globally - to receive the inaugural Terra Carta Seal by His Royal Highness, The Prince of Wales, which recognizes sustainability leaders in the private sector with credible net zero roadmaps.

Onward to a green future

On the trajectory of existing commitments, carbon emissions are set to rise 13.7 per cent by 2030. Reaching the goal of limiting the temperature rise to 1.5°C by the end of this century would require a 45 per cent emissions cut by 2030, and net zero by mid-century.⁷⁹

The "Race to Zero" campaign is a heartening example as the largest alliance committed to net zero carbon emissions by 2050. As of November 2021, it included stakeholders in 1,049 cities and 5,235 businesses.⁸⁰ Some



The first net zero and BCA Green Mark Platinum building dedicated to climate advocacy and the SDGs, the Singapore Sustainability Academy is an extensive partnership initiated by CDL and supported by 6 government agencies and 15 founding industry/NGO partners.

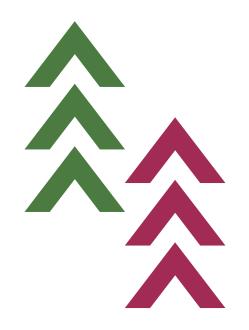
90 per cent of the world's GDP is now covered by net zero commitments, ⁸¹ collectively holding real power to drive climate action. In addition, the commitments made at the United Nations Climate Change Conference, COP26, such as the joint declaration by China and the United States to work together to achieve the 1.5°C goal, are encouraging steps forward. ⁸² However, the stakes are high, and pledges need to be accompanied by concrete action.

The climate crisis cannot be overcome by a single entity. A resurgence of multilateral efforts and gumption is required to avoid devastating global effects. Today, the business of business is no longer just business. If we want to remain relevant, we must embrace sustainability at the core of our business to achieve a strong and balanced triple bottom line. After all, without a healthy planet, there will not be people and markets to sustain healthy businesses and economies.

2022: The year to stop the decline of the ocean's health

Peter Thomson

Special Envoy of the United Nations Secretary-General for the Ocean



t is with great pleasure that I provide this contribution on the occasion of ESCAP's celebration of its 75th anniversary. I have been attending ESCAP meetings since the 1970s, first as a young Fijian diplomat and more lately in various representative roles from United Nations headquarters. I have always been impressed by ESCAP's careful attention to the economic and social development of the vast Asia-Pacific region. Lately, in the face of climate change, biodiversity loss and rampant pollution, ESCAP has been playing an increasingly important role in addressing the region's environmental challenges. There is no more important challenge than to foster an Asia-Pacific region that is greener, healthier and more sustainable.

There can be no healthy planet without a healthy ocean, and the ocean's health is measurably in decline. 2022 is the year to stop that decline. In so saying, I don't mean that we will restore the ocean's well-being to what it should be in the space of a year, for that is a longer-term undertaking for humanity. But 2022 is indeed the year in which we can *stop the decline*.

Please take note that 2022 is the International Year of Artisanal Fisheries and Aquaculture. Both artisanal fishers and sustainable aquaculture are central players in our quest for sustainability, and both are central to the Asia-Pacific region's resilience. Also, last year the UN launched the Decade of Ocean Science for Sustainable Development and the Decade on Ecosystem Restoration in order to support and advance the realization of the 2030 Agenda for Sustainable Development.

Mention should also be made of the outcome of last year's UN Climate Change Conference, COP26, in Glasgow, by which ocean considerations are now built into the ongoing work of the UN Framework Convention on Climate Change. This is expected to lead to solid progress by way of further consideration by the UNFCCC Subsidiary Body for Scientific and Technological Advice in mid-June to address issues such as ocean warming and acidification. These, in turn, will improve the ocean's health and secure its unique capacity to sequester carbon.

There can be no healthy planet without a healthy ocean, and the ocean's health is measurably in decline. 2022 is the year to stop that decline.

But on top of these positive factors, and all the other promising ocean action meetings taking place this year, such as February's One Ocean Summit in Brest, France, and April's Our Ocean Conference in Palau, there are six international gatherings that - taken together - can really stop the decline. I ask you to deeply consider their importance.

Firstly, there is the World Trade Organization Ministerial Conference, postponed from last year, that after two decades of negotiation has the ability this year to ban harmful fisheries subsidies. Up to 30 billion dollars of public funds are used for such subsidies every year, mainly to industrial fishing fleets, in an exercise described by many as the most harmful thing we do to ocean ecosystems.

Secondly, at the end of February, the United Nations Environment Assembly met in Nairobi and endorsed a historic resolution to initiate negotiations for an international treaty by 2024 to stop plastic pollution. We currently dump 11 million tons of plastic into the ocean each year and are projected to double that figure by 2030 and triple it by 2050. We can stop that trend of outrageous pollution through this treaty.

Thirdly, this year's resumption of the Intergovernmental Conference on Marine Biodiversity Beyond Areas of National Jurisdiction will provide a good opportunity to conclude a robust treaty for governance of the high seas, thereby safeguarding one of the planet's most critical global commons.

Fourthly, this year's Conference of the Parties for the Convention on Biological Diversity holds the promise of a target to protect 30 per cent of the planet by 2030, representing a major game-changer for marine protected areas.

Fifthly, the highly inclusive UN Ocean Conference will be held in Lisbon at the end of June. There, we expect to launch a broad range of initiatives in support of SDG14 (life below water) implementation, with innovative, science-based solutions carried forward in well-funded partnerships.

Sixthly, the 2022 Climate Change Conference (COP27), in Sharm El-Sheikh, Egypt, in November, must deliver on the ambition and political will for climate adaptation and finance required to bend the curve in the direction of survival.

For the decline to be halted this year, we have to do what's right at all six of these meetings, and 'we' means representatives of all countries of the world. To enable the power of this confluence to succeed, it is up to Member States of the United Nations to reach positive consensus at these six meetings, and it is imperative that local, national and regional bodies recognize the

importance and urgency of our actions. We must not squander the unparalleled opportunities presented by 2022's critical junctures for decisive ocean action.

The Asia-Pacific region is expected to play a major role at the 2022 UN Ocean Conference in Lisbon which will include a focus on the sustainable blue economy.

From climate change to biodiversity loss, to the decline of the ocean's health, everything is connected. If we do the right thing in 2022, we will stop the decline, not just of the ocean's health, but of the well-being of the entire global commons - our air, our land, our biodiversity, our seas. ESCAP is well placed to make a positive difference in stopping the decline of the ocean and I look forward to working with you in this effort.

In fealty to intergenerational justice, we must accept that business as usual and relying on others to fix the problems to which we have all contributed, is not a responsible mindset. In the Intergovernmental Panel on Climate Change's 2021 report, it was made clear that countries are not on track for a 1.5°C world, but are instead heading towards a 3°C increase in global warming before the end of this century. Reports from the World Meteorological Organization have reinforced that analysis. This forecast places our children and grandchildren in great jeopardy; it is plainly irresponsible to turn away from the action that is required to rectify this dire situation.

The High-Level Panel for a Sustainable Ocean Economy produced findings affirming that ocean-based climate actions can deliver up to a fifth of the annual greenhouse gas emission cuts needed by 2050 to limit global temperature rise to 1.5 degrees. To achieve this, from offshore renewable energy to sustainable aquaculture to the decarbonization of shipping, the public and private sector must work hand in hand to deliver the goods. And we must witness a dramatic shift of the climate finance needle in the direction of the sustainable blue economy, for that is where our future security of food, energy and medicine will come from.

At least 200 million people in the Asia-Pacific region depend on the ocean for their livelihoods. Without doubt, it is fundamental to the harnessing of economic development opportunities and to bringing harmony between people and planet. However, with land-based pollutants and marine debris threatening coastal

habitats and marine ecosystems, increasing acidification damaging marine life and extreme weather events proliferating, we have much work to do in Asia and the Pacific.

In fealty to intergenerational justice, we must accept that business as usual and relying on others to fix the problems to which we have all contributed, is not a responsible mindset.

ESCAP is rising to the challenge of providing leadership in the region to strengthen the protection of the global commons. I've been pleased to witness this in ESCAP's continued observation of the Asia-Pacific Day for the Ocean, and the manner in which member States and key stakeholders have engaged in inclusive dialogue on priority areas and challenges for the region.

As we commemorate ESCAP's 75th anniversary, may we all find time to rethink the way our lifestyles and personal choices can better contribute to a sustainable way of life in the Asia-Pacific region. As government representatives, members of civil society, academics, private sector actors and citizens of the region, let us reflect on our roles in this our time on Planet Earth. And amid the great opportunities of 2022, as faithful stewards and protectors of the long-suffering global commons, let us commit to redressing our relationship with Nature to one of respect and balance. We owe this to our children and grandchildren.



Conclusion

Protecting environmental health

Ban Ki-moon

Eighth Secretary-General of the United Nations



ow into its third year, the unprecedented COVID-19 pandemic continues to alter our personal lives, our communities and the world. With nearly half a billion confirmed cases and more than 6 million tragic deaths globally, 84 this pandemic has caused immense regional and global suffering and shattered health security.

Beyond oversized impacts on global economic growth and pronounced supply- and demand-side disruptions, COVID-19 has amplified existing inequalities - in health, labour, housing, food, gender rights and other key areas.

The pandemic has also underlined the vital necessity of elevating our holistic efforts to protect human health, enhance global cooperation, strengthen preparedness and forge greater resilience.

At the same time, COVID-19 has highlighted the inherent interlinkages between human and environmental health and elucidated the need for a new direction for all of humanity and our planet.

Today's global challenges are interconnected. In particular, pandemics have direct links with our climate crisis. As such, we must heed the lessons of COVID-19 to simultaneously build back in a greener and more inclusive manner and urgently step up climate action.

Like COVID-19, the climate crisis is a global challenge that demands urgent action, innovation and collaboration. Inclusivity, solidarity and empowerment must underpin our active responses in the Asia-Pacific region and beyond.

Interestingly, COVID-19 lockdowns in many societies over the past two years have helped reconnect us with the environment and the natural world.

As industries ground to a halt and societies locked down, we found our air to be cleaner. More people are now walking and cycling. We appreciated birds singing instead of car horns and noise pollution. Emissions temporarily fell. As a result, we are realizing that another, greener world is not only possible, it is an imperative to ensure the collective health of both humanity and our environment moving forward.

Consider the fact that COVID-19 is having a disproportionate impact on those with preexisting health conditions such as asthma. And that air pollution, increased temperatures, and CO_2 emissions all contribute to the very respiratory conditions that the pandemic preys on.

As such, communities are increasingly connecting the dots and demanding that our societies and economies are rebuilt in a more sustainable and greener manner for the post-COVID-19 world.

Encouragingly, at the grassroots level, the public is demanding stronger political leadership on climate issues, with tens of millions of young people taking to the streets globally to demand accelerated action to protect environmental health.

At the same time, there have been remarkable developments in low-cost renewable energy innovation at scale. And an increasing number of countries and cities are pursuing various "Green New Deals" that simultaneously cut emissions, provide jobs and enhance climate justice.

We must conjoin these efforts to build back better from COVID-19. Greening our economies and societies, elevating inclusivity and synergizing empowerment must take centre stage and continue to guide our pandemic recovery.

Without urgent climate action, particularly after the mixed results of the United Nations Climate Change Conference, COP26, in Glasgow, the disruptions we have witnessed over the last two years from the pandemic could be a preview of what could come as a result of climate change.

In this regard, working alongside each other - in our own

societies and across borders - to simultaneously defeat COVID-19 and protect environmental health simply must unite all national governments and global citizens.

This will go a long way in creating synergies for a brighter future, not only for the Asia-Pacific region, but for the world. Indeed, we are truly all in this together.

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and our planet.

Specifically, regional leaders, such as ESCAP, should elevate cooperative partnership efforts in the following three areas with a view towards protecting environmental health and fostering an Asia-Pacific region that is more inclusive, greener, healthier and more sustainable for the next 75 years and beyond.

First, regional stakeholders must redouble their actions to achieve the transformational promises of the Sustainable Development Goals.

In this era of planetary crisis, pandemics and uncertainty, I strongly believe that fighting climate change and achieving the SDGs are two efforts that must unite the Asia-Pacific region and the world, through cooperation and partnership.

Quite plainly, our collective existence moving forward depends on it. These were my highest priorities during my tenure leading the United Nations as its Secretary-General. Now, we must accelerate implementation efforts to make good on the commitments made to coming generations.

We will need the ownership, participation and active involvement from all sectors of society to implement the Paris Agreement and achieve sustainable development within the next eight years. Unfortunately, COVID-19, the climate crisis and conflicts are hindering progress at a critical time.

Beyond mitigation and striving to achieve net zero emissions, stakeholders in Asia and the Pacific must enhance efforts towards climate adaptation and resilience. Indeed, as the worsening climate crisis brings dire threats to regions, countries and cities around the world, we must fortify our communities of today to flourish in the climate realities of tomorrow. To do so, we need forward-thinking planning, adaptation, science, engineering and innovation to ensure that our societies are resilient enough to absorb sudden shocks from cascading climate change.

This not only includes sea level rise, flooding, rain, extreme heat and other direct threats, but also expanded levels of hunger, resource depletion, migration and security concerns stemming from the climate crisis.

Recent events in this region have elucidated this necessity. Historic flooding over the past year deluged major cities and rural areas in China, India, Nepal, the Philippines and others, demonstrating that existing infrastructure must be sustainably updated.

It is clear that climate change is happening here and now. It is devastating local environments and livelihoods all around the region and causing massive economic impacts. Systems are collapsing and inequality is magnifying the risks for vulnerable communities.

According to the International Federation of Red Cross and Red Crescent Societies, more than 57 million people in the Asia-Pacific region were severely affected by climate disasters in 2021 alone, 85 due to the ongoing pandemic.

As such, acting now to simultaneously fight and adapt to climate change must be the overarching task of our lifetimes. Only by doing so will we be able to transform historic global commitments such as the Paris Agreement and the SDGs into decisive action.

In tandem with rapidly cutting emissions and pursuing sustainable development, we must accelerate efforts to adapt and scale up our resilience to the rapidly changing climate of both today and tomorrow. All regions, nations, cities and partners need to actively step up.

Expediently investing in adaptation measures in the Asia-Pacific region is not only the right thing to do. It is also cost effective, offering "triple dividends" by avoiding future losses, spurring economic gains through innovation and ensuring social and environmental benefits.

Second, we need to ensure that the rights and empowerment of women are prioritized from the outset, and that a robust gender perspective underpins climate policies moving forward.

This is crucial because across the world, women are disproportionately affected by the impacts of climate change, as well as pandemics, conflict, inequality and poverty.

These major global challenges are inherently interconnected, and the empowerment of women and girls is a prerequisite for our regional and global responses to such challenges.

To construct a sustainable future for all people and our planet, governments at all levels must continue to fiercely advocate for the rights, health, education and well-being of all women and girls in every part of the world.

In this connection, mainstreaming SDG 5 on gender equality is critical in our ongoing efforts to attain sustainable development and protect environmental health.

But even beyond SDG 5, gender equality and women's empowerment are the true cross-cutting enablers in hitting our targets on each and every one of the other 16 SDGs and implementing the Paris Agreement.

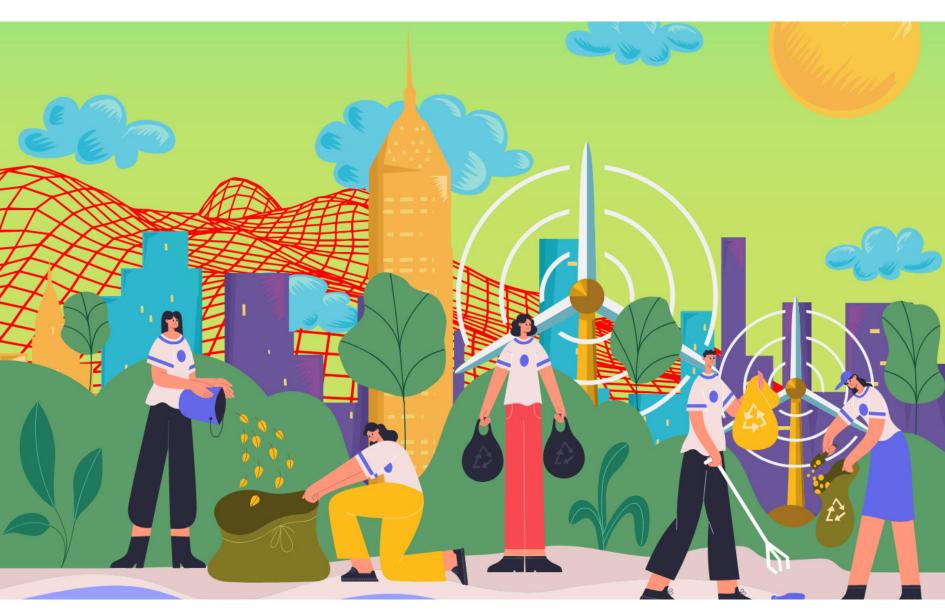
Consider the fact that 54 of the SDG indicators are gender-specific.

However, the vast majority of the other SDGs also include essential targets and indicators related to gender that help us track our progress in improving the condition of women and girls in many other crucial areas.

This helps create key linkages and fortifies gender as a synergizing enabler across the entirety of the SDGs.

By elevating the importance of gender-sensitive policymaking at all levels, we can help release critical progress on climate action and the SDGs, as well as across many other spheres including health, inequality, education, hunger and poverty.

The Asia-Pacific region simply cannot afford to hold half of its population back.



In order to protect environmental and human health in the post-pandemic period, we will need the skills, leadership, vision and talent of empowered women and girls in all countries. And ESCAP can help further realize this critical transformation.

In this era of planetary crisis, pandemics and uncertainty, I strongly believe that fighting climate change and achieving the SDGs are two efforts that must unite the Asia-Pacific region and the world, through cooperation and partnership.

The actions of this region will be critical not only for ensuring climate action and resilience, but also for achieving the SDGs, which can catalyze the protection of environmental health from a multitude of directions.

But we will fall short without higher levels of gender equality and women's empowerment.

Third, we must do more to cultivate, broaden and deepen global citizenship around the world, including in the Asia-Pacific region.

Education, along with decent work and income, can help boost empowerment and inclusion at all levels. But governments need to do more to provide the requisite enabling environments to help such gains synergize greater equality. One way to help bridge the equality gaps in our societies between advantaged and disadvantaged groups is to refocus our attention on quality education.

However, as the world has become more interconnected but also more divided, a call for transformational changes in how we learn, think and interact with each other has emerged. The idea is that all people have rights and civic responsibilities that come with being a member of our globalized world.

I am proud to have prioritized Global Citizenship Education (GCED) as one of three priority areas of my 2012 Global Education First Initiative. This was the true inception of GCED in the global agenda. I continued to strongly champion GCED as Secretary-General, and the concept was later included in SDG Target 4.7.

Expanding GCED at the local and regional levels is increasingly essential to ensure that no one is left behind. Indeed, GCED promotes the knowledge, skills and values required to construct a more inclusive, sustainable, healthy and peaceful world.

Never before has there been a greater need to cultivate understanding, tolerance, peace, reconciliation and sustainable futures for each other, the Asia-Pacific region and our planet. The rising threats of pandemics, climate change, xenophobia and other consequential challenges give greater urgency to this work.

COVID-19 has also offered us a glimpse of the crises and disruptions that will be coming our way as a result of climate change. To ensure that we rise to the occasion and holistically protect environmental health, we need to elevate our regional actions guided by cooperation, solidarity and partnership.

We need to raise our ambition and action on achieving the SDGs, targeting crucial areas such as adaptation and fostering sustainable cities.

We need to empower women and girls and better mainstream the gender perspective in climate policy and SDG implementation.

We need to cultivate and educate global citizens that can steer us towards a sustainable, healthy and prosperous future and lead the next generations and beyond.

We need leaders to conjoin strong environmental policy actions with more domestic spending on people to ensure a just transition that leaves no one behind. For decades, governments have been subsidizing the fossil fuel industry with billions of dollars. Now, they need to sustainably invest in people, health and the environment instead.

We all need clean air to breathe, just as our planet does as well.

In this regard, I am confident that ESCAP can continue to help catalyze the unique dynamism inherent in the Asia-Pacific region even further; protecting environmental health and propelling our collective future to soaring new heights for the next seven and half decades.

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