

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

**REPORT OF THE EXECUTIVE SECRETARY ON THE WORK OF THE
SECRETARIAT SINCE THE SIXTY-SECOND SESSION OF THE
COMMISSION**



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**POLICY ISSUES FOR THE ESCAP REGION: WORK OF THE SECRETARIAT SINCE
THE SIXTY-SECOND SESSION OF THE COMMISSION**

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Note by the secretariat

SUMMARY

This first of its kind report highlights regional policy issues and the response of ESCAP to those issues. Highlights of ESCAP achievements and work in 2006 included major breakthroughs in transport agreements, the establishment of the Asian and Pacific Training Centre for Information and Communication Technology for Development and the adoption of the green-growth approach to development. ESCAP also made significant achievements in sharpening its analytical work, addressing a wide range of social concerns, seeking regional responses to global mandates, strengthening regional and subregional cooperation and giving special attention for the Pacific islands agenda. In addition to the continuation of some of the above-mentioned work, additional priorities in 2007 will include helping off-track countries to achieve the Millennium Development Goals, addressing infrastructure bottlenecks in the region, improving connectivity in the Pacific, contributing to regional integration, promoting gender equality and health-care financing and strengthening ESCAP programming and staffing to better serve the region.

The Commission is invited to review the report and provide guidance to the secretariat on its future work in this regard.

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ABBREVIATIONS

ADB	Asian Development Bank
APCICT	Asian and Pacific Training Centre for Information and Communication Technology for Development
APCTT	Asian and Pacific Centre for Transfer of Technology
APTA	Asia-Pacific Trade Agreement
ASEAN	Association of Southeast Asian Nations
CAPSA	Centre for Alleviation of Poverty through Secondary Crops Development in Asia and the Pacific
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ESCWA	Economic and Social Commission for Western Asia
FDI	foreign direct investment
GDP	gross domestic product
GMS	Greater Mekong Subregion
HIV/AIDS	human immunodeficiency virus/acquired immunodeficiency syndrome
ICT	information and communication technology
ICST	information, communication and space technology
IOM	International Organization for Migration
SIAP	Statistical Institute for Asia and the Pacific
SMEs	small and medium-sized enterprises
SPECA	United Nations Special Programme for the Economies of Central Asia
UNAPCAEM	United Nations Asian and Pacific Centre for Agricultural Engineering and Machinery
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
WHO	World Health Organization
WTO	World Trade Organization

I. INTRODUCTION

1. The ESCAP secretariat carries out a large number of projects, programmes and regional cooperation activities in a wide range of disciplines in order to assist members and associate members of ESCAP in their economic and social development. The Commission at its annual sessions is apprised of these activities through various documents. The present document represents the first time that a report has been compiled on the key developments and challenges faced by the region in the previous year and the major achievements of the secretariat in dealing with those challenges. Also highlighted in the report are emerging regional policy issues and the manner in which the secretariat will respond to them in its programme of work for 2007.
2. The main objectives of the present document are to strengthen the understanding of the member States regarding the work of ESCAP, to facilitate the deliberations at the sixty-third session of the Commission regarding the challenges of the region and to seek guidance on the role of ESCAP.
3. The overarching goal of ESCAP has been to improve the relevance, effectiveness, efficiency, sustainability and impact of the organization's work in the Asian and Pacific region. As ESCAP commemorates its sixtieth anniversary in 2007, it is committed to strengthen its standing and image as a regional development organization, one that has its finger on the pulse of Asia and the Pacific.

II. KEY DEVELOPMENTS IN ESCAP REGION IN 2006

A. Impressive economic progress despite rising risks

4. The importance of the Asian and Pacific region in the global economy is on the rise. The region's dynamic growth continued in 2006, with the annual economic growth rate of the developing countries being 7.9 per cent and that of the developed countries 2.2 per cent. This growth was concentrated in the industrial and service sectors, with agriculture growing more slowly. In many respects, the region's economic performance reflected the rapid integration and growth of the global economy. The impressive growth performance of China and India has improved prospects for the region as a whole, and these two economies appear to be poised to become drivers of global growth.
5. High and volatile oil prices in 2006 were one of the central sources of difficulty in macroeconomic management in the region. High oil prices created inflationary pressures, deteriorated current account balances and reduced foreign exchange reserves in some countries. Since August 2006, however, prices have come down, but they continue to fluctuate. Low spare capacity and tight supplies could renew the pressure on prices.
6. Nominal exchange rates in most of the region, especially in East and South-East Asia, appreciated significantly against the United States dollar in 2006, despite interventions to keep exchange rates low. This appreciation is expected to continue in 2007 with the large United States current account deficit and the continuing flow of capital into the region. It will be increasingly

difficult for monetary authorities to pursue an independent monetary policy in response to shocks, as they did in 2006, while targeting exchange rates against the backdrop of more open capital accounts.

7. There were signs of economic vulnerability in some emerging Asian economies. For a major portion of 2006, particularly in mid-year, equity markets remained highly volatile. Although the markets have been calm in recent months, more turbulence in coming months cannot be ruled out. Further rises in the interest rates in developed countries, in particular the United States, are possible if inflation shows signs of momentum in these economies. An abrupt unwinding of global imbalances, leading to a significant depreciation of the United States dollar, would also trigger significant interest rate hikes. The result may be a global economic slowdown, with Asian economies contracting as a result of a drop in demand for their exports. All these factors may reduce the appetite of investors for Asian financial assets. The effects of downside shocks may be multiplied by investor overreaction and by contagion from portfolio outflows in other countries. The current uncertainty in financial markets warrants careful monitoring of the economic vulnerability of countries in the region in order to recognize danger signs early enough to avoid a repeat of the 1997 Asian financial crisis.

B. Rapid regional integration

8. The integration of members and associate members of ESCAP with rest of the world continues to increase, with the region now contributing 31 per cent of global merchandise exports. An increasing share of this trade is intraregional. Intra-ESCAP trade now accounts for 51 per cent of the region's imports and exports as compared with 47 per cent in 2000. China, which is now the third largest trading nation in the world, lies at the centre of this dynamism. Similarly, India has moved up to the eleventh position from twenty-sixth five years ago. These factors have important policy implications with regard to multilateral trade liberalization negotiations under the Doha Development Agenda and they raise the stakes involved in securing a development-oriented outcome to these negotiations. Although the Doha round stalled in 2006, there are some signs that it has entered into its final stages, with a definite rapprochement in negotiating positions having been achieved as of the end of January 2007. In addition, the proliferation of bilateral and regional trade agreements continued unabated, with 23 new trade agreements having come into effect in the period 2005-2006. Most of these agreements were bilateral.

9. During the same period, trade facilitation gained more prominence. Asia-Pacific Economic Cooperation launched its new Trade Facilitation Action Plan, which will build on its existing four focus areas, customs procedures, standards, business mobility and electronic commerce. In 2006 ASEAN decided that the free flow of goods, a key component of the ASEAN Economic Community initiative, could be achieved by enhancing trade facilitation. These developments together with the ongoing trade and transport facilitation initiatives undertaken by ESCAP and those of SPECA, the Greater Mekong Subregion, and the Central Asia Regional Economic Cooperation programme will make trade facilitation an important item on the development agenda for the region in coming years.

C. Environmental vulnerabilities on the rise

10. A growing body of scientific evidence has made it clear that climate change is a serious threat to the region. The region is the most rapidly growing source of greenhouse gas emissions and the most vulnerable to natural disasters. In particular, environmental stress has increased the vulnerability of the region to extreme weather events and consequent natural disasters, which are predicted to increase in frequency as climate change continues. After the tragic tsunami disaster of 2004, Asia continued to be the world's most dangerous region for natural disasters in 2006, accounting for 74 per cent of more than 21,000 deaths, a slight reduction from the average annual share of about 84 per cent for the period 2000-2005. Furthermore, eight member countries of ESCAP are ranked among the top 10 countries most affected by natural disasters in 2006. These countries include Afghanistan, Australia, China, India, Indonesia, Pakistan, the Philippines and Viet Nam.

11. Since 2005 the region has made progress in disaster preparedness, especially in terms of the establishment of multi-hazard and tsunami early warning systems. Nevertheless, the region faces a major challenge in expanding these initial achievements to ensure disaster preparedness and the resilience of all the region's communities.

D. Poor health systems hinder the achievement of the Millennium Development Goal targets

12. Weak and underfunded health systems, which lack proper infrastructure and human resources in many countries, have hindered progress towards the achievement of the health-related Millennium Development Goals. Close to 5 million children across the region die every year before they reach the age of five, while maternal mortality rates have increased in 22 of the members and associate members of ESCAP since 1990. Of the people living with HIV/AIDS, almost 9 million are from the region and of the 22 countries with the highest number of new cases of tuberculosis, 12 are from the region. Non-communicable diseases have been on the rise and account for two thirds of all deaths in the ESCAP region. The continuing threat of an avian influenza pandemic serves as a reminder of the need to build strong surveillance systems rooted in robust and efficient health systems, for early detection of diseases.

III. HIGHLIGHTS OF ESCAP ACHIEVEMENTS IN 2006

13. In 2006, ESCAP responded to the dynamism of the region and the changing needs of its member States, by remaining current and in tune with the realities of this vast and diverse region. The secretariat's focus ranged from normative and analytical work, national capacity-building and the provision of advisory services to technical cooperation projects that promoted the replication of good practices in addressing the socio-economic challenges of the region, in particular efforts of reduce poverty.

14. In 2006, 65 technical cooperation projects, each with a total budget of US\$ 70,000 or more, were being implemented, of which 22 were newly initiated during the year (E/ESCAP/63/28). In the

past year, 59 advisory missions were undertaken to 43 members and associate members of ESCAP. Special attention was given to the needs of the least developed countries, landlocked developing countries, Pacific island developing countries and countries with economies in transition.

15. Annual sessions of the three thematic committees were held in Bangkok. The Committee on Poverty Reduction held its third session from 29 November to 1 December 2006. While the main theme of this session was poverty and the informal sector, several statistical issues, in particular relating to the assessment of the Millennium Development Goals, were also discussed. The third session of the Committee on Managing Globalization was held in two parts: part I from 12 to 14 September 2006 and part II from 10 to 12 October 2006. The Committee reviewed cross-cutting issues on managing globalization related to (a) trade and transport, namely promoting dry ports as a means of sharing the benefits of globalization with inland locations, and (b) technology for sustainable economic growth in the face of rising oil and natural resource prices. The Committee also reviewed several sectoral issues. The Committee on Emerging Social Issues held its third session from 12 to 14 December 2006. The Committee discussed ways for addressing the emerging challenges to social development in the region, including those related to population and social integration, gender, and health and development. All the Committees provided direction to the ESCAP secretariat on its future work and the implementation of its activities.

16. The governing council sessions of the regional institutions, namely UNAPCAEM, APCICT, APCTT, CAPSA and SIAP were held in 2006. The governing councils endorsed the programmes of work of the regional institutions, which were in full alignment with the ESCAP programme of work. The regional institutions were focusing on the comparative strengths of ESCAP in conducting regional analysis and norm-setting work, which could serve as a basis for operational activities.

A. Major breakthroughs in transport agreements

17. The central challenge for the transport sector is to develop and operationalize an intermodal network that is efficient, international and integrated. This challenge is especially important for countries with deep hinterlands, landlocked and transit countries, and for intercountry land transport movements.

18. The Ministerial Conference on Transport, held in Busan, Republic of Korea, from 6 to 11 November 2006, provided a forum for member States to demonstrate their resolve to address these challenges as well as reiterate their support for the activities of ESCAP. Highlights of the Conference included the following:

(a) The adoption of the Busan Declaration on Transport Development in Asia and the Pacific, including the Regional Action Programme for Transport Development in Asia and the Pacific, 2007-2011

(b) The signing of the Intergovernmental Agreement on the Trans-Asian Railway Network by 18 participating member States

(c) The adoption of the Ministerial Declaration on Improving Road Safety in Asia and the Pacific.

19. The Intergovernmental Agreement on the Trans-Asian Railway Network was opened for signature on 10 and 11 November 2006 during the Ministerial Conference. On that occasion, 18 member States¹ signed the Agreement, which has since been deposited with the Secretary-General at United Nations Headquarters where it will remain open for signature until 31 December 2008.

20. Following the entry into force of the Intergovernmental Agreement on the Asian Highway Network on 4 July 2005, five additional countries have ratified or approved the Agreement in 2006,² bringing the total number of signatories to 28, and that of accessions, ratifications or approvals to 20.

21. The formalization of transport networks constitutes only part of the process of developing an efficient intermodal transport and logistics system. There is also a need to create an environment conducive to cross-border and transit traffic flows. ESCAP has been working on identifying non-physical barriers to such flows. One such indicator of these barriers is the time/cost distance methodology, which was developed by ESCAP during the preparatory process leading up to the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation. The methodology was further endorsed by the United Nations,³ which “encourage[d] the work undertaken by United Nations regional commissions and organizations towards establishing a time-cost methodology for indicators to measure the progress in implementation of the Almaty Programme of Action”. During 2006, ESCAP has been using and promoting the methodology in the interdivisional project on institutional capacity-building for facilitation of international trade and transport in landlocked and transit countries. In this regard, it has focused particularly on landlocked and transit developing countries, for identifying and isolating delays and uncertainties concerning various trade routes.

B. Strengthened ICT capacity-building in Asia and the Pacific

22. In June 2006, ESCAP established the Asian and Pacific Training Centre for Information and Communication Technology for Development (APCICT) at Incheon, Republic of Korea. The establishment of the Centre was supported by the Government of the Republic of Korea. The Centre is aimed at building the capacity of member States in ICST for development.

¹ Armenia, Azerbaijan, Cambodia, China, Indonesia, Islamic Republic of Iran, Kazakhstan, Lao People's Democratic Republic, Mongolia, Nepal, Republic of Korea, Russian Federation, Sri Lanka, Tajikistan, Thailand, Turkey, Uzbekistan and Viet Nam.

² Afghanistan, India, Kyrgyzstan, Tajikistan and Thailand.

³ General Assembly resolution 60/1 of 16 September 2005 on the 2005 World Summit Outcome.

23. The work of ESCAP in ICT focused on promoting better understanding of the needs and challenges with regard to integrating ICT policies and strategies into the development process, measuring ICT for development and using the Internet for business development. Several regional workshops were held in this regard. Also in 2006, ESCAP developed a number of guidelines to assist member States, especially landlocked countries, in introducing ICST for trade and transport facilitation. A series of workshops was organized to introduce the concept to policymakers in the region. At the request of the Government of Malaysia, ESCAP developed a guidebook on developing community e-centres in rural areas. In the area of e-business, ESCAP extended assistance to the economies of the Greater Mekong Subregion and trained enterprise-support agencies in promoting e-business among SMEs. With support from the Government of the Republic of Korea, ESCAP held training workshops on e-business for women entrepreneurs; it also organized the twelfth session of the Intergovernmental Consultative Committee on the Regional Space Applications Programme for Sustainable Development in Asia and the Pacific.

C. Ministers adopt the green-growth approach to development

24. The importance of green growth and the development of policy tools to achieve it can hardly be overemphasized. Considering the region's vast share of the global poor, the significance of sustaining the overall trend in economic growth cannot be denied. At the same time, the countries are increasingly burdened with environmental costs and are increasingly vulnerable to the consequences of global environmental change. Thus, pursuing economic growth patterns that do not compromise environmental sustainability has become an urgent priority for the dynamic Asian and Pacific region.

25. In response to this necessity, countries in the region adopted the green-growth approach at the Fifth Ministerial Conference on Environment and Development in Asia and the Pacific, held in Seoul, in March 2005. ESCAP made significant progress in 2006 in response to the request by the Commission at its sixty-first session to develop the necessary conceptual and analytical frameworks and provide Governments with appropriate support. ESCAP initiated a series of policy dialogues, forums and training activities, focusing on the following tracks: green tax and budget reform; development of sustainable infrastructure; promotion of sustainable consumption patterns; greening the market and promoting green business, including pro-poor green growth; and development of eco-efficiency indicators. In 2006 ESCAP organized the second Regional Policy Dialogue, which dealt with sustainable consumption; the first Policy Consultation Forum, which dealt with sustainable infrastructure, and the Seoul Initiative Leadership Programme on Green Growth. ESCAP will continue its work on key green-growth themes and the development of practical eco-efficiency indicators for measuring the eco-efficiency of resource use.

26. Based on a comprehensive review of the achievements made during the first cycle, 2000-2005, of the Kitakyushu Initiative for a Clean Environment, the work plan for the second cycle, 2006 to 2010, has been determined. Two international workshops were conducted to promote local

initiatives, with a strengthened focus on a win-win approach to improving urban environmental quality and promoting local livelihoods. The year 2006 saw the successful completion of two demonstration projects on water-use efficiency in Tehran, and energy auditing and efficiency in Ulaanbaatar.

D. Sharpening analytical work

27. In its role as a regional think-tank that provides creative solutions to address the changing development needs of the Asian and Pacific region, ESCAP has continued to strengthen its analytical work. Reflecting the needs of policymakers in a rapidly changing global and regional environment, the secretariat's flagship publication, the *Economic and Social Survey of Asia and the Pacific 2007*,⁴ focused on identifying near- and medium-term policy challenges and providing early warning signals. Recognizing the need to monitor economic vulnerability in order to identify danger signs, the 2007 *Survey* will showcase an ESCAP-constructed vulnerability index that assesses a country's vulnerability to currency crisis triggered by a sudden reversal of capital flows. The 2007 *Survey* also has a special focus on issues related to gender discrimination and its economic and social costs. The *Survey* also includes a new statistical annex that presents the latest data on a wide range of development indicators in order to facilitate the assessment of socio-economic development among countries in the region.

28. The Socio-Economic Policy Brief series of ESCAP, introduced to provide an early warning mechanism on key socio-economic issues and help Governments to respond to these in a timely manner, received region-wide attention. The policy briefs tackled a wide array of emerging challenges, such as building an effective regional response to the threat of an avian influenza pandemic, reviving multilateralism in trade negotiations, and instituting the measures needed to prepare for financial downturns, as observed in the dramatic mid-2006 collapse in equity prices.

29. In the area of trade policy, the Asia-Pacific Trade and Investment Agreements Database⁵ was set up. In this regard the secretariat has played a pioneering role in that the database is the first regional one-stop tool available for policymakers and researchers to track and analyse the development and performance of preferential and free trade agreements. The database has been expanded to include statistics on trade flows between countries that are members of individual agreements. In particular, 15 indicators for monitoring the performance of regional trade agreements have been developed and calculated for selected economies and trade agreements in the region. Furthermore, the Asia-Pacific Research and Training Network on Trade, initiated by ESCAP and the International Development Research Centre of the Government of Canada and now supported by UNDP, WTO and UNCTAD as well, generates an increasing number of analytical and policy-oriented trade research studies in the developing countries of the region by harnessing the research

⁴ United Nations publication, Sales No. E.07.II.F.4.

⁵ www.unescap.org/tid/aptiad.

capacity already available and by continuously developing additional capacity. A body of more than 30 working papers, 11 policy briefs and several monographs is now available to stakeholders in trade-related policymaking in the region.⁶

30. Despite structural reforms, the envisaged inflows of FDI were not always realized, and not all countries reaped the maximum benefits from FDI. In preparing a study on reforming business climates in the context of regional cooperation, ESCAP examined how government and private sector policy formulation, implementation, monitoring and evaluation processes could be developed and aligned, and regional cooperation strengthened.

31. In preparing for the next phase in the development of the Asian Highway, ESCAP undertook a study on priority investment needs for the development of the Asian Highway network⁷ that reviewed the status of the Asian Highway network, identified investment requirements for the development of the network's infrastructure and prioritized projects of subregional importance. A consolidated picture indicated that about US\$ 26 billion is currently being invested or committed for the construction, rehabilitation and upgrading of some 37,000 km of Asian Highway routes in member States. The secretariat is currently assisting member States in mobilizing resources to address the identified shortfall in funding, amounting to approximately US\$ 18 billion. These funds are required for priority investments in the Asian Highway.

32. The latest regional environmental report of ESCAP, *State of the Environment in Asia and the Pacific 2005*,⁸ highlights the adverse environmental consequences of rapid economic growth in the region. In recognizing the need for continuing economic growth in the face of the high levels of poverty in the region, the report concludes that developing more environmentally sustainable patterns of economic growth is crucial and urgent. In this context, two major issues are addressed: developing synergies between economic growth and environmental protection, and improving the efficiency of resource use (eco-efficiency) economy-wide.

33. The theme study prepared for the Commission at its sixty-third session, entitled *Development of Health Systems in the Context of Enhancing Economic Growth towards Achieving the Millennium Development Goals in Asia and the Pacific* (ST/ESCAP/2449), examines the two-way relationship between health and economic growth and how poverty alleviation can be addressed effectively by investments in health. Progress with regard to the achievement of the Millennium Development Goals is considered, as are issues such as demographic and epidemiological change, investment requirements, ways to achieve universal health-care coverage, and the impact of trade policies on access to drugs and the performance of health systems.

⁶ www.artnetontrade.org.

⁷ See ST/ESCAP/2424.

⁸ United Nations publication, Sales No. E.06.II.F.30.

34. Recognizing the need for good quality statistics for analytical work, ESCAP has been promoting national strategic planning for statistical development in the region through high-level subregional forums and follow-up activities. It is also in the process of overhauling its data dissemination strategy to produce user-friendly statistical products that meet internal and external needs. ESCAP is also implementing an interregional project on informal sector statistics in order to create a critical mass of countries that regularly collect and disseminate data on the informal economy and integrate them into the estimates of national accounts.

35. During 2006, CAPSA completed two analytical projects: (a) identification of pulling factors for enhancing the sustainable development of diverse agriculture in selected Asian countries and (b) the study of the impact of export support and food aid measures on food security: commodities selected: sugar, milk and soybean. The first study generated recommendations for effective policies towards the development of sustainable and diversified agriculture. The second study documented the status of food insecurity at the national and household levels and analysed the impact of import support on food security and domestic production.

E. Addressing a wide range of social concerns

36. In 2006, ESCAP continued to follow the rights-based approach in formulating and evaluating policies and programmes, particularly those relating to population and social inclusion, gender equality, and health and development. Of the social sector issues addressed by ESCAP, HIV/AIDS and its consequences was given high priority. An example of a best practice in this area is multi-stakeholder capacity-building in the Greater Mekong Subregion economies in order to improve health and reduce vulnerability to HIV infection among long-distance road transport workers. Diverse stakeholders were engaged in this effort, including transport workers, transport enterprises, ministries of transport and health, local government entities and civil society organizations. As a result, decision-makers in the transport sector were better informed of the challenges that road-transport workers face. The work of ESCAP in this area is expected to influence policymakers to mainstream health concerns into public and private sector transport policies beyond the project time frame. In order to scale up effective HIV-prevention efforts for youth, ESCAP also advocated policies in Cambodia, China, the Philippines and Sri Lanka on how to use community-based programmes to empower youth to make informed and responsible decisions concerning their health.

37. In order to strengthen its well-established work in the area of disability, ESCAP implemented a joint ESCAP/WHO disability statistics project. Questions on disability were tested in five countries in a pilot study and the results were analysed and discussed in regional workshops. ESCAP also coordinated the finalization of a training manual on disability statistics, which was used as a major reference at the first SIAP regional training workshop on disability statistics, held in Tehran, in December 2006.

F. Seeking regional responses to global mandates

38. In 2006 ESCAP was actively seeking regional responses for global mandates in the areas of climate change, ICST, disability and issues of pertinence to least developed countries. Regarding climate change, ESCAP facilitated regional dialogues aimed at designing innovative mechanisms to help developing countries proactively respond to the efforts to mitigate climate change. In particular, ESCAP has been promoting a unilateral (host-generated) clean development mechanism linked with a certified emission reduction discounting scheme. This scheme is considered a win-win global partnership and innovative mechanism for the climate change efforts of developing countries beyond 2012.

39. In 2006 ESCAP assisted member States in promoting awareness and building capacity in developing, improving and implementing their policies and programmes on ICST with the aim of further implementing the World Summit on the Information Study. It also assisted in developing relevant legislative and regulatory frameworks.

40. A series of technical workshops on disabilities organized by ESCAP in 2006 resulted in meaningful regional contributions to the elaboration of the Convention on the Rights of Persons with Disabilities, which was adopted by the General Assembly in October 2006.

41. Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 at the regional level is crucial in order to help those countries graduate from least developed countries status. In preparation for the Midterm Comprehensive Global Review of the Programme of Action, and in accordance with General Assembly resolution 59/244 of 22 December 2004 on the Third United Nations Conference on the Least Developed Countries, a regional review was held in Bangkok in 2006. The meeting called for the international community to enhance its support for the least developed countries.

42. ESCAP organized a regional seminar on strengthening national capacity on migration, in particular on protecting migrant women, as a follow-up to the High-level Dialogue on International Migration and Development. It also aimed at helping developing countries to achieve policy coherence so that migration policies would be consistent with other social and economic development policies, and across borders.

G. Strengthening regional and subregional cooperation

43. ESCAP continued to strengthen regional and subregional cooperation in all its work. A major development took place on 2 November 2005. Ministers from six member States signatories to the Bangkok Agreement, the region's oldest preferential trading agreement, met in Beijing and amended the Agreement, which has been revitalized as the Asia-Pacific Trade Agreement. The Agreement entered into force on 1 September 2006, upon the completion of internal ratification procedures by all its member States. The Agreement encompasses nearly half of the world's population and is the only

preferential trade agreement that is open to all developing members and associate members of ESCAP, and that links the economies of East and South Asia.

44. In the area of energy, ESCAP facilitated processes for SPECA to explore the possibility of establishing a coordinated energy system and an initiative on the promotion of energy efficiency and conservation for Central Asian countries. ESCAP also made further progress in the promotion of transboundary energy cooperation in North-East Asia by carrying out country studies. The aim of the studies was to identify areas of possible cooperation in the development and connectivity of oil, gas and electricity infrastructure.

45. Two major developments in the promotion of regional cooperation for disaster risk management are (a) strengthening cooperation among the members of the Typhoon Committee and (b) completion of the pilot community-based multi-hazard and tsunami early warning system in Sri Lanka.

46. With regard to the rapidly expanding tourism sector in the region, the Commission at its sixty-second session adopted resolution 62/3 on implementation of the Plan of Action for Sustainable Tourism Development in Asia and the Pacific, phase II (2006-2012) and the Regional Action Programme for Sustainable Tourism Development. The focus areas of the Programme include enhancing the role of tourism in socio-economic development, developing tourism-related infrastructure and human resources in the tourism sector.

47. In 2006 UNAPCAEM undertook several projects and networking activities to promote regional cooperation in the manufacture and distribution of agricultural machinery. A roundtable forum for regional agricultural machinery manufacturers/distributors associations was held in Seoul, in November 2006. All participants unanimously supported the establishment of an Asian network for the testing of agricultural machinery, with the aim of assisting distribution member countries in promoting the manufacture and distribution of agricultural machinery.

H. Special attention to the Pacific islands agenda

48. The sixty-second session of the Commission was historic for ESCAP in that it marked the first time that a segment of the annual meeting was devoted entirely to the interests of the Pacific subregion, the Pacific Leaders' United Nations ESCAP Special Session (PLUS). Among the participating dignitaries from the Pacific were the Presidents of the Marshall Islands and Kiribati, the Prime Minister of Tuvalu, the Vice-Presidents of the Federated States of Micronesia, and of Palau, the Deputy Prime Minister of Vanuatu, the Minister for Foreign Affairs and External Trade of Fiji, the Minister for Trade and Industry of Papua New Guinea and the Minister for Foreign Affairs of Nauru. Senior officials representing Samoa, Solomon Islands and Tonga also attended, together with other delegations. PLUS was convened by the Executive Secretary of ESCAP and hosted by the President of Indonesia. The Pacific Islands Forum Secretariat and UNDP also contributed to the organization of PLUS, which called for greater support for Pacific island development efforts and regional

cooperation in the Pacific. In this regard, the areas highlighted for Asia-Pacific cooperation were economic growth, employment and sustainable development; economic infrastructure, including ICT and renewable energy; and trade, investment and tourism.

IV. BUILDING STRONG PARTNERSHIPS

49. Successful partnerships between ESCAP and others in the United Nations system, international organizations and intergovernmental organizations continued to evolve and were strengthened in all areas. ESCAP has been engaged in seeking common ground for collaboration and constructive dialogue among Governments, United Nations agencies and civil society organizations. To ensure closer coordination and cooperation with the United Nations country teams, ESCAP is actively engaged in the process of developing the United Nations Development Assistance Framework, particularly for priority countries. Some examples of the major partnerships formed during the past year are highlighted below.

A. Continuing collaboration with UNDP, ADB, UNCTAD and WTO

50. Established in 2001 and subsequently expanded, the regional partnership between ESCAP, UNDP and ADB in support of the Millennium Development Goals is evolving into a significant and far-reaching collaborative effort. From a single pioneering product in the form of a regional report on the Millennium Development Goals, the partnership is attracting the attention of a wide range of stakeholders, both at the country level and at the regional and global levels. Starting in 2007, the project coverage is being expanded to include a diverse range of products and services for the countries of Asia and the Pacific.

51. In the trade policy area, ESCAP has been implementing a technical assistance programme with WTO since 1999. Demand for the information, training, analytical and advisory services that the programme provides has increased significantly, and members and associate members of ESCAP continue to rate these services as one of the top priority activities of ESCAP. More recently, the programme has expanded into research and trade policy analysis through a partnership that ESCAP established with the International Development Research Centre. In the area of trade facilitation, ESCAP plans to further intensify its collaboration with UNCTAD. Regarding transport facilitation, in a collaborative initiative has been started involving the Shanghai Cooperation Organization (SCO), ADB and ESCAP. Since 2005 a road transport facilitation agreement among the six SCO members has been under negotiation. ADB and ESCAP are jointly financing a project to support the negotiation and subsequent implementation processes.

B. Strengthening regional consultative mechanisms

52. ESCAP is a leader in coordinating the efforts of the region's development-related organizations, including United Nations and other entities. It fills this role by holding regional coordination meetings in order to achieve coherent policies aimed at implementing the regional

development agenda. One such regional coordinating meeting is the Thematic Working Group on International Migration, including Human Trafficking, which is co-chaired by IOM and ESCAP. The Working Group is made up of 16 United Nations agencies, and international and intergovernmental organizations based in Bangkok. It has been active in promoting understanding of international migration and coordinating efforts to enhance the development benefits of international migration while mitigating its negative impacts.

53. Urbanization is rapidly rising in the region, prompting ESCAP to pay close attention to solutions to the problems caused by this phenomenon. ESCAP convened the Regional Consultative Meetings on Good Urban Governance in June and November 2006, with the aim of coordinating the work of international organizations and NGOs in the area of urban development in the Asian and Pacific region. These meetings will help the participating institutions to better coordinate their efforts in preparing for the next World Urban Forum, which will be held in China in 2008.

54. ESCAP continued to lead the Regional Interagency Working Group on Information, Communication and Space Technology. The working group was established by ESCAP in 2001 to strengthen coordination and cooperation among international, regional and subregional organizations. A number of joint projects have been implemented. ESCAP was a member of the Partnership on Measuring ICT for Development, an organization which provides an umbrella for coordination and consultation among global and regional agencies engaged in providing to developing countries assistance in making information society assessments.

C. Other collaboration

55. ESCAP organizes the Asia-Pacific Business Forum on an annual basis in close cooperation with government and business organizations. It convenes the Business Advisory Council twice a year to promote government-business dialogue, while the Greater Mekong Subregion Business Forum continues to serve as a platform for business interaction and networking for the economies in that subregion. Close cooperation is also maintained with the Global Compact Office.

56. In its efforts to enhance gender equality, ESCAP partnered with a number of organizations and agencies to provide capacity-building and training. A regional workshop on gender-responsive health security for the elderly was held in Seoul through a partnership between ESCAP, WHO and the Korea National Health Insurance Corporation. In addition, in July 2006 ESCAP collaborated with the International Telecommunication Union and the Asian Pacific Women's Information Network in holding a regional workshop on entrepreneurship and e-business development for women.

57. In carrying out the Regional Midterm Review of the Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010, ESCAP collaborated with the Office of the High Representative for the Least Developed Countries, UNDP and the Economic Commission for Africa. The ESCAP Pacific Operations Centre was relocated from Port Vila, Vanuatu to Suva, Fiji in December 2005. A key rationale for relocating the Centre was to enable it to

collaborate more closely with subregional agencies, many of which are based in Suva. The relocation has already enabled the Centre to participate actively in the work of the United Nations country team in Suva and its inter-agency taskforces on issues such as development indicators, gender, human rights, youth, ICT and operations.

58. In the areas of transport and tourism development, ESCAP collaborated with many United Nations, regional and subregional organizations. For example, ESCAP provided substantive contributions to the railway capacity-building courses of the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation. In the area of environment and sustainable development, formal arrangements for partnerships were made or joint activities were undertaken, with a large number of institutions. In order to create synergies, nearly all technical assistance and other activities in the area of statistics were organized jointly with one or more partners in the United Nations system and other regional organizations.

V. STRATEGIC DIRECTIONS FOR 2007

59. In addition to the continuation of some of the work carried out in the previous year, in 2007 ESCAP will focus on areas that can be most effectively addressed through regional advocacy, consensus-building, intermediation and cooperation. Some of these areas are characterized by sensitive socio-economic concerns and transboundary issues which would benefit from collaborative multi-country involvement. Greater emphasis will be placed on high-quality analytical and normative functions, supported by regional technical cooperation activities that feed into the process. This strategic programme orientation will be strongly reflected in the programme of work for the biennium 2008-2009.

A. Millennium Development Goals

60. While the Asian and Pacific region has made tremendous progress in addressing poverty, the region is still home to the largest number of extremely poor people of any region in the world. This situation is reflected in the region's 81 million underweight children and the fact that the region accounts for more than 40 per cent of the world's child mortality. Many of the least developed countries and those that are emerging from decades of war and civil strife are off-track on several important Millennium Development Goal indicators.

61. ESCAP will deepen its work in helping such countries. Commission resolution 62/1 of 12 April 2006 on achieving the Millennium Development Goals in the ESCAP region provides the basis for the strategic direction of the work of ESCAP on the Goals in 2007 and for several years to come. As called for by that resolution, a regional road map for helping developing countries in the region to achieve the Millennium Development Goal targets by 2015 has been drafted for the consideration of the Commission at its sixty-third session. The overarching objective of the proposed road map is to assist the countries that are facing special difficulties to reach all targets by 2015. The document (E/ESCAP/63/2) prepared for this purpose elaborates on five broad categories of products and

services that are envisaged for delivery by United Nations entities and other agencies in the region, including ESCAP, ADB and UNDP. The five categories are: (a) knowledge and capacity development, (b) expertise, (c) resources, (d) advocacy for the Millennium Development Goals and (e) regional public goods.

62. The third regional report on the Millennium Development Goals, expected to be published in 2008, forms an integral part of the strategic direction. The preparatory process for launching the third report began in earnest in August 2006 with the approval of the theme, achieving the Millennium Development Goals in Asia and the Pacific: a regional compact. The objective of the study is to identify major areas of concern in achieving the Millennium Development Goals in Asian and Pacific countries, particularly those that are off-track, and to formulate a regional strategy to address those concerns. This study is based on the analysis of Millennium Development Goal-based national development strategies. As an accompanying report, ESCAP, ADB and UNDP will publish a 2007 update on the progress being made towards achieving the Millennium Development Goals and targets by countries in the region.

63. ESCAP will further strengthen the analytical and monitoring capacities of government officials for more effective use of Goal-related data for formulating better development policies. In particular, it will support national efforts by sharing its expertise, writing a handbook on the monitoring of the Millennium Development Goals by government officials, and organizing training activities. ESCAP will also provide assistance to countries in designing and field-testing their next census questionnaires, the main tool with which socio-economic data are gathered. The training programme of SIAP will continue to focus on ESCAP priority themes and international commitments, particularly those related to the Millennium Development Goals.

B. Infrastructure development

64. Much of the region's infrastructure, especially that of transport, ICT, energy and water, is inadequate and of poor quality, thus holding back economic growth and significantly reducing the people's quality of life. The ESCAP publication, *Enhancing Regional Cooperation in Infrastructure Development, Including that Related to Disaster Management*,⁹ finds that the Asian and Pacific region would require a staggering US\$ 608 billion per annum to upgrade its infrastructure. The report also finds that region's substantial savings and foreign reserves have not been mobilized to meet the infrastructure needs partly because of the absence of an effective regional intermediation mechanism.

65. The issue of infrastructure development was debated at a ministerial roundtable and considered at the sixty-second session of the Commission. In taking into account the region's development needs, the Commission also adopted resolution 62/2 of 12 April 2006 on the Jakarta Declaration on enhancing regional cooperation in infrastructure development, including that related to disaster management.

⁹ United Nations publication, Sales No. E.06.II.F.13.

66. ESCAP is working towards identifying innovative regional financial cooperation arrangements that could bridge the financing gap in infrastructure. A survey of the infrastructure development needs and priorities of member States is being undertaken as a first step. A high-level regional policy dialogue will be held in March 2007 in India to better conceptualize various aspects of infrastructure development and financing, and draft a proposal for a regional mechanism to address the infrastructure financing gap. One of the major aims of such mechanisms will be to attract private sector investment in infrastructure. The ESCAP secretariat will report on the progress made in implementing the Jakarta Declaration at the sixty-fourth session of the Commission.

67. ESCAP will build on its successful work on the Asian Highway and Trans-Asian Railway and focus on linking these networks together through the development of dry ports as well as by melding the physical transport networks with other networks, including those involving ICT, multimodal transport operations, customs clearance and banking. Based on the outcomes of the World Summit on the Information Society¹⁰ and the Regional Action Plan towards the Information Society in Asia and the Pacific,¹¹ ESCAP will assist member countries to integrate ICST policies and strategies into national development plans and to ensure the compliance of such policies with multilateral agreements.

C. Connectivity in the Pacific

68. Connectivity is a major challenge faced by the Pacific island countries. The physical disadvantages faced by these countries include smallness, remoteness and dispersion. These challenges significantly raise transport and other development costs and limit opportunities for realizing economies of scale. Based on the request from the Pacific Leaders' United Nations ESCAP Special Session during the Commission at its sixty-second session adopted resolution 62/9 of 12 April 2006 on regional follow-up to the Mauritius Strategy for the Further Implementation of the Programme of Action for Sustainable Development of Small Island Developing States and resolution 62/12 of 12 April 2006 on strengthening Pacific island developing countries and territories through regional cooperation. ESCAP is currently implementing a project on enhancing Pacific connectivity. An analytical study under this project will examine the technical, economic and commercial viability of, and suggest financing options for, achieving connectivity. This project is expected to create consensus among the Pacific island countries on the important recommendations of the study, and facilitate the building of partnerships between them and pertinent Asian developing countries to support the connectivity initiative.

69. The subregional arm of ESCAP, the ESCAP Pacific Operations Centre, plans to develop a web-based knowledge centre that shares good practices in the implementation of economic and social policy. Work on the knowledge centre will start in 2007. Resources permitting, a subregional project

¹⁰ See A/C.2/59/3, annex and A/60/687.

¹¹ United Nations publication, Sales No. E.06.II.F.20.

to strengthen the capacity of Pacific island Governments in building knowledge on good practices will be launched later in 2007 with the publication scheduled for 2008.

D. Regional integration

70. Notwithstanding the dynamic market-driven trade and investment flows in the past, the year 2007 presents a number of trade and investment policy challenges for the ESCAP region. There is considerable uncertainty surrounding the Doha negotiations. If the Doha negotiations have entered into their final stage, as it is reasonable to expect, the region needs to ensure that the development dimension remains high on the agenda. At the same time, because 21 members of ESCAP are not members of WTO, greater solidarity is needed in facilitating WTO accession for those members of ESCAP that have applied for membership in WTO on development-friendly terms. There is also the need to rationalize the current entanglement of bilateral trade agreements, as their often conflicting rules have raised concerns with regard to the cost that increased policy opacity is imposing on businesses conducting trade.

71. The main priority of the secretariat's work in this area will be to promote a trade and investment architecture that will build a more integrated Asian economic community through APTA, formerly the Bangkok Agreement. APTA has the potential to forge a coalescence of the current fragmented approach into a more cohesive whole, as it is one of the few trade agreements that is open to all developing economies of the region. In 2007 ESCAP will work towards the expansion of membership to include the economies in transition of Central Asia, the Pacific island economies and other interested economies such as Macao, China. A fourth round of negotiations that will broaden and deepen liberalization across the region is also expected to be conducted at the second session of Ministerial Council of APTA to be hosted by the Government of India.

72. ESCAP will continue to foster a regional consultative process involving multi-stakeholder interests in the Doha Development Agenda negotiations, including WTO accession issues. In the area of trade facilitation, ESCAP will use its convening power and advocacy role to promote the establishment of a regional and subregional network of national trade facilitation committees/bodies in order to foster collaboration in implementing trade facilitation reforms.

73. The revised institutional structure of SPECA, with its project working groups functioning under the SPECA Governing Council at the ministerial level, has laid a solid foundation for a member-driven programme covering energy, water, trade, transport, statistics, ICT and gender. For the first time, the SPECA Economic Forum will be held in two locations: the first, with a focus on Asia, will be held in Almaty in May 2007 as a part of the Asia-Pacific Business Forum being organized in conjunction with the sixty-third session of the Commission, and the second meeting, entitled Central Asia and Europe: a New Economic Partnership for the Twenty-first Century will be held in Berlin in November 2007 in the form of a business and investment forum. These forums are expected to promote FDI in the non-oil sectors of SPECA member countries, thus supporting the

diversification of their economies as well as highlighting the importance of regional cooperation in strengthening the competitiveness of their economies.

E. Gender equality and health-care financing

74. Women's unequal access to decision-making processes and the benefits of the region's development gains, the various forms of discrimination they face and violence against women will continue to pose an enormous challenge to the ongoing efforts by Governments to achieve gender equality. In the United Nations Millennium Declaration¹² of 2000, Governments resolved to combat all forms of violence against women and to implement the Convention on the Elimination of All Forms of Discrimination against Women.¹³ ESCAP will focus much of its work on gender and development in order to protect women's rights and promote gender mainstreaming. The Convention will also be used as a strategic entry point to formulate effective normative frameworks for combating violence against women.

75. Health issues will continue to impose themselves increasingly on public policy agendas and government budgets. Renewed focus on key issues related to health and development, such as health-care financing, universal health-care coverage and the health impacts of trade agreements, will highlight the comparative advantages of ESCAP and its multidisciplinary strengths. Of added value to regional cooperation, harmonization and integration would be the conduct of normative analysis in those areas of health and development having cross-border dimensions. The lack of appropriate mechanisms at the regional level for financing the infrastructural and human resources needs of countries has been felt because those that are available are inadequate. Innovative financing mechanisms are needed to meet the investment needs for social infrastructure, including health infrastructure. More work will be required to meet the need for strong evidence- and analysis-based policy formulation in the region's health sector.

F. ESCAP programming and staffing issues

76. In follow-up to the external evaluation of ESCAP during the period April-June 2006, consultations were held with member States on the findings of the evaluation. An internal change management team was appointed to review the recommendations of the evaluation and propose a new programme structure for ESCAP. In 2007, further efforts will be made towards a programmatic shift aimed at improving the development services and products that the ESCAP secretariat provides to member States.

77. To enhance the effectiveness of the intergovernmental meetings held by ESCAP, a review of the conference structure will be undertaken at the sixty-third session of the Commission, as mandated in resolution 58/1 of 22 May 2002 on restructuring the conference structure of the Commission and

¹² General Assembly resolution 55/2 of 8 September 2000.

¹³ General Assembly resolution 34/180 of 18 December 1979, annex.

resolution 61/1 of 18 May 2005 on the mid-term review concerning the functioning of the conference structure of the Commission. Initial feedback and guidance have been sought from member States through surveys and consultations. The current conference structure, established in 2002 as a key measure to revitalize ESCAP, is based on three themes: poverty reduction, managing globalization and addressing emerging social issues. A midterm review carried out in 2005 led to the decision to discontinue subcommittees and convene each thematic committee on an annual, rather than a biennial basis.

78. More emphasis will be placed on results-based management and oversight and system-wide coherence, as well as strategic partnerships. ESCAP has developed a framework which is aimed at instituting a comprehensive monitoring and evaluation system. This framework has been shared with other regional commissions, with a view to establishing a common approach. ESCAP is undertaking independent assessments and self-evaluations in order to mitigate risk and enhance programme effectiveness. For example, ESCAP is conducting additional strategic evaluations in 2007 on two key technical-cooperation programmes implemented through the Japan-ESCAP Cooperation Fund and the Korea-ESCAP Cooperation Fund, as well as a thematic evaluation of its capacity-building interventions.

79. ESCAP has made progress in developing its knowledge management initiative, championed by an information and communication technology/knowledge management committee comprising representatives of all divisions. In 2007, a knowledge strategy and a knowledge road map will be developed, encompassing three elements: (a) awareness of the knowledge management strategy at all levels; (b) good practices documented and made accessible to staff members, which is aimed at replicating efficient solutions; and (c) a pilot community of practice.

80. In support of United Nations information technology initiatives, ESCAP will introduce a new customer relations management system and an enterprise resource planning system in 2007. Further, ESCAP will support the United Nations system-wide adoption of the International Public Sector Accounting Standards by 2010. The implementation of these standards has wide implications for the way the United Nations does business in the context of budgeting and finances.

81. Staff mobility is a priority in 2007 pursuant to General Assembly resolution 61/244 of 22 December 2006 on human resources management. To better meet the changing and pressing needs of the member States, it is crucial to have truly mobile staff with multiple skills. To support staff mobility, training programmes on leadership and management development, information technology, language skills, and the upgrading of substantive skills will be organized for staff members. Specific measures will also be developed to improve the equitable geographic distribution and gender representation as set out in the human resources action plan.

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