



Economic and Social Council

Distr.: General
25 March 2015

Original: English

Economic and Social Commission for Asia and the Pacific

Seventy-first session

Bangkok, 25-29 May 2015

Item 3 (i) of the provisional agenda*

**Review of issues pertinent to the subsidiary structure of
the Commission, including the work of the regional
institutions: subregional activities for development**

Subprogramme overview: issues and challenges related to inclusive and sustainable economic and social development in Asia and the Pacific

Note by the secretariat**

Summary

The present note addresses the issues and challenges related to inclusive and sustainable economic and social development in Asia and the Pacific. It highlights the steps and activities undertaken and planned by the secretariat to support member countries at the subregional level through policy analysis, dialogue and capacity-building so that they will be able to address the challenges they face.

Contents

	<i>Page</i>
I. Subregional Office for the Pacific	2
II. Subregional Office for East and North-East Asia.....	4
III. Subregional Office for North and Central Asia	8
IV. Subregional Office for South and South-West Asia	11

* E/ESCAP/71/L.1/Rev.1.

** The present paper was submitted late owing to the need to take into account the latest economic and social developments in each subregion.

I. Subregional Office for the Pacific

A. Introduction

1. The subprogramme addresses developmental challenges faced by Pacific small island developing States, 12 of which are members and 7 of which are associate members. Among them, four countries are considered least developed: Kiribati; Solomon Islands; Tuvalu; and Vanuatu.

B. Key issues and challenges for the Pacific

2. While 10 million people from Pacific island countries experience better economic circumstances compared with five decades ago, significant problems remain. More than 20 per cent of the populations of several Pacific islands are unable to meet their basic needs. Violence against women is high, while women's representation in politics is extremely low in most countries. Increasing reliance on imported foods has contributed to an epidemic of obesity and non-communicable diseases. Youth unemployment is high and most Pacific islands are heavily dependent on fossil fuel for household energy, production processes and transportation. The situation is compounded by low and uneven economic growth, declining agricultural productivity, growing populations and the increasing threat from climate change. This overall development situation has meant that only two Pacific island countries are on track to achieve all of the Millennium Development Goals. The development challenges facing Pacific small island developing States, and those in other regions, were addressed during the third International Conference on Small Island Developing States, which was held in Samoa in 2014. The international community adopted the SIDS Accelerated Modalities of Action (SAMOA) Pathway (Samoa Pathway) as the framework for assistance and support to small island developing States in their efforts to achieve sustainable development in all of its three dimensions. The Samoa Pathway calls for, inter alia, concerted efforts to address the adverse impacts of climate change and sea-level rise, and for support in addressing common challenges hindering economic development in small islands, including sustainable management of the oceans, as well as support to reduce inequalities, raise basic standards of living, and foster equitable social development and inclusion as part of promoting more inclusive and equitable growth. The Samoa Pathway also establishes the priorities of small island developing States for the development agenda beyond 2015.

3. The secretariat had been active in supporting the Pacific subregion's preparations for the Conference. Following on from 2013 when the secretariat organized and supported the Pacific small island developing States' preparatory meeting, the secretariat provided briefing notes, in conjunction with Pacific subregional organizations, for representatives to assist them in negotiating the draft text of the Samoa Pathway. The secretariat also worked with the Small Island Developing States National Task Force of the Government of Samoa and the Fiji and Samoa country teams to assist with preparations for the Conference. The secretariat also produced publications to inform Pacific small island developing States and highlight crucial issues of concern to development partners during the Conference. Several publications — *Pacific Perspectives on Fisheries and Sustainable Development*, *Climate Change and Migration Issues in the Pacific* and, in collaboration with the International Labour Organization (ILO), United Nations Children's Fund, the United Nations Development Programme (UNDP) and the United Nations Population Fund, *The State of Human*

Development in the Pacific: A Report on Vulnerability and Exclusion in a Time of Rapid Change — were made available during the Conference.

4. Following the Conference, and based on the calls for United Nations assistance in the context of the Samoa Pathway, the secretariat developed a strategy to provide coherent support to Pacific small island developing States. This support is consistent with the emerging development agenda beyond 2015 as well as with subregional frameworks, such as the Framework for Pacific Regionalism.

5. Climate change has been acknowledged by Pacific leaders as the greatest threat to livelihoods, security and well-being of the peoples of the Pacific. Existing economic and social challenges faced by Pacific island countries will be severely exacerbated by climate change. The impact of climate change is already undermining development progress and increasingly threatens populations and the territorial integrity of low-lying atolls. The impacts of sea-level rise and other adverse impacts of climate change is acknowledged in the Samoa Pathway as representing “the gravest of threats to [small island developing States’] survival and viability, including for some through loss of territory” (see para. 11 of the Pathway). The Samoa Pathway further emphasizes “that adaptation to climate change represents an immediate and urgent global priority” (para. 32).

6. For some Pacific islanders, adaptation to climate change may include migration. In order to examine this possible option, the secretariat has initiated a project in partnership with ILO and UNDP, and with European Union funding and support, on Enhancing the Capacity of Pacific Island Countries to Address the Impacts of Climate Change on Migration. The project has commissioned community-level surveys in three Pacific island countries on attitudes to migration as part of a response to climate change. The results of these surveys will be shared with all Pacific island countries. In each of the three participating countries — Tuvalu, Kiribati and Nauru — national officers have been recruited, or are in the process of being recruited, to oversee the project and ensure that the findings are taken on board. Tuvalu intends to incorporate the findings into its national development planning, particularly for vulnerable coastal communities. In Kiribati, the Government has mainstreamed the project activities into the National Population Task Force and has noted its interest in using the project outputs to assist in negotiations on climate change at regional and international forums. The Government of Nauru is fully supportive of the project and the community attitudes survey and will host the national project officer.

7. In line with the call in the Samoa Pathway for equitable social development and inclusion, the secretariat provided technical assistance to the review of Tuvalu’s progress in meeting its commitments under the Convention on the Elimination of All Forms of Discrimination against Women. The review highlighted areas of gender discrimination under the constitution and other legislation, and problems facing women and girls regarding access to water and sanitation. Similarly, the secretariat has contributed to reviews on the progress made by the Governments of Kiribati and the Marshall Islands in meeting their human rights obligations under the universal periodic review mechanism. For Kiribati, the focus of the review was the rights of persons with disabilities, while for the Marshall Islands, it included disabilities, non-communicable diseases, water and sanitation, poverty and the devastating legacy, including continuing health impact, of the nuclear test programme between 1946 and 1958. For all three countries, the reports have included specific recommendations for the consideration of their Governments.

8. Complementing this work, the secretariat, in conjunction with the Pacific Island Forums Secretariat, undertook two missions to the Marshall Islands to provide in-country assistance with the development of legislation to implement the Convention on the Rights of Persons with Disabilities. The assistance included support for the accession of the Marshall Islands to the Convention on the Rights of Persons with Disabilities (approved by a parliamentary resolution in January 2015), the preparation and endorsement by key government stakeholders of a legislative development plan for legislation in compliance with the Convention, a review of national laws benchmarked against the Convention, and the drafting of the rights of persons with disabilities bill and the human rights committee bill, both of which passed their first parliamentary readings in February 2015. The secretariat is pleased to have been able to support the efforts of the Marshall Islands to pioneer legislation in the Pacific that implements the Convention and comprehensively advances the rights and freedoms of persons with disabilities.

9. The development and implementation of national sustainable development strategies has been identified, in particular at previous conferences on small island developing States, as the means by which sustainable development policies can be implemented at national level. The Samoa Pathway calls, inter alia, on the United Nations system to “continue to support small island developing States in their efforts to implement national sustainable development strategies” (para. 116). Accordingly, the secretariat has continued to support Pacific members with the preparation of national sustainable development strategies and review through the Pacific National Sustainable Development Strategies Regional Support Partnership. During 2014, the secretariat assisted Kiribati with reviewing its national development plan and the processes surrounding its implementation.

C. Issues for consideration

10. Pacific island countries continue to face serious challenges in their efforts to build resilience and achieve sustainable development. Persistent structural challenges, such as limited land area, small population and isolation severely constrain economic growth opportunities, while the relatively open economies of the Pacific are highly vulnerable to external shocks, including natural disasters. The Samoa Pathway provides a framework within which development partners, including the secretariat, can provide assistance to Pacific members to address these challenges. The Commission may wish to provide guidance on the secretariat’s efforts to support the implementation of the Samoa Pathway.

II. Subregional Office for East and North-East Asia

A. Introduction

11. The East and North-East Asia subregion faced a number of economic, social and environmental challenges in 2014. The continued slowdown of economic growth in China and sluggish recovery in Japan resulted in lower export growth for the trade-dependent regional economies. As regards social issues, subregional member States continued to see growing youth unemployment and widening inequality. Environmental sustainability was also of increasing concern, with transboundary air pollution, threats to conservation of land and marine environments, greenhouse gas emissions from urban areas as well as land degradation.

B. Key issues and challenges in East and North-East Asia

1. Enhancing subregional connectivity on trade, transport and energy

12. Growth in gross domestic product (GDP) in the subregion slipped from 4.3 per cent in 2013 to 3.5 per cent in 2014. Growth prospects for 2015 also remain subdued with many challenges ahead. Rising geopolitical risks, uncertainties surrounding European economies, volatile commodity prices and a further slowdown in China are likely to weigh down regional economies. Fiscal space is also narrowing across the board as lower revenue and higher demand for social protection outlays increase pressure on government expenditures. An urgent priority is therefore to develop a clear strategy for shoring up domestic and regional demand.

13. Greater cooperation and integration can be a solution for developing new engines of growth through bringing up lower and middle-income countries, which will in turn create additional intraregional demand. There have been encouraging developments in recent months that indicate a growing drive among countries in the subregion to strengthen intra-subregional ties, particularly in the area of trade, transport and energy connectivity.

14. In 2014, the secretariat made tangible progress in facilitating dialogue among China, Mongolia and the Russian Federation on a trilateral agreement on transit transport by road along a pilot route. Also, building on previous work on trade facilitation, the secretariat supported Mongolia's newly formed National Steering Committee on Single Window Implementation by bringing together regional experts to discuss key issues and action plans for moving forward. In addition, the secretariat promoted cooperation among customs offices at border crossings through the annual trade facilitation forum. As regards energy connectivity, the secretariat facilitated the exchange of views and ideas for promoting collaboration on developing more harmonized approaches to energy policies in the subregion and discussed possibilities and options to establish a mechanism for advancing regional energy cooperation.

15. Looking ahead, more effort is required to bridge the development gap among subregional economies so that all can benefit from growing connectivity and create new engines of growth in the subregion and beyond.

2. Addressing rapid population ageing and rising inequality

16. Despite impressive GDP growth overall, there are persistent socioeconomic inequalities among economies. The socioeconomic inequalities experienced by various social groups include unequal access to information, facilities and services, as well as restricted opportunities to participate in economic, political, social, educational and cultural activities in society.

17. Also contributing to rising inequality is the rapidly shifting demographic make-up. The subregion is experiencing the fastest population ageing in human history, with member States holding the world record for the longest life expectancy and the lowest fertility rates.

18. The policy implications of rapid population ageing are multifaceted and include those regarding: the labour force, health services, pension and welfare schemes, housing, poverty and social isolation. Transforming older persons from "beneficiaries of welfare" to active contributors to society by promoting their social and economic participation is critically important. On the initiative of Governments and citizens alike, such a transformation has

already begun, with policies and programmes to leverage the knowledge and skills of senior citizens at national and local levels, including initiatives by older persons themselves.

19. The secretariat launched a Knowledge-sharing Platform for Building Sustainable Ageing Societies in East and North-East Asia to share good practices within the subregion and provide references for starting similar initiatives or to further refine existing strategies.

20. To leverage the potential of disadvantaged and marginalized social groups, there have been calls for their social integration in all aspects of life in society, which is a prerequisite for sustainable development at the national, subregional and regional levels.

3. Promoting sustainable management of natural resources, climate change adaptation and mitigation and resilience to natural disasters

21. The subregion consumes over 60 per cent of materials in Asia and the Pacific and about 35 per cent of global fossil fuels, which represent a similar level of greenhouse gas emissions. Together with rapid urbanization and the high-energy intensity of cities, greening and lowering the carbon footprint of North-East Asian cities is critical in determining global sustainability. The subregion also faces significant challenges in sustainable land management, as desertification threatens over 90 per cent of Mongolian pastureland and 25 per cent of Chinese landmass. Conservation of endangered flagship species (including tigers, leopards and migratory birds) and key transboundary habitats across countries have been identified as priority concerns of the six member countries of the North-East Asian Subregional Programme for Environmental Cooperation. Furthermore, rapid coastal development and high demand for marine resources have led to the significant deterioration of the marine environment. Thus, subregional cooperation in sustainable management of land and coastal and marine environments needs to be strengthened.

22. At the same time, the Asia-Pacific region is the world's most disaster-prone region. The subregion has been particularly hard hit by mega-disasters in the past few years, from the earthquakes in China and Japan, flooding in the Democratic People's Republic of Korea and the Republic of Korea, to *dzud* in Mongolia. While countries such as Japan, China and the Republic of Korea have, to a large extent, advanced their technological capacity to manage disaster risk, by having a core set of standardized disaster statistics, countries would be better able to develop targeted policies to mitigate the risk to the most vulnerable sections of society. Concurrently, enhanced disaster data at the regional level would also allow the relevant members and associate members to lend support to developing countries in order to strengthen their disaster risk reduction capacities.

23. To address those challenges, the secretariat continued to assist member States in strengthening cooperation through knowledge-sharing, capacity-building and field projects: (a) low carbon cities: establishment of the North-East Asia Low Carbon City Platform to facilitate communication, technical assistance, peer support and connections among cities; (b) carbon footprint: the annual meeting of the Asia Carbon Footprint Network contributed to raising awareness of various approaches to utilizing carbon labelling for business communication with consumers; (c) nature conservation: the two initiatives on conservation of habitats for migratory birds and DNA analysis of tigers and leopards resulted in concrete outcomes, including the generation of baseline information on habitats of migratory

birds in particular transboundary habitats, and coordination of activities for tiger and leopard DNA sample collection, genetic analysis and policy recommendations; (d) transboundary air pollution: key stakeholders from the subregion agreed on the overall implementation plan of the project on addressing North-East Asian transboundary air pollution and the technical approaches for assessing the data; (e) marine environment: following the launch of the North-East Asian Marine Protected Areas Network, the secretariat organized the First Steering Committee Meeting to set out the framework and strategic direction of the Network; (f) disaster risk reduction: the secretariat supported the capacity-building of Mongolia's National Remote Sensing Centre on detecting and monitoring drought and *dzud*, which are major disasters in Mongolia affecting the lives and livelihoods of the rural poor. The secretariat also continued to support enhancing disaster data in the region with the First Meeting of the Expert Group on Disaster-related Statistics in Asia and the Pacific making progress towards establishing the scope of a basic range of disaster-related statistics.

4. Facilitating the means of implementation of the sustainable development goals in areas such as science, technology and innovation, and development cooperation

24. The subregion is the scientific, technological and economic powerhouse of the Asia-Pacific region. The member economies account for around 30 per cent of global merchandise exports and 25 per cent of global GDP. The subregion is at the centre of policy and technological innovations, which allowed it to leapfrog in economic and social development. The economies of China, Japan, the Republic of Korea and the Russian Federation are already, or are rapidly becoming, key players in development cooperation in the Asia-Pacific region and globally.

25. Increasing the efficiency of development assistance in the subregion is of great benefit to developing countries. Particularly in the context of the means of implementing the sustainable development goals, the subregional expertise and knowledge on science and innovation, not to mention financial support, will be key to the success of achieving the sustainable development goals.

26. Through organizing the first North-East Asia Development Cooperation Forum, the secretariat facilitated discussion based on research and analysis of policies and practices of development assistance and cooperation in North-East Asian countries. This initiative has drawn the keen interest of researchers and practitioners working in the area of development cooperation in North-East Asia, especially as it is a rare event where the academic networks of China, Japan and the Republic of Korea, as well as Russian researchers, forged partnerships in organizing such a forum. The secretariat also facilitated dialogue on developing and using clean and environmentally sound technologies in partnership with the Green Technology Center-Korea by utilizing new initiatives and existing institutional frameworks for technology transfer in the region.

27. Moving forward, there is need to strengthen coordination on the means of implementing the sustainable development goals at subregional and regional levels through bringing relevant stakeholders together and capitalizing on existing information, institutions and resources.

C. Issues for consideration

28. The subregional office is committed to strengthening subregional cooperation in line with the focus areas set out in the Strategic Direction of

ESCAP for 2015-2020. In this regard, the Commission may wish to provide guidance on the approaches and partners with whom the secretariat could work together for effective and efficient delivery of responses to subregional challenges in the subregion.

III. Subregional Office for North and Central Asia

A. Introduction

29. The ESCAP Subregional Office for North and Central Asia was established by the General Assembly in its resolution 63/260 with a view to further enhancing the relevance of the secretariat's programme of work in the subregion. Member States have clearly expressed the need for regional integration to be strengthened by actions at the subregional level. In this regard, strengthened partnerships with major stakeholders and the promotion of knowledge-sharing are two key modalities for enhancing the relevance of the secretariat's work. The subregional office also coordinates the activities of the Special Programme for the Economies of Central Asia, which serves as a cooperation mechanism between member States and a link between ESCAP and the Economic Commission for Europe.

30. The North and Central Asian subregion comprises: Armenia; Azerbaijan; Georgia; Kazakhstan; Kyrgyzstan; the Russian Federation; Tajikistan; Turkmenistan; and Uzbekistan. With the exception of Georgia and the Russian Federation, all are landlocked countries, and Uzbekistan is double-landlocked. Afghanistan participates in the activities of the subregional office as a member of the Special Programme for the Economies of Central Asia.

B. Key challenges, issues and responses

31. The subregion continues to face a number of challenges. Of immediate concern are the negative impact of historically low oil prices and volatility in capital flows, while domestic structural weaknesses continue to raise long-term concerns. These challenges can be better addressed through strengthened subregional cooperation, stronger collaboration among neighbouring countries and increased integration in the global economy.

1. Economic slowdown

32. Growth in North and Central Asia is expected to deteriorate in 2015 due to a continued slowdown in the Russian Federation, the largest economy in the subregion. Overall, the subregion is forecast to grow by 0.2 per cent in 2015 after growing by 1 per cent in 2014. The outlook for the Russian Federation is difficult in the near-term and subject to considerable uncertainty, with a contraction of 0.8 per cent forecast in 2015. Growth in 2013 was already far lower at 1.3 per cent than the levels of about 4 per cent reached between 2010 and 2012. The slowdown was compounded in 2014 by the effects of geopolitical instability and sanctions by the European Union and United States of America. This together with the decline of the rouble by more than 40 per cent against the dollar in 2014 has raised the cost of foreign debt for the corporate sector and made it difficult for local banks to refinance themselves and therefore sustain normal domestic banking operations. Beyond these immediate concerns, the economy remains affected by longer term challenges, such as the need for wider diversification to reduce dependence on oil and gas exports.

33. Kazakhstan, the second largest economy of the subregion, is set to expand by 4.8 per cent in 2015, slightly more than in 2014, but still lower than the 6 per cent growth rate achieved in 2013. Growth will be sustained by government expenditure, and sizeable fiscal stimulus packages provided to small and medium-sized enterprises and agroindustry. Moreover, the impact of the 2014 devaluation of the tenge is expected to end and this will contribute to an increase in household consumption. In the other net energy-exporting countries of the subregion, Azerbaijan and Turkmenistan, new hydrocarbon infrastructures, which are expected to be in operation in 2015, will significantly contribute to the expansion of their economies. Slightly higher economic growth in Uzbekistan will be driven mainly by government expenditure. The economy of Georgia will continue to benefit from fiscal stimulus, while the economic performances of Armenia, Kyrgyzstan and Tajikistan are highly dependent on the economic situation in the Russian Federation and its repercussions on remittances and exports.

2. Strengthening connectivity

34. Against this economic slowdown, the North and Central Asian countries can enhance their potential for deeper integration with regional and subregional markets by developing their land-linking infrastructure. This in itself will provide a major impetus to economic and trade diversification. There are equally good prospects for landlocked developing countries to serve as transit countries in the seamless movement not only of goods but also of services, information and knowledge across the Eurasian continent. Improving regional connectivity is also an important means for landlocked developing countries to connect to other parts of the world beyond the ESCAP region.

35. Consequently, in line with the core mandate of ESCAP and its comparative advantage of fostering cooperation among member States, the subregional office is currently focusing its work on promoting regional connectivity in transport, energy and information and communications technology (ICT) infrastructure. Notwithstanding the undeniable efforts the North and Central Asian subregion has made in expanding the physical quantity, geographic extension and quality of infrastructure networks, there clearly remain wide disparities within and among countries. Such gaps hinder the full participation of North and Central Asia in the region's economic dynamism. Underdeveloped transport networks, in particular, result in higher costs for economic actors and lead to socioeconomic inefficiencies that exacerbate those inherent in the lack of direct access to major international maritime ports. Improving land-based connectivity in the subregion and beyond can, therefore, foster regional economic integration as well as allow countries to take full advantage of the region's diverse natural endowments and productive capacities for a more equitable distribution of rising prosperity.

36. To enhance coordination and cooperation among Governments, as well as between public and private sectors, there is a need for enabling institutional frameworks. In the transport sector, going beyond the intergovernmental agreements of ESCAP on land transport and dry ports, there is great potential for an enhanced utilization of regional transport networks through the development of intermodal facilities, and the upgrading (or development where they do not exist) of one-stop border crossings and transit transport facilities, while the opportunities offered by technological innovation, such as sensors and computational intelligence of the modern digital economy, would bring operational efficiencies at all stages of the transport and trade cycle. Similarly, given wide imbalances in the supply and demand for energy across the region, subregional and/or multi-country

frameworks have proven to be an effective means of rebalancing needs, while cross-border energy infrastructure networks through, for example, connected power grids and pipelines that allow cross-border trade function as the essential enablers. For ICT infrastructure, perhaps with the exception of the Trans-Eurasian Information Superhighway, which is supported by General Assembly resolutions 64/186, 67/194 and 67/298, regional cooperation mechanisms for policy coordination have yet to evolve.

37. Towards this end, the Asia-Pacific Information Superhighway initiative of ESCAP seeks to promote digital bridges that interconnect national backbone ICT infrastructure so that countries far from sea cables can enjoy route diversification, increased international bandwidth and content-rich services that come with high-speed Internet and lower prices for all.

38. By developing the key infrastructure networks of transport, energy and ICT, in a coordinated and integrated manner, the benefits from improved connectivity with the rest of the world can be spread more evenly across and between countries, including those in North and Central Asia. Furthermore, greater transport and ICT connectivity can facilitate people-to-people connectivity and, as a result, open up vast new opportunities including international labour migration, the transition to knowledge-based economies, strengthened business networks and a better understanding of the subregion's diverse culture and value system. Such exchanges would help to implement physical and institutional connectivity in the region and ESCAP can provide a forum for the exchange of enabling policy practices and strengthened collaboration among Governments of the subregion and beyond. Improving regional connectivity is, therefore, critical and will remain so for the next decade in line with the priorities of the recently adopted Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024.

3. Responses

39. The Special Programme for the Economies of Central Asia serves as a platform for member States to discuss and develop cooperation frameworks. Through project working groups, the Programme's economic forums and the annual sessions of its Governing Council, member States have the opportunity to share experiences and lessons learned in the areas covered by the Programme, such as transport, trade, water and energy resources, knowledge-based development, statistics, gender and the economy. The subregional office, in cooperation with the Economic Commission for Europe, organized, on 4 and 5 December 2014 in Ashgabat, a series of events called "SPECA Days". The events included the 2014 Economic Forum of the Programme, the ninth session of its Governing Council, the launch of the ESCAP theme study "Regional connectivity for shared prosperity", the follow-up meeting to the 2013 Economic Forum entitled "The potential role of the Special Programme for the Economies of Central Asia in the implementation of the sustainable development goals in Central Asia" and a brainstorming session on strengthening ownership of the Programme. The theme of the 2014 Economic Forum was on "Improving connectivity: a key contribution of the Special Programme for the Economies of Central Asia to the success of the transformation decade of Afghanistan". The Programme's member countries discussed how regional cooperation can most effectively contribute to the stabilization and economic development of Afghanistan and what role the Programme could play in a regional mechanism for monitoring and accountability as regards the development agenda beyond 2015. During the meetings, several follow-up actions were proposed that would allow the Programme to more effectively support regional efforts to facilitate the implementation of the development agenda beyond 2015, including through

its contribution to a regional monitoring and accountability mechanism such as the Asia-Pacific Forum on Sustainable Development.

40. To assist member States in building disaster-resilient energy and water infrastructure, the subregional office organized the Seminar on Ensuring the Safety of Small Hydrotechnical Installations in the Countries of Central Asia from 30 June to 2 July 2014 in Moscow. The meeting contributed to the development of a uniform methodology in the safety assessment of Class IV low pressure hydrotechnical systems in Central Asia.

41. The subregional office also continued to strengthen relations between entrepreneurs and other partners based on the outcomes of the first conference held on 15 November 2012 in Mazar-e-Sharif, Afghanistan. A Regional Dialogue on Strengthening Trade and Economic Ties between Afghanistan and Central Asia was held on 10 and 11 March 2015 in Almaty, Kazakhstan. The meeting reviewed an analytical report prepared by the secretariat that assessed patterns of trade and investments as well as prospects for enhanced cooperation between Afghanistan and Central Asia. It contributed to enhanced economic and trade relations as well as joint activities among entrepreneurs from Afghanistan, Central Asia and the Russian Federation. The meeting also identified possible regional economic projects that could be implemented by joint efforts of entrepreneurs from Afghanistan and neighbouring countries. It has also highlighted the importance of enhancing overall connectivity between Central and South Asia through Afghanistan.

C. Issues for consideration by the Commission

42. As outlined above, the subregional office is committed to strengthening subregional cooperation within a regional framework of integration, with a focus on bridging transport, ICT and energy infrastructure gaps for seamless regional connectivity in implementation of, inter alia, resolution 70/1 on implementation of the Bangkok Declaration on Regional Economic Cooperation and Integration in Asia and the Pacific, and the Vienna Programme of Action.

43. In this regard, the Commission may wish to provide guidance on connectivity approaches as well as partners with whom the secretariat could work together for effective and efficient implementation of actions at the subregional level in support of its member States.

IV. Subregional Office for South and South-West Asia

A. Introduction

44. South and South-West Asia continues to remain one of the most dynamic subregions of the world. In 2014, it started to recover from the slowdown of growth suffered between 2012 and 2013 as the world economy passed through a difficult phase of the financial crisis. While easing of inflationary pressures provides space for stimulating growth through monetary easing in 2015, a key challenge for Governments is strengthening domestic growth engines through productive job creation and poverty reduction against the backdrop of the youth bulge and high youth unemployment rates that exist in the subregion. This populous subregion, with a quarter of the global population, has made only mixed progress in achieving the Millennium Development Goals and represents the largest concentration of poverty and hunger in the world. It has therefore a vital stake in the global discussions on the development agenda beyond 2015 and

sustainable development as the world cannot achieve any development goals without it. The subregion has failed to exploit the potential of intraregional trade and regional value chains for development due to poorly developed surface transport links, which lead to the high cost of regional trade. Of the 10 countries in the subregion, 4 are least developed countries, 3 of which (Afghanistan, Bhutan and Nepal) are also landlocked needing further international support to overcome the obstacles they face. The ESCAP secretariat has continued to assist the subregion in addressing some of these challenges.

B. Key issues and challenges

1. The achievement of the Millennium Development Goals, productive job creation and inclusive and sustainable development

45. The ESCAP secretariat's work has shown that the subregion has made notable progress in achieving the Millennium Development Goals and is on track to achieve the target of halving extreme poverty. Significant gains have also been made in other priorities within the context of the Goals, including those on hunger, education, combating communicable diseases and increasing access to water, but the targets on achieving child and maternal health and sanitation are proving more challenging. Wide variations remain across the countries and within countries as they do between rural and urban areas and across goals and targets in terms of achievement. One key challenge has been to create productive jobs for young people through investment in core economic and social infrastructure and productive capacities facilitated by domestic resource mobilization and innovative financing mechanisms. Through the subregional office, the secretariat has continued to assist the subregion in strengthening its capacity to design and implement policies fostering job-creating growth. The initiatives undertaken include the activities of the South Asia Research Network on Employment and Social Protection for Inclusive Growth launched in collaboration with the South Asia Team of ILO and think tanks across the subregion. In 2014, the Network pursued policy research and advocacy and organized technical capacity-building workshops for young researchers. The secretariat also contributed to a detailed assessment of achievements as regards the Millennium Development Goals, the reasons for such achievements or indeed the lack of improvement and guidelines on policy for accelerating progress in collaboration with other United Nations agencies in India, which will form the basis of extensive policy advocacy throughout 2015. It also reviewed the policy approaches for achieving equal rights and opportunities for women and girls. In 2014, ESCAP joined the secretariat of the South Asian Association for Regional Cooperation (SAARC), the Asian Development Bank and UNDP to help South-Asian countries to articulate their priorities for the development agenda beyond 2015 and their shared perspective on means of implementation. The ESCAP secretariat, through its subregional office, will also be supporting the SAARC secretariat in launching its Gender Policy Advisory Group and will assist in mainstreaming promotion of women entrepreneurship in its work.

46. South Asia will be doubling its urban population over the coming few decades, requiring a huge expansion of urban infrastructure, including the creation of numerous new cities. This provides an opportunity to leapfrog into more sustainable patterns of urbanization. The ESCAP secretariat has assisted in strengthening the subregion's capacity to design and implement policies on sustainable urbanization and also articulate its perspective for the United Nations Conference on Housing and Sustainable Urban Development.

2. Transport connectivity for promoting regional economic integration

47. Despite being a geographically contiguous landmass, South and South-West Asia remains one of the least integrated subregions in the world. Intraregional trade accounts for less than 7 per cent of total trade in the subregion. Poorly developed surfaced transport routes and poor transit and trade facilitation at the borders has led to high trade costs, which are often higher than those applicable to trade with more distant regions. This effectively denies to intraregional trade the benefits of geographical proximity and contiguity. As a result the regional production networks have failed to develop. Landlocked countries have been particularly adversely affected as the trade costs rise sharply for them.

48. The ESCAP secretariat has been engaged in a series of activities to strengthen connectivity in the subregion through extended transport corridors that not only connect the subregion but also enable it to harness its strategic location by linking up with the geographically contiguous subregions. In this context, ESCAP has made a case for extending the Istanbul-Teheran-Islamabad container train corridor to Delhi-Kolkata-Dhaka and eventually to Yangon. Such a corridor, with multimodal links with the landlocked countries of the region, such as Bhutan, Nepal and Afghanistan, and the Central Asian countries, can become an important artery of trade between Europe, Central Asia and East Asia, besides promoting intraregional trade in Southern Asia. The secretariat's proposal of such extended corridors, as well as that of a transport connectivity master plan, received strong endorsement at a high-level policy dialogue on strengthening transport connectivity, which was organized by ESCAP in preparation for the eighteenth Summit of SAARC Leaders in November 2014, building on earlier dialogues organized in Dhaka and Lahore, Pakistan, in 2013. Recognizing these proposals, SAARC leaders "emphasized the need for linking South Asia with contiguous regions, including Central Asia, and beyond by all modes of connectivity and directed relevant authorities to initiate ... measures" (eighteenth SAARC Summit Declaration, para. 8). The ESCAP secretariat plans to work closely with the SAARC secretariat in implementing the leaders' mandate throughout 2015 in conjunction with the implementation of the United Nations Development Account project on South Asia-Central Asia transport connectivity with special reference to the landlocked countries of the subregions. A study was also prepared on arrangements for payments to facilitate intraregional trade in South Asia at the request of the SAARC secretariat and was subsequently submitted to it.

49. The ESCAP secretariat is also exploring the potential for improving transport connectivity in development of border regions. In 2014 and 2015, the secretariat has been engaged in a field survey and analysis on the potential of border economic zones as vehicles of regional cooperation and development in eastern South Asia, including the borders of Bangladesh, Bhutan, Nepal, Myanmar and India's north-eastern States, as part of follow-up to the recommendations of a high-level policy dialogue organized in Shillong (Meghalaya, India) in December 2013.

3. Regional cooperation for food security

50. The ESCAP secretariat continued its work highlighting the potential of regional cooperation in national approaches to strengthening food security in South Asia, a subregion that has become a hunger hotspot in the world. Further analytical work and policy advocacy was pursued throughout 2014 on policy approaches to regional cooperation, including the strengthening of a regional food bank and cooperation on sustainable agricultural research and

rearing of livestock, and liberalization of intraregional trade in food products as follow-up to the recommendations of the high-level policy dialogue organized in 2013. The eighteenth SAARC Summit took a number of decisions to advance regional cooperation on food security in South Asia. ESCAP will continue its work on these issues in 2015 and will work with the SAARC secretariat to take some of the mandates forward.

4. Assisting the least developed countries in building their trade and productive capacities

51. The ESCAP secretariat, through its subregional office, continued to support, jointly with the Geneva-based International Trade Centre, strengthening technical capacity in Afghanistan for its accession to the World Trade Organization and for harnessing the benefits of this accession in order to enhance its role in the world. The fifth technical workshop conducted in December 2015 brought together 25 participants from the Government of Afghanistan and private sector stakeholders. The programme focused on the trade facilitation provisions of the World Trade Organization besides exposure to trade promotion organizations in India to facilitate learning and establishment of partnerships. A workshop was also conducted, in November 2014 in Thimphu, for officials of the Government of Bhutan on trade policy choices. ESCAP is also assisting Bhutan in strengthening transport facilitation through demonstration of its secure and efficient cross-border transport model.

C. Issues for consideration by the Commission

52. The ESCAP secretariat, through its subregional office and substantive divisions, will continue to support the subregion in its efforts to achieve inclusive and sustainable development through regional cooperation, in accordance with the strategic direction of ESCAP. In this regard, the Commission may provide further guidance on developing the work programme and interventions that may enhance the effectiveness of its work.
