

**Economic and Social Council**Distr.: General  
23 March 2018

Original: English

**Economic and Social Commission for Asia and the Pacific****Seventy-fourth session**

Bangkok, 11–16 May 2018

Item 3 (j) 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****Subregional perspectives on inequality in Asia and the  
Pacific and update on subregional activities for  
development****Note by the secretariat***Summary*

The present document contains information on the perspectives, issues and priority areas related to the theme topic of the seventy-fourth session of the Economic and Social Commission for Asia and the Pacific “Inequality in the era of the 2030 Agenda for Sustainable Development”. The steps and activities taken and planned by the subregional offices of the secretariat to support members through policy analysis, dialogue and capacity-building, in line with the subprogrammes of the Commission, are highlighted.

The Commission may wish to consider the present document and provide guidance for the future work of the secretariat.

**I. Subregional perspectives on inequality in Asia and the Pacific****A. Overview across the subregions**

1. For all segments of society to benefit in a fair and just way from economic and other development gains, those most in need must be fully included in current and future development plans. The pledges by world leaders to leave no one behind and to reach the furthest behind first are a strong embodiment of the spirit of inclusion and the people-centred approach at the heart of reducing inequality and of achieving the 2030 Agenda for Sustainable Development.

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\* ESCAP/74/L.1/Rev.1.

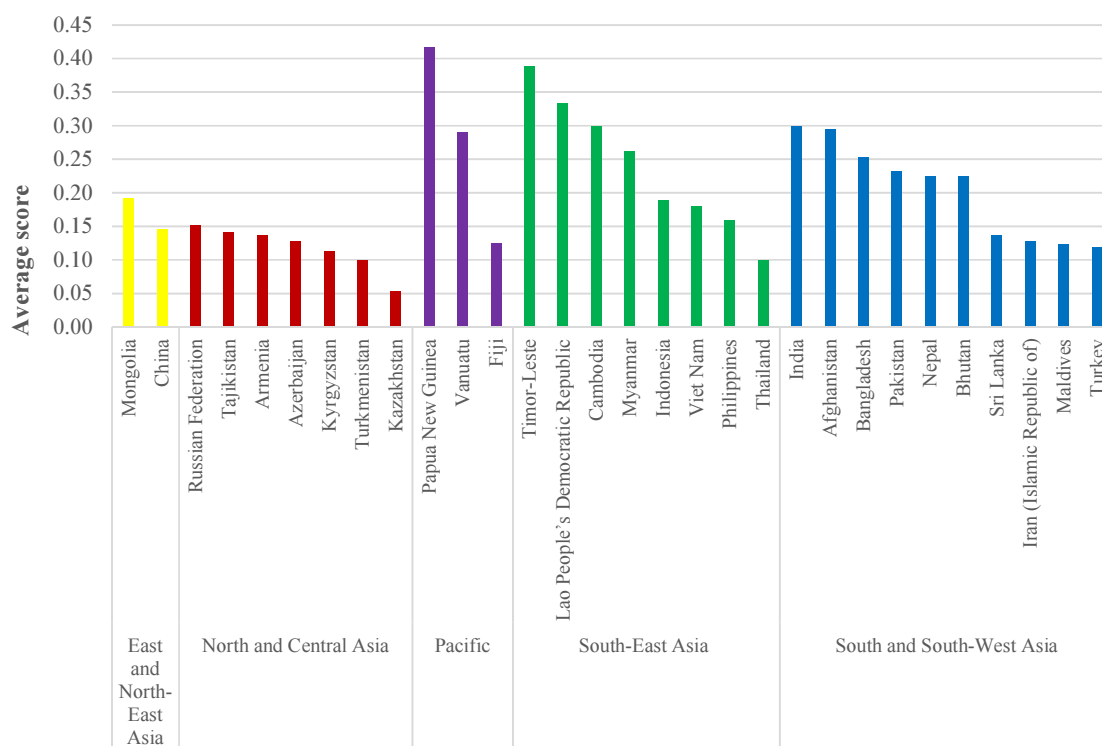
2. When analysing inequalities in this framework the distinction between three broad types of inequality were made: inequality of outcome, inequality of opportunity and inequality of impact. Inequality of outcome refers to disparities among individuals in the material dimensions of human well-being, such as the level of income and wealth. Inequality of opportunity refers to unequal access to the fundamental rights and services required for individuals to sustain and improve their livelihoods, including education, health care, nutrition, water and sanitation, and energy. Finally, inequality of impact refers to the asymmetric impact of external factors or shocks, such air pollution or a disaster, on different population groups. Inequality of impact is also called group-based inequality or horizontal inequality.

3. In order to assess how countries are faring in terms of inequality of opportunity, the secretariat has used the dissimilarity index, or the D-index, which is a measure of how access to an opportunity is unequally distributed among population groups. For example, two countries that have identical average access rates may have a different dissimilarity index value if the distribution of the opportunity in one country excludes certain groups (such as women, poorer groups or ethnic minorities). Like the Gini coefficient, the dissimilarity index uses values from 0 to 1, with 0 representing perfect equality and 1 representing maximum inequality. The ideal value on the dissimilarity index is 0, meaning everyone has access to opportunity.

4. Dissimilarity indices are calculated for 15 individual or household-based opportunities critical for human well-being: (1) attainment of secondary education for age 20–35 years; (2) attainment of higher education for age 25–35 years; (3) prevalence of stunting (age 0–5 years); (4) prevalence of wasting (age 0–5 years); (5) prevalence of overweight (age 0–5 years); (6) women's access to modern contraception; (7) women's access to professional help during childbirth; (8) access to full-time employment; (9) household access to safe drinking water; (10) household access to basic sanitation services; (11) household access to electricity; (12) household access to clean fuels; (13) household access to a mobile phone; (14) household access to a bank account; and (15) household access to all of the basic opportunities (9–14).

5. Some of the highest overall values on the dissimilarity index are found in countries of South and South-West Asia (figure I). The countries that stand out as particularly unequal in a wide range of opportunities are Afghanistan, Bangladesh and India. On the other end of the spectrum are Maldives and Turkey, which have the lowest dissimilarity index scores, meaning the lowest levels of inequality across opportunities. The opportunities that stand out as most unequally distributed are household access to clean fuels, individual attainment of secondary education and higher, and household access to a bank account (figure II). On the other hand, access to safe drinking water and household access to a mobile phone are the most equally distributed opportunities. Afghanistan has the highest inequality in terms of access to decent work, as measured by full-time employment, and in access to safe drinking water. Pakistan has the highest inequality in terms of children's nutrition, as measured by the rate of children that are not stunted and not suffering from wasting.

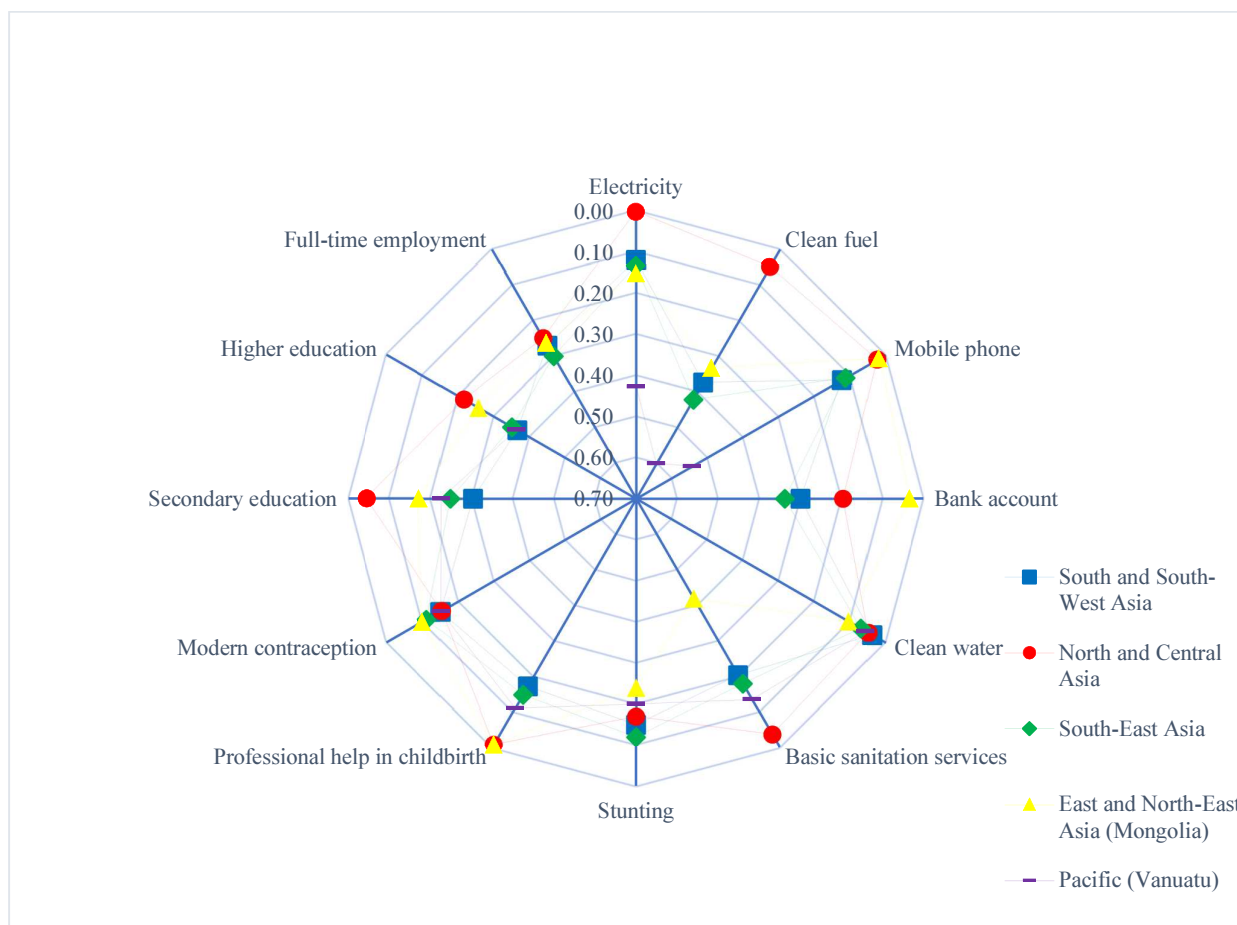
Figure I  
Average dissimilarity index scores, selected countries, by subregion



*Source:* ESCAP calculations based on data from the Demographic and Health Survey and multiple indicator cluster surveys data, latest years. Available from <https://dhsprogram.com/data/available-datasets.cfm> and <http://mics.unicef.org/surveys> (accessed on 15 August 2017).

*Note:* Dissimilarity index values for Azerbaijan, China, Fiji, the Islamic Republic of Iran, Nepal, Papua New Guinea, the Russian Federation, Sri Lanka and Turkey were calculated using ordinary least squares with data on access to electricity, water and sanitation.

Figure II  
Inequality of opportunity, by subregion, selected countries



Source: ESCAP calculations based on data from the Demographic and Health Survey and multiple indicator cluster surveys data. Available from <https://dhsprogram.com/data/available-datasets.cfm> and <http://mics.unicef.org/surveys> (accessed on 15 August 2017).

Note: The closer to the centre, the higher the inequality.

6. In South-East Asia, inequalities are the highest in Cambodia, the Lao People's Democratic Republic and Timor-Leste. Not only is overall access to basic opportunities lower in these countries, but they are also more unequally distributed across various population groups. The distribution of opportunities is the most equitable in the Philippines and in Thailand. The Lao People's Democratic Republic has the highest inequality of opportunity of all countries in three categories: professional help in childbirth and secondary and higher educational attainment. Timor-Leste also tops the inequality of opportunity list for three categories: access to clean fuels, access to a bank account and access to modern contraceptives. In general, access to clean fuels, a bank account and decent work are particularly unequal in this region.

7. In contrast, almost all countries in North and Central Asia have low inequality in access to opportunity, with dissimilarity index values close to zero, meaning equal distribution across population groups, due to a tradition of universal provision of basic services by the State. Access to decent work remains the most unequally distributed opportunity in the subregion. North and Central Asia is by far the best performing subregion, with Kazakhstan the best performing country in the whole of Asia and the Pacific, with the lowest

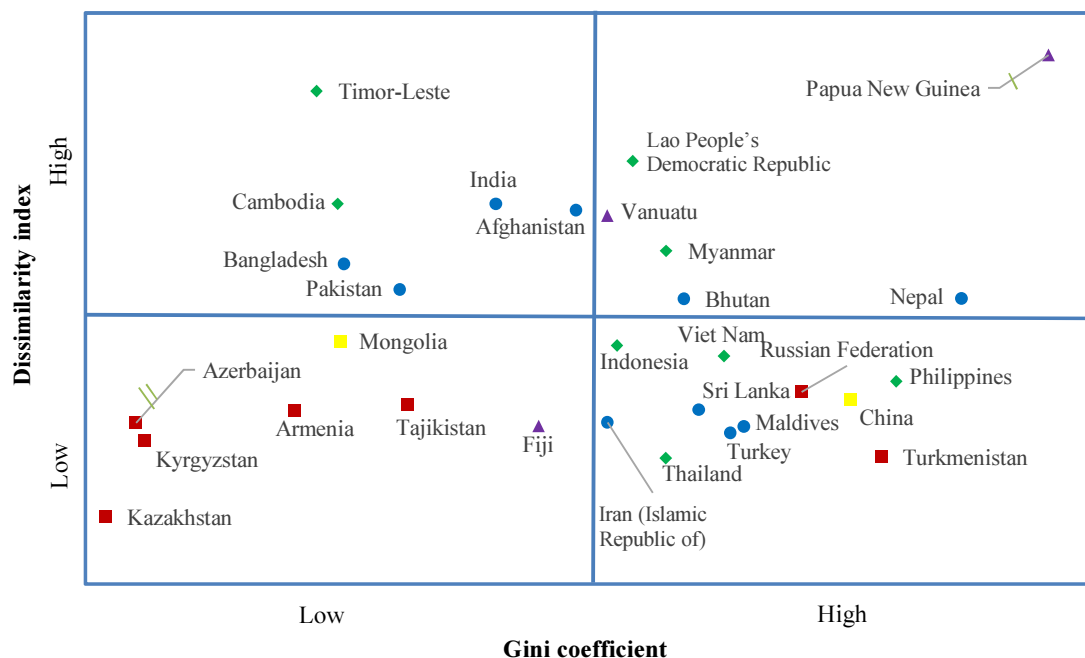
inequality of opportunity in three categories (basic sanitation services, stunting and secondary education attainment) and below average inequality in all other categories.

8. In the middle is East and North East Asia, for which data are only available for Mongolia. Household access to basic sanitation services is the most unequally distributed opportunity, followed by household access to clean fuels. Studies by the Economic and Social Commission for Asia and the Pacific (ESCAP) on inequality of opportunity for access to clean energy found significant discrepancies among the most advantaged and the most disadvantaged groups. For instance, in the most disadvantaged group in Mongolia, which represents approximately one quarter of the total population, only 3 per cent have access to clean fuels, compared to 80 per cent of the most advantaged group. Access to a mobile phone and access to professional help during childbirth are the most equally distributed opportunities.

9. In the Pacific, disparities among countries or areas are the highest; Papua New Guinea and Vanuatu have some of the highest levels of within-country inequality of opportunity overall. For individual categories, data were only available for Vanuatu, where ownership of a mobile phone and access to electricity and clean fuels were particularly unequally distributed. On the other hand, household access to safe drinking water and categories related to children's health have the lowest inequality.

10. Figure III provides a comparison of countries in the various subregions in terms of inequality of outcome and inequality of opportunity.

Figure III  
Inequality of outcome and inequality of opportunity, selected countries



*Source:* ESCAP calculations based on data from the Demographic and Health Survey and multiple indicator cluster surveys data (see figure I).

*Notes:* Dissimilarity index values for Azerbaijan, China, Fiji, the Islamic Republic of Iran, Nepal, Papua New Guinea, the Russian Federation, Sri Lanka and Turkey were calculated using ordinary least squares with data on access to electricity, water and sanitation. The quadrants are split at Gini coefficient 36.7 and dissimilarity index 0.2. Colours/shapes stand for different subregions of ESCAP. Azerbaijan and Papua New Guinea have been rescaled to improve the graph's clarity.

11. **Group 1: low Gini, low dissimilarity.** The lower left quadrant of figure III mostly depicts the countries of North and Central Asia. While some (Kyrgyzstan and Tajikistan) are also low-income countries, their inequality of opportunity is very low because of the historically strong provision of universal social protection and basic public services. When these countries became independent in the early 1990s, they suffered a severe economic crisis that led to negative economic growth and steep increases in income inequality. However, their Gini coefficients are still lower than those in the rest of Asia and the Pacific.

12. **Group 2: high Gini, low dissimilarity.** The lower right quadrant depicts mostly upper middle-income countries, such as China, Maldives, the Russian Federation and Turkey, as well as some lower middle-income countries, such as the Islamic Republic of Iran, the Philippines and Thailand. Many of the countries in this quadrant, such as China, Indonesia and Viet Nam, have experienced increases in income inequality since the early 1990s, but others, such as Maldives, the Islamic Republic of Iran, the Russian Federation and Thailand, experienced decreases. In general, these countries have prioritized investment in public services and as a result they have a more equal distribution of opportunity.

13. **Group 3: low Gini, high dissimilarity.** The upper left quadrant includes four countries from South and South-West Asia, including Afghanistan, Bangladesh, India and Pakistan, and two from South-East Asia, namely Cambodia and Timor-Leste. Four out of six countries in this group are least developed countries. All of these countries have relatively higher inequality of access to opportunity but lower income inequality, although the latter is increasing. This is particularly the case for Bangladesh and India. Some of these countries are transitioning from agricultural-based economies to manufacturing- and services-based economies.

14. **Group 4: high Gini, high dissimilarity.** The upper right quadrant includes five least developed countries plus Papua New Guinea; two countries in the Pacific, two countries from South-East Asia and two countries from South and South-West Asia. This group of countries is transitioning from primarily agricultural-based economies to manufacturing- and services-based economies, which often entails large increases in income among people engaged in new economic activities characterized by higher labour productivity. At the same time, these countries also have higher inequality of opportunity because of inadequate spending on public services. Specifically, their tax base remains narrow, and they rely on indirect and often regressive taxes, rather than on direct and progressive taxation. This, in turn, adversely affects the fiscal space to invest in education, health care and other basic social services.

## **B. Pacific**

15. The Pacific is a subregion of great diversity and high vulnerability with a unique case for targeted support to advance development and to ensure its sustainability. The Pacific road map for sustainable development, which was developed under the leadership of the Pacific Islands Forum with the assistance of ESCAP and others, was endorsed by Pacific leaders in September 2017. It outlines the region's collective approach to achieving the 2030 Agenda and the Sustainable Development Goals within the context of national plans and priorities, the SIDS Accelerated Modalities of Action (SAMOA) Pathway and the Framework for Pacific Regionalism. The Pacific road map for sustainable development, together with the Sendai Framework for Disaster Risk Reduction 2015–2030, the Addis Ababa Action Agenda of the Third International Conference on Financing for Development and the Paris Agreement, represent a transformative shift in the approach to advancing sustainable development in the Pacific. It builds on the strong leadership demonstrated by the Pacific in shaping the global agenda and reaffirms the regional priorities for sustainable development, namely climate change and disasters related to natural hazards; oceans and fisheries; reducing poverty and inequality and improving quality of education; improving connectivity; addressing non-communicable diseases; and empowering women and girls and people with disabilities.

16. The Pacific subregion ranks poorly on several global inequality indices, most notably the Gini coefficient, which measures inequality in income distribution within countries, with a higher Gini coefficient signalling greater inequality. For example, the average Gini coefficient for the Pacific is between 35 and 45 – a significant variation within the subregion – compared to the global range of 20 to 65. The subregion's positive economic growth over the past decade, on average, has not reduced income equality, suggesting that development policies must address inequalities through a broader lens.

17. The human development index of 2016, in addition to measuring inequality in wealth, highlights diversity in the Pacific; Palau ranks 60th, while Papua New Guinea and the Solomon Islands rank 154th and 156th,

respectively. The links between poverty and inequality are well established, and the Pacific subregion has long advocated for a hardship measurement due to the rarity of extreme poverty; more than 20 per cent of people in each country live in conditions of hardship, unable to meet the basic needs of food, fuel and medicine.<sup>1</sup> Despite government efforts, income and food poverty, as well as unequal access to basic services, persists. While the Pacific reported good progress on improving access to education under Millennium Development Goal 2, concerns linger about gender disparities in access and about the quality of education systems. The subregion's difficulty in achieving Millennium Development Goal 1 (Eradicate extreme poverty and hunger) underscores the inequality dimensions of human development, which in turn is linked to exclusion and specific vulnerabilities of particular populations within a country (an average of one in four households across countries was below the basic needs poverty line). The social dimensions of inequality are particularly pertinent in the context of the 2030 Agenda and the Sustainable Development Goals, with its commitment to leave no one behind.

18. The drivers of social inequality and exclusion in the Pacific are multidimensional and relate to a number of factors, including (a) persistent gender inequalities,<sup>2</sup> particularly in relation to gendered violence, political participation and economic empowerment; (b) mobility of populations, particularly rapidly urbanizing populations and the accompanying urbanization of poverty, gender inequalities and social exclusion, particularly concerning in a region that is expected to be 60 per cent urbanized by 2025; (c) the youth bulge, which is characterized as both a social and economic access issue<sup>3</sup> but is also fundamentally about conflict-sensitive development; and (d) disability. For the latter, given that less than 10 per cent of Pacific children with disabilities have access to any form of education, disability has strong links to inequality, with recent estimates putting the total number of persons with disabilities in the Pacific at approximately 1 million, or one in seven people.<sup>1</sup>

19. According to the Asian Development Bank (ADB), under the business-as-usual scenario, climate change may cost the Pacific subregion 2.2 to 3.5 per cent of annual gross domestic product by 2050 and as much as 12.7 per cent by 2100. Without an injection of substantial funding, such a loss would jeopardize development efforts in the subregion.<sup>4</sup> Climate change therefore has and will continue to have an impact across all aspects of inequality in the

<sup>1</sup> United Nations Development Programme, *The State of Human Development in the Pacific: A Report on Vulnerability and Exclusion in a Time of Rapid Change* (Suva, 2014). Available from [www.unescap.org/sites/default/files/The%20State%20of%20Human%20Development%20in%20the%20Pacific%28LORes%29..pdf](http://www.unescap.org/sites/default/files/The%20State%20of%20Human%20Development%20in%20the%20Pacific%28LORes%29..pdf).

<sup>2</sup> Women are seriously underrepresented in national parliaments and currently hold only 7 per cent of seats. Economic opportunities for women in the Pacific are among the worst in the world, and the incidence of violence against women is the highest in the world. Despite the bleak outlook, the 2012 Pacific Leaders' Gender Equality Declaration presents an opportunity for accelerated action, with some recent gains. In 2016, temporary special measures resulted in the highest proportion of women ever voted into parliament in Samoa, and the Marshall Islands elected Ms. Hilda Heine as the region's first female Head of State or Government. Several countries have also introduced domestic violence legislation.

<sup>3</sup> Available census and other data suggest that approximately one quarter to one third of young people who finish school are expected to be able to find formal sector employment in the region.

<sup>4</sup> ADB, "Economics of climate change in the Pacific" (August 2013). Available from [www.adb.org/sites/default/files/publication/30372/economics-climate-change.pdf](http://www.adb.org/sites/default/files/publication/30372/economics-climate-change.pdf).



Pacific, exacerbating the vulnerabilities and exclusion of disadvantaged populations unless there are proactive, locally driven, context-sensitive tailored policy approaches. In recognition of this, since 2016, the Pacific Islands Forum has advocated for an expansion of global vulnerability assessments that enable access to development finance to include climate vulnerability due to its inextricable links to exclusion and inequality in the Pacific.

20. The Pacific's share of global trade remains negligible at 0.05 per cent,<sup>5</sup> with most trade led by a few of the bigger Pacific economies, such as Fiji, French Polynesia, New Caledonia and Papua New Guinea.<sup>6</sup> It is estimated that 40 per cent of the population in the Pacific do not have Internet access, and costs remain a significant barrier in some countries, where monthly spending on mobile broadband is between 10 and 20 per cent of the average monthly income.<sup>7</sup> Other related challenges include the underutilization of information and communications technology services, a lack of resources and expertise, and the threat of cyber-attacks and crime.

### C. East and North-East Asia

21. The East and North-East Asia subregion consists of very advanced and globally linked economies as well as less developed and isolated economies. Owing to these differences, as well as long-standing historical and geopolitical tensions, the subregion lacks institutional frameworks for subregional cooperation. Yet the economies in the subregion are highly dependent on each other through trade and foreign direct investment, for example, as shown in the ESCAP subregional study.<sup>8</sup>

22. Most of the economies of the East and North-East Asian subregion experienced growth with low inflation rates in 2017. While external demand was a key driving force in 2017, uncertainties in the international trade environment and the rise of protectionist sentiments are likely to create uncertainty with regard to the sustainability of continued economic growth. The subregion is also experiencing severe environmental challenges, as exemplified by the annual exposure to fine particulate matter (PM2.5) and other air pollutants.<sup>9</sup> In addition, the subregion was rocked by heightened geopolitical tension in 2017, which has continued to place constraints on subregional cooperation activities.

<sup>5</sup> Kevin Mc Quillan "Five questions for: Edwini Kessie, Pacer Plus Chief Trade Adviser", 24 April 2017. Available from [www.businessadvantagepng.com/five-questions-for-edwini-kessie-pacer-plus-trade-negotiator/](http://www.businessadvantagepng.com/five-questions-for-edwini-kessie-pacer-plus-trade-negotiator/).

<sup>6</sup> *Asia-Pacific Trade and Investment Report 2016: Recent Trends and Developments* (United Nations publication, Sales No. E.16.II.F.23). Available from [www.unescap.org/sites/default/files/publications/aptir-2016-full.pdf](http://www.unescap.org/sites/default/files/publications/aptir-2016-full.pdf).

<sup>7</sup> Internet Society, *Internet Society Global Internet Report 2015: Mobile Evolution and Development of the Internet* (2015). Available from [www.internetsociety.org/globalinternetreport/2015/assets/download/IS\\_web.pdf](http://www.internetsociety.org/globalinternetreport/2015/assets/download/IS_web.pdf).

<sup>8</sup> *Unlocking the Potential for East and North-East Asian Regional Economic Cooperation and Integration* (United Nations publication, Sales No. E.16.II.F.3). Available from: [www.unescap.org/sites/default/files/Unlocking%20the%20Potential%20for%20East%20and%20North-East%20Asian%20RECI.pdf](http://www.unescap.org/sites/default/files/Unlocking%20the%20Potential%20for%20East%20and%20North-East%20Asian%20RECI.pdf).

<sup>9</sup> Organization for Economic Cooperation and Development, *How is life? 2017: Measuring Well-Being* (Paris, 2017). Available from [http://dx.doi.org/10.1787/how\\_life-2017-en](http://dx.doi.org/10.1787/how_life-2017-en).

23. Despite the subregion's advances with regard to various development indicators of the Sustainable Development Goals, inequality persists. An ESCAP study on decent work,<sup>10</sup> which used access to full-time employment as a proxy, revealed a wide gap between the most and least advantaged groups in China, Japan and Mongolia. In Mongolia, the access rate to full-time employment in rural areas for both youth (aged 15–24 years) and the older generation (aged 50–64 years) with less than primary or lower education is approximately 5 per cent; in comparison, the access rate of the most advantaged group is 70 per cent. In China, it is women in the same age and education groups who have the least access to full-time employment, at 13 per cent, in contrast to more than 75 per cent for the most advantaged group. In Japan, one third of women in the labour market in urban areas, who have primary and secondary education and are not single (married or separated), have the least access to full employment, in contrast to more than 90 per cent for the most advantaged group. Similar studies by ESCAP on inequalities of access to education and clean energy found significant disparities within countries between the most advantaged and disadvantaged groups. For instance, of the most disadvantaged group in Mongolia, which represents approximately one quarter of the total population, only 3 per cent have access to clean fuels, compared to 80 per cent of the most advantaged group.<sup>10</sup>

24. The economic growth of the subregion appears to have contributed to widening income inequality, rather than a reduction. While data are limited, the Gini coefficient of the economies shows a somewhat upward trend over the past 20 years.<sup>11</sup> Labour share of gross domestic product has continued to decrease over the past 15 years in the high-income economies for which data are available, namely Hong Kong, China; Macao, China; Japan; and the Republic of Korea.

#### **D. North and Central Asia**

25. Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, the Russian Federation, Tajikistan, Turkmenistan and Uzbekistan comprise North and Central Asia. Their economies are still in transition from centrally planned to market-oriented systems. With the exceptions of Georgia and the Russian Federation, these countries are also landlocked, with Uzbekistan doubly landlocked, which limits their integration into the global economy. These institutional and geographical factors, among others, constrain sustainable development in North and Central Asia.

26. Countries of the subregion had achieved nearly universal access to education, health care, social protection and essential public services in the past. With the transition to a market economy, inequality has emerged owing to uneven provision of quality education and health care, access to financing, banking services and employment opportunities across income levels and geographical location, both within and across countries. Such inequality of opportunity has resulted in both cross-sectional as well as intergenerational inequality in terms of both income and wealth, with the Gini coefficient ranging from 0.3 to more than 0.4 among countries in the subregion.

<sup>10</sup> *Inequality of Opportunity in Asia and the Pacific: Decent Work* (ST/ESCAP/2817). Available from [www.unescap.org/resources/inequality-opportunity-asia-and-pacific-decent-work](http://www.unescap.org/resources/inequality-opportunity-asia-and-pacific-decent-work).

<sup>11</sup> World Bank, DataBank. Available from <http://databank.worldbank.org> (accessed 9 February 2018).

27. Gender inequality, in terms of income, decision-making and entrepreneurship, likewise continues to persist. Average wages for women are 20 to 40 per cent lower than those for men, owing to a higher concentration of women in economic sectors that pay less. The gap between female and male life expectancy, however, remains much higher than the difference at the global level. Since a change in social norms is a prerequisite for gender equality, introduction of measures to promote gender equality requires the involvement of both women and men.

## **E. South and South-West Asia**

28. Despite South and South-West Asia's sustained economic dynamism and notable progress in reducing extreme poverty, the subregion remains a global hotspot for poverty, hunger and other dimensions of deprivation. Low human development indicators persist, especially for women, and growing inequality is the result of economic growth that has eluded much of the population.

29. Large segments of the population are not enjoying shared economic growth, remain living in extreme poverty and hunger, and cannot meet basic needs. Inequality has intensified, deepening along gender, ethnic, rural-urban and other divides. Extreme inequality among diverse population groups can exacerbate gaps in social cohesion and impede inclusive and sustainable development.

30. Relative pro-poor growth has been absent in most of the subregion.<sup>12</sup> This is driven by fast resilient gains for those better off compared to slow and volatile improvements to well-being for those most deprived and excluded. Gini coefficients for income and consumption have increased in half the countries and for a majority of people. Inequality in human development outcomes, such as infant mortality, under-5 child mortality and educational attainment, remain wide, with gains concentrated at the top. The concentration of income and wealth across the subregion, in particular in South Asia, has increased, especially considering the higher concentration of exceptional wealth at the top and persisting widespread poverty and dire deprivations among large segments of the population.<sup>13</sup>

31. Women in particular remain disproportionately disadvantaged, left behind and excluded by widespread direct and indirect discrimination. Women are more likely to be poorer, have lower paying informal and precarious employment, and have less control over their lives. Lack of access to finance and control of resources, not having a voice in household and social decision-making or an equal choice with regard to entering the labour market, as well as lower engagement in productive activities, are all contributing factors. Less than 30 per cent of women participate in the labour force in South Asia and the vast majority are in informal and insecure jobs.<sup>13</sup> Discrimination against women is prominent across all social groups and has a multiplier effect on the social exclusion of women. Social and occupational mobility remains constrained for most people in the subregion by discriminatory spatial, social and traditional norms and identities.

<sup>12</sup> Martin Rama and others, *Addressing Inequality in South Asia* (Washington, D.C., World Bank, 2015).

<sup>13</sup> ESCAP, Statistical Online Database. Available from [http://data.unescap.org/escap\\_stat/#data/](http://data.unescap.org/escap_stat/#data/) (accessed 15 February 2018).

## **II. Update on subregional activities for development**

### **A. Supporting the Commission's programmes in the Pacific**

32. Perhaps the Commission's most strategic contribution in the Pacific subregion was the development, under the leadership of the Pacific Islands Forum, of the Pacific road map for sustainable development in 2017 to help establish integrated regional and national coordination mechanisms. The Pacific road map is linked to the regional road map for implementing the 2030 Agenda for Sustainable Development in Asia and the Pacific and the Asia-Pacific Forum on Sustainable Development. It not only contextualizes the Commission's support for the Sustainable Development Goals through cooperation with subregional organizations and United Nations entities, it also provides linkages to the regional and global Goal process for which the Commission is responsible. One of the most welcomed points is the emphasis on minimizing and reducing parallelism and duplication in implementation and reporting streams, which have been a major point of contention for small island developing States for decades. Other key contributions in the Pacific in 2017 and 2018, which are closely related to the priorities and focus of the Pacific road map, are listed under the relevant subprogrammes.

#### **1. Macroeconomic policy, poverty reduction and financing for development**

33. Through a partnership with the Pacific Financial Technical Assistance Centre of the International Monetary Fund, ESCAP conducted a series of workshops with ministries of finance and planning and central banks to facilitate the implementation of sustainable development priorities through targeted fiscal policies and alignment with budgetary processes and resources. Leveraging the findings of the workshops and lessons learned from national experiences, a tailored guidance note for the Pacific was jointly published with the Pacific Financial Technical Assistance Centre to facilitate ongoing work to link national and local plans with budgets; improve accountability for performance by establishing departments and/or ministries; and inform monitoring of performance and resource allocations. Other activities included support to Vanuatu in its preparation for graduation from the least developed country category, contributing to the design of a strategy for transition; and a policy brief on fiscal policies for better health outcomes in the Pacific, a key priority under the Pacific road map.

#### **2. Trade, investment and innovation**

34. At a national workshop in Fiji, participants' awareness was raised about the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific. The Framework Agreement is potentially a powerful instrument for improving the integration of the Pacific into the region. Engagement with the Oceania Customs Organization, an important trade facilitation partner in the Pacific, focused on the Commission's survey to measure implementation of the Framework Agreement in the Pacific. A paper was also published on regional economic cooperation and integration in the Pacific – an important undertaking given the different circumstances of the Pacific vis-à-vis other subregions – to capture its approach and its regional economic cooperation and integration priorities, including sustainable maritime transport, trade, information and communications technology, and people-to-people connectivity.

### **3. Environment and development**

35. With the United Nations Development Programme (UNDP), ESCAP supported Palau and the Marshall Islands in their efforts to localize the Sustainable Development Goals and account for common Goals and national priorities in planning and resource allocation processes. ESCAP, UNDP, the Pacific Islands Forum and the Pacific Community have supported Kiribati in the preparation of its 2018 voluntary national review, and, through the Pacific road map, will continue to work with the Pacific Islands Forum Secretariat and other regional partners on reporting progress in achieving the Goals and for the SAMOA Pathway midterm review. The Environment and Development Division provided assistance to the Subregional Office for the Pacific in 2017 for discussions on implementation of and planning for the Pacific road map and will play the important role of ensuring that the reporting on the Pacific road map is an integral part of the reporting and dialogue for the Asia-Pacific Forum on Sustainable Development (and consequently the high-level political forum on sustainable development).

36. ESCAP also assisted Fiji and other Pacific island countries in their preparations for the United Nations Conference to Support the Implementation of Sustainable Development Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development in 2017, including by reporting on Goal 14 to the high-level political forum on sustainable development through the Asia-Pacific Forum on Sustainable Development. This contributed to the Pacific successfully advocating for the inclusion in the outcomes of the Conference precautionary language on the use of the oceans and language on the special and differential treatment in fisheries as a major resource priority for the subregion. Support was provided for the preparations for the Ocean Pathway initiative of Fiji for the twenty-third session of the Conference of the Parties to the United Nations Convention on Climate Change, whose implementation will now require further collaboration between Fiji and/or the Pacific and the secretariat.

### **4. Information and communications technology and disaster risk reduction and management**

37. ESCAP worked with the Secretariat of the Pacific Regional Environment Programme to support experts from meteorological and hydrological services and national disaster management agencies in the Pacific in addressing resilience-related challenges and opportunities in the Pacific, in line with the regional and Pacific road maps on sustainable development. An important result of this work, in addition to strengthening relations with a key subregional organization and the meteorological community, as well as the World Meteorological Organization, is the development of key Sustainable Development Goal-related indicators for integrating the Goals and meteorological-services work in the Pacific.

### **5. Social development**

38. The secretariat successfully pioneered the development of subregional legislation that promotes the equal rights of persons with disabilities. The secretariat continues to take a leading role on disability rights generally and works in close partnership with the Pacific Islands Forum Secretariat and the Pacific Disability Forum to help member States to fulfil their commitments under various global, regional and subregional frameworks, including the Samoa Pathway, the Incheon Strategy to “Make the Right Real” for Persons with Disabilities in Asia and the Pacific and the Pacific Framework for the Rights of Persons with Disabilities, 2016–2025. Building on a long tradition of

supporting national disability policymaking, and with funding support under the United Nations Partnership to Promote the Rights of Persons with Disabilities (“Pacific Enable” project phase II), the secretariat now responds to a growing number of country requests for assistance with legislative reviews and drafting. This technical assistance helps to harmonize domestic laws with the Convention on the Rights of Persons with Disabilities, to strengthen disability mainstreaming and to create robust legal foundations for disability-inclusive development. In line with the Incheon Strategy, the secretariat has also helped to accelerate member States’ ratification of the Convention through the development of comprehensive advisory briefs for requesting Governments.

39. Following the conclusion of the European Union-funded Pacific Climate Change Migration project, ESCAP developed a new partnership with the International Organization for Migration, the International Labour Organization (ILO) and the Office of the United Nations High Commissioner for Human Rights on climate-related displacement and has successfully obtained financial support from the United Nations Trust Fund for Human Security for the development of a regional legal framework on climate-related relocation and displacement and support for migrants and communities in the Pacific to benefit from safe labour migration.

## **6. Statistics**

40. ESCAP has been working closely with the Pacific Community and member States in the Pacific to develop national sustainable development indicator sets. These will be informed by the data and/or indicator requirements of national policies/plans, for which an extraction tool is currently being developed and tested. The process will be enhanced by relevant indicators from global and regional frameworks, such as the Sustainable Development Goals and the Pacific road map for sustainable development. This activity assists member States in addressing the role of data in mainstreaming the Goals, with national and subregional workshops to develop this capacity throughout the Pacific. The national sustainable development indicator sets will also help policymakers track the implementation of the Goals and promote coherence with fiscal policies and budgetary allocations.

41. The secretariat also implemented a project to help to build national capacity to produce environment-relevant indicators through the System of Environmental-Economic Accounting. It has been implemented in the Federated States of Micronesia, Fiji, Palau, Samoa and Vanuatu with a focus on energy, land, waste and water. A knowledge product to facilitate further work was published with information on the achievements and lessons learned through implementation thus far.

## **B. Supporting the Commission’s programmes in East and North-East Asia**

### **1. Macroeconomic policy, poverty reduction and financing for development**

42. While the subregion receives major provider assistance, great benefits could be accrued with greater coordination to enhance the effectiveness of their initiatives. In this regard, the secretariat further strengthened assessment efforts and dialogue among national stakeholders through partnerships with national networks of researchers and practitioners of development cooperation in China, Japan, the Republic of Korea and the Russian Federation, which jointly hold the annual North-East Asia Development Cooperation Forum. The Forum made recommendations to create joint initiatives between bilateral aid agencies in East and North-East Asia to expand new modalities of development

cooperation, to explore complementarity or linkages with regard to the various development assistance efforts in support of the implementation of the Sustainable Development Goals, to scale up their social infrastructure investments and to expand multi-stakeholder partnerships.

## **2. Trade, investment and innovation**

43. The secretariat supported joint assessment efforts and dialogue among national stakeholders on trade facilitation in the subregion through cooperation with the Greater Tumen Initiative and national partners. The assessment efforts and dialogues underlined the need to further promote cross-border trade facilitation and the benefits of implementing the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific. The dialogues also highlighted the need to (a) develop more capacity-building activities on cross-border paperless trade, including single window systems, data harmonization and standardization, and technical analysis on information and communications technology systems for paperless trade, and (b) conduct business process analyses and develop mutual recognition mechanisms, including scope and format, data sets and communication protocols, as well as security measures for ensuring trust.

44. In light of the changing landscape of science, technology and innovation policy and deep expertise in the subregion, the secretariat has worked on the development of a regional network of science, technology and innovation policy institutes to facilitate information sharing and capacity development and on a comparative analysis of key science, technology and innovation policies in selected member States in the subregion.

## **3. Environment and development**

45. The secretariat further strengthened scientific knowledge and the institutional basis for the North-East Asian Subregional Programme for Environmental Cooperation. Scientific knowledge was particularly strengthened with regard to nature conservation by facilitating tangible scientific cooperation between China and the Russian Federation on the cross-border movement of key flagship species, such as the Amur tiger and leopard, which generated solid data and information. The progress in strengthening the institutional basis was made with regard to addressing air pollution, a major concern of the subregion. As a result of the work of the secretariat on a series of joint assessments and consultations among member States, the terms of reference for a new science-based, policy-oriented platform, the North-East Asia Clean Air Partnership, under the North-East Asian Subregional Programme for Environmental Cooperation, were drafted. The Partnership will be formally launched in late 2018. The secretariat also strengthened the linkages between the thematic programmes of the North-East Asian Subregional Programme for Environmental Cooperation and the Sustainable Development Goals, particularly Goals 11 and 15, including through the North-East Asian Multi-stakeholder Forum on the Sustainable Development Goals held in Beijing in October 2017, and to the agenda of regional economic cooperation and integration by analysing subregional environmental challenges in the context of one of the four pillars of regional economic cooperation and integration, addressing shared vulnerability.

## **4. Information and communications technology and disaster risk reduction and management**

46. The secretariat supported expert consultations and capacity-building for the development of the Disaster-related Statistics Framework, which

outlines a systematic and consistent methodology for disaster-related statistics to address the challenges of creating coherence across data sources and incorporating statistics related to all types of disasters. Additionally, the secretariat supported capacity-building on the implementation of the Framework and on improving the quality of official statistics at the national level.

## **5. Social development**

47. The secretariat worked on linking the role of youth in finding innovative solutions for achieving the Sustainable Development Goals and addressing youth unemployment, which has been an increasing concern in the subregion. In this connection, the secretariat, in partnership with the Seoul Metropolitan Government, the World Federation of United Nations Associations and private sector organizations, piloted a programme entitled “Urban Innovation Challenge: Citypreneurs” as a way to engage young people in fostering innovation and entrepreneurship for Goal 11 and to promote youth employment. The programme linked young innovators from across the Asia-Pacific region with governments, venture capitalists and start-up hubs presenting innovative solutions on issues such as health, education, environment and transportation. The programme also enabled policy discussions between the public sector, the private sector and youth on the role that governments can play to enable youth innovations for the Goals.

## **6. Statistics**

48. The secretariat continued to expand its commitment to explore big data approaches for the achievement of the Sustainable Development Goals. A working paper on innovative big data approaches for capturing and analysing data to monitor and achieve the Sustainable Development Goals was published as a resource for Governments and partner institutions. It contains an outline of the key approaches of big data methodologies, such as using satellite data, social media data, mobile phone data and maps relevant to targets and indicators to aid programmatic and statistics officials in their efforts to more efficiently implement and monitor the Goals.

## **7. Energy**

49. Despite the increasing level of commitment of political leaders and the interest of energy companies in power grid interconnections, the subregion lacks an institutional mechanism to facilitate joint assessment efforts and to develop a common strategy. Thus, the secretariat, in collaboration with national partners, including the China Electricity Council and the Melentiev Energy Systems Institute, continued to facilitate consultations among key stakeholders to develop a subregional platform for dialogue and cooperation. It was agreed to develop a multi-stakeholder platform, tentatively named the North-East Asia Regional Power Interconnection and Cooperation Forum. It will coordinate multilateral and bilateral initiatives on subregional power interconnection by sharing progress on and the outcomes of each initiative and by conducting studies.



## **C. Supporting the Commission's programmes in North and Central Asia**

50. The secretariat organized the twelfth session of the Governing Council of the United Nations Special Programme for the Economies of Central Asia in Dushanbe on 5 and 6 December 2017, in collaboration with the Government of Tajikistan and the Economic Commission for Europe. The Governing Council noted with satisfaction the outcomes of the 2017 United Nations Special Programme for the Economies of Central Asia Economic Forum: "Innovation for the Sustainable Development Goals in the Special Programme for the Economies of Central Asia region". The Council adopted the conclusions and recommendation of the Forum to develop an innovation strategy among its members, noted with appreciation the progress made by the Special Programme's Thematic Working Groups, and approved the work plan for the period 2018–2019. Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan comprise the members of the Special Programme.

### **1. Macroeconomic policy, poverty reduction and financing for development**

51. An expert group meeting on financial inclusion for economic diversification, held in Almaty, Kazakhstan, on 24 October 2017 in collaboration with KIMEP University, made policy recommendations on the establishment of a robust banking sector, the diversification of financial options to include insurance companies, pension funds and Islamic finance, and the strengthening of national development banks. Experts from academia, central banks, Governments and the private sector as well as other members of the Commission participated in the expert group meeting. The study prepared by the secretariat and reviewed at this meeting forms the substantive subregional input to the 2018 *Economic and Social Survey of Asia and the Pacific*.

### **2. Transport, information and communications technology, and energy**

52. The seminar on enhancing regional integration of landlocked developing countries in North and Central Asia through infrastructure connectivity, held in Issyk-Kul, Kyrgyzstan, on 6 and 7 September 2017, highlighted the importance of multisectoral development of transport, information and communications technology, and energy infrastructure to enhance connectivity.

### **3. Environment and development**

53. National and subregional progress towards the implementation of the 2030 Agenda as well as views on the regional road map for implementing the 2030 Agenda in Asia and the Pacific were expressed at the North and Central Asia Forum on Implementation of the Sustainable Development Goals, held in Almaty, Kazakhstan, on 27 and 28 September 2017, in preparation for the Fifth Asia-Pacific Forum on Sustainable Development.

### **4. Disaster risk reduction**

54. A workshop on addressing disaster risks specific to North and Central Asia was held in Almaty, Kazakhstan, on 25 September 2017 in collaboration with the Centre for Emergency Situations and Disaster Risk Reduction. With the understanding that sustainable development cannot be attained without addressing risks and building resilience to geophysical, meteorological and hydrological hazards, the workshop enabled the exchange of country experiences and best practices in disaster risk management.

## **5. Social development**

55. After reviewing the current state of inequality as well as related trends, the expert group meeting on inequality in North and Central Asia, held in Almaty, Kazakhstan, on 25 October 2017, recommended measures to strengthen educational systems, health-care schemes, social protection measures and tax administration as well as labour markets, given the multidimensional aspects of inequality. The study prepared by an expert from the University of Central Asia, Kyrgyzstan, and reviewed at the meeting forms the substantive input to the theme study at the seventy-fourth session of the Commission.

## **6. Statistics**

56. To monitor the progress towards the attainment of the environment-related Sustainable Development Goals, approaches to environment statistics, such as the Framework for the Development of Environment Statistics and the System of Environmental-Economic Accounting, were reviewed at an environment statistics workshop held in Astana in November 2017 in collaboration with the Statistics Committee under the Ministry of National Economy of Kazakhstan. Using national assessments which highlighted the need for improved statistics on waste, energy, water, emissions and ecosystems, the workshop provided advice on strategic planning for priority environment statistics.

## **D. Supporting the Commission's programmes in South and South-West Asia**

### **1. Macroeconomic policy, poverty reduction and financing for development**

57. The Subregional Office for South and South-West Asia continued its annual support for the launch in India of the global report *World Economic Situation and Prospects*, which provides information on growth and challenges in the subregion in the context of projected wider global development trends and risks.

### **2. Transport**

58. The Subregional Office has forged partnerships and closer cooperation for regional road and rail connectivity between countries in the subregion as well as linkages to Central Asia. Through its coordination of the United Nations Development Account project on strengthening connectivity of countries in South and Central Asia, the Subregional Office has led ESCAP cooperation efforts with land-linked countries on development policies, standards and recommendations to integrate transport and trade facilitation under the framework of a connectivity masterplan for the subregion.

59. ESCAP analytical policy contributions to the subregion in this area include a feasibility assessment of a proposed rail corridor for Southern Asia (Istanbul, Turkey to Dhaka) along the Trans-Asian Railway network, an assessment of implementation status of the digitization of trade procedures in South Asian countries, and a report on the potential for the harmonization of transport documents.

60. An ESCAP workshop in February 2018 shared experiences between senior road policy officials of the subregion and their counterparts in Central Asia on overcoming common implementation challenges and improving coordination of policy at international borders. It culminated in a regional policy dialogue between senior transport officials from the subregion,

Myanmar and Central Asia, who reviewed land connectivity challenges and recommended implementation priorities based on ESCAP analyses.

### **3. Environment**

61. In partnership with the National Planning Commission of Nepal, ESCAP fostered, between senior subregional governmental officials and civil society, an exchange of experiences and challenges for national and subnational implementation of the Sustainable Development Goals across the subregion. At the South and South-West Asia Forum on Implementation of the Sustainable Development Goals, in Kathmandu in November 2017, participants recommended means of strengthening implementation and follow-up prioritizing finance, data, gender equality, inequality, peace and security, and disaster risk reduction.

### **4. Information and communications technology and disaster risk reduction and management**

62. ESCAP provided analytical guidance and options on aligning national fragmented disaster-risk reduction strategies to global and holistic frameworks, including the Sendai Framework and the 2030 Agenda. ESCAP outlined options for pursuing regional cooperation through organizations such as the South Asian Association for Regional Cooperation (SAARC) to manage risk-transfer mechanisms in the subregion to sustainably finance risk reduction and disaster mitigation in South Asia. Disaster management experts and officials from 11 countries discussed the recommendations and how regional cooperation could be effectively managed.

### **5. Social development**

63. Advocacy for reducing inequality and achieving Sustainable Development Goal 10 focused on raising the awareness of policymakers in the subregion of practical policy trade-offs and strategies to foster inclusion in national flagship growth-oriented programmes. At the national consultation on Goal 10 and reducing inequality, in New Delhi in August 2017, organized by the National Institution for Transforming India, the United Nations and the Research and Information System for Developing Countries, ESCAP highlighted opportunities to improve the design of fiscal, wage and social policies and to strengthen national capacities to analyse inequality trends and close gaps in well-being.

64. A training-the-trainers workshop at the Women ICT Frontier Initiative in Andhra Pradesh, India, in February 2018, in partnership with the Sri Parmalat Mahila Visvavidyalayam (Women's University) focused on increasing the capacity of national and subnational policymakers to prioritize gender perspectives in information and communications technology policymaking.

65. ESCAP participated in and supported the SAARC Gender Policy Advocacy Group and its multi-year action plan to advance women's and girls' empowerment as well as the SAARC intergovernmental expert group on poverty alleviation, charged with fostering cooperation among South Asian countries for faster achievement of the Sustainable Development Goals and gender equality.

## **6. Statistics**

66. The secretariat, through the Subregional Office for South and South-West Asia and the Statistics Division, has continued to support countries in the subregion to strengthen their capacity to achieve Sustainable Development Goal 17 through data collection and monitoring of progress. The secretariat supported the establishment of nationalization and monitoring frameworks for the Goals, and delivered technical assistance and advice to country officials including in Bhutan, India and Pakistan.

## **7. Energy**

67. In December 2017, ESCAP brought together experts from across the subregion to discuss opportunities to realize the potential of transboundary power trade and connectivity. Experts benefited from ESCAP policy analysis and a strategy paper that identified prospects for and challenges of transboundary power trade in South and South-West Asia. The Subregional Office, together with the Energy Division, built upon expert inputs and feedback from the meeting to develop a report on policy options for promoting transboundary interconnection and power trade for sustainable use of energy, which was presented at the Second Asian and Pacific Energy Forum in Bangkok in April 2018.

# **III. Issues for consideration by the Commission**

68. The Commission may wish to provide guidance to the secretariat on priority areas of work and approaches and partners for addressing subregional challenges and opportunities, in particular in relation to inequality and the 2030 Agenda, so that its initiatives are better targeted and delivered.

69. The Commission may wish to identify context-appropriate strategies to address regional and transboundary sustainable development challenges in each subregion and to identify appropriate institutions and partners, including subregional institutions, to work with in implementing subregional mechanisms and programmes in support of the Sustainable Development Goals.

70. The Commission may also wish to identify strategies and priorities for the secretariat to increase its capacity to provide sustained and concrete support in response to requests from member States on implementing nationalization of the Sustainable Development Goals, data and monitoring mechanisms, and policy coordination between levels of government, civil society partners and United Nations country teams.