

Economic and Social Commission
for Asia and the Pacific

United Nations
Development Programme

PROMOTING THE



MILLENNIUM DEVELOPMENT GOALS

in Asia and the Pacific

Meeting the Challenges of Poverty Reduction



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**PROMOTING THE MILLENNIUM DEVELOPMENT GOALS IN ASIA AND THE PACIFIC:
MEETING THE CHALLENGES OF POVERTY REDUCTION**

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FOREWORD

The world's leaders met at the United Nations in September 2000 and issued the Millennium Declaration, affirming that they would “spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty”. For this purpose they also established a set of clear time-bound objectives, the Millennium Development Goals (MDGs).

This report assesses progress towards those goals in Asia and the Pacific. It finds striking achievements in some areas, notably substantial reductions in income poverty, but also disturbingly slow progress in others.

The report also reveals considerable differences in achievement between different countries. This is not surprising across such a diverse region. Each of these countries is following its own distinctive human development path, and each has its own opportunities and challenges. Individual countries will also be preparing their own national MDG reports that can assess their own progress towards the goals.

It is also valuable, however, to take a regional perspective. Despite the diversity, there are still many common issues which connect the countries of the region. A report such as this can reflect on both the similarities and the differences and on how the more successful countries have made progress, and suggest how countries across the region can cooperate and learn from each other. Also, the report provides a regional perspective on the global partnership for development, which is embodied in Goal 8 of the MDGs.

The preparation of this report has also highlighted, however, a number of difficulties in taking a regional view, and in particular the scarcity of internationally comparable time-series data needed to make some detailed cross-country comparisons. One of the priorities for the next phase of MDG assessments as we move towards the major target date of 2015 must be to extend and strengthen national systems of data collection.

This report has been a collaborative effort, based on contributions from throughout the region and a series of expert meetings. We would like to thank all those who have contributed their time and expertise in this joint venture. We hope that their work will be of value not just to policy makers across the region but also to the many people elsewhere in the world who want to learn more about Asia and the Pacific and how in a period of rapid social and political change many countries in the region have achieved sustained economic growth and enabled millions of people to escape from poverty.



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An Advisory Panel guided the preparation of the report. The Advisory Panel was co-chaired by Kim Hak-Su and Hafiz Pasha. Other members of the Advisory Panel were: Babar Ali, Arsenio M. Balisacan, Li Binglong, Rosemarie Edillon, Kang Moon-Kyu, Vijay Naidu, S.R. Osmani, Brahm Prakash, Amara Pongsapich, Mohan Man Sainju, Sudarno Sumarto, Suresh Tendulkar and Muhammad Yunus. The first meeting of the Advisory Panel was organized on 28 February and 1 March 2002 to review and approve the outline of the report. The Panel met again on 12 and 13 March 2003 to review and finalize the draft report.

The report was prepared by a team of staff members and experts of the Poverty Centre, Office of the Executive Secretary, ESCAP. The report team was coordinated by M. Aynul Hasan. Other core members of the team responsible for the preparation of the report were Syed Nuruzzaman, Suk Bum-Yoon, Osama Rajkhan, Selma Guven and Nuankae Wongthawatchai. Andrew Flatt reviewed the statistical appendix and provided suggestions on data presentation in the report. Draft chapters of the report were reviewed by Subinay Nandi, B. Murali, Kanni Wignaraja, Jan Vandemoortele, Diana Alarcon, Rosemary Kalapurakal, Hakan Bjorkman, Thelma Kay, Nicholas Howen, Apichai Sunchindah, Alvaro Rodriguez, Takayoshi Kusago and Sirisupa Kulthanan.

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ABBREVIATIONS

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
DAC	Development Assistance Committee
DOTs	direct observation treatments
EPZ	export processing zone
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
GATS	General Agreement on Trade in Services
GDI	gender-related development index
GDP	gross domestic product
GNI	gross national income
GNP	gross national product
HDI	human development index
HIPC	heavily indebted poor countries
HIV/AIDS	human immunodeficiency virus/acquired immunodeficiency syndrome
HPI	human poverty index
IBRD	International Bank for Reconstruction and Development
ICT	information and communication technology
IDA	International Development Association
IEA	International Energy Agency
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
IPU	International Postal Union
ITU	International Telecommunication Union

ABBREVIATIONS (continued)

IUCN	World Conservation Union
LDCs	least developed countries
LLDCs	landlocked developing countries
MDGs	Millennium Development Goals
MFA	Multifibre Arrangement
MFI	microfinance institutions
NGOs	non-governmental organizations
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
PPP	purchasing power parity
SARS	severe acute respiratory syndrome
SIDS	small island developing States
SMEs	small and medium-sized enterprises
SPS	sanitary and phytosanitary measures
TB	tuberculosis
TRIMs	trade-related investment measures
TRIPS	trade-related intellectual property rights
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UN-HABITAT	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees

ABBREVIATIONS (continued)

UNICEF	United Nations Children’s Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNODC	United Nations Office on Drugs and Crime
UNSD	United Nations Statistics Division
UNTA	United Nations Regular Programme of Technical Assistance
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

OVERVIEW

In September 2000 at the Millennium Summit the Member States of the United Nations issued the Millennium Declaration, committing themselves to a series of targets, most of which are to be achieved by 2015. Known as the Millennium Development Goals (MDGs), they represent a framework for achieving human development and broadening its benefits. This overview provides a summary of the ESCAP-UNDP report, *Promoting the Millennium Development Goals in Asia and the Pacific: Meeting the Challenges of Poverty Reduction*. It analyses the prospects, challenges and opportunities for attaining the MDGs in the countries of Asia and the Pacific.

Individual countries are preparing their own national MDG reports. A report such as this can also offer a valuable regional perspective and a basis for further action. It can, for example, help the countries in the region increasingly to cooperate and to learn from each other. And it should also be of value to people outside the region who want to learn more about Asia and the Pacific and how the region has succeeded in swiftly reducing mass poverty and sustaining rapid economic growth and social change.

The report emphasizes that the prime responsibility for achieving the MDGs lies with individual countries. Countries in the region should, however, also be able to count on regional and international partnerships, and they would certainly benefit from changes in the global system and the global economy. Nevertheless, their success will depend ultimately on national commitment and on the quality and thoughtfulness of national decisions.

Millennium Development Goals	
Goal 1	Eradicate extreme poverty and hunger
Goal 2	Achieve universal primary education
Goal 3	Promote gender equality and empower women
Goal 4	Reduce child mortality
Goal 5	Improve maternal health
Goal 6	Combat HIV/AIDS, malaria and other diseases
Goal 7	Ensure environmental sustainability
Goal 8	Develop a global partnership for development

This is, of course, a very diverse region and it includes 3 of the world's 4 most populous countries. And while it includes some highly developed States, and a number that are approaching middle-income status, it also has 13 least developed countries (LDCs), 12 landlocked developing countries (LLDCs) and 17 small island developing States (SIDS).

The report argues that for all of these countries, the MDGs are not merely a set of targets, the achievements of which can be tallied on a scorecard. Rather they represent a firm commitment to a broader and more inclusive process of human development. The Millennium Declaration makes this clear in its statement of "fundamental values" – freedom, equality, solidarity, tolerance, respect for nature and shared responsibility.

The need for good governance

This rights approach implies that the holders of rights should also participate fully in deciding how those rights are to be fulfilled, such as through full participation and greater empowerment. And, as the Millennium Declaration emphasizes, one of the most important requirements for achieving this and the MDGs is “good governance”. The report points out that Asia and the Pacific has many diverse forms of democratic Governments. In some cases these have involved highly centralized administrations that have offered a limited space for popular participation. Nevertheless, in recent years there have been significant changes. One of the most dramatic examples has been in Indonesia, which for decades until the late 1990s had a strongly centralized administration. Now the democratic Government in Indonesia has not only offered free and fair elections; it has also enacted a radical process of decentralization.

Another vital attribute of good governance for the achievement of the MDGs is efficient and effective administration. The Government of India, for example, is determined to be more responsive and accountable to the public. A further governance priority in Asia and the Pacific, as in other parts of the world, is the fight against corruption, which degrades the quality of governance and hits hardest at the poorest. The Government of China, for example, is among those taking firm measures to combat corruption and promote integrity in governance.

One of the most important ways of ensuring effective public administration is to subject it to scrutiny and monitoring by a strong civil society. The report points to the Philippines, for example, as a country with thousands of non-governmental organizations (NGOs) operating in many different sectors which have made an important contribution to democracy and good governance.

Promoting the rights of women

Achieving basic rights for women is an essential MDG in itself. In the spirit of the Millennium Declaration, it is also critical for fully achieving all the other MDGs. In Asia and the Pacific, the situation of women has been improving and in some countries, women have, in many respects, the same opportunities as men. Yet much needs to be done as the report points out that the majority of countries still show various kinds of gender discrimination that prevent women from achieving their basic rights.

THE STATUS OF THE MDGs IN ASIA AND THE PACIFIC

The report assembles the latest data on the MDG indicators in Asia and the Pacific, looking at trends from the 1990s to 2000 to help to review whether countries are on track to achieve the different goals by the 2015 target date. It reveals a mixed picture of both significant progress and missed opportunities. The report finds that a few countries will meet all the goals and even surpass them. By contrast, some countries may meet none of the goals at all. The majority, however, will fall in between, meeting some goals but not others.

Goal 1 – Eradicate extreme poverty and hunger. One of the most significant successes has been in income poverty reduction. Between the early and late 1990s, the countries of Asia and the Pacific as a whole are estimated to have reduced the overall incidence of income poverty from 34 to 24 per cent. If they continued this trend until 2015, the region could be expected to achieve the target of 17 per cent and may even be able to far exceed it, reducing the incidence of income poverty to around 10 per cent. For the targets on hunger, however, the outlook is less promising. Between the early and late 1990s the proportion of underweight children fell from 35 to 31 per cent, but this pace of reduction would not be rapid enough to achieve the nutrition target. The situation is similar for the proportion of people whose intake of food is insufficient to meet their minimum daily energy requirements; for the region as a whole between the early and late 1990s the proportion is estimated to have fallen from 20 to 16 per cent and at this rate again the target is likely to be missed.

Goal 2 – Achieve universal primary education. Assessing progress for the region as a whole is difficult since there are no enrolment data available from international sources for some of the largest countries. For most of the rest of the region, however, the enrolment data suggest that progress has slowed down. Net primary enrolment for the region as a whole has remained static at around 93 per cent and it appears that while a number of countries could achieve the target others may fall short.

Goal 3 – Promote gender equality and empower women. The MDGs place significant importance on fulfilling women’s rights and promoting gender equality. The target is to have equal numbers of boys and girls enrolling in school. In terms of primary enrolment, there is still some way to go. There are data for 46 of the 58

economies in the region and in almost all of these there remain moderate or severe gender disparities. For secondary enrolment, however, the disparities are somewhat lower. More generally, some people in the region continue to discriminate against women, typically stereotyping them into traditionally feminine roles. Attitudes are gradually changing, however, and more women are to be found nowadays working in wage employment outside agriculture. But changes are slower in the higher echelons of power, and women are poorly represented in national parliaments.

Goal 4 – Reduce child mortality. The target in this case is to reduce the under-five mortality rate by two thirds. Here there has been significant progress and the region as a whole should be able to achieve the target. Nevertheless, millions of children are still dying before reaching their fifth birthday, usually from a combination of malnutrition and preventable diseases. And many countries will fall short of the target: of the 44 economies for which data are available it seems only 18 will succeed, while 26 are likely to miss the target.

Goal 5 – Improve maternal health. The target here is to reduce the maternal mortality ratio by two thirds. Across the region, tens of thousands of women die each year as a result of childbirth, generally because of complications in pregnancy. Almost all of these deaths are avoidable if problems are detected early and treated effectively. Although it is difficult to assess trends in maternal mortality because of lack of data, there appears to have been very little progress during the 1990s.

Goal 6 – Combat HIV/AIDS, malaria and other diseases. Over the past 15 years or so HIV/AIDS has been spreading quite rapidly. At the end of 2001, some 7 million people across the region were living with HIV/AIDS. The most alarming situation is in the more populous countries, where even a low prevalence rate can translate into millions of people infected. Malaria and tuberculosis are also on the increase and have developed resistance to drugs. The target of turning back HIV/AIDS and other infectious diseases by 2015 is a daunting one, but it can be achieved. Thailand has demonstrated what can be done in the case of HIV/AIDS with strong political commitment and full mobilization of civil society and the private sector. There is now some evidence of similar progress in Cambodia. Such determined and well-targeted programmes can also succeed elsewhere in the region.

Goal 7 – Ensure environmental sustainability. Although rapid industrial development in the region has brought many benefits, it has also put the environment under increasing strain. Deforestation and pollution from industry, agriculture, domestic wood burning and human waste are creating increasingly hazardous living conditions. In some countries it has been possible to undertake widespread programmes of reforestation, but elsewhere there continue to be serious losses. Another of the environmental targets is to halve the proportion of people without sustainable access to safe drinking water. For Asia and the Pacific as a whole, urban water supply coverage is estimated to be 93 per cent but rural coverage is only 75 per cent. There has been some progress, but on present trends it seems likely that the region will miss the target for water supplies.

The report indicates trends in the region and emphasizes that these are not fixed or immutable. Much will certainly change over the next 10 years or so. If countries can remain focused on their commitment to achieving the goals, and can learn from the experience of countries that are making faster progress, the MDGs will have served their purpose.

NATIONAL POLICIES AND PRIORITIES FOR ATTAINING THE MDGs

The report points out the significance of economic growth for poverty reduction. Some countries in the region, notably in East and South-East Asia, achieved dramatic reductions in income poverty between 1970 and 1990 and this, combined with increases in public revenue and favourable patterns of public expenditure on education and health, helped to promote human development. There is also evidence that an acceleration of growth helps those people living in abject poverty.

Differing patterns of growth

Based on national poverty lines for the period from 1970 to the late 1990s, poverty declined in China, for example, from 33 to 4.6 per cent; in Indonesia from 60 to 27 per cent; in Malaysia from 18 to 8 per cent; in Pakistan from 54 to 33 per cent; in the Republic of Korea from 23 to 12 per cent; and in Thailand from 26 to 14 per cent. On the whole, this constituted one of the largest decreases in mass income poverty in social history. But in other countries in the region progress has been slower, for example, the LDCs, LLDCs and SIDS.

Most of these variations can be accounted for by differences in the initial economic and social conditions and by differences in the sources of growth: the more successful countries put a great deal of emphasis on agriculture or on export-oriented labour-intensive manufacturing, or a combination of the two, so as to achieve steady increases in employment, wages and agricultural incomes.

However, there is also evidence to suggest that as growth slows down, poverty increases. This is clear from the experiences of the Asian economic crisis and of countries with economies in transition, where decades of progress were wiped out by a series of economic shocks.

Growth and poverty reduction must be sustained

The report points out that if growth is to translate into poverty reduction it must be high and sustained, and ideally should not be accompanied by increases in inequality. During the “Asian Miracle” some countries were, however, able to pursue a second-best option in which economic growth was sufficiently rapid to allow for some increase in inequality while still achieving significant reductions in poverty.

But the experience of the “Asian Miracle” and the subsequent crisis also showed what can go wrong. In a number of countries progress was, and remains, fragile, susceptible to faltering long-term growth and to external shocks. There are also risks that Governments may weaken their commitment or fail to make robust policy choices.

Avoiding increases in inequality

The report also emphasizes the importance of avoiding as much as possible increases in inequality. China in the 1980s and Viet Nam in the 1990s are possibly the best examples of rapid poverty reduction with very little increase in inequality in the distribution of income. The preferred option in Asia and the Pacific under the present conditions would be a pattern of sustained high, or at least moderate growth combined with little or no increase in inequality. This option would need to include measures to boost the capacity of the poor to take advantage of new opportunities, combined with strong measures of social protection to provide some security for the most vulnerable groups. The report states that there may also be a need to take active measures to ensure that some of the gains of growth reach the poor, through policies that are “pro-active and pro-poor”.

Governments that are determined to help the poor will also need to establish a stable macroeconomic environment, and in particular they should maintain low inflation and positive real interest rates. Since many people rely on agriculture for income, Governments in a number of countries should also encourage increased agricultural productivity while reducing the taxation of agriculture. This support should include investments in applied research, extension services, market information and improved infrastructure.

Encouraging market-based incentives

Diversified growth that fosters equity can also be promoted by market-based incentives that encourage the creation of small and medium-sized enterprises. Governments and others can help to foster employment growth by keeping labour markets as free as possible and encouraging patterns of production that create linkages, new exports and new growth. At the same time a sound legal framework should be established, including clear rights for the use and transfer of property, taking due account of gender and environmental implications.

Investing in education and health

Just as important, however, countries should increase investments in education and health. This is not just to fulfil citizens’ rights to knowledge and a healthy life but also to boost productivity. It is important to be aware, though, of “threshold” effects: while education increases productivity the effects are not linear; they require minimum levels of education attainment and quality.

Education will be particularly important for women, increasing their status within the family and within society in general. Again this is a matter of basic human rights. Education brings huge benefits for the economy, increasing productivity, standards of health and nutrition and unlocking the creative potential of half the population.

Maximizing the benefits of growth and protecting the poor

In addition to pursuing more general policies of growth that benefit all, there are other ways to maximize the benefits of economic growth for the poor, while protecting them and increasing their social mobility. These can include targeted programmes for microfinance, for example, to develop income-earning opportunities. At the same time there can be different forms of social protection for the most vulnerable, either formal

safety nets or assistance for people to make their own systems of informal insurance more effective. Countries will also need to address the many threats to human development and the attainment of the MDGs, including ethnic and other conflicts, HIV/AIDS, drugs SARS, and crime.

All these efforts are national responsibilities. However, Governments cannot achieve the MDGs on their own. It will be vital, therefore, to encourage greater civic activism – through NGOs and other organizations of civil society – opening up opportunities for people’s participation, voice and influence.

PARTNERSHIPS

Social and economic development is a shared responsibility. The first requirement for attaining the MDGs is strong national commitment. Governments should also be able to rely on support from regional and global partners. These include the United Nations system, regional organizations, other countries in the Asian and Pacific region, new global funds, bilateral donors, private foundations, NGOs and international private firms. The national counterparts include government, civil society and the private sector.

Partnerships for knowledge and new technology

Some countries in the region still need to realize the benefits of more established technologies. They and others can also take advantage of many new developments, particularly in information and communication technology (ICT) that, along with changing patterns of globalization, open up many new opportunities. So far, however, the gains have been distributed unequally, benefiting some countries much more than others and notably favouring those that have already attained many of the MDGs. And even within these countries the benefits have often gone to the more developed regions and to particular groups: the innovators and the entrepreneurs, the swift, the young and the educated. Meanwhile other countries and people have been left behind: the least developed, the least diversified and the exporters of commodities.

Global and regional partnerships in Asia and the Pacific, however, can help these people and countries access existing technology, and also to exploit the new technologies. This will enable them to improve institutions, reduce poverty and ill health, enhance the status of women, educate and train their workforces and capture more of the benefits of globalization.

These partnerships could also include more sharing within the region of social science research and knowledge. They could, for example, strengthen and expand existing networks of policy research institutes, such as the Asia Pacific Migration Research Network, the Asia Pacific Higher Education Research Network and the Development Analysis Network in the Mekong subregion.

Partnerships for financial resources

Achieving the MDGs will also depend on the extent to which Governments can benefit from external funds, particularly from official development assistance (ODA) and foreign direct investment (FDI). In recent years ODA to the region as a whole has declined slightly. Between 1990 and 2000 ODA from the Organisation for Economic Co-operation and Development (OECD) countries to Asia and the Pacific decreased from \$14.34 billion to \$14.15 billion. On a per capita basis the decline was more significant; as a result, ODA fell in 24 of the 41 economies for which information is available. Some economies fared better, notably LLDCs, apart from Nepal. But the SIDS, except for the Marshall Islands, the Federated States of Micronesia and Solomon Islands, saw ODA decrease. Most important and most serious, there were declines in ODA to most of the LDCs, those in greatest need of additional resources to attain the MDGs. Japan is still the largest donor to countries in the region and the Republic of Korea is also an important donor. Several developing countries in Asia and the Pacific are also assisting other developing countries in the region. There is still relatively little information on all this. But the trend is promising and complementary to other facets of regional cooperation.

The report says that the decline in ODA from the OECD countries to LDCs and other vulnerable countries is unacceptable and unconscionable – and especially frustrating when the way forward seems so clear. Poverty reduction and the attainment of the other MDGs are well within reach, given the right commitment and support.

This declining trend in ODA needs to be reversed. Additionally, ODA needs to be better targeted, focusing on the LDCs and on other vulnerable States, while continuing at modest levels in middle-income countries to support development policy initiatives and to document and share their experience. In the LDCs, ODA should focus on capacity-building, support for policy changes and reforms and improving the quality and responsiveness of institutions. Support should also be provided for recurrent costs with feasible phase-out

periods. In order to reach the poor more effectively, ODA should also make use of civil society organizations and NGOs.

Foreign direct investment

The Asian and Pacific region has benefited from FDI more than other developing regions. Nowadays more and more of these flows are originating from within the region, notably from Japan, the Republic of Korea, Singapore, Taiwan Province of China and Hong Kong, China. However, the increases have not been distributed equally. Much of the FDI is going to North-East Asia, particularly China, and to a few other economies in the region, including Kazakhstan, Bangladesh and Thailand. Other economies have done less well; indeed in 21 of the 30 economies for which information is available, FDI fell between 1995-1997 and 1998-2000, including absolute decreases in most countries in Central Asia, South Asia and South-East Asia, and in all the economies in the Pacific. As a result, FDI has become increasingly concentrated. In 1998-2000, East and North-East Asia received 80 per cent of all FDI in Asia and the Pacific.

Unfortunately FDI is generally not going to the economies where it is needed most for the achievement of the MDGs. These economies must therefore first maximize the benefits from the FDI that is available, adopting policies to enhance linkages, increase equitable employment options for women, reduce spatial concentration, protect the environment and promote complementary domestic investment. At the same time they should also try to attract additional FDI, though without offering incentives that would vitiate the potential benefits for development and the attainment of the MDGs.

Partnerships for trade and for reform of the global system of trade

The gains from trade are the most widely available external sources of growth and resources for attaining the MDGs in Asia and the Pacific. In recent years trade has increased substantially. Between 1990 and 2000, exports of goods and services as a percentage of gross domestic product (GDP) increased in almost all countries in the region. In many countries trade doubled or more during the decade. A number of LDCs have also benefited: exports as a percentage of GDP from four LDCs increased during the decade, and more than doubled from three of them, namely, Bangladesh, Cambodia and Nepal.

It should be noted, however, that the LDCs and other vulnerable economies in the region depend in part on preferential access to markets in developed countries, the Multifibre Arrangement, the generalized system of preferences and newer market openings. If any of these trade preferences are reduced or eliminated, these countries would be badly affected. A partnership for trade therefore needs to help these countries to maximize the current benefits from trade. An important way of doing this is by achieving the human capital goals embodied in the MDGs since this will enable them to compete more effectively in the future.

Finally, a true international partnership should remove OECD restraints on trade that cost the countries of the region much more than all the ODA they receive each year.

Partnerships for human resources

A partnership for human resources in Asia and the Pacific needs to enhance the benefits of labour exports and imports. The region is a major exporter of unskilled and semi-skilled labour to the Middle East, particularly the Gulf. At the national level, remittances from these workers are an important source of foreign exchange. Remittances are also a vital source of income for many poor families and communities, a demonstration that some aspects of globalization can help to offset international disparities.

There are also large labour exports and imports within the region. Some of these flows go through legal channels, but most are informal and raise many sensitive issues, particularly about trafficking and abuse. The report points out that many of these flows are beneficial, and says that while it would be impossible to stop them it should be possible to eliminate abuses through expanding regional cooperation.

Looking to the longer term, it will be important to anticipate and plan for international shifts in labour demand. It is likely, for example, that demand will gradually decrease in the Middle East while increasing sharply in Japan and the European Union. The partnership in Asia and the Pacific needs therefore to respond to these changes and ensure that future flows help to promote human development in the sending countries, including the attainment of the MDGs. They will also need to mitigate the effects of the "brain drain" since many countries in the region are continuing to lose hundreds of thousands of people who have been educated at public expense. A number of countries are

encouraging the return of overseas nationals. The partnership can encourage such returns along with the accompanying flows of FDI and technology.

Partnerships for policies and reforms

The right policies and reforms would not only help to attain the MDGs, but would also help the countries of Asia and the Pacific to make better use of ODA, FDI and the gains from trade. The World Trade Organization (WTO) and the Washington Consensus argue that openness to trade will itself promote rapid growth and help to reform domestic policies and institutions. Some analysts believe that they have the sequence the wrong way round; it is national institutional changes and the initiation of rapid growth that result in greater openness and benefits of trade and FDI.

Countries should open themselves to trade and the world economy slowly and carefully. This is because domestic firms and farmers will initially be unable to compete with imports or with goods from firms that have benefited from significant foreign investment. So if countries open up prematurely, they may find that domestic industries collapse and current account deficits increase. Rapid and premature openness can also be very damaging to marginal farmers who, lacking other options, must for the time being remain in agriculture.

The countries of Asia and the Pacific should therefore seek trade agreements that will allow them the policy space and autonomy to innovate and succeed. They should also try to learn from each other through regional partnerships that will enable them to share innovations and appropriate policy choices.

Potential for a regional and South-South partnerships

Since Asia and the Pacific is such a diverse region it offers many opportunities for regional and international partnerships that can promote human development and the attainment of the MDGs. This regional partnership for development should help to enhance trade flows and trade agreements within Asia and the Pacific. It should also start to establish common labour and environmental standards for trade and FDI, as well as mechanisms for adjudication of disputes.

The regional partnership for development should focus particularly on the LDCs and on low-income developing countries, building their capacity to participate in regional and international initiatives. The partnership also needs to promote more ODA, technical assistance

and other South-South initiatives from and among the countries of Asia and the Pacific, while monitoring debt-service burdens and the changing terms of trade.

Finally, the report points out that the United Nations system has a pivotal role to play in facilitating regional partnership in Asia and the Pacific in support of the MDGs, including helping to identify and provide alternative sources of research and policy options.

CONCLUSION

Although many countries in Asia and the Pacific have made considerable progress towards attaining the MDGs, it is clear from present trends that many will fall short of the targets. The probable outcomes of these trends are summarized in [table 1](#), which provides qualitative assessments of the progress achieved so far.

Perhaps the most impressive achievement has been the overall dramatic reduction in income poverty, which could be called an “Asian Miracle”. Indeed, several countries have already achieved many of the MDG targets, including the target on poverty reduction, and have raised their sights, setting new targets, called “MDG Plus”. These have encompassed higher minimum standards of living, educational attainment, health care and reductions in disparities between different population groups.

But this overall progress, impressive as it is, remains fragile since it is susceptible to faltering long-term growth, increases in income inequality and the kinds of external shocks that led to the Asian crisis. Moreover, the progress has been uneven. Although some countries in the region have now achieved the status of middle- or high-income economies, many others have moved very slowly. Some of the LDCs, a number of LLDCs, some SIDS and other vulnerable economies are yet to see significant progress in achieving the MDGs.

There is still time for action and concrete outcomes. The earlier success of this region during periods of rapid economic growth has shown what can be achieved. Countries and economies must show sufficient commitment and determination to pursue an inclusive process of human development in the spirit of the Millennium Declaration. They need to work both with each other and with other international partners. The international community must come forward with needed resources. Only then will the Millennium Development Goals be well within their reach.

Table 1. At a glance – progress towards the MDGs in Asia and the Pacific

Goals and selected targets Base year: 1990. Target year: 2015.	Progress so far in reaching selected targets	Likelihood of achieving the targets
Goal 1 – Eradicate extreme poverty and hunger Target 1 – Halve the proportion of people whose income is less than one dollar a day	Very good	Very probable – The region as a whole should surpass the target, though some countries may falter.
Target 2 – Halve the proportion of people who suffer from hunger	Modest	Possible – Could easily be achieved given more attention to women and young children.
Goal 2 – Achieve universal primary education Target 3 – Ensure that children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	Slow	Unlikely – Achieving 100 per cent for the whole region would be hard. Many countries should hit the target.
Goal 3 – Promote gender equality and empower women Target 4 – Eliminate gender disparity in primary and secondary education	Good	Probable – Many countries will need sustained attention.
Goal 4 – Reduce child mortality Target 5 – Reduce by two thirds under-five mortality rate	Modest	Unlikely – Most countries will miss the target without renewed efforts.
Goal 5 – Improve maternal health Target 6 – Reduce by three quarters the maternal mortality ratio	Poor	Unlikely – Many countries pay insufficient attention to women’s health issues.
Goal 6 – Combat HIV/AIDS, malaria and other diseases Target 7 – Have halted by 2015 and begun to reverse the spread of HIV/AIDS	Modest	Possible – Assuming that some affected countries invest appropriately in prevention, treatment and rehabilitation.
Target 8 – Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	Modest	Possible – Though drug resistance is a major threat.
Goal 7 – Ensure environmental sustainability Target 9 – Integrate the principles of sustainable development into country policies and programmes and reverse the losses of environmental resources	Poor	Unlikely – Many countries do not give this sufficiently high priority.
Target 10 – Halve the proportion of people without sustainable access to safe drinking water	Modest	Unlikely – Supplies in rural areas are still scarce.
Target 11 – By 2020 to have achieved a significant improvement in the lives of at least 100 million slum dwellers	Modest	Possible – Although urban services in most countries are very weak.

Source: ESCAP staff assessments.

INTRODUCTION

This report analyses the prospects, challenges and opportunities for attaining the MDGs in the countries of Asia and the Pacific. The report is addressed to policy makers, leaders in civil society and the private sector, researchers in policy institutes and all others concerned with the goals of development and choices about development.

There are three reasons for a regional analysis of the prospects for attaining the MDGs. First, the countries of Asia and the Pacific can and should increasingly learn from each other. The report identifies innovations and policies in the region that appear to help to improve governance, enhance rights, promote economic and social development, reduce poverty and thus meet the MDGs. Second, the countries of the region need to cooperate more together for the advancement of all. The report proposes regional partnerships to increase and improve trade, FDI, ODA and other development cooperation among the countries of Asia and the Pacific. Finally, there is great interest in other regions of the developing world in the experience and lessons of some of the countries in Asia and the Pacific that have done particularly well in reducing poverty and sustaining rapid social change and economic growth. The report presents this experience in the context of the broader view of development set forth in the United Nations Millennium Declaration.

THE MILLENNIUM DEVELOPMENT GOALS

In September 2000, meeting at the United Nations Millennium Summit, the world's leaders agreed to a remarkable document, the Millennium Declaration. This was a historic achievement, not just because of the scope of the issues the Declaration covers, or its frank assessment of development issues, but because it committed the global community to a hard and specific agenda for human development.

Rather than simply agreeing that development should continue along much the same lines as before, or call for general improvements, the Declaration demanded that the world set its sights higher and aim for eight specific goals, most of which were to be achieved by 2015 and for which there are now 48, mostly numerical, indicators. What subsequently came to be known as the Millennium Development Goals are:

1. To eradicate extreme poverty and hunger
2. To achieve universal primary education
3. To promote gender equality and empower women
4. To reduce child mortality
5. To improve maternal health
6. To combat HIV/AIDS, malaria and other diseases
7. To ensure environmental sustainability
8. To develop a global partnership for development

The goals are ambitious – and rightly so – representing clear and direct challenges both to individual countries and to the global community. Achieving them would bring enormous benefits to Asia and the Pacific.

Millions more people in the region would be free of poverty and deprivation and able to lead lives of dignity and choice. Fewer children would be stunted by hunger and lack of schooling. Many more women would participate and help to lead development activities at every level. There would be greater protection from preventable disease and many more people would receive adequate care. And across the region all sections of society – government, the private sector and civil society – would be working to protect and sustain the natural environment.

But the MDGs are not merely a set of objectives whose achievement can be tallied on a scorecard. Rather they represent a firm commitment to a broader and more inclusive process of human development, one that emphasizes greater involvement and participation, better governance, enhancement of rights, expanded choice and economic and social development with equity. Thus, while rapid economic growth, competitive exports, current account surpluses and foreign exchange reserves are clearly important and not easy to attain, they are not goals of development. They are means to an end, to development that reduces poverty and promotes participation of all people in the process and the benefits.

VALUES, RIGHTS AND GOVERNANCE

The Millennium Declaration calls for the creation of “an environment...conducive to development and to the elimination of poverty” and specifies a set of “fundamental values”. These values are:

- **Freedom.** Men and women have the right to live their lives and raise their children in dignity, free from hunger and from the fear of violence, oppression or injustice.
- **Equality.** No individual and no nation must be denied the opportunity to benefit from development. The equal rights and opportunities of women and men must be assured.
- **Solidarity.** Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice.
- **Tolerance.** Human beings must respect one another, in all their diversity of belief, culture and language.
- **Respect for nature.** Prudence must be shown in the management of all living species and natural resources, in accordance with the precepts of sustainable development.

- **Shared responsibility.** Responsibility for managing worldwide economic and social development, as well as threats to international peace and security, must be shared among the nations of the world and should be exercised multilaterally.

The importance of rights

This comprehensive and inclusive approach reflects the core values and principles of the United Nations. These were established in 1949, when the United Nations adopted the Universal Declaration of Human Rights, which states that every human being has two broad sets of rights: economic, social and cultural rights; and civil and political rights.

For many years these two groups of rights were considered by many to be separate – and historically some countries have been put more emphasis on one set than the other. Each group of rights also has a corresponding covenant through which signatories can enter into a binding obligation. Some Governments, including many in the developing countries, have argued that the economic and social rights are more fundamental and should be given priority; others have put more emphasis on freedom and on civil and political rights. Nevertheless, many countries ratified both covenants, although of the 34 countries that have ratified neither covenant, 21 are in Asia and the Pacific.

The division between these rights was in principle removed in 1986, when the United Nations General Assembly adopted the Declaration on the Right to Development, a document that fused both sets of rights into one indivisible whole. The Declaration states, *inter alia*:

“The right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized.”
(General Assembly resolution 41/128).

This Declaration can also be seen as part of a broader “rights approach” to development that has been gaining momentum in recent decades. This approach not only establishes that everyone has basic rights but asserts that there are also corresponding duties to fulfil these rights. These duties do not simply fall on Governments but also on society as a whole.

The “rights approach” also typically involves setting targets and attempting to monitor their achievement. This was the approach taken by most of the United Nations international conferences of the 1990s, which culminated in the Millennium Summit and the setting of the Millennium Development Goals. The MDGs in Asia and the Pacific should be seen, therefore, in a much broader context than simply the achievement of numerical targets. They also imply a different – and more open – approach to human development.

Promoting the rights of women

Achieving basic rights for women is an essential MDG in itself, and in the spirit of the Millennium Declaration, it is also critical for fully achieving all the other MDGs. In Asia and the Pacific, the situation of women has been improving and in some countries women have in many respects the same opportunities as men. In Bhutan, for example, gender roles often overlap: often the head of the family is simply whoever is most capable, and men often take an active role in childcare (Government of Bhutan 2000). But the majority of countries still show various kinds of gender discrimination that prevent women from achieving their basic rights.

In response, many countries in the region are taking active steps to promote gender equality. In Viet Nam, for example, the National Strategy for the Advancement of Women 2001-2010 sets targets to achieve greater equality and to empower women in the areas of employment, education and health care. Viet Nam already has women as 25 per cent of its legislators and plans to increase the proportion still further. The Government also intends to have women as 50 per cent of employees of State industries (UNDP 2002b).

In Asia and the Pacific, as elsewhere, one of the many obstacles that women face is that many government activities and investments that are meant to be gender-neutral are in practice biased in favour of men. To address this issue one pioneering initiative has come from Australia, where in 1994 the Government pioneered the idea of “gender-responsive budgets”, analysing the effect of fiscal policy in an attempt to ensure that the objectives of achieving gender equality, in education and health, for example, are matched with appropriate flows of funds. This approach has now been extended to a number of countries in Asia and the Pacific, including the Philippines and Sri Lanka.

The need for good governance

The Millennium Declaration also makes it clear that one of the most important requirements for achieving the

MDGs is “good governance”. This has many different facets, including transparency, honesty, competence and accountability in public administration, the establishment of the rule of law and the thoughtful, pragmatic and careful selection and monitoring of policy choices. There also needs to be special attention to fairness and social justice, particularly for women, minorities and the poor, to ensure that important economic and social development opportunities are not missed, and that the benefits of growth and development are shared.

Asia and the Pacific have many diverse forms of democratic government. In some cases these have involved highly centralized administrations that have offered a limited space for popular participation, either through elected representatives or through organizations of civil society. Nevertheless in recent years there have been significant changes as both economies and political systems have become more flexible and open. One of the most dramatic examples has been in Indonesia which for decades until the late 1990s had a strongly centralized administration. This delivered many of the economic rights, achieving a notable reduction in poverty, for example, yet it steadily curtailed social and political rights. Now the democratic Government in Indonesia has not only offered free and fair elections; it has also enacted a radical process of decentralization, passing responsibility for many human development activities to more than 300 districts.

Another vital attribute of good governance for the achievement of the MDGs is efficient and effective administration. The Planning Commission in India, for example, is aware that a better-educated and better-informed electorate will be increasingly demanding of its rights and increasingly critical of non-performing Governments and their individual members and is determined that the Government should be more responsive and accountable to the public. Among other changes, India is planning to use its renowned skills in information technology, introducing computerized systems of administration that will apply greater discipline to government systems and increase administrative efficiency. An important part of this process will be dealing with the backlog in the judicial system. Some states have set up fast-track courts, again making better use of information technology (Government of India 2002).

A further governance priority in Asia and the Pacific, as in other parts of the world, is the fight against corruption, which degrades the quality of governance and hits hardest at the poorest. The Chinese Government, for example, is among those taking firm measures to

combat corruption and promote integrity in governance, focusing its attention on the leading administrative organs, judicial bodies, law enforcement departments and economic management agencies that are vulnerable to corruption. The Government has pursued cases against high-ranking officials while dealing with important public concerns such as illegal collection of fees and irregular fines (Feng 1997).

One of the most important ways of ensuring effective public administration is to subject it to scrutiny and monitoring by a strong civil society. The Philippines, for example, has many thousands of NGOs operating in many different sectors, from health to education to environmental protection, some providing services, others concentrating more on advocacy. Many of these emerged in the 1960s and 1970s, a period when they offered one of the few spaces for democratic participation. But they continue to thrive now in the democratic era. One of the largest groupings is the Caucus of Development NGO Networks, which has a collective membership of around 3,000 NGOs¹ and has been using a community-based poverty incidence monitoring system to assess the effectiveness of local governments.²

All the countries in the region have constitutions that emphasize the sovereignty of their people. Normally these are drafted by national leaders for approval by national parliaments. But increasingly even constitutional changes have become more open to public involvement. One of the most striking examples of this has been in Thailand, where the drafting of a new constitution itself was based on public hearings throughout the provinces, with extensive contributions from many civil society organizations (UNDP 1996b).

The requirement for good governance in order to fulfil the MDGs cannot, however, be confined to developing countries. Corruption, for example, is often stimulated by businesses from developed countries that are willing to pay bribes to secure favours in developing countries. And the developed countries also entice poor Governments to waste their money on military spending. Measures to improve governance must therefore also be taken at the international level, promoting more transparent relationships between rich and poor countries and including fairer systems of trade

and finance and more equitable flows of development cooperation. Achieving the MDGs will therefore depend not just on national action but on international partnerships.

MAKING THE LINKS

Rights, gender equity and good governance are all vital for the achievement of the MDGs. But it is also important to recognize the extent to which these and other issues intersect and interact. This is clear in the case of poverty reduction, the first MDG. On the other hand, the sustained and equitable economic growth needed for poverty reduction relies on good governance that can maintain the rule of law, provide important public goods and permit and improve the functioning of efficient markets. On the other hand, poverty reduction itself strengthens good governance by giving people the resources and skills to participate more fully in discussions and decisions. At the same time, equitable economic growth boosts not only household incomes but also public revenues and thus increases the potential to invest further in health and education.

There are also strong links between good governance, poverty reduction and environmental protection. An efficient public administration can ensure that environmental regulations are well designed and enforced, can protect vital environmental resources and can also create market incentives for efficiency and conservation. But poverty reduction will also result in a more sustainable environment by reducing the pressure on people in both rural and urban areas to over exploit natural resources in a desperate effort to survive.

Critical to all these connections is a free flow of information. When people are fully informed about the activities of their Government they can participate more actively and hold the Government to account, and are also in a better position to understand their rights and responsibilities. Governments too benefit from higher-quality information about experiences elsewhere and different policy options. Good information also makes markets work more efficiently, removing imbalances and signalling opportunities for employment creation and poverty reduction.

¹ <http://www.worldbank.org/participation/web/webfiles/cepemcase13.htm>.

² <http://members.surfshop.net.ph/~code-ngo/>.

POVERTY REDUCTION AND POLICY CHOICES

Some countries in Asia and the Pacific have already achieved reductions in income poverty, on a scale that is without precedent in social history and what could be called an “Asian miracle”. Indeed several countries have already achieved the MDG target on poverty reduction and have raised their sights, setting even higher targets for poverty and some of the other MDGs. These targets, called “MDG Plus”, incorporate higher minimum standards of living, of educational attainment and of health care and also aim to reduce disparities between different population groups.

But this progress, impressive as it is, remains fragile and is susceptible to faltering long-term growth, increases in income inequality and the kind of external shocks provided by the Asian crisis and its lingering aftermath. Moreover, the progress has been uneven. Although some countries in the region have now achieved the status of middle- or high-income economies, many others have moved more slowly. Some of the least developed countries, a number of landlocked countries, some small island developing States and other vulnerable economies have yet to see significant reductions in poverty. Indeed, in a few cases poverty and hunger have actually increased.

The purpose of this report is to understand what went right, and why, in Asia and the Pacific, identifying the reforms, policies, sequences and choices that were important for rapid reductions in poverty and the attainment of the other MDGs. This is a complex story that needs to be appreciated and understood, both within the region and by people in the rest of the world

who have been impressed by this region’s rapid progress. There is, however, no simple blueprint to follow. It should not be thought, for example, that the East Asian experience justifies or requires immediate economic liberalization or opening up to international flows of finance and trade, or that such immediate openness will automatically boost economic growth and reduce poverty. The appropriate measures will inevitably differ from one country to another and this report focuses on those variations and policy choices.

Chapter I of the report therefore looks at the achievements to date. Then chapter II examines more closely the policies that have contributed to these outcomes, and especially the type of economic growth that can contribute to poverty reduction and the other MDGs. Finally, chapter III explores the critical area of international partnerships – for knowledge and new technology, ODA and debt relief, FDI and trade, human resources, policies and reform and regional cooperation.

Each chapter attempts to demonstrate that the MDGs are not simply a set of targets, they offer a valuable tool for policy makers. They can focus attention on the real and fundamental goals of development and on important ways to promote it, offering more choice, more involvement and more opportunity for all: women and men, infants and children, and future generations. But if this is to happen, Governments and civil society will need fully to know, understand and support the MDGs, embracing them as legitimate objectives, measures and means of development, and using them to focus attention on problems and opportunities and to guide decisions about development.

I. PROGRESS ON THE MDGs IN ASIA AND THE PACIFIC

INTRODUCTION

The countries of Asia and the Pacific have made significant progress towards achieving the MDGs. Much of their success has been due to strong economic growth along with sound economic management. But their social policies have also been important; most countries have taken care to invest in the education and skills of their people to enable them to take advantage of new employment opportunities. They have also made the kinds of investment in health and nutrition that have contributed to significant reductions in child and maternal mortality and helped to fight communicable diseases. In addition, they have also been making greater efforts to empower women and promote environmental sustainability.

Future progress could be more difficult, however. A number of countries were hard hit by the Asian financial crisis. And even those that were less affected are now exposed to the general level of global uncertainty. Many countries, particularly in South-East Asia, are closely integrated into the global economy, and some have also lost market share to other exporters in the region. These countries may not achieve growth rates as rapid as those of the 1980s and early 1990s and may thus find it difficult to sustain the same momentum for poverty reduction.

At the same time the social and political environment has been changing. Historically the region has had a number of strong Governments that have steered development from the centre and from the top down. But over the past two decades many have not only been liberalizing their economies but also widening the space for democratic governance. This opens up

new opportunities for fulfilling people's rights and promoting human development. But it also brings new challenges. Governments will need to seek fresh and innovative approaches that stress inclusiveness, participation, empowerment and the fulfilment of people's rights. This inevitably makes life more complex for policy makers, but it also brings long-term benefits, ensuring that measures to reduce poverty are strongly rooted and more durable.

Policy makers have also appreciated that poverty is multidimensional. People living in poverty are not just short of money, they can also be deprived in many other ways, lacking education or adequate health standards, or living in insecure and dangerous environments. If they are to see a real improvement in their circumstances, all these issues need to be tackled simultaneously. Again this seems to complicate matters, but this complexity is also more realistic since it recognizes that the poor face a multiplicity of risks. Sickness is a clear example. Any episode of illness can push families below the poverty line, either because the main wage earner stops working or because of medical expenses or because time is taken up nursing sick family members. A health strategy is thus also an anti-poverty strategy. Another issue is security. Ethnic and other conflicts that undermine the security of poor people not only endanger human life, they also undermine people's livelihoods. So improvements in governance that can resolve these types of conflicts are also strategies to fight poverty.

This broader and more realistic perception of the needs and rights of poor people underpins the MDGs. The United Nations Millennium Declaration of September 2000 established these eight goals, which have subsequently been subject to a number of elaborations

and clarifications. In September 2001, for example, the Secretary-General presented the “road map” for the implementation of the MDGs. It consisted of 8 goals, 18 targets and 48 indicators. Then, in May 2002, the Department of Economic and Social Affairs, having convened an inter-agency meeting, issued its technical version identifying data sources, replacing a number of the indicators, though keeping the total at 48. Subsequently, in June 2002, the United Nations Development Group issued further guidance in “The United Nations and the MDGs: a core strategy”.

The review in this chapter uses the scheme and the data sources established by these publications. It is based on information from ADB, FAO, IEA, ILO, IMF, IPU, ITU, IUCN, OECD, UNAIDS, UNCTAD, UNDP human development reports, UNEP, UNESCO, UNICEF, the United Nations Population Division, WHO and the World Bank. In addition, wherever possible this report also uses national sources, including the MDG country reports prepared by United Nations country teams and by national Governments.

GOAL 1 – ERADICATE EXTREME POVERTY AND HUNGER

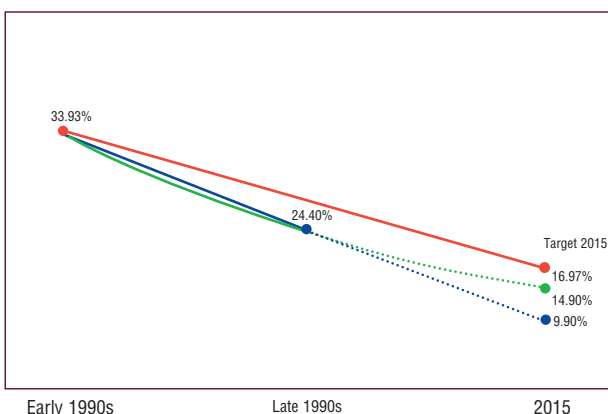
The first goal is the most fundamental one: to ensure that everyone has the basic resources they need, with sufficient income to meet their daily requirements and access to the quality and quantity of food that will enable them to lead normal, active and healthy lives. If this goal is reached, then countries will not only fulfil the rights of their people but also be in a much better position to achieve the other goals. Within this goal, there are two targets:

Target 1 – Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

Here the countries of Asia and the Pacific have already taken huge strides. Between the early and late 1990s they are estimated to have reduced the overall incidence of poverty from 34 to 24 per cent (figure I.1). Although this still left an estimated 768 million people living on less than a dollar a day, it represented striking progress. And as figure I.1 suggests, two outcomes are possible under two different sets of assumptions. If poverty goes down linearly, the region could reduce the incidence of poverty to around 10 per cent by 2015. Under non-linear assumptions, the incidence of poverty could slow down as the region begins to encounter its hard-care poor during the years to 2015. In either case,

Figure I.1. Proportion of population below \$1 (PPP) per day, regional average

● Target 2015 ● Trend in 2015 (linear reduction) ● Trend in 2015 (non-linear reduction)



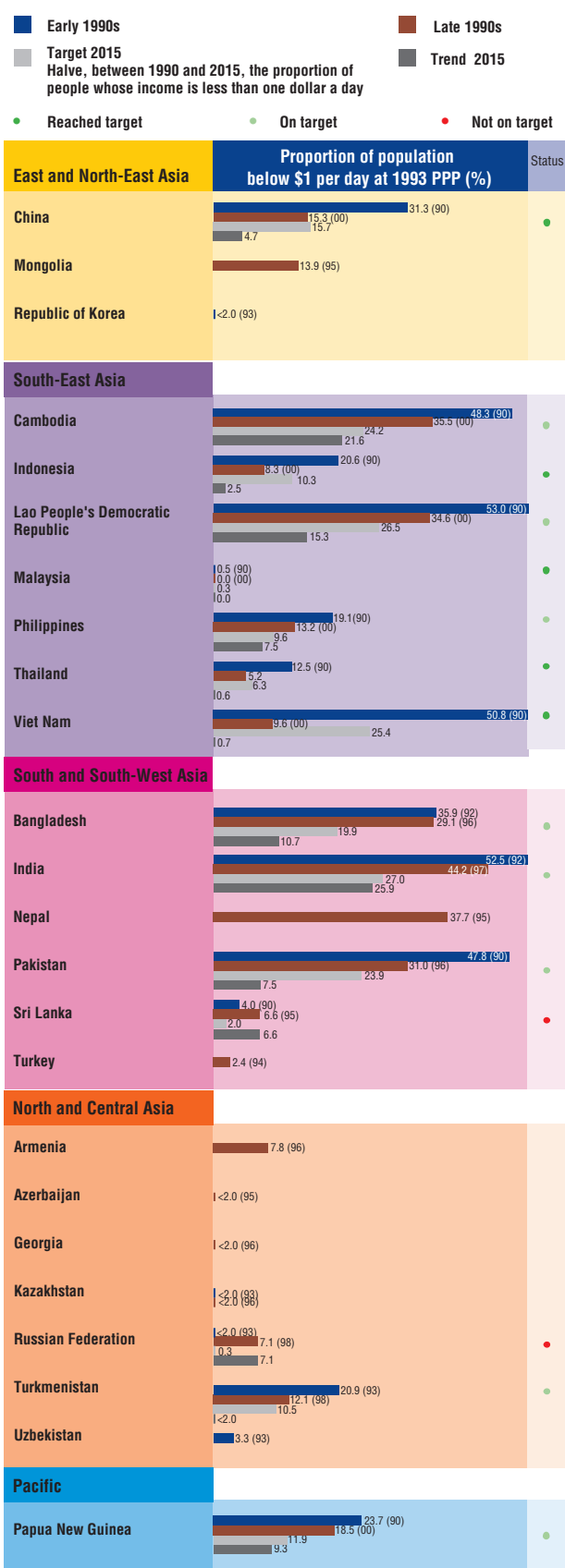
Sources: ESCAP staff estimates based on ESCAP, *Economic and Social Survey of Asia and the Pacific 2002*; and World Bank, *East Asia Rebounds, But How Far?* (April 2002); *Impact of the East Asian Financial Crisis Revisited* (2002); and *World Development Indicators 2002* (2002).

the target for 2015 is expected to be within the grasp of Asia and the Pacific region as a whole.

However, this overall picture masks significant contrasts in achievement between countries. A number of the most successful, all of them in East or South-East Asia, including China, Indonesia and Viet Nam, have already achieved their targets (figure I.2). In South Asia, however, progress has been much slower, except in India, where the 1990s saw a significant reduction in income poverty. There have also been variations over time in the speed of poverty reduction. Poverty rates in Indonesia, for example, increased markedly in the early years of the financial crisis as a result of widespread economic and social dislocation, though they subsequently fell again.

Since China and Indonesia are two of the largest countries, their progress has boosted the regional average. Now a number of other countries will need to accelerate their rate of poverty reduction. If they fail to do so, the region as a whole could miss the 2015 aggregate target. Much will depend on whether these countries can maintain or increase their levels of economic growth, and also on what kind of growth they pursue. In many countries in the region growth has so far been fairly successful, spreading the benefits across most of the population. There is a risk, however, that the benefits of future growth, even in these countries, could be less evenly distributed. Countries will also need to ensure that their policies work in favour of the poor, and that they target additional interventions as appropriate. These issues are discussed in greater detail in chapter II of this report.

Figure I.2. Proportion of population below \$1 (PPP) per day, selected economies



Sources: ESCAP staff estimates based on ESCAP, *Economic and Social Survey of Asia and the Pacific 2002* (2002); and World Bank, *East Asia Rebounds, But How Far?* (April 2002); *Impact of the East Asian Financial Crisis Revisited* (2002); and *World Development Indicators 2002* (2002).

However, the future is not entirely within the hands of individual economies. Prospects for growth and poverty reduction will also be strongly influenced by events at the regional and international levels, by the speed and direction of globalization and by the effectiveness of international partnerships, including the availability of official development assistance. These issues are discussed in chapter III.

Target 2 – Halve, between 1990 and 2015, the proportion of people who suffer from hunger

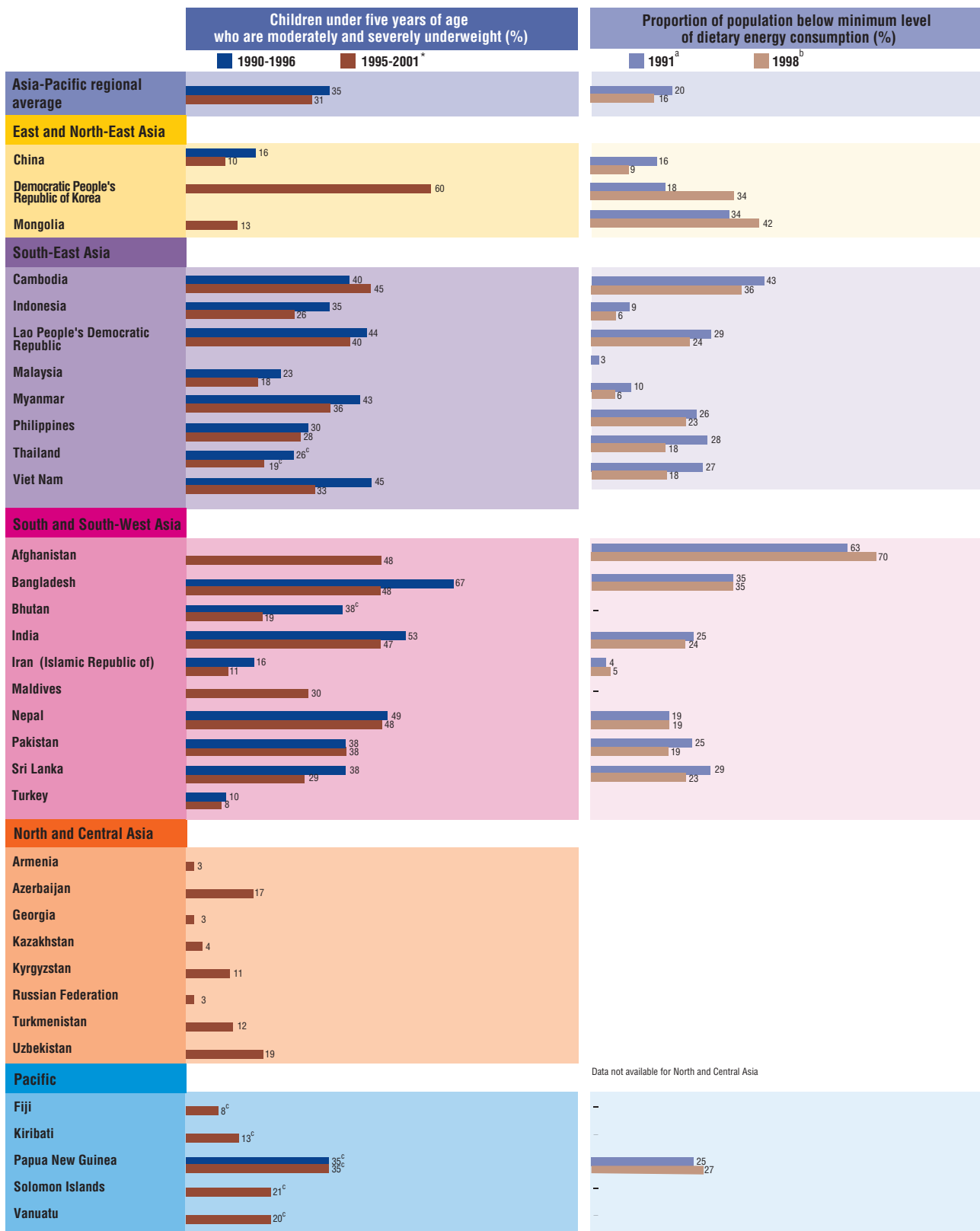
Here progress has been much more modest. One of the main indicators is the proportion of children who have a low weight for their age. In the region as a whole, between the early and late 1990s, the proportion of underweight children fell by only around four percentage points: from 35 to 31 per cent (figure I.3). And even this progress is strongly influenced by the success of China, which has already achieved the target, reducing the proportion of underweight children from 16 to 10 per cent. By the end of the 1990s, more than 100 million children under five in the region were moderately or severely malnourished.

The most severe problems remain in South and South-West Asia, where in a number of countries up to half of the children are underweight. But the proportions remain disturbingly high even in South-East Asia. This is surprising since in most of these countries there is no absolute shortage of food for the majority of households, and certainly not for the small amounts that young children consume.

The problems here, as elsewhere, have more to do with the lack of attention to the rights of women and children. Even if there is food in the household, they often do not receive it in sufficient quantity or quality. Poor sanitation also plays an important part since sick children are less able to absorb essential nutrients. The nutritional status of mothers is another major factor since some of the patterns for future child growth are set even in the womb; malnourished women are more likely to produce low birth-weight babies. But just as important is the quality of care that mothers are able to give their children, particularly during the first two years of life. At this stage children are at risk not just of gaining insufficient weight but also of becoming stunted, having a low height for their age. This loss can never be recovered; stunted children become stunted adults.

Malnutrition does terrible damage. First it reduces a child's resistance to the common childhood diseases such as acute respiratory infections, diarrhoea, and

Figure I.3. Prevalence of underweight children under five years of age and proportion of population below minimum level of dietary energy consumption



Sources: UNICEF, *The State of the World's Children* (1997, 2003); and United Nations, Millennium Indicators Database (UNICEF-WHO, FAO), <http://millenniumindicators.un.org/unsd/mi/mi_goals.asp>, 8 April 2003.

- Notes: 1. – Data not available
 2. Regional averages relate to the weighted averages of the economies for which data are available.
 a 1990-1992 average.
 b 1997-1999 average.
 c Indicates data that refer to years or periods other than those specified in the column heading, differ from the standard definition or refer to only part of a country.
 * Data refer to the most recent year available during the period specified in the column heading.

measles. Indeed, in developing countries malnutrition is thought to be associated with more than half of all child deaths. This damage to children also brings huge economic costs. Most children who survive early malnutrition will never reach their full potential, growing up stunted and with reduced physical and mental capacity. This adds to the cost of health services and lowers national productivity. For countries such as China and Pakistan, malnutrition is thought to cost around three per cent of GDP.

Based on present trends, a number of countries will miss this target for nutrition unless they give greater priority to the rights of women and children. Various studies from around the world suggest that even without specific interventions general socio-economic development will tend to reduce child malnutrition by anything up to 0.5 percentage points per year, but they also show that with more intensive efforts it is possible to achieve reductions of at least 2.0 percentage points per year. (UNICEF 2003)

A number of countries have shown what is possible. Thailand's progress, for example, is based on an extensive network of mother and child health clinics where children's health and growth are carefully monitored and where volunteer helpers advise mothers on how best to care for their children in the critical early years.

There is a similar pattern when it comes to the proportions of undernourished people, those whose

intake of food is insufficient to meet their minimum daily energy requirements. For the region as a whole, between the early and the late 1990s, the proportion dropped from 20 to 16 per cent (figure 1.3). However, the proportions for a number of countries remain disturbingly high. This is partly a reflection of the total availability of food, but probably more important is the ability of the poorest people to gain access to it. Nevertheless, a number of countries have clearly made significant progress, including Pakistan, Sri Lanka, Thailand and Viet Nam. Other countries have serious problems, particularly Afghanistan and the Democratic People's Republic of Korea. Cambodia also has a high proportion of people going hungry, though the numbers have been reduced slightly as farmers have been able to bring more land under cultivation and to increase yields. Efforts are also now being made to improve systems for data collection on food security (box 1.1).

GOAL 2 – ACHIEVE UNIVERSAL PRIMARY EDUCATION

Target 3 – Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

The key to future national prosperity will be to have a healthy and educated workforce and for this the most basic requirement is to have all children enrolled in primary school. Assessing progress for the region as a

Box 1.1. Information and action on food security

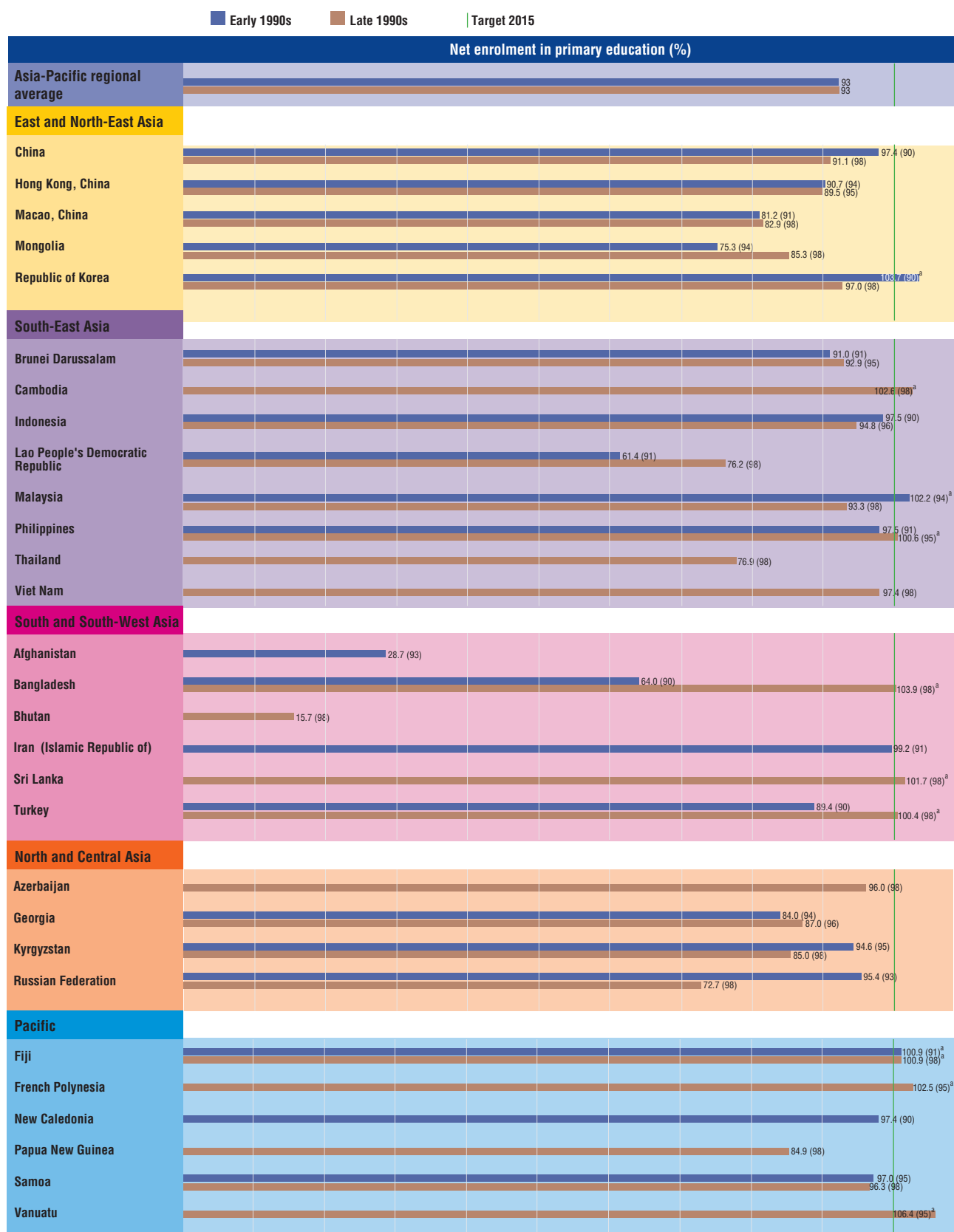
A major step towards eliminating hunger is to generate accurate and timely information on chronic food insecurity – on its nature and causes. Most countries have national information systems on food security, but they vary widely in their coverage, in their analytical techniques and in the quality and reliability of their information.

This is the reason for the Food Insecurity and Vulnerability Information and Mapping Systems (FIVIMS), an initiative that operates at both the national and global levels. At the national level the aims include raising awareness of food security issues, improving data quality and promoting better use of the information to drive action. At the international level an inter-agency working group, with a secretariat at FAO, Rome, helps to define common standards, methods and tools for information management and presentation. It also mobilizes resources and provides support to national FIVIMS programmes.

A number of FIVIMS activities are under way in countries in Asia and the Pacific, including Bangladesh, Cambodia, India, the Philippines, Sri Lanka, Thailand and Papua New Guinea. In Asian countries, which host the largest number of undernourished people in the world, FAO through the Japan Trust Fund has been supporting start-up activities through the Asia FIVIMS project. This aims to improve information on food insecurity and vulnerability so that countries can take the necessary actions in favour of the goals of the World Food Summit, to reduce the number of undernourished people and achieve food security for all.

Source: FAO communication.

Figure I.4. Net enrolment ratio in primary education



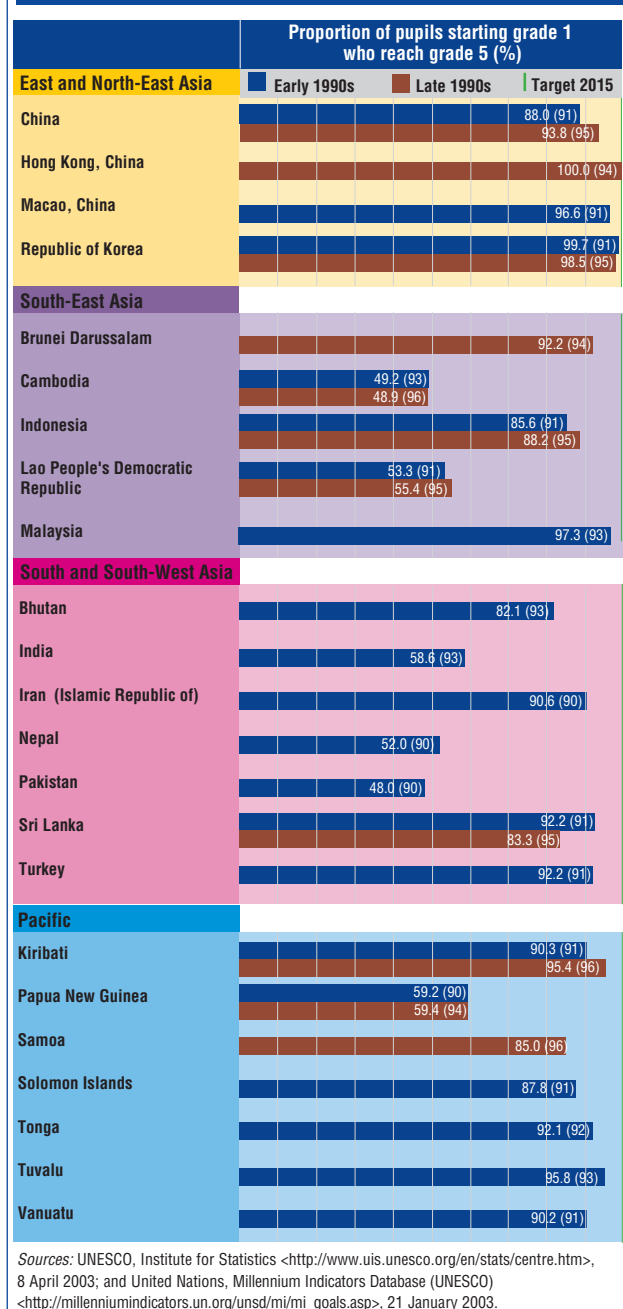
Sources: UNESCO, Institute for Statistics <<http://www.uis.unesco.org/en/stats/centre.htm>>, 21 January 2003; and United Nations, Millennium Indicators Database (UNESCO) <http://millenniumindicators.un.org/unsd/mi/mi_goals.asp>, 8 April 2003.

Notes: 1. Regional averages relate to the weighted averages of the economies for which data are available.

2. Data are not available for India, Nepal and Pakistan.

a Although the net enrolment ratio cannot exceed 100 per cent, values up to 106.4 per cent are shown and in these cases are due to inconsistencies in the enrolment and/or population data.

Figure 1.5. Proportion of pupils starting grade 1 who reach grade 5



whole is difficult since no enrolment data are available for some of the larger countries. For most of the rest of the region, however, the enrolment data suggest that progress has slowed. Net primary enrolment for the region as a whole has remained static at around 93 per cent (figure 1.4). However, the average masks a reduction in a number of countries, including Indonesia, which is offset by a significant increase in Bangladesh, where enrolment has increased from 64 to around 100 per cent. Based on this overall trend, it seems likely that a number of countries will miss the target.

Just as important as enrolling children in school is ensuring that they stay there. Here the situation seems

marginally better (figure 1.5). The completion rates – the proportion of children starting grade 1 who reach grade 5 – appear to have increased in several countries, notably China, where it went from 88 to 94 per cent. However, throughout the region millions of children are leaving school early, around half in Cambodia and the Lao People’s Democratic Republic, for example. And although recent data are unavailable for South Asia the situation in the early 1990s suggests that here too completion rates are only between 50 and 60 per cent. In some cases this is surprising. In Nepal, for example, data in the national MDG report suggest that there has been only a small increase in both enrolment and completion, even though expenditure on education has increased and sufficient schools are available to bring them within a 30-minute walking distance for most children (UNDP 2002c).

In many countries the main issue is the poverty of the parents. Although schooling itself might be free, there are inevitably further expenses for equipment, clothing and other items. And the poorest parents may also rely on even the youngest children to contribute to the family income.

A further constraint is the type and quality of education. Parents are unlikely to send children to school if they feel that the education is not useful for their children’s daily lives or if the schools are poorly equipped or lack sufficient teachers. Attendance is affected not just by absenteeism by the pupils but also by the teachers. In addition, many schools in this region also have a tradition of rote learning that reduces the interest for the children and also stifles creativity. More children would stay in school if the curriculum were more relevant to their daily experiences and the learning environment more stimulating.

The quality of education also varies according to the location since the better schools are typically in the urban areas and in the more affluent neighbourhoods from which children from poor families are usually excluded. In future more efforts will be needed to boost the quality of education for children in remote rural areas. Developments in communications technology should open up more opportunities for doing this more effectively, though this will also demand significant investment.

The MDG target focuses on primary education. But it can also be argued that this target is actually too low. Even if all children were to complete primary school this would not be sufficient to provide the kind of educated labour force needed for countries that are rapidly industrializing. Achieving higher productivity in industry and services will demand much more. For this reason, China, for example, has set the goal at nine years of compulsory education and is already close to achieving it.

All the education issues are of particular importance for girls. This is primarily because they have a basic right to education. But there are also benefits to society as a whole. Financing the education of girls is one of the best investments a country can make for both economic and social development. Educated women have a powerful positive influence, not just on the lives of their own families but on the country as a whole, improving productivity in all sectors of the economy and helping to improve child health and nutrition, reduce child mortality and slow population growth rates. Despite this, fixed ideas on gender roles are still holding many girls back so there is still a need for strong advocacy to promote the rights of girls and women.

Although the main responsibility for ensuring universal education lies at the national level, countries should also be able to rely on international support. The multilateral financial institutions and the donor countries are already talking about a “new development compact for education”, and many countries in Asia and the Pacific are investing more in primary education by taking advantage of the increased resources available through development cooperation.

GOAL 3 – PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

Target 4 – Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education no later than 2015

The MDGs place great importance on fulfilling women’s rights and promoting gender equality. The target is to achieve equality in educational enrolment. In terms of primary education there is still some way to go. Figure I.6 summarises data on sub-regional basis and it indicates that there are data for 46 of the 58 economies and in almost all of these there were moderate or significant gender disparities. One encouraging note is that there have been continued improvements in China. In the late 1990s there was a moderate disparity (a ratio of 0.92, girls enrolled to boys) but by 2000 the pattern was reversed so that there were more girls enrolled than boys. Offsetting this, however, is South Asia; although there are no data for the two largest economies, the ratios here could be much lower.

Figure I.6 also shows that the situation is somewhat better for secondary education, where of the 41 economies for which data were available 41 per cent had no gender disparity, 20 per cent had a moderate disparity and 39 per cent had a severe disparity. One of

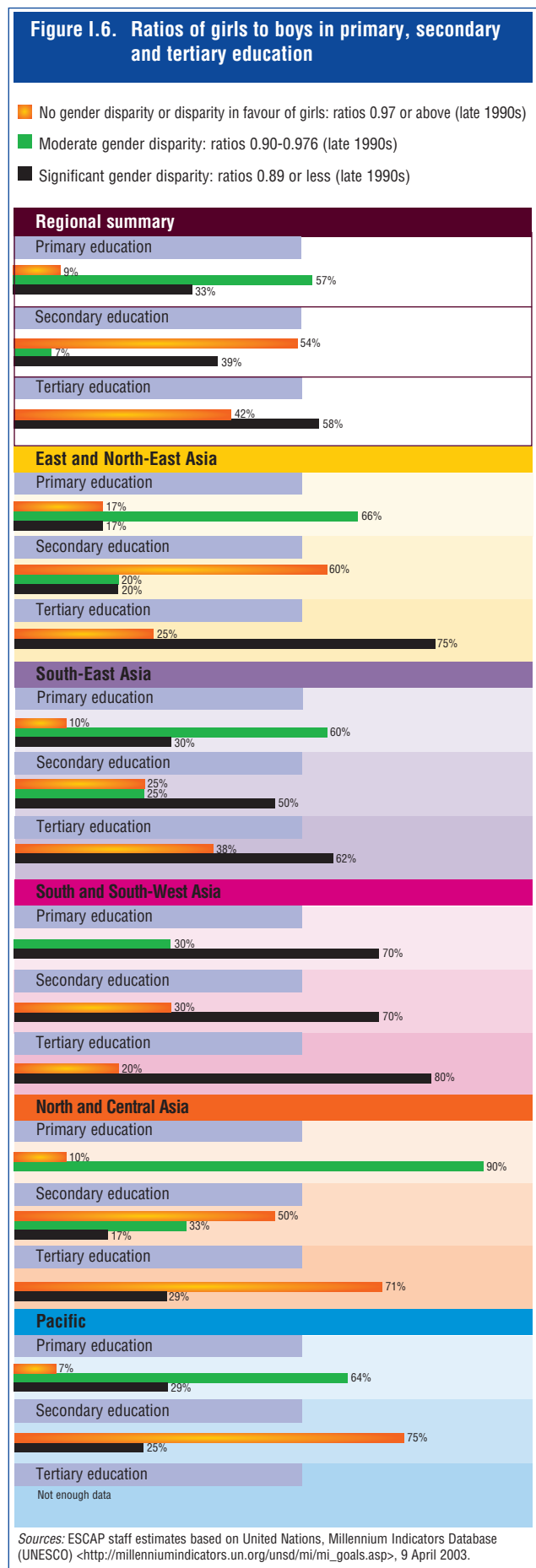
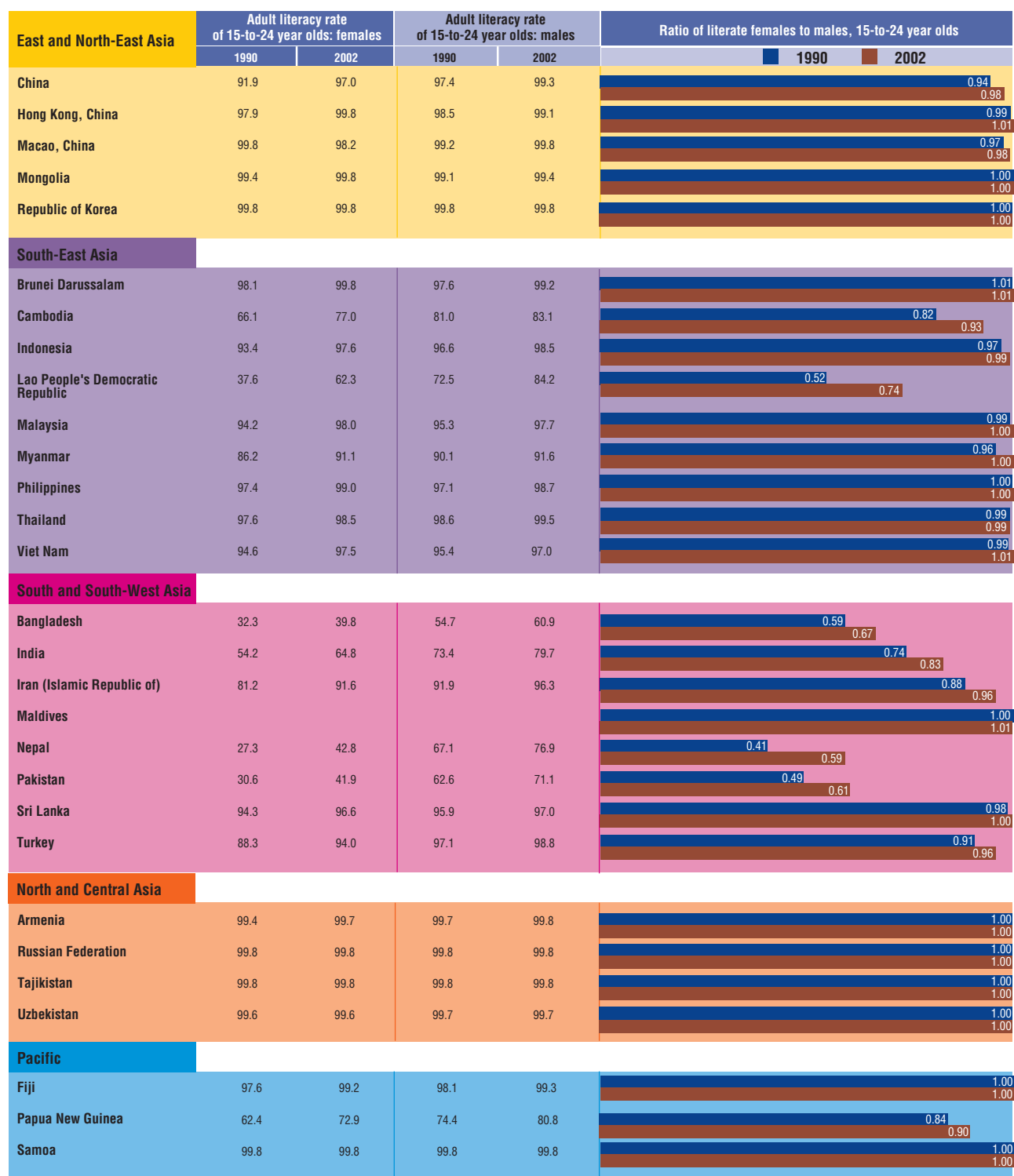


Figure I.7. Ratio of literate females to males, 15-to-24 year olds



Sources: United Nations, Common Database <http://unstats.un.org/unsd/cdb/cdb_help/cdb_quick_start.asp> and Millennium Indicators Database <http://millenniumindicators.un.org/unsd/mi_goals.asp>, 9 April 2003.

the most striking cases is Mongolia, where there are far more girls than boys enrolled in secondary education; the ratio is 1.11. Here, however, China lags behind; although the ratio improved from 0.71 in the early 1990s by the late 1990s it had reached only 0.82.

Disparities in enrolment are also reflected, with a

time lag, in literacy rates among the 15-24 year olds (figure I.7). The ratio of female to male literacy is now quite high in most countries in the region, though noticeably lower in South Asia. However, the situation is likely to improve: in Bangladesh, for example, the gender gap in primary education has been closing rapidly (BIDS 2001).

Achieving parity in education is, of course, only the start of building gender equality. Discrimination against women is deeply embedded in many societies. The most direct denial of rights to girls is probably in those areas of the region where there is still a strong preference for sons and families make different investments in boys and girls, particularly when it comes to education and health care. But almost all countries display many kinds of gender discrimination, typically stereotyping girls into traditionally feminine roles. These attitudes are gradually changing, however, and more women are to be found nowadays working in wage employment outside agriculture. The data are scarce on this but they indicate that the proportion of women in this type of employment has generally been rising, and by the late 1990s it had reached 16 per cent in India, 39 per cent in China and 46 per cent in Sri Lanka (figure 1.8).

Even less satisfactory is women's participation in decision making, which is evident in the proportion of seats held by women in national parliaments (figure 1.9). This is typically low even in the developed countries of the region – only 7 per cent in Japan, 25 per cent in Australia and 31 per cent in New Zealand. In many developing countries in the region the proportion is still below 10 per cent but some countries have done much better. A notable achievement is in Viet Nam, where between the early and late 1990s the proportion increased from 18 to 26 per cent.

Asian societies are changing steadily. Many more people recognize the importance of promoting the rights of women. And women with education and skills have been helping to boost the economic prosperity of the more dynamic countries. Many more Governments, civil society organizations and NGOs are determined to increase women's opportunities.

But much more needs to be done. Governments must be resolute in defending the gains that they have already made, especially when budgets come under pressure as a result of a general economic slowdown. They also need to address the many remaining obstacles to achieving women's rights – legislative, social and cultural.

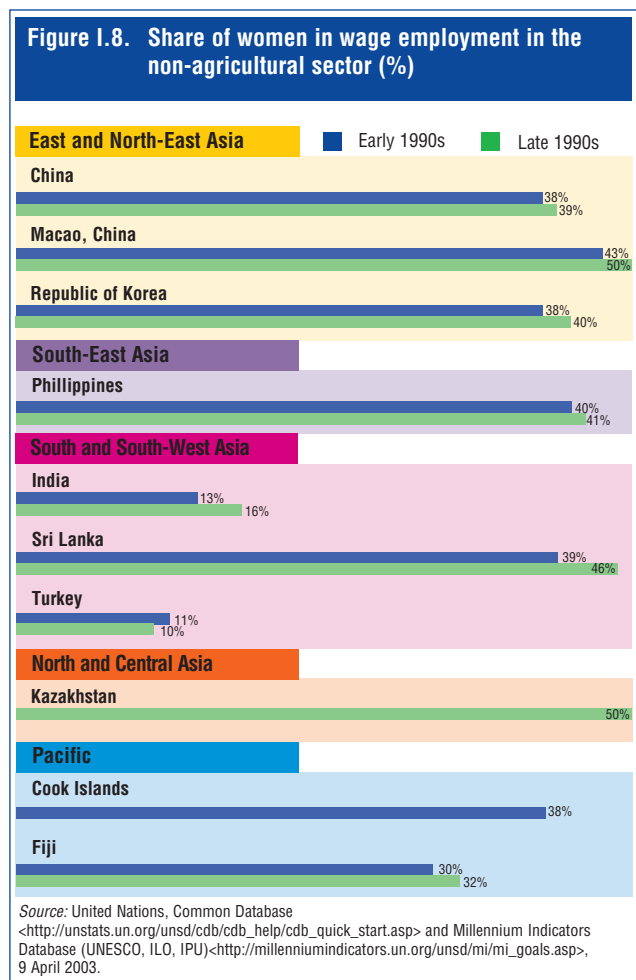
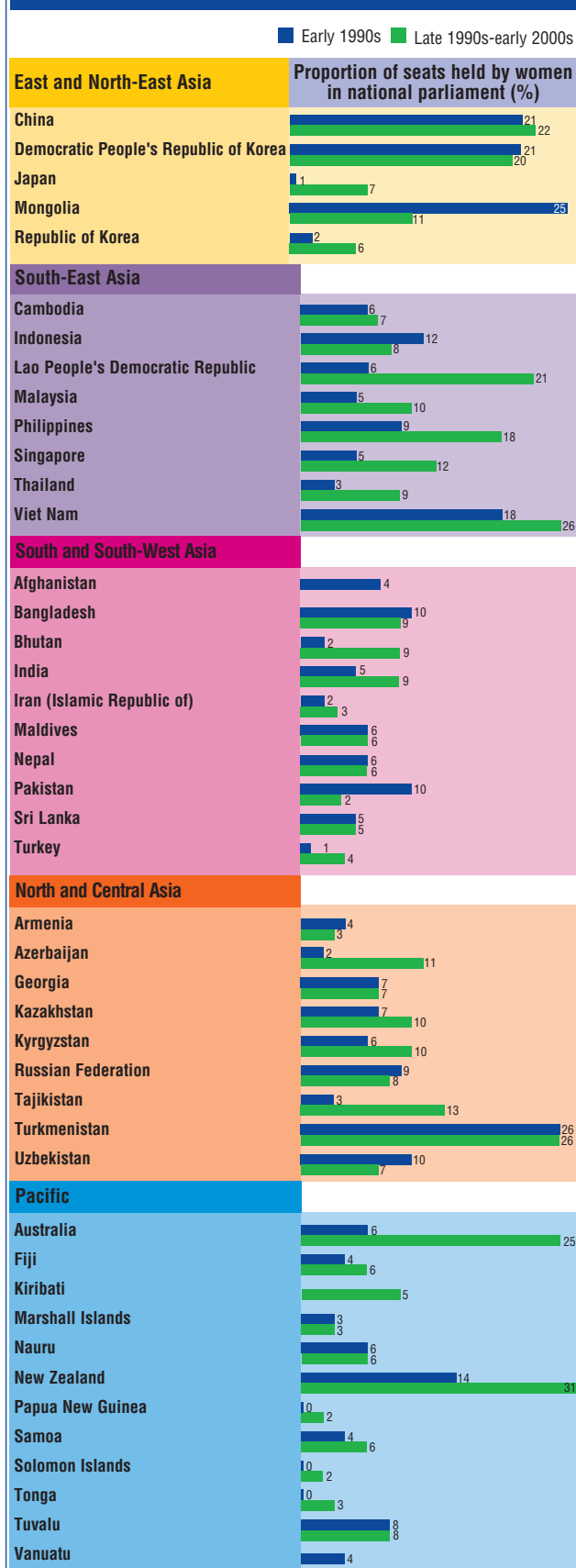


Figure I.9. Proportion of seats held by women in national parliament



Sources: United Nations, Common Database
http://unstats.un.org/unsd/cdb/cdb_help/cdb_quick_start.asp
 and Millennium Indicators Database (UNESCO, ILO, IPU)
http://millenniumindicators.un.org/unsd/mi_goals.asp, 9 April 2003.

GOAL 4 – REDUCE CHILD MORTALITY

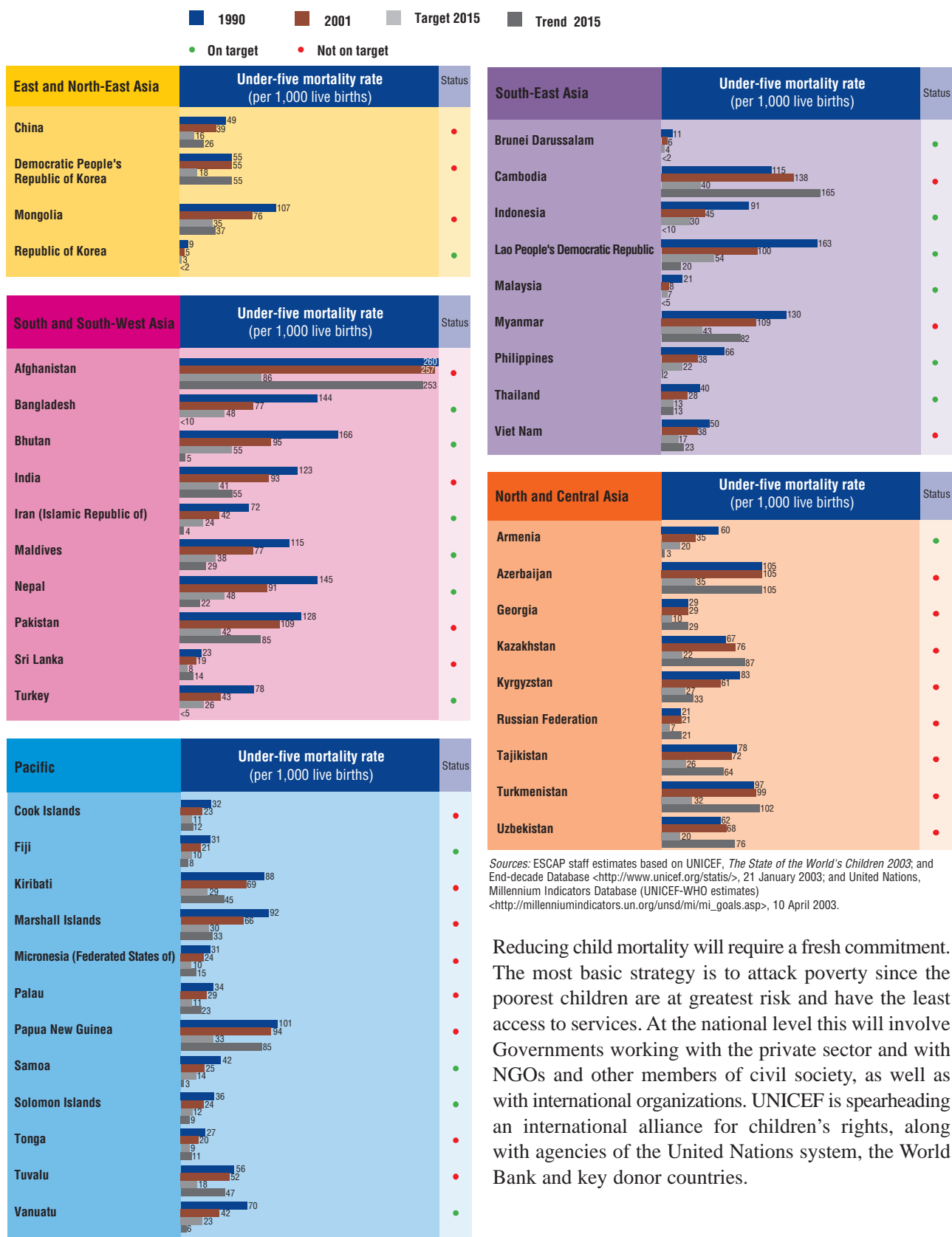
Target 5 – Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

Millions of children in the region are still dying before reaching their fifth birthday. The majority of these children are dying from disease or from a combination of malnutrition and preventable diseases (acute respiratory infections, diarrhoea, measles and malaria). Although there has certainly been progress, it has generally been too slow (figure I.10). Some of the most striking successes have been in Bangladesh, Indonesia and Nepal, which managed to halve their rates of child mortality during the 1990s. The Lao People's Democratic Republic and Bhutan have also seen steep declines. And mention should probably be made of Sri Lanka, which, despite all odds, has succeeded in reducing the rate to 19 deaths per 1,000 live births. These achievements are the outcome of a general improvement in socio-economic conditions as well as a range of interventions, particularly extending programmes of immunization and introducing oral rehydration therapy for the treatment of diarrhoeal disease.

The most severe problems are evidently in Afghanistan, where the under-five mortality rate at 257 deaths per 1,000 live births is the highest in the world. Also disturbing is the situation in Cambodia, where the rate actually increased between the early and late 1990s from 115 to 138 deaths per 1,000 live births. Country data from Cambodia suggest that the rate could now be stabilizing but an increasing risk factor is the spread of HIV/AIDS (UNDP 2001b).

Of the 44 countries and economies for which data are available, it seems that 26 are likely to miss the target for 2015, while 18 should achieve it (figure I.10). If more countries are to achieve their targets, they will need to address the main causes of death. One of the most common is still diarrhoeal disease, which is the result of poor sanitation and the lack of safe water along with poor hygiene practices. In Cambodia, for example, around 70 per cent of the population are not using improved water sources. Many other children are dying from vaccine-preventable diseases, particularly measles. Vaccination coverage against measles is still far too low – only around 70 per cent in many countries such as Bangladesh and the Lao People's Democratic Republic, and only 50 per cent in India (UNDP 2002a).

Figure I.10. Under-five mortality rate



Sources: ESCAP staff estimates based on UNICEF, *The State of the World's Children 2003*; and End-decade Database <<http://www.unicef.org/status/>>, 21 January 2003; and United Nations, Millennium Indicators Database (UNICEF-WHO estimates) <http://millenniumindicators.un.org/unsd/mi/mi_goals.asp>, 10 April 2003.

Reducing child mortality will require a fresh commitment. The most basic strategy is to attack poverty since the poorest children are at greatest risk and have the least access to services. At the national level this will involve Governments working with the private sector and with NGOs and other members of civil society, as well as with international organizations. UNICEF is spearheading an international alliance for children's rights, along with agencies of the United Nations system, the World Bank and key donor countries.

GOAL 5 – IMPROVE MATERNAL HEALTH

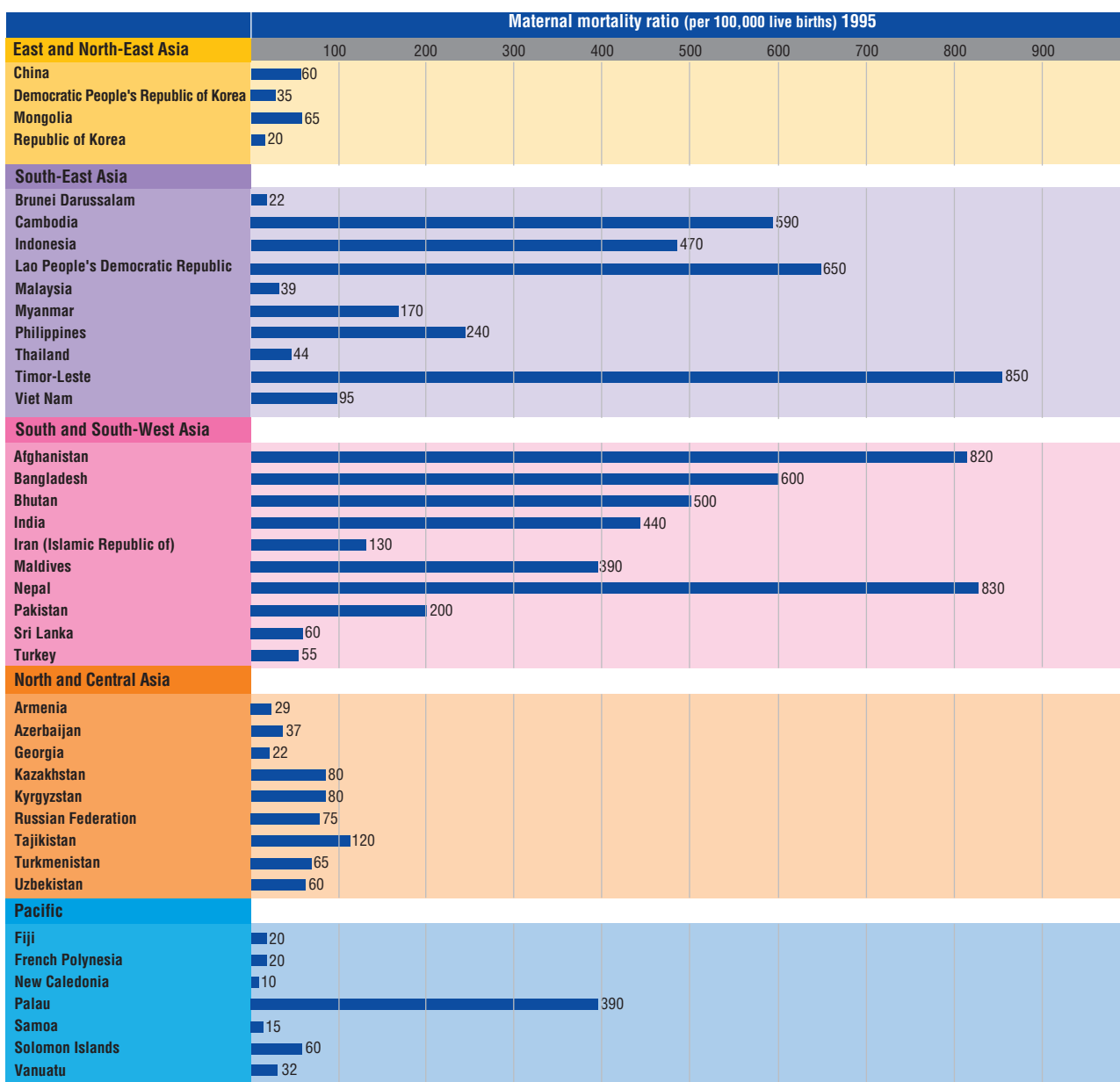
Target 6 – Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio

One of the clearest signs of discrimination against women is a high rate of maternal mortality (figure I.11). Tens of thousands of women die each year across the region as a result of childbirth. In addition, for every woman who dies many more suffer disabilities that can affect them for the rest of their lives. Almost all of these deaths are avoidable. The maternal mortality rate in developed countries like Australia, for example, is only 6 per 100,000 live births, but in many

developing countries in the region the rate is well above 200, with the highest rates of all in Timor-Leste (850), Nepal (830) and Afghanistan (820). It should also be noted that there are often wide disparities within countries. In Viet Nam, for example, the rates in the remote rural and mountainous regions are two or three times higher than the national average (UNICEF 2003).

One difficulty in addressing this problem is a shortage of current information. Estimating maternal mortality rates requires data on the number of deaths of women of reproductive age and information on the cause of death. Few countries have vital registration systems adequate for the task. Often the system fails to register the cause of death accurately, or to say whether or not a woman

Figure I.11. Maternal mortality ratio



Source: UNICEF, End-decade Database <<http://www.unicef.org/statistics/>>, 10 April 2003.

Box 1.2. Diagnosing and treating the preventable causes of maternal death

Since certain diseases will make child bearing much more hazardous it is essential that these be treated at an early stage. The decision to become pregnant, particularly for the first time, is a deliberate choice in many cultures in the region, notably in China. It is important therefore at this stage to diagnose and treat both illnesses and nutritional deficiencies before the pregnancy begins. All women need better health care, but especially those who are considering getting pregnant.

Malaria – All pregnant women in malarial areas should be screened at the first antenatal visit, and provided with prophylaxis as well as with bed nets.

Tuberculosis – With TB too the focus should also be on early detection. Women should be screened on their first antenatal visit with either a skin or a sputum test. Those testing positively should receive comprehensive direct observation treatment (DOTS) for the course of their pregnancy.

HIV/AIDS – Pregnant women, and particularly those who have tested positive for TB, should be counselled to get tested for HIV. If they test positive they should receive therapy to help to prevent the spread of the infection to their child.

Anaemia – All pregnant women should have their haemoglobin level checked. Those discovered to have mild or moderate anaemia should be treated with iron folate tablets, while those with severe anaemia will need to be hospitalized and treated through injections or transfusions. Before pregnancy it is also possible to prevent the onset of severe anaemia by treating mild and moderate anaemia with iron folate and also by addressing underlying diseases such as hookworm, malaria or TB.

Source: UNICEF, *The State of the World's Children 2003* (United Nations publication, Sales No. E.03.xx.1).

has recently been pregnant. Moreover, because maternal deaths are relatively isolated events, stable rates cannot be calculated in small countries. All this makes it difficult to generate accurate data or to monitor trends to see whether countries are moving towards the goal. Estimates by UNICEF suggest, however, that there was very little progress during the 1990s.

The majority of maternal deaths are the result of complications in pregnancy. In most developed countries, however, and in the more developed parts of this region, such as Singapore, these complications rarely result in death because they can be detected early and treated effectively. Pregnant women can also die in a number of other ways, since pregnancy can aggravate other diseases such as malaria, anaemia, tuberculosis and heart disease (box 1.2). Abortions carried out by untrained personnel are also very dangerous.

Ultimately, it is impossible to predict or prevent obstetric emergencies. Any woman – no matter how well-nourished and well-educated – can suddenly develop complications that threaten her life. Ideally, therefore, all women should give birth only in the presence of skilled personnel who can either deal with the problem themselves or refer the woman rapidly to emergency obstetric services. In many countries at present, only a minority of women can rely on this support, for example, 42 per cent in India, and 34 per cent in Cambodia (figure 1.12). Among the poorer developing countries in the region the rates are quite high in some of the Pacific islands, and in Viet Nam the coverage is 70 per cent. But perhaps the most impressive rate is in Mongolia,

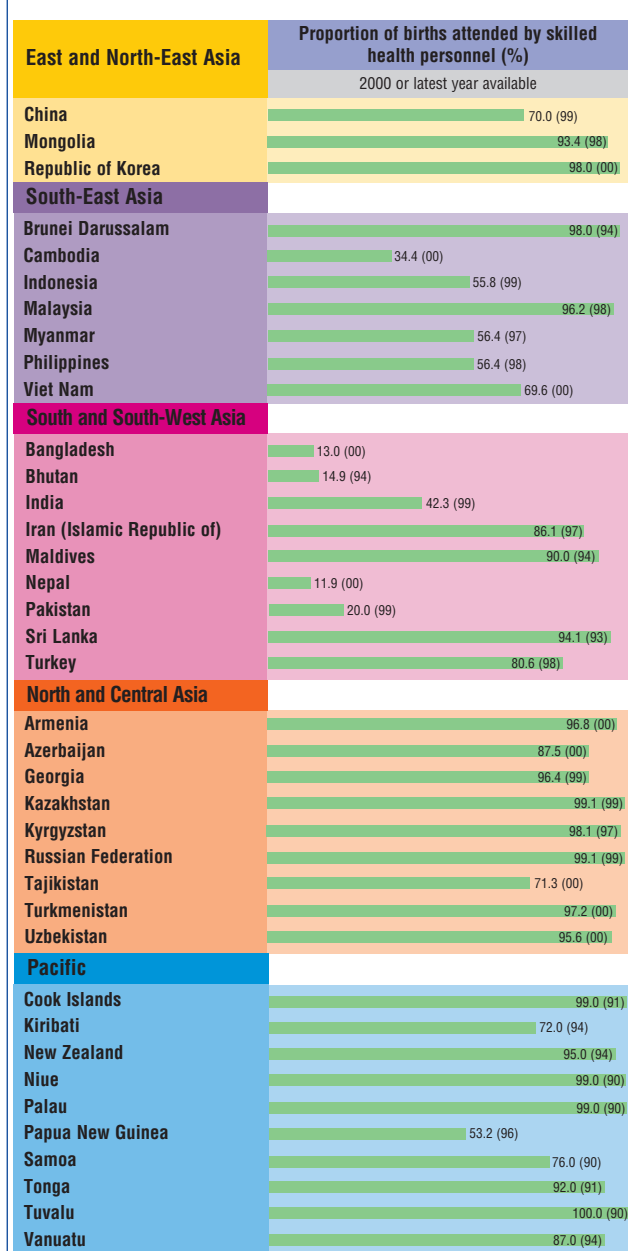
where it is 93 per cent. Much will also depend, however, on the quality of the hospital services. Mongolia still has a high rate of maternal mortality because of the poor quality of the health services; the majority of the women die in hospital.

One important step towards reducing maternal mortality is to ensure that women are adequately nourished. Education is also important since educated women usually have a greater say over pregnancy decisions and are less likely to resort to unsafe abortions; they can also acquire more information on the risks of childbirth and what to do should complications arise. Better educated and more confident women are also more likely to start having children later. This is important because girls aged 15-19 are twice as likely to die from childbirth as women in their twenties. The countries with the highest levels of maternal mortality are also those with the highest number of teenage pregnancies.

This boost in women's status must be matched with an improvement in the services available to women, especially reproductive health services. The countries with the highest levels of maternal mortality also have the lowest use of contraception.

Countries that have reduced maternal mortality have demonstrated the priority they place on women's rights to health and to life. The measures needed are not simple, nor will they be cheap since they rely to some extent on access to effective hospital services. But no country should accept the deaths of so many women.

Figure I.12. Proportion of births attended by skilled health personnel



Source: UNICEF, End-decade Database <<http://www.unicef.org/status/>>, 10 April 2003.

GOAL 6 – COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

Target 7 – Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Over the past 15 years or so HIV/AIDS has been spreading inexorably (figure I.13). At the end of 2001 some 7 million people across the region were living with HIV/AIDS, including one million who had become infected in that year alone (figure I.14). The most alarming situation is in the more populous countries. In China the prevalence among adults may seem low at 0.1 per cent but this translates to around 850,000 people and infections are rising rapidly. In India a prevalence of 0.6 per cent represents some 4 million people over a broad cross-section of the population. It should also be borne in mind that HIV cannot be considered in isolation; it is often part of a multiple epidemic – of HIV and sexually transmitted infections, drug and substance abuse, hepatitis and tuberculosis.

In this region, as in others, some of the highest infection rates are found among drug users, sex workers and men who have sex with men. But from these groups it can spread rapidly into the rest of the population. In Indonesia, for example, the third-largest country in the region, infections have been rising in these groups, with worrying implications for the rest of the population (box I.3).

However, there is good news from Thailand and Cambodia. Both countries have high prevalence rates but determined efforts have brought the disease under greater control, though in both countries there is a danger that it could break out again to new sections of the population. And of the larger countries, the Philippines seems, so far, to have avoided an epidemic.

Although HIV/AIDS can attack anyone, young people are at particular risk: more than half of HIV infections in the region have been in people less than 25 years old. This is partly due to rising levels of substance abuse. But there have also been changes in patterns of sexual behaviour so that young people are likely to have a greater number of sexual partners. Surveys from all over the world have found that more than half of young people also have serious misconceptions about HIV/AIDS, one of the most common being that one can tell just by looking at someone if they are infected.

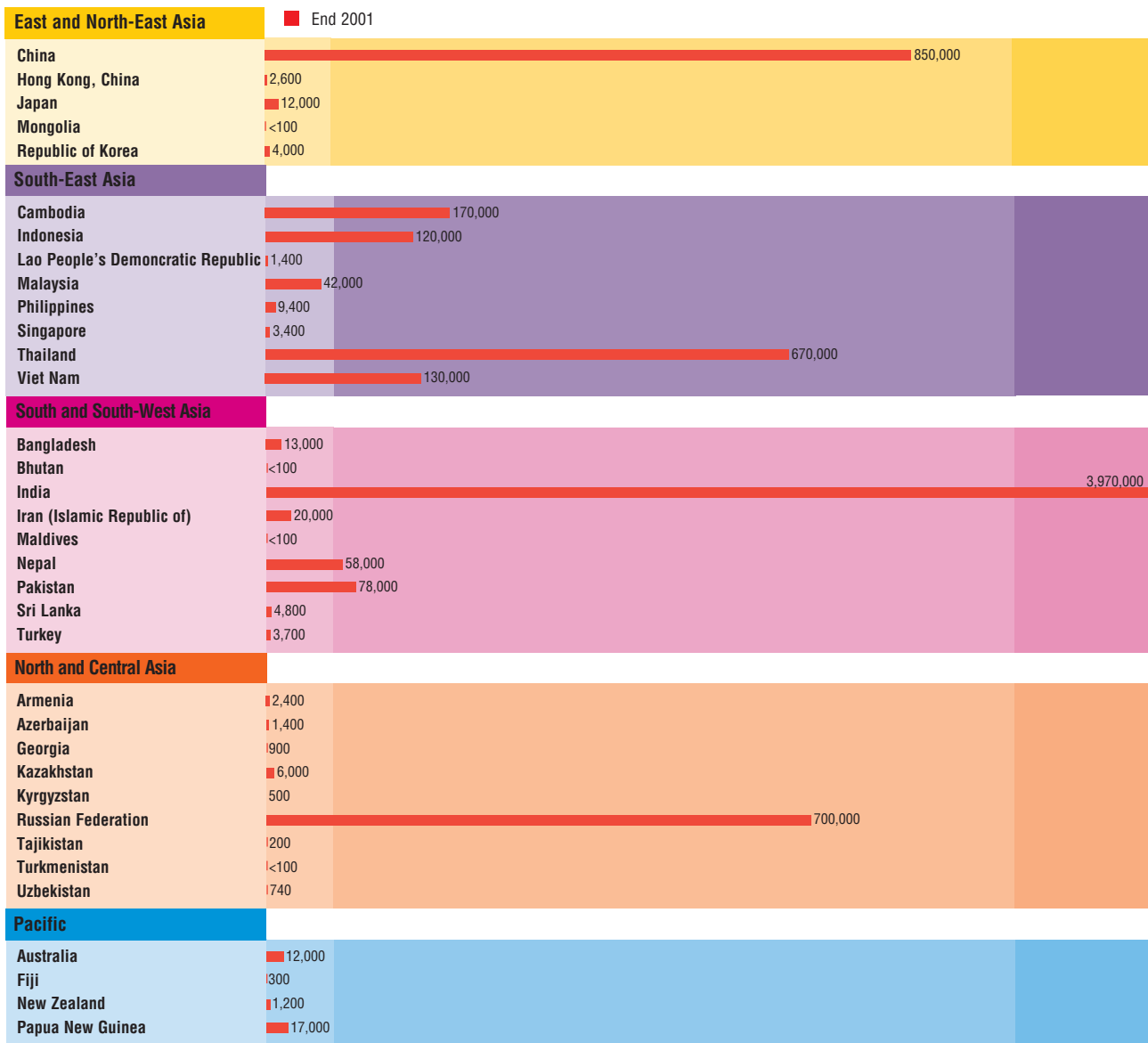
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Figure I.14. Estimated number of people living with HIV/AIDS, adults and children



Source: UNAIDS and WHO, *Report on the Global HIV/AIDS Epidemic 2002*.

More than 1.8 million children in the region have lost one or more parents to HIV/AIDS (figure I.15). The largest numbers of AIDS orphans are in Thailand – 290,000 – though the numbers have also been rising steeply in a number of other countries, including Cambodia and Pakistan. Even before their parents die the children will have been strongly affected since medical expenses and the inability to work will have pushed the family further into poverty. If the father dies

first this poverty will deepen, though it can be worse for the children if the mother dies first since they lose their primary caregiver.

Sometimes one of the older children will then become the head of the household and will have to drop out of school to work and care for his or her brothers and sisters. But if all the children are younger they are likely to be looked after by members of the extended

Figure I.15. Number of children orphaned by HIV/AIDS



Sources: UNAIDS and WHO *Report on the Global HIV/AIDS Epidemic* (1998, 2000, 2002); and United Nations, Millennium Indicators Database (UNAIDS, UNICEF, United Nations Population Division, WHO), <http://millenniumindicators.un.org/unsd/mi_mi_goals.asp>, 10 April 2003.

Notes: Data not available for countries not listed.
No data are available for the North and Central Asia subregion.

family, generally aunts or grandmothers. Even then they can find life with their relatives very stressful; many will leave the family for life on the streets, where they themselves become exposed to the risky behaviour that can result in them also becoming HIV-positive.

The primary weapon against HIV/AIDS is frank and accurate public information, particularly for young people to make them aware of the dangers. As well as

information, young people also need services, such as voluntary counselling and testing that will support their determination to fight HIV/AIDS. These services need to be welcoming and accessible, as well as affordable and confidential. While the primary responsibility lies with the Government, many NGOs and religious leaders are also playing an important part. In a number of countries in the region, the Buddhist leadership has been prominent.

Box 1.3. Rising levels of drug abuse

Drug abuse remains a major concern, particularly in East and South-East Asia. Although a range of drugs is involved, a growing problem in recent years has been the abuse of amphetamine-type stimulants (ATS), especially methamphetamines: around two thirds of the 33 million global abusers of methamphetamines are to be found in Asia. Methamphetamines continue to be the main drug problem in Japan, the Philippines, the Republic of Korea and Thailand, and a sharp increase in their abuse has been found in Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia and Viet Nam. In Cambodia, for example, there has been a significant increase in the abuse of amphetamines among street children. Around three quarters of all seizures of ATS are in East Asia and South-East Asia, notably in China and Thailand.

In addition, Asia has around 6 million opiate users. In 2000, 84 per cent of all heroin and morphine seizures took place in China. Since these drugs are often injected they carry the additional danger of spreading HIV/AIDS: in some countries over 70 per cent of drug abusers are infected.

One of the main reasons for the illicit drugs scourge is poverty, of both producers and consumers. Desperately poor people in the rural areas who lack markets for other crops are tempted to grow illicit crops such as the opium poppy. And in the urban areas poor people, especially the youth, resort to all kinds of drugs as a form of escape, including cheap solvents. Many also take up drug dealing as way of financing their addiction.

Drug abuse creates a host of problems for countries in the region. The abusers themselves are damaging their health and risking many forms of accidental death as well as weakening their family relationships. But there are also serious implications for society as a whole. The most direct impact is a result of drug-related crime and violence but there are also economic implications since many abusers drop out of school or can no longer work effectively, leading to a significant loss of productivity.

Source: UNODC communication.

Target 8 - Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

AIDS is by no means the only serious infectious disease facing the region (figure 1.16). Malaria is a more familiar scourge. Countries most seriously affected include a number in the Pacific: in Solomon Islands some 15 per cent of the population and in Vanuatu 3 per cent. Malaria is also a severe problem in Sri Lanka and in a number of countries in South-East Asia. One of the most serious developments is that malaria has become resistant to one drug after another and insecticides have become less effective at controlling mosquitoes. A group of United Nations agencies are now working together on a "Roll Back Malaria" campaign. Although there is no simple answer there are low-cost interventions including insecticide-treated nets that can prevent transmission. Other interventions such as new combination therapies, including the Chinese herb derivative artemisinin, are more expensive so new financial arrangements would be needed to extend the treatment to developing countries.

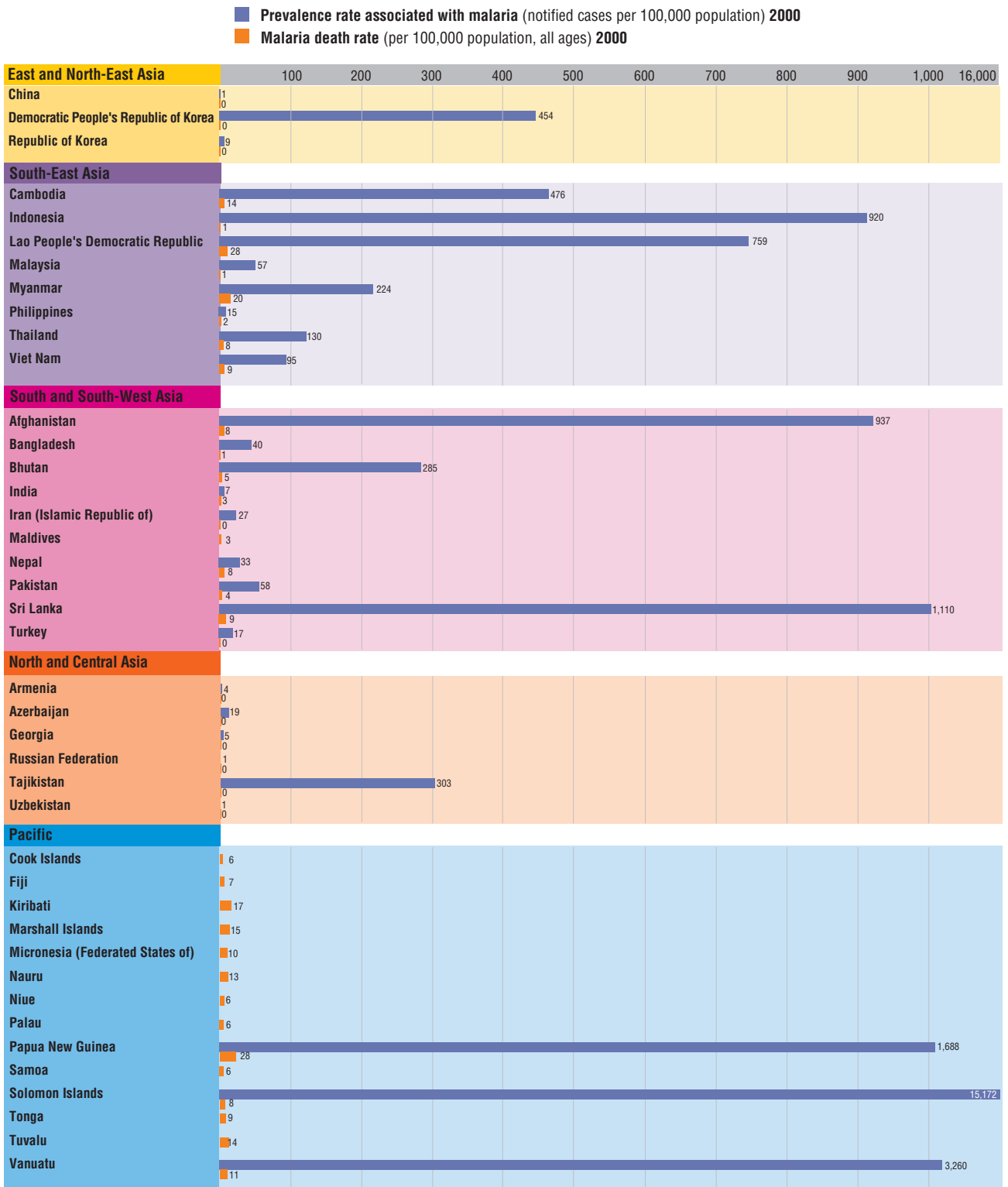
Another increasingly serious epidemic is that of tuberculosis, which is found in almost every country in the region (figure 1.17). The prevalence is over 300 per 100,000 population in Cambodia, Indonesia, the Philippines, Afghanistan and Papua New Guinea. In

South-East Asia alone, there are around 3 million cases per year (WHO 2003). Many of the new infections are linked with HIV. This weakens resistance to TB, which accounts for 11 per cent of AIDS deaths worldwide. Again there is the problem of resistance to treatment: a number of recent strains can defy all current drugs. Nevertheless, there are still effective ways of fighting the disease. The WHO strategy is referred to as comprehensive direct observation treatment (DOTS). This combines five elements: political commitment, microscopy services, drug supplies, surveillance and monitoring systems and the use of highly efficacious regimes with direct observation of treatment. All the high-prevalence countries have adopted this strategy. In half of China, for example, cure rates among new cases are 96 per cent.

Yet one more deadly infectious disease threatening the region is the severe acute respiratory syndrome (SARS). By the time this report was being completed, it had spread to around 20 countries with nearly 8,000 infected cases and about 500 reported deaths. Available information indicates that SARS is going to have a very adverse impact on the region's economic performance with consequential effects on several of the MDGs.

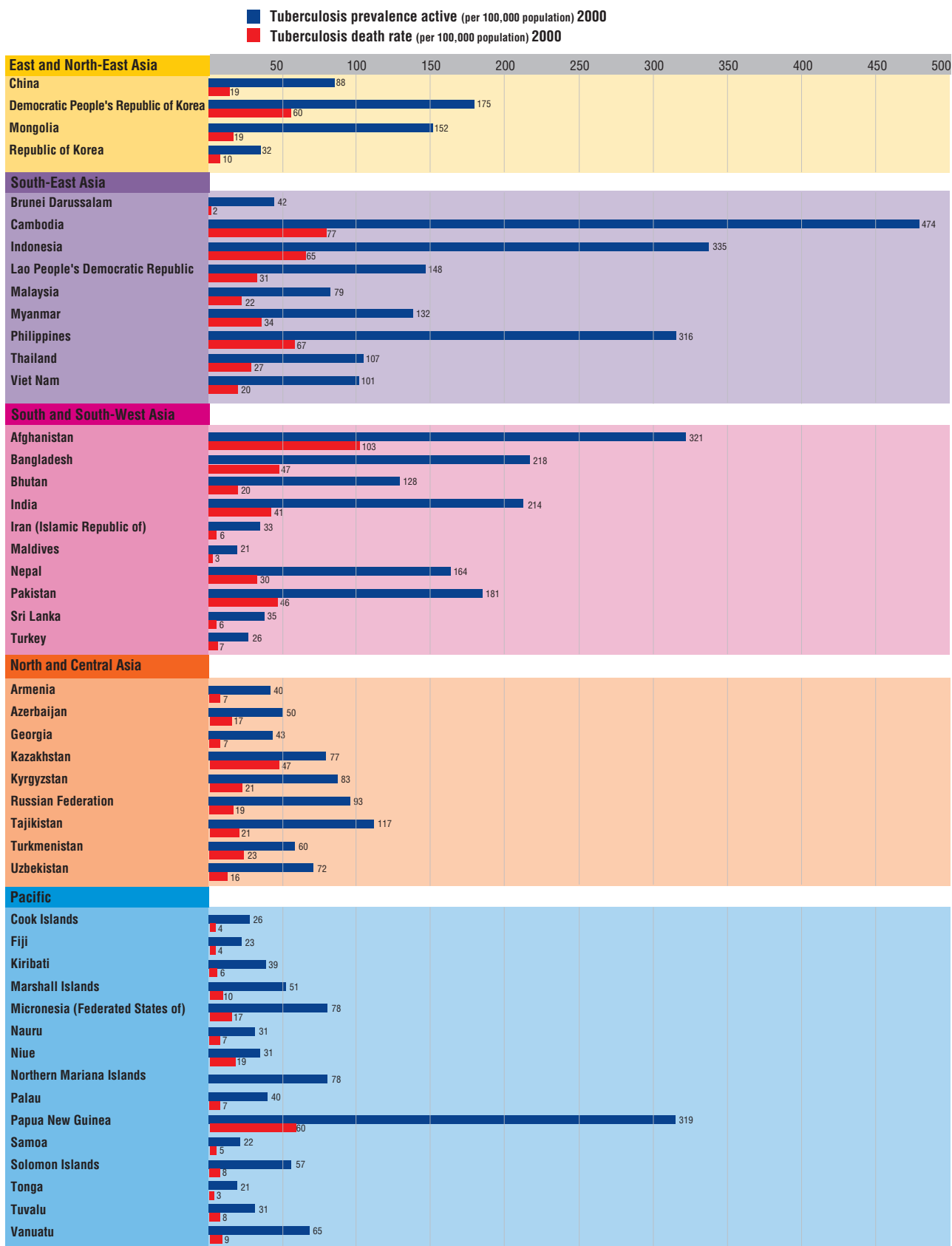
The goal of turning back AIDS and other infectious diseases by 2015 is a daunting one. But it can be achieved. Thailand has demonstrated what can be

Figure I.16. Prevalence and death rates associated with malaria



Source: United Nations, Millennium Indicators Database (UNICEF, WHO) <<http://millenniumindicators.un.org>>, 10 April 2003.

Figure I.17. Prevalence and death rates associated with tuberculosis



Source: United Nations, Millennium Indicators Database (UNICEF, WHO) <<http://millenniumindicators.un.org>>, 10 April 2003.

achieved in the case of HIV/AIDS with strong political commitment and full and active participation of civil society and the private sector. Similar determined and well-targeted programmes can succeed elsewhere. Much of the effort will have to go into education and political advocacy, along with community mobilization.

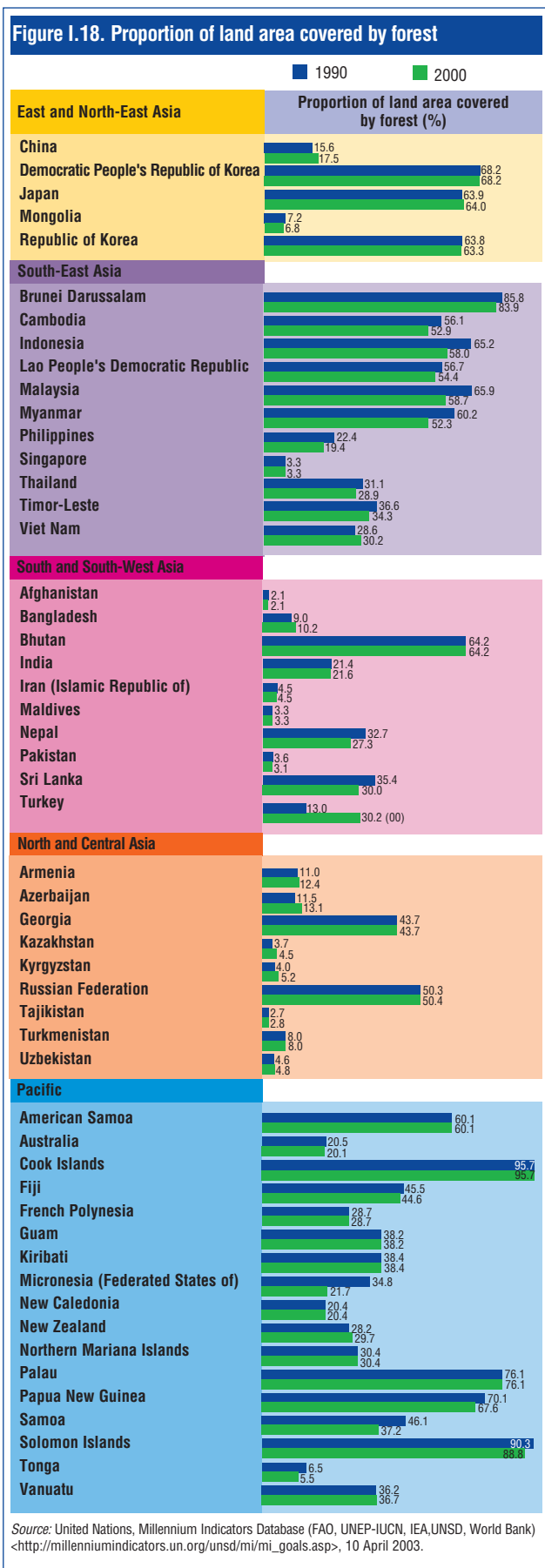
GOAL 7 – ENSURE ENVIRONMENTAL SUSTAINABILITY

Target 9 – Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

One of the most complex and important tasks for the future of the planet is to protect and sustain the natural environment. Although rapid industrial development in this region has brought many benefits, it has also put the environment under increasing strain. Deforestation, and pollution from industry, agriculture, domestic wood burning and human waste are creating increasingly hazardous living conditions. The brown haze that periodically hovers over many Asian cities and even countries is only the most dramatic example of the environmental threat to current and future generations. Although much of the pollution comes from industrial enterprises, there is also considerable pressure from population growth that forces poor people to overexploit the resources they rely on for survival.

One of the most visible signs of environmental degradation is deforestation, a result of gathering fuelwood, commercial logging and shifting cultivation. This not only depletes a critical natural resource, it also has many other effects, including soil erosion, flooding, mudslides and reductions in biodiversity, as well as undermining the livelihoods of millions of poor people.

Many countries in the region have been losing their forest cover for decades and it is only recently that they have been trying to halt or even reverse the process. Bhutan, for example, two thirds of which is forested, has been making determined efforts to protect its natural environment. And in some countries it has been possible to undertake widespread programmes of reforestation; forest cover in China, for example, appears to have increased slightly (figure I.18). But the losses continue in Indonesia, Malaysia, Myanmar, Nepal and Sri Lanka. Many countries have protective legislation but there are often problems of enforcement in remote areas as well as corruption.

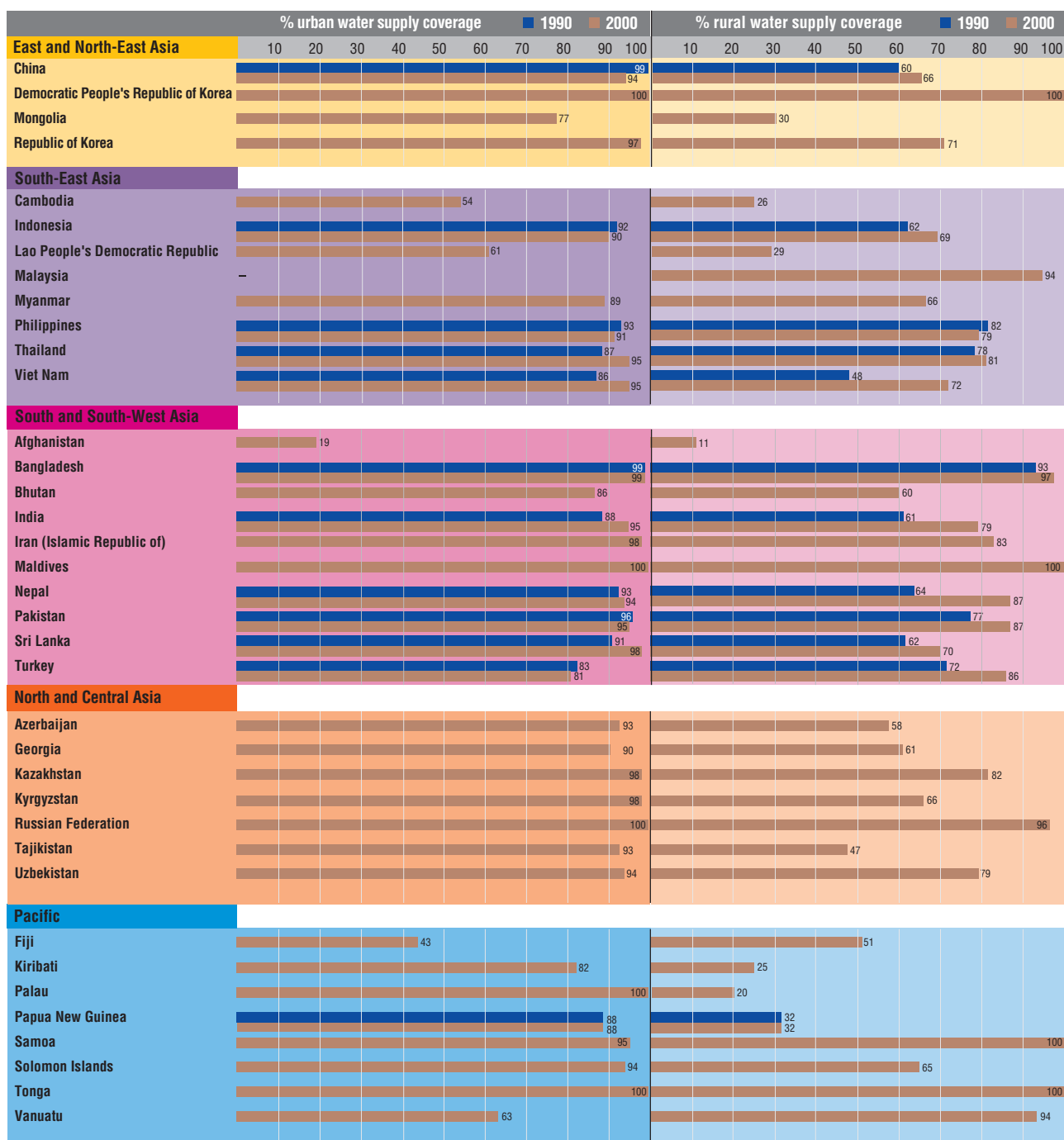


Target 10 – Halve, by 2015, the proportion of people without sustainable access to safe drinking water

Although many people suffer from air pollution, probably the more immediate health hazards are from unclean water, polluted by industry or agriculture or human waste. The most severe problems are in the rural areas, where millions of people lack water from protected sources (figure I.19). For Asia as a whole, urban water

supply coverage is 93 per cent but rural coverage is only 75 per cent (Kataoka 2002). Some of the worst problems are in the rural areas of Afghanistan, Mongolia, Cambodia and the Lao People's Democratic Republic and in some Pacific islands. There has been some progress; in India rural coverage went up between 1990 and 2000 from 61 to 79 per cent, and in Nepal over the same period it went from 64 to 87 per cent (figure I.19), but overall it seems likely based on present trends that the region will miss the target.

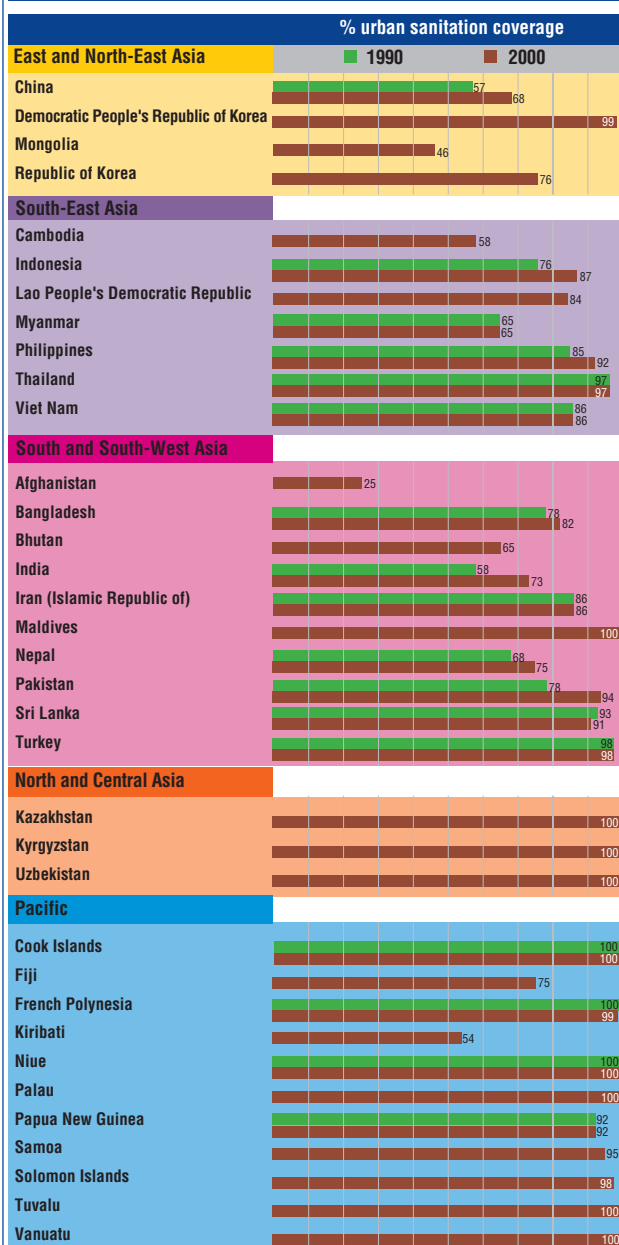
Figure I.19. Proportion of population with sustainable access to an improved water source, urban and rural



Source: United Nations, Millennium Indicators Database (UNICEF, WHO) <<http://millenniumindicators.un.org>>, 10 April 2003.

Note: – Data not available

Figure 1.20. Proportion of urban population with access to improved sanitation



Source: WHO and UNICEF, *Global Water Supply and Sanitation Assessment 2000 Report* (2000).

Target 11 – Have achieved, by 2020, a significant improvement in the lives of at least 100 million slum dwellers

Coverage of effective sanitation is even lower than for water supplies (figure 1.20). For Asia and the Pacific as a whole, the average in 2000 was 78 per cent in urban areas and 31 per cent in rural areas. About 80 per cent of the world's population not served with improved sanitation lives in Asia (Kataoka 2002). The lack of effective sanitation is particularly serious for the millions of slum dwellers crowded into Asia's giant cities. Although there have been some improvements, coverage still remains very low in a number of countries, including Bhutan, Mongolia, Myanmar and Afghanistan.

CONCLUSION

This summary of the status of the MDGs in Asia and the Pacific presents a sobering picture. Very few countries in the region will meet all the goals, and some may meet none at all. The majority will fall in between, meeting some goals but not others. The ones most likely to be achieved are those for income poverty and child mortality while those concerned with education, health and environmental sustainability seem more out of reach.

Nevertheless, these trends are not fixed or immutable and much will certainly change over the next 10 years or so. To some extent the achievements will be influenced by the international environment, by the state of the global economy and by the availability of development cooperation funds. But the primary responsibility lies with the individual countries, not just the Government but also the private sector and civil society. If countries can renew their commitment to achieving the goals and can learn from the experience of countries that are making faster progress, then the MDGs will have served their purpose.

II. NATIONAL POLICIES AND PRIORITIES FOR ACHIEVING THE MDGs

Some countries in Asia and the Pacific have clearly made much faster progress towards the MDGs than others. Why is this, and what lessons can be learned from the more successful countries? This chapter looks at the experience of recent decades and identifies the key policies and programmes.

One of the most striking aspects of development in this region over the period around 1970-1990 is that many countries achieved remarkably high rates of economic growth accompanied by steep reductions in poverty

(table II.1). Based on national poverty lines, poverty declined over this period in China, for example, from 33 to 10 per cent; in Indonesia from 60 to 15 per cent; in Malaysia from 18 to 6 per cent; in Pakistan from 54 to 26 per cent; in the Republic of Korea from 23 to 8 per cent; and in Thailand from 26 to 18 per cent. This constituted one of the largest decreases in mass poverty in social history.

In some countries growth rates were modest; in others they were high. But growth was converted effectively

Table II.1. Trends in poverty in Asian countries, based on national poverty lines, 1970-2000

	Population below the national poverty line (percentage)				Annual change (percentage)	
	1970	1980	1990	2000	1980s	1990s
East and North-East Asia						
China	33.0	28.0	10.1	4.6	-6.4	-5.4
Republic of Korea	23.0	10.0	8.2 ^a	11.6 ^b	-1.4	6.9
South-East Asia						
Indonesia	60.0	29.0	15.1	27.1 ^b	-4.8	8.8
Malaysia	18.0	9.0	6.1 ^c	8.1 ^b	-3.6	3.3
Philippines	61.6 ^d	59.7 ^e	45.2 ^f	40.0 ^g	-4.0	-1.3
Thailand	26.0	17.0	18.0	14.2	0.6	-2.1
Viet Nam	..	75.0 ^h	58.0 ^a	37.0 ⁱ	-4.5	-7.2
South and South-West Asia						
Bangladesh	71.0 ^j	52.3 ^k	49.7 ^l	39.8	-0.6	-2.3
India	55.6	48.4 ^m	40.9 ⁿ	26.1 ^o	-1.1	-4.5
Nepal	..	41.4 ^p	..	44.6 ^q	..	..
Pakistan	54.0 ^r	29.1 ^s	26.1 ^t	32.6	-2.6	2.9
Sri Lanka	37.0 ^u	27.3 ^v	22.4 ^t	22.9 ^q	-3.6	0.4

Sources: ADB, 2001a and b; Balisacan 1992; Haan and Lipton, 1998; NESDB 2002; World Bank 2002a and b.

Notes: The poverty estimates are a "headcount" measure of the percentage of the population living in poverty. Since these are based on national poverty lines they differ from the \$1 (PPP) per day estimates. In addition, the above estimates of annual change in percentages are calculated on the basis of available year-to-year data between the decades as indicated in the table.

a 1993 b 1999 c 1989 d 1971 e 1985
 f 1991 g 2000 h 1988, i 1998 j 1973/74
 k 1983/84 l 1991/92 m 1978 n 1992 o 1999/2000
 p 1984/85 q 1995/96 r 1961 s 1986/87 t 1990/91
 u 1963 v 1985/86

into poverty reduction in East Asia and the Pacific primarily because this growth was sustained over two decades or more. As a result economic growth steadily expanded employment and increased productivity across the workforce. Other countries were less successful because their growth rates were too low.

The experience of the 1990s was somewhat different because of the Asian crisis and the problems of transition in Central Asia. As a result, some countries

such as Indonesia, Malaysia and the Republic of Korea saw an increase in poverty. Nevertheless, even during the 1990s, the incidence of poverty for the region (excluding Central Asia), based on the international \$1 (PPP) per day poverty line, declined from 34 per cent in 1990 to 26 per cent in 1998, a reduction in total numbers of around 147 million. This was a striking accomplishment and superior to other regions in the developing world (table II.2).

Table II.2. Poverty levels around the world, based on the \$1 (PPP) per day poverty line, 1990-1998

	Number of poor (millions)				Headcount index (percentage)			
	1990	1993	1996	1998	1990	1993	1996	1998
Asia and the Pacific ^a	947.5	937.0	796.8	800.3	34.0	..	..	26.0
East Asia and the Pacific Excluding China	452.4 92.0	431.9 83.5	265.1 55.1	278.3 65.1	27.6 18.5	25.2 15.9	14.9 10.0	15.3 11.3
South Asia	495.1	505.1	531.7	522.0	44.0	42.4	42.3	40.0
Sub-Saharan Africa	242.3	273.3	289.0	290.9	47.7	49.7	48.5	46.3
Middle East and North Africa	5.7	5.0	5.0	5.5	2.4	1.9	1.8	1.9
Latin America and the Caribbean	73.8	70.8	76.0	78.2	16.8	15.3	15.6	15.6
Europe and Central Asia	7.1	18.3	23.8	24.0	1.6	4.0	5.1	5.1
Total	1 276.4	1 304.3	1 190.6	1 198.9	29.0	28.1	24.5	24.0

Source: World Bank 2001.

Note: a Computed by ESCAP.

Table II.3. Average annual GDP per capita growth rates in the 1990s

	1990-1995 (percentage)	1996-2000 (percentage)
East and North-East Asia		
China	9.3	7.2
Mongolia	-4.0	1.6
Republic of Korea	6.7	3.8
South-East Asia		
Cambodia	2.0	1.6
Indonesia	6.2	-0.8
Lao People's Democratic Republic	3.5	3.6
Malaysia	6.7	2.4
Philippines	0.0	1.4
Thailand	7.8	-0.4
Viet Nam	5.7	4.8
South and South-West Asia		
Bangladesh	2.7	3.4
India	3.5	3.8
Nepal	2.7	2.6
Pakistan	2.2	0.6
Sri Lanka	4.2	3.6
Turkey	2.7	2.4
North and Central Asia		
Turkmenistan	-10.7	1.8
Kazakhstan	-8.2	3.8
Kyrgyzstan	-10.2	3.8
Uzbekistan	-5.0	2.0
Pacific		
Micronesia (Federated States of)	2.2	-2.8
Papua New Guinea	4.2	-1.6
Samoa	-1.2	4.2

Source: World Bank 2002c.

Box II.1. Achieving the MDGs in the Pacific

The developing States in the Pacific have generally been making slow progress towards the MDGs. The majority of these countries are small island developing States and remain very poor, with aggregate output not increasing sufficiently to keep pace with population growth. A number have also suffered widespread political unrest and civil disturbances.

While there is a shortage of data in many countries, it is clear that the poverty levels remain high. In the Federated States of Micronesia, for example, around 40 per cent of the population are below the national poverty line, and poverty rates are similar in Kiribati, Papua New Guinea, Timor-Leste and Vanuatu. Child malnutrition rates can also be very high, 37 per cent in Timor-Leste, for example. This poverty may not, however, take the form of shortage of food and destitution but rather lack of access to basic services and employment opportunities.

One of the stronger features in some States is education: Cook Islands and Samoa, for example, have achieved universal primary education and also eliminated education gender disparity. Elsewhere the enrolment ratios are much lower, for example, 83 per cent in the Federated States of Micronesia, 82 per cent in Kiribati and the Marshall Islands and, lowest of all, 77 per cent in Solomon Islands.¹

Health standards also vary. Tonga, for example, has already achieved many of the MDG targets. But here, as in many countries, poor diet and lack of exercise are contributing to a surge in “lifestyle” diseases such as coronary heart disease and diabetes. At the other end of the scale is Papua New Guinea, particularly the rural areas, where the health problems are more typical of the poorest developing countries with high rates of infant and maternal mortality.

Many parts of the region also lack adequate water supplies. Coverage of clean water is only 25 per cent in the rural areas of Kiribati and 43 per cent in urban areas of Fiji. There are also many environmental problems: most countries have problems of urban waste disposal, Papua New Guinea and Solomon Islands face widespread deforestation, extensive cultivation has led to soil erosion in Fiji and virtually all of Nauru has been excavated for phosphate mining. But one of the greatest environmental threats comes from outside the region in the form of global warming, with rising sea levels in a number of these States including Cook Islands, Kiribati, Samoa and Tuvalu.

A continuing concern for the achievement of the MDGs is a general deterioration in public services. In Solomon Islands, for example, the Government has often been unable to pay medical staff regularly. And long-term economic development opportunities, beyond tourism, are limited for many countries by the small sizes of their populations and their distance from overseas markets.

¹ ADB 2003. *Millennium Development Goals in the Pacific: Relevance and Progress*. (Manila, ADB).

It should be emphasized, however, that there were also wide variations across the region during the 1990s. Only a few countries, mainly in East and South-East Asia, achieved growth rates above 4 per cent and almost all the “miracle” economies suffered a slowdown in growth as a result of the Asian crisis, although some managed to rebound to a certain extent. The experience in the 1990s is summarized in [table II.3](#).

The Pacific island economies and the economies in transition in North and Central Asia also encountered difficulties in making satisfactory progress towards several of the MDGs ([boxes II.1 and II.2](#)).

THE RELATIONSHIP BETWEEN GROWTH AND POVERTY

There is strong evidence in Asia and the Pacific, both across countries and within-countries, of the expected positive relationships between economic growth and

poverty reduction. When the average rate of economic growth rose or fell, there was a corresponding rise or fall in poverty. This is clear from the analysis of a series of “spells”, periods of time spanning two successive household surveys ([box II.3](#)). Out of a sample of 21 spells of positive per capita GDP growth in the 1990s, poverty declined in 13 cases, increased in five cases and was stagnant in three. Similarly, out of a sample of five periods of falls in per capita GDP, poverty increased in three cases, though declined in two.

Moreover, there is also strong evidence in Asia and the Pacific that as growth accelerates so does the rate of poverty reduction.¹ Viet Nam provides a striking example. Per capita income growth accelerated from 1.5 per cent per year in the late 1980s to 5.6 per cent in the 1990s and over the same period poverty incidence dropped more steeply, in total falling from 75 to 37 per cent. The same phenomenon is evident in many other countries, including Bangladesh, China and India.

¹ There is a growing body of evidence of this relationship. For a recent review investigating the relationship between growth, poverty and inequality, see ESCAP 2000b.

Box II.2. Achieving the MDGs in North and Central Asia

The nine countries that make up the subregion of North and Central Asia have gotten off to a difficult start in their efforts to reach the MDGs. The base year for achieving the goals, 1990, coincided with the early and disruptive years of their emergence from the former Soviet Union and their transition towards more open market economies. This undermined human development in two ways. First, the shrinking of their economies reduced wages and increased unemployment. Second, the reduction in government control and revenue following independence made it difficult to maintain the extensive social infrastructure. A number of countries, including Tajikistan and Georgia, have also suffered from violent conflict.

In the early 1990s this resulted in dramatic increases in poverty. In the Russian Federation, for example, between 1993 and 1998 the proportion of the population living on less than \$2 per day rose from 11 to 25 per cent. In Kyrgyzstan, based upon the national poverty line the proportion of people defined as poor rose to almost half the population.¹ Health standards too were eroded as public health services deteriorated. All the Central Asian republics saw a fall in life expectancy: in Kyrgyzstan and Kazakhstan, between 1990 and 1995, for example, life expectancy fell from 69 to 65 years.²

Education services have also suffered. Most countries in the region had achieved high levels of literacy, but reduced levels of funding for education have put much of this achievement at risk. One casualty, for example, has been pre-school education. In Georgia in 1989, 40 per cent of children aged three to five received pre-school education, but by 2000 the proportion had dropped to 20 per cent.³

From around 1996, however, economic growth started to revive in a number of countries, averaging 8 per cent annually in Azerbaijan, for example.⁴ Between early 1999 and end-2001, GDP in the Russian Federation grew by 21 per cent. And in the longer term the prospects for achieving reductions in poverty should in principle be good in those countries that have extensive natural resources, such as oil in Azerbaijan and gas in Turkmenistan. It may be difficult to track progress towards the goals in North and Central Asia, however, because of a lack of internationally comparable data for the MDG indicators, making it difficult either to establish the 1990 baseline or to arrive at long-term trends.

Among the threats to the achievement of the MDGs is the HIV/AIDS epidemic. The Russian Federation has seen a disturbing increase in infections, with new reported diagnoses doubling annually since 1998, but the disease is also spreading swiftly in most of the other countries. This is often as a result of ignorance: in 2001 in Tajikistan, for example, only 10 per cent of adolescent girls aged 15 to 19 years had even heard of HIV/AIDS.⁵ Another issue of great concern in these countries is environmental degradation. The shrinking of the Aral Sea is one of the most dramatic examples, but industrial development generally has taken a heavy environmental toll.

In many ways the countries in this subregion start with an advantage, since compared with other countries with similar per capita incomes, they often have higher levels of human development. Education, despite the erosion of services, remains one of their strengths. And women generally have more equal status: the goals on gender equality in education have essentially been achieved, and maternal mortality rates are far lower than in most Asian countries. But a number of countries in the subregion remain economically fragile and will miss their poverty targets unless they can stimulate equitable economic growth.

¹ UNDP 2002. "The macroeconomics of poverty reduction: a case study of the Kyrgyz Republic", report of a mission to the Kyrgyz Republic for UNDP in July 2002.

² WHO 2003. *European health for all database*, <<http://hfadb.who.dk/hfa/>>.

³ UNESCO 2002. Georgia: Education for All 2000 assessment, <http://www2.unesco.org/wef/countryreports/georgia/rapport_1.html>.

⁴ World Bank 2003. Azerbaijan country brief, <<http://nweb18.worldbank.org/eca/eca.nsf/Countries/Azerbaijan/608415C5560A1F3585256C24006B95DE?OpenDocument>>.

⁵ UNAIDS and WHO 2002. *Report on the Global HIV/AIDS Epidemic 2002*, Geneva, UNAIDS.

Growth acceleration not only reduces poverty in general; it also benefits the very poorest. This is reflected in changes in the "depth of poverty", i.e. how far the average income of the poor lies below the poverty line, as measured by the "poverty-gap ratio". Another measure is the "severity of poverty", which reflects differences in income among the poor, as measured by the square of the poverty-gap ratio. In India, for example, growth accelerated between the 1970s and the 1980s and this was matched by faster declines in both the depth and the severity of poverty.

The poverty elasticity of growth

Although in general faster growth reduces poverty, the extent to which growth translates into poverty reduction varies considerably from one country to another. This can be measured by the "total poverty elasticity of growth", which is the number of percentage points of change in poverty observed for every 1 per cent rise in real per capita income. A negative figure indicates poverty reduction. During the 1990s the greatest elasticities were for the Philippines and Malaysia (-1.7

Box II.3. Correlation between growth and poverty reduction in the 1990s

An analysis of economic growth spells during the 1990s indicates the strength of the correlation between per capita GDP growth and poverty reduction. The analysis below shows the results for 21 spells of positive growth and 5 spells of negative growth (each country can have more than 1 spell).

	Poverty increased	Poverty declined	Poverty stagnant
Positive growth	5	13	3
Negative growth	3	2	-

This analysis is based on national poverty rates. Stagnant poverty refers to cases where poverty rates did not change beyond 1 percentage point over a spell.

Countries and spells are distributed as follows:

- A. Positive growth, poverty declined: China (1990-1995; 1995-2000); Republic of Korea (1993-1996); Lao People's Democratic Republic (1993-1998); Malaysia (1993-1995); Thailand (1990-1996); Bangladesh (1992-1996; 1996-2000); India (1992-1995; 1995-2000); Sri Lanka (1991-1996); Kazakhstan (1996-2000); Viet Nam (1993-1998)
- B. Positive growth, poverty stagnant: Indonesia (1990-1996); Philippines (1994-2000); Malaysia (1995-1999). Of these 3 cases, poverty "slightly declined" in 2 (Malaysia; Philippines) and "slightly increased" in 1 (Indonesia).
- C. Positive growth, poverty increased: Republic of Korea (1996-1999); Pakistan (1990-1999); Kyrgyzstan (1996-1999); Mongolia (1992-1995); Nepal (1984/85-1995/96).
- D. Negative growth, poverty increased: Indonesia (1996-1999); Thailand (1996-2000); Tajikistan (1994-1999).
- E. Negative growth, poverty declined: Philippines (1991-1994); Kyrgyzstan (1993-1996).

Table II.4. Poverty elasticity of growth in the 1990s, selected countries

	Total poverty elasticity, 1990s	Distribution-neutral growth elasticity, early 1990s
East and North-East Asia		
China	-0.6	-2.2
Republic of Korea	1.5	-5.4
South-East Asia		
Indonesia	3.4	-2.4
Malaysia	-2.0	-1.9
Philippines	-1.7	-1.8
Thailand	-0.6	-1.9
Viet Nam	-1.0	..
South Asia		
Bangladesh	-0.8	-2.3
India	-0.9	-1.8
Pakistan	3.6	-1.6
Sri Lanka	..	-3.8
North and Central Asia		
Kazakhstan	-1.4	..
Kyrgyzstan	-0.3	..

Source: ESCAP 2002f (for distribution-neutral growth elasticity).

Note: "Total poverty elasticity" is estimated here using national poverty lines: the ratio of changes in national headcount ratio with respect to point-to-point changes in per capita real GDP. Distribution-neutral growth elasticity is based on the one-dollar line and represents the ratio of changes in national headcount ratio with respect to point-to-point changes in per capita survey mean expenditure (income).

to -2.0), followed by Bangladesh, the Lao People's Democratic Republic, India and Viet Nam (-0.8 to -1.0), with much lower figures registered in China and Thailand (-0.6) (see table II.4).

Another way of looking at the effectiveness of translating growth into poverty reduction is to see what the elasticity would have been had income inequality been held constant. This is called the "distribution-neutral

growth elasticity” and by definition is always negative since under these circumstances positive growth will raise the income of everyone, including the poor, and thus reduce poverty.

The total poverty elasticity of growth varies considerably both between countries – and over time in the same country (table II.4). This is not surprising since each country would have had distinctive changes in its pattern of income distribution and inequality. More remarkable perhaps is the extent of cross-country variation even when the degree of inequality is held constant. At the start of the 1990s, the distribution-neutral growth elasticities were often very different – much higher in the Republic of Korea (-5.4) than in the Philippines (-1.8), for example, and higher in Sri Lanka (-3.8) than in Pakistan (-1.6). This was the result of varying social and economic conditions, as reflected in the initial income level and initial income inequality prevailing in these countries: the lower the initial level of income and the higher the initial degree of inequality, the harder it will be for growth to lift people out of poverty.

THE IMPORTANCE OF INEQUALITY

The conventional measure of inequality is the Gini coefficient, which ranges from 0 (absolute equality) to 1 (one person receives all the income). Since the Gini coefficient is consistently lower in rural areas, agricultural development is more likely to be pro-poor (box II.4). This was the case in India during the 1980s, for example, and as a result, even though when the annual per capita growth in consumption in the rural areas was only 1.6 per cent rural poverty fell significantly.

During the 1990s, however, most countries of Asia and the Pacific saw an increase in inequality (table II.5). This reflected the shift from a relatively equalizing period of rapid rural and agricultural development towards growth centred more on the urban areas and driven by export industries and services, while most workers are still in agriculture.

Often there is a conflict between growth and equality: some increase in inequality is seen as an almost

Box II.4. The pro-poor index

The best outcome for poverty reduction is when growth is accompanied by reductions in inequality. In this case the total growth elasticity of poverty will be greater than the distribution-neutral elasticity. So dividing the first by the second will give a figure larger than 1. The product of this division is called the “pro-poor” index.¹ If the index is greater than 1 then the poor are benefiting from growth; if it is less than 1 this means that inequality has been rising and that growth has been skewed in favour of the rich.

This index can be used to identify whether or not a particular phase of growth has been “pro-poor”. This exercise has been carried out for India using data from the early 1950s until the early 1990s. The table below shows that some phases of development were more pro-poor than others. For instance, the 1980s were pro-poor, though only in the rural areas.

Pro-poor growth index in India		
India	Rural index	Urban index
1951-1959	0.97	0.74
1959-1969	0.87	0.94
1969-1978	0.58	0.47
1983-1990	1.43	0.65
1990-1992	0.81	-0.02
1951-1992	0.95	0.68

Note: Estimates are based on India's national poverty line.

¹ See ESCAP 2002f.

Table II.5. Trends in the Gini coefficient, 1960s to 1990s

	1960s average	1970s average	1980s average	Early 1990s	Late 1990s
East and North-East Asia					
China	..	..	0.315 (i)	0.335 (i)	0.403 (i)
Republic of Korea	0.323 (i)	0.361 (i)	0.359 (i)	0.294 (i)	0.300 (i)
South-East Asia					
Indonesia	..	..	0.317 (c)	0.317 (c)	0.317 (c)
Lao People's Democratic Republic	..	..	..	0.296 (c)	0.365 (c)
Malaysia	..	0.515 (i)	0.469 (i)	0.429 (i)	0.443 (i)
Philippines	0.505 (i)	0.494 (i)	0.409 (i)	0.438 (i)	0.462 (i)
Thailand	0.420 (i)	0.417 (i)	0.460 (i)	0.488 (i)	0.432 (i)
Viet Nam	..	..	..	0.357 (c)	0.361 (c)
South Asia					
Bangladesh	0.358 (i)	0.375 (i)	0.260 (c)	0.266 (c)	0.315 (c)
India	0.305 (c)	0.297 (c)	0.293 (c)	0.315 (c)	0.378 (c)
Pakistan	0.359 (i)	0.346 (i)	0.350 (i)	0.348 (i)	0.410 (i)
Sri Lanka	0.470 (i)	0.388 (i)	0.447 (i)	0.301 (c)	0.344 (c)
North and Central Asia					
Kazakhstan	..	..	0.257 (i)	0.327 (i)	0.354 (c)

Sources: Adapted from ADB 2001a; and World Bank 2002 a, b and c.

Note: i: Income data; c: Consumption data. Gini index series are comparable only when income and consumption data are considered separately.

inevitable price of faster growth. The aim, however, should be to minimize this conflict. One priority would be to reduce subsidies and other distortions that favour capital-intensive production. Instead, during periods of industrialization, people should be enabled to move rapidly out of agriculture into labour-intensive industries that maximize employment opportunities.

The worst case is where there is slow growth and inequality is rising, as in some countries in Central Asia, South Asia and the Pacific.² In this case, even a relatively small change in inequality can affect how much the poor will benefit from growth. Better is the case where there is significant growth, albeit with some increase in inequality, as was seen in the 1990s in Bangladesh, China and India. In China during the 1990s, even though inequality was rising, the reported pace of economic growth was such that poverty was being reduced by around 5 per cent per year.

GROWTH, POVERTY AND INEQUALITY: ALTERNATIVE POLICY OPTIONS

The ideal strategy would boost growth, reduce inequality and significantly reduce poverty. This is easier said than done. Indeed, it has not been seen in any of the spells recorded for Asia and the Pacific in the 1990s. The closest example is Viet Nam. There, land and market reforms in the late 1980s provided the basis for high

growth with only a slight increase in inequality, an agriculture-based strategy that matched a similar success in China from 1978 to 1988. Thailand was another close example in the 1970s and 1980s.

Growth can be considered pro-poor if poverty is rapidly decreasing. Thus, if there is a rapid reduction in poverty accompanied by faster growth, some rise in relative income inequality may not be a major concern.³ However, for many countries, if not for the majority, the immediate prospects for the region as well as the prospects in the medium term may not be particularly conducive to rapid growth. In that case the “preferred option” in Asia and the Pacific would be a pattern of modest but sustained (though not too slow) growth for poverty reduction, combined with as little or no increase in inequality as policy and reforms can produce. This will require, for example, policies for broad-based human capital formation to ensure that the workforce has the appropriate skills to take advantage of new opportunities. At the same time, it will also be important to pursue specific anti-poverty programmes and ensure stronger systems of social protection. This will benefit the poor in the short term as well as prepare the ground for take-off towards faster poverty reduction once the clouds of global uncertainty have cleared and there are prospects of higher sustained growth.

This option is preferable to a more volatile outcome in which growth is rapid but erratic, since this heightens the risk of sudden downturns and increases in inequality;

² For a review of evidence on how rising inequality depresses the pace of income poverty reduction in the Asian context, see ESCAP 2002d and f. For a survey of literature and global evidence, see Ravallion 1997 and 2001; Kakwani 2000; Osmani 2000; and World Bank 2000b.

³ A rise in relative inequality in the distribution of current income does not necessarily imply aggravation of social inequality or, for that matter, worsening of social deprivation as well. There is simply no one-to-one correspondence between the two forms of inequality. Some rise in income inequality can go hand in hand with the removal of social discrimination and elimination of human poverty with strong emphasis on social mobility on the part of most disadvantaged groups.

the experience of the Asian crisis has shown just how easily welfare gains can be wiped out by economic shocks. This kind of economic volatility typically hits hardest at the poorest, particularly if it results in sudden bursts of inflation, as occurred in Indonesia at the beginning of the economic crisis.

ACHIEVING THE MDG POVERTY TARGETS

On present growth trends, are the countries of Asia and the Pacific on track to achieve the MDG poverty targets, to have halved the incidence of poverty between 1990 and 2015? One way of addressing this question is to assume that the historical achievement is a true reflection of the countries' potential for poverty reduction. This could be the case for many countries, though the recent record may not be representative for countries that have recently been going through particularly difficult phases. The historical average for selected countries in the region is shown in [table II.6](#).

Reducing poverty by half over a 15-year period would imply an average reduction of around 3 per cent per year. If this is measured using the dollar a day (PPP) poverty line – the one specified in the MDGs – then, as [table II.6](#) indicates, most countries in East and South-East Asia should be able to reach the target. However,

reaching the target using national poverty lines might be more difficult, especially for countries such as Indonesia, the Philippines and Thailand, whose performance deteriorated in the second half of the 1990s. Of the Pacific countries, Papua New Guinea should meet the dollar a day (PPP) target though the historical data may be unreliable.

In South Asia the situation is more diverse and much depends on the choice of poverty line:

- **Bangladesh** – Should easily achieve the dollar a day target, but only barely reach the national poverty line target.
- **India** – Will achieve the national target based on performance in the 1990s.⁴
- **Maldives** – Does not have sufficient trend data on the dollar a day target, though it is likely to miss the national target.
- **Pakistan** – Does not have sufficient trend data on the dollar a day target, but it is clear that if Pakistan is to meet the national target it will need to return to its performance of the 1980s.
- **Sri Lanka** – Should certainly meet the dollar a day target since only 6.6 per cent of the population lie below this poverty line, and it will also meet the national target.

Table II.6. Rates of poverty reduction in Asia and the Pacific, 1980s and 1990s

	Annual change based on national poverty lines (percentage)		Annual change based on \$1 per day (percentage) ^a
	1980s	1990s	1990s
East and North-East Asia			
China	-6.4	-5.4	-4.8
Republic of Korea	-1.4	6.9	..
South-East Asia			
Cambodia	..	..	-2.9
Indonesia	-4.8	8.8	-6.1
Lao People's Democratic Republic	..	..	-4.1
Malaysia	-3.6	3.3	..
Philippines	-4.1	-1.3	-3.4
Thailand	0.6	-2.1	-7.2
Viet Nam	-4.5	-7.2	-8.2
South Asia			
Bangladesh	-0.6	-2.3	-4.7
India	-1.1	-4.5	-0.7
Maldives	..	1.9	..
Pakistan	-2.6	2.9	..
Sri Lanka	-3.6	0.4	..
Pacific			
Papua New Guinea	..	..	-2.6

Source: Based on ADB 2001a; World Bank 2002a, b and c.

Note: a The dollar a day line should be interpreted with caution as the quality of purchasing power parity estimates are in some cases uncertain, especially where countries did not participate in the International Comparison Programme generating those PPP.

⁴ The target attainment for India for the national poverty line is premised on the comparability of the 1993/94 and 1999/2000 surveys. Recent scrutiny of the comparability issue has confirmed the rapid pace of the annual decline in national poverty based on NSS data, faster than the matched rate observed for the 1980s (see Sundaram and Tendulkar 2003 for a recent survey).

Table II.7. Estimates of poverty levels in 2015 for selected countries

	Percentage of poor	
	Target 2015 based on halving the proportion of poor people	Trend 2015 based on historical trends
East and North-East Asia		
China	15.8	4.7
South-East Asia		
Cambodia	24.2	21.6
Indonesia	10.3	2.5
Lao People's Democratic Republic	26.5	15.3
Malaysia	0.3	0.0
Philippines	9.6	7.5
Thailand	6.3	0.6
Viet Nam	25.4	0.8
South Asia		
Bangladesh	19.14	10.4
India	27.0	25.9
Pakistan	23.9	7.5
Pacific		
Papua New Guinea	11.9	9.3

Source: ESCAP estimates.

Note: The poverty line over the period is set at \$1.08, at 1993 prices.

An alternative way of attempting to predict the outcome in 2015 is to use not the average rate of historical poverty reduction but the trend. For this purpose an exponential trend regression model can be employed, using the dollar a day line, to estimate what the level of poverty would be if the trend line were extrapolated to 2015. The results of this exercise are shown in [table II.7](#), which, for both regions and countries, compares the predicted poverty level with the MDG target.

Table II.7 indicates that all the selected countries in the four subregions could be expected to meet the MDG target of halving the proportion of people whose income is less than one dollar a day. However, these estimates mask the true magnitude of the challenge facing the region. Based on current population projections, even these optimistic estimates indicate that an unacceptably high number of poor people will continue to live below one dollar a day in 2015. Since income poverty goes hand in hand with other social and economic disadvantages, the countries in the region will have to act now and strengthen their pro-poor development policies and programmes in effectively meeting this challenge.

These are, of course, only estimates and the actual outcomes may be very different. The results could be worse. Growth, and therefore poverty reduction, could be reduced for any number of reasons: for example, declining terms of trade, shocks in the global economy, financial instability or regional conflicts. Individual countries may also have to deal with social and political instability and the impact of HIV/AIDS and SARS.

However, the outcomes could be better, particularly if Governments adopt the appropriate policies. These will

include policies to stimulate growth, various kinds of structural reforms and measures to encouraging export diversification. These will be more difficult in small economies that are reliant on commodity exports, though regional partnerships for development, as discussed in the next chapter, can assist the more vulnerable economies.

Governments and others will also need to take specific steps to reduce inequality, particularly those forms that arise from corruption. They should also try to distribute the “growth dividend”, using the gains from economic growth to offset to some extent rises in inequality, by offering broad access to social development and by protecting the most vulnerable. This pro-active stance will become even more significant as poverty levels reach lower levels. At this point macroeconomic policies have less impact on poverty and Governments will instead need to work with others to attack the remaining pockets of poverty directly.

PRO-POOR POLICIES

One of the primary objectives of government policy should be to reduce inequality. The nature and extent of inequality will of course vary considerably from one country to another. But one common conclusion across the region is that for poverty reduction some types of inequality matter more than others. The most important are those concerned with the distribution of assets, especially land, human capital, financial capital and access to public assets such as rural infrastructure. The fast-growing economies in East and South-East Asia had the advantage of low asset inequality compared with other Asian and Pacific economies – in some countries as a result of redistributive land reforms – along with a better spread of education.

A more radical approach would involve redistributive measures. Land reform should not be ruled out, but there are many other policy options and in most countries and periods there have been examples of fast declines in poverty with or without land reform. Broadly, a pro-poor agenda should include measures to moderate current income inequality while facilitating access to income-generating assets and to encourage the creation of more employment opportunities for the poor.

Most decisions taken by Governments have direct and indirect impacts on poverty. These policies can be considered at two different levels: general policies that affect the poor and specific anti-poverty programmes.

General policies that affect the poor

In terms of macroeconomic policies those adopted in Asia and the Pacific have been very diverse and sometimes unorthodox, arising out of particular political, economic and social conditions, and rarely if ever coinciding with the views of the “Washington Consensus” or WTO. They have not, for example, put their faith entirely in free trade. Indeed, many of the “miracle economies” of South-East Asia have at times exerted strong control over their trade regimes, protecting infant domestic industries and promoting exports by offering subsidized credits inputs and other incentives, activities that are now not permitted by WTO. Nor have they always allowed free movements of capital: during the Asian crisis Malaysia instituted capital controls that were much disparaged by IMF; yet Malaysia managed to escape the worst of the contagion while Thailand and others which followed IMF guidelines suffered reduced growth and increases in poverty. India too has followed a distinctive macroeconomic path, achieving economic growth while carrying large fiscal deficits (Rodrik 2001).

Some of the most important policy options to reduce poverty, promote employment for the poor and increase productivity and income from existing employment include:

Macroeconomic stability – Sound economic management will generally help to reduce poverty. The Government should attempt to keep inflation low. High inflation both hurts the poor and stifles the prospects for future growth and poverty reduction (Dollar and Kray 2000).

Taxation – The tax system should be systematic and enforced so as to maintain government revenues. It should also be progressive and not biased in favour of large and capital-intensive enterprises. Instead, there should be lower taxation of agriculture and other labour-intensive production.

Credit – Governments should try maintain positive real interest rates and allow credit to be allocated as much as possible on market criteria. If there is a bias it should be in favour of agriculture, labour-intensive industries and small and medium enterprises. Credit also needs to be extended to poor households, to enhance their capacity for investment self-employment using microfinance institutions (MFIs). But MFI services also need to be extended to the “missing middle”, those technically above the poverty line but cut off from the formal banking system.

Savings – Alongside credit, the poor also need more accessible savings schemes. This could be done using existing networks, particularly post offices, for some banking operations, as in Japan. Microfinance schemes should also be integrated into the financial system functioning more as rural banks that can mobilize rural savings and channel them into investment projects for the poor (box II.5).

Markets – Well-functioning markets can help the poor, particularly if they make information more freely available. Governments should do what they can to create the conditions for better-functioning markets. In Thailand, for example, agricultural development and rural incomes increased when farmers got better access to agricultural price information. Labour markets too should be as free as possible.

Legal and regulatory system – Governments should help to establish clear rights to the use and control of property, with due concern for the rights of women and the impact on the environment. If the poor could get more secure titles to their assets, they could use this collateral for borrowing. Governments should also ensure that their regulatory systems are appropriate for small enterprises, offering simplified, one-stop approval procedures and rapid and accessible mechanisms for the arbitration of disputes.

Infrastructure – Many people in the rural areas find it difficult to make progress because they are isolated from both services and markets. Governments can therefore work with others to improve rural roads, bridges and electrification. They can also encourage the private sector to develop better communications systems, including mobile phone services and new types of information technology.

Agricultural development – Given the importance of agriculture for poor people, Governments should ensure effective agriculture and extension services and also encourage effective flood control and irrigation.

Cross-sectoral linkages – Pro-poor sectoral policy may also need to focus on the balance and linkages between

Box II.5. Redesigning microfinance: second-generation issues

The next phase of microfinance will be to link it with the formal banking system while retaining its pro-poor focus. Currently, in many countries MFIs function mainly as quasi-formal agencies supporting credit-based self-help groups of the poor. There is very little interaction, however, with the national formal banking system. Instead, MFIs could be allowed to carry out regular banking operations in the rural (and semi-urban) areas. At the same time the formal banking system could channel funds from the MFIs for on-lending to the poor. Linking microfinance with the formal banking system would bring important benefits. First, it would enable the MFIs to extend their reach beyond the rural and urban poor to many other people who are not poor but are very vulnerable and are currently not serviced by either the formal banking system or the MFIs since they fall outside their defined clientele. This is especially important when privatization of government banks is resulting in the closure of many rural bank branches that are considered unprofitable and reducing the net flow of credit to the rural areas. Greater integration would also be healthier for the future development of the MFIs, many of which have diversified and expanded to the level where they require more formal regulation.

growth of the tradable sectors and growth of the non-tradable sectors. In some countries in Asia and the Pacific, this consists of the balance and linkages between growth of the export industry, labour exports and tourism on the one hand, and growth in agriculture and off-farm and small-scale domestic production on the other, where much of the labour force and most of the poor may still be located. If linkages are limited and most of agricultural production is non-tradable, then growth acceleration that occurs only in the tradable sectors will have less overall impact on growth and less impact on the poor than growth acceleration that occurs in both the tradable and non-tradable sectors. In Bangladesh, for example, the main components of growth have been agriculture (mainly non-tradable) along with export industries, such as garments, and remittances. Of course, the agricultural sectors in some Asian and Pacific countries are, at least in part, tradable sectors with significant export potential. Part of Viet Nam's growth acceleration and poverty reduction in the 1990s was due to big increases in rice production and rice exports.

Targeted anti-poverty measures

Although these general policies would go a long way towards reducing poverty, they will need to be supplemented with more direct and targeted measures. The deeper in poverty that people are, the more difficult it will be for them to improve their situation. And while some of the poor will be helped by appropriate macroeconomic policy, others will not. Indeed, these more general measures tend to be less effective as the proportion of people living in poverty falls. Reaching the poorest of the poor is more difficult.

Moreover, across the region poverty is also linked with a number of other social issues. Certain people can find themselves consistently excluded, based on gender,

religion, caste or ethnic group. Or they may live in less favoured regions of the country, in chronic "islands of poverty". In Viet Nam, for example, ethnic minority groups represent 14 per cent of the population but account for almost 30 per cent of the poor.⁵ Fulfilling the rights of all these people, and ensuring that they participate fully, is a vital part of poverty reduction.

The countries of Asia and the Pacific have been innovators in the design of anti-poverty programmes. These include:

Public employment schemes – These can take the form of cash or food for work, typically in labour-intensive public works such as road construction, often during seasons when there is little other employment available. There are large programmes in a number of countries, including Bangladesh, China, Nepal, the Philippines and Thailand, though India has the largest scheme in the form of the Maharashtra Employment Guarantee scheme and its nation-wide counterpart, the Jawahar Rozgar Yojana, which together provide over a billion workdays a year.

Microcredit-based self-employment schemes – NGOs and a number of quasi-formal banks have created many different types of microcredit schemes, often targeted specifically at poor women. These schemes offer not only finance but also many other forms of service and support. Some of the largest MFIs are in Bangladesh, organizations like the Grameen Bank, the Bangladesh Rural Advancement Committee, Proshika and ASA. But there are schemes in many other countries, including MYRADA and SEWA in India, the Bank for Agriculture and Agricultural Cooperatives in Thailand and Badan Kredit Kecamatan in Indonesia.

School nutrition programmes – In a number of countries children are given a free meal or a snack at school both to improve their nutrition levels and to encourage them

⁵ UNDP 2002b.

to attend. In Cambodia, for example, the programme is designed to relieve “short-term” hunger among school children, particularly those living in remote rural areas, and also to encourage female students to enrol and stay in school.

Direct transfers – In some cases there may be direct transfers to poor families either of cash, or more usually of food. Again these can be linked to school attendance. The Bangladesh Food for Education Programme offers stipends for those who maintain good attendance performance and Indonesia’s Stay in School Programme provides grants to the poorest schools and transfers to the poorest students.⁶

In addition, there can be special programmes at times of economic crisis. Indonesia’s Social Safety Net Programme, for example, included a combination of food subsidies, employment creation and school stipends for the poorest children.

Many of these programmes are implemented by a combination of State and civic action. NGOs have been particularly effective in some areas since they often have better links with poor communities. Finance has come both from public funds – from the “growth dividend” – and through external support, either from ODA or from international NGOs.

GROWTH AND THE OTHER MDGs

Clearly there is a strong link between economic growth and poverty. But what is the link between growth and the other MDGs? Here too there is a strong association and it works both ways. Economic growth that leads to rising incomes and government budgets permits greater investment in social development. But at the same time high levels of social development, particularly in education and health, make an important contribution to achieving high levels of economic growth and poverty reduction. Thus, the other “non-income” MDGs are not only important ends in their own right – building human capabilities and fulfilling people’s basic rights – they also help to sustain economic growth, adaptability and resilience in the long run.⁷

Nevertheless, the connections between income and other social indicators can be loose and uncertain. This is clear from UNDP’s *Human Development Report*, which shows that a country’s ranking can be very different depending on whether it is judged in terms of

per capita income or on its ranking according to the human development index (HDI), a composite index that combines a measure of income with others on health and educational attainment. On the whole, the countries of Asia and the Pacific come out of this comparison quite well. Some, such as China and India, have similar rankings in both GDP and HDI rankings. Others rank more highly in the HDI table, indicating that they have been successful at translating economic growth into human development: Sri Lanka and Viet Nam, for example, are 19 places higher in the HDI ranking than in the income ranking and the Philippines is 20 places higher. Papua New Guinea, however, ranks nine places lower on the HDI list, an indication that national resources, including those from mineral wealth, have not necessarily benefited the population as a whole.⁸

There can also be differences within countries. Sometimes this is because it is more successful on one aspect of social development than another. The Philippines, for example, is much stronger on the education component of the HDI than the health components, while in Bangladesh the situation is reversed. Probably more significant, however, are the disparities between different sections of the population. These can be between different regions, as between Indian states, for example, and between the western provinces of China and the coastal provinces. In Indonesia the infant mortality rate varies significantly between provinces, from 31 in Bali to 60 in Central Sulawesi.⁹ Or they can be between different social groups, based on gender or ethnic group. Almost all countries show considerable social inequality alongside moderate to high income inequality.

Economic growth can affect these disparities and influence the achievement of the social MDGs in two broad ways: through public expenditure on social services and through reductions in income poverty that will increase consumption of basic items and services by the poor themselves, including better food, improved housing, health care and education.

Public expenditure on social services

The effectiveness of public expenditures will depend on their size, their composition and their quality. Another factor is the extent to which they actually reach the poor; in all countries the middle- and upper-income households typically get proportionately more benefits from public expenditures.

⁶ “Asian development outlook 2001” <<http://www.adb.org/Documents/Speeches/2001/ms2001030.asp>>.

⁷ On the long-term effects of education and health on economic growth, there is a wide body of evidence. For a review and new estimates testing long-term association among these variables, see ESCAP 2002c and 2002e.

⁸ UNDP 2002a.

⁹ BPS-Statistics Indonesia et al. 2001.

Table II.8 indicates public revenues and their allocation. Although this information is available for only a few countries, some issues are clear. The first is that government revenues represent a fairly small proportion of GDP – above 20 per cent only in Malaysia, and below 15 per cent in four countries, proportions far below those in OECD countries, which makes it all the more important that those limited funds be used well. The second is that there are great variations in the proportions devoted to education and health. The Indonesian figures are remarkably low, only 7.0 per cent for education and health together, owing mainly to the public debt-service burden on the public budget. Finally, and perhaps most important, there appears to be no clear relationship between a country's level of development and its allocation to the social sectors. Much evidently depends on the policies and the commitment of individual Governments.

Public spending on education

Education is one of the most important investments that a country can make. Not only does it fulfil people's right to knowledge, education more generally offers a passage to modernity, to a society based on reason and experimentation. The benefits are both economic and social. Education is one of the most powerful ways of accelerating economic growth and reducing poverty. And education, particularly for girls, has important spillover effects for society as a whole, helping to empower women, improve their status and enable them

to exert greater influence at both the household and community levels. This not only tends to improve children's nutrition and health; it also results in a decline in fertility, as educated women tend to have smaller families. However, people need to be educated to a sufficient level: only if children have moved beyond a certain threshold of learning in good-quality primary and lower secondary education can they fully capitalize on education through increases in productivity or in their social contribution.

The countries of East Asia have realized these gains most effectively. Even before they achieved rapid economic growth they had been investing heavily in primary education. Then as their economies developed, and they moved to higher levels of industrial production, they moved to secondary and tertiary levels, while improving the quality of education and ensuring that children completed a full course of schooling, thus getting the benefits of crossing the critical thresholds (Myers 2001).

Their commitment is evident in public spending. The fast-growing economies of East and South-East Asia have typically invested more in education than the slower-growing countries. As a proportion of GNP, during the 1990s, Malaysia, the Philippines and Thailand, invested in the range of 3.5 to 5 per cent of GNP, while Bangladesh, Cambodia, the Lao People's Democratic Republic and Pakistan invested only from 2.2 to 2.9 per cent.

Table II.8. Government revenue and expenditure				
	Current revenue, 2000 (percentage of GDP)	Defence, 2001 (percentage of total public expenditure)	Education, 2001 (percentage of total public expenditure)	Health, 2001 (percentage of total public expenditure)
East and North-East Asia				
China	7.2 ^a	..	..	..
South-East Asia				
Cambodia	..	32.2	16.9	10.4
Indonesia	17.9 ^a	6.0	5.0	2.0
Malaysia	23.1 ^b	11.7	25.0	6.3
Philippines	15.4	4.8	17.5	2.1
Thailand	16.0	8.3	24.4	9.6
Viet Nam	17.7	..	..	..
South Asia				
Bangladesh	9.3 ^a	12.0	18.9	8.4
India	13.0	..	..	..
Nepal	10.6	5.0	15.2	4.8
Pakistan	16.7	..	..	..
North and Central Asia				
Kazakhstan	11.3	..	..	..
Uzbekistan	..	..	..	..
Pacific				
Fiji	..	12.1 ^c	24.7 ^c	14.6 ^a
Papua New Guinea	18.9 ^a	3.3 ^a	21.8 ^a	6.2 ^a

Source: ADB 2002b; and World Bank 2002c

Note: The data may only, as in China, refer to central government revenue, and thus exclude provincial revenues.

a 1999.

b 1997.

c 2000.

The contrast is even greater when considered as a proportion of public spending. During the second half of the 1990s, the proportion of public spending going to education was 15-16 per cent in Malaysia and the Philippines, 18 per cent in the Republic of Korea, 20 per cent in Thailand and 23 per cent in Singapore. By contrast, the figures for other low-income Asian economies are lower: 7 per cent in Pakistan, 9 per cent in the Lao People's Democratic Republic and Sri Lanka, 12 per cent in India and 14 per cent in both Bangladesh and Nepal.

It is also important to consider how the education budget is used. A common problem is that, under pressure from the middle classes and the elites, Governments in poor countries devote too high a proportion of their budgets to higher-secondary and tertiary education. It is noticeable, however, that even some of the more advanced countries of East Asia are still devoting a high proportion of their education budgets to pre-primary and primary education, for example, 46 per cent in the Republic of Korea and 50 per cent in Thailand, compared with 40 per cent in India and 45 per cent in both Bangladesh and Nepal.

Another issue is the quality of education. Although many countries, such as Bangladesh, have recently boosted their enrolment rates, the facilities in the schools are often poor, with a lack of books and qualified staff. Much more needs to be done if these countries are to emulate the East Asian countries. They will need to invest more, both from domestic resources and with the support of ODA. And since the benefits will take some time to percolate into the economy and the society, these changes need to be made as soon as possible.

Public spending on health

Higher standards of health are also important both for society and the economy. Good health is one of the most vital components of human development. There are also important linkages between improved health – of both mothers and children – and better performance at school. Good health also reduces population growth, since when fewer children die in infancy parents tend to have smaller families. And a healthy workforce is also essential if countries are to achieve the highest levels of productivity.

Most countries in the region face many threats to health. Often these result from an unsafe environment, including poor sanitation and water supplies, but there are also increasing threats from infectious diseases, including dengue fever, more resistance and resurgent forms of malaria and tuberculosis, HIV/AIDS and emerging new diseases such as SARS and new strains

of influenza. However, as societies become richer and older, some people also start to suffer from the diseases of affluence. This “health transition” means that there are fewer infant and child deaths and more adult deaths from cancer, stroke, heart disease and the degenerative diseases of old age. There are also more deaths and illness from smoking, road accidents, occupational accidents and unhealthy work environments.

Levels of health depend primarily on the hazards of the environment and on the care that individuals and families take of their health. But government investments in health services also have a strong influence. The first priority is to offer preventive and primary care and then ensure that curative services are available to the poor, along with systems to insure the poor against catastrophic medical costs. Since most countries are to some extent also going through the health transition, they will find themselves coping simultaneously with old and new patterns of disease.

As with education, it is the countries of East Asia that have invested most in health and produced the best outcomes. As a result, even at the early stage of their development, standards of health were higher. In 1960 the life expectancy in East Asia was in the range of 44-66 years compared with 38-45 years in South Asia. And even in 2000 there is still a significant gap: average life expectancy in East and South-East Asia is 70 years, compared with 63 years in South Asia (UNDP 2002a).

WHO has estimated a target expenditure (public and private) on health for developing countries at \$35 per person per year and \$19 for the LDCs. Even if 60-70 per cent of the expenditures are private, that still leaves a target of \$10-14 per person and \$5-7 for LDCs. Many countries are still falling far short of that target.

The income poverty channel

Increased and more effective public expenditure on social services will make an important contribution to achieving the “social MDGs”. But increasing the purchasing power of the poor also has a major impact, particularly at lower levels of income, when households will usually spend additional income on food, housing, health and education. Income poverty reduction also has a more indirect effect by enhancing the voice of the poor. This is an important goal in its own right but in addition it helps to boost the social MDGs. As people become more confident, they are in a better position to demand access to public resources. Consequently, countries that have been able to reduce income poverty at a faster rate are also among the front rank in social attainment.

It should be emphasized, however, that increasing incomes would not inevitably result in higher standards of health or nutrition. In many cases, government efforts are needed particularly through public information and special services to ensure that people take full advantage of their increasing incomes. One clear example is child nutrition. Even in better-off countries, rates of child malnutrition remain surprisingly high – 18 per cent in Malaysia, for example. This is not because of a shortage of food in these countries but often because of the inadequate caring practices of mothers who may not be giving their children the right kinds of weaning food, sufficiently dense in protein and in important micronutrients such as iron. As a result, children can be effectively malnourished even in relatively well-off households. Often as families become richer they change the food that adults eat – usually consuming more animal protein – but continue to give infants the traditional weaning food, which may be little more than a thin porridge. This underlines the importance of combining individual supporting public action.

THE SOCIAL MDGs AND SUSTAINABLE POVERTY REDUCTION

The advantage of considering poverty with the other MDGs is that this underlines the importance of making poverty reduction sustainable. Increases in income poverty can be transient if based, say, on income from foreign remittances. But gains in the other aspects of development, in education and in child nutrition, for example, tend to be more durable.

The more rapid pace of poverty reduction in East and North-East Asia and South-East Asia, compared with South Asia, to a large extent arises from the contrasts in resilient social achievements. Indeed, in the early 1960s the subregions were quite similar in terms of income or inequality but already showed marked contrasts in social development: East and South-East Asia had higher standards of health, education and nutrition and were able to use these favourable initial conditions as a platform for higher economic growth. Faster economic growth further increased the incentive for people to get more education since this qualified them for better-paid jobs. All this fed into a virtuous circle and led to increasing divergence between the subregions (box II.6).

Sustainable poverty reduction was also underpinned by other social investments, such as extensive reproductive health and family planning programmes. Even in the early 1960s as a result of such investment the fast-growing economies of East and South-East Asia had lower fertility levels than South Asia, and the differences widened over time, with significant consequences for income growth and the relative pace of human development between the two regions (box II.7). This success was partly due to public investment in reproductive health and family planning services but also a by-product of women's empowerment – their higher rates of literacy and the fact that more of them were joining the labour force. Fertility reduction tends to have its strongest impact in conditions of high poverty and inequality (Eastwood and Lipton 2000).

While improvements in social indicators will provide a firmer basis for sustained poverty reduction many of

Box II.6. Different starting points

At the beginning of the 1960s levels of income and inequality were very similar between South Asia and most of the high-growing economies of East and South-East Asia. Per capita income levels were roughly similar between these regions. Indeed, some of the South-East Asian economies such as Malaysia, Thailand and the Philippines actually had higher levels of inequality (Gini coefficients 0.40 to 0.50) than those in South Asia (0.30 to 0.34).

However, there were very striking differences in terms of human assets. This was reflected in education (adult literacy as well as enrolment rates at the primary and secondary levels), in health (life expectancy at birth, infant and under-five mortality) and nutrition (low birth-weight babies). There were outliers on both sides. In South Asia, Sri Lanka had a track record, even in 1960, that was better than its South-East Asian counterparts in terms of life expectancy, though it lagged in terms of infant and under-five mortality. Similarly, in overall adult literacy rates (based on 1970 data) both Maldives (86) and Sri Lanka (72) were exceptions in South Asia, being on a par with the Republic of Korea (87), the Philippines (84) and Thailand (80), but ahead of Indonesia (56) and Malaysia (58).

However, the other South Asian countries were much further behind. The superior performance of East and South-East Asia was partly a reflection of the region's history but more importantly of its social policies, with greater public allocations to education and health. The poor in many South Asian countries, by contrast, were less well-equipped to move out of poverty.

those living at or near the poverty line may still be in danger of slipping into poverty. As well as having upward mobility they also have downward mobility. People living in low-income countries are regularly exposed to risks, uncertainties and shocks. Poverty is not just a matter of deprivation but also of vulnerability.

This was illustrated dramatically during the Asian crisis (box II.8). Some countries were affected more seriously than others, particularly those like Thailand and Indonesia that were exposed to the international financial markets and whose enterprises had heavy debts in dollars, yen and other international currencies. The crisis did much less damage in South Asia, whose

economies were less open to world markets and where large subsistence agricultural sectors helped to insulate the poor. China, too, largely escaped because its currency was not convertible and this combined with large foreign exchange reserves effectively insulated the banking system.

A macroeconomic crisis is only one kind of shock that can trigger downward mobility for the poor. Others include social instability, loss of markets, crop failures, droughts, floods and other natural disasters. Individual households can also be hit by the sickness of a key family member. All these events can wipe out savings and assets and thus reverse poverty reduction or reduce its pace.

Box II.7. Policies for fertility reduction: lessons from East and South-East Asia

In 1960 fertility rates in South Asia were similar to those in East and South-East Asia (about 6-7 births per woman). By 1970, however, subregional differences became noticeable: South Asia, with the exception of Sri Lanka, persisted in the very high fertility regime of 6-7 while within the span of a decade in East and South-East Asia rates had come down to 4-5. By 1980 the differences were even sharper. South Asia (with the exception now also of India) was still restricted to 6-7, but the fast-growing countries of East and North-East Asia and South-East Asia were down to 3-4 (and Singapore had reached 2). For East Asia as whole, the relatively lower fertility provided favourable initial conditions for faster growth over the period 1960-1980. But faster growth itself led to a lowering of fertility, serving as the basis for still-faster poverty reduction in the 1970s and 1980s.

Even during the 1960s, however, when Pakistan had higher growth, its fertility rate did not come down appreciably, which tended to exacerbate the poverty situation later during periods of slower growth, though fertility rates declined sharply in the 1990s. India, by contrast, had seen little economic growth in the 1970s, but was still able to maintain the momentum of fertility decline, though there were significant differences between states.

Bangladesh was a late entrant to fertility decline. Even in the late 1970s fertility remained high and only started to decline rapidly in the late 1980s as a result of official family planning policy. Between 1975 and 1997-1999 Bangladesh's total fertility fell from 6.3 to 3.3. The remarkable feature of this progress was that it was achieved not only at a low level of income but also at relatively low literacy levels; success was due more to extensive social mobilization and the effectiveness of community organizations.

Box II.8. The impact of the Asian crisis on poverty

The Asian economic crisis in 1997-1998 affected the poor in East and South-East Asia severely, with the poorest taking the hardest hit. In a number of countries, poverty rose sharply. The national headcount poverty ratio increased by 39 per cent in Thailand and by 67 per cent in Indonesia, while in the Republic of Korea urban poverty doubled. Although the poverty level subsequently declined with economic recovery, the restoration was only partial and in most of these economies (with the notable exception of Malaysia) the poverty level even after recovery remained higher than in the pre-crisis period.

The precarious position of the poorest of the poor was evident in changes in the various poverty measures. The crisis caused the depth of poverty (as registered in the poverty-gap ratio) and the severity of poverty (an indicator sensitive to the situation of the poorest of the poor and registered by the squared poverty gap ratio) to rise at a faster rate than the headcount ratio (an indicator that captures only the number of people in poverty). Thus, in the Republic of Korea between 1997 and 1998 the headcount ratio increased by 79 per cent but the depth of poverty increased by 97 per cent, and the severity of poverty increased by 115 per cent. Similarly, in Thailand while the share of the "near non-poor" increased by only 2 per cent, that of the "marginally poor" went up by 11 per cent, while that of the "ultra poor" rose by 14 per cent (Kakwani 1999).

But the crisis also affected the non-income dimensions of poverty. In Indonesia, for example, there were increases in malnutrition and also effects on education: for children in the poorest category the dropout rate for children in the age-group 7-12 increased from 1 to 8 per cent between 1997 and 1998, while that for the age-group 13-19 rose from 14 to 25 per cent. In Thailand, while the primary school dropout rate during the crisis was kept low at 2.4 per cent, the crisis led to higher dropout rate (9 per cent) at the secondary and vocational levels. The crisis also triggered higher costs of essential medicine; as a result there was mounting evidence that poor households were postponing medical attention. (UNDP 1999c).

This means that countries need to explore different forms of social protection. Clearly only a few countries in the region will be able to offer extensive welfare provisions similar to those in developed countries. The Republic of Korea, for example, has a formal social security system with three main instruments to help the unemployed, the poor and the elderly: unemployment insurance, public works and temporary livelihood protection to provide income support. During the Asian crisis social protection spending in the Republic of Korea increased threefold, from 0.6 per cent of GDP in 1997 to 2.0 per cent in 1999.

However even poorer countries can experiment on a smaller scale with programmes that fit with their financial constraints and work alongside existing patterns of informal insurance. These include:

- **Simplified social insurance schemes for the self-employed** – These need to minimize adverse selection, the danger that only people who are already ill or at greatest risk will take out insurance.
- **Support for informal insurance** – Public policies should try to make informal insurance more effective. These could include offering savings options for the poor that include some element of matching government contribution such as higher deposit interest rates. Cash is counter-cyclical in widespread crises, unlike other assets such as livestock, roof tiles, jewelry and land (Morduch 1999).
- **Formal title for informal assets** – Many of the assets of the poor (houses, land and small businesses) are not registered in any way. Providing formal title would increase the owners' security and ability to borrow (De Soto 2000).
- **Health insurance for the poor** – Medical costs are among the leading causes of landlessness and destitution. Some form of health insurance is needed to cover at least primary care and catastrophic medical bills.

SOURCES OF ACCELERATED SOCIAL DEVELOPMENT

Although economic growth is important, with enhanced social development some countries or states have been able to achieve rapid improvements in social development even at low levels of income. Sri Lanka, Maldives, and the Indian state of Kerala, for example, have much higher levels of social attainment than would be expected at their level of income. And some countries, such as India during the period 1981-1991 and Bangladesh during the period 1983-2000, which have been less successful at reducing income poverty have nevertheless registered improvements on many social indicators.

Given that the immediate prospects for economic growth may be modest, what lessons do these experiences suggest for accelerating social development even at lower levels of income? Two of the most important are the benefits of greater empowerment of women and of higher civic activism.

Empowerment of women

Ensuring that women have a greater voice and more power – at the household, community and national levels – is one of the most effective methods of promoting social development. Across the region, however, there are still wide variations in the extent of women's participation (Bardhan and Klasen 1998). Again, South Asia has generally been slower in this respect (Osmani and Bhargava 1998). Even in the 1970s these countries were investing much less in women than were their Asian neighbours and had lower female literacy rates than most of the faster-growing economies of East and South-East Asia. Subsequent progress for women can be measured in the UNDP gender-related development index (GDI), which takes into account gender differentials in all key human development indicators. While South Asian countries have made modest gains in the GDI, progress has been more rapid elsewhere (UNDP 2002a). Generally, countries that have done better on the GDI have also been more successful at accelerating social progress at low levels of income.

Investment in women and ensuring that they have a major role in national development brings multiple benefits:

- **Improving local institutions** – Women's participation strengthens social capital, building local organizations and networks and making them more responsive and accountable.
- **Boosting education, health and nutrition** – When women are making decisions at both the household and community levels, they give higher priority to social concerns, especially the rights of children to education, health and nutrition (Murthi et al. 1995; Birdsall et al. 1995), with long-term benefits not just for social development, including fertility rates, but for the rates and distribution of economic growth.
- **Increasing productivity** – Since women have responsibility for much of household production, especially in agriculture, increasing their education and skills will also contribute to increases in output.

Many of the other success stories in the region, ranging from the development of microcredit to the expansion of non-traditional exports, are attributable to the contribution of women.

Greater civic activism

In low-income countries, where States may be weak, the initiative for social development often results from the voice, influence and action of civil society. NGOs, for example, in Bangladesh and elsewhere have been remarkably successful in helping to reduce poverty and promote social development. But civic action is also important in the higher-income countries. Their activities include:

Promoting rights – Civil society groups help to establish and promote citizens' rights, economic, social and political.

Monitoring services – NGOs and others can keep a watch on the quality and responsiveness of public services and thus help to improve their quality, as with the Citizen Report Card initiative in Bangalore, India.

Creating pressure for social change – Many groups focus on specific issues such as gender equality, child labour, legal rights or eliminating the trafficking of women and children.

Providing services – Many NGOs and others are actively involved, often in cooperation with Governments and international organizations, in providing services such as credit, non-formal education and training and primary health care, especially in remote rural regions and in the urban slums.

Supporting local government – A number of Governments, such as that of Indonesia, are embarking on extensive programmes of decentralization. In these circumstances, civic action groups can support the process and help administrators to work better with local communities.

Promoting more civic action does not require much, if anything, in terms of increased public spending, but it does require vision, courage and commitment.

CONCLUSION

The experience of many countries of Asia and the Pacific has shown the potential for poverty reduction and for improving many other aspects of human development. Economic growth is an important part of this. And although the prospects for growth may be more limited in the years ahead, there are many measures that Governments and others can take to ensure that even moderate growth contributes to poverty reduction, particularly by trying to avoid any significant increases in inequality.

It is clear too that poverty reduction is closely linked with the achievement of the other MDGs; achieving one goal helps in achieving the others. Higher standards of health and education in particular are not just important in themselves, they also help to ensure that poverty reduction will be both widespread and sustained.

III. PARTNERSHIPS FOR ACHIEVING THE MDGs

INTRODUCTION

A core principle of the United Nations Millennium Declaration is that human development is a shared responsibility. The Declaration resolves therefore to develop “strong partnerships” to promote a more open and equitable system of international finance and trade, to increase development assistance and to enhance international commitment to good governance, development and poverty reduction. The Declaration also gives special attention to the least developed countries, landlocked countries and small island developing States.

The prime responsibility for human development, and the attainment of the MDGs, always rests with the individual countries. Indeed, the real value of the MDGs is that they can help to focus national attention and change national decisions: increasing opportunities and equity, engagement and energy, and expanding everyone’s capabilities and creativity. This can only happen when a country’s leaders, institutions and stakeholders are fully committed to the MDGs. International partners can support and enhance that commitment, but they cannot substitute for it.

The senior partner will therefore be the individual country, whether through the Government, NGOs or other organizations of civil society. The international partners may be other countries in the region, along with international organizations, including the United Nations system, development banks, regional organizations, new global funds, bilateral donors, private foundations and NGOs. Through a series of partnerships, all can contribute new knowledge and ideas along with new technologies and new resources.

These partnerships can take many different forms. One option for the United Nations system, for example, is to enter into partnership not just with Governments but also with local civil society organizations to facilitate community-based, bottom-up approaches to development. A different option at the international level is the type of public-private partnership based on the United Nations “Global Compact”, through which international private firms set codes of conduct for trade and foreign direct investment.

All these partnerships can be strengthened and complemented by many recent and ongoing international agreements. These include:

The 2001 Brussels Programme of Action for the Least Developed Countries – This calls for duty- and quota-free access for exports, simplification of the generalized system of preferences, a reduction in supply-side constraints and the building of capacity.

The 2001 Doha Declaration on a new “development round” – This declaration includes some modest progress on trade issues likely to affect the attainment of the MDGs in Asia and the Pacific, notably a special and differential treatment clause for agriculture, agreements by OECD countries to reduce agricultural subsidies and an agreement in principle to interpret the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) to help poor and developing countries to meet public health needs, including those related to HIV/AIDS.

The 2002 Monterrey International Conference on Financing for Development – This Conference addressed the full range of issues related to resources for development and for the attainment of the MDGs in Asia and the

Pacific: official development assistance, debt relief, foreign direct investment, trade and the mobilization of domestic financial resources for development.

The 2002 Johannesburg World Summit on Sustainable Development – This Summit reconfirmed the importance of considering the many interactions between poverty and the environment in designing strategies for poverty reduction.

This chapter discusses some of the most important aspects of partnerships under the following headings:

- Partnerships for knowledge and new technology
- Partnerships for financial resources
- Partnerships for trade
- Partnerships for human resources
- Partnerships for domestic policies and reforms
- Priorities for regional and South-South partnership

PARTNERSHIPS FOR KNOWLEDGE AND NEW TECHNOLOGY

The Millennium Declaration and the MDGs have emerged during a period when technology has been changing rapidly and globalization has been creating many more pressures and opportunities. All countries in Asia and the Pacific, but especially the more vulnerable ones, will have to take full advantage of both old and new technologies and identify and benefit from emerging opportunities and niches in the global and regional economies.

Technologies and globalization

A first priority is to make the best use of existing technologies. For communication, transport and industrialization, for example, many countries are still lagging behind in building road networks, and expanding electrification and telephone connections, both landline and mobile. In agriculture, many still need to invest more in hybrid seeds and irrigation. And in health, a number of countries still have to make full use of munization, oral rehydration therapy and the control of disease vectors such as mosquitoes.

In addition, they will also need to have access to new developments, particularly in information and communication technology, as well as in biotechnology. And at the same time they will need to fit into the new “horizontal” patterns of globalization, which involve extensive global outsourcing, linking hubs of production and innovation in developing countries with their counterparts elsewhere in the world economy.

These changes will have positive and negative impacts (UNDP 2001a). On the positive side, countries can achieve unprecedented increases in productivity. Already, for example, the (marginal) costs of information and communication are approaching zero. But as well as doing old things in new ways, countries in the region can also do hitherto unimagined new things. They can, for example, explore different forms of prevention and cure for some of the region’s most serious diseases, including HIV/AIDS, tuberculosis, malaria and dengue fever. They can take advantage of more productive and nutritious food crops. And they can develop new products that are suited to the region’s consumption patterns and trade opportunities, while also seeking out possible fresh sources of comparative advantage and niche markets in the global economy. There are also many potential social benefits, particularly from better communications systems that can empower people and increase their choices while reducing marginalization and isolation, especially in rural areas.

Nevertheless, these developments can also have many negative effects. Thus, while globalization creates new channels for the exchange of good ideas and innovation these same channels can also carry more pernicious things such as disease, crime and terrorism. And while the increase in global economic activity through trade can reduce poverty and increase standards of living, the scale and speed of production and distribution also pose many threats – to the natural environment, to national cultures and to unique and irreplaceable local knowledge.

Widening disparities

But probably the gravest danger is that technological change and globalization will widen disparities, both between and within countries. Some of the knowledge disparities will be entrenched by the determination of the richer countries that have a clear lead in most technologies to retain their advantage through more extensive use of patents and copyrights. And the gaps in incomes will be affected by shifts in the global division of labour, since transaction costs – for the movement of both information and physical goods – have fallen steeply, allowing both developed and developing countries to seek out new sources of competitive advantage and different ways of participating in supply chains. This will produce new categories of winners and losers. Nowadays, however, it often happens that “the winner takes all”. In manufacturing a particular product, for example, even when the comparative advantage is not great, it can be sufficient to tip the balance in favour of one country so that many investors flock to the same

destination. But in a very competitive environment, these advantages are fragile and they can also rapidly be lost, making the trading environment unstable and jobs less secure.

Generally the countries that have been able to take greatest advantage of this dynamic environment are those that are already more developed and have already achieved many of the MDGs, leaving behind the least developed and least diversified countries. And within countries too, globalization tends to favour particular groups: the innovators, the entrepreneurs, the swift, the young and the educated. There are also important gender implications: women often find that as well as being required to work outside the home in the new factories and offices they are also still expected to provide “caring labour” within the family.

Global and regional partnerships in Asia and the Pacific must therefore find ways of capturing the positive benefits of globalization while avoiding the pitfalls and reducing the “digital divide”. They must help both countries and people to access and use the new technologies to build institutions, increase equitable growth, reduce poverty and ill health, educate and train their people and enhance the status of women.

Partnerships within the region can also share more social science research and knowledge. This could include, for example, strengthening and expanding existing policy research networks, such as the Asia Pacific Migration Research Network, the Asia Pacific Higher Education Research Network and the Development Analysis Network in the Mekong subregion.

PARTNERSHIPS FOR FINANCIAL RESOURCES

While the countries of Asia and the Pacific will themselves have to provide most of the funds needed to help to achieve the MDGs, they can also utilize external resources from ODA, debt relief and FDI. In principle, the opportunities should be increasing. In the case of ODA, for example, the global partnership is committed to increasing assistance to reach 0.7 per cent of GDP of the donor nations, though it is far from achieving this. Debt relief too should be possible since donors are also committed to reducing the high burden of debt on the poorest countries. Flows of FDI, however, move unpredictably since policies are largely directed by the market and by the choices of private investors.

Nevertheless, flows of FDI can also be encouraged by favourable domestic conditions and reforms, policies which can also affect the distribution of benefits.

Official development assistance and debt

Development assistance takes many forms. Official donors can give bilateral or multilateral assistance or they may pool their funds in different ways and provide resources in the form of loans or grants or technical assistance. They also finance national social investment funds and international funds such as the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria and the Millennium Fund for debt relief for the poorest countries. Increasingly, resources are also coming through international NGOs and private foundations: in Bangladesh, for example, private flows to local NGOs amount to around \$500 million per year.

Most of the available information on development assistance to Asia and the Pacific is on ODA, which includes the bilateral programmes of the countries that are members of the OECD Development Assistance Committee and the aid programmes of the development banks and the United Nations system. The total and per capita amounts to Asia and the Pacific for 1990 and 2000 are shown in [table III.1](#).

This shows that between 1990 and 2000 ODA to Asia and the Pacific decreased slightly: from \$14.34 billion to \$14.15 billion. However, in per capita terms the decline was much more significant; ODA per capita fell in 22 of the 41 countries for which information is available. In 2000 the largest aggregate flows went to some of the largest countries: China, Indonesia, Viet Nam and India, in that order. But in per capita terms the countries that received most in 2000 were small island developing States: Palau, New Caledonia and the Marshall Islands. Elsewhere in Asia and the Pacific, the largest per capita recipients in 2000 were Armenia, Bhutan, the Lao People’s Democratic Republic and Mongolia.

Table III.1 also shows a shift in the distribution of ODA between 1990 and 2000. For a few countries, such as Malaysia and Thailand, the decline partly reflects their progress towards “middle-income” status, and thus “graduation” from some bilateral donor programmes. Other countries have seen significant increases, notably some of the transition economies of North and Central Asia that previously had received little or no ODA. Viet Nam and Mongolia too received significant increases.

Table III.1. Official development assistance and development aid to selected countries in Asia and the Pacific

	1990		2000	
	Total (millions of US dollars)	Per capita (US dollars)	Total (millions of US dollars)	Per capita (US dollars)
East and North-East Asia				
China	2 084	1.8	1 735	1.4
Democratic People's Republic of Korea	8	0.4	75	3.4
Mongolia	13	6.2	217	90.7
South-East Asia				
Brunei Darussalam	4	15.0	1	1.9
Cambodia	42	4.6	398	33.2
Indonesia	1 742	9.8	1 731	8.2
Lao People's Democratic Republic	150	36.2	281	53.3
Malaysia	469	25.8	45	2.0
Myanmar	63	4.0	107	2.2
Philippines	1 276	20.9	578	7.6
Thailand	797	14.3	641	10.6
Viet Nam	189	2.9	1 700	21.6
South and South-West Asia				
Afghanistan	131	7.4	141	5.3
Bangladesh	2 095	19.0	1 171	8.9
Bhutan	47	78.2	53	66.2
India	1 407	1.7	1 487	1.5
Iran (Islamic Republic of)	105	1.9	130	2.0
Maldives	21	99.4	19	69.8
Nepal	426	23.5	390	16.9
Pakistan	1 129	10.5	703	5.1
Sri Lanka	730	42.9	276	14.3
North and Central Asia				
Armenia	3 ^a	0.8 ^a	216	56.8
Azerbaijan	6 ^b	1.3 ^b	139	17.3
Georgia	0 ^a	0.0 ^a	170	33.7
Kazakhstan	112 ^a	6.9 ^a	189	12.7
Kyrgyzstan	4 ^b	1.3 ^b	215	43.8
Tajikistan	12 ^b	2.1 ^b	142	23.1
Turkmenistan	5 ^b	1.3 ^b	32	6.1
Uzbekistan	1 ^b	0.1 ^b	186	7.5
Pacific				
Fiji	50	68.0	29	35.9
Kiribati	20	279.8	18	197.0
Marshall Islands	<1 ^a	2.0	57	1 100.6
Micronesia (Federated States of)	<1 ^a	0.2	102	860.5
New Caledonia	302	1 800.1	350	1 646.3
Northern Mariana Islands	63	..	0	2.5
Palau	202 ^c	..	39	2 059.5
Papua New Guinea	411	103.4	275	53.7
Samoa	48	297.4	27	161.0
Solomon Islands	45	141.8	68	153.0
Tonga	30	309.1	19	187.8
Vanuatu	50	338.0	46	232.5
Total	14 341		14 154	

Source: World Bank, *World Development Indicators 2002* CD-ROM.

- Notes:
1. ODA and net official aid record the actual international transfer by the donor of financial resources or of goods and services valued at cost by the donor, less any repayments of loan principal during the same period.
 2. High-income countries and economies and countries that are members of OECD and/or the G8 in Asia and the Pacific are excluded from these and some of the other tables.
 3. Totals do not correspond exactly to the sum of individual items, owing to rounding errors.
- a 1991.
b 1992.
c 1994.

The landlocked developing countries in Asia and the Pacific, apart from Nepal, received more. But, except for the Marshall Islands, the Federated States of Micronesia and Solomon Islands, the small island developing States received less. Most important and most serious, there were declines in ODA to most of the

LDCs¹ – those most in need of additional resources to attain the MDGs. ODA per capita declined in 9 of 12 LDCs for which information is available. The only increases in ODA to LDCs were in Cambodia, the Lao People's Democratic Republic and Solomon Islands.

¹ The 13 LDCs in Asia and the Pacific are Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, Lao People's Democratic Republic, Maldives, Myanmar, Nepal, Samoa, Solomon Islands, Tuvalu and Vanuatu.

Types of ODA

Official development assistance comes from three main sources:

- **Multilateral banks** – [Annex table III.1](#) shows that, between 1996 and 2000, despite special programmes to deal with the Asian crisis, ODA from the development banks to Asia and the Pacific decreased from \$5.3 billion to \$4.6 billion, falling in 18 of the 34 countries for which information is available. ODA from this source is also quite concentrated: in 2000, China received 43 per cent of the total and China, Indonesia, India and Viet Nam together received 79 per cent. Even so, between 1996 and 2000, ODA from the banks increased in 7 of 9 LDCs in the region for which information is available; those to which flows decreased were Bangladesh and Maldives.

- **United Nations system** – [Annex table III.2](#) details flows of ODA from the United Nations system during the same period. It shows that between 1996 and 2000 overall flows dropped from \$570 million to \$528 million, declining in 18 of 37 countries for which information is available. United Nations ODA, although modest in size, appears to be more equitably spread among the subregions and countries. And more of it is going to the poorest countries. The United Nations system increased its flows to 7 of 9 LDCs for which information is available. Cambodia saw a decrease, as did Afghanistan, though following the war, flows to Afghanistan subsequently increased dramatically.

- **Bilateral donors** – Although the multilateral banks and the United Nations system provide considerable funds to the region, more than two thirds of flows are still bilateral. Japan is by far the largest donor to Asia; in 2000 it gave \$5.6 billion, more than the Asian Development Bank, the World Bank/IDA and IMF combined. Other major donors include the United States of America, Germany, the United Kingdom of Great Britain and Northern Ireland, and Australia. Japan also has the highest concentration of its funds directed to Asia, 58 per cent, followed by Australia with 49 per cent. In addition, the Republic of Korea is becoming an important donor to Asia, giving \$82 million in 2000. But an increasingly significant trend is for some developing countries in Asia and the Pacific to offer assistance to other developing countries in the region. Thus, China provides grants and/or concessionary loans and other assistance to Cambodia, the Democratic People's Republic of Korea, Indonesia, the Lao People's Democratic Republic, Maldives, Myanmar and Nepal, though it does not publish the amounts. India provides about \$30 million of ODA to Bhutan; Thailand also gives some aid to Bhutan and provides ODA of \$2.3 million to Mekong countries. In addition, countries in Asia and the Pacific offer technical assistance and training opportunities for other countries in the region. There is relatively little information on all of this, but the trend is promising and complementary to other facets of regional cooperation. [Table III.2](#) shows China to be the largest recipient of bilateral funds, followed by Indonesia and Viet Nam.

Table III.2. Bilateral commitment of ODA in 2000 to selected countries in Asia and the Pacific

	Total (millions of US dollars)	Proportion for social infrastructure and services (percentage)
East and North-East Asia		
China	2 954	35
South-East Asia		
Cambodia	228	52
Indonesia	1 554	25
Malaysia	1 190	41
Philippines	1 055	14
Thailand	1 092	17
Viet Nam	1 275	20
South Asia		
Bangladesh	813	32
India	682	50
Nepal	240	29
Pakistan	853	7
North and Central Asia		
Kazakhstan	267	20
Uzbekistan	72	58
Pacific		
Fiji	21	72
Papua New Guinea	343	37

Source: OECD, *Geographical Distribution of Financial Flows to Aid Recipients, 1996-2000* (2002).

Global Trends in ODA

The overall decline in flows of development assistance to Asia and the Pacific reflects the relatively low flows of ODA globally. For some decades now, the donors have set as a target 0.7 per cent of their GNP. This was confirmed at the Monterrey Conference, which also said that 0.15 to 0.2 per cent should go to LDCs. In practice, few countries have come even close to these targets; indeed, between 1990 and 2000 for 14 of the 22 donor countries which are members of the OECD Development Assistance Committee, the proportion actually fell; the lowest proportion in 2000 being for the United States of America at 0.2 per cent. The only countries that were achieving the target of 0.7 per cent in 2000 were Denmark, Luxembourg, the Netherlands, Norway and Sweden, which were also the only countries allocating more than 15 per cent of their aid to LDCs.

A limitation on even this limited amount of aid is that much of it is tied to purchases of goods or services from the donor countries. On this front at least there has been progress: most donors increased the proportion that is untied, apart from the United States and Canada, where, along with Greece, the proportion remains below 30 per cent.

There has also been progress in increasing the percentage of ODA that focuses on basic social services. Over the period 1996 to 2000, most donors increased this proportion, with the United Kingdom and Australia having the strongest focus at 24 per cent. Indeed, in Asia and the Pacific, as table III.2 indicates, the proportions within the receiving countries are often well above this: 72 per cent in Fiji, 58 per cent in Uzbekistan and 52 per cent in Cambodia. This is a particularly significant achievement for the MDGs, whose attainment will depend to a large extent on better social services. Some of the new global funds such as the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria and several donor-supported social investment funds are also “earmarked” for these purposes.

There remains, of course, the problem of “fungibility”; even if the donor may wish more funds to go for basic services, the recipient Government may simply take this opportunity to switch some existing social spending to other purposes. This underlined the importance of national commitment to achieving the MDGs; donors can support such a commitment but they cannot create it. Studies of World Bank structural adjustment programmes confirmed that even strict expenditure benchmarks were not an effective substitute for national

commitment and that these programmes often have negative consequences for the poor (Easterly 2001).

A further problem with ODA is that much of it is being channelled to post-conflict situations, in Afghanistan and Timor-Leste, for example, as well as to Iraq in the future. Ideally, this should not replace long-term development assistance to other countries in the region, but past experience has not been reassuring on this point.

Limitations of ODA

Aid can help poor countries to engage in development activities that they cannot undertake from domestic savings, which are frequently too low, or are not monetized or mobilized by the domestic financial system. But the resources on their own are not sufficient; countries also have to be able to use the assistance effectively. One ESCAP study found, for example, that in Asia and the Pacific around 25 per cent of ODA remained unutilized (ESCAP 1999). In some cases, underutilization is because of poor planning, or because the recipient country does not have the capacity to make use of the resources. But donors must take much of the responsibility if they do not provide sufficient funds for capacity-building, for example, or are reluctant to finance recurring costs.

Another problem is that donors, which need to ensure accountability and documentation of impacts, often require recipient countries to cope with multiple systems and fill out multiple forms. Accountability is important to maintain support at home for ODA, but donors could use simpler and shared reporting systems. The United Nations, at least, is moving in this direction. The United Nations Development Group has endorsed recommendations that will allow member agencies – UNDP, UNICEF and UNFPA – to use the same procedures for programme preparation and approval, programme implementation, including financial procedures, and monitoring and evaluation. Another option for reducing the administrative burden is for donors to pool their funds in various ways, through joint programming, for example, or by providing finance as a group for an agreed overall strategy in a particular sector.

Another potential problem is aid dependency, a form of “Dutch disease.” (Dutch disease, named for the consequences of natural gas exports on the economy of the Netherlands in the 1950s, is often associated with oil and other high-value mineral exports. The consequences include an overvalued exchange rate, declining competitiveness and productivity of industry and

agriculture, fiscal indiscipline and growing debt.) The problem is more likely as aid exceeds 15 per cent of GNI. In 2000, nine countries in Asia and the Pacific received ODA in excess of 17 per cent of GNI; of these, six received ODA in excess of 20 per cent, and two in excess of 39 per cent of GNI. The danger is that aid becomes one of the largest sectors, or the largest sector of the economy. People begin to assume that the aid will be permanent. Other sectors may lag and atrophy. The best-trained and most ambitious people may be employed mainly in the administration of aid programmes. Debt levels may increase, growth may slow and overall development may suffer. Special efforts to address this potential problem are needed.

The need for more and better-targeted ODA

The overall decline in ODA to Asia and the Pacific, particularly the overall decline in the LDCs, is unacceptable and unconscionable, and especially frustrating when the way forward seems so clear: given the right commitment and support, poverty reduction and the attainment of the other MDGs are well within reach.

There are some positive trends: more aid to landlocked developing States, for example, untying aid and allocating more to basic social services. But these trends are being undermined by declining total flows to Asia and the Pacific, particularly to the LDCs and the small island developing States. These trends need to be reversed, and ODA should be much better focused.

Some of the most important priorities concern:

Targeting the poorest groups – ODA should be increased to the LDCs, to countries that have large numbers of poor people and to other vulnerable States.

Capacity-building – ODA should support capacity-building as well as policy changes and reforms that can help countries to benefit from new technologies and opportunities.

Institutions – ODA should help to build the quality and responsiveness of institutions.

Civil society – ODA should make use of civil society organizations, especially NGOs, to reach the poor.

Administration – Donors should make more efforts to pool their funds and agree on common standards of reporting and accountability.

Recurrent costs – ODA should avoid capital-intensive “white elephant” projects and make more provision for recurrent costs that can be phased out over feasible periods.

Middle-income countries – ODA should continue at modest levels to middle-income countries, to support important development policy initiatives and to document and share their experiences.

If the donor countries fulfilled the commitment which they made at the Monterrey Conference, total ODA could increase by more than 50 per cent. This would provide some of the resources needed to meet the MDGs, but only if the increase goes mainly to the LDCs and the lower-income developing countries in the region.

Debt

Many of the least developed countries have accumulated high levels of debts and are thus having to make substantial debt-service payments that limit their capacity to invest in future development and attain the MDGs. In 2000, for 11 countries in Asia and the Pacific the debt burden was over 60 per cent of GNP; for 5 it was over 80 per cent; and for 3 it was over 100 per cent (table III.3).

A more critical measure, however, is the proportion of export earnings that must be devoted to debt service; if this is high then development options are severely constrained. As figure III.1 indicates, on this basis almost all countries have done reasonably well. Debt service is below 20 per cent in most of these countries. Export growth during the 1990s reduced debt-service burdens in all countries except one. It should be noted, however, that these figures could mask potential problems if the country is still benefiting from a repayment grace period on a significant proportion of its debt and will thus have to pay more in the future.

Another debt measure is debt service as a percentage of the annual public budget. Though relevant data are not readily available for many countries, this can indicate potential problems. In Indonesia, for example, public debt, much of it the result of bank restructuring following the financial crisis, does not seem to be a severe problem relative to exports, but represents 36 per cent of the annual public budget, thus limiting the amount that can be spent on basic social services.

When countries get into difficulties with debt repayments they can attempt to have them rescheduled, as Pakistan has done through the group of lenders making up the “Paris Club”. They can also receive ODA for debt relief. ODA for debt relief should be proportional to the debt problem of a country and should be additional and not displace ODA for other purposes.

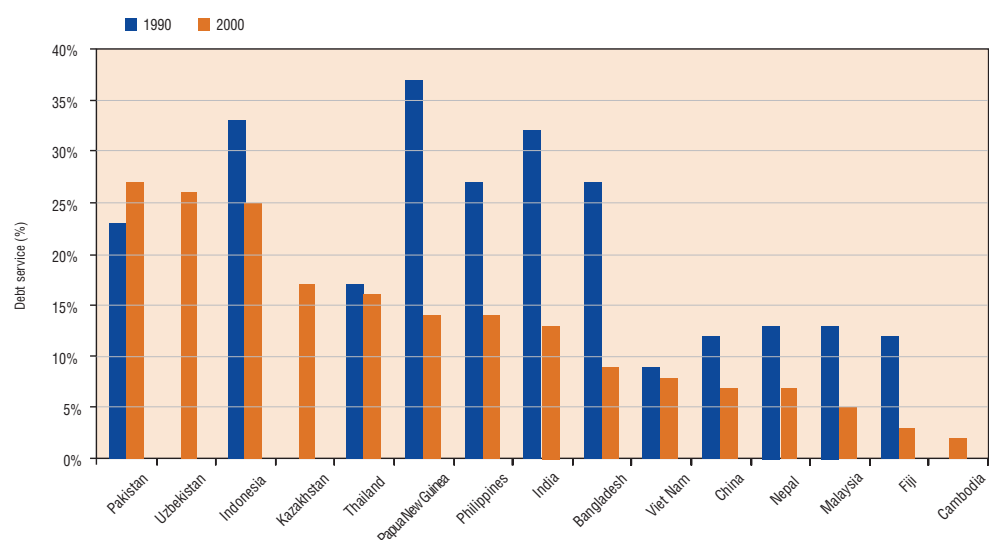
Table III.3. Total external debt as a percentage of GNP, 1980-2000

	1980	1985	1997	1998	1999	2000
East and North-East Asia						
China	..	6	17	17	16	14
Hong Kong, China	9	25	24	29	33	33
Mongolia	..	..	68	73	100	90
Republic of Korea	48	52	29	45	33	30
South-East Asia						
Cambodia	..	..	70	78	76	74
Indonesia	28	44	65	168	115	99
Lao People's Democratic Republic	..	26	136	195	178	150
Malaysia	28	69	50	62	56	51
Philippines	54	89	53	70	66	63
Thailand	26	46	75	97	82	66
Viet Nam	..	..	79	83	81	41
South and South-West Asia						
Bangladesh	22	31	34	36	36	33
Bhutan	..	5	30	42	41	40
India	11	18	23	24	22	21
Maldives	..	116	60	63	41	39
Nepal	10	22	48	54	57	50
Pakistan	42	44	50	54	60	54
Sri Lanka	46	60	54	58	63	55
North and Central Asia						
Azerbaijan	..	..	13	16	23	24
Kazakhstan	..	..	19	28	37	39
Kyrgyzstan	..	..	79	96	148	150
Tajikistan	..	..	120	99	110	125
Turkmenistan	..	..	64	78	..	..
Uzbekistan	..	..	15	19	23	..
Pacific						
Cook Islands	..	..	117	72	..	..
Fiji	24	41	11	13	10	10
Kiribati	..	35	12	10	10	11
Marshall Islands	..	..	137	121	91	71
Micronesia (Federated States of)	..	..	54	52	45	38
Papua New Guinea	29	90	55	74	79	71
Samoa	..	82	66	80	81	84
Solomon Islands	18	43	40	50	50	55
Tonga	..	36	33	37	41	38
Vanuatu	4	13	21	28	28	31

Source: ADB, *Key Indicators of Developing Asian and Pacific Countries 2002*.

Note: Total external debt refers to the sum of public and publicly guaranteed long-term debt, private non-guaranteed long-term debt, short-term debt, the use of IMF credit and interest arrears on long-term debt whenever available. For Cook Islands; Hong Kong, China; and Kiribati, total external debt refers to long-term debt to OECD countries and capital market and long-term debt to non-OECD creditor countries only. For the Marshall Islands, it refers to government and government-guaranteed debt only. For Federated States of Micronesia, it refers to unadjusted debt offsetting assets.

Figure III.1. Debt service as a proportion of exports of goods and services



Source: World Bank, *World Development Indicators 2000 CD-ROM (2002)*.

Table III.4. Bilateral ODA commitments for action related to debt relief, 2000	
Recipient country	Millions of US dollars
Bangladesh	137
India	43
Indonesia	87
Kazakhstan	2
Nepal	19
Pakistan	725
Viet Nam	29

Source: OECD, *Geographical Distribution of Financial Flows to Aid Recipients, 1996-2000* (2002).

Table III.4 shows some countries in the region that received ODA for this purpose in 2000. Three countries with high debt burdens received substantial ODA for debt relief, though between 1990 and 2000 the same countries also saw a drop in total ODA. Another option, for the poorest countries, is the Heavily Indebted Poor Countries Initiative. Three countries from the region have entered this process. In the case of Viet Nam, however, its debt was judged to be “sustainable”; by late 2002, decision points had not been reached for the Lao People’s Democratic Republic and Myanmar.

Another option is for a donor to “swap” a country’s debt for expenditure on basic public services. Some bilateral donors have been exploring this possibility with Pakistan. This is a promising idea, though again the intention could in practice be thwarted by fungibility, where by funds could be diverted to other purposes.

It is also important to consider the implications of the recent slump in the global economy, which will affect the export income of some indebted countries, either through reductions in the volume of goods, or declining terms of trade, or changing patterns of comparative advantage. As a result, some countries in Asia and the Pacific may face higher debt-service burdens in the future, with a possible threat to the MDGs. These risks need to be monitored as part of the development partnership in Asia and the Pacific.

Foreign direct investment

Another important resource for meeting the MDGs is FDI. This can bring a number of benefits: employment, for both men and women; new technologies that can have lower environmental impacts; backward and forward linkages within the local economy; higher productivity; expanded international trade; and increased revenues for government budgets. But these gains are not automatic. Much will depend on domestic policies and reforms and on the nature of the linkages and multipliers in the national economy, particularly with domestic firms.

FDI is not the only source of private capital. Funds can also arrive as portfolio investment or bank loans or various types of short-term speculative flows. These, however, bring few of the same benefits. Indeed, as the Asian crisis demonstrated all too clearly, they can often be harmful to development. Portfolio investors can suddenly withdraw, delivering shocks to the economy and causing sharp increases in poverty.

Foreign businesses have to consider many factors when choosing where to invest. When considering where to produce they will look at a country’s infrastructure and natural resources along with the cost and quality of labour. They will also assess the potential for local and export sales. More generally, however, they must consider social and political risk issues, including political stability, the rule of law and the extent of corruption. These factors are often difficult to assess. Some guidance is available from international indices, such as the Transparency International Corruption Perceptions Index, though these may offer little help when it comes to a particular investment.

It should also be noted that many countries in Asia and the Pacific do not get very favourable rankings on such indices, yet still receive considerable flows of FDI. Evidently, investors are taking other issues into account, or factoring in the high risk when judging the profitability of the investment. Businesses wanting to extract petroleum or minerals, for example, are often prepared to tolerate high risk. Those looking for lower-risk investments, however, might choose to locate in export-processing zones (EPZs), which are often isolated from the rest of the economy, offer lower duties and taxes and may also restrict the rights of the workforce.

In practice, investors often look at where their competitors are going and, if they appear to be successful, follow them. To some extent this is because they see greater safety in numbers or may fear missing the boat. But there are also networking effects. Subsequent arrivals will benefit if the labour forces and local suppliers have gained skills in supporting specific industries. As a result, one investment in a particular sector can produce many others leading to areas of industrial concentration: electronics in Malaysia; automobiles in Thailand; software in India; and many sectors in China. Although this concentration may benefit investors and the countries concerned, this aspect of globalization can also shut out many countries and heighten international disparities.

Most countries will also try to influence investment decisions by offering incentives. Whether they need to do so is open to doubt. If other conditions are favourable, the investment will take place in any case; if they are unfavourable, no amount of incentives will matter. This is of course difficult to assess. Once incentives have been offered, they will certainly be accepted, and the fact that they were unnecessary will go unobserved. Many countries in Asia and the Pacific evidently believe in such incentives since they are strongly resisting restrictions on incentives being placed on members of WTO.

Incentives limit the benefits of FDI for achieving the MDGs. They do this most directly by reducing tax and duty revenues, and thus reducing government budgets that might have been used to fund social services and poverty reduction. But they can also distort national development if they concentrate certain industries in a particular region of the country. This is evident in the case of EPZs, where manufacturers are allowed duty-free import of components and intermediate goods. Isolating production within these enclaves may benefit the investors, but it does little for the rest of the economy, limiting many types of linkages with domestic manufacturers and thus reducing local value-added and employment (ESCAP 2000 and 2001).

Many investors also take advantage of a recipient country's preferential access to certain export markets. Investors from a number of countries in the region, including the Republic of Korea, have invested in garment manufacture in Bangladesh, for example, in order to take advantage of Bangladesh's quotas under the Multifibre Arrangement. This has contributed to a thriving industry, with notable employment benefits for women. However, MFA is now being phased out, with the danger that investors too will disappear; garment factories and all their capital goods can often be packed up and relocated rapidly.

An important role for the partnership for development in Asia and the Pacific should therefore be to assist the poorer countries in their efforts to shift FDI away from EPZs and garment exports to investments that have higher value-added and more forward and backward linkages with the rest of the economy. A number of middle-income countries in the region have already made this transition, an experience that could be mulated elsewhere.

Asia and the Pacific has had one of the most rapid increases in FDI in the world. The scale of flows is indicated in [table III.5](#) for those countries in the region

for which data are available. Since FDI can be "lumpy" from year to year, depending on the timing of individual large investments, this table aggregates the data for three 3 year periods during the 1990s. This shows significant increases for a number of countries, notably Bangladesh, the Republic of Korea, Singapore and Thailand, and smaller increases in a few other countries. But elsewhere the picture is less encouraging: of the 30 countries for which information is available, FDI fell in 21 of them. Between 1995-1997 and 1998-2000, FDI decreased in most landlocked countries and with the exception of Maldives, in all small island developing States for which information is available. In the same period, FDI decreased in seven LDCs in Asia and the Pacific and increased in only two.

Clearly, FDI is becoming even more concentrated: in 1998-2000, 80 per cent of all FDI to Asia and the Pacific went to China and the Republic of Korea. Indeed, over that period, China became one of the largest recipients of FDI in the world, second only to the United States. And in 2002 it moved into first place with a total of \$52 billion.

While the poorer countries tend to get less FDI they can offset this to some extent with ODA. This is illustrated in [figure III.2](#). For the least developed countries, and for some developing countries in the region, per capita ODA exceeds per capita FDI by anything up to 80 times. In the countries where FDI is concentrated, however, it can exceed ODA by 40 times. Per capita, the largest flows of both FDI and ODA in 2000, however, went to the Pacific State of Vanuatu.

Nevertheless, [figure III.2](#) confirms that FDI is skewed towards certain countries, and offers relatively little to others that need extra resources to meet the MDGs. It is all the more important, therefore, that these countries make maximum use of the FDI they do receive. This will require enhanced linkages, more employment options for women, a reduction in spatial concentration, protection for the environment and the promotion of complementary domestic investment. These countries should also try to attract additional FDI, though without offering incentives that vitiate the potential benefits for development and the attainment of the MDGs. The partnership can help to identify these policies and other necessary changes.

Partnerships for trade

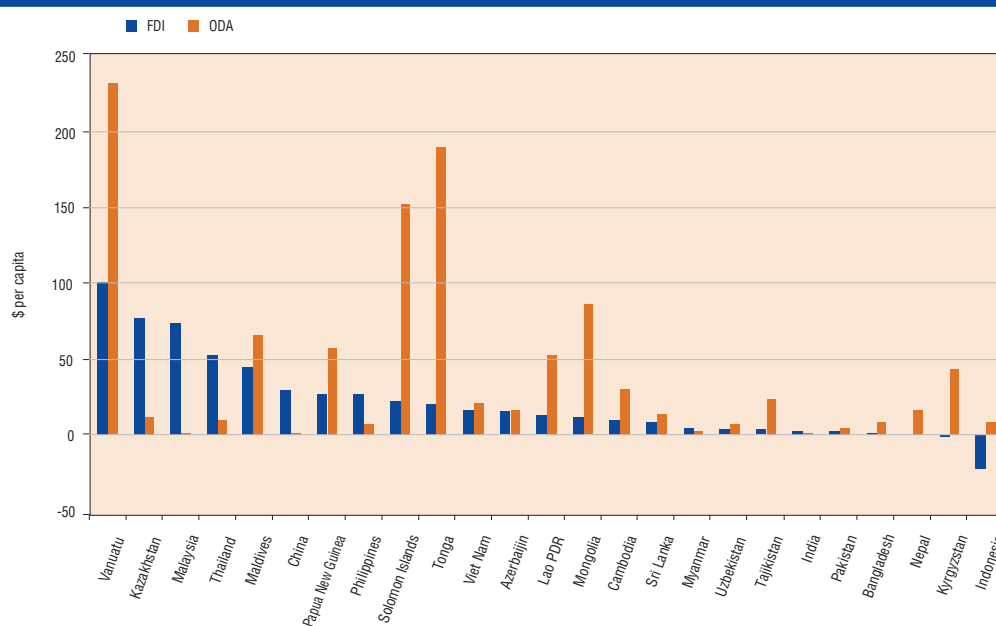
Human development and the attainment of the MDGs can also benefit from increasing flows of trade.

Table III.5. Foreign direct investment, 1992-2000 (millions of US dollars)

	1992-1994	1995-1997	1998-2000	Total 1992-2000	Percentage change 1995-1997 to 1998-2000
East and North-East Asia					
China	72 458	120 266	120 903	313 627	1
Hong Kong, China	..	..	104 235	104 235	..
Mongolia	17	51	80	147	57
Republic of Korea	2 126	6 946	24 028	33 100	246
South-East Asia					
Cambodia	156	648	390	1 195	-40
Indonesia	5 890	15 217	-7 651	13 456	-150
Lao People's Democratic Republic	97	346	197	640	-43
Malaysia	14 531	14 393	5 376	34 300	-63
Myanmar	402	975	822	2 200	-16
Philippines	3 057	4 217	4 889	12 163	16
Singapore	15 441	32 127	19 903	67 470	-38
Thailand	5 283	8 299	16 894	30 476	104
Viet Nam	3 323	6 951	4 381	14 655	-37
South Asia					
Bangladesh	29	157	650	835	315
India	1 801	8 147	7 119	17 066	-13
Maldives	23	28	36	87	30
Nepal	17	50	21	88	-59
Pakistan	1 106	2 361	1 346	4 813	-43
Sri Lanka	484	606	542	1 632	-11
North and Central Asia					
Azerbaijan	22	2 072	1 663	3 757	..
Kazakhstan	435	3 422	3 988	7 846	17
Kyrgyzstan	48	227	151	427	-34
Tajikistan	21	35	75	131	114
Turkmenistan	..	216	210	426	..
Uzbekistan	135	455	361	951	..
Pacific					
Fiji	262	88	74	424	-16
Kiribati	0	..	..	0	..
Papua New Guinea	223	595	537	1 354	-10
Samoa	13	11	5	29	-55
Solomon Islands	40	42	29	110	-32
Tonga	5	7	6	18	-15
Vanuatu	82	94	60	236	-36
Total	127 526	229 048	311 320	667 894	

Source: ADB, Key Indicators of Developing Asian and Pacific Countries 2002.

Figure III.2. Comparison of per capita FDI and ODA, 2000



Sources: ADB, Key Indicators of Developing Asian and Pacific Countries 2002; United Nations Statistics Division, United Nations Common Database; and World Bank, World Development Indicators 2002 CD-ROM (2002).

International trade can make an economy more efficient, reduce prices to consumers, provide more employment and increase the profits of firms and thus increase government tax revenues.

For the poorer countries in the region, one of the main benefits of trade for poverty reduction is that it can take advantage of their abundant supplies of relatively unskilled labour. Generally speaking, this is the kind of export production that the LDCs are likely to be involved in. The international evidence suggests that trade always favours the most abundant “factor of production”, which in their case is labour (Davis and Weinstein 2001). However, in some cases, as in Papua New Guinea, for example, trade is much more capital-intensive because it is dominated by extraction industries. Here there are fewer linkages to the rest of the economy and thus there is less impact on poverty reduction.

Production that uses more labour and less capital also tends to have a lower impact on the environment, though much will also depend on the nature of the technology and on domestic policy, incentives and enforcement.

A further advantage of trade is that it increases employment opportunities for women. In Asia and the Pacific, production of textiles, garments, and toys is very often done by women, as is most light assembly work. The extent to which women gain will depend, however, on domestic policies. Many employers exploit women and violate their rights, taking advantage of a lack of relevant legislation or of weak enforcement.

Trade flows in Asia and the Pacific

Over the period 1990-2000 trade flows increased throughout almost all the region. Some increases were huge; others were more modest. But as [table III.6](#) indicates, in many countries exports as a proportion of GDP doubled or more during the decade. The table includes data on four of the LDCs in the region, all of which increased exports as a proportion of GDP, and in three of them – Bangladesh, Cambodia, and Nepal – exports more than doubled. This table also shows that trade tends to be more equitably distributed than FDI. There are still notable differences – for some countries trade is three or more times more significant to their economies than others – but the contrasts are far less dramatic than for FDI.

For most countries in Asia and the Pacific the largest single export destination is the United States ([table III.7](#)). Since 1998, however, there has also been a

Table III.6. Exports of goods and services, 1990 and 2000

	1990 Percentage of GDP	2000 Percentage of GDP
East and North-East Asia		
China	17.53	25.89
Mongolia	23.96	65.48
South-East Asia		
Cambodia	6.15	40.11
Indonesia	25.33	38.55
Malaysia	74.54	125.49
Myanmar	2.62	0.43 ^a
Philippines	25.78	56.30
Thailand	34.13	67.04
Viet Nam	26.42	43.56 ^b
South and South-West Asia		
Bangladesh	6.25	13.98
Bhutan	28.26	29.61
India	7.27	13.95
Iran (Islamic Republic of)	21.99	34.84
Nepal	1.53	23.75
Pakistan	15.54	15.53
Sri Lanka	29.21	39.71
Turkey	13.29	24.36
North and Central Asia		
Armenia	35.00	23.35
Azerbaijan	57.42 ^c	40.72
Georgia	39.95	37.50
Kazakhstan	74.00 ^d	58.86
Kyrgyzstan	29.20	43.49
Tajikistan	27.80	80.72
Turkmenistan	57.31	62.99
Uzbekistan	28.84	44.13
Pacific		
Fiji	63.62	68.72
Kiribati	10.28	..
Marshall Islands	2.47	7.91 ^a
New Caledonia	18.49	13.08 ^a
Palau	20.39 ^e	8.45
Papua New Guinea	40.63	44.92 ^a
Samoa	25.80 ^c	32.72
Vanuatu	46.38	..

Source: World Bank, *World Development Indicators 2002* CD-ROM (2002).

a 1999.

b 1997.

c 1993.

d 1992.

e 1991.

significant increase in trade between countries in the region. Indeed, many countries Asia and the Pacific now trade more between themselves than with other markets in the world. For example, in the first six months of 2002, for Indonesia, Japan, the Philippines and the Republic of Korea over 40 per cent of imports and exports were within Asia and the Pacific; for China; Hong Kong, China; Malaysia; Singapore; Taiwan Province of China; and Viet Nam, the proportion was over 50 per cent.

Some of this trade is of intermediate goods: components for the manufacture of final goods for ultimate export to the United States and other OECD markets, a consequence of supply chains that have become increasingly subdivided between countries. But this does not make the increasing trade any less significant. Like trade in general, this is a reflection of differences in the availability of capital and skill between countries and it corresponds to the normal principles of comparative advantage. Indeed, these transactions

Table III.7. Destination of exports from Asia and the Pacific, 1990 and 2000

	United States (percentage)		European Union (percentage)		Other OECD (percentage)		Asia and the Pacific ^a (percentage)	
	1990	2001	1990	2001	1990	2001	1990	2001
East and North-East Asia								
China	8	24	8	11	..	..	62	40
Mongolia	..	..	..	..	..	..	..	..
South-East Asia								
Cambodia	..	14 ^b	4	9 ^b	..	..	46	69 ^b
Indonesia	13	15	8	11	..	..	61	46
Malaysia	17	20	10	10	..	..	52	46
Philippines	38	28	9	8	4	6	33	40
Thailand	23	20	14	9	..	..	34	39
Viet Nam	0 ^c	7	7 ^c	18	..	..	23 ^c	42
South Asia								
Bangladesh	31	30	26	36	2	2	5	3
India	15	21	13	13	6	6	12	13
Nepal	23	31	46	16	6	2	8	33
Pakistan	12	24	26	20	..	..	13	7
North and Central Asia								
Kazakhstan	2 ^d	3	18 ^d	21	..	..	49 ^d	21
Uzbekistan	..	..	25 ^d	12	4 ^d	5	46	37
Pacific								
Fiji	8	28	23	15	..	..	36	39
Papua New Guinea	2	1	20	6	..	..	68	49

Source: ADB, *Key Indicators of Developing Asian and Pacific Countries 2002*.

Notes: a Asia and the Pacific includes Australia, Japan, New Zealand and the Republic of Korea.

b 1997.

c 1992.

d 1994.

suggest the potential for further increases in trade within Asia and the Pacific, particularly for the LDCs and other vulnerable States.

Access to markets

The 2001 Programme of Action for the Least Developed Countries calls for duty- and quota-free access for LDC exports and for simplification of the generalized system of preferences. Some countries in Asia and the Pacific, including some LDCs, LLDCs, and SIDS have been successful in increasing exports to the developed world. Some of these LDC exports may have benefited from “graduation” of other exporters in the region from GSP benefits. But the more successful countries may simply have been more competitive; indeed, some have gained market share at the expense of other countries in the region.

Often LDCs in the region have not been able to take full advantage of GSP quotas that in principle are available to them. In the late 1990s, the United States, for example, offered \$2.2 billion worth of preferences, of which 76 per cent were actually utilized, and Japan offered \$0.3 billion, of which 73 per cent were utilized. But the lowest utilization rate was for the European Union, where \$3.0 billion worth of preferences were available but only 30 per cent were utilized.

There can be a number of reasons for this. In some cases the tariffs against which the preferences are available

are so low that the administrative cost of securing the preference is higher than the benefit. But a more general problem is the complexity of the systems. The regulations are generally very detailed and cover a patchwork of products; some eligible, some not. Requirements on rules of origin can be particularly complex and hard to meet. Between 1996 and 1997, for example, Bangladesh’s utilization rate of GSP preferences dropped from 49 per cent to 27 per cent, mainly owing to the complexity of the origin requirements (UNCTAD 2001). And there are significant variations between importing countries. At the end of the 1990s, United States regulations were simpler, but covered fewer products than those of the European Union. In the United States and Canada, textiles and garments are covered not by GSP, as in the European Union, but by the Multifibre Agreement.

Both GSP and the MFA quotas are viewed as “third best” or worse by trade theorists and the World Bank (Ozden and Reinhardt 2003), harming trade by delaying liberalization in the least developed countries. But recent research shows that, for all its problems, GSP strongly promotes trade (Rose 2002) and thus benefits LDCs.

The MFA quotas have helped the LDCs in Asia and the Pacific to expand trade and have thus contributed to the attainment of MDGs. However, MFA is now being phased out and is scheduled to end in 2005. If it does end – and its death has been postponed many times –

the LDCs in Asia and the Pacific are likely to lose some or all of their market share to other countries in the region, particularly China.

Since 2000, the European Union, the United States and Japan have announced other market openings for LDCs. The European Union now offers LDCs tariff- and quota-free access for their exports. This applies to “everything but arms” (EBA). And the United States now offers tariff- and quota-free access to an estimated \$20 billion in exports from developing countries. The value of these openings will depend, of course, on the size of the existing tariffs. The European Union and Japanese tariffs are still comparatively high, so the LDCs in Asia and the Pacific are being offered a significant advantage over other developing country exporters in the region. Tariffs in the United States tend to be lower, so the advantage is less, and many of the United States markets are already dominated by goods from China. Clearly, the LDCs in the region will want to take maximum advantage of these concessions but for the longer term they need to take the opportunity to build their capacity to compete on a level playing field.

OECD constraints on trade

Although the OECD countries offer some trade concessions, in many other ways they limit and harm trade, seriously damaging the prospects for poor countries in Asia and the Pacific. The worst situation is in agriculture, where they subsidize their own production, apply import tariffs and often subsidize their own farmers’ exports. The position is summarized in [table III.8](#). The United States, the European Union and Japan all make support payments to agriculture. Japan and the European Union also have relatively high tariff barriers and some tariff quotas. In the case of exports, the European Union provides direct export subsidies, while the United States provides indirect subsidies in the form of export credits. In total, the rich countries currently spend more than \$300 billion a year on agricultural subsidies. Of the three markets, the United States is generally the most open.

All these measures harm poor farmers in Asia and the Pacific. The tariffs reduce or eliminate their access to

markets. And the subsidies drive down world market prices, putting many poor farmers out of business.

OECD agriculture also gets special protection when it comes to concessions to LDCs. The European Union’s EBA concession, for example, was in fact qualified to be “everything but arms, sugar, rice and bananas”, the concessions on the agricultural products being phased in slowly and to be completed by 2009. Japan, too, remains very protective of its farmers: although it allows duty-free entry to tropical fruits, it applies high tariffs to products such as rice that compete with domestic production.

Farmers in Asia and the Pacific now also face the prospect of further barriers based on “food safety”. The OECD countries already use such concerns to block or reduce some agricultural exports from the region. This can be based on the application of the sanitary and phytosanitary (SPS) provisions within WTO, or on the accession agreements of particular countries, or as a result of various environmental and “green consumer” issues. And these measures are likely to increase: at the Doha Conference, the European Union and others agreed in principle to reduce trade-distorting agricultural subsidies, in return for stronger future provisions on food safety.

Another serious constraint on trade that will affect Asia and the Pacific is the Agreement on Trade-Related Intellectual Property Rights (TRIPS), which aims to protect those enterprises, mostly in OECD countries, that have invested in particular technologies, allowing the owner of a patent to prevent the manufacture, use or sale of the protected product. However, it applies restrictions that the OECD countries themselves never faced when they were developing. The theoretical case and the empirical evidence for such strong protection for today’s LDCs and developing countries are mixed at best (Gallini and Scotchmer 2001; Kanwar and Evenson 2001).

Worse still, there are clear and potentially serious patent abuses by OECD countries. In principle, a patent should be “novel, not obvious, and useful.” Yet recent OECD country patents have included a Mexican bean (not

Country or trade area	Subsidy per farmer	Subsidy per hectare of agricultural land (US dollars)	Average tariffs on agricultural imports	Agricultural export subsidies
European Union	16	680	30%	Yes
Japan	23	9 709	50%	No
United States of America	20	120	10%	Export credits

Sources: *The Economist*, 30 November and 7 December 2002; and UNDP, *Making Global Trade Work for People* (New York, 2003).

novel and not invented) and “one-click shopping” on the Internet (obvious). There is also a patent for a plant gene (not yet useful), known as a “submarine patent” that will surface when the gene becomes useful (UNDP 2001a). Many people in the rich countries believe that that such abuses will stifle innovation.

There is also the risk is that OECD companies will patent some of the local knowledge, products and biodiversity of countries within the Asian and Pacific region, thus triggering future royalty payment streams in the wrong direction. In response, India and Thailand, for example, have been concerned to protect premium local rice varieties, using the “geographical indications” provisions that apply to wines in Europe and Australia but not yet to local products in Asia and the Pacific. Low-income and developing countries need a much stronger voice in the application of these agreements.

There are also important problems with the Agreement on Trade-Related Investment Measures (TRIMs) and the General Agreement on Trade in Services (GATS). Both favour OECD countries and reduce both the benefits and the range of policy choices for developing countries (UNDP 2003).

At present there seems to be little progress on the trade front. Indeed, in some respects trade reform has shifted into reverse. The United States has increased agricultural subsidies by \$123 billion over the next six years. The European Union has declared that the Common Agricultural Policy will remain unchanged for 10 years and Japan has announced that it is opposed to any ceilings on agricultural tariffs. Meanwhile, agricultural prices have declined still further. By early 2003 the Doha “development round” itself had clearly lost momentum leading to “Doha pessimism” in Asia and the Pacific, where a number of countries have been making renewed efforts to establish producer cartels for rice and rubber. Discussions on building greater flexibility into the TRIPS Agreement, to allow developing countries to tackle problems such as HIV/AIDS, have also stalled.

One of the major problems is that the OECD countries see trade negotiations essentially as an opportunity to bargain for market openings rather than to promote development. Yet it has been estimated that removal of rich-country trade barriers would be worth twice the \$50 billion in ODA provided to all developing countries each year.

This is of major concern to the countries of Asia and the Pacific, for whom trade offers the most widely available external resource for development and for the attainment of the MDGs. Clearly, there should be much stronger advocacy for trade reform in general and for the Doha “development round” in particular.

Partnerships for human resources

One of the most significant aspects of the latest phase of globalization is the international flow of migrants. The countries of Asia and the Pacific make a major contribution to these flows, both within the region and beyond. For example, at the end of 2002, there were 3.5 million workers from India in the Middle East, 1.4 million from the Philippines and 1 million from Sri Lanka.

Migration benefits the receiving countries which import workers, many of them doing the “dirty, dangerous and difficult” work that local workers refuse, and others filling gaps in professions like medicine and teaching where there are significant labour shortages. But there are also many benefits for the migrants and their families, most directly from the income earned overseas, which returns in the form of remittances.

Remittances

These cash flows are also a major source of foreign exchange for the countries of origin. Official remittances to developing countries in 2001 came to \$72.3 billion, of which \$27 billion went to Asia and the Pacific. Globally, the largest recipient of remittances was India (\$10 billion), but other countries in the region are also major receivers, including the Philippines (\$6.4 billion), Bangladesh (\$2.1 billion), Pakistan (\$1.5 billion), Thailand (\$1.3 billion), China (\$1.2 billion) and Sri Lanka (\$1.1 billion). However, as a share of GDP the highest proportions in the region were for Tonga (37 per cent), Vanuatu (9 per cent), the Philippines (9 per cent) and Sri Lanka (7 per cent) (World Bank 2003a).

These flows often go to poor families who use them for many different kinds of expenses. A number of studies have shown the main uses of remittances to be food, housing, education and debt repayment. They represent one way in which globalization can offset global disparities, though they may increase them locally since remittance-receiving families can suddenly become much wealthier than their neighbours (Stalker 2000).

Historically, remittances have proved a very stable source of revenue for low-income countries. There can be sudden fluctuations in response to conflict and political instability, but generally speaking the flows, as after the first Gulf War, tend to resume since the underlying demand remains. The situation for migrants could become more difficult, however, as a result of limitations imposed in response to the “war on terrorism”. This highlights the importance of interregional cooperation, particularly between Asia and the Pacific and the Middle East, to help to solve these problems and to facilitate flows that benefit all concerned.

Labour exports and imports within Asia and the Pacific

There are also large flows of migrants within the region. Many go through formal, legal channels, for example, Filipinos working in Hong Kong, China, and Thais working in Singapore and Taiwan Province of China. But most of these flows are informal: Indonesians in Malaysia, Burmese and Cambodians in Thailand, Vietnamese in Cambodia, Chinese in the Lao People’s Democratic Republic, Bangladeshis in India, Afghans in Pakistan and many nationalities from the region working informally in Japan. One underlying factor is that this region has a number of relatively affluent countries and territories, such as Japan, Malaysia, the Republic of Korea, Singapore and Taiwan Province of China, with much poorer countries nearby.

Most of these informal flows respond to differences in the supply of and demand for workers so they should be beneficial to both origin and destination countries. And again remittances often go to poor families so they should help to reduce poverty. However, their unauthorized nature can create the conditions for abuse, and in particular for the trafficking of women and children often for sexual exploitation: one estimate based on work by the United States State Department suggests that around one third of global trafficking of women and children takes place within and from South-East Asia: 230,000 women and children.²

Informal flows are a very sensitive issue. But they are very difficult to stop. Many of the borders between countries in the region are long and porous, and the tracks through mountainous areas or jungles often cross from one country to another. Nevertheless, it should be possible to stop the abuses. Thailand was the first country to develop a national plan of action against child prostitution, which includes new laws against

child prostitution and the trafficking of children. And there is also greater cross-border collaboration, which includes a memorandum of understanding between Thailand and Cambodia (UNICEF 2003).

These and other measures could be expanded to help to protect other migrant workers who risk exploitation in neighbouring countries. One important step would be to improve the information base and share examples of how best to approach these issues, so that discussions can be based more on fact and less on rumour and fear.

Changing patterns of demand

In the longer term the flows of migrant labour overall are likely to increase, though there will be changes in the patterns. Some will respond to development progress in the countries of origin: as they become richer and offer more opportunities at home, so labour exports will fall. The Republic of Korea, for example, which used to be a major labour exporter, is now an importer, and other countries in the region could go through a similar transition.

Just as important will be changes in demand in the destination countries. It is likely that demand will gradually decrease in the Middle East given the very high fertility rates and young populations in that region, and the inability of oil revenues and Governments to support and employ all of the next generation. Elsewhere, however, it seems likely that demand will increase. Japan and the European Union, in particular, face the prospects of ageing populations. They are therefore likely to welcome more younger workers from developing countries – to fill gaps in the labour market generally and help to finance their pension systems. But they are also likely to need more health-care workers. A number of countries in Asia and the Pacific already provide many of these: the Philippines, for example, has 80 per cent of the nurses it has trained working abroad.

It also seems likely that demand will increase in other countries in the region, particularly Taiwan Province of China; Hong Kong, China; Singapore; and the Republic of Korea, as well as Malaysia and Thailand. The large numbers of unauthorized workers in these countries are signalling future needs. Many of these workers are unskilled or semi-skilled so their employment helps to reduce poverty in the country of origin. But there will also be demands in this region for skilled workers in health care, software, engineering, science and technology.

² A. Richard, (2000). “International trafficking in women to the United States: a contemporary manifestation of slavery and organized crime”, <<http://usinfo.state.gov/topical/global/traffic/report.pdf>>.

The partnership in Asia and the Pacific needs to begin to plan for such changes and to respond to the changing pattern of demand so as to benefit both sending and receiving countries. One priority should be to begin work on reciprocal accreditation of education and professional qualifications to facilitate movements of managers and technical specialists within the region.

Profiting from the brain drain

One of the disadvantages of migration for the countries of origin is that they lose many of their best and brightest people, along with the resources invested in their education. These losses can be considerable and significant, especially for smaller countries. Over the past decade, Fiji, for example, is thought to have lost half its stock of middle- to high-level workers (Reserve Bank of Fiji 2002). In larger countries the number of professionals leaving might be larger but it is generally a smaller proportion of the workforce. An IMF study has made some estimates of the proportion of people with tertiary education that developing countries have lost to OECD countries. For the Republic of Korea the proportion is 15 per cent; for the Philippines, 10 per cent; for Pakistan, 7 per cent; and for India and China 3 per cent (Carrington and Detragiache 1998). Apart from a loss in educational investment there is also a potential loss in tax revenue. It has been estimated that losses to tax revenue by Indian computer professionals in the United States represent up to 0.6 per cent of India's GDP (World Bank 2003a).

Not all of these people represent a sacrifice of scarce talent, however. A number of countries have more graduates than they can usefully employ. And many people invest in their own education so as to work overseas, as with information technology workers from India, for example, and health-care workers in the Philippines.

Moreover, it can also be advantageous having nationals overseas since they can be a source of foreign direct investment. Overseas Indian and Chinese and their descendants, for example, have often made significant investments in their home countries. Other countries could do much more to attract investment from their overseas nationals, for example, by giving preferences and incentives such as majority ownership and opportunities for investment in restricted sectors.

Then there is also the potential for return migration. When conditions at home improve, professionals often chose to return. People with skills and capital are returning to Afghanistan, Cambodia, India, Pakistan,

Taiwan Province of China and elsewhere. This serves as a significant kind of technology transfer, just as skilled immigrants transferred textile technology from the United Kingdom to North America in the early nineteenth century.

The challenge for the poorest countries is ultimately to create conditions such that people will not feel impelled to leave, but also to try to capture as many of the benefits as possible from those who do depart. A number of countries in the region, such as India and the Philippines, are now making increasing efforts to keep in touch with their diasporas, which are seen less as overseas residents than as part of transnational communities.

Partnerships for domestic policies and reforms

Most of the resources for promoting human development and achieving MDGs in Asia and the Pacific will need to come from the type of balanced growth policies considered in chapter II, combined with the external resources from trade, FDI, ODA and workers' remittances. Bringing all this together will require, however, that many countries strengthen their institutions and introduce new policies and reforms. This is another area in which the global partnership can help, though the circumstances and opportunities will vary greatly from one country to another.

The diversity of Asia and the Pacific is evident from [table III.9](#) and [table III.10](#). The countries can be divided into two clusters. The first consists of larger countries with per capita incomes mostly above \$500 and with diversified economies, employment patterns and exports. The second consists mainly of smaller economies, with per capita incomes below \$500; agriculture is more important here, typically generating more than 30 per cent of GDP and providing employment to more than 50 per cent of the population, and primary products make up more than 30 per cent of exports.

The smaller and undiversified economies are the most vulnerable and have a hard time initiating and sustaining even moderate economic growth. They are also particularly vulnerable to different types of shocks. At the national level they often face social, political and economic instability, along with environmental degradation. And at the international level they can be hit by declining terms of trade and fluctuations in commodity prices and exchange rates. Some of the same shocks can, of course, also hit the larger countries: most, for example, are now exposed to potential damage from HIV/AIDS.

Table III.9. Origin of GDP in selected countries, 2001

	GDP per capita (US dollars)	Agriculture (percentage)	Manufacturing (percentage)	Trade (percentage) ^a
East and North-East Asia				
China	911	15	44	8
South-East Asia				
Cambodia	256	37	16	14
Indonesia	680	16	26	16
Malaysia	3 678	8	32	14
Philippines	891	15	23	14
Thailand	1 825	9	33	17
Viet Nam	409 ^b	24 ^b	19 ^b	15 ^b
South Asia				
Bangladesh	350	23	15	12
India	464 ^b	25	15	21
Nepal	244	36	9	11
Pakistan	399	23	14	14
North and Central Asia				
Kazakhstan	1 510	9	..	12
Uzbekistan	459	35	16	12
Pacific				
Fiji	2 061 ^b	..	..	..
Papua New Guinea	658 ^c	30 ^c	9 ^c	10 ^c

Source: ADB, *Key indicators of Developing Asian and Pacific Countries 2002*.

Notes: a Trade is a sub-sector of the services sector.

b 2000.

c 1999.

Table III.10. Structure of labour force and exports, 2001

	Labour force		Exports	
	Agriculture (percentage)	Manufacturing (percentage)	Food and fuel (percentage)	Manufactures (percentage)
East and North-East Asia				
China	45	12	9	88
South-East Asia				
Cambodia	74 ^a	7 ^a	..	..
Indonesia	44	13	34	57
Malaysia	22	32	15	80
Philippines	37	10	6	92
Thailand	46	14	17	76
Viet Nam	69 ^b	10 ^b	..	..
South Asia				
Bangladesh	62 ^a	7 ^a	8 ^c	91 ^c
Nepal	76 ^b	6 ^b	21 ^d	77 ^b
Pakistan	48	11	12	85
North and Central Asia				
Kazakhstan	34	..	61	20
Uzbekistan	333	6	..	..
Pacific				
Fiji	2 ^b	26 ^b	45 ^d	52
Papua New Guinea	..	..	44	2

Source: ADB, *Key indicators of Developing Asian and Pacific Countries 2002*; and World Bank, *World Development Indicators 2002 CD-ROM (2002)*.

Note: a 2000.

b 1999.

c 1998.

d Data refers to percentage of food and fuel.

PRIORITIES FOR POLICY AND REFORM

All countries of Asia and the Pacific will be less vulnerable to these types of shocks if they can achieve more rapid and equitable growth. There is a general consensus that this will require:

- **Macroeconomic stability** – Achieved through macroeconomic and fiscal policies that are pro-poor, keeping inflation low and offering the poor adequate facilities for savings and credit.
- **Investment in education and health** – It is particularly important to provide effective services for women and to educate people beyond the necessary thresholds to allow them to be more productive.
- **Improved agricultural productivity** – This will require applied research, extension services, better market information, improved infrastructure and reduced taxation of agriculture, particularly export taxes.
- **Market-based incentives** – Creating competitive markets conducive to growth with equity, including limited barriers to entry and free labour markets.
- **Clear property rights** – With due concern for gender and environmental effects.
- **Improved governance** – This will involve building State capacity. There should also be public sector policies to promote industrial development and linkages, and science and technology policy to promote innovations in industry, public health and the environment.

Beyond these universals, however, there is some disagreement about sequences and priorities, particularly about the way countries should open their economies. Does openness to trade and FDI increase growth and induce institutional change? Or is it the other way round – do institutional change and more rapid growth lead to openness, trade and FDI? In one sense the answer to both questions is “yes”, since development is always iterative. But which set of relationships is the more important?

The premise of WTO, the core of the “Washington Consensus,” and the findings of some research are that openness to the global economy increases flows of trade and investment, increases economic growth, introduces

new technologies and new organizational and managerial innovations, and thus leads to institutional change (ADB 1997; Birdsall et al. 1995; *The Economist*, 29 September 2001; Mellor 1999; Pack 1999; Sachs and Warner 1995; Winters 1999).

More recent research suggests that institutional change and more rapid economic growth come first and then lead to openness, FDI and gains from trade and that the “openness” in East Asia was both asymmetric and gradual. Exports came first, then more openness to FDI, then later – and often very slowly – more openness to imports. Much later still, there were openings of the services and financial sectors (Amsden 2001; Deininger and Olinto 2000; Kaufmann et al. 2002; Ritzen et al. 2000; Rodrik 1994, 1998, 2001, 2003; Rodrik et al. 2002; Stiglitz 2002; UNDP 2001a, 2003).

There is increasing evidence and an emerging new consensus that institutions overwhelmingly matter most. Geography is not destiny. Integration or “openness” per se has little direct impact but contributes indirectly. Institutions also contribute most to the proximate determinants of growth and development. Better policy choices can lead to positive and quite rapid institutional change (Deininger and Olinto 2000; Kaufmann et al. 2002; Ritzen et al. 2000; Rodrik et al. 2002; Rodrik 2003).

This suggests that the “one size fits all” view of WTO and the lengthy list of the revised “Washington Consensus” may be neither good advice nor good policy. Instead, Governments should open their economies to trade and the world economy slowly and carefully. Domestic firms and farmers will not be able to compete initially with imports or with production in foreign-invested firms. If the opening is premature, there may be domestic deindustrialization, current account deficits and special threats to marginal farmers, who must remain, for now, in agriculture for lack of any other options (UNDP 2003).

This underlines the importance of creating effective national institutions that can enhance growth and distribution, and of making trade agreements that allow countries the policy space and autonomy they need to innovate and succeed. It is also important to share such innovations among the countries of Asia and the Pacific.

CONCLUSION – PRIORITIES FOR A REGIONAL AND SOUTH-SOUTH PARTNERSHIP

Countries that want to establish a strong regional partnership for development and achieving the MDGs in Asia and the Pacific need first to demonstrate strong national commitment. They should also recognize that the most important source of external resources will be increased trade. And they should aim for much closer regional integration that capitalizes on the region's size and diversity.

National policies and commitment

The MDGs help to focus national attention on the most important priorities and decisions for human development. But in advocating for the MDGs in each country it is important not simply to do so on the grounds of equity and justice. Instead, it should also be emphasized that the achievement of the MDGs will also contribute to more rapid economic growth and development. The advancement of women, better education for children, protection of health, better budget allocations and the promotion of growth with equity will themselves help to accelerate economic development. At the same time, growth and development will contribute to more rapid attainment of the MDGs.

In putting forward these arguments and in pursuing the MDGs, the regional partnership in Asia and the Pacific should focus particularly on the LDCs and the low-income developing countries. And within each country it should work with NGOs and other civil society organizations and the private sector, increasing knowledge about innovations, policy options and reform and capitalizing on the region's diversity of development experiences.

External resources

The most important external resources for meeting the MDGs are ODA, FDI and gains from trade. ODA needs to be increased, honouring the commitment that the donors made at the Monterrey Conference. Many of the faster-growing countries are receiving substantial quantities of FDI and so have less need of ODA. More aid should now be directed, therefore, towards the least developed countries, while aiming to increase its effectiveness, taking opportunities for donor pooling, for example, and simplifying administration and reporting.

As far as trade is concerned, the OECD countries also need to honour their commitments, opening up more opportunities for LDCs and developing countries. This is in everyone's interest: countries that achieve the MDGs, offering their young people employment and options for a better life, become partners in the world economy and a threat to no one. The regional partnership should give a stronger commitment to the Doha "development round". The middle-income countries in the region should also help LDCs and other low-income countries to build their capacity and increase their gains from trade, bearing in mind that the best approach is probably for a phased opening to the global economy. Meanwhile, existing concessions such as GSP and MFA quotas and the new market openings should be continued for as long as possible.

Regional cooperation and integration

Asia and the Pacific is the most diverse region in the world, with huge variations in levels and rates of development. This diversity is also one of its greatest assets, creating opportunities for flows of trade, labour, FDI and also ODA and technical assistance. The regional partnership should therefore enhance existing forms of cooperation, such as the ASEAN Free Trade Agreement, the South Asian Association for Regional Cooperation, the Economic Cooperation Organization, and the proposed ASEAN/China free trade agreement. At the same time, the partnership should also increase cooperation on labour flows within the region and beyond and develop common labour and environmental standards as well as mechanisms for adjudicating disputes.

The partnership needs also to promote more (and gather more information about) ODA, technical assistance and other South-South initiatives, including innovations developed and implemented by NGOs, from and among the countries of Asia and the Pacific. It needs to include monitoring of debt-service burdens and changing terms of trade that could affect development and attainment of the MDGs in the LDCs and other vulnerable States in Asia and the Pacific.

There is, finally, a special role for the United Nations system in facilitating the regional partnership in Asia and the Pacific, including helping to identify and provide alternative sources of research and policy advice to WTO and the Washington Consensus.

Annex Table III.1. Net ODA from multilateral financial institutions to developing countries of Asia and the Pacific (millions of US dollars)

	ADB		IBRD		IDA		IFC		IMF		Total		As % of total		Per capita (US dollars)	
	1996	2000	1996	2000	1996	2000	1996	2000	1996	2000	1996	2000	1996	2000	1996	2000
East and North-East Asia																
China	663.5	700.8	934.0	968.0	790.7	315.5	22.2	-33.3	..	..	2 410.4	1 951.0	45.3	42.8	1.96	1.53
Democratic People's Republic of Korea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mongolia	34.8	32.9	..	..	11.0	14.1	..	..	8.1	1.5	53.9	48.5	1.0	1.1	22.09	19.14
South-East Asia																
Cambodia	32.1	10.7	..	..	45.6	36.6	..	..	..	5.5	77.7	125.0	1.5	2.7	6.62	9.54
Indonesia	-820.4	462.0	-503.0	293.1	-20.4	33.2	106.9	-24.5	..	..	-1 236.9	763.8	-23.3	16.8	-6.17	3.60
Lao People's Democratic Republic	83.6	47.3	..	..	59.0	16.7	..	0.2	5.5	-7.7	148.1	56.5	2.8	1.2	30.85	110.70
Malaysia	-21.7	12.0	-76.4	-85.9	..	..	..	..	..	..	-98.1	-73.9	-1.8	-1.6	-4.79	-3.33
Myanmar	-11.4	..	..	..	-10.8	..	..	..	..	..	-22.2	..	-0.4	..	-0.49	..
Philippines	78.6	16.1	17.7	-196.8	13.1	7.2	-21.7	5.4	..	..	87.7	-168.1	1.6	-3.7	1.26	-2.22
Thailand	53.9	-421.9	-58.4	236.4	-1.8	-3.4	131.9	-40.7	..	..	125.6	-229.6	2.4	-5.0	2.11	-3.66
Viet Nam	26.9	236.3	..	..	188.0	172.9	20.2	6.5	175.4	..	410.5	415.7	7.7	9.1	5.55	5.32
South and South-West Asia																
Afghanistan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Bangladesh	263.0	201.3	-4.5	-5.3	229.1	275.3	-0.3	6.6	..	..	401.8	386.9	7.6	8.5	3.18	2.82
Bhutan	2.4	6.3	..	..	1.2	3.3	..	..	..	..	3.6	9.6	0.1	0.2	1.92	4.60
India	438.0	136.5	-154.4	-287.8	671.9	657.2	28.7	-23.6	..	..	984.2	482.3	18.5	10.6	1.04	0.48
Iran (Islamic Republic of)	..	..	110.0	44.4	..	..	..	..	..	..	110.0	44.4	2.1	1.0	1.67	0.63
Maldives	6.0	1.0	..	..	2.4	3.0	..	-1.2	..	..	8.4	2.8	0.2	0.1	32.58	9.62
Nepal	64.4	82.0	..	..	53.8	34.6	1.1	13.4	-7.6	-4.4	111.7	125.6	2.1	2.8	5.33	5.45
Pakistan	312.8	260.6	144.4	-67.2	241.3	76.9	168.5	-47.8	-79.3	-82.2	787.7	140.3	14.8	3.1	6.21	0.99
Sri Lanka	139.5	61.0	-6.4	-5.3	94.9	28.3	2.0	4.8	-45.3	-85.6	184.7	3.2	3.5	0.1	10.14	0.17
North and Central Asia																
Armenia	..	..	5.4	-0.4	87.0	54.4	..	..	49.1	..	141.5	54.0	2.7	1.2	37.45	14.26
Azerbaijan	..	..	..	..	35.8	27.2	..	7.1	..	..	35.8	34.3	0.7	0.8	4.61	4.27
Georgia	..	..	..	..	76.3	18.2	..	22.6	80.6	..	156.9	40.8	2.9	0.9	29.43	7.75
Kazakhstan	32.3	22.3	225.1	29.7	..	..	0.8	-0.3	..	..	258.2	51.7	4.9	1.1	15.62	3.20
Kyrgyzstan	26.2	21.4	..	..	61.2	52.0	21.6	-4.7	23.4	14.5	132.4	83.2	2.5	1.8	28.66	16.91
Tajikistan	..	..	..	..	30.4	22.8	..	0.7	..	43.1	30.4	66.6	0.6	1.5	5.23	10.94
Turkmenistan	..	..	2.5	19.6	..	..	..	..	..	..	2.5	19.6	0.0	0.4	0.58	4.14
Uzbekistan	..	..	9.0	26.8	..	..	..	1.1	..	..	9.0	86.5	0.2	1.9	0.39	3.48
Pacific																
Fiji	-0.5	0.6	-0.1	-6.8	..	..	-0.3	-0.1	..	..	-0.9	-6.3	0.0	-0.1	-1.16	-7.74
Kiribati	-0.1	1.0	..	..	..	..	..	..	..	..	-0.1	1.0	0.0	0.0	-1.28	12.06
Marshall Islands	3.0	9.8	..	..	..	..	..	..	..	..	3.0	9.8	0.1	0.2	62.02	191.64
Micronesia (Federated States of)	0.1	4.4	..	..	..	..	..	..	..	..	0.1	4.4	0.0	0.1	0.90	35.85
New Caledonia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Northern Mariana Islands	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Palau	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Papua New Guinea	-0.6	-3.7	-9.1	14.5	-1.8	-2.7	0.3	-0.2	..	..	-11.2	7.9	-0.2	0.2	-2.55	1.64
Samoa	-0.1	-1.4	..	..	-0.3	5.0	..	0.1	..	..	-0.4	3.7	0.0	0.1	-2.53	23.32
Solomon Islands	-0.1	-0.1	..	..	4.1	0.4	..	..	..	..	4.0	0.3	0.1	0.0	10.26	0.67
Tonga	2.7	2.5	..	..	-0.1	-0.1	..	..	..	..	2.6	2.4	0.0	0.1	26.62	24.23
Vanuatu	0.3	10.3	..	..	0.5	-0.2	5.5	-0.7	..	..	6.3	9.4	0.1	0.2	35.59	47.76
Total											5 318.9	4 553.3			1.69	1.37

Source: OECD, Geographical Distribution of Financial Flows to Aid Recipients, 1996-2000 (2002).

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STATISTICAL APPENDIX

GENERAL NOTES

1. Source of data

The MDG statistics and indicators presented in this publication are primarily compiled from the Millennium Development Indicators Database published by United Nations Statistics Division. The Database (http://millenniumindicators.un.org/unsd/mi/mi_goals.asp) draws its information from a number of publications published by the United Nations and its specialized agencies and non United Nations agencies. These agencies include FAO, IEA, ILO, IMF, IPU, ITU, IUCN, OECD, UNAIDS, UNCTAD, UNEP, UNESCO, UNFCCC, UNICEF, UN-HABITAT, WHO, the World Bank and WTO. The availability of data necessary to calculate the indicators in each country depends on the capacities of the national statistical services. In many instances, when country data are not available, estimates are used.

2. Selected notes on data

There are still many areas where countries are unable to provide data, which leads to difficult problems in providing regional estimates. For example, the “Proportion of population below minimum level of dietary energy consumption” is available for 19 countries, of which only one is in the Pacific subregion; data on the “Proportion of pupils starting grade 1 who reach grade 5” for the mid 1990s are limited to 16 per cent of the countries and also are not consistently available for the same countries over time.

This statistical appendix presents data/information on 41 indicators of the 48 MDG indicators.

The UNAIDS/WHO *Report on the Global HIV/AIDS Epidemic 2002* provides the most recent data on “HIV prevalence among 15-24 year old pregnant women” for the 25 worst-affected countries in the world. These countries are located in Africa. Since the ESCAP region does not contain any of these countries, the “estimated HIV prevalence rate among young people (15-24) has been used for indicator 18.

Among contraceptive methods, only condoms are thought to be effective in preventing HIV transmission. The contraceptive prevalence rate is also useful in tracking progress on other health, gender and poverty goals. Because the condom use rate is only measured among women in union, it is supplemented by an indicator on condom use in high-risk situations (indicator 19).

Data on indicators such as the “Proportion of population using solid fuels”, “Proportion of households with access to secure tenure (owned or rented)”, “Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries” and “Proportion of ODA provided to help build trade capacity” are not yet available.

At present, Myanmar, the Lao People's Democratic Republic and Viet Nam are classified as being heavily indebted poor countries (HIPC). Viet Nam's external debt is expected to be sustainable without special help from the Initiative while decision points on HIPC for Myanmar and the Lao People's Democratic Republic are yet to be reached.

Data on the "Proportion of total developed country imports (by value and excluding arms) from developing countries and LDCs, admitted free of duties" are available only at the world level.

It should be noted that United Nations Statistics Division and the partner agencies including ESCAP will continue to work together towards strengthening the statistical capacity of the countries to improve quality and coverage of the MDG indicators.

3. Concepts and definitions¹

Access to essential drugs. Every year, in order to estimate the level of access to essential drugs, the WHO Action Programme on Essential Drugs interviews relevant experts in each country about the pharmaceutical situation. The interviewees can choose from four levels of access by the population to essential drugs: less than 50 per cent; between 50-80 per cent; 80-95 per cent; and above 95 per cent. They indicate which category is most appropriate for their country. Essential drugs are those drugs that satisfy the health care needs of the majority of the population (WHO).

Carbon dioxide emissions (CO₂). CO₂ is a colourless, odourless and non-poisonous gas formed by combustion of carbon and in the respiration of living organisms and is considered a greenhouse gas. Emissions means the release of greenhouse gases and/or their precursors into the atmosphere over a specified area and period of time (UNFCCC).

Cellular mobile telephone subscribers. Users of portable telephones subscribing to an automatic public mobile telephone service which provides access to the Public Switched Telephone Network (PSTN) using cellular technology (ITU).

CFCs consumption. Chlorofluorocarbons: Synthetic compounds formerly used as refrigerants and aerosol propellants and known to be harmful to the ozone layer of the atmosphere. In the Montreal Protocol on Substances that Deplete the Ozone Layer, CFCs to be measured are found in vehicle air conditioning units, domestic and commercial refrigeration and air conditioning/heat pump equipment, aerosol products, portable fire extinguishers, insulation boards, panels and pipe covers, and pre-polymers. Consumption is defined as production plus imports minus exports of controlled substances (UNEP).

Cohort reaching grade 5. Children starting primary school who eventually attain grade 5 and final grade. The estimate is based on the Reconstructed Cohort Method, which uses data on enrolment and repeaters for two consecutive years. Repeaters are pupils who are enrolled in the same grade as the previous year (UNESCO).

Condom use, aged 15-24 at last higher-risk sex in past 12 months (%). Percentage of young men and women (aged 15-24 years) who said that they used a condom the last time they had sex with a non-marital, non-cohabiting partner, of those who have had sex with such a partner in the last 12 months (UNICEF).

Debt forgiveness. Forgiveness of loans as a component of official development assistance: up to and including 1992, where forgiveness of non-ODA debt met the tests of ODA, it was reportable as ODA. From 1990 to 1992 inclusive it remained reportable as part of a country's ODA, but was excluded from the DAC total. From 1993, forgiveness of debt originally intended for military purposes has been reportable as "Other Official Flows", whereas forgiveness of other non-ODA loans (mainly export credits) recorded as ODA is included both in country data and in total DAC ODA in the same way as it was until 1989 (OECD).

Debt service, external. Principal repayments and interest payments actually made to nonresidents in foreign currency, goods or services. "Long-term" refers to debt that has an original or extended maturity of more than one year (OECD).

¹ The concepts and definitions have been reproduced from the original sources.

Development assistance, official. Grants or loans to developing countries and territories of the DAC list of Aid Recipients which are undertaken by the official sector with promotion of economic development and welfare as the main objective, and at concessional financial terms (if a loan, having a grant element of at least 25 per cent). Technical co-operation is included. Grants, loans and credits for military purposes are excluded. Also excluded are aid to “Central and Eastern European Countries and Newly Independent States of the former Soviet Union” or “more advanced developing countries and territories” as determined by the OECD Development Assistance Committee (OECD).

DOTS detection rate. The fraction of all incident smear-positive cases that are detected by DOTS programmes is the DOTS detection rate which is a ratio of the annual new smear-positive notifications (under DOTS) to estimated annual new smear-positive incidence (country). The value of the denominator comes from WHO’s estimates for each country. These estimates are derived from several sources of data using various methods. The methods and data vary from one country to another. The case detection rate (CDR) and the DOTS detection rate (DDR) are identical when a country reports only from DOTS areas. This should happen only when DOTS coverage is 100 per cent. The ratio of DDR to DOTS coverage is an estimate of the case detection rate within DOTS areas, which would ideally be 70 per cent or greater as coverage increases. Although these indices are termed “rates”, they are actually ratios. The number of case notifications is usually smaller than estimated incidence because of incomplete coverage by health services, under-diagnosis, or deficient recording and reporting. However, it is possible for the calculated detection rate to exceed 100 per cent due to (1) intense case finding in an area that has a backlog of chronic cases, (2) over-reporting e.g. double-counting, (3) over-diagnosis, or (4) the under-estimation of incidence (WHO).

DOTS strategy. Directly Observed Treatment, Short-course (DOTS) strategy combines appropriate diagnosis of Tuberculosis (TB) and registration of each patient detected, followed by standardized multi-drug treatment, with a secure supply of high quality anti-TB drugs for all patients in treatment, individual patient outcome evaluation to ensure cure and cohort evaluation to monitor overall programme performance (WHO).

DOT treatment success. Treatment success is defined as the proportion of registered patients who were cured plus the proportion who completed treatment to all registered cases (WHO).

Educational enrolment ratios. Total enrolment, regardless of age, divided by the population of the age group which corresponds to a specific level of education. The net enrolment ratio is calculated by using only that part of the enrolment which corresponds to the age group of the level considered (UNESCO).

Energy use per units of PPP GDP. Energy use per units of PPP GDP is commercial energy use measured in units of kilograms of oil equivalent per \$1000 of GDP converted from national currencies using purchasing power parity (PPP) conversion factors. The ratio of energy use to GDP provides a measure of energy efficiency. Differences in this ratio over time and across countries reflect in part structural changes in the economy, changes in the energy efficiency of particular sectors, and differences in fuel mixes. The underlying data on commercial energy production and use are from the International Energy Agency (World Bank).

Forest and other wooded land. Land under natural or planted stands of trees, whether productive or not, including land from which forest has been cleared but which will be reforested in the foreseeable future, and including areas occupied by roads, small cleared tracts and other small open areas within the forest that constitute an integral part of the forest. Includes land under coniferous and non-coniferous forest, land under mixed forest and other wooded land (FAO).

GNI. Gross National Income measures the total domestic and foreign value added claimed by residents. GNI comprises GDP plus net receipts of primary income (compensation of employees and property income) from nonresident sources. The World Bank uses GNI per capita in U.S. dollars to classify countries for analytical purposes and to determine borrowing eligibility (World Bank).

Heavily Indebted Poor Countries (HIPC) Initiative. The HIPC Initiative, adopted in 1996, provides exceptional assistance to eligible countries to reduce their external debt burdens to sustainable levels, thereby enabling them to service their external debt without the need for further debt relief and without compromising growth. It is a

comprehensive approach to debt relief which involves multilateral, Paris Club, and other official and bilateral creditors. Assistance under the HIPC Initiative is limited to PRGF and IDA eligible countries that have established a strong track record of performance under PRGF- and IDA-supported programs. A strong track record of policy implementation is intended to ensure that debt relief is put to effective use. Recent enhancements to the HIPC Initiative aim to provide deeper, broader, and quicker debt relief. It is expected that as many as 36 IMF members could qualify for assistance under the enhanced Initiative (IMF).

HIV prevalence rate (%) among young people (15-24), end 1999. The estimated number of young people (15-24) living with HIV/AIDS at the end of 1999 divided by the 1999 population of young people (15-24). These country-specific estimates are expressed as a range generated by regional modelling (UNAIDS).

Immunization. Rendering a person or animal immune to certain infections by the process of injecting either antigen or a serum containing specific antibodies (UNSD).

Infant mortality rate. Probability of dying between birth and exactly one year of age expressed per 1,000 live births (UNICEF).

Internet. Internet is a linked world-wide network of computers in which users at any one computer, if they have permission, get information from other computers in the network (ITU).

Literacy rate, youth. The percentage of people aged 15–24 who can, with understanding, both read and write a short, simple statement on his/her everyday life (UNESCO).

Malaria. A parasitic infection characterized by cycles of chills, fever, sweating, anaemia, enlarged spleen and a chronic relapsing course. Four types of parasites affect man, through infection by the anopheles mosquito. Most malarial areas are in the tropics. Disasters like floods and refugee encampments, are conducive to the propagation of the disease (WHO).

Malaria prevention. e.g. Mosquito nets, if properly used and maintained, can provide a physical barrier to hungry mosquitoes. If treated with insecticide, the effectiveness of nets is greatly improved, generating a chemical halo that extends beyond the mosquito net itself. This tends to repel or deter mosquitoes from biting or shorten the mosquito's life span so that she cannot transmit malaria infection (WHO).

Malaria treatment. Malaria symptoms appear about 9 to 14 days after the infectious mosquito bite, although this varies with different plasmodium species. Typically, malaria produces fever, headache, vomiting and other flu-like symptoms. If drugs are not available for treatment or the parasites are resistant to them, the infection can progress rapidly to become life-threatening. Science still has no magic bullet for malaria and many doubt that such a single solution will ever exist. Nevertheless, effective low-cost strategies are available for its treatment, prevention and control (WHO).

Maternal mortality ratio. Annual number of deaths of women from pregnancy-related causes per 100,000 live births (UNICEF).

Measles. A highly contagious acute disease of childhood, characterized by a spreading skin rash, fever, cough, coryza, conjunctivitis, eruption of the buccal mucosa (Koplik's spots) and prostration. Overcrowding and disaster conditions are conducive to outbreaks, with high mortality, especially among the malnourished (UNSD).

Net enrolment ratios. Enrolment of the official age-group for a given level of education expressed as a percentage of the corresponding population (UNESCO).

Number of children orphaned by HIV/AIDS. Estimated number of children as of end 1999 having lost their mother or both parents to AIDS before age 15 since the epidemic began. Some of the orphaned children included in this cumulative total are no longer alive; others are no longer under age 15 (UNAIDS).

ODP tons. Ozone depleting potential, metric tons. Metric tons of the controlled substance multiplied by a factor of ozone-depleting potential (UNEP).

Official development assistance to basic social services. Basic education comprises primary education, basic life skills for youth and adults, and early childhood education. Basic health includes basic health care, basic health infrastructure, basic nutrition, infectious disease control, health education, and health personnel development. Population policies/programmes and reproductive health covers population policy and administrative management, reproductive health care, family planning, STD control including HIV/AIDS, and personnel development for population and reproductive health. Aid to water supply and sanitation is defined as part of basic social services if and only if poverty-focused (OECD).

Ozone. A form of oxygen with three atoms in its molecule. The “ozone layer” is a layer in the earth’s stratosphere at an altitude of about 10 km containing a high concentration of ozone, which absorbs most of the ultraviolet radiation reaching the earth from the sun (UNSD).

Percentage share of income or consumption. The share that accrues to subgroups of population indicated by deciles or quintiles. Percentage shares by quintile may not sum to 100 because of rounding (World Bank).

Personal computer. Computer designed to be operated by a single user at a time (ITU).

Population below \$1 a day and population below \$2 a day. Percentages of the population living on less than \$1.08 a day and \$2.15 a day at 1993 international prices (equivalent to \$1 and \$2 in 1985 prices, adjusted for purchasing power parity). Poverty rates are comparable across countries, but as a result of revisions in PPP exchange rates, they cannot be compared with poverty rates over time for an individual country (World Bank).

Poverty gap. Mean shortfall from the poverty line (counting the nonpoor as having zero shortfall), expressed as a percentage of the poverty line. This measure reflects the depth of poverty as well as its incidence (World Bank).

Proportion of seats in parliament held by women. This indicator refers to seats held by women in a lower or single house or an upper house or senate, where relevant (IPU).

Ratio of literate females to males of 15-to-24-year-olds (%). This indicator measures the difference in ability of men and women aged 15 to 24 to read and write. It is the Female Adult Literacy Rate as a percentage of Male Adult Literacy Rate in a given age group (UNESCO).

Sanitation, improved. “Improved” sanitation technologies are: connection to a public sewer, connection to septic system, pour-flush latrine, simple pit latrine, ventilated improved pit latrine. The excreta disposal system is considered adequate if it is private or shared (but not public) and if it hygienically separates human excreta from human contact. “Not improved” are: service or bucket latrines (where excreta are manually removed), public latrines, latrines with an open pit (WHO).

Share of women in paid employment in the non-agricultural sector. This indicator measures the share of women in paid employment in the non-agricultural sector (ILO).

Skilled health personnel. Refers exclusively to people with midwifery skills (for example, doctors, midwives, nurses) who have been trained to proficiency in the skills necessary to manage normal deliveries and diagnose or refer obstetric complications (WHO).

Telephone lines (main telephone lines). The number of telephone lines connecting the subscriber’s terminal equipment to the public switched network and which have a dedicated port in the telephone exchange equipment (ITU).

Tuberculosis. Infections and contagious disease, with particular localization in the lungs, caused by the *Mycobacterium tuberculosis*. BCG vaccination is important, but the disease is still endemic in many regions and is a real hazard in crowded unsanitary conditions (UNSD).

Under-five mortality rate. Probability of dying between birth and exactly five years of age expressed per 1,000 live births (UNICEF).

Undernourished persons. Persons whose food intake falls below the minimum requirement or food intake that is insufficient to meet dietary energy requirements continuously (FAO).

Underweight. Moderate and severe – below minus two standard deviations from median weight for age of reference population (UNICEF).

Unemployment. Unemployment (standard definition) includes all persons who during a specified reference period (e.g. one week) were: (i) without work, i.e. were not in paid employment or self-employment; (ii) currently available for work, i.e. were available for paid employment or self-employment during the reference period; and (iii) seeking work, i.e. had taken specific steps (registration at a public or private employment exchange; application to employers; checking at worksites, farms, factory gates, market or other assembly places; placing or answering newspaper advertisements; seeking assistance of friends or relatives; looking for land, building machinery or equipment to establish an own enterprise; arranging for financial resources; applying for permits and licenses; etc.) in a specified recent period (e.g. the last four weeks) to seek paid employment or self-employment (ILO).

Untied official development assistance. Official development assistance for which the associated goods and services may be fully and freely procured in substantially all countries (OECD).

Water, access to improved drinking supply. “Improved” water supply technologies are: household connection, public standpipe, borehole, protected dug well, protected spring, rainwater collection. Availability of at least 20 litres per person per day from a source within one kilometre of the user’s dwelling. “Not improved” are: unprotected well, unprotected spring, vendor-provided water, bottled water (based on concerns about the quantity of supplied water, not concerns over the water quality), tanker truck-provided water (WHO).

4. Symbols

The following symbols are used in the tables:

- (a) A point (.) indicates a decimal;
- (b) A minus sign (-) before a number indicates a deficit or decrease, except as indicated;
- (c) 0 indicates magnitude zero or less than half of unit employed;
- (d) Two dots (..) indicate that data are not available or are not separately reported.

Details and percentages in tables do not necessarily add to totals because of rounding.

Currency values are in United States dollars unless specified otherwise.

The following symbols are used to indicate reference periods of more than one year;

- (a) A hyphen (-) is used to signify the full period involved, including the beginning and end years.
- (b) An asterisk (*) is used to signify the most recent year available during the period specified in the column heading.

5. Composition of ESCAP groupings

The term “ESCAP region” is used in the statistical appendix to include: Afghanistan; American Samoa; Armenia; Australia; Azerbaijan; Bangladesh; Bhutan; Brunei Darussalam; Cambodia; China; Cook Islands; Democratic People’s Republic of Korea; Fiji; French Polynesia; Georgia; Guam; Hong Kong, China; India; Indonesia; Iran (Islamic Republic of); Japan; Kazakhstan; Kiribati; Kyrgyzstan; Lao People’s Democratic Republic; Macao, China; Malaysia; Maldives; Marshall Islands; Micronesia (Federated States of); Mongolia; Myanmar; Nauru; Nepal; New Caledonia; New Zealand; Niue; Northern Mariana Islands; Pakistan; Palau; Papua New Guinea; Philippines; Republic of Korea; Russian Federation; Samoa; Singapore; Solomon Islands; Sri Lanka; Tajikistan; Thailand; Timor-Leste;² Tonga; Turkey; Turkmenistan; Tuvalu; Uzbekistan; Vanuatu; and Viet Nam. The term “developing ESCAP region” excludes Australia, Japan and New Zealand.

² On 20 May 2002, East Timor became an independent country. The new nation also changed its name to Timor-Leste. It became the 191st United Nations Member State on 27 September 2002.

The term “least developed countries (LDCs)” in the Asian and Pacific region refers to Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, the Lao People’s Democratic Republic, Maldives, Myanmar, Nepal, Samoa, Solomon Islands, Tuvalu and Vanuatu.

The term “landlocked developing countries” in the Asian and Pacific region refers to Afghanistan, Armenia, Azerbaijan, Bhutan, Kazakhstan, Kyrgyzstan, the Lao People’s Democratic Republic, Mongolia, Nepal, Tajikistan, Turkmenistan and Uzbekistan.

The term “small island developing States” in the Asian and Pacific region refers to Cook Islands, Fiji, Kiribati, Maldives, the Marshall Islands, Micronesia (Federated States of), Nauru, Niue, Palau, Papua New Guinea, Samoa, Singapore, Solomon Islands, Tonga, Tuvalu and Vanuatu.

GOAL 1. ERADICATE EXTREME POVERTY AND HUNGER
Target 1. Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

Economies/areas	Indicator 1	
	Proportion of population below \$1 per day at 1993 PPP (percentage)	
	1990	2000
East and North-East Asia		
China	31.3	15.3
Democratic People's Republic of Korea	..	..
Hong Kong, China	..	..
Macao, China	..	..
Mongolia	13.9 ^a	..
Republic of Korea	<2 ^b	..
South-East Asia		
Brunei Darussalam	..	..
Cambodia	48.3	35.5
Indonesia	20.6	8.3
Lao People's Democratic Republic	53.0	34.6
Malaysia	0.5	0.0
Myanmar	..	..
Philippines	19.1	13.2
Thailand	12.5	5.2
Timor-Leste	..	..
Viet Nam	50.8	9.6
South and South-West Asia		
Afghanistan	..	..
Bangladesh	35.9 ^c	29.1 ^d
Bhutan	..	..
India	52.5 ^c	44.2 ^e
Iran (Islamic Republic of)	..	..
Maldives	..	..
Nepal	37.7 ^a	..
Pakistan	47.8	31.0 ^d
Sri Lanka	4.0	6.6 ^a
Turkey	2.4 ^f	..
North and Central Asia		
Armenia	..	7.8 ^d
Azerbaijan	<2.0 ^a	..
Georgia	..	<2 ^d
Kazakhstan	<2.0 ^b	<2 ^d
Kyrgyzstan	..	..
Russian Federation	<2.0 ^b	7.1 ^g
Tajikistan	..	..
Turkmenistan	20.9 ^b	12.1 ^g
Uzbekistan	3.3 ^b	..
Pacific		
American Samoa	..	..
Cook Islands	..	..
Fiji	..	..
French Polynesia	..	..
Guam	..	..
Kiribati	..	..
Marshall Islands	..	..
Micronesia (Federated States of)	..	..
Nauru	..	..
New Caledonia	..	..
Niue	..	..
Northern Mariana Islands	..	..
Palau	..	..
Papua New Guinea	23.7	18.5
Samoa	..	..
Solomon Islands	..	..
Tonga	..	..
Tuvalu	..	..
Vanuatu	..	..

Sources: ESCAP, *Economic and Social Survey of Asia and the Pacific 2002* (United Nations publication, Sales No. E.02.II.F.25); and World Bank, *East Asia Rebounds, But How Far?* (2002) and *World Development Indicators 2002*.

- a 1995.
- b 1993.
- c 1992.
- d 1996.
- e 1997.
- f 1994.
- g 1998.

GOAL 1. ERADICATE EXTREME POVERTY AND HUNGER
Target 2. Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Economies/areas	Indicator 4		Indicator 5	
	Percentage of children under five years of age who are moderately and severely underweight		Proportion of population below minimum level of dietary energy consumption (percentage)	
	1990-1996	1995-2001 ^a	1991 ^b	1999 ^c
East and North-East Asia				
China	16	10	16	9
Democratic People's Republic of Korea	..	60	18	34
Hong Kong, China	..	..	..	..
Japan	..	..	..	..
Macao, China	..	..	..	..
Mongolia	..	13	34	42
Republic of Korea	..	..	..	..
South-East Asia				
Brunei Darussalam	..	..	..	..
Cambodia	40	45	43	36
Indonesia	35	26	9	6
Lao People's Democratic Republic	44	40	29	24
Malaysia	23	18	3	..
Myanmar	43	36	10	6
Philippines	30	28	26	23
Singapore	..	14 ^d	..	..
Thailand	26 ^d	19 ^d	28	18
Timor-Leste	..	..	..	..
Viet Nam	45	33	27	18
South and South-West Asia				
Afghanistan	..	48	63	70
Bangladesh	67	48	35	35
Bhutan	38 ^d	19	..	..
India	53	47	25	24
Iran (Islamic Republic of)	16	11	4	5
Maldives	..	30	..	..
Nepal	49	48	19	19
Pakistan	38	38	25	19
Sri Lanka	38	29	29	23
Turkey	10	8	..	..
North and Central Asia				
Armenia	..	3	..	..
Azerbaijan	..	17	..	..
Georgia	..	3	..	..
Kazakhstan	..	4	..	..
Kyrgyzstan	..	11	..	..
Russian Federation	..	3	..	..
Tajikistan	..	..	..	..
Turkmenistan	..	12	..	..
Uzbekistan	..	19	..	..
Pacific				
American Samoa	..	..	..	..
Australia	..	..	..	..
Cook Islands	..	..	..	..
Fiji	..	8 ^d	..	..
French Polynesia	..	..	..	..
Guam	..	..	..	..
Kiribati	..	13 ^d	..	..
Marshall Islands	..	..	..	..
Micronesia (Federated States of)	..	..	..	..
Nauru	..	..	..	..
New Caledonia	..	..	..	..
New Zealand	..	..	..	..
Niue	..	..	..	..
Northern Mariana Islands	..	..	..	..
Palau	..	..	..	..
Papua New Guinea	35 ^c	35 ^d	25	27
Samoa	..	..	..	..
Solomon Islands	..	21 ^d	..	..
Tonga	..	..	..	..
Tuvalu	..	..	..	..
Vanuatu	..	20 ^d	..	..

Sources: UNICEF, *The State of the World's Children (1997, 2003)*; United Nations, Millennium Indicators Database (FAO) <http://millenniumindicators.un.org/unsd/mi/mi_goals.asp>, 8 April 2003.

a Data refer to the most recent year available during the period specified in the column heading.

b 1990-1992 average.

c 1998-2000 average.

d Indicates data that refer to years or periods other than those specified in the column heading, differ from the standard definition or refer to only part of a country.

GOAL 3. PROMOTE GENDER EQUALITY AND EMPOWER WOMEN
Target 4. Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015

Economies/areas	Indicator 9											
	Ratios of girls to boys											
	Primary education		Secondary education				Tertiary education					
	Early 1990s		Late 1990s		Early 1990s		Late 1990s		Early 1990s		Late 1990s	
East and North-East Asia												
China	0.86	(90)	0.92	(98)	0.71	(90)	0.82	(98)	0.50	(93)	..	
Democratic People's Republic of Korea	..		..		..		..		..		..
Hong Kong, China	0.93	(90)	0.94	(95)	0.96	(95)	..		0.68	(91)	..	
Japan	0.95	(90)	0.95	(98)	0.97	(90)	0.97	(98)	0.68	(91)	0.81	(98)
Macao, China	0.91	(90)	0.90	(98)	1.09	(91)	1.05	(98)	0.70	(90)	0.80	(98)
Mongolia	1.00	(90)	1.01	(98)	1.11	(90)	1.33	(97)	1.87	(90)	1.85	^a (98)
Republic of Korea	0.94	(90)	0.89	(97)	0.91	(90)	0.93	(97)	0.46	(90)	0.60	(97)
South-East Asia												
Brunei Darussalam	0.89	(91)	0.89	(98)	1.01	(91)	1.04	(98)	1.31	(92)	1.82	(98)
Cambodia	0.81	(93)	0.84	(98)	0.58	(93)	0.52	(98)	0.21	(92)	0.29	(98)
Indonesia	0.95	(90)	0.94	(96)	0.80	(90)	0.84	(95)	0.65	(92)	0.54	(95)
Lao People's Democratic Republic	0.77	(90)	0.82	(98)	0.62	(90)	0.67	(98)	0.42	(92)	0.47	(98)
Malaysia	0.95	(90)	0.94	(98)	1.03	(90)	1.05	(98)	..		..
Myanmar	0.94	(90)	0.97	(98)	0.97	(90)	0.98	(98)	1.24	(91)	..	
Philippines	0.95	(90)	0.94	(95)	..		..		1.43	(91)	1.28	(98)
Singapore	0.90	(90)	0.91	(96)	0.88	(90)	..		0.70	(90)	0.79	(95)
Thailand	0.94	(90)	0.93	(98)	0.93	(90)	0.99	(98)	1.11	(92)	1.15	(98)
Timor-Leste	..		..		..		..		..		..
Viet Nam	..		0.90	(98)	..		0.87	(98)	..		0.75	(98)
South and South-West Asia												
Afghanistan	0.52	(90)	0.47	(95)	0.47	(91)	0.34	(95)	0.44	(90)	..	
Bangladesh	0.81	(90)	0.92	(98)	0.49	(90)	1.04	(98)	0.19	(90)	0.48	(98)
Bhutan	0.74	(93)	0.82	(98)	0.56	(93)	0.77	(98)	..		..
India	0.71	(90)	0.81	(98)	0.55	(90)	0.62	(98)	0.49	(90)	0.57	(96)
Iran (Islamic Republic of)	0.86	(90)	0.89	(96)	0.71	(90)	0.86	(98)	0.38	(90)	0.62	(97)
Maldives	0.96	(92)	0.96	(98)	0.95	(92)	1.05	(98)	..		..
Nepal	0.56	(90)	0.72	(98)	0.41	(90)	0.62	(98)	0.30	(90)	..	
Pakistan	0.48	(90)	0.55	(98)	0.45	(90)	0.54	(95)	0.25	^c (91)	..	
Sri Lanka	0.93	(90)	0.94	(98)	1.05	(90)	1.03	(98)	0.66	(90)	0.79	(95)
Turkey	0.89	(90)	0.87	(97)	0.60	(90)	0.67	^b (97)	0.51	(90)	1.56	(98)
North and Central Asia												
Armenia	1.02	(93)	..		..		..		..		1.28	(96)
Azerbaijan	0.94	(90)	0.95	(98)	0.95	(90)	0.96	(98)	0.65	(90)	0.84	(98)
Georgia	0.96	(90)	0.95	(98)	0.93	(90)	0.95	(98)	0.86	(90)	1.08	(98)
Kazakhstan	0.97	(93)	0.97	(98)	0.88	(93)	0.97	(98)	1.21	(93)	1.15	(98)
Kyrgyzstan	0.99	(90)	0.96	(98)	1.01	(90)	1.00	(98)	1.08	(93)	1.03	(98)
Russian Federation	0.97	(90)	0.95	(98)	1.22	(90)	1.02	(98)	..		1.26	(98)
Tajikistan	0.96	(90)	0.95	(96)	..		0.88	(96)	0.63	(90)	0.35	(96)
Turkmenistan	..		..		..		..		..		..
Uzbekistan	0.96	(90)	..		..		..		..		..
Pacific												
American Samoa	0.92	(91)	..		0.86	(91)	..		..		..
Australia	0.95	(90)	0.95	^d (97)	0.99	(90)	0.98	(97)	1.11	^e (90)	1.03	^f (97)
Cook Islands	..		0.91	(98)	..		1.02	(98)	..		..
Fiji	0.95	(91)	0.93	(98)	0.91	(91)	..		..		..
French Polynesia	0.91	(90)	0.92	(95)	1.13	(90)	..		0.99	(91)	..	
Guam	..		..		..		..		..		..
Kiribati	0.98	(90)	0.96	(97)	0.95	(90)	1.15	(97)	..		..
Marshall Islands	..		0.93	(98)	..		1.02	(98)	..		..
Micronesia (Federated States of)	..		..		..		..		..		..
Nauru	..		1.02	(98)	..		..		..		..
New Caledonia	0.94	(90)	..		1.07	(90)	1.07	(97)	..		..
New Zealand	0.94	(90)	0.95	(97)	0.98	(90)	1.00	(97)	1.08	(90)	1.44	(98)
Niue	..		0.76	(98)	1.11	(91)	0.88	(98)	..		..
Northern Mariana Islands	..		..		..		..		..		..
Palau	..		..		..		..		..		..
Papua New Guinea	0.80	(90)	0.82	(98)	0.61	(90)	0.67	(98)	..		..
Samoa	0.98	(90)	0.95	(98)	1.06	(90)	1.00	(98)	..		0.82	(98)
Solomon Islands	0.80	(90)	..		0.58	(90)	..		..		..
Tonga	0.92	(90)	0.86	(98)	0.92	(90)	1.03	(98)	..		..
Tuvalu	0.91	^g (90)	0.85	(98)	1.07	(90)	0.81	(98)	..		..
Vanuatu	0.89	(90)	0.91	(98)	0.62	(90)	1.11	(98)	..		0.63	(98)

Source: United Nations, Millennium Indicators Database (UNESCO) <http://millenniumindicators.un.org/unsd/mi/mi_goals.asp>, 9 April 2003.

a As from 1993, change in data coverage.

b Beginning 1997, secondary education includes post-secondary non-tertiary education.

c Not including arts and sciences colleges.

d As from 1995, change in structure.

e Data do not include vocational education and training institutes.

f As from 1993, change in structure.

g Including three years of education provided in community training centres.

GOAL 4. REDUCE CHILD MORTALITY
Target 5. Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

Economies/areas	Indicator 13 Under-five mortality rate (per 1,000 live births)		Indicator 14 Infant mortality rate (per 1,000 live births)		Indicator 15 Proportion of 1-year-old children immunized against measles (percentage)	
	1990	2001	1990	2001	1990	2001
East and North-East Asia						
China	49	39	38	31	98	79
Democratic People's Republic of Korea	55	55	26	42	..	34 ^a
Hong Kong, China	..	..	..	..	..	..
Japan	6	5	5	3	73	96
Macao, China	..	..	..	..	..	..
Mongolia	107	76	77	61	92	95
Republic of Korea	9	5	8	5	93	97
South-East Asia						
Brunei Darussalam	11	6	10	6	99	99
Cambodia	115	138	80	97	34	59
Indonesia	91	45	60	33	58	59
Lao People's Democratic Republic	163	100	120	87	32	50
Malaysia	21	8	16	8	70	92
Myanmar	130	109	91	77	90	73
Philippines	66	38	45	29	85	75
Singapore	8	4	7	3	84	89
Thailand	40	28	34	24	80	94
Timor-Leste	..	..	..	85	..	..
Viet Nam	50	38	36	30	85	97
South and South-West Asia						
Afghanistan	260	257	167	165	20	46
Bangladesh	144	77	96	51	65	76
Bhutan	166	95	107	74	93	78
India	123	93	84	67	56	56
Iran (Islamic Republic of)	72	42	54	35	85	96
Maldives	115	77	80	58	89	99
Nepal	145	91	100	66	57	71
Pakistan	128	109	96	84	50	54
Sri Lanka	23	19	20	17	80	99
Turkey	78	43	64	36	78	90
North and Central Asia						
Armenia	60	35	26	31	85	93
Azerbaijan	105	105	74	74	85	99
Georgia	29	29	24	24	85	73
Kazakhstan	67	76	54	61	85	96
Kyrgyzstan	83	61	69	52	85	99
Russian Federation	21	21	21	18	85	98
Tajikistan	78	72	57	53	85	86
Turkmenistan	97	99	56	76	85	98
Uzbekistan	62	68	47	52	85	99
Pacific						
American Samoa	..	..	..	..	..	..
Australia	10	6	8	6	86	93
Cook Islands	32	23	26	19	..	..
Fiji	31	21	25	18	84	90
French Polynesia	..	..	..	..	..	..
Guam	..	..	..	..	..	..
Kiribati	88	69	65	51	..	76
Marshall Islands	92	66	63	54	..	..
Micronesia (Federated States of)	31	24	26	20	..	84
Nauru	..	30	..	25	..	95
New Caledonia	..	..	..	..	..	..
New Zealand	11	6	10	6	90	85
Niue	..	..	..	..	..	99
Northern Mariana Islands	..	..	..	..	..	..
Palau	34	29	28	24	..	..
Papua New Guinea	101	94	79	70	67	58
Samoa	42	25	33	20	..	92
Solomon Islands	36	24	29	20	..	..
Tonga	27	20	23	17	..	93
Tuvalu	56	52	40	38	..	99
Vanuatu	70	42	52	34	..	94

Sources: UNICEF, *The State of the World's Children 2003*; and End-decade Database <<http://www.unicef.org/status/>>, 10 April 2003; and United Nations, Millennium Indicators Database (UNICEF-WHO estimates) <http://millenniumindicators.un.org/unsd/mi/mi_goals.asp>, 10 April 2003.

a 1999.

GOAL 6. COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES
Target 7. Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Economies/areas	Indicator 18 ^a								Indicator 19 ^a		Indicator 20		
	Estimated HIV prevalence rate (percentage) in young people (15-24) End 1999				Estimated HIV prevalence rate (percentage) in young people (15-24) End 2001				Condom use, aged 15-24 at last higher-risk sex (percentage)		Number of children orphaned by (cumulative)		
	Female		Male		Female		Male		Female	Male	End 1997	End 1999	End 2001
	Low estimate/ from	High estimate/ to	Low estimate/ from	High estimate/ to	Low estimate/ from	High estimate/ to	Low estimate/ from	High estimate/ to					
East and North-East Asia													
China	0.02	0.03	0.07	0.18	0.06	0.11	0.11	0.20	..	..	720	4 500	76 000
Democratic People's Republic of Korea	..	..	..	..	..	..	..	..	..	..	..	..	..
Hong Kong, China	0.04	0.05	0.05	0.14	0.00	0.00	0.00	0.00	..	..	110	..	0
Japan	0.01	0.01	0.02	0.04	0.03	0.04	0.01	0.02	..	..	<100	..	2 000
Macao, China	..	..	..	..	..	..	..	..	..	..	..	..	..
Mongolia	..	..	..	..	..	..	..	..	..	..	..	..	0
Republic of Korea	<0.01	0.01	0.01	0.03	0.01	0.01	0.02	0.03	..	..	<100	<100	1 000
South-East Asia													
Brunei Darussalam	..	..	..	..	..	..	..	..	..	..	..	..	..
Cambodia	2.31	4.70	0.94	3.77	1.99	2.98	0.77	1.16	..	..	7 300	13 000	55 000
Indonesia	0.02	0.04	0.01	0.04	0.05	0.07	0.05	0.08	..	..	1 000	2 000	18 000
Lao People's Democratic Republic	0.05	0.05	0.02	0.05	0.02	0.03	0.03	0.06	..	..	150	280	..
Malaysia	0.08	0.10	0.32	0.82	0.09	0.14	0.56	0.84	..	..	1 500	680	14 000
Myanmar	1.13	2.30	0.42	1.67	0.18	0.38	0.17	0.36	..	..	14 000	43 000	..
Philippines	0.04	0.08	0.01	0.05	0.01	0.02	0.01	0.02	..	..	480	1 500	4 100
Singapore	0.10	0.21	0.09	0.35	0.12	0.19	0.12	0.17	..	..	<100	120	..
Thailand	1.53	3.11	0.47	1.89	1.32	2.00	0.88	1.33	..	..	48 000	75 000	290 000
Timor-Leste	..	..	..	..	..	..	..	..	..	..	..	..	..
Viet Nam	0.09	0.10	0.15	0.38	0.13	0.20	0.25	0.38	..	30.0 ^b (95)	1 900	3 200	22 000
South and South-West Asia													
Afghanistan	..	..	..	..	..	..	..	..	..	..	..	..	..
Bangladesh	<.01	0.01	<.01	0.02	0.01	0.01	0.01	0.01	..	..	810	610	2 100
Bhutan	..	..	..	..	..	..	..	..	..	..	..	..	..
India	0.40	0.82	0.14	0.58	0.46	0.96	0.22	0.46	39.8 (01)	51.2 (01)	120 000	..	..
Iran (Islamic Republic of)	..	..	..	..	0.01	0.01	0.03	0.06	..	..	..	..	..
Maldives	..	..	..	..	..	..	..	..	..	..	..	..	..
Nepal	0.13	0.26	0.06	0.23	..	..	..	..	..	..	750	2 500	13 000
Pakistan	0.03	0.06	0.02	0.10	0.03	0.07	0.04	0.08	..	..	5 000	7 900	25 000
Sri Lanka	0.03	0.07	0.02	0.07	0.03	0.04	0.02	0.03	..	44.4 (01)	450	600	2 000
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..
North and Central Asia													
Armenia	..	..	..	..	0.05	0.07	0.18	0.27	..	43.3 (00)	..	..	..
Azerbaijan	..	..	..	..	0.01	0.02	0.04	0.08	..	79.1	..	..	..
Georgia	..	..	..	..	0.01	0.03	0.05	0.10	..	79.5 ^c (97)	..	..	..
Kazakhstan	..	..	0.05	0.09	0.02	0.04	0.09	0.17	18.7 (99)	58.3 (99)	..	..	..
Kyrgyzstan	..	..	..	..	0.00	0.00	0.00	0.00	..	..	..	..	..
Russian Federation	0.09	0.15	0.19	0.32	0.53	0.80	1.50	2.24	..	..	..	..	..
Tajikistan	..	..	..	..	0.00	0.00	0.00	0.00	..	..	..	..	..
Turkmenistan	..	..	..	..	0.00	0.00	0.00	0.00	..	..	..	..	..
Uzbekistan	..	..	..	..	0.00	0.00	0.00	0.00	..	..	..	..	..
Pacific													
American Samoa	..	..	..	..	..	..	..	..	..	..	..	..	..
Australia	0.01	0.02	0.07	0.21	0.01	0.02	0.09	0.14	..	..	..	..	..
Cook Islands	..	..	..	..	..	..	..	..	..	..	..	..	..
Fiji	..	..	..	..	..	..	..	..	..	..	<100	..	..
French Polynesia	..	..	..	..	..	..	..	..	..	..	..	..	..
Guam	..	..	..	..	..	..	..	..	..	..	..	..	..
Kiribati	..	..	..	..	..	..	..	..	..	..	..	..	..
Marshall Islands	..	..	..	..	..	..	..	..	..	..	..	..	..
Micronesia (Federated States of)	..	..	..	..	..	..	..	..	..	..	..	..	..
Nauru	..	..	..	..	..	..	..	..	..	..	..	..	..
New Caledonia	..	..	..	..	..	..	..	..	..	..	..	..	..
New Zealand	0.01	0.02	0.03	0.08	0.01	0.02	0.04	0.06	..	..	120	..	..
Niue	..	..	..	..	..	..	..	..	..	..	..	..	..
Northern Mariana Islands	..	..	..	..	..	..	..	..	..	..	..	..	..
Palau	..	..	..	..	..	..	..	..	..	..	..	..	..
Papua New Guinea	0.16	0.33	0.03	0.13	0.25	0.53	0.21	0.45	12.0 (94)	38.0 (97)	1 300	1 100	4 200
Samoa	..	..	..	..	..	..	..	..	..	..	..	..	..
Solomon Islands	..	..	..	..	..	..	..	..	..	..	..	..	..
Tonga	..	..	..	..	..	..	..	..	..	..	..	..	..
Tuvalu	..	..	..	..	..	..	..	..	..	..	..	..	..
Vanuatu	..	..	..	..	..	..	..	..	..	..	..	..	..

Sources: UNAIDS and WHO, *Report on the Global HIV/AIDS Epidemic* (1998, 2000, 2002); and United Nations, Millennium Indicators Database (UNAIDS, UNICEF, United Nations Population Division, WHO) <http://millenniumindicators.un.org/unsd/mi/mi_goals.asp>, 10 April 2003.

a Information on HIV prevalence rate and condom use at last higher-risk sex are supplemented for indicators 18 and 19.

b Proportion of both sexes combined.

c Urban samples.

GOAL 7. ENSURE ENVIRONMENTAL SUSTAINABILITY
Target 9. Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

Economies/areas	Indicator 25		Indicator 26	Indicator 27	
	Proportion of land area covered by forest (percentage)		Protected land areas as a percentage of total land area	Energy use (kg oil equivalent) per \$1,000 GDP (PPP)	
	1990	2000	1997	1990	1999
East and North-East Asia					
China	15.6	17.5	0.07	551	238
Democratic People's Republic of Korea	68.2	68.2	0.03	241	244
Hong Kong, China	..	..	0.43	112	120
Japan	63.9	64.0	0.07	176	159
Macao, China	..	..	..	..	..
Mongolia	7.2	6.8	0.10	..	..
Republic of Korea	63.8	63.3	0.07	241	244
South-East Asia					
Brunei Darussalam	85.8	83.9	0.21	390	387 ^a
Cambodia	56.1	52.9	0.18	..	..
Indonesia	65.2	58.0	0.18	267	227
Lao People's Democratic Republic	56.7	54.4	0.12	..	..
Malaysia	65.9	58.7	0.05	260	232
Myanmar	60.2	52.3	0.00	..	..
Philippines	22.4	19.4	0.05	139	144
Singapore	3.3	3.3	0.05	343	275
Thailand	31.1	28.9	0.14	203	191
Timor-Leste	36.6	34.3	..	..	..
Viet Nam	28.6	30.2	0.03	355 ^b	242
South and South-West Asia					
Afghanistan	2.1	2.1	0.00	..	..
Bangladesh	9.0	10.2	0.01	117	93
Bhutan	64.2	64.2	0.21	..	..
India	21.4	21.6	0.04	302	213
Iran (Islamic Republic of)	4.5	4.5	0.05	319	296
Maldives	3.3	3.3	..	..	..
Nepal	32.7	27.3	0.09	380	286
Pakistan	3.6	3.1	0.05	289	241
Sri Lanka	35.4	30.0	0.13	159	123
Turkey	13.0	13.3	0.02	194	170
North and Central Asia					
Armenia	11.0	12.4	0.07	540 ^c	205
Azerbaijan	11.5	13.1	0.06	742 ^c	640
Georgia	43.7	43.7	0.03	264 ^c	208
Kazakhstan	3.7	4.5	0.03	877 ^c	471
Kyrgyzstan	4.0	5.2	0.02	379 ^c	198
Russian Federation	50.3	50.4	0.03	574 ^c	538
Tajikistan	2.7	2.8	0.04	874 ^c	524
Turkmenistan	8.0	8.0	0.04	539 ^c	830
Uzbekistan	4.6	4.8	0.02	987 ^d	881
Pacific					
American Samoa	60.1	60.1	0.22	..	..
Australia	20.5	20.1	0.14	297	228
Cook Islands	95.7	95.7	0.01	..	..
Fiji	45.5	44.6	0.01	..	..
French Polynesia	28.7	28.7	0.05	..	..
Guam	38.2	38.2	..	..	..
Kiribati	38.4	38.4	0.37	..	..
Marshall Islands	..	..	..	..	..
Micronesia (Federated States of)	34.8	21.7	..	..	..
Nauru	..	..	..	..	..
New Caledonia	20.4	20.4	0.06	..	..
New Zealand	28.2	29.7	0.23	287	248
Niue	..	..	..	..	..
Northern Mariana Islands	30.4	30.4	0.04	..	..
Palau	76.1	76.1	0.09	..	..
Papua New Guinea	70.1	67.6	0.02	..	..
Samoa	46.1	37.2	0.04	..	..
Solomon Islands	90.3	88.8	0.00	..	..
Tonga	6.5	5.5	0.06	..	..
Tuvalu	..	..	1.27	..	..
Vanuatu	36.2	36.7	0.00	..	..

Source: United Nations, Millennium Indicators Database (FAO, UNEP-IUCN, IEA, UNSD, World Bank) <http://millenniumindicators.un.org/unsd/mi/mi_goals.asp>, 10 April 2003.

a 1998.

b 1991.

c 1992.

d 1993.

GOAL 7. ENSURE ENVIRONMENTAL SUSTAINABILITY
Target 10. Halve by 2015 the proportion of people without sustainable access to safe drinking water

Economies/areas	Indicator 30			
	Urban water supply coverage (percentage)		Rural water supply coverage (percentage)	
	1990	2000	1990	2000
East and North-East Asia				
China	99	94	60	66
Democratic People's Republic of Korea	..	100	..	100
Hong Kong, China	..	..	..	..
Japan	..	..	..	..
Macao, China	..	..	..	..
Mongolia	..	77	..	30
Republic of Korea	..	97	..	71
South-East Asia				
Brunei Darussalam	..	..	..	..
Cambodia	..	54	..	26
Indonesia	92	90	62	69
Lao People's Democratic Republic	..	61	..	29
Malaysia	..	..	..	94
Myanmar	..	89	..	66
Philippines	93	91	82	79
Singapore	100	100	..	..
Thailand	87	95	78	81
Timor-Leste	..	..	..	..
Viet Nam	86	95	48	72
South and South-West Asia				
Afghanistan	..	19	..	11
Bangladesh	99	99	93	97
Bhutan	..	86	..	60
India	88	95	61	79
Iran (Islamic Republic of)	..	98	..	83
Maldives	..	100	..	100
Nepal	93	94	64	87
Pakistan	96	95	77	87
Sri Lanka	91	98	62	70
Turkey	83	81	72	86
North and Central Asia				
Armenia	..	..	..	..
Azerbaijan	..	93	..	58
Georgia	..	90	..	61
Kazakhstan	..	98	..	82
Kyrgyzstan	..	98	..	66
Russian Federation	..	100	..	96
Tajikistan	..	93	..	47
Turkmenistan	..	..	..	..
Uzbekistan	..	94	..	79
Pacific				
American Samoa	..	..	..	..
Australia	100	100	100	100
Cook Islands	..	..	..	..
Fiji	..	43	..	51
French Polynesia	..	..	..	..
Guam	..	..	..	..
Kiribati	..	82	..	25
Marshall Islands	..	..	..	..
Micronesia (Federated States of)	..	..	..	..
Nauru	..	..	..	..
New Caledonia	..	..	..	..
New Zealand	100	100	..	..
Niue	..	..	..	..
Northern Mariana Islands	..	..	..	..
Palau	..	100	..	20
Papua New Guinea	88	88	32	32
Samoa	..	95	..	100
Solomon Islands	..	94	..	65
Tonga	..	100	..	100
Tuvalu	..	..	..	..
Vanuatu	..	63	..	94

Source: United Nations, Millennium Indicators Database (UNICEF-WHO) <http://millenniumindicators.un.org/unsd/mi_goals.asp>, 10 April 2003.

GOAL 8. DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT
Target 13. Address the special needs of the least developed countries

OECD/DAC countries	Indicator 33				Indicator 34		Indicator 35	
	ODA, net, as percentage of OECD/DAC donors' GNI (percentage)		ODA to all LDCs, net, as percentage of OECD/DAC donors' GNI (percentage)		ODA to basic social services as percentage of sector-allocable ODA (percentage)		Proportion of bilateral ODA of OECD/DAC donors that is untied (percentage)	
	1990	2001	1990	2001	1995-1996 ^a	2000-2001 ^a	1990	2001
Australia	0.34	0.25	0.06	0.05	5.92	19.00	15.76	59.34
Austria	0.25	0.29	0.07	0.06	2.57	20.50	38.78	59.17 ^b
Belgium	0.46	0.37	0.19	0.13	9.19	14.60	10.51 ^c	89.83
Canada	0.44	0.22	0.13	0.03	8.88	19.40	38.81	31.66
Denmark	0.94	1.03	0.37	0.34	13.14	8.70	61.28 ^d	93.28
Finland	0.65	0.32	0.24	0.09	8.94	11.60	27.44	87.49
France	0.60	0.32	0.19	0.08	..	..	47.09	66.61
Germany	0.42	0.27	0.12	0.06	8.79	9.70	43.60	84.66
Greece	..	0.17	..	0.02	19.33	4.60	..	17.29
Ireland	0.16	0.33	0.06	0.16	0.46	20.50	..	100.00
Italy	0.31	0.15	0.13	0.04	7.27	6.10	16.59	7.80
Japan	0.31	0.23	0.06	0.04	1.98	6.80	77.01	81.10
Luxembourg	0.21	0.82	0.08	0.27	..	21.20	68.48 ^e	96.67 ^b
Netherlands	0.92	0.82	0.30	0.26	11.70	22.50	51.15	91.16
New Zealand	0.23	0.25	0.04	0.07	1.72	8.40	100.00	..
Norway	1.17	0.83	0.52	0.28	10.70	9.10	61.27	98.86
Portugal	0.24	0.25	0.17	0.11	4.22	2.80	93.68	57.74
Spain	0.20	0.30	0.04	0.03	8.28	11.70	..	68.88
Sweden	0.91	0.81	0.35	0.22	14.20	13.60	78.50	86.48
Switzerland	0.32	0.34	0.14	0.10	6.50	10.90	63.02	96.11
United Kingdom of Great Britain and Northern Ireland	0.27	0.32	0.09	0.12	24.40	27.00	28.22	93.90
United States of America	0.21	0.11	0.04	0.02	18.97	21.50	69.47	28.40 ^f

Source: United Nations, Millennium Indicators Database (OECD) <http://millenniumindicators.un.org/unsd/mi/mi_goals.asp>, 10 April 2003.

a Two-year averages

b 2000.

c 1991.

d 1995.

e 1992.

f 1996.

GOAL 8. DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT
Target 15. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

OECD/DAC countries	Indicator 40	
	Agricultural support estimate for OECD countries as percentage of their GDP	
	1990	2001
Australia	0.84	0.33
Austria	..	..
Belgium	..	..
Canada	1.65	0.73
Czech Republic	8.69 ^a	1.24
Denmark	..	..
Finland	..	..
France	..	..
Germany	..	..
Greece	..	..
Hungary	2.52 ^a	1.39
Iceland	4.56	1.62
Ireland	..	..
Italy	..	..
Japan	1.74	1.43
Luxembourg	..	..
Mexico	2.86	1.28
Netherlands	..	..
New Zealand	0.49	0.29
Norway	3.18	1.42
Poland	0.26 ^a	1.01
Portugal	..	..
Republic of Korea	9.37	4.74
Slovakia	4.98 ^b	0.94
Spain	..	..
Sweden	..	..
Switzerland	3.09	1.88
Turkey	4.21	4.31
United Kingdom of Great Britain and Northern Ireland	..	..
United States of America	1.23	0.94

Source: United Nations, Millennium Indicators Database (OECD) <http://millenniumindicators.un.org/unsd/mi/mi_goals.asp>, 10 April 2003.

a 1991.

b 1993.

GOAL 8. DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT
Target 16. In cooperation with developed countries, develop and implement strategies for decent and productive work for youth

Economies/areas	Indicator 45 ^a					
	Youth unemployment rate aged 15-24, both sexes		Youth unemployment rate aged 15-24, male		Youth unemployment rate aged 15-24, female	
	Early 1990s	Late 1990s	Early 1990s	Late 1990s	Early 1990s	Late 1990s
East and North-East Asia						
China	2.9 (95)	3.1 (00)	..	..	..	..
Democratic People's Republic of Korea	..	..	..	..	..	..
Hong Kong, China	3.4 (90)	10.3 (98)	3.6 (90)	11.8 (98)	3.3 (90)	8.7 (98)
Japan	4.3 (90)	9.2 (00)	4.5 (90)	10.4 (00)	4.1 (90)	7.9 (00)
Macao, China	3.9 ^b (93)	9.9 (98)	4.4 ^b (93)	13.7 (98)	3.5 (93)	6.5 (98)
Mongolia	.. (90)	..	..	..	..	..
Republic of Korea	7.0 ^{c,d} (90)	14.2 ^{c,d} (99)	9.5 ^{c,d} (90)	17.9 ^{c,d} (99)	5.5 ^{c,d} (90)	11.9 ^{c,d} (99)
South-East Asia						
Brunei Darussalam	..	..	..	..	..	..
Cambodia	..	..	..	..	..	..
Indonesia	4.8 ^b (90)	13.4 ^b (96)	4.6 ^b (90)	12.2 ^b (96)	5.0 ^b (90)	15.0 ^b (96)
Lao People's Democratic Republic	..	..	..	..	..	..
Malaysia	..	..	..	..	..	..
Myanmar	..	..	..	..	..	..
Philippines	15.4 ^b (90)	19.4 ^b (98)	13.1 ^b (90)	17.9 ^b (98)	19.2 ^b (90)	22.1 ^b (98)
Singapore	5.2 ^b (92)	7.1 ^b (98)	4.6 ^b (92)	5.6 ^b (98)	5.9 ^b (92)	8.4 ^b (98)
Thailand	4.3 ^e (90)	7.4 ^e (98)	4.3 ^e (90)	8.2 ^e (98)	4.2 ^e (90)	6.5 ^e (98)
Timor-Leste	..	..	..	..	..	..
Viet Nam	..	..	..	..	..	..
South and South-West Asia						
Afghanistan	..	..	..	..	..	..
Bangladesh	..	..	..	..	..	..
Bhutan	..	..	..	..	..	..
India	29.2 ^b (92)	..	34.5 ^b (91)	..	18.0 ^b (91)	..
Iran (Islamic Republic of)	..	..	..	..	..	..
Maldives	..	..	..	..	..	..
Nepal	..	..	..	..	..	..
Pakistan	3.6 ^b (90)	9.9 ^b (97)	4.6 ^b (90)	7.8 ^b (97)	0.4 ^b (90)	20.6 ^b (97)
Sri Lanka	33.3 ^f (90)	28.2 ^{f,g} (98)	22.8 ^f (90)	24.6 ^{f,g} (98)	46.9 ^f (90)	33.6 ^{f,g} (98)
Turkey	16.0 ^{h,i} (90)	14.6 ^h (99)	16.6 ^{h,i} (90)	16.0 ^h (99)	15.0 ^{h,i} (90)	12.3 ^h (99)
North and Central Asia						
Armenia	..	..	..	..	..	..
Azerbaijan	..	..	..	..	..	..
Georgia	..	..	..	..	..	..
Kazakhstan	..	..	..	..	..	..
Kyrgyzstan	2.3 (95)	..	2.0 (95)	..	2.6 (95)	..
Russian Federation	16.3 ^b (92)	26.8 (98)	17.1 ^b (92)	26.2 (98)	15.5 ^b (92)	27.4 (98)
Tajikistan	..	..	..	..	..	..
Turkmenistan	..	..	..	..	..	..
Uzbekistan	..	..	..	..	..	..
Pacific						
American Samoa	..	..	..	..	..	..
Australia	13.2 ^h (90)	13.5 ^h (99)	13.9 ^{h,j} (90)	14.7 ^h (99)	12.4 ^{h,j} (90)	12.0 ^h (99)
Cook Islands	..	..	..	..	..	..
Fiji	..	..	..	..	..	..
French Polynesia	..	..	..	..	..	..
Guam	..	..	..	..	..	..
Kiribati	..	..	..	..	..	..
Marshall Islands	..	..	..	..	..	..
Micronesia (Federated States of)	..	..	..	..	..	..
Nauru	..	..	..	..	..	..
New Caledonia	..	..	..	..	..	..
New Zealand	14.1 ^{h,j} (90)	13.7 ^{h,j} (99)	14.9 ^{h,j} (90)	14.6 ^{h,j} (99)	13.2 ^{h,j} (90)	12.8 ^{h,j} (99)
Niue	..	..	..	..	..	..
Northern Mariana Islands	..	..	..	..	..	..
Palau	..	..	..	..	..	..
Papua New Guinea	..	..	..	..	..	..
Samoa	..	..	..	..	..	..
Solomon Islands	..	..	..	..	..	..
Tonga	..	..	..	..	..	..
Tuvalu	..	..	..	..	..	..
Vanuatu	..	..	..	..	..	..

Source: United Nations, Millennium Indicators Database (ILO) <http://millenniumindicators.un.org/unsd/mi/mi_goals.asp>, 10 April 2003.

a An improved measure of the target is under development by ILO for future years.

b Data refer to one month.

c Data exclude islands that are difficult to examine.

d Data refer to civilian population but exclude prisoners, foreigners and persons living abroad.

e Data refer to the third round.

f Data refer to one quarter.

g Data exclude northern and eastern provinces.

h Data refer to civilian population.

i Beginning this year, break in series, change in economy-specific methodology.

j Data exclude Chathams, Antarctic Territories and other minor offshore islands.

GOAL 8. DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT
Target 18. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

Economies/areas	Indicator 47		Indicator 48			
	Telephone lines and cellular subscribers per 100 population		Personal computers in use per 100 population		Internet users per 100 population	
	1990	2001	1990	2001	1990	2001
East and North-East Asia						
China	0.59	24.77	0.04	1.90	0.00 ^a	2.57
Democratic People's Republic of Korea	2.46	2.13	..	..	..	..
Hong Kong, China	47.46	143.85	4.73	38.66	0.13 ^b	38.68
Japan	44.81	117.36	5.99	35.82	0.02 ^b	38.42
Macao, China	26.13	82.80	..	17.86	0.04 ^c	22.54
Mongolia	3.20	13.30	0.34 ^d	1.46	0.01 ^d	1.67
Republic of Korea	30.78	110.64	3.68	48.08	0.02	52.11
South-East Asia						
Brunei Darussalam	14.31	65.92	1.12 ^e	7.46	1.06 ^d	10.45
Cambodia	0.04	1.91	0.05 ^d	0.15	..	0.07
Indonesia	0.60	6.57	0.11	1.10	0.00 ^c	1.91
Lao People's Democratic Republic	0.16	1.52	..	0.30	..	0.19
Malaysia	9.42	51.21	0.84	12.61	0.00 ^e	27.31
Myanmar	0.17	0.64	..	0.11	..	0.02
Philippines	1.00	19.20	0.35	2.17	0.01 ^c	2.56
Singapore	36.29	119.56	6.56	50.83	0.16 ^b	41.15
Thailand	2.54	22.19	0.42	2.78	0.00	5.77
Timor-Leste	..	..	..	..	..	..
Viet Nam	0.15	5.30	0.01 ^e	0.86	..	1.24
South and South-West Asia						
Afghanistan	0.22	0.13	..	..	..	..
Bangladesh	0.20	0.83	..	0.19	..	0.19
Bhutan	0.37	2.54	..	0.58	..	0.43
India	0.60	4.38	0.03	0.58	0.00 ^e	0.68
Iran (Islamic Republic of)	4.04	20.10	1.37 ^c	6.97	0.00 ^c	1.56
Maldives	2.93	16.83	1.23 ^d	2.19	0.00	3.65
Nepal	0.32	1.39	0.05 ^a	0.35	0.00	0.26
Pakistan	0.75	2.89	0.13	0.41	0.00 ^d	0.34
Sri Lanka	0.74	7.99	0.02	0.93	0.00 ^c	0.80
Turkey	12.21	58.06	0.53	4.07	0.01 ^a	3.77
North and Central Asia						
Armenia	15.70	14.65	..	0.92	0.01 ^c	1.84
Azerbaijan	8.63	19.11	..	..	0.00 ^c	0.32
Georgia	9.89	23.49	..	2.87	0.01 ^d	0.93
Kazakhstan	8.00	15.67	..	..	0.00 ^c	0.93
Kyrgyzstan	7.15	8.33	..	1.28	..	3.02
Russian Federation	13.99	29.61	0.34	4.97	0.00 ^e	2.93
Tajikistan	4.54	3.62	..	..	..	0.05
Turkmenistan	5.99	8.19	..	..	..	0.17
Uzbekistan	6.87	6.91	..	..	0.00 ^d	0.60
Pacific						
American Samoa	13.76 ^e	29.01 ^f	..	..	..	..
Australia	46.71	111.50	14.98	51.58	0.59	37.14
Cook Islands	16.24	34.25	..	..	1.16 ^d	16.00
Fiji	5.76	21.09	10.00	42.35	0.01 ^a	1.83
French Polynesia	19.38	50.71	..	28.00	..	8.46
Guam	29.32	71.63	..	..	0.35 ^c	30.53
Kiribati	1.66	4.79	..	1.05	..	2.32
Marshall Islands	1.12	8.56	0.01	4.58	0.00	1.65
Micronesia (Federated States of)	2.50	8.67	..	..	..	4.30
Nauru	13.33 ^b	28.98	..	..	..	..
New Caledonia	16.84	54.09	..	..	0.01 ^d	11.35
New Zealand	44.96	107.60	9.69 ^b	39.26	0.29 ^e	46.12
Niue	20.00 ^e	74.74	..	..	..	30.93
Northern Mariana Islands	30.89 ^a	45.25 ^g	..	..	..	..
Palau	..	..	..	..	..	..
Papua New Guinea	0.80	1.37	..	5.67	..	0.94
Samoa	2.56	8.19	0.06 ^d	0.62	..	1.68
Solomon Islands	1.47	1.93	..	3.93	0.02 ^d	0.46
Tonga	4.58	11.16	..	1.42	0.12 ^d	2.83
Tuvalu	1.33	6.50	..	..	..	10.00
Vanuatu	1.77	3.54	..	0.08	0.06 ^h	2.74

Source: United Nations, Millennium Indicators Database (ITU) <http://millenniumindicators.un.org/unsd/mi_goals.asp>, 10 April 2003.

a 1993. e 1992.
b 1991. f 1999.
c 1994. g 2000.
d 1995. h 1996.

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