

New Economics for Sustainable Development

Global trends and the SDG Framework:

Data needs and issues

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Main Messages

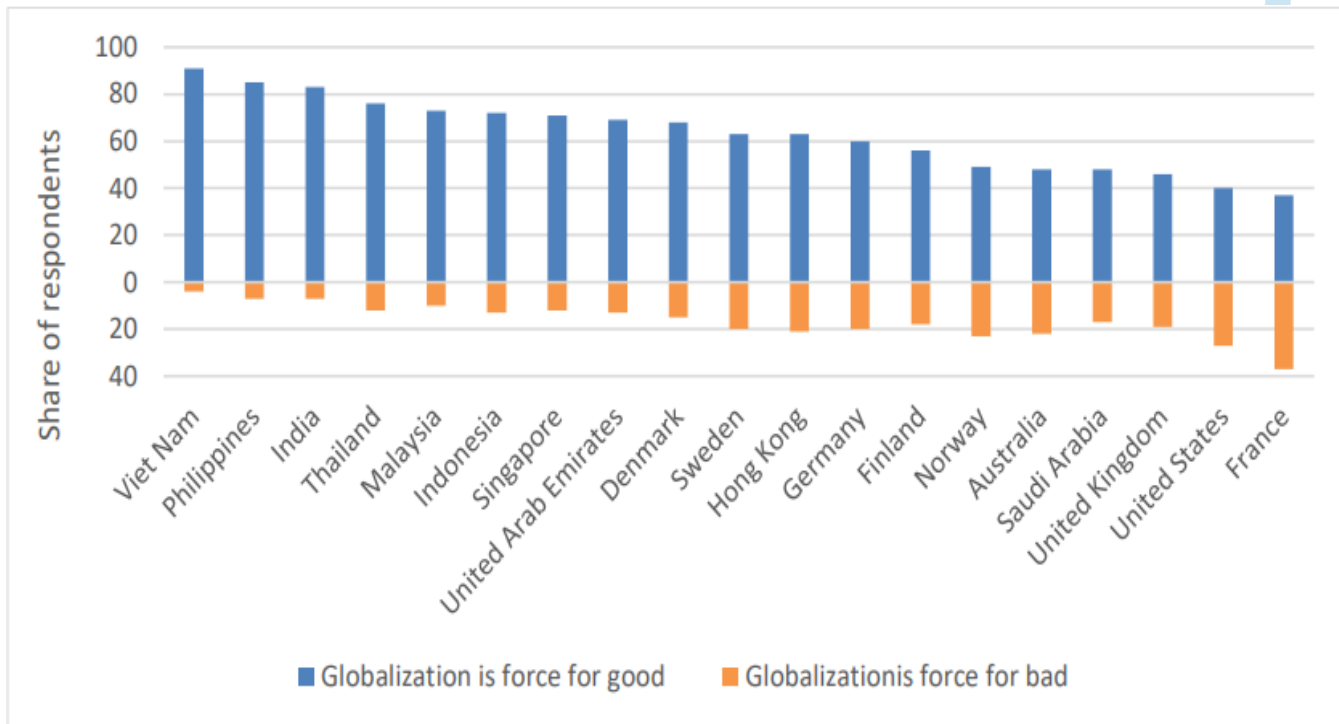
- Trends in globalization, technology, inequalities and climate change have far reaching consequences for societies ... **need to revisit conventional thinking**
- Strong economic performance has not been people and planet friendly ... **need to think beyond GDP**
- Adoption of SDG framework is a step in the right direction ... **need change in mindset for its effective implementation**
- Implementation of SDG framework require additional investments and policy actions ... **need comprehensive financing strategies and integrated policy frameworks**
- Available data shows that all SDGs will be missed in 2030 at current progress ... **need more and better data**



1. Major Global Mega Trends

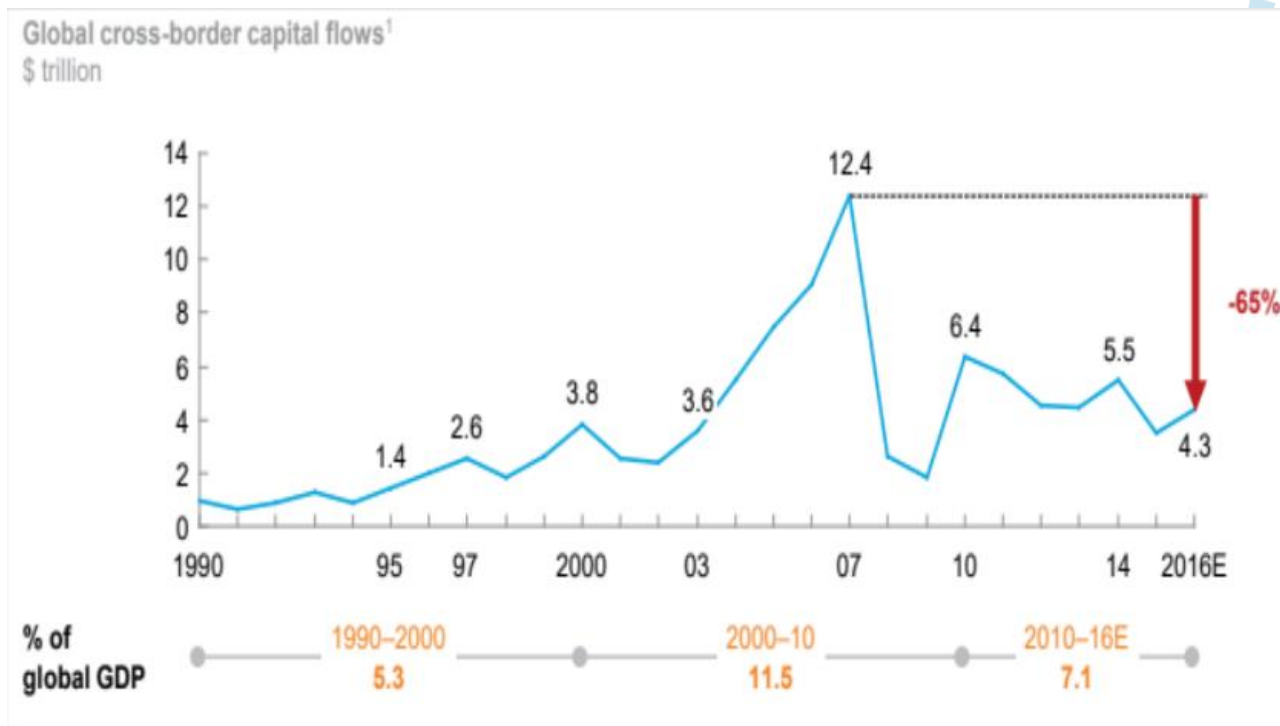
***Globalization, Technology, Inequalities,
and Climate Change***

Unlike advanced countries, Asia-Pacific developing countries remain positive about **globalization** ...



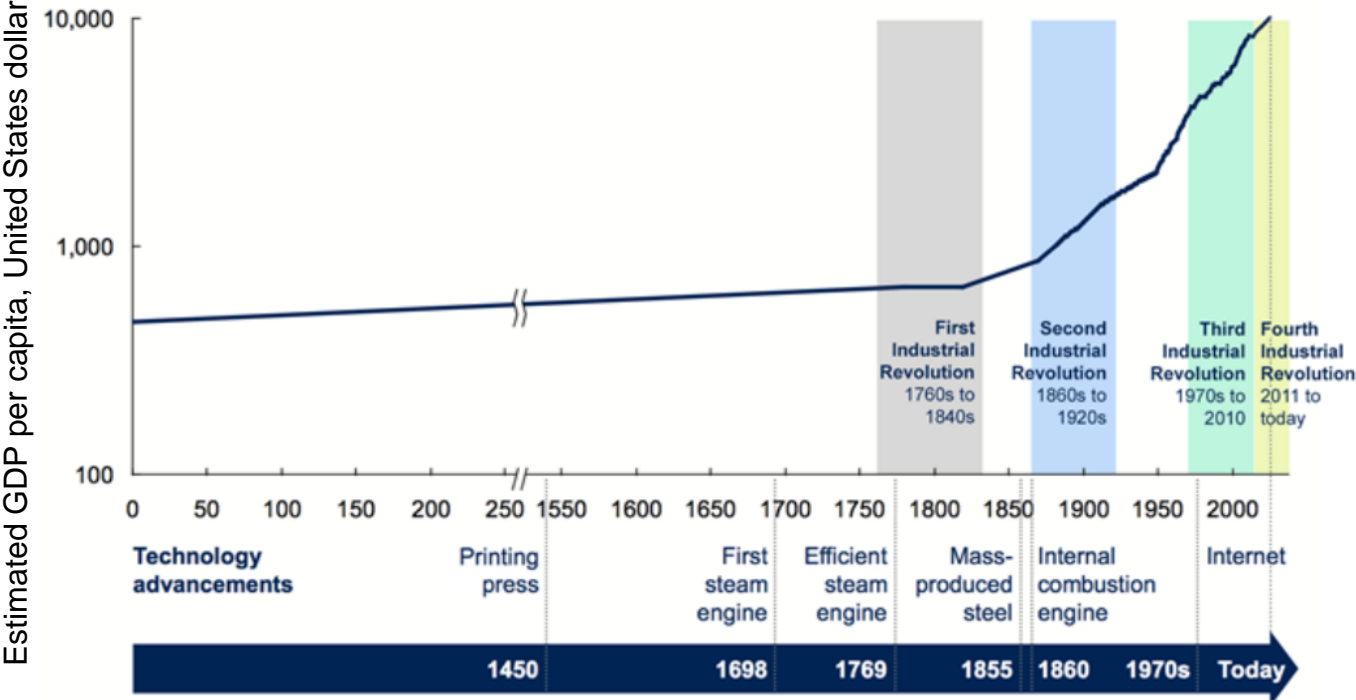
Source: Yougov.com (2016), International surveys.

... but some aspects of **globalization** have been excessive; e.g. cross-border financial flows



Source: McKinsey (2017).

Rapid **technological advancements** have boosted economic growth and productivity...

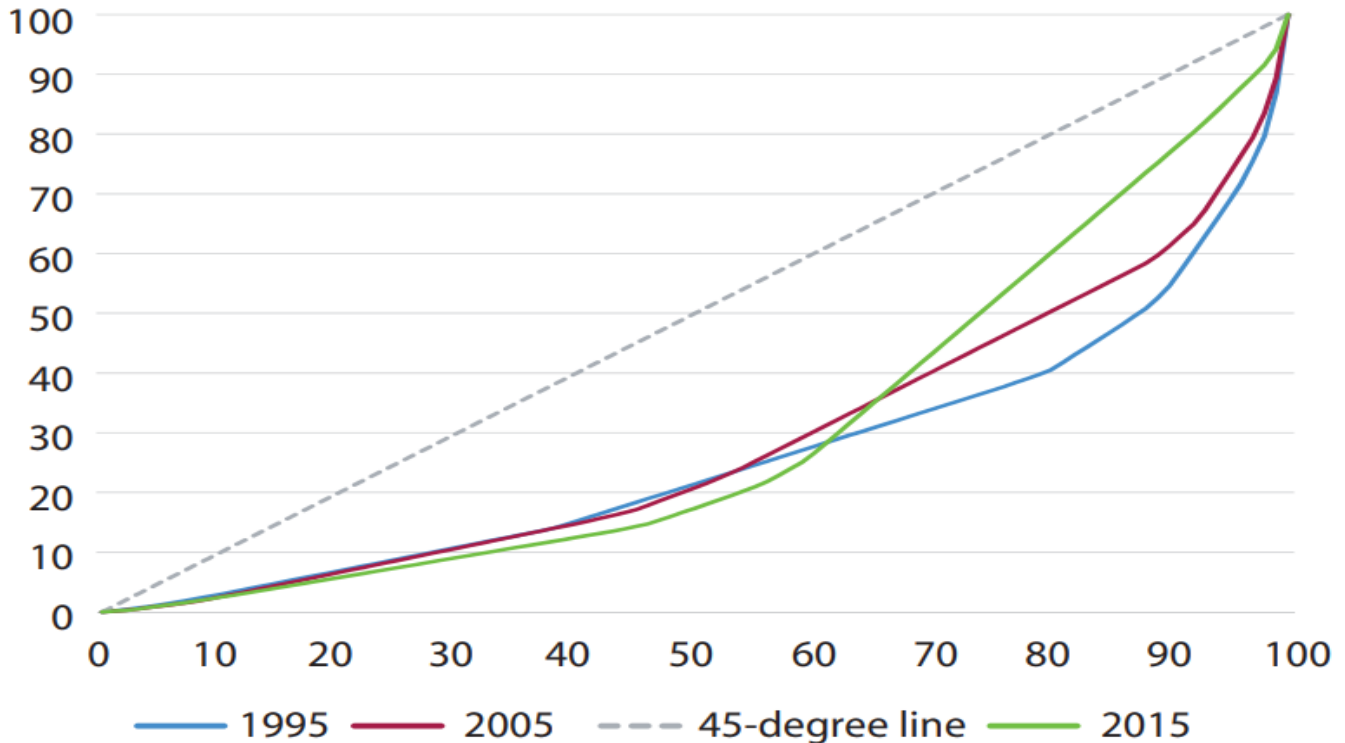


Source: ESCAP

...but new **technologies** also bring new risks and challenges

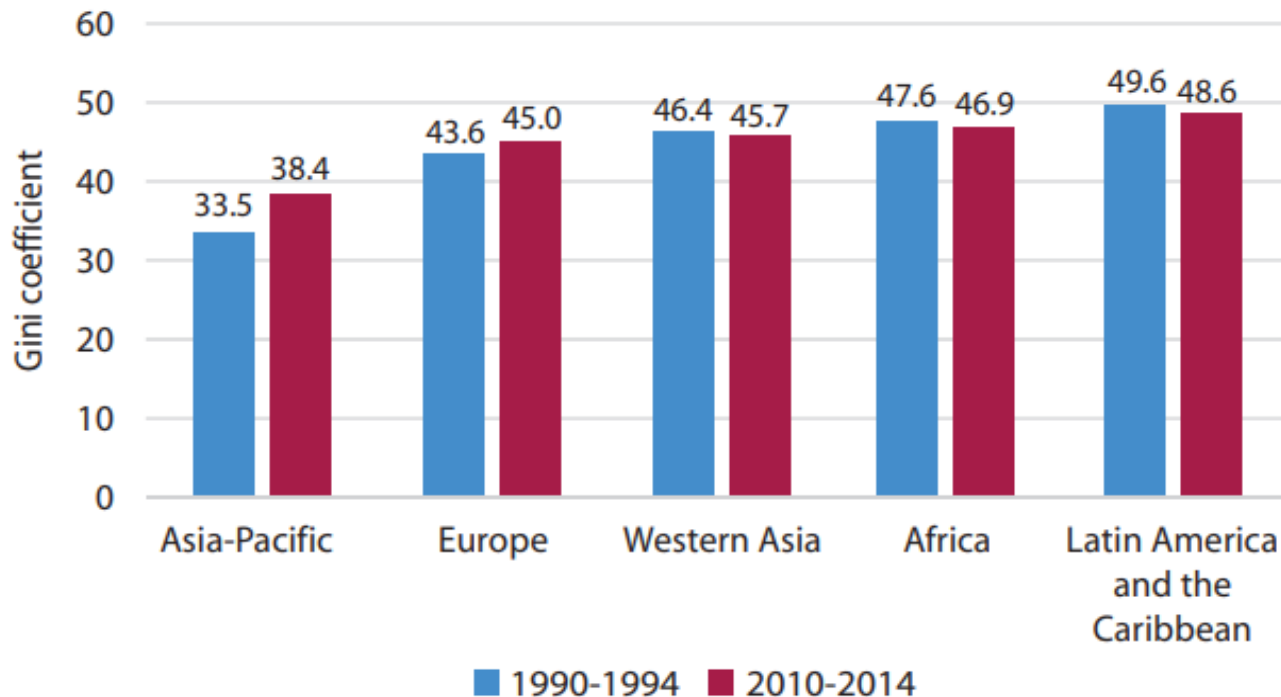
- **Financial technologies** (FinTech)
 - Digital payment platforms could undermine central banks' ability to influence money demand and supply
 - Without prudent regulations, online financial transactions could pose higher default risks or be used for illicit activities
- The potential impact of **artificial intelligence (AI) and automation** on job losses, especially low-skilled.

Overall **between-country inequality** in Asia-Pacific declined in recent years ...



Source: ESCAP.

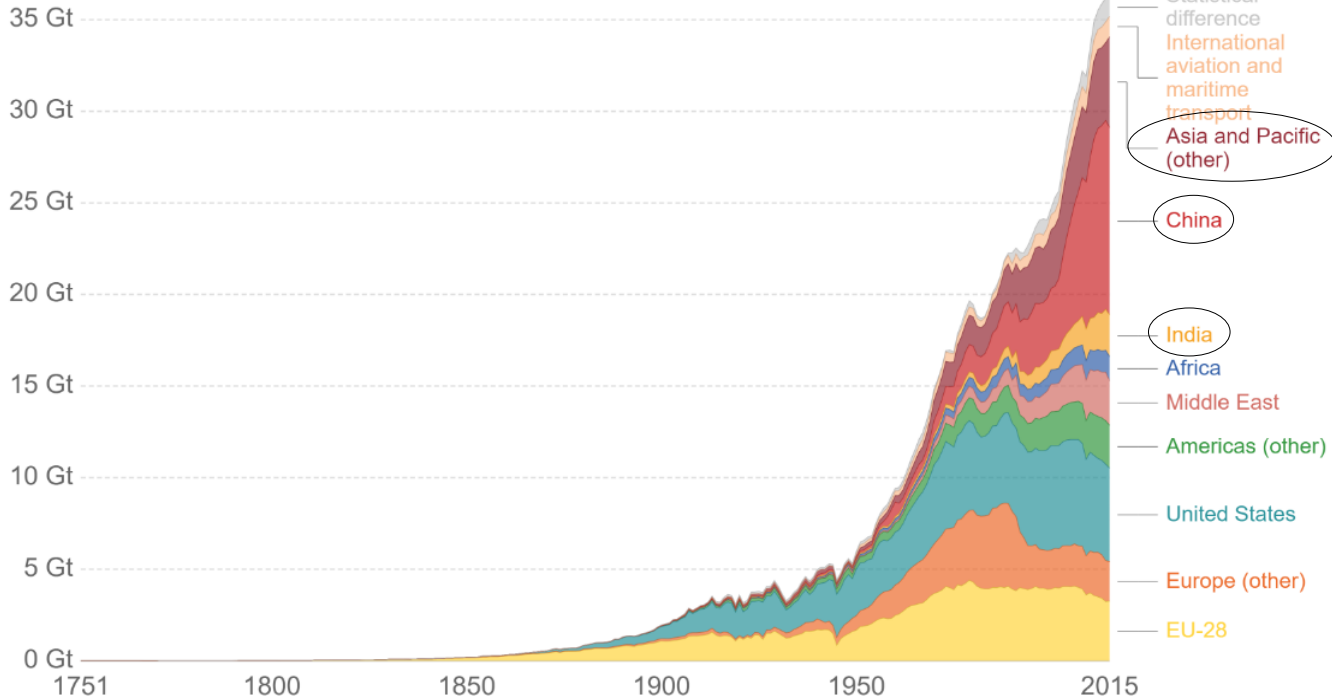
... but **within-country income inequality** has risen in Asia-Pacific



Source: ESCAP.

Environmental degradation: Global CO₂ emissions have increased dramatically

Annual CO₂ emissions in billion tonnes (GT)



Source: Carbon Dioxide Information Analysis Centre (CDIAC).

2. Going Beyond GDP

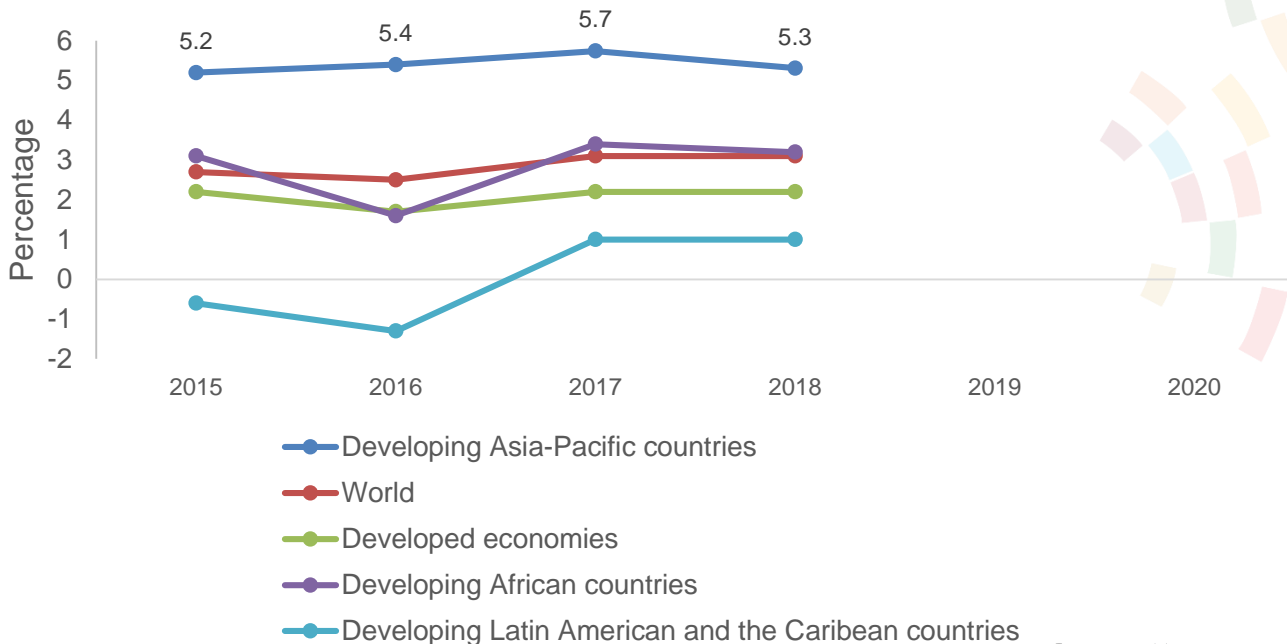
Thinking about alternatives

“GNP measures everything, except that which makes life worthwhile”

Robert F. Kennedy

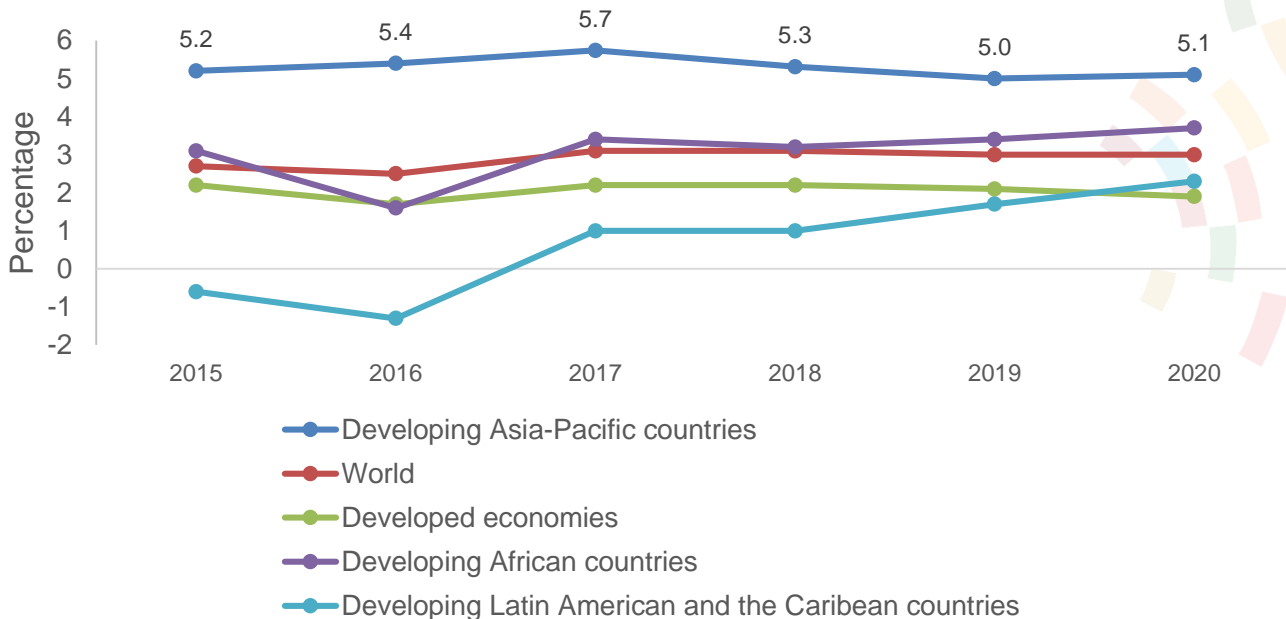
Growth moderated in 2018 but outlook remains broadly stable

Global and regional growth



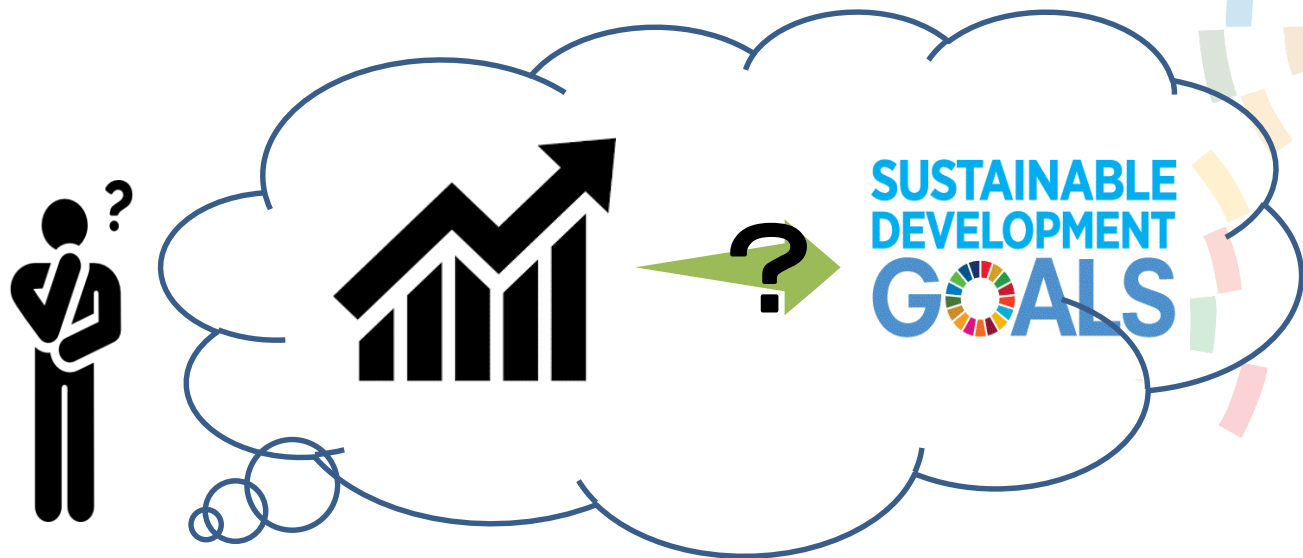
Growth moderated in 2018 but outlook remains broadly stable

Global and regional growth



Source: ESCAP and DESA

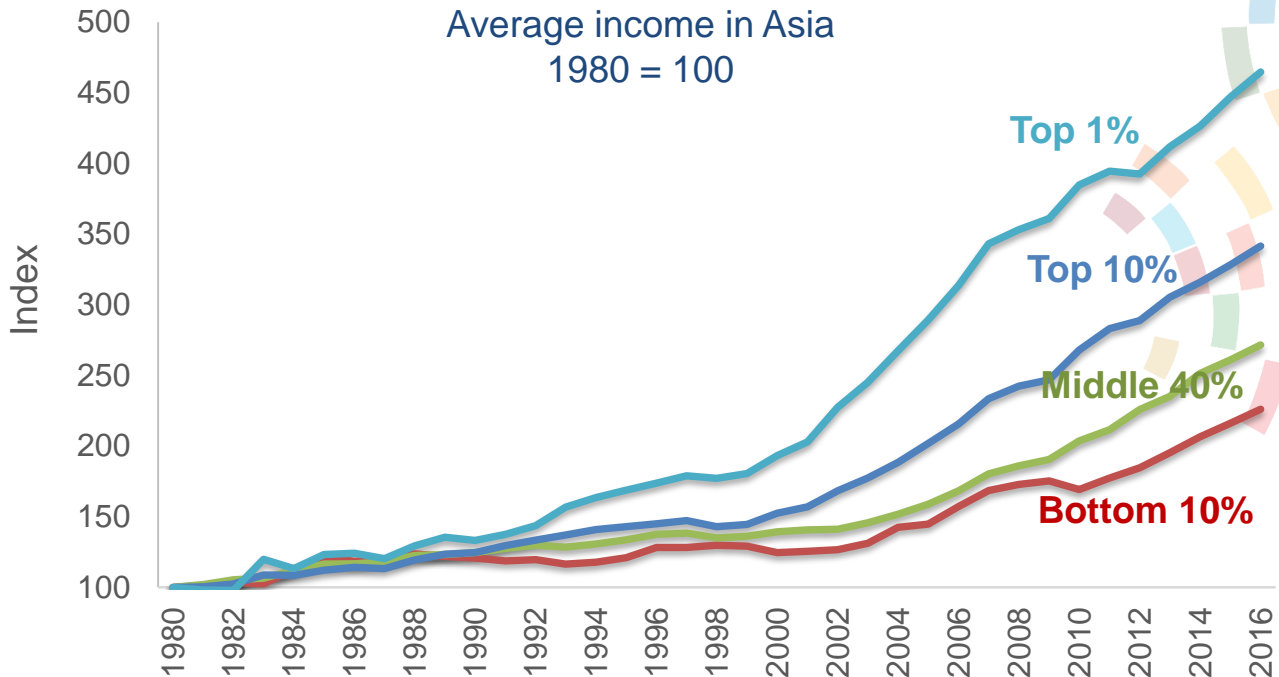
Stable economic conditions provide an opportunity to raise our **ambitions beyond GDP**



“critics indict both economic science and economic policy for blind obeisance to aggregate material ‘progress’, and for neglect of its costly side effects. Growth, it is charged, distorts national priorities, worsens the distribution of income, and irreparably damages the environment”

William Nordhaus and James Tobin, 1972

Focusing on economic growth alone has come at a cost to social inclusiveness...



Source: World Inequality database.

Air Pollution

The region witnessed the sharpest increase in premature deaths as a result of ambient air pollution between 1990 and 2015.

Climate risk

In 2017, carbon emissions from Asia-Pacific consumption of oil, gas and coal alone rose to nearly 49 per cent of the world total.

Climate disasters

A photograph showing a flooded area. In the foreground, there is a wooden staircase leading up to a house. A person is standing on the stairs. The water is murky and reflects the sky. There are trees and foliage on the left side of the frame.

The Asia Pacific region lost assets worth \$1.3 trillion as a result of floods, storms, droughts, earthquakes and tsunamis in 1970-2016.

Thinking beyond GDP: understanding theoretical reasons for its popularity

- Preoccupation with GDP is rooted in the belief that:
 - maximization of consumption or income is a principle goal of individual human activity and source of utility or satisfaction;
 - society's welfare can be evaluated by considering the sum total of utilities of all individuals; and
 - there is agreement in a society on such a welfare criterion.

Thinking beyond GDP: examples of some alternatives

- UNDP's Human Development Index (HDI)
 - not only extends the dimensionality - simultaneous focus on GDP per capita, education and life expectancy – but also attempts to capture the diminishing importance of income with increasing GDP.
- OECD's framework for measuring well-being and progress,
 - based on the recommendations of the Stiglitz-Sen-Fitoussi led Commission in 2009, is built around three distinct domains of a society's welfare: material conditions, quality of life and its sustainability over time.

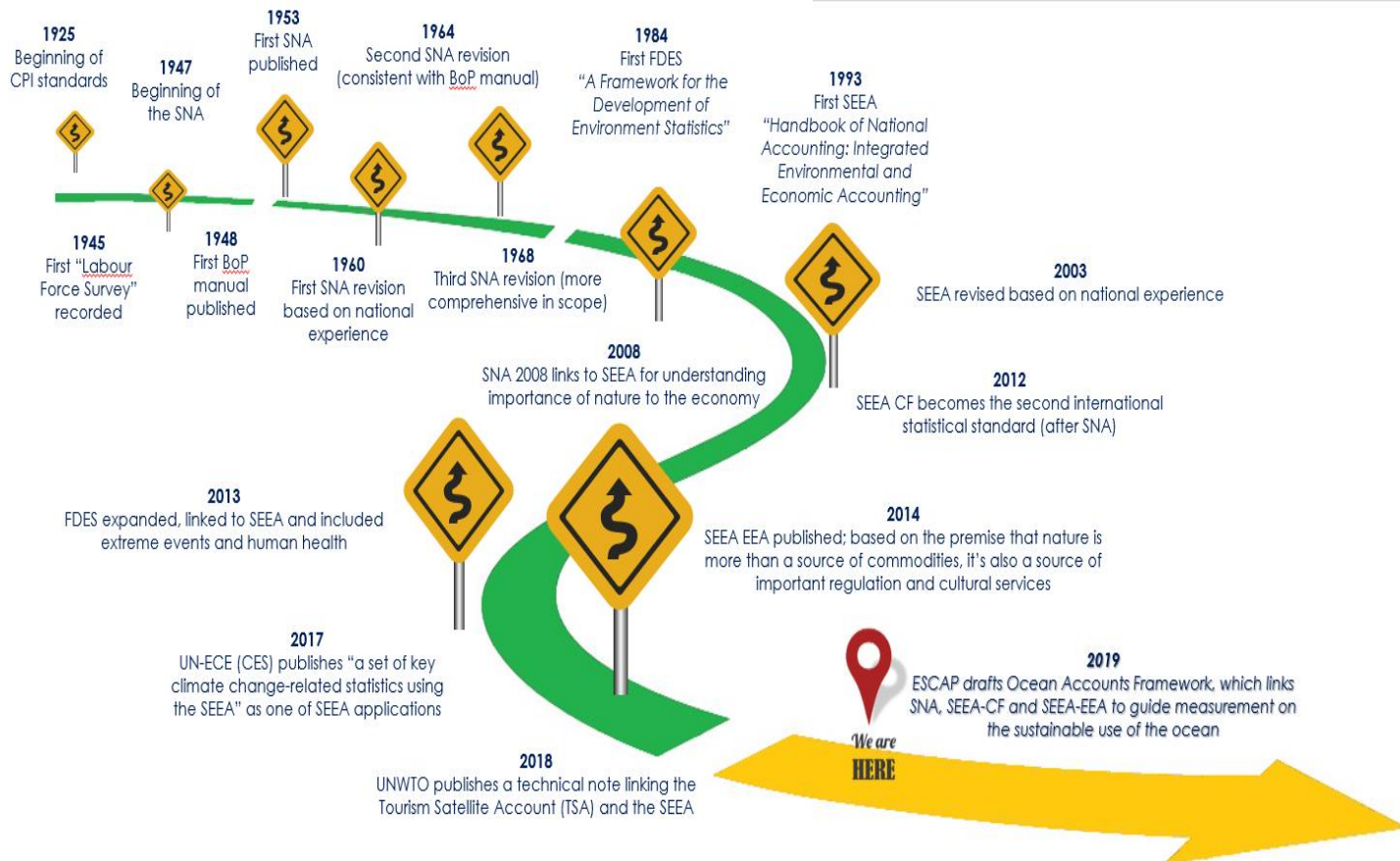
Thinking beyond GDP: examples of some alternatives

- Inclusive Wealth Indicator (IWI)
 - based on the high-level panel set up by UN-SG in 2012. The social welfare in the IWI framework is defined as private consumption adjusted for income inequalities; public services consumed by households; and environment services adjusted for pollution, exhaustion of fossil resources and damages to biodiversity.
- The 2030 Agenda for Sustainable Development
 - Endeavors to pursue multi-dimensional human wellbeing, social inclusiveness and environmental sustainability. It includes 17 Sustainable Development Goals that form a shared vision of humanity – people, planet, prosperity, peace, and partnership.

The SDG framework: Need to go beyond the system of national accounts

- SDGs emphasize synergies across economic, social and environmental dimensions of development.
- GDP measures economic activity, but does not reflect peoples well-being and environment aspects
- A need for '*physical*' accounts to complement traditional '*monetary*' accounts
 - A platform to integrate economic, social and environment statistics
 - Comprehensive view, e.g. all natural inputs, whole ocean, and all uses and users

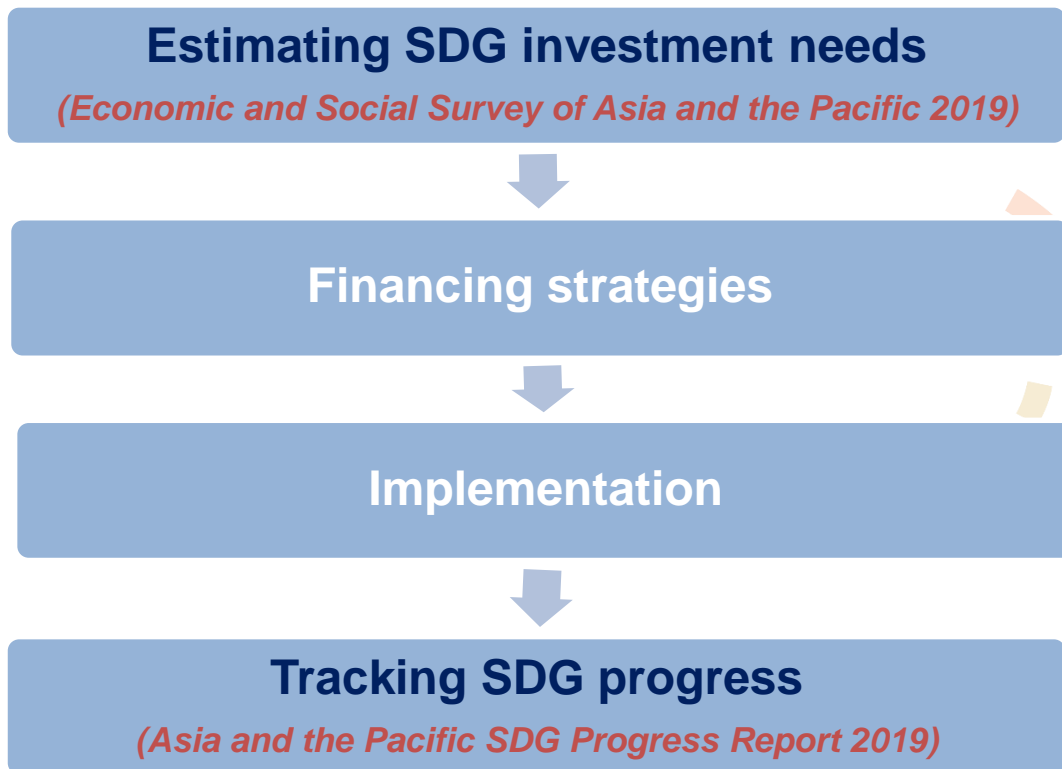
The journey on economic statistics and environmental-economic accounts



3. Pursuing the SDG Framework

Examples from ESCAP

Implementing the SDG Framework: Perspectives from two recent ESCAP publications



3.1 Estimating SDG investment needs

Methodologies and data issues



Framework to estimate SDG investment requirements: An example from ESCAP

- Considered five major investment areas:
 - **people** { achieve **basic human rights** through no poverty and hunger (Goals 1 and 2);
 - **people** { develop **human capacities** through health, education and gender (Goals 3, 4, and 5);
 - **prosperity** { increase the provision of **enabling infrastructure**, covering transport, ICT and water and sanitation (Goals 6, 9, 11, and 17);
 - **planet** { **secure humanity's future** through clean energy and climate action (Goals 7 and 13); and
 - **planet** { **live in harmony** through sustainable consumption and production, and biodiversity (Goals 8, 12, 14, and 15).

From 17 Goals to 5 investment areas and 3 dimensions... spanning **people**, **prosperity** and **the planet** ...



General methodology

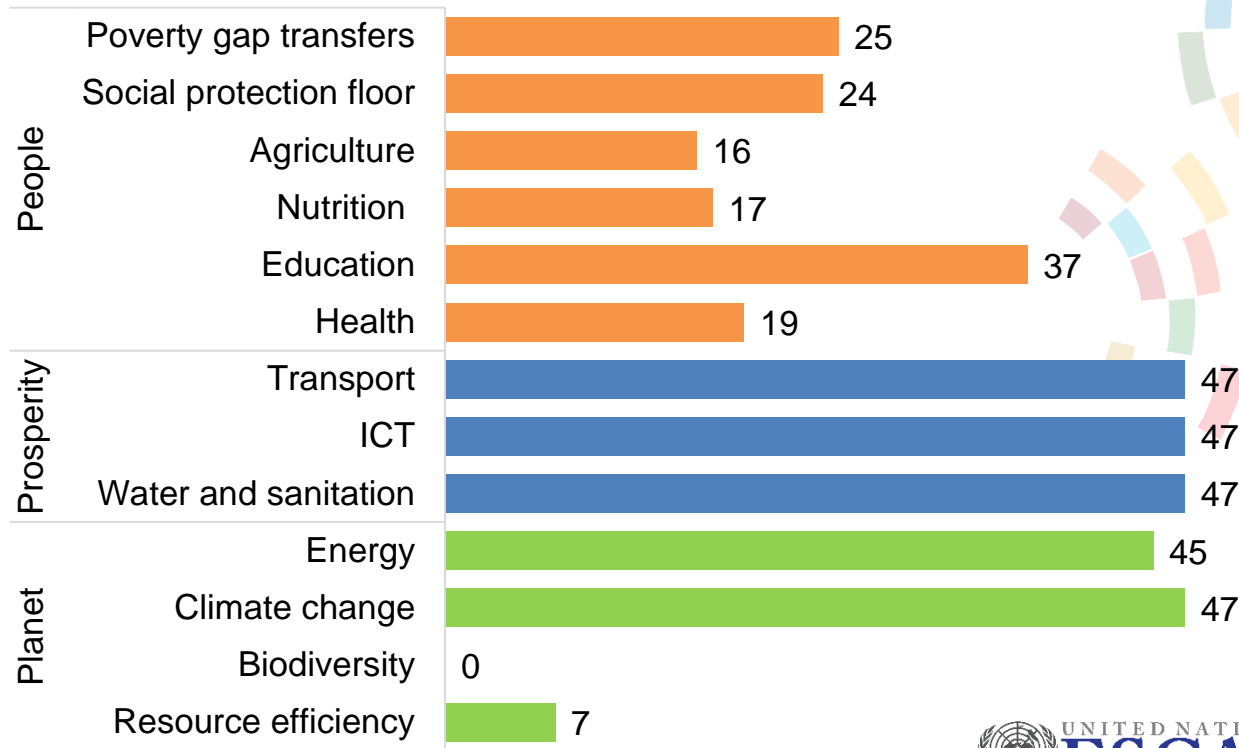
- Builds on costing models used by specialized agencies in their respective area of work
 - DESA, FAO, IEA, ILO, UNCTAD, UNDP, UNESCO, UNICEF and WHO
- **Intervention- and unit cost**-based costing for most social and infrastructure sectors
- **Integrated models** for energy and the environment
- Aggregation issues

Data requirements for estimating SDG investment needs

- Data on SDG targets and indicators
 - e.g. poverty incidence, malnutrition, household spending on education, etc
- Current spending or investment flows, from public and private sources
- Long-term projections of key variables, e.g. population, GDP and urbanization rate.
- Detailed administrative data to compute the unit costs of interventions needed.
- Time-series data help create future scenarios.

Data availability on SDG areas vary notably

Number of Asia-Pacific countries with available data for each SDG costing area



Data issues for estimating SDG investment needs

- Some SDGs do not have **numerical targets**.
- For SDGs without an internationally agreed numerical target, a target value relies on national consultation.
- Establishing a **baseline** on current spending for some SDG sectors is challenging, e.g.
 - Public spending on vocational training, biodiversity and ecosystems
 - Capital and recurrent expenditures on transport, ICT, energy, water and sanitation
- Large data gaps for small island developing States

3.2 Estimating SDG investment needs:

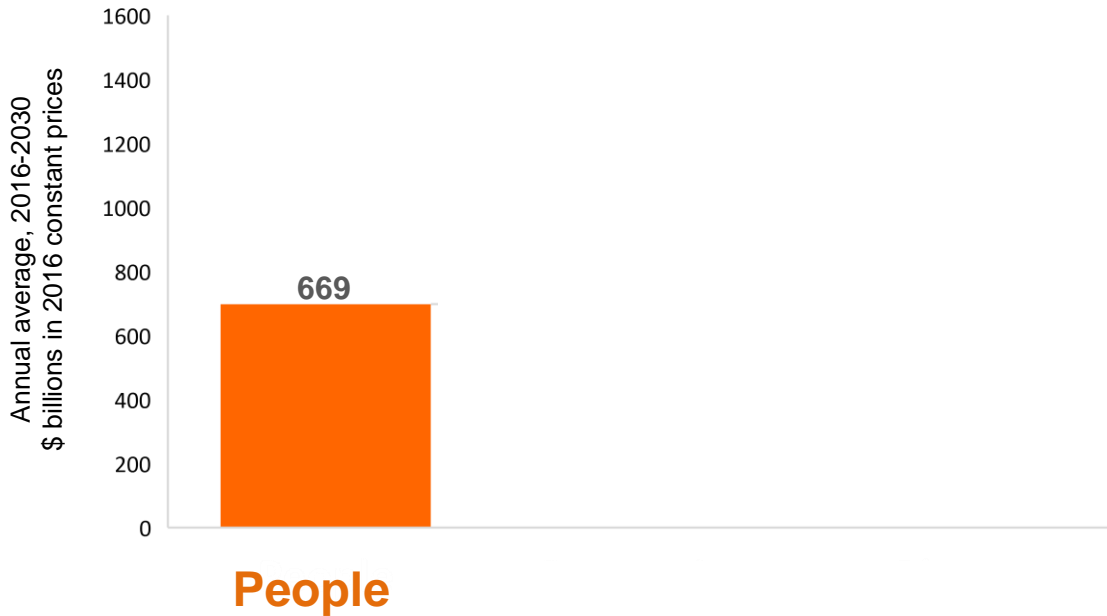
Results



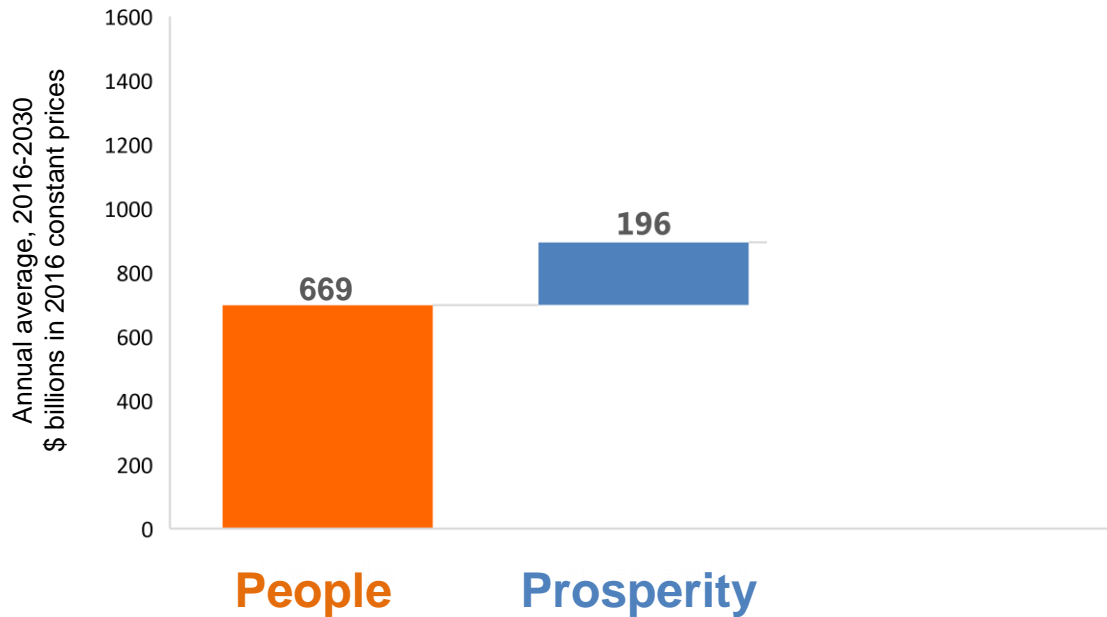
Survey 2019 estimates an investment gap of **\$1.5 trillion per year** or 5% of GDP for developing Asia-Pacific ...



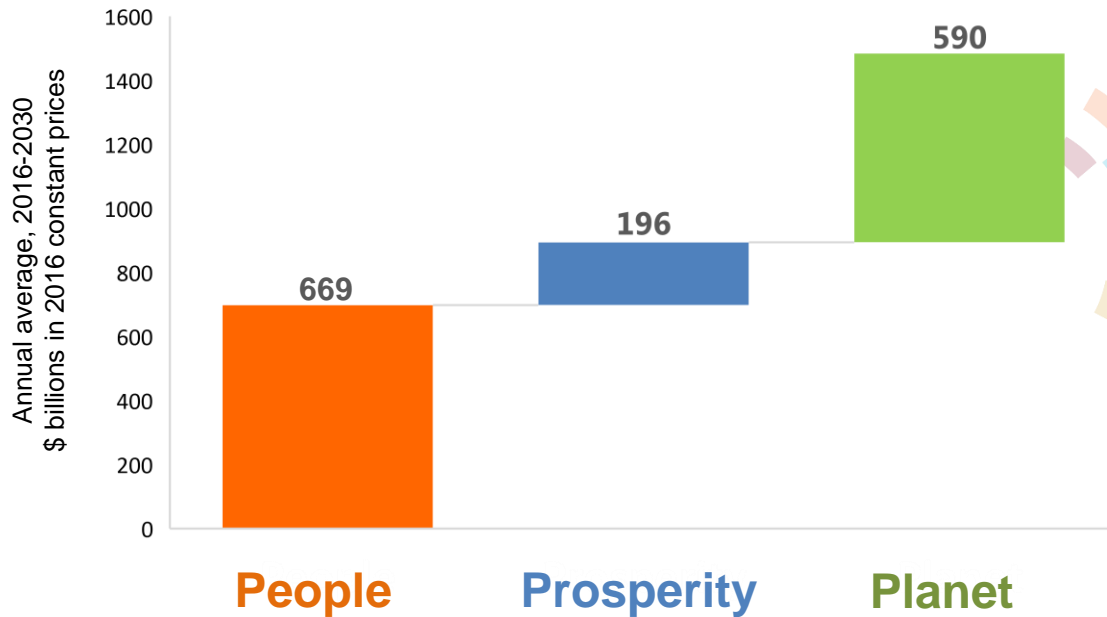
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... or \approx \$1 per person per day

It's within reach!



CLEAN ENERGY
FOR ALL

PROTECTION
FOR NATURE

37¢

\approx \$1

43¢

NO POVERTY
& ZERO
HUNGER

HEALTH AND
EDUCATION

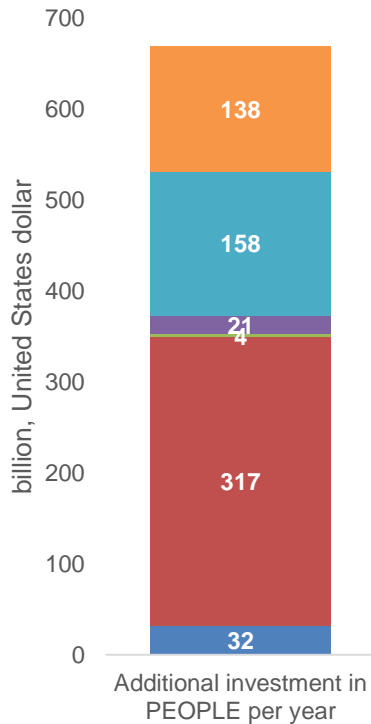


12¢



SUSTAINABLE
INFRASTRUCTURE
FOR ALL

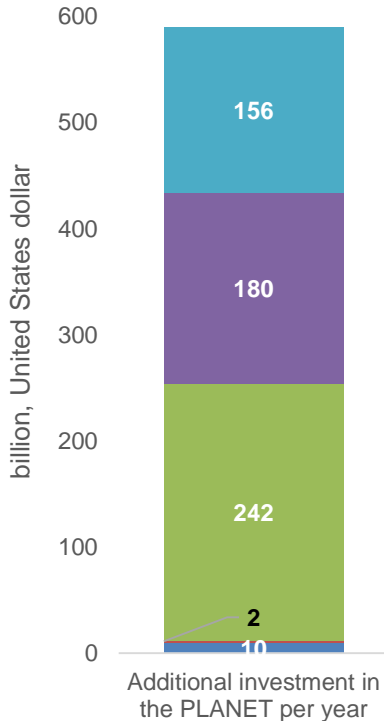
Investing in **PEOPLE** to realize basic human rights and human capacities



- Universal access to quality education
- Universal health coverage
- Agricultural productivity
- Nutrition-specific interventions
- Social protection floor
- Targeted cash transfer



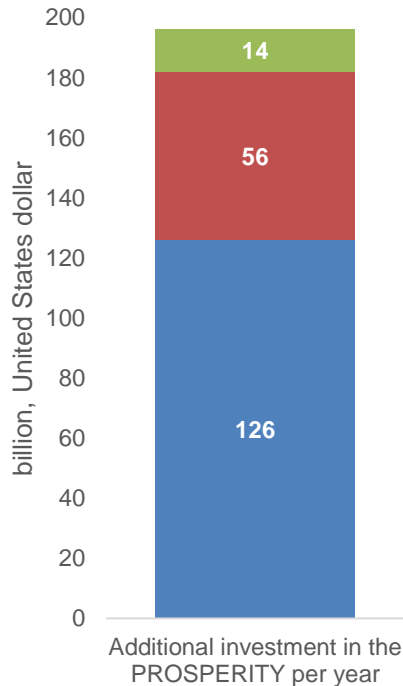
Investing in **PLANET** to secure our future through clean energy and climate action and living in harmony with nature



- Biodiversity
- Energy efficiency
- Renewable energy
- Universal access to clean cooking
- Universal access to electricity



Investing in **PROSPERITY** to improve access to infrastructure



- Water and sanitation
- Information and communications technology
- Transport



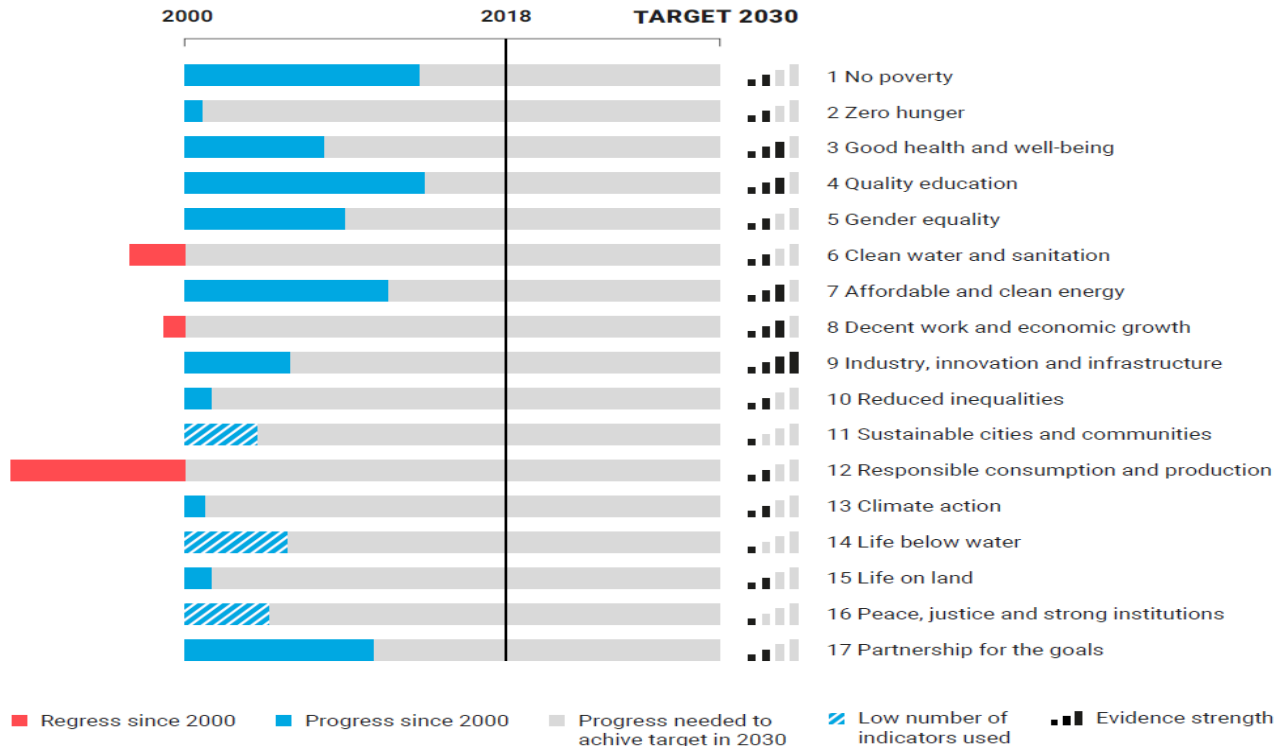
Investment gap varies significant across the region, rising to 16% of GDP in LDCs and 10% in South Asia

Similarly, **Pacific SIDS** face steep challenges due to high vulnerability to climate change, but results are not shown given limited data availability.




3.3 Tracking SDG progress in Asia-Pacific


How much progress has been made in Asia-Pacific on 17 SDGs?



How far will Asia-Pacific be from SDG targets by 2030?

Goal 1	1.1 International poverty	1.2 National poverty	1.a Resources mobilization	1.5 Resilience of vulnerable		
Goal 2	2.1 Food security	2.2 Malnutrition	2.3 Agricultural productivity	2.a Investment in agriculture	2.5 Genetic diversity	2.4 Sustainable food production
Goal 3	3.1 Maternal mortality	3.2 Neonatal & child mortality	3.b R&D of medicines	3.d Risk management	3.9 Health impact of pollution	3.3 Communicable diseases
	3.4 NCD & mental health	3.7 Sexual & reproductive health	3.6 Road traffic accident	3.c Health financing	3.8 Health coverage	3.5 Substance abuse
Goal 4	4.c Qualified teachers	4.1 Effective learning outcome	4.6 Adult literacy & numeracy	4.2 Early childhood development	4.3 TVET & tertiary education	4.5 Equal access to education
Goal 5	5.5 Women in leadership	5.1 Discrimination against women &				
Goal 6	6.2 Sanitation & hygiene	6.1 Safe drinking water	6.4 Water-use efficiency	6.6 Water-related ecosystems		
Goal 7	7.1 Access to energy services	7.3 Energy efficiency	7.2 Renewable energy			
Goal 8	8.6 Youth NEET	8.8 Labour rights	8.5 Employment & decent work	8.10 Capacity of financial institutions	8.4 Global resource efficiency	8.2 Economic diversification &
	8.1 Per capita economic growth					
Goal 9	9.c Access to ICT	9.4 Upgrade infrastructure	9.5 Research & tech capabilities	9.1 Infrastructure development	9.b Domestic technology	9.2 Industrialization
Goal 10	10.1 Income growth (bottom 40%)	10.c Transaction costs of remittances	10.2 Inclusion (social, economic &	10.4 fiscal & Social protection policies		
Goal 11	11.1 Housing & basic services	11.2 Transport systems	11.6 Air quality & waste management	11.5 Resilience to natural disasters		
Goal 12	12.2 Sustainable use of natural resources	12.4 Managing chemicals & wastes				
Goal 13	13.2 Climate change policies (national)	13.1 Resilience & adaptive capacity				
Goal 14	14.5 Conservation of coastal areas	14.2 Marine & coastal ecosystem				
Goal 15	15.2 Forests management	15.4 Mountain ecosystems	15.5 Loss of biodiversity	15.1 Terrestrial & inland freshwater		
Goal 16	16.1 Reduction violence	16.b Non-discriminatory laws				
Goal 17	17.19 Statistical capacity	17.8 Technological capacity-building	17.4 Debt sustainability	17.11 Exports of developing countries	17.10 Multilateral trading	17.9 Capacity building for SDGs
	17.6 International cooperation	17.1 Tax & other revenue	17.3 Additional financial resources			

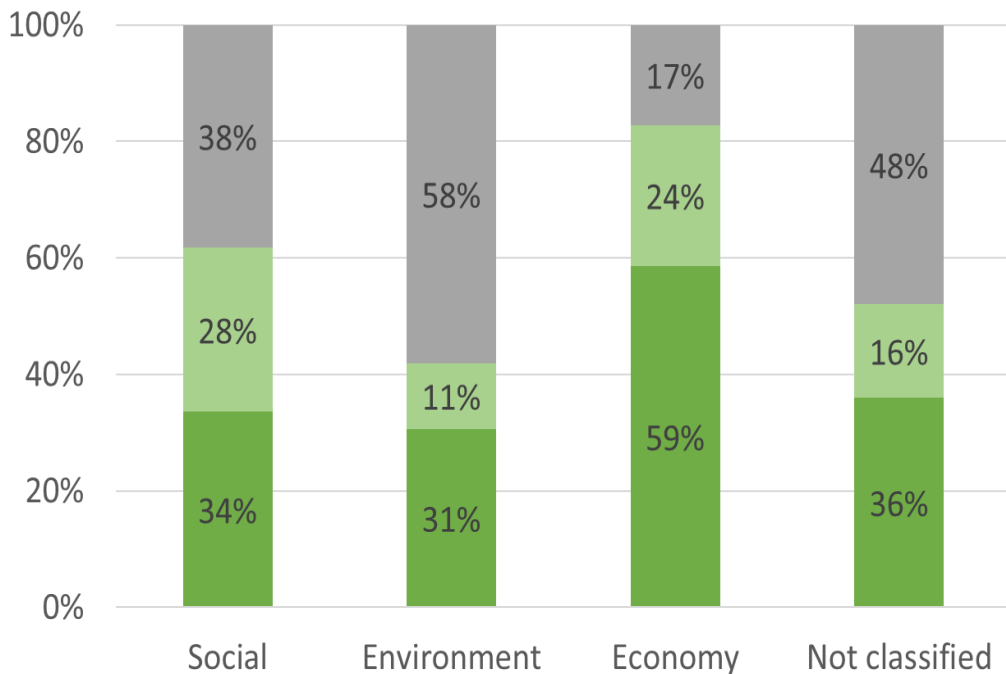
 **MAINTAIN** progress to achieve target

 **ACCELERATE** progress to achieve target

 **REVERSE** trend to achieve target

 Insufficient data

SDG data availability in Asia-Pacific by development dimension



Economy: SDGs 8, 9, 29 indicators

Social: SDGs 1-5; 10-11; 16, 128 indicators

Environment: SDGs 6,7; 12-15, 62 indicators

Not classified: SDG 17, 25 indicators

■ Sufficient data ■ Insufficient data ■ No data

Data issues for tracking SDG progress

- Insufficient data
 - Data gaps remain for two thirds of the SDG indicators.
 - Availability of social and environmental data is more limited than economic domains.
- Surveys are key source of country-level SDG data, although administrative data can be produced at a lower cost and more rapidly.
- Scope to make greater use of alternative data sources, e.g. satellite images and remote sensing
- Need more disaggregated data by age, sex and location for many SDG indicators.

3.4 Prioritizing SDGs

**Required investments vs
progress made**



Prioritizing Goals: considering both progress and investment gaps



Prioritizing Goals: considering both progress and investment gaps



Prioritizing Goals: considering both progress and investment gaps



Prioritizing Goals: considering both progress and investment gaps



Takeaway messages

- New economics of sustainable development will need to go beyond GDP and internalize the implications of global mega trends
- Findings from ESCAP studies on implementing SDG Framework:
 - Achieving SDGS is largely affordable: at an additional \$1.5 trillion per year or \$1/person/day
 - To achieve SDGs by 2030, Asia-Pacific needs to step up efforts in all Goals
 - Large data gaps for social and environmental data, and for small Pacific islands
- Good statistics can allow policymakers to operationalize SDG framework, e.g. identify needed interventions, and prioritize SDG investment areas.

Thank you!

Please visit

www.unescap.org/publications/economic-and-social-survey-asia-and-pacific-2019

www.unescap.org/publications/asia-and-pacific-sdg-progress-report-2019

