Challenges facing Asia and Pacific in terms of sustainable development

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Despite great strides in reducing the number of people in abject poverty, Asia and the Pacific remains home to more than half of the world’s extreme poor. With the global and regional economic outlook uncertain, the key challenge facing Asia is to sustain the growth needed to create jobs and reduce poverty.

Just as important is making sure that development efforts to address poverty tackle the multi-dimensional nature of the problem. The Sustainable Development Goals (SDGs) recognise that many challenges overlap in areas such as water, sanitation, education and health – and demand an integrated approach. Balancing multiple components in a single project adds to complexity, so we need to take careful note of lessons learned from such past interventions. Doing so ensures that our efforts at a project level reinforce structural and macroeconomic reforms to promote economic growth, and increase well-being.

In that regard, there is wide agreement that growth must be socially inclusive. Performance on many Millennium Development Goal (MDG) indicators demonstrates that economic growth and income poverty reduction alone have not reduced many forms of deprivation. While countries were generally able to meet the primary education-related MDG targets for enrolment and completion rates, the target for reducing the number of underweight children, child health and maternal mortality, will not be reached. Many were also off-track on access to basic sanitation, which is associated with poor health. While the MDG on gender parity in education is expected to be achieved, progress on women’s empowerment is lagging.

These persistent gaps are worrying, as rising disparities of income and access within and across countries and subregions can undermine social cohesion and erode development gains. Continuing gender disparities, for example, lead to loss of valuable productive human resources, which affects a country’s economic performance as well as the social fabric of its communities.

Compounding these problems are environmental threats such as increasing greenhouse gas emissions, loss of biodiversity, and changing weather patterns leading to flooding and droughts, which
harm the livelihoods of vulnerable people in particular. They also intensify pressures on natural resources, which are likely to worsen as Asia’s population grows.

Such realities highlight the inter-linked and multiple dimensions of challenges to be addressed under the SDGs. What can we learn from the implementation of the MDGs? In this context of overlapping challenges, well designed projects and programmes can make a real difference to people’s lives. Our experience with multi-sector activities in the social sectors “pre-2015” offers useful insights for such programmes.

First, for international finance institutions, difficulties in achieving targets in multi-sector projects can lead to low performance ratings and inadvertently create internal disincentives. In response, we have shifted our operational strategy by simplifying project design; adopting a sector-specific approach with fewer components if conditions don’t suit a multi-sector approach; assessing, and where needed, strengthening the capacity of the government in undertaking multi-sector operations, e.g. for municipal services; creating incentives for citizens to access services through approaches such as conditional cash transfers; working with governments to engage alternative and efficient service providers, like NGOs, state-owned enterprises (SOEs) and the private sector, for service delivery and accountability; and modifying financing arrangements to better support large government-led programmes, where these work well and are delivering outcomes reasonably well.

Second, while the MDGs were primarily viewed as goals for governments, their implementation has highlighted the importance of partnerships between governments, citizens, and the private sector if we are to deliver on the SDGs. While the understanding and commitment to the SDGs from all partners is strong, much more remains to be done at the country and regional levels to translate these international development goals into laws, regulations and operational policies adhered to by all parties.

Third, the implementation of the MDGs underscores the importance of data and knowledge to guide incremental
improvements in operations. The advent of the SDGs is opportune as it coincides with technological advances in a more open and globalised world that will allow us to undertake operational research using new tools such as the web, satellites and mobile phones; communicate with stakeholders with powerful images and data on what is happening in our classrooms, to our forests, and within the oceans; and use social media to debate, inform policy priorities and fine tune government programmes.

These lessons help to expand country ownership, sharpen the focus on development results, attract private sources of financing, and encourage innovation. They build on lessons from the MDGs and can be scaled up under the SDGs.

The SDGs are ambitious and demand integrated agendas for action, providing new opportunities for independent financial institutions (IFIs) to respond to the evolving needs of countries. Two particular areas deserve increased attention to enable integrated actions that deliver results: financing for development and sustainable development investment. IFIs can play crucial roles in strengthening financial markets, catalysing private sources of finance towards development, expanding domestic fiscal resources and, importantly, helping direct increasing resources for climate finance to countries where such investment is needed. And Asia’s diversity makes it critical that investments in sustainable development and other financing instruments are tailored to individual country conditions. The Asian Development Bank (ADB) is expanding its financial capacity to provide significantly higher resources for lending operations, based on the differing needs of our member countries. We plan to boost annual lending, increasing from an average of USD 13.6 billion in 2012-14 to at least USD 16.8 billion by 2018, and possibly reaching USD 20 billion by 2020.

Meeting the SDGs will be an operational challenge, but one that offers IFIs a chance to recalibrate their strategies for maximum impact. ADB has started work on a new long-term strategy for 2030 to respond more effectively to the region’s fast-changing needs. Meeting the SDGs in the region will be a core goal, and providing integrated, multi-sectoral assistance will be central to our success.
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