



## Message from the Keynote Speaker

### Context

South Asia (SA) has potential to contribute to global growth if it succeeds in diagnosing gaps properly and executes policy reforms. It is world's most populous region which accounts for over 24% of the world's population and is a home to 33% of the world's poor and 40% of the world's stunted children (Kathuria, 2018). The region suffers from huge development and infrastructure gaps. The World Bank study reveals, SA needs to invest between US\$1.7 trillion and US\$2.5 trillion (at current prices) by 2020 to close its infrastructure gap (Andres, Biller, and Dappe, 2013). The region's tremendous growth which exceeded 6.7% during last few years and growing demands for infrastructure has further widened the infrastructure gap. ESCAP reports the sub region loses 3-4% of GDP due to infrastructure deficits. It is estimated that South Asia per capita incomes would increase roughly 1% for each percentage point increase in infrastructure availability. This will in turn, reduce poverty.

The other side of the coin is, South Asia has improved competitiveness and have become world's fastest growing region when for the first time in more than 20 years it grew more quickly than China in 2016. When the region moves up the development ladder, continuation in investment to fully unlock economic growth and strengthening competitiveness for smooth functioning of labor and financial markets is important (Battista, 2017). The key to prosperity should therefore be setting up priorities wisely.

South Asia should examine how western countries could achieve prosperity through successful prioritization in promoting technology and wealth creation. However, the established norm of global economic system has been questioned since last few decades. First, there has been systemic problem created after global financial crisis which has even destroyed the prosperous countries and secondly, there is ecological and environmental threats from economic growth when one group of people is allowed to push the costs of their actions onto other groups of people (McKittrich, 2011). Climate change is imperative, as 2017 was one of the three warmest years on record (Green, 2018). Urgent action on harmonization of global policy is needed.

As the global aim is to empower people by ensuring accelerated, inclusive, equitable and sustainable development, United Nations has undertaken a global plan of action in late September 2015 as a Sustainable Development Goals (SDGs) with 169 targets across 17 goals to be achieved by 2030. It aims at resolving the social, economic, and environmental problems that have threatened the world order. The fundamental issues under the SDGs cropped up during Rio+20 conference on sustainable development in Brazil in 2012.

ADB Report shows that to monitor and review these goals and targets, the SDGs uses a framework of 232 global indicators, which was developed by the Inter-Agency Expert Group on SDG Indicators. The indicators on the SDGs are more ambitious than the MDGs, with 'double the number of goals, triple the number of targets, and nearly quadruple the number of indicators' (ADB, 2017). There is a hope to attain significant success through SDGs. As the global indicators capture the MDGs lapses and recommend evidence-based policies, despite the fact that the task is extremely challenging and ambitious, majority of indicators seem achievable.

### **SAARC Development Goals (SDGs) and UN Sustainable Development Goals (SDGs)**

Since the objective is to present an overview of SDGs in South Asia, it is useful to discuss briefly about SAARC Development Goals (SDGs) as well, which was finalized after seven years of MDGs implementation. Identification of SDGs indicators, benchmarking them along with projected targets for the given period, and development of a credible monitoring and evaluation framework was also made painstakingly.

The Heads of State or Governments of SAARC had endorsed regional SDGs as recommended by Independent South Asian Commission on Poverty Alleviation (ISACPA) during the Thirteenth SAARC Summit held in Dhaka in 2005 in Bangladesh. SAARC SDGs had four key indicators such as livelihood SDGs; health SDGs; education SDGs; and environment SDGs comprising of 22 goals (ISACPA, 2007). This was done based on the data received from UN agencies and official government sources of respective countries and several visits made in the SAARC member countries at the grassroots level where poverty alleviation projects were launched. It is recommended that the governments in South Asia should review the report entitled, 'SAARC Development Goals (SDGs): An Engagement with Hope' for learning some lessons from SAARC initiative while treating SDGs especially for goals 1-4 & goals 13-15.

SDGs is post- Millennium Development Goals (MDGs) for achieving sustainable development for all and SAARC Development Goals was an attempt to complement MDGs. The foundation of initiating both the goals are based on more or less same premise. Both intend to make clear elaboration of the goals; develop monitorable and doable indicators; benchmark the indicators along with projected targets for the terminal years or in other words, review the progress being made so far and understand emerging issues around sustainable development goals; and devise credible evaluation framework (ISACPA, 2007).

It's been three years SDGs have been pursued. The UN had prepared a report based on the available statistics before the proposed meeting of the High-level Political Forum on Sustainable Development in July 2018. The basis for reviewing the development is to compare the state of the sector-specific achievement before 2015 and progress realized during last three years of its implementation. The report also examined some of the interconnections across Goals and targets.

### **Why we need the Sustainable Development Goals?**

In sustainable development, we attempt to link the issues of economic development and environmental stability. In this regard, the Bruntland Commission's report published in 1987 defines sustainable development as, "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations General Assembly, 1987, p. 43). Although the broader definition has now been narrowed down to more functional interpretation, the message in this definition is advancing economic progress and protecting environment considering its long-term value.

The constraints in achieving sustainable development goals do have the multiplier effect on several other inter-related development indicators. The challenge is to properly identify the inter-linkages between the sectors and extent of possible impact that slows down the pace of development. Some examples are available to show the side effects of poorly achieved results in one sector making impact in another sector. The examples can be drawn from infrastructure gaps. Only two out of five people in South Asia (SA) has access to improved sanitation. As compared to 92 percent in East Asia, only 72 percent of the people in SA have access to electricity. Similarly, inadequate water supply, poor health and transportation system has made negative impact in SA's manufacturing sector, which in turn, means less employment ([www.worldbank.org/en/news/feature/2014/04/02/south-asia-trillion-infrastructure-gap](http://www.worldbank.org/en/news/feature/2014/04/02/south-asia-trillion-infrastructure-gap)).

The UN has completed some policy simulations and their evidences have shown that how a regionally coordinated sustainable industrialization strategy in SA could generate more than 56 million new jobs by 2030 and lift 71 million additional people out of poverty (ESCAP, 2016). Therefore, establishing interlinkages and devising sector-specific policy should be the priority. This justifies why it is important to develop sustainable development goals? The United Nations has provided some evidences based on the available data to respond to the question of SDGs efficacy. Also efforts are found to offer key reasons for stepping up actions on the SDGs.

- Around 800 million people still live in extreme poverty who live on less than \$1.90 a day and suffer from hunger, with fragile and conflict-torn states experiencing the highest poverty rates.
- The trend of reducing global hunger has been reversed as the number of undernourished people rose to 815 million in 2016.
- Child mortality has decreased but still 5.6 million die each year, mostly of preventable causes.
- Between 2008 and 2012, 144 million people were displaced from their homes by natural disasters, a number predicted to rise as the planet warms, bringing more extreme weather and rising seas.
- Despite the efforts to minimize risks from disaster, economic losses from climate change in the year 2017 was estimated at over \$300 billion. Poorest people were the most vulnerable.
- Water scarcity affects 40 percent of the global population and is projected to increase.
- Some 946 million people still practice open defecation.
- The proportion of global population with access to electricity has increased from 78% to 87% but 4 million deaths a year causing by the cooking with polluting fuels and stoves.
- Gender inequality persists in spite of more representation for women in parliaments and more girls going to school (Rowling, 2015, Green, 2018).

The task is now to align priority-SDGs based on above areas of concern with those of the country-specific national priorities and also link them with other targets that have greater degree of complementarity.

### **Why South Asia is a Priority**

Most of the countries in South Asia remain resilient. This is the region where world's most dynamic economies are found. World economic growth is estimated to remain at 3.6 percent in 2018. IMF stated India and China were responsible for about half of global growth in 2017. Asian economic growth is supposed to achieve 5.4 percent in 2018. However, the outlook for South Asia's economies remains strong. Real GDP growth is expected to pick up to 7.3 percent in 2018. The more the growth is achieved, demand escalates creating huge supply side constraints. Looking at the pace of growth and increasing gaps in key sectors of the economy, there is no denying that South Asia would be one of the best contributors in the global achievement of the SDGs.

As stated, SA houses significant number of global poor and undernourished children. Although there is much success in reducing poverty but there is widening disparity in income and non-income outcomes with increasing inequality between the rich and poor and disadvantaged groups of people. The priority should focus in ending extreme poverty. This strengthens the case for reducing South Asia's inequality and deprivation, which may ultimately help to achieve global goals and targets in SDGs.

South Asia exhibits two distinct scenario – increasing numbers of the world's poor and hunger and secondly the region exhibits economic dynamism & promising prospects for prosperity. A recent book published by the World Bank gives some data based on detailed survey in the region that had South Asia not created artificial barriers, the countries in the region would be trading three times as much among themselves as they currently do. In monetary terms, for instance, the trade between India and Pakistan currently is worth \$2 billion but without barriers, this should be US\$37 billion (Kathuria, 2018). This is one of the important reasons why South Asia is in global eyes.

The global progress on the SDGs is assumed to be influenced by South Asia's dynamism. On top of this, there is a capacity in the region to transform itself and build a sustainable future for all. However, capacity to change and achieving SDGs largely depends on strong political will of the ruling governments the world over.

## **Issues**

Since the beginning of the implementation of SDGs in 2015 through 2018, our experience of last three years shows, the promises to end poverty, reducing inequality and tackling climate change by 2030 to guarantee SDGs is most challenging. Success in poverty reduction have been visualized. But there is no correlation between poverty reduction and income inequality. Policies are ineffective and insufficient in addressing rising inequalities in income and consumption. During MDGs, nations focused heavily in generating only high rates of employment. The need is now to speed up productive employment.

The target of the SDGs is to progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average by 2030. Similarly, by 2030, it aims at achieving the sustainable management and efficient use of natural resources. To achieve such target, countries need to put up a continuous effort by revisiting the progress and making timely corrections in executing policies.

The increasing proportion of young people in the total population is another important issue to be given due consideration. If increasing number of adolescents and young adults are ignored in providing them the opportunities to excel, one would expect threat of their involvement in potentially disruptive, political and social movements.

Effort has been made in establishing linkages between the stated goals and targets and also with other areas of concern that had not particularly been considered in the MDGs. For example, these broader and interrelated areas include economic growth, job creation, industrialization, inequality and peace and justice, and the ecological sustainability by pursuing global partnership. In the past, it was realized that South Asia was not very successful in integrating economic, social and environmental dimensions of development in a coordinated manner. The priority sectors were treated through a **“sectoral approach”** instead of the integrated governance system of **“across sectors”**. Therefore, Sustainable Development Goals (SDGs) are critical to the region as it puts up especial effort in examining the challenges and devising the mechanisms on how best the SDG framework can help address these complex but interrelated issues (<http://unsdsn.org/news/2018/03/03/achieving-the-sdgs-in-south-asia/>). The message is countries should make investment plans in those sectors which are important but incomplete. Special care should be given to implement supportive reforms in interrelated priority areas.

### **Estimated Costs for Achieving SDGs**

SDGs are based on the felt-need of the majority of the global community. If we look at the past, the need has exceeded much beyond the available resources. Current state of development funding shows inadequacies in actual financial resources that are available. UNCTAD states achieving the SDGs will take between US\$5 to \$7 trillion, with an investment gap in developing countries of about \$2.5 trillion. The information from OECD DAC report shows that in 2016 the total ODA reached a peak of \$142.6 billion, which gives the magnitude of the difference between the available resources and estimated requirements.

If one looks at the total stocks of global financial assets, there is no shortage of the capital in the global economy. The UNDP Administrator Achim Steiner in his key-note speech entitled “Financing for Development and 2030 Agenda”, which was presented at the High-Level Conference on Financing for Development and the Means of Implementation of the 2030 Agenda for Sustainable Development observes, getting financing right would be critical to meet the SDGs. He provides estimates of global financial assets to be close to \$300 trillion. Channelization of this resources is a challenge but it should be possible.

At the country level, the World Bank estimates between 50 and 80 percent of the requirement will come from domestic resources. Private funding and private capital also hold potential for development funding. With regards to infrastructure, the data shows, only about 10 percent of the current infrastructure investments come from the private sector. In recent years the so-called “funding” has been translated into “financing” by considering SDGs making business sense, but the big question is how do we combine social good with profit (Ibid)?

WHO estimates that achieving the health-related targets on SDG 3 (good health and well-being) under the SDGs will cost up to US\$134-371 billion a year over current health spending, which is US\$58 per person each year. In addition, the UNICEF and WHO highlighted the fact that one out of every ten children were not immunized in 2016 (<http://sdg.iisd.org/news/who-estimates-cost-of-reaching-sdg-health-targets/>).

Country-specific capital requirements have also been computed in some of the countries in South Asia. UNESCAP projections of the costs of a package of social investments, including health, education and energy for all, requires 10% of GDP in India and up to 20% of GDP in Bangladesh by 2030. To close their infrastructure gaps, countries in South Asia require large-scale resources, estimated at about \$2.5 trillion, by 2020 and \$4 trillion to \$5 trillion by 2030. India, for instance, has estimated the implementation of its Intended Nationally Determined Contributions to cost US\$ 2.5 trillion.

Considering the extent of resources needed, countries in South Asia will need to raise more domestic and external resources, including innovative source of resources. South Asian countries will have to exploit the potential of domestic resource mobilization, public private partnerships and international development cooperation for closing the financing gaps.

## **Conclusion**

The SDGs look more ambitious which aims at building on the unfinished tasks of the MDGs by transforming the world towards a sustainable path. New targets have been added. Distinct constraints in achieving sustainable development has been identified and therefore estimates for seeking increased financial resources have been made. Innovative mechanisms for financing have been developed and additional areas for generating resources have been explored.

Although satisfactory progress was achieved within the MDGs deadlines in the areas particularly in poverty eradication, increasing forest cover and protected areas, access to safe drinking water, controlling tuberculosis, reducing carbon dioxide emissions and maintaining gender equality in primary education but not much success was made in meeting the targets on maternal and child mortality, sanitation and reduction in the proportion of underweight children (ESCAP, 2016). Extreme weather, increased global hunger and rising levels of conflict and displacement have been the obstacles for speeding up the efforts to achieve SDGs. Therefore, given the incomplete missions of the South Asian nations under the MDGs, accomplishment of the ambitious targets of the SDGs by 2030 has been a serious concern.

It is expected that production-oriented budgetary allocation and employment-centered programs supports inclusive growth policies of the respective governments. Study shows for poverty reduction; employment-intensive growth must occur in a “more productive”

sector. Growth followed by favorable income distribution contributes more to progress. This is important because there is a link between social exclusion and economic poverty. Global experiences show that main pathways out of poverty is government's economic policy which focuses on social security with secured property rights. In private property right, for example, the major issue is how individuals can control, benefit from and transfer property.

Despite the fact that there are huge possibilities to accelerate growth, most of the countries in the region generate low tax revenue and run large budget deficits. South Asia's fiscal deficit is estimated to be the second largest in the world in 2018 after the Middle East and North Africa region (<https://www.worldbank.org/en/news/press-release/2018/10/07/south-asia-firms-up-its-growth-lead-despite-budget-woes>). As revenue is lower than the government expenditures, it creates large fiscal deficits and necessitates public borrowing for managing such deficits. According to the South Asia Vice President of the World Bank Hartwig Schafer, the budget deficits in South Asia are among the highest in the world. Therefore, to safeguard from macroeconomic and financial vulnerabilities, sustainable, growth-friendly, and revenue-based fiscal consolidation should be the priority for this region.

To conclude, SDGs go much deeper in addressing the root causes of poverty including the most vulnerable. Protecting environment has been emphasized through a shift to sustainable consumption and production. The goals are universal not focused only to developing world. Partnership is well elaborated with the government, private sector and civil society especially in pursuing and financing sustainable development. As mentioned in aforementioned paragraph, harmonizing the Sustainable Development Goals with national development plans and periodic budget for allocating the resources gives us better hope in achieving SDGs probably more meaningfully than the MDGs.

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