

Achieving the SDGs in South Asia

An Integrated Approach to Accelerate SDG Progress and COVID-19 Recovery

Building back better and advancing
the full implementation of the 2030 Agenda

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FOREWORD

The South Asia subregion has a critical role to play in the global pursuit of the Sustainable Development Goals (SDGs). Accounting for about one-third of the world's poor and food deprived population and burdened with substantial gaps across almost all socio-economic indicators of sustainable development, the subregion's progress is therefore a key determinant of the extent of global SDG achievements. The pace of South Asia's progress towards attaining the SDGs is therefore of great concern. In addition, the COVID-19 pandemic has erased years of development gains and has further heightened this concern.

This report on *Achieving the SDGs in South Asia* is presented by UNESCAP at this crucial juncture when dire circumstances demand a renewed approach to SDG implementation. The report points out significant overlaps between the immediate measures required for resilient recovery from the pandemic and the longstanding policy frameworks needed for the implementation of the SDGs. Development gaps exposed by the pandemic in terms of poverty-induced deprivations, insufficient reach of social protection systems, and inequalities in access to basic infrastructure and services — including health, education, housing, clean energy, sanitation — mirror essential reforms demanded by the SDGs. This calls for an integration of crisis recovery plans and SDG implementation. Given that both these objectives must be met with limited funds and resources, such an integration is not only desirable but also an absolute necessity.

The report further explores South Asia's possibilities for utilizing the inherent synergies between the SDGs to its advantage, by focusing on a select set of priorities which can deliver maximum spillover benefits for all the Goals. It presents a Five-Point Action Plan aimed at structural diversification of the economy, investments on the core social sectors of education and health, expansion of social protection and basic infrastructure networks, agriculture and rural development, and building capacities for clean energy and environmental sustainability. Quantitative assessments reveal that the cumulative

impact of focused interventions in these areas can potentially raise South Asia's GDP by at least 90 per cent by 2030 over the 2020 level. This would be more than double the distance covered in terms of economic growth during the past decade. Results also show that during the Decade of Action, South Asia can potentially reduce its income poverty headcount ratio by more than 12 percentage points, bringing the subregion close to the 'no poverty' and 'zero hunger' targets.

For ensuring the effective administration of the proposed action agenda, the report lays out ways and means for strengthening key mechanisms for implementation tools, covering institutional capacities, trade, technology, data systems, and financing. Regional cooperation, by way of sharing policy lessons and resources, and building regional public goods and infrastructure, is also critical for addressing the common challenges of sustainable development. South Asia has existing instruments for regional cooperation that must be mobilized and reinforced.

The report also presents a rich portfolio of resources, capacity-building initiatives, and tools offered by UNESCAP to support member States. The organization's expertise in key areas including macroeconomic and development financing policies, trade and investment, transport, social development, energy, environment, ICT and disaster risk reduction, and statistics, can play a significant role in supporting SDG implementation. I take this opportunity to reaffirm UNESCAP's commitment to assist South Asia in its sustainable development journey.

Adnan Aliani

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EXECUTIVE SUMMARY

The need for integrated approach to SDG implementation and COVID-19 recovery

As the world enters the *Decade of Action*, South Asia urgently needs to expedite actions to achieve the SDGs. At the current pace of progress as of 2020, South Asia is not on track to meet any of the SDGs by 2030. The subregion's advancement towards the SDGs has been uneven, marked by some notable improvements in certain targets related to poverty reduction, food security, education and health, but is lagging in terms of overall achievements. Remarkable successes took place in certain component indicators on the elimination of poverty (Goal 1), good health and well-being (Goal 3), quality education (Goal 4), and resilient infrastructure (Goal 9) (Annex 1).

Despite some progress on the zero-hunger target (Goal 2), the prevalence of undernourishment, malnutrition, and stunting among children remain as acute challenges. Thirty-three per cent (more than 40 million) under-five children in the subregion remain severely or moderately stunted — the highest rate among all Asia-Pacific subregions. The subregion needs substantial improvements on critical targets related to gender equality (Goal 5), access to clean water and sanitation (Goal 6), affordable and clean energy (Goal 7), and reduced inequalities (Goal 10). Alarming, South Asia is regressing on key Goals related to environmental sustainability including for climate action (Goal 13) and life below water (Goal 14), which may in turn have negative impacts on policy programmes for other Goals.

The COVID-19 outbreak, which has spiraled into the worst global humanitarian and socio-economic crisis in the post-war era, is threatening to derail South Asia's SDG progress. Advanced estimates for 2020 shows that the subregion may have incurred a fall in

GDP growth rate of about 6-8 per cent, severely affecting livelihoods. The pandemic is triggering disproportionately larger socio-economic impacts on developing regions such as South Asia, with poor levels of preparedness, lower resource bases, weak health infrastructure and services, and budget constraints limiting the extent and reach of public support measures. The pandemic has exposed critical development gaps and vulnerabilities of the subregion, exerting pervasive adverse impacts as manifested across most of the SDGs indicators of the subregion.

South Asia should adopt an integrated approach to SDG implementation and recovery from the COVID-19 crisis. Improving capacities in the health sector, both infrastructure and services, and increasing public support to those in severe economic distress are not only two of the immediate priorities to recover from the COVID-19 crisis but are also long term requisites for sustainable development. Likewise, there are many synergies between the policy reform and investments demanded by both crisis recovery and SDG implementation. This implies that it will be prudent to have an integrated approach to COVID-19 recovery plans and policy frameworks aimed at the SDGs.

Resource constraints faced by the subregion makes such an integrated approach a dire necessity. South Asia's development policy space in the post-COVID-19 era would be constrained in terms of resource generation, given that both revenue sources and expenditure commitments are likely to face severe stress. Against the looming downturn in economic activities, increased public spending is warranted for stimulating demand, as is already underway in the subregion. It is critical that resource allocation translates into focused investments for resilient recovery, such as investments channeled into poverty reduction,

health and education, closing infrastructure gaps, expanding social protection, building capacities in agriculture, rural development and renewable energy generation, with the aim of extracting maximum advantage out of their synergies with corresponding SDG targets.

Key SDG implementation concerns and post COVID-19 aggravated risks

Although South Asia had been making steady progress in reducing income poverty prior to the COVID-19 outbreak, multidimensional poverty continues to be pervasive. Multidimensional poverty is much more deeply entrenched with a headcount ratio (per cent of total population) near to 30 per cent, while income poverty headcount ratio has been brought below 15 per cent. Another notable feature is the stark rural-urban divide in the geographical spread of poverty. Out of the roughly 530 million multidimensionally poor in the subregion, about 88 per cent live in rural areas. Lower income levels of the predominantly primary sector dependent rural population, compounded by lack of penetration of quality health and education services, and insufficient housing and sanitation facilities make rural poverty challenging for effective policy action.

The COVID-19 crisis is projected to have pushed upwards of 70 million people back into poverty in South Asia, threatening to derail progress towards the attainment of SDG 1. When higher income poverty thresholds of \$3.20 or \$5.50 per day are considered, the number of additional poor increases substantially. Given that a large number of people lifted above the extreme poverty threshold in the past continue to live marginally above the poverty line in the subregion and are highly vulnerable to the impoverishing effects of socio-economic disruptions, the rise in poverty induced by the pandemic is likely to be substantially larger than conservative estimates. When the repercussions of the pandemic are analyzed based on a more

broadly defined concept of poverty (based on non-monetary deprivations), it is reported that the crisis could potentially push an additional 636 million vulnerable people in the region into multidimensional poverty.

South Asia has the highest hunger burden among the world's subregions in terms of headcount of undernourished people and has a long way ahead for meeting the zero-hunger target (SDG 2). At 15.8 per cent in 2020, the prevalence of undernourishment (PoU) in South Asia is markedly higher than the world average (9.9 per cent), and second only to Sub-Saharan Africa (24.1 per cent). However, in absolute terms, South Asia has the highest hunger burden in the world, with more than 386 million people suffering from severe food insecurity in 2020.

Childhood malnutrition and its harmful consequences have reached alarming proportions in South Asia, with implications of persistent health deterioration extending into the future. Global food insecurity has worsened in 2020 due to COVID-19, and an additional 30 million people may have endured food deprivation in South Asia alone. Along with the responsibilities of reaching higher targets of food security, obstacles to attain food resilience in South Asia are also multiplying, creating additional challenges for policymakers.

Though there has been some notable progress in health indicators, such as the reduction of infant and maternal mortality rates, the COVID-19 crisis revealed many gaps in the preparedness of health systems (SDG 3). Hospital beds per 1000 people remain at 0.6 in South Asia, compared to the world average of 2.9, and 2.4 in middle income countries. At the peak of the COVID-19 surge, which placed even advanced health systems in developed regions under unprecedented pressure, South Asia's health systems were pushed to breaking points. Treatments for other ailments were severely affected due to the diversion of available resources to combat the pandemic.



Expansion of health service coverage to poorer segments of the population also remains a huge challenge in South Asia.

South Asia is currently faring poorly in educational attainment (SDG 4) due to a multitude of both supply and demand side factors. The subregion needs accelerated rates of improvement on all the indicators for SDG 4 in order to meet the stated targets by 2030. For example, the average number of years spent in formal education in the subregion remains comparatively lower. Though primary school enrolment improved to more than 87 per cent by 2018, high drop-out ratios in upper levels of schooling is still a systemic issue. Poor quality education on the supply side is also reflected by, or translates into, graduates unequipped with adequate skills for jobs with higher earning potential.

Substantial investment gaps persist in both health and education sectors, and without aggressive action to address them, the achievement of SDGs 3 and 4 remain at risk for South Asia. Suboptimal outcomes in both health and education are a reflection of lower levels of public spending in the subregion. Combined together, expenditure on both sectors amounts to less than 5 per cent in South Asia, while the corresponding figure at the global level is roughly 11 per cent. Aside from the volume of spending, an equally important aspect is the quality of service delivery, which needs extensive upgrading.

Adjusted for inequalities across three basic dimensions of human development — access to health, education and a basic standard of living — South Asia loses some 26 per cent of its Human Development Index (HDI) score. Without interventions, access deprivations can be transmitted through successive generations, and thereby sustain long term impacts by way of widening inequalities. Inadequate social protection, and the lack of safety nets, is a major obstacle in the fight against inequalities in the subregion.

Gender disparities, one of most entrenched forms of inequality, continues to be a dominant dimension of social exclusion in South Asia, impeding the subregion's SDG prospects for female empowerment (SDG 5). A pervasive imbalance in opportunities for women, particularly in educational attainment and jobs, imposes self-perpetuating cycles of disenfranchisement that are difficult to break. A major concern is the decline in female labour force participation. Gendered labour market inequities exist not only in the likelihood of securing employment, but also in the form of wage gaps and prospects for career advancement through promotions. The overall employment environment and social conditions of the subregion inhibit successful women employment and entrepreneurship.

South Asia's overall progress on energy targets has not been on par with expectations and tapping clean energy sources (SDG 7) remains

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