



# Financing the MDG Gaps in the Asia-Pacific

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# Outline

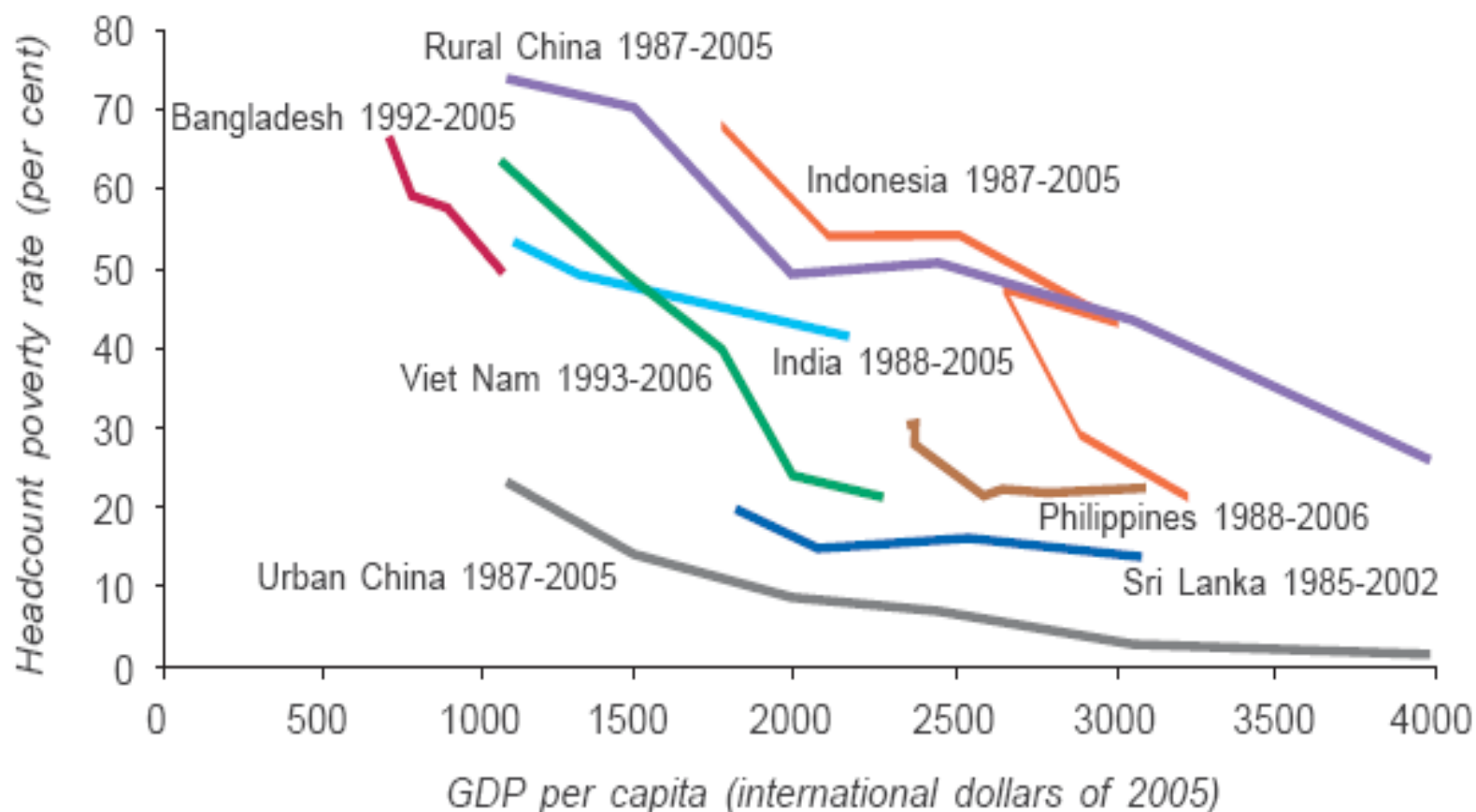
- Closing the poverty gap: interactions between growth, inequalities and consumption
- Resource gap for other MDG goals: some cost estimates
- Augmenting domestic resources for MDG achievement
- Strengthening global partnership for closing the MDG gaps



- **The economic growth needed to close the income-poverty gap but is not sufficient condition**
  - 11 Asia-Pacific countries are likely to miss the income-poverty target:
    - » Bangladesh, Cambodia, Georgia, India, Kyrgyzstan, Lao PDR, Mongolia, Nepal, Philippines, Sri Lanka and Uzbekistan.
  - Growth and distribution
    - » Generally growth is accompanied by a rise in inequality
    - » For future poverty reduction it is vital to keep track not just of economic growth but also of inequality
    - » In poorer countries growth that leads to increase in average household consumption will be more effective in poverty reduction

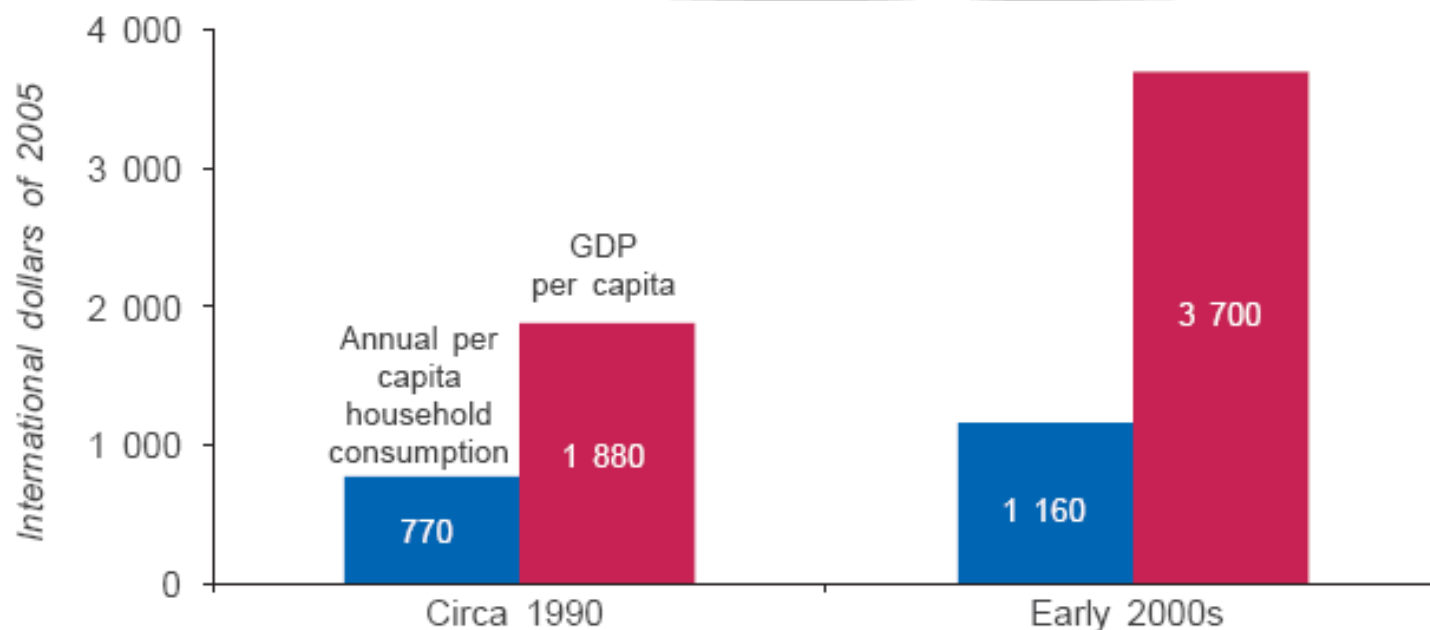
## Rising incomes have been accompanied by varying rates of poverty reduction across countries

**FIGURE 55. Paths of poverty rates and GDPs per capita in selected countries**



# Growth of household consumption has not kept pace with growth of incomes

**FIGURE 56.** Per capita household consumption and per capita GDP in 15 Asian and Pacific developing countries



## Scenarios of GDP growth required to reach the Poverty target

|                                  | Scenario 1<br>Business as usual                              |  |   | Scenario 2<br>No change in inequality      |   | Scenario 3<br>Additional 1% in average household consumption per capita |   |
|----------------------------------|--|--|---|--|---|---|---|
|                                  | Average annual GDP growth rates, IMF forecasts 2010-2015 (%) | Year of achievement based on IMF forecasts | Estimated annual GDP growth to reach MDG target by 2015 (%) | Year of achievement based on IMF forecasts | Estimated annual GDP growth to reach MDG target by 2015 (%) | Year of achievement based on IMF forecasts                              | Estimated annual GDP growth to reach MDG target by 2015 (%) |
|                                  | (1)  | (2)  | (3)   | (4)  | (5)   | (6)   | (7)   |
| <b>Bangladesh</b>                | <b>6.2</b>   | <b>2021</b>                                | <b>12.4</b>   | <b>2019</b>                                | <b>10.0</b>   | <b>2015</b>   | <b>5.2</b>  |
| Cambodia                         | 6.1  | 2025                                       | 16.3  | 2024                                       | 15.2  | 2019  | 9.8   |
| Georgia                          | 4.3  | 2033                                       | 17.8  | 2031                                       | 16.2  | 2026  | 12.2  |
| <b>India</b>                     | <b>7.9</b>   | <b>2017</b>                                | <b>9.9</b>  | <b>2016</b>                                | <b>8.9</b>  | <b>2013</b>   | <b>5.0</b>  |
| Kyrgyzstan                       | 4.6  | 2016                                       | 4.8   | 2015                                       | 4.1   | 2014  | 3.8   |
| Lao People's Democratic Republic | 7.1  | 2019                                       | 10.9  | 2018                                       | 9.8   | 2012  | 3.4   |
| Mongolia                         | 7.3  | 2014                                       | 6.0   | 2014                                       | 5.5   | 2013  | 4.1   |
| <b>Nepal</b>                     | <b>5.1</b>   | <b>2021</b>                                | <b>10.4</b>   | <b>2021</b>                                | <b>9.9</b>  | <b>2016</b>   | <b>5.8</b>  |
| Philippines                      | 4.2  | 2018                                       | 6.0   | 2017                                       | 5.2   | 2015  | 3.9   |
| <b>Sri Lanka</b>                 | <b>5.6</b>   | <b>2020</b>                                | <b>9.7</b>  | <b>2017</b>                                | <b>7.5</b>  | <b>2014</b>   | <b>4.7</b>  |
| Uzbekistan                       | 6.4  | 2028                                       | 20.6  | 2027                                       | 19.9  | 2023  | 15.1  |





## Policy lessons

- Among other policies
  - Focus on job-creation
  - Focus on rural development, agriculture, SMEs, micro-enterprises
  - Strengthening social protection
  - Enhancing financial inclusion

## Estimated annual investment to meet the other MDGs (in bn US dollars)

| Year        | Cost of reaching<br>the current<br>projected values | Cost to close the<br>gaps | Costs to close the gaps<br>(Total cost to reach the<br>targets) |
|-------------|---|---------------------------|---|
|             | (1)   | (2)                       | (3) = (1) + (2)   |
| <b>2010</b> | 47  | 96                        | 143   |
| <b>2011</b> | 57  | 99                        | 156   |
| <b>2012</b> | 67  | 104                       | 171   |
| <b>2013</b> | 79  | 108                       | 187   |
| ...         | ..  | ...                       | ...   |

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