

# HIGHLIGHTS

## Part I. Sustainable Development Goals

The Millennium Development Goals (MDGs) had shaped development policies around the world with specific, time-bound, and quantifiable targets since they were launched in 2000. Through concerted efforts of the world community, significant gains had been made with respect to specific targets on poverty, education, gender equality, child mortality, maternal health, disease, the environment, and global partnerships. When the MDG agenda concluded in 2015 last year, there were 1.1 billion fewer people who lived below the poverty line of \$1.25 (2005 purchasing power parity [PPP]) a day, more than 40 million fewer out-of-school children of primary school age, and almost 7 million fewer deaths among children under 5 years of age since 1990. Likewise, Asia and the Pacific had an impressive MDG scorecard. The region met the MDG target of reducing the proportion of people in extreme poverty by half, much ahead of the 2015 deadline. Furthermore, the region successfully reduced by half the proportion of people without access to safe drinking water and achieved gender parity in primary and secondary education.

While there is much cause for celebration, an unfinished agenda remains due to uneven progress across the goals and across countries, and the uneven opportunities for people to share in the benefits of development and progress. It is on this premise that the Sustainable Development Goals (SDGs), also known as the Global Goals, were launched in 2015. The SDGs present a universal call to action to build on the progress achieved through the MDGs by addressing social, economic, and environmental aspects of sustainable development and ensuring that nobody will be left behind.

The year 2015 is a milestone year for the SDGs as it serves as the baseline from which development performance of countries will be assessed. In particular, performance will be measured based on

17 goals, 169 targets, and 230 statistical indicators. The *Key Indicators 2016* compiles data for a subset of these indicators for which data are available for the economies of Asia and the Pacific. The discussion is organized into five themes—People; Planet; Prosperity; Peace; and Partnership.

### People

- Asia and the Pacific met the MDG target of halving poverty between 1990 and 2015. Notwithstanding this significant reduction, 330 million people (or roughly 9.0% of the region's total population) are still living on less than \$1.90 (2011 PPP) a day based on latest data. Approximately 1.2 billion people in Asia and the Pacific are below the poverty line of \$3.10 (2011 PPP) a day.
- The opportunity to live a healthy life requires having access to essential health-care services before, during, and after birth. In 2015, Asia and the Pacific's neonatal mortality rate is estimated at 20 per 1,000 live births, down from 35 in 2000 while the under-5 mortality rate is estimated at 36 per 1,000 live births, down from 70 in 2000.
- The region has managed to reduce the prevalence of undernourishment over the years. In 11 developing member countries, the prevalence of undernourishment was reduced by at least 10 percentage points. However, latest data suggest that one in seven people in Asia and the Pacific today are still undernourished.
- Early childhood development is an important driver of sustainable development. According to latest available data for reporting economies, enrollment in preprimary education in Asia and the Pacific is estimated at approximately 60.0%

of preprimary school-aged children. Data also show marked improvements in participation in preprimary education in at least three-quarters of economies of Asia and the Pacific between 2000 and 2015.

- Women's representation in political and economic decision-making processes is a critical ingredient to fuel sustainable development. On average, approximately 15% of seats in national parliaments of economies in Asia and the Pacific are held by women. However, significant gender disparities still exist on many fronts in Asia and the Pacific. Data for reporting economies suggest that women in the region spend between 10% and 25% of their time doing unpaid domestic and care work while their male counterparts spend between 2% and 11% doing the same.

## Planet

- More than 90% of the population in Asia and the Pacific has access to improved drinking water sources but about 0.3 billion people are still without access to improved drinking water sources. In addition, about 1.5 billion people lack access to safely managed sanitation services in the region.
- In a majority of the economies of Asia and the Pacific with available data, the proportion of urban population living in slums is at least one-third.
- In Asia and the Pacific, 32 out of 36 economies with available data have air pollution levels exceeding the maximum recommended air pollution level set by the World Health Organization.
- Among economies with available data in the region, only Australia, Fiji, Indonesia, Japan, Kiribati, the Republic of Korea, the Philippines, and Solomon Islands have expanded the coverage of marine protected area between 2000 and 2016.

- Forest cover in Asia and the Pacific's total land area is at least 22.2% based on latest data.

## Prosperity

- In proportion to GDP, the share of the manufacturing sector has increased in 16 out of 48 member economies in the region between 2000 and 2015.
- In 11 out of 18 economies of Asia and the Pacific with available data for recent years, the average income of the bottom 40% grew faster than the average income of the general population.
- Based on latest data, about nine in 10 people have access to electricity in Asia and the Pacific. The proportion of the population with access to electricity is at least 95% in 22 economies but it is below 75% in 15 economies.
- In Asia and the Pacific, about seven in 10 adults have accounts in a bank or other financial institution based on latest available data.
- Air traffic movement in Asia and the Pacific has increased severalfold over the years. In 2015, roughly 1.2 billion air passengers traveled to and from the region.

## Peace

- Asia and the Pacific has one of the lowest intentional homicide rates in the world, estimated at 2.5 for every 10,000 people.
- Birth registration is a primary step toward securing a person's recognition before the law. Absence of such formal documentation may limit a person's access to health care, education, or labor market services and consequently undermine the inclusiveness of institutions. Globally, about 230

million children under the age of 5 have not been registered with a civil authority. More than half are from Asia and the Pacific.

## Partnership

- The majority of the economies of Asia and the Pacific have experienced a rise in remittances as a share of GDP since 2000.
- Debt service as a proportion of exports of goods and services declined between 2000 and 2015 by at least 0.2 percentage points in 23 economies in the region.
- In about half of the 35 economies for which data are available in Asia and the Pacific for 2015, national statistical plans are fully funded and under implementation.

## Data Revolution for Sustainable Development Goals Monitoring

- As the development community embraces the Sustainable Development Agenda, there is a need to prepare for a “data revolution” where surveys, censuses, and administrative databases, which are commonly used to produce official statistics, are complemented by information from innovative and state-of-the-art data sources to inform societies in solving the world’s development challenges. “Big data”—the data that arise from people’s transactions with digital technologies—present a unique opportunity to enhance the relevance and timeliness of official statistics.

- The development community needs to continue tracking relevant initiatives that use big data to have a more nuanced understanding of the scalability of such initiatives. Furthermore, the development community needs to work closely with various stakeholders including the private sector and government, particularly the national statistical offices, in addressing issues surrounding data quality and methodology, development of skills needed to work with big data, technological requirements, and the legal framework for sharing of big data.

## Part II. Region at a Glance

The Regional Trends and Tables part is grouped into eight themes, each of which has a brief analysis of key trends of selected indicators highlighting important recent developments in Asia and the Pacific. The discussion is organized into eight themes—People; Economy and Output; Money, Finance, and Prices; Globalization; Transport and Communications; Energy and Electricity; Environment; and Government and Governance.

### People

- Asia and the Pacific is home to more than 4 billion people, accounting for nearly 55% of the world's population. The region's list of five most populous economies includes the People's Republic of China (1.4 billion), India (1.3 billion), Indonesia (225 million), Pakistan (197 million), and Bangladesh (158 million).
- The total population of Asia and the Pacific grew at an annual rate of 1.21% between 2000 and 2015. In most economies of the region, population growth rates are declining and the latest population projections by the United Nations indicate that the share of Asia and the Pacific in the global population will decline to 50% by 2050 from its present share of 55%.
- Populations are relatively young with less than 15% aged 65 or over in most economies of the region. However, with the fall in birth rates and slower population growth, population aging is imminent in the coming decades. Forecasts show that about 20% of the population could be 65 or over by 2050 in at least 13 member economies. In the region's developed economies, for instance, an aging population is already apparent. An aging population presents challenges for policy makers as it tends to lower labor force participation and increase the number of people who are

economically inactive but require access to social services.

- About 45% of the population of Asia and the Pacific lives in urban areas. As migration from rural to urban areas is driven largely by greater employment opportunities in cities, as well as improved access to services such as health care and education, the urban population is expected to grow in the coming years. In particular, the region's urban population is expected to grow from 2.1 billion today to as much as 3.4 billion people by 2050.
- Measured by the Human Development Index (HDI), seven economies from the region (Australia; Japan; New Zealand; Hong Kong, China; the Republic of Korea; Singapore; and Taipei, China) were among the "Very High Human Development" tier based on latest data. On the other hand, Afghanistan, Myanmar, Nepal, Pakistan, Papua New Guinea, and Solomon Islands have the lowest HDI values in the region.

### Economy and Output

- Asia and the Pacific generated two-fifths of global GDP (in purchasing power parity terms) in 2015. Three of the world's 10 largest economies are in the region: the People's Republic of China, India, and Japan. These three economies accounted for nearly 70% of the region's output.
- Since 2000, there has been considerable convergence of per capita GDP (in purchasing power parity terms) in Asia and the Pacific, although there are still remarkable disparities across economies. For instance, Singapore's per capita GDP (highest in the region) is 44 times that of Solomon Islands (lowest in the region).
- Between 2014 and 2015, growth of real GDP exceeded 3% in 21 out of 41 economies of Asia

and the Pacific with available data. The list of economies with the fastest GDP growth include Cambodia, India, Myanmar, Palau, and Uzbekistan.

- In nearly three-quarters of the economies of Asia and the Pacific, the services sector accounts for more than 50% of GDP based on latest data available.
- Between 2000 and 2015, a majority of the economies of Asia and the Pacific have increased investment spending as a share of GDP. Government consumption expenditure has increased in almost half of the region's reporting economies while household consumption as a share of GDP declined in more than two-thirds of the economies with available data. Gross domestic saving relative to GDP has increased in more than half of the reporting economies.

## Money, Finance, and Prices

- In 2015, consumer price inflation remained low in most economies of Asia and the Pacific due to low international food and fuel prices.
- In 2015, the money supply expanded in all reporting economies except Azerbaijan, Brunei Darussalam, and Mongolia.
- Between 2014 and 2015, the ratio of nonperforming loans to total gross loans declined in most economies of Asia and the Pacific for which data are available.
- Stock market performance was largely positive across Asia and the Pacific in 2015: the People's Republic of China, Japan, and Fiji had stock markets that were among the world's top performers in 2015.
- Two of the region's currencies (Hong Kong dollar and Maldives rufiyaa) appreciated against the

United States dollar in 2015, compared with eight in 2014.

## Globalization

- The Asia and the Pacific remains the largest recipient region of foreign direct investment (FDI). In 2015, global FDI flows increased to \$1.8 trillion while those of Asia and the Pacific surpassed \$0.5 trillion.
- Asia and the Pacific accounts for a significant share of global trade (32.2%), slightly trailing Europe's 35.5% share.
- Total external debt of developing member economies in Asia and the Pacific increased from approximately \$1.1 trillion in 2000 to \$4.5 trillion based on latest data.

## Transport and Communications

- The average railway density for all reporting member economies of Asia and the Pacific was estimated at 7 kilometers (km) per 1,000 square kilometers (km<sup>2</sup>) in 2011, which exceeded Latin America and the Caribbean's average of approximately 5 km per 1,000 km<sup>2</sup>, but was far less than Europe's average of 50 km per 1,000 km<sup>2</sup>.
- Economies of Asia and the Pacific significantly upgraded the quality of their roads between 2004 and 2015. The share of Primary and Class I roads in highway networks in the region increased from 12.4% in 2004 to 31.8% in 2015.
- Air carrier departures increased between 2000 and 2015 in 30 out of 37 Asia and Pacific economies for which data are available, while the number of passengers carried increased in 35 out of 37 economies over the same period.

- Mobile phone subscription rates increased in every regional economy between 2000 and 2015 for which data are available, and by at least 10 times in more than two-thirds of these economies.
- Fixed broadband internet subscriptions increased in 45 out of 47 reporting economies between 2000 and 2015. However, approximately 58% of the region's population remains unconnected to the internet, which slightly exceeds the global average.
- More than one-third of Asia and the Pacific economies for which data are available experienced an increase in total forested land in 2013.
- Between 2000 and 2013, less than half of Asia and Pacific economies experienced an increase in the share of total land devoted to agriculture.
- While Asia and the Pacific accounts for more than half of the global population, the region accounts for less than a third of the world's internal renewable freshwater resources.

## Energy and Electricity

- Asia and the Pacific's energy production and use are rapidly expanding along with economic growth. The region accounts for roughly 45% of global energy use according to latest available data.
- Since 2000, per capita electricity consumption rose by at least 50% in 20 out of 41 developing member economies.
- More than three-quarters of economies of Asia and the Pacific for which data are available increased their energy efficiency levels between 2000 and 2013.
- Across Asia and the Pacific, coal, oil, and natural gas are the predominant sources of electricity production; renewables and nuclear energy comprise a smaller share.

## Environment

- The significant economic growth that Asia and the Pacific experienced over the years has led to increased emissions over the years. Over the past decade, the region's total greenhouse gas (GHG) emissions grew faster than the global average.

## Government and Governance

- In 2015, a majority of the economies of Asia and the Pacific had fiscal deficits amounting to 1%–7% of their respective GDP.
- Total government revenue as a share to GDP increased by at least 1 percentage point in eight economies between 2014 and 2015. Tax revenue as a percentage of GDP, on the other hand, dropped in a majority of the economies of Asia and the Pacific.
- Government spending on health as a percentage of GDP has increased in about two-thirds of the region's economies since 2000.
- The (arithmetic) average number of days required to start a business in developing economies of Asia and the Pacific declined from 45 days in 2005 to 20 days in 2015. The (arithmetic) average cost of starting a business as a share of gross national income per capita among developing member economies went down from 41.4% in 2005 to 17.9% in 2015.

## Part III. Global Value Chains

Advances made in information, communication, and transportation technology have enabled businesses to fragment and distribute production processes across the globe, giving rise to global value chains (GVCs). A very high proportion of international trade transpires within these GVCs rendering traditional measures inadequate in assessing the effects of these transactions on indicators such as employment, income, and GDP growth. To better understand the dynamics of modern trade, the Asian Development Bank is producing and analyzing a variety of sophisticated measures of value added and GVC participation.

- Between 2011 and 2015, GVC participation of many Asian economies decreased markedly, largely due to the global slowdown in intermediate and final products trade. Viet Nam was a notable exception to the trend with many of its principal industries getting increasingly integrated into international production networks.
- There is a tendency in many Asian economies to rely more heavily on domestic markets for growth. The uncertainty created by the 2008 global financial crisis followed by the increasing domestic demand for goods and services due to robust growth and rising domestic income seem to be responsible.
- Many economies, including the People's Republic of China, India, and Indonesia, localized additional stages of the production processes both upstream and downstream in the GVCs, thereby increasing their domestic value added and income. These developments, related to both the intermediate and final products, also led to the decline in gross trade and value-added trade experienced internationally in recent years.
- Japan; the Republic of Korea; and Taipei, China offshored certain stages of the production processes in a number of industries to emerging economies in the region like Thailand and Viet Nam. With the exception of Japan, these economies and Malaysia had the highest GVC participation in Asia with the share of foreign value added in their exports exceeding 30% in many industries.
- Propelled by the expanding business processing, tourism, and transportation industries, the Philippines' services exports posted strong growth between 2011 and 2015. Its value-added share is over 90% in services exports, due to the highly localized nature of the production processes. The country's information and communication technology and finance services, although relatively small, have the potential to participate in GVCs.
- Relatively smaller economies like Bangladesh, Mongolia, and Sri Lanka participated only in a few GVCs, generally in the upstream or at the lower value-adding stages. However, between 2011 and 2015, these three countries expanded their domestic value-added share in overall exports by localizing certain higher value-adding activities in manufacturing.