Implementing the SDG framework
key insights and data needs and issues

Hamza Ali Malik
Director, Macroeconomic Policy and Financing for Development Division, UN-ESCAP

Monitoring sustainable development: the future of economic statistics
APES Week 2019
17 June 2019
Main Messages

• Strong economic performance has not been people and planet friendly … need to think beyond GDP

• Adoption of SDG framework is a step in the right direction … need change in mindset for its effective implementation

• Implementation of SDG framework require additional investments and policy actions … need comprehensive financing strategies and integrated policy frameworks

• Available data shows that all SDGs will be missed in 2030 at current progress … need to revisit conventional approaches
Going Beyond GDP

Thinking about sustainable development

“GNP measures everything, except that which makes life worthwhile”

Robert F. Kennedy
Economic growth moderated in 2018 but outlook remains broadly stable

Source: Estimates by the United Nations Department of Economic and Social Affairs.
Economic growth moderated in 2018 but outlook remains broadly stable

Global and regional growth

Source: Estimates by the United Nations Department of Economic and Social Affairs.
Stable economic conditions provide an opportunity to raise **ambitions beyond GDP**

“critics indict both economic science and economic policy for blind obeisance to aggregate material ‘progress’, and for neglect of its costly side effects. Growth, it is charged, distorts national priorities, worsens the distribution of income, and irreparably damages the environment”

William Nordhaus and James Tobin, 1972
Focusing on economic growth alone has come at a **cost to social inclusiveness** …

**Average income in Asia**

1980 = 100

**Source**: World Inequality database (accessed on 31 January 2019)
Environmental degradation: Global CO$_2$ emissions have increased dramatically

Annual CO$_2$ emissions in billion tonnes (GT)

- 35 Gt
- 30 Gt
- 25 Gt
- 20 Gt
- 15 Gt
- 10 Gt
- 5 Gt
- 0 Gt

Source: Carbon Dioxide Information Analysis Centre (CDIAC).
Thinking beyond GDP: understanding theoretical reasons for its popularity

• Preoccupation with GDP is rooted in the belief that:
  • maximization of consumption or income is a principle goal of individual human activity and source of utility or satisfaction;
  • society’s welfare can be evaluated by considering the sum total of utilities of all individuals; and
  • there is agreement in a society on such a welfare criterion.
Thinking beyond GDP: examples of some alternatives

• UNDP’s Human Development Index (HDI)
  - not only extends the dimensionality - simultaneous focus on GDP per capita, education and life expectancy – but also attempts to capture the diminishing importance of income with increasing GDP.

• OECD’s framework for measuring well-being and progress,
  - based on the recommendations of the Stiglitz-Sen-Fitoussi led Commission in 2009, is built around three distinct domains of a society’s welfare: material conditions, quality of life and its sustainability over time.
Thinking beyond GDP: examples of some alternatives

• Inclusive Wealth Indicator (IWI)

  • based on the high-level panel set up by UN-SG in 2012. The social welfare in the IWI framework is defined as private consumption adjusted for income inequalities; public services consumed by households; and environment services adjusted for pollution, exhaustion of fossil resources and damages to biodiversity.

• The 2030 Agenda for Sustainable Development

  • Endeavors to pursue multi-dimensional human wellbeing, social inclusiveness and environmental sustainability. It includes 17 Sustainable Development Goals that form a shared vision of humanity – people, planet, prosperity, peace, and partnership.
Thinking beyond GDP: Need to go beyond the system of national accounts (SNA)

- GDP measures economic activity, but does not reflect peoples well-being and environment aspects.
- SNA provides a backbone of measuring economic activity ... primarily in monetary terms.
- There is a need for ‘physical’ accounts to complement traditional ‘monetary’ accounts.
  - Adoption of System of Environmental-Economic Accounting – Central Framework (SEEA-CF) is a good example.
  - It captures interactions between the economy and the environment, and describes stocks and changes in stocks of environmental assets.
The journey on economic statistics and environmental-economic accounts

1925 Beginning of CPI standards
1945 First “Labour Force Survey” recorded
1947 Beginning of the SNA
1948 First BOP manual published
1953 First SNA published
1960 First SNA revision based on national experience
1964 Second SNA revision (consistent with BOP manual)
1968 Third SNA revision (more comprehensive in scope)
1993 First SEEA “Handbook of National Accounting: Integrated Environmental and Economic Accounting”
2003 SEEA revised based on national experience
2008 SNA 2008 links to SEEA for understanding importance of nature to the economy
2012 SEEA CF becomes the second international statistical standard (after SNA)
2013 FDES expanded, linked to SEEA and included extreme events and human health
2014 SEEA EEA published: based on the premise that nature is more than a source of commodities, it’s also a source of important regulation and cultural services
2017 UN-ECE (CES) publishes “a set of key climate change-related statistics using the SEEA” as one of SEEA applications
2019 ESCAP drafts Ocean Accounts Framework, which links SNA, SEEA-CF and SEEA-EEA to guide measurement on the sustainable use of the ocean
2018 UNWTO publishes a technical note linking the Tourism Satellite Account (TSA) and the SEEA

We are HERE
Estimating SDG investment needs
Methodologies and data issues
Framework to estimate SDG investment requirements: An example from ESCAP

- Considered five major investment areas:
  - achieve basic human rights through no poverty and hunger (Goals 1 and 2);
  - develop human capacities through health, education and gender (Goals 3, 4, and 5);
  - increase the provision of enabling infrastructure, covering transport, ICT and water and sanitation (Goals 6, 9, 11, and 17);
  - secure humanity’s future through clean energy and climate action (Goals 7 and 13); and
  - live in harmony through sustainable consumption and production, and biodiversity (Goals 8, 12, 14, and 15).
From 17 Goals to 3 dimensions…
spanning **people, prosperity and the planet** … supported by good governance and strong partnerships
General methodology

• Builds on costing models used by specialized agencies in their respective area of work
  • DESA, FAO, IEA, ILO, UNCTAD, UNDP, UNESCO, UNICEF and WHO

• **Intervention- and unit cost**-based costing for most social and infrastructure sectors

• **Integrated models** for energy and the environment

• Aggregation issues
Data requirements for estimating SDG investment needs

• Data on SDG targets and indicators
  • e.g. poverty incidence, malnutrition, household spending on education, etc

• Current spending or investment flows, from public and private sources

• Long-term projections of key variables, e.g. population, GDP and urbanization rate.

• Detailed administrative data to compute the unit costs of interventions.

• Time-series data help create future scenarios.
Data availability on SDG areas vary notably

<table>
<thead>
<tr>
<th>People</th>
<th>Number of Asia-Pacific countries with available data for each SDG costing area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty gap transfers</td>
<td>25</td>
</tr>
<tr>
<td>Social protection floor</td>
<td>24</td>
</tr>
<tr>
<td>Agriculture</td>
<td>16</td>
</tr>
<tr>
<td>Nutrition</td>
<td>17</td>
</tr>
<tr>
<td>Education</td>
<td>37</td>
</tr>
<tr>
<td>Health</td>
<td>19</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prosperity</th>
<th>Number of Asia-Pacific countries with available data for each SDG costing area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>47</td>
</tr>
<tr>
<td>ICT</td>
<td>47</td>
</tr>
<tr>
<td>Water and sanitation</td>
<td>47</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Planet</th>
<th>Number of Asia-Pacific countries with available data for each SDG costing area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>45</td>
</tr>
<tr>
<td>Climate change</td>
<td>47</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>0</td>
</tr>
<tr>
<td>Resource efficiency</td>
<td>7</td>
</tr>
</tbody>
</table>
Data issues for estimating SDG investment needs

• Some SDGs do not have numerical targets.

• For SDGs without an internationally agreed numerical target, a target value relies on national consultation.

• Establishing a baseline on current spending for some SDG sectors is challenging, e.g.
  • Public spending on vocational training, biodiversity and ecosystems
  • Capital and recurrent expenditures on transport, ICT, energy, water and sanitation

• Large data gaps for small island developing States.
Estimating SDG investment needs:

Results
Survey 2019 estimates an investment gap of $1.5 trillion per year or 5% of GDP for developing Asia-Pacific …
Survey 2019 estimates an investment gap of $1.5 trillion per year or 5% of GDP for developing Asia-Pacific ...
Survey 2019 estimates an investment gap of $1.5 trillion per year or 5% of GDP for developing Asia-Pacific …
Survey 2019 estimates an investment gap of $1.5 trillion per year or 5% of GDP for developing Asia-Pacific …
... or $\approx 1$ per person per day

It's within reach!

$\approx 1$

- Clean Energy for All: $37\cent$
- Protection for Nature: $12\cent$
- No Poverty & Zero Hunger: $43\cent$
- Health and Education: $73\cent$
- Sustainable Infrastructure for All: $0\cent$

It's within reach!
Investing in **PEOPLE** to realize basic human rights and human capacities

- Universal access to quality education
- Universal health coverage
- Agricultural productivity
- Nutrition-specific interventions
- Social protection floor
- Targeted cash transfer
Investing in **PLANET** to secure our future through clean energy and climate action and living in harmony with nature

- **Biodiversity**
- **Energy efficiency**
- **Renewable energy**
- **Universal access to clean cooking**
- **Universal access to electricity**
Investing in **PROSPERITY** to improve access to infrastructure

- Water and sanitation
- Information and communications technology
- Transport
Investment gap varies significantly across the region, rising to 16% of GDP in LDCs and 10% in South Asia.

Similarly, Pacific SIDS face steep challenges due to high vulnerability to climate change, but results are not shown given limited data availability.
Takeaway messages
Takeaway messages

• In the journey towards sustainable development, we need to prioritize ambitions beyond economic growth and invest in people and the planet first.

• Findings from ESCAP study on implementing SDG Framework:
  • Achieving SDGS is largely affordable: at an additional $1.5 trillion per year or $1/person/day
  • To achieve SDGs by 2030, Asia-Pacific needs to step up efforts in all Goals
  • Large data gaps for social and environmental data, and for small Pacific islands
  • Good statistics can allow policymakers to operationalize SDG framework, e.g. identify needed interventions, and prioritize SDG investment areas.
Thank you!

Please visit