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A ZEN Approach to Post-2015: Addressing the Range of Perspectives across Asia and the Pacific

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ADB Economics Working Paper Series



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Douglas H. Brooks, Kaushal Joshi, John W. McArthur, Changyong Rhee,
and Guanhua Wan

No. 327 | January 2013

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and Guanghua Wan

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CONTENTS

ABSTRACT	v
I. INTRODUCTION	1
II. ASIA AND THE PACIFIC REGION'S RECENT PROGRESS AND EMERGING CHALLENGES	2
A. MDG Progress to Date	2
B. Emerging Challenges	7
III. LESSONS FROM THE MDGS	11
IV. CONCEPTS: A ZEN APPROACH TO GOALS	14
A. Summarizing the Challenge	14
B. ZEN: A Conceptual Framework	15
C. Extensions to the Epsilon Framework	19
V. SOME KEY ISSUES FOR IMPLEMENTATION	21
A. The Ongoing Z Challenge	22
B. The Epsilon Implementation Challenges	22
C. All Spillover Goals	23
D. A Model for Epsilon Partnership: The G20 Mutual Assessment Process	23
E. Periodic Updates for Goals and Targets	26
F. Developed Country Responsibilities	26
VI. CONCLUSION	27
REFERENCES	28

ABSTRACT

The paper discusses key challenges faced throughout the Asia and the Pacific region as a number of its developing economies graduate from low-income status to middle-income status at the same time as the region remains home to the majority of the world's poor people and a number of fragile states. The region is gaining increased influence in the world economy but is still grappling to overcome interrelated challenges of poverty and sustainable development, so its priorities will be of significant importance in informing the contents of any post-2015 global development framework. Drawing from the ongoing lessons of the Millennium Development Goal process, this paper suggests a conceptual framework for setting a new generation of goals and, informed by these concepts, proposes an intergovernmental approach to implementation. The "ZEN" framework stresses the distinct challenges of achieving zero extreme poverty (Z), setting country-specific "Epsilon" benchmarks for broader development challenges (E), and promoting environmental sustainability both within and across borders (N).

Keywords: Development Goals, poverty, post 2015 agenda, ZEN, Asia

JEL Classification: O20, O21

I. INTRODUCTION

Among the world's developing regions, Asia¹ has undoubtedly seen the most dramatic overall transformation since 2000. Fifteen years ago, just before the dawn of the new millennium, the region was struck by a profound macroeconomic crisis, plunging several economies into recession and highlighting a sense of fragility in the long-term stability of many countries' policy strategies. Yet in the intervening period, the region has enjoyed widespread economic growth, lifting hundreds of millions of people out of poverty. The progress has extended well beyond measures of growth and income poverty. Assessed against the Millennium Development Goal (MDG) targets, Asia's success in areas like health, education, and access to drinking water all stand out globally. At the same time, Asia's progress is far from complete. It still has huge poverty challenges and its environmental challenges are growing rapidly.

Asia's remarkable development trajectory has many important implications for global partnership strategies moving forward. The MDG targets became the central reference point for development collaboration following their establishment at the Millennium Summit in September 2000. Their success lies partly in their integrated articulation of extreme poverty as a multidimensional agenda spanning issues of income, hunger, education, health, gender equality, and environmental sustainability. It also lies partly in their clear and quantified nature, which has helped to stimulate progress across many issues and geographies where it was lagging. At the same time, the MDGs have been far from a panacea for the world's evolving sustainable development challenges, spanning economic, social and environmental tensions. Indeed the MDGs have been least effective in promoting progress on the environment, as evidenced by many trends in Asia.

The final MDG deadline will be at the end of 2015, and much work remains to be done before then. Nonetheless, international deliberations are actively underway regarding the vision and goals for a post-2015 global development framework. At a time of significant change in the global economy and in the nature of the world's sustainable development challenges, a large and growing number of stakeholders are already engaged. The United Nations (UN) system has made significant efforts to consolidate the perspectives of its own staff (e.g., UN 2012) and to consult with stakeholders around the world. The Secretary-General has launched an eminent High-Level Panel of experts to provide recommendations on related issues, and the General Assembly has committed to launch its own expert group. Meanwhile a variety of regional bodies, nongovernmental organizations, think tanks, and individual experts have also presented an array of views regarding recommended priorities for the next generation of goals.

Amidst the emerging debates, there has been significant emphasis on which specific goals should be included in the post-2015 framework. For example, many analysts are focused on which of the MDG goals should be kept, which should be dropped, and what new goals should be added. Such discussions lend themselves to complexity and are inherently zero-sum in their structure. Ultimately, they amount to competition for limited space on a single political agenda amidst a legitimately growing number of influential stakeholder voices around the world, both inside and outside of governments.

This paper takes a different approach. Rather than focusing on the intricacies of which specific goals might be added, kept, or dropped, we focus on the three basic types of goals that need to be addressed in a post-2015 framework. We call this the "ZEN" approach, with each letter of the acronym reflecting a central component, or goal, of sustainable development:

¹ For this paper, "Asia" refers to the Asia and the Pacific region.

achieving “zero” extreme poverty in its many forms (Z), tackling country-specific “Epsilon” socioeconomic challenges beyond extreme poverty (E), and addressing the environmental imperatives that underpin long term development (N).

Building on this ZEN framework, the paper considers global design and implementation issues for E and N goals in particular. It describes different underlying challenges inherent in various types of goals, and suggests an approach to tackling them, anchored in common indicators, voluntary targets, coordinated monitoring and reporting, and peer review. These suggestions are presented with an eye to the diversity of challenges across Asia, including fast growing economies that still face deep poverty alongside growing environmental challenges, in addition to a range of circumstances faced by the many slower growth economies, fragile states, challenged island economies, and landlocked countries. As an overarching caveat, we note that the conceptual and practical ideas in this paper are only intended to inform deliberations on potential directions for post-2015. The paper’s proposals offer broad strokes in direction, and would certainly benefit from improvement and refinement through active discussion and debate.

The paper proceeds in six sections. Following this introduction, the second section provides context by describing Asia’s progress on the MDGs, in addition to the region’s emerging challenges. Section III briefly describes broader lessons from the MDG experience. Section IV begins the heart of the paper’s contributions, introducing the ZEN conceptual approach to post-2015. Section V then outlines some key issues for implementation, with particular emphasis on mechanisms for pursuing voluntary country-level targets that aim above the thresholds of extreme poverty. A final section concludes.

II. ASIA AND THE PACIFIC REGION’S RECENT PROGRESS AND EMERGING CHALLENGES

There are many dimensions to the evolution of Asia’s development challenges in recent years. This section presents a review of progress as summarized by the MDGs, followed by a distillation of the region’s key sustainable development challenges looking forward.

A. MDG Progress to Date

The most recent data show that developing Asia’s MDG achievements have been significant, although mixed across targets and countries (Wan and Zhang 2011).² With still 3 years to go before the 2015 deadline, the region’s headline successes already include:

- reducing extreme income poverty (\$1.25 per day) by half
- reducing by half the proportion of people without access to safe drinking water
- achieving gender parity in primary and secondary education
- reversing the prevalence of HIV/AIDS and slowing the spread of tuberculosis.

At the same time, there are large variations in trends across countries and many gaps in progress. A brief assessment is provided here for each MDG category:

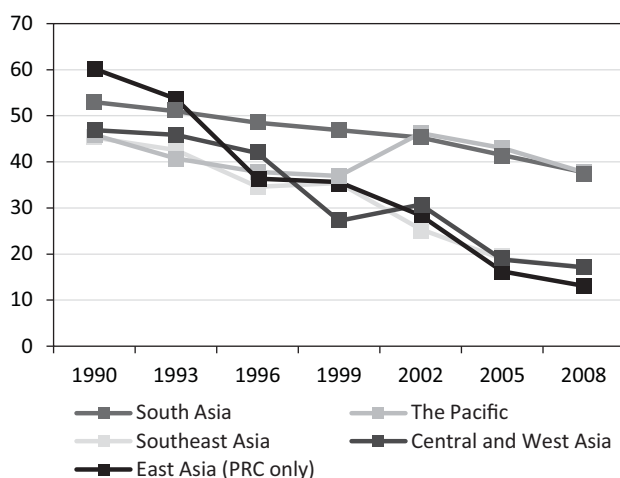
² In this paper references to “developing Asia,” including aggregated statistics, refer to developing regional member economies of the Asian Development Bank. Similarly, references to regional groupings Central and West Asia, East Asia, South Asia, Southeast Asia, and the Pacific all follow ADB’s categories of regional groupings. <http://www.adb.org/about/members>

MDG 1 on Poverty and Hunger: *Remarkable success on poverty; Hunger remains a big challenge*

Reduction in extreme poverty has been the hallmark of Asia's MDG progress, as shown in Figures 1 and 2. Driven by a robust per-capita gross domestic product (GDP) growth of more than 6.8% per year in the last decade, the number of poor living below \$1.25 a day declined from 1.5 billion in 1990 to approximately 0.8 billion in 2008. While the region's population increased by about 28%, the absolute number of poor declined by more than 44%. The corresponding headcount rate for extreme poverty declined from 55% to 24%. Extreme poverty also declined faster since the turn of the millennium, declining at an average annual rate of 5.6% between 1999 and 2008, compared with a rate of 3.6% between 1990 and 1999. The fastest reductions came from East Asia, especially in the People's Republic of China (PRC), although poverty rates declined in all regions of developing Asia. Despite this remarkable progress, developing Asia still remains home to nearly two-thirds of the world's 1.3 billion people living below \$1.25-a-day. South Asia alone accounted for nearly 41% of the world's extreme poor in 2008, and its absolute number of poor declined only marginally from nearly 538 million to 524 million.

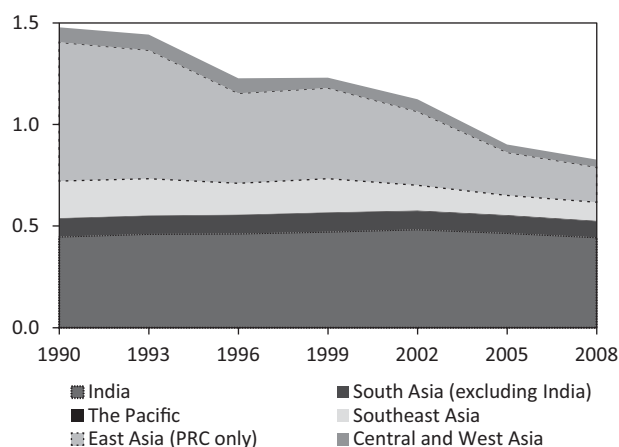
At the same time, hunger and malnutrition remain profound challenges, despite Asia's progress on extreme poverty. Attainment of the hunger target, as measured by the prevalence of underweight children under-5 years of age, has been hampered by the availability of timely and reliable data. Only 93 countries out of the 132 countries in the developing world have at least one data point between 2006 and 2011 on prevalence of underweight children. Estimates during this period suggest that developing Asia has the world's highest prevalence rate of 27%. In South Asia the prevalence rate stands at 43%. Nearly three out of every four of the world's underweight children reside in developing Asian economies. While the PRC had less than 4% children under-weight in 2009; India had a high prevalence rate of 44% in 2006, Bangladesh had a rate of 41% (2007), and Timor-Leste had a rate of 45% (2010).

Figure 1: Proportion of Population Living Below \$1.25 a day at 2005 PPP\$, Regions of Developing Asia (%)



PPP = purchasing power parity, PRC = People's Republic of China.
 Source: ADB estimates based on data from PovcalNet Database Online World Bank (2012b). Accessed 4 September 2012.

Figure 2: Number of Poor Living below \$1.25 a day at 2005 PPP \$, Regions in Developing Asia (billion)



PPP = purchasing power parity, PRC = People's Republic of China.
 Source: ADB estimates based on data from PovcalNet Database Online World Bank (2012b). Accessed 4 September 2012.

MDG 2 on Primary Education: *Enrollments and completions rise but still fall short*

For developing Asia, the aggregate primary enrollment rate rose by 8 percentage points from around 86% in 1999 to 94% in 2010. Most economies in the region are on their way to achieving primary school net enrollment targets, with 30 of 42 economies achieving net enrollment rates of 95% or higher (ADB 2012b). The biggest gains were in South Asia, where enrollments rose from 81% in 1999 to 96% in 2010, and in Central and West Asia, where comparable enrollments rose from 60% to 74%. Completion rates have seen progress, too. As of 2010, 93% of children in developing Asia completed primary education, almost 12 percentage points higher than in 1999. The largest gains came from South Asia reaching 92% in 2010, a gain of nearly 25 percentage points from 1999.

MDG 3 on Gender Equality: *Noteworthy achievements in educational parity*

With a gender parity ratio of 0.99 in 2010, up from 0.86 in 1991, developing Asia has almost closed the gender gap in primary education. South Asia has made significant progress on this metric, increasing from 0.76 in 1991 to full parity in 2010. Meanwhile in East Asia, the gender parity index at 1.03 was slightly biased against the boys in 2010. With unfavorable gender parity ratios in Afghanistan and Pakistan, Central and West Asia had a low gender parity of 0.82 in 2010 despite the close-to-full parity in Central Asian economies. In secondary education, developing Asia achieved a gender parity rate of 0.97. The story is more mixed for tertiary education, with developing Asia not achieving parity as a whole, although East Asia and Southeast Asia had indicators in favor of girls (ADB 2012a).

MDG 4 on Child Mortality: *Steady progress but not on track to achieve target*

Developing Asia has made steady progress on child mortality, although it is still not on track to achieve a full two-thirds reduction by 2015. In 2011, the region's child mortality rate (CMR) stood at 44 deaths per 1,000 live births, down from 87 in 1990. This was more than twice the CMR of 19 in Latin America and the Caribbean, but much lower than Sub-Saharan Africa's CMR of 109. Globally, average annual progress accelerated since the advent of the MDGs, increasing from 2.6% improvement per year in the 1990s to 3.7% per year from 2000 to 2011 (United Nations Children's Fund [UNICEF] 2011). In East Asia, child mortality dropped to 14 per

1,000 live births, but this was still more than three times the average level for developed Asia.³ As of 2011, the child mortality rate was highest in Central and West Asia at 71. Afghanistan had the worst child mortality rate at 101. Six of the 43 economies in developing Asia had already achieved a two-thirds reduction by 2011: Bangladesh, the PRC, the Lao People’s Democratic Republic (PDR), the Maldives, Mongolia, and Timor-Leste. In Bangladesh, for example, successful programs on child immunization, control of diarrheal diseases and vitamin-A supplementation all played a major role (Government of the People’s Republic of Bangladesh 2012).

MDG 5 on Maternal Health: *Early signs of progress, although far too little*

Pregnancy-related complications continue to be a major challenge throughout the developing world, and Asia is no exception. Maternal mortality indicators have long been hampered by inadequate data and related measurement issues (Byass 2010), but the latest estimates do suggest reasonable progress, with developing Asia’s number of maternal deaths per 100,000 live births dropping by 60% from 408 in 1990 to 157 in 2010. South Asia and East Asia have made significant progress by cutting the rate from 622 to 201 and from 117 to 37, respectively, over the same period. An estimated maternal mortality ratio (MMR) of 250 in Central and West Asia is due to high levels in Afghanistan and Pakistan, although Afghanistan has dropped from an MMR of 1,300 in 1990 to 460 in 2010. The decline in the maternal deaths accelerated from 3.9% per year during 1990s to 5.6% per year during 2000–2010 although throughout developing Asia, many of the deaths still occur due to lack of access to skilled birth attendants and inadequate antenatal care.

MDG 6 on Infectious Diseases: *Major gains although intensive efforts must continue*

Asia has begun to reduce the overall prevalence of HIV (United Nations Economics and Social Commission for Asia and the Pacific [UNESCAP], ADB, and United Nations Development Programme [UNDP] 2012). While the absolute number of persons living with HIV has increased on account of new infections and longer lives for those receiving life-saving antiretroviral therapy, there are signs of incidence of infections slowing down (World Health Organization [WHO], Joint United Nations Programme on HIV/AIDS [UNAIDS], UNICEF 2011). According to recent data, in Asia, 11 countries together have the majority of people living with HIV in the region: Cambodia, the PRC, India, Indonesia, Malaysia, Myanmar, Nepal, Pakistan, Papua New Guinea, Thailand, and Viet Nam (UNAIDS 2011). Intensive and widespread programs targeting persons who buy and sell sex, to prevent the spread of HIV infections in Cambodia, India, Myanmar, and Thailand, have reduced HIV infection rates in these economies (UNAIDS 2011). Nonetheless, there has been a rise in infections in some Asian countries. As of 2009, the highest prevalence rate in developing Asia is 0.8% in the Pacific, followed by 0.4% in Southeast Asia, 0.3% and 0.1% in East Asia and Central and West Asia. The often-interrelated challenge of tuberculosis has seen improvements, with overall progress in reducing related rates of incidence, prevalence, and death, although the total number of new cases has been climbing in the Pacific.

MDG 7: Environmental Sustainability: *Economic progress is pushing planetary boundaries*

The MDG environmental goals touch on many dimensions of the physical environment. At one level, although developing Asia has achieved the target of reducing by half the proportion of population without access to safe drinking water, nearly 368 million people in the region were still without access as of 2010, and access rates were still between 40% and 80% in eight countries: Afghanistan, Cambodia, Kiribati, the Lao PDR, Papua New Guinea, Solomon Islands,

³ “Developed Asia” again follows ADB categories and refers here to Australia, Japan, and New Zealand.

Tajikistan, and Timor-Leste. Progress on sanitation has been much slower, as around 45% of the region's population (nearly 1.7 billion people) lived without access to improved sanitation facilities in 2010, with wide urban–rural disparities (ADB 2012a).

Forest cover in developing Asia remained virtually unchanged between 1990 and 2010, rising only slightly from 22% of land to 23%. The increases were mainly due to afforestation programs in the PRC, India, and Viet Nam. But many countries saw large declines over the last 2 decades, including Cambodia (16%), Timor-Leste (15%), Indonesia (13%), and Myanmar (11%), which contain much of Asia's tropical hardwoods. At a subregional level, the forest cover in East Asia increased from 16% to 20% between 1990 and 2010 while Southeast Asia dropped from 57% to 49%, and the Pacific fell from 69% to 63%.

Greenhouse gas emissions saw a more dramatic shift over the period. Although the majority of previously accumulated emissions have been historically produced by developed countries, developing Asia reported the world's largest carbon dioxide (CO₂) emissions increase between 1990 and 2009, rising more than 200% in absolute terms and more than 130% in per capita terms. The PRC and India were the largest contributors to this growth. Ongoing economic growth will be essential for these countries to continue poverty reduction, but it will be important for this to proceed on a much more carbon efficient path. Asia's per capita emissions remain much lower than those of developed countries, suggesting global catastrophic risk if the most populous Asian countries continue to converge towards rich countries' per capita emission levels. In this respect, Asia's challenge is the world's challenge.

MDG 8: Develop a Global Partnership for Development

Over the past decade, Asia has seen tremendous advances in global partnership spanning the private and public sectors, bridging developed and developing countries. In addition to significant improvements in access to essential medicines, one of the greatest transformations of the past decade has been the widespread global diffusion of mobile telephony. Developing Asia now has more than 77 subscriptions per 100 people, up from only 5 per 100 in 2000. In 2011 (or nearest years), 16 of 45 economies in developing Asia recorded corresponding subscriptions of more than 100. Southeast Asia has the region's highest mobile phone penetration, at 99 subscriptions per 100 people, although some countries still lag significantly. For example, Kiribati, the Marshall Islands, and Myanmar all remained below 15 per 100 people as of 2011.

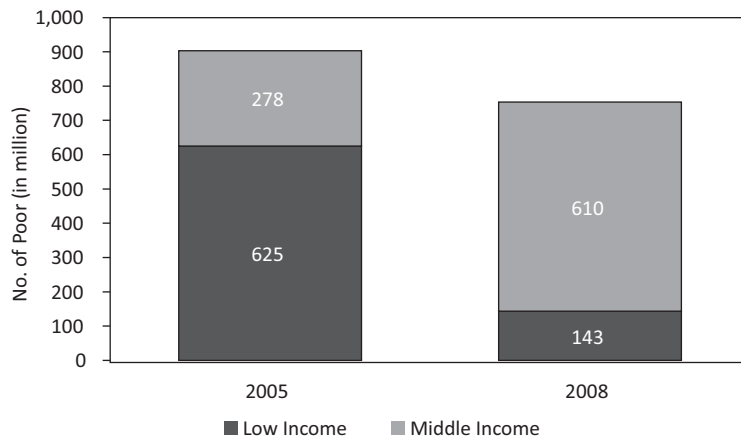
In numerous countries progress was supported through increased official development assistance (ODA). Part of this was channeled through global institutional innovations such as the Global Alliance for Vaccines and Immunizations and the Global Fund to Fight AIDS, TB, and Malaria. Part was also channeled through more established multilateral institutions such as the Asian Development Fund and the International Development Association. Since the advent of the MDGs, official net flows to developing Asian economies increased steadily, especially for social sectors (OECD 2012). Total aid to the region nearly doubled from 2006 to 2010 alone, reaching \$37 billion that year, with Afghanistan, India, Indonesia, Pakistan, and Viet Nam as the top aid recipients (ADB 2012b). The region has also seen a significant growth of “emerging donors” in recent years. This includes the Republic of Korea joining the OECD Development Assistance Committee in 2010, in addition to the increased support from countries like India, the PRC, and Thailand, which will only continue to grow in importance in the coming years. Nonetheless, per capita aid remains low for most of developing Asia. The region's low-income economies and fragile states will still need significant aid support from developed economies and Asian neighbors in order to achieve the MDGs and successor goals thereafter.

B. Emerging Challenges

The above assessment of MDG progress in Asia paints a mixed picture of achievements. Although the region’s complex trends will continue to evolve right through to the 2015 deadline, the region’s foremost longer-term challenges are becoming clear. Here we emphasize four.

First, amidst its ongoing economic progress, the region is still home to an extraordinary number of extremely poor people. In recent years a considerable amount of attention has rightly been dedicated to the emergence of middle-income economies (e.g., Sumner 2012). In 2005, for example, only 31% of Asia’s extreme poor measured by income (278 million people) lived in middle-income countries and the rest lived in low-income countries (Wan and Sebastian 2011).⁴ The ratio flipped as the large economies like India and Indonesia enjoyed sustained growth and surpassed the aggregate middle-income threshold. By 2008, more than 80% of the region’s extreme poor (610 million people) lived in middle-income countries (see Figure 3).

Figure 3: Distribution of Asia’s Poor by Income Group (\$1.25-per-day Poverty Line)



Source: Wan and Sebastian (2011).

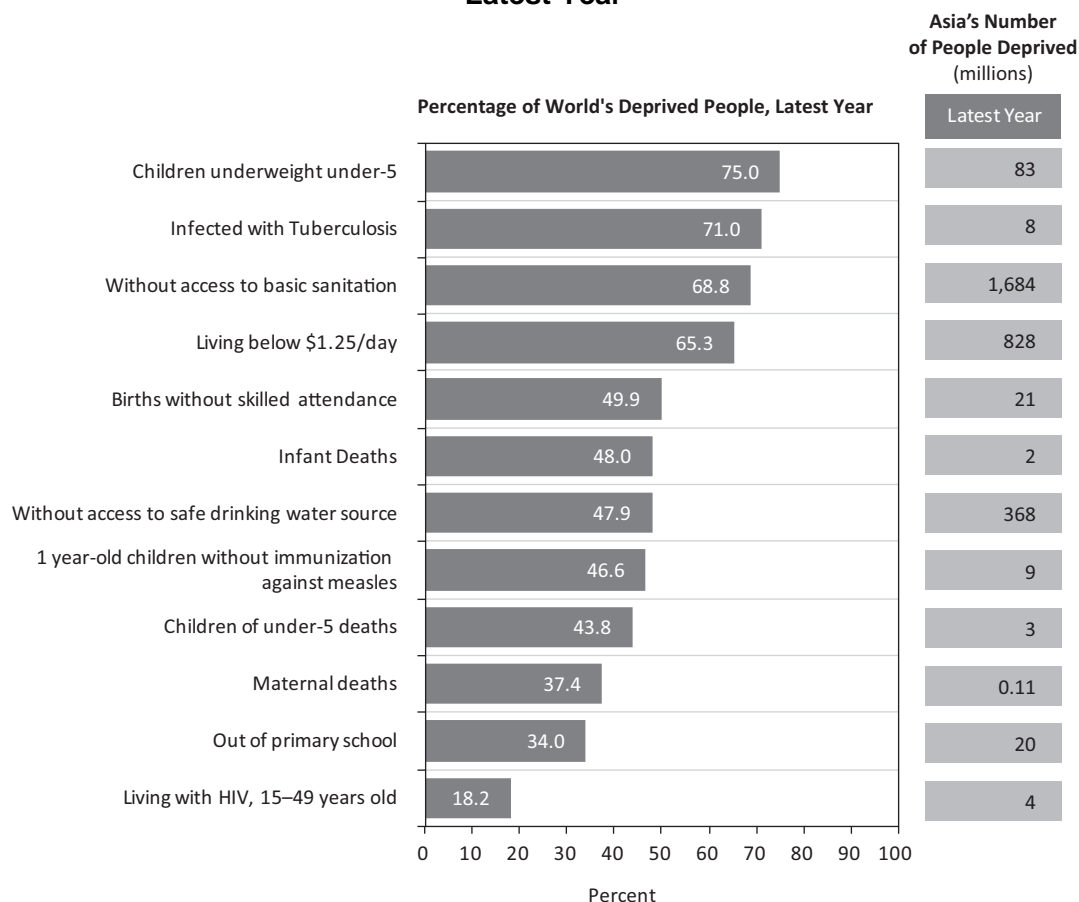
Asia is still home to the world’s largest number of extreme poor, measured by a variety of dimensions. In terms of people living below \$1.25 per day (PPP adjusted), a projection by Wan and Sebastian (2011) indicates that the region will continue to have the world’s largest number until 2021, when Sub-Saharan Africa’s number will become greater. Another projection by Ravallion (2012) shows Asia with the largest number until around 2016 or 2017. Regardless of the specific year, both studies show that as of 2015 Asia will still have at least 330 million people in extreme poverty under \$1.25 per day, and at least 1.1 billion living below \$2 per day.⁵ The region’s poverty challenge extends well beyond income poverty. Figure 4 shows the region’s major share of the total developing world’s deprived people across a series of measures, including measures for hunger, health, and education, drawing from the most recent

⁴ The World Bank’s description of middle-income versus low-income country categories is available at <http://data.worldbank.org/about/country-classifications>

⁵ Internal ADB projections further indicate that developing Asia will still have more than 87 million people living below \$1.25 per day in 2020.

data available for each indicator. Eradicating poverty will continue to be Asia's foremost development challenge well beyond 2015.

Figure 4: Asia's Share of the Developing World's Deprived People, Latest Year



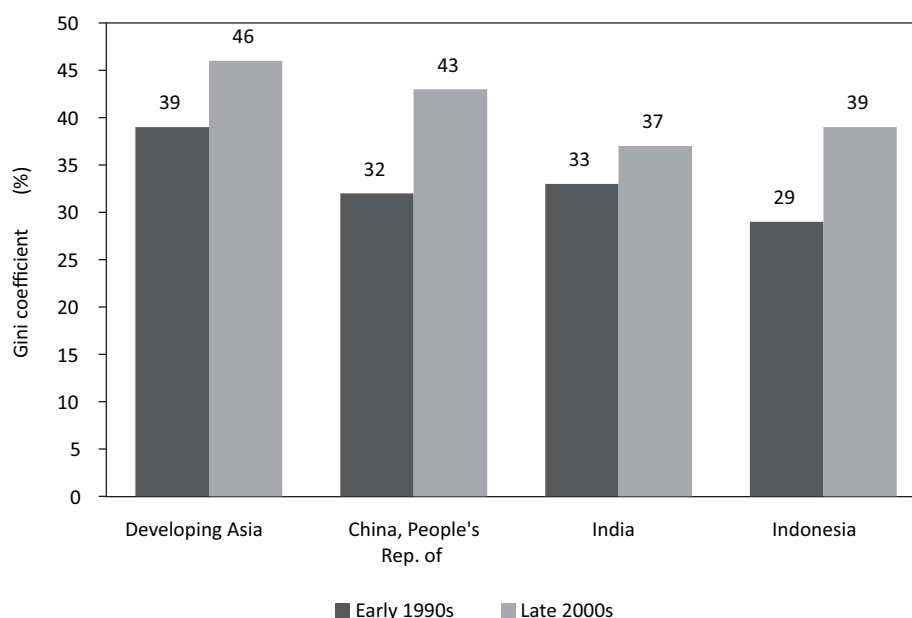
Note: Data from most recent available year.

Sources: Authors' estimates based on UNSD 2012a, b; WHO/UNICEF-JMP 2012; UN DESA 2011; World Bank 2012; WHO 2012; UNESCO 2012.

It is important to put the “middle-income transition” in context too. Even though a majority of developing Asia's economies have achieved official middle-income status and some will soon be able to contribute more to helping poor countries in the region, seven economies are still at official low-income status, and 28 still rely on access to the Asian Development Bank's concessional Asian Development Fund (either on its own or blended with ordinary capital resources). Moreover, some low-income developing countries still have a long path ahead before they cross the formal middle-income threshold, set at \$1,026 in today's gross national income (GNI) per capita. Even if a country with current GNI per capita of \$600 averages 5% annual real per capita growth over the next 10 years, they will only achieve an average income of \$977 in 2021. According to the World Bank (World Bank 2012b) data, 19 countries around the world are still at this level of income or lower, including Afghanistan (\$410 in 2010) and Nepal (\$540 in 2011) in Asia. Such countries will still require significant external support well into the post-2015 period.

Second, Asia will need to confront rising inequality (ADB 2012a, c). This is a particular challenge in light of the region’s relatively low levels of inequality in the past and the tradition of “growth with equity” that characterized the transformation of the many newly industrialized economies in the 1960s and 1970s. As Figure 5 shows, the Asia-wide Gini coefficient increased from 0.39 in the mid-1990s to 0.46 in the late 2000s, or 1.4% a year. Part of this was driven by increased Gini coefficients in the large economies of the PRC, India, and Indonesia, as also shown in the figure. Altogether, inequality increased in 14 of the region’s 30 economies for which comparable data are available between the 1990s and 2000s, as measured by the ratio of income or consumption of the highest quintile to the bottom quintile (ADB 2012c). The challenges of inequality extend beyond disparities of income. Many countries are experiencing significant disparities in access to education, health, and basic services (Wan and Francisco 2010). Often inequalities exist not only by income group, but also by gender, location, and ethnicity (UNESCAP, ADB, and UNDP 2012).

Figure 5: Inequality Changes across Developing Asia, and in Selected Large Economies



Source: ADB (2012c).

Many governments are aware of the inequality challenge. For example, the PRC government set about building a harmonious society as the development goal in its Eleventh Five-Year Plan (2006–2010). This goal has been reaffirmed in the Twelfth Five-Year Plan (2011–2015), with greater emphasis on the inclusive quality—not just the rate—of growth. In India, the government also made an explicit commitment in its Eleventh Five-Year Plan (2007–2012), with a central vision of “...not just faster growth but also inclusive growth, that is, a growth process which yields broad-based benefits and ensures equality of opportunity for all.”

Third, Asia faces major challenges in balancing local and global environmental constraints. Until now, Asia’s high growth rates have largely relied on factor inputs, implying massive resource consumption and an expanding ecological footprint. As one indicator, the

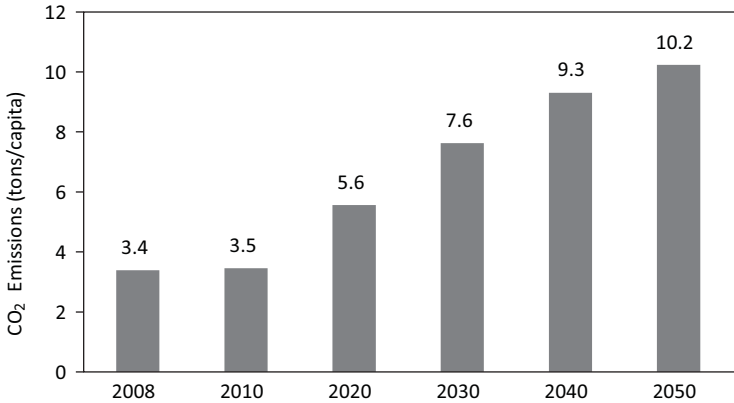
region required three times the input of resources as the rest of the world to produce one unit of GDP (UNESCAP, ADB, and UNEP 2012). Intensive resource use, rising energy costs, growing pollution, limited resource endowments, ongoing climate change, and declines in the ability of ecosystems to provide critical services are all contributing to greater environmental, economic, and social vulnerabilities. Simply put, this growth pattern is no longer sustainable.

Meanwhile, renewable resources such as forests and groundwater are also under threat. Asia is struggling with a variety of biophysical challenges relating to hunger and malnutrition. Food supply is being affected by a number of factors, including low crop yields, rising input costs, competing demands for fresh water, loss of farm land for housing and industry, and declines in agricultural investment. Climate-related extreme weather events are compounding these challenges. The competition for land and changing market forces also mean that production of non-food crops is expanding faster than production of food crops, including in South Asia and East Asia, where hunger and undernourishment challenges persist or are growing.

Non-renewable resources present major problems too, as economies struggle to accommodate the rapid changes in structures of demand. Countries in the region will become increasingly vulnerable to energy price shocks, especially those that are dependent on energy imports. This will have far-reaching implications for the financial ability of countries to meet their energy demands. A number of countries, especially those in South Asia, face these challenges as they attempt to greatly increase energy access for their populations.

The consequences of climate change, driven by ongoing growth in greenhouse gas emissions also pose a threat to the region's expanded economic prosperity and improved livelihoods. Poor communities in both rural and urban settings are the most vulnerable to the negative impacts, with those in small island developing states facing the starkest challenges. Based on simulation results, if current trends continue, CO₂ emissions in Asia are likely to more than triple by 2050 (see ADB 2012b). Figure 6 presents the “business-as-usual” scenarios: per capita CO₂ would rise from the 2008 level of 3.4 tons to 7.6 tons in 2030, and further to 10.2 tons in 2050. These scenarios imply a disastrous future for Asia and the globe. Clearly, action is needed and interventions must be found and implemented.

Figure 6: Projected CO₂ Emissions under “Business-as-Usual” Scenario



Source: ADB (2012b).

A fourth challenge, likely related to climate change, is Asia's high vulnerability to flooding (ADB 2012b, ADB 2012d). This is linked to both future sea-level rise and more frequent and intense storm systems. In 2010, over 300 million city dwellers were at risk of coastal flooding. By 2025, 410 million people are projected to be at risk. The challenge of coastal flooding is heavily concentrated in the Southeast region. Meanwhile, half of the city residents of Bangladesh are at risk of coastal flooding. In the PRC, nearly a fifth of the urban population is at risk. Across Asia, more than 60 cities with populations of at least 100,000 and 750 settlements of at least 5,000 people are located in low elevation coastal zones.

Inland flooding is also a major risk for about 245 million urban Asians, as of 2010. By 2025 this number is projected to reach 341 million. About three-quarters of the urban population of Cambodia are at risk, as are around 35% of the urban populations of Bangladesh, the Lao PDR, Thailand, and Viet Nam. One-fifth of the PRC's urban population and 12% of India's urban population are at risk. Even landlocked countries have substantial urban population shares at risk: Tajikistan (16%), Bhutan (15%), Afghanistan (13%), the Kyrgyz Republic (12%), and Nepal (6%).

Many Asian cities face major joint risks of coastal and inland flooding. Five large cities have more than 50% of their populations at risk of both: Bangkok, Thailand; Dhaka, Bangladesh; Ho Chi Minh City, Viet Nam; Palembang, Indonesia; Tianjin, PRC. In Phnom Penh, Cambodia, 99% are at risk of inland flooding and 40% coastal flooding (ADB 2012b). For Ha Noi, Viet Nam, the corresponding ratios are 98% and 40%, respectively. For Kolkata, India, the ratios are reversed—88% coastal and 15% inland—as they are for Shanghai, at 90% coastal and 25% inland. The interrelationship between environmental and livelihood challenges could not be clearer.

III. LESSONS FROM THE MDGs

In light of the MDGs' global prominence and Asia's record of significant (if incomplete) progress on so many of the goals, it is worthwhile to consider how they might help inform post-2015 efforts for sustainable development. Much of Asia's progress was certainly underway independent of the MDGs' establishment. But the region's acceleration of progress on many measures since 2000 suggests that the MDGs did play a helpful role in many cases, for example in education and health. And, as Asia faces a next generation of challenges, there are lessons to be learned from the broader global MDG experience in helping to support breakthroughs against challenges that sometimes seemed insurmountable.

Building on the synthesis of Aryeetey et al. (2012), we underscore several attributes that helped make the MDGs successful globally. First, the MDGs are focused on a range of priorities that have universal political support. Areas like child survival, hunger, primary education, and access to safe drinking water are all uncontroversial across borders and reflect a common vision of humanity. Second, the goals are anchored in an ambitious and motivating overarching vision: cutting extreme poverty, in its many dimensions, by half within a generation. Third, the MDGs are grounded in simple concepts. They unpack the complexities of extreme poverty into a set of basic targets that are easy for broad audiences to understand and explain. The public and politicians can easily rally around questions like: Do children and mothers survive? Do all boys and girls go to school? Are people hungry? And so forth.

Fourth, the MDGs present objective benchmarks. The quantitative and deadline-driven goals provide a clear report card against which all stakeholders can jointly measure progress,

year after year. Fifth, the goals focus on outcomes. They established a common global vision and definition of success, but they did not cross the political line of prescribing *how* individual countries should pursue the targets, thereby allowing each country to follow its own policy path. Sixth, the goals are anchored in principles of partnership, between developing and developed countries and also between public and private sectors. This spirit of collaboration was underscored by the major 2002 UN agreements in Monterrey, which articulated the shared nature of responsibilities for development.

Much of the MDGs' success was also accomplished by stimulating, and in some cases rejuvenating, public investments—especially in social sectors. In many developing countries this was financed at least partly through increased tax revenues. In many, it was also financed through targeted increases in ODA. Progress in resource mobilization was linked to the MDGs' integrated substantive agenda, which helped remove political competition between equally meritorious development priorities like hunger, education, and health. The MDGs have even helped spur progress by drawing attention towards policy shortcomings, such as maternal health, which received increased attention once Goal 5 outcomes were recognized as lagging far behind the other health goals. Overall, the MDGs have probably spurred the greatest successes on education and the three health goals (i.e., Goal 4 for child mortality, Goal 5 for maternal mortality, and Goal 6 for HIV/AIDS, malaria, and other infectious diseases).⁶

At the same time, the MDGs have many shortcomings. For example, the target for hunger has done little to alter the course of the global hunger challenge. The goal for gender equality focuses too narrowly on school enrollment, with little reference to the broader equity dynamics. The education goal itself stresses quantity of primary enrolment, without emphasizing learning outcomes or higher-level education. In some cases this is reported to have diverted resources away from secondary and tertiary schooling. Some have criticized the lack of targets for infrastructure to promote economic growth, and indeed for the lack of emphasis on economic growth as an underpinning of poverty reduction. Others have expressed concern that even though the MDGs are intended to focus on the world's poorest, national averages can mask severe inequalities within populations. Still others have underscored the lack of resilience targets, in light of extremely poor people's disproportionate vulnerability and exposure to economic, social, and environmental risks.

A reasonable case can be made that the MDGs' biggest shortcoming falls under Goal 7 for the environment.⁷ Although the target for drinking water saw some of the most significant progress worldwide, this is a very limited conception of the developing world's environmental challenges, and it is not clear that the target helped accelerate much progress in countries that were lagging. Targets for sanitation and biodiversity gained little traction, as did an unquantified target to incorporate principles of sustainable development into national strategies. The Goals make no reference to climate change mitigation or adaptation, two issues that have become increasingly inescapable over the past decade, as developing countries commonly face the most profound changes in temperature, precipitation and sea level.

More broadly, systems for tracking MDG progress are uneven too, as referenced more than once in Section II's description of regional trends. While some variables like child mortality tend to have reasonably strong international measurement systems, there are key issues where many countries' underlying data systems do not allow progress to be adequately tracked. And in some cases there are discrepancies between national and international estimates for particular

⁶ See Kenny and Sumner (2011) for a discussion of preliminary evidence on MDG successes.

⁷ Evans (2012, p. 2) asserts more plainly, "MDG7 has not worked."

indicators. At the UN technical level, statisticians have made progress in identifying indicators that align with politically defined targets, but often these indicators themselves become a topic of political debate. The MDGs have drawn attention to issues of data poverty and indicator alignment, and have helped initiate many efforts to solve them and build statistical capacity. But the challenges persist and need to be addressed more directly in advance of any post-2015 structure.

At an institutional level, the Goals draw attention to gaps in accountability. It remains a complex problem amidst a world of sovereign states that no organization or individual typically has specific responsibility for achieving an MDG target, although some institutions and individuals have benevolently tried to take responsibility for coordinating others to achieve targets, especially on disease-specific health goals. Nor are there clear mechanisms for ensuring global accountability in public finance, such as when donor nations fall short on their pledges or developing nations fall short on their own resource commitments.

The MDGs have also had to overcome obstacles around political ownership, having been criticized as “top down” or “one size fits all” goals that were born in United Nations conference rooms. The underlying history of the MDG targets is complicated, since they mainly bring together a series of global policy targets that had been established in field-specific international conferences throughout the course of the 1990s.⁸ Nonetheless, in many developing countries it took years before the MDGs caught on as a reference point. It was 2005 before the intergovernmental agreements were forged for the goals to be implemented specifically at the country level, an agreement whose implementation remains highly uneven. In many countries the MDGs are still perceived as a “UN agenda” rather than a locally established political priority.

A related challenge for the MDGs was that they, by turning a spotlight on the multidimensional challenges of extreme poverty, often had less political resonance in countries that wanted to make progress against poverty but faced burdens better described as relative rather than extreme poverty. Some countries, typically middle-income economies neither giving nor receiving significant amounts of aid, felt disconnected from the global MDG agenda, since the goals did not speak of their own development challenges. At the same time, some countries like Thailand met the MDG targets early, and were motivated and creative enough to prepare “MDG-plus” goals, leveraging the core MDG concepts with even more ambitious local targets.

Outside of governments, the goals have also had a multi-layered history in gaining resonance. For civil society groups, it commonly took a few years before the goals were accepted as a tool for promoting government accountability, especially in developing countries. For even the most proactive private sector leaders, it was often a matter of several years before the goals were understood as a reference point. And among research communities, fields like global health have tackled the MDGs extensively, as evidenced by more than 1,000 relevant articles over the decade since 2002 in *The Lancet*, the eminent health journal. But at the other end of the spectrum, leading economics journals have paid relatively little attention to the MDGs, as evidenced by there being only 13 articles with MDG references in the *Journal of Development Economics* over a comparable period (McArthur 2012).

Altogether, these are important lessons for the pursuit of any post-2015 global development framework. To address Asia’s major challenges as described in the previous section, post-2015 goals need to draw from the MDGs’ success in providing a unifying focus

⁸ See Manning (2009) for significant elements of the history.

across a range of poverty challenges. At the same time, new goals need to be anchored in a coordinated process that address environmental challenges much more directly, particularly those linked to livelihoods and resilience. They also need to address challenges of universal minimum standards for humanity alongside issues of equitable access and inclusion, both within and across countries. These substantive priorities will need to be pursued through a coordinated and inclusive political approach, one through which countries can establish local targets and accountability systems, across stakeholders and in line with globally shared priorities and standards. To that end, the next section suggests a basic conceptual framework.

IV. CONCEPTS: A ZEN APPROACH TO GOALS

A. Summarizing the Challenge

The post-2015 process comes at a propitious time for establishing the coming generation's priorities. The context is important, since there is much more than a simple calendar transition underway from one year to the next. A more fundamental shift is underway in the structure of the global economy and the nature of its challenges. One of the most profound elements of this transition is Asia's rising share of global economic activity and influence. Even though the world's most populous region still has enormous numbers of people in poverty as home to almost two-thirds of the world's poor (\$1.25 per day), it will play an ever more significant role in helping to guide global systems.

Concurrently, a profound shift is potentially underway in terms of the global economy's impact on planetary boundaries, with fast-growing economies causing rapid changes in environmental outcomes, which in turn affect quality of life within and across countries. Thus, Asia must join other regions in tackling the integrated challenges of sustainable development, including economic, social, and environmental priorities. Even as economies may achieve rapid aggregate success, they still must confront problems like persistent poverty, rising inequality, and large-scale ecosystem degradation.

For Asia, a successful framework needs to speak to the region's evolving middle-income challenge, establishing common standards while allowing flexibility for each country to pursue its foremost priorities. Again, the first element to underscore is the extraordinary number of poor people still living in the region, including approximately 800 million on less than \$1.25 per day and more than 1.7 billion on less than \$2 per day, in addition to the many key non-income measures of deprivation (World Bank 2012). Many Asian economies and fragile states will still require sustained international support, including ODA, in order to achieve just the minimum standard of living conditions. It is important not to automatically or prematurely conflate middle-income status with the end of aid.

In many cases, new concepts will be needed to guide the region's approach to sustainable development, aligned with emerging global priorities. To that end, this section aims to delineate some key types of issues to be addressed. Informed by these concepts, we also suggest an intergovernmental approach to implementation in Section V. Although we cite a variety of priority areas to illustrate key issues, we do not attempt to make a case for or against the inclusion of any particular goals or targets. This differs from a significant amount of the post-2015 literature that focuses on the relative merits of specific issues to include in the policy agenda (e.g., Bates-Eamer et al. 2012, Burnett and Felsman 2012, Karver, Kenny, and Sumner 2012, *The Lancet* 2012, Melamed 2012).

Learning from the lessons of the MDGs, a successful post-2015 framework requires a multidimensional approach to tackling poverty. For example, while \$1.25 per day provides an important benchmark, extreme poverty is also defined by lack of access to things like basic health care, education, and infrastructure. And as per the discussion in the preceding section, a successful post-2015 framework will also require a blend of “top-down” global standards plus “bottom-up” national and local targets. Success will hinge on how seriously countries and international agencies treat the goals. Generally speaking, poorer countries with extensive extreme poverty challenges need to see clear signals that the goals are accompanied by appropriate levels of support rather than simple platitudes. At the same time, more advanced developing economies need to see relevance to their local challenges on one hand and appropriate opportunities for international cooperation on the other. Finally, the wealthiest economies need to feel proper accountability systems are in place to link foreign aid to results at a time when many of their own national budgets are under pressure.

B. ZEN: A Conceptual Framework

Given the complex global dynamics at hand, we present a conceptual framework to help distill the key challenges. We do so with full awareness that such abstractions are inevitably imperfect and do not pretend to capture the underlying details of every related issue. Nonetheless, as a matter of logic it is useful to specify the most central tasks that a post-2015 international policy agenda needs to address. Here we propose three, with each task being summarized by a one-letter goal, leading to the ZEN name for the framework.

Task 1: Establish a set of absolute minimum standards for living conditions across all of humanity, consistent with the elimination of extreme poverty by a specific date (e.g., 2030).

We call these “**Z**” **goals**, as shorthand for universally achieving the multiple dimensions of “zero extreme poverty.”

Task 2: Encourage countries to achieve some *Epsilon* of complementary targets above the minimum Z standard, especially in instances where that standard has either already been achieved, will imminently be achieved, or does not adequately represent the challenges of a country’s local development frontier. The Epsilon term is inspired by the convention in economics of denoting country-specific variations with a lower case “ ϵ ”.⁹

We call these the “**Epsilon**” or “**E**” **goals**, representing each country’s unique targets above the minimum Z standard.

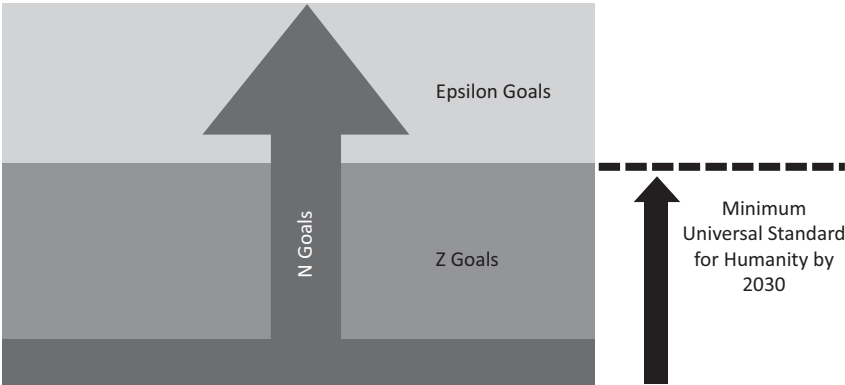
Task 3: Address challenges of environmental sustainability, both as an underpinning to long-term prosperity and as a necessity in the face of planetary boundaries.

We call these the “**N**” **goals**, as shorthand for environmental priorities.

Note that throughout this paper we use the terms “goals” and “targets” in a generic and interchangeable sense, rather than as a suggestion of a logical hierarchy. We also use neutral nomenclature (Z, E, and N goals) in an effort to focus on concepts and avoid the misunderstandings that sometimes result when words develop connotations.

⁹ In layperson’s terms, the E goals can also be thought of as an “Extension” beyond the Z goals.

Figure 7: The ZEN Framework



Source: Authors.

Figure 7 presents the ZEN framework in a schematic diagram. The image aims to demonstrate the relationships between Z, Epsilon, and N goals. The Z goals set a standard for eliminating extreme poverty. Epsilon goals set higher country-specific standards beyond Z. N goals are embedded in both Z and Epsilon goals, with increasing importance amidst the Epsilon goals. N goals also ultimately underpin global success. Next, we turn to a more detailed description of each of the three goals.

1. Z Goals—the Minimum Floor

To operationalize the proposed ZEN framework in the post-2015 context, the first and most important step is to establish the “minimum floor” of Z goals for all of humanity. This concept has been discussed elsewhere under a variety of labels, including “the end of extreme poverty,” “getting to zero,” and “global social floor.” We stress that this goal should also be considered one of universality, aiming to address the most pernicious elements of global inequality. In particular, we suggest that the minimum floor include specific targets for humanity’s elimination of extreme poverty across multiple dimensions. These should carry forward the goals that have garnered broad global support under the MDG framework, and have clear momentum for being included in the “second half” of the global effort to end extreme poverty. Importantly, there would be an emphasis on measuring both quantity and quality of outcomes, such as quality of education or drinking water.

To illustrate, Figure 8 presents a suggestive list of basic goals including income, hunger, education, health, infrastructure, gender equality, and environmental resilience, with some corresponding indicators in parentheses. We stress that this list is only meant to be illustrative, and does not in any way aim to preempt international negotiations. We also note that the Z goal for environmental resilience would be cross-referenced with the N goals described in more detail below.

Whatever the final composition of Z goals, they would all require the *ex ante* definition of a “zero” target in order to establish clear benchmarks for extreme poverty’s elimination from the planet. For instance, in some cases it might be practical to define “zero” as a universal ceiling of no more than 1% or 2% of any country’s population, such as for measures of income poverty, stunting, illiteracy, and those without access to livelihood infrastructure. Drawing from the

lessons of the MDGs, we take it as a starting point that all Z, E, and N goals must be monitorable and measurable, with clear numeric targets and deadlines in order to serve their purpose.

For health, there would need to be more than one metric to capture the end of extreme poverty. Building on the success of the MDGs, there could be an explicit ceiling for child mortality and maternal mortality, respectively. For example, the “zero” standard could be set for every country to achieve a child mortality rate of no more than 30 per 1,000 live births and a maternal mortality ratio of no more than 50 per 100,000 live births. We would also encourage a target for access to basic health care, somehow objectively defined, with a Z goal of no more than 1% or 2% of each country’s population lacking access.

Note that a universal standard also automatically implies gender equality in outcomes, and both female and male indicators should track each target. However, given gender discrimination’s prevalence and multidimensional nature throughout the world, we do suggest continuing to include a headline goal for gender equality in order to underscore its importance.

Figure 8: The Foundation of ZEN – “Z” Goals for Extreme Poverty

<p>Z Goals All countries agree to achieve these targets everywhere</p>	"Zero" goals on topics like,
	<ol style="list-style-type: none"> 1. Income poverty (\$1.25/day) 2. Hunger (stunting) 3. Education (illiteracy and innumeracy) 4. Health (primary services, child and maternal mortality) 5. Livelihood Infrastructure (drinking water, sanitation, energy) 6. Gender equality (on all goals above) 7. Environmental resilience (appropriately defined)*

* Linked to N goals.

Source: Authors.

2. Epsilon Goals—the Next Increment

There are two defining attributes of “Epsilon” goals. First, they pursue a higher standard than the Z goals focused on the multidimensional challenge of extreme poverty. Second, each country sets its own quantitative benchmarks on shared priorities, rather than pursuing a universal global standard. It will be a historic achievement if the world is able to eliminate extreme poverty throughout Asia and all regions by 2030 (or whatever deadline year might be established). At the same time, this higher Epsilon standard could be highly pertinent to emerging middle-income economies that have already crossed, or will soon cross, important progress thresholds in areas like education and health, but still face profound poverty challenges.

A core set of Epsilon goals could mirror the same headline categories as Z goals—such as income, hunger, education, and health. The difference would be Epsilon’s higher standards, similar to the “MDG-plus” approach that some countries have taken since 2000. For example, a Z goal for income might focus on issues of so-called “dollar-a-day poverty,” and a sibling Epsilon goal could focus on “\$2-a-day poverty,” or else more country-specific measures of relative income exclusion. Similarly, whereas a Z goal for health might include an absolute ceiling on

child mortality and deaths from infectious diseases, an Epsilon goal for health might include more ambitious benchmarks for the same indicators, in addition to targets for non-communicable diseases like hypertension, which are becoming a huge driver of the burden of disease in middle-income countries. And as with the Z goals, Epsilon goals would cross-reference with N goals, for example around water efficiency or outdoor air quality.

3. N Goals—for the Environment

Much of the coming generation's global sustainable development challenge will hinge on human interactions with the physical environment. Recognizing both the MDG shortcomings on the environment and the major environmental impacts likely to result from fast growing emerging economies in Asia and around the world, we designate the N goals as a critical component of the ZEN framework. We also emphasize that poor people typically carry the greatest burdens from environmental strain. For conceptual purposes, we define N goals expansively. As mentioned earlier, N goals are presumed to be cross-referenced with Z and E goals. For example, universal access to clean drinking water, as a basic human need, would be included under the Z goals for zero extreme poverty. Meanwhile, universal access to a particular standard of air quality might fit under the higher ambition of Epsilon goals.

Some N goals like clean drinking water have direct and immediate effects on human well being. Others like climate stability contribute more indirectly but still have deep influences on human lives. In some parts of the world the priority N goals will pertain to managing renewable resources like fresh water and soils. In other parts of the world it might entail managing biodiversity, or dealing with rising sea levels. Among developing countries, climate challenges are particularly pronounced in agricultural zones where precipitation has been systematically decreasing and temperature systematically rising.

For N goals to be operational, it is important to distinguish between issues that can be solved by individual governments, and those that require collective action across countries in order to be solved. Conceptually, we distinguish between spillover challenges that typically hinge on cross-border dynamics, whether regional or global, and non-spillover challenges that are more directly managed within borders. For example, air quality is commonly affected by cross-border spillover dynamics, whereas access to safe drinking water is commonly tackled within a particular country. Although non-spillover issues can be managed more locally, it is often still a challenge to identify common measurement standards that can be applied to a diversity of geography-based targets. We recognize the degree of artifice between categories, since in reality most environmental problems lie somewhere on a spectrum between spillover and non-spillover categories, with even water quality often contingent on a variety of cross-border biophysical dynamics.

In the Asian context, the spillover challenge is particularly important since the rise of emerging economies renders the provision of global public goods even more complex. Many rapid changes are underway in the extent to which national actors are contributing to global externalities and it is often difficult for policies to keep up with changing circumstances. At the same time, many Pacific island economies are particularly at risk from climate change, including rising sea levels. For spillover issues, the crucial objective is to identify ways for externalities to be internalized, and to develop the new technologies that can solve the underlying problems. The challenge is most prominent in the context of CO₂ emissions and climate stability as a global public good. It is equally profound for issues of oceans management and biodiversity preservation, which of course have interactions with climate.

C. Extensions to the Epsilon Framework

The ZEN framework aims to distill the basic issues for post-2015. At the same time, we recognize that further subcategories could easily be developed to extend the framework. Here we emphasize two possibilities.

1. Universal versus Non-Universal Priorities

Recognizing the complexities embedded in fostering global political agreement on development issues beyond extreme poverty, a distinction can be made between two categories of Epsilon goals. On one side are the universally agreed priorities, which we dub “E–1” goals. On the other side stand priorities that might have widespread but not quite universal political support, which we dub “E–2” goals.

- E–1: Universal Epsilon Priorities:** This group of Epsilon goals shares universal political support and has straightforward clarity on the desired direction of indicators (e.g., less poverty is better, more education is better). They would be normatively anchored in a universal political commitment to progress, while pursued in a manner consistent with the wide range of situations faced by each country. At a minimum this could include the same priority areas as the Z goals (e.g., income, hunger, education, health, and so forth) while aiming to a higher standard. As per the earlier example, a Z goal would establish a universal minimum income (or consumption) target regarding \$1.25/day poverty, and E–1 goals would set country-specific targets for \$2/day poverty or another poverty line.¹⁰ Or if a Z goal for child mortality is set at 30 per 1,000 live births, countries could set higher standards at perhaps 15, 10, or even 5—the latter being the approximate mortality rate in high-income countries today. Similarly, while Z targets could tackle the worst forms of hunger measured by child stunting, E–1 targets could tackle issues like adult security of access to a minimum nutritious package of food.

To illustrate in terms of education, universal Epsilon goals could set targets for secondary completion rates or access to vocational training and post-secondary schooling. Health goals could set ambitious country-specific outcome targets for child mortality (e.g., a lower and more ambitious mortality rate than the Z goal for child mortality), maternal mortality (similarly more ambitious than the Z goal), life expectancy, and prevalence of non-communicable diseases. They could also set country-specific standards for universal health coverage, in line with the UN General Assembly agreement of December 2012. Infrastructure goals could set targets for access to transportation and financial services.

- E–2: Non-Universal Epsilon Priorities:** This category of goals is defined by a lack of universal global political agreement as to whether and how targets should be set. Often this is due to differences in views over what constitutes

¹⁰ For completeness, we note the additional case where there might be some goals above the Z standard of extreme poverty and which also have universal agreement on common targets. For example, on top of a Z goal to eliminate \$1.25/day poverty by 2030, all countries could agree to a goal of cutting the share of their national population under \$2/day by a consistent ratio (e.g., half). Recognizing the practicalities of political frameworks, such a global \$2/day target could be considered either a Z goal or an Epsilon goal.

an ideal standard. Thus unlike the universal E–1 goals, E–2 goals are unlikely to have a common Z floor as reference. But as with E–1 goals, countries would still set their own quantitative targets in line with domestic priorities. E–2 goals might include measures of inequality, government effectiveness, or even political participation, each of which has its own technical debates. For example, most analysts agree that extreme inequality is undesirable, but there is little agreement as to what constitutes a positive and negative threshold. Likewise, there are ample debates among sovereign states on what constitutes an effective government or appropriate standard for political participation. We list these topics without prejudice, and only to describe areas that are subject to a variety of views among UN member states. If intergovernmental processes were to agree on benchmarks for any of these areas then they would automatically shift to the E–1 category.

The motivation for E–2 goals is to provide an opportunity for the benefits of internationally coordinated action—including peer pressure and the proliferation of norms and reporting—in areas of broad political agreement, even if agreement is not universal. Countries that wish to pursue these goals as part of their global development agenda should still be encouraged to do so. In effect these are double-voluntary targets: countries voluntarily commit to their own international reporting and monitoring and also voluntarily establish their own quantitative benchmarks.

2. A 2 × 2 Matrix: Universality versus Spillovers

We recognize that Epsilon goals and N goals become increasingly interwoven as countries expand their environmental footprints with higher levels of economic development. Given the range of embedded types of challenges, a basic 2 × 2 matrix can help to segment the different situations. Figure 9 presents such a matrix, although we emphasize that the contents of each quadrant are included only for illustrative purposes. The vertical dimension distinguishes between E–1 (universal) goals and E–2 (non-universal) goals. The horizontal dimension separates between spillover and non-spillover goals.

As caveats, we reiterate that the inclusion of an item in either the top or bottom half is a function of international political agreements, and we are not making any recommendations here. The inclusion of an item in the spillover or non-spillover category can also amount to an arbitrary distinction, so items in the left versus right side of the matrix are also only illustrative.

The most straightforward Epsilon issues are those in the top-left quadrant of the matrix. In the figure we include the same seven categories there as in the Z goals. This would imply at least thematic consistency in core anti-poverty efforts across all countries, even if some countries aim to higher targets. The bottom left quadrant is slightly less straightforward, since it includes issues with differing international definitions of progress, but it also amounts to a country-by-country set of challenges, since spillovers are limited.

The right side of the matrix entails more complicated global issues, with the deepest challenges in the bottom right quadrant. These are areas with significant spillover effects across countries, but non-universal agreement as to what constitutes appropriate targets. The topics listed in that quadrant are only meant to symbolize topics where countries might have differing views as to what levels count as good versus bad. The top right quadrant still represents major challenges, but these at least include universal agreements on targets. Perhaps optimistically,

we include greenhouse gas emissions among the illustrative priorities in the top right quadrant, following the agreement at the UN's 2011 Durban Climate Change Conference to establish a globally inclusive international climate framework by 2015.

Figure 9: A 2 x 2 Matrix of “E” and “N” Goals: Universality versus Spillovers
(items in each quadrant are only illustrative)

	Non-Spillover	Spillover
<p>Universal (E-1) Areas where all countries commit to targets and international reporting</p>	<p>E.g., Targets for priorities like</p> <ol style="list-style-type: none"> 1. Income* (e.g., \$2/day) 2. Hunger* 3. Education* 4. Health* 5. Livelihood Infrastructure* 6. *Gender equality 7. Environmental resilience[‡] (including local climate adaptation) <p>... Others...</p>	<p>E.g., Targets for priorities like</p> <ol style="list-style-type: none"> 1. Greenhouse gas emissions[‡] 2. Biodiversity[‡] 3. Outdoor air quality[‡] 4. Environmental toxins[‡] <p>... Others...</p>
<p>Non-Universal (E-2) Areas where a majority but not all countries commit to targets and international reporting</p>	<p>E.g., Targets for priorities like</p> <ol style="list-style-type: none"> 1. Inequality 2. Economic Growth 3. Government effectiveness 4. Political participation 5. Natural disaster risk reduction[‡] <p>... Others...</p>	<p>E.g., Targets for priorities like</p> <ol style="list-style-type: none"> 1. Water efficiency[‡] 2. Oceans protection[‡] 3. Non-renewable resource consumption[‡] <p>... Others...</p>

* The core local anti-poverty target categories would mirror the structure of the Z goals for zero extreme poverty.

‡ Environmental goals.

Source: Authors.

V. SOME KEY ISSUES FOR IMPLEMENTATION

The ZEN conceptual framework described in the previous section helps to distinguish between the different types of problems embedded within the post-2015 policy challenge. But the success of any post-2015 policy framework will certainly hinge on implementation and the actual achievement of Z, E, and N goals. An implementation framework will need to help achieve minimum Z standards across a variety of situations, ranging from fragile low-income states to emerging middle-income countries. For Epsilon goals, it will need to create incentives for countries to set and meet their own incremental standards of domestic success. And it will need to establish incentives and responsibilities for countries to contribute increasingly to cross-border public goods, especially environmental goods, as their economic capacity expands.

The first step in any implementation process is to clarify a vision and set corresponding goals and targets. Given the foremost imperative of ending extreme poverty globally, we suggest that the first order of political business is to establish universal Z goals for humanity, including a deadline. The N goals that underpin the end of extreme poverty need to be identified, as do the N goals that are necessary to remain within planetary boundaries (see Box 1). Epsilon goals can then be identified for both socioeconomic and environmental

priorities. Once the full complement of goals are set, the focus should shift quickly to ensuring implementation.

A. The Ongoing Z Challenge

Recognizing the detailed sectoral debates already underway on MDG implementation lessons, and the very different types of challenges present in issue areas ranging from child health, to hunger, to drinking water, this paper does not focus extensively on methods of Z goal implementation, acknowledging that those are an ongoing challenge of existing systems.¹¹ Nonetheless, we stress that any Z goals will need to be pursued through augmented accountability and partnership structures such as those that have succeeded in the best cases of the MDGs. The leading examples come from the health sphere, where overarching objectives have been linked to clear service delivery targets, scientific research agendas, multi-level accountability systems, active input from civil society, and appropriate (if still inadequate) levels of finance. Priorities like hunger that have seen little success under the MDGs will need more careful thought on implementation modalities. Agriculture in low-income settings is also likely to need ongoing increases in emphasis, especially given the evidence for the sector's major impacts in reducing extreme poverty (Christiaensen *et al.* 2011).

B. The Epsilon Implementation Challenges

A more novel global challenge would take shape through the implementation of Epsilon goals and related N goals. Unlike the Z goals, each country would set its own specific Epsilon target.¹² Countries could set absolute targets based on aspirations or else relative targets based on initial conditions. In either case, they would set quantitative goals to serve as a benchmark for international reporting and comparison.

Informed by the different Epsilon situations outlined in Figure 9, we highlight some practical implications for various cases:

1. **Universal, Non-spillovers Goals:** These universal priorities will require each country to transparently establish its own benchmarks and report against them in collaboration with the appropriate multilateral organizations. It will be important that intermediate benchmarks are set en route to a final goal. So if, for example, the framework deadline is 2030, there should be intermediate targets for 2020 and 2025. The international reporting role is a standard focus area for the UN family of agencies, programs and funds, including the World Bank. For example, as each country sets its health targets voluntarily it would still work with the WHO and UNICEF to ensure streamlined consistency in measurement indicators, to facilitate cross-country comparisons in annual reporting (or even more frequently as systems permit). For countries still requiring ODA, programmatic support will also likely be required from international institutions.

¹¹ See also Kharas (2012) for a review of overarching aid system coordination issues.

¹² To illustrate Z versus Epsilon with an example of income poverty goals, consider two countries. Country A has 25% of its population living under \$1.25 per day and country B has 5% living under \$1.25 per day. The universal Z goal would mean both countries adopt a target to eliminate \$1.25/day poverty by a globally agreed date, such as 2030. Country A implicitly needs to go farther than country B to reach the Z goal, but the goal is set as a universal standard for humanity. Each country would then also set its own Epsilon income poverty goal, using a higher threshold for incomes. On this metric one, would hope that Country B would set more ambitious targets than Country A, given its head start.

2. **Non-universal, Non-spillover Goals:** For these goals with broad but not universal agreement, the system would mirror those in the previous category, but with only a subset of countries participating. In practice, it might be that some areas are of particular focus in some regions, and therefore merit specialized attention at the level of a regional body, such as UNESCAP, the Asian Development Bank, or even the Association of Southeast Asian Nations.

C. All Spillover Goals

As mentioned, spillover goals present the most difficult international policy problem, since their successful achievement hinges on collective action. Ultimately these require international treaties with clear compliance mechanisms. In the meantime, countries will need to set voluntary quantitative benchmarks through joint processes. However, spillover targets will need to be set with recognition of the aggregate effect of targets across countries. In ideal cases this would entail a global or regional goal to be set first, and then a backward induction process to be pursued in order to establish voluntary country-level targets.

Consider a major challenge like greenhouse gas emissions. Under the UN Framework Convention on Climate Change, the Conferences of Parties (COP) has primary responsibility for negotiating a global treaty to reduce greenhouse gas emissions. Unfortunately, a binding global emissions agreement does not appear to be imminently forthcoming. It is important that countries do not interpret the absence of first-best international agreements as a justification for finger-pointing that avoids the underlying challenge. The long-term costs will be too great. Instead, every country should be encouraged to pursue collective action mechanisms that help establish norms convergent towards first-best outcomes. This might prove to be a process of iterative rather than one-off institutional design.

The first step for spillover issues is to forge agreement on a collective global or regional target. As a specific example, in 2010 the Cancun COP16 adopted a resolution to reduce global greenhouse gas emissions so as to hold the increase in global average temperature below 2°C above preindustrial levels. This conceptual boundary for emissions marked an important international agreement, but an institutional mechanism is still required for implementation. To overcome the deadlock, a viable intermediate step is for every country to establish voluntary emission reduction targets and subject themselves to transparent review among peers. The PRC, for example, has already established explicit emission efficiency targets as part of its 12th Five-Year Plan while countries like India, Indonesia, Japan, and the Republic of Korea have made their own pledges to reduce emissions by 2020. The individual targets can then be addressed for consistency with the collective goal through adjustment by peer pressure.

D. A Model for Epsilon Partnership: The G20 Mutual Assessment Process

In the absence of any binding commitments, Epsilon goals (including N goals) will need to be tracked through voluntary peer review. This will be especially important for any spillover targets. There are many reasons to question the efficacy of such mechanisms, but in a world of sovereign states, and especially in the absence of binding international accords, there are ultimately few options other than voluntary mechanisms anchored in norms and peer pressure. Fortunately, there are important positive lessons to be drawn from the Group of 20's (G20) recently established Mutual Assessment Process (MAP). In 2010, the world economy showed no strong signs of a recovery from the global financial crisis. Many predicted that the global economic recovery would depend on whether world leaders would be able to achieve international policy coordination to address impending global imbalances. Pessimists argued

that long term resolution of global imbalances would be difficult, since members' positions and interests were so divergent.

Against that backdrop, G20 countries created the MAP as a collaborative and voluntary approach to policy design and review. The MAP process built on lessons of the OECD peer comparison practice. The aim was to pursue strong, balanced, and sustainable growth by effectively coordinating divergent views of its member countries. It leverages peer pressure to formulate collective policy actions that are beneficial to all parties. It starts with the belief that such a cooperative approach is more appropriate given the increasing economic interdependence and spillover effects across countries.

Box 1: Establishing N Goals for the Environment

Although this paper does not evaluate the relative merits of individual goals and targets, we do stress the need for a new approach to establishing international environmental goals. There are some goals such as safe quality drinking water that straightforwardly merit an explicit Z target for universal coverage. However, as described by Levy (2011), problems like land degradation, water scarcity, nitrogen pollution, and trans-boundary air pollution, have clear scientific evidence of danger but no appropriate international policy mechanism even for defining the problem, let alone organizing the response. Governments need to establish new processes for reviewing the evidence, engaging with non-government actors, and setting targets for action.

As a first step, governments need to define process targets for establishing the appropriate problem definition and tracking mechanisms before 2015. As a second step, governments need to prioritize the environmental challenges that are most fundamental to livelihoods and security, and link them to the appropriate human outcomes. For example, issues of air quality and chemical pollution could be described as health goals for policy or political purposes. Third, many goals should be established on a place-specific basis rather than a crude country-by-country basis that does not align with the biophysical nature of the problem. For example, there could be a common goal-setting process for low-lying coastal megacities and regions at risk of water scarcity.

Following Levy (2012), we suggest the following key environmental priorities as areas that merit consideration for this type of three-step process en route to establishing post-2015 N goals:

- Drinking water quality (e.g., fecal coliform or nitrate concentrations)
- Indoor air quality (e.g., carbon monoxide levels)
- Outdoor air quality (e.g., concentration of fine particulate matter)
- Water efficiency (e.g., household consumption per capita, agricultural efficiency per hectare)
- Biodiversity (e.g., rate of habitat loss and fragmentation)
- Greenhouse gas emissions

Note that in addition to the technical work towards defining the goals, each issue would also require appropriate up front investments in measurement infrastructure.

Sources: Levy (2011, 2012).

As an initial step, all G20 countries regularly submit information on their own policy frameworks for the subsequent few years, along with expected outcomes such as their forecasts for economic growth, current account balances, fiscal imbalances, and so forth. The G20 tasked technical support responsibilities to the International Monetary Fund (IMF), whose staff then synthesize policy frameworks, consolidate expected outcomes, and summarize G20 country submissions at face value. Staff do not render judgments regarding feasibility, timing, and effectiveness of policies of individual countries. The synthesized submissions are jointly considered as the G20 Base Case.

The IMF staff and G20 Working Group take note of both upside and downside risks associated with the base case. Staff also check internal consistency of the submitted information (for example, the sum of the current account balances of all member countries should be close to zero) and evaluate whether the member countries' submitted policies are collectively enough to achieve the shared goal of G20 (see IMF 2011). To promote member countries' evaluation through peer pressure, the IMF also provides alternative policy scenarios and expected outcomes. For example, an upside scenario provides a picture of what the G20 can deliver through more policy coordination, i.e., more optimistic outcomes under conditions of more collaborative and coordinated policy frameworks, while the base scenario shows uncoordinated outcomes.

Through the G20 Summits in Seoul (2010) and Cannes (2011), the MAP was enhanced to ensure timely identification of excessively large current account imbalances. The first part of the process is early detection through a mutually agreed framework. Forecast figures are compared through a variety of methods to determine which countries require in-depth assessment. Then, countries identified as having persistently large imbalances are evaluated in greater detail to determine the nature and root causes of their imbalances, along with any impediments to adjustment. Thus, the second step entails a collaborative multilateral approach to map out necessary changes in policy directions.

To be sure, perceptions vary regarding the success of the MAP to date, as it does regarding other peer review mechanisms that have been initiated in recent years, including the African Peer Review Mechanism established by the New Partnership for Africa's Development. It is difficult to identify counterfactuals in such cases. However, without introducing the MAP policy coordination mechanism through peer pressure, it would have been impossible to agree on concerted policy action among the G20, which is essential to solving many problems of the world economy.

If the broader post-2015 agenda produces a focused global political spotlight on a targeted list of key issues, as the MDGs have done, then it could combine with a peer review mechanism to create momentum for accelerating progress. A multilateral approach based on the ingredients of shared global (or regional) goals, voluntary reporting, and evaluation by peer pressure could be effective. They are easier to establish for E-1 goals with universal support, but they could also be established for E-2 targets with sufficient support. A technical secretariat would be responsible for consolidating and sharing the information collected from member countries. It would also provide the objective technical expertise and evaluate the consistency of the minimum Epsilon target commitment of each country to regional and global goals.

For Epsilon targets, the UN system could play a coordinating role, designating relevant technical responsibilities to the appropriate technical agencies, programs and funds, including regional institutions as appropriate. The appropriate international organization(s) would play a role analogous to the IMF in the G20 MAP process. For example, if Epsilon goals were set for non-communicable diseases, the World Health Organization could be designated as the coordinator of relevant data, building on its existing strengths in this area, and then conduct or facilitate peer-reviewed assessments of national alignments with goals. The peer review processes could be applied at the regional or global level. If there are discrepancies between national and international estimates for particular indicators, as there have sometimes been with MDG monitoring efforts, then a mutual assessment process can foster interactions between relevant national and international organizations to promote convergence on data matters. This would help achieve the overall objective of global coherence in standards alongside local relevance and accountability.

E. Periodic Updates for Goals and Targets

Whatever international goal framework becomes established by 2015, some goals and underlying targets would likely need to be updated as new intergovernmental agreements are forged. For example, as of today a goal for climate change could be anchored in the existing international agreement of no more than a 2°C increase in temperature. However, if the COP process produces a more practical set of targets on greenhouse gas emissions, then that should be incorporated into the post-2015 framework. This would be similar to how the MDG sanitation target was incorporated into the overall framework following the intergovernmental agreement of the 2002 UN World Summit on Sustainable Development. Likewise the MDG reproductive health target was incorporated following the intergovernmental agreements of the 2005 UN World Summit.

There should also be a built-in mechanism for countries to learn from experience on E goals and N goals. To avoid time inconsistency problems, in 2015 each government could announce its Epsilon targets for 2020, 2025, and 2030. Countries would aim to report annually on each target, such that international monitoring efforts could synthesize global metrics of progress and gaps. Then the UN could convene a major checkpoint summit every 5 years, as it has done with the MDGs. Countries could thus adopt 5-year learning cycles within the longer-term framework, using the UN summits as a natural 5-year deadline for reviewing implementation lessons and either recommitting to their own specific targets or else revising national targets as necessary. This can help bridge the long-term nature of the post-2015 goals with the shorter-term political realities of individual governments. To the extent that any international reporting and commitment mechanisms create domestic incentives for progress, governments can feel more direct accountability and ownership of their own Epsilon goals. Civil society and media are also essential for promoting accountability among governments and international organizations.

F. Developed Country Responsibilities

The emphasis above on developing countries and peer review mechanisms is not in any way intended to minimize the responsibilities of developed countries. Quite the opposite, the high-income countries have two foremost responsibilities under the ZEN framework. The first is to provide the dominant share of ODA for the achievement of Z goals. Although a variety of emerging donor economies are beginning to provide ODA, the primary responsibility for aid financing remains with the richest economies. There is a lesser imperative to help finance Epsilon social goals in emerging economies, although advanced economies that wish to do so should of course be encouraged in this regard, as long as this support is a complement rather than substitute to core financing for Z goals.

Developed countries' second major responsibility is to contribute appropriate actions and financing for spillover N goals, with recognition of proportionate historical contributions to specific problems. These are of course some of the most difficult issues of international politics, but they undoubtedly require even the richest economies to establish their own domestic Epsilon performance targets, in addition to the provision of finance allocated to support action among developing economies. The Epsilon targets can be tracked as part of the peer review process outlined above. The financial targets will be subjected to the same limitations as other ODA commitments until more effective mechanisms are established to pay for global public goods.

VI. CONCLUSION

As the next generation of global goals takes hold to promote sustainable development, Asia's priorities will in many ways be the world's priorities. Despite the region's overarching economic progress, it still faces a significant task in ending extreme poverty in its many forms. And even as the region might eliminate those most pernicious forms of poverty in the coming years, it will still face deep challenges of relative poverty and inequality, both within and between countries. Moreover, economic growth in the world's most populous region is poised to cause major environmental impacts, locally and globally. To be successful globally, a post-2015 framework must help address Asia's challenges directly, in addition to those faced in other regions. Many parts of Asia will still need global support in meeting these challenges. At the same time, Asia will increasingly need to identify areas where it contributes to meeting global challenges.

We recommend a ZEN conceptual framework as a method for organizing concepts around extreme poverty (Z), country-specific poverty and related challenges (E), and environmental sustainability (N). We stress that the ZEN framework is only meant to inform thinking, and is not aiming to be a political label or policy device. The MDGs have been a powerful organizing framework for coordinating policy and advancing efforts in the fight against extreme poverty. A post-2015 framework must build on the MDGs' successes, while also addressing the gaps. The MDGs set a general ambition of cutting extreme poverty in its many forms by half by 2015. We stress that the post-2015 framework must be anchored in an essential condition of cutting the second half by a proximate date, such as 2030. A viable goal of zero extreme poverty, in Asia and around the world, has the potential to inspire people around the world.

At the same time, the multidimensional challenges of poverty, social inclusion, and economic opportunity need to be tackled well beyond the issues of extreme poverty. Over the course of the next decade, these challenges will become even more pronounced throughout much of Asia. Each country needs space and encouragement to set its own targets to meet these challenges. We call these Epsilon goals. The interrelated challenges of environmental sustainability, which we call N goals, are also becoming increasingly poignant, and the issues are only on track to grow in consequence.

Many of the world's most significant challenges lie at the intersection of these E and N goals, and cross-country coordination will be essential to success. Ideally this will include binding international agreements. But if the first best solutions do not take shape any time soon, which remains a real risk, countries need to start initiating a second-best proactive process, even in areas where universal global political agreement remains elusive. Drawing from the experience of the G20's recent efforts at voluntary economic collaboration, there are major opportunities for improved country-level performance on goals for sustainable development, driven by the forces of transparency and peer review.

We hope the ZEN framework provides a useful contribution to the post-2015 deliberations, while also underscoring the imperative of ongoing success on the MDGs. The issues are complex and clear heads will need to prevail diplomatically. At the same time, there are grounds for cautious optimism since the problems are solvable. They need to be. By 2030 alone, eight billion people will depend on it.

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A ZEN Approach to Post-2015: Addressing the Range of Perspectives across Asia and the Pacific

The paper aims to present the key challenges being faced by the Asia and Pacific region as a number of its developing economies graduate from a low-income status to middle-income status. In the wake of the region's growing influence in the world economy, and its struggles to overcome income and nonincome dimensions of poverty, the region's challenges have a significant role in shaping the post-2015 development framework. Unlike most of the post-2015 discussion literature, this paper does not discuss the relative merits of different specific topics to be included or excluded. Instead, using lessons learnt from Millennium Development Goal process, this paper suggests a conceptual framework for future goal setting, and suggests an intergovernmental approach to implementation.

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