

III. Working together – opportunities for regional cooperation

To accelerate progress towards the MDGs, the countries of Asia and the Pacific will need to invest greater resources and reshape their institutions. Most of this action will need to take place at the national level. Nevertheless, there are also opportunities for concerted international action – for South-South cooperation across the region, as countries work together for their mutual benefit, on a whole host of issues, from trade to development assistance, to migration to countering corruption.

If countries are to be able to take full advantage of the kinds of institutional change that will promote the MDGs, particularly through the delivery of services, they will also need to invest more resources. This was highlighted in March 2005, when the Secretary-General of the United Nations presented his report to the General Assembly entitled “In larger freedom: towards development, security and human rights for all”, which looked at the potential for greater flows of ODA, for debt relief and for the funds that could be generated by a more equitable system of international trade. On ODA, for example, it argued that donors should establish targets for achieving 0.7 per cent of gross national income. On trade it called for successful completion of the Doha Round of multilateral trade negotiations and also for duty-free access for all exports from the least developed countries.

However, many of these opportunities for cooperation between richer and poorer countries identified by the Secretary-General at the global level also have great resonance within this region, where countries vary enormously in their capacities. Some, like Japan, Australia, the Republic of Korea and Singapore, are well integrated into the global economic system and have substantial human and financial resources. And many

others are rapidly approaching a similar status. At the same time, the region encompasses much more fragile economies, from the Central Asian republics to the Pacific islands.

Despite these differences, these countries often have a great deal in common: shared histories, for example, and common or similar languages and cultures. And as neighbours they have long experience of working together to defuse tensions, promote trade or assist in times of disaster. So too with the MDGs they can explore new options for mutual cooperation.

Some of these will involve the richer countries helping the poorer ones. Partly they will be acting out of enlightened self-interest – preferring to have neighbours that are growing, integrated and successful, rather than isolated, stagnant and unstable. But they will also feel a moral obligation to help neighbouring peoples who live in poverty and deprivation.

They will not of course be starting from scratch. The region has many well-tested subregional forums and mechanisms for cooperation, including the Association of Southeast Asian Nations (ASEAN) and the South Asian Association for Regional Cooperation (SAARC). The countries also cooperate through a

number of international institutions, including the Asian Development Bank, the United Nations Economic and Social Commission for Asia and the Pacific and the regional centres of the United Nations Development Programme and other United Nations agencies, all of which have their core areas of expertise. The purpose of this chapter is not to suggest new organizations but rather to highlight some key areas of potential cooperation that would have a strong bearing on the achievement of the MDGs.

Much of this will be in pursuit of what might be termed “international public goods” – such as monetary cooperation and environmental security – goods that once provided can be shared by everyone across the region. By analogy countries can also work together to eliminate “international public bads” such as pollution, communicable diseases or trafficking in persons.

The suggestions in this chapter deal with:

1. *Gaining more resources through trade, foreign direct investment and official development assistance*
2. *Encouraging Asian monetary cooperation*
3. *Regularizing labour migration*
4. *Creating an Asia-Pacific grain security system*
5. *Agreeing to compacts to tackle the HIV/AIDS pandemic*
6. *Aiming for green growth*
7. *Improving governance by fighting corruption and promoting e-governance*
8. *Strengthening cooperation between regional institutions*

Institutional change to gain more resources for attaining the MDGs

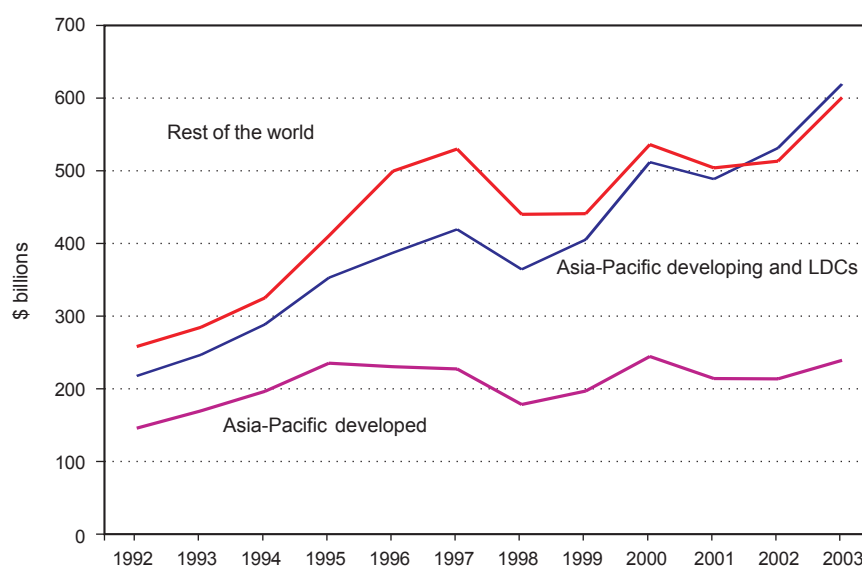
Countries that are off track on many MDG indicators often lack the necessary finance. Greater regional cooperation can increase the resources at their disposal in a number of ways: by expanding trade and increasing foreign direct investment, and through official development assistance – as well as by strengthening transport and other cross-regional infrastructure. Institutional change in all these areas can help to accelerate growth and reduce poverty, while also boosting government revenues that can be invested in better services for the poor.

Intraregional trade

The most dynamic economies of the region have built their success on trade with countries all over the world. Increasingly, however, the developing countries of Asia and the Pacific have been intensifying trade between themselves. This is evident from figure III.1 which shows that from 2001 the developing and LDCs of Asia and the Pacific were importing more from each other than they were from countries elsewhere in the world: during the 1990s, their imports from other Asia-Pacific countries grew at an annual average 10 per cent – 2 percentage points faster than imports from countries outside the region. China and India have been among the prime movers here, but many other countries have also contributed.

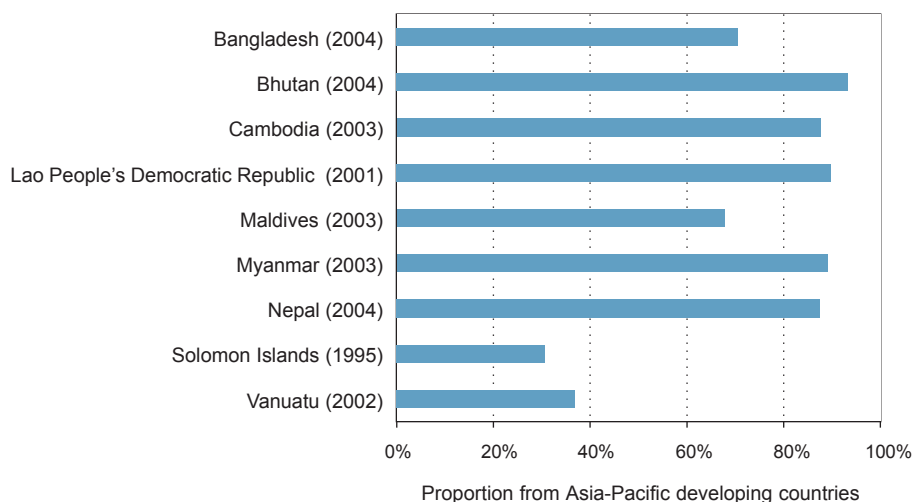
The region’s least developed countries have also been participating in this intraregional trade, though primarily as importers (figure III.2). Bhutan, for example, receives most of its imports from India, while Myanmar’s two main trading partners are Singapore and Thailand.

Figure III.1. Import sources for Asia-Pacific developing countries



Source: Calculations from United Nations, Commodity Trade Statistics Database (Comtrade) and World Bank, World Integrated Trade Solution.

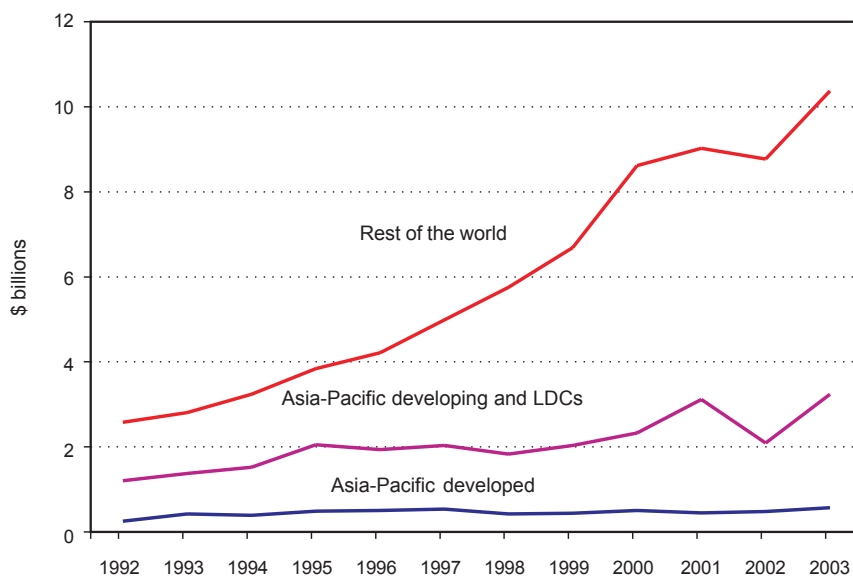
Figure III.2. Least developed countries, sources of imports



When it comes to exports, the least developed countries increasingly send most of their goods to countries outside the region (figure III.3). But for a number of these countries the export picture changes when it incorporates exports in energy and services. For energy, this would include exports of natural gas from Myanmar to Thailand and exports of electricity from Bhutan and Nepal to India and from the Lao People's Democratic Republic to Thailand. Service exports from LDCs consist primarily of tourism. For a num-

ber of countries – Bhutan, Cambodia, Lao People's Democratic Republic, Maldives and Nepal – tourism, mostly from the Asia-Pacific region, is the first or second-largest source of foreign exchange. The Lao People's Democratic Republic in 2004, for example, had energy and tourism receipts of around \$200 million – far in excess of garment exports of \$50 million. Service exports also include parts of the remittances of migrant workers, which are covered in a later section of this chapter.

Figure III.3. Least developed countries of Asia and the Pacific, destination of exports



Source: Calculations from United Nations, Commodity Trade Statistics Database (Comtrade) and World Bank, World Integrated Trade Solution.

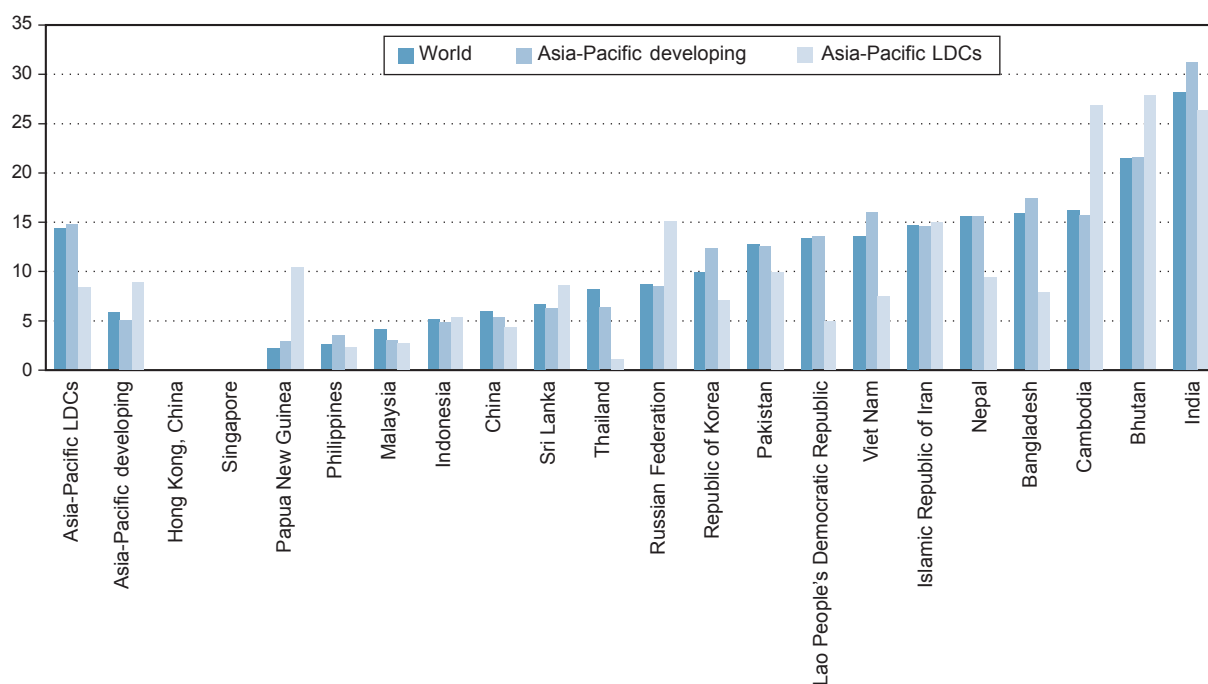
These data cover only trade reported in official trade statistics. In addition there are large informal flows of goods across the often long and porous borders in Central Asia, South Asia and the Greater Mekong Subregion.

Intraregional flows have been boosted by China's efforts to expand trade links with smaller countries. China has, for example, initiated the ASEAN-China Free Trade Agreement. Although this does not become fully effective until 2010, China has already signed a number of "early harvest" agreements that provide advance tariff elimination for most countries on some agricultural products by 2006. In addition, China has provided "most favoured nation" status to the Lao People's Democratic Republic and Cambodia without requiring reciprocal concessions.

India's contribution to intraregional trade has been smaller: it still gets more than two thirds of its imports from outside the region. Nevertheless, India too is opening up more to goods from Asia and the Pacific. On average, between 1992 and 2003 the developing countries of the region have been increasing their exports to India by 16 per cent per year and the least developed countries by 17 per cent.

Intraregional trade is thus extensive and growing. But it could be expanded still further if countries made more efforts to dismantle tariff barriers. The extent of these is illustrated in figure III.4. Trade-weighted tariffs vary greatly from one country to another, in both their sizes and patterns. India applies the highest tariffs, with rates of 25 per cent and above, while at the other end of the scale are Singapore, Hong Kong, China and Macao,

Figure III.4. Average trade-weighted tariffs imposed by selected Asia-Pacific countries



Source: Calculations from UNCTAD, Trade Analysis and information System (TRAINS). The data are from the latest available year and vary across countries.

Note: These data do not include the ASEAN Integrated System of Preferences (AISP). They include only standard Common Effective Preferential Tariff preferences under the ASEAN Free Trade Area.

China, with zero tariffs and the Philippines with rates of 4 per cent or lower. But the patterns of these tariffs also differ: surprisingly, a number of countries, including India, Bhutan, Bangladesh, Viet Nam, the Lao People's Democratic Republic and the Republic of Korea, apply higher tariffs to goods coming from the developing countries in Asia and the Pacific than they do to imports from the rest of the world. And others, including Bhutan, Cambodia, the Russian Federation, Sri Lanka and Papua New Guinea, apply especially high tariffs to goods coming from the region's least developed countries. It should be noted, though, that the

available data for most LDCs are very limited and may not present the actual picture. Some, including China, Malaysia and especially Thailand, do, however, effectively apply lower tariffs to imports from the least developed countries

For imports from Asia-Pacific LDCs, the most liberal regime (after those of zero-tariff economies) is Thailand's, whose weighted average tariffs on imports from the region are less than 2 per cent. Through the ASEAN Integrated System of Preferences, for example, for goods coming from Cambodia, the Lao

People's Democratic Republic, Myanmar and Viet Nam, Thailand offers reduced tariffs of 0 to 5 per cent. This applies mainly to agricultural products and garments. It also offers concessions to Bangladesh for some of the same exports. In addition, Thailand is committed to a "one-way free trade agreement" that applies a zero tariff to nine agricultural exports from Cambodia, the Lao People's Democratic Republic and Myanmar.

Thailand's low tariffs on imports from LDCs are unprecedented for a middle-income country, especially since it is offering them on agricultural products and garments which it also produces and exports. However, there is no evidence that Thailand has been hurt by this. This is partly because goods from these countries amount to only 1.8 per cent of total imports, but also because Thailand also gains from these imports. Thai food processors benefit from agricultural imports and imported garments are part of a supply chain leading to Thai exports.

The middle-income countries and other developing countries in the region would help the least developed countries to achieve the MDGs if they emulated Thailand and reduced their barriers on imports from these countries, particularly for agricultural and labour-intensive manufactured goods.

They could also take a different attitude to trade agreements. Rather than pursuing more bilateral agreements they should put more effort into implementing the existing subregional agreements such as the ASEAN and SAARC free trade areas, while at the global level pressing for a successful conclusion of the Doha Round. They can also build on the modest progress made under existing agreements such as the Bangkok Agreement, the Bay of Bengal Initiative and the ASEAN-China FTA – as well as encourage the prospects for an ASEAN + 3 FTA and ASEAN-India FTA among others.

The least developed countries themselves should also try to consider how their own trade regimes could better promote the MDGs by, for example, collectively agreeing to lower their import duties on capital and intermediate goods.

Trade would also expand if goods could travel more rapidly and cheaply across better infrastructure. Countries should therefore work more closely together on projects such as the Asian Highway Agreement, while including feeder roads to connect isolated rural communities. Similarly in the Pacific there could be initiatives to start or expand "sea corridors". In addition, all countries would benefit from more rapid customs

clearance. They could also consider linking electricity grids and water resources.

Foreign direct investment

Much of the flow of international trade in the region is linked with foreign direct investment (FDI), which likewise helps to promote economic growth, increase employment, improve infrastructure and widen access to information.

Many countries in the region have emerged as major intraregional investors such as Malaysia and Thailand, alongside the higher-income investors such as Hong Kong, China, Japan, the Republic of Korea and Singapore. But one of the largest is China itself, which has rapidly expanded its foreign direct investment in Asian countries – to \$1.5 billion in 2003-2004 (*China Daily*, 2004). Cumulatively, China's investments in the developing countries in the region in recent years include (Frost, 2004):

- *Indonesia* – \$600 million in the oil industry
- *Philippines* – \$950 million for nickel production
- *Lao People's Democratic Republic* – \$63 million for hydropower and \$5 million for minerals exploration
- *Cambodia* – \$40 million for garment production
- *Thailand* – \$258 million for textiles, garments and home electrical appliances
- *Malaysia* – \$387 million for manufactured products, including electronic parts for export to China

Table III.1 shows the importance of Asian FDI in three least developed countries and in Viet Nam. Thailand is the largest single investor in the Lao People's Democratic Republic (World Bank, 2004) and Malaysia is the largest single investor in Cambodia. Asian investors, primarily the Republic of Korea, also accounted for most of the FDI in Viet Nam. Only in Myanmar did more than half of FDI come from outside the region.

India has invested relatively little in the region. In 2002, of total approved FDI outflows of over \$1.4 billion, less than \$200 million went to developing countries in Asia. India has invested, for example, in power production in Bhutan and Nepal as well as in plants in Bangladesh that use natural gas to produce fertilizer and electricity.

How this investment will help to accelerate progress towards the MDGs will depend to some extent on the sectors at which it is directed. When it goes into mining or the extraction of oil or natural gas, it is likely to generate relatively little employment, but should at least boost government revenues through taxation. In-

Table III.1. Foreign direct investment in selected countries, 1995-2000

(Millions of dollars)

	Lao People's Democratic Republic	Myanmar	Viet Nam	Cambodia
Thailand	147	184	317	193
Singapore	6	717	1,567	182
Malaysia	94	57	400	1,862
Asian NIEs	115	103	4,081	935
China	29	9	92	261
Japan	15	111	1,738	16
EU-15	17	1,608	1,433	313
United States of America	3	315	459	241
All others	30	61	1,768	155
Total	455	3,164	11,856	4,158

Source: ASEAN Secretariat, ASEAN FDI Database.

Note: The Asian NIEs are Hong Kong, China, the Republic of Korea and Taiwan Province of China.

investments in agriculture, manufacturing and tourism offer more employment opportunities. Some investment, particularly in hydroelectric power, can also improve infrastructure through rural electrification.

The least developed countries themselves can maximize the benefits by coming to more explicit agreements with investors. For mining and other natural resource investments, for example, they should agree on measures to minimize the negative environmental impacts through site restoration, as well as ensure that there are complementary investments, such as in rural electrification, that will benefit local communities.

Official development assistance

Official development assistance is assumed to originate primarily from the developed countries, either within the region or elsewhere. In fact, some of the middle-income and even lower-income countries in the region also provide substantial support to the least developed countries. Among the main donors are India, China and Thailand (table III.2). As this table indicates, most of the flows are to countries with which the donors share borders. India, for example, gives more to Bhutan alone than it gives to all non-neighbouring countries.

Table III.2. Intraregional flows of official development assistance

Donors	Recipients	Priority sectors
China	Cambodia, Democratic People's Republic of Korea, Indonesia, Lao People's Democratic Republic, Myanmar, Pakistan, Philippines, Viet Nam	Energy, health, infrastructure, agriculture
India	Bangladesh, Bhutan, Cambodia, Lao People's Democratic Republic, Myanmar, Nepal	Infrastructure, energy, health, technical assistance, training programmes, scholarships
Thailand	Cambodia, Lao People's Democratic Republic, Myanmar, Maldives, Viet Nam	Infrastructure, agriculture, education, public health, training programmes, scholarships

Sources: China: Frost, 2004; India: Government of India, 2005; Thailand: Government of Thailand and the United Nations, 2005.

Note: These flows refer to various years between 2001 and 2004, but in the case of Thailand to 2002-2003.

Unfortunately, information on ODA within the region is scarce, fragmented and incomplete. Thailand is the only developing country in the world to have, with the United Nations, published a report on its contribution to Millennium Development Goal 8, which is concerned with international cooperation (Thai Ministry of Finance and United Nations, 2005). This includes a full description of the country's development assistance programmes. China and India do not publish corresponding reports, so information on their ODA has to come largely from sources in the receiving countries.

For the LDCs concerned, China, India and Thailand are by far the largest donors. India's assistance to Nepal, for example, makes it by far the largest donor and its aid to Bhutan – \$50 million in 2003-2004 – was more than that of all other foreign donors combined. India has also provided Bhutan and Nepal with large soft loans

for the construction of hydroelectric projects; though the terms of these loans would qualify them as ODA the details have not been published. Similarly, China is the largest donor to Myanmar and the second-largest donor to the Lao People's Democratic Republic, and Thailand is the largest donor to the Lao People's Democratic Republic and the second-largest donor to Myanmar. Interestingly, Viet Nam, which itself receives ODA from China and Thailand, was the fifth-largest donor to the Lao People's Democratic Republic, ahead of several OECD countries.

The generosity of donors is usually measured by considering ODA as a proportion of GDP. China and India do not offer sufficient data to be able to calculate this figure. But in the case of Thailand in 2002/2003 its aid to neighbours and to Maldives, Viet Nam and the UN system totalled \$208.4 million – equal to 0.16 per cent of the Thai GDP. While Thailand's percentage

is below the OECD average it is nevertheless larger than that of the largest OECD donor. In addition, 94 per cent of Thai ODA went to least developed countries, a higher percentage than all OECD donors. This is a serious aid commitment from a middle-income country. Between 1998 and 2003, Thai ODA to the Lao People's Democratic Republic alone exceeded ODA from all other countries.

For the MDGs, just as important as the volume of aid are the targets and sectors at which is being directed. ODA from China, India and Thailand to the least developed countries is generally for infrastructure, hydroelectricity, health, education and agriculture, thus helping to improve institutions and the delivery of basic services, as well as lowering access costs and improving flows of information.

Clearly, intraregional ODA has considerable potential for boosting the MDGs – and should receive much more attention. It would help if the donor countries published comparable and complete information that could be publicized. This would then enable greater analysis of how such ODA assists in the achievement of the MDGs.

In parallel with the declarations of the OECD countries, all countries in the region should now aim to increase their ODA for the landlocked and low-income countries of the region to 0.7 per cent of GDP.

Encouraging Asian monetary cooperation

One of the most serious MDG setbacks for many countries was the Asian financial crisis of 1997-1999, which pushed a number of countries off track. Countries should also therefore consider how they can cooperate better; either to prevent such a crisis recurring on such a scale or to address such crises as do emerge.

One opportunity for doing so is through monetary cooperation and the creation of facilities that would supplement assistance from the International Monetary Fund. The opportunity for creating this kind of facility has been increased as the region has steadily built up substantial reserves. China, India, Japan, the Republic of Korea and Taiwan, Province of China along with Malaysia and Thailand and some other countries now have foreign exchange reserves that collectively are worth around \$3 trillion. Japan's reserves are \$700 billion and China's \$500 billion.

An Asian monetary facility is not a new idea. Japan first suggested something along these lines in 1998; indeed it subsequently created a bilateral swap network that may evolve into a fully fledged institution. There have also been a number of initiatives for economic coop-

eration that have helped to prepare the ground. In 2000, for example, the ASEAN +3 finance ministers established the Economic and Policy Dialogue, which meets every six months. In the same year they also established the Chiang Mai Initiative (CMI) to create a system of currency swap arrangements within the ASEAN +3 countries. Subsequently they set up the Asian Bond Markets Initiative to create bond markets in local currencies. Then in May 2005 they took a number of measures to strengthen the CMI, including better surveillance and collective decision-making for the 16 bilateral swap agreements that were by then in force as well as doubling the size of the swaps.

A strengthened CMI and other regional mechanisms offer great promise. During the previous financial crisis the affected countries had to turn to the IMF. In future any country in the region that anticipates difficulties should be able to turn for support to additional sources within the region to help to nip the problem in the bud.

The time is now ripe for such cooperation. As the earlier section in this paragraph indicated, the countries of Asia and the Pacific are now much more closely integrated through trade and investment. China, in particular, along with the other main trading countries in the region would have a great interest in preventing a repeat of the 1997 meltdown.

As well as using the accumulated reserves to ensure monetary stability, it should also be possible to use some of the reserves for productive investment, particularly in the region's infrastructure. This will require more attention to developing capital markets for infrastructure financing. Recent estimates suggest that around \$200 billion is needed annually to upgrade and develop infrastructure, while the funds currently available from both public and private resources are only around \$50 billion (Kim, 2005). If countries could devise a mechanism for switching reserve funds for this kind of investment it would have enormous benefits for trade and development, helping to reduce poverty and achieve the MDGs.

Regularizing labour migration

Millions of workers have left home for other countries within the region, either temporarily or permanently in search of work. In the past, many migrants from the region went to the Middle East and beyond. And many still do so, from Filipinos heading for the United States to Pacific islanders heading for Australia or New Zealand. But, as the demand for unskilled and semi-skilled labour in the faster-growing Asian economies increases, Asian migrants are staying closer to home.

Thailand and the Philippines, for example, now often send more workers to other Asian countries than to the Middle East. Indonesia too has as many migrant workers elsewhere in Asia as it has in the Middle East.

The scale of the flows is difficult to estimate since many of these migrations are unauthorized, but table III.3 assembles data from various sources to offer an overall picture of intra-Asian migration to the main host countries. And this covers only the main receiving countries; even some of the less developed countries

also receive migrants. Bangladesh in 2002, for example, had an estimated 122,000 workers from Myanmar. Cambodia has around 1 million workers from Viet Nam, and the Lao People's Democratic Republic has around 80,000 Chinese and 15,000 Vietnamese. Migration flows also take place in multiple directions and many countries are both senders and receivers. Thailand, for example, as well as hosting over 1 million people from Myanmar, also has 340,000 Thais working in Hong Kong, China, Japan, Malaysia, the Republic of Korea, Singapore and Taiwan, Province of China.

Table III.3. Asian migrant workers in Asian host countries, 2002
(Thousands)

Sending countries	India	Hong Kong, China	Japan	Malaysia	Singapore	Republic of Korea	Taiwan, Province of China	Thailand	Total
Bangladesh	20,000			100		18			20,118
Cambodia				11				100	111
China			452			170	170		622
Lao People's Democratic Republic								300	300
Indonesia		85	28	378	69	24	93		677
Myanmar				50	70			1,500	1,620
Nepal	1,000	18				22			1,040
Philippines		143	199	226	128		69		765
Viet Nam			21	25		89	90		225

Sources: Asian Migrant Centre, 2003; Vietnamese Ministry of Labour, 2005.

Note: These include estimates of both official and unauthorized migration. They may also be disputed: the figures for Bangladeshis in India, for example, are from the Indian Government, whereas Bangladesh says that none of its nationals are working illegally in India. The Government of the Lao People's Democratic Republic estimates the number of its nationals in Thailand at 200,000.

Another important characteristic of flows from Asia is that a high proportion of the migrants are women, primarily for domestic work with smaller numbers for factory work and entertainment. Some of the available information is collected in table III.4. This table does not include unauthorized workers or women who have been trafficked for sex or other forms of exploitative labour.

Labour migration has many links with the MDGs. For the host country these can be both positive and negative. On the positive side, immigrants are typically doing work that nationals decline, so this new labour force should help to boost economic growth and reduce poverty. On the other hand their arrival can put pressure on services in the countries they move to – on sanitation services, for example, or water supplies –

Table III.4. Women migrants in Asia, 2002

Sending countries	Proportion of migrants who are women	Type of employment
<i>Sending countries</i>		
Indonesia	72	Domestic work
Lao People's Democratic Republic	55	Domestic work, restaurants, garments
Philippines	65	Domestic work, caregiving, entertainment
Sri Lanka	70	Domestic work
<i>Host countries</i>		
Hong Kong, China	58	Domestic work
Japan	59	Trainees, technical interns, entertainment, cooks
Republic of Korea	65	Domestic work, entertainment
Thailand	44	Domestic work, agriculture, construction, food processing, restaurants, garments

Source: Asian Migrant Centre, 2003.

Note: For sending countries includes people migrating beyond Asia.

and they add an extra dimension to the challenge of dealing with HIV/AIDS and other communicable diseases.

For the source countries too, there are losses and gains. On the one hand they may be losing skilled and educated workers who could have been contributing to national development. And the families left behind can also suffer, particularly if the mothers depart and children are neglected. On the other hand when people return from abroad they can return with new skills and knowledge – and may also have higher expectations of the quality of medical care and nutrition for their children and will press their own Governments to raise standards.

The other major benefit from international migration for the source country is remittances. The scale of remittances is also difficult to estimate since, like the workers themselves, they often move through unofficial channels. But even official flows are substantial – and frequently dwarf flows of foreign direct investment or official development assistance. Most of the remittance flows into Asian countries still come from outside the region: the Philippines, for example, gets over \$7 billion in remittances each year from the United States alone and India gets around \$12 billion annually from the Middle East (Asian Migrant Centre, 2003). Nevertheless the flows from other Asian countries are also considerable (table III.5). In the Lao People’s Democratic Republic, for example, remittances are more than 70 per cent larger than net earnings from garment exports.

Table III.5. Migrant remittances from other Asian countries

	Millions of dollars
Lao People’s Democratic Republic (2003)	100
Nepal (2002)	1,050
Philippines (2002)	810
Thailand (2002)	1,350
Viet Nam (2004)	1,500

Sources: ILO, 2005; Asian Migrant Centre, 2003; Vietnamese Ministry of Labour, 2003.

Remittances have an important bearing on the MDGs. First because they can offer direct support to families in poor rural communities, who can use them both for day-to-day survival and for investing in the health and education of their children. They can also invest funds in community enterprises: some migrants from Nepal working in India, for example, invest their earnings back home in rotating savings and credit associations (ILO, 2003). Remittances have also proved to be not just a larger, but also a more reliable, source of foreign exchange than either FDI or ODA.

Given the scale of remittances and migration and the likelihood that it will persist for some years to come, the challenge for Governments is to make the best use of them – maximizing the benefits for both source and destination countries and minimizing the risks for migrants and their families.

One of the most important steps would be to make realistic assessments of the needs for migrant labour and ensure that as much of this as possible takes place through legal channels. At present migration can be very difficult, both when departing and arriving. Most of the least developed countries in the region do not allow workers to leave without proper papers, official permission and sometimes an exit visa that is both difficult to get and expensive. Then host countries can make it even more difficult to get a work permit or other residence documents.

In trying to evade controls, many workers fall prey to unscrupulous labour agents. And if they are unauthorized immigrants they are also in danger of being exploited by employers and they will have little or no access to health care or schooling for their children.

It will always be difficult to balance the interests of both source and destination countries – and of the national and immigrant workforces. But a number of countries in the past have applied policies so restrictive that they damaged the interests of both the host country and the immigrant workforce.

It would be better if much more of today’s migration were authorized and a number of countries and territories have indeed been trying to regularize at least part of their immigrant workforces. Singapore, Hong Kong, China, the Republic of Korea and Taiwan, Province of China are the most advanced in regularizing their semi-skilled and unskilled workforces. Malaysia too is trying to move toward regularization while still struggling to cope with large numbers of unauthorized migrants. Japan is now seriously considering regularization of unskilled migrant workers. Thailand also has a policy of regularizing informal migrants after the fact, as long as they register and pay for work permits. To facilitate this, Thailand has negotiated and signed memorandums of understanding on labour co-operation with Cambodia, the Lao People’s Democratic Republic and Myanmar. India allows workers legally from Nepal but not from Bangladesh.

The source countries could also do much more to improve the situation of their workers. At present, only the Philippines and Thailand have regularized most or all of their nationals working in other countries in Asia and the Pacific. Viet Nam has regularized workers going to Malaysia, the Republic of Korea and Taiwan Province of China, but not those working in Cambodia or the Lao People’s Democratic Republic.

The LDCs have the most work to do – but perhaps also the greatest incentive to act, since they have to deal with both the departure of their own nationals and the arrival of workers from other countries. A good first step would be to sign MOUs with the main destination countries as part of the regularization process.

This issue would also benefit from improved regional cooperation – to manage intraregional flows better and improve the welfare of migrants.

Creating an Asia-Pacific grain security system

Across the region in 2002, around 542 million people are eating less than the daily minimum energy requirement – and 104 million children under 5 are undernourished. The causes of hunger and malnutrition are many and complex. Both adults and children will often go hungry even when there is food available simply because they cannot afford to pay for it. Reducing hunger and malnutrition is thus intimately linked with a reduction in income poverty and as well as improvements in many other aspects of national development, particularly health and education and the rights of women.

Nevertheless, a number of countries in the region do actually run short of food at certain times, and in certain parts of the country. China, for example, should in normal circumstances be able to feed its people. But between 2000 and 2003 for four consecutive years it suffered from a series of natural disasters, and as result of this and a steady decline in available land the gap in food production has been around 15-20 million tons per year (Shengjun, 2004).

National Governments will, of course, have to take measures to ensure grain security in their own countries. Nevertheless, countries in the region can also cooperate for this purpose. They can, for example, make investments in and share information on technology and marketing with joint ventures to boost productivity and usher in a “second green revolution” in the Asian and Pacific region. They should also be able to cooperate on quality control, including protocols for GM foods. In addition, they can also remove various forms of protection and segmentation so as to permit farmers both to sell on their local markets and to export. And they can also improve roads and other transport infrastructure to allow for the more efficient distribution of grains around the region.

One major new initiative, however, should be to establish an Asia-Pacific International Grain Bank (APIGB). The surplus countries would be able to sell grains to this while deficit countries could access grains at times of distress – which they could distribute at least partly through public food distribution systems. APIGB

would pay fair prices for grain, which is likely to be culturally acceptable in various parts of the region. Prices for both buying and selling would be determined each year by a board with members from each of the countries. Grains will be stored in the countries where they are purchased until they are needed elsewhere, perhaps in the government granaries that store national buffer stocks. Such a system could also be linked with the activities of the World Food Programme.

Initial financing for the Bank could come from the accumulated foreign currency reserves mentioned in the section on monetary cooperation. Countries could then either purchase grains, or borrow from the Bank, for later repayment in comparable grains or in hard currency. APIGB could also incorporate some of the elements of a grain market, with a credit system and spot and futures transactions.

In addition the countries of the region could establish early warning systems to notify each other of risks from natural and man-made disasters, for example, or of likely volatility in international grain markets to help them to ward off potential crises in grain security.

Tackling the HIV/AIDS pandemic and other diseases

As chapter 2 of this report has indicated, Asia and the Pacific is emerging as an epicentre of the global HIV/AIDS pandemic. Apart from imposing an enormous burden on health services, and causing very high productivity losses, as well as physical and emotional suffering, the pandemic is also pushing millions more people into poverty. Without comprehensive prevention and treatment responses, more than 2 million new infections will occur and nearly a million people will die from AIDS in 2010. The annual financial losses are expected to amount to US\$ 19 billion in 2010 and US\$ 27 billion in 2015 (UNAIDS, 2005). It has been estimated, for example, that in every year between 2005 and 2015, if appropriate interventions are not in place, HIV/AIDS will account for slowing poverty reduction by 23 per cent in India, 38 per cent in Thailand and by up to 60 per cent in Cambodia (UNAIDS and ADB, 2004a).

Despite the scale of the disaster, Governments in many countries have been surprisingly slow to act. In addition to taking emergency measures at the national level they should also consider the options for amplifying national actions through regional cooperation. Such measures could include:

1. Declaring HIV/AIDS a regional emergency

The regional political institutions should officially declare HIV/AIDS a regional emergency and mandate an emergency response. Immediate actions need to be

taken to scale up good practices to improve the coverage of HIV prevention and treatment services, including those for vulnerable populations in the region. Bodies such as ASEAN and SAARC can advance intergovernmental cooperation by articulating clear action plans with fixed milestones. ASEAN set a good example with its Work Programme on HIV/AIDS II (2002-2005), which supported the implementation of the 7th ASEAN Summit Declaration on HIV/AIDS (November 2001, Brunei Darussalam). The SAARC summit to be held in Dhaka in November 2005, and the ASEAN summit to be held in Kuala Lumpur in December 2005, offer further opportunities for some of the most vulnerable countries to act in concert.

2. Developing pro-poor regional compacts for prevention and treatment

By rapidly and simultaneously bringing both prevention and treatment to scale, the region could cut annual AIDS-related costs by over US\$ 4 billion in 2010 and over US\$ 10 billion by 2015. The countries of the region, as both producers and consumers of commodities vital for tackling the epidemic, should therefore sign compacts to ensure that these are available at affordable prices to vulnerable communities.

On the preventive side there are a number of priorities: condoms and lubricants for the promotion of safe sex; antibiotics for the treatment of the sexually transmitted infections and opportunistic infections that are often associated with HIV/AIDS; and substitute drugs for injecting drug users that they can take orally, such as methadone and buprenorphine. China, India and Thailand are major producers of these pharmaceuticals and should aim to make the region self-sufficient so as to bring down prices and make these items widely available to the poor. China, India and Thailand, the major producers of these pharmaceuticals, should enter into a compact to supply these pharmaceuticals at cost price to combat the HIV/AIDS pandemic.

As far as treatment is concerned, a number of governments have declared that they will supply anti-retroviral drugs free to all who need them. The rest should also do so – taking advantage of falling prices and the extensive international mechanisms for disseminating the necessary technical information. Many people are now concerned that international trade agreements will require countries in the region to enact patent legislation that will increase drug prices. Nevertheless, there are mechanisms within the trade-related intellectual property rights (TRIPS) agreement and the Doha Declaration that can be used to keep the prices of anti-retrovirals and related drugs within reach of the poorest countries. Again China, India and Thailand are the major producers and should, with other producers, sign

a compact aiming to make the region self-sufficient and keep the prices down.

3. Creating an Asia-Pacific intergovernmental collaboration mechanism to fight HIV/AIDS

Confronting the pandemic across the region will cost at least \$5 billion annually by 2007 (UNAIDS and ADB, 2004b). Considering US\$ 5 billion is only 0.2 per cent of gross national income for the region, middle-income countries should be able to mobilize their own resources for comprehensive HIV/AIDS programmes. But lower-income and least developed countries would need international assistance. It is necessary therefore to create an intergovernmental collaboration mechanism like an “Asia-Pacific Facility” to fight HIV/AIDS, to mobilize funds, help to scale up prevention, treatment and care, mitigate its impact, as well as conduct monitoring and evaluation. In order to garner support for such a mechanism, which could be linked with the Global Fund to Fight AIDS, TB and Malaria, leaders from the Asian and Pacific region could take advantage of international meetings, such as the sixty-second session of ESCAP, to be held in Jakarta in April 2006, and the United Nations General Assembly special session to be held in New York in June 2006, to review progress in implementing the Declaration of Commitment on HIV/AIDS.

4. Taking concerted action on other diseases

HIV/AIDS is frequently associated with other communicable diseases such as TB, so action against HIV/AIDS should be part of a broader effort for the surveillance and control of communicable diseases generally. TB itself, after a 40-year decline, is now resurging. And since the mid-1970s over 30 new infections have been discovered, the latest of which were severe acute respiratory syndrome (SARS) and avian influenza.

The Asia-Pacific region is unique in that all its subregions shoulder a double burden of communicable and non-communicable diseases (NCDs). While communicable diseases have historically been the main cause of mortality, today 62 per cent of all deaths in the region are associated with NCDs, such as cardiovascular diseases, diabetes and cancer. With rapid urbanization, living conditions, diets and lifestyles are changing and leading to rising NCD prevalence. Left unchecked, NCDs could usurp health service resources needed for tackling communicable diseases. Furthermore, in recent decades NCDs once viewed as “affluent lifestyle” problems have also percolated to lower socio-economic groups. The rising prevalence of tobacco consumption and unhealthy diets among poorer groups are among the risk factors. Obesity, particularly child obesity, lies at the root of the alarming NCD epidemic. Today in China, 90 million people are obese and by 2010 this will rise to 200

million. Productivity losses and health-care system costs occasioned by diet-related NCDs alone already amounted to 2.1 per cent (US\$ 15.1 billion) of China's GDP a decade ago. This is indicative of the damage that NCDs could wreak (Popkin and others, 2001).

To combat the double burden of communicable and non-communicable diseases, countries need to collaborate more closely to strengthen public health systems and improve surveillance and control of diseases in both human and animal populations, as well as health promotion. Such collaboration could include:

- *Standards* – Develop regional public health standards that encompass, inter alia, animal husbandry, agricultural practices, air quality, drinking water, as well as food safety and nutritional content (e.g., low salt, sugar and fat), and introduce a multi-level mechanism to monitor and promote adherence
- *Health promotion* – Share regionally experiences on the promotion – through all institutions of government, the private sector, the mass media and civil society – of responsibility for personal health measures, including healthy diets, as well as physically active and balanced lifestyles
- *Early warning systems* – Forge linkages at the regional, subregional, national and local levels to strengthen early warning systems on emerging infectious diseases in both human and animal populations, and rising NCD epidemics
- *Surveillance* – Develop tracking measures for disease surveillance to identify the social, economic and other sectoral drivers and the causes of changing patterns in old and new diseases
- *Communications* – Improve international communication mechanisms for rapid and appropriate responses to the spread of infectious diseases – so as to quell rumours while ensuring that the public have accurate information on the extent of the problems and how to respond. This should be combined with efforts to coordinate risk management – including at border checkpoints and airports

Aiming for green growth

Across the region, the rapid increase in agricultural and industrial production and the associated consumption are putting increasing pressures on the environment. For example, concentrations of suspended particles and nitrogen dioxide now exceed WHO standards in over half the reporting cities in the region. Many areas are running short of water: in South Asia alone during 2000-2004, more than 462 million people were affected by drought. And over 28 per cent of the region's land is now degraded to some degree.

Nevertheless, in order to reduce poverty and meet the needs of current and future populations the countries of the region will need to pursue even greater economic growth. Over the next 10 years the total population of the region is expected to expand by 415 million – adding to the demands for adequate food, clothing, housing, water, and environmental and transport infrastructure, along with other basic needs.

The challenge now is to find ways of achieving this growth, while limiting the use of natural resources and cutting pollution, and generally keeping within the region's ecological carrying capacity. This will mean moving on from the conventional paradigm of “grow first and clean up later” to a new paradigm of “green growth” that harmonizes economic growth with environmental sustainability. This will, however, entail fundamental changes in the way that societies produce and consume. This would include strengthening pollution control and improving eco-efficiency while also incorporating the costs of environmental protection into pricing mechanisms. And rather than seeing environmental management as a burden for business, countries should view it as an opportunity to expand employment and incomes.

At the regional level the possibilities include:

- *A policy consultation forum* – This should help the countries to integrate environmental considerations into overall development plans in support of the MDGs
- *A knowledge hub* – This would enable countries to exchange information on the best practices for achieving environmentally sustainable economic growth
- *A green growth network* – Countries should implement the proposal, made at the fifth Ministerial Conference on Environment and Development in Asia and the Pacific in 2005, for a “Network on Green Growth” – through which they can develop and implement regional, subregional and national models of policy and system change
- *Subregional bodies* – Countries should also make full use of existing subregional bodies to develop and implement regional and subregional strategies to create synergies between the environment and the economy.

Improving governance

Many countries are off track on the MDGs not just because they lack financial resources, but because they do not have the human resources to push the process forward or because they are hampered by inefficiency and corruption.

One of the reasons why service delivery is poor is that resources are dissipated through corruption. The 2004 corruption perceptions ranking for countries in Asia

and the Pacific produced by Transparency International is shown in table III.6 and ranks 145 countries on the basis of the perception of corruption arriving at a score between 0 and 10. Of the economies listed from Asia and the Pacific, only 5 managed scores of 5 or above.

Table III.6. Corruption Perceptions Index for economies in Asia and the Pacific, 2004

	Rank	Score
Singapore	5	9.3
Hong Kong, China	16	8.0
Japan	24	6.9
Taiwan Province of China	35	5.6
Malaysia	39	5.0
Republic of Korea	47	4.5
Thailand	64	3.6
Sri Lanka	67	3.5
China	71	3.4
Mongolia	85	3.0
Iran (Islamic Republic of)	87	2.9
India	90	2.8
Nepal	90	2.8
Russian Federation	90	2.8
Papua New Guinea	102	2.6
Philippines	102	2.6
Viet Nam	102	2.6
Uzbekistan	114	2.3
Kazakhstan	122	2.2
Kyrgyzstan	122	2.2
Indonesia	133	2.0
Tajikistan	133	2.0
Turkmenistan	133	2.0
Azerbaijan	140	1.9
Myanmar	142	1.7
Bangladesh	145	1.5

Source: Transparency International, 2005.

Note: The full ranking has 145 countries. A number of countries have the same rating and thus the same ranking.

Many countries in the region are poor not just because they have been slow to develop but because their assets are improperly used or appropriated. Indeed, often they are asset-rich and yet capital-poor because the processes for translating assets into capital are blocked by inadequate or corrupt legal systems. As a result, public servants and others can shield their activities from the public gaze and appropriate these assets for themselves. Although the scale of the ensuing damage will never be known, one estimate puts global losses from corruption at \$13 trillion (De Soto, 2003) of which a substantial proportion will be in the Asia-Pacific region.

The most effective anti-corruption measures need to be taken at the national level. But these must be complemented by international cooperation. So far, one of the most important regional measures has been the Action Plan for Asia and the Pacific that was adopted in Tokyo in December 2000 by representatives from the countries in the region as a result of an ADB/OECD initiative (box III.1). This had three pillars: developing effective and transparent systems for

public service; strengthening anti-bribery actions and promoting business operations; and supporting active public involvement.

The United Nations Convention against Corruption is currently in the process of ratification, but what is needed now is an Asia-Pacific convention on the elimination of corruption. This should cover agreements on, among other things:

- *Law enforcement* – Ensuring cooperation between law enforcement agencies on the apprehension and prosecution of corrupt officials
- *Information-sharing* – Allowing countries formally to share data, information and knowledge on corruption, including information on corrupt public officials and others who are likely to flee across national borders
- *Extradition and trial* – Establishing treaties to permit people charged with corruption in their country of origin to be extradited or, if they have subsequently acquired citizenship of their host country, to be tried there

Box III.1. The ADB/OECD Anti-Corruption Initiative

The ADB/OECD Anti-Corruption Initiative is helping to promote regional cooperation in the fight against corruption in the Asian and Pacific region. By bringing together major stakeholders and by pooling efforts from several countries, the Initiative promotes regional ownership; international cooperation; and involvement of business, trade unions, and non-governmental organizations in fighting corruption in Asia-Pacific.

The ADB/OECD Anti-Corruption Initiative for Asia-Pacific, at its meeting in Seoul in 2000, developed the Anti-Corruption Action Plan for Asia and the Pacific, which was endorsed by 17 Governments in Asia and the Pacific at a Tokyo conference in December 2001. The Action Plan provides a comprehensive set of actions that Governments will take to develop effective and transparent systems for public service, strengthen anti-bribery actions, promote integrity in business operations and support public involvement. To date, 21 countries (including Australia, Bangladesh, Cambodia, China, Cook Islands, Fiji, India, Indonesia, Japan, Kazakhstan, Kyrgyzstan, Malaysia, Mongolia, Nepal, Pakistan, Papua New Guinea, Philippines, Republic of Korea, Samoa, Singapore and Vanuatu) have endorsed the Action Plan and started implementing priority areas of reform to fight corruption.

The Initiative is aimed at fostering both regional and country-specific policy reforms. This strategy is tailored to policy priorities identified by endorsing countries and provides the means by which Governments, international organizations and other partners of the Initiative can review progress achieved. A key activity of the Initiative is a biannual conference bringing together representatives of governments, business, trade unions, media, and civil society from Asia-Pacific countries, ADB, OECD and other agencies. A steering group meeting is held twice a year to assess progress made in implementing the Action Plan, to facilitate policy dialogue and exchange experience among endorsing Governments on successes and problems and to promote dialogue with representatives of the international community and business sector to mobilize donor support.

To address capacity constraints and difficulties in combating corruption, the Initiative plans to undertake specifically designed training programmes on topics selected by the steering group such as forensic accounting, mutual legal assistance, public opinion surveys and public procurement. The Initiative will address the needs of endorsing Governments, which intend to ratify the United Nations Convention against Corruption by adapting the provisions to their laws and institutions.

- *Freezing assets* – Agreeing that upon conviction, the assets of corrupt officials of one country held in another should be frozen and eventually repatriated
- *Endangered species* – Eliminating collusion between corrupt officials that permits illegal international trading in endangered species

Signing such a convention would send a strong message across the region that the days of unbridled corruption are over.

Creating an e-governance coalition

Countries will be able to move more rapidly towards the MDGs if they can make better use of information and communication technology (ICT). Elements of “e-governance” can not only make services more efficient but also, by making government functions more transparently, fundamentally alter the relationship between citizens and the State. Some examples of the ways in which governments can use ICT to interact more fully with their citizens are shown in box III.2.

The countries of Asia and the Pacific do, however, differ greatly in their capacity to introduce elements of e-governance. Some are world leaders in the development of both hardware and software, while others lack

not just the technology but also the infrastructure to support it. As a result while some countries have already advanced towards e-governance, others have yet to start. This suggests many areas of opportunity for regional cooperation, including:

- *Developing a coalition of providers* – Countries, such as India and the Republic of Korea, that have abundant software capabilities and those, such as China, with extensive hardware capabilities, can, in a new form of South-South cooperation, help other countries in the region to advance more rapidly and realistically. Apart from benefiting the recipient countries and helping them to initiate systems of e-governance this should also help to create new markets for the providers
- *Addressing gender gaps* – In the past, few women and girls in the region have reached positions of influence in science and technology. Even if they start out with the best of intentions they are frequently lost along the way in what has been called the “leaky pipeline”. Some of this is due to social attitudes, to weaknesses in the education system or to the way academic or technical appointments are made. Institutions in the region should draw up common plans to address these issues

Box III.2. The potential of e-governance

Some example of areas in which Governments and citizens can use information and communication technology to work together more effectively:

Public grievances – electricity, water, telephone, sanitation, public transport, police

Rural services – land records, below poverty-line families

Police – lodging of first information report with the police, accessing information on lost and found valuables and persons

Social services – pension: old age and widows, ex-gratia payments, acquisition/rehabilitation and compensation, registration of licences and certificates, birth certificates, death certificates, domicile certificates, arms renewal, registration of documents, school registration, university registration, motor vehicle registration, renewal of driving licences

Public information – Employment exchange registration, employment opportunities, examination results, hospitals/beds availability/services, railway timetables, airline timetables, road transport timetables, charitable trusts, government notifications, government forms, government schemes

Employment and welfare services – Civil supplies, old age pensions, widows' pensions, handicapped pensions/services, ex-gratia payments

Agricultural sector – seeds information, pesticides, fertilizers, crop diseases, weather forecasts – short-range/district-wise, market prices

Utility payments – electricity, water, telephone, etc.

Source: E-Governance: Government Initiatives in India (New Delhi: Rajiv Gandhi Foundation), October 2003.

- *Create teleservices* – People living in remote areas should be able to take advantage of ICT to gain access to services such as medical care and schooling from a range of national and regional providers
- *Use ICT to control communicable diseases* – The diseases that threaten the region could be addressed more effectively by rapid exchange of data and information and by coordination of measures to tackle the outbreaks

These are just a few of the ways in which countries can come together at the regional level to enhance their mutual use of ICT. But this is an area of ceaseless innovation – generating new ideas and options that all countries need to monitor and take advantage of.

Enhancing regional cooperation

While Governments working closely together can increase their possibilities of attaining the MDGs, there is also an important catalytic role for the regional-level institutions. The United Nations agencies, regional development agencies such as ADB and regional trade, economic and subregional cooperation groups and institutions such as ASEAN, SAARC and GMS need to strengthen their cooperation on MDG-related issues. The regional partnership between UNDP, ESCAP and ADB for attaining the MDGs is an example – and this report is one output.

Within a framework of cooperation, regional institutions and international organizations can play the roles for which they have core competencies and enjoy comparative advantage. For example, to catalyse infrastructure projects, ADB should have a major role to play. When it comes to HIV/AIDS, the resources and expertise of UNAIDS and WHO should be brought to bear. Similarly, in matters of governance, support from UNDP would be most appropriate. Thus, a coalition of regional institutions and international organizations can support Governments throughout the Asia-Pacific region. ESCAP, as the regional arm of the United Nations, should coordinate the coalition.

A future within reach

The eight actions outlined in this chapter all have great potential for enhancing regional cooperation. Some simply highlight existing initiatives, suggesting that they be developed or expanded. Others would set the countries of the region off in new directions. But all add to the provision of international public goods – and all are doable. Experience has shown what is possible given determination and commitment at the national level. All these efforts can, however, be greatly enhanced by concerted regional action.

The Millennium Development Goals have helped many countries to galvanize their development efforts – offering a space in which all sections of society can come

together to debate national and regional priorities. But they will only finally serve their purpose if they focus attention on the remaining gaps, and on the changes needed to meet the rights of everyone – especially the poorest and most vulnerable. 2015 is only 10 years away.

Advocacy for greater resources is already under way, through the Millennium Project, for example. But these resources need to be complemented with appropriate institutional changes to ensure that all these goals are within reach.

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