

**Leveraging Digital Innovation for Sustainable Development in Asia and the Pacific
High-level Thematic Roundtable on “Socio-economic Outlook, Emerging Challenges and
Solutions for Asia and the Pacific”**

**80th Session of the Economic and Social Commission for Asia and the Pacific
11:00-12:00, Monday 22 April 2024, ESCAP Conference Hall, Bangkok
Keynote Address by ADB VP Fatima Yasmin (Sectors and Themes) [7 min; 850 words]**

Introduction

Distinguished delegates and participants, good morning to you all!

At the outset I would like to thank UN-ESCAP for organizing this roundtable and inviting me to present the keynote at this regional event as part of your 80th Commission. On behalf of the Asian Development Bank I am delighted by the opportunity to engage in the discourse on solutions that address the sociology economic challenges of the region leveraging digital innovation for sustainable development.

I. Multifaceted Development Challenges of the Region

Asia has made good progress in improving living conditions, such as, in increasing food security, reducing the prevalence of malnutrition and related improvements in health and well-being.

However, several concomitant challenges – a ‘polycrises’ – have set back development progress made over the past 60 years. The COVID-19 pandemic, climate change and extreme weather events, international conflicts, and the resulting stresses on trade and fiscal regimes risk stalling the progress made on the SDGs.

The Asia and the Pacific region is most disaster-prone and is extremely vulnerable to climate change. Between 2015 and 2022, climate-related natural disasters affected 800 million people and caused \$400 billion in losses having devastating impacts especially for the vulnerable communities.

As the world is transitioning towards an increasingly digitalized economy, policymakers face a new form of inequity: ‘the digital divide’. In developing economies digital divide has been an impediment for poverty reduction. To counter this aggravating curse ensuring equitable access to data and digital technologies has become a top policy mandate.

The increased cost of living crisis has aggravated the pandemic's reversal of poverty reduction as higher costs of living have hit the economically vulnerable groups the hardest. Even small price fluctuations profoundly affect the vulnerable groups as they spend the bulk of their limited resources on basic necessities such as food and energy.

ADB research suggests that even without the increased costs of living, economically vulnerable groups face a "poverty premium or penalty", as they end up paying higher prices to avail of various types of goods and services. Combined with other crises, such as the corona pandemic and rising costs of living, exacerbated the socioeconomic impact. Current global and regional policies do not adequately support the integration of priorities such as poverty, climate, food security, education, digitalisation etc.

However, one good indication is that the region is economically recovering. In 2023, Asia's growth momentum continued, driven by strong consumption and investment which further accelerated during the second half of the year. However, the level of growth varied across subregions, and even within countries. For example, South Asia demonstrated robust economic growth at 6.4%, while the Pacific region experienced a comparatively lower growth at 3.5%. While the region's overall growth momentum is a top priority but ensuring an equitable recovery within countries is of paramount importance.

II. Reforms and Recommendations to Build Resilience Amidst 'Polycrises'

There is a need to mobilize far greater resources and galvanize efforts of the development community if we are to eradicate poverty and reduce inequalities in the Asia-Pacific region. There are a multitude of solutions to address these crises, however, I wish to focus on three areas: digitalisation, climate-poverty nexus, and financing for development.

Digital transformation: The COVID-19 pandemic transformed communications, with schools, governments, healthcare providers, and businesses transitioning to online service deliveries and digital interactions. Digital technologies serve as essential tools for socioeconomic advancement and empowerment. However, policymakers in Asia and the Pacific are faced with a new form of inequity - the digital divide - as access to digital services and technologies is not always equitable. Group Speciale Mobile Association (GSMA) estimates that 96% of the region's population lives within reach of mobile data networks, but only 47% were connected by the end of 2022.

Many developing member countries find it difficult to afford access to mobile data. Working toward equitable access to telecommunication services is an important step toward reducing 'digital divide' and poverty. Moreover, access to equitable connectivity, including affordable mobile data, is critical to gender equality, social inclusion and economic opportunities.

Climate lens on poverty: There is an immediate need to tackle poverty and hunger through a climate lens. This includes prioritising the development of climate resilient social protection systems that effectively target the most climate-vulnerable groups, including women. In addition, action on climate change will be an important source of new jobs in adaptation-related activities such as reforestation, biodiversity conservation, and disaster risk reduction. This 'just transition' towards a green economy provides young people with opportunities to find innovative business solutions and become eco-entrepreneurs. We need to ensure that the issues of 'just transition' and decent work go hand in hand.

Financing for development:

- **Domestic resource mobilization:** Achieving the SDGs for a greener and more inclusive future requires vast amounts of public spending. Adequate tax revenues that are efficiently spent is a critical element of domestic resource mobilization and central to domestic and international development efforts. Having the experience of spearheading comprehensive financial reforms at a national level in my earlier profession during the pandemic I am keenly aware of how enhanced domestic resource mobilization can catalyze progress on service delivery for the SDGs. Restoring fiscal sustainability after COVID-19 has heightened the urgency for fiscal resource mobilization, including private sector resources.
- **Private financing:** To meet the Sustainable Development Goals by 2030, the vast resources of the private sector need to be mobilized to augment development finance. ADB employs a wide range of mechanisms to mobilize and channel finance for the SDGs at scale. For example, the Innovative Finance Facility for Climate in Asia and the Pacific (IF-CAP) is a new mechanism aimed at catalyzing climate finance for developing countries, drawing in contingent finance, guarantees, and grant resources from traditional and new partners, such as philanthropies. In total, the facility aims to mobilize as much as USD15 billion in financing climate-focused projects.

- **MDBs:** There is a growing call from G20 summit for multilateral development banks to evolve and improve, including efforts to integrate development and climate agendas. ADB has made reforms in this direction, with the updated Capital Adequacy Framework aiming to unlock \$100 billion in new funding for our developing member countries over the next decade. This expansion in funding will be achieved through optimizing prudential capitalization and strengthening risk management frameworks. These resources will be mobilized to address the complex set of overlapping crises, promote gender equality, and provide for basic needs despite the existential challenge of climate change.

Closing

In closing I would like to reiterate that the combined crises faced by this region require innovative and integrated solutions that tackle poverty and hunger through a climate lens. Achieving the Sustainable Development Goals (SDGs) for a greener and more inclusive future requires vast amounts of public spending, for which increased public revenues and new private investments are essential. We must harness the power of digital technologies and data access tools for catalyzing change and accelerating progress on the SDGs. To that end we need to make appropriate allocations for investments for digitalization across the region and facilitate intra-regional transfer of knowledge and know-how.

There are many challenges ahead but together we can forge a brighter, stronger and sustainable future for Asia and the Pacific by accelerating equitable digital transformation for all.

Thank you!