



2024
REGIONAL HUMAN
DEVELOPMENT REPORT

Making Our Future: New Directions for Human Development in Asia and the Pacific

Cambodia Focus



Overview

Human development is about people, expanding their opportunities, freedoms, and choices, and improving their well-being. It is about developing their agency to become active agents of change, who can engage fully in economic, social, and political spheres.

In Asia and the Pacific, the human development journey has been a story of progress, disparity, and disruption.

Alarming, the region is not on-track for achieving any of the Sustainable Development Goals, and millions of people live precarious lives with multiple threats to their security- social, political, and environmental. And in many respects the current situation is becoming more difficult. The region faces a potentially more turbulent future as the development landscape is being reshaped by three clusters of interacting risks associated with existential threats such as climate change, and a changing technological and trade environment; challenges to established growth and job creation engines; and slowed-down momentum of change due to unmet aspirations, looming uncertainties, polarization, and the erosion of democracy and national institutions.

To reinvigorate human development amidst a turbulent development landscape, the 2024 Asia-Pacific Human Development Report proposes new directions. Building on the region's past successes, *Making Our Future* sets out practical pathways and advocates a three-pillar approach: mainstreaming human development, recalibrating growth strategy, and making change happen.

Human development in the Asia-Pacific region has been a tale of progress, disparity and disruption

The region has been at the forefront of many economic transformations. These can be traced back to Japan's early experience with export-led industrialization, which was followed by the emergence of the Asian Tigers, and the rise of the economies of South-East Asia, South Asia and China. These shifts, featuring just-in-time production and integrated value chains, established Asia as the world's manufacturing hub and enabled many countries

to climb the income ladder. Asia and the Pacific now accounts for more than one-third of the global output and is expected to provide about two-thirds of global growth, underscoring a shift to a multi-polar global economy.

Asia and the Pacific has pioneered new approaches to human development. These range from extensive public housing in Singapore to innovative microfinance in Bangladesh and mobile banking in Indonesia and the Philippines, and the ideas that underpinned human development in Bhutan, Sri Lanka and Viet Nam. Countries have been able to learn from each other and adapt different ideas to their own new specific contexts. Along with rapid economic growth, this helped over 1.5 billion people in the region exit from extreme poverty.

Building on these approaches, the region has made considerable progress in long-term human development. Over the last three decades, the human development index (HDI) in the region has surged by 19 percentage points – the greatest leap in the world. In **Cambodia**, the Human Development Index (HDI) increased by 56.9 percent, since 1990, reaching the medium human development category, and bringing **Cambodia** to a ranking of 146 among 191 countries in 2023. This performance accounts for losses that resulted from the COVID-19 pandemic.

Nevertheless, there are still widespread disparities among Asia-Pacific sub-regions, and across and within countries, with rampant and persistent structural exclusion. Inequality remains deeply entrenched – The richest 10 percent consistently command over half of total income, and in South Asia in particular, income inequality has been worsening. There are also persistent inequalities in the distribution of wealth, especially in South-East Asia and South Asia, with the highest wealth inequality observed in China, India, Myanmar, Sri Lanka, and Thailand. And human development progress overall has been very uneven. In **Cambodia**, the inequality adjusted HDI (adjusted for disparity in income, health, and education) is relatively like the global average with an overall loss of 19.2 percent in 2023.

Millions of people are trapped in poverty – Despite massive

progress in reducing monetary poverty, driven in large part by the ascent of China's economy, around 185 million people remain extremely poor in absolute terms, earning less than \$2.15 per day. Even more are living in relative poverty, with around 1 billion classified as 'societally poor' – living on less than half the median income. Another important measure is the multidimensional poverty index (MPI) which takes into account deprivations in the areas of education, health, and living standards. Asia and the Pacific Region has half the world's multidimensionally deprived people– 500 million. Of these, 400 million are in South Asia, although since 2005 India has managed to lift 415 million people out of multidimensional poverty.

In **Cambodia**, the incidence of multidimensional poverty fell from 36.7 in 2014 percent to 16.6 percent in 2023. This means that the number of poor people was halved from 5.6 million to 2.8 million in just 7.5 years. **Cambodia's** achievements are largely driven by improvements in health and living standards, especially child mortality, nutrition, cooking fuel, sanitation and access to electricity. However, challenges remain in education and housing, where deprivations are still high.

Asia and the Pacific Region has deep gender biases – Women have made gains, in education, for example, and in health, and financial access, as in South Asia where their ownership of financial accounts jumped in one decade from 24 to 66 percent. Nevertheless, women are still held back by many biases and structural barriers, and in some countries, women have suffered serious setbacks in gender equality and empowerment, where the specific constraints of women working in Afghanistan are of particular concern. Throughout the region, about 800 million women are out of the workforce. In The Islamic Republic of Iran, for example, women's labour force participation is 14 percent, despite high enrolment in education, and in Pakistan it is 25 percent, compared with 69 percent in Viet Nam. **Cambodia** made remarkable progress in promoting gender equality – as measured by the share of women in parliament, education, labour force and maternal mortality ratio - with an overall improvement of 0.679 in 1990 to 0.461 in 2023 (where 1 indicating highest gender inequality and 0 perfect gender equality). The Kingdom ranked 116 out of 170 countries on the gender inequality index in 2023.

Millions of workers are confined to the informal sector, and

there is a pronounced digital divide – Asia and the Pacific Region has around two-thirds of the world's informal sector workers, around 1.3 billion. In South Asia, the proportion of workers in the informal sector is 87 percent, and even in East Asia it is 50 percent. At the country level, at one end of the spectrum is Tonga at 97 percent and at the other the Republic of Korea at 27 percent. In **Cambodia**, the percentage of informal employment as of 2019 is 88 percent.

In addition, there are vast differences in digital access: 40 percent of the region's people are digitally excluded, with notable gender and urban-rural inequities. In **Cambodia**, Internet and mobile phone subscriptions are mostly in urban centers. Based on Global Competitive Report 2019 published by the World Economic Forum, **Cambodia** ranks 102nd of 141 countries in digital connectivity and readiness, and the Royal Government of **Cambodia** in 2022 estimated 30% of Cambodians have basic digital skills to use digital systems for internet searches, communications and information sharing.

- There is also a significant 'planetary - pressures' divide – Asia and the Pacific Region has countries across the whole greenhouse-gas spectrum, with emitters large and small, and net positive countries such as Bhutan, as well as some of the nations most exposed to the impacts of climate change. Fossil fuels account for 85 percent of energy consumption, and over the past three decades the Asia-Pacific contribution to global CO2 emissions has risen from one-quarter to a half. The planet's biodiversity is under threat due to habitat loss, pollution, overexploitation, and invasive species, and this is being accentuated by climate change. Since 1970, the Asia-Pacific region has seen the third-largest biodiversity decline in the world after Latin America and Africa. Such ecological and environmental pressures pose increasing risks for the 200 million people in the region who depend on forests for their health and livelihoods. When accounting for these environmental strains, the human development picture darkens, especially for the richer nations with larger ecological footprints. Based on the planetary pressure adjusted HDI, **Cambodia's** per capita carbon emissions and material footprint lead to a reduction of 3.4 percent of the HDI, affecting the poorest and most vulnerable.

Good intentions are rarely matched by action, and CO2

emissions continue to rise – By August 2022, 30 countries had pledged carbon neutrality, but most lacked well developed and financed strategies to put this into effect. In 2022, Indonesia, for example, increased coal burning by 33 percent versus the previous year. Governments have often given greater priority to economic growth and poverty reduction or used coal exports to offset rising external debts. Although **Cambodia** is a relatively small greenhouse gas (GHG) emitter, GHG emissions are accelerating alongside rapid economic growth. Around 49% of emissions are due to the Forestry and Land Use sector, followed by energy (22%) agriculture (18%), industry (9%) and waste (2%).

Along with the rest of the world, Asia and the Pacific Region has experienced a series of devastating disruptions, notably the COVID-19 pandemic, the impact of the war in Ukraine and the cost-of-living crisis.

- *The pandemic and the ensuing shutdowns affected around half the region's informal workforce* – Numerous countries suffered serious losses in income from tourism, remittances and manufacturing that employ many informal workers, especially in the Pacific Island countries. In South Asia and South-East Asia in particular, the shocks exposed the weaknesses of healthcare systems. Then came the war in Ukraine and the ensuing cost-of-living crisis. In 2020 and 2021, combined with the pandemic, this series of blows led to a broad decline in the human development index in all sub-regions except for East Asia. Countries that also had macroeconomic and debt crises suffered even more. In **Cambodia** the COVID-19 pandemic brought a decline in the country's hard-earned development achievements equal to an estimated regression to its 2018 HDI level. According to a [modelling study by UNDP \(2023\)](#) in **Cambodia**, war in Ukraine could prompt commodity price shock, causing an economic loss of approximately 1.3 - 1.5 percentage points of GDP and poverty rate to increase by about 0.7 percentage points in 2022.

And yet, from a wider lens, the country still managed to achieve real growth reaching 5.2 percent in 2022 and 5.3 percent in 2023.

- *Hardest hit were women in poor households* – The region has recently seen its worst decline in gender

equality in two decades, particularly in South Asia and the Pacific. During the pandemic, women bore a disproportionate burden of domestic obligations, including household chores and caring for children and for sick and elderly family members. During 2020 and 2021, there were serious setbacks in Papua New Guinea and Myanmar, and especially in Afghanistan where women saw decades of progress reversed, with grave infringements on their basic rights and freedoms. According to [UNDP \(2021\)](#) in **Cambodia**, due to detrimental impacts on the textile and tourism sectors which are more women-labour intensive, the employment impacts were found to be higher for women workers in that unemployment rate was projected to be at 3.2 percent for women compared with 2.6 percent for men, a 0.6 percentage point gender gap.

- *Finally, over the past decade the region has seen a reversal in democratic practices* – The pandemic encouraged restrictions on civil liberties and infringed on political rights while weakening mechanisms for accountability. Asia and the Pacific Region has seen a recent shift towards limiting public and civic spaces to a degree last seen in the late 1970s, and there seems little prospect of an immediate democratic recovery. This has major implications in some locations for overall development trajectories – and for inclusivity and equality. There is also a risk that the above shift enables monopolies, that will reduce economic competitiveness.

Unmet aspirations, heightened human insecurity, and a potentially more turbulent future create an urgent need for change

On current trends, the region is not on track to deliver any of the Sustainable Development Goals (SDGs). A significant gap has opened-up between aspirations and realities, with particularly alarming regressions for the climate change targets. It is now anticipated that the SDGs will not be realized by 2030, but by 2065. Nevertheless, the essence and ambitions of the 2030 Agenda remain as pertinent as ever.

Across Asia and the Pacific, millions of people live precarious lives with multiple threats to their security – social, political, and environmental. In South and South-East Asia in particular, countries are grappling with

conflicts, political unrest, or significant economic hurdles. Unmet aspirations amid high levels of human insecurity make for a volatile and potentially combustible combination, making it even harder to achieve cohesive human development.

The region also faces a potentially more turbulent future as the development landscape is being reshaped by three clusters of interacting risks.

- *Existential risks* – One of the most profound existential threats is climate change. In addition, there is the prospect of future pandemics akin to COVID-19, with a predicted likelihood of recurrence of around 50 percent within the coming 25 years.¹ These risks are heightened by the way human beings interact with nature. Cities continue to grow rapidly, due to population growth, migration, and economic allure, and the region now hosts six of the world's largest coastal mega-cities like Tokyo and Mumbai.
- *Challenges to established growth and job creation engines* – As richer nations deal with aging populations, straining their health and social systems, less affluent ones strive to employ their youth and provide essential services. In South Asia, 80 percent of young workers are in informal sectors, with 30 percent neither in education nor employment. Youth unemployment is persistent and, in several countries, rising. At the same time, globalization is being weakened by geopolitical tensions, sluggish recoveries in richer economies, and growing disparities. Rapid technological advances and energy transition create new opportunities but also significant challenges for job markets and competitiveness.
- *Risks to the momentum of change* – In an era defined by unmet aspirations and looming uncertainties, the potential for reform is being diminished by factors such as democratic backsliding, rising populism, polarization and growing mis- and dis-information on social media platforms. In addition, while digital technologies bring many benefits, they can also have negative results. And while retaining open access is key, AI-driven social media platforms, for example, have come to play an outsized role in shaping public opinion and fanning the flames of division. Amidst a noisy space of polarized opinion, it is becoming harder to craft and implement forward-thinking changes.

These clusters and their components inevitably overlap.

Urbanization, for example, while facilitating the spread of viruses, also fosters economic growth by bringing people and businesses together. The use of AI and social media, if not framed by positive behavioural and regulatory actions, may not just eliminate jobs but also hamper policy implementation by heightening conflict and contributing to misinformation. Policy actions too can cut across the clusters – as when the deployment of solar power generation to counter existential risks can also catalyse new engines of growth.

Setting new directions for human development will require a revamp of old practices, but the region can find inspiration in its own proven models

The export-led growth and human development paradigms, which originated in the region, remain rich sources of ideas and inspiration, but they require adaptation to maintain their effectiveness.

The Asia-Pacific region was the birthplace of the export-led growth strategy, and where the human development approach, the brainchild of two South Asian economists, was operationalized across several countries. However, to ensure more prosperous, equitable and environmentally sustainable outcomes in the 21st Century, these paradigms need to be reshaped, modernized and mainstreamed. In particular, the human development approach should be more widely adopted if it is to fulfil the rights and meet the needs of current and future generations. And the export-led growth model needs to evolve with the times if it is to generate the right kind of growth that generates ample jobs and reinforces human development in all its dimensions.

But truly 'making our future' means going one step further and addressing issues of governance and the politics of reform.

Turning ideas into action will require more proactive and visionary leadership. With anticipatory, adaptable, and agile policymaking, pro-active governance can swiftly re-allocate resources and priorities towards new policies and programmes. It can also support vision-oriented development, while building consensus, collaboration and partnerships, and facilitate investment in critical sectors and human capacities. More fundamentally, it is also important to incentivize change itself. This will require a deeper understanding of and greater focus on socio-political roadblocks and how to devise ways around them.

By prioritizing people's needs, both now and in the future, countries can enlarge opportunity for all, diminish human insecurity, and uphold obligations to coming generations

The practice of human development could be more closely integrated into the region's core decision-making arenas. People-centred perspectives and the voices of future generations are often sidelined, as recent disruptions have exposed and persistent disparities continue to illustrate. It is important that this imbalance is rectified as we anticipate the forthcoming changes that will reshape our development landscape. For this, there can be three broad priorities.

First – Expand people's choices.

- *Tackle persistent structural exclusion and uphold human dignity.* This applies, for example, to women, youth, informal workers, persons with disabilities, LGBTQI+ people, and marginalized groups. The aim should be to end discriminatory laws, norms, and practices towards women, and champion the interests of persons with disabilities and LGBTQI+ people. More generally, this will also include creating better jobs for the vast informal workforce, and providing young people with education that can lead to productive employment. This fulfils people's basic rights. But it also makes a good business case. Women's equality alone could by 2025 add \$4.5 trillion to the region's collective annual GDP, while disability-inclusive employment might increase GDP by one to seven percent.
- *Enhance human capabilities by increasing access to quality education and health.* Teaching methods will need to be updated, with more digital education, and curricula better aligned with industry needs. Bangladesh's a2i Teacher's Portal, for instance, has equipped over half a million teachers with digital skills. It will also mean commitment to universal health coverage. All of the above will require a high-level commitment from governments to design, implement, and finance education and health systems and services to enhance human capabilities for all.

Second – Enhance human security. Governments can tackle some of the root causes of human insecurity while cushioning the impact of sudden shocks, by:

- *Overhauling social protection.* Integrated national social protection systems can provide cash support along with skills training and job opportunities, particularly for the 'missing middle' – those in the informal sector or marginally above the poverty line. Singapore, for example, has emphasized lifelong learning to boost productivity across all age groups. Nepal has shown how merging cash transfers with livelihood support, and better financial access and health benefits, can help enhance resilience among vulnerable women.
- *Ensuring resilient health systems.* This involves investing in national and community systems for universal health coverage (UHC). Especially in countries where populations are ageing, health systems need more sustainable financing. This would also enable them to incorporate greater climate resilience and respond better to pandemics, while promoting equality and creating gender-sensitive solutions. Thailand, for example, has made a strong start on UHC, while the Philippines, backed by tobacco and alcohol tax reforms, has effectively extended UHC to its most vulnerable groups.
- *Investing in risk-informed development.* Asia and the Pacific is highly exposed to natural disasters, and needs to build greater community resilience, particularly in coastal areas, making full use of recent technological innovations. Countries are also facing climate-induced migration and displacement, which will require regional cooperation. Many of the countries most exposed to natural disasters have been aiming to ensure sufficient finance. In Tonga, for example, the Government has embedded resilience in the Ministry of Finance's planning and budgeting systems, and created a Resilient Development and Financing Division.
- *Bolstering food security.* Countries can invest in agricultural productivity and stronger supply chains while promoting sustainable farming practices. Singapore for example, is researching new agri-tech methods, aiming by 2030 to produce 30 percent of its food through vertical farms. Similarly in Thailand and Pakistan, fintech

and agri-tech, are harnessing artificial intelligence and advanced analytics to boost production, while widening financial access for small-scale farmers.

Third – Safeguard the interests of future generations.

The region urgently needs to transition towards carbon-neutral and climate-resilient development. This should support people currently suffering from climate change impacts while also fulfilling responsibilities to future generations. This will mean:

- *Accelerating the Just Energy Transition and striving for net zero.* Power grids can be revitalized and strengthened using a systems approach to equip them to handle the surge in green energy – from solar, wind, and hydro. In areas with extensive grid coverage, shifting to renewables can be challenging. Off-grid solutions may be an interim answer until grids adjust. Meanwhile, workers in the fossil-fuel sector should be enabled to transition to green jobs by re-skilling. Social protection is vital for a just transition, building resilience and capabilities of vulnerable people to weather shocks and seize opportunities over a life cycle.
- *Investing in adaptation and disaster-risk reduction.* While 27 Asia-Pacific countries have updated their adaptation plans, only 8 percent of the regional finance for climate change is devoted to adaptation. Sri Lanka, for example, in 2016 took the lead with its National Adaptation Plan, followed by Bangladesh, Pakistan, and Papua New Guinea (PNG). But there are significant financing gaps, for which it will be important to engage more with the private sector. Mechanisms to address these gaps include the 2021 Systematic Observations Financing Facility, co-founded by UNDP, the World Meteorological Organization and the UN Environment Programme.
- *Repurposing subsidies that harm the environment so as to protect ecosystems and conserve biodiversity.* PNG, for example, is evaluating the market value of ecosystem services, while Sri Lanka is examining the economic implications of subsidies for marine fisheries, energy, agriculture, coastal aquaculture, and transport.
- *Managing public finances more responsibly.* Overbur-

dening future generations with debt hampers human development. Proactive debt management, revenue mobilization, and SDG-aligned investment are vital. Some Asia-Pacific countries, like **Cambodia** and Nepal, have benefited from these practices. Others, such as India, Republic of Korea, Malaysia, and Thailand, reduced risks with national currency debt. Innovative tools like debt suspension clauses during disasters or ‘debt-for-nature/SDG swaps’ can unlock resources for SDG investments.

While tackling overarching, systemic issues, each country can devise its own strategies for mobilizing and allocating resources while negotiating necessary trade-offs.

Certain facets of human development are non-negotiable, such as women’s rights, and equal and fair treatment in accessing resources. But there will inevitably be multiple calls on public funds that will require trade-offs and compromises. In addressing such issues, governments can use comprehensive financing approaches that optimize public funds, catalyse private finance, and direct investment to sectors with the greatest anticipated impact to foster an economic climate conducive to growth so that more resources can be channelled into human development.

By recalibrating their growth strategies, countries can unlock new drivers of growth and job creation that stimulate positive upward spirals of opportunity, prosperity and security

Economic growth kindles the imagination. Think of what a difference it can make. The global economic leaders of the year 1700 had per capita incomes that surpassed Afghanistan and Nepal’s figures in 2018, as long-term comparisons based on the Maddison Project suggest. By 1870, the frontrunners of that year were ahead of modern-day Bangladesh and **Cambodia**. Or contrast this with India, Lao PDR, Myanmar, Pakistan and Viet Nam, whose 2018 incomes were less than the top global players a century earlier. While these comparisons might seem stark or eclectic, with economic and historical roots, they highlight the vast potential that could be unlocked by incremental progress through steady and sustained growth.

While economic growth remains necessary for human development, it needs to be the right kind of growth. In Asia and the Pacific, as elsewhere, growth has been cru-

cial for reducing poverty and for human development by creating positive upward spirals of opportunity and prosperity, while also contributing to security. But beyond the pace of growth, it is also important to consider its nature and quality. Growth may, for example, be pursued with little regard for human rights, making people work long hours with inadequate pay and poor or dangerous working conditions. And if the benefits of growth are mainly seized by the more powerful groups in the formal economy, growth can result in dualistic economies, with most of the population left behind in the informal sector and vulnerable to external shocks. Also, rapid growth often comes with large environmental footprints.

A robust growth strategy in this new era will require a fresh approach towards export-led growth. Many countries will be looking to export-led growth, connected to trade, foreign direct investment (FDI) and technology. But with external market conditions becoming more competitive, a razor-sharp focus on competitiveness and diversification becomes even more essential. At the same time, workers should also benefit from fair-wage policies and employment rights, along with skills development and training. Connecting export industries, particularly those in free trade zones, with the domestic economy can invigorate local industries and services. While countries like Bangladesh, **Cambodia**, the Philippines and Viet Nam have made progress in this direction there is ample room for more.

At the same time, all countries can maximize the potential of domestic markets. This is particularly important in larger countries. National and local governments can smooth internal trade by harmonizing regulations and improving transportation, while encouraging subnational specialization in particular goods or services. In many Asia-Pacific countries, most workers remain on the periphery of formal economies, with little institutional support, social protection, or opportunities for training. Governments can improve productivity and workers' rights by enabling more people to join the formal workforce, while also improving informal sector livelihoods. It is also vital to dismantle gender barriers and ensure equal opportunities for women. Beyond upholding the basic rights of half of the region's population, this move offers substantial economic advantages. It enables countries to harness an underutilized talent pool, with skill, and entrepreneurial spirit.

In Asia and the Pacific, countries can latch onto four key areas of opportunity.

- *Manufacturing* – Over the past two decades, the contribution of manufacturing to national economies has been falling as many countries have steadily deindustrialized. This could be deemed as premature. Manufacturing can have side-effects that require attention, such as lax labour standards, or environmental hazards, or the creation of enclaves. But it can still bring many benefits, with linkages to trade and innovation. For many countries in the region, industrialization still holds promise, even if it may require pursuing different industrial pathways.
- *Services and agriculture* – Technological change has been blurring traditional distinctions between services and manufacturing, and also between services and agriculture. To maximize productivity, 'agriculture 3.0' makes full use of GPS and other digital and biochemical technologies, and increasingly relies on inputs from manufacturing and from providers of services. There are thus opportunities at the intersection of all three sectors.
- *The green, blue and purple economies* – In the green economy, the need for decarbonization creates opportunities to innovate in value chains and infrastructure and adapt, for example, to the EU's Carbon Border Adjustment Mechanism. In the blue economy, the region's rich marine resources can be optimized and sustained through new technology and investment – which is especially important for Small Island Developing States as well as for countries with long coastlines. In the purple (care) economy, girls and women typically spend long hours on unpaid care and household work. But there should also be opportunities for commercial or state provision that is not biased by gender and will free women for greater economic and political participation.
- *Frontier technologies* – Rapid technological advances in a variety of fields are transforming manufacturing industry, lowering entry barriers and allowing firms in the Asia-Pacific region to produce complex, higher-value products such as electric vehicles, storage batteries, solar panels, pharmaceuticals, or smartphones. In addition to assembly, firms are integrating

backward into the manufacture of parts and into R&D, and forward into services that augment the value generated by industry taking advantage of digital technologies that are sweeping through the services sector.

All these areas should help meet the aspirations of younger generations. Manufacturing will remain a crucial source of growth and employment for young people in lower- to middle-income nations, especially in light- and medium-tech domains. But manufacturers also need to pivot to low-carbon options, which will add to costs and uncertainties. Opportunities for employment will depend on the composition of demand, the rate of technological evolution, and the quality of workforce skills. Some workers can also be expected to migrate overseas to make the most of their potential.

Alongside people-centred measures, focused on such areas as education and skills, several policy priorities emerge to safeguard growth and spur job creation. Effective leadership and governance form the foundation. Macroeconomic stability requires fiscal discipline and affords flexibility to pursue reform. And to tap into markets created by the region's booming middle classes, governments and industry will need greater external focus – seeking to deepen regional trade ties while also fostering connections at the global level. Streamlining business processes, reforming state enterprises, and fostering start-ups and entrepreneurship remain essential for market competitiveness. Techno-industrial strategies should promote innovation, prioritize market cues, permit firm exits, and consider environmental impacts.

To spark the spirit of change and put new ideas into practice, greater focus is needed on the politics of reform and the effectiveness of delivery systems

The preceding recommendations are only as potent as the actions taken to bring them to life. Proactively 'making our future' will need greater emphasis on the politics of reform and the design of effective delivery mechanisms – tasks which are more difficult at a time of democratic backsliding, rising populism and polarization, and declining citizen trust in public institutions. Policy makers also need to engage with social media and deal with information pollution.

The leap from strategy to action will also require a shift

in mindset among leaders and communities, as well as stronger institutions for implementation. Genuine transformation will rely on thoughtful consideration and attention to practicality, as well as on the capacity to make strategic course corrections. As demonstrated during the pandemic, governance has to adjust rapidly to the needs of the moment and execute necessary course corrections.

Governance that is fit for the future reflects an aspiration, yet it is no utopia. It is a journey, a process of continuous learning, experimentation, and improvement. While the region boasts a spectrum of governance structures, all will benefit from mechanisms that are adept at implementing the necessary course corrections to tap into the opportunities of tomorrow.

Future-fit governance systems will need three main characteristics:

- *Anticipation* – Foreseeing potential challenges, opportunities, and changes in the environment, by picking up on a range of signals and imagining different scenarios.
- *Adaptability* – Being able to adapt to new information, changing conditions or shifting priorities – through iterative approaches based not just on learning, but also unlearning.
- *Agility* – Responding quickly to new information or unexpected events by redirecting resources, based on close collaboration across agencies and engaging citizens in budgetary decisions.
- Civic engagement – Active citizenry and multi-stakeholder partnerships can ensure diverse perspectives, promote social cohesion and solve problems at the grassroots level. In addition to traditional forms of engagement, citizens can now participate through platforms for e-governance and innovation.

And in the face of inertia, it is also important to spark the spirit of change, through:

- *Nurturing political will* – Political leaders or decision-makers may be unsure about venturing in new directions, or feel they lack knowledge and capacity to create new narratives. In this case they can benefit from ‘strategic accompaniment’ by well-placed and competent advisors who can provide sustained and evidence-based advice.
- *Collaborative leadership* – This will be necessary to bridge gaps and build consensus around crucial policies. It can be based on insider mediation to resolve conflicts and facilitate conversations between competing groups.

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Each country will choose its own solutions, but all will benefit from an integrated approach. Swift economic growth will not suffice. Nor will promoting human development at the expense of growth. In addition, no strategy will succeed without accompanying actions to bring it to life. Countries can instead employ all three components of the proposed approach: mainstreaming human development; recalibrating growth, and making change happen. **Cambodia** is at historic juncture as it gears itself for graduation as least developed country and is laying the foundations for its ambitious development targets of becoming upper middle-income by 2030 and upper income by 2050, as stipulated in the Pentagonal Strategy Phase I 2024-2028. Recent growth has been remarkable, but it is insufficient to fuel these high ambitions. There is a window of opportunity to build a stronger and more resilient growth generating process that prioritizes human development while remaining committed to a healthy environment and careful stewardship of the planet for current and future generations.

The Asia-Pacific region wields a significant influence over global development outcomes and prospects. Our hope is that this Report not only reimagines our approaches to reignite the momentum of human development in the region, but also inspires the same, for other regions and countries across the world – Achim Steiner, UNDP Administrator.

Link to full report: <https://www.undp.org/asia-pacific/publications/making-our-future-new-directions-human-development-asia-and-pacific>

Making Our Future New Directions for Human Development in Asia and the Pacific

2024 Regional Human Development Report

Asia and the Pacific has been a strong performer in human development. Yet, hidden beneath the surface are stark disparities, and in recent years, along with the rest of the world, the region has been subjected to significant disruptions.

Now Asia and the Pacific faces three major clusters of risk. First, the existential threats from climate change and pandemics. Second, new trends in globalization and in demographic and technological change that are reshaping economic growth and job creation. Third, the threats from democratic backsliding, rising populism and polarization.

Making our Future considers how the region can address these risks and make further advances in human development. For this, it can build on two proven paradigms – those of human development and export-led growth. Both originated in Asia and the Pacific, and they remain rich sources of ideas and inspiration.

But they need to be adapted for a new era. The *Report* shows how countries in the region can revitalize their development strategies to close existing gaps and boost human security, with an unrelenting focus on governance and the politics of reform.

As the world's most populous region, and an economic powerhouse, Asia and the Pacific has significant weight in global development. So new ideas for reigniting human development in this region will also have major implications for the world as a whole.



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