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Summary of the Asia-Pacific Countries with Special
Needs Development Report 2018

Note by the secretariat

Summary

On the 100th anniversary of the end of the First World War, and 72 years after the founding of the United Nations – which, according to the preamble of the Charter of the United Nations, was created to save succeeding generations from the scourge of war – conflict continues to impact the Asia-Pacific region. Undermining development successes, the inability to sustain peace is thwarting the pursuit of sustainable development in the region.

Conflicts are multidimensional in their causes and impacts. While the General Assembly in its resolution 70/262 and the Security Council in its resolution 2282 (2016), of April 2016, emphasize that sustaining peace is a shared task and responsibility that needs to be fulfilled by the Government and all other national stakeholders and should flow through all three pillars of the United Nations engagement at all stages of conflict, the 2030 Agenda for Sustainable Development includes as Sustainable Development Goal 16 the aim of promoting peaceful and inclusive societies for sustainable development.

The present document is based on Asia-Pacific Countries with Special Needs Development Report 2018. The multidimensional linkages between peace and sustainable development are analysed and an attempt is made to categorize policy recommendations that support the 2030 Agenda and maintain peace and prevent conflict. In doing so, the focus is on countries with special needs, since the structural development challenges that they face, in combination with their limited capacities and in many cases limited resources, make them particularly vulnerable to conflict. It is suggested in the document that the Economic and Social Commission for Asia and the Pacific (ESCAP) could strengthen the nexus between development and peace through further research on the underlying causes of vulnerability of countries in the region, and that ESCAP could also support countries in strengthening their capacities in economic, social and environmental areas to sustain peace and reduce their vulnerability to conflict.

The Commission may wish to take note of the document and provide further guidance to the secretariat on issues identified herein.
I. Introduction

1. The United Nations was founded in the aftermath of the Second World War with a determination “to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind”. On the 100th anniversary of the end of the First World War, in 2018, the world has largely been successful in reducing the incidence of war between countries, or inter-State conflict. However, in recent decades an increasing number of armed conflicts has taken place within countries, constituting intra-State conflict. Marring the significant development that has taken place since, such incidences of armed conflict unravel decades of development gains and are extremely costly to the achievement of sustainable development. For instance, abstracting from the more than 167,000 persons that lost their life in conflict in 2015, the estimated economic impact of losses from armed conflict reached $1.04 trillion globally in that year. Furthermore, by weakening institutional mechanisms and infrastructure, conflicts also pose severe impediments to the pursuit of development.

2. Three key reviews of the United Nations undertaken in 2015 noted that violent conflict was a central challenge for development, and highlighted the importance of sustaining peace. In April 2016, the General Assembly and the Security Council adopted parallel resolutions in which they underscore the importance of peacebuilding before conflict arises, recognizing that “sustaining peace” should be broadly understood as a goal and a process to build a common vision of a society which encompasses activities aimed at preventing the outbreak, escalation, continuation and recurrence of conflict, addressing root causes, assisting parties to conflict to end hostilities, ensuring national reconciliation, and moving towards recovery, reconstruction and development. These resolutions are fundamentally important as they are premised on the conviction that sustaining peace is a shared task and responsibility that needs to be fulfilled by the Government and all other national stakeholders, and should flow through all three pillars of the United Nations engagement at all stages of conflict. In the 2030 Agenda for Sustainable Development, this commitment is reaffirmed, and it is emphatically stated that there can be no sustainable development without peace and no peace without sustainable development.

3. Such commitments also reaffirm that efforts to build and sustain peace must be nationally driven and that the primary responsibility for identifying, driving and directing priorities, strategies and activities for sustaining peace lies with national Governments. This emphasis is particularly relevant as confrontations today primarily take the form of intra-State conflicts involving non-State groups – such as secessionist movements and ethnic and religious

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1 Preamble of the Charter of the United Nations.
2 The Uppsala Conflict Data Programme (http://ucdp.uu.se) defines an armed conflict as a contested incompatibility that concerns government and/or territory over which the use of armed force between the military forces of two parties, of which at least one is the Government of a State, has resulted in at least 25 battle-related deaths each year. In inter-State conflicts, both primary parties are State Governments; in intra-state conflicts, only one party is a State Government.
3 For comparison, the United Nations received an appropriation of $7.86 billion for its 15 peacekeeping operations for the 2016/17 fiscal period.
4 These reviews were (a) the Global Peace Operations Review, (b) the 2015 review of the United Nations peacebuilding architecture and (c) the global study on the implementation of Security Council resolution 1325 (2000).
5 General Assembly resolution 70/262 and Security Council resolution 2282 (2016).
clashes – rather than inter-State confrontations. Prevention in the twenty-first century is therefore increasingly dependent on the ability of national Governments to foster balanced, subnational development that spurs an upward spiral of mutually reinforcing peace, State-building and sustainable development outcomes. Yet, given the growing economic and political interconnectedness and interdependence between and among countries, concerted efforts to tackle such conflicts and sustain peace at the regional and international levels are also needed, as conflict in one country can have unintended consequences on its immediate neighbours as well as further afield.

4. Conflicts are multidimensional in their causes and impacts. Economic development, social inclusiveness and environmental sustainability are therefore critical to provide a foundation for peace. In its boldest agenda for humanity to date – the 2030 Agenda for Sustainable Development and its pledge to leave no one behind – the international community has recognized this multidimensional nature. In addition to Sustainable Development Goal 16, several targets across the 2030 Agenda are directly related to violence, justice or inclusivity, including aspects of Goals 4, 5, 8, 10 and 11. The Security Council, in its resolution 2282 (2016), reinforces that vision by stating that development, peace and security, and human rights are interlinked and mutually reinforcing.

5. While visible cases of armed conflict are concentrated in a few countries with special needs, it is important to recognize that the absence of armed conflict does not imply that a society is operating at the frontier of peaceful conditions. The underlying factors that increase the likelihood of armed conflict can be present in countries that currently are not experiencing conflict. Thus, durable peace requires the strengthening of underlying structural factors that minimize the risks of conflict, such as by reducing rates of extreme poverty and tackling socioeconomic inequalities, as well as by strengthening governance and institutional frameworks. Such factors are the building blocks of sustainable development as they encompass its three dimensions (social, economic and environmental), implemented through an accountable, just and transparent institutional framework.

6. In the present document, the multidimensional linkages between peace and sustainable development are analysed. Some cross-cutting elements are distilled and some instrumental risk factors are identified that structurally increase the likelihood of armed conflict, with a focus on economic, social and environmental aspects only and without analysing the aspects related to political factors and humanitarian affairs. Institutional bridging conditions and immediate triggers of armed conflict are also studied.

7. In the document, the focus is on countries with special needs – comprising least developed countries, landlocked developing countries and small island developing States – which are more susceptible to armed conflict and insecurity than other countries owing to their lack of national capacities and policy space. For one, these countries are confronted with significant structural impediments to development, including lack of direct territorial access to the sea, translating into remoteness and isolation from world markets, for landlocked developing countries; the geographic isolation and lack of

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6 Goal 4 (Ensure inclusive and equitable quality education and lifelong learning opportunities for all); Goal 5 (Achieve gender equality and empower all women and girls); Goal 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all); Goal 10 (Reduce inequality within and among countries); and Goal 11 (Make cities and human settlements inclusive, safe, resilient and sustainable).
economies of scale of small island developing States, where climate change threatens their very existence; and the lack of productive capacities, which stands out among the plethora of development challenges of least developed countries. Additionally, these countries face significant resource constraints. The resulting combination of these factors translates into a high level of vulnerability to economic and environmental shocks, which makes these countries relatively more fragile and susceptible to armed conflict.

8. This document is structured as follows. In section II, the context is set by means of an overview of linkages between sustainable development and peace and a description of the landscape of conflict in Asia-Pacific countries with special needs. In section III, the structural dynamics of conflict are presented through the identification of risk factors, bridging conditions and triggers of conflict. Channels are also explored through which the underlying elements increase the likelihood of conflict. Section IV concludes with recommendations.

II. Peace and sustainable development

9. Peace is a necessary and foundational requirement for sustainable development. Acknowledging the nexus between development and peace, Goal 16 is concerned with nurturing peaceful, just and inclusive societies to offer an environment that supports conflict prevention and allows for the uninterrupted, effective and efficient implementation of sustainable development. Indeed, countries that can sustain peace and mitigate the risks of armed conflict also tend to be more developed, while countries that are affected by repeated cycles of political turmoil and violent conflicts generally tend to perform worse in terms of development (figure I). For instance, Cambodia, a post-conflict least developed country, witnessed a stagnant and even regressing human assets index during its conflict, with measurements improving steadily after the end of conflict in 1998. War-torn Afghanistan currently reports the lowest human assets index scores in Asia and the Pacific and one of the lowest in the world, although there has been noteworthy progress, primarily owing to significant levels of official development assistance (ODA) that have been channelled to the social sectors. In Nepal, the decade-long internal armed conflict, which had a significant rural dimension, impeded rural development outcomes.

10. Abstracting from the complex historical and political underpinning of conflict, one can intuitively trace the mutually reinforcing linkages between peace and sustainable development. For example, minimizing the risk of conflict can attract more long-term investment, thereby creating jobs and allowing for long-term productivity growth. A stable and vibrant economy in turn can increase the opportunity cost of conflict, just as improved social outcomes such as education attainment, health and poverty alleviation policies mitigate the risks of conflict through multiple interlinked development channels. Environmental sustainability in the form of inclusive and conscious access policies to natural resources, disaster preparedness and conservation efforts can also minimize the risks of conflict by ensuring fairness, sustainability and resilience to the shocks of natural or human-caused disaster.

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7 The human assets index is one of three criteria used to determine a country’s status as least developed country. It is a composite measure of countries’ attainment in the social indicators of undernourishment, literacy, under-5 mortality and gross secondary enrolment ratios. In 2015, Afghanistan scored 43.1, against a least developed country average of 51.5 and a developing country average of 75.2.
When such outcomes are achieved, countries tend to witness an upward spiral of peace and sustainable development.

Figure 1

**Human development and State fragility**

![Graph showing the relationship between human development index and fragile states index](image)


*Note: The aim of the fragile States index is to capture the vulnerability of States to collapse based on indicators that can be broadly categorized into social, economic and political factors. While in the present document reference is primarily made to the Index for Risk Management as a comprehensive measure of risk, other indices may be included to demonstrate that the relationships are independent of the Index.*

11. Conversely, conflict unravels development gains by destroying physical capital and infrastructure, thereby impeding economic activity and harming social development. By contributing to the informalization of employment and narrowing the taxable base, conflict leads to a deterioration of fiscal space, which depresses socioeconomic investments in conflict-afflicted countries. Compounded by potentially greater public expenditure for defence and security and given additional burdens of delivering public services through institutional channels in fragile settings, socioeconomic vulnerabilities can increase, which may increase further the propensity for conflict. As a result, conflict-affected countries can easily spiral into more intense conflict. Countries in conflict also face greater challenges in delivering relief to civilians afflicted by environmental hazards. This was evident in the wake of the destruction left by Cyclone Nargis in Myanmar in 2008, where earlier sanctions on the Administration had to be lifted to deliver humanitarian aid to a severely capacity- and resource-constrained member State.
12. A high degree of association between the capacity of countries to pursue the 2030 Agenda and their rankings in various indices related to conflict further illustrates this mutually reinforcing relationship. For instance, the Index for Risk Management captures three dimensions of risk, which resonate with almost every Sustainable Development Goal: (a) exposure to both natural and human-made hazards; (b) socioeconomic vulnerability and susceptibility of communities to those hazards; and (c) institutional and infrastructure capacities to address disasters and violent conflicts. Thus the 2030 Agenda offers integrated architecture to tackle the root causes of conflicts by recognizing the interdependence between the economic, social and environmental dimensions of sustainable development through a range of thematic and sector-specific Goals, targets and indicators. Harnessing the synergies and complementarities across the 2030 Agenda can also contribute to the type of holistic development that nudges nations onto an upward trajectory of durable peace and sustainable development.

**Conflict in countries with special needs**

13. Across the Asia-Pacific region, risk levels and their drivers vary considerably. From the currently low-risk Central Asian landlocked developing countries that have recently become recruiting grounds for extremist groups to the relatively high-risk least developed countries in South Asia, a dynamic and contextual assessment of the landscape is necessary for an informed set of policy actions. The inherent latency of conflict also suggests that a static view of the context, both within and outside of the country and/or region, is not adequate as a singular event, if unresolved, can also have destabilizing consequences. For instance, although Maldives is ranked in the Index for Risk Management as a low-risk country, current domestic policy uncertainty and social instability could suggest a different risk classification despite strong underlying macroeconomic fundamentals. Given the structural vulnerabilities, such as the small base of the economy, any changes in the status quo could thwart development progress.

14. While the socioeconomic vulnerabilities and limited coping capacities of countries with special needs suggest that they should be susceptible to conflict, not all countries exhibit high risk levels as categorized by the Index for Risk Management. For example, under the index, 11 countries in the region are identified as crossing the high-risk threshold, with Afghanistan displaying very high risk levels (figure II). Two other least developed countries (Bangladesh and Myanmar) and a small island developing State (Papua New Guinea) are also classified as high risk. Other Asia-Pacific developing countries are not necessarily less risky than countries with special needs, and also display fragility. These include larger countries such as Pakistan, India, the Philippines, the Democratic People’s Republic of Korea, Turkey and the Islamic Republic of Iran, which have all been classified as high-risk countries based on three dimensions of the Index for Risk Management database. Similarly, not all countries with special needs display high risk levels: landlocked developing countries such as Kazakhstan and Turkmenistan, least developed country Bhutan and many small island developing States are classified as low risk. The complexities associated with assessing risk levels and their contributing factors become more evident given that some of the socioeconomically well-developed and low-risk countries in Central Asia are recording an increasing number of non-State armed groups, particularly considering the longer-term implications to socioeconomic stability should these groups return home from combat and possibly fuel radicalism further.
15. The sudden rise in the number of conflicts in the vulnerable context that many countries with special needs face can exacerbate their already formidable structural impediments to development. An understanding of the dimensions that make these countries more susceptible to conflicts in addition to their existing predicaments, is therefore critical to ensuring that the global programmes of action for these groups of countries can be implemented without the risk of backtracking, especially in the context of their national sustainable development plans.

Reported conflict incidents in Asia-Pacific countries, by group, 1989–2016


Note: A significant share is attributed to State-based conflicts. These are clashes where at least one of the perpetrators is the State.

16. Based on data from the Uppsala Conflict Data Programme (2017), a significant majority of conflicts in Asia-Pacific countries are increasingly concentrated in countries with special needs, more specifically in least developed countries where State-based conflicts are predominant (figure III). However, these are primarily concentrated in Afghanistan and Myanmar, where more than 90 per cent of cases occur. Yet, the underlying structural drivers of conflict are particularly pronounced in other countries with special needs and their lack of capacity to prevent outbreak or escalation draws attention to the inherent latency of conflict in these countries. Moreover, once a conflict breaks out, it can quickly escalate to destabilizing levels, thus warranting continuous and comprehensive surveillance of these drivers with their complex interlinkages. For instance, in Nepal although progress in alleviating the underlying socioeconomic parameters was slow, armed conflict did not erupt till 1996, following which it evolved into a nationwide uncertainty that severely disrupted several decades of development gains.

17. This is further substantiated by the diverse risk profiles displayed by countries with special needs and other developing countries at the disaggregated level of the Index for Risk Management (figure IV). While least developed countries exhibit the highest levels of vulnerability, they also face the greatest lack of coping capacity, which exacerbates their current situation. The other three groups (landlocked developing countries, small island developing States and other Asia-Pacific developing countries) show similar scores on average, whereas their risks are driven by different factors: other Asia-Pacific developing countries are exposed to the highest level of hazard and exposure, while having the strongest coping capacity; small island developing States face the lowest level of hazard (possibly a reflection of the fact that climate factors are not included in Index for Risk Management) but are second to least developed countries in terms of vulnerability and lack of coping capacity; and landlocked developing countries have a relatively high level of hazard and a weak coping capacity. Although the risk levels of countries with special needs have generally been trending downward in recent...
years, the latency of conflict and the risk of escalation to destabilizing levels once a conflict is triggered warrants continued emphasis on putting people first and leaving no one behind in subnational-level development programmes.

Figure IV

**Index for Risk Management for Asia-Pacific countries, by indicator**

![Graph showing risk indices](image)

- Least developed countries
- Landlocked developing countries
- Small island developing States
- Other Asia-Pacific developing countries

*Source:* ESCAP, based on Inter-Agency Standing Committee and European Commission, Index for Risk Management (see figure II).

*Notes:* Least developed countries display higher risk levels across the two indicators of vulnerability and lack of coping capacity. The higher average risk levels of other Asia-Pacific developing countries are influenced by countries such as Pakistan, India, the Philippines, the Islamic Republic of Iran and Turkey.

III. **Risk factors, conditions and triggers of conflict**

18. Intra-State conflicts in countries with special needs have arisen from a combination of factors: besides historical, cultural and political motivations, these often include unequal opportunity of employment across ethnic groups, limited political representation of minorities, a rich natural resource endowment, and environmental hazards that have unequal and differentiated impacts on different social groups. The Bougainville Civil War in Papua New Guinea serves as an example of this. These conflicts are also often exacerbated by an environment that is favourable to the building of rebel organizations, including factors such as high levels of unemployment and extreme poverty, especially among young people, and financial support from allies, either domestically or in neighbouring States. Inter-State conflicts in countries with special needs could involve armed conflicts across various groups, including non-State actors, owing to territorial disputes and wars against terrorism, landholdings and forms of discrimination.

19. Notwithstanding the idiosyncratic nature of conflict, several socioeconomic and environmental characteristics have been identified as common features of conflict-prone countries. Prominent ones include levels of extreme poverty, income and social inequalities, weak prospects of employment and weak social protection coverage. The table shows that countries at higher risk of conflict also perform worse on almost all selected indicators. For instance, conflict-prone countries often have limited fiscal
space and lack of foreign direct investment. They are also characterized by lower levels of export diversification, typically owing to high dependence on natural resources or production concentration in low value added sectors that mostly employ unskilled workers.

**Selected socioeconomic indicators for countries with special needs, average, by Index for Risk Management risk classification**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Index for Risk Management risk classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita (current United States dollars, 2016)</td>
<td>1,269 2,459 6,436</td>
</tr>
<tr>
<td>Poverty rate (working poor population living on less than $1.90 a day, percentage of total employed population, aged 15 years and above, 2016)</td>
<td>35.8 10.5 3.8</td>
</tr>
<tr>
<td>Social protection coverage (employed population covered in the event of work injury, percentage of total employed population, 2013–2016)</td>
<td>7.8 30.4 47.2</td>
</tr>
<tr>
<td>Public health expenditure (percentage of government expenditure, 2015)</td>
<td>9.1 10.6 12.5</td>
</tr>
<tr>
<td>Tax revenue (percentage of GDP, 2016)</td>
<td>12.0 18.8 18.2</td>
</tr>
<tr>
<td>Foreign direct investment inflow (percentage of GDP, average 2011–2015)</td>
<td>0.6 4.4 6.2</td>
</tr>
<tr>
<td>Access to infrastructure (ESCAP access to physical infrastructure index, 2015)</td>
<td>0.17 0.28 0.38</td>
</tr>
<tr>
<td>High-tech value exports (percentage of manufactured exports, average 2011–2015)</td>
<td>4.3 13.5 10.8</td>
</tr>
<tr>
<td>Export diversification index (2016, higher values indicate lower diversification)</td>
<td>0.81 0.78 0.76</td>
</tr>
</tbody>
</table>


**Note:** Countries with special needs in the very high or high risk classification include Afghanistan, Bangladesh, Myanmar, Nepal and Papua New Guinea; countries with special needs in the medium risk classification are Armenia, Azerbaijan, Cambodia, the Federated States of Micronesia, Kiribati, Kyrgyzstan, the Lao People’s Democratic Republic, the Marshall Islands, Mongolia, Solomon Islands, Tajikistan, Timor-Leste, Tuvalu and Vanuatu; and those in the low risk classification are Bhutan, Fiji, Kazakhstan, Maldives, Nauru, Palau, Samoa, Tonga, Turkmenistan and Uzbekistan.

**Abbreviation:** GDP, gross domestic product.
20. Although these common features are not decisive causes of conflicts, they may be linked to underlying structural elements that would increase the likelihood of violent conflict and thus be defined as risk factors of violent conflict. Risk factors discussed in the present document include extreme poverty, inequality between individuals, inequality between culturally defined groups, and natural resources. Violence is more likely when multiple risk factors converge. Furthermore, the existence of risk factors does not necessarily translate into violent conflicts. Rather, it usually takes certain bridging conditions and triggers for risk factors to develop into actual armed conflict and violence. This is particularly the case when levels of governance are poor. Indeed, better governance is associated with lower levels of conflict risks and vulnerabilities. For example, fears of extreme poverty and heightened vulnerability of employment could cause social unrest and violence if a Government fails to deliver basic needs, social protection or economic safety nets to protect its people and communities from adverse impacts.

21. The risk factors, whether socioeconomic or environmental, are structural and lasting, as are the institutional bridging conditions. These factors create a potentially explosive situation where the imbalances and economic and political grievances are omnipresent and in which immediate external incidents or triggers could spark a violent conflict. Some of the common triggers are political instability in neighbouring countries, natural disasters, climate change and economic shocks, including commodity price shocks and terms of trade volatility. For example, ethnic conflict over political power may turn violent if one side is triggered to take violent actions by political events in neighbouring countries.

**Economic factors**

22. Poverty is one of the economic risk factors and the most important structural element that fuels intra-State conflict, as it increases individuals’ incentives for joining non-State actors or groups as opposed to remaining in impoverished societies. It also provides favourable conditions for rebel organizers and secessionist groups, as it is less costly to recruit disadvantaged and marginalized people than wealthy people. While poverty does not trigger conflict, it can increase the likelihood of the onset of conflict. A high poverty incidence, lack of employment opportunities and chronic landlessness, particularly in rural and remote areas, are key factors that could lead youth to join non-State forces in armed conflict.

23. Conflict in turn perpetuates poverty by destroying physical and human capital, impeding investment and innovation and permitting weak institutions. Between 1991 and 2015, about half of reported localized conflict incidents and two thirds of deaths caused by these incidents occurred in countries in which more than 10 per cent of the population lived in extreme poverty. In countries with special needs, 80 per cent of incidents and 87 per cent of deaths have occurred in six countries with poverty rates of more than 10 per cent.8 Indeed,
there is a strong association between extreme poverty rates and Index for Risk Management scores. Thus, poverty rates are low, mostly single-digit, in countries with low Index for Risk Management scores (figure V).

24. With the presence of economic grievances from extreme poverty and the lack of employment opportunities, a violent conflict can be triggered by sudden economic shocks, such as food price shocks and terms of trade volatility. Changes in food prices in either direction can disrupt food security and affect the onset of violent conflict, particularly in countries where rates of poverty are high, as is the case in many countries with special needs. A positive shock to food prices, while favouring producers, will penalize consumers. A sharp drop in food prices can also trigger conflict by damaging the livelihood of poor people whose income is dependent on agricultural products.

Figure V

Poverty and Index for Risk Management


Note: Poverty rates refer to the averages over the period 2012–2016 of the working poor population living on less than $1.90 a day (2011 purchasing power parity) as a percentage of the total employed population, aged 15 years and above.

Social factors

25. Inequality of opportunities in terms of employment, and access to health, education and other basic social services are key drivers of a wide range of forms of conflict, especially those across culturally defined groups, such as ethnicity and religion. Inequalities negatively impact social cohesion, weaken political institutions and lead to instability, which, in turn, can facilitate rent-seeking, deter foreign investment and impede the domestic consensus. In societies where inequalities abound, collective action is undermined by the pursuit of the vested interests of individuals and/or some groups. For example, expanding inequality of opportunities has contributed to the growing influence of extremist groups, especially among the youth in rural regions. For countries
with special needs, available data indicate that higher levels of social inequality tend also to bear higher risks of instability as measured by the Index for Risk Management.

26. There is also increasing recognition that gender equality and the elimination of gender-based violence and discrimination are critical to building more peaceful, inclusive and equitable societies. Economic marginalization based on gender is reflected in limited opportunities for employment and decent work, a persisting gender wage gap, underrepresentation in most leadership and decision-making roles, and concentration in low-status, low-paid and poorly regulated occupations. The prevalence of gender-based violence is a particularly disturbing manifestation of women’s inequality in several small island developing States, among others, where studies reveal high levels of domestic violence and child abuse.

27. The politicization of ethnic divisions, including those involving faith, is also an important social risk factor for violent conflict. Indeed, most of the violent conflicts in countries with special needs have had an element of ethnicity, which is exploited by non-State actors – either internal or external – and often compounded by conflicting economic incentives across social and political groups. However, there are also many ethnically diverse countries that have continued to live in peace and harmony. One of the common features of such countries is that structural divisions between geographic regions or ethnic or religious groups do not coincide with income inequality or inequality of opportunities.

28. Migration is an important phenomenon with both political and economic dimensions and developmental consequences. It can be both a factor in the promotion of economic growth and stability through the accrual of remittance flows at the national level owing to external migration, and a risk factor for conflict owing to the pressures of labour movement from rural to urban areas. In particular, external migration flows of skilled and low-skilled workers can promote economic stability in countries such as Bangladesh, Tajikistan and Tonga, as they provide additional labour supply in recipient countries. They can also reduce the potential for conflict in countries of origin where population growth is rapid or where employment opportunities are insufficient. Remittances constitute an important source of finance for development in recipient countries and can alleviate pressures for conflict by reducing poverty. For example, remittances are estimated to have reduced the national poverty rate by 6 to 7 percentage points between 2010 and 2013 in Kyrgyzstan, while Nepal saw a surge in remittances following the 2015 earthquake.

29. Internal migration as a cause of a conflict can also be directly related to the process of urbanization and the movement of labour between agricultural and non-agricultural jobs, as these increase pressure on social and physical infrastructure and spark concerns over integration, and competition for land and resources. However, it can be a force for enhanced growth and equitable subnational development, as in the case of Bangladesh and Cambodia.


Environmental factors

30. The link between natural resources and conflict is a multilayered and complicated one. While abundance of natural resources may foster development owing to potential revenue streams, rich endowment in natural resources can also increase the risk of violent conflict. One reason is that resource-rich economies are usually less diversified and tend not to have strong labour-intensive services and manufacturing. Indeed, natural resource rents in countries whose risk classification is high are significantly higher in terms of gross domestic product than in countries with medium and low risk. This gap has in fact increased over time as high-risk countries have become more dependent on natural resources, whereas the levels of dependency of other countries have remained constant over the past three decades.

31. Conflict can arise over competition over resources or unfair distribution of rents. This is partly because many resource-rich countries have weak institutional capacity relative to their levels of per capita income and may be unable to distribute their resource rents evenly, thus causing social grievances that lead to armed conflict. In Timor-Leste, the absence of an effective legal framework to determine land ownership and resources usage rights, among other factors, fuelled communal violence in 2006–2007.

32. Dealing with the exploitation of renewable, scarce natural resources can pose additional risks of conflict. For instance, access to water can risk intra- and inter-State conflict. While water alone has rarely acted as a source of violent conflict, rapid population growth and the impact of environmental deterioration and changing climate have made fresh water scarce and valuable and may drive people or States to fight over access. In North and Central Asia, for instance, tensions surrounding access to water are high. Insufficient water supply can also cause social unrest and mass migration and exacerbate conditions that can lead to violent conflict.

33. Natural disasters can trigger and aggravate social conflict. While the obvious outcome of natural disasters is physical damage, disasters can further bring about conflicts by exacerbating poverty and uprooting people, especially in the absence of disaster risk reduction measures. Many countries with special needs, especially small island developing States, are highly vulnerable to events related to extreme weather. For some of the smaller economies, the loss and damage from a single event could exceed annual output. In fact, approximately 70 per cent of reported conflict incidents in the Asia-Pacific region occurred within earthquake hazard areas and approximately 84 per cent of reported incidents occurred within drought-affected areas.\(^{11}\) This association exists partly because disasters trigger conflict risks originating from poverty and inequality. For one, poor people who are forced to live in disaster-prone areas are the most likely to lose their livelihoods from disasters. In addition, underprivileged groups may face unequal distribution of aid, which can exacerbate tensions.

34. It is likely that climate change may also contribute to increasing tensions and conflict in the region. Climate change will usher in increasing incidences of saltwater intrusion, prolonged heavy rainfall and flooding, increased temperatures, droughts and more violent tropical cyclones. Physical changes associated with climate change can also lead to disruption of water resources, declining crop yields and food stocks, reduced fisheries, severe disease

\(^{11}\) ESCAP “Natural disasters and conflict in Asia-Pacific: issues of co-relation and contiguity”, working paper of the Information and Communications Technology and Disaster Risk Reduction Division, Bangkok, 2017.
outbreaks and increased numbers of refugees and internally displaced persons. These factors will potentially trigger conflicts, particularly over access to resources and in relation to migration, as climate change may induce the movement of people, a situation that is very real to small island developing States.

**Institutional and political factors**

35. Spillover effects of political events which lead to violent conflicts are a common phenomenon. This is particularly the case when countries share geographic proximity, a history of interaction, and similar institutional and systemic arrangements. These spillovers may have a significant impact on the development trajectories of States, as they influence their organization, functioning and capabilities. For instance, the recent intercommunal instability in Rakhine State, Myanmar, is having a development impact on neighbouring Bangladesh, as demonstrated by the influx of a very large number of refugees. Similarly, the conflict in Afghanistan is adversely impacting security and development in neighbouring Pakistan.

36. As for bridging conditions, violent conflict generally does not take place if a country has a framework of viable rules that govern the allocation of resources and a peaceful settlement mechanism for potential grievances, even with the existence of large resource rents. Weak institutions and widespread corruption, especially among the elite, are a crucial element in explaining the development of a dissident organization and the realization of violent conflict. The onset of the various internal armed conflicts is often preceded by years of political factionalism, lack of socioeconomic opportunities and weak institutions, which have been unable to address the diverging aspirations and expectations of the population and the plight of poor people.

37. In this context, good governance is critical in preventing violence through its impact on resolving disputes over socioeconomic risks such as extreme poverty and inequality of opportunity. Good governance can significantly impact the level of social protection and health and education outcomes and improve the quality of infrastructure because of its critical role in ensuring the efficiency and effectiveness of public spending.

38. Good governance can facilitate compromise between competing groups by providing opportunities for transparent information exchange for a dialogue and negotiation. It also ensures the enforcement of commitment decisions of State institutions intertemporally: if a State decides not to follow a previously agreed resource management system owing to a change in the country’s political interests and economic priorities, the natural resource risk could then become conflict.

39. In sum, conflict risks in countries with special needs are rooted in a range of factors: from poverty to inequality of opportunity, resources and movements of people. While poverty reduction and economic growth are important, social inequality and exclusion around access to opportunities, basic social services

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13 *Economic and Social Survey of Asian and the Pacific 2017: Governance and Fiscal Management* (United Nations publication, Sales No. E.17.II.F.8).
and infrastructure, especially across gender as well as across different ethnicities and religions, play a key role in modern intra-State conflicts.

40. Governments are primarily responsible for preventing conflict from becoming violent. As countries with special needs often suffer from weak institutional settings, improved government accountability, with revenue transparency and expenditure scrutiny, and the fair use of resource incomes for development and security would be useful to reduce natural resource risks.

41. Since these risk factors are multidimensional, risk mitigation must also be multidimensional in nature. Inclusive development can be a powerful tool for prevention in this context. Providing equal opportunities across different ethnic groups, enhancing the meaningful participation of women in decision-making, and addressing grievances arising from movements of people, goods and capital would provide an effective means of sustaining peace and stability.

IV. Recommendations

42. Economic, social and environmental policies and institutional strengthening need to incorporate integral components of the set of solutions to maintain peace and prevent conflict in Asia-Pacific countries with special needs.

43. Employment policies are particularly important among economic policies relevant to conflict prevention. However, the linkages between conflict and employment are complex and multifaceted. Youth unemployment, particularly among males, or poor conditions of employment may be a relevant factor when explaining the roots of insurgency or civil war, yet the evidence is inconclusive. Without doubt, a sustainable solution for conflict prevention and durable peace must incorporate the role of employment in preventing conflict as well as the implications that conflict has on employment and labour markets. The situation is pronounced in those countries with special needs – particularly least developed countries – that are witnessing a youth bulge, with an average median age of 22.7 years. Thus, to ensure that the potential demographic dividend does not become a catalyst of conflict, Governments will have to strengthen investment in human development to harness the demographic window of opportunity.

Beyond prevention, reintegration efforts for young people in conflict zones must be enhanced given that they may not have had access to education and given their involvement in the military or armed conflict. This will require matching the building of vocational skills and the expansion of employment with targeted conflict and post-conflict programmes to facilitate transition into the labour market. Providing employment in infrastructure-rebuilding programmes initiated by the Government could provide such opportunities. Successful cases include the National Solidarity Programme in Afghanistan, which is driven by the decentralized community.

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and uses international funds for local infrastructure projects, and the Poverty Alleviation Fund in Nepal, which focuses on rural community infrastructure.

44. The role of education and health care in development and, indirectly, in preventing a violent conflict is significant. Better and accessible education and better health care contribute to higher levels of development, while equal access to good education creates the opportunity for all to prosper, regardless of economic status, and thus contributes to limiting inequality, an important source of conflict. To address inequality of opportunity as a risk factor, State policies should include: (a) efforts to strive for a universal health-care system that is properly funded and guarantees adequate access for all; and (b) free education for all at the primary and secondary levels. While these are general policy recommendations that are valid for all developing countries, in conflict-prone countries with special needs it is particularly important that the distribution of health and educational facilities include rural and impoverished urban areas and that the quality of services is uniform across affluent and impoverished areas. Clearly, achieving this in countries with special needs, especially where fiscal capacities are limited, will be difficult without adequate support from the international community.

45. Ethnicity and religion are often used by political power centres to incite armed conflicts. To mitigate ethnicity and religion being used as triggers for violence, countries at risk require: (a) a legal code and its enforcement to prevent discrimination of ethnic and religious minorities in the labour market and in accessing public services; (b) educational programmes on ethnic and religious diversity and its contribution to society, as part of education curriculums at the primary and secondary levels; and (c) policies to empower ethnic and religious minorities, to preserve their cultural heritage and traditions, and adequate financing mechanisms to support this empowerment. In the specific context of Asia-Pacific countries with special needs, these general policies must be supplemented by closer inter-State cooperation, to address the root causes and the consequences of ethnic conflicts, as most of this type of violence in the region has transborder impacts. Moreover, capacity-building is necessary for policymakers in other countries across the region that are prone to ethnic or tribal conflict, especially in countries with special needs.

46. As highlighted, migration can be a risk factor of conflict, the consequence of conflict and a mitigation measure to prevent conflict. Without inhibiting the financial flow from remittances to individuals and families, which are particularly relevant in many countries with special needs, the State should try to maximize the developmental gains of such remittances. This can be achieved by encouraging transfers through domestic financial institutions to incentivize sectoral development. The migrants’ State of origin should create an institutional and regulatory environment to strengthen the use of remittances domestically for development-related purposes, such as through diaspora bonds or by enabling small enterprises to access them. Diaspora bonds could serve Asia-Pacific countries with special needs with sizeable populations living abroad, and where remittances are particularly sizeable, as is the case for Afghanistan, Bangladesh, Kyrgyzstan, Myanmar, Nepal, Tajikistan and Tonga.

16 Among Asia-Pacific countries with special needs, international remittances are particularly important for the economies of Kyrgyzstan, Nepal, Tajikistan and Uzbekistan. The World Bank estimates that the highest volume of remittances in 2017 was, in descending order, to Bangladesh, Nepal, Uzbekistan, Kyrgyzstan, Tajikistan and Armenia.
47. To reduce social and political tensions resulting from inward migration, policies should ideally support incoming populations and provide them with the necessary basic services such as shelter, health-related assistance and education. However, most countries with special needs lack the capacity and financial resources to do so without diverting already scarce resources from the host population. In these cases, greater financial assistance from the international community is required for ad hoc assistance. It is important that the international community’s assistance should also be geared towards increasing the long-term capacities of host countries and migrant populations.

48. Financing development for peace and implementing these policy recommendations requires effective mechanisms of financing. Public finance, including both tax policy and public expenditure management, is vital for preventing conflict and sustaining peace. Sufficient expenditure in social sectors (for example, on social protection) could mitigate the risks of humanitarian crises and disasters. Resource-rich countries with special needs need to ensure that the revenues from the export of commodities are fairly shared within the population to address inequality of opportunity and of outcome. Tax policies can also mitigate inequalities and promote investment in the most cost-effective way. Yet, in many countries with special needs, tax revenues are very low. In this light, building more effective, efficient and accountable tax systems must remain a top priority. These systems must guarantee the systematic broadening of the tax base and an effective shift of the financing burden to more affluent parts of the society and of the business sector. Targeted and progressive taxation, combined with the right blend of public spending on social and environmental benefits, are also essential for empowering vulnerable groups, who otherwise may suffer disproportionately.

49. Public finance is key to sustainable development and peacebuilding in countries with special needs. However, generating additional funds by catalysing private capital and expertise is also critical, given that the demand for resources is much larger in countries with special needs than in other developing States owing to their lower levels of development. This is a particularly acute issue with respect to closing existing infrastructure gaps. For that purpose, countries with special needs must spend 10.5 per cent of their gross domestic product on infrastructure development and maintenance.\footnote{Asia-Pacific Countries with Special Needs Development Report 2017: Investing in Infrastructure for an Inclusive and Sustainable Future (United Nations publication, Sales No. E.17.II.F.9).}

50. Notwithstanding the importance of strengthening public finances, declining levels of ODA are cause for concern as they continue to fall far short of commitments. Moreover, concentration on South-South forms of cooperation should not distract developed countries from their long-held commitment to development cooperation under the Monterrey Consensus of the International Conference on Financing for Development. Peacebuilding is a long-term pursuit and requires reliable, predictable and long-term financing. The current context is one in which there is significant volatility and disparity in ODA to fragile settings. Fragmentation of ODA must also be addressed, because the causes of conflict are multidimensional and require an integrated approach. Hence, streamlining ODA flows in fragile settings and enhancing synergy among donors is critical. Ensuring that adequate ODA also flows towards employment-generating activities is critical to gainfully engage former combatants and prevent a relapse to conflict.

51. Ensuring ODA flows to countries that are currently exhibiting symptoms of fragility is critical to avoid a delayed and costly response. It is equally
important to address the risk factors jointly rather than in isolation, as is the case of many small island developing States in relation to climate change and environmental risks. Effectively, ODA must be aligned with the twin objectives of building strong foundations that minimize the risk factors of conflict while simultaneously fostering the institutional conditions to secure peace. Yet, many donors prefer not to engage with States that they label as “difficult partnership” countries owing to the severe institutional shortcomings in such environments that make the delivery of ODA, as well as its implementation, challenging. Donors, however, should not shy away from engaging with fragile countries, but rather uniquely tailor ODA to such countries to account for the low absorptive capacities and accountability standards.

Greater regional economic cooperation and integration reinforces sustainable development through market integration, seamless regional connectivity, enhanced financial cooperation, and shared risks and vulnerabilities. It has a direct impact on the sources of inter-State conflict by strengthening confidence and trust between countries. At the same time, the enormous potential offered by closer cooperation and integration of economies in terms of generating trade, growth and employment, improving social outcomes and managing environmental risks and shared vulnerabilities also contributes to sustaining peace and preventing conflict within countries. Countries within Asia and the Pacific, and in particular countries with special needs should therefore increase their efforts to cooperate more closely within the region and to continue to integrate their economies.

The role of the Commission

International and regional organizations have an important role to play in preventing conflict and building peace. As a regional economic commission, the ESCAP programme of work, which is anchored in environmental, social and economic development, can contribute to a better understanding of how to sustain peace. One avenue for doing so is through analytical research on the drivers of conflict and on the underlying causes of vulnerability of the countries in the region. Another avenue is by strengthening capacities in member States, particularly in countries with special needs, for formulating and implementing development policies that will reduce vulnerabilities to conflict with a view to sustaining peace. Lastly, through its intergovernmental structure and its ability to forge strategic partnerships with Governments and other development actors, ESCAP can provide a platform for member States to address conflict prevention at the regional and subregional levels. For instance, efforts undertaken to strengthen regional economic cooperation and integration through this platform would contribute to strengthening development and reducing vulnerabilities to conflict. Through this platform, ESCAP can also support advocacy and awareness-building on the risks of conflict.

To strengthen the nexus between development and peace, ESCAP could support agencies in their work on sustaining peace and preventing conflict. ESCAP could also support countries, especially countries with special needs, in strengthening their capacities in economic, social and environmental areas to sustain peace and reduce their vulnerability to conflict. ESCAP could also support an exchange of best practices across countries to provide a peer-learning process.