

# EAST ASIA & THE PACIFIC REGION

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## ABOUT THE HABITAT COMMITMENT INDEX

The Habitat Commitment Index is a composite score of the performance of 15 indicators at the country level that are essential to urban well-being, weighted by per capita GDP. It seeks to measure the fulfillment of commitments made by countries in the Habitat Agenda adopted at the Habitat II conference in 1996.

## METHODOLOGY

The HCI takes into account all available historical data over the past 25 years to predict, at any income level, the maximum level of achievement a country may be expected to meet using a scale of 0 to 100, with 100 indicating not necessarily 100% fulfillment of an indicator, but 100% of the predicted maximum potential for a given per capita GDP.

The Habitat Commitment Index is based on the SERF methodology as described in *Fulfilling Social and Economic Rights* by Sakiko Fukuda-Parr, Terra Lawson-Remer, and Susan Randolph, published by Oxford University Press in 2015.

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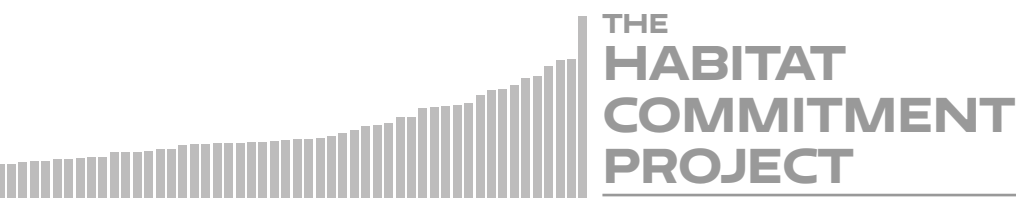
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## I. MAIN FINDINGS

### Macroeconomic Performance

Having increased by 1.57 points, East Asia and the Pacific (EAP) Region had the highest average change in HCI score amongst all the regions studied. Cambodia improved the most in the region by 8.6 points. China was the worst performer with a decrease of 5.6 points.

### Best and Worst Dimensions

Out of the six dimensions of HCI, EAP performed best in the Gender and Poverty dimensions. The top performing indicator was Female tertiary school enrollment in the Gender dimension, which improved by 22 points. The region had a positive performance for all the dimensions except for the Institutional Capacity dimension, which decreased by 11.06

### Standout Indicators

- EAP's best performance in *Female tertiary school enrollment* did not guarantee expansion of *Female non-agricultural employment*. This parallels many governments' needs and current efforts to enhance the quality of education to match both the supply and demand of skilled labor.
- In the Residential Infrastructure dimension, we found that Water piped on premises had a higher score compared to Access to safe water, which shows that the placement of water infrastructure does not necessarily correlate with increased access to safe water.
- In the Employment dimension, there is still room for performance improvement in the Non-vulnerable employment indicator, especially countries such as Thailand whose latest year score of 45 is the lowest in EAP. Countries that improved their scores in recent years in this indicator also experienced increases in GDP growth and urbanization, reaffirming previous studies' finding that vulnerable employment tends to decrease as a country's wealth increases.<sup>1</sup>

Figure 1. HCI Indicators & Dimensions

TOTAL INDICATORS TRIED FOR HCI 116			TOTAL INDICATORS USED FOR HCI 15 (12.93%)		
INDICATORS TRIED: 7 USED: 2	INDICATORS TRIED: 46 USED: 3	INDICATORS TRIED: 24 USED: 4	INDICATORS TRIED: 15 USED: 2	INDICATORS TRIED: 10 USED: 2	INDICATORS TRIED: 14 USED: 2
INSTITUTIONAL CAPACITY	GENDER	RESIDENTIAL INFRASTRUCTURE	POVERTY	EMPLOYMENT	SUSTAINABILITY
Quality of Government International Country Risk Guide	Female Tertiary Enrollment World Bank	Urban Piped Water on Premises World Bank	Infant Mortality World Bank	Vulnerable Employment World Bank	Exposure to Environmental Risk Yale University
Government Effectiveness World Bank	Maternal Mortality World Bank	Urban Access to Electricity World Bank	Urban Poverty Headcount World Bank	Formal Employment ILO / OECD	Electricity Production from Renewable Resources World Bank
	Female Employment in Non-Agricultural Sector World Bank	Urban Access to Improved Sanitation World Bank			
		Water Safety Yale University			

## II. HCI FINDINGS BY DIMENSION/INDICATOR

### RESIDENTIAL INFRASTRUCTURE

Out of the four indicators in the dimension, we compared *Water piped on premises* and *Access to safe water*. In the latest year, the region had an average score of 79 for *Water piped on premises*, while for *Access to safe water*'s average score was only 52 points. Despite this dismal performance, the EAP is still ranked second amongst all the regions in *Access to safe water*.

- Cambodia was one of the better performers in this dimension. In the indicators of *Water piped on premises* and *Access to safe water*, the country showed improvements (+19) amid doubling of its GDP growth rate since 1996.
- Laos also improved its score in *Water in piped premises* but, unlike Cambodia, its *Access to safe water* indicator declined significantly by 27 points.
- Between Cambodia and Laos, Laos is landlocked and has only one major source of water, which is the Mekong River. The Mekong River has felt the adverse effects of development since the 1990s.<sup>2</sup> Not only has the river suffered from decreasing rainfall levels but it has also been a central component to different types of infrastructure development by Laos and its neighboring countries.

### EMPLOYMENT

In the *Employment* dimension, scores on the *Non-vulnerable employment* indicator has improved significantly in Indonesia (+28), Cambodia (+21) and Vietnam (+13). As a large portion of informal economic activities take place in agrarian countries<sup>3</sup>, the increases in *Non-vulnerable employment* indicator scores indicate that these countries underwent structural changes.

It has been argued that a significant portion of the vulnerable employment tends to disappear

as countries grow in wealth.<sup>4</sup> Between 1996 and 2016, the aforementioned countries showed a high average GDP growth rate as well as high urbanization rate. Vietnam's GDP grew at an average of 6.5% and Cambodia at 7.7%, while Indonesia's urbanization growth rate was 87.7% followed by Vietnam at 85.3%. The countries have benefited from shifts in the global supply chain from fast fashion to car manufacturing including

resource extraction industries.<sup>5</sup>

### GENDER

In the *Gender* dimension, EAP had an average of 8-point increase. The scores generally show a positive association between *Female tertiary school enrollment* and *Female non-agricultural employment*.

- In the case of Indonesia and Thailand, both countries significantly improved women's access to tertiary education and employment opportunities. However, increase in the tertiary education enrollment was more pronounced than that in non-agricultural employment. In Indonesia, female non-agricultural employment increased by approximately 15% from the baseline year, while female enrollment in tertiary education jumped by more than 200%, from 12 points in 1996 to 43 points in the latest year. Thailand's score in *Female non-agricultural employment* also changed at a similar rate, 14%, while tertiary education score improved by about 37%.
- In the last decade, investment in female education has expanded in these two countries, hence the improvement in enrollment in high education. However, improving the school-to-work transition is another challenge. Both countries have been focusing their efforts on improving the quality of education.<sup>6</sup>

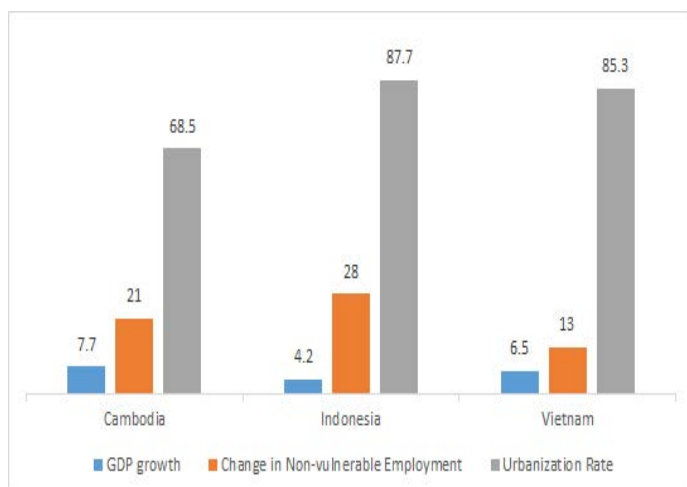


Figure 2. Cambodia, Indonesia & Vietnam Change in Non-Vulnerable Employment

- The link between higher education and employment opportunities is not as straightforward as it may appear. The Philippines show an opposite result from that of Indonesia and Thailand; the country's female employment score increased by 7 points but tertiary education enrollment score decreased by about 2 points. It is evident that women's decision to attain education or employment is affected by many factors such as income, institutional and cultural constraints, including opportunity costs that arise from wages earned outside of schools.<sup>7</sup> Still, despite closing the gaps in education and employment, women still earn less than men and have even less influence in the workplace, civil society and politics.<sup>8</sup>

### III. POLICY RECOMMENDATIONS

- The countries of EAP have broadly performed better than other regions, yet there is considerable variation across countries, suggesting that GDP growth by itself does not ensure an improvement in urban well-being. This variation also appears for individual indicators across countries, warranting more policy attention by some governments to specific issues of urban service provision.

- The EAP region's urban population has increased by 50% in the last two decades but as the HCI scores have shown, governments in the EAP region must put more effort in not only improving the infrastructure available to residents but also guaranteeing the greater well-being of its citizens through improved water quality.
- As countries' industries continue to progress, we see it important that each government ensures that both the quantity and quality of female tertiary education matches the demand of skills. Governments should be able to address employment vulnerability so that its prevalence does not restrict productivity and innovation.
- Disaggregating between urban and rural data will be essential in understanding development throughout the region. On the part of national governments, this will entail two things: first, a more strategic approach to data collection; second, knowledge sharing between national and local governments.

### IV. REFERENCES

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