

Economic and Social Commission for Asia and the Pacific

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Item 3 (a) of the provisional agenda *

Review of issues pertinent to the subsidiary structure of the Commission, including the work of the regional institutions: macroeconomic policy, poverty reduction and inclusive development

Chair's summary of the Asia-Pacific High-level Consultation on Financing for Development

Note by the secretariat **

Summary

The General Assembly in its resolution 68/279 called upon the regional commissions to hold regional consultations in preparation for the third International Conference on Financing for Development, which will be held in Addis Ababa from 13 to 16 July 2015.

In a follow-up to the resolution, the Asia-Pacific High-level Consultation on Financing for Development was held in Jakarta on 29 and 30 April 2015. The High-level Consultation was co-hosted by the Economic and Social Commission for Asia and the Pacific and the Ministry of Finance of Indonesia, in partnership with the Asian Development Bank, the Asian Development Bank Institute, the United Nations Development Programme, the Government of the Russian Federation and the Green Technology Center-Korea.

The aim of the High-level Consultation was to assess progress made in the implementation of the Monterrey Consensus and the Doha Declaration, reinvigorate and strengthen the financing for development follow-up process, address new and emerging issues, and review the evolving development cooperation landscape, the interrelationship of all sources of development finance and the synergies among financing objectives across the three dimensions of sustainable development. It also looked at the need to support the United Nations development agenda beyond 2015. The discussion focused on these key issues, and priorities and recommendations for the third International Conference on Financing for Development in its effort to move towards a transformative development agenda beyond 2015. The High-level Consultation proposed tangible and actionable recommendations for mobilizing additional financial resources, improving financial capacities and developing innovative instruments to support the emerging sustainable development goals in the region. This Chair's summary is the Asia-Pacific input to the preparations for the third International Conference on Financing for Development.

The Commission may wish to endorse the Chair's summary, which was adopted at the Asia-Pacific High-level Consultation on Financing for Development.

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** The present document was submitted late owing to the fact that the Asia-Pacific High-level Consultation on Financing for Development was held on 29 and 30 April 2015. The present document has been issued without formal editing.

Chair's summary

1. The Asia-Pacific High-level Consultation on Financing for Development was held from 29 to 30 April 2015. The consultation was co-hosted by the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Ministry of Finance of Indonesia, in partnership with the Asian Development Bank (ADB), the Asian Development Bank Institute, the United Nations Development Programme, the Government of the Russian Federation, and the Green Technology Center-Korea.
2. The Asia-Pacific High-level Consultation on Financing for Development was attended by about 200 participants, including a vice-president, a former prime minister, two deputy prime ministers, and more than 50 ministers, deputy ministers, central bank governors, deputy governors and senior officials from almost 40 countries, representing ESCAP members and associate members. Representatives of international organizations, ADB and organizations in the United Nations system joined the consultation. Other entities and representatives of the private sector and civil society, as well as eminent experts, also participated in the event.
3. The consultation built on the Asia-Pacific Outreach Meeting on Sustainable Development Financing, which was held in Jakarta from 10 to 11 June 2014, and was also organized by ESCAP in partnership with the Ministry of Finance of Indonesia.
4. The consultation was inaugurated with a keynote address by the Finance Minister of Indonesia, Mr. Bambang P. S. Brodjonegoro. Ms. Shamshad Akhtar, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP, laid out the context and core areas of focus of the consultation. Participants expressed their thanks to the Government of Indonesia for its hospitality and to ESCAP for its hard work.
5. This Chair's Summary will be submitted to the co-facilitators for the preparatory process of the International Conference on Financing for Development as input to the preparations for the third International Conference on Financing for Development, which will be held in Addis Ababa from 13 to 16 July 2015.
6. A clear message that from the consultation is that mobilizing financial resources for development is an integral part of the development agenda beyond 2015.
7. In their presentations, participants discussed approaches and modalities of different sources of financing, shared their national experiences on key issues of financing for development, and spelled out their expectations from the forthcoming Conference in Addis Ababa. Their insights provided concrete substance to the deliberations on financing for development in the Asia-Pacific region.
8. The consultation proposed tangible and actionable recommendations for mobilizing additional financial resources, improving financial capacities, and developing innovative instruments to support the emerging sustainable development goals in the region.

9. In that context, the following priorities were identified:

- Enhance and use domestic resource mobilization to invest in the social sectors in order to address social disparities and income inequalities, including those between genders.
- Ensure that the new financing for development framework contributes to raising living standards, creating decent jobs and empowering women and girls in the Asia-Pacific region.
- Enhance quality infrastructure investment, taking into account all aspects of economic, social and environmental sustainability.
- Ensure adequate financing for sustainable infrastructure connectivity to promote regional economic and social integration.
- Increase the effectiveness and efficiency of financial markets for channeling the vast pool of regional savings towards funding major infrastructure projects.
- Ensure that unmet official development assistance (ODA) commitments are fulfilled and that such assistance is deployed more strategically, prioritizing countries that need it the most, while ensuring that it is aligned with national development plans.
- Scale up climate finance at the national, regional and global levels, taking into account that the mobilization of resources for this purpose is new and additional to existing ODA commitments.
- Strengthen domestic regulatory policies and institutions and address systemic global issues to support a predictable, stable and resilient platform for finance.
- Address the special needs of least developed countries, landlocked developing countries and small island developing States by leveraging trade, foreign direct investment and access to and transfer of technology, as well as by building capacities, in alignment with the implementation plans of the Istanbul Programme of Action, the Vienna Declaration and Programme of Action, and the SIDS Accelerated Modalities of action (SAMOA) Pathway, and ensuring that adequate support is also provide to low income countries.

10. Within this priority framework, the sessions in the consultation developed the following recommendations:

- The Asia-Pacific economies have the potential to raise tax-to-GDP ratios. For that purpose, they could adopt tax policies and approaches to broaden tax bases, with regard to both individual and corporate income taxes wherever coverage is limited, remove exemptions and loopholes, and improve administrative efficiency and collection.
- In order to mobilize additional public resources, it is important to improve the effectiveness and efficiency in the allocation of public expenditures and to reduce wasteful and unproductive expenditures. In addition, it was emphasized that public expenditure programmes need to be reoriented so that

appropriate amounts of funds are allocated to social development, education, health care and food security.

- Budgeting needs to be made gender sensitive and implemented to mainstream gender considerations into the budgeting process.
- It is important to foster international cooperation in tax matters by dealing firmly with base erosion and profit shifting, and increasing global transparency and information exchanges. For that purpose, the region can enhance cooperation in tax matters by setting up an Asia-Pacific tax forum.
- Cities and subnational governments should be provided with appropriate incentives and capacity development to enable them to take a larger and more pro-active role in mobilizing and accessing resources for development. For that purpose, they may consider launching reforms of intergovernmental transfer systems, of property taxation so that tax bases reflect market valuations, and of service charges to encourage more efficient and sustainable resource use.
- The region must encourage institutional investors to deploy their liquidity towards the development of domestic capital markets. In addition, the region should consider adopting harmonized regulations and institutions for domestic capital markets to facilitate the trading of securities across countries, and to lay the groundwork for the development of a regional capital market at a later stage.
- To enable micro, small and medium size enterprises and small entrepreneurs to gain better access to finance, countries in the region could develop innovative instruments, such as hometown investment trust funds and diaspora bonds, promote financial education and set up credit bureaux.
- It is important to remove barriers to entrepreneurship, increase support for research and development, and foster cooperation, including among academia, industry, government, civil society and innovation laboratories, in order to encourage innovation. Such efforts can enable entrepreneurs, scientists and investors from the region to work together and compete in the global market place on the merits of their ideas and innovations.
- Public and private resources should be mobilized at a larger scale for infrastructure investment. The region has welcomed the capital enhancement of multilateral development banks and newly established infrastructure financing institutions, such as the Asian Infrastructure Investment Bank (AIIB), for financing national and transboundary connectivity. The close cooperation between new and existing multilateral development banks could play a critical role for the promotion of sustainable and resilient infrastructure in the region.
- Islamic finance, including non-bank financial intermediaries, has emerged as a critical source of funding for the region. In recent years, the capacities, infrastructure and regulatory environment of the Islamic finance industry have developed considerably in the Asia-Pacific region. Further exploiting and tapping this source will offer new opportunities of funding for development.

- ODA should be more strategically deployed, prioritizing countries that need it the most, such as least developed countries, landlocked developing countries and small island developing States, contributing (i) to the building of capacities in areas such as domestic public finance and the development of capital markets and (ii) to the leveraging of other sources of funding, for instance, by helping countries in the preparation of bankable projects or contracts for public-private partnerships, including for quality infrastructure investments.
- Access to financing for development has been more complicated for the low income countries. The graduation of lower income countries has resulted in less access to external finance and lower concessional flows. The aid architecture needs to reflect the transition needs of low income countries in addition to supporting the implementation of the sustainable development agenda. ODA to those economies should focus on leveraging financial flows from capital markets and multilateral development banks.
- Private businesses in the region could bolster social-impact investing and venture philanthropy to fund education, health and environmental protection, particularly at the community level.
- A meaningful global climate deal in 2015 must entail credible public and private capital availability for the developing countries of Asia and the Pacific to help decarbonize their economies and build resilience in their communities. Delivering the existing target of \$100 billion in capitalization for the Green Climate Fund will be essential to support those efforts.
- Recognizing that the United Nations Framework Convention on Climate Change is the main channel for addressing climate change, national frameworks for climate finance are also necessary. National frameworks for climate finance need to include financial support mechanisms to reduce risk and deliver acceptable investment returns on projects for the adoption of green technologies and the development of eco-friendly products. Mainstreaming climate considerations into national budgets and development plans is an important component of such frameworks.
- The region needs to enhance North-South cooperation, South-South cooperation and triangular development cooperation in areas such as trade, investment, technology transfer, agriculture and rural development, gender equality and empowerment, humanitarian assistance, and capacity-building and advisory services.
- It is important to properly resource national statistical offices, so that they can increase the collection, processing and publication of high quality, timely and reliable data in support of the development agenda beyond 2015. Equally important are the requirements of data users, which need more support to promote better planning, monitoring, accountability and data literacy.

11. The Asia-Pacific High-level Consultation on Financing for Development was chaired by Mr. Bambang P. S. Brodjonegoro, Minister of Finance of Indonesia, and co-chaired by Mr. Aisake Valu Eke, Minister of Finance of Tonga; Mr. Mahinda Samarasinghe, State Minister of Finance of Sri Lanka; Mr. Wayne Swan, MP and former Deputy Prime Minister and Treasurer of Australia; Mr. Ly Thuch, Senior Minister of Cambodia; Tom Murdoch, Minister of Finance of Kiribati; and Mr. Aiyaz Sayed-Khaiyum, Attorney-General and Minister for Finance of Fiji.

The following countries were represented in the consultation: Afghanistan; Armenia; Australia; Azerbaijan; Bangladesh; Bhutan; Cambodia; China; Democratic People's Republic of Korea; Federated States of Micronesia; Fiji; India; Indonesia; Islamic Republic of Iran , Japan; Kiribati; Kyrgyzstan; Lao People's Democratic Republic; Maldives; Marshall Islands; Mongolia; Myanmar; Norway; Pakistan; Papua New Guinea; Philippines; Republic of Korea; Samoa; Sri Lanka; Switzerland; Tajikistan; Thailand; Timor-Leste; Tonga; Tuvalu; United Kingdom of Great Britain and Northern Ireland; and Uzbekistan. The Cook Islands, an associate member of ESCAP, was also represented in the consultation.
