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Economic and Social Commission for Asia and the Pacific

Committee on Macroeconomic Policy, Poverty Reduction and
Financing for Development

First session

Bangkok, 6–8 December 2017

Report of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development on its first session

I. Matters calling for action by the Commission or brought to its attention

1. The following recommendations of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development are brought to the attention of the Economic and Social Commission for Asia and the Pacific (ESCAP) for its consideration and possible action.
2. The Committee recommends that the secretariat enhance synergies in its analytical work on macroeconomic assessment, policies to reduce poverty and strategies to finance sustainable development in an integrated manner to effectively support the implementation of the 2030 Agenda for Sustainable Development in partnership with other relevant institutions as appropriate.
3. The Committee recommends that the secretariat continue its analytical work on poverty reduction policies and strategies in a holistic manner, keeping in view country-specific contexts, to facilitate the efforts of member States to achieve Sustainable Development Goal 1 (End poverty in all its forms everywhere) in partnership with other relevant institutions as appropriate.
4. The Committee recommends that the secretariat synergize its review of the implementation of the global programmes of action of least developed countries, landlocked developing countries and small island developing States at the regional level with the 2030 Agenda.
5. The Committee recommends that the secretariat prioritize its work on financing for development issues in line with the Addis Ababa Action Agenda of the Third International Conference on Financing for Development and in partnership with other relevant institutions as appropriate.

* Reissued for technical reasons on 26 December 2017.

6. The Committee recommends that further discussions, including at the seventy-fourth session of the Commission and thereafter, as necessary, be held to review the Committee's terms of reference, as contained in annex II to the annual report of the Commission,¹ to better align them with the 2030 Agenda, the Addis Ababa Action Agenda and the regional road map for implementing the 2030 Agenda in Asia and the Pacific.

7. The Committee requests that the secretariat continue to provide capacity-building workshops on macroeconomic policy management to support the implementation of the 2030 Agenda.

8. The Committee requests that the secretariat continue to work to improve the technical capacities of policymakers in countries with special needs to address poverty, including its multidimensional aspects, through the provision of workshops.

9. The Committee requests that the secretariat continue to prepare analytical studies and provide capacity-building activities that support graduation from the least developed country category and their adjustment to conditions after graduation; to facilitate the structural transformation of landlocked developing countries, including through regional cooperation; and to help to leverage international support measures to reduce the vulnerability of small island developing States.

10. The Committee requests that the secretariat mainstream financing for development issues into its work, including in the following areas and with the following methods: (a) domestic resource mobilization, by strengthening collaboration with other multilateral organizations and relevant institutions to promote regional dialogue, knowledge-sharing and capacity-building, with a focus on countries with special needs; (b) infrastructure financing, including through public-private partnerships and capital market development; and (c) financing of small and medium-sized enterprises through the preparation of national studies in partnership with regional and global stakeholders working on promoting financial inclusion. In this context, the Committee highlighted the importance of avoiding duplication of efforts to maximize efficiency.

11. The Committee requests the secretariat to consider developing a network on public-private partnerships and infrastructure financing to provide a regular platform on which experts can exchange best practices, share their experiences and knowledge products, and provide capacity-building support.

II. Proceedings

A. Macroeconomic policies and other development strategies in support of the 2030 Agenda for Sustainable Development (Agenda item 2)

12. The Committee had before it the note by the secretariat on macroeconomic policies and other development strategies in support of the 2030 Agenda for Sustainable Development (E/ESCAP/CMPF(1)/1) and was invited to review the *Economic and Social Survey of Asia and the Pacific 2017: Governance and Fiscal Management* and its *Year-end Update*.

¹ *Official Records of the Economic and Social Council, 2017, Supplement No. 19* (E/2017/39-E/ESCAP/73/40).

13. The Committee benefited from a panel discussion on the theme topic “Macroeconomic policies and other development strategies in support of the 2030 Agenda”. The panel comprised Mr. Ahmad Jawad Osmani, Deputy Minister of Administration and Finance, Ministry of Economy, Afghanistan; Ms. Ekaterine Mikabadze, Head of Macroeconomic Analysis and Fiscal Policy Planning Department, Ministry of Finance, Georgia; Mr. Dang Ngoc Minh, Deputy Director General, General Department of Taxation, Viet Nam; and Mr. M. Govinda Rao, Member, Fourteenth Finance Commission, Emeritus Professor, National Institute of Public Finance and Policy, India. The panel discussion was moderated by Mr. Ly Thuch, Senior Minister and President of the National Committee for ESCAP, Cambodia.

14. The panellists highlighted the importance of fiscal transparency and described some tax reforms in the region to combat corruption and to improve fiscal performance. While reforms such as a goods and services tax were a work in progress, they were a step in the right direction. Strategies to promote employment generation and raise fiscal resources to provide public services such as education and health care were also discussed.

15. Representatives of the following members and associate members of the Commission made statements: Afghanistan; Bangladesh; Bhutan; Cambodia; China; Georgia; India; Japan; Maldives; Nepal; Republic of Korea; Russian Federation; Sri Lanka; and Timor-Leste.

16. The representatives of the Asian Development Bank (ADB) and the International Labour Organization (ILO) also made statements.

17. Public sector reforms, technological innovations and industrial upgrading were critical to stimulate structural transformation and enhance productivity. Such reforms would need to be complemented by people-centred economic development, social protection, and upgrading of skills and training programmes.

18. The Committee highlighted the importance of regional cooperation initiatives in Asia and the Pacific to promote economic and financial cooperation. Representatives of the international organizations expressed their willingness to collaborate in areas such as resource mobilization and the promotion of decent employment and agreed with the secretariat’s macroeconomic diagnostics.

19. Rigorous analytical studies and research work should be complemented by capacity-building activities, especially on the linkages between macroeconomic policy management and the 2030 Agenda. Consideration must be made of the advantages and differentiation in making comparisons with other relevant organizations in order to reduce duplication. Suggestions for further work included analysing the role and structure of the global financial system and its implications for the region, studying the role of innovation in areas such as e-commerce and resource mobilization, and understanding the structural transformation of industries and employment due to technological innovation, which was generally referred to as the fourth industrial revolution.

B. Programmes of action for Asia-Pacific least developed countries, landlocked developing countries and small island developing States and the Sustainable Development Goals

(Agenda item 3)

Prospects for poverty reduction in Asia and the Pacific: progress, opportunities and challenges, especially in countries with special needs

(Agenda item 3 (a))

20. The Committee had before it the note by the secretariat entitled “Prospects for poverty reduction in Asia and the Pacific: progress, opportunities and challenges, especially in countries with special needs” (E/ESCAP/CMPF(1)/2).

21. The Committee benefited from a panel discussion on the theme topic “Prospects for poverty reduction in Asia and the Pacific: progress, opportunities and challenges, especially in countries with special needs”. The panel comprised Mr. Ribaun Korm, Deputy Secretary-General, National Committee for ESCAP, Cambodia; Mr. Sudhaker Shukla, Economic Adviser, Department of Rural Development, Ministry of Rural Development, India; Mr. August Letlet, Director General, Ministry of Finance and Economic Management, Vanuatu; and Mr. Shankar P. Sharma, former Vice-Chair, National Planning Commission, Nepal. The panel was moderated by Mr. Thinley Namgyel, Secretary, Gross National Happiness Commission, Bhutan.

22. The panellists highlighted factors that had contributed to successful poverty reduction, including structural transformation, diversification of income for rural households and macroeconomic stability. Acknowledging the relevance of geographic and resource constraints on development, the panellists emphasized that while sustained growth was important to reduce poverty, a multifaceted policy approach was critical to address the multiple deprivations that existed, including homelessness, landlessness, illiteracy and poor health. The panellists also stressed the gender dimensions of poverty and discussed the role of governance, commitment and government efficiency in pursuing poverty reduction. Given limited financial resources, countries needed to prioritize development objectives and restructure national budgets accordingly, as well as strengthen the role of the private sector in development.

23. Representatives of the following members and associate members made statements: Afghanistan; Bangladesh; Bhutan; China; India; Japan; Maldives; Nepal; Philippines; Sri Lanka; Timor-Leste; and Viet Nam.

24. The Committee emphasized the multidimensional character of poverty and the need for appropriate poverty eradication policies and strategies. It was important to accelerate poverty eradication efforts, particularly in rural areas where communities were more vulnerable and where the incidence of poverty was often greater. The Committee also highlighted the importance of inclusive financial services and targeted programmes to reducing poverty, including job creation and social security policies, as well as human resource development. Poverty eradication required, among other considerations, stable macroeconomic conditions, the structural transformation of economies and the development of infrastructure development, keeping in view country-specific contexts.

25. Some representatives reiterated their commitment to eradicate poverty (Sustainable Development Goal 1) before the deadline contained in the 2030 Agenda.

Supporting sustainable development in Asia-Pacific least developed countries, landlocked developing countries and small island developing States

(Agenda item 3 (b))

26. The Committee had before it the note by the secretariat on supporting sustainable development in Asia-Pacific least developed countries, landlocked developing countries and small island developing States (E/ESCAP/CMPF(1)/3).

27. The Committee benefited from a panel discussion on the theme topic “Supporting sustainable development in Asia-Pacific least developed countries, landlocked developing countries and small island developing States”. The panel comprised Mr. Kazi Anowarul Hoque, Additional Secretary, Economic Relations Division, Ministry of Finance, Bangladesh; Mr. Khomraj Koirala, Joint Secretary, National Planning Commission Secretariat, Nepal; Mr. Lae Tui Siliva, Assistant Chief Executive Officer, Finance Sector, Ministry of Finance, Samoa; and Mr. Rajiv Biswas, Asia-Pacific Chief Economist, IHS Markit, Singapore. The panel discussion was moderated by Mr. Mohamed Jaleel, Senior Adviser to the Minister, Ministry of Finance and Treasury, and former Minister of Finance and Treasury, Maldives.

28. The panellists highlighted that physical infrastructure played an important role in reducing poverty and reliable data was needed to measure and monitor progress in implementing the 2030 Agenda. Noting challenges relating to governance, land management and inadequate economic activities for sufficient employment generation, the panellists stressed the vulnerability of countries with special needs to environmental shocks and the implications of geography for sustainable development. In view of the resource constraints of countries with special needs, the panellists underscored the importance of predictable and stable development cooperation, including, inter alia, South-South and triangular development cooperation, to overcome their development challenges. In addition to concessional financing for development, the panellists suggested harnessing private sector participation for development financing. In addition to relying on official development assistance, the panellists suggested leveraging existing domestic capital markets, where relevant, and considering alternatives such as regional private equity funds and other regional financial institutions and arrangements, as appropriate.

29. Representatives of the following members and associate members made statements: Afghanistan; Bangladesh; Bhutan; China; Fiji; India; Japan; Mongolia; Russian Federation; and Timor-Leste.

30. The Committee reiterated the developmental predicaments of many countries with special needs, including landlockedness, small populations, small domestic economies, remoteness and vulnerability to natural disasters. Small island developing States were at particular risk of the impacts of climate change, and landlocked developing countries faced high trade and transport costs.

31. Greater regional cooperation and more external financial and technical support were required to implement the 2030 Agenda in countries with special needs. Technical capacity-building in countries with special needs was important, as was the role of the secretariat in providing such support.

C. Financing strategies for sustainable development
(Agenda item 4)

32. The Committee had before it the note by the secretariat on strengthening finance for sustainable development in Asia and the Pacific (E/ESCAP/CMPF(1)/4).

33. The Committee benefited from a panel on strengthening finance for sustainable development in Asia and the Pacific. The panel comprised Mr. Wayne Swan, Member of Parliament and former Deputy Prime Minister and Treasurer, Australia, and Chair, ESCAP Eminent Expert Group on Tax Policy and Public Expenditure Management for Sustainable Development; Mr. Jiao Xiaoping, Director General, China Public-Private Partnerships Centre, Ministry of Finance, China; Mr. Astera Primanto Bhakti, Chief, Financial Education and Training Agency, Ministry of Finance, Indonesia; and Mr. Sunghwan Shin, Chair, Council on International Financial Cooperation, Republic of Korea. The panel was moderated by Mr. Nim Dorji, Finance Secretary, Bhutan.

34. The panellists highlighted the role of financing as a critical means to implement the 2030 Agenda. In that regard, there was a need for greater domestic resource mobilization through an increase in the contribution of tax revenues. That could be done by building a strong tax culture, ensuring public support for tax reforms, increasing transparency in tax disclosure, linking revenue measures to social expenditure policies, ensuring efficient public spending and avoiding a race to the bottom in terms of international tax competition. The panellists urged strengthened regional tax cooperation, by leveraging the secretariat's region-wide platform to share knowledge and address cross-border tax challenges such as transfer pricing and tax competition.

35. The panellists also emphasized the need for the private sector to bolster the public resources required to implement the 2030 Agenda. In particular, the important and growing role played by public-private partnerships in infrastructure financing in the region was highlighted. Regional cooperation on public-private partnership issues was necessary in order to exchange best practices, engage in capacity-building projects and establish a database of potential projects for investors. The secretariat could take the lead in the establishment of such a cooperation network. Financing played a critical role in supporting the growth of small and medium-sized enterprises. A key challenge was to improve the availability of start-up capital, although policies to boost financing should not disrupt the stability of countries' small and medium-sized enterprise ecosystems.

36. Representatives of the following members and associate members made statements: Afghanistan; Bangladesh; Bhutan; China; Fiji; India; Japan; Nepal; Pakistan; Philippines; Republic of Korea; Russian Federation; Samoa; Sri Lanka; Thailand; and Timor-Leste.

37. The representative of the United Nations Capital Development Fund made a statement.

38. The representative of ADB made a statement.

39. The Committee expressed its support for global financing for the development agenda and regional follow-up within the United Nations system through regional high-level dialogues, research and knowledge products, and advisory services and capacity-building. The Committee noted the importance

of strengthening the fiscal space to support sustainable development, including through simpler and more equitable and efficient tax systems. Stronger linkages between effective public revenue mobilization and accountable public spending as well as enhanced institutional capacities would be crucial to improve tax compliance, promote transparency and address tax-related corruption. The use of information and digital technologies and targeted reforms to improve the overall tax system, such as through the introduction of a unified goods and services tax, could also play a significant role in enhancing revenue collection.

40. The Committee recognized the significant infrastructure financing challenges faced by the region and the need to explore different financing avenues to address infrastructure gaps, notably through public-private partnerships and solutions based on capital markets. In that respect, the Committee acknowledged the support of the secretariat in the area of infrastructure financing and public-private partnerships, for instance with regard to capacity-building and the provision of an enabling environment for public-private partnerships. There was a need recognized by several delegations for regional cooperation on climate financing for sustainable development, including through innovative instruments such as green bonds and blue bonds.

41. The Committee highlighted the importance of small and medium-sized enterprises in terms of both their total number and their share in total employment. It also emphasized the relevance of start-ups to generating innovation and the need for dedicated programmes to support their access to finance, including through concessional loans by specialized financial institutions. Various national experiences to support small and medium-sized enterprises were discussed, including credit guarantees, tax incentives, mandated allocations of commercial bank loans and the promotion microfinance products. Wider aspects of financial inclusion related to enhancing access by the unbanked to various financial products were also discussed. The Committee highlighted the importance of fostering cooperation with relevant regional and global organizations in the area of financing of small and medium-sized enterprises, including the United Nations Capital Development Fund and the Council on International Financial Cooperation.

42. The Committee took note of the views expressed that the principle of common but differentiated responsibilities should be adhered to. North-South cooperation should continue to serve as the main channel of development financing, and the unmet official development assistance commitments must be fulfilled.

D. Consideration of the future focus of the subprogramme

(Agenda item 5)

43. The Committee was invited to consider an additional note by the secretariat, on consideration of the future focus of the subprogramme (E/ESCAP/CMPF(1)/5).

44. Representatives of the following members and associate members made statements: Afghanistan; Bangladesh; Bhutan; China; Fiji; India; Japan; Mongolia; Russian Federation; and Timor-Leste.

45. The Committee took note of the secretariat's presentation on the preparation of the proposed strategic framework and the programme of work for the period 2020–2021, in the wider context of ongoing management reform proposals put forward by the Secretary-General. The Committee emphasized

that the proposed updates to its terms of reference required careful consideration and that more time was needed for member States to discuss them further.

E. Consideration of draft resolutions for submission to the Commission at its seventy-fourth session

(Agenda item 6)

46. No draft resolutions were considered by the Committee.

F. Dates and venue of and provisional agenda for the second session of the Committee

(Agenda item 7)

47. The Committee was informed that its second session was tentatively scheduled to be held in the last quarter of 2019 in Bangkok. The exact dates would be decided in consultation with the Advisory Committee of Permanent Representatives and Other Representatives Designated by Members of the Commission.

G. Other matters

(Agenda item 8)

48. No other matters were discussed.

H. Adoption of the report of the Committee on its first session

(Agenda item 9)

49. The Committee adopted the present report on 8 December 2017.

III. Organization

A. Opening, duration and organization of the session

50. The Committee held its first session in Bangkok from 6 to 8 December 2017. The session was opened by Mr. Apisak Tantivorawong, Finance Minister, Thailand. Statements were made by Mr. Ly Thuch, Senior Minister and President of the National Committee for ESCAP, Cambodia; Mr. Gaetan Pikioune, Minister of Finance and Economic Management, Vanuatu; and the Executive Secretary.

B. Attendance

51. The Committee session was attended by representatives of the following members and associate members: Afghanistan; Australia; Bangladesh; Bhutan; Cambodia; China; Fiji; Georgia; India; Indonesia; Iran (Islamic Republic of); Japan; Kazakhstan; Lao People's Democratic Republic; Malaysia; Maldives; Marshall Islands; Mongolia; Myanmar; Nauru; Nepal; Pakistan; Philippines; Republic of Korea; Russian Federation; Samoa; Sri Lanka; Tajikistan; Thailand; Timor-Leste; Tonga; Vanuatu; and Viet Nam.

52. Representatives of the following United Nations bodies, specialized agencies and funds attended: United Nations Capital Development Fund; United Nations Children's Fund; ILO; and United Nations Industrial Development Organization.

53. A representative of ADB attended.

C. Election of officers

54. The Committee elected the following officers:

- Chair: Ms. Rosemarie G. Edillon (Philippines)
 Vice-Chairs: Mr. Ly Thuch (Cambodia)
 Mr. Gaetan Pikioune (Vanuatu)
 Mr. Ahmad Jawad Osmani (Afghanistan)
 Mr. Khamlien Pholsena (Lao People's Democratic Republic)
 Rapporteur: Mr. Nim Dorji (Bhutan)

D. Agenda

55. The Committee adopted the following agenda:

1. Opening of the session:
 - (a) Opening statements;
 - (b) Election of officers;
 - (c) Adoption of the agenda.
2. Macroeconomic policies and other development strategies in support of the 2030 Agenda for Sustainable Development.
3. Programmes of action for Asia-Pacific least developed countries, landlocked developing countries and small island developing States and the Sustainable Development Goals:
 - (a) Prospects for poverty reduction in Asia and the Pacific: progress, opportunities and challenges, especially in countries with special needs;
 - (b) Supporting sustainable development in Asia-Pacific least developed countries, landlocked developing countries and small island developing States.
4. Financing strategies for sustainable development.
5. Consideration of the future focus of the subprogramme.
6. Consideration of draft resolutions for submission to the Commission at its seventy-fourth session.
7. Dates and venue of and provisional agenda for the second session of the Committee.
8. Other matters.
9. Adoption of the report of the Committee on its first session.

E. Other events

56. The following seminars, side events and special sessions were held in conjunction with the Committee session:

- (a) 6 December 2017, regional workshop on public-private partnerships and capital market financing for sustainable infrastructure development;

- (b) 6 December 2017, workshop on domestic public resource mobilization for sustainable development;
- (c) 6 December 2017, expert group meeting on macroeconomic prospects and policy challenges in Asia and the Pacific, including countries with special needs (an earlier day-long session was held on 4 December);
- (d) 6 and 8 December 2017, expert group meeting on the regional implementation of the Istanbul Declaration and the Programme of Action for the Least Developed Countries for the Decade 2011–2020;
- (e) 6 December 2017, side event: launch of *Economic and Social Survey of Asia and the Pacific 2017: Year-end Update*;
- (f) 6 December 2017, subregional policy dialogue on infrastructure strategies for the Pacific;
- (g) 7 December 2017, workshop on infrastructure financing studies in selected countries;
- (h) 8 December 2017, side event: launch of the ESCAP-Oxfam joint paper on taxing for shared prosperity.

Annex
List of documents

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