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Economic and Social Commission for Asia and the Pacific
Committee on Macroeconomic Policy, Poverty Reduction and
Financing for Development

Fourth session

Bangkok and online, 1–3 November 2023

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

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

A. Matters calling for action by the Commission

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 for its consideration and possible action:

Recommendation 1

The Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development recommends that the secretariat continue to undertake research, provide capacity-building support and promote peer-to-peer learning and the sharing of experiences among member States in the areas of sustainable finance and public debt.

Recommendation 2

Noting that there is a substantial financing gap to achieve the Sustainable Development Goals, the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development recommends that the secretariat facilitate international cooperation and collaboration, including South-South cooperation, at the regional and subregional levels to bridge the aforementioned financing gap in Asia and the Pacific.

Recommendation 3

The Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development recommends that the secretariat convene meetings for member States and pertinent stakeholders to support the 2030 Agenda for Sustainable Development, taking into account its midterm review and keeping in view the need to accelerate financing for poverty reduction and sustainable development.

Recommendation 4

The Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development recommends that the secretariat continue to carry out research and provide support to member States on macroeconomic policy and debt distress issues, including long-term and development-oriented public debt sustainability assessments, domestic resource mobilization, access to affordable financing for development and international cooperation on debt resolution, in order to increase investment in sustainable development.

Recommendation 5

The Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development recommends that the secretariat continue to carry out research relevant to the achievement of the Sustainable Development Goals and provide support for their means of implementation to member States, ensuring that such research and support are rooted in and linked to the 2030 Agenda for Sustainable Development.

Recommendation 6

The Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development recommends that the secretariat continue to engage with the Consultative Group on Financing Strategies for the Sustainable Development Goals and leverage the platform provided by the Consultative Group to strengthen policy exchanges and the sharing of experiences on macroeconomic challenges and sustainable financing issues.

B. Matters brought to the attention of the Commission

2. The following decisions adopted by the Committee are brought to the attention of the Commission:

Decision 1

The Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development takes note of the key findings contained in *Sustainable Finance: Bridging the Gap in Asia and the Pacific* and of the suggested actions to be taken by all stakeholders, in particular Governments, regulators and private financial entities, to bridge the sustainable finance gap in Asia and the Pacific (see ESCAP/CMPF(4)/3).

Decision 2

The Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development acknowledges the research on macroeconomic and debt issues carried out by the secretariat for the *Economic and Social Survey of Asia and the Pacific*, which supports efforts to achieve the 2030 Agenda for Sustainable Development.

II. Organization

A. Opening, duration and organization of the session

3. The Committee held its fourth session in Bangkok and online from 1 to 3 November 2023. The session was opened by the Executive Secretary. Special remarks were made by the State Minister of Finance of Sri Lanka, Mr. Shehan Semasinghe; the Minister of Finance, Revenue, Economic Affairs and Privatization of Pakistan, Ms. Shamshad Akhtar (video message); the Governor of the National Bank of Cambodia, Ms. Chea Serey; the Special Representative for Climate Action of the Ministry of Finance of Finland, Mr. Pekka Moren; the Secretary-General of the United Nations Conference on Trade and Development (video message); the Assistant Secretary-General for Economic Development (video message); and the Special Envoy to the Prime Minister of Barbados on Investment and Financial Services, Mr. Avinash Persaud (video message). The Executive Secretary and the Chair of the fourth session of the Committee made statements.

B. Attendance

4. Representatives of the following member States attended: Armenia, Australia, Bangladesh, Cambodia, China, Fiji, India, Indonesia, Iran (Islamic Republic of), Japan, Kyrgyzstan, Lao People's Democratic Republic, Malaysia, Maldives, Mongolia, Nauru, Pakistan, Philippines, Republic of Korea, Russian Federation, Sri Lanka, Thailand, Türkiye, United Kingdom of Great Britain and Northern Ireland, United States of America, Uzbekistan and Viet Nam.

5. Representatives of the following Permanent Observers attended: Finland and South Africa.

6. Representatives of the following United Nations bodies, specialized agencies and funds also attended: Food and Agriculture Organization of the United Nations, International Labour Organization, United Nations Environment Programme and United Nations Population Fund.

7. Representatives of the following intergovernmental organizations also attended: Asian Development Bank and Organisation for Economic Co-operation and Development.

8. In accordance with rule 12 of the Commission's rules of procedure, the Chair and Vice-Chairs examined the credentials of all the representatives and found them to be in order.

C. Election of officers

9. The Committee elected the following officers:

Chair:	Mr. Tumur Amarsanaa (Mongolia)
Vice-Chairs:	Ms. Colonne Appuhamillage Chaminda Inoka Colonne (Sri Lanka)
	Mr. Phan Chi Thanh (Viet Nam)
	Ms. Hawla Ahmed Didi (Maldives)

D. Agenda

10. The Committee adopted the following agenda:
 1. Opening of the session:
 - (a) Opening addresses;
 - (b) Election of officers;
 - (c) Adoption of the agenda.
 2. Assessing the impacts of investments in the Sustainable Development Goals on public debt sustainability: a new approach.
 3. Bridging the gap in sustainable finance in Asia and the Pacific: principles for action.
 4. Review of activities carried out in 2022 and 2023 in response to the requests and decisions made by the Committee at its third session.
 5. Consideration of the future focus of the subprogramme.
 6. Other matters.
 7. Adoption of the report of the Committee on its fourth session.

E. Other events

11. The following side events were held in conjunction with the fourth session of the Committee:
 - (a) 31 October 2023: regional workshop on financing a green and just transition with effective public development banks and development financial institutions, organized with the United Nations Conference on Trade and Development;
 - (b) 31 October–2 November 2023: expert group meeting on the *Economic and Social Survey of Asia and the Pacific 2024: Boosting Affordable and Longer-term Financing for Governments*;
 - (c) 2 November 2023: side event on empowering ministries of finance to develop integrated solutions to debt, development and environmental challenges, organized with the Green Fiscal Policy Network.

III. Account of proceedings

12. The discussions held during the session have been summarized in an account of proceedings (see annex II).

Annex I

List of documents

<i>Symbol</i>	<i>Title</i>	<i>Agenda item</i>
<i>General series</i>		
ESCAP/CMPF(4)/1	Provisional agenda	1 (c)
ESCAP/CMPF(4)/1/Add.1	Annotated provisional agenda	1 (c)
ESCAP/CMPF(4)/2	Assessing the impacts of investments in the Sustainable Development Goals on public debt sustainability: a new approach	2
ESCAP/CMPF(4)/3	Bridging the gap in sustainable finance in Asia and the Pacific: principles for action	3
ESCAP/CMPF(4)/4	Review of activities carried out in 2022 and 2023 in response to the requests and decisions made by the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development at its third session	4
ESCAP/CMPF(4)/5	Consideration of the future focus of the subprogramme	5
ESCAP/CMPF(4)/6	Report of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development on its fourth session	
<i>Limited series</i>		
ESCAP/CMPF(4)/L.1	Draft report	7
<i>Information available online</i>		
www.unescap.org/events/2023/committee-mpfd-fourth-session	Information for participants	
	List of participants	
	Tentative programme	

Annex II

Account of proceedings

I. Introduction

1. The fourth session of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development was held in Bangkok and online from 1 to 3 November 2023.

2. Special remarks were made by the State Minister of Finance of Sri Lanka, Mr. Shehan Semasinghe; the Minister of Finance, Revenue, Economic Affairs and Privatization of Pakistan, Ms. Shamshad Akhtar (video message); the Governor of the National Bank of Cambodia, Ms. Chea Serey; the Special Representative for Climate Action of the Ministry of Finance of Finland, Mr. Pekka Moren; the Secretary-General of the United Nations Conference on Trade and Development (video message); the Assistant Secretary-General for Economic Development (video message); and the Special Envoy to the Prime Minister of Barbados on Investment and Financial Services, Mr. Avinash Persaud (video message).

3. In their special remarks, the speakers noted that stalled economic growth, a shrinking fiscal space and the challenges posed by heavy debt burdens and high borrowing costs were eroding countries' capacities to sustain investment in sustainable development. Some noted that there was an urgent need to reform the international financial architecture, expand access to concessional and long-term financing, strengthen debt relief and liquidity support to countries in distress and introduce better debt sustainability frameworks and debt resolution mechanisms. The speakers also called for more public and private investments, including at the international level, to support the transition to low-carbon economies and climate adaptation, which could be facilitated through targeted green investment frameworks, innovative financing instruments and proactive international support from development partners, including through South-South cooperation.

4. The present annex contains a summary of the views expressed during the discussions held under agenda items 2–6. The full texts of the country statements delivered during the session are available online.¹

II. Summary of discussions

A. Assessing the impacts of investments in the Sustainable Development Goals on public debt sustainability: a new approach (agenda item 2)

5. The Committee had before it the note by the secretariat entitled “Assessing the impacts of investments in the Sustainable Development Goals on public debt sustainability: a new approach” (ESCAP/CMPF(4)/2).

6. In addition, the Committee heard a panel discussion among four policymakers and experts, who highlighted that Asia-Pacific developing countries were confronting a policy dilemma: on the one hand, they were facing persistent sustainable development financing gaps and elevated expectations to proactively intervene to safeguard livelihoods and support economic recovery and, on the other hand, they were in a squeezed fiscal space and under growing sovereign debt servicing and refinancing pressures.

¹ See www.unescap.org/events/2023/committee-mpfd-fourth-session.

Balancing the requirement to meet the investment needs to effectively achieve the Sustainable Development Goals while also maintaining debt sustainability and fiscal health had become increasingly difficult for policymakers. The panellists advocated adopting a multipronged strategy in response to that challenge that included making greater efforts to mobilize public and private resources, improving the management of public assets and debt, facilitating access to concessional financing and better aligning public spending and private financing with national sustainable development priorities.

7. Representatives of the following members of the Economic and Social Commission for Asia and the Pacific made statements: Armenia, China, India, Maldives, Pakistan, Russian Federation and Sri Lanka.

8. The Committee recognized the significant threats to the economic stability and sustainable development of some developing Asia-Pacific countries posed by significant public debt burdens and elevated sovereign borrowing costs. Additional expenditures and shrinking public revenues during the coronavirus disease (COVID-19) pandemic, continued economic turbulence, increased prices, monetary tightening to curtail high inflation and decreases in foreign direct investment and official development assistance had also contributed to the difficulties. Moreover, repeated external development shocks such as natural disasters and the negative spillover of macroeconomic policies, including interest rate hikes, in developed countries, as well as exposure to negative externalities such as the transborder impact of climate change, were equally important sources of fiscal and development challenges for some developing Asia-Pacific countries.

9. One representative highlighted the dire consequences of conflicts for sustainable development. Another representative noted that the macroeconomic, energy and climate policies of some developed countries, which had contributed to high inflation and increased the pressure on household incomes and the cost of living, may have exacerbated the challenges posed by external debt servicing.

10. The Committee noted that the combined effect of heightened public debt pressure and inadequate access to concessional development financing had forced Governments to divert valuable fiscal resources towards debt servicing and away from critical investments in sustainable development and social well-being. That was particularly true for countries with structural vulnerabilities, such as landlocked developing countries and small island developing States, and for countries in debt distress or default, which were being denied access to additional and low-cost financing when they needed it most. Even middle-income countries with specific vulnerabilities had limited access to concessional financing.

11. The Committee took note of the need for a long-term debt sustainability assessment that looked beyond short-term fiscal considerations and took into account the nuanced interplay between investments in sustainable development and the fiscal health of nations in the long run. Correspondingly, decisions on the provision of access to concessional financing and development assistance should also be guided by considerations related to the inherent vulnerabilities and sustainable development needs of the countries concerned. Sovereign credit rating practices could be improved as well, by taking into account non-financial factors to effectively channel investments into countries most in need.

12. One representative urged international financial institutions and development partners to adopt the widely accepted multidimensional vulnerability index for small island developing States as a tool in allocating concessional financing. Member States were called upon to reach a consensus on assessing public debt sustainability in such a way as to facilitate the achievement of the Sustainable Development Goals. A robust mechanism was needed to secure the required flows of non-debt investments and low-cost credit to vulnerable developing countries and the burdens linked to global warming and climate change should be distributed more equitably.

13. On debt sustainability, the Committee noted the need to prioritize development as a fundamental solution to the challenges being faced and the importance of strengthening public revenue mobilization, rationalizing government subsidies and expenditure priorities, enhancing public spending efficiency, improving public debt management and scaling up government capital expenditure to accelerate economic growth. One representative argued that encouraging economic globalization and further liberalizing and facilitating global trade and investment would improve the overall environment for development financing. Another representative noted that long-term public debt sustainability assessments should take into account national priorities and local contexts, not impose uniform or mandatory standards.

14. The Committee recognized that debt relief and debt resolution were needed to achieve debt sustainability, and that this could be done, for example, through the work of the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative, through the exploration of innovative solutions such as debt-for-climate swaps and through the participation of multilateral and private creditors in debt resolution, based on the principle of common but differentiated responsibilities.

15. One representative emphasized the importance of taking a whole-of-government approach to financing the Sustainable Development Goals and of participating in inclusive and effective international tax cooperation to address the development needs of the global South. All the States Members of the United Nations should engage in intergovernmental discussions on tax-related norm-shaping and rule-setting, giving full consideration to existing multilateral and international arrangements.

16. It was recognized that the secretariat had provided an important opportunity to discuss debt sustainability and sustainable development financing.

B. Bridging the gap in sustainable finance in Asia and the Pacific: principles for action (agenda item 3)

17. The Committee had before it the note by the secretariat entitled “Bridging the gap in sustainable finance in Asia and the Pacific: principles for action” (ESCAP/CMPF(4)/3).

18. In addition, the Committee heard a panel discussion among three policymakers from developing countries – two from central banks and one from a ministry of finance – and two officials from multilateral development banks. The policymakers discussed initiatives to mobilize sustainable sources of financing in their countries, including the development of green taxonomies, regulations for the disclosure of climate risks and regulations for the issuance of thematic bonds. The reluctance to share data across agencies was identified as an obstacle to implementing coherent sustainable finance policies. One

official from a multilateral development bank agreed that, while proposed reforms to capital adequacy frameworks would help to leverage more lending, the additional financing would still be insufficient to meet the needs. The official suggested that co-financing agreements among multilateral development banks could help to streamline project approval processes and that it could be worth exploring the possibility of mutually recognizing policies such as safeguards. Both officials from multilateral development banks emphasized their institutions' commitment to further aligning their lending practices with climate objectives.

19. Representatives of the following members made statements: China, India and Russian Federation.

20. The Committee noted that funding shortages made it difficult for many countries to achieve sustainable development and that the global financing gap to achieve the Sustainable Development Goals had increased from \$2.5 trillion per year before the COVID-19 pandemic to around \$4 trillion. In that context, the Committee highlighted the importance of developing an enabling environment and fit-for-purpose tools to stimulate financial flows for the implementation of relevant national strategies and plans, and it took note of the 10 principles for action contained in the above-mentioned note by the secretariat as a contribution towards that goal.

21. The Committee also noted that tightening global financial conditions and high borrowing costs had fuelled debt sustainability concerns in many developing countries and made access to financing for sustainable development even more challenging. It was necessary to reform multilateral financial institutions, including multilateral development banks, to improve their incentive structures, operational approaches and financial capacities to mobilize investments for sustainable development and climate action. One delegation emphasized the need to enhance the representation of emerging market economies and developing countries in multilateral financial institutions.

22. The Committee noted the importance for developing countries of continuing to invest in the Sustainable Development Goals while addressing the current crisis given that such investments offered long-term benefits in terms of job creation, economic growth, increased tax revenues and improved long-term debt ratios.

23. Some representatives highlighted best practices and national financing instruments to support the financing of efforts aimed at achieving the Sustainable Development Goals and climate action, including thematic (green, social and sustainability) bond frameworks, taxonomies and sustainability reporting. One representative emphasized that the development of carbon markets could act as an effective economic model for reducing emissions and stimulating investments in green projects based on market principles.

C. Review of activities carried out in 2022 and 2023 in response to the requests and decisions made by the Committee at its third session (agenda item 4)

24. The Committee had before it the note by the secretariat entitled "Review of activities carried out in 2022 and 2023 in response to the requests and decisions made by the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development at its third session" (ESCAP/CMPF(4)/4), which also contained information on the work of the

Consultative Group on Financing Strategies for the Sustainable Development Goals.

25. The secretariat gave a presentation based on the above-mentioned note.

26. The Committee heard a panel discussion among four policymakers from States members of the Consultative Group. The panellists highlighted the important role played by the Consultative Group in increasing the interaction of member States with the secretariat on issues of financing for the Sustainable Development Goals. The panellists requested the secretariat to continue to organize joint national policy dialogues with the States members of the Consultative Group, including to promote knowledge-sharing and peer learning among countries.

27. Representatives of the following members made statements: China and Russian Federation.

28. The Committee expressed appreciation for the secretariat's work over the previous two years in response to the requests made by the Committee at its third session, held in November 2021, including the work done through the Consultative Group. The Committee urged the secretariat to continue to promote knowledge-sharing, capacity-building and technical cooperation with a view to strengthening financing for the achievement of the Sustainable Development Goals, and also to consider the social and environmental aspects.

D. Consideration of the future focus of the subprogramme (agenda item 5)

29. The Committee had before it the note by the secretariat entitled "Consideration of the future focus of the subprogramme" (ESCAP/CMPF(4)/5).

30. Representatives of the following members made statements: Iran (Islamic Republic of), Japan, Mongolia, Russian Federation and Sri Lanka.

31. The Committee highlighted the timeliness of the work of the secretariat given the difficult macroeconomic environment and the worsening climate conditions, which made the pursuit of the Sustainable Development Goals highly challenging for member States. In that regard, the Committee welcomed the fact that the secretariat was preparing relevant research and information products, providing targeted advisory services and technical assistance to interested countries, facilitating the exchange of experiences and best practices among member States and promoting international cooperation.

32. The Committee noted the uneven progress that had been made in achieving the Sustainable Development Goals and that the fiscal constraints faced by Governments exacerbated the consequences of the high cost of financing, particularly in low- and middle-income countries. One representative noted that addressing those challenges would require robust policy actions to channel financial resources into sustainable investments.

33. The Committee emphasized the secretariat's role as a facilitator in strengthening Governments' access to sustainable financing through capacity-building and technical support. Some representatives noted the importance of de-risking mechanisms such as credit guarantees and the creation of pipelines of bankable projects to attract private investors.

34. Although the Committee emphasized the importance of financing efforts aimed at implementing the 2030 Agenda for Sustainable Development as a whole, some representatives expressed interest in specific areas, such as financing just energy transitions, embedding sustainable finance considerations in the financial sector, financing nature-based solutions and developing green project pipelines. One representative emphasized the importance of financing a just energy transition to fulfil the country's climate action goals.

E. Other matters (agenda item 6)

35. No other matter was raised.

F. Adoption of the report of the Committee on its fourth session (agenda item 7)

36. On 3 November 2023, the Committee adopted the report on its fourth session.
