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Review of issues pertinent to the subsidiary structure of the Commission, including the work of the regional institutions: macroeconomic policy, poverty reduction and financing for development**Report on the Regional Workshop on the Adaptation of the 2030 Agenda and the Istanbul Programme of Action at the National Level for the Least Developed Countries in Asia and the Pacific****Note by the secretariat***Summary*

The present note summarizes the outcomes and policy discussions of the Regional Workshop on the Adaptation of the 2030 Agenda and the Istanbul Programme of Action at the National Level for the Least Developed Countries in Asia and the Pacific, which was held in Vientiane on 28 and 29 June 2016. At the meeting, member States requested the Economic and Social Commission for Asia and the Pacific to continue to facilitate the development of country-specific policies and strategies for prioritizing and sequencing actions that needed to be taken to achieve the Sustainable Development Goals and implement the Istanbul Programme of Action. It was recognized that the international community also needed to take concrete action to help to address the special needs of least developed countries and to strengthen the global partnership for the development of least developed countries in all priority areas of the Istanbul Programme of Action, while taking into account the 2030 Agenda for Sustainable Development.

One of the recommendations was that support should be provided to least developed countries to ensure a smooth transition towards graduating from least developed country status and that assistance should be provided to those countries in updating, standardizing and harmonizing data. Least developed countries also need support in the area of financing, including in strengthening the participation of the private sector through foreign direct investment and public-private partnerships in an effort to achieve sustainable development; promoting an integrated financing framework to enhance accountability and transparency; building capacity to access global finance funds; and investing in innovative tools, with a particular focus on engaging civil society, the private sector and youth.

The Commission may wish to deliberate on the note and provide the secretariat with guidance on its recommendations and on any other matters concerning the alignment of the 2030 Agenda and the Istanbul Programme of Action at the national level for least developed countries.

* E/ESCAP/73/L.1.

I. Introduction

1. The Programme of Action for the Least Developed Countries for the Decade 2011-2020, also referred to as the Istanbul Programme of Action, which was adopted at the Fourth United Nations Conference on the Least Developed Countries, held in Istanbul in May 2011, highlights eight priority areas for action to be implemented by least developed countries to overcome the structural challenges they face, eradicate poverty and achieve the internationally agreed development goals.

2. During the first half of the Istanbul Programme of Action, Asia-Pacific least developed countries made remarkable progress in implementing actions in the priority areas of the programme.¹ Since the graduation of Samoa in January 2014, the Asia-Pacific region has been home to 12 least developed countries, of which 7 met the criteria for graduation in the 2015 triennial review of the Committee for Development Policy.² However, graduation from the least developed country category does not imply that countries are no longer highly vulnerable. Indeed, many of these countries will continue to remain highly vulnerable to external shocks, including volatility in commodity markets, natural disasters and climate change. The global community will therefore need to provide continued engagement to countries even after graduation.

3. The Istanbul Programme of Action includes 251 actions to be taken by 2020, while the 2030 Agenda for Sustainable Development envisages attaining 17 Sustainable Development Goals and 169 targets by 2030. Given that the second half of the Istanbul Programme of Action (2016-2020) overlaps with the first five years of the 2030 Agenda for Sustainable Development (2016-2021), least developed countries are confronted with the challenge of implementing both ambitious programmes at the same time. Achieving this will require a strategic approach that is based on careful prioritization and sequencing of actions. Moreover, it will require significant assistance from the international community to identify synergies and interlinkages of these programmes.

4. The secretariat already initiated a process to support member States in implementing these global agendas by organizing a regional macroeconomic modelling workshop in December 2015. The secretariat provided an analytical report that examined effective ways to address the challenges involved in the simultaneous implementation of the Istanbul Programme of Action and the 2030 Agenda.³ It also proposed an analytical framework for the prioritization and sequencing of the 2030 Agenda in each country.⁴

5. The Commission provided, in its resolution 72/6, a further mandate to the secretariat to expand support by conducting workshops and training programmes on the application of models to integrate the three dimensions of sustainable development and to identify the linkages and impact of national policies and strategies. In doing so, special attention would be given to the countries with special needs, which comprise least developed countries, landlocked developing countries and small island developing States.

¹ See E/ESCAP/73/1.

² To be eligible for graduation, countries must meet the criteria at two consecutive triennial reviews.

³ *From the Istanbul Programme of Action to the 2030 Agenda for Sustainable Development* (United Nations publication, Sales No. E.16.II.F.21).

⁴ Ibid.

6. The secretariat organized a regional workshop on the adaptation of the 2030 Agenda and the Istanbul Programme of Action at the national level for the least developed countries in Asia and the Pacific (held in Vientiane on 28 and 29 June 2016). The aim of the workshop was to promote a cross-sectoral and integrated approach in the adaptation of the 2030 Agenda. It also aimed to make policymakers and other stakeholders aware of development strategies and policy options that are related to the implementation of the Istanbul Programme of Action and that focus on similar priority areas and development goals. The workshop was attended by more than 85 participants, including representatives of Governments of 10 member States of the Economic and Social Commission for Asia and the Pacific (ESCAP), namely, Afghanistan, Bangladesh, Bhutan, Cambodia, the Lao People's Democratic Republic, Myanmar, Nepal, Timor-Leste, Tuvalu and Vanuatu. Representatives of United Nations organizations and civil society organizations as well as of other stakeholder organizations also attended.

7. Participants at the meeting expressed deep appreciation to the Lao People's Democratic Republic for hosting the workshop.⁵

II. Brief review of key issues and policy discussions

A. Key issues of least developed country graduation, financing strategies and Sustainable Development Goal adaptation at the national level of Asia-Pacific least developed countries

8. Participants discussed the importance of an in-depth review of the three criteria defining the least developed country category, emphasizing that one of the objectives of the Istanbul Programme of Action was for half of all least developed countries globally to meet the criteria for graduation by 2020. Highlighting the graduation process with a review of the time frame that it entails, participants noted that although 11 least developed countries already met the graduation criteria worldwide, attaining the Istanbul Programme of Action goal of 24 countries meeting the criteria globally by 2020 would be difficult without significant additional support by development partners to least developed countries.

9. Participants also noted that despite the development progress of least developed countries, the widening income divergence between least developed countries and developed economies in the region could be observed. Thus, the average level of per capita gross national income was 57 times higher in developed countries than in least developed countries during the period from 2010 to 2013, compared with 25 times higher during the period from 1970 to 1972.

10. Significant financial resources are needed to close existing development gaps. Such resources are generally generated both domestically and externally, from public and private sources. They usually comprise tax revenues (a domestic public resource), official development assistance (ODA, an external public resource), private sector credit (a domestic private resource), foreign direct investment (FDI, an external private resource) and blended financing.

⁵ The documents related to the meeting are available from: www.unescap.org/events/regional-workshop-adaptation-2030-agenda-and-istanbul-programme-action-national-level-least.

11. Participants discussed strategies for financing graduation, including broadening tax bases; for creating an enabling policy environment and strengthening legal and regulatory frameworks to attract FDI inflows; and for reducing the transaction costs of remittances. Suggested policy reforms to help to facilitate development financing included raising tax-to-gross domestic product ratios; strengthening the banking sector; expanding the use of remittances for productive purposes; advocating and positioning blended finance for development; creating a pool of resources for climate change consequences; and promoting South-South cooperation.

12. In particular, participants recognized the urgent need for a comprehensive and Asia-Pacific-wide platform to discuss how to enhance tax administration and to address the significant flows of illicit capital from the region in order to strengthen tax revenues.

13. They also highlighted that, with the sheer amount of resources that least developed countries needed vastly exceeding least developed countries' own financing capacities, greater commitment from the donor assistance community to meet international targets played a critical role for least developed countries to address their development challenges. ESCAP and the United Nations system in general can play a key role in this drive by providing knowledge products and capacity-building assistance to least developed countries.

14. Participants underscored that despite progress, the socioeconomic development of least developed countries remained constrained by many additional factors, including limited productive capacities, high trade costs and geographic features, which caused isolation from the major regional and extra-regional markets. These countries are also the most vulnerable to climate change consequences and natural disasters, making economic growth, social inclusion and environmental management a great challenge. Some economies in the region are also facing the challenge of declining commodity prices, underscoring the need for diversifying sources of growth. The global oil price fall of 47 per cent in 2015 and the global non-fuel commodity price index decline of 17 per cent contributed to slow economic growth, lowered the rate of poverty reduction and slowed progress towards the attainment of the Sustainable Development Goals and inclusive development.

15. Participants in the regional workshop emphasized that a significant challenge to the implementation of the 2030 Agenda was the lack of a clear road map or strategy for its implementation. While the 169 targets of the Agenda provide a comprehensive framework for tracking progress, there is a lack of guidance on how to attain these targets and goals. A major issue to be addressed by policymakers is therefore how to effectively prioritize and sequence actions for achieving the Sustainable Development Goals. At the national level, it is a challenging undertaking because of interlinkages across Sustainable Development Goals and bottlenecks that are impeding progress towards inclusive growth and sustainable development.

16. Furthermore, it was underscored that graduation from the least developed country category did not imply that countries were no longer highly vulnerable to external shocks arising from crises, natural disasters or high volatility in commodity markets.

17. Participants took note of the Comprehensive High-level Midterm Review of the Implementation of the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020, which was held from 27 to 29 May 2016 in Antalya, Turkey. They welcomed the concrete

measures and initiatives that had been agreed upon, including the operationalization of the Technology Bank for the Least Developed Countries, investment promotion regimes, the undertaking of an in-depth study on crisis mitigation and resilience-building in least developed countries, a comprehensive review by the Committee for Development Policy of the graduation criteria and encouragement for the Organization for Economic Cooperation and Development to set a target to provide 0.2 per cent of gross national income as ODA. They suggested that the immediate task ahead was to translate the specific commitments into actions and that all stakeholders needed to undertake aggressive measures to implement the Istanbul Programme of Action and the declaration of its midterm review.

18. Participants recognized the ESCAP *Asia-Pacific Countries with Special Needs Development Report 2016* and the support it provided to member States in having a better understanding of areas such as:

- Whether Asia-Pacific countries with special needs are advancing towards meeting the targets of their respective programmes of action
- Which structural impediments are hampering the development of adequate productive capacities, thereby making sustainable development difficult and expensive
- How many least developed countries still remain vulnerable to major disasters and global economic shocks
- Whether specific measures to support least developed countries should be phased out in a gradual and predictable manner
- Whether there is an overlap between the Istanbul Programme of Action and the 2030 Agenda
- How Governments can be guided by the specific actions of programmes of action and align national development plans with the 2030 Agenda

19. Participants at the workshop further emphasized the importance of trade capacity development, trade facilitation, paperless trade initiatives and enterprise development and investment. In particular, countries must be aware that these are essential elements required for achieving many of the Sustainable Development Goals. Also, trade-related indicators included in the Sustainable Development Goal framework need to be refined, taking into account not just growth in exports from least developed countries but also the quality of exports and the extent to which least developed countries participate in global value chains.

20. A key factor in this context is the importance of having access to analytical work, capacity-building and technical support in areas such as accountability and statistics for gender equality and enhancing the collection and analysis of reliable and comparable data on disabilities. Moreover, it was emphasized that a number of capacity-building and analytical work projects are being planned by ESCAP, including developing learning modules on social protection, a youth toolbox, a research study on youth inclusion and a publication on inequality opportunities, especially for least developed countries.

21. At the workshop, it was also highlighted that it was necessary to carry out analysis and research on sustainable development, with a focus on environmental sustainability and on the regional dimensions of sustainable development, especially in least developed countries. Efforts that had provided capacity-building support through online courses were acknowledged. It was also emphasized that, while countries could integrate the environmental dimension into national development frameworks in several ways, there might be trade-offs in the short run. Yet, this would be compensated by overall long-term benefits.

22. Participants noted that there had been a transformative shift in the perception and attitude of least developed countries, as many of them supported graduation in the larger context of implementing the Istanbul Programme of Action and achieving the Sustainable Development Goals. Yet, additional measures must be put in place by least developed countries and their development partners to meet the goal of graduation of half of all least developed countries globally by 2020. Moreover, it is important to provide support to countries to ensure a smooth and sustainable transition through and beyond graduation, thus making graduation irreversible. Key development concerns here are the threat of external shocks that can undermine gains in human development; a limited framework policy to tackle underemployment; the need for more responsive and accountable institutions of governance; a poor social protection system; limited institutional capacity; inadequate intersectoral and subnational coordination; and the limited availability of financial resources.

B. Policy analysis and implications

23. Participants underscored the need to promote a cross-sectoral and integrated approach in the adaptation of the 2030 Agenda. Such cross-sectoral coordination is essential for creating synergies across the priorities of action and between global agendas. Policymakers and other stakeholders need to be aware of development strategies and policy options that relate to the priority areas of the Istanbul Programme of Action and that focus on similar Sustainable Development Goals. This is especially important as the 2030 Agenda entails pursuing economic, social and environmental objectives simultaneously. Regional cooperation can play a role in this effort by promoting the dissemination of good practices and lessons learned.

24. The participants took note of the importance of the prioritization and sequencing of policies in least developed countries to implement the priorities of the Istanbul Programme of Action and attain the Sustainable Development Goals, particularly as the Political Declaration that had been adopted during the Comprehensive High-level Midterm Review of the Implementation of the Istanbul Programme of Action in May 2016 reaffirmed that national policies should be geared towards catalysing action within the context of the 2030 Agenda and other international development agreements.

25. Participants underscored that the Asia-Pacific least developed countries should also focus on strengthening resilience to natural shocks and disasters; on considering the impact of infrastructure on the environment; and on appropriate land use and managed urbanization coupled with proper management of water resources. Moreover, cooperation between stakeholders within countries must be increased and local communities need to be included in the policy nexus to successfully implement the Istanbul Programme of Action and enable least developed countries to move towards a more sustainable and climate-resilient future, as well as to bridge large gaps in understanding policy issues and processes at the grass-roots level.

26. The discussions also highlighted that new statistical tools and Sustainable Development Goal modelling frameworks could enable practitioners to quantify linkages and understand the trade-offs in policymaking at the national and regional levels. In that regard, there are several frameworks and tools available for measuring interactions between the social, economic and environmental dimensions of development and for modelling the impact of relevant policy decisions.

27. Participants emphasized that to implement the Istanbul Programme of Action, ownership and leadership was required in least developed countries at the national level. At the same time, sufficient means of implementation must be available and policy coherence is required at the national and regional levels, enhanced through South-South and North-South cooperation. This also entails that developed countries fulfil their ODA commitments and address the issue of debt overhang.

III. The way forward

28. Participants emphasized that to implement the Istanbul Programme of Action and for least developed countries to graduate, the following issues needed to be considered:

- Least developed countries have in recent years demonstrated a strong commitment to graduate from least developed country status; however, they will continue to require additional and increased support from the international community, even after graduation, to ensure that graduation is smooth and sustainable
- Least developed countries are progressing towards implementing the Istanbul Programme of Action; however, they face significant impediments that are beyond their control, including, for instance, the adverse effects resulting from climate change
- The international community must take concrete actions to help address the needs of least developed countries; this includes strengthening the global partnership for development for least developed countries in all priority areas of the Istanbul Programme of Action, in particular the practical actions spelled out in the Political Declaration of the Comprehensive High-level Midterm Review of the Implementation of the Istanbul Programme of Action

29. In doing so, participants highlighted the importance of receiving support from ESCAP in areas related to:

- Creating an institutional mechanism to ensure a smooth transition towards graduating from least developed country status
- Linking the implementation of the Istanbul Programme of Action closely to the attainment of the 2030 Agenda
- Providing assistance in updating, standardizing and harmonizing data

30. Participants emphasized that the attainment of the Sustainable Development Goals might require the following:

- That countries create national committees dedicated to Sustainable Development Goal modelling framework(s) and related work in areas of integrating sectoral policies and strategies in a systematic manner
- That countries establish a national modelling programme to serve country-specific programmes
- That least developed countries require further technical assistance from donors and development partners to effectively develop Sustainable Development Goal modelling framework(s), including issues pertaining to climate change modelling

31. To achieve the above, participants highlighted the importance of receiving continued support from ESCAP in areas related to:

- Enhancing coordination and policy harmonization pertaining to the implementation of the Istanbul Programme of Action and the 2030 Agenda at the national and international levels
- Prioritizing and sequencing policies to attain the Sustainable Development Goals and implement the priorities of the Istanbul Programme of Action
- Improving inter-agency coordination and identifying comparative advantages among the different agencies and development partners
- Establishing a national focal point at the highest political level, as has already been carried out in some least developed countries, to enhance cross-sectoral coordination in efforts related to implementation of the 2030 Agenda and the Istanbul Programme of Action

32. Participants emphasized that the following issues needed to be considered in the area of financing:

- Significant financial resources are required to support least developed country graduation efforts and to implement the 2030 Agenda
- Domestic resource mobilization, including through increasing tax revenue and reform of the taxation system, is critical; in this regard, least developed countries could benefit from the establishment of a comprehensive and inclusive Asia-Pacific platform to discuss tax-related issues
- Investing in the social dimension and strengthening linkages with the economic and environmental dimensions of development is critical for the successful implementation of the 2030 Agenda and the Istanbul Programme of Action

33. To achieve that, participants highlighted the importance of receiving support from ESCAP in financing areas related to:

- Further strengthening the participation of the private sector through foreign direct investment and public-private partnerships in an effort to achieve sustainable development
- Promoting an integrated financing framework, including through digitization, to enhance accountability and transparency
- Building the capacity of least developed countries in formulating proposals for accessing global finance funds, such as the Green Climate Fund
- Investing in innovative tools related to financing sustainable development, with a particular focus on engaging civil society, the private sector and youth

34. Participants emphasized that for means of implementation of the 2030 Agenda, the following issues could be considered in the area of trade and science, technology and innovation:

- Countries need to take trade, investment and technology and innovation into account when prioritizing Sustainable Development Goals and targets, as they are essential for the successful implementation of many of the Goals
- Trade-related indicators that are included in the 2030 Agenda need to be refined, taking into account not just growth of exports from least developed countries but also the quality of their exports and their participation in global value chains

35. To achieve that, participants highlighted the importance of receiving support in trade and technology and innovation. Thus, ESCAP and other United Nations agencies should:

- Continue to facilitate the transfer and sharing of appropriate technology and know-how to least developed countries in the context of South-South cooperation and triangular cooperation
- Continue to assess the feasibility of establishing a technology bank for least developed countries, which would facilitate technology transfer and the related sharing of experiences

36. Participants emphasized that for capacity-building activities, the following issues could be considered:

- Capacities in the collection, analysis and dissemination of data and statistics need to be strengthened in countries to enable proper monitoring and evaluation of the Istanbul Programme of Action and the Sustainable Development Goals
- Debt issues related to development need to be assessed, and should be analysed to ensure macroeconomic stability and to avoid downside risks associated with policy uncertainty; analytical studies such as the ESCAP *Asia-Pacific Countries with Special Needs Development Report* can provide new perspectives and motivate further studies on the adoption of appropriate policies

- Establishing networks to promote South-South cooperation and to facilitate the exchange of good practices and knowledge, including in the areas of climate change and technical transfer
- Encouraging national ownership by promoting the use of national mechanisms to channel aid effectively
- Supporting human development
- Enhancing modelling expertise to be used in implementing the Istanbul Programme of Action and the 2030 Agenda

37. Participants highlighted that the 2030 Agenda must be adapted and localized at the national level to maximize its impact. Policymakers should develop country-specific policies and strategies for prioritizing and sequencing actions to achieve the Sustainable Development Goals and implement the Istanbul Programme of Action. The *Asia-Pacific Countries with Special Needs Development Report 2016*, which provided an analytical framework to inform policymakers of optimal, country-specific pathways, contributed to efforts aimed at adapting the 2030 Agenda into national contexts, including through innovative policy initiatives and institutional reforms.

38. Participants further highlighted that ESCAP should bring together policymakers and experts to promote closer cooperation between national agencies to ensure progress towards implementing the Istanbul Programme of Action and to integrate Sustainable Development Goals into national development strategies. Participants noted that planning and prioritization were essential for making progress towards achieving sustainable development. The workshop thus provided a timely and important opportunity to discuss how the 2030 Agenda could be most effectively adapted to the national realities of least developed countries of the region.
