



Economic and Social Commission for Asia and the Pacific

Committee on Macroeconomic Policy, Poverty Reduction
and Financing for Development

Second session

Bangkok, 6–8 November 2019

**Report of the Committee on Macroeconomic Policy,
Poverty Reduction and Financing for Development on its
second session****I. Matters calling for action by the Commission or brought
to its attention**

1. The Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development requests the secretariat of the Economic and Social Commission for Asia and the Pacific (ESCAP) to provide further analysis and capacity-building support on assessing investment requirements and associated financing strategies to achieve the Sustainable Development Goals, as well as on aligning national economic policies with the 2030 Agenda for Sustainable Development.

2. The Committee requests the secretariat to continue its support, through research and capacity-building activities, to countries with special needs in the implementation of their relevant programmes of action, including to ensure a smooth transition for countries graduating from the category of least developed countries.

3. The Committee requests the secretariat to continue supporting member States in developing capacities to implement the public-private partnership modality for infrastructure financing through, for example, South-South cooperation, exchanges of experiences and the development of bankable projects.

4. The Committee requests the secretariat to facilitate regional cooperation on innovative finance to achieve the Sustainable Development Goals.

5. The Committee requests the secretariat to assist member States, through its analytical work and capacity-building activities, in enhancing the access of micro-, small and medium-sized enterprises to finance by supporting the development of relevant policies, regulations and support mechanisms as well as pertinent information technology and financial technology solutions.

6. The Committee requests the secretariat to continue its support, through research and capacity-building activities, to member States, particularly

countries with special needs, in addressing cross-border and common domestic tax challenges.

II. Proceedings

A. Mainstreaming the Sustainable Development Goals into economic policymaking (Agenda item 2)

7. The Committee had before it the note by the secretariat on mainstreaming the Sustainable Development Goals into economic policymaking (ESCAP/CMPF/2019/1).

8. Representatives of the following members and associate members of the Commission made statements: Afghanistan; Bangladesh; China; India; Indonesia; Lao People's Democratic Republic; Nepal; Pakistan; Philippines; Republic of Korea; Russian Federation; and Sri Lanka.

9. The Committee noted the ongoing efforts of member States to mainstream the Sustainable Development Goals into economic policymaking and recognized that much progress had been made in mapping the Goals into national development plans and various sectoral strategies and in monitoring progress, including at the subnational level.

10. The Committee noted the many national priorities which reflected the principles contained in the 2030 Agenda of leaving no one behind and securing environmental sustainability.

11. The Committee highlighted that poverty remained the primary challenge in most developing countries, and that the goal of ending poverty required multifaceted interventions, including strengthening of social protection, crop insurance, support for micro-, small and medium-sized enterprises and export diversification as well as the implementation of major infrastructure projects.

12. The Committee emphasized the need to effectively implement plans and policies that were aligned with the Sustainable Development Goals. Those included the assessment of financing requirements, the development of financing strategies and increasing the fiscal space through tax and budget reforms. The Committee therefore welcomed the secretariat's recent work on estimating the investment needs to achieve the Goals for the Asia-Pacific region as well as the United Nations development system-wide effort to develop integrated national financing frameworks to support member States.

13. The Committee emphasized the need for all member States to mainstream the Sustainable Development Goals into their domestic economic policymaking, adopt a whole-of-government approach and strengthen regional cooperation in support of the 2030 Agenda.

B. Strengthening regional tax cooperation in Asia and the Pacific (Agenda item 3)

14. The Committee had before it the note by the secretariat on strengthening regional tax cooperation in Asia and the Pacific (ESCAP/CMPF/2019/2).

15. The Committee benefited from a panel discussion on strengthening regional tax cooperation in Asia and the Pacific. The panel comprised Mr. Wayne Swan, National President, Australian Labour Party, and former Deputy Prime Minister and Treasurer of Australia; Ms. Koni Ravono, Head of Secretariat, Pacific Islands Tax Administrators Association; Mr. Michael Lennard, Chief, International Tax Cooperation, Financing for Sustainable Development Office, Department of Economic and Social Affairs of the Secretariat; Ms. Kim Jacinto-Henares, former Commissioner, Bureau of Internal Revenue, Philippines, and member, Independent Commission for the Reform of International Corporate Taxation; Mr. Bruno Carrasco, Chief, Governance Thematic Group, Asian Development Bank (ADB); and Mr. Andrew Auerbach, Senior Tax Advisor, Centre for Tax Policy and Administration, Organization for Economic Cooperation and Development.

16. The panellists highlighted the importance and urgency of broad-based tax cooperation and collective actions to address cross-border and common tax challenges for effective financing of sustainable development. They discussed the important processes on that front led by the Organization for Economic Cooperation and Development, the Group of 20 and the United Nations, and recognized their efforts with regard to supporting and further engaging developing countries in those processes in an inclusive and equal manner. In that regard, the role of the United Nations as an alternative source of advice for developing countries was also noted.

17. The panellists highlighted the need for strengthened support at the regional level for developing countries in their efforts to build analytical capacity to address international taxation challenges and to ensure their broad-based participation in decision-making processes. They also pointed to the importance of coordinating regional positions and of incorporating those positions into global discussions. Also required was a platform for dialogue on those concerns of member States that were not fully addressed by international tax cooperation and reform initiatives. To that end, the panellists called for closer collaboration among organizations already working on tax matters in the region.

18. Representatives of the following members and associate members made statements: Bangladesh; Cambodia; China; India; Japan; Nepal; and Russian Federation.

19. A representative of the Centre for Budget and Governance Accountability made a statement.

20. The Committee noted the importance of broadening the tax base in order to finance sustainable development and the efforts of and progress made by member States in strengthening tax revenues and improving tax compliance and services.

21. The Committee highlighted the importance of regional tax cooperation to address cross-border and emerging tax challenges. The Committee also noted that countries of the region had increased their participation in and contribution to international and regional tax cooperation.

22. The Committee expressed its support for further strengthening regional tax cooperation. Some representatives noted the proposal to set up a working group on strengthening tax cooperation, while other representatives expressed concerns about the substance and procedural aspects of the proposed working group.

23. A representative of a non-governmental organization underscored the importance of cooperation on tax matters and endorsed the idea of setting up a regional mechanism to strengthen tax cooperation.

C. Enhancing regional cooperation to leverage financing for the countries with special needs

(Agenda item 4)

24. The Committee had before it the note by the secretariat on enhancing regional cooperation to leverage financing for the countries with special needs (ESCAP/CMPF/2019/3).

25. Representatives of the following members and associate members made statements: Afghanistan; Bangladesh; Cambodia; China; Indonesia; Lao People's Democratic Republic; Russian Federation; Turkmenistan; and Vanuatu.

26. A representative of the Alliance for Financial Inclusion made a statement.

27. The Committee highlighted the critical role of financing in the achievement of the Sustainable Development Goals, particularly for countries with special needs, in line with the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. The Committee noted, with concern, that the financing gap for the achievement of the Goals was increasing every year and that interest payments associated with an increased reliance on non-concessional borrowing were reducing fiscal space. The Committee highlighted the importance of mobilizing new and innovative financing schemes, including financial technologies, to engage non-State actors, including the private sector, philanthropies and civil society organizations, in order to close the financing gap.

28. While taking note of the progress made by the least developed countries in the region towards their graduation from the category of least developed countries, the Committee highlighted potential impacts associated with the withdrawal of international support measures, such as the loss of preferential market access and potential changes in the modality of official development assistance. In that context, the importance of continued support to graduating least developed countries throughout their transition process was highlighted. One representative proposed establishing a new group of recently graduated and graduating countries to collectively raise their voices for continued support at international forums.

29. The Committee highlighted the importance of increased public and private financing for sustainable development. It highlighted three areas of government intervention: (a) improving the business environment to attract private financing and ensuring macroeconomic stability; (b) enhancing public domestic resource mobilization by increasing tax revenues and through improvements in tax administration; and (c) strengthening public fiscal management by linking budgets with medium-term plans.

30. The Committee emphasized the importance of digital financial services for financial inclusion and highlighted the relevance of micro-, small and medium-sized enterprises in providing employment. The Committee noted the potential of innovative financial instruments such as green bonds. It highlighted the importance of infrastructure financing to reduce inequalities in access to services and underscored the relevance of public-private partnerships as a financing modality. In that vein, there was a need to share experiences

through exchanges of information and South-South cooperation, and by providing technical assistance to public-private partnership units within ministries.

D. Subprogramme on macroeconomic policy, poverty reduction and financing for development

(Agenda item 5)

Activities carried out in 2018 and 2019 under the subprogramme in light of the recommendations of the first session of the Committee

(Agenda item 5 (a))

31. The Committee had before it the note by the secretariat on the report on the activities carried out in 2018 and 2019 under the subprogramme on macroeconomic policy, poverty reduction and financing for development in light of the recommendations of the first session of the Committee (ESCAP/CMPF/2019/4).

32. No statements were made under the agenda item.

33. The Committee did not have any comments on the implementation of requests and recommendations by the Committee at its first session, held in December 2017.

Consideration of the future focus of the subprogramme

(Agenda item 5 (b))

34. The Committee had before it the note by the secretariat on the consideration of the future focus of the subprogramme (ESCAP/CMPF/2019/5).

35. Representatives of the following members and associate members made statements: Afghanistan; Bangladesh; China; Japan; Pakistan; and Russian Federation.

36. The Committee took note of the proposals to update its terms of reference to align them with the 2030 Agenda, the Addis Ababa Action Agenda, the regional road map for implementing the 2030 Agenda for Sustainable Development in Asia and the Pacific, and other recent developments, such as the Secretary-General's Strategy for Financing the 2030 Agenda for Sustainable Development (2018–2021) and the adoption of Commission resolution 74/1 on supporting the smooth transition of the least developed countries in Asia and the Pacific towards a sustainable graduation.

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

(Agenda item 6)

37. No draft resolutions were considered by the Committee.

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

(Agenda item 7)

38. The Committee was informed that its third session was tentatively scheduled to be held in Bangkok in the final quarter of 2021. 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)

39. One representative highlighted the need to address the risks associated with climate change which were now having considerable adverse impacts in the region.

H. Adoption of the report of the Committee on its second session
(Agenda item 9)

40. The Committee adopted the present report on 8 November 2019.

III. Organization

A. Opening, duration and organization of the session

41. The Committee held its second session in Bangkok from 6 to 8 November 2019. The session was opened by the Executive Secretary of ESCAP. Keynote addresses were delivered by Mr. Ahmad Jawad Osmani, Deputy Minister on Administration and Finance, Ministry of Economy, Afghanistan; Ms. Fathimath Niuma, Deputy Minister, Ministry of National Planning and Infrastructure, Maldives; and Mr. Yasuyuki Sawada, Chief Economist and Director General, Economic Research and Regional Cooperation Department, ADB.

B. Attendance

42. The Committee session was attended by representatives of the following members and associate members: Afghanistan; Azerbaijan; Bangladesh; Bhutan; Cambodia; China; Democratic People's Republic of Korea; India; Indonesia; Japan; Kazakhstan; Lao People's Democratic Republic; Maldives; Mongolia; Nepal; Pakistan; Papua New Guinea; Philippines; Republic of Korea; Russian Federation; Sri Lanka; Tajikistan; Turkey; Turkmenistan; United Kingdom of Great Britain and Northern Ireland; and Vanuatu.

43. A representative of the Economic Commission for Africa attended.

44. Representatives of the following United Nations bodies, specialized agencies and funds attended: United Nations Conference on Trade and Development; and United Nations Environment Programme.

45. Representatives of the following intergovernmental organizations attended: ADB; and ASEAN+3 Macroeconomic Research Office.

46. Representatives of the following non-governmental organizations, civil society organizations and other entities attended: Alliance for Financial Inclusion; Centre for Budget and Governance Accountability; Centre for Policy Dialogue; Peking University; South Asian Network on Economic Modelling; University of Tehran; and World Green Organization.

C. Election of officers

47. The Committee elected the following officers:

Chair: Mr. Ribaun Korm (Cambodia)
 Vice-Chairs: Ms. Samantha K. Jayasuriya (Sri Lanka)
 Mr. Khomraj Koirala (Nepal)

D. Agenda

48. The Committee adopted the following agenda:

1. Opening of the session:
 - (a) Opening statements;
 - (b) Election of officers;
 - (c) Adoption of the agenda.
2. Mainstreaming the Sustainable Development Goals into economic policymaking.
3. Strengthening regional tax cooperation in Asia and the Pacific.
4. Enhancing regional cooperation to leverage financing for the countries with special needs.
5. Subprogramme on macroeconomic policy, poverty reduction and financing for development:
 - (a) Activities carried out in 2018 and 2019 under the subprogramme in light of the recommendations of the first session of the Committee;
 - (b) Consideration of the future focus of the subprogramme.
6. Consideration of possible draft resolutions for submission to the Commission at its seventy-sixth session.
7. Dates and venue of and provisional agenda for the third session of the Committee.
8. Other matters.
9. Adoption of the report of the Committee on its second session.

E. Other events

49. The following workshops and side events were held in conjunction with the Committee session:

(a) 4 to 7 November 2019: joint ESCAP-United Nations Conference on Trade and Development workshop on promoting structural economic transformation in Asia-Pacific landlocked developing countries;

(b) 5 to 7 November 2019: joint ESCAP-United Nations Development Programme workshop on mainstreaming the Sustainable Development Goals into planning, budgetary, financing and investment processes;

(c) 6 November 2019: side event on infrastructure financing for sustainable development in Asia and the Pacific;

(d) 7 November 2019: side event on raising financing through ocean resources to foster the sustainable development of small island development States;

(e) 8 November 2019: side event entitled “Closing the last mile: precise and targeted poverty reduction in China”.

Annex

List of documents

<i>Symbol</i>	<i>Title</i>	<i>Agenda item</i>
<i>General series</i>		
ESCAP/CMPF/2019/1	Mainstreaming the Sustainable Development Goals into economic policymaking	2
ESCAP/CMPF/2019/2	Strengthening regional tax cooperation in Asia and the Pacific	3
ESCAP/CMPF/2019/3	Enhancing regional cooperation to leverage financing for the countries with special needs	4
ESCAP/CMPF/2019/4	Report on the activities carried out in 2018 and 2019 under the subprogramme on macroeconomic policy, poverty reduction and financing for development in light of the recommendations of the first session of the Committee	5 (a)
ESCAP/CMPF/2019/5	Consideration of the future focus of the subprogramme	5 (b)
ESCAP/CMPF/2019/6	Report of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development on its second session	
<i>Limited series</i>		
ESCAP/CMPF/2019/L.1	Annotated provisional agenda	1 (c)
ESCAP/CMPF/2019/L.2	Draft report	9
<i>Information available online</i>		
www.unescap.org/intergovernmental-meetings/committee-macroeconomic-policy-poverty-reduction-and-financing	Information for participants	
www.unescap.org/intergovernmental-meetings/committee-macroeconomic-policy-poverty-reduction-and-financing	List of participants	
www.unescap.org/intergovernmental-meetings/committee-macroeconomic-policy-poverty-reduction-and-financing	Tentative programme	