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Programmes of action for Asia-Pacific least developed countries, landlocked developing countries and small island developing States and the Sustainable Development Goals: supporting sustainable development in Asia-Pacific least developed countries, landlocked developing countries and small island developing States**Supporting sustainable development in Asia-Pacific least developed countries, landlocked developing countries and small island developing States****Note by the secretariat***Summary*

The 36 economies of the Asia-Pacific region that are classified as landlocked developing, small island developing States and/or least developed countries (together designated as countries with special needs) face considerable development challenges, which make it more difficult for them to reduce poverty and effectively pursue sustainable development.

The present document contains a review of work under subprogramme 1 of programme 16 of the strategic framework for the period 2016-2017 with respect to the progress made and challenges faced by Asia-Pacific countries with special needs in meeting the objectives of their relevant global programmes of action and linking these objectives to the Sustainable Development Goals. It is highlighted that these countries will need significant financial resources to overcome their development challenges and the following issues for the consideration of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development are proposed:

- (a) Continuing the review of countries with special needs in implementing their relevant programmes of action;
- (b) Fostering structural transformation in countries with special needs, particularly in landlocked developing countries, through infrastructure development along with associated financing aspects and by building productive capacities;
- (c) Strengthening the capacities of countries with special needs, particularly small island developing States, to access and leverage international financial resources;
- (d) Strengthening financial inclusion in countries with special needs;
- (e) Strengthening mobilization of domestic revenues in countries with special needs, particularly in least developed countries;
- (f) Providing focused support to countries beyond their graduation from the category of least developed country.

Member States may wish to share their views on the issues raised in the present document and provide guidance on further work in the areas identified.

* E/ESCAP/CMPF(1)/L.1.

I. Introduction

1. A total of 36 economies in the Asia-Pacific region are classified as countries with special needs, comprising least developed countries, landlocked developing countries and small island developing States. While these economies are home to about 400 million people – more than a quarter of the population of Asia-Pacific developing countries, excluding China and India – they account for less than a tenth of the gross domestic product (GDP) of that group. Moreover, development outcomes in many of these countries lag behind those of the rest of the region: average life expectancy at birth is 69.9 years in countries with special needs, compared to 75 years in other developing countries in the region; on average, school enrolment at the secondary level is only 66.4 per cent in countries with special needs, compared to 77.6 per cent in other developing countries; and an average of 15.9 per cent of the population in countries with special needs live on less than \$1.90 per day, compared to 5.1 per cent of the population in other developing countries in the region.

2. These countries are the most vulnerable countries in the region. For example, lack of direct territorial access to the sea translates into remoteness and isolation from world markets for landlocked developing countries. Geographic isolation and lack of economies of scale pose a significant development challenge to small island developing States and, at the same time, climate change threatens the very existence of these economies. Among the plethora of development challenges faced by least developed countries, lack of productive capacities owing to a low level of social development (including education outcomes and health outcomes) stands out, as well as their high level of vulnerability to external shocks. Thus, despite the relatively rapid economic growth over the past decade, most of these countries have not experienced significant structural change. They remain concentrated on a narrow set of commodities and sectors, with a large share of their population engaged in low productive work. This is reflected in the low level of productive capacity of countries with special needs, which currently contribute less than 0.4 per cent of global manufacturing production, 1.1 per cent of merchandise exports, 0.5 per cent of manufactures exports and 0.25 per cent of high-technology exports. This makes them vulnerable to external shocks, such as those arising from volatile commodity prices, climate change and natural disasters.

3. Recognizing the need to address a range of development challenges and vulnerabilities faced by countries with special needs, the international community has created common plans of action to support the development of each of these groups of countries: the Programme of Action for the Least Developed Countries for the Decade 2011-2020 (Istanbul Programme of Action), the aim of which is to overcome the structural challenges of least developed countries, primarily by building their human and productive capacities to enable graduation from the category of least developed country; the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, the target of which is primarily the enhancement of competitiveness, the expansion of trade, and diversification through the strengthening of partnerships between landlocked and transit countries; and the SIDS Accelerated Modalities of Action (SAMOA) Pathway (Samoa Pathway), in which the need for international cooperation to support small island developing States in overcoming their particular vulnerabilities and the compound effects of climate change is recognized.

4. The present document contains a discussion of the progress of these countries towards their development goals and aspirations, in which the relevant global programmes of action are kept in view and the importance of financing for achieving inclusive economic growth and sustainable development is highlighted. In section II, the current status with respect to

progress and challenges in meeting the objectives of the respective programme of action is reviewed and linked to the implementation of the 2030 Agenda for Sustainable Development. Section III contains an examination of the scale of infrastructure deficits and a discussion of policy priorities and financing options that the different groups of countries with special needs can utilize to close infrastructure deficits. In section IV, the areas in which the secretariat has provided capacity-building support and technical assistance to address development challenges are presented. The last section contains concluding remarks and ways for Asia-Pacific countries with special needs to advance towards meeting the targets of their programmes of action and the 2030 Agenda.

II. Linking the programmes of action to the 2030 Agenda for Sustainable Development

Least developed countries

5. There are 12 least developed countries in the Asia-Pacific region.¹ Most have made good progress in implementing the Istanbul Programme of Action and improving their prospects for timely graduation from the category of least developed country.² Several of these countries experienced robust economic growth, with real output expanding by 6 per cent in 2016 and forecast to grow by 6.5 per cent in 2017, which is close to the growth target of 7 per cent as envisaged in the Istanbul Programme of Action. Progress has been made in reducing poverty, strengthening productive capacity, promoting agricultural development, increasing exports, investing in human resources and mobilizing financial resources, which are among the priority areas that are addressed by the Istanbul Programme of Action. Indeed, the majority of least developed countries in the region are on track to graduating from that category.

6. However, significant challenges remain. For instance, manufacturing and agricultural productivity are still relatively low, requiring significantly increased investments in infrastructure, human resources, science, technology and innovation and institutional development. More efforts are therefore needed to overcome such supply-side constraints. At 5.8 per cent on average, domestic savings as a proportion of GDP are significantly below the average of 32.4 per cent of GDP in other developing countries in the region that have available data.³ Official development assistance (ODA), foreign direct investment (FDI) and remittances, although increasing, need to be leveraged more effectively to foster development in least developed countries and to support efforts to achieve the Sustainable Development Goals. There is also significant scope for improving economic governance and establishing more transparent and accountable policy frameworks.

Landlocked developing countries

7. Despite some progress, the 12 landlocked developing countries face external and internal factors that constrain their ability to overcome developmental challenges related to the priority areas listed in the Vienna Programme of Action. These factors include slow progress in diversifying

¹ These countries are Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, the Lao People's Democratic Republic, Myanmar, Nepal, Solomon Islands, Timor-Leste, Tuvalu and Vanuatu.

² One of the goals of the Istanbul Programme of Action is to enable half the number of least developed countries to graduate from that category by 2020.

³ The average for least developed countries comprises the latest data available for Afghanistan, Bangladesh, Bhutan, Cambodia, the Lao People's Democratic Republic, Nepal, Timor-Leste and Vanuatu.

export products and lack of infrastructure and FDI, which is often concentrated on extractive industries. Moreover, the weak prospects for global trade and investment flows and volatile commodity prices have compounded their development challenges, especially for those that depend on natural resources for exports. Consequently, economic growth in most of them has remained tepid, with declining export earnings, rising unemployment, lower remittances and considerable currency depreciations. At the same time, socioeconomic inequalities continue to be significant and are increasing in several countries.

Small island developing States

8. Under the Samoa Pathway, a comprehensive set of actions has been proposed to support the sustainable development of small island developing States.⁴ The 21 small island developing States in the Asia-Pacific region experience major challenges associated with their small size and remoteness from major markets, which are compounded by inadequate domestic infrastructure and the challenges of climate change. Consequently, they continue to face structural bottlenecks that hamper the development of productive capacities, making the pursuit of sustainable development difficult and expensive. Given their small size, these economies will not be able to address the significant challenges that they face with their own resources. They therefore require continued engagement with the international community, in particular with respect to the provision of sources of finance and investment to strengthen development and increase resilience to external shocks.

Sustainable development of countries with special needs

9. The 2030 Agenda is an ambitious agenda of unprecedented scope and significance. The 17 Sustainable Development Goals and 169 associated targets, which were adopted by the international community in September 2015, are aimed at ending poverty and hunger, protecting the planet from degradation, ensuring that all human beings can enjoy prosperous and fulfilling lives and fostering peaceful, just and inclusive societies.

10. Countries with special needs require support to align their national policy frameworks with the priorities of their relevant programme of action and the objectives of the 2030 Agenda. These countries can benefit tremendously from exploring options and developing strategic links and shared priorities between the Sustainable Development Goals and their relevant programmes of action.

11. The 2016 *Asia-Pacific Countries with Special Needs Development Report* contains an account of progress by countries with special needs towards their respective global programmes of action and an analysis of their relationship with the 2030 Agenda.⁵ By mapping the correspondence between policy actions of the global programmes of action and the Goals and targets of the 2030 Agenda, it is shown in the report that there is a significant overlap. Indeed, most of the 17 Sustainable Development Goals are already covered by the Istanbul Programme of Action, the Samoa Pathway and, to a lesser extent, the Vienna Programme of Action. The Istanbul Programme of Action covers the 17 Goals, with an emphasis on Goal 2 (zero hunger), Goal 8 (decent work

⁴ These actions include enhancing international cooperation, enhancing the enabling environment at the national and regional levels to attract more public and private investment, fostering entrepreneurship, creating decent employment and promoting the use of information and communications technology.

⁵ *Asia-Pacific Countries with Special Needs Development Report 2016: Adapting the 2030 Agenda for Sustainable Development at the National Level* (United Nations publication, Sales No. E.16.II.F.11).

and economic growth), Goal 10 (reduced inequalities), Goal 16 (peace, justice and strong institutions) and Goal 17 (partnerships). In contrast, the actions of the Vienna Programme of Action exclusively address Goal 7 (affordable and clean energy), Goal 8, Goal 9 (infrastructure, industrialization and innovation), Goal 10 and Goal 17. Lastly, the actions of the Samoa Pathway cover most of the Goals, with an emphasis on Goal 5 (gender equality), Goal 13 (climate action), Goal 14 (life below water), Goal 15 (life on land) and Goal 17. While all three programmes of action address the importance of governance and means of implementation, the Istanbul Programme of Action has more emphasis on finance mobilization, the Vienna Programme of Action on trade facilitation and cooperation, and the Samoa Pathway on data, monitoring and accountability. The table provides an overview of the distribution of actions highlighted in the programmes of action and their respective relevance to the three pillars of sustainable development and the dimension of governance and means of implementation.

Distribution of actions by category and related Sustainable Development Goals

	<i>Social pillar – Goals 1-6</i>	<i>Economic pillar – Goals 7-10</i>	<i>Environmental pillar – Goals 11-15</i>	<i>Governance and means of implementation – Goals 16 and 17</i>	<i>Total</i>
Istanbul Programme of Action	75 (30 per cent)	57 (23 per cent)	32 (13 per cent)	87 (34 per cent)	251 (100 per cent)
Vienna Programme of Action	0 (0 per cent)	57 (65 per cent)	0 (0 per cent)	31 (35 per cent)	88 (100 per cent)
Samoa Pathway	35 (26 per cent)	22 (17 per cent)	49 (37 per cent)	27 (20 per cent)	133 (100 per cent)

Source: Asia-Pacific Countries with Special Needs Development Report 2016: Adapting the 2030 Agenda for Sustainable Development at the National Level (United Nations publication, Sales No. E.16.II.F.11).

Note: The first line in each cell is the number of actions; the second line is the percentage of the total number of actions.

12. While the 2030 Agenda does not provide specific policy actions that countries can take to achieve the Sustainable Development Goals, the mapping of policy actions of the programmes of action onto associated Goals and targets can help guide policymakers and development planners to identify ways to reach the specific targets of the 2030 Agenda that they may wish to prioritize. The mapping also reveals that the programmes of action and the 2030 Agenda are complementary in that the former provide very specific guidance within their respective time frames. Moreover, the programmes of action are customized to the specific circumstances of each category of country with respect to how to achieve the Goals. For instance, the first two priorities of the Istanbul Programme of Action – the need to strengthen productive capacities and foster agriculture, food security and rural development highlights – point to policies that these countries will find critical to be able to attain Goal 1 and eradicate poverty, which poses a greater challenge in least developed countries than in other countries owing to a much higher incidence of poverty.

13. In addition to providing policy guidance, an understanding of the relationship between the Sustainable Development Goals and the policy actions of the relevant global programmes of action can also enhance the effectiveness of follow-up and review processes for both. For instance,

reviewing and monitoring of the programmes of action could be jointly conducted with monitoring of the Sustainable Development Goals in overlapping areas, as listed above, to identify where progress has been made and where additional efforts are required.

14. Lastly, an understanding of the complementarities between the programmes of action and the 2030 Agenda reinforces the importance of addressing the specific vulnerabilities of countries with special needs to progress towards sustainable development. International organizations and development partners may also find this useful when designing appropriate support measures to meet the Sustainable Development Goals that are not covered by existing commitments and are not addressed by the relevant programmes of action.

III. Financing development in countries with special needs

15. While each category of countries with special needs faces very specific development challenges, they all share the need for significant financial resources to strengthen their development. One challenge, outlined below in greater detail, is the need for financial resources to strengthen infrastructure development, especially for physical infrastructure.

Infrastructure development

16. Infrastructure is one of the main facilitators of socioeconomic development in countries with special needs, as it provides wide economic, social and environmental benefits by, for instance, enabling the provision of services to people and empowering and connecting them to each other and to markets. Investing in infrastructure supports productivity growth, by boosting aggregate demand through increased construction activity and by creating employment in the short run, and by enhancing the supply capacity of the economy in the long run. Infrastructure development also has potentially significant impacts on the environment and on social development. The importance of infrastructure to development is highlighted by the priority that it is accorded in the 2030 Agenda, in particular Goal 9, and infrastructure development facilitates the pursuit of many other Goals. At the same time, high priority has been accorded to infrastructure among the goals and actions agreed upon in the global programmes of action for countries with special needs.

17. While infrastructure is critical for development, the availability, quality and type of infrastructure varies significantly among countries with special needs, owing to different economic conditions, geographic characteristics and demographic features. These countries also have varying institutional capacities, which are critical in prioritizing and sequencing infrastructure development and maintenance and in selecting the most appropriate modality of financing. Consequently, inadequate development of infrastructure and poor maintenance of existing infrastructure have resulted in large infrastructure deficits in countries with special needs.

18. As infrastructure is multidimensional in its characteristics, it is difficult to measure existing gaps adequately. To capture the multidimensionality of infrastructure, the Economic and Social Commission for Asia and the Pacific (ESCAP), in the 2017 *Asia-Pacific Countries with Special Needs Development Report*, has therefore created a composite index – the access to physical infrastructure index – which covers indicators in four sectors of infrastructure: transport, energy, information and communications technology, and water

supply and sanitation.⁶ The index can be used to quantitatively assess physical infrastructure availability in countries in the region and is a useful tool to identify infrastructure gaps. Among the Asia-Pacific countries with special needs, the highest scores in the index were achieved by landlocked Kazakhstan, Azerbaijan and Armenia, as well as by one small island developing State, Maldives. Least developed countries in South and South-West Asia and South-East Asia – including the Lao People’s Democratic Republic, Nepal, Myanmar, Cambodia and Afghanistan – scored lowest according to the index, as well as small island developing States Solomon Islands and Papua New Guinea.

19. The need to foster infrastructure development in countries with special needs will continue to increase in response to these countries’ expanding economies, growing population and rapid urbanization. Financing such development will require significant resources. According to the 2017 *Asia-Pacific Countries with Special Needs Development Report*, countries with special needs will need to spend on average approximately 10.5 per cent of their GDP per annum (\$48 billion in 2010 dollars) to provide universal access to basic infrastructure services by 2030, keeping up with growing demands for new infrastructure and maintaining existing infrastructure. Across the three groups of countries with special needs, the financing needs of least developed countries are by far the largest, both in terms of volume (\$32 billion) and share of GDP (10.7 per cent of GDP). Those of landlocked developing countries and small island developing States are, however, also sizeable, estimated approximately at 6.9 per cent and 5.4 per cent of GDP respectively.

20. Overall, current levels of infrastructure funding among countries with special needs fall far short of the financing needs, by approximately 3 to 4 per cent. Closing these gaps far exceeds the resource capabilities of countries with special needs.

21. Given limited resource availability, Governments of countries with special needs will have to prioritize which sectors to develop first, on the basis of either where infrastructure gaps are greatest, or where the impact of additional infrastructure on sustainable development outcomes may be the largest. For instance, the analysis based on the access to physical infrastructure index suggests that providing transport infrastructure and energy is particularly important to the least developed economies. More sustainable, inclusive and reliable energy (especially solar and hydropower) would enable these countries to accelerate the process of expanding their productive capacities and increase levels of productivity, and bridging transport infrastructure gaps would be important to improve access to domestic and international markets. In small island developing States, strengthening information and communications technology infrastructure should be a priority, given the potential to engage the private sector in the process and considering the potential of such technology to expand the services sector in these economies. Public funds can then be used for developing infrastructure with high environmental or social returns, such as infrastructure related to water supply and sanitation, which is particularly lacking in those economies that are also among the least developed. For landlocked developing countries, there is a need to improve transport infrastructure in order to address missing links with neighbouring countries and reduce trade costs.

22. To raise additional funds for investment in infrastructure, Governments can tap public sector resources, undertake collaborative initiatives with the private sector to draw upon the resources of both parties, and foster initiatives

⁶ *Asia-Pacific Countries with Special Needs Development Report 2017: Investing in Infrastructure for an Inclusive and Sustainable Future* (United Nations publication, Sales No. E.17.II.F.9).

that are led by private investors. Externally, ODA through bilateral arrangements and support from multilateral agencies such as multilateral development banks and other regional and international organizations can be major sources of infrastructure finance. FDI, including through public-private partnerships, and assistance from new actors in development cooperation – such as China and India – and new regional initiatives and infrastructure funds – such as the Asian Infrastructure Investment Bank, the Association of Southeast Asian Nations (ASEAN) Infrastructure Fund and the New Development Bank – are increasingly being seen as viable solutions to meet the infrastructure needs of countries with special needs.

23. Among countries with special needs, least developed countries face perhaps the greatest challenges in raising resources to provide universal access to basic infrastructure services. In particular, those with a small private sector and underdeveloped capital market will need to rely on ODA, as their ability to raise domestic resources, through measures such as taxation, is extremely limited. New financing vehicles including cooperation arrangements and public-private partnerships could offer potential sources of infrastructure financing, but only after institutional capacities have been strengthened.

24. Small island developing States also face high costs for developing infrastructure, particularly given their geographic isolation. Mobilizing domestic private sector capital for infrastructure financing is a major hurdle for these economies as most lack substantial pools of domestic private savings in the form of bank deposits, and domestic capital markets are often non-existent. Access to external private financing is also limited as international commercial banks have small credit lines, if any, owing to the small size of the countries' economies.

25. Landlocked developing countries, particularly those with abundant natural resources, generally find it difficult to attract resources for infrastructure development that is not related to transport. They also face particular challenges associated with their lack of direct territorial access to the sea and remoteness and isolation from world markets. As a result, infrastructure development and financing is often dependent on the infrastructure of their neighbours and on political relations with them.

26. Moreover, to close funding gaps and overcome associated challenges, Governments in countries with special needs require clear financing strategies and capacity development for effective long-term planning through various modalities, such as improving public expenditure, mobilizing domestic resources, leveraging the private sector, improving access to capital markets and tapping new sources of funds such as climate finance. In addition, long-term planning also requires the preparation of a pipeline of bankable sustainable infrastructure investment projects that are inclusive, resilient and, importantly, climate-friendly.

27. Clear identification of potential partners, financial instruments and necessary government support measures based on the nature of infrastructure projects would greatly improve the efficiency of the infrastructure development process. Budget provisions should also identify how much infrastructure should be financed. Such information would not only help Governments to clarify their development objectives and strategies but also help their development partners align their cooperation for infrastructure development with the priorities of countries with special needs.

Building productive capacity and fostering economic diversification

28. Building productive capacity is critical for countries with special needs to overcome their structural challenges and to benefit from greater integration into regional and global economies. In principle, countries could increase their productive capacities simply by producing more of the same products and services. However, implicit in the goal of strengthening productive capacities is the idea of moving up the technological ladder to produce more sophisticated goods and services.

29. Analysis of the evolution of productive capacities in countries with special needs suggests that they have made slow progress when compared to the global and regional averages. While the least developed countries have shown higher productive capacities than their counterparts in the rest of the world, landlocked developing countries and small island developing States are trailing behind. The biggest difference is between small island developing States in Asia and the Pacific and those from other regions, the former accounting on average for only a quarter of the average productive capacity of the latter.

30. A strategy for countries to build their productive capacities is to generate them or acquire them as part of the process of economic diversification. The implementation of such a strategy involves selectively promoting new economic activities over traditional ones by targeted industrial, infrastructural, trade and investment policies.

31. Also critical is an environment conducive to private sector activities that allow for an easier transition to a more diversified economy. In this process, it is essential to strengthen national institutions and good governance to provide a stable environment for the evolution of the economy, the curbing of cronyism and the promotion of development goals. It is also vital for these countries to have access to a variety of financial services and products in support of private investment in new economic activities. This requires a diversified, well-regulated and inclusive financial system that promotes savings and channels them into productive investments.

Financial inclusion and domestic resource mobilization

32. In document E/ESCAP/CMPF(1)/2, the challenges faced by the Asia-Pacific region in strengthening finance for sustainable development are examined. Among these challenges, countries with special needs in the region face significant bottlenecks in domestic public resource mobilization. Strengthening of tax revenues must be considered key to creating fiscal space and delivering more resources for Governments to invest in development in the region. This is particularly relevant for least developed countries, where levels of tax revenue are quite low. The region also faces challenges with respect to achieving sustainable financial inclusion, being home to more than half of the world's unbanked adults and facing a total credit gap for micro, small and medium-sized enterprises that is the largest in the world. Overcoming these challenges is especially demanding for small island developing States, where resource availability is limited and where their archipelago character makes the provision of access to financial resources difficult.

IV. The role of the Commission in building capacity in countries with special needs

33. Effective implementation of the aforementioned actions, as well as the ability to implement the relevant programmes of action in countries with special needs and to attain the Sustainable Development Goals, critically depend on the availability of adequate domestic policy-orientated capacity. Consequently, one of the most important development-related tasks for the international community and ESCAP is the facilitation of capacity-building in countries with special needs.

34. In this regard, attention has been paid in the work of ESCAP under all subprogrammes of programme 16 of the strategic framework for the period 2016-2017 to supporting the policymakers and national administrations of Asia-Pacific countries with special needs. Under subprogramme 1, activities in the period 2016-2017 have mainly been aimed at capacity-building in the context of achieving the Sustainable Development Goals. Moreover, these activities generally focused on improving the effectiveness of policymakers in their efforts to accelerate developmental advancements and to increase integration regionally and globally.

35. Under subprogramme 1 (macroeconomic policy, poverty reduction and financing for development), ESCAP provided training, workshops and seminars related to adaptation of national policy frameworks to the 2030 Agenda, infrastructure development financing, and regional cooperation and coordination. Policy dialogues were facilitated in South-East Asia, North and Central Asia, South and South-West Asia and the Pacific to disseminate research findings among policymakers and to build capacities with respect to understanding how to address some of the economic challenges that countries in the region are facing. These events contributed to increasing policymakers' knowledge about potential financing challenges and possible modalities for financing infrastructure development, and strengthened the capacity of government officials to prepare financing strategies for sustainable infrastructure development by broadening expertise on how to mobilize more domestic resources, improve public expenditure efficiency, partner with the private sector, leverage ODA and tap financial markets for infrastructure development in the region.

36. Also under subprogramme 1, ESCAP has supported the development of Asia-Pacific least developed countries and landlocked developing countries by focusing on their progress in implementing their respective regional programmes of action, and on regional economic cooperation and integration (especially closer integration among ASEAN members) to bridge development gaps.

37. Capacity-building activities have been provided under subprogramme 1 that are designed to support the structural transformation of landlocked developing countries and supported in part by a project in cooperation with the German Agency for International Cooperation. Upon request by member States, ESCAP is supporting the graduation from the category of least developed country by focusing on how that transition will impact the country's development. This is particularly relevant to least developed countries as the ensuing loss of trade benefits, concessional access to ODA and other general support upon graduation can potentially threaten their sustained development by negatively impacting their development trajectory.

38. ESCAP has also strengthened capacities in the relevant national agencies to incorporate the Sustainable Development Goals into national macroeconomic modelling frameworks to assess the impact of policies on sustainable development.

V. Matters for consideration

39. Despite experiencing rapid economic growth and significant progress in reducing the incidence of poverty, Asia-Pacific countries with special needs continue to face significant challenges in their development. To overcome these development challenges and implement their relevant programme of action, countries with special needs will require the continued support of the international community. Having access to sufficient financial resources will remain a key aspect of this support.

40. The pronounced vulnerability of least developed countries to economic shocks casts doubt on their ability to sustain development gains in the long run without continued support from the international community. The Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development may therefore wish to consider requesting the secretariat to provide further assistance to these countries in strengthening their resilience and to continue reviewing the progress of these countries towards implementing the Istanbul Programme of Action. Also relevant to activities under subprogramme 1 would be for the secretariat to strengthen the mobilization of domestic revenues in these economies. In addition, the Committee may consider requesting the secretariat to provide focused support to countries beyond their graduation from the category of least developed country.

41. Most landlocked developing countries continue to experience serious challenges in diversifying their productive capacities. The Committee may therefore wish to consider requesting the secretariat to strengthen support to landlocked developing countries in integrating the priority areas of the Vienna Programme of Action into their national development strategies and to continue reviewing the progress of these countries towards implementing the Vienna Programme of Action. ESCAP, under subprogramme 1, could continue to provide capacity-building activities and knowledge products in areas related to structural transformation and the financing of sustainable development, particularly in areas related to infrastructure financing and development in these economies.

42. The Committee also may wish to consider encouraging the secretariat to support the implementation of the Samoa Pathway and the Sustainable Development Goals in the Pacific subregion. These economies would benefit particularly from strengthened capacities that enable them to better access and leverage international financial resources, without which they will not be able to implement the 2030 Agenda, and to strengthen financial inclusion.