



Concept Note

Asia-Pacific High-Level Consultation on Financing for Development

30-31 March 2015
Jakarta, Indonesia (TBC)

Objective

The United Nations General Assembly, through its resolution 68/279, called upon the regional commissions to hold regional consultations in preparation for the third International Conference on Financing for Development in Addis Ababa in July 2015.¹ The Asia-Pacific regional consultation aims to assess the progress made in the implementation of the Monterrey Consensus and the Doha Declaration, reinvigorate and strengthen the financing for development follow-up process, address new and emerging issues, the current evolving development cooperation landscape, the interrelationship of all sources of development finance, the synergies among financing objectives across the three dimensions of sustainable development, as well as the need to support the United Nations development agenda beyond 2015. The discussion of the consultation will focus on these key issues, and to highlight priorities and propose recommendations for the Addis Ababa conference to move towards a transformative post-2015 development agenda.

The meeting will provide an opportunity for ESCAP member States, associate members and other stakeholders such as private sector, academia and civil society organizations to undertake a policy dialogue, in an open, inclusive and transparent setting, to understand and highlight issues pertaining to catalyzing and mobilizing financing for development at national, subregional and regional levels in the Asia and the Pacific.

Expected outcome

The *Jakarta Consensus (TBC)*, outcome document of the regional consultation containing discussions and recommendations related to the mobilization and effective use of financial resources in Asia and the Pacific, will be Asia-Pacific region's input to the preparations and outcomes of the Third International Conference on Financing for Development in Addis Ababa in July 2015. Importantly, the deliberations will significantly contribute to summit in September 2015 for the adoption of the post-2015 development agenda.

This policy dialogue will also provide an opportunity to discuss and consolidate some regional specific inputs from the working group on the regional financial cooperation which will be taken up for adoption at the Second Ministerial Conference on Regional Economic Cooperation and Integration in Asia and the Pacific at the end of 2015, and its preparatory meetings are to take place in August and October of 2015.

¹ The resolution is available from http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/68/204&referer=http://www.un.org/esa/ffd/consultations/index.htm&Lang=E

Background on the Asia-Pacific process

The regional financing for development consultation will be based on last year's Asia-Pacific Outreach Meeting on Sustainable Development Financing (Jakarta, 10-11 June 2014), organized by ESCAP in partnership with the Ministry of Finance of Indonesia. The background paper and the outcome document of the meeting provided regional inputs to the report of the Intergovernmental Committee of Experts on Sustainable Development Financing. The meeting was attended by more than 150 participants, including finance ministers, central bank governors and private sector executives from 28 ESCAP member States.²

Following this success regional process, ESCAP's 70th Commission session in August 2014 included a Ministerial Panel on Asia-Pacific Perspectives on Sustainable Development and Development Financing. The panel was chaired by the Prime Minister of Bhutan, and comprised finance ministers from Indonesia, Sri Lanka, and the Philippines, and experts.

More recently, ESCAP conducted in-depth analytical research focusing on the financing needs of countries with special vulnerabilities in the Asia-Pacific region for the Regional Meeting on Financing Graduation Gaps of Asia-Pacific LDCs, in Dhaka in October 2014 – a meeting jointly organized by ESCAP, DESA and the Government of Bangladesh. In parallel, a working group on regional financial cooperation was established by ESCAP and held its first meeting in November 2014. The working group is part of the Asia-Pacific region's effort to implement the Bangkok Declaration on Regional Economic Cooperation and Integration, is comprised of leading experts from ESCAP member States.

Substantive sessions

While the Asia-Pacific region's needs are very large, estimated by ESCAP to be in the order of \$2 trillion per year, the region's current and future financial resources are also very large. For example, region's gross national saving amounted to \$8.4 trillion in 2012, representing more than half of the world's total savings. The region also held \$7.3 trillion in foreign exchange reserves in 2012. In addition, the region's high net worth individuals had \$12.7 trillion in assets in 2012, while the region's mass affluent had \$20.5 trillion in assets. These values are forecast to increase, respectively, to \$22.6 trillion and \$43.3 trillion by 2020.

The key issue is how to channel these available resources to finance the region's sustainable development. Also, regional cooperation, including sharing of best policy and regulatory practices, needs to be enhanced to support the development of a modern and effective financial system for the mobilization of private and public resources to address the sustainable development agenda.

The broad contours of the issues to be discussed are:

1. ***Taking stock of the progress in the Asia-Pacific region*** since the Monterrey Consensus and the Doha Declaration, highlight and identify obstacles and emerging challenges that are and may impede progress towards channelling adequate financing for sustainable development goals.
2. ***Enhancing coordination and cooperation of macroeconomic and financial policies.*** A stable economic and financial environment, together with a coherent regional monetary and financial institutional architecture, is necessary for sustainable 'Finance for Development'. For instance, what

² Further information about the meeting is available from <http://www.unescap.org/events/asia-pacific-outreach-meeting-sustainable-development-financing>

are the regional best practices (monetary and macro-prudential policies) in terms of dealing with volatile liquidity and capital flows? What are the relative costs and benefits of accumulating foreign exchange reserves? How to improve domestic and external debt management with a view to optimize resources for sustainable development? What is the Asia-Pacific perspective on the importance of strengthening systemic coherence of the international monetary and financial system? What financial sector reforms are needed in the region?

3. ***Strengthening the role of private sector in financing sustainable development.*** While domestic public resources together with official development assistance are expected to continue to play their role, there is a need to effectively engage the private sector in the emerging development agenda, with particular focus on financing. For instance, to which extent are business strategies of major corporations in the region internalizing the sustainable development goals? Are capital and bond markets of the region ready to assume additional responsibilities of financing an ambitious development agenda? What incentives can be provided to institutional investors (pension funds, mutual funds, insurance companies, sovereign wealth funds) and potential public-private partnerships to meet the region's long-term financing requirements?
4. ***Promoting financial inclusion, SME and trade finance.*** Large segments of society in many economies lack access to financial services. At the same time, small and medium enterprises continue to remain important sources of employment and production. In this context, therefore, the important questions are: are sufficient measures being taken to improve financial inclusion? What more can be done to provide sustainable access to finance for SME and trade to support equitable growth and sustainable development?
5. ***Incorporating issues of climate change finance and disaster risk reduction.*** Increasingly, some countries in the Asia-Pacific region have become more vulnerable to climate-related natural disasters, while environmental challenges of the newly-industrializing countries continues to escalate. Therefore, learning from country-level and regional initiatives to address such issues can be very useful to develop more coordinated and effective strategies. One pertinent question is how can climate change mitigation and adaptation and disaster risk reduction become part of the overall framework of financing for sustainable development?
6. ***Increasing infrastructure and social sector financing.*** A strong and reliable infrastructure (such as energy, transport and ICT) together with investment in the social sector (education, health, social protection) can provide a strong foundation for sustainable development, especially in least developed countries, landlocked developing countries and small island developing States. How can public expenditure be reprioritized and tax revenues strengthened to increase such investments? What are the successful examples of public-private partnerships in these areas? Can synergies be created across different funds and institutions to mobilise financial resources to fund the infrastructure deficits in the region?
7. ***Rethinking on the sources, instruments and tools for raising financial resources*** across the three dimensions of sustainable development, with specific focus on the financing requirements and availability of financial resources in the region that can create an action-oriented framework and implementable initiatives with stable and adequate sources of development financing.
8. ***Improving effective monitoring, evaluation and reporting mechanism for better accountability*** on progress in the implementation of the sustainable development goals.

9. ***Building new regional development partnership and cooperation*** can significantly enhance the region's capacity to successfully mobilize and deploy its financial resources for development. For instance, what lessons can be taken forward from the ongoing south-south and triangular cooperation such as initiatives and mechanisms on financial resources and technology transfer? What are the implications for the region of setting up of new development institutions such as the Asian Infrastructure Investment Bank (AIIB) by China and New Development Bank (NDB) and Contingent Reserve Agreement (CRA) by BRICS countries?

Organization

The meeting will be hosted by ESCAP. Dr. Shamshad Akhtar, Under-Secretary-General of the United Nations and Executive Secretary of the Economic and Social Commission for Asia and the Pacific, will lead the meeting as requested by the United Nations General Assembly. Member States and other stakeholders will make presentations and engage in an inter-active dialogue to produce a regional outcome document as an input for the Third International Conference on Financing for Development in Addis Ababa in July 2015.

Participation

Main participants will include finance ministers, central bank governors and financial regulators, private sector including private financial institutions, civil society organizations, major think-tanks, and regional development partners such as the ADB/ADBI, UN agencies such as UNDP, and regional bodies such as ASEAN, SAARC, PIF, ECO and SCO. The meeting will also engage H.E. Mr. George Wilfred Talbot (Guyana) and H.E. Mr. Geir O. Pedersen (Norway), co-facilitators of the third International Conference on Financing for Development, and Mr. Wu Hongbo, Secretary-General of the Third International Conference on Financing for Development. All together around 150 participants are expected to participate.

Documentation

ESCAP will prepare a set of background papers in the areas listed above (e.g. social sector financing, infrastructure financing, SMEs and trade financing, climate financing and development partnerships). The papers will highlight regional /subregional and national trends and composition in these areas and provide evidence to identify national examples and policies along with recommendations on financing strategies that will be linked to the sustainable development agenda. Please visit ESCAP website for further information: <http://www.unescap.org/events/>