

Financing for Development in Asia and the Pacific

Highlights in the Context of the
Addis Ababa Action Agenda

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Overview

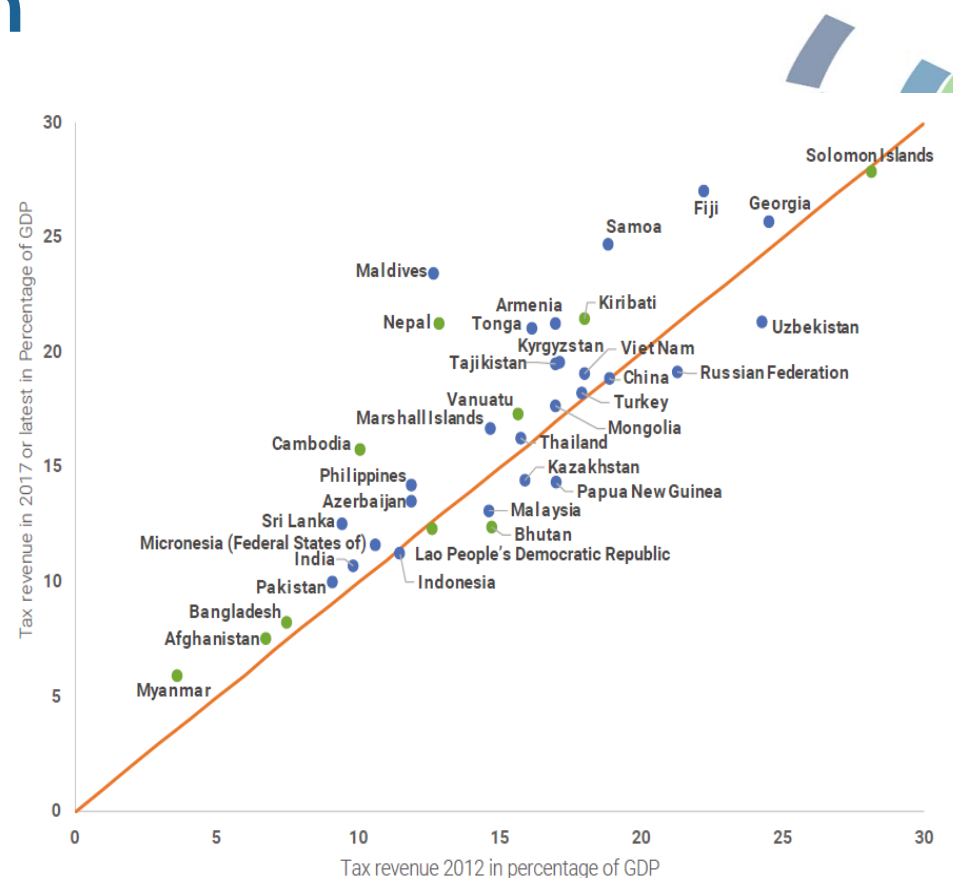
- The Addis Ababa Action Agenda of the Third International Conference on Financing for Development has been recognized as critical for the realization of Sustainable Development Goals
- Seven key areas are discussed
- Main features: Highlights in the region, policy actions and recommendations
- ESCAP role: Intergovernmental meetings, policy dialogues, expert group meetings, publications, capacity building

Key Messages: Domestic Public resources

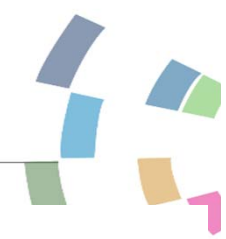
- Low levels of tax revenues remain a major bottleneck for developing Asia-Pacific countries to finance sustainable development
- Greatest challenges are with LDCs, e.g. Afghanistan, Bangladesh and Myanmar where tax to GDP remain in single digit
- Asia-Pacific is also under pressure to finance its expanding cities
- Tax revenue mobilization has improved in 5 years from 16.1% in 2012 to 16.8% in 2017

Tax revenue mobilization has improved

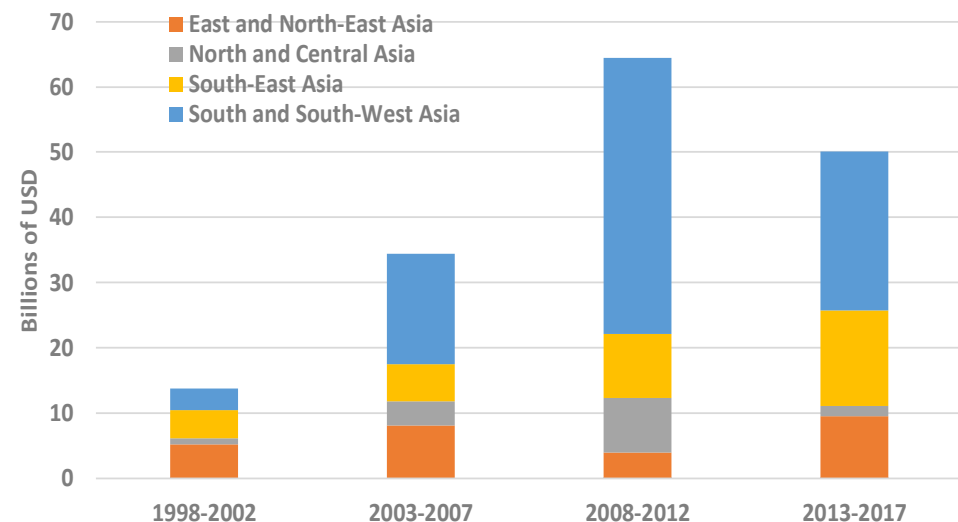
- Tax Revenue increase
 - Maldives, Nepal, Cambodia, Myanmar, Samoa, Tonga and Sri Lanka brought up their tax revenue levels significantly
- Comprehensive tax reforms are key
 - Rationalization in tax composition
 - Tax base broadening
 - Strengthen tax administration
 - Targeted reform at the sub-national level



Key Messages: Infrastructure financing



- Infrastructure financing requirement is large
- Most infrastructure investments are funded by the public sector
- Private infrastructure investment also declined in Asia and the Pacific



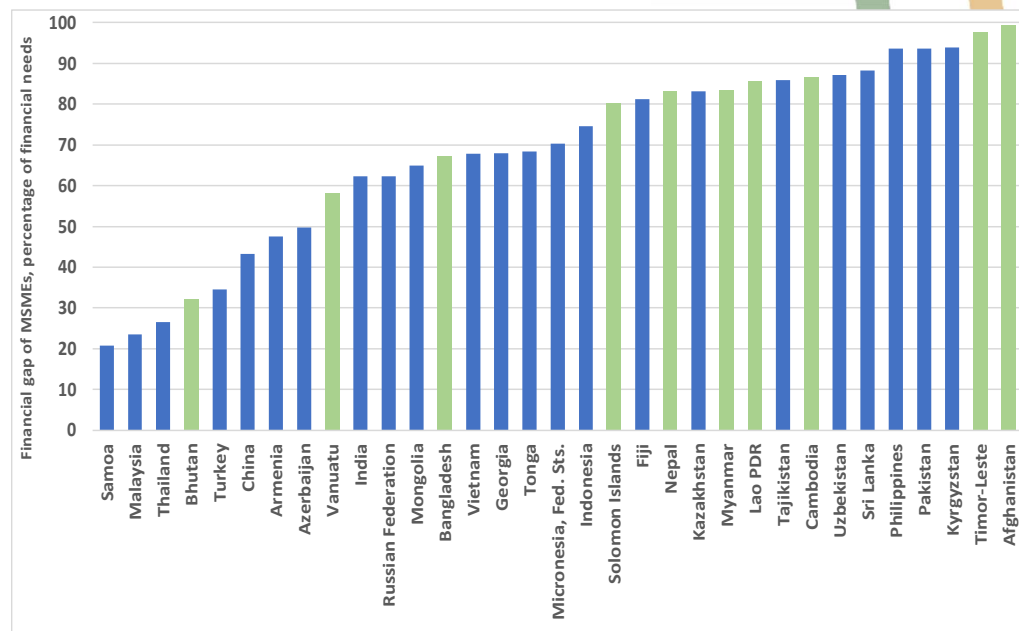
Key Messages

- Countries in Asia and the Pacific have made progress to finance infrastructure through several modalities
 - Public sector infrastructure financing
 - Public-Private Partnership
 - Capital market development: 2017-2018 has been marked the year of sovereign green bonds in the Asia-Pacific region
- Effectively engage multiple stakeholders in consultations on new and existing projects is necessary
- There is the need to deepen capital market and develop critical mass of long-term domestic institutional investors



Key Messages: MSME financing

- MSMEs are unable to meet 80% or more of their financial needs in 15 out of 33 Asia-Pacific countries
- The lack of finance is severe in LDCs, ranging from 80.1% in Solomon Islands to 99.3% in Afghanistan



Key Messages

- During 2017-2018, a number of countries in the region introduced new legislation, policy reforms and private sector initiatives to support MSMEs' access to finance
- Examples include Viet Nam, Thailand, Myanmar, Tajikistan, Australia, Malaysia and Hong Kong, China.
- Several policy options
 - Improve lending infrastructure, including credit bureaus, credit guarantee agencies and collateral registries
 - Leverage national development banks to support MSMEs
 - Set appropriate regulations for FinTech, e.g. regulaory sandbox in Singapore, Malaysia, Thailand, and Hongkong, China.



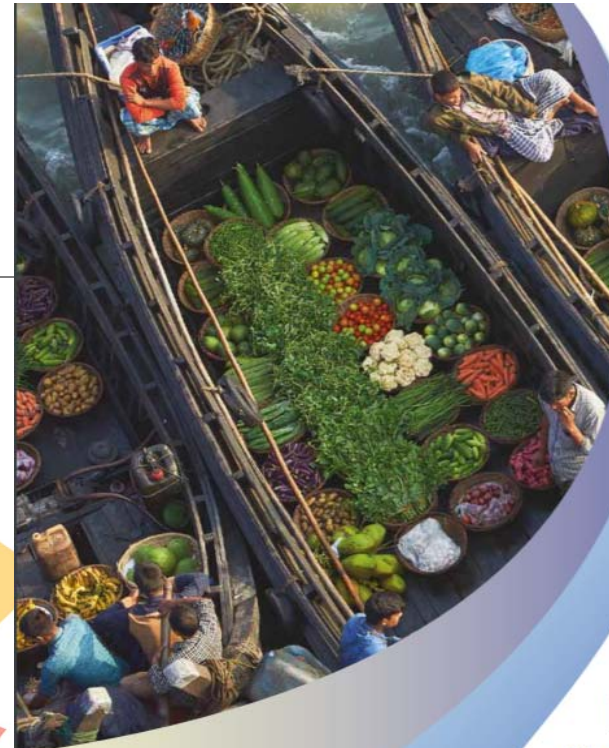
Key Messages: Climate Finance

- Policy actions were geared to
 - Enhance countries' readiness for climate finance
 - Implement funding proposals and scale up disbursement
 - Improve the leverage ratios of public climate finance through blended finance instruments
- In Asia-Pacific region, there is still limited awareness of climate finance risks to private sector investors, lenders and insurance underwriters
- Need to refine and harmonize green taxonomies and sustainability standards

Thank you!

Full copy of the report is available at:

<https://www.unescap.org/resources/financing-development-asia-and-pacific-highlights-context-addis-ababa-action-agenda-2019>



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