FINANCING A SUSTAINABLE RECOVERY FROM COVID-19 AND BEYOND

Asia-Pacific Countries with Special Needs Development Report 2022

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Financing a Sustainable Recovery from COVID-19 and Beyond

Agenda item 3: Special Body of Least Developed Countries, Landlocked Developing Countries and Pacific Island Developing States
1400-1600 hours (Bangkok Time), 25 May 2022

Ms. Armida Salsiah Alisjahbana
Under-Secretary-General of the United Nations and Executive Secretary of ESCAP
Stalled SDG progress amid the pandemic requires a sustainable recovery...

Snapshot of SDG progress made by Asia-Pacific countries with special needs

Projected increase in fiscal deficit and government debt
...also requires additional financing to achieve SDGs

- Additional financing needs per year: 19% of GDP in LDCs and 8% of GDP in LLDCs
- Only a fraction of the required amount can be currently mobilized
- Post-pandemic needs will be even greater
These traditional sources will continue to dominate and must be strengthened...

Untapped tax potential exists in these countries with special needs

Actual vs. potential tax-to-GDP ratio

Total FDI flows to countries with special needs
...and need to be complemented by innovative sources

- Countries with special needs can take advantage of expanding global markets for thematic bonds
- 11 are classified as ‘high risk’, out of which 8 are SIDS
- COVID19: Public debt increased from 51% of GDP in 2019 to 61% in 2020 and 63% in 2021
- Debt-for-climate swaps could reduce debt exposure while also increasing investments in climate adaption or mitigation.

Public debt as % of GDP, 2015 and 2020
Regional cooperation and solidarity can enhance resource mobilization capacities of countries with special needs

- Address international taxation challenges
- Addressing immediate debt vulnerabilities and restoring long-term debt sustainability
- Meeting climate commitments and leveraging innovative climate and environment-related finance
- Harnessing digital technology for financial services
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