Fifth North and Central Asia Multi-Stakeholder Forum on Implementation of the Sustainable Development Goals

Building Back Better from COVID-19 while Advancing the Full Implementation of the 2030 Agenda for Sustainable Development

Session 7:
Financing the SDGs: Closing Financing Gaps through Application of New Sustainable Financing Instruments

Virtual Meeting Format
7 October 2021, 12:00 – 13:30 hours (UTC+6)

CONCEPT NOTE

Background

Financing for Sustainable Development is an essential component of the implementation of the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs) framework. Sustainable development finance is evolving rapidly to include the wider financial ecosystem, such as capital markets, insurance providers, and pension funds, as these sectors become increasingly aware of the necessity to manage environmental and social risks and performance, and the resulting business opportunities in areas such as green bonds and sustainability-linked financial products. All member states from the North and Central Asian subregion have already faced challenges in financing SDG progress related to both domestic and external resource mobilization. It is of critical importance for countries to put in place appropriate policy environments and financing mechanisms that catalyze resource mobilization by reducing risks and enabling a green and inclusive recovery from the COVID-19 pandemic and its resulting socio-economic crisis.
The COVID-19 pandemic has made clear that developing economies need to prioritize significant investments in public services to promote inclusive growth. To achieve the 2030 Agenda, it will be necessary for governments and other stakeholders to identify and trigger those policy levers that can contribute to adequately address financing needs and accelerate SDG implementation. For instance, according to analysis\(^1\), many public and private sector investments in North and Central Asia (like in preschool and school education, health of children) have shown decreasing tendency. Shrinking budget revenues will limit the ability of Governments to respond to the COVID-19 crisis and ultimately, the achievement of SDGs. In addition, debt (in proportion to GDP) has increased notably in 2020 in the countries of NCA, which was even higher (two-digit percentage point) in Armenia, Georgia and Kyrgyzstan.

This Session is a platform for discussing the key issues related to sustainable financing, namely the role of capital markets and innovative financing instruments (such as thematic bonds) and creating respective enabling environments for using these instruments to finance SDG implementation in the NCA subregion. It will look at current progress and future potential. Through it, member states have a chance to learn, discuss and find solutions for SDG financing and resource mobilization. It also enables countries to harmonize and reinforce national financing policies, sustainable resource mobilization and financial institutions’ capacities to handle new mechanisms and integrated capital market instruments. This will attract and mobilize multi-stakeholder support that strives to foster capital markets and thematic bonds issuance. It will help, among others, to establish evidence and analysis and introduce policy and institutional reforms toward strengthening integrated national financing instruments and frameworks.

While addressing sustainable financing issues, it is important for the NCA subregion to consider enhancing access to finance in countries with less developed financial markets or for SDG solutions that are too small or illiquid to attract portfolio investors. Overall, the target 17.1.2 “Domestic budgets funded by domestic taxes” in North and Central Asia shows explicit regress since 2000\(^ii\) showcasing extremely limited domestic opportunities for financing the SDGs. It is the third top biggest gap in the subregion (according to SDG tracker data).

**Objectives and Expected Outcomes**

This session will discuss the key dimensions of sustainable financing in the context of SDGs in the countries of North and Central Asia region. Main discussions will be constructed towards closing financing gaps in the countries and introducing new innovative sustainable financing instruments. Another focus should be given to capital

\(^1\) Asia Pasific SDG Gateway
market improvement and thematic bond issuance practices that are available in the Asian region. In the subregional context countries could benefit from the best practices available on sustainable development financing, including green and climate finance.

Key discussion points and recommendations from this session will feed into the next Asia Pacific Forum for Sustainable Development (APFSD) and the 2022 High Level Political Forum (HLPF).

**Participants**

Targeted audience will comprise officials from relevant ministries, particularly the ministries of finance, planning and climate change, respective sectoral ministries, central banks and other public institutions that oversee national planning, finance, investments, aid coordination, and implementation and coordination of SDGs from the member states of NCA sub-region (central bank, treasury departments). It will also include the following stakeholder groups: regional and subregional organizations; local business and private sectors; civil society organizations; experts from think tanks, research and academia and UN entities.

**Co-organizers**

The session is organized by ESCAP.

**Tentative Programme**

*all times in Almaty local time [UTC +6]*

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<th>Time*</th>
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| 12:00 – 13:30  | *Presenting and discussing financing instruments for SDGs to improve capital markets in the NCA sub-region, current progress and future projections. What should governments do to effectively implement sustainable financing for SDG achievement? What are the potential solutions to develop, integrate and implement sustainable financing practices and mechanizms into the national financial and budgetary systems?*

*Housekeeping Announcements: Ms. Natalja Wehmer, Economic Affairs Officer, ESCAP [2 min]*
Welcome by Moderator: Ms. Denise Sumpf, Head of Resident Coordinator Office, United Nations, Armenia [3 min]

Presentations to set the stage [30 min]

• Sustainable and SDG linked bonds, Mr. Patrick Martin, International Expert on Climate Finance, ESCAP [10 min]
• Climate Needs Based Financing Strategy for NCA, Mr. Jens Radschinski, Lead of the Needs-Based Finance Project, Regional Lead of the UNFCCC/IGES Regional Collaboration Centre for Asia and the Pacific [10 min]
• Sustainable Finance: Essential Support on the Way Towards Reaching the SDGs, Mr. Martin Dasek, Senior Climate Finance Specialist for Europe & Central Asia, IFC FIG [10 min]

Panel Discussion [45 min]

Panelists (above presenters +):
• Opening statements
  • Ms. Asel Nurakhmetova, Advisor, Astana International Financial Centre (AIFC) [5 min]
  • Ms. Ekaterina Sidorova, Head of FICC Research, SberCIB Investment Research, Russian Federation [5 min]
  • Ms. Natia Tsikaradze, Acting Head, Strategic Planning and Coordination Unit, Policy Planning and Coordination Department, Administration of the Government of Georgia [5 min]
  • Mr. Suren Poghosyan, SDG Finance Advisor, UNDP Istanbul Regional Hub [5 min]

• Q&A with Audience

13:20 – 13:30 Wrap-up [10 min]
• Participant’s Feedback on the Session, ESCAP [5 min]
• Concluding remarks, Moderator [3 min]

Guiding Questions for the Session

• What is the current progress of North and Central Asian states in sustainable development financing to achieve SDGs? Are there any best practices to achieve better results in financing the SDGs and applying innovative instruments?
• How has the COVID-19 pandemic affected the ability of governments and other stakeholders to implement financial responsibilities within the Sustainable Development Universal Framework that leaves no one behind? What solutions and opportunities do we have to engage with public and private sector entities and financial institutions?

• How can we finance SDG implementation after COVID-19? What are the most effective modalities to enhance fiscal space and promote investments in NCA sub-regional context?

**Further Information and Registration**

The 2021 subregional SDG Forum is taking place in virtual modality. It is conducted in English and Russian languages and is open to all interested participants.

• **Online registration for the Subregional SDG Forum is possible** [here](#) **or via QR code**

• Detailed information will be available on the official website [here](#).

• **For further information, please contact** escap-sonca@un.org

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1 ESCAP’s North and Central Asia (NCA) subregion includes the following nine ESCAP member States: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkmenistan and Uzbekistan.

2 ESCAP, 2020, SDG Drivers Framework for North and Central Asia

3 Asia Pasific SDG Gateway

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