Outcome Document

Asia-Pacific Outreach Meeting on Sustainable Development Financing

10-11 June 2014

Jakarta, Indonesia
PART 1: JAKARTA OUTCOME DOCUMENT

I. Introduction

1. Financing for sustainable development has become a significant and integral part of the current development discourse in the United Nations’ post-2015 development agenda. To secure the future we want it is critical “to facilitate the mobilization of resources and their effective use in achieving sustainable development objectives.”

2. In June 2013, the United Nations General Assembly decided to establish an intergovernmental committee of experts on sustainable development financing, as recommended in the outcome document of Rio+20. The Committee’s report, which will be presented to the General Assembly in 2014, will “assess financing needs, consider the effectiveness, consistency and synergies of existing instruments and frameworks and evaluate additional initiatives”.

3. The work of the Committee is proceeding in parallel with the deliberations of the Open Working Group (OWG) of the General Assembly, established on 22rd of January 2013 by decision 67/555. The OWG has emphasized the need to ensure adequate financial resources for investments in sustainable development, inter alia, through (i) strengthening domestic resource mobilization, including by improving tax collection and the efficiency of public spending and by strengthening systems to harness domestic savings for investment, (ii) the full implementation by developed countries of ODA commitments in line with the agreed formulae and timetable; and (iii) the mobilization of additional financial resources from multiple sources.

4. In this context, the Asia-Pacific Outreach Meeting on Sustainable Development Financing was intended to offer perspectives on financial market developments and some key issues and challenges facing the region in financing sustainable development and other priorities. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) in collaboration with the Ministry of Finance, Republic of Indonesia, organised the meeting in Jakarta, Indonesia from 10 to 11 June 2014.

5. The Asia-Pacific Outreach Meeting on Sustainable Development Financing was attended by more than 150 participants, including 70 representatives of Governments from 28 ESCAP member States, namely Australia; Bangladesh; Bhutan; Cambodia; China; Democratic People’s Republic of Korea; India; Indonesia; Japan; Kiribati; Lao People’s Democratic Republic; Malaysia; Myanmar; Pakistan; Papua New Guinea; Philippines; Republic of Korea; Russian Federation; Samoa; Solomon Islands; Sri Lanka; Thailand; Tonga; Turkey; Tuvalu; United States of America; Vanuatu and Viet Nam, as well as 2 from outside the region, namely Germany and Switzerland. There were also 30 representatives from international and United Nations organizations and other entities, and 50 representatives from the private sector, civil society organizations and other stakeholder organizations.

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1 The document has been issued without formal editing.
2 General Assembly resolution 66/288.
3 General Assembly resolution S-19/2, annex.
II. Perspectives on the Sustainable Development Financing

6. The welcome address was delivered by Shamshad Akhtar, United Nations Under-Secretary-General and Executive Secretary of the Economic and Social Commission for Asia and the Pacific. She noted that it could cost as much as $2.5 trillion per year to close the Asia-Pacific region’s infrastructure gaps, provide universal access to social protection, health and education, and implement climate change mitigation and adaptation measures. She noted, however, that this amount represented only 7.5 per cent of the $33 trillion held by affluent individuals in the region as at the end of 2012.

7. Ms. Akhtar emphasized the need for governments to look beyond their own revenues by mobilizing private sector investment in infrastructure as well as in the social and environmental sectors. In that respect, she highlighted the importance of developing well-diversified and competitive financial systems, capable of extending finance to address people’s needs and the region’s development. For that purpose, she called on policymakers and regulators of the region to work together with the private sector to develop effective capital markets’ institutions and regulatory frameworks, to foster the development of domestic institutional investors, and to support capacity building in the least developed countries and small-island developing States.

8. In his opening remarks, Pertti Majanen, Co-Chair of the Intergovernmental Committee of Experts on Sustainable Development Financing underscored that, in light of the weight of the Asia-Pacific region in the world economy, the outreach meeting would provide a substantive contribution to the deliberations of the Committee. In line with the principles of the 2002 Monterrey Consensus, he stressed the importance of domestic resource mobilization and the critical role of national budgets for the financing of development projects. In particular, he emphasized the need for mainstreaming national policies and sustainable development financing into national budgets. Mr. Majanen indicated that the most important yardstick for the evaluation of the work of the Committee would be how well its recommendations will be implemented.

9. In his keynote address, Chatib Basri, Minister of Finance of Indonesia, noted that the poor bear the brunt of deficiencies in the provision of public infrastructure in areas such as transport, electricity and sanitation. He emphasized that rapid urbanization in the region in countries such as Indonesia is creating additional needs for stepping up public infrastructure investment. He also noted that small and medium enterprises (SMEs), which are key for generating employment and making the growth process more inclusive, are particularly dependent on public sector investment in infrastructure. As a result, he called for the adoption of policy measures to promote investment in infrastructure with the goal of not only stimulating economic growth but also reducing poverty and addressing growing concerns about inequality.

10. Mr. Basri noted that funding from traditional sources of finance, such as official development assistance, loans from multilateral financial institutions and the government budget, are insufficient, and he encouraged participants at the meeting to discuss alternatives. Among the alternatives, he mentioned the need to curb fuel subsidies, as the resulting savings could provide additional financing to be used in infrastructure investment. Mr. Basri called participants at the meeting to come up with practical solutions to finance sustainable development.
III. Domestic resource mobilization

Brief description

11. The session was chaired by Cesar Purisima, Secretary of Finance, Philippines. Bambang Brodjonegoro, Vice Minister of Finance, Indonesia; Rathin Roy, Director, National Institute of Public Finance and Policy, India; and Axel Bertuch-Samuels, IMF Special Representative to the UN, made presentations. Sarath Amunugama, Senior Minister, Ministry of Finance, Sri Lanka; Truong Chi Trung, Vice Minister of Finance, Viet Nam; Wayne Swan, MP and former Deputy Prime Minister and Treasurer, Australia; M.A. Mannan, State Minister of Finance, Bangladesh; Tom Murdoch, Minister of Finance, Kiribati; Phalla Phan, General Director, Ministry of Economy and Finance, Cambodia; and Leonor Briones, Lead Convenor, Social Watch Philippines, acted as panelists.

12. One of the most pressing issues for any country determined to invest in sustainable development is to raise the necessary resources, particularly through taxation. For many economies in the region, tax revenue collection is neither sufficient nor equitable. The average central government tax revenue-to-GDP. Thus, Asia and the Pacific is less successful in tax collection than other developing regions, averaging only 14.8% of GDP in developing Asia-Pacific countries in 2011 for central government revenues, compared to an average of 17.1% of GDP in Latin America and the Caribbean, and 16.3% in sub-Saharan Africa.

13. This session explored ways for governments to unlock the fiscal space required to be able to increase the resources available for development. It highlighted that options included (i) strengthening tax revenues in the region, (ii) reprioritizing public expenditure and making it more development oriented and (iii) making more effective use of natural resource revenues for investing in development.

Major issues presented

14. An essential feature of a successful economy is a robust and effective revenue raising system. This is particularly relevant to the Asia-Pacific region, which needs to raise more domestic resources to investment in its development. Doing so would allow the region to tap its significant savings, of which a large proportion currently flows to other regions rather than being used productively within Asia and the Pacific.

15. When considering ways to mobilize additional domestic resources, policymakers need to ensure that budgets support growth and that they address inequalities. Getting the balance between them is therefore critical. Given the high level of inequality in some countries, it is important that tax systems be made fairer. For instance, many countries in the region are raising significant resources through value-added taxation (VAT). Yet, this kind of taxation is generally regressive. This is especially relevant in those countries where large proportions of the labour force do not pay taxes. Clearly, a high degree of informality in labour markets is a contributing factor to low tax coverage. However, tax avoidance of the wealthy is often a more relevant and pressing concern. To address this, rationalizing tax rates to provide greater incentives for tax compliance could be considered. In addition, countries could review the progressivity of their tax codes, in particular the taxation of capital income and the introduction of inheritance and wealth taxes.

16. Countries need to increase anti-laundering efforts and should address base erosion and profit shifting by multi-national corporations. Evidence shows that low tax rates do not necessarily imply that countries will grow faster. While some countries, such as Bangladesh, use tax concessions and exemptions to attract investment to certain, less-developed geographic areas, this is the exception. Rather, tax exemptions and concessions are generally used to attract FDI. Yet, such tax competition between countries ultimately deprives them of urgently needed revenues and unduly results in a ‘race-to-the-bottom’.
17. Many countries in the region have significant natural resources. Fishing license fees, for instance, are an important source for revenue for several island developing economies. Managing the tax and non-tax revenues from these natural resources poses additional challenges. For one, countries face a trade-off between raising higher levels of revenue rapidly by increasing rates of natural resource extraction, and managing their resources more sustainably by reducing rates of extraction, yet securing longer-term revenues. In addition, natural resource rich economies often have significant tax leakage due to profit shifting and tax erosion; this can have a significant impact on revenues. Addressing this requires, however, concerted regional effort. More steps need therefore to be taken to tackle this issue.

18. Given their developing state, there is a limit to which countries can raise resources by mobilizing tax and non-tax revenues. Yet, fiscal space can also be created in other ways. One way is to reduce corruption. Another way is to prioritize expenditure and make it more effective and more development-oriented. In this regard, reducing poorly targeted subsidies, especially those on energy, can contribute significantly to making more resources available. Not only are such subsidies often regressive; they can also make budgets vulnerable to global economic activity, particularly if they are price-based.

IV. Infrastructure finance and public-private partnerships

Brief description

19. The session was chaired by Mahendra Siregar, Chairman, Indonesia Investment Coordinating Board. Abhaya Krishna Agarwal, PPP Practice Leader, Ernst and Young India; and Marilou Uy, Senior Advisor to World Bank’s Special Envoy on MDGs and Development Financing, made presentations. U San Lwin, Deputy Minister for National Planning and Economic Development, Myanmar; Chen Huan, Deputy Director, Working Group for Establishment of Asian Infrastructure, Investment Bank, Ministry of Finance, China; Osuga Takeshi, Deputy Director General for International Cooperation and Global Issues, Ministry of Foreign Affairs, Japan; Lafaitele Leiataualesa, Associate Minister of Finance, Samoa; Nathan Dal Bon, Assistant Secretary, Department of Foreign Affairs and Trade, Australia; Rajeev Mukhija, CFO, India Infrastructure Finance Company Limited; and Erin Palomares, Coordinator for Reality of Aid Network Asia-Pacific, Philippines, acted as panelists.

20. Looking at the spectacular increase in private investment in infrastructure since 1990, the potential for PPPs to continue playing an important role in the region is clear. Private investment committed to infrastructure in developing countries of the region grew steadily over the decades. For example, the average annual growth rate of private sector investment reached 25.4% between 2002 and 2008. Stimulus policies adopted by many countries in the region since the global financial crisis further boosted private investment in infrastructure to an unprecedented level of $120.1 billion in 2010.

21. This session reviewed experiences with public-private partnerships (PPPs) in the region. In particular, it outlined ways to (i) build sound governance and institutional framework for an enabling environment (ii) strengthen planning and project design capacities to generate viable and bankable projects and (iii) expand and diversify PPP financing channels while keeping an eye on hidden public liabilities and financial risks. The session also explored the potential for new regional financial institutions or mechanisms to facilitate a large-scale mobilization of resources from countries with large savings to fund investment, particularly in regional infrastructure to enhance connectivity.
Major issues presented

22. Countries in the region face significant investment needs to provide the infrastructure that will enable them to develop in an inclusive and sustainable manner. Estimates for infrastructure investment over the next three decades breach $10 trillion in India alone.

23. Despite the potential rewards, the private sector is often resistant to engage in infrastructure investment. In part, limited capital market development poses a constraint to raising resources. In addition, perceived risks associated with large infrastructure projects may not be commensurate with the project’s perceived return profile. Additional limiting factors are the lack of capacity in preparing ‘bankable investment projects’ that exists in several countries, but more importantly the fact that overall, the public sector is unable to raise the resources that greater investment in sustainable development would require.

24. Governments could aim to forge private-public partnerships (PPPs), particularly with a view to raising from the private sector the long-terms financing that is needed to close infrastructure gaps. Given the low level of domestic resources, forging PPPs may indeed be the only way for governments to finance their infrastructure investment plans in some countries.

25. Fostering PPPs will require that governments provide an enabling framework that provides greater incentives for the private sector to participate in such investment. One way would be to bear some of the financing risk, or by providing guarantees on rates of return to the private sector. In doing so, governments may be able to leverage more funds from the private sector.

26. Moreover, with a view to mitigating risks, governments will have to implement appropriate policies, create an appropriate macroeconomic and fiscal framework, and strengthen relevant institutional capacities and expertise in order to be better able to prepare investment projects and to provide appropriate backstop facilities.

27. Given the diversity of countries in the region, it is however clear that there is no ‘one size fits all’ approach to investing in infrastructure for sustainable development. In fact, evidence with PPPs has been somewhat mixed in the region, which has some good examples of PPPs, but also those of failures. The sharing of experiences and best practices will therefore be important to fully benefit from PPP opportunities.

28. Multilateral agencies are a further source that can be tapped to provide funds for infrastructure investment. Yet, the required investments far outweigh the resources of existing agencies. Recognizing this mismatch between supply and demand, momentum has gained towards creating a well-endowed Asian Infrastructure Investment Bank that would specifically target investments in infrastructure. Already, a working group has been set up under the aegis of China to explore mechanisms for establishing such an institution. Currently, such an institution would be funded by at least $50 billion. Its membership would be available to countries within and from outside the region.

V. Capital market development I – Developing domestic capital markets

Brief description

29. The session was chaired by Rick Nelson Houenipwela, Minister of Finance and former Central Bank Governor of the Solomon Islands. Latifah Merican-Cheong, former Assistant Governor, Bank Negara
The region needs to exploit the potential of capital markets to facilitate channeling private savings towards sustainable development. For example, the share of Asia and the Pacific in world market capitalization stands at 31%, of which the stock markets of Tokyo, Hong Kong and Shanghai account for over 50%. In addition, there are other dynamic markets in the region that have strong potential for cross border listing. Furthermore, the development of local currency (LCY) bond markets in the region received a boost after the Asian financial crisis of 1997/98. The domestic bonds issued increased at an average annual rate of 16.8% for developing countries between 2005 and 2013, compared with 4.9% for developed countries. On average, growth of these markets was faster over the period 2005-2009 compared with 2009-2013, especially for the developed countries in the region.

This session discussed how to mobilize resources towards infrastructure and social and environmental development through capital markets. Particular attention was paid to the restrictions to the development of capital markets imposed by small country size, as is the case of the Pacific island developing economies and some of the region’s LDCs.

**Major issues presented**

Infrastructure projects can be profitable because they can produce a stream of revenues, directly through fees or indirectly through taxes generated by additional economic activity facilitated by the new infrastructure. However, the cost of construction should be paid up front, so there is a need for financing to close the “time gap”.

Commercial banks have traditionally played a major role in the financial markets of Asia and the Pacific. However, funding long-term developmental projects through banks is subject to maturity risks because of the short-term nature of banks’ assets. To reduce these risks, the region should further develop its capital markets, which can match more effectively investors and savers with different time horizons and risk profiles. But the development of capital markets requires specialized institutions and regulatory frameworks.

Over time, Asia-Pacific financial markets have become more diversified. In particular, local currency bond markets expanded a lot over the last decade, mostly for government bonds, and their amounts outstanding exceed those of foreign currency bonds. However, banks continue to dominate financial intermediation in stock and bonds, as domestic institutional investors are insufficiently developed. The latter could provide much needed long-term financing in light of their long-term liabilities.

Until domestic institutional investors develop, development banks can provide a good interim solution for financing long-term infrastructure projects. In developing capital markets for the financing of public goods, such as infrastructure, it is important to keep in mind that private agents seek profitability, implying that projects need to be bankable. Other elements needed to support the development of capital markets are an examination of legal restrictions on ownership, the development of derivatives markets, financial disclosure and reporting requirements, and macroeconomic fundamentals.
36. A country that made much progress in developing its capital markets is Malaysia: they currently provide 40% of the financing available, as well as more options for savers. To achieve this development, Malaysia has implemented two capital market development plans. The first one (2001-10) focused on basic infrastructure, such as regulations, payments systems, etc., and the second plan (2011-20) is focusing on improving the governance of financial institutions and investor protection, with the government playing a facilitating role. Malaysia’s financial markets are rather open, implying that the availability of funding does not depend only on the domestic market. In addition, Islamic bonds have become very important for infrastructure financing in this country.

37. Several smaller countries in the region have developed equity markets. Papua New Guinea has had an equity market since 1989, which has been used by State-owned enterprises to fund infrastructure investments. Bhutan’s stock exchange opened in 1993 and currently has 21 listed companies. Lao PDR established a stock market in 2010. Lao PDR’s stock market currently has three companies listed, and the country is bringing its regulatory framework to international standards. Cambodia’s stock market opened in 2012 and is at an early stage of development. Although transactions are in the domestic currency, the riel, because of the high degree of dollarization of the Cambodian economy settlement can be done in US dollars. The volume of transaction in the Cambodian stock exchange is small, and the biggest challenge is to encourage local companies to be listed.

38. One concern about developing stock markets in small economies is that the price discovery process may not work very well because these markets are illiquid. In fact, it is necessary to have investors with heterogeneous time horizons and risk profiles to bring liquidity to markets. From that point of view, it was noted that small economies may not need to develop all aspects of capital markets. They could rely, instead, on linking their markets to other, larger markets in the region through the adoption of harmonization rules, as is the case of the ASEAN Trading Link project. That way, they could have access to large stock exchanges in neighbouring countries. In addition, smaller economies require assistance, capacity building and training in support of their financial development.

VI. Capital market development II – Institutional investors and connecting capital markets

Brief description

39. The session was chaired by Sarath Amunugama, Senior Minister, Ministry of Finance of Sri Lanka. Masahiro Kawai, Tokyo University and former Dean of the ADB Institute; Alistair Scarff, Country Risk Executive Asia Pacific, Bank of America Merrill Lynch; Michael Petit, Managing Director, Affiliate Network Management Asia Pacific, Standard and Poor’s; Kyungsso Kim, former Deputy Governor, Bank of Korea; Shari Speigel, Chief, Policy Analysis and Development Branch, FfDO, UNDESA; Wan Rahim Kamil, Islamic Capital Market, Securities Commission of Malaysia; Peter Dirou, Senior Advisor, ADB Pacific Private Sector Development Initiative; and Benjamin Quinones, Chairman of Asian Solidarity Economic Council acted as panelists.

40. Institutional investors include pension funds, mutual funds, insurance companies, sovereign wealth funds and investment managers. Globally, most of the assets managed by institutional investors are located in the OECD countries. Of the $68.30 trillion in assets under management by the world’s top 500 asset management firms, the share of Asia and the Pacific was only 9.7% or $6.65 trillion at the end of 2012. The vast majority of this amount was managed by firms from the region’s developed countries. In contrast, in the category of sovereign wealth funds (SWFs), the Asia-Pacific region had a larger global presence – $2.85
trillion or 45% of the world’s total assets under management. In addition, sovereign wealth funds from developing countries represented 96% of the region’s total assets under management. The share of Asia and the Pacific in the assets under management of the world’s top 300 pension funds was 26.3% or $3.68 trillion at the end of 2012. Although the developed countries from the region represented the lion’s share of this amount, developing countries represented 31.5% of the total.

41. The discussions in previous session (Capital market development I – Developing domestic capital markets) concluded that the demand for funding is very high compared to the available funding from multilateral and bilateral sources. While the proposed Asian Infrastructure Investment Bank will inject additional funds, it is also important to find ways to engage the private sector to fund development, as it could infuse dynamism and play a productive role for the development of infrastructure in the region.

Major issues presented

42. The main impediments to infrastructure financing in the region arise from the lack of appropriate investment vehicles, such as infrastructure bonds with insurance guarantees (China), structured products (Mexico), collective trust structures (Peru), or joint-owned infrastructure companies (Brazil). Weak governance, limited administrative capacity and lack of objective and high quality data on infrastructure are other obstacles. Factors such as accounting disclosures, shareholders rights and legal frameworks are important to encourage associated investments by mutual funds in emerging markets. These factors are also important to provide policy support for the development of local institutional investors in emerging Asia.

43. In order to facilitate the development of capital markets in the region, it is important for policy makers to understand the mentality of institutional investors. An important point to keep in mind is that pension funds trustees are under huge pressure not only to deliver good returns but even more importantly to protect the capital. As a result, risk aversion can drive them outside some markets. Thus a proper risk framework has to be in place to reassure investors. Investors look into where they will place their capital and what are the opportunity costs of not doing so. They have a philanthropic view as well, but profitability and security should be there. In sum, policy makers need to build capacities to absorb capital flows into the market, be aware of the mentality of institutional investors and provide a good investment proposition to them.

44. As far as credit ratings are concerned, it is important to institute regulations to ensure their integrity and transparency, for which allowing for competition among credit rating companies could be very useful. Importantly, regulations that promote a mechanistic use of credit ratings should be avoided, as this works against the idea of building well-integrated capital markets populated by responsible investors that take decisions based on their own evaluation of risks.

45. The role of stock markets as a mechanism for raising funds was put in question during this session, with one participant mentioning that in developed countries companies raise most of their funds in bond markets and that stock markets are mainly instruments for transferring wealth. In spite of the potential for capital markets to provide funding for long-term investment projects, it was observed that the average holding period in the US is only 6 months.

46. Although there is a trend to invest more in long-term assets, such as the so-called alternative asset class that includes infrastructure and represents 15% of the global portfolio of pension funds, some of these investments go to secondary intermediaries such as hedge funds, private equities, or infrastructure, real estate or commodity funds. While large institutional investors are acquiring expertise in investing in infrastructure, this expertise is not available for small institutional investors. To remedy this problem, the
possibility of setting up specialized companies could be explored and the role for public policy should be explored.

Korea’s pension fund, launched in 1988, is the single biggest institutional investor in Korea. For overseas investment, the fund is subject to the rule that 100% of investment in foreign bonds should be hedged, but this may increase volatility in the foreign exchange market, conflicting with macro prudential objectives. In the Pacific islands, provident funds are well-placed to play a greater role to provide funding for long-term investments, but to support their development it will be necessary to allow them to make offshore investments. This is, however, complicated due to exchange rate concerns. Islamic finance is growing in importance globally, with its assets expected to reach $2.5 trillion by 2015.

Most enterprises in Asia and the Pacific are very small and have no access to capital markets. In the Philippines, many small companies are led by women. A proposal was made for ESCAP to study the development of capital markets for SMEs and social enterprises. This could be done in partnership with governments, especially local governments. SMEs and social enterprises could be connected to large enterprises through social corporate responsibility.

As capital markets develop in the region, it will be increasingly important to monitor capital flows. However, it is very difficult to distinguish between short- and long-term investments. For example, equity investments are classified as long-term in the balance of payment statistics, but investors can hold stocks for a very short period. However, an enabling environment to facilitate the flow of funds to investment in infrastructure is still lacking in the region and that a serious dialogue is needed in this area.

VII. Climate finance

Brief description

The session was chaired by Tom Murdoch, Minister of Finance, Kiribati. Naoki Mori, Director, Office for Climate Change, Japan International Cooperation Agency; Changhua Wu, Greater China Director, Climate Group; and Thomas Beloe, Senior Advisor, Climate Finance Asia Pacific, UNDP, made presentations. Emmanuel Esguerra, Deputy Director-General, National Economic Development Authority, Philippines; Rajasree Ray, Additional Economic Advisor, Ministry of Finance, India; Limasene Teatu, Secretary of Finance and Economic Development, Tuvalu; Jon Lindborg, Senior Advisor to USAID Indonesia; Joe Colombano, Principal Officer, Executive Office of the Secretary-General, United Nations; and Rezaul Chowdhury, Chief Moderator of Equity DB/Executive Director COAST, Bangladesh, acted as panelists.

The financing needs for climate mitigation and adaptation amount to hundreds of billions of US dollars globally every year. The Asia Pacific region includes the largest newly-industrialized economies with escalating environmental challenges, as well as some of the most vulnerable nations to climate change. According to one regional report, the global needs for climate finance during 2010-2020 amount to $10 trillion or $1 trillion per year. However, the Green Climate Fund is expected to contribute only $100 billion per year by 2020. With the current level of climate finance ranging between $200 billion and $360 billion, the gap to be filled amounts to between $640 billion and $800 billion per year. The private sector’s share of climate finance in 2012 was estimated at $230 billion; therefore, in order to fill the gap, it has to roughly triple in size. The public sector’s share of climate finance is structured as follows: $35 billion in pledges by donor countries, $26 billion deposited into climate funds globally, and $9 billion approved to finance
projects globally. At the regional level, the Asia-Pacific region received one fourth of all global climate finance investments and about 54% of the total approved spending of global climate funds, which amounted to nearly $11.5 billion since 2002. An overview of the Asia-Pacific climate finance landscape highlights the importance of financing requirements to advance the sustainable development agenda.

52. This session discussed how to best structure and promote climate financing in the region, in particular how to mobilize additional resources through (i) existing mitigation and adaptation funds, (ii) catalyzing private sector investments and (iii) market-based mechanisms such as carbon markets.

**Major issues presented**

53. Climate Public Expenditure and Institutional Reviews (CPEIRs), which look at how climate change policy is articulated in public expenditure at the national level, are particularly useful for understanding the needs and sources of finance for climate-related expenditures. They use a “whole of government” approach based on mainstreaming all climate-related expenses into the national budget. CPEIRs allow the prioritization of expenses and the coordination of policies implemented by several ministries responsible for climate expenditure, including the ministry of environment. This tool allows the ministry of finance to monitor the effectiveness of expenditures and improve coordination across ministries.

54. There are three types of climate investment: new projects, climate proofing, and rescaling existing investments. One way to measure the benefits of climate investments is by comparing them in the scenarios of climate change and no climate change. For instance, the benefits of an irrigation project will be higher in the context of climate change that leads to more frequent draughts. This approach, which Indonesia is pioneering, has the merit of shifting the discussion from the cost of inputs to valuing results.

55. Japan provided financial support of over $17 billion during 2010-2012 to the Fast Start Finance under UNFCCC. Many of these financial support measures are directed towards climate adaptation measures, in areas such as stand-by emergency credits for urgent recovery from natural disasters, disaster prevention and preparation, climate smart infrastructure development and agriculture insurance business development.

56. Several countries in the region have been promoting climate fiscal and financing frameworks. For example, China is pursuing policies for climate resilience and low-carbon prosperity, as well as strategies to scale up climate financing, through an integrated climate finance policy framework. This framework allows the country to track progress of the implementation and results of policies in order to learn from them, scale them up and if necessary replace them.

57. Major development partners, such as the United States Agency for International Development (USAID), are working with partner countries to increase resilience to climate change related disasters and damage, accelerate the transition to a sustainable, low-carbon economy, and help save forests from destruction through targeted and strategic assistance. For those purposes, USAID contributed $2.2 billion of a total commitment of $7.5 billion for FY 2010-2012 under the “Fast-Start Finance (FSF)”. 

58. Measurement, Reporting and Verification (MRV) frameworks are useful tools to access public finance for climate change mitigation and adaptation. Private sector fund managers emphasize the importance for governments to establish strong MRV systems that allow tracking and monitoring GHG emissions reductions. A major challenge in this area is to set up a common MRV system, but the Multilateral Development Banks (MDBs) have announced an initiative to establish harmonized metrics for measuring and tracking climate-related finance activities across MDBs.
59. Strengthening public sector management related to climate finance, including a blend of concessional financing with private sector financing, is necessary to encourage private sector investment in climate-related projects. In this context, one priority is to develop strategies for increasing access to finance using concessional financing mechanisms to leverage the “viability gap” and mitigate risk for private sector climate investments. It is also important to make banks, fund managers and investors aware of the opportunities for accessing funds and credit enhancement products designed to support low-carbon projects.

60. The total estimated losses due to natural disasters in the Asia-Pacific region during the period 2003-2013 amounted to $750 billion, representing 49.5% of the global economic losses due to natural disasters during this period. In light of the connection between climate change and disasters, financing for disaster risk and reduction (DRR) should be considered part of climate finance. In this context, the financing of agriculture insurance mechanisms in India and Mongolia should be considered climate financing.

61. Major developing countries are also facing challenges of environmental sustainability and are addressing them in their long-term development plans. For example, India needs large sum of climate finance resources which cannot be met by budgetary contributions. Thus, the country needs to implement innovative mechanisms to raise additional and predictable sources. However, accessing climate financing is substantially more critical in many small island developing States in the Pacific, where budgetary resources are insufficient to address key developmental objectives such as poverty reduction, expanding social protection, and investing in development programmes.

62. Two initiatives launched by the Secretary-General – Sustainable Energy for All (SE4All) and the Climate Summit – will require countries to enhance access to climate finance in order to succeed. This is particularly so for the objectives of increasing access to energy and investing in sustainable energy projects, for which access to new and additional sources of financing by developing countries is required.

VIII. Financial inclusion

Brief description

63. The session was chaired by Atiur Rahman, Governor, Bank Bangladesh. Pungky Wibowo, Director, Financial Access and SME Development, Bank Indonesia; and Du Xiaoshan, Chairman, China Association of Microfinance, made presentations. Daw Tenzin, Governor, Royal Monetary Authority of Bhutan; Pilimilose Balwyn Faotusia, Deputy Secretary of Finance and National Planning, Tonga; Neav Chanthana, Deputy Governor, National Bank of Cambodia; Chuchi Fonacier, Managing Director, Bangko Sentral ng Pilipinas; Pan Apinantabutr, Director, Tax Policy Section, Ministry of Finance, Thailand; and Josefa Fransisco, General Coordinator for Development Alternatives with Women for a New Era, acted as panelists.

64. The large majority of the adult population, especially the poor and vulnerable sections of the society, is typically excluded from core financial services – savings, credit, insurance and remittances in the Asia-Pacific region. Despite progress, billions of adults in the region still lack access to reliable financial services and suffer from low financial literacy and capability. Recent data show that 50% of adults worldwide have an account at a formal financial institution such as a bank, a credit union, a cooperative, a post office, or a microfinance institution, but most developing Asia-Pacific countries fall below this average.
65. This session focused on (i) understanding of demand for financial services of the poor (ii) innovations in supply to reach more people with a broader range of products at lower costs and (iii) how to create an enabling environment for the development of an inclusive financial system that is efficient, fair and secure.

Major issues presented

66. The experience in making financial services more widely accessible in the Asia-Pacific region has been diverse. Participants from several countries, including Bangladesh, Bhutan, Cambodia, China, Indonesia, Philippines, Thailand and Tonga, provided details on the coverage of basic financial services and some of the challenges that regulators and the banking industry, including microcredit institutions, have been facing.

67. Despite overall significant success in widening access to financial services, challenges remain. For instance, in several economies, geographic characteristics and topography can act as barriers to increasing access to financial services. This is, for instance, relevant to countries that comprise many (small and large) islands as well as countries that are mountainous. In other countries, especially larger ones, a lag between implementation of policies and putting them into practices at the local level was argued to inhibit broader financial inclusion.

68. While in some economies a wide network of convenience stores and retail chains has been used to provide a basis for expand financial access, it is the availability of new technologies, such as mobile and internet banking that has enabled the banking sector to leapfrog in many countries. However, this is not universally the case. For instance, in some countries, the lack of access to electricity limits the applicability of mobile and internet banking. In others, banks have been resistant to adopt new technologies or to provide access to brick-and-mortar services in rural areas. In such cases, regulators have coupled banking licenses to requirements to deepen financial inclusion in rural areas. For instance, since 2013, banks in Bhutan are required to allocate 20% of their capital to rural areas.

69. Despite the tremendous success of new technologies in fostering financial inclusion, the move to mobile and internet banking has in some countries led to closure of branches in geographically more isolated areas.

70. In several countries there is a concern that low levels of literacy, including financial literacy, can make it difficult to roll out need-based products. Particularly in this regard, there is a need to strengthen consumer protection. A number of countries have already passed legislation that interest and loan rates and conditions are made fully available and transparent.

71. There is also a concern that a too rapid expansion of microfinance credit may contribute to financial instability. Stronger regulatory frameworks and prudential regulation may be needed in some countries, particularly given the growing diversity and complexity of microfinance products.

72. Finally, in many countries microfinance overemphasizes a single model for the poor – that of creating entrepreneurs. This places disproportionate risks on customers, which are often female, and can lead to a cycle of indebtedness.
IX. South-South, triangular and regional cooperation

Brief description

73. The session was chaired by Heinz Walker-Nederkoorn, Ambassador of Switzerland to Indonesia, Timor-Leste and ASEAN; Arjun Bahadur Thapa, Secretary-General, SAARC; Chen Huan, Deputy Director, Working Group for Establishment of Asian Infrastructure, Investment Bank, Ministry of Finance, China; Victor Zagrekov, Deputy Director-General, Department of International Organization, Ministry of Foreign Affairs, Russian Federation; Özgür Pehlivan, Deputy Permanent Representative, Permanent Mission of Turkey to the United Nations in New York; Alex Leonard Knox, Director, Strategic Partnerships and Coordination, Pacific Island Forum Secretariat; and Arjun Karki, International Coordinator for LDC Watch, Nepal, acted as panelists.

74. The growing diversity of the developing world has created new opportunities for South-South cooperation (SSC) and triangular development cooperation (TDC), especially in the context of the post-2015 development agenda. Developing countries of the region have undertaken SSC activities over the past decades with varying degrees of engagement and size. China and Turkey have been the two largest contributors to SSC activities in the region in recent years. Other important contributors to SSC activities in the region include the Republic of Korea, India, the Russian Federation, Thailand and Indonesia.

75. This session explored the potential for enhancing the South-South, triangular and development cooperation in Asia-Pacific region. It seeks to understand the critical importance of advancing a new and innovative framework for effectively enhancing the scope of regional cooperation and institutions to address the development changes in the region, especially for LDCs and fragile states. The session also focused on the role of emerging developing countries for enhancing the scope of development cooperation and partnership in the region.

Major issues presented

76. SSC should be viewed as complementary to North-South cooperation. SSC facilitates technical cooperation, capacity building and partnerships through which experiences are shared between countries.

77. The new and emerging donors are supporting the efforts for increasing standardization and formalization of SSC on the basis of universal accounting and reporting principles. Because SSC activities are instrumental to promote development cooperation, they should be conducted under multi-year strategies which are aligned with the post-2015 development agenda.

78. Major emerging countries in the region have stepped up their SSC activities in several areas of sustainable development. For example, China, which accords special importance to SSC initiatives that emphasize the provision of targeted project support to recipient countries, has become one of the emerging donors and drivers of SSC in the region.

79. The UN system is expected to play an important role in further scaling up SSC and TC by connecting members States with the best available global practice and knowledge. In that respect, it would be important to improve the financial and technical capabilities of the UN system to promote, monitor and coordinate SSC activities. Furthermore, multilateral agencies such as the ADB and the World Bank could support training activities and the creation of robust institutional capacities, especially, in small and vulnerable economies.
80. While mobilizing resources from resource-rich countries and investing them in resource-deficit countries can help the region achieve its financing needs, financing alone is insufficient: knowledge and experience sharing among the countries in the region is also necessary to ensure the most effective implementation of sustainable development projects. For that purpose, multi-country consultation mechanisms should be fostered to share development lessons and experiences. Countries such as the Russian Federation and Turkey are engaged in such SSC activities.

81. The region needs to develop new ideas and innovative models of development to enhance its competitiveness. For that purpose, Turkey is working to develop a new model of triangular cooperation by putting international development institutions, such as the World Bank, as a third partner to share good practices and experiences with other developing countries.

82. Subregional organizations have also played a role in SSC. For instance, both the South Asian Development Fund (SADF) and the Pacific Island Forum Secretariat (PIFS) have been providing support to development cooperation. The former has focused on the promotion of social development projects, including for employment generation, in the SAARC region. However, due to lack of funding facilities, SADF has implemented a limited number of activities in areas related to infrastructure and environmental projects. PIFS is also engaged in providing technical assistance to small island developing States through development cooperation as the impact of ODA has been insufficient to help them address their MDGs gaps. Therefore, there is a clear need for strengthening subregional development cooperation institutions.

83. Development cooperation is often seen as a departure from the dominant aid architecture guided primarily by political and economic interests. It should be one focused on the social sectors, human development and environmental vulnerabilities which lie at the heart of basic human rights and the right to sustainable development.

84. For further strengthening SSC, in particular for inclusive development, countries need to promote a greater participation of civil society and political bodies that can address poverty, gender disparities and unemployment issues. In particular, civil society organizations should be a recognized as stakeholders and key partner in SSC implementation mechanisms. They have a role to play in ensuring the democratic ownership of development by engaging in dialogues at the national, regional and global levels to defend democratic development and enhance the effectiveness of SSC and TC.

X. Closing remarks and the way forward

 Brief description

85. The session was chaired by Shamshad Akhtar, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP. The two Co-Chairs of the Intergovernmental Committee of Experts on Sustainable Development Financing, Pertti Majanen and Mansur Muhtar; Asia-Pacific members of the Committee Nathan Marc Dal Bon, Assistant Secretary, Development Economics, Department of Foreign Affairs and Trade of Australia; Rajasree Ray, Additional Economic Advisor, Department of Economic Affairs, Ministry of Finance of India; Osuga Takeshi, Deputy Director General for International Cooperation and Global Issues, Ministry of Foreign Affairs of Japan; and Victor Zagrekov, Deputy Director General, Department of International Organization, Ministry of Foreign Affairs of the Russian Federation; as well as Loi Bakani, Governor, Bank of Papua New Guinea; Isa Rahmatarwata, Deputy Minister for Capital Market and Financial Sector Policy, Ministry of Finance of Indonesia; and Titi Soentoro, Asia
Pacific Forum on Women Law and Development, provided their views about the main messages and recommendations arising from the meeting.

**Major issues presented**

86. The session provided an opportunity for participants to discuss and summarize the key messages and recommendations arising from this Asia-Pacific Outreach Meeting for the Committee to convey to the UN General Assembly.

87. In their final remarks, the co-chairs of the Intergovernmental Committee of Experts on Sustainable Development Financing emphasized the need for finance ministries to take greater ownership of sustainable development. Pertti Majanen noted that sustainable development could be mainstreamed into national budgets for results. He also remarked that the Asia-Pacific region displays a high degree of commitment for moving forward in this area and that the working atmosphere and collaboration between countries of all sizes was remarkable. Mansur Muhtar emphasized the need to address issues of risk and returns in relationship to private sector concern, and to give more consideration to financial stability issues. He said that ESCAP should continue facilitating the process initiated with this meeting going forward.

88. Other Committee members highlighted the enormous magnitude of the funding required; the possibility of connecting bond markets across countries in the region, and the need to build capacities for the development of capital markets. In general, Committee members were optimistic about the potential for Asia and the Pacific to be able to mobilize resources to finance its sustainable development. One of them said that “the region can and should serve as a model of development in the post-2015 development agenda.”

89. The key policy messages that the meeting underscored were linked to adopting a framework for sustainable development financing which could analyse the scope and potential of all sources of financing for the region. In particular, the discussions highlighted a number of policy issues: (a) developmental role of fiscal policy; (b) scope for domestic resource mobilization through tax and capital markets; (c) institutional investments, and leveraging these through public-private partnerships; (d) stemming illicit transfer of funds and profit shifting; (e) the need for financial inclusion, especially for SMEs and micro-enterprises; (f) innovation in climate finance and mainstreaming in national budgets; (g) external resources, specifically official development assistance for LDCs and Pacific island developing States; and (h) efforts to forge new and better partnerships for financing sustainable development.

90. The Asia-Pacific region would require a financial system that is efficient, fair and predictable. Cooperation would be needed to secure new and innovative financing at the national and regional levels to fund the development agenda beyond 2015 for the region. The policy messages were directed towards identifying the need for creating new regional financial architecture and mechanisms to use regional savings to finance inclusive and sustainable development in Asia and the Pacific. It was further recognized that the region should work collectively to ensure that it nurtures strong and stable financial systems. To achieve this, policymakers and regulators would need to work with the private sector to develop more diversified and balanced financial sectors, which are key to reinforcing financial stability and sustainability, as well as to extending finance to meet people’s needs and the region’s sustainable development aspirations.
The Executive Secretary of ESCAP highlighted the following 10-points recommendations emanating from the discussions at the meeting:

i. *It is necessary to strengthen the developmental role of fiscal policy.* Managing the budget is not only about raising revenue and providing a stimulus to the economy; it is also about addressing social and environmental goals and reducing inequalities. The challenge is how to balance these conflicting goals.

ii. *It is worthwhile to follow-up on a proposal of creating a ‘passport’ for capital, akin to a telephone number that includes an international country code, was suggested.* This would help to tackle profit shifting, transfer pricing and money laundering. Yet, the implementation of this proposal requires concerted efforts at the regional and global levels.

iii. *The region’s capital markets need to be broadened and strengthened to better serve the real economy.* While several small countries have made significant efforts to set up equity markets, their low liquidity and low number of listings have resulted in undesirable high price volatility. Capacity building to set up capital market institutions and regulatory frameworks is particularly needed in the least developed countries and the Pacific island developing States.

iv. *Policies to encourage the development of domestic institutional investors,* such as pension funds and asset management firms, can support the development of domestic capital markets by enhancing the demand for financial products and providing liquidity.

v. *China’s initiative to establish an Asia Infrastructure Investment Bank was recognized.* Further regional discussions would be appropriate to fully take advantage of the potential of such region-wide mechanism for infrastructure financing.

vi. *Policies need to be designed to incentivize institutional investors invest in longer-term projects, including in infrastructure.* Capital markets are short-termist. For example, although pension funds have long-term liabilities, they tend to invest in short-term assets. Therefore, in this context, the role of national development banks should be recognized.

vii. *The role of Islamic finance as a growing source of funding is recognized,* especially for socially and environmentally responsible investments.

viii. *With regards to financial inclusion, a higher priority should be assigned to strengthening financial literacy,* taking advantage of ICT, and improving regulatory frameworks, especially for consumer protection.

ix. *Climate finance must be mainstreamed into national budgets.* This will allow countries to track the cost and benefits of climate expenditure more effectively, which would help mobilize more international resources.

x. *The UN system has an important role to play to support South-South and triangular development cooperation.* Such cooperation is particularly needed for countries in the region to enhance financing for sustainable development. However, such forms of cooperation should provide additional resources and not substitute for traditional North-South ODA directed to LDCs and the Pacific island developing States.
92. The Asia-Pacific Outreach Meeting on Sustainable Development Financing further recommended that ESCAP could provide research and analytical activities in making the initial assessments on various policy recommendations that were discussed at the meeting. In particular, civil society organizations requested ESCAP to conduct studies in areas such as the development of capital markets for SMEs and social enterprises, social corporate responsibility, and the funding of infrastructure in local communities.

93. It was noted that the member States could consider creating a committee on financing for development. It was also recognized that ESCAP should ensure that Asia-Pacific region’s voice is taken into account in the final report of the Intergovernmental Committee of Experts on Sustainable Development Financing.

94. Finally, there was a consensus that ESCAP should remain fully and constructively engaged in the global UN process to advocate for and to promote the Asia-Pacific regional priorities of the sustainable development financing into the Post-2015 development agenda.
As agreed by world leaders at Rio+20, the global development agenda is expanding beyond poverty reduction and the MDGs and incorporating issues such as infrastructure development and climate change mitigation and adaptation, for which it is critical to secure new and innovative sources of finance in the context of the United Nations Post-2015 development agenda. The Outreach Meeting will bring together key stakeholders from the public, private and civil society sectors from across Asia and the Pacific to advance regional perspectives on the sustainable financing strategies and options, particularly in the areas of domestic resource mobilization, capital market development, infrastructure finance and public-private partnerships, climate finance, financial inclusion, South-South, triangular and regional cooperation.

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<tr>
<th>Time</th>
<th>Session</th>
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<tbody>
<tr>
<td>07.30 – 08.20</td>
<td>Registration (Djuanda Hall, Ministry of Finance Complex)</td>
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<tr>
<td>08.30 – 09.00</td>
<td><strong>Welcome remarks</strong>&lt;br&gt;• Shamshad Akhtar, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP</td>
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<td><strong>Opening remarks</strong>&lt;br&gt;• Pertti Majanen, Co-Chair, Intergovernmental Committee of Experts on Sustainable Development Financing</td>
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<td><strong>Keynote address</strong>&lt;br&gt;• Muhammad Chatib Basri, Minister of Finance, Indonesia</td>
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<td>09.00 – 09.30</td>
<td><strong>Overview presentation by ESCAP</strong>&lt;br&gt;The presentation will provide a framework of financing for sustainable development that highlights seven areas to be discussed at the meeting and the role of ESCAP in advancing the regional agenda.&lt;br&gt;• Shamshad Akhtar, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP</td>
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<tr>
<td>09.30 – 09.45</td>
<td>Group photo and coffee / Press conference</td>
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<td>09.45 – 11:25</td>
<td><strong>Session 1: Domestic resource mobilization</strong>&lt;br&gt;One of the most pressing issues for any country determined to invest in sustainable development is to raise the necessary resources, particularly through taxation. For many economies in the region, tax revenue collection is neither sufficient nor equitable. This session explores ways to enhance domestic investable resources including through (i) strengthening tax revenues in the region, (ii) reprioritizing public expenditure and making it more development oriented and (iii) making more effective use of natural resource revenues for investing in development.&lt;br&gt;<strong>Chair</strong>&lt;br&gt;• Cesar Purisima, Secretary of Finance, Philippines&lt;br&gt;<strong>Presenters</strong>&lt;br&gt;• Bambang Brodjonegoro, Vice Minister of Finance, Indonesia&lt;br&gt;• Rathin Roy, Director, National Institute of Public Finance and Policy, India&lt;br&gt;• Axel Bertuch-Samuels, IMF Special Representative to the UN</td>
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**Panelists**

- **Sarath Amunugama**, Senior Minister, Ministry of Finance, Sri Lanka
- **Truong Chi Trung**, Vice Minister of Finance, Viet Nam
- **Wayne Swan**, MP and former Deputy Prime Minister and Treasurer, Australia
- **M.A. Mannan**, State Minister of Finance, Bangladesh
- **Tom Murdoch**, Minister of Finance, Kiribati
- **Phalla Phan**, General Director, Ministry of Economy and Finance, Cambodia
- **Leonor Briones**, Lead Convenor, Social Watch Philippines

**Open discussion**

### Session 2: Infrastructure finance and public-private partnerships

This session reviews experiences with PPPs in the region, in particular ways to (i) build sound governance and institutional framework for an enabling environment (ii) strengthen planning and project design capacities to generate viable and bankable projects and (iii) expand and diversify PPP financing channels while keeping an eye on hidden public liabilities and financial risks. This session also explores the potential for new regional financial institutions or mechanisms to facilitate a large-scale mobilization of resources from countries with large savings to fund investment, particularly in regional infrastructure to enhance connectivity.

**Chair**

- **Mahendra Siregar**, Chairman, Indonesia Investment Coordinating Board

**Presenters**

- **Abhaya Krishna Agarwal**, PPP Practice Leader, Ernst and Young India
- **Marilou Uy**, Senior Advisor to World Bank’s Special Envoy on MDGs and Development Financing

**Panelists**

- **U San Lwin**, Deputy Minister for National Planning and Economic Development, Myanmar
- **Chen Huan**, Deputy Director, Working Group for Establishment of Asian Infrastructure Investment Bank, Ministry of Finance, China
- **Osuga Takeshi**, Deputy Director General for International Cooperation and Global Issues, Ministry of Foreign Affairs, Japan
- **Lafaitele Leiataualesa**, Associate Minister of Finance, Samoa
- **Rajeev Mukhija**, CFO, India Infrastructure Finance Company Limited
- **Erin Palomares**, Coordinator for Reality of Aid Network Asia-Pacific, Philippines

**Open discussion**

### Session 3: Capital market development I (Developing domestic capital markets)

This session explores ways to financial intermediation through efficient and robust capital markets at national level, focusing on how to create appropriate regulatory frameworks for equity and bond markets, as well as to introduce innovation in the financial system deepening for positively impacting the real economy. Providing assistance to LDCs for the development of capital market institutions and regulatory framework is of particular importance.

**Chair**

- **Rick Nelson Houenipwela**, Minister of Finance and former Central Bank Governor, Solomon Islands

**Presenters**

- **Latifah Merican-Cheong**, former Assistant Governor, Bank Negara Malaysia
- **Bert Hofman**, Chief Economist East Asia and Pacific, World Bank
- **David Adelman**, Head of Government Affairs Asia Pacific, Goldman Sachs

**Panelists**

- **Loi Bakani**, Governor, Bank of Papua New Guinea
- **Daw Tenzin**, Governor, Royal Monetary Authority of Bhutan
- **Simeon Athy**, Governor, Reserve Bank of Vanuatu
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<th>Time</th>
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<tr>
<td>15.40 – 16.00</td>
<td>Coffee</td>
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<tr>
<td>16.00 – 17.40</td>
<td><strong>Session 4: Climate finance</strong>&lt;br&gt;The financing needs for climate mitigation and adaptation amount to hundreds of billions of US dollars globally every year. The Asia Pacific region includes the largest newly-industrialized economies with escalating environmental challenges, as well as some of the most vulnerable nations to climate change. This session discusses how to best structure and promote climate financing in the region, in particular how to mobilize additional resources through (i) existing mitigation and adaptation funds, (ii) catalyzing private sector investments and (iii) market-based mechanisms such as carbon markets.&lt;br&gt;&lt;br&gt;<strong>Chair</strong>&lt;br&gt;Tom Murdoch, Minister of Finance, Kiribati&lt;br&gt;&lt;br&gt;<strong>Presenters</strong>&lt;br&gt;Naoki Mori, Director, Office for Climate Change, Japan International Cooperation Agency&lt;br&gt;Changhua Wu, Greater China Director, Climate Group&lt;br&gt;Thomas Beloe, Senior Advisor, Climate Finance Asia Pacific, UNDP&lt;br&gt;&lt;br&gt;<strong>Panellists</strong>&lt;br&gt;Emmanuel Esguerra, Deputy Director-General, National Economic Development Authority, Philippines&lt;br&gt;Rajasree Ray, Additional Economic Advisor, Ministry of Finance, India&lt;br&gt;Limasene Teatu, Secretary of Finance and Economic Development, Tuvalu&lt;br&gt;Jon Lindborg, Senior Advisor to USAID Indonesia&lt;br&gt;Joe Colombano, Principal Officer, Executive Office of the Secretary-General, United Nations&lt;br&gt;Rezaul Chowdhury, Chief Moderator of Equity DB/Executive Director COAST, Bangladesh&lt;br&gt;&lt;br&gt;Open discussion</td>
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<tr>
<td>18.00 – 20.00</td>
<td>Reception hosted jointly by ESCAP and Ministry of Finance, Indonesia (Hotel Borobudur Jakarta)</td>
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**Day 2: Wednesday, 11 June 2014**

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<th>Time</th>
<th>Event Description</th>
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<tr>
<td>08.30 – 10.10</td>
<td><strong>Session 5: Capital market development II (Institutional investors and connecting capital markets)</strong>&lt;br&gt;Globally, institutional investors such as pension, insurance and sovereign wealth funds hold up to $85 trillion in assets, with relatively long duration liabilities that are suitable for long-term investments through the development of regional capital market. This session explores ways to attract international institutional investors and to foster the development of domestic institutional investors. The session also discusses ways to connect capital markets across countries and implementation of macro prudential policies to minimize disruptive capital flows.&lt;br&gt;&lt;br&gt;<strong>Chair</strong>&lt;br&gt;Sarah Amunugama, Senior Minister, Ministry of Finance, Sri Lanka&lt;br&gt;&lt;br&gt;<strong>Panelist</strong>&lt;br&gt;Masahiro Kawai, Tokyo University and former Dean, ADB Institute&lt;br&gt;Alistair Scarff, Country Risk Executive Asia Pacific, Bank of America Merrill Lynch&lt;br&gt;Michael Petit, Managing Director, Affiliate Network Management Asia Pacific, Standard and Poor’s&lt;br&gt;Kyungsoo Kim, former Deputy Governor, Bank of Korea&lt;br&gt;Shari Speigel, Chief, Policy Analysis and Development Branch, FfDO, UNDESA&lt;br&gt;Wan Rahim Kamil, Islamic Capital Market, Securities Commission Malaysia&lt;br&gt;Peter Dirou, Senior Advisor, ADB Pacific Private Sector Development Initiative&lt;br&gt;Benjamin Quinones, Chairman of Asian Solidarity Economic Council&lt;br&gt;&lt;br&gt;Open discussion</td>
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<tr>
<td>10.10 – 10.30</td>
<td>Coffee</td>
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<td>Time</td>
<td>Session 6: Financial inclusion</td>
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<td>10.30 – 12.10</td>
<td>Although the region pioneered the development of microfinance, about 90% of the 180 million poor</td>
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<td>households in the region have little or no access to institutional financial services. Based on</td>
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<td>regional experiences, this session focuses on (i) understanding of demand for financial services</td>
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<td>of the poor (ii) innovations in supply to reach more people with a broader range of products at</td>
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<td>lower costs and (iii) how to create an enabling environment for the development of an inclusive</td>
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<td>financial system that is efficient, fair and secure.</td>
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<tr>
<td>Chair</td>
<td>• Atiur Rahman, Governor, Bank Bangladesh</td>
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<td>Presenters</td>
<td>• Pungky Wibowo, Director, Financial Access and SME Development, Bank Indonesia</td>
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<td>• Du Xiaoshan, Chairman, China Association of Microfinance</td>
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<td>Panellists</td>
<td>• Daw Tenzin, Governor, Royal Monetary Authority of Bhutan</td>
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<td>• Pilimilose Balwyn Faotusia, Deputy Secretary of Finance and National Planning, Tonga</td>
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<td>• Neav Chanthana, Deputy Governor, National Bank of Cambodia</td>
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<td>• Chuchi Fonacier, Managing Director, Bangko Sentral ng Pilipinas</td>
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<td>• Pan Apinantabutr, Director, Tax Policy Section, Ministry of Finance, Thailand</td>
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<td>• Josefa Fransisco, General Coordinator for Development Alternatives with Women for a New Era</td>
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<tr>
<td>Open discussions</td>
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<tr>
<th>Time</th>
<th>Session 7: South-South, triangular and regional cooperation</th>
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<tr>
<td>12.10 – 13.00</td>
<td>Lunch</td>
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<tr>
<td>13.00 – 14.40</td>
<td>This session explores the potential for enhancing the South-South, triangular and development</td>
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<td>cooperation in Asia-Pacific region. It seeks to understand the critical importance of advancing</td>
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<td>a new and innovative framework of effectively enhancing the scope of regional cooperation and</td>
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<td>institutions to address the development changes in the region, especially for the LDCs and</td>
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<td>fragile states. The session also focusses on the role of emerging developing countries in the</td>
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<td>region to enhance the scope of development cooperation and partnership.</td>
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<tr>
<td>Chair</td>
<td>• Heinz Walker-Nederkoorn, Ambassador of Switzerland to Indonesia, Timor-Leste and ASEAN</td>
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<td>Panellists</td>
<td>• Arjun Bahadur Thapa, Secretary-General, SAARC</td>
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<td>• Chen Huan, Deputy Director, Working Group for Establishment of Asian Infrastructure</td>
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<td>Investment Bank, Ministry of Finance, China</td>
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<td>• Victor Zagrekov, Deputy Director-General, Department of International Organization, Ministry</td>
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<td>of Foreign Affairs, Russian Federation</td>
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<td>• Özgür Pehlivan, Deputy Permanent Representative, Permanent Mission of Turkey to the United</td>
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<td>Nations in New York</td>
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<td>• Alex Leonard Knox, Director, Strategic Partnerships and Coordination, Pacific Island Forum</td>
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<td>Secretariat</td>
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<td>• Arjun Karki, International Coordinator for LDC Watch, Nepal</td>
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<td>Open discussions</td>
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<th>Time</th>
<th>The way forward</th>
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<tr>
<td>14.40 – 15.00</td>
<td>Coffee</td>
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<tr>
<td>15.00 – 16.30</td>
<td>This session will provide an opportunity for participants to discuss and summarize the key</td>
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<td>messages and recommendations arising from this Asia-Pacific Outreach Meeting for the Committee</td>
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<td>to convey to the UN General Assembly.</td>
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<td>Chair</td>
<td>• Shamshad Akhtar, Under-Secretary-General of the United Nations and Executive Secretary of</td>
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Concluding remarks from the Committee

• Pertti Majanen, Co-Chair, Intergovernmental Committee of Experts on Sustainable Development Financing
• Mansur Muhtar, Co-Chair, Intergovernmental Committee of Experts on Sustainable Development Financing
• **Rajasree Ray**, Committee member, India  
• **Nathan Dal Bon**, Committee member, Australia  
• **Osuga Takeshi**, Committee member, Japan  
• **Victor Zagrekov**, Committee member, Russian Federation

Concluding remarks from Pacific island countries

• **Loi Bakani**, Governor, Bank of Papua New Guinea

Concluding remarks from civil society

• **Titi Soentoro**, Asia Pacific Forum on Women Law and Development

Concluding remarks from the Ministry of Finance, Indonesia

• **Isa Rahmatarwata**, Deputy Minister for Capital Market and Financial Sector Policy

Summary of key messages and recommendations

• **Shamshad Akhtar**, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP
1. Policy makers

AUSTRALIA
Wayne Swan, MP and former Deputy Prime Minister and Treasurer
Nathan Marc Dal Bon, Assistant Secretary, Development Economics, Department of Foreign Affairs and Trade
Roland Mehendran Rajah, First Secretary, Economic Governance, Australian Embassy

BANGLADESH
Muhammad Abdul Mannan, MP, State Minister, Ministry of Finance
Atiur Rahman, Governor, Bangladesh Bank
MD Nazmul Quaunine, Ambassador of Bangladesh to Indonesia

BHUTAN
Daw Tenzin, Governor, Royal Monetary Authority of Bhutan

CAMBODIA
Neav Chanthana, Deputy Governor, National Bank of Cambodia
Dalin Sous, National Bank of Cambodia
Phalla Phan, Director General, Ministry of Economy and Finance, and Member, Supreme National Economic Council
Tharin Bou, Deputy Secretary General, NAC, Ministry of Economy and Finance

CHINA
Chen Huan, Deputy Director-General, Working Group for Establishment of Asian Infrastructure Investment Bank, Ministry of Finance
Du Xiaoshan, Chairman, China Association of Microfinance
DEMOCRATIC PEOPLE’S REPUBLIC OF KOREA

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Ministry of Finance

Muhammad Chatib Basri, Minister

Bambang Brodjonegoro, Vice Minister

Isa Rahmatarwata, Deputy Minister for Capital Market and Financial Sector Policy

Andin Hadiyanto, Chairman, Fiscal Policy Agency

Syurkani Ishak Kasim, Director, Center for Climate Finance and Multilateral Policy, Fiscal Policy Agency

Ministry of National Development Planning (BAPPENAS)

Prasetijono Widjojo, Deputy Minister

Wahyuningsih Darajati, Director of Environment

TB. A. Choesni, Director for International Development Cooperation

Teni Widuriyanti, Deputy Director for Global Development Cooperation

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Widia Wuri Nugrahedi

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PAKISTAN
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PAPUA NEW GUINEA
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Emmanuel F. Esguerra, Deputy Director-General, National Economic Development Authority
Chuchi G. Fonacier, Managing Director, Supervision and Examination Sub-Sector II, Bangko Sentral ng Pilipinas
Maria Rosario C. Aguinaldo, Ambassador of the Philippines to Indonesia
Roberto G. Manalo, Deputy Chief of Mission, Embassy of the Philippines

Marian Albano, Office of the Secretary

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Eric W. Davis, Acting Deputy Mission Director of USAID Indonesia

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3. Experts, NGOs and Civil society

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Rezaul Karim Chowdhury, Chief Moderator of EquityBD, Dhaka
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4. United Nations, development partners and regional groupings

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WORLD BANK

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ASIAN DEVELOPMENT BANK

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PACIFIC ISLANDS FORUM SECRETARIAT

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UNITED NATIONS ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

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