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**Economic and Social Commission for Asia and the Pacific**  
Committee on Macroeconomic Policy, Poverty Reduction  
and Financing for Development**Third session**

Bangkok and online, 20–22 October 2021

**Report of the Committee on Macroeconomic Policy,  
Poverty Reduction and Financing for Development on its  
third session****I. Matters calling for action by the Commission or brought  
to its attention****A. Matters calling for action by the Commission**

1. The following requests of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development are brought to the attention of the Economic and Social Commission for Asia and the Pacific (ESCAP) for its consideration and possible action.

2. The Committee requests the secretariat to strengthen its research and technical assistance to member States, in areas such as post-pandemic economic recovery, poverty alleviation and the transformation towards inclusive, resilient and sustainable economies.

3. The Committee requests the secretariat to continue to conduct analysis and facilitate the sharing of best practices and lessons learned with a view to broadening fiscal space and leveraging innovative, green and digital financing solutions in support of the Sustainable Development Goals.

4. Recognizing the role of the United Nations and ESCAP as a main coordinating mechanism, the Committee requests the secretariat to continue its support for multilateral and development cooperation, partnerships, and the sharing of experiences in areas such as macroeconomic policy, poverty alleviation and financing for development.

**B. Matters brought to the attention of the Commission**

5. The following decision adopted by the Committee is brought to the attention of the Commission.

6. The Committee decides to establish, within existing resources, the Consultative Group on Financing Strategies for the Sustainable Development Goals, to facilitate a more regular and substantive communication between the

Committee, the secretariat and relevant government ministries, and requests the secretariat to work towards this objective in consultation with member States and to ensure that the Consultative Group be open to all member States and operate on a voluntary basis and in a transparent manner.

## **II. Organization**

### **A. Opening, duration and organization of the session**

7. The Committee held its third session, in Bangkok and online, from 20 to 22 October 2021. The session was opened by the Executive Secretary with special remarks from Ms. Sri Mulyani Indrawati, Minister of Finance, Indonesia; Mr. Omar Ayub Khan, Federal Minister for Economic Affairs, Pakistan; Mr. Arkhom Termpittayapaisith, Minister of Finance, Thailand; Mr. Lyonpo Namgay Tshering, Minister of Finance, Bhutan (video message); Mr. A H M Mustafa Kamal, Minister of Finance, Bangladesh (video message); Mr. Elliott Harris, Assistant Secretary-General for Economic Development and Chief Economist, Department of Economic and Social Affairs of the Secretariat; and Mr. Bambang Susantono, Vice-President for Knowledge Management and Sustainable Development, Asian Development Bank.

### **B. Attendance**

8. The Committee session was attended by representatives of the following members and associate members of the Commission: Australia; Azerbaijan; Bangladesh; Bhutan; Brunei Darussalam; Cambodia; China; Cook Islands; Democratic People's Republic of Korea; Fiji; France; India; Indonesia; Iran (Islamic Republic of); Japan; Kazakhstan; Lao People's Democratic Republic; Malaysia; Maldives; Mongolia; Myanmar; Nepal; New Zealand; Pakistan; Philippines; Republic of Korea; Russian Federation; Sri Lanka; Thailand; Turkey; Turkmenistan; Tuvalu; United Kingdom of Great Britain and Northern Ireland; and Uzbekistan.

9. Representatives of Finland and Nigeria, Permanent Observers to ESCAP, also attended.

10. Representatives of the following United Nations bodies, specialized agencies and funds attended: Food and Agriculture Organization of the United Nations; International Labour Organization; International Organization for Migration; United Nations Development Programme; and United Nations Environment Programme.

11. Representatives of the following intergovernmental organizations attended: Eurasian Economic Commission; and Organisation for Economic Co-operation and Development.

12. Representatives of the following non-governmental organizations, civil society organizations and other entities attended: Center for Economic and Social Rights; Centre for Environment, Human Rights and Development Forum; Commission on Science and Technology for Sustainable Development in the South; Delhi University; and Sumitomo Corporation.

13. In accordance with rule 12 of the Commission's rules of procedure, the Chair and Vice-Chairs examined the credentials of all the representatives and found them to be in order.

**C. Election of officers**

14. The Committee elected the following officers:

- Chair: Mr. Rachmat Budiman (Indonesia)  
 Vice-Chairs: Ms. Raushan Yesbulatova (Kazakhstan)  
 Mr. Ganesh Prasad Dhakal (Nepal)  
 Mr. Kim Veara (Cambodia)

**D. Agenda**

15. The Committee adopted the following agenda:

1. Opening of the session:
  - (a) Opening statements;
  - (b) Election of officers;
  - (c) Adoption of the agenda.
2. Towards an inclusive, resilient and sustainable economic recovery from the coronavirus disease pandemic.
3. Vitalizing innovative and digital financing strategies in support of the Sustainable Development Goals.
4. Review of activities carried out in 2020 and 2021 in response to the requests of the Committee at its second session and the coronavirus disease pandemic, and consideration of the future focus of the subprogramme.
5. Dates and venue of the fourth session of the Committee.
6. Other matters.
7. Adoption of the report of the Committee on its third session.

**E. Other events**

16. The following side events were held in conjunction with the Committee session:

- (a) 20 October 2021, side event: Forward-looking and targeted poverty reduction for post-COVID recovery – latest policy experiences from Asia-Pacific, jointly organized by the Governments of China and Uzbekistan, and ESCAP;
- (b) 22 October 2021, regional conversation on financing for development: Financing sustainable development and addressing debt risks in the aftermath of the COVID-19 pandemic – potential of innovative sustainable financing strategies.

**III. Chair's summary**

17. The deliberations during the online session are summarized in the Chair's summary, included as annex II to the present report.

## Annex I

### List of documents

<i>Symbol</i>	<i>Title</i>	<i>Agenda item</i>
<i>General series</i>		
ESCAP/CMPF/2021/1	Towards an inclusive, resilient and sustainable economic recovery from the coronavirus disease pandemic	2
ESCAP/CMPF/2021/2	Vitalizing innovative and digital financing strategies in support of the Sustainable Development Goals	3
ESCAP/CMPF/2021/3	Report on activities carried out in 2020 and 2021 in response to the requests of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development at its second session and the coronavirus disease pandemic, and consideration of the future focus of the subprogramme	4
ESCAP/CMPF/2021/4	Report of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development on its third session	
<i>Limited series</i>		
ESCAP/CMPF/2021/L.1	Annotated provisional agenda	1 (c)
ESCAP/CMPF/2021/L.2	Draft report	7
<i>Information series</i>		
ESCAP/CMPF/2021/INF/1	Consultative group on financing strategies for the Sustainable Development Goals: draft terms of reference	4
ESCAP/CMPF/2021/INF/2	An update on recent Commission events related to innovative finance and digital finance	3
<i>Information available online</i>		
<a href="http://www.unescap.org/events/2021/committee-macroeconomic-policy-poverty-reduction-and-financing-development-third">www.unescap.org/events/2021/committee-macroeconomic-policy-poverty-reduction-and-financing-development-third</a>	Information for participants	
<a href="http://www.unescap.org/events/2021/committee-macroeconomic-policy-poverty-reduction-and-financing-development-third">www.unescap.org/events/2021/committee-macroeconomic-policy-poverty-reduction-and-financing-development-third</a>	List of participants	
<a href="http://www.unescap.org/events/2021/committee-macroeconomic-policy-poverty-reduction-and-financing-development-third">www.unescap.org/events/2021/committee-macroeconomic-policy-poverty-reduction-and-financing-development-third</a>	Tentative programme	

## Annex II

### **Chair's summary of proceedings of the third session of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development**

#### **I. Introduction**

1. Owing to the coronavirus disease (COVID-19) pandemic, the third session of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development was held as a three-day online meeting, for four hours per day on 20 and 21 October 2021 and for two hours on 22 October 2021.

2. The deliberations of the Committee were directly informed by a series of special remarks by five Ministers of member States, namely Ms. Sri Mulyani Indrawati, Minister of Finance of Indonesia; Mr. Omar Ayub Khan, Federal Minister for Economic Affairs of Pakistan; Mr. Arkhom Termpittayapaisith, Minister of Finance of Thailand; Mr. Lyonpo Namgay Tshering, Minister of Finance of Bhutan; and Mr. A H M Mustafa Kamal, Minister of Finance of Bangladesh; and by two special guests, namely Mr. Elliott Harris, Assistant Secretary-General for Economic Development and Chief Economist of the Department of Economic and Social Affairs of the Secretariat; and Mr. Bambang Susantono, Vice-President for Knowledge Management and Sustainable Development of the Asian Development Bank.

3. In their special remarks, the Ministers and special guests recognized the importance and urgency of effective and inclusive policy responses to the macroeconomic challenges caused by the COVID-19 pandemic. They advocated a transformative post-pandemic recovery agenda that would not only restore economic momentum but also put the Asia-Pacific region back on track towards sustainable development. Given the capacity constraints faced by many developing countries of the region, the Ministers and special guests also called for strengthened regional cooperation in such areas as pandemic control, economic recovery and financing for development, and they called for more proactive technical and capacity support from the secretariat to member States.

4. The present annex contains a succinct summary of the converging views expressed by the Committee members during the subsequent deliberations under agenda items 2–6, and does not elaborate on the details of any country statement. The country statements received, as delivered during the session, are available on the website of the Committee ([www.unescap.org/events/2021/committee-macroeconomic-policy-poverty-reduction-and-financing-development-third](http://www.unescap.org/events/2021/committee-macroeconomic-policy-poverty-reduction-and-financing-development-third)).

#### **II. Summary of discussions under agenda items 2–6**

##### **A. Towards an inclusive, resilient and sustainable economic recovery from the coronavirus disease pandemic** (Agenda item 2)

5. The Committee had before it the note by the secretariat entitled “Towards an inclusive, resilient and sustainable economic recovery from the coronavirus disease pandemic” (ESCAP/CMPF/2021/1).

6. The deliberation of the Committee was informed by a panel of four policymakers and experts. On the transition towards inclusive economies, the panel highlighted the short-term urgency of deploying targeted support for the poor and vulnerable groups, in particular inclusive COVID-19 vaccination programmes, and underscored the importance of long-term policies to support rural development, reduce inequality and promote economic diversification and employment. On the transition towards resilient economies, the panel recognized the unique challenge posed by the COVID-19 pandemic despite general improvement in macroeconomic resilience in the region over the years. It suggested that better fiscal planning and policy responses, strengthened coordination of fiscal, monetary and financial sector policies, and complementary measures to strengthen social protection would help member States to recover from the pandemic and prepare for future shocks. On the transition towards sustainable economies, the panel highlighted the expansion of the sustainable finance market and the growing role of private finance in that market. Carbon pricing could help to close the funding gap to achieve the low-carbon transition, and innovative policies and financing strategies were vital to catalyse more private capital for sustainable investments.

7. Representatives of the following members and associate members of the Economic and Social Commission for Asia and the Pacific (ESCAP) made statements or submitted written statements: Bangladesh; China; India; Japan; Myanmar; Nepal; Pakistan; Philippines; Russian Federation; and Sri Lanka.

8. The COVID-19 pandemic had resulted in sharp economic contractions and low output growth rates in Asia and the Pacific for multiple years. Economic sectors such as transport and hospitality had been particularly affected owing to strict lockdowns and suspension of tourist arrivals, while export-oriented production activities had faced a slump in external demand. However, some countries had registered an economic rebound in recent months, underpinned by fiscal stimulus, increased COVID-19 vaccination coverage, and partially eased lockdowns.

9. Governments of Asia-Pacific countries had introduced comprehensive and sizeable fiscal support packages to address the adverse economic impacts of the COVID-19 pandemic. The objectives of those fiscal packages included providing emergency health-care services and protecting jobs. Examples of policy measures included cash transfers to low-income households, senior citizens, and families with young children; food aid and free retraining for displaced workers; and household debt relief. For small businesses, concessional lending, credit guarantees and tax holidays had also been provided.

10. Amid increasing fiscal deficits and rising ratios of public debt to gross domestic product, maintaining public debt sustainability had become an important policy concern. Governments of Asia-Pacific countries have taken various fiscal policy measures aimed at mobilizing domestic financial resources, attracting foreign investment and tapping official development assistance. Examples of such measures included electronic-based tax administration, infrastructure financing through public-private partnership projects, higher excise taxes for items that were considered harmful to public health and the environment, and schemes to combat tax evasion. Some Asia-Pacific countries had also benefited from debt relief under the Debt Service Suspension Initiative, which involved creditor countries from the region.

11. To boost private investment in the medium term, Governments of Asia-Pacific countries had adopted various policy measures, such as measures to deregulate the agricultural sector, simplify private investment in strategic sectors, develop industrial land and promote viability gap funding for social infrastructure.

12. Some developed member States had donated COVID-19 vaccines and provided financial assistance to their regional peers. Recognizing the limited fiscal space in developing countries, several representatives called for equitable access to COVID-19 vaccines, which should be considered a global public good.

13. As member States aimed for a speedy economic recovery, they should avoid diverting financial flows away from projects that support the achievement of the Sustainable Development Goals. To recover better together from the COVID-19 pandemic, the region should seek to secure a more inclusive, resilient and sustainable development pathway, which would require effective national policy actions and close regional and global partnerships.

14. To achieve inclusive development, several member States had launched dedicated poverty reduction programmes aimed at creating job opportunities and providing a social protection floor, cash transfers and nutritional support. In some countries, labour migrants benefited from free medical care.

15. To enhance the region's ability to cope with adverse economic and non-economic shocks, initiatives had been introduced to digitalize public agencies, schools and medical diagnoses and to expand microinsurance schemes.

16. To secure a greener future, the Asia-Pacific region was promoting a transition towards low-carbon economies. Targets on carbon dioxide emissions had been set in some countries. The region's climate mitigation and adaptation strategies were focused on clean energy, energy efficiency, water preservation, and resilient and green urban infrastructure, among other areas. Examples of the green policy measures that had been introduced included higher tax rates on petroleum products, suspension of new coal plant projects and investment in green bonds by central banks.

17. One representative said that a transition towards green development should be designed and implemented according to each country's individual circumstances. For example, the fiscal stress faced by developing countries could limit their ability to fully pursue green public procurement and financially compensate households and businesses affected by the introduction of a carbon tax.

18. Beyond national policy actions, stronger regional and global cooperation would help Asia-Pacific countries to build back better together. For example, regional cooperation on digital technology and innovation would help to create new industries and business models, thus advancing digitalization in the region and making it more resilient to shocks. With regard to green development, the scope, scale and speed of climate finance provided by developed countries to developing countries could be stepped up. Such financing, together with technical assistance on climate technologies, would increase the ability of developing countries to meet their national climate goals. More broadly, developing countries in the region would benefit from development initiatives, including those facilitated by the United Nations, that helped to ease the public debt burden, increase development assistance and

explore innovative financing, and that were aligned with the Sustainable Development Goals.

**B. Vitalizing innovative and digital financing strategies in support of the Sustainable Development Goals**

(Agenda item 3)

19. The Committee had before it the note by the secretariat on vitalizing innovative and digital financing strategies in support of the Sustainable Development Goals (ESCAP/CMPF/2021/2).

20. Representatives of the following members and associate members made statements or submitted written statements: Bangladesh; China; India; Japan; Philippines; and Russian Federation.

21. The representative of Finland, Permanent Observer to ESCAP, also made a statement.

22. During a panel discussion to facilitate the deliberations of the Committee, the Secretary-General's Special Envoy on Innovative Finance and Sustainable Investments highlighted the growing global interest for environmental, social and governance investments.

23. High-level officials from member States described their experiences in the development of digital payments and the issuance of sustainability bonds and green bonds. Ms. Neav Chanthana, Deputy Governor of the National Bank of Cambodia, discussed her country's experience in the development of digital payments and the country's progress in expanding financial and digital literacy. Mr. Paroche Hutachareon, Senior Expert on Bond Market Development at the Public Debt Management Office of the Ministry of Finance of Thailand, described his country's experience in the issuance of sustainability bonds. Mr. Apenisa Tuicakau, Manager of Domestic Markets at the Reserve Bank of Fiji, shared his country's experience in the issuance of green bonds to finance projects on water treatment and the restoration of schools and other infrastructure affected by natural disasters.

24. The Committee was informed of the efforts of various Governments to develop innovative financing instruments and supportive regulatory frameworks, including with regard to the issuance of green bonds, in particular the criteria for the selection of green projects and the requirements for project reporting, monitoring and verification; taxonomies of sustainable finance; and mandatory sustainability reporting requirements for businesses and financial institutions to enable market participants to identify and assess sustainability-related risks and opportunities. It was emphasized that the latter should be based on quantifiable metrics and include both climate-related and social factors.

25. The importance of developing national and regional bond markets was underscored. In that regard, it was noted that the secretariat had assisted one country with its first-ever sovereign bond issuance, in September 2020. Another country's central bank would be increasing investments in green bonds as part of a joint effort among Asian central banks to promote the region's bond market.

26. The Committee highlighted the need to carry out further analysis of innovative financing approaches, such as thematic bonds and debt-for-climate swaps, and called for member States to exchange information on their experiences in that area.



27. The efforts of various Governments during the pandemic to further the development of digital finance were also highlighted, reflecting a recognition of its growing impact in the region. Issues discussed included the following: (a) initiatives for the digitalization of the public sector, including the creation of registers, accounting systems, cloud databases, services for remote interaction with citizens and business, digital identification, the provision of high speed network connections to schools, and online medical diagnoses; (b) updates to policies of relevant government agencies and partnerships with private mobile financial service providers to facilitate the disbursement of cash aid to the families affected by the pandemic through digital channels and agent networks; (c) adoption of mobile financial service providers of digital know-your-customer solutions; and (d) rapid increase in the volume of digital payments.

28. The Committee noted the importance of the action agenda issued by the Secretary-General's Task Force on the Digital Financing of the Sustainable Development Goals in its 2020 report entitled *People's Money: Harnessing Digitalization to Finance a Sustainable Future* and called for the agenda's strategic alignment with regional, national, and subnational initiatives. The Committee noted, however, that many member States had varying capacities and readiness to take full advantage of the potential of digital finance. Issues of concern included regulatory and supervisory capacities, the regulation of big tech firms, data privacy and security, and the disenfranchisement of a sizable demographic that had insufficient financial and digital literacy and insufficient access to modern technology. To address those issues, the Committee emphasized the need to intensify efforts to strengthen cooperation to reduce the digital divide in the developing and least developed countries of the Asia-Pacific region by increasing investments in digital infrastructure and in building the digital skills of people and companies, especially those in remote and rural areas.

29. The Committee was informed that the Coalition of Finance Ministers for Climate Action, currently co-chaired by Finland and Indonesia, aimed to find effective ways to integrate climate aspects into economic and financial policies through sharing experiences and supporting the enhanced involvement of ministries of finance in the design of climate policies.

30. The representative of China announced that the Government would provide another \$3 billion in international aid in the next three years to support developing countries in fighting the pandemic and restoring economic and social development.

**C. Review of activities carried out in 2020 and 2021 in response to the requests of the Committee at its second session and the coronavirus disease pandemic, and consideration of the future focus of the subprogramme**  
(Agenda item 4)

31. The Committee had before it the note by the secretariat containing the report on activities carried out in 2020 and 2021 in response to the requests of the Committee at its second session and the COVID-19 pandemic, and consideration of the future focus of the subprogramme (ESCAP/CMPF/2021/3), and the information note on the consultative group on financing strategies for the Sustainable Development Goals: draft terms of reference (ESCAP/CMPF/2021/INF/1).

32. Representatives of the following members and associate members made statements or submitted written statements: Bhutan; China; France; Japan; Pakistan; and Sri Lanka.

33. The representative of Finland, Permanent Observer to ESCAP, also made a statement.

34. The secretariat gave a presentation on the 2020 results and expected 2021 results of the subprogramme on macroeconomic policy, poverty reduction and financing for development. It also provided the Committee with information on the programme planning under the subprogramme for 2022 and 2023.

35. The Committee welcomed the secretariat's proposal to establish the Consultative Group on Financing Strategies for the Sustainable Development Goals and expressed its support. One representative said that the activities of the Consultative Group should be implemented within existing resources and be inclusive in its membership and transparent in its operation. The representative of Sri Lanka proposed that the Governor of that country's central bank should serve as the coordinator of the Consultative Group.

36. Several representatives expressed appreciation for the secretariat's work carried out over the past two years in response to the requests of the Committee at its previous session, in November 2019.

**D. Dates and venue of the fourth session of the Committee**  
(Agenda item 5)

37. The Committee agreed that its fourth session would be held in Bangkok in the second half of 2023 and that the exact dates would be decided in consultation with the Advisory Committee of Permanent Representatives and Other Representatives Designated by Members of the Commission.

38. No statement was made by any representative.

**E. Other matters**  
(Agenda item 6)

39. No statement was made by any representative.