

**ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC**

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**Concept Note**

Panel Discussion under Agenda Item 3

**Vitalizing innovative and digital financing strategies in support of Sustainable Development Goals**of the third session of the ESCAP Committee on Macroeconomic Policy,  
Poverty Reduction and Financing for Development**1400-1530 hours, 20 October 2021**

via video conference

**Background**

The COVID-19 pandemic and the measures to contain its spread have put both health and economic systems worldwide under severe strain. The pandemic's economic consequences have been unprecedented and pose a substantial risk to the 2030 Agenda for Sustainable Development. At the same time, the challenge of climate change remains daunting, and the need for climate action has never been more urgent. By enhancing the availability of financial resources and improving the alignment of public and private investments with the Sustainable Development Goals (SDGs), innovative and digital financing strategies have the potential to address such challenges. In this vein, it is important to discuss key regulatory and policy challenges that need to be overcome to maximize their potential in scaling-up financing for the achievement of the SDGs.

Thematic bonds are one solution for both governments and the private sector to raise capital which is targeted towards investment in climate change, health, and specific SDGs. The global market for thematic bonds is expanding rapidly and as the market develops, institutions and normative frameworks are being refined to provide reassurances to investors that bond proceeds finance the intended projects. However, globally, green and other thematic bonds still represent just 2 per cent of the total bond market, leaving room for exponential growth for developing countries to meet their financial needs to achieve climate objectives and the SDGs.

Similarly, digital finance solutions through fintech are allowing for new and innovative business models to enable financial inclusion and value-added services for previously unbanked and underbanked populations. Digital finance solutions are enhancing financial participation of individuals and enterprises, resulting in increased GDP and development outcomes aligned with the SDGs. It is important to understand the main barriers and client protection risks of digital finance, so that an action agenda can be developed to enhance access and usage of digital finance solutions in Asia and the Pacific.

Innovative and digital financing policy initiatives and financing solutions are being used by both policymakers and the private sector in Asia and the Pacific, and there is considerable interest in their further development. However, several policy gaps remain. For instance, there has been a substantial rise in the issuance of thematic bonds in recent years, and several governments have used them to finance policy measures to address the COVID-19 pandemic. However, technical capacities across

countries remain uneven and lack of a clear framework and associated policies needed for their issuance remains a significant barrier in utilizing their full potential. Similarly, while the potential benefits of digital financing are recognized by policymakers, there is considerable room to adopt policies and procedures which encourage innovation while also managing risks such as financial sector stability and client protection.

## Objectives

In this context, the main objective of this panel discussion is to set the stage for deliberations of the delegates on how innovative financing and digital financing strategies can support the achievement of the SDGs in Asia and the Pacific. The panel, which will benefit from the participation of high-level policy makers and thought leaders from Asia and the Pacific, will discuss both the opportunities and progress in the region to implement innovative financing and digital financing solutions and the main challenges to be overcome.

Some guiding questions for the panelists are:

1. What is the potential for thematic bonds to provide much needed financing for climate action and the SDGs? What are the main obstacles that need to be overcome to issue thematic bonds, both domestically and internationally?
2. What institutional capabilities are needed to adopt best practices in thematic bond issuance standards, taxonomies, preparation of bankable green projects, and climate-related financial disclosures? How can regional cooperation help in this regard?
3. What key policy actions should be prioritized in the context of an action agenda to promote digital financing for SDGs in the region and how regional cooperation could support the implementation of such action agenda?
4. What is the future of the thematic bond market and digital finance agenda in respective jurisdictions?

## Format and participation

All 53 member States and nine associated members of ESCAP are invited to the third session of the ESCAP Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development, together with senior experts and representatives from major international organizations and other stakeholders.

Agenda Item 3 of the third session will comprise an introduction by the ESCAP secretariat, a panel discussion segment featuring high-level policy makers and distinguished experts, and an open discussion segment where official country representatives can make their statements, and participating organizations and stakeholders can share their perspectives on the subject.

1400-1530 hrs **Agenda item 3: Vitalizing innovative and digital financing strategies in support of Sustainable Development Goals**

- Introduction by ESCAP secretariat (5 minutes)
- Panel discussion (30 minutes)
- Country statements and open discussion (55 minutes)

## Tentative programme

Wednesday, 20 October 2021	Time Bangkok (UTC+7)
<b>Moderator</b> Alberto Isgut, Acting Chief, Financing for Development Section, MPFD	14:00 – 14:05
<b>Speakers</b> <ul style="list-style-type: none"><li>- <b>Mr. Hiro Mizuno</b>, Special Envoy of the United Nations Secretary General on Innovative Finance and Sustainable Investments</li><li>- <b>H.E. Madam Neav Chanthana</b>, Deputy Governor, National Bank of Cambodia</li><li>- <b>Mr. Paroche Hutachareon</b>, Senior Expert on Bond Market Development, Public Debt Management Office, Ministry of Finance, Thailand</li><li>- <b>Mr. Apenisa Tuicakau</b>, Manager of Domestic Markets, Reserve Bank of Fiji</li></ul>	14:05 – 14:35
<b>Country statements and open discussion</b>	14:35 – 15:30