Agenda item 3: Special Body of Least Developed Countries, Landlocked Developing Countries and Pacific Island Developing States

ESCAP Hall, UNCC and online
1400-1600 hours (Bangkok Time)
25 May 2022

Concept note

Of the Commission’s 62 members and associate members, 37 are considered as least developed countries, landlocked developing countries or small island developing States. These countries face unique challenges owing to their small economic size, limited resources, or geographic location. Collectively referred to as countries with special needs or countries in special situations, the attainment of sustainable development in Asia and the Pacific will largely be determined by the progress made by these members.

Many of these countries, however, were not on track towards attainment of many of the Sustainable Development Goals by 2030 even prior to the outbreak of the coronavirus 2019 disease (COVID-19). The adverse economic and social impacts of the pandemic, rising commodity prices as well as climate change and disasters have further darkened their prospects. Financing gaps to attain the Sustainable Development Goals have increased significantly since the COVID-19 outbreak owing to the large decline in government revenues and substantial fiscal and monetary stimulus measures needed to cushion the impact of the pandemic. Securing financing resources to enable recovery from COVID-19 in a manner that is aligned with the 2030 Agenda is an urgent priority for these countries and their development partners.

Domestic tax revenues, domestic and external borrowings, and official development assistance (ODA) will continue to be the main sources of financing sustainable recovery in many of these countries. Financing through thematic bonds and debt-for-climate swaps also have the potential to finance sustainable development projects. Capacity, policy and regulatory gaps as well as limited engagement and coordination with stakeholders remain as constraints in these countries. Strengthened cooperation at the subregional, regional, and global level could complement their domestic efforts in mobilizing financing for development.

The Fifth United Nations Conference on Least Developed Countries in 2023, the Third Conference on Landlocked Developed Countries in 2024 and the Fourth Conference on Small Island Developing States in 2024 will offer opportunities to craft the next international agendas that accelerate the progress of these countries towards the Sustainable Development Goals.

Actions by countries with special needs

While tax revenues are the most enduring form of financial resources, increase in tax rates or expansion of the tax base may be challenging under current circumstances. A feasible avenue in the relatively short run appears to be improvement of the tax administration system, particularly by increasing collection efficiency from existing taxpayers and minimizing leakages. Adopting the latest developments in digital technology is of paramount importance as electronic tax registration, filing, payment, and dispute resolution, for instance, can help to leverage more resources. Increased digitization of the economy has also brought enormous opportunities for these countries to move proactively to attract FDI in the digital economy, especially in telecommunication, office automation, software development and providing financial services. Facilitating remittances and reducing its costs through digitalization and formalization can encourage greater inflows.
New and innovative instruments and approaches to leveraging private capital or to relieving debt burden hold considerable promise for the countries with special needs. Several of them have issued diaspora bonds to their overseas workers, introduced carbon taxes and issued green bonds to fund their sustainable development projects. Debt swaps can reduce countries’ external repayment burden as well as contribute towards protecting their environment. Given the absence of administrative, legal, and technical capacities to leverage innovative finance in these countries, technical assistance to strengthen the capacities to benefit from these sources of finance are essential.

**Actions by development partners**

With only eight years left until 2030, development partners will continue to be vital given the significant financing gaps faced by countries with special needs. Renewed partnership and solidarity can play a significant role in this regard. Strengthening ODA and climate-related commitments on development finance and matching with actual disbursements will support their transition to sustainable and resilient economies against climate change and other shocks. Fostering global and regional cooperation in taxation, addressing debt vulnerabilities, infrastructure connectivity, capital market development, digital finance and FDI will also offer significant opportunities for countries with special needs in their sustainable recovery and achieving the Sustainable Development Goals.

**Purpose of the session**

The Special Body will bring forth policy messages that are specific to these groups of countries. The Commission is invited to deliberate on the policy priorities highlighted in document ESCAP/78/xx, *Summary of the Asia-Pacific Countries with Special Needs Development Report 2022: Financing a Sustainable Recovery from COVID-19 and Beyond* and on what these countries could collectively do to address them.
Tentative programme

1400-1405 Welcome and introduction
- Ms. Armida Salsiah Alisjahbana, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP

1405-1425 Keynote addresses
- H.E. Mr. Collen Vixen Kelapile, President of the United Nations Economic and Social Council (in person)
- H.E. Lolwah Rashid Al-Khater, Assistant Minister of Foreign Affairs of Qatar, on behalf of H.E. Mr. Mohammed bin Abdulrahman Al-Thani, Deputy Prime Minister and Minister of Foreign Affairs of Qatar (video message)
- H.E. Mr. A. K. Abdul Momen, Minister of Foreign Affairs, Bangladesh (via KUDO)
- Mr. Sandagdorj Erdenebileg, Chief, Policy Coordination, Development, Monitoring and Reporting Service, on behalf of Ms. Heidi Schroderus-Fox, Acting High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS) (in person)

1425-1435 Presentation of Asia-Pacific Countries with Special Needs Development Report 2022
Presentation by Executive Secretary of ESCAP

1435-1510 Statements delivered by Ministers and Vice-Ministers of selected countries
- H.E. Mr. LY Thuch, Senior Minister and President of National Committee for ESCAP, Cambodia (in person)
- H.E. Mr. Kaleb Udui, Minister of Finance of Palau (via KUDO)
- H.E. Ms. Fekitamoeloa Katoa ' Utoikamanu, Minister for Foreign Affairs and Minister for Tourism, Tonga (video message)
- H.E. Mr. Nandalal Weerasinghe, Governor of the Central Bank, Sri Lanka (via KUDO)
- H.E. Ms. Adaljiza Magno, Minister of Foreign Affairs and Cooperation, Timor-Leste (video message)
- Hon. Dr. Dil Bahadur Gurung, Member, National Planning Commission, Nepal (in person)
- H.E. Mr. Muhammetnnyyaz Mashalov, Ambassador of Turkmenistan to Malaysia, and Permanent Representative of Turkmenistan to the ESCAP, Turkmenistan (in person)

1510-1520 Statements delivered by UN bodies and other entities
- Mr. Dulguun Damdin-Od, Executive Director of the International Think Tank for Landlocked Developing Countries (ITT-LLDC) (in person)
- Mr. Woochong Um, Managing Director General, Asian Development Bank (video message)

1520-1600 Country statements