

Public Debt and Sustainable Financing in Asia and the Pacific

A 5-day Expert Group Meeting, 28 November - 2 December 2022
hybrid format, Bangkok and on-line

Concept note and programme (as of 27 November)

A. Background

In 2019 the United Nations General Assembly proclaimed the Decade of Action to accelerate efforts to deliver the Sustainable Development Goals (SDGs) by 2030, but the onset of the COVID-19 pandemic in 2020-2021 has posed extraordinary challenges to it. The latest ESCAP SDG Progress Report finds that the Asia-Pacific region is not on track to reach any of the 17 SDGs, while a prior ESCAP analysis estimated that the additional investment requirements to achieve the SDGs needs are unlikely to be within reach for many Asia-Pacific countries.¹

Of particular concern is the rapid increase of public indebtedness in the region. Even before the pandemic, gradually widening fiscal deficits had pushed the average government debt-to-GDP ratio in developing Asia-Pacific region to a 14-year high level of 42.3 per cent in 2019, but large stimulus packages and declining government revenues during the pandemic pushed up the region's average government debt level to 51.7 per cent of GDP by 2021. Going forward, the global increases in food and oil prices resulting from the war in Ukraine are pushing up inflation worldwide and leading central banks to rapidly unwind the accommodating monetary policy of the last two years. The resulting increase in interest rates will increase the cost of servicing debt and reduce access to much needed debt financing by developing countries.

The rapid escalation of indebtedness and the increased cost of servicing debt are highly problematic. Recent analyses by ESCAP show that as Asia and the Pacific seek to build forward better by providing universal access to social services, closing the digital divide and strengthening climate action, government debt levels in many economies of the region would surge in coming years.² The prospect of a reduced access to external borrowing in the near future could thus threaten progress towards the attainment of the SDGs in the region.

Despite this negative outlook, recent developments in financial markets may allow developing countries in the region to access additional funding for the SDGs. Since the development of the Green Bond Principles by the International Capital Markets Association (ICMA) in 2014, interest by investors in sustainable finance products has increased exponentially. In 2021, the issuance of labelled bonds, including green, social, sustainability and sustainability-linked bonds, reached \$1 trillion, a 20-fold rise from 2015 and now accounting for 10 per cent of global debt markets.³

While this trend is encouraging, most of this financing is being raised in developed countries, with developing countries lagging considerably behind. A recent estimate suggests that investors may need to funnel over \$2 trillion annually into emerging market decarbonization by 2030, relative to just \$70 billion as of 2020. Challenges to mobilize sustainable financing by developing countries in the region include a limited range of available instruments for mobilizing private resources and weak institutional

¹ ESCAP (2019), Economic and Social Survey of Asia and the Pacific 2019; available from www.unescap.org/publications/economic-and-social-survey-asia-and-pacific-2019-ambitions-beyond-growth

² ESCAP (2021), Economic and Social Survey of Asia and the Pacific 2021; available from www.unescap.org/kp/2021/economic-and-social-survey-asia-and-pacific-2021-towards-post-covid-19-resilient-economies

³ Refinitiv. [Sustainable finance continues surge in 2021](https://www.refinitiv.com/en/news/2022/02/sustainable-finance-continues-surge-in-2021). 2 February 2022.

capacity to formulate and present bankable projects.⁴

Removing obstacles for the attainment of the SDGs in Asia and the Pacific, thus, requires a concrete effort on the macroeconomic front, to address challenges related to excessive public indebtedness, and on the financial front, to take advantage of new opportunities for sustainable financing. This expert group meeting will consider both elements as complementary policy strands to support developing countries in the region in the way forward towards achieving the SDGs.

B. Objectives, structure and participation

This expert group meeting has two main **objectives**:

1. To peer-review draft chapters of two ESCAP publications that will be published in 2023, namely, *Economic and Social Survey of Asia and the Pacific*, with the theme of “rethinking public debt for achieving the SDGs” and *Financing for Development Series No. 5*, with the theme of “the rise of sustainable finance in Asia and the Pacific: how to move forward”.
2. To engage with experts, policymakers and other stakeholders on the issues of public debt and sustainable finance in Asia and the Pacific.

Structure. The meeting will start with an opening session with two keynote addresses, followed by a roundtable discussion on debt and sustainable finance. Session 1–4 will review the preliminary findings in *Economic and Social Survey of Asia and the Pacific 2023* and Session 5 – 7 will discuss the policy messages in *Financing for Development Series No.5*. The meeting will be conducted in English in a hybrid format with no simultaneous interpretation.

Participants include international experts on public debt and sustainable finance, officials from governments and central banks, financial regulators, think-tanks, academic institutions, non-governmental organizations, financial institutions, and UN and other international development partners.

C. Contact persons

- For *Economic and Social Survey of Asia and the Pacific 2023*, **Ms. Lin Zhuo**, Economic Affairs Officer, Macroeconomic Policy and Analysis Section, Macroeconomic Policy and Financing for Development Division (MPFD); zhuo@un.org
- For *Financing for Development Series No. 5*, **Mr. Alberto Isgut**, Economic Affairs Officer, Financing for Development Section, MPFD; isgut@un.org

D. Meeting website

The final version of the concept note (including the programme), presentation slides and other materials are available on ESCAP website <https://unescap.org/events/2022/egm2022-public-debt-and-sustainable-financing>.

⁴ [The Secretary General Strategy for Financing the 2030 Agenda for Sustainable Development \(2018-2021\)](#).
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E. Programme

Public Debt and Sustainable Financing in Asia and the Pacific Hybrid format, Bangkok and on-line 28 November – 2 December 2022		
Time	Day 1: Monday, 28 November 2022	Speakers
09:00 - 09:15	Reception tea and coffee	
09:15 – 10:00	Opening Session <ul style="list-style-type: none"> ○ Moderator (3 mins) ○ Opening remarks (5 mins) ○ Keynote address 1 (5-10 mins) ○ Keynote address 2 (20 mins) 	<p><i>Moderator</i> Mr. Hamza Ali Malik Director, Macroeconomic Policy and Financing for Development Division (MPFD), ESCAP</p> <p><i>Speakers</i> Mr. Kaveh Zahedi Deputy Executive Secretary, ESCAP</p> <p>H.E. Ms. Sherine El Sharkawy Deputy Minister of Finance, Egypt (TBC – video message)</p> <p>Mr. Barry Eichengreen (pre-recording) Professor of Economics and Political Science University of California, Berkeley USA</p>
10:00 – 12:00	Roundtable discussion on debt and sustainable finance This roundtable discussion features a dialogue among experts to share innovative ideas on how to attain public debt sustainability and foster sustainable finance in Asia and the Pacific.	<p><i>Moderator</i> Mr. Hamza Ali Malik Director of MPFD ESCAP</p> <p><i>Panellists</i> Ms. Shamshad Akhtar Former Executive Secretary of ESCAP</p> <p>Ms. Ruenvadee Suwanmongkol Secretary-General Securities and Exchange Commission Thailand</p>

		<p>Mr. Ulrich Volz Director, Centre for Sustainable Finance & Professor of Economics, Department of Economics, SOAS, University of London</p> <p>Mr. S. Ali Abbas Advisor, European Department International Monetary Fund (IMF)</p> <p>Mr. Jean-Paul Adam Director of Technology, Climate Change, and Natural Resources Management Division, Economic Commission for Africa (ECA)</p> <p>Mr. Debapriya Bhattacharya Member, United Nations Committee for Development Policies (UN-CDP) Non-Resident Fellow, Center for Global Development, Washington DC Convenor, Citizen's Platform for SDGs, Bangladesh, and Distinguished Fellow, Centre for Policy Dialogue (CPD), Dhaka</p> <p>n</p>
Time	Day 2: Tuesday, 29 November 2022	Speakers
09:00 – 09:30	Reception tea and coffee	
09:30 – 11:30	<p>Session 1. Macroeconomic performance and outlook</p> <p>This session will discuss recent macro-economic situations and prospects for 2023-2024. It will also examine emerging socio-economic challenges and policy options to address these challenges in Asia and the Pacific.</p>	<p><i>Moderator</i> Mr. Shuvojit Banerjee Acting Section Chief MPFD ESCAP</p> <p><i>Speakers</i> Ms. Kiatkanid Pongpanich Senior Researcher MPFD ESCAP</p> <p>Mr. Michal Podolski Associate Economic Affairs Officer MPFD ESCAP</p> <p><i>Experts</i></p>

		<p>Mr. Yothin Jinjarak Senior Economist Economic Research and Regional Cooperation Department ADB Philippines</p> <p>Mr. Sean Craig Macroeconomic Advisor IMF Capacity Development Office in Thailand (CDOT)</p> <p>Mr. Pisit Puapan Executive Director, Macroeconomic Analysis Division Ministry of Finance, Thailand</p>
14:45 – 15:00	Tea and coffee	
15:00 – 17:00	<p>Session 2. Public debt profile</p> <p>This session will set the scene for the thematic discussions on debt sustainability analysis and policy actions to prevent and resolve public debt crisis in the following sessions. It will paint a more nuanced picture of public debt profiles in Asia-Pacific countries, such as debt levels, composition, drivers, financing needs, fiscal rules, credit rating and distress risk.</p>	<p><i>Moderator</i> Mr. Paul Martin Regional Team Leader UNCDF's Local Development Finance Practice, Bangkok</p> <p><i>Speaker</i> Ms. Lin Zhuo Economic Affairs Officer MPFD ESCAP</p> <p><i>Experts</i> Mr. Juan Jose Pradelli Global expert in macroeconomic analysis, fiscal policy, government debt management, and public financial management</p> <p>Mr. Thomas Rookmaaker Head of Asia-Pacific Sovereigns Fitch Ratings Hong Kong, China</p> <p>Ms. Ravisara Hataiseree Economist The ASEAN+3 Macroeconomic Research Office (AMRO)</p> <p>Ms. Margarita Debuque-Gonzales Senior Research Fellow</p>

		Philippine Institute for Development Studies
Time	Day 3: Wednesday, 30 November 2022	Speakers
09:00 – 9:30	Tea and coffee	
09:30 – 11:30	<p>Session 3. Policies to prevent and resolve public debt crisis</p> <p>Despite established best practices, the balancing between debt management and risk-taking to finance development is always a fine art. With recent debt surges and persistent economic challenges, it is necessary to re-examine the validity of old lessons and new options for today's context.</p> <p>This session will discuss Asia-Pacific's experience in reducing risks of public debt distress, explore innovative and heterodox options for preventing and resolving debt crises, and provide new perspectives on unique debt challenges in developing countries.</p>	<p><i>Moderator</i> Ms. Mizuho Okimoto-Kaewtathip Regional Team Leader Inclusive Growth and Prosperity Advisor UNDP Bangkok Regional Hub</p> <p><i>Speaker</i> Mr. Zheng Jian Economic Affairs Officer MPFD ESCAP</p> <p><i>Experts</i></p> <p>Mr. Arshad Zaman Independent scholar Pakistan</p> <p>Ms. LI Yuefen Senior Adviser South-South Cooperation and Development Finance The South Center</p> <p>Mr. Arindam Roy Senior Financial Sector Expert International Monetary Fund</p> <p>Mr. Lars Jensen Economist and Policy Specialist UNDP</p>
14:30 - 15:00	Tea and coffee	
15:00 – 17:00	<p>Session 4. Rethinking public debt assessments for the SDGs</p> <p>This session will discuss how national governments and international development partners can enhance public debt sustainability analysis by duly incorporating a country's SDG investment needs and their socioeconomic and environmental gains as</p>	<p><i>Moderator</i> Mr. Sudyumna Dahal Regional Public Finance Specialist UNDP Bangkok Regional Hub</p> <p><i>Speaker</i> Mr. Vatcharin Sirimaneetham Economic Affairs Officer MPFD</p>

	well as government's structural development policies, and national financing strategies.	<p>ESCAP</p> <p><i>Experts</i></p> <p>Mr. Benno Ferrarini Principal Economist Economic Research and Regional Cooperation Department ADB Philippines</p> <p>Mr. Daniel Munevar Economic Affairs Officer Division on Globalization and Development Strategies UNCTAD Switzerland</p> <p>Ms. Delphine Moretti Regional Public Financial Management Advisor for Southeast Asia IMF Capacity Development Office Thailand (CDOT)</p> <p>Mr. Sean Craig Macroeconomic Advisor IMF Capacity Development Office in Thailand (CDOT)</p>
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Time	Day 4: Thursday, 1 December 2022	Speakers
09:30 – 10:00	Tea and coffee	
10:00 – 11:30	<p>Session 5. The role of central banks in supporting the growth of sustainable finance</p> <p>Globally and within the Asia-Pacific region, Central Banks are increasingly focused on establishing clear green financing guidelines and strategies. Climate change can have a significant impact on economic and financial system stability. This session focuses on the role of central banks in ensuring financial stability in a changing climate. The session also looks at measures and best practices that central banks are adopting on green and sustainable finance in the region.</p>	<p><i>Moderator</i></p> <p>Ms. Suba Sivakumaran Chief MPFD</p> <p><i>Speakers</i></p> <p>Mr. Michael Coates Managing Director of GBRW Companies/Expert on FFD Report MPFD</p> <p><i>Experts</i></p> <p>Mrs. T M J Y P Fernando Deputy Governor Central Bank of Sri Lanka</p>

		<p>Mr. Youraden Seng Director, Banking Supervision Department II National Bank of Cambodia</p> <p>Ms. Lyn Javier Assistant Governor of the Policy and Specialized Supervision Sub-Sector Bangko Sentral ng Pilipinas</p>
14:30 – 15:00	Tea and coffee	
15:00 – 16:30	<p>Session 6. How can countries access more private sources of sustainable finance</p> <p>Progress has been made in developing the enabling frameworks in Asia Pacific countries to accelerate the flow of private sustainable capital. However more can be done, as long as the challenges and risks in accelerating private capital are adequately understood by governments and regulators.</p>	<p><i>Moderator</i> Mr. Alberto Isgut Economic Affairs Officer MPFD</p> <p><i>Speaker</i> Ms. Suba Sivakumaran Chief MPFD</p> <p><i>Experts</i> Ms. Yuki Yasui Director Asia-Pacific Network of the Glasgow Financial Alliance for Net Zero Singapore</p> <p>Ms. Allinnettes Adigue Head of Global Reporting Initiatives ASEAN Regional Hub Global Reporting Initiatives</p> <p>Ms. Liz Curmi Citi Global Insights Citigroup</p> <p>Ms. Nikita Bajracharya Senior investment manager Dolma Advisors Nepal</p>
Time	Day 5: Friday, 2 December 2022	Speakers
09:30 – 10:00	Tea and coffee	

10:00 – 11:30	<p>Session 7. How can innovative finance instruments expand the flow of sustainable finance through capital markets?</p> <p>This session will discuss the trends being seen in capital debt markets, specifically green, social, sustainability bonds and sustainability-linked bonds. The session will assess the momentum in aligning financing with the SDGs, to enable the financial sector to transition to a more resilient and sustainable economy. Additionally, due to current market downturns, the session will explore the policies, approaches and other considerations that are needed when raising capital through these instruments.</p>	<p><i>Moderator</i> Ms. Deanna Morris Economic Affairs Officer MPFD</p> <p><i>Speaker</i> Mr. Patrick Martin Climate Finance Advisor MPFD</p> <p><i>Experts</i> Mr. Kosintr Puongsophol Financial Sector Specialist Asian Development Bank</p> <p>Mr. Ricco Zhang Senior Director International Capital Market Association</p> <p>Mr. Robert Willem van Zwieten Managing Director, PWC Southeast Asia Consulting</p> <p>Ms. Aigul Kussaliyeva Managing Director Astana IFC Green Finance Center</p>
11:30 – 11:50	Closing session	