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[Check Against Delivery]

Role and Importance of Regional Cooperation in Implementing the Addis Ababa Action Agenda

H.E. Mr. Oh Joon, President of ECOSOC,
Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

On behalf of the five United Nations regional commissions (RCs), I will share some perspectives on the Addis Ababa Action Agenda (AAAA) that have featured prominently in our dialogues with member States; regional banks, organizations and institutions; the private sector and other stakeholders to explore approaches to mobilizing existing and new sources of the financing (Para 130).

Resolutions 67/290 and 69/313 mandate the RCs to contribute to the High-level Political Forum on Sustainable Development (HLPF) through, among others, regional consultations and work on thematic aspects of the Addis Agenda.

The RCs are holding these consultations to enhance momentum on all of the means of implementation of the 2030 Agenda for Sustainable Development, but with a specific focus on financing for development, which is aligned with the priorities of our regional member States.

Prior to the Addis conference the Economic and Social Commission for Asia and the Pacific (ESCAP), for example, held two high-level regional consultations, in 2014 and 2015, in collaboration with the Government of Indonesia. Our first post-Addis consultation was held at the end of last month in Incheon, co-hosted by the Government of the Republic of Korea.

The richness of the regional consultations stems from the large representation of relevant agencies and development partners including ministers of finance, governors of central banks, private sector leaders, regional development banks, alliances and bodies, as well as other stakeholders. These organizations and institutions bear joint responsibility for resource mobilization, allocation and innovation. As such, their ownership of the Addis Agenda is critical for exploiting the right blend of financing and its appropriate allocation for sustainable development.

Before elaborating on the role of the regional commissions, it is important to identify some of the macroeconomic policy and systemic issues and risks facing our regions.

In Asia and the Pacific, sustained global recovery is critical for improving the regional outlook which has been constrained by a combination of the lingering effects of the global economic slowdown, subdued domestic and external demand, lack of economic diversification and declining productivity. Compounding the macroeconomic risks are a confluence of factors including financial market vulnerabilities and volatilities, which could be magnified as the unconventional monetary policies of the advanced economies unwind. In addition to effective global financial governance and the need for financial regulatory tightening, the region needs to ensure:

1. A rebalancing of growth and investment to unleash new sources of growth.
2. Fresh impetus for regional trade through enhanced action on trade facilitation and paperless trade, which in Asia and Pacific alone can generate savings of $250 billion.
3. Enhanced productivity through access to cutting-edge technology and innovation.

Let me now offer a snapshot of some common member States priorities across all five RCs, as well as some critical priorities identified for specific focus and follow-up action. Our regional dialogues have emphasized:

1. The significance of domestic resource mobilization.
2. Gaps in infrastructure financing, which in Africa have been estimated to be annually around $100 billion, and more than $1 trillion in Asia and the Pacific.
3. Promoting sound macroprudential policy frameworks and tools to deal with financial vulnerabilities anticipated to be compounded by global policy reversals on monetary policy.
4. Rising corporate and household debt, which calls for debt sustainability management.
5. Dealing with illicit financing flows.
6. Global partnerships for countries with special needs including the LDCs, LLDCs and SIDS.

In Africa, home to 34 LDCs, there is a focus on channelling finance to build regional productive capacities and infrastructure, while managing the impact of external shocks. Capital flows, including FDI, have not reached a number of countries, while domestic tax revenues suffer from narrow bases and weak administration. At the same time, there are emerging risks associated with rising private debt, as well as the structure and maturity of periods of sovereign debt that carry more risks than before.

Despite Asia and the Pacific driving global growth, public finance has remained underexploited, financial markets lack diversification and 33 countries with special needs are overly dependent on ODA. Asia and the Pacific has also been leading in South-South cooperation by establishing new financing vehicles, including the AIIB, Silk Road Fund and contributing significantly to the BRICS New Development Bank. The foundations for financial were laid following the Asian Financial crisis in 1997, resulting in regional financial safety nets approaching $240 billion. ESCAP is in the process of exploring, with member States, ways to promote further financial integration in Asia-Pacific markets.

In Latin America and the Caribbean, emphasis is being placed on promoting inclusive financial systems. This will open up new possibilities for a number of middle-income countries with high poverty levels to promote equality, through diversification of the region's productive capacities. Stable external financing and harnessing national and regional development banks in support of sustainable infrastructure finance and SME finance will also be critical.

In Europe, the transitional economies are developing laws, policy frameworks and institutions to better leverage infrastructure finance.

Facing mounting fiscal challenges in the wake of intensified crises in several parts of the region, and subdued oil prices, Western Asia is calling for significant new resources to be raised for reconstruction and development in conflict-affected countries.

By way of further illustration, I will now share some important initiatives of the five RCs in support of member States in the follow-up and review process:

1. ECA is creating a comprehensive regional policy framework through which African countries can concentrate their efforts to mobilize internal and external resources to finance the African Union's Agenda 2063 and the 2030 Agenda.
2. ESCAP has been tasked to establish an Asia-Pacific Tax Forum; enhance regional cooperation for the development of capital markets; promote regional infrastructure financing; forge alliances with financial inclusion networks; and support the creation of a regional centre to meet the capacity needs of small-island developing States (SIDS). ESCAP's member States have also called for the establishment of government focal points to deal with South-South and Triangular cooperation.
3. ECLAC is undertaking a project on financial inclusion, with support from national development banks, focusing on innovative practices to promote social, productive and structural change in selected countries. ECLAC and ESCAP will be collaborating to identify best practices and draw on the Asia-Pacific and Latin American experiences in the area of SME financing.
4. ECE plans to support capacity building and spurring innovation through its PPP Centre and ESCAP is expanding its transport PPP unit to support the regional connectivity agenda.
5. Finally, ESCWA is developing a regional framework to enhance revenue diversification, including through curbing illicit financial flows, which are estimated to be larger than the combined flows of both FDI and ODA.

To conclude, the global follow-up and review processes should more comprehensively recognize the role of the five RCs, which are all contributing to and engaged in deliberations with member States, providing policy advice and offering capacity building in critical areas, in particular including through emerging platforms to strengthen domestic resources.

Scaling-up ODA to all member States who suffer from challenging locations, as well as income and environmental vulnerabilities, is critical.

The demand in developing countries for infrastructure financing are huge, and call for maximum private sector engagement as well. Leveraging financial markets to tap long-term and risk capital for infrastructure calls for regional alliances among capital markets to develop harmonized legal and regulatory frameworks. De-risking infrastructure in developing countries could incentivize long-term institutional investors to raise their investments in infrastructure from 3% to 5%, which would raise an additional $2.2 trillion.

As we take first steps in implementing the Addis Agenda, I can assure you, on behalf of all five RCs, that we will continue to support member States by working closely with them to complement their national efforts and by harnessing the expertise of all other relevant stakeholders, such as the development banks, international institutions, civil society and the private sector.

I thank you.