



The Asia-Pacific Conference on Financing inclusive and Sustainable Development

10-12 December 2019
InterContinental Hotel Dhaka, Bangladesh



Message

In 1919, in the aftermath of World War 1, a group of business leaders from Belgium, Italy, France, the UK and the USA, met in Atlantic City, New Jersey, USA and established the International Chamber of Commerce (ICC). They identified themselves as 'Merchants of Peace' and adopted the motto 'world peace through world trade'.

ICC with members in more than 100 countries, represents 45 million companies and more than 1 billion workers worldwide. One in every three workers depend on ICC members for their livelihood globally. ICC represents both the developed and the developing world, bringing a unique and diverse perspective to global discussions.

In December 2016, ICC, the only private sector non-sovereign organization was given the United Nations Permanent Observer Status by the General Assembly. The new role for ICC means that business will, for the first time, have direct voice in the UN system.

Bangladesh National Committee of ICC, established in 1994, is comprised of major Chambers of Commerce & Industry, Business Associations, Stock Exchange, Banks, Non-banking Financial Institutions, Insurance Companies, Trans-national companies, Law Firms and large Corporate Houses having significant interest in international trade.

The activities of ICC Bangladesh include promotion of foreign trade and investment, trade policy reviews, business dialogues, seminars & workshops both at home and abroad on related policy issues, harmonization of trade law & rules, legal reforms, updating businesses with the ICC rules & standards for cross border business transactions.

ICC Bangladesh has been holding international conferences in Dhaka on various issues. It has so far organized six such international events.

This is a proud privilege for International Chamber of Commerce (ICC) Bangladesh to host The Asia-Pacific Conference on Financing Inclusive and Sustainable Development 2019, the year that marks the glorious centenary celebration of International Chamber of Commerce (ICC) and Silver Jubilee celebration of International Chamber of Commerce-Bangladesh. The conference will focus on Exploring A New Financial Landscape for Asia and Pacific.

The global economy has suffered several costly financial crises over the last three decades. Plunging assets, major bouts of exchange, market volatility and crisis in emerging markets and collapse of several major financial institutions in both developed and emerging markets, and on-going economic crises in some countries underscore weaknesses of the globalization process.

The globalization of economies poses challenges both for the developed and developing countries. It has created some inevitable governmental, social and ethical pressure on the business sector in most countries that have embraced trade liberalization as an effective measure.

The conference 2019 will address many of these issues including Inclusive Financing for SDGs in Asia Pacific and Public-Private Cooperation through Global Initiatives. I strongly believe that this conference will bring together highly efficient policy makers, planners, business leaders and experts from home and abroad. It is expected that they will deliver appropriate strategy and provide convincing road maps towards achieving SDGs in the Asia Pacific Region.

We cordially welcome our esteemed delegates from home and abroad and wish them a very fruitful experience from this conference.

Mahbubur Rahman
President
ICC Bangladesh



Financing for inclusive and Sustainable Development

Because of their synergistic nature, implementation of the 2030 Agenda for Sustainable Development has revived interest in national development strategies. However, sustainable investment means and a lack of consensus on how to measure its impact. Through its analytical work, the Inter-agency Task Force on Financing for Development could



most national strategies do not spell out in detail how they will be financed. Mobilizing sufficient resources remains a key challenge.

help create a greater global consensus on the definition of sustainable investment and the measurement of investment impacts, building on both public and private efforts.

Policy-makers should capitalize the growing interest in sustainable investing. Capital markets are a powerful vehicle for promoting alignment with sustainable development, provided the right incentives are in place for all market participants. The Addis Ababa Action Agenda underscores the role of capital markets and calls on Governments to design policies that "promote incentives along the investment chain that are aligned with long term performance and sustainability indicators, and that reduce excess volatility".

Many countries are making strides towards building sustainable financial systems; lessons learned can be shared through international platforms to find synergies and strengthen policy frameworks. Governments can help create incentives to foster greater sustainable investing, including pricing externalities, requiring more meaningful disclosure by corporations on social and environmental issues, and clarifying fiduciary duty and asset-owner preferences (e.g., through incorporating sustainability preferences into required investor profiles). They can also promote long-term investing by supporting efforts to build longer-term indices or encouraging longer-term investment horizons in credit ratings, as well as through regulatory frameworks.

Over the last three decades, the share of wages in total income has declined versus the share of capital. Market concentration in certain sectors raises concerns for its role in worsening income distribution and calls for competition policies that reflect the changing global environment and the growing role of technology, both at the national and the international levels, and for better monitoring market concentration trends.

Addressing Systemic issues
The global economy is facing heightened risks and financial volatility, with global growth likely to have peaked. Geopolitical factors, trade disputes, financial market volatility and non-economic factors, such as climate change, stability, and development, as well as worsening poverty, inequality and vulnerabilities. There is increased urgency to address the systemic economic and financial risks and architectural gaps that threaten implementation of 2030 Agenda for Sustainable Development.

Weaknesses in the global financial system could pose heightened risks to achieve the Sustainable Development Goals (SDGs). These risks include: the volatility of international capital flows, resulting from the short-term nature of many elements of international capital markets; persistent global imbalances; debt sustainability challenges in the public and private sector; and growing monopoly power and less effective competition policies. High debt levels in public and private entities including through highly leveraged financial market derivatives raise vulnerabilities and feed boom-bust cycles. The compression of the wage share of income has exacerbated inequality. The rapid pace of technological change, while possibly providing new

remedies, can also exacerbate global systemic risks.

To achieve sustainable development, the international community should continuously examine whether its institutions are sufficient and remain fit for purpose. This reflection has begun—for example, within the Group of Twenty (G20)—but the global implications warrant wider, open and inclusive discussions. As noted in the Addis Ababa Action Agenda, this should be complemented by efforts to increase the coherence of the global system and improve the inclusivity of global economic governance.

At the national level, countries should incorporate strong macro-prudential regulations and capital account management techniques when needed into integrated national financing frameworks, as called for in the Addis Ababa Agenda, to ensure coherence across national policies. In the medium to longer term, shifts in the international monetary system, including those related to external adjustment and global imbalances, could increase financial volatility, particularly in a period of political uncertainty. This underscores the importance of strengthened international cooperation and of ensuring adequate resources and comprehensive coverage in the global financial safety net.

Under the current financial architecture, currency risk associated with welcome international financing is often borne by those in developing countries least able to manage it. The international community should develop better mechanisms to help address currency risk in developing countries, including through a greater use of currency risk diversification, as called for in the Addis Ababa Agenda. Similar to some other insurance mechanisms, international entities are well placed to manage such risks globally.

Agreed regulatory reforms need to be fully, consistently and transparently implemented, but they alone are not enough to create sustainable and stable financial systems. Outside the traditional regulatory perimeter, technology companies and non-bank financial institutions are intermediating growing shares of credit. Technology companies often blur the lines between software, settlement, and financial intermediation. There are concerns about increasing risk-taking in credit markets with deteriorating underwriting standards, such as leveraged loans packaged into collateralized loan obligations.

Conclusion:
Mobilizing sufficient financing remains a major challenge in implementing the 2030 Agenda for Sustainable Development. Despite signs of progress, investments that are critical to achieve the Sustainable Development Goals (SDGs) remain underfunded. Interest in sustainable financing is growing, but the sustainability transition in the financial system is not happening at the required scale. Systemic risks are rising and parts of the multilateral system are under strain.

However, the world is being changed by rapid shifts in geopolitics, technology, climate, and other factors. There are some encouraging signs. Extreme poverty continues to decline and inequality between countries has fallen. Investment in some countries and regions has strengthened after a period of slow growth. Carbon prices are slowly recovering and there is growing interest in sustainable investing. World economic growth remains steady at around 3 per cent, but has likely peaked. More than half a trillion dollars' worth of goods are subject to trade restrictions, 7 times more than a year ago.

Achieving sustainable development requires: multilateral action to address global challenges; revisiting the global institutional architecture; and strengthened regional and national action, including adjusting policies to the changing global landscape.

This article is based on United Nations Financing for Sustainable Development Report 2019



Message

Since the adoption of the Addis Ababa Action Agenda (AAAA) of the Third International Conference on Financing for Development in 2015, Asia and the Pacific has faced several emerging issues that are reshaping the financing for development landscape. They include rising trade protectionism, widening socio-economic disparities and increasing climate change related natural disasters. All have an adverse impact on socio-economic development of the region.

New strategies for accelerating financing for development are required more than ever. During the High-level Dialogue on Financing for Development at the 74th Session of the United Nations General Assembly in September 2019, world leaders re-emphasized the importance of mobilizing financial resources to achieve the Sustainable Development Goals (SDGs). The United Nations Secretary-General António Guterres has outlined a three-year Roadmap for Financing the 2030 Agenda for Sustainable Development that could serve as a blueprint for the advancement of the regional Financing for Development strategies. The four areas of the roadmap are aligning the international financial system behind the SDGs; supporting individual countries in mobilizing domestic resources for sustainable development; addressing exclusion from financial services; and enhancing international cooperation. These four areas, combined with the national, subregional and regional actions, will be at the heart of the Financing for Development issues on which we are committed to working with all relevant stakeholders.

ESCAP estimates that Asia-Pacific developing countries must invest an additional US \$1.5 trillion per year, or 5 per cent of their combined GDP, to achieve the SDGs fully by 2030. While the Asia-Pacific region has been the engine of economic growth in the world, it is high time we align socio-economic policy making with inclusive development, poverty reduction and climate-smart growth in the region. In this vein ESCAP can provide various assistance to its member States for achieving the SDGs in the region.

ESCAP has played an active role in building consensus and articulating the views of the region on Financing for Development issues by organizing high-level regional fora. The fora have provided a regional platform for multi-stakeholder dialogues to identify priority Financing for Development issues and to bring regional policy issues to the global arena on Financing for Development. Graciously hosted by Bangladesh, ESCAP is proud to hold the fifth session of the dialogue entitled "The Asia-Pacific Conference on Financing Inclusive and Sustainable Development: Exploring a New Financial Landscape for Asia-Pacific," which is being held in Dhaka on 10 to 12 December 2019. ESCAP is very grateful to the National Organizing Committee, which comprises the Ministry of Finance of Bangladesh, the International Chamber of Commerce Bangladesh, The World Business Organization (ICC Bangladesh), the Asian Development Bank, London Institute of Banking and Finance (LIBF), UK and other governmental, non-governmental and business agencies, for their significant contribution to this year's forum.

I wish the Asia-Pacific Conference on Financing Inclusive and Sustainable Development successful deliberation.

Armida Salsiah Alisjahbana
Under Secretary-General of the United Nations
and Executive Secretary of ESCAP



Message

I am happy to know that the International Chamber of Commerce (ICC)-Bangladesh, The world business organization, is organizing The Asia-Pacific Conference on Financing Inclusive and Sustainable Development in Dhaka from 10-12 December 2019. This year, the International Chamber of Commerce (ICC), headquartered in Paris, is having its Centenary celebration worldwide and ICC Bangladesh is also celebrating its Silver Jubilee in Bangladesh.

Current global financial assets are sufficient to meet the financing needs of the 2030 Development Agenda. However, the challenge is how to channel them into SDG sectors, enhance the risk-return profiles of new and sometimes vulnerable investments, and generate sustained impact on the ground in order to leave no one behind.

The United Nations seeks to galvanize action on financing for the SDGs by bringing together governments, the private sector, and civil society.

The 2030 Agenda and the Paris Agreement on climate change provide a viable and necessary pathway for a more prosperous, equitable, and sustainable future. Financial inclusion is positioned prominently as an enabler of other developmental goals in the 2030 Sustainable Development Goals, where it is featured as a target in eight of the seventeen goals. Additionally, there is growing academic evidence that financial inclusion models can support overall economic growth and the achievement of broader development goals.

Investments in sustainable development are growing in some areas and countries, and there is ample evidence that investing in the SDGs simply makes economic sense. Indeed, current estimates highlight that achieving the SDGs could open up US\$ 12 trillion of market opportunities and create 380 million new jobs, and that action on climate change would result in savings of about US\$ 26 trillion by 2030.

In this regard, I firmly believe that public and private sector efforts to broaden access to financial services in Asia and the Pacific vital to advance poverty reduction, spur inclusive growth, and combat and adapt to climate change. In addition to making economic sense, there is also a moral imperative to do so.

I am confident that the Conference will serve as a very useful platform to help synergize the best policy guidelines and pragmatic recommendations for achieving SDGs in the Asia Pacific Region. I take this opportunity to thank ICC Bangladesh once again for the efforts in this regard, and I extend my best wishes for a successful Conference.

Ban Ki-moon
8th Secretary-General of the UN



Integrated national financing frameworks are a tool to implement the Addis Ababa Agenda at the national level. There are several benefits to an integrated approach. By connecting financing and related policies with long-term objectives, integrated financing frameworks can help overcome short term oriented decision-making. They allow policy makers to exploit synergies and manage possible trade-offs across different policies. They help countries manage an increasingly complex financing landscape, and help mobilize different types of financing appropriate for country specific characteristics and risks.

Adopting integrated national financing frameworks is a challenging endeavour. In many countries, capacities are limited and policy reform is costly; long "to-do" lists of needed reforms will therefore not be helpful. Existing financing policies may be misaligned due to underlying political constraints, which cannot be ignored. Yet, many elements exist that countries can build on.

All countries have a variety of financing policies in place. If they have already begun implementing a national sustainable development strategy, they should also have governance and coordination mechanisms in place. The integrated financing framework will not need to reinvent the wheel; it is a tool to identify and implement targeted policies and reforms to increase their effectiveness, coherence and alignment with sustainable development. There is clearly scope to do so in both developed and developing countries.

Domestic and international private business and finance

The private sector represents the largest part of the economy in most countries. It is thus promising that a growing number of investors have expressed interest in talking social and environmental issues into account in their investment decisions. Yet, the impact of this growing interest in sustainable development is unclear, in part because of confusion regarding what



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The 2030 Agenda and the Sustainable Development Goals represent the global community's pledge to build a more inclusive, sustainable and prosperous world. Trade has an important role to play in making this vision a reality. Trade was crucial for achieving the Millennium Development Goals. Now we must ensure that trade and the World Trade Organization contribute as much as possible to the SDGs.

At the same time, we must also ensure that everyone has the means to implement the SDGs across the board. This is why events like the Asia Pacific Conference on Financing Inclusive and Sustainable Development are very important, putting this issue at the center of the debate.

I congratulate the Bangladesh National Committee of the ICC for the leadership in organizing this important initiative. It is a fitting addition to the celebrations of the ICC's Global Centenary and the Silver Jubilee of ICC Bangladesh, as well as testimony of ICC's commitment to ensure that global growth and development walk hand in hand.

Roberto Azevêdo
Director General
World Trade Organization



Message

Congratulations to ICC Bangladesh and members on your Silver Jubilee—a milestone of particular significance in ICC's Centenary year.

For 25 years, ICC Bangladesh has played a formidable role in our global institution, contributing to ICC's development across South Asia and making our solutions and services ever more accessible to the Bangladesh private sector.

With your diverse membership of leading companies, chambers of commerce and business associations, ICC Bangladesh has built strong ties that reinforce our unrivalled position when it comes to delivering global business views and demonstrating business contributions to people and planet on the world stage.

As the International Chamber of Commerce prepares to face the next 100 years of making business work for everyone, every day, everywhere, we look forward to the continued support of ICC Bangladesh and thank Mr. Mahbubur Rahman for his spirited leadership.

Your contributions to enabling business to secure peace, prosperity and opportunity for all are invaluable to our institution, and we wish you every success as we build on your achievements of the last 25 years together.

With kind regards,

Paul Polman
Chair
International Chamber of Commerce



Message

Congratulations to ICC Bangladesh for organizing and hosting The Asia-Pacific Conference on Financing Inclusive and Sustainable Development.

There has never been a more opportune time to discuss the themes of this important conference. ICC Bangladesh is celebrating 25 years since its inception. The ICC was founded exactly 100 years ago following the end of World War I. The London Institute of Banking & Finance is 140 years old this year. 2019 could be a landmark year for sustainable finance and development.

I know that the conference will be a resounding success and I am confident that every delegate will leave a far greater understanding and appreciation of the issues.

Alex Fraser
Chief Executive
The London Institute of Banking & Finance



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