

Executive Committee on Economic and Social Affairs

Minutes of the Meeting of ECESA Plus Deputies

14 December 2010

8:30 a.m. – 10:00 a.m.

New York

Conclusions and decisions

- Deputies agreed to send inputs and comments to the first draft of the paper on LDC IV by the 22nd of December 2010.
- Deputies agreed to assign focal points to the UN Lead Economists' Network as well as for the UN Macroeconomic Advisory Capacity (MAC)
- Deputies agreed to send their organization's updated calendars to the Secretary of ECESA

Mr Jomo K. Sundaram, Assistant Secretary-General, Department of Economic and Social Affairs opened this meeting of Deputies of ECESA Plus, which focused on the following agenda:

1. Preparations for the Policy Committee meeting on the Fourth United Nations Conference on the Least Developed Countries (LDC IV)
2. Briefing on the work of the UN Lead Economists Network as well as on the UN Macroeconomic Advisory Capacity
3. Briefing on the outcome of the ECESA scanning and scouting exercise
4. Other Matters

Agenda Item1: Preparations for the Policy Committee meeting on LDC IV

Mr Jomo K. Sundaram informed the committee that the Policy Committee (PC) of the Secretary-General is expected to discuss preparations for the 4th UN conference on LDCs. For this purpose a paper has to be submitted. Mr. Sundaram invited Ms. Lakshmi Puri, Director, United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, (UNOHRLIS) to introduce the draft submission paper prepared for consideration by the Policy Committee.

Ms. Puri pointed out that the main objective for the Policy Committee meeting on LDC IV was to mobilize the United Nations system during the last phase before the LDC IV conference in Istanbul, Turkey, (re-scheduled to the 9th-13th of May). There was a need to formulate key messages and recommendations for LDCs which could be advocated by the Secretary-General as key messages in the months leading to the conference. She then highlighted the recommendations outlined in the draft submission paper:

1. Launching specific deliverables in favor of LDCs
2. Mobilizing financial resources and supporting specific programmes at the country level
3. Implementation, follow-up, monitoring and review of the Brussels Programme of Action

Ms. Puri then explained in detail the main ideas behind each recommendation:

1. The document calls upon the Secretary-General and UN agencies to ensure a successful UN LDC conference. This would involve mobilizing active participation of LDCs, engaging relevant organizations and intergovernmental bodies at the highest level in both the conference and the preparations leading to it. She called for the launch of a targeted campaign establishing LDC as a brand—i.e., to mobilize global public support in favour of LDCs as a brand comparable to the MDG and Africa brands advocating for special support needed by LDCs.

2. **Ms. Puri** also stressed the need to launch specific deliverables in favor of LDCs. She suggested that the Secretary-General supported by the relevant UN System organizations could launch, advocate, enhance, substantiate and support institutional and thematic initiatives dedicated to LDCs as coherent and concrete deliverables. Furthermore, given LDCs capacity constraints, she stressed the need for institutional mechanisms including well-financed and resourced organizational and technical support. To this end, the UN could help formulate and establish global mechanisms that could be located within the UN System, especially in the priority areas such as agriculture. She invited ECESA members to contribute to this discussion and add further suggestions to shape these global mechanisms.

3. On issues pertaining to mobilizing financial resources, **Ms. Puri** stressed the importance of mobilizing adequate financial resources at the country level. She highlighted the need for a better international support architecture favoring LDCs and engaging new and emerging donors both in the private and public sectors. She suggested that UN Funds and Programmes along with other relevant stakeholders could establish multi-year and targeted funding strategies and programmes. Last but not least she emphasized the need to simplify and fast track access to existing funding mechanisms. She also stressed that ECA, UNDP can help governments of LDCs to implement new programmes including through integrating them into their national development strategies.

4. **Ms. Puri** addressed the issue of implementation, follow-up, monitoring and review of the Brussels Programme of Action (BPOA). She stressed the need to integrate BPOA in national development strategies of LDCs, as well as integrate it into international governance processes, negotiations, and development strategies of partner countries in all relevant development policy areas, especially, aid, technology and trade. In order to have monitoring and follow-up mechanisms that make a difference at all levels, she suggested that the Secretary-General should advocate some elements of these mechanisms, and that the UN System agencies could take on a more proactive role in their respective areas of expertise. In addition to these four elements, she emphasized the need to strengthen national statistical systems as a foundation for successful monitoring and follow-up.

Following **Ms. Puri's** remarks, **Mr. Jomo K. Sundaram** opened the floor for questions and suggestions pertaining to the draft paper.

UNWTO stated that the Secretary-General of the UNWTO has attached the highest priority on preparing for the conference and contributing to it. On the 22nd of November a meeting of ILO, the World Trade Organization (WTO), UNCTAD, UNWTO and ITC was held in Geneva, under the chairmanship of the Secretary-General of UNWTO to establish a Steering Committee. Other organizations are also likely to join: UNIDO, UNESCO and UNEP have indicated an interest in this initiative. The Steering Committee will develop a coherent response to the needs of LDCs at the country level with respect to tourism. It has three main priorities: Firstly, to develop a joint position paper, secondly, to establish country level joint initiatives for capacity building and thirdly, to work together with donors to set up a multi-donor fund. The overall goal of the Steering Committee is to promote sustainable tourism for development and poverty eradication in LDCs. UNWTO cited this as a mechanism and requested that this initiative should be appropriately reflected in the draft paper.

FAO emphasized the importance of agriculture as a key component of LDC development and informed ECESA about an event to be held next week chaired by Turkey and Nepal. This event would address the issue of food security including the implications of food and commodity prices for LDCs. FAO recommended that these issues be adequately reflected in the draft paper and reiterated the importance of food security and agricultural development for LDCs.

UNDP commended the draft paper and promised further comments on the text. In addition, UNDP posed two questions relating to the LDC initiatives mentioned in the paper. First on the time frame leading up to the final draft and second, on the initiatives supported by the UN System—whether they were to be launched in parallel leading up to the LDC IV conference or whether those initiatives were already part of the outcome of the conference as such.

UNCTAD thanked OHRLLS for its comprehensive work on the draft paper, however, stated that the paper presented might be too broad. It suggested taking a narrower approach, especially in the section on measures and mechanisms. It stressed the need to focus on issues, where the Secretary-General can make a difference and in this regard highlighted the subject of capacity development and the role of partners and building productive capacities of LDCs. These are the two key messages the Secretary-General could deliver. UNCTAD also posed the question on the role of the Eminent Persons' Group for the LDCs and their inputs to the PC paper. In this regard, UNCTAD highlighted the Group's work on the international support measures for LDCs.

ESCAP stressed the importance of addressing regional dimensions in the discussions. ESCAP pointed out that problems of African LDCs are different from those of the Asia-Pacific LDCs. The Commission informed ECESA that it had organized in consultation with OHRLLS, a high level regional review of the challenges faced by the Asia-Pacific LDCs and suggested that the messages could be taken on board.

ILO stated that the organization would like to see more details on the issues of trade in the background draft, making specific reference to the issues of preferential trade agreements and private sector development that have not been explicitly mentioned in the draft paper. Furthermore, **ILO** suggested the inclusion of issues pertaining to governance, corruption and transparency.

The World Bank agreed that the branding of LDCs was important. On mobilization of financial resources, the Bank informed members that it is in the process of revamping and replenishing some aspects of IDA's work and processes. Acknowledging the ambitious nature of the paper, the World Bank suggested that strategically, it might be better to scale up some of the key points raised in the paper.

Mr. Jomo K. Sundaram, referring to the relationship between LDCs and LICs suggested that it would be useful if the World Bank interacted with OHRLLS to bring the reform process forward.

UNEP emphasized that broader environmental issues and sustainable development should be reflected in the paper. UNEP also suggested the inclusion of the Environmental Management Group as part of the institutional support structure for the LDCs.

RCNYO emphasized the importance of South-South cooperation in support of LDCs and emphasized its role as part of the support architecture for LDCs.

While responding to the concerns regarding the breadth of the paper, **Ms. Puri** pointed out that the document had indeed outlined key deliverables and themes and as such had adopted a focused approach on a range of thematic areas. Furthermore, the Global Initiative and Partnership for Building Capacity in LDCs led by CEB, will incorporate the dimensions mentioned today, for example, agriculture and tourism. By the end of the week, she hoped that

CEB will send out a request to all agencies that are contributing to this initiative and ask for inputs. By the end of the year OHRLLS aimed to have all inputs collected and will then start to prepare for the outcome of the process.

Ms. Puri noted all suggestions brought forward by the members of ECESA. On issues pertaining to the environment, she stated that there had been plans to mention a green new deal for LDCs, however, there had been some controversy regarding this issue. Drawing attention to the work of the Eminent Persons' Group, she informed ECESA that the group will provide a report by March 2011. The group will also meet in January 2011 in Brussels, and will suggest key advocacy messages, recommendations and mechanisms/initiatives that could be advocated by the Secretary-General.

While acknowledging the importance of the regional dimension, **Ms. Puri** pointed out that it has been mentioned in the implementation, follow-up, monitoring and review sections. She further asked if there were any specific suggestions on deliverables for LDCs that should be mentioned. Furthermore, she stressed that recommendations on how best to deploy South-South cooperation in support of LDCs were welcome. She also asked the Committee on how best to incorporate issues pertaining to the G20. Ms. Puri also informed participants that OHRLLS had held a meeting with the World Bank on how the Bank can deliver an LDC specific package on the occasion of the conference as well as on how some IDA funds could be dedicated for the support of LDCs.

Mr. Jomo K. Sundaram thanked everyone for their comments and requested them to send all suggestions in written form by the close of business on the 22nd of December 2010.

Agenda Item 2: A Briefing on the work of the Lead Economists Network (LEN) and on Macroeconomic Advisory Capacity (MAC).

Mr. Jomo K. Sundaram stated that the Lead Economists Network (LEN) was set up with the main objective of fostering coherence and collaboration within the UN system's analytical work and policy guidance. The LEN will facilitate familiarization and better projection of the UN system's work. More importantly, bring together the UN system to deliver as one. He also stressed that this was an ECESA Plus initiative. At the inaugural meeting in June this year participants agreed to have regular consultations, as well as to better plan the preparation of flagship reports. There was also general agreement to advance policy advice on national development strategies (this was also stressed by the MDGs Summit in September) and macroeconomic options by sharing resources – expertise, financial and analytical. This was also endorsed by the CDP last year. A preliminary brainstorming meeting of the LEN was held on the 13th of December 2010. Participants had discussions on LEN. There was general agreement on the following issues:

- A comprehensive list of LEN economists will be made, including a brief description of their background.
- The economists within LEN will identify various topics of interest and relevance for developing countries given the current economic landscape. The most common issues/those that have a wide and large support from the economists in LEN will then be identified.
- Research papers/briefs on those prioritized issues will be drafted, to build a resource base/repository of knowledge within LEN.

Mr. Jomo K. Sundaram also informed participants that Mr. Sha Zukang, Under Secretary-General of UNDESA as convener of ECESA had sent out a letter requesting members to name focal points for LEN as well as for MAC. He emphasized that he fully understands that many participants do not have the relevant expertise to participate fully in MAC, but it would be very

important to contribute to LEN. He emphasized that LEN and MAC were two distinct initiatives. He stressed the importance of identifying focal points for LEN and for MAC, if the capacity and resources were available. He then opened the floor for questions.

Ms. Puri thanked Mr. Jomo K. Sundaram for the clarifications on MAC and LEN stating that OHRLLS is currently involved in follow-up and formulation of new programmes for LDCs, LLDCs and SIDS and is actively engaged in macroeconomic monitoring, implementation and policy formulation. She sought clarification on the degree of engagement and the professional level required, as OHRLLS was a very small office with resource constraints.

Mr. Jomo K. Sundaram responded that the focal point for LEN should be the lead economist. He stressed that the idea of LEN is to develop greater coherence in the work of the UN System and that it was therefore important to go beyond ECESA and emphasized that the participation of representatives of ECESA Plus was vital. As far as MAC was concerned, he stressed that the initiative is not really concerned with advocacy work as such. It is more concerned with empowering Member States and to bring to their attention a diverse range of policy options in addressing a range of challenges since the crises. He observed that especially after the crises in 2007, 2008 and 2009 there is a great “coming together” of views in NY and Washington and in general a greater degree of openness for different policy options. Within MAC, there is a commitment to prioritize LDCs if such a request comes from the Member States. However, MAC is not limited to LDCs, in fact it is not even limited to developing countries. Other economies, i.e. economies in transition can also seek MAC support.

On the degree of engagement, he said that so far the engagement has been varied often involving sharing information and pointing Member States to several available options. For example, countries dealing with the impact of hot money inflows and not being able to cope with the appreciation of their currencies need to know what other options are available. Sometimes it might be enough to identify a prestigious person who can inform countries of various available policy choices. In another situation countries can benefit from different experiences of other countries and region, e.g., Latin America vs. Asia. Sharing information itself is can be empowering. So, there does exist a set pattern of engagement.

Most importantly, **Mr. Jomo K. Sundaram** emphasized that MAC should be demand driven and not follow a supply driven ‘one size fits all’ approach. At the same time **Mr. Jomo K. Sundaram** pointed out that one has to be very conscious of the strengths on the supply side and get the right balance. This was initially conceived at the HLCP level as a ‘second opinion capacity’, part of the openness evident after the crises, where the need for a second opinion was recognized. The idea was to secure a sense of national ownership and to be responsive to the expectations and demands of Member States.

UNWTO pointed out that traditionally macro policy advice has been on monetary or fiscal policies or overall government finances. However, with the crises the situation requires the restoration of dynamism and competitiveness of economies. The central challenge for LDCs need not necessarily be sovereign debt or hot money, rather, how to bring these countries in a situation where they can participate and compete better. This requires addressing a comprehensive range of policy issues, including social, and governance matters

Mr. Jomo K. Sundaram agreed with UNWTO. However, he stressed the limits of MAC and observed that MAC cannot, for instance, push a health care reform. Although policies cannot be designed piecemeal and that they interconnected, he stressed that MAC has to stay focused on macroeconomic issues.

In **UNCTAD’s** view, LEN is a mechanism to coordinate the work of UN better. UNCTAD observed that there is a tendency for different agencies to do a lot of analytical work without any exchange of information. So LEN provides a really timely opportunity to begin developing ideas

in a coherent manner. MAC is meant to bring together different agencies' work on macroeconomics as well trade, providing alternative options for governments.

Furthermore, **UNCTAD** gave some examples of government requests such as advice on sovereign debt, regional monetary agreements as well as alternative views on industrial policies. He emphasized that UN has an important role to play and DESA, UNCTAD, UNDP and others could help governments in understanding that there are alternative routes to industrial development. UNCTAD also informed that it had recently completed work on regional monetary and financial arrangements in Latin American countries and will now work on Western Africa. In the current environment of multiple crises countries have to re-think their trade policies and have also asked UNCTAD to help develop their national trade policy, going beyond trade liberalization, bearing in mind the impact of the crises. UNCTAD also mentioned that it would be pleased to organize a re-treat in Geneva and a meeting sometime in July.

Mr. Jomo K. Sundaram thanked UNCTAD for articulating why it is important for the UN System to carry on with its work especially on national development strategies, which was initiated a few years ago. He pointed out that the project on national development strategies has been a little quiet after producing some initial outputs. However, he mentioned a meeting on the 13th of December with DESA, where participants expressed the wish to engage system-wide on national development strategies. He mentioned that the first round of the project on national development strategies produced very significant policy work on six areas: *Macroeconomics and Growth, Finance, Trade, State-owned Enterprise Reform, Social Policy and Investment and Technology Policy*.

Mr. Jomo K. Sundaram commended UNCTAD's work on enhancing productive capacities, especially for the LDCs. He emphasized that there is definitely room for collaboration. However, some way of sequencing was considered necessary, partly because work on national development strategies has started off after the 2005 Summit outcome and is already in existence, whereas MAC still needs to get off the ground and therefore requires to be given special priority owing to the urgency of our times and expressed his hope to further work within the ECESA Plus framework on this issue.

The World Bank stated that this is a great initiative probably long overdue for the UN System. The Bank posed three questions: Firstly, what are the expectations for the IFIs, especially the World Bank. Secondly, how can duplication be avoided between the work of the UN, and the World Bank, but also in the broader network of collaboration between the UN and the Bank. Thirdly, whether this initiative is open only to economists.

Mr. Jomo K. Sundaram clarified that the World Bank representative was speaking about national development strategies rather than MAC. He agreed with the World Bank that national development strategies is not something that can be understood in narrow economic terms, and agreed that non-economists need to be fully engaged and in fact they were.

With regard to the question of IFIs engagement, **Mr. Jomo K. Sundaram** responded that there are two institutions within the Bretton Woods System, the World Bank and the IMF. As far as MAC is concerned, its aim is to provide a second alternative to countries other than that already provided by the IMF. In so far the engagement of Washington institutions in MAC is concerned, it is rather limited, since the focus is more on keeping them informed of its ongoing work. However, MAC draws upon a lot of the work done by the IMF (especially work on the Article 4 consultations done by the IMF).

Mr. Jomo K. Sundaram stressed that there is indeed a sharing of views with the World Bank and the UN on issues ranging from global green new deal to climate change, food and financial crises. At this point there is a lot more information sharing but more needs to be done. Furthermore, around the time of the annual spring meetings there is interaction with the GA and ECOSOC with the colleagues in Washington and there are many other dimensions of interaction. Hopefully, there will be more sharing of ideas in the future. Mr. Jomo K. Sundaram

hoped that with greater engagement there would be opportunities for more collaboration than in the recent decades.

ECLAC stressed that LEN and MAC should also build upon existing regional initiatives, as emphasized earlier by other Regional Commissions.

Mr. Jomo K. Sundaram thanked ECLAC for this comment and acknowledged the work of ECLAC, pointing out the importance of regional experiences in macroeconomic analysis.

Agenda Item 3: Briefing on the outcome of the ECESA scanning and scouting exercise.

Mr. Jomo K. Sundaram informed participants that this first ever ECESA Scanning and Scouting e-consultation was co-facilitated by UNCTAD and DESA. The e-consultations achieved three main objectives: First: They defined development priorities in the coming year, second, identifying elements of a broadly shared and integrated framework for addressing the development challenges and third scanning and scouting for issues that will gain prominence or urgency in the next 2-3 years. Participants focused on issues such as employment generation, global economic governance, infrastructure financing, capacity development, food and energy security, organization, migration and renewed commitment towards the MDGs.

Mr. Jomo K. Sundaram announced that the **key priorities for 2011 include:**

1. Generating productive employment and decent work environments for all
2. Emerging trends in global economic governance and the role of the UN
3. Sustainable development including energy and food security

Other issues raised in the e-consultations were South-South cooperation, technology transfer, gender equality, education, conflict prevention and risk management. A total of a 125 representatives from all ECESA member entities registered for the e-consultation. Furthermore, **Mr. Jomo K. Sundaram** announced the organization of follow-up discussions on the elements of an integrated framework for development.

Agenda Item 4: Other Matters.

On a proposed Policy Committee discussion on the follow up to the outcome of the 2010 MDGs Summit, **Mr. Jomo K. Sundaram** pointed out that DESA and other members of the Policy Committee were of the view that the committee should have a discussion on the matter specifically in order to address the question of implementation. He informed the members that a meeting towards the end of March is proposed, but no decision has been taken thus far. The members will be informed about the date for consultations and the preparatory process in due course.

Furthermore, **Mr. Jomo K. Sundaram** stated that DESA is in the process of revamping the ECESA website. The main aim is to ensure that the website is as user friendly as possible, provides accurate and up to date information on ECESA activities and enhances the overall visibility of ECESA. The website should become a dynamic hub of information for all ECESA members and beyond.

To this end, **Mr. Jomo K. Sundaram** requested all members of ECESA to help to update the calendar of activities on the ECESA website. Furthermore, he encouraged everyone to give specific suggestions on enhancing the user friendliness of the website.