



ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

Committee on Macroeconomic Policy, Poverty Reduction and Inclusive Development

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Bangkok

**REPORT OF THE COMMITTEE ON MACROECONOMIC POLICY,
POVERTY REDUCTION AND INCLUSIVE DEVELOPMENT
ON ITS FIRST SESSION**

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I. MATTERS CALLING FOR ACTION BY THE COMMISSION OR BROUGHT TO ITS ATTENTION

A. Impact of the financial and economic crisis on Asia-Pacific economies, patterns of recovery, policy responses and the relevance of regional and international cooperation

1. The Committee noted that the crisis and its aftermath had increased the urgency of regional financial and economic cooperation as a means of managing crises and addressing development gaps. It recommended enhancing regional cooperation concerning exchange rate policies and crisis management, as well as strengthening the intermediation of regional savings to address the region's investment and consumption needs. In that regard, the Committee requested the secretariat to take a leading role, through analysis and advocacy, to support the development of a regional financial architecture, including a regional crisis management mechanism.

2. The Committee recommended that regional cooperation be enhanced to support global economic relations, fill in the gaps and put in place building blocks for multilateral cooperation at the global level. The Committee requested the secretariat to play an important role in translating initiatives by major international economic forums, such as the Conference on the World Financial and Economic Crisis and its Impact on Development,¹ and the G20 Summits, into concrete policy recommendations at the regional level.

3. The Committee noted that domestic demand would need to be sustained by increasing income security for the poor. In that regard, it recommended that social protection systems be strengthened by, inter alia, ensuring universal access to affordable basic health and education services. It also recognized that, during economic recovery, the poor were vulnerable to the re-emergence of food price inflation. The Committee requested the secretariat to undertake a comprehensive review and analysis of social protection initiatives and their related impact on national fiscal balances, as well as of regional food reserve policy.

¹ See General Assembly resolution 63/303.

**B. Impact of the economic crisis on poverty and inclusive development:
policy responses and options**

4. Noting the adverse impact of the economic crisis on poverty reduction and inclusive development, the Committee recommended a comprehensive and well-coordinated approach to address the impact of the crisis:

(a) At the national level, for dealing with current as well as future economic crises, the Committee recommended the development of physical infrastructure, particularly in rural areas, investment in education, health and other social sectors and, above all, the development of comprehensive social protection systems;

(b) At the regional level, the Committee recommended that the secretariat strengthen its efforts with regard to the sharing of experiences on the effectiveness of measures being employed to deal with the adverse impact of the financial and economic crisis and, in that regard, suggested that the *Economic and Social Survey of Asia and the Pacific 2010* include policy options to mitigate the adverse impact of the crisis.

5. The Committee recommended that South-South cooperation and triangular development cooperation be promoted as effective tools for enhancing financial and technical assistance for countries with special needs in the region.

6. The Committee recommended that the secretariat compile and disseminate good practices in poverty alleviation, and initiatives related to universal access to affordable basic health and education services, while successfully addressing the cost implications for fiscal balances.

7. Recognizing the importance of the agriculture sector in most countries of the region for sustaining the livelihood of the bulk of populations, the Committee recommended that Governments allocate more resources to the development of the agriculture sector, particularly for research and extension services.

**C. Implementation in Asia and the Pacific of the Brussels Programme of Action
for the Least Developed Countries for the Decade 2001-2010: progress made,
obstacles encountered and the way forward**

8. The Committee generally endorsed the review of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010² contained in the note by the secretariat.³ It noted that the secretariat was undertaking several activities at the regional level in response to General Assembly resolution 63/227 of 19 December 2008.

9. In accordance with General Assembly resolution 63/227, each least developed country had been requested to be responsible for preparing its own national report on the implementation of the Brussels Programme of Action, for which a set of guidelines had been issued.⁴ The Committee noted with satisfaction that the secretariat was facilitating the process, including the preparation of two subregional reviews and one regional review.

² A/CONF.191/13, chap. II.

³ E/ESCAP/CMP/3.

⁴ E/ESCAP/CMP/INF/3.

10. The Committee requested the guidance of the Commission on the basis of the outcome document of the regional review that will be held in Dhaka from 12 to 14 January 2010 to facilitate the preparation of a report assessing the progress made by the least developed countries in the implementation of the Brussels Programme of Action during the decade 2001-2010 as well as identifying future priorities at the regional level, and which will constitute the Asia-Pacific regional input to the global review of the implementation of the Programme of Action, to be held in Istanbul, Turkey, in 2011.

D. Implementation of Commission resolution 65/4 on the strengthening of the Centre for Alleviation of Poverty through Secondary Crops Development in Asia and the Pacific

11. The Committee noted the need for the Centre for Alleviation of Poverty through Secondary Crops Development in Asia and the Pacific (CAPSA) to address macroeconomic policy issues related to sustainable agriculture, as indicated in the note by the secretariat.⁵

12. The Committee also noted the importance of adding capacity development in training courses in secondary crops policy and issues to improve the Centre's visibility. It also stressed the need for CAPSA to redouble efforts to increase member State contributions and, in that regard, viewed the funding mechanisms described in the note by the secretariat⁶ as a good step forward.

13. The Committee welcomed the new approach of CAPSA to include research which analyses the effects of climate change on secondary crops and to undertake more research and development regarding secondary crops for drought-affected and saline areas.

14. The Committee agreed that CAPSA should promote efforts to diversify venues for its seminars and workshops in countries throughout the region and suggested that CAPSA address capacity-building for those engaged in agricultural research, policy analysis and marketing.

15. The Committee suggested that CAPSA, with the support of member States, expand its information and communications technology system to include a data bank of secondary crops research and that the new technologies for secondary crops be incorporated in the programme of work of CAPSA.

16. The Committee suggested that CAPSA conduct an assessment of the impact of projects already completed.

E. Programme planning and monitoring

1. Review of the implementation of the programme of work for the biennium 2008-2009 and highlights of the proposed programme of work for the biennium 2010-2011

17. With regard to expected accomplishment (e), "improved capacity of ESCAP member States to formulate and implement policies and programmes for reducing rural poverty, including those with a gender dimension, through the sustainable development of secondary crops",⁷ the Committee recommended the following:

⁵ E/ESCAP/CMP/4.

⁶ See E/ESCAP/CMP/4, paras. 25-31.

⁷ See E/ESCAP/CMP/5.

(a) Capacity-building activities, such as training courses on secondary crops development and poverty reduction policy issues, should be included;

(b) The planned activity “Workshop on secondary crops and poverty alleviation” should be designed in such a way as to establish a network and foster cooperation among the research centres dealing with secondary crops and poverty alleviation in the region.

2. Review of the draft strategic framework for the biennium 2012-2013

18. The Committee expressed its general support for the draft strategic framework for 2012-2013.⁸

19. The Committee recommended that the secretariat focus on inclusive and sustainable growth and regional economic integration in the strategic framework for 2012-2013, to assist member States in finding solutions to their development problems.

F. Regional financial cooperation

20. Noting the need for a stable financial system, the Committee requested the secretariat to explore the possibilities for enhancing regional financial cooperation, taking into account possible synergies with global multilateral financial institutions.

II. PROCEEDINGS

A. Impact of the financial and economic crisis on Asia-Pacific economies, patterns of recovery, policy responses and the relevance of regional and international cooperation

21. The Committee had before it the note by the secretariat on the impact of the financial and economic crisis on Asia-Pacific economies, patterns of recovery, policy responses and the relevance of regional and international cooperation (E/ESCAP/CMP/1).

22. The Chief of the Macroeconomic Policy and Development Division introduced the document. Brief presentations were made by two high-level panellists: Mr. Yilmaz Akyuz, Senior Advisor, South Centre, Geneva, and Mr. Mohamed Ariff, Executive Director, Malaysian Institute of Economic Research, Kuala Lumpur.

23. Representatives of the following countries made statements on behalf of their delegation: Afghanistan, Bangladesh, China, India, Indonesia, Japan, Kiribati, Pakistan, Russian Federation and Timor-Leste.

24. The Committee expressed appreciation to the secretariat for the analysis and pertinent recommendations contained in the background paper, noting the valuable discussion on the regional financial and economic cooperation agenda, which would help to prevent crises and improve crisis resilience.

25. The crisis had had a significant impact on the economies of the region, with the strongest being on trade flows due to the slowdown in demand from developed countries. Some economies, notably the Pacific island developing economies, had also experienced declining remittances, which constituted an important source of financial support. The slowdown in capital flows and lending from international private financial institutions was also of concern throughout the region, and the least

⁸ See E/ESCAP/CMP/6.

developed countries were particularly concerned about possible decreases in official development support from international partners.

26. A variety of strategies were used to reduce the impact of the crisis on the Asia-Pacific economies. The measures included primarily fiscal stimulus policies, such as government spending and tax reductions, but also, where appropriate, accommodative monetary policies, such as reduced interest rates and bank charges, sectoral support policies and other measures to facilitate adjustments.

27. The recovery phase of the crisis presented significant challenges which should be managed carefully. Some of the challenges included the need to build economic resilience, particularly for Pacific island economies to broaden their economic base, to reduce dependence on export demand from developed countries by increasing domestic demand and intraregional trade, and managing financial and exchange rate stability with the return of volatile capital flows and rising food and fuel prices.

28. It was emphasized that market access for the region's exports should not be constrained by protectionism. In that regard, the Committee, referring to the decisions made at the Group of Twenty (G-20) meeting in Pittsburgh, United States of America, on 24 and 25 September 2009,⁹ the East Asia Summit, held in Hua Hin, Thailand, on 25 October 2009, and the Asia-Pacific Economic Cooperation (APEC) Summit, held in Singapore in November 2009,¹⁰ noted that the completion of the Doha round of international trade negotiations with its development agenda could counter the threat of protectionism.

B. Impact of the economic crisis on poverty and inclusive development: policy responses and options

29. The Committee had before it the note by the secretariat on the impact of the economic crisis on poverty and inclusive development: policy responses and options (E/ESCAP/CMP/2).

30. The Chief of the Macroeconomic Policy and Development Division introduced the document. Brief presentations were made by two high-level panelists: Mr. Saman Kelegama, Executive Director, Institute of Policy Studies of Sri Lanka, Colombo, and Mr. Vo Tri Thanh, Vice-President, Central Institute of Economic Management, Hanoi.

31. Representatives of the following countries made statements on behalf of their delegation: China, Indonesia, Japan, Pakistan, Philippines, Russian Federation and Timor-Leste.

32. The Committee noted with concern that many countries were not making enough progress in reducing poverty and meeting the Millennium Development Goals. The global financial crisis, as well as the food and fuel price crises that had preceded it, made the attainment of those goals even more uncertain.

33. The Committee was provided with details of the policy responses of countries to protect the poor and vulnerable from the effects of the global economic crisis. They included: the implementation of conditional cash transfer programmes to improve health, nutrition and education, particularly of children; subsidies for poor households with low levels of electricity consumption; emergency employment programmes; and the accelerated disbursement of funds for public infrastructure programmes.

⁹ See <http://www.pittsburghsummit.gov>.

¹⁰ See <http://www.apec2009.sg>.

34. The Committee noted the importance of the remittances of overseas workers in many developing countries, particularly the least developed countries and small island developing States. As a result of the global economic crisis, in some countries remittances had fallen while in others, growth in remittances had slowed. If that trend continued, that would create severe hardships for large populations dependent on remittances, particularly families in lower income groups, quite apart from the difficulties with the current account balances.

35. The Committee noted the concerns of Pacific island countries that an economic crisis would lower the incomes of both households and national Governments, which would limit the ability of Governments to provide basic services, create jobs and support vital infrastructure. Reduced access to basic goods and services would likely increase poverty levels among vulnerable groups, such as women, children, elderly people and people with disabilities. Recent progress made in the achievement of national goals and the Millennium Development Goals could be compromised as a result of the crisis.

36. The Committee noted with satisfaction the intention of the secretariat to continue to take full advantage of its advocacy role to promote the recovery and development of developing countries in the region, especially the most vulnerable among them, pursuant to the outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development.¹¹

37. The need to promote international and regional cooperation in support of the countries lagging behind in the achievement of the Millennium Development Goals was emphasized. It was noted that developed countries had obligations and responsibilities to fulfill commitments with regard to financial and technical assistance, debt forgiveness and market access for trade. In that respect, the Committee observed that, while developed countries needed to honour their aid commitments, developing countries also needed to rely on their own efforts to promote development and reduce poverty.

C. Implementation in Asia and the Pacific of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010: progress made, obstacles encountered and the way forward

38. The Committee had before it the note prepared by the secretariat on the implementation in Asia and the Pacific of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010:¹² progress made, obstacles encountered and the way forward (E/ESCAP/CMP/3), which was introduced by the Senior Adviser and Head of the Special Unit on Countries with Special Needs.

39. The Committee took note of a presentation by Mr. C.P. Chandrasekhar of Jawaharlal Nehru University on the regional review of the progress made and obstacles encountered in implementing the Brussels Programme of Action during the decade 2001-2010.

40. Representatives of the following countries made statements on behalf of their delegations: Bangladesh, China, Japan, Kiribati and Russian Federation.

41. The Committee expressed its appreciation to the secretariat for the various activities undertaken by it in support of the development needs of the least developed countries.

¹¹ See General Assembly resolution 63/303.

¹² A/CONF.191/13, chap. II.

42. The Committee noted the preparatory work undertaken by the secretariat and looked forward to the High-level Asia-Pacific Policy Dialogue on the Brussels Programme of Action for the Least Developed Countries and the outcome of the discussions at the sixty-sixth session of the Commission. It expressed its appreciation to the Government of Bangladesh for agreeing to host the High-level Asia-Pacific Policy Dialogue on the Brussels Programme of Action for the Least Developed Countries in Dhaka from 12 to 14 January 2010 as part of the regional preparatory process for the review of the Brussels Programme of Action.

43. The Committee discussed the adverse impact of the economic crisis on the least developed countries and the effects of climate change. It was noted that constraints imposed by geography, limited human resources, and economic and environmental vulnerabilities continued to be significant factors affecting the progress of the least developed countries. The Committee was informed that the economic crisis was having a serious impact on island least developed countries, with detrimental effects on export earnings, remittances, tourist arrivals and income from trust funds. That situation was exacerbated by the vulnerability of those countries to natural disasters and environmental degradation, which had an adverse impact on the livelihood of many, especially the poor.

44. The Committee noted that Asia-Pacific least developed countries were, in general, not well integrated into global and regional financial systems and received very limited amounts of foreign direct investment. To make matters worse, the food-fuel-financial crisis had had an enormous impact on them in 2007 and 2008 and they were still struggling to recover.

45. The Committee noted that the situation in the least developed countries in terms of their progress towards achieving the Millennium Development Goals was already critical before the onset of the food-fuel-financial and economic crises. Although progress had been made with regard to some Goals, including poverty reduction, achieving universal primary school enrolment and attaining gender parity in secondary and primary school enrolment, there were several Goals in which progress had been either slow or insufficient; they included employment generation, increase in the primary school completion rate, creation of more wage employment for women, reducing maternal mortality, increasing forest coverage, and greater use of information and communications technology.

46. Several delegations from the least developed countries outlined the progress made by their countries in meeting the commitments of the Brussels Programme of Action. In that connection, the consensus was that, although some least developed countries had made good progress, the overall progress in meeting the Goals had been

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