



Economic and Social Council

Distr.: General
12 December 2011

Original: English

Economic and Social Commission for Asia and the Pacific

Committee on Macroeconomic Policy, Poverty Reduction and Inclusive Development

Second session

Bangkok, 7-9 December 2011

Report of the Committee on Macroeconomic Policy, Poverty Reduction and Inclusive Development on its second session

Contents

	<i>Page</i>
I. Matters calling for action by the Commission or brought to its attention.....	2
A. Policy challenges for sustaining the dynamism of Asia-Pacific economies	2
B. Challenges of poverty reduction and inclusive development amid high inflation....	2
C. Accelerating the achievement of the Millennium Development Goals in Asia and the Pacific.....	2
D. Issues related to countries with special needs	3
E. Capacity-building for poverty reduction through sustainable agriculture.....	3
F. Consideration of the future focus of the subprogramme	3
G. Dates, venue and provisional agenda for the third session of the Committee.....	4
II. Proceedings.....	4
A. Policy challenges for sustaining the dynamism of Asia-Pacific economies	4
B. Challenges of poverty reduction and inclusive development amid high inflation....	5
C. Accelerating the achievement of the Millennium Development Goals in Asia and the Pacific.....	6
D. Issues related to countries with special needs	7
E. Capacity-building for poverty reduction through sustainable agriculture.....	8
F. Consideration of the future focus of the subprogramme	9
G. Consideration of draft resolutions for submission to the Commission at its sixty-eighth session	10
H. Dates, venue and provisional agenda for the third session of the Committee	10
I. Other matters.....	10
III. Organization.....	10
A. Opening, duration and organization of the session	10
B. Attendance.....	10
C. Election of officers	11
D. Agenda	11
Annex	
List of documents.....	12

I. Matters calling for action by the Commission or brought to its attention

A. Policy challenges for sustaining the dynamism of Asia-Pacific economies

1. Noting the important role of cooperation among countries in supporting the dynamism of the region, in particular the important contribution made by domestic demand and intraregional trade in supporting the region's development, the Committee recommends that the secretariat play a significant role in fostering regional economic cooperation to best address the many challenges currently being faced.

2. Noting the need to further support domestic growth drivers in order to foster the rebalancing of the region towards regional demand, the Committee requests that the secretariat continue to highlight the importance of social protection programmes and the development of the agricultural sector, including fishery, horticulture and animal husbandry, as important policies for boosting domestic demand and resilience.

3. Aware of the growing importance of ensuring appropriate global economic policies to sustain the dynamism of the region due to growing interdependence among economies, the Committee considers that it is necessary for the region to ensure that its voice is heard at global economic policymaking forums and therefore recommends that the secretariat continue the important work of facilitating the formation of a coordinated regional voice and bringing the Asia-Pacific perspective to relevant multilateral and intergovernmental forums, including G20 summits, through high-level consultations.

B. Challenges of poverty reduction and inclusive development amid high inflation

4. The Committee was of the opinion that high inflation and food prices across much of the Asia-Pacific region remained a major challenge that threatened to slow economic growth and poverty reduction. It was also of the opinion that Governments needed to make sustained efforts to enhance agricultural productivity. South-South cooperation on agricultural knowledge and technology transfer may assist in this.

5. The Committee was of the view that Governments at the national level should strengthen social protection programmes to help the poor and vulnerable cope with the adverse effects of high food prices, through, among other things, targeted income transfer schemes, food-for-work programmes, school feeding programmes, sustainable livelihoods programmes and public distribution systems.

6. The Committee recognizes that financial speculation in international commodity prices is to be addressed through international cooperation and, in that connection, recommends that the secretariat continue to play a role in conveying the regional view in international forums.

C. Accelerating the achievement of the Millennium Development Goals in Asia and the Pacific

7. Noting with satisfaction the role of the Commission in supporting the achievement of the Millennium Development Goals in the region through,

among other things, the exchange of experiences and best practices, the Committee recommends that the Commission play an active role in promoting regional cooperation and in shaping the post-2015 development agenda.

D. Issues related to countries with special needs

8. The Committee requests that the secretariat strengthen its technical assistance for least developed countries, landlocked developing countries and small island developing States in Asia and the Pacific in accelerating their development process, and that the Commission assist the development of least developed countries in cooperation with subregional organizations, among other modalities.

9. Noting with concern the multiple challenges faced by Asia-Pacific island countries in coping with natural disasters, isolation from major markets and vulnerability to external shocks, the Committee requests that the development partners continue extending support to this group of countries.

E. Capacity-building for poverty reduction through sustainable agriculture

10. The Committee recommends that South-South and triangular cooperation and the transfer of technologies and best practices for sustainable agricultural development in the region be promoted as an effective tool for enhancing sustainable agricultural growth and, in that regard, that the Centre for the Alleviation of Poverty through Sustainable Agriculture (CAPSA) continue to facilitate the exchange of knowledge and information in this area.

11. The Committee recommends that Asia-Pacific regional cooperation be as comprehensive as possible and take many different sources of agricultural growth and sustainable development into account, including but not limited to new plant varieties, animal breeds and post-harvest losses.

12. Aware that increasing populations, economic growth and adverse and volatile climatic conditions have increased the urgency of enhancing investment in the agricultural sector for the purpose of ensuring food security while also achieving poverty reduction and sustainability goals, the Committee recommends that growth opportunities be created simultaneously in other sectors of the economy in order to increase overall economic productivity and decrease disparities in income distribution.

F. Consideration of the future focus of the subprogramme

13. The Committee recommends that, in planning for the strategic framework and the programme of work for 2014-2015, the secretariat focus on strengthening regional economic integration and connectivity and integrating the least developed countries into regional economic growth processes.

14. The Committee reaffirms that connectivity should encompass not only transport infrastructure, but also energy and information and communications technology (ICT) as well as institutional and facilitation aspects, building on existing initiatives, and it recommends that the secretariat assess the progress of various subregional arrangements in advancing regional economic integration.

G. Dates, venue and provisional agenda for the third session of the Committee

15. The Committee decides to hold its third session in Bangkok in 2013.

16. The Committee suggests that the provisional agenda for its third session include, under the overall issue of financial resources for development in Asia and the Pacific, the importance of overseas workers' remittances and ways to enhance their impact on poverty reduction.

II. Proceedings

A. Policy challenges for sustaining the dynamism of Asia-Pacific economies

17. The Committee had before it the document entitled "Policy challenges for sustaining the dynamism of Asia-Pacific economies: growth outlook, emerging headwinds and policy agenda for inclusive and sustainable development" (E/ESCAP/CMP(2)/1). The document was introduced by the secretariat.

18. Brief presentations were made by three high-level panellists: Mr. Saman Kelegama, Executive Director of the Institute of Policy Studies of Sri Lanka; Mr. Yide Qiao, Secretary-General, Shanghai Development Research Foundation of China; and Ms. Cyd N. Tũaño-Amador, Assistant Governor, Central Bank of the Philippines.

19. Representatives of the following countries made statements on behalf of their delegations: Bangladesh; India; Iran (Islamic Republic of); Japan; Pakistan; Philippines; Russian Federation; and Thailand.

20. The Committee expressed appreciation to the secretariat for the timely analysis and pertinent recommendations contained in the document, noting the emphasis on redirecting the drivers of growth to intraregional and domestic demand to sustain growth amid stalled global recovery.

21. The Committee was informed that the halt in the recovery process in developed countries had mostly affected Asia-Pacific economies that were heavily dependent on those markets for their exports. Those economies were now adopting measures aimed at diversifying their export markets by, among other things, promoting free trade and economic cooperation agreements with other economies of the region, enhancing connectivity and improving export infrastructure and logistics.

22. The Committee noted that greater reliance on domestic demand was a main ingredient of sustaining growth. Stimulating demand by increasing fiscal spending, in particular on public investment, on the most vulnerable and on the agricultural sector, had helped to support demand. Those policies also made growth more inclusive. In some countries, however, government capacity to adopt further stimulus measures had been limited.

23. The region had to cope with the continued challenge of short-term capital flows, which had been volatile in response to the risk appetite of global financial markets. Options included instituting temporary controls on short-term capital inflows while encouraging long-term capital inflows in the form of foreign direct investment.

24. Countries in the region had had to deal with the serious economic impacts of natural disasters that had inflicted significant damage on economic capacity and slowed growth performance. Recovery would require significant budgetary outlays.

B. Challenges of poverty reduction and inclusive development amid high inflation

25. The Committee had before it the document entitled “Challenges of poverty reduction and inclusive development amid high inflation and food prices in Asia and the Pacific” (E/ESCAP/CMP(2)/2). The document was introduced by the secretariat.

26. Brief presentations were made by three high-level panellists: Mr. Ramesh Chand, Director of the National Centre for Agricultural Economics and Policy Research of India; Mr. Ashfaq H. Khan, Director General and Dean of the National University of Science and Technology Business School of Pakistan; and Mr. Vo Tri Thanh, Vice-President of the Central Institute for Economic Management of Viet Nam.

27. Representatives of the following countries made statements on behalf of their delegations: Bangladesh; China; India; Indonesia; Iran (Islamic Republic of); Japan; Kazakhstan; Russian Federation; Thailand; and Timor-Leste.

28. The Committee expressed appreciation to the secretariat for the analysis and relevant policy options for controlling inflation and minimizing the adverse impact on the poor, noting the insightful and valuable contribution of the panellists.

29. The Committee noted that the Asia-Pacific region as a whole had made great progress towards achieving the Millennium Development Goal on poverty reduction, but large disparities still existed across and within countries. It was emphasized that economic growth with equity and employment generation was conducive to poverty reduction.

30. The Committee noted that high inflation and food prices across much of the Asia-Pacific region remained a major challenge that threatened to slow economic growth, poverty reduction, the achievement of the Millennium Development Goals and inclusive development.

31. The Committee noted that, in order to contain food inflation, greater emphasis should be placed on enhancing agricultural productivity through: (a) continued support for crop and rural development, including rural infrastructure development; (b) investment in agricultural research; and (c) dissemination of new technology, instituting a new, knowledge-intensive green revolution.

32. The Committee noted that the gaps in agricultural productivity in terms of crop yields across countries and regions could be reduced through South-South and triangular cooperation on knowledge and technology transfer. In that connection, the Committee noted that countries of the region had undertaken multiple projects in collaboration with the secretariat to share technology and experiences and to provide training on increasing agricultural productivity. The Committee also noted that member countries were prepared and willing to share knowledge and technology and acknowledged that Commission was the appropriate platform not only for policy coordination but also for promoting a common regional development vision.

33. The Committee noted that several countries had adopted policy responses to protect the poor and vulnerable from the effects of high inflation and food prices. Those responses included implementing social protection programmes, instituting targeted public distribution systems, maintaining adequate stocks of food, utilizing a regulatory structure for effective monitoring of markets, and disbursing credit and subsidies to farmers.

34. The Committee noted that social protection programmes could help the vulnerable sections of a society cope with the adverse effects of high food prices. It also noted that several such programmes were in operation in the region, including targeted income transfer schemes, universal health care, pensions for the elderly, and support for people with disabilities and people living with HIV and AIDS.

35. The Committee noted that speculation needed to be curbed and regulation of commodity markets enhanced at the international level in order to contain the volatility of commodity prices.

36. The Committee noted the important role of macroeconomic stability in promoting growth and poverty reduction. The need to reduce government budget deficits was emphasized for macroeconomic stability and control of inflation.

37. The Committee expressed appreciation for the role of the secretariat in fostering regional cooperation and in facilitating formation of coordinated regional voices and bringing them to international forums, such as G20 summits.

C. Accelerating the achievement of the Millennium Development Goals in Asia and the Pacific

38. The Committee had before it the document entitled “Accelerating the achievement of the Millennium Development Goals in Asia and the Pacific: selected issues and options” (E/ESCAP/CMP(2)/3). The document was introduced by the secretariat.

39. Brief presentations were made by two panellists: Mr. Biman C. Prasad, Dean, Professor of Economics and Chair, the University of the South Pacific, Fiji; and Ms. Sadeka Halim, Information Commissioner, Information Commission, Bangladesh.

40. Representatives of the following countries made statements on behalf of their delegations: Afghanistan; Bangladesh; Bhutan; China; India; Iran (Islamic Republic of); Japan; Maldives; Mongolia; Nepal; Philippines; Russian Federation; Samoa; Thailand; and Timor-Leste.

41. The Committee was informed of the progress made and challenges faced by the member States in achieving the Millennium Development Goals. Many countries reported significant achievements in reducing poverty, achieving gender parity in education, reducing child and maternal mortality and ensuring access to safe water and sanitation, among other things. Significant challenges remained, however, in reducing poverty and child malnutrition, improving the quality of education and reproductive health, and controlling the spread of HIV/AIDS. Inequality and disparities within countries posed additional challenges regardless of the achievement of the Goals at the national level. Youth unemployment was another challenge in some countries. In many countries, rural areas were still home to a greater percentage of the poor population than urban areas. Countries with rapid economic growth

continued to grapple with rising income inequality and regional disparities. Lack of domestic financial resources within several countries in the region continued to be a major challenge when pursuing policies and programmes consistent with the Goals. Several countries emphasized the need to strike a better balance between social development expenditure and physical infrastructure development.

42. The Committee noted the commitment of governments to achieving the Millennium Development Goals and their efforts to integrate the Goals into their respective national development plans and strategies.

43. The Committee was informed about various programmes and policies undertaken in pursuit of the Millennium Development Goals and targeted at vulnerable groups and rural communities, such as the conditional cash transfer programme in the Islamic Republic of Iran, the Pantawid Pamilyang Pilipino Progame, the Rural Economy Advancement Program of Bhutan, the MDG Village Programme in Timor-Leste and the social safety net scheme for the elderly and lactating mothers in Bangladesh.

44. The Committee noted with satisfaction the initiatives taken by several countries, including China and the Russian Federation to provide financial support to other developing countries through increased financial cooperation, debt reduction, financial contributions to the International Monetary Fund earmarked for least developed countries, and assistance to vulnerable groups or specific groups of countries, such as the Central Asian countries.

45. The Committee was briefed on the outcome of the Millennium Development Goals Follow-up Meeting, held in Tokyo in 2011, which had been the first high-level meeting held regarding the Goals after the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals, held in New York in September 2010. The outcome document of the follow-up meeting emphasized the sharing of experiences and best practices, a people-centred approach to narrow implementation gaps in the progress towards the Goals, sustained, inclusive and equitable economic growth and development cooperation, with particular emphasis on South-South, triangular and regional cooperation, in establishing economic and social infrastructure and building productive capacity.¹

46. The Committee recognized that recent economic crises had significantly eroded the progress made in achieving the Millennium Development Goals. It highlighted the importance of making macroeconomic and development policies more inclusive, equitable and sustainable, fostering good governance and social protection to meet the challenges in the achievement of the Goals.

D. Issues related to countries with special needs

47. The Committee had before it two documents: "Implementation of the Programme of Action for the Least Developed Countries for the Decade 2011-2020" (E/ESCAP/CMP(2)/4) and "Implementation of the Almaty Programme of Action for the landlocked developing countries" (E/ESCAP/CMP(2)/5). The documents were introduced by the secretariat.

48. Representatives of the following countries made statements: Afghanistan; Mongolia; and Russian Federation.

¹ See http://www.mofa.go.jp/policy/oda/mdg/fm_1106/index.html.

49. The Committee acknowledged the usefulness of the documents placed before it, which facilitated the discussion. It reiterated its commitment to support the least developed and landlocked developing countries in their development efforts. It emphasized the importance of debt sustainability for those countries. It acknowledged the sizeable obstacles to development that landlocked developing countries faced. It noted that, despite many common characteristics, trade among countries of Central Asia constituted only a fraction of the region's total trade and Central Asian countries were under-trading with Western Europe and South and East Asia. It identified several factors, such as being landlocked, lack of physical infrastructure, poor trade facilitation mechanisms, trade restrictions and governance issues affecting customs and transport. It acknowledged that overall trade could increase for Central Asia as a whole if transport and trade facilitation were improved.

50. The Committee acknowledged the importance of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011-2020 (Istanbul Programme of Action)² in support of the Asia-Pacific least developed countries. It noted that the proposed regional road map, expected to be adopted by the Asia-Pacific least developed countries, could provide the basis for concrete regional, subregional and national actions for those countries in the coming decade. It reiterated its commitment to the implementation of the Istanbul Programme of Action.

E. Capacity-building for poverty reduction through sustainable agriculture

51. The Committee had before it the document entitled "Capacity-building for poverty reduction through sustainable agriculture" (E/ESCAP/CMP(2)/6). The document was introduced by the secretariat, which stressed the need to prioritize investment in the small farm sector to enable socially inclusive and environmentally sustainable development and to strengthen cooperation in capacity-building for sustainable agriculture through the establishment of a regional network.

52. Representatives of the following countries made statements: India; Iran (Islamic Republic of); Mongolia; Philippines; Russian Federation; Solomon Islands; and Thailand.

53. The Committee noted that the development of the agricultural sector was necessary to ensure food security and reduce poverty, but that it was equally important to create employment opportunities in other sectors of the economy (such as manufacturing and services) to increase overall economic productivity and decrease disparities in income distribution. The Committee also noted the changes affecting the agricultural sector in the region, reflected by declining shares in gross domestic product (GDP), although the sector continued to provide employment for a large share of the population.

54. The Committee was informed that several countries of the region had policies in place that addressed the development of the agricultural sector to achieve the goal of national food self-sufficiency.

55. The Committee was informed of the need to strengthen the agricultural sector by improving market access for small-scale farmers. That could include strengthening the bargaining power of farmers by improving the capacity of

² *Report of the Fourth United Nations Conference on the Least Developed Countries, Istanbul, Turkey, 9-13 May 2011 (A/CONF.219/7)* (United Nations publication, Sales No. 11.II.A.1), Chap. II.

agricultural cooperatives. The Committee noted that enhanced market access for smallholders would also depend on removing agricultural subsidies in developed countries and non-tariff trade barriers, such as sanitary and phytosanitary measures and technical barriers to trade. The Committee was of the opinion that the adverse effects of those trade barriers should be addressed in the Doha Development Round of the World Trade Organization and through free trade agreements in the region.

56. The Committee was also informed of the need to strengthen the agricultural sector through enhanced capacity-building approaches, by providing vocational training to farmers, especially where the agricultural sector suffered from a decline in the labour force, and by providing access to information, such as new farming methods and communication technologies.

57. The Committee noted that land ownership and land tenure rights were important driving factors that incentivized investment in sustainable agricultural productivity growth and which needed to be addressed through appropriate land policies. Institutional arrangements that incentivized farmers and other stakeholders, such as land ownership and land tenure rights, farmers' cooperatives and crop insurance mechanisms, were noted as additional areas that could benefit from regional cooperation and knowledge transfer.

58. The Committee expressed the need to identify the appropriate balance between the conflicting goals of ensuring food at affordable prices for poor consumers and ensuring the profitability of the sector through minimum support prices for farmers.

59. The Committee also noted the need to share best practices on agricultural crop insurance, especially in view of the increasing volatility of the climate and the resulting adverse effects on small-scale farmers.

60. The Committee outlined the need for enhanced regional and international cooperation to share best practices for the sustainable development of the agricultural sector. Existing best practices that had been shared included: (a) the application of an agri-food supply chain model designed to attract entrepreneurship and thus support economic growth; and (b) corporate social responsibility (CSR) practices of international supermarket chains, including procurement practices, that favoured the purchase of local produce, helped distribute agricultural products and ensured income security for farmers and local people.

61. The secretariat was commended for its work, and it was noted that the Centre for the Alleviation of Poverty through Sustainable Agriculture (CAPSA) represented an appropriate body for the dissemination of knowledge and technologies regarding sustainable agriculture.

F. Consideration of the future focus of the subprogramme

62. The Committee was provided with an overview of mandates, ongoing areas of work, recent achievements and potential future focus areas of the subprogramme.

63. Representatives of the following countries made statements: Afghanistan; India; Indonesia; Iran (Islamic Republic of); and Thailand.

64. The Committee took note of the planning of the strategic framework and the programme of work for 2014-2015, and a number of recommendations

were made, including a request that the secretariat assess subregional cooperation in Asia and the Pacific.

G. Consideration of draft resolutions for submission to the Commission at its sixty-eighth session

65. The Committee was provided with an overview of the process leading to the adoption of resolutions at Commission sessions, but no particular draft resolutions were discussed.

H. Dates, venue and provisional agenda for the third session of the Committee

66. The Committee discussed the dates, venue and provisional agenda for its third session. The representative of Indonesia made some suggestions regarding the provisional agenda.

I. Other matters

67. No other matter was raised.

III. Organization

A. Opening, duration and organization of the session

68. The Committee on Macroeconomic Policy, Poverty Reduction and Inclusive Development held its second session in Bangkok from 7 to 9 December 2011.

69. The Executive Secretary of ESCAP delivered opening remarks. His Excellency Mr. Kittirat Na-Ranong, Deputy Prime Minister and Minister of Commerce of Thailand, delivered an inaugural address.

70. Three keynote addresses were also part of the opening session. These were delivered by Mr. Ajith Nivard Cabraal, Governor, Central Bank of Sri Lanka, Mr. Yuba Raj Khatiwada, Governor of Nepal Rastra Bank, and Mr. Daw Tenzin, Governor of Royal Monetary Authority of Bhutan.

71. The Distinguished Persons Lecture delivered by Nobel Laureate Professor Robert Mundell entitled "Global Currency: Dollar, Euro, Renminbi" was organized as a side event on 7 December 2011.

B. Attendance

72. The Committee session was attended by representatives of the following members: Afghanistan; Australia; Bangladesh; Bhutan; Cambodia; China; India; Indonesia; Iran (Islamic Republic of); Japan; Kazakhstan; Malaysia; Maldives; Mongolia; Myanmar; Nepal; Pakistan; Philippines; Republic of Korea; Russian Federation; Samoa; Solomon Islands; Sri Lanka; Thailand; Timor-Leste; United States of America; Vanuatu; and Viet Nam.

73. In addition, representatives of the following United Nations bodies and specialized agencies were represented: United Nations Children's Fund; United Nations Environment Programme; United Nations Population Fund; Office of the United Nations High Commissioner for Human Rights; United Nations Entity for Gender Equality and the Empowerment of Women; International Monetary Fund; and World Health Organization.

74. The following intergovernmental organizations and other organizations were represented: Asian Development Bank; and United States Agency for International Development.

C. Election of officers

75. The Committee elected the following officers:

Chair:	Mr. Urgamal Byambasuren (Mongolia)
Vice-Chairs:	Mr. Sanjay Kumar Rakesh (India) Mr. Bobby Hamzar Rafinus (Indonesia)
Rapporteur:	Mr. Oscar Malielegaoi (Samoa)

D. Agenda

76. The Committee adopted the following agenda:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. Policy challenges for sustaining the dynamism of Asia-Pacific economies.
5. Challenges of poverty reduction and inclusive development amid high inflation.
6. Accelerating the achievement of the Millennium Development Goals in Asia and the Pacific.
7. Issues related to countries with special needs.
8. Capacity-building for poverty reduction through sustainable agriculture.
9. Consideration of the future focus of the subprogramme.
10. Consideration of draft resolutions for submission to the Commission at its sixty-eighth session.
11. Dates, venue and provisional agenda for the third session of the Committee.
12. Other matters.
13. Adoption of the report.

Annex

List of documents

Symbol	Title
General series	
E/ESCAP/CMP(2)/1	Policy challenges for sustaining the dynamism of Asia-Pacific economies: growth outlook, emerging headwinds and policy agenda for inclusive and sustainable development
E/ESCAP/CMP(2)/2	Challenges of poverty reduction and inclusive development amid high inflation and food prices in Asia and the Pacific
E/ESCAP/CMP(2)/3	Accelerating the achievement of the Millennium Development Goals in Asia and the Pacific: selected issues and options
E/ESCAP/CMP(2)/4	Implementation of the Programme of Action for the Least Developed Countries for the Decade 2011-2020
E/ESCAP/CMP(2)/5	Implementation of the Almaty Programme of Action for the landlocked developing countries
E/ESCAP/CMP(2)/6	Capacity-building for poverty reduction through sustainable agriculture
Limited series	
E/ESCAP/CMP(2)/L.1	Annotated provisional agenda
E/ESCAP/CMP(2)/L.2	Draft report
Information series	
E/ESCAP/CMP(2)/INF/1/Rev.1	Information for participants
E/ESCAP/CMP(2)/INF/2	List of participants
E/ESCAP/CMP(2)/INF/3	Tentative programme