Possibilities for regional cooperation permeate all layers of economic activity. Whether they pertain to the domestic capital market, private or official flows, trade, technical cooperation agreements, or financial and monetary arrangements, the rising number of regional initiatives reflects the growing macroeconomic linkages between countries. Moreover, the recent world financial and economic crisis has directed new attention to the potential of regional financial cooperation to serve as a first line of defense against contagion from global crises.

Regional institutions, particularly development banks and similar mechanisms, have a critical role to play in providing technical and financial assistance to successful regional integration, particularly when it comes to the provision of regional public goods. Indeed, the 2008 Doha Declaration on Financing for Development, world leaders called on regional development banks to play “a vital role in supporting economic development and assisting regional integration efforts.” Moreover, they emphasized the potential for regional financial and monetary arrangements that would complement the international financial system and promote development and financial stability among their members.

Taking into account this call for strengthened regional economic cooperation and the recommendation of ECOSOC to hold “multi-stakeholder consultations…drawing on a broad range of financing for development related topics”, FfDO intends to initiate in collaboration with the AfDB, ADB and IDB, a series of consultations on “Regional economic, monetary and financial cooperation”. The multi-stakeholder consultations will explore the potential of existing and new forms of regional cooperation in promoting development finance and macroeconomic cooperation in follow-up to the Monterrey Consensus and Doha Declaration on Financing for Development.

An expert group meeting, to be held in New York on 15-16 November 2010, will seek to shape the agenda for the regional meetings in 2010. The discussion will explore regional perspectives on FfD agenda. The expected outcome will be a draft outline and a concise background paper that will guide the regional consultations, to be organized by the AfDB, ADB and the IDB. The findings of these consultations will be consolidated into a joint publication, including action-oriented proposals, lessons learned and best practices to serve as a reference point for policy makers at the regional and global levels.
Key topics for discussion

Regional cooperation on mobilizing domestic resources for development
Savings and investment
- Enhancing regional financial integration to mobilize regional savings and investment;
- Regional and sub-regional initiatives to facilitate capital market development;
- Cooperative schemes to promote infrastructure investment.

Regulation and supervision
- Establishing regional mechanisms for supervision and liquidity provision;
- Harmonization of regulation of national banking systems and non-bank institutions.

Regional mechanisms for attracting FDI and other longer-term private investment
The role of regional cooperation in attracting private investment
- Strengthening business climate – including transparency, legal and judicial systems and access to finance;
- Supporting private investment in infrastructure and other critical sectors;
- Spreading benefits - linkages between foreign investors and local SMEs.

Regional cooperation on international trade
Overcoming intraregional and interregional inequalities in trade
- Greater trade cooperation and integration within and across regions;
- National and regional development strategies for enhanced trade capacity;
- Optimal means and strategies to operationalize Aid for Trade.

Maximizing the developmental impact of trade agreements
- Towards greater FTA convergence and region-wide FTAs;
- Compatibility of regional and global trade integration;
- Technical assistance and capacity building measures.

Financing aspects of international trade
- Financing intra-regional trade;
- Financing trade in times of crisis (counter-cyclical trade financing);
- Financing of trade integration and infrastructure.

Regional initiatives for increasing international financial and technical cooperation for development
Enhanced regional financial and technical cooperation for development
- Regional frameworks for development effectiveness;
- Technical assistance and capacity building to multiple layers of governments;
- Greater coordination among all relevant stakeholders;
- Tapping private sector resources for technical cooperation.

Increasing the volume and effectiveness of aid
- New partnerships with emerging donors;
- International philanthropy and social investment;
- Innovative sources of finance, such as carbon tax, levies, AMCs, GDP-indexed bonds;
- Methods of monitoring development aid effectiveness and knowledge dissemination.

Regional mechanisms to complement the international financial architecture
Regional arrangements to promote economic and financial stability
- Regional financial and monetary arrangements;
- Multilateralizing regional trading arrangements and the role of WTO;
- The role of regional institutions in addressing the impact of the crisis.