

Full Contributions

E-discussion on the Impact of the Global Financial Crisis (June 25-July 9, 2009)

[Facilitator's Note: Please find below contributions by Mr. Degol Hailu, Dr. Hans R. Herren, Ms. Huguette Reddegeld, Sir. Richard Jolly, Prof. John Lawrence, Mr. Meir Handelsman, Mr. Abdul Hannan and Mr. Wim Polman. Thank you all very much for your contributions.]

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June 25, 2009

Mr. Degol Hailu, International Policy Centre for Inclusive Growth (IPC-IG, formerly the International Poverty Centre) [Email Address](#)

1. Addressing Structural Constraints of Low-income Commodity Dependent Economies

Let's just focus on one impact of the economic crisis: the fall in exports. The latest data shows that economic growth in oil exporting sub-Saharan countries will decline by 5.5%. For the region as a whole, exports of goods and services as a share of GDP are projected to decline from 42% in 2008 to 38% in 2009. The impact on poverty is colossal.

In contrast, the impact of the crisis on India and Brazil has been relatively tamed. This is explained by the extent of the domestic market. These countries do not disproportionately rely on external demand. Exports as a share of GDP in India are 21% and in Brazil 13%, as opposed to the 42% share in sub-Saharan Africa. High external exposure is hurting the region.

Commodity export driven growth has been celebrated as a success story of African economies. Now the party is over, at least until the next commodity boom. It is likely that global demand for commodity exports will recover by next year. Low-income commodity producing economies will again enjoy high income, particularly the oil exporting ones. And when another crisis implodes, these countries will again suffer the consequences of slump in global demand. This boom-bust cycle has been the characteristics of many countries south of the Sahara. Simply put, there is a disproportionately high dependence on commodity exports and external demand (for both oil and non-oil commodities). Shouldn't we be addressing this fundamental structural problem?

So what is the alternative to waiting for the next boom, celebrate success and then scramble when crisis unfolds? The alternative is to increase the output share of manufacturing in national income or speed up what is called *structural transformation*.

As explained in [IPC's One Pager No. 70](#), during high growth episodes, the share of manufacturing value added as share of GDP in successful Asian economies was four times higher than the share in the high growth economies of the sub-Saharan region. On average, manufacturing's share of total merchandise exports was 83% in the Asian Tiger economies. This contrasts with a 1.7% share for the high-growth economies in sub-Saharan Africa.

The manufacturing sector also suffers from declines in global demand, as China, Korea, Thailand, Taiwan and Singapore are currently experiencing. Nonetheless, the sector is better at absorbing a mix of high- and low-skilled labour, increasing and sustaining income, nurturing domestic demand and substituting imports. The sector is also associated with high productivity gains, economies of scale and all-round linkages.

We should take advantage of the current crisis and address the structural constraints of low-income commodity dependent economies. Domestically, industrial policy is the obvious place to start. Internationally, a temporary protection of industries in low-income countries needs to be tolerated. Developed countries need to fulfill their commitment to allowing free access to their market. Schemes such as the Africa Growth Opportunity Act and Everything but Arms can work, if they are expanded and are not unnecessarily restrictive and complex.

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2. Planning Tools: Example in Ghana

I have been following and also participating in this and many other UNDP led discussions and would like to reiterate a comment I made earlier. This latest discussion is very interesting too.

(Note also that I am a veteran in development in Africa, having spent 27 years non-stop in research, research management and institution building in the area of agriculture. The latest major assignment in addition to lead the Millennium Institute was to co-Chair the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD). Please [click here](#) for more information on the IAASTD.)

Regarding the issues that relate to the Global Financial and Economic Crisis, I believe that most of the problems stem from the lack of foresight, lack of planning with broad stakeholder bases. There are tools that could be used to make better policy decision, informed policies and policies that are evidence based. For this tools are needed, as the complexities in today's system are such, that one needs news means, and that gut feeling is no longer appropriate.

These tools, actually recommended and funded also through UNDP in a number of countries, allow for MDG planning, as was the case in Ghana, by looking at synergies and dis-synergies in

the system. Thanks to the application of T21 (a system dynamics computer model that is fully transparent and easy to use) the Ghana Government has been to save up to 15% of the annual budget and work towards achieving at least some of the MDGs. This is just an example of what is possible. It is now TIME to make use of the simple, but extremely useful tools available to help government be in charge of their own destiny. There has been a lot of talk about empowerment, but how? The Millennium Institute with UNDP and other donors have shown in a number of countries, the latest Jamaica and now new Swaziland and Senegal, how better medium and long term planning can bring substantial economic, social and environmental benefits.

I hope that UNDP will support development and implementation of the T21 tool in all countries. The tool, after being developed by the local people both in government and civil society is owned by the country and CS groups and can be further adapted, modified as circumstances change. We do also train specialist in University, to promote system thinking in the new generations.

Too much money is being wasted in too many projects that don't add up and reinvent the wheel. All this can be improved by spending upfront some 3 to 400,000 US dollars to train people and develop a tool that will remain operational for planning, monitoring and evaluation in the long term. The tool has also been used, with UNDP support, in a post conflict situation in the West Balkan, bringing the warring faction together and look at their options for the future. Please [click here](#) for more details about our work.

Best regards, Hans

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3. Seeking Voices from the Grassroots Level

We have in mind the number 2 question of your consultation:

Qs: “How can the system of global economic governance be best strengthened for the future? What are some ways in which issues of legitimacy, efficacy and relevance can be addressed? How should a greater voice for the under-represented (State and non-State actors) be enabled? What should be the key underlying principles to guide the changes” (e.g. inclusion, decentralization, regulatory diversity, and others)? What could be the most effective institutional arrangements?”

One answer to the question: "How should a greater voice for the under-represented actors be enabled?" is to seek such voices at the grassroots level, from individuals and groups committed on a long term basis. To seek them in order to give them visibility as resource materials that can be used to guide the necessary changes.

The enclosed short document gives the floor to this type of reflections ([please see the text below for the actual document](#)). It stems from the correspondents of the Permanent Forum on Extreme Poverty in the World, facilitated by the International Movement ATD Fourth World. Looking forward to the outcome of this consultation,

Best regards,

(Ms) Huguette Redegeld
Permanent Forum on Extreme Poverty in the World
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Brief framework of the testimonies

The Permanent Forum on Extreme Poverty in the World is a network of individuals and groups committed, over 100 countries, in various ways alongside populations living in poverty and extreme poverty. It is facilitated by the International Movement ATD Fourth World. Its correspondents keep their own identity and objectives, its read thread being "*that no one will feel alone and powerless faced with extreme poverty, and so that no effort will be lost.*" With the agreement of their authors, the following excerpts have been posted on the [website](#). They are followed by two questions put forward to Permanent Forum correspondants.

"The crisis issues a challenge to our imagination and our solidarity"

These firsthand testimonies from Permanent Forum correspondents give us a glimpse of the consequences of the economic crisis on populations in extreme poverty. They tell us not only how they are managing to cope with it, but also about their hope that " this crisis will be an opportunity for a worldwide awareness that could benefit the most disadvantaged people."

By Francisco FRITSCH, Peru

"Unemployment is spreading across the country like an oil stain, polluting social relations. For their survival, people are accepting any job they can find regardless of the conditions and often to the detriment of their own safety. (...) The situation where we live is not so different from the situation where you are. While the disease of unemployment is striking the whole world (families without at least one unemployed member are rare), the temperature of the fever is higher and a fatal outcome more frequent in poor countries. In the South Andes of Peru, alternative, sustainable, solidarity-based development initiatives are springing up. Facilitated by young farmers, supported by some foreign resources, these production and

commercialization groups implement, promote, and perfect the solidarity-based experiences of the Andean Quechua communities, which are rooted in respect for their Mother Earth. Their experience is not only a solution to the problem of hunger in the Andes, but also puts forth an alternative to the current economic model. The crisis issues a challenge to our imagination and our solidarity."

By Joviano Gabriel Maia Meyer, Brazil:

"The current economic crisis has worsened the situation of poor people in Belo Horizonte. There are currently 1086 families living in the Dandara Camp on land that belongs to the municipality. They have traveled all over the periphery of the capital of the Minas Gerais state in the hope of finding a roof and a better life. They run the risk of being evicted and are under the threat of their water supply being cut off..."

By Mrs. Madeleine Gblia, President of the "Grâce des Femmes" Cooperative, Ivory Coast

"We want to ensure that our region will not lack food in the future. So, little by little, our harvest is redistributed to farmers who have the greatest need for rice seeds, to get the mountainous western region of Ivory Coast going again. It's an objective that it will take time to reach because we are alone, but we will keep the path of hope alive for the women in our cooperative.

By Michal DAGAN, Mahut Center, Israel

"Mahut Center develops and applies strategies to battle the feminization of poverty. (...) We provide the necessary tools to women so that they can get and keep a job and advance in the employment market. (...) We make a lot of effort to survive in the economic crisis. I can see a parallel process between the survival of our participants and our organization. Of course it is not the same, but living and acting in such uncertainty and with shrinking resources is not an easy experience. The economic crisis is a very deep employment crisis and our women are very vulnerable in that situation. I am not sure that they have the reserves (economic and emotional) to survive it for long. We are doing our best to help but I am not sure it is enough. (...) The current financial crisis increases the social gaps and exploitation that exist for women, but perhaps therein lies the possibility of change."

By Brother Christophe MORGAT, Associated Christian Schools of Bossangoa, the Central African Republic

"We use the knowledge and experience of those who came before us: the farmer's patience, that is what's at the heart of our project. Faced with a world food crisis, our project this past year has been to develop and help family-run businesses. Our farm-school began in that spirit with 25 young farmers... Even here we are aware of the enormous difficulties that the entire so-called developed world is faced with. Above all, we think that the countless victims of this economic and financial collapse are even more affected than the very poor populations in our regions who had only barely benefited from what we call progress. We do hope that this crisis will be an opportunity for a worldwide awareness that could benefit the most disadvantaged people.

What about you? We're eager to hear your reactions, observations, and input. The following questions may be helpful:

- 1) What are the visible consequences of the crisis on disadvantaged people? (For example: negative consequences within families, repercussions on children's schooling, on health, on employment, etc.) What are the consequences on actions undertaken by your association, and in what area? (For example: health, nutrition, etc.)
- 2) What reactions has the crisis given rise to? What long-term activities have been stopped? (For example, raising awareness, registering civil status like births, etc.) What examples of increased solidarity have been seen? What examples of innovating other ways of living (and sometimes surviving) have been seen?

Write to the Permanent Forum!

June 29, 2009

Sir Richard Jolly [Email Address](#)

4. Cold Shoulder for UN

The meeting of the G-20 last April was a big event – not only for Gordon Brown but for the 20 countries and others who attended, including most of the international economic power brokers. Nor surprisingly, it met with considerable success and received high profile treatment in the media. In contrast, the UN meeting on the crisis, opening in New York on Wednesday June 24th, will gain the participation only of low level delegations from the developed countries, with the US as yet not even having confirmed its participation. Fortunately, Britain is sending Mark Malloch-Brown, our deputy foreign minister who has the UN portfolio and who as former Deputy-Secretary General, knows the UN from the inside.

The general coolness of the developed countries is disappointing but hardly surprising. It has long been developed country policy to treat the UN as a sideshow on economic matters. Serious debate and decisions, they believe, should be taken in the Bretton Woods Institutions, where voting is weighted in their favour.

For debate on the current economic and financial crisis, this approach is unfortunate for several reasons. It leaves the developed countries visibly continuing policies which lack legitimacy and are failing the poorer countries. A common criticism of the G-20 was that it excluded the great majority of middle-sized and poorer countries – some 170 out of the 192 UN member states. One result, as the World Bank's latest Global Development Finance report shows, is that capital inflows have fallen sharply and GDP in developing countries excluding China and India is projected to fall in 2009. The Bank comments that in many of these countries recession is likely to last longer than in the richer world.

Secondly, not sending senior level delegations readily allows firebrands like Chavez of Venezuela and Morales of Bolivia to grab the headlines. Third, and most serious of all, sidelining the UN ignores the record of the UN's serious contributions in the past. It is the UN which first came up with the need for debt relief for poorer countries in the 1970s, for adjustment with a human

face in the 1980s, with proposals for the MDGs in the 1990s –and indeed for development goals more generally since the 1960s. All these ideas are now mainstream policies though they were initially met with scepticism or opposition when first proposed by the UN. Not merely have they now been accepted, the world would arguably be a much better place, with lower levels of poverty and inequality, if they had been accepted and adopted earlier rather than later.

In fact, last week's UN conference has already come up with a number of specific proposals for tackling the crisis. Being a UN meeting, the proposals focus on the needs of all countries and give clear attention to the smaller and poorer ones, those not invited to the G-20. The proposals are serious and often original – not surprising, since they emerged from a distinguished Commission of Experts, set up by the President of the General Assembly, Father Miguel D'Escoto, a Jesuit priest, with members drawn from around the world and chaired by the Nobel laureate economist, Joe Stiglitz.

Like the G-20 proposals, the Commission recommends a number of counter-cyclical measures of stimulus, co-ordinated to hasten recovery from the crisis, to hold back protectionist actions and to introduce greater regulation over financial and other markets. These measures are set in a frame of longer term actions to tackle climate change and other environmental threats. The approach makes the important point that though decisions on these actions must be national, their adequacy must be judged on their *global impacts*. "If each country looks only at the national benefits versus costs, e.g. an increased national debt, the size of the global stimulus will be too small, spending will be distorted and the global impact will be eviscerated".

The proposals also include a number of recommendations from which poorer developing countries would directly benefit.

- The creation of a new credit facility, ideally under the World Bank or Regional Development Banks.
- Mechanisms of innovative finance, including developed countries dedicating 1% of their own stimulus packages to support focused on developing countries, in addition to their commitments already made for aid.
- More policy making space for developing countries
- Rectifying the lack of coherence between policies governing trade and finance
- Opening advanced country markets to least developed countries' exports. (Paul Collier has been promoting this in the Bottom Billion)..
- Learning from successful policies to undertake Regulatory Reforms, drawing on the UN Committee of Experts in International Cooperation in Tax Matters.

Like the G-20, the Commission has also proposed ideas for institutional reform of the IMF. These included not only more seats and voting power for developing countries in line with G-20n proposals but also the introduction of double or multiple majority weighting. This would be a major step toward credibility and legitimacy of decisions of the Bretton Woods Institutions. The Commission also proposed a Global Economic Coordination Council, as a global representative forum meeting annually at Head of State level, bringing together all the important global economic institutions, such as World Bank, the IMF, the WTO, the ILO and the UN secretariat and supported by an International panel.

The Commission's proposals include many others - many sensible, many long run, all bold. It sets out a much more creative agenda for debate and discussion than emerged from the G-20. The proposals deserve serious consideration. If this doesn't happen this week, it is in the interests of all countries to take them up in the months ahead. Developed countries reluctant to start the debate this week should at least indicate when and how such proposals might be considered. There is something for every part of the world to gain by avoiding repetition of the most serious crisis since the 1930s.

Sir Richard Jolly

Co-Director of the UN Intellectual History Project and former Deputy-Executive Director UNICEF and Principal Coordinator of the Human Development Report

June 30, 2009

Prof. John Lawrence, Columbia University [Email Address](#)

5. Human Resources Development (HRD): Tailoring Education and Training to Fit Labor Market Conditions and Individual Needs

May I suggest, if it is not too late, that one aspect of development response to the current global economic crisis that needs much further attention is the way countries address the relationship between how people prepare for, and then actually conduct their livelihoods in these fast-changing times. This means revisiting links between education, training and work as continuous lifelong processes, giving new, more strategic macro-meaning to human resources development (HRD).

Often confused with its more micro applications (usually intra-institutional) at the level of human resources management (HRM) in private corporations, establishments or public organizations, national HRD is increasingly a matter of crucial public policy. In some ways, the west has been slower to adopt these ideas than other regions (e.g. Asia), preferring to let market forces more or less serendipitously work their will. During the 1990s and early 2000s, a series of HRD reports of the UN Secretary-General outlined a different approach which suggested more thoughtful articulation between health, labour, and education ministries in constructing better, and more coherent 'platforms' for developing human resourcefulness as a national priority.

Several new academic journals now are centering on various strategies being experimentally applied in all regions. Much agility is required in 'tuning' education and training offerings realistically to labour market conditions without losing cultural integrity and important communication of traditions, and social values (etc.) that are normally expected of educational institutions at all levels. As one example, as jobs vanish before our eyes, the few existing chances for re-cycling adults in many current educational systems worldwide must be expanded quickly in ways that avoid stigma and are optimally tailored to individual needs (e.g. of the full-time employed). Workplace changes, rapid technological advance in almost all occupational specialties, and consequently heightened competition among the many for globally narrowing occupational opportunity (in terms of available job-slots) makes it urgent that strategic national

HRD be on the table, re-examined and operationalized usefully. The UN system has a central role to play in looking beyond just the economic, to the social and ultimately, human development aspects of this challenging situation. Our children and all children of the future deserve no less.

John E S Lawrence
Former UNDP consultant
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Mr. Meir Handelsman, Yad Sarah [Email Address](#)

6. Human Rights: Attending to the Vulnerable

Dear all,

Talking about Economic Crisis and Human Rights, it is defiantly clear that the most vulnerable group of population all over the world is the people with special needs such as the elderly and the disabled, etc.

Attached is a small file ([please see the textbox below for the actual document](#)) that describes shortly the Humanitarian NGO where I am a staff member. Organizations that provide those people with solutions that might help them in times of social/economic crisis, as well as in times of social and economic prosperity. Our model can be established in any country where we are needed for the benefit of people in need.

Best Regards,
Meir Handelsman

Yad Sarah – Who We Are

Yad Sarah is Israel's leading humanitarian volunteer organization, providing a spectrum of free or nominal cost services designed to make home and community care possible for special needs, sick, disabled, elderly and recuperating people and their families. With over 100 branches throughout Israel run by more than 6000 volunteers, Yad Sarah saves the Israeli economy over \$400 million annually in direct hospitalization and medical costs, with an annual budget of approximately \$23 million.

In December 2003 Yad Sarah was accepted as an NGO at the Department of Public Information of the UN. This was after the application submitted to the United Nations proved Yad Sarah's contribution in assisting and rehabilitating the injured in Third World countries and in countries of the former Soviet Union. In January 2005, Yad Sarah received recognition by the international community and was granted special consultative status to the United Nations Economic and Social Council (ECOSOC).

Brief Description of Yad Sarah and its Vision

A dramatic increase in life expectancy is apparent at both ends of the life cycle. There has

been a significant drop in infant mortality but with this there has been an increase in the number of children who have special needs and require special care. At the other end of the life cycle, the number of elderly people in the population, who have the benefit of life-extending medical innovations, has grown, as has the population suffering from chronic diseases that require care and attention for their special needs.

The simple solution, it might be thought, would be to hospitalize or institutionalize these populations. This solution is fraught, in the first place, with significant economic difficulties (if we want to ensure a proper level of hospitalization) but even more difficult is the moral dilemma at the root of this solution, in that hospitalization cuts the individual off from his home and his community, and has an adverse effect on the quality of his life. We do not seek just a life of survival, but rather a life of quality and dignity.

The home care programs are in need of a strong infrastructure to complement what is missing in the existing set-ups. This infrastructure is being deployed at an ever-increasing pace by Yad Sarah.

Yad Sarah strives to enhance the quality of life for people who are coping with difficulties in functioning. At the core of Yad Sarah's existence as a volunteer organization is a commitment to mutual social responsibility. Volunteers and contributors from every part of the social and communal fabric share this commitment. Together with the Yad Sarah staff, they create and provide an array of home and community services for anyone who needs a helping hand, whether temporarily or for an extended time.

These home care support services evolve and develop to meet the changing needs of a multi-aged and diverse population. They are services that rest on advanced technology and human warmth, and are reliable and available to all. Yad Sarah is committed to providing the very best service, with personal attention, a sympathetic ear and wholehearted giving to every applicant, making it a hub of warm humanity and encouragement to the people being helped and their families.

Volunteering plays a central role in Yad Sarah's vision of the world, in the values of the association and in its day-to-day operations. The volunteers, representing the entire range of the social spectrum, are seen as the backbone of the association, as its principle resource and as the driving force in its development. Yad Sarah strives to make life easier for the disabled and special needs people within the Israeli society, and welcomes the opportunity to do the same for people worldwide.

International Activities

In recent years, due partly to the aforementioned recognition of the international community, countries and communities from around the world come to Yad Sarah each year, wanting to learn about the organization and its activities with a view to trying to develop a similar model in their own home countries. Yad Sarah, through its International Cooperation and Public Relations Divisions, liaises with these foreign countries (and sometimes even on the instigation of Israel's Ministry of Foreign Affairs) welcomes the visits and the requests for information, and makes an effort to provide the information or assistance requested. In addition, Yad Sarah has expressed its willingness to share its know-how and expertise with

communities wishing to benefit from it.

Yad Sarah has to date implemented or is in the process of establishing projects in the following locations:

- South Korea – has adopted four of Yad Sarah’s home services in a province in Seoul.
- Lending centers based on the Yad Sarah model have been established, together with the J.D.C, in many countries of the FSU.
- Cameroon - supply of material
- South Africa – two lending centers for medical/rehabilitative equipment have been set up. One of them located in an impoverished African township.
- Uzbekistan – designing a community project for special needs children
- Turkey – a guidance/exhibition center is currently being planned. If successful, a lending center will follow on in due course.
- Jordan – a lending center and exhibition center is being planned in cooperation with the Jordanian Red Crescent.
- Angola – in 2003, a workshop for repairing wheelchairs was set up at the request of the Israel Ministry of Foreign Affairs. It is still operational. An additional project is currently being planned in Angola. Its scope will be somewhat larger and will in all eventuality include, lending center, exhibition center, and workshop for the maintenance of the material.
- El Salvador – project to establish a lending center, guidance and exhibition center and workshop is in the process of being implemented. El Salvador is the first of several Central and Latin American countries who have expressed great interest in establishing part of the Yad Sarah model in their respective countries. Chile, Panama, Guatemala and Honduras have requested that we come to perform the necessary feasibility studies in order to proceed.

Additional projects are also being considered/planned in Slovakia, Romania, India and Italy. Further information about cooperation with Yad Sarah can be obtained from:

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Among the services provided are:

- Lending of Medical and Rehabilitative Equipment
- Guidance and Exhibition of Rehabilitative Equipment
- Personal Alarm Systems
- Transportation for the wheelchair bound in special Yad Sarah vans
- Home and Community Division
- Legal Counseling for the Elderly
- Geriatric Dental Clinic
- Special Equipment for Severely Disabled Children

- Toy Library and Enrichment Center for special needs children and their families
- We also have Warehouse Departments and various workshops for the upkeep of the rehabilitative and medical equipment loaned out.

Thanks for the info. Sri Lanka with the backdrop of a war needs to have the said vision and plan of action to emerge from the economic crisis.

Anita Nesiah

July 8, 2009

Mr. Abdul Hannan, UNDP New York [Email Address](#)

7. Implications of the Outcome Document for the UN Development System

First, it would be useful to unpack the Outcome Document into its various pieces and interpret what it means for the work of the UN development system. This exercise should go beyond the technical and consider the long-term ramifications of the crisis and what it might mean for future trends in development cooperation. I hope that this ongoing exchange can contribute in this way.

Second, we might wish to use this opportunity to discuss what we are competent to take up in response to this crisis. While both developing and donor countries have raised questions about the capacity of UN agencies in general (through the TCPR), critics of UN following up on the economic crisis have suggested that we do not have the expertise or the mandate to serve as a forum for meaningful dialogue or to provide direction on issues such as reserve systems, the international financial institutions and the international financial architecture. This needs honest reflection and should be free of the usual references to our “comparative advantage” and “neutrality”, etc. unless there is evidence to support these assertions.

1. General

The journey to the Summit was a highly complex and contested one. Marked differences between developed countries, many of whom opposed the conduct of this conference under the auspices of the United Nations, and developing countries, most of whom pushed for it to happen, will continue to characterize the patterns of North-South and South-South development relations as the response to the crisis takes shape. Something similar happened after the Asian financial crisis of 12 years ago, which prompted developing countries in more recent years to divert ODA from development programmes to building up currency reserves. The Outcome Document now speaks of, a “loss of confidence in the international economic system” and “major failures in financial regulation” compounded by “over-reliance on market self-regulation” all of which demonstrate “the need for more effective government involvement to ensure an appropriate balance between the market and public interest.”

We can rest assured that, with or without the contributions of the UN development system, developing countries, including those that are ODA-dependent today—will try to plot courses that reduce their reliance on North-South relationships and the policy advice and modalities that come with them. As President Lula of Brazil put it to the African Union summit on 3 July, South-

South cooperation is being viewed as, “a defense and, at the same time, an attack on the asymmetries [in international relations]”. The question for the UN development system, now, is how best to position itself as the axis tilts away from its traditional North-South bearings. Looking out, what should our policy research, comparative experience sharing, technical advice, and institutional strengthening look like? Looking in, what should our internal architectures and strategies be about?

2. Specific

My own read of the Outcome Document yields several points, each of which warrants reflection. Selected ‘highlights’:

- **Position of the G77.** It looks like the G77 united around a set of reforms, including many of those proposed by the Stiglitz Commission. These include major reforms of IFI governance and policy approaches, a global economic council, and a major allocation of special drawing rights which would be a significant step towards the creation of global reserve currency. Whether or not these issues warrant direct engagement from the UN development system, the political importance of these agreements should not be lost on us. With all of the talk of partnering with the World Bank, we need to be clear with countries both South and North that our development propositions are not the same. Sometimes, however, bland references to ‘partnership’ hide this fact and, as the smaller and less well-endowed ‘partner’, it is inevitable that our message—such as it is—gets lost and we become less in the eyes of our developing country clients.
- **A mixed bag.** The outcome document does not contain that many concrete proposals for change. It does however include language on issues raised by developing countries, and these provide a basis for follow up that could expand the UN’s role, provided we have the capability to engage credibly. For example, the Outcome Document highlights the need for developing country policy space. It includes a recognition that countries have “the right to use legitimate trade defense measures” and to “impose temporary capital restrictions” (the US objected to this language, suggesting that old tendencies survive with the new administration, but significantly it did not move to have these references deleted from the final text).
- **IFI conditionality.** Many developing countries spoke forcefully against it. The final text said only that new and ongoing [IFI] programmes should not contain “unwarranted pro-cyclical conditionalities.” In our partnership with the World Bank and other IFIs, are we ready to contest these and other conditionalities, including procedural conditionalities internal to general budget support arrangements?
- **Tax evasion and capital flight.** Not much was said about this. The conference called for “international standards for exchange of information” but did not mention who should implement these or how rigorous they should be. Commitments to “examine the strengthening” of “international cooperation in tax matters” including the UN tax committee did not go further than Doha. Still, an estimated US\$800 billion departed the Global South for the Global North last year in terms of tax avoidance or tax evasion. Shouldn’t UNDP be using more of its one per cent ODA market share to leverage that volume as bankable development investment in the South? The Outcome Document seems to provide space for this sort of investment

- **Emergency finance or aid.** Not much here either, though donors were encouraged to work on their own “national timetables” to meet “established ODA targets”, although rather oddly the Holy Grail of 0.7 per cent was not mentioned. It’s worth us pursuing the Gleneagles Scenario, though I tend to think that Northern NGOs can exert pressure more effectively on their own governments to meet ODA commitments. We should be teaming more aggressively and effectively with civil society to build on such pressure.
- **The Paris Declaration and Accra Agenda for Action.** Not mentioned at all, because developing countries do not recognize the legitimacy of a process led by OECD/DAC. It’s not as easy for UNCTs though. What operational guidance are we providing to UNCTs that are caught up in traditional donors and their ‘new’ aid modalities? This needs to be urgently clarified and I hope the inter-agency work on this issue bears fruit, and soon.
- **Innovative financing.** This gets a paragraph and the fact that these should “be a supplement and not be a substitute” for traditional sources. We have country teams across the regions, including most recently perhaps in Ethiopia, supporting governments to explore new forms of development finance. Since financial independence is Route One to the modern equivalent of economic autarky and therefore to the exercise of sovereign interests, this is an area ripe for UNCT capacity development support. The financial crisis is hitting all forms of development finance hard and it would seem fairly obvious then that our pursuit of TCPR objectives obliges the UN development system to invest heavily in policy research and practical support in this area
- **Green development.** Climate change were mentioned, but overall the language on green recovery is weak: “we acknowledge that the response to the crisis presents an opportunity to promote green economy initiatives.” This is quite dismal, in fact, and cause for redoubled evidence-based advocacy in the build up to Copenhagen.
- **Follow up.** There is mention of an “ad hoc open-ended working group of the General Assembly” mandated to follow up on the Outcome Document after the UN General Assembly in September. ECOSOC is asked to make further recommendations, and consider the “possible establishment of an ad hoc panel of experts on the world economic crisis and its impact on development.”

With 94 UNDAFs coming ‘online’ between 2010 and 2013, we have an opportunity to shape up and introduce an revitalized UN development system service offering that is in tune with the sentiments and the needs of the Global South. The output of discussions such as this will help shape the content to those arrangements, so I look forward to the outcome of the present exercise.

Regards,

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July 9, 2009

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8. Listening to the Voices of the Developing Countries

The contribution from Abdul is highly relevant since it asks several times if we (UN and UNDP) are effectively listening to the voices of the developing countries on the global crisis and asks how UNDP is positioning itself in the North-South relations.

Having participated at the Seventh Special Session of UN GA in 1975 on New International Order as part of Dutch delegation with Minister Pronk as Chairman, I vividly remember the diplomatic statement at its end "UN member countries Agreed to Disagree". Nothing was agreed upon between North and South while the 0.7% target was already and still is there. The UN development decades past one after the other without a fundamental system change in international trade, finance and economy.

Working for UN FAO in about 34 developing countries on rural development, I am deeply disappointed about the separation of UNDP and FAO in assisting the rural poor in particular in empowering them as rural entrepreneurs through their own associations and partner institutions. I have observed UNDP efforts to promote local participation of women in decision-making as one of the key strategic development approaches needed to bring change in the system from below. Yet the separation between civic empowerment and rural entrepreneurship explains the failure to really build a strong local basis for democratic self-government and sustainable economic development from below by the poor, the small and marginal farmers and users of natural resources. My track record demonstrates the demand for such type of development approach.

Why is this perspective directly important for reflection on the content of the Outcome Document and future role of UNDP?

My major point is that the lack of representation in UN country delegations and UN agencies in WTO negotiations in major Financial Institutions such as WB and IMF, and a lack of voice of the poor will continue to contribute to the " Unrealistic development premises and inadequate N-S development approaches unable to respond to peoples' need s, especially that of the poor.

1. Despite the rapid urbanization in developing countries still most of the poor live in rural areas lacking food security. If anything would be a red light for UN approach to be self critical it is the rising number of hungry people and rural disabled, landless in the developing world.
2. Global solutions need to be agreed upon as a result from a national consultation process starting from local level in particular in rural areas in developing countries. Yet in

many cases this is an incomplete or infrequent affair due to lack of an enabling institutional framework for social political and economic empowerment of rural poor and their effective participation in local decision-making and markets. Local participation in decision-making and markets of rural poor needs suitable institutions beyond self-help groups and cultural political advocacy groups but much more promotion and adoption of one of the most successful social enterprise development models which is cooperative development. Here developed and developing countries (North and South) can meet each other with mutual understanding. What a membership-based cooperative enterprise means for local production and services for development? I have worked with most destitute people in remote areas who by themselves found cooperative development the best model for socio economic development. The SG UN (UNDESA) fully supports this development approach. So far I have not seen many UNDAF strategy and program documents on this topic, let alone WB and other major donor agencies, but of course there are exceptions.

3. "The International Cooperative Alliance recently published some data about the top 100 cooperatives in the world with a total turnover equal to the GDP of Canada. Just to indicate that through genuine cooperative development, it is possible to mobilize people and resources locally, engage communities, and reach out to national regional and international markets. Today there are potential powerful South-South cooperative trade agreements and North-South trade fairs are regularly held. Many of the pensioners who lost their money, small scale investors in the unregulated global banking system regret to have risked so much of their life savings while there has always been a modest but transparent and solid alternative of savings in a cooperative bank. Many UN staff use their credit unions for savings and loans so why there is so much hesitance to apply this banking/enterprise model throughout all programs of UNDO and other UN agencies in agriculture, rural economic development, education and health services etc. National strategies covering all major development sectors should include a participatory cooperative enterprise development model. Small farmers and other rural poor have been able to build their houses; enterprises pay their health bills and education because of the local services of agricultural/rural credit unions.
4. The future of the financial and economic system depends in part on the role emerging economies will play in the decision-making in IMF and WB, as well as their ability to set up their own reserve banks for mutual support. But it also depends on factors such as local empowerment towards global levels of decision-making in Finance, Trade and Development, strengthening local institutions for empowerment of rural poor, and combining capacity building for participatory local governance with genuine cooperative enterprise development.

Kind regards,

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