

**DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS****MISSION REPORT SUMMARY**

Submitted by:		
Name: Hamid Rashid Date: 11 May 2012		
Division: DPAD/OD		
<p>Visit: Indicate name and venue of meeting(s), project(s), etc.</p> <p>Presentation of research findings and discussions with EDD and UNDP to finalize the Research and Policy Analysis (RPAP) programme – Pretoria and Johannesburg, South Africa. Macroeconomic Advisory Capacity Scoping Mission to Phnom Penh, Cambodia Consultations on the Istanbul Programme of Action (IPoA) for LDCs with colleagues in the Countries with Special Needs (CSN) unit in the Macroeconomic Policy and Development Division (MPDD) of UN-ESCAP in Bangkok, Thailand The mission to hold consultations with the Asia Pacific Finance and Development Centre (AFDC) in Beijing, China was cancelled at the last minute.</p>		
Mission Dates	Travel itinerary (<i>Country</i>)	
Johannesburg and Pretoria, South Africa	From: 16/04/2012	To: 25/04/2012
Dubai, UAE (bridging of two missions)	From: 26/04/2012	To: 29/04/2012
Phnom Penh, Cambodia	From: 30/04/2012	To: 04/05/2012
Bangkok, Thailand	From: 05/05/2012	To: 09/05/2012
<p>Purpose of mission:</p> <p>South Africa: a. To participate in the Economic Forum organized by the Economic Development Department (EDD), Government of South Africa and to make a presentation on the linkages between finance and infrastructure development. b. To finalize the terms of reference of the Research and Policy Analysis Programme (RPAP) for EDD, jointly implemented by UN-DESA, UNDP and EDD in partnership with Corporate Strategy and Industrial Development (CSID) at the University of Wits, Johannesburg; c. To finalize the funding arrangements with UNDP for implementation of RPAP; d. To organize capacity development and training sessions with EDD on analyzing the macroeconomic framework of the New Growth Path (NGP).</p> <p>Cambodia: To undertake a joint (along with UN-ESCAP) scoping mission, at the request of H.E. Keat Choan, Hon'ble Deputy Prime Minister, to assess the macroeconomic policy challenges confronting the Government of Cambodia and develop a programme for capacity development of the officials of the Ministry of Economy and Finance and the National Bank of Cambodia.</p> <p>Thailand: To hold broad discussions with colleagues in the MPDD Division in UN-ESCAP, with a particular focus on:</p> <ul style="list-style-type: none">a. Building strong operational partnership between UN-DESA and UN-ESCAP to provide macroeconomic policy advisory and capacity development support to the LDCs in the Asia-Pacific region;b. Discussing and finalizing the project document of the Macroeconomic Advisory Capacity (MAC), phase II project, where ESCAP will be an implementing partner;c. Finalizing the financial contribution of UN-ESCAP for the upcoming high-level conference on Developmental Central Banking in January 2013		
Brief Summary of work accomplished:		

In **South Africa**, I held several meetings with Minister Ebrahim Patel of the Economic Development Department (EDD). In a public meeting, with over 100 in the audience, Minister Patel thanked UN-DESA for the capacity development technical assistance. In bilateral meetings, the Minister emphasized the need for timely delivery of RPAP objectives. He wanted to make sure that at least two research papers will be available for wide dissemination in a policy dialogue in November this year.

I held several rounds of discussions with EDD senior officials and CSID researchers to explain the key findings of my policy note, "Challenges to Stimulating Employment-led Growth in South Africa: An Outside Perspective" (copy enclosed). EDD, including Minister Patel, agreed with the key findings of the policy note and requested DESA to lead further research on this topic, involving relevant South African experts in the exercise. At the request of EDD, I held extensive consultations with a group of South African researchers particularly with Prof. Seeraj Mohammed and Prof. Rex Mckenzie of Corporate Strategy and Industrial Development (CSID) in the University of Witwatersrand. In consultations with EDD, CSID and UNDP, we finalized the ToR of the RPAP sub-project. It was agreed that the RPAP research would present strong empirical evidence on how financialisation is affecting employment, equity and economic development of South Africa. For EDD, the key consideration is the impact on employment and equitable growth. I also held extensive discussions with UNRC and UNDP Senior Economist and UNDP agreed to contribute USD 200,000 for implementation of RPAP during 2012.

My presentation on the role of finance in infrastructure development at the EDD Annual Economic Forum was very well received. The Forum had over 300 participants from various government agencies, academia, private sector and civil society organizations. My presentation contributed to enhancing the visibility and credibility of UN-DESA. As the keynote speaker, I gave a presentation (copy enclosed) at EDD and also at a large policy seminar organized by Trade and Industrial Policy and Strategies (TIPS) – a leading think-tank of South Africa. (copy enclosed)

I also participated in several capacity development sessions with the officials of EDD to discuss and analyze the macroeconomic policy framework of NGP. The participants expressed strong interests in the session and requested for several more follow-up sessions.

In **Cambodia**, the mission (along with ESCAP) met several key ministers and governor of the central bank. The meeting with H.E. Ly Thuch, Senior Minister, was particularly useful given his strong interest in collaborating with the UN. The Cambodian Government expressed strong interests in receiving technical assistance from UN-DESA and ESCAP in overcoming the problem of dollarization, which is impeding access to credit and full economic potential of Cambodia. The mission was able to demonstrate that the high degree of dollarization and a fully liberalized capital market made Cambodia very vulnerable to external economic shocks. It is not at all surprising that Cambodia was the worst affected economy in South East Asia during the recent global economic crisis. The Government showed strong interest in receiving policy advisory support to make the Cambodian economy more resilient against shocks. There was also considerable interest as to how Cambodia could develop its capital market, learning from the successes and mistakes of other developing economies. Finally, the Government showed strong interest in partnering with UN-DESA and UN-ESCAP to develop its development strategy, which will allow Cambodia to graduate from the LDC group before the end of the current decade. During our stay, we also held extensive discussions with UNDP (UN Resident Coordinator and the UNDP Country Economist), IMF Representative and the ADB Deputy Country Director. UNDP showed strong interest in supporting follow-up activities of the mission, particularly in organizing a sub-regional training workshop on industrial policy and national development strategies in early November.

In **Thailand**, I spent two working days in ESCAP to brief colleagues about the MAC and NDS activities in the Asia-Pacific region. These discussions helped develop an outline for collaboration between UN-

DESA and ESCAP in the region. We agreed that in addition to supporting our on-going engagements in Bhutan and Cambodia, the MAC project will join hands with ESCAP to provide policy advisory and capacity development support to Myanmar and Lao PDR as well as to Papua New Guinea. ESCAP will use its own LDC Trust Fund resources to co-finance MAC activities in the region, particularly activities that would accelerate the graduation of these LDCs. ESCAP also showed strong interests in collaborating with UN-DESA to implement the phase II of the MAC project, which is yet to become operational. The phase II of the MAC project will train chambers of commerce and media in selected LDCs about various macroeconomic policy options and how they impact private sector development, employment, growth and income distribution. ESCAP gave some comments on the draft project document and observed that it under-estimated the venue costs of the proposed national and sub-regional training workshops, as proposed in the project document.

Finally, after some serious discussions, ESCAP agreed to contribute USD 100,000 for organization of the upcoming high-level event of the LDC central bank governors, scheduled to take place in January 2013. It was agreed that ESCAP would formally communicate the decision to UN-DESA.

Recommendation(s)/Action to be taken:

- a. A more detailed, technical report on the scoping mission to Cambodia is being prepared, which will be shared with the Government of Cambodia, ESCAP and UNDP for necessary follow-up actions.
- b. MAC project, in partnership with the Government of South Africa, will organize a sub-regional inception workshop on "Financial Sector Policies, Employment and Economic Development" on 3-6 July, which will also afford an opportunity to formally launch RPAP. The workshop will bring together 4-5 internationally renowned experts, including Prof. Joseph Stiglitz. EDD will bear all costs related to venue and local hospitality of international experts.
- c. Following up on the strong interest expressed by the Government of Cambodia, UN-DESA and ESCAP will organize a sub-regional training workshop in Cambodia in early November or early December (dates to be confirmed). It is expected that Director, DPAD would be able to participate in the training workshop as one of the key resource persons.

Distribution

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Travel Report Summaries shall be prepared within three days after completion of mission.