

Eighteenth Meeting of the  
**United Nations Economist Network (UNEN)**

Wednesday, 14 July 2021  
8:30 – 10:30 a.m.

Mr. Elliott Harris, Assistant Secretary-General of the Department of Economic and Social Affairs and Chief Economist of the United Nations, introduced the agenda: (i) UNDESA World Social Report 2021: Reconsidering Rural Development; (ii) New Economics for Sustainable Development (NESD); and (iii) Update on Working Groups on Digital Economic Transformation; and Innovative Financing.

**UNDESA World Social Report 2021**

Mr. Nazrul Islam, Officer-in-Charge, Development Research Branch, EAPD, DESA presented the World Social Report 2021 summarizing the three main messages of the Report. Firstly, poverty is a rural phenomenon and, historically, higher productivity in agriculture and rural development had a preceding role in successful industrialization. Therefore, rural development needs to be at the forefront of attention. Secondly, time has come to end the rural-urban divide through the rapid spread of new technologies that enable *in situ* urbanization and a broader role for rural development. Thirdly, sustainable rural development is also important for high-income countries with industrialized agriculture because current rural development has led to considerable degradation of the natural capital and the rise of zoonotic diseases, including COVID-19.

The Report notes that the new technologies can reduce the input requirements of agriculture, saving land, water, and help promote organic and mixed farming, and can facilitate leapfrogging e.g., the use of cell phones instead of land phones. Countries would have to make a Big-Push by investing in physical and social infrastructure or undertake critical investment in strategic areas according to countries specific circumstances, which could trigger processes with wider impact. Finally, the WSR 2021 highlights how smallholder agriculture can be conducive to achieving various objectives of social and environmental sustainability.

In the discussion, Mr. Harris underscored the role of digital technologies in rural development, referring also to the UNEN work on digital economic transformation. Mr. Clark (FAO) referred to the FAO 2021 report and the importance of food agricultural systems and their impact on several SDGs as well as the interconnections among the SDG targets. He also warned about the emphasis on higher agricultural productivity with negative environmental impacts. Mr. Jacob added that the current task is how to take the Report's main messages to the operational level and affect positively the lives of rural populations. Mr. Asad recalled the importance of ecosystems in agriculture and the fact that national development planning often has an urban-rural bias. Participants discussed the importance of technology through more concerted and well-directed rural development efforts and bringing development to rural communities, rather than mainly focusing on urban settings. It is important to take this forward in the UN's development work on the ground.

## **New Economics for Sustainable Development**

The eight Working Groups provided updates on their discussions and engagements regarding the preparation of the zero drafts of Policy Briefs pertaining to the main areas of the working groups.

**Blue Economy Working Group:** The focus of the Policy Brief is being discussed, trying to not dive deep into the complex subjects of the Blue Economy but focus on the added value from a human and natural capital perspectives. Thus, the Brief would open a policy avenue to help communities to fully participate in the economic development process, where industries would also operate and contribute.

**The Green Economy Working Group:** It has yet to convene a general meeting of its members to continue the discussion in order to formulate a zero draft.

**Purple/Care Economy Working Group:** One meeting was held in order to define the approach for the Policy Brief and a Google Doc link has been created for everyone to contribute to the process. The Brief will not only focus on care but, in particular, on the role of women and gender in a broad spectrum. Mr. Harris advised to reach out to UN Women and find out whether they would like to contribute.

**Circular Economy Working Group:** Preliminary responses to the template have been drafted with the participation of members of the Working Group, and now the team is reflecting on the possible focus and structure of the Policy Brief. The identification of interlinkages among the different NESD concepts would be important for policy purposes. Mr. Harris advised to reach out to UNEP as they have done quite a lot in the circular economy area.

**Orange/Creative Economy Working Group:** Information that will be used for the Policy Brief will be recycled from all the materials that UNCTAD has.

**Social and Solidarity Economy:** The team met once and considered how to link the Policy Brief with other NESD concepts and related SDGs. The intention is to provide useful analysis for country UN colleagues using the work that has been on-going for quite some time at the UN. The Policy Brief will draw on country examples, policies, papers, statistics, and a compilation of related work to the social and solidarity economy. The Brief would be ready sometime between the 3<sup>rd</sup> week of August and the 1<sup>st</sup> week of September.

**Yellow/Attention Economy:** There is little information available about this concept, therefore the Brief is aiming to engage in discussions at the country level by organizing a Webinar, including experts of both developing and developed countries, to find out best practices, ideas and inputs. The scope of the Policy Brief will be kept broad.

**Frugal/Innovation Economy:** The team organized its first meeting to discuss the template and created a Google Doc to receive members' inputs. The concept overlaps with the other NESD concepts so that will be the focus of the Policy Brief (e.g., how to promote innovation on the ground and its links with the other concepts). For example, the analysis would include the rate of return on investment, multiplicative effects, links to circular economy, and country examples.

Mr. Harris referred to relevant work of the International Resource Panel on the energy transition as well as on resource use from a circularity lense.

Regarding the timeline for the Policy Briefs, Mr. Harris proposed to have a zero draft by early September before the UNGA, and the next UNEN meeting during the 1<sup>st</sup> week of September. The policy briefs would build out the interlinkages among the NESD concepts, and elaborate on how a NESD concept is different from the mainstream economics. Then, the policy briefs would be disseminated among UNEN members, including country teams, for comments and improvement during September-October; and have a clean draft with policy recommendations by November. The second phase would be devoted to shaping the appropriate presentation of the policy briefs, and reaching out to other links outside the United Nations.

All of the groups agreed to the proposed deadline by first half of September - having the whole network feed into the various Policy Briefs in rough form and move onto the next round to polish by late Oct/Nov and making it available to UNCT.

### **Update on Working Groups on Digital Economic Transformation and on Innovative Financing.**

#### **Digital Economic Transformation**

Updates on the three workstreams on Digital Economic Transformation were presented looking at how it links and interacts with existing notions of structural transformations and impacts of digital technologies on employment.

On Worksteam 1 - Defining Digital Economic Transformation, Mr. Jacob noted that a Powerpoint presentation had been circulated to group members, who provided inputs for refining the focus and policy-orientation of this part of the Brief. He noted that the digital transformation is occurring as the boundaries among agriculture, industry and service sectors are being blurred, and underlined the positive impact of digital technologies on productivity and its implications for capital and labour mobility.

Mr. Kamiya informed on progress in Workstream 2 on the Digital Economic Transformation for MSMEs in various areas, such as the diffusion and adoption of technologies, leapfrogging of least developed countries, new industrial policies, and contacts made with country regional offices. The team is planning to organize a webinar in August.

Mr. Asad stated that big companies such as Amazon have entered into unfair competition with MSMEs, which calls for a regulatory competitive framework. Mr. Harris referred to ongoing work in the HLCP, which focused on the appropriate regulation of digital technologies, particularly artificial intelligence.

In reference to the Workstream 3 on the impacts of digital technologies on employment, Mr. Haraguchi informed that a literature review is being carried out, albeit data availability is an issue.

## **Innovative Financing**

Mr. Harris informed that there are three work streams in progress: inventory of types of Innovative Finance; policy and institutional issues; and analysis of Fintech to facilitate financial inclusiveness. A summary of the three streams of work on innovative finance was provided e.g., the notes prepared by Mr. Palacín on the Definition(s), the note by Mr. Stuart on the Inventory, and Ms. Ajambo on the Fintech and financial practices.

With regard to Workstream 1, Mr. Palacín introduced his note on labelled bonds, and acknowledged the inputs of Mr. Stuart on the definitions of innovative finance, including additionality and effectiveness issues. He stressed the important of understanding the driver(s) of demand for the new instruments and the type of regulations to support their growth.

With regard to Workstream 2, Mr. Harris invited reflection on the role of regulators and central banks in fostering the supply of innovative finance products. Similarly, it is important to reflect on the role of credit ratings that tend to penalize developing countries and to find out a better assessment of risk.

With regard to Workstream 3, Ms. Eunice Ajambo stressed that the Fintech part of the paper can be cross-cutting, as enabler and driver of innovative finance, allowing for country variations in fintech experiences, and making the instrument quite fit for engaging in the innovative finance dialogue. All contributions would be coming together and be ready by the first week of September.

Mr. Ali kindly informed that he would be sharing the links to recent workshops and presentations that UN ESCAP had organized with SIDS and ASEAN in the broader area of innovative/sustainable finance in June 2021. He specifically mentioned the Workshop on Innovative Climate Financing Instruments: Supporting Post COVID-19 Pandemic Recovery in Asia-Pacific Small Island Developing States and the South-East Asia Policy Dialogue on Sustainable Finance: Innovating Finance for the 2030 Agenda. The links and documents have already been disseminated among members of the Innovative/Sustainable Finance working group.

Mr. Harris referred to an email from the IMF offering to UN staff the opportunity to participate in the IMF's the Summer School on Fiscal policy and responses to COVID-19, which includes a weekly presentation on economic growth, monetary policy, etc. CEPAL also announced in the chat box of the current meeting a link to a Summer School.

Ms. Carpentier informed that the UNCTAD Digital Economy Report will be available, which would be introduced at the UNEN meeting in September.