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Latin American and Caribbean Regional Consultation on
Financing for Development

Bogotá, D.C., 9 and 10 November 2000

PROVISIONAL ANNOTATED AGENDA

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- B. ANNOTATIONS TO THE AGENDA
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A. BACKGROUND AND OBJECTIVES OF THE CONSULTATION

By its resolution 54/196, entitled “High-level international intergovernmental consideration of financing for development” of 22 December 1999, the General Assembly decided to convene a high-level intergovernmental event in 2001 for political decision makers, at the ministerial level or higher, on financing for development. The aim is to address national, international and systemic issues relating to financing for development in a holistic manner within the context of globalization and interdependence. It also decided that the event would address development through the perspective of finance and that, within that overall context, it should also address the mobilization of financial resources for the full implementation of the outcome of major conferences and summits organized by the United Nations during the 1990s and the implementation of the Agenda for Development,¹ in particular with regard to poverty eradication.

On 31 March 2000, the Preparatory Committee for the High-level International Intergovernmental Event on Financing for Development decided (A/AC.257/6) that the financing for development (FfD) process would be enriched by holding a series of regional consultative meetings, the results of each of which would be reported to the Preparatory Committee. It therefore requested the regional commissions, in conjunction with regional development banks and UNCTAD, to organize such consultations on substantive matters before the Preparatory Committee during the second half of 2000. In appreciation of the diversity of regional and subregional organizations and interests, the Preparatory Committee suggested that the planning of the regional consultations be left to the regional commissions, under the overall coordination of the FfD coordinating secretariat in New York, which is to keep the Bureau of the Preparatory Committee informed of planned activities.

In accordance with the foregoing, the secretariat of the Economic Commission for Latin America and the Caribbean has availed itself of the offer made by the Government of Colombia to host the meeting and has organized the Latin American and Caribbean Regional Consultation on Financing for Development, to be held in Bogotá, D.C., on 9 and 10 November 2000.

¹ See the annex to resolution 51/240.

B. ANNOTATIONS TO THE AGENDA

1. Election of Presiding Officers

During the meeting of the Heads of Delegation, which will be the first activity held as part of the Consultation on 9 November 2000, officers will be elected to preside over the proceedings. These officers will include a chairperson, two or more deputy chairpersons and a rapporteur.

2. Adoption of the agenda

It is proposed that during their meeting the Heads of Delegation adopt or modify the following provisional agenda:

1. Election of Presiding Officers
2. Adoption of the agenda
3. External crisis prevention and management: systemic aspects and national policy
4. Access to external financing for development
5. External constraints, the debt overhang and the decisive role of trade in development financing
6. National aspects of financing for development
7. Consideration and adoption of agreements

This provisional agenda has been prepared by the secretariat on the basis of the preliminary agenda adopted by the Preparatory Committee for the High-level International Intergovernmental Event on Financing for Development on 5 June 2000 (A/AC.257/L.2/Rev.1) in accordance with the decision taken by the Preparatory Committee regarding regional diversity (A/AC.257/L.1/Rev.1). The foregoing has made it possible to structure the agenda for the Latin American and Caribbean Regional Consultation on Financing for Development around those issues of greatest relevance to the region. Accordingly, it is proposed that the systemic aspects mentioned in item No. 3 should be addressed first, since a coherent and consistent international financial system is a prerequisite for stable, sustainable financing for development.

3. External crisis prevention and management: systemic aspects and national policy

The consideration of this item will include an examination of the available mechanisms for the prevention of external crises at both the international level (macroeconomic policy coordination, peer policy oversight, the role of international organizations such as the International Monetary Fund and regional bodies, etc.) and at the national level (regulation and supervision of the financial system, consistent macroeconomic policies, the improvement of domestic and external debt profiles, prudential regulation of capital flows, stabilization funds, etc.). Possible ways of resolving external crises, including international and regional emergency

finance mechanisms and orderly schemes for refinancing external liabilities, will also be discussed.

4. Access to external financing for development

In addition to exploring different ways of increasing and consolidating private flows, particularly of long-term capital, and examining the factors affecting foreign direct investment and its impact on development, it is proposed that the debate on this item should cover the roles of the various echelons of international development banks (World Bank, IDB, subregional banks). The discussions on these issues should also include a consideration of the special situations of low-income and small countries.

5. External constraints, the debt overhang and the decisive role of trade in development financing

This session will address issues relating to means of overcoming external constraints, including the role of development banks in securing external financing for countries having limited access to private capital markets, the recovery of former levels of official development assistance, the Heavily Indebted Poor Countries (HIPC) Debt Initiative, schemes for dealing with the debt overhangs of middle-income countries and the promotion of the further development of the export sector, with special emphasis on trade in commodities, as a source of foreign-exchange earnings.

6. National aspects of financing for development

It is proposed that this session should be devoted to an analysis of policies relating to public and private saving, domestic financing for public and private investment, and means of lengthening the terms of financial savings through, *inter alia*, the development of institutional savings agents. This would include an examination of the type of institutional structure needed in order to channel more financial resources into real investment, the role of development banks and of the central bank in national systems, means of mobilizing the savings capacity of sectors that are lagging behind, and ways of improving small and medium-sized enterprises' access to financial markets.

7. Consideration and adoption of agreements

Upon the conclusion of the Consultation, a document reflecting the agreements reached by the governments of the region regarding the mobilization of financing will be adopted. This document will serve as an input for the preparatory process leading up to the High-level International Event.

C. DOCUMENTATION AND ORGANIZATION OF THE WORK

In order to contribute to the intergovernmental discussions concerning the four substantive items on the agenda, the secretariat is planning two main inputs: a document prepared by the secretariat of the Commission, and panels of experts on specific topics to be held during the meeting.

In addressing the various aspects of financing for development, the ECLAC document focuses on the conditions required in order to ensure the stability of saving, investment and growth. It begins with an assessment of the region's performance during the past decade in terms of growth, investment and its financing. It then goes on to examine the question of the prevention and management of external crises. In the course of this discussion, emphasis is placed on the need for stability in both nominal and real terms so that the economies of the region will be able to remain on their medium-term growth path. Attention is also focused on the contribution to development that a new international financial architecture could make. This section is followed by an examination of flows and sources of external financing. As part of this analysis, consideration is given to the situation of countries with little access to international capital markets and heavy external debt burdens, which find their growth constrained by their inability to finance the necessary level of imports. Within this context, particular attention is devoted to the role of trade and especially to the need to strengthen export capacity as a source of foreign exchange and as a means of reducing external vulnerability. The final section of the document is devoted to a discussion of policy approaches designed to increase the supply of long-term domestic resources, boost public and private saving, and create conditions that will allow resources to be converted into real investment more efficiently. The study closes with an analysis of the need to galvanize the savings capacity of lagging sectors so that these resources can be channeled into investment.

The working sessions of the meeting have been structured around four high-level panels of experts on specific subjects. The members of the panels will be drawn from government agencies, specialized international organizations and academic institutions. It is hoped that these panel discussions will give rise to an exchange of experiences and views among the delegates that will focus, in particular, on the specific characteristics of small economies as they relate to each of these subjects and that will help to shape a regional position on the various issues in question.

With a view to facilitating the adoption of a declaration reflecting the agreements reached by the governments of the region regarding the mobilization of financing, which will then serve as an input for the preparatory process leading up to the High-level Event, a drafting group open to all delegations will be formed midway through the first day of the Consultation. This group will work in parallel with the plenary sessions.

Working document

Growth with stability. Financing for development in the new international context (LC/G.2117(CONF.89/3)).

Reference documents

Equity, development and citizenship (LC/G.2071(SES.28/3))

The Fiscal Covenant: Strengths, Weaknesses, Challenges (LC/G.1997/Rev.1-P)

United Nations, Towards a New International Financial Architecture. Report of the Task Force of the Executive Committee on Economic and Social Affairs (LC/G.2054)

The international financial crisis: an ECLAC perspective (LC/G.2040)

The Caribbean in the Decade of the 1990s: Summary (LC/CAR/G.600)

Foreign Investment in Latin America and the Caribbean. 1999 Report (LC/G.2061-P)

Foreign Investment in Latin America and the Caribbean. 1998 Report (LC/G.2042-P)

Latin America and the Caribbean in the World Economy, 1998 (LC/G.2038-P)

