



**SUMMARY OF
EXPERT GROUP MEETING ON
“REGIONAL COOPERATION ON FINANCING FOR DEVELOPMENT”**

New York, 15-16 November 2010

Prepared by

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1.

important in, among other things, mobilizing finance for regional infrastructure and public goods. Last, but not least, the role of regional development banks and other organizations in mitigating the risks facing foreign investors is also a useful area for comparing and critically reviewing experiences.

- Related to the above point, reference was made to cooperation in creating regional capital markets. On the one hand, there is scope for cross-fertilization of experiences with regard to developing regional bond markets. For example, the Asian Bond Markets initiative has generated larger and more diverse local currency-denominated bond markets in the Asean +3 region. At the same time, it was also pointed out that th

- Regionally integrated aid for trade can enhance trade-related infrastructure (e.g. through improvements in cross-border facilities), transport and productive capacity. A participant argued that in many instances infrastructure is a greater obstacle to trade at the regional level than tariffs. There is also scope for cross-regional learning through looking at how the different regional development banks have supported aid for trade and whether there are best practices that can be adopted elsewhere. Moreover, it is important that regional approaches in trade-related areas, such as infrastructure development, economic corridors, trade finance, competitiveness, and trade capacity, are backed by national strategies. Regional development banks and organizations need to ensure this alignment.
- Future collaboration on trade at the regional level should aim to effectively consolidate the current multitude of free trade agreements (FTAs), through the simplification of tariff schedules, rules, and standards. It was argued that the various FTAs should be consolidated into region-wide agreements. The untangling of these complex agreements and the formulation of harmonized standards and rules would require a concerted region-wide effort.
- The current lack of emphasis on trade facilitation (as opposed to trade agreements) was pointed out. Better trade facilitation can lead to enormous savings for businesses and economies. Regional arrangements can promote this through, among other things, promoting more effective customs procedures and regulatory cooperation.

D) REGIONAL INITIATIVES FOR INCREASING INTERNATIONAL FINANCIAL AND TECHNICAL COOPERATION FOR DEVELOPMENT

8. The discussion highlighted that regional integration can complement the existing aid architecture and provide additional and more concessional resources for development finance. The following points were emphasized during the presentations and discussions:

- Regional and subregional development banks should increase their funding for hard infrastructure (large physical networks), such as transportation, utilities and communication, as well as soft infrastructure (the institutions required to maintain the social and economic fabric), such as education, health and the financial sector. Frequently, these infrastructure investments target regional public goods, which have not received proper funding through national and international channels of development finance, including cross-border transportation facilities, environmental programmes and health initiatives. Whereas regional development institutions devote a significant share of their funding to these projects, there is a need to further increase volume and concessionality.
- Regional funds and mechanisms can generate large resources from the private sector through, for example, nations improving their credit rating and thus raising capital more effectively than they would separately. Further consultations could highlight best practices relating to such forms of co-financing and promote more effective intra and inter-regional cooperation in this field. For example, the Andean Development

- Member countries of regional organizations, mechanisms and arrangements need to foster the necessary institutional environment to overcome key constraints for regional integration. For example, limited capacity and inadequate funding, slow implementation

experiences and best practices, and outlining ways to enhance regional cooperation and its impact on financing for development. There was agreement on the following:

- There is great potential in building on the expert group-meeting and taking the discussion to the regional level next year, with ADB, AFDB and IADB agreeing to sponsor regional multi-stakeholder consultations.
- Following the regional meetings, there would be a final meeting that would consolidate the findings of the different regional meetings and, in particular, emphasize areas for cross-fertilization in terms of experiences, best practices and policies. This final meeting would be held close to the time of the 2011 High-level Dialogue on Financing for Development (which will take place in New York on 7 and 8 December, 2011) and out of it would emanate a policy document that would be circulated to policy makers and other interested parties.
- In addition, to the above policy document, consideration should be given to bringing out a longer publication in early 2012, which would coincide with the 10th anniversary of the Monterrey Consensus.

12. As an immediate next step, it was agreed that the Financing for Development Office would prepare an informal summary and circulate it to all participants for inputs and comments. In the meantime, the regional development banks and other interested parties would propose possible dates for the regional meetings. These actions would be finalized by the end of 2010. It was further agreed that the findings of the regional multi-stakeholder consultations should feed into the 2011 High-level Dialogue on Financing for Development.

Annex

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