WP/10/12

MPDD WORKING PAPERS

Global Partnership for Strong, Sustainable and Balanced Growth: An Agenda for the G20 Summits

Nagesh Kumar, Shuvojit Banerjee,
Alberto Isgut and Daniel Jeongdae Lee

UNITED NATIONS
ESCAP
Economic and Social Commission for Asia and the Pacific

Global Partnership for Strong, Sustainable and Balanced Growth: An Agenda for the G20 Summits

Nagesh Kumar, Shuvojit Banerjee,
Alberto Isgut and Daniel Jeongdae Lee

UNITED NATIONS
ESCAP
Economic and Social Commission for Asia and the Pacific

Recent MPDD Working Papers

Macroeconomic Policy and Development Division (MPDD)
Economic and Social Commission for Asia and the Pacific
United Nations Building, Rajadamnern Nok Avenue
Bangkok 10200, Thailand
Email: escap-mpdd@un.org

Director
Dr. Nagesh Kumar

Series Editor
Dr. Aynul Hasan

WP/10/12

MPDD Working Papers
Macroeconomic Policy and Development Division

Global Partnership for Strong, Sustainable and Balanced Growth: An Agenda for the G20 Summits

by Nagesh Kumar, Shuvojit Banerjee, Alberto Isgut and Daniel Jeongdae Lee*

November 2010

Abstract

Since its first meeting in December 1999 in Berlin, the Group of 20 has come a long way to establish its relevance, credibility and emerge as a premier council for global economic cooperation. It proved to be very effective forum for discussing and implementing a globally coordinated response to the global financial and economic crisis since November 2008. Besides immediate emergency response to the crisis, the G20 has expanded its agenda to cover a number of issues that are important for the global economic growth and financial stability with the adoption of a Framework for Strong, Sustainable and Balanced Growth. The Fifth G20 Summit, held in November 2010 in Seoul, Republic of Korea, the first time in a non-G7 country, also expanded its agenda to cover Development. This paper reviews some key issues of interest to developing countries of the Asia-Pacific region having a bearing on the agenda at the G20 Summits.

---

* Nagesh Kumar is Director, Shuvojit Banerjee and Alberto Isgut are Economic Affairs Officers and Daniel Jeongdae Lee is Associate Economic Affairs Officer at the Macroeconomic Policy and Development Division (MPDD) of ESCAP. Views expressed should be attributed to the authors and not to the UN or its member states.

An earlier version of this paper served as a background paper for the High-level Consultation on the G20 Seoul Summit: Perspectives from Asia-Pacific, organized by ESCAP in Bangkok on 25-26 October 2010.

Global Partnership for Strong, Sustainable and Balanced Growth: An Agenda for the G20 Summits

Nagesh Kumar, Shuvojit Banerjee, Alberto Isgut and Daniel Jeongdae Lee

1. Introduction

Since its first meeting in December 1999 in Berlin, the Group of 20 or G20 has come a long way to establish its relevance, credibility and emerge as a premier council for global economic cooperation. Initially set up as a group of Finance Ministers and Central Bank Governors of systemically important countries, it proved to be very effective forum for discussing and implementing a globally coordinated response to the global financial and economic crisis since November 2008 when it met for the first time at the Summit level in Washington, DC. Besides immediate emergency response to the crisis, the G20 has expanded its agenda to cover a number of issues that are important for the global economic growth and financial stability with the adoption of a Framework for Strong, Sustainable and Balanced Growth. The Fifth G20 Summit held in November 2010 in Seoul, Republic of Korea, the first time in a non-G7 country, also expanded its agenda to cover Development. The Korean Chair has proactively expanded the group's outreach activities by inviting UN-ESCAP and other regional commissions of the United Nations to convey to the G20 the perspectives of non-G20 countries.

This paper reviews some key issues of interest to developing countries of the Asia-Pacific region having a bearing on the agenda at the G20 Summits.

2. Short-term macroeconomic challenges and issues

The most important challenges in the short-term include strengthening the fledgling recovery and reducing the exposure of developing countries to downside risks and uncertainties such as the capital flows that are bringing volatility to financial markets.

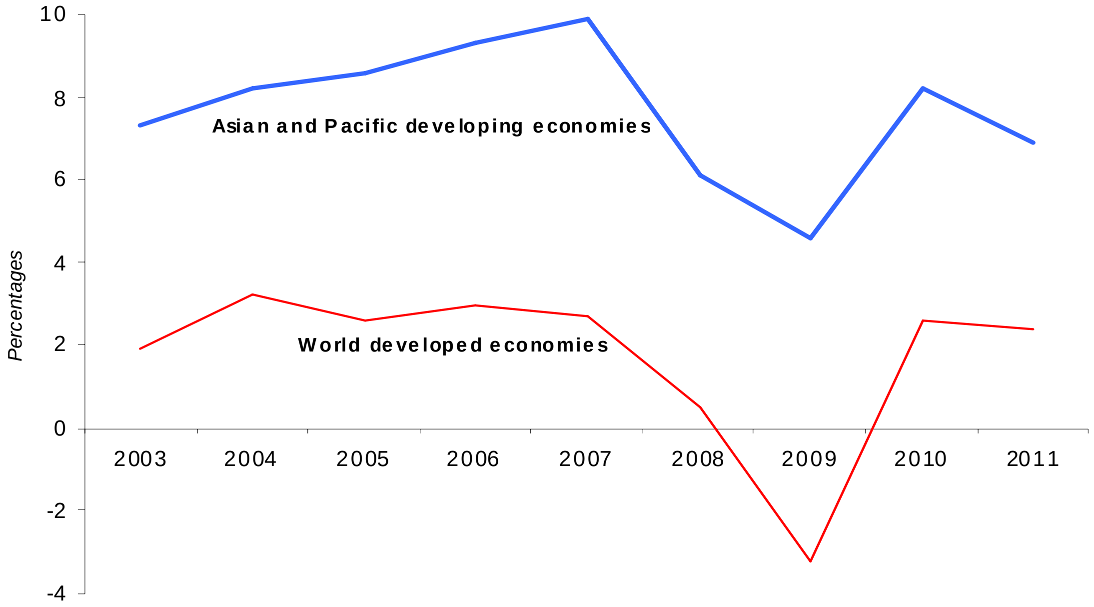
2.1 Strengthening Recovery

Asia-Pacific developing economies have displayed a rather robust recovery from the depths of the Great Recession in 2010, but they are being buffeted by new challenges due to continued uncertainties with the recovery of advanced economies. The global environment in coming months will be more difficult than that of 2010 as many leading developed countries are likely to see their growth rates decline from the levels seen in late 2009 and early 2010. The recovery of developed country economies in the latter part of 2009 was supported by a strong programme of fiscal stimulus packages and expansionary monetary policy.[1] The winding down of this stimulus has led to the growth slowdown as recovery in these economies has failed to become self-sustaining. The continuing export-dependence of many small trading economies on developed country markets will mean that growth rates in the Asia-Pacific region will be negatively impacted. While there is an increasing trend of intra-regional trade with the large domestic-demand led economies of the region, which will

[1] See ESCAP (2010a).

provide a buttress to this export slowdown, the scale of intraregional trade at present will not be sufficient to significantly offset the loss of exports to traditional developed country markets. It is currently forecast (see Figure 1) that growth for developing Asia-Pacific economies will decline from 8.2 per cent in 2010 to 7.0 per cent in 2011, in response to growth in developed economies declining from 2.6 per cent in 2010 to 2.4 per cent in 2011. The slowdown in developed country economies, while reverting to growth rates close to those seen before the Great Recession, is particularly of concern as it comes after a severe contraction in growth in 2009, implying that these economies have suffered a permanent loss in output.

Figure 1. Economic growth rates for Asian and Pacific developing economies and world developed economies, 2003 to 2011



Sources: ESCAP calculations based on national sources; IMF (2010). *International Financial Statistics databases* (Washington, D.C., August); ADB (2010). *Key Indicators for Asia and the Pacific 2010* (Manila); and ESCAP estimates. Figures for world developed economies are extracted from IMF (2010). *World Economic Outlook Update* (Washington, D.C., July).
Notes: GDP growth for 2010 and 2011 are estimates and forecasts respectively.

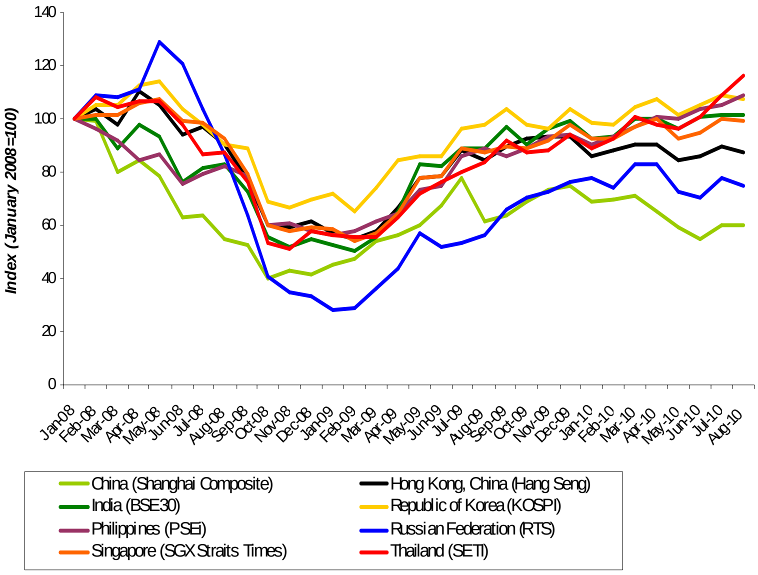
It is clear that a threat of double dip recession has not receded and seems to be a distinct possibility. A premature withdrawal of the fiscal stimulus packages should be avoided lest the world economy be pushed into a further recession, a recovery from which could take a long time. With near zero interest rates, monetary easing has its limits to substantially increase domestic demand. Fiscal stimulus has been curtailed because of concerns about the sustainability of growing budget deficits; however, there is the distinct possibility of the resulting slow growth leading to little reduction in budget deficits while also curtailing domestic demand and maintaining high unemployment. Therefore, there is still a case to be made for the maintenance of fiscal stimulus to prevent an extended period of sluggish growth recovery in the developed economies, an outcome which will impact not only on their economies but also on developing economies which depend on them for continued growth and poverty reduction.

2.2 Maintaining macroeconomic stability in the face of flood of

short-term capital flows

Another key short-term challenge for the region stems from the impact of the enormous liquidity injections undertaken by developed economies as part of their policies to recover from the crisis. Favourable growth prospects and comparatively high interest rates in developing economies have attracted large foreign portfolio inflows to asset markets in the region from international investors. The capital inflows originated in significant part from the cheap liquidity available through near-zero interest rates and quantitative easing in developed economies which has supported a burgeoning carry trade to invest in high-yielding assets of developing economies. These capital inflows have led to potential asset market bubbles in some countries and boosted inflationary pressures. For example, the equity markets of some countries in the region, such as India, Thailand and the Philippines, have surpassed their pre-crisis peaks, defying the macroeconomic fundamentals (see Figure 2). They have also led to pressure for exchange rate appreciation, thereby hampering the recovery of exports from the region. For example, since January 2009 Indonesia, Thailand, the Republic of Korea and Malaysia have seen their currencies appreciate by 18.5 per cent, 13.9 per cent, 11.1 per cent and 10.7 per cent respectively (see Figure 3 on the extent of appreciation since January 2010 alone).

Figure 2. Equity market performance in major Asian developing economies, January 2008 to September 2010

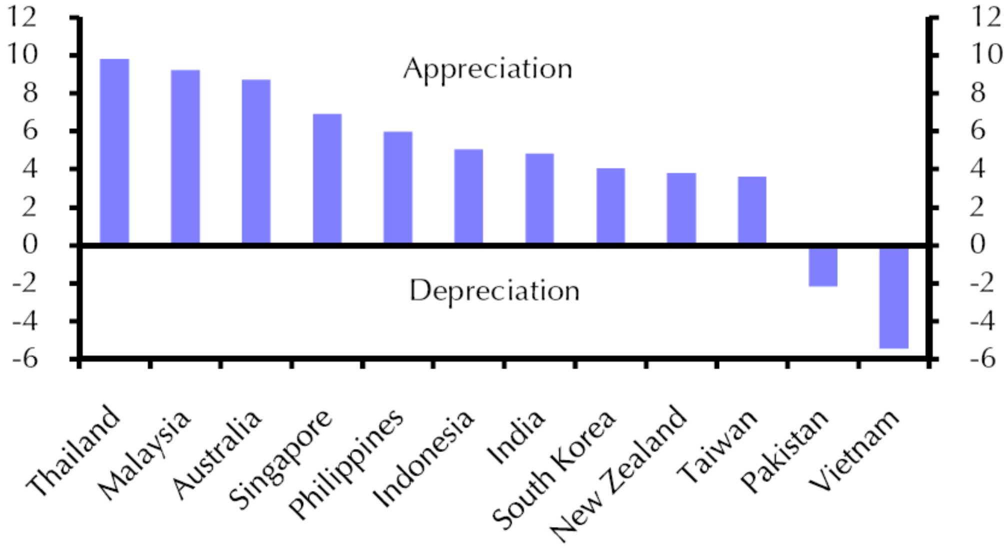


Source: ESCAP calculations based on data from CEIC Data Company Limited, available from http://ceicdata.com (accessed 17 Sept. 2010).
Note: The equity market of each country is noted in parentheses in the legend.

The problem with these short-term capital flows is that they are essentially of a speculative nature, seeking high rates of return on existing assets rather than leading to new capital formation – as in the case of foreign direct investment. They are characterized by the herding behaviour, i.e. they tend to crowd in the well performing emerging markets and avoid the poorer countries or LDCs, who need foreign capital the most. In addition to the volatility that these speculative inflows bring to financial markets and exchange rates, the high returns demanded by speculators make the costs of servicing them quite substantial.

Developing economies in the region are grappling with how to moderate the impact of large portfolio capital inflows so as not to impair their recoveries. The most common approach as has been through currency market intervention to moderate the speed of currency appreciation, thereby building up foreign exchange reserves which also serve as a buffer in the case of sudden capital outflows. Building up reserves is costly, however, because of potential exchange-rate losses as well as the loss in interest income from investing the funds in low-interest-earning foreign currency assets. Another option would be to manage the quantum of inflow of such funds through various types of capital controls. The potential benefits of such controls have come increasingly under discussion owing to the lessons from this crisis about the risks of short-term capital inflows.[2] A completely open capital account may not be appropriate from a cost-benefit analytical viewpoint,[3] particularly since research has suggested that the benefits of such openness are ambiguous.[4] In this context, a number of developing economies, both within and outside of the region, have imposed various forms of capital controls in recent months, including Indonesia, the Republic of Korea and Brazil.

Figure 3: Exchange rate appreciation since 1 January 2010 (US$) in %



Source – Bloomberg

In light of the above considerations and the increased systemic risks caused by highly volatile capital flows to developing countries, the G20 should support the use of capital controls as an additional policy tool at the disposal of developing countries dealing with this problem. In addition, the group could call the IMF to provide these countries with technical assistance to help them devise appropriate forms of such controls.

---

[2] Ostry, J. D. and others (2010). *Capital Inflows: The Role of Controls,* Staff Position Note No. 2010/04 (Washington, D.C., IMF), available from www.imf.org/external/pubs/cat/longres.cfm?sk=23580.0..

[3] Rodrik, D. (2006). “The social cost of foreign exchange reserves”, *International Economic Journal,* 20, 3, September.

[4] For example, Kose, M.A. and others (2006). “Financial globalization: a reappraisal”, *NBER Working Paper* No. 12484 (Cambridge, Massachusetts: National Bureau of Economic Research, 2006); and *Eichengreen,* B. (2003). *Capital Flows and Crisis* (Cambridge, Massachusetts: MIT Press).

2.3 Curbing speculation in commodities market for stabilizing food prices

The massive liquidity expansion resulting from easy money policies in the advanced countries in the aftermath of the crisis is also fuelling speculation in commodity markets, including food markets commodity markets, and driving up their prices. As a result, food inflation rates in some countries in the region, especially the populous low income countries in South Asia, are already in two digits. This is a particularly worrisome because of its adverse impact on the livelihood security of millions of poor in the developing countries in the region – who are still reeling under widespread job losses and other impacts of the financial crisis. Regulation of commodity markets should, therefore, be stepped up to prevent speculation. In particular, it is important that previously unregulated over the counter (OTC) derivative trades be carried out in public exchanges and that speculative position limits (total number and value of contracts for a given commodity) be established and applied equally to all investors.

2.4 Fighting protectionist tendencies

A further difficulty for the region is the protectionist tendencies witnessed in developed economies as a corollary of the difficulties of these economies in maintaining domestic output and employment. Since the onset of the crisis, the European Union and the United States, for example, have implemented 299 and 240 protectionist measures respectively, [5] even despite the call by the G20 leaders to shun protectionism. This included anti-dumping actions, use of safeguards, preferential treatment of domestic firms in bailout packages, and discriminatory procurement. Keeping trade open will be important for sustaining the recovery, especially as the stimulus measures are withdrawn. As fiscal consolidation proceeds in many countries, there may actually be a temptation to replace subsidies and preferential treatments granted in bailout programmes with new trade barriers. In the context of growing appreciation of exchange rates in a number of emerging countries as observed earlier, a spectre of currency wars as a part of beggar-thy-neighbour policies has also become real. Such wars can be highly disruptive for the fledgling recovery and the G20 needs to address this challenge. To keep its “standstill” commitment alive and increase confidence in global trade, the G20 should take more proactive steps to unwind all forms of protectionist measures.

3. Sustaining Asia-Pacific Dynamism in the Medium Term

The global financial and economic crisis represents a turning point in the world economy. As advanced economies in the West rebalance their economies to save more and consume less to unwind global imbalances, a return to pre-crisis rates of export growth would not be possible. Thus, a fundamental challenge for Asia-Pacific economies in the medium-term will be to significantly bolster complementary sources of demand to keep its growth dynamism. This will mean increasing the role of domestic demand in surplus countries of the region, as well as enhancing intra-regional connectivity in order to support trade opportunities within the region.

[5] Evenett, S.J. (ed.) (2010). *Managed Exports and the Recovery of World Trade: The 7th Global Trade Alert Report*. London: CEPR. Table 2.4, pp. 27.

The centrality of growth has been recognized by the G20's adoption of their *Framework for Strong, Sustainable and Balanced Growth*. The Asia-Pacific region could significantly contribute to this framework by exploiting opportunities for generating additions to the global aggregate demand, while also addressing its most urgent development needs. In this respect, the region's wide development and infrastructure gaps and its huge number of poor can provide headroom for generating substantial additional impulses to aggregate demand, contributing to sustain economic growth while making it more balanced and inclusive.

3.1 Poverty, MDG and Infrastructure Gaps

Despite its impressive growth and development, Asia-Pacific region is still home to 947 million people living under the US$ 1.25 a day poverty line, roughly two thirds of the global poor. With inclusive development policies, those below poverty line could be enabled over time to join the mainstream consumers, potentially adding hundreds of millions of new consumers to the region's aggregate demand. On a similar note, Asia-Pacific countries have been making slow progress on a number of MDGs other than poverty reduction (see Figure 4), implying that millions of people suffer from various forms of deprivation. For instance 1.873 billion people with basic sanitation (over 70 per cent of such people in the world) or 469 million with access to safe drinking water, nearly 70 per cent of under 5 underweight children.[6] Reducing these gaps so that the region can achieve the MDGs by 2015 should be given the highest policy priority, not only for the intrinsic value of reducing human suffering and deprivation but also as a key anti-poverty strategy that will also contribute to sustaining aggregate demand and growth.

Figure 4. MDG progress in the Asia-Pacific region

Goal	1		2			3			4		5		6			7					
	$1.25 per day poverty	Underweight children	Primary enrolment	Reaching last grade	Primary completion	Gender primary	Gender secondary	Gender tertiary	Under-5 mortality	Infant mortality	Skilled birth attendance	Antenatal care (≥ 1 visit)	HIV prevalence	TB incidence	TB prevalence	Forest cover	Protected area	CO2 emissions	ODP substance consumption	Safe drinking water	Basic sanitation
Asia-Pacific	▶	■	■	◀	■	●	●	●	■	■	■	■	●	●	●	◀	●	◀	●	●	■
Excluding China and India	■	■	■	◀	■	●	●	●	■	■	■	■	◀	●	●	◀	●	◀	◀	▶	■
South-East Asia	■	▶	◀	◀	●	●	●	●	■	■	■	■	●	●	●	◀	●	◀	●	▶	▶
South Asia	■	■	■	■	■	●	▶	▶	■	■	■	■	●	◀	●	●	●	◀	●	●	■
Excluding India	▶	■	■	■	■	●	▶	▶	■	■	■	■	◀	◀	●	◀	●	◀	●	■	■
Pacific Islands		◀			■	◀	■	▶	■	■	◀	■	◀	●	●	◀	●	◀	●	◀	◀
Excluding Papua New Guinea			◀	▶	◀	●	●	●	■	■	◀			●	●	◀	●	◀	●	■	■
North and Central Asia	◀	▶	▶	●	●	●	●	●	■	■	●		◀	◀	●	◀	●	◀	◀	■	■
Excluding Russia	◀	●	▶	●	●	●	●	●	■	■	●	●	◀	◀	◀	◀	●	◀	●	■	▶
Asia-Pacific LDCs	■	■	■	■	■	●	●	▶	■	■	■	■	●	●	●	◀	●	◀	●	■	■

● Early achiever ▶ On-track ■ Slow ◀ Regressing/No progress

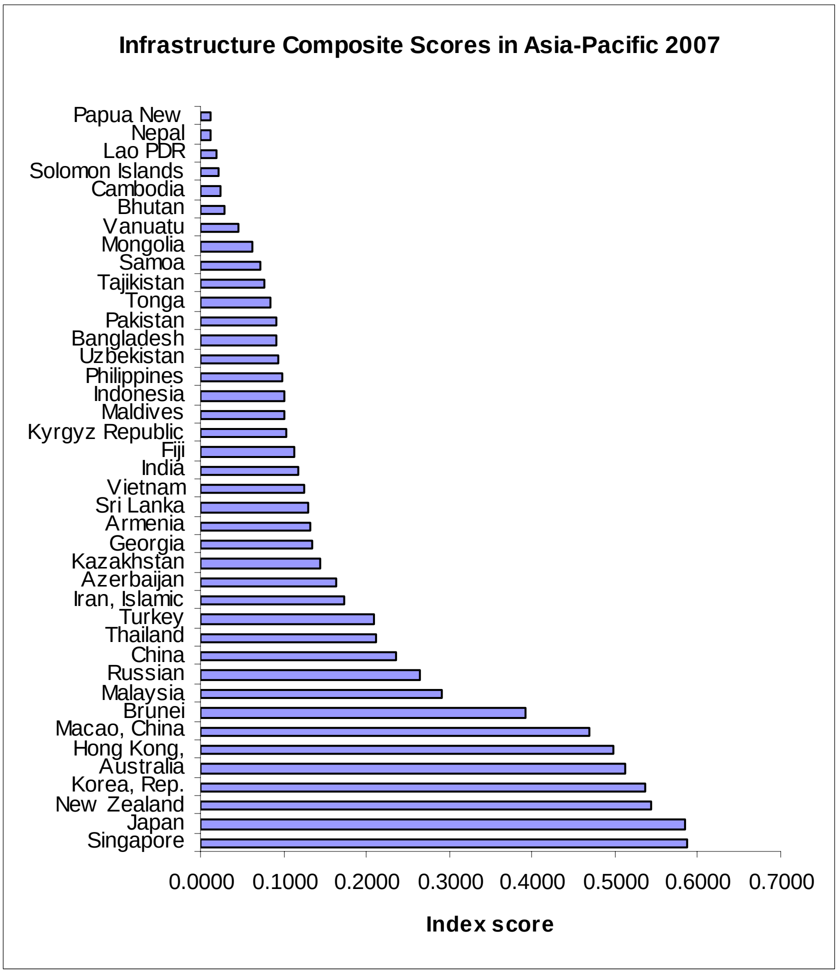
Source: ESCAP/ADB/UNDP(2010b).

[6] UNESCAP/ADB/UNDP, (2010b): chapter 1.

The other aspect of development gaps is the existence of infrastructure gaps in the region has received less attention. This is partially due to lack of single indicator capturing different aspects of infrastructure such as roads, railways, communication infrastructure, energy supplies etc. which make comparisons across countries difficult. ESCAP (2010a) constructed a composite measure capturing aspects of transport infrastructure (roads, railways and air transport density), ICT infrastructure (telephone and internet density), energy availability (intensity of energy use) and banking infrastructure (bank branches density). The patterns that emerge from the composite indicator as plotted in Figure 5 suggest that high income and upper middle income countries viz. Singapore, Japan, New Zealand, Republic of Korea, Australia, Hong Kong, Macao, Brunei have reached a very high level of infrastructure development, with top eight positions. On the other end of the spectrum, the LDCs, small island economies and land locked developing countries such as Papua New guinea, Nepal, Lao PDR, Solomon Islands, Cambodia, Bhutan, Vanuatu, Mongolia, among others have very wide gaps in the levels of infrastructure development remaining to be closed. Other developing countries occupy the middle positions with significant gaps remaining to be closed.

To sum up therefore, narrowing the development gaps in Asia-Pacific including poverty reduction and achievement of other MDGs and infrastructure gaps provide valuable opportunities for augmenting aggregate demand while making the pattern of development more balanced and inclusive. Thus the challenge thrown up by the financial crisis in terms of diminishing aggregate demand can be turned into an opportunity for promoting inclusive development. Achievement of MDGs should no more be seen as a social welfare scheme but a critical part of the strategy to promote growth itself and the entire world economy has a stake in this! Once we accept the global and regional economic interdependence, there will be greater willingness for those in a position to do so to assist the other countries in closing the development gaps and thereby help sustain the region’s dynamism and inclusive development.

Figure 5. Infrastructure Composite Scores in Asia-Pacific 2007



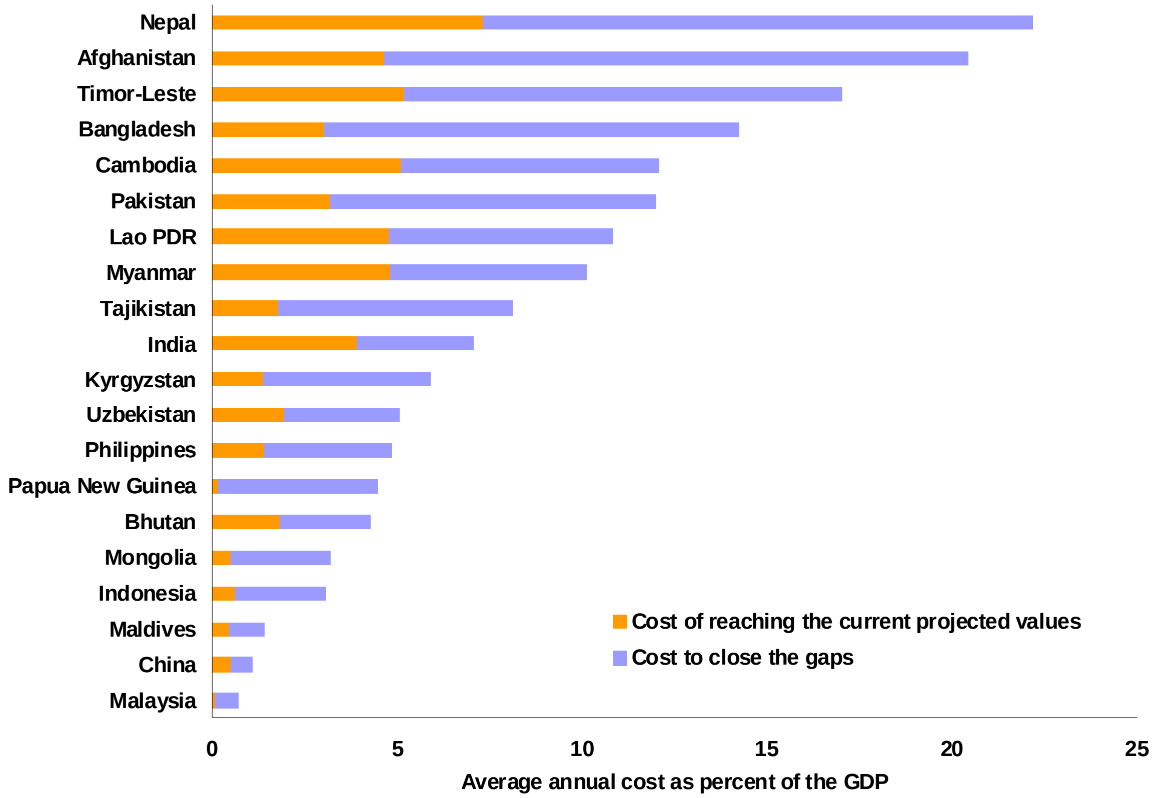
Source: ESCAP (2010a: Figure 61).

3.2 Financing the Development Gaps

Some resources for financing of these development gaps can be found through reorienting public expenditure, augmenting government revenue through new and innovative taxes and improving tax administration and by making fiscal incentives MDG friendly.[7] But much more importantly, the global partnership has to be strengthened especially for countries with special needs. ESCAP (2010b) as observed earlier found that the Asia-Pacific region would require additional resources of the order of US$ 636 billion over the 2010-2015 for closing the MDG gaps (over and above what it is spending). For the region as a whole, the costs may not seem daunting, but for individual countries they can be steep-- over 20% of the GDP for some of the least developed and other countries with special needs (Figure 6). These countries need to be assisted through ODA.

[7] See ESCAP (2010b) for some proposals for mobilizing domestic resources for funding the development gaps.

Figure 6. Cost of closing the MDG Gaps as a proportion of GDP



Source: ESCAP(2010a) based on data from United Nations Statistics Division, Millennium Development Goals Indicators database, World Population Prospects: the 2008 Revision, United Nations Millennium Project, International Monetary Fund, International Financial Statistics database.

Financing the region's infrastructure gaps, however, requires huge capital investments on a long term basis. A recent study has estimated Asia-Pacific's infrastructure needs for 2010-2020 to be of the order of nearly $ 8 trillion ($ 5.4 trillion for new capacity and $ 2.6 for replacement of old infrastructure) (ADBI, 2009:167). Therefore, an investment requirement of the order of $ 800 billion per year is needed of which a substantial proportion remains unfunded with the present arrangements. The huge financial needs to close the region's infrastructure needs, along with the less onerous needs to meet the non-poverty MDGs by 2015 require strengthening the availability of and access of developing countries to long term development finance and creation of new financing facilities. In this context development of a regional financial architecture that could facilitate efficient intermediation between a part of over US$ 5 trillion of foreign exchange reserves of Asia-Pacific region and the growing unmet needs for infrastructure development. The region will also need to catalyze private investments through public-private partnerships among other mechanisms.

3.3 Inclusive Development for Poverty Reduction

Recent studies have helped in better understanding of role of growth in poverty reduction and meeting other MDGs. ESCAP (2010b) finds that the rate of poverty reduction can be accelerated significantly by ensuring that inequalities do not worsen with growth and household consumption increases faster than it has been in the region. To illustrate the point, at the current rates of growth, Bangladesh will be able to achieve the poverty target by 2021. However, it can achieve the target by 2015 deadline if we can ensure that income inequalities do not rise with growth and per capita household consumption can be increased by an additional 1 per cent. Therefore, we need to foster policies that make growth more equitably distributed and enhance consumption of the poor. Some of these policies include promoting agriculture and rural development, strengthening social protection, enhancing financial inclusion and job creation in general with a focus on women.

3.4 Promoting agriculture and rural development

As the majority of poor people live in the rural areas and derive most of their income from agriculture they are likely to benefit from agricultural growth. Over the past two decades there has been a decline in public investment and international support for agriculture. Consequently there has been a deceleration in the growth of agricultural output and productivity. Asia-Pacific governments and international community have to redirect their attention to agriculture and other non-farm activities in the rural economy to enhance the food security, employment creation, inclusive development and poverty reduction.

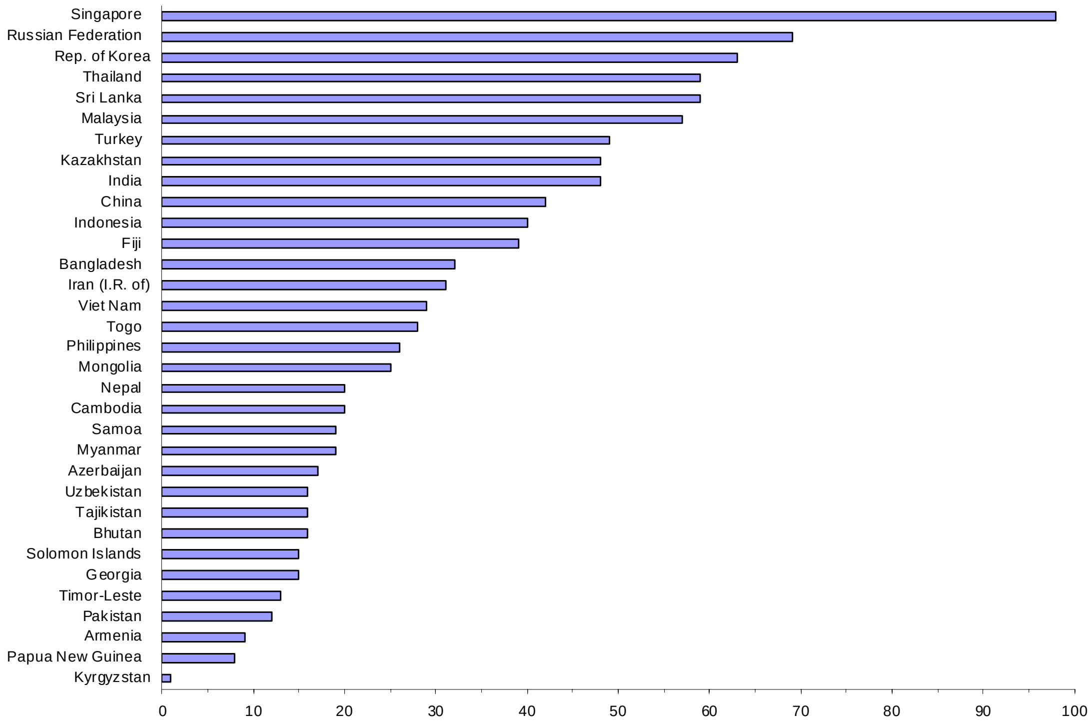
3.5 Strengthening social protection

We need to attach a high importance to strengthening social protection. If poor households can rely on systems of social protection that will automatically trigger social safety nets at times of adversity they will be able to maintain food intake and continue to use education and health services. Just as important, at normal times they will have less need to maintain precautionary savings and can use more of their income for consumption. Social protection is also desirable in view of the fact that the Asia-Pacific region is the most disaster-prone region in the world. Recent statistical work by ESCAP also indicates that developing countries of the region have a very high proportion of their labour force working in the informal sector with minimal legal protection and social security. The Asia-Pacific region now has a number of examples of ambitious social security programmes. Thailand has a universal health-care programme, India has the National Rural Employment Guarantee Act (NREGA), Indonesia, the Philippines and Bangladesh have experimented with conditional cash transfers to poor households. Such initiatives need to be redoubled and deepened.

3.6 Financial Inclusion

In most of the countries of the region, only a small proportion of the population has access to formal financial services (Figure 7). There is a need to ensure that financial services reach out to the millions of ‘unbanked’ providing them with the opportunities and security of a well functioning financial system. Tackling these barriers to access requires innovation in bringing financial services to the poor, investment in human resources and technology within the banking system. Different types of financial institutions e.g. commercial banks, microfinance institutions, development financial institutions, post offices and other public networks have a role to play to serve the poor, with their own strengths. Public policies and regulations have a critical role to play in creating an inclusive financial system, which is efficient, fair and secure. The experience of several countries shows that left to itself, the financial system is unlikely to champion financial inclusion. In addition, widening the range of financial services to the poor is essential covering “five-micros”: micro-savings, micro-credit, micro-repayments, micro-remittances and micro-insurance. G20 has recognized financial inclusion as one of the priorities by setting up a Financial Inclusion Experts Group (FIEG).

Figure 7. Access to formal financial services in selected Asia-Pacific countries (percent of total number of households)



Source: ESCAP (2010a). *Financing an Inclusive and Green Future: A supportive financial system and green growth for achieving the Millennium Development Goals in Asia and the Pacific*, Bangkok (United Nations publication, Sales No.E.10.II.F.4).

3.7 Exploiting the Potential of Regional Economic Integration

The approach to managing both the short-term and medium-term challenges shares a common element, the need for greater regional cooperation to create a resilient and united Asia-Pacific which can concurrently play a powerful role in supporting global growth. Greater regional cooperation will allow Asia-Pacific to better foster international cooperation by enabling the region to participate more effectively in international deliberations on economic reform, as well as serve as an avenue to implement the regional aspects of internationally agreed initiatives. With some of the world's largest and fastest growing economies, Asia-Pacific can become an even greater economic powerhouse if it develops a more integrated regional market. Thus far, for historical, political and topographical reasons, the region has been better connected with Europe and North America than it has been with itself. Some of priorities that can leverage complementarities across the region and lay the foundations for a more inclusive and sustainable path of development include institutional arrangements for market integration and improved connectivity and facilitation of cross-border movements of goods and services.

(a) Towards a Broader Seamless Market: Asia-Pacific is home to a complex network of sub-regional groupings and numerous bilateral trade agreements. However, these groupings do not provide a unified seamless market of the region because of conflicting rules and provisions of these arrangements. Time has come to move towards coalescing these agreements into a broader arrangement. For this purpose they can accelerate progress on two current overlapping proposals: the East Asia Free Trade Agreement (EAFTA) that brings together the ASEAN+3 grouping, and the Comprehensive Economic Partnership of East Asia

(CEPEA) of the East Asia Summit (EAS) members that in addition to the ASEAN+3 grouping includes Australia, India, and New Zealand (or ASEAN+6) as a stepping stone to an even broader unified market of Asia-Pacific and an economic community.

(b) Integrated trade and transport policies for improved connectivity: The region has improved its highway and railway networks, but it cannot use the infrastructure effectively without the legal and regulatory basis for vehicles, goods and people to move across borders and transit countries. Currently many international movements are hindered by slow and costly processes, formalities and procedures. In future the region will need an integrated, multimodal transport system. For example, by building intermodal transfer points, also known as dry ports, where goods, containers or vehicles can be transhipped using the most efficient mode of transport – along with facilities for product grading, packaging, inspections and the processing of trade documentation. The areas surrounding dry ports can then emerge as growth poles, bringing new investment and employment opportunities to impoverished hinterlands while reducing pressure on coastal areas. Building on its Asian Highway and Trans Asian Railway Networks, the ESCAP secretariat is now assisting the region to evolve a network of dry ports besides improving trade and transport facilitation. ESCAP along with other regional organizations is collaborating with ASEAN in developing a connectivity master plan.

4. Strengthening the global partnership for development

Developing countries need to be assisted in narrowing and closing their development gaps in enlightened self-interest by developed countries and international community at large given their potential in generating additional aggregate demand so critical for sustaining growth. The global leaders renewed their commitment to assist the developing countries in meeting the MDGs by 2015 at the UN MDG Summit in September 2010. That would require developed countries fulfilling their ODA targets and providing market access and aid-for-trade commitments made from time to time.

4.1 Market access

The G20 could also play a more substantial role in delivering long pending commitments agreed in the past by developed countries. These include duty-free-quota-free market access for LDCs and significantly scaling up Aid for Trade as agreed at the WTO Ministerial Conference in 2005. The other priority for the G20 should be to conclude the Doha Round as per the letter and spirit enunciated in the Doha Development Agenda. For LDCs, improved market access in boosting trade would remain unutilized unless their capacity to take advantage of it is developed. Poor quality infrastructure and high trade-related operating and transaction costs often hold back developing countries from capturing more of the benefits of market access opportunities. Aid for Trade (AfT) is vital in improving infrastructure, regulations, logistics such as customs services and standards compliances. The G20 could seek a significant scaling up of AfT. Studies show that raising logistics performance in low income countries to middle income country average could boost trade by 15% or more.[8] For the LDCs in Asia-Pacific, an important area of focus for AfT should include regional integration and infrastructure investments to strengthen regional connectivity.

[8] World Bank (2010).

4.2 ODA and resource flows

Between 2000 and 2008, global ODA disbursements, expressed in 2007 dollars, increased from $99 billion to $169 billion. Of this, around 10 per cent came from multilateral agencies; the rest was from bilateral assistance from members of the OECD's Development Assistance Committee (DAC). Despite the increases, however, very few donor countries have met the UN target of devoting of 0.7% Gross National Income to ODA. The large donors especially have yet to fulfil this target. Whether the funds will continue to increase will depend on the outcome of a number of countervailing pressures on donors. On the negative side, as they have to cope with their own economic crises, donors may find it difficult to maintain current levels of aid. Moreover, since the aid targets are defined in relation to GDP, total aid could be constrained by declining incomes, or at least by slower income growth. On the positive side, there does seem to be solid political will and public support for ODA within donor countries – partly because of the recognition that developing countries are victims of a crisis which originated in the developed world. G20 can play an important role in pushing its developed country members to keep the commitment and do as much as possible to reach the target.

4.3 South-South Cooperation

Although most ODA still comes from the DAC countries, more now takes the form of transfers from one developing country to another. At the global level, non-DAC aid amounted in 2007 to over $8.6 billion. Within the Asia-Pacific region, the largest developing country donors were China, at about $1.4 billion, and India at around $1.0 billion. The Russian Federation, Thailand, Malaysia and Singapore were also significant sources of such assistance. Much of the Southern assistance goes to LDCs where it is likely to be used in support of the MDGs – generally going into sectors such as infrastructure, energy, agriculture, health, and education. For example, China and India have helped in building roads, bridges and hydro-electric plants, health and education facilities in Afghanistan, Cambodia, Laos PDR, Pakistan, Maldives, Nepal and Bhutan. China, India, Korea, Thailand, Malaysia, and Singapore all have several such programmes for countries in Asia and the Pacific, and also for some countries in Africa.[9] The other aspect of South-South cooperation is the preferential market access extended by region's emerging countries to other Southern partners. China and India both have launched such tariff preference schemes for LDCs in recent years.

5. Development of a regional financial architecture

It is now widely recognized that regional financial architecture could be a useful complement of the international financial architecture. Asia-Pacific region is gradually moving towards developing some elements of the regional financial architecture with Chiang-Mai Initiative and regional bond markets development. However, with combined foreign exchange reserves of US$ 5 trillions, the region now has ability to develop a more ambitious regional financial architecture.

a) Crisis Prevention and Response

The economic crisis highlighted the importance of regional response options to complement IMF facilities. If governments had access to a well endowed regional crisis response and prevention facility they would feel less need to build up large foreign exchange reserves to

[9] Kumar (2009).

protect their economies against speculative attacks and liquidity crises, and could thus free up reserves for more productive investments. So far the cooperation in the area has been largely limited to the Chiang-Mai Initiative that has now been multilateralized with a reserve pool of US$ 120 billion for meeting temporary liquidity needs of ASEAN+3 countries. It is also in the process of evolving its own surveillance facility in the ASEAN+3 Macroeconomic Research Office (AMRO). There is need to extend the scope and coverage of the CMIM to create a real and effective regional crisis prevention and management facility. Enhanced regional cooperation for crisis response and management should not, however, be regarded as an alternative to full participation in global economic relations. Rather it should be seen as a complement to it, filling in the gaps and establishing the building blocks for global multilateral cooperation.

b) Development finance and capital markets integration

The region needs to develop further its financial architecture for development financing, which would include systems of intermediation between its large savings and its unmet investment needs. One option would be to create an infrastructure development fund managed by a regional institution. If this secured just 5% of the region’s reserves of nearly $ 5 trillion it could provide start-up capital of $250 billion besides its ability to borrow from the central banks. This pooling of reserves could assist the region in meeting some of its investment needs estimated to be of order of more than $800 billion per annum in transport, energy, water and telecommunications. The development of regional bond markets and integration of region’s capital markets would also facilitate investment flows within the region. The Asian Bond Market Initiative (ABMI) aims to develop local-currency bond markets and encourage private savings available for regional investment needs. Efforts are being made to promote the demand for and issuance of such bonds. The relevant infrastructure and regulatory framework also need to be put in place. In this connection, the ASEAN+3 has recently endorsed the establishment of a $700 million Credit Guarantee and Investment Facility (CGIF) that will provide guarantees on local currency denominated bonds issued by companies in the region. It is expected that such initiatives will help channel in money into regional investment needs and also reduce the currency and maturity mismatches which made the region more vulnerable to external shocks in the past.

c) Exchange rate cooperation

Another area where regional financial architecture could make a positive contribution is in exchange rate coordination. As economies of the region increasingly trade with each other, they will need a currency management system that facilitates trade and macroeconomic stability and discourages beggar-thy-neighbour currency competition. One option worthy of consideration is a basket parity relative to a number of reserve currencies instead of the dollar alone, and a common set of weights determined on the basis of regional trade share.

d) Regional cooperation for reform of international financial architecture

The development of regional financial architecture would also enable the region in policy coordination and developing a regional perspective on a reform of international financial architecture including various proposals such as an SDRs based global reserve currency, a global tax on financial transactions to moderate short-term capital flows, international regulations for curbing excessive risk taking by the financial sectors, among other issues of reform of international financial architecture that are emerging in G-20, United Nations and other forums. Asia Pacific region has 8 members in G20 viz. Turkey, Russian Federation, China, Japan, Republic of Korea, India, Indonesia, Australia, more than any other region thus signifying the systemic importance of the region. With effective coordination of their positions, they will have greater influence in shaping the reform of the international financial architecture best tuned to their developmental needs.

In these, and a host of other areas, Asia-Pacific has the opportunity to further integrate and coordinate its actions, thus not only ensuring its recovery and future dynamism but also supporting the global economy to the greatest extent possible.

6. Development friendly financial regulatory regime

Financial regulatory reform takes up a substantial portion of the G20 agenda, and goes to the root cause of the global financial crisis. Making progress here is important for stable financial markets in the future. However, discussions have been tilted toward advanced economies' interests, not least due to the lack of representation of low income countries in relevant rule-making bodies.

At the onset of the crisis, many banks in the U.S. and other advanced economies were highly leveraged and lacked sufficient capital buffers to withstand even small losses. This has resulted in huge government interventions for bailouts and brewed public anger. Within the G20, there is now broad agreement on the need to have higher capital adequacy ratios as well as to impose a leverage cap. The Basel Committee for Banking Supervision (BCBS), the body which makes decisions on these issues, recently announced a blueprint of the new capital framework, better known as "Basel III," under which the total common equity requirement would be raised to 7%. This includes a capital conservation buffer of 2.5% for banks to withstand future periods of stress without extraordinary government support.

Along with higher capital standards, stronger financial regulation and supervision will be put in place. Before the crisis, there was much attention on the stability of individual institutions and too little focus on the stability of the financial system as a whole. Moreover, the scope of regulation was too narrow, with hedge funds, private equity firms and special investment vehicles falling outside its purview even as they performed bank-like functions. A related problem is of the so-called 'too big to fail' (TBTF) financial institutions, which due to their large size, complexity and connections with other financial institutions, could pose serious threats to the stability of the financial system if they were allowed to go bankrupt. Measures to address these problems have been under discussion. The Financial Stability Forum, consisting of central bank governors and heads of national supervisory institutions from advanced economies, used to deal with such issues. In 2009, the body was expanded to include all G20 member countries and renamed the Financial Stability Board (FSB). The other reform is in the direction of curbing excessive risk taking in the financial section by limiting the bonuses of investment bankers and traders. However, the consensus has eluded on these issues because of differences between G20 members.

Many of the proposed reforms will contribute to the overall stability of the global financial markets. However, it would be important to assess how these reforms will affect poor developing countries that are highly dependent on external financing and whose domestic financial markets are at an early stage of development. The G20 Seoul Summit should call for the FSB, BCBS and other relevant bodies to jointly conduct a low income country impact analysis of all new financial regulations. Other important issue to keep in mind is the low institutional capacity and availability of trained professionals to implement modern financial regulatory and supervisory functions in low income countries. The solution in this case would be to support these countries to build their capacity so they can effectively modernize and strengthen their financial systems.

7. Reform of the International Financial Architecture

The crisis has helped to focus attention to the long pending agenda of reform of international financial architecture covering all different aspects from crisis prevention and management to development financing and governance of international financial institutions. Some of the issues important from a development perspective are the followings:

a) Crisis prevention and management

One of the issues to be addressed at the Seoul Summit is the Global Financial Safety Net (GFSN). If governments have access to a well endowed safety nets facility, they would feel less need to build up large foreign exchange reserves. The IMF has been there to provide liquidity support to the member countries when they face problems and thus help in preventing a crisis. However, despite the existence of the IMF, the emerging countries started to accumulate foreign exchange reserves especially after 1997 Asian crisis. This was because during the 1997 crisis, the pro-cyclical conditionalities[10] that the Fund imposed caused more problems for the borrowing countries and adversely affected the growth process itself because of their excessive emphasis on fiscal consolidation. It is evident that Malaysia which decided to withdraw from the IMF Programme in the aftermath of 1997 crisis and adopted an unorthodox approach to dealing with the crisis including lower interest rates and fiscal expansion, recovered much faster and did not suffer the kind of social consequences that other affected countries did. Therefore, Asian countries started to accumulate their own foreign exchange reserves as well as entering into bilateral swaps between themselves such as the Chiang Mai Initiative to avoid the need to go to the IMF again in future. Indeed a number of countries including Republic of Korea and Singapore used bilateral swaps to tide over the temporary liquidity problems during the present crisis. Recent initiatives include the creation of new IMF's Flexible Credit Line (FCL) in March 2009, which allows borrowers with strong track records to access emergency liquidity support without conditionalities attached. However, as the FCL was only accessible to countries with a strong track record, the IMF has recently announced a Precautionary Credit Line (PCL) that other countries could utilize. While these new facilities are helpful, it is critical to undertake further reforms of the IMF conditionality policies in order to restore the credibility of this institution. In this respect, the G20 could advocate for IMF conditionalities that are more countercyclical and development friendly, and for the replacement of one-size-fits-all packages with more country-specific ones, so that developing countries do not feel shy of approaching the IMF in an hour of need.

b) Global Reserve Currency

There is also an ongoing debate on the need for a new global reserve system in view of the limitations of the existing international monetary system based on the use of US dollar as the major global currency. This system is highly inequitable and unstable and leads to a transfer of resources from developing countries to those issuing the reserve currencies, and in which debtor countries or countries that are running sustained current account deficits bear all the

---

[10] A recent study find that 31 of 41 IMF agreements with developing countries for borrowing contain pro-cyclical macroeconomic policies. See for details, M. Weisbrot, r. Ray, J. Johnston, J.A. Cordero and J.A. Montecino (2009). "IMF-Supported Macroeconomic Policies and the World Recession: A look at Forty-one borrowing countries", Center for Economic and Policy Research, available at www.cepr.net/documents/publications/imf-2009-10.pdf, p4.

burden of the adjustment.[11] To correct these deficiencies, recent discussions have focused on the development of a transnational reserve currency system, based on a basket of the world's major currencies, similar to the current SDR scheme of the IMF, but with the basket of SDR currencies being expanded from the dollar, pound, euro, and yen, to also include other regional currencies.[12] Under this scenario, the IMF or an alternative global institution created to that effect could then issue SDRs regularly in a countercyclical manner and to assist developing countries when they face a liquidity crisis. The extended use of SDRs as global reserve currency could also facilitate a more effective control of global liquidity, helping to prevent the formation of asset bubbles and contributing to a more stable global economy. In addition, as Stiglitz (2010, p. 4) put it, this reform, by making available "an ample supply of reserves upon which countries can draw, enables them to stabilize exchange rates".

c) Enhancing the scale of development finance

In order to close the development gaps especially in infrastructure development that are even more critical in the context of their potential to generate additional aggregate demand, developing countries need to be provided adequate long-term financial resources. Private capital flows have expanded greatly over the past decade following liberalization of financial markets across the world. However, these flows are no substitutes of development finance as they typically target high performing emerging markets and not the economies that need capital such as LDCs or small island economies. In the context of expanded needs, concerns have been expressed on the ability of the IBRD to just ‘be barely able to meet its pre-crisis lending levels’ and on the constraints that the IFC is facing, forcing it to ‘restrict new financing’ and calling for selective and general capital increase for the World Bank and an ambitious replenishment of IDA-16.[13] At a high-level policy dialogue organized by ESCAP in Dhaka on 18-20 January 2010, finance ministers and other senior officials of Asia-Pacific Least Developed Countries (LDCs) for a regional review of the Brussels Programme of Action also raised their concerns about financing for development.

The other possibilities are to develop new institutional mechanisms to pool the private capital flows by foreign institutional investors and sovereign wealth funds (SWFs) for longer term stable sources of development finance for developing countries. An innovative example that offers scale-up possibilities is the recent investment by several SWFs in an IFC equity fund.[14] The G20 could encourage such vehicles for mobilizing long term finance for development.

d) International financial transactions tax

In view of relatively robust recovery of Asia-Pacific economies, the concern is that huge volume of liquidity in the west resulting from loose monetary policy will find its way to the region in the form of short-term capital flows seeking good returns. Such flows besides being highly volatile, tend to put pressure on exchange rates of the host economies. Hence, there is an increasing debate on the relevance of measures to moderate such inflows. Numerous mechanisms for managing capital inflows could be considered, ranging from administrative measures e.g. introducing deposit requirements on capital inflows, to market-based

[11] Jose Antonio Ocampo (2010). “The Global Economic crisis: Causes, Evolution and Crucial Policy Issues”, background paper for ESCAP/Club de Madrid Roundtable on Asian Economic Recovery, August.

[12] The People’s Bank of China (2009). “Reform the international monetary system” Speech of Governor Zhao Xiaochuan, 23 March, accessed at http://www.pbc.gov.cn/english. See also President of the Russian Federation (2009). Address to St. Petersburg international Economic Forum’s Plenary Session, 5 June.

[13] Communiqué of Intergovernmental Group of Twenty-Four (G24) on International Monetary Affairs and Development, 7 October 2010, (Washington , D.C).

[14] World Bank (2010).

instruments such as levying financial transaction taxes on inflows, including taxes that vary with the maturity period of the capital inflow or which are countercyclical, to 'throw some sands in the well-greased wheels' of international markets, in the words of economist James Tobin who first proposed it.[15] A cleaner and more general alternative to the nationally imposed capital controls in countries such as Chile and Malaysia, is to impose a small tax on all foreign exchange transactions. Besides its potential to moderate the financial volatility, the revenue potential of the tax makes it extremely attractive. With global foreign exchange transactions running at around $3.2 trillion per day in 2007, a tax of 0.1 per cent would yield about $960 billion per year in tax revenue. It is difficult to assess by how much a small tax of 0.1 per cent would reduce the volume of foreign exchange transactions globally. If these come down by, say a third, the tax could still generate a revenue of about $640 billion a year globally, --i.e. more than 3.5 times the total ODA in 2008. So as well as dampening down capital flows it could also generate revenue to fund global public goods such as MDGs and poverty reduction programmes. In view of sudden spurt of short term capital flows especially to Asia-Pacific developing countries raising serious concerns for financial and macroeconomic stability with asset price bubbles, inflationary trends and exchange rate appreciation, the G20 should give serious consideration to the possibility of instituting an international tax on international financial transactions.

e) International cooperation on control of corruption

The G20 could prescribe international guidelines for facilitating cooperation between national tax authorities in detecting transfer pricing manipulations and tax evasion and illicit fund transfers. This could boost tax revenue in a number of developing countries while also restraining corruption and illegal fund transfers and pricing manipulations that fuel narcotics trade and terrorism.

f) Governance of international financial institutions

The reform of developing countries voice and quota in the World Bank and the IMF have been long pending issues that are being addressed by the G20. These are important for the legitimacy and effectiveness of these global institutions. The decisions taken at the Pittsburgh Summit of the G20 to shift 5% of the IMF quota and under 5% in the World Bank to underrepresented countries are modest targets and would not adequately address the inequities present in the governance. The quota formula needs to be revised to give greater weight to the GDP in purchasing power parities. Another governance reform is in the form of increasing the number of chairs held by emerging countries and through a consensus based decision making at the Executive Board of the IMF. Developing countries have been seeking an open, transparent and merit based process for selection of the President of the World Bank and the Managing Director of the IMF without regard to nationality.

g) Enhancing the inclusiveness of the G20 process

Given the stature of the G20 as the premier economic council for global cooperation, its actions and decisions have implications beyond its membership. All countries, big and small, are affected. Moreover, it is important for the G20 to be inclusive and transparent for its outcome to be effectively implemented across the world. The United Nations is the only global body with universal participation and unquestioned legitimacy. Regular consultation through the UN and its regional commissions can allow all states, especially smaller states which comprise the majority of UN membership, to have opportunity to raise issues of concern to them. In this context, the pioneering initiative of the Republic of Korea to reach

[15] Tobin, J. (1978). A proposal for International Monetary Reform, *Eastern Economic Journal*, 4: 153-9.

out to the non-G20 countries through the UN and its regional commissions is commendable. The possibility of institutionalizing this incipient G20-UN cooperation through a formal representation of the UN and its regional commissions at various levels of the G20 process, including meetings of Finance Ministers and Deputies, should be given serious consideration.[16]

8. Concluding Remarks

This paper has summarized some of the issues of relevance to the agenda of the G20 from a development perspective. The most immediate priority is to revive the flagging recovery by strengthening public spending in the developed countries. Another short term challenge is to moderate the short term capital flows that are bringing financial instability and exchange rate appreciation in emerging economies through capital controls. In the medium term, it has been argued that in the context of slackening demand for imports in the developed countries, closing the development and infrastructure gaps in developing countries could provide as new growth drivers. In that context it is in the enlightened self interest of developed countries to strengthen the global economic partnership to support the growth, poverty reduction and inclusive development in developing countries. A number of other issues for consideration with respect to financial regulations, regional financial architecture and reform of international financial architecture have been summarized.

Finally, the Seoul Summit was a pioneer in seeking perspectives of excluded countries for consideration by the G20 process. This is an important initiative and will hopefully be institutionalized. In this respect, the UN regional commissions should provide assistance in the preparation of future Summits by conveying perspectives from countries not included in the G20.

[16] On a related note, it should be pointed out that the Asia-Pacific LDCs at the regional review of the Brussels Programme of Action organized by ESCAP in Dhaka in January 2010 sought their representation at the Financial Stability Board.

References

ADB (2008). *Emerging Asian Regionalism* (Manila).

ADBI/ADB (2009). *Infrastructure for a Seamless Asia* (Tokyo).

Bangladesh Institute of Development Studies (2010). "Developing Human and Institutional Capacities to support Inclusive and Sustainable Development of the LDCs" Draft discussion paper for the High-level Asia-Pacific Policy Dialogue on the Brussels Programme of Action for the Least Developed Countries, organized by ESCAP in collaboration with the Ministry of Finance, Government of Bangladesh, Dhaka, Bangladesh, 18-20 January 2010.

Basel Committee on Banking Supervision (2010). "Group of Governors and Heads of Supervision announces higher global minimum capital standards", Press release 25/2010. (Basel, BIS).

Delgado et al (2010). "Food Security: the Need for Multilateral Action" Presented at the Korea-World Bank Conference on Post-Crisis Growth and Development, Busan, Republic of Korea, 3-4 June.

Dervis, K (2009). "Developing Economies Can Help Cure Global Imbalances" *Financial Times*, 21 December.

Economist (2010). "The Himalayas of hiring" 7 August.

Eichengreen, B. (2003). *Capital Flows and Crisis* (Cambridge, Massachusetts, MIT Press).

ESCAP (2009). *Strengthening social protection systems in Asia and the Pacfic in the aftermath of the global financial crisis.* Macroeconomic Policy Brief No. 3, www.unescap.org/pdd/publications/me_brief/mepb_3.pdf.

______ (2010a). *Economic and Social Survey of Asia and the Pacific 2010* (United Nations publication, Sales No. E.10.II.F.2).

______ (2010b). *Financing an Inclusive and Green Future: A supportive financial system and green growth for achieving the Millennium Development Goals in Asia and the Pacific* (United Nations publication, Sales No. E.10.II.F.4).

______ (2010c). *Statistical Yearbook for Asia and the Pacific 2009* (United Nations publication, Sales No. E.10.II.F.1).

______ (2010d). "Asia-Pacific Regional Review of the Brussels Programme of Action for the LDCs for the Decade 2001-2010: Dhaka Outcome Document", E/ESCAP/66/6, Bangkok, United Nations.

ESCAP/ADB/UNDP (2010a). *Achieving the MDGs in an Era of Global Uncertainty* (United Nations publication, Sales No. E.10.II.F.10).

__________________ (2010b). *Paths to 2015: MDG Priorities in Asia and the Pacific* (United Nations publication, Sales No. E.10.II.F.20).

Evenett, S.J. (2010). Managed Exports and the Recovery of World Trade: The 7th Global

Trade Alert Report (London, CEPR).

Evenett, S.J. and M. Wermelinger (2010). “A Snapshot of contemporary protectionism: How important are the murkier forms of trade discrimination?” *Asia-Pacific Research and Training Network on Trade (ARTNet) Working Paper Series No. 83*, September, www.unescap.org/tid/artnet/pub/wp8310.pdf, accessed 11 October 2010.

Gibson, A. and S. Kapoor (2010). “Some Key Issues and Challenges for the G-20 and Low Income Countries”, *Re-Define Policy Brief.*

Group of Twenty-Four (2010). Communique of Intergovernmental Group of Twenty-Four (G24) on International Monetary Affairs and Development, 7 October (Washington, D.C.).

Hoekman, B. et al (2009). “Conclude Doha: It Matters” *World Bank Policy Research Working Paper 5153*, (Washington, D.C., The World Bank).

Hoekman, B. and J. Wilson (2010). “Aid for Trade: Building on Progress to Date” Paper presented at the Korea-World Bank Conference on Post-Crisis Growth and Development, Busan, Republic of Korea, 3-4 June.

ILO (2010). Global Employment Trends, January (Geneva, International Labour Office).

IMF (2010a). “IMF Enhances Crisis Prevention Toolkit” *Press Release No. 10/321*, (Washington, D.C., International Monetary Fund).

____ (2010b). “IMF Announces Unprecedented Increase in Financial Support to Low-Income Countries” *Press Release No. 09/268*, (Washington, D.C., International Monetary Fund).

Kumar, N. (2009). “South-South and Triangular Cooperation in Asia-Pacific: Towards a New Paradigm in Development Cooperation”, *UNESCAP Working Paper* (WP/09/05).

Leipziger, D. et al (2005). “Achieving Child-health-related MDGs: the Role of Infrastructure” *World Development*, Vol. 33, No. 8.

Ocampo, J. A. (2010). The Global Economic Crisis: Causes, Evolution and Crucial Policy Issues, background paper for ESCAP/ Club de Madrid Roundtable on Asian Economic Recovery, August.

Ostry, J.D. et al. (2010). *Capital Inflows: The Role of Controls*, Staff Position Note No. 2010/04, (Washington, D.C., IMF).

Overseas Development Institute (2010). *The G-20 Framework for Strong, Sustainable and Balanced Growth: What Role for Low-income Small and Vulnerable Countries?* (London).

People’s Bank of China (2009). “Reform the international monetary system” Speech of Governor Zhao Xiaochuan, 23 March, accessed at www.pbc.gov.cn/english

Rhee, H. (2010). “Global Financial Regulatory Reform and Developing Country Perspective” Financial Services Commission, Republic of Korea, 6 June.

Rodrik, D. (2006). “The social cost of foreign exchange reserves,” *International Economic Journal* 20, 2006.

Schott, J. (2010). “A Trade Agenda for the G-20” *Policy Brief 10-11*” (Washington, D.C., Peterson

Institute for International Economics).

Stiglitz, Joseph (2010). "Toward a new Global Reserve System," Asian Development Bank, http://aric.adb.org/grs/papers/Stiglitz.pdf (accessed 21-Oct-2010)

Sziraczki, G. et al (2009). "The Global Economic Crisis: Labor Market Impacts and Policies for Recovery in Asia," *ILO Asia-Pacific Working Paper,* June.

Tobin, J. (1978). A Proposal for International Monetary Reform, *Eastern Economic Journal*, 4:153-9.

United Nations (2009). *Report of the Commission of Experts of the President of the UN General Assembly on Reforms of the International Monetary and Financial System* (New York, United Nations).

_______________ (2010). "Reforming the International Financial Architecture" *World Economic and Social Survey 2010: Retooling Global Development* (United Nations publication, Sales No. E.10.II.C.1).

Warwick Commission (2009). *International Financial Reform: In Praise of Unlevel Playing Fields,* Report of the Second Warwick Commission, www2.warwick.ac.uk/research/warwickcommission/report/uw_warcomm_intfinreform_09.pdf

World Bank (2010). "G20 and Global Development: Report prepared for G20 Growth Framework and Mutual Assessment Process" (Washington, D.C., The World Bank).

WEF (2010). *Global Competitiveness Report 2010-2011*. (Geneva, World Economic Forum).

WTO/OECD/UNCTAD (2010). "Report on G20 Trade and Investment Measures: November 2009 to Mid-May 2010" 14 June.