



CONCEPT PAPER
ASEM Development Conference: Towards Sustainable Development

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1. Background

On October 24-25, 2008, the 7th ASEM Summit took place in Beijing attended by the Heads of State and Government of sixteen Asian and twenty-seven European nations, the President of the European Commission and the Secretary-General of ASEAN Secretariat. One of the main outcomes of the Summit was the adoption of the **Beijing Declaration on Sustainable Development and the Statement on the International Financial Situation**.

The 6th ASEM Summit identified sustainable development, in particular the MDGs, climate change, environment and energy as key policy areas of ASEM for action of the next decade. The 7th ASEM Summit has complemented the efforts of ASEM leaders in adopting the Beijing Declaration.

In the Declaration the leaders reiterated that sustainable development bears on the present and future of mankind and that all nations should, while pursuing economic development, strive to maintain environment quality and take account of the needs of future generations. Realising that economic development, social progress and environmental protection are three mutually reinforcing and interdependent pillars of sustainable development, the Declaration called for special attention to be paid to the MDGs, climate change and energy security, and social cohesion. In its conclusions it encourages ASEM partners to conduct more activities for the implementation of the Beijing Declaration.

The Declaration also welcomed the substantive discussion and consensus at the September 2008 UN High-Level event on MDGs in New York, and looked forward to substantive progress at the December 2008 International Conference on Financing for Development in Doha. These events, as well as the recent High Level Forum in Accra on Aid Effectiveness and UNCTAD XII, have brought into focus the importance of increased aid flows and enhanced effectiveness for ASEM countries.

During the 7th ASEM Summit, ASEM Leaders also expressed concern over the impact of the international financial crisis on the global economy, and in particular the severe challenges it poses to the economic development of countries in Asia and Europe.

Since then, there are clear signs that the world economy has slowed significantly. Developing countries face the prospect of reduced growth as a result of inter-linked factors. In particular,

falling export demand and commodity prices will weaken growth for many developing countries that are trade-dependent. The situation may be exacerbated by decreased foreign direct investment (FDI) as well as reduced short term capital and remittance flows, thus placing a further strain on the current account balance and debt burden of some developing countries.

Another important concern is that donor countries, which were by and large not on track to meet their ODA targets by 2010, may face difficulties scaling up their ODA commitments as a result of fiscal constraints resulting from increased domestic spending in response to the financial and economic crisis.

There is thus a strong imperative to improve systemic coherence and to pursue intergovernmental and multi-sectoral initiatives that will enhance the policy space of developing countries to meet their growth and social targets.

In this context, the objective of the ASEM Development Conference will be to steer the dialogue on sustainable development by bringing together high level officials and experts from the development field for a strategic policy discussion on current challenges and future prospects for cooperation.

2. Scope of the Conference

The Conference will build on existing international agreements on development, the Beijing Declaration for Sustainable Development adopted at ASEM 7 Summit, and the outcomes of international conferences on MDGs in New York, the Accra Agenda for Action, and on Financing for Development in Doha. These events being global in scope, the ASEM Conference will have as its principal focus the Asia region and its development needs:

In the area of **MDGs** the Beijing Declaration reaffirmed that the MDGs underpin international cooperation. However, it also recognised that there was a long way to go in achieving the MDGs and urged all partners to demonstrate greater political will and take concrete actions to fulfil their commitment so as to promote the achievement of the MDGs as scheduled. It reaffirmed the commitment to establishing a genuine global partnership for development cooperation, and emphasised that financing for development is an important element for achieving the MDGs. Recent economic and financial developments present a special challenge because of their potential negative impact on global poverty reduction efforts.

In Asia progress towards the MDG has been substantial, but there are a few significant gaps. Despite the impressive growth experienced by ASEM countries, poverty remains an issue in the region as a whole. The absolute number of people living below the poverty line is still high, estimated by the UN at around 640 million in the all Asia and Pacific region, with the region being home to two-thirds of the world's poor. While most ASEM developing countries are early achievers or on track in halving the number of people living under extreme poverty or 1\$/day, a large percentage of the population clusters just around the poverty line, becoming sensitive to variations of the yearly growth performance of the economy. In addition rising income inequality is a major concern - inequality carries two risks: it can reduce social cohesion and it can hamper the overall development prospects of a whole country by denying economic opportunities to a large share of the population.

This matter raises the issue of **social cohesion**, where the Beijing Declaration stressed that sustainable development and social cohesion are mutually supportive and that ASEM partners

share a common interest in strengthening social cohesion thus contributing to a sustainable dimension of globalisation. It recognised that promotion of full and productive employment and decent work for all is crucial to safeguard and improve people's livelihood, realise effective social cohesion and achieve the MDGs. It also recognised the need for social protection systems to provide social security and support labour-market participation and emphasised that achieving a fair distribution of incomes is of great relevance to social cohesion. The Beijing Declaration further recognized the importance of international migration to developing countries. In particular, remittances will continue to be an important driver for investment and domestic-driven growth in developing countries and efforts must be made to reduce their transaction costs and improve the management of remittance flows.

Another major challenge in the Asian region is **climate change**. The Beijing Declaration reaffirmed that in order to achieve sustainable development, it will be necessary to combat global climate change within the framework of the United Nations Framework Convention on Climate Change. It welcomed the decisions of the Bali Action Plan, and affirmed that developed countries should continue to show strong leadership and take measurable nationally appropriate mitigation commitments and that developing countries will take nationally appropriate both mitigation and adaptation actions in the context of sustainable development.

The discussion on climate change should also look into the implications of the current financial crisis within the context of the flexibility mechanisms set forth in the UNFCCC's Kyoto Protocol and to dissect relevant policies that will facilitate capability building, technology transfer and resource mobilization in assisting developing countries in Asia to achieve sustainable development.

In the area of **aid effectiveness** the agenda is dominated by a number of international agreements, notably the Millennium Declaration, the Monterrey Consensus, and the Paris Declaration on Aid Effectiveness. More recently there has been the New York High-Level event on the MDGs, the Accra Agenda for Action, and the Doha Conference on Financing for Development. One of the key features of this agenda is ensuring greater alignment of aid with countries policies and strategies, including the increased use of country systems and better coordinated technical assistance. ASEM developing countries have a better than average track record in setting up public financial management systems, recording aid flows in such systems, ensuring their predictability setting up mechanisms for mutual accountability and ensuring that the technical assistance they receive is aligned and coordinated. The 2008 Paris Declaration Monitoring Survey provides useful insights into the performance of donor countries and beneficiaries in improving aid effectiveness. The global economic crisis carries with it the high risk of reductions in ODA, which makes it imperative that steps are taken to mobilise the international community so that additional assistance be provided to developing countries in order to offset effects of the crisis. Such assistance should be provided in a manner consistent with the agreed objectives in the Paris Declaration and the Accra Agenda for Action, especially in the area of conditionalities. Also, policy coordination/harmonization among donors to agree on a joint/collective strategy is essential in trying to minimize the impact of the crisis on developing countries, as well as strengthening international coordination to avoid a reduction in ODA.

3. Outline of the conference

The Conference will be a two day event taking place in the Philippines, which will act as co-host with the European Commission. The suggested Conference Agenda originates from the Beijing Declaration on Sustainable Development and breaks the Conference down into four panel sessions covering MDGs, climate change, social cohesion, and aid effectiveness.

The Conference will be opened with an introductory session of keynote speeches on the issue of sustainable development giving a backdrop to the four panel discussions. It will be concluded by a plenary session summarizing conclusions from the panels and drawing general outcome of the Conference.

Prior to the Conference an expert study will be prepared analysing development needs, challenges and opportunities specific to the Asian region. The outcomes of the study will be circulated to ASEM partners shortly before the Conference to stimulate the discussion.

4. Study as an input for Conference

A background study is being prepared prior to the Conference to prepare comprehensive overview of development challenges in Asia which will serve as an input for the Conference.

The study will be based on desk research of existing studies and reports prepared by international organisations and public bodies in the framework of the Asian regional preparations for the Accra meeting (2008 Survey in the preparations to Accra, DAC survey, progress report on MDGs, etc.), the UN Conference on MDGs in New York and Doha Conference.

The objective of the study will be to steer the focus from global development issues to Asia's specific development needs and MDG challenges. It will identify the specificities of development cooperation in Asia: What are the key MDG-related development needs in the Asian region? What is the current development aid architecture and how effective is it in supporting achievement of MDG's in Asia? Which factors drive development at present and what opportunities exist for fast-tracking achievement of MDG's in Asia? What new forms of development cooperation could contribute to this? And can long-standing and newer ASEM development partners work together better to enhance the overall impact of their aid on MDG progress in the region?

Even though commissioned by the EC, the study is being prepared by independent experts and should be based on objective and publicly accessible reports, statistics and other sources of information. The desk research will be enhanced by 3 fact-finding missions.

5. Speakers and participation

High level participation of government officials from the field of sustainable development in the ASEM countries is expected. The EC's conference participation will be lead by Mr. Koos Richelle, the Director General of EuropeAid Cooperation Office, European Commission, and co-chaired by the Philippine host.

The attendance of development cooperation specialists and representatives of international organisations is expected. The involvement of civil society organisations is encouraged.