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High-level event: Building economic resilience for the most vulnerable

Summary prepared by the UNCTAD secretariat

1. A high-level panel – consisting of ministers, heads of agencies, private sector and civil society participants, including academia – deliberated on the root causes of social, economic and environmental vulnerabilities and the importance of building economic resilience to address the related challenges. Specific questions addressed by the high-level event included the following:

- (a) What factors are responsible for the increased vulnerability of economies in recent times?
- (b) How can economies build resilience to shocks to meet the Sustainable Development Goals?
- (c) How can developing countries foster gender inclusion and reduce inequality in a rapidly deteriorating global environment?
- (d) What are the tools and instruments for disaster risk reduction in vulnerable economies?
- (e) What are the linkages between peace and security and resilience-building?

2. Rich and thought-provoking discussions focused on key policy and operational issues, including policies and strategies to address the need of vulnerable communities, especially women, children and the elderly. There was a convergence of views among panellists on ways and means of addressing the root causes of multiple shocks, their consequences and actions required to mitigate these, including by building economic resilience, social safety nets and related mechanisms or instruments.

3. With regard to the causes and consequences of social, economic and environmental vulnerabilities of the weak and most vulnerable, the panellists raised several critical issues, including the following: inequalities of income and opportunities, including the technological gap or digital divide between and within countries; a lack of access to basic services and productive assets; deprivation and generalized poverty; the absence of decent jobs; voicelessness and powerlessness in political decision-making; gender inequality and

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resistance to the empowerment of women; civil strife, conflicts and political instability – in combination or in isolation – entailing risks, uncertainties and inherent vulnerabilities. Furthermore, panellists noted that climate change and natural disasters; instabilities and volatilities in global commodities and financial markets; overdependence on exports of a few primary commodities; and inefficient economic governance (nationally and internationally) were equally responsible for causing exogenous shocks, uncertainties and vulnerabilities to the global economy and domestic economies. For instance, the recent economic and financial crisis had contributed to the vulnerability of developing countries to exogenous shocks. The crisis had also highlighted the positive role that macroeconomic policy could play, both in handling such shocks and in generating the conditions for resilient, strong and sustained economic growth. Likewise, public health crises, and droughts, floods, cyclones and other natural disasters that were the consequences of climate change, equally undermined socioeconomic revival and exacerbated risks, uncertainties and vulnerabilities. Risks and uncertainties also impacted the capacity of nations and communities to build their productive capacities, transform their economies and build physical infrastructure, with disastrous consequences to efforts to eradicate poverty and meet internationally agreed goals such as the Sustainable Development Goals.

4. With regard to policies and strategies at the community, national and global levels, there was an understanding that there was no single framework or blueprint that served all countries or communities to effectively address vulnerabilities and build economic resilience. However, broad policy options and actions could include the following:

(a) Addressing the need to build better firewalls (social safety nets) to protect the most vulnerable sections of society, such as women and children;

(b) Implementing sound policies and strategies for inclusive and broad-based economic growth;

(c) Building productive capacities and fostering structural economic transformation through industrialization, including commodity diversification and value addition;

(d) Developing systems and mechanisms to mitigate the impact of shocks on poor people and communities, with a focus on agricultural communities;

(e) Continuously improving agricultural productivity and expanding rural non-farm services and dealing with the impacts of climate change;

(f) Enhancing the role of the private sector in development with a particular focus on small and medium-sized enterprises;

(g) Creating decent jobs, particularly for youth;

(h) Creating better coherence between international rules and regimes in the area of trade, investment and finance on the one hand, and domestic policies and strategies on the other, and enhancing domestic resources mobilization.

5. In addition, addressing gender inequalities, expanding opportunities for all by dealing with income inequality, improving access to finance and other social services such as health, sanitation and education, building physical and technological infrastructure, as well as institutions, were critical to effectively address the root causes of vulnerability. State and social institutions (such as public administrations, legal institutions and public services delivery) that were responsive to the needs of poor people, were equally critical to reducing economic, environmental and social vulnerability.

6. Further policy issues aimed at reducing vulnerability to economic shocks needed to integrate actions against natural disasters, ill health, disability and gender-based violence, and were key to developing human capital and creating opportunities. Bringing

infrastructure and knowledge to poor areas – both rural and urban – to address asset deprivation and abject poverty, including at local (community), regional and subregional levels; establishing a political and legal basis for inclusive development; creating public administrations that fostered growth and equity; and promoting gender inequality, needed to be part of the overall policies and strategies aimed at reducing vulnerabilities and building economic resilience.

7. There was consensus among panellists that risks and vulnerabilities were not static but dynamic and, as such, it was difficult to anticipate the outcome or precisely quantify key determinants. Notwithstanding such challenges, the capacity to stave off deeper and wider devastating impacts of shocks – economic, political or environmental – varied across countries. It depended on the degree of overall economic resilience, human resources and institutional capabilities, and policies and strategies pursued with such objectives in mind. Building economic resilience required comprehensive policies and strategies, as well as a range of institutional and participatory approaches, as the foundation for broad-based and inclusive development that empowered all citizens and ensured gender equality, reduced inequalities of income and opportunities and assisted in building productive assets for the poor and vulnerable sections of society. In this context, international support measures such as market access; official development assistance; increased investment flows, including foreign direct investment; and technical assistance and technology transfer, needed to contribute to building the economic resilience of countries and communities in developing countries.

8. Panellists encouraged the Governments of developing countries, in partnership with the private sector and civil society, to develop mechanisms, policies and strategies that took into account the socioeconomic and environmental vulnerabilities of their citizens. Such policies and strategies should include institutional reforms to promote pro-poor economic growth, the mobilization of domestic resources and the curbing of illicit financial flows, and should enforce accountability in economic governance and management.
