UN system joint crisis initiative
on the global financial and economic crisis

Compilation of Updates/Progress on the JCIs
United Nations  Nations Unies
UNITED NATIONS DEVELOPMENT GROUP

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Dear Colleagues

As the international community faces a combination of the gravest financial, economic and social threats in recent times, the UN System has come together to mobilize its support to address the impact of the crises. We all have agreed that we need a comprehensive country-based approach. At its April 2009 meeting, the UN System Chief Executives Board (CEB) approved nine Joint Crisis Initiatives proposed by the High-level Committee on Programmes (HLCP) that are currently in the process of being finalized. Through this process the UN system can concretely help countries address the current crises through analysis, identification of gaps and joint action.

Each of the nine initiatives is being led by one or more agencies that have volunteered to work with a group of cooperating agencies of the system as below:

**INITIATIVES**
- Additional financing for the most vulnerable
- Food Security
- Trade
- A Green Economy Initiative
- A Global Jobs Pact
- A Social Protection Floor
- Humanitarian, Security and Social Stability
- Technology and Innovation
- Monitoring and Analysis

**LEAD AGENCIES**
- UNDP, World Bank
- FAO, IFAD, UN, WFP
- UNCTAD, WTO
- UNEP
- ILO
- ILO, WHO
- WFP
- ITU, UNIDO, WIPO
- IMF, UN/DESA

The World Bank and the IMF have endorsed these initiatives, and are committed to support and participate in this process at the country level. The CEB Issues Paper emphasizes the interconnectedness between all priority areas. The collaboration between all agencies of the UN System is therefore critical to ensuring a comprehensive and effective approach. Such approach has been fully endorsed by the Conference on the World Financial and Economic Crisis and its Impact on Development, which was held in New York in June 2009. In the outcome document of the conference the Member States have proposed:

All United Nations Resident Coordinators

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"[To] Further develop the United Nations development system’s comprehensive crisis response in support of national development strategies through a coordinated approach by UN funds and programmes, specialized agencies and the international financial institutions at country level. The response must continue to be led by programme countries and in this context address vulnerabilities caused or exacerbated by the crisis and further strengthen national ownership. It should build on steps already taken by the UN development system, in particular at the country level. We urge the international community to ensure adequate support to the UN development system’s crisis response.”

In determining how to focus our resources on an effective and rapid response, the UNDG recognizes the need to give attention to those countries and populations with the greatest needs and are the most vulnerable and with the least capacity to cope with the challenges posed. LDCs and LICs will be the first priority for countries to receive HQ and Regional technical support on the crisis initiative areas, recognizing that other countries with large numbers of vulnerable people may also need early attention.

To support you in your efforts, the UNDG Advisory Group considered it important for UNDG members to make available to UN country teams as much information as possible as to how, in very concrete terms, they can work with you in this effort (e.g. access to knowledge networks, readily available expertise, etc.). You soon will also receive a concise UNDG note that will provide a summary of support you can draw on under each initiative area, with contact information for the lead agencies and focal points.

Each country’s needs will determine the most relevant initiatives for the immediate and longer term crisis response. We are fully aware that many agencies have undertaken important analytical work and responses. Building on the work already done, and based on government leadership and priorities, we propose that you engage with the UNCT, the World Bank and the IMF, as well as other interested partners, in a field-based and country-owned response, to urgently:

- Collectively assess critical needs arising from the current crisis, making full use of all partners’ existing, ongoing and planned analyses, to identify critical gaps.
- Formulate a set of interventions to address those gaps, identify potential synergies across interventions and programmes and confirm key organizations to lead support to government in those areas.
- Identify overall budgetary needs and existing and/or potential sources of funding, including any items to be funded by existing programmes or by scaling up existing programmes.
The Joint Crisis Initiatives should be undertaken on the basis of a clear indication of interest and the full participation of the government. Our support should be rapid and relevant to the emerging needs and we must apply our programme guidance in a flexible manner to reposition our interventions on the ground.

I urge you to develop your analysis and recommendations together with your UN country team and to share with the Regional Directors’ Team (RDT). The operational dimension of our common action is paramount. On our part, we are committed to providing coordinated support on a prioritized basis. This may include reallocating resources and/or seeking additional financing.

Many development partners are looking to the UN development system for leadership and coordination in supporting governments, especially those with the least resilience to coping with the consequences of the crises. With your leadership, working closely with the government and all partners, we are resolved to meet that challenge.

Yours sincerely

Helen Clark  
Chair  
United Nations Development Group
Joint Crisis Initiative #2 - Food Security

I. INTRODUCTION

Last year, the major spike in food prices exacerbated already difficult conditions being experienced by hundreds of millions of poor people. Reports of their hardship brought the crisis to life. Today, the crisis has been exacerbated by increasing food price volatility and the collapse of the financial, credit and housing markets, leading to a severe global economic downturn, which has thrown many more millions into poverty.

Food, energy and other sectors in the global economy have become increasingly interlinked, and food prices are often influenced by events outside the food sector. This will pose major challenges for food security in poor developing countries, where one billion people are presently chronically undernourished - roughly 100 million more than in 2008. A resumption of growth in the global economy is likely to lead to new pressures on commodity prices, as already evidenced in petroleum markets.

The seven components of the UN System Joint Crisis Initiative on Food Security reflect the ongoing work undertaken by UN system agencies (including the international financial institutions) coordinated through the Secretary-General’s High Level Task Force on the Global Food Crisis (HLTF) working for the realization of outcomes spelt out in the Comprehensive Framework for Action (CFA). The HLTF is all about ensuring coordination between efforts of its members and their partners, and working to support country-owned and country-driven action. Emphasis is given to synergy of policies, action and the delivery of results. The same approach is pursued within all the Joint Crisis Initiatives. The present report is based on a progress report produced by the HLTF on its work and relates to the seven components of the Joint Initiative on Food Security:

1. Food assistance, including safety nets;
2. Nutrition programmes for children, mothers and vulnerable populations;
3. Social protection systems for vulnerable populations;
4. Smallholder farmer food productivity, with a special focus on women farmers;
5. Agricultural sector development; infrastructure and trade and tax policies;
6. Information and monitoring systems;
7. Advocacy for sufficient, sustained and predictable funding and sustained investments.

II. PROGRESS ACHIEVED

1 The HLTF brings together the heads of 22 different UN system entities - agencies, funds, programmes and financial institutions. During the last year the HLTF’s coordinated response has involved the Food and Agriculture Organization (FAO), International Fund for Agricultural Development (IFAD), World Food Programme (WFP), World Bank (WB), International Monetary Fund (IMF), UN Children’s Fund (UNICEF), UN Development Programme (UNDP), Office for the Coordination of Humanitarian Assistance (OCHA), the Organization for Economic Cooperation and Development (OECD) and at least 10 other entities working together in support of the 60 countries most in need. HLTF members have offered coordinated and outcome-focused assistance in response to national and regional priorities along the lines outlined in the CFA.

2 The CFA seeks to strengthen farmer organizations with a particular focus on the interests of women farmers, improve the engagement of the private sector in developing country agriculture, encourage food processing systems that enable producers to benefit from the added value, and promote environmentally sound technologies that improve productivity. At the same time it pays attention to the food and nutrition security of vulnerable and hungry people through timely food assistance, social safety nets and nutritional support. This strategic “twin track” approach has been appreciated both for its breadth (spanning nutrition, food systems, social protection, agriculture, markets and trade) and for its combination of short and long-term actions.
2.1 Immediate actions

Last year saw the largest ever scale up in emergency responses to widespread hunger. Governments and international organizations sought to ensure that as many hungry people as possible had access to the food they need. Care was taken to address the specific needs of women and children who were most at risk of malnutrition.

**Enhanced and accessible emergency food assistance, nutrition interventions and safety nets:** The World Food Programme (WFP) supported national responses with a 30% increase in beneficiaries (bringing the total to 100 million), and mobilizing $5.1 billion to ensure that they were adequately supported. Specific food crisis-related programmes were supported in 26 countries, including expanding school feeding projects; providing additional supplementary rations of food to vulnerable groups; expansion of safety nets to protect livelihoods while investing in human capital; provision of food assistance in urban and semi-urban areas; starting up innovative voucher programmes and cash transfers to enable people to access food through markets. WFP also offered technical assistance on establishing humanitarian food reserves and social safety nets in many other countries. UNICEF supplemented WFP’s work with a $52 m emergency allocation to help national authorities in 42 countries to scale up efforts to improve women’s and children’s nutrition. They focused on community-based treatment for over 1 million of the world's 20 million severely malnourished children and micronutrient supplements to millions more whose nutrition was at risk. The World Bank contributed around $200 m to national nutrition efforts (school feeding, safety nets and supplementary feeding) so that 7.2 million beneficiaries could be reached in 19 countries. The Office for the Coordination of Humanitarian Affairs (OCHA) also contributed $50 m from the Central Emergency Relief Fund (CERF) for food assistance and nutrition. The UN Development Programme (UNDP) assisted countries to identify communities at risk through linking household expenditure and dietary surveys and provided advice on the setting up and adjustment of social protection programmes particularly in small islands and disaster-prone communities. Taken together the UN system provided direct support to as many as 20% of the world’s hungry people during 2008.

**Boosts to smallholder farmer food production:** The Food and Agriculture Organization (FAO), the World Bank and WFP warned that severe food price rises were imminent from late 2007, and suggested that – as well as preparing for responses to hungry people – national and international organizations should act quickly to boost smallholder farmer food production and so generate a “supply response”. DESA also prepared a report for a special session of the ECOSOC in early 2008. At the end of 2008 FAO supported national authorities in 58 countries to analyze national food security situations and upgrade their action plans. In the subsequent weeks FAO initiated technical cooperation support to 74 countries to help them obtain support for their national programmes, and in the subsequent year mobilized $378 million (including $20 million from the CERF) for support to smallholder farmers (seeds, tools, fertilizer and irrigation) in 96 countries. In the same interval the World Bank disbursed $521 million for agriculture inputs and small scale irrigation in 14 countries for at least 5 million people. The International Fund for Agricultural Development (IFAD) earmarked $200 m for additional effort in 8 countries. WFP contributed through food and nutrition assistance to smallholders (who make up 50% of WFP’s beneficiaries in Africa) and through food for work programmes creating assets for farmland production and irrigation. WFP also contributed to improved markets for
smallholders by guaranteeing to purchase their produce, establishing community-level granaries and cereal banks (usually managed by women farmers), and helping establish national grain reserves with market information systems in conjunction with the private sector. UNDP also supported efforts to establish community seed banks and rehabilitate agricultural infrastructure. Altogether the efforts of the UN system support for smallholder farmer food production may have benefited as many as 5% of the world’s smallholder farming families.

**Adjustments to trade and tax policies:** In May 2008 the International Monetary Fund (IMF) examined government policy responses to increasing food prices from a macroeconomic perspective. They advised that governments should seek to accommodate the deterioration in their fiscal position caused by the food price increases, continue strengthening social safety nets to mitigate adverse impacts on the poor, especially when price increases were prolonged, using exchange-rate flexibility as a shock-absorber and seeking to limit the second-round impact of price rises on inflation. The IMF also advocated the easing of export restrictions. FAO developed a guide that helped countries chose appropriate policy responses. The World Bank tracked policy responses in different countries and provided funds totaling $30.5 million to enable five severely affected countries implement these short-term mitigating responses.

**Managing macro-economic implications of food price volatility:** During 2008 the IMF assessed the impact of high food and fuel prices – and the fiscal costs of measures taken by governments - on national balance of payments in 43 countries and concluded that, for net food importers, the impact of the higher food import bill was 0.8% of GDP. Food tax reductions and food subsidies added up to 0.3% of GDP. This has meant that rising food prices have reduced fiscal space and significantly diminished currency reserves in many poor countries. The IMF responded by increasing its concessional lending to $1.5 billion in 2008, from $0.3 billion in 2007. At the same time, inflation targets in low income countries were relaxed and fiscal targets were loosened in 80% of eligible African countries. The World Bank implemented operations designed to increase fiscal space, protect priority programmes (such as social protection) and maintain macroeconomic stability in 7 countries (total value $385 million). UNDP also helped affected countries assess the macroeconomic impacts of the crisis and helped countries identify policy options. Taken together these efforts led to a significant mitigation of the macroeconomic challenges faced by poorer countries as a result of volatile food prices.

### 2.2 Longer term actions

As the severity of global economic contraction became evident during late 2008 and early 2009, the need for expanded and well functioning food systems as part of a long-term strategy to improve the resilience of vulnerable people became increasingly evident. The development and deployment of technologies critical for agriculture, food security, poverty eradication, ecological sustainability, and climate resilience is increasingly taking place within the context of sustainable development frameworks at national regional and international level, as set out in the conclusions of the 17th Commission on Sustainable Development. This includes investment in the green economy – including sustainable agriculture – as a stimulus to economic recovery in countries affected by economic contraction.

**Expanding social protection systems:** UNICEF engaged with national partners in 55 countries to scale up pilot social protection projects and then sustain them with technical assistance and
support for monitoring effectiveness, as well as providing seed funds to support cash and non-cash transfers and social services. Specific provisions to mitigate the impact of the food crisis were made in five countries.

WFP supported the expansion of safety nets in 13 countries with a view to protecting livelihoods while investing in human capital, bringing benefits to over 6 million people. Expanded school feeding programmes brought benefits to 7.4 million children and their families in 13 countries encouraging parents to keep their children in school. The World Bank has moved ahead to help nations build social protection schemes that increase resilience in the face of shocks associated with the food, fuel and financial crises, working with WFP on “Rethinking School Feeding”. In fiscal year 2009, the World Bank has approved 31 projects that strengthen social protection systems in 26 countries. They include better social safety nets (cash transfer with and without conditions, food for work), income support for the elderly and other vulnerable groups and nutrition security for those at risk of malnutrition. The World Bank has now launched a Rapid Social Protection facility for the funding of priority social protection efforts. UNDP works with other UN agencies to improve national capacities for design and managing effective safety nets, including better targeting so that they reach the most vulnerable.

Sustaining growth in food production by smallholder farmers: FAO has sought to prioritize appropriate investments for smallholder agriculture in the medium to long-term future. Working closely with the World Bank and Consultative Group for International Agricultural Research (CGIAR) FAO supported efforts of national authorities in countries to strengthen capacity for generation, sharing and application of relevant knowledge that will benefit smallholder farmers. This initiative helped authorities to develop viable and science-based long-term plans for food security and agricultural development. IFAD benefited from a record increase in its replenishment at the end of 2008 and this will permit it to expand and deepen its support for long-term sustainable growth in the agricultural sector. Between September 2008 and April 2009 the IFAD Board approved $355 million worth of loans and grants for 37 countries to improve systems for access to credit, supply and marketing of inputs, development and application of agricultural technology, natural resource management, infrastructure development and animal production. The World Bank has increased its commitments for agriculture and rural development with loans credits and grants totaling $2.9 billion being received by 29 countries in fiscal year 2009. The International Finance Commission committed $1.4 billion for developing the agribusiness supply chain matching its 2008 contribution within the first five months of 2009. These are reflections of a broad portfolio which includes (a) policy dialogue with governments of 40 countries to help them address the food crisis, including $11 million worth of economic and sectoral analyses and $17 million of technical assistance, (b) instruments to manage risks in farming (specifically weather derivatives, now being implemented in Malawi and tested elsewhere) and capacity building in risk management, (c) public private partnerships to support the scaling up of replicable business models – including financial services (in conjunction with the Gates Foundation) and (d) better management of natural resources. Much of this work is undertaken in close consultation with FAO, IFAD and regional entities. UNDP’s contribution has been on legal empowerment of poor people, securing their access to land, water and other resources, disseminating improved rice varieties, working with partners to improve the capacity of extension systems, supporting the formation of producer groups and introducing technology for sharing price information among farmers. WFP offers a predictable incentive for increased agricultural production by smallholder farmers through its purchasing power: in 2008 WFP spent US $1.1 billion on food from developing countries. Through the Purchase for
Progress initiative WFP offers secure markets for producers while partners work on longer term investments to increase yields, improve quality, reduce post harvest losses and improve marketing. The catalytic initiative will be piloted in 21 countries between 2009 and 2013. Taken together these contributions by multilateral agencies to the overall international effort have led to a significant increase in the level and effectiveness of longer-term development assistance for smallholder-based food production and security systems in at least 35 countries.

**Improving international food markets:** The members of the World Trade Organization (WTO) are giving high political significance to the completion of the Agreement on Agriculture (DDA) and this has resulted in intensified negotiations in recent weeks with a view to achieving tangible outcomes by the end of 2009. Completion of the Doha Development Agenda (DDA) is expected to trigger significant reductions in subsidies for agricultural production, particularly in developed countries, and improve market access conditions. It should facilitate fair trade in agricultural products and improve incentives in many countries for more efficient, viable agriculture systems which will bolster national efforts to improve food security. The Annual Global Review of Aid for Trade was completed in July 2009 with significant new pledges being made. At the same time WTO members launched the Global Trade Liquidity Programme, to boost trade finance. The World Bank has fostered a Trade Standards Practitioners’ network with a particular focus on standards management. In West Africa, WFP is working on utility, feasibility and viability of coordinated food stocks and the establishment an appropriate regional food reserve system.

**Strengthening global food security information and monitoring systems:** FAO has well established systems for monitoring food availability and prices, disaggregated by country, and updated regularly so that trends causing concern can rapidly be brought to the attention of senior decision makers. WFP has intensified its vulnerability assessment mapping and is focusing on countries where there is a risk of increasing hunger as a result of the multiple factors driving food insecurity: it is adjusting its vulnerability assessments so that they track the impact of the financial crisis on nutritional and food security. The humanitarian Interagency Standing Committee (IASC) has incorporated the tracking of consumer food prices in its basket of indicators used to predict a humanitarian crisis. Out of 32 identified food insecure countries, 29 have interagency contingency plans for responding to reduced access to food among vulnerable populations. UNDP has contributed to strengthening countries’ capacities to measure poverty and assess the impact of shocks (such as the current economic contraction and/or high food prices) on poor people. IFAD is contributing to food security research capacity in the Middle East region. UNICEF has focused specifically on the impact of the food and economic crisis on children’s and women’s nutritional status and has found significant deterioration in children’s nutritional status in several countries.

### III. NEXT STEPS

There is a major and continuing need for an intensified effort for food security during 2009 and 2010 as a response to the immediate needs of food insecure populations, as a stimulus to national economies through increased investment in agriculture and as a means to enhance the capacity of countries to respond to external shocks. The degree to which populations can enjoy their Right to Food provides a valuable starting point for both analysis and strategy. Despite the extraordinary efforts of the international community during 2008 and the first half of 2009, billions of people are still unable to enjoy this right. This implies a continuing need for joint action to improve
social protection (with a particular emphasis on access to food and nutritional security in vulnerable communities), address price volatility, stimulate sustained economic resilience in rural communities, ensure sufficient access to agricultural inputs, improve the working of food markets and repair dysfunctional trading systems.

The different UN system agencies – including international financial institutions – will continue to work together, under the umbrella of the HLTF focusing primarily on support to national authorities and regional partners as they address these challenges. They will continue to encourage humanitarian and development actors to increase operational coordination, collaboration and cooperation and thus respond to immediate challenges of hungry and food insecure communities and intensify action to address longer-term structural and policy issues with a view to a) averting and mitigating hunger caused by external shocks – including economic contraction and changing climates, and b) meeting future food security needs of all the world’s people over the next four decades. Decent work is a key element of food security. ILO joined the HLTF in mid-2009 and has started mobilizing its network of employers’ and workers' organizations at international and national level. ILO will focus efforts on the extension of social protection and rural employment for poverty reduction.

Advocacy for sufficient, sustained and predictable funding and sustainable investments:
One consequence of economic contraction is an increase in the degree to which the people of poor nations return to agriculture as a means to buffer themselves against shocks like reduction in earned income due to layoffs from manufacturing, mining or service industries. This trend has added to the already urgent need for sustained and predictable funding and investments in national agriculture plans that have been subject to peer review (by regional entities such as NEPAD’s Comprehensive African Agriculture Development Programme) and then approved by national authorities but remain inadequately financed.

Donor countries mobilized additional funds to address the immediate emergency needs in the worst affected countries and, through G8 and various UN Summits and fora, committed additional new resources, most recently at the L’Aquila meeting in July this year, to address medium- and long-term food security challenges. Early resources were channeled into rapidly disbursing investment programmes to address short-term needs. The more significant of these programmes are the World Bank Food Crisis Response Programme and the European Union Food Facility.

Through its regional and country level work the UN system has sought to highlight the key issue of funding gaps and potential opportunities for investment of both national and international funds. Heads of agencies represented in the HLTF have advocated in a concerted and consistent fashion for increased investment in support for country owned and implemented food security strategies, and for sub-regional and regional food security initiatives. Building upon existing coordination structures, the multilateral social protection, financing and technical assistance agencies working on food security will continue to build the links, relationships and support systems necessary to mobilize resources and work together to ensure that they are made available where they are most needed to support local, national and regional food security initiatives.

Forthcoming opportunities for strengthening this worldwide movement for sustained food security include:
7th September: Donors’ meeting for the Comprehensive African Agriculture Development Programme

10 September: 5th Civil Society Roundtable on the Food and Financial Crisis; Washington DC, US (organized by the World Bank)

23 – 30 September: 64th UN General Assembly, General Debate; New York, US (including follow-up to the declaration and commitments made on food security in July 2008 at the G8 summit in L’Aquila, Italy)

24 September: Food security and climate change discussions at the G20 Summit; Pittsburgh, US

17 October: Meeting of the Committee on World Food Security, Rome, Italy

16 – 18 November: World Summit on Food Security; Rome, Italy

**IV. CONCLUSION**

UN system-wide efforts during the last 15 months have demonstrated a profound commitment to reduce the numbers of people who are vulnerable to food and nutritional insecurity both now and in the medium to long-term future. The system has demonstrated (a) a capacity for concerted and effective response to a major global food security crisis which has been exacerbated by the contraction of economies throughout the world, (b) synergy between UN system agencies through the High Level Task Force led by the UN Secretary General (within the context of a broadening partnership on food security and nutrition between multiple stakeholders at national, regional and global levels), (c) joint efforts to realize an agreed strategy (as set out in the Comprehensive Framework for Action), (d) commitment to coordinate support for national authorities as they devise, negotiate and reach agreement with national and international investors on long term food and nutrition security strategies, and (e) close and coordinated work in regional and international forums to mobilize a sustained increase in the level of investment.
**Joint Crisis Initiative #3 – Trade**

This note constitutes an update of the UN CEB Joint Crisis Initiative on "Trade", which includes fighting protectionism, including through the conclusion of the Doha round and strengthening aid for trade initiatives and finance for trade. It tracks developments in this area since the special CEB/HLCP Session of April 2009.

**Concluding the Doha Development Round**

Within the context of the G20 leaders call in April 2009 for the DDA to be wrapped up by 2010, a group of key WTO trade Ministers met earlier this month in India. This two-day meeting ended with an agreement to resume high level talks and to map the next steps in the Doha development round. To that effect Senior Officials from WTO Members are meeting in Geneva between 13 and 18 September to.

These intensive meetings would give our Members the opportunity to map out how they intend to bring the Doha Round to closure in 2010. As things stand now we could say that a tremendous amount of issues have been covered since the launch of this Round, what remains is certainly not easy but is not impossible. The hard work taking place now at the WTO has to exploit the considerable political capital that the G20 has put into the process. In a way it has the responsibility to bridge any gaps that might exist between the political determination and the technical realities of the negotiating table.

Given the importance of trade for the economic recovery, and the higher than average trade dependence by developing countries for their growth, it is important that the UN family sends a collective message of the need to conclude the Round in 2010.

**Keeping trade open**

Since April the WTO has continued to monitor and report publicly on trade and trade related measures taken by Members in the context of the crisis, to help Members resist protectionist pressures at home. The third report by WTO on trade protectionist measures was published on 13 July 2009. UNCTAD has also monitored and reported on investment related measures adopted by Members in the context of the crisis. A report was published by UNCTAD on 8 July 2009. On 14 September the WTO, UNCTAD and OECD, in cooperation with the IMF, published a joint report on G20 Members' adherence to their undertakings on resisting protectionism and promoting global trade and investment.

The picture emerging from these reports is that there has not been widespread resort to trade or investment restrictions as a reaction to the global financial and economic crisis. The public pledges made by leaders around the world, together with active monetary and fiscal policies and international rules for trade and investment agreements have supported growth and restrained resort to beggar-thy-neighbour trade and investment policies. It is evident that rules and agreements have been a restraining influence in times of difficulty.

Nevertheless, there has been policy slippage since the global crisis began. There have been instances of tariff hikes, introduction of new non-tariff measures, continued to use trade
defence mechanisms and even re-introduction of agricultural export subsidies. These measures, along with reports of additional administrative obstacles being applied to imports, are creating "sand in the gears" of international trade that may retard the global recovery. Some of the fiscal and financial packages introduced to tackle the crisis contain elements that favour domestic goods and services at the expenses of imports.

Overall, investment policy measures taken by G20 members paint a reassuring picture. A substantial number of policy changes undertaken during the period under review were directed at increasing openness and clarity for foreign investors. At the same time, some support schemes can discriminate against foreign-based institutions or act as barriers to outward investment flows.

Going forward it is important to stress that as the economic situation improves, it is important that governments plan a coordinated exit strategy that will see a rolling back of the trade or investments restrictive policies introduced during the crisis.

Delivery of Aid For Trade

The Second Global Review of Aid for trade was held in Geneva on 6 and 7 July 2009. Many members of the UN family, including UN Secretary General Ban-Ki-Moon, multilateral development banks, aid agencies as well as donors and partner countries participated at this event.

In preparation of this event a joint publication was prepared by the WTO and the OECD - "Aid for Trade at a Glance 2009" – which shows that trade is being prioritized by partner countries in national development strategies; donors are offering more and better Aid for Trade and new partners are becoming engaged in South-South cooperation. Furthermore, the increase in allocation to Aid for Trade has been achieved without reducing resources to other development priorities such as health, education or environment.

The meeting served to maintain momentum and focus on ensuring that commitments are met. It also saw new announcements of additional commitments by key donor countries such as Japan, the United Kingdom, the Netherlands and France.

Going forward, the review highlighted the need to focus on strengthening the regional dimension of Aid for Trade and securing greater role and contribution of the private sector in this initiative. It was also recommended that monitoring and evaluation work should continue with specific focus on evaluating the impact of Aid for Trade.

Over the coming months it is important that emphasis is placed on ensuring that donors keep up to their commitments despite the economic crisis.

Monitor trade finance markets

The WTO, in co-operation with other international organisations, has kept making the case for taking action to ensure availability and affordability of trade finance. Following the pledge made by G20 Leaders in London in April, we have seen a mobilisation of additional capacity (credit and insurance) by export credit agencies and through trade finance facilitation programmes of multilateral agencies, in
particular the Global Trade Liquidity Programme of the World Bank/IFC which is becoming operational and attracting support from several global banks.

The WTO is monitoring the situation, in particular that of small and medium-scale exporters from developing countries. The WTO Expert Group on Trade Finance, gathering operators on the ground, from commercial banks to ExIm Banks and multilateral development banks, met on 15 September 2009. The conclusion points at market conditions which in general seem to have eased somewhat during the summer and expectations for the rest of 2009 are also better than they were in the Spring. However, reports on the market situation still do not provide confirmation that accessibility and affordability of trade finance has returned to normal. The strong take-up of additional credit lines made available through ExIm banks in the past six months suggests that there is considerable appetite for affordable trade finance that is not being met from traditional sources of the private banks.

Looking ahead the situation needs to continue to be monitored closely to ensure that the recovery of world trade growth is not constrained by shortages of trade finance.
Joint Crisis Initiative #4 – A Green Economy

1. On 2\textsuperscript{nd} September, UNEP convened a conference call, which was participated by 13 other agencies. It was agreed that the GEI template, though fairly broad, should be considered final. It served the purpose of bringing a large number of agencies together on GEI. Based on the template, on 26\textsuperscript{th} June during the UN summit on the financial and economic crisis, 22 agencies issued a joint statement on GEI, which sharpened the focus of the collective policy messages.

2. The GEI template and the joint statement provide the scope within which an operational plan can be formulated. At the 2\textsuperscript{nd} September conference call, agencies agreed to organize the operation of the JCI#4 GEI into global, regional, and national levels. It was also agreed that global level work should address regional and national needs while regional and national level work should also be guided by the normative work at the global level.

3. Furthermore, the conference call clarified the relationship between the immediate crisis response and the longer-term activities. It was understood that the emphasis on responding immediately to the crisis in areas where the UN system can have an immediate impact does not preclude longer-term efforts in developing regional/national capacities needed for the transition towards a green economy, as long as a distinction is made between these contributions.

4. At the \textit{global} level, a major activity is the preparation of a UNEP-led Green Economy Report, an initial draft of which is expected early next year. The report will provide guidance on how to increase investments in specific green sectors, with the support of international and national policy reforms, to overcome the current economic difficulties and lay the foundation for a stronger economy. A number of agencies reconfirmed their technical support to this effort.

5. Related to the Green Economy Report is a proposed effort to compile various country (including urban/local) examples/best practices/policy guides regarding generating green investments and green jobs as a way out of the crisis. Several publications can be expected for 2010. ILO and UNEP (focusing on national level), UN-HABITAT, UNIDO, and UNDP (focusing on urban infrastructure and services) will be involved in implementing these activities.

6. The WB’s Infrastructure Recovery and Assets (INFRA) Platform has been developed to bridge infrastructure financing, project preparation, and capacity gaps resulting from the crisis. INFRA comprises a rapid diagnostic tool to identify infrastructure projects at risk, a concessional financing window to support project preparation and financing, initiatives for parallel and donor financing, and a common reporting system. The initiative has a Greening Note, which is of particular relevance to GEI.

7. The green stimulus packages in a number of countries require a supply response. In this regard, ILO, UNESCO, UNIDO and ESCAP may want to lead the development of a training manual by April 2010 on how to jump start green businesses in response to the
green stimulus. ESCAP is already planning to develop an on-line tool for businesses especially small and medium size enterprises on how to green their business and production facilities and invest in human resources including green job skills.

8. Beyond crisis-responses, UNESCO will assist a number of countries in developing “green economy friendly” Science, Technology and Innovation policies with interested partners. In addition, UNESCO and partners will further integrate green economy principles and guidelines into educational policies, curricula and other education and training materials. The focus will be on Technical and Vocational Education and Training and tertiary education institutions.

9. Also beyond immediate response to the financial and economic crisis, UNFCCC through its National Economic, Environment and Development Study for Climate Change Project is assisting 11 non-Annex I countries to assess: a) the cost of financing climate mitigation and adaptation; b) the instruments and policies for mobilising resources; and c) institutional arrangements for climate financing. The reports are expected to be completed prior to COP15.

10. In the GEI context, the most pertinent issues with respect to trade area: a) how to avoid or minimise the negative impacts of the crisis on trade in green products and technologies? b) which green tradable sectors are likely to lead recoveries? These issues can be addressed under the JCI. WTO and UNCTAD will work on this area with the support of IMF and ITC. CITES has an interest in the trade of green bio products and will promote this at its COP in March 2010.

11. An important factor for the growth of a green economy is the stimulation of innovation across industries. Notably, information and communication technologies (ICTs) have the potential to address climate change and limit carbon emissions, via e.g. the diffusion of energy-efficient digital homes and intelligent appliances and advances in telework and traffic and congestion management. ITU has been addressing such issues as how new ICTs promote economic recovery through green digital environments at home, work and play. ITU will lead several major events in 2009.

12. At the regional level, regional commissions may lead at least 6 crisis-related GEI events by July 2010, including related educational/ training programmes. These events will use materials such ESCAP’s green growth training kits and UNCTAD's Trade and Environment Review 2009, and involve ILO, UN-HABITAT (the 5th World Urban Forum in March 2010), and UNESCO among others. Inter-regional exchanges and South-south exchanges will be facilitated.

13. A specific regional activity is the contribution of UNEP and ESCAP towards the preparation of A Low Carbon Green Growth Strategy for Developing Countries in East Asia, sponsored by the Government of the Republic of Korea (October 2009) as well as a Ministerial Conference on Environment and Development, including sub-regional green growth initiatives for Central Asia and the Pacific Islands (September 2010).
14. The Arab region and East Africa are likely to be the next candidates for activities at the regional level. In the Arab region, a number of workshops that have taken place or are being planned for the near future are generating a momentum for a regional green economy initiative. In East Africa, efforts will be linked to existing work by UNCTAD and UNEP focusing on sustainable forms of agriculture as a crisis response.

15. The GEI should provide support at the country level and be integrated into broader UN efforts in achieving country level coherence. This is not easy, given the number of countries to service, the difficulty in prioritization, and the coordination among agencies, between the headquarters and national offices, and among UNCT members of the UNCT. The recent letter from UNDG Chair to UNRCs will facilitate the identification of country needs, but it may take some time.

16. In the meantime, Member States might have requested headquarters of agencies for urgent support. As far as GEI is concerned, this has happened in the case of Burkina Faso, Cambodia, China, Indonesia, Kenya, Rwanda, South Korea, and Uruguay, among others, which have invited UN agencies to advise on a green economic approach to the crisis. UNEP will work through the UN regional/country coordination mechanisms, seek synergies, and take into account the need for rapid responses.

17. Beyond immediate crisis responses, in February 2010, there will be an UNCTAD Expert Meeting on Green and Renewable Technologies as Energy Solutions for Rural Development. Following that, UNCTAD, ILO, UNIDO and the Fraunhofer Institute for Solar Energy Systems expect to launch a project on using integrated local renewable energy packages for sustainable rural and agricultural development in India and Tanzania.

18. An example of interagency cooperation is when UNESCO organised its Future Forum in China in August. ILO and UNEP were invited to speak on green jobs and green economies. Similarly, UNEP has invited ESCAP, UNESCO, and ILO to speak on related issues at a forum in Beijing in September. A meeting of UNCT in China has been planned. In addition, UNIDO, UNEP and ESCAP are holding an International Conference on Green Industry in Manila in September.

19. A table will be prepared to list all the planned activities at the global, regional, and country levels. The respective lead agencies, participating agencies, their focal points and contact details, the rationale for including these activities under this JCI, expected deadlines, and operational modalities will be provided in the table. As the interagency consultations and consultations at the country level unfold, the table will be updated regularly, serving as a monitoring tool as well.

Drafted by UNEP with inputs from CITES, ESCAP, IMF, IMO, ITC, ITU, UNESCO, UNFCCC, UN-HABITAT, World Bank, and WTO.
**Joint Crisis Initiative #5 - A Global Jobs Pact**

**Developments since the CEB Session (2 April 2009)**

Since the adoption of the Joint Crisis Initiative (JCI) on a Global Jobs Pact at the CEB Session in April 2009, important political support has been gathered in various international fora, including at the highest political level.

The ILO’s International Labour Conference gathering in June 2009, focused in particular on the impact of the world financial and economic crisis in the world of work. On that occasion, the tripartite membership of the ILO (Governments, workers and employers) unanimously adopted a Resolution entitled “Recovering from the Crisis: A Global Jobs Pact “. It was adopted following strong support voiced during a three-day Summit on the Global Jobs Crisis by Heads of State and Government, Vice-presidents and Ministers of Labour worker and employer representatives and other leaders.

As reflected in the CEB Joint Crisis Initiative, the Global Jobs Pact sets forth a comprehensive set of crisis-response measures that aim at stimulating economic recovery, generating jobs, and providing safeguards for working people and their families. The measures proposed are based on successful examples and tested policies. They can be implemented immediately, in a coordinated manner, at both the national and international levels. The Pact is not a single recipe, nor a one-size-fits-all solution. It is a portfolio of policy options that should be adapted to the specific needs and situation of each country and at the regional and global levels.

One central objective of the Global Jobs Pact is to shorten the 4-5 year time lag that is likely to occur between economic recovery and employment recovery. By this token, implementing the Pact is a main strategy to avoid major setbacks on the way to achieve the internationally-agreed development goals (IADGs) including the MDGs, in particular the poverty reduction objectives.

The Global Jobs Pact envisages a strong partnership and collaboration across the multilateral system. Indeed the Resolution calls for policy coherence and closer collaboration among the ILO, the UN System and all other relevant international and regional organizations. The Global Jobs Pact includes action, among others, concerning: support to sustainable enterprises, especially small and medium-sized; reinforcing active labour market policies; safeguarding viable jobs; supporting job-seekers through training and skills development; expanding employment guarantee schemes; special attention to young people and vulnerable groups; job-intensive investment in infrastructure and public goods; strengthening social dialogue and public administration; protecting workers’ rights and promoting international labour standards, particularly collective bargaining to address wage deflation.

The Pact underlines the need to expand development assistance and support to “least developed, developing and transition countries with restricted fiscal and policy space to respond to the crisis” (JCI 1). It recognizes “the value of agriculture in developing countries and the need for rural infrastructure, industry and employment” (JCI 2). It warns against protectionist solutions and calls for “efficient and well regulated trade and markets that benefit all” (JCI 3).
advocates a shift to “a low-carbon, environment-friendly economy” (JCI 4). It calls upon countries to consider building “adequate social protection for all, drawing on a basic social protection floor” (JCI 6).

The distinctive role that the CEB and its relevant bodies could play in helping to create a favourable international environment for the mitigation of the crisis is specially acknowledged and encouraged in the Resolution adopted in June.

A strong reference to the Pact was made in the outcome document of the G8 Summit in L’Aquila, Italy, where G8 leaders recognised the need to take forward “the ILO Decent Work Agenda, and to build on the Global Jobs Pact …to respond to the crisis at worldwide level and advance the social dimension of globalisation.”

A Resolution was also adopted by the ECOSOC at the Council’s Substantive session in July 2009, encouraging member States to make full use of the Global Jobs Pact, inviting relevant international organizations to integrate, in accordance with their mandates, the Pact in their activities. The ECOSOC Resolution also explicitly requested the UN funds and programmes and the specialized agencies to take into account the Pact in their policies and programmes and it called for a report on implementation for next year’s Council.

As the lead agency for this initiative, the ILO is engaging in providing immediate assistance to Governments, employers and workers organizations wanting to implement the measures envisaged in the Pact, in line with national circumstances and priorities. In this endeavour, the ILO is also stepping up its efforts to work in cooperation with other multilateral organizations at the national level, in particular through joint UN country programmes and specifically UNDAF.

Following the mandate received at the G20 Summit in London, the ILO, in cooperation with other international organizations, has carried out a survey and preliminary assessment of the employment and social protection measures taken by over 50 countries across all regions and income groups. The preliminary results confirm the relevance of the measures proposed under the Global Jobs Pact. They give indications about the impact of the actions taken so far, where the focus of action is, and how priorities differ across country groupings. They also suggest key areas for technical assistance. Those results, together with the Global Jobs Pact, will be presented by the ILO at the forthcoming G20 Summit in Pittsburgh. It is hoped they will contribute to strengthen the case for a stronger attention by the international community to addressing the vulnerabilities caused or exacerbated by the crisis.

Next steps

The ILO is planning to organize a meeting of the cluster for the Joint Crisis Initiative on A Global Jobs Pact tentatively scheduled for the second half of October 2009. The meeting, which will involve senior technical staff from the cooperating agencies, will aim at:


Identifying the critical areas in which cooperation among agencies can provide significant added value to the implementation of the Global Jobs Pact, globally and in countries.

Reviewing country experiences and assessing key areas for technical assistance in the implementation of the GJP – this might include support to broad policy dialogue and consensus building between Governments and the actors of the real economy (business and labour); strengthening of capacities for the monitoring of labour markets; methodologies to assess the employment and social impact of a different mix of policies, etc.

In accordance with the letter sent by the UNDG Chair to all UN Country Teams, identifying existing expertise, networks and sources of funding which could be mobilized to respond to the needs of countries and UN Country Teams and organizing a system for dissemination and sharing of relevant information and knowledge.

Identifying specific areas for collaboration among the members of the cluster, including joint work in selected countries.

Identifying opportunities for capacity building in crisis responses, including opportunities to build upon the work carried out on the CEB toolkit for mainstreaming decent work and its adaptation to the application of the Global Jobs Pact.

Agreeing working modalities for the cluster.
Joint Crisis Initiative #6 - Social Protection Floor (SPF)

1. Activities undertaken so far
Following the principal interagency agreement on the definition of the Social Protection Floor in the concept paper\(^5\) the Initiative has so far undertaken the following activities:

(1) The advocacy activities under the SPF initiative were started by the briefing of various international meetings by ILO, WHO, UNDESA or UNICEF staff members. The SPF was introduced in various outcome documents. The most important meetings were:

   b. The International Labour Conference, June 2009
   c. The Economic and Social Council, July 2009
   d. The UNESCO Forum of Ministers, Quito, August 2009

The Global Jobs Pact adopted by the International Labour Conference, the Ministerial Declaration of the Economic and Social Council as well as the ILO Tripartite Expert Meeting endorsed the concept of the Social Protection floor. The Global Jobs Pact explicitly requests countries that do not yet have extensive social security to build “adequate social protection for all, drawing on a basic social protection floor including: access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee schemes for the unemployed and the working poor” and urges “the international community to provide development assistance, including budgetary support, to build up a basic social protection floor on a national basis”.

(2) The Initiative is portrayed and promoted on the ILO’s Web platform for the Extension of Social Security (GESS).

(3) A draft briefing of country staff of UN agencies to alert them and the government counterparts to the new initiative was prepared by UNDESA and UNICEF.

(4) A first draft of the terms of reference for country advisory missions was developed and discussed by ILO and WHO.

\(^5\) As printed in UN CEB for coordination: Global Financial and Economic Crisis: UN System Joint Crisis Initiatives.
2. Planned further activities

The CEB Initiative is planning the following activities within the next four months and beyond:

(1) A planning meeting of technical experts for all participating agencies is scheduled for October in the International Training Centre of the ILO in Turin. Expected output: A draft manual for joint country activities.

(2) The testing of the adequacy of the country manual in three countries will be discussed during the planning meeting. The ILO is proposing the following candidates on a preliminary basis: Burkina Faso, Ecuador and one Asian (maybe Cambodia). Initial activities to start with a joint mission of say two weeks. The selection of countries has to be confirmed with other agencies. It was agreed to aim - if possible - at UNDAF roll-out countries - this would avoid duplication of work and possibly secure the sustainability of follow up. Country tests should start in November and December. It is planned to invite key donor agencies as observers so as to speed up the decision-making process with regards to funding of social protection floor advisory services in specific countries.

(3) The Initiative seeks to accelerate the dissemination of the concept to national governments through a rapid training programme for national social policy planners in three two-week training courses on the concept of the Social Protection Floor in Turin and Santiago de Chile. Training to be undertaken by the ILO, WHO and UNICEF and other agencies if possible. The flyers advertising the courses are available. It is hoped to reach about 60 planners in three courses. As a major investment in the dissemination of Social Floor Policies the ILO (i.e. the Social Protection Sector) will make 20 fellowships available. Interactive training activities are a core tool to identify countries in greatest need who, at the same time, have the basic capacity to plan and implement SPFD activities. It is expected that joint One UN capacity building exercises will develop into a core tool of the SPF initiative.

(4) A high-level panel discussion on the Social Protection Floor of the second and third committees of the UN is planned in New York for 27 October.

(5) As a longer term activity the SPF lead agencies are exploring the possibility to achieve a pivotal policy output at the UN level. One could aim at a draft resolution or a section of a draft resolution of the CSocD on the Social Protection Floor.
Joint Crisis Initiative (JCI) #7 - Humanitarian Security and Social Stability:

Emergency action to protect lives and livelihoods, meeting hunger and humanitarian needs, protecting displaced people and shoring up security and social stability

1. Under the leadership of WFP, with the support of IAEA, ILO, OHCHR, UNHCR, UNICEF, UNODC, UNRWA, WHO, WMO and UNFPA as cooperating agencies, an Emergency Action Plan to tackle issues related to Humanitarian Security and Stability, as part of the UN’s Joint Crisis Initiatives was outlined. In mid-September, ITU and FAO became members to the cluster, as no objections were received, following their expressed interest to join the cluster.

2. Upon the general request of the HLCP chair, the Emergency Action Plan (from now onwards referred to as ‘Plan’) was placed in a template format and proposed as final. Cooperating agencies generally agreed that in moving forward the focus should be on the next steps which will include a discussion on the substantive issues and amendments needed on the initially outlined Plan.

3. Agencies broadly agreed that that the action items would be operationalised through the preparation of key messages and initiatives to include the urgent concerns outlined and by supporting existing mechanisms. The main output would be to raise awareness and call attention to the need to maintain/scale up support to the most vulnerable populations at this time of crisis, bearing in mind that other activities will be addressed through other JCI or by ongoing organizational efforts.

Progress Achieved

4. Following the initial shock of the fuel and then the food crisis, WFP worked towards creating powerful messaging to call attention on the impacts these crises have on the most vulnerable countries. In the aftermath of the second wave - the global financial crisis – WFP through its vulnerability monitoring system found that household food security in these countries are significantly affected while many communities are still reeling from the food and fuel crisis that peaked in 2008 and prices remain stubbornly high. In 47 of the 56 countries monitored by WFP, staple commodity prices are still more than 20% higher than the average for the past five years.

5. There has been WFP high-level engagement in various forums to emphasize the strategic importance of hunger and its role when promoting global peace and stabilization; and raise the need to address humanitarian needs in particular food security and access. Some results include cooperation countries like for example India and Egypt has expressed by exempting humanitarian food aid from restrictions.

6. WFP and FAO are working with the Italian Presidency to follow up on the agreement reached at the G8 Foreign Ministers meetings on Afghanistan, Pakistan and the Regional Dimension, in Trieste on 27 June 2009 which recognized the importance of boosting Economic and Social Development in the sub-region and in so doing contribute to
promotion of peace and security. Recognizing the humanitarian crisis in Pakistan, the participants, as outlined in the Chair’s statement, “agreed on the urgency to give the highest attention to this situation in order to mitigate the enormous suffering among the civilian population and help stabilize the area”. One of the follow up activities include the steps that are now underway to establish a priority framework and plan of action in support of stabilizing the border areas of this region.

7. In Brussels on 7 July, at the first seminar of “Launching the Process: Nato’s new Strategic Concept”, WFP Executive Director raised the need for all stakeholders to work together while respecting the humanitarian principles and space. The support by NATO member states and the supportive efforts of NATO off the Somali Coast in providing naval escorts to humanitarian shipments is an example of valuable support, although Somalia may also be an example, where political & military mission objectives may have clashed with humanitarian ones.

8. During the reporting period of this joint crisis initiative, the humanitarian community have called attention to several other urgent humanitarian crises such as Sri Lanka, Pakistan and Yemen. In May, the Secretary-General went to Sri Lanka and called attention to the immediate needs of the Tamil people and the need to achieve a sustainable and equitable political solution which resulted in the joint statement made by the SG and the Government of Sri Lanka. The Emergency Relief Coordinator and other executive UN official have made repeated calls to humanitarian needs in this country.

9. This year, voluntary funding on which humanitarian action depends has been donated at a better pace than most previous years. In dollar terms, the total new funding committed to the CAP by mid-year amounted to – $3.2 billion[1] – which exceeds that at the same point in any previous year this decade; and (combined with funding in late 2008 carried over to this year) fulfils 49% of the requirements of these appeals. However, funding requirements not yet met are also higher than ever in dollar terms ($4.8 billion) given large-scale humanitarian action is responding to ongoing needs in dozens of countries around the world where millions of people are afflicted by conflict, natural disaster, or the accumulated stresses of extreme poverty and vulnerability.

10. The High Commissioner for Human Rights participated in one of the roundtables at the GA High-level Conference in which she highlighted impacts of the crisis on the realization of human rights, including elements contributing to social instability such as violence against women and discrimination against migrants. The Social Forum of the Human Rights Council held its second session in Geneva during 31 August-2 September 2009, which focused on analyzing the negative impacts of economic and financial crises on efforts to combat poverty, best practices of States in implementing social security programmes from a human rights perspective, and international assistance and cooperation in combating poverty.
Next Steps

11. A meeting/teleconference will be called in late September among cooperating agencies to reach a common agreement on:

   a. Operating modalities and events to be targeted in the next months and if closer collaboration with a sub-set of interested agencies is needed to organize for joint events, such as the CAP launch.
   b. Collective advocacy messages that can be used by high level UN officials in their interventions.
   c. How to incorporate substantive changes and amendments proposed by cooperating agencies into the Plan. (For example, UNICEF, who raised, among others, the importance of qualifying the link between reduced economic growth and use of criminal networks and expressed a concern for the risk of arguing for “instrumentalization of humanitarian assistance” in the context of humanitarian space.)
Joint crisis Initiative #9 – Monitoring Economic and Financial Policies

1. In October 2008, the Executive Board approved a set of economic and operational priorities to guide Fund surveillance through 2011. These priorities were meant to guide the Fund's work within the framework for surveillance provided by the Articles of Agreement and relevant Board decisions. Significant progress has been achieved since then in implementing the operational priorities set out, both though actions supporting specific priorities, and though cross-cutting actions that support all priorities.

Specific Operational Priorities

2. The statement of surveillance priorities set out specific operational priorities in four areas for enhancing the effectiveness of IMF surveillance: risk assessments; financial sector surveillance and real-financial sector linkages; enhancing the multilateral perspective to surveillance; and the analysis of exchange rates and external stability risks. A number of steps have been taken to help make progress on these priorities.

- Risk Assessments:

3. In the area of risk assessments, the priorities included refining the tools necessary to provide clear early warning to members, and to undertake more systemic and thorough analysis of major risks to baseline projections and their policy implications. The joint IMF/Financial Stability Board Early Warning Exercise (EWE) is a critical component of this work. The proposed procedure on the joint EWE was agreed in February 2009, an informal briefing of the Executive Board was conducted on April 17, and the first dry-run of the EWE was completed in April. The results of this exercise and next steps were discussed by the Board in early September. The first joint World Economic Outlook /Global Financial Stability Report Joint Statement, bringing together the IMF’s traditional multilateral surveillance exercise and its specific financial sector analysis, was issued in April 2009. The extension of the IMF’s vulnerability analysis exercise to cover all advanced economies, supplementing the existing exercise for emerging markets, was launched in May 2009.

- Financial Sector Surveillance and Real-Financial Linkages:

4. In the area of financial sector surveillance and real-financial linkages, the priorities included improving analysis of financial stability, and the diagnostic tools used; deepening the understanding of linkages, including between markets and institutions; and ensuring adequate discussion in surveillance reports. Specific steps taken in this area include: discussion by the Executive Board (in February and September 2009) of a series of policy papers on integrating financial sector surveillance into the IMF’s overall surveillance function; the establishment of a special macro-financial unit within the IMF (March 2009); the proposed reform of the joint IMF/World Bank Financial Sector Assessment Program (FSAP) (September 2009); consideration by the Executive Board of the proposal to allow risk-based updates of the Reports
on Standards and Codes (also in September); the issuance of a staff guidance note on financial sector surveillance (April 2009); and the launch of an external Financial Soundness Indicators website open to the public (July 2009);

- **Multilateral Perspective (cross-country studies and spillover analysis):**

5. With regard to the multilateral perspective, the priority was to ensure that bilateral surveillance is systematically informed by analysis of inward spillovers, outward spillovers (where relevant), and cross-country knowledge (as useful). To facilitate this aspect, the IMF established an internal website as a knowledge repository on IMF staff’s cross-country studies and databases (March 2009); put in place a new internal review process to provide IMF country teams with relevant cross-country studies and comparable country experience; and the Executive Board considered in August a paper that identified cross-cutting themes that emerged from Article IV consultations with major countries.

- **Analysis of exchange rates and external stability risks:**

6. In the context of strengthening external stability analysis, the priority was to integrate clearer and more robust exchange rate analysis, underpinned by strengthened methodologies, into the assessment of the overall policy mix. To this end, revised operational guidance was issued to staff for implementing the 2007 Surveillance Decision (June 2009); and the Board considered in July a major paper discussing elements of a stable system of exchange rates, as a background to its future policy decisions in this area.

**Cross-Cutting Actions in support of All Surveillance Priorities**

7. In addition to the specific steps described above, a range of activities in underway within the Fund to strengthen the surveillance function more generally. These include setting clear expectations and providing guidance to staff in the conduct of country surveillance work; improving knowledge management, access, and sharing of data and experiences, particularly on cross-cutting themes and on systemic country work; and building up further staff’s capacity to implement the operational priorities, particularly in the area of financial sector surveillance. Finally, efforts are ongoing to improve the IMF’s external communication of its surveillance work, including establishing specific pages on the IMF’s external website to showcase key surveillance and monitoring activities (e.g. the crisis response page, the global governance page, etc.).

**Proposed Revision of the Economic Surveillance Priorities**

8. The Statement of Surveillance Priorities provides that the priorities may be revised if circumstances warrant. The original priorities, adopted in the midst of the financial crisis, focused on resolving financial market stress, strengthening the global financial system, adjusting to sharp changes in commodity prices, and promoting orderly reduction of global imbalances. Clearly, these issues remain relevant, However, given the changes in global economic circumstances since October last year, staff considers that the economic priorities should be
revised, in step with the shift in the focus of policy considerations to the design of exit strategies and policy requirements for sustaining world growth, with less emphasis on adjusting to commodity prices. The Executive Board will be considering the revision of the economic surveillance priorities in the near future.