Inter-American Agency for Cooperation and Development OEA/SER. W

Meeting of the Management Board (MB/IACD) AICD/JD/doc.188/21

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PROPOSED DRAFT CONCEPT NOTE FOR THE

III MEETING OF HIGH-LEVEL COOPERATION AUTHORITIES

(Prepared by the Executive Secretariat for Integral Development at the request and for the consideration of member states through the Management Board of the Inter-American Agency for Cooperation and Development)

Theme: *" Cooperation and Partnerships as engines for post-COVID-19 socioeconomic recovery in the region"*

1. INTRODUCTION

Cooperation and partnerships have gained new relevance for the countries of Latin America and the Caribbean (LAC), as they face shrinking fiscal space to respond to the COVID-19 pandemic. The pandemic triggered an unprecedented global crisis, reversing decades of progress in poverty reduction, healthcare, and education[[1]](#footnote-1), and disproportionately affecting the world's poorest and most vulnerable, including women, infants, older adults, persons with disabilities, migrants, and refugees.

The urgency to activate post COVID-19 recovery within OAS member states presents a challenge which is beyond the capacity of any one country or government acting alone. The pandemic offers unequivocal evidence of global interconnectedness and of the need for multilateral response and international cooperation to confront and recover from the crisis. The member states of the Organization of American States (OAS) have long recognized the importance of establishing mutually beneficial relationships, rooted in solidarity, to address the region’s development challenges.

The Executive Secretariat for Integral Development (SEDI), the development arm of the OAS as the broadest hemispheric platform for engagement at the highest levels of government in the Americas, plays a pivotal role in facilitating cooperation and building partnerships that deliver solutions to address some of the core social, economic, and environmental issues affecting the countries of the hemisphere. The time is propitious for member states to use existing and enhanced development cooperation mechanisms within the OAS-SEDI through its Inter-American Agency for Cooperation and Development to facilitate this process.

In 2018, Cooperation Authorities made recommendations and provided important insights on opportunities for action to strengthen cooperation for development within the framework of the OAS. In 2019, a follow-up Technical Meeting on Cooperation for Development provided guidance for the work of the Inter-American Agency for Cooperation and Development (IACD and SEDI) in strengthening the capacity of the organization to effectively respond to the development cooperation trends and initiatives within the Hemisphere and the international arena. Further, SEDI’s Partnership Strategy, developed and launched in 2019, leverages the convening authority and partnership experience of the OAS to engage the private sector, foundations, academia and other relevant non-governmental and multilateral actors in multi-sector dialogue and action.

As part of the Triennial process, the Meeting of Cooperation Authorities scheduled for 2021 offers a unique opportunity to come together as a region in this challenging time to share solutions and find cooperation and partnership opportunities that can strengthen post COVID-19 recovery. Beyond policy dialogue, the meeting is expected to yield concrete opportunities to support recovery efforts in member states.

1. CONTEXT

The Socioeconomic Impact of COVID-19 on Latin America and the Caribbean

The COVID-19 pandemic hit Latin America and Caribbean countries at a time of economic weakness and macroeconomic vulnerability. Regional GDP growth declined from 6% to 0.2% in the decade following the global financial crisis (2010–2019); additionally, growth in the 2014–2019 period was the slowest since the 1950s (0.4%). Some countries have developed the fiscal and policy space necessary to react, but the majority have been overwhelmed by a vicious economic cycle of capital flight, currency collapse, dwindling foreign exchange earnings, and shrinking fiscal space. The region's GDP is estimated to have contracted by a staggering -7.7 % (ECLAC, 2021).[[2]](#footnote-2)

With debt levels already at record highs when the crisis struck, UNCTAD estimates that developing countries will need at least US$2.5 trillion in external financing over the next two years. According to the Organization for Economic Co-operation and Development's (OECD) Global Outlook on Sustainable Development, developing countries face a US$1.7 trillion funding gap this year to meet the Sustainable Development Goals (SDGs) by 2030, as governments and investors wrestle with the health, fiscal, and social consequences of the COVID-19 crisis. According to the study, developing countries will see a US$700 billion decline in external private financing in 2020 and a US$1 trillion shortfall in public expenditure on coronavirus recovery initiatives relative to advanced economies, where governments have a greater borrowing ability. Additionally, private financing has declined because of the downturn in portfolio investments, foreign direct investment, and remittances by migrant workers.

Meanwhile, as the virus wreaks havoc on critical industries such as tourism, manufacturing, and agriculture, most countries in the LAC region are now in recession. Furthermore, the pandemic has the potential to place a strain on the transfer of development assistance from industrialized economies to emerging economies.

The burden of Inequality in LAC:

Inequality is a historical burden, not only in LAC but throughout the world. Global financial assets are now worth US$379 trillion -the highest level since before the global financial crisis.  However, while 80% of these assets are held in advanced economies, only 20% are held in developing countries, which account for more than 80% of the world's population. UNCTAD posits that the SDG funding gap could be resolved by the reallocation of a mere 1.1% (US$4.2 trillion) of the total assets held by banks, institutional investors, or asset managers.

ECLAC also estimates a concerning increase in poverty and extreme poverty due to the region's COVID-19 related economic contraction in 2020. By the end of 2020, 209 million people in the region (33.7% of the population) lived in poverty - 22 million more people than in 2019.Of that total, 78 million people (12.5% of the population) live in extreme poverty - 8 million more than in 2019. In addition, given the difficulty of performing usual labor tasks, especially in high-contact sectors, lower-income workers were particularly vulnerable to job and employment income loss. As a result, regional income inequality grew in 2020, with a projected average Gini index 5.6% higher than in 2019. The implementation of emergency social protection measures by governments in the region had a mitigating effect that prevented these numbers from being even higher.

Emergence of a New Development Paradigm

The adoption of the 2030 Agenda for Sustainable Development in 2015 signaled a commitment to a new development model: sustainable development, defined as the interconnected environmental, social, and economic dimensions of development, through the achievement of the 17 sustainable development goals (SDGs). SDG 17 was designed to strengthen global partnerships and bring together national governments, the international community, civil society, the private sector, and other actors to achieve the SDGs. The Agenda also expressly acknowledged South-South Cooperation’s (SSC) critical role in achieving its goals and targets. The Addis Ababa Action Agenda on Financing for Development and the Paris Agreement on Climate Change, both also adopted in 2015, further amplified the role of SSC.

According to the SDG Report 2020, though gains had been uneven and insufficient to achieve the Goals, the world made progress in areas such as maternal and child health, expanding access to energy, and increasing women's representation in government. Nonetheless, rising food insecurity, environmental degradation, and pervasive and ingrained inequalities overshadowed these gains. As a result, by the end of 2019, the 15-year global initiative to enhance people's lives worldwide through the achievement of the 17 Sustainable Development Goals was still off target.

The pandemic has also elevated the importance of rethinking the development model by exposing and exacerbating socioeconomic problems in LAC, such as low growth and entrenched inequalities in access to health, education, and social security. The recovery must be viewed as a path to a new future built on a new paradigm characterized by greater equality and environmental sustainability resulting from evolved productive and social models. In a region defined by inequality and high vulnerability to the impact of climate change, a more inclusive global compact is needed for the provision of public goods such as universal health care, climate security, peace, and financial stability. The principles of sustainable and equitable sustainability are key to building back better in the post-COVID-19 recovery.

The Role of Cooperation and Partnerships in Post COVID-19 Recovery

OAS member states represent a wide spectrum of economic and technical capacities, and many have become leaders and champions of cooperation in all its modalities (South-South, North-South, triangular, and horizontal). Between 2006 and 2015 there were around 7,375 programs, projects, and actions in the region. Over 6,000 of these (eight out of ten) involved bilateral SSC, and nearly 1,000 took the form of triangular cooperation, and over 300 involved regional SSC.[[3]](#footnote-3) Likewise, in its latest report the SEGIB[[4]](#footnote-4) provides an overview of the dynamic flows of cooperation, where Ibero-American countries alone participated in almost 7,400 bilateral SSC and 1,250 Triangular Cooperation initiatives in the 2007 to 2019 period. There is also a growing trend for countries to exercise both provider and recipient roles.

Triangular Cooperation (TC) has also gained relevance within the OAS/SEDI framework as engagement with various development partners, increasingly converging and capitalizing on distinct comparative advantages through initiatives that deliver development solutions and assistance to member states. The tripartite framework enables mutual benefit by expanding financial resources and increasing the exchange of knowledge, tools, expertise, technical assistance, best practices, and information sharing.

It is imperative that Triangular Cooperation in the region be bolstered as a catalyst for post-pandemic recovery. TC can play a critical role as a link between the immediate needs generated by the crisis and the medium term, with an emphasis on a public revenue-centered expansionary fiscal policy with sustainability and triangular cooperation projects aimed at expanding development financing channels, with the goal of resolving the crisis and progressing toward shared development goals.

Partnerships with the private sector and other actors are also critical to overcoming the crisis. As an experienced honest broker, SEDI creates partnerships that build synergies from the unique skills and resources that each partner brings, amplifying effectiveness, and accelerating progress towards development in the region while bringing value to the private sector. Through the OAS/SEDI, partners can engage multiple governments and deliver concrete and impactful programs by scaling-up initiatives across the region, engaging in policy dialogue with governments, and collaborating on the design, delivery, and evaluation of sustainable development solutions.

OAS/SEDI Action in Member States

The OAS/SEDI is committed to supporting member states in their efforts to face the challenges of the COVID-19 Pandemic. In 2020 and 2021, the Secretariat has prioritized actions that stimulate equitable socio- economic recovery and are responsive to emerging needs.

A robust portfolio of new and long-standing cooperation initiatives -- strengthened through partnerships -- are offering practical tools, enabling the sharing of knowledge and best practices, building local capacity, and supporting the delivery of technical assistance in member states.

MSMEs

* Digitalization of MSMEs to foster engagement in e-commerce:
  + OAS-WhatsApp Business Partnership for MSMEs
  + OAS-Facebook. Empowering Women Entrepreneurs. #SheMeansBusiness
  + OAS-Google. Access to Google-based tool allowing MSMEs to create a free website connected to Google Maps.
* Economically Empowered Women for Equitable and Resilient Societies (forthcoming pilot, 2021)
* Exchange of good practices Series for small business recovery from the COVID-19 pandemic.
* Small Business Development Centres (SBDC)

Competitiveness and Innovation

* Americas Competitiveness Exchange (ACE)
* RIAC Covid-19 Ideas Accelerator
* Data-Driven Tools for Economic Recovery Post-COVID-19
* Pilots on Entrepreneurship and Innovation Hub

Tourism and Culture:

* Develop a Recovery Action Plan for the Cruise and Airline Industries in the Post-pandemic Stage
* Bio-sanitary travel and tourism protocols
* Restarting Tourism in the Americas
* Launch of the Indigenous Tourism Collaborative of the Americas (Network of indigenous, industry and government leaders that work on Indigenous tourism).

Ports:

* Improved Disaster Risk Management for Ports in the Caribbean
* Capacity Building Initiatives for the Port Sector

Sustainable Development:

* Building the Resilience of Small Tourism Enterprises in the Caribbean to Disasters
* Energy and Climate Partnership of the Americas (ECPA)
* GEF CReW+ Implementing integrated water and wastewater solutions for a clean and healthy Caribbean Sea.

Education and Labor:

* Inter-American Teacher’s Network (ITEN)
* OAS-ProFuturo Educational Program
* Hemispheric Dialogue among Ministries of Labor on “Telework and caregiving co-responsibility for a gender-responsive recovery”
* RIAL Bilateral Cooperations

Other Cooperation Mechanisms:

* Development Cooperation Fund 2021-2024 Programming Cycle
* CooperaNet

Opportunity to leverage combined capabilities to deliver solutions:

The Meeting of Cooperation Authorities scheduled for 2021 offers an opportunity to leverage solutions and capabilities from member states, observer states, private sector partners, international financial institutions, and other development actors with the intent of accelerating post COVID-19 recovery efforts in the region. Dialogue will be results-oriented, going beyond policy deliberations to realize concrete cooperation and partnership opportunities.

In preparation for the meeting, the OAS/SEDI will survey member states to pre-identify their most pressing needs for COVID-19 recovery for development in the areas within the scope of the Secretariat. The results will be used to elicit offers from participating member and observer states, as well as partners, encouraging a practical exchange within the framework of the Organization.

The Secretariat will work in collaboration with the Office of External Relations to convene observer members and partners, offering information on member states priorities for an effective meeting. The Inter-American Cooperation Network (CooperaNet), SEDI's online platform for development cooperation, offers functionalities that will be positioned to document identified offers and needs through an online catalog for ongoing engagement.

1. MEETING PURPOSE

Harnessing the power of cooperation in all its modalities and partnerships to assist member states in the post-COVID-19 recovery.

1. MEETING STRUCTURE

The one-day and a half virtual meeting proposes a series of exchanges of solutions to the most pressing challenges that member states face for post-COVID-19 recovery. Participating Authorities from member and observer states and representatives of organizations and the private sector will be invited to share offers of cooperation and solutions for practical exchanges over the next three years. The offers will be based on the pre-identified needs by member states, based on a survey of Authorities undertaken by the Secretariat in preparation for the meeting.

Proposed Meeting Structure:

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| *Day 1* |  |  |
| Morning session | 10:00 am – 1:00 pm | * Procedural presentation of report by the MB/IACD * Plenary 1. OAS Member States. South-South Cooperation for post-COVID-19 recovery. |
| *Lunch break* | *1 pm - 2 pm* |  |
| Afternoon session | 2:00 pm to 5:00 pm | * Plenary 2. Observer States: Triangular Cooperation for post-COVID-19 recovery. |
| Closing session | 5:00 pm – 5:30 pm | * Wrap up. |
| *Day 2* | | |
| Morning session | 10:00 am – 12:30 pm | * Plenary 3. Private sector, International Financial Institutions, and other Development Actors: Partnerships for post-COVID-19 recovery. |
| Closing session | 12:30 pm – 1:00 pm | * Closing. |

1. EXPECTED RESULTS

The exchanges are expected to yield opportunities for cooperation and partnerships in areas of focus essential to post COVID-19 recovery in member states.

The meeting will result in the development of a catalog of tangible offers of technical cooperation; solutions, knowledge, partnerships, good practices and needs for ongoing engagement. The catalog will be shared and updated on an ongoing basis by the Secretariat within the context of CooperaNet.

Member States will have the opportunity to discuss and present proposals for cooperation and partnerships based on national or regional needs to multi-sectoral partners with the intent of gaining support for implementation.

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1. United Nations. The Sustainable Development Goals Report 2020. Available at: https://www.un.org/development/desa/en/news/sustainable/sustainable-development-goals-report-2020.html [↑](#footnote-ref-1)
2. UN - Economic Commission for Latin America and the Caribbean (ECLAC). Social Panorama of Latin America 2020. Available at: https://www.cepal.org/en/publications/46688-social-panorama-latin-america-2020 [↑](#footnote-ref-2)
3. European Parliament. European Parliamentary Research Service (EPRS). Briefing: South-South and triangular cooperation in Latin America. Available at: https://www.europarl.europa.eu/RegData/etudes/BRIE/2019/635607/EPRS\_BRI(2019)635607\_EN.pdf [↑](#footnote-ref-3)
4. Ibero-American General Secretariat (SEGIB). Report on South-South and Triangular Cooperation in Ibero-America 2020. Available at: https://informesursur.org/en/ [↑](#footnote-ref-4)