

64th Session of the General Assembly

Ad Hoc Open-ended Working Group of the General Assembly to Follow up on the Issues Contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development

The Conference on the Financial and Economic Crisis and its Impact on Development of June 2009 established an Ad Hoc Open-ended Working Group to follow up on the Outcome from the Conference. After extensive consultations with Member States, the facilitators of this Working Group, the Permanent Representatives of Norway and Zambia are organising a series of six meetings this spring.

The first three of these meetings will focus on the evolution of the impact on development of the financial and economic crisis and the policy response following the June Conference last year. These meetings will address key challenges in mitigating the effects of the crisis on development.

The subsequent three meetings will focus on monitoring and regulation, reform of the international financial architecture and strengthening the role of the United Nations in global economic governance. Each meeting will be based on paragraphs from the Outcome Document of the Conference last June.

Panelists will be invited to provide expert input at these meetings. Following these expert presentations, forward looking and action oriented deliberations between Member States will be encouraged.

These proceedings will provide the basis for the preparation of the progress report as required in General Assembly Resolution - A/RES/63/305.

Upcoming meetings

- **12 April 2010**, 15:00-18:00 - Debt sustainability
- **23 April 2010**, 15:00-18:00 - Mobilisation of additional resources to mitigate the negative social effects of the crisis on the most vulnerable, including migration, health, education
- **30 April 2010**, 15:00-18:00 - New lending facilities of international financial institutions, concessionary finance, conditionalities, reserve system, fiscal space, countercyclical policies
- **3 May 2010**, 15:00-18:00 - Improved monitoring and regulation of financial markets and institutions
- **26 May 2010** - Reform of the international financial system, including voice and participation of developing countries in the Bretton Woods institutions.
- **June 2010** - Strengthening the role of the UN in global economic governance



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Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference

Progress report of the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development

I. Introduction

1. By its resolution 63/305, the General Assembly established an Ad Hoc Open-ended Working Group to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development. The President of the General Assembly appointed Ambassador Morten Wetland, Permanent Representative of Norway, and Ambassador Lazarous Kapambwe, Permanent Representative of Zambia, to serve as co-facilitators. The Working Group hereby presents the progress report requested by the Assembly in its resolution 63/305.

2. The Conference on the World Financial and Economic Crisis in June 2009 took place amid the most severe global economic downturn since the Great Depression. The financial crisis originated in advanced economies, but had ripple effects on the global economy, not least in developing countries. The Conference built a common understanding of the causes of the crisis and identified a wide range of measures to mitigate its impact on developing countries.

3. The global economy contracted by 0.5 per cent in 2009 and the long-term effects are still felt by the poor and vulnerable. Employment is low in Europe and the United States of America. The World Bank estimates that 64 million more people have been or will be pushed into extreme poverty as a result of the crisis. And low-income countries are now even more vulnerable to new external shocks as their fiscal space for countercyclical policies has been exhausted or reduced over the past 18 months.

4. While the Working Group was holding its meetings and following up on the Outcome of the Conference, the world experienced a gradual economic recovery.



The effects of the crisis have set the world economy on a trajectory that will be somewhat lower than the business-as-usual scenario. Growth is increasing in all regions with the exception of Europe, which has suffered additional setbacks connected to sovereign debt crises in a number of countries. According to the International Monetary Fund (IMF), world growth is expected to be 4.5 per cent in 2010 and, while growth rates in sub-Saharan African countries have not returned to their pre-crisis levels, they are still expected to reach 5.0 per cent in 2010 and 5.9 per cent in 2011. Moreover, there has been a resurgence of capital flows to some large emerging economies, whose growth rates continue to outpace advanced economies by significant margins.

5. Further consolidation of the recovery is uncertain. The sovereign debt crisis in some European countries contributed to a significant fall in global equity markets in May and June 2010. Stimulus measures will be phased out and will likely be followed by fiscal tightening in several advanced economies. The crisis has shattered trust in the macroeconomic framework and created new uncertainties regarding currency fluctuations. For many middle-income countries, levels of debt and access to concessionary finance and new lending are a cause of concern.

6. The meetings of the Ad Hoc Open-ended Working Group to follow up on the Outcome¹ of the Conference in the spring of 2010 provided an opportunity for Member States to take stock of the continued impact of the crisis on development, identify gaps in the national and international policy response to date and continue to exchange views on addressing systemic flaws that were revealed by the crisis. The seven substantive meetings were opened with presentations by outside experts, who provided updated information on institutional changes, the economic outlook and evolving policies. The presentations were followed by a discussion among Member States. The Working Group drew on reference documents from a number of sources, including IMF, the World Bank, the United Nations development system and the Commission of Experts on Reforms of the International Monetary and Financial System. All statements received by the co-facilitators and relevant background documents have been posted on the Department of Economic and Social Affairs website for the Working Group (www.un.org/esa/ffd/events/2010GAWGFC/index.htm).

7. The present progress report summarizes the deliberations of the Working Group and provides an overview of the key issues and proposals put forward by Member States for further consideration.

8. Prior to its substantive meetings, the Working Group held two procedural meetings to discuss its work programme. In the procedural meetings, many Member States stressed the need to avoid duplication in time and substance with other United Nations processes and the follow-up to the Conference by the Economic and Social Council. The Working Group planned its work programme accordingly.

¹ In accordance with General Assembly resolution 63/303, the intergovernmentally agreed document resulting from the Conference is referred to as “the Outcome”.

II. Summary of deliberations

A. Continued impact of the crisis and policy responses

Meetings of the Working Group on 12, 23 and 30 April

9. Many Member States remained concerned that there were important gaps in the response to mitigate the impact of the crisis on development, considering that a large number of developing countries still experienced:

- (a) Weaker income from export and tourism compared with pre-crisis levels;
- (b) Lower levels of foreign reserves, enhancing the risk of a new debt crisis;
- (c) Reduced fiscal space for social spending and countercyclical policies;
- (d) Levels of foreign direct investment (FDI) and trade that were significantly below pre-crisis trends.

10. Consequently, the hard-won progress in recent years towards realizing the internationally agreed development goals, in particular the Millennium Development Goals, was still threatened by the particular challenges posed by the crisis. Although the world as a whole was on track to meet Goal 1 on poverty reduction, the absolute number of people living in extreme poverty in South Asia and sub-Saharan Africa had continued to increase. Some Member States argued that Governments have had to cut social, health and education spending.

11. Worldwide unemployment rose by 34 million from 2007 to 2009. While the majority of newly unemployed individuals were men working in manufacturing and the service sector, women were particularly vulnerable as they were disproportionately represented in some sectors that had been hard hit by the downturn. Member States also emphasized that the crisis had also had other gender and child-specific consequences, including higher infant mortality and more girls being pulled out of school.

12. In the meetings of the Working Group on 12, 23 and 30 April, Member States considered these and other serious and continued negative impacts of the crisis and provided their policy recommendations, not least with regard to securing sufficient resources for development.

Debt sustainability

Meeting on 12 April, with reference, in particular, to paragraphs 15, 33 and 34 of the Outcome

13. The Outcome called upon States to redouble their efforts to honour their commitments regarding debt relief and stressed that developing countries could, as a last resort, seek to negotiate agreements on temporary debt standstills between debtors and creditors. In the Outcome, Member States also committed to exploring enhanced approaches to restructuring of sovereign debt based on existing frameworks and principles.

14. At the meeting of the Working Group held on 12 April 2010, many Member States emphasized that the capacity for developing countries to sustain debt had been severely hurt by the crisis. They stressed that debt servicing costs also meant fewer funds for financing development to meet the internationally agreed

development goals, including the Millennium Development Goals. The special challenges faced by vulnerable middle-income countries related to access to finance, support for sustainable development and debt sustainability were pointed out. Many Member States remarked that the crisis had led to increased borrowing to cover the financing gap. As a result, half of the countries in the Caribbean had debt ratios higher than 100 per cent and small middle-income countries in the region needed increased access to concessionary finance.

15. Member States highlighted the importance of responsible borrowing and lending in helping to prevent unsustainable external indebtedness and called for all options to be explored in order to find a development-oriented solution to the problem of external debt. Many Member States emphasized the need to explore the feasibility of a more structured framework for international cooperation in the area of sovereign debt restructuring. Other Member States stressed that sovereign debt restructuring should be based on existing principles. Many delegations reiterated the need for temporary moratoriums or standstills on debt servicing for developing countries facing severe difficulties, in line with paragraph 15 of the Outcome, as this would mitigate the adverse impacts of the crisis and stabilize macroeconomic developments. Although such agreements depended on negotiations between debtors and creditors, several delegations called for the establishment of an independent international sovereign debt workout mechanism and in this regard pointed to paragraph 34 of the Outcome.

16. While agreeing that debt vulnerabilities would increase, other Member States did not expect systemic difficulties across low-income countries and stressed that debt ratios were projected to return to a downward trend by 2011 to 2012. Those Member States emphasized that the IMF new lending facilities for low-income countries provided much needed flexible, short-term lending arrangements and options for precautionary lending, while making sure that poverty reduction remained a central pillar of all IMF support to those countries. They stressed the link between sound macroeconomic policies and debt sustainability. Member States welcomed the review of the joint debt sustainability framework of IMF and the World Bank. Some Member States, however, stated that structural reforms would continue to be part of IMF-supported programmes. Moreover, it was strongly pointed out that the debt sustainability framework should be subject to continued review under a coordinated and cooperative approach, with the inclusion of views of developing countries in an open and transparent manner. Some Member States emphasized the need for a review of the debt sustainability framework for middle-income countries.

17. It was also pointed out that many countries that had not yet qualified for the highly indebted poor countries (HIPC) initiative faced serious development, security and governance challenges, requiring help from the international community. Many Member States stressed that HIPC-eligible countries should be able to receive full debt relief from all their creditors, including creditors not members of the Paris Club. Member States stressed that reducing debt service payments was not sufficient to avoid the risk of debt distress and that a number of HIPCs at completion point remained vulnerable to external shocks.

18. In a presentation to the Working Group, the United Nations Conference on Trade and Development (UNCTAD) stated that the average external debt of developing and transition economies had grown from less than 44 per cent of gross

domestic product (GDP) at the beginning of the crisis to 52 per cent of GDP in the third quarter of 2009. Low-income countries had entered the crisis in a relatively better position, although they still faced a reversal in the gains that had been made. UNCTAD also emphasized that the HIPC initiative was a one-off initiative that was coming to an end. A recent UNCTAD project had sought to draw up a set of universally agreed principles for responsible sovereign lending and borrowing.

19. The World Bank presented the changes made to the debt sustainability framework for low-income countries to make it more flexible and pointed out that there were currently 40 HIPCs of which 5 (Afghanistan, Burundi, Central African Republic, Congo and Haiti) had recently reached completion point. The debt burdens of the 35 post-decision-point countries had been reduced by 80 per cent compared with their decision-point levels. A recent World Bank publication had revealed that the external debt of developing countries had increased by \$268 million compared with the previous year, surpassing \$3.7 trillion in total. A representative of the Ministry of Finance of Poland presented Poland's measures to prevent a deterioration of its debt and fiscal situation, including a stability and development plan to increase investment and consumer demand, expenditure cuts in the State budget for 2009 and training and wage subsidies for employees of companies affected by the economic crisis. Poland had joined the IMF flexible credit line facility. Overall, Poland had weathered the crisis better than most countries in the region.

Mobilizing additional resources for development

Meeting on 23 April, with reference, in particular, to paragraphs 19 to 31 of the Outcome

20. The Outcome recognized that in order to adequately respond to the crisis, developing countries would need a larger share of any additional resources — both short-term liquidity and long-term development financing. It called for an examination of mechanisms to ensure that adequate resources were provided to developing countries, especially the least developed countries. It stressed the importance of good governance and effective and efficient economic and financial institutions at all levels.

21. Many Member States underlined that developing countries faced an external financing gap of \$350 billion in 2009, resulting from declining foreign investment, trade and revenues from tourism and remittances. Those Member States stated that the global response to the crisis had not included sufficient measures and pledges to compensate for that shortfall. Other Member States stressed that donors and partner countries needed to act together to prevent social sector spending from shrinking and that employment creation, rights at work and social protection deserved particular attention.

22. The Outcome had recognized decisions taken by the Group of Twenty (G-20), in particular its commitments to make available an additional \$1.1 trillion programme aimed at revitalizing the world economy. Many Member States expressed doubt about whether those funds had been disbursed in an equitable manner truly benefiting those countries which had suffered the most, and pointed to a lack of accountability and data in the follow-up of the G-20 decisions. Many Member States therefore called for greater transparency regarding the flows called

for by the G-20, including how those flows had benefited developing countries, in particular the least developed countries.

23. Many delegations stressed that the multilateral development banks needed further and substantial recapitalization to properly fulfil their mandate. Member States, however, welcomed:

(a) The World Bank Group's commitment of \$88 billion worldwide in loans, grants, equity investments and guarantees since the global economic crisis had hit in the middle of 2008;

(b) The commitment of the International Development Association (IDA) of \$7.8 billion to sub-Saharan African countries in fiscal 2009, a 36 per cent increase over the year before.

24. Member States reiterated that official development assistance (ODA) played an essential role as a complement to and leverage for other sources of development finance. It was also pointed out that low-income countries and countries in special situations remained highly dependent on ODA and concessional finance for social spending and necessary investments for development.

25. Many Member States were concerned about the shortfall of \$21 billion from the commitments made by the Group of Eight (G-8) at Gleneagles in 2005. They also reiterated their call for firm timetables for further scaling up of ODA. Member States welcomed recent figures from the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) that showed continuing growth in development aid in 2009, despite the financial crisis. Total net ODA from DAC donors had risen 0.7 per cent in real terms, but the rise was 6.8 per cent once debt relief, a volatile item, was excluded. Moreover, donor countries had reiterated their commitment to reach ODA targets, including the target of 0.7 per cent of GDP, even as many of them remained severely affected by the downturn. The Working Group heard statements from representatives of the European Union, who gave assurances that it remained committed to achieving 0.7 per cent of gross national income for ODA by 2015, despite the recent debt crisis afflicting many States members of the European Union.

26. Some Member States underlined that ODA needed to be made more effective through full implementation of the Paris Declaration on Aid Effectiveness, the 2008 Accra Agenda for Action and the principles of national ownership, alignment, harmonization and managing for results. Innovative financing mechanisms, particularly those that helped to finance global public goods, deserved further exploration. Member States stressed that illicit financial flows were estimated to amount to several times world ODA; further steps to stem such flows needed to be pursued as a matter of priority.

27. Delegations reaffirmed that each country was responsible for its own development. They emphasized that United Nations deliberations on additional resources for development needed to reflect the overall balance in the Monterrey Consensus between the different sources of development finance, including domestic resources, FDI and trade. Many Member States were concerned about the 12.2 per cent contraction in world trade in 2009. Other Member States were encouraged by the projection by the World Trade Organization of 9.5 per cent growth in trade volumes in 2010. A group of countries had met its commitment of €2 billion annually for trade-related assistance.

28. With regard to securing resources for development from domestic sources, FDI and trade, delegations stressed, in particular, the need for:

(a) An expeditious conclusion of the World Trade Organization Doha Development Round;

(b) Refraining from protectionism;

(c) A universal, rules-based, open, non-discriminatory and equitable multilateral trading system, and meaningful trade liberalization;

(d) Efficient, fair and sustainable tax systems and administrations;

(e) Sound macroeconomic policies aimed at sustaining high rates of economic growth and full employment, supporting low and stable rates of inflation and eradicating poverty;

(f) Promoting gender equality as an essential ingredient in policies to sustain economic growth and reduce poverty;

(g) Additional efforts to enhance the development impact of FDI.

29. Given the decrease in remittances of 6.1 per cent in 2009, many Member States called for measures to reduce transaction costs and facilitate the flow of such funds.

30. The Outcome had underscored that Member States should explore ways to strengthen international cooperation in international migration and development in light of the important contribution of migrant workers to both countries of origin and of destination. Delegations proposed that the Secretary-General, in cooperation with the International Organization for Migration, should develop a mechanism to follow up with concrete measures on the achievement of the objectives in paragraph 27 of the Outcome.

31. Drawing attention to Africa, the Economic Commission for Africa (ECA) conveyed in a presentation to the Working Group that an additional 27 million people would be pushed into poverty in 2010. Export earnings to African countries were estimated at \$538 billion over the period 2008 to 2009. Annual capital flight from Africa averaged \$49 billion between 2000 and 2008. Before falling significantly in 2009, remittances to sub-Saharan Africa had increased from \$1.8 billion in 1990 to \$21 billion in 2008. On 23 April 2010, the African Development Bank's shareholders had endorsed a tripling of the Bank's capital resources to nearly \$100 billion.

32. In November 2008, African ministers of finance and governors of central banks had confirmed their continued commitment to prudent macroeconomic management, which had led to growth rates averaging 6 per cent since the beginning of the millennium. At the 2009 joint African Union-ECA Conference of Ministers of Finance there was general agreement that there was scope for raising resources by boosting growth, undertaking tax reform and taking advantage of the great potential for the combined volume of Africa's foreign exchange reserves and accumulated pension funds to underpin its infrastructural development.

Access to credit and concessionary finance, fiscal space for countercyclical policies and the current global reserve system
Meeting on 30 April, with reference, in particular, to paragraphs 12 to 14, 16 to 18, 35 and 36 of the Outcome

33. The Outcome recognized that the majority of the world's developing countries lacked fiscal space to implement countercyclical measures to combat the effects of the crisis and spur recovery. The Outcome noted as a welcome step the recent improvement in the lending framework of IMF and called for a streamlining of conditionalities to ensure that they were timely, tailored and targeted. The Outcome underlined that many developing countries faced foreign exchange shortages and acknowledged the calls by many States for further study of the feasibility and advisability of a more efficient reserve system.

34. At the meeting on 30 April, many Member States stressed that a large number of developing countries still had insufficient policy and fiscal space to meet development challenges and pursue countercyclical policies. Those Member States emphasized that unwarranted procyclical conditionalities should not be imposed and called for further reduction of conditionalities. Other Member States stressed that the new conditionality frameworks of the Bretton Woods institutions should be properly assessed before any further steps were considered. Several delegations also recognized that the global financial and economic crisis had demonstrated the importance of compliance with international rules.

35. Some delegations stressed that many countries had implemented a de facto soft coordination of policies and that many developing countries had successfully implemented limited countercyclical measures within their constraints. Some of those measures had been implemented in the midst of currency rate fluctuations over which they had little or no control and which had severely impaired their possibility to plan and execute coherent economic policy.

36. Many Member States emphasized that developing countries still faced an acute and severe shortage of foreign reserves as a result of the crisis. In addition, there were concerns that the multilateral development banks would not have sufficient capital after 2011. Many countries underlined that special drawing right (SDR) allocations were an effective and low cost measure to quickly boost global liquidity, that SDRs were an important source of development finance and that there was an urgent need for a new and significant general SDR allocation in the current basic period. A majority of countries requested a report from the Secretary General by the end of the sixty-fifth session of the General Assembly on the role of SDRs in the expansion of liquidity, stabilization and reform of the global reserve system.

37. Other Member States recognized that new and sizable allocations of SDRs represented an important step forward towards easing global liquidity constraints. Some countries expressed their preparedness to make use of their SDRs to support IMF lending to the poorest countries. The institutional view of IMF was that SDRs were not a tool for development financing but were to be used for liquidity purposes and as a reserve agent.

38. Many Member States emphasized problems arising from a global economy relying on one dominant national currency. Speculation in some commodities had had an adverse effect on the exchange rates of many developing countries. This had caused instabilities. Many countries called for studies on a wider use of regional or

subregional reserve arrangements. Other Member States also expressed openness to further analytical work on the potential advantages and drawbacks of multilateral reserve currency arrangements, including assessing how they could complement States' self-insurance. The emerging importance of the euro as a reserve currency was underlined.

39. A presentation of sovereign ratings and the effect of rating on the cost of non-concessionary finance revealed that such ratings included a broad range of political, legal, economic and industry factors. Sovereign ratings were issued on request and were subject to surveillance and regulation. Many Member States emphasized the need for a more transparent international credit rating system that took fully into account the needs and concerns of developing countries.

40. Drawing attention to Latin America and the Caribbean, the Economic Commission for Latin America and the Caribbean in a presentation noted that, following a sharp deceleration of growth rates, the region had restored access to international financial markets and expected a rebound in 2010. There was a high rate of growth of volatile portfolio investments, particularly bond issues and syndicated loans. Some countries, but not all, had been able to implement countercyclical policies. Unlike in past crises, international financial institutions had assisted several countries in Latin America and the Caribbean rather expeditiously.

41. The IMF presented its overhaul of non-concessional lending facilities and its modernized and streamlined conditionality framework, which included a stronger emphasis on social spending and poverty reduction. The Fund had implemented a low-income countries support package tailored to the individual circumstances of each country.

42. The IMF provided an update on G-20 commitments made in London in April 2009:

(a) The IMF had trebled its resources to \$750 billion by September 2009 (\$500 billion from G-20 and three non-G-20 members, plus \$250 billion in its own resources);

(b) There had been an increase of at least \$100 billion from multilateral development bank lending. A \$250 billion SDR allocation had been made in August 2009, of which nearly \$100 billion went to developing and emerging countries. In addition, additional concessional resources from IMF gold sales had been used to fund \$0.5-\$0.6 billion in subsidies;

(c) Support for trade finance in an amount of \$250 billion had been committed at the London Summit, with an additional \$150 billion in contingency funding identified in August, which had an average utilization rate of more than 66 per cent in the first half of 2009 to about 40 per cent in the second half as private markets recovered.

B. Institutional responses to the crisis

Meetings of the Working Group on 3 and 26 May and 2 and 4 June

43. The Outcome recognized that the crisis had revealed many deficiencies in national and international financial regulation and supervision. The Outcome also affirmed that the United Nations, on the basis of its universal membership and

legitimacy, was well positioned to participate in various reform processes aimed at improving and strengthening the effective functioning of the international financial system and architecture. Since the Conference, steps have been taken to address systemic weaknesses that contributed to the crisis and there has been a reform of the voice and representation of developing countries in the World Bank. The meetings of the Working Group on 2 and 26 May and 2 and 4 June provided an opportunity for Member States to review the progress to date, exchange views on the need for further reform of the international financial and economic architecture and assess the role of the United Nations in global economic governance, including in relation to informal multilateral structures. In that regard, many Member States put forward proposals for new mechanisms, whereas other Member States stressed the importance of improving existing processes and strengthening ongoing reforms.

44. In the deliberations on institutional responses to the crisis, many Member States called for the Working Group to continue its work during the sixty-fifth session of the General Assembly. Other Member States stressed that there was a need for a sunset clause to limit the Working Group's activities to the sixty-fourth session.

Improved regulation and monitoring

Meeting on 3 May, with reference, in particular, to paragraphs 37 to 41 of the Outcome

45. The Outcome recognized the critical need for expanding the scope of regulation and supervision and making it more effective, with respect to all major financial centres, instruments and actors, including financial institutions, credit rating agencies and hedge funds.

46. Many Member States called for greater developing country participation in key international norm- and standard-setting bodies in financial regulation and supervision, including the Financial Stability Board and the Basel Committee on Banking Supervision. Member States highlighted the potential role of the United Nations in facilitating information exchange among Member States in those matters. Some Member States noted that, owing to a lack of technical expertise, the United Nations was not an appropriate forum to discuss regulatory issues. Many delegations called for more stringent regulation and supervision of financial institutions, which would promote a less volatile exchange rate system, limits on excessive short-term capital flows and steps to curb illicit financial transactions. Several delegations emphasized the need for regulatory reform to address the procyclicality in international bank lending to developing countries. Additional mechanisms were needed to allow for the assessment of and the response to systemic risk posed by less regulated financial sector segments, centres, instruments and actors. Moreover, the current crisis had further demonstrated the urgent need for introducing internationally harmonized norms and standards for financial regulation and supervision. Some delegations proposed examining an international insolvency regime.

47. Several Member States highlighted the progress made so far through the work of the G-20, the Financial Stability Board and other international forums, in particular on: stronger capital and liquidity buffers; improving supervisory processes; convergent and less procyclical international accounting standards; systemic institutions; cross-border crisis resolution; increasing resilience and

transparency of derivative markets; corporate governance; the implementation of the Financial Stability Board standards on remuneration; and non-cooperative jurisdictions.

48. Many Member States also emphasized the need to build an effective framework for enhanced multilateral surveillance and policy coordination. Efforts should target a more even-handed and effective IMF surveillance of systemically important countries, major financial centres, international capital flows and financial markets. Member States highlighted that collaboration and division of labour with other relevant bodies, in particular the Financial Stability Board, needed to be improved, with IMF being responsible for macroprudential but not microfinancial issues.

49. Many Member States noted that effective, fair and sustainable tax systems were critical for economic development, State building and the promotion of democracy and improved economic governance. Delegations underscored that all tax jurisdictions and financial centres should comply with adequate standards of transparency and regulation. Developed countries underlined their commitment to support developing countries in their efforts to that end. Tax evasion constituted a large part of illegal flows and plugging those tax “leaks” required international tax cooperation, including within the United Nations. There were many calls for the conversion of the Committee of Experts on International Cooperation in Tax Matters to an intergovernmental subsidiary body of the Economic and Social Council.

50. Some Member States emphasized the importance of corporate social responsibility and the principles of the United Nations Global Compact, as well as the need to explore new types of partnership between the public and private sectors in efforts to achieve the Millennium Development Goals.

51. The Basel Committee on Banking Supervision presented its work, mandate and response to the financial and economic crisis. The Committee provided a forum for regular cooperation on banking supervisory matters. Its objective was to enhance understanding of key supervisory issues and improve the quality of banking supervision worldwide. It sought to do so by exchanging information on national supervisory issues, approaches and techniques. The Committee had developed guidelines and supervisory standards such as international standards on capital adequacy, the Core Principles for Effective Banking Supervision and the Concordat on cross-border banking supervision. Basel Committee standards had become global standards. Preparations were under way to introduce new sets of capital and liquidity standards by the end of 2010. Agreements were reached by consensus, but were not legally binding. The Basel Committee also emphasized that efforts should focus on improved supervision of systemically important banks, more effective risk governance and management, improved market discipline through better disclosure and practical approaches for better management of cross-border bank resolutions. Membership was expanded from 13 to 27 countries in 2009. Outreach to non-members took place through the Basel Consultative Group, the International Conference of Banking Supervisors, the Financial Stability Institute, as well as regular interaction with regional supervisory groups.

52. The Central Bank of Zambia informed the Working Group about measures undertaken to improve the financial regulation and supervision of the financial system in Zambia and stressed that it had good relations with the Basel Committee, although it was not a member. Zambia had weathered the crisis relatively well.

However, the collapse in commodity prices had led to losses in output and deterioration in the loan books of commercial banks. Comprehensive financial sector reforms had been undertaken in the second half of the 1990s. The fallout from the crisis had highlighted the need to further enhance the regulatory framework by adopting risk-based supervision, enhancing the legislative framework, setting standards for capital adequacy, introducing a deposit insurance scheme, enhancing the lender of last resort regime and more effective cross-border cooperation through consolidated supervision of financial institutions, as well as macro- and microprudential regulation of systemic risk.

Reform of the international financial and economic system, including voice and participation of developing countries in the Bretton Woods institutions Meeting on 26 May, with reference, in particular, to paragraphs 43 to 50 of the Outcome

53. The Outcome recognized the need for continued reform and modernization of the international financial institutions to better enable them to respond to the current financial and economic challenges and to the needs of Member States. The Outcome affirmed the consensus on strengthening the existing monitoring, surveillance, technical assistance and coordination roles of the international financial institutions to help prevent the occurrence of similar crises in the future. It also stressed the urgent need for further reform of the governance of the Bretton Woods institutions, on the basis of a fair and equitable representation of developing countries, in order to increase the credibility and accountability of those institutions. It pointed to the importance of an inclusive, consultative and transparent reform process.

54. At the 2010 World Bank-IMF spring meetings, the Development Committee of the World Bank and IMF had endorsed an \$86 billion boost in capital for the Bank and an increase in voting power for developing countries, to 47.19 per cent for the International Bank for Reconstruction and Development (IBRD). While welcoming these reforms, many Member States stressed the need for an accelerated road map on further reforms of the World Bank with regard to voice, participation and enhanced voting power of developing countries based on an approach that was truly reflective of its development mandate. Other Member States viewed the shift in voting power to developing and transition countries, in both IBRD and the International Finance Corporation, as a one-time change. They were nevertheless committed to further progress towards equitable voting power. That would require arriving at a new voting formula by 2015 reflecting economic weight and IDA contributions of member countries. There was broad support for an open, transparent and merit-based selection process of leaders and senior officials at the Bretton Woods institutions.

55. A large number of Member States called for fundamental reforms in the IMF governance structure. Many delegations felt that quota shares were the defining governance problem at the Fund and that recent changes in voting power had been insufficient to truly reflect the balance in the global economy. Other countries argued that there was no merit in reopening the quota formula because of the risk of derailing the schedule of the quota and governance review. It was stated that the reform in quota subscriptions at IMF was sufficient to meet the needs of members in normal times while, during exceptional times, borrowing facilities such as the new arrangements to borrow could meet resource needs.

56. There was a call for countries, particularly major emerging countries, to follow the example of the pledge of SDR 4.4 billion by the European Union for new loan resources. Member States welcomed the decision to increase the resources of the World Bank and the regional development banks. Member States emphasized the need to ensure that the multilateral development banks had sufficient resources for their concessional arms. Delegations also emphasized the importance of strengthening the role of all regional development banks in the search for solutions to overcome the financial and economic crisis.

57. The Intergovernmental Group of Twenty-four on International Monetary Affairs and Development (G-24), which is made up of developing States, called for a comprehensive and dynamic formula for the governance of the World Bank that would reflect the evolving economic weight of countries. According to the G-24, there were three main deficiencies in the existing IMF quota formula: (a) economic dynamism was insufficiently recognized; (b) some advanced countries were improperly categorized as underrepresented because of distortions in measures of openness and variability; and (c) borrowers from the Fund had borne a disproportionate share of the recent adjustment in quota shares.

58. A representative of the South Centre, a think tank, argued for a more focused IMF to address the sources and consequences of instability. The representative called for an improvement in policy surveillance of systemically important countries, enhanced monitoring of international financial markets and better early warning systems for fragilities and risks that could spiral into crises.

**Strengthening the role of the United Nations in global economic governance
Meetings on 2 and 4 June, with reference, in particular, to paragraphs 1, 2, 5, 6,
11, 16, 32, 42 and 52 of the Outcome**

59. In the Outcome, Member States recalled that the Charter mandated the United Nations “to achieve international cooperation in solving problems of an economic, social, cultural or humanitarian character” and to be “a centre for harmonizing the actions of nations in the attainment of these common ends”. In the meetings on 2 and 4 June, Member States expressed the view that no single multilateral organization or process had responded to the world financial and economic crisis in a globally inclusive, coherent, coordinated and effective manner, and that the crisis therefore had revealed alarming flaws in current global economic governance. Many Member States called for an appropriate follow-up mechanism to enable the United Nations, in particular the General Assembly, to strengthen its role in global economic governance, drawing on its legitimacy, inclusiveness and mandate. Many delegations stressed that fulfilling that role required the political will of all Member States, including the will to strengthen the United Nations development system. Member States stressed the special importance and value added of the United Nations development system in responding to the crisis and that the system needed to be equipped with the necessary resources and capabilities.

60. Several Member States noted that a balance needed to be struck between inclusiveness and effectiveness in global economic governance, building on the mandate and capacities of relevant international organizations. Member States heard a panellist stating that being effective meant an ability to tackle global economic imbalances, facilitate inclusive economic growth for human development

worldwide, adopt an internationally agreed framework for climate change mitigation and adaptation, and advance multilateral trade agreements.

61. Many Member States emphasized the need for stepping up efforts aimed at ensuring and improving coherence and advancing effective complementarities within the United Nations and between the United Nations and other relevant international bodies and institutions and informal multilateral structures, such as the G-20. It was stressed that the United Nations had to offer meaningful, workable, cost-effective solutions with full regard to the reality of the marketplace and the speed and depth of today's globalized economy. A main challenge for the United Nations was to organize itself to keep pace with the development of the global economy, to facilitate prompt action and to use effectively its unique convening power to assume the role derived from the Charter as an overall guardian of social and economic growth and security. A majority of countries called for a study by the Secretariat on strengthening the role of the United Nations in global economic governance.

62. Many Member States commented on the new role of the G-20 and stressed that it lacked a basis in treaty or consent among the larger community of States, in contrast to the United Nations and the Bretton Woods institutions. It was stated that the wider membership of the United Nations was affected by the decisions of the G-20, that those affected by decisions should be able to influence them and that this was essential for legitimacy. The United Nations could play a role in that regard by virtue of its convening power and inclusiveness. Several Member States also commended the G-20 for its quick and effective response to the crisis and emphasized the right of States to convene in ad hoc or informal groups to address mutual challenges. The G-20 had taken important initiatives in support of developing countries and the G-20 summit in Seoul in November could come up with breakthrough ideas for implementation of the outcome of the High-level Plenary Meeting of the General Assembly to review progress in meeting the Millennium Development Goals at the United Nations in September.

63. An informal group of Member States stated that the G-20 should undertake consultations as widely as possible with non-G-20 members before G-20 summits through regular and predictable channels (for further detail, see A/64/706, annex). Those Member States submitted that the participation of the Secretary-General and his representative at the G-20 summits and preparatory meetings respectively should be formalized and that the participation of regional organizations in G-20 summits should be regularized. They called for the G-20 decision-making process to take on a "variable geometry" configuration to allow non-G-20 States to participate in the G-20 process. Other Member States questioned how the United Nations could maintain its inclusiveness if it were to participate in the G-20 process, and stressed that the G-20 could seek observer status at the United Nations, not vice versa. Some delegations called for reviving the consideration of creating a global economic coordinating council at the United Nations.

64. Many Member States stated that G-20 should, as early as possible, share its agenda for upcoming meetings with the United Nations and that the G-20 needed to put in place an active outreach policy towards the United Nations and its Member States that are not members of the G-20. In such a framework, the G-20 should consider Member States' views on its agenda and substantive contributions to its

work with a view to acting more attentively and responsively to the views and needs of the United Nations Member States.

65. Many Member States called for reviewing the agreement between the United Nations and the Bretton Woods institutions and added that there was a need for a fundamental role for the United Nations in the reform of the governance of the Bretton Woods institutions. Other Member States emphasized the autonomy of the governance and decision-making processes of the Bretton Woods institutions. An editor from Thomson Reuters pointed out that the financial press tended to focus on those institutions with financial resources to make a difference globally, such as IMF. The editor said that the United Nations could have a role in providing “thought leadership”, for example with regard to income inequality and in identifying steps that were needed to prevent global financial imbalances from building up again.

66. In her presentation, the Administrator of UNDP emphasized that global governance systems should facilitate both more coherent and better coordinated multilateral responses to crises, and be supported by institutions that were representative, inclusive and effective. She stressed that those affected by the decisions of the G-20 needed to be able to interface meaningfully with the Group. In that context, the United Nations, with its universal membership, broad mandate and convening power, could play a role in ensuring that the G-20 was well informed of the range of views and perspectives of Member States. It was unfortunate that the United Nations was not part of the preparatory processes that determined the G-20 agendas. The UNDP Administrator noted that the United Nations development system had responded swiftly and decisively to the financial and economic crisis.

III. Key issues and proposals put forward by Member States for further consideration

67. The following key issues and proposals were put forward by a large number of Member States for further consideration. The meetings and the present progress report reflect that these issues and proposals are not necessarily consensus positions. The Working Group nevertheless feels that it is pertinent to summarize the key issues and proposals presented by Member States in the present report to facilitate possible further consideration at the United Nations.

68. The following key issues and proposals have been put forward by Member States for further consideration:

- (a) Timetables for further scaling up of ODA;
- (b) Making ODA more effective by full implementation of the Paris Declaration on Aid Effectiveness, the 2008 Accra Agenda for Action and the principles of national ownership, alignment, harmonization and managing for results;
- (c) Enhanced accountability in the follow up of G-20 commitments made at the London Summit to make available an additional \$1.1 trillion programme aimed at revitalizing the world economy;
- (d) Further and substantial recapitalization of the multilateral development banks to allow them to properly fulfil their mandate;

- (e) Increased access to concessionary finance for vulnerable middle-income countries;
- (f) Reducing transaction costs for remittances;
- (g) Further reduction of conditionalities to enhance the fiscal space of developing countries to pursue countercyclical policies, and a proper assessment of the new conditionality frameworks of the Bretton Woods institutions before any further changes are considered;
- (h) Requesting the Secretary-General, in cooperation with the International Organization for Migration, to develop a mechanism to follow up with concrete measures on the achievement of the objectives in paragraph 27 of the Outcome;
- (i) A wider use of regional or subregional reserve arrangements and further analytical work on the potential advantages and drawbacks of multilateral reserve currency arrangements, including assessing how they can complement States' self-insurance;
- (j) A report from the Secretary-General by the end of the sixty-fifth session of the General Assembly on the role of SDRs in the expansion of liquidity, stabilization and reform of the global reserve system;
- (k) A new and significant general SDR allocation in the current basic period, taking into account that SDRs should be an important source of development finance;
- (l) Further reforms of the World Bank with regard to voice, participation and enhanced voting power of developing countries;
- (m) Greater developing country participation in key international norm- and standard-setting bodies in financial regulation and supervision, including the Financial Stability Board and the Basel Committee on Banking Supervision;
- (n) Enhancing the role of the United Nations in facilitating exchange of information between Member States on financial regulation and supervision;
- (o) A more transparent international credit rating system that takes fully into account the needs and concerns of developing countries;
- (p) More stringent regulation and supervision of financial institutions, which could promote a less volatile exchange rate system, limits on excessive short-term capital flows and steps to curb illicit financial transactions; and upgrading the Committee of Experts on International Cooperation in Tax Matters to an intergovernmental subsidiary body of the Economic and Social Council;
- (q) Consultations on a regularized basis between the G-20 and other United Nations Member States before the G-20 summits through regular and predictable meetings, with a view to facilitating a greater influence by other United Nations Member States on the agenda and substantive deliberations and outcome of G-20 meetings, as part of an enhanced mutual outreach policy;
- (r) A "variable geometry" configuration in the G-20 decision-making process to allow non-G-20 States to participate in the G-20 process;

(s) Formalization of the participation of the Secretary-General and his representative at the G-20 summits and preparatory meetings, including access to documents and information;

(t) A report by the Secretary-General on strengthening the role of the United Nations in global economic governance and an appropriate follow-up mechanism to enable the United Nations, in particular the General Assembly, to enhance its role in global economic governance, drawing on its legitimacy, inclusiveness and mandate;

(u) Adoption by the General Assembly at its sixty-fifth session of a resolution on global economic governance and matters related to the Working Group, in particular the central role of the United Nations in global economic governance;

(v) A follow-up conference on the world financial and economic crisis and its impact on development in 2012.



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[without reference to a Main Committee (A/63/L.75)]

63/303. Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development

The General Assembly,

Noting the Conference on the World Financial and Economic Crisis and Its Impact on Development, held in New York from 24 to 30 June 2009, and the adoption by the Conference of the outcome document,

Decides to endorse the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, annexed to the present resolution.

*95th plenary meeting
9 July 2009*

Annex

Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development

We, Heads of State and Government and High Representatives, met in New York from 24 to 30 June 2009 for the Conference on the World Financial and Economic Crisis and Its Impact on Development.

1. The world is confronted with the worst financial and economic crisis since the Great Depression. The evolving crisis, which began within the world's major financial centres, has spread throughout the global economy, causing severe social, political and economic impacts. We are deeply concerned about its adverse impact on development. This crisis is negatively affecting all countries, particularly developing countries, and threatening the livelihoods, well-being and development opportunities of millions of people. The crisis has not only highlighted long-standing systemic fragilities and imbalances, but has also led to an intensification of efforts to reform and strengthen the international financial system and architecture. Our challenge is to ensure that actions and responses to the crisis are commensurate with its scale, depth and urgency, adequately financed, promptly implemented and appropriately coordinated internationally.

2. We reaffirm the purposes of the United Nations, as set forth in its Charter, including "to achieve international cooperation in solving international problems of an economic, social, cultural, or humanitarian character" and "to be a centre for harmonizing the actions of nations in the attainment of these common ends". The principles of the Charter are

particularly relevant in addressing the current challenges. The United Nations, on the basis of its universal membership and legitimacy, is well positioned to participate in various reform processes aimed at improving and strengthening the effective functioning of the international financial system and architecture. This United Nations Conference is part of our collective effort towards recovery. It builds on and contributes to what already is being undertaken by diverse actors and in various forums, and is intended to support, inform and provide political impetus to future actions. This Conference also highlights the importance of the role of the United Nations in international economic issues.

3. Developing countries, which did not cause the global economic and financial crisis, are nonetheless severely affected by it. The economic and social progress achieved during recent years, in particular on internationally agreed development goals, including the Millennium Development Goals, is now being threatened in developing countries, particularly least developed countries. This progress, partially underpinned by a period of high economic growth in many countries, needs to be secured and enhanced in the face of threats posed by the crisis. Our endeavours must be guided by the need to address the human costs of the crisis: an increase in the already unacceptable number of poor and vulnerable, particularly women and children, who suffer and die of hunger, malnutrition and preventable or curable disease; a rise in unemployment; the reduction in access to education and health services; and the current inadequacy of social protection in many countries. Women also face greater income insecurity and increased burdens of family care. These particular human costs have serious development consequences on the human security of those affected. An equitable global recovery requires the full participation of all countries in shaping appropriate responses to the crisis.

4. Although the financial and economic crisis has affected all countries, it is important to take into account the varying impacts and challenges of the crisis on the different categories of developing countries. The crisis is further endangering the achievement of their national development objectives, as well as the internationally agreed development goals, including the Millennium Development Goals. We are particularly concerned about the impact on countries in special situations, including least developed countries, small island developing States and landlocked developing countries, and on African countries and countries emerging from conflict. We are equally concerned about the specific development challenges of middle-income countries and low-income countries with vulnerable and poor populations. For all these countries, the crisis presents unique challenges to their efforts to achieve their national development goals. Our collective responses to this crisis must be made with sensitivity to the specific needs of these different categories of developing countries, which include trade and market access, access to adequate financing and concessionary financing, capacity-building, strengthened support for sustainable development, financial and technical assistance, debt sustainability, trade facilitation measures, infrastructure development, peace and security, the Millennium Development Goals, and our previous international development commitments.

5. Peace, stability and prosperity are indivisible. In today's globalized economy, all nations are far more closely tied together than ever before. The global reach of the crisis calls for prompt, decisive and coordinated action to address its causes, mitigate its impact and strengthen or establish the necessary mechanisms to help prevent similar crises in the future.

6. This Conference represents a milestone in an ongoing and concerted engagement by all States Members of the United Nations to address the crisis and its impact on development. Today, we have set forth our global consensus on the responses to this crisis, prioritized required actions and defined a clear role for the United Nations. We are doing so in the interest of all nations in order to achieve a more inclusive, equitable, balanced, development-oriented and sustainable economic development to help overcome poverty and inequality.

Present state of the world economy

7. This crisis is connected to multiple, interrelated global crises and challenges, such as increased food insecurity, volatile energy and commodity prices and climate change, as well as the lack of results so far in the multilateral trade negotiations and a loss of confidence in the international economic system. The global economic downturn is deeper than many early estimates, and the recovery is predicted to be gradual and varied. While some countries still experience positive, though much slower growth, the latest estimate of the United Nations indicates that world gross product will fall by 2.6 per cent in 2009, the first such decline since the Second World War. The crisis threatens to have calamitous human and development consequences. Millions of people all over the world are losing their jobs, their income, their savings and their homes. The World Bank estimates that more than 50 million people have already been driven into extreme poverty, particularly women and children. The Food and Agriculture Organization of the United Nations projects that the crisis will contribute to the number of hungry and undernourished people worldwide rising to a historic high of over one billion.

Impacts of the crisis

8. The crisis has produced or exacerbated serious, wide-ranging yet differentiated impacts across the globe. Since the crisis began, many States have reported negative impacts, which vary by country, region, level of development and severity, including the following:

- Rapid increases in unemployment, poverty and hunger
- Deceleration of growth, economic contraction
- Negative effects on trade balances and balance of payments
- Dwindling levels of foreign direct investment
- Large and volatile movements in exchange rates
- Growing budget deficits, falling tax revenues and reduction of fiscal space
- Contraction of world trade
- Increased volatility and falling prices for primary commodities
- Declining remittances to developing countries
- Sharply reduced revenues from tourism
- Massive reversal of private capital inflows
- Reduced access to credit and trade financing
- Reduced public confidence in financial institutions
- Reduced ability to maintain social safety nets and provide other social services, such as health and education
- Increased infant and maternal mortality
- Collapse of housing markets.

Causes of the crisis

9. The drivers of the financial and economic crisis are complex and multifaceted. We recognize that many of the main causes of the crisis are linked to systemic fragilities and imbalances that contributed to the inadequate functioning of the global economy. Major

underlying factors in the current situation included inconsistent and insufficiently coordinated macroeconomic policies and inadequate structural reforms, which led to unsustainable global macroeconomic outcomes. These factors were made acute by major failures in financial regulation, supervision and monitoring of the financial sector, and inadequate surveillance and early warning. These regulatory failures, compounded by over-reliance on market self-regulation, overall lack of transparency, financial integrity and irresponsible behaviour, have led to excessive risk-taking, unsustainably high asset prices, irresponsible leveraging and high levels of consumption fuelled by easy credit and inflated asset prices. Financial regulators, policymakers and institutions failed to appreciate the full measure of risks in the financial system or address the extent of the growing economic vulnerabilities and their cross-border linkages. Insufficient emphasis on equitable human development has contributed to significant inequalities among countries and peoples. Other weaknesses of a systemic nature also contributed to the unfolding crisis, which has demonstrated the need for more effective government involvement to ensure an appropriate balance between the market and public interest.

Response to the crisis

10. We are all in this crisis together. While each country has primary responsibility for its own economic and social development, we will continue to work in solidarity on a vigorous, coordinated and comprehensive global response to the crisis in accordance with our respective abilities and responsibilities. Developed countries and emerging markets have taken the lead in restoring global growth. An immediate priority has been to stabilize the financial markets and restore confidence in them and counter falling demand and the recession. Major actions have already been taken to maintain macroeconomic stability and strengthen the international financial system. At the same time, strong and urgent actions are needed to counter the impact of the crisis on the most vulnerable populations and help to restore strong growth and recover lost ground in their progress towards our internationally agreed development goals, including the Millennium Development Goals. Therefore, an adequate share of any additional resources – both short-term liquidity and long-term development financing – will need to be made available to developing countries, especially the least developed countries. Although this crisis continues to have a significant impact on the peoples of the world, we believe that it represents an important opportunity for meaningful change. Going forward, our response must focus on creating jobs, increasing prosperity, strengthening access to health and education, correcting imbalances, designing and implementing environmentally and socially sustainable development paths and having a strong gender perspective. It must also strengthen the foundation for a fair, inclusive and sustainable globalization supported by renewed multilateralism. We are confident that we will emerge from this crisis stronger and more vigorous and more united.

The need for prompt and decisive action

11. We commit to working in solidarity on a coordinated and comprehensive global response to the crisis and to undertaking actions aimed at, inter alia:

- Restoring confidence and economic growth, and creating full and productive employment and decent work for all
- Safeguarding economic, development and social gains
- Providing adequate support for developing countries to address the human and social impacts of the crisis, in order to safeguard and build upon hard-won economic and development gains to date, including the progress being achieved towards the implementation of the Millennium Development Goals
- Ensuring long-term debt sustainability of developing countries

- Seeking to provide sufficient development resources to developing countries without unwarranted conditionalities
- Rebuilding trust in the financial sector and restoring lending
- Promoting and revitalizing open trade and investment and rejecting protectionism
- Fostering an inclusive, green and sustainable recovery, and providing continued support for sustainable development efforts by developing countries
- Strengthening the role of the United Nations development system in responding to the economic crisis and its impact on development
- Reforming and strengthening the international financial and economic system and architecture, as appropriate, to adapt to current challenges
- Fostering good governance at all levels, including in the international financial institutions and financial markets
- Addressing the human and social impacts of the crisis.

Lines of action

Make the stimulus work for all

12. In attempting to combat the immediate impacts of the crisis, there have already been a number of responses at the national, regional and international levels. While acknowledging those efforts, we encourage greater cooperation and coordination among countries' fiscal and economic actions. Support for development is an essential and integral part of the solution to the global crisis, inter alia, through actions aimed at enhancing sustained economic growth, poverty eradication and sustainable development. We encourage countries, while implementing national stimulus measures, to avoid protectionism in any form and possible adverse impacts on third countries, particularly developing countries.

13. We encourage countries in a position to do so to utilize the room for fiscal stimulus that they possess, while also ensuring long-term fiscal sustainability. We also encourage individual countries to tailor their responses to their specific circumstances and use the available scope for domestic resource mobilization.

14. While a number of developed and emerging market economies have implemented stimulus packages, the majority of the world's developing countries lack fiscal space to implement countercyclical measures to combat the effects of the crisis and spur recovery. Many also face foreign-exchange shortages. In order to adequately respond to the crisis, developing countries will need a larger share of any additional resources – both short-term liquidity and long-term development financing. We call for an examination of mechanisms to ensure that adequate resources are provided to developing countries, especially the least developed countries. We underscore that developing countries should not be unduly financially burdened by the crisis and its impacts.

15. Developing countries facing an acute and severe shortage of foreign reserves because of the fallout of the crisis, which is negatively affecting their balance-of-payment situation, should not be denied the right to use legitimate trade defence measures in accordance with relevant provisions of the World Trade Organization (WTO), and, as a last resort, impose temporary capital restrictions and seek to negotiate agreements on temporary debt standstills between debtors and creditors, in order to help mitigate the adverse impacts of the crisis and stabilize macroeconomic developments.

16. We acknowledge the G20 summit held in London on 2 April 2009, and recognize its commitment to make available an additional \$1.1 trillion programme aimed at revitalizing the world economy. A major part of these funds will be available for use by emerging markets and developing countries. A limited share (\$50 billion) of these resources was targeted specifically to low-income countries. We call upon the G20 to further consider addressing the financial needs of developing countries, especially low-income countries. We also call upon all G20 countries to follow through with their commitments and to monitor the implementation of them. While recognizing the decisions taken by the G20, we are resolved to strengthen the role of the United Nations and its Member States in economic and financial affairs, including its coordinating role.

17. Countries must have the necessary flexibility to implement countercyclical measures and to pursue tailored and targeted responses to the crisis. We call for a streamlining of conditionalities to ensure that they are timely, tailored and targeted and support developing countries in the face of financial, economic and development challenges. In this context we note the recent improvement of the lending framework of the International Monetary Fund (IMF), through inter alia, modernizing conditionality, and the creation of more flexible instruments, such as a flexible credit line, as a welcome step. New and ongoing programmes should not contain unwarranted procyclical conditionalities. We call upon the multilateral development banks to move forward on flexible, concessional, fast-disbursing and front-loaded assistance designed to substantially and quickly assist developing countries facing financing gaps. While doing so, multilateral development banks need to assure the application of agreed safeguards to ensure their financial stability.

18. The increasing interdependence of national economies in a globalizing world and the emergence of rules-based regimes for international economic relations have meant that the space for national economic policy, that is, the scope for domestic policies, especially in the areas of trade, investment and international development, is now often framed by international disciplines and commitments and global market considerations. We recognize that these regimes, disciplines, commitments and considerations have presented challenges to many developing countries seeking to fashion a national response to the financial and economic crisis. We also recognize that many developing countries have called for opportunities to exercise greater policy flexibility within the scope of these constraints as a necessary component of recovery from the crisis and to address specific national concerns, which include, inter alia, the human and social impacts of the crisis, safeguarding progress achieved towards implementation of the Millennium Development Goals, effective use of credit and liquidity facilities, regulation of local financial markets, institutions, instruments and capital flows, and limited trade defence measures. It is for each Government to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space.

19. We recognize the continued importance of good governance along with national ownership of policies and strategies. We commit ourselves to the promotion of effective and efficient economic and financial institutions at all levels – key determinants of long-term economic growth and development. We also commit ourselves to accelerating our collective recovery from the crisis through improved transparency, eradication of corruption and strengthened governance. In this regard, we urge all States that have not done so to consider ratifying or acceding to the United Nations Convention against Corruption¹ and call upon all States parties to vigorously implement the Convention.

¹ United Nations, *Treaty Series*, vol. 2349, No. 42146.

20. The crisis has disparate impacts across regions, subregions and countries. These heterogeneous impacts have added complexity to our common goal of eradicating poverty, reducing inequality and promoting human development. Given the sensitivity of regional and subregional institutions to the specific needs of their constituencies, we note the value of regional and subregional cooperation efforts in meeting the challenges of the global economic crisis and we encourage enhanced regional and subregional cooperation, for example, through regional and subregional development banks, commercial and reserve currency arrangements, and other regional initiatives, as contributions to the multilateral response to the current crisis and to improved resilience to potential future crises.

Contain the effects of the crisis and improve future global resilience

21. This crisis does not affect only the economic and financial sectors. We recognize the human and social impacts of the crisis and the inherent challenges involved in addressing them. Short-term mitigation measures should take into account long-term goals, especially those related to poverty eradication; sustainable development, including environmental protection and clean and renewable energy; food security; gender equality; health; education; and sustained economic growth, including full and productive employment and decent work for all. Strengthening existing social safety nets, establishing new ones where needed and protecting social expenditures are important for the advancement of people-centred development and addressing the human and social impacts of the crisis. We reaffirm our commitment to the timely achievement of our internationally agreed development goals, including the Millennium Development Goals.

22. Closer cooperation and strong partnership between the United Nations development system, regional development banks and the World Bank and their scaled-up efforts can effectively address the needs of those hardest hit and ensure that their plight is not ignored. We call for the mobilization of additional resources for social protection, food security and human development through all sources of development finance, including voluntary bilateral contributions, to strengthen the foundation for early and sustained economic and social recovery in developing countries, particularly least developed countries. Such additional resources should be channelled through existing institutions such as the United Nations development system, the World Bank-proposed vulnerability fund and framework and multilateral development banks, where appropriate. These funds, including those for the United Nations development system, should be provided on a predictable basis. Furthermore, we stress the importance of the United Nations development system, given its broad field presence, in supporting the activities at the country level to mitigate the impact of the crisis in developing countries.

23. We commit ourselves to strengthening the ability of the United Nations to fulfil its development mandate. United Nations funds and programmes and United Nations agencies, in accordance with their respective mandates, have an important role to play in advancing development and in protecting development gains, in accordance with national strategies and priorities, including progress towards achieving the internationally agreed development goals, including the Millennium Development Goals, threatened by the current economic crisis. The United Nations should use the current economic situation as an opportunity to redouble its efforts to improve the efficiency and effectiveness of its development programmes in support of system-wide coherence. We recognize the unique role of the United Nations as an inclusive forum to promote a better understanding of the social and economic impact of the crisis and to fashion appropriate responses.

24. We acknowledge that the current economic crisis has the potential to increase the need for resources for humanitarian assistance in developing countries. We stress the need to take measures to ensure adequate resources for international cooperation in the provision of humanitarian assistance.

25. The crisis has severely impacted on international trade in most countries, especially developing countries. For many developing countries, these impacts include, among others, falling exports and loss of export revenue, diminishing access to trade finance, reductions in export-oriented and infrastructure investment, lower fiscal revenues and balance-of-payment problems. We undertake to resist all protectionist tendencies and rectify any protectionist measures already taken. At the same time we recognize the right of countries to fully utilize their flexibilities consistent with their WTO commitments and obligations. It is important that we contribute to the efforts of WTO and other relevant bodies to monitor and report on protectionist measures, including on how they affect developing countries.

26. We must also fully harness the potential of trade as an engine of sustained economic growth and development in our efforts to overcome this crisis. In this regard, we reaffirm our commitment to a universal, rules-based, open, non-discriminatory and equitable multilateral trading system. We reaffirm that international trade is an engine for development and sustained economic growth. We therefore reiterate our call for an early, ambitious, successful and balanced conclusion to the Doha Round that increases market access, generates increased trade flows and places the needs of developing countries at its centre. We welcome the commitment to implement duty-free and quota-free access for least developed countries, as agreed in the WTO Hong Kong Ministerial Declaration;² to make operationally effective the principle of special and differential treatment for developing countries; to the parallel elimination of all forms of export subsidies; to disciplines on all export measures with equivalent effect; to substantial reductions in trade-distorting domestic support, in accordance with the mandate of the Doha Round and the WTO Hong Kong Ministerial Declaration; and to meet existing aid-for-trade pledges. We also reaffirm the need to make progress on the implementation of the WTO work programme on small economies, mandated in the Doha Ministerial Declaration.³

27. Migrant workers are among the most vulnerable in the context of the current crisis. Remittances, which are significant private financial resources for households in countries of origin of migration, have been seriously affected by rising unemployment and weak earnings growth among migrant workers, particularly in advanced economies. We should resist unfair and discriminatory treatment of migrant workers and the imposition of unreasonable restrictions on labour migration in order to maximize the benefits of international migration, while complying with the relevant national legislation and applicable international instruments. We recognize the important contribution of migrant workers for both countries of origin and destination. We commit ourselves to allowing labour migration to meet labour market needs.

28. An effective response to the current economic crisis requires timely implementation of existing aid commitments. There is an urgent need for all donors to maintain and deliver on their existing bilateral and multilateral official development assistance (ODA) commitments and targets made, inter alia, in the United Nations Millennium Declaration,⁴ the Monterrey Consensus⁵ and the 2005 World Summit Outcome,⁶ at the G8 summit in Gleneagles, in the Doha Declaration⁷ and at the G20 London summit. We underline that

² World Trade Organization, document WT/MIN(05)/DEC. Available from <http://docsonline.wto.org>.

³ A/C.2/56/7, annex.

⁴ See resolution 55/2.

⁵ *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18–22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

⁶ See resolution 60/1.

⁷ See resolution 63/239, annex.

the fulfilment of all ODA commitments is crucial, including the commitments by many developed countries to achieve the target of 0.7 per cent of gross national product (GNP) for ODA to developing countries by 2015 and to reach the level of at least 0.5 per cent of GNP for ODA by 2010, as well as a target of 0.15 to 0.20 per cent of GNP for ODA to least developed countries. We recognize that many developed countries have established timetables to reach the level of at least 0.5 per cent for ODA by 2010. We encourage other donors to work on national timetables, by the end of 2010, to increase aid levels within their respective budget allocation processes towards achieving the established ODA targets. The full implementation of these commitments will substantially boost the resources available to push forward the international development agenda and to assist developing countries to mitigate and more effectively respond to the crisis in accordance with their national strategies. Donors should review and, if appropriate, increase or redirect their assistance to developing countries to enable them to mitigate and more effectively respond to the crisis in accordance with their national strategies.

29. We emphasize the importance for all development actors to continue to pursue economic and governance reforms and other steps to improve the effectiveness of aid based on the fundamental principles of national ownership, alignment, harmonization and managing for results.

30. We also encourage developing countries in a position to do so to continue to make concrete efforts to increase and make more effective their South-South cooperation initiatives, in accordance with the principles of aid effectiveness. We reiterate our support for South-South cooperation, as well as triangular cooperation, which provide much-needed additional resources for the implementation of development programmes.

31. New voluntary and innovative forms of financing can contribute to addressing our global problems. We encourage the scaling up of development finance from existing sources and the establishment, where appropriate, of new voluntary and innovative sources of financing initiatives to provide additional stable sources of development finance, which should supplement and not be a substitute for traditional sources of finance and should be disbursed in accordance with the priorities of developing countries and not unduly burden them. We reiterate our request to the Secretary-General to produce a progress report by the sixty-fourth session of the General Assembly, taking into account all existing initiatives.

32. The crisis must not delay the necessary global response to climate change and environmental degradation, taking into account the principle of common but differentiated responsibilities and respective capabilities. We acknowledge that the response to the crisis presents an opportunity to promote green economy initiatives. In this regard, we encourage the utilization of national stimulus packages, for those countries in a position to do so, to contribute to sustainable development, sustainable long-term growth, promotion of full and productive employment and decent work for all and poverty eradication. It is important that global green initiatives and proposals be inclusive and address sustainable development and environmental challenges and opportunities, including climate change mitigation and adaptation, financing and technology transfer to developing countries and sustainable forest management. We also encourage private-sector participation in these initiatives at the national level in accordance with national development strategies and priorities. We look forward to a successful outcome of the fifteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Copenhagen in December 2009, as part of our overall efforts for a green recovery from the crisis.

33. The deepening crisis threatens to increase the debt and therefore threatens the debt sustainability of developing countries. This growing pressure limits the ability of these States to enact the appropriate fiscal measures to mitigate the impact of the crisis or engage

in development financing. We affirm that the appropriate measures must be taken to mitigate the negative effects of the crisis on the indebtedness of developing States and to avoid a new debt crisis. In that regard, we support making full use of the existing flexibility within the Debt Sustainability Framework.

34. We call upon States to redouble efforts to honour their commitments regarding debt relief and stress the responsibility of all debtors and creditors on the issue of debt sustainability, and emphasize the importance of equivalent treatment of all creditors. Donors and multilateral financial institutions should also increasingly consider providing grants and concessional loans as the preferred modalities of their financial support instruments to ensure debt sustainability. We will also explore enhanced approaches to the restructuring of sovereign debt based on existing frameworks and principles, broad creditors' and debtors' participation and comparable burden-sharing among creditors. We will also explore the need and feasibility of a more structured framework for international cooperation in this area.

35. We recognize that increases in global liquidity play a useful role in overcoming the financial crisis. Therefore, we strongly support and call for early implementation of the new general special drawing right (SDR) allocation of \$250 billion. We also call for the urgent ratification of the fourth amendment to the IMF Articles of Agreement for a special one-time allocation of SDRs, as approved by the IMF Board of Governors in September 1997. We recognize the need for keeping under review the allocation of SDRs for development purposes. We also recognize the potential of expanded SDRs to help increase global liquidity in response to the urgent financial shortfalls caused by this crisis and to help prevent future crises. This potential should be further studied.

36. The crisis has intensified calls by some States for reform of the current global reserve system to overcome its insufficiencies. We acknowledge the calls by many States for further study of the feasibility and advisability of a more efficient reserve system, including the possible function of SDRs in any such system and the complementary roles that could be played by various regional arrangements. We also acknowledge the importance of seeking consensus on the parameters of such a study and its implementation. We recognize the existence of new and existing regional and subregional economic and financial cooperation initiatives to address, inter alia, the liquidity shortfalls and the short-term balance-of-payment difficulties among its members.

Improved regulation and monitoring

37. The current crisis has revealed many deficiencies in national and international financial regulation and supervision. We recognize the critical need for expanding the scope of regulation and supervision and making it more effective, with respect to all major financial centres, instruments and actors, including financial institutions, credit rating agencies and hedge funds. The need for tighter and more coordinated regulation of incentives, derivatives and the trading of standardized contracts is also apparent. We reject the imposition of needlessly onerous regulatory requirements, and call for effective, credible and enforceable regulations at all levels to ensure the needed transparency and oversight of the financial system. Every relevant institution must be subject to adequate and proportionate surveillance and regulation. We underscore that each country should adequately regulate its financial markets, institutions and instruments consistent with its development priorities and circumstances, as well as its international commitments and obligations. We underscore the importance of political commitment and of capacity-building to ensure that the measures taken are fully implemented.

38. We emphasize the need to ensure that all tax jurisdictions and financial centres comply with standards of transparency and regulation. We reiterate the need to further promote international cooperation in tax matters, including within the United Nations,

inter alia, by promoting double taxation agreements. Inclusive and cooperative frameworks should ensure the involvement and equal treatment of all jurisdictions. We call for consistent and non-discriminatory implementation of transparency requirements and international standards for exchange of information.

39. Illicit financial flows are estimated to amount to several times global ODA and have a harmful effect on development financing. Measures to enhance regulation and supervision of and transparency in the formal and informal financial system should include steps to curb illicit financial flows in all countries. Improving the transparency of the global financial system also deters illicit financial flows, including to international financial centres, and enhances the ability to detect illicit activities.

40. The current crisis has been compounded by an initial failure to appreciate the full scope of the risks accumulating in the financial markets and their potential to destabilize the international financial system and the global economy. We recognize the need for even-handed and effective IMF surveillance of major financial centres, international capital flows and financial markets. In this context, we welcome the improvement of early warning systems by the relevant international institutions to provide early warning of macroeconomic and financial risks and the actions needed to address them.

41. The ongoing crisis has highlighted the extent to which our economies are integrated, the indivisibility of our collective well-being and the unsustainability of a narrow focus on short-term gains. We reaffirm the principles of sustainable development and underscore the need for a global consensus on the key values and principles that will promote sustainable, fair and equitable economic development. We believe that corporate social and environmental responsibility are important elements of such a consensus. In this regard we recognize the importance of the 10 principles of the United Nations Global Compact.

Reform of the international financial and economic system and architecture

42. This crisis has added new impetus to ongoing international discussions on the reform of the international financial system and architecture, including issues related to mandate, scope, governance, responsiveness and development orientation as appropriate. There is consensus on the need for continued reform and modernization of the international financial institutions to better enable them to respond to the current financial and economic challenges and to the needs of Member States, and to better equip them to strengthen existing monitoring, surveillance, technical assistance and coordination roles to help prevent the occurrence of similar crises in the future, in accordance with their respective mandates.

43. We stress the urgent need for further reform of the governance of the Bretton Woods institutions, on the basis of a fair and equitable representation of developing countries, in order to increase the credibility and accountability of these institutions. These reforms must reflect current realities and should enhance the perspective and voice and participation of dynamic emerging markets and developing countries, including the poorest.

44. We call for an expeditious completion of the reform process of the World Bank's governance and of an accelerated road map for further reforms on voice and participation of developing countries, with a view to reaching agreement by April 2010, based on an approach that reflects its development mandate and with the involvement of all shareholders in a transparent, consultative and inclusive process. We also call for inclusive consultations on further reforms to improve the responsiveness and adaptability of the World Bank.

45. It is imperative that the reformed World Bank emerge with the requisite technical capacities, credit facilities and financial resources needed to assist and complement the efforts of developing countries aimed at achieving their overall development needs.

46. We recognize the importance of strengthening regional development banks, taking into account the interests of all their member countries. It is also important for them to provide medium- and long-term assistance to meet the development needs of their clients. We support measures to enhance the financial and lending capacity of regional development banks. Furthermore, we recognize the importance of other regional, interregional and subregional initiatives and arrangements aimed at promoting development, cooperation and solidarity among their members.

47. We recognize that it is imperative to undertake, as a matter of priority, a comprehensive and fast-tracked reform of IMF. We look forward to this accelerated progress in order to increase its credibility and accountability. We acknowledge the agreement to accelerate the implementation of the package of IMF quota and voice reforms agreed in April 2008. We strongly support completion of the next quota review, which, based on current trends, is expected to result in an increase in the quota shares of dynamic economies, particularly in the share of emerging market and developing countries as a whole, to be completed no later than January 2011, thus enhancing the legitimacy and effectiveness of the Fund.

48. We reaffirm the need to address the often expressed concern at the extent of representation of developing countries in the major standard-setting bodies. We therefore welcome, as a step in the right direction, the expansion of the membership in the Financial Stability Board and the Basel Committee on Banking Supervision and encourage the major standard-setting bodies to further review their membership promptly while enhancing their effectiveness, with a view to enhancing the representation of developing countries as appropriate.

49. We agree that the heads and senior leadership of the international financial institutions, particularly the Bretton Woods institutions, should be appointed through open, transparent and merit-based selection processes, with due regard to gender equality and geographical and regional representation.

50. The United Nations and the international financial institutions have complementary mandates that make the coordination of their actions crucial. Accordingly, we encourage continued and increasing cooperation, coordination and coherence and exchanges between the United Nations and the international financial institutions. In this regard, we believe that this Conference represents an important step to ensure increased cooperation.

The way forward

51. We have come together to raise our collective understanding of the impacts of the crisis and to contribute in the fashioning of the global response, in an inclusive manner, with actions at the national, regional and international levels.

52. We will strive to combine our short-term responses to meet the immediate impact of the financial and economic crisis, particularly on the most vulnerable countries, with medium- and long-term responses that necessarily involve the pursuit of development and the review of the global economic system. In this context, we propose the following course of action:

(a) Strengthen the capacity, effectiveness and efficiency of the United Nations; enhance the coherence and coordination of policies and actions between the United Nations, international financial institutions and relevant regional organizations;

(b) Further develop the United Nations development system's comprehensive crisis response in support of national development strategies through a coordinated approach by United Nations funds and programmes, specialized agencies and the international financial institutions at the 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 United Nations development system, in particular at the country level. We urge the international community to ensure adequate support to the United Nations development system's crisis response;

(c) Explore ways to strengthen international cooperation in the area of international migration and development, in order to address the challenges of the current economic and financial crisis on migration and migrants, taking into account the related work and activities of the United Nations funds and programmes, regional commissions and specialized agencies and of other international organizations, such as the International Organization for Migration.

53. We request the General Assembly and the Economic and Social Council, as well as the United Nations funds and programmes and specialized agencies, to take full advantage of their advocacy role to promote the recovery and development of the developing countries, especially the most vulnerable among them.

54. We invite the General Assembly to establish an ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the present outcome document, and to submit a report on the progress of its work to the General Assembly before the end of the sixty-fourth session.

55. We encourage the President of the General Assembly to make the world financial and economic crisis and its impact on development a main theme of the general debate of the sixty-fourth session of the General Assembly.

56. We request the Economic and Social Council:

(a) To consider the promotion and enhancement of a coordinated response of the United Nations development system and specialized agencies in the follow-up to and implementation of this outcome document, in order to advance consistency and coherence in support of consensus-building around policies related to the world financial and economic crisis and its impact on development;

(b) To make recommendations to the General Assembly, in accordance with the Doha Declaration of 2 December 2008, for a strengthened and more effective and inclusive intergovernmental process to carry out the financing for development follow-up;

(c) Examine the strengthening of institutional arrangements to promote international cooperation in tax matters, including the United Nations Committee of Experts on International Cooperation in Tax Matters;

(d) Review the implementation of the agreements between the United Nations and the Bretton Woods institutions in collaboration with these institutions, focusing in particular on enhancing collaboration and cooperation between the United Nations and the Bretton Woods institutions, as well as on the opportunities for contributing to advancing their respective mandates;

(e) Consider and make recommendations to the General Assembly regarding the possible establishment of an ad hoc panel of experts on the world economic and financial crisis and its impact on development. The panel could provide independent technical

expertise and analysis, which would contribute to informing international action and political decision-making and fostering constructive dialogues and exchanges among policymakers, academics, institutions and civil society.

57. We request the Secretary-General to report to the Economic and Social Council on a regular basis on the work of the High-level Task Force on the Global Food Security Crisis.

58. We invite the International Labour Organization to present the “Global Jobs Pact”, adopted at the ninety-eighth session of the International Labour Conference, to the substantive session of the Economic and Social Council in July 2009, which intends to promote a job-intensive recovery from the crisis, drawing on the decent work agenda, and to shape a pattern for sustainable growth.

59. We encourage the Inter-Parliamentary Union to continue to contribute to the development of global responses to the crisis.



General Assembly

Distr.: General
11 August 2009

Sixty-third session
Agenda item 48

Resolution adopted by the General Assembly on 31 July 2009

[without reference to a Main Committee (A/63/L.77)]

63/305. Establishment of an ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development

The General Assembly,

Recalling its resolution 63/303 of 9 July 2009, by which it endorsed by consensus the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,¹

Recognizing the depth of the current financial and economic crisis and the urgency of follow-up action,

Reaffirming that this process shall continue to be driven by Member States,

1. *Decides* to establish immediately an ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development;¹

2. *Requests* the Ad Hoc Open-ended Working Group to submit a report on the progress of its work to the General Assembly before the end of the sixty-fourth session.

*102nd plenary meeting
31 July 2009*

¹ Resolution 63/303, annex.



General Assembly

Distr.: General
9 April 2009

Sixty-third session
Agenda item 48

Resolution adopted by the General Assembly on 7 April 2009

[without reference to a Main Committee (A/63/L.66)]

63/277. Organization of a United Nations conference at the highest level on the world financial and economic crisis and its impact on development

The General Assembly,

Recalling the Monterrey Consensus of the International Conference on Financing for Development¹ and the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus,² as well as its resolution 63/239 of 24 December 2008, in which it endorsed the Doha Declaration which states that the United Nations will hold a conference at the highest level on the world financial and economic crisis and its impact on development, to be organized by the President of the General Assembly with the modalities to be defined by March 2009 at the latest,

Conscious of the importance of examining and overcoming the deepening world financial and economic crisis and its impact on development, concerned about the present and future impacts of the crisis on, inter alia, employment, trade, investment and development, including the achievement of the internationally agreed development goals and the Millennium Development Goals, convinced of the urgency of undertaking coordinated and collaborative actions and appropriate measures to mitigate the impact of the crisis on development, emphasizing the importance of the role of the United Nations and its Member States in the ongoing international discussions on reforming and strengthening the international financial and economic system and architecture, and stressing the contributions of the United Nations development system in the response to the crisis,

1. *Decides* that the Conference on the World Financial and Economic Crisis and Its Impact on Development:

- (a) Will be convened at United Nations Headquarters from 1 to 3 June 2009;
- (b) Will be held at the highest level;

¹ *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18–22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

² Resolution 63/239, annex.

- (c) Will be presided over by the President of the General Assembly;
- (d) Will consist of:
 - (i) A short opening session;
 - (ii) Plenary meetings;
 - (iii) Four interactive round tables, which will address the main issues before the Conference as outlined above;
- (e) Will result in a concise outcome to be agreed by Member States;
- (f) Will also result in summaries of the round-table discussions, to be included in the final report of the Conference;

2. *Invites* the Holy See, in its capacity as observer State, and Palestine, in its capacity as observer, to participate in the Conference;

3. *Invites* the United Nations funds and programmes, and the specialized agencies of the United Nations system, including the International Labour Organization and the United Nations Conference on Trade and Development, the Bretton Woods institutions, the World Trade Organization, the regional development banks, the regional commissions of the United Nations, non-governmental organizations and civil society and business sector entities to participate in the Conference and in the preparatory process of the Conference in accordance with the rules of procedure of the General Assembly and, in addition, where appropriate, the rules of procedure adopted for the Monterrey Conference³ and for the Doha Conference,⁴ with the practical arrangements and modalities for participation in the Conference, including the accreditation procedures for non-governmental organizations and civil society and business sector entities, to be dealt with in the note referred to in paragraph 4 below;

4. *Requests* the Secretariat, in close collaboration with the Office of the President of the General Assembly, to provide no later than 20 April 2009 a note on the organization of work of the Conference;

5. *Welcomes* the special high-level meeting in 2009 of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development, which will include a session devoted to a comprehensive discussion of the global financial and economic crisis and its impact on development, and invites the President of the Council to provide a summary of the discussion as an input to the preparatory process for the draft outcome document of the Conference;

6. *Notes with appreciation* the initiative of the President of the General Assembly in organizing the interactive, thematic dialogue on the world financial and economic crisis and its impact on development, held from 25 to 27 March 2009, as a contribution to the preparatory process;

7. *Welcomes* the initiative of the regional commissions, with the support of regional financial institutions, including regional development banks, and other relevant entities, to hold regional consultations, and invites them to provide inputs as early as possible to the preparatory process for the Conference;

³ A/CONF.198/2.

⁴ A/CONF.212/2.

8. *Requests* the Secretary-General to prepare a report, based upon the analytical work of United Nations programmes, departments and organizations, on the origins and causes of the present crisis, the mechanisms of its transmission to the developing countries, the potential impact of the crisis on development, the response of the United Nations to the crisis through its development activities and national and international policy responses to date;

9. *Requests* the President of the General Assembly, through an open, transparent and inclusive process led by the Member States, to present in a timely manner a draft text based upon all preparatory inputs to serve as the basis for an outcome document, to be agreed by the Member States;

10. *Requests* the Secretary-General to provide all appropriate assistance to the preparatory process and the Conference.

*79th plenary meeting
7 April 2009*



PERMANENT MISSION OF NORWAY
TO THE UNITED NATIONS



8 September 2009

Excellency,

As you will recall the President of the General Assembly H.E. Miguel d'Escoto Brockmann announced in a letter dated 20 August 2009 that he had appointed us to be Co-chairs of the ad hoc open-ended working group to follow up on the Conference on the World Financial and Economic Crisis and its Impact on Development. You will further recall that this group was established by GA resolution 63/305 on Friday 31 July.

The group will be launched during the General Assembly meeting tomorrow, Wednesday 9 September, starting at 11:00 am, following agenda item 48 on the United Nations Conference on the World Financial and Economic Crisis and its Impact on Development. In this meeting, we will present some options for the structure of the group's work. These options could provide the basis for reflection and consultation among Member States. We will listen to the views of Member States and proceed to present a work plan in due course.

Though there are hopeful signs of green shoots in the world economy, it is important to remember that the effects of the crisis, particularly on the poorest and most vulnerable, in all likelihood will be felt for a long time to come. The issues contained in the Outcome of the Conference must therefore be addressed in an effective and expeditious manner.

It is a great honour for us to assume this important task. We are looking forward to working with you in ensuring that the follow-up is as successful as the Conference itself.

Please accept, Excellency, the assurances of our highest consideration.

Morten Wetland
Permanent Representative of
Norway to the United Nations

Lazarous Kapambwe
Permanent Representative of
Zambia to the United Nations

All Permanent Representatives and
Permanent Observers to the
United Nations



THE PRESIDENT
OF THE
GENERAL ASSEMBLY

2 November 2009

Excellency,

Member States will recall that by resolution 63/305, adopted on 31 July 2009, the General Assembly decided to “establish immediately an ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development”.

The resolution further requested the Ad Hoc Open-ended Working Group “to submit a report on the progress of its work to the General Assembly before the end of the sixty-fourth session.”

In this respect, I have the honour to inform you that His Excellency Mr. Lazarous Kapambwe, Permanent Representative of Zambia and H.E. Mr. Morten Wetland, Permanent Representative of Norway have agreed to serve as Co-facilitators of the ad hoc open-ended working group to lead the consultations among Member States. I would like to thank both Ambassadors for accepting this important work.

I would like to request all Member States to extend to the Co-Facilitators full cooperation and support in order to fulfil their mandate. Member States will soon be informed of the scheduling of the first meeting.

Please accept, Excellency, the assurances of my highest consideration.

A handwritten signature in black ink, appearing to read 'Ali', with a stylized flourish extending to the right.

Ali Abdussalam Treki

All Permanent Representatives
and Permanent Observers
to the United Nations

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**PERMANENT MISSION OF NORWAY
TO THE UNITED NATIONS**



**PERMANENT MISSION OF ZAMBIA
TO THE UNITED NATIONS**

3 February 2010

Dear Colleague,

You will recall that the General Assembly in resolution 63/305 established an Ad Hoc Open-ended Working Group to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and its Impact on Development. The Working Group was requested to submit a report on the progress of its work to the General Assembly before the end of the sixty-fourth session. You will further recall that the President of the General Assembly His Excellency Dr. Ali Abdussalam Treki reappointed us to be Co-facilitators of the Working Group in a letter dated 2 November 2009. We have the pleasure of calling a meeting 10 February at 1500 in Conference room 2 (TNLB) to present and seek guidance on our suggested elements for the Working Group as outlined below. The details of the work plan will be developed based on views expressed by Member States.

Over the past months we have undertaken consultations with Member States and Groups to listen to their expectations and to guide the search for the best ways to operationalise the Outcome in order to meet the expectations of all stakeholders. We were advised inter alia to avoid duplication and overlap with other UN processes, including ECOSOC's follow-up to the Conference and the Second Committee of the General Assembly.

Having listened to the views of Member States and Groups our key impressions are the following: It is broadly recognized that the global economy has gone through the worst financial crisis since the Great Depression of the 1930s; the Outcome clearly outlines the origin and causes of the crisis and impacts that it has had on Member States; its effects remain a major threat to the well-being of mankind and have reversed achievements made in meeting the targets of the internationally agreed development goals, including the Millennium Development Goals (MDGs); the crisis also highlighted the underlying systemic fragilities and imbalances of the global economic and financial architecture, underlining the need for reform; furthermore, the crisis has brought out that the role which the United Nations is currently playing in global economic governance has become weakened. Member States expressed a desire to discuss how to strengthen the role of the UN in international economic affairs, not least to effectively mitigate the long-term impact of the crisis on development.

Based on views expressed by Member States and Groups we have drawn up the following suggested topics for discussion in the Working Group:

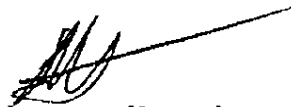
- 1) Reform of the international financial and economic system and architecture

- Enhancing the role of the United Nations in economic and financial governance, including in relation to the G8 and the G20 and in fulfilling its development mandate.
 - Possible input from UNCTAD, UNDESA, BWIs, Regional Development Banks, South Center and other think tanks
- 2) Improved regulation and monitoring
- Bringing the issues of financial regulation and supervision more firmly into UN deliberations on global economic governance
 - Promote international cooperation in tax matters, including within the UN, inter alia by promoting double taxation agreements.
 - Possible input from IMF, FSB, the Basel Committee on Banking Supervision, UNDESA, UN Committee of Experts on International Cooperation in Tax Matters
- 3) The gaps in the international response to the financial and economic crisis in meeting the special needs of the LDCs and in addressing poverty in MICs
- Migration, Development Assistance and other relevant issues from the Outcome
 - Possible input from UN Funds and Programmes and Specialized Agencies
- 4) International trade
- Enhancing the role of trade as an engine for development
 - The political role the UN can play in reaching a successful conclusion of the Doha Development Round of WTO negotiations
 - Possible input from UNCTAD, WTO
- 5) Debt sustainability
- Possible input from UNCTAD's non-paper presented at a special event at the UN Headquarters on 13 October, 2009

We will outline proposals on the number, content and shape of future meetings after receiving further input from Member States. We are looking forward to working with you on this important topic. Please accept, Excellency, the assurances of our highest consideration.



Morten Wetland
Permanent Representative of
Norway to the United Nations



Lazarous Kapambwe
Permanent Representative of
Zambia to the United Nations

All Permanent Representatives and
Permanent Observers to the
United Nations



PERMANENT MISSION OF NORWAY
TO THE UNITED NATIONS



PERMANENT MISSION OF ZAMBIA
TO THE UNITED NATIONS

24 March 2009

Dear Colleague,

You will recall that at a meeting 11 February we presented topics for discussion in the Ad Hoc Open Ended Working Group to follow up on the Conference last June on the World Financial and Economic Crisis and its Impact on Development. You will further recall that the Working Group will submit a progress report to the General Assembly before the end of its sixty-fourth session, in accordance with GA Resolution 63/305.

Based on the input we received at the meeting 11 February, further consultations and a letter from the Group of 77 to the co-facilitators dated 4 March, we are proceeding with practical preparations for a series of six meetings this spring. The first three of these meetings will focus on the evolution of the impact on development of the financial and economic crisis and the policy response following the June Conference last year. These meetings will address key challenges in mitigating the effects of the crisis on development. The subsequent three meetings will focus on monitoring and regulation, reform of the international financial architecture and strengthening the role of the UN in global economic governance. Each meeting will be based on paragraphs from the Outcome of the Conference last June.

The series of six meetings is planned as follows:

- First, Member States have requested that the Working Group take stock of the current debt burden of developing countries and discuss the extent to which national and international measures in response to the crisis have been sufficient to ensure long-term debt sustainability in the developing world. Debt sustainability will be the topic for a meeting **12 April 1500-1800**, based, in particular, on paragraphs 15, 33 and 34 of the Outcome.
- Second, Member States have called for the Working Group to discuss mobilization of additional resources for development from domestic and international sources, the impact of the crisis on migration, health and education, the national and international policy response to mitigate the negative social effects of the crisis, timely fulfillment of ODA commitments and harnessing the full potential of domestic resources, foreign direct investment and trade for development purposes. This will be the topic for a meeting **23 April 1500-1800**, based, in particular, on paragraphs 19-31 of the Outcome.
- Third, the crisis erupted when national and international private credit markets dried up following the fall of Lehman Brothers in September 2008. Member States have expressed a desire for the Working Group to assess the new lending facilities from international financial institutions in response to the crisis, concessionary finance, the modernization of conditionalities and other issues related to global liquidity, including SDRs and the current global reserve system. In the same context there has been interest in considering the extent

to which developing countries have regained access to credit from private sources and which key obstacles they have faced at the national and international level in seeking the fiscal space to enact countercyclical policies. The meeting on this topic will take place **30 April 1500-1800**, based, in particular, on paragraphs 12-14, 16-18 and 35-36.

- Fourth, Member States have expressed an interest in considering improved monitoring and regulation, as outlined in the third “line of action” in the Outcome of the Conference last June. A meeting on this topic will be held **3 May 1500-1800**, based, in particular, on paragraphs 37-41.
- Fifth, Member States have underlined that the Working Group should follow-up on reform of the international financial and economic system, not least issues related to the voice and participation of developing countries in the Bretton Woods Institutions. We are planning to convene a meeting on this topic in May, based, in particular, on paragraphs 43-50 of the Outcome.
- Sixth, Member States have emphasized the need to strengthen the role of the UN in global economic governance. A meeting in May or June will be convened to explore how UN can and should be strengthened in this field, pulling together the impressions from the previous five meetings. This meeting will be based, in particular, on paragraphs 1, 2, 5, 6, 11, 16, 32, 42 and 52.

We will invite panelists to provide expert input at the meetings. The names of the panelists will be announced in the Journal of the UN. Following the expert interventions we will encourage forward-looking and action-oriented deliberations between Member States. The details of the fifth and sixth meetings will be announced in due course. We aim to conclude our work by the end of June.

We are coordinating the schedule with other ongoing UN processes in the economic and social field. We remain mindful of the need to avoid duplication and overlap, not only in time, but also in content, and will make every effort to ensure that the Working Group complements other ongoing and related processes.

We are available if you have further input or comments. We are looking forward to continuing to work with you on these important issues. Please accept, Excellency, the assurances of our highest consideration.



Morten Wetland
Permanent Representative of
Norway to the United Nations



Lazarous Kapambwe
Permanent Representative of
Zambia to the United Nations

All Permanent Representatives and
Permanent Observers to the
United Nations



**PERMANENT MISSION OF NORWAY
TO THE UNITED NATIONS**



**PERMANENT MISSION OF ZAMBIA
TO THE UNITED NATIONS**

28 April 2010

Dear Colleague,

As you will recall we provided an outline in a letter dated 24 March of a series of six meetings in the Ad Hoc Open Ended Working Group to follow up on the Outcome of the UN Conference on the World Financial and Economic Crisis and its Impact on Development. In our first two substantive meetings, which took place 12 and 23 April, we were encouraged to narrow the focus further. In order to facilitate the discussion between Member States we will therefore offer some questions for discussion at our upcoming meetings Friday 30 April and Monday 3 May.

Questions for discussion - Meeting Friday 30 April

As indicated in our letter of 24 March the meeting Friday 30 April will be based in particular on paragraphs 12-14, 16-18 and 35-36 of the Outcome of last year's Conference. The aim is to assess new lending facilities from international financial institutions in response to the crisis, concessionary finance, the modernization of conditionalities and other issues related to global liquidity, including SDRs and the current global reserve system, as well as the extent to which developing countries have regained access to credit from private sources and which key obstacles they have faced at the national and international level in seeking the fiscal space to enact countercyclical policies. We suggest to focus this discussion on the following questions:

- Has the international response to the crisis helped provide sufficient access to credit and concessionary finance to adequately mitigate the negative social impact of the crisis for low and middle income countries respectively? What are the main gaps yet to be filled in the response by the IFIs?
- What have been the key national and international factors in shaping the fiscal space of developing countries to enact countercyclical measures following the Conference last June?
- What are the key weaknesses of the current global reserve system for developing countries?

Questions for discussion - Meeting Monday 3 May

At the meeting 3 May we will consider improved financial regulation and supervision, as outlined in the third "line of action" in the Outcome of the Conference last June (in particular paragraphs 37-41). We suggest to focus this discussion on the following questions:

- What is the current working relationship between members and non-members of key international bodies in financial supervision and regulation, such as the FSB and the Basel Committee on Banking Supervision?

- What is the relevance of new standards for supervision and regulation for developing countries?
- Is there a role for the United Nations in facilitating exchange of information between Member States in these matters?

As in the previous meetings panellists will provide presentations at the start of the meeting. At its website for the Working Group UN DESA posts the names of the panellists, their bios and presentations, programmes for the meetings, as well as other relevant documents (<http://www.un.org/esa/ffd/events/2010GAWGFC/index.htm>).

We remain available if you have further input or comments. Please accept, Excellency, the assurances of our highest consideration.



Morten Wetland
Permanent Representative of
Norway to the United Nations



Lazarous Kapambwe
Permanent Representative of
Zambia to the United Nations

All Permanent Representatives and
Permanent Observers to the
United Nations



PERMANENT MISSION OF NORWAY
TO THE UNITED NATIONS



PERMANENT MISSION OF ZAMBIA
TO THE UNITED NATIONS

14 May 2010

Dear Colleague,

You will recall that we have had four substantive meetings of the Ad Hoc Open Ended Working Group to follow up on the Conference last June on the World Financial and Economic Crisis and its Impact on Development. You will further recall that we laid out plans for another two meetings in our letter dated 24 March. We would like to offer some questions for discussion at these two meetings, which will take place on the following dates:

26 May 1500-1800: Reform of the international financial and economic system, including voice and participation of developing countries in the Bretton Woods institutions

- To what extent has the recent governance reform in the World Bank contributed to a fair and equitable representation of developing countries? To what extent have the recent operational reforms enhanced the World Bank's transparency and responsiveness?
- What should be the principles underlying quota and voice reforms in the IMF?
- How have the BWIs and the regional development banks helped developing countries weather the crisis? Do regional approaches need further attention?

This meeting will be based, in particular, on paragraphs 43-50 of the Outcome of the Conference last June.

2 June 1500-1800: Strengthening the role of the UN in Global Economic Governance

- What does global economic governance mean? Which international economic challenges need a regional response and which economic problems require global solutions? As a case in point, what is the impact on development of the European debt crisis and on which arenas could this impact be addressed?
- What has the economic crisis revealed about the role of the UN in global economic governance, including in relation to emerging informal multilateral structures as well as with regard to fulfilling its development mandate?

This meeting will be based, in particular, on paragraphs 1, 2, 5, 6, 11, 16, 32, 42 and 52 of the Outcome.

As in the previous meetings we will invite panellists to introduce the topics. Names, bios and presentations of panellists will be posted on UN DESA's website for the working group (<http://www.un.org/esa/ffd/events/2010GAWGFC/index.htm>). The location of the meetings will be announced in the Journal.

We remain available if you have further input or comments. We are looking forward to continuing to work with you on these important issues. Please accept, Excellency, the assurances of our highest consideration.



Morten Wetland
Permanent Representative of
Norway to the United Nations



Lazarous Kapambwe
Permanent Representative of
Zambia to the United Nations

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Permanent Observers to the
United Nations



PERMANENT MISSION OF NORWAY
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PERMANENT MISSION OF ZAMBIA
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16 July 2010

Dear Colleague,

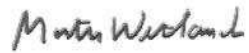
You will recall that a series of substantive meetings have been held this spring in the Ad Hoc Open Ended Working Group to follow up on the UN Conference on the World Financial and Economic Crisis and its Impact on Development of June of last year. You will further recall that the Working Group was established pursuant to General Assembly resolution 63/305 and that it was requested to submit a report on the progress of its work to the General Assembly before the end of the sixty-fourth session. Please find enclosed the draft progress report.

As you will see the draft report reflects positions presented in the meetings as well as written submissions by Member States. It summarizes key recommendations put forward by Member States to facilitate possible further deliberations, though it is noted that the meetings and the report revealed that they do not necessarily constitute consensus positions.

While we seek your advice and look forward to consulting on the content of the report, we do not believe that it should be made subject to line-by-line negotiations. The composition of the report reflects the best judgment of the co-facilitators of the overall balance in the deliberations. Each Member State could have chosen differently with regard to the wording or the selection of statements and proposals that we have reflected in the report, had they been in our position. However, we have done our best to follow the views and advice of Member States. We will call an informal meeting to seek your feedback **28 July at 1000 in Conference Room D (NLB)**. We intend to submit the report to the General Assembly following this meeting.

There have been calls for the Working Group to continue its deliberations in the sixty-fifth session of the General Assembly. This question falls within the purview of the General Assembly, which established the Working Group, and not the group itself. Our proposed course of action is therefore that the meeting of the Working Group is only on the submission of its progress report to the General Assembly. The General Assembly could then consider the report as well any other issues pertaining to the Working Group brought forward by Member States.

Please do not hesitate to contact us with your reactions or questions. Please accept, Excellency, the assurances of our highest consideration.



Morten Wetland
Permanent Representative of
Norway to the United Nations



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30 July 2010

Excellency,

We have the honour to refer to your letter to all Permanent Representatives and Permanent Observers to the United Nations dated 2 November 2009, in which you reappointed us to be co-facilitators of the Ad Hoc Open-ended Working Group to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and its Impact on Development. The General Assembly established the Working Group in resolution 63/305 and requested it to submit a report on the progress of its work before the end of the sixty-fourth session.

We are pleased to submit the progress report of the Working Group to you. The report is based on the discussions between Member States in our substantive meetings and on their written submissions. In the final round, we have consulted groups and Member States about the report. It has not been formally negotiated and reflects, as it stands, our best judgement and efforts as Co-facilitators to strike a balance between views expressed. It was therefore not feasible to include all substantive submissions. To help us keep an accessible record of views expressed and proposals made, we have, with the invaluable support of the DESA Financing for Development Office, posted all the submissions and the presentations we have received on the web-site <http://www.un.org/esa/ffd/events/2010GAWGFC/>. The report also summarizes key issues and proposals put forward by Member States for further consideration.

During our work, including in our final meeting, divergent views were expressed on the Working Group's activities beyond the 64th session and on the meaning of General Assembly resolution 63/305 with regard to the duration of the Working Group. We leave this issue in the hands of the General Assembly.

Please accept, Excellency, the assurances of our highest consideration.

Morten Wetland
Permanent Representative of
Norway to the United Nations

Lazarous Kapambwe
Permanent Representative of
Zambia to the United Nations

H.E. Dr. Ali Abdussalam Treki
President of the sixty-fourth session of the United Nations General Assembly