

## International financial system and development

*The General Assembly,*

PP1. *Recalling* its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled “Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity”, as well as its resolutions 57/241 of 20 December 2002, 58/202 of 23 December 2003, 59/222 of 22 December 2004, 60/186 of 22 December 2005, 61/187 of 20 December 2006, 62/185 of 19 December 2007 and 63/205 of 19 December 2008,

PP2. *Recalling also* the United Nations Millennium Declaration<sup>1</sup> and its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development,<sup>2</sup> and the Plan of Implementation of the World Summit on Sustainable Development (“Johannesburg Plan of Implementation”),<sup>3</sup>

PP3. *Recalling further* the 2005 World Summit Outcome,<sup>4</sup>

PP4. *Recalling* its resolution 60/265 of 30 June 2006 on follow-up to the development outcome of the 2005 World Summit, including the Millennium Development Goals and the other internationally agreed development goals, and its resolution 61/16 of 20 November 2006 on strengthening of the Economic and Social Council,

PP5. *Recalling also* 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,<sup>5</sup> held in Doha from 29 November to 2 December 2008,

PP6. *Recalling further* UN Conference on the World Financial and Economic Crisis and Its Impact on Development<sup>6</sup> and its outcome.

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<sup>1</sup> See resolution 55/2.

<sup>2</sup> *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.

<sup>3</sup> *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

<sup>4</sup> See resolution 60/1.

<sup>5</sup> See resolution 63/239, annex.

<sup>6</sup> See resolution 63/303, annex.

PP7. *Expressing* deep concern over the adverse impact of the current world financial and economic crisis on development, which 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 ,

PP8bis. *Taking note of* the decisions taken at the October 2009 Istanbul Annual Meetings of the IMF and the World Bank,

PP14 bis *Reaffirming* 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 center for harmonizing the actions of Nations in the attainment of this common ends”, and reiterating the need to strengthen the leadership role of the United Nations in promoting development,

PP14 ter *Recalling* the commitment to work in solidarity on a coordinated and comprehensive global response to the crisis and its impact on development and to undertake actions aimed at strengthening the role of the United Nations Development System in responding to the crisis and its impact on development,

PP16. *Stressing* the importance of commitment to sound domestic financial sectors, which make a vital contribution to national development efforts, as an important component of an international financial architecture that is supportive of development,

PP16 bis *Recognizing* the continued importance of good governance along with national ownership of policies and strategies, recalling the commitment to the promotion of effective and efficient economic and financial institutions at all levels – key determinants of long-term economic growth and development, as well as to accelerating the collective recovery from the crisis through improved transparency, eradication of corruption and strengthened governance,

PP17. *Stressing* that good governance at the international level is fundamental for achieving sustainable development, reiterating in this regard the importance of promoting global economic governance by addressing the international finance, trade, technology and investment patterns that have an impact on the development prospects of developing countries in order to ensure a dynamic and enabling international economic environment, and reiterating also that, to this effect, the international community should take all necessary and appropriate measures, including ensuring support for structural and macroeconomic reform, finding a comprehensive solution to the external debt problem and increasing the market access of developing countries,

PP19. *Recognizing* the urgent need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems and the importance of ensuring their openness, fairness and inclusiveness in order to complement national development efforts to ensure sustained economic growth and the achievement of the internationally agreed development goals, including the Millennium Development Goals .

OP1. *Takes note of* the report of the Secretary-General;<sup>7</sup>

OP2. *Reaffirms* that 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, while recognizes that the United Nations and the international Financial Institutions have complementary mandates that make the coordination of their actions crucial;

OP2 bis *Recalls* in this regard the resolve to strengthen the coordination of the United Nations System and all other multilateral financial, trade and development institutions to support economic growth, poverty eradication and sustainable development worldwide, based on a clear understanding and respect for their mandates and governance structures;

OP3. *Underscores* the importance of the implementation of the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development and in this regard recalls the establishment of the ad hoc open-ended working group of the General Assembly to follow up on the issues contained therein;

OP4. *Expresses serious concern* at the impact that the current world economic and financial crisis is having on all countries, particularly developing countries, and stresses the need for actions that are commensurate with the scale, depth and urgency of the crisis to be taken, adequately financed, promptly implemented and appropriately coordinated internationally; and in this regard notes significant work under way at the national, regional and international levels to mitigate the impact of the crisis;

OP5 alt. *Reaffirms the need* to further develop the United Nations development system's comprehensive response to the world financial and economic crisis 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;

OP6. *Notes* that global economic growth and a stable international financial system, inter alia, can support the ability of developing countries to pursue their national policy objectives and achieve internationally agreed development goals, including the Millennium Development Goals, and stresses the importance of cooperative and coordinated efforts by all countries and institutions to cope with the risks of financial instability;

OP7alt. *Underscores* that 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;

OP8. *Notes* major failures of regulation and supervision, plus irresponsible risk taking by banks and other financial institutions created dangerous financial fragilities that contributed significantly to the current crisis, and stresses the need for greater transparency and better regulation and supervision of the international financial system, inter alia, strengthening prudential oversight, improving risk management, and reinforcing international cooperation and notes ongoing reforms in this regard;

OP11. *Emphasizes* the need for global and concerted efforts to restore global economic growth, particularly in developing countries, and in this regard also emphasizes the need to take into account the human and social impact of the crisis, and underlines the need to promote a job-intensive recovery from the crisis, drawing on the decent work agenda and through the implementation of the "Recovering from the crisis: a Global Jobs Pact", adopted at the 98<sup>th</sup> session of the ILO;

OP12 alt *Underscores* that developing countries facing an acute and severe shortage of foreign reserves because of the fallout of the crisis, can use, as a measure of last resort, temporary capital account measures, in accordance with the relevant bilateral and multilateral agreements, in order to help mitigate the adverse impacts of the crisis ;

OP12 alt bis *Notes* further that developing countries can seek to negotiate, as a last resort, on a case-by-case basis and through existing frameworks, agreements on temporary debt standstills between debtors and creditors in order to help mitigate the adverse impacts of the crisis and stabilize macroeconomic developments; (OP9 Debt resolution 64 GA);

OP13 *Recalls* that countries must have the necessary flexibility to implement countercyclical measures and to pursue tailored and targeted responses to the crisis, calls 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;

*OP13 ter* Noting in this regard the recent improvement of the lending framework of the International Monetary Fund (IMF), through inter alia streamlined conditions and the creation of more flexible instruments such as a flexible credit line, while also noting that new and ongoing programmes should not contain unwarranted pro-cyclical conditionalities;

*OP13 bis. Urges* international financial institutions, to continue their efforts to mitigate the global economic impacts of the current crisis, including through the provision of financial resources to developing countries, *stresses* the need to assist developing countries to respond to the crisis without incurring the risk of relapsing into another debt crisis, takes note with appreciation in this regard of the additional resources which have been made available through the IMF and the MDBs, and calls for the continued provision of concessional and grant-based financing to low income countries to respond to the crisis;

OP14 Notes that the crisis has produced or exacerbated serious, wide-ranging yet differentiated impacts across the globe and that since the crisis began, many States reported negative impacts, which vary by country, region, level of development and severity, including massive reversal of private capital inflows especially at the height of the crisis ;

OP15. *Notes* recent progress on reform of the governance structures of the international financial institutions, and *reaffirms* the commitment to broaden and strengthen the participation of developing countries and countries with economies in transition in international economic decision-making and norm-setting, stressing to that end the importance of continuing efforts to reform the international financial architecture, and *acknowledges* the need for continued discussion on the issue of the voting power of developing countries in the Bretton Woods institutions, which remains a concern;

OP15 bis. *Reaffirms* the need to address the often expressed concern at the extent of representation of developing countries in the major standard-setting bodies, therefore *welcomes*, 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;

OP 16-17 *alt* *Notes* the important role played by recent allocations of SDRs in increasing global liquidity and recognizes the need to continue regular reviews of the role of SDRs including with reference to its potential role in the international reserve system and requests the SG to take this into account while preparing his report under this item;

OP18. *Notes* the value of regional and subregional cooperation efforts in meeting the challenges of the global economic crisis and *encourages* 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;

OP19. *Invites* the international financial and banking institutions to enhance the transparency of risk-rating mechanisms, noting that sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which can be facilitated by high-quality data and analysis, and encourages relevant development institutions, including the United Nations Conference on Trade and Development, to continue their work on this issue, including its potential impact on the development prospects of developing countries;

OP20. *Invites* the multilateral and regional development banks and development funds to play a vital role in serving the development needs of developing countries and countries with economies in transition, including through coordinated action, as appropriate, and stresses that regional development banks and financial institutions add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, and in this regard, calls on the international community to ensure that multilateral and regional development banks are adequately funded;

OP21. *Requests* the Secretary-General to submit a report to the General Assembly at its sixty-fifth session on the implementation of the present resolution;

OP22. *Decides* to include in the provisional agenda of its sixty-fifth session, under the item entitled “Macroeconomic policy questions”, the sub-item entitled “International financial system and development”.