United Nations

E/2009/SR.5

Economic and Social Council

Provisional

11 June 2009

Original: English

Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development

Provisional summary record of the 5th meeting

Held at Headquarters, New York, on Monday, 27 April 2009, at 9.00 a.m.

President: Ms. Lucas . . . . (Luxembourg)

Contents

09-31450 (E)

The meeting was called to order at 9.05 a.m.

Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (E/2009/48*)

1. **The President** said that the annual meeting of the Council with the international financial and trade institutions was taking place at a time of great turmoil for the world economy, in which the spiralling human costs were becoming increasingly evident across both developed and developing countries. The crisis had already seriously set back the development efforts of poorer countries and increased the magnitude of the challenges that they faced. Even after overcoming the crisis, the world would be left with immense developmental challenges, including attainment of the goals set in the United Nations Millennium Declaration.

2. It was therefore all the more essential to review the intergovernmental process to provide an effective follow-up to both the Monterrey and Doha conferences and to ensure that the policy commitments made in the Monterrey Consensus of the International Conference on Financing for Development and in the Doha Declaration on Financing for Development were implemented. Under the overall theme of “Coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development”, the current meeting would thus focus on addressing the impact of the global financial and economic crisis on development, including issues related to the international financial and monetary architecture and global governance structures, and on strengthening the intergovernmental inclusive process to carry out the financing for development follow-up. She hoped that the discussions would make full use of the forum as a first opportunity for a truly inclusive multi-stakeholder dialogue on the issues at hand.

3. **The Secretary-General** said that the current global crisis was exposing dangerous weaknesses and flaws in the international economic system. What had begun with financial turmoil in the third quarter of 2007 had escalated into a full-blown global recession. The United Nations system, including the Bretton Woods institutions, foresaw a shrinking global economy in 2009, which would bring down average incomes in much of the world. Global trade was collapsing, and hundreds of millions of people were losing their jobs, their income and their ability to survive. In too many parts of the world, frustration had erupted into violent protests, threatening stability and peace, while development efforts were sagging under the weight of the crisis. Negative effects were expected in nearly every area covered by the Monterrey Consensus and the Doha Declaration.

4. At the recent Group of Twenty (G-20) Summit in London, leaders from around the world had pledged to repair the financial system and strengthen financial regulations, acknowledged the need to reform international financial institutions, pledged to reject protectionism and help the world’s most vulnerable people, expressed readiness to embark on a green recovery, and committed more than a trillion dollars to deal with the crisis. It was still necessary to examine where the funds would come from, and to ensure that countries made good on their pledges and that a large enough share of the additional resources would flow to developing countries, so as to help them cope with the crisis and preserve hard-won progress towards reaching the Millennium Development Goals (MDGs). At the very least, existing commitments to increase aid for the poorest countries must be met fully.

5. Urgent action was needed to keep the financial crisis and economic recession from evolving into a major humanitarian crisis and causing a breakdown in peace and security. The United Nations was in the process of establishing a system-wide mechanism for monitoring vulnerability and sounding the alert when necessary. To meet those challenges, the international community should pursue recovery in a way that would promote sustainable development. Indeed, devastating as the crisis was, it was also an opportunity to move towards a “Green New Deal”.

6. Recent events had proven the inadequacy of the global economic governance system in the face of current challenges. International institutions and governance structures must become more representative, credible, accountable and effective. While faith in financial deregulation and market self-regulation had been diminished, a new commitment to effective regulation and supervision at the national and international levels was taking shape. New forms of protectionism were also arising and must be resisted, not only in trade, but also in investment and international migration. There also remained an urgent

need to complete the development-oriented Doha Round of trade negotiations.

7. Reforming the international economic system required many steps, and must involve all countries. The United Nations, with its critical role and responsibilities and universal membership, should be fully engaged in the reform process. The international community would have an important opportunity to make progress at the upcoming Conference on the World Financial and Economic Crisis and its Impact on Development, to be convened by the General Assembly in June 2009. The current discussion should generate ideas that would ensure the success of that conference. There was also a need for better follow-up with respect to the Financing for Development process. Participants should discuss those matters and take concrete decisions as soon as possible, as they were matters of life and death for countless people living in poverty and facing even greater hardship in the current tumultuous times.

8. **Mr. Djani** (President, Trade and Development Board, United Nations Conference on Trade and Development (UNCTAD)), said that the current global economic situation reconfirmed the urgent need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems. The Trade and Development Board was continuing to address the problems facing developing countries in the financial crisis through research, consensus-building and technical assistance, with particular attention to the interdependence and consistency of international trade, investment and financial policies and arrangements.

9. There appeared to be a broad consensus that financial market deregulation had led to the creation of financial instruments detached from productive activity in the real economy, based on an assumption that past trends in asset prices accurately reflected future trends. The current economic crisis showed that such assumptions would eventually fail, because no investments had been made in the real economy's productive capacity, where they could have generated increases in real income.

10. The crisis would seriously impede the developing world's ability to achieve the MDGs, with negative implications for all six areas covered by the Monterrey Consensus. Its impact on developing countries varied, with some emerging markets suffering foreign-capital flight and costlier external financing. Export revenue had dropped sharply in all countries, exacerbated by a marked decline in commodity prices that particularly impacted the economies of least developed countries, still heavily dependent on commodity exports. Declining remittances from workers overseas, falling foreign direct investment and decreasing development assistance had also contributed to financial burdens. Still, many donor countries were standing by their aid pledges, and a counter-cyclical rise in development aid could help stimulate global demand.

11. The short-term priority for effectively solving the current crisis and preventing its recurrence was to restore financial stability and economic growth through measures to re-build confidence and demand, so as to end the credit crunch and mitigate its impact on output growth and employment. In the medium and long term, the role of Governments was more pertinent than ever in managing the financial system at the national and international levels to strengthen regulation and supervision of financial intermediaries. To avoid systemic crises in the future and reduce the risk of excessive and destabilizing speculation, early warning systems must be set up nationally and internationally, and the global financial system must be reformed around the core principles of transparency, integrity, responsibility, sound banking practice and international governance.

12. All countries needed to contribute to overcoming the global crisis, each in line with its own economic potential. Many developing countries would need assistance with economic infrastructure and productive capacities, however. Policies promoting economic growth, in a context of Government facilitation and full partnership with the private sector, would help to achieve the MDGs. Important steps already taken towards an internationally coordinated response, including counter-cyclical measures to pull the world economy out of the current crisis and reforms in the international financial system, must be pursued further.

13. Also worthy of further exploration was the link between the financial and commodities-futures markets, which had contributed to recent increased volatility in commodity prices. Speculative financial flows had led to instability and misalignment of exchange rates, with repercussions for international trade flows and macroeconomic stability. Many delegations participating in the Board's 2008 session had, therefore, echoed the UNCTAD call for measures

to limit financial speculation and ensure timely and orderly exchange rate alignments, and had raised serious concerns about increasing protectionism. The current crisis called for a review of the system of global economic governance and presented an important opportunity to take decisive steps towards strengthening the coherence among international trade, financial and macroeconomic policies.

14. **Mr. Ochoa** (Observer for Mexico), reporting on the recent meeting of the Development Committee on behalf of the Chairman of that Committee, said that the effects of the financial crisis in the developed countries were now hitting the developing world hard. World trade would fall in 2009 for the first time since 1945, with the Organization for Economic Cooperation and Development (OECD) forecasting a drop of more than 13 per cent. International private capital flows to developing countries had fallen precipitously, with the World Bank estimating a reversal of $700 billion a year since 2007.

15. Progress made towards achieving the Millennium Development Goals was in jeopardy. The World Bank reported that more than 50 million people had already been driven into absolute poverty. Up to 400,000 more children might die each year, and many survivors might suffer life-long ill effects. All members of the international community were challenged to help offset and alleviate the impact of the crisis on developing countries, especially on the poorest and most vulnerable in those societies. Facilitating the recovery of the developing countries would make a major contribution to the recovery of the global economy as a whole.

16. At its meeting the previous day, the Development Committee had called on countries to translate their commitments, including those made at the recent London Summit, into concerted action and additional resources, and had welcomed commitments to substantially increase resources for the International Monetary Fund (IMF), while urging all donors to accelerate aid and to consider exceeding existing commitments. The World Bank Group expected to treble lending by its International Bank for Reconstruction and Development (IBRD) during fiscal year 2009, and had arranged to fast-track resources to the poorest countries.

17. Support had also been expressed at the meeting for World Bank Group initiatives seeking to mobilize resources to help developing countries protect the poorest, reinvigorate trade finance, maintain infrastructure development and create jobs, and support the financial sector in developing countries. The IBRD balance sheet would be put to optimal use, with lending of up to $100 billion over three years. Despite its financial strength, however, the World Bank would eventually need to draw on new resources if the recovery was delayed.

18. He cited enhanced reforms in the governance of the World Bank Group that included the creation of a new chair on the Board to strengthen representation of sub-Saharan African nations. Work would be accelerated with a view to reaching agreement on further reforms by the 2010 meetings. The Development Committee had thus made progress in broadening the consensus of the G-20 leaders to the wider international community; the challenge remained, however, of ensuring that the words of the agreements were translated into timely and purposeful deeds.

19. **Ms. Rugwabiza** (Deputy Director-General, World Trade Organization (WTO)), speaking on behalf of the Governing Council, said that there had never been a more crucial time to adopt a unified strategy to address global problems. The current crisis had occurred at a time of slowing economic growth, turning a moderate slowdown into a sharp decline, and by the end of the year, into a recession in many OECD countries. IMF had just forecast a decline of up to 1.5 per cent in Africa’s growth for 2009, affecting the social and economic prospects of African countries and jeopardizing the political stability achieved by many of them in recent years.

20. World Trade Organization economists had projected that the volume of world trade would contract by up to 9 per cent in 2009 owing to the collapse in global demand and shortages of trade finance, exacerbating supply-side constraints in many developing countries. Banks and other financial institutions in many developing countries had initially been thought to have been shielded from the financial crisis, owing to their limited exposure to the markets and the financial instruments at its core. However, it had become clearer than ever that domestic capital markets in developing countries, as well as their access to international capital markets, had been affected significantly.

21. Developing economies, already weakened by the effects of the 2007-2008 food and energy crises, were seeing their sources of finance dry up, in addition to sharp declines in foreign direct investment, remittances, export earnings, tourism revenues and an outflow of domestic savings. Developing countries would find it more difficult to raise capital in the developed world, where they would be competing for resources with Governments seeking to fund their financial and fiscal stimulus programmes. That made it even more imperative to address the challenges facing the global economic and financial governance structure, particularly given that more than two thirds of WTO members were developing countries.

22. Fortunately, there had been no indication to date of more aggressive moves by Governments to restrict trade indiscriminately and across all sectors. The multilateral trading system built over the past 60 years had indeed provided a strong defence against protectionism. Nevertheless, vigilance against low-intensity protectionist measures, including those targeting specific sectors or industries to protect jobs and profit margins, must be maintained. Many such measures might be within the boundaries of current World Trade Organization rules, but their use should be discouraged because they restricted trade in goods and services, the single most powerful stimulus of growth in developing countries.

23. The estimated average global rate of duty would double, and the value of trade would drop by a further 8 per cent if members were to raise their applied tariff rates to the levels of the WTO bindings. Clearly, the best practice in the current circumstances would be to reduce trade restrictions so as to cut costs and prices worldwide, complemented by the appropriate financial and fiscal stimulus. Where subsidies were affordable, their full value as a stimulus for economic activity would come from targeting them at consumption, not production, with consumers free to choose goods and services internationally. Completing the Doha Round would be the surest way to safeguard individual trade interests and the multilateral trading system against the threat of protectionism. Pending conclusion of the Round, the G-20 commitment not to impose new trade restrictions and trade-distorting subsidies was of particular importance to the majority of developing countries, whose economies were more vulnerable to new trade barriers.

24. The Aid-for-Trade Initiative launched in 2005 had brought a new political focus to ongoing efforts to help developing countries, particularly least developed countries, integrate into the multilateral trading system. Despite a significant expansion of Aid-for-Trade programmes in 2006 and 2007, there was nevertheless concern that official aid flows would fall in the current downturn and could become more volatile as donors scaled down ODA budgets. Aid flows might also be affected because most donors expressed those budgets as a share of gross domestic product, which in some cases was shrinking. From the start, the Aid-for-Trade Initiative had prioritized trade finance or access by developing-country exporters and importers to cheap, reliable credit. The crisis had made intervention in that area even more urgent.

25. However, the drying up of global liquidity, combined with a general reassessment of risks by commercial banks, had led to a rise in the cost of trade finance instruments such as letters of credit. In cooperation with other multilateral and regional organizations, the World Trade Organization had helped mobilize various actors to shoulder some of the risk from the private sector and encourage co-financing between providers of trade finance. In that respect, it welcomed the G-20 consensus to support global trade flows with assistance to finance trade. The $250 billion committed demonstrated the international community’s capacity to address urgent global needs and to recognize the role of trade as an engine of growth.

26. **Mr. Dimian** (Deputy Chairman, International Monetary and Financial Committee (IMFC)) said that the title of the Global Monitoring Report 2009, “A Development Emergency”, could not be more apt, as the global economic crisis was rapidly becoming a human and development emergency. Reporting on the outcomes of the nineteenth meeting of the International Monetary and Financial Committee, he said that economies were contracting in both developed and developing countries and that emerging markets and low-income countries were facing specific challenges, partly owing to currency depreciation and reliance on capital flows to refinance debts. Some developing countries had demonstrated resilience thanks to their coherent policy stance over the past few years; nevertheless, even they were not immune to the effects of the crisis.

27. At the Committee meeting, members had reaffirmed their own policy stance in managing the

crisis, which focused on restoring the health of the financial sector; maintaining the central role of IMFC in responding to the crisis; and boosting real economic growth using fiscal and monetary tools. It had been agreed that countries should be allowed to continue to use such tools as necessary, provided they did not negatively impact on the long-term sustainability of their fiscal policy or price stability goals.

28. It was important to provide a global financial safety net. He welcomed the overhaul of the International Monetary Fund (IMF) lending and conditionality framework as well as the doubling of normal access limits for all borrowers, which would contribute to financial stability in the long run. To strengthen such a safety net in the face of the crisis, IMF should double its concessional lending capacity for low-income countries; rapidly complete reforms of the Fund's facilities for low-income countries; review options to enhance flexibility within the Debt Sustainability Framework in Low-Income Countries; and rapidly approve the pending amendment of its Articles of Agreement for a special one-time allocation of Special Drawing Rights, as well as a general allocation of Special Drawing Rights equivalent to US$ 250 billion, to become effective before the 2009 Annual Meetings. He also called for the amendment and expansion of the New Arrangements to Borrow by up to $500 million and the prompt start of the fourteenth general review of quotas, with a view to completing the review by 2011.

29. With regard to surveillance, it was important to improve analysis of macrofinancial linkages and to increase the capacity of IMF to monitor, report on and assess cross-border systemic risks. He welcomed the Fund's joint early warning exercise with the Financial Stability Board (FSB) and called for the incorporation of financial sector surveillance into Article IV consultation. It was crucial to improve the candour, even-handedness and independence of the surveillance process and to further develop the Financial Sector Assessment Programme (FSAP) as a vehicle for surveillance work.

30. Early action by national authorities to make the April 2008 agreements on quota and voice reform and on the Fund's new income model effective was essential. Lastly, it was crucial to ensure a stronger role for the Committee in the Fund's strategic decision-making process as well as for the Executive Board.

31. **Mr. Qureshi** (Senior Adviser to the Chief Economist, World Bank) introduced the *Global Monitoring Report 2009,* which had been prepared jointly by the World Bank and IMF. His introduction was accompanied by a computerized slide presentation.

32. The current global economic crisis hit poor countries hardest, as they had the least means to withstand such crises, and threatened to undermine their hard-won gains in economic growth and poverty reduction. Private capital flows to developing countries were in steep decline and likely to become negative in 2009. Estimates of developing countries' financing gap in 2009 were as high as $1 trillion. As a result of the severe financial crisis, economic growth in developing countries was plummeting, with per capita income set to fall in more than 50 of those countries. The slowdown was expected to trap an estimated 55 million to 90 million more people in extreme poverty in 2009; furthermore, while food prices had fallen since mid-2008, the food crisis was far from over. Efforts to mitigate its effects, including boosting agricultural investment, must not be slackened.

33. Growth collapses were costly in human terms. The economic slowdown would raise the number of hungry people in developing countries to over one billion in 2009. The overall outlook for the Millennium Development Goals, already a cause for serious concern, was now even bleaker. The current crisis created new risks, with most of the human development targets unlikely to be achieved according to current trends; prospects were gravest in the health sector.

34. At the regional level, sub-Saharan Africa was falling short of all the MDGs, while South Asia lagged on those related to human development. At the country level, the majority of developing countries were at risk of missing most of the MDGs and many low-income countries faced serious shortfalls, but the situation was especially grave in fragile states.

35. An effective response to the development emergency required, among other measures: ensuring an adequate fiscal response to support growth and protect the poor; improving the economic climate for recovery in private investment; redoubling efforts to achieve the human development targets; scaling up aid to poor and vulnerable countries; maintaining an open trade and finance system; and ensuring that the multilateral system had the mandate, resources and

instruments to support an effective global response to the global crisis. While a vigorous private sector response was needed, more financing was only part of the answer. Infrastructure spending in developing countries was only half of the estimated annual need of $900 billion. The infrastructure financing gap in Africa was $40 billion annually, but that number could be reduced by 45 per cent through improved management, efficiency and cost recovery.

36. In addition, countries must accelerate progress on the human development MDGs by reinforcing key public programmes in health and education and better leveraging the private sector's role in service financing and delivery. The crisis called not only for delivery on past aid commitments, but also for urgent scaling up of aid, including through the private sector, which was an increasingly important partner in development. Rising pressures for trade and financial protectionism must be resisted, as such measures would only exacerbate the current crisis. In that connection, quick and successful completion of the Doha Development Round would boost the confidence of the global economy. Finally, international financial institutions must have adequate resources to respond to the crisis; recent decisions by the G-20 constituted major steps towards providing those needed resources. In the current difficult global situation, international cooperation was needed more than ever.

Addressing the impact of the global financial and economic crisis on development, including issues related to the international financial and monetary architecture and global governance structures

37. **The President** said that the current multidimensional crisis most deeply affected developing countries. It was therefore crucial to take decisive action to help those countries, which had limited resources to finance measures to mitigate the effects of the economic slump and to invest in infrastructure, social programmes and job creation. Official development assistance was also likely to diminish. Resolving the crisis required the urgent attention of policymakers everywhere.

38. Developed countries should seek to ensure that their recovery programmes did not impose short-term or long-term costs on developing and transition economies. At the same time, developing countries should be given better access to the funding offered by international financial institutions. Long-term institutional and regulatory reforms should be adopted to reduce the risks and impacts of future economic and financial crises. The world economy required macroeconomic coordination mechanisms that were credible, effective and representative, with governance structures that were duly representative of all countries' interests and that set clear policy guidelines.

39. **Mr. Panitchpakdi** (Secretary-General of the United Nations Conference on Trade and Development (UNCTAD)) said that while the advanced economies were beginning to focus on recovery and exit strategies for late 2009 and early 2010, the recovery process for developing countries would take much longer and further crises were likely to emerge in the meantime. While welcoming the IMF supplementary funding agreed at the April 2009 meeting of the Group of Twenty, he stressed the importance of using such funds to help countries put in place stimulus measures; pro-cyclical policies should be avoided at all costs.

40. It was estimated that developing countries would experience a net shortage of $2 trillion in financing resources in 2009. It was questionable whether the stimulus funds injected into the world economy thus far would cover that sum, especially given that, even in 2008, there had already been a shortfall of $29 billion in reaching the Gleneagles targets. Additional means would likely be needed to achieve those targets in 2009. If trade financing was not forthcoming, UNCTAD recommended promptly establishing a temporary moratorium on official debts for poor economies and adjusting the Basel II rules, which would free up banks' trade financing without needing additional official resources.

41. With regard to new regulations, it was important to accurately assess the social costs and benefits of financial innovations, to carry out macroprudential oversight, and to avoid regulatory arbitrage. Finally, in reforming the international financial architecture, one-size-fits-all solutions should not be imposed on developing countries. Those countries should avoid boom-and-bust cycles and should be given assistance with stabilizing exchange rates.

42. **Mr. Palouš** (Observer for the Czech Republic), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Montenegro

and Serbia; and, in addition, Armenia, and the Republic of Moldova, said that, contrary to expectations, the current economic crisis was also affecting the developing world on several fronts, including, inter alia, investment in infrastructure, job creation, growth rates and private equity flow remittances. According to the World Bank, the number of persons living in poverty could soon exceed one billion, jeopardizing the Millennium Development Goals and giving rise to serious political and security threats, as well as humanitarian, environmental and economic consequences.

43. It was thus more important than ever to act in a unified fashion. As a universal body, the United Nations had a vital role to play in international economic and social matters, and the Organization's capacity to promote economic and social advancement should therefore be strengthened. It was also necessary to take measures to ensure the effective functioning of the Bretton Woods institutions. The European Union supported developing countries in their response to the crisis and shared their vision that development was part of the solution and a basis for peace and stability. It recognized the collective responsibility to mitigate the social impact of the crisis and was committed to supporting those affected by it through the creation of employment opportunities and income support measures. The European Union also pledged to honour its development assistance commitments and its commitment to achieving the Millennium Development Goals.

44. In view of the wide range of measures that were needed for a global economic recovery, the following should be given priority: continuing international coordination of fiscal stimulus measures, restoring the functioning of the credit markets and facilitating the flow of lending, ensuring consistency of fiscal measures with longer-term measures, and avoiding all forms of protectionism. Free and fair trade was a key element of global recovery. The European Union therefore called for a rapid and balanced implementation of the Doha Development Agenda, which was the best guarantee against protectionism.

45. The crisis had revealed major flaws in financial regulation and supervision at both the national and international levels. Restoring confidence in and the proper functioning of the financial markets, stricter oversight and the reform of the global financial system were indispensable for resolving the crisis and preventing future ones. The European Union welcomed efforts by the International Monetary Fund (IMF) to adjust its institutional and financial structure and supported the threefold increase in its resources aimed at countering the effects of the crisis. In that connection, European Union member States had agreed to provide Special Drawing Rights equivalent to €75 billion as urgent, temporary support for the Fund. They also welcomed the creation of the Financial Stability Board, which included all Group of Twenty members, and the decision to speed up the governance processes of the World Bank and IMF. The international financial institutions should be reformed to reflect the relative economic weight of actors in the global economy and give greater voice to emerging and developing economies.

46. **Mr. Alexander** (United Kingdom) said that, at the recent Group of Twenty summit in London, his Government had worked hard to ensure that development and the needs of the poorest countries were at the heart of international efforts to restore stability and growth. Although $50 billion in additional resources had been pledged at the summit to help developing countries, that amount was not sufficient to meet their needs.

47. While donors had yet to meet the commitments that they had made at Gleneagles in 2006, his country was on course to allocating 0.7 per cent of its gross national income (GNI) to official development assistance by 2013, despite the economic downturn, and called on other Member States to fulfil their commitments in that regard. Urging the United Nations to play a more active role in responding to the crisis, he said that the upcoming Conference on the World Financial and Economic Crisis would be an opportunity for the Organization to further define its role.

48. **Mr. Boyce** (Barbados), speaking on behalf of the Caribbean Community (CARICOM), said that it was ironic that developing countries, such as the CARICOM States, which were on the periphery of the global economy and had done nothing to provoke the current economic crisis, were being forced to bear its brunt. The tourism sector, the principle source of foreign exchange and largest employer in most CARICOM economies, had been severely hurt and foreign direct investment had declined sharply.

49. In order to avoid a prolonged decline in their economies, developing countries needed developed countries to honour their commitments to achieving the official development assistance target of 0.7 per cent of GNI. Although CARICOM Governments had taken some counter-cyclical measures, their ability to put in place large-scale stimulus packages was undermined by high debt levels, declining tax revenues and lack of financing. CARICOM therefore reiterated its call for a re-evaluation of the criteria used when deciding whether to give developing countries concessionary financing.

50. Vulnerable to hurricanes and rising sea levels caused by climate change, many middle-income Caribbean countries had had to undertake large and expensive projects to save their beaches, which were, in some cases, those countries' only source of income. Small island developing States should therefore be provided with grant financing for all climate-change adaptation measures, and developed countries should ensure that financing was made available specifically for such measures. The international financial institutions should also continue to relax their lending rules.

51. The existing governance structure of the international financial system, which had been a major cause of the current crisis, was incapable of meeting the needs of an interdependent global economy and required radical reform. In addition to giving small island developing States a voice, such reform should lead to a structure that was democratic and transparent, better equipped to prevent and manage financial crises and capable of providing adequate liquidity and financing for global development.

52. It was the right of developing countries to participate fully in the formulation of rules that affected them. The Caribbean Community therefore urged the Council to elevate the status of the Committee of Experts on International Cooperation in Tax Matters to that of an intergovernmental subsidiary body in order to give developing countries a voice in the decision-making process. Lastly, the unilateral imposition of a tax on air travel by developed countries, as part of their response to climate change, had the potential to further devastate the tourism sector in the Caribbean. While CARICOM member States fully supported international efforts aimed at addressing climate change, they had not caused climate change and should not be required to pay for it, either directly or indirectly.

53. **Ms. Wieczorek-Zeul** (Germany) said that, like a natural disaster, the man-made economic crisis was expected to have catastrophic effects. It was therefore imperative for Member States to work together to stave off the impact of the crisis on the poorest countries by giving them more grants and helping them to take counter-cyclical measures. It was also important to frontload the replenishment of the International Development Association (IDA).

54. Her Government was committed to meeting its official development assistance goals and its second economic stimulus package had included allocations for aid to developing countries. Recalling that less private capital was being made available to micro-financing banks, she said that official development assistance funds should be used to help stabilize the poorest countries.

55. Council members and the Bretton Woods institutions should take advantage of the current meeting to consider what could be done to prevent a recurrence of such a severe economic crisis. They also needed to consider the role of the World Bank in development cooperation, the role of IMF in crisis financing, lending and surveillance, and how to improve the governance structure of financial institutions, including in developing countries.

56. **Mr. Kvasov** (World Bank) said that the Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries attached great importance not only to the volume of resources transferred but also to the transaction cost and efficiency of such transfers. The Bank was planning to increase its lending volume to $100 billion, which was triple the volume of 2008, over the next three financial years while maintaining zero growth in administrative budgets, simplifying policies and procedures and dispensing with outdated conditions.

57. The Bank intended to make use of the $42 billion raised during the fifteenth replenishment of IDA as soon as possible to help countries that urgently required assistance. However, in view of the severity of the current crisis, serious thought should be given to a sixteenth replenishment of IDA. The Bank also continued to work on improving internal governance,

decentralizing operations in order to bring the Bank closer to its clients and achieving greater efficiencies.

58. Council members should think carefully about the link between enhanced voice and participation in the decision-making process and the efficient delivery of financial resources. At a recent meeting of the Joint Development Committee, the President of the Bank had outlined several options for increasing voice and participation, including increasing the Bank's capital in conjunction with a meaningful realignment of shareholding.

59. **Mr. Di-Aping** (Sudan), speaking on behalf of the Group of 77 and China, said that, if the United Nations was to have any relevance in contemporary international affairs, it should honour the purposes enshrined in its Charter, including, inter alia, achieving international cooperation in solving international problems of an economic, social, cultural or humanitarian character and harmonizing the actions of nations in the attainment of those common ends.

60. Member States simply had to act decisively because they already possessed the resources needed to respond to the current economic crisis. Indifference to the plight of the impoverished and underdeveloped, along with the well-honed practice at Headquarters and IMF of falling back on agreed language, pragmatism and common ground, would lead to failure. Achieving sustainable development and the Millennium Development Goals and rescuing millions from being pushed into degrading poverty required a coordinated and comprehensive global response.

61. Any assistance provided by developed countries in response to the economic crisis should be in addition to existing official development assistance commitments and developed countries should urgently fulfil their commitments to allocate 0.7 per cent of GNI to official development assistance. In that connection, the Group of 77 and China applauded the World Bank's initiative aimed at establishing a global vulnerability fund. Emphasizing that the current crisis should not be used as a pretext for protectionist measures, he called on developed countries, especially the European countries, to eliminate export subsidies and non-tariff restrictions, in particular on agricultural products.

62. Developing countries should be provided with more unconditional concessional financing, including from multilateral, bilateral and private resources. Trade and investment were key elements to restoring global growth. The Group of 77 and China therefore reiterated their commitment to the achievement of an open, rules-based and equitable multilateral trading system and the successful conclusion of the Doha Development Round. The reform of the international financial system was also vital, and the nations of the South should be fully represented in the decision-making process on economic and financial matters.

63. IMF should create an effective financial "early warning system" and explore alternative methods of providing financing to countries affected by the crisis, including the possible creation of trust funds and new loan facilities. Any response to the current crisis should take into account the interests and needs of developing countries. The capacities of existing and future regional mechanisms and institutions should be maximized in order to ensure the creation of democratic financial systems that were based on regional economic realities and endowed with transparent and accountable governance.

64. The upcoming Conference on the World Financial and Economic Crisis should lay the foundations for a new body that would address all financial and economic issues of interest to Member States. The Group of 77 and China were open to discussing the form, composition, mandate and legal status of such a body on the basis of a common understanding that there was a need for a permanent mechanism on economic and financial matters.

65. **Mr. Koenders** (Netherlands) said that to date, the dramatic impact of the current situation on the poorest countries had not been addressed sufficiently in the work of international institutions. In order to remedy the financial crisis, which had led to political and social crises in many countries, two key issues must be tackled, namely, the long-term construction of a new system of global governance and financial architecture, and the relationship between the real and the financial economies, particularly in the aftermath of a spate of severe "casino capitalism".

66. He wondered to what extent the economic recovery that stimulus packages brought about was related to green recovery, in light of the agreement on climate change to be reached in Copenhagen in late 2009. Other matters of concern included the drying up of almost all funds for the poorest countries and financial protectionism in other parts of the world. Asset recovery resulted in a significant reduction in

financing for trade and debt rollover for the poorest countries.

67. Despite the current troubles, however, there were signs of hope to be found in the international community's response of cooperation and increased multilateralism in confronting the crisis. His Government would uphold its commitment to work towards 0.8 per cent of official development assistance (ODA) in addition to allocating an additional 500 million euros for clean energy in developing countries, and urged other Governments to do more in that regard. Another reason for optimism was the fact that, while unilateral protectionist policies persisted in several countries, there was for the first time in years a clear willingness to reform the international financial institutions in a manner that combined legitimacy and effectiveness.

68. While important progress had been made at the recent Development Committee meeting in Washington, funding flows must be further strengthened, as predictable finance, while urgent, was still underestimated. Furthermore, such short-term funding increases to poor countries and longer-term questions needed to be addressed hand in hand, rather than at the expense of one another.

69. Bridge-building between the Group of Twenty (G-20), international financial institutional reform and the United Nations system was fundamental and must be taken seriously; furthermore, the right of the poorest countries to a stake and representation in international organizations must be promoted, as must greater effectiveness in the area of financing for international development.

70. **Mr. Zhang** Yesui (China) said that his delegation would like to emphasize three points. First, he hoped that the relevant agencies would implement the commitments made to provide additional financing to the poorest countries through the World Bank vulnerability framework at the G-20 summit. Second, the financial crisis should not serve as a justification for protectionism, which must be resisted. International coordination would be necessary to avoid protectionism in the guise of fiscal packages. Third, the upcoming Conference on the World Financial and Economic Crisis would provide an opportunity to learn more about the experiences of member States, particularly developing countries, and to work towards reforming the international financial architecture.

71. **Ms. Rice** (United States of America) said that her Government remained deeply concerned about the impact of the financial crisis on the poorest and most vulnerable. Countries must work together to safeguard the progress made towards halving extreme poverty by 2015, progress that was imperilled by the crisis. Concerns about development, rightly, loomed large at the current time, as many countries were facing steep decreases in trade and remittance flows, a situation exacerbated by tight credit markets. The high-level meeting allowed countries in attendance to better understand and counteract the impact of the crisis on development and to hear from countries most directly affected by the current financial situation.

72. The severity of the economic crisis had required responses at the national and international levels. In the previous three months, her Government had undertaken unprecedented job creation initiatives and financial regulatory reforms to guard against future crises. At the recent G-20 Summit, leaders from developing and developed countries had agreed to form a united front to create jobs and stimulate the global economy, make financing available to emerging and developing economies through the International Monetary Fund (IMF) and multilateral development banks, reform the financial regulatory system, help emerging economies stay afloat and encourage trade. Her Government's commitment to assisting the world's poor was also underscored by its pledge to double funding for agricultural development, to financially assist countries most severely affected by the crisis and to combat food insecurity.

73. While the profound suffering caused by the crisis worldwide had led some to call for radical change in financial institutions and for the creation of new systems and organizations, the international community should instead advance the important reforms currently under way to strengthen international institutions and make markets function better, in order to restore the broad-based growth necessary to reduce poverty. Her Government firmly supported efforts to that end.

74. The United States of America was seizing the opportunity presented by the current challenge to invest in its long-term growth by shifting its economy to a low-carbon future. Lastly, she welcomed the establishment by the Chief Executives Board for Coordination of a monitoring and alert mechanism to track developments, which would supplement the

sparse data that the United Nations currently had on the political, social, economic and gender effects of the crisis.

75. **Mr. Hosseini** (Observer for the Islamic Republic of Iran) said that it should be noted that the global crisis had begun in the United States of America and Europe and had since extended to most of the world. Initially a financial crisis, it later took on economic, trade, human, social and development-related dimensions. At a time when the international community should have been close to achieving the Millennium Development Goals (MDGs) and spreading the fruits of development worldwide, it was instead forced to confront a devastating global recession and the resulting losses, especially in developing countries.

76. Through the World Bank, the International Monetary Fund and the World Trade Organization, industrialized countries had encouraged excessive deregulation of markets and economic globalization, thereby saddling developing countries with the fallout from that approach. Rather than adopt palliative measures to deal with the crisis, a genuine solution must be found. The disproportionate growth and development of the financial economy in relation to the real economy must be addressed. In that connection, different financial models, such as the Islamic model, should be considered in an open and unbiased manner.

77. **Mr. Dapkiunas** (Belarus), speaking on behalf of the Eurasian Economic Community (EURASEC), said that the main tasks of the upcoming Conference on the World Financial and Economic Crisis were to build a solid political framework for the effective implementation of measures to confront the crisis, and to continue working to restructure the global financial and economic system based on the principle of multilateralism. In that context, his Government supported the development of universal agreements that would establish rules for a new model of national and supranational economic and financial regulations.

78. In view of the theme of the special high-level meeting, he highlighted EURASEC support for proposals to develop new credit mechanisms that could provide adequate assistance to countries in financial difficulty. Regional financing mechanisms for economic development should be strengthened. The World Bank should mobilize additional funding at the global level in order to bolster its lending capacity, including support for trade financing. The Community called on the Bank to relax the existing borrowing limits for individual borrowers and provide funding for infrastructure projects in low- and middle-income countries.

79. In addition, it was essential to solve the problem of external debt and improve the reserve currency system in the context of international financial reform, so as to guard against recurrent collapses of the global economy. EURASEC supported the expansion of the reserve currency basket based on agreed-upon measures, such as developing regional systems to stimulate the development of large regional financial centres and reduce the volatility of reserve currency exchange rates. In that connection, the creation of a supranational reserve currency would be a promising approach.

80. The Community also called for greater transparency in the regulation of global markets and stronger cooperation among national regulatory bodies. All financial activities should be effectively regulated and monitored, including those conducted in the so-called shadow banking system. EURASEC supported G-20 decisions on strengthening oversight of hedge funds and private capital pools, given their impact on world markets.

81. The role and mandate of IMF should be reviewed in order to adapt it to the new world monetary and financial structure, and a firm commitment must be made to bringing about such reform on a clearly defined schedule. EURASEC had taken note of the recommendation to establish a consultative mechanism for analysing global economic policy, including its social and environmental dimensions, based on the Intergovernmental Panel on Climate Change model. Lastly, it was important to identify the obstacles that prevented Member States from establishing a more effective and fairer system of international economic relations within the framework of existing United Nations bodies.

82. **Mr. Mojarrad** (Executive Director for the Islamic Republic of Afghanistan, Algeria, Ghana, the Islamic Republic of Iran, Morocco, Pakistan and Tunisia; International Monetary Fund (IMF)) said that he wished to address the concerns expressed by some speakers regarding the Fund’s lending policies and reforms. The IMF Board of Governors had recently discussed the lending policy for emerging markets,

developing countries and low-income countries. For Fund-supported programmes for those countries, conditionality was more flexible, less restrictive and targeted to the crisis. The access limit was much higher, and new instruments were being introduced to address the impact of the crisis on developing countries.

83. The most pressing issue regarding the IMF reform was the question of the quota formula, which would have to be modified to give developing countries greater representation — particularly in light of the severity of the crisis — as the old formula did not reflect fairly their importance in the global economy. Lastly, he emphasized the importance of the role of the Board of Governors and noted that caution should be exercised so as not to modify the function of the International Monetary and Financial Committee (IMFC), which had an advisory role vis-à-vis the Board.

84. **Ms. Viotti** (Brazil) said that a consensus was emerging at the high-level meeting on such issues as short-term measures to enable an adequate fiscal response by developing countries while allowing them to continue making progress towards development. Those measures would require mobilization of multiple forms of additional new funding, including trade financing, debt relief or cancellation and capital flows. The presentation of the World Bank Global Monitoring Report, among others, made it clear that such mobilization must go beyond current commitments in order to address the demands of developing countries.

85. Other important issues included the need to broaden the representation of developing countries in the governance structures of the global financial system and carrying out a review of the mandates of international financial institutions to make them more development-oriented. In that connection, she highlighted the important proposals contained in the Stiglitz Commission report, with particular attention to measures that would provide additional liquidity and funding to developing countries, preferably without burdensome conditions. The upcoming Conference on the World Financial and Economic Crisis should discuss structural issues related to the reform of the international economic system in support of development, as sustainable long-term recovery from the crisis would entail an integrated approach.

86. **Mr. Debevoise** (Executive Director for the United States, World Bank), said that the multilateral development banks (MDB) had a critical role to play in mitigating the impact of the global economic slowdown on poverty reduction and sustainable development. At its meeting the previous day, the Committee for Development Policy had supported expansion of MDB lending and the development of new instruments. The World Bank was fast-tracking development assistance, devising new private-sector financing programmes and adopting more flexible approaches to leveraging capital for development.

87. The United States was committed to active participation in the reviews of MDB resources called for at the G-20 Summit. Such reviews would provide an opportunity to explore reforms that could enhance the deployment of funds in a way that addressed the needs of the poorest countries that were suffering disproportionately from the crisis. But the efforts of MDBs needed to be accompanied by financial and economic policies that maintained openness and eschewed protectionism. The recent food crisis had demonstrated that trade taxes, quotas and export bans only served to exacerbate shortages and price volatility.

88. The United States had been a leader in the two-phase governance reform process already under way at the World Bank, having agreed to a reduction in its vote and a corresponding increase the vote of sub-Saharan Africa. In the second phase of reform, the Bank's governance and development policies would be further adapted to reflect the weight of new dynamic economies. The Bank was committed to a consultative country-driven approach. Its flexibility and responsiveness had been illustrated over the preceding few days by its quickness to make available resources for medical supplies and media awareness campaigns to address the ongoing swine flu outbreak.

89. **Mr. Ugarteche** (Center of Concern) said that a situation in which developing countries financed the deficits of developed economies was unacceptable. Any response to the crisis needed to address its many interrelated aspects, and in particular climate change, which affected developing countries disproportionately. Unfortunately, the G-20 was not representative of the international community. The United Nations was the legitimate body to coordinate international action on economic as well as security matters, and needed to regain its pivotal role in designing a global economic architecture founded on human rights and gender

equality. In that regard, the upcoming Conference on the World Financial and Economic Crisis should be attended at the highest level.

90. In addition to legitimate and representative structures, sound policies needed to be developed that ensured space for counter-cyclical measures and served the interests of all actors, large and small. Developing countries should be freed from policy constraints that prevented them from deriving full benefit from their exports. The G-20 Summit Leaders' Statement had expressed support for discussion of a charter for sustainable development. The United Nations was the only legitimate framework for such a discussion, which should engage the voices of all concerned groups, including workers, peasants, women and indigenous peoples. He urged the upcoming Conference to take up the idea of a global economic coordination council proposed by the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System.

91. Conditionalities imposed by the World Bank and IMF on public spending continued to force pro-cyclical policies with negative social consequences on developing countries. It was ill-advised to continue to allocate greater resources and responsibilities to the very institutions that were believed by many to be the cause of the crisis until those institutions had undergone reforms along the lines recommended by the Monterrey Consensus and the Doha Review Conference. Expertise alone could not resolve the crisis in the absence of legitimacy and good governance in the International Financial Institutions (IFI). Towards that end, he recommended the convening of a second United Nations Monetary and Financial Conference.

92. **Mr. Virmani** (India) said that the current crisis had affected all elements of the global system, including the goods and services, trade, and financial sectors. Since the relative importance of those sectors differed from country to country, country-specific solutions needed to be devised. The crisis had originated in the financial sectors of the developed countries, and confidence needed to be restored in those sectors in order to revive growth. But the crisis had spread to developing countries, and measures were also needed to restore confidence in emerging markets.

93. There had been substantial agreement at the G-20 Summit on some of the needed steps, including expansion of the resources of IMF and the Asian Development Bank (ADB), acceleration of the quota review process, and an increase in Special Drawing Rights (SDR). In addition, stronger regulation and supervision was essential to avoid repetition of such crises in the future, and expansion of representation on the Financial Stability Board (FSB) and the Basel Committee on Banking Supervision (BCBS) were key steps in this regard. He commended the flexibility and open-mindedness of the World Bank on those and other issues.

94. **Ms. Algayerova** (Observer for Slovakia) said that the emerging markets of Central and Eastern Europe were among the most vulnerable and the most urgently in need of funding from IMF and other sources to fill the financing gap. Countries such as hers that were in the European Union (EU) stood a better chance of weathering the current storm because they had an additional source of external assistance. Even so, growth was expected to slow dramatically over the next two years in her country, although it fully intended to keep its development assistance commitments. Overcoming the crisis would require coordination of national macroeconomic policies, a process in which the United Nations should play a crucial role. The international community needed to honour its commitments under the Monterrey Consensus and involve all stakeholders in any further action that it took.

95. **Ms. Sahussarungsi** (Observer for Thailand), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that a reinvigorated multilateral approach within the United Nations framework could play a crucial role in mitigating the impact of the crisis on developing States. Coordination among national, regional and international macroeconomic policies was essential for long-term stability, to which end realignment of the relationship among the United Nations, the Bretton Woods institutions, and the World Trade Organization (WTO) should be explored. Reform of global economic governance was necessary to make the system more inclusive, equitable and transparent. A global monitoring mechanism was needed to restore confidence in the market and provide early warning of future crises. Additional resources should be provided to developing countries for counter-cyclical policies,

crisis mitigation and continued pursuit of their development agendas.

96. Thailand welcomed the initiatives of IMF and the World Bank in this regard, and hoped that unwarranted conditionalities would not be imposed on such assistance. Greater commitment to avoiding protectionism and an early conclusion to the Doha Round would also be critical to recovery, and a "scorecard" approach should be adopted to monitor protectionist policies country by country. The honouring of ODA commitments and the effective implementation of the outcomes of international conferences such as the recent G-20 Summit were crucial in confronting the crisis in a way that addressed the needs of developing countries.

97. **Mr. Vojta** (Private Sector Steering Committee on Financing for Development), said that the private sector should accept a high degree of accountability for the crisis, but that all relevant members of the global community, including the private sector, international financial institutions and non-governmental organizations (NGOs) alike, needed to pull together to restore the world to the path of sustained development and poverty alleviation. He urged the United Nations to be actively involved in that process, which he hoped would be inclusive and consensual. The G-20 Summit's rejection of economic nationalism and protectionism was encouraging, and the trillions of dollars mobilized by the G-20 Governments had stabilized the financial system and laid the groundwork for recovery. He was also heartened by the international consensus that the way out of the crisis lay not in abandoning the global financial model and its existing institutions, but in reforming them.

98. It was certainly the case that a different approach to conditionalities was warranted, but enhanced representation for borrowing countries should be accompanied by commitments on their part to follow best practices and eliminate corruption. Both IMF and the World Bank would be well served by greater transparency. The private sector was committed to reforming itself and to adhering to a higher standard of conduct that would benefit all stakeholders.

99. **Mr. Solheim** (Norway) said that the only issue as pressing as the economic crisis was climate change, and that the two needed to be addressed in tandem by any recovery programme. Just as the crisis of the 1930s had produced a new kind of capitalism that was more oriented towards social welfare, the current crisis could only be overcome by a new capitalism that was both fairer and greener. International processes needed to be coordinated, and the United Nations was in a unique position to contribute to that end. No one could doubt the Secretary-General's personal commitment to tackling climate change. The existing United Nations development system was well-positioned to address climate change concerns, and while the Bretton Woods institutions were in need of reform, there was no need to abandon them. Success would depend on leadership not only from the United Nations but also from its Member States.

100. Financing was crucial in the areas of technology transfer, rainforest conservation and especially climate adaptation, which needed to be understood as an aspect of development. His country believed that climate adaptation should be financed through the carbon market, where the auctioning of a mere 2 per cent of carbon permits could yield tens of billions of dollars. Despite the crisis, his country, along with Sweden, had increased its development aid budget to a full 1 per cent of GDP, the highest percentage in the world. But new investment needed to be accompanied by an aggressive campaign against tax havens, through which as much as one quarter of the global economic system passed, draining the domestic tax bases of developing countries and making it more difficult to make the case to developed countries for providing additional aid.

101. **Mr. Rosenthal** (Guatemala) said that he wished to address five points. First, the crisis had spread to the rest of the world remarkably quickly, thus underscoring the high level of interdependence that had resulted from economic globalization, both in prosperous times and in times of hardship. Second, the current crisis had started in financial centres and spread outward to the periphery, not the other way around, as had been posited in recent decades. The implications of that were twofold: the impact of the crisis, including the slim chance of recovering the value of lost portfolios, was such precisely because it had originated in the most developed economy in the world. Furthermore, those responsible for the crisis, who provided technical assistance on economic policy, would hopefully do so with greater humility as a result.

102. Third, the magnitude of the crisis was such that it had spread to various fields of human endeavour and would thus require a combined effort on the part of international organizations and entities. Fourth, the

capacity of developing countries such as his own to adopt counter-cyclical policies was very limited due to the drop in tax revenues. Therefore, international cooperation should seek to facilitate greater scope for action in that regard. Fifth, the most alarming aspect of the current situation was that, as was always the case, the brunt of the crisis was borne by the poor, and for that reason, in all collective and individual responses to the crisis, the international community must never lose sight of the obligation to achieve the MDGs.

103. **Mr. Akcay** (Observer for Turkey) said that his delegation viewed better regulation and supervision of financial-sector rating agencies and tax havens as crucial for preventing the recurrence of crises like the current one. While Governments were employing ambitious stimulus packages as short-term means for coping with the immediate negative consequences, there was an expanding consensus on the urgency of global institutional reform, including stronger governance frameworks, higher transparency standards, better surveillance and more institutionalized crisis prevention and management processes in the longer term. Meanwhile, capital inflows to developing countries had become net outflows in 2009, harming development efforts and causing significant job losses and increased levels of poverty. To cope with those negative developments, he called for global cooperation to increase multilateral lending capacity.

104. Existing lending rules and procedures were pro-cyclical, with low and inflexible numerical limits unsuited to current needs, and multi-development banks used the rating agencies as an excuse to refuse to lend to developing countries. Unless those ways of doing business were questioned and the ratings issue resolved, the commitments being envisioned would not be met. Unprecedented times called for unprecedented actions. Since the 2009-2010 time frame was the most urgent window of opportunity for the effective utilization of lending support, the technical adaptation needed for flexibility in that lending should be undertaken as soon as possible.

105. **Mr. Magliano** (Observer for Italy) said that it was clear that a new paradigm would emerge from the current crisis and that it was the duty of the United Nations and the international community to define the values of that paradigm and place development at its centre. There was a good chance that the crisis would last longer in developing countries than in developed countries. The new tools being developed by the Bretton Woods institutions on the one hand and multilateral programmes to realize the MDGs on the other should both be streamlined and coordinated to meet the need for emergency recovery measures.

106. His country hoped to use its tenure as chair of the G8 to contribute to development in sub-Saharan Africa, climate change control, food and energy security, and a successful conclusion to the Doha Round. Inclusiveness, collective responsibility and accountability would be its guiding principles in that effort. It was important to understand that financial stability was a public good per se, and that proper regulation and adequate liquidity were essential in creating a sound, transparent and accountable financial architecture. The upcoming Conference on the World Financial and Economic Crisis would provide an excellent opportunity to make progress in those areas.

The meeting rose at 1.20 p.m.