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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 6th meeting
Held at Headquarters, New York, on Monday, 27 April 2009, at 3 p.m.

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

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The meeting was called to order at 3.05 p.m.

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

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 (*continued*)

1. **Mr. Arce Catacora** (Plurinational State of Bolivia) said that the current crisis was not just financial, but a systemic structural crisis. The fiscal stimulus packages and regulations, though useful, did not address the underlying causes of the crisis. Anybody who thought that the world could return to business as usual once the crisis passed had not understood its magnitude. The current crisis was different from that of the 1930s and was a result of the capitalist system exceeding its capacity to adapt to the biodiversity of the planet. The current level of consumption was unsustainable and could not continue.

2. A new economic world order should be discussed, involving a substantial shift from the system in place. Instead of a focus on achieving the highest profits, which had been the principal cause of the current global crisis, the new system should have people's wellbeing, including that of the world's poorest, at its centre. The economy under the new order should be driven by complementarity and international cooperation rather than by competition for markets and natural resources. The system needed to recognize that development could not be without limits, but was in fact limited by the Earth's own capacity.

3. The World Bank and the International Monetary Fund (IMF) should explain their part in causing the global financial and economic crisis. Rather than holding a merely ideological discussion, there needed to be a clear enunciation of the mistakes that had been made. It was of great concern that IMF was to be authorized three times more capital, without any clear critique of its past policies. Those resources should instead be given to a transparent, democratic body in which developing countries were involved in policy decisions. Mistakes had been made, and the reformed international financial system should give a stronger voice to those that had been the most affected by the crisis.

4. Several measures could be taken immediately: markets should be opened up to developing countries, without conditionalities; and flexible credits should be granted for investments as well as for resolving balance of payments or liquidity issues, since investment in infrastructure and other employment-generating production sectors would provide the way out of the crisis.

5. **Mr. Katjavivi** (Namibia) said that he agreed with the assertion made at the previous meeting by the representative of Germany that the current economic crisis was a man-made one. As a mineral-producing country, Namibia was experiencing its full impact. Commodity prices, the cornerstone of his country's development financing, had been greatly affected and private investments, trade credits, export demand and tourist revenue were also reducing alarmingly. Climate change was compounding those adverse effects, particularly in developing countries, including Namibia, which was currently experiencing flooding. Concerted, collaborative and global action was needed to ensure that the gains of the previous decade were not reversed. The role of the United Nations in that respect could not be overemphasized.

6. A number of actions should be taken. More concessional resources should be made available to IMF and access to them eased; unnecessary conditionalities should be removed; investment in infrastructure at the national and regional levels should be increased through targeted stimulus packages. Resources available to regional development banks should be increased to ensure that they were able to support continued growth and development; trade financing should be made available, including through regional development banks. Countries should be given the policy space to respond to the crisis in accordance with their particular needs and circumstances, balancing macroeconomic stability with the need to stimulate domestic demand.

7. The ambitious Doha Development Round of trade negotiations should be concluded, and the Aid for Trade Initiative and technical assistance to developing countries — including middle-income countries — should be scaled up. The voice and participation of developing countries should be increased in the international financial and economic institutions; and

lastly, a comprehensive reform of the global regulatory and supervisory frameworks should be undertaken and a commitment made to regulate and supervise national financial and economic institutions.

8. **Mr. Sumi** (Japan) welcomed the agreement at the previous meeting that all donors should honour their official development assistance (ODA) commitments, since nobody wanted to jeopardize the achievement of the Millennium Development Goals. In spite of its own financial difficulties, Japan had committed to continue increasing its ODA and had recently confirmed its pledge to double ODA for Africa by 2012. However, in order to achieve the effective use of financing for development, there needed to be concerted action not just by donors, but also by developing countries, emerging economies, international organizations, private foundations, the business sector and civil society. In order to bring the world economy back on track, domestic economic situations also needed to be addressed. In 2008, Japan had implemented a $750 billion stimulus package, which was to be supplemented by an additional $570 billion package.

9. One of the principal reasons for the economic crisis was that private financial institutions had been given too much freedom, and some had become interested only in short-term gains and their own salaries. The financial sector, including hedge funds and credit rating agencies, should therefore be subject to supervision and international regulations. The international financial institutions and multilateral development banks needed to be reformed. Since governance reform had already been initiated by the institutions themselves, that reform should be implemented and its schedule brought forward.

10. Existing financial mechanisms needed to be strengthened. Japan had pledged $100 billion to IMF in November 2008 and had signed the lending agreement in February. His country was also working to treble the resources of the Asian Development Bank. As a result of the lessons learned from the experiences of the Asian economic crisis in the late 1990s, Asian countries, including Japan, had agreed to increase the availability of emergency liquidity by strengthening the Chiang Mai Initiative. Japan welcomed the agreement that all countries should refrain from raising new barriers to investment or trade in goods and services, which showed that lessons had been learned from the experiences of the 1930s. Lastly, Japan, together with other Member States, would continue to advocate the concept of human security in order to serve the basic needs of humanity.

11. **Mr. Davide** (Philippines) said that the more objective information key policymakers had about the crisis, the more rational, coherent and coordinated the global response would be. However, it would be helpful to be mindful that crises were fundamentally unpredictable and that sounding false alarms and repeated unspecified warnings risked fatigue and inaction. The crisis was attracting views from a variety of perspectives, and it was important to ascertain who the key policymakers were that should be shaping and implementing crucial policy decisions. It would appear from recent statements, including that of the United States Secretary of the Treasury, that the role of the United Nations in resolving the crisis was not being widely discussed.

12. The note by the Secretary-General (E/2009/48*) encapsulated the conclusions of all the United Nations dialogues and other discussions on the world financial and economic crisis and laid the foundation for the argument that global and coordinated action should be taken. Developing countries were once again being put in the position of having to pay for something over which they had little control and for which they were not responsible. The United Nations must act on the Secretary-General's advice; since inaction would mean disaster.

13. The world was nearing an understanding of the causes and implications of the crisis, and individual countries and regional organizations were taking action to alleviate the problems. However, those actions aimed principally to restrict the negative effects of the global recession and restore confidence in the economic system. The more difficult part was still to come — ensuring that it did not happen again. The United Nations should be at the centre of that endeavour.

14. It was becoming increasingly clear that there were many layers of impact affecting different countries in different ways. Some countries were better placed to weather the storm than others. In general, Asia was seen to have benefited from the difficult experience of the recent Asian financial crisis, and the President of the Asian Development Bank was confident that the region would remain a dynamic centre of the global economy and crucial to its recovery. The Asian Development Bank's Strategy

2020 policies were one example of how future policy should ensure inclusive growth, environmentally sustainable development and closer regional cooperation and integration. The Association of Southeast Asian Nations (ASEAN) was well on the way to achieving that closer cooperation and integration by 2015. The Asia-Pacific Economic Cooperation Council (APEC) was also encouraging regional discussions on lowering economic barriers.

15. Fundamental changes were needed in the management of global systems, but resistance to change was difficult to overcome. Momentum was currently in favour of keeping the Bretton Woods institutions intact, albeit with calls for accelerated reform and changes that had already been under discussion for many years. However, IMF should take note of the warning printed in the *International Herald Tribune* that the Fund should not make the same mistakes that it had during the Asian crisis of the late 1990s.

16. The World Bank and IMF might consider following the initiative of the Philippines on debt for equity in Millennium Development Goal projects. They might also consider a moratorium on the payment of interest and an amortization of the principal amount for heavily indebted countries. Those two options would help heavily indebted poor countries and ensure that their development efforts were not adversely affected by the crisis. The world should not have to suffer further before a decision could be made to bring about equitable change.

17. **Mr. Shin** Boo-nam (Republic of Korea) said that, given the increasingly interconnected nature of the global economy, concerted global cooperation was needed in order to address the economic crisis that was unprecedented in both scale and intensity. His country welcomed the progress that had been made at the Group of Twenty (G-20) Summit to strengthen financial regulations, coordinate macroeconomic policies and reject protectionism; however, the views of all countries should be reflected.

18. The role of the United Nations was to ensure that the crisis did not lead to a fully fledged human development crisis. Therefore, the whole United Nations system should work even more closely together to assess the impact of the crisis on development, create policy options and mobilize resources to mitigate that impact. Progress had been made in reforming the system, but the process should be accelerated. To ensure more effective cooperation with the Bretton Woods institutions, the option of strengthening existing mechanisms, such as the Chief Executives Board for Coordination, should also be actively pursued.

19. The system of global economic governance needed to better reflect the changed realities of the 21st century. His country supported the Secretary-General's suggestion to conduct further studies and discussions of a comprehensive reform of the global system. The crisis could perhaps be seen as a blessing in disguise: the Asian economic crisis in 1997 had given the Republic of Korea the opportunity to carry out comprehensive restructuring of its corporate and financial sectors. The international community should not waste the opportunity to pursue crucial initiatives and reform that would not otherwise have been possible due to a lack of political momentum.

20. **Mr. Alim** (Observer for Bangladesh), speaking on behalf of the least developed countries (LDCs), said that developing countries, and LDCs in particular, were being disproportionately affected by the global recession. Exports were falling, the outflow of migration decreasing, the influx of returnees increasing, and private capital flows reversing. There was a fear that ODA would decelerate, and debt servicing obligations were rising significantly. The fiscal space of LDCs was narrow and, in many instances, eroding. The social and human impact of the crisis would be unimaginably high and long-lasting. A coordinated response was necessary, and LDCs needed extraordinary support from the international community.

21. The early conclusion of the Doha Round of trade negotiations, with the full implementation of its development mandate, would provide an important stimulus package for developing countries. World Trade Organization member States should implement duty- and quota-free market access for LDCs and special modalities for services. Capacity-building and financing for trade were critically important. The G-20 trade finance commitment of $250 billion should be implemented as soon as possible, and the Aid for Trade Initiative and the Enhanced Integrated Framework for Least Developed Countries should be adequately and predictably resourced.

22. It was encouraging to note that some member countries of the Organization for Economic Cooperation and Development (OECD) had reaffirmed at the previous meeting their intention to honour their ODA commitments. All OECD countries should implement their commitment of 0.7 per cent of gross national income to developing countries and 0.2 per cent to LDCs by 2010. Even if ODA was maintained in percentage terms, there was concern that, since the gross domestic product (GDP) of industrialized countries was projected to fall by 3.8 per cent in 2009, the actual figure would fall.

23. The issue of debt relief had not received adequate attention in recent discussions. However, the crisis would mean additional debt burden for LDCs. Debt-servicing obligations were diverting a large proportion of their public finances from development activities. The outstanding debt of all LDCs should be written off as part of the global stimulus package. The Debt Sustainability Framework in Low-Income Countries should be revised, and the World Bank's Country Policy and Institutional Assessment should be developed in a transparent and inclusive manner, taking into account country-specific circumstances. Access to affordable credit should also be ensured.

24. National policy space, ownership and leadership were critically important. Conditionality had high deflationary effects. The overall financing framework of the Bretton Woods institutions needed to be reformed. The allocation of resources under soft loan windows for LDCs should be substantially increased and conditionalities removed. The United Nations should remain at the centre of global norm-setting and rule-making, including in the areas of economics and finance. LDCs were hugely underrepresented in the Bretton Woods institutions, so there should be an urgent, significant redistribution of voting power.

25. The international community had dealt with many crises, though not of the current magnitude, but the pervasive and increasing global imbalances, inequalities and asymmetries had never been addressed. If the solution to the current crisis was to be long-lasting, global growth sustained, development sustainable and social progress effective, those systemic imbalances had to be addressed.

26. **Mr. McNee** (Canada) said that the estimates of more than 50 million people at risk of being trapped in extreme poverty in 2009 contained in the *Global Monitoring Report* gave a sobering context to the current discussions. The challenges ahead were made more severe by the fact that the economic crisis had followed on the heels of a global food crisis and volatile energy prices that had drawn down the fiscal space in many countries. Restoring global growth to a sustainable, balanced path was the most significant thing that could be done collectively to help mitigate the impact of the crisis on the developing world. The combined $1.1 trillion commitment made by the G-20 leaders was a strong response and would help to restore credit, encourage growth and maintain employment.

27. While Canada had taken significant actions to bolster its own economy, it was also working with partners around the world to bolster the international financial system and support trade flows. It had reaffirmed its commitment to double international assistance by 2011 and was on track to meet its commitment to double assistance to Africa by 2009. The international financial institutions should be supported in their efforts to supply the resources and tools required to address the crisis and support growth in emerging markets and developing countries.

28. Canada would continue to work on fundamental governance reforms of those institutions. In addition, his country was helping to protect the gains of the Americas region: the Canadian Prime Minister had recently announced that Canada would work towards temporarily increasing the lending capacity of the Inter-American Development Bank by up to $4 billion in response to the urgent capital needs in the region.

29. Canada joined the calls to resist protectionism and work towards a successful, ambitious and balanced conclusion to the Doha Development Round; further trade liberalization would build confidence and help stimulate recovery. Another essential element of recovery was closing the trade finance gap. His country was committed to supporting trade finance both through domestic channels and global partnerships, and had provided $200 million to the International Finance Corporation's Global Trade Liquidity Program.

30. **Mr. Aass** (World Bank) said that the Development Committee communiqué adopted on 26 April had drawn attention to the rapid response of the World Bank and International Monetary Fund (IMF) to the current crisis. Unlike some other institutions, the World Bank had not insisted on a capital increase. However, if recovery was slow, it

would not be possible to continue extending loans at the same level. There was therefore an increasing readiness to consider the early capital strengthening of the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC) and the International Development Association (IDA).

31. He had come to believe that there was a strong need for counter-cyclical measures. The current crisis was characterized by a lack of external financing. The World Bank's long-term, investment-oriented lending therefore had a particular part to play. There was a case for increasing the portion of financing that came from the multilateral banks as opposed to private flows, and a capital increase would help achieve that goal.

32. Some statements had referred to the need for self-criticism; that was a valid point, but applied to all parties. The World Bank's approach had in fact been a balanced one. The international financial institutions had not caused the current crisis. Rather, they had argued for a well-regulated, balanced economy with a strong public and private sector. The Bretton Woods institutions and the United Nations were complementary, and were not in competition.

33. The World Bank should indeed continue working to become more representative A capital increase for the World Bank would give developing countries greater responsibility for its financing. The first phase of reforms had added a seat on the Executive Board for sub-Saharan Africa, and had greatly strengthened ownership of the Bank on the part of borrowing countries. The second phase as set forth in the communiqué adopted by the Development Committee would involve all shareholders in a transparent, consultative and inclusive process.

34. At the same time, the contention that the World Bank was currently unrepresentative was blatantly incorrect. All Member States were represented at the World Bank, something that could not be said of some United Nations bodies. Moreover, a number of the participants that had described the World Bank as unrepresentative were members of the Group of Twenty, which was itself not representative.

35. **Mr. Kleib** (Indonesia) said that the plight of developing countries had been aggravated by the drying up of liquidity, investment and capital. It was essential to establish a global expenditure fund, which would provide resources for development. The social safety net in developing countries should be strengthened in order to promote stability and ensure a life of dignity for the disadvantaged. United Nations programmes and agencies could contribute to the process through counter-cyclical measures. It was therefore vitally important to recapitalize those programmes and agencies while reducing administration costs. The international community should address the use of financial centres as tax havens and as safe havens for illicit funds. It should also shun protectionist policies in the areas of trade, investment and the movement of labour; many developing countries relied on export earnings and remittances. The conclusion of the Doha Round would be central in that regard.

36. The international financial and monetary architecture was in critical need of reform and consolidation. Developing and emerging countries had a right to participate in that process, and deserved greater representation at the World Bank and IMF. The latter in particular had often imposed unrealistic conditionalities on developing countries, resulting in serious and irreparable social and political trauma. The international financial institutions needed to improve their ability to listen to developing countries.

37. The United Nations, which had established the Bretton Woods institutions and the multilateral trading system, should also play an active part in the process. The relationship between the United Nations and the Bretton Woods institutions should be realigned, and Member States given better opportunities to coordinate with international financial institutions. One possibility would be a biennial information exchange session between organizations. Lastly, Indonesia welcomed the upcoming Conference on the World Financial and Economic Crisis and its Impact on Development, which should be seen as part of a wide-ranging process and should complement the work of other forums such as the Group of Twenty.

38. **Mr. Escalona Ojeda** (Bolivarian Republic of Venezuela) said that he regretted the absence of self-criticism on the part of the Bretton Woods institutions. The proposed action failed to address the root of the problem, namely the conservative policies enacted by those institutions over several decades, which had led to a humanitarian catastrophe. That approach stemmed from a refusal to share power and treated people as statistics, rather than as individuals with names. The Bretton Woods institutions' monopoly

on credit must be replaced by a decentralized system with increased participation on the part of regional organizations. The countries of the South needed credit and liquidity in order to enact counter-cyclical policies. Substantial debt cancellation would also be needed: it made no sense to discuss development aid if recipient States could not afford to repay the loans.

39. A United Nations fund should be established in order to address the areas of health, education and the environment. The fund should not be dominated by financial institutions that had shown neither impartiality nor awareness of the human dimension. Short-term action was urgently required. The United Nations high-level Conference in June 2009 would allow Member States to negotiate common solutions, instead of accepting unilateral ones as had previously been the case.

40. **Mr. Álvarez** (Uruguay) said that, in responding to the crisis, the international community should seek to correct distortions in the international trading system. The World Trade Organization (WTO) should, for instance, press for the successful conclusion of the Doha Round and ensure access to open markets. It now appeared that economic recovery would not take place even in the medium term, and that the macroeconomic initiatives undertaken thus far would be insufficient. Developing States would need additional resources. His country therefore welcomed recent commitments to increase financial flows, which were necessary for the implementation of counter-cyclical policies.

41. The recent report of the International Monetary Fund (World Economic Outlook: Crisis and Recovery) indicated that Latin America and the Caribbean, which depended on exports and external capital flows, had been affected by the falling price of basic products. However, his delegation was not aware of any response to that problem. He therefore wished to know in greater detail what response the international financial institutions envisaged in order to support the efforts of medium-income countries, and what new lines of credit were to be made available by IMF. His country believed that the Bretton Woods institutions should play a central role in the recovery process, and that the architecture of the international financial and economic system should be reviewed in order to be better able to meet current challenges.

42. **Mr. Pursey** (International Labour Organization) said that responses to the crisis should be interconnected. Concerns regarding employment affected all countries around the world, and required outward-looking international cooperation rather than inward-looking protectionism. The International Labour Organization (ILO) was actively engaged in the United Nations Chief Executives Board process, which was aimed at ensuring a strong system-wide response. The process would help ILO to identify the necessary synergies to cut carbon dioxide emissions, create jobs and reduce poverty. The Green New Deal should address jobs as well as the environment. ILO was constantly revising upwards its estimates of unemployment and poverty. The labour market would recover more slowly than stock prices, and poverty could easily become entrenched.

43. Social protection and job creation must be given high priority in order to counter the recession and prevent another. ILO had extensive expertise in that area, and looked forward to working with other international agencies and financial institutions to effectively manage the new voluntary financing framework and its rapid social response fund. There were practical ways to ensure a decent basic income for families in the developing world without exceeding the budget of least developed countries. The forthcoming annual ILO conference would focus on crisis response and the formulation of a global jobs pact in order to shape a more stable, inclusive and sustainable globalization for the future.

44. **Mr. Khan** (Pakistan) said that, in a globalized world, all difficulties whatever their origin should be addressed through international cooperation. The United Nations had often been able to provide a correct diagnosis, but had seldom been able to achieve the required results. The Group of Twenty Summit had rejected protectionism, yet many of the States concerned continued to enact protectionist measures. The United Nations, and in particular the Economic and Social Council, should now help to set a normative agenda and formulate a global coordinated response. The legitimacy of that response should be based not on corporate notions of purchasing power, but rather on needs and equity.

45. It was important to build bridges between international institutions, drawing on the strength of each while respecting their mandate and competence. He hoped that the Conference in June would do so, and prove to be a second Bretton Woods Conference. The issue of Special Drawing Rights illustrated the need for

coordination between the United Nations and the Bretton Woods institutions. The United Nations had for many years pressed for new Special Drawing Rights to be issued. Only a few weeks before, the Economic and Social Council had heard from a representative of IMF that such action did not deserve serious consideration. However, the Group of Twenty had now authorized IMF to issue special drawing bonds. He wished to know why the approach of IMF had changed over such a short period.

46. As a low-income developing country, Pakistan believed that the reform of the concessional lending framework should be expedited and deadlines agreed for a decision. It was also vital that trade should continue to flow, and that voices not represented within the Group of Twenty should be heard.

47. **Ms. Gallardo Hernández** (Observer for El Salvador) said that the economic predicament of low- and medium-income countries was compounded by falling demand for export goods, limited access to international credit and the decline of tourism. She therefore welcomed the initiative of the World Bank to formulate practical proposals which would tackle the issue of decreased remittances. El Salvador was undergoing a post-conflict transition, and there was a risk that any decrease in social investment could lead to unrest. Moreover, since the financial crisis coincided with the sharp degradation of the environment, any response should also take into account climate change.

48. Several delegations had rightly called on donor States to fulfil their commitments with regard to development aid, including through cooperation with low- and middle-income countries. Developing States had called for a reform of IMF and the World Bank to adapt those institutions to the post-crisis financial system based on renewed multilateralism and a reformed and strengthened United Nations. The international financial institutions and the United Nations should work together towards that goal.

49. Her delegation believed that the current follow-up mechanism of the Monterrey Consensus should also be reformed in order to set up a new mechanism to follow up the Monterrey Consensus, the Doha Conference and the measures to be adopted at the forthcoming Conference on the World Financial and Economic Crisis. The Secretary-General had made valuable comments towards that aim. She supported the proposal made by the Rio Group in that regard and hoped that the idea would be treated more fully at the Council's forthcoming substantive session.

50. **Mr. González Segura** (Observer for Mexico), speaking on behalf of the Rio Group, said that the international community should ensure that developing countries had additional financial resources to face the crisis. One possibility consisted in carrying out counter-cyclical measures while granting the States concerned a greater policy space in design and implementation. It was also vital to ensure that measures taken by developed States did not affect the developing world in areas such as trade, employment, the environment and the availability of capital for investment.

51. The Rio Group was concerned that, according to the calculations of the World Bank, developing States would be faced with a deficit of between $270 billion and $700 billion. Action should be taken to give developing States access to sustainable external flows, whether in the form of credit or investment, without imposing conditions restricting their use. The process should be streamlined and adapted to the needs of recipient countries. It was more important than ever to consolidate the development efforts made by medium-income States and at the same time consider the development needs of low-income and least developed countries.

52. The Group was concerned about the potential impact on member countries of a likely rise in protectionist pressures and therefore stressed that the Doha Round must be satisfactorily concluded without delay, taking fully into account the interests of developing countries and eliminating trade-distorting practices, especially in the agricultural sector. With regard to systemic issues, the Group had consistently reiterated the need for broad international discussion, with the full participation of developing countries, with a view to reforming the international economic and financial system in support of development and ensuring adequate oversight and regulation of financial markets at both the international and national level. The United Nations, and in particular the General Assembly, must play a central role in that reform process, in order to guarantee, inter alia, the coordination, coherence, legitimacy and representativeness of the efforts made.

53. Holding the Conference on the World Financial and Economic Crisis and Its Impact on Development

was a priority, since it would allow heads of State and Government, and other representatives at the highest level, to analyse the causes of the current crisis, discuss actions to reduce its impact, particularly on developing countries, consider how to avoid future crises, and take forward the required reforms of the international economic and financial system. Based on an open, transparent and inclusive preparation process, the Conference should also promote concrete steps to mitigate the crisis and ensure appropriate, coherent follow-up to the commitments assumed.

54. **Mr. Zainuddin** (Malaysia), noting that the full human impact of the financial and economic crisis had yet to be seen and that the negative interaction between the economic downturn and financial stability was continuing to generate fresh losses for financial institutions, said his delegation was concerned that many of the biggest Wall Street financial institutions were continuing to compensate their employees, in particular their executives, at the same levels as before the crisis began. The root cause of the crisis, namely corporate greed, had therefore yet to be addressed. The blame could, however, not be laid at the door of just one country; the international community needed to work together to resolve a whole raft of issues that were contributing to the problem.

55. That would involve, inter alia, determining the role that Governments should play when markets operated contrary to social interests, establishing a new social contract between executives and society at large to rectify the current disconnect between executive compensation and performance, and restoring the ties between the financial sector and the real economy. Given the leading economic role played by the United States of America, it was also critical that the relevant authorities in that country in particular addressed the moral aspects of the crisis, including moral hazard.

56. While the communiqué issued by the Group of Twenty at the recent London Summit represented a first step towards a global approach in resolving the crisis, it did not, however, necessarily address all the links between the crisis and development. The main obstacle to full implementation of the agreements set out in the communiqué was a lack of public support, which further highlighted the importance of addressing the moral dimension of the crisis. Moreover, the headline figure of $1 trillion mentioned in the communiqué did not necessarily consist entirely of additional resources and, although the communiqué called on the United Nations and other global institutions to establish an effective mechanism to monitor the impact of the crisis, it contained no clear description of any other follow-up measures. Lastly, some of the proposed measures, such as those related to regulation, could take years to be fully implemented and would therefore require momentum beyond the span of the current crisis.

57. The Malaysian Government had announced two stimulus packages, totalling close to $20 billion, to address the crisis by increasing social protection and generating economic growth. It was also restructuring its economy with a focus on high value-added activities, in order to position itself to take advantage of any future upturn.

58. **Mr. Benfreha** (Algeria), noting the importance of the current discussions in the context of preparations for the Conference on the World Financial and Economic Crisis, said that although the action taken by the major industrialized countries since the start of the crisis to restore confidence in the financial markets and recapitalize failing financial institutions should certainly be maintained, it was not sufficient in itself. Broader reforms were needed to improve global economic governance and thereby restore confidence in the global financial system.

59. One of the most urgent challenges for the international community was to minimize the spread of the financial crisis, particularly in developing countries, so as to ensure that the economic gains achieved in recent years, particularly in Africa, were not jeopardized. It was especially urgent to assist the most vulnerable countries, which continued to rely on ODA to meet the vital needs of their populations and establish the basic infrastructures required for achieving the Millennium Development Goals by 2015.

60. A timely and development-oriented conclusion of the Doha Round was also urgently required, since the removal of trade barriers, especially for agricultural products, would help to limit the impact of the crisis on the export earnings of developing countries. Furthermore, foreign direct investment should not be withdrawn from developing countries; nor should the crisis be used as a pretext for industrialized countries to renege on their commitments to reduce greenhouse gas emissions under the Kyoto Protocol.

61. It was important to develop a new multilateralism. A genuinely inclusive response was

needed to achieve global economic stability. In that connection, the process of constructing a new international financial and monetary architecture required the participation of a broader grouping than the Group of Twenty in order to be adequately representative. The United Nations, along with the Bretton Woods institutions, had a key role to play in setting the strategic objectives for such reform. The World Trade Organization (WTO) also needed to be more open to the concerns of developing countries and facilitate their accession to membership. International oversight should be strengthened by means of multilateral mechanisms, with a particular focus on those countries whose financial markets had the biggest global impact, and should also take into account economic indicators such as unemployment and inflation.

62. **Ms. Sabah** (Morocco), noting that the deterioration of the current economic situation could lead to a dramatic increase in the number of people suffering hunger and poverty, said that action should be taken on a number of fronts to prevent the financial and economic crisis from becoming a generalized human tragedy. In that connection, it was important to explore the financing of measures to blunt the economic downturn, which would require timely recovery programmes on the part of developed countries that did not impose short- and longer-term costs on developing countries. Intensified international cooperation was also needed to generate the required international resources to avoid a self-reinforcing downward spiral. Furthermore, market oversight and regulatory mechanisms should be strengthened.

63. Morocco’s economy would be affected by the international economic climate: global demand for Moroccan exports, remittances from Moroccans resident abroad and foreign direct investment flows into the country were all expected to fall in 2009. Her Government had, however, taken a number of measures to absorb the impact of external shocks, including the recent implementation of an anti-crisis plan in support of the Moroccan economy.

64. While the Doha Declaration on Financing for Development expressed a firm resolve to ensure that ongoing efforts to improve the operation of the multilateral trading system better responded to the needs and interests of all developing countries, in particular the LDCs, that resolve must be translated into actions implementing concrete decisions and policies. It was to be hoped that the Conference on the World Financial and Economic Crisis would represent the start of such a process, as well as laying the foundations for a new system of socio-economic governance over the longer term.

65. **Ms. Williams** (Observer for Jamaica) said the current economic and financial crisis, in conjunction with the ongoing struggle to tackle climate change and the recent food and fuel crises, constituted a development emergency for developing countries. For Jamaica and other countries in the Caribbean subregion, the cumulative impact of those challenges bordered on calamitous. As a small island developing State, with heightened vulnerability to extreme weather events and external economic shocks, her country was encountering major difficulties in adjusting to the crisis.

66. Recalling that the representative of Barbados, speaking on behalf of the Caribbean Community (CARICOM), had already drawn attention to the impact of the crisis on the region in terms of tourism and foreign direct investment, her delegation reiterated his call for a re-evaluation of the criteria used to graduate developing countries from access to concessionary financing, since middle-income countries — which were often heavily indebted and had high concentrations of poverty — needed continued access to such financing in their efforts to mitigate the impact of the crisis. Jamaica also supported calls for a comprehensive review of the treatment of debt, both corporate and sovereign.

67. Enhanced multilateral cooperation on tax matters was also needed to ensure that the concerns of developing countries, especially those with small, vulnerable economies, were reflected in the international community’s discussions and decisions. Her delegation therefore supported calls for the United Nations Committee of Experts on International Cooperation in Tax Matters to be converted into a full intergovernmental subsidiary body to the Economic and Social Council.

68. **Mr. Frommelt** (Liechtenstein), said that, as a closely integrated economy, his country supported the international community’s efforts to stabilize the world economic and financial system. It took very seriously its international commitments, including those contained in the Monterrey Consensus and the Doha Declaration, having allocated 0.6 per cent of its GDP to

ODA in 2008. It also had a proven track record in implementing international commitments in areas affecting its financial services.

69. With regard to the need for enhanced global governance, it was vital that any new representative body created to assume leadership for global financial and economic stability should be inclusive and open to participation by the entire membership; otherwise it would not provide a genuine alternative to existing institutions. The same requirement held true for the proposed Financing for Development Committee mentioned in the note by the Secretary-General (E/2009/48*).

70. **Mr. Fomba** (Observer for Mali), speaking on behalf of the Group of Landlocked Developing Countries, said that those countries, already insufficiently integrated into the international trading system, would become further isolated as a consequence of the projected fall in trade volume referred to in the note by the Secretary-General (E/2009/48*). Vigorous action was therefore urgently needed in the areas of aid for trade and trade facilitation in order to support the landlocked developing countries' ongoing capacity to fund the social and environmental sectors that were of vital importance for achieving the Millennium Development Goals.

71. The most vulnerable developing countries would also be most severely affected by the anticipated financing shortfall mentioned in the note by the Secretary-General and would need much more support to finance their crisis mitigation strategies and development programmes. He therefore called on the international community to implement without delay the commitments assumed at the most recent Group of Twenty Summit and other international conferences, in particular those contained in the Almaty Programme of Action and the outcome document of its midterm review.

72. **Ms. Fernández Bulnes** (Observer for Spain), recalling that the least developed countries were worst affected by the current international financial crisis, said that her country had undertaken to maintain its ODA levels and was seeking to meet the target of 0.7 per cent of GDP. Although the United Nations had demonstrated its capacity to act in a coherent manner, for example, in establishing the High-Level Task Force on the Global Food Security Crisis, greater system-wide coherence and synergy was still needed, particularly at times of crisis.

73. In 2006, Spain had established an ambitious agreement with the United Nations Development Programme (UNDP) to support policies and programmes with a significant and quantifiable impact in terms of fostering progress towards the Millennium Development Goals. In that regard, her Government also considered it essential to improve the effectiveness and efficiency of development assistance, as envisaged in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. Lastly, as announced at the High-Level Meeting on Food Security for All, held in Madrid in January 2009, Spain had offered a total of 1 billion euros over five years to address the food crisis, which was exacerbated by the current financial crisis.

74. **Mr. Di-Aping** (Sudan), speaking on behalf of the Group of 77 and China, said that, while the Group certainly applauded the World Bank proposal to create a vulnerability fund, it also wished to voice some criticisms, since history had shown that it was only through criticism that improvements could be achieved. In particular, it wished to point out that although, according to the Executive Director of the World Bank, the Bank had not insisted on a capital increase, in fact many developed countries were refusing to provide it with enough capital, even though it had a key role to play in addressing the current crisis.

75. Furthermore, although almost all Member States were represented at the World Bank, he questioned whether it was really representative, since the African countries together accounted for only 2.3 per cent of voting shares. In that connection, his delegation was concerned that only a small percentage of the Group of Twenty's $1.1 trillion programme of support would be made available to the African countries, if, as usual, new borrowing was made available on the basis of shareholdings.

76. Fresh consideration also needed to be given to the issue of debt, leading to either renegotiation or — in the case of heavily indebted poor countries — cancellation. The United Nations also should consider the important and complex issue of taxation and whether that led to the establishment of an international tax organization or some other solution.

Strengthening the intergovernmental inclusive process to carry out the financing for development follow-up

77. **The President**, recalling that the theme for the second informal interactive dialogue was directly mandated by the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, said that the Secretary-General, in his note (E/2009/48*), had suggested that a more effective and robust mechanism for financing for development follow-up might have at its centre a representative, multi-stakeholder Financing for Development Committee.

78. It was particularly important to frame a strengthened and more effective inclusive process to such follow-up since, while the agreed outcomes of both the Monterrey and Doha Conferences provided a benchmark to mobilize policy efforts in all aspects of the broad financing for development agenda, and there had been many important achievements since those two Conferences, developing countries continued to face huge challenges. Measures to resolve the current crisis would not on their own alleviate the conditions of desperate poverty in which a large segment of humanity lived.

79. In that connection, the current meeting provided an initial opportunity to discuss various ideas and proposals which would be followed up in informal consultations with the relevant stakeholders, with a view to the adoption of appropriate recommendations during the 2009 substantive session of the Economic and Social Council, for action by the General Assembly at its sixty-fourth session.

80. **Mr. Kaiser** (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 country Montenegro; and, in addition, Armenia, the Republic of Moldova and Ukraine, said that the 2002 Monterrey Consensus had been a milestone in the establishment of a global partnership for development. Since then, the international situation had continued to evolve and an effective intergovernmental follow-up process was essential for the implementation of the Consensus and continued engagement to address the full range of financing for development challenges.

81. Experience with the financing for development follow-up process as set up in Monterrey had been mixed. There had soon been reflection on possible improvements, and in Doha Member States had seized the opportunity to resume that discussion. The outcome was contained in paragraph 89 of the Doha Declaration on Financing for Development. The European Union attached great importance to addressing the challenges of financing for development in a spirit of global partnership and was willing to play an active and constructive role in the joint search for a strengthened and more effective follow-up process.

82. The European Union had reviewed the proposals of both the Secretary-General and the Rio Group, and there already seemed to be a broad consensus on quite a few general observations. The main forums of the existing follow-up mechanism, the spring meeting of the Council and the dialogue of the General Assembly on financing for development, could and should be improved. Overlaps should be avoided and better use made of existing data from major institutional stakeholders and their participation. Those improvements could help make their discussions and interactions more substantial and lively.

83. The European Union agreed with the criteria for a strengthened follow-up process as summarized in the note by the Secretary-General (E/2009/48*), including maintaining the multi-stakeholder nature of financing for development. The six pillars of financing for development covered a very wide array of topics and inputs from actors from different backgrounds were needed. More time should be allotted to follow-up, and meetings should result in concrete policy recommendations.

84. **Mr. Gálvez** (Observer for Chile) said that the action taken with regard to financing for development would be a critical element in tackling the global financial and economic crisis. A single, effective follow-up mechanism should be established for financing for development and responding to the financial crisis in the spirit of Monterrey, that is, including all relevant actors in the world economy and with an integrated vision of the problems faced. That would help to address one aspect of the crisis — the lack of a coordinated and multilateral approach to economic issues. There had been a reference to the need to have bridges, which he understood to mean bridges between the Bretton Woods institutions, the United Nations and other relevant institutional actors.

85. The Secretary-General had referred in his note (E/2009/48*) to enhanced global governance and cooperation as a critical ingredient in crisis response. Proposals might vary, but the path was correct — to improve and transform what was already available. A new phase of follow-up was needed in order to deal with the complexity, gravity and urgency of the global economic crisis. The Secretary-General's proposal, and, to some extent, the Rio Group's proposal, would make it possible to improve global economic governance significantly, respecting the mandates of each institution but creating a mechanism that dealt with the issues at the intergovernmental level, so that all the institutions represented would feel ownership of the results.

86. A mechanism consisting exclusively of United Nations representatives would not be sufficient, as there was a need for the technical support of intergovernmental representatives from IMF, the World Bank and WTO. An enhanced system of international economic governance should bring representatives together at least once or twice a year, with a strengthened secretariat, so that it could effectively function as a follow-up mechanism for financing for development.

87. **Mr. Poretti** (Observer for Argentina) said that the current crisis had a general impact on the world economy, but the developing countries, which had not caused the crisis, were experiencing the harshest consequences in their national accounts and in everyday life. It was important to take an active part in the negotiations, evaluate economic alternatives and avoid ideological bias, while using all possible forums for discussion. The State clearly had an important role to play and should provide effective and appropriate market regulation, while avoiding protectionist reaction and the distorting use of subsidies.

88. The world was coming to a turning point in its idea of how to achieve economic welfare and social inclusion. A structural reform of the international financial institutions should ensure that the development dimension was their main objective. One key measure would be to increase the participation and representation of developing countries in those institutions so that their societies were adequately represented in the international processes of economic and financial decision-making. The United Nations had an important role to play with regard to the follow-up mechanism for financing for development. His delegation therefore supported, among other tools, the follow-up mechanism whose mandate had been established in Monterrey and confirmed in the Doha Declaration.

89. **Mr. Igenbayev** (Kazakhstan) stressed the special needs of the landlocked developing countries in the context of the financial and economic crisis. The current crisis had helped to raise awareness sufficiently to have a discussion on how to redesign the international financial system and on reforming the Bretton Woods institutions. The reform should focus on the realities of the modern global economy, which was increasingly and irretrievably interrelated at all levels, and on building a more effective international financial architecture that could ensure that capital flows were both strong and sustainable. More effective cooperation and coordination of the major economies' macroeconomic policies was needed in the interests of global stability and the growth of well-being around the world.

90. The international financial institutions should reorient their activities not only to long-term funding of structural reform but also to crisis prevention in order to ensure that the world could cope with future crises. An international system regulating financial and trade relations should prevent the emergence of serious disproportions in capital flows, which could cause an excessive accumulation of resources in some sectors and even countries. All Governments should be committed to ensuring that the global financial architecture would work in the interests of the global community as a whole.

91. **Mr. Edrees** (Observer for Egypt) said that his country had long attached great importance to the current high-level meeting as it was one of the few occasions when the United Nations interacted with the Bretton Woods institutions, WTO and UNCTAD at the same time. It was also an integral part of the intergovernmental follow-up of the financing for development process, and the current exceptional circumstances gave the meeting added significance.

92. It was important to conduct a critical examination of the origins of the crisis and its root causes in order to avoid a recurrence. The failure to predict the crisis reflected a clear failure of the multilateral surveillance regime. An adequate and strengthened early warning mechanism should ensure more vigorous coordination between different forums. The crisis had affected

developing countries mainly through the overall downturn in global economic growth, which had led to a severe reduction in trade and investment flows and access to credit, as well as lower remittances and shrinking tourism. Developing countries were also being impacted by the stimulus packages of developed countries, which had given rise to new forms of protectionism, especially financial protectionism.

93. The crisis was beginning to take on a social and human perspective owing to surging unemployment and even the forecast of a new global crisis of unemployment. Member States had to look at new and creative solutions, such as the idea for a global job pact. Immediate and collaborative action was needed to mitigate the impact of the crisis on development. A major part of that action would be to meet the current commitments for financing for developing countries in full and to provide new and additional resources, conditionality free, in a more predictable and stable manner.

94. Those resources could be provided in a number of ways, including by meeting the ODA target of 0.7 percent of gross national income; increasing core funding for United Nations operational activities; allocating percentages of stimulus package funds as additional assistance; setting up new and more flexible credit facilities, including trade finance agreements; and more vigorously pursuing new and innovative sources of financing as a substitute and a complement to ODA. An arrangement should be established for moving towards the agreements set forth in the Doha Declaration on Financing for Development on the need to find more universal and systematic ways to track ODA. It was also essential to carry out the Doha Development Agenda: the current crisis should provide the much-needed incentive to finally move forward on that front.

95. With regard to the systemic aspects of the crisis, there were two key issues. First, there should be overall global coordination and coherence in economic decision-making, with the United Nations as a major actor. Second, the democratic deficit in the current system and its architecture had to be addressed by ensuring greater participation of developing countries in international economic discussion and standard-setting.

96. There were three main aspects of the reform of the international financial institutions. First, governance structures should be changed to reflect more adequately the current global economy and the weight of developing countries. Second, there should be a fundamental review of their macroeconomic policy fundamentals, particularly in relation to conditionality, policy space and enhancement of the counter-cyclical capacities of developing countries. Third, there should be closer coordination with the United Nations in the implementation of existing agreements, while new agreements should also be sought.

97. As for the issue of global regulation, Egypt favoured either the idea of strengthening the current Financial Stability Forum and making it more democratic or the idea of setting up a new global regulatory mechanism. Changing the name of the Financial Stability Forum and expanding its membership to include the Group of Twenty was not an answer to the problem, as a new global mechanism was needed to improve the functioning of financial markets and enhance overall stability and reduce vulnerability to financial shocks. Further, on the issue of strengthening the global capital reserve system, new ways and means should be explored for addressing the current global imbalance. The upcoming Conference on the World Financial and Economic Crisis should address that issue as part and parcel of addressing systemic issues related to the crisis. Egypt appreciated the efforts of the Group of Twenty and its input at the Washington and London Summits, but noted that Africa was still underrepresented in that forum.

98. His Government attached great importance to the issue of enhancing global coordination between all relevant forums, including the Group of Twenty. It was inconceivable, at a time of proliferation of international, regional and national responses to the crisis, that there was a lack of coordination and coherence between those efforts. A mechanism created for that purpose might require a new institutional arrangement. In conclusion, he could not emphasize enough the issue of appropriate follow-up to the outcome of the Conference, follow-up that was separate from but coordinated with strengthened follow-up on financing for development. The Conference was part of a process, not a one-time effort.

99. **Mr. Gagain** (Observer for the Dominican Republic) said that his Government’s priority was financing for development in order to achieve the Millennium Development Goals. The high-level

meeting was very important because it included both the United Nations and the international financial institutions. The presentation of the *Global Monitoring Report 2009* of the World Bank and IMF had led to debate, criticism, and an opportunity to see where the international community stood in relation to the Goals. However, if the slowdown in growth was an obstacle to progress in eradicating poverty and achieving the other Goals and also had a high cost in human development, the question arose as to what type of growth the international community wished to pursue.

100. The Dominican Republic had experienced high growth rates for the past four years, but in 2008 it had spent more on oil in the first four or five months of that year than in the 12 months of 2004. Clearly, growth could not be the only factor for meeting the Goals. If oil and food prices were high because high growth had led to excessive demand, he wondered how Member States could say that they needed to pursue more growth. It was time to rethink the concept of growth, capitalism and financial markets, and rethink what kind of financing for development was needed.

101. The future agenda should give priority to combating excessive speculation and manipulation in financial markets. A golden, once-in-a-century opportunity had presented itself for those who wished to bring social justice and sustainability to global capitalism. The contents of the Report could provide critical guidance for the Organization.

102. **Mr. Kvasov** (World Bank) said that it was a misperception to consider the representatives of the Bretton Woods institutions as representing the management of those institutions. They represented the shareholders in those institutions, which were the same Member States attending at the current meeting. Therefore, any criticism that came from Member States was directed at themselves.

103. The Group of 77 and China represented 40 per cent of the shareholders of the World Bank, which was a development cooperative. When the World Bank was deliberating on major strategic policy issues, it was not the size of a shareholder that counted but the voice of its representative. Member States should understand that the report of the World Bank was a report from their representatives in that institution. In that vein, the Bank was in favour of the proposed mechanism for financing for development if it would help to overcome misunderstandings of the kind mentioned and contribute to the establishment of transparent and effective coordination between all parties. The World Bank would support the mechanism if each of its sessions would contribute to helping the hungry and the poor to live better.

104. **Mr. González Segura** (Observer for Mexico), speaking on behalf of the Rio Group, said that paragraph 89 of the Doha Declaration on Financing for Development had given the Council a mandate to consider a follow-up mechanism for financing for development. The strengthening of the follow-up mechanism was a process that would require effort and flexibility from all stakeholders and should take place in an integrated fashion with the continuous participation of all the relevant ministries, especially the ministries of development, finance, trade and foreign affairs. During the process of preparation for the Doha Conference, the Rio Group had submitted a concrete proposal, which the Secretary-General had taken into account. He understood that there would be a future opportunity to discuss that issue in a more practical and detailed manner, giving due consideration to events that had occurred subsequently.

105. The members of the Rio Group were giving careful consideration to the proposals outlined in the note by the Secretary-General (E/2009/48*) and had listened with interest to the opinions expressed in order to engage in a collective reflection on the best way to follow up on the commitments made. It was important to prepare in advance for the decision to be taken in Geneva, so that the debate would be an advanced stage when the session began, enabling them to make appropriate and timely recommendations.

106. **Mr. Sumi** (Japan) said that various ideas had been put forward by the Rio Group and the Secretary-General, but care should be taken with regard to establishing a completely new mechanism, as it would not necessarily lead to improvements. Japan would prefer to use the existing mechanism. In relation to strengthening the existing follow-up process, the format of the current meeting should be reviewed to see whether it had served its purpose. A new format could be tried every year until Member States were happy with it.

107. In order to energize the exchange between the Council and the Bretton Woods institutions in New York, it might be useful to alternate their meetings between Washington and New York. In that context, his

Government questioned the utility of having a high-level dialogue in the fall of the current year as so many meetings had already been held as a result of the crisis. Another option would be to make use of the Council's substantive session in Geneva to discuss fresh ideas.

108. **Mr. Debevoise** (World Bank) said that paragraph 78 of the Doha Declaration, regarding respective mandates, should be recalled when considering the points for reflection in the note by the Secretary-General. It was not clear that the proposed Financing for Development Committee would bring advantages. Only 6 Executive Directors would serve on the Committee, whereas at the World Bank, all 24 attended Board meetings. The Board met often and its workload would make it difficult for Executive Directors to be available for the proposed schedule of meetings. The Council needed information, and the Bank had much that was in the public domain, which could be the subject of a fact-finding phase prior to debates. He thanked the President for being open to a focused agenda, and urged greater focus on implementation issues and the use of existing data. He thought the forum could continue with those improvements.

109. **Mr. Tsounkeu** (African Development Interchange Network) expressed gratitude at being able to speak on behalf of the grass roots in Africa, for the Doha NGO Group on Financing for Development. Regarding the strengthened follow-up mechanism, he underscored the need for periodic meetings, negotiated outcomes, the inclusion of civil society and women, and exchanges among all stakeholders. Whatever solution was found, it should be recalled that poverty in Africa meant that Africa was in permanent crisis.

110. **Mr. Rosenthal** (Guatemala) said that mankind had several universal bodies for development and that cooperation among them, each working in its own mandated field, was logical. The need for that cooperation and the crisis required joint responses and a new form of development, as emphasized in the Monterrey Consensus. He respectfully noted that it was evident that a one-day annual meeting of the Bretton Woods institutions and the Council was not enough. Staff of institutions and the Secretariat and intergovernmental forums should be made to take stock, interact and coordinate. The note by the Secretary-General (E/2009/48*) was worth priority attention to ensure more systematic coordination, coherence and cooperation between the world's multilateral agencies to benefit all member countries.

111. **Ms. Kantrow** (International Chamber of Commerce (ICC)) said that the economic and financial crises made the Doha Declaration and financing for development ever more important and relevant and that, despite the commitments made at Monterrey, not enough had been done to achieve the goals agreed upon. However, the Doha Declaration had been a call for stronger cooperation and assistance. Monterrey had called for unified delivery, and the United Nations had to be recognized as the venue to ensure consistency and coherence of all international financing for development agendas.

112. The business sector felt that the follow-up process should be results-oriented: expert exchanges in the public and private sectors should result in road maps, tools and benchmarks. The follow-up process had to be in alignment with the Accra Agenda for Action. Regional meetings could bring stakeholders together, and pilots could be designated for future action. Official resources had to be leveraged through the private sector. The business sector supported the process summarized in the note by the Secretary-General, including the multi-stakeholder approach to financing for development. Follow-up needed more time, and meetings should produce concrete results. The business sector was committed to its core values and firmly believed that it was essential to restoring confidence in the world economy and implementing the Monterrey Consensus and Doha Declaration.

113. **Mr. Ovalles-Santos** (Bolivarian Republic of Venezuela) said that he supported the proposals of the Group of 77 and the Rio Group regarding strengthening of the follow-up mechanism and that more time should be dedicated to that question. The United Nations played a leading role so it should set development policies, and the pertinent government ministries should work together in the forums of the Organization.

114. **Mr. Aass** (World Bank) said that the Bretton Woods institutions had not been drawn in before the Doha Conference as they had before the Monterrey Conference. With regard to the Financing for Development Committee, the stress should be on informality and real dialogue. He wondered if the format could include retreats, although there had been

scepticism regarding that form of interaction among some on the World Bank Board.

115. **Mr. Almeida** (Brazil) said that, as a starting point, there was dissatisfaction with the current mechanism. More meaningful discussion should and could be possible. His delegation supported the proposal of the Rio Group and had given its input prior to the Doha Conference. He thought there could be discussions on the format and wondered if there was a specific agenda that would allow for progress before the Geneva session.

116. **Mr. Di-Aping** (Sudan) said that he wanted to underscore the important three divisions in the Group of Twenty Summit resolution of 2008 and asked what the implications were if the developed countries would not fund the World Bank and if IMF was not mandated with key development tasks. That emerging hierarchy needed to be addressed. Notwithstanding the recommendation of the Secretary-General, he wondered if an institutional framework was required for financing for development follow-up.

117. **The President** said, in response to the comments from Brazil and the Sudan, in line with the Doha mandate and taking advantage of the format of the meeting, that the issue of how to strengthen the follow-up process had to be addressed so that recommendations could be made for action by the General Assembly. There would be informal consultations with all stakeholders leading up to the substantive session in Geneva, and the summary by the President of the special high-level meeting would serve as input for the outcome document of the Conference on the World Financial and Economic Crisis in June.

Concluding comments and closure of the special high-level meeting

118. **The President** said, in summation, that there had been interest and engagement on the subject of the challenges of providing effective, coordinated and coherent responses and on the implications for the medium-term and financial monetary architecture and global governance. It had been agreed that the crisis was global and unprecedented, requiring unprecedented responses and cooperation. Many had said that the financial and economic crisis had been man-made and that it should not become a human crisis because developing countries could take a long time to recover and could face lasting consequences for development prospects. A strong call had been made for the Millennium Development Goals to be reached by 2015, and it had been said that promises and commitments had to be honoured. Emphasis had been put on the importance of preventing a full-fledged human crisis, and many had felt the human aspect had not been dealt with adequately.

119. Many had mentioned the multi-dimensional aspect of the crises, with the food and energy crises coinciding, along with climate change. It had been felt that developing countries should be aided to respond with additional fiscal capabilities, particularly with financing through grants, and should be able to undertake counter-cyclical policies, free from the constraints of conditionalities. It had been recognized that there were new and innovative financial facilities, including trade financing and new flexible credit lines, to assist developing countries. The intention or decision to double and triple resources to be made available to the developing countries by the international financial institutions had been noted with appreciation. It would from then on be a question of performance and seeing how bottlenecks could be overcome so as not to prevent disbursement.

120. Many speakers had noted that some key donors had been keeping to their commitments despite the repercussions of the crisis and there had been calls for the international community to act more to sustain aid levels, something that was in their own interest as recovery would depend on rapid recovery by the developing world. It had been further noted that there was the potential for a new debt crisis, highlighting the importance of more grants and concessional financing. There had been some calls to consider debt service moratoriums to avoid a future crisis and to increase the fiscal space of developing countries. There had been general agreement on all countries cooperating to ward off protectionism, both in trade and finance, in order to avoid worsening the crisis.

121. Many statements had emphasized that making progress on the development-oriented WTO negotiations under the Doha Round was critical in that effort. Many references had been made to reforms undertaken and the need for further reform of the international financial institutions aimed at increasing the voice and participation of developing countries, to restore the effectiveness and legitimacy of those institutions as critical tools in global governance and in providing multilateral platforms for responding to global challenges.

122. The importance of the Conference in June on the impact of the economic and financial crisis on development had been mentioned by many, as well as the contribution and the role of the Council in that respect and also of the special high-level meeting in preparation for the Conference. Many speakers had said that the recommendations of the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System (A/63/838) merited serious consideration.

123. Much emphasis had been put on the indispensable and crucial role that the United Nations had to play at that critical juncture to generate a shared understanding of the challenge posed, to help to facilitate coherence in the response to that multi-dimensional crisis and to serve as a forum to discuss the principles of global governance. She also wished to stress the mutual understanding and bridge-building that had been evident during the meeting and was also important in discussions on financing for development.

124. Regarding theme 2, it had been agreed that the meeting had been a start for exchanges and that a more robust and effective process was required. There had been agreement that the spirit of Monterrey had been lost somewhat in the previous year and that was why heads of State and Government had agreed in Doha to give the Council the mandate to move to strengthen the financing for development follow-up. There had been agreement on the criteria for a strengthened process and the need to maintain a multi-stakeholder structure, with improved productivity and exchanges, and some had said that there should be more reflection on the best format for a strengthened process.

125. The proposal of the Rio Group had been recalled, as was that of the Secretary-General, on financing for development. The need for the Council to continue to play a crucial role in that process had been stressed by some. There would be consultations and exchanges to draw up recommendations for a strengthened process that would be as inclusive as possible, and good note had been taken of the comments to the effect that consultations with all stakeholders were necessary.

126. She declared closed the special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development.

The meeting rose at 6.50 p.m.