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Chairperson: Mrs. Lucas . . . . (Luxembourg)

Contents

10-48318 (E)

The meeting was called to order at 3.15 p.m.

High-level segment (*continued*)

High-level policy dialogue with international financial and trade institutions (item 2 (a) of the agenda) (E/2009/50, E/2009/73)

The Chairperson recalled that this session was taking place at a time when the world was plunged in the most severe economic and financial crisis since the Great Depression of 1929. According to the International Labour Organization, 50 million workers were at risk of losing their job. The worldwide collapse of economic activity meant that between 73 and 103 million people might be falling into extreme poverty. For the developing world as a whole, per capita growth would be zero in 2009, and average incomes would fall in at least 60 countries.

In a context where government revenues were falling and development finance becoming scarcer, developing countries would have trouble making the investments needed to achieve the Millennium Development Goals, a situation that threatened to undo the progress achieved to date.

Recognizing that sustained economic growth was the best foundation for achieving the millennium goals, it was important to revive growth and to ensure that measures and interventions were commensurate with the scope and severity of the crisis, that they were adequately funded, and that they were implemented promptly and properly coordinated at the international level. In this context, member States had asked the Economic and Social Council to adhere fully to its advocacy role by calling for relief and recovery in developing countries, particularly the most vulnerable ones.

The Chairperson invited Mr. Sha Zukang, Under-Secretary-General for Economic and Social Affairs, to chair the discussion between representatives of international institutions and delegations.

Mr. SHA Zukang (Under-Secretary-General for Economic and Social Affairs) noted that the United Nations was forecasting a decline of 2.6% in world economic activity for 2009.

Some significant measures had been taken to deal with the crisis. Governments had intervened to repair the financial system, unprecedented fiscal stimulus plans had been implemented, and there had been massive injections of new international liquidity. The reform of financial regulatory frameworks and international financial institutions was firmly on the agenda. Yet there was need for much more concerted international action. First of all, recovery measures must be reinforced and plans to revive the international economy coordinated more closely. Next, the recovery effort must be of benefit to all. Currently it was 80% focused on developed countries, while a great many developing countries lacked the budgetary means to combat the effects of the crisis. The volume of lending to developing countries would therefore have to grow considerably, the disbursement of promised aid would have to be accelerated, and new debt relief measures would have to be taken.

It was essential as well to resist protectionist pressures and to step up efforts to obtain real results for development from the Doha Round of trade negotiations. A continued flow of funds must be assured in order to promote economic recovery in a great many developing countries. Lastly, it must be recognized that the world, and the developing world in particular, was in the grip of multiple, inter-linked crises. The expected new, large-scale investments must promote more sustainable and more equitable growth for the planet as a whole.

Although it posed many challenges, the economic and financial crisis should be seen as an occasion to reform health systems and to rethink the direction and nature of financing for healthcare. This must involve not only a higher volume of financing but also better mechanisms for providing care. Past crises had shown that it was essential during an economic recession to maintain national support for the health sector. There was no "one size fits all" policy for health financing, of course, but experience in many countries tended to show that if millions of poor people were not to face excessively high healthcare costs there would have to be a universal medical coverage system.

At a time when official development assistance was more important than ever for the countries concerned, donors must respect their commitments in the health field. Yet if it were not solidly linked to poverty reduction efforts, assistance would not necessarily have a positive impact on the great health disparities that existed between and even within countries.

The decisions taken at the 2008 Follow-Up International Conference on Financing for Development must lead to appropriate monitoring measures, as must the decisions taken at the June 2009 United Nations Conference on the Global Financial and Economic Crisis and its Impact on Development, which had expressly called upon the Economic and Social Council to take steps to reinforce the consistency and coordination of policies and actions for dealing with the crisis.

Mr. Lamy (Director-General of the World Trade Organization, WTO) noted that, according to WTO forecasts, the volume of trade would shrink by nearly 10% in 2009. Other projections were even more pessimistic. The weakest and poorest countries were bound to be the hardest hit, if this was not already the case. The International Monetary Fund was warning that, for low-income countries, the balance of payments shortfall could amount to more than $150 billion.

Protectionism was a real threat. The measures that countries had taken to date could only make recovery more difficult. It was obvious that such measures were harmful both to overall trade and to employment. At the 98th session of the International Labour Conference, the ILO had reminded all countries of the need to resist protectionist tendencies.

The drying up of trade financing sources had also contributed to the fall in trade. The G-20 had reacted to the situation by announcing a contribution of $250 million in support of trade financing, but it was essential to keep close track of the situation in this area in order to ensure that the scarcity of credit did not lead to a contraction in world trade.

The vigorous response to managing the crisis, revealed during the recent United Nations conference, must be maintained. The best thing the WTO could do to spur the world economy was surely to bring the Doha Round to a conclusion. It was essential to maintain free trade in order to end the crisis. For many developing countries, however, that would not be enough. They would have to take stabilizing and preventive social measures, by introducing social safety nets. To take better advantage of the open trading system, the more disadvantaged countries also needed Aid for Trade. Since the launch of that initiative in 2005, the volume of commitments had been growing at 10% a year. This rhythm must be maintained if growth and development efforts were not to be rendered meaningless.

Every crisis presented opportunities to be seized. The current situation offered a chance to reform the trading system to make it fairer and better adapted to the needs of the 21st century, while stimulating trade at a time when this would meet a vital need for all countries.

Mr. Panitchpakdi (Secretary-General of the United Nations Conference on Trade and Development, UNCTAD), citing available data and figures, stressed the need to remain watchful in the current situation. The idea was not to seek a quick fix, but to find a permanent way out for all. Most of the exit strategies at the moment seemed to have been prepared by developed countries. Perhaps the world would have to wait for these countries to find their feet before the others could follow. It might however be a long wait, and there was no certainty that these countries would recover, or whether they would do so separately or with other countries. Nor was it possible to point to a potential locomotive to drive the recovery.

Experts, politicians, bankers and economists had been talking recently of the first signs of recovery. But it would be dangerous to put too much store in that talk, for the signs were far from clear. Moreover, it was important to avoid conjecturing and to take account of the employment situation, in particular part-time employment, which was giving a false notion of economic activity. A recovery without stable and full-time jobs would likely be a fleeting one.

A strategy geared to emerging as quickly as possible from the crisis might work for developed countries, but it could leave the developing world behind. Developing countries had borne the brunt of the crisis and, with the exceptions of China and India, had been more deeply affected by it than developed countries. For Asia, the most recent growth forecasts were very pessimistic: the region's exports had fallen alarmingly by 25 to 30% during the first quarter of 2009. In Africa, the outlook for 2009 was also bleak: estimates suggested that the growth rate would not exceed 2%. Moreover developing countries, already heavily indebted, had seen their budget deficits deepen even further in 2008 because of higher prices for food and oil. This problem was compounded by a tightening of credit, linked to the shortage of funds resulting from cutbacks in development assistance and foreign direct investment. In developing countries, the effects of this tightening could already be seen in agricultural output.

At the high-level conference on world food security hosted in June 2008 in Rome by the United Nations Food and Agriculture Organization (FAO), financial contributions totalling $22 billion had been announced. Yet of that amount only $2 billion had actually been disbursed to date, while Africa was in urgent need of a green revolution and food security problems threatened to erupt in disturbances that would imperil national or regional stability and security. According to the FAO, the number of persons suffering from malnutrition around the world had been rising steadily for a decade, and currently totalled 1 billion. It was of great concern, then, that much of the aid announced by participants at the FAO conference had not yet been delivered.

Although foreign direct investment had fallen sharply — by 44% — during the first quarter of 2009, it was the view of UNCTAD that protectionism in the investment field had not gained ground, and the measures taken in response to the crisis during the current year had been non-discriminatory. However, following the food, oil and financial crises, another crisis was threatening to explode — the debt crisis. With the debt burden in several of the least developed countries approaching 150% of GDP, there was a risk that these States might become insolvent. Even if the 2009 growth prospects for China and India were encouraging, these countries would not be capable by themselves of pulling all the other countries in the region out of the recession. In conclusion, Mr. Panitchpakdi insisted that the international community could not sit on its hands while the situation of developing countries deteriorated, but must take urgent measures to prevent a debt crisis.

Mr. Portugal (Deputy Managing Director of the International Monetary Fund, IMF) reported that, according to IMF projections for 2009-2010, world growth should improve modestly in 2010, as the growth outlook in the emerging countries of Asia, in particular China and India, and in the United States of America was encouraging. At the same time inflation should remain under control for this period. However, the recession was not over and the recovery was fragile: in developed countries it was likely to gain steam only in the second half of 2010 and in emerging and developing countries growth would vary by country and region and in countries that could rely on domestic demand it would be at best modest. Although government action in developed countries had helped stabilize financial markets the situation was far from normal and, as Mr. Panitchpakdi had stressed, it was still too soon to celebrate: serious problems persisted, including the risk of commercial and financial protectionism.

In this situation the main priority must be to restore the financial sector to health. Credible strategies for exiting the crisis must be developed for a gradual and orderly unwinding of large-scale public interventions as soon as the recovery took hold. A multilateral coordination plan would be needed in this context to mitigate cross-border distortions. A revival of the world economy would require rebalancing the sources of demand and, in particular, economies reliant on export-led growth in recent years needed to adjust policies and become more supportive of domestic private demand.

The IMF had taken a series of measures to help member States cope with the fallout from the crisis: loan commitments had reached a record amount of nearly $160 billion, compared to $14 billion at the end of 2007: in other words, they were 11 times higher than before the crisis. At the same time, the IMF had overhauled its lending policy, and had boosted concessional lending for low-income countries. Programme design was also taking the crisis into account, and programmes were providing for higher social spending, strengthening social safety nets and targeting existing social protection systems more effectively. Whenever possible, the IMF had eased fiscal policy in low-income countries during the recession, and fiscal targets had been revised downwards in 18 African countries. In addition, around one third of programmes in low-income countries called for setting floors under social spending and other priority budget items. IMF member countries had agreed to triple the resources available to the Fund, bringing them to $750 billion, and they were planning to inject $250 billion into the world economy in order to boost global liquidity and international reserves through a general distribution of Special Drawing Rights. This measure should result in the injection of $19 billion into the reserves of low-income countries.

Together with its role in providing funds, the IMF had been giving advice on ways for overcoming the crisis, focusing on policies to stabilize the financial sector and allow an easing of monetary and fiscal policies. Support for restructuring the financial sector remained the principal priority, and the IMF was urging its members to ensure that their financial institutions had adequate liquidity, to clean up their banks' balance sheets by eliminating toxic assets, and to recapitalize those banks that were viable. It was also advising members to adopt expansionary monetary and fiscal policies in order to support global demand, whenever their debt situation made it feasible to do so. Lastly, the IMF was counselling member States to take immediate steps to deal with future budgetary problems related to an ageing population and mounting healthcare costs.

Along with these activities, the IMF was working together with other international institutions to consider the causes of the current crisis. It had discussed this issue in various meetings, including the Washington and London G-20 summits. The priority was to reform the system of financial regulation and supervision in developed countries to ensure that it covered not only the risks to a financial institution's existence but also all the potential risks arising from institutions, markets and products that are systemic. In collaboration with the Bank for International Settlements and the Financial Stability Board, the IMF was currently working on guidelines to help identify systemic institutions and define the tools for coherent international management of the risks they presented.

In order to improve the international financial architecture, it was essential to strengthen international surveillance in order better to identify sources of systemic risk and assess macro-financial linkages and spillover effects across countries. The IMF was currently developing an early warning mechanism for countries of systemic importance in order to foresee risks that might jeopardize the global economy.

The crisis had prompted pleas to reform international economic governance, including that of the international financial institutions. The IMF was supporting initiatives to strengthen global governance, based on the following principles: pragmatism, specialization and division of labour, and effective cooperation among international organizations. In terms of reforming the governance of the IMF, work on this issue had begun well before the crisis and a package of reforms had been adopted in April 2008. Implementation of those reforms was being accelerated. They included rebalancing of IMF quota shares to better reflect the relative position of countries in the evolving world economy and to give greater weight to the more dynamic emerging economies. Lastly, the Fund intended to reinforce its collaboration with member country ministers for providing strategic direction on key issues. With the globalization of trade and finance, many problems could no longer be resolved at the national level and had to be settled internationally, through collective measures and closer coordination of macroeconomic policies. To this end, the IMF could play the role of intermediary among member States.

Mrs. Phumaphi (Vice President, Human Development Network, World Bank) said that the credit crunch, in combination with uncertainty about future demand, had delayed investment and severely reduced demand for durable goods; as a result, global trade and output had plummeted. Because of the slowdown in economic growth and the weakness of capital flows, the World Bank was predicting that in 2009 the GDP of developing countries would shrink by 1.6%, and that their financing gap would range from 350 to 635 billion dollars.

While they had initially been cushioned from the direct impact of the financial crisis, low-income developing countries were currently feeling its effects and, according to Bank projections, private capital flows would not be enough to meet the external financing needs of many of those countries. Moreover, remittance flows from migrant workers to their families were projected to fall by 5% in 2009. Without substantial increases in official financing, many low-income countries were likely to see their long-term development and poverty reduction prospects severely compromised.

Recalling that the Millennium Development Goals were theoretically supposed to be achieved by 2015, Mrs. Phumaphi noted that, according to projections, economic growth in developing countries was currently, on average, only about a third of that forecast before the financial crisis, and this would inevitably delay the achievement of the MDG. As those countries depended to a large extent on external assistance for providing health services to their people, and in particular to the poorest and most vulnerable groups, it was essential that donors should respond to the needs of these countries so that the progress achieved in past decades would not be reversed and that as many countries as possible could achieve the MDG. Donors needed to demonstrate that they were accountable for the substantial pledges of new aid made during the recent G-8 summits, at the same time embracing greater policy coherence and coordination and ensuring that new projects were managed by the countries concerned and that they respected the framework of the Paris Declaration and the Accra Programme of Action.

In charting the course ahead, policymakers in developed and developing countries alike should consider three priorities: following through on the G 20 promise to restore domestic lending and the international flow of capital; addressing the external financing needs of sovereign and corporate borrowers in emerging markets; and reaffirming pre-existing aid commitments and the MDG. For its part, the World Bank Group had stepped up its assistance to middle- and low-income countries to help them navigate their way through the worst of the global crisis: to this end it had committed $58.8 billion in fiscal year 2009, a 54% increase over the previous fiscal year.

Recalling that in 2006 developing countries had seen the fastest growth in four decades, and that they were currently struggling to cope with a crisis for which they were in no way responsible, Mrs. Phumaphi stressed the need for the Economic and Social Council to send a message of hope to low-income countries, assuring them that the international community would honour its commitments of assistance and that despite the crisis it would strive to achieve the Millennium Development Goals by 2015.

Mr. SHA Zukang (moderator) invited participants to join the dialogue with the speakers.

Mr. Ukec (Sudan), speaking on behalf of the Group of 77 and China, said that the recent work of the United Nations Conference on the World Financial and Economic Crisis and its Impact on Development should serve as guidance to the Council in its debates. Although measures had been taken to cope with the crisis, much remained to be done, as participants in the conference had noted in the outcome document. Better coordination was needed, in particular, to mitigate the harmful effects of the crisis and to ensure that the needed long-term structural reforms were undertaken promptly. This was an important message that senior officials of the United Nations and the international financial and trade institutions must understand thoroughly.

Developing countries were the principal victims of a crisis for which they were not responsible. The great majority of them lacked the fiscal manoeuvring room needed to counter the impact of the crisis and to revive their economies, and they were facing a severe shortage of foreign exchange. Consequently, many of these countries could well face serious difficulties in honouring their international commitments over the next two years. Under these conditions, the G-77 and China were asking once again that significant additional financial resources be made available to developing countries as promptly as possible. Without sustained international support, these countries might have to resort to the flexibility granted them by the WTO. Ambitious measures were needed to avoid a debt crisis. Until there was a new framework in place for international cooperation on debt, developing countries might need to resort to temporary status quo agreements; nor should they be penalized if they found themselves obliged to impose temporary capital account restrictions in order to gain some domestic manoeuvring room.

The current crisis had highlighted the need for a thorough overhaul of the international economic and financial system in order to cope more effectively with emergencies and to promote development. There should be a prompt, in-depth reform of the Bretton Woods institutions, in particular their decision-making mechanisms, in order to guarantee equitable representation for developing countries, to make those institutions more democratic, and to boost their legitimacy. The crisis had also revealed the inadequacies of the global reserves system, which should be made more stable and more equitable. The G-77 and China fully supported the recommendations on this point in the outcome document from the conference, calling for a feasibility study on adoption of a reserves system under which SDRs would play a greater role, possibly complemented by regional trade and currency arrangements. The G-77 and China were calling for joint action, coordination and greater consistency among United Nations agencies, the Bretton Woods institutions and the WTO, and they were fully in support of establishing a special working group of the General Assembly to monitor the issues addressed in the outcome document.

Mr. Somavia (Director General of the International Labour Organization) explained that the tripartite International Labour Conference had, two weeks earlier, adopted a "Global Jobs Pact", constituting an urgent call to put employment and social protection at the heart of national policies, particularly in developing countries. It did not propose any one, universal formula for dealing with the current crisis but rather a set of possible policies from which countries could draw in light of their situation. It represented a constructive response by players in the real economy to the excesses and mismanagement that were the prime causes of the crisis. Workers and their families, afflicted by a situation for which they were not responsible, needed to know that their concerns would be made a national priority and the focus of sustained international cooperation and coordination.

The central objective of the Pact was to shorten the usual time lag between growth recovery and employment recovery. Forty-five million young people were entering the labour market every year, and if decisive measures were not taken immediately the employment crisis could be prolonged for 6 to 8 years, a very disturbing prospect. The directions set by the Pact included strengthening labour market measures, preserving viable jobs, protecting workers' rights, combating discrimination in the workplace, promoting investment in the green economy, extending the social protection system, supporting retirement systems and combating protectionism.

With respect to resources, Mr. Somavia stressed that it was not just a matter of how much more governments should spend, but the extent to which efforts would focus on priority areas: employment, social protection and sustainable development. It would be essential to honour commitments with respect to development cooperation and to open additional lines of credit to give Africa and the least developed countries sufficient fiscal manoeuvring room to cushion the impact of the crisis. It would also be essential, in due course, to have a viable financial system to underpin the real economy. The Global Jobs Pact listed several follow-up areas where an active system-wide response was needed: these included in particular strengthening country coordination through the United Nations Development Assistance Framework and other mechanisms, and establishing a social protection floor, an issue that was now the object of consultations between the ILO, the WTO, the World Bank and the IMF.

It was not a question of putting an end to globalization, but rather of promoting a different globalization, one that was fairer, more respectful of the environment and more viable, one that would not produce the imbalances such as those that had sparked the current crisis and, above all, one that would be governed by moral and ethical principles. The greatest risk was that, with the return to growth, countries would abandon their commitments to employment and the green economy. United Nations agencies had the obligation to think about the means for exiting the crisis, but they must also contribute to establishing a fairer and more viable system for the long term.

Mr. Dahlgren (Sweden), speaking on behalf of the European Union, said that the global economic and financial crisis was jeopardizing the progress made in recent decades on the economic and social fronts in many developing countries, as well as achievement of the Millennium Development Goals. The European Union was determined to implement swiftly a series of targeted and coordinated measures in support of developing countries, particularly the poorest and most vulnerable ones. Efforts must be stepped up quickly to ensure coherence and complementarity in the work of United Nations agencies and international financial institutions.

While it was primarily up to each country's government to determine how to deal with the crisis, the international community must support countries' efforts through official development assistance. It was essential on this point that all donors should promptly give effect to their commitments in this regard. Yet increasing the volume of ODA would not suffice; it was just as important to make development cooperation more effective. It was important also to refrain from taking protectionist measures, ensure that globalization was of benefit to all, and build an open world economy. An early wrap-up to the Doha Round would be a decisive step in this direction.

Mr. Penisov (Russian Federation) said that the measures decided at the UN conference on the world financial and economic crisis should be given concrete application. The Council, as the central economic body of the United Nations, must play its allotted role in codifying the principles of the new world economic and financial order that was to be established, and in implementing the associated regulatory frameworks. Development policies must take due account of the lessons that could be drawn from the current crisis. Russia was in favour of expanding access for the poorest countries to loans with favourable conditions, after an in-depth study of indicators regarding the viability of their debt. Russia welcomed the recommendations made by Mr. Portugal on behalf of the IMF, as well as the Global Jobs Pact and confirmed its intention to respect the international commitments it had accepted in the development area.

Mr. Triansyah Djani (Indonesia) said that his country backed the statement made by Sudan on behalf of the G-77 and China. Unless urgent and concrete steps were taken to deal with the energy, food and economic crises, climate change, and the health crisis sparked by the swine flu epidemic, many countries would be unable to achieve the Millennium Development Goals. Worse, many countries were threatened by a new debt crisis because of their low foreign exchange reserves. Taking appropriate steps to resolve the economic and financial crisis presupposed a more appropriate framework of global economic governance. It was essential to reform the international economic and financial system in order to make it more equitable and transparent, to make the trading system more open, to increase investment, and to forestall protectionism.

The international community must also support efforts to promote sustainable development in developing countries and to reach an agreement at the Conference of Parties to the Framework Convention on Climate Change that would take place in Copenhagen in December 2009. Indonesia also stressed the importance of meeting the needs of migrant workers, whose remittances constituted an essential input for renewing growth. Lastly, the international community must honour the commitments taken in various international meetings, including the recent United Nations Conference on the World Financial and Economic Crisis.

Mrs. Farani Azevedo (Brazil) said that the financial crisis had highlighted the need to improve coordination and coherence between United Nations agencies and the multilateral intergovernmental institutions with responsibilities in the area of global finance, development and trade. The declaration adopted at the conclusion of the Conference on the World Financial and Economic Crisis, as well as the follow-up mechanisms from the Monterey and Doha conferences, could constitute the basis for closer cooperation among UN agencies, the Bretton Woods institutions, and the institutions responsible for trade, and could allow for progress on essential issues such as reforming the international financial architecture, adopting a new development model, reforming global governance and completing the Doha round of trade negotiations. On this point, the Brazilian delegation wondered how the speakers viewed the possibilities of improving inter-agency dialogue and cooperation.

The Global Jobs Pact underscored the urgent need to strengthen social protection and to promote employment. It constituted an important contribution to efforts to resolve the crisis and should be taken as an essential basis for the work of the Council and of all components of the United Nations system. It was for this reason that Brazil was proposing a draft resolution to incorporate the Pact into the Council's work programme.

Mr. CHEN Zhu (China) said his country subscribed to the statement given by Sudan on behalf of the G-77. China was particularly concerned about the impact of the crisis on development and on people's health. Participants at the G-20 summit in April 2009 had agreed to make voluntary bilateral contributions to support the World Bank's Vulnerability Framework and to make loans to developing countries, an important and timely decision which, it must be hoped, would be implemented by the institutions concerned. It was also to be hoped that the measures called for in the outcome document from the Conference on the World Financial and Economic Crisis would be taken.

Because growth was the key element for world economic recovery, the financial crisis could not be taken as an excuse for protectionist measures. Policymakers must give priority to this issue. The WTO Aid for Trade initiative should also be strengthened. In the face of the crisis, China had swiftly adapted its macroeconomic policies, it had adopted a dynamic fiscal policy, and it had relaxed its control policies. It had also adopted a recovery plan to support domestic demand and, since April, it had instituted reforms to the health system

Mr. Alviarez (Venezuela), supporting the statement by Sudan on behalf of the G-77 and China, subscribed to the need to see the United Nations as a forum for dialogue to formulate proposals and policies concerning the world financial system, in which all 192 member States could participate. The world's regions had different situations and needs which could not be addressed uniformly. Yet that was what the Bretton Woods institutions had done since their creation, pursuing the interests of industrialized countries and leaving disadvantaged countries totally vulnerable. It was urgent to make profound changes in the governance of these institutions in order to democratize access to financing and increase the role of the poorest countries in the decision-making process, so as to create more comprehensive and equitable models.

The current crisis had originated in the economies of the industrialized countries, but its effects were particularly alarming in the poor and disadvantaged countries. A resolution to the crisis must contribute to the emergence of a new international economic order, if the world were not to be mired indefinitely in the same errors inherent in the neo-liberal capitalist model.

Mr. Portugal (Deputy Managing Director of the International Monetary Fund), responding to a question about collaboration between UN agencies and the Bretton Woods institutions, said that the IMF maintained excellent collaboration with the United Nations system. Its staff cooperated directly with that of several UN agencies. The IMF was a participant in the work of the UN Secretary-General's Task Force on the Global Food Security Crisis, the MDG Africa Steering Group, and the nine-point initiative launched recently by the UN Chief Executives Board. There was room for improvement with respect to intergovernmental processes, but this was the responsibility of governments rather than the staff of organizations. Collaboration should be strengthened pragmatically, seeking to improve existing mechanisms rather than create new ones, and relying on the division of labour and specialization among organizations in order to avoid overlapping.

Mrs. Phumaphi (World Bank) said that cooperation between the Bretton Woods institutions and the United Nations could be improved with respect to country activities and the harmonization of technical assistance, although considerable progress had already been made in this respect over the last two years. In response to the crisis, discussions had been organized with the banks and the ILO on ways of harmonizing forms of intervention. The IMF and World Bank were considering joint assistance focusing on key sectors that could stimulate growth, such as agriculture and infrastructure, and on protecting social investments. The two organizations were agreed on the need to reform the governance structure of the Bretton Woods institutions. The president of the World Bank had recently named a commission to examine the governance of the World Bank Group with a view to enhancing it and adapting it to the global architecture of development assistance and the expectations of developing countries.

Discussion of the topic "Partnerships in health — lessons from multi-stakeholder initiatives"

Mr. Sidibé (Executive Director of the Joint United Nations Programme on HIV/AIDS, UNAIDS) said that creation of the UNAIDS programme had helped to make combating AIDS a political priority of the first rank and to optimize the partnership with civil society, the media, the private sector and the entire United Nations system. This partnership had made it possible to involve political leaders in the action taken, to break the "conspiracy of silence" and to establish worldwide solidarity, thanks to which the resources devoted to combating HIV/AIDS had grown in only nine years from a few million dollars to $14 billion. More than 3.2 million people were currently receiving treatment in Africa, compared to only 50,000 a few years earlier.

The time had come to break the trajectory of the epidemic. To do so would require reinforced prevention: currently, for every two new people put on treatment there were five new infections, which was not sustainable. The world must learn the lessons of the last 25 years, the need for countries to have structured policies, based on prioritized and well-costed plans, something that would oblige partners, including donors, to take account of national priorities; the need for predictable and sustainable financing to allow longer-term investment and planning; the need for affordable medications to improve access to second- and third-line treatment, recognizing that 94% of patients under treatment in Africa were receiving outdated drugs; the need to strengthen the interface between the health system and nonconventional human resources such as the solidarity groups that had sprung up in recent years; and lastly, the need to improve access to treatment for vulnerable groups.

Mr. Douste-Blazy (Special Advisor on Innovative Financing and Chair of UNITAID) believed it was more important than ever, given the current crisis, to maintain international assistance at ambitious levels. There was a shortfall of $50 billion for financing the MDG, but few countries were in a position to increase their development assistance. New means of financing must therefore be found to supplement public funding from governments. Such innovative financing approaches were sometimes created by political initiatives, as with the bond issuance system designed by Gordon Brown which raised $1 billion, together with the Global Alliance for Vaccines and Immunization (GAVI), to pay for more than 120 million vaccinations. The air ticket solidarity levy instituted at the initiative of Brazilian, French, Norwegian, British and Chilean leaders had produced more than $1 billion to create the International Drug Purchase Facility (UNITAID).

The market guarantee mechanism, whereby donors guaranteed pharmaceutical companies the price of vaccines once they were developed, was another promising device, and the first vaccine developed would be lunched a few months hence in the context of GAVI. Citizen partnerships were also being used to create innovative financing, such as the “Product (RED)” trademark launched by Bono and Bobby Shriver, which had raised more than $150 million for the Global Fund to Fight AIDS, Tuberculosis and Malaria. Partnerships with the pharmaceutical industry allowed the price of drugs to be reduced in exchange for a financial consideration; in this way, the price of AIDS treatment drugs had been cut by 50%. Innovative financing mechanisms during the last three years had raised more than $3 billion, and could represent the beginning of a new aid architecture, as seen for example in the recent creation by the UN Secretary-General of the I-8 group covering eight innovative financial initiatives of this kind.

Mr. Kazatchkine (Global Fund to Fight AIDS, Tuberculosis and Malaria) said that the global partnerships that had emerged in the last 5 to 10 years were evidence of a new approach to public health. This new awareness was linked to globalization and the appearance of global epidemics. It had also been recognized that governments could not fight epidemics alone. With respect to AIDS, access to treatment and care could only be assured through unprecedented mobilization of political leaders, governments, international organizations, researchers, health practitioners, civil society, faith-based organizations and the private sector, as well as affected communities and persons suffering from the disease.

The AIDS campaign had highlighted the need to involve all sectors of society in dealing with major public health problems. That campaign had also shown that interventions were more effective and sustainable if they were based on collaboration and not on coercion. A new idea was afoot, according to which health products were not ordinary goods but rather global collective goods.

The campaigns against AIDS, tuberculosis and malaria had inspired the governance structure and operating mode of the Global Fund, in which were represented donor and beneficiary countries, the private sector, charitable foundations, NGOs from North and South, and victims of these diseases.

Partnerships were not risk-free, however. The sponsors of the Global Fund, which had no country offices, were relying heavily on national partners to shoulder their responsibility in the deployment of resources. Partnerships presupposed renunciation of prerogatives, the sharing of information and knowledge, putting aside disagreements and working together for a common goal. To maintain the dynamic of partnerships in the health field, notwithstanding the financial crisis, the possibilities for innovative collaboration would have to be explored further: The Millennium Development Goals offered an excellent framework in this respect.

Mrs. Coll-Seck (Executive Director of the Roll Back Malaria (RPM) Partnership) cited the fight against malaria as an example of the usefulness of disease-specific partnerships which, by saving health systems from being overwhelmed by patients, could obtain real results. Recalling that every year more than 300 million people were contracting malaria, that every 30 seconds a child would die of this disease in Africa, and that more than half the world population lived in regions where malaria was endemic, Mrs. Coll-Seck provided concrete details on what the RPM partnership (which since its creation in 1998 had become a truly worldwide partnership associating a great many interest groups) was currently doing to help countries.

With respect to coordination and harmonization, a single world plan applicable for all had been established to combat malaria. National success rates in combating the disease had risen from 30% to nearly 70%. By coupling anti-malaria initiatives (such as free distribution of impregnated mosquito nets) with immunization campaigns, better results were being obtained. An innovative financing mechanism had been instituted and was currently providing people with more recent and effective medications at an affordable price. The transfer of technology between Japan and the United Republic of Tanzania, for example, had led to creation of a mosquito net factory in Arusha employing 5,000 people. Lastly, the prevalence rate of malaria had dropped spectacularly (by more than 60%) in many countries including Eritrea, Ethiopia, Rwanda, Swaziland and Zambia.

If the RPM partnership were going to achieve its objectives for 2010 (universal coverage), all the partners would have to do their part to preserve its financing, particularly at the current time of economic crisis when it was important to have the required means so as to prove the effectiveness of partnerships and thus advocate in their favour.

Mr. Espinal (Executive Secretary of the Stop TB Partnership) cited the example of his country, the Philippines, where the government had taken the initiative to create a partnership associating many stakeholders (private sector physicians, pharmaceutical laboratories, NGOs, communities and patients) to fight tuberculosis. Having made it one of its objectives to 85% of patients cured by the year 2015, in 2004 it had not only achieved but surpassed that goal, a success that had inspired many other countries, including Afghanistan, Brazil, Mexico and Uganda, to imitate the Philippines.

The Stop TB Partnership was not a financing entity but a coordination body for the fight against the disease worldwide. Mr. Espinal cited on this point the Green Light Committee of the WHO and the Global Fund to Fight AIDS, Tuberculosis and Malaria, which was helping countries obtain high quality treatment against multidrug-resistant TB strains at a tenth of the market price. Recalling that the anti-TB vaccine and the screening test were 100 years old, he announced the clinical testing of 10 treatments and vaccines and the introduction of a new test that could screen for multidrug-resistant TB in two days rather than two months.

Given the social factors determining the disease, known as the "disease of the poor", it was urgent to identify the underlying causes of tuberculosis and address them. The 27 most seriously affected countries, meeting in Beijing in April 2009, had stressed this point, calling for new policies and strategies that would guarantee equitable access to care. At the same time, the international community should mobilize to halt the ravages caused by TB in association with HIV/AIDS, particularly in Africa. According to a World Bank report published the previous week, the countries with the greatest number of TB cases, and in particular the most seriously affected African countries, would gain a great deal through comprehensive implementation of the global Stop TB Plan.

Mr. Espinal regretted the widespread misconception that the MDG relating to tuberculosis had been achieved: while the number of cases had indeed declined by 2% per year, it would have have had to drop by 6%. There were still 9 million new patients every year, and nearly 2 million people in the prime of life (15 to 49 years, family breadwinners) were dying every year. He urged the international community to try to guarantee the market for the new vaccine expected in 2015, which should make it possible to protect two-thirds of the world population against malaria and reduce by 80% the number of cases and deaths due to tuberculosis between 2015 and 2050.

Mrs. Imbruglia (spokesperson for the Campaign to End Fistula) said that she had visited several hospitals in Nigeria and Ethiopia specialized in treating fistula, where women of all ages had told her of their suffering. She had also met women who, thanks to surgical intervention, had been able to live a normal life. As fistula was a delicate subject which everyone (female victims, but also policymakers) was still loath to talk about, Mrs. Imbruglia was eager to lend her voice to the cause of these women, and she hailed the powerful partnerships established with Virgin Unite and the United Nations Population Fund (UNFPA), which had helped to improve the health, economic and social conditions of thousands of women in northern Nigeria. As well, the partnership was striving to ensure that fistula would no longer be a taboo subject, but rather an issue to be considered on the world agenda, for it was quite possible to put an end to it. It was a trauma that could readily be avoided (by giving women better access to health care and family planning) and it could be easily treated by a simple surgical procedure. Mrs. Imbruglia urged everyone to become a partner in eliminating fistula and to ensure that, in their own country, the issue was properly considered and integrated into the health-care system.

Mrs. Farani Azevedo (Brazil) recalled that her country, together with France, Chile, Spain and Germany, had spearheaded the movement to create UNITAID, and she was pleased to report that 7 out of every 10 AIDS-infected children around the world were now being treated, thanks to this financing mechanism. She also noted that Brazil had been very active in South-South cooperation, and that it was working with the WHO and other partners, including many NGOs, to combat a great many diseases. She agreed with Mr. Kazatchkine that in any partnership every partner must concede something, and she said that, beyond the simple distribution of medications, there was a need to seek structural solutions to the problems at hand and to devote all efforts and means needed to build more solid health systems in developing countries. On this point, she asked what had been done in terms of cooperation and mobilization to help these countries with research and production of drugs against tropical diseases, in order to break the cycle of dependency.

Mr. Zainal Abidin (Malaysia) noted that microcontributions were by their very nature unpredictable and he worried that if the number of air passengers dropped the volume of contributions would decline as well. If such a trend had been noted, he wondered what measures had been taken to address it. He also asked what had been done to involve developing countries more closely in the structure of partnerships, recognizing that one of the criticisms levelled against such forms of cooperation was that partners did not all carry the same weight.

Mrs. Basilio (Philippines) stressed the need to continue to finance the many funds and initiatives for combating multiple diseases, such as that underway in the Philippines against tuberculosis, in order to deal with diseases that had often been neglected or penalized by a lack of resources.

Mr. Douste-Blazy (Special Advisor on Innovative Financing and Chair of UNITAID) noted that half of the countries that had passed legislation creating the two-dollar air ticket solidarity levy were countries of the South. Moreover, in North and South alike, those who had the means to buy an airplane ticket could readily afford the two extra dollars, and so there would be no impact on tourism. As to the issue of the unpredictability of contributions, Mr. Douste-Blazy said that the continuity of revenues was guaranteed because more than 150 million people were involved. As well, six countries in the world represented 65% of the market (United States, China, Japan, Germany, United Kingdom and France, in descending order) and it was these people, not their governments, who were being solicited on a voluntary basis.

Mr. Kazaktchkine (Executive Director of the Global Fund to Fight AIDS, Tuberculosis and Malaria), said that the worldwide partnership was meaningful only if it served the country, and it was also imperative that the country should take command. Once the priorities, strategies and national plan were decided by the government in consultation with civil society and the private sector, it was incumbent upon all multilateral and bilateral partners to follow the national plan.

Mr. Hachett (Barbados) said that many countries that were heavily dependent on tourism were afraid that an air ticket tax would hurt them. It was desirable, therefore, for member States not to move precipitously and to examine the proposed tax carefully in terms of any harmful effects it might have.

The meeting rose at 6:50 p.m.