

## International trade, finance and transport

In 2009, the work of the United Nations Conference on Trade and Development (UNCTAD) and the UN system on international trade, finance and transport dealt mainly with the global economic and financial crisis that began the previous year. During the crisis, world trade volume contracted by almost 13 per cent. The severe decline was attributed mainly to the financial crisis, which caused a free fall of 30 to 50 per cent in world trade volumes from the end of 2008 up to the second quarter of 2009, with Asian exporters being hit hardest. World trade rebounded somewhat thereafter, but recovery was fragile.

In response to the crisis, which the Secretary-General called the worst of its kind since the founding of the United Nations, the General Assembly convened, at the highest level, the Conference on the World Financial and Economic Crisis and Its Impact on Development in New York in June. The Conference considered measures to mitigate the impact of the crisis on development and the role of the United Nations in reforming the international financial and economic system. The Conference adopted an outcome document in which heads of State and Government committed to work in solidarity on a coordinated and comprehensive global response to the crisis through a number of actions outlined in the document. In July, the Assembly endorsed the outcome document and established an ad hoc open-ended working group to follow up on the issues contained therein.

In April, the high-level meeting between the Economic and Social Council and the Bretton Woods institutions (the World Bank Group and the International Monetary Fund), the World Trade Organization (WTO) and UNCTAD discussed coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development, focusing on addressing the impact of the global financial and economic crisis on development and strengthening the intergovernmental inclusive process to carry out the financing for development follow-up.

The Trade and Development Board, the governing body of UNCTAD, in September, adopted agreed conclusions on the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001–2010 and on economic development in Africa. It also adopted a decision on UNCTAD technical cooperation activities.

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### International trade

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On 21 December (**decision 64/540**), the Assembly took note of the report of the Second Committee [A/64/418] on its discussion of macroeconomic policy questions, including those related to international trade and development, and commodities.

#### Global trade activity

The *World Economic Situation and Prospects 2010* [Sales No. E.10.II.C.2], jointly issued by the UN Department of Economic and Social Affairs (DESA) and UNCTAD, stated that world trade volume contracted by almost 13 per cent in 2009, more than 20 per cent below its annualized 8.6 per cent trend growth during the 2004–2007 period. Developed country gross domestic product (GDP) contracted by 3.5 per cent and the volume of imports reduced by about 12 per cent. GDP growth for developing countries (excluding East Asia) dropped by 6 per cent while import demand fell by 17 per cent. In developing East Asia, the decline in import volume was 8 per cent and GDP growth dropped by 2 per cent. Trade in manufactures showed the greatest swings during the global crisis, characterized by a higher income elasticity than trade in other commodities. The deep recession in developed countries spread quickly, first to countries specializing in manufactures, especially in East Asia, and subsequently to countries providing industrial inputs and raw materials. The decline in export volumes, however, was greater in regions with higher specialization in manufactures. Many Asian exporters were among the hardest hit and saw their merchandise export revenues decline by 30 per cent or more during the first quarter of 2009. Decreases in exports, and thus in industrial production in developing countries, were transmitted into drops in energy imports from economies in transition. The least developed countries (LDCs) were least affected by a decline in the demand for their exports, possibly owing to the relatively low income elasticity of demand for primary export products. Nevertheless, the contraction in demand for LDC exports averaged about 1.6 per cent of GDP in 2009 and contributed to the substantial run-up of trade deficits amounting to 10 per cent of the combined GDP of the poorest countries.

A June report [E/2009/73] gave an update, as at mid-2009, of the *World Economic Situation and Prospects 2009* report [YUN 2008, p. 1047].

The *Trade and Development Report, 2009* [Sales No. E.09.II.D.16], published by UNCTAD, stated that world trade slowed down in 2007 and 2008 and had been shrinking in both volume and value at a faster rate since November 2008. Trade volume growth decelerated first in the United States and other developed countries. Import volume growth actually turned negative in the United States and Japan in 2008. Trade expansion was more resilient in developing and transition economies. In particular, countries that had benefited from terms-of-trade gains until mid-2008 were able to increase their imports significantly, although in some cases the volume of their exports slowed or even declined. In the final months of 2008, the contraction in investment and consumption of durable goods in many countries was reflected in lower private domestic and foreign demand, leading to a sharp reduction of trade in manufactures. All major developed economies were in recession.

A later report—*Trade and Development Report, 2010* [Sales No. E.10.II.D.3]—stated that world trade, which had plunged by more than 13 per cent in volume and by as much as 23 per cent in value in the first half of 2009, started to recover in mid-2009, and that the recovery was much faster in developing than in developed countries. Although the crisis-induced squeeze on trade credit played a role in reducing trade worldwide, the decline in domestic demand, amplified by the globally synchronized nature of the downturn since 2008, was the main cause of the slowdown in world trade in 2009. The sharp falls in wealth and expectations prompted households and firms to reduce or postpone spending. Expanded global supply chains—a dominant feature of transnational corporations in world trade—also played an important, though unquantifiable, role in the 2009 slump in world trade. In addition, lower production of manufactures translated into lower demand for energy and industrial raw materials. As a result, all countries and regions registered significant declines in their exports of goods, with larger declines in volume in developed and transition countries than in developing countries. In terms of the value of exports, the worst hit countries were exporters of oil and mining products. Recovery of trade volume started from the second half of the year and was led by strong demand from developing countries and relatively weaker demand from developed countries. External trade in developed countries had also grown since mid-2009, although at a slower pace.

## Multilateral trading system

**Report of Secretary-General.** In response to General Assembly resolution 63/203 [YUN 2008, p. 1052], the Secretary-General submitted a July report [A/64/177] on international trade and development, prepared in collaboration with UNCTAD. The report discussed the global development crisis and governance; the ongoing financial and economic crisis; the effects of the crisis on international trade; trade-related policy developments; developments in the multilateral trading system; and regional trade arrangements.

The Secretary-General concluded that the global economy required a course correction towards more sustainable and inclusive development, which, in turn, necessitated addressing the root causes of the financial and economic crisis. The crisis underscored the need for a careful reassessment of development models and strategies and a redefinition of Governments' role in the markets as "enabling and development States". The global governance system needed to provide a coherent paradigm to comprehensively address global crises and promote development, and the United Nations played a key role in that effort. Governments needed to better adjust their economies to post-crisis realities and make them more resistant to external shocks through diversification into new products, services and markets, including South-South trade, and through bolstering domestic demand. Sustainable production and consumption could be supported by proactive policies and sound regulatory and institutional frameworks, including the provision of social safety nets and scaled-up international development support. Innovative approaches were required in the design of policy responses to ensure that post-crisis development was resilient and inclusive. International trade continued to be a driver of growth and the multilateral trading system could provide unique public good, including by addressing economic nationalism that could alter competitive conditions and production location, and by delivering the development agenda of the Doha Round.

**UNCTAD consideration.** At its fifty-sixth annual session (Geneva, 14–25 September and 12 October) [A/64/15 (Part IV)], the Trade and Development Board (TDB) discussed an UNCTAD secretariat note on the evolution of the international trading system and of international trade from a development perspective: impact of the crisis [TD/B/56/7]. Participants agreed that the global financial and economic crisis, which had originated in developed countries, affected all countries and had severe social, economic and developmental implications, particularly for developing countries. Combined with a series of crises affecting energy, food, commodities and climate change, and the limited ability of countries to put in place social safety nets, the crisis had aggravated poverty

and social misery, and rendered the achievement of the Millennium Development Goals (MDGs) and poverty reduction by 2015 practically impossible. Many participants underlined the importance of a coordinated approach to the crisis, including through a stronger partnership among international organizations. There was a need for innovative and viable solutions to improve the availability and affordability of trade finance, including by activities of the network of export-import banks and by initiatives aimed at increasing global trade liquidity. The rapid spread of the crisis highlighted the extent of vulnerability facing developing countries from their excessive reliance on external demand, especially on a narrow range of commodities and markets. Many participants stressed that markets could not self-regulate and that Governments should play a central role in guiding investments and economic activities, regulating markets and facilitating trade in key sectors. Participants concurred that economic nationalism and protectionist sentiments were a matter of concern, as they affected developing countries in particular, and stressed the importance of concluding the Doha Round of trade negotiations with substantial development content by 2010. Participants also concurred on the value of the multilateral trading system in maintaining trade flows. There was a need to strengthen a multilateral trading that was universal, rules-based, open, non-discriminatory and equitable. Participants reaffirmed that UNCTAD played an important role as catalyst for monitoring the evolution of the crisis and building a consensus on measures needed to address its trade and development implications. UNCTAD should continue to help developing countries engage in the international trading system and build trade and productive capacities, including through Aid for Trade [YUN 2005, p. 1043].

**Ministerial meetings.** The seventh session of the WTO Ministerial Conference (Geneva, 30 November–2 December), held on the theme “The WTO, the Multilateral Trading System and the Current Global Economic Environment”, reviewed the operation and functioning of the multilateral trading system. Proposals included revitalizing regular committees to improve monitoring of measures; improving oversight of regional trade agreements; and adopting an omnibus legal instrument to cover least developed countries’ preferences.

## Negotiating frameworks

### *Development of Doha Round negotiations*

The Secretary-General, in his July report on international trade and development [A/64/177], said that in 2009 there were signs of re-engagement in the Doha Round of trade negotiations. Changes in the leadership in countries could lead to a redefinition of

the national trade policy agenda, and the renewal of the United States Trade Promotion Authority would facilitate the process. A possible two-track approach to the negotiations was suggested, whereby negotiations on modalities would continue in parallel with a scheduling exercise for outcome testing for greater clarity on the use of flexibilities. However, a significant challenge facing the WTO members was the effective management of the Doha Round in the context of the global crisis and related policy developments. Although the successful conclusion of the Round would be considered important in boosting the world economy and sending a strong signal of enhanced international cooperation as well as in containing rising protectionist tendencies, the recession and emerging social and developmental hardships, particularly unemployment, could discourage many countries from undertaking ambitious policy reform. He further stated that the protracted negotiations and recurrent setbacks implied that the modus operandi of the trading system needed to be assessed, bearing in mind the MDGs and the need for strengthened and operational special and differential treatment.

The report also discussed issues related to agriculture, non-agricultural market access, duty-free quota-free market access for least developed countries, services sectors and development.

**Ministerial meetings.** WTO held an informal ministerial meeting (New Delhi, India, 3–4 September) on the theme “Re-energising Doha—A Commitment to Development”. The meeting affirmed the need to conclude the Doha Round in 2010.

The seventh session of the WTO Ministerial Conference, overdue since 2007, was held in Geneva from 30 November to 2 December 2009 on the theme “The WTO, the Multilateral Trading System and the Current Global Economic Environment”. Participants took stock of the implementation of WTO agreements and reviewed issues facing WTO in the global economic environment.

## GENERAL ASSEMBLY ACTION

On 21 December [meeting 66], the General Assembly, on the recommendation of the Second (Economic and Financial) Committee [A/64/418/Add.1], adopted **resolution 64/188** by recorded vote (122-47-8) [agenda item 51 (a)].

## International trade and development

### *The General Assembly,*

*Recalling* its resolutions 56/178 of 21 December 2001, 57/235 of 20 December 2002, 58/197 of 23 December 2003, 59/221 of 22 December 2004, 60/184 of 22 December 2005, 61/186 of 20 December 2006, 62/184 of 19 December 2007 and 63/203 of 19 December 2008 on international trade and development,

*Recalling also* the United Nations Millennium Declaration, as well as the outcomes of the International Conference on Financing for Development, the World Summit on Sustainable Development, the 2005 World Summit Outcome and the Doha Declaration on Financing for Development,

*Recalling further* the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,

*Reaffirming* the value of multilateralism to the global trading system and the commitment to achieving a universal, rule-based, open, non-discriminatory and equitable multilateral trading system that contributes to growth, sustainable development and employment generation in all sectors, and emphasizing that bilateral and regional trading arrangements should contribute to the goals of the multilateral trading system,

*Stressing* the importance of open, transparent, inclusive, democratic and more orderly processes and procedures for the effective functioning of the multilateral trading system, including in the decision-making process, so as to enable developing countries to have their vital interests duly reflected in the outcome of trade negotiations,

*Reiterating* that development concerns form an integral part of the Doha Development Agenda, which places the needs and interests of developing and least developed countries at the heart of the Doha Work Programme,

*Noting* that agriculture lags behind the manufacturing sector in the process of the establishment of multilateral disciplines and in the reduction of tariff and non-tariff barriers and that, since most of the world's poor make their living from agriculture, the livelihood and standards of living of many of them are seriously jeopardized by the serious distortions in production and trade in agricultural products caused by the high levels of export subsidies, trade-distorting domestic support and protectionism by many developed countries,

1. *Takes note* of the report of the Trade and Development Board and the report of the Secretary-General;

2. *Reaffirms* that international trade can be an engine for development and sustained economic growth, underlines the need to fully harness its potential in that regard, and stresses the importance of upholding a universal, rule-based, open, non-discriminatory and equitable multilateral trading system that contributes to growth, sustainable development and employment, particularly in developing countries;

3. *Notes with deep concern* that the world financial and economic crisis has severely impacted international trade, particularly affecting developing countries, including through the fall in exports and loss of export revenues, restricted access to trade finance and reduced export-oriented investment, which have resulted, in many cases, in lower fiscal revenues and balance-of-payment problems;

4. *Notes* that the shortage and the high cost of trade finance for developing countries contributed significantly to the reduction in trade flows during the crisis, also notes the efforts of the international community, including through the World Bank Global Trade Liquidity Programme, to ensure additional resources at affordable rates, and calls upon bilateral and multilateral donors to redouble their efforts to increase the availability and affordability of trade finance for developing countries;

5. *Underlines*, in this regard, the need for greater coherence in the trade, financial and monetary systems, with a view to promoting growth, sustainable development and employment;

6. *Stresses* the need to resist all protectionist measures and tendencies, especially those affecting developing countries, particularly tariff, non-tariff and para-tariff barriers to trade, and to rectify any such measures already taken, recognizes the right of countries to fully utilize their policy space, consistent with World Trade Organization commitments, and calls upon the World Trade Organization and other relevant bodies, including the United Nations Conference on Trade and Development, to continue monitoring protectionist measures and assess their impact on developing countries;

7. *Encourages* Member States to refrain from adopting any measures or restrictions related to trade and transit that affect the access by developing countries to medicines, especially generic medicines, and medical equipment;

8. *Expresses serious concern* at the lack of progress in the negotiations of the World Trade Organization Doha Development Round, reiterates the call on developed countries to demonstrate the flexibility and political will necessary to make meaningful progress in the negotiations, with a view to concluding the Round by 2010, and calls upon all members of the World Trade Organization to adhere to the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration, which places development at the heart of the multilateral trading system;

9. *Takes note* of the New Delhi informal ministerial meeting on re-energizing Doha, held on 3 and 4 September 2009, which led to the resumption of the negotiations of the Doha Round with the objective of concluding the Round by 2010;

10. *Stresses* the importance of accelerating the negotiations, with a strong reaffirmation that development remains at the heart of the Doha Round, building upon the progress already made, particularly with regard to modalities, and based on the World Trade Organization agreed workplan on agriculture, non-agricultural market access, services, rules, trade facilitation and other remaining issues, with a view to concluding the Round by 2010;

11. *Also stresses* that, in order for the Doha Round to be concluded satisfactorily, the negotiations should strengthen the rules and disciplines in the area of agriculture, eliminate agricultural export subsidies, substantially reduce the domestic measures of support by developed countries and promote enhanced market access to developed country markets, in a balanced and development-oriented outcome, while adhering to the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

12. *Further stresses* the need for negotiations of the World Trade Organization in non-agricultural market access to fulfil the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

13. *Stresses* the need for negotiations of the World Trade Organization to make substantial progress in all areas under the single undertaking, such as services, rules and trade facilitation, so as to ensure that the development concerns of developing countries are fully reflected in any outcome, consistent with the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

14. *Reiterates its call for* accelerating work on the trade-related aspects of the World Intellectual Property Organization development agenda, as well as the development-related mandate concerning the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS Agreement) in the Doha Ministerial Declaration, especially the examination of the relationship between the TRIPS Agreement and the Convention on Biological Diversity, the protection of traditional knowledge and folklore and the issues related to the full implementation of the Doha Declaration on the TRIPS Agreement and Public Health, affecting developing countries, including the least developed countries, especially those issues arising from HIV/AIDS, tuberculosis, malaria and other diseases;

15. *Reaffirms* the commitments made at the Fourth Ministerial Conference of the World Trade Organization and at the Third United Nations Conference on the Least Developed Countries, in this regard calls upon developed countries that have not already done so to provide immediate predictable, duty-free and quota-free market access on a lasting basis to all products originating from all least developed countries, calls upon developing countries that are in a position to do so to extend duty-free and quota-free market access to exports of these countries, in this context reaffirms also the need to consider additional measures for progressive improvement in market access for least developed countries, and reaffirms further the need for members of the World Trade Organization to take additional measures to provide effective market access, both at the border and otherwise, including simplified and transparent rules of origin so as to facilitate exports from least developed countries;

16. *Also reaffirms* the commitment to actively pursue the work programme of the World Trade Organization with respect to addressing the trade-related issues and concerns affecting the fuller integration of small, vulnerable economies into the multilateral trading system in a manner commensurate with their special circumstances and in support of their efforts towards sustainable development, in accordance with paragraph 35 of the Doha Ministerial Declaration and paragraph 41 of the Hong Kong Ministerial Declaration;

17. *Expresses its deep concern* at the imposition of laws and other forms of coercive economic measures, including unilateral sanctions, against developing countries, which undermine international law and the rules of the World Trade Organization and also severely threaten freedom of trade and investment;

18. *Recognizes* the special problems and needs of the landlocked developing countries within a new global framework for transit transport cooperation for landlocked and transit developing countries, calls, in this regard, for the full and effective implementation of the Almaty Programme of Action, and stresses the need for the implemen-

tation of the São Paulo Consensus and of the Accra Accord by the relevant international organizations and donors in a multi-stakeholder approach;

19. *Reaffirms* that developing countries should play an increasing role in the formulation of, inter alia, safety, environmental and health standards, calls for the full and fair representation of developing countries in the relevant international standard-setting organizations, and in this regard also calls for additional financial resources and technical capacity-building to ensure the adequate participation of developing countries;

20. *Recognizes* that South-South trade should be strengthened, notes that enhanced market access between developing countries can play a positive role in stimulating South-South trade, and calls for acceleration of the work of the ongoing third round of negotiations (the São Paulo Round) on the Global System of Trade Preferences among Developing Countries;

21. *Calls for* facilitating the accession of all developing countries that apply for membership in the World Trade Organization, in particular the least developed countries, including countries emerging from conflict that are least developed countries, bearing in mind paragraph 21 of resolution 55/182 of 20 December 2000 and subsequent developments, and also calls for the effective and faithful application of the World Trade Organization guidelines on accession by the least developed countries;

22. *Emphasizes* the need for further work to foster greater coherence between the multilateral trading system and the international financial system, and invites the United Nations Conference on Trade and Development, in fulfilment of its mandate, to undertake the relevant policy analysis in those areas and to operationalize such work, including through its technical assistance activities;

23. *Takes note* of the holding of the second Global Review on Aid for Trade, on 6 and 7 July 2009, aimed at reviewing progress achieved and identifying additional measures needed to support developing and least developed countries in building their supply and export capacities, and stresses the urgent need to implement the aid-for-trade commitments, especially with regard to the mobilization of additional, non-conditional and predictable funding;

24. *Welcomes* the efforts made to operationalize the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries, aimed at promoting the export and supply capacities of the least developed countries, as well as the establishment of the Enhanced Integrated Framework Trust Fund, and urges development partners to increase their contributions, with a view to ensuring increased additional, non-conditional and predictable financial resources on a multi-year basis;

25. *Reiterates* the important role of the United Nations Conference on Trade and Development as the focal point within the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, and calls upon the international community to work towards the strengthening of the Conference in order to enable it to enhance its contribution in its three major pillars, namely, consensus-building, research and policy analysis and technical assistance, especially through increased core resources;

26. *Invites* the United Nations Conference on Trade and Development, in accordance with its mandate, to monitor and assess the evolution of the international trading system and of trends in international trade from a development perspective, and, in particular, to analyse issues of concern to developing countries, supporting them in building capacities to establish their own negotiating priorities and negotiate trade agreements, including under the Doha Work Programme;

27. *Urges* donors to provide the United Nations Conference on Trade and Development with the increased resources necessary to deliver effective and demand-driven assistance to developing countries, as well as to enhance their contributions to the trust funds of the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme;

28. *Requests* the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to submit to the General Assembly at its sixty-fifth session a report on the implementation of the present resolution and on developments in the multilateral trading system, including with regard to the implementation of the World Intellectual Property Organization development agenda, under the sub-item entitled "International trade and development" of the item entitled "Macroeconomic policy questions";

29. *Also requests* the Secretary-General to transmit the present resolution to the Director-General of the World Trade Organization for circulation as a document of the World Trade Organization.

#### RECORDED VOTE ON RESOLUTION 64/188:

*In favour:* Algeria, Angola, Antigua and Barbuda, Argentina, Armenia, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bhutan, Bolivia, Botswana, Brazil, Brunei Darussalam, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Central African Republic, Chad, Chile, China, Colombia, Comoros, Congo, Côte d'Ivoire, Cuba, Democratic People's Republic of Korea, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Ethiopia, Fiji, Gabon, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Micronesia, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Senegal, Singapore, Solomon Islands, Somalia, South Africa, Sri Lanka, Sudan, Suriname, Swaziland, Syrian Arab Republic, Tajikistan, Thailand, Timor-Leste, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkmenistan, Tuvalu, Uganda, United Arab Emirates, Uruguay, Uzbekistan, Venezuela, Viet Nam, Yemen, Zambia, Zimbabwe.

*Against:* Albania, Andorra, Australia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, Monaco, Montenegro, Netherlands, New Zealand,

Poland, Portugal, Romania, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, The former Yugoslav Republic of Macedonia, Ukraine, United Kingdom, United States.

*Abstaining:* Marshall Islands, Mexico, Norway, Palau, Republic of Korea, Russian Federation, Serbia, Turkey.

#### Coercive economic measures

Pursuant to General Assembly resolution 62/183 [YUN 2007, p. 840], the Secretary-General submitted a July report [A/64/179] on unilateral economic measures as a means of political and economic coercion against developing countries. The report summarized replies received from four Member States (Belarus, Burkina Faso, Iran, Jamaica), expressing disagreement with the imposition of such measures, and from three UN regional commissions reporting the continued application of such measures against five Member States: Cuba, the Democratic People's Republic of Korea, Myanmar, the Sudan and the Syrian Arab Republic, as well as against the Occupied Palestinian Territory.

#### GENERAL ASSEMBLY ACTION

On 21 December [meeting 66], the General Assembly, on the recommendation of the Second Committee [A/64/418/Add.1], adopted **resolution 64/189** by recorded vote (124-3-51) [agenda item 51 (a)].

#### Unilateral economic measures as a means of political and economic coercion against developing countries

*The General Assembly,*

*Recalling* the relevant principles set forth in the Charter of the United Nations,

*Reaffirming* the Declaration on Principles of International Law concerning Friendly Relations and Cooperation among States in accordance with the Charter of the United Nations, which states, inter alia, that no State may use or encourage the use of unilateral economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights,

*Bearing in mind* the general principles governing the international trading system and trade policies for development contained in relevant resolutions, rules and provisions of the United Nations and the World Trade Organization,

*Recalling* its resolutions 44/215 of 22 December 1989, 46/210 of 20 December 1991, 48/168 of 21 December 1993, 50/96 of 20 December 1995, 52/181 of 18 December 1997, 54/200 of 22 December 1999, 56/179 of 21 December 2001, 58/198 of 23 December 2003, 60/185 of 22 December 2005 and 62/183 of 19 December 2007,

*Gravely concerned* that the use of unilateral coercive economic measures adversely affects the economy and development efforts of developing countries in particular and has a general negative impact on international economic cooperation and on worldwide efforts to move towards a non-discriminatory and open multilateral trading system,

*Recognizing* that such measures constitute a flagrant violation of the principles of international law as set forth in the Charter, as well as the basic principles of the multilateral trading system,

1. *Takes note* of the report of the Secretary-General;
2. *Urges* the international community to adopt urgent and effective measures to eliminate the use of unilateral coercive economic measures against developing countries that are not authorized by relevant organs of the United Nations or are inconsistent with the principles of international law as set forth in the Charter of the United Nations and that contravene the basic principles of the multilateral trading system;
3. *Calls upon* the international community to condemn and reject the imposition of the use of such measures as a means of political and economic coercion against developing countries;
4. *Requests* the Secretary-General to continue to monitor the imposition of measures of this nature and to study the impact of such measures on the affected countries, including the impact on trade and development;
5. *Also requests* the Secretary-General to submit to the General Assembly at its sixty-sixth session a report on the implementation of the present resolution.

#### RECORDED VOTE ON RESOLUTION 64/189:

*In favour:* Afghanistan, Algeria, Angola, Antigua and Barbuda, Argentina, Armenia, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bhutan, Bolivia, Botswana, Brazil, Brunei Darussalam, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Central African Republic, Chad, Chile, China, Colombia, Comoros, Congo, Costa Rica, Côte d'Ivoire, Cuba, Democratic People's Republic of Korea, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Ethiopia, Fiji, Gabon, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Mexico, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Russian Federation, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Senegal, Singapore, Solomon Islands, Somalia, South Africa, Sri Lanka, Sudan, Suriname, Swaziland, Syrian Arab Republic, Tajikistan, Thailand, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkmenistan, Tuvalu, United Arab Emirates, United Republic of Tanzania, Uruguay, Uzbekistan, Venezuela, Viet Nam, Yemen, Zambia, Zimbabwe.

*Against:* Israel, Uganda, United States.

*Abstaining:* Albania, Andorra, Australia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Marshall Islands, Moldova, Monaco, Montenegro, Netherlands, New Zealand, Norway, Palau, Poland, Portugal, Republic of Korea, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, The former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom.

## Trade policy

### Trade and development

The Trade and Development Commission, established by the twelfth UNCTAD session (UNCTAD

XII) [YUN 2008, p. 1044], at its first session (Geneva, 11–15 May) [TD/B/C.I/5], had before it reports on energy-related issues from the trade and development perspective [TD/B/C.I/2]; progress reports on the implementation of the provisions of the 2008 Accra Accord [YUN 2008, p. 1042], adopted by UNCTAD XII [ibid., p. 1041], related to key trade and development issues [TD/B/C.I/3] and commodities [TD/B/C.I/4]; and the global economic crisis: implications for trade and development [TD/B/C.I/CRP.1]. It also considered reports of the multi-year expert meetings on transport and trade facilitation [TD/B/C.I/MEM.1/3]; commodities and development [TD/B/C.I/MEM.2/5]; services, development and trade: the regulatory and institutional dimension [TD/B/C.I/MEM.3/3 & Corr.1]; and international cooperation: South-South cooperation and regional integration [TD/B/C.II/MEM.2/3]. Other documents before the Commission included the report of the Intergovernmental Group of Experts on Competition Law and Policy [TD/B/C.I/CLP/6], and reports of the single-year expert meetings on mainstreaming gender in trade policy [TD/B/C.I/EM.2/4] and on trade and climate change: trade and investment opportunities and challenges under the Clean Development Mechanism [TD/B/C.I/EM.1/3].

The UNCTAD Secretary-General, addressing the session, stated that the economic and financial crisis was being transmitted to developing countries through mutually reinforcing declines in exports of goods, services and commodities, and declines in commodity prices, remittances, investments and the availability of finance. That necessitated serious reflection on the process of globalization, the extent of developing countries' dependence on external sources of growth, the potential of domestic demand, resistance against protectionist trends, enhanced trade financing, reinforced South-South trade and cooperation, and more comprehensive development partnerships. Regarding the trade and development aspects of energy, the challenge was to make energy affordable and sustainable in a context of dramatic price fluctuations exacerbated by speculation, inadequate access to energy by many people in developing countries, investment needs, declining fossil fuel reserves, climate change challenges, and the financial and economic crisis. Economic stimulus should prioritize energy-related investment and trade, as well as the greater use of renewable energy. Delegates requested UNCTAD to further analyse the global crisis and help countries to take measures to mitigate its impact and increase development, provide assistance to UNCTAD member States on development issues in trade negotiations, and continue to provide a platform for dialogue and exchange of experiences and best practices.

In agreed conclusions, the Commission took note of the UNCTAD report on the global economic crisis:

implications for trade and development [TD/B/C.I/CRP.1]. It requested UNCTAD to continue its analytical work on the impact of the global economic crisis on trade and development, especially on developing countries, and to periodically report its findings to member States. UNCTAD was asked to help countries to assess the trade and development impact of the global crisis on their economies, consider policy options and strategies for mitigation measures, build resilience, and engender sustainable development processes that promoted the achievement of internationally agreed development goals, including the MDGs.

TDB, at its forty-seventh executive session [A/64/15 (Part III)], took note of the Commission's report and endorsed the agreed conclusions contained therein.

### Development strategies in a globalized world

In September [A/64/15 (Part IV)], TDB discussed development strategies in a globalized world: meeting the development challenges of climate change. Delegations based their discussion on the chapter of the *Trade and Development Report, 2009* on the compatibility of development and poverty reduction strategies with the imperative of climate change mitigation. They noted that many countries that had contributed least to climate change, especially many LDCs and small island developing States, were among those hardest hit by its effects. Climate change mitigation was considered to be one of several major challenges for developing countries, and it was felt that mitigation measures could not come at the expense of economic growth and poverty reduction. Delegations welcomed the balanced assessment of the microeconomic and macroeconomic costs of climate change mitigation put forward by UNCTAD and its emphasis on mitigation as a process of structural change. It was widely recognized that in order for development and poverty reduction strategies to be sustainable, they would need to include climate change mitigation and adaptation efforts. Delegations stressed that all countries would need to intensify their efforts to reduce greenhouse gas emissions. Developed countries had the ethical responsibilities, as well as the technological and financial capabilities, to lead mitigation efforts. There was wide consensus that technology and knowledge transfers to developing countries were necessary to facilitate a shift towards renewable sources of energy, the introduction of greener methods of production, and the development of green technologies and goods. Delegations requested UNCTAD to consider the issue of climate change in its work on productive capacities, trade, investment and technology, as well as its work on South-South cooperation and development strategies.

### Trade promotion and facilitation

In 2009, UN bodies continued to assist developing countries and transition economies in promoting their exports and facilitating their integration into the multilateral trading system. The main originator of technical cooperation projects in that area was the International Trade Centre, under the joint sponsorship of UNCTAD and WTO.

### International Trade Centre

According to its Annual Report 2009 [ITC/AG(XLIV)/233 & Add.1], the UNCTAD/WTO International Trade Centre (ITC), increased its delivery of technical assistance by nearly 7 per cent to \$31.5 million, from \$29.4 million in 2008. The largest portion of programme funds was spent in Africa (47 per cent), followed by Asia and the Pacific (14 per cent), Latin America and the Caribbean (8 per cent), the Arab States (5 per cent), and Europe and the Commonwealth of Independent States (5 per cent). The remainder (21 per cent) was spent on global projects. The share of the technical cooperation expenditure for LDCs rose to 48 per cent.

During the year, ITC conducted the 2009 Client Survey which allowed it to gain better understanding of the impact of its products and services. It set up a dedicated unit to manage the process of scaling up for large programmes including the Netherlands Trust Fund. It also implemented the recommendations related to project-cycle management, ensuring synergies in project design across ITC and an increased ability for robust reporting. In addition, it held the first ever conference for women in the coffee sector in Africa, bringing together international and regional trade support institutions to increase opportunities for African women in coffee production. It continued to provide clients with monthly trade data to improve their knowledge of international markets. ITC also held 297 workshops and training sessions, with a combined total of 9,991 participants, of whom 3,149 were women, and conducted 172 operational projects. On programme delivery response, ITC updated its 2009–2012 Strategic Plan [YUN 2008, p. 1055]. Delivery of multi-year projects progressed unevenly, as ITC sought to improve product design. Work was due to start in 11 countries and three regions in the Programme for Building African Capacity for Trade, the Enhancing Arab Capacity for Trade and the Netherlands Trust Fund II programmes. Some of the new programmes, however, did not make as much progress in 2009 as planned, and some activities and expenditures had to be rescheduled for 2010. Particular attention was paid to clarifying and defining ITC partnerships with UNCTAD and WTO.



*Joint Advisory Group*

**UNCTAD consideration.** At its fifty-sixth session (Geneva, 14–25 September and 12 October) [A/64/15 (Part IV)], TDB took note of the ITC Joint Advisory Group (JAG) report on its forty-second session [YUN 2008, p. 1056].

**JAG session.** JAG, at its forty-third session (14–15 December) [ITC/AG(XLIII)/232], considered the annual report on ITC activities in 2008 [YUN 2008, p. 1055] and the preliminary report [ITC/AG(XLIII)/230] on 2009 activities; the consolidated programme document for 2010 [ITC/AG(XLIII)/229]; and the ITC strategic plan 2010–2013 [ITC/AG(XLIII)/228]. Statements were made by the WTO Director-General, the UNCTAD Deputy Secretary-General and the ITC Executive Director. Delegates emphasized the need for ITC to focus on its areas of comparative advantage, in particular working to build the capacity of small and medium-sized enterprises to integrate into the world trading system, and to enhance the performance of the trade support institutions that existed to support them. Regarding efforts to achieve the MDGs [YUN 2000, p. 51], delegates noted the importance of incorporating climate change, which would likely affect the poorest countries disproportionately, into ITC programmes, along with other environmental issues. Concern was expressed by some delegations that certain regions appeared to be receiving less support from ITC than was needed, and ITC was urged to develop larger programmes in those countries and regions.

The Consolidated Programme Document 2010 focused on providing clear description of ITC plans by region and area of work; described the links between ITC work and the MDGs; and provided greater detail on planned achievements and outcomes, sources of funding, and the intended uses of extrabudgetary funds. Delegates noted that poverty reduction was the overarching objective underpinning all ITC export and trade support work, and called for ITC to develop clearer indicators to measure the impact of trade and export programmes on poverty. Concern was expressed that a large part of extrabudgetary funding, which was projected to cover 55 per cent of ITC delivery in 2010, was hard earmarked. Delegates questioned how ITC would maintain its focus on strategic objectives given the level of reliance on extrabudgetary funds and donor earmarking, and expressed concern that increasing demands on the organization could make it less effective.

The Acting Deputy Executive Director stated that key elements of the Strategic Plan 2010–2013 included greater prominence given to the Aid for Trade programme [YUN 2005, p. 1043], including support to countries seeking WTO accession; taking

into account the current global challenges; intensified collaboration with partner agencies; the improvement of quality assurance processes; and the shift in the ITC portfolio to domination by a number of multi-year programmes. Several delegations felt that while progress had been made, more needed to be done to align the Plan with results-based management approaches, and there were several requests for the establishment of clear baselines to facilitate performance measurements. There was also a need for greater clarity in articulating and defining objectives at various levels and the links between them. There were calls to strengthen analytical work to demonstrate the links between ITC projects and programmes and the MDGs, particularly between trade and poverty reduction. Delegates urged ITC to engage in comprehensive feasibility studies involving local expertise before engaging in projects and programmes. The ITC Executive Director, in her response to the issues raised during the meeting, said that prioritization between programmes and projects in the event of limited financial resources would be done in line with the priorities set out in the Strategic Plan, and that it was vital to maintain a balance between achieving impact and spreading services too thinly.

Pledges of trust fund contributions to ITC were announced by Canada, China, Finland, Germany, the Netherlands, New Zealand, Norway, Romania, Sweden, Switzerland and the United Kingdom.

*ITC administrative and budgetary arrangements*

In accordance with arrangements approved by the General Assembly in resolution 59/276 [YUN 2004, p. 1383], the Secretary General, in March [A/64/6 (Sect. 13)], submitted preliminary budget estimates for ITC for the 2010–2011 biennium. Requirements, expressed in Swiss francs (SwF) at 2008–2009 rates, were estimated at SwF 74,473,700. Since SwF 700,000 from various sources would be available to ITC during the biennium, the contribution of each organization (United Nations and WTO) was estimated at SwF 36,886,850 at 2008–2009 rates for the 2010–2011 biennium.

In October [A/64/6 (Sect. 13)/Add.1], the Secretary-General submitted revised budget estimates. The contribution of each organization was estimated at SwF 37,557,600, or \$31,298,000.

In November [A/64/7/Add.10], ACABQ recommended that the Assembly approve the revised proposals, subject to the recommendations outlined by the Committee.

The Assembly, in section I of **resolution 64/245** of 24 December (see p. 1406), approved an amount of \$29,459,792 for the 2010–2011 biennium.

### Investment, enterprise and development

The Investment, Enterprise and Development Commission, established by UNCTAD XII [YUN 2008, p. 1044], at its first session (Geneva, 4–8 May) [TD/B/C.II/5], considered the report on releasing the productive capacities and boosting enterprise development through improved transparency, simplification and automation of administrative procedures [TD/B/C.II/2]; UNCTAD secretariat note on exchange of experiences: investment policy reviews, lessons learned and best practices [TD/B/C.II/3]; and the progress report on the implementation of the provisions of the 2008 Accra Accord [YUN 2008, p. 1042] related to the areas of work covered by the Commission [TD/B/C.II/4]. Also before the Commission were reports of the multi-year expert meetings on enterprise development policies and capacity-building in science, technology and innovation [TD/B/C.II/MEM.1/4 & Corr.1]; international cooperation: South-South Cooperation and Regional Integration [TD/B/C.II/MEM.2/3]; and investment for development [TD/B/C.II/MEM.3/3], as well as the report of the Intergovernmental Working Group of Experts on of the International Standards of Accounting and Reporting [TD/B/C.II/ISAR/51, Corr.1 & Corr.2] [YUN 2008, p. 1093].

In agreed conclusions, the Commission expressed its concern about the impact of the global economic crisis on foreign direct investment (FDI) flows, the drastic decline of which threatened to erode development gains. It requested UNCTAD to continue strengthening its analytical research on FDI and its development implications and encouraged UNCTAD to further strengthen its research and analysis in the area of science, technology and innovation, in response to the Accra Accord. UNCTAD was also asked to assist in collecting quality data on FDI and transnational corporation activities, and the Commission called on development partners to support UNCTAD technical cooperation in that regard. The Commission called on UNCTAD to continue its role as the UN focal point for international investment agreements and to support the African Insurance Organization to strengthen the African insurance sector through advisory services and capacity-building. The Commission noted UNCTAD assistance to help countries boost administrative efficiency through e-government practices, in accordance with the Accra Accord; and requested UNCTAD to extend its support to more countries, reinforce its analytical work towards identifying relevant good practices and policies, and facilitate sharing them among UNCTAD member States.

The Commission took note of the reports of the multi-year expert meetings and requested the UNCTAD Secretary-General to ensure the greatest possible dissemination of the outcomes of the meetings, in particular to government policymakers. It encour-

aged the secretariat to follow up on issues identified by the expert meetings and requested UNCTAD to take into account the different needs and circumstances of countries according to the Accra Accord when implementing the Commission's conclusions. UNCTAD was asked to continue to analyse trends in international investment agreements and international investment law, and provide research and policy analysis on key and emerging issues, development implications and the impact of technical assistance and capacity-building in that area, in accordance with the Accra Accord. The Commission endorsed the conduct of voluntary peer reviews on enterprise development policies and innovation. Regarding single-year expert meetings, the Commission encouraged UNCTAD to enhance its support to sustainable development and consider climate change in its ongoing work of assisting developing countries with trade- and investment-related issues in development strategies, taking into consideration the 1992 United Nations Framework Convention on Climate Change [YUN 1992, p. 681].

TDB, at its forty-seventh executive session (Geneva, 30 June) [A/64/15 (Part III)], took note of the Commission's report and endorsed the agreed conclusions contained therein.

### Commodities

The joint UNCTAD/DESA report *World Economic Situation and Prospects 2010* [Sales No. E.10.II.C.2] stated that commodity prices reached a historic peak in mid-2008 but fell sharply as a consequence of the global economic and financial crisis. Non-oil commodity prices rebounded from the second quarter of 2009, rising 20 per cent in the composite index between April and August 2009. The price index of minerals, ores and metals rose by 38 per cent between March and August 2009, but was weaker in the case of food and tropical beverages, which showed world price increases of 11 and 15 per cent, respectively.

In early January, Brent crude oil prices rose to almost \$50 per barrel (pb) and subsequently fluctuated between \$40 pb and \$50 pb until the second half of March, when prices moved beyond the \$50 pb mark with the announcement of stimulus measures by individual Governments and central banks. The crude oil price peaked at \$71.55 pb in mid-June but fell back to about \$59 pb in the first half of July. From August through October, however, the offsetting effects of greater optimism and continued high inventories appeared to keep crude oil prices at about \$70 pb.

**UNCTAD report.** In response to General Assembly resolution 63/207 [YUN 2008, p. 1059], the Secretary-General transmitted to the Assembly in July [A/64/184] a UNCTAD secretariat report on world

commodity trends and prospects. The report discussed the recent boom and downturn in the commodity markets; the volatility of commodity markets and prices; and implications of the financial crisis for commodity trade and finance, and for commodity exporting and importing countries. The report stated that in 2009 commodity prices stabilized and started slowly to recover after reaching their trough at the beginning of the year. However, many developing countries, including commodity exporters and importers, would probably not be able to achieve the MDGs [YUN 2000, p. 51] by 2015 due to the volatile international economic environment. UNCTAD negotiations in the twentieth century aimed at introducing more stability to commodity markets through internationally managed commodity buffer stocks did not succeed, and commodity risk management techniques at the micro level, including futures trading, also failed to resolve the problems of instability and sometimes even aggravated them.

National and international strategies to develop both the agricultural and minerals sectors needed to be complementary and mutually supportive. Increasing food production in poor countries, particularly in Africa, by raising agricultural productivity, should be considered a priority. It was important to improve the functioning of national and regional food markets in order to encourage increased and diversified production by small farmers. Measures to remedy the situation should include improving access to credit based on secure titles to land, as well as the creation of local and national markets. It was also important that the role of farmers' cooperatives be reinforced so that small and isolated farmers could be more efficient in buying inputs, accessing finance and investing. Selective government support, in the framework of sound national lands and strategies, could facilitate the conditions for agricultural development. Support measures could include direct financing by agricultural development banks, the creation of research and development centres to work closely with cooperatives, and the establishment of experimental agricultural production centres that encouraged diversification and value addition.

For the extractive industries, key policy issues included more efficient and transparent revenue management and fair conditions surrounding investments. Countries with strong public-sector companies in the oil and other mineral sectors should help those companies acquire the modern technologies and skills needed to effectively manage the extractive industries. Countries that were more reliant on foreign investment should help their companies attain fair conditions of cooperation with transnational corporations, which would entail technology transfers and training of local staff. The international community should support fully the twin objective of making extractive

industries profitable and an engine for development and diversification.

Low-income developing countries that were net importers of food and other commodities needed to receive continuous support from international financial institutions and the development community at large to meet their basic commodity needs without compromising their socio-economic development programmes. The reinforcement of the UNCTAD mandate on commodities, as stipulated in the Accra Accord [YUN 2008, p. 1057], held the possibility of bringing together all key stakeholders of the commodity economy, thus allowing ideas agreed upon at high-level, multi-stakeholder meetings to feed into an intergovernmental process and national and regional commodity policies. Improving on policies and adopting transparent and equitable rules should permit the commodity sector to become an engine for development and a key instrument for poverty reduction. For the more than 90 countries that depended on primary commodities for the majority of their exports, better policy and institutional frameworks and public-private partnerships would eventually permit better integration in commodity supply chains, improved possibilities for the diversification of their economies and, hence, better prospects for their social and economic development.

In conclusion, the report stated, it was essential that the collective response to the crisis included policies that would address longer-term structural issues of the commodity economy and integrate commodity policies into wider development and poverty reduction strategies. The international community, including UNCTAD, could contribute to that end by making renewed efforts to build consensus. To reinforce such a process, UNCTAD was initiating a series of multi-stakeholder commodity forums and high-level consultations, thereby laying the ground for more consensual approaches.

#### GENERAL ASSEMBLY ACTION

On 21 December [meeting 66], the General Assembly, on the recommendation of the Second Committee [A/64/418/Add.4], adopted **resolution 64/192** without vote [agenda item 51 (d)].

#### Commodities

*The General Assembly,*

*Recalling* its resolutions 59/224 of 22 December 2004, 61/190 of 20 December 2006 and 63/207 of 19 December 2008 on commodities,

*Recalling also* the United Nations Millennium Declaration adopted by Heads of State and Government on 8 September 2000, the 2005 World Summit Outcome adopted on 16 September 2005 and its resolution 60/265 of 30 June 2006 on the follow-up to the development outcome of the

2005 World Summit, including the Millennium Development Goals and the other internationally agreed development goals,

*Recalling further* the International Conference on Financing for Development and its outcome,

*Recalling* the Plan of Implementation of the World Summit on Sustainable Development (“Johannesburg Plan of Implementation”),

*Recalling also* the Programme of Action for the Least Developed Countries for the Decade 2001–2010 and the outcome of the high-level meeting of the sixty-first session of the General Assembly on the midterm comprehensive global review of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001–2010, held in New York on 18 and 19 September 2006, and taking note of *The Least Developed Countries Report, 2009: The State and Development Governance*,

*Taking note* of the Arusha Declaration and Plan of Action on African Commodities adopted at the African Union Conference of Ministers of Trade on Commodities, held in Arusha, United Republic of Tanzania, from 21 to 23 November 2005, and endorsed by the Executive Council of the African Union at its eighth ordinary session, held in Khartoum from 16 to 21 January 2006,

*Taking note also* of the targets set out in the Rome Declaration on World Food Security and the World Food Summit Plan of Action and the Declaration of the World Food Summit: five years later, which reaffirms the pledge to end hunger and poverty,

*Welcoming* the World Summit on Food Security, held in Rome from 16 to 18 November 2009, and its decision to create a Global Partnership for Agriculture, Food Security and Nutrition, the High-level Conference on World Food Security: the Challenges of Climate Change and Bioenergy, held in Rome from 3 to 5 June 2008, and the Summits of the Group of Eight held in Hokkaido, Japan, from 7 to 9 July 2008 and in L'Aquila, Italy, from 8 to 10 July 2009,

*Taking note* of the outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008,

*Taking note also* of the Political Declaration of the High-level Meeting on Africa's Development Needs, held in New York on 22 September 2008,

*Taking note further* of the Accra Accord, adopted by the United Nations Conference on Trade and Development at its twelfth session, containing far-reaching recommendations on commodity issues, and of further decisions and agreed conclusions on commodities adopted by the Trade and Development Board and its subsidiary bodies in 2008 and 2009,

*Recognizing* that many developing countries continue to be highly dependent on primary commodities as their principal source of export revenues, employment, income generation and domestic savings, and as the driving force of investment, economic growth and social development, including poverty eradication,

*Deeply concerned* by recent episodes of commodity price booms and subsequent busts and by the fact that many commodity-dependent developing countries and economies in transition continue to be highly vulnerable to price fluctuations, and recognizing the need to improve the regu-

lation, functioning, and transparency of financial and commodity markets in order to address excessive commodity price volatility,

*Recognizing* that the present crisis has reinforced the need to comprehensively deal with the commodity problematique, while taking due account of the diversity of each country's individual situation and needs and the promotion of their sustainable development, and to strengthen the nexus between trade, food, finance, investment in sustainable agriculture, energy and industrialization,

*Taking note* of the United Nations Conference on Trade and Development *World Investment Report, 2009: Transnational Corporations, Agricultural Production and Development*,

*Taking note also* of the initiative on promoting responsible international investment in agriculture, which aims to develop relevant principles and an international framework,

*Recognizing* that the current economic crisis has impacted negatively on the commodity economy, as evidenced, inter alia, by the decline in demand for commodities, diminishing supply capacities owing to shrinking commodity revenues and postponement of investments, resulting in an economic slowdown in commodity-dependent economies,

*Noting* that the report on world commodity trends and prospects prepared by the secretariat of the United Nations Conference on Trade and Development shows that the recent sharp drop in commodity prices has been followed by a partial recovery in prices during the first months of 2009,

*Stressing* the importance of policies to address longer-term structural issues of the commodity economy and integrate commodity policies into wider development and poverty eradication strategies at all levels,

*Taking note* of all relevant voluntary initiatives aimed at improving transparency in commodity markets,

1. *Takes note* of the note by the Secretary-General transmitting the report on world commodity trends and prospects prepared by the secretariat of the United Nations Conference on Trade and Development;

2. *Underscores* the need for further efforts to address excessive commodity price volatility, in particular by assisting producers, especially small-scale producers, in managing risk;

3. *Emphasizes* the need for efforts by the developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and liberalization of the trade and export sectors and enhance competitiveness;

4. *Reaffirms* that each country has primary responsibility for its own economic and social development, and recognizes the importance of an effective enabling environment at the national and international levels;

5. *Calls for* a coherent set of policy actions at national, regional and international levels to address excessive price volatility and support commodity-dependent developing countries in mitigating negative impacts, in particular by facilitating value addition and enhancing their participation in commodity and related product value chains, by supporting large-scale diversification of these economies and by encouraging the use and further development of market-oriented risk management tools;

6. *Recognizes* the potential for innovation, productivity improvements and promotion of non-traditional exports in most commodity-dependent developing countries, particularly in Africa, and calls for enhanced support by the international community as well as exchanges of experience in these areas within the framework of South-South economic cooperation;
7. *Calls upon* the international community to work closely with commodity-dependent economies to identify trade-related policies and instruments as well as investment and financial policies as key elements of the development strategies of those economies;
8. *Underscores* the importance of increased investments in infrastructure as a means of promoting agricultural development and enhancing commodity diversification and trade, and urges the international community to assist commodity-dependent developing countries;
9. *Expresses concern* over the large-scale land acquisitions by, among others, transnational corporations in developing countries that incur risk to development efforts, stresses the importance of promoting responsible international investment in agriculture, and in this regard invites the United Nations Conference on Trade and Development, in cooperation with other relevant international organizations, to continue its research and analysis on this issue;
10. *Stresses* that technical assistance and capacity-building aimed at improving the commodity export competitiveness of producers is particularly important, especially in Africa, and invites the donor community to provide necessary resources for commodity-specific, financial and technical assistance, in particular for human and institutional capacity-building, as well as infrastructure development of developing countries, with a view to reducing their institutional bottlenecks and transaction costs and enhancing their commodity trade and development in accordance with national development plans;
11. *Also stresses* that the Aid for Trade Initiative should aim to help developing countries, particularly least developed countries, to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from World Trade Organization agreements and, more broadly, to expand their trade;
12. *Calls upon* the international community to take urgent measures for food security, including immediate and adequate provision of food grain in developing countries suffering from shortages, in particular least developed countries, while supporting the efforts of those countries to achieve longer-term food security and sustainable agricultural development, and notes, furthermore, that food aid should be provided in a manner that does not disrupt domestic markets and food production;
13. *Underlines* the important contribution of the commodities sector to rural development, in particular to providing rural employment and income, and to the efforts for achieving food security;
14. *Emphasizes* the importance of international measures and national strategies to improve the performance of the agricultural sector, including the functioning of markets and trading systems, to ensure a better supply-side response from producers, in particular, small farmers, in order to incentivize them to take the risks inherent in investing in increased and diversified production;
15. *Stresses* the importance of finding tools to best manage excessive price volatility, and requests the United Nations Conference on Trade and Development to carry out a study with a view to making specific recommendations on measures which could achieve more stability in commodity markets;
16. *Calls for* the conclusion of the Doha Development Round of trade negotiations of the World Trade Organization in 2010 with an ambitious, balanced and development-oriented outcome;
17. *Reaffirms its commitment* to meaningful trade liberalization and to ensure that trade plays its full part in promoting economic growth, employment and development for all;
18. *Emphasizes* that maximizing the benefits and minimizing the costs of international trade liberalization call for development-oriented and coherent policies at all levels;
19. *Recalls* the agreement to keep under regular review, by the Ministerial Conference and appropriate organs of the World Trade Organization, the impact of the results of the Uruguay Round on the least developed countries as well as on the net food-importing developing countries, with a view to fostering positive measures to enable them to achieve their development objectives, and in this regard calls for the implementation of the Marrakech Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries;
20. *Welcomes* the actions taken by some individual countries since the International Conference on Financing for Development in Monterrey, Mexico, towards the goal of full duty-free and quota-free market access for all least developed countries, and calls upon other developed and developing countries, declaring themselves in a position to do so, to take steps towards this objective;
21. *Calls upon* international financial institutions and development banks to assist commodity-dependent developing countries in managing the effects of price volatility, and in this regard invites those countries to continue to implement effective economic and fiscal measures;
22. *Reaffirms* that every State has and shall freely exercise full permanent sovereignty over all its wealth, natural resources and economic activities;
23. *Recognizes* the importance of increasing efficiency and effectiveness in the management of public and private sectors revenues in developed and developing countries derived from all commodities and commodities-related industries, including final processed goods, in support of development;
24. *Recognizes* the important contributions of the Common Fund for Commodities and other international commodities organizations, and encourages them, in cooperation with the International Trade Centre UNCTAD/WTO, the United Nations Conference on Trade and Development and other relevant bodies, to continue to strengthen and study ways to establish greater stability in the commodities market as well as to enhance activities in developing countries to improve access to markets and reliability of supply, enhancing diversification and addition of value, improving the competitiveness of commodities, strengthening the market chain, improving market structures, broadening the export base and ensuring the effective participation of all stakeholders;

25. *Stresses* that the United Nations Conference on Trade and Development and its partners, in the spirit of inter-agency cooperation and multi-stakeholder partnerships and within their respective mandates, should continue to engage actively in collaborative research and analysis of the commodity problematic and related capacity and consensus-building activities with a view to providing regular analysis and policy advice relevant to the sustainable development of commodity-dependent developing countries, particularly low-income countries;

26. *Underscores* the urgent need for the provision of, and access to, trade finance to commodity-dependent developing countries, given the tightened access to all types of credit and noting debt sustainability;

27. *Stresses* the importance of the continuing substantive consideration of the sub-item entitled “Commodities”, and decides to include the sub-item in the provisional agenda of its sixty-sixth session, under the item entitled “Macroeconomic policy questions”;

28. *Requests* the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to submit to the General Assembly at its sixty-sixth session a report on the implementation of the present resolution with recommendations and on world commodity trends and prospects, including on the causes of the excessive commodity price volatility.

### Individual commodities

**Cocoa.** As at 31 December, there were 11 signatories and 18 parties to the International Cocoa Agreement, 2001 [YUN 2001, p. 880]. Nicaragua became a party during the year.

**Sugar.** As at 31 December, the International Sugar Agreement, 1992 [YUN 1992, p. 625] had 22 signatories and 60 parties. Argentina and Morocco became parties during the year.

**Timber.** As at 31 December, there were 50 signatories and 41 parties to the International Tropical Timber Agreement, 2006 [YUN 2006, p. 1124]. During the year, Austria, Cambodia, Canada, Estonia, Germany, Ireland, Luxembourg, Mali and Slovakia signed the Agreement, and 23 States became parties.

### Common Fund for Commodities

The 1980 Agreement establishing the Common Fund for Commodities [YUN 1980, p. 621], a mechanism intended to stabilize the commodities market by helping to finance buffer stocks of specific commodities, as well as commodity development activities such as research and marketing, entered into force in 1989, and the Fund became operational later that year. As at 31 December, the Agreement had 115 signatories and 117 parties. During the year, the Economic Community of West African States, the Eurasian Economic Community and the West African Economic and Monetary Union became parties.

## Finance

On 21 December (**decision 64/540**), the Assembly took note of the report of the Second Committee [A/64/418] on its discussion of macroeconomic policy questions, including those related to the international financial system and development, and external debt and development.

### Financial policy

The *World Economic Situation and Prospects 2010* [Sales No. E.10.II.C.2] stated that, since the intensification of the financial crisis that began in 2008 [YUN 2008, p. 1102], Governments had made available massive public funding to recapitalize banks, taking partial or full ownership of ailing financial institutions and providing guarantees on bank deposits and other financial assets. Publicly guaranteed funding for financial sector rescue operations worldwide was estimated at about \$20 trillion, or some 30 per cent of world gross product. Monetary and fiscal policy stances were strongly counter-cyclical in most major economies. The policies helped stabilize global financial markets, support global effective demand and alleviate the economic and social impact of the crisis, but were not sufficient to induce a self-sustained recovery process. Financial weaknesses needed to be addressed and many developing countries were not able to implement significant counter-cyclical policies on their own. Policy responses were concerted to some extent among major economies, in particular at the level of the Group of 20 (G20) nations. At their 2009 summits (London, 2 April and Pittsburgh, Pennsylvania, United States, 24–25 September), leaders promised to continue the stimulus and other extraordinary measures as long as necessary; pledged to deliver on all aid and other international development commitments and fight off protectionist tendencies; and facilitated a significant increase in resources for countries with external financing problems. The G20 provided \$1.1 trillion for that purpose, including through tripling the resources available to the International Monetary Fund (IMF), facilitating additional lending by multilateral development banks and supporting trade finance.

The immediate challenge for policymakers was to determine how long the fiscal stimulus should continue, as a premature withdrawal of stimulus could result in a second recession.

Three forms of rebalancing of the global economy would have to take place over time to avoid a return to the unsustainable pattern of growth that led to the global crisis and avoid the risk of a second recession. First, pressure on Governments to hold up global de-

mand would need to diminish through private demand. Second, the composition of aggregate demand would need to rebalance to shift greater weight to investment in support of future productivity and the transformation of energy sectors and infrastructure required to address climate change. Third, demand across countries needed to be rebalanced. Additional financial transfers to developing countries with weak fiscal capacity would be needed to complete the rebalancing process. The transfers would enable those countries to increase domestic investment in infrastructure, food production and human development so as to support growth, poverty reduction and sustainable development. They would also encourage global import demand. A successful framework for international macroeconomic policy coordination should consist of at least four components: developing a consensus on common goals through international consultations with outside mediation; addressing commitment problems by issuing multi-year schedules for policy adjustments; enhancing the context for mediation and the perceived legitimacy of the mediator; and initiating systemic reforms in the field of international monetary and financial affairs. The success of the framework would depend on progress in the broad reforms of the international financial architecture and global economic governance.

The report stated that global economic governance should be strengthened on four fronts. First, multilateral surveillance by IMF would need to be extended beyond the emphasis on exchange rates to monitor the global economy's "sustainable rebalancing" process. Second, more pervasive progress on governance reform of IMF would be needed to add legitimacy to its enhanced role in that regard and for mediating multi-annual agreements. Third, verifiable targets for desired policy outcomes should be in place to help make parties accountable. Fourth, sustainable rebalancing of the global economy would require close coordination with other areas of global governance, including those related to development financing and the multilateral trading system, as well as with the 1992 United Nations Framework Convention on Climate Change [YUN 1992, p. 681]. The report concluded by calling for urgent progress in reforming the global financial system to prevent a similar crisis from occurring again.

**Communications.** On 8 April [A/63/872], Portugal, in its capacity as Co-Chair of the African Partnership Forum, transmitted to the Secretary-General key messages from the Forum to the London G20 Summit related to fiscal stimulus, trade, investment, strengthened international cooperation on tax and illicit financial flows, and systemic reform of the international system.

On 23 September [A/64/373], Portugal transmitted to the Secretary-General key messages from the

Forum to the Pittsburgh G20 Summit related to financial supervision and regulation, governance of international financial institutions, crisis mitigation and recovery, development resources, agriculture and food security, and global governance. The Forum called on the G20 for Africa's representation in global governance mechanisms and to maintain urgent action against the financial and economic crisis. Africa needed support from its partners to increase agricultural production in order to enhance food security for the attainment of the MDGs and sustainable growth.

### Financial flows

The *World Economic Situation and Prospects 2010* reported that developing countries were expected to continue to provide net financial resources to developed countries in 2009 at a level of \$568 billion, notably lower than the all-time high of \$891 billion reached in 2008. The forecast reduction reflected the tentative narrowing of the global imbalances as a consequence of the global economic and financial crisis. The crisis affected net financial transfers from developing countries in all regions in 2009. Western Asia experienced the strongest decline in net resource flows, driven in particular by lower oil prices. Latin America and the Caribbean experienced lower outward investment on a net basis as the value of their export earnings declined in line with the contraction of world trade in goods. East and South Asia were the only regions where, in the aggregate, negative net transfers increased moderately in 2009. Despite a narrowing of current-account surpluses, reserve accumulation resumed at a strong pace. Net transfers from countries with economies in transition decreased from \$153 billion in 2008 to \$90 billion in 2009, owing mainly to the economic downturn in the Russian Federation, where the sharp decline in commodity prices and the reduction in global demand for manufactured goods in the first half of 2009 required Government intervention in the form of counter-cyclical fiscal measures.

In developing countries, the drastic downward adjustment of export sectors was imposing severe and potentially long-lasting hardships on women and the poor. Significant declines in public sector revenues in developing countries as a consequence of the fall in exports were setting off fiscal deficits and new pressures to borrow, thus increasing the prospect of a resurgence of debt-servicing defaults later. Developing countries had been attracting high and growing levels of private capital flows since 2002, but that trend reversed sharply in the second half of 2008. All components of private capital flows registered significant declines, and all cross-border capital flows, including FDI, foreign equities, debt securities and cross-border lending, experienced a steep and simultaneous fall-

off. The sharp correction in cross-border lending was the biggest contributor to the contraction in capital flows, exerting severe funding pressures on developing countries.

Countries with large current-account deficits, and therefore the most dependent on foreign capital, were hardest hit by the substantial tightening of credit conditions in international markets, but even middle-income countries with current-account surplus positions were substantially affected, as a sell-off in assets triggered a marked depreciation of exchange rates in a large number of economies. The reversal continued through the first quarter of 2009, with net capital flows to developing countries shifting further downwards on an annualized basis. However, signs of stabilization had become noticeable since the second quarter in various parts of the financial market as a result of stimulus packages and other policy measures to recapitalize financial institutions.

### **Economic development in Africa**

#### *UNCTAD activities in favour of Africa*

The UNCTAD Trade and Development Board (TDB), at its forty-seventh executive session (Geneva, 30 June) [A/64/15 (Part III)], considered the UNCTAD secretariat report on activities undertaken in favour of Africa [TD/B/EX(47)/2], which provided an overview of research and analysis undertaken by UNCTAD with regard to Africa's development and summarized specific activities, including advisory services and technical cooperation. UNCTAD supported African development through activities that enhanced governments' policymaking capacities in trade, investment, trade-supporting infrastructure, human development and institution-building, in order to ensure more effective development governance. Initiatives included efforts to: strengthen trade-facilitation and negotiation capacities through trade technical assistance; diversify production of agricultural, oil and mineral commodities; enhance service-sector technological capacities in trade, transport and the Internet; offer operational and strategic debt management support; and provide capacity-building activities for investment, enterprise development and insurance.

Although UNCTAD contributed to a broad stream of national and international policy analysis, estimating the impact of such analysis could be complex. An evaluation process was being established to solicit feedback from research and policy initiatives to ensure that the quality and utility of the work served the needs of Africa. In the field of investment, it was clear that an increasing number of African Governments had adopted more effective and predictable incentives policies, as well as regulations for the promotion of FDI. A positive indicator was the continued

demand from African countries for a number of long-standing UNCTAD technical cooperation activities, including the Automated System for Customs Data, the Debt Management and Financial Analysis Management System, support to the negotiations of the Paris Club (a group of creditor countries), and other initiatives. There was also demand for expertise in attracting FDI and increasing investment development linkages, including in the area of investment policy reviews. Important steps were taken during the year to disseminate research findings at the country level through regional workshops and the elaboration of a policymaker's handbook.

In addition, TDB considered an April UNCTAD secretariat report [TD/B/EX(47)/3] on food security in Africa and lessons learned from the 2008 food crisis [YUN 2008, p. 1343]. The report stated that food security in many African countries remained a great concern months after the crisis. Prices of staple foods remained above their long-term averages, and over 300 million Africans continued to face chronic hunger. Ensuring food security in the region would require action to increase productivity, improve rural livelihoods and address international market imbalances. Measures to improve living and production conditions of rural populations included improving farmers' access to inputs and credit, increasing agricultural research and extension services, providing essential infrastructure, social safety nets, and protecting from short-term market fluctuations. International trade in commodities should be reviewed in order to prevent a small number of investors and buyers from having a disproportionate amount of influence on the price of staple foods while the producers had none. Concluding the agricultural aspects of the Doha round of trade negotiations was essential to improving market access for African agricultural producers. The report concluded that the food crisis demonstrated the vulnerability of African countries' food security, and that action was required to avoid a repeat of the crisis.

TDB took note of the reports on UNCTAD activities in favour of Africa and on lessons learned from the food crisis there.

#### *Strengthening regional economic integration for Africa's development*

TDB, at its fifty-sixth annual session (14–25 September and 12 October) [A/64/15 (Part IV)], considered economic development in Africa. It had before it the UNCTAD report entitled *Economic Development in Africa 2009—Strengthening Regional Economic Integration for Africa's Development* [Sales No. E.09.II.D.7], which focused on economic flows aspects of integration and included analysis of emerging issues including trade in services, investment, and migration



within regional integration arrangements. The report described the evolution of African regional integration efforts; analysed intraregional trade performance in goods, the direction and composition of Africa's trade flows as well as their determinants; examined the global significance and scope of FDI flows among African countries, the determinants, and the geographical and sectoral distribution of such flows; explored intraregional performance in two emerging areas of regional integration in Africa—trade in services and migration; and discussed hindrances to expanding intraregional cooperation and proposals to improve performance in those areas.

The report stated that the global financial crisis required the re-examination of current approaches to international development. It found that regional integration—when designed and implemented within a broader development strategy to promote economic diversification, structural changes and technological development—could help enhance the productive capacities of African economies, realize economies of scale, improve competitiveness and serve as a starting point for African economies' effective participation in the global economy.

On 23 September [agreed conclusions 497(LVI)], TDB acknowledged that Africa had made progress in integrating its economies over the previous 50 years and that the impetus for regional integration was now stronger than ever before, as evidenced by the constant efforts of the African Union to deepen the continent's integration agenda. However, it noted with concern that regional efforts had not generated the expected increase in intra-African trade, investment and labour mobility. The Board recognized that building and maintaining hard infrastructure—including roads, railways, ports and telecommunications—and soft infrastructure—such as improvements in the policy and regulatory environment and in customs and border procedures, as well as other trade facilitation measures—should be a priority in promoting regional economic integration. It reaffirmed that the free movement of persons across Africa was a central component of regional integration and urged regional bodies to put in place mechanisms that would ensure that labour mobility benefited both host and sending countries, in order to encourage all countries to implement existing provisions governing labour mobility, tailored to countries' specific contexts. TDB emphasized that integration could be most effectively achieved as part of a broader, long-term development strategy, and countries should commit to implementing all the provisions governing regional integration as appropriate, giving priority to dialogue at the regional level. It recognized the importance of South-South cooperation in contributing to regional cooperation, and the importance of all development partners supporting Africa's regional economic integration

agenda; and requested UNCTAD to conduct further work in that regard. UNCTAD was also requested to produce a report on the feasibility of creating a web-based network linking the various African regional economic communities and dedicated to promoting intraregional investment and trade; and was encouraged, within its mandate and as agreed in the 2008 Accra Accord [YUN 2008, p. 1042], to undertake insightful and critical analysis with respect to Africa and to widen the dissemination of its research findings.

### International financial system

**Report of Secretary-General.** In response to General Assembly resolution 63/205 [YUN 2008, p. 1069], the Secretary-General submitted a July report [A/64/178] on the international financial system and development, which complemented his reports on the follow-up to the outcome of the International Conference on Financing for Development and on the debt crisis and development. It reviewed recent trends in international official and private capital flows to developing countries and international policy challenges arising from the financial crisis, particularly the impact of the crisis on development financing. The report highlighted the challenges that needed to be addressed by the international community in reforming the financial system in light of the weaknesses exposed by the global financial crisis.

The report stated that developing countries continued to make substantial net outward transfers of financial resources to developed countries in 2009. The structure of flows indicated that, for the most part, a disorderly unwinding of accumulated global imbalances was under way. Private capital to developing countries dropped sharply in the wake of the global financial crisis; at the same time, external financing costs rose sharply for developing countries. Total net official development assistance (ODA) from Development Assistance Committee members rose in 2008 by 10.2 per cent in real terms \$119.8 billion, reaching the highest dollar figure ever recorded, and reached 0.30 per cent of the combined gross national income of donors. However, the financial crisis might lead to decreased aid volumes and undo some of the progress made towards achieving the MDGs.

The Secretary-General outlined five key areas in which progress was urgently needed: international financial regulation, multilateral surveillance, IMF lending and resources, the international system of payments and reserves and governance reforms in the Bretton Woods institutions. He stated that the global financial crisis demonstrated the necessity of introducing an international regulatory system of the globalized financial system with sufficient transparency for investors and regulators. The G20 countries stated

their shared intention to reshape regulatory systems in their Declaration on Strengthening the Financial System adopted in London on 2 April.

Since the onset of the crisis, IMF had been providing large-scale financing to countries experiencing a reduction in the availability of external funding. As at May 2009, IMF lending commitments had reached a record level of \$157 billion, including a sharp increase in concessional lending to low-income countries. In March, the Flexible Credit Line, a crisis-prevention instrument, was established. The special high-level meeting of the Economic and Social Council with the Bretton Woods institutions (the World Bank Group and IMF), WTO and UNCTAD (New York, 27 April) (see p. 940), reached a consensus that there was a need for effective macroeconomic coordination mechanisms that were representative of all countries' interests and that could exercise strong policy leadership. The G20 called on IMF to complete, by January 2011, the next review of quotas, including further improvement of representation for emerging and developing countries.

The report concluded that in a financially integrated world, the enduring success of regulatory reforms depended in large part on significantly enhanced international cooperation, coordination and communication among regulators. The financial crisis underscored the need to redress the deficiencies of surveillance over mature financial markets and advanced economies and to better integrate macroeconomic and financial sector surveillance. It was necessary to build an effective framework for enhanced multilateral macroeconomic and financial policy coordination against the backdrop of planned governance reform in the international financial institutions. There was room for further innovation in how official liquidity was deployed, despite recent positive changes in multilateral lending facilities. In the medium term, it was important that the quota mechanism be restored as the primary basis of expanded IMF lending. The international community should seize the opportunity to start working on the creation of a new, more stable and equitable international monetary and financial system.

#### GENERAL ASSEMBLY ACTION

On 21 December [meeting 66], the General Assembly, on the recommendation of the Second Committee [A/64/418/Add.2], adopted **resolution 64/190** without vote [agenda item 51 (b)].

#### International financial system and development

*The General Assembly,*

*Recalling* its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled "Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development,

especially in developing countries, and to the promotion of economic and social equity", as well as its resolutions 57/241 of 20 December 2002, 58/202 of 23 December 2003, 59/222 of 22 December 2004, 60/186 of 22 December 2005, 61/187 of 20 December 2006, 62/185 of 19 December 2007 and 63/205 of 19 December 2008,

*Recalling also* the United Nations Millennium Declaration and its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development, and the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),

*Recalling further* the 2005 World Summit Outcome,

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

*Recalling also* the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008,

*Recalling further* the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome,

*Expressing deep concern* over the adverse impact of the current world financial and economic crisis on development, which not only highlighted long-standing systemic fragilities and imbalances, but has also led to an intensification of efforts to reform and strengthen the international financial system and architecture,

*Recognizing* the substantive discussions held and the efforts made at the national, regional and international levels in response to the world financial and economic crisis,

*Taking note* of the decisions taken at the 2009 annual meetings of the International Monetary Fund and the World Bank, held in Istanbul, Turkey, on 6 and 7 October 2009,

*Reaffirming* the purposes of the United Nations, as set forth in the Charter, including to achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character and to be a centre for harmonizing the actions of nations in the attainment of common ends, and reiterating the need to strengthen the leadership role of the United Nations in promoting development,

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

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

*Recognizing* the continued importance of good governance along with national ownership of policies and strategies, and recalling the commitment to promoting

effective and efficient economic and financial institutions at all levels, which are key determinants of long-term economic growth and development, as well as to accelerating the collective recovery from the crisis through improved transparency, eradication of corruption and strengthened governance,

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

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

1. *Takes note* of the report of the Secretary-General;

2. *Reaffirms* that the United Nations, on the basis of its universal membership and legitimacy, is well positioned to participate in various reform processes aimed at improving and strengthening the effective functioning of the international financial system and architecture, while recognizing that the United Nations and the international financial institutions have complementary mandates which make the coordination of their actions crucial;

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

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

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

6. *Expresses serious concern* at the impact that the current world economic and financial crisis is having on all countries, particularly developing countries, stresses the need for actions that are commensurate with the scale, depth and urgency of the crisis to be taken, adequately financed, promptly implemented and appropriately coor-

inated internationally, and in this regard notes the significant work under way at the national, regional and international levels to mitigate the impact of the crisis;

7. *Reaffirms* the need to further develop the comprehensive response of the United Nations development system to the world financial and economic crisis in support of national development strategies through a coordinated approach by United Nations funds and programmes, the specialized agencies and the international financial institutions at the country level;

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

9. *Stresses* that this crisis has added new impetus to ongoing international discussions on the reform of the international financial system and architecture, including on issues related to mandate, scope, governance, responsiveness and development orientation, as appropriate;

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

11. *Emphasizes* the need for global concerted efforts to restore global economic growth, particularly in developing countries, also emphasizes, in this regard, the need to take into account the human and social impact of the crisis, and underlines the need to promote a job-intensive recovery from the crisis, drawing on the decent work agenda and through the implementation of the resolution entitled "Recovering from the crisis: a Global Jobs Pact", adopted by the International Labour Conference at its ninety-eighth session;

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

13. *Notes* that developing countries can seek to negotiate, as a last resort, on a case-by-case basis and through existing frameworks, agreements on temporary debt standstills between debtors and creditors in order to help to mitigate the adverse impacts of the crisis and stabilize macroeconomic developments;

14. *Recalls* that countries must have the necessary flexibility to implement counter-cyclical measures and to pursue tailored and targeted responses to the crisis, and calls for a streamlining of conditionalities to ensure that they are timely, tailored and targeted and support developing countries in the face of financial, economic and development challenges;

15. *Notes*, in this regard, the recent improvement of the lending framework of the International Monetary Fund

through, inter alia, streamlined conditions and the creation of more flexible instruments such as a flexible credit line, while also noting that new and ongoing programmes should not contain unwarranted pro-cyclical conditionalities;

16. *Urges* international financial institutions to continue their efforts to mitigate the global economic impacts of the current crisis, including through the provision of financial resources to developing countries, stresses the need to assist developing countries in responding to the crisis without incurring the risk of relapsing into another debt crisis, takes note with appreciation in this regard of the additional resources that have been made available through the International Monetary Fund and the multilateral development banks, and calls for the continued provision of concessional and grant-based financing to low-income countries to enable them to respond to the crisis;

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

18. *Reaffirms* the need to address the often expressed concern regarding the extent of representation of developing countries in the major standard-setting bodies, therefore welcomes, as a step in the right direction, the expansion of the membership in the Financial Stability Board and the Basel Committee on Banking Supervision, and encourages the major standard-setting bodies to further review their membership promptly while enhancing their effectiveness, with a view to expanding the representation of developing countries as appropriate;

19. *Notes* the important role played by recent allocations of special drawing rights in increasing global liquidity, recognizes the need to continue regular reviews of the role of special drawing rights, including with reference to their potential role in the international reserve system, and requests the Secretary-General to take this into account while preparing his report on the implementation of the present resolution;

20. *Also notes* the value of regional and subregional cooperation efforts in meeting the challenges of the global economic crisis, and encourages enhanced regional and subregional cooperation, for example, through regional and subregional development banks, commercial and reserve currency arrangements, and other regional initiatives, as contributions to the multilateral response to the current crisis and to improved resilience with respect to potential future crises;

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

work on this issue, including its potential impact on the development prospects of developing countries;

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

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

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

### Debt problems of developing countries

In response to General Assembly resolution 63/206 [YUN 2008, p. 1072], the Secretary-General submitted a July report [A/64/167] on recent developments in the external debt problems of developing countries and economies in transition. The report analysed the impact of the financial and economic crisis that began in 2008 [YUN 2008, p. 1102] on external debt sustainability for countries having access to international capital markets and low-income countries, and reviewed related policy actions. It described progress in the Heavily Indebted Poor Countries (HIPC) Initiative and developments in Paris Club rescheduling; analysed new trends and modalities in multilateral financing; and discussed the implication of private external borrowing for external debt sustainability.

The Secretary-General reported that under the enhanced HIPC Initiative, as at June 2009, 35 of the 40 eligible countries qualified for debt relief. In January, Burundi was the twenty-fourth country to reach completion point under the Initiative. Côte d'Ivoire reached decision-point in March, increasing the number of decision point countries to 11. Completion-point countries received an estimated debt relief of \$38 billion in end-2008 net present value terms. Six countries had rescheduled their debt with Paris Club creditors.

The report called for decisive policy action to limit the setbacks resulting from the crisis with regard to poverty and progress towards the MDGs. Some of the resources necessary to fund the proposed \$1.1 trillion package agreed on in the G20 communiqué of April had yet to be identified, and the G20 did not allocate enough resources to low-income countries and small and vulnerable States. It was the duty and obligation of the international community to provide assistance

and resources to help mitigate the consequences of the crisis without requiring the accumulation of unsustainable levels of debt. Low-income countries with high debt levels needed to be given alternative financing opportunities to achieve the MDGs. Switching to a system in which aid agencies were funded with an endowment would be useful in delinking aid delivery from the business cycle of donor countries and thus reduce aid procyclicality. It would also be advisable to develop aid delivery mechanisms with a built-in insurance component that would lead to an automatic increase in aid when recipient countries were hit by a negative external shock. The international community should help countries with market access develop new debt instruments and institutions that would automatically reduce or avoid amplifying debt service in the presence of negative external shocks.

A later report [A/65/155] stated that the dollar value of the total external debt of developing and transition economies stabilized at around \$3.7 trillion in 2009. However, as a result of the economic crisis, the average external debt-to-export ratio of developing countries increased from 64 to 82 per cent, and their external debt-to-gross national income ratio went from 22.0 to 23.5 per cent—a substantial setback, as it reversed some of the advances achieved during the 2000–2008 period. Official lending increased substantially, with gross commitments by IMF increasing from \$1.3 billion in 2007 to nearly \$120 billion in 2009. About 70 per cent of the increase (\$80 billion) was for the flexible credit line facility; only \$3 billion was allocated to low-income countries through the Poverty Reduction and Growth Facility and the Exogenous Shock Facility. The remaining \$36 billion consisted of standard standby arrangements. The World Bank also increased gross commitments from \$36.5 billion in 2008 to \$65 billion in 2009. Most of the increase was for the International Bank for Reconstruction and Development loans targeting middle-income countries; International Development Association commitments, which benefited low-income countries, increased only by \$1 billion.

Haiti reached the decision point under the HIPC Initiative in June and rescheduled its Paris Club debt in July. On a bilateral and voluntary basis, Paris Club creditors decided to exceed the standard debt cancellation under the Initiative and wrote off an additional \$152 million of Haiti's official bilateral debt, thus erasing the entire stock of eligible debt owed to the Paris Club. The Central African Republic also reached its completion point in June, leading to a Paris Club meeting in September. Following cancellations within the HIPC Initiative and additional relief granted by a number of creditors, the country's debt stock was reduced to \$3.7 million. In November, the Comoros concluded an agreement with the Paris Club creditors to reschedule its debt under the Naples

terms, and exceptional treatment was applied so that payments to the creditors were decreased by 80 per cent for the period from July 2009 to June 2012.

**Communication.** A 9 November letter from Nicaragua to the Secretary-General [A/C.2/64/12] contained a September note by the UNCTAD secretariat on the impact of the financial and economic crisis on debt sustainability in developing countries. The note was prepared at the request of the outgoing President of the General Assembly, Miguel d'Escoto Brockmann.

#### GENERAL ASSEMBLY ACTION

On 21 December [meeting 66], the General Assembly, on the recommendation of the Second Committee [A/64/418/Add.3], adopted **resolution 64/191** without vote [agenda item 51 (c)].

#### External debt sustainability and development

*The General Assembly,*

*Recalling* its resolutions 58/203 of 23 December 2003, 59/223 of 22 December 2004, 60/187 of 22 December 2005, 61/188 of 20 December 2006, 62/186 of 19 December 2007 and 63/206 of 19 December 2008,

*Recalling also* the 2009 Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome,

*Recalling further* the International Conference on Financing for Development and its outcome, and the 2008 Doha Declaration on Financing for Development,

*Recalling* the United Nations Millennium Declaration, adopted on 8 September 2000,

*Recalling also* the 2005 World Summit Outcome,

*Recalling further* its resolution 60/265 of 30 June 2006 on the follow-up to the development outcome of the 2005 World Summit, including the Millennium Development Goals and the other internationally agreed development goals,

*Recalling* its resolution 57/270 B of 23 June 2003,

*Recognizing* the important role, on a case-by-case basis, of debt relief and debt restructuring as debt crisis prevention and management tools for mitigating the impact of the world financial and economic crisis in developing countries,

*Expressing concern* that some low-income countries may face increased challenges in servicing their debt,

*Reaffirming* that each country must take primary responsibility for its own development and that the role of national policies and development strategies, including in the area of debt management, cannot be overemphasized in the achievement of sustainable development, and recognizing that national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership, strategies and sovereignty,

*Reaffirming also* that the Bretton Woods institutions and other relevant organizations should continue to play an im-

portant role, given their respective mandates, in achieving and maintaining debt sustainability,

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

*Emphasizing* that debt sustainability is essential for underpinning growth, and underlining the importance of debt sustainability and effective debt management to the efforts to achieve national development goals, including the Millennium Development Goals,

*Noting with appreciation* that the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative and bilateral donors have provided significant debt relief to twenty-six heavily indebted poor countries that have reached the completion point under the Heavily Indebted Poor Countries Initiative, and that an additional nine countries have reached the decision point under the Initiative, and expressing concern that five out of forty eligible heavily indebted poor countries have still not reached the decision point under the Initiative,

*Noting* that the world has been facing and confronting, in the world financial and economic crisis, the greatest economic challenge of recent times, and recognizing the international response to this crisis, which is helping to stabilize financial markets,

*Recognizing* that the negative impact of the world financial and economic crisis on development is still unfolding and entails the possibility of undoing the progress made towards achieving the Millennium Development Goals, and that it may threaten debt sustainability in some developing countries, inter alia, through its impact on the real economy and the increase in borrowing undertaken in order to mitigate the negative impacts of the crisis,

*Welcoming* the fact that the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative have enabled heavily indebted poor countries to increase their investments in health, education and other social services consistent with national priorities, development plans and the internationally agreed development goals, including the Millennium Development Goals,

*Stressing* the importance of addressing the challenges of the fourteen heavily indebted poor countries that are facing difficulties in reaching the decision or completion point under the Heavily Indebted Poor Countries Initiative, and expressing concern that some heavily indebted poor countries continue to face substantial debt burdens and need to avoid rebuilding unsustainable debt burdens after reaching the completion point under the Initiative,

*Acknowledging* that, although the debt relief provided under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative has considerably reduced the debt vulnerabilities in post-completion point countries and that the vulnerabilities in those countries are on average much lower than in pre-completion point heavily indebted poor countries, some post-completion point countries remain classified as being at high risk of debt distress,

*Convinced* that enhanced market access for goods and services of export interest to developing countries contributes significantly to debt sustainability in those countries,

1. *Takes note* of the report of the Secretary-General entitled "Towards a durable solution to the debt problems of developing countries";

2. *Emphasizes* the special importance of a timely, effective, comprehensive and durable solution to the debt problems of developing countries, since debt financing and relief can contribute to economic growth and development;

3. *Stresses* the importance of responsible lending and borrowing, and emphasizes that creditors and debtors must share responsibility for preventing unsustainable debt situations;

4. *Reiterates* that debt sustainability depends on a confluence of many factors at the international and national levels, emphasizes that country-specific circumstances and the impact of external shocks should continue to be taken into account in debt sustainability analyses, underscores the fact that no single indicator should be used to make definitive judgements about debt sustainability, and, in this regard, while acknowledging the need to use transparent and comparable indicators, invites the International Monetary Fund and the World Bank, in their assessment of debt sustainability, to take into account fundamental changes caused by, inter alia, natural disasters, conflicts and changes in global growth prospects or in the terms of trade, especially for commodity-dependent developing countries, as well as by the impact of developments in financial markets, and to continue to provide information on this issue using existing cooperation forums, including those involving Member States;

5. *Underlines* the fact that the long-term sustainability of debt depends, inter alia, on the economic growth, mobilization of domestic resources and export prospects of debtor countries and hence on the creation of an enabling international environment conducive to development, progress in following sound macroeconomic policies, transparent and effective regulatory frameworks and success in overcoming structural development problems;

6. *Recognizes* the enormity and the multidimensional nature of the world financial and economic crisis and the significant risks it may pose to the debt sustainability of some developing countries and countries with economies in transition, and emphasizes the need for coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate;

7. *Stresses* the need to assist developing countries in responding to the crisis without incurring the risk of relapsing into another debt crisis, takes note with appreciation, in this regard, of the additional resources that have been made available through the International Monetary Fund and the multilateral development banks, and calls for the continued provision of concessional and grant-based financing to low-income countries to enable them to respond to the crisis;

8. *Notes* the provision by the International Monetary Fund of interest relief to low-income countries in the form of zero-interest payments on financing from concessional lending facilities until the end of 2011;

9. *Also notes* that developing countries can seek to negotiate, as a last resort, on a case-by-case basis and through existing frameworks, agreements on temporary debt stand-

stills between debtors and creditors in order to help mitigate the adverse impacts of the crisis and stabilize macroeconomic developments;

10. *Stresses* the importance of assisting developing countries, upon request, in managing their borrowing and in avoiding a build-up of unsustainable debt, including through capacity-building in the area of debt management and the use of grants and concessional loans, and underlines the important role of the joint Debt Sustainability Framework of the International Monetary Fund and the World Bank for low-income countries in helping to guide borrowing and lending decisions;

11. *Takes note* of the recent review of the flexibility of the Debt Sustainability Framework, urges all lenders and borrowers to make full use of debt sustainability analyses in their debt decisions in order to help maintain debt sustainability through a coordinated and cooperative approach, and encourages continued review of the Framework, with the full engagement of borrower Governments, in an open and transparent manner;

12. *Recognizes and encourages* the continued provision of assistance, including technical assistance, to enhance debt management, negotiation and renegotiation capacities, including supporting legal advice in relation to tackling external debt litigation and debt data reconciliation between creditors and debtors, in order that debt sustainability may be achieved and maintained;

13. *Takes note* of the progress made under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative, while expressing concern that some countries have yet to reach decision or completion points, calls for their full and timely implementation and for continued support to the remaining eligible countries in completing the Heavily Indebted Poor Countries Initiative process, and encourages all parties, both creditors and debtors, to fulfil their commitments as rapidly as possible in order to complete the debt relief process;

14. *Notes* that some low- and middle-income developing countries that are not included in existing debt relief initiatives also experience constraints on mobilizing the resources needed to achieve the internationally agreed development goals;

15. *Underlines* the fact that heavily indebted poor countries eligible for debt relief will not be able to enjoy its full benefits unless all creditors, including public and private, contribute their fair share and become involved in the international debt resolution mechanisms to ensure the debt sustainability of low-income countries;

16. *Encourages* donor countries to take steps to ensure that resources provided for debt relief under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative do not detract from official development assistance resources intended to be available for developing countries;

17. *Encourages* further improvement of the mutual exchange of information, on a voluntary basis, on borrowing and lending among all creditors and borrowers;

18. *Takes note* of the creation of the new International Monetary Fund lending facilities in response to the crisis and the continued review of the new lending facilities, and urges the multilateral development banks to move forward on flexible, concessional, fast-disbursing and front-loaded

assistance that will substantially and quickly assist developing countries facing financing gaps in their efforts to achieve the Millennium Development Goals, bearing in mind that new lending facilities will have to consider those countries' individual absorptive capacities and debt sustainability;

19. *Welcomes and encourages* the efforts of the heavily indebted poor countries, calls upon them to continue to strengthen their domestic policies and economic management, inter alia, through poverty reduction strategies, and to create a domestic environment conducive to private-sector development, economic growth and poverty reduction, including a stable macroeconomic framework, transparent and accountable systems of public finance, a sound business climate and a predictable investment climate, and in this regard invites creditors, both private and public, that are not yet fully participating in debt relief initiatives to substantially increase their participation, including by providing comparable treatment to the extent possible to debtor countries that have concluded sustainable debt relief agreements with creditors, and invites the international financing institutions and the donor community to continue to provide adequate and sufficiently concessional financing;

20. *Stresses* that debt relief can play a key role in liberating resources that should be directed towards activities consistent with poverty eradication, sustained economic growth, economic development and the internationally agreed development goals, including the Millennium Development Goals, and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards those objectives;

21. *Calls for* the consideration of additional measures and initiatives aimed at ensuring long-term debt sustainability through increased grant-based and other forms of concessional financing, cancellation of 100 per cent of the eligible official multilateral and bilateral debt of heavily indebted poor countries and, where appropriate, and on a case-by-case basis, significant debt relief or restructuring for developing countries with an unsustainable debt burden that are not part of the Heavily Indebted Poor Countries Initiative;

22. *Encourages* the Paris Club, in dealing with the debt of low- and middle-income debtor countries that are not part of the Heavily Indebted Poor Countries Initiative, to take into account their medium-term debt sustainability in addition to their financing gaps, and takes note with appreciation of the Evian approach of the Paris Club in providing terms of debt relief tailored to the specific needs of debtor countries while preserving debt cancellation for heavily indebted poor countries;

23. *Stresses* the need to significantly address the debt problems of middle-income developing countries, and in this regard stresses the importance of the Evian approach of the Paris Club as a practical means of addressing this issue, and notes that the current debt sustainability framework used to analyse the debt situation of middle-income countries focuses mostly on medium-term debt dynamics;

24. *Notes* the changing composition of the sovereign debt of some countries, which has shifted increasingly from external public debt to domestic debt, notes that the levels of domestic debt could create other challenges for macroeconomic management and public debt sustainability, and

calls for reinforcing the capacity to manage the new levels of domestic debt in order to maintain overall public debt sustainability;

25. *Recognizes* that a shift has occurred from official to commercial borrowing and from external to domestic public debt, although for most low-income countries external finance is still largely official, notes that the number of creditors, both official and private, has increased significantly, and stresses the need to address the implications of these changes, including through improved data collection and analysis;

26. *Calls for* the intensification of efforts to prevent debt crises by enhancing international financial mechanisms for crisis prevention and resolution, in cooperation with the private sector, and by finding solutions that are transparent and agreeable to all;

27. *Recognizes* the roles of the United Nations and the international financial institutions in accordance with their respective mandates, and encourages them to continue to support global efforts towards sustainable development and a durable solution to the debt problem of developing countries;

28. *Invites* creditors and debtors to further explore, where appropriate, and on a mutually agreed and case-by-case basis, the use of innovative mechanisms such as debt swaps, including debt for equity in Millennium Development Goals projects;

29. *Stresses* the need to continue to take effective measures, preferably within the existing frameworks, to address the debt problems of the least developed countries, including through cancellation of the multilateral and bilateral debt owed by least developed countries to creditors, both public and private;

30. *Invites* donor countries, taking into account country-specific debt sustainability analyses, to continue their efforts to increase bilateral grants to developing countries, which could contribute to debt sustainability in the medium to long term, and recognizes the need for countries to be able to invest, inter alia, in health and education while maintaining debt sustainability;

31. *Stresses* the need to increase information-sharing, transparency and the use of objective criteria in the construction and evaluation of debt scenarios, including an assessment of domestic public and private debt, in order to ensure the achievement of development goals, recognizes that credit rating agencies also play a significant role in the provision of information, including assessment of corporate and sovereign risks, and in this regard calls for strong oversight over credit rating agencies consistent with the agreed and strengthened international code of conduct;

32. *Calls for* the consideration of enhanced approaches to sovereign debt restructuring mechanisms based on existing frameworks and principles, with the broad participation of creditors and debtors, the comparable treatment of all creditors and an important role for the Bretton Woods institutions, and in this regard, welcomes and calls upon all countries to contribute to the ongoing discussions in the International Monetary Fund and the World Bank and other forums on the need for, and feasibility of, a more structured framework for international cooperation in this area;

33. *Welcomes* the efforts of and calls upon the international community to provide flexibility, and stresses

the need to continue those efforts in helping post-conflict developing countries, especially those that are heavily indebted and poor, to achieve initial reconstruction for economic and social development;

34. *Also welcomes* the efforts of and invites creditors to provide flexibility to developing countries affected by natural disasters so as to allow them to address their debt concerns, while taking into account their specific situation and needs;

35. *Further welcomes* the efforts of and calls upon the international community to support institutional capacity-building in developing countries for the management of financial assets and liabilities and to enhance sustainable debt management as an integral part of national development strategies;

36. *Invites* the United Nations Conference on Trade and Development, the International Monetary Fund and the World Bank, in cooperation with the regional commissions, development banks and other relevant multilateral financial institutions and stakeholders, to continue and intensify cooperation in respect of capacity-building activities in developing countries in the area of debt management and debt sustainability;

37. *Invites* the international community, including the United Nations system, to continue efforts to increase financial support in respect of capacity-building activities for developing countries in the area of debt management and debt sustainability, and encourages countries that have not done so to create transparent and accountable debt management systems;

38. *Calls upon* all Member States and the United Nations system, and invites the Bretton Woods institutions and the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits, in particular those related to the question of the external debt problems of developing countries;

39. *Requests* the Secretary-General to submit to the General Assembly at its sixty-fifth session a report on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt situation of developing countries;

40. *Decides* to include in the provisional agenda of its sixty-fifth session, under the item entitled "Macroeconomic policy questions", a sub-item entitled "External debt sustainability and development".

## Financing for development

### Follow-up to International Conference on Financing for Development and Doha Declaration

In response to a request made in the 2008 Doha Declaration on Financing for Development, endorsed by the General Assembly in resolution 63/239 [YUN 2008, p. 1077], the Secretary-General submitted, in July [A/64/189 & Corr.1], a progress report on innovative sources of development finance. The Secretary-General said that the Leading Group on Solidarity Levies



to Fund Development, which was renamed the Leading Group on Innovative International Financing for Development in May, served as a federating platform for initiatives and new ideas. The new framework, which brought together countries, international organizations and NGOs, strengthened international solidarity, sought to correct the negative effects of globalization and market inefficiencies and facilitated international cooperation. The Task Force on Innovative Financing, co-chaired by the Prime Minister of the United Kingdom and the World Bank President, made recommendations at the sixth plenary meeting of the Leading Group in Paris on 29 May to raise additional funds for 100 million of the world's most vulnerable people. Meanwhile, the I-8 Group/Leading Innovative Financing for Equity was also created to bring together the most promising financing initiatives in order to share experiences; work on one common set of messages to reinforce the current initiative of the High-Level Task Force for Innovative International Finance for Health Systems and the Leading Group; prepare new initiatives; and coordinate the channelling of funds in order to achieve maximum impact. Innovative financing mechanisms helped to enhance the predictability of ODA funding and addressed market failures. The innovative financing for development framework mobilized participation in the international funding effort beyond national Governments and drew in subnational governments, private actors and citizens.

The report discussed innovative development financing mechanisms in operation, including the International Finance Facility for Immunization, which was expected to scale up spending by as much as \$500 million annually up to 2015. The Advance Market Commitments scheme sought to address the shortcomings of pharmaceutical markets, especially in the poorest countries, by establishing contractual partnerships between donors and pharmaceutical firms to focus research into neglected diseases and distribute drugs at affordable prices. The Debt2Health initiative was conceived to help relieve the strain on resources of developing countries by converting portions of the debt claims into domestic resources for health. The report also outlined initiatives under development, including a currency transaction tax; carbon taxes; a plan launched by the United Nations for countries with tropical forests to issue tradable carbon credits obtained from saving and planting trees; special drawing rights (SDRs); and international tax cooperation. The Secretary-General said that innovative financing was an important element in the evolving development assistance architecture that had become highly pluralistic and eclectic. It was therefore critical to ensure transparency, accountability and effectiveness of increased resources and their use.

In response to Assembly resolution 63/208 [YUN 2008, p. 1077], the Secretary-General submitted an August report [A/64/322] on follow-up to and implementation of the Monterrey Consensus and Doha Declaration on Financing for Development. The report described recent developments in relation to the review process on financing for development and the implementation of the Consensus. Main developments were discussed under each of the six thematic chapter headings of the Consensus: mobilizing domestic financial resources for development; mobilizing international resources for development; international trade as an engine for development; increasing international financial and technical cooperation for development; external debt; and addressing systemic issues.

**High-level meeting of Economic and Social Council, Bretton Woods institutions, WTO and UNCTAD.** The Economic and Social Council, in accordance with **decision 2009/202** of 10 February, held a special high-level meeting with the Bretton Woods institutions, WTO and UNCTAD (New York, 27 April) under the theme "Coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development". Two sub-themes served as the focus of substantive discussions in plenary debates: addressing the impact of the global financial and economic crisis on development, including issues related to the international financial and monetary architecture and global governance structures; and strengthening the intergovernmental inclusive process to carry out the financing for development follow-up. The meeting had before it an April note by the Secretary-General [E/2009/48] on the subject.

The Council President, in her summary of the meeting [A/64/76-E/2009/60], noted that although the human cost of the global crisis was being felt in both developing and developed countries, the crisis had set back the development efforts of the poorest countries and increased the challenges they confronted. Even after the crisis had been overcome, immense developmental challenges would remain, and it was therefore critical to ensure effective follow-up to the Monterrey Consensus and Doha Declaration.

Addressing the meeting, the Secretary-General stressed the need for international cooperation. Development efforts sagged under the weight of the crisis, which had proved that the current system of global economic governance was not adequate. Faith in financial deregulation and market self-regulation had been diminished, and a new commitment to effective regulation was being seen nationally and globally. New forms of protectionism should be resisted, not only in trade but also in investment and inter-

national migration. Reform of the international economic system would require many steps and the full engagement of all countries and the United Nations.

By **decision 2009/259** of 31 July, the Economic and Social Council took note of the Council President's summary of the special high-level meeting.

#### ECONOMIC AND SOCIAL COUNCIL ACTION

On 31 July [meeting 45], the Economic and Social Council adopted **resolution 2009/30** [draft: E/2009/L.36] without vote [agenda item 6 (a)].

#### **A strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up**

*The Economic and Social Council,*

*Recalling* the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008, and all relevant General Assembly and Economic and Social Council resolutions,

*Recalling also* paragraph 89 of the Doha Declaration on Financing for Development, adopted in Doha on 2 December 2008, in which Heads of State and Government and High Representatives acknowledged the need for a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up and requested the Economic and Social Council to consider the matter at its special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development and at its substantive session of 2009, in consultation with all relevant stakeholders, with a view to making appropriate and timely recommendations for final action by the General Assembly as early as possible in its sixty-fourth session,

*Taking note* of the summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development, held in New York on 27 April 2009,

*Mindful* that Member States and other stakeholders have put forward concrete proposals on the subject of strengthening the financing for development follow-up process,

*Having considered* the suggestions and proposals contained in the note by the Secretary-General entitled "Coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development", prepared for the special high-level meeting,

1. *Reaffirms* the importance of staying fully engaged, nationally, regionally and internationally, to ensure proper and effective follow-up to the implementation of the Monterrey Consensus and of continuing unremitting efforts to build bridges between all relevant stakeholders within the holistic agenda of the financing for development process,

as reaffirmed in the Doha Declaration on Financing for Development;

2. *Also reaffirms* the role played by the United Nations as a focal point for the financing for development follow-up process and the need to maintain that role in order to ensure the continuity and dynamism of the process, while reaffirming the need to further intensify the engagement of all stakeholders, including the United Nations system, the World Bank, the International Monetary Fund and the World Trade Organization, in the follow-up to and implementation of the commitments made in Monterrey and Doha;

3. *Reiterates* that maintaining a comprehensive and diverse multi-stakeholder follow-up process, including with civil society and the private sector, is critical, recognizes the core responsibility of all participants in the financing for development process to exercise ownership of that process and to implement their respective commitments in an integrated fashion, including through the continued engagement of all relevant ministries, in particular ministries of development, finance, trade and foreign affairs, also recognizes that an integrated treatment of financing for development issues in national development plans is important in enhancing national ownership and implementation of financing for development, and further recognizes that the international community should continue to draw upon the expertise, data and analysis available in multiple forums, while enhancing information-sharing and dialogue among the various United Nations and non-United Nations bodies that monitor progress on financing for development issues, while noting that there is substantial room to enhance the sharing of best practices;

4. *Reaffirms* the need for a strengthened and more effective intergovernmental inclusive process for carrying out the financing for development follow-up, which would review progress in the implementation of commitments, identify obstacles, challenges and emerging issues, and propose concrete recommendations and actions;

5. *Emphasizes* that the financing for development follow-up process should encompass a continuum of events, each contributing to and feeding into the next, thereby ensuring the holistic nature of the process and making better and more effective use of existing mechanisms and resources;

6. *Recommends* to the General Assembly in this regard the following modalities for a strengthened and more effective intergovernmental process for carrying out the financing for development follow-up:

(a) The special high-level meeting of the Economic and Social Council with the international financial and trade institutions could last, instead of one day, as at present, for up to two days; it should normally be held before the spring meetings of the Bretton Woods institutions and be timed appropriately, at least five weeks before those meetings, so as to meet the needs of all parties and be conducive to high-level participation; discussions at the first segment would concentrate on a topic of current interest, to be determined by the President of the Council in consultation with the participants, while the second segment would be organized under the overall theme of "Coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development" and would include a holistic

review of the Monterrey Consensus, with special emphasis on one or two topics to be determined in advance of the meeting by the President of the Council in consultation with the participants; the meeting will result in a President's summary, which should clearly identify key elements of the discussion and be formally presented to all the participants, including the major institutional stakeholders, as appropriate, in a timely manner; increased interaction and coordination at the staff level with the institutions involved prior to the holding of the Council's special high-level meeting, including the possibility of appropriate preparatory sessions, are especially encouraged; the President of the Council, in consultation with Member States, is encouraged to continue to work with the appropriate representatives of the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development to improve, inter alia, the format of the Council's special high-level meeting;

(b) The Economic and Social Council should continue to strengthen its role in promoting coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development and as a forum for multi-stakeholder involvement; consideration of the agenda item on financing for development should be given more prominence in the work of the annual substantive session of the Council and should be allotted up to two full days within its four-week annual session; the Council should normally adopt a substantive resolution, taking into account, inter alia, the outcome of the preceding special high-level meeting;

(c) The General Assembly should give more prominence to its annual agenda item entitled "Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference"; it may also wish to reaffirm the importance of its biennial high-level dialogues on financing for development as the intergovernmental focal point for general follow-up to the 2002 International Conference on Financing for Development and the 2008 Review Conference, placing a particular emphasis on new challenges and emerging issues;

(d) The Secretariat should continue to ensure that all documents relevant to the agenda item on financing for development are made available in a timely manner, both to the Economic and Social Council and to the General Assembly; to further enhance the quality of its reports, the Secretariat should continue to make full use of all existing analytical work and relevant data, including those available from the institutional stakeholders and the specialized agencies;

(e) Participation in this strengthened process will continue to be open to all the relevant financing for development stakeholders, including specialized agencies, funds and programmes, regional commissions, other international organizations, civil society entities and business sector groups, through application of the traditional financing for development accreditation and participation modalities; prominent experts may also be invited to provide inputs to the discussions;

(f) Seminars, panel discussions and briefings may be organized as part of the preparations for and contribution to the above events in order to raise visibility, attract inter-

est and participation and promote substantive discussions on a continuing basis; a programme of multi-stakeholder consultations, including civil society and the private sector, could be reinitiated by the Financing for Development Office of the Department of Economic and Social Affairs of the Secretariat, drawing on a broad range of financing for development-related topics, as well as a wider and more effective use of the financing for development web page as an information tool;

(g) The Department of Economic and Social Affairs, and especially the Financing for Development Office, are encouraged to maintain a regular interaction at the staff level with the World Bank, the International Monetary Fund, the World Trade Organization and the United Nations Conference on Trade and Development, in the interest of greater coherence, coordination and cooperation, each acting in accordance with its respective intergovernmental mandate, for their mutual benefit;

7. *Reiterates its appeal* to Member States and other potential donors to consider contributing generously to the Trust Fund for the Follow-up to the International Conference on Financing for Development, which would facilitate the carrying out of many of the activities outlined above;

8. *Underscores* the fact that the modalities of the financing for development follow-up process should be reviewed, as appropriate, within a time frame to be determined by the General Assembly.

#### GENERAL ASSEMBLY ACTION

On 21 December [meeting 66], the General Assembly, on the recommendation of the Second Committee [A/64/419 (Part II)], adopted **resolution 64/193** without vote [agenda item 52].

#### **Follow-up to and implementation of the Monterrey Consensus and the outcome of the 2008 Review Conference (Doha Declaration on Financing for Development)**

*The General Assembly,*

*Recalling* the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008, and its resolutions 56/210 B of 9 July 2002, 57/250 of 20 December 2002, 57/270 B of 23 June 2003, 57/272 and 57/273 of 20 December 2002, 58/230 of 23 December 2003, 59/225 of 22 December 2004, 60/188 of 22 December 2005, 61/191 of 20 December 2006, 62/187 of 19 December 2007 and 63/239 of 24 December 2008, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002, 2003/47 of 24 July 2003, 2004/64 of 16 September 2004, 2006/45 of 28 July 2006, 2007/30 of 27 July 2007 and 2008/14 of 24 July 2008,

*Recalling also* the 2005 World Summit Outcome,

*Recalling further* the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, and underlining the need for the expeditious implementation of and follow-up to the Outcome,

*Taking note* of Economic and Social Council resolution 2009/30 of 31 July 2009 regarding the strengthening of the intergovernmental process for carrying out the financing for development follow-up,

*Taking note also* of the reports of the Secretary-General on the follow-up to and implementation of the Monterrey Consensus and Doha Declaration on Financing for Development, and innovative sources of development finance,

*Taking note further* of the reports of the Secretary-General on the follow-up to and implementation of the outcome of the International Conference on Financing for Development and the report of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus,

*Taking note* of the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development, held in New York on 27 April 2009,

*Reaffirming* the Monterrey Consensus of the International Conference on Financing for Development in its entirety, its integrity and its holistic approach, recalling the resolve to take concrete action to implement the Monterrey Consensus and address the challenges of financing for development in the spirit of global partnership and solidarity in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals, and also recommitting itself to staying fully engaged, nationally, regionally and internationally, so as to ensure proper and effective follow-up to and implementation of the Monterrey Consensus,

*Reaffirming also* that each country must take primary responsibility for its own development and that the role of national policies and development strategies cannot be overemphasized for the achievement of sustainable development, and recognizing that national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership strategies and sovereignty,

*Recalling* the importance of the overall commitment to just and democratic societies for development as spelled out in the Monterrey Consensus,

*Deeply concerned* by the adverse impacts of the global financial and economic crisis on development, including on the capacity of developing countries to mobilize resources for development, and recognizing that an effective response to the current crisis requires timely implementation of existing aid commitments,

*Emphasizing* that the financial and economic crisis has demonstrated the need for more effective government involvement so as to ensure an appropriate balance between the market and the public interest, and recognizing the need to better regulate financial markets,

1. *Welcomes* the holding in Doha of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, which provided an opportunity to assess progress made, reaffirm goals and commitments, share best practices and lessons learned and identify obstacles and constraints encountered, actions and initiatives to overcome them and

important measures for further implementation, as well as new challenges and emerging issues, in the financing for development process;

2. *Stresses* that each country has primary responsibility for its own economic and social development and that the role of national policies, domestic resources and development strategies cannot be overemphasized, and reaffirms the importance of:

(a) The implementation of the commitment to sound policies, good governance at all levels and the rule of law;

(b) The implementation of the commitment to creating an enabling environment for mobilizing domestic resources and of sound economic policies;

(c) The implementation of the commitment to enhancing the coherence and consistency of international monetary, financial and trading systems in order to complement national development efforts;

3. *Recognizes* that a dynamic, inclusive, well-functioning and socially responsible private sector is a valuable instrument for generating economic growth and reducing poverty, emphasizes the need to pursue appropriate policy and regulatory frameworks at national levels and in a manner consistent with national laws through which to encourage public and private initiatives, including at the local level, and to foster a dynamic and well-functioning business sector, while improving income growth and distribution, raising productivity, empowering women and protecting labour rights and the environment, and reiterates the importance of ensuring that the benefits of growth reach all people by empowering individuals and communities;

4. *Reiterates* the importance of investment in human capital, inter alia, in health and education, through inclusive social policies, in accordance with national strategies and priorities;

5. *Recalls* that the ongoing fight against corruption at all levels is a priority, and reaffirms the need to take urgent and decisive steps to continue to combat corruption in all of its manifestations in order to reduce obstacles to effective resource mobilization and allocation and prevent the diversion of resources away from activities that are vital for development, also recalls that this requires strong institutions at all levels, including, in particular, effective legal and judicial systems and enhanced transparency, recognizes the efforts and achievements of developing countries in this regard, takes note of the increased commitment of States that have already ratified or acceded to the United Nations Convention against Corruption, and in this regard urges all States that have not yet done so to consider ratifying or acceding to the Convention;

6. *Also recalls* the resolve of Member States to continue to undertake fiscal reforms, including tax reform, which is key to enhancing macroeconomic policies and mobilizing domestic public resources, further recalls that, while each country is responsible for its tax system, it is important to provide support to national efforts in those areas by strengthening technical assistance and enhancing international cooperation and participation in addressing international tax matters, including in the area of double taxation, and stresses that inclusive and cooperative frameworks should ensure the involvement and equal treatment of all jurisdictions;

7. *Notes* that, while foreign direct investment is a major source of financing for development, the flow of such funds to developing countries and countries with economies in transition has fallen rapidly during the crisis and remains uneven, and in this regard calls upon developed countries to continue to devise source-country measures to encourage and facilitate the flow of foreign direct investment, inter alia, through the provision of export credits and other lending instruments, risk guarantees and business development services; calls upon developing countries and countries with economies in transition to continue their efforts to create a conducive domestic environment for attracting investments by, inter alia, achieving a transparent, stable and predictable investment climate with proper contract enforcement and respect for property rights; and stresses the importance of enhancing efforts to mobilize investment from all sources in human resources and physical, environmental, institutional and social infrastructure;

8. *Reaffirms* that international trade is an engine for development and sustained economic growth and the critical role that a universal, rule-based, open, non-discriminatory and equitable multilateral trading system, as well as meaningful trade liberalization, can play in stimulating economic growth and development worldwide, thereby benefiting all countries at all stages of development;

9. *Stresses* the essential role that official development assistance plays in complementing, leveraging and sustaining financing for development in developing countries and in facilitating the achievement of development objectives, including the internationally agreed development goals, in particular the Millennium Development Goals, reiterates that official development assistance can play a catalytic role in assisting developing countries in removing constraints on sustained, inclusive and equitable growth by, inter alia, enhancing social, institutional and physical infrastructure, promoting foreign direct investment, trade and technological innovations, improving health and education, fostering gender equality, preserving the environment and eradicating poverty, and welcomes steps to improve the effectiveness and quality of aid based on the fundamental principles of national ownership, alignment, harmonization, managing for results and mutual accountability;

10. *Underlines* the fact that the fulfilment of all official development assistance commitments is crucial, including the commitments by many developed countries to achieve the target of 0.7 per cent of gross national product for official development assistance to developing countries by 2015 and to reach a level of at least 0.5 per cent of gross national product for official development assistance by 2010, as well as a target of 0.15 per cent to 0.20 per cent of gross national product for official development assistance to least developed countries, and urges developed countries that have not yet done so to fulfil their commitments for official development assistance to developing countries;

11. *Encourages* donors to work on national timetables, by the end of 2010, to increase aid levels within their respective budget allocation processes towards achieving the established official development assistance targets;

12. *Underlines* the important role of the United Nations development system in advancing development and in protecting development gains in accordance with national strategies and priorities, including progress towards

achieving the internationally agreed development goals, including the Millennium Development Goals, threatened by the current economic crisis, reiterates that the United Nations should use the current economic situation as an opportunity to redouble its efforts to improve the efficiency and effectiveness of its development programmes, urges donor countries and other countries in a position to do so to substantially increase voluntary contributions to the core/regular budgets of the United Nations development system and to contribute on a multi-year basis, in a sustained and predictable manner, and notes that non-core resources represent an important supplement to the regular resource base of the United Nations development system;

13. *Recognizes* the potential of various voluntary innovative sources of financing to supplement traditional sources of financing, stresses that those funds should be disbursed in accordance with the priorities of developing countries and should not burden them unduly, and encourages the Secretary-General to organize an informal event in 2010, within existing resources, on the potential of voluntary innovative sources of development finance;

14. *Notes* the overall increase in the level of official development assistance in 2008 and that a significant part of aid flows since 2002 has comprised debt relief and humanitarian assistance;

15. *Emphasizes* the great importance of a timely, effective, comprehensive and durable solution to the debt problems of developing countries, since debt financing and relief can be an important source of capital for economic growth and development, and also emphasizes that creditors and debtors must share responsibilities for preventing unsustainable debt situations;

16. *Recognizes* that recent special drawing rights allocations helped to increase global liquidity in response to the global financial and economic crisis;

17. *Reaffirms* the need for a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up and to review progress in the implementation of commitments, identify obstacles, challenges and emerging issues and propose concrete recommendations and actions;

18. *Endorses*, in this regard, the recommendations of the Economic and Social Council as contained in its resolution 2009/30 of 31 July 2009;

19. *Affirms* the need to give more prominence to its annual agenda item entitled "Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference", and in this regard reiterates the need to review the modalities for the financing for development follow-up process, as appropriate;

20. *Recalls* the decision to consider the need to hold a follow-up financing for development conference by 2013;

21. *Decides* to include in the provisional agenda of its sixty-fifth session the item entitled "Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference", and requests the Secretary-General to submit, under that item, an annual analytical assessment of the state of implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development, and of the present resolution, which is to be prepared in full

collaboration with the major institutional stakeholders and to include concrete proposals on the further strengthening of the financing for development follow-up process for consideration by Member States.

### *High-level Dialogue on Financing for Development*

In response to General Assembly **decision 63/564** of 14 September, by which the Assembly decided to hold its fourth High-level Dialogue on Financing for Development at UN Headquarters in New York on 23 and 24 November, the Secretary-General issued a 30 September note [A/64/377] on the proposed organization of work of the High-level Dialogue. Three previous High-level Dialogues on Financing for Development were held in 2003 [YUN 2003, p. 988], 2005 [YUN 2005, p. 1065] and 2007 [YUN 2007, p. 992].

On 20 November 2009 (**decision 64/511**), the Assembly postponed the holding of the fourth High-level Dialogue on the understanding that the exact dates were to be determined no later than 11 December.

By resolution 64/194 of 21 December (see below), the Assembly decided to hold its fourth High-level Dialogue on 16 and 17 March 2010 in New York.

#### **GENERAL ASSEMBLY ACTION**

On 21 December [meeting 66], the General Assembly adopted **resolution 64/194** [draft: A/64/L.41] without vote [agenda item 52].

#### **Modalities for the fourth High-level Dialogue on Financing for Development**

*The General Assembly,*

*Recalling* the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008, and its resolutions 56/210 B of 9 July 2002, 57/250 of 20 December 2002, 57/270 B of 23 June 2003, 57/272 and 57/273 of 20 December 2002, 58/230 of 23 December 2003, 59/225 of 22 December 2004, 60/188 of 22 December 2005, 61/191 of 20 December 2006, 62/187 of 19 December 2007 and 63/239 of 24 December 2008, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002, 2003/47 of 24 July 2003, 2004/64 of 16 September 2004, 2006/45 of 28 July 2006, 2007/30 of 27 July 2007 and 2008/14 of 24 July 2008,

*Recalling also* its decisions 63/564 of 14 September 2009 and 64/511 of 20 November 2009,

1. *Decides* to hold its fourth High-level Dialogue on Financing for Development on 16 and 17 March 2010 at United Nations Headquarters;

2. *Takes note* of the note by the Secretary-General on the proposed organization of work of the fourth High-level Dialogue;

3. *Decides* that the overall theme of the fourth High-level Dialogue will be "The Monterrey Consensus and

Doha Declaration on Financing for Development: status of implementation and tasks ahead";

4. *Stresses* the importance of the full involvement of all relevant stakeholders in the implementation of the Monterrey Consensus at all levels, and also stresses the importance of their full participation in the financing for development follow-up process, in accordance with the rules of procedure of the General Assembly, in particular the accreditation procedures and modalities of participation utilized at the Monterrey and Doha Conferences;

5. *Decides* that the modalities for the fourth High-level Dialogue will be the same as those used for the 2005 and 2007 High-level Dialogues, as described in its resolution 59/293 of 27 May 2005;

6. *Decides also* that the fourth High-level Dialogue will consist of a series of plenary and informal meetings, three interactive multi-stakeholder round tables and an informal interactive dialogue;

7. *Decides further* that the themes of the round tables and of the informal interactive dialogue will be as follows:

(a) Round table 1: The reform of the international monetary and financial system and its implications for development;

(b) Round table 2: The impact of the current financial and economic crisis on foreign direct investment and other private flows, external debt and international trade;

(c) Round table 3: The role of financial and technical development cooperation, including innovative sources of development finance, in leveraging the mobilization of domestic and international financial resources for development;

(d) Informal interactive dialogue: The link between financing for development and achieving the Millennium Development Goals: the road to the 2010 high-level event;

8. *Decides* that the fourth High-level Dialogue will result in a summary by the President of the General Assembly that will provide, as appropriate, input on financing for development to the preparatory process of the high-level plenary meeting of the Assembly in September 2010.

### **Response to global financial crisis**

**CEB consideration.** The High-level Committee on Programmes (HLCP) of the United Nations System Chief Executives Board for Coordination (CEB) at its seventeenth session (Geneva, 26–27 February) [CEB/2009/4] discussed the global financial crisis and its impact on the work of the UN system. The HLCP Chairman said that the crisis required a global response, and the CEB member organizations were well placed to work together in key policy areas where coherence was crucial for results and impact. The Committee identified seven broad policy dimensions to deepen policy coherence and collaborative action: finance; trade; employment, production and aggregate demand; environment; social service, empowerment and protection of people; humanitarian, security and social stability; and development and international cooperation. The Assistant Secretary-General for Economic Development, UN Department of Eco-

conomic and Social Affairs, Kwame Sundaram Jomo, identified three policy priorities: limiting the spread of the financial crisis; reflating economies proactively; and recognizing the need for regulatory reform. He stressed the importance of long-term considerations to finance growth and employment creation, as well as a broader commitment to inclusive finance. Participants stressed that initiatives such as the vulnerability fund promoted by the World Bank constituted a concrete response to the impact of the crisis on the poor and vulnerable. HLCF recommended that CEB endorse the vulnerability fund to demonstrate the commitment of the UN system to addressing the crisis in a coherent and effective manner. The Committee also supported the need for a joint World Bank-UN system approach for the development, management and implementation of the fund. It was considered vital for the UN system to be mindful of the pre-existing crises that had already been affecting vulnerable populations around the globe, and participants pointed to the need to maintain a steady focus on meeting the internationally agreed development goals, including the MDGs. HLCF concluded, among other things, that it would develop UN system joint initiatives for immediate response to the global financial crisis on the basis of a sustainable development approach. The identified initiatives were annexed to the report.

**Thematic dialogue and recommendations of Commission of Experts.** An interactive, thematic dialogue on the world financial and economic crisis and its impact on development was held at UN Headquarters from 25 to 27 March. Participants discussed the origins, evolution and systemic aspects of the crisis, as well as UN system responses. Following the dialogue on the crisis and its impact on development, and the observations put forward by the Member States and civil society during the dialogue, the General Assembly President, on 29 April [A/63/838], transmitted the recommendations made by the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System on 5 April. The Assembly President had convened the Commission, chaired by Professor Joseph Stiglitz, 2001 Nobel Prize winner in economics, and comprising a group of distinguished economists, policymakers and other experts, to review the workings of global financial systems and explore ways to secure a more sustainable and just global economic order. The principles and recommendations outlined in the Commission's report sought to address the need to take immediate action to revive the global economy as well as the need to resolve underlying structural problems. Among immediate measures, the Commission stated that all developed countries should take strong, coordinated actions to stimulate their economies; developing countries needed additional funding to participate effectively in a global stimulus; and

a new credit facility and new methods of disbursement were required to mobilize additional funds for developing countries. Developing countries needed more policy space, as conditions attached to support provided by international financial institutions undermined incentives for developing countries to seek support funding. The lack of coherence between policies governing trade and finance had to be rectified; crisis response had to avoid protectionism; advanced country markets had to be opened to exports from LDCs. Undertaking regulatory reforms required learning from successful policies. The domestic and global impact of government financial sector support should be coordinated, and the coordination of global economic policies needed to be improved.

The report also outlined an agenda for deeper, systemic reforms to the international system including: the introduction of a new global reserve system; reforms of the governance of the international financial institutions; the creation of a global economic coordination council; and better and more balanced surveillance of economic policies. Other measures discussed in the report related to reforming central bank policies to promote development; financial market policies; support for financial innovations to enhance risk mitigation; and the development of a mechanism for handling sovereign debt restructuring and cross-border investment disputes.

**Report of Secretary-General.** In response to resolution 63/277 of 7 April (see p. 955), the Secretary-General issued a June report [A/CONF.214/4] on the world financial and economic crisis and its impact on development. The report set out the origins and causes of the crisis and the mechanisms by which it was transmitted to developing countries; reviewed the impact of the crisis on development; and summarized international policy responses and those of the United Nations. It stated that although the crisis had not originated in developing countries, those countries were being severely affected by it through weaker trade, tighter global financing conditions and lower remittances. Poverty and hunger were increasing and major reversals in progress towards the MDGs were likely. There was an increased risk of accelerated environmental degradation, and social tensions were rising.

The UN system pooled its assets to assist countries and vulnerable populations to address the impact of the downturn. CEB launched nine major UN system initiatives to respond to the crisis. It committed itself to transformational change by taking action on increasing financing for the most vulnerable; providing greater food security; increasing trade; launching a green economy initiative; formulating a global jobs pact; establishing a social protection floor; taking emergency action to ensure humanitarian, security and social stability; developing technological infrastructure

to facilitate the promotion of and access to innovation; and carrying out monitoring and analysis. Under the monitoring and analysis initiative, CEB also agreed to establish a UN system-wide vulnerability monitoring and alert mechanism to respond to an identified gap in information pertaining to the effects of the crisis on the world's most vulnerable populations. The UN Global Vulnerability Alert would ensure that, in times of global crisis, the fate of the poorest and most vulnerable populations was not marginalized in the international community's response.

Member States, multilateral institutions and regional bodies agreed on a range of concerted responses to the crisis. The G20 leaders, at their London Summit (2 April), announced a \$1.1 trillion programme of support to restore credit, growth and jobs in the world economy; the programme would provide \$50 billion to support social protection, boost trade and safeguard development in low-income countries. Member States, multilateral institutions and regional bodies had taken actions to address specific aspects of the crisis, including the implementation of unprecedented concurrent fiscal stimulus packages that amounted to \$2.7 trillion; actions to create a stronger, broader and more globally consistent macro-prudential supervisory, regulatory and oversight framework in conjunction with early warning surveillance systems; strengthened international tax cooperation; more flexible terms and quicker access to balance-of-payments financing from IMF; and greater, more effective and more predictable financing for the most vulnerable.

The report recommended that the international community deploy all its resources and capacity for rapid, coordinated and effective responses and consider how to coordinate better additional fiscal stimulus measures, giving due consideration to global imbalances, destabilizing exchange-rate movements and the need to allow counter-cyclical responses by developing countries. Financial sector rescue operations should prioritize the restoration of affordable credit flows to productive sectors through more adequate bank capitalization and regulatory reforms. A larger share of the new international liquidity for emergency financing should be made available to developing countries through flexible responses to country needs that supported counter-cyclical policies. Development lending and ODA needed to be scaled up substantially to ensure reliable financing for developing countries. Protectionist trade policies had to be stopped and full access to global markets should be provided immediately to exports from LDCs to help their recovery. International tax cooperation should be strengthened and the Committee of Experts on International Cooperation in Tax Matters should be elevated to the status of an intergovernmental committee. Debt sustainability should be closely monitored, and the

reform of the Bretton Woods institutions should continue in order to increase their capacity to prevent and manage future crises. The international financial architecture should not only ensure greater financial stability but should also create the conditions for sustainable development, decent employment, more effective investment, better technology policies and financial inclusion at the national and international levels. The international community should put in place the institutions and architecture appropriate for the interrelated challenges facing the world, including development, climate change, human rights, peace and security.

**Communication.** In a 4 June letter [A/63/893], Syria transmitted to the Secretary-General the Damascus Declaration on responding to the international financial crisis in the United Nations Economic and Social Commission for Western Asia (ESCWA) region. The Declaration was adopted by the Regional High-level Consultative Forum on the Impacts of the International Financial Crisis on the ESCWA Member Countries: the Way Forward (Damascus, Syria, 5–7 May).

The Economic and Social Council, in **resolution 2009/5** of 24 July (see p. 1062), welcomed the adoption on 19 June by the International Labour Conference of the resolution "Recovering from the crisis: a Global Jobs Pact" and encouraged Member States to promote and make use of the Pact as a general framework within which each country could formulate a policy package specific to its situation and priorities.

#### *Conference on the World Financial and Economic Crisis and Its Impact on Development*

The Conference on the World Financial and Economic Crisis and Its Impact on Development (New York, 24–30 June) [A/CONF.214/9] was held in conformity with the 2008 Doha Declaration on Financing for Development [YUN 2008, p. 1077], which was endorsed by the Assembly in resolution 63/239 [ibid., p. 1077]; and in response to Assembly resolution 63/277 (see p. 955). The Conference was attended by 189 Member States and the European Community; Palestine and the Sovereign Military Order of Malta; 4 regional commissions; 10 UN bodies and programmes; 14 specialized agencies and related organizations; 18 intergovernmental organizations; the International Committee of the Red Cross and the Inter-Parliamentary Union; and numerous business-sector entities and NGOs. It had before it the Secretary-General's report on the crisis and its impact on development [A/CONF.214/4] (see p. 946). Four interactive round tables were held under the overall theme "Examining and overcoming the deepening world financial and economic crisis and its impact on development". The round tables considered the role of the United Nations and its Member States in the ongoing



international discussions on reforming and strengthening the international financial and economic system and architecture (round table 1); coordinated and collaborative actions and appropriate measures to mitigate the impact of the crisis on development (round table 2); present and future impacts of the crisis on employment, trade, investment and development, including the achievement of the internationally agreed development goals and the MDGs (round table 3); and contributions of the UN development system in response to the crisis (round table 4). Summaries of the round-table discussions were annexed to the Conference report.

The Secretary-General, addressing the Conference on 24 June [A/CONF.214/PV.1], said that the world was struggling to overcome the worst global financial and economic crisis since the founding of the United Nations, and that the effects of climate change and extreme poverty had become starker. In a letter to leaders of the Group of Eight (G8) major industrialized countries, the Secretary-General stressed the need to commit resources to help the poorest and most vulnerable adapt to climate change and reach a deal at climate change talks to be held in Copenhagen in December (see p. 1015). He also underscored the importance of delivering on pledges of aid to achieve the MDGs. To support the economic, social and human rights of all people, the Secretary-General called for actions in three areas: mobilizing resources for better real-time data on the impact of the crisis on the poorest; honouring commitments to help women and men move from vulnerability to opportunity; and reforming international institutions for the twenty-first century.

The Conference, in resolution 1, adopted the draft outcome document, which was transmitted to the Conference by the General Assembly President in a 22 June note [A/CONF.214/3]; and recommended that the Assembly, during its resumed sixty-third (2009) session, endorse the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development (see below). In resolution 2, the Conference approved the report of the Credentials Committee [A/CONF.214/6].

#### GENERAL ASSEMBLY ACTION

On 9 July [meeting 95], the General Assembly adopted **resolution 63/303** [draft: A/63/L.75] without vote [agenda item 48].

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

*The General Assembly,*

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

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

#### ANNEX

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

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

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

2. We reaffirm the purposes of the United Nations, as set forth in its Charter, including "to achieve international cooperation in solving international problems of an economic, social, cultural, or humanitarian character" and "to be a centre for harmonizing the actions of nations in the attainment of these common ends". The principles of the Charter are particularly relevant in addressing the current challenges. The United Nations, on the basis of its universal membership and legitimacy, is well positioned to participate in various reform processes aimed at improving and strengthening the effective functioning of the international financial system and architecture. This United Nations Conference is part of our collective effort towards recovery. It builds on and contributes to what already is being undertaken by diverse actors and in various forums, and is intended to support, inform and provide political impetus to future actions. This Conference also highlights the importance of the role of the United Nations in international economic issues.

3. Developing countries, which did not cause the global economic and financial crisis, are nonetheless severely affected by it. The economic and social progress achieved during recent years, in particular on internationally agreed development goals, including the Millennium Development Goals, is now being threatened in developing countries, particularly least developed countries. This progress, partially underpinned by a period of high economic growth in many countries, needs to be secured and enhanced in the face of threats posed by the crisis. Our endeavours must be guided by the need to address the human costs of the crisis: an increase in the already unacceptable number of poor and vulnerable, particularly women and children, who suffer and die of hunger, malnutrition

and preventable or curable disease; a rise in unemployment; the reduction in access to education and health services; and the current inadequacy of social protection in many countries. Women also face greater income insecurity and increased burdens of family care. These particular human costs have serious development consequences on the human security of those affected. An equitable global recovery requires the full participation of all countries in shaping appropriate responses to the crisis.

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

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

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

#### **Present state of the world economy**

7. This crisis is connected to multiple, interrelated global crises and challenges, such as increased food insecurity, volatile energy and commodity prices and climate change, as well as the lack of results so far in the multilateral trade negotiations and a loss of confidence in the international economic system. The global economic downturn is deeper than many early estimates, and the recovery is predicted to be gradual and varied. While some countries still experience positive, though much slower growth, the

latest estimate of the United Nations indicates that world gross product will fall by 2.6 per cent in 2009, the first such decline since the Second World War. The crisis threatens to have calamitous human and development consequences. Millions of people all over the world are losing their jobs, their income, their savings and their homes. The World Bank estimates that more than 50 million people have already been driven into extreme poverty, particularly women and children. The Food and Agriculture Organization of the United Nations projects that the crisis will contribute to the number of hungry and undernourished people worldwide rising to a historic high of over one billion.

#### **Impacts of the crisis**

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

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

#### **Causes of the crisis**

9. The drivers of the financial and economic crisis are complex and multifaceted. We recognize that many of the main causes of the crisis are linked to systemic fragilities and imbalances that contributed to the inadequate functioning of the global economy. Major underlying factors in the current situation included inconsistent and insufficiently coordinated macroeconomic policies and inadequate structural reforms, which led to unsustainable global macroeconomic outcomes. These factors were made acute by major failures in financial regulation, supervision and monitoring of the financial sector, and inadequate surveillance and early warning. These regulatory failures, compounded by over-reliance on market self-regulation, overall lack of transparency, financial integrity and irresponsible behaviour, have led to excessive risk-taking, unsustainably high asset prices, irresponsible leveraging and high levels of consumption fuelled by easy credit and inflated asset prices. Financial regulators, policymakers and institutions failed to appreciate the full measure of risks in the financial system or address the extent of the growing economic vulnerabilities and their cross-border linkages. Insufficient em-

phasis on equitable human development has contributed to significant inequalities among countries and peoples. Other weaknesses of a systemic nature also contributed to the unfolding crisis, which has demonstrated the need for more effective government involvement to ensure an appropriate balance between the market and public interest.

### Response to the crisis

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

### The need for prompt and decisive action

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

- Restoring confidence and economic growth, and creating full and productive employment and decent work for all
- Safeguarding economic, development and social gains
- Providing adequate support for developing countries to address the human and social impacts of the crisis, in order to safeguard and build upon hard-won economic and development gains to date, including the progress being achieved towards the implementation of the Millennium Development Goals
- Ensuring long-term debt sustainability of developing countries
- Seeking to provide sufficient development resources to developing countries without unwarranted conditionalities
- Rebuilding trust in the financial sector and restoring lending
- Promoting and revitalizing open trade and investment and rejecting protectionism

- Fostering an inclusive, green and sustainable recovery, and providing continued support for sustainable development efforts by developing countries
- Strengthening the role of the United Nations development system in responding to the economic crisis and its impact on development
- Reforming and strengthening the international financial and economic system and architecture, as appropriate, to adapt to current challenges
- Fostering good governance at all levels, including in the international financial institutions and financial markets
- Addressing the human and social impacts of the crisis.

### Lines of action

#### Make the stimulus work for all

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

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

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

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

16. We acknowledge the G20 summit held in London on 2 April 2009, and recognize its commitment to make available an additional \$1.1 trillion programme aimed

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

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

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

19. We recognize the continued importance of good governance along with national ownership of policies and strategies. We commit ourselves to the promotion of effective and efficient economic and financial institutions at all levels—key determinants of long-term economic growth and development. We also commit ourselves to accelerating our collective recovery from the crisis through improved

transparency, eradication of corruption and strengthened governance. In this regard, we urge all States that have not done so to consider ratifying or acceding to the United Nations Convention against Corruption and call upon all States parties to vigorously implement the Convention.

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

#### **Contain the effects of the crisis and improve future global resilience**

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

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

23. We commit ourselves to strengthening the ability of the United Nations to fulfil its development mandate. United Nations funds and programmes and United Na-

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

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

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

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

27. Migrant workers are among the most vulnerable in the context of the current crisis. Remittances, which are significant private financial resources for households in countries of origin of migration, have been seriously affected by rising unemployment and weak earnings growth among

migrant workers, particularly in advanced economies. We should resist unfair and discriminatory treatment of migrant workers and the imposition of unreasonable restrictions on labour migration in order to maximize the benefits of international migration, while complying with the relevant national legislation and applicable international instruments. We recognize the important contribution of migrant workers for both countries of origin and destination. We commit ourselves to allowing labour migration to meet labour market needs.

28. An effective response to the current economic crisis requires timely implementation of existing aid commitments. There is an urgent need for all donors to maintain and deliver on their existing bilateral and multilateral official development assistance (ODA) commitments and targets made, *inter alia*, in the United Nations Millennium Declaration, the Monterrey Consensus and the 2005 World Summit Outcome at the G8 summit in Gleneagles, in the Doha Declaration and at the G20 London summit. We underline that the fulfilment of all ODA commitments is crucial, including the commitments by many developed countries to achieve the target of 0.7 per cent of gross national product (GNP) for ODA to developing countries by 2015 and to reach the level of at least 0.5 per cent of GNP for ODA by 2010, as well as a target of 0.15 to 0.20 per cent of GNP for ODA to least developed countries. We recognize that many developed countries have established timetables to reach the level of at least 0.5 per cent for ODA by 2010. We encourage other donors to work on national timetables, by the end of 2010, to increase aid levels within their respective budget allocation processes towards achieving the established ODA targets. The full implementation of these commitments will substantially boost the resources available to push forward the international development agenda and to assist developing countries to mitigate and more effectively respond to the crisis in accordance with their national strategies. Donors should review and, if appropriate, increase or redirect their assistance to developing countries to enable them to mitigate and more effectively respond to the crisis in accordance with their national strategies.

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

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

31. New voluntary and innovative forms of financing can contribute to addressing our global problems. We encourage the scaling up of development finance from existing sources and the establishment, where appropriate, of new voluntary and innovative sources of financing initiatives to provide additional stable sources of development finance, which should supplement and not be a substitute for traditional sources of finance and should be disbursed in accordance with the priorities of developing countries and not unduly burden them. We reiterate our request to

the Secretary-General to produce a progress report by the sixty-fourth session of the General Assembly, taking into account all existing initiatives.

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

33. The deepening crisis threatens to increase the debt and therefore threatens the debt sustainability of developing countries. This growing pressure limits the ability of these States to enact the appropriate fiscal measures to mitigate the impact of the crisis or engage in development financing. We affirm that the appropriate measures must be taken to mitigate the negative effects of the crisis on the indebtedness of developing States and to avoid a new debt crisis. In that regard, we support making full use of the existing flexibility within the Debt Sustainability Framework.

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

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

help prevent future crises. This potential should be further studied.

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

#### **Improved regulation and monitoring**

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

38. We emphasize the need to ensure that all tax jurisdictions and financial centres comply with standards of transparency and regulation. We reiterate the need to further promote international cooperation in tax matters, including within the United Nations, inter alia, by promoting double taxation agreements. Inclusive and cooperative frameworks should ensure the involvement and equal treatment of all jurisdictions. We call for consistent and non-discriminatory implementation of transparency requirements and international standards for exchange of information.

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

40. The current crisis has been compounded by an initial failure to appreciate the full scope of the risks accumulating in the financial markets and their potential to destabilize the international financial system and the global economy. We recognize the need for even-handed and effective IMF surveillance of major financial centres, interna-

tional capital flows and financial markets. In this context, we welcome the improvement of early warning systems by the relevant international institutions to provide early warning of macroeconomic and financial risks and the actions needed to address them.

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

#### **Reform of the international financial and economic system and architecture**

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

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

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

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

46. We recognize the importance of strengthening regional development banks, taking into account the interests of all their member countries. It is also important for them to provide medium- and long-term assistance to meet the development needs of their clients. We support measures to enhance the financial and lending capacity of regional development banks. Furthermore, we recog-

nize the importance of other regional, interregional and subregional initiatives and arrangements aimed at promoting development, cooperation and solidarity among their members.

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

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

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

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

#### **The way forward**

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

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

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

(b) Further develop the United Nations development system's comprehensive crisis response in support of na-

tional development strategies through a coordinated approach by United Nations funds and programmes, specialized agencies and the international financial institutions at the country level. The response must continue to be led by programme countries and, in this context, address vulnerabilities caused or exacerbated by the crisis and further strengthen national ownership. It should build on steps already taken by the United Nations development system, in particular at the country level. We urge the international community to ensure adequate support to the United Nations development system's crisis response;

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

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

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

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

56. We request the Economic and Social Council:

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

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

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

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

(e) Consider and make recommendations to the General Assembly regarding the possible establishment of an ad hoc panel of experts on the world economic and financial crisis and its impact on development. The panel could provide independent technical expertise and analysis, which would contribute to informing international action and political decision-making and fostering constructive dialogues and exchanges among policymakers, academics, institutions and civil society.

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

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

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

#### Preparatory process for the Conference

In April, the Assembly decided, in response to the 2008 Doha Declaration on Financing for Development [YUN 2008, p. 1077], to convene at the highest level the Conference on the World Financial and Economic Crisis and Its Impact on Development, to be held in New York in June.

#### GENERAL ASSEMBLY ACTION

On 7 April [meeting 79], the General Assembly adopted **resolution 63/277** [draft: A/63/L.66] without vote [agenda item 48].

#### **Organization of a United Nations conference at the highest level on the world financial and economic crisis and its impact on development**

*The General Assembly,*

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

*Conscious* of the importance of examining and overcoming the deepening world financial and economic crisis and its impact on development, concerned about the present and future impacts of the crisis on, inter alia, employment,



trade, investment and development, including the achievement of the internationally agreed development goals and the Millennium Development Goals, convinced of the urgency of undertaking coordinated and collaborative actions and appropriate measures to mitigate the impact of the crisis on development, emphasizing the importance of the role of the United Nations and its Member States in the ongoing international discussions on reforming and strengthening the international financial and economic system and architecture, and stressing the contributions of the United Nations development system in the response to the crisis,

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

(a) Will be convened at United Nations Headquarters from 1 to 3 June 2009;

(b) Will be held at the highest level;

(c) Will be presided over by the President of the General Assembly;

(d) Will consist of:

(i) A short opening session;

(ii) Plenary meetings;

(iii) Four interactive round tables, which will address the main issues before the Conference as outlined above;

(e) Will result in a concise outcome to be agreed by Member States;

(f) Will also result in summaries of the round-table discussions, to be included in the final report of the Conference;

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

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

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

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

to provide a summary of the discussion as an input to the preparatory process for the draft outcome document of the Conference;

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

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

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

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

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

**Communication.** In a 4 March note [E/2009/12], Finland transmitted to the Economic and Social Council the Chairperson's summary of the forty-seventh session of the Commission for Social Development (see p. 1073) and requested that it be made available to the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development.

By **decision 63/555** of 8 May, the Assembly adopted the arrangements and organization of work of the Conference, as set out in an April Secretariat note [A/63/825]. It recommended for adoption by the Conference the provisional rules of procedure, the provisional agenda and the proposed timetable for the work of the Conference, as set out in annexes to the note.

On 26 May (**decision 63/556**), the General Assembly, on the proposal of the Assembly President, decided to postpone the Conference to 24 to 26 June.

#### Follow-up to Conference

#### GENERAL ASSEMBLY ACTION

On 31 July [meeting 102], the General Assembly adopted **resolution 63/305** [draft: A/63/L.77] without vote [agenda item 48].

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

*The General Assembly,*

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

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

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

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

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

**Economic and Social Council action.** The Economic and Social Council, in **decision 2009/258** of 31 July, requested the Secretariat to provide detailed reports, by 15 September, on the following subjects: the promotion and enhancement of a coordinated response of the UN development system and the specialized agencies in the follow-up to and implementation of the outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development; and the implementation of the agreements between the United Nations and the Bretton Woods institutions, focusing in particular on enhancing collaboration and cooperation between them, and on opportunities for advancing their respective mandates. It also asked the Secretariat to report on the possible establishment of an ad hoc panel of experts on the world economic and financial crisis and its impact on development. The panel could provide independent technical expertise and analysis, which could contribute to informing international action and political decision-making and to fostering constructive dialogue and exchanges among policymakers, academics, institutions and civil society. The Council President was asked to conduct, as soon as possible thereafter, open-ended informal consultations involving relevant institutions. The Council decided to review progress made in the consideration of those issues at its resumed substantive session of 2009.

In response to Council decision 2009/258, the Secretariat submitted a 15 September note [E/2009/113] on the possible establishment of an ad hoc panel of experts on the world economic and financial crisis and its impact on development to follow up on the issues contained in the outcome of the Conference. The note discussed past terms of reference and the experience

of previous ad hoc panels of experts. It concluded that the Council and the Assembly should consider the establishment of the panel. The guiding principles should include that such a panel should provide independent technical expertise and analysis, on which Governments, UN agencies and other international institutions could draw in formulating policies. Duplication of efforts and overlap with terms of reference of existing bodies should be avoided. International organizations should foster effective cooperation, and efforts should be guided by pragmatism, specialization and division of labour.

On 16 September [E/2009/114], the Secretary-General issued a report on the promotion and enhancement of a coordinated response of the UN development system and the specialized agencies in the follow-up to and implementation of the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development. The report focused on initiatives that constituted a coordinated, UN system-wide response to the crisis. The response, which began in 2008, was led by CEB [YUN 2008, p. 1067]. At its spring session retreat (Paris, 4 April 2009) [CEB/2009/1], CEB issued a communiqué in which it emphasized that the social effects of the crisis could worsen and that responding to the crisis required a coherent and comprehensive strategy that rallied the knowledge, experience, strengths and capacities of the entire UN system. The Board endorsed nine joint initiatives to assist countries and the global community to confront the crisis. The initiatives were related to additional financing for the most vulnerable; food security; trade; green economy; the Global Jobs Pact; social protection, humanitarian, security and social stability; technology and innovation; and monitoring and analysis. The operationalization of the joint crisis initiatives included global advocacy, regional coordination, as well as operational activities in response to the specific needs at the country level. On 7 July, the lead agencies of the initiatives met in Geneva to define a common framework for operationalizing the initiatives. Participants agreed that the leaders of the initiatives, focusing on the crisis dimensions, would move forward with their work in collaboration with the cooperating organizations. The United Nations Development Group (UNDG) Advisory Group, meeting in Geneva on 14 and 15 July, agreed that UNDG would facilitate the operationalization of the nine initiatives by consolidating the support that each agency could offer UN country teams under each initiative and setting up a system through which agencies could access that support.

The report concluded that the UN system had made considerable efforts to establish mechanisms that allowed for a coordinated response to the world economic and financial crisis. Through CEB and other

mechanisms, the UN system would continue to enhance that response, focusing on implementation at the global, regional and country levels, in cooperation with national authorities.

On 15 September, the Secretariat submitted a note [E/2009/115] on enhancing collaboration and cooperation between the United Nations and the Bretton Woods institutions, which provided an overview of the implementation of the agreements focusing on innovative institutional arrangements for enhancing collaboration between them in the economic, social and related fields. Special attention was given to the engagement of the Bretton Woods institutions at the intergovernmental and staff levels in the financing for development process to promote coherence, coordination and cooperation. It also provided recent examples of collaboration at the operational level in support of global efforts to achieve the MDGs and to address new challenges and emerging issues, including those related to the global financial and economic crisis.

In December [E/2009/119], the President of the Economic and Social Council issued a summary on follow-up to the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development. In response to Council decision 2009/258, the Council President convened, on 19 October, 26 October and 10 November, respectively, open-ended, informal consultations on each of the three mandates covered by the reports.

### Other issues

#### Competition law and policy

The Intergovernmental Group of Experts on Competition Law and Policy, at its tenth session (Geneva, 7–9 July) [TD/B/C.I/CLP/6 & Corr.1], had before it UNCTAD secretariat studies on public monopolies, concessions and competition law and policies [TD/B/C.I/CLP/2], the relationship between competition and industrial policies in promoting economic development [TD/B/C.I/CLP/3], the use of economic analysis in competition cases [TD/B/C.I/CLP/4], and capacity-building and technical assistance in the area of competition law and policy [TD/B/C.I/CLP/5]. Also before the Group of Experts was the compilation of the responses to the UNCTAD questionnaire on public monopolies, concessions and competition law and policies (part I); on the relationship between competition and industrial policies in promoting economic development (part II); on and the importance of economic analysis in competition cases (part III). The Group discussed peer reviews on competition law and policy; review of the Model Law on Competition; studies related to the 1980 Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices (known as the Set) [YUN 1980, p. 626]; and its work programme.

In agreed conclusions, the Group of Experts decided that UNCTAD should undertake further voluntary peer reviews on the competition law and policy of member States or regional groupings of States during the Sixth (2010) United Nations Conference to Review All Aspects of the Set. It underlined the importance of using economic analysis in competition cases in the enforcement of competition law, the importance of the relationship between competition and industrial policies in promoting economic development, and the need to strengthen international cooperation in those areas, particularly for the benefit of developing countries; and called on UNCTAD to promote and support cooperation between competition authorities and Governments, as directed by the 2008 Accra Accord [YUN 2008, p. 1042]. The Group requested the UNCTAD secretariat to disseminate the conclusions of the Group's discussions to all interested States, and prepare studies for the Sixth (2010) Review Conference on closer international cooperation on competition policy for the development objectives of developing countries and of LDCs. The consultations should be organized around three clusters of issues: implementation of competition law and policy (session I); review of the experience gained in the implementation of the Set, including voluntary peer reviews (session II); and the role of competition policy in promoting economic development (session III). For the consideration of the Sixth Review Conference, the UNCTAD secretariat was also asked to prepare a peer review of interested countries; reports on the items set out in the agreed conclusions, with a view to facilitating round table discussions; an updated review of capacity-building and technical assistance; a further revised and updated version of the Model Law on Competition; and further issues of the *Handbook on Competition Legislation*. The UNCTAD secretariat was asked to pursue its capacity-building and technical cooperation activities, and Member States were invited to assist UNCTAD in that regard by providing experts, training facilities or financial resources.

#### International standards of accounting and reporting

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (isar), at its twenty-sixth session (Geneva, 7–9 October) [TD/B/C.II/ISAR/54] had before it unctad secretariat reports on the 2009 reviews of corporate responsibility reporting; the largest transnational corporations and climate change-related disclosure [TD/B/C.II/ISAR/CRP.7]; the implementation status of corporate governance disclosures: an examination of reporting practices among large enterprises in 12 emerging markets [TD/B/C.II/ISAR/CRP.6]; and the reporting status of corporate responsibility

indicators: case study Brazil [TD/B/C.II/ISAR/CRP.4]. Also before the Working Group were a report by the unctad secretariat and the University of Stirling on 2009 reviews of the implementation status of corporate governance disclosures: an inventory of disclosure requirements in 24 emerging markets [TD/B/C.II/ISAR/CRP.8]; a report by the secretariat and the Institute of Chartered Accountants of Pakistan on the implementation of corporate governance disclosures: case study Pakistan [TD/B/C.II/ISAR/CRP.5]; and an unctad secretariat note on the review of practical implementation issues of international financial reporting standards: impact of the financial crisis [TD/B/C.II/ISAR/53].

In its agreed conclusions, the Group of Experts noted that the financial crisis had put an unprecedented focus on accounting and reporting standards, and it reiterated the importance of a single set of high-quality global financial reporting standards for strengthening the international financial regulatory system, as highlighted by the G20 leaders in the statement issued at their Pittsburgh summit (Pittsburgh, Pennsylvania, United States, 24–25 September). Delegates called on the International Accounting Standards Board (IASB) to provide further guidance on implementation of the International Financial Reporting Standards (IFRS) in order to ensure their consistent application around the world. ISAR highlighted the need for institutional and technical capacity-building in the area of accounting and reporting faced by developing countries and countries with economies in transition. ISAR delegates agreed on the need to consider, as a result of the publication by IASB of IFRS for small and medium-sized enterprises (SMEs), withdrawing Accounting and Financial Reporting Guidelines for SMEs (SMEGA) Level 2. They requested the UNCTAD secretariat to compile feedback on practical implementation of the revised SMEGA Level 3 and conduct studies on practical implementation of IFRS for SMEs, with a view to sharing experiences.

The Group of Experts agreed on the need for further work on the capacity-building needs of member States in accounting and reporting, with a view to developing a capacity-building framework. It requested the UNCTAD secretariat to reconstitute a consultative group to propose an approach for consideration by the twenty-seventh ISAR session. The secretariat was also asked to organize workshops and seminars on those topics and further explore means of integrating discussions on those issues in future ISAR deliberations. ISAR reiterated the importance of corporate governance disclosure for promoting investment, stability and sustainable economic development, and asked UNCTAD to gather and disseminate data on corporate governance disclosure practices around the world, with a focus on providing information to policymakers, investors and other stakeholders.

The Investment, Enterprise and Development Commission, at its first session [TD/B/C.II/5], took note of the report of the twenty-fifth (2008) session of the Intergovernmental Working Group of Experts on ISAR [YUN 2008, p. 1093].

## Taxation

### *Committee of Experts on International Cooperation in Tax Matters*

The Economic and Social Council, by **decision 2009/265** of 31 July, took note of the report of the Committee of Experts on International Cooperation in Tax Matters on its fourth (2008) session [YUN 2008, p. 1095]; it decided to convene the fifth session of the Committee in Geneva from 19 to 23 October.

The fifth session of the Committee of Experts (Geneva, 19–23 October) [E/2009/45-E/C.18/2009/6] discussed the definition of permanent establishment; taxation of services, including royalties and technical fees; attribution of profits under article 7 of the United Nations Model Double Taxation Convention between Developed and Developing Countries; taxation of development projects; tax competition in corporate tax; the proposed United Nations code of conduct on cooperation in combating international tax evasion and avoidance; revision of the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries; practical issues on how treaties are developed; dispute resolution; general issues in the review of Commentaries of the United Nations Model Double Taxation Convention between Developed and Developing Countries; and transfer pricing, including a manual and checklist for developing countries.

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## Transport

### **Maritime transport**

The *Review of Maritime Transport, 2009* [Sales No. E.09.II.D.11], prepared by the UNCTAD secretariat, reported that in tandem with the global economic downturn and reduced trade, growth in international seaborne trade decelerated in 2008, expanding by 3.6 per cent as compared with 4.5 per cent in 2007. UNCTAD estimated international seaborne trade at 8.17 billion tons of goods loaded, with dry cargo continuing to account for the largest share (66.3 per cent). At the beginning of 2009, the world merchant fleet had expanded by 6.7 per cent to 1.19 billion deadweight tons (dwt). For the first time, the total tonnage on dry bulk carriers exceeded the tonnage on oil tankers.

In a later report, *Review of Maritime Transport, 2010* [Sales No. E.10.II.D.4], UNCTAD stated that in

2009 international seaborne trade volumes contracted by 4.5 per cent. While no shipping segment was spared, minor dry bulks and containerized trades suffered the most severe contractions. Total goods loaded amounted to 7.8 billion tons, down from around 8.2 billion tons recorded in 2008. By the end of 2009, freight rates in all sectors had recovered from their earlier lows, although they were still significantly beneath their 2008 levels. The world fleet continued to grow by 7 per cent. Accordingly, the overall fleet productivity in 2009—measured in tons of cargo carried per deadweight ton—decreased further compared with the 2008 figures. The global average volume of cargo in tons per carrying capacity dwt decreased, and the average ship was fully loaded only 6.6 times in 2009 compared with 7.3 times in 2008. Developments in China were particularly noteworthy with regard to the supply of and demand for shipping services. Between 2008 and 2009, China overtook Germany as the third-largest shipowning country, Japan as the second-biggest shipbuilding country, and India as the busiest ship-recycling country.

### Transport of dangerous goods

In response to Economic and Social Council resolution 2007/6 [YUN 2007, p. 998], the Secretary-General submitted an April report [E/2009/55] on the work during 2007–2008 of the Committee of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals.

The report stated that the secretariat published the fifteenth revised edition of the *Recommendations on the Transport of Dangerous Goods: Model Regulations* [Sales No. E.07.VIII.1], amendments to the fourth revised edition of the *Recommendations on the Transport of Dangerous Goods: Manual of Tests and Criteria* [Sales No. E.07.VIII.2] and the second revised edition of the *Globally Harmonized System of Classification and Labelling of Chemicals* (GHS) [Sales. No. E.07.II.E.5]. All main legal instruments and codes governing the international transport of dangerous goods by sea, air, road, rail or inland waterway were amended accordingly, with effect from 1 January 2009, and many Governments transposed the provisions of the Model Regulations into their own legislation for domestic traffic for application from 2009. Many Governments and international organizations had revised or taken steps to revise existing national and international legislation in order to implement GHS by the recommended target date of 2008 or as soon as possible thereafter.

The Committee adopted amendments to the Model Regulations and the *Manual of Tests and Criteria*, which consisted mainly of new or revised provisions that concerned listing, classification and packing of

dangerous goods; transport in cryogenic receptacles; transport of fumigated freight containers; transport of radioactive material; transport of dangerous goods packed in limited quantities; metal hydride systems of storage of hydrogen; test requirements for explosives, pyrotechnic substances and lithium batteries; harmonization with GHS; and the use of electronic data interchange for documentation purposes. It also adopted amendments to GHS concerning mainly classification criteria for some physical hazards, hazards to the environment, health (chronic toxicity and respiratory and skin sensitizers) and the ozone layer. It completed the validation of the protocol on transformation/dissolution of metals and metal components in aqueous media, and issued a new set of combined hazard statements as well as guidance on the procedure of allocation of hazard statements and on the labelling of small packaging.

The Committee approved the programme of work for the 2009–2010 biennium and planned sessions for the Subcommittees of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals. It recommended a draft resolution for adoption by the Economic and Social Council (see below).

#### ECONOMIC AND SOCIAL COUNCIL ACTION

On 29 July [meeting 42], the Economic and Social Council adopted **resolution 2009/19** [draft: E/2009/55] without vote [agenda item 13 (*m*)].

#### Work of the Committee of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals

*The Economic and Social Council,*

*Recalling* its resolutions 1999/65 of 26 October 1999 and 2007/6 of 23 July 2007,

*Having considered* the report of the Secretary-General on the work of the Committee of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals during the biennium 2007–2008,

#### A. Work of the Committee regarding the transport of dangerous goods

*Recognizing* the importance of the work of the Committee of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals for the harmonization of codes and regulations relating to the transport of dangerous goods,

*Bearing in mind* the need to maintain safety standards at all times and to facilitate trade, as well as the importance of this to the various organizations responsible for modal regulations, while meeting the growing concern for the protection of life, property and the environment through the safe and secure transport of dangerous goods,

*Noting* the ever-increasing volume of dangerous goods being introduced into worldwide commerce and the rapid expansion of technology and innovation,

*Recalling* that, while the major international instruments governing the transport of dangerous goods by the various modes of transport and many national regulations are now better harmonized with the Model Regulations annexed to the Committee's recommendations on the transport of dangerous goods, further work on harmonizing these instruments is necessary to enhance safety and to facilitate trade, and recalling also that uneven progress in the updating of national inland transport legislation in some countries of the world continues to present serious challenges to international multimodal transport,

1. *Expresses its appreciation* for the work of the Committee of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals with respect to matters relating to the transport of dangerous goods, including their security in transport;

2. *Requests* the Secretary-General:

(a) To circulate the new and amended recommendations on the transport of dangerous goods to the Governments of Member States, the specialized agencies, the International Atomic Energy Agency and other international organizations concerned;

(b) To publish the sixteenth revised edition of the *Recommendations on the Transport of Dangerous Goods: Model Regulations* and the fifth revised edition of the *Recommendations on the Transport of Dangerous Goods: Manual of Tests and Criteria* in all the official languages of the United Nations, in the most cost-effective manner, no later than the end of 2009;

(c) To make those publications available on the website of the Economic Commission for Europe, which provides secretariat services to the Committee, and also on CD-ROM;

3. *Invites* all Governments, the regional commissions, the specialized agencies, the International Atomic Energy Agency and the other international organizations concerned to transmit to the secretariat of the Committee their views on the Committee's work, together with any comments that they may wish to make on the recommendations on the transport of dangerous goods;

4. *Invites* all interested Governments, the regional commissions, the specialized agencies and the international organizations concerned to take into account the recommendations of the Committee when developing or updating appropriate codes and regulations;

5. *Requests* the Committee to study, in consultation with the International Maritime Organization, the International Civil Aviation Organization, the regional commissions and the intergovernmental organizations concerned, the possibilities of improving the implementation of the Model Regulations on the transport of dangerous goods in all countries for the purposes of ensuring a high level of safety and eliminating technical barriers to international trade, including through the further harmonization of international agreements or conventions governing the international transport of dangerous goods;

6. *Invites* all Governments, as well as the regional commissions, the International Maritime Organization, the International Civil Aviation Organization and other organi-

zations concerned, to provide feedback to the Committee regarding differences between the provisions of national, regional or international legal instruments and those of the Model Regulations, in order to enable the Committee to develop cooperative guidelines for enhancing consistency between those requirements and reducing unnecessary impediments, to identify existing substantive and modal international, regional and national differences, with the aim of reducing such differences to the greatest extent practical and ensuring that differences, where they are necessary, do not pose impediments to the safe and efficient transport of dangerous goods, and to undertake an editorial review of the Model Regulations and various modal instruments with the aim of improving clarity, user-friendliness and ease of translation;

#### **B. Work of the Committee regarding the Globally Harmonized System of Classification and Labelling of Chemicals**

*Bearing in mind* that, in paragraph 23 (c) of the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"), countries were encouraged to implement the Globally Harmonized System of Classification and Labelling of Chemicals as soon as possible with a view to having the system fully operational by 2008,

*Bearing in mind also* that the General Assembly, in its resolution 57/253 of 20 December 2002, endorsed the Johannesburg Plan of Implementation and requested the Economic and Social Council to implement the provisions of the Plan relevant to its mandate and, in particular, to promote the implementation of Agenda 21 by strengthening system-wide coordination,

*Noting with satisfaction:*

(a) That the Economic Commission for Europe and all United Nations programmes and specialized agencies concerned with chemical safety in the field of transport or the environment, in particular the United Nations Environment Programme, the International Maritime Organization and the International Civil Aviation Organization, either already took appropriate steps to amend their legal instruments in order to give effect to the Globally Harmonized System before the end of 2008 target date or are considering amending those instruments as soon as possible;

(b) That the International Labour Organization, the Food and Agriculture Organization of the United Nations and the World Health Organization are also taking appropriate steps to adapt their existing chemical safety recommendations, codes and guidelines to the Globally Harmonized System, in particular in the areas of occupational health and safety, pesticide management and the prevention and treatment of poisoning;

(c) That the Globally Harmonized System has already been in force in New Zealand since 2001 and in Mauritius since 2004;

(d) That a new regulation of the European Parliament and of the Council implementing the Globally Harmonized System in the States members of the European Union and the European Economic Area entered into force on 20 January 2009;

(e) That other Member States participating in the activities of the Subcommittee of Experts on the Globally Harmonized System of Classification and Labelling of

Chemicals are actively preparing revisions of national legislation applicable to chemicals with a view to implementing the Globally Harmonized System;

(f) That a number of United Nations programmes, specialized agencies and regional organizations, in particular the United Nations Institute for Training and Research, the International Labour Organization, the World Health Organization, the Economic Commission for Europe, the Asia-Pacific Economic Cooperation, the Organization for Economic Cooperation and Development and the European Commission, as well as a number of Governments, and non-governmental organizations representing the chemical industry, have organized or contributed to multiple workshops, seminars and other capacity-building activities at the international, regional, subregional and national levels in order to raise administration, health sector and industry awareness and to prepare for the implementation of the Globally Harmonized System,

*Aware* that effective implementation will require further cooperation between the Subcommittee of Experts and the international bodies concerned, continued efforts by the Governments of Member States, cooperation with the industry and other stakeholders, and significant support for capacity-building activities in countries with economies in transition and developing countries,

*Recalling* the particular significance of the United Nations Institute for Training and Research/International Labour Organization/Organization for Economic Cooperation and Development Global Partnership for Capacity-building to Implement the Globally Harmonized System of Classification and Labelling of Chemicals for building capacities at all levels,

1. *Commends* the Secretary-General for the publication of the second revised edition of the *Globally Harmonized System of Classification and Labelling of Chemicals* in the six official languages of the United Nations, in book form and on CD-ROM, and for its availability, together with that of related informational material, on the website of the Economic Commission for Europe, which provides secretariat services to the Committee of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals;

2. *Expresses its deep appreciation* to the Committee, the Economic Commission for Europe, United Nations programmes, specialized agencies and other organizations concerned for their fruitful cooperation and for their commitment to the implementation of the Globally Harmonized System of Classification and Labelling of Chemicals;

3. *Requests* the Secretary-General:

(a) To circulate the amendments to the second revised edition of the *Globally Harmonized System of Classification and Labelling of Chemicals* to the Governments of Member States, the specialized agencies and other international organizations concerned;

(b) To publish the third revised edition of the *Globally Harmonized System of Classification and Labelling of Chemicals* in all the official languages of the United Nations in the most cost-effective manner and no later than the end of 2009 and to make it available on CD-ROM and on the website of the Economic Commission for Europe;

(c) To continue to make information on the implementation of the Globally Harmonized System available on the website of the Economic Commission for Europe;

4. *Invites* Governments that have not yet done so to take the necessary steps, through appropriate national procedures and/or legislation, to implement the Globally Harmonized System as soon as possible;

5. *Reiterates its invitation* to the regional commissions, the United Nations programmes, the specialized agencies and other organizations concerned to promote the implementation of the Globally Harmonized System and, where relevant, to amend their respective international legal instruments addressing transport safety, workplace safety, consumer protection or the protection of the environment so as to give effect to the Globally Harmonized System through such instruments;

6. *Invites* Governments, the regional commissions, the United Nations programmes, the specialized agencies and other organizations concerned to provide feedback to the Subcommittee of Experts on the Globally Harmonized System of Classification and Labelling of Chemicals on the steps taken for the implementation of the Globally Harmonized System in all relevant sectors, through international, regional or national legal instruments, recommendations, codes and guidelines, including, when applicable, information about the transitional periods for its implementation;

7. *Encourages* Governments, the regional commissions, the United Nations programmes, the specialized agencies and other relevant international organizations and non-governmental organizations, in particular those representing industry, to strengthen their support for the implementation of the Globally Harmonized System by providing financial contributions and/or technical assistance for capacity-building activities in developing countries and countries with economies in transition;

### C. Programme of work of the Committee

*Taking note* of the programme of work of the Committee of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals for the biennium 2009–2010, as contained in paragraph 46 of the report of the Secretary-General,

*Noting* the relatively poor level of participation of experts from developing countries and countries with economies in transition in the work of the Committee and the need to promote their wider participation in its work,

1. *Decides* to approve the programme of work of the Committee of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals;

2. *Stresses* the importance of the participation of experts from developing countries and countries with economies in transition in the work of the Committee, calls in that regard for voluntary contributions to facilitate such participation, including through support for travel and daily subsistence, and invites Member States and international organizations in a position to do so to contribute;

3. *Requests* the Secretary-General to submit to the Economic and Social Council in 2011 a report on the implementation of the present resolution, the recommendations on the transport of dangerous goods and the Globally Harmonized System of Classification and Labelling of Chemicals.

## UNCTAD institutional and organizational questions

In 2009, the Trade and Development Board (TDB)—the governing body of UNCTAD—held the following sessions, all in Geneva: fifty-sixth annual session (14–25 September and 12 October) [A/64/15 (Part IV)], forty-sixth (27 March) [A/64/15 (Part II)], forty-seventh (30 June) [A/64/15 (Part III)] and forty-eighth (25 November) [A/65/15 (Part I)] executive sessions.

In June, TDB took note of the secretariat reports on activities undertaken by UNCTAD in favour of Africa [TD/B/EX(47)/2] (see p. 931) and food security in Africa: learning lessons from the food crisis [TD/B/EX(47)/3] [ibid.]. It took note of the report of the Trade and Development Commission on its first session [TD/B/C.I/5] endorsed the agreed conclusions contained therein; and approved the draft provisional agenda and topics for the Commission's second session. The Board also took note of the report of the Investment, Enterprise and Development Commission on its first session [TD/B/C.II/5] and the agreed conclusions contained therein (see p. 925); approved the draft provisional agenda and topics for the Commission's second session; and approved topics for single-year expert meetings for 2010. TDB further approved the holding of a second UNCTAD public symposium with civil society in 2010.

In September, TDB adopted agreed conclusions on: the review of progress in the implementation of the Programme of Action for LDCs for the Decade 2001–2010 [agreed conclusions 496(LVI)], economic development in Africa: strengthening regional economic integration for Africa's development [agreed conclusions 497(LVI)] (see p. 932), and the secretariat proposal [TD/B/56/CRP.2] to enhance the functioning of the Working Party on the Strategic Framework and the Programme Budget [agreed conclusions 501(LVI)]. It adopted a decision on the review of UNCTAD technical cooperation activities and their financing (see p. 964). In further action [agreed conclusions 499(LVI)], the Board approved the UNCTAD communications strategy [TD/B/56/9/Rev.1] and publications policy [TD/B/56/10/Rev.1]; and requested the UNCTAD secretariat to implement the strategy and policy with immediate effect and report to the Board annually on implementation through the Working Party. TDB also approved the report of the Working Party [TD/B/WP/210] on the Strategic Framework and the Programme Budget on its fifty-second (resumed) session (see p. 965) [dec. 500(LVI)].

In other action, TDB took note of the report of the ITC UNCTAD/WTO Joint Advisory Group on its forty-second session [ITC/AG(XLII)/225] (see p. 924); the

UNCTAD secretariat report on progress made in the implementation of the outcomes of the major UN conferences and summits, and UNCTAD contributions [TD/B/56/8]; the secretariat report on UNCTAD assistance to the Palestinian people [TD/B/56/3] (see p. 463); and the forty-second annual report of the United Nations Commission on International Trade Law [A/64/17] (see p. 1315). The Board approved the applications of the Organization of Eastern Caribbean States and the Eurasian Development Bank to participate in UNCTAD activities as observers; and the applications of the Grain and Feed Trade Association and IQsensato to participate in UNCTAD activities in the special and general categories, respectively.

### Appointment of UNCTAD Secretary-General.

On 22 June [A/63/891], the UN Secretary-General proposed to extend the appointment of Supachai Panitchpakdi (Thailand) as UNCTAD Secretary-General for another four-year term of office beginning on 1 September 2009 and ending on 31 August 2013. The General Assembly confirmed the appointment on 6 July (**decision 63/424**).

### Technical cooperation

In a June report [TD/B/WP/212&Add.1,2], the UNCTAD Secretary-General reviewed technical cooperation activities in 2008. The delivery of technical cooperation increased to \$38.2 million. Overall contributions to trust funds contracted by 8 per cent. Contributions by developing countries accounted for 25 per cent of the total contributions to trust funds. Expenditures on country projects increased in all the regions, and accounted for 43 per cent of total delivery.

A later report [TD/B/WP/222 & Add.1, 2] stated that in 2009, delivery of UNCTAD technical cooperation achieved its highest level amounting to \$38.8 million. The Automated System for Customs Data continued to be UNCTAD's largest technical assistance activity, followed by the Debt Management and Financial Analysis System: those two programmes accounted for 47 per cent of total UNCTAD's technical cooperation delivery.

By region, \$8 million (20.5 per cent of the total expenditure) was spent on technical cooperation in Asia and the Pacific; \$7.3 million (18.9 per cent) in Africa; \$5.3 million (13.5 per cent) in Latin America and the Caribbean; and \$0.7 million (1.9 per cent) in Europe. Interregional projects accounted for \$17.5 million (45.1 per cent) of the total expenditure; and LDCs accounted for \$15.9 million (41 per cent).

By thematic cluster, transport and trade facilitation accounted for \$14.7 million (37.8 per cent) of the total expenditure; strengthening the debt management capacity of developing countries, \$5 million (13 per cent); capacity-building on trade negotiations and commercial diplomacy, \$3.4 million (8.7 per cent).



Overall contributions to trust funds amounted to \$29.8 million—back to the level of 2006—contracting by 12 per cent compared with the previous year due to the financial crisis. Contributions from developed countries, amounting to \$13.7 million, decreased by about 13 per cent as compared with 2008, accounting for 45.7 per cent of total contributions to trust funds; nevertheless, the 2009 figure was the lowest since 2004. Contributions from developing countries increased by 16 per cent—to almost \$10 million—accounting for 33.3 per cent of total contributions to trust funds. The European Commission continued to be the single largest contributor to operational activities; after two consecutive years of increase, however, its contributions decreased in 2009 to \$2.6 million, accounting for 8.7 per cent of total contributions. The UN system and other international organizations contributed 2.9 million or 9.6 per cent, and the public and private sectors contributed \$0.8 million or 2.6 per cent.

On 25 September [A/64/15 (Part IV), dec. 498(LVI)], TDB noted the increase in total delivery of UNCTAD technical cooperation programmes and urged donors and the UNCTAD secretariat to further enhance their assistance to LDCs. It expressed concern regarding the decrease of the funds allocated to technical assistance projects for developing countries acceding to WTO, particularly LDCs. In that regard, TDB invited donors to make contributions to the UNCTAD Trust Fund for WTO accession. It requested the UNCTAD secretariat to enhance its regional and subregional activities, and ensure that the regional dimension was given adequate attention in the delivery of technical cooperation. The secretariat was also asked to upgrade data and analytical tools on South-South flows and cooperation, and promote South-South and triangular cooperation, in accordance with the 2008 Accra Accord [YUN 2008, p. 1042]; and continue to provide information regarding requests for technical cooperation. TDB reaffirmed that the establishment of thematic trust funds should aim at enhancing the effectiveness and impact of UNCTAD technical cooperation activities without compromising the scope, content, delivery and quality of reporting, and should enhance the links between UNCTAD operational activities and analytical work. The UNCTAD secretariat was asked to report to the Working Party on progress made on the consolidation of the thematic trust funds.

### *Evaluation*

In June, an independent team submitted an in-depth external evaluation of the UNCTAD commodities programme [TD/B/WP/213], along with supporting materials [TD/B/WP/214]. The evaluation stated that UNCTAD work on commodities had been subject to a number of external and internal challenges that had

limited its outcomes, despite a large number of activities addressing the mandate from the 2004 São Paulo Consensus [YUN 2004, p. 955], adopted at UNCTAD XI [ibid, p. 954]. Neither UNCTAD nor its external partners could adequately anticipate and warn stakeholders to deal with the swift boom and bust cycles in commodities during the evaluation period, which were caused by unprecedented events. The internal challenges in the Commodities Branch further impaired its ability to respond adequately to developments. The unpreparedness to deal swiftly with commodity issues was the result of the collective neglect of commodities on the part of donors faced with huge development aid write-offs; developing countries that were complacent during the favourable upswing phase; and insufficient attention by UNCTAD. The lack of donor support to commodities in general, and to UNCTAD commodities work in particular, lowered the profile and importance of commodities within UNCTAD, ceding importance to other streams such as trade analysis, trade negotiations and the environment. The evaluation also stated that the relevance of UNCTAD work in commodities was beyond doubt, and that, despite its internal challenges, UNCTAD attempted to analyse commodities from a development perspective and propose market-based mechanisms to deal with the challenges. In technical assistance, UNCTAD faced aggressive competition and needed to reinvent its positioning. The quality of internal and external partnerships suffered most over the previous two years, due partly to inefficient implementation and partly to poor human relationships. The Commodities Branch had been weak at marketing its offerings to donors and a lack of enthusiasm, morale and team spirit affected its performance.

Since UNCTAD XII [YUN 2008, p. 1041], the Commodities Branch had been spun off into the new Special Unit on Commodities, which reported to the Secretary-General. The evaluation, directed at the new structure and mandate, outlined recommendations which addressed the relevance, impact, sustainability and effectiveness of the Special Unit.

UNCTAD management, in its August response to the in-depth evaluation [TD/B/WP(53)/CRP.1], stated that it looked forward to implementing the recommendations contained in the evaluation report in the light of the guidance and final outcomes of the fifty-third session of the Working Party.

The Working Party, in agreed conclusions adopted at its fifty-third session in September [TD/B/WP/215], took note of the findings of the evaluation team; expressed concern at the problems and shortcomings raised by the team; and reiterated that UNCTAD had a central role to play as a leader on commodity-related development issues. It endorsed the recommendations contained in the evaluation report and encouraged the Special Unit on Commodities to increase its productivity along the lines

of the recommendations, and the donor community to increase its financial support for initiatives outlined in the programme of work. The secretariat was asked to report on the implementation of all recommendations at the TDB Executive Session in 2010.

The Working Party requested the secretariat to implement, for 2010, an in-depth evaluation of UNCTAD technical cooperation activities dedicated to LDCs, landlocked developing countries, small island developing States and structurally weak, vulnerable and small economies; and for 2011, an in-depth evaluation of the UNCTAD programme on science and technology for development. It also requested that, on an exceptional basis, an independent evaluation of the UNCTAD programme of assistance to the Palestinian people be conducted by an external evaluator, and recommended that the results be considered by TDB at its fifty-eighth (2011) session.

### **Strategic framework and programme budget**

The UNCTAD Working Party on the Strategic Framework and Programme Budget held four sessions in 2009, all in Geneva.

At its fifty-second session (Geneva, 26–30 January) [TD/B/WP/209], the Working Party considered the draft proposal of the 2010–2011 biennium work programme for UNCTAD. In its agreed conclusions, it urged the UNCTAD secretariat to strengthen its special focus on the particular needs of the LDCs, programme of assistance to the Palestinian people and technical assistance projects to developing countries acceding to WTO. It asked the UNCTAD secretariat to improve the development and use of indicators of achievement, so as to measure the implementation of UNCTAD activities more effectively, and provide an explanatory note on the programme budget documents explaining output categories and quantities and indicators of achievement.

In agreed conclusions adopted at its resumed fifty-second session (Geneva, 8–12 June) [TD/B/WP/210], the Working Party requested the UNCTAD secretariat to extend all available support so that the Working Party could fully carry out its work, including through the timely availability of documentation. The Working Party also expressed its concern that its views and recommendations expressed at its fifty-second session

were not sufficiently taken into account in the UNCTAD section of the budget fascicle [A/64/6 (Sect. 12)], and urged the competent bodies of the General Assembly to consider reflecting those views and recommendations in the approved UNCTAD budget for the 2010–2011 biennium, especially with regard to the recent establishment of the sub-account for the Special Unit on Commodities. The Working Party requested the UNCTAD secretariat to prepare for the consideration of TDB at its next regular session a comprehensive proposal to strengthen the Working Party. It also requested the UNCTAD Secretary-General to ensure that the resources provided by the Assembly for the development pillar were also used to strengthen South-South cooperation, and that the Technical Services Unit was fully staffed and had adequate resources to fulfil its additional coordination responsibilities from the Accra Accord. It further expressed concern that the resources for the Division for Africa, Least Developed Countries and Special Programmes remained inadequate, and requested the Assembly, during its sixty-fourth (2010) session, to consider that issue on a priority basis. The Working Party asked the UNCTAD Secretary-General to enhance the organization's focus on Africa, LDCs and special programmes under all subprogrammes, and to ensure that, full regard was paid to the development needs and poverty reduction of developing countries.

At its fifty-third session (7–9 September) [TD/B/WP/215], the Working Party adopted a draft decision for consideration by TDB on technical cooperation (see p. 963), and agreed conclusions on an in-depth external evaluation of UNCTAD's commodity programme (see p. 964).

At its fifty-fourth session (18–20 November) [TD/B/WP/217], the Working Party considered the draft proposed UNCTAD Biennial Programme Plan for 2012–2013 and adopted the provisional agenda for its fifty-fifth session.

TDB, at its fifty-sixth session [A/64/15 (Part IV)], approved the report of the Working Party on its fifty-second (resumed) session [TD/B/WP/210] [dec. 500(LVI)] and noted the proposal to enhance the functioning of the Working Party put forward by the UNCTAD secretariat [TD/B/56/CRP.2] [agreed conclusion 501(LVI)].