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Summary record of the 10th meeting
Held at Headquarters, New York, on Wednesday, 16 October 2013, at 10 a.m.

Chair: Mr. Diallo . . . . (Senegal)
later: Ms. Brown (Vice-Chair) . . . . (Jamaica)

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The meeting was called to order at 10.05 a.m.

Agenda item 17: Macroeconomic policy questions

(b) International financial system and development (A/68/221)

Agenda item 18: Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference (A/68/357)

1. **Mr. Trepelkov** (Director, Financing for Development Office, Department of Economic and Social Affairs), introducing the report of the Secretary-General on follow-up to and implementation of the Monterrey Consensus and Doha Declaration on Financing for Development (A/68/357), and highlighting its salient points, said that there was a need for a global mechanism to ensure the swift and sufficient availability of resources to stabilize market conditions during systemic liquidity crises. That mechanism would reduce the need for precautionary measures linked to global imbalances, such as the costly accumulation of reserves in many developing countries. In addition, a strengthened and effective role for the United Nations as well as greater engagement with the Group of Twenty (G-20) were crucial for global economic governance.

2. Introducing the report of the Secretary-General on the international financial system and development (A/68/221), he described its essential points and stressed the need to establish a stable financial system that successfully mobilized and allocated resources for global sustainable development, including in non-profit areas that the private sector was unlikely to finance on its own.

3. *Ms. Brown (Jamaica), Vice-Chair, took the Chair.*

4. **Mr. Thomson** (Fiji), speaking on behalf of the Group of 77 and China, said that the international community should develop a global, universal and integrated response to address systemic fragilities and imbalances inherent in the international financial institutions and to resolve financial instability and lack of liquidity to developing countries.

5. The General Assembly should consider establishing an ad hoc panel of experts on the reform of the international financial system that would examine the impact of the global financial crisis, the role of the United Nations in global economic governance and the modalities of financing for development. A global mechanism was still lacking to ensure the swift and sufficient availability of resources to stabilize market conditions. Inclusive, transparent and effective multilateral approaches were necessary for managing global challenges, with continuing cooperation between the United Nations and intergovernmental forums. Developing countries must be equitably represented in international financial institutions and have a stronger voice in global economic governance. Transparency must exist to reduce speculative investment, mobilize capital markets and achieve sustainable development.

6. Structural fragilities in the financing of developing countries' sovereign debt caused by transferring private risk to the public sector had adversely affected the social and economic development of developing countries as a whole. Debt relief, including debt cancellation and restructuring, remained important. Debt restructuring should reflect the real payment capacity of the indebted country; venture funds should not be allowed to paralyze the process, nor should they supersede a State's right to protect its people under international law.

7. Official Development Assistance (ODA) continued to decline even as leaders had reaffirmed their commitment the previous month at the Special Event on the Millennium Development Goals (MDGs). Renewed commitments were necessary to reverse the decline in ODA and increase disbursements in a timely and predictable manner.

8. A follow-up international conference on financing for development should be held before the end of 2015, and the President of the General Assembly should appoint co-facilitators to hold open, inclusive and direct intergovernmental consultations.

9. **Ms. Rambally** (Saint Lucia), speaking of behalf of the Caribbean Community (CARICOM), said that the foundations of the global partnership for development as set out in the Monterrey Consensus and Doha Declaration needed to be upheld. A global committed response was necessary to meet the MDGs and to promote freer trade, greater foreign investment, debt relief and efficient government, as well as to tear down trade barriers and agricultural subsidies that were robbing poor countries of markets for their products. Despite the significant progress made towards achieving the MDGs, challenges still remained, and

action must focus on those goals which were the most off-track, and on those countries that faced particular development challenges, including the member States of CARICOM.

10. The international community gave inadequate recognition to the needs and concerns of small, open, vulnerable and highly indebted countries such as the member States of CARICOM. Although the criterion of GDP per capita had caused a number of Caribbean nations to be classified as middle- and even high-income countries, many of them had a debt-to-GDP ratio of 100 per cent or higher. The international community, the United Nations development system and the international financial institutions must take a more systematic approach to the development needs of middle-income countries in the developing world and provide them with increased concessionary funding.

11. CARICOM had focused on growth and development at the national and regional levels, including both regional trade and collective engagement with global markets. However, the global partnership that had been forged over a decade ago in Monterrey must complement that effort. While economic and social development was primarily a national responsibility, international support was also important. Although certain development partners had succeeded in meeting and sometimes exceeding their ODA targets, it was worrying that others had failed to do so.

12. Trade was the most important avenue for self-help, as it generated income and reduced aid dependency in poor countries, creating a win-win situation for all. Ambitious work was needed to open up markets, phase out trade-distorting subsidies and reduce trade barriers for developing countries. In addition, the multilateral trading system must address the growing and excessive volatility of commodity prices, an emerging issue not covered in the Doha Development Agenda.

13. CARICOM called for an informed discussion of international cooperation in tax matters and consequently welcomed the Economic and Social Council's decision to annualize its Special Meeting on International Cooperation in Tax Matters. The Committee of Experts on International Cooperation in Tax Matters should also be upgraded to the status of a subsidiary body of the Council.

14. The Monterrey Consensus urgently needed to be transformed into concrete action. Opportunity and empowerment, rather than charity, would benefit all. Long-term peace and stability could not be established until people accepted their common humanity and destiny. Those who had fallen short of their commitments should recognize that their own self-interests dictated a greater and more appropriately targeted generosity.

15. **Mr. Alemu** (Ethiopia), speaking on behalf of the African Group, said that, since ODA had declined two years in a row, timely measures were needed to address the shortfall and enable developing countries, especially the least developed countries, to sustain the development gains they had achieved thus far and adapt to new challenges. It was hoped that the Intergovernmental Committee of Experts on Sustainable Development Financing would have a real, and not merely nominal, influence. The Committee must address the failure to implement the internationally agreed development goals, thus far the major impediment to success in development cooperation.

16. Although the Group was pleased that the share of greenfield investment had recently increased in the least developed countries, it remained concerned that foreign direct investment (FDI) in Africa was still limited to very few countries. The African Group was acutely aware that domestic mobilization of resources to finance the region's development was crucially important and an area where it could make progress.

17. Conclusion of the WTO Doha Round would significantly benefit poor countries. Donors should fulfil their commitment of providing 0.7 per cent of GNI as ODA, with between 0.15 and 0.2 per cent for least developed countries. The Group also reiterated the call for mobilization of the agreed $100 billion for the Green Climate Fund by 2020 and the Fund's operationalization by 2014.

18. As instability in the global financial system had threatened their continent's gains, it was crucial that African countries be assisted in rebuilding their fiscal buffers by means of enhanced technical assistance and lending facilities coupled with concessional financing, in order to mitigate external shocks without aggravating their debt vulnerabilities.

19. Efforts must be scaled up to lay a strong foundation for development finance and achieve the

overarching goal of eradicating poverty. For that purpose, a follow-up international conference on financing for development should be held before the end of 2015.

20. **Mr. Khan** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that development efforts were in danger of slowing considerably if the global commitment to development financing was not renewed and growth-spurring resources were not provided. The heavy burden of mobilizing resources for development must not be shouldered by developing countries alone: regional and international engagement was crucial. The full implementation of the Monterrey Consensus was vital to bolstering sustainable development, as was improved resource allocation with new funding modalities and sources.

21. The overarching objective of the new global development agenda must be poverty eradication with sustainable development at its core. Priorities should include quality education, improved health care, better job opportunities, access to clean water and sanitation, affordable and nutritious food, political freedoms, management of environmental disasters and climate change, transport and road safety, better technology, improved infrastructure, fair trade, market access, support for industry and manufacturing, and gender equality.

22. ASEAN was promoting trade facilitation, capital market development, food security, protection of intellectual property, and infrastructure development. Its trade and investment activities sought to enhance private sector integration and competitiveness among its member States by improving standards and systems, increasing the capacity of small and medium-size enterprises and scaling up the use of clean energy technologies. Collaborative activities with the Asia-Pacific Economic Cooperation forum were being explored in priority areas.

23. Lastly, the Monterrey Consensus and the Doha Declaration, and ODA commitments in particular, must be implemented. Systemic issues needed to be addressed in the international monetary, financial and trading systems to support development. A decision should be taken before the end of 2013 on a follow-up international conference on financing for development.

24. **Mr. Beviglia Zampetti** (Observer for the European Union), speaking also on behalf of the candidate countries Iceland, Montenegro, Serbia and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Albania and Bosnia and Herzegovina; and, in addition, Georgia, the Republic of Moldova and Ukraine, said that the focus should be on the most off-track MDGs, in particular those affecting least developed countries, landlocked countries and small island developing States. The European Union and its member States remained true to their commitments, which were monitored on an annual basis, and pledged to assist with the attainment of the MDGs. Over the past ten years, they had committed almost 45 billion euros a year to development aid. The European Union remained the largest trading partner of developing countries and the market most open to them. It had accounted for 71 per cent of global debt relief over the period 2000-2011.

25. The policy framework of the Monterrey Consensus and the Doha Declaration must be preserved, while being adapted to new challenges and circumstances such as the distribution of global wealth, increased interdependence, the balance between different financing sources, the role of emerging donors and the multiplication of international financing processes and instruments, especially with relation to climate or biodiversity finance. Innovative financing had an important role to play. The framework must be policy-focused, cover all financing sources and address illicit flows such as tax evasion. It should focus on effective implementation at the country level and be based on mutual accountability, in order to reflect shared responsibilities. A comprehensive monitoring system was required.

26. Trade, the international financial system, commodities and external debt issues were very much intertwined with financing for development, despite being considered under different agenda items. Due to a need for coherence and avoidance of duplication, all those issues would be best addressed under the umbrella of the Monterrey Consensus through an omnibus resolution.

27. The European Union supported the equitable multilateral trading system of the World Trade Organization (WTO) and the 2010 G-20 Agreement on Quotas and Governance of the International Monetary Fund (IMF). The G-20 had given top priority to strengthening growth and creating jobs while maintaining fiscal sustainability.

28. **Ms. Morgan** (Mexico) said that donor countries must continue to fulfil their voluntary ODA requirements by explaining to their populations the benefits of supporting the development of all countries. Mexico was ready to multiply its efforts to help equally or relatively less developed countries through South-South and triangular cooperation. South-South cooperation did not replace but complemented traditional cooperation. A methodological framework was necessary, not just in order to consistently measure flows between different providers, but also to establish parameters to ensure that the human and financial resources involved had the greatest possible impact.

29. Support for middle-income countries had indirect effects that benefited less developed countries in terms of trade, investment and technology transfers. The impact on the global commons must be taken into account in a highly interconnected world in order to move from assistentialism to the creation of conditions for true development in various countries. Mexico would be hosting, in April 2014, the first ministerial-level meeting of the Global Partnership for Effective Development Co-operation.

30. **Mr. Momen** (Bangladesh) said that the international financial system must be more transparent, participatory, pro-planet and pro-development. The voices of the least developed countries must be heard within that framework. As the share of the least developed countries in global trade had stagnated at a very low level, they needed duty-free and quota-free access to developed markets. A regular mechanism for trade financing set up by IMF, the World Bank and WTO was also crucial, otherwise the goal of graduating half of the least developed countries by 2020 would not be met.

31. Remittances were also highly important for several developing countries, including Bangladesh. World leaders must fulfil their commitments regarding the reduction of the cost of remittance transfer.

32. **Mr. Mackay** (Belarus) said that the current financial situation did little to inspire optimism. The reduction in developed countries' ODA for two years running was cause for serious concern and was expected to continue. Although some members of the Organisation for Economic Co-operation and Development (OECD) were fully meeting their ODA commitments, such positive examples did not change the overall situation.

33. A deceleration in the rate of international trade growth, which was one of the motors of development, was also a source of concern. Trade assistance was down. Measures to address protectionism had yet to be fully implemented. All those factors could have an extremely negative impact on the achievement of the MDGs.

34. The commitments enshrined in the Monterrey Consensus and repeatedly reaffirmed thereafter, particularly with regard to ODA, technical assistance and international trade support, must be unswervingly met. Difficult economic conditions should not serve as a pretext for failing to meet commitments and ignoring the interests of specific groups of States, including the middle-income countries. During the transition from the MDGs to the post-2015 development agenda, it was particularly important to encourage scientific and technical innovation, provide international technical assistance and foster technology transfer, in order to ensure sustainable growth.

35. The linkage between development financing and the broader issue of strengthening management of the global economy deserved special mention. Belarus welcomed the discussions at the High-level Dialogue on Financing for Development and the annual meetings of the Economic and Social Council with the Bretton Woods institutions, WTO and the United Nations Conference on Trade and Development (UNCTAD). However, greater engagement by the Council with the G-20 and OECD was called for. General Assembly resolution 68/1 on strengthening the Council made that quite feasible.

36. The High-level Political Forum on Sustainable Development should oversee the fulfilment of development financing obligations. The proposal to establish an intergovernmental body on development financing should be supported.

37. **Mr. Warraich** (Pakistan) said that the 2008 economic crisis had once again demonstrated that contagion was the dark side of an increasingly globalized world. In order to address the problems of globalization, developing countries should have a greater voice in the Bretton Woods institutions. Additionally, irresponsible finance must be regulated and monitored and an international financial system that allocated resources for sustainable growth must be established. A more stable system and more enabling

policy environment would facilitate development finance, especially in under-funded areas.

38. Although development was a national responsibility, developing countries must be helped to improve their export capabilities and to diversify their export base. The issues of sovereign debt restructuring, debt relief and foreign direct investment must be addressed at the earliest opportunity. Finally, policies should enable the private sector to overcome its short-term and risk-averse approach.

39. **Mr. Alsuwaidi** (United Arab Emirates) said that the Monterrey Consensus and Doha Declaration constituted a comprehensive international mechanism to realize the internationally agreed development goals, particularly the MDGs, confront the current global crisis and work towards a post-2015 development agenda. The establishment of the Intergovernmental Committee of Experts on Sustainable Development Financing would lead to innovative approaches to those objectives.

40. Despite the crisis, the United Arab Emirates had maintained an ODA flow of over $7 billion. It was one of the largest global investors in renewable energy, providing grants for projects in island States and least developed countries. It was one of the main backers of the International Renewable Energy Agency, which was based in Abu Dhabi. The United Arab Emirates supported numerous agricultural projects to foster food security in the developing world. At the domestic level, it had enacted policies to modernize the infrastructure, combat corruption and encourage investment.

41. **Mr. Pedersen** (Norway) said that his country welcomed the outcomes of the special event towards achieving the MDGs, held at United Nations Headquarters in New York on 25 September 2013, and of the sixth High-level Dialogue on Financing for Development, held under the auspices of the General Assembly on 7 and 8 October 2013, which had called for resource mobilization and the development of a coherent financing framework for the post-2015 development agenda. While ODA would continue to be critical, it should be used increasingly as a catalyst to leverage private and public finance for long-term growth and development in the context of good governance, human rights and the rule of law. His own country's ODA, which amounted to some $5 billion a year, was seen as an investment in the future of partner countries. The promotion of equal rights for women and girls was an important factor of sustainable development, as egalitarian societies were better equipped to reduce poverty.

42. Efforts should also be made to mobilize such additional resources as foreign investment, remittances and tax revenues. Through its Tax for Development and Oil for Development programmes, Norway helped to strengthen the capacity of tax authorities in partner countries. Measures to improve transparency and prevent illicit capital outflows would help to release funds for development. Lastly, Norway would press for more responsible lending and borrowing in order to promote a more comprehensive, fair, predictable and preventive approach to the debt problem.

43. **Mr. Krishnasswamy** (India) said that, if the international community was to craft a transformative post-2015 development agenda, it would need to commit to an integrated financing strategy with predictable and stable resource flows. The work of the Intergovernmental Committee of Experts should contribute to that aim. Other important factors were ODA, technology transfer, market access, capacity building, debt sustainability, swift completion of the Doha Round and elimination of distorting measures including agricultural subsidies. The institutions of global economic governance must be reformed in order to regulate speculative financial flows, improve exchange-rate management, prevent imbalances, foster policy coordination and increase the participation of developing countries. All sources of financing should be mobilized, including public-private partnerships and other innovative mechanisms. South-South cooperation should play a greater role, provided that it was free from conditionalities, recipient-driven, flexible, adaptable, free from rigid prescriptions and characterized by the sharing of experiences. The challenge was not merely to provide funds, but rather to create a global system conducive to development.

44. **Mr. Bristol** (Nigeria) said that the uncertain economic climate necessitated additional resources for developing countries to create social safety nets. Donors should honour their ODA commitments and innovative financing should be examined. The international community should implement the Monterrey Consensus and the Doha Declaration on Financing for Development.

45. Spill-over effects from developed-world debt crisis were jeopardizing the debt sustainability efforts

of developing countries. The United Nations should take the lead in extending debt relief to the poorest countries and exploring more effective and fair ways of dealing with debt distress. The international community must substantively reform the global financial architecture, in particular to give developing countries a greater voice. Least developed countries' share in international trade remained extremely low. The international community should provide duty-free, quota-free market access for their products and increase aid-for-trade resources to enhance their competitiveness.

46. The economic downturn remained a threat to the attainment of internationally agreed development goals, including the MDGs. Policies would need to be put in place to implement climate change mitigation measures. Developing countries must mobilize domestic resources for development, create effective tax systems and improve governance. Illicit financial flows significantly impeded development and needed to be curbed.

47. Private sector flows represented the bulk of development financing, and the economic crisis had led to reduced foreign direct investment in developing countries. Reduced transaction costs, and an enabling legal, regulatory and institutional environment were required to manage increasing flows of remittances into developing countries. Nigeria was concerned about trade protectionism and sought a speedy conclusion to the Doha Round. Financing for development, national ownership, inclusive partnerships and a focus on development results must be integrated into the post-2015 development agenda, and must be based on mutual accountability.

48. **Ms. Lu** Mei (China) said that the complex global economic situation posed challenges to international development cooperation. The international community should strengthen macroeconomic policy coordination, resist protectionism, remain committed to development and narrow the gap between developed and developing countries to facilitate balanced, robust and sustainable global economic growth. Major reserve currency issuers must bear in mind the spill-out effects of monetary policy adjustments and avoid negative effects on developing countries. Developing countries should guard against financial risks while boosting their immunity through reform. Reforms of the international economic governance structure were needed. Emerging markets and developing countries should have a greater voice, and the IMF quota and governance reform package should be implemented. International financial institutions' development and poverty-reduction functions should be reinforced to narrow the gap between North and South.

49. The United Nations must continue to play a leading role in financing for development by spurring implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development. Public finance was central to international development cooperation, and developed countries bore the primary responsibility. They should fulfil their ODA commitment of 0.7 per cent of gross domestic product (GDP) and help developing countries meet the MDGs. Domestic resources should be mobilized. A more balanced global partnership for development was needed, with South-South cooperation supplementing North-South cooperation. The international community should assess what additional resources developing countries needed to meet internationally agreed development goals and achieve development that was sustainable, and provide additional funds accordingly. The Intergovernmental Committee of Experts on Sustainable Development Financing should develop a strategy based on the Monterrey Consensus and within the financing for development framework.

50. China's economy was stable thanks to its proactive fiscal policy and prudent monetary policy. Its annual growth was predicted to be 7.5 per cent. China would continue to deepen reforms and make structural adjustments and accelerate the transformation of its mode of economic development, pushing for its economic growth to be based on domestic demand. China actively participated in international development financing, in particular within the framework of South-South cooperation.

51. **Mr. Pescheux** (France) said that an ambitious five-fold strategy, incorporating the Monterrey Consensus and the Doha Declaration on Financing for Development, was needed to eradicate poverty and ensure sustainable development. First, ODA, concentrated on the least developed countries, must continue to play a central role. The global development partnership should be inclusive and its strategy must adapt to the new world economic situation. The number of donor countries should increase, specifically through South-South cooperation. Second, developing countries' national resources must be mobilized. National fiscal systems should be strengthened, and

illicit financial flows stopped. Third, the private sector must play an important role. Fourth, innovative financing mechanisms could mobilize resources to complement ODA. His delegation congratulated Nigeria on its work heading the pilot group on innovative finance, and supported its proposal for the adoption of a resolution on innovative financing during the current session of the General Assembly. Lastly, in line with the priorities established at the Fourth High-level Forum on Aid Effectiveness, aid should be more transparent and results-oriented, and less fragmented.

52. France would emphasize the importance of global, integrated development finance in the course of meetings of the Intergovernmental Committee of Experts on Sustainable Development Financing, which would present its report to the General Assembly in 2014. The report should provide a foundation for a follow-up conference to the Monterrey Conference. His delegation was pleased that the international community agreed on the need for a single agenda which tightly linked poverty eradication and sustainable development.

53. **Mr. Mbodj** (Senegal) said that development policies had not been adequately implemented due to growth in external debt, weak mobilization of national resources, and reductions in export revenues, foreign direct investment and capital flows, and ODA. The Monterrey Consensus and the Doha Declaration on Financing for Development should be implemented. ODA needed to be predictable, and linked to national priorities and local development policies. It was important to better manage external debt and to adopt a more equitable multilateral trading system. With regard to the latter, the Doha Round should conclude, aid for trade should be implemented and protectionist measures abolished. The international community should operationalize the Green Climate Fund, transfer ecologically sound technologies, and explore innovative financing mechanisms. Regional financial cooperation institutions should be strengthened.

54. The Bretton Woods institutions' limited ability to act and inadequate governance, developing countries' under-representation, and the lack of multilateral monitoring structures revealed the fragility of the international financial system. A more stable and equitable financial architecture was needed to create sustainable solutions to persisting inequality worldwide. Specifically, the quota system must be reviewed to increase developing countries' participation. It was important for countries to coordinate their monetary policies.

55. **Mr. Ueda** (Japan) said that the Japanese economy was recovering thanks to a three-pronged strategy comprising aggressive monetary easing, flexible fiscal policy and a growth strategy to promote private investment. In order to transition from recovery to growth, the Government had increased consumption tax, introduced tax incentives to stimulate investment and provided 5 trillion yen in fiscal stimulus measures.

56. IMF and the World Bank had played an essential role in responding to the crisis, but further work was needed to enhance their legitimacy and effectiveness. IMF needed to reform its governance, including its quota system. Member countries' voluntary financial contributions supported the Fund's activities, and should thus be taken into account in the quota review process. The World Bank was currently discussing innovative contribution methods in the context of the International Development Association. Japan welcomed the proposed loan contribution scheme, which would enable countries to transition to more equitable economies.

57. Financing for development must be more results-oriented. It was important that the United Nations, and all other development partners, participate in the Global Partnership for Effective Development Co-operation, the first meeting of which would take place in 2014. The various bodies responsible for development finance should elaborate a work plan outlining how it would be coherently integrated into the post-2015 development agenda.

58. **Mr. Al Sada** (Qatar) said that the Monterrey Consensus and the Doha Declaration remained the fundamental terms of reference for financing for development. The current economic and financial instability called for concerted action to assist developing countries; investment and ODA had declined and South-South cooperation, while positive, could not be an adequate replacement. The international financial architecture should be reformed in order to give greater representation and resources to developing countries. His own country's numerous economic, social and humanitarian projects had shown it to be an effective development partner.

59. **Ms. Potelwa** (South Africa) said that the constraints affecting developing countries' ability to achieve the MDGs were compounded by the ongoing

financial crisis, the food and energy crisis, and climate change. It was therefore necessary to address the imbalances in the international financial system by ensuring universal access to finance and financial services, representation of developing countries in the international financial regulatory bodies, responsible lending and borrowing, debt management and a debt restructuring framework. The international community should honour its existing sustainable development financing commitments, and recognize that African countries, in particular, faced severe challenges on the road to the MDGs. South Africa supported proposals for a discussion on convening a follow-up conference to further discuss development financing.

60. Although IMF and the World Bank had taken steps towards reform, a great deal remained to be done. Developing countries needed more representation. Source countries should take measures to reduce the volatility of private capital flows to developing countries and the international community should improve coordination of monetary policies and management of global liquidity. The financial sector should promote stable, sustainable growth. The eradication of poverty should be the overarching goal of sustainable development.

61. **Mr. Lee** Yongsoo (Republic of Korea) said that his delegation welcomed the outcome of the sixth High-level Dialogue on Financing for Development, particularly its emphases on national ownership, global partnership and effective use of resources from both traditional and innovative sources.

62. The operationalization of domestic resources, the most viable source of development financing, was critical for long-term sustainable development. While ODA remained essential, it would not adequately cover sustainable development financing needs and was expected to stagnate over the medium term. It should therefore be concentrated on the neediest, specifically the least developed countries, landlocked least developed countries, small island developing States and fragile States. New and innovative financing mechanisms were important. New climate funds such as the Green Climate Fund should play a role in sustainable development. The Republic of Korea, as host of the Green Climate Fund's secretariat, would work for its smooth and early mobilization. A strengthened global development partnership should respond to the changed global landscape and bring together all stakeholders, including emerging economies, the private sector and civil society. The Busan Partnership for Effective Development Co-operation could greatly contribute to the post-2015 development agenda by monitoring effectiveness of development initiatives. The Busan Partnership and the development financing process established by the Monterrey Consensus should reinforce each other in the creation of an effective global partnership for development.

63. **Mr. Vasiliev** (Russian Federation) said that the G-20 made a significant contribution to international financial reform efforts. During the past year, it had given priority to strengthening the sustainability of banks and banking systems; moving away from the too-big-to-fail paradigm; regulating systemically significant financial institutions; reforming the over-the-counter derivatives market and the shadow banking sector; increasing transparency and accountability of credit rating agencies; and reforming financial indicators.

64. The Russian G-20 Presidency had concentrated on improving the IMF management structure and strengthening its resource and oversight potential; updating government borrowing practices and debt management policy; developing recommendations on local currency bond markets; and improving the performance of regional financial mechanisms. Important practical decisions had been reached at the summit in St. Petersburg on all of those issues. A new reform package eliminated the main vulnerabilities in the financial system. In drafting a resolution on the matter, the Second Committee should consider the work the G-20 had done in that area.

65. Brazil, the Russian Federation, India, China and South Africa (BRICS) were playing an increasingly prominent role in reform of the international financial system. The BRICS countries, which had rapidly growing markets, could become a major element in the new global system. BRICS had made significant progress in creating its own development bank. Decisions had been reached regarding the size of the initial capital (50 billion dollars) to be distributed among them. The currency reserve pool had been set at $100 billion, to which the Russian Federation would contribute $18 billion. A preliminary decision on distribution of quotas had also been reached. Such measures, carried out in the BRICS format, would promote greater sustainability and stability for the global financial system as a whole. The global system

was vulnerable because it depended heavily on the condition of a small number of centres of issuance and limited hard currency reserves.

66. **Ms. Rubiales** (Nicaragua) said that the economic crisis, the greatest threat to Nicaraguans' well-being in recent decades, was a consequence of the capitalist international financial system, which concentrated wealth while spreading poverty. IMF and the World Bank should work towards the objectives defined in the Charter. However, the Bretton Woods institutions had always functioned as commercial enterprises, defying the principles and objectives underlying their establishment. Thorough reforms were needed to give all their members equal standing, regardless of economic weight.

67. The crisis was revealing the instability of the dollar-based global reserves system, and it was necessary to discuss a new reserves system. A report on the fulfilment of development commitments should be part of a follow-up to the financing for development process, to ensure that commitments were honoured. Her delegation called for a follow-up conference to the 2002 Conference on Financing for Development and the 2008 Review Conference, which would provide developing countries with an opportunity to formulate global economic policies. All countries should participate in finding solutions to the economic crisis and the creation of a new global economic order.

The meeting rose at 1 p.m.